

# IT Services | M&A Market Update

November 2025

Cherry Tree & ASSOCIATES, LLC

**Cherry Tree & Associates, LLC** | 301 Carlson Parkway | Suite 103 | Minnetonka, MN 55305 | Tel: (952) 893-9012 | www.cherrytree.com

# Trusted advisory services for IT Services providers in the middle-market

Cherry Tree & Associates has been a trusted advisor to leading IT Services and Technology companies for over 30 years

We bring high-end investment banking services to founders, owners and operators in the middle-market

Our transaction expertise spans across sell-side and buy-side M&A, recapitalizations, private placements and divestitures

Deep sector expertise and intentional focus on IT Services, Technology, Business Services, Education and Industrials is a core attribute to our success

## IT Services Coverage Team:

- ✓ Deep understanding of the IT Services sector
- ✓ Effective at positioning sellers for maximum value
- ✓ Extensive network of buyers interested in the IT Services
- ✓ Deep experience negotiating and closing transactions

**Elmer Baldwin**
Executive Director
ebaldwin@cherrytree.com

**Mik Gusenius**
Managing Director
mgusenius@cherrytree.com

**Justin Krabben**
Director
jkrabben@cherrytree.com

**Ben Huss**
Director
bhuss@cherrytree.com

Sell-Side Advisory | Buy-Side Advisory | Growth Capital | Recapitalizations



# Private equity funded consolidation is driving favorable conditions for sellers in the lower-middle-market IT Services sector

| | |
|---|---|
| **Steady middle-market M&A environment** | Across the middle-market, M&A deal counts are down slightly relative to 2024, albeit well ahead of 2023. Valuations have held steady. Buyer appetite remains strong, especially for quality companies, meaning the lower volume is mostly a factor of there being fewer sellers in market. |
| **Private Equity buyers remain active** | Private equity continues to be active, whether through direct buyouts or portfolio add-ons. While new PE fundraising is down as of late, the sheer amount of committed capital overhang will continue to drive buyouts in the middle-market. |
| **Seller preparation more important than ever** | Across all B2B sectors, buyer are demanding extensive data when evaluating opportunities. That includes customer data, revenue retention and utilization metrics on top of the normal course of financial reporting. Sellers that are poorly prepared are experiencing very long diligence timelines putting deals at risk. |
| **MSPs continue to be highly attractive to buyers** | Our large network of buyers continue to be especially interested in managed service providers. MSPs are earning premium EBITDA multiples given their recurring revenue profiles. |

*Cherry Tree's IT Services Experience*

# We're highly active in the IT Services market with multiple live deals

| | | |
|---|---|---|
| ***In Market***<br>*Project Helix* | IT Solutions (Oracle & SAP)<br>Founder-Led<br>Sell-side engagement<br>Exploring Strategic Options | *In process sell-side engagement for a leading Oracle & SAP solutions provider* |
| ***Under LOI***<br>*Project Lion* | IT Consulting & Staffing<br>Founders-Led<br>Sell-side engagement<br>Sale to Strategic Buyer | *In process sell-side engagement, under LOI with a strategic buyer; details to be announced once closed* |
| ***Strategic Advisory***<br>*Project Rise* | Managed Service Provider (Telecom)<br>Founder-Led<br>Strategic M&A advisory<br>Exploring Strategic Growth | *CTA has been providing strategic M&A advisory under a multi-year partnership spanning buy-side advisory, recapitalization advisory and management of inbound interest* |
| SafeNet Consulting<br>ACQUIRED BY<br>ELIASSEN GROUP<br>A PORTFOLIO COMPANY OF<br>STONE POINT CAPITAL | IT Consulting and Staffing<br>Founder-Led<br>Sell-side engagement<br>Sale to PE-Backed Strategic Buyer | *CTA provided strategic advisory to SafeNet before running a sell-side process identifying a strong PE-backed strategic that was able to provide the retiring owner substantial liquidity and a smooth transition* |
| STAR Collaborative<br>ACQUIRED BY<br>LANCESOFT | Staffing<br>Founder-Led<br>Sell-side engagement<br>Sale to Strategic | *CTA ran a sell-side process, targeting strategic and private equity buyers focused on high-value staffing, ultimately won by a strategic that was able to provide full liquidity to the founder* |
| AGOSTO<br>ACQUIRED BY<br>Pythian love your data®<br>A PORTFOLIO COMPANY OF<br>MILL POINT CAPITAL | IT Solutions & VAR<br>Founder-Led<br>Sell-side engagement<br>Sale to PE-Backed Strategic Buyer | *CTA provided strategic advisory to Agosto for multiple years before running a successful sell-side process for which the company received broad interest and a premium outcome* |

# In preparing for a great M&A outcome, sellers should consider the following:

## Preparation is more important than ever

Across all B2B sectors, buyer are demanding extensive data when evaluating opportunities. That includes customer data, revenue retention and utilization metrics on top of the normal course of financial reporting. Sellers that are poorly prepared are experiencing long diligence timelines which put deals at risk. See page 12 for a breakdown of critical KPIs by sub-sector.

## Margins matter

Gross and EBITDA margins are critical components when being evaluated by potential acquirers. Buyers want to see seller margins above or within a reasonable range of their own, otherwise the margin dilution may drive buyers to walk away. We benchmark margins by sub-sector on pages 12-13.

## Churn matters

Elaborating on our first point, buyers are more deeply analyzing client performance over time. This means an analysis of revenue by customer over longer periods of time with a focus on upsell, shrinkage, logo churn and people review. All businesses have some degree of shrinkage and churn; buyers seek to understand the rate and reasons behind it.

## Be clear about your ideal customer profile ("ICP")

A cleanly defined client profile followed by a resilient value proposition is a key element of your strategic positioning. Sellers that can clearly define and demonstrate success within their ICP gain strong credibility with buyers. Sellers that do a little bit of everything to anyone provide less strategic value to buyers.

## Build for sector alignment

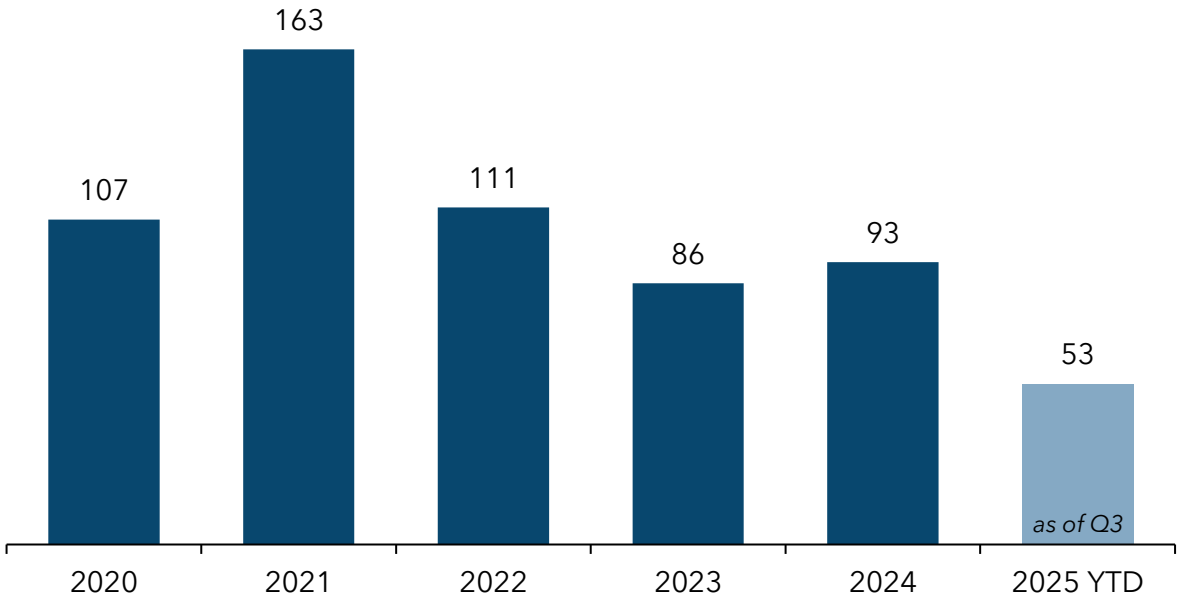
Sellers with concentrated proficiencies aligned with sector leaders in their respective category are better positioned for sale. That may mean deep capabilities in a functional area (ERP, CRM, HRIS, Cloud, AI, etc.) or meaningful partnerships with a vendor (Oracle, SAP, Salesforce, etc.). Again, sellers with distinctive competencies in attractive domains will offer more strategic value to acquirers.

# Despite lower deal volume YTD in 2025 industry multiples remain stable for companies with a healthy financial profile

- ✓ Middle-market deal activity YTD in 2025 lags 2024 and is generally on pace to match volume experienced in 2023
- ✓ 2021 & 2022 were record years for deal volume in IT Services (and the middle market broadly)
- ✓ Buyers generally remain active; especially PE whether directly or through platforms
- ✓ Valuations have held strong, with high-quality companies routinely achieving double-digital EBITDA multiples
- ✓ Recurring or reoccurring revenue streams, growth and margin are top factors driving valuation

## IT Services M&A Activity

*# of U.S. Middle-market deals (EV < $500M)*




## Private Equity Buyouts

*Large sample of PE sponsored IT Services buyouts segmented by size (2015-2025)*

| EV Range | Average EV | Average Revenue | TTM Rev Growth % | EBITDA Margin % | EV / Revenue | EV / EBITDA | N |
|---|---|---|---|---|---|---|---|
| $10M - $25M | $17.4 | $17.0 | 20.4% | 23.9% | 1.6x | 6.7x | 131 |
| $25M - $50M | $35.2 | $30.8 | 18.3% | 24.0% | 1.8x | 7.4x | 85 |
| $50M - $100M | $70.4 | $53.0 | 20.3% | 23.7% | 2.1x | 8.6x | 72 |
| $100M - $250M | $140.5 | $108.2 | 19.9% | 26.2% | 2.5x | 9.5x | 38 |
| $250M - $500M | $319.2 | $183.6 | 12.3% | 21.6% | 2.5x | 12.0x | 7 |
| **Total** | **$53.8** | **$42.2** | **20%** | **24%** | **1.9x** | **7.7x** | **333** |

Cherry Tree & ASSOCIATES, LLC

Sources: Pitchbook, GFData

# Market comps matter, but sellers are ultimately valued on the following merits:

## 1 Revenue Growth & Profitability Trends

- Historical revenue growth and EBITDA margins
- Recurring vs. project-based revenue streams
- Client concentration and revenue diversification
- Gross margins (impact of bill rates vs. consultant costs)
- Scalability of the business model

## 2 Client Base & Contracts

- Strength and longevity of client relationships
- Mix of Fortune 500, mid-market, and government clients
- Multi-year contracts vs. time-and-materials agreements
- Revenue concentration risk (e.g., reliance on a few key clients)

## 3 Talent Acquisition & Retention Strategy

- Access to highly skilled IT talent in competitive markets
- Attrition rates and consultant retention strategies
- Recruitment pipeline and hiring efficiency
- Use of offshore, nearshore, or onshore talent strategies

## 4 Market Position & Competitive Differentiation

- Niche expertise (e.g., cloud, cybersecurity, AI, DevOps)
- Brand reputation and client satisfaction ratings
- Competitive landscape and barriers to entry
- Ability to command premium pricing in specialized areas

## 5 Scalability & Growth Opportunities

- Expansion into new markets, industries, or service lines
- M&A potential and ability to integrate acquisitions
- Use of technology to enhance service delivery (AI, automation)
- Cross-selling opportunities with existing clients

*Middle-Market M&A*

# Highlighting relevant Q3 transactions

| Date | Target | Sub Sector | Acquirer | Enterprise Value |
|---|---|---|---|---|
| 10/06/25 | **Heidrick & Struggles International** | Staffing | Advent International | $1,410M |
| 09/17/25 | **CloudFirst Technologies** | IT Solutions | Renovus Capital Partners | $40M \| 8.0x EV/EBITDA |
| 09/21/25 | **TRC Advisory** | Staffing | Elixirr International (LON: ELIX) | $125M \| 7.6x EV/EBITDA |
| 09/16/25 | **Boost Run** | IT Solutions | Willow Lane Acquisition (NAS: WLAC) | NA |
| 09/15/25 | **CyberNorth** | IT Solutions | EchoStor Technologies | NA |
| 09/10/25 | **Next Generation** | IT Consulting | HR Path | NA |
| 09/10/25 | **Tech 2020 Solutions** | Managed Service Provider | Fairdinkum Consulting | NA |
| 09/03/25 | **Total e Works** | Managed Service Provider | Technical Action Group | NA |
| 08/29/25 | **Ecom Industries** | IT Solutions | SMAART Company | $1M |
| 08/19/25 | **DQ Technologies** | IT Solutions | Aquiline | $26M |
| 08/18/25 | **MDSi** | IT Solutions | Korea Zinc | NA |
| 08/08/25 | **Caresoft Global** | IT Consulting | KPIT Technologies (BOM: 542651) | $157M |
| 08/01/25 | **Verita CSG** | Managed Service Provider | United Risk | NA |
| 08/01/25 | **CPT Intelligent Technologies** | Value Added Reseller | Naviant | NA |
| 07/24/25 | **SMC Squared** | Staffing | Hexaware Technologies | $120M |
| 07/24/25 | **Calcey** | Value Added Reseller | Surge Global | $40M \| 10.0x EV/EBITDA |
| 07/22/25 | **Sincera Consulting** | IT Consulting | Virtusa | NA |
| 07/15/25 | **Axiom Manufacturing Systems** | IT Solutions | Magic Software Enterprises | NA |
| 07/15/25 | **Nearsure** | Staffing | Nortal | NA |
| 07/07/25 | **CNX** | IT Solutions | Izzi Software | NA |

*Buyer Universe*

# There are hundreds of active buyers in the IT Services space

*Leading buyers include…*

## Strategic Buyers

*Public and private strategic parties executing on inorganic growth strategies*

accenture
Deloitte.
youngsoft INC
ALTEN
Evergreen
cognizant
ZenSar TECHNOLOGIES
UST Global®
Capgemini
Day&Zimmermann
SAIC
nagarro

## PE Backed Strategics

*Private Equity-backed platform companies seeking add-on acquisitions*

| *Platform* | *PE-Backer* |
|---|---|
| Oxford Global Resources | H.I.G. CAPITAL |
| marco | Norwest Equity Partners |
| ELIASSEN GROUP Reach Further | Stone Point Capital |
| improving It's what we do. ™ | Trinity Hunt Partners |
| S.i. SYSTEMS | Cornell Capital |

## Financials Buyers

*Private Equity funds seeking platform investments in IT Services*

COPLEY
LIGHTVIEW CAPITAL™
Mill Point Capital
SUNSTONE PARTNERS
RENOVUS CAPITAL
THE HALIFAX GROUP
OSCEOLA CAPITAL MANAGEMENT
Riverside
H.I.G. CAPITAL
LITTLEJOHN & CO.
SVERICA
CLEAR PEAK CAPITAL
psv PARKSOUTH VENTURES

*Our network includes 100's of acquirers and investors that we speak with on a regular basis*

# Sub-Sector Breakdown

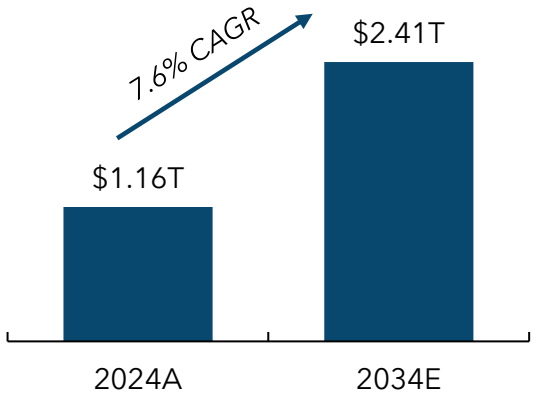
# Underlying conditions make IT Services providers an attractive growth sector

Demand for IT Services is directly influenced by key technological shifts and perennial IT investments in pursuit of operational efficiencies, improved customer experience, and differentiation

*The global IT Services market is expected to more than double in size over the next 10 years*

Global IT Services Market Size [1]

*Values in Trillions*




**Tailwinds:**

- **Continued digital transformation** as multi-year modernization efforts (cloud & app) are still mid-cycle
- **AI driven transformation** work expected to surge as enterprise capex spending on AI infrastructure fuels further demand for cloud / data modernization; **early innings of a long investment cycle**
- **Cybersecurity needs** continue to be top of mind in the c-suite, driving spend on managed security services; cyber risk it too important to ignore
- **Recurring managed service** models see robust demand from enterprises that increasingly prefer predictable annuity-based spend
- **Public sector and regulated verticals** (e.g., government, healthcare, finance) with complex data governance needs remain active buyers

**Headwinds:**

- **Macro uncertainty** from persistent inflation, tariff disruptions, policy volatility and increased scrutiny on public sector spending; some evidence of slowdown in discretionary IT spend
- **Talent mismatch is an industry constraint** as AI, machine-learning, cloud architects and security engineers are scarce; history tells us the labor market will reskill and adapt

[1] Expert Market Research, 2025
Sources: Forrester, Grandview Research, McKinsey, Accenture, Reuters, Deloitte

*IT Services Subsector Breakdown*

# Strength across all subsectors is driving M&A appetite broadly in the category

| Subsector | ✓ Strengths ○ Challenges | Illustrative Players |
|---|---|---|
| **Managed Service Providers (MSPs)**<br>*Manage and maintaining IT infrastructure and business process; predominantly subscription/annuity revenue* | ✓ **Contractually recurring revenue model**<br>✓ High retention and expansion potential<br>✓ Growing compliance/cyber requirements drive demand<br>○ Pricing pressure on commoditized services<br>○ Liability around uptime and breaches | genpact, globalpayments, EXL, amdocs, rackspace technology, CGI, NetApp, TCS, ExlService, ttec, Tech Mahindra, Unisys |
| **IT Solutions (Integrators)**<br>*Project-based design, build, and migration for cloud, data platforms, ERP/CRM, and application modernization; aligned to vendor certifications and incentives* | ✓ **Mid-cycle on many multi-year cloud / data / ERP projects**<br>✓ Vendors incentivized to co-sell and support demand<br>○ Fixed fee delivery presents real margin risk<br>○ Dependent and reactive to vendor releases and roadmap | EPAM, Leidos, Capgemini, Endava, Cognizant, CACI, Globant, SAIC, Infosys, Persistent, Accenture, HCL |
| **IT Consulting**<br>*Expert advice, guidance, and support around business process, infrastructure, systems, and strategies; expert teams with premium rates* | ✓ **Board and c-suite attention in AI, cyber risk and data governance**<br>✓ Strong pricing power in areas of niche expertise<br>○ Discretionary spend makes it vulnerable to cuts / pauses<br>○ Talent and thought leadership are critical; low switching costs | CRA Charles River Associates, Huron, ICF, Booz \| Allen \| Hamilton, ISG, Forrester, FTI Consulting, KBR, Gartner, The Hackett Group |
| **Value-Added Resellers (VARs)**<br>*Resale of hardware/SaaS with attached design, and implementation services; capture margin from product and services* | ✓ Buyers value a consolidated source and accountable party<br>✓ **Steady cadence of renewals, lifecycle updates and service upsell**<br>○ Disintermediation by vendor direct selling and cloud marketplaces<br>○ Low margin on products; shoulder inventory risk | Atos, CDW, SYNNEX, Computacenter, DXC Technology, Insight, scansource, Avnet |
| **Staffing**<br>*On-demand tech talent, whether through contract, hourly billing or direct placement; mix of onshore/nearshore/offshore* | ✓ Project-based staffing has strong value prop and better margin<br>✓ **AI-assisted sourcing and delivery is growing opportunity**<br>○ Rate pressure & demand volatility<br>○ Volatility in the immigration/work clearance arena<br>○ Industry fears that automation/AI reduce demand for human hours | NTT DATA, thoughtworks, Kelly, Adecco, ManpowerGroup, KFORCE, Robert Half, randstad, RCM, MASTECH DIGITAL |

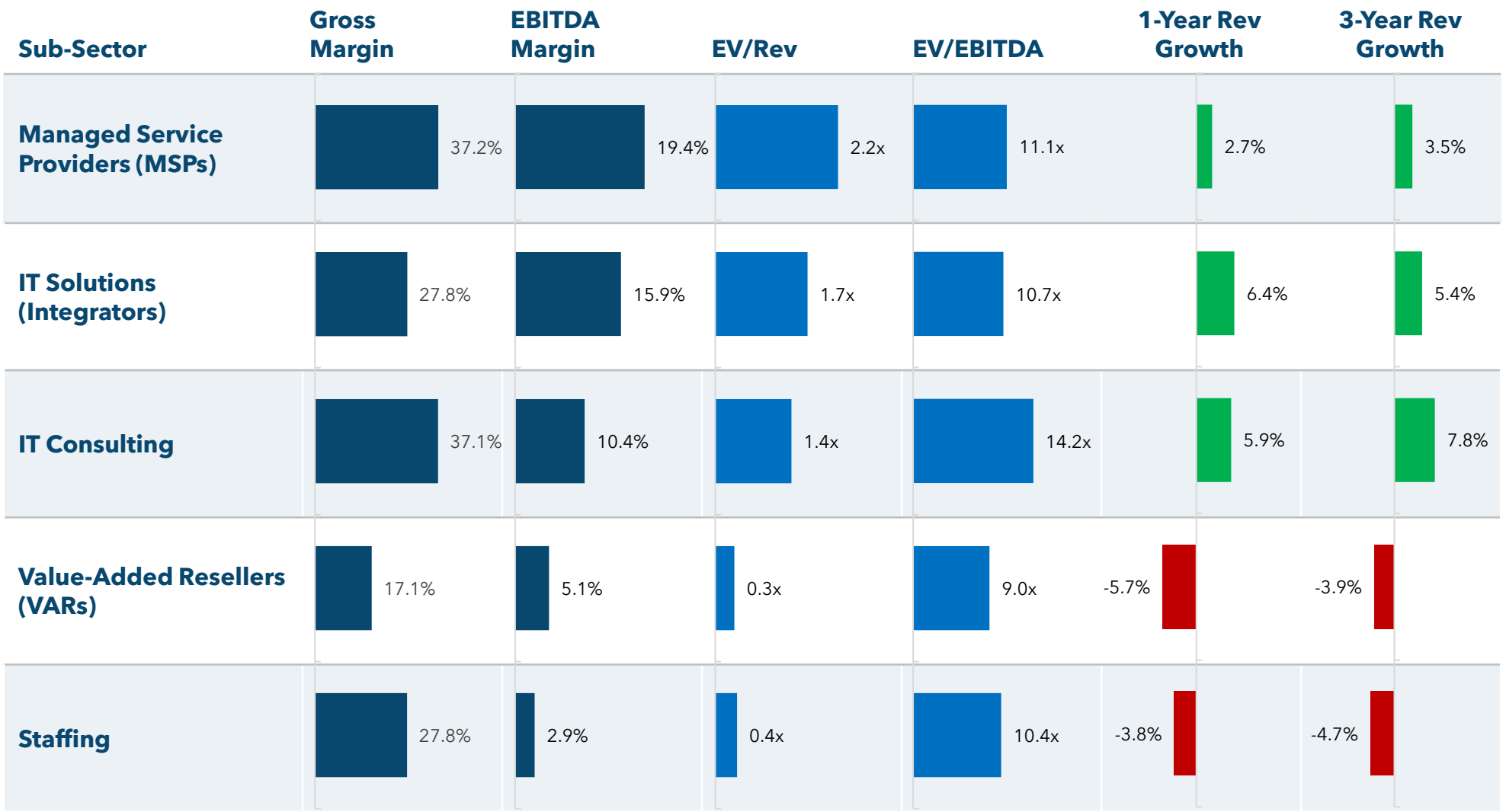
*IT Services Subsector Breakdown*

# MSPs are particularly ripe for PE-led consolidation given their recurring revenue model and the fragmented nature of the industry

| Subsector | Revenue Model | Gross Margin | Core KPIs | Industry Fragmentation | M&A Appetite |
|---|---|---|---|---|---|
| **Managed Service Providers (MSPs)** | ▪ Per-user / device subscriptions<br>▪ Multi-year agreements<br>▪ May include consumption-based add-ons / tiers | **30-50%** | ▪ Net revenue retention<br>▪ Logo / seat churn<br>▪ SLA attainment<br>▪ Ticket volume | High | High |
| **IT Solutions (Integrators)** | ▪ Fixed-fee or milestone-based billing<br>▪ May have follow-on support retainers | **25-40%** | ▪ Backlog coverage<br>▪ Utilization rate<br>▪ On-time / on-budget rate<br>▪ Delivery margin | M/H | High |
| **IT Consulting** | ▪ Hourly billing for senior advisors<br>▪ Some may do fixed fee retainers<br>▪ May do fixed-fee assessments | **35-60%** | ▪ Realized bill rate<br>▪ Utilization rate<br>▪ Proposal win rate | Low | Med |
| **Value-Added Resellers (VARs)** | ▪ Margin on hardware/SaaS resale and renewals<br>▪ Attached services | **15-30%**<br>(5-15% on hardware, 10-25% on SaaS, >30% for services) | ▪ Gross margin & profit<br>▪ Renewal rates<br>▪ Services attach rate<br>▪ Customer LTV<br>▪ Inventory turns | Med | M/H |
| **Staffing** | ▪ Hourly billing<br>▪ Perm placement<br>▪ SOW / Project based fees | **15-30%** | ▪ Fill rate & time-to-submit<br>▪ GP per hour (spread)<br>▪ Assignment duration<br>▪ Redeployment rate<br>▪ Client concentration | High | Med |

*Public Company Benchmarking*

# Multiples across the sub-sectors range from 9x – 14x EBITDA



*Public Company Benchmarking*

# Managed Service Providers

## Public Company Participants:

*($ in Millions)*

| Company Name | Market Cap | Enterprise Value | LTM Revenue | LTM Gross Profit | LTM EBITDA | Margin Gross | Margin EBITDA | Enterprise Value / Revenue | Enterprise Value / Gross Profit | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| **OUTSOURCED & MANAGED IT SERVICES** | | | | | | | | | | |
| Amdocs | $9,066 | $9,604 | $4,647 | $1,730 | $976 | 37.2% | 21.0% | 2.1x | 5.6x | 9.8x |
| CGI Group | $20,204 | $22,476 | $11,132 | $1,820 | $2,163 | 16.4% | 19.4% | 2.0x | 12.3x | 10.4x |
| Euronet Worldwide | $3,449 | $3,787 | $4,136 | $1,680 | $694 | 40.6% | 16.8% | 0.9x | 2.3x | 5.5x |
| Pegasystems | $9,418 | $9,085 | $1,676 | $1,265 | $329 | 75.5% | 19.6% | 5.4x | 7.2x | 27.6x |
| ExlService Holdings | $6,840 | $6,828 | $1,969 | $749 | $379 | 38.0% | 19.2% | 3.5x | 9.1x | 18.0x |
| Genpact | $7,093 | $7,961 | $4,929 | $1,756 | $848 | 35.6% | 17.2% | 1.6x | 4.5x | 9.4x |
| Global Payments | $21,374 | $36,238 | $8,882 | $5,995 | $3,546 | 67.5% | 39.9% | 4.1x | 6.0x | 10.2x |
| International Business Machines | $273,746 | $326,097 | $64,038 | $36,867 | $15,983 | 57.6% | 25.0% | 5.1x | 8.8x | 20.4x |
| NetApp | $23,553 | $22,974 | $6,590 | $4,613 | $1,656 | 70.0% | 25.1% | 3.5x | 5.0x | 13.9x |
| Rackspace Technology | $337 | $3,524 | $2,693 | $525 | $72 | 19.5% | 2.7% | 1.3x | 6.7x | n/m |
| Tata Consultancy Services | $121,268 | $117,592 | $30,103 | $13,366 | $7,903 | 44.4% | 26.3% | 3.9x | 8.8x | 14.9x |
| Tech Mahindra | $14,354 | $13,775 | $6,268 | $1,709 | $955 | 27.3% | 15.2% | 2.2x | 8.1x | 14.4x |
| TTEC Holdings | $181 | $1,110 | $2,145 | $467 | $196 | 21.8% | 9.1% | 0.5x | 2.4x | 5.7x |
| Unisys | $267 | $715 | $1,958 | $558 | $251 | 28.5% | 12.8% | 0.4x | 1.3x | 2.9x |
| Wipro | $28,754 | $24,421 | $10,490 | $3,183 | $2,080 | 30.3% | 19.8% | 2.3x | 7.7x | 11.7x |
| **25th Percentile** | **$5,145** | **$5,307** | **$2,419** | **$1,007** | **$354** | **27.9%** | **16.0%** | **1.5x** | **4.8x** | **9.5x** |
| **Median** | **$9,418** | **$9,604** | **$4,929** | **$1,730** | **$955** | **37.2%** | **19.4%** | **2.2x** | **6.7x** | **11.1x** |
| **Mean** | **$35,994** | **$40,412** | **$10,777** | **$5,086** | **$2,535** | **40.7%** | **19.3%** | **2.6x** | **6.4x** | **12.5x** |
| **75th Percentile** | **$22,463** | **$23,697** | **$9,686** | **$3,898** | **$2,121** | **51.0%** | **23.0%** | **3.7x** | **8.4x** | **14.8x** |

*Public Company Benchmarking*

# IT Solutions

## Public Company Participants:

*($ in Millions)*

| Company Name | Market Cap | Enterprise Value | LTM Revenue | LTM Gross Profit | LTM EBITDA | Margin Gross | Margin EBITDA | Enterprise Value / Revenue | Enterprise Value / Gross Profit | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| **IT SOLUTIONS (INTEGRATION & TRANSFORMATION)** | | | | | | | | | | |
| Accenture | $156,265 | $154,009 | $68,483 | $21,962 | $11,609 | 32.1% | 17.0% | 2.2x | 7.0x | 13.3x |
| CACI International | $11,568 | $14,797 | $8,628 | $764 | $959 | 8.9% | 11.1% | 1.7x | 19.4x | 15.4x |
| Capgemini | $24,638 | $29,004 | $23,970 | $6,533 | $3,561 | 27.3% | 14.9% | 1.2x | 4.4x | 8.1x |
| Cognizant Technology Solutions | $33,182 | $32,551 | $20,486 | $7,002 | $3,715 | 34.2% | 18.1% | 1.6x | 4.6x | 8.8x |
| Endava | $487 | $719 | $998 | $250 | $107 | 25.1% | 10.7% | 0.7x | 2.9x | 6.7x |
| EPAM Systems | $8,347 | $7,469 | $5,071 | $1,523 | $663 | 30.0% | 13.1% | 1.5x | 4.9x | 11.3x |
| Globant | $2,597 | $3,018 | $2,482 | $882 | $473 | 35.5% | 19.1% | 1.2x | 3.4x | 6.4x |
| HCL Technologies | $43,772 | $41,116 | $14,026 | $3,818 | $2,989 | 27.2% | 21.3% | 2.9x | 10.8x | 13.8x |
| Infosys | $68,145 | $64,800 | $19,504 | $5,942 | $4,248 | 30.5% | 21.8% | 3.3x | 10.9x | 15.3x |
| Leidos Holdings | $25,275 | $30,092 | $17,053 | $2,994 | $2,261 | 17.6% | 13.3% | 1.8x | 10.1x | 13.3x |
| ePlus | $1,929 | $1,578 | $2,162 | $583 | $171 | 27.0% | 7.9% | 0.7x | 2.7x | 9.2x |
| Persistent Systems | $9,237 | $9,143 | $1,473 | $419 | $254 | 28.4% | 17.3% | 6.2x | 21.8x | n/m |
| Reply (IT Consulting and Outsourcing) | $5,400 | $4,977 | $2,602 | $1,296 | $510 | 49.8% | 19.6% | 1.9x | 3.8x | 9.8x |
| Science Applications International | $4,658 | $7,055 | $7,460 | $893 | $661 | 12.0% | 8.9% | 0.9x | 7.9x | 10.7x |
| **25th Percentile** | **$4,844** | **$5,497** | **$2,512** | **$794** | **$483** | **25.6%** | **11.6%** | **1.2x** | **4.0x** | **8.8x** |
| **Median** | **$10,402** | **$11,970** | **$8,044** | **$1,409** | **$811** | **27.8%** | **15.9%** | **1.7x** | **6.0x** | **10.7x** |
| **Mean** | **$28,250** | **$28,595** | **$13,886** | **$3,919** | **$2,299** | **27.5%** | **15.3%** | **2.0x** | **8.2x** | **10.9x** |
| **75th Percentile** | **$31,205** | **$31,936** | **$18,891** | **$5,411** | **$3,418** | **31.7%** | **18.8%** | **2.2x** | **10.6x** | **13.3x** |

*Public Company Benchmarking*

# IT Consulting

## Public Company Participants:

*($ in Millions)*

| Company Name | Market Cap | Enterprise Value | LTM Revenue | LTM Gross Profit | LTM EBITDA | Margin Gross | Margin EBITDA | Enterprise Value / Revenue | Enterprise Value / Gross Profit | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| **CONSULTING** | | | | | | | | | | |
| Booz Allen | $12,823 | $16,297 | $11,962 | $6,491 | $1,230 | 54.3% | 10.3% | 1.4x | 2.5x | 13.3x |
| CRA International | $1,261 | $1,466 | $713 | $228 | $89 | 32.0% | 12.4% | 2.1x | 6.4x | 16.6x |
| Forrester Research | $163 | $98 | $412 | $236 | $39 | 57.3% | 9.6% | 0.2x | 0.4x | 2.5x |
| FTI Consulting | $5,198 | $5,732 | $3,663 | $1,160 | $363 | 31.7% | 9.9% | 1.6x | 4.9x | 15.8x |
| Gartner | $18,576 | $19,151 | $6,420 | $4,363 | $1,453 | 68.0% | 22.6% | 3.0x | 4.4x | 13.2x |
| Huron Consulting Group | $2,594 | $3,227 | $1,593 | $502 | $168 | 31.5% | 10.6% | 2.0x | 6.4x | 19.2x |
| ICF International | $1,704 | $2,341 | $1,977 | $734 | $206 | 37.1% | 10.4% | 1.2x | 3.2x | 11.4x |
| Information Services Group | $270 | $307 | $240 | $100 | $17 | 41.8% | 7.3% | 1.3x | 3.1x | 17.6x |
| KBR | $6,034 | $8,582 | $8,039 | $1,174 | $937 | 14.6% | 11.7% | 1.1x | 7.3x | 9.2x |
| Grid Dynamics Holdings | $677 | $355 | $389 | $141 | $25 | 36.3% | 6.4% | 0.9x | 2.5x | 14.2x |
| The Hackett Group | $527 | $543 | $316 | $119 | $35 | 37.6% | 11.0% | 1.7x | 4.6x | 15.6x |
| **25th Percentile** | **$602** | **$449** | **$401** | **$185** | **$37** | **31.8%** | **9.7%** | **1.1x** | **2.8x** | **12.3x** |
| **Median** | **$1,704** | **$2,341** | **$1,593** | **$502** | **$168** | **37.1%** | **10.4%** | **1.4x** | **4.4x** | **14.2x** |
| **Mean** | **$4,530** | **$5,282** | **$3,248** | **$1,386** | **$415** | **40.2%** | **11.1%** | **1.5x** | **4.2x** | **13.5x** |
| **75th Percentile** | **$5,616** | **$7,157** | **$5,041** | **$1,167** | **$650** | **48.0%** | **11.3%** | **1.9x** | **5.7x** | **16.2x** |

*Public Company Benchmarking*

# Value Added Resellers

**Public Company Participants:**

*($ in Millions)*

| Company Name | Market Cap | Enterprise Value | LTM Revenue | LTM Gross Profit | LTM EBITDA | Margin Gross | Margin EBITDA | Enterprise Value / Revenue | Enterprise Value / Gross Profit | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| **VALUE-ADDED TECH RESELLERS** | | | | | | | | | | |
| Atos | $1,242 | $2,942 | $9,378 | $3,312 | $3,958 | 35.3% | 42.2% | 0.3x | 0.9x | 0.7x |
| Avnet | $4,285 | $6,970 | $22,201 | $2,385 | $730 | 10.7% | 3.3% | 0.3x | 2.9x | 9.5x |
| CDW | $20,347 | $25,635 | $21,878 | $4,720 | $1,960 | 21.6% | 9.0% | 1.2x | 5.4x | 13.1x |
| Computacenter | $3,926 | $3,780 | $10,147 | $1,379 | $430 | 13.6% | 4.2% | 0.4x | 2.7x | 8.8x |
| DXC Technology | $2,377 | $5,646 | $12,794 | $3,162 | $2,158 | 24.7% | 16.9% | 0.4x | 1.8x | 2.6x |
| Insight Enterprises | $3,404 | $4,641 | $8,356 | $1,721 | $484 | 20.6% | 5.8% | 0.6x | 2.7x | 9.6x |
| ScanSource | $908 | $929 | $3,041 | $409 | $134 | 13.4% | 4.4% | 0.3x | 2.3x | 7.0x |
| TD Synnex | $12,920 | $16,285 | $60,974 | $4,215 | $1,758 | 6.9% | 2.9% | 0.3x | 3.9x | 9.3x |
| **25th Percentile** | **$2,093** | **$3,571** | **$9,123** | **$1,635** | **$471** | **12.8%** | **4.0%** | **0.3x** | **2.2x** | **5.9x** |
| **Median** | **$3,665** | **$5,143** | **$11,471** | **$2,773** | **$1,244** | **17.1%** | **5.1%** | **0.3x** | **2.7x** | **9.0x** |
| **Mean** | **$6,176** | **$8,354** | **$18,596** | **$2,663** | **$1,451** | **18.4%** | **11.1%** | **0.5x** | **2.8x** | **7.6x** |
| **75th Percentile** | **$6,444** | **$9,299** | **$21,959** | **$3,538** | **$2,009** | **22.4%** | **10.9%** | **0.5x** | **3.2x** | **9.6x** |

*Public Company Benchmarking*

# Staffing

## Public Company Participants:

*($ in Millions)*

| Company Name | Market Cap | Enterprise Value | LTM Revenue | LTM Gross Profit | LTM EBITDA | Margin Gross | Margin EBITDA | Enterprise Value / Revenue | Enterprise Value / Gross Profit | Enterprise Value / EBITDA |
|---|---|---|---|---|---|---|---|---|---|---|
| **STAFFING** | | | | | | | | | | |
| Adecco Group | $4,899 | $8,875 | $24,904 | $4,789 | $777 | 19.2% | 3.1% | 0.4x | 1.9x | 11.4x |
| ASGN | $2,091 | $3,163 | $4,005 | $1,155 | $383 | 28.8% | 9.6% | 0.8x | 2.7x | 8.3x |
| GEE Group | $23 | $8 | $109 | $36 | -$2 | 32.8% | -1.7% | 0.1x | 0.2x | n/m |
| BGSF | $44 | $89 | $180 | $62 | $3 | 34.3% | 1.7% | 0.5x | 1.4x | 28.9x |
| Kelly Services | $452 | $568 | $4,496 | $925 | $123 | 20.6% | 2.7% | 0.1x | 0.6x | 4.6x |
| Kforce | $543 | $627 | $1,361 | $370 | $67 | 27.2% | 4.9% | 0.5x | 1.7x | 9.4x |
| ManpowerGroup | $1,776 | $3,209 | $17,540 | $2,999 | $349 | 17.1% | 2.0% | 0.2x | 1.1x | 9.2x |
| Mastech Digital | $87 | $62 | $200 | $56 | $4 | 28.1% | 2.0% | 0.3x | 1.1x | 15.5x |
| NTT Data Group | | | $30,421 | $8,443 | $4,521 | 27.8% | 14.9% | - | - | - |
| Randstad | $7,617 | $9,971 | $25,582 | $4,872 | $573 | 19.0% | 2.2% | 0.4x | 2.0x | 17.4x |
| RCM Technologies | $179 | $214 | $300 | $84 | $25 | 27.9% | 8.2% | 0.7x | 2.6x | 8.7x |
| Robert Half | $3,374 | $3,237 | $5,569 | $2,116 | $275 | 38.0% | 4.9% | 0.6x | 1.5x | 11.7x |
| **25th Percentile** | **$133** | **$151** | **$275** | **$78** | **$19** | **20.2%** | **2.0%** | **0.2x** | **1.1x** | **8.8x** |
| **Median** | **$543** | **$627** | **$4,250** | **$1,040** | **$199** | **27.8%** | **2.9%** | **0.4x** | **1.5x** | **10.4x** |
| **Mean** | **$1,917** | **$2,729** | **$9,556** | **$2,159** | **$591** | **26.7%** | **4.5%** | **0.4x** | **1.5x** | **12.5x** |
| **75th Percentile** | **$2,732** | **$3,223** | **$19,381** | **$3,447** | **$431** | **29.8%** | **5.8%** | **0.5x** | **1.9x** | **14.6x** |

*Cherry Tree's IT Services Coverage Team*

# Independent advisors focused on client outcomes



**Elmer Baldwin**
*Senior Executive Director*

- Joined Cherry Tree & Associates in 2015
- Previously the President and CEO of five technology companies (20 years)
- Experience working with publicly-traded companies, private-equity syndicates and owner-operator situations
- B.B.A., Finance, Loyola Marymount University; Certificate in Systems Management (ISSM), University of Southern California



**Mik Gusenius**
*Managing Director*

- Joined Cherry Tree & Associates in 2007
- Nearly 20 years of middle market investment banking experience
- Completed more than 50 M&A transactions
- B.A., Economics, Gustavus Adolphus College
- M.B.A., University of Minnesota – Carlson School of Management



**Justin Krabben**
*Director*

- Advisor supporting sell-side and buy-side M&A engagements
- Previously an Associate at a Midwest Middle Market Investment Bank
- Previously a Private Equity Associate at Castlelake LP on the North America Assets & Specialty Finance team
- Previously Senior Associate at PwC



**Ben Huss**
*Director*

- Over 10 years of deal experience across buy-side, sell-side and corporate development
- Completed dozens of deals across technology and business services
- Direct experience working for and with AI enabled technology companies
- Managed corporate strategy and development at Chegg (NYSE:CHGG)
- B.S., Finance and Economics, Marquette University

# Important Disclosures

**Elmer Baldwin**
Senior Executive Director
(952) 253-6001
ebaldwin@cherrytree.com

**Mik Gusenius**
Managing Director
(952) 253-6005
mgusenius@cherrytree.com

**Justin Krabben**
Director
(952) 253-6036
jkrabben@cherrytree.com

**Ben Huss**
Director
(952) 253-6017
bhuss@cherrytree.com

**Cherry Tree & Associates, LLC**
301 Carlson Parkway, Suite 103
Minnetonka, MN 55305
Tel: (952) 893-9012

www.cherrytree.com

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