



**CHARTER**  
*Capital Partners*

M&A Insights Q1 2022

**CONSULTING, TECHNOLOGY, AND  
DIGITAL SERVICES INDUSTRY UPDATE**

# HIGHLIGHTS

## IT Deal Volumes Remain High

Deal volumes in the IT services sector in Q1 eased off record highs seen in 2021. Q1 saw 390 deals compared to 437 in Q4 and 436 in Q3. Although deals were down QoQ, deal count was still significantly above pre-pandemic levels.

The median EBITDA multiple acquirers paid in the industry in Q1 was 13.4x while the median revenue multiple was 2.5x, both higher than the previous quarter. These numbers illustrate the disconnect between private and public valuations. Private metrics don't suffer from short-term pricing overreactions like public markets but tend to move more gradually in the same direction in the medium to long-term.

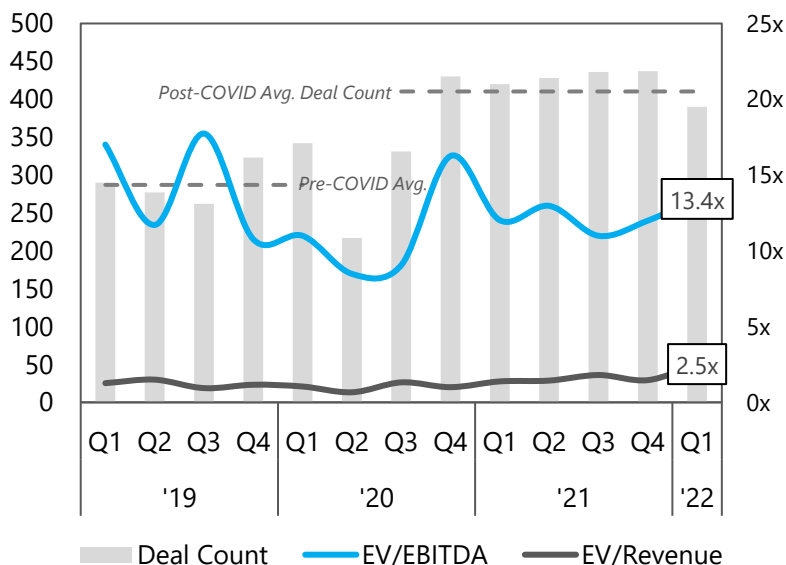
## Firms Utilize M&A to Gain Scale

Buyer demand continued to drive momentum in our key verticals in Q1. The technology and support services vertical included middle-market deals like Elixir International's \$40 million acquisition of IT services business iOLPAP. Strategic need for digital transformation and escalating channel complexity continues to drive the integration services vertical. The \$72 million Persistent Systems acquisition of cloud implementer and digital consulting firm, MediaAgility, exemplifies this favorable trend.

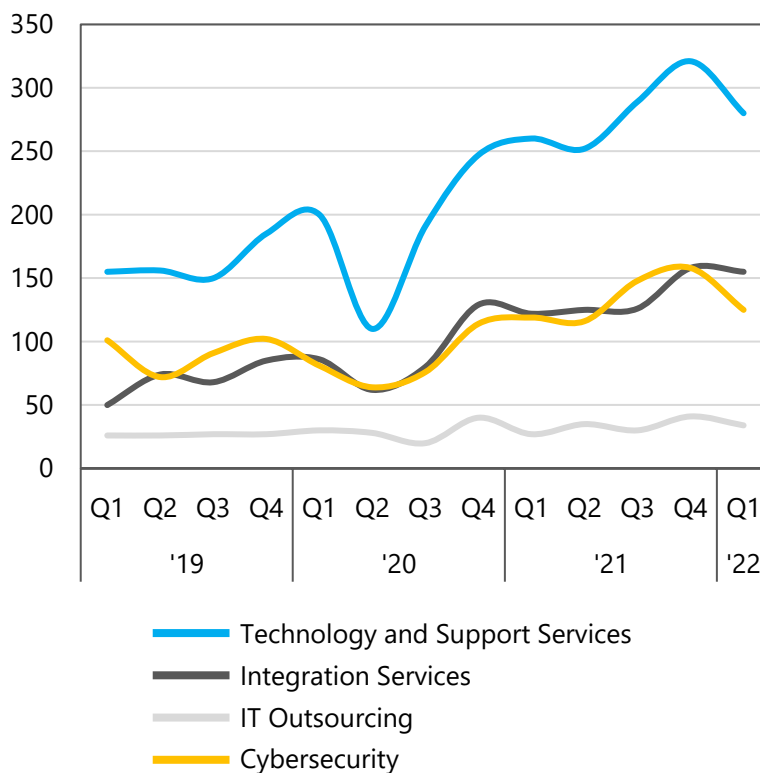
## Cybersecurity Firms See Spotlight

Rising enterprise-level cybercrimes like ransomware and supply chain attacks have intensified the need for protection since early 2020. Russia's invasion of Ukraine and the global cybersecurity after-effects have heightened concerns around cyber-protection and offensive cyber-capabilities; US-based cybersecurity firms found themselves in the spotlight as a result. The vertical continues to be an area of focus.

## IT Services PE Buyouts & Strategic M&A Deals



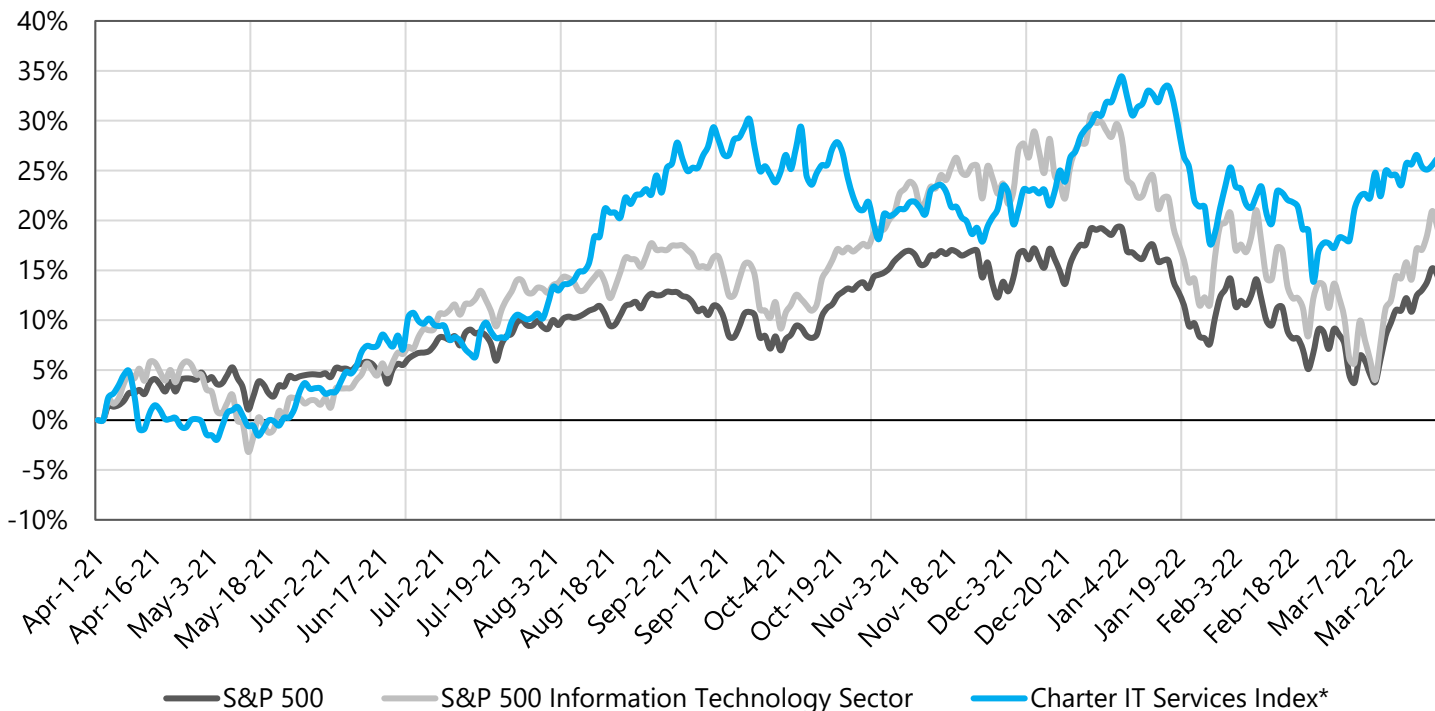
## Quarterly Deal Volume by Vertical



# PUBLIC COMPANIES



Share Price Performance Compared to the S&P 500

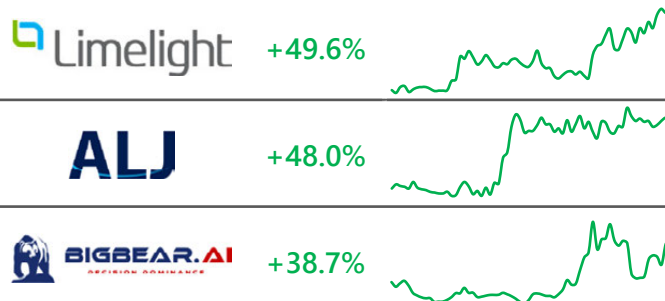


## A Reality Check for Public IT Valuations to Start 2022

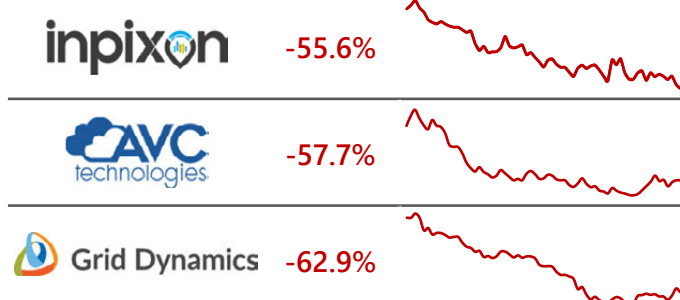
Charter’s IT Services index saw volatility in Q1 but outperformed the broader IT sector. Accenture (NYSE:ACN), one of the top performers of the decade, followed the markets downward with the 2nd worst performance in the index in Q1 alongside a pause in remarkably consistent add-on acquisition activity. Gartner (NYSE:IT) lead the index in Q1. Despite the IT services market falling as a whole to start the year, Gartner achieved contract value growth of 16% in Q1, proving they are one of the best technological research and consulting firms in the industry.

The biggest industry winner in Q1 was CDN provider, Limelight Networks (NASDAQ:LLNW). The company continues to execute on their “Improve, Expand, and Extend” strategic framework, with 17 of their top 20 highest historical traffic days coming in Q1 2022.

## Biggest Winners this Quarter



## Biggest Losers this Quarter



Sources: S&P Capital IQ, Pitchbook

\*Index includes: ACN, CAP, CTSH, DXC, IT, HCL, INFY, IBM, TCS, Wipro, Fujitsu, GIB.A, ATO, UIS






# PRIVATE TRANSACTIONS



## Most Active Strategic Acquirers

Company	Q1 Deal Count	Recent Industry Transactions
 <b>Deloitte.</b>	3	3/7/22 - <b>BIAS</b> (Roswell, Georgia, United States) 2/9/22 - <b>Etain</b> (Belfast, United Kingdom) 1/31/22 - <b>Dextra Technologies</b> (Monterrey, Mexico)
 <b>executech</b>	3	3/4/22 - <b>Flagstaff IT</b> (Flagstaff, Arizona, United States) 2/22/22 - <b>California Computer Options</b> (Redlands, California, United States) 1/4/22 - <b>Dyrand Systems</b> (Vancouver, Canada)
 <b>inTEC GROUP</b>	3	2/11/22 - <b>Opal IT</b> (Newcastle Upon Tyne, United Kingdom) 1/20/22 - <b>Provident Technology</b> (Dublin, Ireland) 1/19/22 - <b>Firefly Cloud</b> (Motherwell, United Kingdom)
 <b>pwc</b>	3	3/31/22 - <b>ACTS</b> (Jacksonville, Florida, United States) 2/14/22 - <b>Olivehorse</b> (Coventry, United Kingdom) 2/1/22 - <b>Stratus360</b> (Toronto, Canada)
 <b>Tech Mahindra</b>	3	3/12/22 - <b>Thirdware Solution</b> (Mumbai, India) 2/16/22 - <b>Geomatic.AI</b> (Australia) 1/18/22 - <b>Com Tec Co IT</b> (Nicosia, Cyprus)

## Most Active Private Equity Acquirers

Firm	Q1 Deal Count	Recent Industry Transactions
 <b>Berkshire Partners</b>	6	3/17/22 - <b>United Technology</b> (New York, New York, United States) 3/7/22 - <b>vCORE Technology Partners</b> (Scottsdale, Arizona, United States) 2/24/22 - <b>Subsidium Technologies</b> (Clifton Park, New York, United States)
 <b>Capillar</b>	3	3/11/22 - <b>CC IT</b> (Malmo, Sweden) 3/8/22 - <b>Canmer Data</b> (Gothenburg, Sweden) 1/1/22 - <b>DNS IT</b> (Sweden) (Malmo, Sweden)
 <b>Hg</b>	3	3/31/22 - <b>uCheck</b> (Exeter, United Kingdom) 3/29/22 - <b>adam HTT</b> (Milton Keynes, United Kingdom) 1/20/22 - <b>Sedas</b> (Potenza, Italy)
 <b>ICG</b>	3	2/10/22 - <b>Mjukvarukraft Sverige</b> (Stockholm, Sweden) 2/9/22 - <b>Intiro Development</b> (Gothenburg, Sweden) 1/11/22 - <b>MySupply</b> (Aabybro, Denmark)
 <b>M C PARTNERS</b>	3	3/31/22 - <b>Peters &amp; Associates</b> (Oakbrook Terrace, Illinois, United States) 3/9/22 - <b>Southtech Solutions</b> (Sarasota, Florida, United States) 2/2/22 - <b>Preemo</b> (Miami, Florida, United States)

## Key Private Equity Exits

Seller:	 <b>Baird Capital</b>	 <b>SOUTHFIELD</b>	 <b>MASON WELLS</b>
Target:	 <b>VITALYST</b>	 <b>niva</b>	 <b>pds</b>
Acquirer:	 <b>Alithya</b>	 <b>A B</b>	 <b>CONVERGE</b>
Date:	February 1 '22	January 24 '22	January 7 '22

Source: Pitchbook

# KEY DEALS SPOTLIGHT



## Cybersecurity Subsector Spotlight



On March 16<sup>th</sup>, Calian Group Ltd. (TSX:CGY), a Canadian company with diverse products and services including innovative cybersecurity solutions, acquired Houston, Texas headquartered Computex Technology Solutions, an award-winning provider of managed IT and cybersecurity services. Computex combines over 35 years of hands-on experience to meet each customers' unique IT, business, and budgetary goals. Computex was named AT&T Cybersecurity Growth Partner of the Year in 2021. The combined IT and cybersecurity capabilities and mutual commitment to customers are what makes the deal beneficial for both parties and can help accelerate future growth. "Computex will provide the foundation for Calian's goal to create a robust U.S. presence" said Computex President of Solution Provider, Worth Davis. The deal is expected to add \$75 million in annual business for Calian.

[Read more about this deal online.](#)

## Strategic Buyer Spotlight



On January 3<sup>rd</sup>, ManTech International Corporation (NASDAQ:MANT), a Virginia-based business, announced its acquisition of Technical and Management Assistance Corporation (TMAC), a leading provider of advanced data engineering services and solutions. Founded in 2008 and headquartered in Columbia, Maryland, TMAC has proven experience in systems engineering, data collection and governance, analytics and mission management systems. The acquisition is expected to compliment ManTech's already established reputation as a leader in analytics capabilities that collect and decipher vast data flows across signals intelligence (SIGNIT) systems. "We are pleased to welcome TMAC's talented people into the ManTech Family" said Kevin Phillips, ManTech chairman, CEO, and President.

[Read more about this deal online.](#)

## Private Equity Buyer Spotlight



On February 25<sup>th</sup>, Chatham Asset Management, a leading private investment firm, acquired R.R. Donnelley & Sons Company, a Chicago-based provider of multichannel business communications services and marketing solutions. RDD serves 25,000 customers across 28 countries, helping optimize customer engagement and streamline business operations across the complete customer journey. Chatham acquired RDD for \$10.85 per share in cash. Thomas Quinlan will once again be leading RDD as President and CEO, having served the same role between 2007 to 2016. Together with Chatham, RDD expects to remain an industry leader in marketing and business communications. Chatham is excited to partner alongside RDD and help scale the company's comprehensive portfolio of capabilities.

[Read more about this deal online.](#)

# PRIVATE TRANSACTIONS



## Recent Transactions in Select Verticals

Technology & Support Services (T&SS), IT Outsourcing (ITO), Integration Services (IS), and Cybersecurity (CS)

Date	Target	Description	Investor(s)	Deal Type	Enterprise Value (\$M)	EV / Sales	EV / EBITDA	Verticals			
								T&SS	ITO	IS	CS
3/31/22	Erptech	Provider of IT outsourcing services of SAP systems.	WiiT	M&A	6.6	-	-		•		
3/28/22	ARQ Group	Provider of technology consulting services.	NCS Group	M&A	213.0	-	-	•			
3/28/22	NetFortris	Provider of unified communications as a service (UCaaS) and managed IT network services.	Sangoma Technologies	M&A	80.0	-	-	•			
3/28/22	Zimperium	Developer of a mobile threat defense platform.	Liberty Strategic Capital	PE	-	-	-				•
3/25/22	CyrusOne	Provider of colocation and peering services.	Global Infrastructure Partners	PE	14,653.7	12.2x	25.1x	•			
3/24/22	Web Financial Group	Provider of digital transformation services.	Allfunds Bank	M&A	165.8	-	-	•			
3/21/22	Incremental Group	Provider of information technology (IT) consulting services.	Telefónica Tech	M&A	232.2	-	-	•			
3/21/22	Akquinet	Provider of IT outsourcing and cloud services.	Deutsche Beteiligungs	PE	221.7	-	-		•		
3/17/22	iOLAP	Provider of information technology services.	Elixirr International	M&A	40.0	-	-				•
3/15/22	Network and Simulation Technologies	Provider of IT and tech support services.	Saalex	M&A	30.0	-	-	•			
3/15/22	Computex Technology Solutions	Provider of managed IT and cybersecurity services.	Calian Group	M&A	30.0	-	-				•
3/14/22	MediaAgility	Provider of digital consultancy services.	Persistent Systems	M&A	71.7	-	-			•	
3/14/22	Smart Capital Technology	Provider of rapid response IT infrastructure support services.	WestBridge Capital	PE	22.7	-	-		•		
3/13/22	TmaxSoft	Developer of enterprise software.	SkyLake Incuvest	PE	438.1	-	-				•
3/12/22	Thirdware Solution	Provider of IT consulting services.	Tech Mahindra	M&A	42.0	-	-			•	
3/11/22	Threat Status	Developer of a cybersecurity platform.	Crossword Cybersecurity	M&A	2.1	-	-				•
3/9/22	Swivel Secure	Developer of a network security platform and multi-factor authentications.	Bio Key International	M&A	2.4	-	-				•
3/8/22	Mandiant	Pure-play cybersecurity firm.	Alphabet	M&A	3,206.2	6.6x	-				•
3/7/22	Dialog Information Technology	Operator of a technology services company.	NCS Group	M&A	233.8	-	-	•			
3/7/22	Integra	Provider of cybersecurity and IT services.	Plurilock	M&A	0.9	-	-				•
3/7/22	Foreseeti	Developer of platform to managing cybersecurity.	Alphabet	M&A	6.3	-	-				•
3/1/22	Data Glove	Provider of information technology consulting services.	Persistent Systems	M&A	90.5	-	-	•			
3/1/22	Maxeler Technologies	Developer of a dataflow computing platform.	Groq	M&A	4.5	-	-	•			
3/1/22	TenFour	Provider of networking and communications service.	Acuative	M&A	12.9	-	-			•	
3/1/22	InfoSec	Developer of cybercrime education and training platforms.	Cengage Learning	M&A	191.0	-	-				•
3/1/22	McAfee	Provider of online cybersecurity protection services.	Abu Dhabi Investment Authority, Advent International	PE	13,184.0	6.9x	26.8x				•
2/25/22	Hanil Networks	Provider of communication equipment services.	Affinity Equity Partners, UBASE	PE	(16.7)	(0.2x)	-		•		
2/24/22	AKKA Technologies Group	Provider of engineering technologies.	Modis International	M&A	3,779.9	-	-	•			
2/24/22	Blue.cloud	Provider of cloud technology services.	Hudson Hill Capital	PE	120.0	-	-	•			
2/24/22	BBR	Provider of specialized technological services.	Evertec	M&A	60.1	-	-			•	

Source: Pitchbook

# CHARTER TEAM INDUSTRY EXPERTISE



## Industry Practice Team



### Mark Streekstra

*Managing Director*  
*mstreekstra@chartercapitalpartners.com*

Mark has more than 14 years of diversified advisory and deal execution experience, 11 of which were spent in the Consulting, Technology, and Digital services industry. At Charter, Mark primarily focuses on helping clients achieve their goals through sell side and buy side advisory work.

The majority of Mark's career was spent at Accenture, where he led acquisitions in support of Accenture's inorganic growth strategy. During his time in that role, Accenture purchased over 100 companies in the consulting, technology, and digital services space while becoming the most acquisitive company in the world. Mark has personally led transactions with total enterprise value in excess of \$700 million.

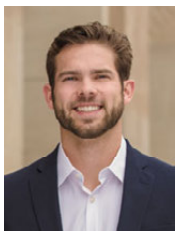


### AJ Ebels

*Senior Associate*  
*aebels@chartercapitalpartners.com*

AJ focuses on M&A deal execution, private debt and equity investment diligence, business valuation analysis, and technical financial modeling for companies in the technology and manufacturing industries, among others. He also leads initiatives related to internal technology and software implementation and development.

AJ graduated with Honors from Grand Valley State University with a BBA in Finance and Business Economics and was a graduate of the Frederik Meijer Honors College. He is currently pursuing his MBA from the University of Chicago Booth School of Business in the weekend program with anticipated concentrations in finance, economics, entrepreneurship, and business analytics.



### Keegan Ensing

*Analyst*  
*kensing@chartercapitalpartners.com*

Keegan joined Charter Capital Partners in 2021 as an intern. In his current role as analyst, his responsibilities include supporting M&A client engagement projects and preparing industry research for Charter's coverage teams, including the consulting, technology, and digital services industry practice.

## Relevant Transactions Advised by Charter Team Members

SELL-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE
SPEND MEND	accenture	accenture	accenture	accenture	accenture
SHERIDAN CAPITAL PARTNERS	Kurt Salmon	SOLUTIONS IQ	Knowledgegent	ENDGAME.	pillar TECHNOLOGY

Some of the transactions presented represent Charter principals acting in their capacity as representatives of a FINRA broker-dealer or while at previous firms.



## About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

## Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none"> <li>Go-to-market sell-side advisory</li> <li>Buy-side growth strategies</li> <li>Exit planning</li> <li>Fairness opinions</li> </ul>
Capital Raise	<ul style="list-style-type: none"> <li>Equity or debt capital raise</li> <li>Dividend recapitalization</li> <li>Solvency opinions</li> <li>Minority investors</li> </ul>
Valuation Opinions	<ul style="list-style-type: none"> <li>Buy-sell agreements</li> <li>Gift, estate, and income tax matters</li> <li>Shareholder disputes</li> <li>Purchase price allocations</li> </ul>
Capital Management	<ul style="list-style-type: none"> <li>Licensed Fund Management</li> <li>Registered Investment Advisers</li> </ul>

## Charter Advisory Team

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