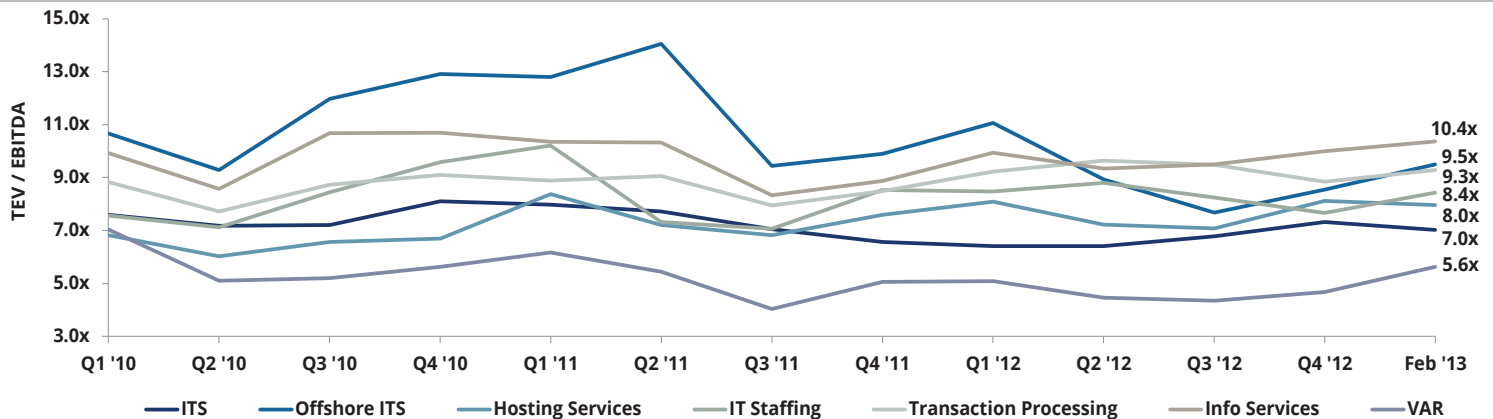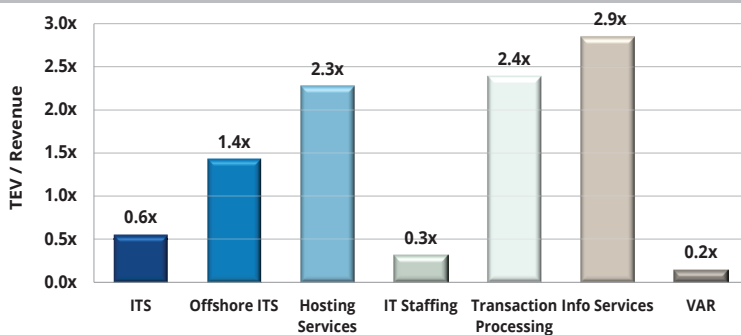## Tech-Enabled Services Market Commentary

In February, TM Capital sponsored an ACG Boston conference titled *Technology Enabled Services: Definitions, Differentiation and Dividends*. The conference featured an all-star lineup of speakers including CEOs, Heads of Corporate Development and Private Equity investors. The record attendee turnout and the quality of discussion reinforced the fact that the TES market remains extremely hot. Within the TES vertical, there were a number of notable M&A transactions in February. Many of the transactions within the TES subsectors were cross-border in nature, illustrating the global interest in this area. The IT Services sector featured some of February's more interesting transactions. **Avanade**, a leading MSFT systems integrator, acquired **Opstera**, a provider of public cloud management solutions; the acquisition complements **Avanade's** previous acquisition of **Azaleos** and injects some additional IP into its services offerings. **Satyam** added to its SAP capabilities and boosted its presence in Brazil with its acquisition of **Complex Consultoria em Informatica Ltda**, and **Genesys Telecommunications Laboratories** acquired **Angel.com**, a leading cloud contact center-as-a-service provider. Although overall M&A activity has felt a bit sluggish during the first few months of 2013, the TES vertical continues to generate significant interest from both strategic and financial acquirers, and we expect this trend to continue.
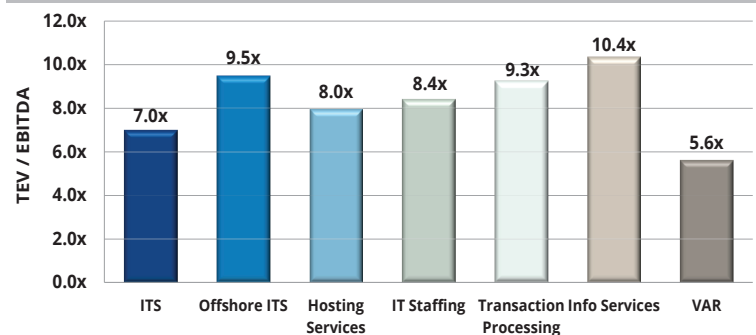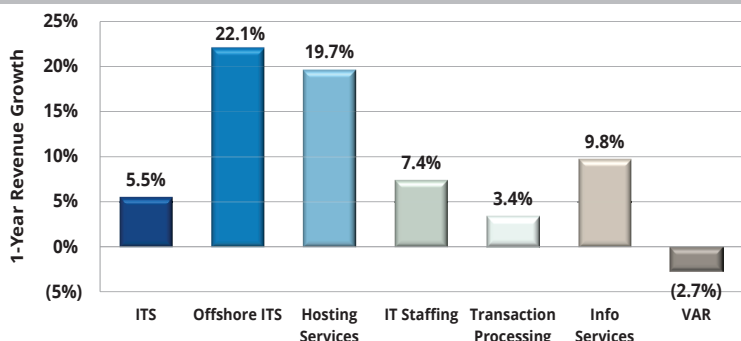
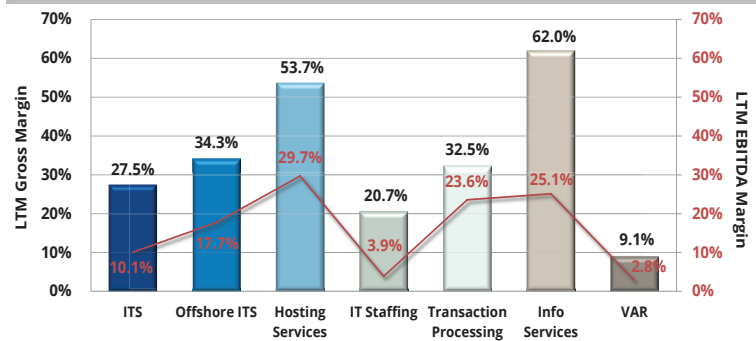## TEV / EBITDA Multiples Over Time

TEV / Revenue

TEV / EBITDA

1-Year Revenue Growth
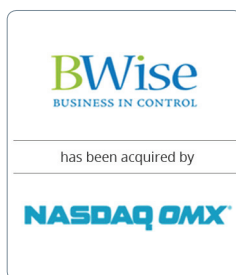

LTM Gross & EBITDA Margins

Select Tech-Enabled Services Transactions Announced in February

Annc. Date	Sector	Acquirer	Target	Target Description	Enterprise Value	Comments
02/28/13	IT Staffing	NEC Corporation	Cyber Defense Institute Inc.	Provides security assessment and training services to government agencies, financial institutions, and Web-portal providers worldwide.	NA	CDI's technical strength will enable NEC to provide comprehensive cyber security solutions to prevent against cyber attacks.
02/27/13	Hosting Services	Rackspace Hosting, Inc.	ObjectRocket, Inc.	Operates as a MongoDB database-as-a-service provider that tackles deficiency in cloud infrastructure.	NA	Expands Rackspace's ability to help customer's shoulder big data in the cloud.
02/26/13	Hosting Services	Genesys Telecommunications Laboratories, Inc.	Angel.com Incorporated	Offers cloud-based CEM solutions including in-bound and out-bound interactive voice response, virtual call centre, voice biometrics, and payment processing solutions.	$110.0	Positions Genesys as a leading player in the cloud contact center-as-a-service market with annual cloud-based recurring revenues expected to exceed $85 million.
02/20/13	IT Services	KPMG LLP	The Hackett Group, Inc., Oracle ERP Practice	Offers Oracle ERP implementation services including EPM deployment, Oracle package selection, configuration, deployment and integration, and post-deployment diagnostics.	NA	Broadens KPMG's existing ERP capabilities and further enhances its ability to address clients' technology enablement and enterprise transformation needs.
02/19/13	IT Staffing	Elwood Staffing Services, Inc.	SOS Staffing Services, Inc.	Offers staffing and consulting services to companies and organizations in various industries including information technology and engineering.	NA	Brings together two of the largest providers of staffing services in the United States with virtually zero geographic overlap.
02/19/13	Transaction Processing	Sopra Group	HR Access Solutions Spain, S.L.	Provides HR and payroll solutions including outsourcing and enterprise software solutions that provide talent management, time and attendance management, and payroll and benefits services.	NA	Strengthens Sopra's position as a prominent developer of software solutions for the HR management industry.
02/15/13	Offshore ITS	Satyam Computer Services Limited	Complex Consultoria em Informatica Ltda.	A consulting firm that specializes in implementing SAP projects and solutions.	$29.2	Expands Satyam's SAP offerings in Brazil's rapidly expanding enterprise solutions market, which is the 2nd fastest growing geography for SAP AG solutions in the world.
02/14/13	Transaction Processing	Linedata Services SA	CapitalStream, Inc.	Develops financial front office automation solutions that enable banks and finance companies to collaborate, integrate, and transform paper-based operations into integrated financial supply chains.	$45.0	Extends Linedata's ability to provide end-to-end solutions to the credit and finance industries, as well as improves it ability to engage in large projects.
02/14/13	Hosting Services	Capita PLC	Northgate Managed Services Ltd.	Offers information technology consulting and data processing services including service desk and management, lifecycle management, IT outsourcing, technical consulting, and asset management services.	$100.8	Complements Capita's existing services and solutions and expands its network of U.K. wide delivery centers.
02/13/13	IT Staffing	Staffing 360 Solutions, Inc.	IDC Technologies, Inc.	Offers IT consulting services, remote services, and BPO services including direct hire strategy, onsite recruiting services, remote service desk, and collections and receivables management.	$13.4	Advances Staffing 360's aggressive acquisition strategy targeted towards penetrating additional market verticals within the international staffing sector.
02/11/13	Hosting Services	The Go Daddy Group, Inc.	M.dot, Inc.	Develops software solutions that enable all businesses and individuals to build mobile websites from scratch or mobile versions of their existing websites.	NA	Allows Go Daddy customers to set up simple optimized mobile sites and to manage those mobile sites directly from their smartphones.
02/07/13	IT Services	Valores Corporativos Softtek, S.A. de C.V.	ACS Systech Integrators, Inc.	Provides SAP enterprise solutions, consulting services, systems integration, customer application development and maintenance, application management services, and hosting services.	NA	Strengthens Softtek's SAP qualifications by adding cloud and mobility solutions and industry domain expertise.
02/07/13	IT Services	Cegeka NV	Axio Systems NV	Provides IT infrastructure solutions including server and storage infrastructure, networking and security, digital asset management, and service and support solutions.	NA	Expands Cegeka's existing server services to include UNIX systems giving the company knowledge and experience across all server systems.
02/07/13	Hosting Services (SaaS)	Avanade, Inc.	Opstera, Inc.	Provides SaaS operations for managing cloud solutions for monitoring, auto scaling, proactive alerts, SLA management, and synthetic testing of cloud applications.	NA	Complements Avanade's recent acquisition of Azaleos and adds to its portfolio of cloud managed services.
02/06/13	IT Services	Genpact Ltd.	Jawood Business Process Solutions, LLC	Provides IT consulting services to the healthcare payer industry.	NA	Positions Genpact as a leading BPM provider in the healthcare insurance industry by adding Jawood's expertise in systems and business processes unique to payers.
02/05/13	IT Services	Atea Holding AB	Exait AB	Offers IT support and consultancy in the areas of infrastructure, systems development, systems integration, product sales, project management and business development.	$7.3	Strengthens Atea's market position in Sweden and enhances its service and support offerings in this region.
02/05/13	IT Services	Electronic Environments Corporation	T4 Mission Critical Services	Provides data center and critical facilities consulting and client representation services for CIOs, CFOs, and data center and call center owners and operators.	NA	Improves the depth of EEC's data center design, construction, and consulting offerings and provides additional geographic penetration.
02/04/13	IT Services	Sikich LLP	S2 Consulting, Inc.	Provides technology and software automation solutions and systems and integration services in the areas of applications support, consulting, systems design and development, and training.	NA	Broadens Sikich's range of technology solutions, specifically with respect to EDI, which will improve offerings designed to enhance clients' organizational operations.
02/04/13	Hosting Services	Global Internetworking Inc.	IDC Global, Inc.	Provides network and data center services for corporate enterprises, trading companies, and banking and financial services firms.	$4.6	Expands cloud networking services and provides cross-selling opportunities to IDC's pre-existing customer base.

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.
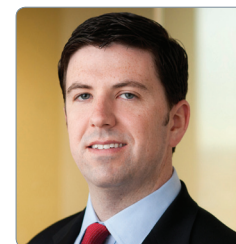
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