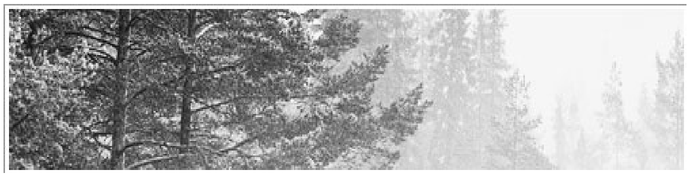

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Valuation & Deal Insights®

Fourth Quarter 2010

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

Inside this Issue

MWS Index® vs. NASDAQ Composite Index

Transaction Highlights

IT Services

- **12/14/10** Atos Origin S.A. (ENXTPA: CAP) entered into an agreement to acquired Siemens IT Solutions and Services GmbH & Co OHG from Siemens AG (DB: SIE) for $1.149 billion in enterprise value.
- **12/3/10** Valtech SA (ENXTPA: LTE) signed a definitive purchase agreement to acquire Adea, Inc. business from Southwest Mezzanine Investments for an undisclosed amount. Adea offers management consulting and business process outsourcing, application management, application development and integration, architecture, infrastructure, and business intelligence.
- **10/29/10** NTT Data Corporation (TSE: 9613) entered into a definitive merger agreement to acquired Keane, Inc. from Citi Venture Capital International and other shareholders. The financial terms of the transactions were not disclosed.
- **10/11/10** SRA International Inc. (NYSE: SRX) signed a definitive agreement to acquire Platinum Solutions, Inc. for $90 million in enterprise value.
- **10/06/10** SWK Holdings Corporation (OTCBB: SWKH) entered into a definitive agreement to acquire Lagan Technologies Ltd. From DFJ Esprit, Crescent Capital, DN Capital and other shareholders. The financial terms of the deal were not disclosed.

Supply Chain

- **10/29/10** Sirius Computer Solutions, Inc. agreed to acquire Midland Systems, Inc. Midland Systems provides system integration services in the United States. The financial terms of the transaction were not disclosed.
- **10/26/10** The Principals of CAS Saverne acquired most of the assets of Jeskell, Inc. from FusionStorm, Inc. in cash. Jeskell offers IBM server platforms, storage systems, software, and IT services. The financial terms of the transaction were not disclosed.

SaaS

- **12/7/10** Salesforce.com (NYSE:CRM) entered into a definitive agreement to acquire Heroku, Inc. for approximately $250 million in cash.

Viewpoint

Marty Wolf — President

Without commenting, specifically, on the merits of each of these specific IT transactions, it's always best to watch what the respective companies do, rather than what their leaders say. With this in mind, there were a number of larger deals in 2010 that reinforce our views on why deals get done, and whether shareholders are rewarded. The nature of these combinations can be broadly categorized in 3 groups: 1) consolidation plays, 2) product or service extensions, and 3) geographic expansion. In the case of geographic expansion, I will highlight cross border deals, which are accelerating in volume and size within this category.

First, consolidation plays. These combinations are designed, primarily, to take out redundant costs and are ideal in low growth or low margin businesses. In our universe, those are companies that have higher, non-proprietary product content. It is the easiest and most certain way to create value, if priced and integrated properly. Good examples from last year of these types of transactions are: private equity group Platinum Equity's purchase of OAO Technology Solutions in January, priced not disclosed, and their follow on acquisition of Pomeroy IT Solutions, (NASDAQ: PMRY), for $81M in February. By combining two like, but poorly run low margin businesses, you can take out costs, cross sell services and products to your entire customer set, and with motivated management, create real value. Similarly, their acquisition of underperforming Compucom Systems a few years back, where they unleashed management and made a couple smart acquisitions to better serve customers, was handsomely rewarded. Another similar deal, with correspondingly high likelihood of success was Avnet's (NYSE: AVT) purchase of traditional underperformer Bell Micro for $600M in July. The cost savings here are potentially greater than the EBITDA generated from the predecessor company.

Second, product or service extensions. 2010 had a series of notable deals in this space. This took place in similar quantity with smaller, private companies, but most of those aren't tracked and since they are private, the financial performance is not disclosed. Headline deals were Hewlett Packard's (NYSE: HPQ) five deals. Most interesting was the bidding war win for 3Par for $2.35B in September to extend their storage business, ArcSight in October for $1.5B in the security space, and their acquisition of Palm for $1.2B to gain access to Palm OS in the handheld space. Time will tell how all these play out. Oracle (NASDAQ: ORCL) gobbled up Art Technology Group Inc. (ATG) in November for $1B, after finally taking control of Sun earlier in the year which was the ultimate extension. Initial performance appears favorable as Oracle has a history of making lemonade out of lemons. Intel Corp's (NASDAQ: INTC) purchase of security software developer McAfee, Inc. in August for $7.7B was a big move outside their core development and manufacturing competencies, as was management consultant PricewaterhouseCoopers LLP's (PWC) purchase of its consulting shop Diamond Management & Technology Consultants, Inc. Keep your eye on each as these rely on the often cited marketing synergies to work out.

Third, geographic expansion continues to occur amongst developed countries as they track their global customers, but the developing country influence is preparing to crescendo in the next few years, as they too track their customers, and plant their flag in the name of customer support. Respected, but not household name IT companies are buying U.S. companies like it's going out of style. Brazilian IT shop Stefanini (NASDAQ: TEAM) acquired TechTeam Global, Inc., now known as Stefanini TechTeam for $90M in November, and tier two Zensar (NSE: ZENSARTECH) acquired privately held and private equity financed Akibia, also in November, for $66M. These should mesh nicely, with little downside risk if management is properly incented to stay and deliver. Most interestingly were NTT DATA's (TSE: 9613) three large deals to transform the Japanese telecom into an IT services/infrastructure and outsourcing powerhouse with a strong U.S. presence. They first acquired Intelligroup (OB: ITIG), a tier two Indian outsourcing company headquartered in the U.S. for $173M in June, and then followed up immediately by acquiring Dimension Data (LSE:DDT) in July for $3.3B, giving them Cisco product and service capability. They then followed that up by acquiring Keane, a very large general IT services shop for $1.2B in October. When the question is make vs. buy, they bought.

Expect significantly more cross border deals in the near term, as the financial strength and growing developing world economies power these acquiring companies, and they begin to chase their global customers.

Lastly, tying these into cross border M&A acceleration, my trip to China in October to speak at the Chinese American Chamber of Commerce function was an eye opener in many ways. More news to follow and combinations to be announced. Happy selling.

Summary of China Trip

On October 25, Marty gave a keynote presentation at an AmCham Shanghai IT industry event on Cross-border M&A in the global IT outsourcing industry. Drawing from our experience in working with Indian IT outsourcing companies (ITOs) on cross-border M&A transactions, he noted how M&A has become an integral part of their growth strategy. Looking at valuation data and growth trends of the Indian ITOs, it's clear that the market rewards scale (at least $500M in revenue). In contrast, China now has some publicly traded ITOs that are trading at higher multiples than their Indian brethren but are much smaller in scale. They are being rewarded for high growth rates, and our thesis is that they will need to drive growth via M&A in order to achieve scale and sustain those high growth rates from an increasing revenue base.

After the keynote, a lively panel discussion was held with representatives from Chinese ITOs and professional service providers to the ITO industry. Some key takeaways from that discussion include:

- As with many key industries, the Chinese government has taken an active policy role in developing the ITO industry. Linda Lin from KPMG reported that the government's 1000-100-10 project launched in 2006 has far exceeded their original goals. Today there are over 9,000 ITO companies in China (compared to the original goal of 1,000), over 500 multinational companies outsourcing to China (compared to the original goal of 100), and more than 20 Chinese cities that are outsourcing hubs (compared to the original goal of 10). While these numbers are impressive, many of the Chinese ITOs are too small to achieve scale, and consolidation in this space is likely.

- Private equity is flowing into the Chinese ITO space, mainly because of the high growth rates. However, the level of sophistication is perhaps not as high as financial investors in the U.S. or India. With P/E multiples well exceeding 20x on average for publicly traded Chinese ITOs, who needs sophistication!

- Finding good talent and employee turnover are key challenges for the Chinese ITOs. Second tier cities like Xi'an and Chengdu provide opportunities to find good talent at lower cost and lower turnover rates.

For the remainder of his trip, Marty met with senior executives from several of the top Chinese ITOs. Many have great ambitions to challenge India as a center for IT outsourcing and most are also looking to the domestic Chinese market for growth beyond their classic offshoring model. This is consistent with what's commonly recognized as a macroeconomic trend; that China is a key linchpin in pulling the world economy out of recession.

Sellers...Who Should Be Your Deal Attorney and When Should You Hire Them?

If you are planning on selling your business, the question will soon arise as to who you should choose to be your attorney on the transaction. Should it be the "generalist" who helped you form the business a decade ago, and has given you occasional advice since? Can the local attorney who has provided advice on customer contracts assist you? Or should you retain a new, large firm, with recognized mergers and acquisitions expertise, and specialists in every possible area of the law? Must they be local? Does the choice really matter? And when should you hire them?

As investment bankers to technology companies, we are frequently asked by sellers (and sometimes by buyers) to assist them in making the decision as to who to hire as their attorney. And, while it is difficult to generalize, we have seen this situation often enough to offer a number of general comments.

- First things first: YES, IT DOES MATTER. While even a great deal lawyer will not generally be able to improve the "handshake" purchase price that results from your and your banker's initial negotiation with the Buyer, a good lawyer will be much less likely to take actions that will kill the deal, inappropriately disclose information that prompts a demand for a purchase price reduction, negotiate representations, warranties, or indemnities that will lead to long term headaches, or generally frustrate the Buyer. Keep in mind that this will likely be one of the key financial events of your lifetime, and it is not the time to pinch pennies.

- Second, your current lawyer, or the lawyer who helped you establish the business, or the one who provides customer contracts advice, *may or may not* be a good choice. The most important of the criteria is that your lawyer has M&A experience, and you do not want your lawyer "learning on the job." Transactions have momentum and a flow, and if your attorney is unfamiliar with typical M&A language and processes, they may frustrate and turn off your prospective buyer. Remember, you are rarely the only potential target, and your Buyer may decide to go elsewhere. And even it the Buyer is unwavering in its commitment to your deal, an inexperienced sell-side lawyer is likely to either cost you money, or increase your risk, or both.

- Third, your choosing a more experienced M&A lawyer, or a larger law firm, does not necessarily have to create an "either or" situation with your current lawyer. If your existing lawyer recognizes your need and desire for a more experienced M&A lawyer, they should be willing to work "with" your new M&A lawyer. While their fee will obviously be reduced from what it might have been, they will be able to charge for their time, and their knowledge of your company's background can be both invaluable to your M&A lawyer and cost-effective to the process. (The key is how you communicate your needs to your existing lawyer: Generally, be upfront, let him know that you value his contributions, but that you either want a bigger team, or a more experienced M&A attorney, or simply indicate that a decision has been made to get another firm involved.)

- Fourth, be prepared to pay an experienced lawyer by the hour, and very often at an hourly rate that is higher than is being paid in your local area for a generalist. The sum will be meaningful, and will be owed whether or not the transaction closes. Most experienced M&A lawyers understand that the fee must bear some relationship to the size of the transaction, but that generally means that they should work with you to tailor their services to your needs. It may, for example, be entirely appropriate to have a team made up of lawyers with sub-specialties (tax, real property, securities, intellectual property, etc.) for a transaction in the hundreds of millions of dollars, but smaller transactions will generally warrant fewer lawyers.

- Fifth, remember that, within reason, you can negotiate with your attorney concerning his fee. While the busiest practitioners may refuse to compromise their hourly rate, there has never been a better time to ask for a discount. And even if the attorney will not compromise on his hourly rate, the discussion should lead to considerations of how you can effectively minimize the use of the most highly compensated lawyers. For example, you may have a detailed individual in your own organization who can spear-head due diligence, and work with one of the law firm associates (at a much reduced hourly rate) on some of the more mundane due diligence issues.

- Sixth, consider negotiating *when* you must pay the fee. Generally, attorneys who bill on an hourly basis send monthly statements to their clients, and, traditionally, many lawyers have required a retainer. Our current economy has been tough on lawyers, and it is much less common the see law firms demand a retainer up front, but ultimately that should not be determinative - you should focus on what will likely be the total fee. But, again, lawyers have never been as incentivized as they are now to negotiate, and asking the attorney to defer any payment obligations until the transaction closes is not unusual.

Does LOCATION matter? Can you hire an M&A attorney from a different state? Generally, where your attorney is located *does not* matter, and yes, you can hire an attorney from another state. Most transactions involved the laws of several states... because a company was incorporated in Delaware, or there is leasehold in Florida, for example. And most of the documents will be exchanged as email attachments, and the negotiations will be by phone. So, while it is often helpful to the process to insist on at least one face-to-face meeting between the parties and their counsel, we have seen a number of transactions closed without the attorneys leaving their offices.

WHEN should you hire your deal attorney? The easy answer is immediately, but the more realistic answer is that it depends. You may be uncertain of the likelihood of a sale, and we recognize that you must be mindful of unnecessary expenses. Nevertheless, again, some general comments can be made.

- Generally, your sales process begins with the signing of NDA's, or Confidentiality Agreements, and you may be comfortable with your current attorney's advice at this stage. (Make sure, however, that your attorney understands that the NDA is being signed in anticipation of a sale of the company.)

- The next step in the process typically will be your receipt of an indication of interest, a letter of intent, or some kind of "memorandum of agreement" (we will refer to such documents as a "preliminary document"). It is at this point that you want to have your deal attorney fully engaged, for several reasons.

    - First, it is not uncommon to see even so-called "non-binding" letters of intent include legally binding provisions that can have a significant effect on both the salability of your company and its future operations. It is not unusual, for example, for such preliminary documents to have non-solicitations – for employees, and sometimes for customers - as well as company no-shops and standstills. A "generalist" may not be familiar with such provisions, and, more importantly, he is probably unfamiliar with common practices associated with those provisions.

    - Second, and this is more difficult to articulate but just as important, the preliminary document can be highly informative as what the Buyer believes is truly important, and a great preview of what the transaction documents will look like. An experienced M&A attorney will counsel you not only on what is being addressed, but also on what has not been addressed, and will work with you on how to strategically address those issues during the course of the subsequent due diligence and negotiation of the purchase and sale agreement. Your experience deal attorney understands that it is not appropriate, at this stage, to negotiate all the terms of what will be the purchase and sale agreement, but it is important to both insure there are no inaccuracies and maintain whatever flexibility you can to maximize the value of your deal.

In summary, your attorney is key to your getting from "hand-shake" to the closing, and your choice is critically important. Make sure your attorney has M&A experience, and get them involved not later than when you are preparing to sign any deal related preliminary document (even if you are told it is "non-binding).

Managed Services Provider Space

The managed services provider (MSP) space has been an area of increasing interest and activity for companies looking to enter and expand their geographical and service offering. Since the start of the New Year some key transactions that have been disclosed are:

Acquirer	Seller
♦ Konca Minolta	All Covered
♦ mindSHIFT	Alpheon
♦ Microholdings US	ConnectIT Networks Inc.
♦ Fully Managed	HT Business Solutions

The Konica Minolta acquisition of All Covered Inc, an MSP, provides Konica Minolta with a new service offering for a primarily hardware focused company. mindSHIFT's acquisition of Alpheon, a healthcare IT MSP, provides increased customer base and new markets to an already existing MSP. We believe the MSP market will be strong in 2011 as shown by the above transactions.

Increasingly hardware focused resellers are adding services to their offering and MSP's are the next logical extension. Organic growth in the MSP space is difficult and slow. Many MSP organizations have excellent technical skills but suffer in the sales and customer acquisition capabilities. As the MSP market matures and expands beyond the SMB customer set, MSP's will have to increase their capabilities and skill sets to meet the mid market and enterprise department requirements.

We believe the current state of the MSP market is ripe for consolidation The current pure play MSP market is comprised of a few large public companies such as Rackspace, Savvis and Navisite, and a large number of smaller MSPs with revenues from $100 million on down to a few million, with most of them in the smaller range. Over the next few years, the MSP industry will undergo a consolidation not unlike what the VAR industry experienced in the late 1990's and early 2000's.

Macroeconomic Trends Forecasted for 2011 and their Impact on Mid-Market IT Services

Presented here are the macroeconomic themes expected to play out in 2011. Also included are some ideas that mid-market IT services companies can use in their 2011 business plans.

Key macroeconomic metrics

	2010 actual	2011 forecast
Real GDP (% change)	2.80%	3 - 4%
Real consumer spending (% change)	1.5%	2 - 3%
Real private investment (% change)	19%	10 - 12%
Real Govt. spending (% change)	1%	(-0.5%) – (-0.4%)
Real Net exports	-$431 B (2005 dollars)	(-$475B) – (-$500B)
Avg. unemployment rate	9.70%	9.2% - 9.3%
Corporate profits after tax (% change)	34%	6.5% - 8.0%
Federal Govt. budget (fiscal year)	-1,291B	(-1,100 B) – (-$1,200 B)
Personal savings rate	5.80%	6.0% - 6.5%

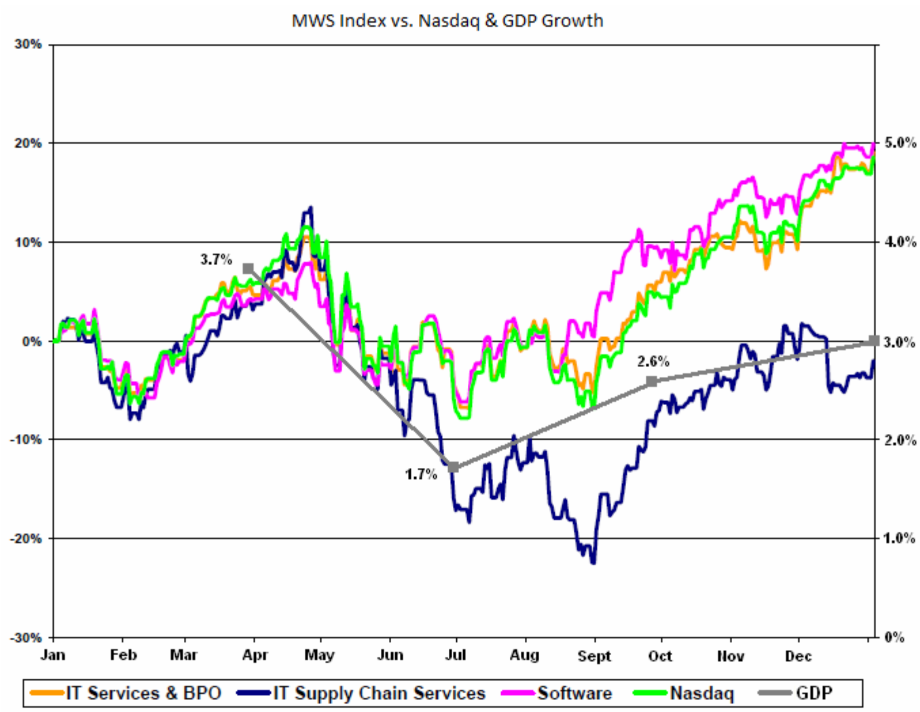
Sources: 2011 outlooks from University of Chicago, Morgan Stanley, Goldman Sachs, PIMCO.

Key macroeconomic trends for 2011

- Global economy will continue to suffer from a lack of aggregate demand. With insufficient demand, nations will compete furiously for their share of the diminishing growth pie.
- In the US, 2011 will be a year of political gridlock. Past data indicates that this correlates well with overall economic growth and reductions in government spending. However, in the past, this was with the historic background of a growing economy. Given that the unemployment rate is expected to remain largely unchanged over the year, it is unclear if there will be political will to reduce the budget deficits and cut federal government spending.
- State and local governments will face continued budget pressures in the face of a moderate recovery and as housing prices will not recover in 2011. Speculation on municipal bonds defaults will continue but will not escalate disproportionately given the unleveraged positions of typical investors in these securities.
- Unemployment rates will remain high and corporations will continue to focus on improving margins. The jobs lost from the housing construction boom and mortgage industry - and contributing to the bulk of unemployed workers - will not reappear in 2011 as that labor pool will take time to get retrained and absorbed back into other industries. Further, uncertainty about taxes, a ratio of government spending to GDP that is 2 percent higher than in the previous 50 years and is paired with declining government revenue, and concerns over health care costs will also contribute to the sustained unemployment rates.
- US recovery from this recession will continue to be less robust than after previous recessions because Americans will continue to deleverage from their overspending during the economic boom and focus on building up assets.
- India and China will continue to see robust economic growth and will be best markets for M&A activity.

2010 in the Rear View Mirror

The following chart shows the market performance and quarterly GDP growth rates (quarter over quarter change in GDP).



The data suggests that rather than being a leading indicator of future economic activity - as is widely promoted by the pundits of the mass business media channels - the markets in 2010 have followed overall economic performance.

Further, around September 2010, economists declared four consecutive quarters of economic expansion and eliminated the possibility of a double dip recession. This was followed by an increase in business investment and a robust year-end shopping season.

So what does this mean for mid-market IT businesses?

- Business investments in computers and related software, which started its rebound in Q4 2010, will continue to grow as businesses continue to focus on improving productivity.
- Adoption of cloud computing, managed services and SaaS based delivery models will continue to gain momentum as businesses prioritize on improving margins over pursuing growth opportunities.
- Businesses with state and local governments contributing a meaningful portion of their profits should look at alternate avenues for generating meaningful growth. Market conditions in 2011 will be favorable for opportunistic acquisitions to fuel growth in new markets.
- Staffing companies will continue to see robust growth in 2011 as businesses remain reluctant to add full time employees.
- Organic growth in outsourcing will remain stagnant and M&A activity will increase as these businesses will look for inorganic avenues to fuel growth. A greater portion of transactions will be value-based investments focused on bottom-line rather than growth-based acquisitions focused on top-line.
- There will be increased activity from buyers in India and China for both domestic acquisitions as well as cross border acquisitions. Companies looking to exit should seek out and include buyers from these geographies for strategic discussions.

Race To The Cloud

At Salesforce.com's Dreamforce event in San Francisco, we spoke to several CEOs and were inspired by Marc Benioff's keynote speech. While it is difficult to accurately predict the future, we can draw reasonable conclusions based on current data and similar past trends in IT services markets. The migration to cloud computing and related utility type business models is gaining significant momentum. There are several start-ups that have gained meaningful market traction. Industry leaders are repositioning themselves as they prepare for the inevitable migration to a more effective business model that Cloud Computing offers.

This race to the cloud disrupts existing business models for hardware companies, enterprise application software providers and related professional services providers. According to IDC, SaaS (or Cloud-based software) has reached a tipping point and will overtake traditional enterprise software in 2014. They go further by saying that nearly 85% of new software firms coming to the market will offer products in the SaaS model.

The migration to SaaS based business model was led by Salesforce.com and the migration of sales, marketing and customer support business processes. Now, it is covers almost all aspects of a business operation including HR and talent management (Success Factors, Taleo, Kenexa), Expense management (Concur), Supply chain and vendor management (DemandTec, Dealer-Trak) etc.

Investors see the market opportunity and have pushed stock prices of SaaS based businesses like Salesforce.com, and SuccessFactors into new highs. Large existing enterprise players like MSFT, IBM, EMC, etc., were forced to jump into the Private Cloud market after fending off the idea of cloud computing for a while. Companies in the IT ecosystem including hardware, software, IT services, managed services, and co-location/hosting will need to change their business models to address the new marketplace dynamics.

As SaaS and its ecosystem expands, key players will need to differentiate themselves. Here, as in other similar IT services marketplaces, size matters, vertical market specialty matters, and the depth and breadth of offerings matters. These factors, we believe, will in-turn lead to consolidation. The integration among the Cloud Computing players will fuel further growth.

This in-turn means that hardware vendors, including OEM and Supply Chain vendors, can acquire Cloud Computing related capabilities to shorten the development cycle and offer existing customers a broader range of products and services. Traditional software vendors can benefit from their established sales channels by acquiring SaaS capabilities. Services providers (professional services, co-location/hosting, managed services) can leverage low cost SaaS technology to capture the second and third tier markets. Furthermore, migration, integration and infrastructure services can enjoy cross-selling benefits by introducing SaaS based offerings to existing customers. Our conversations with the CEOs in the space have led to our conclusions. Demand for both capital infusion and strategic acquisition in the SaaS is increasing. The race to the cloud has begun...

Notable Deals in 2010

2010 was an opportunity for companies with large cash reserves in the bank to go shopping for undervalued businesses. Even with government help in stimulating the economy through tax credits for businesses, low interest rates, quantitative easing, companies are still skeptical about future growth. As a result, companies are strategically acquiring businesses to help grow the company as opposed to acquiring workers to grow organically. With economic uncertainty, acquisitions allow for the greatest return with added revenue and possible take out cost.

(In Alphabetical Order by Target)

Target	Acquirer	Notes
Akibia	Zensar Technologies Limited (BSE:504067)	The acquisition helps diversify Zensar's information security business by adding Akibia's system integration and consulting expertise in the network security, compliance and risk management markets. The acquisition will grow the company's infrastructure management, information security and IM analytics around the world, thereby allowing them to compete against the top infrastructure management companies. Remote infrastructure management services are a hot commodity for IT services companies.
DecisionOne Corporation	Glodyne Technoserve Ltd (BSE:532672)	DecisionOne is one of the largest pure-play Technology IMS companies in North America. DecisionOne has extensive capabilities in providing infrastructure management services in the US and Canada among its key clients are marquee Fortune 500 clients. Glodyne expects great business synergies and operating leverage from this acquisition because of complements in the business portfolio and expansion of the business model.
Dimension Data Holdings Plc	Nippon Telegraph and Telephone Corporation (NTT)	The acquisition of Dimension Data Holdings Plc will allow for NTT to provide an end-to-end, global-one-stop-shop and high quality ICT services. Both companies have a common vision to create new services and values to succeed in the coming age of cloud computing. The combined companies will hold a strong competitive position serving global corporations' moving to managed infrastructure services and cloud computing.
Fusepoint, Inc.	SAVVIS Inc. (Nasdaq:SVVS)	This acquisition helps SAVVIS Inc. expand their geographical presence to international markets and help diversify the company's product offerings. Fusepoint offers managed IT and collocation services to enterprises in Canada, whereas SAVVIS offers cloud infrastructure and hosted IT solutions for enterprises. This is a strategic approach to cross sell different products to clients from Fusepoint and from SAVVIS.
Global Analytics	Ernst & Young LLP	Global Analytics has global presence in Europe and they offer a unique SAP BPM and Oracle Hyperion Capabilities. This technology allows for Ernst & Young to acquire a company with specialty skills. **Martin Wolf Securities was the advisor for Global Analytics.**
ICT Group	Sykes Enterprises (Nasdaq:SYKE)	This transaction is another crest along the IT services consolidation wave started back with IBM, continued by HP, Dell, and Xerox, and now continuing with Sykes acquiring contact center specialist ICT. The acquisition will better position Sykes to compete in an industry where clients are stressing a one-stop, full-service outsourcing provider.
Innovative Process Administration, LLC (IPA)	Mercer, LLC	This acquisition plays a key role in Mercer's ongoing commitment to become the benefits administration provider of choice for health and benefit plans of all sizes and market segments. By leveraging IPA's health and benefits recordkeeping and employee enrollment technology, Mercer will be able to expand into the health and benefits mid-market outsourcing space. Both the company's technologies compliment each other. **Martin Wolf Securities was the advisor for IPA.**
Intelligroup Inc.	NTT Data International LLC (TSE:9613)	NTT Data said the purchase will complement its services / solutions business and customer base for such services while giving it "access to Intelligroup's blue-chip client base and specialized knowledge of SAP and Oracle. This acquisition allows for NTT Data to cross sell and services clients within Intelligroup to further expand its products offerings and revenues.
TechTeam Global (Nasdaq:TEAM)	Stefanini IT Solutions	The acquisition will help both Stefanini IT Solution and TechTeam Global expand their international presence and broaden the service portfolio for both companies. TechTeam's expertise is in service desk tech support, IT infrastructure, and management services. Stefanini specializes in IT consulting and outsourcing. The merge of two different expertises in different areas will bring stability, scale and flexibility to Stefanini. Recent trend shows that international companies are looking to enter into the US market through acquisitions.

MWS Scoreboard

	Revenue Growth%	GM%	EBITDA%	Debt / Asset %	P/S	P/E	EV/Revenue	EV/EBITDA
SAAS								
SaaS	13.5%	69.5%	8.2%	0.0%	5.85	144.3	4.96	48.5
IT & IT-ENABLED OUTSOURCED SERVICES								
Managed Services	17.9%	46.7%	23.3%	47.6%	2.95	100.9	4.43	12.3
Financial IT Services	9.1%	48.6%	27.7%	15.3%	2.03	19.6	2.23	9.6
IT Outsourcing	1.2%	29.7%	14.2%	13.9%	1.39	21.0	1.47	11.7
Offshore Outsourcing < $500MM	0.0%	32.7%	17.1%	4.8%	1.11	9.0	1.06	6.4
Offshore Outsourcing > $500MM	13.5%	35.2%	21.2%	16.4%	2.52	22.3	2.51	15.3
Chinese Outsourcing	16.6%	29.0%	5.5%	4.1%	2.04	46.0	2.02	19.6
Commercial IT Professional Services	5.8%	29.5%	4.1%	0.0%	0.40	25.4	0.52	9.5
Governmental IT Professional Services	12.6%	24.5%	9.2%	10.7%	0.67	14.7	0.62	7.7
European IT & Business Services	0.8%	22.3%	9.2%	12.5%	0.57	16.6	0.60	7.1
IT Staff Augmentation	4.1%	20.9%	2.5%	5.4%	0.42	55.5	0.34	14.7
Healthcare IT	15.4%	55.2%	18.4%	5.0%	3.68	36.4	3.6	18.4
IT SUPPLY CHAIN SERVICES								
IT Retailers	0.4%	27.2%	5.1%	17.3%	0.25	20.3	0.35	7.9
Asian IT Supply Chain	10.8%	10.0%	2.6%	23.0%	0.33	14.0	0.32	9.1
IT Resellers	-6.0%	22.8%	0.6%	26.9%	0.27	13.3	0.32	8.3
IT Products Distributors	14.0%	10.2%	3.9%	12.0%	0.23	11.3	0.29	7.4
European IT Supply Chain	4.2%	13.9%	2.6%	4.0%	0.25	14.3	0.25	9.3
IT Direct Marketers	13.6%	13.4%	2.6%	4.8%	0.14	10.8	0.12	5.5
BUSINESS PROCESS OUTSOURCING								
Business Process Outsourcing - Non-voice	4.4%	44.9%	21.9%	18.0%	1.59	20.3	2.50	10.1
Offshore Business Process Outsourcing	8.8%	35.1%	15.0%	14.1%	0.82	12.4	1.14	8.8
European Business Process Outsourcing	6.7%	21.3%	11.6%	31.2%	0.71	21.1	0.78	9.5
Business Process Outsourcing - Voice	-0.8%	30.0%	8.8%	4.5%	0.78	16.6	0.65	7.6

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, 2005 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. It is based on the closing price as of January 14, 2011.
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 January 14, 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 David Luu at (925) 215-2751 or email him at dluu@martinwolf.com.

Martin Wolf Securities—Selected Transactions

Global Analytics

has been acquired by

Ernst & Young
Quality In Everything We Do

August 2010

Innovative Process Administration, LLC

has been acquired by

Mercer
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

Rolta

has acquired

TUSC
The Oracle Experts

$45 million

January 2008

softchoice

has acquired

Software Plus

$45.1 million

December 2007

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.