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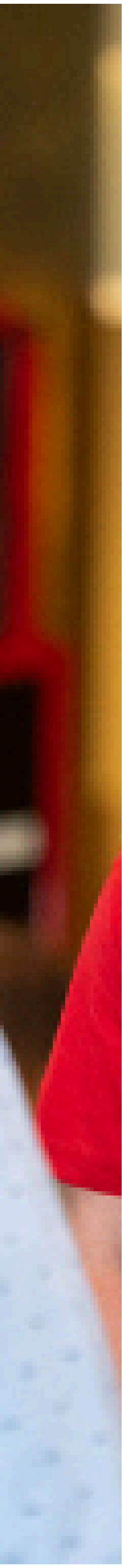
Unlocking Higher MSP Multiples: How Peer Group M&A Outshines Conference Connections

FOCUS Investment Banking



WHY 75% OF OUR MOST SUCCESSFUL MSP M&A DEALS BEGAN—OR QUICKLY GAINED MOMENTUM—WITHIN PEER GROUPS

In today's market, strategic preparation and relational equity matter more than ever. If you're an MSP founder, don't just ask what your company is worth—ask what it could be worth with the right partner. And if you are that partner, never underestimate the power of relationships built in the trenches of a peer group.

These relationships go beyond camaraderie and accountability. They often hold the key to unlocking significantly higher valuation multiples.

After a decade advising founders in the Managed Service Provider (MSP) space, I've spoken at countless conferences. I love these events—they're energizing, high-visibility opportunities to meet potential partners. But when it comes to generating real M&A outcomes and transformative exits, conferences alone rarely deliver.

Instead, the most successful deals I've seen are born not in crowded ballrooms, but within peer groups—intentional, high-trust communities. And the data backs this up.

PEER GROUPS VS. CONFERENCES: A CLEAR WINNER

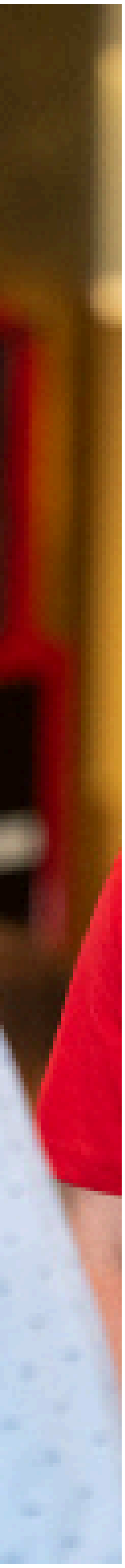
At FOCUS Investment Banking, 8 of the MSP platforms we've helped form—equivalent to 67%—originated as mergers of equals. In nearly all cases, the founding companies had strong ties built through peer group participation. These bundled deals consistently yield higher valuation multiples, stronger cultural alignment, and smoother post-close integration.

Compare that to deals sourced through cold outreach or fleeting introductions at conferences. Without the foundation of long-term trust, shared benchmarks, and consistent interaction, such deals are harder to structure—and even harder to close.

Institutional buyers increasingly prefer peer group-originated deals, and it's easy to see why. Peer group members often already operate like partners:

- They've pressure-tested cultural compatibility
- Their financials are benchmarked side-by-side
- Their tech stacks and service delivery models are aligned
- They've built accountability over time

In effect, peer groups simulate post-merger integration before a deal is ever signed—and that's a major win for buyers looking for lower-risk, high-confidence investments.



PEER GROUPS: A CLEAR WINNER

1. ThePurpleGuys Trouble-Free IT Support — KIAN CAPITAL — psv PARKSOUTH VENTURES
2. TECHMD — ICS — CLEARLIGHT PARTNERS LLC
3. Integris. — Frontenac
4. GENERAL INFORMATICS — ROSEWOOD PRIVATE INVESTMENTS
5. cantey TECH CONSULTING — LNC PARTNERS
6. CYBERSHEATH — LIGHTVIEW CAPITAL
7. Intelligent Technical Solutions — TOWER ARCH CAPITAL
8. entech — Prospect Partners
9. IRON EDGE — PRO VELOCITY — Riverside
10. LOCKSTEP TECHNOLOGY GROUP — RENOVUS CAPITAL
11. MSP CORP — GROUPE ACCESS — Alfar Capital — WALTER CAPITAL PARTNERS
12. SUCCESS — NETRIO

BIGGER TOGETHER: THE VALUE OF BUNDLED DEALS

When two MSPs merge—particularly in the $1 million to $8 million EBITDA range—the resulting entity typically commands a 1x to 2x higher multiple than either business could achieve independently. This insight is grounded in Service Leadership valuation opinions issued from 2022 to 2024.

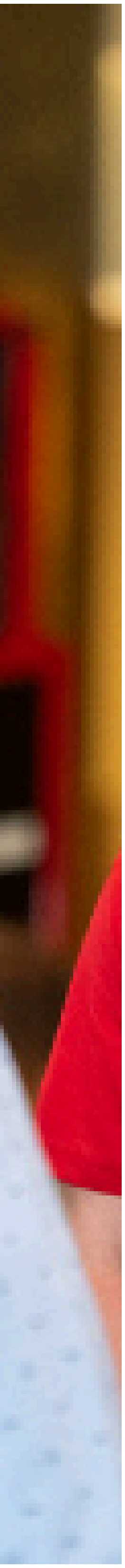
But it's not just about scale—it's about investability. Private equity sponsors are looking for businesses large enough to justify platform-level investments. Bundling enables founders to cross that critical threshold with confidence and credibility.

SIZE MATTERS - EBITDA MULTIPLES

	2022	2023	2024
Adj. EBITDA $ > $15.0 M	15.07	15.34	16.40
Adj. EBITDA $8.0 M - $15.0 M	12.92	13.06	13.25
Adj. EBITDA $3.0 M - $8.0 M	**10.77**	**11.11**	**11.13**
Adj. EBITDA $1.0 M - $3.0 M	8.40	8.42	8.53
Adj. EBITDA $500 K - $1.0 M	6.90	6.70	6.88
Adj. EBITDA $ < $500 K	4.45	4.40	4.45

"In recent years, multiple of EBITDA has become the most significant valuation metric for many buyers."

SERVICE LEADERSHIP



FIVE PRO TIPS TO MAXIMIZE YOUR VALUATION

Whether you're a founder considering an exit or an investor sourcing your next platform, these strategies can help you avoid leaving money on the table:

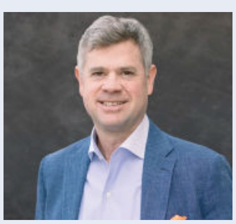
1. **Choose the right advisor.** If you can't walk away from their first offer with confidence, keep looking. The best advisors offer optionality, not urgency.
2. **Lock in your GAAP EBITDA early.** Clean, defensible financials minimize buyer risk—and reduce the chances of a post-LOI haircut.
3. **Consider merging before marketing.** A peer group partner—or a strategic connection through our network—can enhance your pro forma EBITDA and valuation.
4. **Build a post-sale M&A pipeline.** Buyers love a clear roadmap. Demonstrating how they can grow through future acquisitions makes your MSP even more attractive.
5. **Make a strong first impression.** Your brand, customer satisfaction metrics, and advisory team all shape buyer perception—and can materially influence deal terms.

FINAL THOUGHT: DON'T JUST NETWORK—ALIGN

The next big opportunity in MSP M&A won't come from a chance handshake—it will come from shared experiences, aligned goals, and trusted relationships. Peer groups don't just prepare you for growth—they position you for premium outcomes. If you're not actively participating in one, you're likely leaving value on the table.

Whether you're buying, selling, or simply planning ahead, surround yourself with peers who challenge, support, and understand your business. The best deals start with the right conversations—so start having them now.

ABOUT THE AUTHOR



Abraham Garver is Managing Director at FOCUS Investment Banking. From 2020 to 2024, he advised on MSP transactions involving 76 parties and helped 12 MSPs become private equity-backed platforms.

He is a frequent speaker at top industry events including IT Nation Connect, Channel Partners, MSSP Alert Live, and MSP Business School. His commentary is regularly featured in ChannelE2E, CRN, Channel Futures, TechTarget, and PEHub. Abraham has authored over 125 articles, including contributions to Forbes.

He specializes in advising both vertical-agnostic and vertical-focused MSPs, MSSPs, and CMMC-aligned firms. Abraham is passionate about helping founders unlock value—and guiding investors toward high-growth opportunities rooted in trust, scale, and strategic fit.