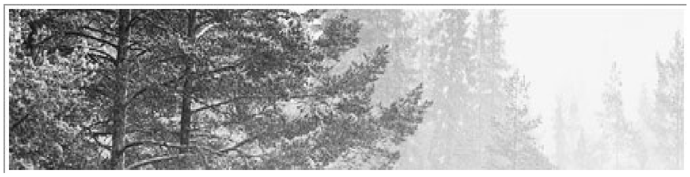

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M&A The Right Way.

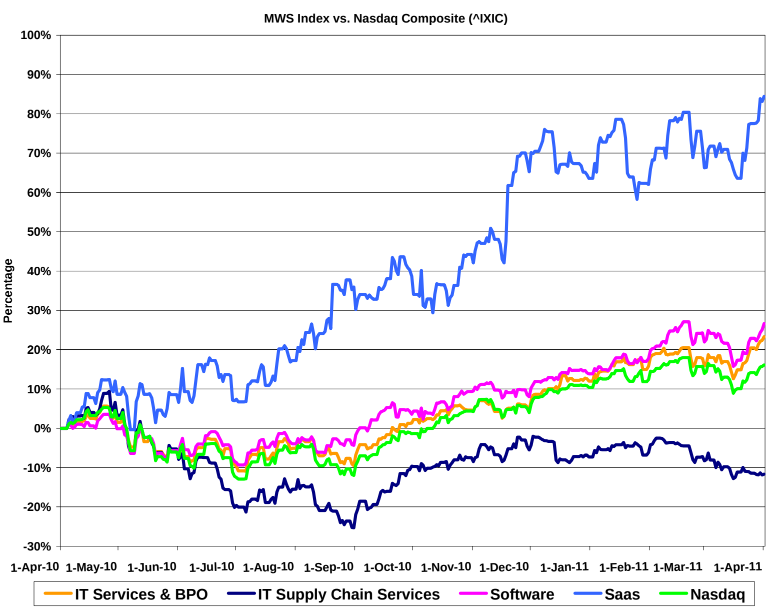
Valuation & Deal Insights®

First Quarter 2011

Industry Coverage — IT Services, BPO and IT Supply Chain Services

Inside this Issue

MWS Index® vs. NASDAQ Composite Index



Transaction Highlights

IT Services

- **3/31/11** Mediware Information Systems Inc. (NasdaqCM: MEDW) signed a definitive purchase agreement to acquire assets of CareCentric, Inc. The financial terms of the transaction were not disclosed
- **2/10/11** Golden Gate Capital acquired Cedar-Crestone, Inc from Alchemy Partners LLP and other shareholders. The financial terms of the deal were not disclosed.
- **2/1/11** Time Warner Cable Inc (NYSE: TWC) entered into an agreement to acquire NaviSite Inc (NasdaqCM: NAVI) from Silver Point Capital Offshore Fund Ltd of Silver Point Capital LP, Atlantic Investors LLC, Madison Technology LLC and other shareholders for approx $210M in cash.
- **1/27/11** Verizon Communications Inc (NYSE, Nasdaq: VZ) signed a definitive agreement to acquire Terremark Worldwide Inc (Nasdaq: TMRK). Terremark will receive $19.00 per share in cash, or a total equity value of $1.4B.
- **1/11/11** iGate Global Solutions Limited and iGate Corporation (NasdaqGS: IGTE) made an offer to acquire 20.57% stake in Patni Computer Systems Limited (BSE: 532517) for INR 13.6B.
- **1/4/11** Hitachi Consulting Corp acquired Sierra Atlantic Inc from Inventus Capital Partners, New Enterprise Assoc and other shareholders. The financial terms of the transaction were not disclosed.

Supply Chain

- **3/17/11** PC Connection (NasdaqGS: PCCC) acquired Valcom Technology for $11.6M. **Martin Wolf Securities advised the seller in this transaction.**
- **2/8/11** PAETEC Holding Corp. entered into a merger agreement to acquire XETA Technologies Inc (NasdaqGM: XETA) from shareholders for $60.6M in cash.

SaaS

- **3/10/11** SS&C Technologies Holdings, Inc (NasdaqGS: SSNC) acquired BenefitsXML, Inc for an undisclosed amount. **Martin Wolf Securities advised the seller in this transaction.**

Viewpoint

Marty Wolf — President

It now appears the world is not going to implode as we escaped the first quarter with positive deal signs breaking out all over. Market averages trading up, pretty uniformly, less investor concern in the US over the quarter, even though inflation for items that matter to most Americans, food and energy is increasing, but excluded from CPI calculations, European member state debt refinancing, i.e.; bailouts by Germany, and emerging market issues, primarily currency valuations and rising interest costs to counter inflationary pressures. Having said all that, the quarter had a number of notable IT deals, with a lot of foreign interest, and was very active at MWS. More importantly, if you are looking for timing signs, as a shop that works with buyers and sellers, our mix is now heavily skewed towards sell side engagements, which indicates more deals and higher valuations.

Four trends that we think will continue to create near term M&A opportunities include the following:

First, foreign buyers are everywhere we look. We currently are advising large North American, European and Asian buyers, with the most interest from China and India. Japan, which has not been very active in IT M&A has shown more interest recently with NTT who acquired 3 companies in as many quarters, Dimension Data (LSE: DDT), Keane (AMEX: KEA) and Intelligroup (OB: ITIG) announced a nice sized transaction in Q1 with Hitachi acquiring US/Indian outsourcer Sierra Atlantic for nearly $250m.

Second, strategic buyers are now starting to put some of their excess dry powder in play, and we hear whispers that some of the largest supply chain and services companies around are dancing. One of the drivers, in addition to low overall revenue growth, is the threat of increased disintermediation. Plan on acceleration there.

Third, we have seen the convergence of mid-size companies that have dual components of SAAS and outsourcing. This is a particularly nascent and explosive sub category. In our specific niche, it's been benefits outsourcing, and it appeals widely to both private investors and strategics in both outsourcing and software/service. We completed the sale of IPA to Mercer (NYSE: MMC) in the 3rd quarter of 2010, and BenefitsXML to SS&C (NASDAQ: SSNC) in March. Both were well managed companies with multiple suitors. We are now finishing with a third, like firm, and there continues to be an imbalance between supply and demand.

Fourth, many larger organizations are using the market opening today to try and move unwanted, non-core, units. This has started to heat up over the last quarter, with some companies selling units, a good example is distributor Avnet disposing of Prosys, a Cisco and HP reseller, or others like Cisco, just close units like Flip. In either case, more focus, means leaner operations, and assets to be sold or bought.

Lastly, I did have the opportunity to speak May 29th at the HP 2011 Discover Conference in Las Vegas, "Wall Street View of the Channel." We had an interesting exchange, and a link to the presentation is attached for your review (http://martinwolfsecurities.com/press/WallStreetView-032911.pdf).

Happy selling.

Stock Premiums in M&A Transactions

Naturally, in an M&A deal; both sides will have different ideas about the worth of a target company. In the case of publicly traded targets, acquiring companies nearly always pay a substantial premium on the stock. American companies are paying record premiums in takeovers, a sign that executives are growing more bullish about both profits and stocks. As an example, in August 2010, Hewlett-Packard Company agreed to buy 3PAR for $2.2 billion. It offered 247 percent more than company's stock price during the 1 month before the deal was announced.

We did research based on 200 announced M&A transactions during 2010 involving U.S. sellers with available financial information. We found some interesting trends:

Premium by Primary Industry:

Materials and Financial Services are the 2 sectors which commanded the biggest stock premiums. Globally, the resources sector is driving deal-making. There is a huge rush from Indian and Chinese buyers to secure commodity supplies, such as oil, gas, coking coal, and iron ore. In 2010, 35 percent of Chinese overseas M&A ($38 billion in total) was in the raw materials and energy sectors. In India, the number was 33%.

According to Steve Stelmach, a FBR Capital Markets analyst, the M&A activity in Financial Services is a "logical course of action considering the difficult economics of the business (absent a material pick-up in investment banking activity). A series of deals in the financial services sector is a sign of renewed M&A interests in this sector. Deals include Stifel Financial Corp's acquisition of Thomas Weisel and Warburg Pincus' purchase of Citigroup Inc.'s Primerica.

	1 Day Prior (%)	1 Week Prior (%)	1 Month Prior (%)
Materials	54.4	52.1	103.0
Financial	46.5	38.2	55.2
IT	23.7	30.8	34.2
Healthcare	30.6	32.5	33.8
Energy	38.9	36.5	31.9
Telecom	23.8	22.5	23.2
Consumer Discretionary	14.3	14.6	21.6
Utilities	17.2	20.5	18.8
Industrial	7.92	10.8	18.6
Consumer Staples	1.9	2.5	14.5

Median Target Stock Premium by Primary Industry

Premium by Percentage Sought:

Control premium is an amount that a buyer is usually willing to pay over the current market price of a publicly traded company. A buyer is willing to pay a control premium when obtaining control secures advantages they would not receive if only a minority interest was purchased. As we can see from the table below, minority share purchase has a smaller stock price premium prior to the announcement. Minority share purchases are often discussed in the market place before the actual bids. Most likely, principal's scheduled fail or urge to satisfy shareholders' liquidity needs played the key role. An alternative theory is that the control premiums that are observed in the public markets tended to be paid by strategic buyers, or buyers that had the ability to derive synergies from combinations or had other, specific, strategic intent. Financial buyers may not have the ability to derive synergies from an acquisition, but they can seek financial returns from their minority investments.

	1 Day Prior (%)	1 Week Prior (%)	1 Month Prior (%)
100%	33.7	32.6	37.3
50-100%	33.7	35.8	33.7
Less than 50%	1.9	3.4	11.8

Median Target Stock Premium by Percentage Sought

Premium by Transaction Size:

Our analysis covered 9 transactions within the $500-$999 million range. Therefore, this category had insufficient data to allow analysis of stock premium. Deals above $100 million mark have higher premiums than smaller transactions. Size premium is a direct coloration of risk and reward. Historically, small capitalization companies have had both higher risk and higher returns. On the other hand, larger assets are expected to worth more and demand more premium to get your hand around them.

Stock Premiums in M&A Transactions (con't)

	1 Day Prior (%)	1 Week Prior (%)	1 Month Prior (%)
Greater than $1 billion	24.9	28.2	31.6
$500 - $999.9mm	8.5	10.5	18.8
$100 - $499.9mm	30.8	35.1	36.5
Less than $100mm	17.2	16.7	27.4

Median Target Stock Premium by Transaction Size

In any case, M&A is back. The high stock premiums reflect companies' confidence about the future and the strong liquidity position the buyers have. Companies are increasingly using M&A as a tool to increase revenue growth & profitability, to acquire customers and market share, and to fill in strategic offering gaps. Another reason for high premium in 2010 is that undervalued businesses require a high premium to achieve successful takeovers. Quality assets have been severely depressed since the 2008 & 2009 economic downturn.

M&A Trends in HR -BPO

The Human Resource department responsibilities in any organization include strategic and non-strategic activities. The strategic functions include defining job requirements, recruiting, hiring, training, appraisals, labor management and firing. The non-strategic functions include administrative tasks like payroll, benefits administration and keeping up to date with tax and employee laws. Any errors in these areas can cause legal problems and employee dissatisfaction.

Large businesses have outsourced parts or all of HR activity to a range of HR-Business Process Outsourcing (HR-BPO) service providers for many decades. Over the last decade, the cost benefits of new and innovative technology applications have enabled small and mid-sized enterprises to reap the benefits of outsourcing HR activities. The service providers range from co-employers or PEO (Professional Employer Organizations) to BPO companies outsourcing payroll and benefits administration and e-Services that provide self service tools to the HR professionals.

Key trends include:

Pick-up of M&A activity: Consistent with the broader IT services and BPO markets, there has been meaningful pick-up in the smaller size M&A transactions (sub $250M). In 2008 and 2009 larger service providers have focused on increasing profit margins by cutting back on costs and new initiatives. As a result, as the economy has recovered in 2010 and is set to accelerate its growth rate in 2011, the larger service providers are acquiring companies to ensure they are able to capture the growth trends in the marketplace.

Some notable transactions in HR-BPO market segment:

Date	Target/Seller	Buyer/Investor	Notes
Mar 2011*	**Benefits XML**	**SS&C Tech**	**Benefits Admin SaaS**
Dec 2010	Enwisen	Lawson	HR Enterprise App
Dec 2010	Sure Payroll	Paychex	Payroll SaaS
Dec 2010	Aliquant	Towers Watson	Benefits Admin BPO
Aug 2010	Excellaerate HRO	Xerox-ACS	HR-BPO
Jul 2010	Workscape	ADP	Benefits & Comp Solutions
Jul 2010*	**IPA**	**Mercer**	**Benefits Admin SaaS**

* Martin Wolf Securities advised the sellers in these transactions.

Acquisition of technologies by entrenched players: The most popular trend for acquisitions in this space is of larger companies acquiring smaller companies for their technology applications and related intellectual property. This can be to execute on a strategy to enter new markets (SS&C – BenefitsXML, Lawson – Enwisen), strengthen capabilities and acquire latest technologies in existing markets (Paychex – Surepayroll) and/or vertical integration to control and deliver a complete solution (Mercer-IPA).

Platform BPO companies acquiring capabilities and customers: Platform BPO companies are looking to acquire companies that expand their geographic reach, get them new customers to whom they can then cross sell and upsell additional services and expand services offerings. Towers Watson acquisition of Aliquant and ACS acquisition Excellaerate are recent examples of this trend.

M&A Trends in HR -BPO (con't)

Private equity re-capitalization: Lower interest rates, thawing of debt markets and strong market performance in 2010 has resulted in private equity firms coming back on the prowl in the later-half of the year. Stay tuned to get updates on their recent catches.

In summary, M&A activity in HR-BPO space has increased in recent months. This can be correlated to a few key trends listed above. The pace of high M&A activity is expected to continue in the coming months.

Pre-Deal Due Diligence

When starting the process of selling your company, it is important to conduct pre-diligence with your advisors, including your investment banker, attorney and accountant. Your investment banker should be leading the process, as their experience in dealing with buyers and their concerns is invaluable in preventing missteps at the start of an engagement. The objective of pre-deal diligence is to identify potential problems and correct them prior to going to market. Unlike children, buyers don't like surprises, either good or bad.

In pre-deal diligence, which is not a comprehensive buyer due diligence process, there are key areas that should be reviewed and are critical to a good outcome. The following areas should be discussed and reviewed with your advisors:

1) What is the reason for the sale? Buyers want to know what is motivating the owner or shareholders to sell. Is it age, health problems, capital requirements, partner issues, etc. If there are issues that are motivating the sale, it is important to discuss up front and provide solutions to minimize the impact. Clear and concise reasons for the sale, and post merger plans should be developed. It is important to build trust with the buyer, and they will respect an owner who has thought through those issues clearly.

2) Are there any legal situations that can impact the sale? An unsuccessful deal can create a damaging and difficult situation for a seller. Doing pre-deal legal due diligence can proactively correct and anticipate issues and ensure a smooth legal due diligence phase by the buyer. The pre-deal diligence should include reviews of environmental compliance, UCC lien searches, employee policies and hiring practices, reviews of contracts and other areas that your legal advisor can determine.

3) How will the financial statements be viewed by a buyer? An extensive amount of the buyers due diligence is spent reviewing financial information, including external audits, internal financial statements and projections. Pre-deal diligence should include reviewing the statements for quality of earnings, i.e. are there non-recurring income or expense items that distort the results. A buyer will review financial statements with a skeptical viewpoint, looking for changes in accounting methods and policies that impact the results. If these items are material they can affect a valuation and impact or cause the seller to cancel a deal. An objective review of the numbers with that buyer's skepticism should be undertaken to correct and anticipate potential pitfalls.

Deciding to sell your company is a major decision and is exciting and worrisome. Before starting the marketing phase of an engagement, the seller should ensure that his advisors have reviewed his company and can provide an objective analysis of potential issues and their solutions .

Stock Purchase Agreements—What's "Reasonable"?

If you are preparing to sell your company, you are also attempting to anticipate all the difficult questions that will arise during the sales process. Some of those questions will be factual and easily anticipated, and many will be tied to your operations - the kinds of questions that address issues you think about every day.

Other questions, particularly questions that will be posed to you by your attorney, may seem arcane and frustrating, as they will address issues that you seldom have had to confront. They will, nevertheless, concern important issues, and you cannot afford to either treat them as "routine" or ignore their consequences.

Examples of those kinds of questions include:

- What should be the cap be on your indemnification obligations?
- How long should escrow be?
- Should you agree to arbitration? Who should pay the fees of the arbitrator?

Stock Purchase Agreements—What's "Reasonable"? (con't)

In many instances, there will be no apparent "right" answer to the questions, and your first response will be to ask your attorney what is "fair," or what is "market," or what is "reasonable." Those have been the starting points for many of the discretionary decisions you have had to make as a business owner, and it is a reasonable place to start.

The answers, of course, depend primarily on the circumstances – your individual transaction - and in most instances your attorney will have a recommendation. But there may be instances in which either your lawyer does not have a recommendation, or the parties are so far apart in their positions that the issue may be seen as a "deal breaker," and you will want to understand what is typical for other, similar transactions.

For many years - particularly prior to the Internet - the answer to "what is market" for transactions involving privately held companies was primarily anecdotal. Larger law firms, with substantial M&A practices, had the particular advantage of seeing more deals, and therefore had a larger database from which to provide qualified guidance. Today, however, primarily because of the Internet, there are surveys that allow virtually all lawyers to access some evidence of current or recent practices.

Lawyers who are members of the American Bar Association, for example, have access to "Deal Points" studies, which include analyses of "private target" transactions. (The ABA compiles a number of different "Deal Points" studies – for public companies, for Canadian transactions, and for European transactions as well.)

The Deal Points studies have a wealth of information, including, for example, the following data points that could be used to help address the questions noted above (the following is from the 2009 Private Target Deal Points Study, which looked at 106 transaction involving private targets which closed in 2008):

- **Indemnification caps:** Of the 106 reported transactions, 48% had a cap on indemnification of 10% or less. No transaction had a cap in excess of the purchase price. (Accordingly, it would appear reasonable to request that the cap be at 10%.)

- **Escrow**: Escrows or holdbacks were found in 81% of all reported transactions. And it was the exclusive remedy in 27% of reported transactions. (Accordingly, it would appear reasonable for the buyer to insist on an escrow of some size, and it may not be reasonable to insist on the escrow being the exclusive remedy.)

- **Arbitration:** Alternative Dispute Resolution (which includes but is not limited to arbitration) was required in 35% of reported transactions. Of those requiring arbitration, the loser was required to pay the arbitration expenses in 38% of the transaction documents. (Accordingly, arbitration may be reasonable and in your interests; other factors should be considered. And there is no prevailing practice as to who should pay for the arbitration expenses.)

Notwithstanding the value of such information, it is NOT the place to start any discussion of what is appropriate for your transaction. "Every deal is different," and the circumstances of your particular transaction are more important than the "average" or the "mean" for similar transactions. In addition, note that:

- All surveys, or studies, by definition look "backward," meaning that they tell you what happened in the past, but not necessarily what is the current "market." (The most recent ABA private targets study, for example, takes data from 2008; they also note results from previous studies, so some trends can be noted.)

Stock Purchase Agreements—What's "Reasonable"? (con't)

- All survey, or studies, for privately held company transactions are necessarily selective, as there is no general requirement that deal terms for private company transactions be reported. (In the case of the referenced ABA study, it looked at 106 transactions, with deal values of $25M to $500M.)

- It is highly unlikely that all the data points found in the survey will be beneficial. You may, for example, be able to make a persuasive argument that the amount of escrow should be 10% (as was the case in more than 50% of the reported transactions), only to find that the buyer uses the same study to note that about 50% of the reported transactions do not have the escrowed amount as the exclusive remedy. Selective use of the results of any study can be problematic.

The additional information that surveys like the Deal Points Studies provide is important, as it can provided guidance, assist you in overcoming unreasonable positions, and, at the very least, provide data points for you and your attorney. Used appropriately, such surveys can assist both buyers and sellers in reaching appropriate compromises on many difficult deal issues.

To Sell at a High Price, Ask for Help

The secret of selling a company at top dollar is to know when to ask for help. Too often, entrepreneurs and management teams take their business personally and feel they can sell and manage the whole process when the time comes. They forget that selling a business requires a very different set of skills. This is especially true when one is running SMEs. Some potential buyers may be seeking a majority stake, while others a minority. It is the responsibility of the advisor to know where to seek the appropriate buyer, and how to combine all the information needed to create a master, strategic plan (work plan) to go ahead with the process in a timely manner.

Most smaller companies don't have their data compiled in the manner that larger firms do. Therefore, the process of selling small to medium sized companies starts with arranging all available information, from financial to operational, in an engaging manner to generate more interest. This proves helpful as the deal progresses in many stages, especially during Due Diligence where there are problems between public buyers and tiny sellers in issues such as accounting, etc. Advisors use their set of expertise to match the company with the most suitable buyers by creating buyer lists by category, i.e., financial, strategic, international, best fits, wildcards, etc. These are usually characterized in a manner that requires the use of a distinct sales pitch for each category in order to make the seller look most attractive.

The total number of buyers can range anywhere between a few dozen and hundreds. Often we come across interesting prospects, such as bringing a foreign buyer to the table. Finding such buyers is a complex task, requiring 3-5 rounds of calls, sometimes at odd hours of the day to outliers/international buyers in different time zones, and giving just enough information to get parties to sign a CA in order to learn more. This is one of the most important parts of the sales process, as advisors add a speed bump at the right time while delivering their sales pitch to an interested party. An entrepreneur may play it differently, as they may get excited and hand over more information than is required.

During one of our recent deals within the SaaS space, we contacted over 400 prospects. The list includes strategic domestic buyers, international strategic buyers, and financial buyers. The process generated interest from over 50 parties globally, resulting in 8 management meetings and 6 initial indication of interest. The whole process took approximately 130 days.

Managing smaller clients can get a little complex as they are not used to such a process and may get cold feet. This is where advisors need to be vigilant and assume that interested parties are just rummaging until official LOIs are submitted. A similar situation may arise during the due diligence process, where clients may get tired and/or overwhelmed with the amount of paperwork required. During negotiations, skills are tested to maximize the right price at the right time. But good advisors would use their professional communication skills to make the process as unchallenging as possible.

Selected Transactions

Announced 2/1/11 Time Warner Cable Inc. to acquire NaviSite Inc.

Target

NaviSite, Inc. (NASDAQ CM:Navi) provides hosting, management application (ERP and management services) messaging and cloud services solutions. They sells their products to the United States, United Kingdom and India.

Buyer

Time Warner Cable Inc. (NYSE:TWC)

Implied Enterprise Value

$319 Million

Implied EV/Revenue

2.48x LTM 10/31/10 Revenue

Implied EV/EBITDA

12.1x LTM 10/31/10 EBITDA

Synopsis

Time Warner Cable Inc. (NYSE:TWC) entered into an agreement to acquire NaviSite Inc. (NASDAQ CM: NAVI) from Silver Point Capital Offshore Fund Ltd of Silver Point Capital L.P., Atlantic Investors LLC, Madison Technology LLC and other shareholders for approximately $210 million in cash on February 1, 2011. TWC's offer of $5.50 per share represents a 33% premium over NaviSite's closing share price on Feb. 1, 2011. If the deal falls through, NaviSite will be required to pay Time Warner a termination fee of $7.5 million.

Transaction Highlights

This transaction follows another large deal in the first quarter of 2011 in the cloud computing space: Verizon Communications' acquisition of Terremark Worldwide. According to Gartner's report, the cloud computing market is going to increase from $68.3 billion to $148.8 billion in 2014. NaviSite is a premier provider of enterprise-class hosting, managed application, messaging and cloud services. The acquisition provides Time Warner Cable an immediate presence in the managed services market with NaviSite's more than 1,200 customers. Following the completion of the acquisition, Time Warner Cable plans to build on NaviSite's Enterprise customers and managed cloud platform, to serve its existing and future small and medium-sized business customers.

Announced 1/11/11 iGATE Corp. to acquire Patni Computer System Ltd.

Target

Patni Computer System Ltd. (BSE:532517) operates as an information technology (IT) services company.

Buyer

iGATE Corporation (NASDAQ GS: IGTE)

Implied Enterprise Value

$1.1 Billion

Implied EV/Revenue

1.58x LTM 12/31/10 Revenue

Implied EV/EBITDA

7.9x LTM 12/31/10 EBITDA

Synopsis

iGATE Corporation made an offer to acquire a majority stake in Patni Computer Systems Limited (BSE: 532517) on January 10, 2011. The company signed a definitive agreement with the three founders (Mr. Narendra Patni, Mr. Gajendra Patni and Mr. Ashok Patni, and private equity group General Atlantic to acquire 45.6% and 17.4% stakes at a respective price of IRN 503.5 per share (equivalent to $11.09 per share or approximately $921 million). In addition, iGATE will make an offer to the public shareholders to purchase an additional 20.6% of Patni's shares for an estimated $301 million. The total transaction is valued at $1.22 billion, including the open market purchase. iGate's offer of INR 503.50 per share represents a 9.4% premium over Patni's closing price on Jan. 7, 2011.

Transaction Highlights

The acquisition follows a trend of business consolidations occurring in India. The combined enterprises will generate approximately $1 billion in revenue. The transaction is likely to be completed in the first half of 2011, and the combined entity is expected to become cash accretive by next year. This movement of attainment allows for companies to gain a broader and deeper presence in the Indian market, as well as looking to add revenue, clients and skilled employees. It will also become a formidable rival to other India-heritage players of similar scale such as Mahindra Satyam, MphasiS and Syntel, while competing with top IT firms , such as Tata Consultancy Services (TCS), Infosys, Cognizant, HCL and Wipro.

MWS Scoreboard

IT & IT-ENABLED OUTSOURCED SERVICES								
Managed Services	15.9%	48.0%	24.1%	46.1%	3.51	113.7	4.71	12.5
Healthcare IT	20.0%	50.7%	20.2%	3.8%	4.22	36.2	4.62	18.4
Chinese Outsourcing	19.1%	32.6%	8.3%	8.8%	4.00	41.4	3.42	27.4
Financial IT Services	9.0%	44.2%	26.0%	15.9%	2.14	21.4	2.23	9.2
Offshore Outsourcing > $500MM	18.5%	35.0%	21.1%	8.1%	2.07	22.5	2.09	14.3
IT Outsourcing	5.4%	30.5%	13.9%	16.7%	1.36	14.9	1.36	9.5
Offshore Outsourcing < $500MM	0.8%	30.8%	16.5%	0.9%	0.80	8.2	0.89	5.5
Governmental IT Professional Services	13.4%	24.3%	8.9%	11.3%	0.63	15.0	0.67	8.1
European IT & Business Services	3.8%	21.7%	8.9%	12.4%	0.54	15.0	0.62	6.7
Commercial IT Professional Services	7.9%	29.6%	5.7%	0.0%	0.44	29.6	0.50	10.3
IT Staff Augmentation	11.8%	21.2%	3.1%	0.7%	0.41	35.5	0.33	13.1
IT SUPPLY CHAIN SERVICES								
IT Retailers	0.1%	27.4%	5.2%	17.4%	0.20	16.7	0.30	6.6
IT Products Distributors	17.2%	10.2%	4.1%	7.9%	0.23	12.0	0.28	7.0
Asian IT Supply Chain	5.1%	10.0%	2.6%	16.5%	0.29	12.6	0.27	8.9
IT Resellers	-1.5%	21.9%	0.1%	21.8%	0.22	11.5	0.23	10.8
European IT Supply Chain	4.2%	13.7%	2.7%	11.1%	0.26	18.9	0.19	7.7
IT Direct Marketers	17.2%	13.4%	2.4%	3.6%	0.13	10.9	0.12	4.8
BUSINESS PROCESS OUTSOURCING								
Business Process Outsourcing - Non-voice	5.4%	35.4%	20.7%	29.4%	1.45	21.8	1.50	10.1
Offshore Business Process Outsourcing	12.4%	34.6%	14.1%	12.3%	0.73	14.6	1.07	8.3
European Business Process Outsourcing	5.4%	21.4%	11.0%	31.2%	0.71	20.8	0.80	9.6
Business Process Outsourcing - Voice	0.0%	27.9%	10.8%	5.4%	0.78	19.7	0.65	6.7
SaaS								
SaaS	19.3%	69.5%	9.8%	0.1%	6.78	121.8	6.24	42.8

Key Definitions:

1. Data Source: Capital IQ
2. The defined industry categories are based on Martin Wolf Securities' in-house research
3. The MWS Index® is market-value-weighted. It starts on January 1, 2007 with a value of 1000. It includes 69 IT and IT-Enabled Outsourced Services, 25 IT Supply Chain Services, and 38 Software companies listed in US stock market.
4. Enterprise value = Market Cap + Minority Interests + Preferred Stock + Outstanding Debt - Cash and Cash equivalents
5. LTM means Last Twelve Months based on last reported period
6. MWS Scoreboard is based on the closing price as of April 8, 2011.
7. Revenue Growth is growth in LTM revenue compared with previous period
8. Gross Margin = LTM Gross Profit * 100 / Revenue
9. EBITDA % = LTM EBITDA * 100 / Revenue
10. Net Income % = LTM Net Income *100 / Revenue
11. Debt/Asset = LTM Total Debt / Total Assets
12. P/S = Market Cap / LTM Revenue
13. P/E = Market Cap /LTM Net Income
14. EV/Revenue = Enterprise Value / LTM Revenue
15. EV/EBITDA = Enterprise Value / LTM EBITDA

If you have any questions, or want to subscribe to our periodic intelligence information, or be removed from the distribution list, please contact Yousif Abudra at (925) 215-2760 or email him at yabudra@martinwolf.com.

Martin Wolf Securities—Selected Transactions

VALCOM Technology Management Solutions *has been acquired by* PC Connection 1.800.800.0014 March 2011	BenefitsXML enabling e-benefits *has been acquired by* SS&C March 2011	GA GLOBAL ANALYTICS *has been acquired by* ERNST & YOUNG Quality In Everything We Do August 2010
Innovative Process Administration, LLC *has been acquired by* MERCER MMC MARSH MERCER KROLL GUY CARPENTER OLIVER WYMAN June 2010	valtech *has accepted a tender offer from* SiegCo December 2009	DLT SOLUTIONS *has been acquired by* TZP GROUP October 2009
CANVAS SYSTEMS *has been acquired by* Platinum Equity April 2009	ROLTA *has acquired* piocon December 2008	softchoice *has acquired* OPTIMUS SOLUTIONS A Softchoice Company $47.1 million January 2008

Martin Wolf Securities is a leading middle market Investment Bank exclusively focused on M&A in the IT Services, BPO & IT Supply Chain Services segments.