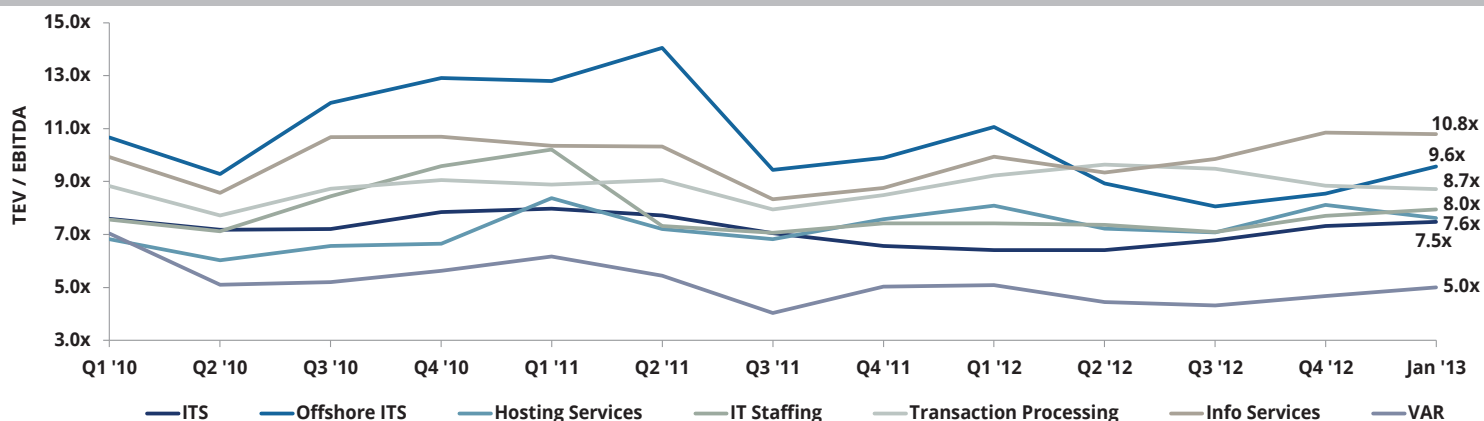


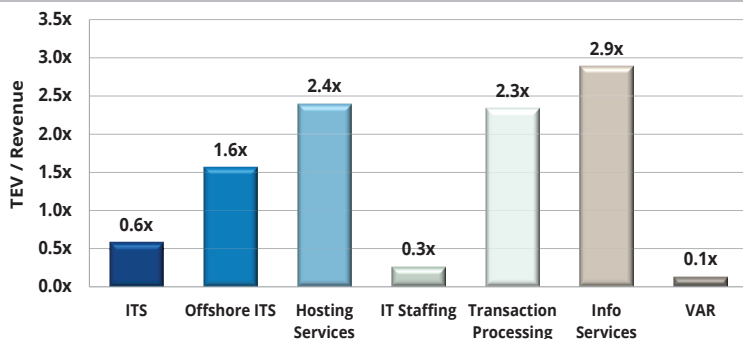
Tech-Enabled Services Market Commentary

As we head into 2013, it is clear that the grey line which has existed between software and services for some time has become increasingly blurry and hard to define. Recognizing this evolution, we have expanded our traditional research coverage of the IT Services space to now encompass the broader Tech-Enabled Services sector. January featured some interesting transactions by both strategic and financial acquirers. Valuations across this sector remained strong and the scarcity of quality, sizeable assets created intense competition among buyers. M&A activity in the IT services space was particularly robust as **Hitachi Consulting** led the way with a notable acquisition of the global consultancy, **Celerant Consulting**. **Cloud Sherpas** continued its acquisition spree in the cloud services spree with the acquisition of **Navigis**. In addition, the red-hot Hosting Services space featured notable acquisitions by **Intermedia.net**, **Systems Maintenance Services** and PE firm, **Novacap Investments**, among others. Based on our conversations with acquirers in this sector, we expect 2013 to be another active M&A year which bodes well for owners of well-run, sizeable Tech-Enabled Services businesses that have generated strong momentum in the market.

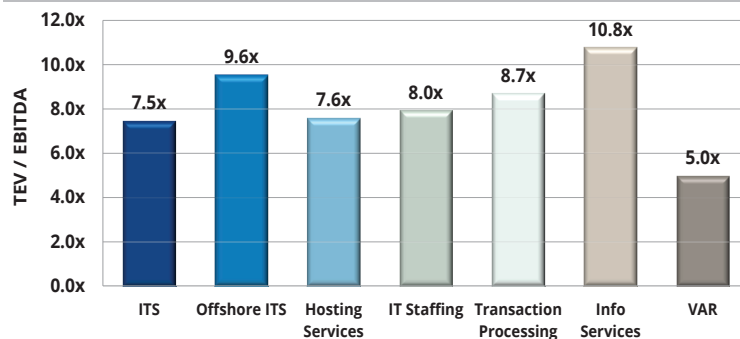
TEV / EBITDA Multiples Over Time



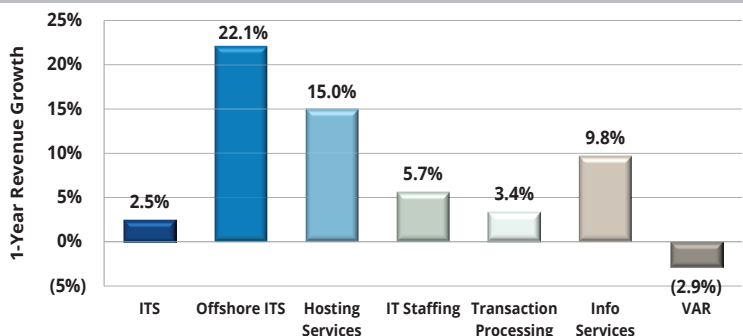
TEV / Revenue



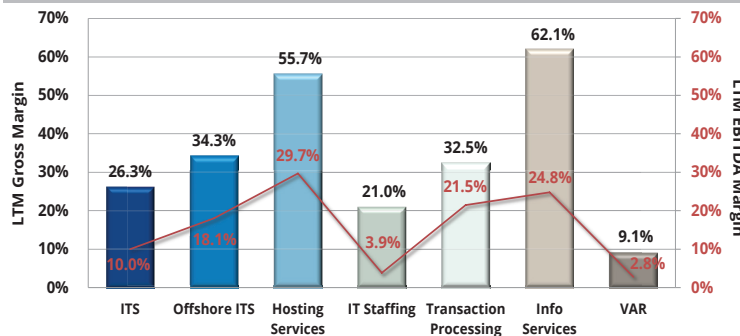
TEV / EBITDA



1-Year Revenue Growth



LTM Gross & EBITDA Margins



Select Tech-Enabled Services Transactions Announced in January

Annnc. Date	Sector	Acquirer	Target	Target Description	Enterprise Value	Comments
01/31/13	Transaction Processing	Fidelity National Information Services, Inc.	mFoundry, Inc.	Provides solutions for mobile financial services. It offers a platform that enables banking, payments, wallets, and e-commerce.	\$153.8	FIS acquired remaining 78% not owned. Combines FIS's presence in banking and mFoundry's innovative mobile solutions.
01/31/13	Transaction Processing	ACI Worldwide, Inc.	Online Resources Corp.	Develops & supplies its proprietary system to enable ePayment choices between consumers and financial institutions, creditors, and billers.	\$110.1	Strengthens ACI's leadership in the online channel and adds complementary online banking and bill payment solutions.
01/22/13	Hosting Services	Intermedia.net, Inc.	Telanetix, Inc.	Operates as a cloud based Internet protocol (IP) voice services company.	\$47.4	Adds next generation hosted voices services to portfolio and accelerates "Office in the Cloud" strategy.
01/22/13	IT Services	Investcorp Bank B.S.C.	FishNet Consulting, Inc.	Doing business as FishNet Security, Inc., the company provides information security solutions for businesses.	NA	PE play to get into the high growth security services sector. Potential multiple expansion: Invest in VAR, build out services.
01/16/13	IT Services	SapientNitro Pty Ltd.	iThink Comunicação e Publicidade Ltda.	The company operates as a digital agency and is based in São Paulo, Brazil.	NA	Expands SapientNitro's digital agency presence into Latin America and rounds out its footprint in all of the BRIC countries.
01/15/13	IT Services	Cloud Sherpas, Inc.	Navigis Inc.	Provides information technology service management (ITSM) solutions to companies.	NA	Provides greater capabilities in the cloud advisory, messaging, collaboration and CRM markets.
01/10/13	Hosting Services (SaaS)	Marlin Equity Partners, LLC	Verisae, Inc.	Provides asset, energy, waste, and water management solutions for measuring and managing energy costs and carbon emissions.	NA	PE acquisition of a provider of SaaS solutions that help retailers manage energy, environmental and sustainability programs.
01/09/13	IT Services	ManTech International Corporation	ALTA Systems, Inc.	Provides information technology and professional services to government and commercial sectors.	NA	Expands presence in Healthcare IT and positions it to win projects related to the Patient Protection and Affordable Care Act.
01/08/13	IT Services	itelligence AG	Software AG, SAP Product Specific Services	The SAP Product Specific Services division offers SAP consulting, licensing, and other services.	NA	Acquisition of former IDS Sheer business of Software AG. Adds capabilities in automotive, CPG and manufacturing verticals.
01/08/13	IT Services	LLR Partners, Inc.	Alsbridge Inc.	Offers outsourcing services in the areas information technology, infrastructure, network carrier, and information technology applications.	NA	PE investment in a leading provider of telecom sourcing, benchmarking and transformation services.
01/07/13	Hosting Services	Demand Media, Inc.	Name.com LLC	Provides domain name registration services. The company's products include Website builder, Web hosting, and search engine optimization.	NA	Provides the second largest registrar in the World with ability to help consumers and small businesses manage online identities.
01/07/13	Transaction Processing	Heartland Payment Systems, Inc.	Ovation Payroll Inc.	Offers outsourced payroll solutions. The company also provides Web-based timekeeping, worker's compensation, and pay cards.	\$44.0	Payment processor expands payroll services capabilities and adds veteran industry leaders plus a strong Affinity Partner network.
01/04/13	Hosting Services	Novacap Investments, Inc.	Host.net	Provides network infrastructure services that focus on colocation, cloud computing and storage, and network transport and transit.	NA	PE firm backs management to acquire a leading provider of colocation, cloud computing, virtualization and storage services.
01/04/13	Info Services	LexisNexis Group, Inc.	Knowledge Mosaic, Inc.	Provides online information resources to law firms, financial institutions, public companies, accounting firms, and government regulatory bodies.	NA	Additional consolidation in the legal information services sector. Expands and deepens LexisNexis' legal platform.
01/03/13	Hosting Services	Systems Maintenance Services, Inc.	Infinite Computer Group, LLC	Provides multi-vendor information technology asset lifecycle services and support solutions.	NA	Continues acquisition spree and expands SMS' IT support and maintenance capabilities and presence in the West Coast.
01/03/13	IT Services	Avnet Technology Solutions, Inc.	TSSLINK, Inc.	Offers technical support, consulting and outsourcing, field product installation, end-user training, and technical staff augmentation services.	NA	Industry leading VAR acquires a niche IT services firm in an attempt to build the "VA" element of its technology offering.
01/03/13	Info Services	The 451 Group LLC	Yankee Group Research, Inc.	Offers technology research services that provide insight and counsel on the impact of the global connectivity revolution.	NA	Expands presence in the mobility market by acquiring high profile brand from PE firm Alta Communications.
01/02/13	IT Services	CACI International, Inc.	IDL Solutions Inc.	Provides information technology (IT) professional services for federal, state, and local governments, as well as the private sector.	NA	Expands presence in the huge addressable healthcare market with a particular focus in the federal health insurance space.
01/01/13	IT Services	Hitachi Consulting Corporation	Celerant Consulting Ltd.	Offers business performance management, supply chain integration, process analysis, and revenue growth consulting services.	NA	Accelerates growth in Europe and adds leading business operations consulting capabilities to existing services offering.

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

Select TM Capital Tech-Enabled Services Experience

aerometric
a portfolio company of

HKW
has been acquired by

Arlington Capital Partners

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 39 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.

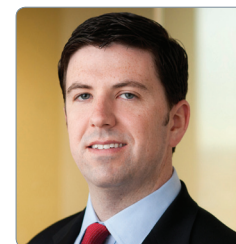
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