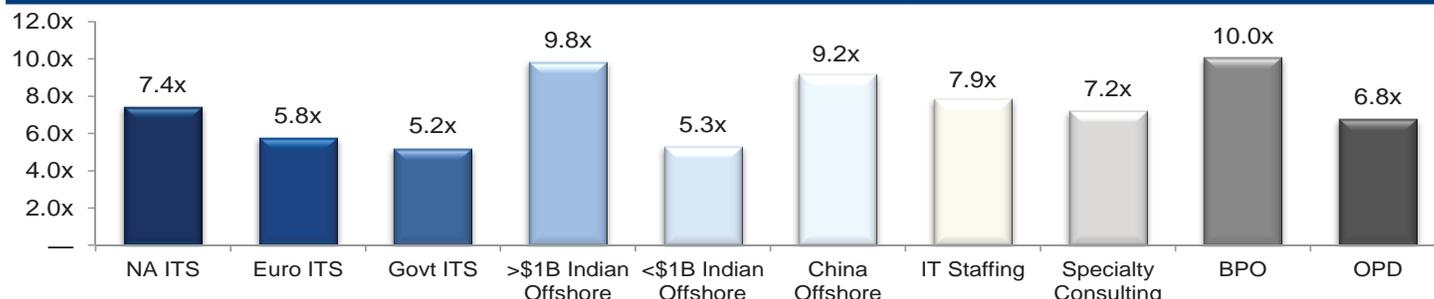




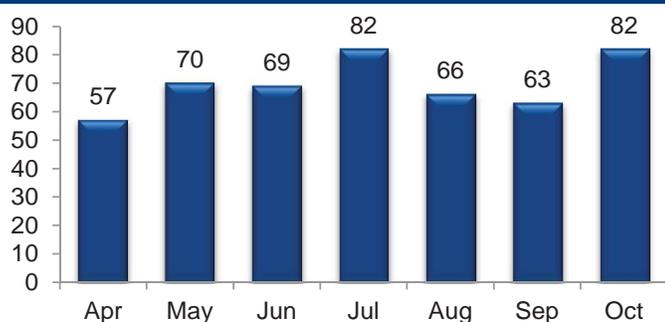
IT Services Commentary

M&A activity during the month of October rose over 30% from totals posted in September. This increased volume was observed across a range of industry categories including custom software development, systems integration, HR and ERP implementation services, hosting and managed services. Activity during the month was also heavily driven by cross-border and international deal-making. In total, more than half of the 82 transactions tracked by TM Capital in October included a company, either buyer or seller, located outside of the United States. The level of consolidation occurring beyond our borders is a firm indication of a strengthening global technology services market – particularly in Western Europe, where the pace of M&A has been relatively slow thus far in 2012. As we move quickly towards the end of the year, we expect the pace of M&A to continue to accelerate as companies push to complete transactions ahead of the pending tax code changes and fiscal cliff concerns set to take effect in January 2013 now that the US Presidential election is settled.

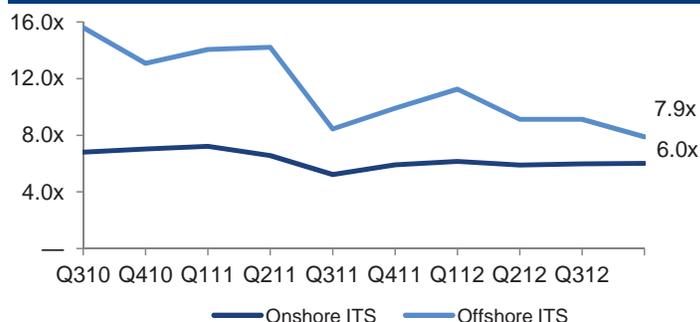
Current Valuations by IT Services Category (TEV/EBITDA)



IT Services Transaction Volume by Month



Valuation Trends Over Time (TEV/EBITDA)



IT Services M&A

- Deloitte Consulting** acquired **Recombinant**, a healthcare focused data warehousing services and clinical intelligence solutions provider
- Computer Science Corporation (CSC)** acquired **42Six Solutions**, a custom software development provider focused on business intelligence and mobile applications
- Dedagroup SpA**, an Italian systems integrator, acquired **Computer Science Corporation's** consulting business in Italy
- Aon Hewitt**, the large HR solutions business, acquired **Omnipoint's Workday Services Unit**, a leading provider of implementation services for the Workday application suite
- NTT Data** acquired **RMA Consulting**, a UK-based services provider focused on bespoke application design and development for the healthcare, financial services and government verticals
- Stratos Management Systems**, a managed services and IT solutions business backed by **Navigation Capital**, acquired **Computex**, a provider of virtualization, storage, networking and data center services

IT Services Rumor Mill

- Persistent Systems**, an Indian outsourcing and offshore application development platform, is seeking acquisitions that will expand its IP position, solution offerings and customer base
- Allgeier Holding**, a large IT services provider, is seeking acquisitions of high growth, medium sized companies in its core business areas
- Infosys** announced it is aggressively seeking acquisitions in the Pacific Rim, in particular in New Zealand

IT Services News

In a series of moves reversing a long-term industry trend, a number of industry bellwethers announced intentions to move outsourcing resources back to the US and leverage near-shore and rural sourcing alternatives.

Virtusa announced its intent to file a shelf registration statement for up to \$100 million of its common stock to be used for general working capital and acquisitions.

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



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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