



# Professional and Tech-Enabled Services Sector Brief

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Harris Williams | Q4 2023

# What We're Reading

In this sector brief, we have included a collection of articles focused on trends around the office of the CFO (“OCFO”) and outsourced finance services. Given the uptick in demand for accounting services coupled with advisory services, the use of ChatGPT, and the ongoing evolution of the OCFO, the OCFO and outsourced finance and accounting services sector continues to garner interest from investors across private equity and strategics alike.

## How Artificial Intelligence Can Help Save Accounting

Journal of Accountancy

“Already, 24% of top-performing client advisory services (CAS) practices use AI, according to the 2022 CAS Benchmark Survey by CPA.com and the AICPA's Private Companies Practice Section (PCPS). That percentage will surely rise because AI technologies such as ChatGPT can help CPAs do more work more accurately with fewer people. This, in turn, can help the profession tackle pressing challenges related to production capacity, staffing shortages, and accountant burnout.”

Read the full article [here](#).

## How to Attract Private Equity Investment to Your Firm

Thomson Reuters

“A rise in private equity investors entering the accounting market is marking a new era for the profession. Is your firm an attractive investment target?”

Read the full article [here](#).

## 15 Accounting Trends to Pay Attention to in 2023

Oracle NetSuite

“Accounting trends are developments and reactions to changing landscapes, technology, and other market forces that shape the accounting profession as we know it today. How is the accounting industry changing? The change is rapid and driven largely by lightning-fast advances in technology. In many ways, the pandemic has accelerated that adoption. For example, wider adoption of cloud-based accounting software, as well as a move toward automation and artificial intelligence.”

Read the full article [here](#).

## The Benefits of Outsourcing Accounting Services

Cg

“Business owners have a lot of important things to manage. Between overseeing team members, keeping customers happy, and trying to stay ahead of the competition, it's no wonder that accounting is the last thing on many entrepreneurs' minds. But as any business owner knows, neglecting your financial records is a recipe for disaster.”

Read the full article [here](#).

## Private Equity Eyes Accounting Firms Large and Small

Journal of Accountancy

“Accounting firms need capital to make efficiency-minded investments in robotic process automation and machine learning, as well as offshoring of their services in some cases, to counter that revenue loss, Koltin said. But many also want to diversify into advisory and consulting — which, once again, takes money.”

Read the full article [here](#).

## Recent Harris Williams Industry Content

- Legal Sector: Four CEOs Discuss GenAI's Impact



[Link to Read](#)

- HR & Employee Benefits: Building a Foundation for Employee Well-Being

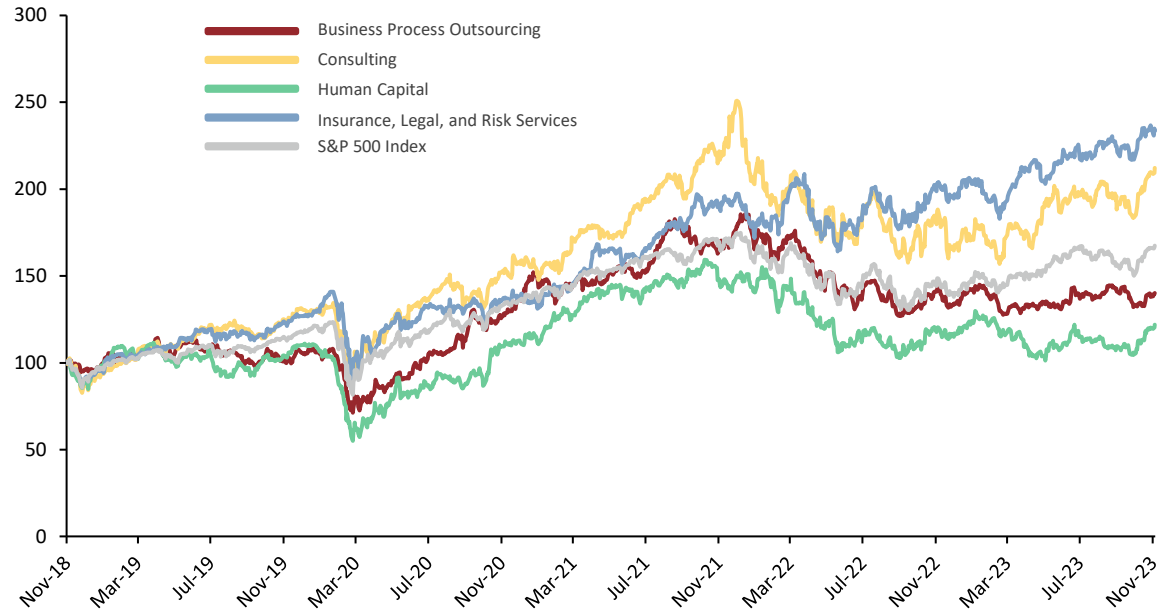


[Link to Read](#)

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

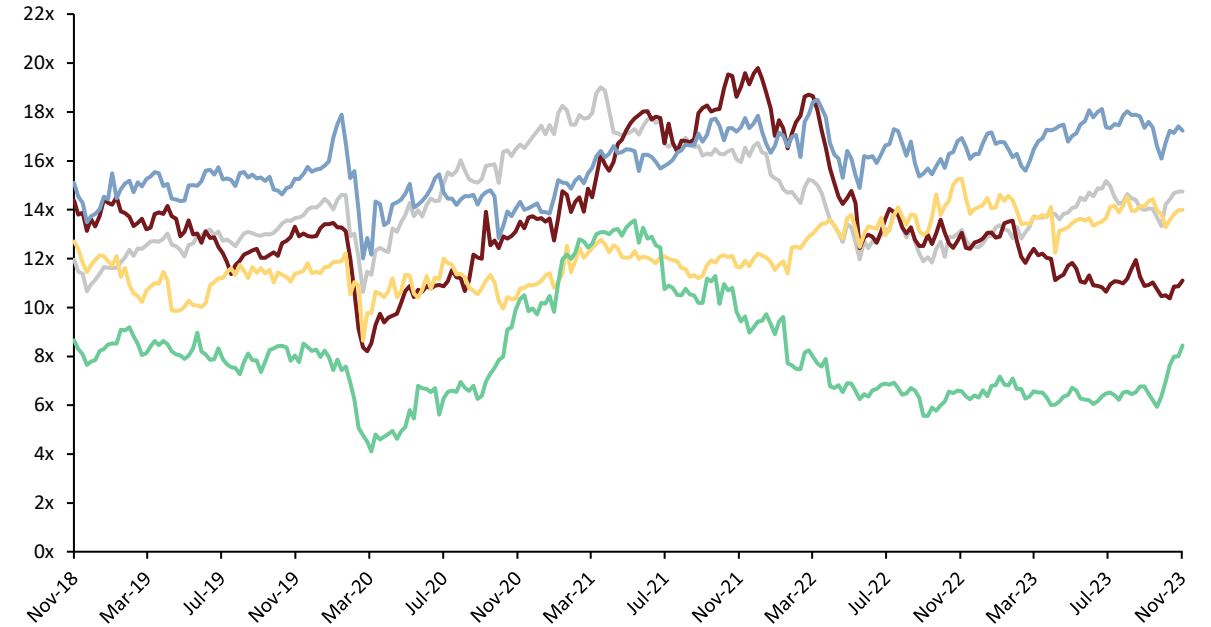
## Historical Stock Prices – Past 5 Years

Indexed Stock Price Performance for the Period November 2018 – November 2023



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

Indexed Stock Price Performance for the Period November 2018 – November 2023



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

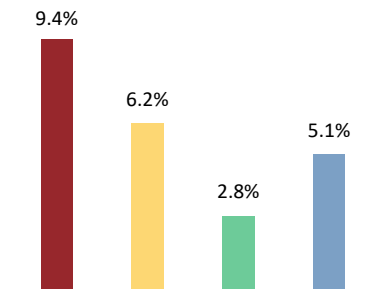


# Professional and Tech-Enabled Services Public Company Operating and Valuation Metrics<sup>1</sup>

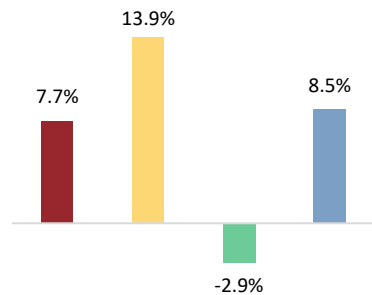
## Public Company – Operating Metrics

Indexed Stock Price Performance for the Period November 2018 – November 2023

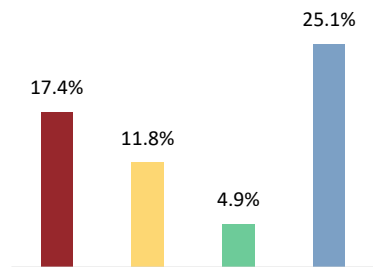
### Median 3-Year Revenue CAGR (2020-2023)



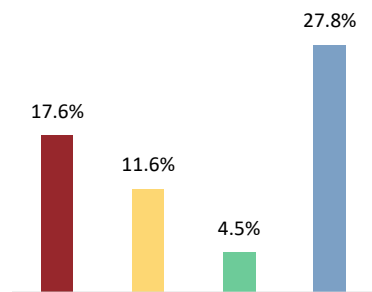
### Median LTM Revenue Growth



### Median 3-Year EBITDA Margin (2020-2023)



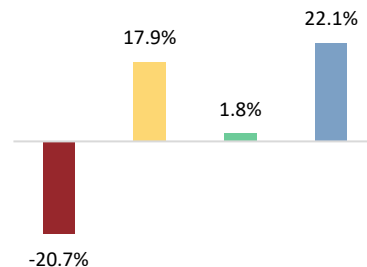
### Median LTM EBITDA Margin



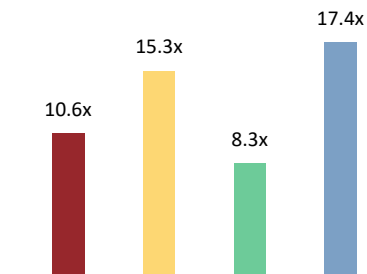
## Public Company – Valuation Metrics

Indexed Stock Price Performance for the Period November 2018 – November 2023

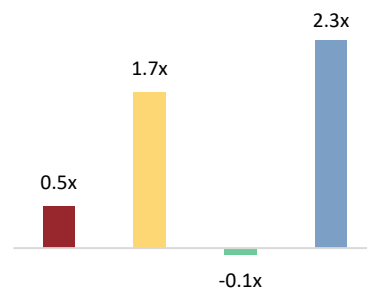
### 12-Month Change in Stock Price



### Median TEV / 2023E EBITDA Multiple



### Net Debt / LTM EBITDA



**Business Process Outsourcing**

**Consulting**

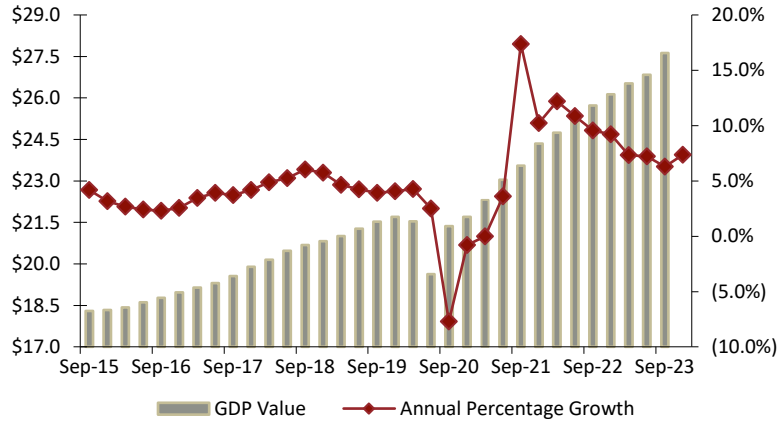
**Human Capital**

**Insurance, Legal, and Risk Services**

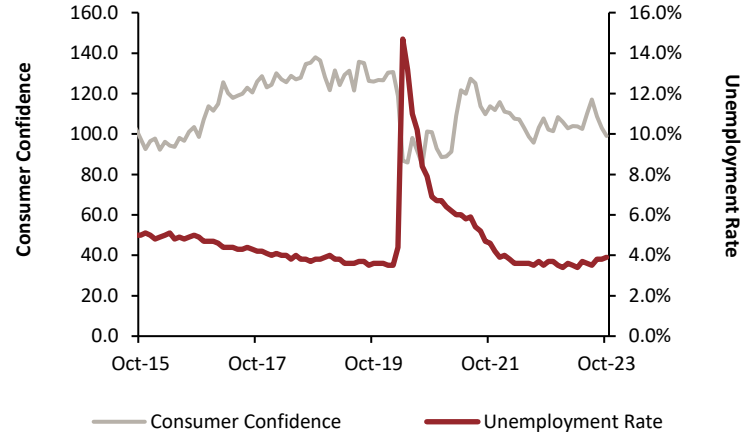
# Economic Trends

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

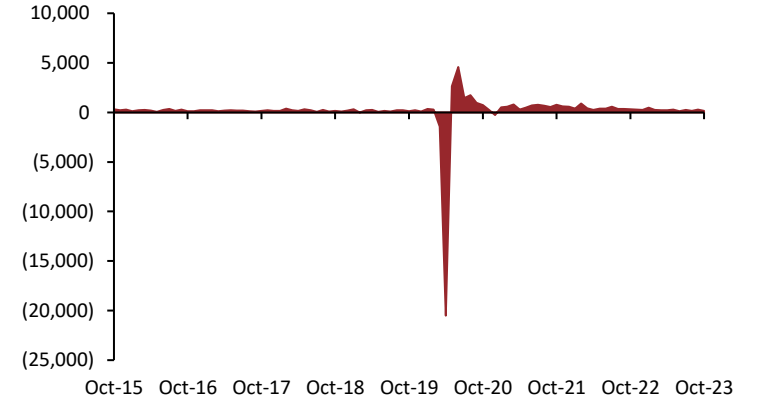
(In billions indexed to 2015 USD)



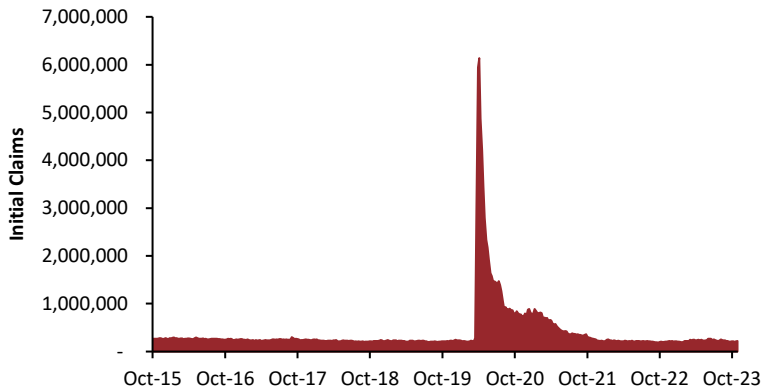
## Consumer Confidence & Unemployment Rate<sup>2,3</sup>



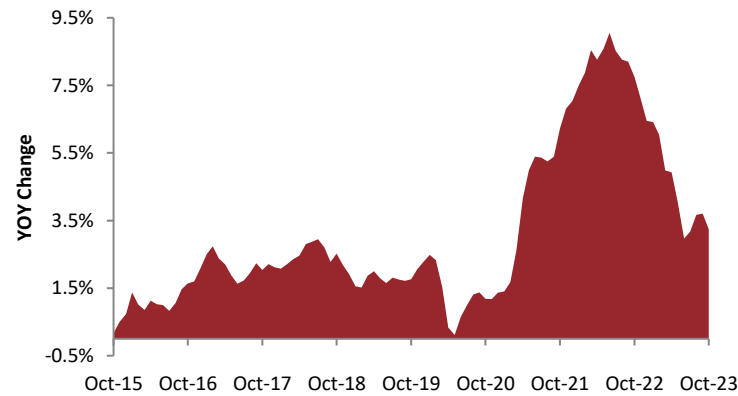
## Non-Farm Payrolls (1-Month Net Change)<sup>3</sup>



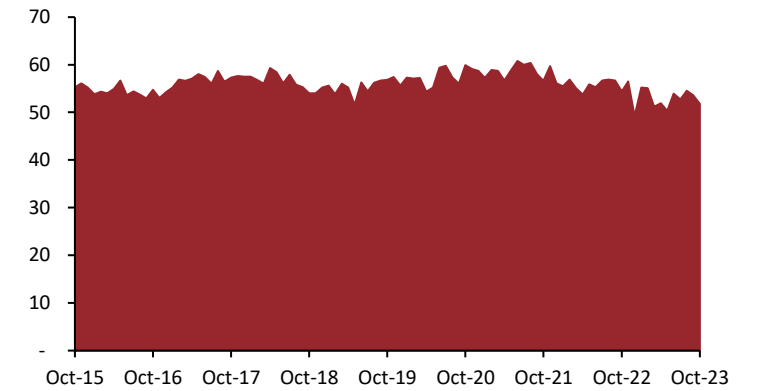
## U.S. Initial Jobless Claims<sup>4</sup>



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

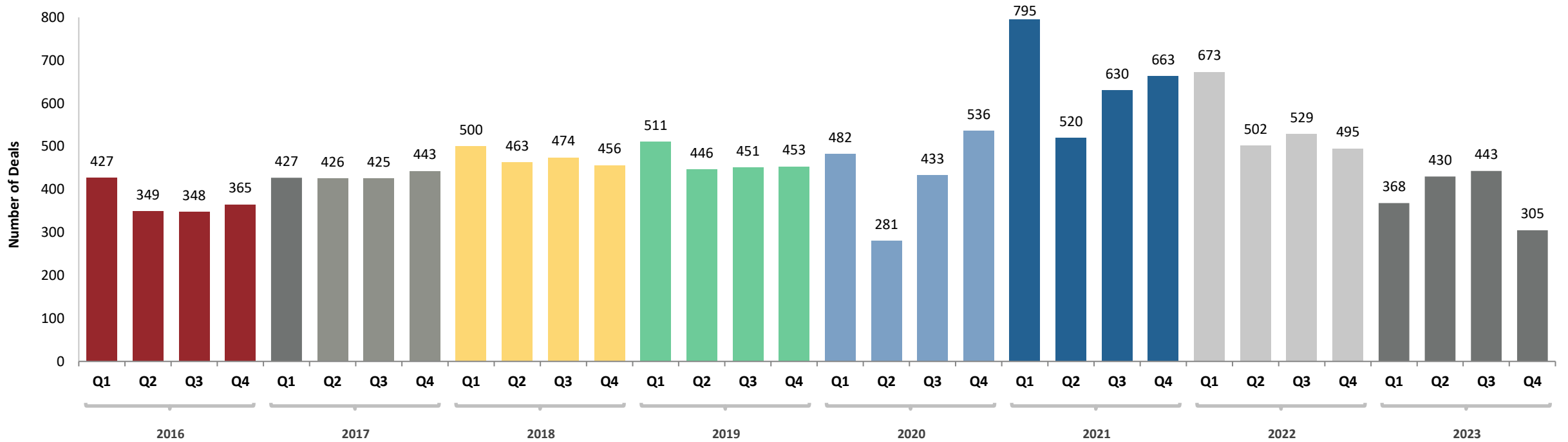


## ISM Non-Manufacturing Index<sup>5</sup>



# M&A Market Trends

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



## OCFO and Outsourced Finance Services Transactions



Target



Buyer



Target



Buyer



Target



Buyer



# Recent Professional and Tech-Enabled Services Transactions Detail



Date	Target	Business Description	Acquirer(s)
11/20/2023	Buchbinder Tunick & Company	Provider of consulting, taxation, audit and assurance, valuation, and litigation services	Weaver
11/16/2023	Sevenich, Butler, Gerlach, & Brazil Ltd.	Provider of tax and accounting services to individuals and businesses in Saint Paul, MN	NEPSIS
11/14/2023	Spielman Koenigsberg & Parker	Accounting/auditor	EisnerAmper (Towerbrook)
11/13/2023	Szymkowiak & Associates / PEAR Consultants	Provider of accounting and business advisory services / Provider of tax advisory services	Cohen & Company
10/19/2023	PKF Mueller	Provider of accounting and business advisory services	Cherry Bekaert (Parthenon)
10/19/2023	Strothman & Company PSC	Provider of tax, strategic, merger and acquisition, and capital advisory services	LBMC Technology Solutions
9/30/2023	Baker Chapman & Bussey	Provider of accountancy and taxation services	TC Group
9/26/2023	Janover	Provider of accounting and financial services	Armanino
9/14/2023	Tax Guard	Provider of tax compliance monitoring services	Cogency Global (Bertram)
9/13/2023	Cordia	Provider of accounting and consulting services	Cherry Bekaert (Parthenon)
9/12/2023	Torrey Partners	Provider of accounting and valuation services	Stout (Audax)
9/12/2023	Durkin Group LLC	Provider of financial due diligence, field examination, accounting, and auditing services	Gordon Brothers Group
8/29/2023	Crowe Healthcare Consulting	Provider of financial software and services to health systems	TPG
8/22/2023	PSTAX / S3TAX	Provider of VAT and employment tax consultancy services / Provider of accounting and taxation training services	Dains (Horizon Capital)
8/21/2023	SIB Holdings	Provider of consulting services	ProcureAmerica
8/15/2023	Market Street Partners	Provider of accounting, tax, and consulting services	Smith + Howard (Broad Sky)
8/10/2023	Mountjoy Chilton Medley LLP	Provider of QoE reporting, due diligence, and investment banking advisory services	Cherry Bekaert (Parthenon)
8/1/2023	PBMares and TMDG	Offers a full range of financial and business advisory services	WithumSmith + Brown
7/28/2023	Equiant Financial Services	Provider of accounts receivables and portfolio management services	Concord Servicing (Inverness Graham)
7/11/2023	Crawford Financial Consulting	Provider of accounting, financial and economic consulting services	B. Riley Financial
6/9/2023	Riveron	Provider of management consulting services	Kohlberg & Company

# Harris Williams Professional and Tech-Enabled Services Experience

## Selected Transactions

  
a portfolio company of  
  
has been acquired by  


  
a portfolio company of  
RLH Equity Partners  
has been acquired by  




  
a portfolio company of  
RLH Equity Partners  
has been acquired by  


  
a portfolio company of  
  
has been acquired by  


  
has acquired  
  
a business division of  


  
a portfolio company of  
SOUTHFIELD  
has been acquired by  


  
a portfolio company of  
TAILWIND CAPITAL  
has been acquired by  


  
has acquired  
SCALED AGILE  
a portfolio company of  
LEEDS Equity Partners  


  
a portfolio company of  
Audax Private Equity  
has been acquired by  


  
has received an investment from  


  
a portfolio company of  
  
has received an investment from  
Morgan Stanley  
Capital Partners

  
a portfolio company of  
  
has received an investment from  


  
a portfolio company of  
  
has been acquired by  


  
a portfolio company of  
  
has been acquired by  


  
a portfolio company of  
  
has been acquired by  
  
and merged with  


## Harris Williams Transaction Spotlight

  
a portfolio company of  
  
has been acquired by  


### Company Background

Buck is a trusted provider of HR, pensions and employee benefits-related consulting, administration services, and technology to organizations in North America and the U.K. Headquartered in New York, NY, the firm offers its services to sectors like healthcare, analytics, consulting, information technology, and human resources.

### Transaction Overview

Harris Williams advised BCHR Holdings, L.P., dba Buck, a portfolio company of H.I.G. Capital, on its sale to Arthur J. Gallagher & Co.

**Coverage Areas**

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

**Professional & Tech-Enabled Services Coverage Areas**

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

 <p><b>BUCK</b> a portfolio company of</p>  <p>H.I.G. CAPITAL has been acquired by</p> 	 <p><b>inspirage</b> a portfolio company of</p> <p>RLH Equity Partners has been acquired by</p> 	 <p><b>UTTEGRATION</b> a portfolio company of</p> <p>RLH Equity Partners has been acquired by</p> 	 <p><b>MAGNA</b> LEGAL SERVICES a portfolio company of</p>  <p>CIVIC PARTNERS has been acquired by</p> 
 <p><b>WENDEL</b> has acquired</p>  <p><b>ACAMS</b> a business division of</p> 	 <p><b>Ntiva</b> a portfolio company of</p> <p>SOUTHFIELD has been acquired by</p> 	 <p><b>AST</b> a portfolio company of</p> <p>TAILWIND CAPITAL has been acquired by</p> 	 <p><b>EURAZEO</b> has acquired</p> <p>SCALED AGILE a portfolio company of</p> <p>LEEDS Equity Partners RUBICON technology partners</p>

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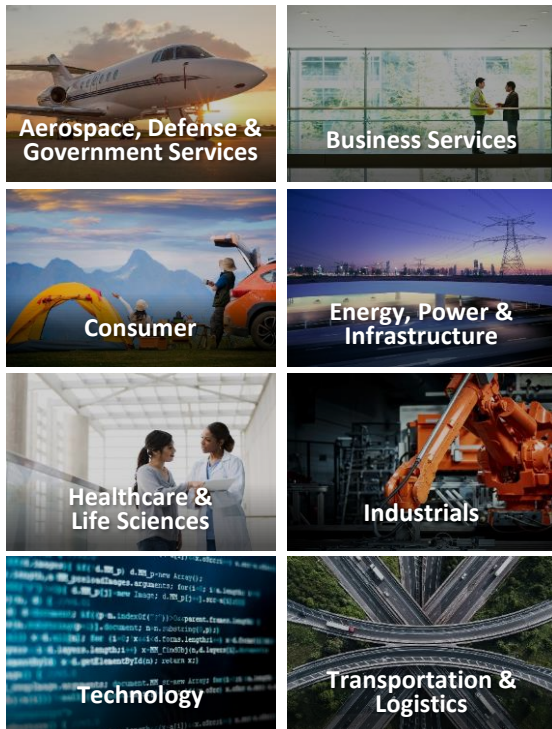
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# HW Harris Williams / GLOBAL INVESTMENT BANK

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, Insperty, 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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