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Market Update Managed Services Providers

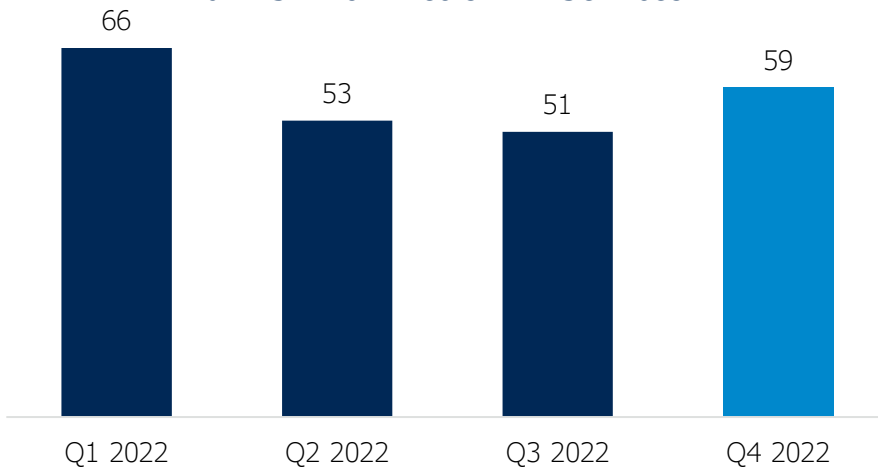
Managed Service Providers (MSPs) will remain attractive investments as buyers enjoy the nature of longer-term contracts with proven MRR and a scalable land and expand model.

According to Globe Newswire, the global MSP market is expected to grow from \$243.3 billion to \$557.1 billion in 2028 - a CAGR of 12.6%. 7MA sees M&A activity remaining strong given the highly fragmented nature of the MSP space as sponsors and strategics look to increase scale and capture emerging technology market tailwinds to expand their geographic footprint.

There are several trends positively impacting the MSP landscape:

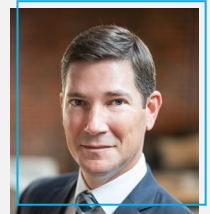
- 1) The continued shift from traditional on-prem servers to a cloud environment
- 2) Hybrid work models increasing the likelihood of cybersecurity threats
- 3) Increased digital adoption complicating current infrastructure

of MSP M&A Deals - IT Services



7MA has completed numerous M&A transactions in the MSP space and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Tim Frye or Steve Buffington if you would like to learn more about MSPs.

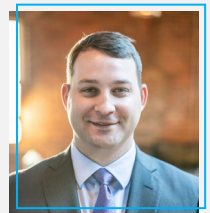
Sector Coverage Team



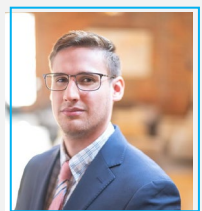
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Source: Pitchbook Data, Inc.

Sector Snapshot

7MA Transaction – ATSG // Vology



Vology, a leading provider of managed IT, cloud, and security services was acquired by **ATSG**, a global tech-enabled managed services and solutions provider. This acquisition will further bolster ATSG’s advanced security, cloud, and managed services capabilities and builds on their Global Enterprise Network Operations, Cloud Migration offerings, and automation platforms.

7MA Transaction – Xerox // Powerland



Powerland, a leading IT services provider in Canada specializing in cloud, cybersecurity, and end-user computing solutions was acquired by **Xerox** for cash. Powerland provides a wide array of technology solutions and services including cloud, hybrid cloud, cyber security, and end-user computing solutions. This acquisition strengthens Xerox’s IT Services business and reach in North America.

7MA Transaction – Pfingsten // Omega Systems



Omega Systems, a Pennsylvania-based managed service provider focused on cloud data hosting, incident management, cybersecurity, help desk support, storage, backup, disaster storage, and hosted infrastructure. The company was acquired by **Pfingsten Partners**, a Chicago-based and operationally-focused private equity firm. Partnership with Pfingsten is a key milestone for Omega’s expansion strategy.

7MA Transaction – Court Square // Thrive



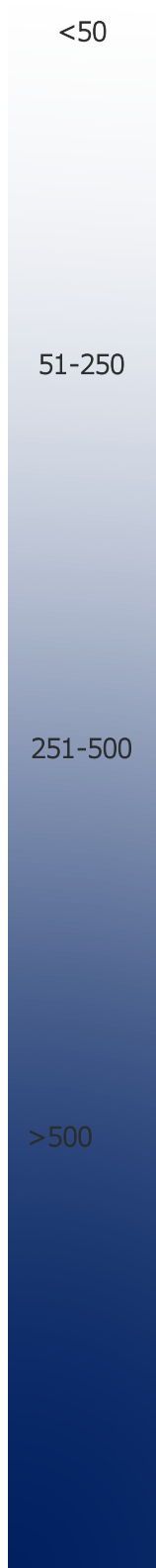
Thrive, a leading provider of NextGen managed services designed to drive business outcomes through application enablement and optimization, finalized a majority recapitalization with **Court Square**. With the additional capital, Thrive plans to accelerate its investments in NextGen Technology including ServiceNow, Automation, Artificial Intelligence, and Cybersecurity.

7 Mile Advisors acted as the exclusive advisor throughout the transactions.



Sector Snapshot

of Employees



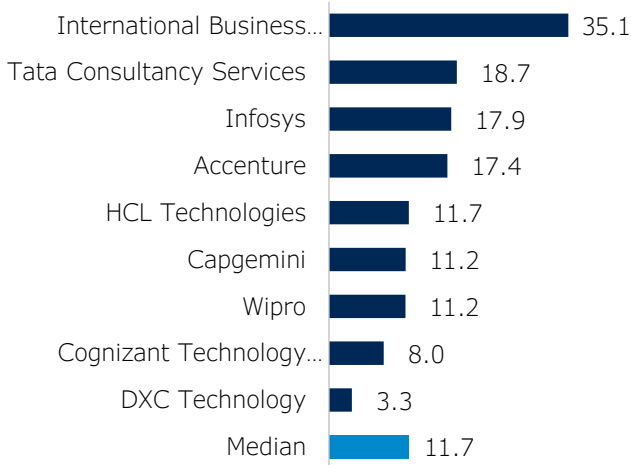
A large grid of company logos for Managed Services Providers, organized by employee count. The logos are arranged in a grid that is 4 columns wide and 10 rows high. The logos are: Row 1: Brightgrove, sciant, Qubiz, Software Development Center; Row 2: Symphony Solutions, DOT, RubyGarage, Perfectial; Row 3: Wildix, Qubix, STAR, SCS; Row 4: netguru, AROBS, PGS, N-iX; Row 5: PROFINIT, Objectivity, FORTECH, miratech; Row 6: trendond, Elterna, scalefocus, SIGMA; Row 7: Future Processing, exadel, intellias, mittransition; Row 8: Avenga, Sima Group, astound, Intetics; Row 9: zenitech, Helmes, accessa, eleks; Row 10: endava, epam, Grid Dynamics, softwareONE, CIKLUM; Row 11: GlobalLogic, cegeka, NTTDATA, wipro, tosi; Row 12: Luxoft, softline, infopulse, AtoS, Infosys, ensono.

Please reach out to 7MA team to get access to the full list.

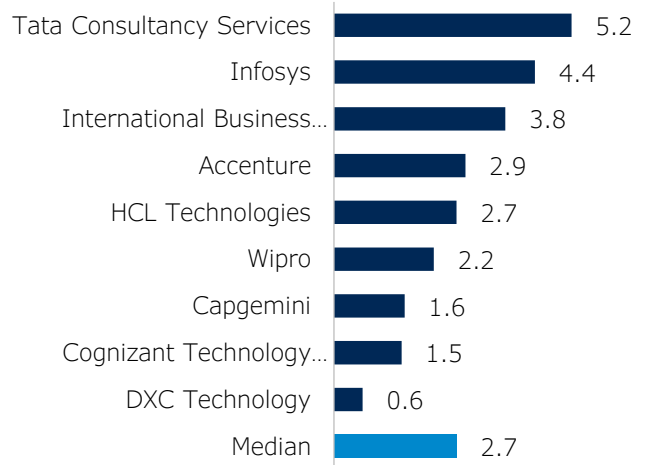
Publicly-traded Managed Services Providers – Q4 2022

Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Accenture	177,794	10,229	61,594	21.9%	32.0%	16.6%	2.9x	17.4x	721,000	85
International Business Machines	177,280	5,046	60,533	42.2%	53.8%	8.3%	3.8x	35.1x	307,600	197
Tata Consultancy Services	141,046	7,523	27,030	16.6%	47.1%	27.8%	5.2x	18.7x	592,195	46
Infosys	77,384	4,093	17,529	17.6%	30.8%	23.3%	4.4x	17.9x	335,186	52
Capgemini	24,334	2,170	11,102	22.1%	28.4%	19.5%	2.2x	11.2x	259,179	43
Cognizant Technology Solutions	32,625	2,788	12,122	16.8%	42.7%	23.0%	2.7x	11.7x	210,966	57
HCL Technologies	35,188	3,133	22,677	18.6%	26.3%	13.8%	1.6x	11.2x	324,684	70
Wipro	28,771	3,585	19,366	8.1%	36.4%	18.5%	1.5x	8.0x	349,400	55
DXC Technology	9,630	2,875	15,370	-8.7%	21.6%	18.7%	0.6x	3.3x	130,000	118
Average	78,228	4,669	27,480	17.2%	35.4%	18.3%	2.8x	15.0x	358,912	80
Median	35,188	3,359	19,366	17.6%	32.0%	18.6%	2.7x	11.7x	324,684	57

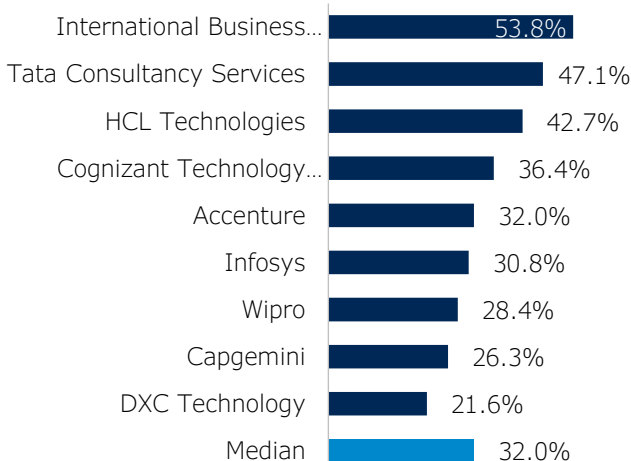
TEV / EBITDA X



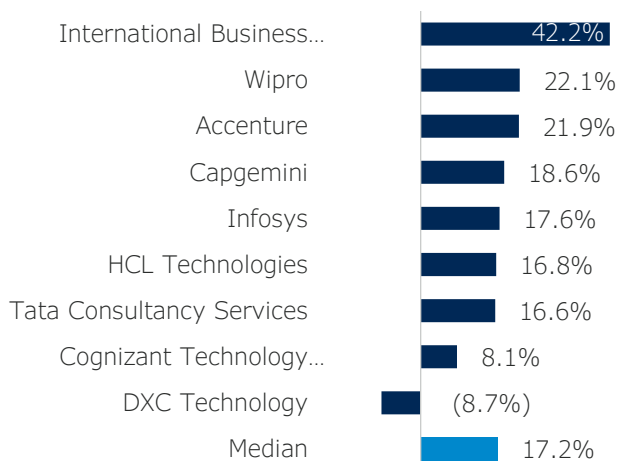
TEV / Rev X










Gross Margin %



Rev Growth YoY



2022 Recent Relevant M&A Transactions

Date	Target	Buyer / Investor	Target Description
Dec. 9 2022		 <p>Centrilogic</p> 	<ul style="list-style-type: none"> • WatServ is an Ontario-based IT consulting company with expertise in infrastructure modernization, managed cloud services, cybersecurity, security operations center as-a-service (SOCaaS), disaster recovery, modern workplace, desktop-as-a-service, and network management. WatServ holds multiple Microsoft Azure Advanced Specializations and Azure Solution Partner Designations. • The company was acquired by Centrilogic. The acquisition will extend its footprint across Canada and the US adding over 100 new mid-market clients.
Nov. 11 2022		 	<ul style="list-style-type: none"> • Custard Technical Services is a leading U.K. IT support company specializing in consultation, managed services, disaster recovery planning, IT security backup solutions, and ongoing hardware and software support. • The company was acquired by Thrive. The investment further strengthens Thrive's global position as a leading technology provider delivering end-to-end managed services.
Nov. 2 2022		 	<ul style="list-style-type: none"> • Reboot Networks is a California-based managed service provider. This acquisition gives Reboot's clients access to a broad portfolio of powerhouse services including cybersecurity, disaster recovery, and cloud. • The company was acquired by Dataprise for an undisclosed amount to expand its local presence across the West Coast and Boston.
Sept. 22 2022		 	<ul style="list-style-type: none"> • Golden Tech is an Indiana-based provider of customized managed IT, cloud, security, and IT consulting in the Northwest Indiana region and Chicago. Company has 300+ customers across all industries. • The company was acquired by The Purple Guys via its financial sponsor Kian Capital. The acquisition adds significant technical expertise to The Purple Guys' team.
Sept. 7 2022		 	<ul style="list-style-type: none"> • Interphase Systems is a Philadelphia-based managed IT services provider with expertise in servicing the life sciences and financial services sectors. The company specializes in real-time cybersecurity, data backup/recovery, centralized network monitoring, cloud hosting, and 24/7 help desk support. • The company reached an agreement to be acquired by Magna5 in its fifth managed services acquisition further strengthening its position as a formidable player in the Northeast and Mid-Atlantic region.

About 7 Mile Advisors

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

