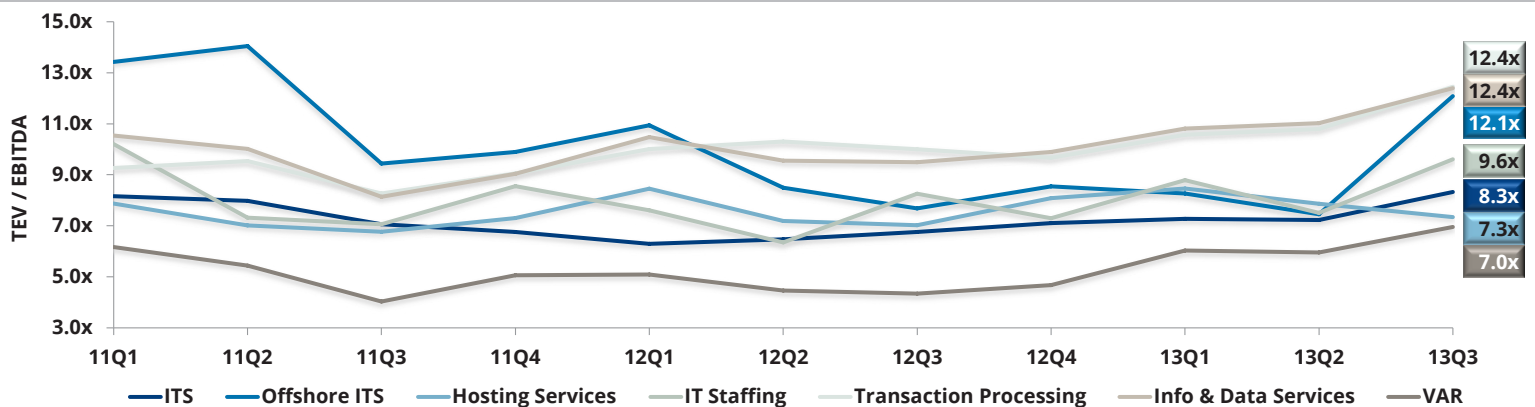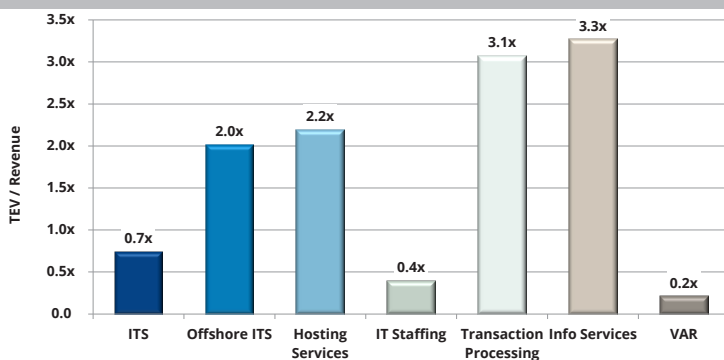## Tech-Enabled Services Market Commentary

A number of high profile acquisitions were announced in the Tech-Enabled Services sector last month, including several transactions in the $300-$900 million value range. The cloud sector took center stage once again as **Computer Sciences Corporation** announced its acquisition of **ServiceMesh, Inc.**, a startup that centralizes management of multiple clouds, for $325 million. **NTT Communications** acquired two cloud-related companies, **Virtela Technology Services, Inc.** and **RagingWire Enterprise Solutions, Inc.**, for $525 million and $350 million, respectively. NTT has been very aggressive on the M&A front this year in an effort to bolster its cloud and telecommunications solutions. In the IT Services sector, **Perficient, Inc.** acquired **CoreMatrix Systems, LLC**, an IT consultancy that provides cloud computing consulting and systems integration, for $32 million. **ODSA Ltd.** acquired **GlobalLogic, Inc.**, a full product lifecycle services provider, for $420 million with funds from **Apax Partners**. Finally, **Deloitte & Touche LLP** acquired **Quattro Innovation Group Pty Ltd.** to further expand its technology consulting practice. Hosting services provider **iomart Group** acquired **Backup Technology Ltd.** for $37 million, following the Company's purchase of **Redstation** in September. The size and quality of transactions announced in October suggest M&A activity in the TES sector will remain robust as 2013 comes to a close and we usher in a new year.
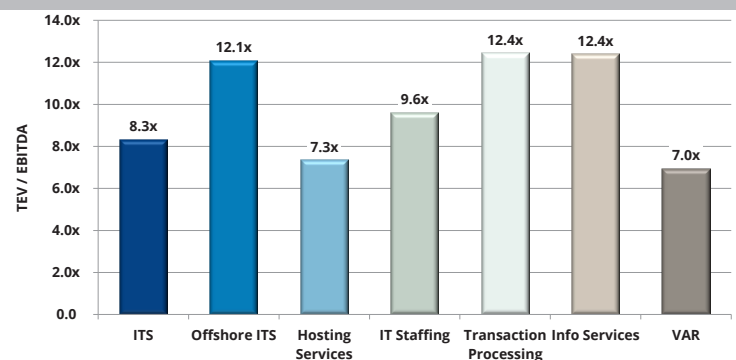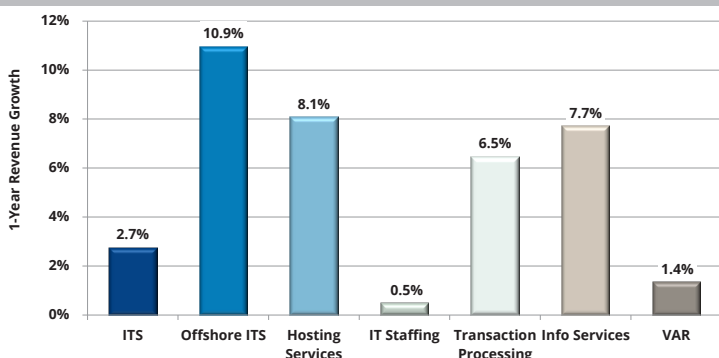
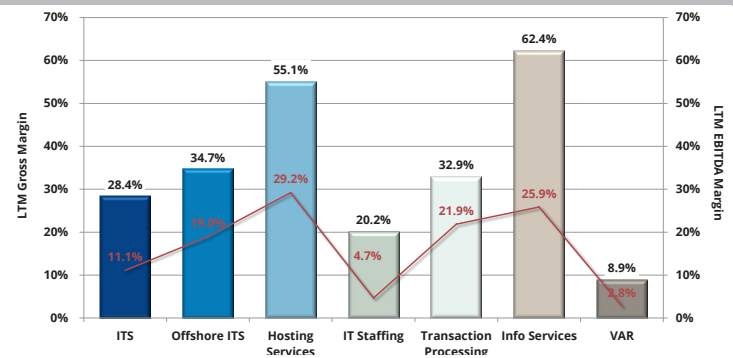## TEV / EBITDA Multiples Over Time

TEV / Revenue

TEV / EBITDA

1-Year Revenue Growth

LTM Gross & EBITDA Margins

Select Tech-Enabled Services Transactions Announced in October

Annc. Date	Sector	Acquirer	Target	Target Description	Enterprise Value	Comments
10/30/13	Managed Services	Computer Sciences Corporation	ServiceMesh, Inc.	ServiceMesh, Inc. provides an enterprise grade cloud management platform that automates the deployment and management of enterprise applications across private, public, and hybrid cloud environments, enforces governance, compliance, and security across the full lifecycle of cloud applications, and provides application release automation.	$325.0	ServiceMesh will enable CSC to extend its business cloud service and offer key strategic support to better compete against dominant cloud players. ServiceMesh provides its services to Global 2000 clients across a variety of industries and received $15 million in funding from Ignition Partners in 2011.
10/28/13	Managed Services	NTT Communications Corporation	Virtela Technology Services, Inc.	Virtela Technology Services, Inc. provides managed network, security, and cloud solutions for midmarket and Fortune 500 companies worldwide. It offers a suite of services, including managed networks, security, application acceleration, cloud-based mobile device management, and IT infrastructure management.	$525.0	NTT has continued its streak of acquisitions this year with its purchase of Virtela Technology Services for about $525 million. This acquisition will help strengthen the Company's cloud and telecommunications solutions worldwide, offering enterprise customers services ranging from branch office networking to cloud migration.
10/28/13	Managed Services	NTT Communications Corporation	RagingWire Enterprise Solutions,	RagingWire Enterprise Solutions, Inc. provides colocation and hosting solutions, managed services, such as storage, backup, remote hands and eyes, monitoring, migration planning, disaster recovery, and professional IT services, including infrastructure design and installation, cabling and wire planning, and relocation.	$350.0	RagingWire will enable NTT to take advantage of surging domestic demand for data center services and positions the Company for future growth, as RagingWire has plans to expand throughout California and Virginia.
10/15/13	IT Services	Deloitte & Touche LLP	Quattro Innovation Group Pty Ltd.	Quattro Innovation Group Pty Ltd. provides cloud consulting, system integration, and application development services for enterprises. The Company assists clients with the implementation of cloud applications suites, such as Salesforce CRM and FinancialForce Accounting and undertakes custom web services and ETL middleware integration projects.	NA	Deloitte's acquisition of Quattro further illustrates an increased focus towards technology consulting amongst the big four. This marks the third transaction in Deloitte's technology practice over the last five weeks. Quattro will help strengthen the Company's CRM technology and implementation practice.
10/15/13	Hosting Services	The Go Daddy Group, Inc.	(mt) Media Temple, Inc.	(mt) Media Temple, Inc. provides web hosting and virtualization services in the United States and internationally. It specializes in the areas of high-scale virtualization, clustering, and storage. It also provides professional-class services to host websites, business applications, virtual servers, email, and other rich Internet content to businesses and consumers.	NA	GoDaddy acquired hosting services provider Media Temple for an undisclosed amount as part of the Company's strategy to build out premium services for its clients. Media Temple will continue to operate as a separate business. This acquisition has been GoDaddy's sixth in the last fifteen months.
10/14/13	IT Services	Perficient, Inc.	CoreMatrix Systems, LLC	CoreMatrix Systems, LLC provides consulting services to deploy cloud-based solutions. It offers its services for the design, implementation, adoption, and support of on-demand software/cloud based solutions for mid-sized companies.	$31.5	CoreMatrix will stengthen Perficient's cloud computing offerings, social strategy and execution services, and CRM user adoption. The Company specializes in Salesforce cloud computing services and solutions and generates an estimated $15 million in annual services revenue.
10/10/13	IT Services	Cancom SE	Pironet NDH AG	Pironet NDH AG is engaged in cloud computing and content management activities in Germany. Its cloud computing portfolio includes software and desktop as a service, managed hosting, networks, infrastructure, and capacity and storage on demand services.	$62.7	Cancom has acquired Pironet to provide its customers a full range of cloud solutions and will enable the Company to implement hybrid cloud environments. Pironet is a leading German ICT outsourcing company for mid-sized enterprises.
10/09/13	Info Services	CACI International, Inc.	Six3 Systems, Inc.	Six3 Systems, Inc. provides intelligence, defense, and civilian solutions to national security agencies and critical missions in the United States. It offers intelligence solutions, such as identity intelligence and biometrics, forensics and analysis, counterintelligence operations support, and HUMINT operations support, among other services.	$820.0	CACI International acquired Six3 Systems from private equity firm GTCR to bolster its intelligence support services to the US government and shift away from providing mainly services and staff. This deal marks CACI's largest acquisition to date. Other potential buyers of Six3 Systems included Raytheon and Lockheed Martin.
10/08/13	IT Services	Lionbridge Technologies, Inc.	E5 Systems, Inc.	E5 Systems, Inc. operates as an application lifecycle services company in the United States. It offers portfolio management strategy, application transformation, software product development, systems maintenance and enhancement, quality assurance/testing, staff, and hosting services.	$3.8	The addition of E5 Systems to Lionbridge Technologies provides the IT consulting firm an opportunity to expand its presence in China and also meet surging demand for integrated onshore and offshore solutions.
10/08/13	IT Services	ODSA Ltd.	GlobalLogic, Inc.	GlobalLogic, Inc. provides software R&D services. It offers advisory services that focus on globalization, location portfolio strategy, captive transformation, product architecture, product delivery/deployment, distributed agile adoption, test transformation, automation, and new product development and ideation services.	$420.0	ODSA Ltd. acquired GlobalLogic with funds from Apax Partners, a global private equity firm, in a deal that will further enable GlobalLogic to deliver design and engineering solutions to companies worldwide. Apax will help foster the Company's growth momentum and market share in key markets across the globe.
10/08/13	VAR	TDS Hosted & Managed Services, LLC	MSN Communications, Inc.	MSN Communications, Inc. offers contact center solutions and data center solutions, such as data center networking infrastructure, data center storage networking, virtualization with VMware, and storage consolidation and de-duplication, among other solutions.	$40.0	TDS Hosted & Managed Services acquired MSN Communications to strengthen the Company's ITS capabilities and customer relationships. MSN Communications has achieved the highest level partner status with vendors including Cisco, EMC, VMWare, AVE, Appspace, NetApp, and F5.
10/07/13	Managed Services	Deloitte & Touche LLP	GoLiveSystems, Inc.	GoLiveSystems, Inc. provides consulting and support services for EPM and BI solutions. The Company specializes in the implementation of Hyperion EPM and Oracle BI and data management product suites. It offers consulting, process improvement, change management, implementation, and infrastructure technology.	NA	Deloitte has saught to strengthen its analytics service offerings in the Oracle space as of late, and has acquired GoLiveSystems in an effort to provide EPM/BI solutions to its clients. GoLiveSystems is an Oracle Gold Partner based in Toronto that provides extensive Hyperion EPM and Essbase solutions.
10/01/13	Hosting Services	iomart Group plc	Backup Technology Ltd.	Backup Technology Ltd. provides online backup and business continuity solutions to organizations in the United Kingdom and internationally. The Company offers offsite public and onsite private cloud services, file and email archiving, laptop backup services, and onsite and offsite disaster recovery solutions.	$37.2	Backup Technology provides iomart a solid platform with which it can strengthen its portfolio of existing products. Further, Backup Technology boasts around 200 enterprise clients, including Siemens and British Red Cross. Last September, iomart acquired dedicated server and managed services provider Redstation for $12.6 million.
10/01/13	IT Services	LLR Partners, Inc.	Cigital, Inc.	Cigital, Inc. operates as a software security consulting company. The Company's consulting services include application penetration testing, secure code review and static analysis, architecture risk analysis, BSIMM, mobile security, information security policies, software security standards development, and managed services, among other services.	$50.0	Highly publicized breaches and increasingly stringent compliance standards have driven growth for IT security providers. LLR has vast knowledge in the security and IT services sector, with current portfolio investments including HighPoint Solutions, Paragon Technology Group, System Development.Integration, and Tribridge.

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

Select TM Capital Tech-Enabled Services Experience

MarketSphere Oracle Solutions
a portfolio company of
McCarthy Capital
has been acquired by
Grant Thornton

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

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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