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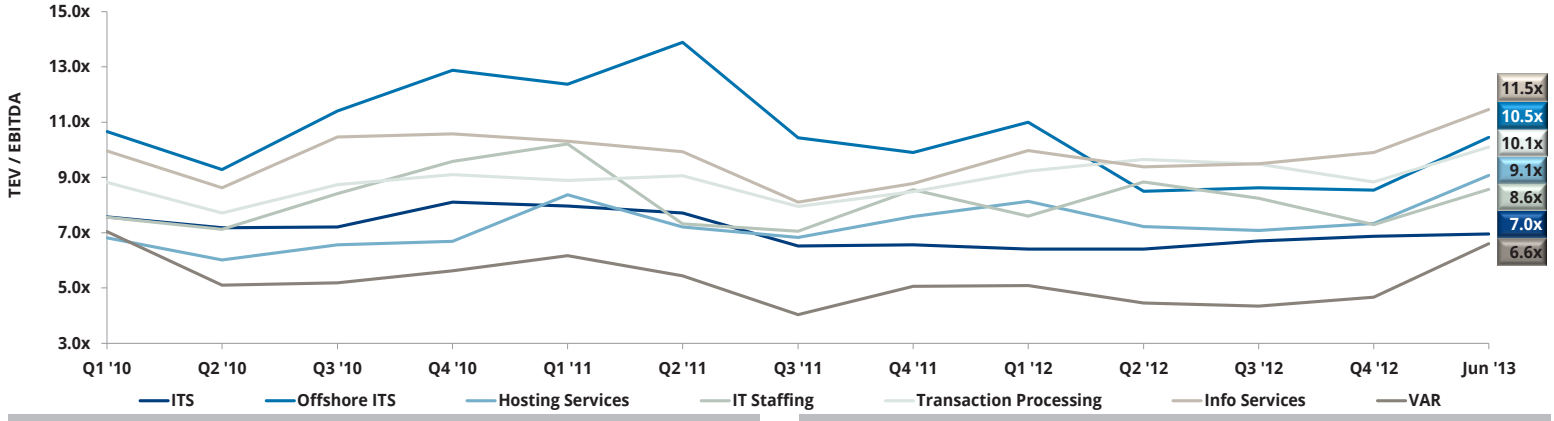
Tech-Enabled Services Monthly
July 2013

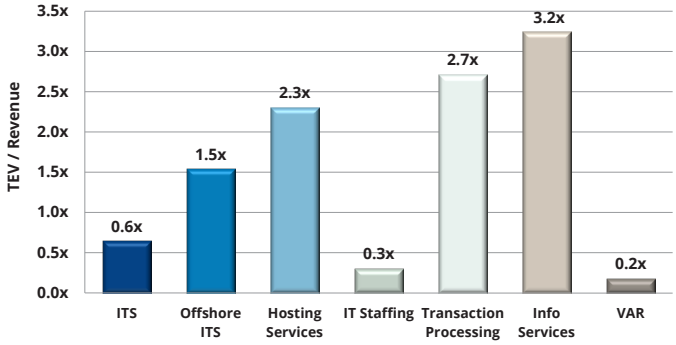
Tech-Enabled Services Market Commentary

July proved to be another exciting month for M&A activity in the Tech-Enabled Services sector. The data center and hosting services sector remained red hot with two notable acquisitions in the month. First, **Cinven Ltd.**, a London-based private equity firm, acquired hosting services provider **Host Europe** for $668 million. Second, **365 Main, Inc.**, a data center operator, purchased **Evocative, Inc.**, a colocation and managed services provider operating a data center facility located in Emeryville, California. This marks the 17th data center acquisition for 365 Main, who rounded up 16 data center facilities last fall. On the IT Services front, **Accenture's** federal IT consulting practice acquired **ASM Research, Inc.**, an IT consulting firm focused on the government vertical, in a move that will strengthen Accenture's opportunities with the Department of Defense and Veterans Affairs. **Deloitte** acquired **Quattro Integration Group**, an SAP consulting firm, for an undisclosed amount, further enhancing the Company's SAP and business transformation services. **Stefanini IT Solutions** acquired **RCG Global Services**, an IT staffing firm, to strengthen its presence in the U.S. This marks Stefanini's third recent U.S. acquisition, on the heels of its purchase of TechTeam Global and Code X. As evidenced by the amount and quality of deals announced in July, there continues to be substantial M&A activity in the TES sector and we expect this trend to continue as we enter the second half of the year.

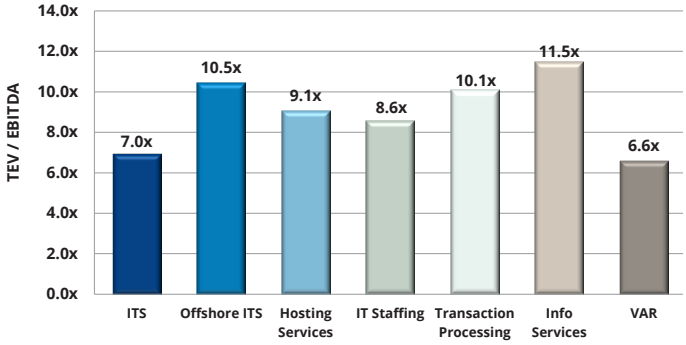
TEV / EBITDA Multiples Over Time



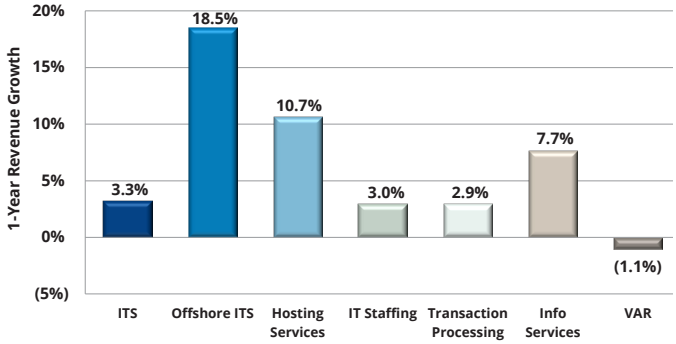
TEV / Revenue



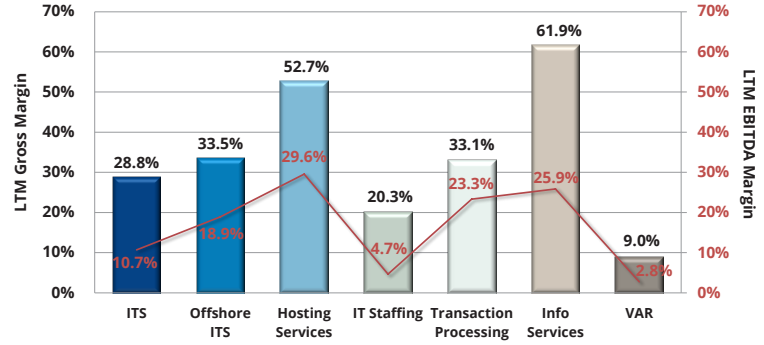
TEV / EBITDA



1-Year Revenue Growth



LTM Gross & EBITDA Margins



Select Tech-Enabled Services Transactions Announced in July

Annc. Date	Sector	Acquirer	Target	Target Description	Enterprise Value	Comments
07/31/13	IT Services	Accenture Federal Services, LLC	ASM Research, Inc.	ASM Research, Inc. provides information technology solutions and analytical services to government clients. It offers systems engineering solutions and services, including design, integration, maintenance, and upgradation of systems.	NA	Acquisition of ASM Research will expand Accenture's capabilities and opportunities with the Department of Defense and Veterans Affairs. Moreover, Accenture's U.S. federal health capabilities will be strengthened.
07/30/13	IT Services	DataBank IMX, LLC	eDocument Resources, LLC	eDocument Resources, LLC is an information technology consulting company that provides enterprise content management and document workflow solutions. The company offers business and technology consulting services, as well as project management, implementation, and support for a variety of technologies related to content management.	NA	eDocument will provide DataBank an impressive client roster, management team, and solutions capabilities particularly within the State and Local Government, Insurance, and Healthcare markets. This acquisition also extends DataBank's geographic footprint.
07/26/13	IT Services	EarthBend, LLC	East River Technologies, Inc.	East River Technologies, Inc. offers technology consulting, sales, and services. It offers business technology consulting, hardware, software and supply sales, network monitoring and management, cloud based continuous data backup and storage, and hosted servers for applications.	NA	This acquisition will support EarthBend's focus on supporting its Midwest customer base through an expanded capability and solutions offering. East River's team will further enhance the sales and technical experience at EarthBend.
07/24/13	Info Services	Penton Media, Inc.	Aviation Week	Aviation Week publishes magazines and market briefings in the areas of commercial aviation, business aviation, maintenance/repair/overhaul, defense, and space.	NA	Acquisition of Aviation Week will make Penton Media the largest targeted marketing platform for companies and executives in the aviation industry. Penton's marketing services and data product development will spur further growth for Aviation Week.
07/22/13	VAR	LogicsOne, Inc.	Qoncert, LLC	Qoncert, LLC distributes and markets Cisco's communications equipment such as routers, switches, and wireless and business equipment. The company also offers IT consulting and monitoring and support services.	NA	LogicsOne will provide Qoncert a marketing and technical engineering staff that augments its Unified Communications & Collaboration, Wireless, and Security practices. The Company also provides an extensive portfolio of IT products and services.
07/19/13	Hosting Services	Cinven Ltd.	Host Europe WVS Ltd.	Host Europe WVS Ltd. provides enterprise hosting, managed dedicated servers, shared virtual server hosting, server co-location, domain name registration, and a range of e-services primarily to the small to medium sized enterprise community.	$668.0	Private Equity firm Cinven Group announced it will acquire Host Europe Group nearly three years after Montagu Private Equity acquired the Company for $344 million. The acquisition marks a string of high-profile purchases for Cinven, who purchased CeramTech, a ceramics company, for $2 billion.
07/17/13	Managed Services	Arcadia Asia Company Ltd.	A-HOST Company Ltd.	A-HOST Company Ltd., an application service provider, provides managed services for Oracle E-Business Applications in Thailand. It offers implementation services and on-going support services.	$3.8	A-HOST will bolster Arcadia's managed services offerings. A-HOST's team of experienced IT professionals and impressive partnerships with Oracle and IBM will strengthen Arcadia's presence in the IT Services space in Thailand.
07/17/13	Managed Services	Warner Connect, Inc.	HeatSeeker Technology Partners, Inc.	HeatSeeker Technology Partners, Inc. builds and manages technology. It provides managed information technology (IT) and communications solutions customized to meet the individual needs of businesses.	NA	Through the merging of Warner Connect and HeatSeeker, the combined entity will provide a comprehensive cloud platform and multiple data centers throughout the Midwest.
07/16/13	Managed Services	StarPoint Advantage, Inc.	Balti Group Consulting	Balti Group Consulting provides managed outsourced information technology, data protection, hosting, vendor management, and voice over Internet protocol solutions.	NA	Balti Group will broaden StarPoint's market share and add new capabilities that complement the Company's existing service offering.
07/11/13	Hosting Services	365 Main, Inc.	Evocative, Inc.	Evocative, Inc. provides colocation and managed services to small and mid-sized businesses in the United States. Its data center provides cabinet collocation services and network and managed services.	NA	This acquisition will build on 365 Main's presence in San Francisco, where the Company is based, through Evocative's facility in Emeryville, California. This will be the Company's 17th data center, following its purchase of 16 data centers from Equinix last fall.
07/09/13	Hosting Services	The Stephens Group, LLC	Bay Area Internet Solutions, Inc.	Bay Area Internet Solutions, Inc., also known as BAIS, operates as a facilities-based co-location, managed IT solutions, and high speed access provider in California. The company offers datacenter co-location services, hosted solutions, managed services, and Internet access services.	NA	Bay Area Internet Solutions complements the specific value drivers of the Stephens Group's business and will provide the Company increased power solutions through high performance platforms such as cloud services.
07/09/13	Hosting Services	intergenia AG	internet24 GmbH	internet24 GmbH operates as an Internet service provider (ISP). The Company offers domain reservation, web hosting, dedicated servers, server housing, and implementation of projects.	NA	Acquisition of internet24 will strengthen intergenia's managed hosting services position in the German market. Internet24 currently has 20,000 customers including a number of global ecommerce companies, which will bolster intergenia's clientele roster.
07/08/13	IT Services	Deloitte	Quattro Integration Group	Quattro Integration Group offers SAP consulting services. It offers SAP implementation, optimization, maintenance, support, and advisory services to medium and large businesses in the energy and resources sector in Alberta, Canada.	NA	The combined talent and capabilities of Deloitte and Quattro will allow Deloitte to provide its clients with enhanced SAP and business transformation strategies, processes, tools, guidance, and implementation services to compete in an increasingly difficult market.
07/08/13	IT Staffing	Stefanini IT Solutions	RCG Global Services, Inc., RCG Staffing	RCG Global Services, Inc., RCG Staffing comprises a division providing IT staffing and solutions.	NA	RCG marks Stefanini's third recent U.S. acquisition, following its purchase of TechTeam Global and Code X. Acquisition of RCG will strengthen Stefanini's recruiting capability by adding a second offshore recruiting center in the Asia-Pacific region.
07/03/13	IT Services	Atos (Australia) Pty Ltd.	Windowlogic Pty Ltd.	Windowlogic Pty Ltd., a technology consulting company, provides information management systems and services to blue chip clients in Australia and New Zealand. The company specializes in Autonomy, EMC, Microsoft, and Open Text solutions.	NA	Atos acquired WindowLogic to expand its geographic and market presence across the Asia-Pacific and New Zealand territories. The acquisition is a complementary fit in terms of customer type and business offerings.
07/02/13	IT Services	Tribridge, Inc.	Intelladon Corporation	Intelladon Corporation offers consulting and system integration services in the area of human capital management.	NA	This acquisition will provide Intelladon greater access to capital and operational resources. Moreover, the acquisition will provide the companies a shared opportunity for expansion.

Notes: USD in millions
Source: Capital IQ, Company SEC Filings, industry research and TM Capital estimates

Select TM Capital Tech-Enabled Services Experience

TriTek Solutions — Linking people, process and content — has been acquired by Perficient

Home Service Store — a portfolio company of Jupiter Partners LLC — has been acquired by Roark Capital Group

BWise — Business in Control — has been acquired by NASDAQ OMX

PowerSteering Software — a portfolio company of Advent International and Hudson Ventures — has been acquired by Silverback Enterprise Group

CentiV — marketing on demand — has been acquired by Riverside

CedarCrestone — has been acquired by Golden Gate Capital

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 $13.5 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 40 countries. Members have closed over 1,300 transactions totaling more than $75 billion in value over the past five years. For more information, visit www.tmcapital.com.

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