

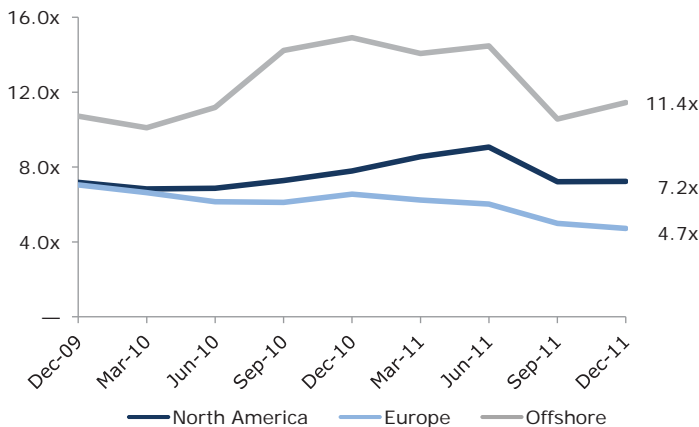


IT Services Commentary

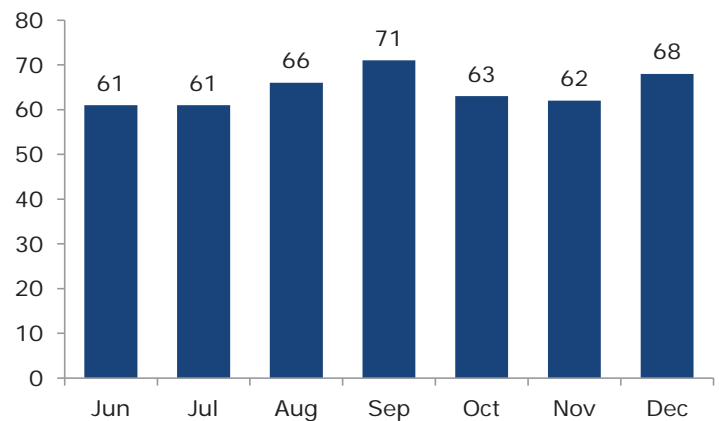
December 2011

The IT Services industry closed 2011 more quietly than expected. Usually the year end brings about one or more landscape-shifting transactions, but no such headlines were made in December. Instead, middle market activity led the way, with larger strategic platforms making tactical acquisitions to bolster service offerings and expand into new markets. Similar to prior months, managed services, business intelligence, performance management, e-security and SaaS services were hot areas. Looking towards 2012, we fully expect favorable industry dynamics, solid corporate balance sheets and enhanced discretionary spending to continue to promote growth and M&A in the IT Services sector. Mid-market and cross-border activity should remain robust. We even expect the pace of large deals to significantly accelerate as the offshore crowd becomes more aggressive and global systems integrators defend their turf by expanding into high growth geographies like Asia and South America and domain areas like managed services and cloud computing. Overall we're very bullish and looking forward to an exciting 2012.

IT Services Valuation Environment (TEV/EBITDA)



IT Services Transaction Volume by Month



IT Services M&A

Fishnet Consulting, an IT security services firm and VAR, acquired **LogicTrends**, a provider of identity access and management services

Appirio, a SaaS-focused IT Services provider, acquired **SaaSPoint**, a competitive cloud computing consulting firm

Tribridge, a Microsoft-focused system integrator, acquired **ePartners**, a Microsoft Dynamics implementation specialist

NTT Data acquired **Accellence**, a Thailand-based IT services platform focused on strategy consulting, risk and performance management

Deloitte & Touche Canada acquired **Skura Business Intelligence Group**, a Canadian IT Services provider focused on implementation of Oracle business intelligence and performance management tools

Ongoing Operations, a managed services platform, acquired **Cloudworks**, an IT infrastructure outsourcing provider of hosted email, disaster recovery and business continuity services

ICF International acquired **Ironworks Consulting**, an interactive, internet portals, social, mobile and digital media services platform

Intelligence AG acquired assets of **PlanOrg Informatik GmbH**, a German IT and business strategy consulting firm focused on SAP technologies

BG Staffing, an IT staffing provider, acquired **Extrinsic LLC**, a staffing firm focused on SAP technologies

Itegralis, a German infrastructure services provider, acquired **Secode AB**, a Swedish managed security service platform

IT Services News

Glasshouse Technologies, an IT consulting and managed services provider focused on data infrastructure, formally withdrew its plans for an IPO due to poor market conditions. It is the second time in three years the company has abandoned its IPO plans.

IT Services Rumor Mill

Stefanini IT Solutions announced it has set aside \$120 million for acquisitions in 2012 and 2013. Half of these funds will be used for M&A outside of its home territory, Brazil

HCL Technologies announced it is seeking acquisitions in continental Europe, specifically in the Nordic countries, France and Germany

Satyam Computer Services announced it has allocated up to \$570 million for M&A and is seeking targets in Europe, China and the US

Genpact announced it has nearly \$400 million available for strategic acquisitions and is considering opportunities in healthcare, insurance, pharmaceuticals, life sciences and infrastructure

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Dextrys

has divested its IT staffing business to



Hitachi Consulting

has acquired



Hitachi Consulting

has acquired



Navigation capital partners

has acquired



Navigation capital partners

has acquired




BABEL

has obtained a majority investment from




PROACTIVITY

has been acquired by



TELVENT

has acquired



Optura

has been acquired by



CEDARCRESTONE

has acquired



About TM Capital

TM Capital Corp. is an independent investment banking firm based in New York, Boston and Atlanta, which has completed over 200 mergers, acquisitions and financings with a combined value of \$12 billion. Since 1989, TM Capital has advised clients navigating a wide range of complex mergers, acquisitions, financings, restructurings, and other critical strategic and financial transactions. We have built deep industry expertise in key sectors and our team regularly publishes research highlighting current and emerging trends in targeted industries and markets. TM Capital is a member firm of M&A International Inc., the world's leading alliance of mid-market investment banks with over 500 professionals operating in every major financial center. Member firms have closed over 1,400 transactions worth more than \$85 billion in the past five years. For more information, visit www.tmcapital.com.

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