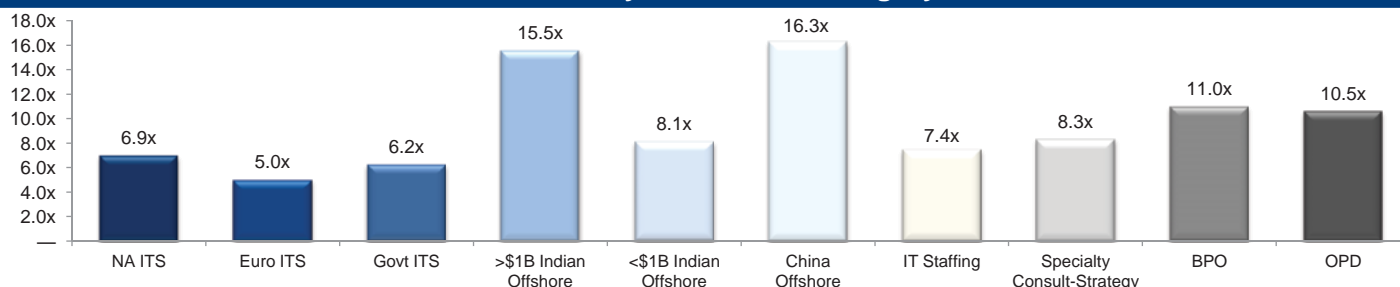




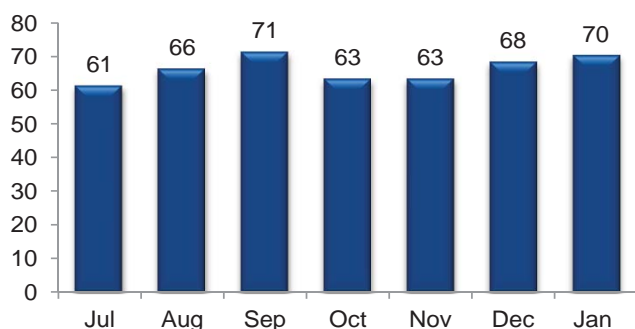
## IT Services Commentary

The opening frames of 2012 picked up right where 2011 left off in the IT Services sector, with M&A happening at a steady pace and activity heavily focused on the middle market. Similar to what we observed throughout the second half of last year, the data center, cloud, managed services and outsourced software development remain hot categories here in the New Year. However, several new themes emerged in early January which we expect will continue to influence headlines throughout 2012. First, and most positive, was a reinvigorated level of private equity interest spanning multiple categories in the space, including healthcare consulting, government services and outsourcing. The second was a distinct up-tick in creative, digital and mobile technology services activity. Given the momentum behind social media here in the first quarter, we expect specialists that have significant domain expertise and intellectual property in these arenas to be in high demand as larger platforms attempt to build practices and extend capabilities. Overall, TM Capital expects the IT Services industry to remain in growth and consolidation mode in 2012, and we look forward to continuing our coverage and work in the space.

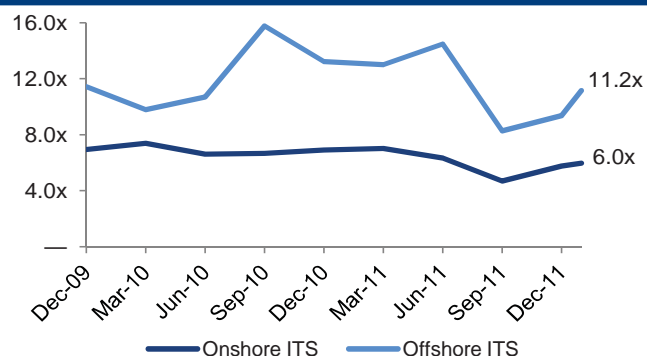
## Current Valuations by IT Services Category (TEV/EBITDA)



## IT Services Transaction Volume by Month



## Valuation Trends Over Time (TEV/EBITDA)



## IT Services M&A

**OpenGate Capital** acquired the Latin American assets of European IT Outsourcing firm, **Getronics NV**

**NTT Communications** acquired **Netmagic Solutions**, a managed hosting and datacenter services business based in India

**LLR Partners** acquired **Paragon Technology Group**, an IT services provider focused on the public sector

**outSourceIT** acquired **GoBeyondIT LLC**, a provider of managed cloud services for the SMB market

**Northridge Systems**, a Microsoft Sharepoint and creative web services provider, acquired **Solar Velocity**, a digital marketing specialist

**Optimal Solutions**, an SAP and Microsoft-focused systems integrator, acquired **The Glenture Group**, an SAP BI specialist

**Deloitte** acquired **Ubermind**, a creative, web, mobile and e-Commerce consultancy

**Tailwind Capital** acquired **Cumberland Consulting Group**, a Healthcare-centric IT services firm focused on planning project management, vendor selection and software implementation

**CRGT**, a government-focused IT services provider, acquired the federal division of **CIBER**, a large, publicly traded systems integrator

## IT Services Rumor Mill

**Datamatics** announced that it has allocated \$40 million for acquisitions in both the North American and Indian markets

**mPhasiS** announced that it has a war chest of nearly \$375 million allocated for acquisitions in the banking, capital markets and emerging technologies marketplaces

## IT Services News

**EPAM Systems**, an outsourced software engineering firm with development centers in Russia and Eastern Europe, announced that it is planning to execute its \$125 million IPO in early February, marking the first notable IT services public offering in 2012

**Rimini Street**, a third party software maintenance services provider, announced that it plans to execute an IPO in 2013

*TM Capital has ongoing relationships with the companies mentioned above. If your company fits the acquisition criteria, or to learn more about additional sell-side and buy-side opportunities, contact Jarrad Zalkin at 617.259.2207 or jzalkin@tmcapital.com.*

## Providing Tech M&A Advisory Services on a Global Scale

**CENTIV™**

has been acquired by




**CEDARCRESTONE**

has been acquired by




**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](http://www.tmcapital.com).

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