

# DECISIONPOINT

## QUARTERLY VIEWPOINT:

For the Quarter Ended September 30, 2024 and the Latest Twelve Months

Q3 | 24

<b>1. Market Leader for Mid-Market Technology M&amp;A</b>	<b>3</b>
<b>2. Software</b>	
I. Software as a Service (SaaS)	4
II. Internet Software & Services	5
III. Enterprise Software	6
IV. Business Intelligence Software	7
V. Infrastructure Software	8
<b>3. Services</b>	
I. IT Services	9
II. Hosted & Managed Services	10
III. IT Outsourcing	11
IV. IT Staffing	12
<b>3. Sector to Watch</b>	
I. Artificial Intelligence & Machine Learning	13

# 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.



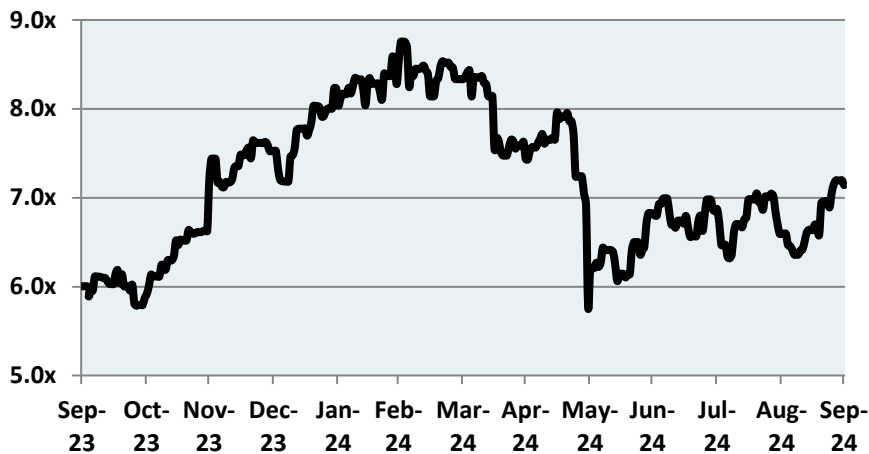
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# Software: Software as a Service (SaaS)

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP SaaS Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Salesforce	\$273.71	\$268,235.8	\$260,423.8	7.1x	21.2x
ServiceNow	\$894.39	\$185,242.5	\$180,958.4	18.2x	NM
Shopify	\$80.20	\$104,273.9	\$99,598.7	12.8x	85.6x
Workday	\$244.41	\$65,596.6	\$60,759.7	7.7x	98.2x
Block	\$67.13	\$42,302.7	\$36,642.0	1.6x	29.8x
Veeva Systems	\$209.87	\$34,469.0	\$29,154.1	11.3x	35.5x
Zoom Video	\$69.74	\$21,852.4	\$14,009.2	3.1x	11.4x
LivePerson	\$1.28	\$112.5	\$437.0	1.2x	NM
Upland Software	\$2.49	\$74.6	\$433.7	1.5x	NM
<b>Median:</b>	<b>\$80.20</b>	<b>\$42,302.7</b>	<b>\$36,642.0</b>	<b>7.1x</b>	<b>32.6x</b>

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

### SECTOR HIGHLIGHTS

- The median Software As A Service index was trading at 7.1x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- Salesforce has had a few interesting years with numerous peaks and valleys. The market saw the company open its new San Francisco headquarters, acquire Slack for \$28B, and go on a massive hiring spree during 2021, followed by a downturn in the stock, layoffs, and disbanding of its M&A committee. Recently, better-underlying foundations are starting to emerge. The company has focused on smaller acquisitions rather than headline-grabbing \$10B+ deals, with acquisitions of Zoomin for an estimated \$450M and a \$1.9B deal for Own Company. These acquisitions represent the first significant deals in almost 2 years. In addition to the more conservative nature of their M&A, Salesforce's profitability has been drastically improving. From the historical EBITDA range of 5-25% to an impressive TTM EBITDA margin of 33.75%. Hopefully, Salesforce can continue this trend in the coming quarters.
- The second largest transaction was Bain Capital taking Investnet private at a 3.3x revenue multiple. The deal valued Investnet at \$4.3B, which is Bain's biggest bet in the wealth management software sector. This is Bain's third large investment in the sector after investing in CI Financial in 2021 and Carson Group in 2023.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-09-18	PowerFleet	Fleet Complete		205.0
2024-09-17	Workday	Evisort	12.0	300.0
2024-09-04	Paylocity	Airbase		325.0
2024-08-13	Vista Equity Partners	Jaggaer	7.4	2,400.0
2024-08-08	Five9	Acqueon Technologies		167.1
2024-08-06	Veritas Capital	NCR Voyix (cloud-based digital banking business)	4.2	2,450.0
2024-08-01	Clayton & Dubilier, Inc.	R1 RCM	3.6	4,532.0
2024-08-01	SPS Commerce	SupplyPike		206.2
2024-07-29	Wolters Kluwer	Isabel (accountancy portfolio of solutions)	9.4	352.8
2024-07-16	Warburg Pincus	Varicent Software	8.6	1,250.0
2024-07-11	Bain Capital	Investnet	3.3	3,627.7
2024-07-09	Orchard Information Systems	Capita One	3.8	265.6

# 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



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Alphabet	\$165.85	\$2,086,475.9	\$1,976,173.4	6.0x	18.0x
Amazon.com	\$186.33	\$1,982,085.4	\$1,999,520.0	3.3x	19.5x
Meta Platforms	\$572.44	\$1,509,238.0	\$1,428,079.3	9.5x	20.0x
Netflix	\$709.27	\$314,810.6	\$311,717.7	8.6x	13.1x
Uber	\$75.16	\$160,427.2	\$164,191.4	4.1x	NM
Booking Holdings	\$4,212.12	\$147,582.2	\$142,218.7	6.3x	20.3x
Expedia Group	\$148.02	\$21,178.8	\$20,784.2	1.6x	11.5x
Snap	\$10.70	\$17,541.1	\$18,915.1	3.8x	NM
Yelp	\$35.08	\$2,580.5	\$2,022.5	1.5x	10.7x
Cimpress	\$81.92	\$2,212.2	\$3,591.0	1.1x	9.0x
Groupon	\$9.78	\$343.6	\$443.4	0.9x	13.0x
<b>Median:</b>	<b>\$148.02</b>	<b>\$147,582.2</b>	<b>\$142,218.7</b>	<b>3.8x</b>	<b>13.1x</b>

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### SECTOR HIGHLIGHTS

- The median Internet Software and Services index was trading at 3.8x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- Publicis completed their acquisition of an AI-powered influence marketing specialist, Influential. As Publicis is primarily focused on services and not looking to become a software company, the deal shows that Publicis understands the value of the influencer market. As one of the largest advertising agencies in the world, Publicis has acquired software platforms in the past in order to support their wide-ranging service lines like personalization and customer journey offerings platform, Yieldify and retail media and commerce platform, Profitero. These acquisitions show that the company is willing to acquire companies to help meet consumers where they spend most of their time.
- The largest deal in internet Software and services came from Singapore, with EQT's \$1.1B acquisition of PropertyGuru. PropertyGuru is a provider of real estate property and rental listings with operations in Singapore, Malaysia, Vietnam, and Indonesia. EQT offered \$6.70 per share, which represented a roughly 10% premium to the trading price 30 days earlier. The all-cash transaction of \$1.1B equaled a 7.9x TTM revenue multiple.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise Value (\$m)	EV/Rev
2024-09-13	Flutter Entertainment	NSX Group	349.7	
2024-09-11	Spectral Capital	Crwdunit	14.1	
2024-08-21	Zomato	Wasteland Entertainment	6.90	244.5
2024-08-20	Golden Matrix	Classics For A Cause	1.10	6.9
2024-08-16	Baring Private Equity Asia	PropertyGuru	7.90	1,135.9
2024-08-07	ZipRecruiter	Poplar Technologies	12.6	
2024-08-06	Ziff Davis	CNET Networks	150.0	
2024-07-29	DigiCo	Multipay	4.3	
2024-07-26	Software Circle	Link Maker Systems	2.00	3.9
2024-07-24	UniCredit	Aion	401.7	
2024-07-09	Humans	Deal.com	330.0	

# Software: Enterprise Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP Enterprise Software Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (EV)	EV/ LTM Revenue	EV / LTM EBITDA
Microsoft	\$430.30	\$3,213,910.7	\$3,190,032.4	13.0x	25.0x
Oracle	\$170.40	\$482,232.0	\$546,246.2	10.2x	25.2x
SAP	\$228.29	\$268,244.5	\$264,378.7	7.5x	45.4x
IBM	\$221.08	\$205,539.5	\$249,872.4	4.0x	17.3x
Constellation Software	\$3,256.65	\$69,013.5	\$71,979.5	7.8x	37.4x
Autodesk	\$275.48	\$59,641.4	\$60,093.3	10.4x	43.1x
Dassault Systemes	\$39.79	\$53,213.7	\$50,942.9	7.8x	26.0x
Ansys	\$318.63	\$27,918.2	\$27,570.5	11.9x	37.4x
Tyler Technologies	\$583.72	\$25,133.2	\$25,294.7	12.5x	NM
PTC	\$180.66	\$21,765.0	\$23,447.3	10.6x	36.0x
Manhattan Associates	\$281.38	\$17,575.3	\$17,081.5	17.1x	NM
Amdocs	\$87.48	\$10,070.1	\$10,399.3	2.1x	12.5x
Blackbaud	\$84.68	\$4,548.4	\$5,404.3	4.7x	23.7x
Verint Systems	\$25.33	\$1,605.5	\$2,243.1	2.5x	15.0x
Stratasys	\$8.31	\$580.0	\$458.0	0.8x	NM
<b>Median:</b>	<b>\$221.08</b>	<b>\$27,918.20</b>	<b>\$27,570.49</b>	<b>7.8x</b>	<b>25.6x</b>

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### SECTOR HIGHLIGHTS

- The median Enterprise Software index was trading at 7.8x revenue (based on Enterprise Value to Revenue) at the closing of Q3.
- Microsoft and OpenAI have been deeply intertwined over the past few years, with Microsoft investing nearly \$13.75B in the startup since 2019. This relationship has started to see some friction as the company converts from a nonprofit to a for-profit company, with Microsoft wondering how its ownership will look. Going forward, the company will not be operating under the nonprofit parent company, but the nonprofit, as well as Sam Altman and Microsoft, among others, will hold stakes in the company. As the company navigates the transition, Microsoft and OpenAI have hired investment bankers Morgan Stanley and Goldman Sachs, respectively. Under the current agreement, Microsoft is entitled to a portion of the for-profit subsidiary's profits, but as the company transitions to a for-profit standalone entity, questions arise as to how much Microsoft will own. Microsoft is also seeking more control over corporate governance after OpenAI's board briefly ousted Sam Altman. The short-lived decision to remove Altman was a surprise to Microsoft.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-09-18	Seiko Epson	Fiery	2.90	591.4
2024-08-13	Vista Equity Partners	Jaggaer	7.40	2,400.0
2024-08-13	CorroHealth	Xtend Healthcare		365.0
2024-08-08	Recursion Pharmaceuticals	Exscientia	12.90	648.9
2024-08-06	Veritas Capital	NCR Voyix	4.20	2,450.0
2024-08-01	fka Clayton & Dubilier	R1 RCM	3.60	4,532.0
2024-08-01	Outbrain	Teads		997.3
2024-07-29	Wolters Kluwer	Isabel (accountancy portfolio of solutions)	9.40	352.8
2024-07-25	KKR & Co.	Instructure Holdings	7.90	3,630.9
2024-07-16	Warburg Pincus	Varicent Software	8.60	1,250.0

# Software: Business Intelligence Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

**DP BI Software Index EV/Revenue Multiple**  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Verisk Analytics	\$267.96	\$38,747.1	\$40,826.3	14.7x	25.8x
Snowflake	\$114.86	\$38,137.0	\$35,592.0	11.1x	NM
MicroStrategy	\$168.60	\$30,458.4	\$38,001.2	79.1x	NM
Elastic	\$76.76	\$8,064.8	\$7,330.2	5.5x	NM
Informatica	\$25.28	\$7,645.6	\$8,401.4	5.1x	34.7x
Pegasystems	\$73.09	\$6,275.4	\$6,161.0	4.1x	39.0x
PROS Holdings	\$18.52	\$863.4	\$1,036.0	3.3x	NM
Domo	\$7.51	\$279.7	\$368.0	1.2x	NM
<b>Median:</b>	<b>\$74.93</b>	<b>\$7,855.2</b>	<b>\$7,865.8</b>	<b>5.3x</b>	<b>34.7x</b>

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### SECTOR HIGHLIGHTS

- The median Business Intelligence Software index was trading at 5.3x revenue (based on Enterprise Value) at the closing of Q3.
- Since 2017, the US has had higher median valuations for public companies than their UK peers. The UK has surpassed the US with a median multiple, reaching 4.1x trailing revenue. With the S&P 500 up 13% compared to the 6% for the FTSE 100, many strategic and financial buyers are finding great valuations on public companies. With this trend, purchases of LSE- or AIM-listed companies have already transacted over \$18B this year, compared to the \$7.3B in all of 2023.
- As stated in one of the other sections, Salesforce is on quite a run at the moment with profitability increasing, conservative valuations on acquisitions, and now a more directed focus for its subsidiary, Tableau. Since the acquisition by Salesforce, Tableau has increased its ARR from \$1B to \$3B primarily by increasing the loyalty of existing customers. Tableau has been working on its Einstein platform to improve its standing in the analytics market. The platform will be “The New Tableau,” which will use AI to automate data management and analysis underpinned by Salesforce Data Cloud. The new offering will be deeply integrated with Salesforce and should allow for continued growth for Tableau and Salesforce as a whole.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/Rev	Enterprise Value (\$m)
2024-09-30	LCPtracke	VantagePoint Compliance		
2024-09-25	HP	Vyopta		
2024-09-24	Xceedance Consulting	Millennium Information Services		
2024-09-19	NeoXam	EZOPS		
2024-09-19	Gant Travel	Aimendo		
2024-09-16	SmartSights	Sage Clarity		
2024-09-12	AssureCare	Clinigence Health		
2024-09-12	Lumivero	ATLAS.ti Scientific Software Development		
2024-09-09	Softexpert Software	TGN Brasil		
2024-09-09	Liventus	Sparkflow Data Analytics		
2024-09-06	Kipu Health	Hatch Compliance		
2024-08-06	YouGov	The Thinking Studio		5.7

# Software: Infrastructure Software

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP Infrastructure Software Index EV/Revenue Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
NetApp (Systems and Information Management)	\$123.51	\$26,184.1	\$24,923.7	3.9x	15.8x
Check Point Software	\$192.81	\$22,182.4	\$19,545.6	7.9x	20.9x
F5 (IT Consulting and Outsourcing)	\$220.20	\$13,106.0	\$12,159.2	4.4x	15.6x
Trend Micro	\$59.42	\$8,044.6	\$6,530.2	3.7x	14.4x
CommVault Systems	\$153.85	\$6,939.1	\$6,449.2	7.4x	NM
Progress Software	\$67.37	\$3,008.1	\$3,461.9	4.8x	17.2x
Radware	\$22.28	\$947.2	\$616.0	2.4x	NM
Magic Software Enterprises	\$11.96	\$587.2	\$595.7	1.1x	7.8x
Allot Communications	\$2.97	\$114.0	\$104.8	1.2x	NM
<b>Median:</b>	<b>\$67.37</b>	<b>\$6,939.1</b>	<b>\$6,449.2</b>	<b>3.9x</b>	<b>15.7x</b>

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### SECTOR HIGHLIGHTS

- The median Infrastructure Software index was trading at 3.9x revenue (based on enterprise value) at the end of Q3.
- As more companies adopt generative AI, providers must invest heavily in the underlying infrastructure to support these solutions. APIs have seen their use skyrocket over the past decade, with more solutions requiring APIs to pull information into disparate systems. The introduction of AI, and specifically GenAI, will accelerate the growth rate to around 20-30% per year, according to 451 Research. As more APIs are used, providers will need a better approach to API management. One solution that could assist in managing APIs is using GenAI to predict usage patterns and automate various API management requirements. With the growth of autonomous APIs calling and relaying information, the interaction could become too complex for current solutions. Enabling the API management systems to orchestrate all API uses will require heavy investment and strong guardrails to ensure companies do not blow through IT budgets. Expect AWS and Google to recognize the problem that many businesses have not; the growth of the API market and ecosystems will require strong API platforms to balance and manage the throughput of modern AI systems, especially.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise EV/Rev	Enterprise Value (\$m)
2024-09-24	Raintank	TailCtrl Software		
2024-09-17	RapidSOS	Penguin Management		
2024-09-10	ConnectWise	SkyKick		
2024-09-03	Mosyle	Assetbots		
2024-08-23	Dx Technology	Bulutistan		39.0
2024-08-21	FireHydrant	Blameless		
2024-08-15	Hewlett Packard	Morpheus Data	6.60	165.0
2024-08-13	Trove AI	Recurate		
2024-07-18	Array Themes	NitroPack		
2024-07-01	NVIDIA	Shoreline Software		



# Services: IT Services

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP IT Services Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Accenture	\$353.48	\$225,253.9	\$221,268.8	3.4x	19.0x
Cognizant Technology	\$77.18	\$38,590.0	\$37,400.4	1.9x	11.1x
Capgemini	\$216.62	\$38,341.7	\$40,668.2	1.7x	12.4x
CDW	\$226.30	\$30,742.9	\$35,352.8	1.7x	18.2x
NTT Data Group	\$18.03	\$25,274.5	\$45,216.2	1.5x	10.2x
Booz Allen Hamilton	\$162.76	\$21,225.9	\$24,360.4	2.2x	19.9x
CACI International	\$504.56	\$11,389.4	\$13,038.6	1.7x	16.5x
DXC Technology	\$20.75	\$3,964.8	\$7,529.9	0.6x	4.7x
ICF International	\$166.79	\$3,165.5	\$3,757.9	1.9x	17.5x
The Hackett Group	\$26.27	\$731.3	\$737.1	2.4x	13.9x
<b>Median:</b>	<b>\$164.78</b>	<b>\$23,250.2</b>	<b>\$29,856.6</b>	<b>1.8x</b>	<b>15.2x</b>

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### SECTOR HIGHLIGHTS

- The median IT Services index was trading at 15.2x EBITDA (based on Enterprise Value to EBITDA) at the closing of Q3.
- Thoughtworks was one of the leaders of the digital transformation trend in 2021 and used the hype in the market to raise \$770M from their IPO. The roughly \$6B valuation of Thoughtworks has tumbled over the years. This fall in stock price has coincided with the diminishing excitement about the digital transformation industry. At the peak in 2021, S&P 500 earnings calls mentioned digital transformation over 100 times. Mentions of digital transformation are down 75%, while the share price of Thoughtworks is down 85% over the same period. ThoughtWorks was able to capitalize on the hype around digital transformation but has not been able to sustain the excitement and now has received a \$1.75B offer to go private.
- IT services had a large Q3 in terms of M&A with 253 deals and \$7B in total deal value. The largest deal was KKR's \$3.8B acquisition of Fuji Soft. The deal represented a 23.9x EBITDA multiple. KKR views Japan as a great opportunity as the "industry enters a transformative period of digitalization market by expanded use of cloud, IoT, and generative AI." This acquisition represents a significant increase in capital allotted to the country, increasing the existing \$18B with the additional \$7B from this transaction.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-08-08	KKR & Co.	Fuji Soft	23.90	3,806.6
2024-08-07	Climb Global Solutions	Douglas Stewart Software & Services	3.80	20.3
2024-08-05	Apax Partners	Thoughtworks Holding	77.00	630.4
2024-08-01	ExlService Holdings	Incandescent Technologies		26.0
2024-08-01	G-Able Public Company	Round Two Solutions		9.3
2024-07-31	CSE Crosscom	RFC Wireless	4.00	11.5
2024-07-30	Parsons	BlackSignal Technologies		200.0
2024-07-25	Gamma Communications	BrightCloud Group	14.80	11.6
2024-07-18	Galaxy Digital Holdings	CryptoManufaktur (substantially all of the assets)		7.0
2024-07-16	KBR	LinQuest		745.0
2024-07-10	Lawson Products Canada	Source Atlantic		76.9

# Services: Hosted & Managed Services

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

**DP Hosted Services Index EV/EBITDA Multiple**  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Equinix	\$887.63	\$84,138.4	\$100,283.0	11.9x	29.1x
Digital Realty	\$161.83	\$51,634.2	\$70,981.3	13.0x	21.2x
SAIC	\$139.27	\$7,297.7	\$9,173.7	1.3x	14.9x
ePlus	\$98.34	\$2,631.1	\$2,452.3	1.1x	13.5x
Cancom	\$31.43	\$1,148.9	\$1,082.6	0.6x	7.9x
NCC Group	\$2.38	\$742.0	\$836.7	2.0x	NM
Redcentric	\$1.77	\$285.8	\$371.1	1.8x	12.0x
Sify Technologies	\$2.16	\$143.7	\$1,202.1	2.7x	14.0x
iomart	\$1.54	\$176.0	\$226.4	1.4x	5.0x
<b>Median:</b>	<b>\$16.91</b>	<b>\$945.5</b>	<b>\$1,142.4</b>	<b>1.8x</b>	<b>13.8x</b>

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### SECTOR HIGHLIGHTS

- The median Hosted & Managed Services index was trading at 13.8x EBITDA (based on Enterprise Value) at the closing of Q3.
- In many other sectors, the top 10 competitors account for over 80% of total market revenue. In the hosted and managed services market, the top 50 companies account for just over 60%. There is still a large opportunity for small and medium-sized providers to impact the market, and many acquisitions will most likely happen in the coming years as the larger public MSPs acquire the smaller market players and the PE-backed companies continue to roll up the industry.
- M&A activity in the hosted and managed services sector has remained relatively stable over the past quarters. While many deals do not disclose the value of acquisitions, the past year has seen between 21 and 27 deals per quarter. The 20 MSP, a managed service provider based out of Plano, Texas, has acquired 6 companies since July 1, 2023.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-09-30	Riverdam	ILC Europe		
2024-09-27	Kingsway Financial	Image Solutions	6.30	19.5
2024-09-24	General Datatech	Premier Mds Global It		
2024-09-17	Agellus Capital	BlackPoint IT Services		
2024-09-10	Magna5	FullScope IT		
2024-09-05	FluidOne	Orca It		
2024-08-31	Osprey Technology	Lanworks		
2024-08-30	IT Service Alliance	PARSEC Group		
2024-08-29	Hybrid Anchor	Off Canvas		
2024-07-19	Ideal Holdings	BlueStream Solutions	8.00	13.3

# Services: IT Outsourcing

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

DP IT Outsourcing Index EV/EBITDA Multiple  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 9/30/2024	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Tata Consultancy	\$50.99	\$185,421.0	\$179,998.4	6.1x	23.5x
Automatic Data	\$276.73	\$114,068.1	\$113,649.6	5.9x	20.5x
Infosys	\$22.40	\$92,746.1	\$90,560.5	4.9x	NM
Cognizant Technology	\$77.18	\$38,590.0	\$37,400.4	1.9x	11.1x
Wipro	\$6.47	\$33,787.2	\$30,455.7	2.8x	14.4x
CGI Group	\$115.18	\$26,883.5	\$27,628.8	2.6x	13.2x
CSG International	\$48.65	\$1,417.2	\$1,907.9	1.6x	10.2x
Unisys	\$5.68	\$390.2	\$588.5	0.3x	NM
<b>Median:</b>	<b>\$ 49.82</b>	<b>\$ 36,188.60</b>	<b>\$33,928.03</b>	<b>2.7x</b>	<b>13.8x</b>

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

### SECTOR HIGHLIGHTS

- The median IT Outsourcing index was trading at 13.8x EBITDA (based on Enterprise Value) at the closing of Q3.
- IT outsourcing remains a significant method to maintain systems and create new ones without carrying the salaries and benefits of high-quality developers. Many firms are looking to augment their abilities with AI and ML to improve the efficiency of working with outside partners. While there are current uses across the spectrum of outsourcing, companies are hesitant to unleash AI on their IT operations. Typically, these responsibilities are left to the internal project leads in conjunction with their outside partners. The uses, for now, are usually left to scanning and troubleshooting. While uses in incident response and scheduling are growing, the trust is not yet there for corporations to trust everything with AI solutions. As more infrastructure and understanding around AI is built, companies will begin to trust more core operations with AI, but the market should not expect that trust to arise in the next few quarters.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	EV/ EBITDA	Enterprise Value (\$m)
2024-09-23	Firstsource Solutions	Ascensos		55.7
2024-08-23	Spirit Technology Solutions	Forensic IT Solutions		6.2
2024-08-13	Synapsewave Innovations	63 moons technologies (MATCH business)		4.3
2024-08-09	Electric Guitar	Mymyne		0.1
2024-08-08	Pelican Energy	GSE Systems		16.6
2024-08-07	Netcall	Govtech Solutions	16.50	12.2
2024-08-06	Suzlon Energy	Renom Energy Services	18.10	47.6
2024-07-30	Acieta	Capital Industries		
2024-07-22	Peach Payment Services	Operativa Solutions		
2024-07-15	Complete Solaria	Core Energy (selected assets)		
2024-07-10	TOPPAN Digital Language	MEINRAD.cc		
2024-07-03	Baring Private Equity Asia	Keywords Studios	19.10	2,622.8

# 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 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Robert Half	\$67.41	\$7,052.3	\$6,705.9	1.1x	12.9x
ASGN	\$93.23	\$4,400.5	\$5,144.6	1.2x	11.9x
ManpowerGroup	\$73.52	\$3,620.9	\$4,421.8	0.2x	15.5x
Kforce	\$61.45	\$1,176.1	\$1,243.0	0.9x	16.2x
Kelly Services	\$21.41	\$766.5	\$994.0	0.2x	11.8x
RCM Technologies	\$20.28	\$165.1	\$180.9	0.7x	7.2x
Mastech Digital	\$10.00	\$117.6	\$100.7	0.5x	NM
<b>Median:</b>	<b>\$61.45</b>	<b>\$1,176.1</b>	<b>\$1,243.0</b>	<b>0.7x</b>	<b>12.4x</b>

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

### SECTOR HIGHLIGHTS

- The median IT Staffing index was trading at 12.4x EBITDA (based on Enterprise Value) at the closing of Q3.
- More IT Staffing firms focus on specialized staffing to help their clients find individuals with specific qualifications. This specialization trend has led to a talent grab from some of the best candidates and can lead to drastically higher salaries if candidates can create a bidding process for their talents. This can also narrow the talent pool and lead to longer hire times. Alternatively, some companies are looking to bring more of a talent development aspect to their teams. While staffing firms can find top-tier talent, a few companies, primarily small to medium-sized businesses, are looking for strong candidates that they can then train and teach new skills. Hiring and training new employees allows for a lower initial investment in candidates and can lead to individuals better aligned with company culture and methodologies. This new trend of hire the person and teach the skills should be improved with better AI and ML solutions to train and show employees a clear picture of their career path.
- The IT staffing sector continues to show value as the EV/EBITDA multiple continues to grow. From the historical averages of 4-6x EBITDA to the current rates, staffing companies should look to take some chips off the table. Interestingly, no M&A deals were announced during the third quarter.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

# Artificial Intelligence & Machine Learning

## HIGHLIGHTS, VALUATION METRICS, AND RECENT M&A ACTIVITY

### MARKET PERFORMANCE

**DP AI & ML Index EV/Revenue Multiple**  
Latest Twelve Months



### VALUATION METRICS

Company	Stock Price 09/30/24	Market Cap.	Enterprise Value (\$M)	EV/ LTM Revenue	EV / LTM EBITDA
Nvidia	\$121.44	\$3,023,916.7	\$2,954,138.2	30.7x	47.9x
IBM	\$221.08	\$205,539.5	\$249,872.4	4.0x	17.3x
ServiceNow	\$894.39	\$185,242.5	\$180,958.4	18.2x	NM
Palantir Technologies	\$37.20	\$88,369.5	\$79,655.0	32.1x	NM
CrowdStrike Holdings	\$280.47	\$69,642.2	\$65,541.7	18.6x	NM
SentinelOne	\$23.92	\$7,288.8	\$6,900.0	9.5x	NM
C3.ai	\$24.23	\$2,948.5	\$2,319.3	7.1x	NM
<b>Median:</b>	<b>\$121.44</b>	<b>\$88,369.5</b>	<b>\$79,655.0</b>	<b>18.2x</b>	<b>32.6x</b>

Note to Reader: Most private companies will receive a 15-30% size and liquidity discount compared to public multiples

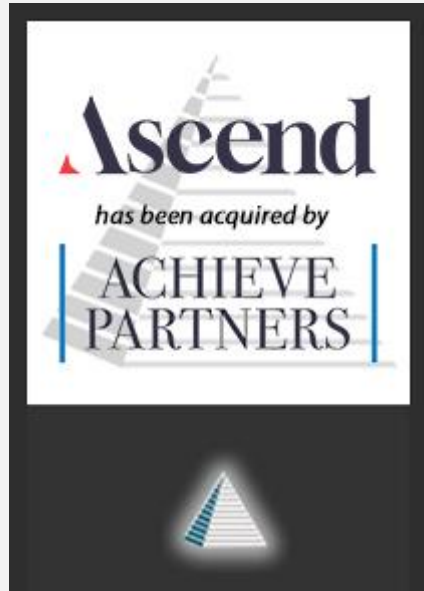
### SECTOR HIGHLIGHTS

- The median AI & ML index was trading at 18.2x Revenue (based on Enterprise Value) at the closing of Q3.
- While OpenAI has been dominating generative AI headlines, Nvidia has quietly released its own GenAI model. Nvidia released a new open-source AI model consisting of 72 billion parameters. This new model exhibits exceptional performance, and Nvidia released the training code, which should help smaller companies trust the model and benefit AI researchers and developers. The quiet release coincides with OpenAI releasing the o1 model, a text-based model set designed for more complex reasoning tasks. The model can walk through multiple steps, and while it may take longer for a response, it is better suited for challenging coding tasks or complex math problems. The two companies releasing improved versions within a couple of weeks of each other is exciting for end users who can take advantage of the innovation war. This also comes as OpenAI reports its intent to raise \$6B, and Nvidia continues its positive run in the markets. Now is an exciting time for AI innovation, and while much more infrastructure will be needed, funding and hype are widely available.

### MERGERS & ACQUISITIONS (SAMPLE DEALS)

Announced Date	Acquirer Name	Target Name	Enterprise E/Rev Value (\$m)
2024-07-10	Ai Software	CereProc	

# DecisionPoint Recent Deals



**Oct 2024**

DecisionPoint advised Ascend Partners on its strategic investment from Achieve Partners



**Oct 2024**

DecisionPoint advised OmniLife on the sale of their FlowHawk assets to XVIVO Perfusion

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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