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SECTOR SNAPSHOT



UK ICT SERVICES M&A ACTIVITY AND VALUATIONS FOR H2 2020

Resilient ICT Services sector maintains a strong M&A environment

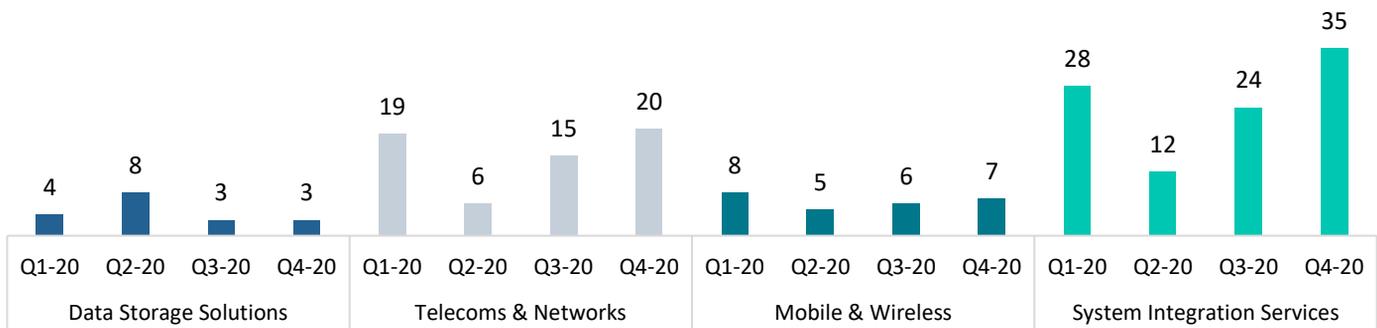
The ICT Services market has demonstrated strong resilience throughout the Covid-19 period. Looking forward, it is set for strong growth as we progress through 2021 driven by increased Internet of Things development and further adoption of AI assisted services.

Lockdown measures forced many businesses to quickly adopt business communication platforms, such as Microsoft Teams and Zoom, in order to operate effectively in a work-from-home environment. With the future of working likely to be a fusion between office and home based working, the companies offering business communication solutions will be looking to develop and integrate systems that enable efficient dual location collaboration.

Artificial Intelligence (AI) continues to be adopted by businesses looking to gain actionable insights from vast volume of data and augment core business processes to improve customer experience. While AI will continue to be used to automate repetitive processes such as document processing, it is also advancing to more complex tasks such as simulation modelling. Elsewhere, 5G is expected to become mainstream across new mobile devices in 2021. The resulting improvement to streaming times and loading speeds will enable the deployment of further technological advancements.

H2 2020 ICT Services M&A Volumes

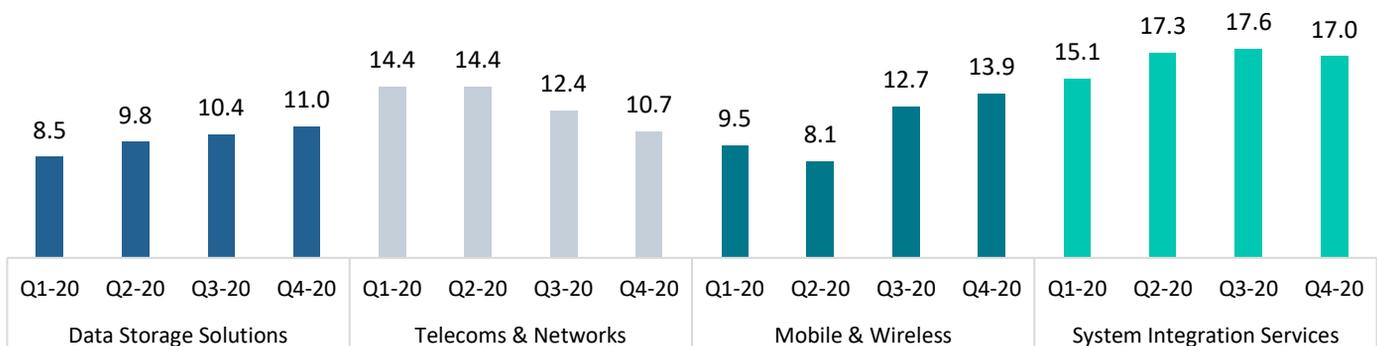
UK ICT Services M&A Volumes by Quarter



The second half of 2020 has seen 113 deals completed in the ICT services sector as M&A activity increases after a slight slowdown in Q2-20 caused by the impact of Covid-19, with a number of deals delayed or postponed.

H2 2020 ICT Services Average EV/EBITDA Multiples

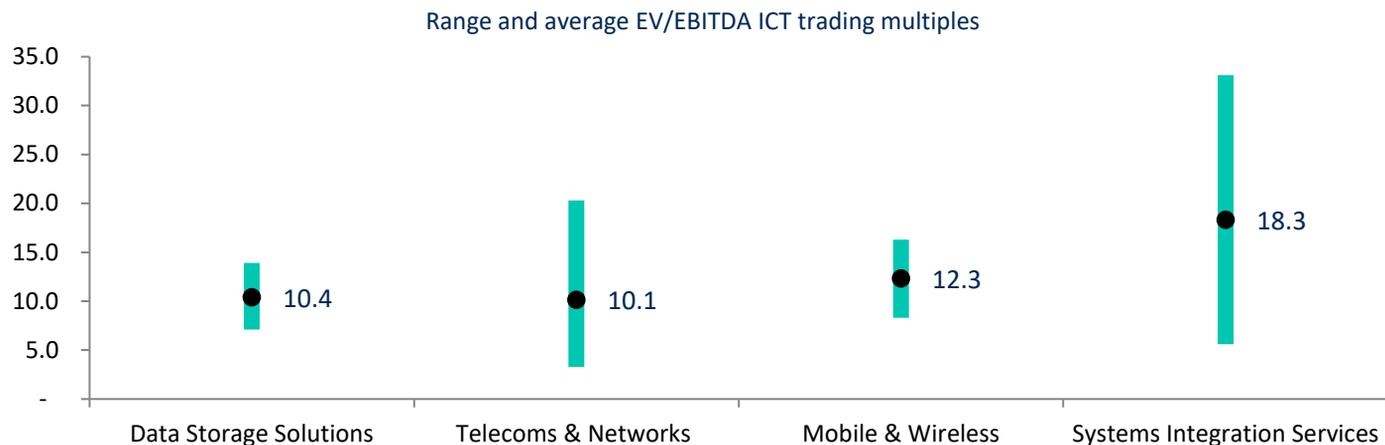
Average EV/EBITDA multiples for UK ICT services



EBITDA valuations for all disclosed transactions in the ICT Services sector on a trailing 12 month basis (covering the 2020 calendar year) have shown significant changes by sub-sector. Data Storage Solutions, Mobile & Wireless and System Integration Services have all increased over the year. Telecoms & Networks has seen a decrease due largely to a number of high multiple deals in 2019 dropping out of the rolling 12 month averages through 2020.

H2 2020 ICT Services Average Quoted Company Multiples

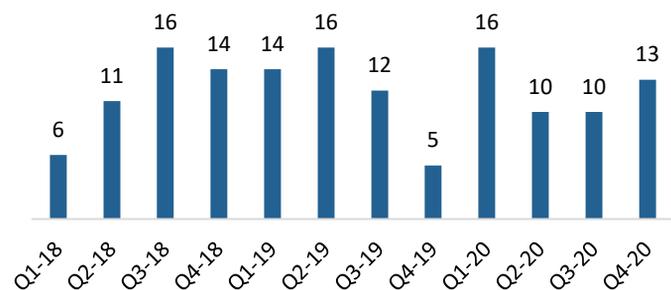
H2 2020 average quoted company multiples across all ICT Services sub-sectors ranged from 10.1x to 18.3x.



Private Equity Transactions

Private equity continues to be active in the ICT Services sector, culminating in 23 deals being completed in H2-20, a slight decrease on the 26 deals completed in H1-20.

Number of ICT Services PE Transactions Split by Quarter



TalkTalk has accepted a £1.1bn offer to take the company private in a deal backed by its co-founder Sir Charles Dunstone and **Toscafund**, valuing the business at £2bn including debt. TalkTalk is the UK's 4th largest internet company with over 4.2 million customers. Independent directors, advised by Barclays and Deutsche Bank, recommended the offer in order to secure the investment required to grow over the coming years.

Montagu Private Equity, a London based private equity firm, has agreed to acquire the **Education Software Solutions (ESS)** business of outsourcer **Capita plc** for a total enterprise value of up to £400m. Montagu has also agreed to acquire **ParentPay Group**, an online payment service for the education sector. Following successful completion of both investments, ESS will become part of the ParentPay Group.

ECI Partners, a growth-focused mid-market private equity firm, has invested in leading critical communications service provider, **CSL**. The investment will allow CSL to continue to expand into new international markets, enhance its service offering and invest in product innovation. CSL provides M2M and IoT critical connectivity solutions to over 1 million devices in the Fire, Security and Telehealth sectors.

Zzoomm, the 100% fibre broadband network operator, has raised an initial £100m of equity from **Oaktree Capital Management** who will take a majority stake in the business. Zzoomm is currently nearing completion of a full-fibre network in Henley-on-Thames and the investment will allow it to continue to build out this infrastructure across further market towns in Britain. Zzoomm provides the UK's fastest home broadband service through its full fibre infrastructure.

Orbis ICT Services Transaction

Transaction Overview

Metaphor IT, headquartered in London, was established in 2015 and provides disruptive solutions in three core areas of expertise; Cloud services; Digital Workspaces; and IT Managed Services. Metaphor merged with DoubleEdge Professional Services and Foehn to form Kerv, a transaction backed by LDC with a combined value of £30m.

Our Role

Throughout the engagement, we spent time understanding the key value drivers for Metaphor IT, including the company's strong level of recurring gross profit. We researched a selection of strategic partners that could add value to Metaphor and take the business forward. The proposed merger with two complementary businesses was identified as a strong platform for Metaphor to continue its high growth trajectory.



Strategic Trade Transactions in the ICT Services Sector

The ICT services sector has seen 86 trade deals completed in H2-20, a significant increase on 58 in H1-20.

Jacobs, a US based global design and engineering consultancy provider, has acquired a majority stake in leading transformation consulting firm **PA Consulting**. The transaction is structured as a private equity style investment, with Jacobs acquiring a 65% stake in the form of preferred and common equity, valuing PA at £1.8 billion.

Technology conglomerate **Cisco** has completed the acquisition of UK-based **IMImobile PLC**, a leading global provider of cloud communications software and services, for £541m. IMImobile helps businesses communicate with their customers through SMS, WhatsApp, Apple Business Chat, Facebook Messenger. In combining IMImobile’s software with their own Webex Contact Center, Cisco plans to create a unified customer experience-as-a-service offering for their business customers.

Infobip, a leading cloud communications provider has acquired **OpenMarket**, a B2B provider of mobile messaging solutions, for £231m. The combined entity will process more than 14 billion monthly customer interactions across the full range of communication channels, in more than 190 countries.

IT solution provider, **Computacenter**, has completed the acquisition of **Pivot Technology Solutions**, a Canadian IT services provider, for £60m. Computacenter plans to integrate its current US operations with Pivot, a move that is set to double their US sales and add 700 employees across the US and Canada.

Internet-of-Things connectivity platform provider, **Wireless Logic**, has acquired global IoT cellular connectivity services provider, **Arkessa**, from private equity firm ECI Partners. Arkessa will add new services and a customer base of over one million subscriptions.

Daisy Group’s **Digital Wholesale Solutions** has acquired cloud software specialist **Giacom** from Livingbridge in a transaction combining cloud communications with complementary cloud software.



Have acquired



For GBP 1.8bn



Have acquired



For GBP 541m



Have acquired



For GBP 230.8m



Have acquired



For GBP 60.4m



Have acquired



For undisclosed value



Have acquired



For undisclosed value

Orbis ICT Services Transactions



Provided development capital to



For undisclosed value



Have acquired



For undisclosed value

About Orbis

Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the technology, media and telecoms sector in addition to industrials, technology, food & beverage and healthcare. Orbis also has an active investment portfolio held through its investment vehicle Intrinsic Equity.

If you are considering your strategic options for enhancing the value of your business or your client’s business, please contact either Shah or Nick.

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Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

Orbis Partners : Services

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
- Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 90% of all sale mandates involve an overseas party.

- Acquisition Support**
- Listed and private clients.
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.

- Due Diligence**
- Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Tailored reports.
 - Partner led.

- Management Buy Out**
- Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.

- Capital Raising**
- Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on 3 deals.

- Business Improvement**
- Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.
 - Co-investors and principal.

Orbis Partners : Sectors

Experience across a range of sectors

Technology, Media
and Telecoms

Business Services

Industrial

Healthcare

Food & Consumer

