

2021 Year-End Sector Report: Technology

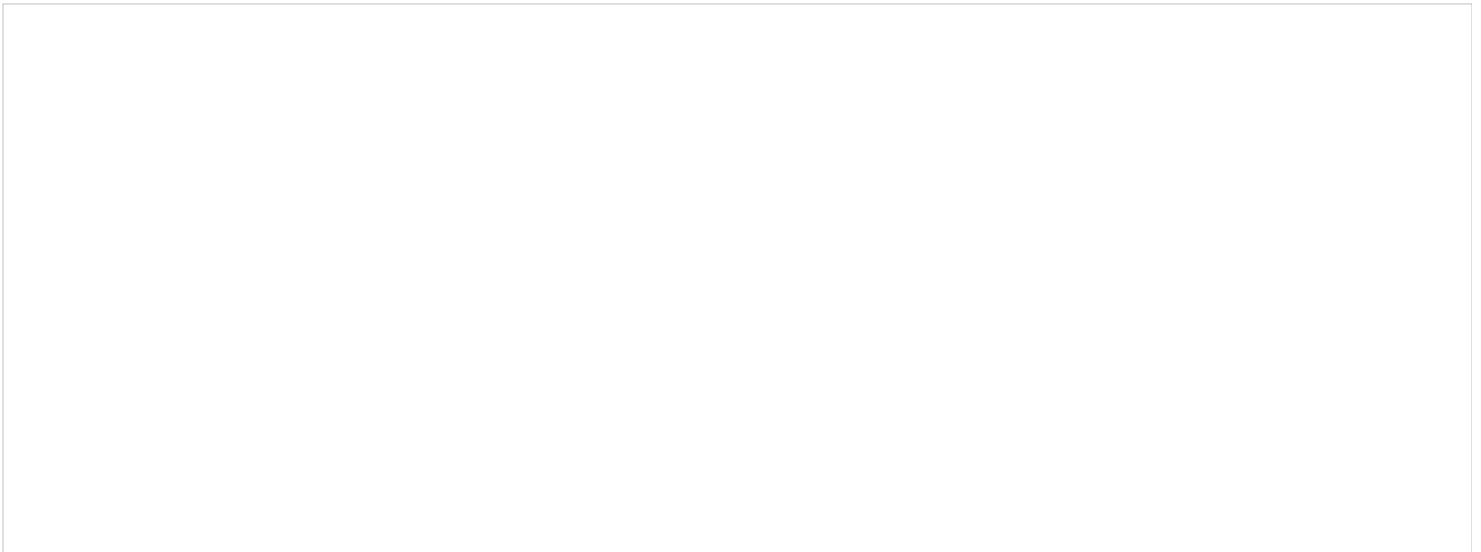
IT Services sector update

Fueled in part by the COVID-19 pandemic, companies have deployed substantial capital into technology solutions to drive operational efficiencies, automate and protect data and optimize user and customer experience. The IT services sector will continue to play a critical role across all industries and organizations due to rapidly changing business environments as well as continued development and adoption of new technology solutions.

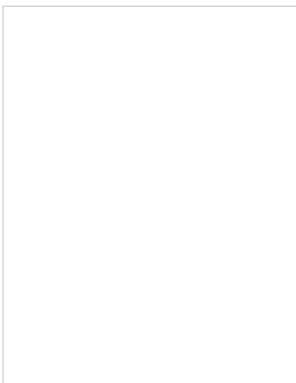
Overview of M&A activity

In 2021, the IT services sector was valued at approximately \$1,125 billion, with an estimated 13.5% (\$152 billion) generated from managed services. Industry analysts expect the IT services sector to grow at a Compound Annual Growth Rate ("CAGR") of 8% over the projected period of 2021 – 2026. M&A activity in 2021 was primarily driven by large multinational companies with established practices across major technology ecosystems (Microsoft, Oracle, Salesforce, Amazon, SAP, etc.), as well as transactions involving smaller industry participants that offer technology solutions designed specially to support end users within a specific ecosystem. Continued adoption of tech-enabled solutions, a strong macroeconomic environment and premium valuations within a very active M&A market are expected to continue to drive substantial M&A activity within the IT services sector for the foreseeable future.

CHART 1: IT SERVICES TRANSACTION VOLUME¹



Source: Capital IQ. As of 12.8.2021. | 1. Aggregate transaction value is in \$ billions.



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