



Q1
2024

M&A Insights
IT CONSULTING, TECHNOLOGY,
AND DIGITAL SERVICES
INDUSTRY UPDATE



HIGHLIGHTS

Q1 Deal Dips Further

In Q1 2024, the number of closed deals decreased by 3.5%, totaling 327 compared to 339 in Q4 2023. The median EV/EBITDA multiple in the sector dropped to 10.9x, down from 11.4x in Q4 2023. Revenue multiples remained consistent with the previous quarter, suggesting that buyers are maintaining their revenue-based valuations to accommodate short-term EBITDA variations. Analysts continue to propose that deal volume may increase if the Federal Reserve decides to lower interest rates, though many are now anticipating that an uptick in deal volume may start in late 2024 or early 2025.

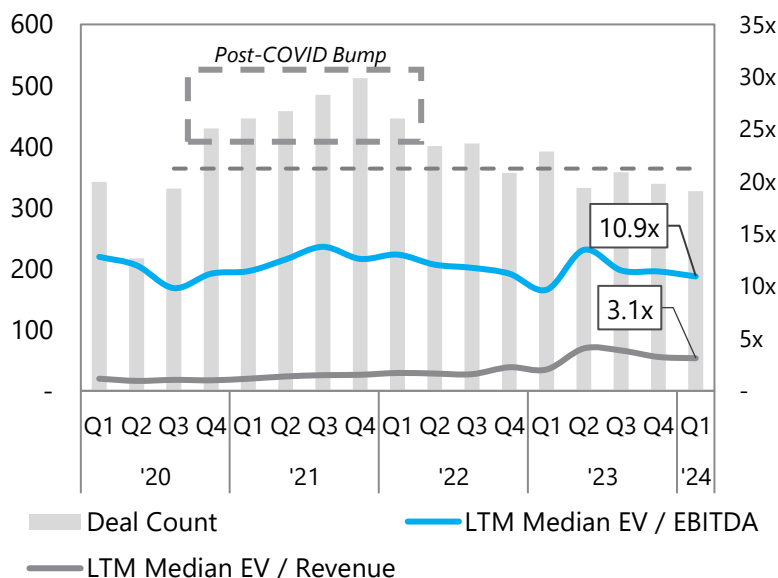
Data-Driven Differentiation

Heading into 2024, IT service providers are increasingly distinguishing themselves by leveraging proprietary data sets to offer specialized insights for specific industries and use cases. This specialization is vital for clients seeking to make informed strategic decisions based on less generic data that provides real value. As a result, the traditional subscription model is evolving into a multi-tiered, customer-centric approach that combines various complementary services, fostering more dynamic and tailored revenue models.

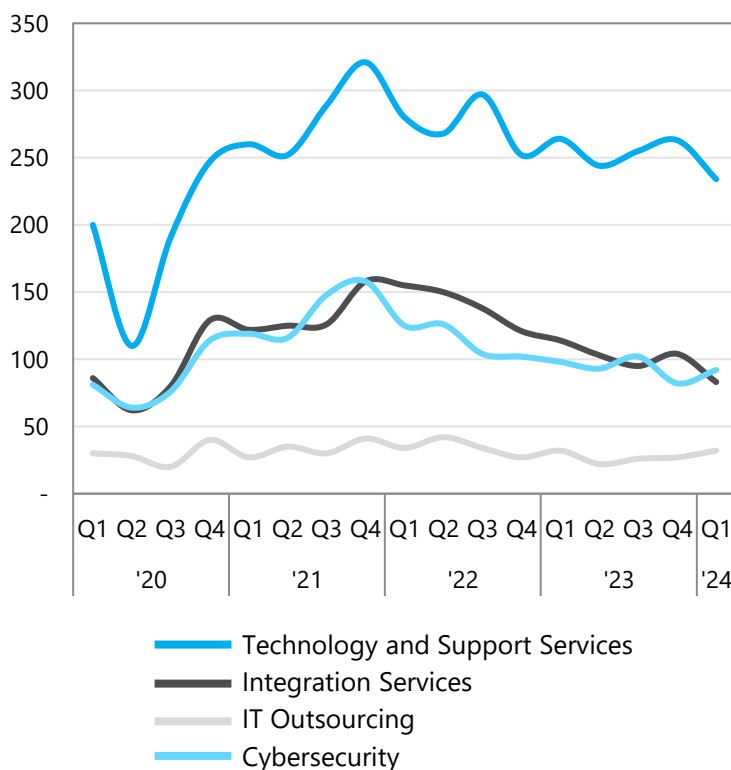
The integration of AI and ML technologies is continuously evolving, but has become increasingly common practice among IT providers, enhancing their capabilities in data management and analysis. This includes pattern and context management, sentiment analysis, and predictive analytics, all essential for delivering actionable and sophisticated data insights. This shift aligns with the trend towards specific data that is extensive in volume and contextually enriched, driving a new era of data specialization.

Data Source: Pitchbook

IT Services PE Buyouts & Strategic M&A Deals

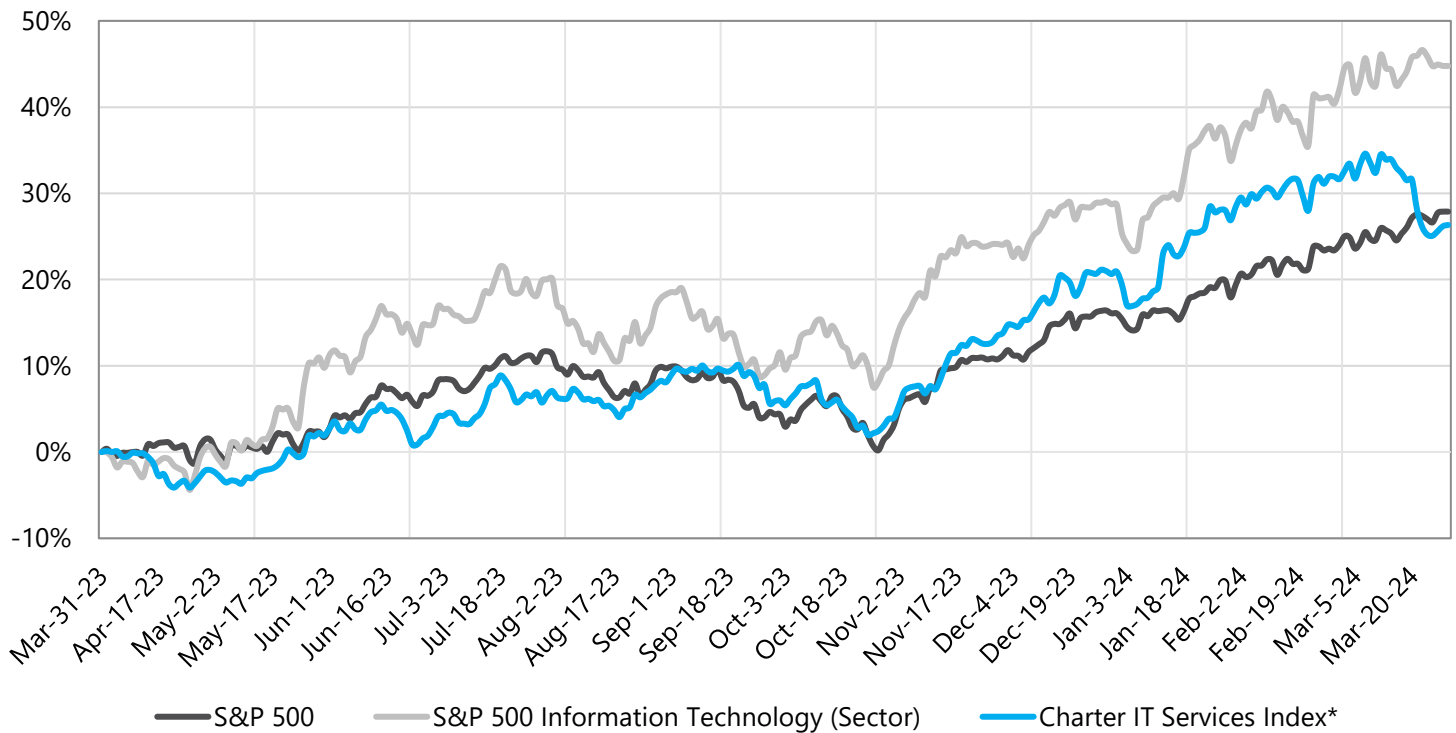


Quarterly Deal Volume by Vertical

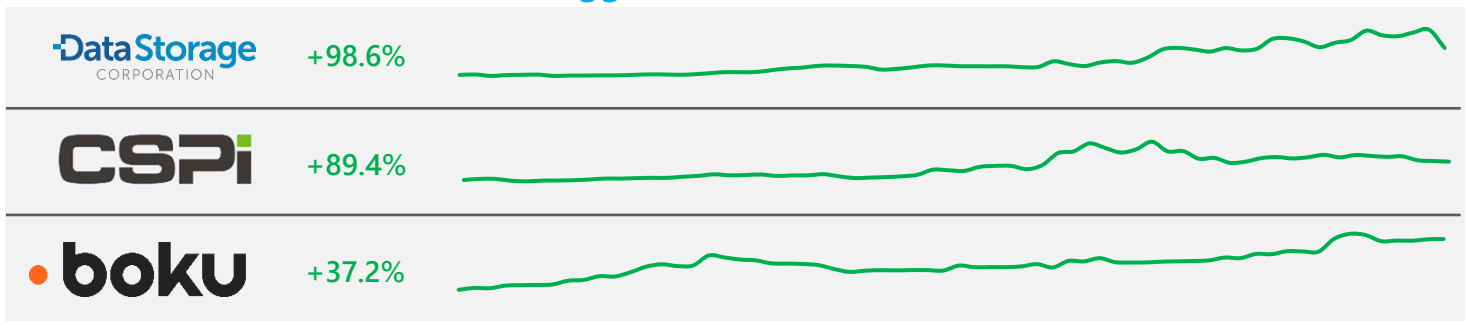


PUBLIC COMPANIES

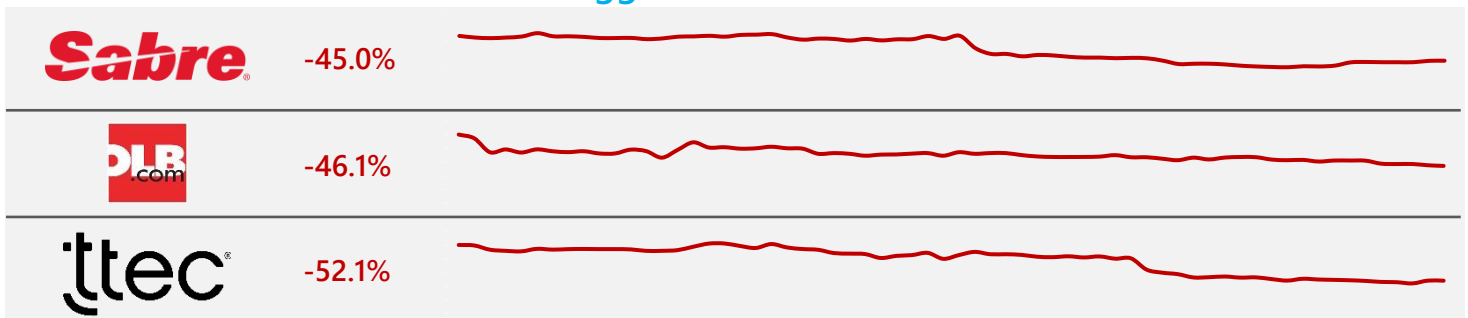
Share Price Performance Compared to the S&P 500



Select Biggest Winners this Quarter



Select Biggest Losers this Quarter








Sources: S&P Capital IQ, Pitchbook

*Charter's Index includes: ACN, CAP, CTSH, DXC, IT, HCL, INFY, IBM, TCS, Wipro, Fujitsu, GIB.A, ATO, UIS

PRIVATE TRANSACTIONS

Most Active Strategic Acquirers

Company	Q1 Deal Count	Recent Industry Transactions
	5	03/25/24 - Mindcurv Group (Essen, Germany) 03/18/24 - Arhs Group (Belvaux, Luxembourg) 03/19/24 - Flo Group Holding (Rotterdam, Netherlands)
	4	03/01/24 - Accurate Computer Solutions (Boerne, Texas, United States) 03/01/24 - Blue Cactus Consulting (Phoenix, Arizona, United States) 03/01/24 - Drivotech (Boxborough, Massachusetts, United States)
	3	03/11/24 - Sighup (Milan, Italy) 02/28/24 - Abbana (Paris, France) 02/21/24 - ITnet (Assago, Italy)
	2	01/15/24 - Ankora Software (Sarajevo, Bosnia and Herzegovina) 01/15/24 - AntColony (Sarajevo, Bosnia and Herzegovina)
 CAC Holdings Corporation	2	03/22/24 - Rosso (Tokyo, Japan) 02/05/24 - Sky Produce Japan (Tokyo, Japan)

Most Active Private Equity Acquirers

Firm	Q1 Deal Count	Recent Industry Transactions
	3	03/14/24 - Centrered (Canberra, Australia) 01/15/24 - Lancom Technology (Auckland, New Zealand) 01/01/24 - Silicon Mountain Technologies (Lakewood, Colorado, United States)
	3	02/13/24 - GLiNTECH (Sydney, Australia) 02/06/24 - Mentat Technology (Byfield, United Kingdom) 02/06/24 - Plat4mation (Utrecht, Netherlands)
	3	03/13/24 - Pagabo Group (United Kingdom) (Hull, United Kingdom) 01/24/24 - Kerv (London, United Kingdom) 01/04/24 - Cloud Cover IT (Glasgow, United Kingdom)
	3	03/05/24 - msystems IT-Solutions (Herxheim, Germany) 03/05/24 - Sofyne Active Technology (London, United Kingdom) 02/19/24 - Conwiss Consulting (Berlin, Germany)
	2	03/04/24 - The Big Middle (Adelaide, Australia) 02/29/24 - FiveP (Microsoft Business Applications practice) (Melbourne, Australia)

Key Private Equity Exits

Seller:			One Equity Partners
Target:			
Acquirer:			
Date:	January 30 '24	February 01 '24	February 01 '24

KEY DEALS SPOTLIGHT

Cybersecurity Subsector Spotlight



On March 13, 2024, cloud security leader Wiz announced the acquisition of startup Gem Security, valued at \$10 billion. This strategic acquisition enhances Wiz's Cloud Native Application Protection Platform (CNAPP) by integrating Gem's advanced Cloud Detection and Response (CDR) capabilities. This move is part of Wiz's larger strategy to address industry challenges such as tool sprawl, siloes, and visibility gaps, aiming to create a unified platform for comprehensive cloud security. Gem, founded in 2022, is known for its real-time CDR solution that improves the speed and efficiency of investigating and containing cloud-native threats. The integration sees Gem's co-founders joining the Wiz team, with CEO Arie Zilberstein emphasizing the combined effort to enhance security operations globally. [Read more about this deal online.](#)

Strategic Buyer Spotlight



On February 29, 2024, London-based Endava (NYSE: DAVA), a technology services company with engineering industry expertise, announced its acquisition of GalaxE Group, a global IT solutions provider. The deal, valued up to \$405 million, will enhance Endava's North American market presence and establish its operations in India. This strategic expansion is set to deepen Endava's expertise, particularly in the U.S. healthcare sector. John Cotterell, Endava's CEO, remarked, "We are delighted for the GalaxE team to join Endava. This acquisition... positions us well for meeting increasingly complex customer needs," highlighting the synergistic potential of this acquisition to scale operations and enhance service offerings across diverse industry verticals. This marks a significant step in Endava's strategy to enhance its global delivery platform and address evolving market demands efficiently. [Read more about this deal online.](#)

Private Equity Buyer Spotlight



On February 15, 2024, Starwood Capital Group secured a 50% stake in Echelon Data Centres, a leading sustainability-focused data center infrastructure provider in Ireland and the United Kingdom, valuing Echelon at approximately €2.5 billion (\$2.7 billion). This investment highlights the growing venture capital and private equity interest in sustainable data centers, particularly those leveraging renewable energy for AI applications and other intensive workloads. Echelon's commitment to sustainability is further emphasized through its direct power purchase agreements with renewable energy sources. Barry Sternlicht, chairman and CEO, noted, "Data centers have been a core thematic for us, and this transaction enhances our data center footprint and capabilities in Europe," signaling confidence in further capital investment into the sector with attractive returns. [Read more about this deal online.](#)

PRIVATE TRANSACTIONS

Recent Transactions in Select Verticals

Technology & Support Services (T&SS), IT Outsourcing (ITO), Integration Services (IS), and Cybersecurity (CS)

Date	Target	Description	Investor(s)	Deal Type	Enterprise Value (\$M)	EV / Sales	EV / EBITDA	Verticals			
								T&SS	ITO	IS	CS
02/13/24	Aggne	Provider of IT consulting services and several proprietary solutions.	Wipro	M&A	110.0	6.1x	ND			•	
03/14/24	AVision Company	Provider of IT consulting services.	NU-DENT	M&A	2.4	ND	ND	•		•	
02/01/24	Computer Design & Integration	Provider of IT infrastructure hardware and software consulting.	Berkshire Partners, Centerbridge	PE	705.0	ND	ND	•		•	
02/14/24	Digital Arts Consulting	Provider of cybersecurityIT consulting services.	Change	M&A	17.1	1.4x	ND			•	•
03/25/24	GT Innovision	Provider of system integration construction services.	LG CNS, Macquarie	PE	8.1	ND	ND	•		•	
03/29/24	LVX Global	Provider of IoT engineering services.	Design Milk Holdings	M&A	25.6	1.7x	ND			•	
03/20/24	Number8	Provider of IT consulting services.	Enterprise Investors, Software Mind	PE	49.1	ND	ND	•		•	
02/02/24	Rolta India	Provider of IT solutions.	Patanjali Ayurved	M&A	99.9	ND	ND			•	
02/01/24	Sophos Solutions	Provider of software development and technology consulting services.	GFT Technologies	M&A	95.0	ND	ND	•		•	
01/01/24	Beetel Teletech	Provider of telecommunication technology and IT services.	Bharti Airtel	M&A	82.7	ND	ND				•
02/14/24	CTCI	Provider of cyber security services.	Armis	PE	20.0	ND	ND				•
02/13/24	Flatt Security	Developer of cybersecurity software.	GMO Internet Group	M&A	23.9	11.9x	ND				•
01/16/24	Flow Security	Developer of a data security software.	CrowdStrike	M&A	54.1	ND	ND				•
03/13/24	Gem Security	Provider of a cloud-based cybersecurity software.	Wiz	M&A	350.0	ND	ND				•
01/31/24	Levio	Provider of IT consulting services.	CDPQ	PE	93.1	ND	ND				•
02/29/24	SEMNet	Provider of a cyber security regulation consulting services.	GSTechnologies	M&A	2.7	ND	ND				•
03/05/24	Spirent Communications	Provider of networks and cybersecurity automated test services.	Viavi Solutions	M&A	1,162.2	2.5x	28.4x				•
03/28/24	Spirent Communications	Provider of networks and cybersecurity automated test services.	Keysight Technologies	M&A	1,364.2	2.9x	33.4x				•
01/05/24	Trustwave	Developer of a threat detection software.	The Chertoff Group	PE	205.0	ND	ND				•
02/06/24	ZeroFox	Developer of enterprise social risk management software.	Haveli Investments	PE	316.9	1.4x	ND				•
01/22/24	Outsourcing	Provider of IT & technology outsourcing services.	Bain Capital	PE	1,028.9	0.2x	3.9x	•	•		
01/23/24	Spalding Consulting	Provider of Department of Defense IT services.	Saalex	M&A	75.0	1.0x	ND	•	•		
01/29/24	Twinkle	Provider of system development and infrastructure support.	Business Brain Showa Ota	M&A	20.6	ND	ND	•	•		
03/04/24	Blockchain Fintech	Developer of blockchain financial technologies.	CryptoBlox Technologies	M&A	11.9	ND	ND	•			
03/22/24	Carnegie Hill	Provider of IT services.	Starbox Group Holdings	M&A	5.4	ND	ND	•			
01/04/24	Dataware Consulting	Provider of IT services.	Bittnet Systems	M&A	5.7	ND	ND	•			
01/08/24	DC Lužice	Developer of cybersecurity services.	Cordiant Digital Infrastructure	PE	5.8	ND	ND	•			
02/15/24	Echelon Data Centres	Provider and developer of data center infrastructure.	Starwood Capital Group	PE	3,788.1	ND	ND	•			
02/29/24	GalaxE.Solutions	Provider of IT consulting and security services.	Endava	M&A	405.0	ND	ND	•			
03/29/24	Heptagon Technologies	Provider of a business technology consulting services.	Quess Corporation	M&A	ND	ND	ND	•			
01/24/24	Kerv	Provider of cloud-based managed services.	Bridgepoint Advisers, LDC	PE	317.9	ND	ND	•			
01/16/24	Security Shift Group	Provider of IT systems consulting services.	5G Networks	M&A	2.7	ND	ND	•			
02/13/24	Sedam IT	Provider of IT and communications technology services.	Telelink Business	M&A	9.8	ND	ND	•			
02/13/24	Travel Technology Interactive	Provider of IT management services.	CitizenPlane	M&A	24.8	ND	ND	•			

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Industry Practice Team



Mark Streekstra
Partner & Managing Director
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Mark has more than 16 years of diversified advisory and deal execution experience, 11 of which were spent in the Consulting, Technology, and Digital services industry. At Charter, Mark primarily focuses on helping clients achieve their goals through sell side and buy side advisory services.

The majority of Mark's career was spent at Accenture, where he led acquisitions in support of Accenture's inorganic growth strategy. During his time in that role, Accenture purchased over 100 companies in the consulting, technology, and digital services space while becoming the most acquisitive company in the world. Mark has personally led transactions with a total enterprise value in excess of \$700 million.



AJ Ebels
Vice President
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AJ focuses on M&A deal execution, private debt and equity investment diligence, business valuation, and financial modeling for companies in the technology, manufacturing, and other industries. He also leads initiatives related to internal technology and software implementation and development.

AJ graduated with Honors from Grand Valley State University with a BBA in Finance and Business Economics and was a graduate of the Frederik Meijer Honors College. He received his MBA from the University of Chicago Booth School of Business in the weekend program with concentrations in finance, economics, entrepreneurship, and business analytics.



Dylan Stenzinger
Analyst
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Dylan Stenzinger is an analyst primarily focused on supporting the firm's M&A advisory services with a strong background in M&A financial modeling, analysis, and deal execution. He joined Charter in 2023 and brings valuable experience to his role after interning at Calder Capital, Auxo Investment Partners, and Raymond James throughout college. Dylan holds a Bachelor's degree from Cornerstone University, where he majored in Finance, Economics, and Creative Thinking and Innovations.

Relevant Transactions Advised by Charter Team Members

SELL-SIDE	SELL-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE
 A Portfolio Company of LLR Partners					

Some of the transactions presented represent Charter principals acting in their capacity as representatives of a FINRA broker-dealer or while at previous firms.



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none">Go-to-market sell-side advisoryBuy-side growth strategiesExit planningFairness opinions
Capital Raise	<ul style="list-style-type: none">Equity or debt capital raiseDividend recapitalizationSolvency opinionsMinority investors
Valuation Opinions	<ul style="list-style-type: none">Buy-sell agreementsGift, estate, and income tax mattersShareholder disputesPurchase price allocations
Capital Management	<ul style="list-style-type: none">Licensed Fund ManagementRegistered Investment Advisers

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