



Technology Services Q3 Industry Update:

Digital transformation driving
massive growth in Technology
Services investment & strategic
activity

November 2022

[kpmg.com](https://www.kpmg.com)



Table of Contents

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update and Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Author

Ken Allen – Head of Technology Services Investment Banking

Managing Director



Boston, MA

617-988-5772

kenallen@kpmg.com

Ken Allen is a Managing Director in KPMG's Corporate Finance practice, focusing on investment banking transactions in the TMT sector. Ken leads the firm's Technology Services practice with a focus on M&A advisory services and private capital raises for middle-market companies spanning the Digital Transformation, IT Services, Tech-enabled Services, and Managed Services sub-sectors. Throughout the course of his 20-year career, Ken has executed over 40 transactions having an aggregate value of over \$40 billion, including strategic advisory, merger, acquisition, divestiture, equity capital markets, leveraged finance, convertible debt, recapitalization, and international/cross-border assignments. Prior to KPMG, Ken led the Technology Services practices for PJT Partners, Blackstone, and Deutsche Bank.

Ken received his B.E. in Electrical Engineering from Dartmouth College's Thayer School of Engineering, graduating with Summa Cum Laude and Phi Beta Kappa honors, and earned his MBA from Dartmouth's Tuck School of Business, where he graduated as a Tuck Scholar.



Introduction

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Introduction: Key Themes in Technology Services (1/2)

Adoption of modern technologies is fueling a wave of Digital Transformation across business practices, products, and organizations. This Transformation will drive massive continued spend of Technology Services over the medium-to-long term, despite near-term economic headwinds.



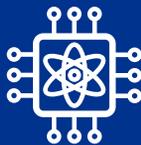
Digital Transformation is Driving Massive IT Services Spend

- Digital transformation is being driven by a number of key technology enablers, including the transition from on-premise infrastructures to the cloud, advanced data / analytics, A.I. / machine learning, IoT, 5G, AR/VR/XR, and Blockchain / Web 3.0
- These themes will continue to drive massive growth in IT Spending over the next 5-10 years
- Digital transformation ecosystem spend is poised to double over the next several years to a nearly \$2.8 trillion market opportunity



Rapid Growth of Major Cloud Platforms is Driving 'Cloud Enablement' Services Spend

- AWS, Salesforce and Workday have pioneered a multi-decade shift from on-premise workloads to public cloud infrastructure
- In addition to these platforms, KPMG is tracking 27 other emerging Cloud platforms driving growth of Cloud Enablement Services
- Many of these platforms hold the potential to be the 'next Salesforce'; key platforms to watch include Adobe, Azure, Google GCP, Databricks, Okta, Snowflake, Twilio, and UIPath



Technology Services Strategic Activity Remains Robust Despite Economic Headwinds and a Downturn in Overall TMT M&A

- Overall TMT M&A volume was down 21% in Q3 relative to Q2, with total value down 72%, indicating significant headwinds for larger M&A deals
- While deal volume in Technology Services declined 14% in Q3 relative to Q2, M&A in the sector has been more resilient than the broader TMT segment, with YTD (through Q3) deals up 42% versus the same 9-month period of 2021
- A bi-furcated market has emerged, with 'A+ and A'-quality companies finding a ready market for investment and M&A, and lower quality companies facing increased headwinds
- Many Technology Services businesses that are aligned with the preceding Digital Transformation themes are not seeing a material slow-down in their businesses; rather, they continue to forecast aggressive top- and bottom-line expansion in 2023-2024

Introduction: Key Themes in Technology Services (2/2)

Adoption of modern technologies is fueling a wave of Digital Transformation across business practices, products, and organizations. This Transformation will drive massive continued spend of Technology Services over the medium-to-long term, despite near-term economic headwinds.



A Number of Key Themes are Driving M&A in Technology Services

- Strategic and Financial buyers continue to put money to work through inorganic expansion strategies
- Key themes include expanding Digital Transformation services, acquiring Cloud Services solutions, acquiring vertical expertise, purchasing capabilities in the Government IT Services sector, expanding a buyer's geographic footprint, financial sponsor roll-ups, financial sponsor platform acquisitions, and market expansion



Valuations have Compressed, Varying by Sector

- The significant share price appreciation among publicly-traded peers in the Technology Services sector in 2021 has reversed in 2022 YTD
 - 2021 Technology Services composite increased 38% vs. +27% for the S&P 500
 - This trend has reversed in 2022, with YTD performance in the sector declining by 31% (YTD 9/30/2022), versus a decline of 25% for the S&P 500
 - Most sub-sectors in Technology Services are trading at or near their 52-week lows
- Overall EV/LTM EBITDA multiples in Technology Services have declined to 14.4x, 15.8% below the average multiple since 1/1/2021 of 17.1x
- Valuations have held steady in several sectors, particularly in the Consulting and Government Consulting spaces



A Number of Key Innovators are Driving Growth Across the Digital Transformation Landscape

- KPMG has compiled a list of key innovators that are aligned with the aforementioned growth themes, outlined beginning on page 29



Key Technology Services Industry Themes

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Technology Services Industry Themes: Summary Observations

Digital Transformation is a key disruptive force that will drive massive Technology Services spend for the next decade



- Digital Transformation and massive IT spend is being driven by enablement of key modern technologies



- The key hyperscale platforms, such as AWS, Microsoft Azure and GCP have re-architected the technology stack consistent with modern, public cloud topologies



- An extensive system of cloud platforms has emerged beyond the hyperscale players. Each of these platforms will drive technology services in the form of cloud implementation spend



- The software market is \$900 billion in size as of 2022 and is expected to grow at CAGR of 9.4% from 2020-2026E, resulting in a \$1.5 trillion market by 2026E. Cloud software is expected to drive the majority of the growth



- Major public cloud platforms, such as Salesforce, drive massive “ecosystem” spend in the form of Data Services, Add-on Apps and System Software, IT Services, Business Services, and Infrastructure Hardware (IaaS)

Source: KPMG



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Spotlight: Digital Transformation

Modern and new, emerging technologies, such as A.I./ML, cloud, advanced analytics, 5G, and blockchain, are giving rise to a significant increase in Digital Transformation spending.

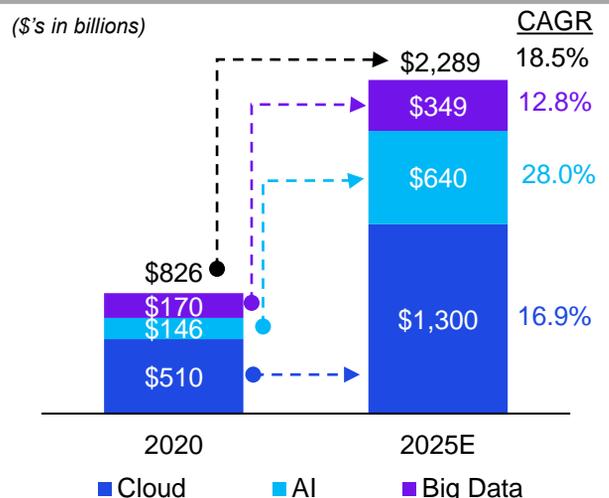
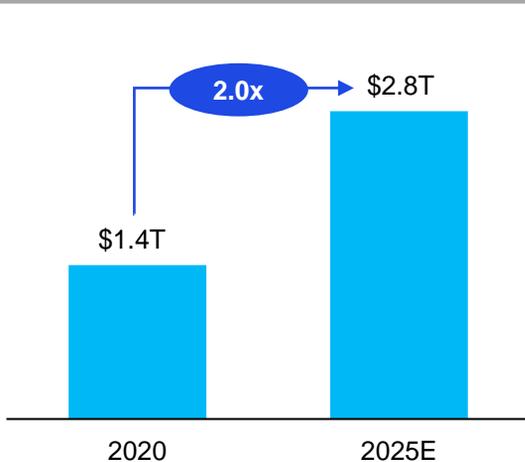
Digital Transformation is Being Driven by a Number of Key Modern Technologies



Modern Technology Enablement is Driving Massive IT Spend

Digital Transformation Spend is Projected to Double by 2025...

...Fueled by a Number of Key Enabling Technologies



Sources: IDC, Gartner, MarketsandMarkets, KPMG

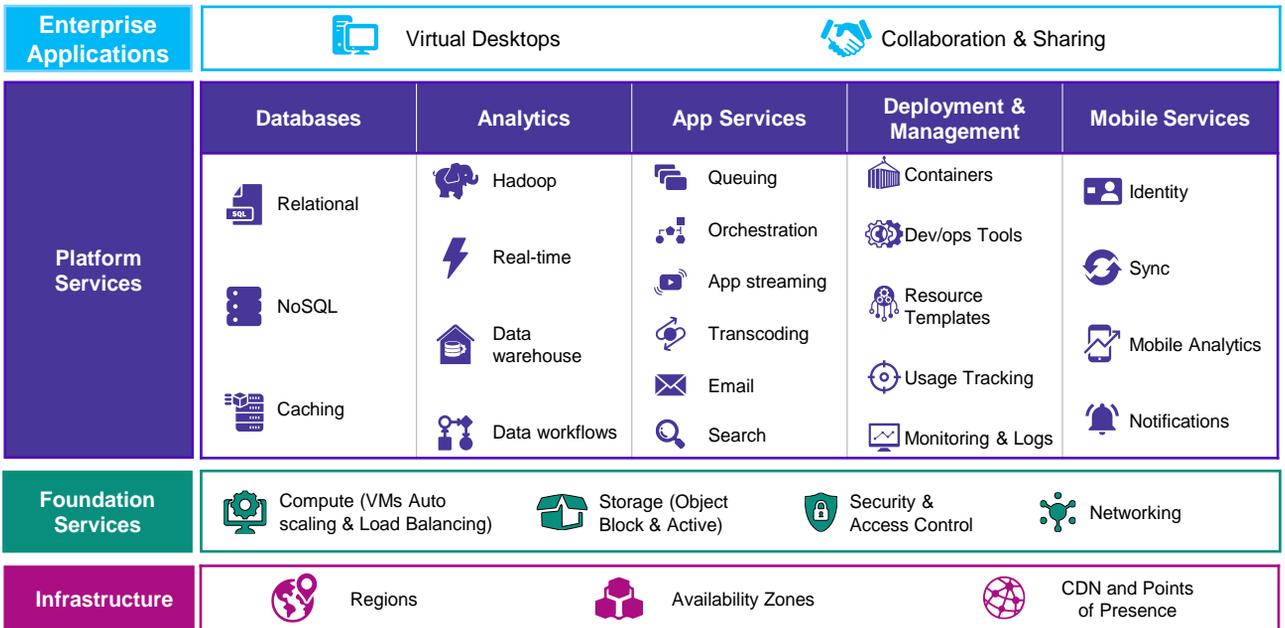


©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Spotlight: Cloud Computing (1/3)

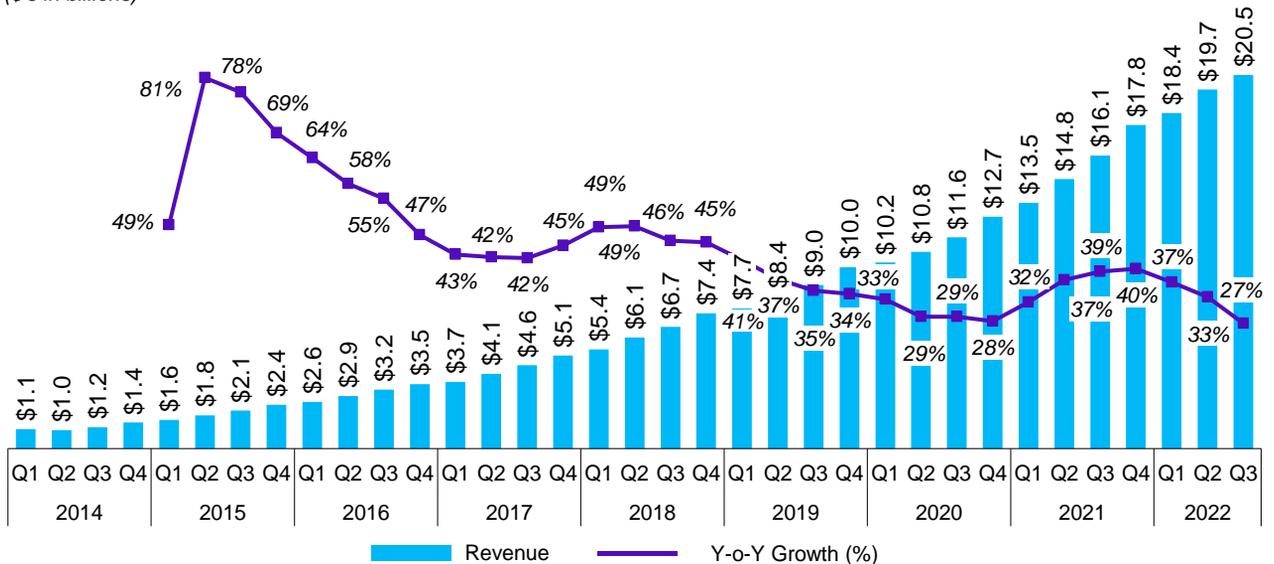
The key hyperscale platforms, such as AWS, Microsoft Azure, and GCP have re-architected the technology stack. This re-architecture to cloud topologies is driving significant IT Services spend on application modernization, data migration and integration, and cloud enablement. The massive growth in AWS adoption has been consistent with growth among Cloud Enablement services leaders (40%–50%+).

AWS Technology Stack...



...Driving Massive AWS Platform Growth and Demand for Cloud Enablement Services

(\$'s in billions)



Sources: Capital IQ, Amazon, KPMG Research

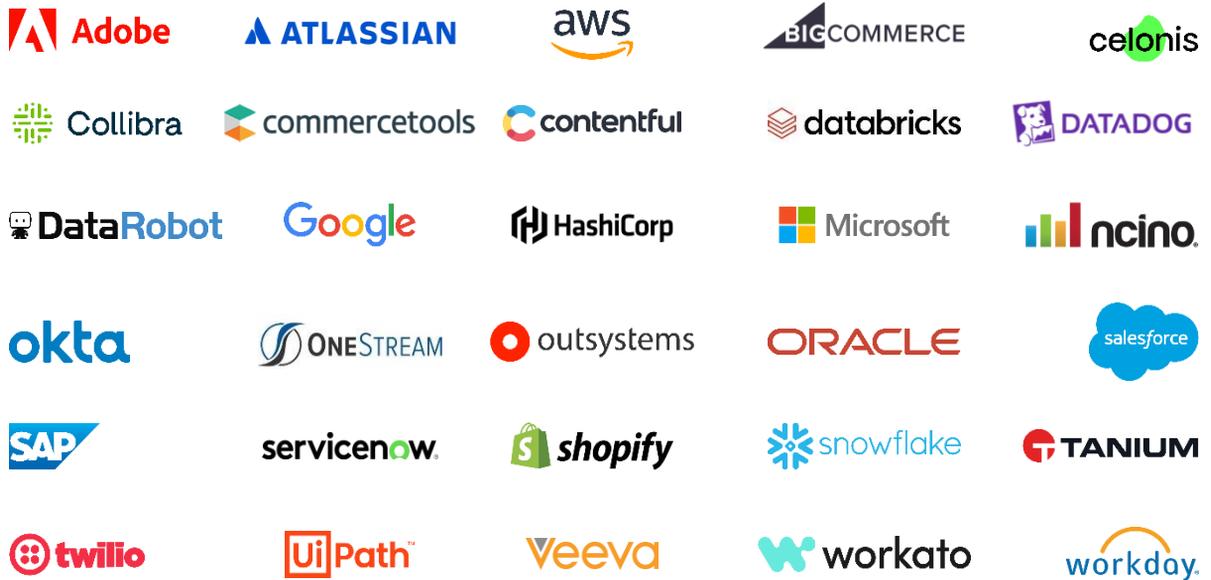


©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Spotlight: Cloud Computing (2/3)

An extensive ecosystem of cloud platforms has emerged beyond the hyperscale players. Each of these platforms will drive significant spending on cloud implementation services.

Major Cloud ISVs...

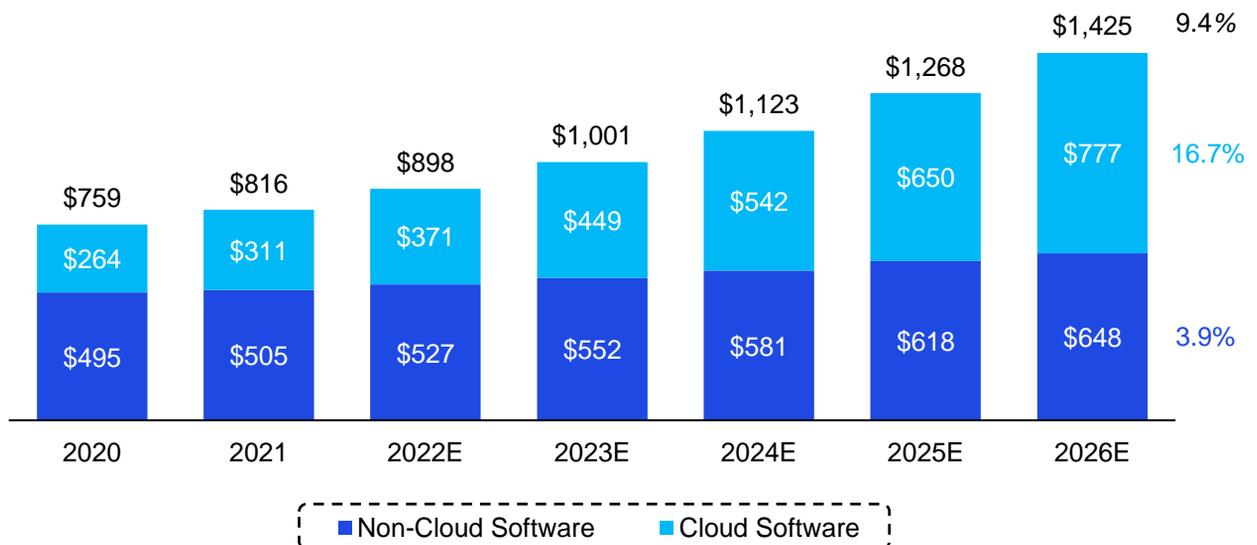


Source: <https://tercera.io/the-tercera-30/>

...Driving Public Cloud Software Spend

(\$'s in billions)

CAGR



Source: IDC White Paper Sept. 2021



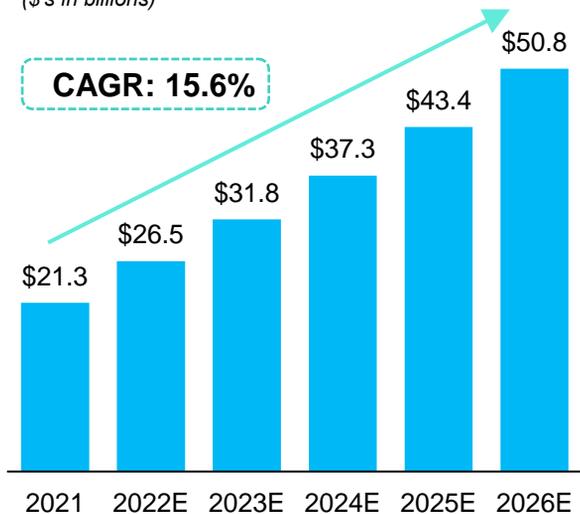
©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Spotlight: Cloud Computing (3/3)

Major public cloud platforms, such as Salesforce, drive significant “ecosystem” spend in the form of Data Services, Add-on Apps, System Software, IT Services, Business Services, and Infrastructure Hardware (IaaS).

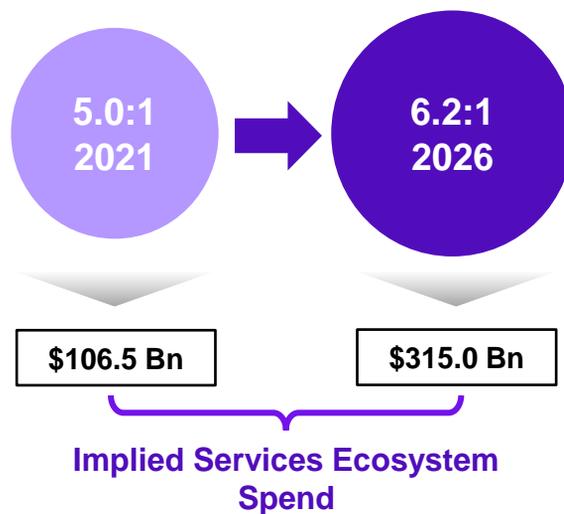
Salesforce Revenue...

(\$'s in billions)

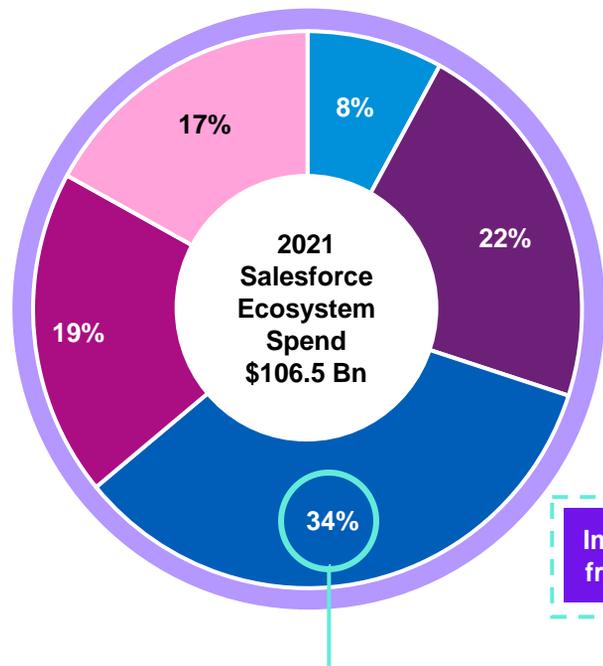


...Drives a Multiple of Ecosystem Spend

Ecosystem Multiplier – Services & Software Spend



The Salesforce Ecosystem Multiplier Drives Significant IT Services Spend



Ecosystem Components

- Data Services
- Add-on Apps & System Software
- IT Services⁽¹⁾
- Business Services
- Infrastructure Hardware (IaaS)

Implied “IT Services” spend from Salesforce Ecosystem

\$36.2 Bn

Note (1): Includes application modernization, migration and integration, data migration / management, and cloud implementation services
Source: IDC White Paper Sept. 2021



Strategic Activity Update & Key Drivers of Technology Services M&A

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Technology Services M&A Activity: Summary Observations

After posting record performance in Q1-Q2 of this year, Technology Services M&A (while remaining robust) slowed marginally in Q3.

A number of key themes are driving M&A in Technology Services, including Digital Transformation, Vertical Expertise, Geographic Expansion, PE Acquisition, Cloud Solutions, Government Services, PE Roll-ups and Market Expansion

Despite headwinds in the broader M&A market, the Technology Services sector has remained resilient

Consistent with the broader TMT M&A market, Q3 2022 deal volumes in Technology Services slowed by 14%

- Overall deal value in Technology Services M&A declined by 67% in Q3

A major spike in Technology Services deal volume occurred in Q1 and Q2 2022, owing to a strong appetite among strategic and financial buyers to consolidate, driven by the aforementioned trends

LTM EBITDA multiples since 2017 have ranged from 14.0x-16.0x with a median multiple of 14.6x over this timeframe

- Premium multiples are achieved for above-average growth companies having a compelling Digital Transformation story

Accenture has been, by far, the most prolific acquirer in the space, having completed 149 deals since 2017

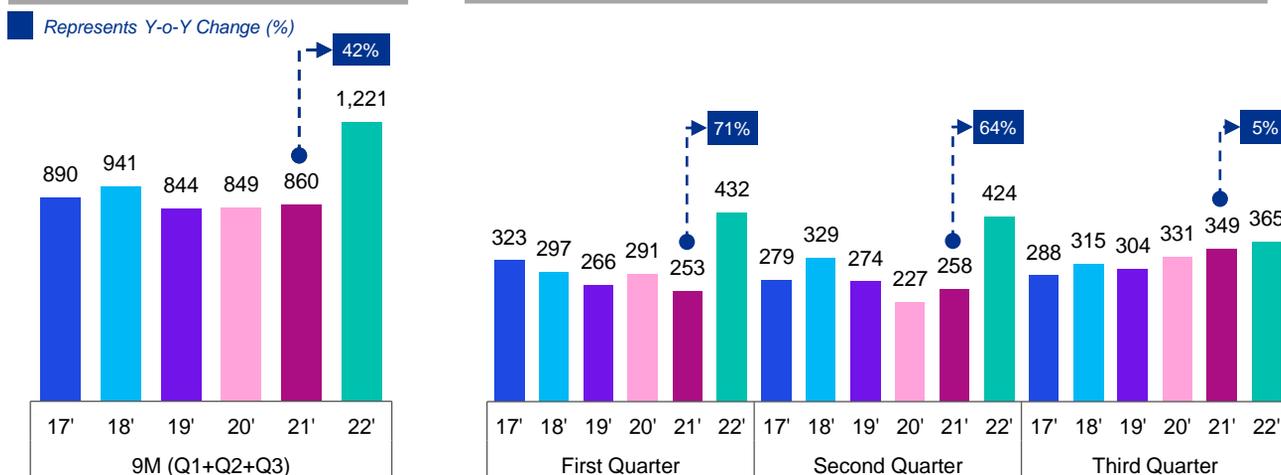
Technology Services M&A Market Commentary

- Technology Services M&A has remained resilient in 2022, with YTD volumes up 42% year-over-year.
- However, M&A activity in the sector has not been immune to the headwinds of rising interest rates, geopolitical risks, and recessionary forces.
 - M&A volume was down 14% in Q3 2022 vs. Q2 2022
 - M&A value was down 67% in Q3 2022 vs. Q2 2022
- Valuation compression will shift the balance of power from a sellers market to a buyers market in the near-term
- 'A+ and A' companies will continue to find a robust market for M&A at attractive valuations. Less exciting companies will face increased headwinds given a more challenging market backdrop.

Global Technology Services Announced Deal Volume (# of Transactions) Comparative Analysis

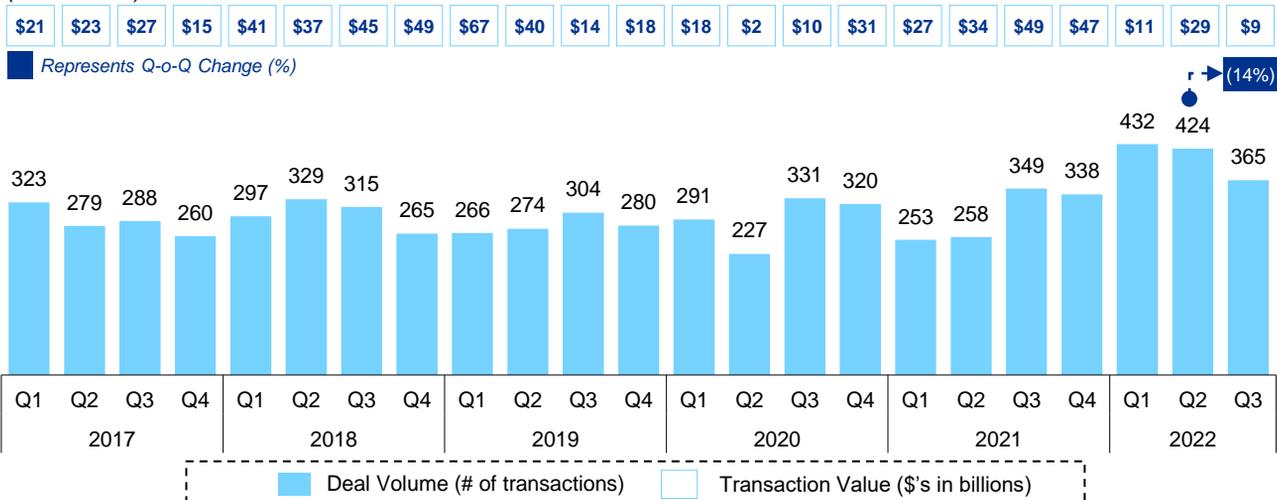
2017 – 2022 (9M)

2017 – 2022 (Q1, Q2, Q3)



Global Technology Services Industry Announced Deal Volume and Value

(\$'s in billions)



Source: 451 Research, KPMG analysis



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Key M&A Themes in Technology Services Sector (1/3)

Major M&A Themes (2020 - YTD 2022)

Digital Transformation:

Acquisitions focused on expanding digital transformation capabilities



Cloud Solutions:

Acquisition of capabilities in one of the 'Cloud Ecosystems'



Vertical Expertise:

Expanding into new industry verticals (e.g. Healthcare, Retail, etc.)



Government Services:

Acquisitions focused on end markets in the government / defense sector



Geographic Expansion:

Acquisitions for entrance into a new geographic market



PE Acquisition:

Acquisition of a new platform to enable further M&A in a sector



PE Roll-Up:

PE acquisitions focused on combining similar businesses under same platform company

Market Expansion:

Acquisitions that focus on product line or client base additions under the same platform company



Theme 1: Digital Transformation

Target	Acquirer	TEV
Halfaker & Associates	SAIC	\$214 million
Revenue Multiple	EBITDA Multiple	
1.3x	N/A	

Deal Rationale

SAIC, a technology integrator, has acquired Halfaker & Associates, a U.S.-based federal health technology solutions provider. The acquisition will strengthen SAIC's digital transformation portfolio in DevSecOps, digital engineering, automation, and process improvement.

Target	Acquirer	TEV
Unisys (Federal Assets)	SAIC	\$1.2 billion
Revenue Multiple	EBITDA Multiple	
1.7x	N/A	

Deal Rationale

SAIC, a technology integrator, has acquired Unisys' Federal division, a U.S.-based IT services and solutions provider. The addition will allow SAIC to establish itself as a leading provider of digital transformation services and solutions in the federal government.



Theme 2: Cloud Solutions

Target	Acquirer	TEV
DigitalOnUs	Tech Mahindra	\$120 million
Revenue Multiple	EBITDA Multiple	
3.9x	N/A	

Deal Rationale

Tech Mahindra, a provider of digital transformation solutions, has acquired DigitalOnUs, a Mexico-based hybrid cloud and DevOps service provider. The acquisition will strengthen Tech Mahindra's cloud native development and near shore delivery from Mexico & Canada.

Target	Acquirer	TEV
Simplus	Infosys	\$200 million
Revenue Multiple	EBITDA Multiple	
3.0x	N/A	

Deal Rationale

Infosys, a digital services and consulting company, has acquired Simplus, a U.S.-based IT services and consulting specialist. Through this acquisition Infosys plans to strengthen its position as an end-to-end Salesforce enterprise cloud solutions and services provider.

Source: 451 Research, KPMG analysis



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Key M&A Themes in Technology Services Sector (2/3)



Theme 3: Vertical Expertise

Jul-22

Target	Acquirer	TEV
BASE Life Science	Infosys	\$111 million
Revenue Multiple	EBITDA Multiple	
5.3x	N/A	

Deal Rationale

Infosys, a provider of digital services and consulting solutions, has acquired BASE Life Science, a Denmark-based technology consulting company in the life-sciences industry. BASE brings in sector expertise with medical, digital marketing, regulatory, and quality knowhow.

Dec-21

Target	Acquirer	TEV
Senture	Teleperformance	\$400 million
Revenue Multiple	EBITDA Multiple	
1.2x	13.1x	

Deal Rationale

Teleperformance, a provider of digitally integrated business services, has acquired Senture, a U.K.-based BPO operator for government services. The acquisition helps Teleperformance pursue its vertical specialization strategy by strengthening its citizen lines of service.



Theme 4: Government Services

Dec-21

Target	Acquirer	TEV
Creative Systems and Consulting	ICF	\$160 million
Revenue Multiple	EBITDA Multiple	
N/A	N/A	

Deal Rationale

ICF, a consulting and digital services provider, has acquired Creative Systems and Consulting, a U.S.-based provider of IT and digital transformation services. The acquisition will provide ICF with significant revenue synergies and solutions supporting highly adopted low-code/no-code platforms in federal government space.

Dec-18

Target	Acquirer	TEV
KMD	NEC Corporation	\$1.2 billion
Revenue Multiple	EBITDA Multiple	
N/A	N/A	

Deal Rationale

NEC, an information technology and electronics company, has acquired KMD, a Denmark-based provider of software and IT services. The acquisition will provide NEC with a business model that leverages platforms in digital government domain.



Theme 5: Geographic Expansion

Mar-22

Target	Acquirer	TEV
Umanis	CGI	\$385 million
Revenue Multiple	EBITDA Multiple	
1.4x	11.0x	

Deal Rationale

CGI, an IT and business process services provider, has acquired Umanis, a France-based IT services and consulting specialist. The combined business operations of CGI and Umanis will further deepen CGI's presence and positioning across Western and Southern Europe.

Jul-21

Target	Acquirer	TEV
Cancom UK	Telefónica Tech	\$470 million
Revenue Multiple	EBITDA Multiple	
N/A	N/A	

Deal Rationale

Telefónica, a provider of cyber security, cloud, IoT, big data, AI, and blockchain services, has acquired Cancom's UK business, an IT service management company. With this acquisition, Telefónica Tech takes a significant step in its consolidation strategy in the U.K.

Source: 451 Research, KPMG analysis



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Key M&A Themes in Technology Services Sector (3/3)



Theme 6: PE Roll-Up

Jan-21		
Target	Acquirer	TEV
Perspecta	Peraton (Veritas Capital)	\$6.7 billion
Revenue Multiple	EBITDA Multiple	
1.6x	11.3x	

Deal Rationale

Peraton, an IT firm, has acquired Perspecta, a U.S.-based government services provider. The acquisition will create a leading government technology provider to deliver end-to-end capabilities in the IT support space.

Dec-19		
Target	Acquirer	TEV
Nasstar	GCI Network (Mayfair Equity Partners)	\$103 million
Revenue Multiple	EBITDA Multiple	
3.2x	15.8x	

Deal Rationale

GCI Network Solutions, a ICT service provider, has acquired Nasstar, a U.K.-based managed service provider for the travel and tourism industries. The acquisition enables businesses to benefit from increased purchasing power, deeper technical expertise, and wider cross-selling opportunities across an expanded customer base.



Theme 7: PE Acquisition

Aug-20		
Target	Acquirer	TEV
HiQ International	Triton Partners	\$431 million
Revenue Multiple	EBITDA Multiple	
N/A	N/A	

Deal Rationale

Triton Partners, a U.K.-based private equity firm, has acquired HiQ International, a Sweden-based IT consulting company. HiQ is one of the leading Nordic digital transformation company with strong industrial and technology expertise.

Jul-20		
Target	Acquirer	TEV
Getronics	GSH Private Capital	\$229 million
Revenue Multiple	EBITDA Multiple	
0.7x	N/A	

Deal Rationale

GSH Private Capital, a U.K.-based private equity firm, has acquired Getronics, a Netherlands-based IT services company. Getronics is one of the Europe's oldest technology services firms providing a full suite of ICT services for many global brands and organizations.



Theme 8: Market Expansion

Aug-21		
Target	Acquirer	TEV
ettain group	ManpowerGroup	\$925 million
Revenue Multiple	EBITDA Multiple	
1.3x	12.3x	

Deal Rationale

ManpowerGroup, a global workforce solutions company, has acquired ettain group, a U.S.-based provider of IT staffing and managed solutions. ettain will become part of Experis, ManpowerGroup's global IT resourcing and services brand, to provide increased strength in delivering IT services to finance and health care industries.

Jul-21		
Target	Acquirer	TEV
Sykes Enterprises	Sitel Group (Groupe Actiall)	\$2.1 billion
Revenue Multiple	EBITDA Multiple	
1.2x	11.5x	

Deal Rationale

Sitel Group, a contact center company, has acquired Sykes Enterprises, a U.S.-based business process outsourcing provider. Sitel plans to expand its CX product offering with SYKES' CX solutions in digital, social media and robotic process automation (RPA), provided through their suite of digital transformation capabilities.

Source: 451 Research, KPMG analysis

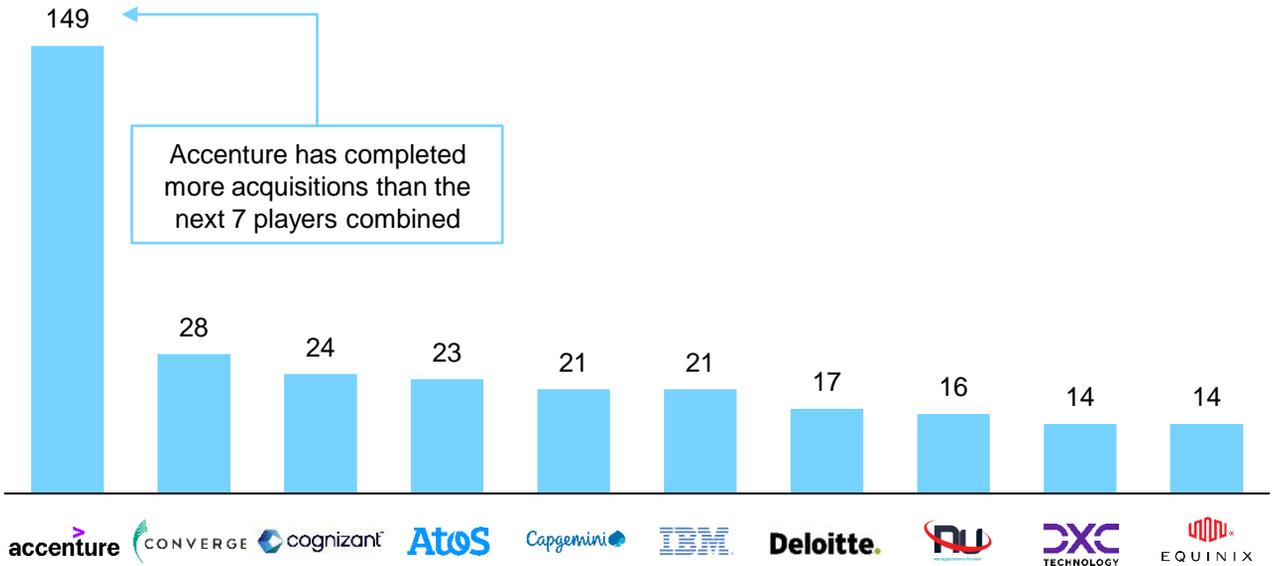


©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Most Active Acquirers in Technology Services

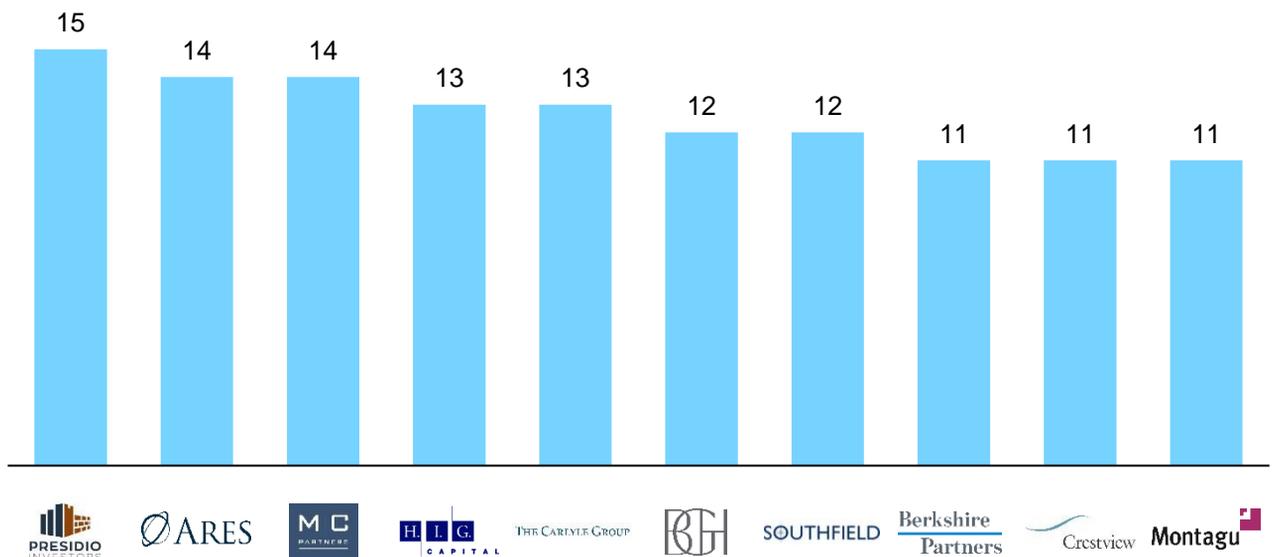
Strategic Acquirers (2017 – 2022 YTD)⁽¹⁾⁽²⁾

(# of transactions)



Financial Buyers (2017 – 2022 YTD)⁽¹⁾⁽²⁾

(# of transactions)



Source: 451 Research

Note (1): Investments includes add-ons and co-investments

Note (2): YTD as of 9/30/2022



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Select Transaction History - Technology Services (1/2)

Closed Date	Target Company	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
Aug-22	Computer Services	Centerbridge Partners / Bridgeport Partners	\$1,523	4.7x	14.9x
Aug-22	Avantus Federal	QinetiQ North America	\$590	2.0x	16.6x
Jul-22	BASE life science	Infosys	\$111	5.3x	-
May-22	ManTech International	The Carlyle Group	\$4,273	1.6x	15.9x
Mar-22	Umanis SA	CGI France	\$385	1.4x	11.0x
Mar-22	Dialog Pty	NCS	\$249	1.9x	14.8x
Oct-21	Intrasoft International	Netcompany Group	\$272	1.2x	13.1x
Aug-21	ettain Group	ManpowerGroup	\$925	1.3x	12.3x
Jul-21	rhipe	Crayon Group	\$246	4.9x	19.7x
Jun-21	Sykes Enterprises	Sitel Group	\$2,125	1.2x	11.5x
Jun-21	Halfaker & Associates	Science Applications International Corp.	\$214	1.3x	-
May-21	Cybercom Group	Knowit	\$261	1.3x	-
Apr-21	DigitalOnUs	Tech Mahindra	\$120	3.9x	-
Mar-21	The Capital Markets Company (UK)	Wipro	\$1,450	2.1x	-
Jan-21	Perspecta	Peraton (Veritas Capital)	\$6,701	1.6x	11.3x
Dec-20	Zenetex	Vectrus	\$112	0.6x	-
Oct-20	HiQ International	Triton Investment Management	\$431	2.1x	15.5x
Sep-20	Virtusa	Baring Private Equity Asia	\$2,151	1.7x	20.5x
Aug-20	The Crypsis Group	Palo Alto Networks	\$265	5.3x	-
Jul-20	Getronics	GSH Private Capital	\$229	0.7x	-
Feb-20	Simplus	Infosys	\$200	3.0x	-
Dec-19	Nasstar	GCI Network Solutions (Mayfair Equity)	\$103	3.2x	15.8x
Oct-19	Contino Solutions	Cognizant Technology Solutions	\$270	3.9x	-
Aug-19	Presidio	BC Partners	\$2,053	0.7x	10.6x
Aug-19	Navigant Consulting	Guidehouse (Veritas Capital)	\$1,137	1.4x	17.3x
Jun-19	PCM	Insight Enterprises	\$505	0.2x	9.0x
May-19	SecureLink Group	Orange	\$577	2.1x	-
Mar-19	Acando	CGI	\$461	1.5x	14.4x
Dec-18	KMD	NEC	\$1,221	1.4x	-
Nov-18	ConvergeOne Holdings	CVC Capital Partners	\$1,789	1.3x	21.2x

Note: Select \$100M+ deal value transactions from a period of 2017 to 2022 Sept. YTD (9/30/2022)

Source: 451 Research



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Select Transaction History - Technology Services (2/2)

Closed Date	Target Company	Buyer	Enterprise Value (\$mm)	EV / LTM Revenue	EV / LTM EBITDA
Sep-18	Engility Holdings	Science Applications International Corp.	\$2,424	1.3x	14.6x
Aug-18	Harvey Nash Group	DBAY Advisors	\$128	-	8.4x
Jul-18	REAN Cloud	Hitachi Vantara	\$120	3.4x	-
Jul-18	Syntel	Atos	\$3,570	3.8x	13.7x
Jun-18	Convergys Corporation	TD SYNnex	\$2,519	0.9x	9.0x
Jun-18	MWR InfoSecurity .	F-Secure	\$114	3.1x	-
Mar-18	Aegis	StarTek	\$367	0.9x	9.7x
Mar-18	Wipro (hosting services business)	Ensono LP	\$405	1.6x	-
Feb-18	CSRA	General Dynamics Corp.	\$9,700	1.9x	10.8x
Feb-18	LiquidHub	Capgemini	\$498	2.1x	-
Jan-18	ECS Federal	ASGN	\$775	1.3x	-
Jan-18	ACCEO Solutions	N. Harris Computer	\$201	2.2x	-
Oct-17	DXC Technology (US public sector)	Brandfolder	\$1,050	0.4x	-
Oct-17	CompuCom Systems	The ODP	\$1,000	0.9x	-
Sep-17	Lyons Consulting Group	Capgemini	\$150	2.7x	30.0x
Sep-17	Datapipe	Rackspace US (Apollo Global)	\$800	2.7x	-
Sep-17	Cloud Technology Partners	Hewlett Packard Enterprise	\$160	4.0x	-
Jul-17	CDI	AE Industrial Partners	\$154	0.2x	-
Jul-17	OnX Enterprise Solutions	Cincinnati Bell	\$201	0.3x	13.4x
Jul-17	NCI Information Systems	H.I.G. Capital	\$283	0.9x	15.5x
Jun-17	Capita (Capita Asset Services)	Link Administration	\$1,123	2.9x	12.8x
Jun-17	ViaWest	Flexential (GI Partners)	\$1,675	5.8x	-
May-17	Nebula	Telia Company	\$184	4.9x	16.1x
Apr-17	Aegis	Capital Square Partners	\$300	0.8x	-
Feb-17	Cloudreach .	Blackstone	\$103	2.1x	-
Feb-17	Cologix	Stonepeak Infrastructure Partners	\$1,350	-	18.0x
Jan-17	CEB	Gartner	\$3,300	3.5x	18.5x
		Mean		2.2x	14.7x
		Median		1.7x	14.6x

Note: Select \$100M+ deal value transactions from a period of 2017 to 2022 Sept. YTD (9/30/2022)

Source: 451 Research



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Other Recent Technology Services Transactions

Closed Date	Target Company	Buyer	Enterprise Value (\$mm)
Sep-22	SilverSun Technologies	Rhodium Enterprises	\$650
Aug-22	Kontron (IT services business)	Axians	\$409
Jun-22	NNIT (Hybrid cloud business)	Agilitas Private Equity	\$211
Jun-22	SemanticBits	ICF International	\$220
Jun-22	GlideFast Consulting	ASGN	\$350
Apr-22	Rizing	Wipro	\$540
Mar-22	ARQ Group	NCS (Singapore Telecommunications)	\$199
Dec-21	CompuCom Systems	Variant Equity Advisors	\$180
Dec-21	Senture	Teleperformance	\$400
Dec-21	Creative Systems and Consulting	ICF International	\$160
Nov-21	ProKarma	Concentrix	\$1,600
Aug-21	REDNET	Converge Technology Solutions	\$152
Jul-21	CANCOM UK	Telefonica Tech	\$470
Jul-21	Empired	Capgemini	\$173
Jul-21	Oxford Global Resources	H.I.G. Capital	\$525
May-21	Liberty IT Solutions	Booz Allen Hamilton	\$725
May-21	Data Foundry	Switch	\$420
Mar-21	Attain (federal division)	Maximus	\$430
Jan-21	Servian	Cognizant	\$240

Note: Select \$100M+ deal value transactions from a period of 2021 to 2022 Sept. YTD (9/30/2022)

Source: 451 Research



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.



Public Market Observations and Valuation Benchmarking

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Publicly-Traded Company Analysis: Summary Observations



Share price declines in the Technology Services composite index in 2022 have erased the gains experienced in 2021

- YTD 9/30/22 performance of -31% versus 2021 gain of 38%



Performance in 2022 has varied by sub-sector

- The Consulting sub-sector has been the best performer, with share price performance of +8%
- Poorest performers have been IT Commercial Services and Offshore Services, with share price performance of -37% and -34%, respectively
- Most sectors trading at or near their 52-week lows



In-line with the broader market declines, valuations have compressed

- EV/LTM EBITDA multiples have decreased from 18.9x at the beginning of the year to 14.4x
- EV/LTM EBITDA multiples remain 15.8% below their 2-year median of 17.1x



Valuation multiples range depending on sub-sector

- Low-end of EV/2022E EBITDA multiple range is IT Commercial Services at 9.1x
- High-end of EV/2022E EBITDA multiple range is Offshore Services at 13.8x



Growth and EBITDA margins are the key drivers of valuation multiples

Sector	Revenue Growth % ⁽¹⁾	EBITDA Margin % ⁽²⁾
Offshore Services	8.6%	19.6%
BPO	8.5%	20.8%
Consulting	8.2%	12.9%
Government Consulting	5.3%	10.1%
Managed Services	3.1%	23.8%
IT Commercial Services	0.5%	17.4%

Note (1): 2021-2022E

Note (2): 2022E

Source: Capital IQ, KPMG



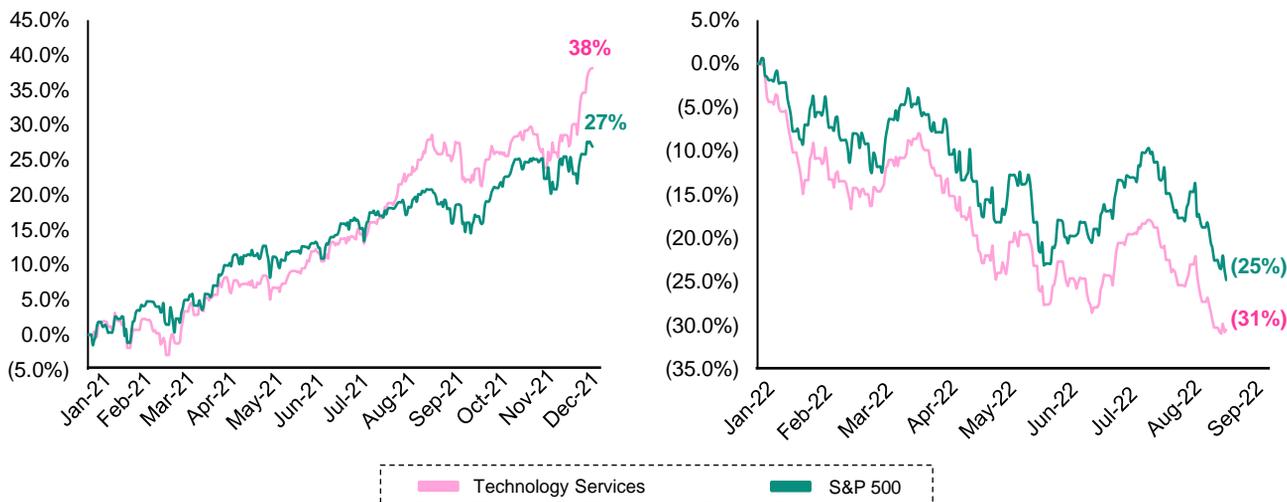
©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Public Market Observations (1/3)

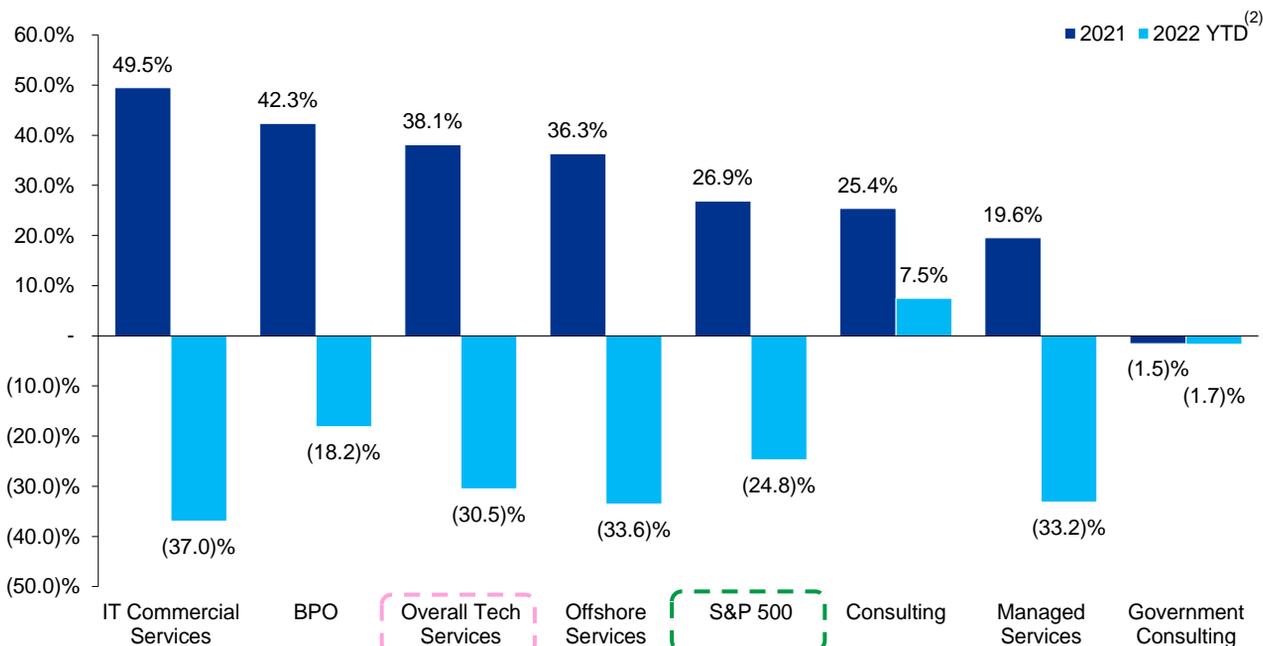
Publicly-traded companies within the Technology Services sector have reversed their gains from 2021. Most Sub-sectors are trading at or near their 52-week lows.

2021 Indexed Stock Price Performance⁽¹⁾

2022 YTD⁽²⁾ Indexed Stock Price Performance⁽¹⁾



Share Price Performance by Technology Services Sub-sector



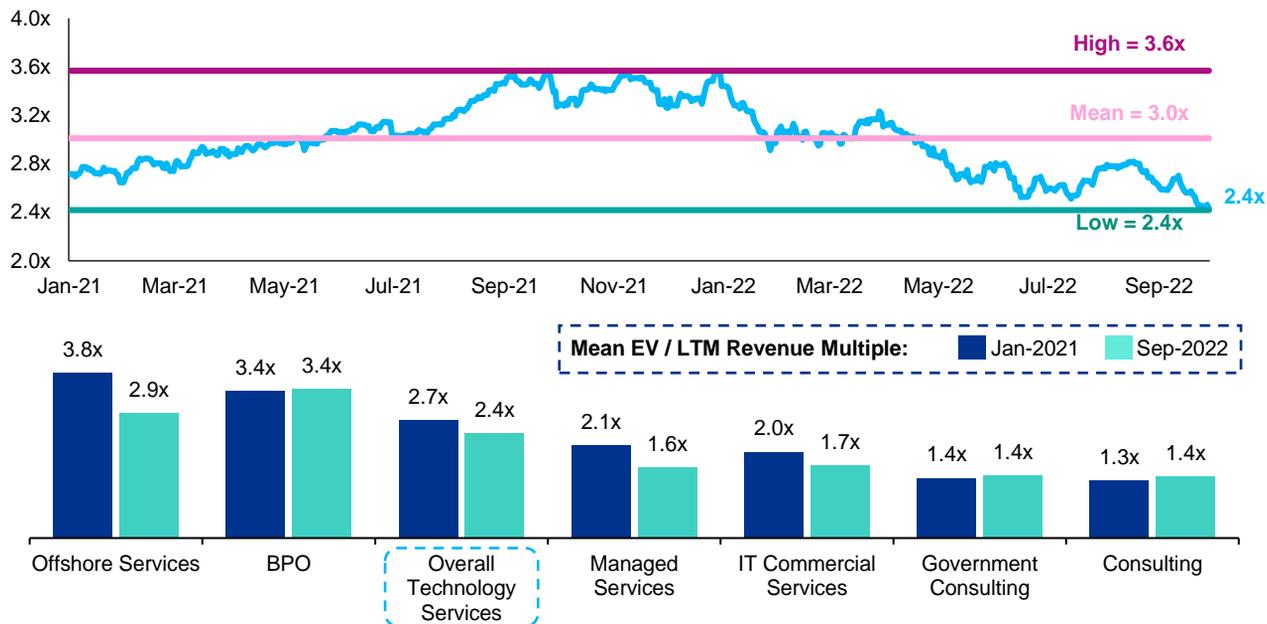
(1) Market statistics sourced from Capital IQ. Detailed listing of members that comprise each peer group, is located on page 27, "Select Publicly-Traded Technology Services Companies". Indexed Stock Price Performance calculated using market-cap weighted methodology

(2) YTD as of 9/30/2022

Technology Services Public Market Observations (2/3)

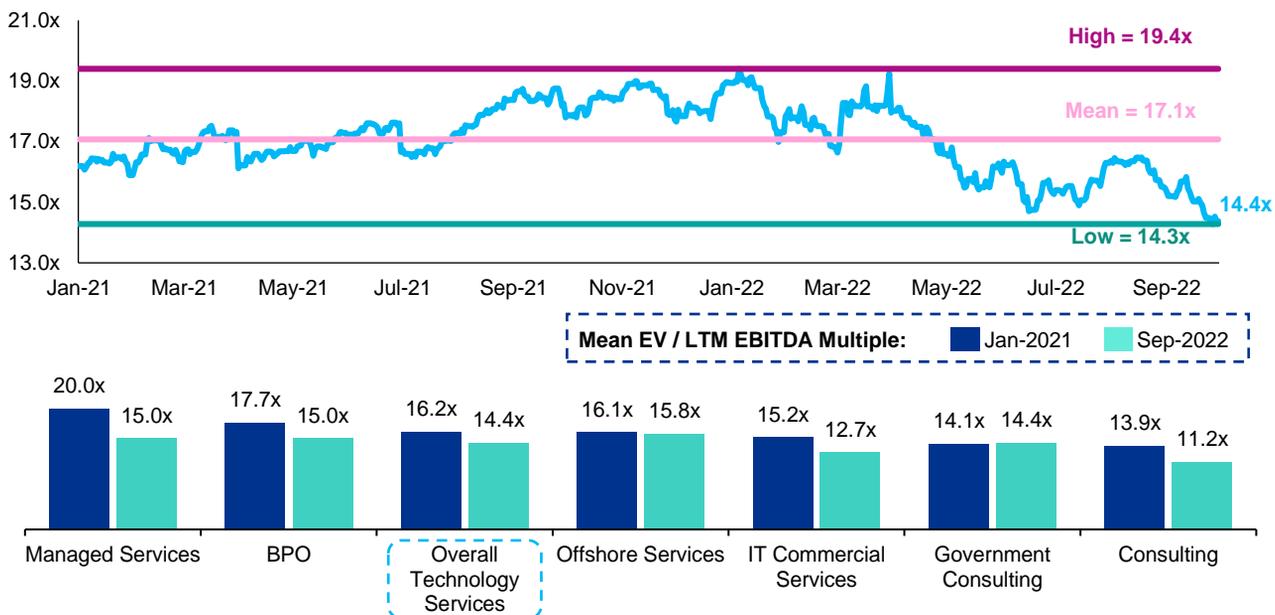
2021 - 2022 YTD⁽¹⁾ EV / LTM Revenue Performance

Average EV / LTM Revenue multiples for the Technology Services sector, as of 9/30/2022, declined to 2.4x, 20% below the average multiple of 3.0x since 1/1/2021.



2021 - 2022 YTD⁽¹⁾ EV / LTM EBITDA Performance

Average EV / LTM EBITDA multiples for the Technology Services sector, as of 9/30/2022, declined to 14.4x, 15.8% below the average multiple of 17.1x since 1/1/2021.



Note (1): YTD as of 9/30/2022

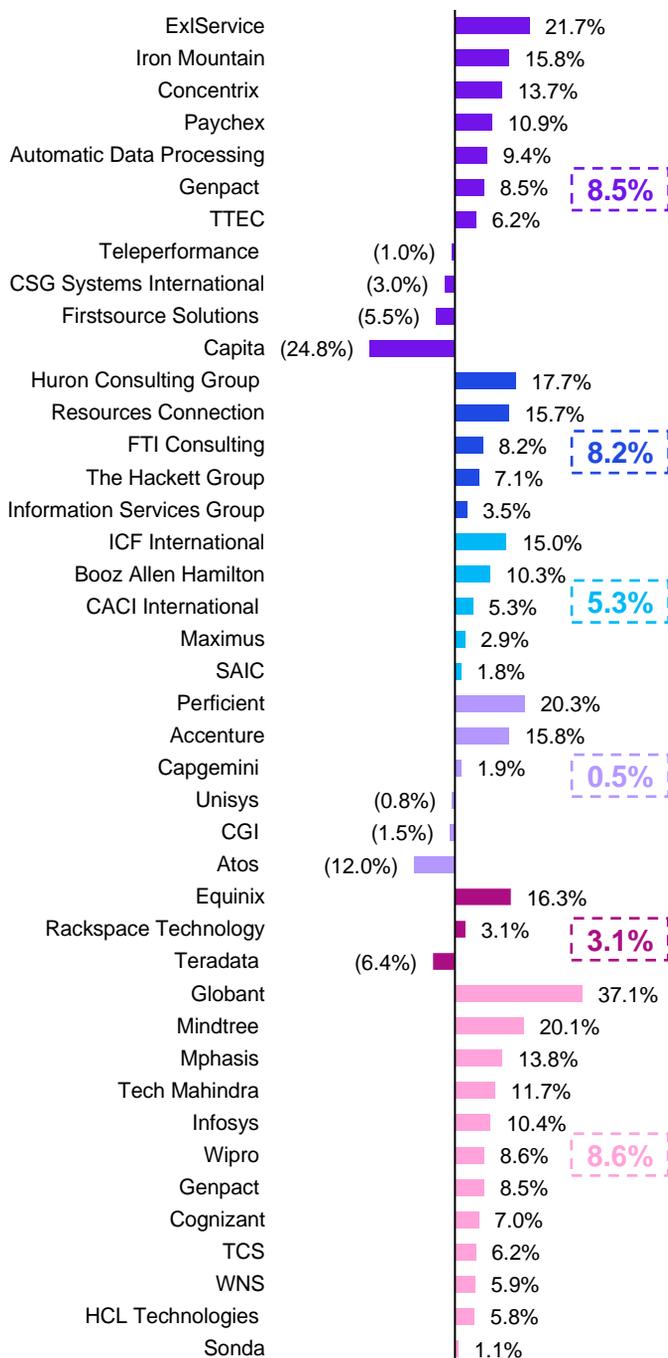
Source: Capital IQ



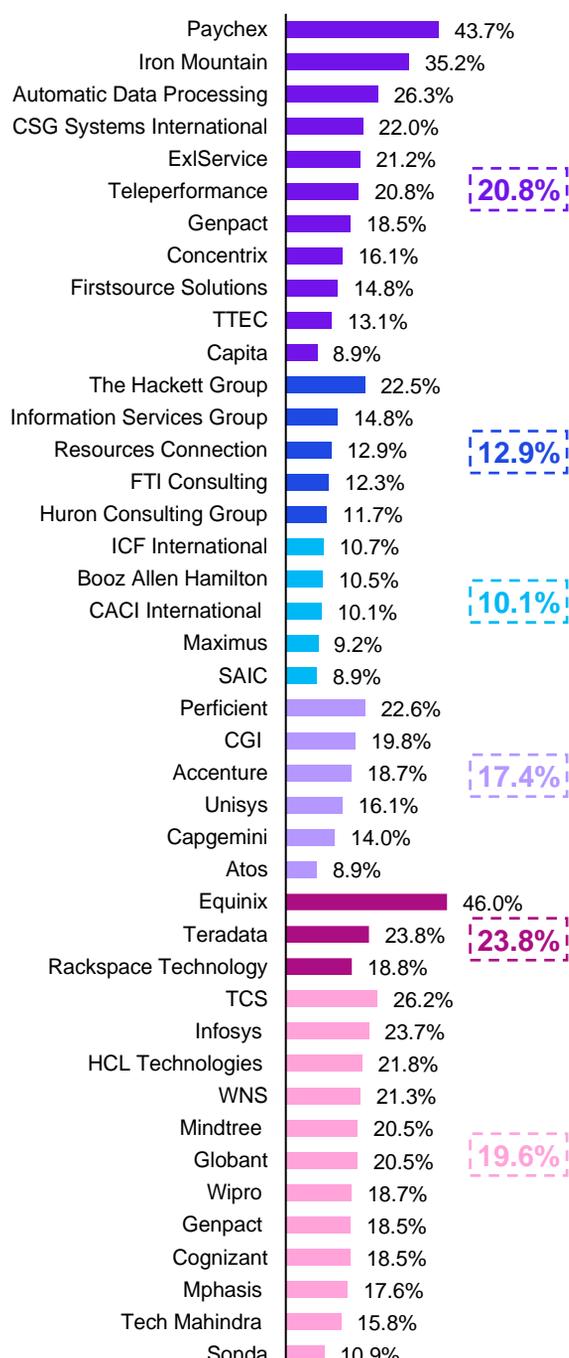
©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Technology Services Public Market Observations (3/3)

2021-2022E Revenue Growth (%)



2022E EBITDA Margin (%)



Represents Sector Median (50.0%) 0.0% 50.0%

Represents Sector Median 0% 50%

■ Business Process Outsourcing
 ■ Consulting
 ■ Government Consulting
■ IT Commercial Service
 ■ Managed Services
 ■ Offshore Services

Source: Capital IQ data calculated as of 9/30/2022



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Select Publicly-Traded Technology Services Companies

Company	HQ Country	Market Data				LTM Financials				Valuation Multiples		
		Market Cap (\$mm) ⁽¹⁾⁽²⁾	Enterprise Value (\$mm) ⁽³⁾	Share Price ⁽²⁾	% 52 Wk High	Revenue	Revenue Growth	Gross Margin %	EBITDA % ⁽⁴⁾	Enterprise Value To: LTM EBITDA	CY 2022 Revenue	CY 2022 EBITDA
Business Process Outsourcing												
Automatic Data Processing, Inc.	US	\$93,935	\$96,089	\$226.19	86.5%	\$16,498	9.9%	45.1%	26.5%	22.0x	5.6x	21.3x
Paychex, Inc.	US	\$40,441	\$40,090	\$112.21	79.1%	\$4,735	12.5%	70.5%	44.0%	19.2x	8.3x	19.1x
Teleperformance SE	FR	\$15,113	\$17,707	\$255.63	64.9%	\$7,976	17.3%	31.3%	16.3%	13.7x	2.2x	10.6x
Iron Mountain Incorporated	US	\$12,781	\$25,449	\$43.97	75.0%	\$4,827	12.3%	57.2%	34.0%	15.5x	4.9x	13.9x
Genpact Limited	BM	\$8,031	\$9,392	\$43.77	81.0%	\$4,246	11.1%	35.3%	15.8%	14.0x	2.2x	11.6x
Concentrix Corporation	US	\$5,695	\$7,926	\$111.63	53.5%	\$6,150	13.4%	35.5%	14.7%	8.7x	1.2x	7.7x
ExService Holdings, Inc.	US	\$4,872	\$4,970	\$147.36	82.0%	\$1,262	22.9%	37.4%	17.2%	22.9x	3.6x	17.2x
TTEC Holdings, Inc.	US	\$2,092	\$3,046	\$44.31	42.7%	\$2,372	9.9%	24.9%	12.2%	10.5x	1.3x	9.6x
CSG Systems International, Inc.	US	\$1,630	\$1,962	\$52.88	79.4%	\$1,065	5.1%	48.0%	14.7%	12.6x	1.9x	8.8x
Firstsource Solutions Limited	IN	\$878	\$1,077	\$1.29	47.1%	\$748	7.4%	33.1%	12.6%	11.4x	1.5x	9.8x
Capita plc	GB	\$467	\$1,304	\$0.28	48.7%	\$3,743	(5.6%)	19.7%	(5.4%)	NM	0.4x	4.5x
Business Process Outsourcing Mean					67.3%	10.6%	39.8%	18.4%	15.0x	3.0x	12.2x	
Business Process Outsourcing Median					75.0%	11.1%	35.5%	15.8%	13.8x	2.2x	10.6x	
Consulting												
FTI Consulting, Inc.	US	\$5,594	\$5,904	\$165.71	87.0%	\$2,857	8.0%	31.1%	11.5%	17.9x	2.0x	16.0x
Huron Consulting Group Inc.	US	\$1,290	\$1,676	\$66.25	91.2%	\$1,006	20.2%	30.0%	11.0%	15.1x	1.6x	13.4x
The Hackett Group, Inc.	US	\$561	\$502	\$17.72	71.5%	\$291	14.9%	38.3%	18.9%	9.1x	1.7x	7.5x
Resources Connection, Inc.	US	\$610	\$581	\$18.07	78.0%	\$826	24.1%	39.8%	12.1%	5.8x	0.7x	5.5x
Information Services Group, Inc.	US	\$227	\$270	\$4.76	49.1%	\$284	7.1%	40.3%	12.3%	7.8x	0.9x	6.4x
Consulting Mean					75.3%	14.8%	35.9%	13.2%	11.1x	1.4x	9.8x	
Consulting Median					78.0%	14.9%	38.3%	12.1%	9.1x	1.6x	7.5x	
Government Consulting												
Booz Allen Hamilton Holding Corporation	US	\$12,220	\$14,793	\$92.35	93.0%	\$8,624	9.3%	23.4%	10.9%	15.8x	1.7x	15.7x
CACI International Inc	US	\$6,114	\$8,115	\$261.06	83.3%	\$6,203	2.6%	34.7%	10.2%	12.9x	1.3x	12.5x
Science Applications International Corporation	US	\$4,875	\$7,391	\$88.43	90.4%	\$7,507	3.6%	11.4%	8.5%	11.5x	1.0x	11.0x
Maximus, Inc.	US	\$3,504	\$5,032	\$57.87	65.7%	\$4,560	12.0%	19.4%	8.9%	12.3x	1.1x	11.9x
ICF International, Inc.	US	\$2,049	\$2,703	\$109.02	98.1%	\$1,619	3.4%	36.5%	9.4%	17.7x	1.5x	14.1x
Government Consulting Mean					86.1%	6.2%	25.1%	9.6%	14.0x	1.3x	13.0x	
Government Consulting Median					90.4%	3.8%	23.4%	9.4%	12.9x	1.3x	12.5x	
IT Commercial Services												
Accenture plc	IE	\$162,755	\$158,827	\$257.30	61.6%	\$61,594	21.9%	32.0%	18.6%	13.9x	2.6x	13.7x
Capgemini SE	FR	\$27,914	\$33,175	\$162.29	75.2%	\$21,051	18.6%	26.3%	13.2%	11.9x	1.6x	11.3x
CGI Inc.	CA	\$17,542	\$19,779	\$75.74	89.6%	\$9,804	4.8%	30.6%	17.6%	11.5x	2.1x	10.5x
Perficient, Inc.	US	\$2,250	\$2,639	\$65.02	42.4%	\$852	26.5%	38.4%	19.2%	16.1x	2.9x	12.7x
Atos SE	FR	\$887	\$3,775	\$8.00	17.3%	\$11,476	0.0%	1.5%	3.8%	8.6x	0.3x	3.9x
Unisys Corporation	US	\$512	\$740	\$7.55	27.7%	\$1,989	(5.2%)	26.8%	(2.2%)	NM	0.4x	2.3x
IT Commercial Services Mean					52.3%	11.1%	25.9%	11.7%	12.4x	1.6x	9.1x	
IT Commercial Services Median					52.0%	11.7%	28.7%	15.4%	11.9x	1.8x	10.9x	
Managed Services												
Equinix, Inc.	US	\$51,807	\$66,245	\$568.84	66.7%	\$6,558	9.2%	44.5%	37.5%	26.9x	9.1x	19.8x
Teradata Corporation	US	\$3,193	\$3,291	\$31.06	52.3%	\$1,861	(3.4%)	61.1%	16.7%	10.6x	1.8x	7.7x
Rackspace Technology, Inc.	US	\$859	\$4,567	\$4.08	22.1%	\$3,088	7.7%	30.7%	19.6%	7.6x	1.5x	7.9x
Managed Services Mean					47.0%	4.5%	45.4%	24.6%	15.0x	4.1x	11.8x	
Managed Services Median					52.3%	7.7%	44.5%	19.6%	10.6x	1.8x	7.9x	
Offshore Services												
Tata Consultancy Services Limited	IN	\$135,101	\$131,168	\$36.92	74.3%	\$25,197	16.3%	43.1%	26.2%	19.8x	5.0x	19.0x
Infosys Limited	IN	\$72,860	\$70,936	\$17.37	72.3%	\$16,973	19.3%	30.8%	24.5%	17.1x	4.1x	17.3x
Cognizant Technology Solutions Corporation	US	\$29,742	\$28,993	\$57.44	61.5%	\$19,253	10.6%	36.7%	18.1%	8.3x	1.5x	7.9x
HCL Technologies Limited	IN	\$31,019	\$29,997	\$11.46	68.6%	\$11,786	11.8%	37.4%	22.1%	11.5x	2.5x	11.6x
Wipro Limited	IN	\$26,512	\$25,155	\$4.85	53.3%	\$10,424	26.2%	29.1%	19.1%	12.7x	2.3x	12.4x
Tech Mahindra Limited	IN	\$10,894	\$10,258	\$12.39	54.9%	\$5,968	21.1%	32.7%	15.7%	10.9x	1.6x	10.3x
Globant S.A.	LU	\$7,815	\$7,608	\$187.08	52.8%	\$1,552	52.9%	38.0%	18.6%	26.4x	4.3x	20.9x
Genpact Limited	BM	\$8,031	\$9,392	\$43.77	81.0%	\$4,246	11.1%	35.3%	15.8%	14.0x	2.2x	11.6x
Mindtree Limited	IN	\$6,404	\$6,018	\$38.82	62.4%	\$1,437	36.0%	29.7%	20.0%	20.9x	3.8x	18.7x
Mphasis Limited	IN	\$4,824	\$4,641	\$25.64	57.0%	\$1,605	25.3%	40.9%	16.2%	17.8x	2.7x	15.4x
WNS (Holdings) Limited	IN	\$3,936	\$3,852	\$81.84	89.5%	\$1,152	20.2%	35.0%	17.1%	19.5x	3.4x	16.2x
Sonda S.A.	CL	\$316	\$503	\$0.36	87.8%	\$1,038	20.2%	17.1%	10.6%	4.6x	0.5x	4.3x
Offshore Services Mean					67.9%	22.6%	33.8%	18.7%	15.3x	2.8x	13.8x	
Offshore Services Median					65.5%	20.2%	35.1%	18.4%	15.5x	2.6x	13.9x	
Selected Public Technology Services Companies Mean					75.4%	13.8%	33.9%	16.0%	16.2x	2.7x	13.5x	
Selected Public Technology Services Companies Median					80.1%	11.9%	34.8%	15.6%	14.8x	2.1x	12.9x	

Source: Capital IQ

(1) Market Capitalization based on closing share prices as of September 30, 2022

(2) Market Capitalization and Share Prices may be based on foreign exchange listed securities and converted to USD

(3) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents

(4) EBITDA equals Earnings before Interest Expense, Income Taxes, Depreciation and Amortization



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.



Technology Services Innovators Spotlight

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Innovators Spotlight - Key Enablers Driving Digital Transformation (1/8)

The companies highlighted below represent innovative players driving growth in the Digital Transformation ecosystem.

Key Innovators in the Digital Transformation Ecosystem



Source: KPMG



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight - Key Enablers Driving Digital Transformation (2/8)

Company	Description	Investors	Year Founded
 3 PILLAR GLOBAL	Provider of software development and engineering services focused on client growth through product development and design, engineering and product architecture, user experience, and DevOps and cloud Ops services. The company develops software on various technologies, such as mobile, cloud and big data serving the software, media and publishing, information services and retail industries.	H.I.G. Capital	2006
 ADSWERVE	Provider of IT consulting and technical support to advertisers and marketers. The company offers cloud consulting, implementation and strategic consulting for Google's advertising technology products.	ABRY Partners Lionfish Capital	2009
 Ascend TECHNOLOGIES	Provider of managed IT services intended to serve small and medium-sized businesses across the Midwest. The company's service offerings include cloud and infrastructure management, cybersecurity management, service desk management, application management, salesforce management and data management.	M/C Partners	2016
 astound COMMERCE	Provider of digital commerce consultation services. The company's platform combines technology, customer experience, customer engagement strategy, data analysis and business optimization, helping clients to generate and capture consumer demand and improve customer experience.	RLH Equity Partners Constitution Capital Partners Salesforce Ventures	1999
 AVIONOS	Offers cloud-focused consulting intended to deliver digital commerce and marketing services that provide measurable business outcomes. The company leverages real-world analytics and performance feedback using cloud and connected technologies for marketing needs, insight generation, commercial needs, and integration.	Aktion Partners	2014
 BeyondID	Provides cloud identity consulting services that focus on guiding clients to manage security and identity in the cloud. The company's services include consulting, implementation, and managed services for deploying and managing identity management, cybersecurity, and cloud platforms.	Tercera	2017
 BLACK DIAMOND ADVISORY	Provider of digital finance transformation services intended for automation of financial activities in businesses. The company offers multiple services including financial transformation, change management, process automation, program management, profitability cost management, stream mapping and financial consolidation.	Tercera GreenShoot Capital	2019

Sources: Pitchbook, Capital IQ

Innovators Spotlight - Key Enablers Driving Digital Transformation (3/8)

Company	Description	Investors	Year Founded
	Provider of cloud technology services intended to simplify, modernize, digitalize and transform businesses. The company offers data engineering, analytics, digital transformation and cloud operations, enabling clients to expand their cloud strategy and empower Digital Transformation.	Hudson Hill Capital Ocean Avenue Capital Partners	2004
	Provider of cloud computing and managed hosting services based in Richmond Hill, Ontario. The company offers end-to-end managed-hosting and cloud computing platforms for the delivery of business-critical websites, enabling public and private sector organizations in Canada to shift IT workloads to cloud computing.	M/C Partners	1999
	Offers SaaS IT consulting services (specializing in Salesforce platform and products) intended to help clients improve their effectiveness by taking advantage of the latest cloud computing technologies. The company's business software services are provided in industries including communications, high tech, education, real estate, professional services, manufacturing, logistics, and healthcare.	Sverica Capital Management Salesforce Ventures	2012
	Provider of technology consulting and digital transformation services for healthcare, technology, manufacturing and financial services industries. The company offers solutions including cloud applications and integration, data solutions and analytics, information security, digital and user experience and advisory services.	H.I.G. Capital Cobalt Ventures	2003
	Provider of managed IT and cybersecurity services. The company offers IT management consulting, outsourced technical support & administration and proactive monitoring services thereby helping small and medium-sized businesses.	Riverside Partners	2000
	Provider of information technology consultancy services to private equity, enterprise technology, healthcare, financial services and fintech, education technology, and media and telecom industry. The company offers services, such as organization, leadership, architecture, amazon web services, cybersecurity, scaled agile, devops, quality, and cloud. The company was founded in 2008 and is based in Kirkland, Washington.	Falfurrias Capital Partners	2008
	Developer of a cloud-based platform with IP solutions for voice and data. The company offers Unified Communications as a Service (UCaaS) to small and medium-sized businesses. It provides business communications services through a network of third party resellers and operates through online websites, mobile and web applications, integrations, and plugins to provide information.	Sverica Capital Management	2008

Sources: Pitchbook, Capital IQ



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight – Key Enablers Driving Digital Transformation (4/8)

Company	Description	Investors	Year Founded
	Provider of cloud-based data analytics consulting and professional services. The company offers enterprise customers complete end-to-end support like data collection tools, cloud-based data warehouses and data analytics platforms, thereby enabling them to reduce the time to actionable insights and empower them to make better decisions, faster.	M/C Partners	2015
	Provider of specialized cybersecurity technology services to financial institutions, healthcare organizations, manufacturers and retail outlets. The company offers front-end consultation and assessment services, as well as integration, testing and support services across a wide variety of security technologies.	Sverica Capital Management	2017
	Provider of information technology consulting, ticket management, disaster recovery and managed hosting services to a wide variety of commercial and public sector clients. The company's services include ticket management, disaster recovery and IT services offered by using a cloud-based model, enabling clients to reduce the cost of support with quick resolutions as well as to maintain their functional applications.	M/C Partners	2003
	Provider of information technology management and consulting services intended for medium to enterprise-sized clients across multiple industries. The company offers a wide range of services catering to cloud computing, cybersecurity, information technology optimization and assessment as well as associated managed services.	M/C Partners	1999
	Offers technology consulting services specializing in Microsoft and SAP solutions for manufacturers and equipment service providers. The company focuses on Dynamics 365, Power Platform, and SAP configuration technologies, including Configure, Price, Quote (CPQ) and Variant Configurations serving 200+ blue-chip customers.	Avande	1999
	Provider of data-informed consulting services to credit unions and community banks related to technology vendor selection and spend.	Falfurrias Capital Partners	2014
	Provider of software and automation systems integration and engineering design services for pharmaceuticals and consumer packaged goods, logistics and food and beverage. The company specializes in automation, information systems, machine safety, machine and process modeling and simulation across multiple industries utilizing current and emerging technologies, enabling clients to maximize their revenues.	Falfurrias Capital Partners Churchill Asset Management	1993

Sources: Pitchbook, Capital IQ



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight - Key Enablers Driving Digital Transformation (5/8)

Company	Description	Investors	Year Founded
	Provider of outsourced services intended to serve firms in the legal and accounting markets. The company innovates the service delivery model and offers scalable services like IT service desk support, managed IT services, managed financial services and billing driven by improved technology.	BV Investment Partners	1998
	Provider of mobile, cloud and web application development services. The company offers UI (user interface) designing and development, back-end development, IoT (internet of things) development, database management, and quality assurance testing services, enabling corporations to scale resource capacity, improve performance, enhance productivity and accelerate their time to success.	Sverica Capital Management	2002
	Provider of data engineering consultancy services intended to help in data architecture and engineering, governance, analytics, machine learning, and app development. The company offers services including customer onboarding, governance, enablement, and training, helping clients by tracking performance and anticipating future demand.	Tercera	2021
	Provider of IT consulting services intended to deliver successful project outcomes using third-party on-premises and cloud products. The company offers a wide range of services including advisory consultancy, transformational implementations, enterprise change management, hosting services, training and first-class managed support services.	ABRY Partners	2006
	Provider of IT services intended for government, commercial and healthcare clients. The company utilizes technical expertise, global reach as well as strategic partnerships with industry leaders and disruptive technology partners to offer complete services in the area of cloud, cyber security, data center, digitization and networking.	H.I.G. Capital	2007
	Provider of geospatial integration and mobility, geospatial, and application development services. It offers data analytics and data analysis services to collect, curate, analyze, and visualize data across various specialized disciplines; and develops application and systems for enterprise and consumer users.	Transom Capital Group Angeleno Group	2009
	Provider of customer experience consulting services using science-based tools to build customer centric business models and track engagement performance. The company's service offerings include market and customer insights, strategy consulting, product and experience architecture, and performance analytics.	Tailwind Capital Group	1973

Sources: Pitchbook, Capital IQ



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight - Key Enablers Driving Digital Transformation (6/8)

Company	Description	Investors	Year Founded
	Provider of IT consulting and implementation services intended to help businesses reduce costs, improve efficiencies and increase profits. The company offers consulting and implementation of Microsoft software solutions, enterprise resource management and business analytics solutions.	RLH Equity Partners	2002
	Provides IT consulting and outsourcing services. The company is the #1 cloud MSP and AWS consultant in the US, serving over 400 emerging growth and midsized enterprises with the transition to AWS and the cloud platform,	Great Hill Partners	2017
	Global IT services provider focused on cloud, data and analytics, enterprise applications, IT infrastructure and enterprise applications. The company has a global network of strategic partners, such as Microsoft and Snowflake. The company strives to help business' grow through emerging technology adoption.	N/A	2008
	Developer of software studio designed to create digital experience platforms. The company specializes in designing and building engaging web and mobile products with composable commerce, customer data, and retail data platforms, helping businesses build the software around marketing and product experiences.	Tercera	2009
		Business Development Bank of Canada	
	Provider of business technologies designed to optimize performance to enable data-driven outcomes. The company's technologies focuses on design, development and implementation of new applications as well as the ongoing management, enhancement and enhancement of existing business systems, enabling companies to accelerate digital transformation.	N/A	1993
	Provider of management consulting, information technology (IT), research development, and engineering services to clients in aerospace, transportation, association, non-profit, defense, education, financial, healthcare, technology, and telecommunications industries.	N/A	1999
	Provides information technology consulting services. The company offers data and machine learning operations, site reliability engineering, software supply chain, developer platforms, cloud foundations, data science, cloud security, hybrid cloud migration, UI design and development, and user experience services.	Peak6 Investments	2019
		Peak6 Strategic Capital	

Sources: Pitchbook, Capital IQ



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight - Key Enablers Driving Digital Transformation (7/8)

Company	Description	Investors	Year Founded
	Provider of hosting and cloud services for QuickBooks accounting software and other business-critical applications used by small and medium-sized businesses. The company's platform is built with advanced virtualization technology deployed on enterprise-class infrastructure.	H.I.G. Capital BV Investment Partners	2002
	Provides IT strategy and consulting services assisting clients in digital transformation, adoption of emerging technologies, outsourced services, automation and facility management. The company offers RPA (robotics processing automation), data visualization and analytics, artificial intelligence, cloud architecture, legacy application modernization, and other related solutions.	N/A	2005
	Provider of advertising, design and development services intended to serve customers from nonprofits to VC-backed start-ups to Fortune 500 brands. The company provides product design, brand positioning, CRM programs, UX design, campaign development and project management services.	Falfurrias Capital Partners	2019
	Provides assessment solutions and technology services for business, education, certification, and government clients. The company's Technology Solutions division is a nationally-scaled provider of technology expertise which includes managed IT services, managed print services, and hardware support services.	Transom Capital Group	1972
	Provides IT solutions specializing in cybersecurity consulting and managed services. The company assists clients with data transformation and management, cloud computing consulting and IT security utilizing the Adaptable Data Center (ADC) Framework.	N/A	1992
	Operator of a software and platform development firm intended to provide integration and automation services for various industries. The company offers strategic consulting, software engineering, data engineering, and reliability engineering and supports mission-critical platforms, applications, and online services.	Tercera Twilio	2016
	Provider of strategy services, architecture and design, infrastructure engineering, application engineering, managed services and support, IT ops, dev ops, data ops, and privacy ops. The company offers cloud-based services, data processing across multiple sources and industries, and application build and design.	N/A	N/A

Sources: Pitchbook, Capital IQ



©2022 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Corporate Finance LLC is not engaged in the practice of public accountancy. All rights reserved.

Innovators Spotlight - Key Enablers Driving Digital Transformation (8/8)

Company	Description	Investors	Year Founded
 ThePurpleGuys Stress-Free IT Support	Provides managed IT services to small and mid-sized businesses. The company provides backup/disaster recovery, cloud & network solutions, cybersecurity, email/spam protection, hosted solutions, I.T. consulting, virtualization, and VoIP / UCaaS services.	Kian Capital Partners ParkSouth Ventures	1994
THOUGHTFOCUS	Operator of a consulting, software engineering and business process management firm intended to provide critical program acceleration. The company's multi-shore approach leverages a global resource pool to balance on-site delivery services with optimum cost benefits by addressing complex business problems and challenges.	Blackstone	2004
 THRIVE	Provider of corporate IT and managed services designed to drive business outcomes through application enablement and optimization. The company's offerings include a range of products from email services, onsite and remote support, dedicated hosting, hosted file sharing and hosted cloud services and it also provides cybersecurity, disaster recovery and global network management services.	Court Square M/C Partners Morgan Stanley Direct Lending Fund	2000
 TOPBLOC	Provider of Workday consulting services intended to offer Workday functional and integrations support and expansion. The company's range of offerings includes financial implementation, help desk support, managed payroll and benefits services, event support and staff augmentation, enabling clients to accelerate the velocity of Workday implementations and maximize value.	BV Investment Partners	2016
 USEREADY	Operator of data and analytics firm intended for retail banking, healthcare and media industries. The company operates as a data and security consulting firm that specializes in value-driven innovation and digital transformation using advanced market intelligence, data management and infrastructure security services.	ABRY Partners Solmark Sterling National Bank	2011
 valiantys	Operator of an international consulting firm dedicated to accelerating business transformation by digitizing processes and modernizing teamwork. The company specializes in enterprise DevOps transformation and in distributing, editing, deploying and maintaining project management and collaboration software suite.	Tercera Keensight Capital	2006
 WinWire Technologies	Provider of global technology and consulting services in the U.S. The company is a Microsoft managed partner with deep expertise in digital technologies, cloud, advanced analytics, internet of things, mobility, security, UI/UX, artificial intelligence (AI) and machine learning.	Sverica Capital Management	2006
 zennify	Provider of business consulting services intended to deliver creative, contextual business solutions that scale. The company's services include advisory services, financial services, digital marketing, contact center services for businesses, enabling clients to fuel productivity and innovate across the organization.	Tercera Salesforce Ventures	2013

Sources: Pitchbook, Capital IQ



KPMG Technology Services Investment Banking Platform

1	Introduction	3
2	Key Technology Services Industry Themes	6
3	Strategic Activity Update & Key Drivers of Technology Services M&A	12
4	Public Market Observations and Valuation Benchmarking	22
5	Innovators Spotlight – Key Enablers Driving Digital Transformation	28
6	KPMG Technology Services Investment Banking Platform	37

Enterprise-Class Service Delivered to the Middle-Market

The KPMG Technology Services team has advised on over \$15.1 billion of Technology Services M&A and Capital Markets activity over a 15-year period.

Digital Transformation & Interactive Marketing Services

accenture

Acquisition of

 ACQUITY GROUP

\$320mm


PUBLICIS GROUPE

Acquisition of



\$530mm

 **Sapient**

Sale to


PUBLICIS GROUPE

\$3.7bn

Managed Services / Cloud

 APPIRIO[®]

Capital raise from

Fidelity

\$40mm

 ensono[™]

Sale to

 Charlesbank

\$150mm

EVOLVE 

Sale to

 Great Hill PARTNERS

\$225mm

Offshore Services / BPO

 Infosys[®]

Secondary ADS Offering

\$1.6bn

WNS

IPO

\$255mm

 **xerox**

Acquisition of

 ACS[®]

\$8.3bn

Leading Global Middle Market Investment Banking Platform

Mid-Market Deals Over Past 20 Years ⁽¹⁾			Mid-Market TMT Deals Over Past 20 Years ⁽¹⁾		
Firm		No. of deals	Firm		No. of deals
1	KPMG⁽¹⁾	8,842	1	Houlihan Lokey	1,860
2	PricewaterhouseCoopers	7,890	2	KPMG⁽¹⁾	1,789
3	Houlihan Lokey	6,080	3	PricewaterhouseCoopers	1,486
4	Deloitte	5,520	4	Deloitte	1,214
5	Ernst & Young LLP	5,076	5	Ernst & Young LLP	1,177
6	Rothschild & Co	4,922	6	Goldman Sachs & Co	1,024
7	JP Morgan	3,770	7	Morgan Stanley	903
8	Goldman Sachs & Co	3,722	8	JP Morgan	879
9	Lazard	3,660	9	Rothschild & Co	855
10	Morgan Stanley	3,484	10	Jefferies LLC	840

Select Technology Services Transactions

  <p>Acquired by</p> 	  <p>Acquired by</p> 	  <p>Has divested its North American technical maintenance services business to</p> 	  <p>A portfolio company of</p>  <p>Has acquired</p> 	  <p>Has received a majority investment from</p> 	  <p>Acquired by</p> 
  <p>Has received an investment from</p> <p>RIORDAN, LEWIS & HADEN</p>	  <p>Has received an investment from</p> <p>One Equity Partners</p>	  <p>Acquired by</p>  <p>A portfolio company of</p> 	  <p>Acquired by</p> 	  <p>Has received an investment from</p> 	  <p>Acquired by</p> 
  <p>Acquired by</p> 	  <p>Has Sold</p>  <p>To</p> 	  <p>Has diversified its Japanese operations to</p> 	  <p>Acquired by</p> 	  <p>Has received an investment from</p> 	  <p>Has Sold</p>  <p>To</p> <p>SOUTHERN CROSS GROUP</p>

KPMG Technology Services Key Contacts



Ken Allen
 Managing Director
 Boston, MA
 617-988-5772
kenallen@kpmg.com



Jared Costello
 Associate
 Boston, MA
 508-577-3242
jaredcostello1@kpmg.com

⁽¹⁾ Thomson Reuters SDC; Each set of figures is taken from the league table press releases issued for that year. Middle market is defined as deals less than US\$500 million





Important Notice



kpmg.com/socialmedia

The information contained in this newsletter is of a general nature and is not intended to address the circumstances of any particular individual or entity including their investment objectives or financial needs. In preparing this newsletter, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act or rely on the information in this newsletter without appropriate professional advice after a thorough examination of the particular situation. The information contained in this newsletter does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results

The KPMG name and logo are registered trademarks or trademarks of KPMG International.