



MANAGED SERVICE PROVIDER “MSP” MARKET UPDATE Q4 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



INDEPENDENT AND PARTNER-LED

Partner-owned investment bank with an entrepreneurial team



RECOGNISED BY THE INDUSTRY

10x investment bank of the year,
+45x deal of the year,
6x leadership awards



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



LEADER IN MID-MARKET TECH INVESTMENT BANKING

Top Global Boutique Investment Bank

STRONG TRANSACTION TRACK RECORD ACROSS THE GLOBAL TECH LANDSCAPE

OVER 500+ TRANSACTIONS COMPLETED



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

brainsell
SALE TO
Atlantic
IT Services


~~FOCUS TECHNOLOGY~~
a portfolio company of
SEACOAST CAPITAL
ACQUISITION OF
CONVERGED TECHNOLOGY GROUP
IT Services


TNS GROUP
SALE TO
omega systems
a portfolio company of
PFINGSTEN
MSP


coretelligent
a portfolio company of
VSS
MAJORITY SALE TO
N|E P
NewEq Partners
MSP


THRIVE
a portfolio company of
MC PARTNERS
SALE TO
COURT SQUARE
MSP


Synoptek
a portfolio company of
SVERICA
HAS RECEIVED MAJORITY INVESTMENT FROM
83 QUAD-C
Digital MSP Solutions


nexustek nt
RECAPITALIZATION WITH
abry partners
MSP


abacus group plc
HAS SOLD A MINORITY STAKE TO
WESTVIEW CAPITAL PARTNERS
MSP


Med Tech Solutions
HAS BEEN ACQUIRED BY
SUNSTONE PARTNERS
MSP


coretelligent
a portfolio company of
VSS
HAS ACQUIRED
OUNDSTONE TECHNOLOGY GROUP
MSP


CLOUDNEXA
a portfolio company of
ACTIVATE VENTURE PARTNERS
SALE TO
GLOBAL
MSP


coretelligent
a portfolio company of
VSS
HAS ACQUIRED
UTG
MSP


coretelligent
a portfolio company of
VSS
HAS ACQUIRED
SoundView IT SOLUTIONS
MSP


iccs
TRANSACTS WITH
nexustek nt
a portfolio company of
abry partners
IT Services


CLEARPointe
SALE TO
Accountabil IT
a portfolio company of
WestView CAPITAL PARTNERS
MSP



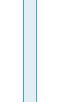
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DRAKE STAR'S LEADERSHIP POSITION IN MSP M&A AND ADVISORY

STRONG TRACK RECORD IN MSP DEALS

 <p>brainSell SALE TO Atlantic IT Services</p>	 <p>FOCUS Technology a portfolio company of  SEACOAST CAPITAL</p>	 <p>TNS SALE TO  omega systems "Tech for every day"</p>	 <p>coreIntelligent a portfolio company of  VSS</p>	 <p>NEP Newport Equity Partners MAJORITY SALE TO  coupe square</p>
 <p>Synoptek a portfolio company of  SVERICA HAS RECEIVED MAJORITY INVESTMENT FROM  QUAD-C Digital MSP</p>	 <p>nexustek  RECAPITALIZATION WITH  abry partners</p>	 <p>abacus groupabacus HAS SOLD A MINORITY STAKE TO  VERSUSVIEW CAPITAL PARTNERS</p>	 <p>Med Tech Solutions HAS BEEN ACQUIRED BY  SUNSTONE PARTNERS</p>	 <p>coreIntelligent a portfolio company of  VSS HAS ACQUIRED  Soundhouse Technology Group</p>
 <p>CloudNexa a portfolio company of  Activate SALE TO  IN-IN GLOBAL MSP</p>	 <p>coreIntelligent a portfolio company of  VSS HAS ACQUIRED  UTG</p>	 <p>coreIntelligent a portfolio company of  VSS HAS ACQUIRED  SoundView IT Solutions</p>	 <p>iccs IT TRANSACTIONS WITH  nexustek  a portfolio company of  abry partners Services</p>	 <p>CLEARPointe SALE TO  Accountabil IT HAS ACQUIRED  VERSUSVIEW CAPITAL PARTNERS MSP</p>

ACCREDITATION



MSP INDUSTRY EVENTS & MEDIA HIGHLIGHTS

INDUSTRY LEADING THOUGHT LEADERSHIP & INSIGHTS

MSP M&A DEAL ACTIVITY MOMENTUM CONTINUES IN 2025

400+ TRANSACTIONS WITH \$4.3 BILLION IN DECLARED DEAL VALUE



Investments in MSPs increased notably in 2025, with 466 transactions (123 in Q4 2025), up ~20% YoY from 389 deals in 2024. M&A transactions accounted for 90% of total transactions (420 deals) in 2025, including 113 deals in Q4 2025. Disclosed M&A deal value reached \$4.3 billion in 2025 (\$3.7 billion in 2024), including \$684 million in Q4 2025.



2025 witnessed strategic acquirers and financial investors remaining active in acquiring IT service providers to expand and strengthen their service offerings, with such transactions representing 85% of the total deal volume in 2025.



Strategic buyers continue to consolidate actively, with all the top 10 players acquiring at least five MSPs over the past two years. In contrast, most financial investors have typically limited their activity to two MSP investments.



The global MSP market value reached \$350 billion in 2025 and is expected to grow to \$850 billion by 2034, driven by increasing IT complexities and demand for cost efficiency.

STRONG MARKET TRACTION DESPITE ECONOMIC UNCERTAINTY

466

MSP transactions
in 2025 (123 in Q4)

\$350bn

Global managed service market
value in 2025

~10.4%

Expected market growth CAGR
until 2034

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

STRONG M&A ACTIVITY FROM MORE STRATEGIC AND SELECTIVE BUYERS IN 2026

As we close out 2025 and look ahead to 2026, the MSP sector continues to demonstrate durability and strategic relevance within tech-enabled services. While overall M&A activity has remained selective, a limited number of **platform-level ownership and control transactions** over the past 12–18 months have provided a clear signal as to where buyer conviction remains strongest heading into the next cycle.

Late-2024 and early-2025 transactions such as **Integris's** recapitalization with **OMERS Private Equity**, and **Ntiva's** acquisition of **The Purple Guys**, helped set the foundation for buyer behavior observed throughout 2025. These transactions reinforced continued institutional and strategic appetite for scaled MSP platforms with strong recurring revenue, professionalized operating models, and leadership teams capable of executing through integration.

More broadly, ownership transitions and transformational combinations involving platforms such as **Thrive**, **NWN Carousel**, and **Omega Systems** reflect a market entering a more mature phase. Buyers are increasingly underwriting not just growth, but **quality and repeatability** — with a sharper focus on integration readiness, cybersecurity capability, vertical relevance, and operational discipline across a scaled footprint.

As we enter 2026, we expect these dynamics to become more pronounced. Acquirers are likely to remain active, but highly selective, prioritizing platforms and add-on targets that can accelerate strategic objectives rather than simply add revenue. MSPs that demonstrate consistent service delivery, embedded security and compliance capabilities, management depth beyond the founder, and the ability to deploy automation and AI in a measurable way should continue to attract strong interest and premium outcomes.

At Drake Star, we continue to advise **market-leading MSP buyers**, including **Titan MSP** and **Focus Technology**, supporting their acquisition strategies and broader consolidation efforts. These acquisitions reflect the same buyer priorities we see across the market: strategic fit, capability expansion, and long-term value creation.

“Looking ahead, we expect 2026 MSP M&A activity to be defined less by volume and more by **intentional consolidation**, with capital flowing toward platforms that combine scale with execution. The market has moved beyond growth for growth’s sake, and into a phase where strategy, integration, and operating rigor increasingly determine transaction outcomes.”

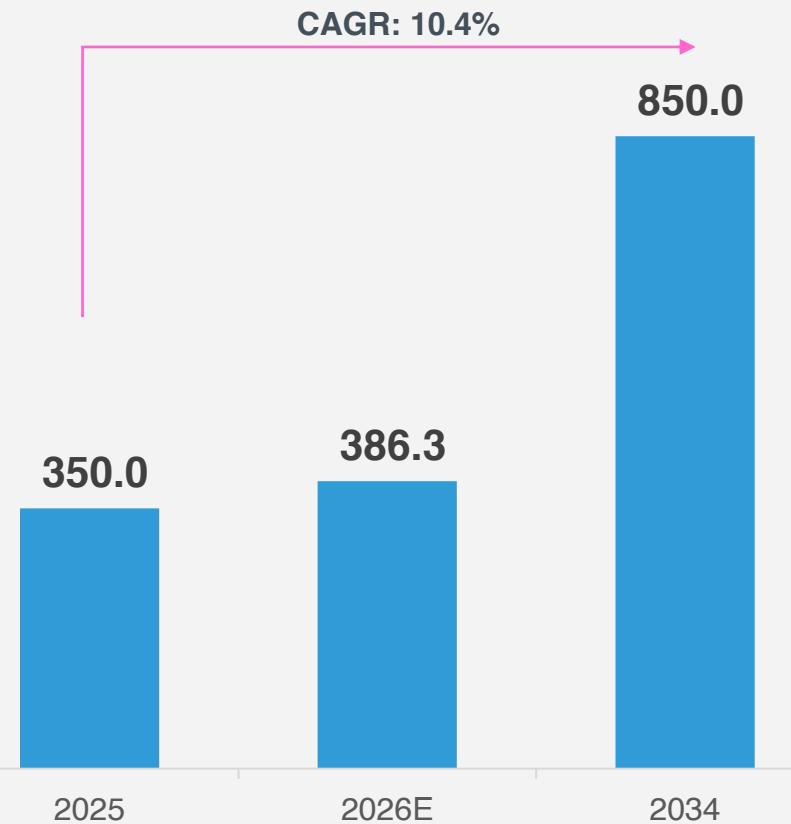


Sam Levy
Partner, Drake Star

IT COMPLEXITIES AND COST EFFICIENCY DRIVING MANAGED SERVICES TO REACH \$850B

MANAGED SERVICES MARKET ESTIMATED TO GROW 10% Y-O-Y TO ~\$390 BILLION IN 2026 AND TO \$850 BILLION BY 20234

GLOBAL 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.



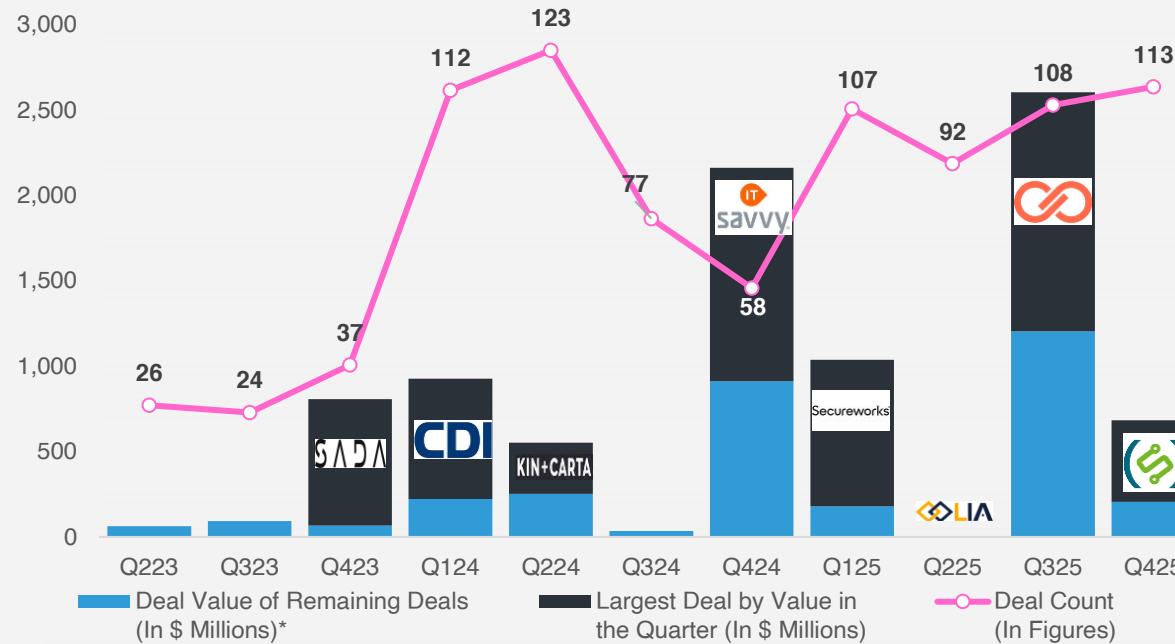
Cybersecurity Challenges: The rising incidence of cybersecurity threats is fueling the need for MSPs, who provide specialized solutions such as 24/7 monitoring and threat detection. These services are vital for safeguarding sensitive data and ensuring compliance with regulations.



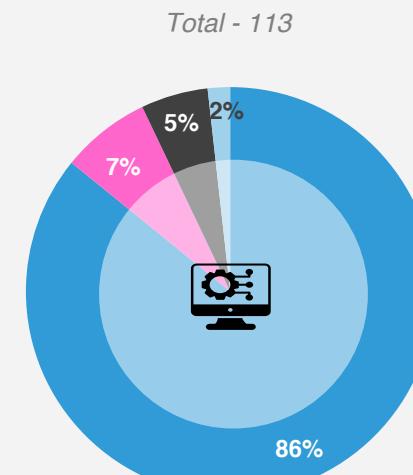
Enhanced Business Agility: Managed services offer the flexibility to promptly adapt IT resources to changes in the market, customer requirements, and emerging opportunities. This capability allows for swift responses without being constrained by fixed infrastructure.

M&A ACTIVITY CONTINUES TO GROW, DRIVEN BY IT SERVICES AT 85%+ OF TOTAL DEALS

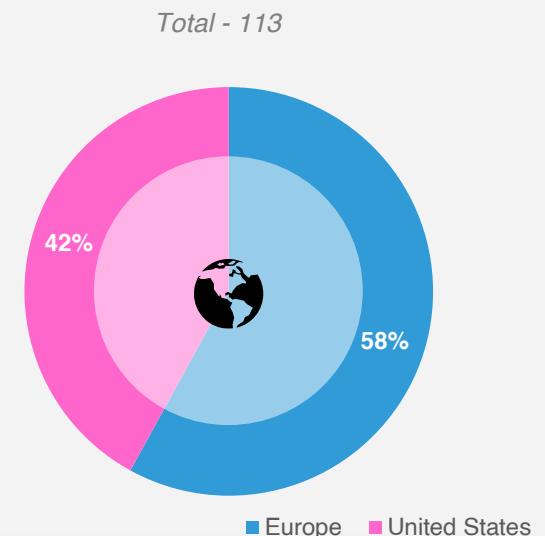
113 ANNOUNCED M&A DEALS IN THE US AND EUROPE IN Q4 2025, THE HIGHEST IN THE LAST SIX QUARTERS



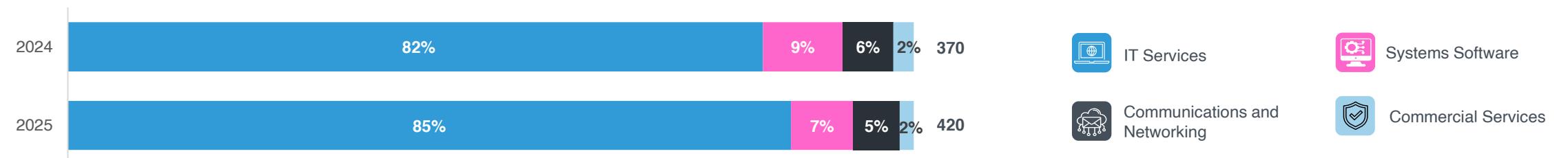
Q4 2025 DEAL COUNT BY SEGMENT



Q4 2025 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.

MSP PLATFORMS CONTINUE TO CONSOLIDATE WITH TOP 10 CLOSING 5+ DEALS EACH

TOP MSP CONSOLIDATORS | Q1 2024 – Q4 2025

TOP 10 MOST ACTIVE STRATEGIC CONSOLIDATORS*



TOP 10 MOST ACTIVE FINANCIAL CONSOLIDATORS**



Includes deals since Jan 2024. *Ranked by total deal count.

CD&R has made two investments in Exclusive networks since Jan 2024

**Most financial investors have made only two investments in MSP companies. Therefore, apart from the first six 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 | Q4 2025



COMPANY	COUNTRY	EMPLOYEES	REVENUE (\$ Mn)	DEAL SIZE (\$ Mn)	ACQUIRER	ACQUIRER COUNTRY	DATE
 GRUPO solitium		1,400	314.3	479.0	 koesio		Oct-25
 cybereason A LevelBlue Company		1,000	-	-	 LevelBlue		Nov-25
 mindSHIFT a Ricoh company		850	-	-	 Netrix GLOBAL		Nov-25
 BT		800	278.1	-	 RETELIT		Oct-25
 ergo:		700	-	-	 PRESIDIO [®]		Oct-25
skaylink		500	-	203.4	 vodafone		Dec-25
 NeuraFlash Part of Accenture		500	-	-	 accenture		Oct-25
 Ultima		450	-	-	 TRUSTMARQUE		Nov-25
 SPATHE SYSTEMS		400	-	-	 QP QUIET PROFESSIONALS		Nov-25
 corus		350	22.1	-	 ALTEL		Oct-25

SELECT M&A DEALS IN THE MSP SPACE

Q4 2025

 GRUPO SOLITIUM	\$479M ACQUISITION BY	 koesio
		

- Grupo Solitium was acquired by Koesio, a French digital services company, for EUR 412 million (\$ 479 million) on October 30, 2025.
- The acquisition will support Koesio in its international expansion into Spain, broaden its managed IT and digital services offerings, and create a stronger platform for future M&As.

Oct-2025

 skaylink	\$203M ACQUISITION BY	 vodafone
		

- Skaylink, a Germany-based cloud services provider, was acquired by Vodafone Group for EUR 175 million (\$203 million) on December 17, 2025.
- The acquisition will enhance Vodafone Group's digital services portfolio for business and public sector customers.

Dec-2025

 corus	350 EMPLOYEES	 ALTERN
		

- Corus Systems and Consulting, a Spanish technology consulting firm was acquired by Alten Europe, a France-based technology and IT services company, on October 13, 2025.
- The acquisition supports Alten's expansion into Spain, US, Mexico, Colombia, and Peru, while strengthening its position in global technology services market.

Oct-2025

 cybereason A LevelBlue Company	1,000 EMPLOYEES	 LevelBlue
		

- Cybereason, a US-based cybersecurity services company, was acquired by LevelBlue, via its financial sponsor WillJam Ventures, through an LBO on November 25, 2025.
- The acquisition bolsters LevelBlue's global leadership in managed detection and response (MDR), incident response, and cybersecurity consulting.

Nov-2025

 mindSHIFT a Ricoh company	850 EMPLOYEES	 Netrix GLOBAL
		

- mindSHIFT Technologies, the managed IT services business of Ricoh USA, was acquired by Netrix, via its financial sponsors Caprice Capital and OceanSound Partners, through an LBO on November 4, 2025.
- The acquisition will help Netrix expand its US footprint, and scale its cloud, infrastructure, and managed services capabilities.

Nov-25

 BT	800 EMPLOYEES	 RETELIT
		

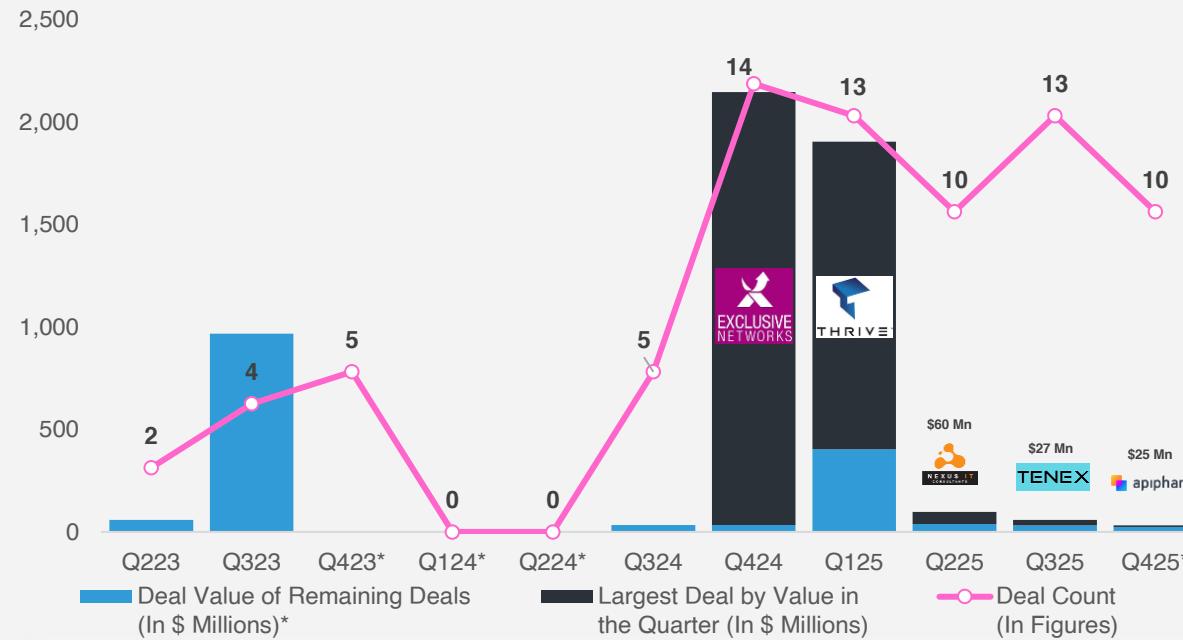
- BT Italia, an Italian telecommunications company, was acquired by Retelit, via its financial sponsor Asterion Industrial, through an LBO on October 1, 2025.
- The acquisition strengthens Retelit's digital services infrastructure and reinforces its position as a leading operator in the Italian telecom and ICT market.

Oct-2025

Note: This slide presents key deals completed in Q4 2025 and are ranked based on the disclosed deal value and size of the target company.

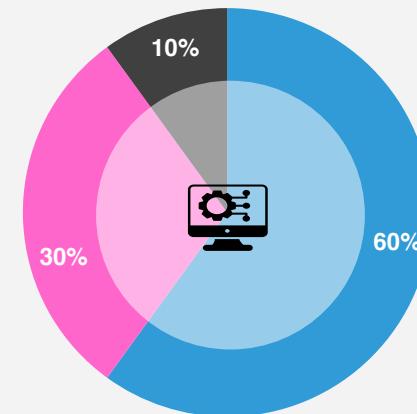
PRIVATE PLACEMENTS UP 142% Y-O-Y IN 2025; IT OUTSOURCING SERVICES LEAD DEALS

10 ANNOUNCED PRIVATE PLACEMENT DEALS IN THE US AND EUROPE IN Q4 2025, WITH 70% IN THE US



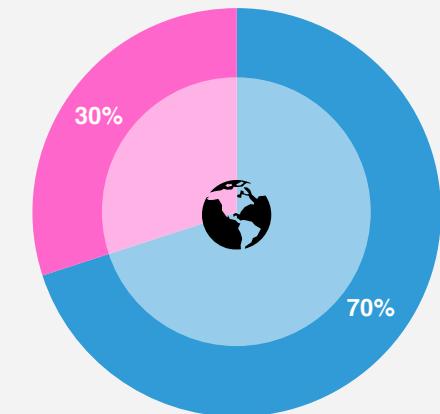
Q4 2025 DEAL COUNT BY SEGMENT

Total - 10

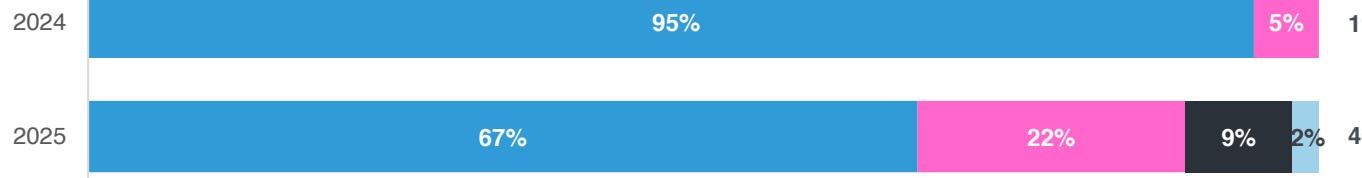


Q4 2025 DEAL COUNT BY GEO

Total - 10



DEAL COUNT BY SEGMENT



IT Outsourcing 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. Drake Star did not act as financial advisor on transactions listed on this page.

* No transactions reported in Q1-Q2 2024. No deal values disclosed in Q4 2023. For Q4 2025, the total disclosed deal value is \$32 Mn, with apiphani Inc. reporting the largest deal value of \$25 Mn.

IT OUTSOURCING FIRMS ATTRACT MOST INVESTMENTS

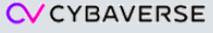
TOP PRIVATE PLACEMENT DEALS IN THE MSP SPACE | Q4 2025

COMPANY	Country	SUBSECTOR	EMPLOYEES	SELECT INVESTOR	ACQUIRER COUNTRY	DATE
EXCLUSIVE NETWORKS	🇫🇷	IT Outsourcing Services	2,700	CD&R	🇺🇸	Oct-25
TERRALOGIC	🇺🇸	Systems Software	1,400	BRIDGER HOLDINGS	🇺🇸	Nov-25
SENTINEL	🇺🇸	IT Outsourcing Services	700	TENEX CAPITAL MANAGEMENT	🇺🇸	Nov-25
ENAVATE	🇺🇸	Systems Software	175	LONGSHORE CAPITAL PARTNERS	🇺🇸	Dec-25
EVOCATIVE	🇺🇸	Internet Services and Infrastructure	150	-	-	Dec-25
Outpost24	🇸🇪	Systems Software	100	VITRUVIAN PARTNERS	🇬🇧	Dec-25
CLOUDSCALE 365	🇺🇸	IT Outsourcing Services	50	BROADWING CAPITAL	🇺🇸	Dec-25
apiphani	🇺🇸	IT Outsourcing Services	50	INSIGHT PARTNERS	🇺🇸	Oct-25
CYBAVERSE	🇬🇧	IT Outsourcing Services	10	Pembroke AIRBRIDGE EQUITY PARTNERS	🇬🇧	Oct-25
nuview	🇺🇸	IT Outsourcing Services	-	RFE	🇺🇸	Dec-25

SELECT PRIVATE PLACEMENT INVESTMENTS IN MSPS

Q4 2025

 apiphani	\$25M INVESTMENT BY	 INSIGHT PARTNERS
 		
<ul style="list-style-type: none">apiphani, an American managed IT services company, raised \$25 million in Series A funding led by Insight Partners, on October 1, 2025.The company intends to use the funding to scale its engineering and go-to-market teams in Boston and Lisbon, while further broadening its capabilities and industry reach.		
Oct-25		

 CYBAVERSE	\$7M INVESTMENT BY	 Pembroke
 		
<ul style="list-style-type: none">CybaVerse Ltd, a UK-based cyber security company, secured GBP 5 million (\$6.7 million) in a funding round led Pembroke VCT plc (UK), and Airbridge Equity Partners (The Netherlands), on October 14, 2025.The funding will be used by Cybaverse to accelerate sales and marketing initiatives, expand its team, and support development of its CybaOps platform.		
Oct-25		

 EXCLUSIVE NETWORKS	2,700 EMPLOYEES	 CD&R
 		
<ul style="list-style-type: none">Exclusive Networks SA, a French cybersecurity and digital solutions provider, received funding from Clayton, Dubilier & Rice, Ltd. (CD&R), a US-based Private Equity firm, on October 30, 2025.The funding will help Exclusive Networks improve its services and capabilities, and strengthen its global platform for vendors, partners, and end-users.		
Oct-25		

 TERRALOGIC	1,400 EMPLOYEES	 BRIDGER HOLDINGS
 		
<ul style="list-style-type: none">Terralogic, a US-based global IT solutions and digital transformation services company, was acquired by Bridger Holdings LLC, a US-based investment firm, on November 10, 2025.		
Nov-25		

 SENTINEL	700 EMPLOYEES	 TENEX
 		
<ul style="list-style-type: none">Sentinel Technologies, Inc. a US-based IT solutions provider, received funding from Tenex Capital Management, a US-based Private Equity firm, on November 3, 2025.The acquisition will support Sentinel's growth initiatives and expansion strategies.		
Nov-25		

 ENAVATE	175 EMPLOYEES	 LONGSHORE CAPITAL PARTNERS
 		
<ul style="list-style-type: none">Enavate Holdings, LLC, a U.S.-based ERP implementation and managed services provider, raised funding from Longshore Capital Management, LLC on December 11, 2025.Enavate will leverage this investment to expand its global delivery capabilities, drive innovation in cloud and AI solutions, and pursue targeted acquisitions.		
Dec-25		

GLOBAL REACH COMBINED WITH LOCAL PRESENCE

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



5
Countries



8
Offices



500+
Transactions



45+
Deal of the Year
Awards



70%+
Cross-Border
Transactions



30+
Partners &
Senior Advisors





MSP

Q4 2025 MARKET UPDATE

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CHANGE THE WORLD

