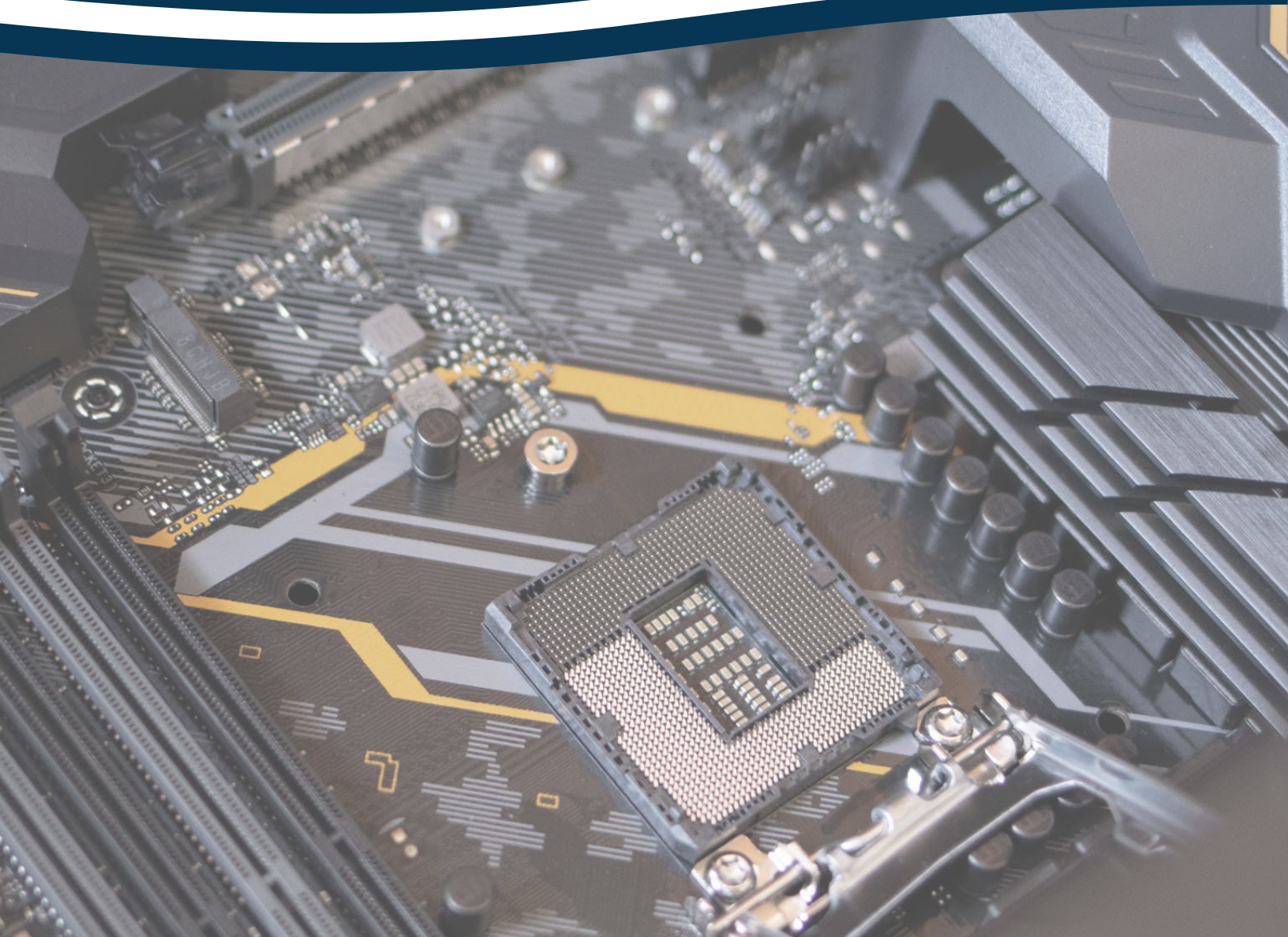




Q1
2023

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



HIGHLIGHTS

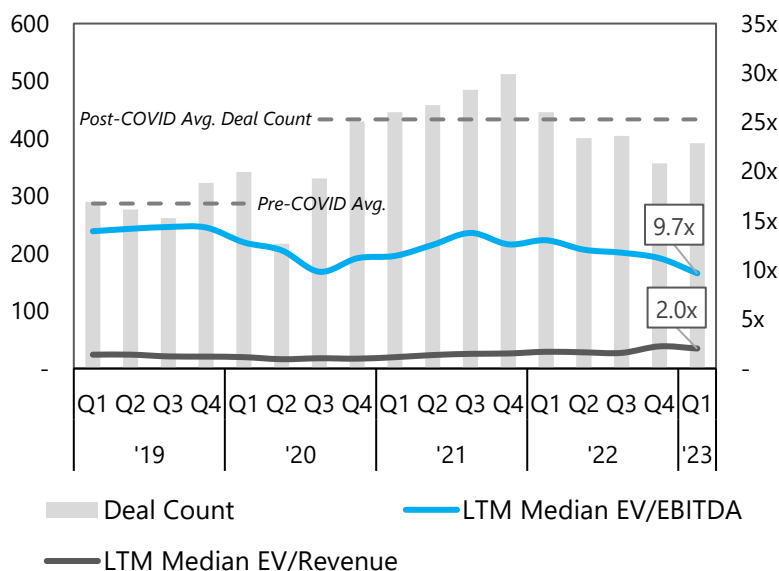
IT Dealmaking Rebounds in Q1

Deal volume within the IT Services sector improved in Q1, with a total of 392 deals; this is up 9.8% from the 357 deals closed in Q4 of 2022. This increase demonstrates the resilience of the IT Services industry despite headwinds in the lending environment. Deal-making in Q1 was focused on the technology and support services vertical, with other select verticals remaining relatively constant compared to the past quarter.

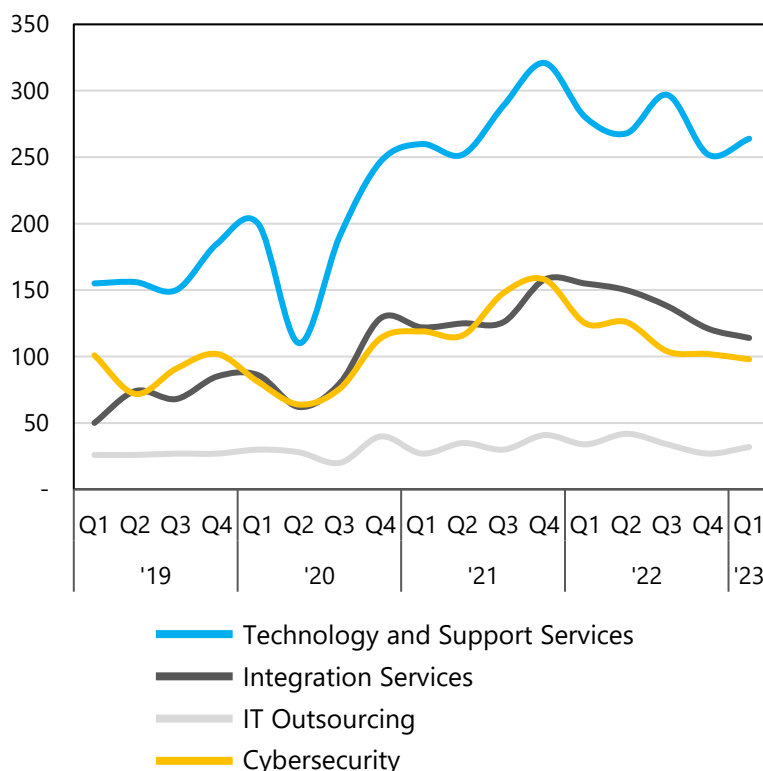
Digital Transformations will Facilitate Continued IT Services Investment

Despite economic volatility, companies are increasingly investing in IT services in hopes of finding and using new optimization tactics as a profit source and differentiator. The sector has been favored for investments as increasing interest rates decrease the overall appetite for capital expenditures. These factors, coupled with the emerging pain points in the global economy, such as supply chain volatility and talent shortages, continue to draw attention from senior leadership. Owners are continually looking for ways to streamline the customer experience and are increasingly seeing IT as a way to do that; this highlights IT services as a feasible growth opportunity for many companies with the industry standing to benefit significantly from the overall ramp-up in resources allocated to these divisions. This will continue to attract private equity groups, and strategic acquirers looking to expand their product and service portfolio through acquisitions. Due to the current lending environment and residual uncertainty, this consolidation will likely consist of smaller players within the space instead of larger mergers with more prominent players.

IT Services PE Buyouts & Strategic M&A Deals



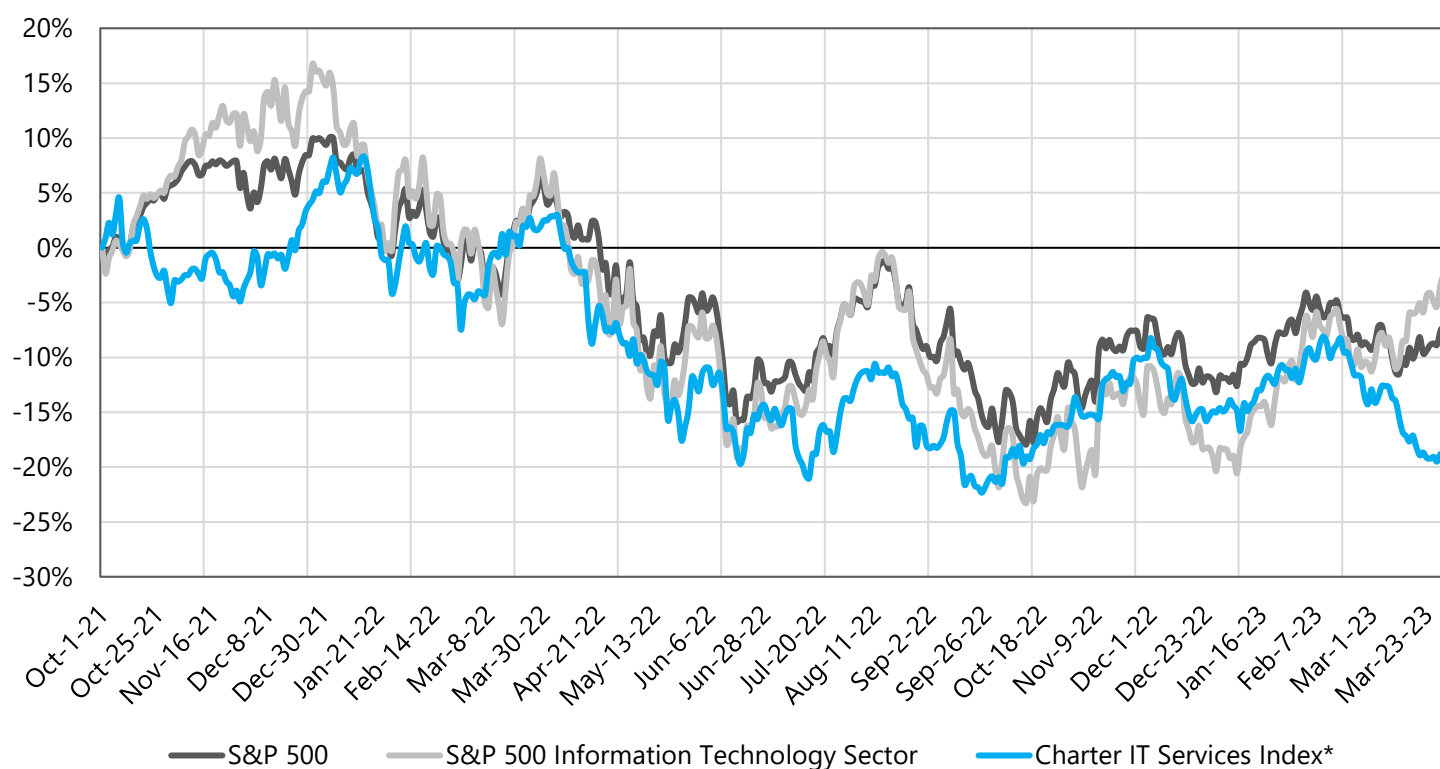
Quarterly Deal Volume by Vertical



Data Source: Pitchbook

PUBLIC COMPANIES

Share Price Performance Compared to the S&P 500

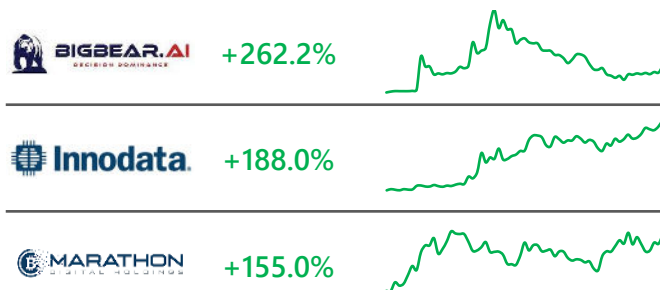


Public IT Valuations See Signs of Stabilization in Q1

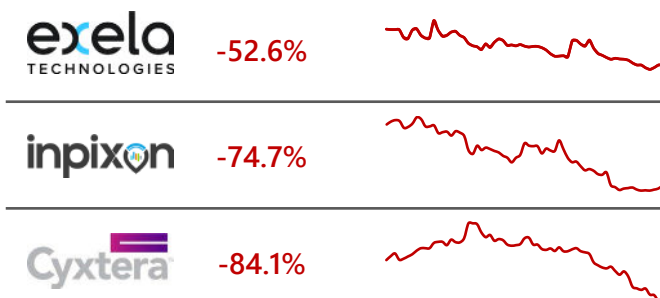
Charter's IT Services index, comprised of higher growth, higher beta IT companies, continued to face pressures in Q1 2023. However, broader market and industry valuations are normalizing, signaling improved economic confidence. Bigbear AI (NYSE: BBAI) was at the forefront of growth this quarter. Bigbear AI is a technology-led solutions organization that provides software and services to its customers. Bigbear's share price rose 262.2% in Q1.

As interest rates continue to rise in tandem with high inflation, companies are turning to technological optimization for growth rather than expensive capital projects. This increased efficiency focus is expected to drive public and private market valuations for IT services companies.

Biggest Winners this Quarter



Biggest Losers this Quarter



Sources: S&P Capital IQ, Pitchbook

*Index includes: ACN, CAP, CTS, 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	2	02/11/23 – Morphus Information Security (Frotaleza, Brazil) 01/04/23 – Inspirage (Bellevue, Washington, United States)
 BAIN & COMPANY	2	02/01/23 – Umbrage (London, United Kingdom) 01/03/23 – Enterprise Blueprints (Houston, Texas, United States)
 CISCO	2	03/28/23 – Lightspin (Tel Aviv, Israel) 02/24/23 – Valtix (San Jose, California, United States)
 cognizant	2	03/10/23 – Mobica (Wilmslow, United Kingdom) 01/01/23 – OneSource Virtual (Professional Services) (Dallas, Texas, United States)
 CYGNA LABS	2	03/07/23 – VitalQIP (Espoo, Finland) 01/19/23 – NCC Group (DDI Business) (Manchester, United Kingdom)

Most Active Private Equity Acquirers

Firm	Q4 Deal Count	Recent Industry Transactions
 LDC	6	03/20/23 – 5th Kind (Los Angeles, California, United States) 03/03/23 – TechQuarters (London, United Kingdom) 01/11/23 – IMS Technology Services (Stourbridge, United Kingdom)
 ARCADIAN CAPITAL	4	03/16/23 – Topic Embedded Systems (Best, Netherlands) 02/23/23 – Ineonet (Verniolle, France) 02/09/23 – Terra Information Group (Aurora, Illinois, United States)
 One Equity Partners	4	02/16/23 – Sryas (Boca Raton, Florida, United States) 01/18/23 – Copilot (New York, New York, United States) 01/11/23 – Mythics (Virginia Beach, Virginia, United States)
 VSS	4	03/23/23 – BlackMesh (Ashburn, Virginia, United States) 01/15/23 – NetCom Systems (United States Business) (Roswell, Georgia, United States) 01/09/23 – Robust Network Solutions (San Mateo, California, United States)
 Apax PARTNERS	3	03/31/23 – Lutech Advanced Solutions (Milan, Italy) 02/06/23 – Itoc (Brisbane, Australia) 01/23/23 – Alcumus (Environmental & Safety) (Cardiff, United Kingdom)

Key Private Equity Exits

Seller:	 RLH Equity Partners	 BALANCE POINT CAPITAL PARTNERS	 Frontenac CAPITAL PARTNERS	 Franconia Enterprises LLP
Target:	 inspirage	 excellerate		
Acquirer:	 accenture	 Advent International	 WARBURG PINCUS	 BLUEWAVE
Date:	January 1 '23	January 26 '23		February 1 '23

Source: Pitchbook

KEY DEALS SPOTLIGHT

Cybersecurity Subsector Spotlight



On February 16th, Nixu (HEL: NIXU) was acquired by DNV Group ("DNV") for approximately \$101.0 million. At the time of the transaction, Nixu achieved \$2.5 million in EBITDA, equating to an EV/EBITDA transaction multiple of 41.2x. Nixu is a Finland-based provider of cybersecurity services. Nixu provides solutions to ensure business continuity, easy and secure access to digital services, and data protection; this is accomplished through its wide range of cybersecurity consultancy services, continuous services, and license sales to both private enterprises and public entities. "DNV has placed cyber security at the heart of its growth strategy. Together with Nixu, we have an exciting opportunity to make a greater impact on tackling risks emerging from our customers' digital transformations," said Remi Eriksen, Chairman of the Board of Directors for DNV. [Read more about this deal online.](#)

Strategic Buyer Spotlight



On March 10th, Mobica was acquired by Cognizant Technology Solutions ("Cognizant") for \$300.5 million. Based in Wilmslow, United Kingdom, Mobica is a provider of integration software and engineering and development services through Talent-as-a-Service (TaaS) to businesses. Mobica aids across all stages of the software lifecycle through the development, implementation, testing, and deployment of embedded software. Mobica specializes in turning complex business challenges into competitive advantages through vast cross-industry experience and the ability to deliver at scale. "The alignment we [Mobica] share with Cognizant from a technology, industry, and client-focus standpoint represents a strong platform for continued growth in Europe and North America and an opportunity for our talented team to grow their skills and careers," said Sam Kingston, CEO of Mobica. [Read more about this deal online.](#)

Private Equity Buyer Spotlight



On February 1st, Vista Equity Partners ("Vista") completed its acquisition of KnowBe4 ("the Company") for approximately \$4.3 billion. KnowBe4 is a prominent cybersecurity company that provides comprehensive training and simulated phishing platforms to over 56,000 organizations worldwide. KnowBe4's flagship product is its subscription service, where customers can access its cloud-based platform and training content. Their goal is to reduce the human element, which remains one of cybersecurity's most important yet neglected aspects. "Vista provides the resources and operational expertise to enhance customer value. We're thrilled to embark on this next chapter and realize our goals for addressing cybersecurity's weakest link," said Stu Sjouwerman, Founder, Chairman, and CEO of KnowBe4. [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	Enterprise	EV /	EV /	Verticals			
				Type	Value (\$M)	Sales	EBITDA	T&SS	ITO	IS	CS
3/31/23	Lutech Advanced Solutions	Provider of IT consultancy and solution services.	Apax Partners, Lutech Group	PE	499.8	1.5x	38.9x	•			•
3/28/23	Lightspin	Provider of IT Consulting services.	Cisco Systems	M&A	225.0	-	-				•
3/28/23	Softnautics	Provider of IT services based in Austria.	MosChip Semiconductor	M&A	17.3	-	-	•			
3/24/23	American Virtual Cloud Technologies	Developer of security technology.	Skyvera	M&A	(5.8)	(0.3x)	0.3x	•			•
3/22/23	Cloudflight	Provider of cloud-based software services.	Partners Group	PE	425.7	-	-	•			
3/21/23	MobileSoft	Provider of Information technology services.	DigiTouch	M&A	3.8	0.6x	4.3x	•		•	
3/17/23	Spillfree	Developer of a full-stack infrastructure software.	Bluefront Equity	PE	3.2	-	-	•			
3/16/23	Cyber Security Company	Provider of information and technology services.	Go	M&A	0.4	-	-				•
3/16/23	Quant Systems	Provider of financial planning and analytics services.	Sonata Software	M&A	160.0	-	-	•		•	
3/15/23	Minerva Labs	Switch Inc is a US-based technology infrastructure company.	Rapid7	M&A	38.0	12.3x	-				•
3/10/23	Mobica	Developer of custodian technology for digital assets.	Cognizant Technology Solutions	M&A	300.5	4.5x	-			•	
3/8/23	Maltego Technologies	Provider of software and self-service kiosk-based point of sale solutions.	Charlesbank Capital Partners	PE	100.0	-	-				•
3/2/23	Axis Security	Operator of a telecommunications company.	Hewlett Packard Enterprise	M&A	500.0	-	-				•
3/2/23	Hammond Street Developments	Operator of large-scale, carrier and cloud-neutral, multi-customer data centers.	Atturra	M&A	8.5	-	-	•		•	
3/1/23	TekLink International	Provider of information technology services.	Hinduja Global Solutions	M&A	58.8	-	-			•	
2/28/23	Alberta Heavy Oil	Developer of a software.	Lycos Energy	M&A	37.2	-	-	•			
2/23/23	GK8	Developer and operator of a wholesale data center.	Galaxy Digital Holdings	M&A	44.1	-	-				•
2/23/23	Elo Si	Solutions provider for IT consulting, development and software.	Seresco	M&A	2.0	-	-			•	
2/17/23	Locus Technology	Operator of a telecommunication mobile technology company.	CDW	M&A	22.5	-	-	•	•		•
2/16/23	Nixu	Developer of privacy technology.	DNV	M&A	101.1	1.6x	41.2x				•
2/7/23	Sigmaways	Provider of information and communication technology solutions.	HeartCore	M&A	0.5	0.0x	7.3x	•	•		
2/2/23	Engage IT Services	Developer of customized software solutions.	Elys Game Technology	M&A	1.2	-	-	•	•		
2/1/23	KnowBe4	Provider of enterprise brand protection services.	Vista Equity Partners	PE	4,256.1	13.7x	132.0x				•
2/1/23	CPS	Provider of IT support and cloud services.	Norbit	M&A	0.9	-	-	•			
1/31/23	Diateam	Developer of security platform for data protection.	CY4Gate	M&A	10.7	-	-				•
1/31/23	Ilantus	Developer and designer of cyber security solutions.	Culbro, Helix Investments, Network Intelligence	PE	0.0	-	-	•		•	•
1/31/23	AT Solution	Next-generation cloud identity company.	iWin Plus	M&A	9.0	-	-	•			
1/26/23	MisterDomain	Operator of a cybersecurity holding company.	Tophost	M&A	0.7	1.4x	-	•			
1/25/23	Sri Mookambika Infosolutions	Provider of IT solutions.	Happiest Minds	M&A	13.5	-	-	•		•	
1/24/23	DrupalWare	Developer of authentication platform.	Wordsphere	M&A	6.8	-	-	•			
1/20/23	Luminet Solutions	Provider of agile software development services.	Equipements M.M.	M&A	251.6	148.6x	-	•			
1/18/23	Prodigy Labs	Provider of cybersecurity services.	UST Global	M&A	9.2	-	-	•		•	
1/18/23	Fungible	Developer of cybersecurity software.	Microsoft	M&A	190.0	-	-	•			
1/17/23	Priority Networking	Provider of payment services.	Diverger	M&A	1.8	-	-	•	•		
1/17/23	Intechnica	Developer of an enterprise automated network threat defense platform.	Crosslake Technologies, Falfurrias Capital Partners	PE	17.6	-	-	•			
1/15/23	Cross Application Consulting	Provides identity intelligence solutions.	Norvestor, Pearl Group	PE	10.0	1.7x	7.6x			•	
1/1/23	HUB Security	Provider of IT consultancy services.	Mount Rainier Acquisition	M&A	-	-	-				•
1/1/23	Zebra Technologies	Provider of data center network infrastructure design and deployment services.	Matrix IT	M&A	26.8	-	-	•			•

Source: Pitchbook

CHARTER TEAM INDUSTRY EXPERTISE

Industry Practice Team



Mark Streekstra
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
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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
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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	BUY-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE	BUY-SIDE
SPEND MEND	accenture	accenture	accenture	accenture	accenture
SHERIDAN CAPITAL PARTNERS	Kurt Salmon	SOLUTIONS IQ	Knowledgegent	ENDGAME.	pillar TECHNOLOGY

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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