



Professional and Tech-Enabled Services Sector Brief

Harris Williams | Q2 2024

Subsector Overview: Strategic Communications & Advisory Services

The strategic communications and advisory services subsector continues to see an uptick in interest from private equity firms and strategic players. Harris Williams has identified attributes across the Professional and Tech-Enabled Services sector that remain key drivers behind the strategic communications and advisory subsector's investment opportunity.



1) [Private equity investment in communications firms on the rise \(axios.com\)](#)
2) [KKR buys major stake in FGS Global \(axios.com\)](#)
3) [Analysis: PR Firms Tap Into Private Equity As Search For Capital Intensifies \(provokemedia.com\)](#)

What We're Reading

In this sector brief, we have included a collection of articles focused on private equity investors and their interest in the strategic communications and advisory subsector. As demand for these services increases, strategic communications and advisory firms will seek new investors to foster continued organic and inorganic growth and provide shareholder buyout optionality.

Private Equity Interest in Communications Firms is Growing

Axios

"The capital needs for comms firms is intensifying as client demands expand into culture wars, geopolitical unrest, fragmented media, heightened regulatory scrutiny and the rise of artificial intelligence.... The number of private equity deals in the space has more than doubled to 146 in the last five years, according to LSEG."

Read the full article [here](#).

Why Private Equity is Set to Become the Dominant Force in Marcomms M&A

PRWeek

"Firstly, the role of marcoms has evolved significantly and is now a critical element of the boardroom discussion. Secondly, and with the greatest respect, a perfectly understandable herd mentality. People want to see evidence that others have been successful before they put their own money in. Now there are probably about a dozen private equity houses in the US that get this space really well and have developed a proven base of success."

Read the full article [here](#).

Private Equity Gets Creative: What's Behind PR and Content Marketing Firm Acquisitions

Agility PR Solutions

"In closing, while the marriage between PE firms and creative agencies may seem incongruous at first glance, it holds the potential for unlocking significant value. By acknowledging and addressing the cultural disparities and implementing strategies that uphold creative integrity while achieving financial objectives, these partnerships can thrive."

Read the full article [here](#).

PR Firms Tap Into Private Equity as Search for Capital Intensifies

Provoke Media

"The growth ambitions of independent agencies are often limited by a lack of capital. In the financial sector, this has come into sharp focus as cross-border capabilities, and the concurrent need for global scale, become more important. The issue is further complicated by the need for an ownership strategy that keeps senior executives invested in the business."

Read the full article [here](#).

Recent Harris Williams Industry Content

- **Data & Information Services: AI, Verticalization, and Actionable Insights**



[Link to Read](#)

- **Rising Demand for C-Suite Advisory Services**



[Link to Read](#)

- **Legal Sector: The Data Advantage**

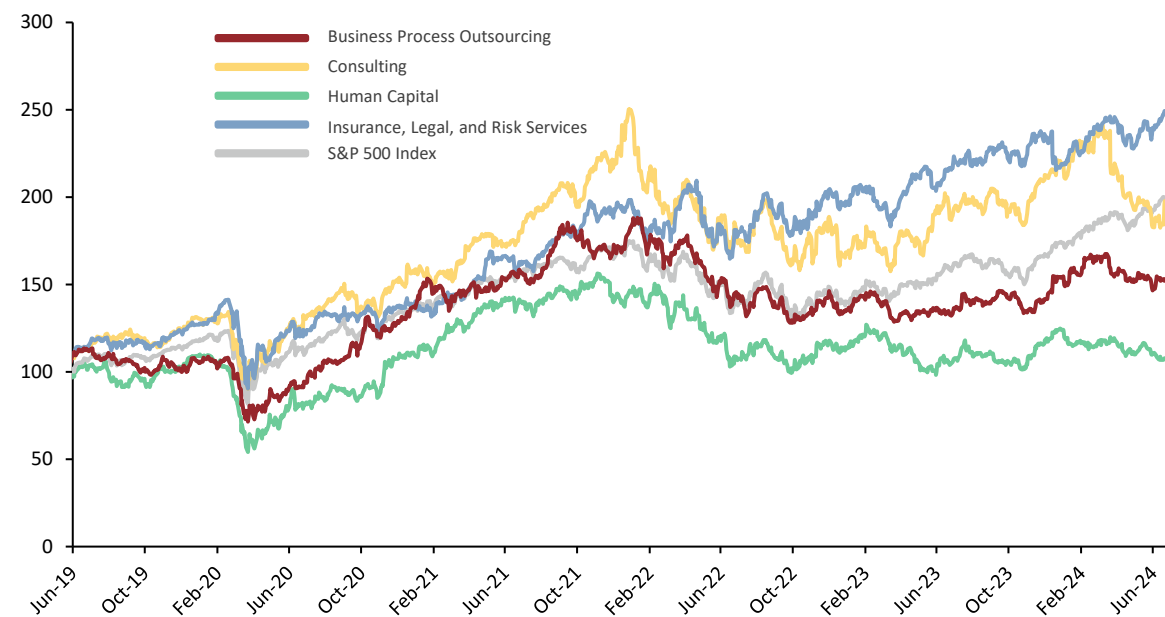


[Link to Read](#)

Professional and Tech-Enabled Services Public Company Performance and Trends¹

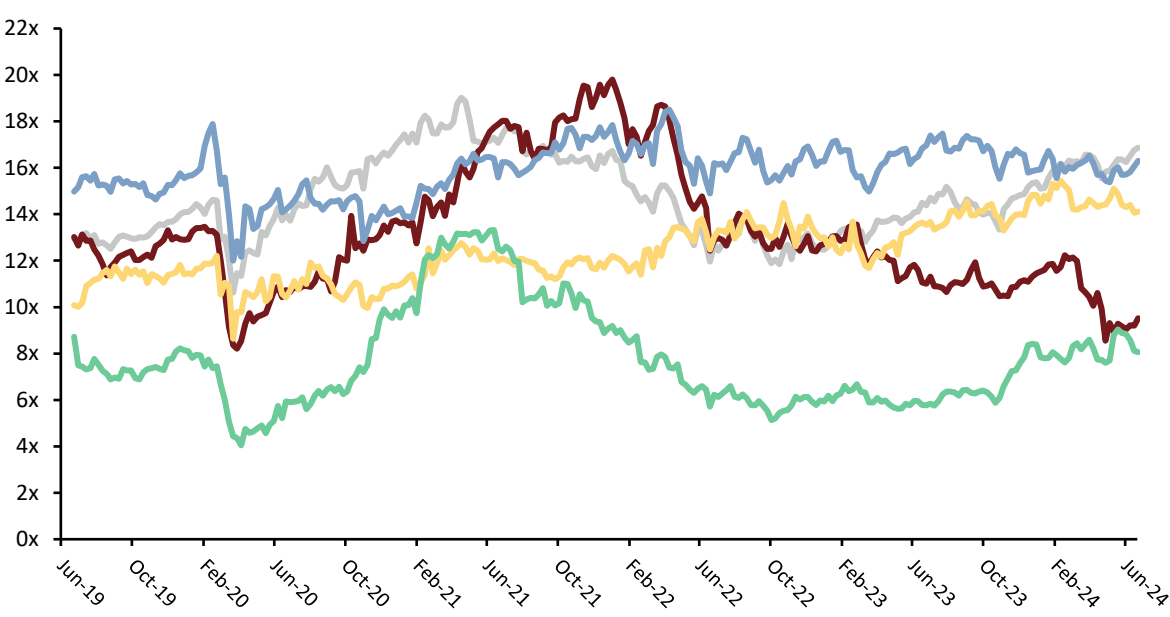
Historical Stock Prices – Past 5 Years

Indexed Stock Price Performance for the Period May 2019 – May 2024



Historical Median TEV/LTM EBITDA Multiples – Past 5 Years

Indexed Stock Price Performance for the Period May 2019 – May 2024



Representative Key Public Comparables²

accenture

AON

ASGN

BBSI

Brown & Brown Insurance

CBIZ

cognizant

Computershare

CRA Charles River Associates

Crawford

DXC TECHNOLOGY

EXL

F T I CONSULTING

Gallagher

genpact

HAYS

HEDRICK & STRUGGLES

HURON

ICF

Inspireity

Kelly

KFORCE

KORN FERRY

ManpowerGroup

MarshMcLennan

randstad

RESOURCES CONNECTION

rh

s|three

tcs

trueblue

tttec

wipro

WNS

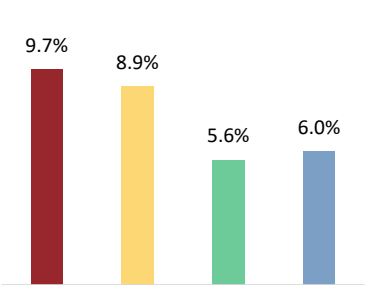
wtw

Professional and Tech-Enabled Services Public Company Operating and Valuation Metrics¹

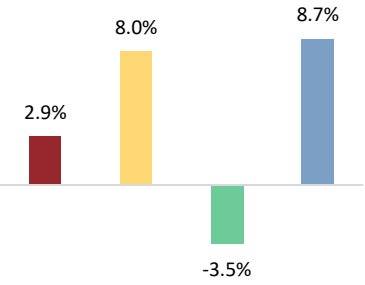
Public Company – Operating Metrics

Indexed Stock Price Performance for the Period May 2019 – May 2024

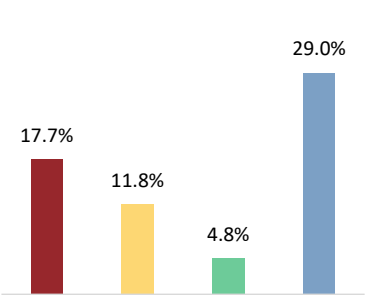
Median 3-Year Revenue CAGR (2021-2024)



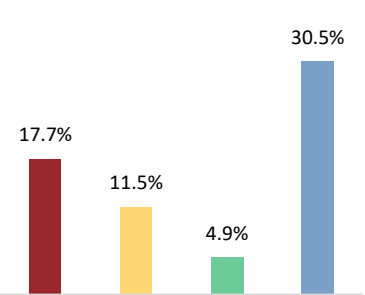
Median LTM Revenue Growth



Median 3-Year EBITDA Margin (2021-2024)



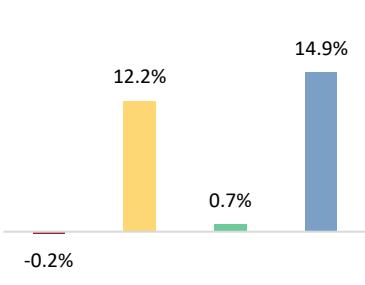
Median LTM EBITDA Margin



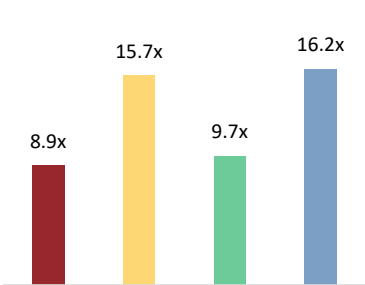
Public Company – Valuation Metrics

Indexed Stock Price Performance for the Period May 2019 – May 2024

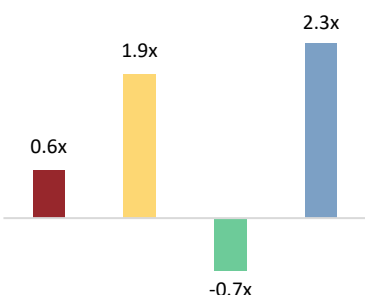
12-Month Change in Stock Price



Median TEV / 2024E EBITDA Multiple



Net Debt / LTM EBITDA



Business Process Outsourcing

Consulting

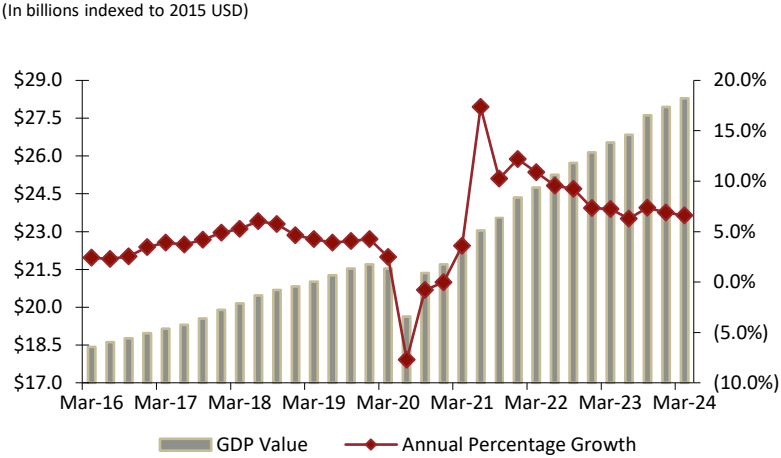
Human Capital

Insurance, Legal, and Risk Services

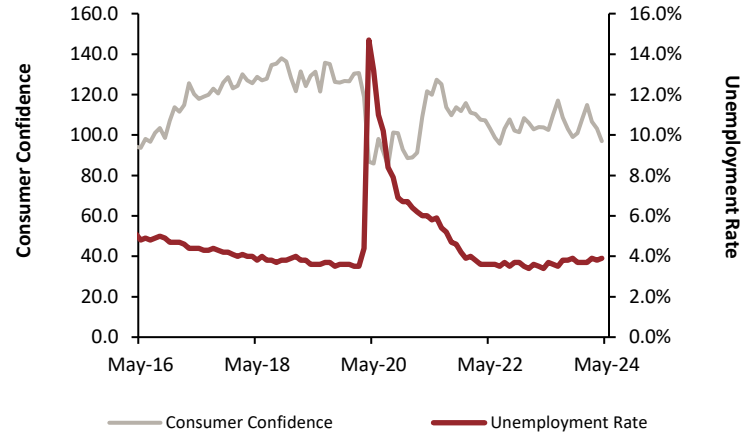
¹) S&P Cap IQ; data as of June 21, 2024

Economic Trends

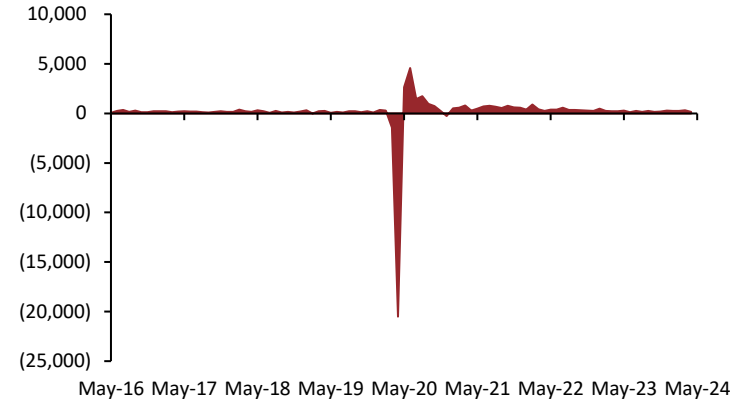
U.S. GDP Growth¹



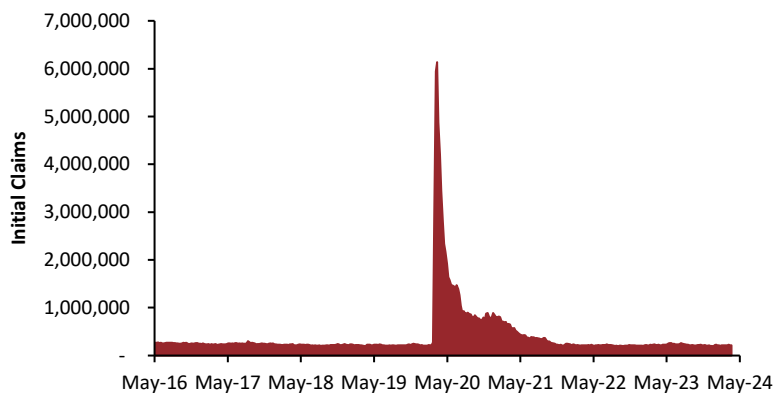
Consumer Confidence and Unemployment Rate^{2,3}



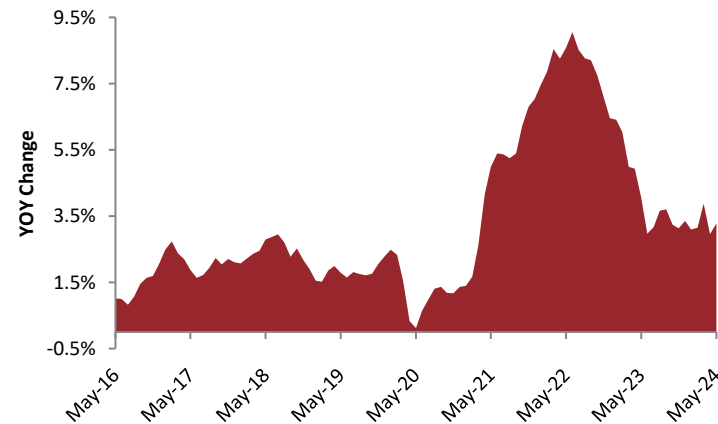
Non-Farm Payrolls (1-Month Net Change)³



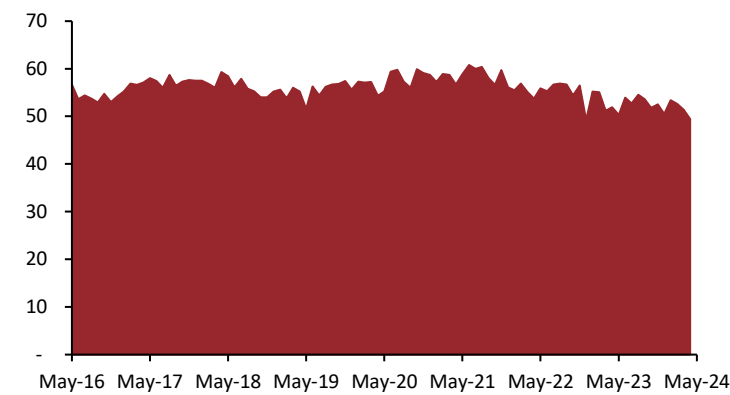
U.S. Initial Jobless Claims⁴



Consumer Price Index³



ISM Non-Manufacturing Index⁵

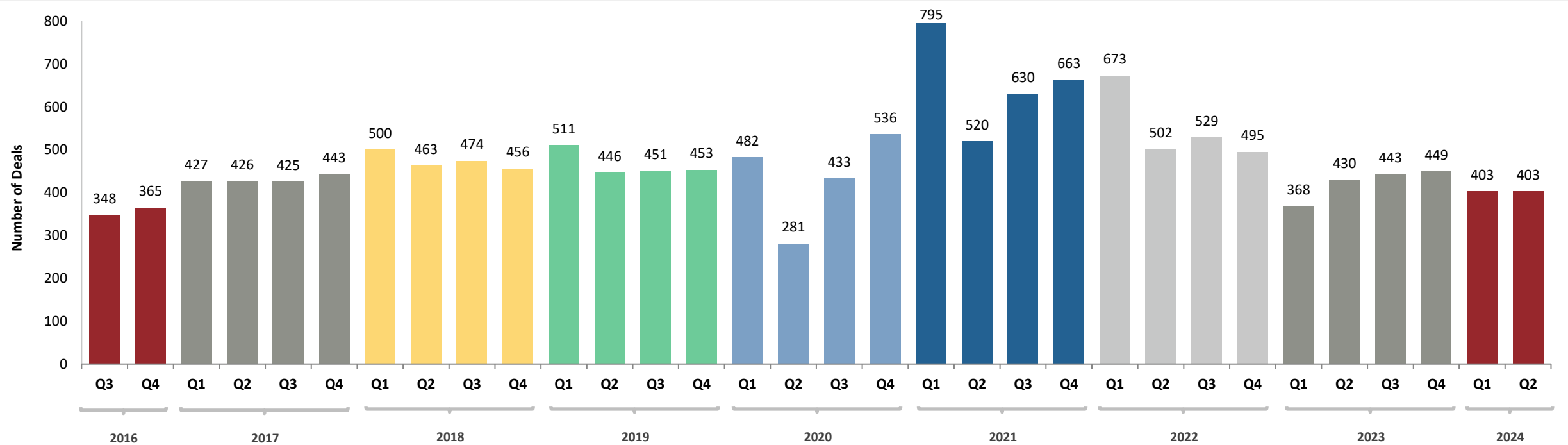



1) U.S. Bureau of Economic Analysis
2) The Conference Board
3) U.S. Bureau of Labor Statistics

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


M&A Market Trends

Professional and Tech-Enabled Services M&A Volume by Year¹







Target



Buyer



Target



Buyer

Recent Professional and Tech-Enabled Services Transactions Detail | HR & Employee Services

Date	Target	Business Description	Acquirer(s)
05/28/2024	Teamable	Teamable, Inc. operates an online portal for employee referral.	Humanly HR
05/16/2024	Torc	Torc, LLC operates a digital platform using AI, blockchain, and marketplace dynamics to connect global pool of talent.	Randstad Digital
05/14/2024	Game Theory Group International	Game Theory Group International, Inc. is a recruiting and career services firm that engages in placing athletes in their first jobs.	BridgeAthletic
05/10/2024	CareerCoachRx	CareerCoachRx provides personalized career coaching services.	WORxK Solutions
05/08/2024	Frazee Recruiting Consultants	Frazee Recruiting Consultants, Inc. offers staffing and workforce solutions for companies.	The Lofton Corporation
05/03/2024	Motion Recruitment Partners	Motion Recruitment Partners, LLC, through its subsidiaries, provides recruitment solutions to organizations in the United States.	Kelly Services
05/01/2024	Connections Training & Staffing	Connections Training & Staffing, Inc. operates as a staffing agency that provides recruiting, training, and staffing services.	Riley Decker Companies
05/01/2024	Corporate retirement book of business	As of May 1, 2024, the corporate retirement book of business was acquired by U.S. Retirement & Benefits Partners, Inc.	U.S. Retirement & Benefits Partners
04/24/2024	Lyons HR	Lyons HR, Inc. provides human resources outsourcing services to small and medium-sized businesses in the Southeastern United States.	Digital Insurance
04/24/2024	Arkansas Global Connect	Arkansas Global Connect provides international staffing and consulting services to serve businesses with seasonal labor.	BDV Solutions
04/23/2024	Cenergy International Services	Cenergy International Services, LLC provides staffing, payroll, vendor management, inspection, aviation logistics, and safety services to energy, engineering, construction, aerospace and defense, shipbuilding, and power and utility sectors.	First Tek
04/18/2024	Pinnacle Automotive Group	Pinnacle Automotive Group, LLC provides outsourced porter and guest service personnel to automotive dealerships.	Xcite Automotive
04/17/2024	Reflex Staffing Solutions	Reflex Staffing Solutions, LLC provides staffing and recruitment solutions.	WilliamCharles Search Group
04/17/2024	Precision Global Consulting	Precision Global Consulting, Inc. provides human resource and employment services.	JSA Services
04/16/2024	Petra Coach	Rock Habits, LLC provides entrepreneurial coaching services.	Cultivate Brands
04/12/2024	CannabizTemp	As of April 12, 2024, CannabizTemp, the temporary staffing division of CannabizTeam, was acquired by KTH Holdings, Inc. CannabizTemp, the temporary staffing division of CannabizTeam, comprises a temporary staffing division.	KTH HOLDINGS

Recent Professional and Tech-Enabled Services Transactions Detail | HR & Employee Services

Date	Target	Business Description	Acquirer(s)
04/10/2024	Cadient	Cadient LLC designs and develops recruiting software.	Basis Vectors
04/08/2024	The Center for Executive Coaching	The Center for Executive Coaching provides a wide range of executive coaching training programs that prepare individuals for a successful career.	Keystone Partners
04/08/2024	CorTalent	As of April 1, 2024, CorTalent, LLC was acquired by Strategic Talent Partners.	Strategic Talent Partners
04/08/2024	InsideSherpa	InsideSherpa, Inc., doing business as Forage, provides a platform that bridges the gap between education and career success with its virtual job simulations that helps students from all backgrounds discover careers and land jobs.	SERAMOUNT
04/05/2024	JMA Human Resource Management	JMA Human Resource Management operates as a professional employer organization (PEO) that provides payroll, benefits, recruiting, employee admin, and workers' compensation services.	Digital Insurance
04/03/2024	BraddockMatthews	BraddockMatthews, LLC is a human resource and employment services company.	David Barrett Partners
04/02/2024	Bench Talent Cloud	Bench Talent Cloud, Inc. offers enterprises a virtual bench filled with technology and innovation talent to support enterprises by providing a pool of skilled professionals.	Fulcrum Workforce Solutions
04/01/2024	Sierra Employment Services	Sierra Employment Services, Inc. operates as an employment agency that offers staffing services, such as temporary staffing, temp-to-hire, payroll accommodation, and direct hire/placement employment opportunities.	Luttrell Staffing Group
04/01/2024	BV Staffing, a division of Staffing Solutions Enterprises	BV Staffing, a division of Staffing Solutions Enterprises, operates a contingency and retainer-based staffing agency.	Staffing Solutions Enterprises
03/28/2024	BetterCare	BetterCare, Inc. operates a career marketplace and community for the early childhood education industry.	Wonderschool
03/27/2024	SCI Workforce Solutions	SCI Workforce Solutions is a consulting and recruiting firm that provides workforce solutions to organizations.	Loop Recruiting
03/21/2024	Signature Hire	Signature Hire LLC offers executive recruiting and outplacement services.	Careers Launch Talent Group
03/21/2024	A Slice of HR	A Slice of HR provides human resources and recruiting services.	Digital Insurance
03/20/2024	Payroll and Professional Services Business of Alight	Payroll and Professional Services Business of Alight, Inc. comprises payroll and professional services.	H.I.G. Capital
03/19/2024	Creative Business Resources	Creative Business Resources provides customized outsourced human resources, retirement services, risk management, and payroll services.	Digital Insurance
2/29/2024	Sterling (Independence)	Sterling Check Corp. provides technology-enabled background and identity verification services in the United States, Middle East, and Asia-Pacific region; and Canada, Europe, and Africa.	First Advantage Corporation

Harris Williams Professional and Tech-Enabled Services Experience

Selected Transactions

a portfolio company of

has been acquired by

a portfolio company of

a portfolio company of

has been acquired by

a portfolio company of

has been acquired by

a portfolio company of

a portfolio company of

has been acquired by

has been acquired by

AN INVESTOR GROUP
LED BY STEVE SINGH

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single-asset
continuation vehicle

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has been acquired by

a portfolio company of

RLH Equity Partners

has been acquired by

a portfolio company of

RLH Equity Partners

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has been acquired by

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a business division of

a portfolio company of

has been acquired by

a portfolio company of

has been acquired by

has acquired

a portfolio company of

Harris Williams Transaction Spotlight

a portfolio company of

has been acquired by

Company Background

VMG is a trusted advisor to a diverse base of highly regulated clients in the healthcare space, such as hospital systems, physician groups, and ambulatory surgery centers. The company provides valuation, advisory, compliance, and financial due diligence services while addressing the complex and recurring demands of their clients.

Transaction Overview

Harris Williams advised VMG Health, a portfolio company of Northlane Capital Partners, on its sale to Incline Equity Partners.

Business Services Coverage Areas

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

Professional and Tech-Enabled Services Coverage Areas

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

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Director

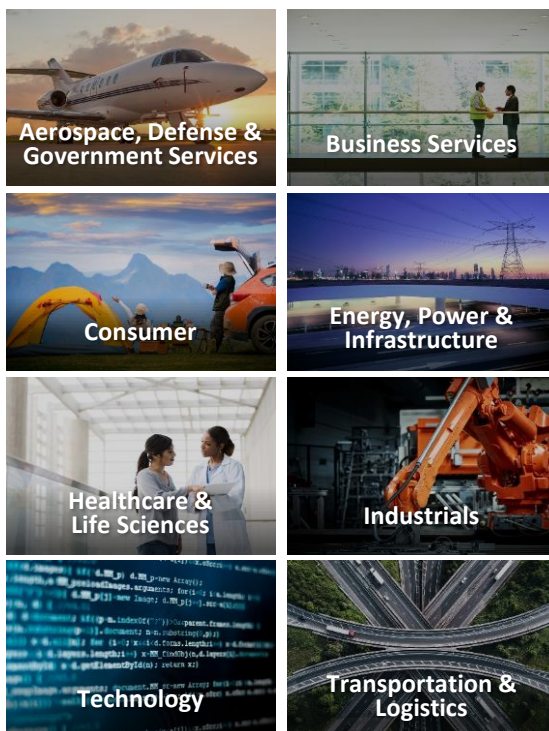
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HW Harris Williams / GLOBAL INVESTMENT BANK

Harris Williams is a global investment bank specializing in M&A and private capital 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, service offerings, and geographies.

Deep Industry Experience



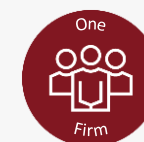
Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

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
IL&R Services (Insurance, Legal, and Risk): Aon, Arthur J. Gallagher & Co., Brown & Brown, Crawford & Company, Marsh & McLennan Companies, Willis Towers Watson

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