

Clairfield industry snapshot

ICT Services M&A

January 2025

Sector Snapshot – H2 2024

ICT Services M&A



Shah Zaki
Partner



Nick Wall
Director

Deal Volumes & EBITDA Multiples

- The number of ICT Services M&A transactions in H2-24 totalled **170**, increasing from **137** in H1-24, with the total disclosed deal value amounting to **£3.1bn**.
- Strategic buyer volumes increased as businesses regain confidence in the market. This is seen through the volume of strategic trade deals increasing from **113** in H1-24 to **136** in H2-24.
- The Telecoms & Networks sub sector continues to be very active, accounting for **58** of the total transactions.
- EBITDA multiples across the sector remain strong with disclosed transactions in the IT Consulting sub sector generating the largest multiples as contracted recurring revenue remains a significant value driver for IT businesses.

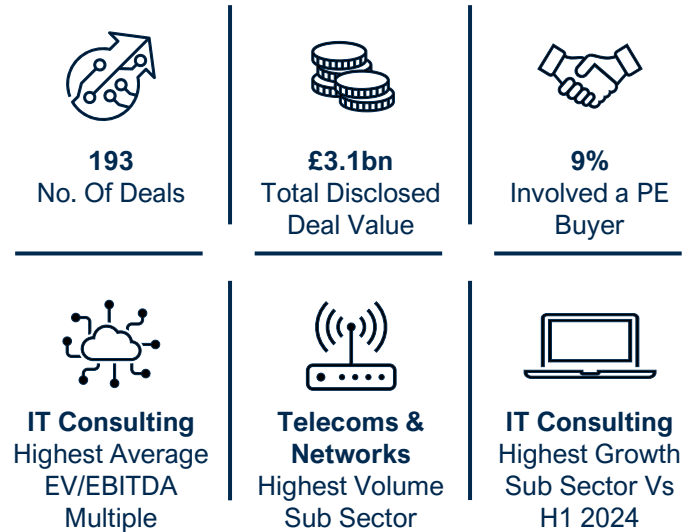
Private Equity Transactions

- In H2-24 the number of private equity deals totalled **15** transactions, an increase from H1-24 which had **12** recorded deals.
- In one of the more significant private equity deals, **Transparity**, the UK's most accredited Microsoft partner delivering managed services in Cloud and AI, has been acquired by **Bowmark Capital**. Transparity will use the investment to supplement its organic growth and to fuel growth through M&A.

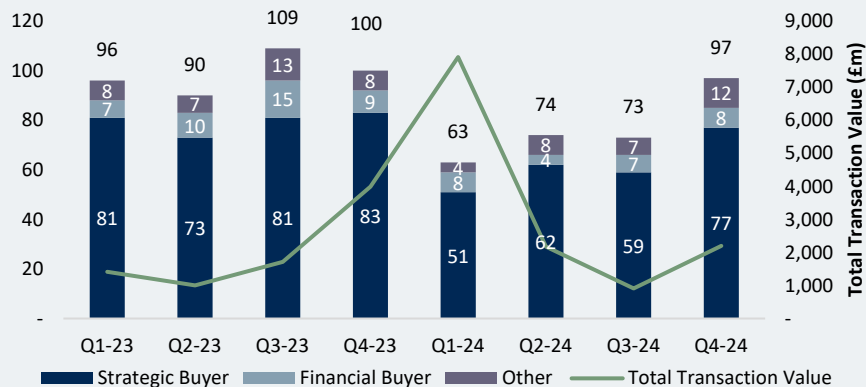
Market Outlook

- The number of transactions in the ICT Services sector increased towards the end of 2024, largely driven by those looking to beat the budget in October. This increase has largely been driven by the IT Consulting and Managed IT Services sub sectors, accounting for over 20 and over 35 transactions in Q4-24, respectively. Valuations across these 2 sub sectors have also improved with average EBITDA multiples almost increasing by one turn in each sub sector after the dip experienced in the first half of 2024.
- We anticipate volumes in Q1-25 to remain high, bolstered by transactions initiated by the drive to beat the budget but have taken longer than expected to complete.

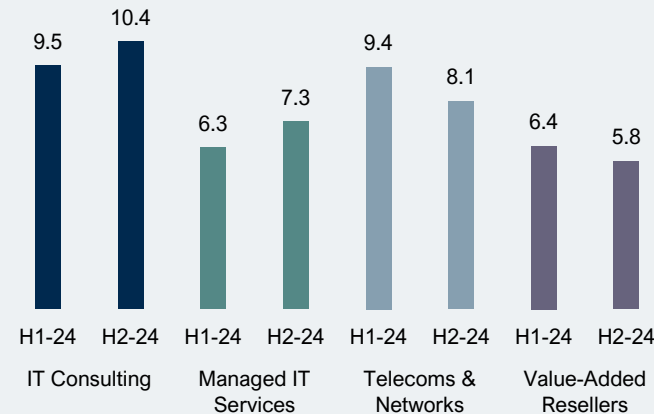
H2 2024 At A Glance



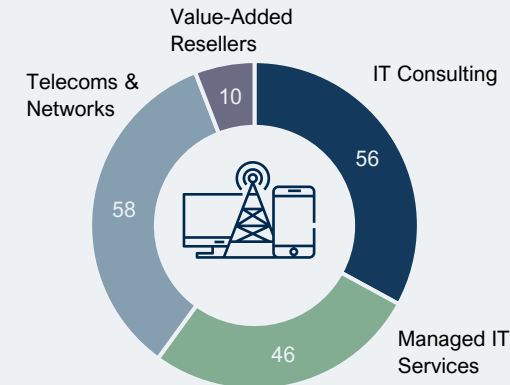
M&A VOLUMES BY TYPE



TRAILING AVERAGE LTM EV/EBITDA MULTIPLES



DEALS BY SUB SECTOR H2 2024



Key Transactions – H2 2024

Strategic Trade & Private Equity Transactions



Key Trade and Private Equity Transactions

EPAM, a leading digital transformation and engineering services company, has acquired First Derivative

- EPAM, a global leader in digital transformation and product engineering, has acquired First Derivative, a market-leading managed services and consulting firm. This acquisition aims to strengthen EPAM's financial services practice by expanding its capabilities with AI-enabled solutions and deep expertise in capital markets, banking operations and asset servicing.

Advania, a provider of IT managed services, has acquired CCS Media

- Advania, a leading IT services provider has completed the acquisition of CCS Media, a UK-based IT solutions specialist. This acquisition aims to strengthen Advania's presence in the UK market, enhancing its service offerings with CCS Media's extensive expertise in IT solutions and nationwide delivery capabilities.

IBM has acquired SiXworks, a UK-based consultancy specialising in digital transformation

- IBM, a global leader in technology and consulting, has acquired SiXworks Limited, a UK-based consultancy specialising in digital transformation for the defence sector. This acquisition aims to enhance IBM Consulting's expertise in the UK public sector, particularly in providing secure digital, cyber, and defence cloud solutions to government clients.

Bowmark Capital have reinvested in Focus Group, a provider of essential business technology to SME's

- Bowmark Capital has reinvested in Focus Group, a leading provider of integrated technology solutions, to support its next phase of growth. The investment aims to accelerate Focus Group's buy-and-build strategy, expanding its product offerings and geographic presence while continuing to enhance its market-leading customer service and infrastructure.

Vitruvian Partners have acquired a stake in Options Technology, a provider of IT infrastructure to capital markets

- Vitruvian Partners has made a significant investment in Options Technology, a leading provider of capital markets infrastructure. This investment aims to accelerate Options' global expansion and innovation, particularly in areas such as high-performance Networking, Cloud, Security, AI and Market Data services.

LDC have acquired a stake in leading cloud service provider, Creative ITC

- LDC have acquired a stake in Creative ITC, a leading cloud service provider specialising in high-power cloud computing solutions. This investment aims to support Creative ITC's growth strategy by helping to capitalise on increasing demand while maintaining market leading services.



Have acquired

FDTechnologies



Have acquired



Have acquired a stake in



Have acquired

CCS Media



Have acquired



palatine

Have acquired



Have acquired

SiXworks



Have acquired a stake in



PICTET

Have acquired



Have acquired

solirius consulting



Have acquired a stake in



Oakley Capital

Have acquired



Clairfield In The Sector

Clairfield advised the shareholders of Xuper Limited on its sale to Park Place Technologies

- Xuper, founded nearly 40 years ago, provides IT solutions including third-party maintenance, staff augmentation and a multilingual support desk, through entities in the UK, US and Germany.
- Park Place Technologies will gain access to Xuper's team of experienced engineers, staff augmentation services and extensive third-party maintenance capabilities. Xuper's multilingual service team also expands Park Place's ability to serve clients around the globe.







“It was a pleasure working with the Clairfield team who provided excellent advice throughout the process and demonstrated a strong knowledge of the IT managed services sector”





Peter Grogan
Chair and Managing Director, Xuper





Listed Valuation Multiples





Listed Valuation Multiples in the ICT Services Sector

“EBITDA multiples are performing strongly across the IT Consulting Sub Sector with multiples ranging from 10.4x to 26.0x EBITDA”

IT Consulting		
Company	EV/EBITDA Multiple	EV/Rev Multiple
 Alpha	16.5x	2.4x
 endava	26.0x	2.2x
 k3 business technologies	10.4x	0.9x
 nccgroup	14.4x	1.6x

Managed IT Services		
Company	EV/EBITDA Multiple	EV/Rev Multiple
 Beeks	28.0x	6.6x
 redcentric	9.0x	1.6x
 SysGroup	14.0x	0.4x
 TIALIS ESSENTIAL IT	11.1x	0.6x

Telecoms Services		
Company	EV/EBITDA Multiple	EV/Rev Multiple
 BT	15.4x	4.8x
 Gamma	6.8x	0.3x
 maintel	7.6x	0.3x
 VIANET	18.4x	3.0x

Value-Added Resellers		
Company	EV/EBITDA Multiple	EV/Rev Multiple
 BYTES	15.4x	4.8x
 Computacenter	6.8x	0.3x
 midwich	7.6x	0.3x
 Softcat	18.4x	3.0x

A complete range of M&A services providing a wealth of experience to our clients

Mergers & Acquisitions Advisory

Strategic Advisory

Capital solutions

Headquartered in Europe with locations in every major region worldwide, we offer access to corporate businesses, investors and key decision makers, combined with thorough understanding of local regulations and cultures.

400+

Team members

32

Countries



80%

International mandates

140+

Transactions per year

Top 10

European Midmarket rankings

Recent Clairfield ICT Services Transactions

IT Services

Xuper

was sold to

PARK PLACE TECHNOLOGIES

IT Services

OGL

was sold to

wavenet

IT Services

ICC GROUP

was sold to

SERVICE EXPRESS

IT Services

metaphorit

was sold to

kerv

IT Services

LIMONTA INFORMATICA

was sold to

Elvaston

IT Services

ARIADNE

was sold to

DGS BUILDING THE FUTURE

IT Services

INFOBEST

was sold to

AROBS Transilvania Software

IT Services

Skywire

was sold to

Renovotec



Shah Zaki
Partner

T: +44 (0) 121 234 6075

E: szaki@clairfield.com



Nick Wall
Director

T: +44 (0) 121 234 6087

E: nwall@clairfield.com