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Market Update

Managed Services Providers

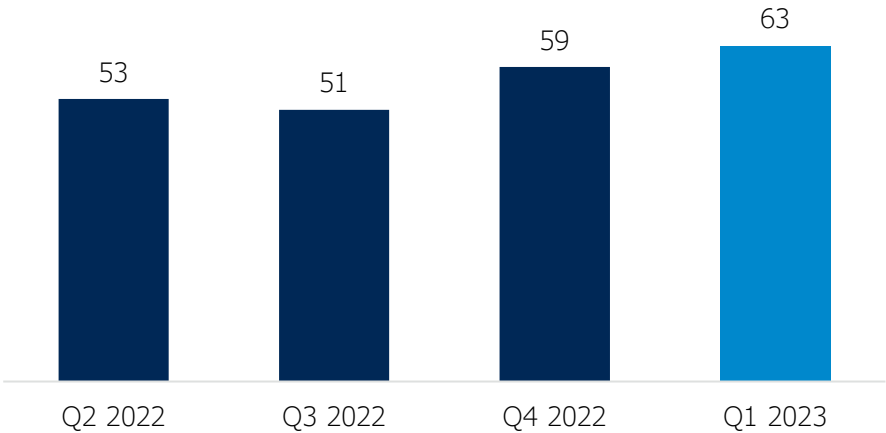
Managed Services Providers (MSPs) will remain attractive investments as buyers enjoy the nature of longer-term contracts with proven MRR and a scalable land and expand model. The presence of “hybrid MSPs”, organizations that offer managed services alongside their other core services, increased from 2021 to 2022. This increase in presence is driven by the value added to an asset that enters the market with some form of managed IT services.

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:

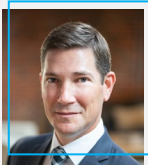
- 1) The continued shift from traditional on-prem servers to a cloud environment
- 2) Hybrid work models
- 3) Increased digital adoption complicating current infrastructure
- 4) Increased demand for omnichannel systems in customer experience
- 5) Low-code technology for employees and their selection

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.

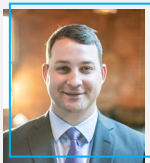
Sector Coverage Team



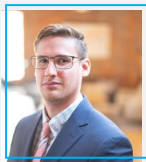
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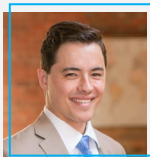
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7MA Transaction – Buchanan Technologies // Infosenseglobal



Infosenseglobal, an Oracle technology-based solutions and business initiatives provider, was acquired by **Buchanan Technologies**, a leading provider of enterprise managed IT services. ISG’s Oracle service line further expands Buchanan’s Applications Services offerings, creating a combined team of over 250 application and database professionals. The collective business will help clients maintain and modernize their mission critical applications with a comprehensive suite of services.



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



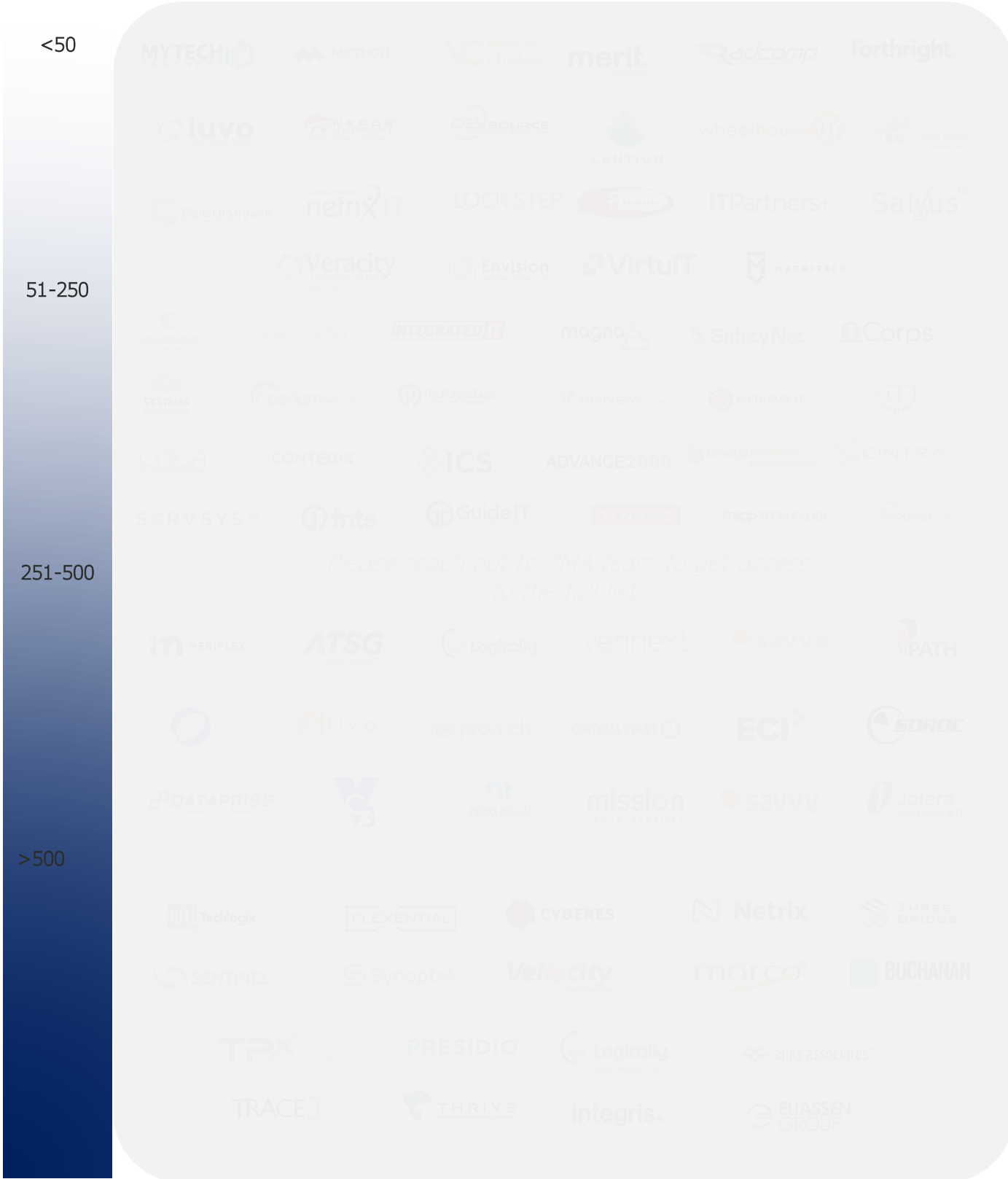
Thrive, a leading provider of NextGen managed services designed to drive business outcomes through application enablement and optimization, finalized a majority recapitalization with **Court Square**. With the additional capital, Thrive plans to accelerate its investments in NextGen Technology including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



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

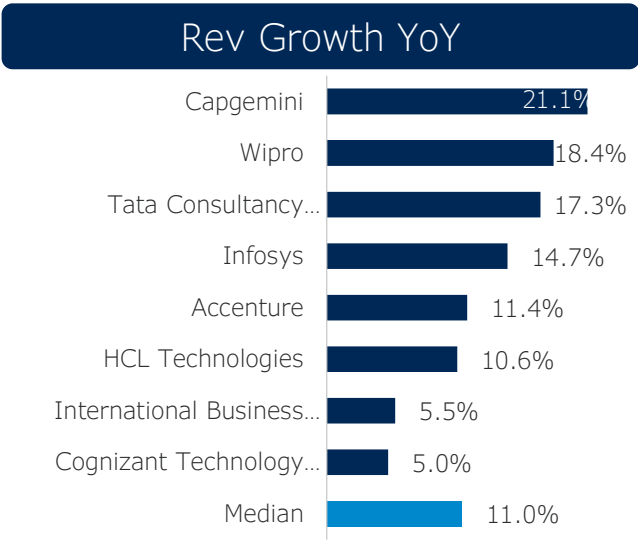
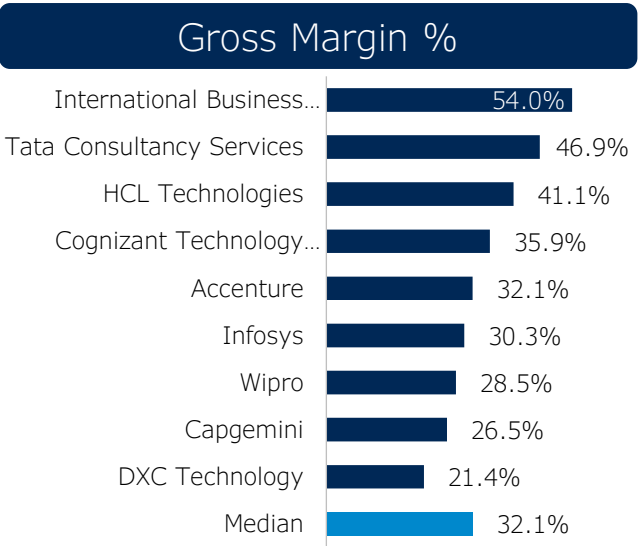
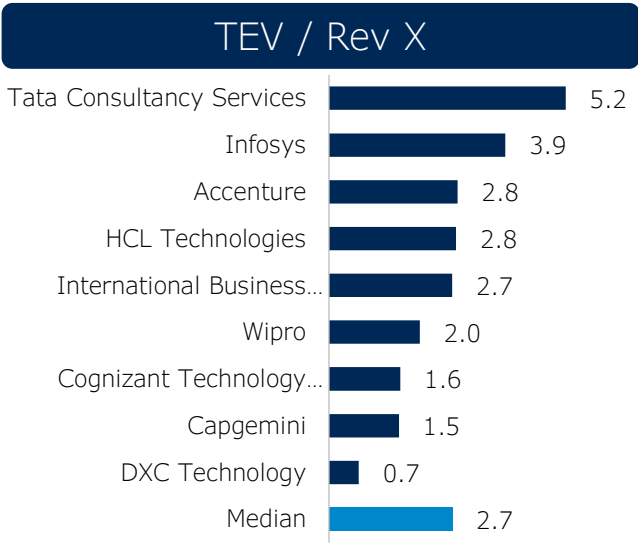
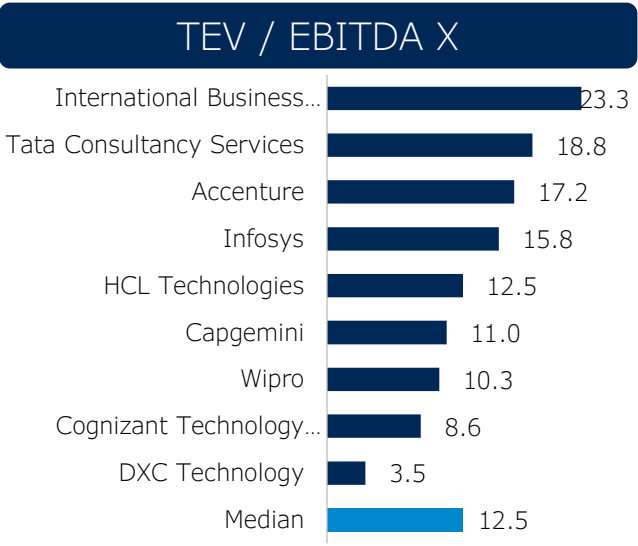


of Employees




Publicly-traded Managed Services Providers – Q1 2023

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	178,487	10,395	63,144	11.4%	32.1%	16.5%	2.8x	17.2x	738,000	86
International Business Machines	163,656	7,012	60,530	5.5%	54.0%	11.6%	2.7x	23.3x	311,300	194
Tata Consultancy Services	143,526	7,371	27,601	17.3%	46.9%	26.7%	5.2x	18.8x	635,449	43
Infosys	69,429	4,404	17,937	14.7%	30.3%	24.6%	3.9x	15.8x	346,845	52
Wipro	22,372	1,788	11,219	18.4%	28.5%	15.9%	2.0x	10.3x	258,744	43
HCL Technologies	34,495	2,834	12,359	10.6%	41.1%	22.9%	2.8x	12.5x	210,966	59
Capgemini	35,522	3,233	23,126	21.1%	26.5%	14.0%	1.5x	11.0x	359,567	64
Cognizant Technology Solutions	30,451	3,545	19,428	5.0%	35.9%	18.2%	1.6x	8.6x	355,300	55
DXC Technology	9,685	2,756	14,847	-10.8%	21.4%	18.6%	0.7x	3.5x	130,000	114
Average	76,403	4,815	27,799	10.3%	35.2%	18.8%	2.6x	13.4x	371,797	79
Median	35,522	3,545	19,428	11.4%	32.1%	18.2%	2.7x	12.5x	346,845	59



2023 Recent Relevant M&A Transactions

Date	Target	Buyer / Investor	Target Description
March 2023		 	<ul style="list-style-type: none">Contegix's commercial managed services and cloud division, a provider of cloud hosting services designed for commercial and federal agencies, was acquired by QuadraNet via its financial sponsor VSS Capital Partners through an LBO on March 23, 2023. The company's cloud hosting services automate the hosting and development process to provide speed, agility, and growth.
February 2023		 	<ul style="list-style-type: none">Apogee IT Services' US Operations, a provider of managed information technology and cyber security services intended to serve small and medium businesses, was acquired by Magna5 via its financial sponsor NewSpring Capital through an LBO on February 6, 2023. The company offers network cybersecurity tools, backup and disaster recovery maintenance and IT monitoring, thereby helping in the protection and backup of clients' data.
February 2023			<ul style="list-style-type: none">Tallan, a provider of customized technology services based in Hartford, Connecticut, was acquired by EY on February 10, 2023. The company offers solutions using Microsoft Azure tools to streamline processes, integrate disparate systems and help companies operate more efficiently and profitably.
February 2023			<ul style="list-style-type: none">Logicworks, a provider of cloud automation and managed services intended for healthcare, financial services and commerce industries, was acquired by RapidScale on February 2, 2023. The company has expertise in managing complex cloud infrastructures and engaging in database and application infrastructure hosting, thereby enforcing enterprise IT compliance, cost management, and security.
February 2023		 	<ul style="list-style-type: none">n2grate, a developer of cloud-based data center catering to the needs of large commercial and government clients, was acquired by BlueAlly Technology Solutions via its financial sponsor Source Capital through an LBO on February 2, 2023. The company's platform offers enterprise networking, collaboration, cybersecurity and cloud infrastructure along with managed services, enabling its clients with improved technical expertise for adaptability and cost savings.
January 2023			<ul style="list-style-type: none">DataServ Integrations, a provider of information technology consulting services intended to serve commercial clients and subsidiary of Skoda Minotti, was acquired by Renovus Capital Partners through an LBO in January of 2023. The company offers strategic services, managed services, end-user support, project-based services, and workflow management services. This enables clients to grow their businesses through digital transformation.

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

