



IT Services *M&A Quarterly Update*

Second Quarter 2021

IT Services industry continues to flourish as companies continue to build out their digital infrastructure in order to modernize their business model and structure

IT Services Market Outlook

- **Transactions involving SAP integrators and service providers are up 5x from last quarter**, showing a sharp rise in the opportunities presented by the software
- **System integration multiples are nearly 2.5x above their historical average**, evidence that the popularity of IT companies is still present as the pandemic begins to fade away
- **Enterprises continue to embrace digital through 2021 despite the vaccine rollout**; tailwinds suggest IT industry will continue to thrive
- **The 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

10 SAP and 6 system integration company transactions closed in Q1 2021, compared to 2 and 7 in Q4 2020 respectively



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 in M&A now that vaccine rollout has begun

SAP



On March 24, 2021 Alithya announced that it has acquired R3D Conseil, a Quebec-based firm that specializes in digital and SAP solutions.

"These people and their expertise are central to this transaction, which expands the reach of Alithya's operations in Quebec as a digital transformation leader." – *Paul Raymond, President and CEO, Alithya*

IT Services continues to be a very active M&A market with many buyers executing on roll up strategies."

*Chad Gardiner, Director & IT Services
Sector Lead
Bridgepoint Investment Banking*

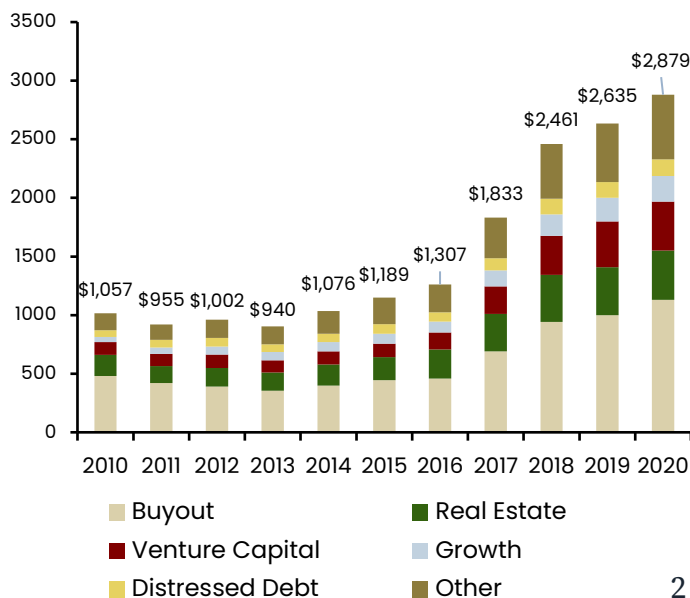
System Integration



On February 22, 2021 Calian Group has extended its digital healthcare and cybersecurity offerings through the acquisition of Dapasoft, a provider of system integration and cloud lifecycle management.

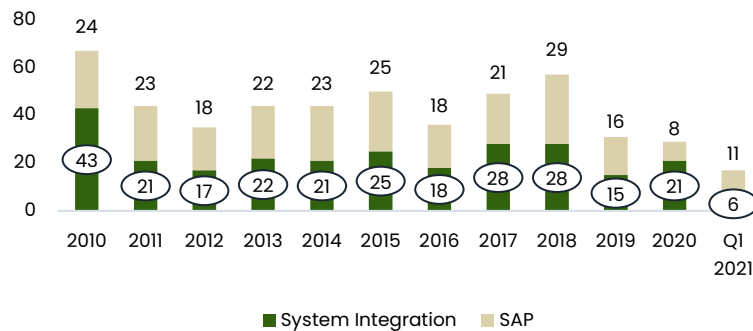
The addition of Dapasoft's people, products, and services broadens and deepens the digital healthcare offerings of our IT and Cyber Solutions division."
– *Kevin Ford, CEO, Calian Group Ltd.*

Dry Powder Levels (\$ in Billions)

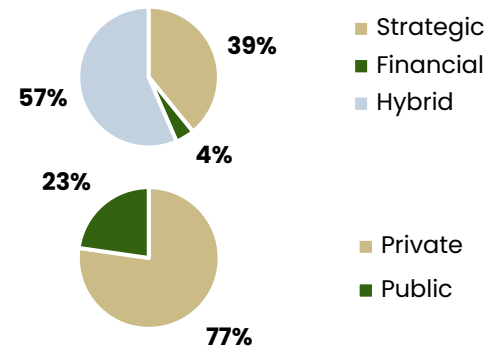


Selected IT Services M&A Transaction Statistics

Transaction Volume 2010 – Q1 2021



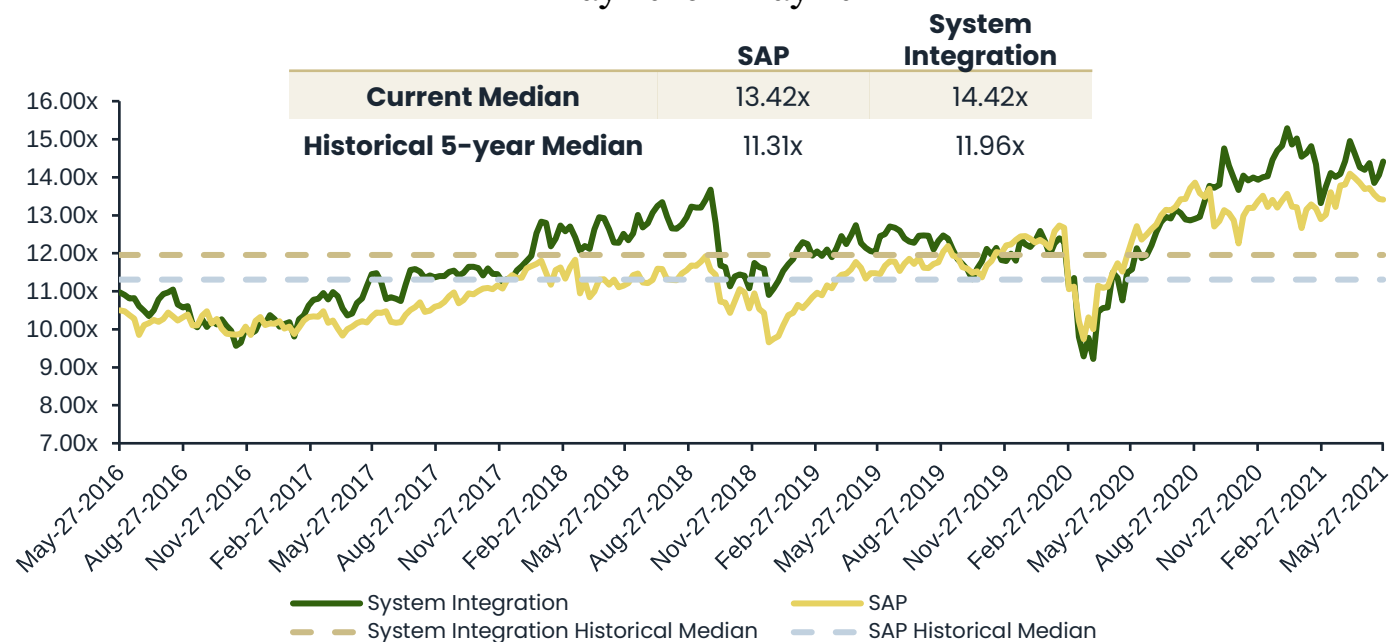
IT Services Transaction Buyer Statistics YTD



Recent IT Services M&A Transactions

Date	Target	Buyer	Business Description
03/31/2021	Kloudless, Inc.	Netskope, Inc.	Develops an API integration platform that unifies endpoints and data models across various SaaS APIs
03/30/2021	Spinnaker Management Group, LLC	SCA, LLC	Offers SAP supply chain management, integrated business planning suite (cloud) and supply and inventory planning services
03/24/2021	R3D Consulting Inc.	Alithya Group Inc. (TSX:ALYA)	Offers consulting, integration, information technology function, project management, public infrastructure, SAP, strategy and governance, business transformation and shop floor services
03/24/2021	Cleanshelf, Inc.	LeanIX GmbH	Delivers enterprise software-as-a-service (SaaS) management platform, integrating SAP
03/19/2021	ERP LOGIC, LLC	American CyberSystems, Inc.	Offers SAP cloud packaged solutions providing software, implementation and application services
03/15/2021	CipherCloud, Inc.	Lookout, Inc.	Enables to discover and categorize various cloud applications; and CipherCloud for SAP, a digital marketplace for SAP partner on SAP App Center
03/12/2021	ERP Maestro, Inc.	SailPoint Technologies Holdings, Inc. (NYSE:SAIL)	Develops cloud-based access control, security auditing and risk reporting solutions for SAP systems
02/10/2021	Labyrinth Solutions, Inc.	Invenio Business Solutions Limited	Provides SAP consultancy services
02/01/2021	Ibriidia	Beyond Technologies	Provides systems applications and products (SAP) solution manager, integration and application lifecycle management
01/28/2021	MVP Consulting Plus, Inc.	Speridian Technologies, LLC	Provides IT services and consulting services
11/16/2020	TruQua Enterprises, LLC	International Business Machines Corporation (NYSE:IBM)	Offers IT services, consulting, project management and SAP software development for Fortune 500 companies
11/05/2020	Dickinson & Associates, Inc.	Navisite, LLC	Provides program and project management, cost benefit analysis, change management, systems integration and configuration
10/16/2020	Utopia Global, Inc.	Prometheus Group Enterprises, LLC	Enables the governance of various master data domains required for effective use of SAP Plant Maintenance
08/25/2020	OSISOFT, LLC	AVEVA US 1 Corp.; AVEVA US 2 Corp.	Provides an open enterprise infrastructure to connect sensor-based data, operations, and people to enable real-time and actionable insights
03/30/2020	ProjectBlue Software Applications, Inc.	Vision33 Inc.	Provides SAP business software and professional services to growing businesses
02/04/2020	EdgeRock Technologies, LLC	BGSF, Inc. (NYSE:BGSF)	Provides SAP, Oracle, and PeopleSoft consultants to business leaders and IT managers in the United States
01/13/2020	iTech Solutions, Inc.	Ampcus Inc.	Provides short-term and long-term IT staffing services to Fortune 100 companies in the United States
01/13/2020	Ameri Holdings, Inc.	Enveric Biosciences, Inc. (NasdaqCM:ENVB)	Provides SAP cloud, digital, and enterprise services worldwide

Rolling TEV / NTM EBITDA by Sector Index May 2016 – May 2021



Select Bridgepoint IT Services Transaction Experience

 International equipment financing to support future growth Sole Financial Arranger	 Has merged with Sell-side Advisor	 Has been acquired by Buy-side Advisor
 Senior and uni-tranche debt capital raise for recapitalization JPMORGAN CHASE & CO. GRAYCLIFF PARTNERS Sole Financial Advisor	 Has been acquired by Sell-side Advisor	 Has been acquired by Buy-side Advisor
 Has been acquired by Sell-side Advisor	 Has been acquired by Buy-side Advisor on SPAC transaction	 Bridge debt and equity capital raise Sole Bookrunner

IT Services Consulting Company

Recapitalization | Cross-Border Buy-Side Advisory | Sell-side M&A Advisory

TRANSACTION SUMMARY

Over the course of a relationship spanning more than five years, Bridgepoint completed three transactions for the Company.

The series of transactions began with a recapitalization, which set the stage for a growth capital raise and acquisition financing to acquire a Mexican company that gave the Company a strong presence in Latin America. From this position of strength, the Company ultimately merged with its largest direct competitor.

As a result of the transactions, the Company's Total Enterprise Value grew more than 5x and the company owner's growth and liquidity goals were met and exceeded.

COMPANY

Company provides enterprise data migration, governance and data analysis services and has developed a proprietary data migration software tool

ACQUIROR

Private equity-backed direct competitor with highest synergy opportunities and second-bite of the apple for management

PROCESS STRATEGY

Bridgepoint has been a trusted advisor for over 5 years and responded on behalf of our client to inbound acquisition interest from the ultimate Acquiror. Bridgepoint prepared a full synergy analysis, leading to a maximum valuation.



DEBT DIVIDEND
RECAPITALIZATION



CROSS-BORDER
BUY-SIDE ACQUISITION



STRATEGIC
SALE



Bridgepoint continues to be a trusted advisor and an integral partner in all of our strategic growth efforts. This growth capital partnership and acquisition has solidified us as a committed player as we prepare for the next stage of growth. It will help us fund and execute on both organic and in-organic growth efforts...Bridgepoint partnered us with a committed capital provider and efficiently negotiated our acquisition of Target, which will allow us to scale as an industry leader."

- President & Founder of the Company

bridgepoint

INVESTMENT
BANKING

bridgepointib.com

Bridgepoint Executive Summary

- **Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the IT services industry**
- 276+ years cumulative investment banking experience spanning 219 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 97 completed M&A transactions spanning more than \$36 billion
- 122 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 Services Companies, including SAP and Oracle systems integrators, with 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

402.817.7900
cgardiner@bridgepointib.com



Subhash Marineni
Vice President

402.817.7960
smarineni@bridgepointib.com



Business &
IT Services



Technology



Healthcare



Consumer &
Retail



Industrials &
Transportation

Sectors of Focus

MORE THAN

276

YEARS OF EXPERIENCE

\$121B

IN TRANSACTIONS

219

TOTAL TRANSACTIONS

bridgepointib.com