



Technology Services Q1 Industry Update:

Private Equity investment driving
significant continued consolidation of
the Technology Services landscape

May 2023

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



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Introduction

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Introduction: Technology Services Sector Themes

Private Equity players remain active in the middle-market despite economic headwinds in the broader economy. Industry consolidation remains a key theme, with platform and add-on acquisitions fueling inorganic expansion.

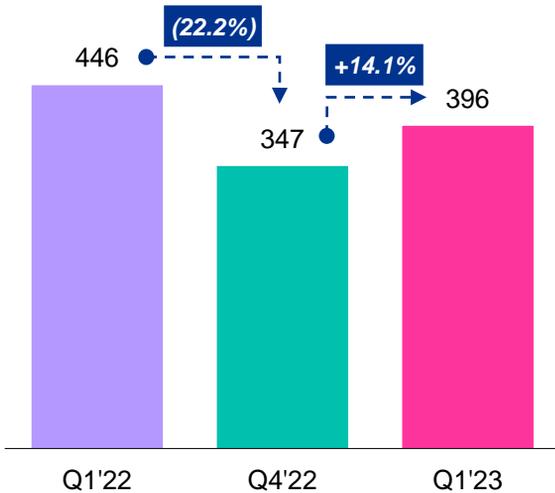
| | |
|---|---|
|  | <h2>Technology Services Summary</h2> <ul style="list-style-type: none">▪ Strategic and financial buyers remain active in the Technology Services space, investing in key industry themes including Digital Transformation, Cloud Enablement, Data & Analytics, Cybersecurity, and Managed Services▪ The market continues to reward high-quality companies with attractive exit opportunities and premium valuations |
|  | <h2>Key Industry Drivers: Private Equity Roll-ups</h2> <ul style="list-style-type: none">▪ Private Equity ('PE') investment in the Technology Services sector remains robust, with over 100 deals announced per quarter, on average▪ Hundreds of PE sponsors have emerged having Technology Services as a core investment thesis |
|  | <h2>Technology Services M&A Themes (Q1'23)</h2> <ul style="list-style-type: none">▪ Economic headwinds and fears of a recession have not slowed consolidation in the Technology Services sector▪ M&A activity in Technology Services rebounded in Q1 from Q4 levels, increasing 14.1%, to 396 deals in the quarter |
|  | <h2>Public Market Valuation Trends & Drivers</h2> <ul style="list-style-type: none">▪ Valuation multiples (EV / LTM EBITDA) of publicly-traded Technology Services companies have compressed over the past year<ul style="list-style-type: none">- Median multiples have declined from 18.2x at the end of Q1'22 to 14.5x at the end of Q1'23- Multiples have held more or less steady over the past quarter (e.g., relative to Q4'22)▪ Publicly-traded Technology Services share prices have appreciated modestly thus far in 2023 (+1.9%) |
|  | <h2>A Number of Private Equity Players are Driving M&A in Technology Services</h2> <ul style="list-style-type: none">▪ KPMG has compiled a list of selected Private Equity firms in the Technology Services ecosystem, outlined on page 27+ |

Introduction: Technology Services Strategic Dashboard

M&A volume in the Technology Services sector increased 14.1% in Q1'23 relative to Q4'22. Publicly-traded Technology Services share prices appreciated modestly in Q1'23, rising 1.9%, following a quarter-end rally. Public market valuation multiples compressed slightly, declining 2.7% in Q1'23 vs. Q4'22.

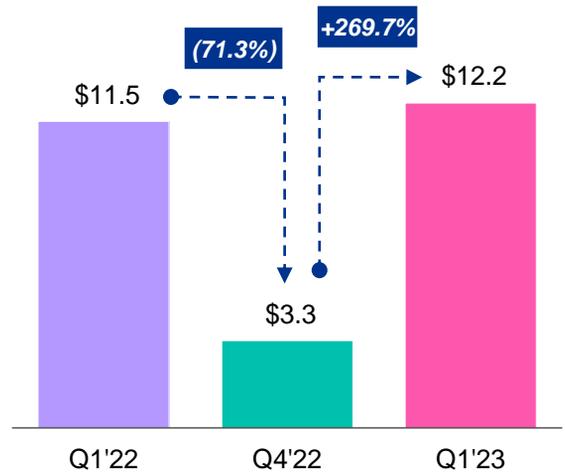
Technology Services M&A Transactions – by Volume

(# of deals)

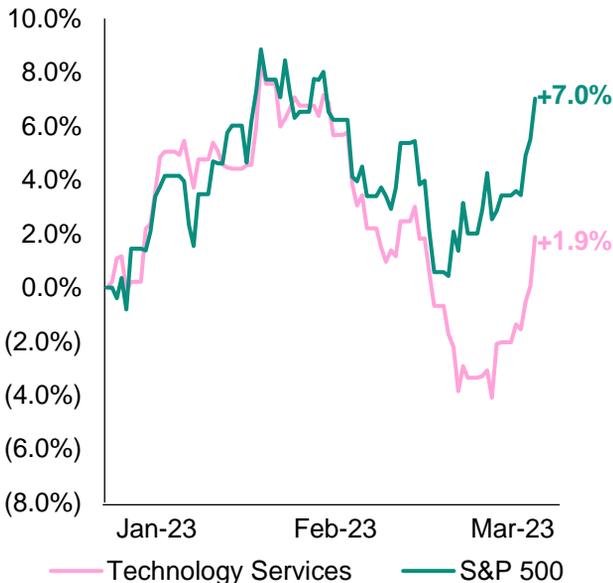


Technology Services M&A Transactions – by Value

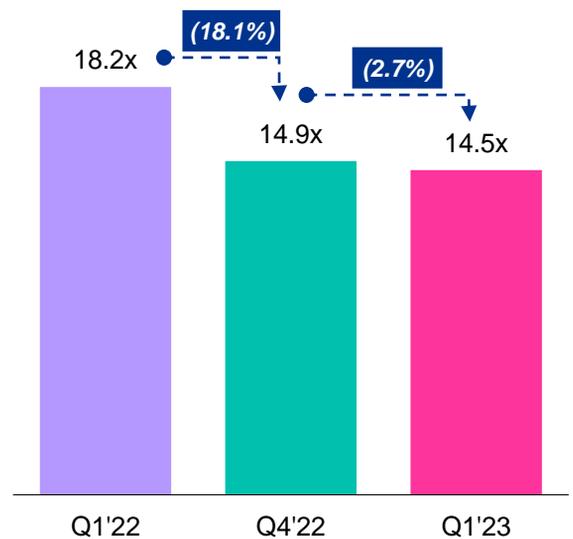
(\$'s in billions)



Share Price Performance (Q1'23) ⁽¹⁾



Valuation (EV / LTM EBITDA) ⁽²⁾



Source: 451 Research, KPMG analysis.

Note (1): Share price performance of publicly-traded comparable companies found on page 23.

Note (2): Represents median EV / EBITDA multiples for publicly-traded Technology Services firms outlined on page 24.



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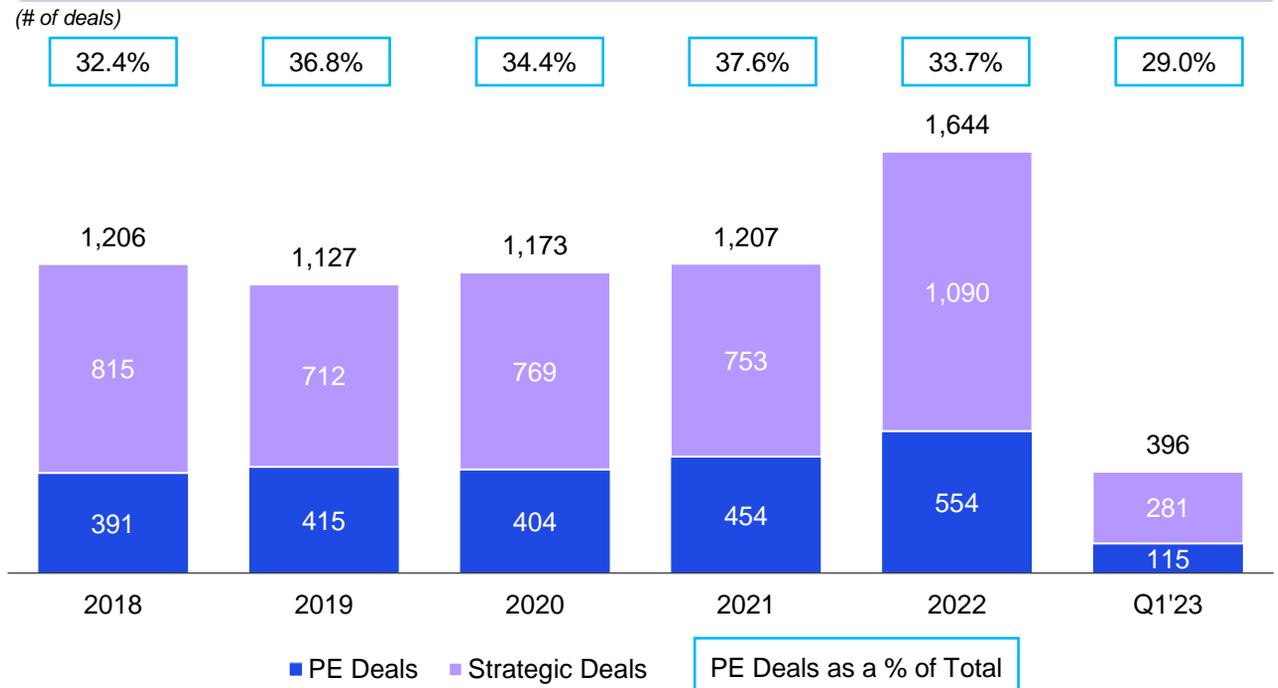
Technology Services Industry Spotlight: Private Equity Roll-ups

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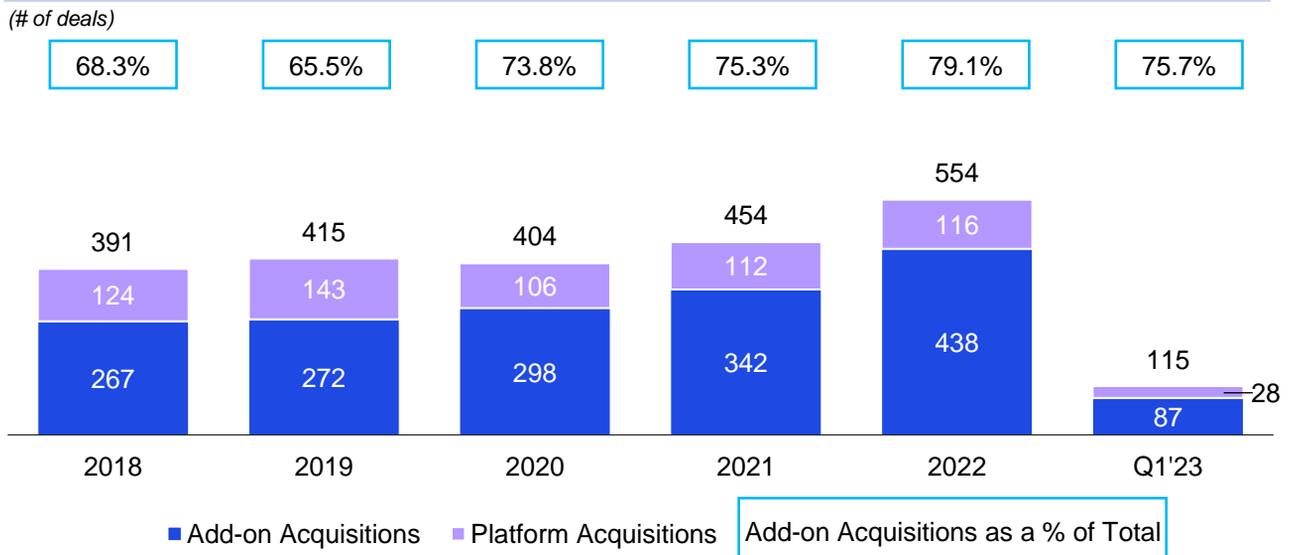
Private Equity Investment in Technology Services: Overview

PE investment in the Technology Services sector remains robust, with over 100 deals announced per quarter. PE continues to represent approximately 30% of all announced deals in the sector. A 'Buy-and-build' strategy remains core to the PE thesis, with over 75% of PE deals comprised by Add-on acquisitions to 'Platform' investments.

Technology Services Deal Volume



Technology Services PE Deal Volume

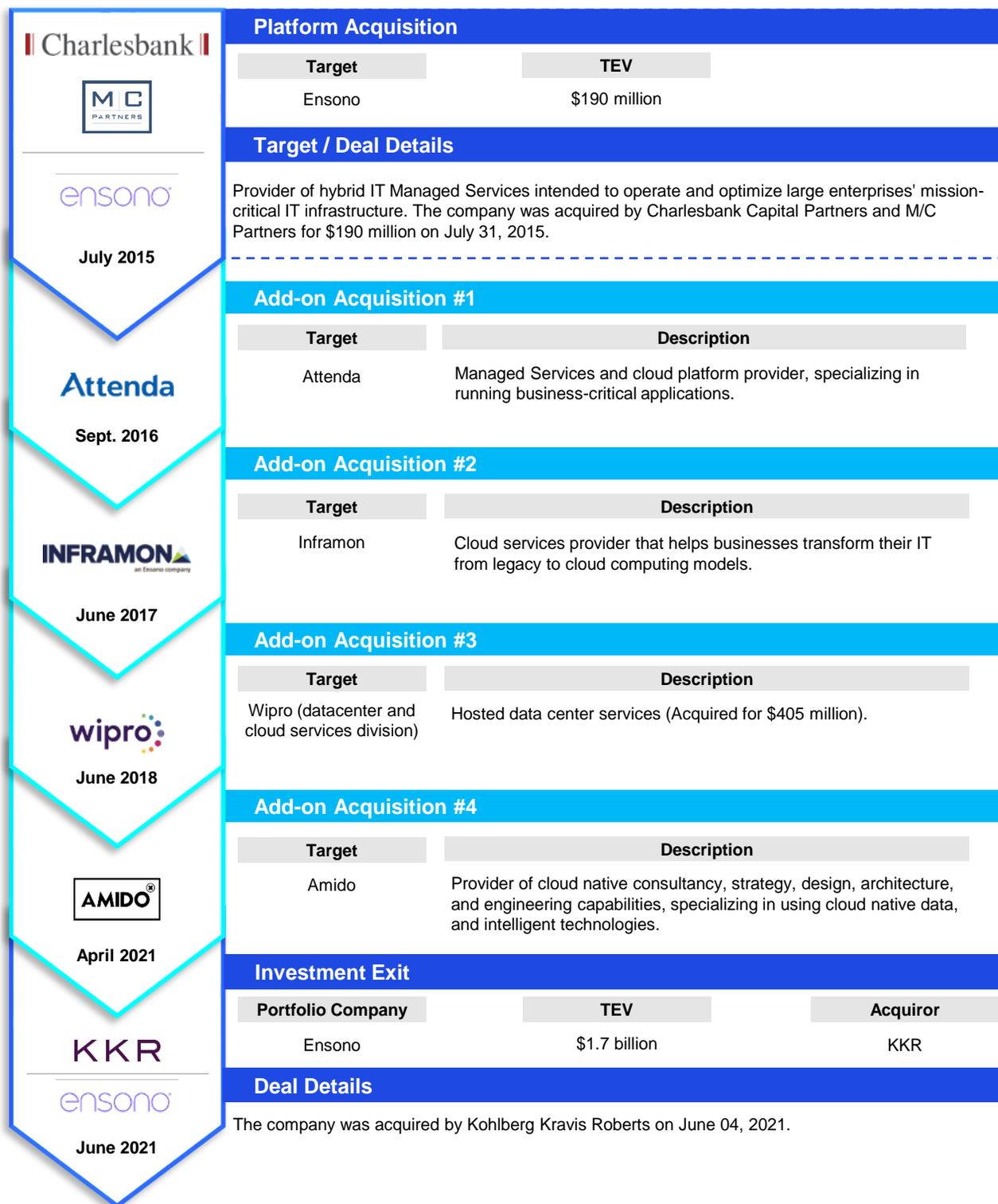


Source: 451 Research.



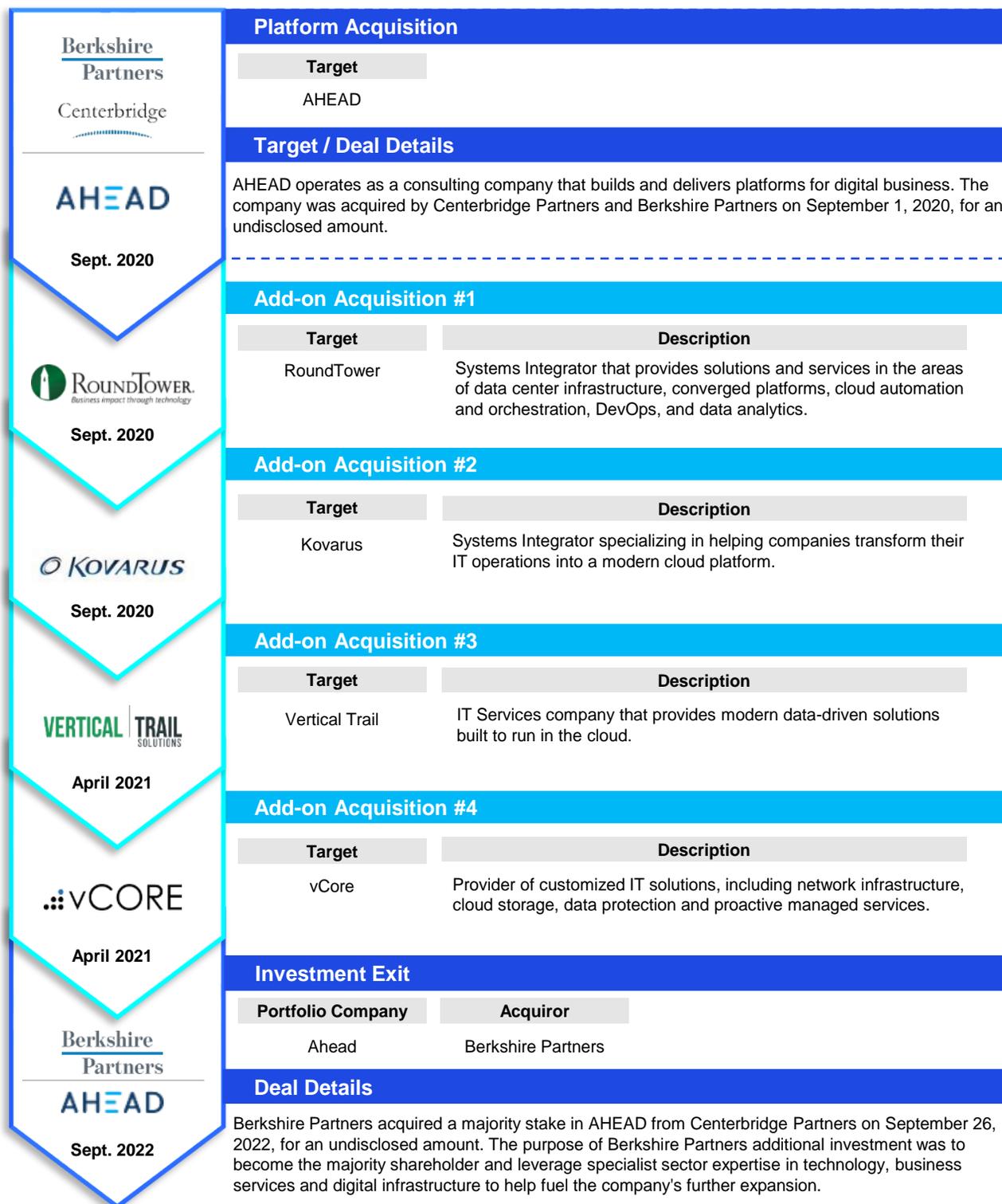
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Private Equity Roll-up Case Study (1/7)



Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (2/7)



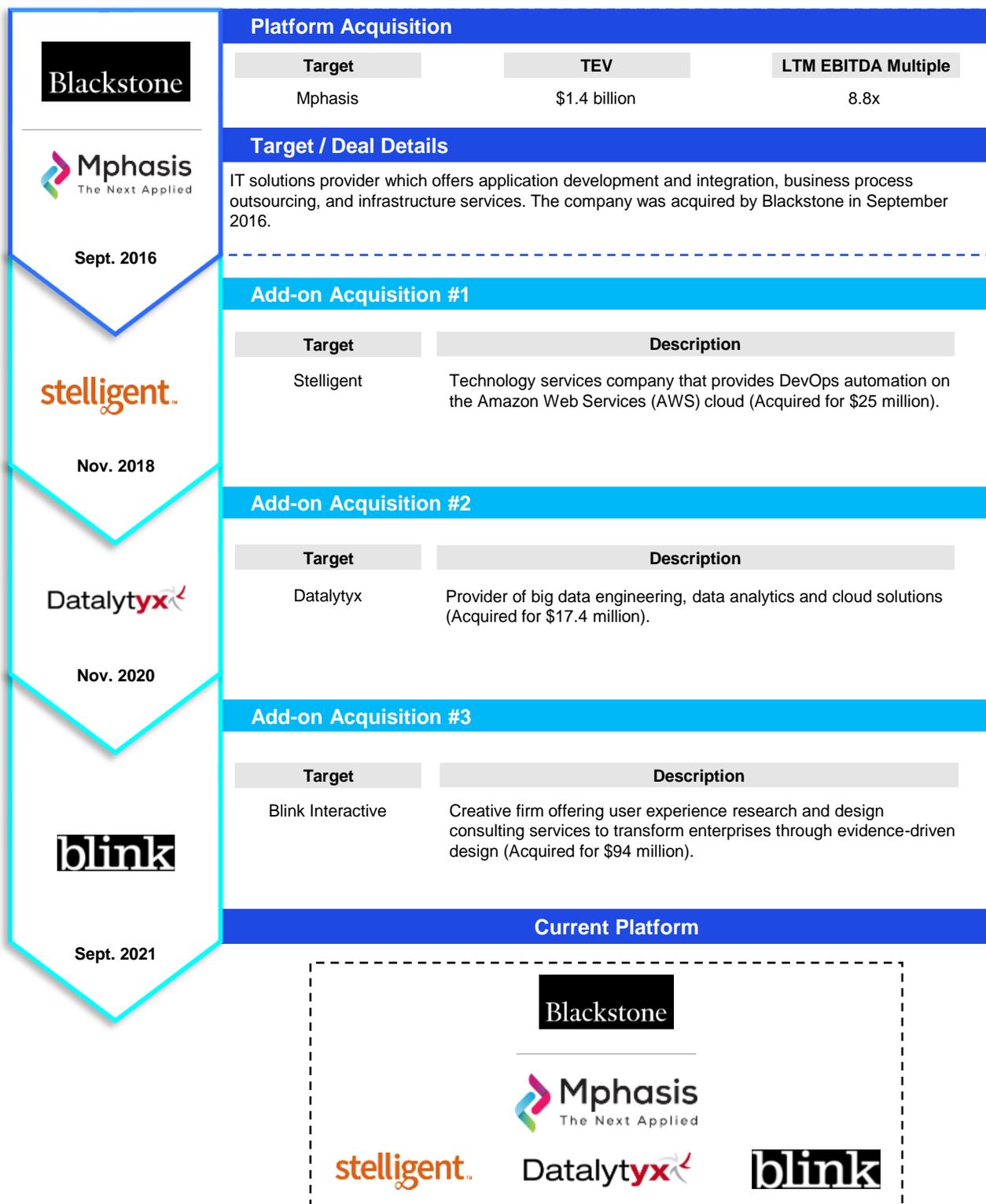
Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (3/7)



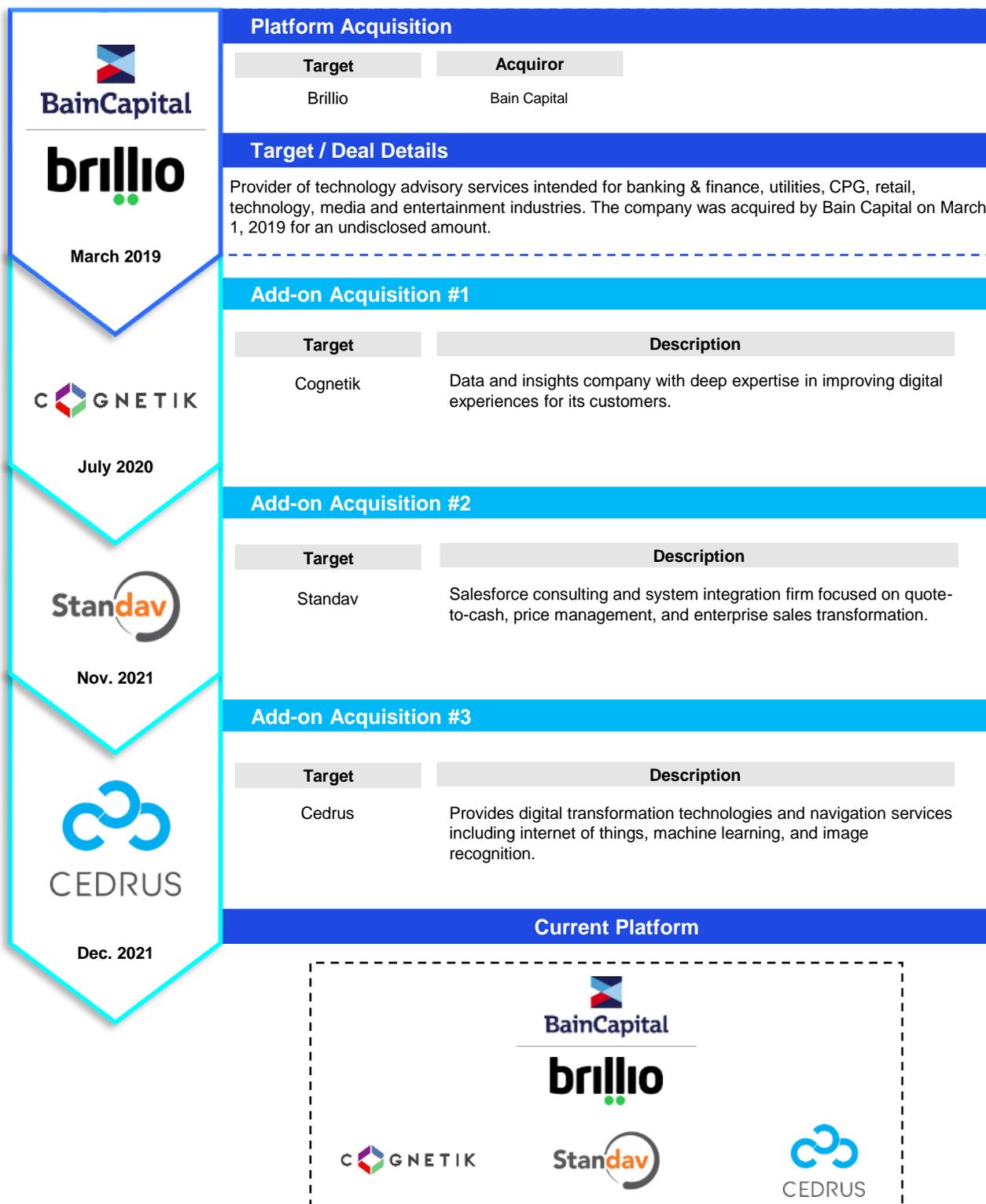
Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (4/7)



Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (5/7)



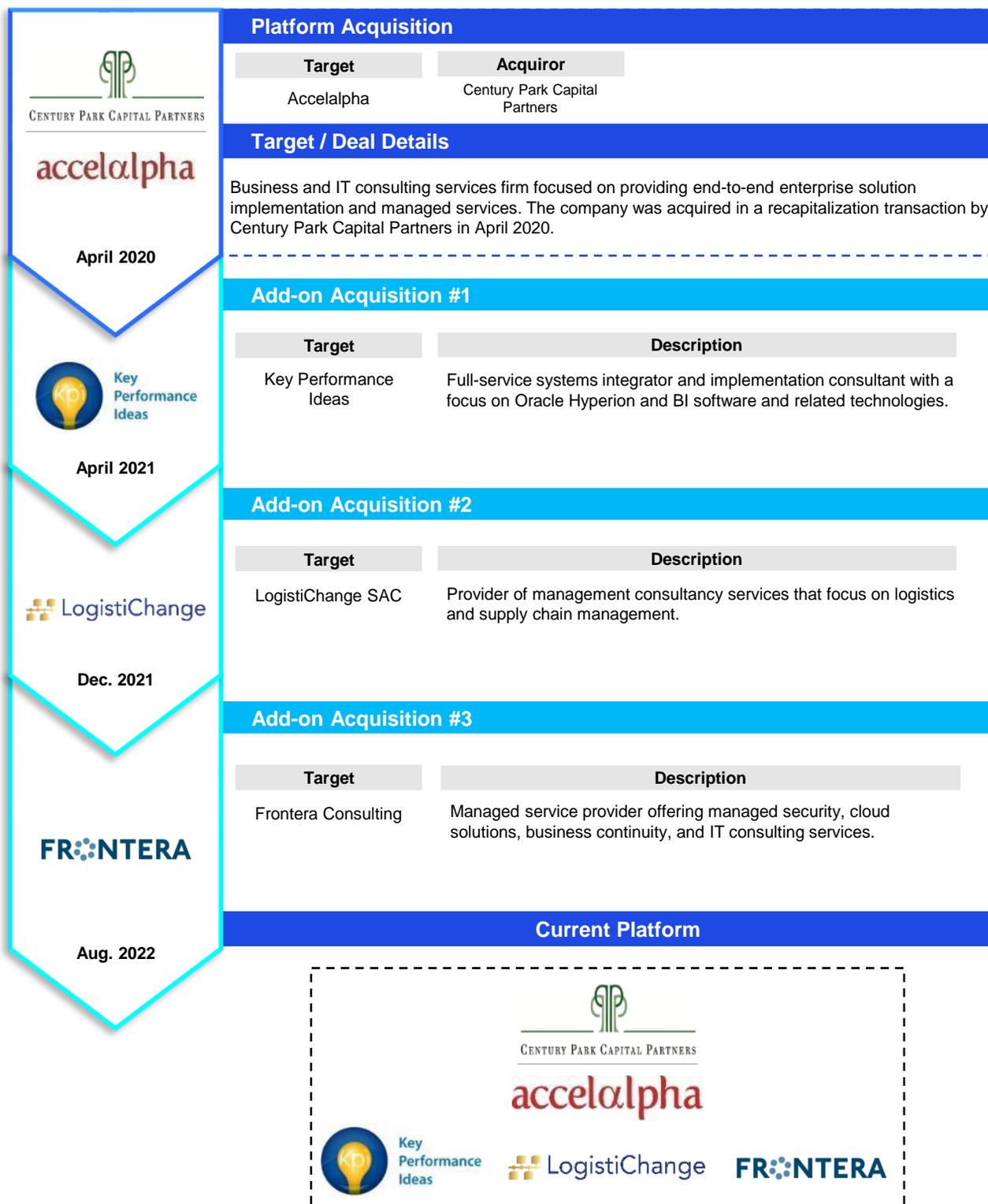
Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (6/7)



Source: PitchBook, Capital IQ.

Private Equity Roll-up Case Study (7/7)



Source: PitchBook, Capital IQ.



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

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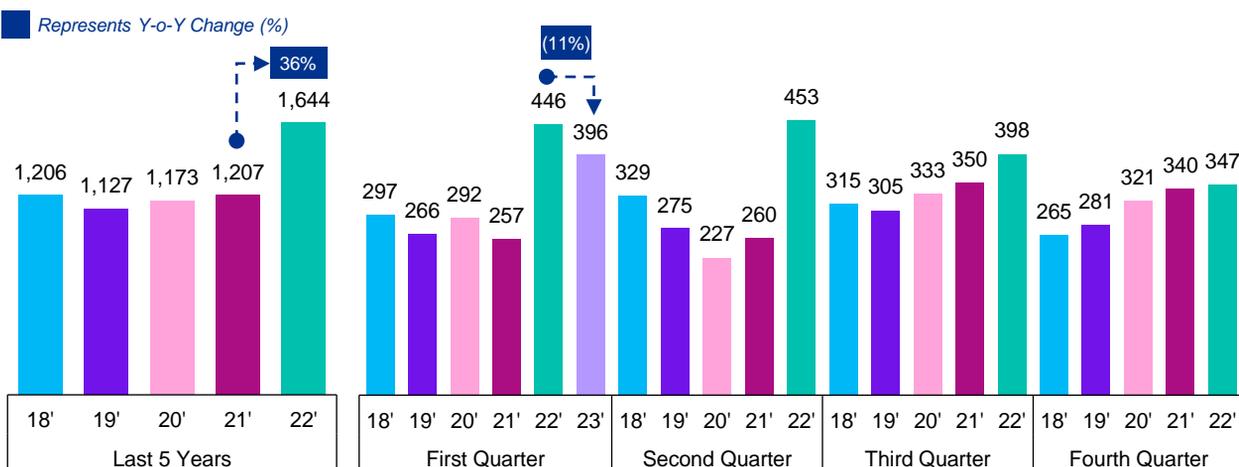
Technology Services M&A Market Commentary

- The M&A market in Technology Services remained robust in the first quarter of 2023**
 - 396 deals announced in Q1'23, representing a 14% increase over Q4'22
 - Deal value rebounded significantly from a multi-year low in Q4'22, to \$12 billion in Q1'23
- New deals coming to market in the sector are garnering significant interest from strategic and financial buyers**
 - Dearth of deal flow for new opportunities has resulted in increased competition for coveted assets
- Valuations for 'A-quality' assets have not compressed meaningfully in the M&A markets, despite economic headwinds**
 - Strong performers in attractive sectors (Digital Transformation, Cloud, Data/Analytics, Product Engineering, Cyber, and Managed Services) continue to garner premium valuations

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

2017 – 2022 (Annual)

2017 – 2023 (Quarterly)

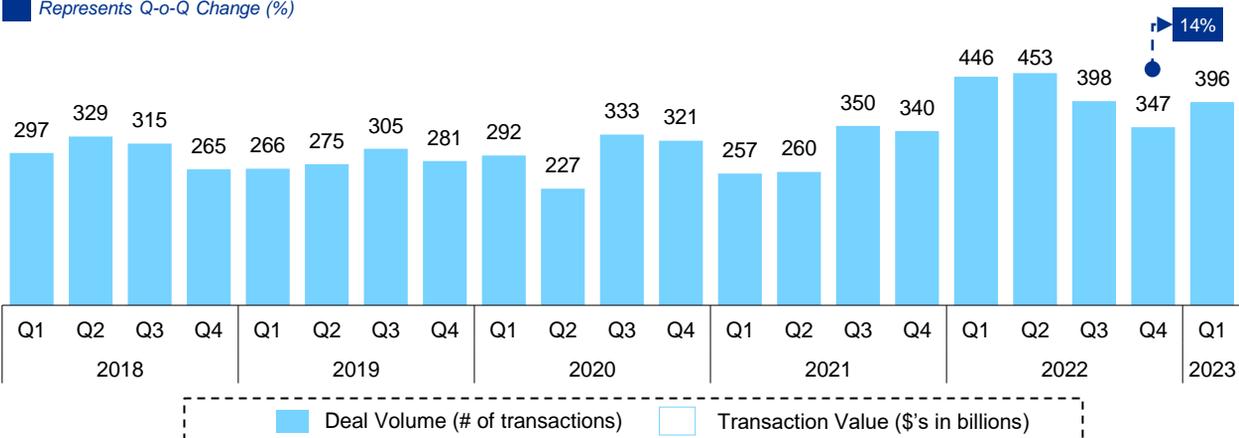


Global Technology Services Industry Announced Deal Volume and Value

(\$'s in billions)



Represents Q-o-Q Change (%)



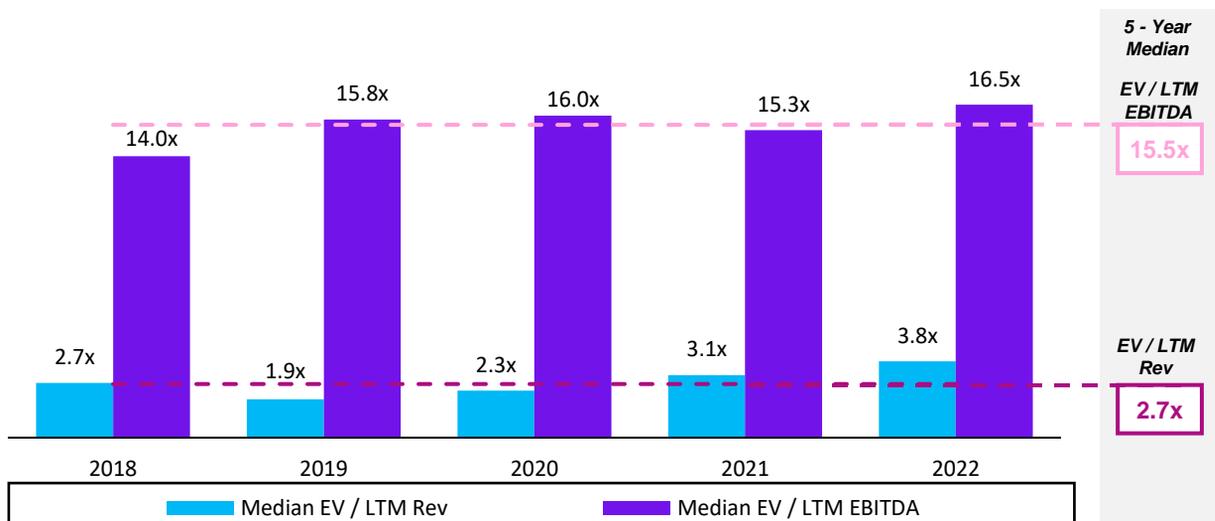
Source: 451 Research, KPMG analysis.



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Selected Technology Services Private Equity Deals (1/2)

Transaction Multiples for Private Equity Deals



| Target | Date | EV / LTM Rev | Target Description |
|----------------------|-----------|-----------------|---|
| switch | Dec. 2022 | 16.3x | Provider of exascale data center ecosystems, edge data center designs, telecommunications solutions and next-generation technology innovation. |
| Acquirers | TEV | EV / LTM EBITDA | Commentary |
| DIGITALBRIDGE ijm | \$11.0B | 34.8x | “Through this partnership we will be ideally positioned to continue to meet strong customer demand for Switch’s environmentally sustainable Tier 5 data center infrastructure.” – Rob Roy, Founder & CEO of Switch |

| Target | Date | EV / LTM Rev | Target Description |
|----------------|------------|-----------------|--|
| ManTech | Sept. 2022 | 1.6x | Provider of cyber, data collection & analytics, enterprise IT, systems engineering, and software application development solutions that support national and homeland security. |
| Acquirers | TEV | EV / LTM EBITDA | Commentary |
| CARLYLE | \$4.3B | 14.0x | “We have always admired ManTech’s unwavering commitment to support national security customers and their critical missions through differentiated capabilities and technology solutions.” – Dayne Baird, Managing Director of Carlyle |

| Target | Date | EV / LTM Rev | Target Description |
|--|-----------|-----------------|--|
| CyrusOne | Mar. 2022 | 12.6x | Provider of corporate colocation services intended to serve retail, healthcare, technology, energy, entertainment and finance companies. |
| Acquirers | TEV | EV / LTM EBITDA | Commentary |
| KKR GLOBAL INFRASTRUCTURE PARTNERS | \$15.2B | 26.3x | “We are very well positioned to capitalize on the acceleration in growth opportunities driven by strong underlying secular demand trends and create substantial value for all of our stakeholders.” – Dave Ferdman, Co-Founder, President & CEO of CyrusOne |

Source: Capital IQ, MergerMarket, 451 Research, PitchBook.



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Selected Technology Services Private Equity Deals (2/2)

Selected Transaction Highlights

| Target | Date | EV / LTM Rev |
|--|----------|-----------------|
|  QTS | Aug 2021 | 14.6x |
| Acquirers | TEV | EV / LTM EBITDA |
|  Blackstone | \$8.5B | 31.2x |

Target Description: Provider of data center solutions through its software-defined technology platform that delivers compliant infrastructure solutions, connectivity and customer service to hyperscalers, enterprises, and government entities.

Commentary: “We see a significant market opportunity for growth as hyperscale customers and enterprises continue to leverage our world-class infrastructure to support their digital transformation initiatives.” – **Chad Williams, Chairman & CEO of QTS**

| Target | Date | EV / LTM Rev |
|---|----------|-----------------|
|  virtusa | Feb 2021 | 1.5x |
| Acquirers | TEV | EV / LTM EBITDA |
|  BPEA <small>Baring Private Equity Asia</small> | \$2.0B | 14.6x |

Target Description: Provider of digital business strategy, digital engineering, and information technology services and solutions.

Commentary: “This transaction represents a strategic evolution for Virtusa and a unique opportunity to take our business to new heights at a time of accelerating digital adoption.” – **Kris Canekeratne, Chairman & CEO of Virtusa**

| Target | Date | EV / LTM Rev |
|---|----------|-----------------|
|  HERJAVEC GROUP | Feb 2021 | 3.1x |
| Acquirers | TEV | EV / LTM EBITDA |
|  Apax PARTNERS | \$275.0M | 22.9x |

Target Description: A cybersecurity and managed service provider offering advisory services, technology architecture & implementation, threat management, and incident response.

Commentary: “I am excited for this next phase in our growth trajectory as we continue to earn their trust by expanding our localized support models, deepening our Managed Security Services offerings and furthering our platform development to drive incremental automation, efficiency and security ROI.” – **Robert Herjavec, Founder & CEO of Herjavec Group**

| Target | Date | EV / LTM Rev |
|---|----------|-----------------|
|  PRESIDIO | Dec 2019 | 0.8x |
| Acquirers | TEV | EV / LTM EBITDA |
|  BC PARTNERS | \$2.5B | 10.6x |

Target Description: IT solutions provider delivering digital infrastructure, cloud and security solutions.

Commentary: “Presidio fits squarely with our key investment priorities. Its markets benefit from secular growth, as IT systems and networks have become increasingly complex. It is well positioned as a leader in a fragmented industry, offering scope for further expansion.” – **Raymond Svider, Partner and Chairman of BC Partners**

| Target | Date | EV / LTM Rev |
|--|----------|-----------------|
|  SIRIUS | Apr 2019 | 0.4x |
| Acquirers | TEV | EV / LTM EBITDA |
|  CLAYTON DUBLIER & RICE | \$1.5B | N/A |

Target Description: Provider of IT infrastructure and data center-focused technology integration services.

Commentary: “At Sirius, we are focused on how we can best deliver business outcomes for our clients, which is why we continue to invest in the best technical skills, the right processes and tools, and strategic partnerships” – **Joe Mertens, President and CEO of Sirius**

Source: Capital IQ, MergerMarket, 451 Research, PitchBook.

Selected Q1'23 Technology Services Private Equity Deals (1/2)

| Date | Target Company | Buyer | Target Description |
|---------|---|--|--|
| 3/28/23 | Zaelab | Superstep Capital | Provides B2B digital commerce advisory and consulting services including digital experience services, digital transformation, composable migration, and configuration. |
| 3/23/23 | BlackMesh | QuadraNet (VSS Capital Partners) | Managed service provider, delivering secure, compliant, and scalable application hosting platforms and cloud-based solutions to businesses. |
| 3/23/23 | Contegix (Commercial Managed Services & Private Cloud Division) | QuadraNet (VSS Capital Partners) | Provider of cloud hosting, managed applications, infrastructure management, and other IT related services. |
| 3/21/23 | Brooklyn Data | Velir (Accord Capital, Stella Point Capital) | Full-service data and analytics consulting firm offering solutions such as data ingestion, warehousing, modeling and business intelligence. |
| 3/13/23 | ClearShark | Optiv Security (Blackstone, CFT Capital Partners, KKR) | Provider of customized and integrated IT services including cyber security, data center, cloud infrastructure, enterprise storage, and big data. |
| 3/8/23 | Stratus Technology Services | New Heritage Capital | Provider of specialized technology consulting services and solutions including application-managed services, implementation and consulting. |
| 3/7/23 | ServiQ | Service Express (Harvest Partners) | Provider of data center support services including management services, asset lifecycle services, resource recovery services, third-party maintenance and managed services. |
| 3/7/23 | The Monaco Group | UpStack (Berkshire Partners) | Specializes in finding, negotiating and maintaining technology stacks, including network, cloud, communications and security services. |
| 3/6/23 | LinkSource Technologies (Network & Cloud Sourcing Business) | UpStack (Berkshire Partners) | Provider of network and cloud-sourcing services including cloud network services, hosted voice services, contact center as a service, cloud-based storage services, and outsourced security. |
| 2/28/23 | E-Volve Systems | E-Technologies Group (Falfurrias Capital Partners) | Provider of technological automation services including industrial automation, engineering, and computer systems validation. |
| 2/22/23 | Core Technology Solutions | Mill Point Capital | Provider of IT lifecycle management and digital transformation services including infrastructure cabling, digital signage, imaging, business security, and asset disposal services. |
| 2/14/23 | Sourcepass | Bridgepointe Technologies (Charlesbank Capital Partners) | Provides information managed services including remote workforce, managed security, and network optimization solutions. |

Source: 451 Research.



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Selected Q1'23 Technology Services Private Equity Deals (2/2)

| Date | Target Company | Buyer | Target Description |
|---------|------------------------------------|--|---|
| 2/8/23 | BreakFree Solutions | ThoughtFocus (Blackstone, H.I.G. Capital) | Provider of IT and digital services including automation, enterprise cloud, hyper-converged infrastructure, digital security and product management. |
| 2/6/23 | Apogee IT Services (US Operations) | Magna5 (NewSpring Capital) | Provider of managed IT and cyber security services including network cybersecurity, backup and disaster recovery maintenance and IT monitoring. |
| 2/1/23 | Arcas Risk Management | GreenPages (ABRY Partners) | Provider of IT consulting services including incident response, security assessments, ransomware preparedness exercises, penetration testing and business technology advisory. |
| 2/1/23 | Strategic Information Group | Evergreen Services Group (Alpine Investors) | Delivers enterprise solutions including enterprise resource planning, customer relationship management, and quality management system. |
| 1/26/23 | Excellerate | Encora (Advent International, Warburg Pincus) | Provider of outsourced enterprise software platform development and support services including application development, data management, cloud services, and business process management. |
| 1/20/23 | Industrial Networking Solutions | CIVC Partners | Provider of products, technical support and operational technology services for wired and wireless machine networking applications. |
| 1/15/23 | NetCom Systems | Coretelligent (Norwest Equity Partners, VSS Capital Partners) | Provider of IT consulting services including cybersecurity, digital transformation, compliance and cloud integration services. |
| 1/12/23 | Celerity IT | McNally Capital | Provider of business acceleration consultancy services including business strategy, technology integration, digital content technologies, systems engineering, and related services. |
| 1/11/23 | HighPoint Solutions | Hexaware Technologies (Bain Capital, KKR, Carlyle) | Provider of specialized management and information technology services including business consulting, system integration, professional service and managed hosting services. |
| 1/10/23 | Cprime | Everstone Capital, Goldman Sachs | Provider of IT consulting services and digital transformation services including project management, cloud migration, application prototyping and related training solutions. |
| 1/9/23 | CMIT Solutions | HKW | Managed services provider delivering IT and cybersecurity solutions. |
| 1/9/23 | Robust Network Solutions | Quattro Business Support Services (Trivest Partners, VSS Capital Partners) | Provider of IT consulting services including technology consulting, cybersecurity, IT application support, IT regulatory compliance and network services. |

Source: 451 Research.



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Public Market Observations and Valuation Benchmarking

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Publicly-Traded Company Analysis: Summary Observations



The Technology Services composite index appreciated modestly in the first quarter of 2023

- Q1'23 performance of +1.9% versus 2022 decline of -28.6%
- Index rallied approximately 6.0% in the second half of March



A majority of Technology Services sub-sectors traded higher in Q1'23

- The Consulting sub-sector was the best performer in Q1'23, with share price performance of +15.3%
- The Government Consulting sub-sector was the worst performer in Q1'23, with share price performance of -4.6%



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

- EV / LTM EBITDA multiples have decreased from 19.5x at the beginning of 2022 to 14.5x as of 03/31/23
- EV / LTM Revenue multiples have decreased from 4.4x at the beginning of 2022 to 2.9x as of 03/31/23



Valuation multiples vary depending on sub-sector

- High-end of EV / LTM EBITDA multiple range is represented by Managed Infrastructure Services at 22.1x
- Low-end of EV / LTM EBITDA multiple range is represented by Consulting Services at 8.6x



Growth and EBITDA margins are the key drivers of valuation multiples

| Sector | Revenue Growth % ⁽¹⁾ | EBITDA Margin % ⁽¹⁾ |
|------------------------|---------------------------------|--------------------------------|
| Managed Infrastructure | 21.9% | 41.6% |
| Offshore Services | 9.2% | 18.9% |
| Government Consulting | 5.6% | 10.8% |
| IT Commercial Services | 5.4% | 16.1% |
| Managed Services | 4.5% | 18.1% |
| Consulting | 4.3% | 12.1% |

Note (1): Revenue growth estimate for 2022-2023E; EBITDA margin for 2023E.

Source: Capital IQ, KPMG.

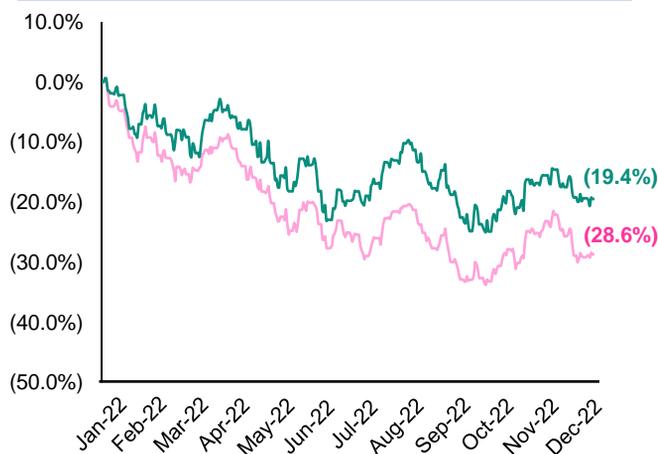


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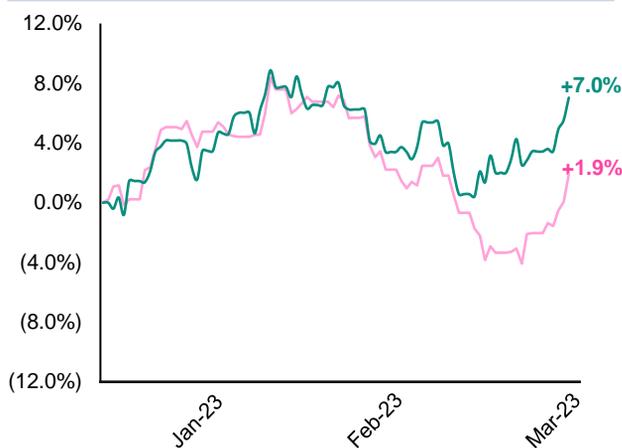
Technology Services Public Market Observations (1/3)

The Technology Services sector staged a mild rebound in Q1'23, with the composite index appreciating 1.9% during the quarter. The Consulting sub-sector was the strongest performer, with share price appreciation of 15.3%; Government Consulting represented the weakest performance, with indexed share price declines of 4.6%.

2022 Indexed Stock Price Performance⁽¹⁾



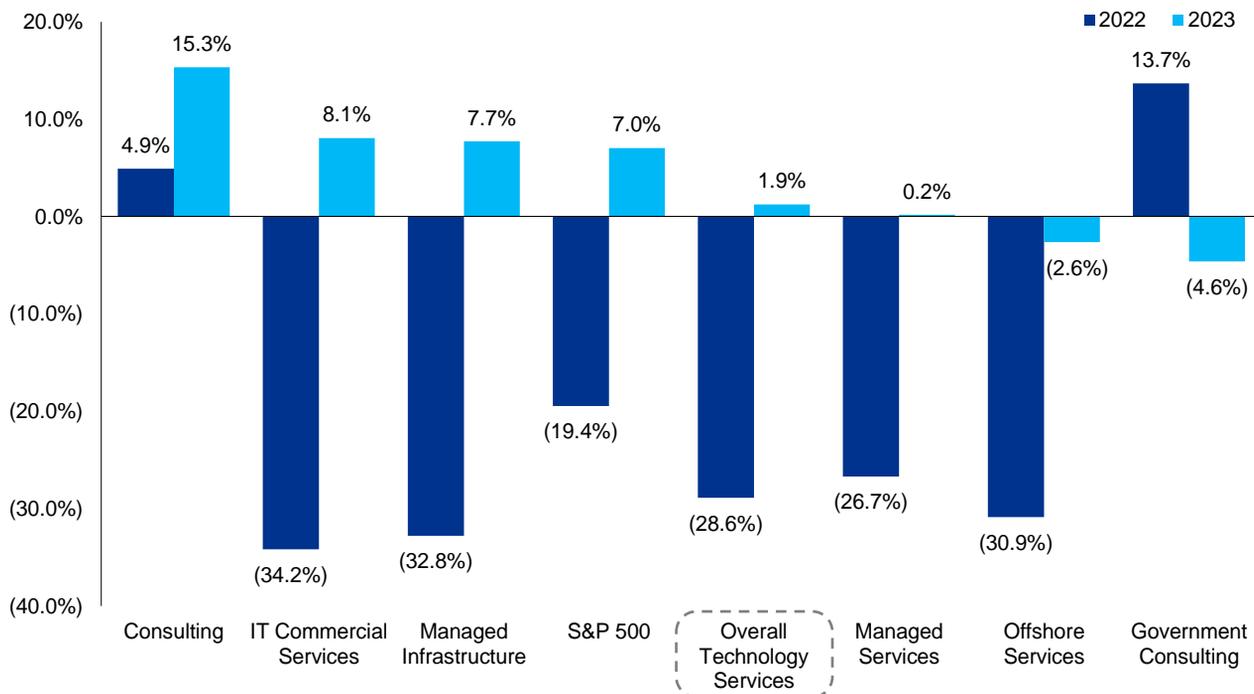
2023 Indexed Stock Price Performance⁽¹⁾



Technology Services

S&P 500

Share Price Performance by Technology Services Sub-sector

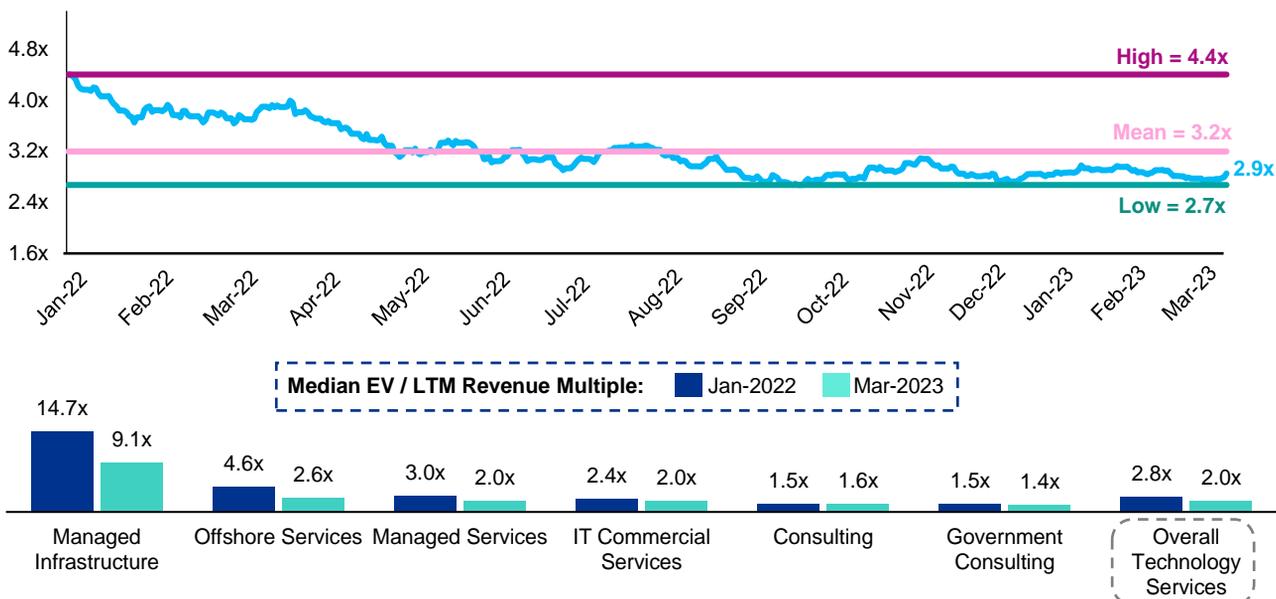


Note (1): Market statistics sourced from Capital IQ. Detailed listing of companies that comprise each peer group is located on page 26, "Select Publicly-Traded Technology Services Companies". Indexed Stock Price Performance calculated using market-cap weighted methodology.

Technology Services Public Market Observations (2/3)

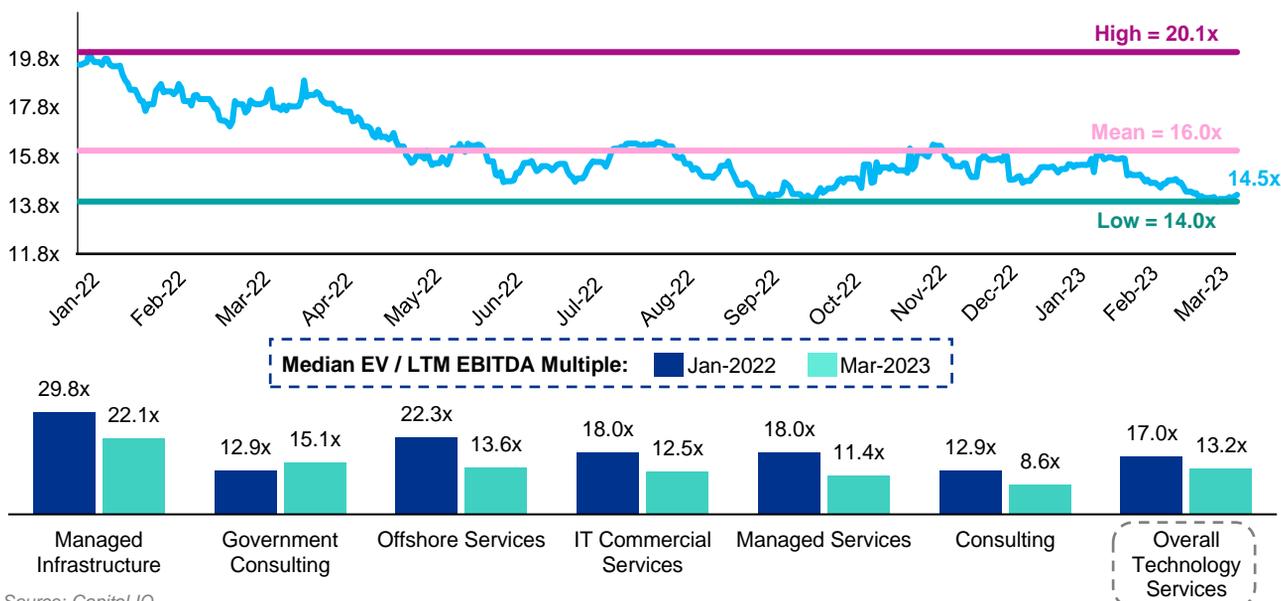
2022 – YTD 2023 EV / LTM Revenue Performance

Average EV / LTM Revenue multiples for the Technology Services sector, as of 03/31/2023, declined to 2.9x, 9.4% below the average multiple of 3.2x since 1/1/2022, and 34.1% below the multiple of 4.4x as of 1/1/22.



2022 – YTD 2023 EV / LTM EBITDA Performance

Average EV / LTM EBITDA multiples for the Technology Services sector, as of 03/31/2022, declined to 14.5x, 9.4% below the average multiple of 16.0x since 1/1/2022, and 25.6% below the multiple of 19.5x as of 1/1/22.



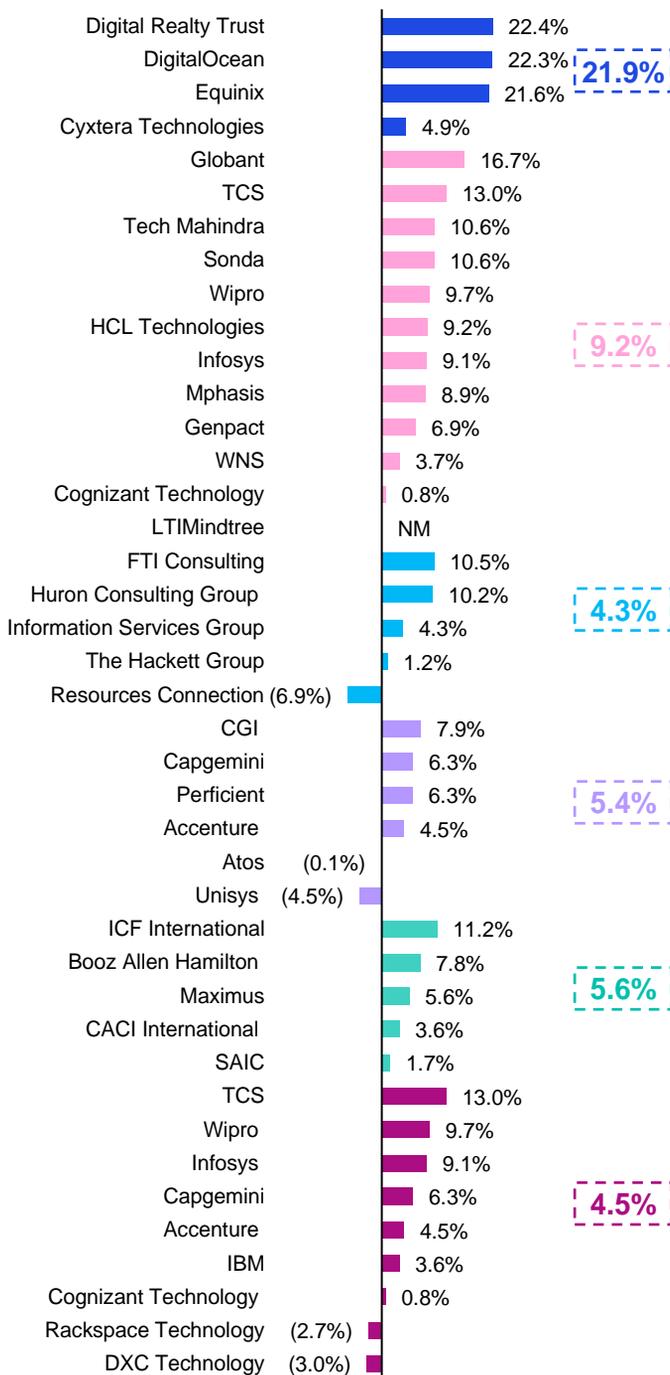
Source: Capital IQ.



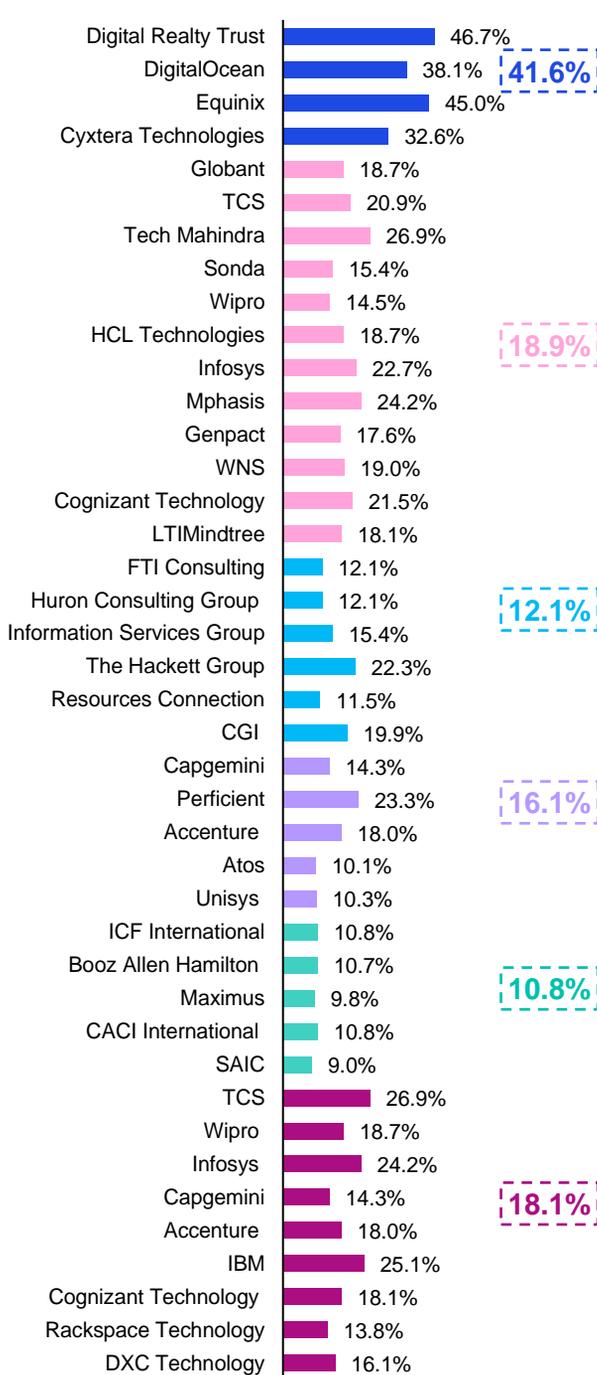
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Technology Services Public Market Observations (3/3)

2022-2023E Revenue Growth (%)



2023E EBITDA Margin (%)



Represents Sector Median

Represents Sector Median

■ Managed Infrastructure ■ Consulting ■ Government Consulting
■ IT Commercial Services ■ Managed Services ■ Offshore Services

Source: Capital IQ data calculated as of 3/31/2023.



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Select Publicly-Traded Technology Services Companies

| Company | HQ Country | Market Data | | | | LTM Financials | | | | Valuation Multiples | | |
|---|------------|-------------------------------------|--|----------------------------|--------------|----------------|----------------|----------------|-------------------------|---------------------|-----------------|----------------|
| | | Market Cap (\$mm) ⁽¹⁾⁽²⁾ | Enterprise Value (\$mm) ⁽²⁾ | Share Price ⁽²⁾ | % 52 Wk High | Revenue | Revenue Growth | Gross Margin % | EBITDA % ⁽⁴⁾ | LTM EBITDA | CY 2023 Revenue | CY 2023 EBITDA |
| Managed Infrastructure | | | | | | | | | | | | |
| Equinix, Inc. | US | \$66,873 | \$81,436 | \$721.04 | 92.9% | \$6,723 | 7.4% | 44.2% | 36.1% | 33.5x | 10.0x | 22.1x |
| Digital Realty Trust, Inc. | US | \$28,637 | \$49,334 | \$98.31 | 64.0% | \$4,678 | 5.7% | 56.9% | 47.5% | 22.2x | 8.6x | 18.5x |
| DigitalOcean Holdings, Inc. | US | \$3,798 | \$4,570 | \$39.17 | 63.4% | \$576 | 34.5% | 63.2% | 12.8% | NM | 6.5x | 17.0x |
| Cytera Technologies, Inc. | US | \$55 | \$2,326 | \$0.31 | 2.0% | \$746 | 6.0% | 62.0% | 26.8% | 11.6x | 3.0x | 9.1x |
| Managed Infrastructure Mean | | | | | 55.6% | 13.4% | 56.6% | 30.8% | 22.5x | 7.0x | 16.7x | |
| Managed Infrastructure Median | | | | | 63.7% | 6.7% | 59.4% | 31.4% | 22.2x | 7.5x | 17.7x | |
| Offshore Services | | | | | | | | | | | | |
| Tata Consultancy Services Limited | IN | \$142,845 | \$137,126 | \$39.04 | 83.6% | \$26,207 | 17.3% | 43.0% | 25.7% | 20.4x | 4.6x | 17.2x |
| Infosys Limited | IN | \$71,593 | \$70,110 | \$17.39 | 74.8% | \$17,937 | 14.7% | 29.7% | 23.2% | 16.8x | 3.6x | 14.8x |
| HCL Technologies Limited | IN | \$35,778 | \$34,500 | \$13.22 | 90.2% | \$12,344 | 10.4% | 36.4% | 21.2% | 13.2x | 2.6x | 11.3x |
| Cognizant Technology Solutions Corporation | US | \$31,031 | \$30,077 | \$60.93 | 67.3% | \$19,428 | 5.0% | 36.2% | 18.3% | 8.5x | 1.5x | 8.5x |
| Wipro Limited | IN | \$24,365 | \$21,993 | \$4.45 | 59.9% | \$10,652 | 18.4% | 28.5% | 17.8% | 11.6x | 1.9x | 10.0x |
| LTI Mindtree Limited | IN | \$17,146 | \$16,440 | \$57.96 | 74.0% | \$2,559 | 44.7% | 22.5% | 17.1% | 37.5x | 3.7x | 19.7x |
| Tech Mahindra Limited | IN | \$11,806 | \$11,324 | \$13.42 | 72.4% | \$6,246 | 22.3% | 32.2% | 13.9% | 13.0x | 1.6x | 10.9x |
| Genpact Limited | BM | \$8,489 | \$9,535 | \$46.22 | 94.6% | \$4,371 | 8.7% | 35.3% | 15.8% | 13.8x | 2.0x | 10.8x |
| Globant S.A. | LU | \$6,933 | \$6,779 | \$164.01 | 61.6% | \$1,780 | 37.3% | 37.8% | 16.4% | 23.1x | 3.3x | 15.6x |
| WNS (Holdings) Limited | IN | \$4,485 | \$4,673 | \$93.17 | 98.9% | \$1,208 | 14.5% | 34.7% | 15.1% | 25.6x | 3.7x | 17.4x |
| Mphasis Limited | IN | \$4,121 | \$3,988 | \$21.88 | 52.7% | \$1,657 | 22.4% | 41.2% | 16.3% | 14.7x | 2.2x | 12.6x |
| Sonda S.A. | CL | \$462 | \$692 | \$0.53 | 98.1% | \$1,257 | 19.0% | 16.7% | 9.8% | 5.6x | 0.5x | 3.9x |
| Offshore Services Mean | | | | | 77.4% | 19.5% | 32.9% | 17.6% | 17.0x | 2.6x | 12.7x | |
| Offshore Services Median | | | | | 74.4% | 17.8% | 35.0% | 16.8% | 14.3x | 2.4x | 12.0x | |
| Consulting | | | | | | | | | | | | |
| FTI Consulting, Inc. | US | \$6,560 | \$6,637 | \$197.35 | 97.9% | \$3,029 | 9.1% | 31.8% | 11.9% | 18.4x | 2.0x | 16.4x |
| Huron Consulting Group Inc. | US | \$1,436 | \$1,763 | \$80.37 | 97.0% | \$1,132 | 25.0% | 30.6% | 11.6% | 13.4x | 1.4x | 11.6x |
| Resources Connection, Inc. | US | \$574 | \$525 | \$17.06 | 73.6% | \$808 | 6.3% | 40.5% | 11.8% | 5.5x | 0.7x | 6.0x |
| The Hackett Group, Inc. | US | \$502 | \$533 | \$18.48 | 74.6% | \$290 | 4.4% | 39.9% | 21.4% | 8.6x | 1.8x | 8.1x |
| Information Services Group, Inc. | US | \$246 | \$302 | \$5.09 | 65.6% | \$286 | 3.0% | 40.7% | 12.3% | 8.6x | 1.0x | 6.6x |
| Consulting Mean | | | | | 81.7% | 9.6% | 36.7% | 13.8% | 10.9x | 1.4x | 9.7x | |
| Consulting Median | | | | | 74.6% | 6.3% | 39.9% | 11.9% | 8.6x | 1.4x | 8.1x | |
| IT Commercial Services | | | | | | | | | | | | |
| Accenture plc | IE | \$180,498 | \$178,158 | \$285.81 | 82.8% | \$63,144 | 11.4% | 32.1% | 16.9% | 16.7x | 2.7x | 15.1x |
| Cappgemini SE | FR | \$31,894 | \$35,983 | \$185.52 | 82.7% | \$23,506 | 21.1% | 26.5% | 13.5% | 11.4x | 1.4x | 10.0x |
| CGI Inc. | CA | \$22,407 | \$24,291 | \$96.27 | 99.6% | \$9,772 | 8.4% | 30.9% | 17.5% | 14.2x | 2.3x | 11.6x |
| Perficient, Inc. | US | \$2,504 | \$2,898 | \$72.19 | 63.5% | \$905 | 18.9% | 38.9% | 20.0% | 16.0x | 3.0x | 12.9x |
| Atos SE | FR | \$1,361 | \$4,132 | \$12.38 | 42.1% | \$12,120 | 4.6% | 3.1% | 5.6% | 6.1x | 0.3x | 3.4x |
| Unisys Corporation | US | \$264 | \$477 | \$3.88 | 17.4% | \$1,980 | (3.6%) | 28.1% | 6.1% | 3.9x | 0.3x | 2.4x |
| IT Commercial Services Mean | | | | | 64.7% | 10.1% | 26.6% | 13.3% | 11.4x | 1.7x | 9.3x | |
| IT Commercial Services Median | | | | | 73.1% | 9.9% | 29.5% | 15.2% | 12.8x | 1.9x | 10.8x | |
| Government Consulting | | | | | | | | | | | | |
| Booz Allen Hamilton Holding Corporation | US | \$12,261 | \$14,966 | \$92.69 | 82.4% | \$9,064 | 11.8% | 23.2% | 9.3% | 17.7x | 1.5x | 14.3x |
| CACI International Inc | US | \$6,765 | \$8,511 | \$296.28 | 92.8% | \$6,481 | 6.4% | 34.4% | 10.0% | 13.1x | 1.3x | 11.7x |
| Science Applications International Corporation | US | \$5,870 | \$8,329 | \$107.46 | 91.1% | \$7,704 | 4.2% | 11.5% | 8.8% | 12.3x | 1.1x | 12.0x |
| Maximus, Inc. | US | \$4,783 | \$6,463 | \$78.70 | 92.3% | \$4,729 | 6.0% | 20.2% | 9.1% | 15.1x | 1.3x | 13.2x |
| ICF International, Inc. | US | \$2,055 | \$2,820 | \$109.70 | 90.5% | \$1,780 | 14.6% | 36.3% | 9.4% | 16.9x | 1.4x | 13.2x |
| Government Consulting Mean | | | | | 89.8% | 8.6% | 25.1% | 9.3% | 15.0x | 1.3x | 12.9x | |
| Government Consulting Median | | | | | 91.1% | 6.4% | 23.2% | 9.3% | 15.1x | 1.3x | 13.2x | |
| Managed Services | | | | | | | | | | | | |
| Accenture plc | IE | \$180,498 | \$178,158 | \$285.81 | 82.8% | \$63,144 | 11.4% | 32.1% | 16.9% | 16.7x | 2.7x | 15.1x |
| Tata Consultancy Services Limited | IN | \$142,845 | \$137,126 | \$39.04 | 83.6% | \$26,207 | 17.3% | 43.0% | 25.7% | 20.4x | 4.6x | 17.2x |
| International Business Machines Corporation | US | \$118,912 | \$164,264 | \$131.09 | 85.6% | \$60,530 | 5.5% | 54.0% | 20.4% | 13.3x | 2.6x | 10.4x |
| Infosys Limited | IN | \$71,593 | \$70,110 | \$17.39 | 74.8% | \$17,937 | 14.7% | 29.7% | 23.2% | 16.8x | 3.6x | 14.8x |
| Cappgemini SE | FR | \$31,894 | \$35,983 | \$185.52 | 82.7% | \$23,506 | 21.1% | 26.5% | 13.5% | 11.4x | 1.4x | 10.0x |
| Cognizant Technology Solutions Corporation | US | \$31,031 | \$30,077 | \$60.93 | 67.3% | \$19,428 | 5.0% | 36.2% | 18.3% | 8.5x | 1.5x | 8.5x |
| Wipro Limited | IN | \$24,365 | \$21,993 | \$4.45 | 59.9% | \$10,652 | 18.4% | 28.5% | 17.8% | 11.6x | 1.9x | 10.0x |
| DXC Technology Company | US | \$5,880 | \$9,848 | \$25.56 | 71.0% | \$14,847 | (10.8%) | 21.4% | 18.2% | 3.7x | 0.7x | 4.2x |
| Rackspace Technology, Inc. | US | \$400 | \$4,084 | \$1.88 | 15.5% | \$3,122 | 3.7% | 27.8% | 15.9% | 8.2x | 1.3x | 9.8x |
| Managed Services Mean | | | | | 69.2% | 9.6% | 33.2% | 18.9% | 12.3x | 2.3x | 11.1x | |
| Managed Services Median | | | | | 74.8% | 11.4% | 29.7% | 18.2% | 11.6x | 1.9x | 10.0x | |
| Selected Public Technology Services Companies Mean | | | | | 73.6% | 12.8% | 33.9% | 17.1% | 14.5x | 2.5x | 11.9x | |
| Selected Public Technology Services Companies Median | | | | | 74.8% | 11.4% | 32.2% | 16.4% | 13.4x | 1.9x | 11.6x | |

Source: Capital IQ.

(1) Market Capitalization based on closing share prices as of March 31, 2023.

(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.



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Innovators Spotlight: Private Equity Players Driving M&A

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Innovators Spotlight - Selected Private Equity players driving M&A (1/9)

The Private Equity firms highlighted below represent financial sponsors with significant investments in the Technology Services ecosystem.

Key Technology Services PE Sponsors*

abry partners

Advent International
GLOBAL PRIVATE EQUITY

aktion partners

ALERION
Capital Group, LLC

ALIGN
CAPITAL
PARTNERS

ALVAREZ & MARSA
CAPITAL

ALPINE

AVANCE

BainCapital

Berkshire
Partners

Blackstone

bv

CAROUSEL CAPITAL

CenterGate
CAPITAL

CENTURY PARK CAPITAL PARTNERS

Charlesbank

CIVIC
PARTNERS

CLEARPOINT
INVESTMENT PARTNER

COHERE
CAPITAL

Crest Rock Partners

DOMINUS CAPITAL

DUNES POINT CAPITAL

EDEN CAPITAL

EOS
PRIVATE EQUITY

FALFURRIAS CAPITAL

FORT POINT
CAPITAL

Generation
Partners

GOLDNERHAWN

GTCR

Guidepost
GROWTH EQUITY

H. I. G.
CAPITAL

HARREN EQUITY PARTNERS

HARVEST
PARTNERS

HIGH STREET CAPITAL
Founded in 1997

hkw

HUDSON HILL
CAPITAL

ICV
PARTNERS

INCLINE
EQUITY PARTNERS

INSIGNIA
CAPITAL GROUP

KEENSIGHT
CAPITAL

KIAN
CAPITAL

KKR

LEEDS Equity Partners

LIGHTVIEW
CAPITAL™

LNC PARTNERS

MC
PARTNERS

McNally CAPITAL

MILL POINT CAPITAL

MOUNTAINGATE
CAPITAL

NEW CAPITAL
PARTNERS

NEW HERITAGE
CAPITAL

NEWSPRING

NEP

OVAL
PARTNERS

PEAK6

PERISCOPE
EQUITY

PFINGSTEN

QUAD-C

RENOVUS
CAPITAL

Riverside
PARTNERS

RLH
Equity Partners

SIRIS

SILVER OAK
SERVICES PARTNERS

SpireCapital

Staple Street
CAPITAL

STONE
GOFF

SVERICA

TENEX CAPITAL MANAGEMENT

T E R C E R A

CARLYLE

THL Thomas H. Lee Partners

TOWER ARCH
CAPITAL

TPG

TRANSOM
CAPITAL GROUP

Tritium
PARTNERS

TZP
GROUP

VSS

WARBURG PINCUS

WESTVIEW
CAPITAL PARTNERS

ZMC

*The above is a representative list only. To discuss the opportunity for your company to be included in future lists, please reach out to one of our bankers noted on page 39.

Innovators Spotlight - Selected Private Equity players driving M&A (2/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|---|-------------------|-----------|--|
|  ABRY Partners | Boston, MA | \$5,000 |      |
|  Advent International | Boston, MA | \$89,000 |    |
|  Aktion Partners | Chicago, IL | N/A |  |
|  Alerion Capital Group | Scottsdale, AZ | N/A |  |
|  Align Capital Partners | Dallas, TX | \$1,500 |   |
|  Alpine Investors | San Francisco, CA | \$8,000 |    |
|  Alvarez & Marsal Capital | New York, NY | \$4,400 |  |
|  Avance Investment Management | New York, NY | \$1,116 |  |
|  Bain Capital | Boston, MA | \$160,000 |   |
|  Berkshire Partners | Boston, MA | \$23,825 |   |

Source: Pitchbook, Capital IQ, KPMG.



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Innovators Spotlight - Selected Private Equity players driving M&A (3/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|---|----------------|-----------|--|
|  Blackstone | New York, NY | \$975,000 |    Quality Technology Services |
|  BV Investment Partners | Boston, MA | \$4,672 |       |
|  Carousel Capital | Charlotte, NC | \$1,583 |  |
|  CenterGate Capital | Austin, TX | \$393 |  |
|  Century Park Capital Partners | El Segundo, CA | \$183 |   |
|  Charlesbank Capital Partners | Boston, MA | \$13,161 |    |
|  CIVC Partners | Chicago, IL | \$1,170 |     |
|  ClearPoint Investment Partners | San Mateo, CA | \$224 |  |
|  Cohere Capital | Boston, MA | \$212 |   |
|  Crest Rock Partners | Denver, CO | \$458 |  |

Source: Pitchbook, Capital IQ, KPMG.

Innovators Spotlight - Selected Private Equity players driving M&A (4/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|--|-----------------|-----------|--|
|  Dominus Capital | New York, NY | \$817 |  |
|  Dunes Point Capital | New York, NY | \$1,800 |  |
|  Eden Capital | New York, NY | \$115 |  |
|  Eos Partners | New York, NY | \$1,498 |  |
|  Falfurrias Capital Partners | Charlotte, NC | \$2,787 |     |
|  Fort Point Capital | Boston, MA | \$330 |  |
|  Generation Partners | Greenwich, CT | \$360 |  |
|  Goldner Hawn | Minneapolis, MN | \$317 |  |
|  GTCR | Chicago, IL | \$24,000 |  |
|  Guidepost Growth Equity | Boston, MA | \$2,350 |   |

Source: Pitchbook, Capital IQ, KPMG.



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Innovators Spotlight - Selected Private Equity players driving M&A (5/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|--|---------------------|-----------|---|
|  H.I.G. Capital | Miami, FL | \$55,000 |       |
|  Harren Equity Partners | Charlottesville, VA | \$475 |  |
|  Harvest Partners | New York, NY | \$19,021 |  |
|  High Street Capital | Chicago, IL | \$200 |  |
|  HKW | Indianapolis, IN | \$621 |   |
|  Hudson Hill Capital | New York, NY | \$286 |  |
|  ICV Partners | Miami, FL | \$1,000 |    |
|  Incline Equity Partners | Pittsburgh, PA | \$3,350 |  |
|  Insignia Capital Group | San Francisco, CA | \$988 |  |
|  Keensight Capital | Paris, France | \$5,400 |     |

Source: Pitchbook, Capital IQ, KPMG.

Innovators Spotlight - Selected Private Equity players driving M&A (6/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|--|---------------------|-----------|--|
|  Kian Capital | Charlotte, NC | \$425 |  |
|  KKR | New York, NY | \$504,000 |    |
|  Leeds Equity Partners | New York, NY | \$4,000 |  |
|  Lightview Capital | West Palm Beach, FL | \$121 |   |
|  LNC Partners | Reston, VA | \$500 |  |
|  M/C Partners | Boston, MA | \$821 |       |
|  McNally Capital | Chicago, IL | \$500 |     |
|  Mill Point Capital | New York, NY | \$1,753 |   |
|  Mountaingate Capital | Denver, CO | \$833 |  |
|  New Capital Partners | Birmingham, AL | \$490 |  |

Source: Pitchbook, Capital IQ, KPMG.

Innovators Spotlight - Selected Private Equity players driving M&A (7/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|---|---------------------|-----------|--|
|  New Heritage Capital | Boston, MA | \$639 |   |
|  NewSpring Capital | Radnor, PA | \$3,000 |    |
|  Norwest Equity Partners | Minneapolis, MN | \$5,500 |   |
|  Oval Partners | Palo Alto, CA | N/A |   |
|  PEAK6 Investments | Chicago, IL | N/A |  |
|  Periscope Equity | Chicago, IL | \$425 |  |
|  Pfingsten Partners | Chicago, IL | \$773 |  |
|  Quad-C Management | Charlottesville, VA | \$3,287 |    |
|  Renovus Capital Partners | Wayne, PA | \$1,000 |     |
|  Riverside Partners | Boston, MA | \$1,100 |  |

Source: Pitchbook, Capital IQ, KPMG.

Innovators Spotlight - Selected Private Equity players driving M&A (8/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|---|-----------------|-----------|---|
|  RLH Equity Partners | Los Angeles, CA | \$1,000 |   |
|  Silver Oak Services Partners | Evanston, IL | \$1,100 |  |
|  Siris Capital Group | New York, NY | \$7,000 |  |
|  Spire Capital | New York, NY | \$670 |    |
|  Staple Street Capital | New York, NY | \$900 |  |
|  Stone-Goff Partners | New York, NY | \$258 |  |
|  Sverica Capital Management | Boston, MA | \$1,228 |     |
|  Tenex Capital Management | New York, NY | \$3,079 |  |
|  Tercera | Chicago, IL | N/A |        |
|  The Carlyle Group | Washington, DC | \$400,000 |    |

Source: Pitchbook, Capital IQ, KPMG.

Innovators Spotlight - Selected Private Equity players driving M&A (9/9)

| Company | HQ Location | AUM (\$M) | Representative Technology Services Portfolio Companies |
|--|----------------|-----------|--|
|  Thomas H. Lee Partners | Boston, MA | \$17,698 |  |
|  Tower Arch Capital | Draper, UT | \$780 |  |
|  TPG | Fort Worth, TX | \$135,000 |    |
|  Transom Capital Group | El Segundo, CA | \$671 |   |
|  Tritium Partners | Austin, TX | \$1,200 |   |
|  TZP Group | New York, NY | \$2,398 |      |
|  VSS Capital Partners | New York, NY | \$1,140 |    |
|  Warburg Pincus | New York, NY | \$85,000 |     |
|  WestView Capital Partners | Boston, MA | \$1,242 |     |
|  ZMC | New York, NY | \$2,718 |  |

Source: Pitchbook, Capital IQ, KPMG.



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KPMG Technology Services Investment Banking Platform

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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.

Managed Services / Cloud



APPIRIO
Capital raise from



\$40mm



ensono
Sale to



\$150mm



EVOLVE IP
Sale to



\$225mm

Digital Transformation & Interactive Marketing Services



accenture
Acquisition of



\$320mm



PUBLICIS GROUPE
Acquisition of



\$530mm



Sapient
Sale to



\$3.7bn

Offshore Services / BPO



Infosys
Secondary ADS
Offering

\$1.6bn



WNS
IPO

\$255mm



xerox
Acquisition of



\$8.3bn

A 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* | 9,069 | 1 | Houlihan Lokey | 1,850 |
| 2 | PricewaterhouseCoopers | 8,405 | 2 | KPMG* | 1,753 |
| 3 | Houlihan Lokey | 6,301 | 3 | PricewaterhouseCoopers | 1,502 |
| 4 | Deloitte | 5,847 | 4 | Deloitte | 1,232 |
| 5 | Ernst & Young LLP | 5,333 | 5 | Ernst & Young LLP | 1,125 |
| 6 | Rothschild & Co | 5,127 | 6 | Goldman Sachs & Co | 945 |
| 7 | Goldman Sachs & Co | 3,705 | 7 | Morgan Stanley | 858 |
| 8 | Lazard | 3,672 | 8 | Rothschild & Co | 847 |
| 9 | JP Morgan | 3,629 | 9 | Jefferies LLC | 797 |
| 10 | Morgan Stanley | 3,416 | 10 | JP Morgan | 789 |

Select KPMG CF LLC 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>Has received an investment from</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>  |

KPMG CF LLC Technology Services Key Contacts

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Note (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. *Represents the global Corporate Finance practice of KPMG International's network of independent member firms.



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