

IT & Tech Enabled Services M&A Recap

FIRST QUARTER 2026



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Special edition: impact of AI on deal making in IT services

AI is not impacting all IT service businesses equally. It's compressing more commoditized delivery models while increasing demand for higher-value integration, governance and advisory capabilities. In today's M&A market, AI readiness is increasingly shaping how buyers assess service relevance, margin durability and long-term valuation.



AI is redistributing value across IT services

As enterprises move from experimentation towards scaled adoption, spending priorities are shifting towards embedding AI into existing environments, modernizing workflows and putting the operating discipline in place to support responsible deployment. For IT services firms, this is likely to be a period of both opportunity and repositioning. For buyers, AI readiness is increasingly becoming a lens through which they assess growth, resilience and valuation.



AI integration is creating a new services cycle

Enterprises moving from AI pilots to at-scale deployment need providers who can embed AI into existing systems, modernize workflows, and enforce robust operating discipline for responsible AI use. Simply put, clients seek partners for strategy-to-execution support as they integrate AI into real business processes. IT Service firms that can translate AI from concept to tangible ROI¹ - setting use cases, integrating into workflows, and managing change - are viewed by buyers as more resilient. These companies demonstrate they drive outcomes (not just bill hours), which supports stronger valuations during buyer evaluations



AI may shift the balance from "buy" towards "build"

AI-driven development is lowering the barrier to build custom solutions. Many organizations are reevaluating "buy vs. build" - using AI tools to develop in-house apps or bespoke workflows where off-the-shelf software falls short. This can increase demand for custom development, integration, testing, and ongoing support, especially for complex or domain-specific needs.

However, it also means package-implementers face pressure as software vendors rapidly embed AI into their products (reducing the need for external implementers). M&A Implication: Firms with capabilities in cross-platform integration and bespoke solution design become more attractive acquisition targets - they can ride the wave of increased "build" activity. In contrast, service providers tied too narrowly to a single software vendor or traditional implementation work may see buyers discount their value (future revenue at risk) due to over-reliance on potentially automatable, vendor-supplanted workstreams.

Buyers favor targets with versatile integration skills and domain knowledge that "travel" across platforms, as this signals durable demand even if specific software ecosystems evolve.

1. "Tech services and generative AI: Plotting the necessary reinvention," McKinsey & Company, June 12, 2024, <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/tech-services-and-generative-ai-plotting-the-necessary-reinvention>

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Ancillary AI services are becoming increasingly strategic

Beyond core development or integration, enterprise AI adoption is spawning adjacent services in change management, data governance, model validation, cybersecurity & compliance². These functions are crucial for AI projects to scale from pilot to production. Many organizations are willing to invest in AI for productivity but lack the in-house expertise to manage the risks and organizational change it brings. Service providers that fill these gaps become critical partners. Firms that have built trusted offerings in areas like AI change management, training, or risk governance tend to enjoy stickier client relationships and recurring revenues. This durability of revenue (longer engagements, retainer-style work) is attractive in a deal context – acquirers see not just a project-based business, but a longer-term partner embedded with clients. Such capabilities supporting higher price expectations or a broader pool of interested buyers, because they often lead to deeper cross-selling opportunities and cement the provider's role in the client's ongoing AI journey.



Not every IT services model will benefit equally

Firms with a high advisory quotient (e.g. strong architecture consulting, industry experts) are better positioned than pure execution shops. Automation is shrinking the need for repetitive production work, whereas the value of strategy, design, and complex problem-solving is rising. Similarly, vertical specialists have an edge over generic horizontal IT providers. An automation-exposed workforce (lots of low-level coders or process workers) rings alarm bells – buyers will scrutinize whether margins can hold up as AI tools improve. These companies may see multiple compression unless they show a pivot to more value-add services. Buyers often pay a premium for companies that own intellectual property, frameworks, or expert talent in a domain, since those capabilities are hard to replicate and can harness AI tools rather than be replaced by them. For example, a vertical AI solution provider or an advisor-led integrator is more likely to sustain pricing power, supporting higher deal valuations.



AI readiness is increasingly central to M&A and valuation

Buyers evaluating an IT services target in 2026 are now asking: How is AI impacting your service delivery, demand pipeline, and margins? Simply branding the firm as “AI-driven” without proof of better outcomes or improved efficiency will invite skepticism. Moreover, acquirers are wary of margin erosion: if a target's model could be augmented by AI, they expect to see either productivity gains (often shared with clients) or a clear plan to maintain profitability by moving up the value chain.

Founders should be prepared to demonstrate AI capabilities during sale processes. Evidence of AI impact – e.g. improved delivery speed, enhanced analytics, cost savings, or unique AI-driven offerings – can bolster buyer confidence that the business will thrive in the future state.



Final thoughts

AI is likely to accelerate a reshaping of the IT services sector rather than lift all providers equally. Over the next several quarters, the market may increasingly distinguish between firms using AI to move up the value chain and firms whose delivery models are becoming more exposed to compression. That dynamic could support increased acquisition activity for firms with credible AI-related capabilities, including more specialized businesses operating at subscale, while also driving portfolio repositioning, carve-outs and divestitures among providers with less strategic service lines. For private business owners, the implication is clear: AI is not simply another technology trend, it's increasingly influencing how buyers assess service relevance, quality of earnings and valuation.

2. “Two-Thirds of Enterprises Using Managed Service Providers for GenAI, ISG Study Finds,” Businesswire, November 11, 2024, <https://www.businesswire.com/news/home/20241111717022/en/Two-Thirds-of-Enterprises-Using-Managed-Service-Providers-for-GenAI-ISG-Study-Finds>

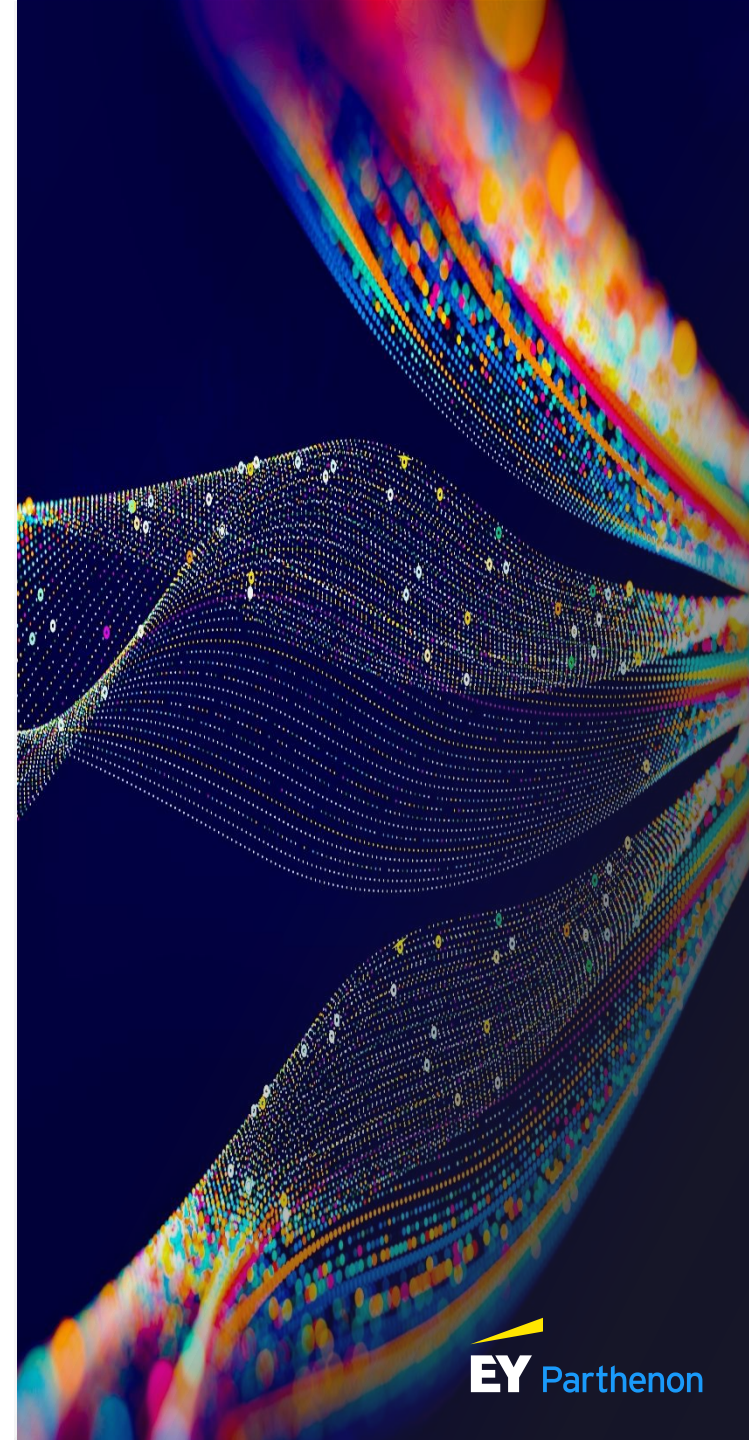


Some of our recent deals

 Sale to   EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	Provider of collaboration Software and solutions for life science industry Sale to PE-backed provider of services to life sciences industry  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to believeco:  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	Business process services for vendor and HR mgmt. Sale to Global tech-enabled services company in workforce and procurement solutions  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 WBM Technologies Investment from   EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.
 Sale to   EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 has sold its Digital Print and Signage operations to cober  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to Solutions vistavu  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to Passerelle  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 has secured a senior debt facility from   EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.
 Sale to SIAPARTNERS  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to   EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to MNP  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Investment from Group of US based investors  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.	 Sale to accenture  EY-Parthenon Corporate Finance Inc. EY-Parthenon EMD Inc. EY-Parthenon BD Inc.

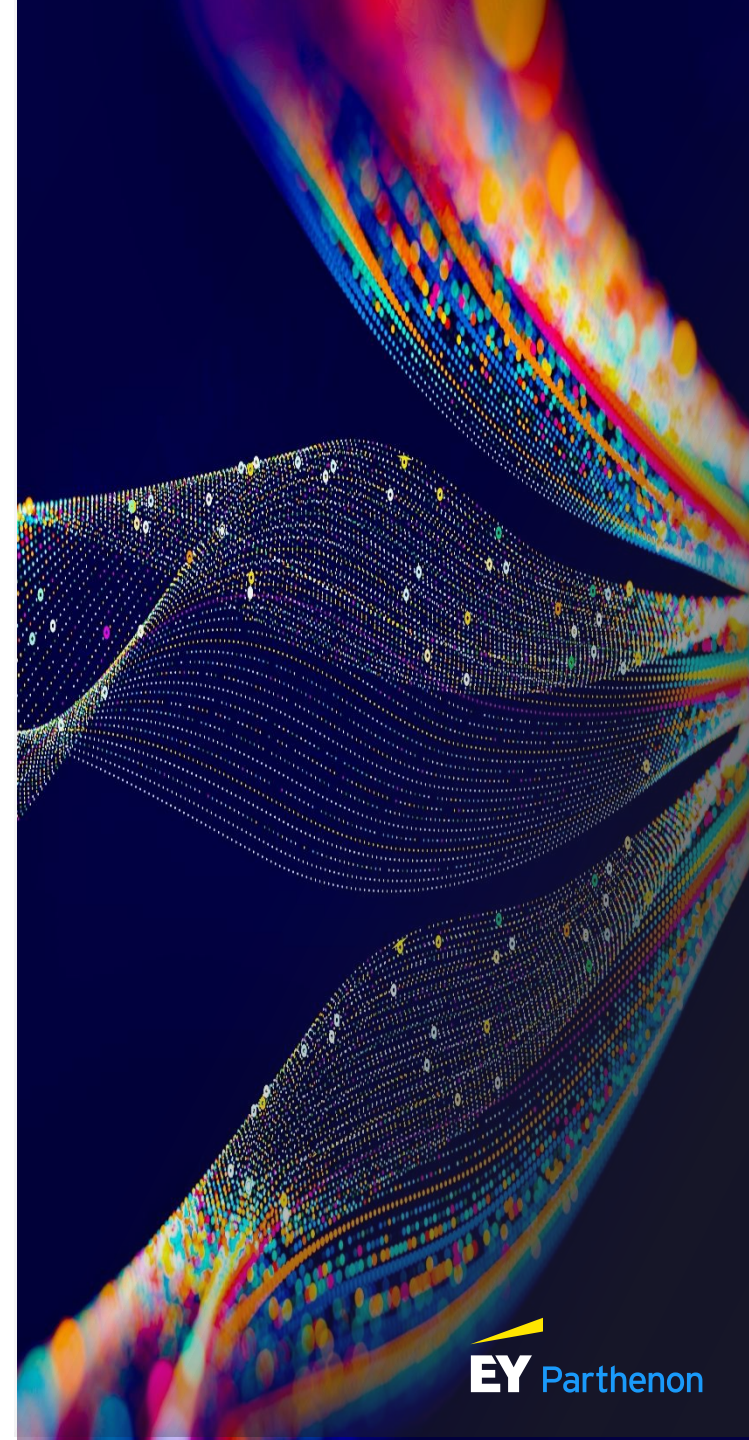
Select Q1 2026 transactions

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Mar 31, 2026	ThinkDTM		An AI/-native product, strategy, and digital services company ▪ Deal Value: undisclosed	Inventurus Knowledge Solutions Limited (NSEI: IKS)	
Mar 26, 2026	Vox Elements		A Texas-based technology and consulting firm specialized in the implementation of RFID and IoT solutions across the retail, healthcare, and industrial sectors ▪ Deal Value: undisclosed	Temera Srl	
Mar 25, 2026	Certinet Systems		IT managed services provider serving organizations across Central and Eastern Washington, delivering managed IT services, cybersecurity, cloud solutions, and compliance support ▪ Deal Value: undisclosed	Convergence Networks	
Mar 25, 2026	Stratus Technologies		Leading Guidewire Software partner offering transformation solutions to property and casualty (P&C) insurers ▪ Deal Value: \$95.0 million	Infosys Nova Holdings	
Mar 23, 2026	Artilus, Inc.		IT managed services provider with deep cybersecurity expertise, delivering secure, high-performance IT solutions ▪ Deal Value: undisclosed	Acture Solutions	
Mar 19, 2026	Cyber Advisors		Provider of managed security services, cybersecurity consulting, and technology solutions to small, mid, and enterprise clients across diverse end markets ▪ Deal Value: undisclosed	Sterling Investment Partners	
Mar 10, 2026	Leviathan Security Group		Leading provider of designing and delivering cybersecurity services and programs utilizing cutting edge capabilities ▪ Deal Value: undisclosed	K2 Integrity Holdings	
Mar 09, 2026	AppsTek Corp		Global technology services organization delivering AI-driven digital transformation and enterprise modernization to organizations worldwide ▪ Deal Value: undisclosed	Sage IT Inc.	
Mar 09, 2026	Consensus Core Technologies		Provider of critical infrastructure solutions for artificial intelligence and high-performance computing ▪ Deal Value: undisclosed	La Rosa Holdings Corp. (NASDAQ: LRHC)	



Select Q1 2026 transactions

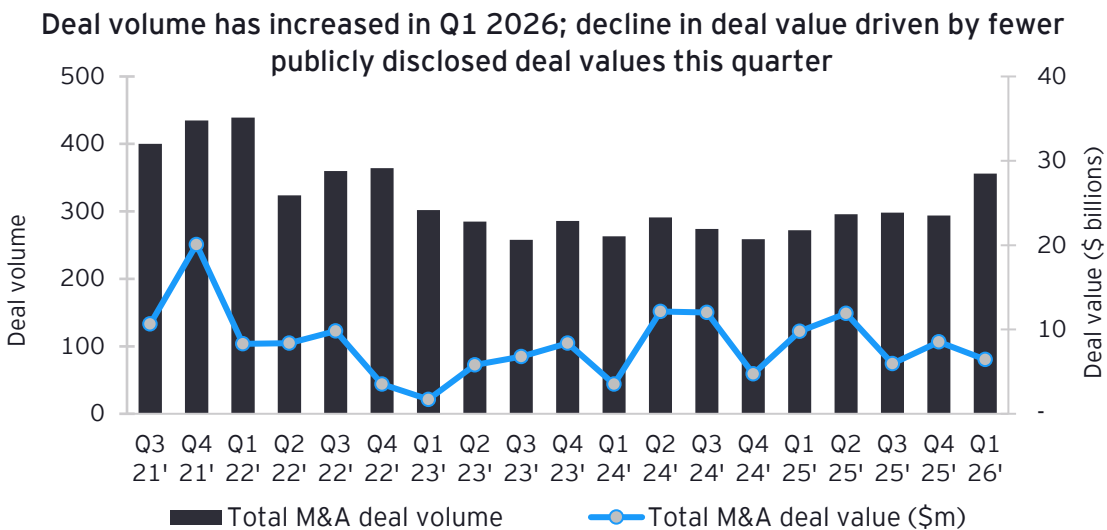
Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Mar 09, 2026	GoodVision AI Inc		Global cloud-computing and artificial intelligence (AI)-infrastructure solutions provider which provides multi-cloud professional services, cloud redistribution services and AI computing services ▪ Deal Value: \$180.0 million	Calisa Acquisition Corp.	
Mar 05, 2026	Enterprise Computing Solutions		Provider of IT solutions specializing in modern edge computing, cloud, and security solutions for mid- to large-enterprise customers ▪ Deal Value: undisclosed	Alchemy Technology Group	
Mar 05, 2026	NobiQ, LLC		Global digital transformation and IT services company specializing in AI-driven engineering, enterprise platforms, and professional services ▪ Deal Value: undisclosed	Yellow Stripes Capital	
Feb 27, 2026	Noratek Solutions / CityReporter		Develops smart municipal software solutions that simplify inspections, e-permitting, asset tracking, and project documentation ▪ Deal Value: undisclosed	CloudPermit Inc.	
Feb 25, 2026	Damon Technology		Managed IT services provider which delivers high-touch support, security-focused infrastructure, and personalized technology solutions ▪ Deal Value: undisclosed	Nexus IT Consultants	
Feb 20, 2026	Millennium Corporation		A cyber-solutions company specializing in adversarial threat emulation, test and evaluation, and intelligence support operations ▪ Deal Value: undisclosed	Markon LLC	
Feb 18, 2026	OnPar Technologies		North Carolina-based managed services provider delivering personalized, technology-driven support that helps organizations modernize operations and eliminate bottlenecks ▪ Deal Value: undisclosed	Net at Work Inc.	
Feb 11, 2026	SimplyPHP		Canadian provider of senior PHP development and staff augmentation services, delivering senior-level PHP development talent ▪ Deal Value: undisclosed	Systèmes TLM Inc.	
Feb 03, 2026	Reliant Information Services		Trusted IT partner to Fortune 500 enterprises, delivering scalable managed IT services and providing managed technical expertise for mission-critical operations ▪ Deal Value: undisclosed	Astreya Partners, Inc.	



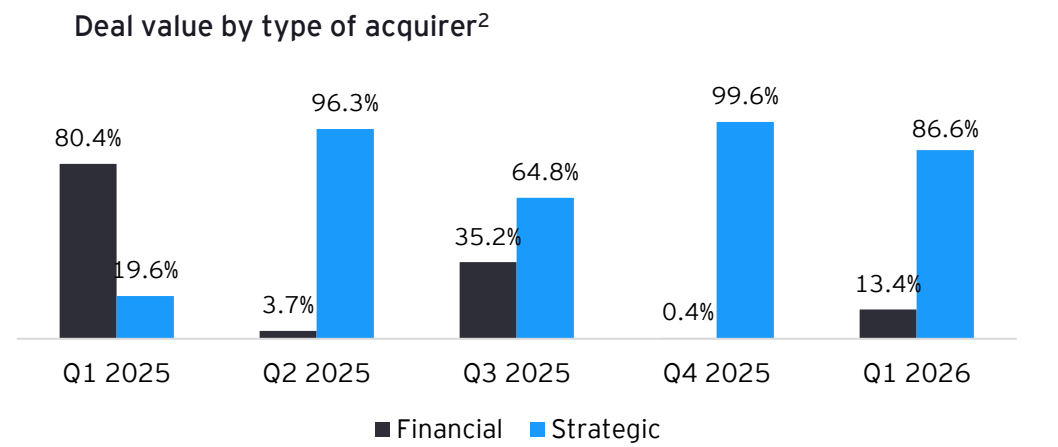
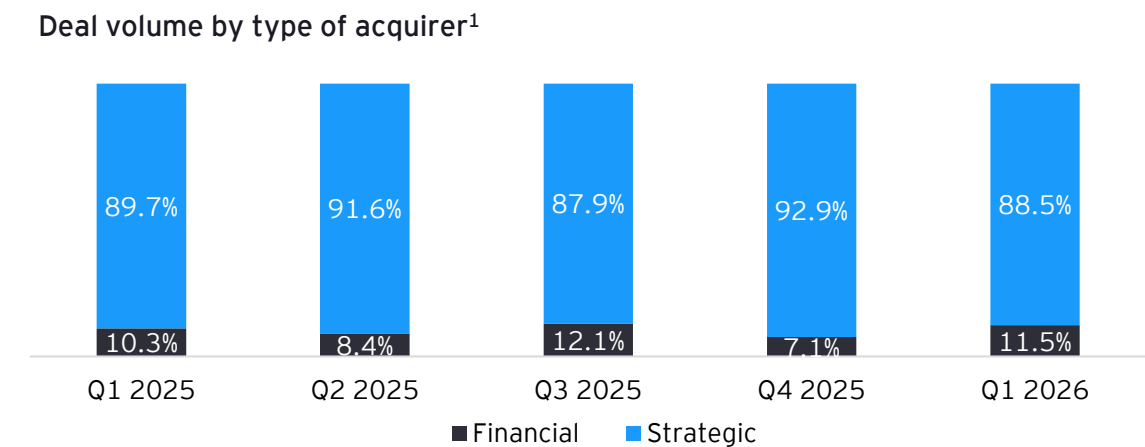
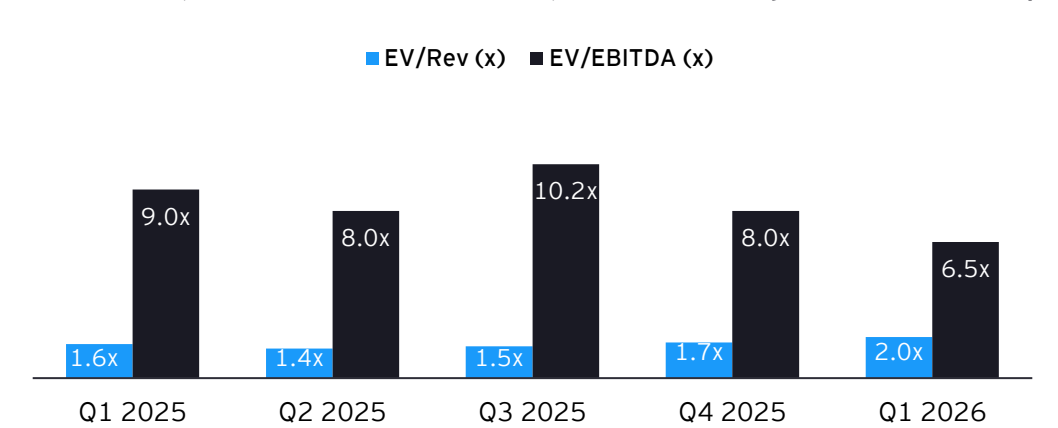
Select Q1 2026 transactions

Announced Date	Target	Target HQ	Target Description	Buyer	Buyer HQ
Feb 03, 2026	Magna5 MS LLC		Leading provider of managed IT, cybersecurity, and cloud-based services to small and mid-sized and mid-market businesses across the U.S. ▪ Deal Value: undisclosed	AEA Investors	
Feb 02, 2026	Summit Security Group		Delivers services across the cybersecurity spectrum, including advisory services, security engineering, social engineering, and virtual CISO (vCISO) engagements ▪ Deal Value: undisclosed	Aldrich Solutions LLC	
Jan 30, 2026	Cloud Consulting Inc.		Atlanta-based consulting firm delivering tailored cloud, ERP, and CRM services, including strategy, implementation, and managed services ▪ Deal Value: undisclosed	Integrow Inc.	
Jan 22, 2026	The Prospective Group		Washington, D.C.-based IT and mission-services contractor known for delivering high-consequence technology, cybersecurity, analytics, and program support solutions to federal agencies ▪ Deal Value: undisclosed	Copper River Shared Services, LLC	
Jan 20, 2026	Quinnox Inc.		Delivers advanced digital technology and application solutions that drive innovation, substantial efficiencies, and cost reductions ▪ Deal Value: \$290.0 million ▪ EV / Revenue: 2.9x	ASGN Incorporated (NYSE: ASGN)	
Jan 15, 2026	Altamira Technologies Corporation		Provide high-end engineering, analytics, and mission technologies that support some of the nation's most sensitive intelligence, space, and defense programs ▪ Deal Value: \$375.0 million* *Include earnout payment of \$45 million	Parsons Corporation (NYSE: PSN)	
Jan 12, 2026	SatCom		Trusted partner in delivering customer engagement and business process outsourcing solutions ▪ Deal Value: \$10.0 million	Syntheia Corp. (CNSX: SYAI)	
Jan 06, 2026	Advantus360		Well-established cybersecurity services and solutions provider serving customers throughout Canada and into the US ▪ Deal Value: undisclosed	Integrity360	

Historical M&A activity



EBITDA multiples have continued to compress due to heightened uncertainty³



Data sources: S&P Capital IQ, Mergermarket, Press Releases

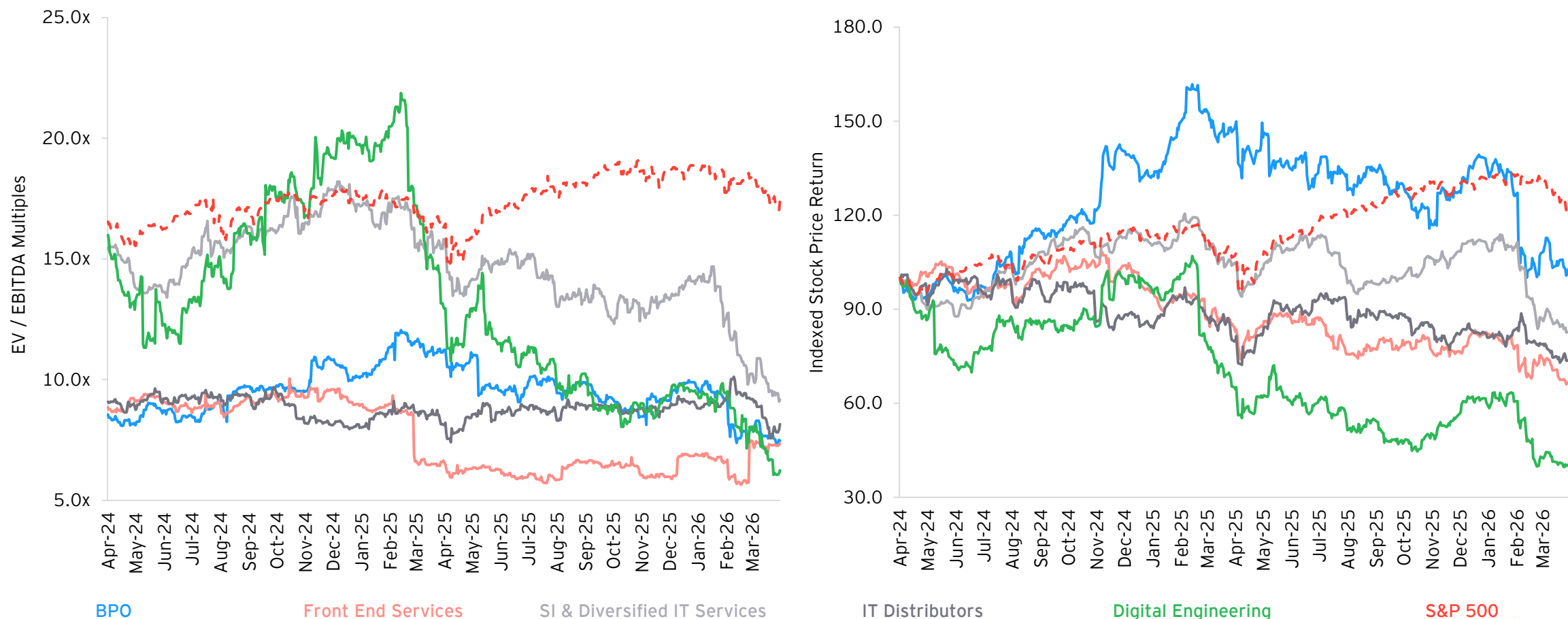
⁽¹⁾ Deal Volume data includes transactions with disclosed deal value and undisclosed deal value

⁽²⁾ Deal value by type of acquirer graphs removes outliers which are mega deals transaction value (>\$10B)

⁽³⁾ Multiples reflect a limited number of publicly disclosed transactions this quarter, as such observed multiples may not be fully representative of broader market conditions

Public market performance

Public market performance across IT and tech-enabled services remains soft, with share prices demonstrating a decline across majority of subsectors. Valuation multiples, however, have remained largely range-bound and uneven, reflecting continued investor selectivity and a cautious approach toward growth durability, and tighter client budgets.

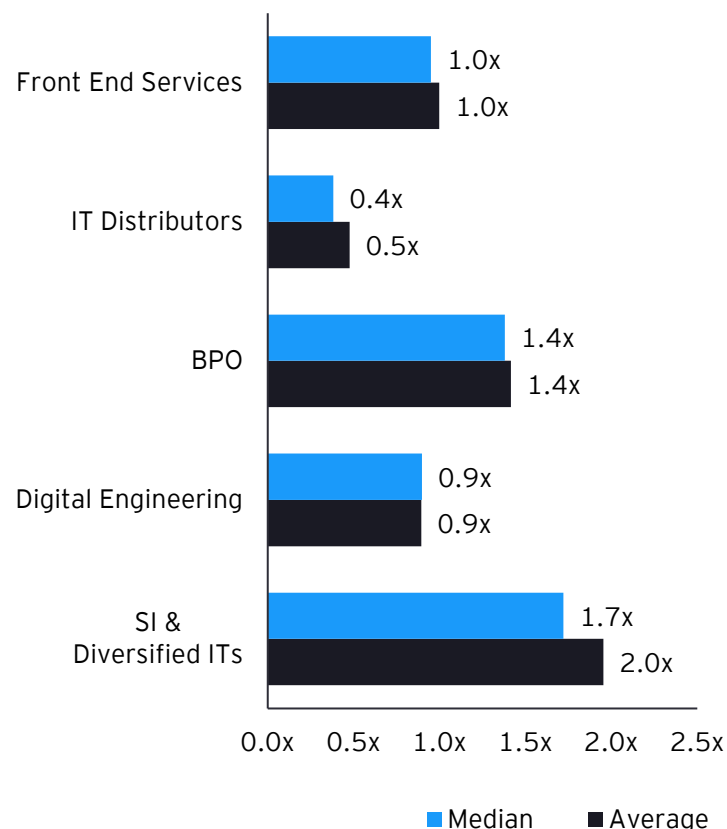


Public market performance continued

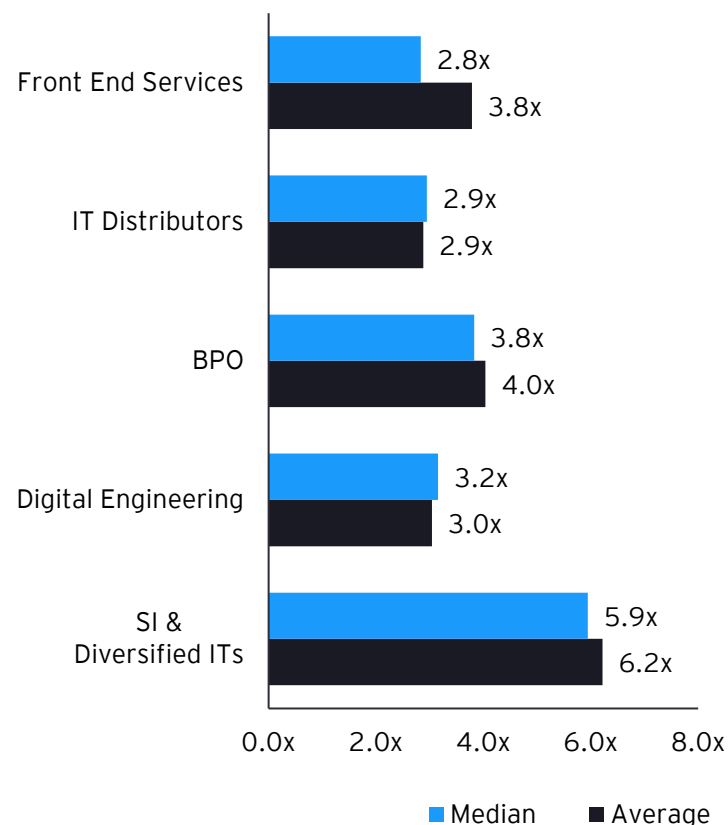
Public market valuation levels across IT and tech-enabled services remain highly differentiated by subsector and profitability profile. SI & Diversified IT Services consistently trade at premium EBITDA and gross margin multiples, supported by more complex, value-added service offerings and greater exposure to digital transformation initiatives.

Lower-margin, distribution-oriented models continue to trade at more modest valuation levels

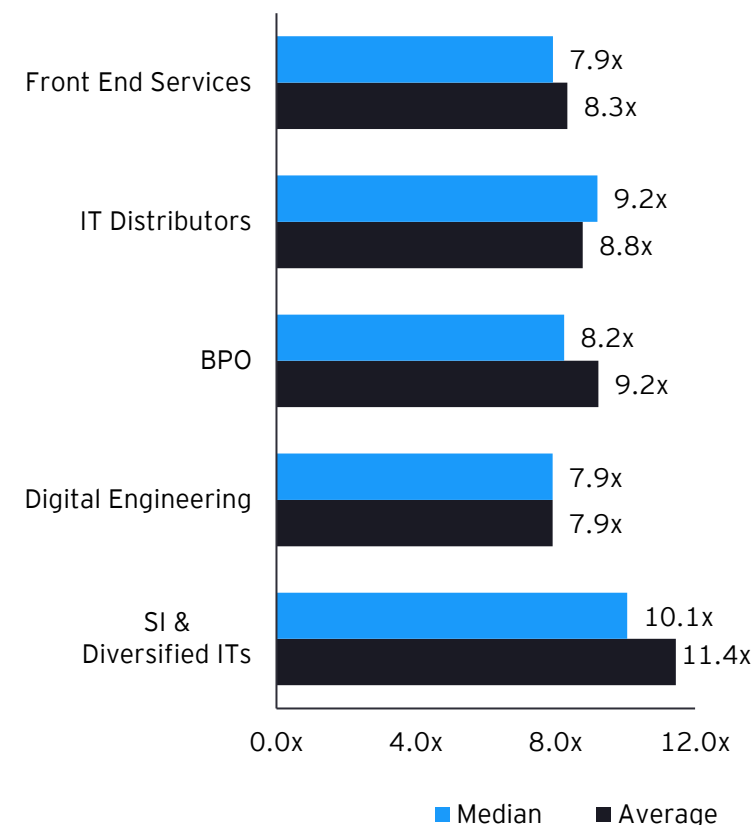
EV / LTM Revenue



EV / LTM Gross Margin



EV / LTM EBITDA



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