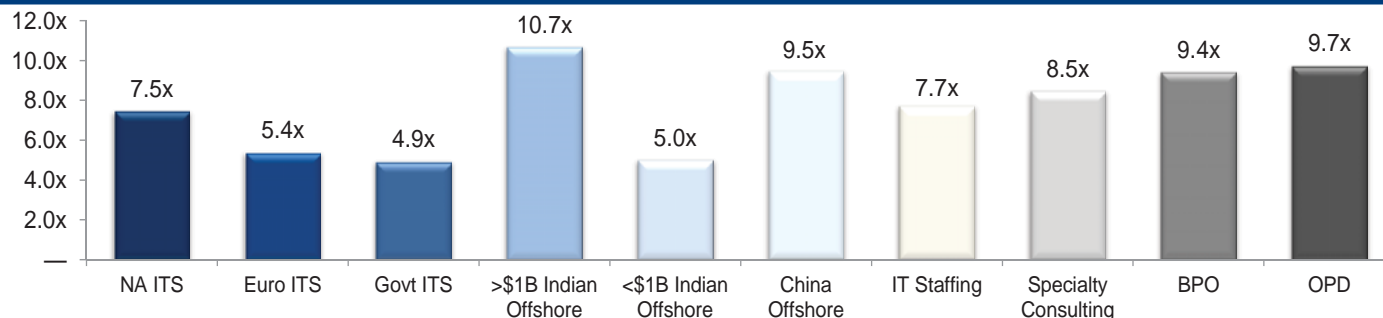




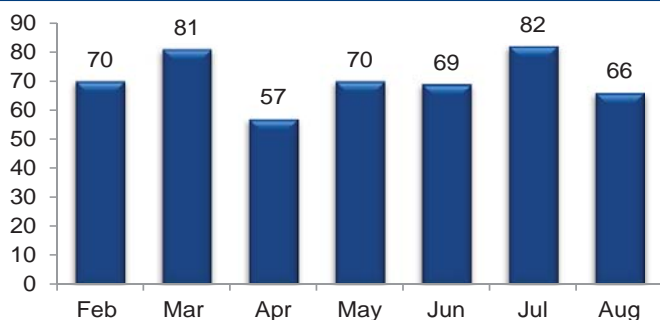
IT Services Commentary

IT Services transaction volume decreased in August, succumbing to the inevitable late-summer slowdown in deal activity among global technology businesses. Despite the relative quiet, a number of intriguing transactions foreshadow accelerating consolidation trends as we head into the final frames of 2012. In particular, China grabbed M&A headlines in August – VancelInfo and HiSoft Technology, two of the larger, globally active Chinese IT outsourcers, announced a landscape-changing merger, and BeyondSoft acquired select Chinese and Japanese assets from Achievo. The Chinese technology services landscape has been treading water for the past year following the outbreak of accounting scandals in mid-2011. This aggressive and confident return to deal making signals renewed industry activity that should have ripple effects throughout the offshore and outsourcing markets. Elsewhere, the steady stream of managed services deals that began in late 2010 gained momentum in August. In particular, All Covered announced two more IT support and managed services transactions, increasing its deal total to eleven since May 2011.

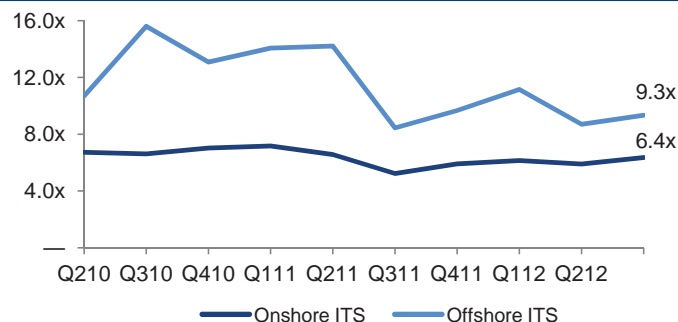
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

Vision Technologies, an IT services firm specializing in network infrastructure for federal government agencies, acquired **Government Telecommunications**, a provider of telecommunication infrastructure services

HiSoft Technology and **VancelInfo**, publicly traded heavyweights of the Chinese IT consulting industry, agreed to join forces through an \$875 million merger to become a leader in offshore IT services

Project Leadership Associates, a software development, staffing and IT consulting platform, acquired **Vital Networks**, a provider of managed services and IT support to SMBs

BeyondSoft, a Chinese IT outsourcing provider, acquired the Japanese and Chinese assets of **Achievo**, a US-based IT services firm

All Covered, the SMB IT services division of **Konica Minolta**, expanded its managed services offering with the acquisitions of Texas-based **WaveTwo** and the MSP operations of Florida-based **Compuquip**

American Cybersystems, an IT services and staffing firm, acquired **CrossUSA**, an IT outsourcing firm leveraging a rural sourcing model

IT Services Rumor Mill

Wipro, the Indian IT services provider, announced that it has identified acquisition targets in Australia, Singapore and West Asia as it seeks to fortify its consulting business, particularly in the financial services vertical

Cognizant, the global IT consulting and BPO platform, announced that it is looking for middle market acquisitions to broaden its services offering and expand its geographic and vertical coverage

SAIC, following the lead of other government contractors such as Northrop Grumman and Lockheed Martin, announced plans to spin off its \$7 billion IT solutions business by the end of 2013

IT Services News

Bain Capital, a global private equity firm, acquired a 30% stake in publicly traded Indian BPO firm **Genpact** for \$1 billion

CGI Group completed its \$3.3 billion acquisition of **Logica**, which has thus been removed from the TM Capital European IT Services Index

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

BWise
BUSINESS IN CONTROL

has been acquired by

NASDAQ OMX

POWERSTEERING
SOFTWARE

has been acquired by

SILVERBACK
Enterprise Group

CENTIVTM

has been acquired by

Riverside

CEDARCRESTONE

has been acquired by

GOLDEN GATE CAPITAL

Dextrys

has divested its IT staffing business to

ELIASSEN GROUP

Hitachi Consulting

has acquired

edenbrook

Hitachi Consulting

has acquired

Iteration2

Navigation capital partners

has acquired

LEPS service

Navigation capital partners

has acquired

TEAMSTS
Specialized Technical Services

BABEL

has obtained a majority investment from

Quattro
Beyond the existing

DE Shaw & Co

PROACTIVITY

has been acquired by

EMC²

TELVENT

has acquired

dtn

About TM Capital

TM Capital Corp. is a partner-owned investment banking firm based in New York, Boston and Atlanta, which has completed over 250 transactions with a combined value in excess of \$13 billion. Since 1989, we have advised clients navigating a full range of critical transactions, including complex mergers, acquisitions, debt and equity financings, minority and majority recapitalizations, restructurings, and advisory services including takeover defense, fairness and solvency opinions, valuations, as well as litigation support. 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 M&A professionals in 41 countries. Members have closed over 1,400 transactions totaling more than \$85 billion in value over the past five years. For more information, visit www.tmcapital.com.

TM Capital's IT Services Practice

| | | |
|-------------------|--------------|-----------------------|
| Jarrad S. Zalkin | 617.259.2207 | jzalkin@tmcapital.com |
| Bradford A. Adams | 617.259.2203 | badams@tmcapital.com |
| Kevin M. Atchue | 617.259.2209 | katchue@tmcapital.com |



New York

641 Lexington Avenue
30th Floor
New York, NY 10022
Tel: (212) 809-1360

Boston

200 Clarendon Street
25th Floor
Boston, MA 02116
Tel: (617) 259-2200

Atlanta

15 Piedmont Center NE
Suite 1010
Atlanta, GA 30305
Tel: (404) 995-6230