

DECISIONPOINT

QUARTERLY VIEWPOINT:

For the Quarter Ended March 31, 2020 and the Latest Twelve Months

*All Charts Through April 17, 2020 to Account for Market Rebound

Q1 | 20

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Market Leader for Mid-Market Technology M&A:

This Quarterly ViewPoint covers trends, public valuation multiples and relevant M&A activity for the software and services sectors. To illustrate general capital market and M&A trends within these sectors, DecisionPoint has selected a group of representative public comparables and transactions. This data is provided for informational purposes only. All data represents publicly available information.

DecisionPoint is a unique leader in M&A advisory services for middle-market technology companies and their venture capital investors in the software, services, and healthcare IT sectors.



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Software: Software as a Service (SaaS)

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$157.06	\$133,501.0	\$138,489.7	8.1x	48.7x
Shopify	\$524.93	\$59,330.4	\$58,813.0	37.3x	NM
ServiceNow	\$291.94	\$57,577.3	\$54,850.0	15.9x	NM
Workday	\$142.58	\$32,392.0	\$32,703.8	9.0x	NM
RealPage	\$57.89	\$5,573.8	\$6,563.1	6.6x	29.6x
LogMeIn	\$85.00	\$4,214.8	\$4,309.7	3.4x	14.3x
Cornerstone OnDemand	\$29.07	\$1,746.7	\$1,731.6	3.0x	32.3x
LivePerson	\$21.43	\$1,341.4	\$1,395.8	4.8x	NM
Ebix	\$16.49	\$504.5	\$1,237.5	2.1x	7.9x
Median:	\$85.00	\$5,573.8	\$6,563.1	6.6x	29.6x

SECTOR HIGHLIGHTS

- The median SaaS index was trading at 6.2x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- The SaaS industry increased its total deal count from 206 in Q1 2019 to 264 in Q1 2020. However, total announced deal value was down to \$7.5B in Q1 2020 from \$29.7B in Q1 2019. The most active acquirers were Volaris Group, owners of Constellation Software, with 5 acquisitions and the Valsoft Corporation with 3 acquisitions.
- As Covid-19 continues to spread across the world, businesses have started to tell their employees to work from home to try and curb the spread. This has caused a massive influx of employees using cloud platforms to work remotely. The strain has already caused outages for Microsoft Teams across Europe and slowed speeds across Asia. This provides an opportunity for companies like Zoom and Lifesize, who operate video and audio telecommunications. Tech Republic predicts that coming out of this pandemic, there will be a further emphasis on the consolidation of the remote workspace technology sector.
- CIO Dive believes that low-code platforms will open the door to faster iteration in 2020 by enabling business stakeholders' tools to streamline workflows. As business leaders search for ways to power innovation, low-code platforms will enable more workers to engage in development and bridge silos. Developers have also embraced low-code platforms with Forrester finding that 50% of developers are either adopting or planning to adopt low-code tools.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-26	Sinch AB	Wavy Global Holdings	116.0
2020-03-10	Invitae	Diploid	95.0
2020-03-10	Learning Technologies Group	Blackboard Inc.	31.7
2020-02-27	DocuSign	Seal Software	188.0
2020-02-25	Salesforce	Vlocity	1,330.0
2020-02-24	Cornerstone OnDemand	Saba Software	1,395.0
2020-02-07	Upland Software	Char Software	68.0
2020-01-21	Platinum Equity	Centerfield Media Holdings	625.0
2020-01-13	R1	SCI Solutions	190.0
2020-01-07	Accel-KKR	Springbrook Software	150.0
2020-01-06	Nebula Acquisition Corporation	Open Lending	1,300.0
2020-01-06	Cubic	PIXIA	200.0

Software: Internet Software and Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Internet Software & Services Index EV/Revenue Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Amazon.com	\$2,408.19	\$1,213,727.8	\$1,207,006.1	4.3x	33.0x
Alphabet	\$1,257.43	\$878,385.3	\$762,224.7	4.7x	15.5x
Facebook	\$176.25	\$506,895.0	\$458,196.6	6.5x	15.5x
Netflix	\$439.17	\$198,401.6	\$202,451.5	10.0x	17.0x
Booking Holdings	\$1,407.40	\$61,234.6	\$59,570.4	4.0x	8.9x
Uber	\$27.03	\$33,743.0	\$43,959.8	3.1x	NM
eBay	\$37.22	\$31,860.3	\$35,057.1	3.2x	11.4x
Twitter	\$26.55	\$20,855.8	\$17,481.5	5.1x	20.9x
IAC	\$218.01	\$19,630.3	\$19,469.3	4.1x	23.5x
Snap	\$13.02	\$17,908.5	\$17,615.2	10.3x	NM
Expedia Group	\$58.22	\$8,726.2	\$11,363.2	0.9x	6.3x
Cimpress	\$49.62	\$1,504.4	\$2,911.9	1.0x	7.1x
Groupon	\$0.86	\$488.0	\$109.5	0.0x	1.0x
Median:	\$58.22	\$31,860.3	\$35,057.1	4.1x	15.5x

SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 3.5x revenue (based on Enterprise Value to Revenue) at the closing of Q1.
- Despite the spread of COVID-19 in Q1, M&A stayed strong in the internet content and commerce sector in Q1 2020 with acquirers completing 117 deals and \$25b in deal value, up from 84 deals and \$6b in deal value in Q1 2019. Surprisingly, March was the most active month of the quarter with 42 announced acquisitions, compared to 36 deals in January and 39 deals in February. .
- In Q1, the brokerage market continued to undergo consolidation, following Schwab's \$26b 2019 acquisition of TD Ameritrade, with Morgan Stanley making an acquisition announcement to buy E-Trade for \$13.6b at a 4.7x revenue multiple. Morgan Stanley plans to upsell E-Trade customers with financial advisory services and use E-Trade's \$56b in customer deposits to help fund wealthier clients.
- Yelp has undergone a tumultuous start to 2020 following the COVID-19 outbreak. The company's stock dropped from \$38 on January 1st to \$18 on March 31st and the company received significant pushback after creating unauthorized GoFundMe pages for small businesses. Due to lost business, Yelp laid off 1000 employees in the beginning of April, highlighting the economic effects from closed restaurants.
- In order to meet the surging demand for eCommerce delivery, Amazon announced that it is hiring an additional 100,000 warehouse employees in March. The eCommerce industry prospered in Q1 with Quantum Metric showing increased weekly revenue of 52% compared to 2019. However, the industry is also being affected by supply chain issues and product shortages blunting potential growth.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

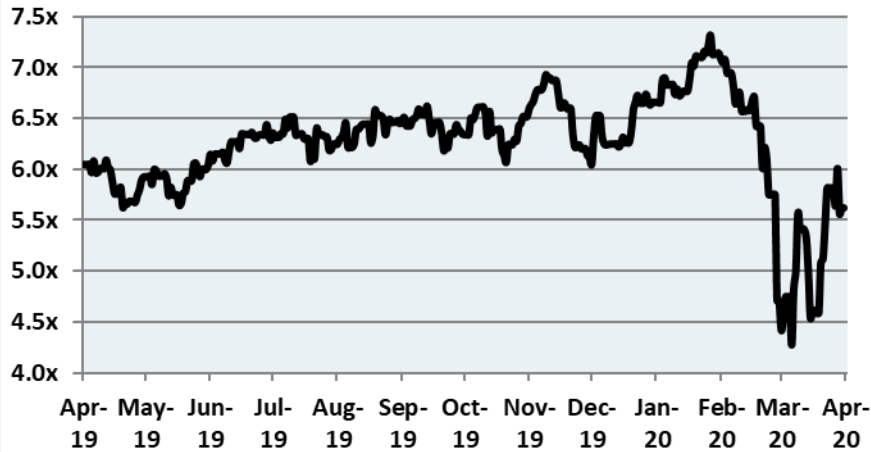
Announced			
Date	Acquirer Name	Target Name	Enterprise Value
2020-03-17	Fox	Tubi	440.0
2020-02-24	Intuit	Credit Karma	7,100.0
2020-02-23	PepsiCo	Be & Cheery	705.0
2020-02-20	Morgan Stanley	E*TRADE	13,685.6
2020-02-18	1-800-FLOWERS	PersonalizationMall.com	252.0
2020-02-18	LendingClub	Radius Bank	188.3
2020-01-29	AMN Healthcare	Stratus Video	475.0
2020-01-27	K12	Galvanize	165.0
2020-01-21	Stillfront	Storm8	300.0
2020-01-17	Clarivate Analytics	Decision Resources Group	950.0
2020-01-10	PayU	PaySense	200.0

Software: Enterprise Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$177.04	\$1,366,748.8	\$1,289,101.6	9.6x	20.0x
Oracle	\$53.70	\$181,318.1	\$195,810.5	4.9x	11.9x
SAP	\$120.04	\$143,331.6	\$152,402.1	4.9x	21.7x
IBM	\$115.73	\$103,325.3	\$162,249.5	2.1x	9.4x
Dassault Systemes	\$151.50	\$39,874.3	\$43,045.5	9.6x	32.0x
Autodesk	\$171.00	\$38,047.5	\$38,239.1	11.7x	NM
Ansys	\$257.82	\$22,153.2	\$21,782.3	14.4x	36.8x
Constellation Software	\$945.04	\$20,026.8	\$20,473.8	6.1x	21.7x
Tyler Technologies	\$326.50	\$13,094.3	\$12,729.9	11.7x	NM
Amdocs	\$61.85	\$8,408.0	\$8,161.8	2.0x	10.5x
PTC	\$65.70	\$7,683.0	\$8,671.3	6.8x	NM
Manhattan Associates	\$55.86	\$3,636.7	\$3,470.7	5.6x	28.1x
Verint Systems	\$41.24	\$2,777.7	\$3,215.5	2.5x	17.9x
Blackbaud	\$48.89	\$2,362.0	\$2,933.5	3.3x	25.7x
Stratasys	\$15.93	\$864.4	\$567.8	0.9x	14.5x
Median:	\$115.73	\$20,026.8	\$20,473.8	5.6x	20.8x

SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 5.0x Revenue (based on enterprise value) at the end of Q1.
- Deal volume stayed relatively flat in Q1 2020 compared to the same period in 2019. Deal count was down to 204 from 217 in the prior year. However, deal value dropped 73.9% from \$27.43B in Q1 2019 to \$7.14B in Q1 2020 due to less mega deals when compared to Q1 2019 which had 7 deals over \$1B.
- On March 2nd, BMC announced its plans to acquire Compuware, a leading maker of mainframe software, with which it has been competing for decades. Thoma Bravo was looking to sell the mainframe software maker for \$2 billion plus debt. BMC continues to evolve their portfolio to better acclimate to the transition from the traditional mainframe AppDev to DevOps. BMC plans to use Compuware's products, primarily its Topaz toolkit for developing mainframe applications, to better its existing product offering.
- In response to growing concerns of Covid-19, Adobe released their expected impact from the pandemic. Adobe feels that the entire enterprise software sector will be vulnerable to the impacts of social distancing and cancelation of trades shows and events. The company believes that much of the industry is reliant on trade shows and demos for new sales and sees growth lagging for the coming quarters. Many analysts have spotted the sector's vulnerability, including both Jeffries and Citigroup, who have both made wholesale estimate cuts for the enterprise software sector.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-27	Tink	Eurobits Technologies	16.8
2020-03-16	Lvjing	Jiangsu Jiayi Education Technology	171.2
2020-03-12	WebMD	StayWell	
2020-03-11	Tracsis	iBlocks	20.6
2020-03-04	Align Technology	Exocad	417.5
2020-01-28	ServiceNow	Passage AI	33.2
2020-01-21	Clearstream Banking	Fondcenter	401.7
2020-01-21	Pennant International Group	Absolute Data Group Pty Ltd	4.3
2020-01-14	Masimo	NantHealth (connected care assets)	47.3
2020-01-03	Constellation Software	Charter Software	
2020-01-02	Fidelity	Virtus	

Software: Business Intelligence Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP BI Software Index EV/Revenue Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Verisk Analytics	\$149.11	\$24,835.8	\$27,438.3	10.5x	26.9x
Alteryx	\$117.50	\$8,067.7	\$7,669.8	18.4x	NM
Pegasystems	\$77.21	\$6,103.8	\$6,134.6	6.7x	NM
Elastic	\$58.50	\$4,459.6	\$4,522.9	11.8x	NM
Cloudera	\$7.45	\$2,091.8	\$2,049.7	2.6x	NM
MicroStrategy	\$124.13	\$1,282.0	\$792.1	1.6x	18.0x
PROS Holdings	\$28.66	\$1,153.0	\$1,074.6	4.3x	NM
Domo	\$14.53	\$399.9	\$414.1	2.4x	NM
Median:	\$67.86	\$3,275.7	\$3,286.3	5.5x	NM

SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.5x revenue (based on Enterprise Value) at the closing of Q1.
- In Q1 2020, the business intelligence sector had a slower quarter than Q1 2019 in terms of deal flow. In Q1 2019, there was a total of 48 deals completed versus the 37 deals completed in Q1 2020.
- 451 Research believes the next step in business intelligence will be the growth in continuous intelligence. Continuous intelligence calls for a different mindset, where organization need to think of data ingestion, integration, and analytics as a continuous process, which is not the same as real-time analytics. The approach opens the door to carrying out new types of analysis such as predictive maintenance, which many believe will take continuous intelligence to the next level. 451 Research estimates that the vendors already addressing this area will continue to grow at a CAGR of 10% through 2023 with 2019 revenue of \$27.5B.
- According to a BI Survey of over 2,000 professionals, Data discovery, MD/DQ management and Data governance are the top three most important trends for 2020, respectively. With many businesses having employees that have access to sensitive data they should not, companies are beginning to turn more and more towards an inexpensive form of data governance to protect their client’s information. With new data protection laws going into effect around the world, most notably Europe and Canada, software providers, who can keep data secure and confidential, are quickly becoming industry leaders

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-23	BetterPlace	Fabulyst	
2020-03-12	Ascential	Yimian Data	
2020-02-25	Envestnet	FinBit	
2020-02-25	Valsoft Corporation	VisiumKMS	
2020-02-18	Cirium	Snowflake Software	
2020-02-18	Health Catalyst	Able Health	27.0
2020-02-17	TargetEveryOne	Cloud Explorers	6.4
2020-02-11	E Source Companies	TROVE Predictive Data Science	
2020-02-03	Nasdaq	OneReport	
2020-01-22	CoreLogic	Location	
2020-01-21	Qlik	RoxAI	

Software: Infrastructure Software

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV/ LTM EBITDA
Citrix Systems	\$150.56	\$20,400.1	\$18,785.7	6.2x	25.9x
Check Point Software	\$104.91	\$15,956.8	\$13,421.3	6.7x	15.0x
F5 Networks	\$122.32	\$7,399.9	\$6,659.9	2.9x	11.5x
Trend Micro	\$45.80	\$6,389.7	\$4,776.7	3.2x	9.8x
CommVault Systems	\$39.95	\$1,839.1	\$1,541.7	2.2x	NM
Progress Software	\$36.30	\$1,647.9	\$1,769.4	4.1x	16.6x
Radware	\$21.28	\$1,032.6	\$827.3	3.3x	27.6x
Magic Software	\$8.53	\$417.6	\$397.7	1.2x	8.3x
Allot Communications	\$10.42	\$356.9	\$285.1	2.6x	NM
Median:	\$39.95	\$1,839.1	\$1,769.4	3.2x	15.0x

SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.3x Revenue (based on enterprise value) at the end of Q1.
- Infrastructure software stayed stable in Q1 2020 with 32 announced transactions, down from 36 in Q1 2019. However, deal value jumped in the quarter with \$7.6b in announced transaction value, up from \$2b in Q1 2020.
- 451 Research expects the COVID-19 impact on cloud-native technologies to be, in aggregate, positive as the 'cloud' sits strategically at the top of the list of IT technologies viewed as most transformative and any work in progress is prone to acceleration, not retrenchment. However, they still expect a material impact for smaller vendors in the infrastructure software market, expecting at least 50% of these vendors to see material contraction of their revenue profile.
- Visa's announcement to acquire financial interloper Plaid for \$5.3b comes as Visa and Mastercard increasingly work to expand beyond credit cards. Plaid will provide Visa with over 200m customer accounts and integrations with over 11,000 financial institutions. The acquisition follows a year of consolidation in the payments space, which is expected to continue throughout 2020.
- 451 Research believes that the sustainability benefits of public cloud infrastructure will be a key criteria in shifting more enterprise workflows to the cloud. In late 2019, the company conducted a survey that found that AWS's infrastructure is 3.6 times more energy efficient than the median of US enterprise data centers. As companies continue to embrace efficiency initiatives, the cloud sustainability advantage may be one avenue to achieve their goals.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-31	SmartBear Software	Adaptavist (Test Management for Jira asset)	
2020-03-26	Microsoft	Affirmed Networks	
2020-03-16	GitHub	npm	
2020-03-10	Hitachi Vantara	Containership (Kubernetes assets)	
2020-03-09	OpenText	XMedius Solutions	75.0
2020-03-04	Vitruvian Partners	Azul Systems	340.0
2020-02-19	Google	Cornerstone Technology	
2020-02-07	Square	Dessa	
2020-01-16	Far Point Acquisition	Global Blue	2,591.1
2020-01-15	Tricentis	SpecFlow	
2020-01-13	Visa	Plaid	5,300.0

Services: IT Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$167.95	\$109,074.1	\$105,556.2	2.4x	13.5x
CDW	\$104.25	\$15,408.2	\$18,124.8	1.0x	13.2x
Capgemini	\$86.44	\$14,785.3	\$15,906.5	1.0x	7.3x
NTT Data	\$9.68	\$13,576.4	\$18,839.5	0.9x	6.1x
Booz Allen	\$75.71	\$10,697.3	\$12,334.8	1.7x	16.7x
CACI International	\$236.43	\$6,016.2	\$7,782.8	1.4x	15.9x
DXC Technology	\$13.57	\$3,570.1	\$11,726.0	0.6x	14.1x
ManTech International	\$75.86	\$3,051.8	\$3,208.2	1.4x	16.5x
ICF International	\$64.09	\$1,232.1	\$1,519.0	1.0x	11.8x
Perficient	\$30.66	\$988.6	\$1,099.0	1.9x	14.5x
The Hackett Group	\$13.49	\$437.8	\$387.2	1.4x	10.9x
Median:	\$75.71	\$6,016.2	\$11,726.0	1.4x	13.5x

SECTOR HIGHLIGHTS

- The median IT Services index was trading at 12.8x EBITDA (based on Enterprise Value) at the closing of Q1.
- The IT services industry had a record quarter in Q1, printing 86 deals across \$7b in deal value, the most of any quarter since 2012. Strategics were responsible for the majority of the deal activity in Q1, completing 60 deals with Accenture leading the way completing 3 transactions.
- 451 Research believes that the COVID-19 pandemic has given enterprises a new awareness on the importance of quickly enabling durable digital capabilities for their workforces. As a result, service providers have quickly had to ramp up operations to support customers in maintaining business continuity. 451 Research expects this trend to continue, with a recent survey finding that 96% of companies are increasing or maintaining IT resources in response to COVID-19.
- As the enterprise market has shifted in recent years, 451 Research notes that the traditional, siloed segmentation of the IT services market into consulting, systems integration and managed services has become problematic. This is because design, transition and operation become a bundled wheel of services, driven by incoming insights from a combination of existing and new data to provide continual service improvement. In order to thrive, service providers must embrace all three offerings to succeed.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-25	CGI Group Inc.	TeraThink Corporation	
2020-03-23	Cognizant	Lev	
2020-03-23	Perficient	Brainjocks	
2020-03-10	Veritas Capital	DXC Technology (health and human services business)	5,000.0
2020-02-21	Sopra Steria	Sodifrance	71.8
2020-02-10	Infosys	Simplus	200.0
2020-02-06	SAIC	Unisys (Unisys Federal assets)	1,200.0
2020-02-05	Marlin Equity Partners	AVI-SPL	
2020-02-03	Cognizant	Code Zero	
2020-01-31	Accenture	The Sierra-Cedar Group (Workday Practice)	
2020-01-09	Securitas	Techco Security	24.6
2019-10-02	QinetiQ Group	Manufacturing Techniques	105.0

Services: Hosted & Managed Services

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP Hosted Services Index EV/EBITDA Multiple

Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$682.74	\$57,813.7	\$69,743.1	12.5x	28.7x
Digital Realty	\$141.95	\$29,733.2	\$49,735.5	15.5x	28.8x
SAIC	\$76.59	\$4,518.8	\$6,345.2	1.0x	12.3x
Cancom	\$48.58	\$1,729.8	\$1,780.8	1.2x	12.7x
ePlus	\$62.09	\$834.6	\$862.4	0.6x	7.1x
NCC Group	\$2.11	\$588.2	\$651.5	2.0x	11.0x
iomart	\$3.93	\$438.4	\$500.8	3.6x	9.4x
Redcentric	\$1.34	\$201.5	\$248.1	2.2x	10.3x
Sify Technologies	\$0.78	\$132.5	\$268.3	0.8x	5.7x
Median:	\$26.26	\$711.4	\$757.0	2.0x	11.0x

SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 10.7x EBITDA (based on Enterprise Value) at the closing of Q1.
- While Q1 2020 deal volume dipped from record Q4 2019 numbers, it was still up from Q1 2019 with 33 announced deals in the space, compared to 25 deals a year earlier. Deal activity was spread across 31 acquirers during the quarter with only Spirit Telecom and One.com making more than one acquisition.
- According to 451 Research, hybrid cloud and multicloud are providing new issues for enterprises as IT decision makers must determine which workloads are better suited to follow each course. As a result, the old managed services model must evolve to support the new complexity of this multi-cloud, multi-service world. The key to success for MSPs will be helping enterprises find the right combinations of cloud services and operationalizing them to deliver the benefits – speed, scale, agility and cost.
- In addition, 451 Research believes that navigating overlapping vendor partnerships will be a new managed services opportunity in 2020. As enterprises adopt increasingly complex hybrid combinations of IT services and technologies, the overlapping influence and strengthening partnerships between software, hardware, cloud platform and other vendors is becoming a new opportunity for service providers to add value. Service providers that can build new managed offerings around connecting those dots will add significant value to enterprises.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-30	One.com	Hostnet	
2020-03-17	Deloitte	Zimbani	
2020-03-17	OpsCompass	House of Brick Technologies	
2020-03-02	TiG	MMRIT	
2020-02-20	CloudScale365	Strategic Systems Consulting	
2020-02-14	Spirit Telecom	Neptune Managed Services	
2020-02-06	Dynamic Quest	Cohn Consulting	
2020-02-03	EQT	RIMES Technologies	
2020-01-16	GI Partners	DR Fortress	
2020-01-08	Rockwell Automation	Avnet Data Security	
2020-01-07	Accenture	Broadcom (Symantec cybersecurity services business)	

Services: IT Outsourcing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple

Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 4/17/2020	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$22.22	\$103,342.2	\$96,302.1	3.7x	13.3x
Automatic Data	\$136.92	\$59,601.3	\$59,973.0	4.1x	16.4x
Infosys	\$8.08	\$34,667.1	\$32,029.0	2.5x	10.5x
Cognizant Technology	\$51.47	\$28,823.2	\$26,499.4	1.6x	9.1x
CGI Group	\$58.41	\$16,102.1	\$17,846.3	1.9x	11.4x
Wipro	\$2.44	\$14,435.0	\$10,507.9	1.2x	5.8x
CSG International	\$46.99	\$1,525.5	\$1,830.1	1.8x	9.6x
Unisys	\$11.49	\$643.0	\$954.2	0.3x	3.8x
Median:	\$ 34.60	\$ 22,462.66	\$22,172.81	1.9x	10.0x

SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 9.6x EBITDA (based on Enterprise Value) at the closing of Q1.
- In Q1 2020, the IT outsourcing sector had 47 deals with a total value of \$688M. During Q1, deal activity stayed relatively flat year over year, down from 50 deals in Q1 2019. The sector's most active acquirers were DMC Canotec (Condor Office Solutions, Systems Technology, CSL Business Machine) and the Xerox Corporation (Altdigital Networks, ITEC Connect).
- Many of the United States' largest corporations are outsourcing much of their IT development to India creating a \$38B industry. While the industry has been extremely helpful for growth and development, much of the country is shut down due to quarantine and, for one of the largest US-list BPM companies, 50% of the work has stopped. This is mostly due to the security restrictions and many of the India-based employees not being able to work from home. The security concerns are not as dire in the United States and could have a push toward near-shoring to allow working from home on development.
- While India, China, South Africa, and Brazil are some of the largest regions for outsourcing in the world, Eastern Europe is quickly becoming a regional player. In Eastern Europe, the market for outsourcing is growing 4-5x as fast as the rest of the world, according to Tech Times. The industry is still young there but is already worth \$13B and is expected to continue to grow with 25K employees entering the field in 2020.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

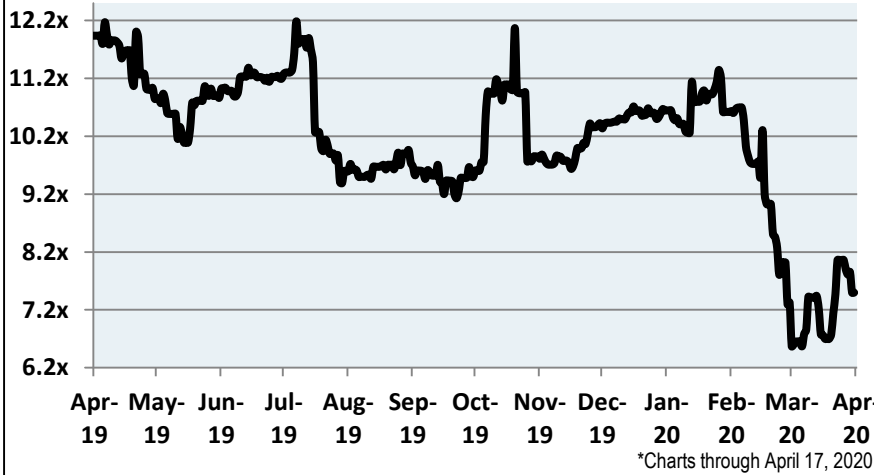
Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-03-25	Xerox	Altdigital Networks	
2020-03-04	Sonata Software	GAPbuster Limited	4.3
2020-03-04	Intellinetics	Graphic Sciences	3.5
2020-03-03	Computer Task Group	StarDust	4.9
2020-02-24	Tech Mahindra Ltd.	Zen3 Infosolutions	42.0
2020-02-19	Accenture	VanBerlo	
2020-02-18	Capgemini	Advectas	
2020-02-04	VIQ Solutions	ASC Services LLC	6.9
2020-01-27	ASGN Incorporated	Blackstone Federal	85.0
2020-01-22	AKMMeadville Electronics	TTM Technologies	550.0
2020-01-09	Siemens	Applied Information Technologies	

Services: IT Staffing

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP IT Staffing Index EV/EBITDA Multiple
Latest Twelve Months



VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half International	\$40.40	\$4,703.0	\$4,638.9	0.8x	6.8x
ManpowerGroup	\$59.92	\$3,613.2	\$3,918.8	0.2x	4.9x
ASGN	\$36.17	\$1,931.5	\$2,955.6	0.8x	7.8x
Kforce	\$26.09	\$620.2	\$658.6	0.5x	8.5x
Mastech Digital	\$12.95	\$145.5	\$172.0	0.9x	8.4x
Computer Task Group	\$4.02	\$56.3	\$76.3	0.2x	7.5x
RCM Technologies	\$1.34	\$17.4	\$56.6	0.3x	6.9x
Median:	\$26.09	\$620.2	\$658.6	0.5x	7.5x

SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 7.2x EBITDA (based on Enterprise Value) at the closing of Q1.
- According to CEIPAL, the staffing industry is jumping into the world of AI, with two-thirds of staffing firms planning to implement an artificial intelligence-driven ATS by the end of 2020. Enterprise staffing firms, those with more than 100 recruiters, are expected to lead the initiative with 79% reporting AI as a priority. Some of the major drivers of the shift include marketing requirements, productivity, quality and reporting needs.
- HB-1 visa regulation continues to have a large impact on the IT staffing industry. Previously, a high proportion of IT workers were denied or delayed due to the employer-employee relationship not being strong enough due to employees being placed in third-party facilities. The overturning of this rule, the Neufeld memo, will allow the IT staffing industry to grow from the outside and not have a tech talent drought.
- The tech talent in the United States is quickly being churned up and the industry is looking for more engineers to help grow key areas within staffing including a greater emphasis on IT security. Many companies are starting to increase their IT security budgets as data breaches become increasingly more common motivating public business to increase investments in security.
- Wiley and Son's acquisition of MThree Corporate Consulting for \$129M in January was the largest public acquisition in the IT staffing industry in Q1 2020. At a price of 3.3x revenue, MThree will advance Wiley's leadership in powering the high-demand, high-potential careers that are fueling the global knowledge economy.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)
2020-02-25	Eliassen Group	The Armada Group	
2020-01-06	Wiley	MThree Corporate Consulting	129.0

Services: Value Added Resellers

HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

MARKET PERFORMANCE

DP VAR Index EV/EBITDA Multiple
Latest Twelve Months



*Charts through April 17, 2020

VALUATION METRICS

Company	Stock Price 04/17/20	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
TechData	\$139.25	\$5,077.1	\$5,552.9	0.2x	7.7x
Arrow Electronics	\$54.33	\$4,540.2	\$7,000.0	0.2x	24.8x
Synnex	\$75.34	\$3,843.3	\$6,687.8	0.3x	6.2x
ALSO	\$189.96	\$2,435.5	\$2,581.9	0.2x	11.9x
Insight Enterprises	\$46.07	\$1,656.6	\$2,379.9	0.3x	8.3x
PC Connection	\$40.19	\$1,065.2	\$983.4	0.3x	7.8x
Median:	\$64.84	\$3,139.4	\$4,067.4	0.3x	8.1x

SECTOR HIGHLIGHTS

- The median Value Added Resellers index was trading at 8.6x EBITDA (based on Enterprise Value) at the closing of Q1.
- Consolidation of the distribution market continued in Q1 2020 after Wesco announced its intent to acquire Anixter for \$4.5b. The acquisition followed a bidding war with private equity firm CD&R during which Wesco raised its bid twice. Following the acquisition, the combined company will have a market-leading 13 percent share of the fragmented electrical distribution market.
- Synnex announced in January that it plans to split into two separate entities, spinning out Concentrix, its global services business line. Synnex Technology Solutions, which will remain as the distribution entity, will have annual revenue of \$19b and will still be a top three distributor in the Americas.
- Boomtown projects that VARs will increasingly provide value to customers by handling integrations and communication between various pieces of software in 2020. As operations shift to digital solutions in all departments and businesses adopting several distinct software to run different needs, an opportunity has opened for VARs to help create seamless infrastructures businesses can rely on.
- In addition, Boomtown believes that VARs are increasingly adopting solutions-based approaches to sales as customer data drives decisions from sales to marketing. As a result, VARs need to offer tangible business solutions for the customer's needs rather than selling features to companies. To accomplish this, sales pipelines must include subject matter experts for specific products and integrating relevant business pain points into market strategies.

MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer	Target	Enterprise Value (\$m)
2020-03-30	CapMan	PDSVISION	
2020-03-06	Xerox	Digitex Canada	
2020-03-02	Bechtle	DPS Software	
2020-02-25	The Stephens Group	Kele	
2020-02-06	Corfin Industries	Micross Components	
2020-01-27	Comcast	Blueface	
2020-01-21	Sharp Electronics	Ace Office Solutions	
2020-01-13	WESCO	Anixter	4,525.1
2020-01-08	Korber	Otimis	
2020-01-06	ADT	Defenders	381.0
2020-01-02	CAD Studio	Varinex	

Our team of professionals brings a unique combination of technological, financial, and operational experience to our clients and their transactions. With backgrounds and deal experience spanning Wall Street investment banks, multi-billion dollar corporations, and high growth start-ups, we have an exceptional understanding of how to successfully achieve our clients' strategic initiatives.



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