



MANAGED SERVICE PROVIDER "MSP" MARKET UPDATE Q3 2026

NEW YORK | LONDON | LOS ANGELES | PARIS | MUNICH
SAN FRANCISCO | BERLIN | WEST PALM BEACH | DUBAI



INDEPENDENT LEADER IN TECH INVESTMENT BANKING

DELIVERING SUCCESSFUL OUTCOMES FOR OUR CLIENTS

TOP GLOBAL BOUTIQUE

GLOBAL MID-MARKET TRANSACTIONS

Top global boutique investment bank
focused on mid-market Tech

100%

TECH-FOCUSED INVESTMENT BANK

One of the largest tech-focused teams

9 CORE VERTICALS

INDUSTRY EXPERTISE IN KEY TECH VERTICALS

Partners with deep sector expertise +
senior advisor team of ex-corporate CEOs

OVER 500

TRANSACTIONS

With mid-cap growth focus

OVER 70

AWARDS

- 13x Investment bank of the year
- 50x+ Deal of the year
- 8x Leadership awards

EXPERIENCED TEAM

PROFESSIONALS

14 Partner level bankers
9 offices in 5 countries

STRONG TRANSACTION TRACK RECORD ACROSS THE GLOBAL TECH LANDSCAPE

OVER 500+ TRANSACTIONS COMPLETED



DRAKE STAR'S LEADERSHIP POSITION IN MSP M&A

ESTABLISHED CAPABILITIES IN MSP DEALS

SALE TO
Atlantic
IT Services

a portfolio company of
SEAFOAST CAPITAL
ACQUISITION OF
CONVERGED TECHNOLOGY GROUP
IT Services

SALE TO
omega systems
PFINSTEN
MSP

a portfolio company of
VSS
MAJORITY SALE TO
N.E.P.
MSP

a portfolio company of
M.C.
SALE TO
SCORPION
MSP

a portfolio company of
SVERICA
HAS RECEIVED MAJORITY INVESTMENT FROM
QUAD-C
Digital MSP

RECAPITALIZATION WITH
abry partners
MSP

HAS SOLD A MINORITY STAKE TO
WestView CAPITAL PARTNERS
MSP

HAS BEEN ACQUIRED BY
SUNSTONE TABLETS
MSP

a portfolio company of
VSS
HAS ACQUIRED
BOUNDSHORE TECHNOLOGY GROUP
MSP

a portfolio company of
ACTIVATE
SALE TO
NI-NI GLOBAL
MSP

a portfolio company of
VSS
HAS ACQUIRED
UTG
MSP

a portfolio company of
VSS
HAS ACQUIRED
Sound by Science
MSP

TRANSACTS WITH
nexustek
a portfolio company of
abry partners
Services

SALE TO
AccountabilIT
a portfolio company of
WestView CAPITAL PARTNERS
MSP

ACCREDITATION



SHARING MSP EXPERTISE AT TALKS AND EVENTS

August 6-8, 2025
New Jersey, Jersey City
Sam Levy
Partner at Drake Star
Date & Time: August 6, 2025 | 9:00-9:45 AM
Track: Life by Design: Win at Work and at Life

✱DRAKE STAR

“The next wave of transactions will likely reward MSPs that demonstrate not just growth, but operational excellence, cybersecurity maturity, and the ability to deliver measurable client outcomes.”

Sam Levy
Partner, Drake Star

March 24-27, 2025 at The Venetian Las Vegas
MSP Summit
LET'S MEET AND TALK ABOUT
• AI in managed services
• The evolving role of MSPs
• Cybersecurity & cloud investments
• M&A in the space

Sam Levy
Partner at Drake Star

I AM PARTICIPATING AT **IT NATION Grow**
December 10-11 | Tampa, FL | Next Event Q1 2026! theitnation.com/grow
2-DAY DEAL SIMULATION
Get expert guidance on business transition
ITN GROW SESSIONS COVER:
Financial Security Legal Operations Emotional preparedness More!

Sam Levy
Partner
Drake Star

✱DRAKE STAR

IT Nation Grow
February 4th Houston, TX
Inside the MSP Deal Process:
From Growth to Exit

Sam Levy
Partner, Drake Star

UNPARALLELED INSIGHTS AND RESEARCH

✱DRAKE STAR
MANAGED SERVICE PROVIDER "MSP" MARKET UPDATE Q3 2025

M&A ACTIVITY CONTINUES TO GROW, DRIVEN BY IT SERVICES MAKING UP 83% OF DEALS

Q3 2025 DEAL COUNT BY REGION
Q3 2025 DEAL COUNT BY SERVICE

PRIVATE PLACEMENT INVESTMENTS IN MSPS

U.S. CONTINUES TO BE THE LARGEST M&A MARKET

COUNTRY	DEALS	EMPLOYEES	REVENUE	DEAL VALUE	EXIT VALUE
USA	1,234	1,234,567	\$1,234,567,890	\$1,234,567,890	\$1,234,567,890
UK	567	567,890	\$567,890,123	\$567,890,123	\$567,890,123
Canada	345	345,678	\$345,678,901	\$345,678,901	\$345,678,901
France	234	234,567	\$234,567,890	\$234,567,890	\$234,567,890
Germany	123	123,456	\$123,456,789	\$123,456,789	\$123,456,789

IT SERVICES AND MSP VALUE CHAIN

IT SERVICES AND MSP VALUE CHAIN

TOP 10 MSP PLATFORMS TO CONSOLIDATE WITH TOP 10 CLOSING 4 DEALS EACH

PLATFORM	DEALS	EMPLOYEES	REVENUE	DEAL VALUE	EXIT VALUE
ServiceNow	123	123,456	\$123,456,789	\$123,456,789	\$123,456,789
Workday	98	98,765	\$98,765,432	\$98,765,432	\$98,765,432
SAP	76	76,543	\$76,543,210	\$76,543,210	\$76,543,210
Oracle	65	65,432	\$65,432,109	\$65,432,109	\$65,432,109
Microsoft	54	54,321	\$54,321,098	\$54,321,098	\$54,321,098

SAM LEVY IN THE MEDIA

SUNNY'S
podcast
#546
SAM LEVY

Heimdal
THE MSP SECURITY PLAYBOOK
WHAT TO FIX BEFORE YOUR MSP EXIT
WITH SAM LEVY
Available on

PROVEN TRACK RECORD IN MSP M&A AND GROWTH FINANCING ADVISORY

brainsell****
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IT Services

FOCUS TECHNOLOGY
a portfolio company of
SEACOAST CAPITAL
ACQUISITION OF
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a portfolio company of
VSS
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N E P
Nervous Equip Partners
MSP

THRIVE
a portfolio company of
M C PUNTLER
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IT Services

CLEARPointe
SALE TO
Accountabil IT
a portfolio company of
WEST VIEW CAPITAL PARTNERS
MSP



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MSP DEAL ACTIVITY REMAINED ROBUST IN Q3 2026

110 M&A TRANSACTIONS WITH STRATEGICS LEADING THE WAY



MSP investment activity totaled 122 transactions in Q3 2026, comprising 110 M&A deals and 12 private placements. Disclosed M&A value reached \$563 million, with strategic acquisitions accounting for the majority of investment activity



Acquisitions of IT service providers accounted for over 85% of Q3 deal volume, as strategic and financial investors pursued capability additions and portfolio diversification across the MSP landscape



Strategic buyers continued to drive consolidation, with the top 10 active acquirers completing at least five deals each over the past two years. Financial investors maintained a smaller presence, generally recording two or fewer MSP investments.



The global MSP market value reached \$350 billion in 2025 and is expected to grow to \$850 billion by 2034, driven by increasing IT complexities and demand for cost efficiency

MSP INVESTMENTS REFLECTED SUSTAINED INVESTOR CONFIDENCE IN Q3 2026

122

MSP transactions
in Q3 2026

\$350bn

Global managed service market
value in 2025

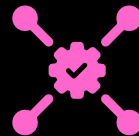
~10.4%

Expected market growth CAGR
until 2034

Top 3 Most Important Outcomes Achieved From Managed Services



Outsourcing IT services to MSPs
enables operating cost efficiencies



Assist in navigating the complexities
of advanced IT environments



Rapid deployment of new
technology

SUPPLY IS RISING AND BUYERS ARE PAYING FOR SPECIFIC CAPABILITIES

Founder-owned MSPs with sub-\$5M EBITDA are increasingly weighing a hard choice: fund an uncertain AI transition or sell while multiples remain healthy. Deal flow in the \$2-6M EBITDA range picked up noticeably over the summer, and with demand steady, additional supply is likely to put modest pressure on multiples over time rather than expand them.

The buyer universe is broadening at the same time. Private placements doubled quarter-over-quarter to 12, with PE-backed platform investments including MSP Corp., ECI, Myriad360 and PLENTICON, and growth-oriented capital is building dedicated MSP theses. The buy-and-build math is unchanged: platforms at roughly 12-13x, with smaller add-ons at 9-10x, and the arbitrage between them creating meaningful value on integration.

Even so, platforms are becoming more selective. Buyers are rewarding clear vertical focus, specific technical capabilities and strategic customer relationships over generalist IT services, and some larger platforms are prioritizing internal AI initiatives over M&A unless a target fills a defined gap. IT services accounted for 86% of Q3 deal count, down from 95% in Q2, as acquirers added adjacent capabilities across communications, software and commercial services.

Security remains one of the strongest demand areas, but scale matters: MSSPs typically need a larger revenue base to reach profitability, which is why many are still valued on revenue rather than EBITDA multiples. For sellers, the message is that the market is open, but specialization, recurring revenue and a credible AI story now determine who gets paid a premium.

"There's more supply coming from smaller founders, and more capital chasing the platforms, but buyers are paying for specificity. Generalist MSPs without a clear angle are the ones feeling it."

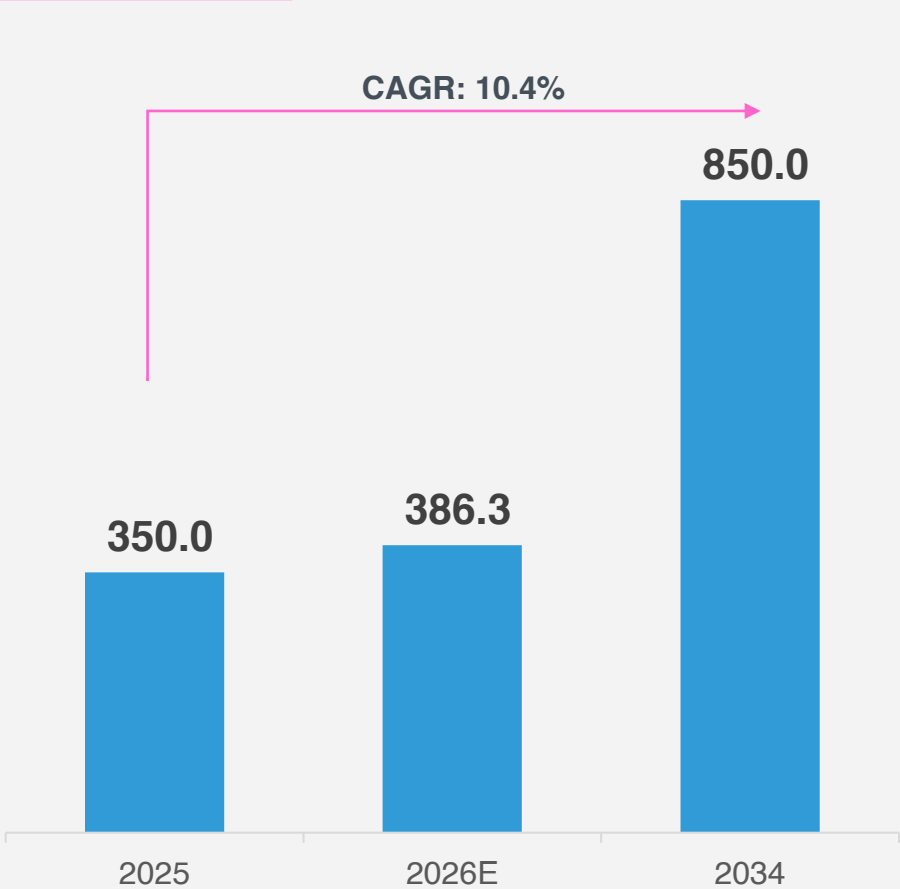


Sam Levy
Partner, Drake Star

IT COMPLEXITIES AND COST EFFICIENCY DRIVING MANAGED SERVICES TO REACH \$850B

MANAGED SERVICES MARKET ESTIMATED TO GROW 10% Y-O-Y IN 2026 TO ~\$390 BILLION, UP FROM \$350 BILLION IN 2025

GLOBAL MANAGED SERVICES MARKET SIZE (\$ BN)



KEY DRIVERS



Increasing Complexity: The swift advancement of technology, varied software environments, and the integration of numerous platforms are driving the need for managed services.



Cost Efficiency: Managed services improve cost efficiency by optimizing resource utilization and reducing operating expenses, thereby enhancing overall profitability. Businesses are increasingly choosing to outsource to MSPs for infrastructure and tools at a predictable monthly fee, rather than investing in costly hardware and software.



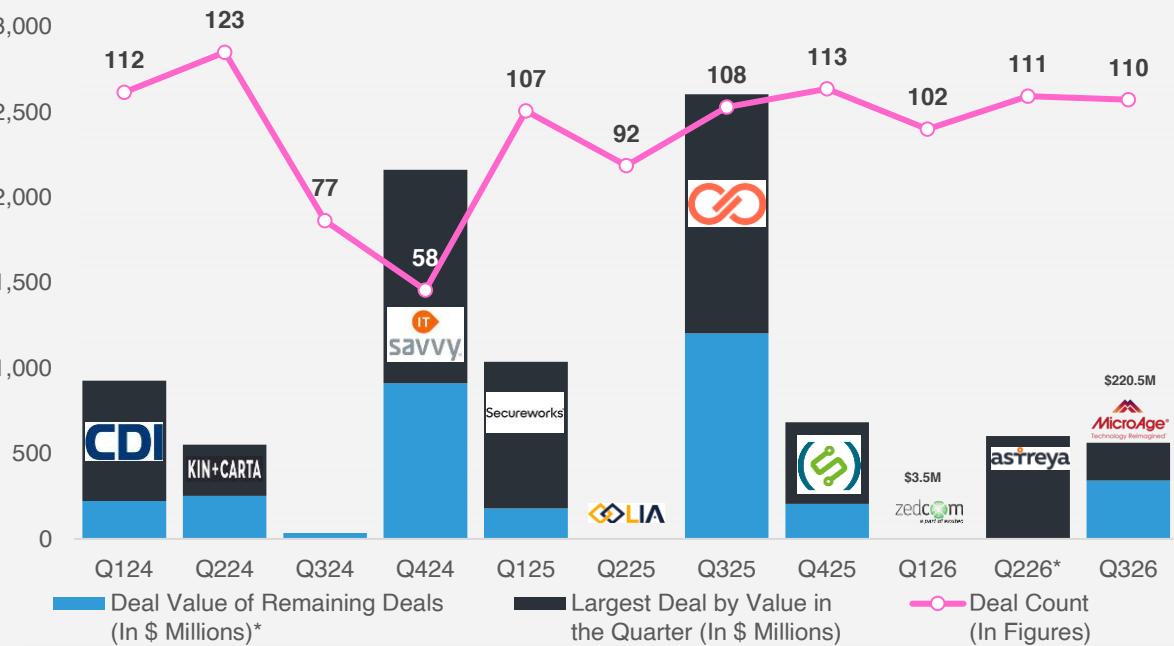
Cybersecurity Challenges: The rising incidence of cybersecurity threats is fueling the need for MSPs, who provide specialized solutions such as 24/7 monitoring and threat detection. These services are vital for safeguarding sensitive data and ensuring compliance with regulations.



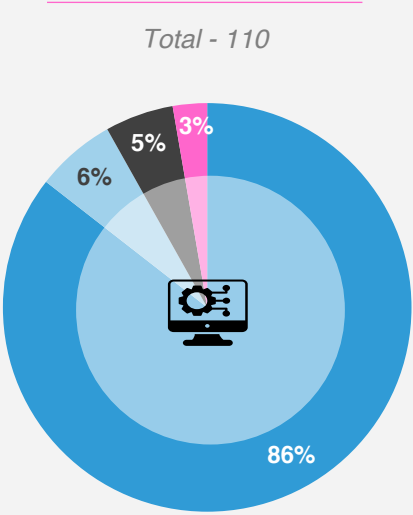
Enhanced Business Agility: Managed services offer the flexibility to promptly adapt IT resources to changes in the market, customer requirements, and emerging opportunities. This capability allows for swift responses without being constrained by fixed infrastructure.

MSP M&A DEAL VOLUMES HELD STEADY IN Q3'26, WITH EUROPE LEADING ACTIVITY

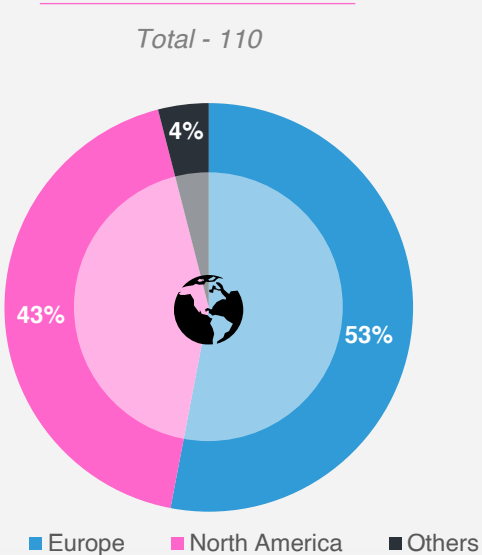
110 ANNOUNCED M&A DEALS IN Q3 2026, WITH \$563M AGGREGATE DISCLOSED DEAL VALUE



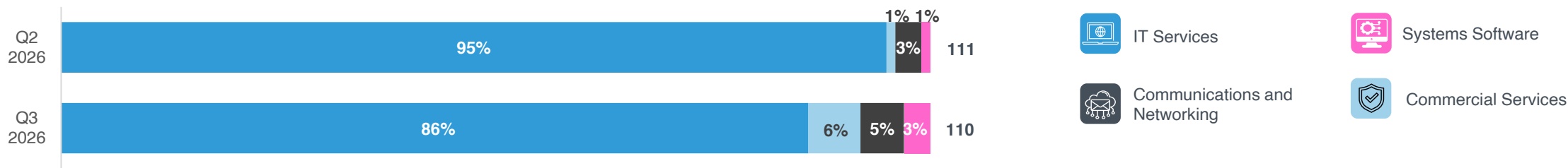
Q3 2026 DEAL COUNT BY SEGMENT



Q3 2026 DEAL COUNT BY GEO



DEAL COUNT BY SEGMENT



* Notes: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value. Total disclosed deal value in Q2'26 is \$602.9 million; reported by only two companies- astreya (\$600 million) and Secuvant (\$2.9 million)

MSP PLATFORMS CONTINUE TO CONSOLIDATE WITH TOP 10 CLOSING 5+ DEALS EACH

TOP MSP CONSOLIDATORS | Q4 2024 – Q3 2026

TOP 10 MOST ACTIVE STRATEGIC CONSOLIDATORS*

TOP 10 MOST ACTIVE FINANCIAL CONSOLIDATORS**

Includes deals since Oct 2024. *Ranked by total deal count. CD&R has made two investments in Exclusive networks since Oct 2024

**Most financial investors have made only two investments in MSP companies. Therefore, apart from the first seven investors, the rest have made single investments and do not adhere to any ranking.

U.S. CONTINUES TO DOMINATE M&A DEALS

TOP M&A DEALS IN THE MSP SPACE | Q3 2026

COMPANY	COUNTRY	EMPLOYEES	YEAR FOUNDED	DEAL SIZE (\$ Mn)	ACQUIRER	ACQUIRER COUNTRY	DEAL DATE
 CALIAN Confidence. Engineered.		6,000	1982	43.0	 TRACE3		Aug-2026
 TAO DIGITAL		3,500	2021	218.0	 CYIENT		Sep-2026
 MicroAge Technology Reimagined		200	1976	220.5	 scansource		Sep-2026
 EDITION		150	2004	14.4	 ALTIA		Jul-2026
 NetWolves		110	1970	14.5	 COO		Aug-2026
 ideal		50	2006	19.4	 telelink business services		Jul-2026
 Plurilock		40	2016	24.0	 quantum e motion		Sep-2026
 noviant		20	1997	3.6	 æther		Aug-2026
 RCC BUSINESS IT		20	1994	2.4	 KINGSWAY		Aug-2026
 p.c. peripherals		10	1992	2.9	 GRAFTON DIGITAL		Aug-2026

SELECT M&A DEALS IN THE MSP SPACE

Q3 2026

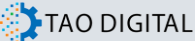



\$221M
ACQUISITION BY




- MicroAge, a US-based IT solutions integrator and managed services provider, was acquired by ScanSource, Inc., a US-based technology distributor, for \$220.5 million on September 2, 2026.
- The acquisition expands ScanSource's capabilities and reach in cloud, cybersecurity, data center, and AI solutions.

Sep-2026




\$218M
ACQUISITION BY




- TAO Digital Solutions Inc., a US-based AI-led data and product engineering services provider, was acquired by Cyient Limited, an India-based technology solutions provider, for \$218 million on August 25, 2026.
- The acquisition strengthens Cyient's AI, data, and digital engineering offerings, supporting end-to-end engineering and enterprise technology engagements.

Sep-2026




\$31M
ACQUISITION BY




- Calian Group Ltd.'s IT integration and managed services business in the US, was acquired by Trace3, a US-based technology solutions provider, for CAD 43 million (\$31 million) on August 26, 2026.
- The acquisition expands Trace3's US footprint and managed services capabilities, adding operational capacity and enterprise IT delivery expertise.

Aug-2026




\$24M
ACQUISITION BY




- Plurilock Security Inc., a Canadian cybersecurity solutions provider, was acquired by Quantum eMotion Corp., (QeM) a Canada-based cybersecurity technologies developer, for CAD 33.8 million (\$23.8 million) on September 28, 2026.
- The acquisition broadens QeM's portfolio by adding Plurilock's solutions and enterprise relationships.

Sep-2026




\$19M
ACQUISITION BY




- Ideal Group Holdings Limited, a UK-based IT and networking solutions provider, was acquired by Telelink Business Services Group AD (TBSG), a Bulgaria-based technology services provider, for GBP 14.6 million (\$19.4 million) on July 15, 2026.
- The deal establishes TBSG's UK presence and adds networking and smart building offerings to its portfolio.

Jul-2026




\$15M
ACQUISITION BY



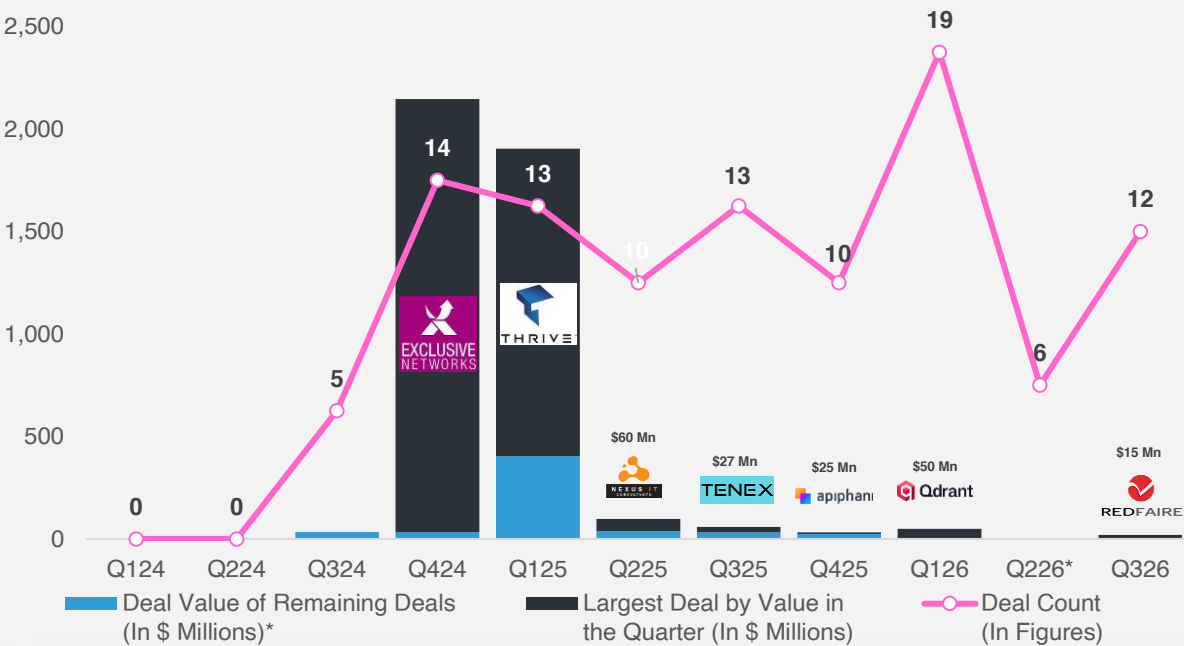

- NetWolves Network Services, a US-based managed IT and network services provider, was acquired by COEO Solutions, a US-based network and IT services provider, for \$14.5 million on August 3, 2026.
- The acquisition expands COEO's carrier connectivity, SD-WAN, and managed network services capabilities for mid-market enterprises.

Aug-2026

Note: This slide presents key deals completed in Q3 2026 and are ranked based on the disclosed deal value.

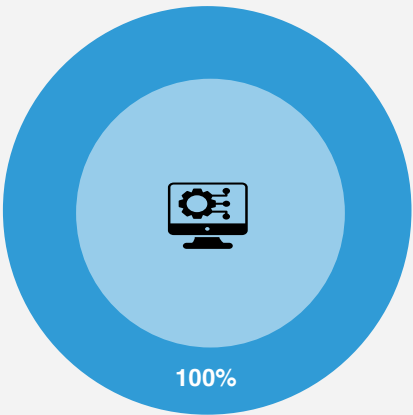
PRIVATE PLACEMENT DEALS DOUBLED Q-O-Q IN Q3'26, LED BY IT CONSULTING SERVICES

12 ANNOUNCED PRIVATE PLACEMENT DEALS ACROSS NORTH AMERICA AND EUROPE IN Q3 2026



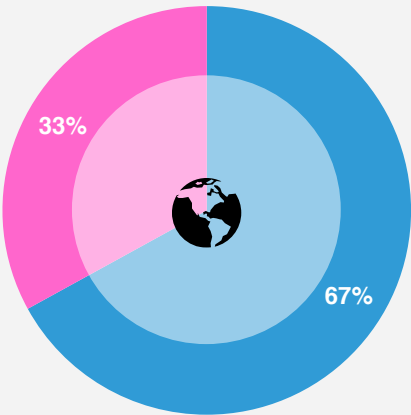
Q3 2026 DEAL COUNT BY INDUSTRY CODE

Total - 12



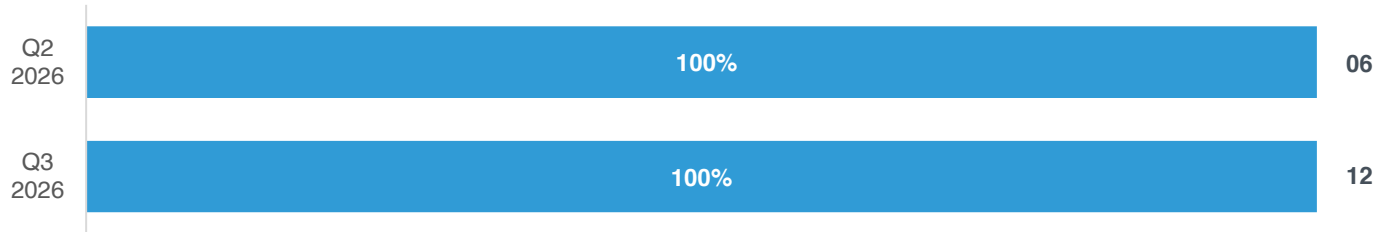
Q3 2026 DEAL COUNT BY GEO

Total - 12



North America Europe

DEAL COUNT BY SEGMENT



IT Consulting and Outsourcing

* Note: Deal value reflects solely the capital invested by those deals that disclose their specific value. Not all transactions report deal value. Drake Star did not act as financial advisor on transactions listed on this page.

* No deal values disclosed in Q2 2026

THE US REMAINS A KEY PRIVATE PLACEMENT MARKET

TOP PRIVATE PLACEMENT DEALS IN THE MSP SPACE | Q3 2026

COMPANY	COUNTRY	EMPLOYEES	YEAR FOUNDED	DEAL SIZE (\$ Mn)	ACQUIRER	ACQUIRER COUNTRY	DEAL DATE
 MSP CORP		525	1993	-	NIOBARRA CAPITAL 		Sep-2026
 PLENTICON		400	2022	-	Adelis Equity		Aug-2026
 ECI ²		300	1995	-	 WIND POINT PARTNERS		Aug-2026
 MYRIAD360 Rethink IT		300	2003	-	OneEquity 		Sep-2026
 REDFAIRE		180	2002	15.2	BGF		Aug-2026
 oryx align		130	2006	-	palatine ARDIAN	 	Jul-2026
 EMERGENT SOFTWARE		90	2015	-	 WINTERBIRD		Jul-2026
 centroid		80	1997	-	 GRIDIRON CAPITAL		Jul-2026
 DivergelT [™] IT's in our nature		50	1999	-	M C PARTNERS		Sep-2026
 Vertical Data		20	2024	4.1	-	-	Aug-2026

SELECT PRIVATE PLACEMENT INVESTMENTS IN MSPS

Q3 2026

 \$15M INVESTMENT BY    - Redfaire, an Ireland-based provider of Oracle ERP and managed cloud services, secured a EUR 13 million (\$15.2 million) minority investment from BGF, an Irish growth capital investor on August 21, 2026. - The investment will support Redfaire's international expansion, service development, and strategic acquisitions. Aug-26	 525 EMPLOYEES    - MSP Corp., a Canadian provider of managed IT, cybersecurity, and cloud services, was acquired by Niobrara Capital, a US-based private equity firm, on September 16, 2026. - The acquisition provides a platform for Niobrara to expand in the North American managed services market through further growth and consolidation. Sep-26	 400 EMPLOYEES    - PLENTICON GROUP GmbH, a German managed IT services provider for SMEs, was acquired by Adelis Equity Partners, a Nordic and DACH-focused private equity firm, on September 2, 2026. - The investment will support PLENTICON's organic growth and geographic expansion through strategic acquisitions. Aug-26
 300 EMPLOYEES    - Eze Castle Integration (ECI), a US-based provider of managed IT, cybersecurity, cloud, and compliance services, was acquired by Wind Point Partners, a US-based private equity firm, on August 4, 2026. - The acquisition will drive ECI's expansion in cybersecurity and AI services, supported by strategic acquisitions and international growth. Aug-26	 300 EMPLOYEES    - Myriad360, a US-based provider of managed IT, cybersecurity, cloud, and AI services, received a majority investment from One Equity Partners, a US-based private equity firm, on October 1, 2026. - The investment will support Myriad360's service expansion, talent development, and strategic acquisitions to broaden its technology capabilities. Sep-26	 130 EMPLOYEES    - OryxAlign Limited, a UK-based provider of network design, implementation, and managed IT services, received a strategic investment from Palatine, a UK-based private equity firm, on July 6, 2026. - The investment will support OryxAlign's organic growth and acquisitions, expanding its service offerings and presence across European markets. Jul-26

Note: This slide presents key deals completed in Q3 2026 and are ranked based on the disclosed deal value and size of the target company.

GLOBAL REACH COMBINED WITH LOCAL PRESENCE

ONE OF THE LARGEST TECH TEAMS ACROSS NORTH AMERICA, EUROPE, AND MIDDLE EAST



5
Countries



9
Offices



500+
Transactions



50+
Deal of the Year
Awards



70%+
Cross-Border
Transactions



25+
Partners &
Senior Advisors





DRAKE STAR

BELIEVE IN INNOVATION

CHANGE THE WORLD

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