



Q3
2023

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



HIGHLIGHTS

Q3 Deal Volume Up, Multiples Down

In Q3, the number of closed deals increased by 7.8% across the sector, reaching 358 deals compared to 332 in Q2 2023. Simultaneously, the median multiple in the sector decreased, returning to a more typical range after the previous quarter's skewed data, influenced by a few higher transactions with above-average multiples.

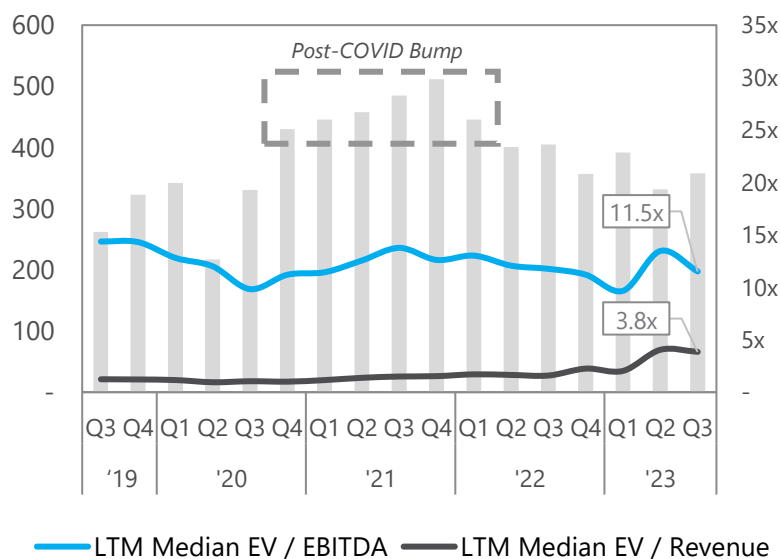
Cloud Technology, Cybersecurity, MSSPs, and MSPs

In recent years, the M&A landscape has witnessed an exceptional surge in transactions involving cloud technology solutions providers, with a particular focus on companies specializing in Microsoft Azure and AWS solutions for various applications.

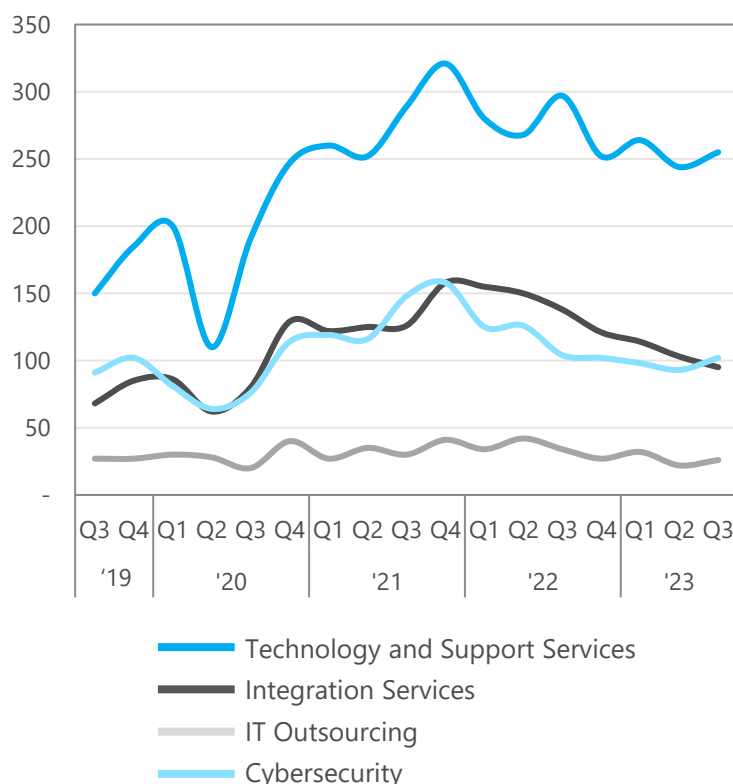
During Q3 2023, M&A transactions experienced an uptick in cybersecurity consulting deals, managed security solutions providers (MSSPs), and cybersecurity value-added resellers. Cybersecurity has experienced a downward trend since peaking in 2021, and the recent uptick in deal activity indicates a potential shift in deal volume patterns due to the ever-increasing importance of cybersecurity for companies.

The trend of private equity firms and large Managed Service Providers (MSPs) acquiring and consolidating MSPs has been prevalent over the past few years. Acquirers are attracted to the recurring revenues associated with MSPs. The brisk pace of MSP M&A activities continued throughout Q3 2023. As interest rates have stabilized and are anticipated to decline in the coming year, investors are pivoting toward more predictable investment strategies.

IT Services PE Buyouts & Strategic M&A Deals

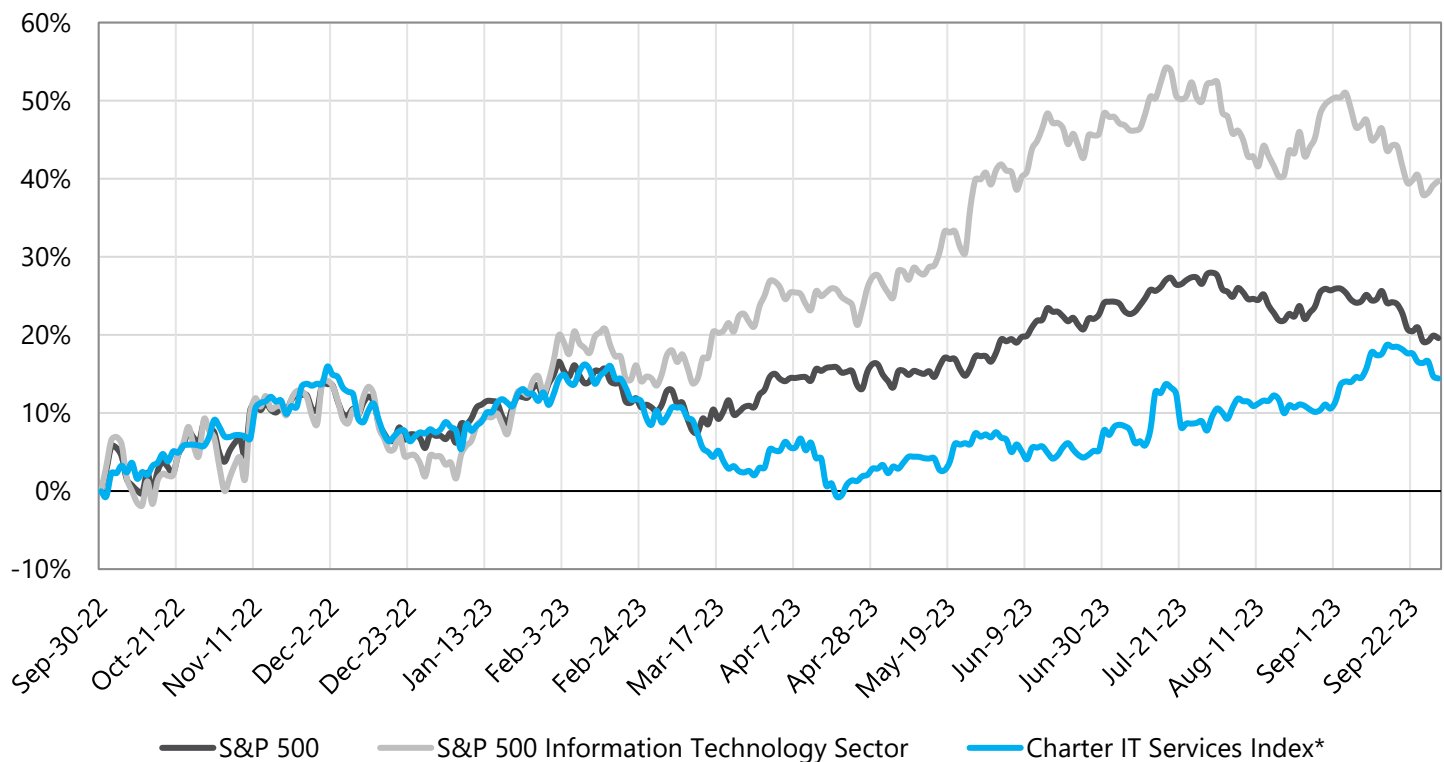


Quarterly Deal Volume by Vertical



PUBLIC COMPANIES

Share Price Performance Compared to the S&P 500



Navigating IT's Q3 Decline

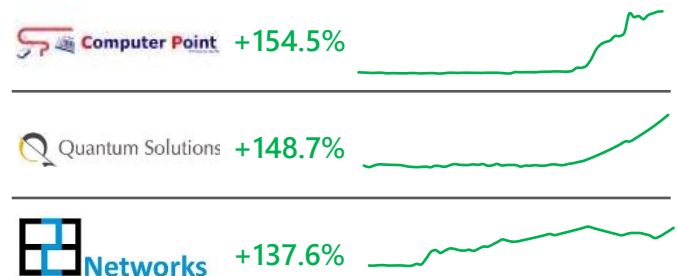
In Q3 2023, the performance gap among the three indexes narrowed. Charter's Index displayed improvement, resulting in a 14.4% trailing 12-month return, a significant shift from the 0.1% trailing 12-month loss at the end of Q2. The boost in Charter's index can be attributed primarily to a few stock increases, such as Tata Consultancy Services Limited, in Q3. Conversely, both the S&P 500 and the S&P IT sector indices saw a marginal decline in performance over the quarter on a TTM basis.

Adyen's performance is linked to consumer spending trends and the company's stock faced notable losses in the quarter, reflecting shifts in consumer behavior. While information technology stocks have sustained their resurgence throughout 2023, the upward trajectory briefly dipped in Q3, possibly indicating a temporary reversion to the mean. The expectation of declining interest rates is instilling optimism in investors as we enter Q4 2023.

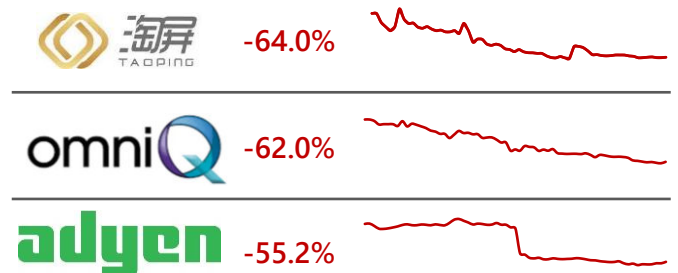
Sources: S&P Capital IQ, Pitchbook

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

Biggest Winners this Quarter



Biggest Losers this Quarter



PRIVATE TRANSACTIONS

Most Active Strategic Acquirers

Company	Q3 Deal Count	Recent Industry Transactions
	3	9/11/23 - Cirrus Networks Holdings (Canberra, Australia) 9/29/23 - Sabervox (Warabrook, Australia) 8/30/23 - Silverdrop Education (Sydney, Australia)
	3	9/29/23 - Accedian Networks (Montreal, Canada) 9/11/23 - SamKnows (London, United Kingdom) 9/21/23 - Splunk (San Francisco, California, United States)
	2	9/05/23 - Nautilus Consulting (London, United Kingdom) 7/27/23 - Strongbow Consulting Group (Ridgewood, New Jersey, United States)
	2	9/29/23 - Data eXcellence (Nieuwegein, Netherlands) 9/27/23 - Keyteo Group (Asian Branch) (Hong Kong)
	2	8/02/23 - Accord Global Technology Solutions (Bangalore, India) 9/08/23 - Solwit (Gdansk, Poland)

Most Active Private Equity Acquirers

Firm	Q3 Deal Count	Recent Industry Transactions
	4	7/28/23 - Active Business & Technology (Barcelona, Spain) 7/13/23 - Ozein (Seville, Spain) 7/28/23 - Quopiam Informática (Manlleu, Spain)
	4	8/16/23 - Beris Consulting (Wolfsburg, Germany) 8/07/23 - CodiLime (Warsaw, Poland) 7/20/23 - Integral Innovation Solutions (Barcelona, Spain)
	3	8/01/23 - Adcom Solutions (Norcross, Georgia, United States) 9/01/23 - CBM 25 (Besancon, France) 8/22/23 - Munvo (Montreal, Canada)
	3	7/12/23 - Apsalys (Pessac, France) 7/01/23 - Brainbits (IT Consulting) (Cologne, Germany) 7/10/23 - STAGIL (New York, New York, United States)
	3	8/15/23 - Artemis Consulting (McLean, Virginia, United States) 8/25/23 - NetFore Systems (Ottawa, Canada) 7/01/23 - Procomputing (Grapevine, Texas, United States)

Key Private Equity Exits

Seller:	Staple Street CAPITAL		
Target:	CYBERLINKASP		
Acquirer:			
Date:	August 2 '23	September 5 '23	September 24 '23

Source: Pitchbook

KEY DEALS SPOTLIGHT

Cybersecurity Subsector Spotlight



On July 27, 2023, Crosspoint Capital Partners finished its acquisition of Absolute Software for approximately \$650 million, with a total enterprise value of \$870 million. Absolute shareholders are set to receive \$11.50 per Common Share in cash, reflecting a premium of 34% and 38% over the closing and 30-day average prices on Nasdaq. The acquisition, approved unanimously by Absolute Software's Board, involves a statutory court-approved plan of arrangement. Upon completion, Absolute Software will no longer be listed publicly. The deal, backed by the Special Committee and Absolute's Board, is expected to strengthen cybersecurity offerings in the evolving work landscape. As of July 12, 2023, Crosspoint Capital received a no objection notification under Australia's Foreign Acquisitions and Takeovers Act 1975, progressing towards the expected completion in the second half of 2023. [Read more about this deal online.](#)

Strategic Buyer Spotlight



On August 29th, 2023, Serasa Experian acquired FlexPag, a utility fintech in Brazil, as part of its expansion strategy in the Latin American fintech ecosystem for an undisclosed amount. The acquisition enables the integration of a new feature, "My Accounts," into Serasa Experian's mobile app, serving 83 million users as a bill aggregator for water, electricity, and gas debts. FlexPag is the ninth startup to receive capital from Serasa Experian since 2021, emphasizing the company's commitment to innovation and diversification. The move aligns with the broader trend of mergers and acquisitions shaping the Latin American technology industry, reinforcing Serasa Experian's position as a global leader in credit risk assessment. CEO Valdemir Bertolo highlights the strategic significance of acquisitions in achieving the company's goal of democratizing credit access and supporting consumers and companies. [Read more about this deal online.](#)

Private Equity Buyer Spotlight



On August 23, 2023, Thoma Bravo successfully completed the \$2.3 billion all-cash acquisition of ForgeRock, marking a transformative moment in the Identity and Access Management (IAM) sector. The strategic merger with portfolio company Ping Identity positions the combined entity as a major player, emphasizing enhanced products and global innovation for advanced identity security experiences. This acquisition might not only reshape the IAM landscape, while also illustrates the Thoma Bravo's ability to adapt. With ForgeRock's robust solutions seamlessly integrated, the newly formed entity is poised to set industry benchmarks, driving innovation and delivering even more value to clients worldwide. As the IAM market undergoes rapid evolution, this strategic move solidifies Thoma Bravo's commitment to leading transformative change and staying at the forefront of technological advancements. [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
9/5/23	AdjudicacionesTic	Provider of IT Consulting services.	Digital360	M&A	1.6	ND	ND	•		•	
7/18/23	AOE	Provider of IT Consulting services.	Deutsche Beteiligungs	PE	11.4	ND	ND	•		•	
7/4/23	Dariel	Provider of IT services based in Austria.	Capital Appreciation	M&A	7.0	ND	4.8x			•	
7/19/23	Explan Consulting	Developer of security technology.	Icona Technology	M&A	1.6	ND	ND	•		•	
8/28/23	Human System	Provider of cloud-based software services.	SHIFT Growth Capital	M&A	9.7	ND	ND			•	
8/22/23	ProCom Consulting	Provider of Information technology services.	Amdocs	M&A	37.0	ND	ND	•		•	
9/18/23	Questers	Developer of a full-stack infrastructure software.	ND	M&A	9.4	ND	ND	•		•	
8/23/23	Sealing Technologies	Provider of information and technology services.	Parsons	M&A	200.0	ND	ND	•		•	•
8/30/23	Silverdrop Education	Provider of financial planning and analytics services.	Atturra	M&A	2.1	ND	ND			•	
7/10/23	Sopheon Asia Pacific	Switch Inc is a US-based technology infrastructure company.	Sopheon	M&A	1.5	ND	ND	•		•	
9/7/23	Versent	Developer of custodian technology for digital assets.	Telstra	M&A	255.0	1.7x	ND	•		•	
7/27/23	Absolute Software	Provider of software and self-service kiosk-based point of sale solutions.	Crosspoint Capital Partners	PE	819.8	3.7x	37.5x				•
7/27/23	Advantio	Operator of a telecommunications company.	August Equity, Integrity360	PE	5.5	ND	ND				•
7/10/23	Console Connect	Operator of large-scale, carrier and cloud-neutral, multi-customer data centers.	Infratil	PE	200.0	ND	ND				•
9/26/23	Dig	Provider of information technology services.	Palo Alto Networks	M&A	350.0	ND	ND				•
7/28/23	Firmamed	Developer of a software.	Grupo Primavera	M&A	8.6	ND	ND				•
8/23/23	ForgeRock	Developer and operator of a wholesale data center.	Thoma Bravo	PE	2,020.0	8.3x	ND				•
8/23/23	Globetech Japan	Solutions provider for IT consulting, development and software.	Amiya	M&A	0.6	ND	ND	•			•
9/21/23	Helifax Technologies	Operator of a telecommunication mobile technology company.	Silotech Group	M&A	1.5	ND	ND	•			•
7/25/23	Imperva	Developer of privacy technology.	Thales Group	M&A	3,600.0	ND	ND				•
8/1/23	Lidera Network	Provider of information and communication technology solutions.	Esprinet	M&A	6.2	ND	ND	•			•
9/13/23	Perimeter 81	Developer of customized software solutions.	Check Point Software Technologies	M&A	490.0	ND	ND				•
8/22/23	ProTechmanize Solutions	Provider of enterprise brand protection services.	Globesecure Technologies	M&A	12.4	ND	ND	•			•
8/8/23	Reevo	Provider of IT support and cloud services.	Nebula Aurea BidCo	M&A	99.5	ND	ND				•
9/18/23	Saisei	Developer of security platform for data protection.	FirstWave Cloud Technology	M&A	2.5	ND	ND				•
7/27/23	Scalian	Developer and designer of cyber security solutions.	Wendel Group	PE	1,065.9	2.0x	ND	•	•		•
7/20/23	SK Shieldus	Next-generation cloud identity company.	EQT	PE	451.5	ND	ND				•
7/3/23	Velotio	Operator of a cybersecurity holding company.	R Systems International	M&A	50.0	ND	ND	•	•		
8/11/23	Access eForms	Provider of IT solutions.	Phreesia	M&A	43.0	ND	ND	•			
8/22/23	Aim-Force Software	Developer of authentication platform.	ITMAX System	M&A	2.2	ND	ND	•			
9/8/23	AnyTech365	Provider of agile software development services.	Zalatoris Acquisition	M&A	ND	ND	ND	•			
8/3/23	AssetOn	Provider of cybersecurity services.	COSOL	M&A	19.5	ND	ND	•			
9/29/23	Beyond Binary	Developer of cybersecurity software.	Tesseract	M&A	4.5	ND	ND	•			
9/25/23	Bluware	Provider of payment services.	Computer Modelling Group	M&A	22.0	ND	ND	•			

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Industry Practice Team



Mark Streekstra

Partner & Managing Director

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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

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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

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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

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

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.

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