

ServiceNow Market 2022 M&A Insights

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Jim McCabe
Managing Director

[Email Jim](#)
+1 (703) 672-3112



Nas Chobanov
Vice President

[Email Nas](#)
+1 (703) 672-5680

Despite the turbulent market environment throughout 2022, the ServiceNow partner ecosystem remained a hot topic in the M&A community. The SaaS provider continues to grow significantly at ~30% annually, with 7,500+ customers and counting providing support to and facilitating the expansion of the broader ecosystem of ServiceNow solutions and services partners. Notably, ServiceNow has started to move beyond the traditional IT solutions they've become known for into additional, industry-specific solutions. Employee, customer experience, and workflow automation solutions have been at the forefront of this new wave.

Large IT services and consulting firms have taken notice of ServiceNow's breadth of shiny new offerings and are looking to the partner ecosystem for acquisition opportunities. Accenture, ASGN, and Deloitte are a few of the leading global advisories that continue to leverage M&A to enlarge their existing ServiceNow capability sets. Acquisitions targeting geographic expansion have also been popular in keeping pace with the rapidly growing ServiceNow ecosystem. We explore factors driving buyer interest in the sector, including geographies, capabilities, scale, and partner status, on page four.

A significant market development to watch in the next 12-18 months is the partner program transformation. Announced by ServiceNow in the first weeks of 2023, the program focuses on the ecosystem's sustainable growth and customer success. Changes to the program include the creation of four partner routes to market: (i) Build, (ii) Consulting & Implementation, (iii) Resale, and (iv) Service Provider, with ServiceNow partners allowed to participate in one or more modules. ServiceNow will also provide new incentives to its partners to continue building their capabilities and expertise, including access to a newly launched Partner Development Fund (a co-funded investment program). Lastly, to raise standards and promote deeper differentiators among partners in the ecosystem, ServiceNow will retire the Elite program designation at the end of February 2023. All Elite Partners will have 18 months to address the new requirements in order to retain their Elite status.

Regardless of a slowdown in broader M&A activity and fewer companies going to market, we expect the demand for high-quality (*i.e.*, growing and profitable) assets in the ServiceNow partner ecosystem to remain strong in 2023. We at Clearsight welcome the opportunity to discuss more on this growing and constantly evolving space.

Sector Spotlight

Fully Managed Acquired by Telus

Target

Fully Managed

Acquirer

Telus

Deal Commentary

- Fully Managed provides Telus with extensive ServiceNow and digital transformation capabilities along with additional expertise in the healthcare IT space – a growing focus for Telus
- Fully Managed CEO Mark Scott said about the transaction, “The managed services market has exploded over the past few years, particularly with the acceleration to a digital-first work world brought on by the pandemic. We believe as a modern MSP focused on enhanced customer experience, unparalleled expertise, and strong partnerships and platforms with innovators such as ServiceNow, we have the ability to continue to grow the business.”

Transaction Summary

On January 1st, 2022, Telus, a Canada-based wireless service provider with additional interests in business services, announced its acquisition of Fully Managed, a Canada-based digital transformation services firm. Fully Managed provides a variety of solutions including cloud migrations, project management, and end-to-end ServiceNow administration, development, and advisory services.

Transaction Information

Announced Date	01-Jan-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2002
Target HQ	Ottawa, Canada
# of Employees	~400

GlideFast Consulting Acquired by ASGN

Target

GlideFast Consulting

Acquirer

ASGN

Deal Commentary

- GlideFast provides ASGN with significant additional ServiceNow scale and expertise with 1,800+ certifications across its 400-person strong employee base and 1,500+ completed projects within the ecosystem
- ASGN CEO Ted Hanson said about the deal, “By aligning our current IT consulting offerings with that of GlideFast’s expertise, we will jumpstart our ServiceNow business within Apex Consulting Services and immediately gain access to an industry-leading salesforce and consulting team. Together, we will ensure that ASGN’s commercial client base has the right talent to push forward the next generation of enterprise business process modernization.”

Transaction Summary

On June 6th, 2022, ASGN, a Virginia-based IT consulting and professional services provider, announced its acquisition of GlideFast Consulting, a Massachusetts-based provider of ServiceNow consulting and related services. GlideFast Consulting is an Elite ServiceNow partner and offers end-to-end ServiceNow services including advisory, design, application development, and managed support.

Transaction Information

Announced Date	06-Jun-2022
Deal Type	Acquisition
<i>Target Information</i>	
Year Founded	2015
Target HQ	Waltham, MA
# of Employees	~400

Sector Spotlight (continued)

Enable Professional Services acquired by Fujitsu

Target

Enable
Professional
Services

Acquirer

Fujitsu

Deal Commentary

- Fujitsu's acquisition of Enable Professional Services brings market-leading ServiceNow advisory, consulting, and delivery services to customers within the APAC region, and supports both its geographic expansion goals and continued focus on digital transformation services
- Nicholas Fraser, in charge of Strategic Growth & Investments at Fujitsu commented: "M&A helps realize Fujitsu's ambition of becoming a global leading DX services player. We look for opportunities that will help Fujitsu gain differentiation in digital technologies including AI, cybersecurity, or analytics, and build world-class capabilities to engage clients in business transformative discussions."

Transaction Summary

On July 7th, 2022, Fujitsu, a Japan-based firm offering IT, communication technology, and professional services, announced its acquisition of Enable Professional Services, an Australia-based ServiceNow partner. Enable Professional Services provides end-to-end ServiceNow offerings including IT, customer experience, employee experience, and custom ServiceNow solutions.

Transaction Information

Announced Date	07-Jul-2022
Deal Type	Acquisition

Target Information

Year Founded	2014
Target HQ	Adelaide, Australia
# of Employees	~300

Solvera Solutions Acquired by Accenture

Target

Solvera Solutions

Acquirer

Accenture

Deal Commentary

- Solvera Solutions provides Accenture with a significant expansion of its footprint in certain regions of Canada as well as a broad range of IT expertise across various ecosystems, including ServiceNow, Microsoft, and SAP
- Robert Vokes, Managing Director and Financial Services Lead for Accenture in Canada, said, "Solvera Solutions is a deeply respected and high performing digital transformation specialist with a talented team that is committed to the communities it serves, making it a great addition to Accenture. Solvera Solutions expands our presence across the West, driving value and growth for our platform offerings in this key geographic region."

Transaction Summary

On July 25th, 2022, Accenture, a global IT and consulting services provider, announced its acquisition of Solvera Solutions, a Canada-based IT solutions provider. Solvera Solutions provides a wide range of IT solutions including strategic consulting, project management, and significant knowledge in the ServiceNow ecosystem.

Transaction Information

Announced Date	25-Jul-2022
Deal Type	Acquisition

Target Information

Year Founded	2005
Target HQ	Regina, Canada
# of Employees	~320



Key Insights

Clearsight tracked 11 major M&A deals across the ServiceNow ecosystem in 2022. In discussions with strategic acquirers and private equity sponsors, we've arrived at the following key strategic differentiators in the space:



Geographies

Geographic expansion seems to be a primary goal for acquirers, rather than focusing on a specific region. For example, Solvera Solutions and Enable Services provide Accenture and Fujitsu, respectively, with additional footprints in regions where they have less fully developed capabilities and customer relationships.



Capabilities

The focus appears to be on end-to-end capabilities, including advisory and consulting services, as well as implementation, integration, and product development on the ServiceNow platform. Some of these capabilities are a natural function of scale, as larger firms typically have a broader capability set.



Partner Status

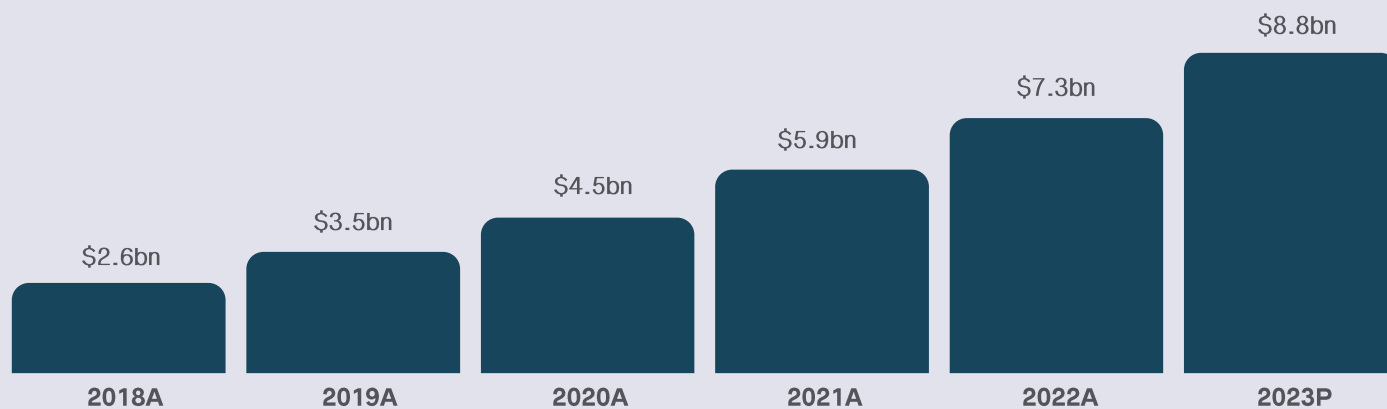
"Elite" Partner status has been the focus of strategic interest to date; however, with the recently announced changes to the certification program, acquirers and PE sponsors are expected to be more diligent and scrutinize business models.



Scale

Most buyers in the space are looking to acquire businesses of relatively significant scale and capabilities, typically in the range of a few hundred employees. Growth and domain knowledge within a specific vertical (*i.e.*, healthcare, financial services) is highly attractive in today's market and commands a premium multiple.

ServiceNow Company Revenue



Source: S&P Capital IQ

\$500bn

ServiceNow Total
Addressable Market (TAM)

\$206.3bn

Global PaaS Market in 2028

~2,000

Registered ServiceNow
Ecosystem Partners

Source: Capital IQ, Pitchbook, 451 Research, Company Press Releases, ServiceNow 10K, SEC Filings, MarketsandMarkets, ServiceNow Partner Portal, Proprietary Research



M&A Activity

Date	Target	Buyer/Investor	Summary
10/17/2022	Counter Threat Solutions	Varen Technologies	<ul style="list-style-type: none"> Target HQ: Reston, VA Counter Threat Solutions provides application modernization and low-code solutions within the ServiceNow ecosystem to federal government clients
10/07/2022	Red Moki	EY	<ul style="list-style-type: none"> Target HQ: Auckland, New Zealand Red Moki provides a variety of IT services and custom solutions centered around the ServiceNow ecosystem to clients in New Zealand and the broader APAC region
07/25/2022	Solvera Solutions	Accenture	<ul style="list-style-type: none"> Target HQ: Regina, Canada Solvera Solutions provides an array of IT solutions including consulting, project management, and ServiceNow skills
07/07/2022	Enable Professional Services	Fujitsu	<ul style="list-style-type: none"> Target HQ: Adelaide, Australia Enable Professional Services provides end-to-end ServiceNow solutions in the APAC region
06/06/2022	GlideFast Consulting	ASGN	<ul style="list-style-type: none"> Target HQ: Waltham, MA GlideFast Consulting offers a range of ServiceNow services including advisory, design, application development, and managed support
04/13/2022	Entrago	Deloitte	<ul style="list-style-type: none"> Target HQ: Brisbane, Australia Entrago provides strategic advisory and managed services focused on ServiceNow offerings
04/01/2022	BECK Strategies	InSource	<ul style="list-style-type: none"> Target HQ: Trinity, FL BECK Strategies focuses on security operations and risk management within the ServiceNow ecosystem
02/15/2022	Service Stack Technologies	NewRocket	<ul style="list-style-type: none"> Target HQ: Pune, India Service Stack Technologies offers consulting, delivery, and training services across the ServiceNow ecosystem
01/28/2022	Savli Group	Godspeed Capital	<ul style="list-style-type: none"> Target HQ: Woodbine, MD Savli Group provides cybersecurity services, with an emphasis on the ServiceNow space, to a federal government clients
01/05/2022	B3 Group	Octo Consulting	<ul style="list-style-type: none"> Target HQ: Herndon, VA B3 Group provides application modernization and low-code ServiceNow solutions to federal government clients
01/01/2022	Fully Managed	Telus	<ul style="list-style-type: none"> Target HQ: Ottawa, Canada Fully Managed is a digital transformation firm offering a variety of IT services including comprehensive ServiceNow solutions

About ClearSight

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 1650 Tysons Boulevard,
Suite 710
McLean, Virginia 22102

1350 Avenue of the Americas,
Suite 1710
New York, NY 10019

2626 Cole Ave, Suite 700
Dallas, TX 75204

 703.672.3100

 www.clearsightadvisors.com

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(1)

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has been acquired by


A Hitachi Group Company


(pending)


Sellside Advisor


has been acquired by





Sellside Advisor


has been acquired by



Financial Advisor


has received a growth investment from



Sellside Advisor


a portfolio company of


has been recapitalized by



(1) Evergreen Systems (Thirdera) deal was executed by a ClearSight professional while at a previous firm.

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