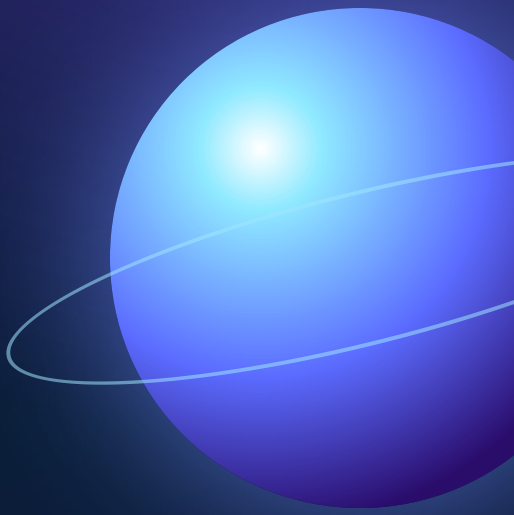
EXIT ARCHITECTS

IT Services & MSPs Exit Readiness Checklist

What buyers look at in a IT Services & MSPs business: how adjusted EBITDA gets normalized, which add-backs hold up, what drives the multiple and the red flags that compress it.



How to use it: check each item you could support with documents today. Bring the unchecked list to your Blueprint call and we will rank what to fix first.

Confidential self-assessment. Not a valuation.

1 What adjusted EBITDA should include / normalize

- [ ] Normalize to managed recurring economics after engineer labor and tool-stack costs.
- [ ] Adjust owner compensation to market; remove personal expenses and non-operating items.
- [ ] Separate managed recurring, project, and hardware, do not blend margins.
- [ ] Exclude one-time tool migrations, non-recurring legal, and unusual hardware windfalls.
- [ ] Treat prepaid/deferred revenue cleanly so you do not double-count earnings and cash.

2 Add-backs buyers often accept vs reject

- [ ] Often accepted: above-market owner pay, personal expenses, true one-time legal, non-recurring stack migration (partial, with run-rate tools remaining).
- [ ] Often rejected: contractors who are permanent delivery capacity, annual marketing experiments, tool sprawl costs ignored in the bridge, project labor capitalized into recurring.
- [ ] PSA/RMM must reconcile to billed recurring, mismatches haircut adjusted EBITDA.

3 Multiple drivers & quality factors PE cares about

- [ ] Recurring mix, contract terms (auto-renew, escalators), and gross margin after labor/tools.
- [ ] Net revenue retention and logo churn; client concentration.
- [ ] Delivery leverage: runbooks, tiered support, service manager layer.
- [ ] Security posture and compliance maturity for you and clients.
- [ ] Vertical specialization and bolt-on densification potential.

4 Red flags that compress multiples

- [ ] MRR that is mostly block hours or project spillover.
- [ ] High concentration; founder as primary escalation path.
- [ ] Tool-stack bloat eroding gross margin; PSA/RMM not tying to books.
- [ ] Weak cyber hygiene or client security incidents.

5 Diligence questions to be ready for

- [ ] Reconcile PSA/RMM agreements to billed recurring and the GL.
- [ ] What is gross margin after engineer cost and tools by agreement type?
- [ ] Show net revenue retention, logo churn, and top-10 concentration.
- [ ] Who runs service delivery day-to-day without the founder?
- [ ] Describe price-increase history and churn impact on anniversary renewals.

Know your gaps. Get your plan.

Every box you could not check is a place a buyer will push on price or terms. The Blueprint measures where you stand on each one and ranks the fixes most likely to raise what you walk away with. The Blueprint is a 30-day sprint.

Book a confidential 30-minute call: **exitarchitects.co/book**