



# Technology Services M&A Report

Q1 2023



# Contents

02

**CONTENTS &  
EXECUTIVE SUMMARY**

04

**IT SERVICES**

07

**ENTERPRISE  
SOFTWARE & SAAS**

10

**SPOTLIGHT: ROBOTIC  
PROCESS AUTOMATION**

14

**SPOTLIGHT:  
HEALTHCARE IT**

17

**Q1 2023:  
DEAL HIGHLIGHTS**

22

**CONTRIBUTORS**

23

**MEET EQUITEQ**

24

**EQUITEQ SERVICES**

25

**EQUITEQ HIGHLIGHTS**

26

**LOCATIONS**

# Executive Summary

While we may not be seeing the levels of activity that proliferated in the early months of last year, we can confidently say that the resilience of M&A activity in the Technology Services space was demonstrated once again with significant investment being made into both the IT services and Enterprise Software & SaaS during Q1. Despite a slight drop in deal volumes across the Knowledge economy, which are down from Q4, perhaps we think of this as more of a pause for breath ahead of an expected upturn in deal making activity during the second half of the year.

For many, the macroeconomic challenges that inhibit deal making are temporary obstacles to navigate and while this may mean some firms trade at slightly lower valuations, buyer interests in new areas of innovation such as Artificial Intelligence remain strong and will only fuel further activity. The need to deliver digital transformation agendas remains fundamental and will continue to drive higher premiums for IT services firms with both technical know-how and consulting expertise.

Consequently, while buyers are opting for smaller deals, Q1's reduced valuations remain higher than those of 2019 and big deals - though more uncommon - can still occur, such as the acquisition of the software firm Micro Focus by OpenText for \$5.8bn in January.

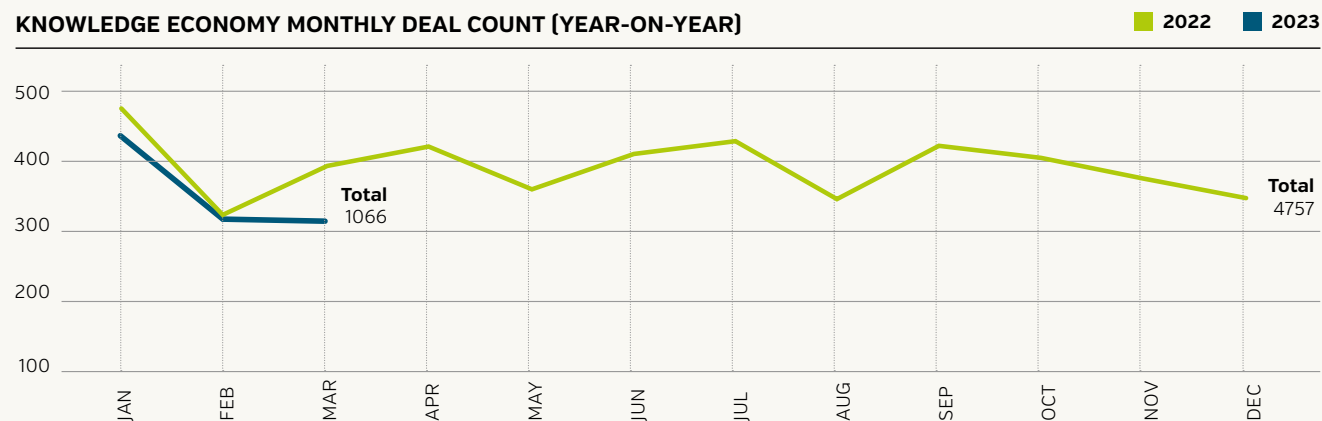
In this report, the Equiteq team provides their usual, detailed quarterly commentary on the key insights and activity seen within the IT Services and Enterprise Software & SaaS segments. We also take a closer look at two areas of interest within the Knowledge Economy, shining a light on both Healthcare IT and Robotic Process Automation (and its rapidly evolving forms!).

To find out more, please feel free to contact our team, whose details are contained within this report. [🔗](#)

6%

Fewer deals completed in Q1 2023  
than in Q4 2022

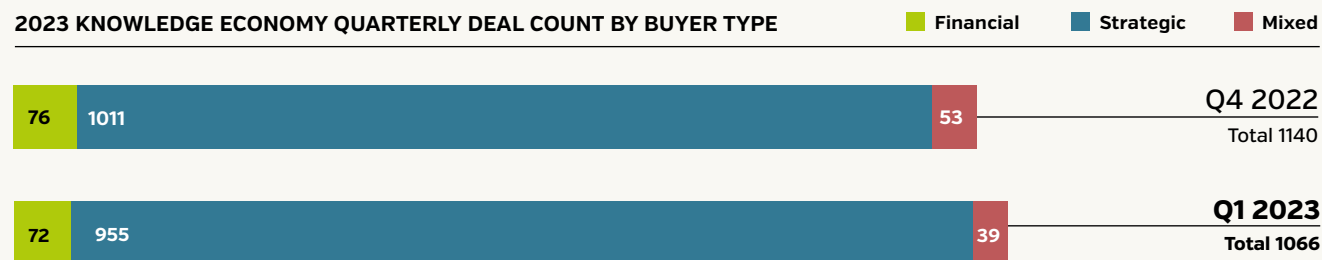
## KNOWLEDGE ECONOMY MONTHLY DEAL COUNT (YEAR-ON-YEAR)



## 2023 KNOWLEDGE ECONOMY TRANSACTION VALUES BY SIZE



## 2023 KNOWLEDGE ECONOMY QUARTERLY DEAL COUNT BY BUYER TYPE



# IT Services

## Q1 M&A activity

### KEY TAKEAWAYS

- Deal volumes and transaction values fell in Q1 as buyers remain cautious in the current market
- With talent more accessible, there is less demand from buyers to acquire skills through inorganic growth; instead, buyers are increasingly looking at deals as a way of accessing an acquisition's customer base
- Interest in analytics, data, and automation continue to fuel a lot of M&A activity as buyers of services firms search for greater operational efficiency and resource savings

### Q4 MARKET ACTIVITY

Macro stresses related to inflation, Ukraine, and central banks' reaction to increasing interest continue to impact M&A activity in the IT services space. As a result, quarterly deal volumes fell 17%, down from 290 in Q4 to 240 at the end of March. Spend also fell, dropping to under a billion dollars despite exceeding \$10bn in Q4.

"M&A activity has been slightly down across the board in Q1," says Adam Tindall, Managing Director at Equiteq, North America. "But we have continued to see deals progress for more niche capabilities, which is a continuation of what we saw in Q4 last year. There's interest in custom

software development and data analytics capability but more selectivity in the market especially among listed, strategic players."

Despite a drop in activity and sharp decline in transaction totals during Q1, we've still seen deals of note take place including Bain's acquisition of the enterprise and solution architecture consulting services firm, Enterprise Blueprints.

"It's a deal that plays to broader digital transformation narratives," says Jerome Glynn-Smith, Managing Director at Equiteq. "But one that also underlines the growing trend of management consulting companies investing in talent and capabilities around IT transformation."

The Salesforce ecosystem has also seen a reasonable amount of activity in APAC during Q1 with a number of deals taking place including the acquisition of Tquila ANZ, one of Australia's leading Salesforce consultancies, by Publicis Groupe.

"The number of Salesforce consultancies being acquired in the region is increasing," adds Alex Monck, Managing Director at Equiteq in Sydney, Australia. "It's a trend that started up in Q4 of last year as buyers look to develop capabilities in the core CRM, sales cloud, and marketing cloud components of Salesforce, and we expect this trend to continue."



We have continued to see deals progress for more niche capabilities. [There's] more selectivity in the market, especially among listed, strategic players.

### NOTABLE DEALS

tquila

acquired by



Equiteq Deal

Enterprise Blueprints  
PART OF BAIN & COMPANY

acquired by

BAIN & COMPANY

## INTERESTS SHIFTING FROM TALENT BASE TO CUSTOMER BASE

We're seeing a shift in interest towards the customers of a potential acquisition and the relationship that that business has with them, and away from an organization's talent.

"The layoffs we've seen across the technology industry means that there is a more competitive talent available in the market right now," says Sylvaine Masson, Managing Director, Head of Asia Pacific, in Singapore. "This has helped calm salary inflation while also freeing up buyers to pursue other strategic priorities."

"We used to talk about companies being acquired because they've got access to specific talent but that has moved now significantly," adds Glynn-Smith. "This started in Q4 last year and it's now moved to a battlefield that is actually for customers and relationships, rather than talent."

With customers and their satisfaction a growing priority, Concentrix, a leading global provider of customer experience [CX] solutions and technology, made a significant move to augment its market-leading services with the acquisition of customer journey specialist, Webhelp, for \$4.8bn in late-March.



**It's now moved to a battlefield that is actually for customers and relationships, rather than talent.**

## AUTOMATION AS A STRATEGIC ASSET

Automation remains front of mind for many buyers as firms continue to seek operational efficiencies and cost savings. With tech in the space evolving rapidly, the standardization of automation means that differentiators need to arise beyond pure technical capabilities.

"Automation used to be a way for an IT Services company to differentiate itself but increasingly these services are provided with a level of automation as standard," says Glynn-Smith. "So, the most interesting opportunities will be those that can show that they understand the needs of a client at a business level and not just at a technical one."

With many big buyers trying to include some level of automation in some of their service offering, we should expect to see a lot of initiative being shown across the spectrum of the automation space when it comes to acquisitions and consolidations over the coming year.



**The most interesting [automation] opportunities...will be those that can show that they understand the needs of a client at a business level and not just at a technical one.**

## ANALYTICS IMPLEMENTATION

Data analytics remains a strong trend in the IT Services space, with the need for post-consulting project dashboards and reporting meaning firms are increasingly embedded within their clients.

"Data, analytics, and the technology around data analytics are fundamental in helping enterprise clients drive their digital transformation agendas," says Tindall. "But while the potential for disruption is clear, what's less clear is exactly how more innovative technologies can be implemented and what the consequences of that are."

A Q1 deal of note is the acquisition of the data engineering and analytics consulting firm, Cleartelligence, by Align Capital Partners. The move capitalizes on the growing demand for cloud-based data solutions and reinforces the fact that firms that can both consult with technical authority and drive positive change in organizations will prove most interesting to buyers as the analytics space evolves. [🔗](#)

### NOTABLE DEALS

**Equiteq Deal**

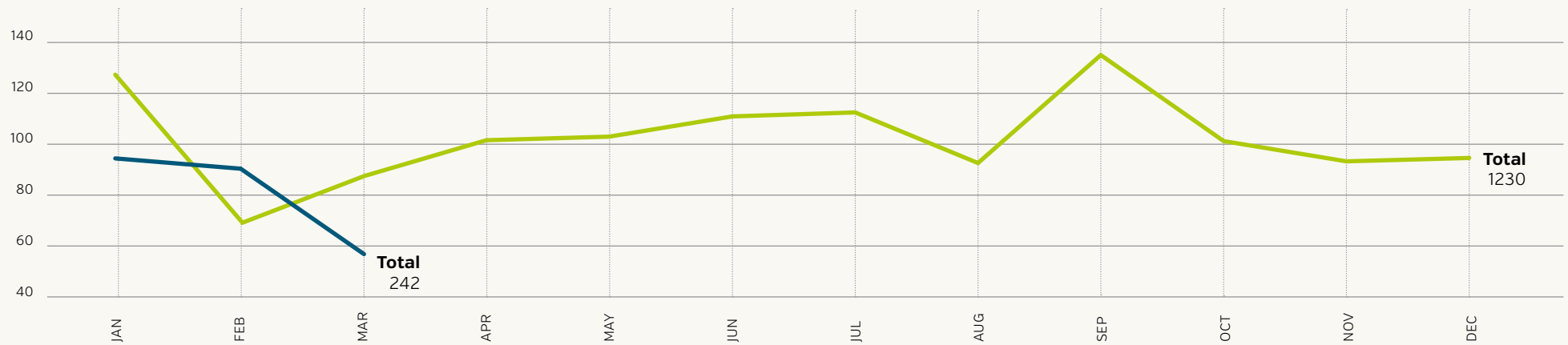


acquired by

**ALIGN CAPITAL PARTNERS**

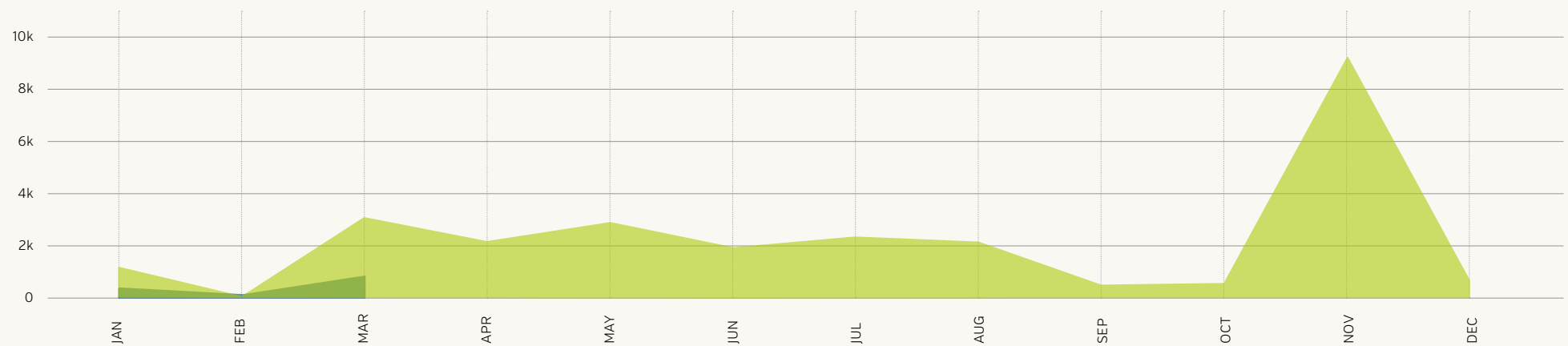
## YEAR-ON-YEAR MONTHLY IT SERVICES DEAL COUNT

2022 2023



## MONTHLY IT SERVICES DEAL VALUE (US \$, MILLIONS)

2022 2023



# Enterprise Software & SaaS

## Q1 M&A activity

### KEY TAKEAWAYS

- Q1 deal volumes remained consistent with levels of activity seen in Q4, however total transaction value fell by 39% quarter-on-quarter
- Buyers continue to scout aggressively for deals driving high premiums for companies that exhibit a strong growth rate and profitable business model
- Areas of buyer interest include AI, NLP, communication tools, and cybersecurity

### Q1 ACTIVITY OVERVIEW

M&A activity in the Enterprise Software & SaaS sector remains consistent following a quarter that saw a small increase in deals on Q4. However, the first quarter's 227 completed transactions is still down 11% on the 254 completed in Q1 last year.

"Investors and strategics alike continue to act with caution due to the uncertain economic outlook for the coming year," says Arun Nayak, APAC M&A Director in Singapore.

"This is obviously not what happened in the early part of 2022 and it looks like the subdued mood that we saw in the second half of 2022, has continued into Q1 of 2023."

Transaction values are also down year-on-year, falling 175% from the quarterly total seen in Q1 2022. With buyers making efforts to preserve cash for the next two to three quarters until the recessionary gloom clears, we're seeing larger Strategic Acquirers act more cautiously around bigger acquisitions [i.e. those greater than US\$250m].

"I think everybody is expecting a recovery in the second half of the year," says Masson. "There's still a lot of dry powder among buyers that needs investing. They cannot afford to sit on it without doing anything. So, we expect good traction in the software space in H2."

An outlier of note though is the acquisition of Micro Focus, a leading provider of mission-critical software technology and services that help customers accelerate digital transformation, by OpenText for \$5.8bn. The US information management giant's January move for the UK firm coming off the back of a strong dollar at the turn of the year.



[There's] still a lot of dry powder among buyers that needs investing. They cannot afford to sit on it without doing anything. So, we expect good traction in the software space in H2.

### NOTABLE DEALS



acquired by

**opentext™**



Buyers are actively chasing quality assets that can demonstrate sustainable and attractive business models.

#### NOTABLE DEALS



acquired by



#### PROFITABILITY AND GROWTH UNDERPIN PREMIUMS


Revenue growth and sustainable profitability remain the key focus areas for buyers in the Enterprise SaaS space, with companies' ability to meet the 'Rule of 40' [the principle that states a software company's combined revenue growth rate and profit margin should equal or exceed 40%] being closely scrutinized. With financial investors sitting on record piles of cash and mid-market Strategic Acquirers and PE-backed acquirers continuing to scout aggressively for deals, we're seeing a significant valuation premium being applied to companies that can exhibit a strong growth rate and profitable business model.

"Buyers are actively chasing quality assets that can demonstrate sustainable and attractive business models," notes Nayak. "And this is where we will likely see the strongest opportunities for consolidation and aggregation."

#### AREAS OF INTEREST

The need to deliver resource savings means we are seeing significant investments being planned by investors and acquirers in the Artificial Intelligence (AI) and Natural Language Processing (NLP) spaces. With firms looking to take advantage of the efficiency gains afforded by real-time interaction systems, vision, speech recognition and generation, image and video generation amongst others, we expect acquisitions in and around these areas to continue to grow.

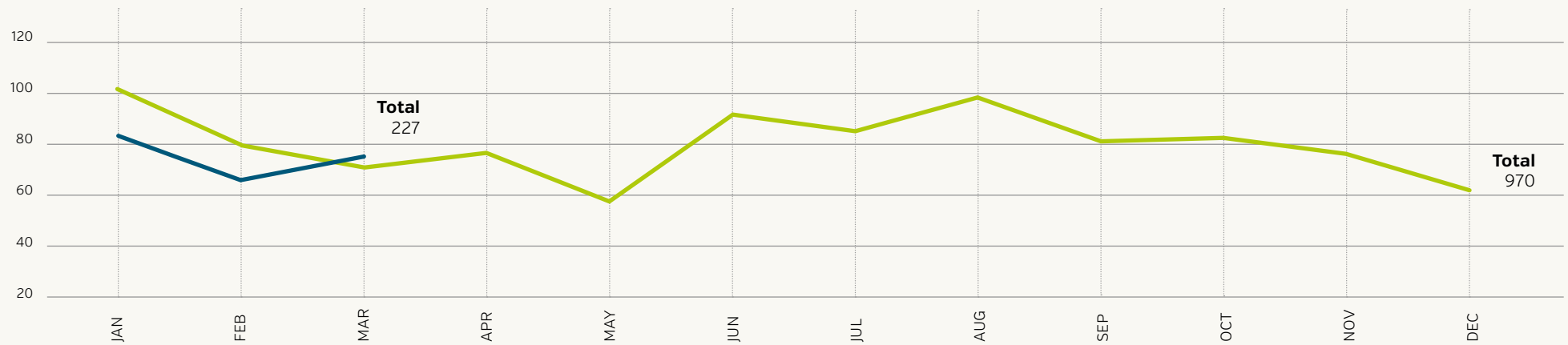
"We're also seeing productivity enhancing tools such as communication and collaboration software continue to enjoy strong tailwinds following a two-year acceleration buoyed by the pandemic," notes Nayak.

Likewise, strong appetites for high quality cybersecurity companies show no sign of abating in the face of the rapidly evolving threat landscape. Following its acquisition of Ping last year, Thoma Bravo made yet another move in this increasingly lucrative space, announcing its intention to acquire Canadian digital forensics software firm Magnet Forensics for \$1.3bn. 



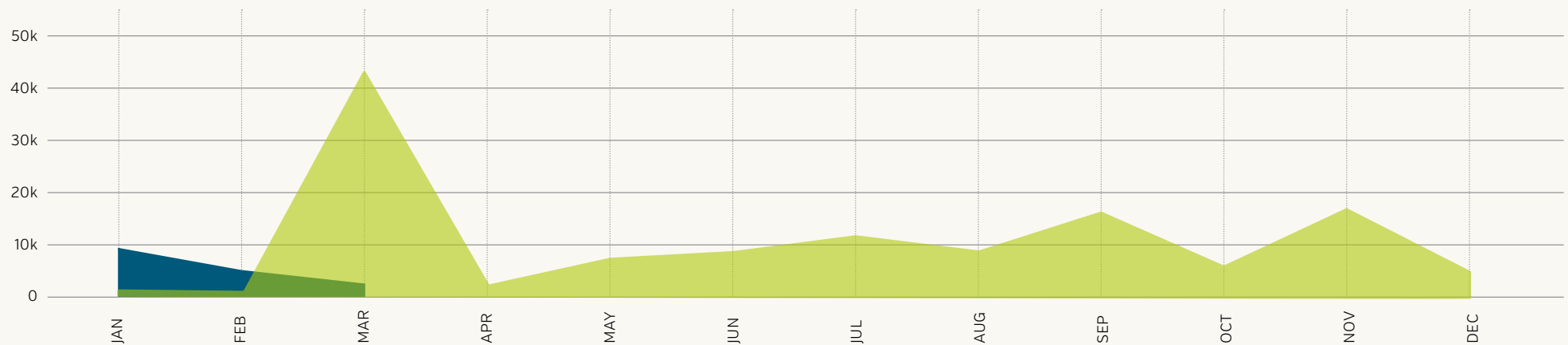
## YEAR-ON-YEAR MONTHLY ENTERPRISE SOFTWARE DEAL COUNT

2022 2023



## MONTHLY ENTERPRISE SOFTWARE DEAL VALUE (US \$, MILLIONS)

2022 2023



# Spotlight: Robotic Process Automation (RPA)

## KEY TAKEAWAYS

- The RPA space is growing rapidly and is estimated to be worth \$24bn by 2030
- Solutions are quickly evolving beyond pure RPA integration services and more towards intelligent automation services
- Key trends driving activity include enabling data analytics, vertical specialization, advanced RPA, and the growth of low-code platforms

Driven in part by a unique conflux of challenges created by the pandemic, the demand for the automation of both front and back-end operations has accelerated dramatically since 2020, as businesses sought to automate processes, drive resource efficiencies, and improve performance. Given that the need to digitally transform is a fundamental driver of M&A activity in the Knowledge Economy, it's little wonder that analysts estimate the Robotic Process Automation (RPA) market will reach almost **\$24bn by 2030\*** - a more than 10x growth in less than a decade.

Though we're still in the early stages of the macro hyper-automation journey, RPA holds huge potential power to transform businesses having already moved beyond automating repetitive tasks to become a driver of broader strategic value across organizations.

## CONCENTRATION ON CONSOLIDATION

"The interest for RPA technology implementation partners really took off in late 2020," says Graham Bell, M&A Vice President at Equiteq New York. "This is when growth really started to accelerate for UiPath implementation partners, pushing these firms to the level of skill that would be of interest to a buyer."

Bell calls the €21m investment in the RPA consultancy and UiPath partner, Roboyo, by the European-based Private Equity fund, MML Capital, the space's first 'marquee transaction', noting Roboyo's UiPath 'platinum partner' status and growing US revenues as two key selling points of the deal.

What followed was a succession of investments from PE funds into the RPA space, with the hyper-automation services provider - and UiPath 2020 Partner of the Year













- Ashling Partners securing growth capital in Q1 2021 from the mid-market investment firm, THL; Horizon Capital investing into the intelligent automation services and solutions firm, BP3 Global; and the Intelligent automation (IA) specialist, Tquila Automation, receiving multi-million dollar funding from the growth equity firm, Delta-v Capital, in Q2 2022.

"MML's investment was significant because it helped to kick off an 18 to 24-month period that saw a lot of Private Equity-driven consolidation throughout the RPA space," says Bell. "We saw the major platforms acquire and roll up smaller firms into their operations, investment in US-based RPA partners that could help scale operations, and interest grow in acquiring nearshoring / offshoring capabilities in Latin America or India."



**Roboyo's €21m investment from MML Capital in 2020 was the first marquee transaction.**

## RPA: RECENT DEALS OF NOTE

Sep 2020		Lands €21m investment from	
Feb 2021		Secures growth capital investment by	
Nov 2021		Announces significant investment by	
May 2022		Receives multi-million dollar investment from	
Jul 2022		Announces investment by	
Aug 2022		Secures investment by	
Mar 2023		Romanian startup acquired by	

## KEY ECOSYSTEMS

Today, the RPA space is dominated by three major software ecosystems: UiPath (the market leader), Automation Anywhere, and Blue Prism (a former market leader dethroned by UiPath in late 2018). Beyond this core trio are a number of second-tier players such as Pegasystems and NICE RPA, while both Microsoft and ServiceNow are also increasing investment in RPA technologies as they seek to claim a greater share of the market.

“We’re seeing Microsoft investing in RPA through its Microsoft Power Automate platform,” says Glynn-Smith. “And that’s very interesting because it’s a major global player investing in RPA, who can potentially take quite a lot of market share because of the wider adoption and penetration that they already have.”



**The automation of both non-consumer-facing and consumer-facing processes is only going to accelerate in the coming years.**

## TODAY'S TRENDS

The automation of both non-consumer-facing and consumer-facing processes is only going to accelerate in the coming years and will likely be shaped by the following trends:

## TREND 1: INDUSTRY SPECIALIZATION

Following the recent period of sector consolidation, we are finding that sellers may need to diversify and look to specialize in industry niches if they are to scale and successfully secure investment. We can partially attribute Blue Prism's drop in popularity to this shift towards specialization, having focussed the majority of its energies on providing broad RPA services for the UK's financial services sector.

“What we’re seeing now is that the ecosystems around Automation Anywhere and UiPath are getting bigger and possibly probably winning the race against Blue Prism by focusing on more industry-specific RPA,” says Glynn-Smith. “Buyers are increasingly interested in RPA products that are specifically adapted to accelerating productivity within a particular business process or industry process.”

**TREND 2: DATA AND ANALYTICS ENABLEMENT**

“Another key trend we’re seeing is the convergence of automation with data and analytics,” says Bell. “We’re seeing this with technologies like Alteryx, which is one of the most exciting emerging technology ecosystems. Not only are they partners with UiPath, but they’re combining the sort of RPA technology and tools that UiPath offers with their own proprietary data automation platform to automate end-to-end data processes.”

It’s the sort of relationship that will only become more appealing to investors acutely aware of the growing demand for IT services providers and consultancies to leave behind post-project, data-driven dashboards powered by software such as Microsoft BI or Tableau. Equipping firms with the ability to automate data processing is hugely attractive, reducing what may have been a day of work to a matter of minutes.

“It’s the kind of investment that frees up time for people to do much more valuable things in the organization,” says Bell. “We haven’t seen any major Alteryx transactions just yet, but we think that it is going to be a really exciting ecosystem in 2023 as people look at ways to combine RPA with automation of data to get the most value out of the organization.”

**TREND 3: MOVING BEYOND PURE RPA PARTNERS**

Early adoption of RPA centered on automating these simplistic processes to drive efficiencies, save costs, and free up people’s time to do more high value add activity. Today, businesses are asking how to connect the dots between different functions in their organization.

“There’s less of an appetite to invest in a pure UiPath RPA partner,” says Bell. “This is because there’s a need from the market and a need from their clients to go beyond RPA and expand more into hyper-automation and artificial intelligence.”

Personalization and customer experience are drivers here, with the growing number of processes being automated and new technologies like conversational AI or chatbots being layered on top of simple RPA technologies both creating a need for more customized and intelligent solutions.



**Early adoption of RPA centered on automating these simplistic processes to drive efficiencies, save costs, and free up people’s time.**



There’s a need from the market and a need from their clients to go beyond RPA and expand more into hyper-automation and artificial intelligence.

**NOTABLE DEALS**

 **RPAbox**

acquired by

 **AGGRANDA**



**TREND 4: LOW CODE RPA**

Over the last six-to-nine months, we've seen much more of a push towards 'low code' or 'no code' RPA platforms, a form of automation that is more customizable and a hybrid blend of custom software and automation. With organizations looking to reduce the complexity of RPA, low code solutions can enable employees to quickly and easily 'code' without having to hold specialist skills.

"This means you don't need to be a developer or need to hire an IT services company to develop a particular module for, say, warehouse management of a supermarket," says Glynn-Smith. "It's something that all RPA platforms are trying to do right now. They're trying to make their products much easier to flex, build on, and use by people who are not developers."

"We're seeing a lot of buzz around low-code and no-code RPA technologies," says Bell. "Platforms like Appian can help firms move beyond pure RPA by combining and complementing the existing UiPath processes that they've already automated to deliver even more value."

Bell flags Roboyo's acquisition of the low-code

specialist Procensol in Nov 2022 as a key deal, citing both the 160-person strong team that Roboyo acquired and Procensol's best-in-class status as an Appian vendor as key selling points. A further deal of note is Ashling Partners' acquisition of low-code solutions provider fourTENS in Dec 2022 following its own investment by THL 18-months previously.

**ATTRACTING BUYERS**

With several trends shaping the RPA space, we're seeing a number of recurring factors that are appealing to potential investors. As has been the case for the last year or two, those companies that have a level of scale and that can support platform investment are proving appealing, as are those firms that continue to grow strongly in the RPA ecosystem and that deliver high value services with high profitability.

"Those are all key from a financial standpoint, but from a capability perspective, it's vital to have a really strong relationship with the technology partner, whether it's in RPA like UiPath, low-code like Appian, or data automation like Alteryx" says Bell. "Any business that can be the go-to partner, whether it's within a specific vertical or a specific

functional focus or other area of expertise, is going to differentiate themselves from other competitors."

With the RPA space becoming more sophisticated, buyers will be looking not just to these financially viable, go-to platform partners, but also towards companies that can consult on automation and transformation, and that can manipulate different RPA platforms and better utilize data.

"What is really attractive right now are consulting companies that are flexible in the technologies they use to improve data processing capabilities," says Glynn-Smith. "Today's buyer is more interested in what we call intelligent automation as opposed to pure RPA integration services." ●



What is really attractive right now are consulting companies that are flexible in the technologies they use to improve data processing capabilities. Today's buyer is more interested in what we call intelligent automation.



# Spotlight: Healthcare IT

## KEY TAKEAWAYS

- The Healthcare IT market is currently worth \$400bn and is expected to reach \$975bn by 2027
- The need to cut costs and drive operational efficiency are fuelling rapid digital transformation in the Healthcare IT space, creating growing opportunities for buyers and investors
- Key trends driving M&A activity include the automation of administrative work, electronic health record implementation projects, better utilization of data and analytics, and delivering a better patient experience

In the wake of a global pandemic, it might not come as a surprise that buyer interests in Healthcare IT have experienced a large uptick during the last 18 months. It's a market currently worth almost \$400bn and expected to be worth more than double this by **2027\*** as the industry turns to cutting edge automation and data analytics solutions to optimize otherwise long-winded processes and repetitive tasks.

In a post-covid world, there's a growing sense that now's the time to digitally transform the healthcare system.

"It's an industry that is, in many respects, behind the curve of development, innovation, and implementation of technology," says Tindall. "They've been a bit late to the game and haven't invested as heavily in digital transformation as some commercial industries, so there's lots of opportunities arising."

## ECOSYSTEMS OF NOTE

Despite a scarcity of high growth, actionable targets for Private Equity and Strategics to acquire in recent years, the most interesting opportunities are predominantly arising in three key areas: Electronic Health Records (EHR) implementation, automation tech, and data and analytics.

"On the EHR side we're seeing one of the leading providers, Epic, partner with some of the cloud hyperscalers like Google and AWS to really enhance their go-to-market offering and build Epic's capability in the cloud," says Bell. "Epic implementation is potentially a big growth area going forward as firms look to drive greater efficiencies."

The need to streamline processes is also driving the rapid adoption of RPA and automation within healthcare IT systems. In turn, we're beginning to see firms established in other sectors, like UiPath and Automation Anywhere, try and break into the potentially lucrative healthcare world.

"Data and analytics technologies are another key growth area," adds Bell. "We're seeing providers like Snowflake and Alteryx doing more and more in the healthcare industry and buyer interest grow accordingly."



**Interesting opportunities are predominantly arising in three key areas: Electronic Health Records (EHR) implementation, automation tech, and data and analytics.**

## KEY TRENDS AND DRIVERS OF ACTIVITY

The demand for broad digital transformation underpins many of the trends driving the growing M&A activity in the healthcare IT space. As the need to reduce legacy admin costs and deliver better, more innovative patient care becomes increasingly acute, our team believe the following factors will shape buying habits:

### AUTOMATION OF ADMINISTRATIVE TASKS

Numerous research studies highlight administrative tasks as one of the largest categories of excess health spending in the US, accounting for **between 15-30% of total healthcare spending\***. The need to reduce such a cost burden has seen buyer interest in the automation space show an uptick in the last six to 12 months.

"There's a strong sense that there's still a lot of efficiency and cost wasted on less strategic admin type tasks," says Bell. "As the healthcare sector looks to cut costs and make itself more efficient, a big driver of activity is the digitization and automation of patient records and the ecosystems around EHR implementation."

The firms that can deliver these transformative solutions and free up the most healthcare workers to focus on more strategic tasks will be the ones attracting the greatest interest.

### PATIENT CARE

"Increasingly digital transformation is being viewed as a lever to try and enhance and transform patient care," says Bell. "Since Covid, digital healthcare has really accelerated with a lot of healthcare today available online and through mobile apps like Zoom, and that's increased the demand for digital systems that can handle these demands efficiently."

The shift to digital healthcare not only means the space is ripe for innovation, but also means an almost 'tech start up' approach to how such services are delivered, with a smooth patient experience and better end service akin to the refinements we've seen to the customer experience in other verticals. Perhaps PX is the new CX in healthcare circles.

### INTELLIGENT DATA

The use of data to drive intelligence into workflows and more informed choices is driving a shift away from on-premises EHR systems as organizations move these data rich environments into the cloud to drive greater analytics capabilities.

"Leveraging this data is helping health systems to deliver better outcomes and add more value for their patients - and this is increasingly attractive to buyers," adds Bell. "A transformational deal that we saw last year was Oracle acquiring Cerner, the leading provider of digital patient care systems in hospitals, for \$28.4bn."



Leveraging [intelligent] data is helping health systems to deliver better outcomes and add more value for their patients.

### NOTABLE DEALS

MEDITECH

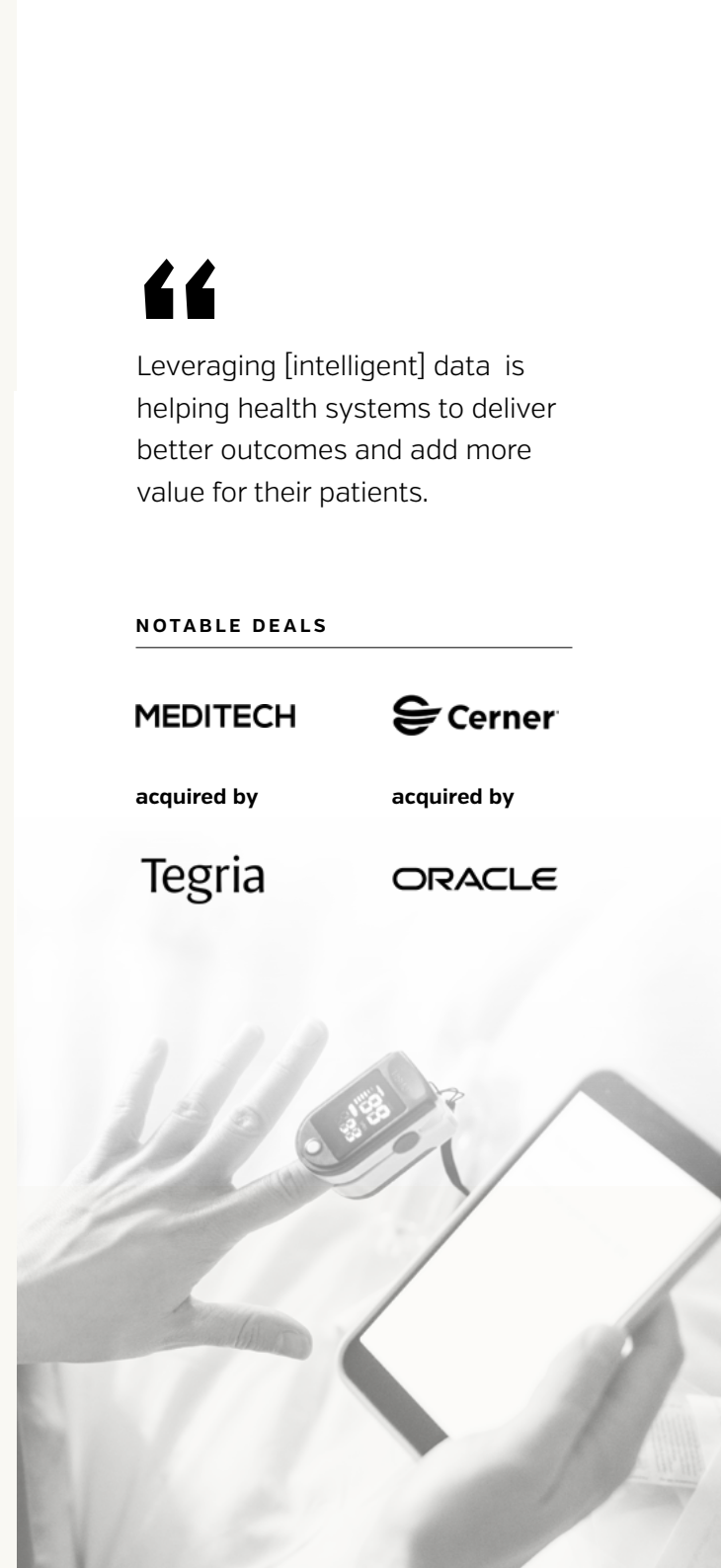
acquired by

Tegria

 Cerner

acquired by

ORACLE





We're increasingly seeing solutions around data analytics and automation and the cloud being layered on top of traditional EHR implementations - and this is making this space more attractive to PE.

#### NOTABLE DEALS

**CHANGE**  
HEALTHCARE

acquired by

**Optum**

Optum's acquisition of the major data analytics firm Change Healthcare back in October for \$13bn is cited by Bell as a further example of a transformational deal, with Optum looking to data to help simplify core clinical, administrative, and payment processes health care providers and payers depend on to serve patients.

#### ATTRACTING BUYERS

A prevailing preconception about the challenges potentially posed by EHR implementation means that Private Equity buyers probably haven't deployed as much capital into building out healthcare IT platforms as they have done in other industries.

"It just wasn't as profitable an investment," explains Bell. "But the space is changing and we're increasingly seeing solutions around data analytics and automation and the cloud being layered on top of traditional EHR implementations - and this is making this space more attractive to PE."

With a need to deploy capital, Private Equity buyers are turning to platforms that have a core capability in EHR

implementations, but that can also offer next generation digital transformation services in areas like analytics, AI, and automation.

"These blended suite portfolios are proving increasingly profitable," says Bell. "Being a one-stop shop of services and solutions that addresses all digital transformation needs is really attractive right now."






























Conversely, we're finding Strategic Acquirers to be more targeted in terms of the capabilities they are seeking out, with criteria often defined by a more verticalized focus.

"We aren't seeing Strategics wanting to buy an end-to-end, scaled platform to the same extent as financial buyers," adds Bell. "But we are seeing them prioritizing healthcare as one of the key verticals in which to expand some of their analytics or automation capabilities."























So, while interest in the space is growing, different buyer groups are adopting different areas of focus for their acquisition strategies. How these different strategies will fare depend on the market leaders that emerge and the consolidation within their relevant ecosystems. ●





























# Q1 2023: Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Deal Value (US \$)	Deal Description
31/03/2023				-	75-person CREST certified cybersecurity consultancy
31/03/2023				-	17-person IT & information security consultancy
31/03/2023				-	39-person specialist information security consultancy providing risk, compliance, and technical security services
30/03/2023				-	350-person ITOM firm providing a multitenant AIOps-powered solution for hybrid cloud environments
27/03/2023				-	244-person Digital Product Agency providing design, development, and consulting services
27/03/2023			 —backed by— 	-	116-person research and consultancy agency for the IVD and Medtech markets
21/03/2023			 —backed by—  New Mountain Capital LLC	-	106-person biomedical informatics and health information technology-focused consultancy
12/03/2023				58.8m	320-person full-service financial planning and analytics service provider partnered with SAP, Microsoft, and Anaplan
07/03/2023				-	116-person B2B experience and commerce agency partnered with Salesforce, Inriver, and Adobe






























# Q1 2023: Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Deal Value (US \$)	Deal Description
05/03/2023				-	232-person software quality engineering services
02/03/2023				-	RPA consultancy founded by two former UiPath employees
02/03/2023		 natural intelligence an ERM Group company	 backed by 	-	100-person sustainable finance and ESG advisory services consultancy
02/03/2023		 Informatics Pvt. Ltd. CMMI DEV V1.3 ML3	 Inspiring Innovations	-	374-person digital core banking, fintech, project mentoring, and IT consulting
23/02/2023		 CORPORATION	 love the new	-	208-person consulting firm specializing in Salesforce
17/02/2023		 Part of Accenture		-	270-person consultancy using SAP S/4HANA® solutions
13/02/2023				-	470-person CRM and marketing services specialist. Top 3 Salesforce Consulting Partner in Europe

# Q1 2023: Deal Highlights
























Deal Date	Target HQ	Target	Buyer/Investor	Deal Value (US \$)	Deal Description
10/02/2023				-	69-person technology solutions company specializing in the Microsoft suite of technologies
09/02/2023				-	89-person Salesforce platinum partner specializing in Vlocity, Salesforce Industries, and Mulesoft
06/02/2023				-	30-person SAP Asset, Work, and Project specialist
03/02/2023			 together with 	-	677-person IT consultancy leveraging partnerships with Atlassian, Scaled Agile, Inc., AWS, Gitlab, Apptio, and more
01/02/2023				-	224-person independent consulting and system integration provider focused exclusively on next-generation data transformation solutions
01/02/2023			 backed by 	-	70-person specialists in the implementation of cloud-based SAP solutions
31/01/2023				5.8bn	7,113-person provider of software technology and service to accelerate digital transformation
31/01/2023				-	86-person cloud-based market data integration, analytics and Data-as-a-Service solutions services

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	Deal Date	Target HQ	Target	Buyer/Investor	Deal Value (US \$)	Deal Description	
	24/01/2023			 — backed by — 	-	213-person professional services firm focusing on innovation and transformation through technology	
	20/01/2023				1.34bn	499-person cybersecurity software development and digital forensics services	
	18/01/2023			 — backed by — 	18.1m	90-person technology firm specializing in due diligence, value creation and bespoke digital products and solutions	
	16/01/2023			 — backed by — 	-	200-person provider of managed services in software development, infrastructure, security and business intelligence	
	14/01/2023				-	83-person investment management technology consultancy	
	12/01/2023				-	38-person provider of enterprise and solution architecture consulting services	
	10/01/2023			 — backed by — 	-	155-person provider of IT Solutions and Staffing partnering with SAP, Microsoft, UiPath, and Automation Anywhere	



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Deal Date	Target HQ	Target	Buyer/Investor	Deal Value (US \$)	Deal Description
09/01/2023		 Part of Xebia	 backed by 	-	120-person IT Consultancy and Software Development Company providing Big Data, Cloud, Analytics, ML/AI/BI services
06/01/2023				-	52-person data engineering and analytics consulting firm partnering with Snowflake, Tableau, Alteryx, Fivetran, Dbt, Databricks and more
05/01/2023				-	427-person Google cloud partner helping customers to differentiate by adopting Google Cloud technology
05/01/2023				-	106-person digital transformation agency with a focus on the Retail and CPG industries
05/01/2023				-	4,633-person Software Engineering and Digital IT services provider partnering with Microsoft, AWS, Oracle, GCP, Snowflake, and more
04/01/2023		 Part of Accenture		-	736-person supply chain specialist firm focused on Oracle technology
04/01/2023		 Exceptional IT. Real People. Bigger Projects.	 backed by 	-	145-person community banking focused IT MSP

# Contributors

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Adam has over 12 years of M&A and corporate finance experience and is responsible for project managing M&A transactions. He has worked with numerous entrepreneurial businesses helping shareholders to maximize and realize value through disciplined transaction processes.

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Greg is a Managing Director at Equiteq for North America. Greg works with owners to understand their goals for both themselves and their firms. He then brings together the necessary resources to deliver solutions to meet their objectives. Greg draws on his diverse business background to help owners think through what they want to achieve and when.

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As a Managing Director, Alex leads and supports clients through the entire sales process, advising shareholders on how best to achieve their exit objectives. Alex has successfully completed a wide range of transactions across a variety of sectors and geographies.

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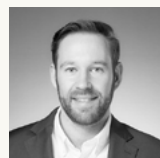
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# Meet Equiteq

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We are the leading global investment bank for the Knowledge Economy

Equiteq is the leading specialist in Knowledge Economy investment thanks to our first-hand insight and research, our close relationship with the key acquirers in the sector, and through the deals we complete.

## Who are we?


Equiteq is a fast-growing, global M&A specialist. We sell the world's smartest knowledge-based and technology firms. Being close to active buyers and investors helps us to understand their acquisition needs and this informs how we can add value to founders and shareholders who want to sell their businesses.

## Why Equiteq?

We are the recognized specialist advisor in the Knowledge Economy where intellectual property has historically been delivered through people in consulting firms, but more and more is delivered in combination with technology.

Our benchmarking studies – produced for the last 15 years – have become the industry standard and are supported with detailed insight reports on a range of disciplines within our sector.

## Our aim

It's simple - our goal is to bring you to the smartest deal. 

# Equiteq Services

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Our clients sit at the heart of every transaction we advise upon, whether helping you to dramatically increase your return on M&A or by helping you to achieve the best possible valuation.

Our services in the Knowledge Economy cover the following key areas:

## **Sell Advisory**

Equiteq supports owners of innovative knowledge-based and technology firms seeking to realize equity value. We advise on all aspects of M&A, from helping ambitious owners find capital to inject into their business to accelerate growth, through to a full company sale. We use our unparalleled understanding, experience, and access to find you the right buyer or investor, at the best price and terms.


## **Buy Advisory**

Equiteq supports Strategic Acquirers and financial sponsors seeking to dramatically increase their returns on M&A in knowledge-based and technology services businesses. After 15 years exclusively advising owners of firms towards exit, we have the assets, systems, and experience to help you enhance and execute your M&A strategy.

## **Corporate Divestitures**

We work with corporations to meet their divestiture objectives, including disposal of non-core or underperforming assets that either have synergistic potential within other businesses or could form part of a Private Equity portfolio investment. After 15 years exclusively advising owners of firms in the sector towards exit, Equiteq has the people, processes, sector insight and market access to deliver your transaction at the right price and with preferred deal terms.

## **Strategic Deal Origination**

We work with Strategic Acquirers and Financial Sponsors to develop detailed, insight-driven plans for investment into new markets. By leveraging our sector insight and purpose-built methodology, we can rapidly convert an attractive investment thesis 'on paper' into an actionable plan to realize the opportunity, helping you to exploit key innovation trends through a less crowded, lower risk route. 



# Equiteq Highlights

Our global teams remain active throughout the year, advising on deals, as well as sharing their expertise in market-leading reports and events.

Here are our highlights. Click the links below each topic to find out more.

**Sign up here to hear more from Equiteq**



## Reports

### Global Buyers Report 2023

For the eighth year, we're pleased to present the findings from our annual survey of global Strategic buyers and Private Equity investors across the Knowledge Economy. Download the report now for exclusive insights into the insights and habits of buyers across the Knowledge Economy.

[Read the report](#)

### Salesforce Ecosystem Report 2023

With the Salesforce partner ecosystem projected to grow 6x the size of Salesforce itself in 2026, there are ample opportunities for M&A.

[Read the report](#)

### Adobe Ecosystem Report 2023

The Adobe Ecosystem is poised for rapid growth in 2023 due to favorable macro trends and increased global focus on digital transformation initiatives globally. This growth is expected to benefit Adobe's partners significantly.

[Read the report](#)

### SAP Ecosystem Report 2023

The SAP ecosystem consists of 22,000+ global partner firms. This market dynamic presents ample consolidation opportunities, leading to strong M&A prospects for sellers and buyers.

[Read the report](#)

### Outsourced Custom Software Development Market Report 2023

Dive into the global CSD market to gain insight into the M&A opportunities for 2023 and beyond.

[Read the report](#)

## Events

### DealMAX 2023

8-10 May, 2023 | Las Vegas, NV

### SAP Sapphire Orlando & Barcelona 2023

16-17 May, 2023 | Orlando, FL  
24-25 May, 2023 | Barcelona, Spain

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

### ServiceNow Knowledge 2023

16-18 May, 2023 | Las Vegas, NV

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

### Alteryx Inspire 2023

22-25 May, 2023 | Las Vegas, NV

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

### Snowflake Summit 2023

26-29 June, 2023 | Las Vegas, NV

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

### Data+AI Summit by Databricks 2023

26-29 June, 2023 | San Francisco, CA

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

### Salesforce World Tour London

29 June, 2023 | London, UK

To meet with the team at the event, email us at [info@equiteq.com](mailto:info@equiteq.com).

## Resource

### 50 Tips for Owners of Consulting and Technology Services Firms to Maximize Value

Our team has distilled their years of dealmaking and sector experience into these 50 Tips, that owners can use to achieve their firm's strategic objectives.

[Access the 50 Tips](#)

## Recent Deals

### Cleartelligence recapitalized by Align Capital Partners [January 2023]

[Find out more](#)

### Bain & Company acquired Enterprise Blueprints [January 2023]

[Find out more](#)

### Talan Group acquired Gemserv [January 2023]

[Find out more](#)

### MML Capital invested in Kickmaker [February 2023]

[Find out more](#)

### Hello Technology sold to Soprano Design [April 2023]

[Find out more](#)

### NVM invested in Leading Resolutions [April 2023]

[Find out more](#)

### Consus Global sold to YCP Holdings [April 2023]

[Find out more](#)

### TSA acquired Henry Riley [May 2023]

[Find out more](#)

[View all deals here](#)

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