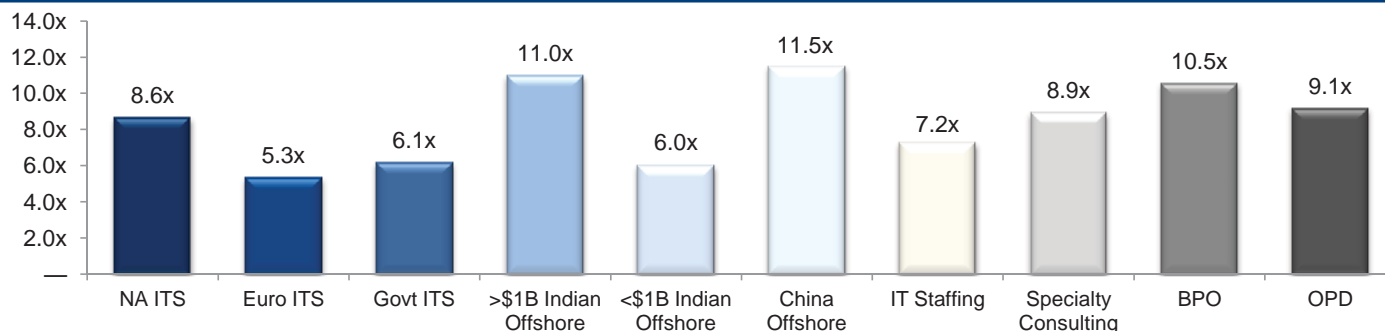




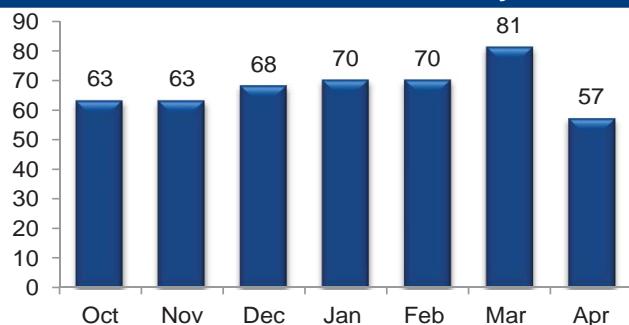
## IT Services Commentary

Spring metaphors have turned out to be quite an accurate description for recent IT Services M&A activity, with March roaring in like a lion and April going out as quietly as a lamb. Overall transaction volumes decreased sharply during the month, falling off 30% from March levels and posting the lowest monthly total since December 2010. However, we don't feel this pull back in deal activity is representative of a significant change in market outlook. Instead it seems like acquirers are simply taking pause to survey the landscape, evaluate alternatives and align strategies for the second half of 2012. Deals that were completed in April were tactical and middle-market focused, with managed services, data center solutions and analytics being high demand categories. There was also a number of interesting VAR oriented deals during the period involving solution providers delivering network services, disaster recovery and virtualization technologies. Looking forward, we expect the pace of M&A to recover in late Q2 as sound industry fundamentals, robust discretionary IT spending and cash-rich corporate buyers should continue to drive aggressive consolidation.

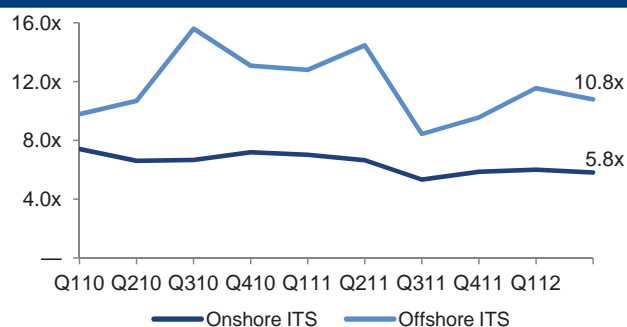
## Current Valuations by IT Services Category (TEV/EBITDA)



## IT Services Transaction Volume by Month



## Valuation Trends Over Time (TEV/EBITDA)



## IT Services M&A

- All Covered**, the IT outsourcing platform of **Konica Minolta**, acquired **PC Solutions** and **ThinSolutions**, two SMB providers
- The Staffing Resource Group**, a diversified staffing and recruiting firm, acquired the **Metro Group**, an IT staffing specialist
- Luminate LLC**, a virtualization, storage and disaster recovery services platform, acquired **Troubadour**, a VAR focused on unified communications, data center and network infrastructure solutions
- Wipro**, the large Indian offshore firm, acquired **Promax Applications Group**, an Australian analytics services and solutions firm
- AccessNortheast**, a data center services business located in Boston, merged with **Xand**, a New York colocation and managed services provider, creating one of the largest privately held data center businesses in the Northeast
- Hitachi Consulting** acquired **PRIZIM Inc.**, a specialist management consulting firm focused on sustainability services
- Systems Maintenance Services**, an IT outsourcing provider focused on data centers, acquired **Prism Pointe Technologies**, a maintenance and break fix services specialist focusing on the government, healthcare and retail markets
- Gartner** acquired **Ideas International**, an Australian IT research consulting firm focused on the IT infrastructure landscape

## IT Services Rumor Mill


- Wipro** announced it is seeking acquisitions in the \$50-\$100 million range in multiple geographies and industry markets
- Intelligence AG**, a leading European SAP services platform, announced it has raised €37 million to facilitate further M&A in new market areas

## IT Services News


- Halyard Capital** announced it has formed a platform, **Digital Fortress**, to pursue a data center and colocation facility consolidation strategy focused on the Pacific Northwest
- OnX Enterprise Solutions**, a **Marlin Equity** portfolio company, announced it is investing \$20 million in its cloud and data center infrastructure to enhance capabilities and expand its North American footprint

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.

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