



**CHARTER**

*Capital Partners*

M&A Insights Q4 2021

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

# HIGHLIGHTS



## Deal Volumes Stay Elevated

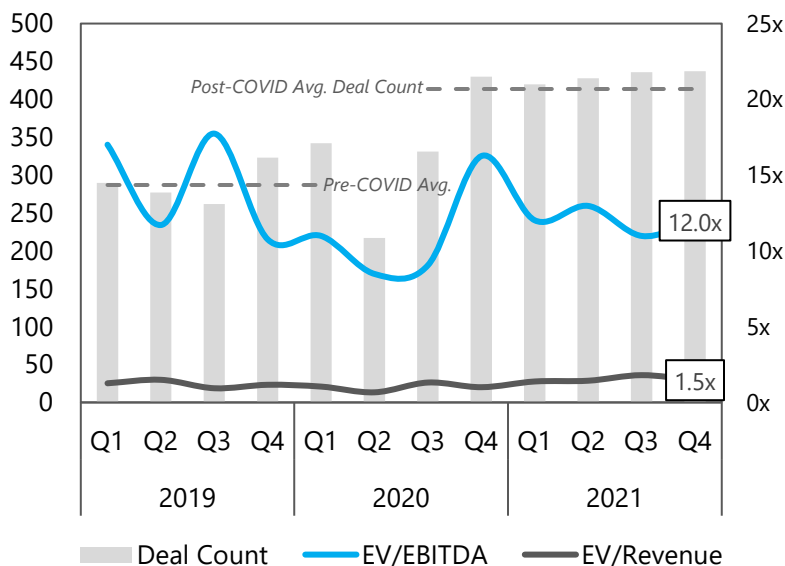
Deal volumes in the sector remained at elevated levels in Q4, with 437 deals compared to 436 in Q3. Activity in the space has soared following the onset of the pandemic as technology firms have garnered significant attention from both private equity acquirers with large reserves of dry powder as well as global strategic acquirers. Average quarterly deal activity prior to COVID (Q1 2020 and before) was 287 compared to average deal activity following the onset of COVID (Q3 2020 and onward) of 414 – a **44% lift**.

The median EBITDA multiple acquirers paid in the industry in Q4 was **12.0x** while the median revenue multiple was **1.5x**. The trend in these metrics is slightly deceiving as the median deal size has decreased during this period as strategic acquirers continue to target small yet agile targets. This trend has restrained the median multiple shown to the right.

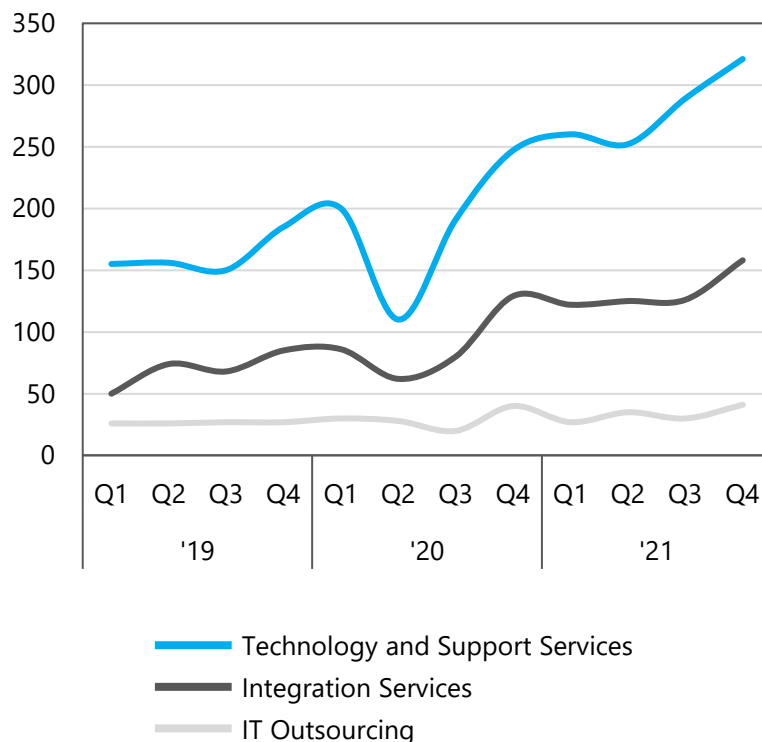
## A 2<sup>nd</sup> Wind in Key Verticals

As we had anticipated, deal levels in our three key verticals caught a second wind in Q4, with another record setting quarter in each vertical. The **technology and support services** vertical included mega-deals like American Tower’s \$10 billion acquisition of CoreSite Realty, a datacenter operator, as well as middle-market LBOs like Variant Equity’s \$305 million buyout of IT services outsourcing business CompuCom from Office Depot. Continued adoption of horizontal software and hardware platforms like AWS has spurred M&A activity in the **integration services** vertical. The \$87 million Unisys (NYSE:UIS) acquisition of cloud implementer and digital consulting firm, CompuGain, exemplifies this trend.

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



## Quarterly Deal Volume by Vertical

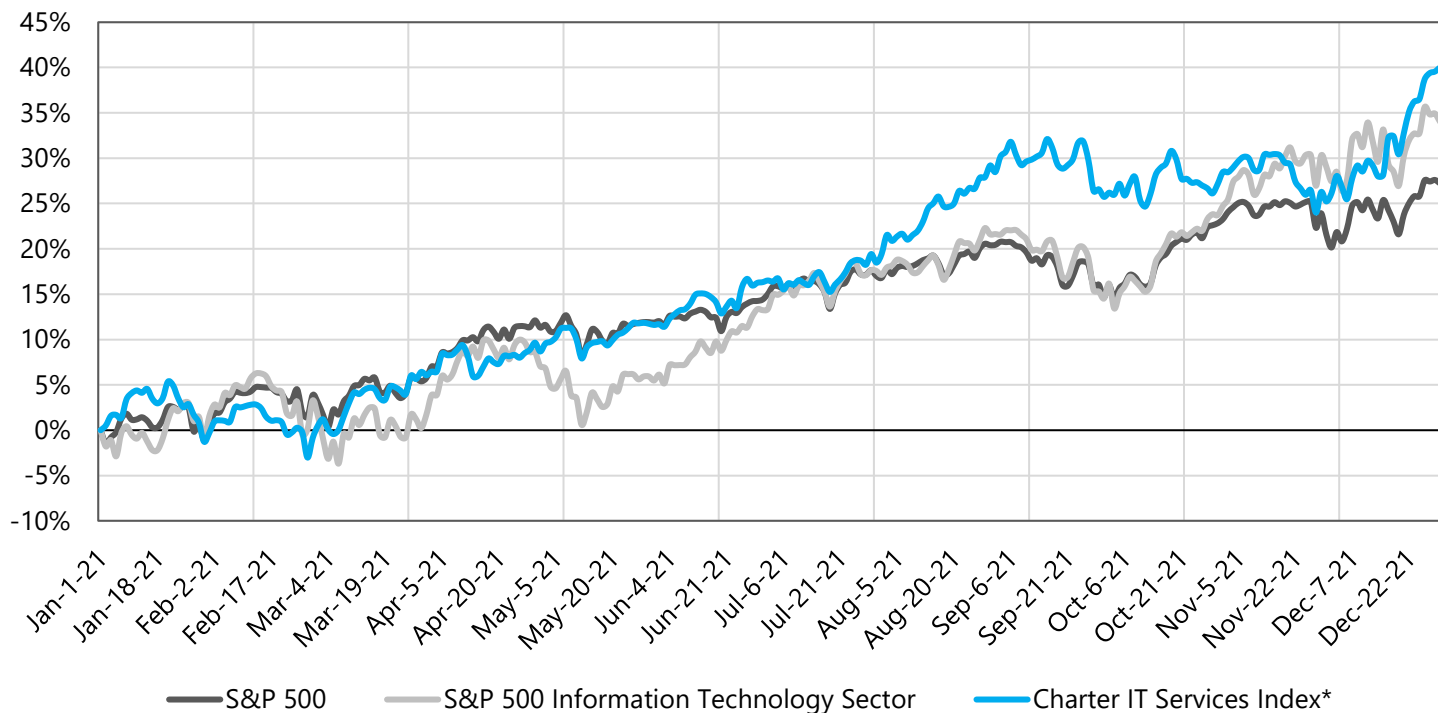


Data Source: Pitchbook

# PUBLIC COMPANIES



## Share Price Performance Compared to the S&P 500



### A Strong Year for IT Services Stocks

Accenture (NYSE:ACN) led the Charter IT Services Index upward during Q4 with a 27.6% quarterly gain due to continued strong, broad-based demand across all markets, services and industries, as reported in the company's 8-K filing. The Q4 runner-up was France-based Capgemini (ENXTPA:CAP). The leader in the index for 2021 was Gartner (NYSE:IT) with an impressive 108.7% share price increase for the year as it continues to cement itself as the market leader in research, conferences, and consulting services.

The big winner in stock price gains in Q4 was Charlotte-based Paymentus (NYSE:PAY), provider of cloud-based bill payment technology and solutions. Earlier in the year, Paymentus raised \$50 million of development capital from Accel-KKR to boost both organic and inorganic growth. That capital infusion has certainly been productive thus far.

### Biggest Winners this Quarter

**Paymentus**

+42.0%



**Cyxtera**

+35.6%



**Grid Dynamics**

+26.8%



### Biggest Losers this Quarter

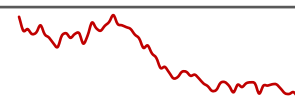
**AgileThought**

-50.5%



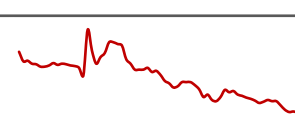
**GREENBOX**

-51.3%



**exela**  
TECHNOLOGIES

-53.8%



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	Q4 Deal Count	Recent Industry Transactions
	7	10/5/21 - <b>Advoco (EAM)</b> (Berkeley, California, United States) 11/3/21 - <b>AppsPro</b> (Riyadh, Saudi Arabia) 10/28/21 - <b>BCS Consulting</b> (Peterborough, United Kingdom)
	3	10/26/21 - <b>Ireo Soluciones Y Servicios</b> (Madrid, Spain) 12/23/21 - <b>JP Sá Couto (IT Divisions)</b> (Portugal) 12/10/21 - <b>Ramiris (IT Division in Hungary)</b> (Budapest, Hungary)
	3	10/27/21 - <b>McD Tech Labs</b> (Mountain View, California, United States) 12/21/21 - <b>Neudesic</b> (Irvine, California, United States) 11/30/21 - <b>SXiQ</b> (Melbourne, Australia)
	3	12/31/21 - <b>Allyis</b> (Kirkland, Washington, United States) 10/25/21 - <b>Infostar</b> (Pleasanton, California, United States) 10/25/21 - <b>We Make Websites</b> (London, United Kingdom)
	2	10/27/21 - <b>Trivalo</b> (Stockholm, Sweden) 11/19/21 - <b>Vivento</b> (Lysaker, Norway)

## Most Active Private Equity Acquirers

Firm	Q4 Deal Count	Recent Industry Transactions
	5	11/10/21 - <b>Infoedge</b> (Milan, Italy) 11/29/21 - <b>Intellishore</b> (København, Denmark) 12/20/21 - <b>Know-How (Italy)</b> (Reggio Emilia, Italy)
	3	12/8/21 - <b>My Blue Umbrella</b> (Concord, Canada) 11/29/21 - <b>Optimum Networking</b> (Aurora, Colorado, United States) 10/1/21 - <b>Reliable IT</b> (Andover, Massachusetts, United States)
	3	12/13/21 - <b>Abaco Consulting</b> (Porto, Portugal) 12/1/21 - <b>Boydak Automation</b> (Zürich, Switzerland) 10/20/21 - <b>SyroCon</b> (Eschborn, Germany)
	3	12/23/21 - <b>Edafio Technology Partners</b> (North Little Rock, Arkansas, United States) 12/31/21 - <b>InCare Technologies</b> (Birmingham, Alabama, United States) 12/1/21 - <b>Stratosphere Networks (Managed IT Division)</b> (Chicago, Illinois, U.S.)
	3	11/24/21 - <b>CRI Group</b> (Luxembourg, Luxembourg) 10/13/21 - <b>Ecenta</b> (Walldorf, Germany) 10/14/21 - <b>SecOps Partners</b> (Rochester, New York, United States)

## Key Private Equity Exits

Seller:			
Target:			
Acquirer:			
Date:	December 27 '21	November 30 '21	November 2 '21

Source: Pitchbook

# KEY DEALS SPOTLIGHT



## Cybersecurity Subsector Spotlight



On December 20<sup>th</sup>, Wipro (NYSE:WIT), a leading global information technology, consulting, and business process services company, acquired Austin, Texas headquartered Edgile, a transformational cybersecurity consulting provider that focuses on risk and compliance, information and cloud security, and digital identity. Edgile is recognized by security and risk leaders for its unique business-aligned cybersecurity capability, deep understanding of the changing regulatory environment and enabling cloud transformations that help secure the modern enterprise. Together, Wipro and Edgile will develop Wipro CyberTransform™, an integrated suite that will help enterprises enhance boardroom governance of cybersecurity risk, invest in robust cyber strategies, and reap the value of practical security in action. [Read more about this deal online.](#)

## Strategic Buyer Spotlight



On October 5<sup>th</sup>, Accenture (NYSE:ACN) announced its acquisition of Advoco, one of the largest systems integrators for *Infor EAM*, a leading software-as-a-service suite for enterprise asset management (EAM). The acquisition is anticipated to expand Accenture’s capabilities to help clients in the consumer goods & services, industrial, life sciences, transit, and other industries make their operations and supply chains safer, more sustainable, productive and cost-efficient. “Many of our clients are looking to leverage Infor EAM when embedding more intelligence in their asset management to drive the performance of their most critical assets, Advoco is highly respected for its talent, expertise and training program in this space. Together, we will bring Infor EAM capabilities to clients at scale...” said Nigel Stacey, global lead for Accenture Industry X. [Read more about this deal online.](#)

## Hybrid Buyer Spotlight



On November 30<sup>th</sup>, Clairvest Group-backed Meriplex, a leader in managed cybersecurity and IT solutions, acquired the assets of managed services provider, Optimum Networking. Optimum has been focused on providing managed IT solutions, network security services, cloud computing and VoIP services. “We are expanding our physical presence in Colorado to support clients locally, and with Optimum being well-established in the market for over 26 years along with their talented workforce, we will be able to accomplish our goal of being the top MSP/MSSP in the Colorado market,” said David Henley, CEO of Meriplex. With financial backing from Clairvest Group, Meriplex is focused on strategically acquiring managed services providers across the nation to establish a local physical presence in the region and acquire top talent to support their growing organization. [Read more about this deal online.](#)

# PRIVATE TRANSACTIONS



## Recent Transactions in Select Verticals

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

Date	Target	Description	Investor(s)	Deal Type	Enterprise Value (\$M)	EV / Sales	EV / EBITDA	Verticals		
								T&SS	ITO	IS
12/31/21	Allysis	Provider of technology, consulting, and technical staffing services.	Tech Mahindra	M&A	125.0	-	-	•		
12/31/21	Leanswift Solutions	Provider of enterprise resource planning (ERP) and consulting services.	Wipro	M&A	21.0	-	-	•		•
12/31/21	CompuCom	Provider of information technology outsourcing services.	Variant Equity Advisors	PE	305.0	-	-	•	•	
12/30/21	Technical and Management Assistance Corp	Provider of advanced data engineering services and solutions.	ManTech International	M&A	30.2	-	-	•		
12/30/21	Efa Automazione	Provider of digital transformation solutions intended for system integrators and OEMs.	Relatech	M&A	10.2	-	-			•
12/30/21	CoreSite Realty	CoreSite owns and/or operates 25 data centers.	American Tower	M&A	10,096	15.8x	31.2x	•		
12/27/21	Concentrix Catalyst	Operator of an enterprise information suit company that specializes in full-scale implementation and delivery capabilities.	Concentrix	M&A	1,600	-	-			•
12/23/21	Zix	Provider of security software for organizations in the healthcare, financial services, insurance, and government sectors.	OpenText	M&A	860	3.7x	22.9x			•
12/22/21	Aitio Finland	Provider of customized software development and integration service.	Admicom	M&A	7.2	-	-			•
12/22/21	EFEX	Provider of managed information technology (IT) and printing services.	Alceon Group	PE	38.8	-	-	•		
12/22/21	Gorilla	Developer of cloud-based video-centric and content management applications designed to deliver business intelligence insights.	Global SPAC Partners	M&A	-	-	-	•		
12/21/21	DXC Technology Israel	Provider of information technology services based out of Ra'anana, Israel.	Ness Technologies Israel	M&A	65.0	-	-	•		
12/20/21	Cognitive Consulting	Developer of the robotic automation process.	Censof Holdings	M&A	1.7	-	-	•		•
12/17/21	Divante	Provider of e-commerce products and services.	Cloudflight	PE	63.3	-	-	•		
12/16/21	DataFort	Provider of professional cloud services located in Moscow, Russia.	Beeline	M&A	40.6	-	-	•		
12/14/21	CompuGain	Provider of IT consulting and implementation services committed to helping organizations achieve their technological goals faster.	Unisys	M&A	87.0	-	-	•		•
12/9/21	RedCortex	Provider of digital and cloud-based transformation consulting services.	TPXimpact Holdings	M&A	17.9	-	-	•		
12/2/21	Sirius Computer Solutions	Provider of information technology infrastructure and data center-focused technology integration services.	CDW	M&A	2,500	-	-	•		•
12/1/21	Opin	Operator of a digital agency focused on designing and building digital web, mobile and application experiences.	Converge Technology Solutions	M&A	4.7	-	-	•		
11/30/21	Navint Partners	Provider of business and technology consulting services.	Globant	M&A	79.1	-	-	•		
11/30/21	hiTTO	Provider of information technology consulting services.	Money Forward	M&A	17.5	-	-	•		
11/29/21	Rhei	Developer of digital transformation products.	Neosperience	M&A	2.1	-	-			•
11/26/21	Rg19 I Norden	Provider of multi-cloud solutions life science, pharma, banking, finance, manufacturing industry, logistics and retail sector.	Qlosr	M&A	17.0	-	-			•
11/23/21	BrightGen	Provider of a customer relationship management (CRM) platform.	Credera	M&A	65.0	-	-			•
11/22/21	Catapult Systems	Provider of information technology consulting services.	Quisitive Technology Solutions	M&A	51.5	1.0x	-	•		•
11/22/21	Vonage Holdings	Provides cloud communication services to businesses and consumers.	Ericsson	M&A	-	-	-	•		•
11/19/21	Infinite Leap	Provider of healthcare consultant and systems integrator services.	Halma	M&A	47.0	-	-	•		•
11/19/21	RedBridge	Provider of digital business development services.	Binero Group	M&A	11.4	-	-	•		
11/18/21	Warpcom	Provider of information technology (IT) integration services based in Amadora, Portugal.	Evolutio	PE	17.3	-	-	•		•
11/15/21	CompliancePath	Provider of information technology (IT) governance and software assurance services.	Ideagen	M&A	12.0	5.7x	12.0x	•		•

Source: Pitchbook

# CHARTER TEAM INDUSTRY EXPERTISE



## Industry Practice Team



**Mark Streekstra**  
*Managing Director*  
 mstreekstra@chartercapitalpartners.com

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

Prior to joining Charter, Mark led Corporate Development at Chamberlain Group, a Chicago-based global leader in connected access solutions, where he was responsible for all inorganic growth activity including acquisitions, minority investments, strategic partnership and divestitures.

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 has been with Charter Capital Partners since he started as an intern in 2016. In his current role as Senior Associate, he 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 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.

AJ graduated with Honors from Grand Valley State University in 2017 with a BBA in Finance and Business Economics and was a graduate of the Frederik Meijer Honors College. He is a past member of the executive board of the Investment Portfolio Organization (IPO) at GVSU and is a member of ACG Western Michigan and the Seidman Alumni Association.

## 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	Knowledgent	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

### John Kerschen

President and Managing Partner  
 jkerschen@chartercapitalpartners.com

### Mike Brown

Partner and Managing Director  
 mbrown@chartercapitalpartners.com

### Hector Bultynck

Managing Director  
 hbultynck@chartercapitalpartners.com

### Mike Palm

Managing Director  
 mpalm@chartercapitalpartners.com

### Mark Streekstra

Managing Director  
 mstreekstra@chartercapitalpartners.com

### Jenny Dakoske

Director  
 jdakoske@chartercapitalpartners.com

### Elisa Berger

Vice President  
 eberger@chartercapitalpartners.com

### Zach Wiersma

Vice President  
 zwiersma@chartercapitalpartners.com

### AJ Ebels

Senior Associate  
 aebels@chartercapitalpartners.com

### Justin Pinto

Senior Associate  
 jpinto@chartercapitalpartners.com

### Mike Welch

Senior Associate  
 mwelch@chartercapitalpartners.com

### Lance Burt

Analyst  
 lburt@chartercapitalpartners.com

### Eric Smith

Analyst  
 esmith@chartercapitalpartners.com

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Charter Capital Partners • 140 Monroe Center NW • Suite 300 • Grand Rapids, MI 49503 • 616.235.3555  
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