



# PROFESSIONAL SERVICES / TECHNOLOGY SERVICES PRACTICE OVERVIEW

## INTRODUCTION

Harris Williams is pleased to present our Professional Services Industry Update for January 2021. In this month's update, we are highlighting Technology Services. This report provides commentary and analysis on current capital market trends and merger and acquisition dynamics within the global professional services industry.

We hope you find this edition helpful, and we encourage you to contact us directly if you would like to discuss our perspective on current industry trends and M&A opportunities or our relevant industry experience.

## OUR PRACTICE

Harris Williams' Business Services Group has experience advising companies that provide a range of commercial, industrial and professional services.

This particular report focuses on trends and metrics in the following areas:

Business Process Outsourcing

Consulting

Education & Training

Engineering

Financial Services

Governance,  
Risk & Compliance

Human Capital Management

Information Technology Services

Insurance & Risk Management

Legal Services

Marketing & Information

Technology Enabled Services

## REPRESENTATIVE TECHNOLOGY SERVICES TRANSACTIONS

 a portfolio company of <b>PAMLICO CAPITAL</b> has received an investment from <b>Morgan Stanley Capital Partners</b>	 a portfolio company of <b>CAPSTREET</b> has received an investment from <b>AQUILINE CAPITAL PARTNERS LLC</b>	 a portfolio company of <b>GTOR</b> has entered into a partnership with <b>Charlesbank</b> <b>CAPITAL PARTNERS LLC</b>	 a portfolio company of <b>Apax PARTNERS</b> has been acquired by <b>GTOR</b>	 a portfolio company of <b>PAMPLONA CAPITAL MANAGEMENT</b> has been acquired by <b>LGP</b>	 a portfolio company of <b>SHAMROCK</b> has been acquired by <b>GI PARTNERS</b> and merged with <b>ADVANCED DISCOVERY</b>
 a portfolio company of <b>TRIVEST</b> has been acquired by <b>MSOUTH EQUITY PARTNERS</b>	 has been acquired by <b>VISTRIA</b>	 a portfolio company of <b>BOW RIVER CAPITAL PARTNERS</b> has received an investment from <b>LEEDS Equity Partners</b>	 a portfolio company of <b>MID OCEAN PARTNERS</b> has received a significant investment from <b>THI PARTNERS</b>	 a portfolio company of <b>LL</b> has been acquired by <b>Sentinel CAPITAL PARTNERS</b>	 has been acquired by <b>JLL</b>

## Contents

- [WHAT WE'RE READING](#)
- [PUBLIC MARKETS](#)
- [ECONOMIC TRENDS](#)
- [M&A MARKET TRENDS](#)

## Contacts

- **Derek Lewis**  
Managing Director  
[dlewis@harriswilliams.com](mailto:dlewis@harriswilliams.com)  
+1 (804) 915-1118
- **Bob Baltimore**  
Managing Director  
[bbaltimore@harriswilliams.com](mailto:bbaltimore@harriswilliams.com)  
+1 (804) 915-1129
- **Brian Lucas**  
Managing Director  
[blucas@harriswilliams.com](mailto:blucas@harriswilliams.com)  
+1 (804) 932-1323
- **Anthony Basmajian**  
Director  
[abasmajian@harriswilliams.com](mailto:abasmajian@harriswilliams.com)  
+1 (804) 887-6030
- **Graham Gillam**  
Director  
[ggillam@harriswilliams.com](mailto:ggillam@harriswilliams.com)  
+1 (804) 887-6074
- **Taylor Morris**  
Director  
[tmorris@harriswilliams.com](mailto:tmorris@harriswilliams.com)  
+1 (804) 887-6019
- **Bryce Walker**  
Vice President  
[bwalker@harriswilliams.com](mailto:bwalker@harriswilliams.com)  
+1 (804) 887-6154
- **Pete Morgan**  
Vice President  
[pmorgan@harriswilliams.com](mailto:pmorgan@harriswilliams.com)  
+1 (804) 887-6170

## WHAT WE'RE READING

### LOOKING BACK: CLOUD COMPUTING IN 2020 EXPERIENCED MASSIVE GROWTH

IT Pro Today

1/6/2021

"With hundreds of millions of people working from home for most of the year, demand for cloud computing reached all-time highs. The concept of digital transformation, which basically means that companies are converting analog processes to digital or online ones, has been a driving factor for organizations of all sizes moving to cloud computing in 2020."

Read the full article [here](#).

### THE EIGHT TRENDS THAT WILL SHAPE THE DATA CENTER INDUSTRY IN 2021

Data Center Frontier

1/6/2021

"Data center infrastructure has been the driving force in the rise of the digital economy. That was never more apparent than in 2020, when cloud technology enabled society to retool to survive the COVID-19 pandemic. This trend will continue in 2021, as the world slowly defines the contours of the 'next normal' in its battle with COVID-19. It is an enormous challenge, and an enormous opportunity, and digital infrastructure will be central to this transition."

Read the full article [here](#).

### CO-MANAGED IT: SHIFTING TO A NEW IT MODEL

Information Age

12/24/2020

"This is driving an accelerating trend towards co-managed IT services, where managed service providers (MSPs) support the in-house IT teams of larger organizations with some, but not all, of their responsibilities."

"Working with an MSP in this way can help an enterprise to respond more quickly and flexibly to arising IT needs, without having to spend time on hiring and training extra in-house staff."

Read the full article [here](#).

### IBM AND COGNIZANT ACQUISITIONS CAP A WAVE OF IT SERVICES DEALS IN 2020

VentureBeat

12/21/2020

"Overall, IBM has now acquired three IT services providers in 2020, while Cognizant has acquired nine. Accenture, meanwhile, has rolled up the most IT services this year after acquiring no less than 29 smaller companies. IT vendors themselves in the past year are also fueling this acquisition activity as they look to expand their portfolios beyond product sales. Salesforce this month, for example, acquired Acumen Solutions to expand its professional services capability."

Read the full article [here](#).

### MSP 2021: YEAR OF THE MAJOR STRATEGIC PARTNER

Channel Futures

12/21/2020

"The first and foremost concern for any service provider must always be fulfillment of the needs of the customer. As we approach 2021, after everything that has happened in 2020, we must closely examine and discuss how those needs have changed."

"If the IT channel has learned anything over the years, it's that you must always be innovating, changing, growing and increasing your value proposition for customers. Thankfully, technology is the gift that keeps on giving new ways to achieve that."

Read the full article [here](#).

### THE SURPRISING SUCCESS OF XAAS

Forbes

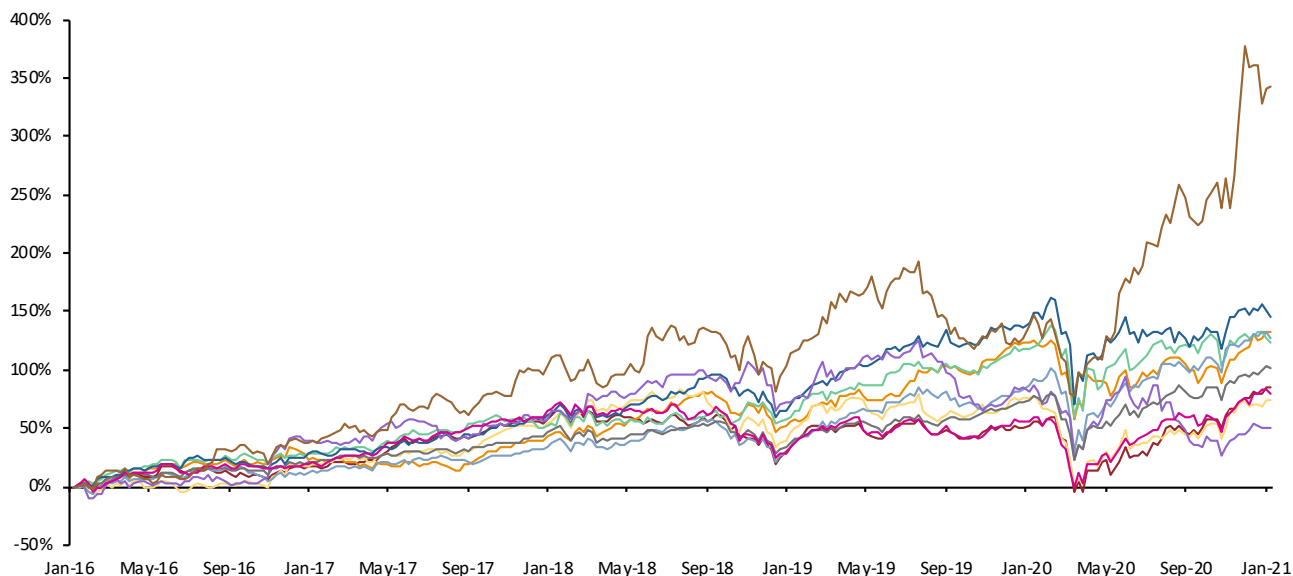
12/18/2020

"Business leaders were pursuing digital transformation before the pandemic. But when Covid-19 hit and employees were sent home, many faced the reality that their technology infrastructure was not up to the task at hand. This meant accelerating their investments in digital transformation for those in the position to do so."

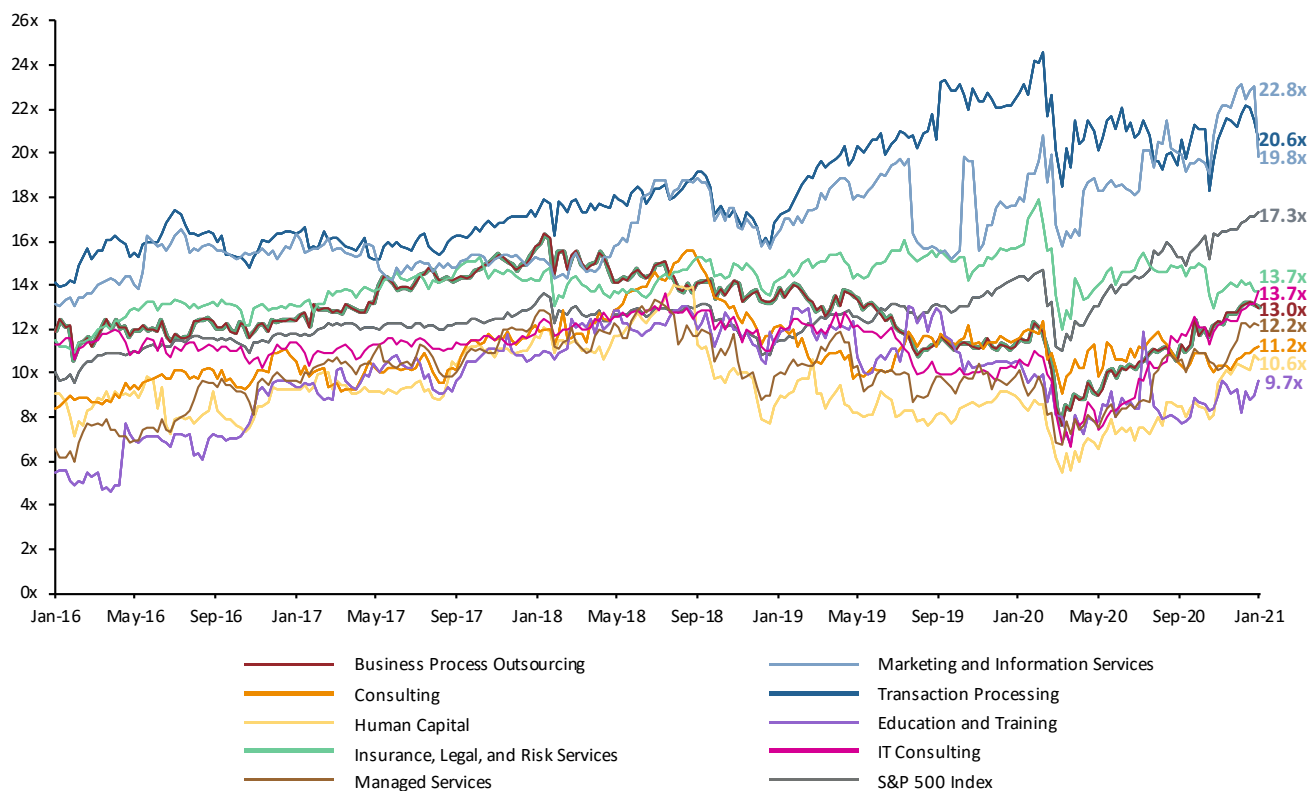
Read the full article [here](#).

## PUBLIC MARKETS<sup>1</sup>

### HISTORICAL STOCK PRICES – LAST 5 YEARS



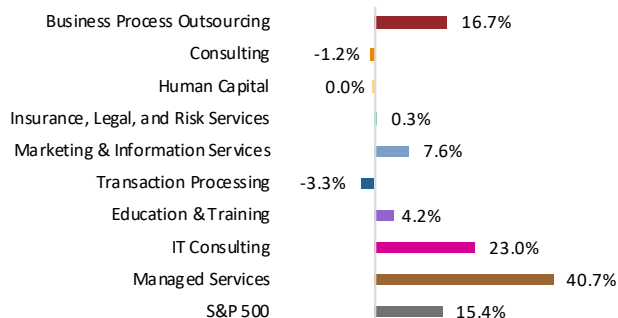
### HISTORICAL MEDIAN TEV/LTM EBITDA MULTIPLES – LAST 5 YEARS



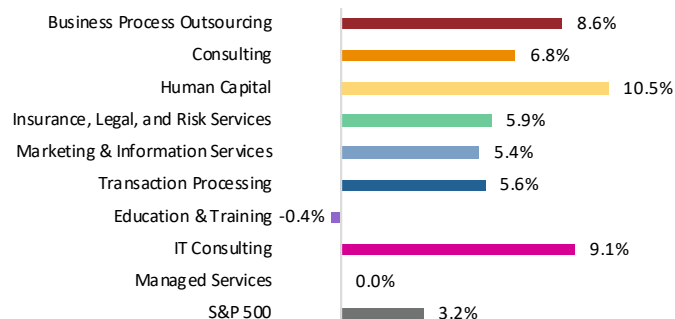
Notes: Data as of January 14, 2021. Comparable company sets listed on page 8. Sub-sector indices weighted by stock price.

# PUBLIC MARKETS<sup>1</sup>

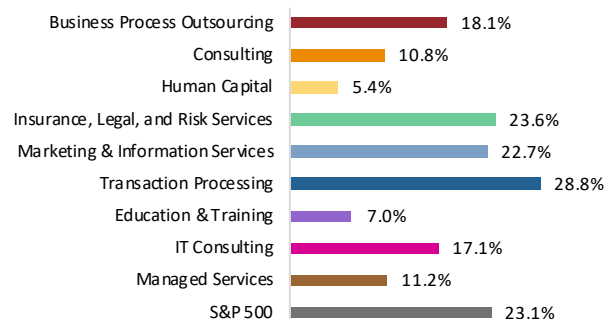
## 12-MONTH % CHANGE IN STOCK PRICE



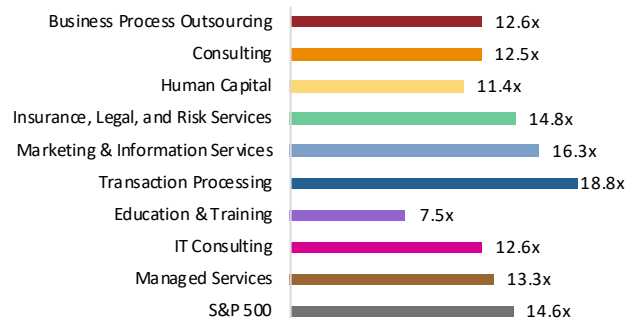
## MEDIAN 3-YEAR REVENUE CAGR (2016 – 2019)



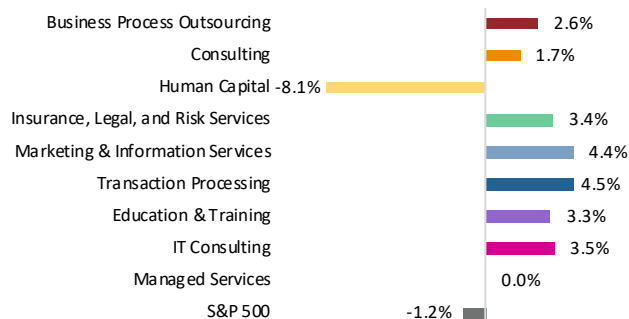
## MEDIAN EBITDA MARGIN (2016 – 2019)



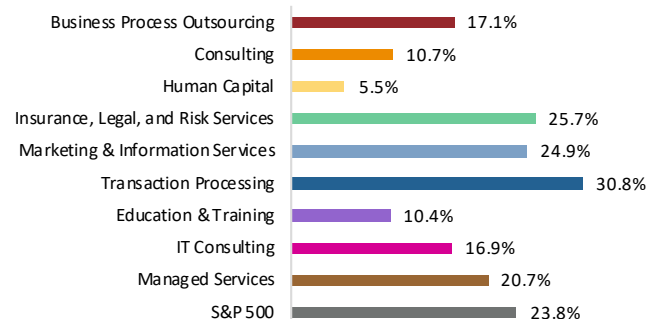
## MEDIAN TEV/2020E EBITDA MULTIPLE



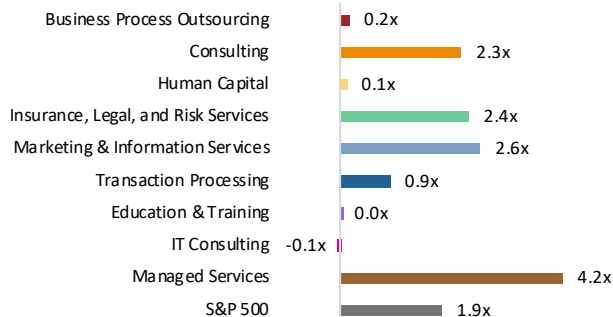
## MEDIAN LTM REVENUE GROWTH



## MEDIAN LTM EBITDA MARGIN



## NET DEBT/LTM EBITDA

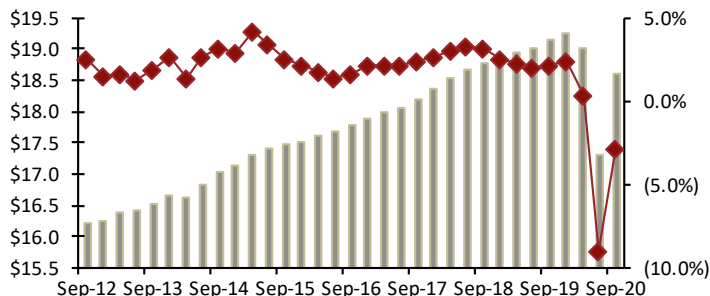


Notes: Data as of January 14, 2021. Comparable company sets listed on page 8.

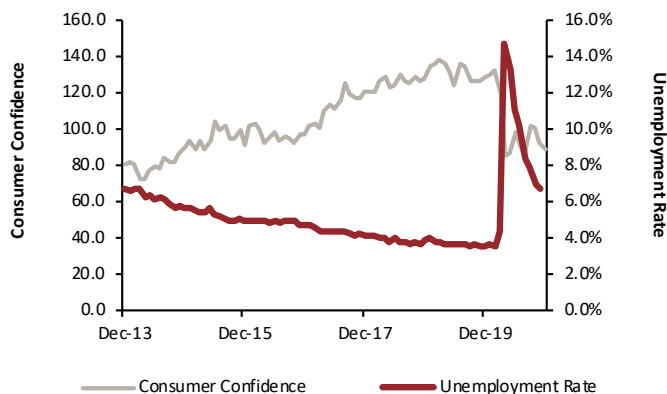
## ECONOMIC TRENDS

### U.S. GDP GROWTH<sup>2</sup>

(In billions indexed to 2012 USD)

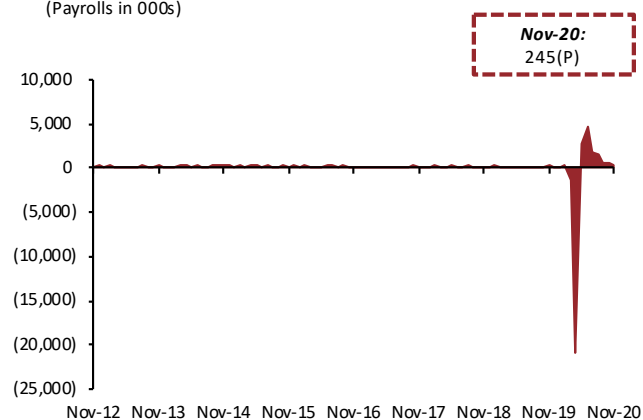


### CONSUMER CONFIDENCE AND UNEMPLOYMENT RATE<sup>3, 4</sup>

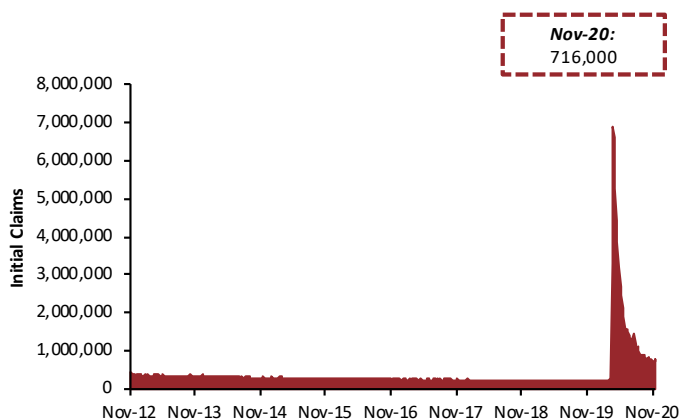


### NON-FARM PAYROLLS (1-MONTH NET CHANGE)<sup>4</sup>

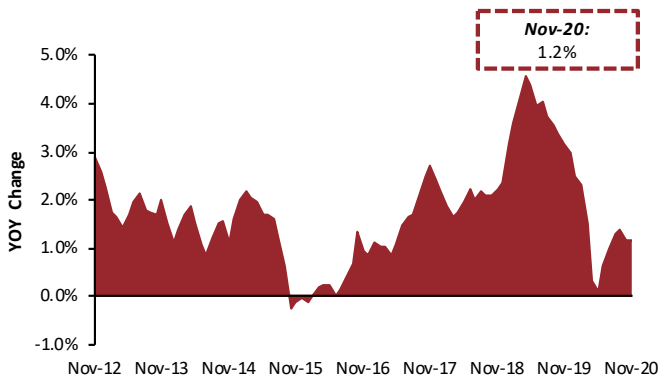
(Payrolls in 000s)



### U.S. INITIAL JOBLESS CLAIMS<sup>5</sup>



### CONSUMER PRICE INDEX<sup>4</sup>

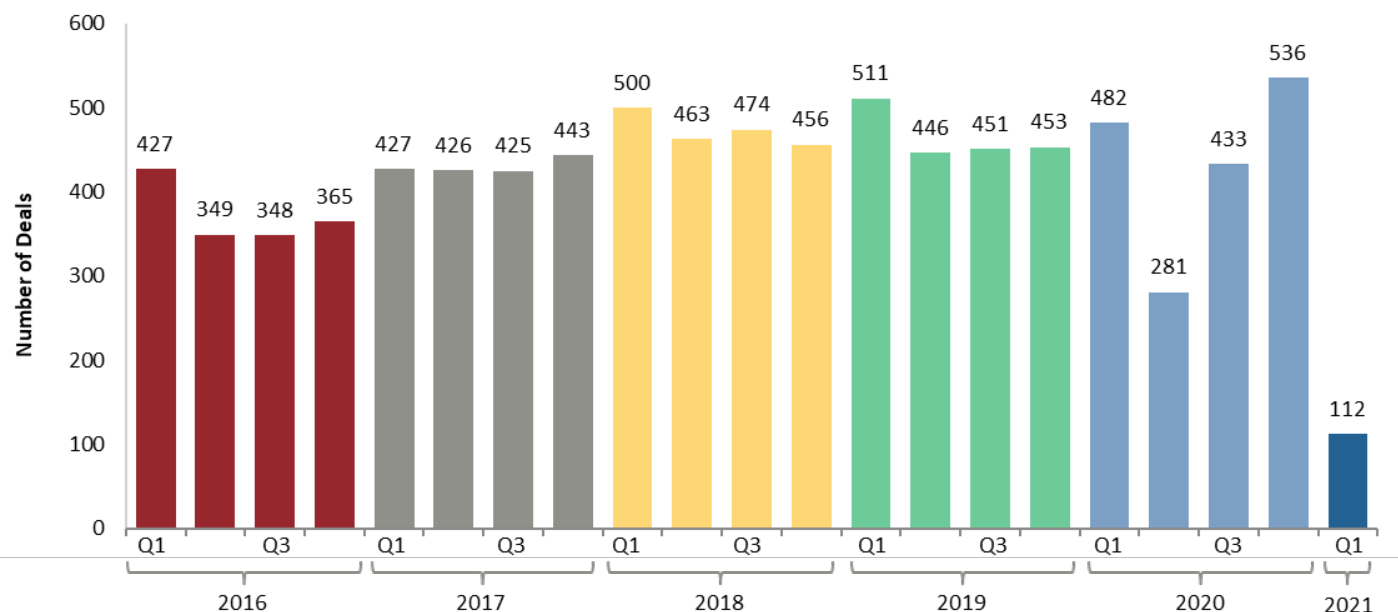


### SERVICES PMI<sup>6</sup>



# M&A MARKET TRENDS<sup>1</sup>

## PROFESSIONAL SERVICES M&A VOLUME BY YEAR



Note: Data through January 14, 2021.

## REPRESENTATIVE TECHNOLOGY SERVICES M&A TRANSACTIONS BY SECTOR

Date	Target	Business Description	Sector	Acquirer(s)
1/11/21	Linium	ServiceNow focused digital business and transformation consultancy	IT Consulting	Cognizant
1/7/21	Covestic	Provides IT managed services and ServiceNow implementation	Managed Services	Milestone Technologies (HIG)
1/5/21	High Availability	Provides data center, networking, security, mobility, collaboration, and cloud solutions	Managed Services / Data Center Services	CDI (One Equity)
1/5/21	SkySwitch	Provides Unified Communications-as-a-Service	Managed Services	BCM One (Thompson Street)
1/3/21	Synerzip	Provides software product development services	IT Consulting	Prime Technology Group (Frontenac)
12/18/20	Zilker Technology	Provides digital consulting and systems integration	IT Consulting	E&Y
12/17/20	Netlink Systems	Provides managed IT, cloud, and security services	Managed Services	Ntiva (Southfield Capital)
12/11/20	BroadPoint	Provides Microsoft and cloud-based solutions	Managed Services	Velosio (Harren Equity)
12/7/20	Northrop Grumman (Federal IT & Mission Support Services)	Provides cybersecurity, data analytics, cloud, mission-critical application development, and advanced engineering	IT Consulting / Managed Services	Veritas Capital
12/2/20	Integrated Solutions Management	Provides IoT technology, IT service, and operations management	IT Consulting	ASGN
12/2/20	Convergence Networks: Grade A	Provides managed IT and cybersecurity services	Managed Services	Riverside Partners
12/1/20	Personal Computer Resources	Provides outsourced IT services for businesses in the Northeast	Managed Services	Logically (The Riverside Company)
12/1/20	Two Six Capital	Provides technology-enabled data science services	IT Consulting	West Monroe Partners
12/1/20	Champion Solutions Group	Microsoft 365 and Azure cloud partner	Managed Services	Sirius Computer Solutions (CD&R)
11/25/20	Xpert Technologies	Provides managed, VoIP phone, data center, and cybersecurity services	Managed Services / Data Center Services	Wolf Consulting (Evergreen Services)
11/23/20	End-to-End Analytics	Analytics, AI, machine learning, and data science consultancy	IT Consulting	Accenture
11/17/20	EagleDream Technologies	Provides cloud migration, software development, and data modernization	IT Consulting	PwC
11/17/20	Atlantic Metro	Provides colocation, network, and cloud services	Data Center Services	365 Data Centers (Stonecourt Capital)
11/11/20	RXP Services	Provides digital, data, and cloud IT consulting	IT Consulting	Capgemini



## OUR FIRM

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at [www.harriswilliams.com/industries](http://www.harriswilliams.com/industries).

### Aerospace, Defense & Government Services



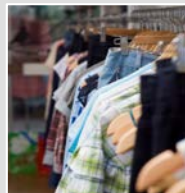
### Building Products & Materials



### Business Services



### Consumer



### Energy, Power & Infrastructure



### Healthcare & Life Sciences



### Industrials



### Specialty Distribution



### Technology



### Transportation & Logistics



## HARRIS WILLIAMS OFFICE LOCATIONS

### UNITED STATES

#### BOSTON

One International Place  
Suite 2620  
Boston, Massachusetts 02110  
Phone: +1 (617) 482-7501

#### CLEVELAND

1900 East 9th Street  
20th Floor  
Cleveland, Ohio 44114  
Phone: +1 (216) 689-2400

#### MINNEAPOLIS

222 South 9th Street  
Suite 3350  
Minneapolis, Minnesota 55402  
Phone: +1 (612) 359-2700

#### RICHMOND (HEADQUARTERS)

1001 Haxall Point  
9th Floor  
Richmond, Virginia 23219  
Phone: +1 (804) 648-0072

#### SAN FRANCISCO

575 Market Street  
31st Floor  
San Francisco, California 94105  
Phone: +1 (415) 288-4260

#### WASHINGTON, D.C.

800 17th St. NW  
2nd Floor  
Washington, D.C. 20006  
Phone: +1 202-207-2300

### EUROPE

#### FRANKFURT

Bockenheimer Landstrasse 33-35  
60325 Frankfurt  
Germany  
Phone: +49 069 3650638 00

#### LONDON

25 Savile Row  
4th Floor  
London W1S 2ER, England  
Phone: +44 (0) 20 7518 8900



# HARRIS WILLIAMS

## SOURCES

1. S&P Global Capital IQ
2. U.S. Bureau of Economic Analysis
3. The Conference Board
4. U.S. Bureau of Labor Statistics
5. U.S. Department of Labor
6. Institute for Supply Management

### Public Comparable Companies:

BPO: Cognizant, Computershare, DXC, ExlService, Genpact, Sykes Enterprises, Tata Consultancy, TTEC, Wipro, and WNS

Consulting: Accenture, CBIZ, CRA International, FTI Consulting, Huron Consulting Group, ICF International, and Resources Connection

Human Capital: 51job, ASGN, Barrett Business Services, Hays, Heidrick & Struggles International, Insperity, Kelly Services, Kforce, Korn Ferry, ManpowerGroup, Randstad, Robert Half International, SThree, TrueBlue, Willis Towers Watson

IL&R Services: Aon, Arthur J. Gallagher & Co., Brown & Brown, Crawford & Company, Marsh & McLennan Companies, Willis Towers Watson

M&I Services: Alliance Data Systems, comScore, CoreLogic, CoStar Group, Equifax, Experian, FactSet, Fair Isaac, Forrester Research, IHS Markit, Informa, LiveRamp Holdings, Moody's, Morningstar, Nielsen Holdings, Omnicom Group, Publicis Groupe, The Interpublic Group of Companies, Thomson Reuters, Verisk Analytics, Viad, Wolters Kluwer, WPP

Transaction Processing: Automatic Data Processing, Fidelity National Information Services, Global Payments, Jack Henry & Associates, Paychex, The Western Union Company

Education and Training: Adtalem Global Education, American Public Education, Franklin Covey, GP Strategies, Grand Canyon Education, K12, Lincoln Educational Services, Pearson, Scholastic, Strategic Education, Zovio

IT Consulting: Accenture, Atos, Capgemini, CGI, Cognizant Technology Solutions, DXC Technology, Genpact, HCL Technologies, Infosys, Tata Consultancy Services, Tech Mahindra, Wipro

Managed Services: American Virtual Cloud Technologies, NetApp, TTEC, Zscaler, Rackspace Technology, Datto, Snowflake

## DISCLOSURES

Investment banking services are provided by Harris Williams LLC ("Harris Williams"). Harris Williams is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales, registration number 07078852. Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführers/Directors: Jeffery H. Perkins, Paul Poggi, VAT No. DE321666994. Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.

The information and views contained in this content have been prepared in part by Harris Williams. This content does not purport to be comprehensive or to contain all the information that a recipient may need in order to evaluate any investment or potential transaction. This content is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. Any and all information, including estimates, projections and other forward-looking statements, presented in this document may involve various assumptions and significant elements of subjective judgment and analysis that may or may not be correct. Harris Williams has not independently verified, and neither Harris Williams nor any other person will independently verify, any of the information, estimates, projections or forward-looking statements contained herein or the assumptions on which they are based. The information contained in this document is made as of the date hereof unless stated otherwise. Harris Williams does not expect to update or otherwise revise this document nor provide any additional information, nor correct any inaccuracies herein which may become apparent.

This content is intended for institutional use only and should not be relied upon by retail investors or members of the general public. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation or warranty as to the accuracy or completeness of such information, and information contained herein that is based on material prepared by others may involve significant elements of subjective judgment and analysis which may or may not be correct. Opinions, estimates and projections contained herein constitute Harris Williams' judgment and are subject to change without notice.

This content is not to be construed as investment advice an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular transaction, nor shall this content form the basis of any contract. It does not constitute and should not be construed as an endorsement or recommendation of any entities' products or services.

No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams' prior written consent.