



Q4
2023

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



HIGHLIGHTS

Q4 Deal Volume Stagnates

In Q4 2023, the number of closed deals in the sector experienced a slight decrease of 5.6%, totaling 339 deals compared to 358 in Q3 2023. Despite this decline, the median multiple in the sector remained relatively consistent with the previous quarter. Notably, both median EV/EBITDA multiples and deal volume have largely reverted to and stagnated around pre-COVID levels over the last several quarters. There is speculation among analysts that deal volume might see a slight uptick in the upcoming quarters if the Federal Reserve opts to reduce interest rates.

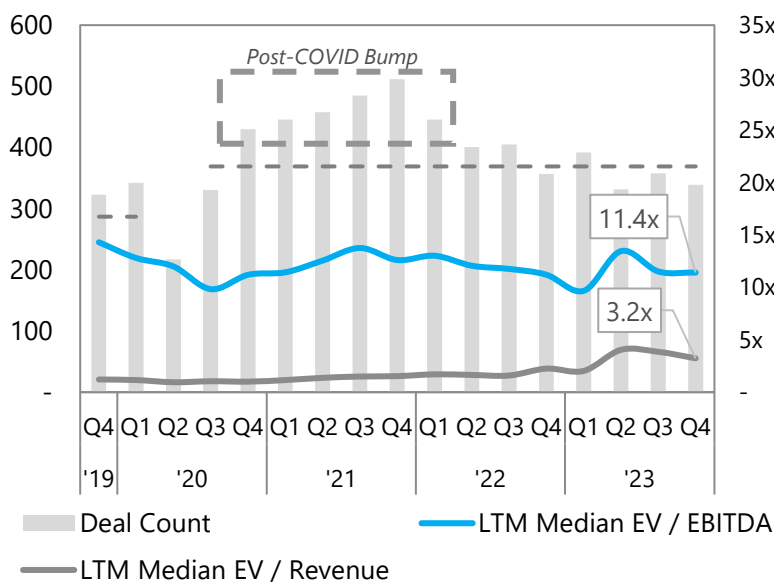
Navigating Generative AI Globalization and Regulation

Heading into the new year, tech leaders must navigate the balance between global interconnectedness and self-sufficiency. The tech industry's expansive reach exposes it to the escalating risks stemming from geopolitical instability, supply chain disruptions, and regulatory shifts. To handle these challenges, leaders must diversify their supply chains and distribute operations across reliable regions.

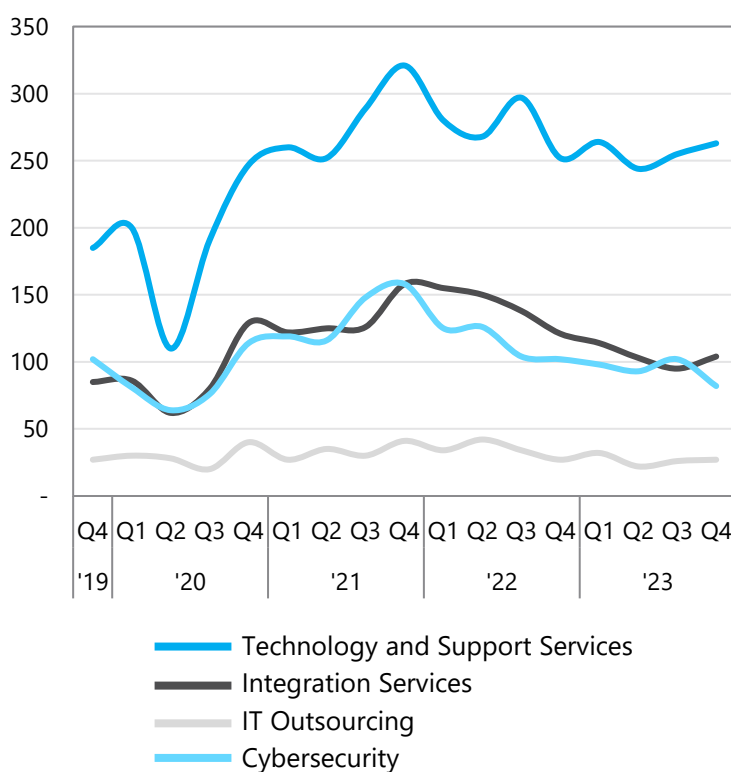
Generative AI presents a promising avenue for growth, with companies experimenting to enhance efficiency and productivity. However, amid the industry's excitement, providers must strategize which generative AI capabilities can be monetized and which models are cost efficient amongst rising chip demand.

Governments worldwide are scrutinizing tech platforms' impacts, leading to impending regulations prioritizing data protection, ethical AI usage, and sustainability. Collaborative efforts among business functions can transform compliance into a competitive edge, ensuring sustainable growth and innovation.

IT Services PE Buyouts & Strategic M&A Deals

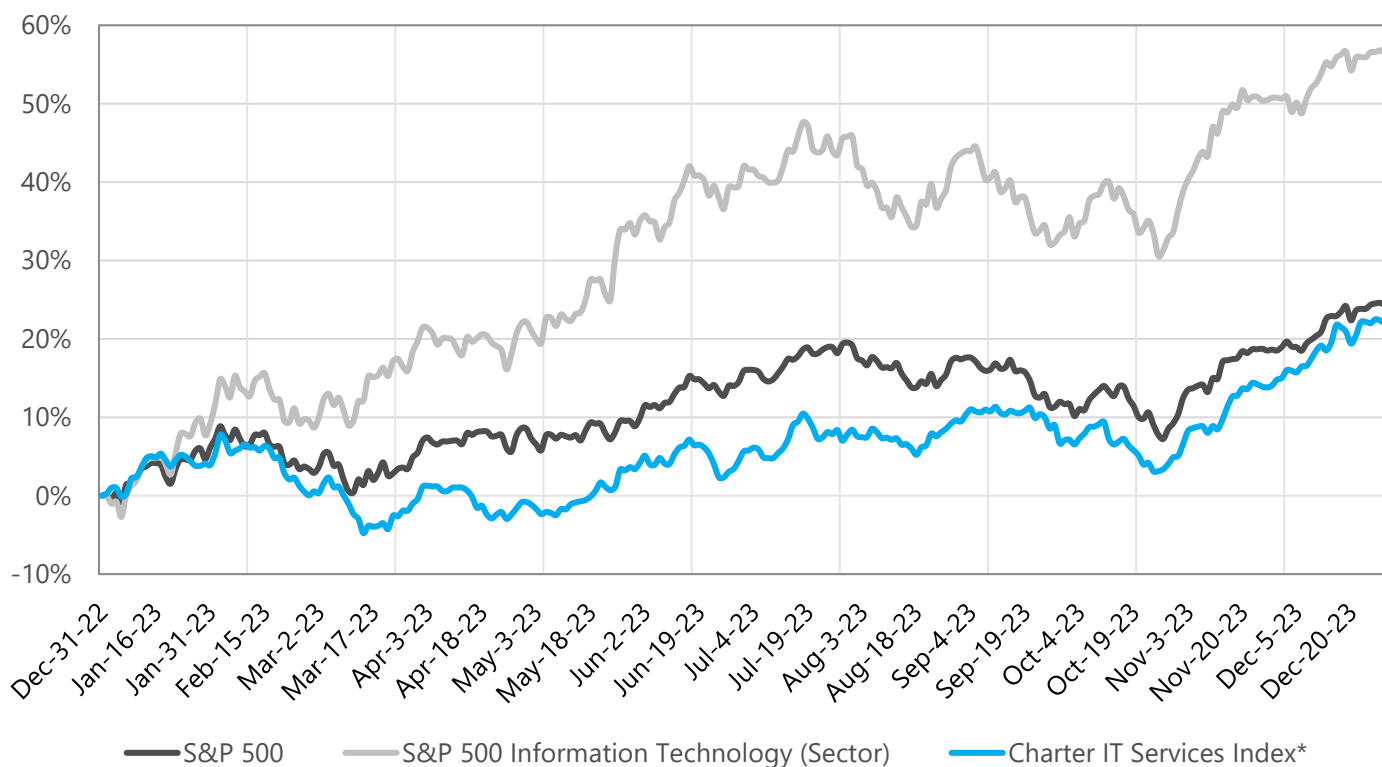


Quarterly Deal Volume by Vertical



PUBLIC COMPANIES

Share Price Performance Compared to the S&P 500

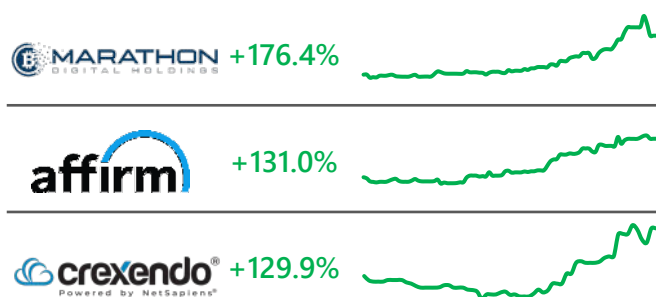


Strong Q4 Market Surge

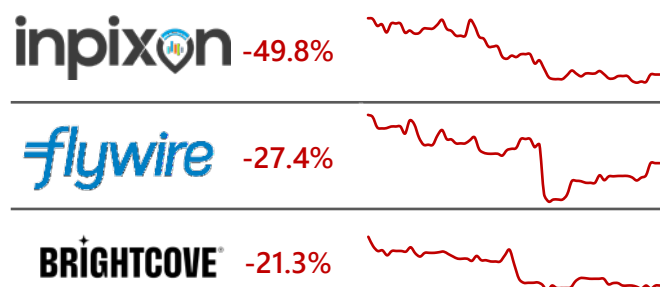
In Q4, there was a significant surge across all three indices, driven by growing investor confidence in the market as the Federal Reserve opted to maintain rates and inflation continued to decelerate. However, Inpixon (Nasdaq: INPX) remained among the notable losers. Inpixon operates as an Indoor Intelligence company, offering positioning, mapping, and analytics products. While the company has expanded its revenue through strategic alliances, it also continues to incur annual losses.

On the other hand, Marathon Digital (Nasdaq: MARA), a digital asset technology company specializing in cryptocurrency mining, emerged as a top performer in Q4. Despite its volatile nature due to investor uncertainty about the company's current financial position and future growth trajectory, Marathon Digital announced several digital asset mining efficiency improvements during the quarter.

Biggest Winners this Quarter



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	Q4 Deal Count	Recent Industry Transactions
 accenture	12	12/29/23 - 6point6 (London, United Kingdom) 12/22/23 - CMIT (Rome, Italy) 12/22/23 - SirfinPA (Rome, Italy)
 THE 2Q	3	11/03/23 - Managed It Systems (Bogart, Georgia, United States) 11/01/23 - Network Technologies Of Kansas (Topeka, Kansas, United States) 10/04/23 - 3i International (Houston, Texas, United States)
 bianor	2	12/13/23 - GoToAdmins Group (Sofia, Bulgaria) 12/11/23 - Bulbera (Stara Zagora, Bulgaria)
 Flotek group	2	12/11/23 - Orbiss (Truro, United Kingdom) 11/14/23 - Ikona IT (Cardiff, United Kingdom)
 FPT Software	2	12/06/23 - AOSIS Consulting (Toulouse, France) 10/31/23 - Cardinal Peak (Lafayette, Colorado, United States)

Most Active Private Equity Acquirers

Firm	Q4 Deal Count	Recent Industry Transactions
 NAUTIC	4	12/18/23 - Aberdeen Consulting (Madison, Wisconsin, United States) 12/11/23 - The Network Pro (Anaheim, California, United States) 12/07/23 - GreyCastle Security (Troy, New York, United States)
 ALPINE	4	12/01/23 - Ramboll Group (Facility Data Services) (Copenhagen, Denmark) 10/02/23 - Accellis (Cleveland, Ohio, United States) 10/02/23 - Infonancial Solutions (Toronto, Canada)
 CLESSIDRA Private Equity SGR	3	11/30/23 - Syscons Group (Turin, Italy) 10/23/23 - Cooder (Porto Sant Elpidio, Italy) 10/23/23 - Webformat (Spilimbergo, Italy)
 ICG	3	11/14/23 - DIG (Linz, Austria) 11/13/23 - Beta Data Center (Marbella, Spain) 10/31/23 - FolioMetrics (London, United Kingdom)
 ITALMOBILIARE INVESTMENT HOLDING	3	11/30/23 - Syscons Group (Turin, Italy) 10/23/23 - Cooder (Porto Sant Elpidio, Italy) 10/23/23 - Webformat (Spilimbergo, Italy)

Key Private Equity Exits

Seller:	 ICG	IK Partners	 REDBIRD CAPITAL PARTNERS
Target:	 6POINT6	NEVERHACK	 COMPASS AUTOCENTERS
Acquirer:	 accenture	 THE CARLYLE GROUP	 Brookfield Infrastructure Partners
Date:	December 29 '23	November 30 '23	October 3 '23

Source: Pitchbook

KEY DEALS SPOTLIGHT

Cybersecurity Subsector Spotlight



On December 28, 2023, Palo Alto Networks ("Palo") acquired Talon Cyber Security ("Talon"), a trailblazer in enterprise browser technology, for an undisclosed amount. The transaction reinforces Palo's position as a global cybersecurity leader. Nikesh Arora, chairman and CEO of Palo, stated that integrating Talon's Enterprise Browser with Palo's Prisma® Secure Access Service Edge ("SASE") to enhance security and data protection is going to be a key focus post acquisition. Nikesh emphasized that as companies' employees increasingly utilize personal and unmanaged devices for work, the need for a comprehensive SASE solution becomes imperative. Talon's Enterprise Browser will fortify Prisma SASE by providing additional layers of defense against various cyber threats, including phishing attacks and web-based intrusions, while offering robust controls to safeguard sensitive data. [Read more about this deal online.](#)

Strategic Buyer Spotlight



On February 5, 2024, iomart Group plc (AIM: IOM) announced its agreement to acquire the entirety of Accesspoint Group Holdings Limited ("Accesspoint"), the holding company of Accesspoint Technologies Limited for an initial consideration of £4.5 million, paid in cash upon completion. This Acquisition not only grants iomart access to profound industry expertise but also brings on board a highly skilled team with a stellar reputation in the legal IT industry. By augmenting iomart's existing legal clientele with the new customer base, this move solidifies iomart's foothold in a pivotal segment of the broader IT sector. Lucy Dimes, CEO of iomart, emphasized how iomart and Accesspoint excel in data management, security, and data sovereignty—critical aspects amid the growing demands of the Legal IT sector firms for the evolving development of technology and customer service enhancements. [Read more about this deal online.](#)

Private Equity Buyer Spotlight



On December 19, 2023, Exiger, a leading SaaS company transforming risk management for corporations, government agencies, and banks, announced a definitive agreement for a majority investment from Carlyle and Insight Partners. This strategic partnership highlights Exiger's promise to advance its acclaimed portfolio of AI solutions, pivotal in critical applications across government and commercial sectors. Reinforcing this alliance, Exiger's management, founders, and existing investor Carrick Capital Partners will reinvest equity. Exiger's CEO, Brandon Daniels, expressed enthusiasm for the collaboration, highlighting the transformative potential of their AI technology in risk identification and management. Carlyle's Technology and Government Services teams anticipate leveraging their expertise to accelerate product innovation and customer engagement, aligning with Exiger's growth trajectory. [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
12/22/23	Automated Control Solutions	Provider of IT Consulting services.	Aliter Capital, Edwin James Group	PE	6.3	ND	ND	•		•	
12/28/23	Talon Cyber Security	Operator of a telecommunications company.	Palo Alto Networks	M&A	625.0	ND	ND				•
12/26/23	Twinkle	Developer of authentication platform.	Business Brain Showa Ota	M&A	20.7	ND	ND	•	•		
12/24/23	Atom Security	Operator of large-scale, carrier and cloud-neutral, multi-customer data centers.	Mend.io	M&A	5.0	ND	ND				•
12/21/23	DetACT	Provider of information technology services.	Bridgepoint Advisers, DataExpert	PE	11.4	ND	ND	•			•
12/21/23	Isovalent	Developer of a software.	Cisco Investments	M&A	650.0	ND	ND				•
12/19/23	Exiger	Developer and operator of a wholesale data center.	Carrick Capital, Insight Partners, Carlyle Group	PE	1,350.0	ND	ND				•
12/19/23	Vade	Solutions provider for IT consulting, development and software.	Providence Equity, PSG, TA Associates	PE	871.5	ND	ND				•
12/19/23	Kin and Carta	Provider of agile software development services.	BC Partners, Kharis Capital, Valtech	PE	289.0	1.2x	ND	•			
12/15/23	Dhyey Consulting Services	Provider of IT Consulting services.	Dev Information Technology	M&A	1.1	ND	ND			•	
12/14/23	Fusion5	Provider of cybersecurity services.	ND	PE	ND	ND	ND	•			
12/13/23	D'Crypt	Operator of a telecommunication mobile technology company.	ST Engineering	M&A	67.5	ND	ND				•
12/11/23	Cirrus Networks Holdings	Developer of cybersecurity software.	Atturra	M&A	29.3	0.4x	9.8x	•			
12/06/23	Dig Security	Developer of privacy technology.	Palo Alto Networks	M&A	350.0	ND	ND				•
12/05/23	Future Mind	Provider of IT services based in Austria.	Apax Partners, Solita	PE	10.0	ND	ND	•		•	
12/05/23	Accesspoint Technologies	Provider of payment services.	iomart	M&A	8.0	1.7x	8.2x	•			
12/04/23	Imperva	Provider of information and communication technology solutions.	Thales Group	M&A	3,600.0	ND	ND				•
12/01/23	Infopower HR Solutions	Developer of security technology.	Entersoft	M&A	1.0	ND	6.0x			•	
12/01/23	SADA Systems	Developer of an enterprise automated network threat defense platform.	Insight Enterprises	M&A	800.0	ND	ND	•			
11/30/23	Total Security	Developer of customized software solutions.	Just Develop It	M&A	340.0	ND	ND				•
11/22/23	VMware	Provider of enterprise brand protection services.	Broadcom	M&A	69,210.0	5.1x	19.9x				•
11/17/23	Clarity IOT	Provider of cloud-based software services.	Must Capital	M&A	ND	ND	ND	•		•	
11/11/23	System Information	Provider of Information technology services.	ND	M&A	116.0	1.1x	9.0x			•	
11/08/23	Deltascheme	Provides identity intelligence solutions.	Beech Tree, Transparency Solutions	PE	1.0	ND	ND	•			
11/06/23	SEMNet	Provider of IT support and cloud services.	GSTechnologies	M&A	2.7	ND	ND				•
11/06/23	Verve Industrial Protection	Provider of IT consultancy services.	Rockwell Automation	M&A	185.0	ND	ND	•			
11/03/23	Nomios	Developer of a full-stack infrastructure software.	Keensight Capital	PE	750.8	ND	ND	•		•	
11/01/23	AxSYM Technology	Provider of information and technology services.	SOCO Corporation	M&A	6.9	ND	ND			•	
11/01/23	Cyxtera Technologies	Provider of data center network infrastructure design and deployment services.	Brookfield, Digital Realty	PE	1,300.0	ND	ND	•			
11/01/23	Symbio	Provider of IT consultancy services.	Aussie Broadband, Superloop	M&A	331.5	ND	ND	•			
10/29/23	Osirium	Developer of security platform for data protection.	SailPoint Technologies, Thoma Bravo	PE	6.6	2.6x	ND				•
10/24/23	RTX	Developer and designer of cyber security solutions.	Blackstone	PE	1,300.0	ND	ND	•			•
10/20/23	D2K Technologies India	Provider of financial planning and analytics services.	ICRA Analytics	M&A	1.8	ND	ND			•	
10/20/23	SafeDog	Next-generation cloud identity company.	AsialInfo Security	M&A	54.8	8.2x	ND				•
10/10/23	Future Dao Group Holding	Provider of IT consultancy services.	Metal Sky Acquisition	M&A	ND	ND	ND			•	

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Industry Practice Team



Mark Streekstra

Partner & Managing Director

mstreekstra@chartercapitalpartners.com

Mark has more than 14 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 work.

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 total enterprise value in excess of \$700 million.



AJ Ebels

Vice President

aebels@chartercapitalpartners.com

AJ focuses on M&A deal execution, private debt and equity investment diligence, business valuation analysis, and technical financial modeling for companies in the technology and manufacturing industries, among others. 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 is currently pursuing his MBA from the University of Chicago Booth School of Business in the weekend program with anticipated concentrations in finance, economics, entrepreneurship, and business analytics.



Dylan Stenzinger

Analyst

dstenzinger@chartercapitalpartners.com

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
DEVANA solutions	SPEND MEND	accenture	accenture	accenture	accenture
REALTIME CLINICAL TRIAL MANAGEMENT SYSTEMS A Portfolio Company of LLR Partners	SHERIDAN CAPITAL PARTNERS	Kurt Salmon	SOLUTIONS IQ	Knowledgegent	ENDGAME.

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

Charter Advisory Team

John Kerschen

President and Managing Partner
jkerschen@chartercapitalpartners.com

Mike Brown

Partner and Managing Director
mbrown@chartercapitalpartners.com

Mike Palm

Partner and Managing Director
mpalm@chartercapitalpartners.com

Mark Streekstra

Partner and Managing Director
mstreekstra@chartercapitalpartners.com

Jenny Dakoske

Director
jdakoske@chartercapitalpartners.com

Zach Wiersma

Director
zwiersma@chartercapitalpartners.com

Elisa Berger

Vice President
eberger@chartercapitalpartners.com

AJ Ebels

Vice President
aebels@chartercapitalpartners.com

Justin Pinto

Vice President
jpinto@chartercapitalpartners.com

Michael Pohl

Associate
mpohl@chartercapitalpartners.com

Keegan Ensing

Senior Analyst
kensing@chartercapitalpartners.com

Drew Dow

Analyst
ddow@chartercapitalpartners.com

Travis Read

Analyst
tread@chartercapitalpartners.com

Dylan Stenzinger

Analyst
dstenzinger@chartercapitalpartners.com

Broker dealer services offered through M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from Charter Capital Partners. The testimonials presented may not be representative of the experience of other clients and are not indicative of future performance or success.