

M&A Flash Report: IT Services and MSP's

November 2021



Solganick & Co.

M&A Commentary

- Deal activity has been strong in 2021 for IT services providers (e.g., companies providing managed IT services, systems integration, IT consulting, and other related services)
- Valuation multiples are expanding, driven by an increasing market demand for quality companies.
- Several private equity backed platform companies have helped drive up valuations and overall demand in an attempt to become market leaders
- Scarcity of "quality" assets is driving intense competition among both financial and strategic acquirers
- Expecting 2022 to continue strong deal volume and high valuations for buy vs build M&A strategies.

Valuation Drivers



Meaningful recurring revenues (ideally >50%)



Demonstrated top-line growth and history of profitability (gross profit and EBITDA margin)



Returning and recurring client relationships



Focus on industry sector(s) and/or technology expertise (data analytics, SAP, Oracle, MSFT, Snow-



Low levels of customer concentration



Seasoned senior management, subject matter experts and sales team

Recent M&A Activity

Announced Date	Target	Acquirer	Focus
November 2021	EightCloud	Navisite	Salesforce, Cloud, IT Consulting
November 2021	Standav	Brillio	Salesforce, Cloud, IT Consulting
November 2021	ClearEdge Partners	Accenture	IT Spend Management
November 2021	CCG Analytics	3Cloud	Data Analytics Consulting, MSFT Azure
November 2021	Skybridge Global	Datavail	Oracle Systems Integrator
November 2021	Halski Systems	Logically	MSP
November 2021	Echo Technology Solutions	Abacus Group	Financial services focused MSP
November 2021	Wrightcore	Converge One	MSP and technology solutions provider
November 2021	Avata	Rockwell Automation	Oracle Systems Integrator
November 2021	Cognicase Management Consulting	CGI	IT Consulting
November 2021	On Time Tech	Valeo Networks	MSP, MSSP

Completed IT Services and MSP M&A Transactions (Selected)




has been acquired by



has been acquired by



has merged with



has been acquired by



has been acquired by



has invested in




has been acquired by



has acquired



has been acquired by



has been acquired by



has been acquired by



has been acquired by


Aaron Solganick
CEO
aaron@solganick.com
(310) 713-4764

William Billeaud
Managing Director
wbilleaud@solganick.com
(214) 675-5539

Solganick & Co.
1240 Rosecrans Ave., Ste 120
Manhattan Beach, CA 90266

Cameron O'Leary
Senior Vice President
colpeary@solganick.com
(508) 726-9387

Russell Hertzberg
Managing Director
rhertzberg@solganick.com
(949) 400-5055

1920 McKinney Ave, Ste 700
Dallas, TX 75201
www.solganick.com