

IT Services *M&A Quarterly Update*

First Quarter 2021

IT Services industry continues to flourish as companies look to continue building out their digital infrastructure to modernize their business model and structure

IT Services Market Outlook

IT /business services account for 29% of the US market and 21% of the global market due to the landscape presented by COVID-19 and other factors

Worldwide IT spending is projected to total \$3.8tn in 2021, an increase of 4% from 2020

With enterprises continuing to embrace digital through 2021 despite vaccine rollout, tailwinds suggest IT industry will continue to thrive

IT services industry is ripe for a strong recovery, as companies look to recover from the COVID-19 crisis and boldly position themselves to thrive in the future

IT Services Middle-Market M&A

M&A Activity

134 IT Services transactions closed in Q4 2020, down from 153 in Q4 2019. We expect overall M&A activity in IT Services to increase as normalcy returns



Financial Sponsors

Private equity and private equity-backed companies continue to deploy capital into the space and represent 64% of the deals done this year



Strategic Buyers

Most public and private non-sponsor backed strategics are now just beginning to invest into M&A now that vaccine rollout has begun



“IT Services companies’ financial performance remains resilient through COVID. Digital transformation accelerated by COVID presents a strong tailwind for the IT Services industry. We expect the M&A activity to be robust in 2021, driven by strong appetite from both strategics and financial sponsors.”

Subhash Marineni, Vice President
Bridgepoint Investment Banking

Notable Recent IT Services Transactions

IT Services



On December 10, 2020 Leidos Holdings announced it acquired 1901 Group, a company that serves public and private sectors with infrastructure, applications management, and security services through IT-as-a-service delivery model.

“We are thrilled to incorporate their managed services and cloud computing techniques to provide our customers with the tools they need digital for modernization.” – Roger Krone, Chairman and CEO, Leidos Holdings



Cybersecurity



On December 17, 2020 Lynx Technology Partners announced it acquired ITSourceTEK, a leading provider of cybersecurity program strategy.

“Together we will help our customers achieve higher levels of cybersecurity program maturity by delivering real value in the form of stronger performance, increased resilience, better assurance, and more efficient risk management.” – Aric K. Permitter, Founder, Lynx Technology Partners



IT Services

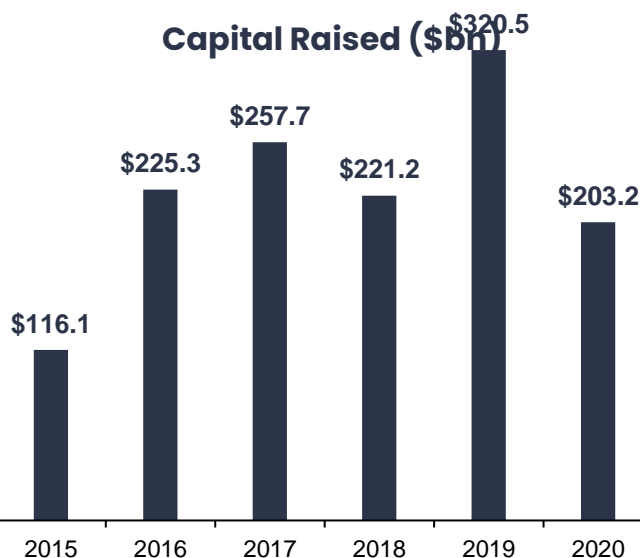


On November 10, 2020 Axispoint Technology Solutions Group announced it acquired MTM Technologies, a company that specializes in delivering customized technology solutions that meet today's needs and anticipate tomorrow's market realities.

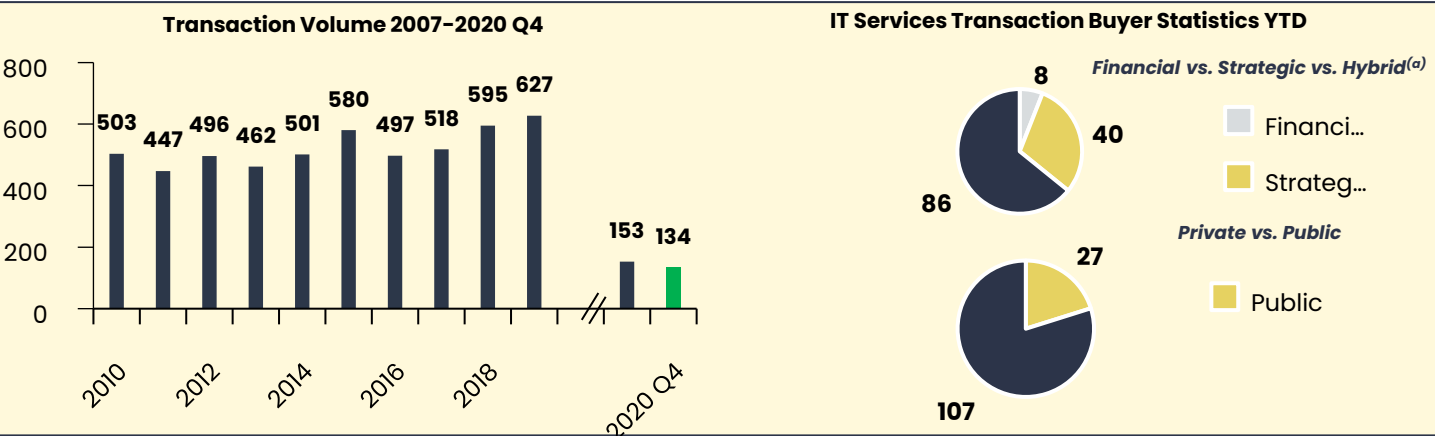
“Our acquisition of MTM highly complements our overall services and solutions, in strategic alignment with our Technology Solutions as a Service innovation, for our valued clients.” – Anthony D'Ambrosi, CEO, ATSG



2015–2020 PE Fundraising



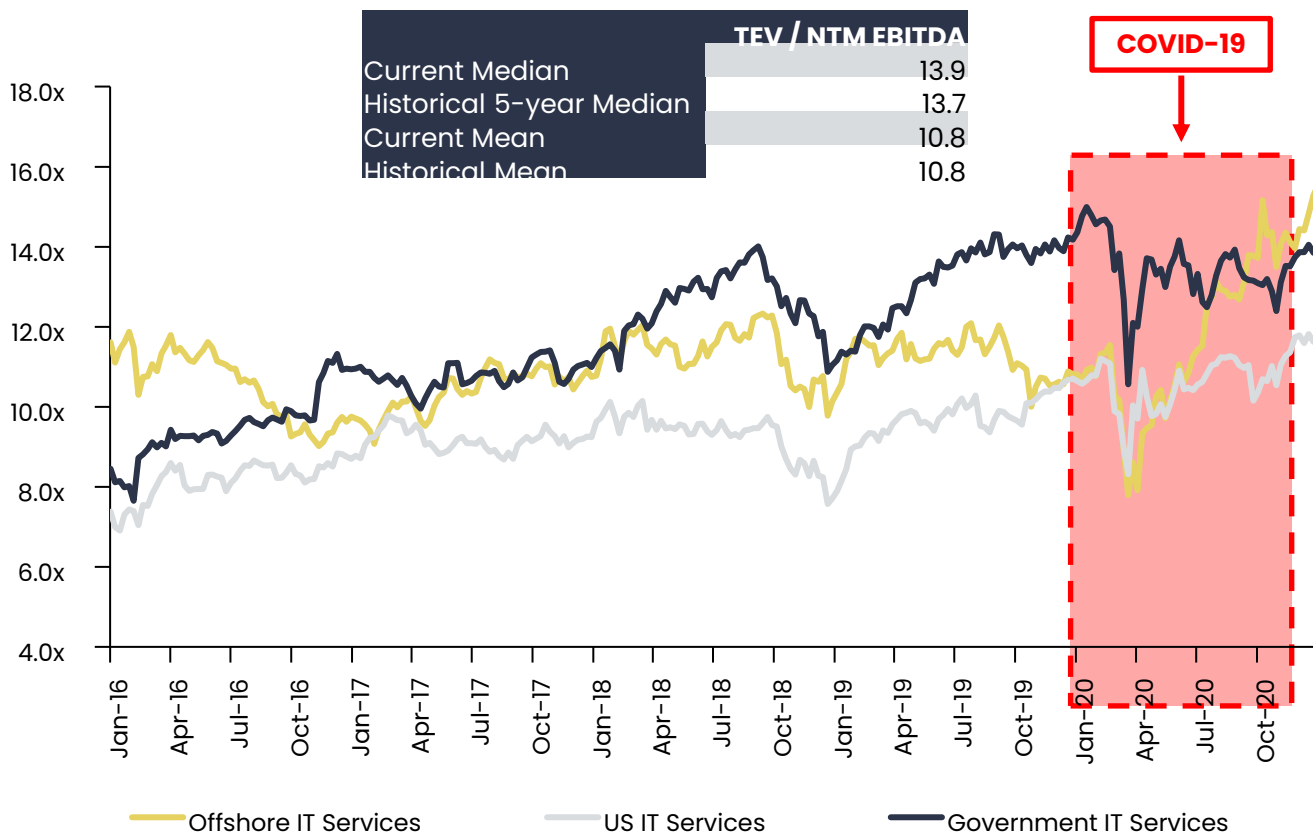
Selected IT Services M&A Transaction Statistics



Recent IT Services M&A Transactions

Date	Target	Buyer	Business Description
12/30/2020	ASIC Power Company	Global Care Capital	Provides mining companies access to its cryptocurrency mining streaming contracts and chip pipeline
12/29/2020	Etech Solutions	Valeo Networks	Provides IT consulting services
12/28/2020	Cirrus Tech	Cloud Equity Group	Provides shared website hosting services
12/28/2020	Global Loyalty	JPMorgan Chase & Co	Comprises loyalty technology solutions businesses
12/24/2020	WebbMason Analytics Group	Envestnet	Operates as a data analytics consultancy firm
12/23/2020	Cascade Data Labs	Kin and Carta	Provides data science consulting
12/23/2020	Prime Technology Group	Synerzip	Provides software solutions for insurance, financial services and healthcare industries
12/22/2020	Division of Prosum	Netrix	Comprises managed services business
12/22/2020	Artemis Software	Appfire Technologies	Provides custom software development and consulting services
12/21/2020	CarpeDatum Consulting	Converge Technology Solutions	Offers IBM Analytics consulting services
12/17/2020	ITSourceTEK	Lynx Technology Partners	Offers cyber security services and solutions in cloud security and data protection
12/17/2020	NetLink Systems	Ntiva	Operates as an information technology and services company
12/17/2020	MTM Technologies	Axispoint Technology Solutions Group	Offers cloud and digital infrastructure; visualization solutions, such as mobilize workforce and transition cloud
12/15/2020	Poynt	GoDaddy	Operates a payment terminal and open commerce platform
12/14/2020	Tapestry Technologies	ManTech International Corporation	Provides cybersecurity, network and systems engineering
12/10/2020	ATL Data Centers	CleanSpark	Operates data centers for e-commerce and bitcoin mining
12/10/2020	1901 Group	Leidos Holdings	Provides IT services for public and private companies
12/10/2020	Paperless Transaction Management	Wolters Kluwer	Offers digital transaction management solutions
12/10/2020	Fresche Solutions	Northstar Capital; American Pacific Group	Operates as a legacy management company; re-hosts, re-writes, and re-architects business-critical applications

Rolling TEV / NTM EBITDA by Sector Index December 2015–December 2020



SELECT BRIDGEPOINT IT SERVICES TRANSACTION EXPERIENCE

Dabarc
ADM COMPANY

Has been acquired by

DMR

Buy-side Advisor

DMR

Senior and uni-tranche debt capital raise for recapitalization

JPMORGAN CHASE & CO. GRAYCLIFF PARTNERS

Sole Financial Advisor

PROVIDEA
CONFERRING

Has been acquired by

WESTVIEW CAPITAL PARTNERS

Sell-side Advisor

oxi

Has been acquired by

stefanini
POWERING YOUR BUSINESS

Buy-side Advisor

Palisade

Has been acquired by

ABSOLUTE

Sell-side Advisor

infinite
CONFERRING

Has been acquired by

Onstream
Meetings • Webinars

Buy-side Advisor

180
CONNECT

Has been acquired by

Ad.Venture Partners, Inc.

Buy-side Advisor

BirdDogHR

Bridge debt and equity capital raise

Sole Bookrunner

Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the IT services industry

- 274+ years cumulative investment banking experience spanning 163 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 96 completed M&A transactions spanning more than \$36 billion
- 120 completed corporate finance transactions, raising more than \$85 billion in capital

Bridgepoint's experience, process, and deep connectivity to real, national funders and buyers provides IT Service Companies tailored, value add capital solutions

Services / Solutions

- ✓ Rescue & Bridge Financing
- ✓ Debt Restructuring
- ✓ Debt & Equity Recapitalization
- ✓ Growth / Acquisition Financing
- ✓ M&A Advisory

Outcomes

- ✓ Increased Cash Flow
- ✓ Debt Service Reduction / Flexibility
- ✓ Shareholder Liquidity
- ✓ Committed Capital Partner
- ✓ Optimal Transaction Result

Chad Gardiner
Director



Office: 402.817.7900

Email: cgardiner@bridgepointib.com

Subhash Marineni
Vice President



Office: 402.817.7960

Email: smarineni@bridgepointib.com

SECTORS OF FOCUS



Business & IT
Services



Technology



Healthcare



Consumer &
Retail



Industrials &
Transportation

274

YEARS OF EXPERIENCE

\$121B

IN TRANSACTIONS

216

TOTAL TRANSACTIONS