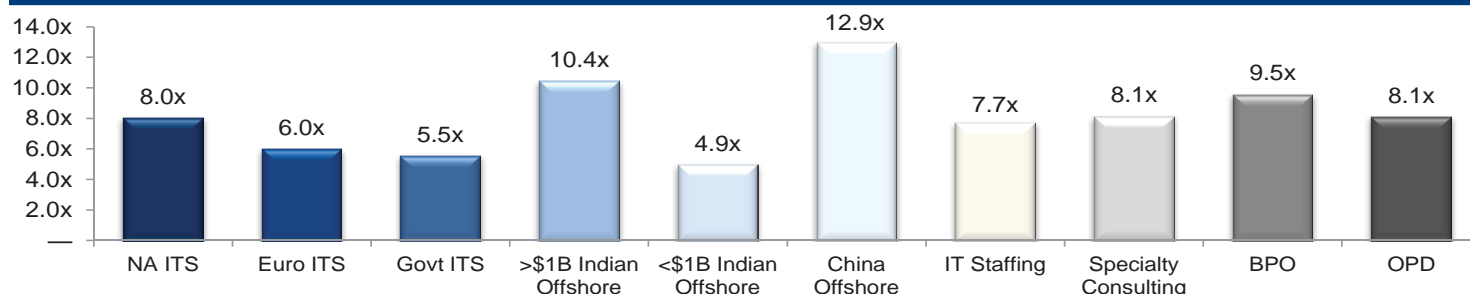




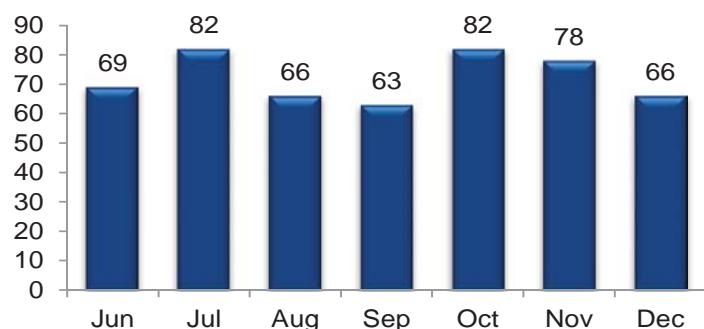
## IT Services Commentary

Contrary to expectations, the pace of M&A within the IT Services sector slowed in December, tallying only 66 transactions compared to 78 in November and 82 in October. In the end, it seems seller desires to complete transactions ahead of potential tax rate changes fell short of buyer concerns around the macroeconomic implications of a run off the fiscal cliff. Industry checks seem to verify delays in a number of deals, many of which should get back on track now that the government has found an interim solution to several of the tax, spending and program issues currently on the table. Despite this headwind, December bore witness to a number of interesting transactions, including Cogeco's acquisition of Peer1, Audax's buy-out of Data Intensity and ABRY Partners' acquisition of Basefarm – all high caliber, middle market managed services and hosting platforms. As we close the books on 2012 and look ahead to 2013, our services team at TM Capital remains bullish on sector fundamentals and M&A prospects. As long as the US market can evade scattered macroeconomic storm clouds floating over distant horizons, we believe 2013 will be a very active campaign for IT Services companies.

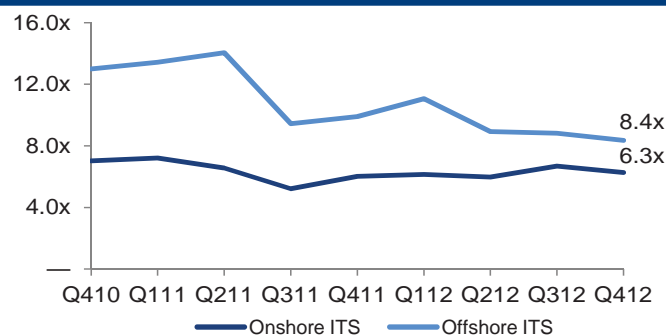
## Current Valuations by IT Services Category (TEV/EBITDA)



## IT Services Transaction Volume by Month



## Valuation Trends Over Time (TEV/EBITDA)



## IT Services M&A

**Cogeco Cable**, a Canadian telecom services provider, acquired **Peer1 Networks**, an internet infrastructure and managed services platform

**Cognizant Technology Solutions** acquired six subsidiary companies of the German IT conglomerate **C1 Group**, strengthening its presence in Germany and Switzerland while adding manufacturing, energy, utilities and financial services vertical expertise

**Cloud Sherpas**, a Google enterprise apps and cloud solutions integrator, acquired **CloudTrigger**, a Salesforce.com CRM services specialist

**All Covered**, the SMB managed services platform owned by **Konica Minolta**, acquired **InterTech Computer Products**, a hosting, infrastructure and managed services provider focused on the US Southwest

**Audax Group**, a leading private equity firm, acquired **Data Intensity**, an Oracle focused managed services and hosting platform

**Bunker Hill Capital** acquired **Vesta Partners**, an SAP enterprise asset management solutions specialist, which will be combined with **/N SPRO**, its existing SAP services investment

**ABRY Partners**, an active private equity investor in the managed services sector, acquired **Basefarm**, a rapidly growing Scandinavian provider of managed hosting and data center services

## IT Services Rumor Mill

**Altran Technologies** announced it is considering multiple acquisitions in Europe and India as well as PLM opportunities


**Hexaware Technologies**, a mid-tier offshore services platform, has allocated \$40-60 million for acquisitions in 2013

## IT Services News


**Heartland Advisors**, a leading shareholder of IT staffing specialist **Analyst International Corp.**, has advised the company to evaluate strategic alternatives, including a possible sale

**Stefanini IT**, a leading Brazilian technology services player, announced it will delay an anticipated 2013 IPO until at least 2015 due to macroeconomic concerns and the potential distraction to management as it executes its international growth strategy

## Providing Tech M&A Advisory Services on a Global Scale



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has divested its IT staffing business to


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has obtained a majority investment from





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### 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](http://www.tmcapital.com).

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