



# MANAGED SERVICE PROVIDER “MSP” MARKET UPDATE Q2 2025

NEW YORK | LONDON | LOS ANGELES | PARIS | MUNICH

SAN FRANCISCO | BERLIN | DUBAI



# OUR VALUE PROPOSITION

## WHY OUR CLIENTS CHOOSE US



### 100% TECH-FOCUSED

Deep sector expertise in  
8 core tech verticals



### LEADER IN MID-MARKET TECH INVESTMENT BANKING

Top Global Boutique  
Investment Bank



### INDEPENDENT AND PARTNER-LED

Partner-owned investment  
bank with an  
entrepreneurial team



### EXTENSIVE M&A AND CORPORATE FINANCE EXECUTION SKILLS

Executing wide range of  
transactions including  
Strategic M&A, PE Buyouts,  
Private Placements, Buy  
Side, and Carve Outs deals



### GLOBAL REACH COMBINED WITH LOCAL PRESENCE

One of the largest tech  
teams with senior  
professionals in the US,  
Europe and Middle East



### STRONG TRANSACTION TRACK RECORD

Over 500 transactions  
completed incl. numerous  
tech landmark deals



### RECOGNISED BY THE INDUSTRY

9x investment bank of the  
year,  
+40x deal of the year,  
6x leadership awards



# STRONG TRANSACTION TRACK RECORD


OVER 500 TRANSACTIONS COMPLETED




# PROVEN TRACK RECORD IN MSP M&A AND GROWTH FINANCING ADVISORY



SALE TO




IT Services






TRANSACTS WITH



a portfolio company of



IT Services



SALE TO



a portfolio company of



MSP



a portfolio company of



MAJORITY SALE TO



Norwest Equity Partners

MSP



a portfolio company of



SALE TO



MSP




a portfolio company of




HAS RECEIVED MAJORITY INVESTMENT FROM



MSP



RECAPITALIZATION WITH



MSP



HAS SOLD A MINORITY STAKE TO



MSP



HAS BEEN ACQUIRED BY



MSP



a portfolio company of



HAS ACQUIRED



MSP



a portfolio company of



SALE TO



MSP



a portfolio company of



HAS ACQUIRED



MSP



a portfolio company of



HAS ACQUIRED



MSP



PRIVATE PLACEMENT



MSP



SALE TO



a portfolio company of



MSP



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# CONTINUED MOMENTUM IN THE MSP MARKET



**M&A activity in the MSP space remained strong in Q2 2025, with 92 announced deals underscoring continued investor interest in this large and quickly consolidating sector.**



**Both strategic and financial consolidators remained focused on enhancing their capabilities by acquiring IT service providers, which accounted for 83% of total M&A activity in Q2 2025.**



**Strategic buyers continue to consolidate actively, with all the top 10 players acquiring at least four MSPs over the past two years. In contrast, most financial investors continue to focus on single investments.**



**The global MSP market value reached \$305 billion in 2024 and is expected to grow to \$571 billion by 2033, driven by increasing IT complexities and demand for cost efficiency.**

# STRONG MARKET TRACTION DESPITE ECONOMIC UNCERTAINTY

102

MSP transactions  
in Q2 2025

\$305bn

Global managed service  
market value in 2024

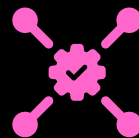
~7.2%

Expected market growth  
CAGR until 2033

## Top 3 Most Important Outcomes Achieved From Managed Services



Outsourcing IT services to  
MSPs enables operating cost  
efficiencies



Assist in navigating the  
complexities of advanced IT  
environments



Rapid deployment of  
new technologies such  
as AI

# FIVE STRATEGIC PRIORITIES FOR MSPS TO DRIVE GROWTH

Managed Service Providers (MSPs) are facing significant growth challenges in 2025, despite rising demand for their services. These challenges stem from a combination of operational, technological, and market forces that continue to reshape the industry landscape.

Below are five strategic priorities MSPs should tackle to drive growth.

Escalating Cybersecurity Demands	Operational Complexity and Tool Sprawl	Talent Acquisition and Retention	Regulatory Compliance Pressures	Market Saturation and Competitive Pressures
Rising cyber threats have led 84% of MSP clients to expect their providers to manage cybersecurity, up from 65% last year. This has increased scrutiny of MSPs' internal security practices, with 77% reporting greater pressure. In response, over 80% of MSPs have increased cybersecurity hiring, and 78% have enhanced their security capabilities.	MSPs often rely on a wide array of tools to manage client networks, which can create operational inefficiencies. Nearly half report using ten or more tools, leading to challenges in network visibility and server monitoring. As a result, 60% of MSP professionals experience moderate to high levels of burnout, and 44% report a decline in productivity.	The ongoing shortage of skilled IT professionals makes it increasingly difficult for MSPs to recruit and retain top talent. This talent gap poses a significant barrier to scaling operations and consistently meeting client expectations.	MSPs are increasingly tasked with ensuring client compliance with regulations such as GDPR, HIPAA, and PCI DSS. This requires a strong understanding of regulatory standards and the implementation of appropriate controls, adding to their operational burden.	The MSP market has grown increasingly crowded, leading to heightened competition. Around 35% of MSPs now cite competition (including AI) as their primary challenge, up from 29% the previous year. This growing pressure underscores the need for continuous innovation and differentiation in service offerings to maintain a competitive edge.

“MSPs can thrive by tackling five strategic priorities: **1) Streamline operations** by consolidating tools to reduce burnout; **2) Invest in talent** through training and improved workplace culture to boost recruitment and retention; **3) Enhance cybersecurity services** like MDR, zero-trust, and 24/7 monitoring to stand out; **4) Leverage automation** to shift staff efforts from routine tasks to higher-value work; and **5) offer Compliance-as-a-Service** to help clients navigate regulations and build recurring revenue.

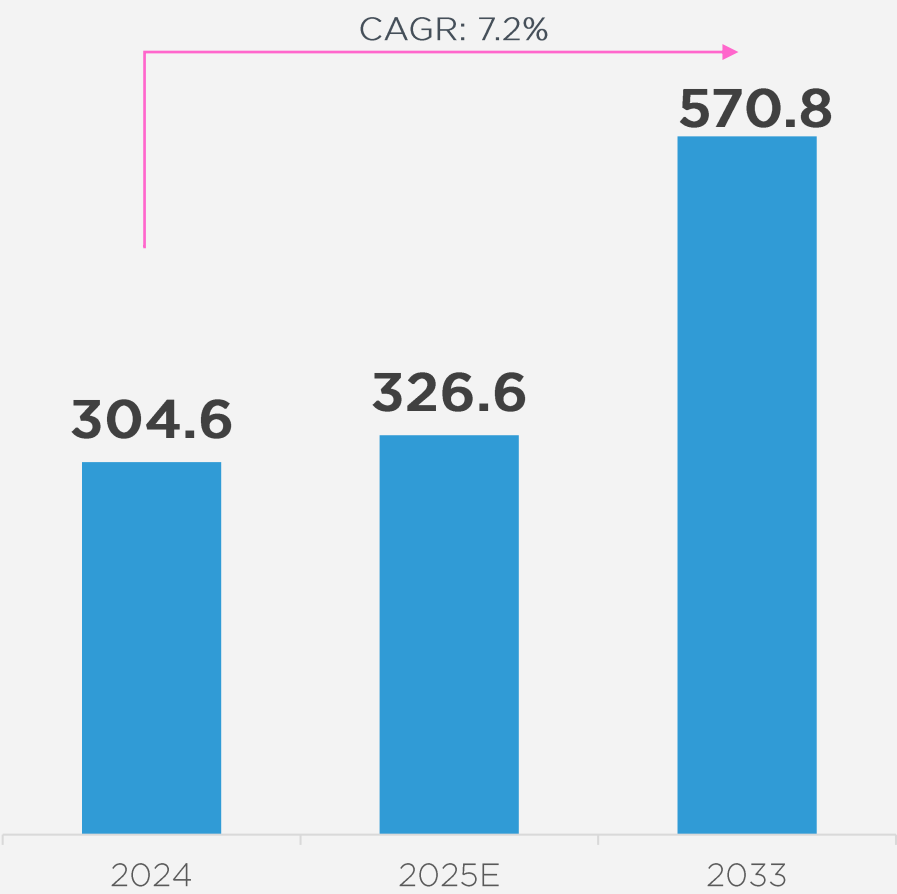
This integrated approach supports sustainable growth and positions MSPs for success in a competitive IT landscape.”



Sam Levy  
Partner, Drake Star

# IT COMPLEXITIES AND COST EFFICIENCY DRIVING MANAGED SERVICES TO REACH \$570B

MANAGED SERVICES MARKET SIZE | \$ BN



## KEY DRIVERS



**Increasing Complexity:** The swift advancement of technology, varied software environments, and the integration of numerous platforms are driving the need for managed services.



**Cost Efficiency:** Managed services improve cost efficiency by optimizing resource utilization and reducing operating expenses, thereby enhancing overall profitability. Businesses are increasingly choosing to outsource to MSPs for infrastructure and tools at a predictable monthly fee, rather than investing in costly hardware and software.



**Cybersecurity Challenges:** The rising incidence of cybersecurity threats is fueling the need for MSPs, who provide specialized solutions such as 24/7 monitoring and threat detection. These services are vital for safeguarding sensitive data and ensuring compliance with regulations.

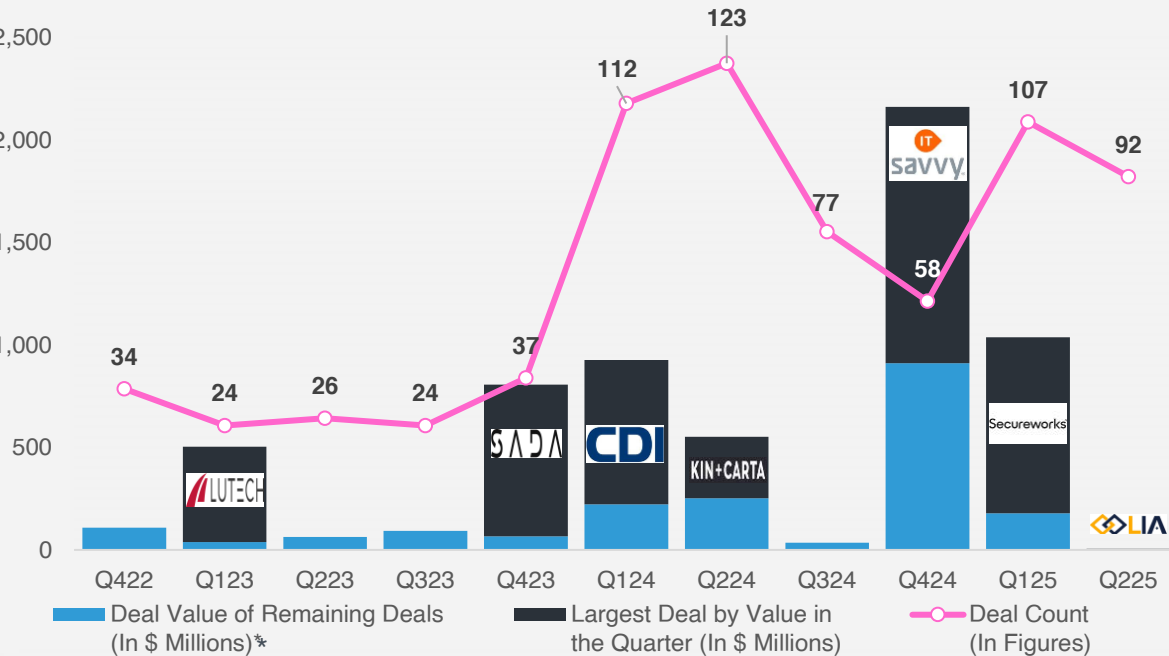


**Enhanced Business Agility:** Managed services offer the flexibility to promptly adapt IT resources to changes in the market, customer requirements, and emerging opportunities. This capability allows for swift responses without being constrained by fixed infrastructure.

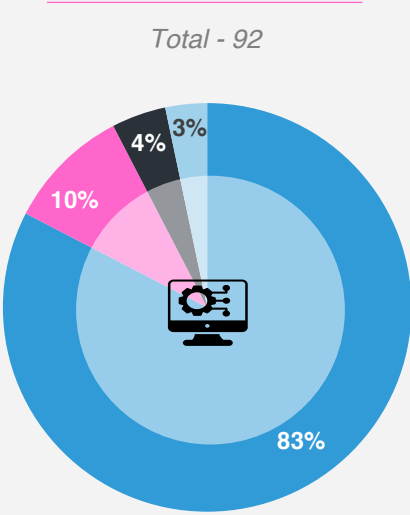


# M&A ACTIVITY REMAINED ROBUST, WITH IT SERVICES MAKING UP 83% OF TOTAL DEALS

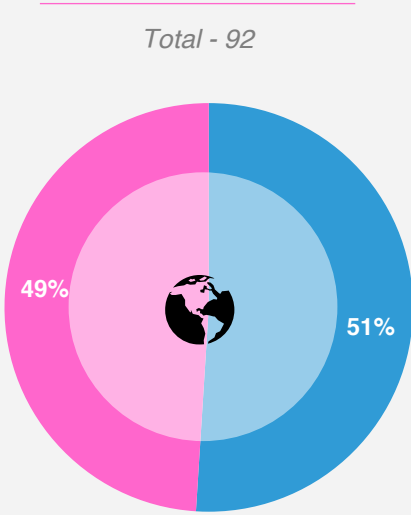
90+ ANNOUNCED M&A DEALS IN THE US AND EUROPE IN Q2 2025 (VIRTUALLY NONE DISCLOSED DEAL \$ VALUE)



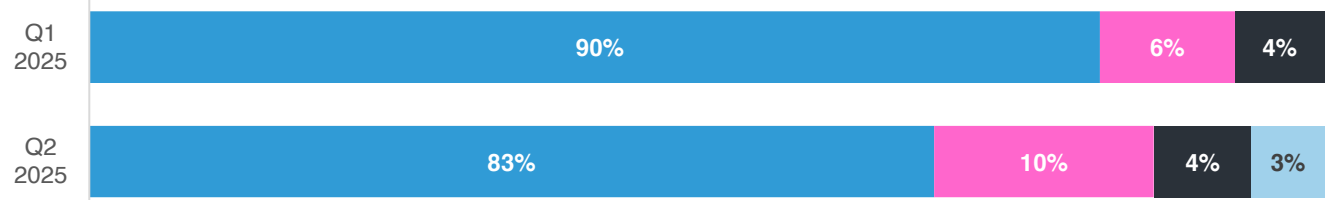
Q2 2025 DEAL COUNT BY SEGMENT



Q2 2025 DEAL COUNT BY GEO



## DEAL COUNT BY SEGMENT



IT Services



Systems Software



Communications and Networking



Commercial Services

Note: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value. Only one transaction has deal value reported (\$5 Mn) in Q2 2025

# MSP PLATFORMS CONTINUE TO CONSOLIDATE WITH TOP 10 CLOSING 4 DEALS EACH

TOP MSP CONSOLIDATORS | Q3 2023 – Q2 2025









































## TOP 10 MOST ACTIVE STRATEGIC CONSOLIDATORS\*


## TOP 10 MOST ACTIVE FINANCIAL CONSOLIDATORS\*\*


Includes deals since July 2023. \*Ranked by total deal count.  
\*\*Most financial investors have made only a single investment in MSP companies. Therefore, apart from the first four investors, rest listed under them do not adhere to any ranking.

# U.S. CONTINUES TO BE THE LARGEST M&A MARKET

## TOP M&A DEALS IN THE MSP SPACE | Q2 2025

COMPANY	COUNTRY	EMPLOYEES	REVENUE (\$ Mn)	DEAL SIZE (\$ Mn)	ACQUIRER	ACQUIRER COUNTRY	DATE
		600	-	-	 Allurity		Apr 25
 <small>An NWN Company</small>		550	-	-	nwn 		Jun 25
		400	188.1	-			Apr 25
 <small>a TELUS Digital Company</small>		400	-	-			May 25
		350	75.0	-			Apr 25
 <small>A Bluewave Company</small>		300	-	-			Jun 25
 <small>A Netrio Company</small>		300	-	-			May 25
 <small>HYPERCONVERGENCE</small>		300	-	-			May 25
 <small>IT BUILT AROUND YOU</small>		275	-	-			Jun 25
		10	-	5.0			Apr 25

Note: Drake Star did not act as financial advisor on transactions listed on this page

# SELECT M&A DEALS IN THE MSP SPACE

Q2 2025



600  
EMPLOYEES

- Onevinn was acquired by Allurity, via its financial sponsor Nordlund Invest, through an LBO on April 11, 2025.
- This strategic acquisition strengthens Sophos' cybersecurity capabilities, while expanding its regional presence.

Apr-2025



550  
EMPLOYEES

- InterVision Systems was acquired by NWN Carousell, via its financial sponsor American Securities, through an LBO on June 2, 2025.
- This acquisition enhances NWN's AI-based offerings with advanced cloud and application modernization capabilities, while expanding its footprint in the Midwest, Mid-Atlantic, and public sector markets.





Jun-2025



400  
EMPLOYEES

- Nitel was acquired by Comcast on April 1, 2025.
- This acquisition will help Comcast expand and enhance its offerings in connectivity, secure networking solutions, and advanced technologies, for enterprise clients.



Apr-2025



400  
EMPLOYEES

- Gerent was acquired by TELUS Digital, a Canada-based IT Services company on May 28, 2025.
- This acquisition will further strengthen TELUS Digital's expertise in transforming the CX agent experience, including the development and implementation of agentic AI as part of its digital solutions service line.

May-2025



350  
EMPLOYEES

- SmartERP Solutions was acquired by Mythics, via its financial sponsor One Equity Partners, through an LBO on April 24, 2025.
- Through this acquisition, Mythics intends to expand and customize its offerings across Oracle applications, while improving operational efficiencies and increasing agility and scalability.

Apr-25



275  
EMPLOYEES

- TechMD was acquired by Integriss, via its financial sponsors OMERS Private Equity and Antares Capital, through an LBO on June 16, 2025.
- This acquisition will enable Integriss to broaden its cybersecurity offerings and enhance service delivery for small and midsize business (SMB) clients across the US.

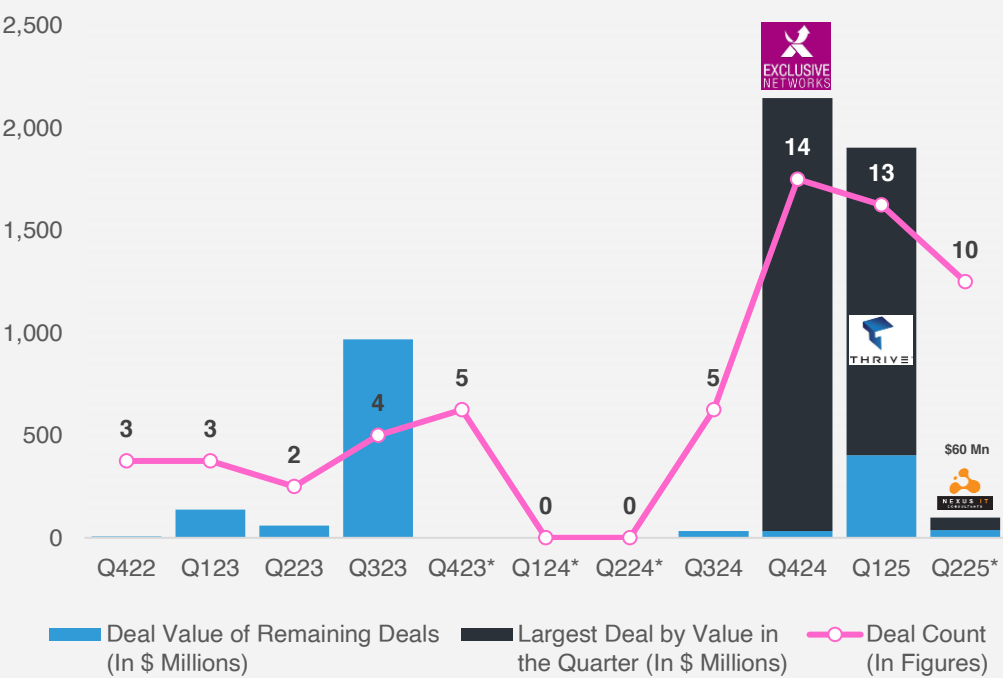
Jun-2025

Note: This slide presents key deals completed in Q2 2025 and are ranked based on the size of the target company.



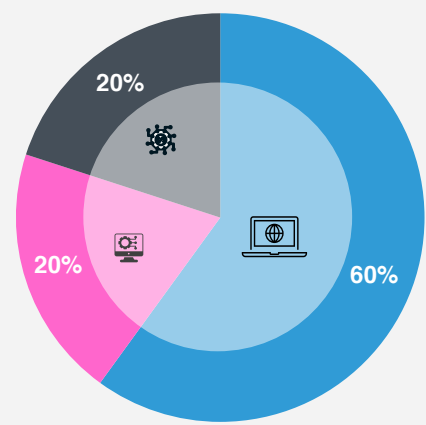
# 10 PRIVATE PLACEMENT DEALS IN Q2 25, WITH THE US COMPRISING 60% OF THE DEALS

ANNOUNCED PRIVATE PLACEMENT DEALS IN THE US AND EUROPE | Q2 2025



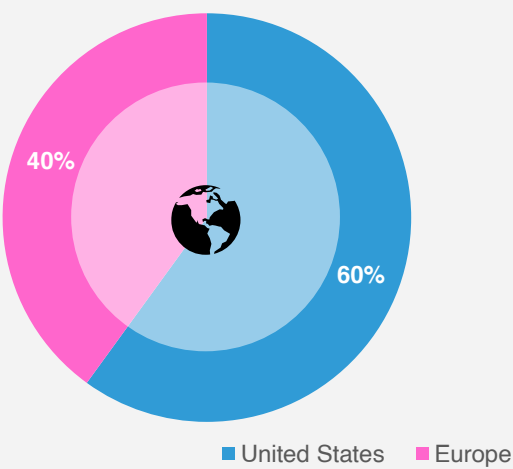
Q2 2025 DEAL COUNT BY SEGMENT

Total - 10



Q2 2025 DEAL COUNT BY GEO

Total - 10



IT Consulting and Outsourcing



Security Services
































Systems Software

Note: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value. Drake Star did not act as financial advisor on transactions listed on this page.  
\*For Q2 2025, the total disclosed deal value is \$98 Mn, with Nexus IT Consultants reporting the largest deal value of \$60 Mn.  
\*No deal values disclosed for Q4 2023, Q1 2024, and Q2 2024. No transactions took place in Q1 2024 and Q2 2024.

# IT CONSULTING & OUTSOURCING DRIVE INVESTMENTS

TOP PRIVATE PLACEMENT DEALS IN THE MSP SPACE | Q2 2025

COMPANY	SUBSECTOR	COUNTRY	REVENUE (\$ Mn)	DEAL SIZE (\$ Mn)	EMPLOYEES	SELECT INVESTOR	DATE
 CIPAL SCHAUBROECK	IT Consulting and Outsourcing		102.5	-	400	 total specific solutions <small>VERTICAL MARKET SOFTWARE</small>	Jun-25
 NEXUS IT CONSULTANTS	IT Consulting and Outsourcing		4.1	60.0	40	 METROPOLITAN	Jun-25
 ITPartners+	Systems Software		-	30.0	-	 METROPOLITAN	Jun-25
 OSTRA CYBERSECURITY	Security Services		-	5.5	-	-	Jun-25
 versatile <small>EMPOWERING TECHNOLOGY</small>	IT Consulting and Outsourcing		8.3	2.5	-	 SCREEN CAPITAL	May-25
 FUTURE RANGE	IT Consulting and Outsourcing		-	-	10	 Cardinal	Jun-25
 CYBER CROWD	Security Services		-	-	10	 LIMERSTON CAPITAL	May-25
 HighWire NETWORKS	Systems Software		8.5	0.25	40	 GHS INVESTMENTS, LLC	Apr-25
 OculusIT	IT Consulting and Outsourcing		-	-	-	 AVATHON	Apr-25
 procloud AG	IT Consulting and Outsourcing		-	-	-	 Sequotech	Apr-25

# PRIVATE PLACEMENT INVESTMENTS IN MSPS

Q2 2025



**\$60M**  
INVESTMENT BY

- Nexus IT Consultants LLC announced that it has received \$60 million capital commitment from a new investor, Metropolitan Partners Group on June 9, 2025.
- The funding will support Nexus IT's nationwide growth strategy, including the acquisition of culturally aligned MSPs serving healthcare, finance, and legal sectors.

Jun-25



**\$30M**  
INVESTMENT BY

- IT Partners LLC announced that it has received \$30 million in a round of funding from a new investor, Metropolitan Partners Group on June 26, 2025.
- The capital will enable ITPartners to execute its M&A roadmap, consolidate leading MSPs nationwide, and support long-term growth goals.





Jun-25



**\$2.5M**  
ACQUISITION BY

- Versatile Communications, Inc. was acquired by Screen Capital through a \$2.5 million LBO on May 21, 2025.

May-25



**\$0.3M**  
INVESTMENT BY

- High Wire Networks, Inc. announced that it has received a \$250,000 funding from GHS Investments, LLC through a securities purchase agreement on April 30, 2025.

Apr-25



**400**  
EMPLOYEES

- Cipal Schaubroeck was acquired by Total Specific Solutions, a US-based company investing in vertical market software companies, on June 2, 2025.
- This acquisition strengthens TSS's portfolio of local government software providers in Europe.

Jun-25



**10**  
EMPLOYEES

- Futurerange Limited announced that it has received a round of funding from a new investor, Cardinal Capital Group on June 02, 2025.
- The funds will be used to enhance Futurerange's business offerings and support its strategic acquisitions.

Jun-25




A low-angle, wide shot of the Tower Bridge in London at dusk. The bridge's iconic stone towers and blue-painted suspension cables are visible against a sky with soft, orange and blue clouds. In the foreground, the lower half of a person is visible, running across the bridge deck. The person is wearing dark athletic pants and a blue long-sleeved shirt. The bridge's ornate metal railings and walkways are in the immediate foreground, creating a sense of depth and movement.

MEET US AT UPCOMING  
MSP EVENTS





*Leading conference for MSPs and IT business executives  
hosted by IT BY DESIGN.*

 Aug 6, 2025 | 9:00-9:45 AM

 Hyatt Regency, Jersey City, NJ



**Panel Discussion + 1:1 Exclusive  
Coaching Sessions for MSPs**

**Positioning your MSPs for a high  
value exit**

**Building an enduring exit plan that  
rewards you and your clients**

**SAM LEVY**

MSP M&A Expert  
Partner, Drake Star

Advised 50+ sell-side M&A deals across  
MSPs, IT Services, FinTech, and  
Cybersecurity



**Panel Discussion**

**Attorney and business leader with  
25+ years of experience in legal  
strategy, leadership, and succession  
planning**

**ALEX GERTSBURG**

Founder and CEO  
ExitPath Partners



Grow Conference 2025  
*Leading Conference for MSPs*

 Aug 13, 2025

 Denver, CO



**SAM LEVY**

Sam is an IT Nation Designated MSP  
Subject Matter Expert

Advised 50+ sell-side M&A deals across MSPs,  
IT Services, FinTech, and Cybersecurity

**SAM LEVY**  
MSP M&A Expert  
Partner, Drake Star



# GLOBAL REACH COMBINED WITH LOCAL PRESENCE

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



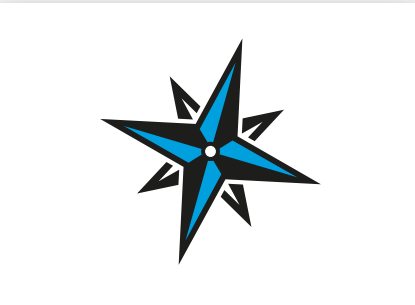
5  
countries



8  
offices



500+  
transactions



+40  
Deal of the Year  
Awards



+70%  
cross-border  
transactions



+30  
Partners &  
Senior Advisors





# MSP

## Q2 2025 MARKET UPDATE

WWW.DRAKESTAR.COM

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BELIEVE IN INNOVATION  
CHANGE THE WORLD

