

Mergers & Acquisitions in the Technology Services Industry in Q3 2022

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Market Observations

M&A Trends in the Tech Services Industry

After an extraordinary year of M&A activity in 2021, the past few calendar quarters have experienced a lower but historically normal volume of technology services M&A transactions. Nonetheless, there were many acquisitions of the following types of technology services businesses in Q3 2022: managed service providers (MSP's), cybersecurity solutions providers, cloud solution providers, and IT/Telecom master agents/technology solutions brokerages. Here is a sample of some of the larger, more significant mergers and acquisitions of Q3 2022:

- Montréal-based Microsoft solutions provider Alithya (TSX: ALYA) acquired cloud-native application modernization specialist Datum Consulting Group for \$45.5 million including potential earn-out.
- British value added reseller (VAR) Computacenter (CCC.L) acquired Chicago-based VAR Business IT Source.
- Buffalo, NY-based business process transformation solutions provider CTG (NASDAQ: CTG) acquired Dallas-based Eleviant Tech, a firm specializing in robotic process automation (RPA) and artificial intelligence (AI).
- New Jersey-based managed infrastructure solutions provider 11:11 Systems acquired the Azure and AWS cloud management services business and the disaster recovery business of Sungard Availability Services.
- ePlus (NASDAQ: PLUS) acquired Dallas-based cybersecurity solutions provider Future Com.
- Los Angeles-based provider of internet infrastructure Evocative announced the intention to acquire nine of INAP's data center facilities, including colocation and related network services.
- EY acquired the Microsoft Dynamics ERP business unit of DXC (NYSE: DXE).
- Global technology services firm Globant (NYSE: GLOB) acquired Italy-based Sysdata, a digital transformation consultancy with 300 employees.
- Silicon Valley-based IT solutions provider Looking Point acquired Cancom US, the US subsidiary of the German IT solutions firm Cancom (COK: DE).
- NTT Data (OTC: NTTY) agreed to acquire Arizona-based Mulesoft and Salesforce consultancy Apisero.
- Perficient (NASDAQ: PRFT) acquired Maryland-based software consultancy Inflection Point Systems.
- Ricoh (Other OTC: RICOY) acquired Pennsylvania-based audiovisual integrator Cenero in September.

The following league table ranks technology services firms according to the number of M&A transactions executed in Q3 2022: Accenture (NYSE: ACN) 13, The 20 MSP 6, Bridgepointe 4, EY 4, Cerberus Cyber Sentinel (OTC: CISO) 3, Meriplex 3, NTT Data 3 (OTC: NTTY), Upstack 3, Service Express 3, Capgemini 2, Converge Technology Solutions (TSX: CTS) 2, Convergent 2, Deloitte 2, 11:11 Systems 2, IBM (NYSE: IBM) 2, iVision 2, New Era Technology 2, Peak Technologies 2, Plurilock (TSVX: PLUR) 2, and Sourcepass 2.

M&A Trends in the Tech Services Industry (Cloud)

Cloud and Cloud-Native Technology

Over the past few years, there has been an extraordinary volume of M&A transactions involving cloud technology solutions providers, especially companies specializing in Microsoft Azure and AWS solutions. Here is a sample of some of the largest, most significant cloud solutions M&A transactions of Q3 2022:

Montréal-based Microsoft Gold solutions provider **Alithya** (TSX: ALYA) acquired Indianapolis-based Datum Consulting Group, a firm that specializes in cloud-native application modernization and data migration. Rhode Island-based cloud solutions provider **Alpha 3 Cloud** acquired the USA cloud operations and infrastructure assets of CloudSigma, a Switzerland-based cloud infrastructure-as-a-service provider. New York-based cloud hosting and managed services firm **Digital Ocean** (NYSE: DOCN) acquired Malta-based cloud hosting firm Cloudways. New Jersey-based managed infrastructure solutions provider **11:11 Systems** acquired the Azure and AWS cloud management services business of Sungard Availability Services. Chicago-based AWS and Microsoft Gold cloud solutions provider **Ensono** acquired Massachusetts-based cloud-native data engineering firm AndPlus. Atlanta-based IT solutions provider **iVision** acquired Pittsburg-based Microsoft Azure Gold Cloud consultancy Plus+ Consulting. New York City-based **New Era Technology** acquired Indiana-based Fusion Alliance, a digital transformation solutions provider with partners such as AWS, Microsoft Azure, and Snowflake. Private equity firm Tailwind Capital acquired Ohio-based Google cloud partner **Onix Networking**. Orlando-based cloud solutions provider **Prolifics** acquired UK-based Tier 2 Consulting, a Red Hat cloud-native specialist. Denver-based **Pax8** acquired New Zealand-based Microsoft Azure cloud solutions provider Umbrellar.



M&A Trends in the Tech Services Industry (Cybersecurity)

Cybersecurity

In Q3 2022, there was a multitude of M&A transactions involving cybersecurity consultancies, managed security solutions providers (MSSPs), and cybersecurity value added resellers. Here is a sample of such M&A transactions:

Chicago-based IT managed services provider (MSP) **Adar** acquired Colorado-based cybersecurity solutions provider Rigid Bits. Cleveland-based cyber security operations center (SOC) and extended detection and response (XDR) platform **AgileBlue** acquired the managed detection and response (MDR) platform of the public accounting and consulting firm Crowe LLP. Virginia-based IT solutions provider **ASGN** (NYSE: ASGN) acquired Iron Vine Security, a Washington, D.C. firm that provides cybersecurity solutions to the US Government. Arizona-based **Cerberus Cyber**

Sentinel (NASDAQ: CISO) acquired the following cybersecurity solutions providers: Georgia-based CyberViking, Chile-based NLT Secure, and Chile-based CUATROi. Nashville-based healthcare cybersecurity compliance solutions firm **Clearwater Compliance** acquired Michigan-based Tech Lock, a threat detection, response, and compliance solutions provider that serves the healthcare industry. North Carolina-based IT services firm **Crosslake** acquired Austin-based cybersecurity advisory firm VantagePoint. Private equity firm Atlantic Street Capital Management acquired Las Vegas-based CPA firm **CyberGuard Compliance**, a cybersecurity assessment and compliance specialist. IT solutions provider **ePlus** (NASDAQ:



PLUS) acquired Dallas-based cybersecurity solutions provider Future Com. Phoenix-based IT solutions provider **Global Market Innovators** (GMI) acquired Phoenix-based cybersecurity consultancy Cosant Cyber Security. Minnesota-based software provider **HelpSystems** acquired Netherlands-based cybersecurity adversary simulation firm Outflank. Atlanta-based IT solutions provider **iVision** acquired New York-based cybersecurity consultancy Carve Systems. Vancouver-based identity assurance cybersecurity solutions provider **Plurilock** (TSVX: PLUR) acquired New Jersey-based cybersecurity professional services firm Atrion Communications. Switzerland-based inspection and certification company **SGS** acquired Oregon-based cybersecurity assessment firm Penumbra Security.

M&A Trends in the Tech Services Industry (MSP's)

Managed Service Providers

Over the past few years, hundreds of private equity firms and large MSP's have acquired and "rolled up" MSP's. Acquirers find the recurring revenues of MSP's to be very attractive. The frenetic pace of MSP M&A activity continued throughout Q3 2022. Here is a sample of noteworthy Q3 2022 MSP acquisitions or MSP acquisitions that involved serial acquirers of MSP's:

Miami-based MSP / managed security services provider (MSSP) **Airium** acquired Maryland-based MSP Vantage Point Solutions Group. Houston-based MSP **Centre Technologies** acquired Austin-based MSP TXSG. Oregon-based **Convergence Networks** acquired Seattle-based MSP SWAT Systems. Houston-based **Meriplex** acquired the following three MSP's: Louisiana-based Verma Systems, California-based CPI Solutions, and Alabama-based F1 Solutions. Private equity firm Vitruvian Partners acquired a majority interest in Meriplex with private equity firm Clairvest Group retaining an equity position. Virginia-based **Ntiva** acquired Chicago-based MSP MXOtech. Utah-based operating group/private equity firm Westwood Technology Group acquired Dallas-based **MSP Prototype:IT**. Ohio-based provider of automobile dealership software **Reynolds & Reynolds** acquired North Carolina-based Proton Dealership IT, an MSSP that services automobile dealerships. Nashville-based office products and managed solutions provider **RJ Young** acquired Alabama-based MSP Syndesi Solutions. New York State-based MSP **Sourcepass** acquired Delaware-based MSP SSD Technology Partners and New York City-based MSP Total Technology Solutions. Dallas-based managed services provider **The 20 MSP** acquired six small MSP's in Q3 2022 and another four MSP's in early October. Florida-based MSSP **Valeo Networks** acquired Pennsylvania-based MSP Alura Business Solutions. South Carolina MSP **VC3** acquired California-based MSP Accent Computer Solutions.

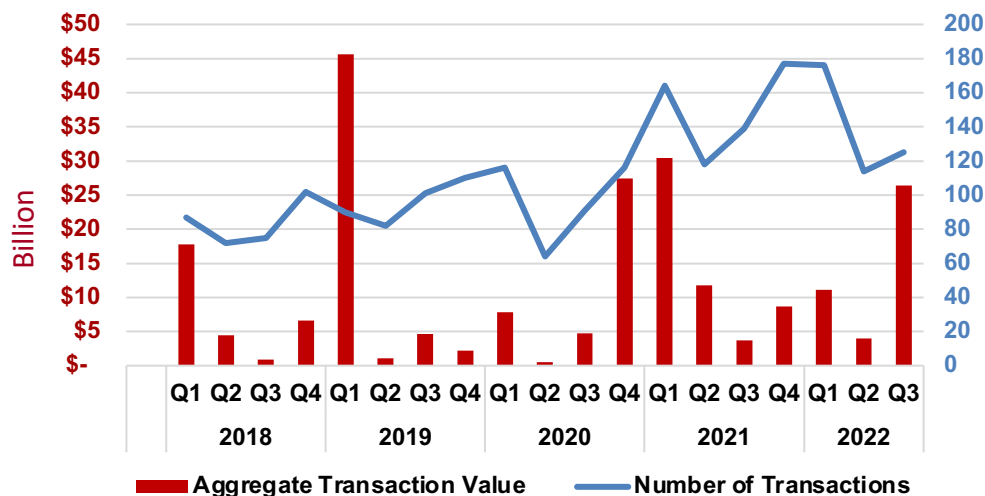


M&A Metrics

North American Technology Services M&A Deal Volume and Aggregate Value

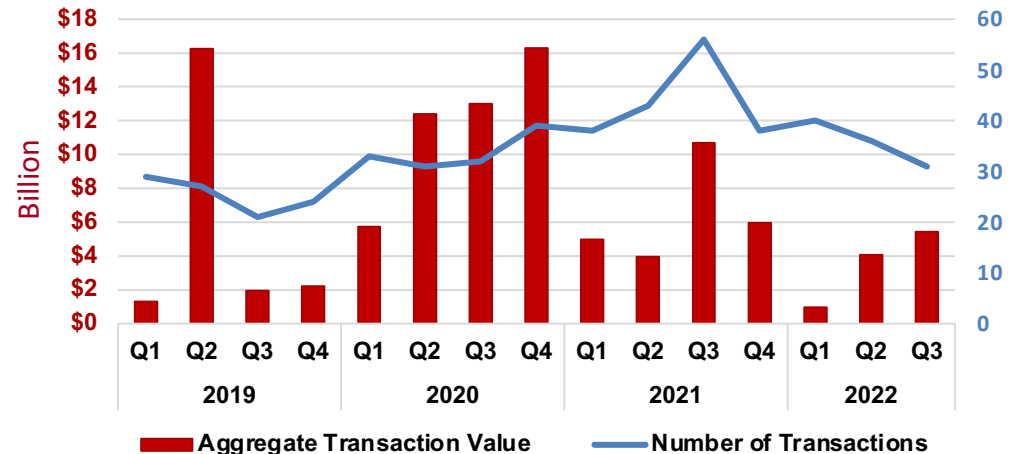
Despite the gloomy headline news about rising interest rates, the battered public equities market, and an impending recession, the M&A market in the technology services industry has been robust over the past few months. As the charts below illustrate, the number of M&A transactions in the North American IT services industry and telecom services industry climbed throughout most of 2020 and 2021 until reaching an extraordinary peak during the second half of 2021. Since then, the number of M&A transactions has declined considerably - but not below the historic norm. The aggregate transaction value of M&A transactions in the North American IT services industry plunged in Q2 2022 but rebounded strongly in Q3 2022. In the telecom services industry, the aggregate transaction value peaked in Q3 2021 followed by a severe decline in Q4 2021 and Q1 2022. However, the aggregate transaction value in the telecom services industry increased steadily in Q2 and Q3 2022.

Mergers & Acquisitions of IT Services Businesses

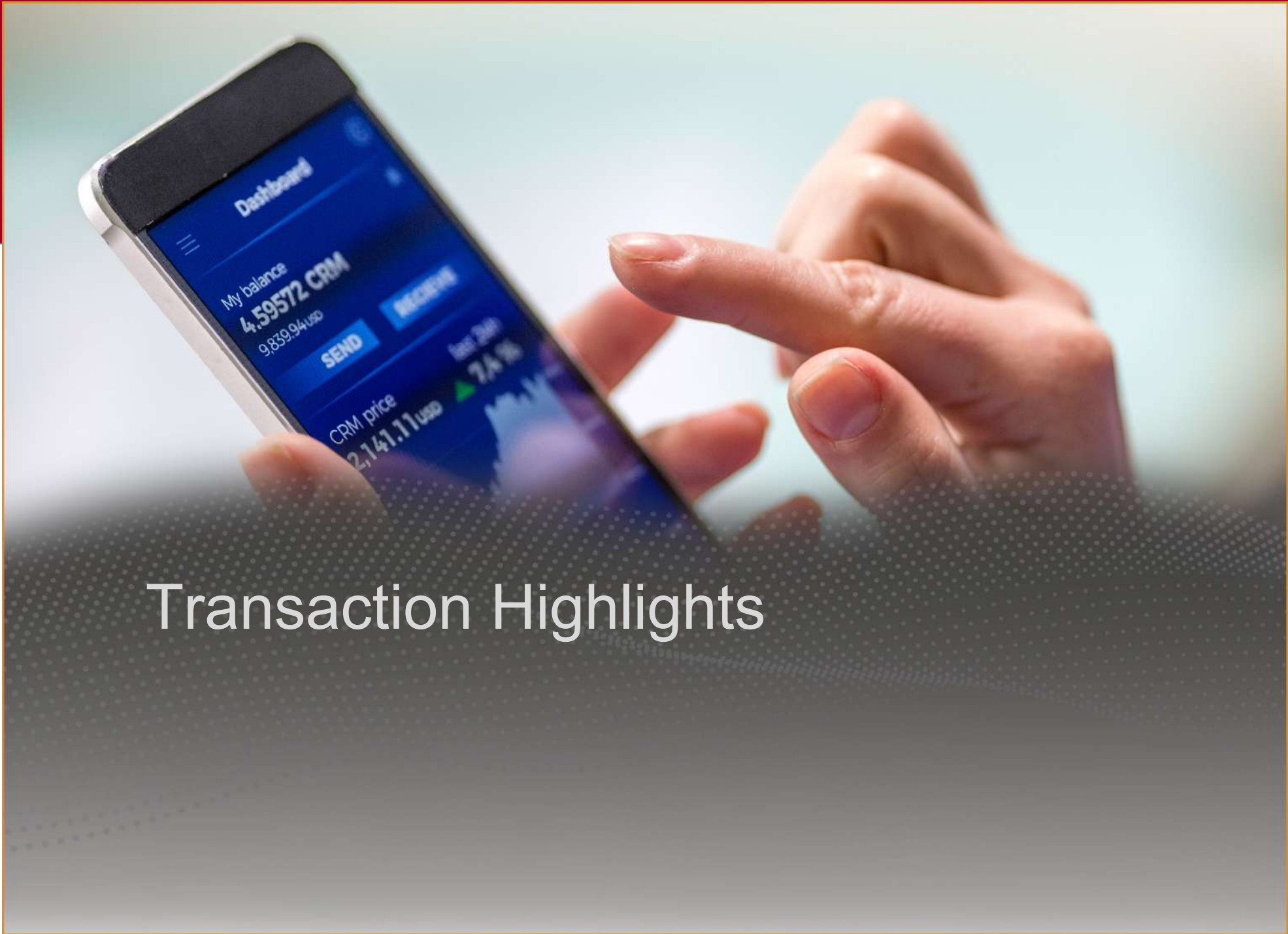


Source: FactSet

Mergers & Acquisitions of Telecom Services Businesses



Source: FactSet



Transaction Highlights

M&A Transaction Highlights

Major Reseller M&A Transactions



Oracle Cloud consultancies Accelalpha and Frontera Consulting merged in Q3 2022. The combined companies from New York and Seattle have roughly 460 employees.



Accenture (NYSE: ACN) announced or completed 13 acquisitions in Q3 2022. Six of the acquired companies are located in North America, and the other seven companies are in Europe, Brazil, Indonesia, and Japan. The companies acquired in Q3 include a multi-cloud consultancy, a big data consultancy, and other consultancies.



In August, New York-based financial and technology consultancy Accordion acquired Atlanta-based Oracle NetSuite solutions provider Abaci.



In July, Chicago-based ACP CreativIT acquired Massachusetts-based IT services firm Versatile Communications. The ACP family of companies has roughly 350 employees and \$300 million of annual revenues.



Chicago-based IT managed services provider (MSP) Adar acquired Colorado-based cybersecurity solutions provider Rigid Bits in July.



In July, Cleveland-based cyber security operations center (SOC) and extended detection and response (XDR) platform AgileBlue acquired the managed detection and response (MDR) platform of the public accounting and consulting firm Crowe LLP.



Private equity firm Berkshire Partners increased its investment to acquire a majority stake in Chicago-based cloud solutions provider Ahead in September. Centerbridge Partners will retain a minority stake in Ahead.



In Q2 2022, the new Miami-based MSP / managed security services provider (MSSP) Airium was formed with the acquisitions of five MSP's that have an aggregate of roughly 120 employees. In August, Airium acquired Maryland-based MSP Vantage Point Solutions Group.



In July, Montréal-based Microsoft Gold solutions provider Alithya (TSX: ALYA) acquired Indianapolis-based Datum Consulting Group, a SaaS (software-as-a-services) company that specializes in cloud-native application modernization and data migration. According to Alithya, the purchase price was US\$ 45.5 million including a potential earn-out of up to US\$ 13 million for the company that generated revenues of US\$ 18 million and adjusted EBITDA of approximately US\$ 6 million in 2021.

M&A Transaction Highlights

Major Reseller M&A Transactions



In June, Rhode Island-based cloud solutions provider Alpha 3 Cloud acquired the USA cloud operations and infrastructure assets of CloudSigma, a Switzerland-based cloud infrastructure-as-a-service provider.



Private equity firms Source Capital and Centerfield Capital Partners supported a recapitalization of Dallas-based data management consultancy Amplifi in Q3 2022. Amplifi has roughly 180 employees.



In May 2021, private equity firm Trinity Hunt merged three of its partner companies into a new company named "Argano." In Q2 2022, Argano announced that two ERP (enterprise resource planning) solutions providers joined Argano. In August, Dallas-based digital transformation solutions provider Advanced Global Resources joined Argano.



In early October, Virginia-based IT solutions provider ASGN (NYSE: ASGN) acquired Iron Vine Security, a Washington, D.C. firm that provides cybersecurity solutions to the US Government.



In August, New York-based ATSG acquired Vology, a managed services and solutions provider based in Florida. The acquisition marked ATSG's tenth acquisition over the past three years.



Silicon Valley-based IT strategy firm / agency Bridgepointe Technologies received an investment in January from private equity firm Charlesbank Capital Partners to fuel acquisitions of IT / telecom agencies. Following that infusion of capital, Bridgepointe executed equity transactions with five IT and telecom consultancies/agencies in Q1 2022, four consultancies/agencies in Q2 2022, and four consultancies/agencies in Q3 2022.



In September, Paris-based global IT consultancy Capgemini acquired the following two companies: Switzerland-based CX digital transformation service provider Knowledge Expert SA and Singapore-based Salesforce solutions provider Aodigy Asia Pacific. In response to market rumors, Capgemini issued a press release in July declaring no intention to acquire the European consultancy ATOS.



Houston-based MSP Centre Technologies acquired Austin-based MSP TXSG in July. The deal marks Centre Technologies' second M&A transaction this year.



Over the past two years, Arizona-based Cerberus Cyber Sentinel (NASDAQ: CISO) has executed several acquisitions. In Q3 2022, the firm acquired the following cybersecurity solutions providers: Georgia-based CyberViking, Chile-based NLT Secure, and Chile-based CUATROi.

M&A Transaction Highlights

Major Reseller M&A Transactions



In July, Nashville-based healthcare cybersecurity compliance solutions firm Clearwater Compliance acquired Michigan-based Tech Lock, a threat detection, response, and compliance solutions provider that serves the healthcare industry. Clearwater is backed by private equity firm Altaris Capital Partners.



In July, Computacenter (CCC.L), the UK's largest reseller, acquired Business IT Source ("BITS"), a Chicago-area reseller with approximately \$245 million of annual revenues and EBIT of roughly \$8.9 million.



Kentucky-based fintech platform provider and managed cybersecurity solutions provider Computer Services, Inc. (OTCQX: CSVI) announced in August a definitive agreement to be acquired by the private equity firms Centerbridge Partners and Bridgeport Partners in an all-cash transaction valued at approximately \$1.6 billion.



Over the past five years, Quebec-based Converge Technology Solutions (TSX: CTS) has acquired 35 companies. In September, Converge Technology announced the acquisitions of Toronto-based data analytics solutions provider Newcomp Analytics and UK-based Value Added Reseller Stone Technologies Group.



Oregon-based Convergence Networks acquired Seattle-based MSP SWAT Systems in August. Convergence Networks is a portfolio company of the private equity firm Riverside Partners.



In Q3 2022, Chicago-based security systems integrator Convergent acquired the following two security systems integrators: California-based Ojo Technology and United Arab Emirates-based MVP Tech.



North Carolina-based IT services firm Crosslake Technologies acquired Austin-based cybersecurity advisory firm VantagePoint in July. Crosslake is backed by private equity firm Falfurrias Capital Providers.



In September, Buffalo, NY-based business process transformation solutions provider CTG (NASDAQ: CTG) acquired Dallas-based Eleviant Tech, a firm specializing in robotic process automation (RPA) and artificial intelligence (AI).



In July, private equity firm Atlantic Street Capital Management acquired Las Vegas-based CPA firm CyberGuard Compliance, a cybersecurity assessment and compliance specialist.



In August, colocation, interconnection, and managed service provider Databank executed a recapitalization led by Swiss Life Asset Management, EDF Invest, Northleaf Capital Partners, and Ardian. The new investor consortium will now own 35% of the fully diluted equity interests in DataBank. Consideration was \$1.5 billion.

M&A Transaction Highlights

Major Reseller M&A Transactions



Global consultancy Deloitte acquired the following companies in Q3 2022: Vancouver-based engineering consultancy Striven Consulting and Montréal-based Salesforce Cloud solutions provider Nubik. In early October, Deloitte acquired Boston-based AI and data science consulting firm SFL Scientific. In early October, Deloitte-Australia acquired Australia-based MSSP Hacktive.



Virginia-based global managed services and staffing firm Digital Intelligence Systems (DISYS) acquired Chicago-based IT recruiting firm MAKE Corporation in August.



New York-based cloud hosting and managed services firm Digital Ocean (NYSE: DOCN) acquired Malta-based cloud hosting firm Cloudways in August.



In Q3 2022, New Jersey-based managed infrastructure solutions provider 11:11 Systems acquired New Jersey-based managed infrastructure solutions provider Static1 and the Azure and AWS cloud management services business of Sungard Availability Services. In early October, 11:11 Systems entered an agreement to acquire Sungard's disaster recovery business. The acquisitions of Sungard assets are pending approval from a bankruptcy court. 11:11 Systems is backed by Tiger Infrastructure Partners.



In August, Massachusetts-based IT talent services firm Eliassen Group acquired California-based Foothills Consulting Group, a firm that provides IT resource augmentation and IT project outsourcing services.



In September, private equity firm Kelso & Company acquired a majority interest in Florida-based Emtec, a provider of diverse IT solutions with roughly 1,400 employees.



Chicago-based AWS and Microsoft Gold cloud solutions provider Ensono acquired Massachusetts-based cloud-native data engineering firm AndPlus in July. Ensono is backed by private equity firm KKR.



Wisconsin-based managed print solutions provider EO Johnson acquired Minnesota-based Canon print solutions partner ShelDon Business Solutions in September.



In July, IT solutions provider ePlus (NASDAQ: PLUS) acquired Dallas-based cybersecurity solutions provider Future Com.



Global third party maintenance provider Evernex acquired Georgia-based third party data center maintenance provider XSi in September.



M&A Transaction Highlights

Major Reseller M&A Transactions



In September, Los Angeles-based provider of internet infrastructure Evocative announced the intention to acquire nine of INAP's data center facilities, including colocation and related network services.



In July, Silicon Valley-based software engineering and business consultancy Exadel acquired Bulgaria-based Motion Software, a blockchain, AI, and analytics software engineering firm.



In July, Global consultancy EY acquired Belgium-based Fabernovel, a consultancy that provides diverse IT services including cloud solutions. Also in July, EY acquired Victoria, British Columbia-based Freshworks Studio, a software design and development firm. In August, EY acquired California-based Cambria Solutions, a provider of diverse IT solutions for state and local governments. Also in August, EY acquired the Microsoft Dynamics ERP business unit of DXC (NYSE: DXE). In September, EY announced that its partners will conduct a vote by early 2023 on a possible separation of the company into two distinct, multidisciplinary organizations.



Boise-based office equipment provider Fisher's Technology acquired the managed print services business of Salt Lake City-based IT solutions provider VLCM in September.



Phoenix-based IT solutions provider Global Market Innovators (GMI) acquired Phoenix-based cybersecurity consultancy Cosant Cyber Security in September. The transaction marks GMI's fifth acquisition in two years.



In September, global technology services firm Globant (NYSE: GLOB) acquired Italy-based Sysdata, a digital transformation consultancy with 300 employees.



In December 2021, Washington Harbor Partners acquired CollabraLink Technologies, a Washington, D.C. firm that provides IT services to the US Government. In July 2022, CollabraLink acquired Groundswell Consulting, a provider of integration solutions for the federal government. The integrated company will assume the name Groundswell.



In Q3 2022, Washington, D.C.-based management and technology consultancy Guidehouse acquired Grant Thornton's Public Sector Advisory Practice which includes information technology and data analytics practices. Guidehouse is a portfolio company of private equity firm Veritas Capital.



Indianapolis-based global SAP and Salesforce consultancy GyanSys acquired Argentina-based SAP-Ariba solutions provider SouthEnd Group Corporation in July.

M&A Transaction Highlights

Major Reseller M&A Transactions



In September, private equity firm A & M Capital Opportunities (Alvarez & Marsal Capital) announced an investment in Wisconsin-based Heartland Business Systems, a provider of managed and professional IT solutions.



Minnesota-based software provider HelpSystems acquired Netherlands-based cybersecurity adversary simulation firm Outflank in September.



In September, Hitachi (TSE: 6501) acquired Indiana-based Flexware Innovation, a manufacturing systems integrator with expertise in ERP, business intelligence, and software development.



IBM (NYSE: IBM) acquired Israel-based data observability software provider Databand.ai in July. In September, IBM announced plans to acquire Dallas-based digital product engineering company Dialexa.



In July, private equity firm A&M Capital Partners acquired Houston-based IT staffing firm Genuent and merged that company with Florida-based IT staffing and professional services firm TekPartners to form a new company called "INSPYR."



Private equity firm Tower Arch Capital acquired Las Vegas-based MSP Intelligent Technical Solutions (ITS) in July.



In August, private equity firm GenNx360 Capital Partners invested into Chicago-based IT solutions provider ITSavvy.



Atlanta-based IT solutions provider iVision acquired the following two companies in Q3 2022: New York-based cybersecurity consultancy Carve Systems and Pittsburgh-based Microsoft cloud consultancy Plus+ Consulting.



In August, the large British IT solutions firm Logicalis acquired UK-based Q Associates, a provider of diverse IT solutions to the public sector in the UK. Logicalis has a significant presence in the USA.



In early October, Silicon Valley-based IT solutions provider Looking Point acquired Cancom US, the US subsidiary of the German IT solutions firm Cancom (COK: DE).



In August, fiber network operator Lumen Technologies (NYSE: LUMN) closed the sale of its Latin American operations (now called "Cirion") to private equity firm Stonepeak for \$2.7 billion cash. In October, Lumen closed the sale of its incumbent local exchange carrier (ILEC) in 20 states to North Carolina-based internet provider Brightspeed.

M&A Transaction Highlights

Major Reseller M&A Transactions



Pittsburgh-based MSP Magna5 acquired Philadelphia-based IT services provider Interphase Systems. Magna5 is backed by private equity firm Newspring Holdings. This transaction marks Magna5's third acquisition this year.



Over the past few years, Houston-based managed cybersecurity and SD-WAN solutions provider Meriplex has acquired several MSP's. In Q3 2022, Meriplex acquired the following three MSP's: Louisiana-based Verma Systems, California-based CPI Solutions, and Alabama-based F1 Solutions. In July, private equity firm Vitruvian Partners acquired a majority interest in Meriplex with private equity firm Clairvest Group retaining an equity position.



Phoenix-based IT solutions provider Microage acquired Phoenix-based digital transformation solutions firm cStor in July. Microage is backed by private equity firm Alerion Capital.



In July, New York City-based Net at Work acquired Calgary-based Sage reseller Computer Accounting Solutions. Net at Work is a partner of Oracle NetSuite, Sage, and Acumatica with 500 employees.



Kentucky-based MSP Netgain Technologies acquired Ohio-based EasyIT in July. Netgain is backed by private equity firm Evergreen Services Group.



New York City-based New Era Technology acquired Chicago-based IT consulting and staffing firm Aptude in August. In September, Indiana-based Fusion Alliance announced that it had joined New Era Technology. Fusion Alliance provides digital transformation solutions with partners such as AWS, Microsoft Azure, Snowflake, and Salesforce.



Virginia-based Ntiva acquired Chicago-based MSP MXOtech in September. Ntiva is backed by PSP Capital.



Dallas-based NTT Data (OTC: NTTY) entered agreements to acquire the following three companies in Q3 2022: Germany-based SAP S/4 HANA transformation solutions provider Natuvion Group, Arizona-based Mulesoft and Salesforce consultancy Apisero, and Mexico City-based digital design and engineering firm Umvel.



In April, private equity firm Pfungsten merged its Pennsylvania-based IT services portfolio company Omega Systems Consultants with New Jersey-based MSP ACE IT. In August, Omega Systems acquired Philadelphia-based IT services solutions provider PICS ITech.



Private equity firm Tailwind Capital acquired Ohio-based Google cloud partner Onix Networking in July.

M&A Transaction Highlights

Major Reseller M&A Transactions



In July, Quebec City-based Salesforce partner OSF Digital acquired Silicon-Valley-based Salesforce systems integrator Aarin. The transaction marks OSF Digital's fifth acquisition this year. In April, private equity firms Sunstone Partners, Delta-v Capital, and Salesforce Ventures invested \$100 million into OSF Digital to fuel further growth and acquisitions.



Denver-based distributor Pax8 acquired New Zealand-based Microsoft cloud solutions provider Umbrellar in August.



In July, Maryland-based supply chain systems integrator Peak Technologies acquired Massachusetts-based supply chain AI software developer Siena Analytics. In August, Peak Technologies merged with Minnesota-based supply chain systems integrator Supply Chain Services. Peak Technologies is a portfolio company of Sole Source Capital.



St. Louis-based Perficient (NASDAQ: PRFT) acquired Maryland-based software consulting and product development firm Inflection Point Systems in September.



Vancouver-based identity assurance cybersecurity solutions provider Plurilock (TSVX: PLUR) acquired the following two companies in Q3 2022: New Jersey-based cybersecurity professional services firm Atrion Communications and India-based cloud access security broker CloudCodes.



In July, Orlando-based Prolifics acquired UK-based Red Hat cloud-native specialist Tier 2 Consulting.



Utah-based operating group firm Westwood Technology Group acquired Dallas-based MSP Prototype:IT in September.



In August, British defense contractor QinetiQ (LSE: QQ) acquired Virginia-based Avantus Federal from private equity firm NewSpring Holdings for an enterprise value of \$590 million. Avantus Federal provides cybersecurity, data analytics, and software development solutions to the defense and intelligence agencies of the US Government.



In July, Los Angeles-based cybersecurity platform provider and professional services firm Resecurity acquired United Arab Emirates-based Cybit Sec, a vulnerability assessment and penetration testing company.



In August, Ohio-based provider of automobile dealership software Reynolds & Reynolds acquired North Carolina-based Proton Dealership IT, an MSSP that services automobile dealerships.



Global print and imaging solutions provider Ricoh (Other OTC: RICOY) acquired Pennsylvania-based audiovisual integrator Cenero in September.



M&A Transaction Highlights

Major Reseller M&A Transactions



Nashville-based IT solutions provider Rj Young acquired Alabama-based MSP Syndesi Solutions in July.



In September, SAP consultancy Seidor acquired Barcelona, Spain-based global digital transformation firm Opentrends.



Michigan-based data center maintenance provider Service Express acquired the following companies in Q3 2022: Connecticut-based IBM Gold MSP iTech Solutions Group, Michigan-based IBM i cloud hosting provider iInTheCloud, and Ohio-based third-party maintenance provider Sherlock Services. Service Express is backed by Harvest Partners.



In September, Switzerland-based inspection and certification company SGS acquired Oregon-based cybersecurity assessment firm Penumbra Security.



New York State-based MSP Sourcepass acquired Delaware-based MSP SSD Technology Partners and New York City-based MSP Total Technology Solutions in July. Sourcepass is backed by Metropolitan Partners Group and Wedge Venture Partners.



In September, private equity firm LLR Partners conducted an equity recapitalization of Georgia-based managed mobility services provider Stratix. Tailwind Capital will remain a minority shareholder.



Private equity firm Quad-C Management announced a majority recapitalization of California-based IT solutions provider Synoptek in September. Private equity firm Sverica Capital will remain a minority stakeholder.



In July, New York-based staffing firm Tandym Group acquired Virginia-based IT staffing firm Metro Systems. Tandym is backed by Mill Rock Capital.



Utah-based technology solutions brokerage (TSB) Telarus acquired Tampa-based telecom and cloud services TSB TelAdvocate in June. Telarus is backed by Columbia Capital.



In July, Irvine, California-based IoT solutions provider Telit acquired the cellular IoT product business of UK-based Thales (Euronext Paris: HO). The company will be renamed Telit Cinterion, and Thales will receive a 25% stake in the new entity. In August, Telit acquired Irvine, California-based IoT solutions provider Mobilogix.



Dallas-based managed services provider The 20 MSP acquired six small MSPs in Q3 2022. In early October, The 20 MSP acquired another four small MSPs.

M&A Transaction Highlights

Major Reseller M&A Transactions

ThoughtWorks

In August, Chicago-based global technology consultancy Thoughtworks acquired Brazil-based Handmade Design, a digital customer experience (CX) and product design consultancy. Thoughtworks received a \$720 million investment from Fidelity Management and Research, Siemens, and other institutional investors in 2021.



In August, Chicago-based Microsoft Azure cloud solutions provider 3Cloud acquired data analytics consultancy BlueGranite in August. 3Cloud is backed by private equity firm Gryphon Investors.



Since private equity firm Berkshire Partners made an equity investment in New York City-based enterprise cloud and internet platform Upstack in April 2021, Upstack has acquired a multitude of small telecommunications and IT services firms. In November 2021, Upstack announced that it had secured \$100 million in financing from Midcap Financial and Morgan Stanley Private Credit. In Q3 2022, Upstack acquired California IT services provider Stellar Connect, Ohio-based telecom agency/ technology consultancy ChaseTek, and Minnesota-based telecom agency Digital Planet.



In September, UK-based private equity firm Igneo Infrastructure Partners acquired Michigan-based data center and fiber network operator US Signal.



Florida-based MSSP Valeo Networks acquired Pennsylvania-based MSP Alura Business Solutions in September. Valeo has acquired six MSP's over the past two years.



In September, South Carolina MSP VC3 acquired California-based MSP Accent Computer Solutions. A few months ago, VC3 merged with Alberta, Canada-based IT management firm CompuVision Systems.



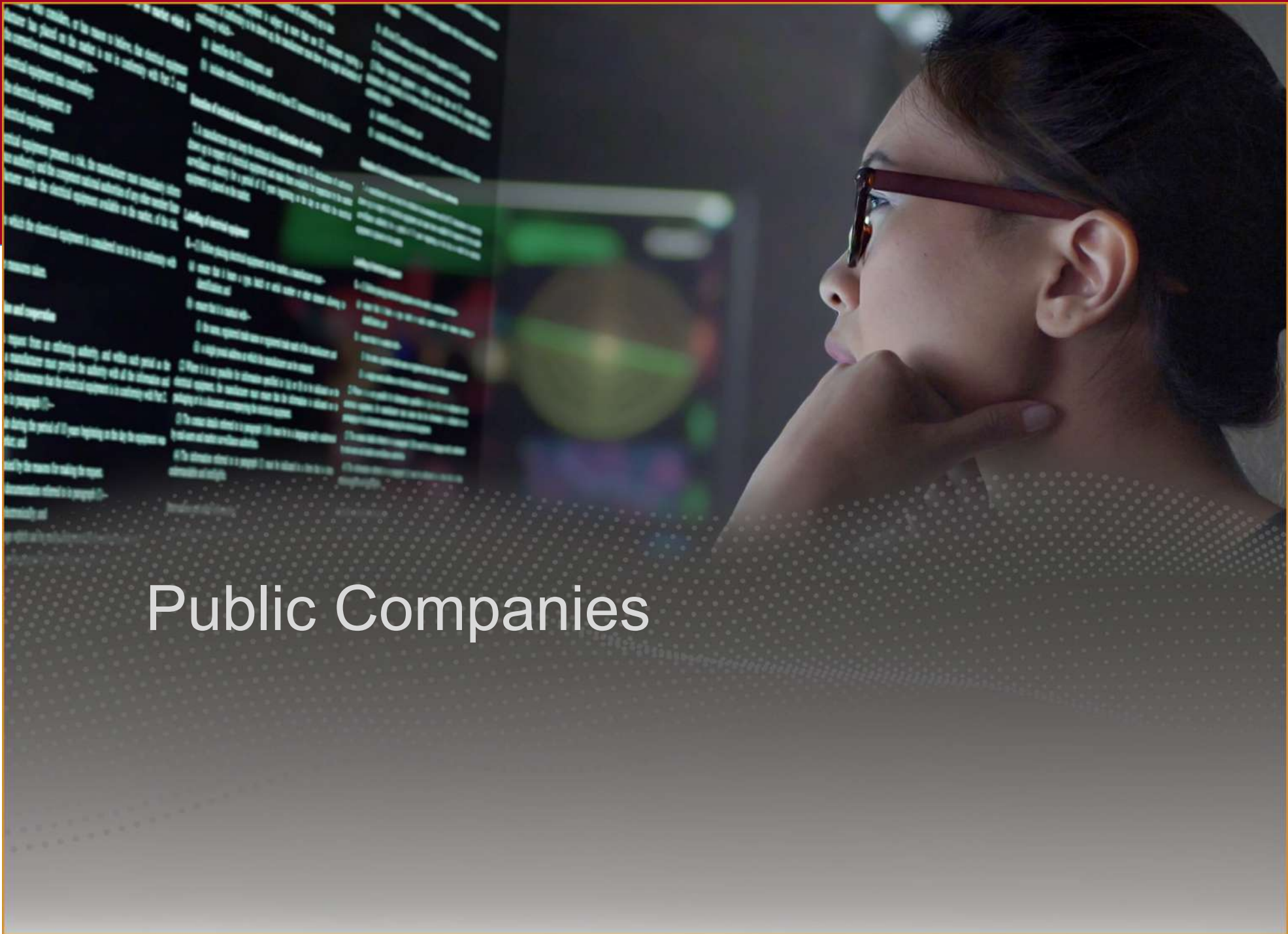
Ohio-based ERP solutions provider Vertilocity acquired Pennsylvania-based ERP consultancy Odyssey Software in July. The combined companies have roughly 130 employees.



Irvine, California-based SAP solutions provider Vision33 acquired UK-based SAP solutions provider Orchard House Solutions in September.



In July, global offshoring firm WNS (NYSE: WNS) acquired India-based Vuram, a specialist in business process management (BPM) and RPA enterprise automation solutions. Consideration was \$165 million including expected earn-outs.

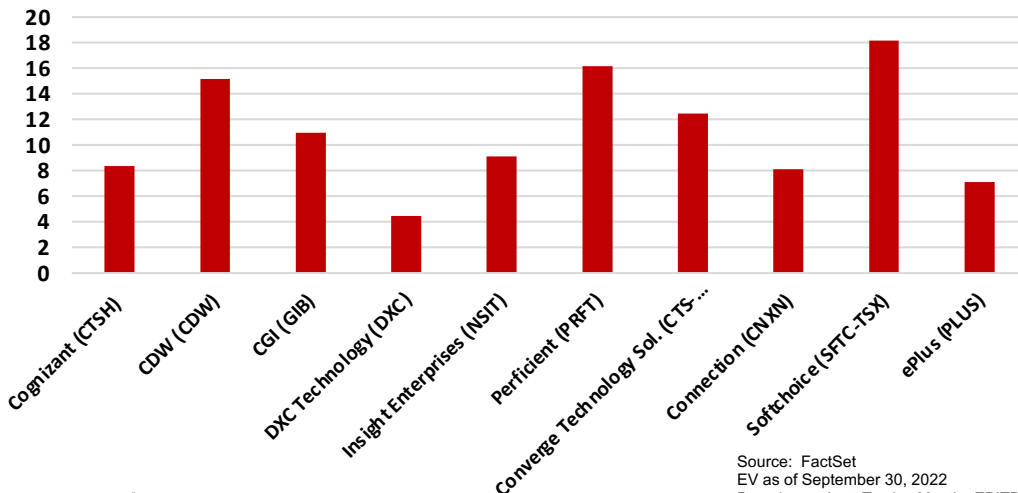


Public Companies

Valuations of Publicly Traded Tech Services Firms

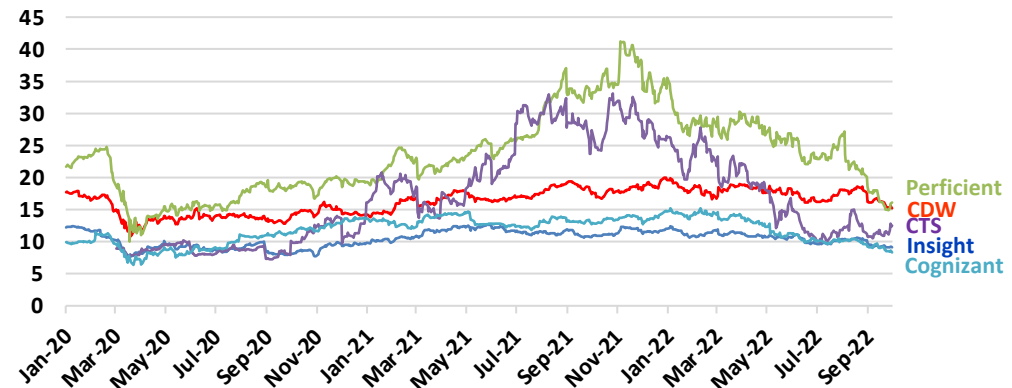
The chart below on the left illustrates recent Enterprise Value (EV) Multiples of some large North American publicly traded IT services companies based upon stock prices on September 30th. Valuations of privately held companies and publicly traded companies change over time due to macroeconomic conditions, quarterly earnings, and other factors. Large, publicly traded companies tend to have much higher EV Multiples than small privately held companies due to the scale, geographic reach, and stability of the large, publicly traded businesses. The left chart illustrates that Softchoice (TSX: SFTC) led the pack at the end of Q3 2022 with an EV Multiple of 18.17, while the other large North American IT solutions companies had EV Multiples that ranged from 4.48 for DXC Technology (NYSE: DXE) to 15.18 for CDW (NASDAQ: CDW) to 16.15 for Perficient (NASDAQ: PRFT). The right chart illustrates the relative generation of value over the past two years by a few large, publicly traded IT services firms. Converge Technology Solutions (TSX: CTS) led the pack with EV Multiple growth over that two year period of time, despite the recent decline of its share price and EV Multiple.

EV Multiples of Publicly Traded IT Services Firms



Source: FactSet
 EV as of September 30, 2022
 Based upon Last Twelve Months EBITDA
 Highest Market Capitalization from Left to Right

EV Multiples Over Time



Source: FactSet



CFA Overview

About CFA

Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years, Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business.

Our Technology, Media & Telecom Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.



Sell-Side Advisory

Whether as a divestiture strategy or a recapitalization strategy selling all or part of a business requires equal parts creative thinking, critical analysis, expert advice, sound planning and flawless execution. Having the right team of investment banking professionals working for you is critical to ensure success.



Capital Markets

Our commitment to remaining independent from any investment or lending affiliates ensures that we deliver unbiased guidance. It also promotes maximum competition among lending sources, helping to fully leverage value for our clients. Our role is to help you raise the type of capital that best fits your needs.



Buy-Side Advisory

Growth through acquisition is a complex process. It involves strategy, planning, critical analysis, coordination and negotiation. When you want to take advantage of the fast growth offered by a consolidation or roll-up, CFA's broad reach, sources of financing and efficient closings can help you achieve your business growth goals.



Financial Advisory

Now that you have made the decision to raise capital for your business, choosing the right investment banker is critical. Whether you are buying out a partner, financing an acquisition or seeking growth capital, CFA is the right choice to help you achieve your financing goals.



Exit Planning

Every business will ultimately undergo a transfer via sale or merger, a charitable donation, a transfer to a child or relative or even bankruptcy, liquidation or death. Every ownership transfer carries with it a unique set of consequences and the best consequences usually begin with a clearly defined exit plan.



Business Valuation

"What is my business worth" is a question we often hear from business owners contemplating a business sale, merger or recapitalization. Answering this question depends on many factors, including the business valuation methods that are employed in the calculation.

Investment Banking Team



John Holland

Managing Director

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John is the author of this Q3 2022 Report on Mergers & Acquisitions in the Technology Services Industry. He has over 25 years of senior executive experience in the IT channel in the USA and Europe. He started his career at Ingram Micro. While he was a Vice President at the \$10 billion hardware manufacturer Kingston Technology, he led the European channel organization for 10 years and the US channel organization for 8 years. As an investment banker, he has represented business owners in information technology, telecommunications and other industries. He has a BA from the University of Illinois, an MBA from the University of California, and he has attended executive education courses at Harvard Business School and the University of Oxford. He is a Certified M&A Advisor with the Alliance of M&A Advisors. He holds FINRA Series 63 and 79 licenses.



Dan Vermeire

Managing Director

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Dan has a track record of success in strategic growth, corporate development, acquisitions and deal structures. His career began with technology engineering and grew to include all business leadership functions. He has pioneered market regions, set record-level sales closings and led the strategic development program for a public market offering. Dan has advised or led dozens of successful corporate development projects, including a franchise conversion, a NASDAQ IPO, and a \$400M acquisition, involving all aspects of strategic planning, M&A process execution, due diligence, and integration programs. Dan received a BS Business Administration with Honors from the University of Kansas, and has further studies with The Chasm Group, Miller Heiman, Karrass, and SMU's Cox School of Business. He is a certified Exit Planner with the Exit Planning Institute. He holds FINRA Series 63 and 79 licenses.



Brian Murphy

Managing Director

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Brian Murphy leads our team in Ireland where he has advised technology companies such as Apple, Dell, EMC, Logitech, McAfee, and Quest. With 20 years Big 4 plus experience including 10 years as an Advisory Partner with Deloitte, Brian specializes in executing international acquisitions, disposals and fundraising. As a Fellow of the Institute of Chartered Accountants in Ireland, Brian brings the deep reach and expertise of CFA to the Irish marketplace. Brian is a graduate of University College in Cork, Ireland.



Peter Heydenrych

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Peter has more than 30 years of experience in corporate finance and investment banking, including international banking and M&A. He draws on a depth of experience and brings important insights to bear on the issues faced by clients, whether when selling their business or when requiring capital. Peter is a highly-skilled negotiator who is analytical and tenacious, yet objective and fair. He has participated in numerous M&A and corporate finance transactions, representing parties wishing to sell, buy or capitalize middle-market businesses. Peter has served the needs of middle-market companies in the technology, telecommunications, and other industries. He is a Chartered Accountant of South Africa and holds a Master's Degree in Business Administration from the University of Cape Town, South Africa. He holds FINRA Series 7, 24, 28, 63 and 79 licenses.

Recent Tech Industry Transactions

This announcement appears as a matter of record only



has been acquired by



The undersigned initiated the transaction and acted as the exclusive investment banker to the seller

 CORPORATE FINANCE ASSOCIATES
Securities transacted through Corporate Finance Securities, Inc.

This announcement appears as a matter of record only



together we make IT happen

has been acquired by
The Leadership Team and



HUNT TECHNOLOGY VENTURES, L.P.

The undersigned acted on behalf of eGroup

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Cybersecurity Delivered.

has been acquired by



Where Technology Means More®

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Hovik, Norway

a subsidiary of the listed French-Belgian company AKKA Technologies SE, indirectly acquires 100% of the shares of



Hannover, Germany

CFAW Frankfurt initiated and acted as advisor to the seller in the transaction

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 Since 1956

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and



have been acquired by



Privacy Star

The undersigned initiated and acted as financial advisor in the transaction

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CLOUD EXPERTS

has been acquired by



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Technology II Connected®

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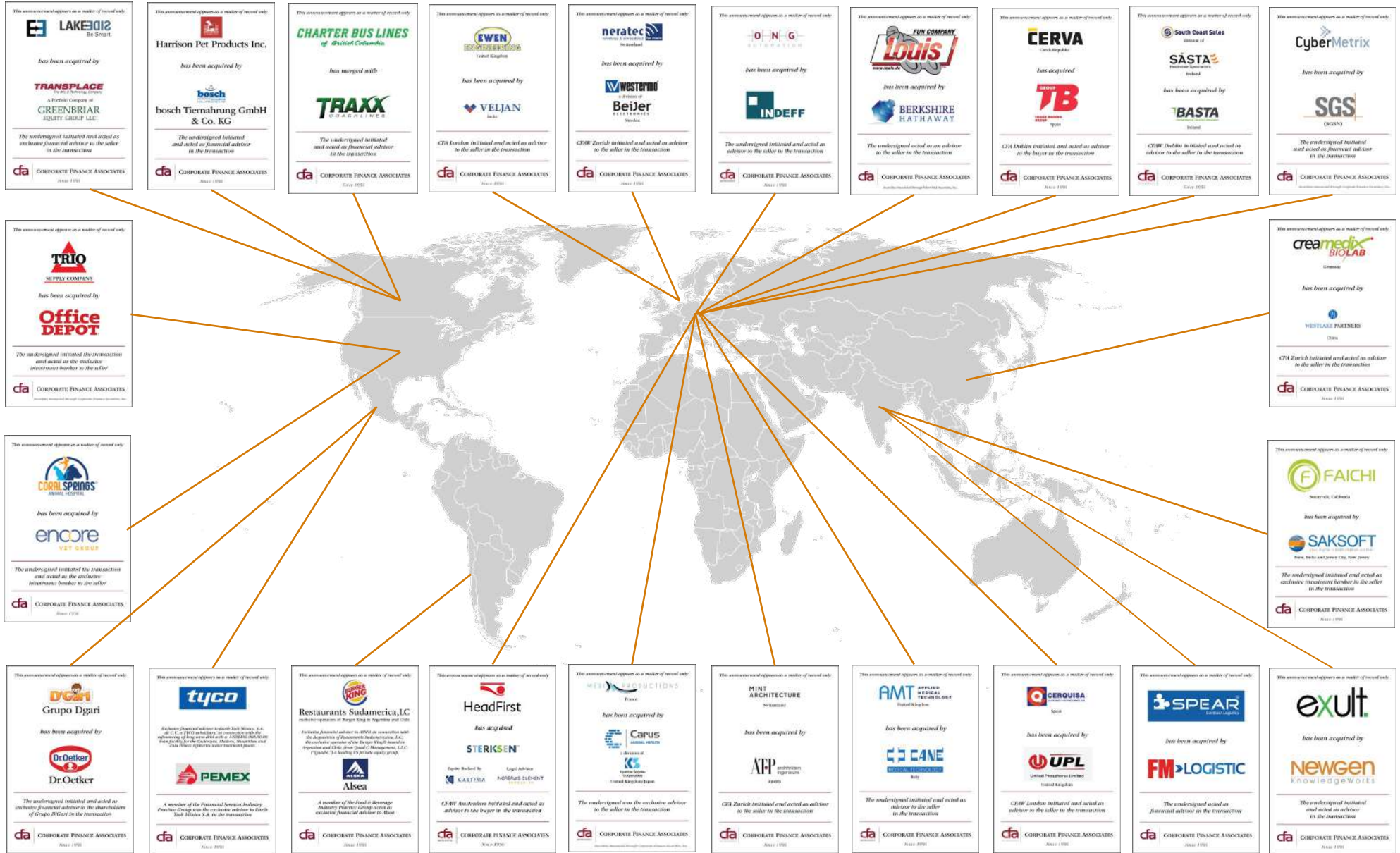
has been acquired by



The undersigned initiated and acted as advisor to the seller in the transaction

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 Since 1956

Worldwide Transactions



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Where We Are

With offices across the USA and in Mexico, India, Austria, Belgium, France, Germany, Hong Kong, Ireland, Italy, Netherlands, Portugal, South Africa, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.



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