GLOBAL CAPITAL
Sector Focused Investment Banking
Asset Management | Growth Advisory

Formerly known as **TECHNOLOGY HOLDINGS**

# IT Services and BPO Newsletter

## Exploring M&A Activity in Q4 2024

**February 2025**

# About TH Global Capital

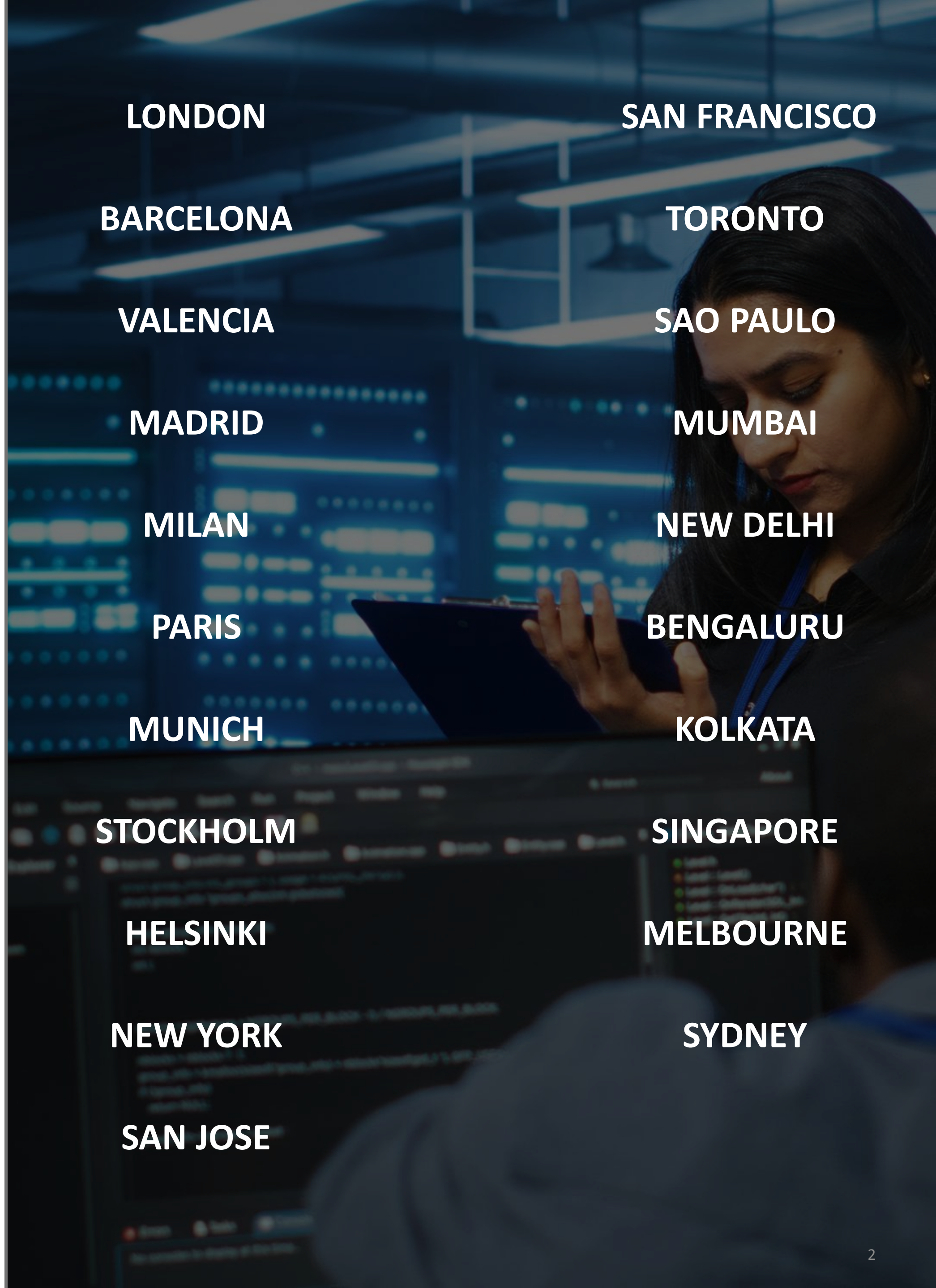
**TH Global Capital (formerly known as Technology Holdings)** is an award-winning global investment banking firm specializing **in sector focused investment banking, asset management, and growth advisory services.**

With a 24-year track record, **TH Global Capital's offering includes Sell Side M&A, its Buy Side M&A practice 'TH Buy and Build', Growth Capital Advisory, Debt Financing, Financial Sponsor Coverage & Secondaries, IPO Advisory, Asset Management and Growth Advisory services.**

TH Global Capital's full service, purpose driven approach reflects its mission - to create wealth for founders, companies and investors. Operating in 13 countries across the Americas, Europe, and Asia-Pacific, TH Global Capital combines global reach with local presence to deliver exceptional results.

**Our focus, with a 24-year track record...**

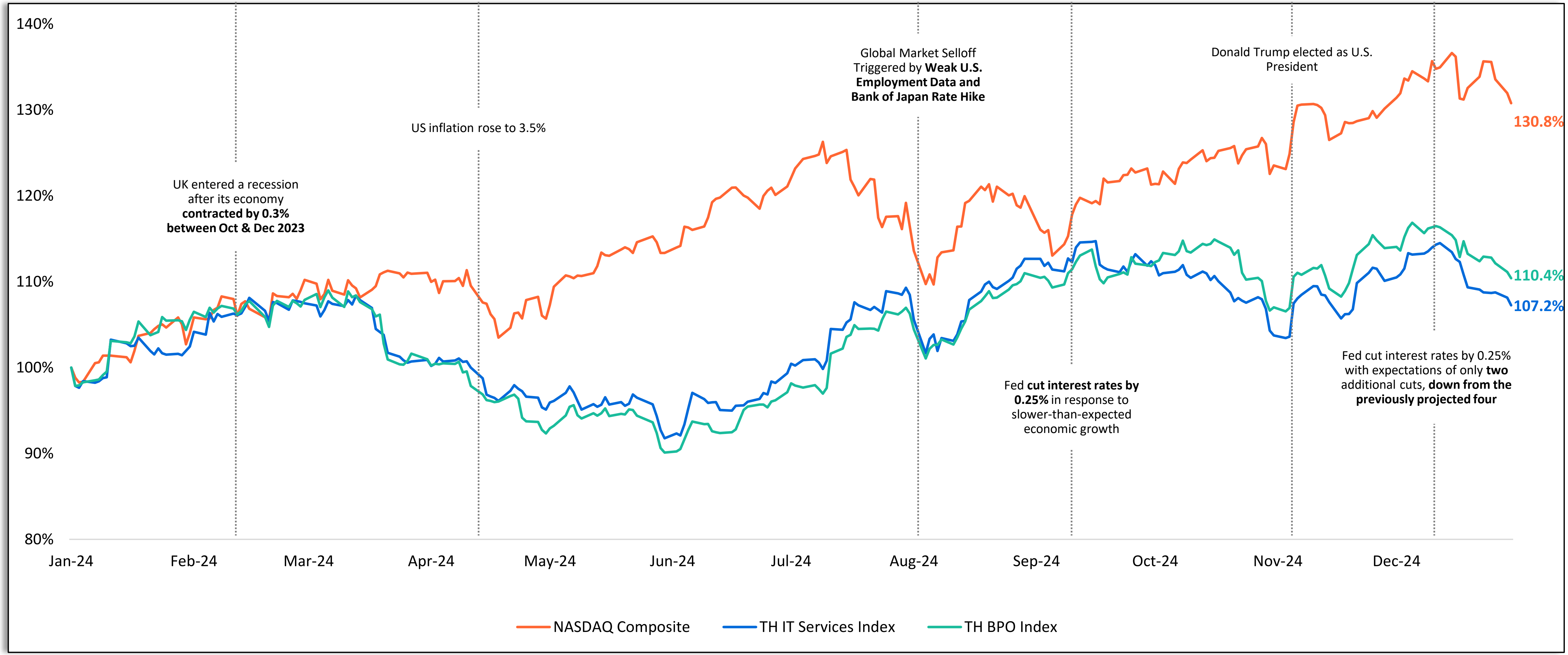
- **Digital Transformation & Innovation**
- **IT Services Cloud & Cybersecurity**
- **Analytics, Data Sciences & AI**
- **Fintech, Insurtech and SaaS**
- **Consultancies**
- **Healthcare & Lifesciences**
- **Business Process Management**
- **Engineering Services**



Capital Market Performance

# Q4 Shakeup: IT Services & BPO Stocks Diverge from NASDAQ

## NASDAQ v/s TH Indices Share Price Movement LTM



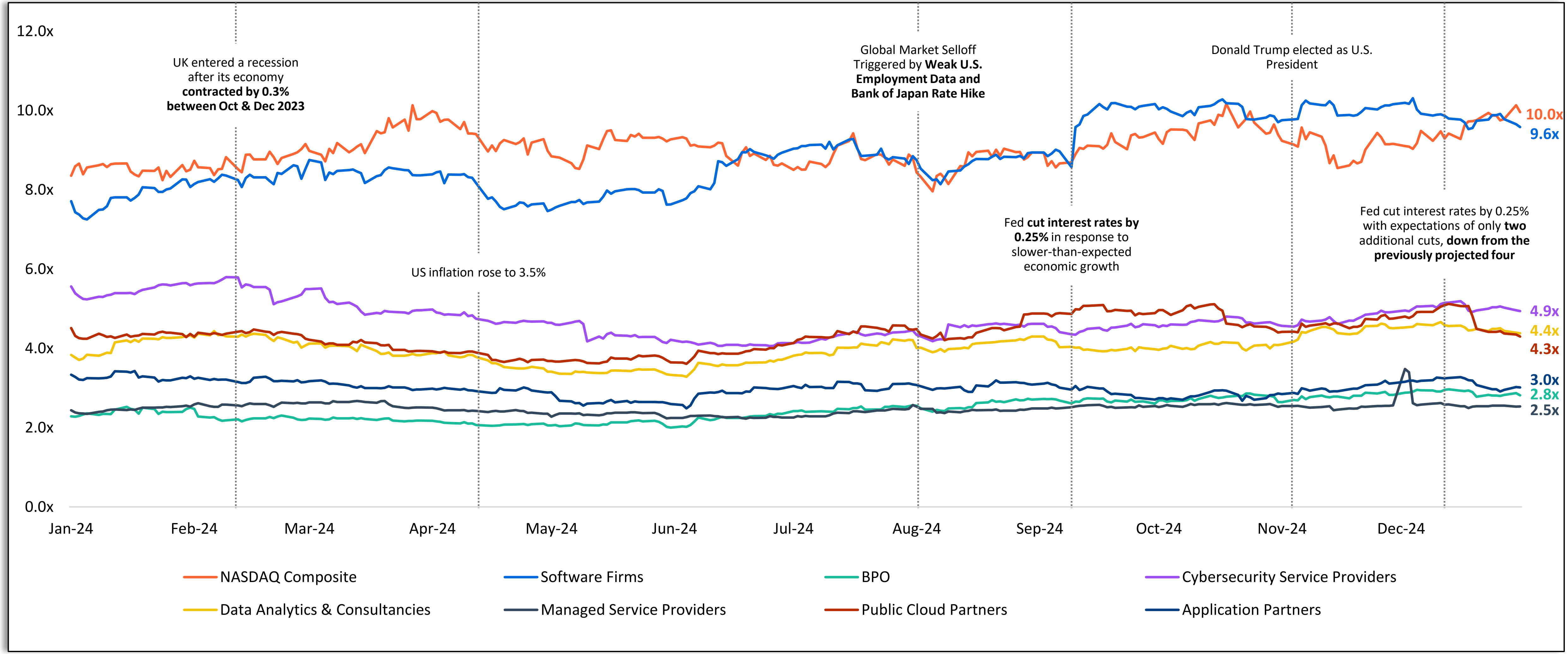



Note: Companies included in TH custom indices are shown in the Appendix

Source: S&P CapIQ, Company Filings

# EV/Revenue Multiples in Q4: Software, Cybersecurity, and Cloud vs the Market

## NASDAQ v/s TH Indices EV/REVENUE LTM



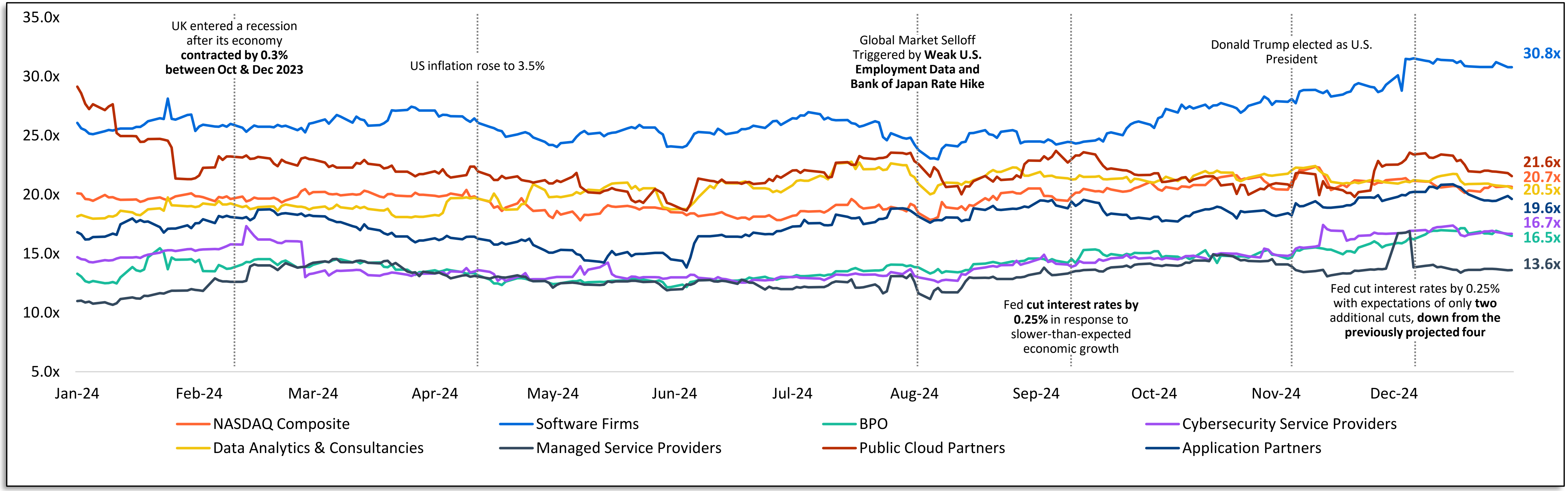



Note: Companies included in TH custom indices are shown in the Appendix

Source: S&P CapIQ, Company Filings

# Q4 Valuation Review: Profitability Multiples Signal Selective Optimism

## NASDAQ v/s TH Indices EV/EBITDA LTM

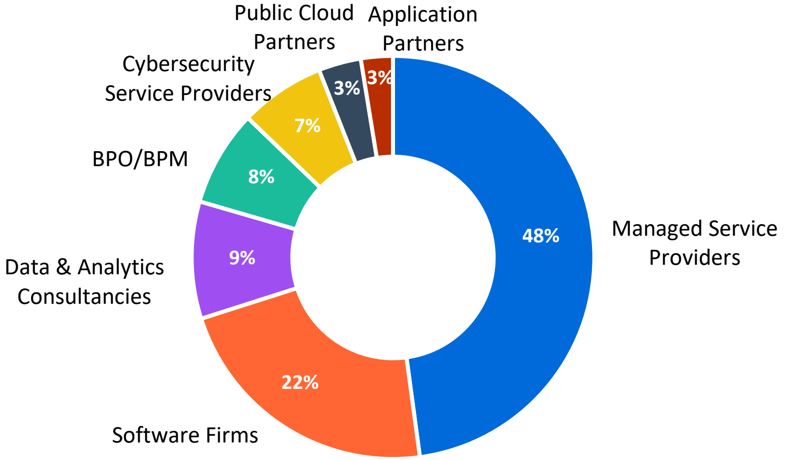



- **ServiceNow and Accenture,** revised their 2024 guidance upwards, citing strong enterprise demand for cloud-based and workflow automation solutions. Analysts noted robust Q3 earnings for ServiceNow, driven by double-digit growth in subscription revenues. **TH Cybersecurity Index players like Palo Alto Networks and Fortinet** benefitted from **elevated security spending**. Meanwhile, **TH BPO Index companies such as Teleperformance and WNS** delivered stable performance, reflecting steady demand for outsourcing services amid cost optimization trends
- Global market conditions, including **persistent inflationary pressures and geopolitical tensions**, drove investor caution, resulting in compressed multiples for cyclical segments. However, resilient demand for critical services, particularly Public Cloud Partner and Software Development firms, helped these sectors sustain stronger valuations
- As businesses increasingly adopt **AI-driven tools, cybersecurity solutions, and cloud-native applications**, 2025 outlook for subsectors like **Software, Cybersecurity, and Managed Services** are poised to sustain premium valuations. Investors are expected to prioritize companies with scalable offerings, recurring revenue models, and innovation-led growth, fueling further M&A activity

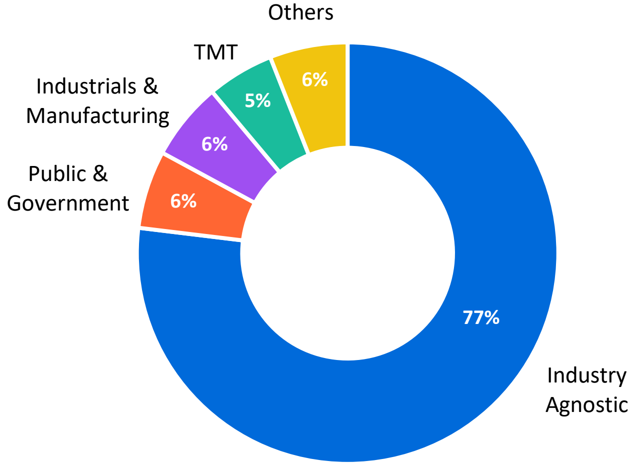
# IT & BPO M&A in Q4: Managed Services and Strategic Deals Take the Lead

- **48%** of deals targeted **Managed Service Providers**, followed by **Software companies (22%)**, reflecting demand for outsourcing and cloud solutions
- **42%** of transactions were **strategic acquisitions**, while **PE-backed or PE investments 55%,** reflecting strong investor confidence
- The **Americas (44%)** and **Europe (40%)** accounted for the bulk of M&A activity, showing strong demand for IT and BPO services in these mature markets. **APAC (10%) and MEA (3%)** saw limited deal flow, though APAC remains an attractive outsourcing hub

## Target Landscape Analysis, by type




## Target Landscape Analysis, by industry

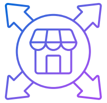



## Buyer Rationale

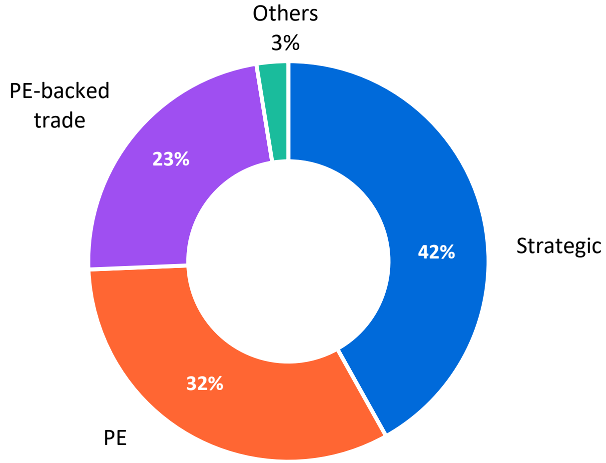
**54%**
Capability Enhancement

**33%**
Growth Funding

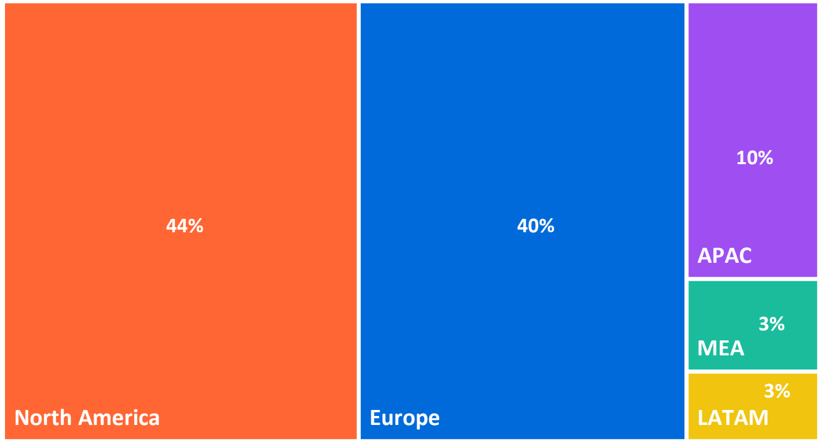
**13%**
Market Expansion



## Deal Type




## Geography Analysis





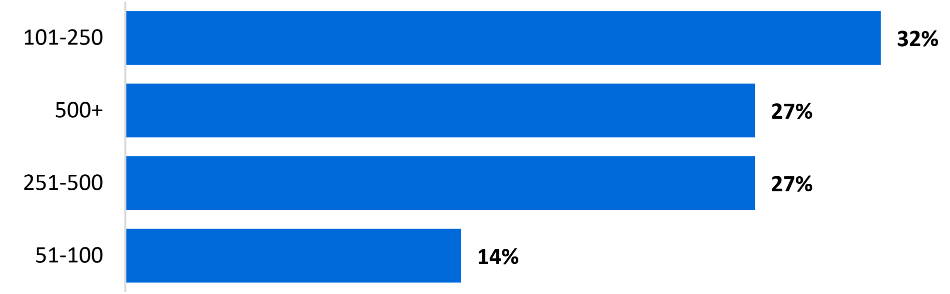

Source: PitchBook, TH Global Capital M&A Tracker 2024

# Managed Service Providers

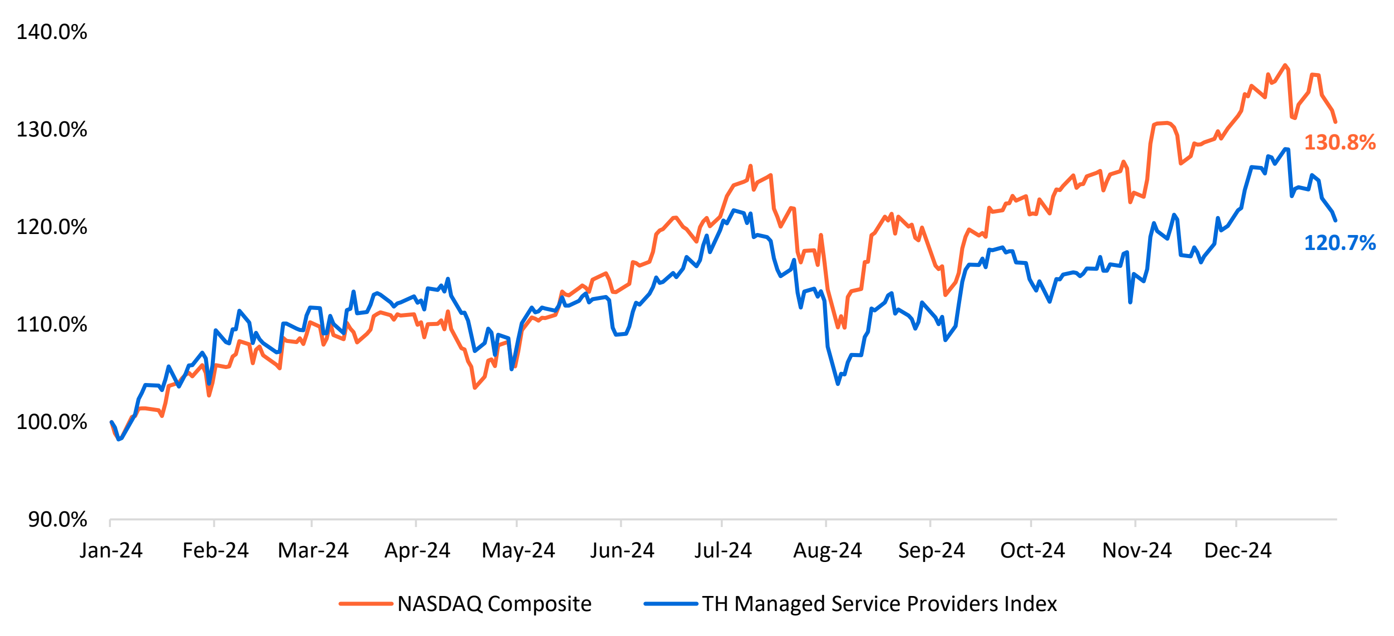
## Market Commentary

- The majority of acquired companies had **mid-sized employee bases**, reflecting a preference for scalable service providers with established delivery capabilities
- Companies in the **TH Managed Services Providers Index**, such as DXC Technology, Atos, and Cognizant, saw divergent stock movements in Q4. **Cognizant** maintained steady growth, benefiting from **strong demand for digital transformation**, while **DXC Technology** faced pressure due to **restructuring challenges**
- Notable acquisitions included **large IT outsourcing companies** and **specialized cloud-managed service providers**, as buyers sought to strengthen cloud migration, security, and automation expertise

## Target Employee Size, Analysis




## Share Price Movement




## Selected Deals

| Date | Target | Acquirer | Country |
|---|---|---|---|
| Dec-24 | Consolidated communications | BCI, Searchlight | |
| Dec-24 | AirTrunk | Blackstone, CPP Investments | |
| Dec-24 | ascent | wesco | |
| Nov-24 | Nebius | Accel, NVIDIA | |
| Nov-24 | TerraQuest Data Solutions | APSE Capital | |
| Oct-24 | inGate | Crowdworks | |
| Oct-24 | ai applied insight | CACI Ever Vigilant | |



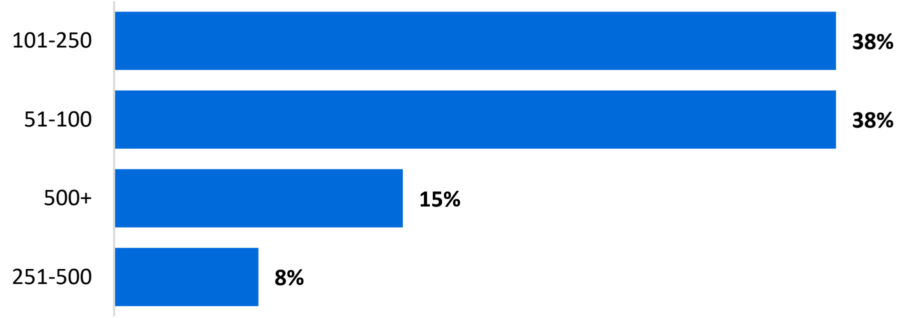
Source: PitchBook, TH Global Capital M&A Tracker 2024

# Software Companies

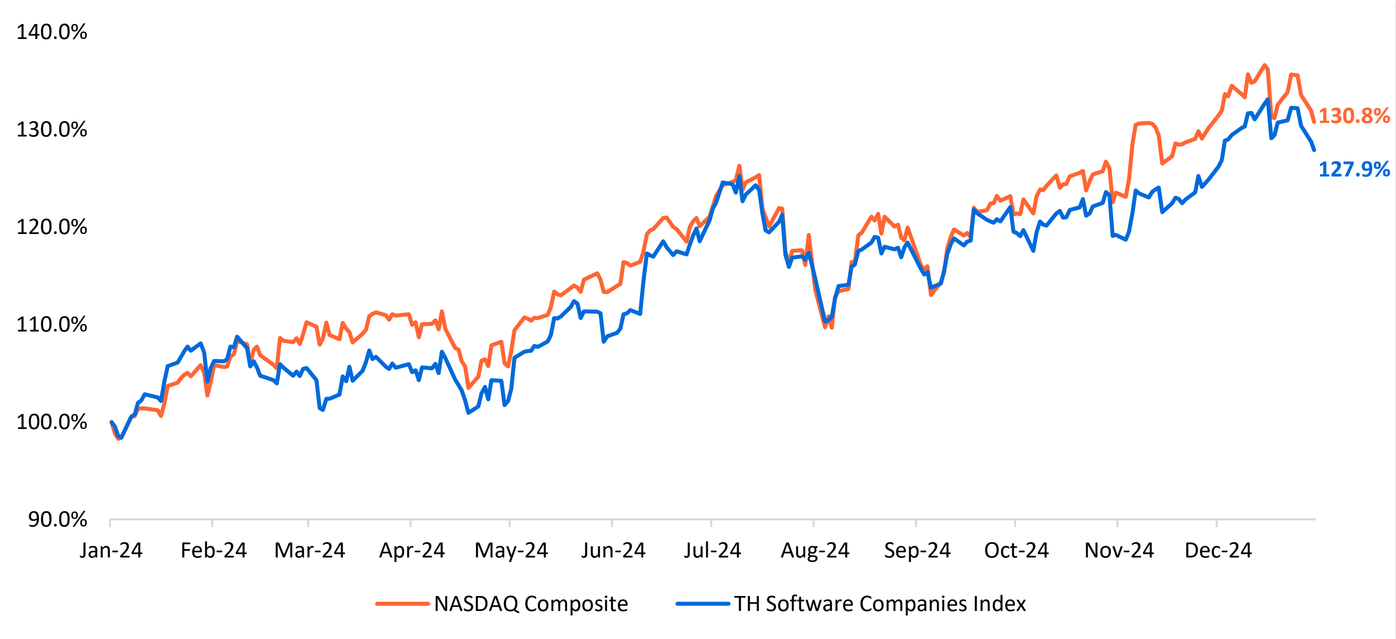
## Market Commentary

- Companies in the **TH Software Index**, such as ServiceNow, Workday, and Salesforce, experienced varied stock movements. **ServiceNow outperformed**, driven by **strong enterprise automation demand**, while **Workday faced volatility amid macroeconomic pressures**
- The majority of acquired companies were **mid-sized software firms**, reflecting a buyer preference for **scalable cloud-based and AI-driven solutions**

## Target Employee Size, Analysis




## Share Price Movement




## Selected Deals

| Date | Target | Acquirer | Country |
|---|---|---|---|
| Dec-24 | VALSOFT | Portage; Propelr Growth; Viking; Power Corporation of Canada | Canada |
| Dec-24 | OTRS | Cathay Capital; EasyVista; Eurazeo; Momentum Invest | Germany |
| Nov-24 | accubits | Response Informatics Technology Simplified | USA |
| Nov-24 | 40AU | ASH IP | USA |
| Nov-24 | KMS Technology | Sunstone Partners | USA |
| Oct-24 | roweb | Sirma Group | Romania |
| Oct-24 | GLASSBOX | Alicorn; Susquehanna Growth Equity | Israel |

# IT Services and BPO: Deal Activity, classified by Buyer Rationale, Q4 2024 (1/2)

| Date | Target | Acquirors | Target Country |
|---|---|---|---|
| | **Selected Capability Enhancement Deals** | | |
| Dec-24 | webgenesys | HAT, TXT | |
| Dec-24 | MEDIALUOTSI AMMATTILAISEN ASIALLA | Eniro Group | |
| Dec-24 | BRAINHUB | INNOVA CAPITAL, STX NEXT, PFR Ventures | |
| Dec-24 | AVT | wipro | |
| Dec-24 | AccessiWay the web accessibility solution | CPP Investments, Hg, SOFINA, teamblue | |
| Dec-24 | enfo | EQ GROUP, TIETOKESKUS, VAAKA PARTNERS | |
| Dec-24 | boost IT | Axcel, eniqoms | |
| Dec-24 | IN² an Altia Company | altia | |
| Dec-24 | Atos Worldgrid | ALTEN | |
| Dec-24 | FIRST DERIVATIVE | <epam> | |

| Date | Target | Acquirors | Target Country |
|---|---|---|---|
| Nov-24 | FIRMUS | TechMatrix | |
| Nov-24 | feathersoft | think bio | |
| Nov-24 | KatRisk | TA ASSOCIATES, technosylva | |
| Nov-24 | IT savvy | xerox | |
| Oct-24 | DIGNARI | EY | |
| Oct-24 | ARCHERPOINT | Cherry Bekaert, PARTHENON CAPITAL | |
| Oct-24 | INTERNETWORK ENGINEERING | BC PARTNERS, CLAYTON DUBILIER & RICE, PRESIDIO | |
| Oct-24 | PARTNER hero | crescendo | |
| Oct-24 | blazeclan An ITC Infotech Brand | ITC INFOTECH Business-friendly Solutions | |
| TH Oct-24 | DECSKILL TALENT TO GROW | ASTEK | |

Deal Activity

# IT Services and BPO: Deal Activity, classified by Buyer Rationale, Q4 2024 (2/2)

| Date | Target | Acquirors | Target Country |
|---|---|---|---|
| **Selected Growth Funding Deals** | | | |
| Dec-24 | phData | Gryphon Investors | United States |
| Dec-24 | ISPN Network Services | Align Capital Partners | United States |
| Dec-24 | Comarch | CVC Capital Partners | Poland |
| Dec-24 | Valiant Solutions | Bluestone Investment Partners | United States |
| Dec-24 | USU | Thoma Bravo | Germany |
| Nov-24 | ecit | TowerBrook | Norway |
| Nov-24 | intwo | Synergia capital partners | Netherlands |
| Nov-24 | Genisys Group | Bandhan Bank | United Kingdom |
| Nov-24 | Clara | Hiroshima Capital Partners (HiCAP) | Japan |
| Oct-24 | VFS.Global | Temasek | United Arab Emirates |

| Date | Target | Acquirors | Target Country |
|---|---|---|---|
| Oct-24 | Perficient | EQT | United States |
| Oct-24 | American Megatrends | THL | United States |
| Oct-24 | assured data protection | Oakley Capital Investments | United Kingdom |
| Oct-24 | Pinnacle | K3 capital group plc; Sun Capital Partners, Inc. | United Kingdom |
| Oct-24 | yorktel | One Equity Partners | United States |
| **Selected Market Expansion Deals** | | | |
| TH Dec-24 | Cloobees | Synechron | United Kingdom |
| Nov-24 | KG Beyond the expected | CoreStack | United States |
| Oct-24 | blankfactor | Globant | United States |
| Oct-24 | JobRouter | aptean; Charlesbank; Clearlake; Insight Partners | Germany |

# Key Sectors and Growth Drivers Accelerating Innovation

## Software Companies

Companies providing outsourced software development and product engineering services. Services delivered both onshore and offshore, and often with specific application and vertical specializations

## Business Process Outsourcing (BPO)

Companies providing services such as IT and software development, knowledge process outsourcing (KPO), digital marketing, virtual assistant services, technical support & IT help desk, and customer support services

## Cybersecurity Services Providers

Companies providing managed security services (MSSP), managed detection and response (MDR), penetration testing, Identity and Access Management (IAM), governance, risk and compliance (GRC)

## Data and Analytics Consultancies

Companies helping enterprises understand and act on the various data sources that exist within their organization. Using new technologies to visualize and manage data in today's environment

## Managed Service Providers (MSPs)

Companies providing outsourced IT support services like IT planning and strategy, infrastructure, help desk, network management and communications. Thousands of MSPs exist in India alone

## Public Cloud Partners

Companies providing outsourced software development and product engineering services. Services delivered both onshore and offshore, and often with specific application and vertical specializations

## Application Partners

Companies supporting enterprise software applications and ecosystems such as Salesforce, ServiceNow, SAP and Oracle. Services include resale, implementation, ongoing support and customization

## KEY COMPANIES

- **Software Companies:** Microsoft, Alphabet, ADP, cadence, INTUIT, Constellation Software Inc., ORACLE, paloalto networks, Roper Technologies, salesforce, SAP, servicenow
- **Business Process Outsourcing (BPO):** accenture, amdocs, cognizant, concentrix, CONDUENT, firstsource, EXL, genpact, IBM, Infosys, Tech Mahindra, TCS Tata Consultancy Services, Teleperformance, WNS, wipro
- **Cybersecurity Services Providers:** Akamai, Check Point, Cisco, F5, Fortinet, Gen, leidos, paloalto networks, Qualys, Rapid7, Trend Micro
- **Data and Analytics Consultancies:** accenture, birlasoft, DV DoubleVerify, Equifax, EXL, genpact, Infosys, Palantir, presight, Roper Technologies, SAP, Tech Mahindra, teradata, Tetra Tech, Verisk
- **Managed Service Providers (MSPs):** accenture, amazon, Atos, Capgemini, CGI, Cisco, Dell, DXC Technology, Fujitsu, HCLTech, IBM, Microsoft, NTT Data, rackspace technology, TCS Tata Consultancy Services
- **Public Cloud Partners:** baudroie, birlasoft, BroadLeaf, Fujitsu, GDS 万国数据, HEXAWARE, Infosys, intel, INTUIT, kakao, Mindtree, Persistent, Sonata Software, TCS Tata Consultancy Services
- **Application Partners:** BlackLine, cognizant, HCLTech, Infosys, Mastek, Mphasis The Next Applied, nagarro, NTT Data, opentext, Persistent, Sasken, SCSK, Sonata Software, zensar

## KEY GROWTH FACTORS

- **Software Companies:** Outsourcing software development initiatives is often more cost effective, flexible, faster and more effective than in-house solutions, particularly as the complexity and breadth of the underlying technology continues to expand
- **Business Process Outsourcing (BPO):** Talent regeneration capabilities, immense cost advantage, abundant talent pool, and strong skills are the pillars of Indian BPO ecosystem, allowing companies to focus on core competencies and improve efficiency
- **Cybersecurity Services Providers:** With cyber attacks becoming more prevalent, cybersecurity services have become critically important for organizations, especially those which are highly regulated such as education, healthcare and financial services
- **Data and Analytics Consultancies:** Effective management and use of increasingly large and diverse data sources to drive effective business decision making and processes is becoming a necessary element of the basic strategy of companies in all industries
- **Managed Service Providers (MSPs):** Third-party outsourcing of fundamental IT support services is increasingly common within all industries, a trend expected to continue as the underlying complexity and breadth of technology increases
- **Public Cloud Partners:** Implementation and management of cloud computing technology is technical, and organizations are increasingly reliant on third-party professional services companies to create and support the necessary infrastructure
- **Application Partners:** Adoption and optimal use of enterprise software, especially within large enterprises, is complex and organizations rely on specialists through the implementation and management of these software applications



Note: The above list of companies is only for representation and not exhaustive

# Market Outlook: Investment & Growth Trends in IT Services & BPO

### Resilient M&A Activity

- **Managed Service Providers and Software** companies led deal volume, driven by cloud adoption, automation, and digital transformation initiatives
- **Strategic buyers and PE** companies remained active, focusing on high-growth, scalable service providers with strong profitability

### Selective Investment Amid Market Pressures

- **Rising interest rates and inflation** led to cautious dealmaking, with investors prioritizing stability over aggressive expansion
- **High-margin** IT and BPO services attracted the most attention, as buyers sought cost-efficient outsourcing models amid macroeconomic uncertainty

### AI & Automation Fuel Transformation

- **AI-driven workflow automation, predictive analytics, and customer engagement** emerged as top priorities for IT and BPO companies
- M&A activity favored companies with strong **AI and automation capabilities**, as companies aimed to enhance efficiencies and reduce labor dependency

### Geopolitical & Regulatory Shifts

- **Data sovereignty laws and cybersecurity mandates** are reshaping cross-border service delivery, prompting companies to rethink outsourcing locations
- **APAC and MEA** are gaining traction as **delivery hubs**, driven by cost advantages and favorable regulatory environments

### 2025 Outlook: Cautious Optimism

- Despite short-term volatility, demand for IT services and BPO remains strong, with buyers focusing on mission-critical, **high-value service models**
- **Consolidation is expected to accelerate**, as companies aim to strengthen digital capabilities and expand into AI-driven service offerings

Appendix

# Composition of TH Global Capital Indices

## IT Services Companies

cognizant, Capgemini, CGI, DXC Technology, epam, Fujitsu, HCLTech, Insight, Infosys, LTIMindtree, NTT Data, TCS Tata Consultancy Services, wipro, xerox

## BPO Companies

accenture, amdocs, cognizant, concentrix, Conduent, firstsource, EXL, genpact, IBM, Infosys, Tech Mahindra, TCS Tata Consultancy Services, Teleperformance, WNS, wipro

## Software Companies

Intuit, Alphabet, Apple, ADP, cadence, Constellation Software Inc., Microsoft, Oracle, paloalto networks, Roper Technologies, salesforce, SAP, servicenow

## Cybersecurity Services Providers

Akamai, Check Point, Cisco, f5, Fortinet, Gen, leidos, paloalto networks, Qualys, Rapid7, Trend Micro

## Data & Analytics Consultancies

accenture, birlasoft, DoubleVerify, Equifax, EXL, genpact, Infosys, Palantir, presight, Roper Technologies, SAP, Tech Mahindra, teradata, Tetra Tech, Verisk

## Managed Service Providers

accenture, amazon, Atos, Capgemini, CGI, Cisco, Dell, DXC Technology, Fujitsu, HCLTech, IBM, Microsoft, NTT Data, rackspace technology, TCS Tata Consultancy Services

## Public Cloud Partners

baudroie, birlasoft, BroadLeaf, Fujitsu, GDS 万国数据, Hexaware, Infosys, intel, Intuit, kakao, Mindtree, Persistent, Sonata Software, TCS Tata Consultancy Services

## Application Partners

BlackLine, cognizant, HCLTech, Infosys, Mastek, Mphasis The Next Applied, nagarro, NTT Data, opentext, Persistent, Sasken, SCSK, Sonata Software, zensar

# TH Global Capital Transaction Track Record

**TH Global Capital (formerly known as Technology Holdings)** is an award-winning global investment banking firm specializing **in sector focused investment banking, asset management, and growth advisory services.** Over 24 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

| | |
|---|---|
| 2024 The M&A Advisor International M&A Award Winner | Boutique Investment Banking Firm of the Year |
| 2023 The M&A Advisor International M&A Award Winner | Boutique Investment Bank of the Year Award |
| 2023 The M&A Advisor International M&A Award Winner | M&A Deal of the Year Award (US US$100M –US US$250M) |
| 2022 The M&A Advisor Award Winner | Cross-Border Deal of the Year Award |
| FM. M&A Awards2022 WINNER | Mid-Market M&A Advisory Firm of the Year Award |

## Recent Transactions Advised by TH Global Capital

| | | | | |
|---|---|---|---|---|
| JAN 2025 | PhoenixDX | Has been acquired by | Alan Allman Associates | Low Code Product Engineering & AWS |
| NOV 2024 | Retro Rabbit | Has been acquired by | SmarTek21, Tortuga Growth Partners Portfolio Company | Financial Services Product Engineering |
| OCT 2024 | Cloobees | Has been acquired by | Synechron | Salesforce Consulting |
| OCT 2024 | Chamonix | Has been acquired by | Synechron | Digital Engineering & Microsoft Consulting |
| OCT 2024 | exposé | Has been acquired by | Synechron | AI and Data Science |
| AUG 2024 | D+I | Has been acquired by | Capgemini | MedTech Product Design Consulting & Engineering |
| JUL 2024 | DecSkill | Has been acquired by | Astek | IT Outsourcing & BPO |
| JUN 2024 | Brainvire | Merger with | Said Differently, Falfurrias Capital Portfolio Company | Digital Commerce & Digital Marketing |
| APR 2024 | magnetic | Has been acquired by | Newton, ICG Portfolio Company | Digital Design & Innovation Consulting |
| APR 2024 | axis Corporate | Has been acquired by | accenture | Financial Services Management Consulting |
| MAR 2024 | dreamix | Has been acquired by | Synechron | Digital Product Engineering |
| MAR 2024 | (THE LUMERY) | Has been acquired by | accenture | Marketing Automation |
| FEB 2024 | leonardo | Has been acquired by | UST, Temasek Portfolio Company | BPM and Automation |
| FEB 2024 | aggne | Majority acquired by | wipro | Insurance Technology Services & IP |
| FEB 2024 | Platomation | Private Equity Buyout | Keensight Capital, servicenow | ServiceNow Consulting & IP |
| DEC 2023 | Forefront | Has been acquired by | Neoris, Advent International Portfolio Company | Salesforce Consulting & IP |
| NOV 2023 | unifii | Has been acquired by | inetum, BainCapital Portfolio Company | ServiceNow Consulting & Managed Services |
| NOV 2023 | winning | Has been acquired by | Alan Allman Associates | Management Consulting & Digital Transformation |
| NOV 2023 | Cyber-Duck | Has been acquired by | CACI Ever Vigilant | Digital Transformation Agency |

CLICK HERE TO VIEW ALL TRANSACTIONS

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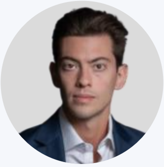

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