



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

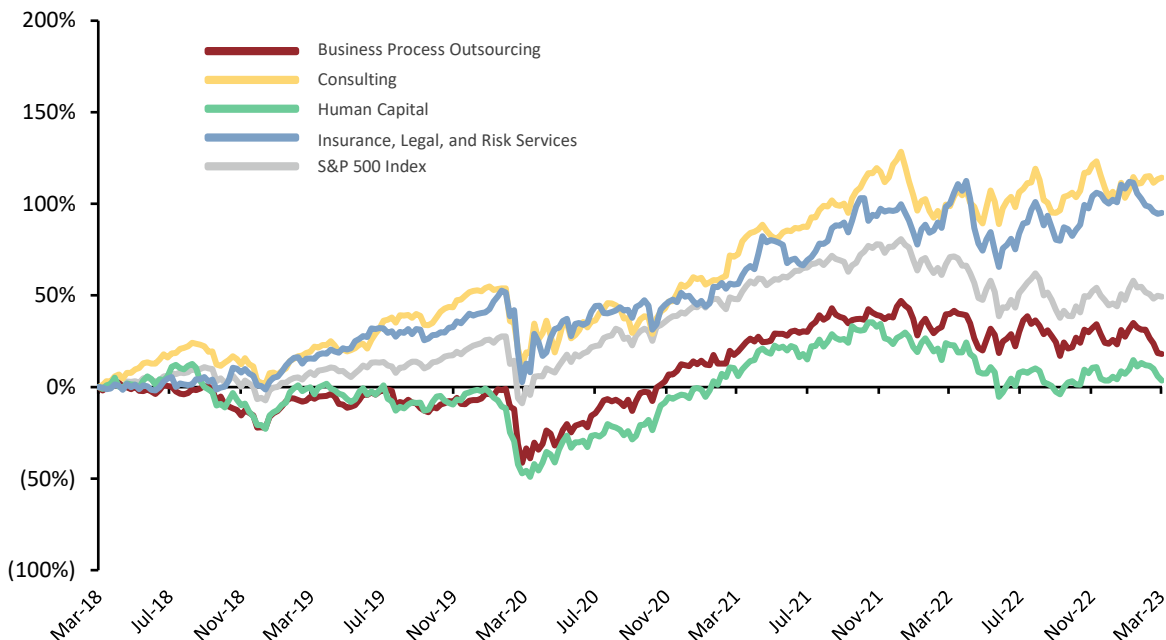


[Link to Read](#)

Professional and Tech-Enabled Services Public Company Performance and Trends¹

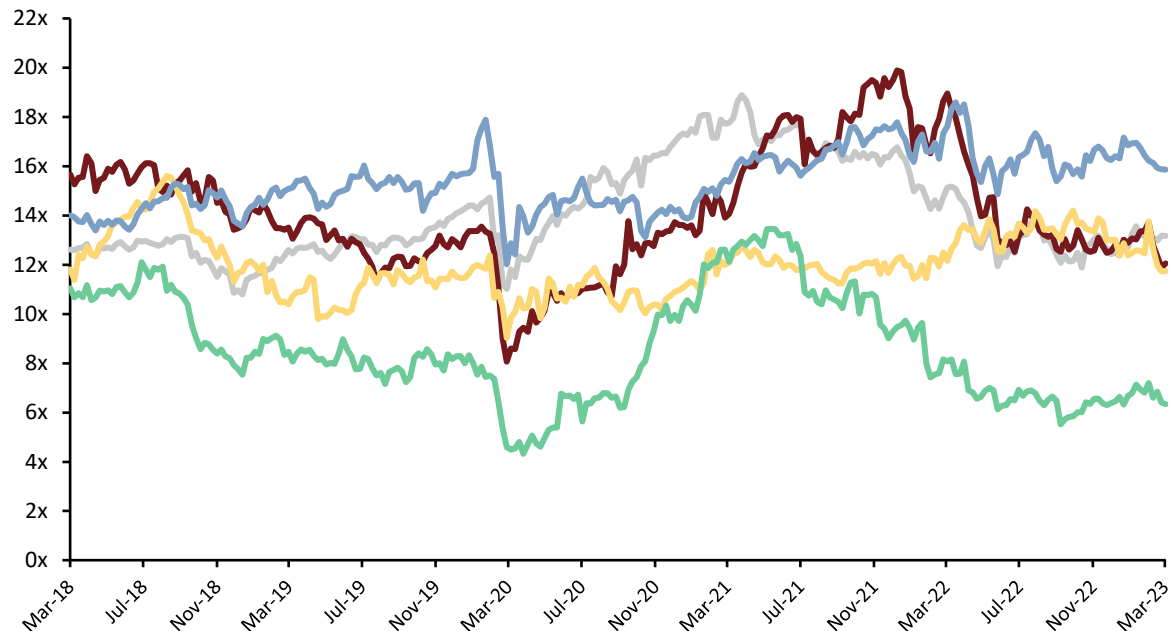
Historical Stock Prices – Past 5 Years

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

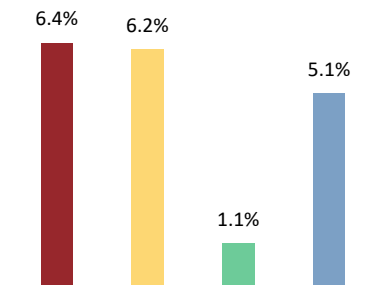


Professional and Tech-Enabled Services Public Company Operating and Valuation Metrics¹

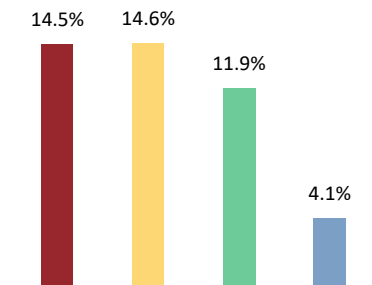
Public Company – Operating Metrics

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

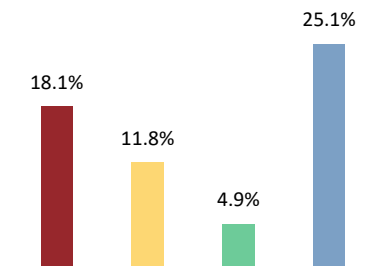
Median 3-Year Revenue CAGR (2019-2022)



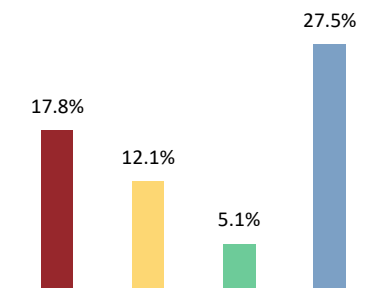
Median LTM Revenue Growth



Median 3-Year EBITDA Margin (2019-2022)



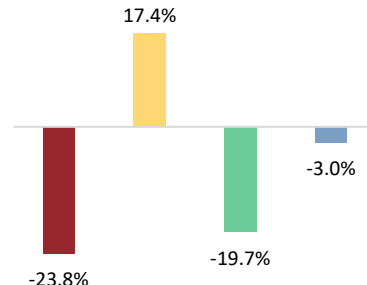
Median LTM EBITDA Margin



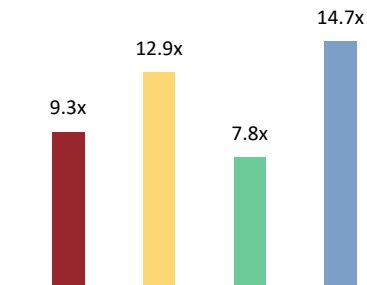
Public Company – Valuation Metrics

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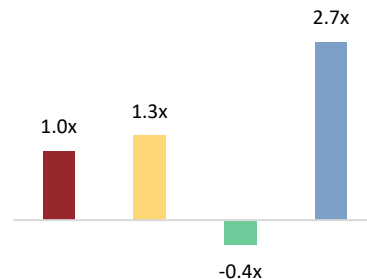
12-Month Change in Stock Price



Median TEV / 2023E EBITDA Multiple



Net Debt / LTM EBITDA



Business Process Outsourcing

Consulting

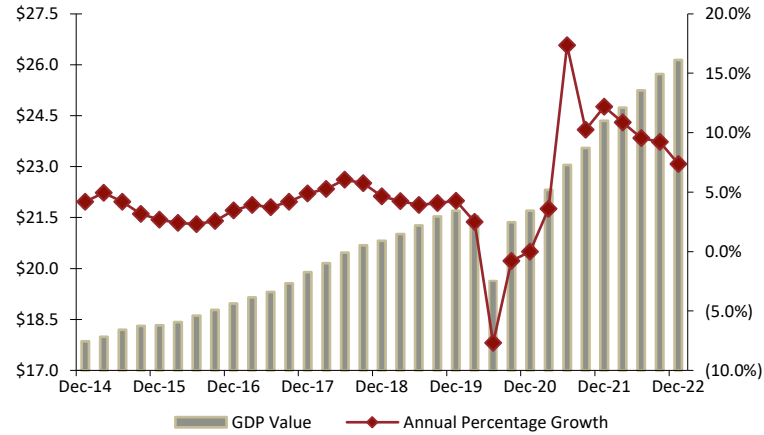
Human Capital

Insurance, Legal, and Risk Services

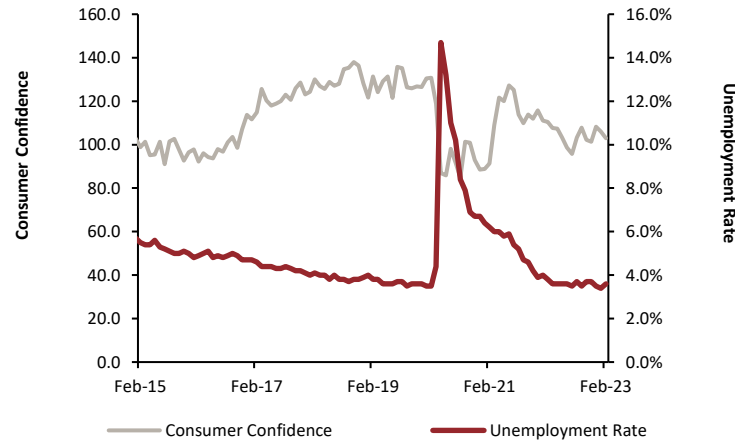
Economic Trends

U.S. GDP Growth¹

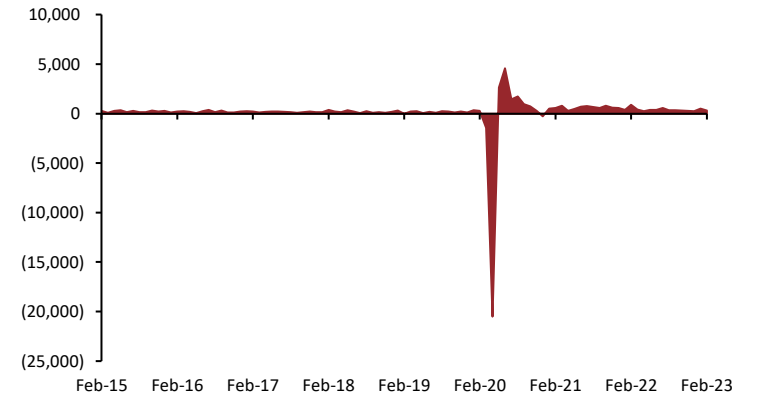
(In billions indexed to 2014 USD)



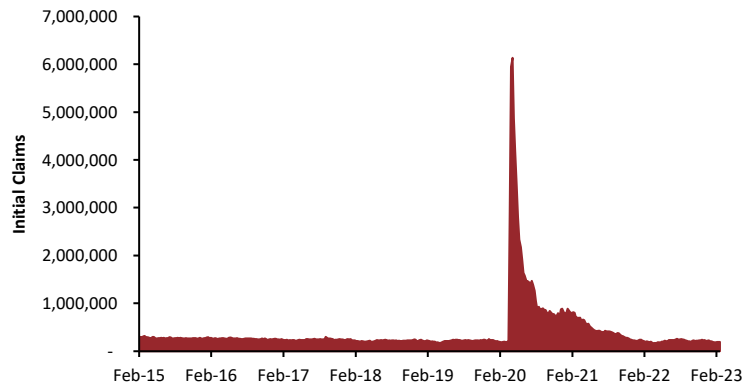
Consumer Confidence & Unemployment Rate^{2,3}



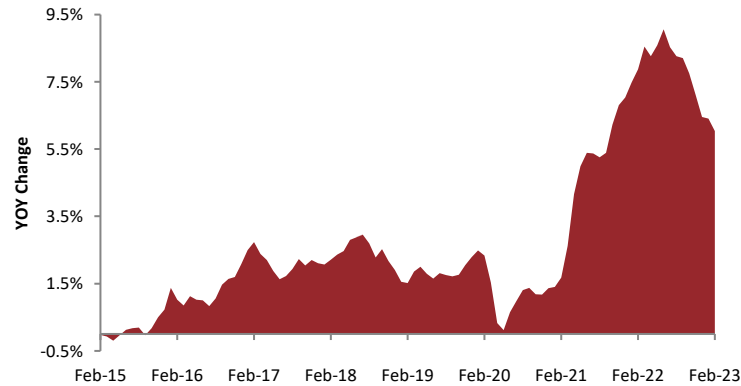
Non-Farm Payrolls (1 Month Net Change)³



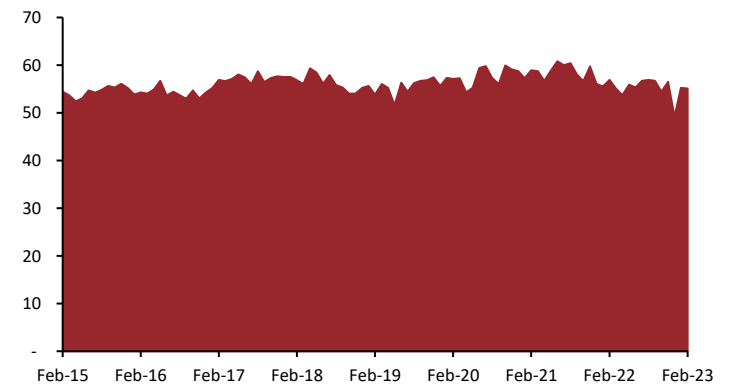
U.S. Initial Jobless Claims⁴



Consumer Price Index³

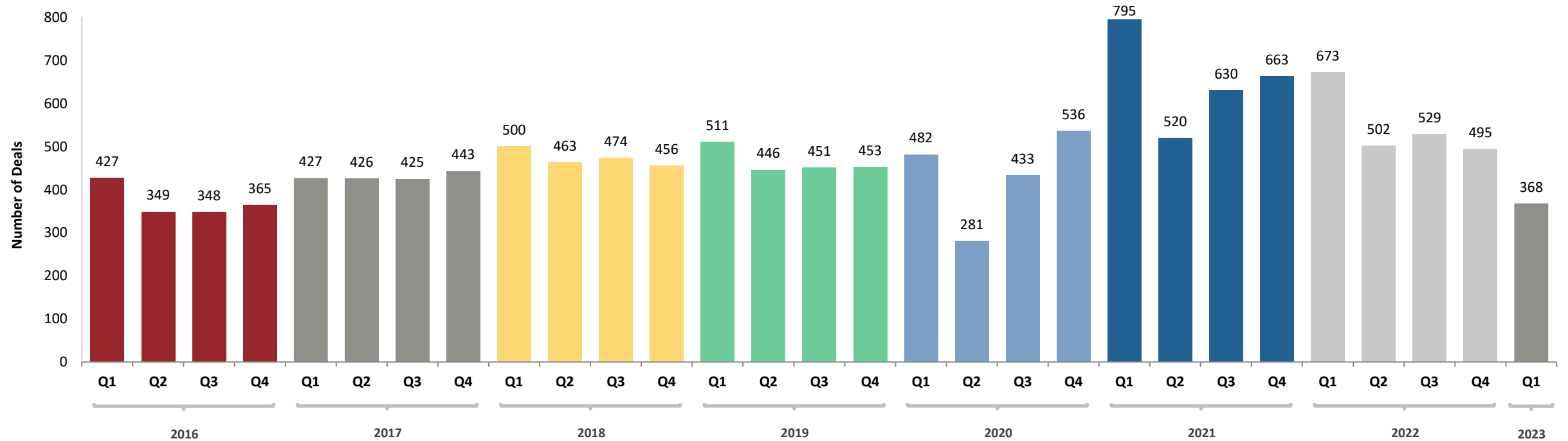


ISM Non-Manufacturing Index⁵



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

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



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
- › 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

| | | | |
|--|---|---|---|
| <i>a portfolio company of</i> <i>has been acquired by</i> | <i>a portfolio company of</i> RLH Equity Partners <i>has been acquired by</i> | <i>a portfolio company of</i> RLH Equity Partners <i>has been acquired by</i> | <i>a portfolio company of</i> <i>has been acquired by</i> |
| <i>has acquired</i> <i>a business division of</i> | <i>a portfolio company of</i> SOUTHFIELD <i>has been acquired by</i> | <i>a portfolio company of</i> <i>has been acquired by</i> | <i>has acquired</i> <i>a portfolio company of</i> LEEDS Equity Partners |

Contact Us

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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



BANKING



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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