

Professional Services

Industry Update

December 2021



What We're Seeing

The professional services industry continues to attract both private and public investors. Here is a list of select recent transactions across the sector.

Announced November 16, 2021



Stax announces strategic investment by Blue Point Capital Partners^a

Consulting

- Stax, founded in 1994 and based in Boston, Massachusetts, is a global strategy consulting firm that provides services in the areas of corporate strategy, growth strategy, incremental profit improvement, digital strategy, mergers and acquisitions, commercial due diligence, and international engagements
- Through the partnership with Blue Point Capital Partners, Stax will improve its core offerings, expand into new geographies, and provide learning and growth opportunities for junior and senior talent



Announced November 15, 2021



Scaled Agile announces strategic investment from Eurazeo^b

IT Consulting

- Scaled Agile, founded in 2011 and based in Boulder, Colorado, is the provider of SAFe®, one of the world's leading frameworks for business agility, a critical element to empowering digital transformation
- Through the partnership with Eurazeo, Scaled Agile plans to continue its expansion into international markets, as well as make substantial investments in new product innovations that will fully equip their customers to work differently, empower their workforce, and achieve significant improvements in time-to-market, productivity, employee engagement, and customer satisfaction

Announced November 1, 2021



GTCR announces acquisition of Cisive from CIP Capital^c

Human Capital Management

- Cisive, headquartered in Holtsville, New York, is a leading background screening provider focused on offering high-value employee background screens and industry-specific data services to highly regulated, risk-sensitive industries
- The company has developed a broad range of differentiated vertical offerings, including License Manager Pro (subscription healthcare license management), eRailSafe (proprietary rail contractor certification), DriverIQ (proprietary OTR trucker database), global sanctions checking (financial institutions), and state arrest and disposition records (government)

Announced October 21, 2021



Korn Ferry enters into definitive agreement to acquire Lucas Group^d

Workforce Solutions

- Lucas Group, founded in 1970 and headquartered in Atlanta, Georgia, is a leading professional search and contract staffing firm, targeting middle market businesses. Key areas of focus span specializations such as accounting and finance, human resources, information technology, legal, military transition, sales and marketing, and supply chain and operations
- Through the partnership with Korn Ferry, Lucas Group brings substantial professional search and contracting expertise, which is expected to enhance the firm's industry-leading search portfolio

Announced October 14, 2021



West Monroe announces strategic investment by MSD Partners^e

IT Consulting

- West Monroe, established in 2002 and headquartered in Chicago, Illinois, is a digital consulting firm with eight U.S. offices and 2,000 employees across the globe
- MSD's investment will allow West Monroe to expand its global product development platform via acquisitions, advance skill-building programs for West Monroe employees to provide world-class digital consulting services, and to drive enhancements to its offerings and Intellio® suite of assets, among other strategic imperatives

Announced August 24, 2021



ManpowerGroup to acquire ettain group^f

Workforce Solutions

- Founded in 1996, with nearly 5,000 employees and consultants at work, ettain group is a talent solutions company that delivers recruitment and managed solutions across the technology, healthcare IT, digital, professional, and government practice areas
- ettain will become part of Experis, ManpowerGroup's global IT resourcing and services brand, thus providing increased strength in delivering IT services to the higher growth financial services and healthcare industries

a. [Stax](#)

c. [PR Newswire](#)

e. [West Monroe](#)

b. [PR Newswire](#)

d. [Korn Ferry](#)

f. [ManpowerGroup](#)

What We're Reading

WORKFORCE SOLUTIONS & TRAINING SERVICES INDUSTRY NEWS & TRENDS

In this Industry Update, we have included a collection of articles focused on workforce solutions and the current labor market and how firms are seeking to train and retrain staff in order to bridge the labor and skill gap.

WORKFORCE SOLUTIONS TRENDS: BRIDGING THE LABOR SHORTAGE BY TRAINING AND RETRAINING STAFF

The Role of Upskilling in Driving Your Company Toward Success – Claremont Port Side

“The skills gap issue is so serious that many studies found that employees today require new skills to succeed in their jobs. Employers are addressing this problem through upskilling, the process of providing existing employees relevant training and development to meet various challenges in the corporate landscape.”

“Upskilling is imperative to business growth but not as difficult as it may seem. As you and your employees take advantage of upskilling, both sides can reap its benefits, such as career opportunities, employee engagement, and a more skillful and knowledgeable workforce. When done consistently, everyone involved will be in a better position to meet the challenges of tomorrow and potential economic crises.”

Read the full article [here](#).

How Companies Can Find Required Skills Despite Acute Talent Shortage – Forbes

“Companies today face a global acute talent shortage for the next three to five years. The pressing issue in this situation is finding or accessing the necessary talent to meet a company’s business needs.”

“Companies used a variety of recruiting tools over the years, all of which required investment as well as a consistent approach. But in the face of the global imbalance between the demand and available supply of talent (especially for engineering and IT talent), companies must address the talent-access issue in a much more systematic way because the post-COVID boom in hiring (especially for engineering and IT skills) is happening at the same time as the talent shortage.”

Read the full article [here](#).

Talent Shortage Driving Return to Campus-to-Work Pipeline Model – Forbes

“Companies now face an acute talent shortage for the foreseeable future. Two factors causing the demand/supply gap include the post-COVID economy rebound and, in the US, the “Great Resignation” of workers retiring early or switching jobs or careers.”

“By using the campus-to-work model, companies can get a steady, robust flow of excellent talent that is often much more loyal than people who already have two to three years of experience.”

Read the full article [here](#).

Facing Skilled Worker Shortage, U.S. Companies Try to Train Their Own New Labor Pools – PBS

“While being paid to train is hardly a new idea, it can be effective on multiple levels. Workers find more rewarding careers while employers enjoy a deeper talent pool. People hired through the programs also tend to stay on the job longer; such programs can also broaden a company’s culture by attracting employees, including workers of color, whose life experiences are outside the high school-to-college career arc common in white-collar workplaces.”

Read the full article [here](#).

The Pandemic Has Accelerated Demands for a More Skilled Work Force – The New York Times

“Companies, labor experts say, will need to increase their investment in enhancing the skills of their own workers. Analysts say the overall trend has been stagnant or declining for years.”

““There are various ways to do it, but ultimately you are going to need public investment,” said Erik Brynjolfsson, an economist and director of the Digital Economy Lab at Stanford University. “Training is not something that can be just left to the private sector.””

Read the full article [here](#).

Why Is It So Hard for Workers to Find New Jobs? – The Hechinger Report

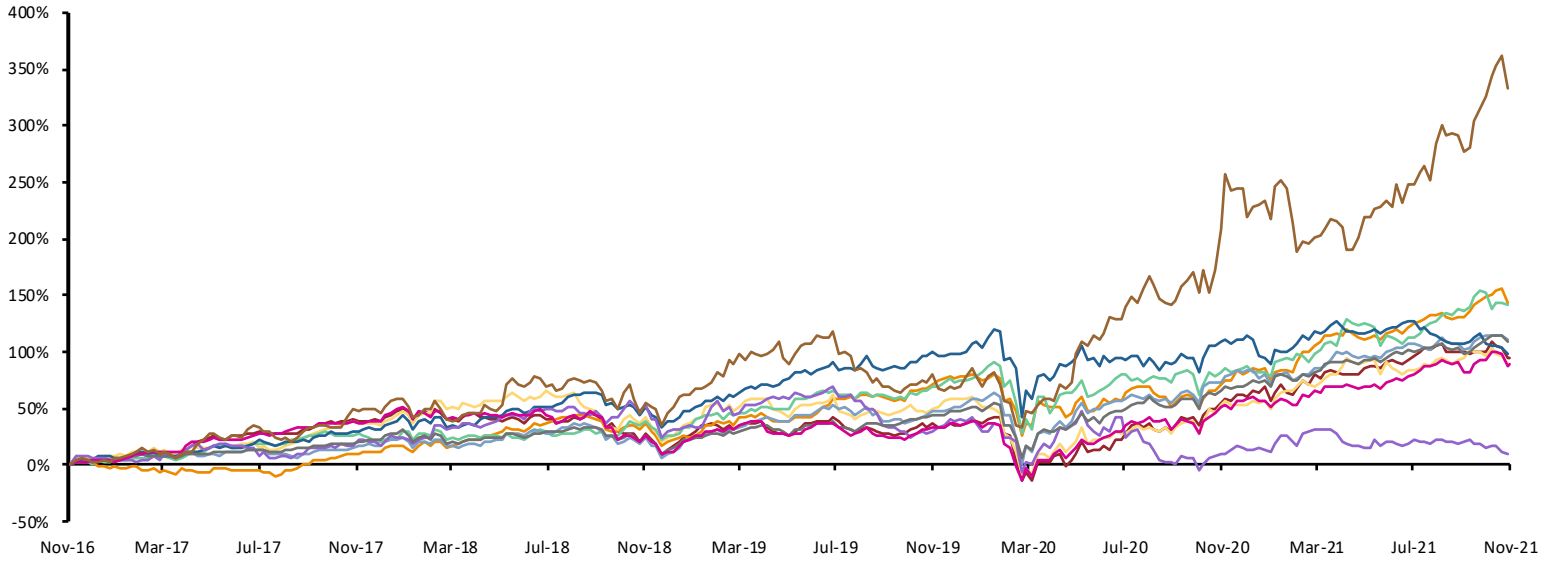
“With an overlapping and sometimes confusing array of job training programs scattered around the country, and too little coordinated information about what sorts of training various employers need, there is no central place for workers to turn for help or some assurance that their investment in retraining will pay off.”

“Experts say that governments, businesses, and education groups can do more right now to prepare for the expected demand for training exacerbated by the pandemic. Steps include improving collaborations between labor and education agencies, investing in community colleges at a time when they face falling revenue due to state cuts and enrollment declines, and increasing corporate transparency about hiring and businesses’ investment in their workers and training.”

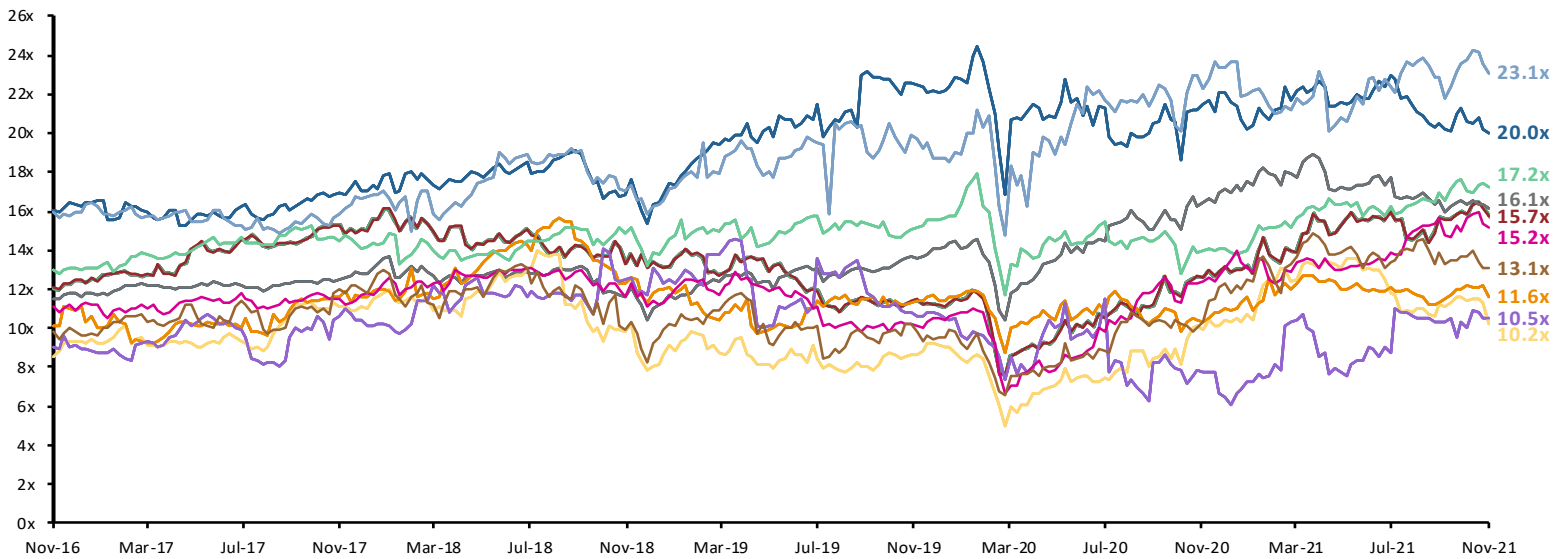
Read the full article [here](#).

Public Markets¹

HISTORICAL STOCK PRICES – LAST 5 YEARS



HISTORICAL MEDIAN TEV/LTM EBITDA MULTIPLES – LAST 5 YEARS

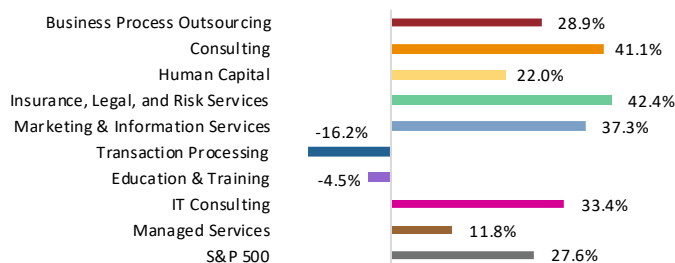


- | | |
|---------------------------------------|--------------------------------------|
| — Business Process Outsourcing | — Marketing and Information Services |
| — Consulting | — Transaction Processing |
| — Human Capital | — Education and Training |
| — Insurance, Legal, and Risk Services | — IT Consulting |
| — Managed Services | — S&P 500 Index |

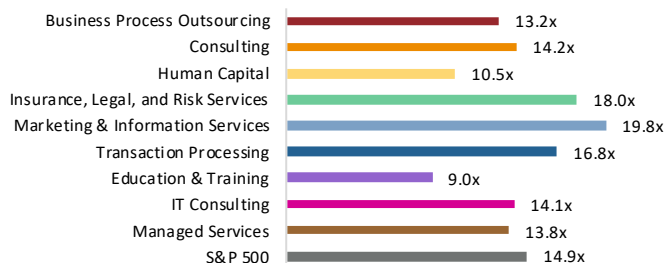
Notes: Data as of November 29, 2021. Comparable company sets listed on page 9. Sub-sector indices weighted by stock price.

Public Markets¹

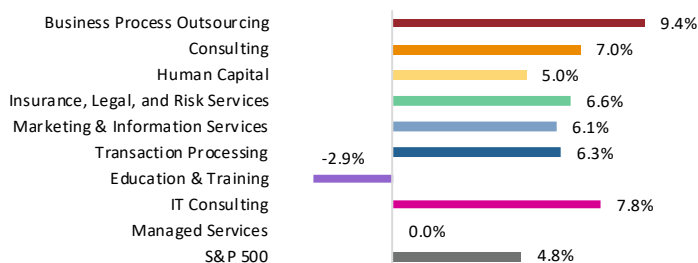
12-MONTH % CHANGE IN STOCK PRICE



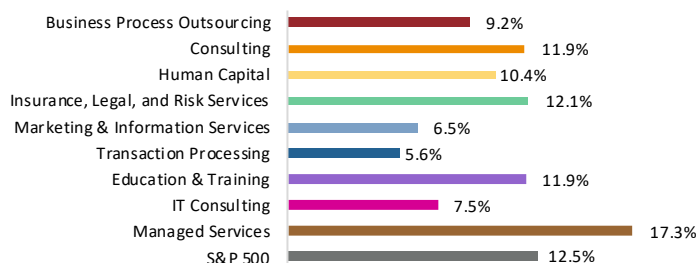
MEDIAN TEV / 2021E EBITDA MULTIPLE



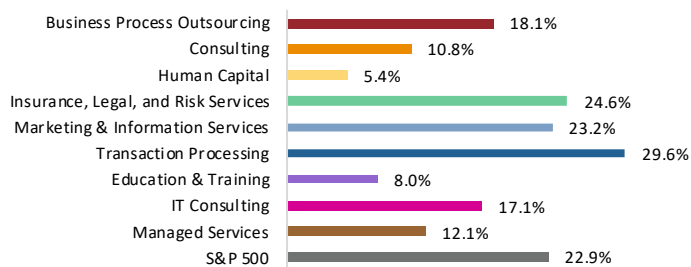
MEDIAN 3-YEAR REVENUE CAGR (2017-2020)



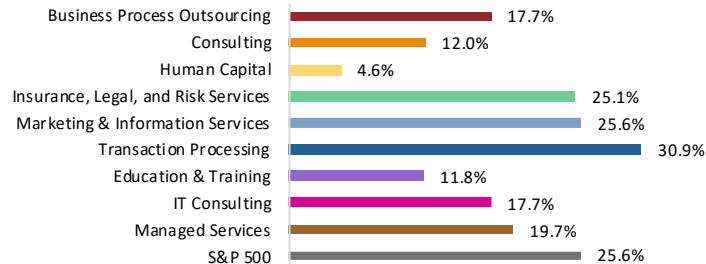
MEDIAN LTM REVENUE GROWTH



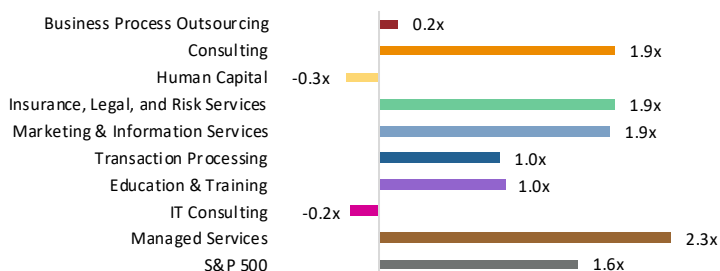
MEDIAN EBITDA MARGIN (2017-2020)



MEDIAN LTM EBITDA MARGIN



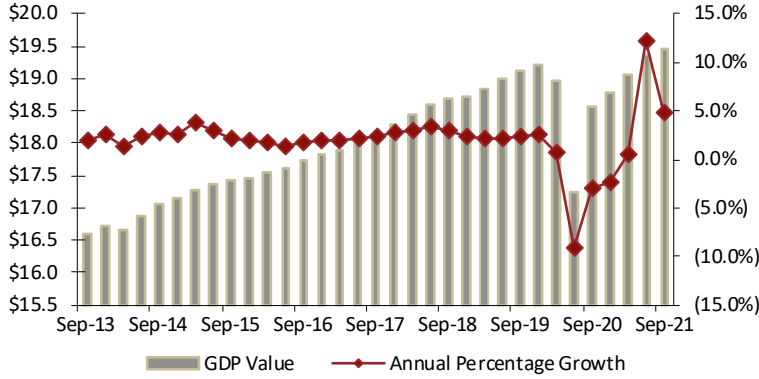
NET DEBT / LTM EBITDA



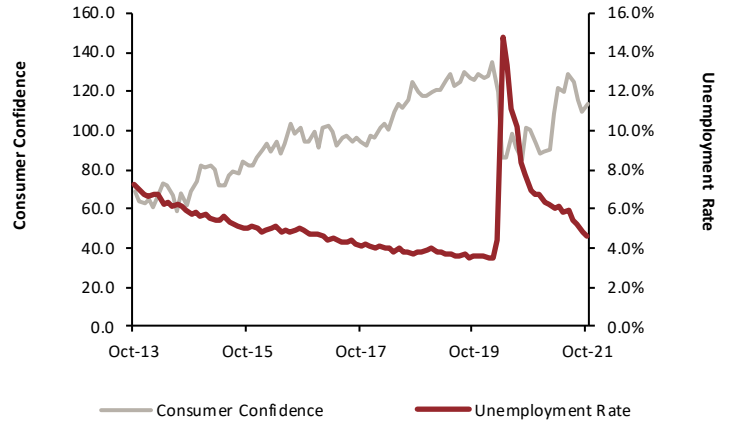
Economic Trends

U.S. GDP GROWTH²

(In trillions indexed to 2012 USD)

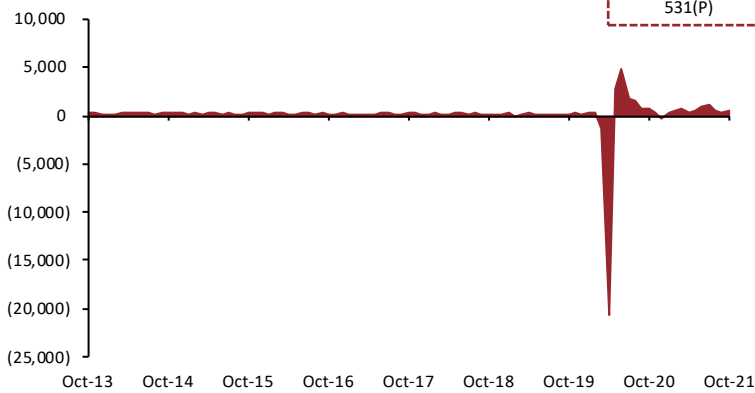


CONSUMER CONFIDENCE AND UNEMPLOYMENT RATE^{3,4}

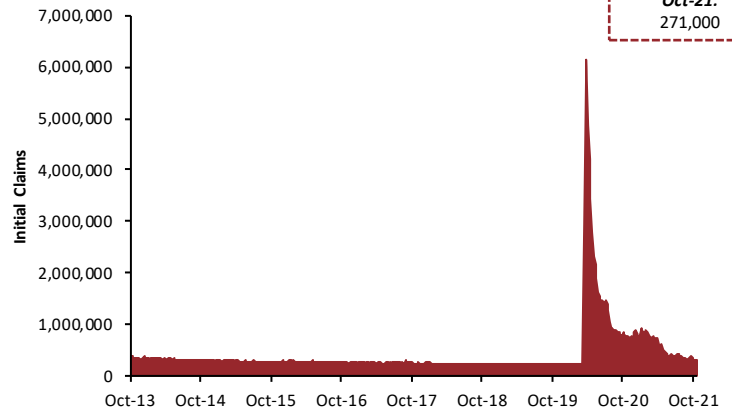


NON-FARM PAYROLLS (1-MONTH NET CHANGE)⁴

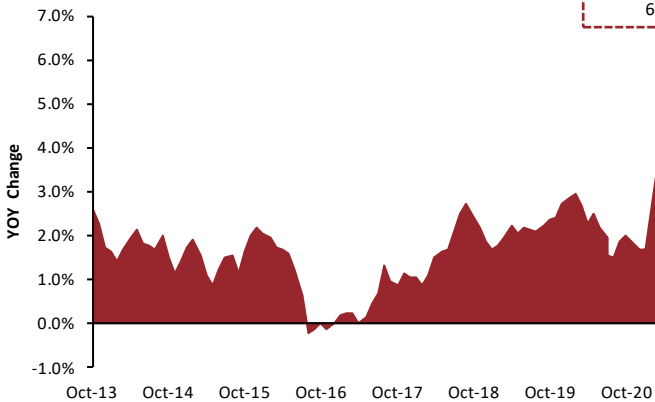
(Payrolls in 000s)



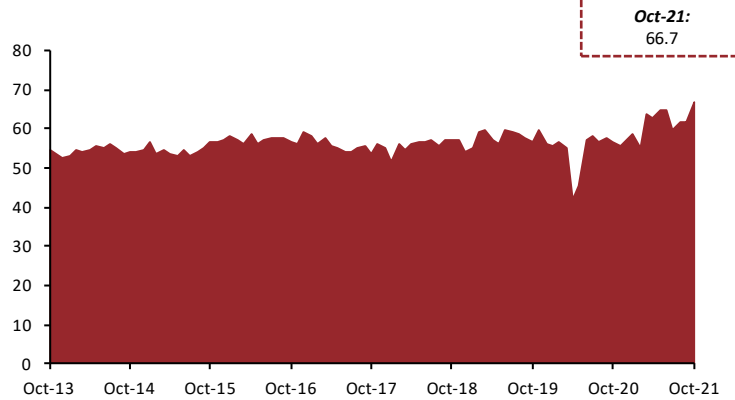
U.S. INITIAL JOBLESS CLAIMS⁵



CONSUMER PRICE INDEX⁴

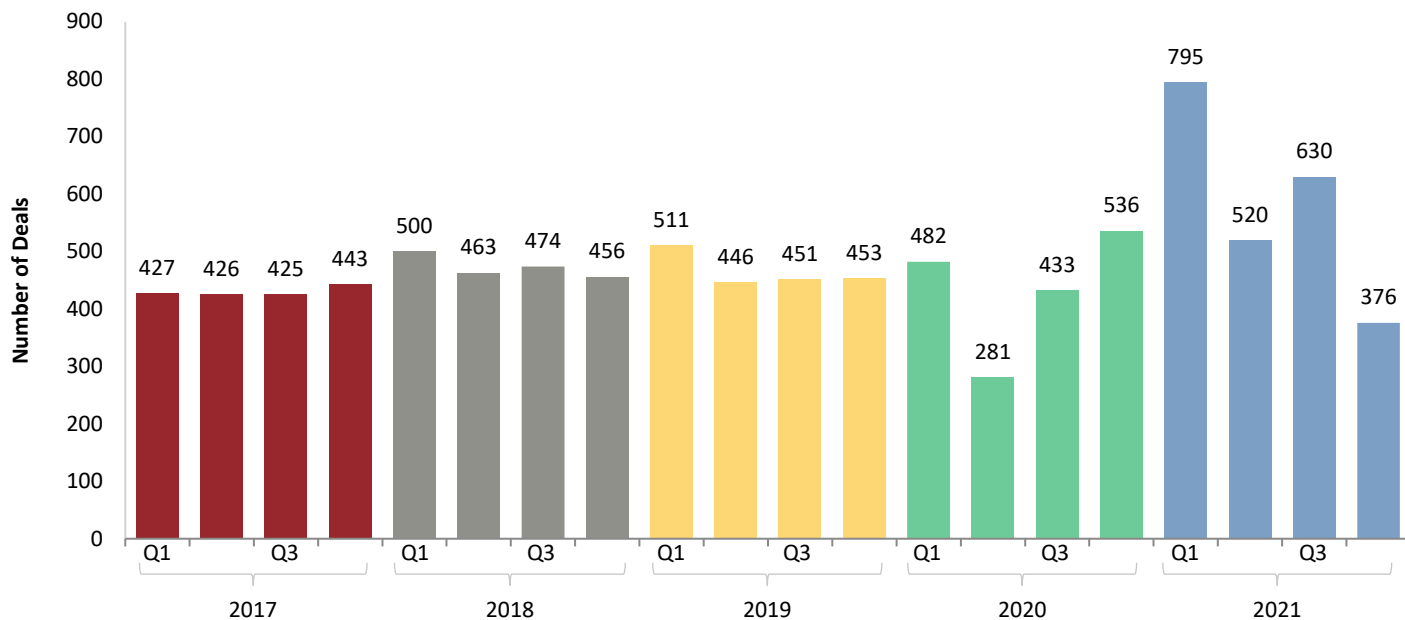


SERVICES PMI⁶



M&A Market Trends¹

PROFESSIONAL SERVICES M&A VOLUME BY YEAR



Note: Data through November 29, 2021.

REPRESENTATIVE PROFESSIONAL SERVICES TRANSACTIONS

Date	Target	Business Description	Acquirer(s)
11/9/21	Hire Dynamics (MSouth Equity Partners)	Staffing company	EmployBridge (Apollo)
11/1/21	Cisive (CIP Capital)	Background screening and human capital management provider	GTCR
10/28/21	BCS Consulting	Management consultancy	Accenture
10/19/21	PowerScore	Provider of test preparation for LSAT and other high-stakes exams	BARBRI (Francisco Partners)
10/19/21	PwC's Global Mobility Tax and Immigration Services	Provider of mobile tax and immigration services	Clayton, Dubilier, & Rice
10/14/21	West Monroe	Digital consulting firm	MSD Partners
10/13/21	Lexipol	Training program provider for public safety organizations	GTCR
10/4/21	Practice Labs	IT training company	ACI Learning (Boathouse Capital)
9/29/21	WillHire	Provider of direct sourcing and talent pool management	PRO Unlimited (EQT Partners)
9/28/21	NextLevel	Executive services firm	E78 Partners
9/16/21	Arnett Carbis Toothman	Accounting and consulting firm	Baker Tilly US
9/14/21	Benchmark Reporting Agency	Premier resource for court reporters, litigation support, and legal service videos	Lexitas (Apax Partners)
9/14/21	Adecco Group's D4 and EQ	Legal consulting and eDiscovery businesses	Consilio (Stone Point Capital)
9/14/21	Reportex	Court reporting agency	Veritext (LGP)
9/13/21	Wisconsin Imaging Solutions	Copier and printer company	Marco Technologies
9/9/21	Blackstone Discovery	eDiscovery technology provider	UnitedLex (CVC Capital)
8/24/21	Hopkins Bruce Publishers	Service provider of business information and legal analysis tools	Law Business Research (Levine Leichtman Capital Partners)
8/24/21	effain group	IT resourcing and services provider	ManpowerGroup, Inc.

Professional Services Practice Overview

HW Harris Williams / GLOBAL M&A ADVISOR

10 INDUSTRY GROUPS

With Robust Experience
Across the Globe

3 DECADES

of Providing Award-
Winning M&A Advisory
Services

1 UNIFIED TEAM

Bringing Firmwide Dedication
to Every Engagement

PROFESSIONAL SERVICES FOCUS AREAS

The Harris Williams Business Services Group has deep experience across commercial and industrial services subsectors.

- › 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

SELECT RECENT PROFESSIONAL SERVICES TRANSACTIONS

 <p>has acquired</p>  <p>a portfolio company of LEEDS Equity Partners</p> 	 <p>a portfolio company of</p> <p>Audax Private Equity</p> <p>has been acquired by</p> 	 <p>a portfolio company of</p>  <p>has received an investment from</p> 	 <p>a portfolio company of</p>  <p>has received an investment from</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 
 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>and merged with</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>RISK ADVISORS</p> <p>has been acquired by</p> 	 <p>a portfolio company of</p>  <p>has received a significant investment from</p> 

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Our Firm

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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, Insperty, 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

Note: Data through November 29, 2021.

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