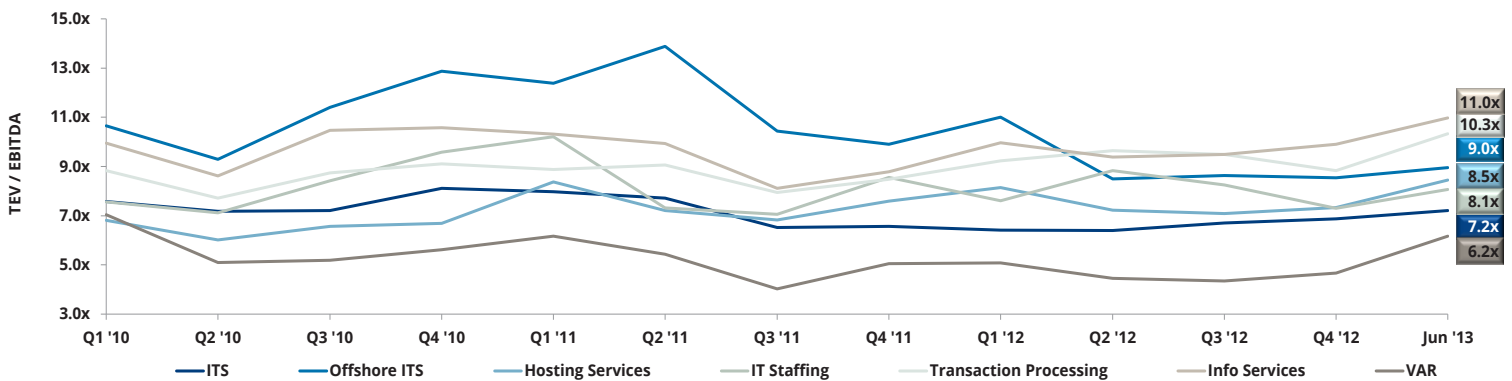


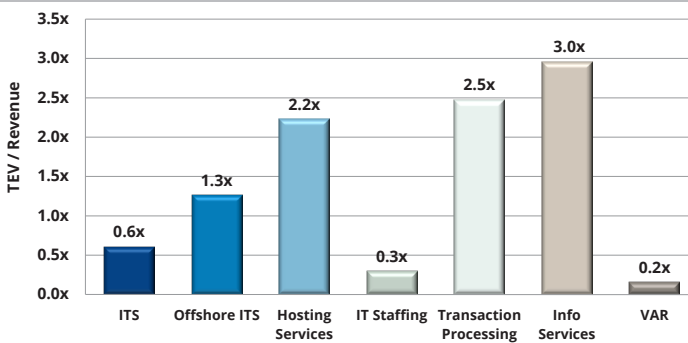
Tech-Enabled Services Market Commentary

In June we observed a significant amount of M&A and fundraising activity in the Tech-Enabled Services sector. The most notable transaction in June was **IBM's** acquisition of cloud infrastructure provider **SoftLayer Technologies, Inc.** for \$2 billion. The acquisition is another example of the increased attention being given to cloud computing in the enterprise. **Mobiquity, Inc.**, a mobile application development company, received \$12 million in a Series B financing led by **NewSpring Capital**, a technology and business services growth equity fund. Hosting and Managed Services players continue to be at the top of the acquisition "wish-lists" of many strategic buyers. **CentriLogic, Inc.** continued its three-month streak of acquisitions with the purchase of **Datacentec, Inc.**, a North Carolina-based hosting provider operating a 23,000 sq. ft. data center facility. **Earthlink** returned to the M&A game from a two-year hiatus and acquired **CenterBeam, Inc.**, a provider of desktop and infrastructure management services. In the managed security services sector, Japanese conglomerate **NTT** acquired **Solutionary, Inc.**, one of the last remaining, independent security and compliance management solutions providers of meaningful size in the market. As evidenced by the sheer volume and quality of deals announced last month, the TES sector continues to be a bright light in an otherwise slow M&A environment, and we don't see any signs of a slowdown of activity in this sector.

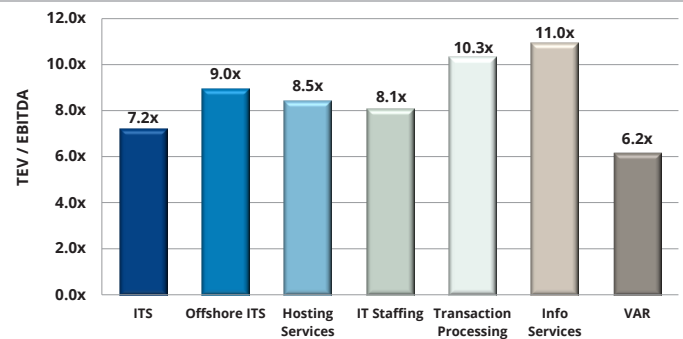
TEV / EBITDA Multiples Over Time



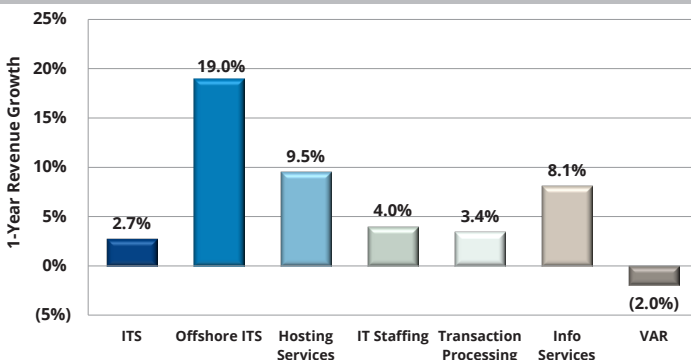
TEV / Revenue



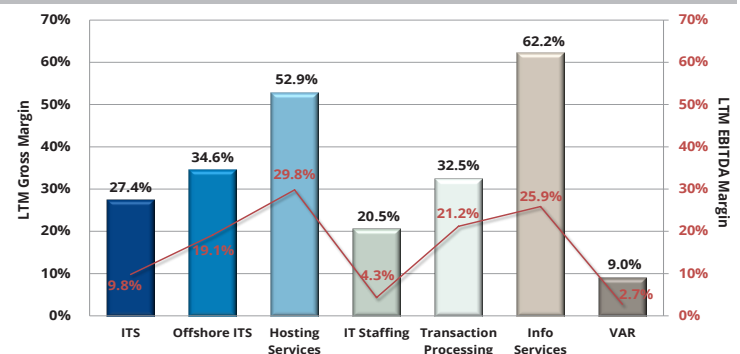
TEV / EBITDA



1-Year Revenue Growth



LTM Gross & EBITDA Margins



Select Tech-Enabled Services Transactions Announced in June

Ann. Date	Sector	Acquirer	Target	Target Description	Enterprise Value	Comments
06/27/13	IT Services	Enables IT Group plc	The Support Force Systems Ltd.	The Support Force Systems Ltd. provides hosted application and managed information technology services to small to medium sized companies. It offers information technology support, workstations, servers, security, recovery, and email services.	\$1.8	This acquisition deepens the service offering of Enable's clients and strengthens the Company's managed services coverage in anticipation of increasing demand.
06/24/13	IT Services	Return on Intelligence, Inc.	Exigen Services Ltd.	Exigen Services Ltd., an information technology company, provides application outsourcing services. It offers custom software development, application security, business intelligence, and Web application development services.	NA	Acquisition of Exigen provides Return on Intelligence deep experience in helping clients plan and execute core system transformations.
06/23/13	Hosting Services	Adapt Services Ltd.	Sleek Networks Ltd.	Sleek Networks Ltd., a hosting service provider, specializes in delivering and maintaining bespoke hosting environments for SME to large corporate customers in the United Kingdom. It offers virtual private servers, dedicated servers, enterprise hosting solutions, and GSLB multi-site solutions, as well as network services.	NA	Adapt Services' wide portfolio of managed services and award-winning enterprise virtual data center platform will provide Sleek's customers a deeper level of support. Further, the companies have a great deal of synergy and share values of service quality, technical excellence, customer focus and ease of use.
06/21/13	Info Services	The Construction Journal Ltd.	Construction News Corporation	Construction News Corporation provides an online construction news service for Ohio, Michigan, and other surrounding areas. It offers construction information services and project lead information and tools to general contractors, subcontractors, and suppliers.	NA	Acquisition of Construction News Corporation will expand The Construction Journal's footprint into Ohio and Michigan and provide the Company a knowledgeable staff with over two decades of experience.
06/17/13	Hosting Services	Sago Networks, Inc.	Razor Servers, Inc.	Razor Servers, Inc. owns and operates a data center in Philadelphia, Pennsylvania and provides backup and virtual private data center services, as well as custom services for home or office information technology needs.	NA	Acquisition of Razor is strategic to Sago's expansion plans and strengthens its connection to the world of dedicated and cloud based hosting solutions.
06/17/13	IT Services	Nippon Telegraph and Telephone Corporation	Solutionary, Inc.	Solutionary, Inc. provides security and compliance management solutions in North America and Europe. It offers managed security, security and compliance management, and security consulting services.	NA	Solutionary augments NTT's ability to address the increasing concerns of security and regulation requirements caused by the fast adoption rate of cloud computing.
06/17/13	IT Services	EarthLink, Inc.	CenterBeam, Inc.	CenterBeam, Inc. provides outsourced managed information technology services. It offers desktop management services and infrastructure management services.	\$22.0	Acquisition of CenterBeam accelerates EarthLink's goals of becoming an IT Services player at the forefront of cloud virtualization. CenterBeam provides EarthLink scale and complementary product offerings.
06/13/13	Hosting Services	Savvis, Inc.	AppFog, Inc.	AppFog, Inc. is the leading platform-as-a-service provider of PHP, Ruby, Node.js, and Java. With over 100,000 applications and counting, AppFog delivers a reliable, scalable and fast platform for deploying apps in the cloud.	NA	Savvis has expressed interest in broadening its reach to enterprise developers, and acquisition of AppFog will provide it a "house brand" PaaS of its own.
06/13/13	Hosting Services	CentriLogic, Inc.	Dacentec, Inc.	Dacentec, Inc. provides hosting, co-location, and technology-neutral green cloud data center services.	NA	Dacentec marks CentriLogic's second acquisition in three months. The acquisition will bolster CentriLogic's hybrid hosting, managed services, and cloud computing solutions and strengthen its international expansion efforts.
06/12/13	Hosting Services	OnX Enterprise Solutions Ltd.	Worknet, Inc.	Worknet, Inc. provides managed information technology (IT) hosting services for midsize companies. It offers application hosting and management, managed email and archiving, and private and managed cloud services and solutions. The Company also provides disaster recovery solutions.	NA	Acquisition of Worknet accelerates OnX's investment in the cloud and managed services market and extends the Company's data center operations.
06/11/13	IT Services	NetGain Technologies, Inc.	NCDTech	NCDTech, an information technology (IT) network management company, provides managed IT services to businesses in various industries. The company offers computer support, infrastructure management, and network security services. Its services include cloud computing and managed servers.	NA	NCDTech represents NetGain's fourth acquisition in three years and exemplifies their growth as a leader in the managed IT Services industry. This acquisition will provide NCDTech's customers a wide array of new services and enable the Company to attract larger, more diversified clients.
06/10/13	IT Services	Avnet, Inc.	Seamless Technologies, Inc.	Seamless Technologies, Inc. provides business service automation and management solutions for healthcare, telecommunications, financial services, and government. Further, the company provides data center automation, cloud computing, service management, restore operational, and ITIL/compliance solutions.	NA	Avnet has made efforts to expand its cloud offerings. Seamless Technologies will help the Company drive implementation and resources around large-scale private cloud hybrids and public clouds.
06/05/13	Hosting Services	NeoSystems Corporation	MoCo IT, Inc.	MoCo IT, Inc., an information technology (IT) company, designs, implements, and manages on-premise infrastructure and software solutions. It offers various products and services, such as domain registration, DNS and Web hosting, email-hosted exchange and POP, dedicated servers, and virtual dedicated servers.	NA	By acquiring MoCo IT, NeoSystems will strengthen its IT expertise, particularly in Managed IT Services. NeoSystems will provide an experienced IT team and further enhance MoCo IT's customer service offerings, which the target company believes is paramount.
06/05/13	IT Services	Sigma Partners; NewSpring Capital; Longworth Venture Partners; NewSpring Growth Capital III, L.P.	Mobiquity, Inc.	Mobiquity, Inc., a professional services company, provides development services for enterprise-class mobile solutions and applications. Its services include mobile integrating strategies, user experience design, and mobile application development, covering building, deployment, and management.	NA	Mobiquity's latest round of Series B funding will support its geographic expansion and help to further diversify its product portfolio to keep up with the surging demand for mobile solutions.
06/04/13	Hosting Services (SaaS)	International Business Machines Corporation	SoftLayer Technologies, Inc.	SoftLayer Technologies, Inc. operates a cloud infrastructure platform for companies building Internet scale. It offers cloud infrastructure solutions, managed hosting services, and security services.	\$2,000.0	IBM's acquisition is a clear indicator of the firm's attention to the increased adoption of cloud computing in the enterprise. SoftLayer accelerates IBM's ability to integrate public and private clouds for its clients.

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

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