

# Tech services

## Deal insights series

Q1 2025



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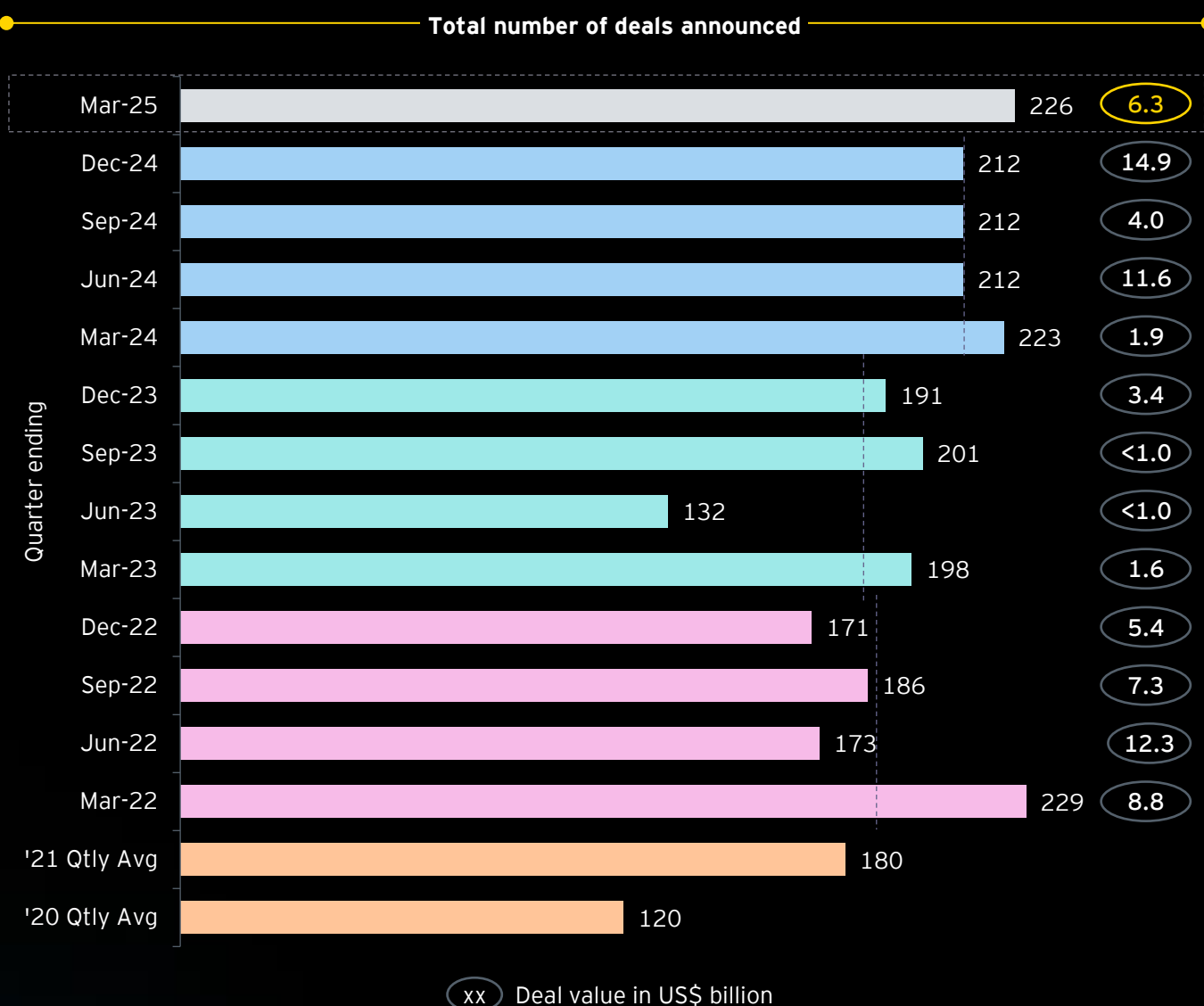




# 01

Overview of the  
**deal activity**

# Tech services deal activity resilient amid global market aberrations in Q1



- Tech services industry is now grappling with the twin impact of increasing geopolitical and macroeconomic uncertainty posing a headwind to IT spends along with GenAI-led disruption reshaping enterprise IT portfolios and outsourcing patterns
- Q1 2025 was the fifth consecutive quarter of 200-plus deals. Capability tuck-ins drove overall activity with cloud, digital engineering, and data and analytics (D&A) accounting for half of overall activity
- Deal value propped up by finalization of US\$3.8 billion take-private of Fuji Soft by KKR<sup>1</sup>. Other notable large deals announced in VAR / VAD / MSP continuum<sup>2</sup> include US\$0.3 billion hive-off of Tietoevery Tech Services by Agilitas in Nordics, US\$1.4 billion merger of WWT and Softchoice in Canada, and ~US\$0.9 billion take private of Converge Tech Solutions by HIG (merged with Mainline) in Canada

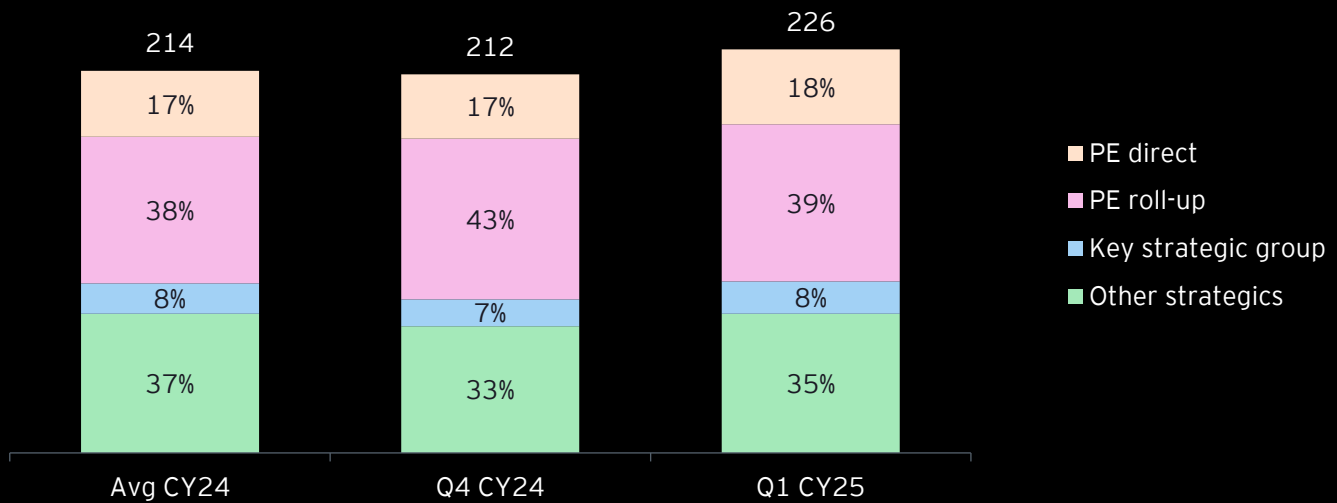
<sup>1</sup> KKR and Bain had separately bid for Fuji Soft in Q3-Q4 CY24

<sup>2</sup> These deals are excluded from the US\$6.3 billion total and 226 deals count

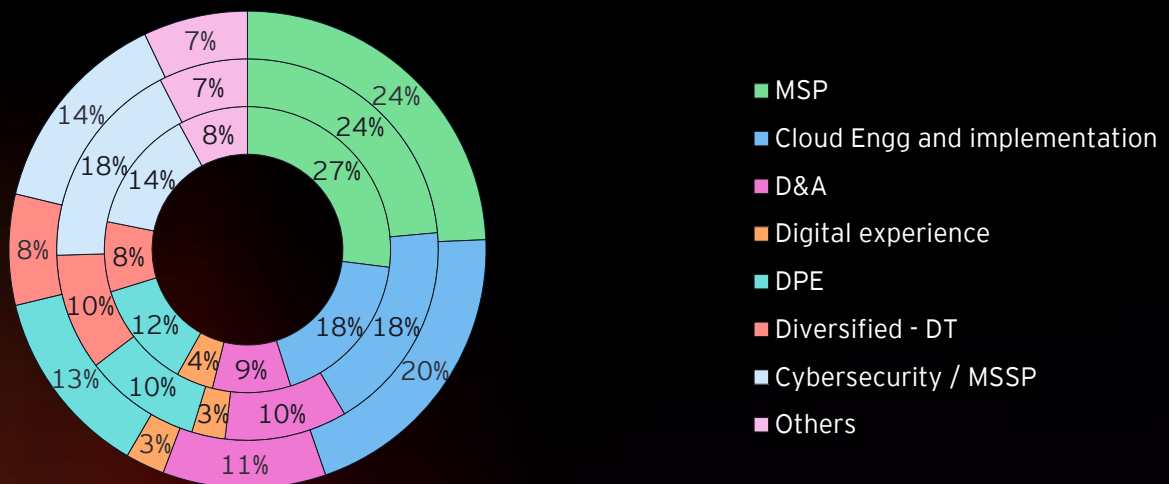
Source: Mergermarket, Pitchbook, EY research and analysis

# PEs continue driving deal activity with 40+ direct investments and 80+ roll-ups

Deal volume by acquirer type



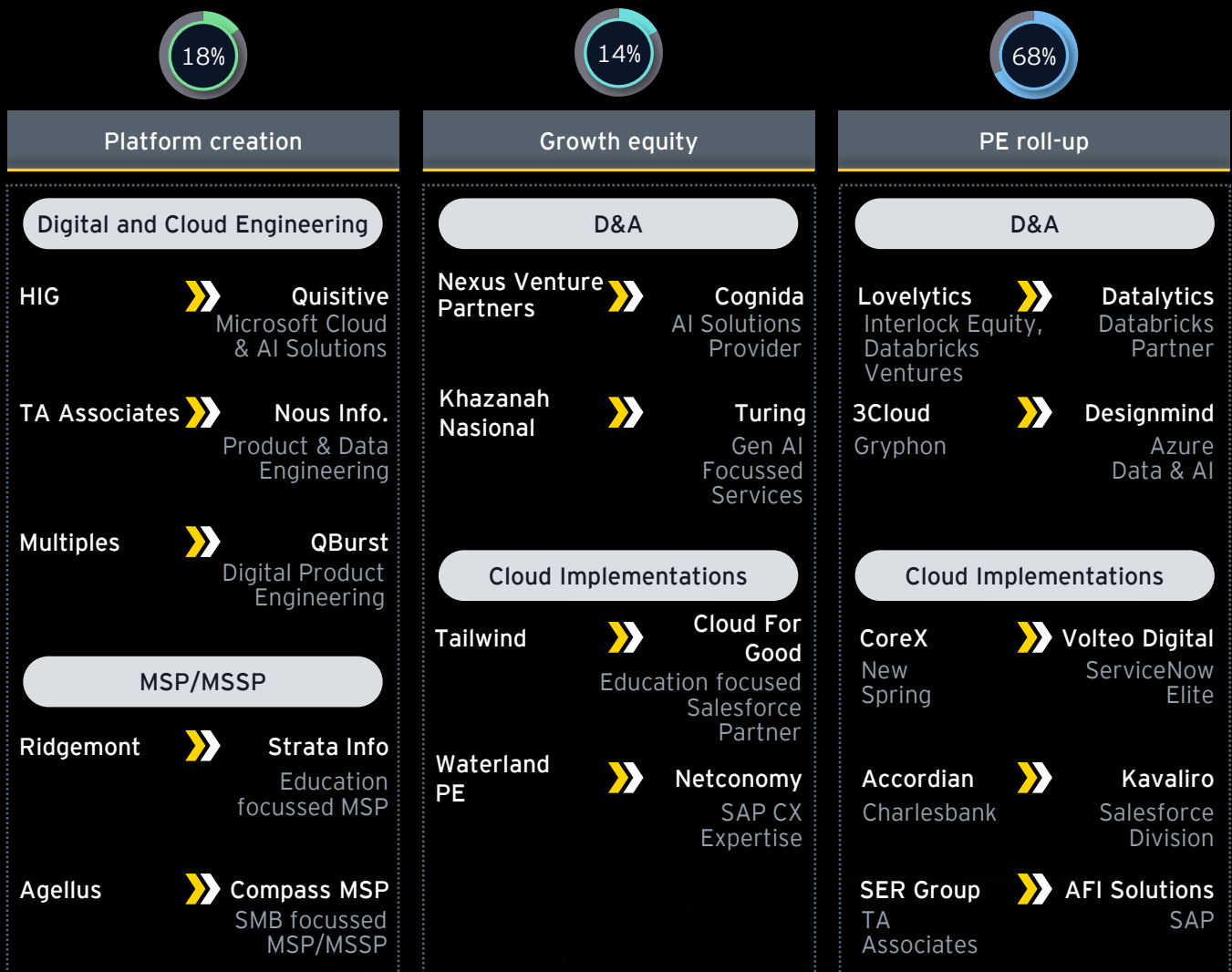
Deal volume by IT services sub-segment



Inner circle: Avg CY 2024; Middle circle: Q4 CY 2024; Outer circle: Q1 CY 2025

- PE: 20-plus direct investments in cloud and cybersecurity assets with platform specialists like Quisitive (Canadian Microsoft specialist), Netconomy (European SAP specialist), and Cloud for Good (4x Salesforce partner of the year) attracting interest
- Strategics: Select global strategics active including CGI (4 deals across D&A and DPE), Accenture (4), and IBM (1). Five deals announced by Indian-heritage strategics including Coforge (3 cloud tuck-ins), WNS (1 D&A tuck-in), and Happiest Minds (1 geo expansion tuck-in)

# Attractive entry points drive new PE platform interest as 'buy-and-build' strategy continues



Spotlight deals		
Berkshire	>>	<b>Thrive</b> Berkshire Partners, along with existing investors Court Square, invested in Thrive, a leading IT MSP and MSSP servicing mid-market and sophisticated SMB clients across sectors
Multiples	>>	<b>Qburst</b> Digital product engineering services with strong presence of 3,000-plus employees across North America, Japan, Middle East, Europe and India Deal value: ~US\$200 million
HIG	>>	<b>TimeToAct</b> Germany-based IT services provider, TimeToAct, specializing in cloud platforms and digital solutions serving Fortune 1000 clients and public sector

Source: Mergermarket, Pitchbook, EY research and analysis; Pie charts indicate % of deal count vis-à-vis total PE deal count for the quarter



# Muted quarter for strategics as tariff reset dampens inorganic imperatives

Global Large Cap			Mid and Small Cap		
Vertical Play			Capability Strengthening		
Accenture	»	Altus Consulting Insurance and Investments (UK)	Coforge	»	TMLabs ServiceNow Elite Partner
CGI	»	Novatec Automotive, Manufacturing	Sesa	»	IT PAS ServiceNow Premier Partner
Accenture	»	Staufen Manufacturing, Supply Chain	Coforge	»	Xceltrait ServiceNow for Property & Casualty insurance clients
Geographic Expansion			Vertical Play		
CGI	»	BJSS UK-based digital transformation player	Coforge	»	Rythmos Data and cloud service for airlines industry
Accenture	»	Halfspace Nordics-based AI services player			

Spotlight deals		
IBM	»	AST Oracle Cloud Applications expertise within the public sector, strengthening IBM's services across North America, UK, Ireland
ASGN	»	TopBloc Workday Services Partner enhancing ASGN's ERP solution capabilities for the federal government sector while also strengthening overall client base Enterprise value: US\$340 million
WNS	»	Kipi.ai Elite Snowflake Partner strengthening data modernization and adding one of the world's largest Snowflake talent pools with 600 SnowPro certifications Enterprise value: ~US\$85 million

Source: Mergermarket, Pitchbook, EY research and analysis

# Tech services market performance mirrors the broader market reversals



Source: S&P Capital IQ



02

EY Technology

**Investment Banking Advisory**



# EY Technology Investment Banking Advisory



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**Karthik H**  
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**Thomas Tofte**  
Denmark



**Mark Sheikh**  
Belgium



**Michal Plotnicki**  
Poland



**Isabel de Dios**  
Spain



**Colin McNeil**  
Australia



**Anil Menon**  
MENA

## Select Transactions

### **Impetus**

Advised on its  
majority stake sale to

**Kedaara Capital**

### **Access Healthcare**

Advised on its growth  
Investment from

**New Mountain  
Capital**

### **Happiest Minds**

Advised on its  
acquisition of

**Pure Software**

### **Intelligence Node**

Advised on its  
sale to

**Interpublic  
Group**

### **Mastek**

Advised on its  
acquisition of

**BizAnalytics**

### **Verti Systems**

Advised on its  
sale to

**MOURI Tech**



## Methodology

The report is based on secondary data. The information is sourced from MergerMarket, PitchBook, CapIQ, press releases, company reports, news articles, industry reports, etc.

## Definitions

### Large Cap IT Services

TCS, Infosys, Wipro,  
HCL, TechM,  
LTIMindtree,  
Accenture, Capgemini,  
Cognizant, CGI, NTT  
Data, IBM

### Mid and Small Cap IT Services

Coforge, Mphasis,  
Persistent, Zensar,  
Mastek, Birlasoft,  
Sonata, Perficient,  
Sopra Steria, SeSa,  
Saksoft, Lateview,  
Datamatics

### Digital Native IT Services

EPAM, Globant,  
Endava, Nagarro,  
Kainos, NetCompany,  
Happiest Minds, Grid  
Dynamics

### Other Large Buyers

EY, Deloitte, KPMG,  
PwC, McKinsey, BCG,  
Bain, WPP, Dentsu,  
Omnicom, Havas,  
Publicis, IPG, Hitachi,  
Salesforce, Fujitsu,  
Globallogic, CDW,  
Insight Enterprises,  
Alten, AFRY, Etteplan,  
KPIT, L&T Technology  
Services, Cyient, WNS,  
Genpact, EXL, TaskUs,  
Telus,  
Teleperformance,  
Concentrix, TTEC,  
Majorel, Hinduja Global  
Solutions



# Glossary

## Abbreviations    Meaning

AWS	Amazon Web Services
AI	Artificial Intelligence
ANZ	Australia and New Zealand
BFSI	Banking, Financial Services, and Insurance
B	Billion
CPG	Consumer Packaged Goods
CRM	Customer Relationship Management
D&A	Data and Analytics
DPE	Digital Product Engineering
DT	Digital Transformation
EV	Enterprise Value
ERP	Enterprise Resource Planning
GCP	Google Cloud Platform

## Abbreviations    Meaning

HLS	Healthcare and Life Sciences
IT	Information Technology
ITSM	IT Service Management
ML	Machine Learning
MSSP	Managed Security Services Provider
MSP	Managed Service Provider
M&A	Mergers and Acquisitions
MSC	Mid and Small Cap
M	Million
PE	Private Equity
SMB	Small and Medium Sized Businesses
Tech	Technology
VAR/VAD	Value Added Reseller/Value Added Distributor



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