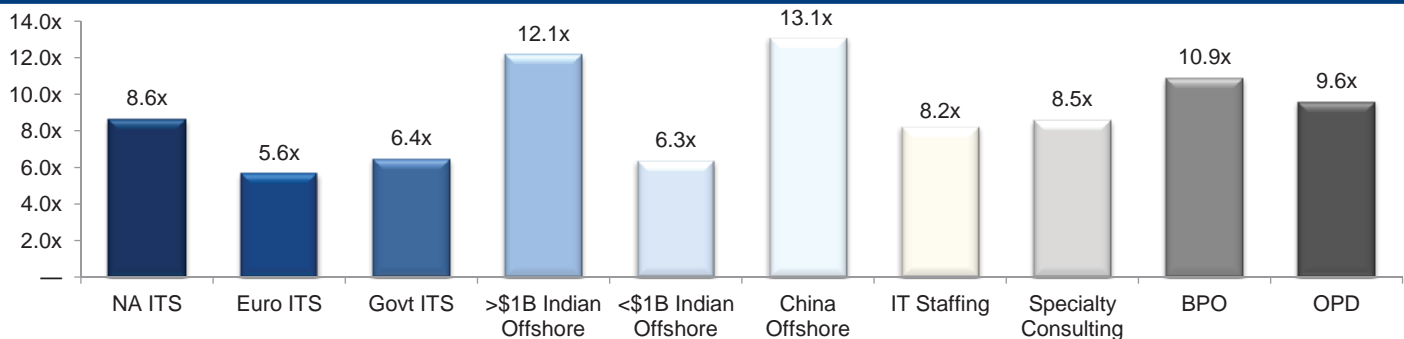




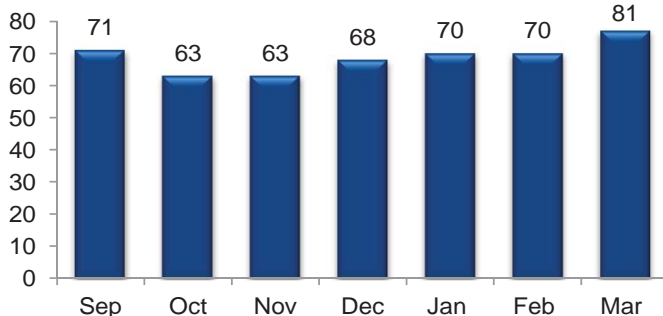
IT Services Commentary

M&A activity in the sector exploded in March, with 81 deals announced, an increase of 16% over February totals. Not only did transaction volumes turn heads during the month, but so did headlines, with landscape reshaping acquisitions occurring in both the offshore services and IT Staffing markets. Infrastructure services and cloud capabilities were also in high demand during the period. On the infrastructure front, network solutions, data center services and virtualization capabilities were heavily pursued, particularly when packaged as part of a managed services or outsourced offering. On the Cloud front, deals were consummated within the Salesforce.com, Google Enterprise and Workday pure play landscapes. These specialist leaders seem to be increasingly sought after, as global services providers finally begin to address capability deficiencies in the SaaS applications arena. While it might be overly bold to call March deal totals the new baseline for monthly transaction volume, we believe that momentum is definitely building in the industry. We anticipate significant M&A headlines and more exciting consolidation news to come in the second quarter.

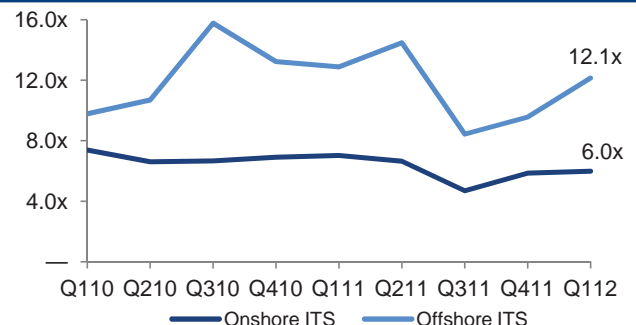
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

Deloitte acquired **Aggressor LLC**, a business and IT consulting platform focused exclusively on the SaaS-based Workday software platform

Avnet, a global technology distributor, acquired **Ascendant Technology**, an IBM-focused VAR and IT services provider

All Covered, the IT outsourcing arm of Konica Minolta, acquired **Covisia**, a managed services provider focused on desktop virtualization

GlobalOne, a Salesforce.com platinum partner, announced a merger with **Cloud Sherpas**, a leading Google Enterprise services player, to form a leading specialist cloud services platform

Stratos Management Systems, a new platform formed by **Navigation Capital**, acquired **Nexus Information Systems**, a provider of IT virtualization, storage and managed services

GreenPages Technology Solutions, a storage and cloud technology services provider, acquired **LogicsOne**, a virtualization and cloud storage specialist

On Assignment, a large IT and healthcare staffing provider, acquired **Apex Systems**, an IT staffing specialist

IT Services Rumor Mill

Following its merger with **Tech Mahindra**, **Satyam** announced it has allocated \$300 million for immediate M&A in Latin America and Europe. A significant Aerospace acquisition is rumored to be on the horizon

L&T Infotech is rumored to be in advanced M&A discussion with **Hexaware Technologies**. An acquisition would create another \$1 billion+ offshore services provider

IT Services News

Tech Mahindra announced its long awaited merger with **Satyam**, forming a new offshore services powerhouse with \$2.25 billion in revenue. Tech Mahindra bought a 42.7% stake in Satyam in April 2009 after the announcement of the company's accounting scandal

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




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has divested its IT staffing business to

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has acquired




has acquired




has acquired




has obtained a majority investment from




has been acquired by




has acquired




has been acquired by



About TM Capital

TM Capital Corp. is an independent investment banking firm based in New York, Boston and Atlanta, which has completed 250 mergers, acquisitions and financings with a combined value of \$13 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 600 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.

TM Capital's IT Services Practice

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