



Professional and Tech-Enabled Services Sector Update

Harris Williams | Q2 2023

What We're Reading

In this sector update, we have included a collection of articles focused on trends around HR & employee benefits services. Given the shortage of high-skill talent across a variety of industries, the importance of HR & employee benefits services that includes employee engagement, compensation, DEI, health and welfare, and other voluntary benefits in addition to retirement planning and administration has become top of mind for C-Suite individuals.

6 Key Employee Benefits Trends for 2023

Tilson

"Over the last few years, almost every aspect of the workplace has changed, leading to many unforeseen challenges. Unfortunately, many of the challenges that plagued workplaces in 2022 will likely continue in 2023 and beyond. In particular, current labor challenges are forcing employers to find ways to balance rising costs and inflation while providing employees with benefits they value and need. Understanding this year's key employee benefits trends can help employers assess whether their offerings meet employee demands and needs so that they can attract and retain talent." [Read the full article here.](#)

10 Most Significant Employee Benefits Law Changes in 2023's Federal Spending Bill

Fisher Phillips

"Besides ensuring the federal government remains fully funded, President Biden's signature yesterday on the Continuing Appropriations Act, 2023 (CAA 23) contains several provisions that will directly impact health and retirement benefit plans. First, CAA 23 enacts the Setting Every Community Up for Retirement Enhancement 2.0 Act (SECURE 2.0) to provide flexibility to employer-sponsored qualified retirement plans. Second, CAA 23 will extend recent guidance that permits certain telehealth benefits to be provided on a first-dollar basis under a high-deductible health plan (HDHP) without disqualifying the recipient from being eligible to contribute to a health savings account (HSA). Here are the 10 most significant items that employer plan sponsors need to know about CAA 23." [Read the full article here.](#)

10 of the Biggest HR Challenges in 2023

Betterworks

"As HR professionals, it's time to rethink the employee value proposition in light of changing employee expectations and values. Given the faltering trust that employees have, HR must develop a holistic approach that addresses their concerns and the entire employee experience. This is a significant challenge, but one that your HR team is uniquely equipped to tackle. You have your finger on the pulse of the workforce, and your people are giving clear directions as you redesign the employee experience." [Read the full article here.](#)

Why is Employee Engagement so Important? Top 20 Benefits

LumApps

"More businesses have come to appreciate the benefits of employee engagement over the past few years. It has become an important part of the long-term business success toolbox and something all employers need to be aware of. What is Employee Engagement? Put simply, employee engagement occurs when people are happy with their professional roles and passionate about what they do. Highly engaged employees tend to work harder as they believe in the company's mission and trust its values." [Read the full article here.](#)

Retirement Trends: Everything You Need to Know

Paychex

"Retirement trends in the United States are shifting. Not only are people living longer, which carries implications for outliving savings and long-term affordable health care, but they're doing it in a faster-paced world that is more complex, demanding, and stressful. Employers are responding by shaping company retirement plans to address the comprehensive retirement needs of every employee, at every stage of their career." [Read the full article here.](#)

Recent Harris Williams Industry Content

- Legal Technology: Inside Law's Digital Revolution



[Link to Read](#)

- Legal Technology: Cloud Adoption Driving M&A Opportunities



[Link to Read](#)

- Accounting Services: Growing Investment Opportunities

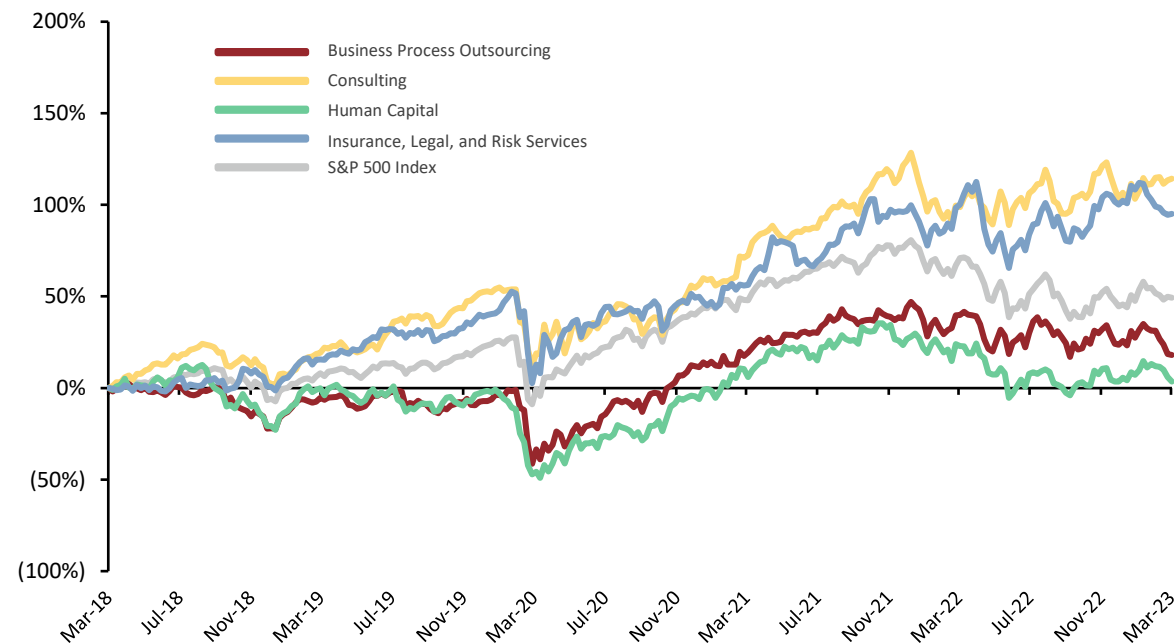


[Link to Read](#)

Professional and Tech-Enabled Services Public Company Performance and Trends¹

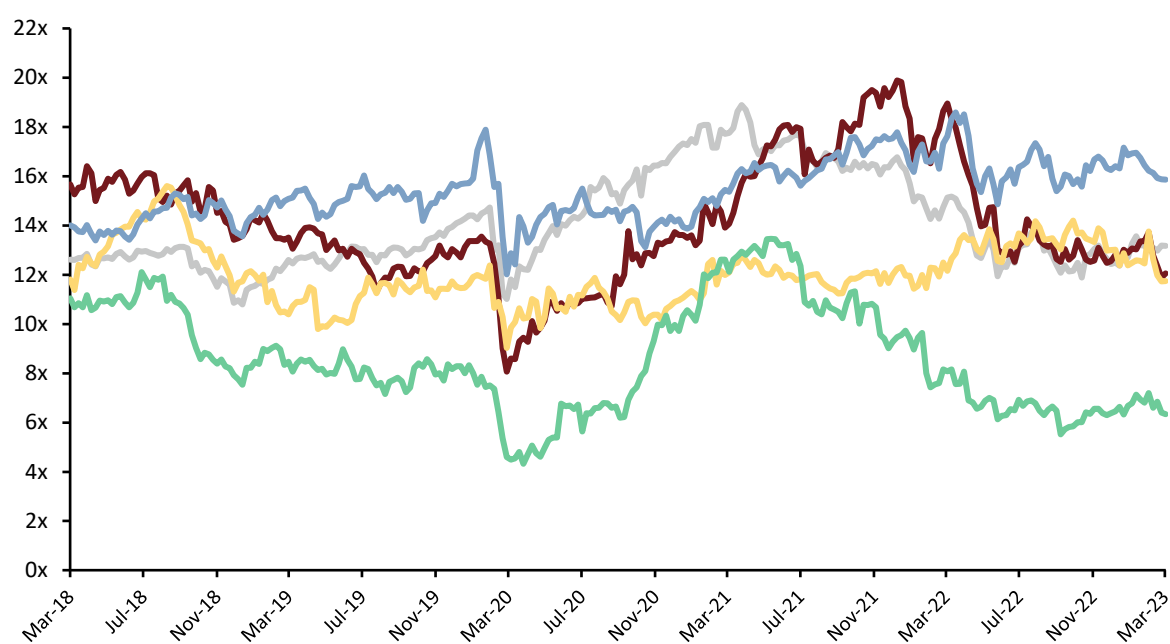
Historical Stock Prices – Past 5 Years

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



Historical Median TEV/LTM EBITDA Multiples – Past 5 Years

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



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

Insperty

Kelly

KFORCE

KORN FERRY

ManpowerGroup

MarshMcLennan

randstad

RESOURCES CONNECTION

rh

s|three

tcs

trueblue

ttec

wipro

WNS

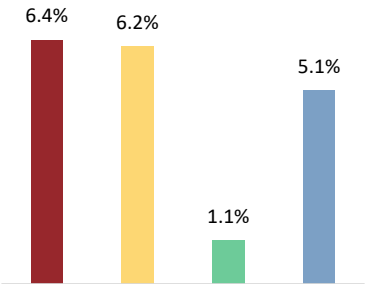
wtw

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

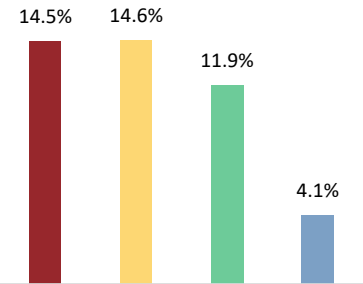
Public Company – Operating Metrics

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

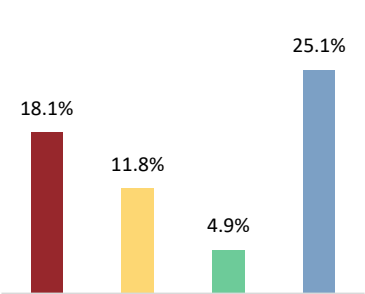
Median 3-Year Revenue CAGR (2019-2022)



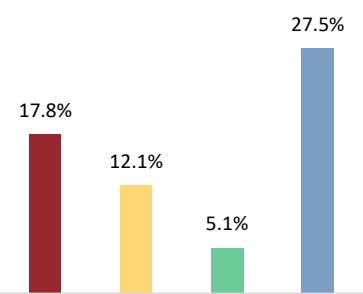
Median LTM Revenue Growth



Median 3-Year EBITDA Margin (2019-2022)



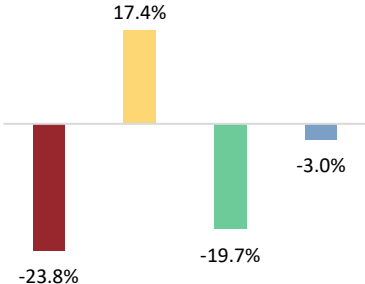
Median LTM EBITDA Margin



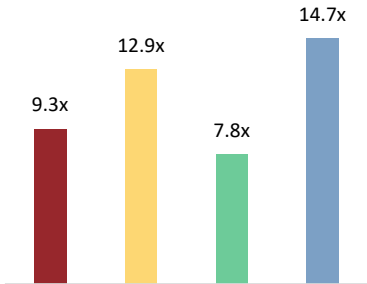
Public Company – Valuation Metrics

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

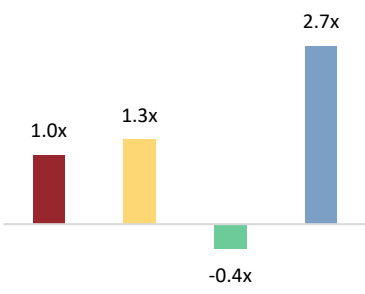
12-Month Change in Stock Price



Median TEV / 2023E EBITDA Multiple



Net Debt / LTM EBITDA



Business Process Outsourcing

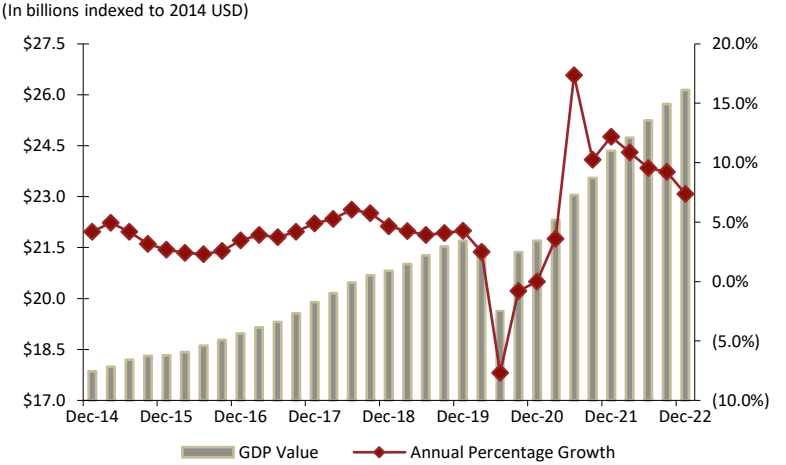
Consulting

Human Capital

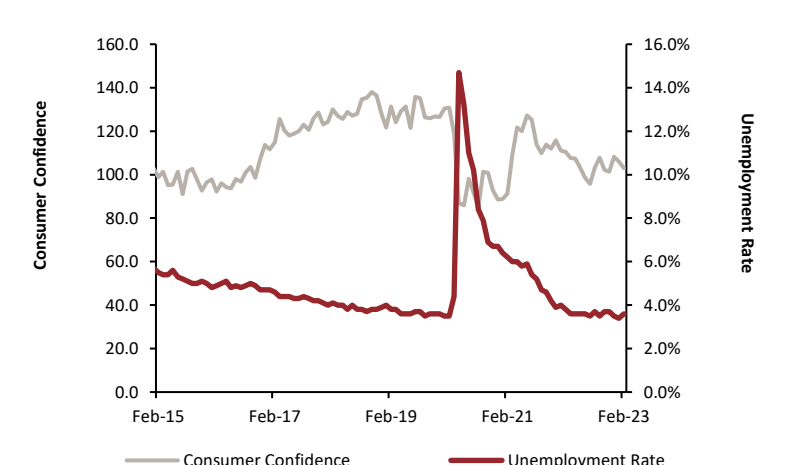
Insurance, Legal, and Risk Services

Economic Trends

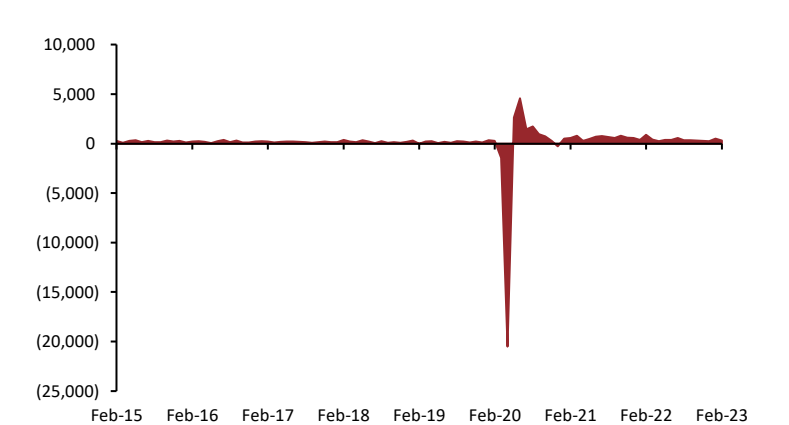
U.S. GDP Growth¹



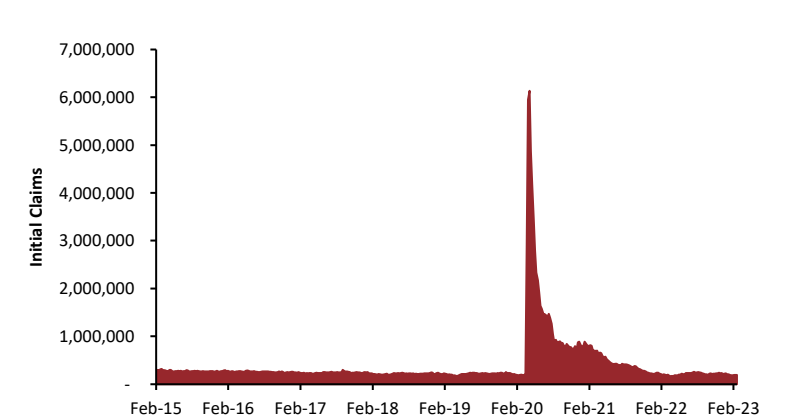
Consumer Confidence & Unemployment Rate^{2,3}



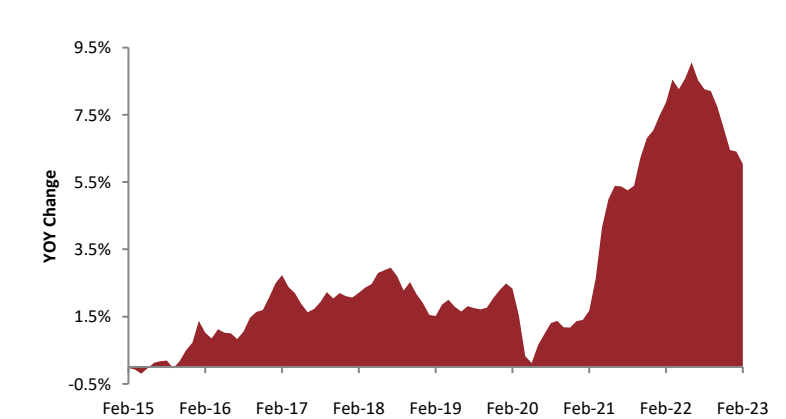
Non-Farm Payrolls (1 Month Net Change)³



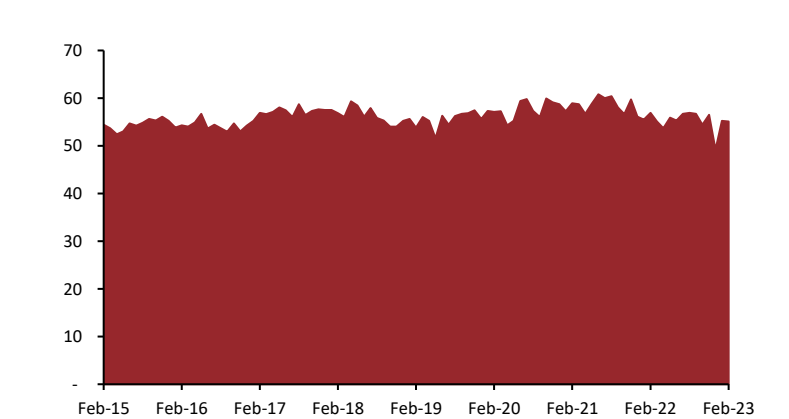
U.S. Initial Jobless Claims⁴



Consumer Price Index³

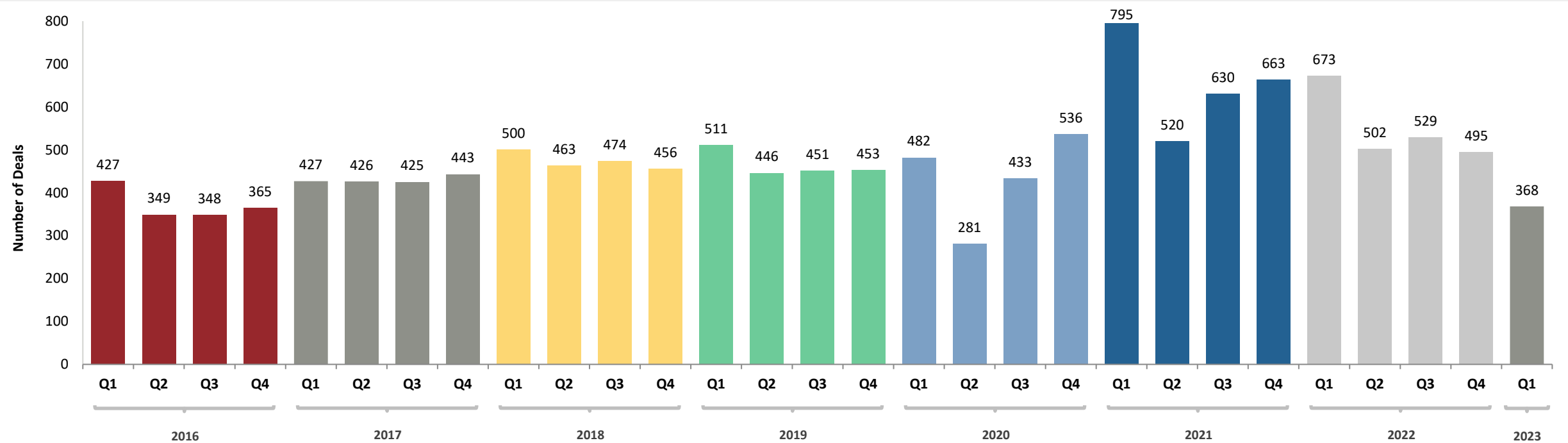


ISM Non-Manufacturing Index⁵



M&A Market Trends

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



HR and Employee Benefit Services Transactions

							
Target	Buyer	Target	Buyer	Target	Buyer	Target	Buyer

¹) S&P Cap IQ; data as of March 21, 2023

Recent Professional and Tech-Enabled Services Transactions Detail

Date	Target	Business Description	Acquirer(s)
3/1/23	Leapgen	HR technology advisory firm focused on digital strategy and workforce solutions	Mercer (Marsh McLennan)
2/28/23	MarksNelson	Accounting, tax and advisory firm	Trinity Hunt Partners
2/27/23	Focus Financial Partners Inc.	Wealth management and investment consulting services firm	Clayton, Dubilier & Rice
2/21/23	Connors Group	Productivity and operational excellence solutions firm	RLH Equity Partners
2/15/23	Career Resources	Affirmative action risk management consulting firm	OutSolve (The Riverside Company)
2/9/23	Stern Cassello & Associates	Tax consulting, compliance, fund administration, and related accounting services firm	E78 Partners (Further Global)
2/2/23	Alacrity Solutions Group	Insurance claims management and advisory services firm	BlackRock Alternatives
2/1/23	OpenGate Consulting	Business and technology consulting firm focused on the Salesforce ecosystem	SolomonEdwards (Renovus Capital Partners)
2/1/23	Intensity, LLC	Economic, finance, and data science professional services firm	Secretariat (JLL Partners)
1/31/23	Kusar Court Reporters	Independent real-time court reporting company	Lexitas (Apax Partners)
1/24/23	Benefitfocus, Inc.	Cloud-based benefits administration technology firm	Voya Financial
1/18/23	Intechnica	UK-based technology firm focused on due diligence and value creation	Crosslake Technologies (Falfurrias Capital Partners)
1/10/23	Integrated Access Corporation	Demand creation consulting and services firm	Forward Solutions (Osceola Capital)
1/10/23	704beantown advisers LLC	Boutique tax advisory firm focused on international and partnership tax	WilliamsMarston (Align Capital)
1/9/23	Conexus Search	Consulting, executive search, and talent acquisition solutions firm	The Re-Sourcing Group (McNally Capital)
1/6/23	ToxStrategies	Multidisciplinary scientific consulting firm	Renovus Capital Partners
1/6/23	Driving Dynamics	Driver safety training services firm focused on commercial fleet clients	Smith System (Levine Leichtman Capital)
1/5/23	Esquire Deposition Solutions	Court reporting, video, and interpreting services firm	Gridiron Capital
1/4/23	Sage Group	Consulting and expert witness services firm focused on the construction industry	Aperture (Trinity Hunt Partners)
1/3/23	Dataline Systems, LLC	Business process outsourcing and financial services operations support firm	CardWords, Inc. (Parthenon Capital)
1/1/23	O'Connor & Drew	Public accounting, tax, and business advisory firm	Withum

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



WENDEL
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 UK. Headquartered in New York City, New York, 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

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

Professional & 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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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
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