



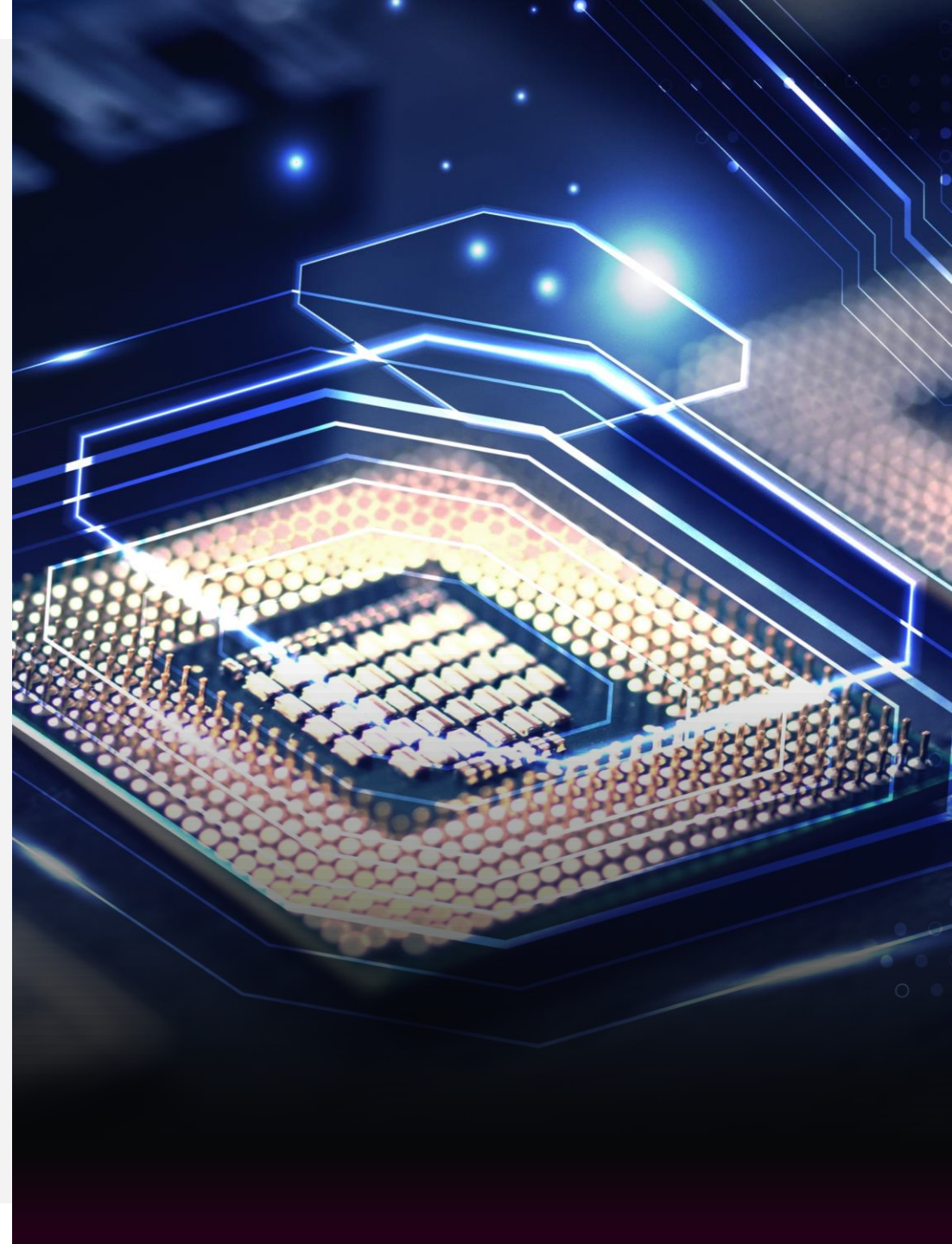
# DIGITAL SERVICES

INDUSTRY UPDATE

Q1 2025

NEW YORK | LONDON | PARIS | MUNICH | SAN FRANCISCO  
LOS ANGELES | BERLIN | DUBAI

APRIL 2025



## OUR QUARTERLY DIGITAL SERVICES NEWSLETTER

The Drake Star Partners Global Digital Services team is pleased to present the 15<sup>th</sup> edition of our quarterly Digital Services Newsletter. This provides updates on industry happenings such as important news and events, mergers and acquisitions activity, and insights into the present and future trends impacting major areas of investment within the industry, including:

- DIGITAL TRANSFORMATION
- CLOUD MIGRATION
- TECH-ENABLED SERVICES
- SECURITY SERVICES
- BUSINESS INTELLIGENCE & DATA ANALYTICS

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# THE DRAKE VIEW FROM OUR INVESTMENT BANKERS

SAM LEVY, PARTNER



The Digital Services sector has seen an uptick in momentum in Q1 2025, largely driven by Private Equity which significantly influenced M&A through both platform and bolt-on acquisitions. Strategics also remain active, pursuing clear inorganic strategies aimed at strengthening their cybersecurity capabilities and advancing cloud transformation initiatives. We foresee an increase in activity for disruptive AI assets, especially as demand for AI-enhanced solutions expands across numerous industries. Overall Digital Services M&A activity in Q1 increased, totaling **730+ & \$15.8bn+ in disclosed M&A deals**, with consistent fundraising transactions at **530+ & \$25.9bn+ in disclosed minority deals<sup>1</sup>**, including:

- ✦ • **Atlantic Tomorrow** acquired **BrainSell** for an undisclosed amount
- **World Wide Technology** acquired **Softchoice** for **\$1.3bn**
- **Netcompany** acquired **SDC** for **\$138m**
- **CGI** acquired **bjss** for an undisclosed amount
- **IK Partners** has signed an agreement to invest in **HSL Compliance**, alongside **LDC** who are reinvesting as part of the transaction
- **GCP** has realised its investment in **Bridewell** to an investor group including **Oakley Capital**, **Eurazeo** and **Sagard NewGen**
- **DyFlex Solutions** raised an undisclosed amount of development capital from **Five V Capital**
- **Cognida** raised **\$15m** of Series A-1 and Series A venture funding from **Nexus Venture Partners**
- **Thrive** raised an undisclosed amount of development capital from **Berkshire Partners**

Despite turbulent macroeconomic conditions, we anticipate the Digital Services sector to continue attracting interest from both Private Equity and Strategic investors, with a focus on resilient and more efficient operational business models. This, coupled with a substantial backlog of Private Equity exits, is likely to drive further M&A activity throughout 2025.



# DIGITAL SERVICES HIGHLIGHTS ACROSS KEY SUBSECTORS

TOTAL IT SPEND TO REACH \$4.9TN IN 2025



**Elixirr** partners with **British Cycling** to deliver five-year Digital Transformation

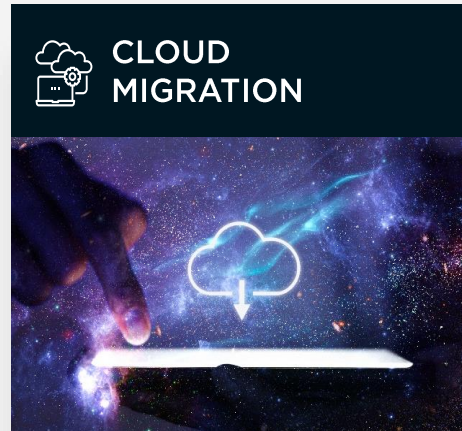
Consultancy.uk, Mar 12, 2025

**WSP** and **Microsoft** set to drive Digital Transformation in \$1bn deal

BIMPLUS, Feb 14, 2025

67% of **Digital Transformations** delayed due to skill shortages

CIO, Jan 22, 2025



Interest in **SAP** Cloud Migration triples in the DACH region

The Register, Mar 25, 2025

**Lloyds Banking Group** expands Cloud Migration partnership with **Oracle**

Fintech Futures, Mar 21, 2025

**Amadeus** renews cloud contract with Microsoft

Data Center Dynamics, Feb 14, 2025



**Wabash** selects **Decisiv** to power Tech-Enabled Service management offering

PM Newswire, Mar 25, 2025

**PSG** secures \$8bn in capital commitments for Tech-Enabled Services & software

Business Wire, Feb 12, 2025

Vertical consolidation of Tech-Enabled Services for Finance continues with **Provana's** acquisition of **Palinode**

Business Wire, Feb 5, 2025



**Atos** launches **Google Cloud** managed Security Services

Security Brief, Mar 3, 2025

**Bridewell & I-Tracing** join forces to create independent Cyber Security Services champion

IT Security Guru, Feb 21, 2025

Global IT spend to **surge by 5% in 2025**, driven by cybersecurity investments

Cyber Magazine, Feb 13, 2025



**WNS** acquires **Kipi.ai** to expand data, analytics & AI services

Business Wire, Mar 11, 2025

**EY** rolls out strategic intelligence platform in partnership with **Azure** and **OpenAI**

Microsoft, Feb 28, 2025

**Domo** partners with **Data Consulting Group** to provide advanced Business Intelligence capabilities

Business Wire, Jan 6, 2025

# SELECTED M&A DEALS IN Q1 2025

730+ DEALS AND \$15.8BN+ IN DISCLOSED  
DEAL ACTIVITY IN Q1 2025



Year founded



Employees



Sub-sector



Total Website Visits



## DEAL DESCRIPTION

World Wide Technology (WWT) acquired Softchoice for \$1.3bn. The acquisition will enable WWT's capabilities to support clients in their Digital Transformation and AI journeys.

March 17<sup>th</sup>, 2025



1989



2,100



Digital Transformation



342.1k

## TARGET DESCRIPTION

Toronto

Provider of technology services with a focus on multi-vendor IT solutions including cloud migration, application modernisation and security services.

## KEY PERSONNEL

Andrew Caprara – CEO

## BUYER DESCRIPTION

Maryland Heights, MO

Provider of technology services including Digital Transformation, supply chain solutions, consulting and cloud computing.

## KEY PERSONNEL

Jim Kavanaugh – Co-Founder & CEO



## DEAL DESCRIPTION

Netcompany acquired SDC for \$138m. The acquisition will enable Netcompany to enhance its capabilities and service offerings in the financial services industry.

February 10<sup>th</sup>, 2025



1963



1,600



Tech-Enabled Services



4.9m

## TARGET DESCRIPTION

Ballerup

Operator of a full-service IT centre providing innovative effective banking solutions for small and medium-sized Nordic banks including core & e-banking, payments, open banking & AML services.

## KEY PERSONNEL

Torben Finnemann – CEO

## BUYER DESCRIPTION

Copenhagen

Provider of business-critical IT solutions including Digital Transformation and digital platforms, with customers in sectors including finance, government, manufacturing and energy.

## KEY PERSONNEL

André Rogaczewski – Co-Founder & CEO



## DEAL DESCRIPTION

CGI acquired bjss for an undisclosed amount. The acquisition integrates advanced cybersecurity capabilities across the group's infrastructure and solutions.

January 29<sup>th</sup>, 2025



1993



2,500



Tech-Enabled Services



67.5k

## TARGET DESCRIPTION

Leeds

Provider of technology consulting services including design, strategy, delivery & managed services to customers in industries including financial services, retail & government.

## KEY PERSONNEL

Glynn Robinson – Chairman

## BUYER DESCRIPTION

Montreal

Provider of IT consulting and software development services with a focus on application services, business consulting, business process management, outsourcing, infrastructure and systems integration.

## KEY PERSONNEL

François Boulanger – President & CEO

# SELECTED MINORITY DEALS IN Q1 2025

530+ DEALS AND \$25.9BN+ IN DISCLOSED MINORITY FINANCING ACTIVITY IN Q1 2025

Year founded Employees Sub-sector Total Website Visits



## DEAL DESCRIPTION

DyFlex Solutions raised an undisclosed amount of development capital from Five V Capital. The capital will be used to accelerate DyFlex's growth strategy and expand its reach.

February 7<sup>th</sup>, 2025



2005



150



Digital Transformation



5.2k

## TARGET DESCRIPTION



Provider of ERP consultancy services to mid-market clients, with technical expertise, analytics and cloud integration, enabling customers to optimise performance & drive growth.

## KEY PERSONNEL

Peter Lander – Founder & Chairman

## LEAD INVESTOR DESCRIPTION



Five V Capital is a growth-focused private equity firm investing in market-leading companies in Australia and New Zealand.

## KEY SHAREHOLDERS

Five V / Capital



## DEAL DESCRIPTION

Cognida raised \$15m of Series A-1 and Series A venture funding from Nexus Venture Partners. The funds will be used to accelerate the company's go-to-market strategy.

February 6<sup>th</sup>, 2025



2021



200



Tech-Enabled Services



106.0k

## TARGET DESCRIPTION



Operator of a technology consulting and software engineering company helping enterprises in their journey from data to decision intelligence.

## KEY PERSONNEL

Feroze Mohammed – Co-Founder, CEO & Board Member

## LEAD INVESTOR DESCRIPTION



Nexus Venture Partners is a VC firm preferring to invest in seed-stage and early-stage companies in the consumer products and technology sectors.

## KEY SHAREHOLDERS

nexus venture partners



## DEAL DESCRIPTION

Thrive raised an undisclosed amount of development capital from Berkshire Partners. The funds will be used to unlock further growth.

January 28<sup>th</sup>, 2025



2000



1,700



Tech-Enabled Services



108.7k

## TARGET DESCRIPTION



Provider of corporate IT & managed services including email services, onsite & remote support, file sharing, cybersecurity and disaster recovery.

## KEY PERSONNEL

Bill McLaughlin – CEO

## LEAD INVESTOR DESCRIPTION



Berkshire Partners is a private equity firm preferring to invest in companies within the business & consumer services, healthcare, industrials and technology & communications sectors.

































## KEY SHAREHOLDERS

Berkshire Partners

COURT SQUARE



## SELECTED M&A DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	ACQUIRER	SIZE	QUARTER	DESCRIPTION
 Softchoice		 World Wide Technology	\$1.3bn	Q1'25	Provider of technology services with a focus on multi-vendor IT solutions including cloud migration, application modernisation and security services
 brainsell		 Atlantic	Undisclosed	Q1'25	Provider of consulting, data and implementation services, focusing on enabling businesses to scale through digital transformation
 HSLCompliance		 IK Partners LDC	Undisclosed	Q1'25	Developer of cloud-based legal applications that allow law firms to modernise, transform and grow
 Bridewell		 Oakley Capital  EURAZEO  Sagard New Gen	Undisclosed	Q1'25	UK's leading cybersecurity services business providing managed and professional cybersecurity services across IT and Operational Technology (OT) environments
 FIRST DERIVATIVE		 <epam>	\$400m	Q4'24	Provider of information technology solutions and services
 fernaο		 VINCI	Undisclosed	Q3'24	Provider of cyber security services intended to serve corporate networks including data analytics, monitoring and consulting & implementation services
 KERR CONSULTING		 Cherry Bekaert	Undisclosed	Q3'24	Provider of end-to-end managed services, specialising in business applications and cloud technology
 Belcan		 cognizant	\$1.3bn	Q2'24	Provider of engineering project management and technical staffing services
 PERFICIENT		 IEQT	\$3.0bn	Q2'24	Leading global digital consultancy
 ITMAGINATION		 virtusa	Undisclosed	Q2'24	Provider of IT services and software development solutions

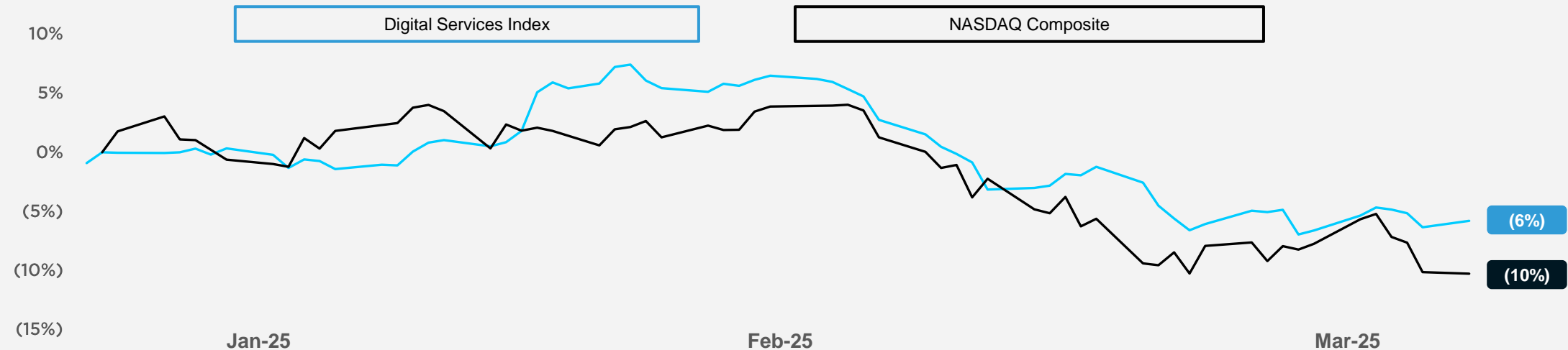
## SELECTED MINORITY DEALS IN LAST 12 MONTHS

TARGET	COUNTRY	INVESTOR	SIZE	QUARTER	DESCRIPTION
 DyFlex SOLUTIONS		Five V / Capital	Undisclosed	Q1'25	Provider of ERP consultancy services to mid-market clients, enabling customers to optimise performance & drive growth
 THRIVE		 Berkshire Partners	Undisclosed	Q1'25	Provider of managed public, private and hybrid cloud services and solutions
 Analytics8		 Boathouse	Undisclosed	Q1'25	Provider of data consultancy services assisting with strategy, management, governance & implementation
 SIAPARTNERS		 Blackstone	\$263m	Q4'24	Provider of tech-enabled consulting services specialising on strategy, management consulting and AI
 SDG		 RECOGNIZE	Undisclosed	Q4'24	Provider of advisory, implementation, and managed cybersecurity services focused on identity and access management, threat, and risk
 VFS.GLOBAL		 TEMASEK	\$950m	Q4'24	Provider of outsourcing and technology services intended for governments and their diplomatic missions worldwide
 QXO		 JPE  SEQUOIA HERITAGE	\$4.2bn	Q3'24	Provider of technology services to clients in the manufacturing, distribution and services sectors
 HRPath <small>Your way to people success</small>		 ARDIAN	\$538m	Q3'24	Provider of human capital management services dedicated to supporting businesses in their digital transformation
 SIKICH		 BainCapital	\$250m	Q2'24	Technology-enabled professional services
 (RAFT)		 WASHINGTON HARBOUR	\$60m	Q2'24	Provider of digital consultancy services including data analytics, cloud, bioinformatics and program management

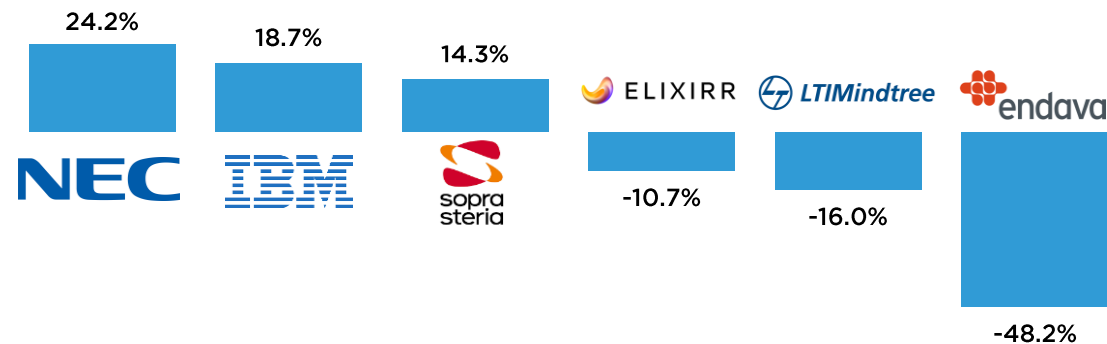


# DIGITAL SERVICES OUTPERFORM NASDAQ IN VOLATILE QUARTER

MACROECONOMIC CONCERNS BUFFET MARKETS



## TOP RISERS & FALLERS JANUARY - MARCH 2025



## KEY HIGHLIGHTS FOR TOP 2 RISERS & FALLERS

- **NEC Corporation** (+24.2%) rose following strong quarterly results, with IT Services and Aerospace & Defense being key contributors
- **IBM** (+18.7%) saw strong client bookings in AI and hybrid cloud
- **LTI Mindtree** (-16.0%) fell following the announcement that Citigroup, a major client, would cut IT contractors by 60%
- **Endava** (-48.2%) stock declined amid reduced revenue guidance and class action lawsuits

# LANDMARK DEALMAKING IN THE DIGITAL SERVICES SPACE

SUCCESSFULLY EXECUTED 50+ DIGITAL SERVICES TRANSACTIONS OVER THE PAST 7 YEARS



# LANDMARK DEALMAKING IN THE DIGITAL SERVICES SPACE

SUCCESSFULLY EXECUTED 50+ DIGITAL SERVICES TRANSACTIONS OVER THE PAST 7 YEARS



# GLOBAL REACH COMBINED WITH LOCAL PRESENCE

ONE OF THE LARGEST TECH TEAMS ACROSS NORTH AMERICA, EUROPE AND ASIA



5  
countries



8  
offices



500+  
transactions



+40  
Deal of the Year  
Awards



+70%  
cross-border  
transactions



+30  
Partners &  
Senior Advisors







# DRAKE STAR BELIEVE IN INNOVATION CHANGE THE WORLD

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