



# Professional and Tech-Enabled Services Sector Update

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Harris Williams | Q4 2022

# What We're Reading

*In this sector update, we have included a collection of articles focused on trends around revenue, sales, and marketing optimization and how private equity firms are leveraging data & analytics to create value within their portfolio companies. As companies of all sizes and ownership continue to look for ways to streamline due diligence, enhance profits, and navigate economic uncertainty, Harris Williams believes that the sector will continue to attract outside investment from both private equity firms and strategics alike.*

## Private Equity: Accelerating Portfolio Optimization & Value Creation

WNS

"Economic uncertainty demands improved metrics to enable businesses to thrive. Creating value, implementing pricing strategies and managing costs at a time of rising inflation are clearly the priorities for PE firms. Not surprisingly, a growing number of PE firms are striking up strategic collaborations to co-create intelligent solutions that deliver more accurate, timely metrics. This can ensure that PE firms become leaner and more efficient while their portfolio companies enjoy greater profitability and increased valuations." [Read the full article here.](#)

## Private Equity: A New Era for Value Creation

Deloitte

"As deal structuring and cost-cutting provide fewer opportunities for outperformance, private equity may need a deeper value creation playbook. Financial buyers can tap additional value drivers, which divide into two main categories: cost transformation driven by structural margin improvements; and data-driven growth informed by cutting-edge analytics." [Read the full article here.](#)

## Private Equity Using Tech to Fuel Next-Level Portfolio Value Creation

Originate

"To create the most value for their investors, private equity firms need to identify and act on opportunities quickly. Using a combination of financial and operational resources, PE firms can help their portfolio companies reach new heights... Value creation has always been instrumental in securing higher returns in private equity. Most firms create value in their portfolio companies by cutting costs and increasing revenue via sales and marketing optimization and expansion. The latest value creation tool for Private Equity firms is digital—turning their focus to enabling portfolio companies through technology to innovate, accelerate, and generate strong returns." [Read the full article here.](#)

## Data Analytics & Due Diligence: Key Ways to Drive Value Creation

Plante Moran

"Data analytics can help private equity groups (PEGs) realize important benefits during due diligence—it can streamline the diligence process, reduce seller deal fatigue, and increase post-merger value creation. With deal flow again at an all-time high and staffing resources scarce, the return on investment in analytics technologies is clear and present. Through technology-enabled data gathering and analysis across all transactions, PEGs can better optimize human efforts, accelerate deal throughput, and reduce portfolio risk." [Read the full article here.](#)

## How Successful Private Equity Firms Are Using Modern Data and Analytics to Manage Their Portfolios

Analytics8

"A private equity firm is only as good as the decisions it makes and the opportunities it uncovers—for both itself and the companies it invests in. PE firms need a 360-degree view of their portfolios so that they can make informed decisions across the board. Making data-driven decisions—based on historical and current information—enables PE firms to understand the full picture of their investments and how to best help each company in their portfolio." [Read the full article here.](#)

## Recent Harris Williams Industry Content

- Accounting Services: Growing Investment Opportunities



[Link to Read](#)

- Legal Technology: Cloud Adoption Driving M&A Opportunities



[Link to Read](#)

- Technology-Enabled Business Services

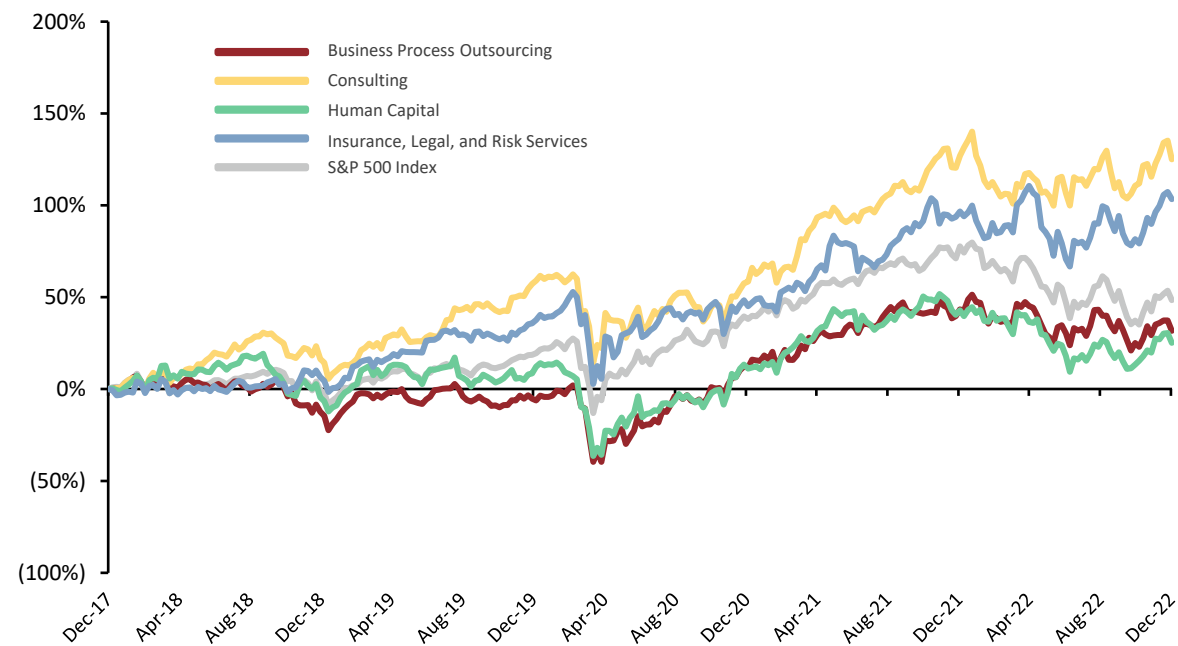


[Link to Read](#)

# Professional and Tech-Enabled Services Public Company Performance and Trends<sup>1</sup>

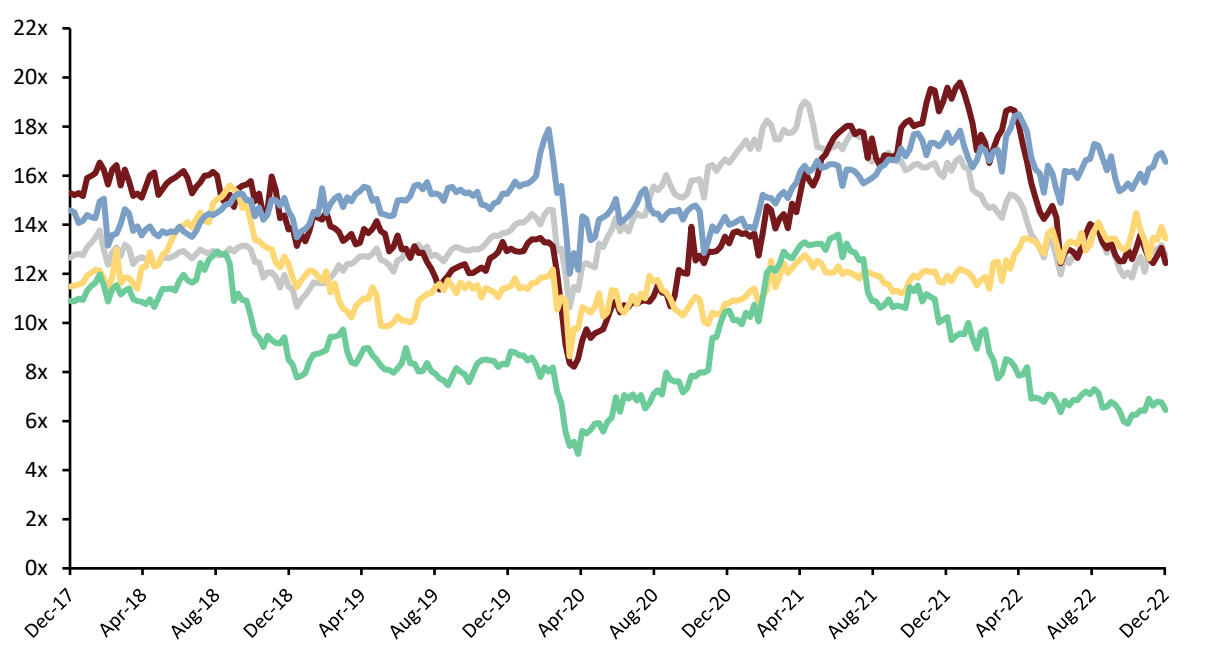
## Historical Stock Prices – Past 5 Years

Indexed Stock Price Performance for the period December 2017 – December 2022



## Historical Median TEV/LTM EBITDA Multiples – Past 5 Years

Indexed Stock Price Performance for the period December 2017 – December 2022



Representative Key Public Comparables<sup>2</sup>

accenture

AON

ASGN

BBSI

Brown & Brown

CBIZ

cognizant

Computershare

CRA Charles River Associates

Crawford

DXC TECHNOLOGY

EXL

F T I CONSULTING

Gallagher

genpact

HAYS

HEDRICK & STRUGGLES

HURON

ICF

Insperty

Kelly

KFORCE

KORN FERRY

ManpowerGroup

MarshMcLennan

randstad

RESOURCES CONNECTION

rh

s|three

tcs

trueblue

ttec

wipro

WNS

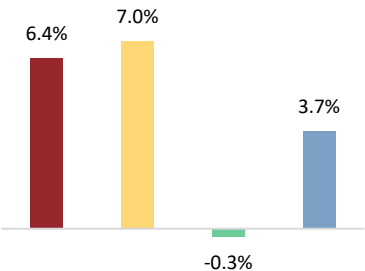
wtw

# Professional and Tech-Enabled Services Public Company Operating and Valuation Metrics<sup>1</sup>

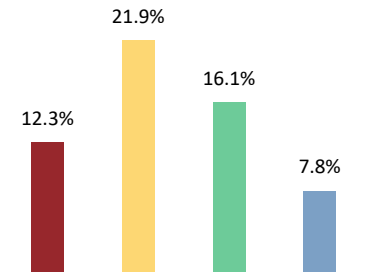
## Public Company – Operating Metrics

Indexed Stock Price Performance for the period December 2017 – December 2022

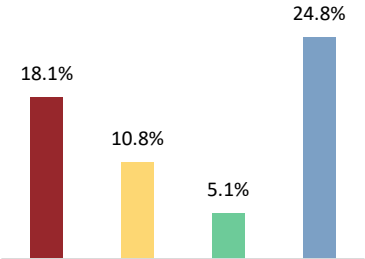
Median 3-Year Revenue CAGR (2018-2021)



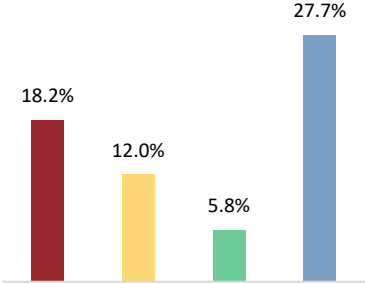
Median LTM Revenue Growth



Median 3-Year EBITDA Margin (2018-2021)



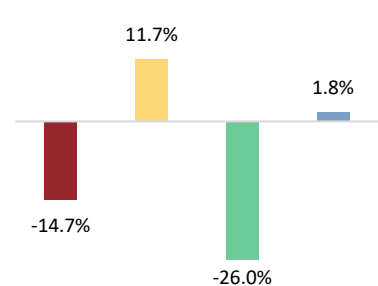
Median LTM EBITDA Margin



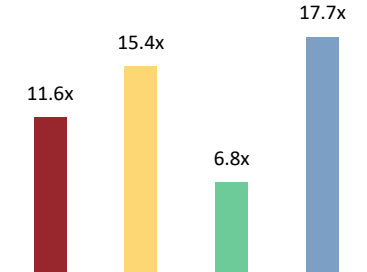
## Public Company – Valuation Metrics

Indexed Stock Price Performance for the period December 2017 – December 2022

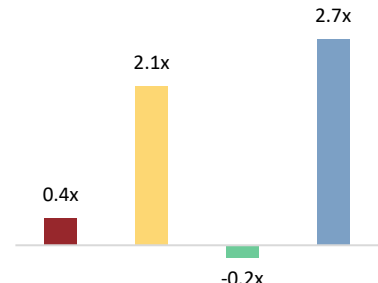
12-Month Change in Stock Price



Median TEV / 2022E EBITDA Multiple



Net Debt / LTM EBITDA



**Business Process Outsourcing**

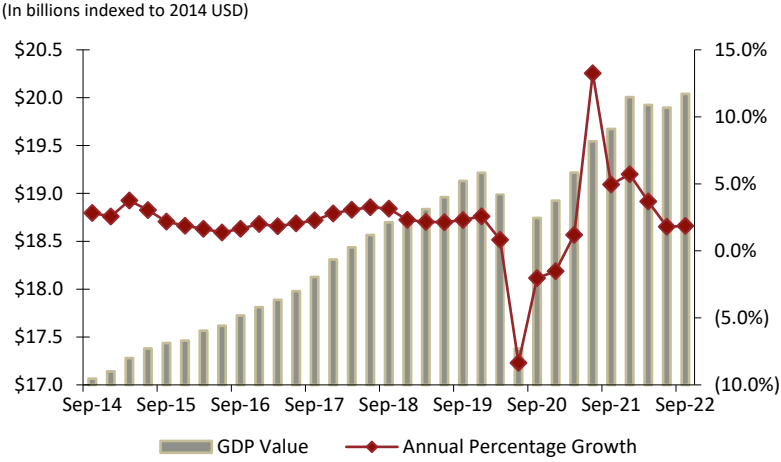
**Consulting**

**Human Capital**

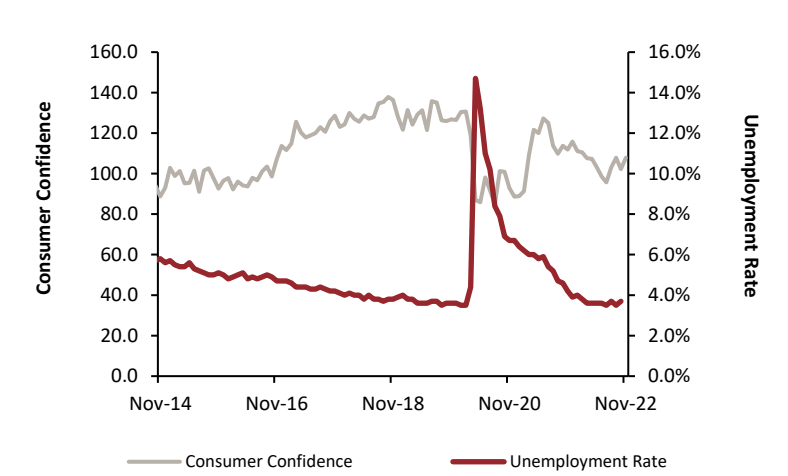
**Insurance, Legal, and Risk Services**

# Economic Trends

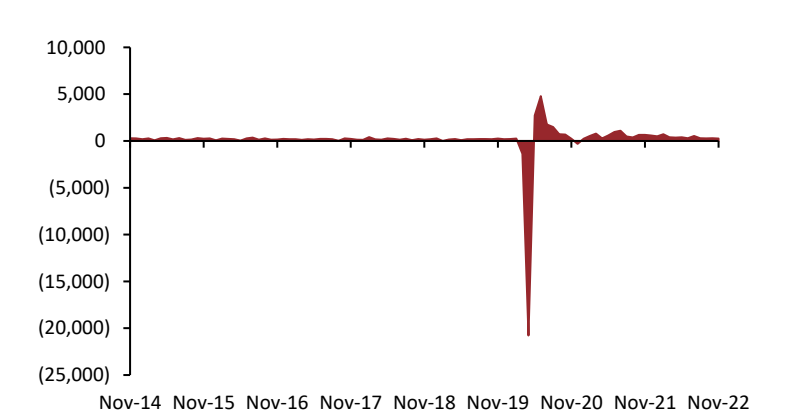
## U.S. GDP Growth<sup>1</sup>



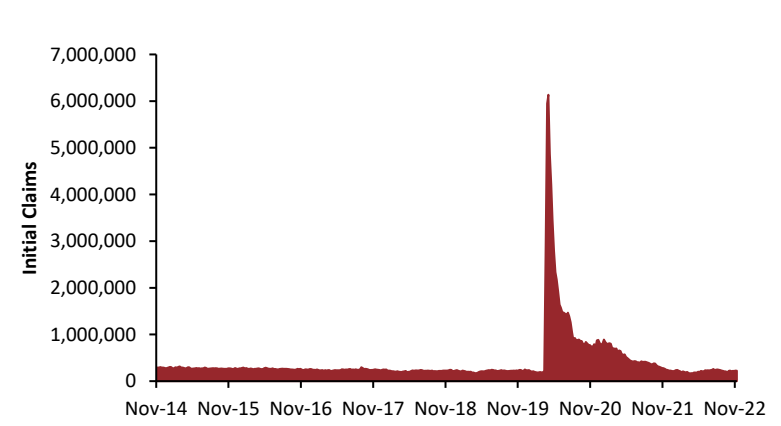
## Consumer Confidence & Unemployment Rate<sup>2,3</sup>



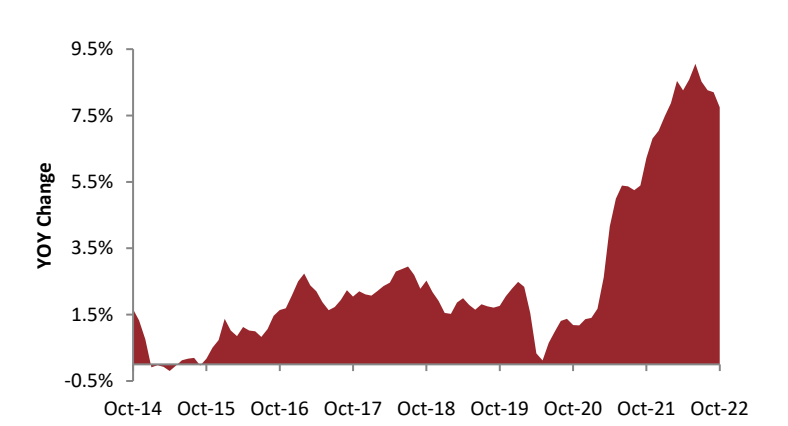
## Non-Farm Payrolls (1 Month Net Change)<sup>3</sup>



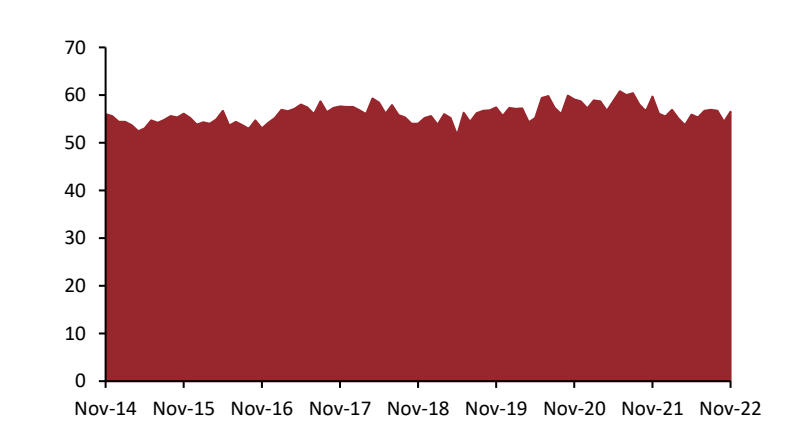
## U.S. Initial Jobless Claims<sup>4</sup>



## Consumer Price Index<sup>3</sup>



## ISM Non-Manufacturing Index<sup>5</sup>

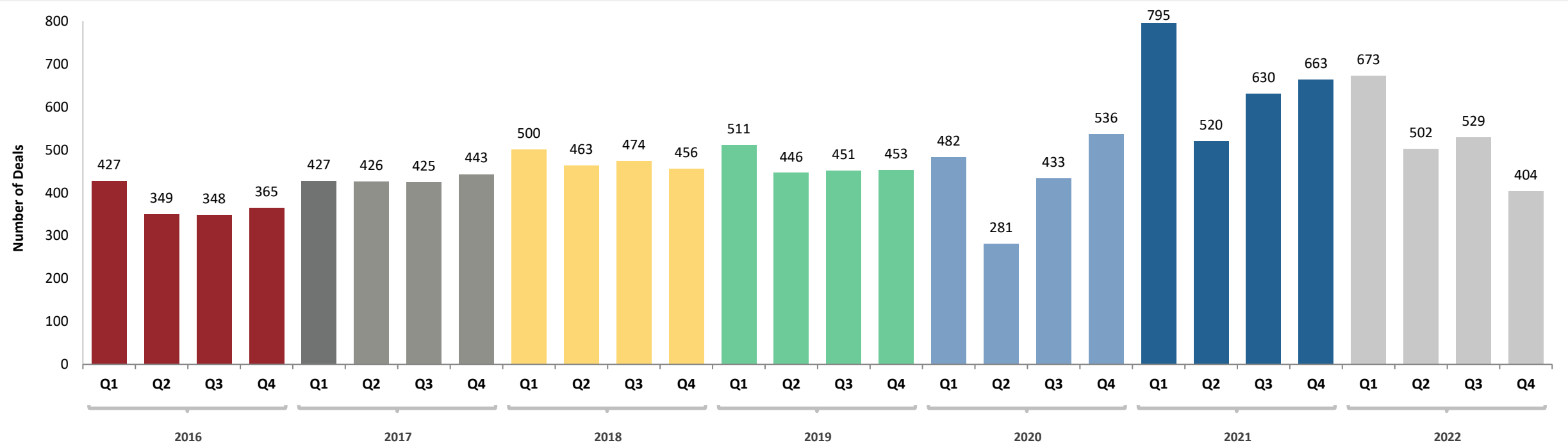


1) U.S. Bureau of Economic Analysis  
2) The Conference Board, indexed to 1985 = 100  
3) U.S. Bureau of Labor Statistics

4) U.S. Department of Labor  
5) Institute for Supply Management

# M&A Market Trends

Professional and Tech-Enabled Services M&A Volume by Year<sup>1</sup>



Select Revenue, Sales, and Marketing Optimization Transactions

 Target	 Buyer	 Target	 Buyer	 Target	 Buyer	 Target	 Buyer	 Target	 Buyer
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1) S&P Cap IQ; data as of December 11, 2022

# Recent Professional and Tech-Enabled Services Transactions Detail

Date	Target	Business Description	Acquirer(s)
11/23/22	Forward Risk and Intelligence	Corporate investigations, intelligence, and risk advisory firm	Avisa Partners (RAISE Investissement and Rives Croissance)
11/15/22	HBR Consulting (Advisory Business)	Strategy, operations, and technology consulting firm	Renovus Capital Partners
11/15/22	Smith + Howard	Tax and accounting advisory firm	Broad Sky Partners
11/14/22	Summit Court Reporting	Full-service, independent court reporting firm	U.S. Legal Support, Inc.
11/9/22	OPTANO	Operational consultancy firm that utilizes AI-powered solutions	Kearney
11/8/22	Choice Legal	Medical record retrieval firm for insurance defense attorneys and personal injury firms	ExamWorks (CVC Capital Partners)
11/2/22	SCM Connections	Advanced technology-enabled supply chain planning and analytics firm	McKinsey & Company
11/1/22	Vantage Point Advisors, Inc.	Business valuation and advisory services firm	Stout
10/27/22	Berkshire Associates	Outsourced human resource compliance consulting and software services firm	Resolution Economics (Levine Leichtman Capital Partners)
10/27/22	Executive Coaching Connections	Organizational advisory firm specializing in coaching senior leaders	Ariel Group (Renovus Capital Partners)
10/25/22	Hayashi Wayland	Traditional accounting and advisory services firm for retirement planning	CliftonLarsonAllen LLP
10/20/22	Accume Partners	Risk management consultancy firm	Cherry Bekaert (Parthenon Capital Partners)
10/19/22	Oasis Reporting Services	Court reporting and legal videography services firm	Lexitas (Apax Partners)
10/19/22	BVOH	Finance and accounting employee search and consulting firm	Vaco (Olympus Partners)
10/13/22	Syrinx Consulting	High-end software development and technology staffing solutions firm	DeWinter Group (New Heritage Capital)
10/6/22	Speedyegger Document Services, Inc.	Legal services firm specializing in authenticating and legalizing documents	CIBT
10/6/22	Kurz Group	Property tax consulting firm	Ryan (Onex Corp)
9/29/22	True Partners Consulting	Tax consulting firm with an expertise in corporate tax advisory	Baker Tilly US, LLP
9/28/22	Decode_M	Fast-moving research, insights, and analytics firm	Falfurrias Capital Partners
9/9/22	DISA Global Solutions	Outsourced employee screening services firm	Audax
9/8/22	Focus 1 Associates	Regulatory compliance services firm for diversified financial services institutions	ACA Group
9/6/22	Crossfire	Fire safety engineering and performance-based design firm	Jensen Hughes (Gryphon Investors)

# Harris Williams Professional and Tech-Enabled Services Experience

## Selected Transactions

**inspirage**  
a portfolio company of  
**RLH**  
is being acquired by  
**accenture**

**MAGNA**  
LEGAL SERVICES  
a portfolio company of  
**CIVC**  
PARTNERS  
has been acquired by  
**Odyssey** Investment Partners

**WENDEL**  
has acquired  
**ACAMS**  
a business division of  
**ADTALEM**  
GLOBAL EDUCATION

**Ntiva**  
a portfolio company of  
**SOUTHFIELD**  
has been acquired by  
**PSP**  
PARTNERS

**AST**  
a portfolio company of  
**TAILWIND CAPITAL**  
has been acquired by  
**RECOGNIZE**

**EURAZEO**  
has acquired  
**SCALED AGILE**  
a portfolio company of  
**LEEDS** Equity Partners  
**RUBICON**  
technology partners

**CORSEARCH**  
a portfolio company of  
**Audax Private Equity**  
has been acquired by  
**astorg.**

**learn**  
on demand systems  
has received an investment from  
**SHAMROCK**  
CAPITAL ADVISORS

**50**  
a portfolio company of  
**PAMLICO**  
CAPITAL  
has received an investment from  
**Morgan Stanley**  
Capital Partners

**ontellus**  
a portfolio company of  
**C**  
CAP STREET  
has received an investment from  
**AQUILINE**  
CAPITAL PARTNERS LLC

**AssuredPartners**  
a portfolio company of  
**Apax**  
PARTNERS  
has been acquired by  
**GTCR**

**FRANKLIN**  
ENERGY  
a portfolio company of  
**KOHLBERG**  
& COMPANY  
has been acquired by  
**abry** partners

**VERITEXT**  
LEGAL SOLUTIONS  
a portfolio company of  
**PAMPLONA**  
CAPITAL MANAGEMENT  
has been acquired by  
**LGP**

**Consilio**  
a portfolio company of  
**SHAMROCK**  
CAPITAL ADVISORS  
has been acquired by  
**GI PARTNERS**  
and merged with  
**ADVANCED**  
DISCOVERY

**Treliant**  
RISK ADVISORS  
has been acquired by  
**VISTRIA**

## Harris Williams Transaction Spotlight

**MAGNA**  
LEGAL SERVICES  
a portfolio company of  
**CIVC**  
PARTNERS  
has been acquired by  
**Odyssey** Investment Partners

### Company Background

The company provides litigation support services to law firms, insurance companies, and corporations across the United States. Magna’s services include but are not limited to the following: court reporting, virtual depositions/mediations/hearings & arbitrations, record retrieval, interpreting & translation, jury consulting, witness preparation & communication training, online focus groups & mock trials, social media & online surveillance (claimants/jurors), litigation & trial graphics consulting, accident recreation videos, trial presentation, video services & certified legal videography, and courtroom & war room setup.

### Transaction Overview

Harris Williams advised Magna Legal Services, a portfolio company of CIVC Partners, L.P., on its sale to Odyssey Investment Partners, LLC.



# Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **8** Industry Groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

## Harris Williams Business Services Group

- Commercial & Industrial Services
- IT Services
- Professional & Tech-Enabled Services
- Specialty Distribution

## Professional and Tech-Enabled Services Sectors

- Business Process Outsourcing
- Consulting
- Education & Training
- Engineering
- Financial Services
- Governance, Risk & Compliance
- Human Capital Management
- Information Technology
- Insurance & Risk Management
- Legal Services
- Marketing & Information
- Workforce Solutions

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Harris Williams is a global investment bank specializing in M&A advisory services. Clients worldwide rely on us to help unlock value in their business and turn ambitious goals into reality. We approach every engagement with boundless collaboration, pooling expertise and relationships across industries and geographies to uncover the unique story of each company.

## Deep Industry Experience



Aerospace, Defense  
& Government Services



Business  
Services



Consumer



Energy, Power  
& Infrastructure



Healthcare &  
Life Sciences



Industrials



Technology



Transportation  
& Logistics

70% Revenue from  
repeat clients

83% Managing directors  
promoted from  
within the firm

30+ Year  
history



# Sources & Disclaimers

## Sources

**Public Comparable Companies:**  
BPO: Cognizant, Computershare, DXC, ExlService, Genpact, Tata Consultancy, TTEC, Wipro, and WNS  
Consulting: Accenture, CBIZ, CRA International, FTI Consulting, Huron Consulting Group, ICF International, and Resources Connection  
Human Capital: ASGN, Barrett Business Services, Hays, Heidrick & Struggles International, Insperity, Kelly Services, Kforce, Korn Ferry, ManpowerGroup, Randstad, Robert Half International, SThree, TrueBlue, Willis Towers Watson  
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