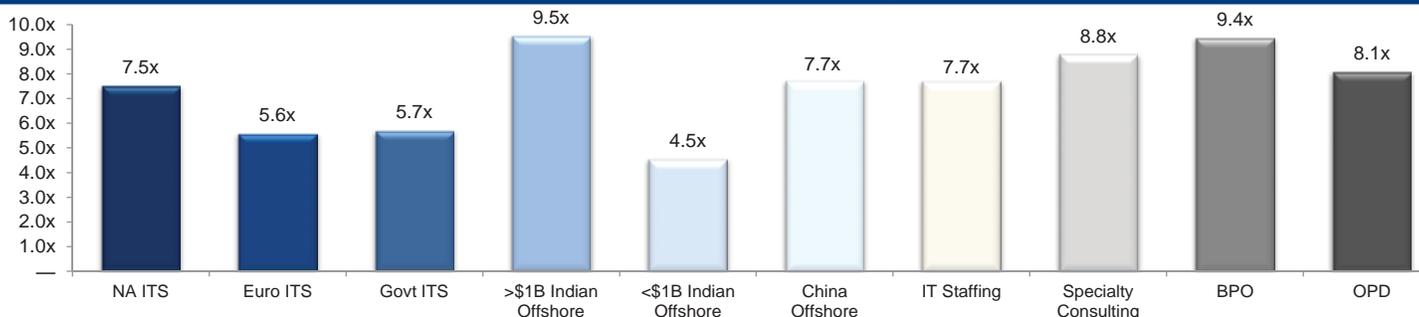




IT Services Commentary

M&A activity in the IT Services industry continued at a healthy pace in July - resisting the traditional summer slowdown and posting stronger transaction totals than any other period in 2012. Deal volume was paced by an aggressive private equity crowd, with a number of financial acquirers making, or on the verge of making, big bets in the sector. Most notable during the period was Silverlake Sumeru's acquisition of Velocity Technology Solutions, a cloud application services platform focused on packaged software platforms like Infor and Oracle. Alongside Silverlake, the Gores Group (Idea Integration), Carlyle Group (Infotech stake) and Abry Partners (DBSi), all made services-based acquisitions in July. Private equity attention remains focused on outsourcing, hosting and infrastructure services, given the added transparency in their revenue model and their ability to secure long-term contracts. The cloud, as expected, is also garnering significant attention. Looking out at the second half of the year, this reinvigorated interest by the investment community in IT Services is a positive sign for the industry.

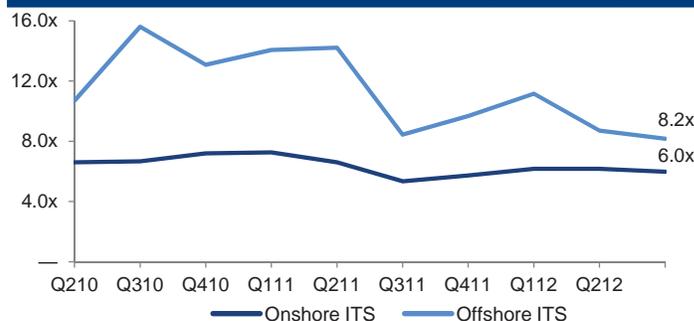
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

Sykes Enterprises, a publicly-traded provider of call center BPO services, acquired **Alpine Access**, a specialist in home-based, virtual customer contact management solutions

SAIC, a dominant player in government IT services, acquired **maxIT Healthcare**, a provider of healthcare IT consulting services to commercial hospital groups and other medical organizations

Collaborative Consulting, a provider of IT consulting services to the life sciences and financial services industries, acquired **SMART Consulting Firm**, a provider of business integration services to banks, broker dealers and asset management firms

A private equity investor group led by **Silverlake Sumeru** acquired **Velocity Technology Solutions**, a provider of managed hosting services for ERP applications

The Gores Group, a private equity firm, acquired **Idea Integration**, a leading provider of application and infrastructure solutions and former subsidiary of global staffing firm **Adecco**

Perficient, a highly acquisitive systems integrator, bought **Northridge Systems**, a Microsoft SharePoint collaboration services specialist

IT Services Rumor Mill

Infosys, the Indian offshore IT services giant, announced that it is looking at acquisition opportunities in the US and Europe to bolster its product platform and grow its BPO business

HCL Technologies, an IT firm specializing in application development, infrastructure management and BPO services, indicated that it will focus on large acquisitions as part of its long term growth plan

IT Services News

Carlyle Group, a global private equity firm, bought a 10% stake in publicly traded Indian IT services firm **Infotech Enterprises**

News sources reported that **Cognizant**, **Infosys** and **Tata Consulting** are pursuing an acquisition of Germany's **Lodestone Management Consultants AG**, an SAP business and technology consulting provider

Providing Tech M&A Advisory Services on a Global Scale



has been acquired by




has been acquired by




has been acquired by




has been acquired by




has divested its IT staffing business to




has acquired




has acquired




has acquired




has acquired




has obtained a majority investment from





has been acquired by




has acquired



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.

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