



**2024**  
YEAR END

**TECHNOLOGY SERVICES**

# **Year-End Report**

# 2024 Summary

## Technology Services

- **In 2024, the number of M&A transactions in the global Technology Services sector totaled 1,454, up 17.4% from 1,239 in 2023. This growth was driven primarily by an increase in add-on acquisitions, as companies sought to expand service offerings and strengthen market positions. The Technology Services sector outperformed the broader global M&A markets, which experienced a 5.3% decline in transaction volume over the same period.**
- **In 2024, technology services companies experienced enterprise value growth that slightly outpaced earnings growth, leading to a modest expansion in valuation multiples.** From 2023 to 2024, LTM EBITDA among technology services companies grew by 6.5%, while enterprise values increased by 7.6%. As a result, the average EV/LTM EBITDA trading multiple in the Technology Services sector rose from 18.3x to 18.5x.
- **Strong growth in 2024 was primarily driven by digital transformation, AI and cloud, supported by solid order backlogs heading into 2025,** despite ongoing delays in deal closures.
- **Spend in the Technology Services industry is forecasted by Gartner to reach \$1.7 trillion by the end of 2025, which would represent 9.0% growth compared to 2024<sup>(1)</sup>.** The forecast now extends to 2028, with a five-year CAGR of 8.5% and a market size of \$2.3 trillion.
- Deal activity in the Technology Services sector rose in 2024, driven largely by add-on acquisitions as buyers remained cautious. Strategic acquirers were active, while private equity buyers were more selective. Performance across the sector was uneven, with segments like outsourced software development facing significant challenges. Looking ahead to 2025, financial buyer activity may increase as valuations stabilize and quality assets emerge.

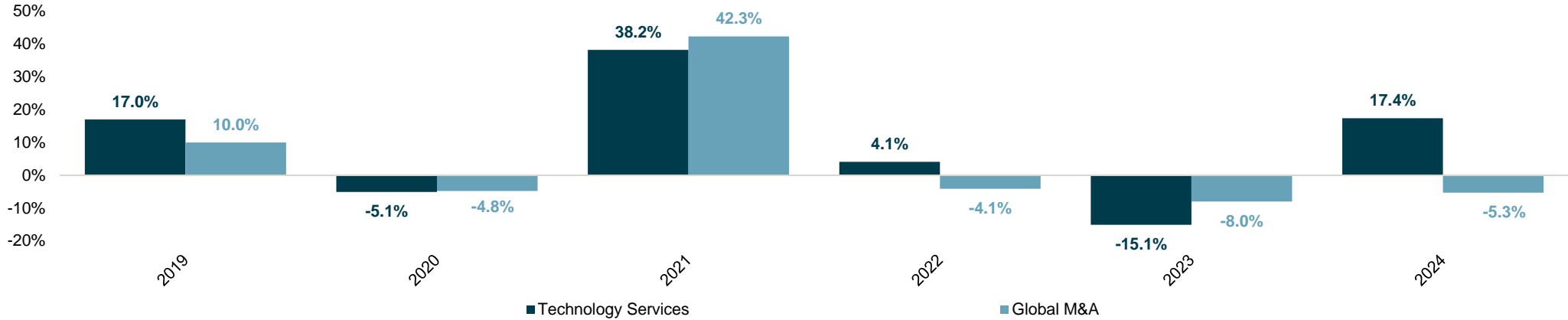
(1). Source: Gartner

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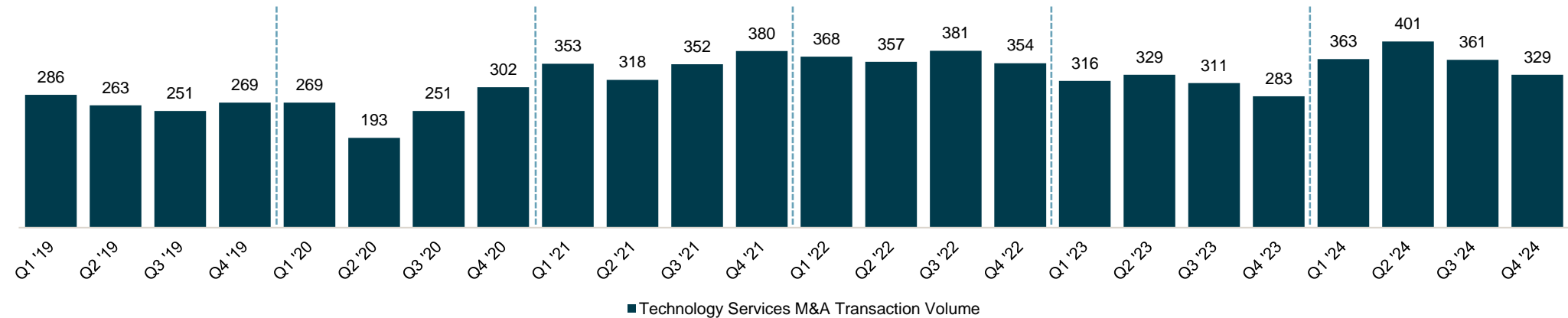
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# Technology Services M&A Activity

SEQUENTIAL CHANGE IN M&A VOLUME FROM 2019 – 2024



TECHNOLOGY SERVICES M&A TRANSACTION VOLUME FROM Q1 2019 – Q4 2024

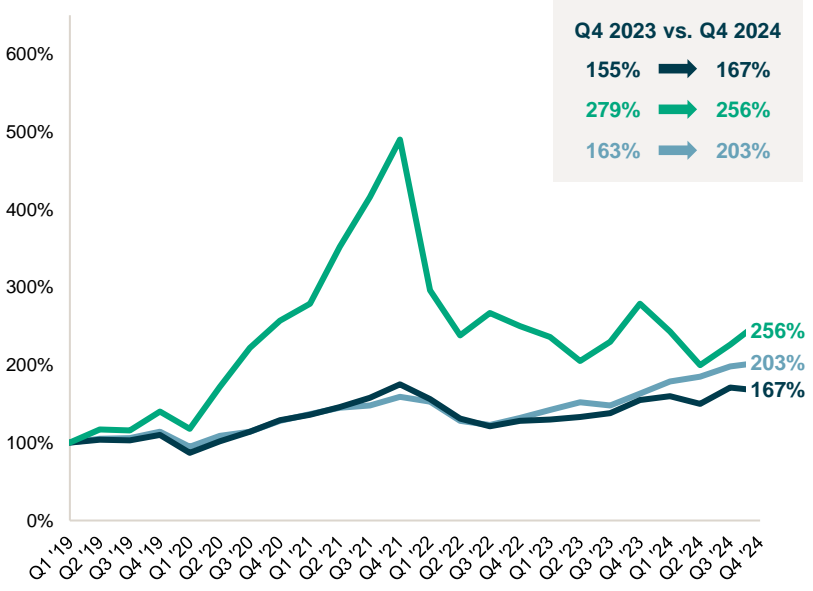


After experiencing relative softness in 2023, the Technology Services sector saw even improvement in 2024, with M&A activity bolstered by a notable increase in add-on acquisitions. M&A volume in the sector grew by 17.4% year-over-year, far outperforming the broader global M&A market, which declined by 5.3% over the same period. While each quarter showed year-over-year growth, deal activity lost momentum in the second half of the year, with Q3 and Q4 experiencing consecutive quarter-over-quarter declines in volume. Heading into 2025, the sector's trajectory remains in flux, balancing early-year gains against recent slowing trends.

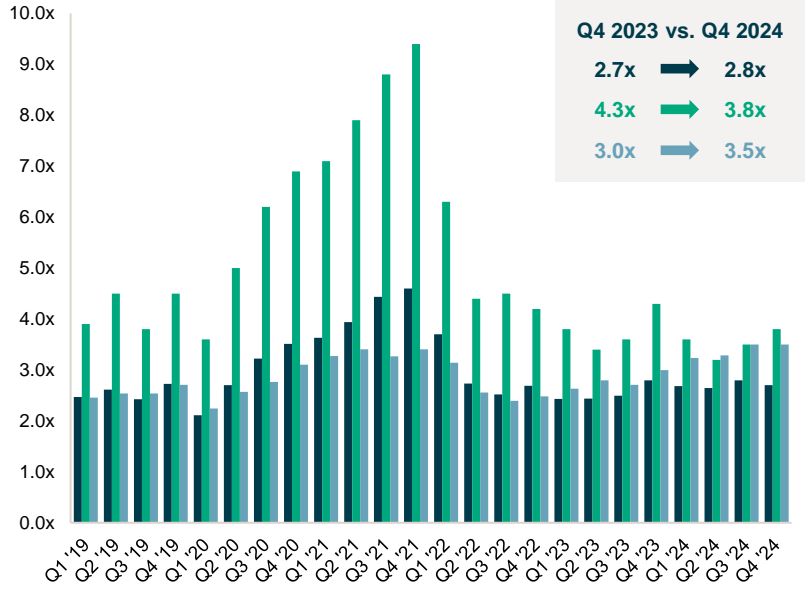
Sources: S&P Capital IQ, Mergermarket, and Pitchbook; Note: All values based on publicly available data as of 12/31/2024  
 Note: Considers closed and reported transactions on S&P Capital IQ. Transaction totals are subject to change from prior report versions as additional transaction data is made available

# Technology Services Public Company Trading Performance Versus the Broader Market

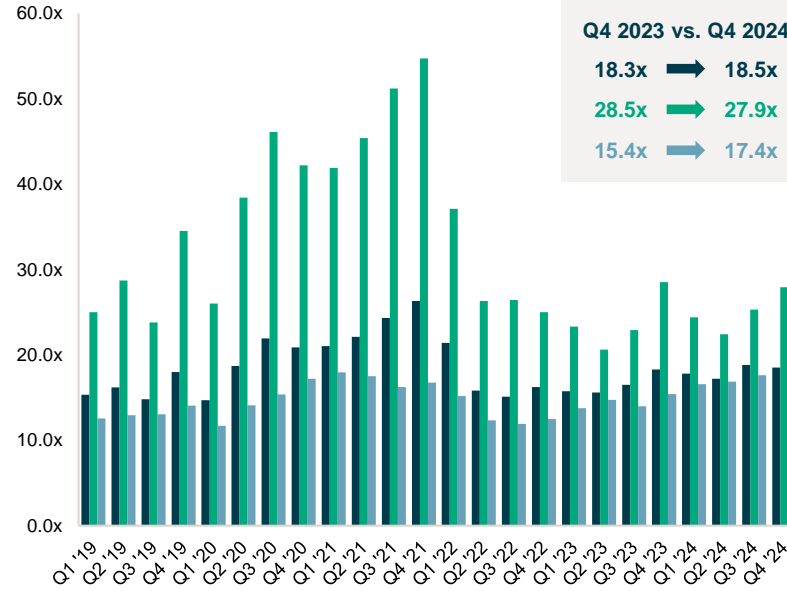
ENTERPRISE VALUE INDEXED TO JANUARY 2019



ENTERPRISE VALUE / LTM REVENUE VALUATION MULTIPLES



ENTERPRISE VALUE / LTM EBITDA VALUATION MULTIPLES



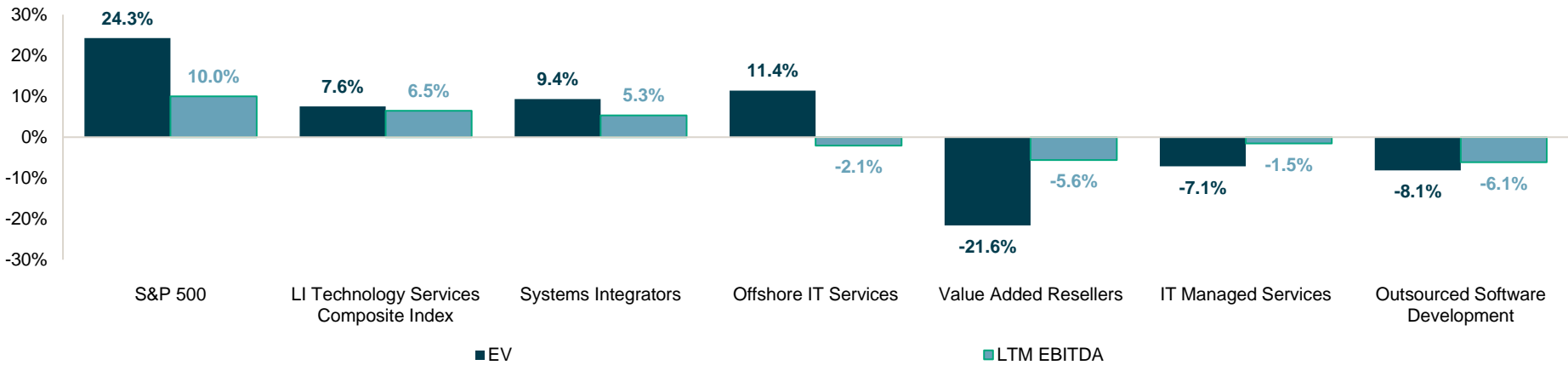
**Legend:** LI Technology Services Composite Index (Black line), LI Composite Outsourced Software Development Index (Green line), S&P 500 (Blue line)

- Earnings growth in the Technology Services sector underpaced that of the S&P 500 in 2024 compared to 2023. The Technology Services Composite Index recorded an EBITDA increase of 6.5%, while average EBITDA across the S&P 500 grew by 10.0%.
- Although the Technology Services sector experienced modest earnings growth in 2024, enterprise values grew 7.6% from Q4 2023 to Q4 2024. Average EV/LTM EBITDA multiples also increased slightly, signaling improving investor sentiment. This improvement came despite a drag from the outsourced software development segment, which saw contraction in both revenue and EBITDA multiples. Strength in other segments offset these challenges, supporting a trend toward 5-year averages of 3.0x for EV/Revenue and 18.8x for EV/EBITDA.

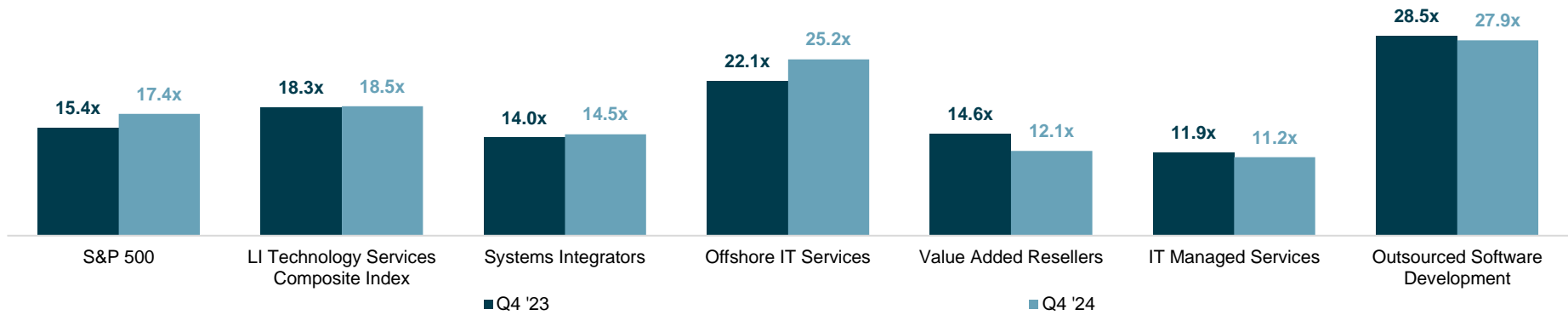
Source: S&P Capital IQ; Note: All values based on publicly available data as of 12/31/2024  
 Note: The "LI Technology Services Composite Index" is comprised of public companies operating within one of Lincoln's tracked subsectors: North American & European System Integrators, North American & European Value-Added Resellers, Offshore Technology Services, North American & European IT Managed Services and Outsourced Software Development

# Technology Services Sub-Sector Performance and Market Trends

ENTERPRISE VALUE AND LTM EBITDA PERFORMANCE BY SUB-SECTOR (Q4 2023 VS. Q4 2024)



ENTERPRISE VALUE / LTM EBITDA VALUATION MULTIPLES BY SUB-SECTOR (Q4 2023 VS. Q4 2024)



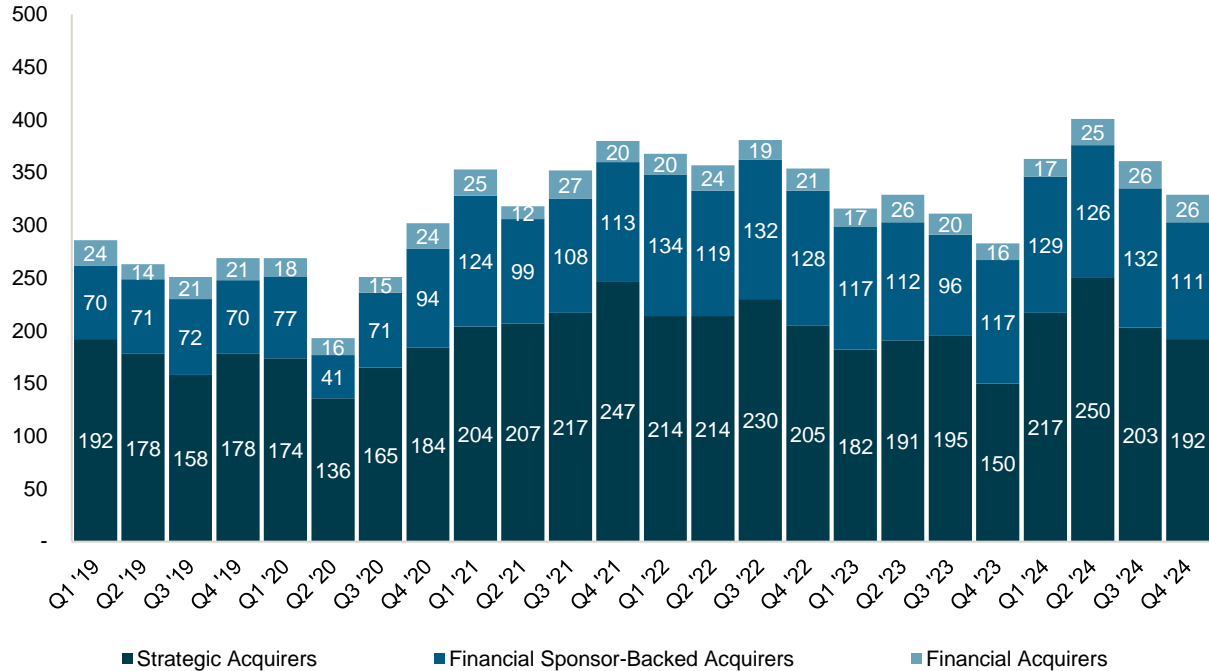
In 2024, enterprise values among Offshore Technology Services increased by 11% despite a 2% decline in LTM EBITDA, resulting in EV/EBITDA multiple expansion from 22.1x to 25.2x. This growth was supported not only by investor optimism around offerings in AI, cloud and digital transformation but also by broader trends such as a shift of nearshore work to offshore for cost savings and enthusiasm for companies traded on Indian public exchanges. Notably, Coforge, Tech Mahindra and HCL Technologies saw their enterprise values increase by 61%, 31%, and 27%, respectively.

Value Added Resellers saw EBITDA decline by an average of 5.6%, resulting in a disproportionate 21.6% decline in enterprise values in 2024. Some notable contributors to this trend were (1) Bechtel, which experienced a 36.1% decline in EV as weak SME demand—a core driver of its business—led to a 2.8% YoY revenue decline, and (2) Computacenter, which saw its enterprise value drop 36.3% YoY due to an unexpected FX loss, weaker IT spending—partly from large deals being pushed to 2025—and the sudden departure of its CFO, all of which weighed heavily on investor confidence.

Source: S&P Capital IQ, Gartner, Company Press Releases and Public Filings; Note: All values based on publicly available data as of 12/31/2024  
 Note: The "LI Technology Services Composite Index" is comprised of public companies operating within one of Lincoln's tracked subsectors: North American & European System Integrators, North American & European Value-Added Resellers, Offshore Technology Services, North American & European IT Managed Services and Outsourced Software Development

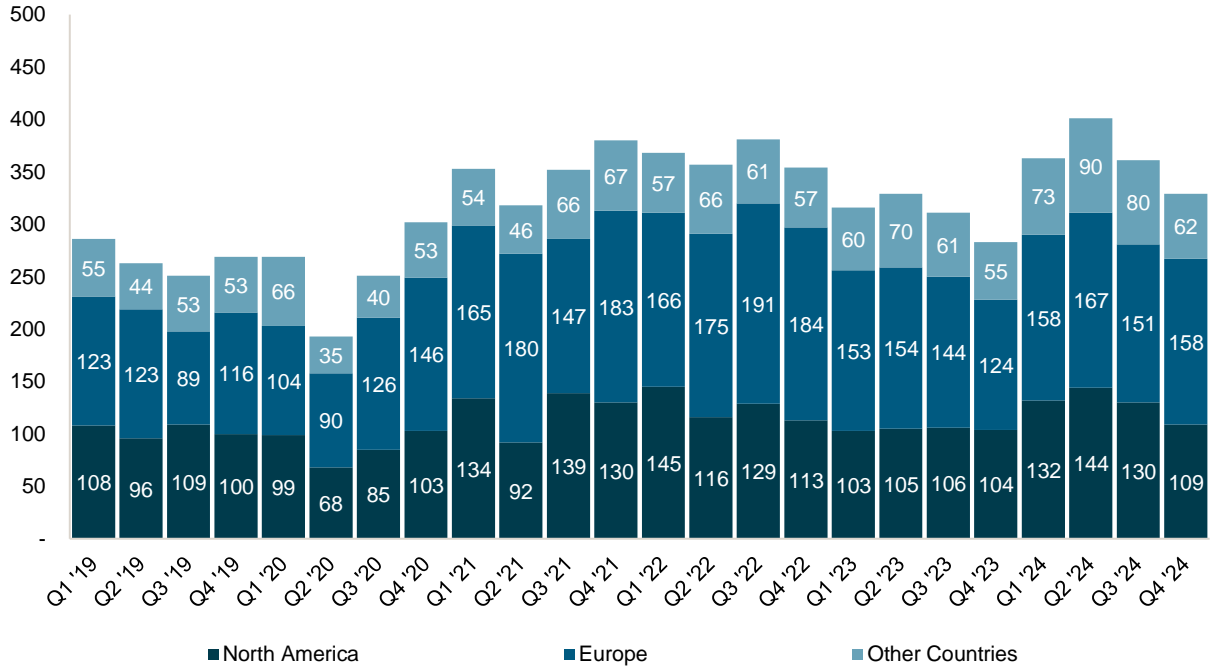
# Technology Services M&A Snapshot

GLOBAL TECHNOLOGY SERVICES TRANSACTION VOLUME BY ACQUIRER TYPE



Strategic acquirers led the rebound in Technology Services M&A activity in 2024, with a 20.1% YoY increase in deal volume, reversing the decline they experienced in 2023. Financial acquirers and sponsor-backed acquirers also contributed meaningfully, with activity rising by 19.0% and 12.7%, respectively. This broad-based recovery underscores the renewed focus on consolidation and investment across the sector.

TECHNOLOGY SERVICES TRANSACTION VOLUME BY GEOGRAPHIC LOCATION



Deal volume in North America rebounded significantly in 2024, increasing by 23% YoY. Europe also experienced growth, with deal volume rising by 10%, while other countries saw the largest increase at 24%. These increases in deal activity reflect a strengthening recovery across regions and growing momentum globally.



# Heard on the Street




























**10/17/2024: Xerox** (NASDAQ: XRX) has agreed to acquire ITsavvy, an Oak Brook, Illinois-based provider of end-to-end IT infrastructure solutions. Previously owned by GenNx360 Capital Partners, ITsavvy is known for delivering frictionless IT experiences and business-critical solutions, with a strong focus on AI, intelligent automation and managed services. The acquisition aligns with Xerox’s reinvention strategy to expand its technology services capabilities across the U.S., Canada and the U.K., positioning the company to accelerate growth in key markets and support clients’ digital transformation journeys.

**10/24/2024: Egen**, a technology services company specializing in Google Cloud, AI and data engineering, has acquired Qarik, a multinational Google Cloud Premier Partner known for its cloud transformation and AI expertise. The acquisition strengthens Egen’s position as a leading Google Cloud services partner, combining Qarik’s advanced expertise with Egen’s global delivery capabilities. Operating under the Egen brand, the combined company will have over 800 skilled engineers and architects to deliver innovative cloud, data and AI solutions for public and private sector clients.

**11/12/2024: Bridgepoint**, a leading private equity investor, has acquired a majority stake in Schuberg Philis, a Dutch IT company specializing in mission-critical technology services, cloud-native solutions and digital transformation. The partnership will support Schuberg Philis’ growth across Europe, including expansion into the Nordics, DACH and UK regions, while leveraging Bridgepoint’s expertise and global network. Schuberg Philis will continue to deliver innovative IT solutions to its clients and drive growth through selective M&A.

**11/21/2024: Sunstone Partners**, a private equity firm specializing in technology-enabled services and software companies, has invested in KMS Technology, a leading provider of Digital Engineering, Data and AI services. The partnership will accelerate KMS Technology’s growth, enabling expanded service offerings and enhanced technological capabilities. Headquartered in Atlanta with offices in Vietnam and Mexico, KMS delivers digital transformation solutions across industries such as healthcare, enterprise software, and financial services. This investment positions KMS to capitalize on growing demand for AI-driven applications while driving strategic growth and innovation in an evolving technology landscape.

# Lincoln International’s Recent Technology Services Transactions

 <p>has been sold to</p>  <p>Sell-Side Staple Financing</p> 	 <p>a portfolio company of</p>  <p>has acquired</p>  <p>Acquisition Financing</p> 	 <p>has acquired</p>  <p>Buy-Side</p> 	 <p>a portfolio company of</p>  <p>has acquired</p>  <p>Acquisition Financing</p> 
 <p>has made a strategic investment in</p>  <p>a portfolio company of</p>  <p>Buy-Side Acquisition Financing</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold a minority stake to</p>  <p>Capital Raise</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 
 <p>has refinanced</p>  <p>Refinancing</p> 	 <p>has agreed to acquire</p>  <p>from</p>  <p>Buy-Side Acquisition Financing</p> 	 <p>has refinanced</p>  <p>by providing a unitranche and acquisition facilities</p> <p>Refinancing</p> 	 <p>has invested in</p>  <p>a portfolio company of</p>  <p>Sell-Side Staple Financing</p> 

# M&A Transaction Highlights

Since August 1, 2024<sup>1</sup>

Closed	Target	Business Description	Acquirer
Dec-24	Softchoice Corporation	Softchoice provides software and cloud-focused IT solutions specializing in digital workplace solutions, software asset management and business-driven innovation	World Wide Technology
Dec-24	Zivaro	Zivaro is a government and public sector-focused technology solutions provider specializing in software engineering, managed hybrid cloud and application modernization	Trace3 [American Securities]
Dec-24	IPSN Network Services	IPSN provides 24x7 support and managed IT solutions specializing in technical support, network operations center services and email hosting for community-focused broadband providers	Align Capital Partners
Dec-24	Daugherty Systems	A professional services firm specializing in artificial intelligence, data analytics, strategic IT consulting and business advisory services for Fortune 500 clients in financial services, healthcare, communications, retail and manufacturing sectors	CGI
Dec-24	Adjacent Solutions	Adjacent Solutions is a recognized Oracle Partner specializing in managed services and cloud implementations for Oracle applications including EBS, Cloud ERP, OCI, licensing, APEX, analytics and PeopleSoft	Datavail [CIVC Partners]
Dec-24	Huge	Huge is a design and innovation company creating products and experiences that drive growth by designing for people, leveraging its platform LIVE and utilizing emerging technologies	AEA Investors
Dec-24	FortyAU	FortyAU is a digital services firm specializing in custom software engineering, data science, AI and strategy + design for healthcare and other highly regulated industries	ASH Investment Partners
Dec-24	Raja Software Labs	A Silicon Valley-based product engineering company specializing in high volume mobile, web and IoT applications	Ness Technologies [KKR]
Nov-24	KMS Technology	KMS Technology is a global provider of digital engineering, data, AI and consulting services, helping businesses accelerate product development and speed-to-market with innovative, customer-centric solutions	Sunstone Partners
Nov-24	Colligio	Colligio is a leader in virtual communication technologies, offering tools that enhance productivity, simplify communications and boost sales and marketing effectiveness	Blue Mantis [Recognize Partners]
Nov-24	Schuberg Philis	Schuberg Philis provides IT consulting services, specializing in cloud transition, software engineering, application development, security information and event management, and automation solutions	Bridgepoint Group
Nov-24	Contender Solutions	Contender Solutions provides IT service delivery consulting with expertise in ITSM, ITOM, ITAM, IRM, Security Ops and CSM. They offer staff augmentation, managed services and specialized services to drive transformation, efficiency and growth	Presidio [Clayton, Dubilier & Rice]
Nov-24	SuperSync (SCS Cloud)	SuperSync, SCS Cloud's NetSuite applications business, streamlines data management and boosts productivity by syncing and consolidating data into a single accurate view in NetSuite.	CrossCountry Consulting [Investcorp]
Oct-24	Leniolabs	Leniolabs specializes in backend, frontend and data technologies, supporting Bay Area enterprises with nearshoring solutions and agile development. They also build free tools and contribute to open-source projects.	Improving [Trinity Hunt]
Oct-24	Yorktel	Yorktel, a Next-Gen Global Systems Integrator and Managed Services Provider, delivers end-to-end collaboration solutions for corporate and government markets. Its AI-driven analytics and holistic services enhance digital workplace experiences in hybrid environments.	One Equity Partners
Oct-24	Qarik	Qarik helps organizations modernize their data, platforms and AI to accelerate time to market, boost engineering productivity and enhance capabilities.	Egen Solutions [Recognize Partners]

Source: S&P Capital IQ, Mergermarket, Pitchbook and Company Press Releases  
 (1) 2024 transaction through July 31 are available in the Lincoln International Technology Services Mid-Year 2024 Report



# M&A Transaction Highlights (Continued)

Since August 1, 2024<sup>1</sup>

Closed	Target	Business Description	Acquirer
Oct-24	Itsavvy [GenNx360 Capital Partners]	ITsavvy is a leading IT infrastructure solutions provider offering value added resell capabilities and holistic solutions to deliver business outcomes.	Xerox
Oct-24	VIA Technical	VIA Technical is an IT talent services firm that connects clients and candidates by prioritizing relationships and service to match talent with the right opportunities	Eliassen Group [Stone Point Capital]
Oct-24	NvYA Technology	NvYA Technology is Oklahoma's leading full-service IT provider specializing in IT infrastructure, cloud solutions, VOIP services and technical support while prioritizing client success and innovation	Ascend Technologies [MC Partners]
Oct-24	Contuit	Contuit specializes in API automation and custom software development, providing tools for managed service providers to ensure accurate billing and streamline operations	Ntiva [PSP Partners]
Oct-24	Soroc Technology	Soroc Technology delivers innovative IT solutions, supporting clients across the entire IT infrastructure lifecycle, including planning, procurement, deployment, support services and environmental disposition	Pomero
Oct-24	Internetwork Engineering	Internetwork Engineering (IE) is an IT solution provider with expertise in collaboration, data center, networking and cybersecurity, serving clients across the Southeast	Presidio [Clayton, Dubilier & Rice]
Oct-24	Visionary Integration Professionals	Visionary Integration Professionals helps over 1,300 clients modernize systems and achieve critical outcomes through advanced solutions and proven expertise	Circumference Group et al.
Oct-24	First Derivative	First Derivative, based in Northern Ireland, is a global managed services and consulting firm for the capital markets industry. It delivers solutions in application development, real-time data, automation and AI across the U.K., Ireland, North America and APAC	EPAM Systems
Oct-24	Mobile Computing SA	Mobile Computing is a digital transformation leader serving industries like manufacturing, CPG and financial services	Grid Dynamics
Oct-24	EastBanc Technologies	EastBanc Technologies is a software development pioneer delivering innovative solutions to commercial, enterprise and government clients globally	Solvd [Siguler Guff]
Oct-24	Aethereus Consulting	Aethereus is a Salesforce Summit Partner that helps clients modernize applications, enhance customer experiences and drive results through innovative, industry-focused solutions	RCG Global Services [Frontenac]
Oct-24	Condatis	Condatis is a leading UK-based cybersecurity consulting firm specializing in digital identity and access management solutions	Bridgepoint Group
Oct-24	Inciper	Inciper is a consultancy specializing in the implementation and support of Microsoft Business Applications and Data Analytics, with a focus on Dynamics for Finance & Operations, a large-scale ERP Platform	Kerv Group [Bridgepoint]
Sep-24	LeapPoint	LeapPoint is a digital advisory firm helping organizations connect people, processes, and technology across the marketing lifecycle, with expertise in the Adobe Experience Cloud ecosystem	Omnicom
Sep-24	JUXT	JUXT is a UK-based software engineering provider specializing in data-intensive systems for banking focusing on risk platforms structured notes equity derivatives and financial reporting	Grid Dynamics
Sep-24	C5MI Insight	C5MI is a leader in global supply chain systems implementation and digital modernization, delivering process transformations that drive automation, efficiency and sustainability	DC Capital Partners

Source: S&P Capital IQ, Mergermarket, Pitchbook and Company Press Releases  
 (1) 2024 transaction through July 31 are available in the Lincoln International Technology Services Mid-Year 2024 Report

# M&A Transaction Highlights (Continued)

Since August 1, 2024<sup>1</sup>

Closed	Target	Business Description	Acquirer
Sep-24	QualX	QualX Corp provides strategic planning IT and Records and Information Management (RIM) services to the Federal government including data capture electronic governance records disposition and systems support	Renovus Capital Partners
Sep-24	Accelalpha	Accelalpha addresses critical business challenges by leveraging industry insight, technology expertise and end-to-end enterprise solution implementations to optimize logistics, sales processes, supply chains and cloud adoption	IBM
Sep-24	Neoris	NEORIS delivers complex digital transformation projects across industries like Manufacturing, Banking, CPG & Retail and Telco & Media, leveraging expertise in Digital Experience, Engineering, SAP, Data, Analytics, AI, Digital Strategy and Enterprise Architecture	EPAM Systems
Aug-24	Revolve Softech	Revolve Softech is a rapidly growing firm known for Salesforce multi-cloud expertise, specializing in Sales Cloud, Marketing Cloud, Revenue Cloud, Data Cloud and Personalization	Icreon [Incline Equity Partners]
Aug-24	Inceptra	Inceptra is a leading provider of PLM technology and services to engineering and manufacturing companies across various industries	GoEngineer [Court Square Capital Partners]
Aug-24	Hylaine	Hylaine provides strategic consulting and digital transformation services in Data Engineering, Application Development, and Program Management	Summit Park
Aug-24	Fuji Soft Inc.	FUJI SOFT is a leading Japanese system integrator specializing in embedded, control and operational software and systems	KKR
Aug-24	Thoughtworks	Thoughtworks is a global technology consultancy that integrates strategy, design and software engineering to help enterprises and technology disruptors thrive as modern digital businesses	Apax Partners

# About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 1,000 professionals in more than 25 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at [www.lincolninternational.com](http://www.lincolninternational.com).

## Lincoln's Technology Services Group

**Committed to Serving Our Clients**

We are immersed in the constantly evolving, rapidly growing service-based economy. Our breadth of transactional, operational and technical experience enables us to intuitively communicate the underlying dynamics in key subsectors and generate excellent outcomes based on our clients' individual needs.

## Contributors

**Michael Iannelli**  
Managing Director | Chicago  
[miannelli@lincolninternational.com](mailto:miannelli@lincolninternational.com)  
+1 (312) 580-6281

**Chris Brooks**  
Managing Director | London  
[cbrooks@lincolninternational.com](mailto:cbrooks@lincolninternational.com)  
+44 20 7632 5248

**Alex Johnston**  
Managing Director | Chicago  
[ajohnston@lincolninternational.com](mailto:ajohnston@lincolninternational.com)  
+1 (312) 380-4814

**Sathya Ramanathan**  
Managing Director | Bangalore  
[sramanathan@lincolninternational.com](mailto:sramanathan@lincolninternational.com)  
+91-80-44451067

**Harald Mährle**  
Managing Director | Munich  
[hmaehrle@lincolninternational.com](mailto:hmaehrle@lincolninternational.com)  
+49 173-393-0526

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