

BUSINESS SERVICES



Quarterly Update Second Quarter 2021

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KEY HIGHLIGHTS

BUSINESS SERVICES SECOND QUARTER 2021 KEY HIGHLIGHTS

The SOLIC Business Services Sector Index (“SBSS Index”) was up 5.5% in Q2 2021, an impressive performance for most quarters, but significantly below the 18% increase in Q2 experienced by the S&P 500, which was lifted by a strong rebound in energy, financial and hospitality/leisure stocks as the sectors rebounded. The SBSS Index was led by Information Services (+11.1%), Professional Staffing (+9.0%), Business Process Outsourcing (+8.8%), and Marketing Services (+5.5%) reflecting strong demand for labor and operational support as businesses seek to return to pre-pandemic activity. The only sector that experienced a decline was Specialty Consulting (-4.5%), which has been negatively impacted by a drop in corporate bankruptcy filings and turnaround management opportunities. Through YTD June 30 the SBSS Index is up 13% reflecting sustained investor optimism for an overall economic rebound.

M&A during Q2 was extremely active with both strategic and private equity acquisitions occurring in all sectors along with significant investments by venture capital firms in HR outsourcing and digital advertising firms. Overall, the general level of private equity investment across all subsectors continues to astound. Notable transactions from Q2 2021 include:

- Apollo Global Management’s acquisition of EmployBridge, one of the largest industrial staffing firms in the U.S. with more than \$2.9 billion in revenue and 400,000 temporary associates working from more than 365 offices in 48 states
- H.I.G. Capital’s announced purchase of Oxford Global Resources, a provider of IT, engineering and Life Sciences consultants, from On Assignment, Inc. (NYSE:ASGN) for \$525 million or over 11x EBITDA
- Transworld Systems’, a portfolio company of Platinum Equity and Clearlake Capital Group, acquisition of Account Control Technology Holdings, a provider of debt recovery, accounts receivable management, to create one of the largest ARM platforms in the U.S.
- People 2.0’s, a portfolio company of TPG Growth, acquisition of TalentWave, a provider of independent contractor compliance and payroll services
- The Blackstone Group’s acquisition of Simplifi, a developer of programmatic advertising and agency management software designed to simplify digital advertising

We expect M&A activity to remain robust throughout 2021 as strategic acquirors look to position themselves for pandemic growth and institutional investors seek to capture opportunities as the economy continues to strengthen.

We welcome your comments and hope you find our *SOLICconnect* report informative.



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A handwritten signature in black ink, appearing to read 'E. Casas'.

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SUB-SECTOR HIGHLIGHTS

BUSINESS PROCESS OUTSOURCING

VALUATION METRICS

COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
Conduent	CNDT	\$7.50	88.2%	\$1,592.9	\$3,105.9	0.8x	NM	NM	NA
ExlService Holdings	EXLS	\$106.26	97.8%	\$3,555.2	\$3,507.9	3.6x	16.4x	15.7x	37.0x
Genpact	G	\$45.43	92.7%	\$8,509.8	\$9,938.2	2.7x	15.2x	13.1x	28.4x
ModivCare	MODV	\$170.07	92.1%	\$2,384.2	\$2,601.5	1.8x	13.5x	15.1x	NM
Sykes Enterprises	SYKE	\$53.70	99.4%	\$2,137.0	\$2,241.8	1.3x	14.1x	10.6x	32.0x
TTEC	TTEC	\$103.09	91.1%	\$4,827.0	\$5,223.1	2.5x	17.7x	15.5x	33.0x
WNS Global Services	WNS	\$79.87	97.9%	\$3,945.8	\$3,845.1	4.2x	18.7x	14.8x	40.5x
Mean						2.4x	15.9x	14.2x	34.2x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/2/2021	CI Capital Partners	Skipjack Supply Chain	Developer of SaaS based logistics platform designed to dissolve the complexity inherent in supply chain and warehouse management applications
5/4/2021	Periscope Equity	Visage	Developer of a telecom expense management software designed to offer complete visibility into any aspect of IT expense infrastructure
5/4/2021	Periscope Equity	Mobile Solutions	Provider of managed mobility management services including cost allocations, inventory management, wireless asset management, and real-time expense management
4/26/2021	Tier1 Financial Solutions	Satuit Technologies	Developer of client relationship management (CRM) and reporting management software designed to manage and implement asset management processes

HR SERVICES

VALUATION METRICS

COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
51job	JOBS	\$77.77	96.6%	\$5,244.6	\$3,714.0	6.6x	22.0x	NA	37.8x
Automatic Data Processing	ADP	\$198.62	99.1%	\$84,516.4	\$84,980.1	5.8x	22.3x	21.0x	34.5x
Barrett Business Services	BBSI	\$72.61	91.1%	\$549.3	\$434.7	0.5x	9.2x	9.2x	17.1x
DHI Group	DHX	\$3.38	84.7%	\$176.4	\$202.4	1.5x	NA	7.1x	NA
Insperty	NSP	\$90.37	94.4%	\$3,495.1	\$3,407.1	0.8x	15.1x	13.0x	25.5x
Paychex	PAYX	\$107.30	99.1%	\$38,606.5	\$38,471.7	9.5x	23.7x	20.8x	35.4x
Mean						4.1x	18.5x	14.2x	30.1x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/28/2021	EQT Group	Pro Unlimited	Provider of workforce management and HR services including compliance and payroll
6/8/2021	Cross Country Healthcare	Workforce Solutions	Human resources consulting and talent solutions firm focused on addressing the staffing challenges in the home health and home care spaces
6/8/2021	Texas Pacific Group	Talentwave	Provider of independent contractor compliance and payroll services to talent sourcing and recruiting firms

SUB-SECTOR HIGHLIGHTS

INFORMATION SERVICES

VALUATION METRICS

COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
Copart	CPRT	\$131.83	97.9%	\$31,188.1	\$30,806.4	12.5x	24.9x	22.5x	37.5x
CoStar Group	CSGP	\$82.82	86.9%	\$32,708.6	\$30,143.0	NM	NM	NM	NM
Equifax	EFX	\$239.51	98.7%	\$29,149.0	\$32,801.8	7.5x	23.9x	20.6x	48.4x
FactSet Research Systems	FDS	\$335.61	91.8%	\$12,703.6	\$12,905.9	8.3x	21.8x	22.2x	33.5x
Fair Isaac	FICO	\$502.68	91.8%	\$14,465.6	\$15,292.0	11.5x	38.1x	25.7x	NM
Forrester Research	FORR	\$45.80	96.5%	\$876.1	\$929.9	2.0x	14.4x	15.0x	NM
Gartner	IT	\$242.20	99.3%	\$20,847.7	\$23,136.5	5.5x	37.8x	22.8x	NM
Liquidity Services	LQDT	\$25.45	84.8%	\$853.6	\$779.4	3.5x	34.7x	20.3x	NM
Morningstar	MORN	\$257.11	95.2%	\$11,041.8	\$11,178.5	7.7x	23.9x	NA	43.6x
Ritchie Bros. Auctioneers	RBA	\$59.27	75.7%	\$6,536.3	\$7,042.6	4.9x	23.5x	18.8x	37.3x
Mean						7.0x	27.0x	21.0x	40.0x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/24/2021	Windjammer Capital Investors	Cor365 Information Solutions	Provider of secure document and data management solutions including data protection and document services
5/4/2021	Rubicon Technology Partners	Sherpa Software	Developer of information management software designed to locate sensitive data in order to mitigate risk and comply with policies and regulations
4/15/2021	TA Associates Management	Izenda	Developer of self-service custom reporting software for OEM use and embedding, allowing users to analyze data in real-time
4/13/2021	Aquiline Capital Partners, BlackFin Capital Partners	Terrene Labs	Developer of a data platform designed to speed up the insurance application processes by reducing data entry and generating more data collection
4/9/2021	Acorns	Pillar	Developer of a mobile application designed to create a central hub to manage files, contacts, and accounts

SUB-SECTOR HIGHLIGHTS

IT CONSULTING

VALUATION METRICS

COMPANY / TICKER	STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E	
					LTM REVENUE	LTM EBITDA	NTM EBITDA		
Accenture	ACN	\$294.79	99.0%	\$186,937.1	\$180,922.3	3.8x	21.3x	16.9x	32.9x
Cognizant Technology Solutions	CTSH	\$69.26	83.7%	\$36,528.5	\$36,085.5	2.1x	13.1x	10.8x	24.3x
Computer Task Group	CTG	\$9.67	82.8%	\$148.7	\$138.9	0.4x	9.7x	8.5x	17.6x
Perficient	PRFT	\$80.42	97.5%	\$2,657.6	\$2,809.8	4.4x	NM	19.5x	NM
SYNNEX	SNX	\$121.76	93.3%	\$6,313.5	\$6,220.0	0.3x	7.1x	8.9x	11.9x
					Mean	2.2x	12.8x	12.9x	21.7x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/26/2021	Berkshire Partners	M2 Enterprise Group	Telecommunications consulting agency focused on offering unified communications and contact center services
6/24/2021	Berkshire Partners	PacTech Partners	Provider of vendor-neutral network and communications technology sourcing services for large enterprises
5/6/2021	Veritas Capital	Perspecta	Provider of end-to-end, technology-focused solutions to ensure broader access to customers, capabilities and contract vehicles
4/6/2021	H.I.G. Capital	Upton Hill	Provider of IT consulting and management services for the healthcare industry

SUB-SECTOR HIGHLIGHTS

MARKETING SERVICES

VALUATION METRICS

COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
Harte Hanks	PINX: HRTH	\$5.80	82.9%	\$38.7	\$78.3	0.4x	NA	7.8x	NA
The Interpublic Group of Companies	IPG	\$32.49	94.4%	\$12,780.8	\$16,034.1	1.8x	17.5x	9.9x	29.5x
LiveRamp Holdings	RAMP	\$46.85	53.6%	\$3,211.8	\$2,645.2	NM	NA	NM	NA
MDC Partners	MDCA	\$5.85	98.2%	\$459.8	\$1,712.1	1.5x	NA	NA	NA
Omnicom Group	OMC	\$79.99	92.6%	\$17,204.3	\$19,820.3	1.5x	10.6x	8.5x	17.7x
Publicis Groupe	PAR: PUB	\$64.19	91.9%	\$15,755.8	\$19,358.3	1.6x	8.9x	7.2x	23.7x
Viad	VVI	\$49.85	95.9%	\$1,021.1	\$1,663.1	NM	NA	NM	NA
WPP	WPP	\$13.48	92.5%	\$16,174.1	\$20,494.3	1.3x	NA	8.9x	NA
Mean						1.3x	12.3x	8.5x	23.6x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/28/2021	The Blackstone Group	Simpli.fi	Developer of programmatic advertising and agency management software designed to simplify digital advertising through the use of unstructured data
4/20/2021	Mountaingate Capital	Three Deep Marketing	Provider of performance marketing services to improve the entire marketing and sales demand chain
4/14/2021	Zigatta	Adweb Solutions	Provider of digital marketing services including data analytics, online CRM, consulting, and sales solutions
4/3/2021	Mayfair Equity Partners	Buntin Out-of-Home Media	Provider of advertising and marketing services including brand strategy, creative services, media planning, content creation and consumer research

SUB-SECTOR HIGHLIGHTS

PROFESSIONAL STAFFING

VALUATION METRICS

COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
Adecco Group	SWX: ADEN	\$68.25	93.9%	\$11,131.5	\$11,891.1	0.5x	14.3x	9.1x	25.5x
AMN Healthcare Services	AMN	\$96.98	99.8%	\$4,583.0	\$5,490.5	2.1x	22.4x	12.3x	36.2x
ASGN	ASGN	\$96.93	87.7%	\$5,156.7	\$5,886.9	1.5x	14.6x	12.4x	25.2x
Cross Country Healthcare	CCRN	\$16.51	87.4%	\$621.9	\$723.8	0.8x	NM	9.9x	NM
Kelly Services	KELYA	\$23.97	88.8%	\$943.8	\$788.2	0.2x	4.8x	7.9x	8.9x
Kforce	KFRC	\$62.93	97.8%	\$1,379.7	\$1,396.1	1.0x	16.3x	12.6x	22.2x
ManpowerGroup	MAN	\$118.91	95.1%	\$6,483.7	\$6,340.0	0.3x	19.3x	10.1x	NM
Randstad	AMS: RAND	\$76.76	96.7%	\$14,119.8	\$14,339.1	0.6x	21.0x	9.2x	30.4x
RCM Technologies	RCMT	\$4.12	33.0%	\$45.7	\$71.5	0.5x	NA	11.2x	NA
Resources Connection	RGP	\$14.36	92.9%	\$471.3	\$475.0	0.7x	18.3x	9.1x	NM
Robert Half International	RHI	\$88.97	96.4%	\$10,034.1	\$9,823.7	2.0x	19.6x	14.2x	30.8x
Staffing 360 Solutions	STAF	\$3.45	17.2%	\$22.5	\$69.4	0.4x	NM	7.8x	NA
TrueBlue	TBI	\$28.11	93.7%	\$997.1	\$976.1	0.5x	26.6	11.9x	NM
Mean						0.8x	17.7x	10.6x	25.6x

NOTABLE M&A TRANSACTIONS

DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/29/2021	Odyssey Investment Partners	OmniPoint Staffing	Provider of IT staffing services specializing in skilled resources for ERP and infrastructure projects
6/3/2021	Apollo Global Management	EmployBridge	Provider of staffing and workforce management services designed to meet increasing and complex demands of corporations across the supply chain
4/1/2021	Odyssey Investment Partners	The Planet Group	Provider of outsourced human capital and consulting services for companies in life sciences, energy and engineering, healthcare, information technology and digital marketing industries
4/1/2021	MidOcean Partners	IT Works Recruitment	Provider of staffing and recruitment services to the technology market

SUB-SECTOR HIGHLIGHTS

SPECIALTY CONSULTING

VALUATION METRICS

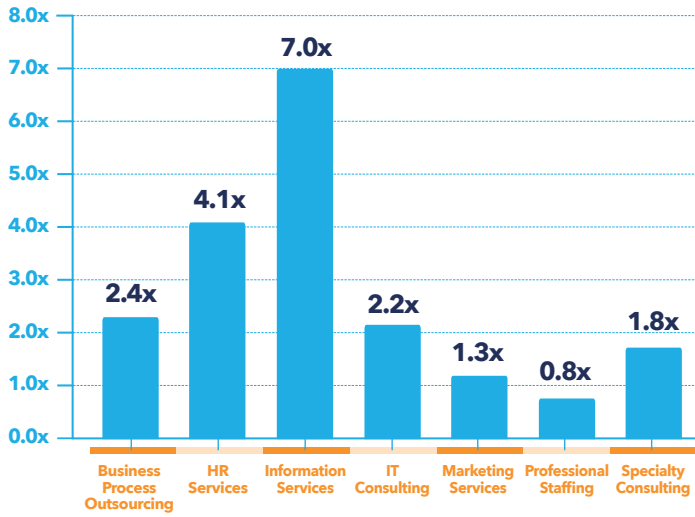
COMPANY / TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE (\$ MM)	ENTERPRISE VALUE TO			P/E
						LTM REVENUE	LTM EBITDA	NTM EBITDA	
CBIZ	CBZ	\$32.77	93.1%	\$1,741.6	\$2,066.9	2.1x	14.0x	14.2x	19.5x
Charles River Associates	CRAI	\$85.60	94.5%	\$626.8	\$785.6	1.5x	12.1x	13.4x	23.7x
Exponent	EXPO	\$89.21	87.1%	\$4,649.9	\$4,454.2	NM	NM	NM	NM
FTI Consulting	FCN	\$136.61	92.7%	\$4,675.0	\$5,053.8	2.0x	15.0x	14.4	22.7x
Huron Consulting Group	HURN	\$49.15	79.3%	\$1,109.7	\$1,425.7	1.7x	NM	14.2x	NM
Maximus	MMS	\$87.97	91.6%	\$5,407.7	\$5,762.7	1.5x	12.6x	9.4x	20.0x
The Hackett Group	HCKT	\$18.02	95.1%	\$543.0	\$497.4	2.1x	NM	9.6x	NM
Mean						1.8x	13.4x	12.5x	21.5x

NOTABLE M&A TRANSACTIONS

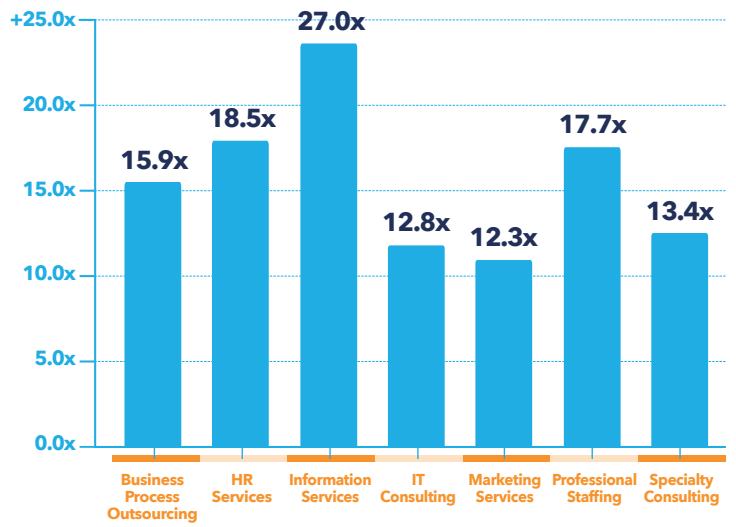
DATE CLOSED	BUYER / INVESTOR	TARGET	DESCRIPTION
6/7/2021	Great Hill Partners	Eloomi	Provider of a learning and performance management platform designed to enable human resources and business units to achieve their goals
6/7/2021	System One Holdings	Quadel Consulting and Training	Provider of training, consulting and management services to the housing industry
4/11/2021	Stone Point Capital	The Evanston Group	Life sciences consulting firm serving the biotechnology and pharmaceutical industry
4/5/2021	Five Arrows Capital Partners	The Futures Health Group	Provider of therapeutic and behavioral educational services to fulfill affordable special education and clinical service delivery needs

MARKET OVERVIEW

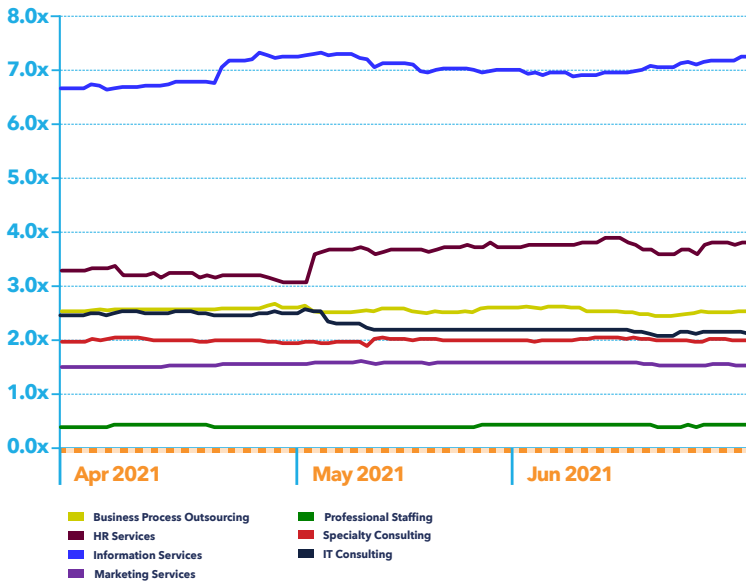
Enterprise Value to Revenue



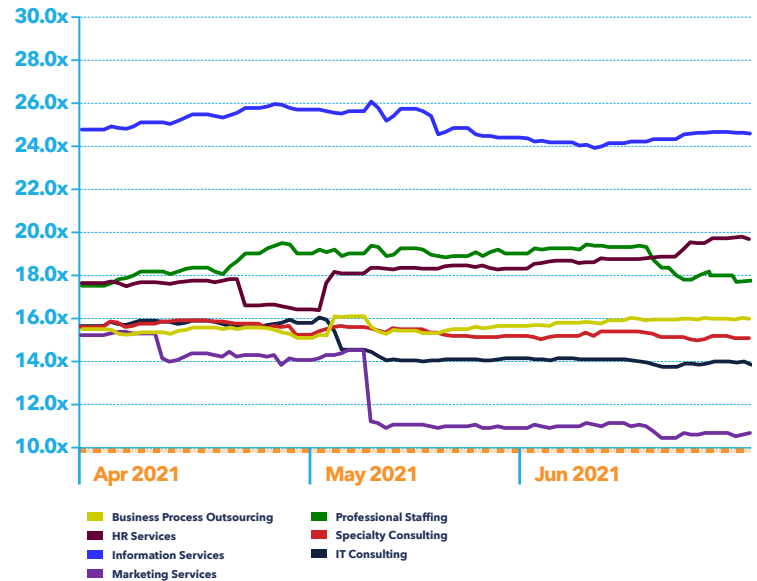
Enterprise Value to EBITDA



Business Services Sectors: Total Enterprise Value / Revenue



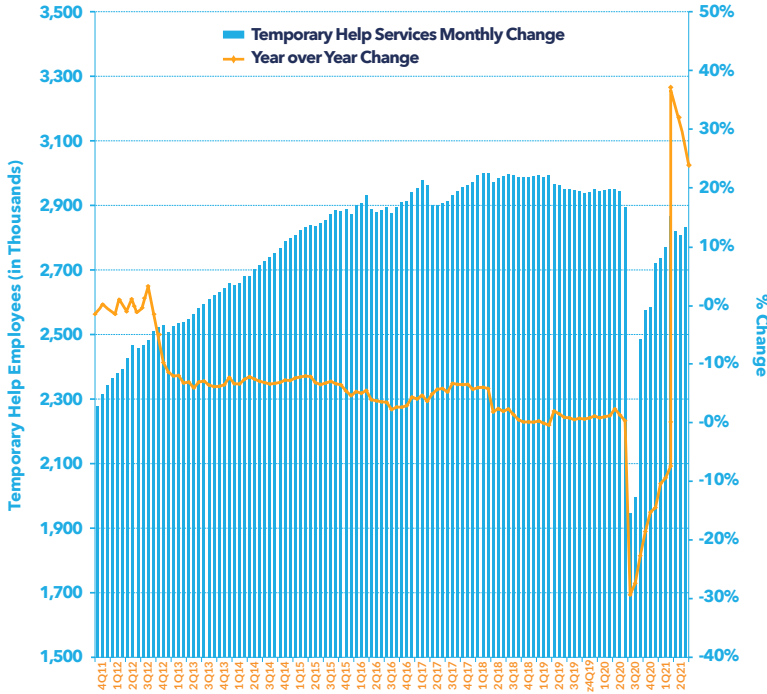
Business Services Sectors: Total Enterprise Value / EBITDA



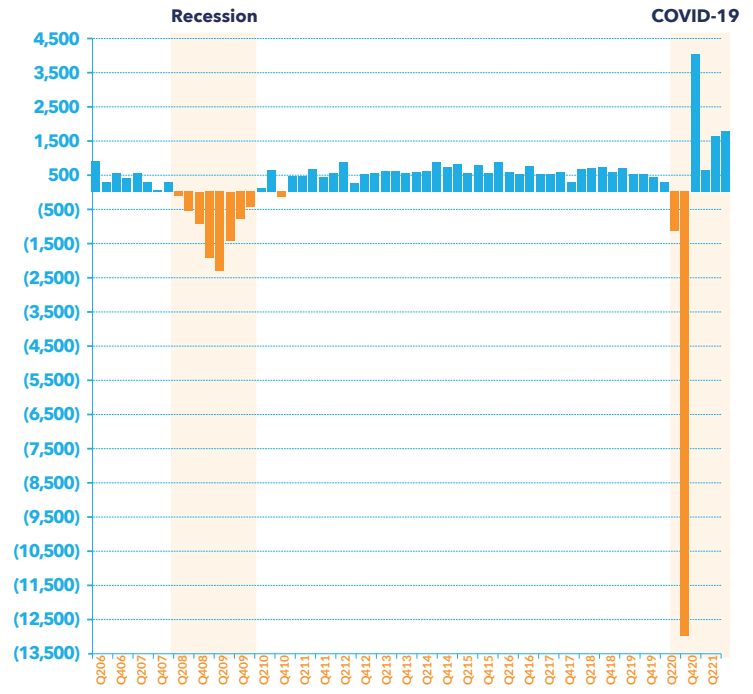
*Please see the "Notes" section at the end of this report regarding the public companies chosen for the "SOLIC Business Services Sector Index ("SBSS Index")"

MARKET OVERVIEW

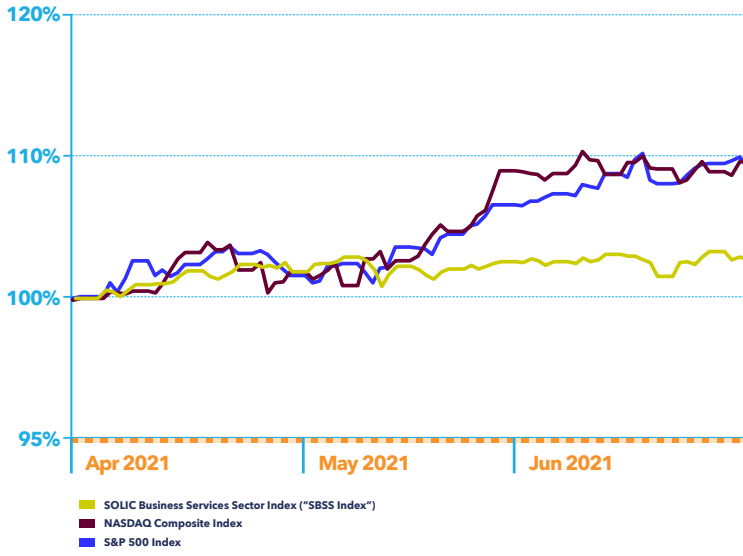
Temporary Help Services Trends



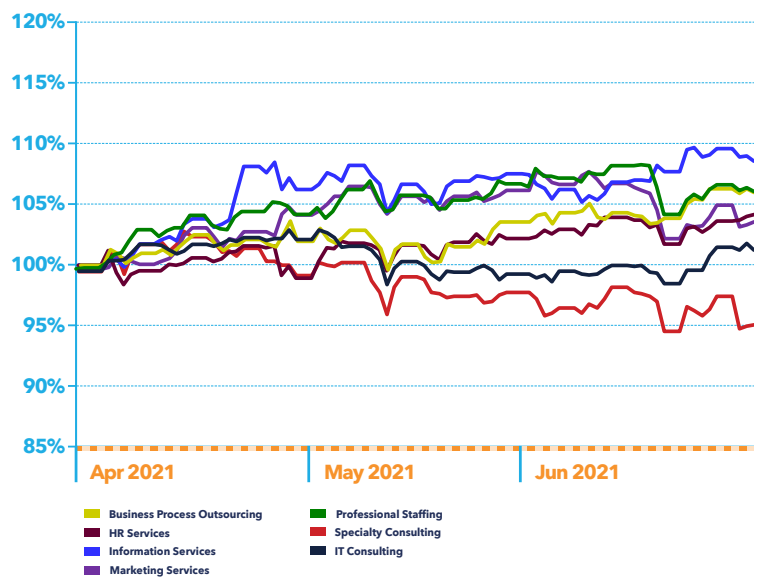
Net Change in U.S. Employment



SOLIC Business Services Sector Index ("SBSS Index")



SOLIC Business Services Sector Index ("SBSS Index") - Detailed



*Please see the "Notes" section at the end of this report regarding the public companies chosen for the "SOLIC Business Services Sector Index ("SBSS Index")"

NOTES

SOURCES

Sources: PitchBook, Bloomberg, Bureau of Labor Statistics, company 10-K, 10-Q and 8-K SEC filings, annual reports, press releases, and others as indicated.

Any public companies chosen for the “SOLIC Business Services Sector Index (“SBSS Index”)” are companies commonly used for industry information to show performance within a sector. They do not include all public companies that could be categorized within the sector and were not created as benchmarks; they do not imply benchmarking and do not constitute recommendations for a particular security and/or sector. The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

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