

# MICROSOFT ECOSYSTEM

M&A REPORT

November 2023



# Introduction

## Executive Summary

- Microsoft's technology ecosystem (Microsoft AI Cloud Partner Program, or "MAICPP") is the largest and most comprehensive in the world, comprising >400,000 businesses globally
  - Microsoft is the 2<sup>nd</sup> largest public company in the world
  - >95% of Fortune 500 companies use Azure
  - >145mm daily active users on Microsoft Teams
  - >250k businesses use Dynamics and Power Platform
- The program has been carefully refined over the past several years to optimize collaboration and co-selling among partners
- M&A activity in the ecosystem is strong and wide-ranging from a specialization and capability perspective; buyers are equally split between strategics and PE / PE-backed organizations
- Interest in the market remains robust following exceptionally strong deal volume in 2022, with buyers typically prioritizing specialized expertise / niche capabilities
- Equiteq is the leading global middle market investment bank serving the knowledge economy (our exclusive focus) with extensive transactional experience in the Microsoft partner ecosystem



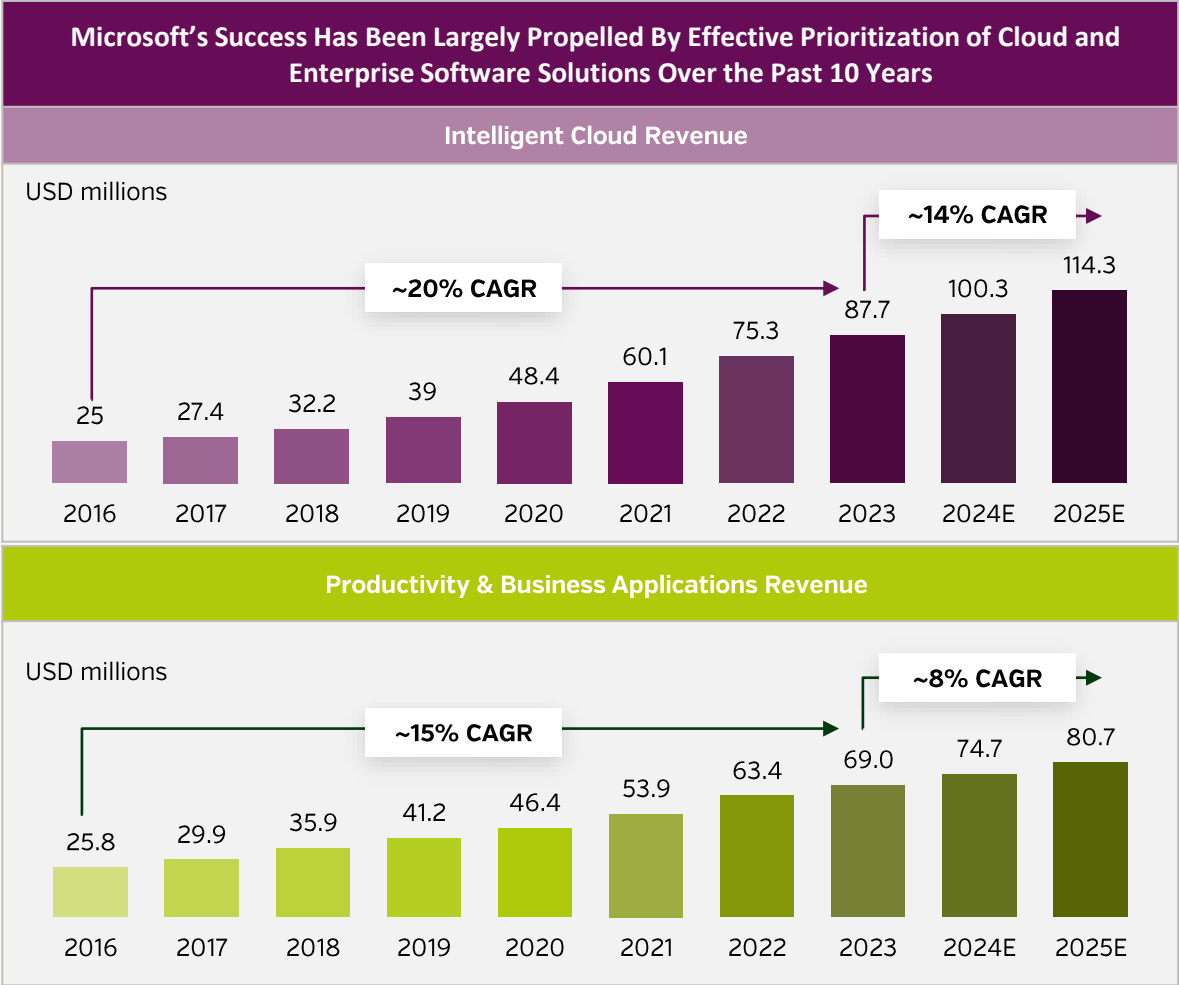
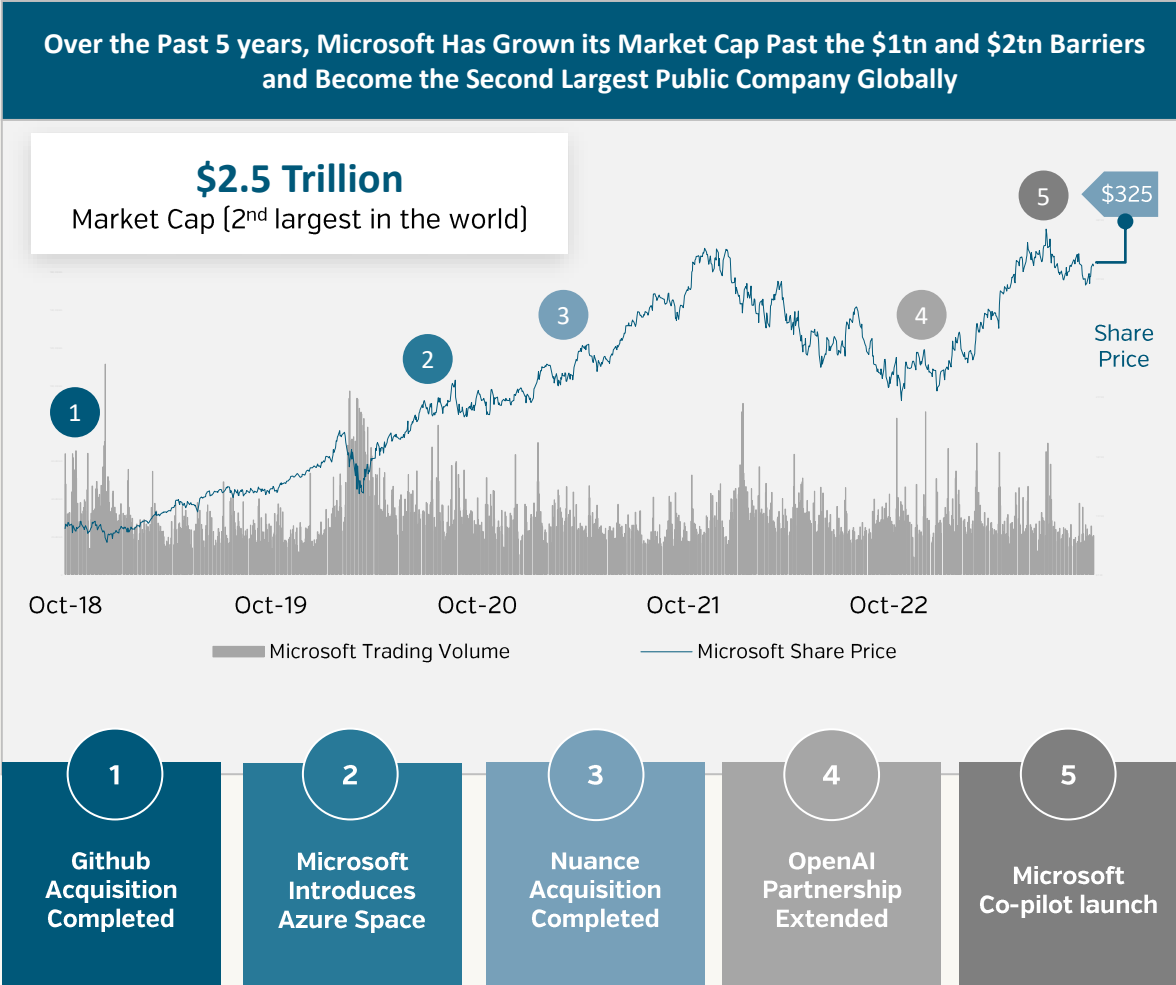
# Table Of Contents

1	Microsoft Market Overview
2	Microsoft's Partner Ecosystem
3	M&A Activity in the Partner Ecosystem
4	Equiteq Overview

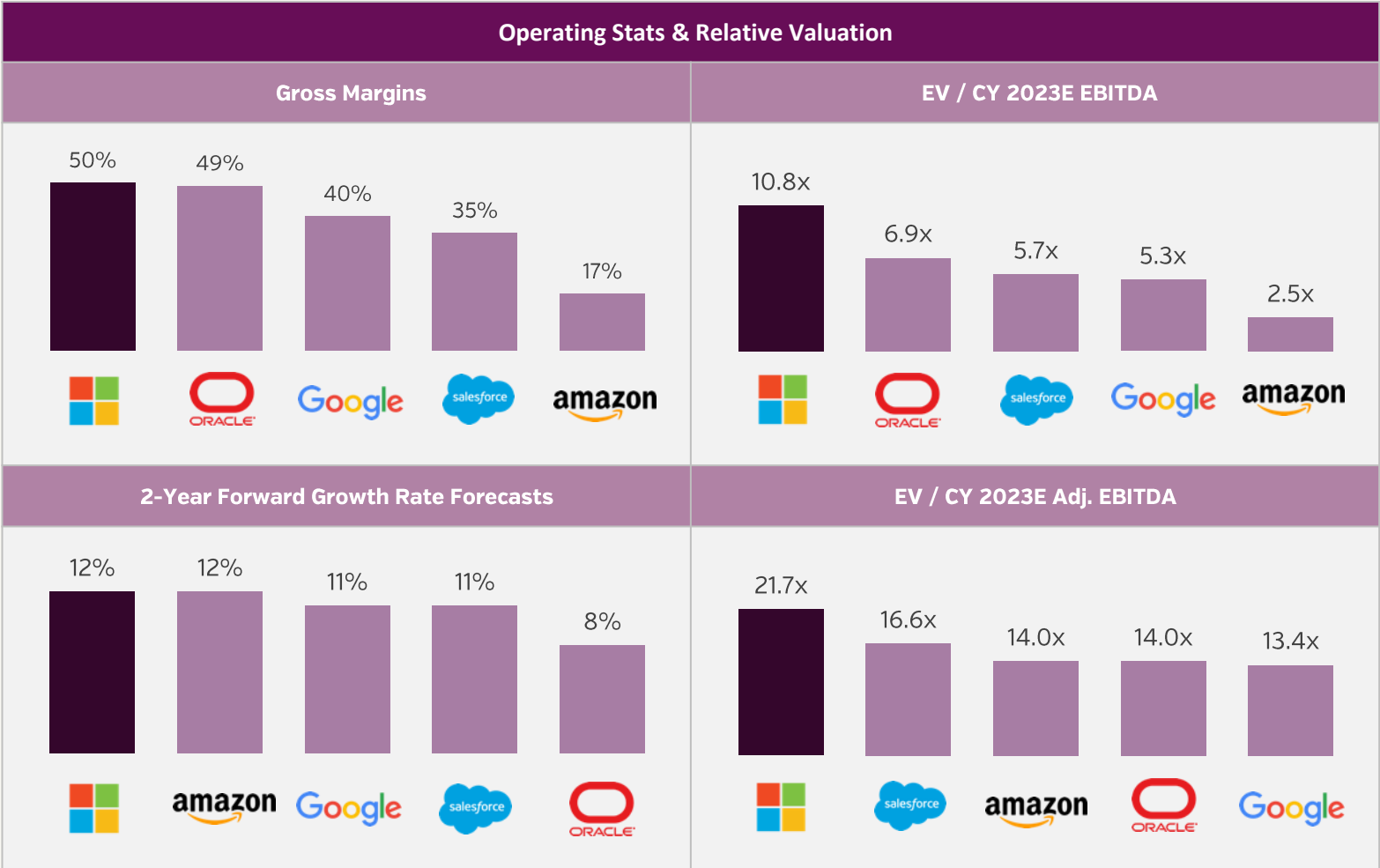
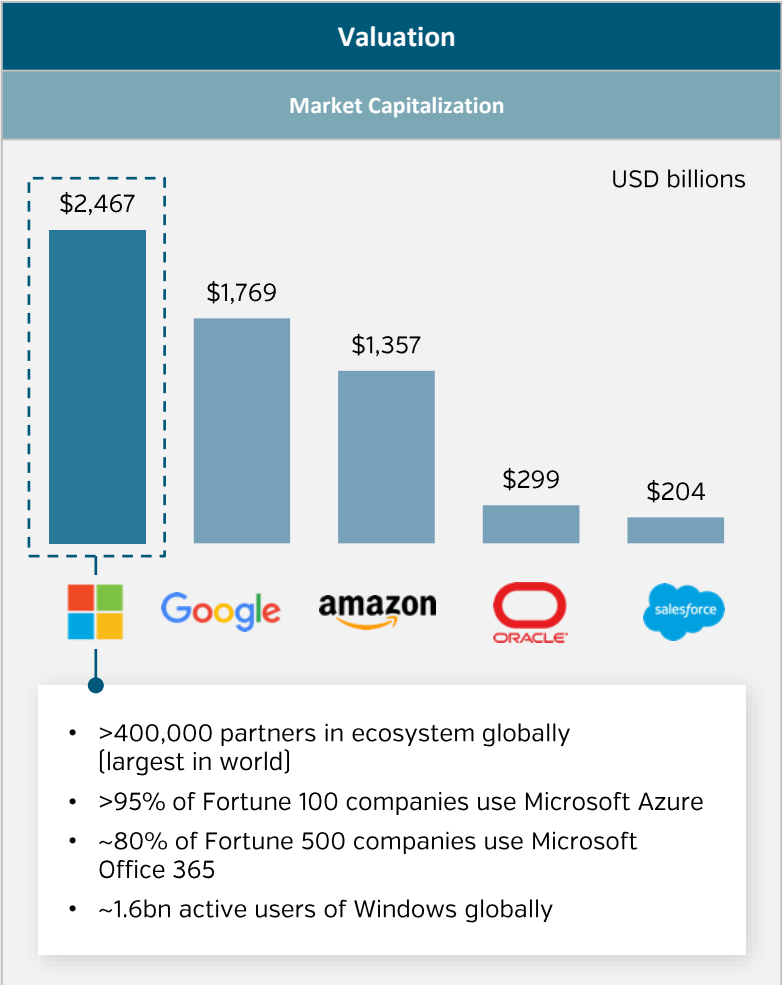
# Microsoft Market Overview

Section 1

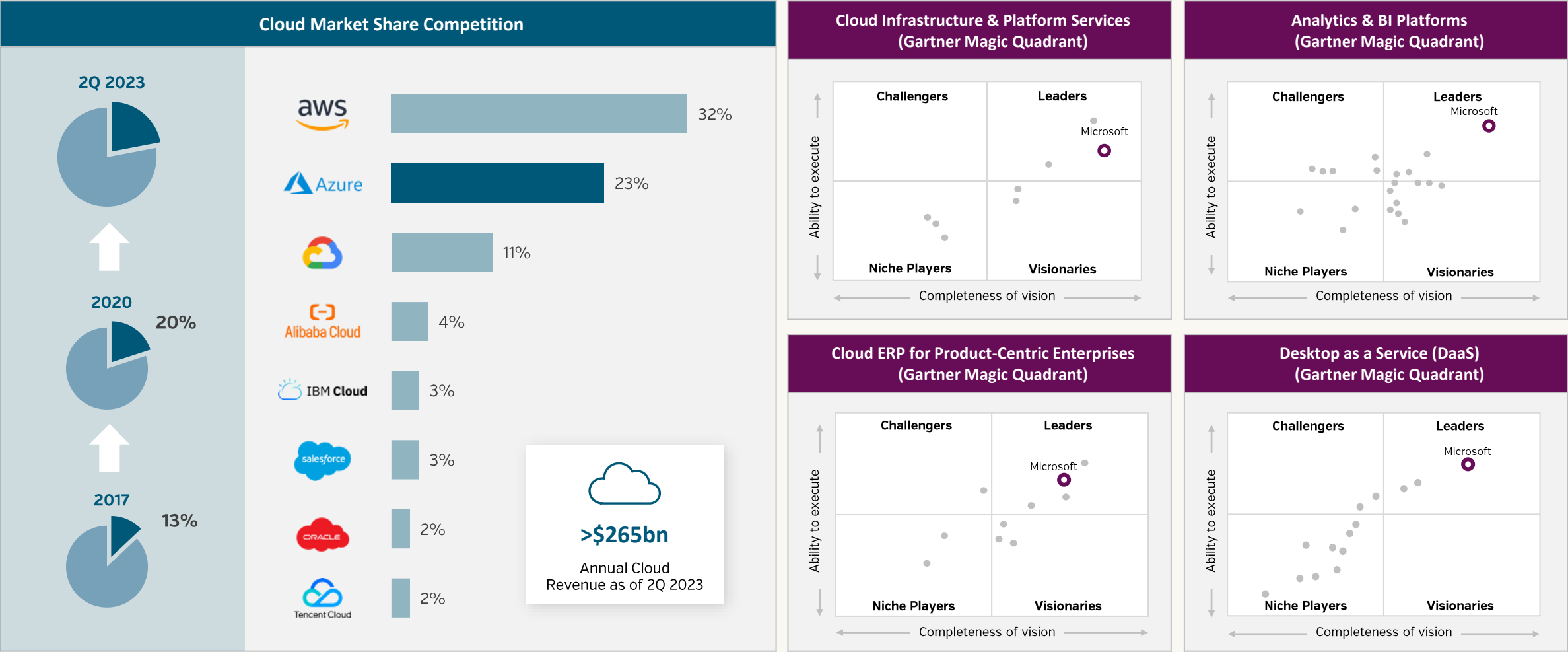
# Microsoft Has Grown to Become the Largest Technology Ecosystem in the World Over the Past 5-Years With Dominant Cloud & Business App Platforms...



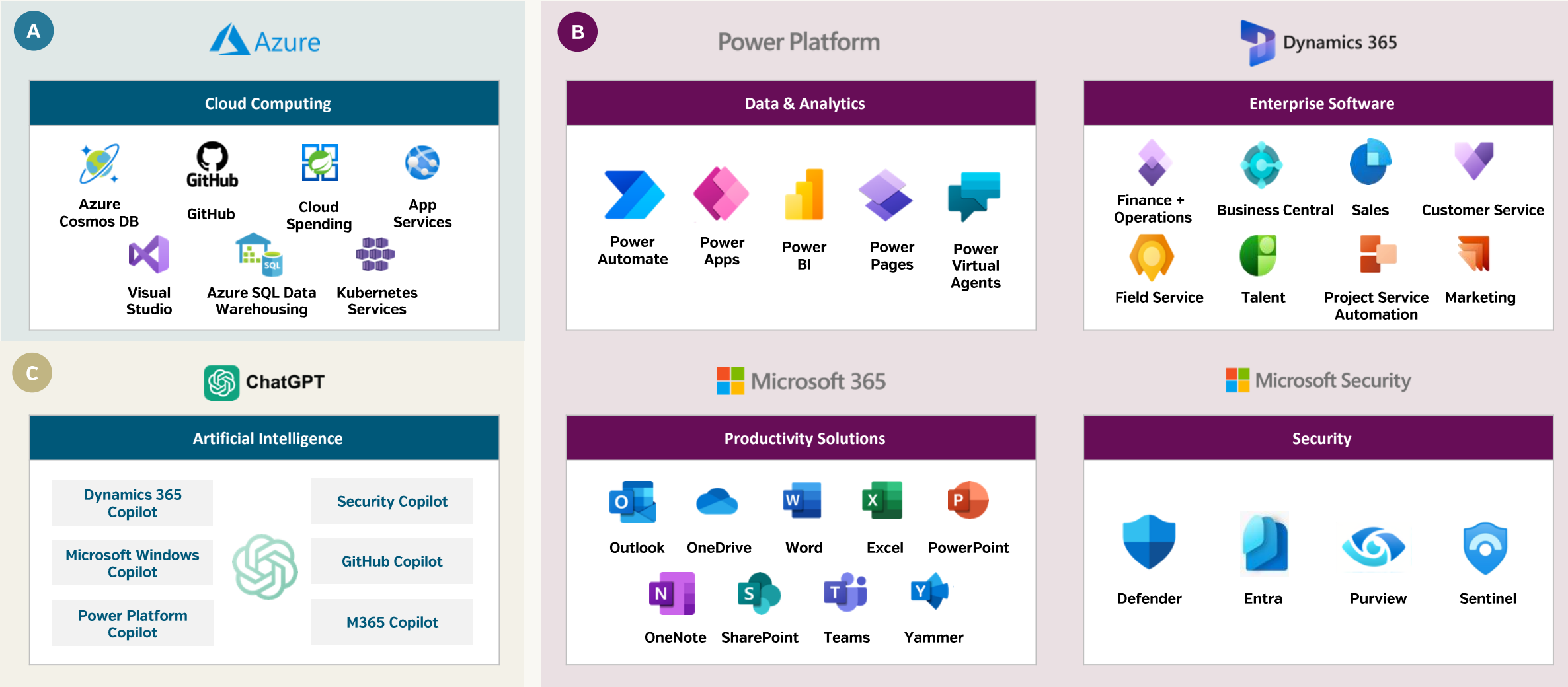
# ... And This Is Exemplified by the Company's Leading Margin, Revenue Growth, and Relative Valuation Metrics



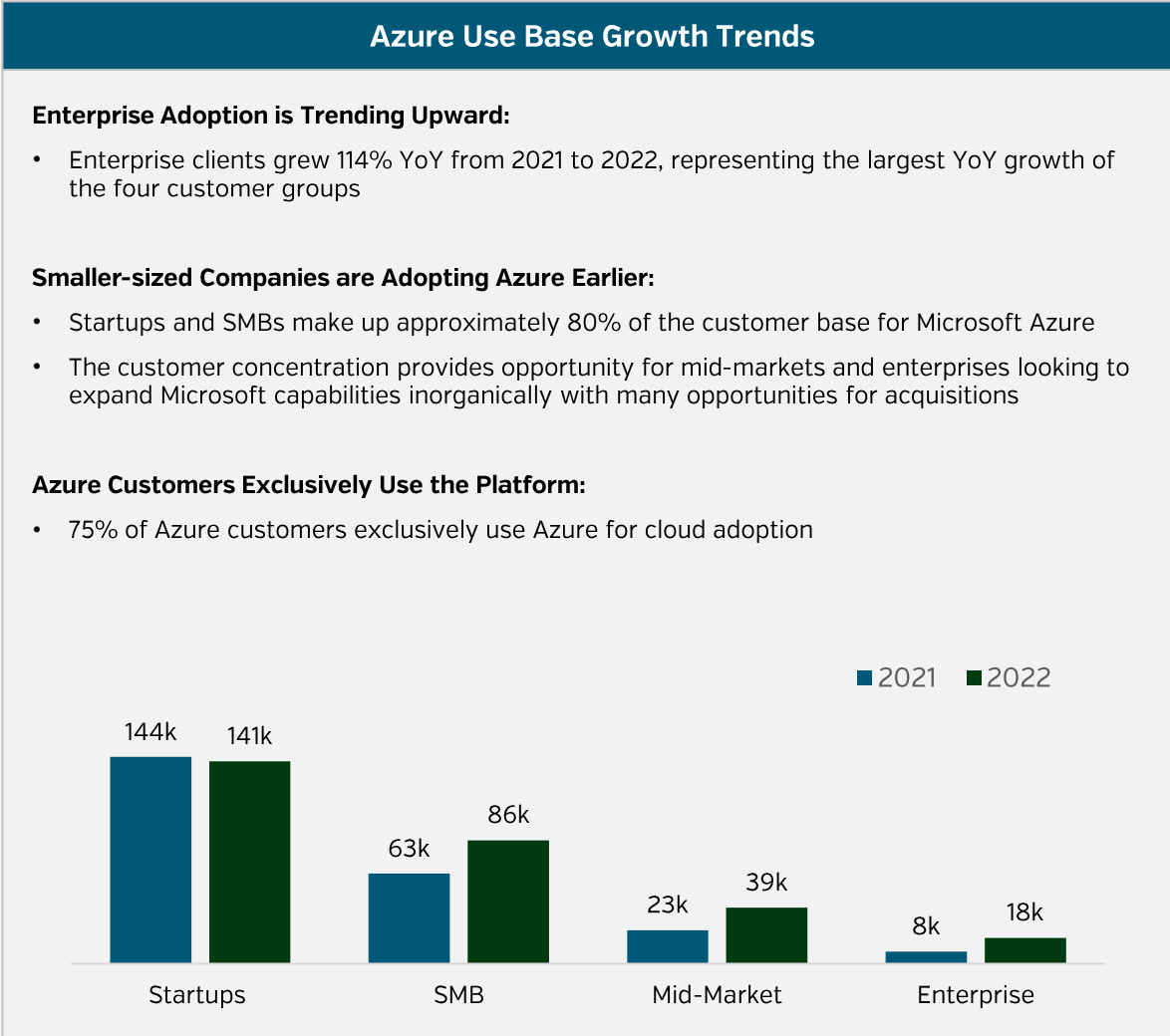
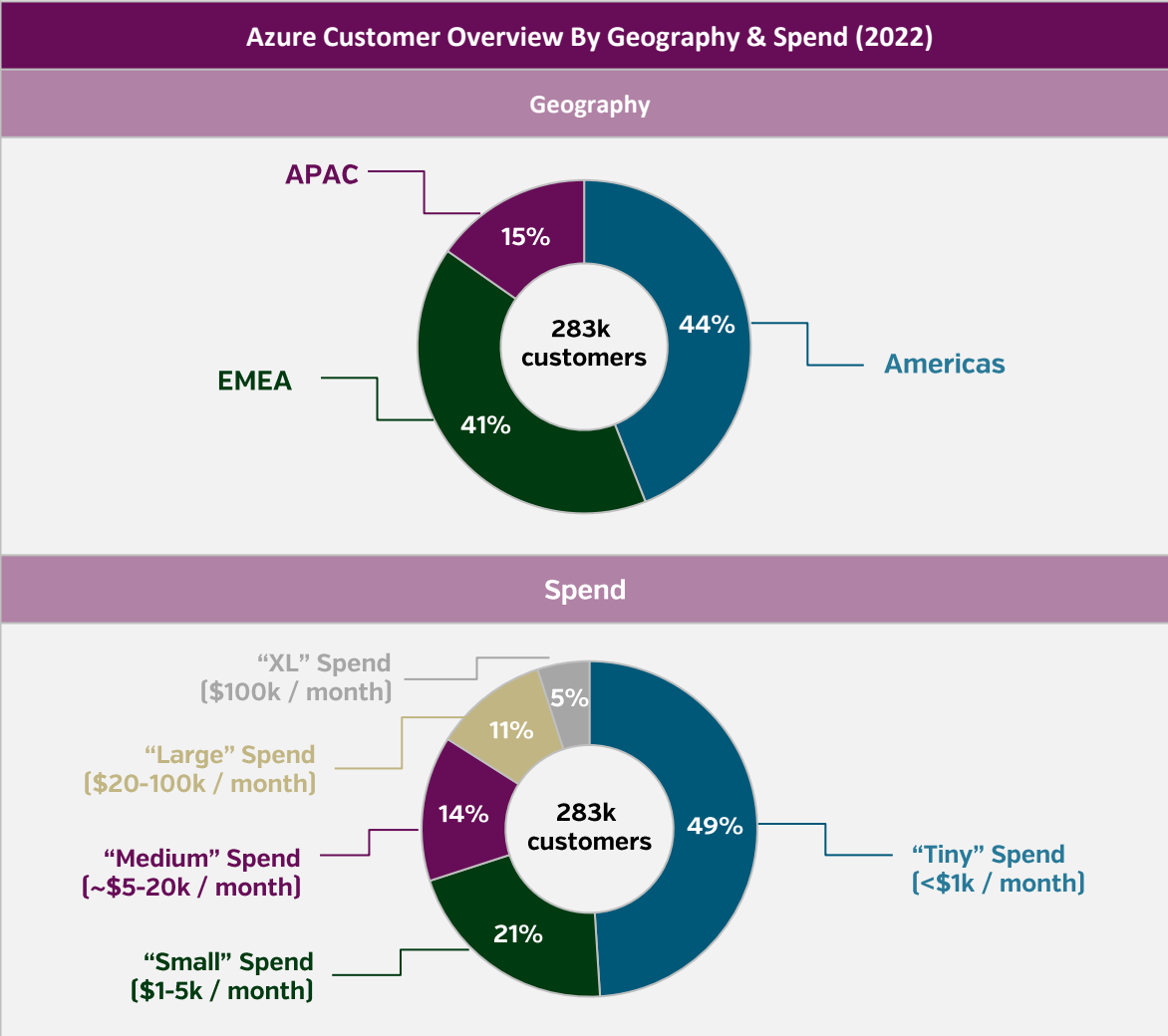
# Microsoft is Catching up to AWS in the Cloud Market and Has Leading Positions in Key High-Impact Verticals Serving Growing Enterprises



# Microsoft Has a Wide Range of Technology Pillars, Each of Which Has Its Own Network of Partners



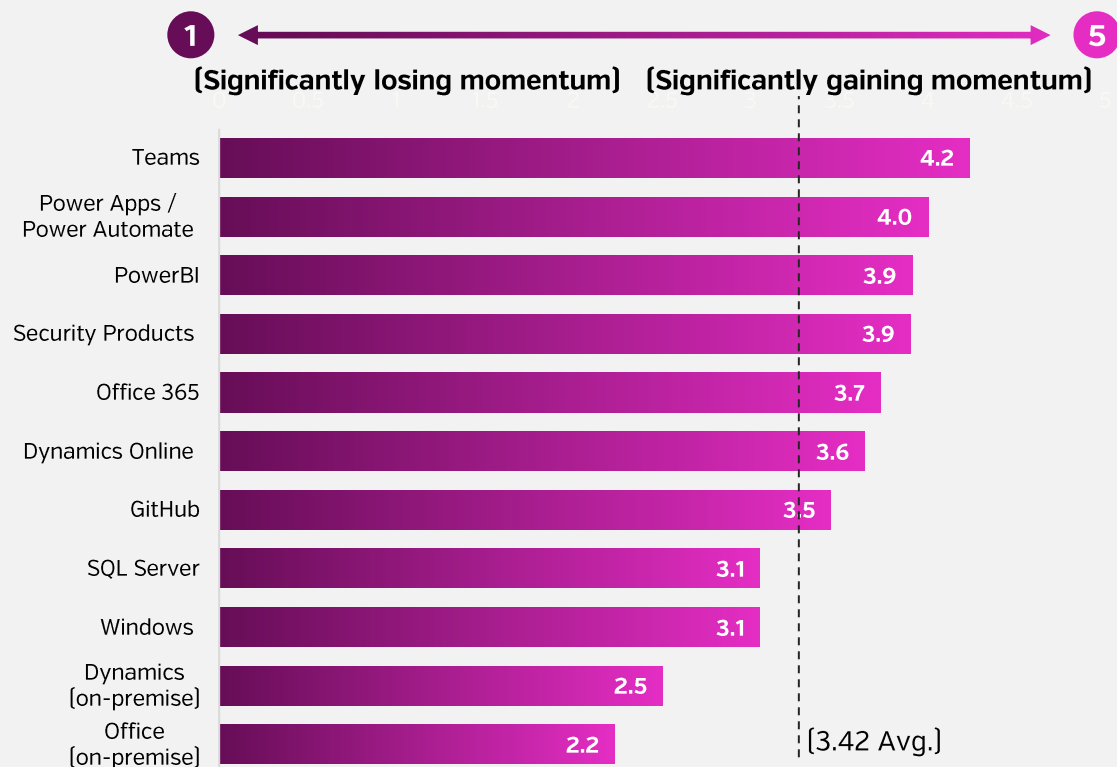
# Azure Purchase Trends are Fluidly Changing to Reflect a Healthy Balance Among Several Buyer Categories



# Microsoft Teams, Power Platform, and Security Products Continue to Gain Outsized Growth and Attention Among Businesses Globally

## Recent Momentum Trends in Microsoft Products

**JPMorgan Survey of MSFT Partners:** Please rate the following Microsoft products in terms of their momentum within your base of customers and prospects:



## Commentary & Observations

### Microsoft Teams:

- Teams implementations have grown along with new and complementary collaboration tools

### Power Platform:

- Currently facing large adoption trends, often completed with Power Apps and Power Automate functionalities
- Power Platform products are often getting significant attention along with Defender and Sentinel products
- Growth continues to generally exceed expectations within ecosystem

### Security:

- Security remains a high-priority focus of Microsoft customers and “mission critical” in assessing cloud infrastructure solutions
- Defender and Sentinel continue to be key product solutions in demand within Microsoft's security portfolio

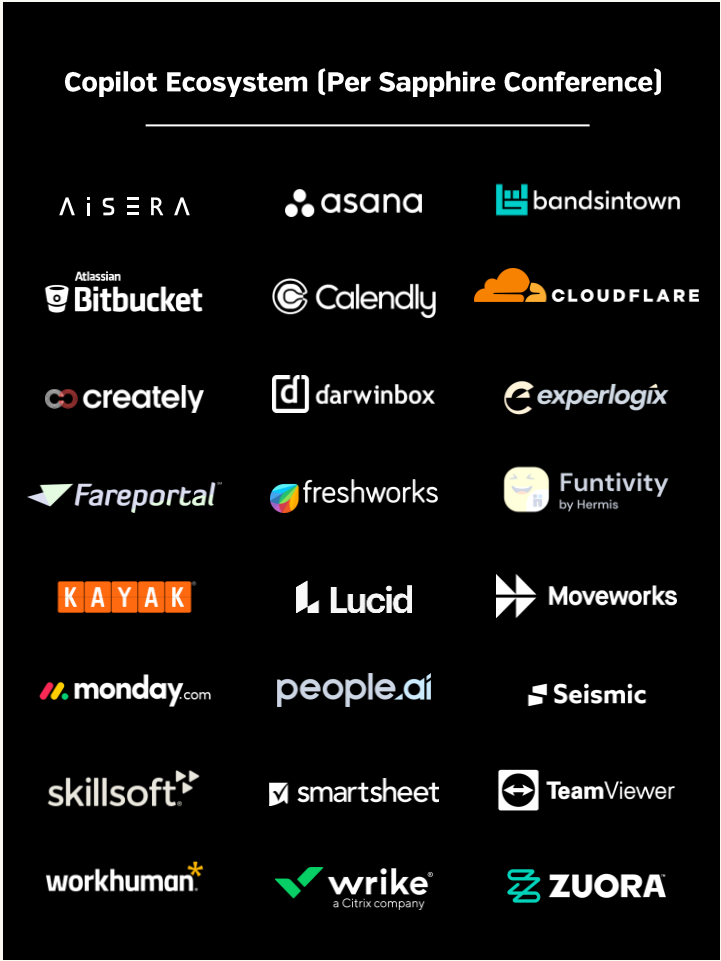
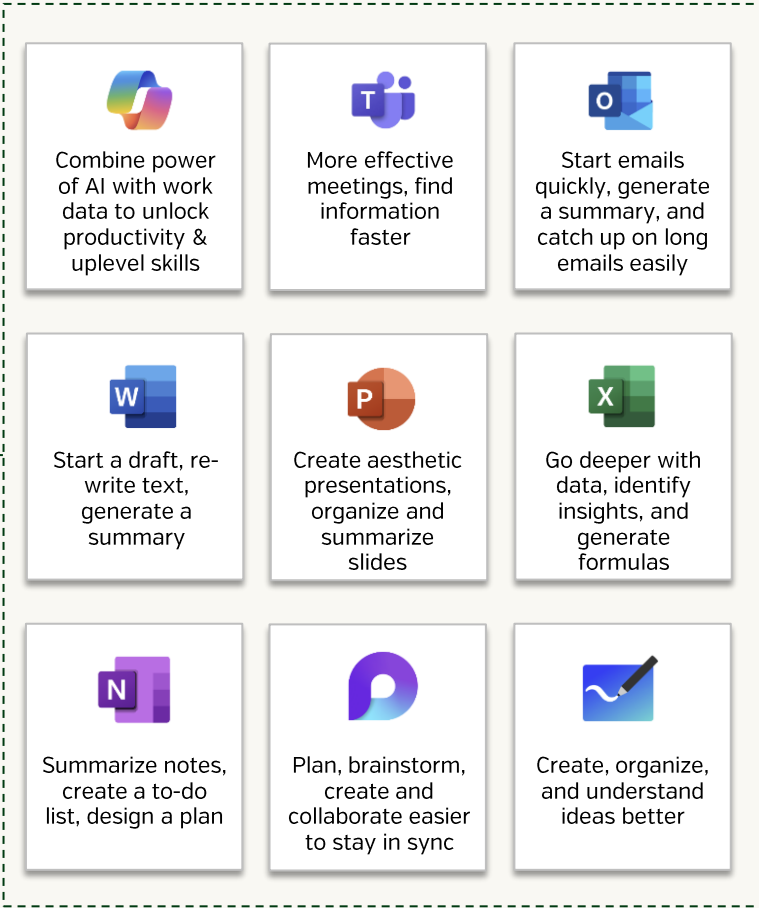
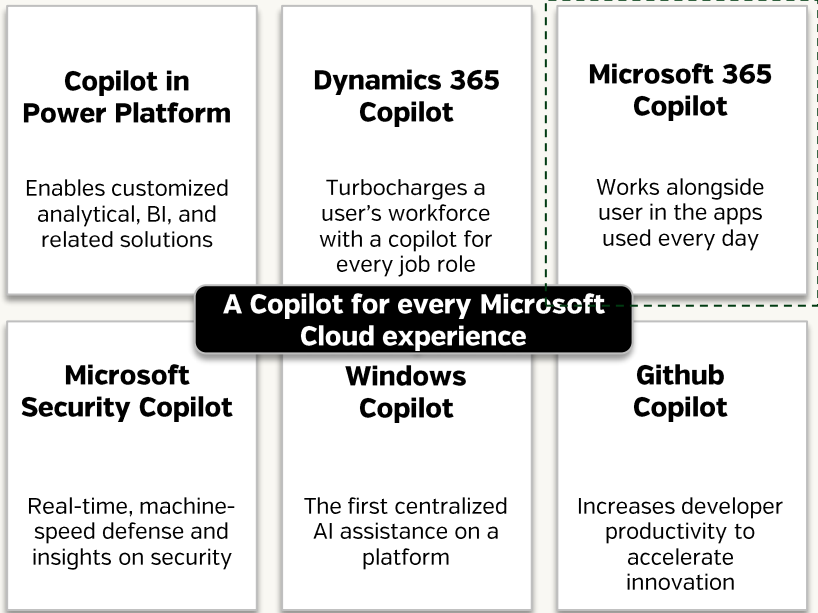
### Other

- Momentum in Microsoft's product offerings continues to grow, particularly with the launch of ChatGPT and the anticipated integration of generative AI

# C Microsoft is Deploying Next Generation AI In Novel Ways Across its Product Suite and Cloud Platforms

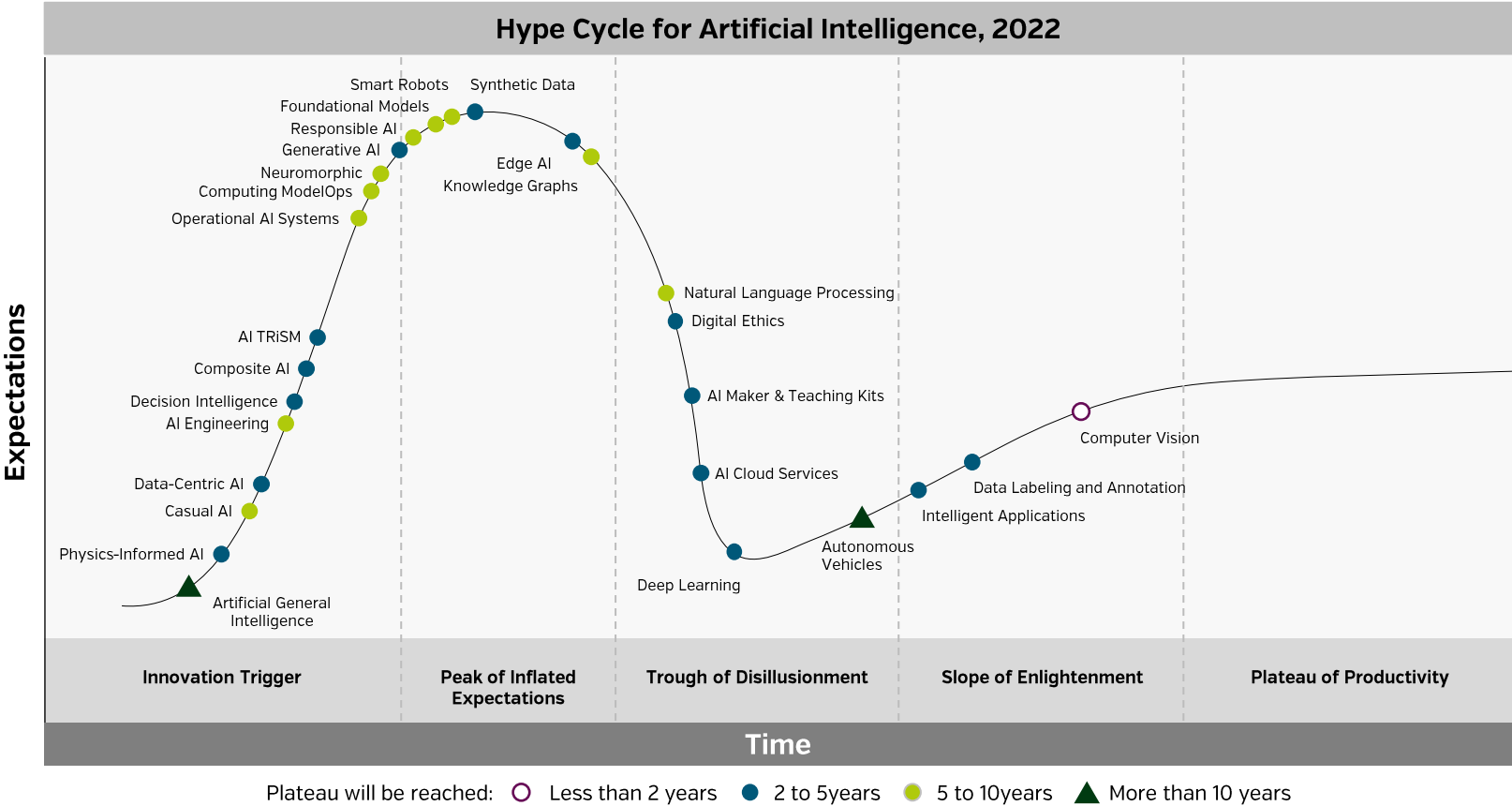
Copilot is One of Microsoft's Latest AI Product Developments That Will Enhance All Cloud Environments

Microsoft Copilot combines the power of large language models with an organization's data to create one of the most powerful productivity tools in the world. Copilot provides real-time intelligence assistance, enabling users to enhance their creativity, productivity, and skills



# Expectations For ChatGPT and New Generation AI Are High, But the Real-World Impact Is Still on a Longer Timeline

Artificial Intelligence Is In the Early Phases of Maturation & Is Expected to Have a Significant Impact on Future Growth & Productivity



- All regions of the global economy will experience benefits from generative AI
- Based on a PwC study, AI will contribute \$15.7tn to the global economy by 2030 (14% increase), which is greater than the current output of China and India combined



The greatest economic gains from AI are expected to materialize in China [26% boost to GDP in 2030] and North America [14.5% increase]



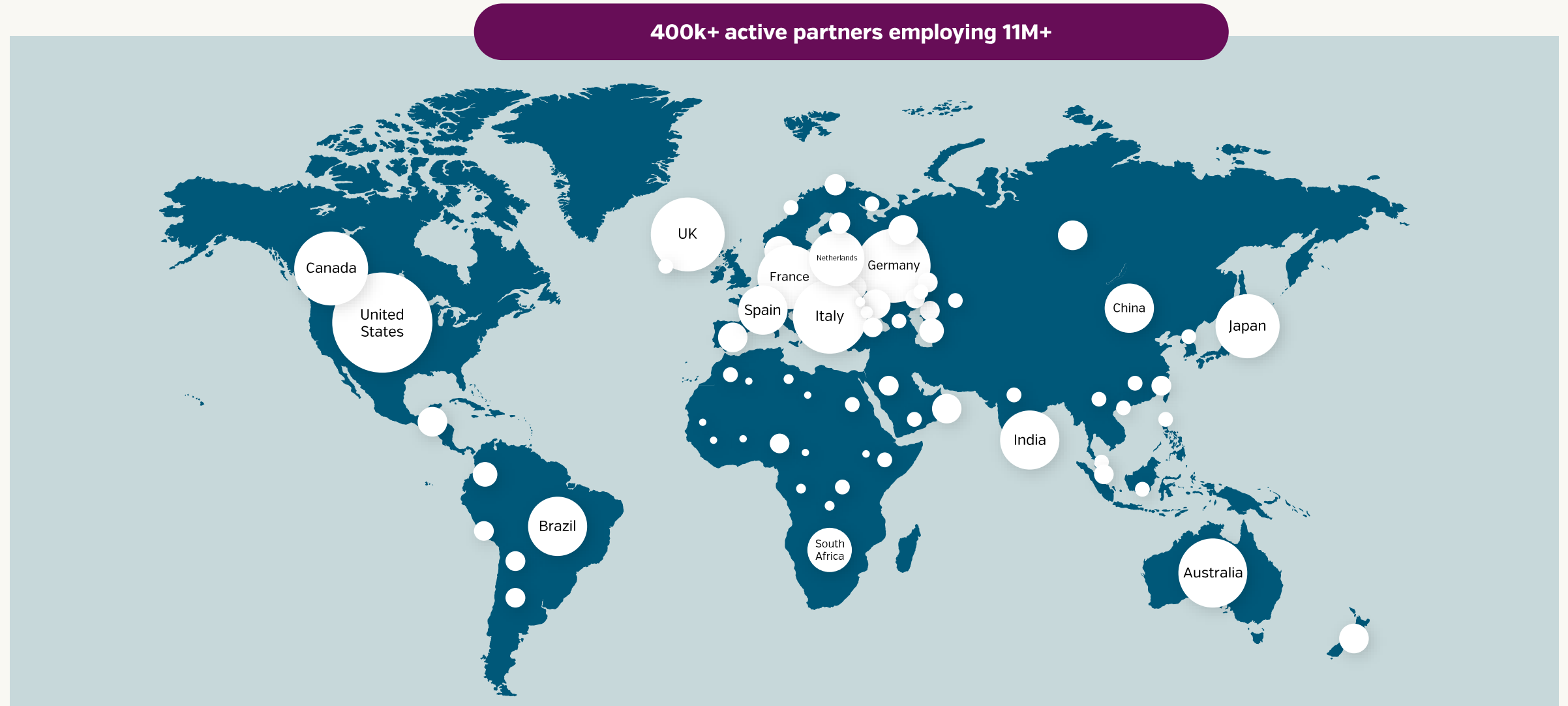
Labor productivity improvements are expected to account for >55% of all GDP gains from AI through 2030

# Microsoft's Partner Ecosystem

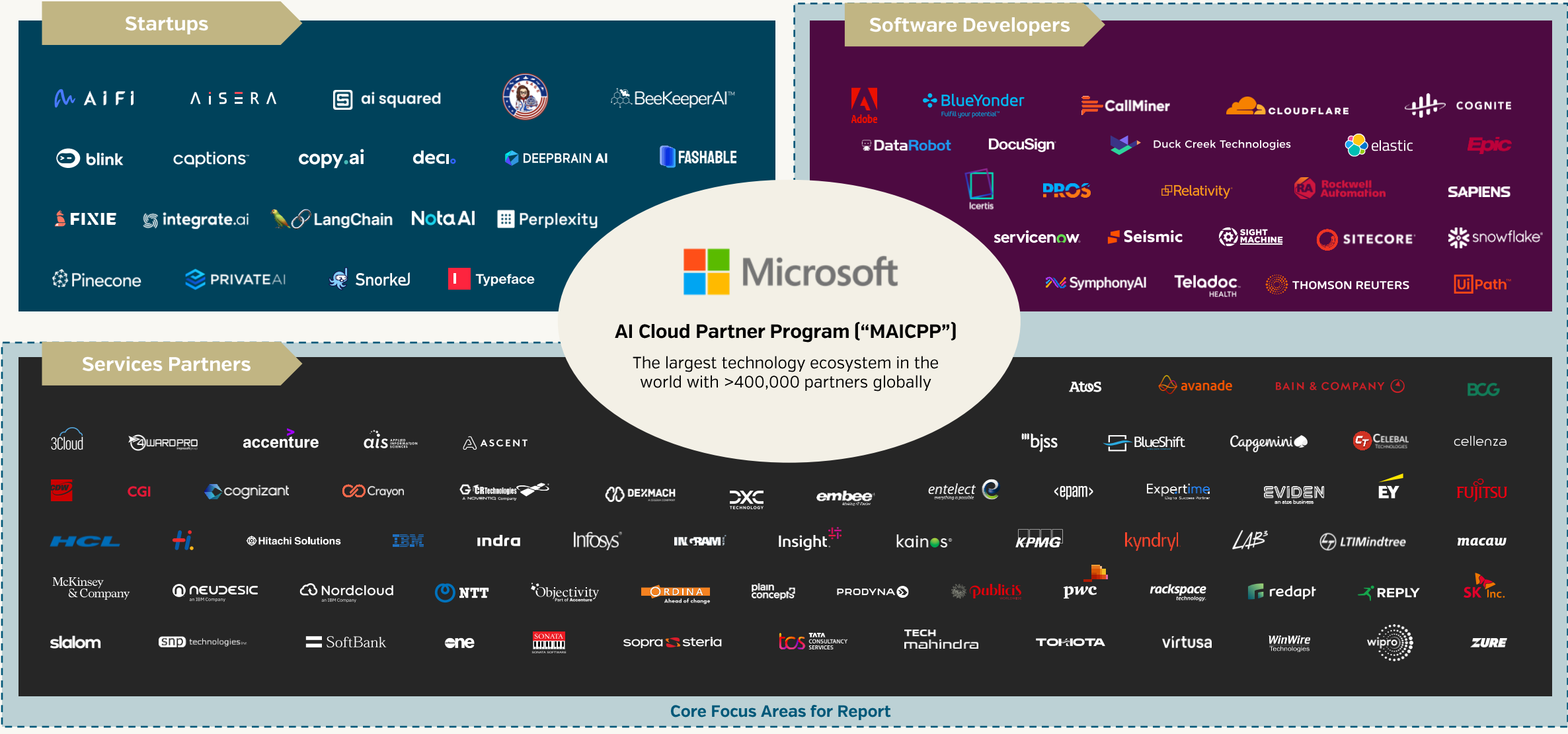
Section 2



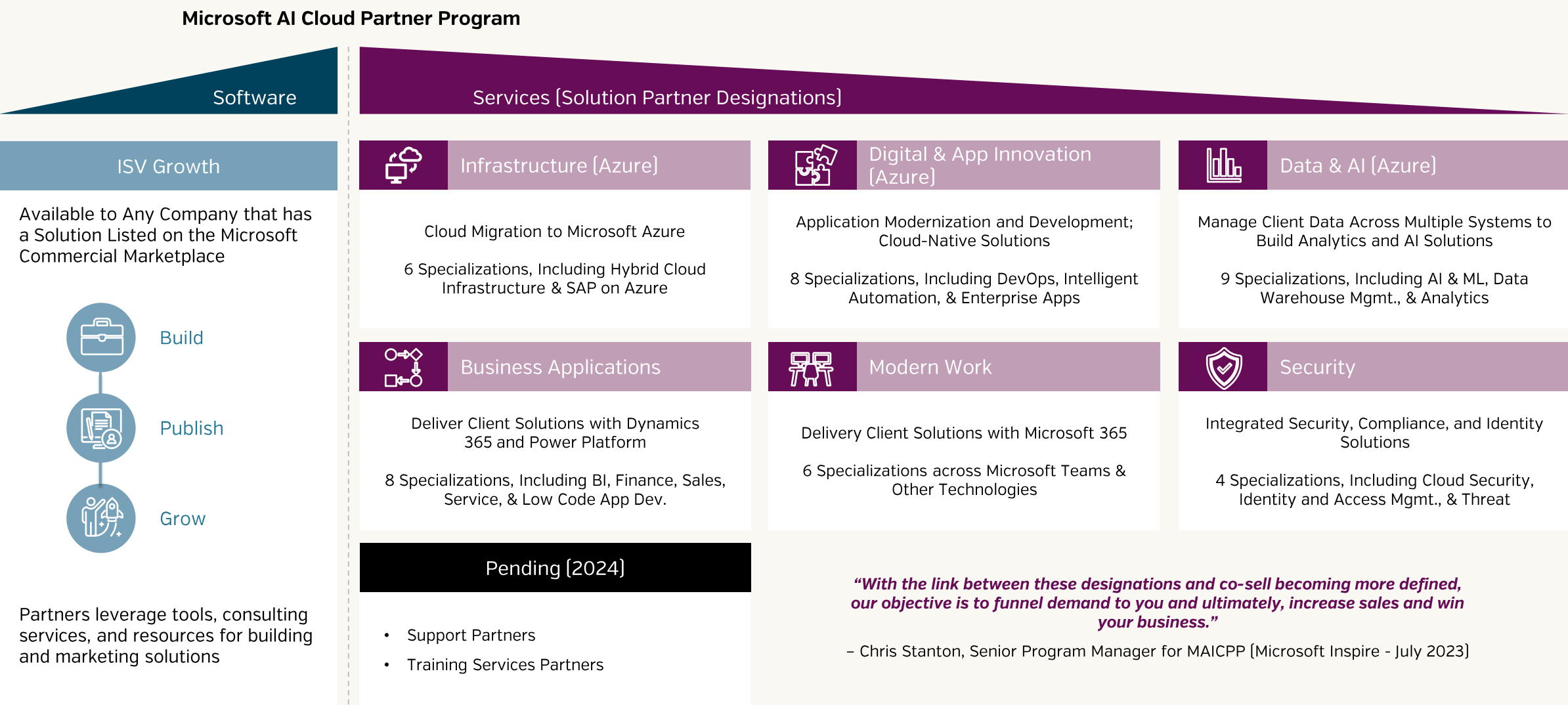
# Microsoft's Technology Ecosystem is The Largest and Most Comprehensive in the World...

































































# ... And Comprised of a Diverse Mix of High-Quality Partners Offering Bespoke Solutions and Complementary Services



# MAICPP Is Well-Organized and Comprehensive, With Six Solution Partner Designations and a Broad Range of Specializations

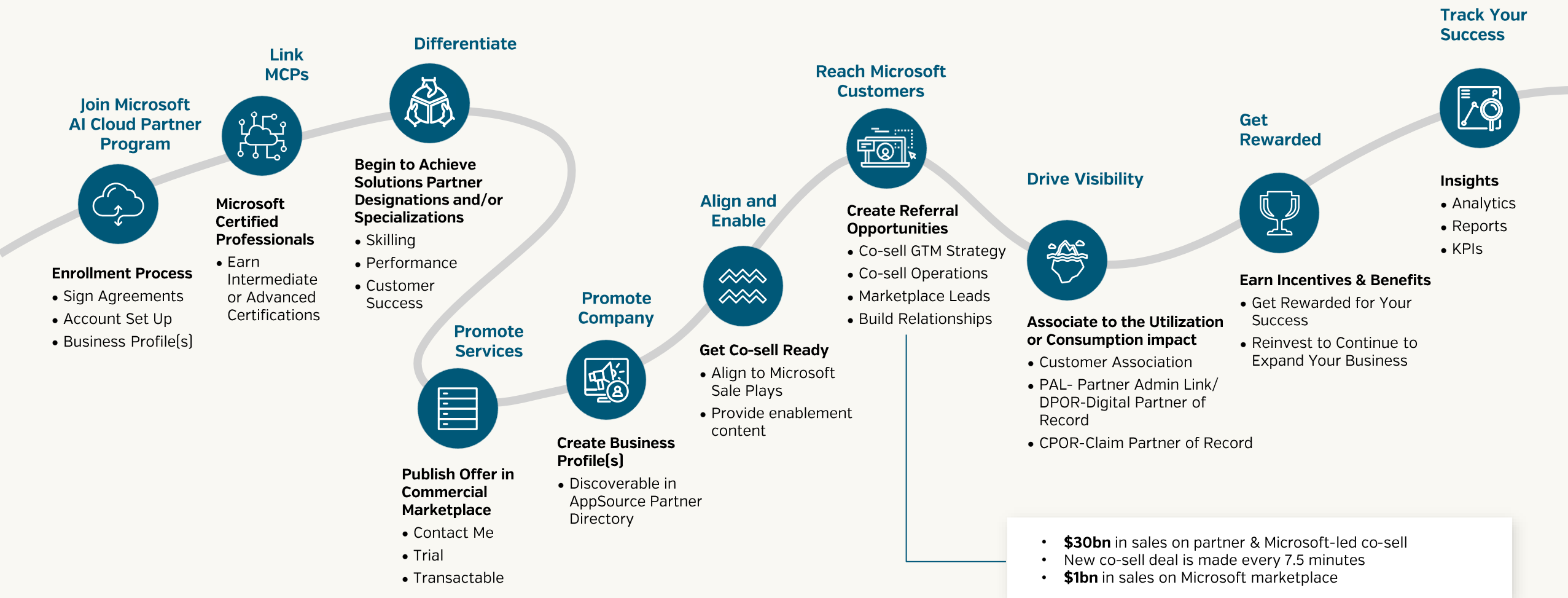


# Members Can Also Attain Azure Expert Managed Services Provider Qualifications, Gaining Top Priority in the Microsoft Referral Engine

Azure Expert MSPs	Select Microsoft Expert MSPs
<p>Microsoft Azure Expert Managed Service Providers are recognized for their skills, expertise, and customer success in delivering Azure-based solutions, and are provided with exclusive co-selling and business development benefits</p> <p><b>Requirements:</b> Must have an active Solutions Partner for:</p> <ul style="list-style-type: none"> <li> Infrastructure</li> <li> Digital &amp; App Innovation</li> <li> Data &amp; Ai</li> </ul> <p>Subject to additional business prerequisites surrounding Azure MSP offerings and certifications</p>	<div>           </div> <div>           </div> <div>           </div> <div>           </div> <div>           </div> <div>          </div>

# Illustrative Journey for a Microsoft MAICPP Services Partner

Microsoft services partners benefit from ample support and opportunities that are specifically designed to drive growth

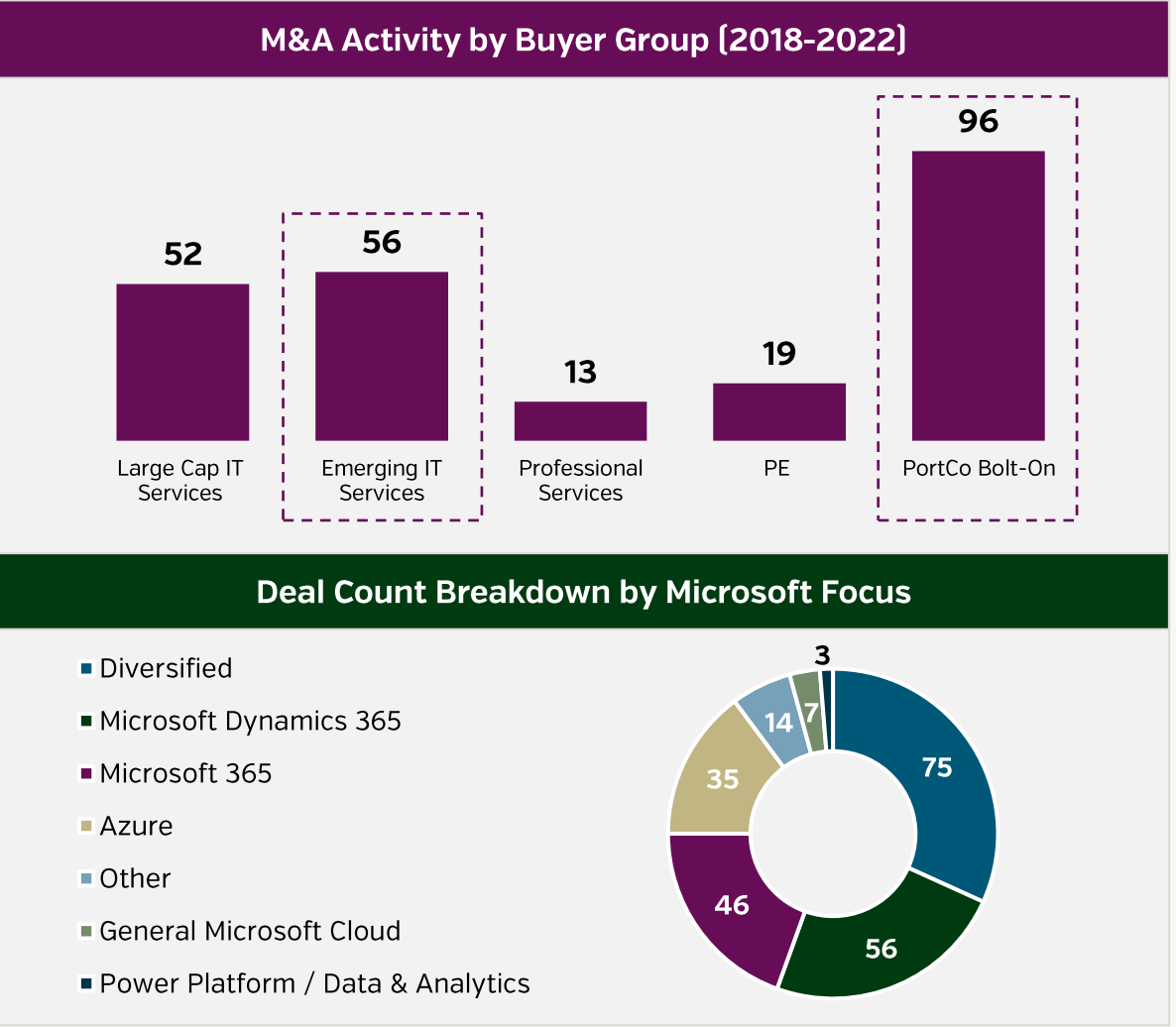
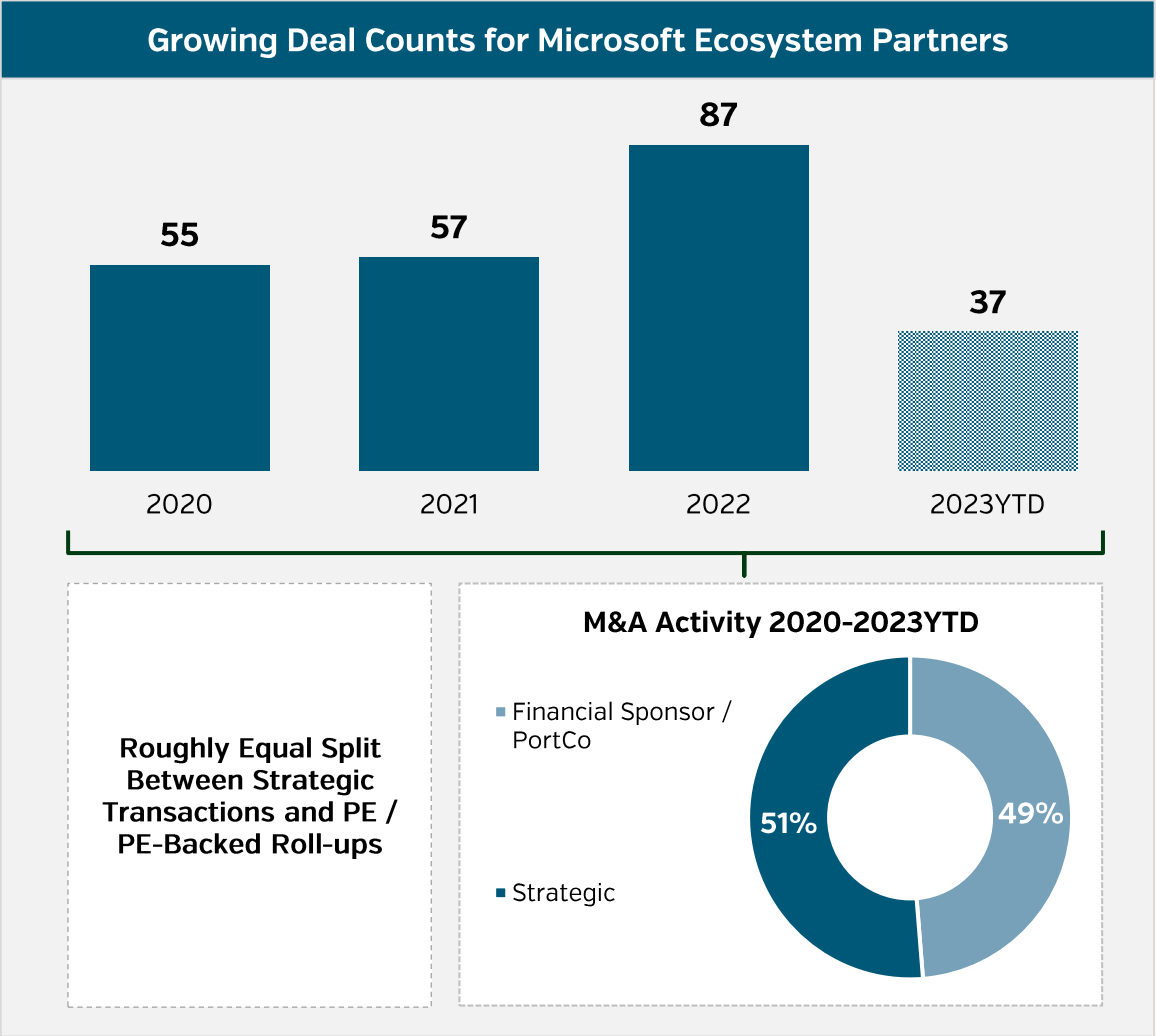




# M&A Activity in the Partner Ecosystem

Section 3








































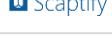











# M&A Deal Volume in the Microsoft Ecosystem Has Been Very Healthy Over The Past Few Years Underpinned by Significant Consolidation Trends



# Select Recent Microsoft Ecosystem M&A Activity Demonstrates the Diversity of Buyer Groups and Investors

Strategic consolidation has continued within the Microsoft ecosystem with broad-ranging interest across different technology platforms and verticals

M&A activity has been most pronounced in the lower-middle-market space with a broad range of buyer groups (strategics being the most prevalent)






Date	Target	HQ	Acquirer	HQ	Headcount	Target Description / Commentary
Sep-23	 JDM <small>bestier results</small>		 iRelation <small>HVERDAGENS IT SUPERHJELTE</small>		~70	Provider of IT services focused on Microsoft 365 and Dynamics 365. The company offers services such as document management, cloud printing, network security, IT outsourcing and backup services.
Aug-23	 EPM Accelerator BI <small>Microsoft 365 Partner</small>		 agile		~1	Provider of Microsoft Power Platform / Data & Analytics training services catering to individuals and corporates
Jul-23	 WESTERN COMPUTER		 Evergreen Services Group		~178	Provider of ERP, CRM, SCM, and BI services through leveraging Microsoft Dynamics 365
Mar-23	 gtarkvara		 span		~14	Provider of cloud-based solutions intended to work for software manufacturers. The company offers solutions such as Microsoft 365, Veritas Cloud, Azure and offers software solutions for Microsoft
Feb-23	 purely CRM		 ENDEAVOUR PARTNERS		~32	Middle market and Enterprise CRM consultants in North and South America across the full Microsoft 365 Suite
Dec-22	 nerdio		 update		~128	Provider of cloud-based IT services intended to deploy, manage, and optimize virtual desktops in Microsoft Azure.
Dec-22	 WatServ		 Centrilogic		~26	Provider of managed cloud hosting services for businesses, including public and private cloud infrastructure, cloud roadmap creation, and cybersecurity
Oct-22	 INFINITY <small>COMPUTER SYSTEMS</small>		 SOURCEPASS		~5	Provider of business software and consulting services focused on Microsoft Dynamics 365 and Dynamics GP software platforms
Sep-22	 CompanyNet		 CORE		~114	Specialization in Microsoft Azure and Microsoft 365 solutions software development systems
Aug-22	 implema		 Litorina		~214	IT consultancy focused on the implementation of Microsoft Dynamics 365 ERP software
Aug-22	 METRO CSG		 SHORE Capital Partners		~8	Provider of full-stack Microsoft services, including cloud migration and hosting and cybersecurity
Jul-22	 eplus CONSULTING		 ivision		~92	Provider of Microsoft Azure cloud migration and business process automation across several industries
Jul-22	 risuql		 NODE4 <small>Empowering business to do more</small>		~149	Provider of IT consultancy services leveraging the Microsoft Cloud, including services of training and adoption, cybersecurity, digital transformation and IP licensing
May-22	 Scaptify		 Microsoft		N/A	Operator of an application platform that leverages Dynamics 365 to provide cutting-edge ERP systems
May-22	 SUMMIT7		 WESTVIEW CAPITAL PARTNERS		~146	Trusted Microsoft partner with expertise in Microsoft 365 and Azure, providing IT managed services, cloud security, and data governance and compliance
Feb-22	 predica		 one		~365	Provider of Microsoft Azure cloud migration, application modernization and managed services to blue-chip enterprise customers
Nov-21	 DataSentics <small>an atos company</small>		 Atos		~134	Provider of data analytics and data science consulting services through Microsoft Azure
Aug-21	 Pythagoras		 EY		~118	Provider of professional business and consulting services and systems using the General Microsoft Cloud, including the Power Platform, Microsoft Azure, and Dynamics 365

Source: Equiteq Research

**Note:** Equiteq would be pleased to share color / perspectives on valuation multiples in the Microsoft Ecosystem and broader IT Services space upon request

# Select Major Investor Groups Active in the Microsoft Ecosystem

There are a wide range of buyer categories within the Microsoft consulting space, each of which have their own unique characteristics and motivations

Illustrative Buyer Group	Rationale	Illustrative Buyers	Illustrative Buyer Group	Rationale	Illustrative Buyers
Major, Global Microsoft Consulting Firms	<ul style="list-style-type: none"> <li>Augment or enhance existing Microsoft offerings, end-market expertise, geographic expansion, resource capabilities, and business scale</li> <li>May be able to support outsized valuations due to synergy potential</li> </ul>		PE-Backed PortCos	<ul style="list-style-type: none"> <li>Increase scale of platform, add complementary capabilities / areas of expertise, enhance competitive positioning in market, partner with like-minded entrepreneurs / leaders, create shareholder value</li> </ul>	
Mid-Cap Microsoft Consultancies, Diversified IT Services	<ul style="list-style-type: none"> <li>Diversified IT services firms are looking to strengthen their expertise within the Microsoft ecosystem</li> <li>Unique solution offerings would be highly complementary to many potential IT consulting buyers, providing them with a more comprehensive service offering</li> </ul>		Private Equity	<ul style="list-style-type: none"> <li>Find a platform investment to gain entry into the Microsoft market and grow practice to a larger enterprise via organic growth and bolt-on M&amp;A</li> </ul>	
Professional Services & Consulting Firms	<ul style="list-style-type: none"> <li>Professional services and consulting players are constantly seeking an edge to outpace the rest of the field through the acquisition of unique platforms with technical expertise, which allow them to meet the demand for increasingly complex digital objectives</li> </ul>				

# Private Equity Interest in the Microsoft Ecosystem Remains Strong With Potential for Platform Roll-Up Opportunities

## Select Private Equity Transactions




## Select Bolt-On M&A Activity



# Equiteq Overview

Section 4



**Equiteq**  
Growing equity, realizing value

# Equiteq is the Leading, Global Investment Bank Serving the Knowledge Economy

Equiteq is custom built to deliver better transaction outcomes for clients in the Knowledge Economy

- 1

Focus on knowledge-specific sectors
- 2

Strong expertise in positioning Knowledge Economy businesses
- 3

Established relationships with the most relevant buyers
- 4

Deep understanding of client's strategic needs
- 5

Preparing companies for a successful exit is in our DNA
- 6

Global presence informs our unique approach to M&A

Global Reach

**~80** employees  
**6** offices  
**4** continents

Market Insights

M&A Report

Buyer Research Report

Sub-Sector Market Reports

- Data & Analytics
- Technology Ecosystems
- Consulting
- Other

Focused Market Perspectives

Buyer Knowledge

- Focused Demand: Highly targeted buyer lists built using proprietary insight into each buyer's unique acquisition criteria
- Relationships: Access to the key decision makers within the most prolific strategic and financial buyers

Proprietary Research

















- Valuations: Data-driven perspective on M&A market activity and current valuations in the knowledge-intensive services space
- Market Shifts: Granular, future-focused monitoring of hot sectors and service offerings
- Key Metrics: KPIs and operational metrics continually market tested and confirmed

Market Insight

- Context: Tracking proprietary share indices enables a sector and buyer-specific perspective on key macro events
- Trends: Market-driven and real-time view of positioning and valuation expectations

# We are the most active M&A advisor for the Knowledge Economy worldwide

We are the most active M&A advisor for the Knowledge Economy worldwide

<b>Apax</b>  Acquired <b>KIN+CARA</b>  Advised on the acquisition October 2023	<b>tquila</b>  Intelligent Automation Consultancy Acquired <b>elementBlue</b>  Advised on the acquisition September 2023	<b>bizanalytica</b>  Data Management Solutions Provider Sold to <b>Mastek</b>  Trust. Value. Velocity Advised on the sale August 2023	<b>INTERLOCK</b>  Private Equity Firm Invested into <b>Lovelytics</b>  Advised on the investment June 2023	<b>aquient</b>  Salesforce Gold Partner Sold to  Advised on the sale June 2023	<b>TSA</b>  Project Management and Advisory Firm Acquired <b>DGA</b>  Advised on the acquisition June 2023	 Web3 Technology-Focused Marketing Agency Sold to <b>flightstory</b>  Advised on the acquisition May 2023	<b>TSA</b>  Project Management and Advisory Firm Acquired <b>Henry Riley</b>  Advised on the acquisition May 2023	<b>nvm</b>  Private Equity Invested in <b>leadingresolutions</b>  Advised on the investment April 2023	<b>cg consus</b>  Procurement and Supply chain solutions provider Sold to <b>YCP Holdings</b>  Advised on the sale April 2023
<b>Project Aristotle</b>  Leading Microsoft Azure Consultancy Confidential Private Equity Firm Advised on the sale March 2023	<b>MML</b>  Private Equity Firm Invested in <b>WICKMAKER</b>  Advised on the investment February 2023	<b>Talan</b>  Digital Transformation Specialist Acquired <b>Gemserv</b>  Advised on the acquisition January 2023	<b>BAIN &amp; COMPANY</b>  Management Consultancy (ET) Acquired <b>Enterprise Blueprints</b>  Advised on the acquisition January 2023	<b>CLARETELLIGENCE</b>  Data & Analytics Consultancy Recapitalized by <b>ALIGN CAPITAL PARTNERS</b>  Advised on the sale January 2023	<b>Delivery Associates</b>  Public Sector Impact Consultancy Sold to <b>TRILL IMPACT</b>  Advised on the sale November 2022	<b>HBR CONSULTING</b>  Legal Consultancy Sold to <b>RENOVUS CAPITAL</b>  Advised on the sale November 2022	<b>BOS</b>  Managed Cloud Provider Sold to <b>ZAIN TECH</b>  Advised on the sale October 2022	<b>VALUE POINT</b>  Cybersecurity Solutions & Services Sold to <b>softline</b>  Advised on the sale October 2022	<b>LEXICON</b>  Digital Consultancy Sold to <b>endava</b>  Advised on the sale October 2022
<b>ALLATA</b>  CSD & Digital Transformation Consultancy Received investment from <b>CIVIC</b>  Advised on the sale September 2022	<b>NOVATIO</b>  RPA Consultancy Received investment from <b>KEYSTONE CAPITAL</b>  Advised on the sale August 2022	<b>SOLVERA</b>  Digital Transformation Services Sold to <b>accenture</b>  Advised on the sale July 2022	<b>risuql</b>  Azure Partner & Cloud Specialist Sold to <b>NODE4</b>  Empowering business to do more Advised on the sale July 2022	<b>SCANQMI</b>  Anaplan Gold Partner Sold to <b>VESEO</b>  Advised on the sale June 2022	<b>Pexlify</b>  Platinum Salesforce Partner Sold to <b>dentsu group</b>  Advised on the sale June 2022	<b>BEDFORD Consulting</b>  Anaplan Gold Partner Received investment from <b>KEENSIGHT CAPITAL</b>  Advised on the investment May 2022	<b>grit.</b>  Design & Innovation Consultancy Sold to <b>CYIENT</b>  Advised on the sale April 2022	<b>infrata</b>  Infrastructure Consultancy Receives majority investment <b>Lonsdale Capital Partners</b>  Advised on the investment April 2022	<b>IST</b>  CX Tech Consultancy Sold to <b>majorel</b>  Advised on the sale March 2022
 PE-backed Cybersecurity Specialist Acquired <b>CARETOWER</b>  Advised on the acquisition February 2022	 Financial Services Consultancy Sold to <b>bip.</b>  Advised on the sale February 2022	<b>JUST ANALYTICS</b>  AI & Analytics Specialist Sold to <b>rackspace technology</b>  Advised on the sale January 2022	<b>4 MILE ANALYTICS</b>  Data Consultancy Sold to <b>S4 CAPITAL</b>  Advised on the sale January 2022	<b>saglobal</b>  Microsoft Gold Partner Growth Financing By <b>KARTESIA</b>  Advised on the financing January 2022	<b>enowa.</b>  SAP Consulting Sold to <b>REPLY</b>  Advised on the sale January 2022	<b>GROUNDWELL CLOUD SOLUTIONS</b>  Salesforce Consulting Sold to <b>GVANSYS</b>  Advised on the sale January 2022	<b>intive</b>  Digital Consulting Acquired <b>SPARK</b>  Advised on the acquisition December 2021	<b>BLUEPOINT</b>  Private Equity Invested into <b>Stax</b>  Advised on the investment December 2021	<b>BOYDAK AUTOMATION</b>  AI & Automation Consultancy Sold to <b>BEterna</b>  Advised on the sale December 2021

# The Equiteq Team is Comprised of Deeply Experienced M&A Professionals With Extensive Experience in the Microsoft Market

## Americas



**Adam Tindall**  
Managing Director  
New York

+1 917 828 6119  
[adam.tindall@equiteq.com](mailto:adam.tindall@equiteq.com)



**Greg Fincke**  
Managing Director  
Boston

+1 917 828 5090  
[greg.fincke@equiteq.com](mailto:greg.fincke@equiteq.com)



**Alex Floess**  
Director  
New York

+1 518 320 5837  
[alexander.floess@equiteq.com](mailto:alexander.floess@equiteq.com)



**Ravi Dosanjh**  
Vice President  
New York

+1 917 566 6037  
[ravi.dosanjh@equiteq.com](mailto:ravi.dosanjh@equiteq.com)



**Charles Kahn**  
Analyst  
Boston

+1 347 640 0761  
[charles.kahn@equiteq.com](mailto:charles.kahn@equiteq.com)

## EMEA



**Jerome Glynn-Smith**  
Managing Director  
London

+44 [0] 7415 534557  
[jerome.glynn-smith@equiteq.com](mailto:jerome.glynn-smith@equiteq.com)



**Emmanuel Kostucki**  
Managing Director  
London

+44 [0] 789 181 8997  
[emmanuel.kostucki@equiteq.com](mailto:emmanuel.kostucki@equiteq.com)



**Alexandre Steiner**  
Managing Director  
France

+33 603014591  
[alexandre.steiner@equiteq.com](mailto:alexandre.steiner@equiteq.com)

## Coverage



**John Gannon**  
Director  
New York

+1 804 833 9659  
[john.gannon@equiteq.com](mailto:john.gannon@equiteq.com)



**Tristan Kuhl Bamford**  
Vice President  
New York

+1 212 256 1120  
[tristan.kuhlbamford@equiteq.com](mailto:tristan.kuhlbamford@equiteq.com)

## APAC



**Alex Monk**  
Managing Director  
Australia

+61 [0] 477 672 625  
[alex.monck@equiteq.com](mailto:alex.monck@equiteq.com)



**Sylvaine Masson**  
Managing Director  
Singapore

+65 8284 6383  
[sylvaine.masson@equiteq.com](mailto:sylvaine.masson@equiteq.com)



Growing equity, realizing value

New York – Boston – London – Paris – Singapore – Sydney

[www.equiteq.com](http://www.equiteq.com)

