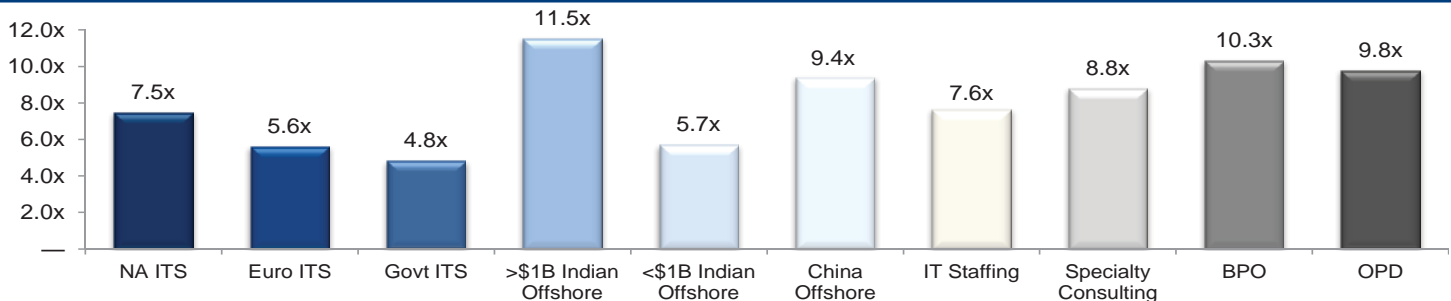




IT Services Commentary

The IT Services sector witnessed 63 transactions in September, a slight down tick in volume from prior periods in 2012. Still, deal activity was evenly mixed, with both private equity and strategic players making a number of interesting tactical acquisitions. On the infrastructure front, managed services and data center services were hot categories. On the application front, BI, ERP and SaaS services deals appeared in multiple headlines. In particular, there were a number of interesting SAP services deals announced, including Infosys' \$350 million acquisition of Lodestone Holding AG for a premium multiple of 1.6x 2011 revenue. The reemergence of private equity was also a noticeable, positive trend for the sector in September. Top tier financial investors like Baird Capital, Crosslink Capital, Gores Group and Pamlico Capital announced investments and acquisitions in the space, with a focus on data center services and hosting. We will be monitoring this trend closely in the future – increased private equity activity should bolster consolidation activity and strengthen valuation environments.

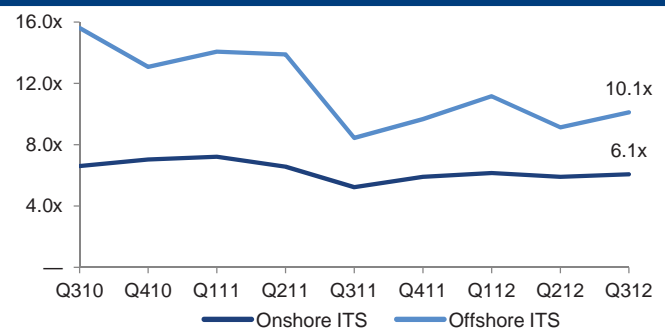
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

Infosys acquired **Lodestone Holding AG**, a German technology and business consulting platform focused on SAP applications

Baird Capital acquired **PC Helps Support LLC**, a managed services and remote technology support platform focused on Microsoft Office applications and mobility solutions

Equinix, the large managed hosting, data center services and colocation provider, announced its intention to sell 16 of its U.S. data centers to an investor group consisting of **365 Main**, **Crosslink Capital** and **Housatonic Partners**

TEKSystems, the IT staffing and services division of **Allegis**, acquired **Frontline Consulting Services**, a specialist in BI, ERP and analytics services and solutions with a focus on Oracle technologies

Forsythe Technologies, a VAR and infrastructure services platform, acquired **Mentora Group**, an infrastructure integration, testing and hosting specialist

NTT, the Japanese telecom and tech solutions platform, acquired **Centerstance**, a cloud services specialist and Salesforce.com integrator

The Gores Group acquired **Astadia**, a preeminent Salesforce.com services provider and cloud technology platform, with the intention of merging it with **Idea Integration**, an existing IT services portfolio company

IT Services Rumor Mill


Tech Mahindra announced it might consider the sale of several IT oriented subsidiary units including **Mahindra Engineering Services**, a software engineering group, and **Bristlecone**, a supply chain management and SAP technology specialist

Sungard announced it is seeking acquisitions to bolster its managed services and hosting capabilities; the company mentioned South Africa as a geography of interest for M&A


IT Services News

Pamlico Capital announced it is making a growth equity investment in **Secure-24**, an application hosting and cloud services company with a focus on ERP applications from SAP and Oracle

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 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

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