

BUSINESS SERVICES



Quarterly Update
Fourth Quarter 2021



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KEY HIGHLIGHTS

BUSINESS SERVICES FOURTH QUARTER 2021

The SOLIC Business Services Sector Index ("SBSS Index") rose 8.7% in Q4 2021, consistent with the 9.4% increase for the S&P 500. While the Business Services sector overall was consistent with broader markets, there was significant divergence within subsectors. The IT Consulting index was up by over 24% and the HR Services index increased by 18.3%, led by payroll companies such as ADP and Paychex and the view that such companies would benefit from accelerating employment in 2022 as well as rising interest rates. On the other side, the Professional Staffing Index was up only 1.9% during the quarter, representing a pull back after record appreciation during the first half of 2021.

M&A remained extremely strong across all sectors during Q4 with several high profile strategic mergers and private equity continuing to be very aggressive in pursuing platform investments. Notable transactions from Q4 2021 include:

- Intuit (NASDAQ: INTU), maker of TurboTax and QuickBooks, acquired email marketing provider MailChimp for \$12 billion
- EmployBridge, the largest U.S. industrial staffing provider and a portfolio company of Apollo Global Management, acquired Hire Dynamics, an industrial staffing firm with over \$260 million in revenue
- Hudson Global Inc. (NASDAQ: HSON), a provider of recruitment process outsourcing, acquired Karani LLC, a Chicago-based recruiting firm with operations in India and the Philippines
- MidOcean Partners acquired GHR Healthcare, a provider of travel and per diem nursing, allied health, revenue cycle, and educational staffing
- Kelso Private Equity acquired ResourcePro, a provider of outsourced business process management and consulting / advisory services to insurance brokers and TPAs
- Unisys (NYS: UIS) acquired CompuGain

We expect M&A activity to continue at its heightened 2021 levels during the first half of 2022 as private equity firms seek to aggressively deploy capital and strategic acquirors position themselves for the post-pandemic economy.

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



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SUB-SECTOR HIGHLIGHTS

BUSINESS PROCESS OUTSOURCING

Valuation Metrics:

COMPANY/TICKER ^[1]		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
Conduent	CNDT	\$5.34	62.8%	\$1,136.3	\$2,555.3	NM	5.7x	NA
ExlService Holdings	EXLS	\$144.77	99.2%	\$4,821.3	\$4,814.6	4.5x	20.8x	41.8x
Genpact	G	\$53.08	98.4%	\$9,982.2	\$11,078.0	2.8x	16.1x	27.6x
ModivCare	MODV	\$148.29	70.0%	\$2,076.0	\$2,968.9	1.6x	24.4x	95.7x
TTEC	TTEC	\$90.55	79.9%	\$4,254.9	\$5,097.9	2.3x	15.9x	27.4x
WNS Global Services	WNS	\$88.22	96.9%	\$4,300.9	\$4,253.0	4.2x	24.2x	38.5x
					Mean	3.1x	17.8x	46.2x

[1] CNDT has been excluded from mean EBITDA multiple calculation

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/22/2021	EisnerAmper (TowerBrook Capital Partners)	Keating Consulting Group	Provides interim chief financial officer and outsourced back office services in finance, accounting, and human resources to venture capital-backed and early-stage companies
12/13/2021	Kelso & Company	ReSource Pro	Provider of business process management and outsourcing services for insurance organizations
10/7/2021	24-7 Intouch (Trilantic North America)	Goodbay Technologies	Provider of customer support services for consumer electronics, gaming, digital media and entertainment industry with three contact management centers
10/4/2021	ChrysCapital	ResultsCX	Provider of automation-enabled customer support, acquisition, enrollment, retention, membership assistance, technical support and transaction processing services to the healthcare, telecom and cable, media and retail industries

SUB-SECTOR HIGHLIGHTS

HR SERVICES

Valuation Metrics:

COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
51job	JOBS	\$48.93	61.9%	\$3,299.7	\$1,778.2	2.7x	10.5x	34.7x
Automatic Data Processing	ADP	\$246.58	99.0%	\$103,904.9	\$105,679.8	6.9x	26.2x	39.0x
Barrett Business Services	BBSI	\$69.06	79.5%	\$518.3	\$429.4	0.5x	8.4x	15.3x
DHI Group	DHX	\$6.24	98.0%	\$309.1	\$333.0	2.8x	19.8x	NM
Insperity	NSP	\$118.11	91.3%	\$4,547.4	\$4,482.2	0.9x	22.2x	38.7x
Paychex	PAYX	\$136.50	98.2%	\$49,243.3	\$49,124.2	NM	27.7x	38.8x
Mean						2.8x	19.1x	33.3x

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/22/2021	Align Capital Partners	We Are Rosie	Provider of digital marketing services to connect independent workers to project-based work at scale
12/1/2021	Hudson Global Inc. (NASDAQ: HSON)	Karani LLC	Chicago-based recruiting firm with operations in India and the Philippines
10/12/2021	Brown & Brown Insurance (NYS: BRO)	Winston Benefits	Provider of benefits administration, enrollment, and employee engagement communication services to streamline the administrative needs of HR professionals
10/4/2021	Kingsway Financial Services (NYS: KFS)	Ravix Group	Provider of consulting services for outsourcing financial, accounting, and human resource functions
10/1/2021	Alera Group (Genstar Capital, Flexpoint Ford)	Blue Communications Agency	Provider of HR consulting and communications services including HR, benefits and change communications, and organizational change management

SUB-SECTOR HIGHLIGHTS

INFORMATION SERVICES

Valuation Metrics:

COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
Copart	CPRT	\$151.62	94.1%	\$35,962.5	\$35,197.5	12.1x	26.2x	36.5x
CoStar Group	CSGP	\$79.03	78.2%	\$31,211.8	\$28,576.9	15.2x	NM	NM
Equifax	EFX	\$292.79	97.6%	\$35,720.8	\$39,181.2	8.2x	25.7x	50.9x
FactSet Research Systems	FDS	\$486.01	98.1%	\$18,294.4	\$18,441.1	11.3x	31.5x	46.1x
Fair Isaac	FICO	\$433.67	78.3%	\$11,864.5	\$12,981.8	9.9x	24.1x	32.4x
Forrester Research	FORR	\$58.73	96.4%	\$1,125.9	\$1,146.8	NM	16.8x	58.7x
Gartner	IT	\$334.32	90.6%	\$27,494.1	\$29,931.7	6.6x	23.4x	41.5x
Liquidity Services	LQDT	\$22.08	73.6%	\$783.6	\$691.7	NM	20.3x	15.2x
Morningstar	MORN	\$341.99	97.7%	\$14,738.2	\$14,778.1	9.1x	34.5x	69.7x
Ritchie Bros. Auctioneers	RBA	\$60.71	79.6%	\$6,711.7	\$7,130.6	4.9x	19.7x	39.7x
Mean						9.7x	24.7x	43.4x

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/14/2021	Strattam Capital	Action Title Research	Provider of information services regarding property information and title insurance data including commercial and residential title research and examination services
12/9/2021	Raketeck Group (STO: RAKE)	A.T.S. Consultants	Provider of tailored pre-game insights for sports including a range of services from full-season packages to daily selections and sports betting picks and predictions
12/9/2021	Institutional Shareholder Services	Discovery Data	Provider of information services for financial services and insurance sectors including proprietary data, insights and analytics regarding registered investment advisers, brokers, broker dealers and insurance agents
12/1/2021	Clarivate Analytics (NYS: CLVT)	ProQuest	Developer of databases comprised of periodicals, newspapers, dissertations, out-of-print books and other scholarly information
11/9/2021	VerticalScope (TSE: FORA)	Threadloom	Provider of internet information services to modernize the search experience and enable searchable content

SUB-SECTOR HIGHLIGHTS

IT CONSULTING

Valuation Metrics:

COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
Accenture	ACN	\$414.55	99.3%	\$262,206.6	\$260,625.2	4.9x	28.8x	43.1x
Cognizant Technology Solutions	CTSH	\$88.72	98.5%	\$46,600.3	\$45,865.3	2.6x	14.8x	25.0x
Computer Task Group	CTG	\$9.97	85.4%	\$153.0	\$145.0	0.4x	10.3x	21.2x
Perficient	PRFT	\$129.29	84.3%	\$4,258.6	\$4,425.5	6.2x	NM	NM
SYNNEX	SNX	\$114.36	87.3%	\$10,979.5	\$10,954.3	0.5x	12.2x	12.2x
Mean						2.9x	16.5x	25.4x

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/17/2021	ConvergeOne (CVC Capital Partners)	Prime TSR	Operator of an IT consulting firm offering cloud consultancy services specializing in digital transformation solutions
12/14/2021	Unisys (NYS: UIS)	CompuGain	Provider of IT consulting and implementation services including modern application delivery, cloud practices, data services, and digital transformation
11/8/2021	Columbia Capital	Driven Technologies	Provider of IT services focused on securing, optimizing and managing multi-cloud infrastructure including cybersecurity, business process security, network management, and risk and compliance services
11/3/2021	Abacus Group (WestView Capital Partners)	ECHO Technology Solutions (IT Services Business Unit)	Provider of managed IT services to small and mid-size organizations including strategic planning, management, security, support, system recovery and IT implementation services
11/2/2021	Logically (The Riverside Company)	Halski Systems	Provider of information technology consulting and managed services including remote support, technical assistance center, on-site resources, consulting and VCIO, cloud services, back-up, and cybersecurity
10/4/2021	Frontenac Company	Integris	Four MSPs (Domain Technology Partners, Compudyne, ProviDyn and MyITpros), backed by private equity firm Frontenac, have merged to form Integris, a national managed IT services provider focused on small and mid-market businesses

SUB-SECTOR HIGHLIGHTS

MARKETING SERVICES

Valuation Metrics:

COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
The Interpublic Group of Companies	IPG	\$37.45	95.2%	\$14,746.1	\$17,637.6	1.8x	12.6x	21.2x
LiveRamp Holdings	RAMP	\$47.95	54.9%	\$3,265.1	\$2,767.2	NM	NA	NA
Omnicom Group	OMC	\$73.27	84.8%	\$15,574.2	\$18,167.1	1.3x	7.6x	11.4x
Publicis Groupe	PAR:PUB	\$67.03	96.0%	\$16,712.1	\$20,478.5	1.6x	7.8x	16.2x
Stagwell	STGW	\$8.67	78.5%	\$981.5	\$3,429.0	2.9x	22.9x	38.3x
Viad	VVI	\$42.79	81.2%	\$878.5	\$1,543.8	NM	NA	NA
WPP	WPP	\$15.11	98.5%	\$17,428.3	\$22,870.7	1.4x	16.7x	NA
Mean						1.8x	13.5x	21.7x

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/16/2021	Summit Partners	Mavrck	Developer of an all-in-one influencer marketing platform to identify and activate micro-influencers for enterprise brands
12/16/2021	Gen3 Marketing (Comvest Partners)	OAK Digital	Digital marketing services firm that provides end-to-end affiliate services including strategy formation, content publisher recruitment, and management and analytics
11/15/2021	Great Hill Partners	Prodege	Marketing platform that enables leading brands and agencies to gather insights, target core audiences, acquire new customers, boost engagement, and increase revenue
11/1/2021	Intuit (NAS: INTU)	MailChimp	Operator of a marketing and commerce platform for small businesses, brands and entrepreneurs with services including digital marketing, audience management tools, creative tools, marketing automation, insights and analytics
10/26/2021	Clavis Capital Partners	Click Here Digital	Full-service digital marketing agency offering digital expertise and data analytics providing insights into digital marketing campaign management
10/15/2021	RLH Equity Partners	imre	Developer and provider of digital platform services for sports and personal care sectors including digital experiences, social media marketing, brand building and content production

SUB-SECTOR HIGHLIGHTS

PROFESSIONAL STAFFING

Valuation Metrics:

COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	ENTERPRISE VALUE			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
Adecco Group	SWX: ADEN	\$50.98	70.1%	\$8,314.3	\$9,469.8	0.4x	8.8x	13.9x
AMN Healthcare Services	AMN	\$122.33	94.7%	\$5,783.2	\$6,517.5	2.0x	14.9x	26.7x
ASGN	ASGN	\$123.40	94.2%	\$6,429.1	\$6,846.2	1.7x	16.0x	29.9x
Cross Country Healthcare	CCRN	\$27.76	91.3%	\$1,055.0	\$1,172.9	0.9x	14.9x	17.5x
Kelly Services	KELYA	\$16.77	62.2%	\$661.3	\$700.3	0.1x	4.0x	6.2x
Kforce	KFRC	\$75.22	92.3%	\$1,611.5	\$1,615.0	1.1x	15.6x	21.9x
ManpowerGroup	MAN	\$97.33	77.8%	\$5,279.2	\$5,010.4	0.2x	7.9x	15.7x
Randstad	AMS: RAND	\$67.98	85.7%	\$12,504.9	\$12,777.5	0.5x	8.2x	14.4x
RCM Technologies	RCMT	\$7.12	57.0%	\$74.6	\$84.1	0.5x	11.8x	25.4x
Resources Connection	RGP	\$17.84	91.8%	\$580.3	\$580.1	0.9x	12.5x	16.2x
Robert Half International	RHI	\$111.52	92.3%	\$12,415.5	\$12,050.5	2.0x	15.7x	23.8x
Staffing 360 Solutions	STAF	\$0.92	10.7%	\$15.8	\$47.0	0.2x	2.0x	NA
TrueBlue	TBI	\$27.67	84.1%	\$981.7	\$1,002.1	0.5x	11.9x	20.3x
					Mean	0.8x	11.1x	19.3x

Notable Transactions:

DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/31/2021	Trilantic North America	Addison Group	Professional services firm specializing in talent solutions and consulting including a full suite of consulting and recruiting capabilities across multiple sectors
12/13/2021	MidOcean Partners	GHR Healthcare	Provider of healthcare staffing services including travel nursing, per diem nursing, allied health, behavioral health, education, information technology, revenue cycle, managed services provider, interim leadership and permanent placement services to healthcare facilities
12/7/2021	HireQuest (NAS: HQL)	Dental Power Staffing Division	Provider of staffing services for the dental industry including temporary, long-term contract and direct-hire staffing services
11/22/2021	EmployBridge (Apollo Global Management)	Hire Dynamics	Provider of staffing and recruitment services specializing in call centers, administrative and office positions, manufacturing facilities, supply chain and e-commerce operations
11/1/2021	Hudson Global (NAS: HSON)	Karani	Provider of recruiting and staffing services including sourcing, screening, onboarding and other talent-related services across a variety of industries

SUB-SECTOR HIGHLIGHTS

SPECIALTY CONSULTING

Valuation Metrics:

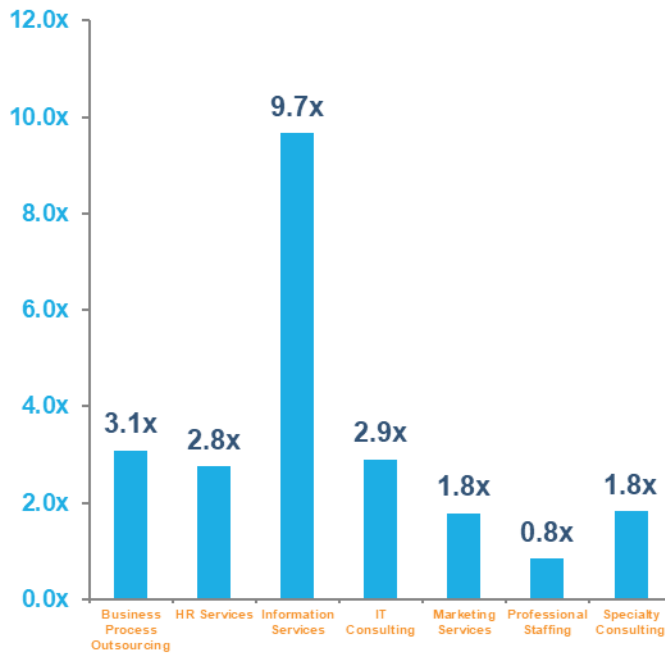
COMPANY/TICKER		STOCK PRICE	% OF 52 WEEK HIGH	MARKET CAP (\$ MM)	— ENTERPRISE VALUE —			
					(\$ MM)	TOLTM REVENUE	TOLTM EBITDA	P/E
CBIZ	CBZ	\$39.12	96.3%	\$2,037.8	\$2,401.4	2.2x	17.9x	25.9x
Charles River Associates	CRAI	\$93.36	80.0%	\$693.4	\$822.5	1.4x	10.5x	18.1x
Exponent	EXPO	\$116.73	91.5%	\$6,083.0	\$5,844.5	NM	NM	NM
FTI Consulting	FCN	\$153.42	98.5%	\$5,260.5	\$5,469.8	2.0x	14.6x	21.5x
Huron Consulting Group	HURN	\$49.90	80.5%	\$1,093.7	\$1,412.4	1.6x	NM	NM
Maximus	MMS	\$79.67	82.9%	\$4,935.9	\$6,508.4	1.5x	13.3x	17.1x
The Hackett Group	HCKT	\$20.53	88.1%	\$611.6	\$563.0	2.1x	13.9x	26.0x
Mean						1.8x	14.1x	21.7x

Notable Transactions:

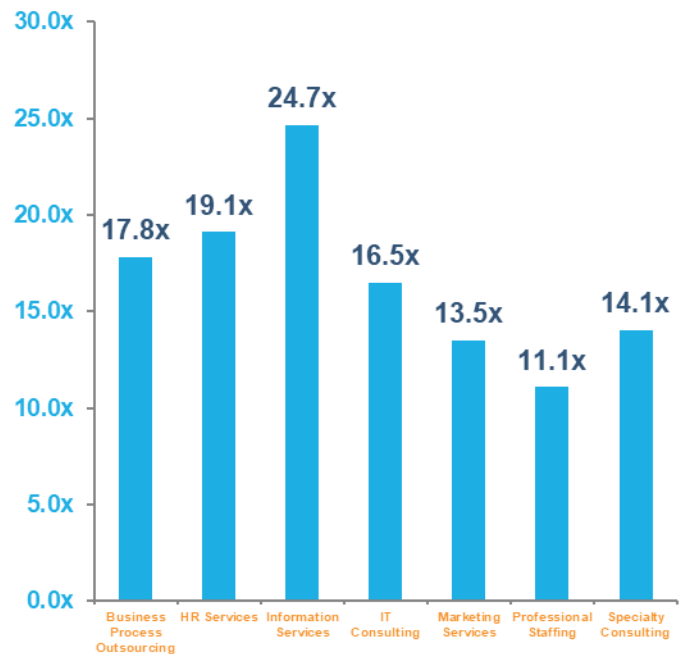
DATE CLOSED	BUYER/INVESTOR	TARGET	DESCRIPTION
12/14/2021	DFW Capital Partners	Herspiegel Consulting	Provider of brand management consulting services focused on the pharmaceutical and biotech industry
12/2/2021	EN Engineering (Kohlberg & Company)	ESC Engineering	Operator of electrical engineering consulting firm for the manufacturing and oil and gas industries
11/4/2021	J.S. Held (Kelso & Company)	Environmental Profiles	Operator of an environmental, health and safety consulting firm providing specialized expertise in toxicology, industrial hygiene and safety consulting
10/14/2021	Warburg Pincus	TRC Companies	Provider of consulting, engineering and construction management services for industrial and natural resource companies, railroads, real estate companies and federal and state agencies
10/11/2021	Bowman Consulting (NAS: BWMN)	PCD Engineering	Provider of design and engineering consulting services specializing in sustainable design, green building rating systems, plumbing systems, electrical, mechanical, and building code compliance
10/5/2021	Apex Companies (Sentinel Capital Partners)	CME Engineering	Provider of engineering consulting and engineering services in the commercial services, construction and engineering sectors

MARKET OVERVIEW

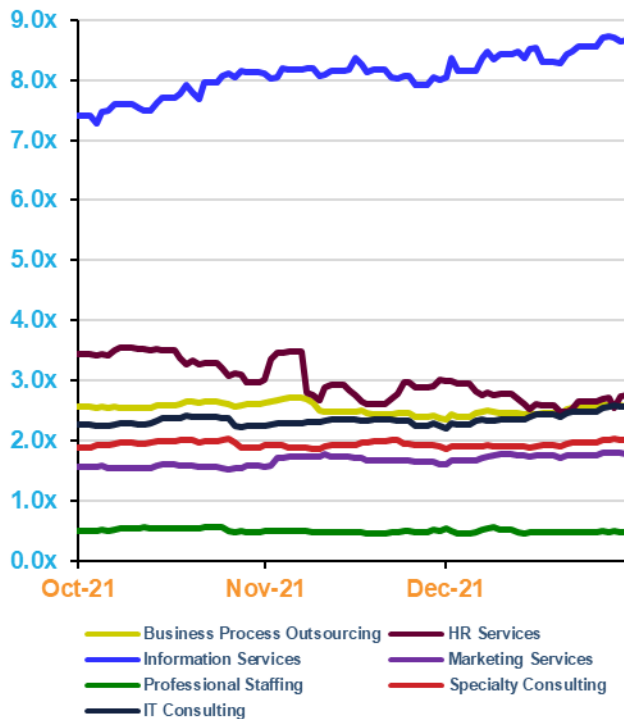
Enterprise Value to Revenue



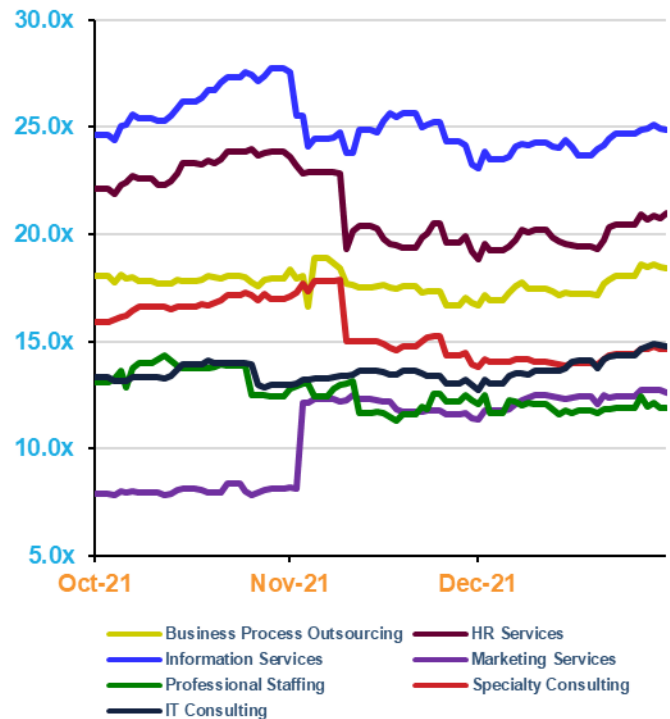
Enterprise Value to EBITDA



Business Services Sectors: Total Enterprise Value / Revenue



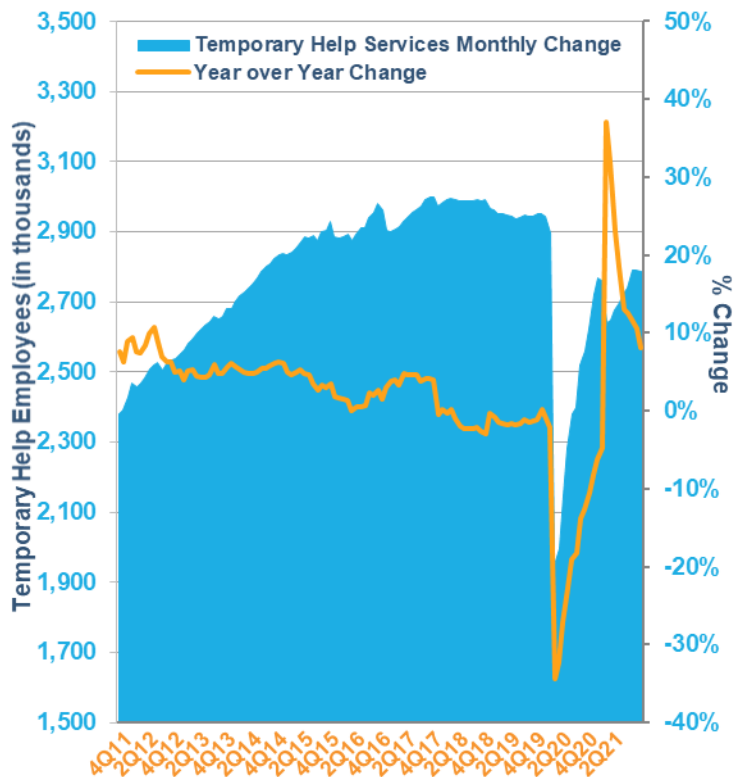
Business Services Sectors: Total Enterprise Value / EBITDA



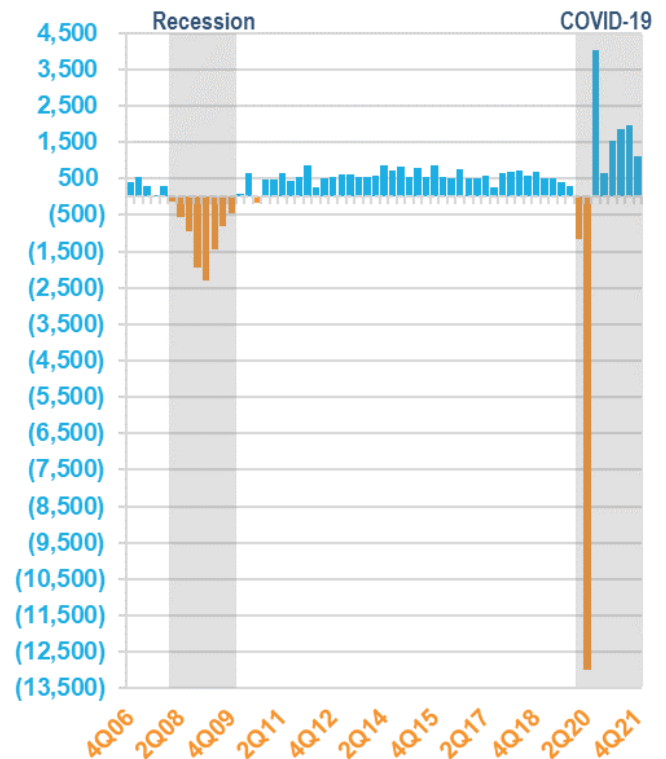
Please see the "Notes" section at the end of this report regarding the public companies chosen for the "SOLIC Business Services Sector Index ("SBSS Index")"

MARKET OVERVIEW

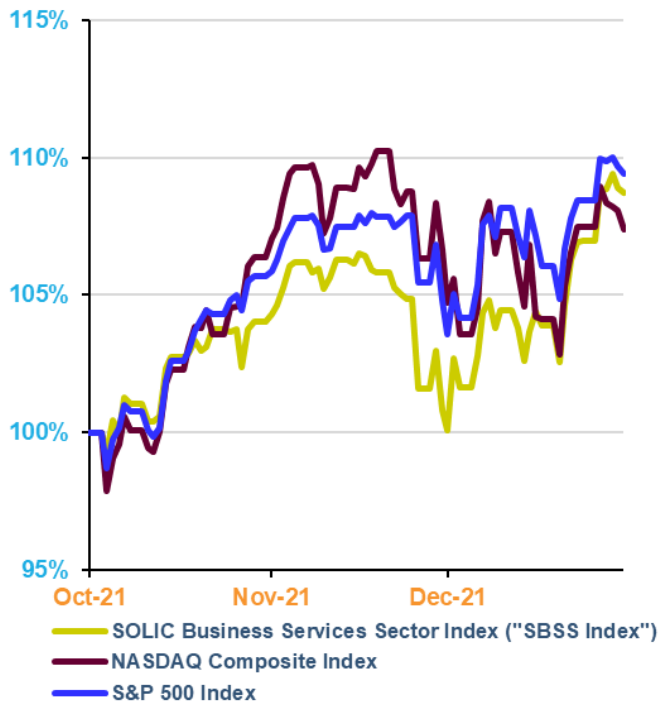
Temporary Help Services Trends



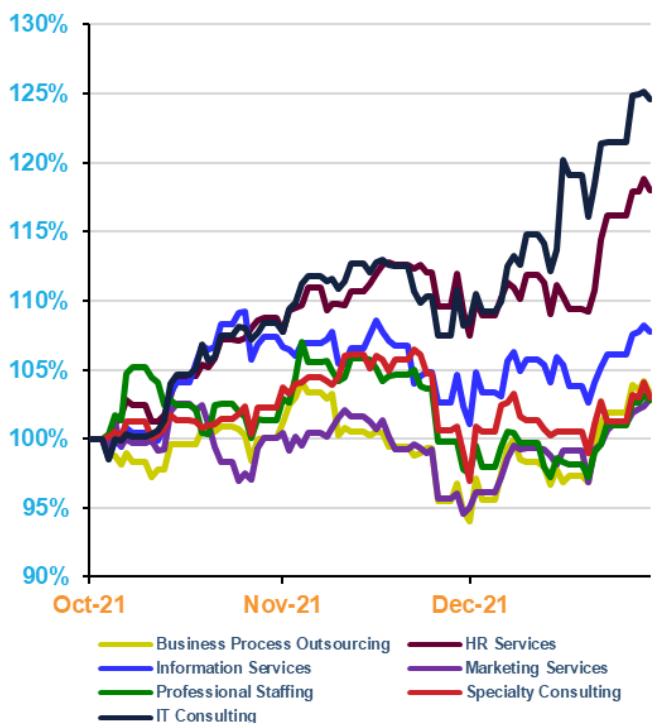
Net Change in U.S. Employment



SOLIC Business Services Sector Index ("SBSS Index")



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



NOTES

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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