



MANAGED SERVICE PROVIDER “MSP” MARKET UPDATE Q4 2024

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

Only boutique in
global top 10*



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


 <p>SALE TO</p>  <p>IT Services</p> 	 <p>TRANSACTS WITH</p>  <p>a portfolio company of</p>  <p>IT Services</p>	 <p>SALE TO</p>  <p>a portfolio company of</p>  <p>MSP</p>	 <p>a portfolio company of</p>  <p>MAJORITY SALE TO</p>  <p>Network Equip. Partners</p> <p>MSP</p>	 <p>a portfolio company of</p>  <p>SALE TO</p>  <p>MSP</p>
 <p>a portfolio company of</p>  <p>HAS RECEIVED MAJORITY INVESTMENT FROM</p>  <p>MSP</p>	 <p>RECAPITALIZATION WITH</p>  <p>MSP</p>	 <p>HAS SOLD A MINORITY STAKE TO</p>  <p>MSP</p>	 <p>HAS BEEN ACQUIRED BY</p>  <p>MSP</p>	 <p>a portfolio company of</p>  <p>HAS ACQUIRED</p>  <p>MSP</p>
 <p>a portfolio company of</p>  <p>SALE TO</p>  <p>MSP</p>	 <p>a portfolio company of</p>  <p>HAS ACQUIRED</p>  <p>MSP</p>	 <p>a portfolio company of</p>  <p>HAS ACQUIRED</p>  <p>MSP</p>	 <p>PRIVATE PLACEMENT</p>  <p>MSP</p>	 <p>SALE TO</p>  <p>a portfolio company of</p>  <p>MSP</p>



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OUR KEY TAKEAWAYS ON THE MSP MARKET



In Q4 2024, private placement activity in the MSP space saw a notable surge, driven by an increase in platform deals, coupled with a significant rise in M&A deal value that rose to \$2.2 billion from \$34 million in Q3 2024.



Strategic as well as financial consolidators continued prioritizing strengthening their capabilities through the acquisition of IT consulting service providers, which comprised 83% of total deal activity in Q4 2024.



Strategic buyers remain active in consolidation, with 6 of the top 10 players acquiring at least four Managed Service Providers (MSPs) each between 2023 and 2024, while the remaining four invested in at least three MSPs. In contrast, 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.

MSP MARKET UPDATE

STRONG MARKET TRACTION DESPITE ECONOMIC UNCERTAINTY

71

MSP transactions
in Q4 2024

\$305bn

Global managed service
market value in 2024

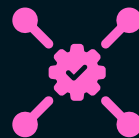
~7.2%

Expected market growth
CAGR until 2033

Top 3 Most Important Outcomes Achieved From Managed Services



Outsourcing IT services to
MSPs enables operating cost
efficiencies



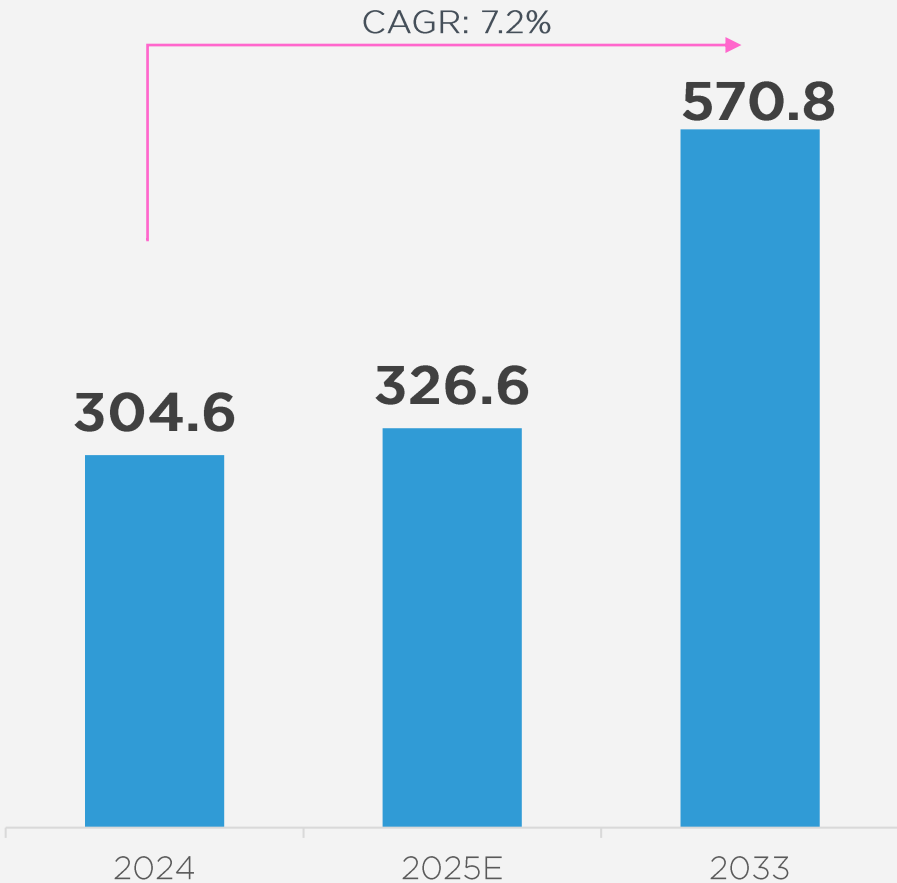
Assist in navigating the
complexities of advanced IT
environments



Rapid deployment of
new technology

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

MANAGED SERVICES MARKET SIZE (in \$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.



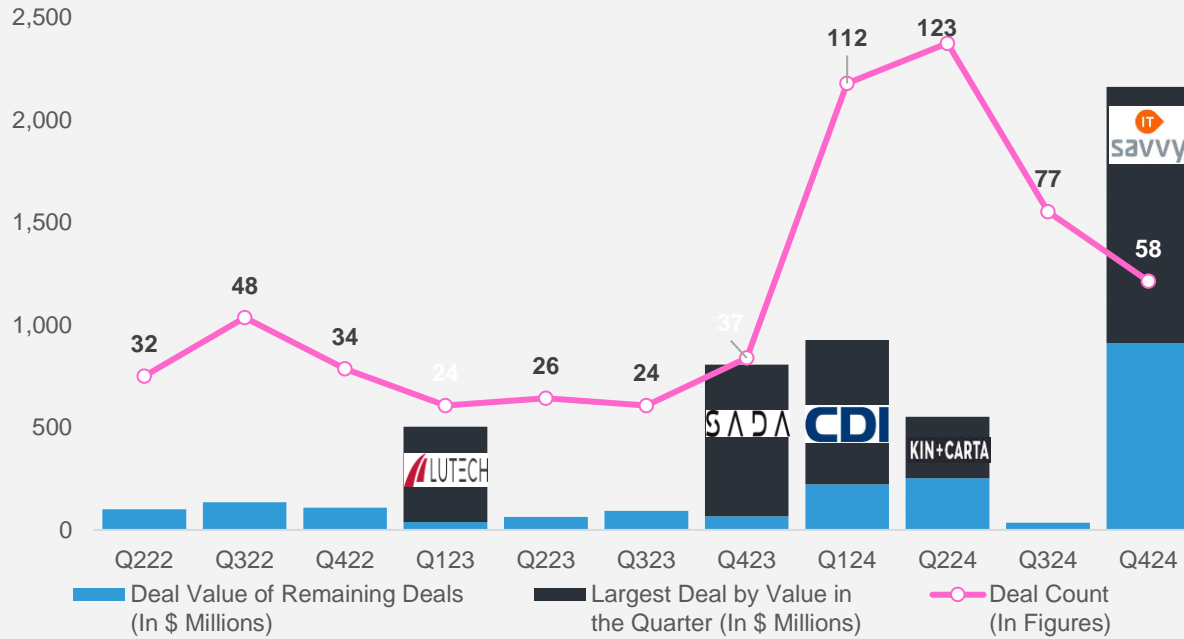
Cybersecurity Challenges: The rising incidence of cybersecurity threats is fueling the need for MSPs, who provide specialized solutions such as 24/7 monitoring and threat detection. These services are vital for safeguarding sensitive data and ensuring compliance with regulations.



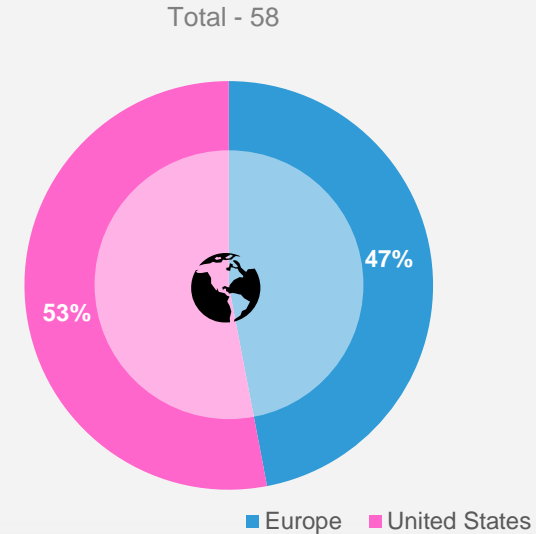
Enhanced Business Agility: Managed services offer the flexibility to promptly adapt IT resources to changes in the market, customer requirements, and emerging opportunities. This capability allows for swift responses without being constrained by fixed infrastructure.

Q4 24 M&A DISCLOSED DEAL VALUE SURGE

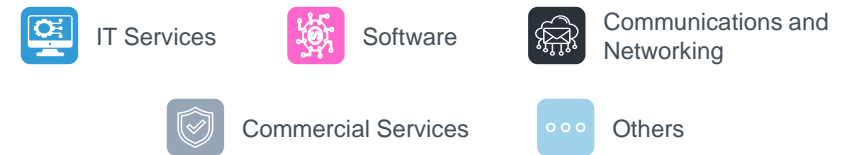
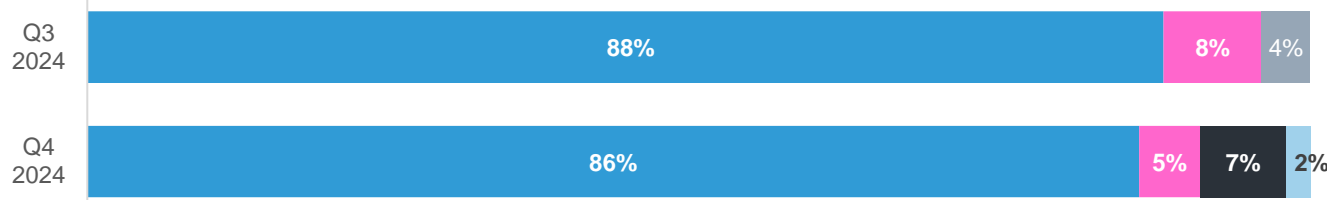
IN Q4 2024, 58 ANNOUNCED M&A DEAL DEALS IN THE UNITED STATES AND EUROPE



Q4 2024 DEAL COUNT BY GEO



DEAL COUNT BY SEGMENT



Note: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value.

PLATFORM MSPS CONTINUE CONSOLIDATING THE MARKET TO STRENGTHEN AND EXPAND THEIR SERVICE OFFERINGS







































TOP 10 MOST ACTIVE STRATEGIC CONSOLIDATORS*

TOP 10 MOST ACTIVE FINANCIAL CONSOLIDATORS**

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

STRATEGIC BUYERS FROM MULTIPLE SECTORS EXPRESS INTEREST IN MSPS

Q4 2024

COMPANY	COUNTRY	EMPLOYEES	REVENUE (\$ Mn)	DEAL SIZE (\$ Mn)	EV/EBITDA	ACQUIRER	ACQUIRER COUNTRY	DATE
 Present your digital future		1,500	--	--	--	 Exprivia future. perfect. simple.		Dec-24
 PATH		800	--	--	--	 Ideal Integrations building networks and partnerships		Dec-24
 ai applied insight		650	--	--	--	 CACI EVER VIGILANT		Oct-24
 savvy.		500	--	400.0	--	 XEROX		Nov-24
 SD satcom direct.		398	485.0	375.0	0.8	 gogo BUSINESS AVIATION		Dec-24
 Atech		150	40.8	75.3	1.9	 iOmart		Oct-24
 DECSKILL		640	--	47.8	--	 ASTEK		Oct-24
 nitel		388	--	--	--	 COMCAST BUSINESS		Dec-24
 CLOUDCOCO THE FUTURE STARTS NOW		--	--	12.0	--	 aspire LDC		Nov-24
 WIT:		10	--	1.9	--	 NET ESSENCE		Dec-24

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

M&A DEALS IN THE MSP SPACE

Q4 2024


\$400M
 ACQUISITION BY 




- ITSavvy was acquired by Xerox for \$400 million on November 20, 2024.
- This acquisition reinforces Xerox's commitment to reinventing and expanding its IT Services business, while consistently delivering innovative solutions to enhance its clients' workplaces.


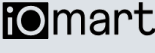
Nov-2024




\$375M
 ACQUISITION BY 




- Satcom Direct was acquired by Gogo Business Aviation for \$375 million on December 4, 2024.
- This transaction advances Gogo's growth strategy by expanding its market to 14,000 business aircraft outside North America and delivering solutions for all segments of the Business Aviation market.


Dec-2024


\$75.3M
 ACQUISITION BY 

- The entire issued share capital of Kookaburra Topco Limited, the holding company of Atech Support Limited was acquired by iomart Group plc for £57 million (\$75 million) on October 1, 2024.
- This transaction strengthens iomart's expertise in Azure, workplace solutions, and security services, enhancing support for its 10,000 customers.

Oct-2024


\$47.8M
 ACQUISITION BY 




- Decskill was acquired by Astek (France) for €43 million (\$47.8 million) on October 1, 2024.
- The acquisition broadens Astek's expertise and considerably strengthens its nearshore and offshore capabilities to meet the growing needs of its customers worldwide.



Oct-2024


\$12.0M
 ACQUISITION BY 




- The IT Managed Services Business of CloudCoCo was acquired by Aspire Technology Solutions through an estimated £9.2 million (\$12 million) LBO via its financial sponsor LDC on November 1, 2024.
- This acquisition strengthens Aspire' UK presence and enhances its ability to deliver advanced IT services, security solutions, and workplace technology solutions.

Nov-2024


\$1.9M
 ACQUISITION BY 

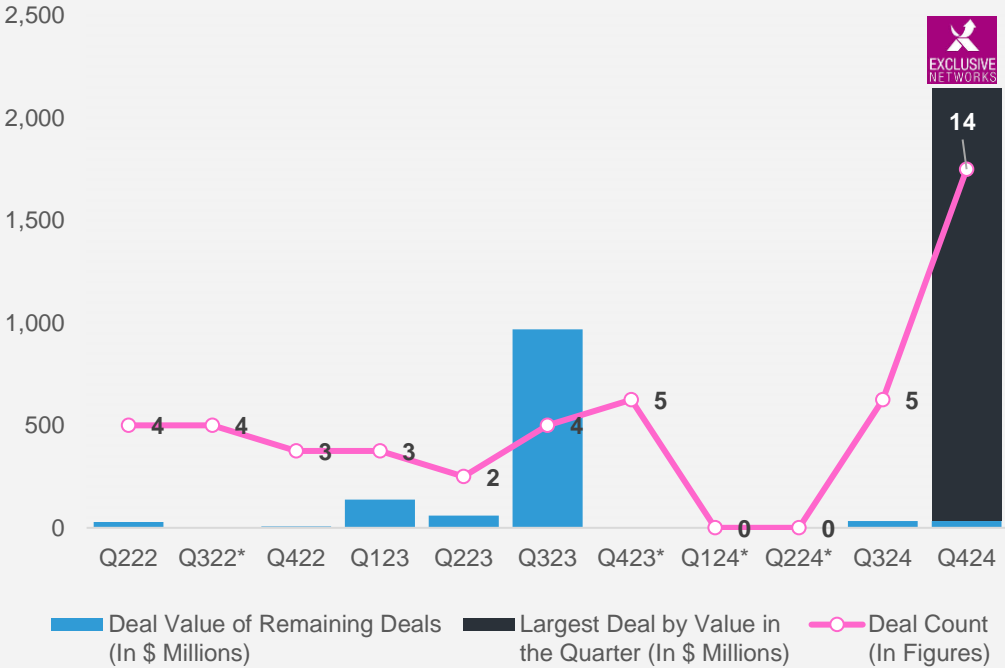



- Workshop IT Ltd. was acquired by Net Essence Group for £1.5 million (\$1.9 million) on December 5, 2024.
- This acquisition enhances Net Essence's capabilities and market reach with Workshop IT's offerings complementing its existing portfolio, creating a strong platform for growth.

Dec-24

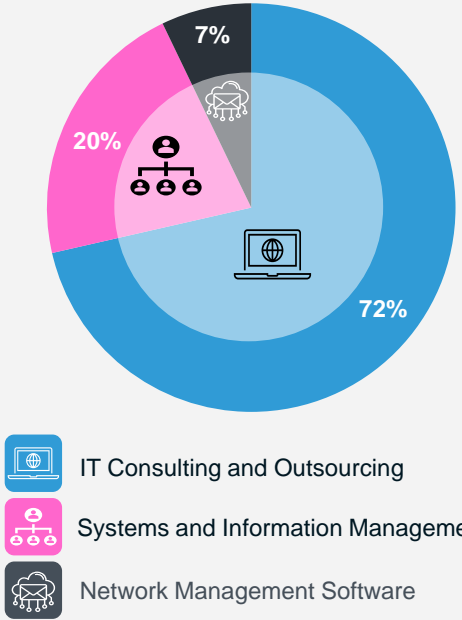
Note: This slide presents deals that have disclosed their sizes and are ranked accordingly.

Q4 2024 WITNESSED A 3X GROWTH IN MSP PRIVATE PLACEMENT INVESTMENT VOLUMES COMPARED TO Q3 2024



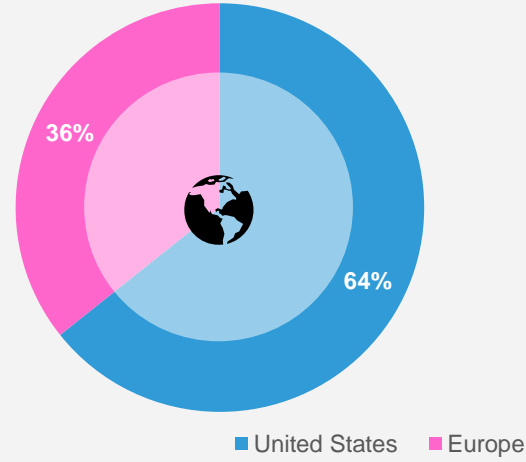
Q4 2024 DEAL COUNT BY SEGMENT

Total - 14



Q4 2024 DEAL COUNT BY GEO






























Total - 14



Note: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value. Information on deal count and value by stage is available. Drake Star did not act as financial advisor on transactions listed on this page. *No deal values disclosed for Q3 2022, Q4 2023, Q1 2024, and Q2 2024. No transactions took place in H1 2024.

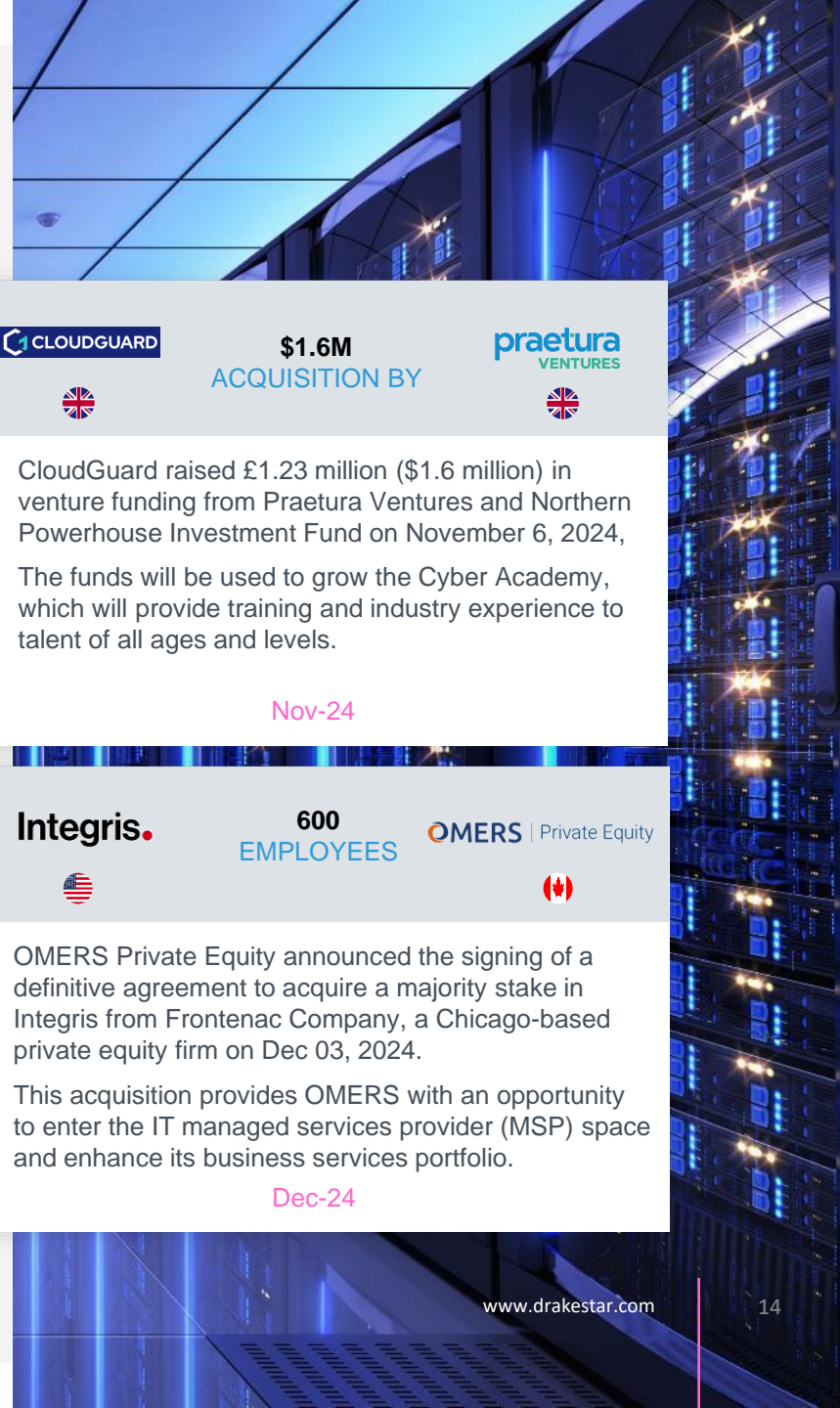
PE INVESTMENTS IN MSPS


Q4 2024


COMPANY	SUBSECTOR	COUNTRY	REVENUE (\$ Mn)	DEAL SIZE (\$ Mn)	EMPLOYEES	SELECT INVESTOR	DATE
 TAO DIGITAL	IT Consulting and Outsourcing		--	32.0	3,000		Oct-24
 EXCLUSIVE NETWORKS	Systems and Information Management		1,629.4	2,112.6	2,700		Dec-24
 cbts	IT Consulting and Outsourcing		1,000.0	--	2,500		Dec-24
 options	IT Consulting and Outsourcing		--	--	600		Oct-24
 Integriss.	Systems and Information Management		--	--	600		Dec-24
 PINNACLE	IT Consulting and Outsourcing		--	--	200		Oct-24
 HARBOR NETWORKS	IT Consulting and Outsourcing		--	--	67		Oct-24
 PERFORMIVE	Systems and Information Management		--	--	52		Nov-24
 hitekdata	IT Consulting and Outsourcing		--	--	33		Oct-24
 CLOUDGUARD	Network Management Software		--	1.6	29		Nov-24

PRIVATE PLACEMENT INVESTMENTS IN MSPS

Q4 2024





EXCLUSIVE NETWORKS



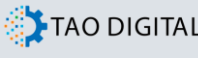
\$2.1Bn
 ACQUISITION BY


CD&R



- A block of 66.7% of the share capital of Exclusive Networks SA was acquired by Clayton, Dubilier & Rice, LLC (CD&R) and Permira Funds at a price of at a price of €18.96 per share, on December 17, 2024.


Dec-24


TAO DIGITAL



\$32.0M
 ACQUISITION BY


VESPER



- Tao Digital raised an estimated \$32 million of Series A venture funding from Vesper Company, and other undisclosed investors on October 23, 2024,
- With this funding, TAO expects to pursue key M&A opportunities, expand globally, and invest in its AI model library to enhance its product engineering and data services.

Oct-24


CLOUDGUARD




\$1.6M
 ACQUISITION BY


praetura VENTURES



- CloudGuard raised £1.23 million (\$1.6 million) in venture funding from Praetura Ventures and Northern Powerhouse Investment Fund on November 6, 2024,
- The funds will be used to grow the Cyber Academy, which will provide training and industry experience to talent of all ages and levels.


Nov-24


cbts



2,500
 EMPLOYEES

TOWERBROOK



- CBTS, a subsidiary of Altfiber, was acquired by TowerBrook Capital Partners through an LBO on December 2, 2024 for an undisclosed amount.
- This investment will enable CBTS to drive growth and innovation by rapidly enhancing product offerings while continuing to deliver outstanding business outcomes.

Dec-24


options



600
 EMPLOYEES

VITRUVIAN PARTNERS



- Options Technology Limited announced the receipt of funds in a round of funding on October 16, 2024.
- The funds will support the company's global expansion and innovation, focusing on growth in key areas such as Cloud, Security, AI, High-performance Networking, and Market Data services.

Oct-24


Integris.



600
 EMPLOYEES

OMERS | Private Equity



- OMERS Private Equity announced the signing of a definitive agreement to acquire a majority stake in Integris from Frontenac Company, a Chicago-based private equity firm on Dec 03, 2024.
- This acquisition provides OMERS with an opportunity to enter the IT managed services provider (MSP) space and enhance its business services portfolio.

Dec-24

GLOBAL REACH COMBINED WITH LOCAL PRESENCE

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



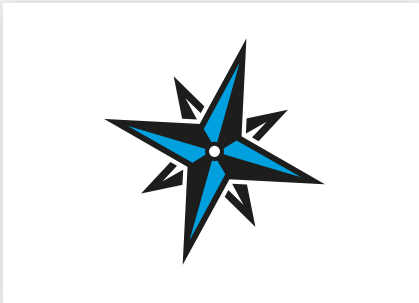
5
countries



8
offices



500+
transactions



+40
Deal of the Year
Awards



+70%
cross-border
transactions



+30
Partners &
Senior Advisors





MSP

Q4 2024 MARKET UPDATE

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*Partner Office

A low-angle, wide shot of the Tower Bridge in London during the "blue hour" of dusk. The bridge's massive stone towers and blue suspension cables are the central focus, set against a sky of soft, orange and blue light. In the immediate foreground, the lower legs and feet of a person wearing black tights and high-heeled shoes are visible, suggesting a sense of movement and fashion. The bridge's walkway and ornate railings are also visible.

 DRAKE STAR

BELIEVE IN INNOVATION
CHANGE THE WORLD