

# HCM Market Insights

## Q1 2023

### M&A Q1 2023 In Review

- Global M&A activity fell Q1 2023 with total deal value coming in at just under \$1 Trillion, down 17% from the same period a year ago and down 10% from Q4 2022. Total deal count remained steady, with an estimated 10,625 transactions completed, down 7% from the previous quarter and slightly up from Q1 2022.
- In North America, 4,492 deals were completed with a combined enterprise value of \$503B. M&A mirrored global trends with a 5% drop in total deal value and 10% decline in deal count. Despite the recent decline, activity in Q1 outpaced M&A average deal count and total deal value from the years 2017 to 2019.
- PE backed exits represented 6.3% of all Q1 deals, down from 7.9% in 2022 and a high of 10.5% in 2018. In tandem, add-on acquisitions as a percent of total PE acquisitions increased once again to an all-time high of 75%. As PE firms hold their portfolio companies, they continue to pursue add-ons for existing portfolio companies.
- Overall deal count has remained steady as buyers are taking advantage of somewhat tempered valuations. Median EV/EBITDA was 7.9x in Q1 down from 9.1x in 2022.

### North American M&A Outlook

- Despite the macroeconomic headwinds, the 2023 M&A market remains dynamic. Although valuations moderated in Q1 M&A is expected to accelerate in H2 2023. This increase in momentum is driven by sellers recalibrating expectations and recognizing the value of bringing on a value-added partner, well-capitalized companies pursuing core business acquisitions, and private equity groups deploying high levels of capital.
- In the H2 2023 we expect a more stable financing landscape and increased bandwidth in leveraged finance markets. As a result, the need for larger equity checks in private equity deals is expected to decrease, ultimately leading to an improvement in the market. This is particularly relevant given that deals have become progressively smaller over the past year and easier to finance.
- Founder-owned private companies are being acquired by private equity firms at an unprecedented rate as a proportion of the overall deal flow, a trend that is projected to persist. Founder-run companies have proven to be valuable add-ons to existing portfolio companies, particularly if they can provide immediate value beyond that of a typical accretion event. Given the shortage of platform companies on the market, private equity groups are expected to maintain their focus on bolstering their current portfolio platforms through add-ons.
- The volatility in the VC markets has caused a notable decrease in new funds and increased reluctance in funding later-stage companies. Furthermore, due to the current inaccessibility of the IPO market and liquidity requirements, M&A activity is expected to increase for this segment of the market later in the year.

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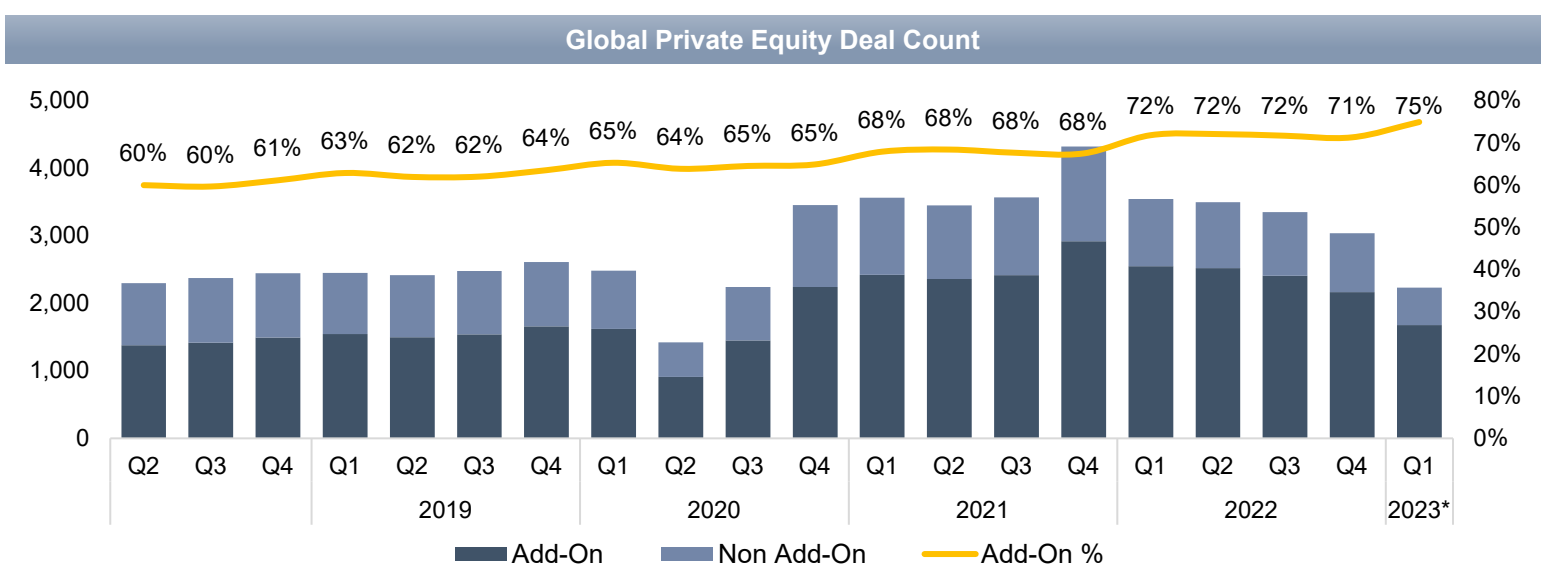
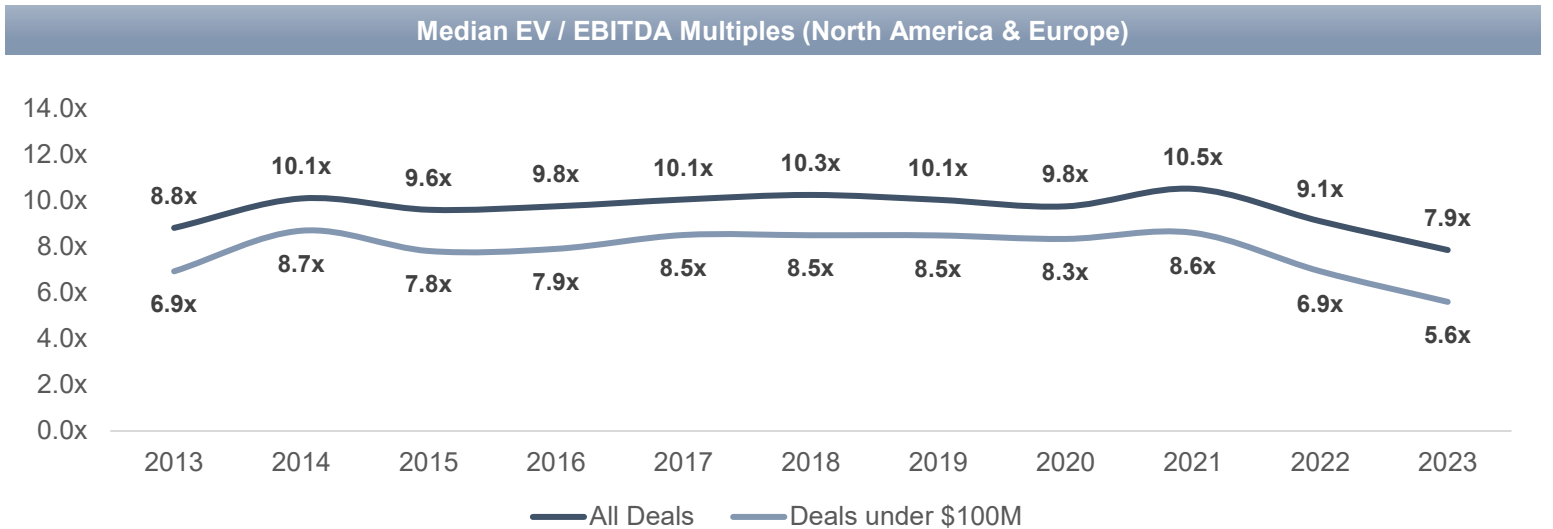
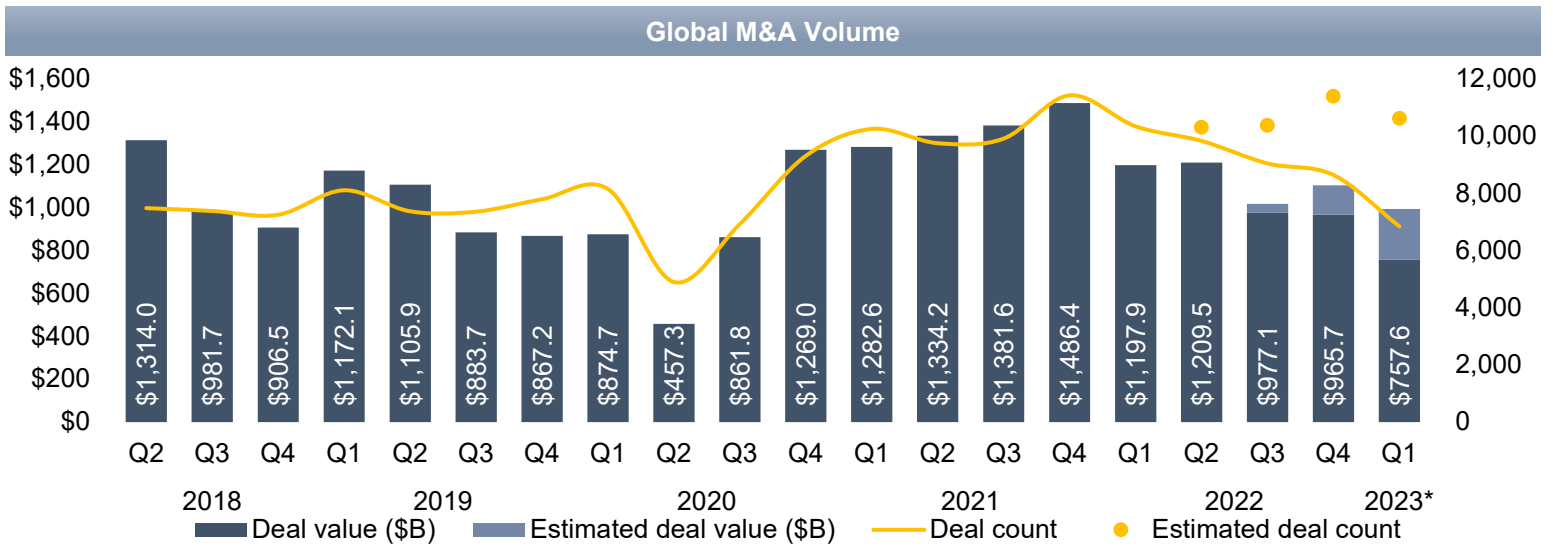
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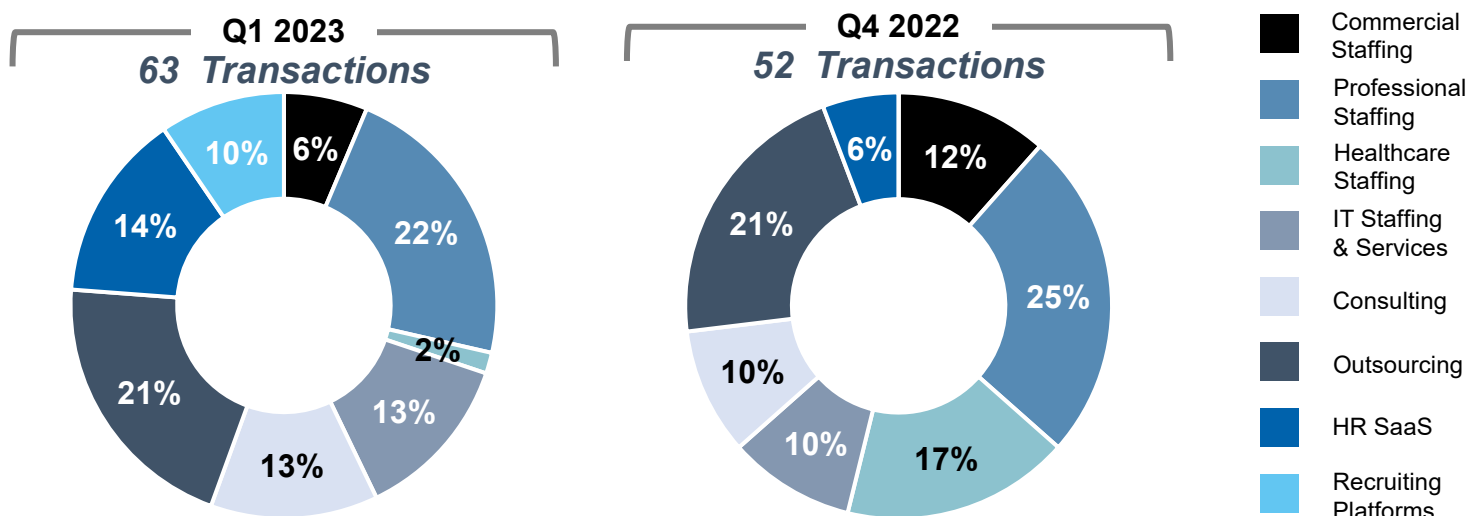
# M&A Trends



## Select HCM Insights

- Advancement in digital super intelligence, or Artificial Intelligence (AI) continues to make waves in the headlines. Its profound impact within the workplace is reshaping how employers approach workplace challenges. The C-Suite is trying to keep pace with the changes and grappling with the implications and opportunities presented by AI in driving employment cost efficiency, accuracy, and innovation.
  - A March 2023 report from Goldman Sachs highlighted the situation by revealing that automation of certain tasks could disrupt a staggering 300 million jobs worldwide. However, according to former Google CEO, Eric Schmidt, fears that advances in AI will leave many jobless may be overstated, instead AI will cause “job conflagration” resulting in a continued worker shortage.<sup>1</sup>
  - The impending launch of workplace software tools, including [Microsoft's Copilot](#), promises to revolutionize productivity by leveraging natural language processing to automate tasks and enhance data accessibility within Microsoft Office apps. With its cutting-edge capabilities, and customization for each Office app, this innovative tool is poised to significantly improve efficiency and serve as a personal assistant for users.
- The use of AI in recruitment is projected to surge in the coming years. A promising prospect is that AI will empower recruiters to embrace a candidate-centric approach, drive efficiency, and mitigate recruitment bias. Furthermore, AI will equip recruiting experts to leverage data gathered from talent markets, helping them evaluate candidates.
- The labor market in the US has begun to slow down, although historically speaking it continues to demonstrate considerable strength. Reports from various Fed banks suggest that the labor market is gradually moving towards a more sustainable pace, easing the severe hiring strains experienced by employers over the past couple of years. This, in turn should lead to a reduction in wage growth. Despite these trends inflation remains above the 2% mark indicating the Fed is likely to implement a moderate rate hike in the coming months.
- Trade worker employment demand is expected to persist nationally. With an average age of 55 yrs. nearly 41% of the construction industry is expected to retire before 2031, further increasing talent scarcity. Additionally, employment demand across leisure and hospitality, education, health, and government is expected to remain strong.<sup>2</sup>
- Despite tech layoff news and recession fears, the technology staffing industry is expected to remain one of the most resilient staffing sectors in 2023. According to a recent SIA survey the IT staffing sector has witnessed steady growth with a median revenue increase of 4% year over year in February, following a 9% rise in December. However, the survey also revealed larger companies participating in the study fared worse than smaller ones resulting in a 4% year-over-year decline in aggregate revenue. There has been a notable decrease in new IT staffing orders over the last three months, indicating a slowdown. To add to that, 42% of respondents reported their companies have laid off temporary staff on assignment. It's evident that IT staffing firms are approaching the first quarter of 2023 with more conservatism and caution. Nevertheless, the demand for Cloud, Digital, Data Analytics, UI/UX, and Product and Project Management roles remains robust, indicating that the overall demand for skilled professionals in the industry is still high.<sup>3</sup>

Staffing & Workforce Solutions M&A Activity By Quarter



# The Rise of Digitalization and Automation within Staffing and Recruiting

*By: Neal England, Managing Director*

In recent years, many recruitment and staffing companies have begun transforming toward greater efficiency with the increased adoption of digitalization and automation tools. With the emergence of "true AI" tools like ChatGPT and Bart, powered by large language models, the competition to do more with less is accelerating and the efficiency gap is widening. In this fast-changing, new environment for staffing, management teams must be thoroughly conversant with digital tools and emerging technology to stay ahead and relevant. "For companies slow to adapt, the threat is not that they will be disrupted but rather they will fall irreparably behind the competition." – Brian Delle Donne, President of Talent Tech Labs

Today, streamlined tech approaches are available for almost every traditional staffing process that previously relied on manual efforts and paper documentation, enabling faster and more focused decision-making on core competencies. It remains to be seen at this stage how the human element can be fully displaced digitally within the "people business." After all, the essence of qualifying talent beyond a skills assessment relies heavily on judgement calls, character evaluation, and emotional intelligence determined by trained professionals. With some tech, companies can leverage and enhance their current workforce by using streamlined approaches to engage and screen more candidates, analyze and make sense of complex data, automate scheduling, and much more, resulting in improved hiring and workforce planning.

According to Bullhorn's annual global recruitment survey, companies with the highest revenue gains were twice as likely to have digitized their data and heavily leveraged automation compared to those with the greatest revenue losses. While 77% of staffing firms have started implementing digital transformation strategies, many are still in the early stages. Only 30% reported using self-service technologies like chatbots to streamline operations and engage candidates, and a mere 17% heavily leverage automation throughout their business.

For many management teams fully embracing digitalization can be confusing and intimidating. However, taking the first step does not need to be a daunting task. The key is to start slow by consulting with experts, designing a clear roadmap, and incrementally implementing and advancing the company's systems and automation tools. It is most important to evaluate if these tools will provide a positive return on investment; moreover, these processes and programs must be seamlessly integrated to maximize their effectiveness and real-time reporting capabilities.

With regard to mergers and acquisitions, we are beginning to see a shift in the staffing industry as technology-driven platforms are increasingly acquiring traditional brick-and-mortar staffing companies. This trend is enabling companies to integrate and streamline less sophisticated staffing and recruiting firms, resulting in a greater ability to put employees to work in a more efficient and effective manner. Conversely, we are also witnessing some traditional staffing and recruiting providers acquiring advanced technology platforms to elevate their own offerings and internal operations, fostering greater sophistication within their services. The acquisition of Bluecrew by EmployBridge in late 2022 serves as an excellent example of this trend. By incorporating Bluecrew's digital workforce management platform, EmployBridge is poised to broaden its capabilities significantly and the synergistic blend of scale and technology-driven approach will propel EmployBridge's strategic vision forward.

## Staffing Services Valuation Scorecard Summary

### Enterprise Value / EBITDA

	4.0x	5.0x	6.0x	7.0x	8.0x	9.0x	10.0x	11.0x	12.0x+
<b>Financial Preparedness</b>	Consistent reporting; ability to analyze at the customer level; GAAP; proof of cash → quality of earnings + full audit is likely with investors								
<b>Revenue Growth</b>	<10%			> 15%			% of Total Recurring Revenue Growth		
<b>Gross Margin</b>	<15%			>28%			Gross Margin reflects the scalability of a company, as well as the value of its services		
<b>EBITDA Margin</b>	<8%			>11%			Ability to generate free cash to continue growth in the business		
<b>Direct Hire Revenue % of Total GP</b>	>20%			<20%			Too much direct hire revenue causes devaluation risk by buyers		
<b>MSP / VMS % of Revenue</b>	>25%			<25%			Building relationships directly with hiring managers is sought after from buyers		
<b>Customer Concentration</b>	> 20% for Top Customer			< 50% for Top 5 Customers			Projects will flex up; however, you still don't want to be overly concentrated with one customer		

<b>Management Teams</b>	Proven management teams willing and capable to lead the enterprise with a new buyer post transaction
<b>Recruiters</b>	Industry specific experience and/or well-tenured with networked connections within contractor communities
<b>Sales</b>	A proven sales model with established processes and well-tenured teams networked to prospect/client industries
<b>Net Promoter Score (NPS)</b>	Company should track successes with surveys, Glassdoor, and maintain their NPS
<b>Other</b>	Team quality, W2/1099, C2C, contractor compliance, seller trustworthiness, GM, assignment duration, client quality, DSO, EBITDA to free cash flow, internal records, and financial statement quality

## The Investment Grade Assessment Overview

12 Sections

90+ Questions

20 Minutes

12-Page Report



Our continued desire to help owners get it right has led us to create the Investment Grade Assessment (IGA). We've handpicked 90 of the most important questions we've heard HCM buyers and investors ask owners to help owners benchmark the likelihood their company could receive an institutional investment. Founders has expanded the assessment to include sector specific versions with tailored questions that are weighted based on relevant industry KPIs.

This is a highly efficient tool that provides exceptional value in the short 20 minutes it takes to complete.

Link: <https://app.foundersib.com/auth/sign-up>

**Complimentary Discount Code: IGA\_NE**

Here's a brief video discussing it further: <https://vimeo.com/647794938>

Scan Here

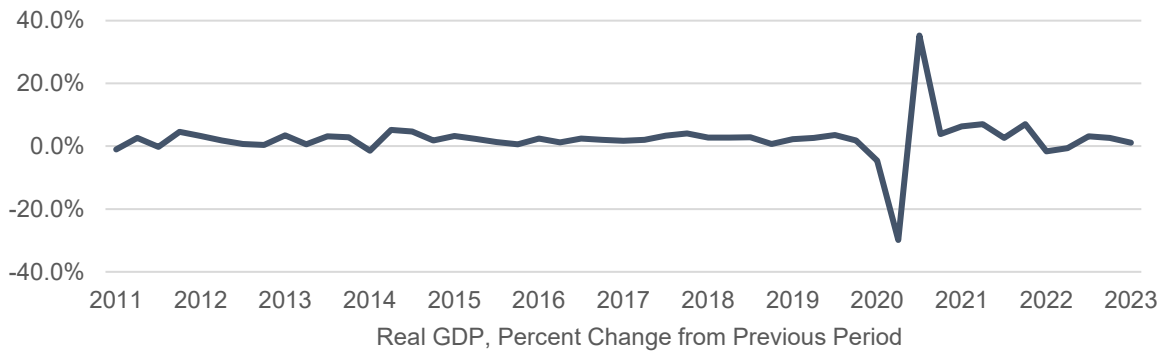


*"I just took the assessment. There are some great insights that serve as areas I need to focus on with the business. So, some great food for thought and guidance and well worth the time of taking it. Plan to take it once a year to make sure we are trending in the right direction!"* **Justin Emond, CEO/Founder of Third and Grove**



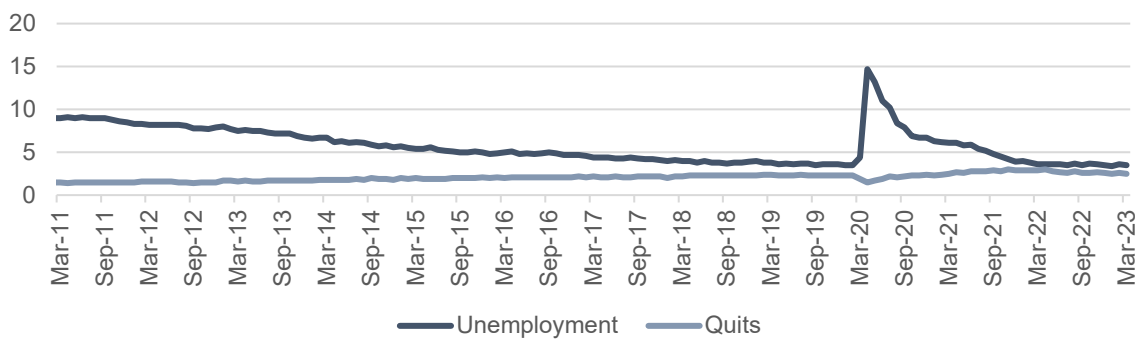
# US Labor Force and Macroeconomic Indicators

## U.S. Gross Domestic Product (GDP) Growth Rate



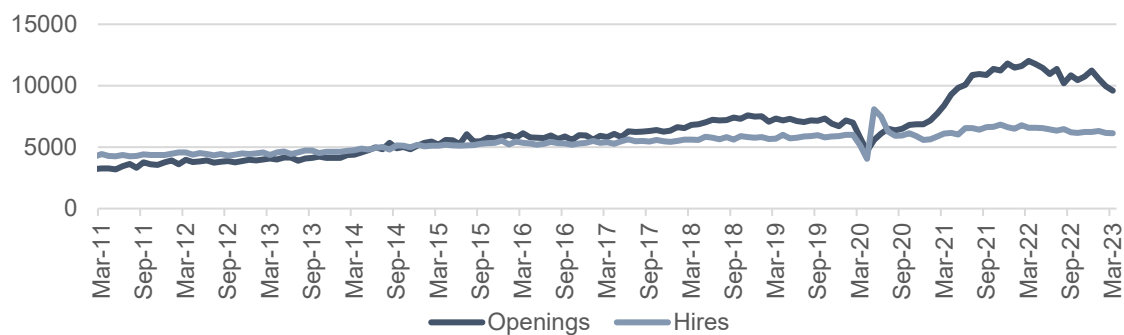
- GDP grew at an annualized rate of 1.1% in the quarter, missing estimates of 2% growth. Despite this being the third consecutive quarter of growth, growth slowed from 2.6% in Q4 2022.
- Even with persistent inflation consumer spending accelerated to a 3.7% growth rate, up from 1.0% in Q4.

## Unemployment (UE) & Quits Rates (%)



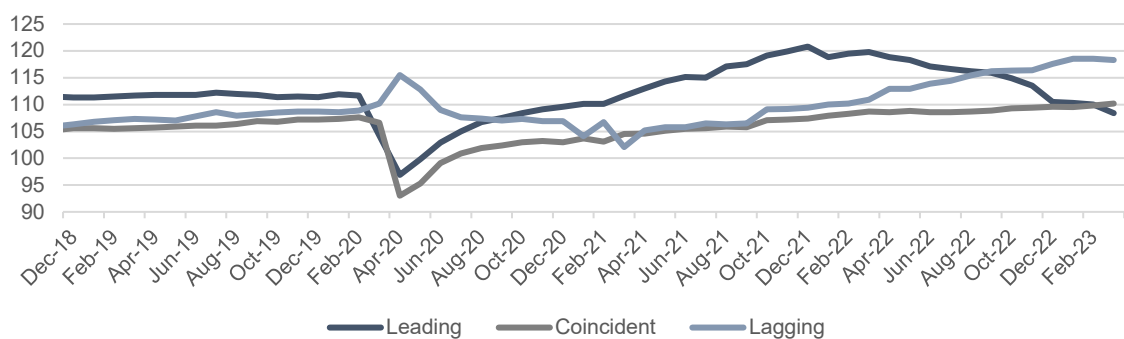
- The unemployment rate fell to 3.5% in March down from 3.6% in February but remained flat from the previous quarter.
- The labor force participation rate edged up to 62.6%.
- Total quits has declined over the last twelve months, falling from a high of 3.0% in April 2022, down to 2.5% in March.

## Job Openings and Hires (Thousands)



- The labor market showed signs of cooling off this quarter as Job Openings fell for three consecutive months, down to the lowest level since May 2021.
- Hires remained relatively flat over the quarter but have fallen by nearly 10% since an all-time high in February of last year.

## Leading (LEI), Coincident (CEI), and Lagging (LAG) Economic Index Indicators































- The LEI fell to its lowest level since November 2020, the twelfth consecutive monthly decline.
- The CEI increased in March, marking a 0.8% increase over the last six-months.
- The LAG decreased in March to 118.3, the first decline in nearly 18 months.
- The Conference Board indicators point towards a moderate macroeconomic slowdown starting in mid-2023.

The Conference Board publishes LEI, CEI, and LAG indexes designed to signal potential peaks and troughs in the business cycle for the [US economy](#).

# HCM Transactions\*

## Notable Transactions across HCM

   <p>Korn Ferry (NYS: KFY) acquired Salo in February 2023 for an undisclosed amount. Salo, a Minneapolis based business, is a leading provider of finance, accounting, and HR interim talent with a focus on the healthcare industry. The acquisition will strengthen Korn Ferry's organizational consulting portfolio and follows 2 acquisitions in 2022.</p>	   <p>On February 17, 2023, White Wolf Capital acquired Clover Leaf Solutions. The acquisition is the second add-on acquisition in the past four months for White Wolf's portfolio company, CEIS. Clover Leaf provides consulting and staffing services for Department of Energy clients, expanding CEIS's capabilities. CEIS acquired Rayne Staffing in December 2022.</p>	   <p>INSPYR Solutions, an A&amp;M Capital Partners platform, acquired ProTask in February, the first acquisition since TekPartners and Genuent merged to form INSPYR in 2022. ProTask is a digital staffing and professional services firm servicing financial service, healthcare, and fintech end markets. The acquisition allows INSPYR to expand their solutions in the Mid-Atlantic region.</p>	   <p>Proman acquired PeopleShare in March, the company's fifth acquisition since the start of 2022. The acquisition expands Proman's U.S. footprint to include 18 states. In the transaction, Trivest Partners exited its investment in PeopleShare after providing capital in 2015. PeopleShare is a temporary staffing firm serving the light industrial, clerical, and financial sectors.</p>
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Date	Target	Buyer	Industry Subgroup	Purchase Price	Revenue	EBITDA	EV / Revenue	EV / EBITDA
Mar-23			Outsourcing	N/A	N/A	N/A	N/A	N/A
Mar-23			Healthcare Staffing	N/A	N/A	N/A	N/A	N/A
Feb-23			Outsourcing	N/A	N/A	N/A	N/A	N/A
Feb-23			Consulting (B2B)	N/A	N/A	N/A	N/A	N/A
Jan-23			HR Tech	\$200.0	N/A	N/A	N/A	N/A
Jan-23			Consulting (B2B)	N/A	N/A	N/A	N/A	N/A
Jan-23			IT Staffing & Services	N/A	N/A	N/A	N/A	N/A
Jan-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A
Jan-23			IT Staffing & Services	N/A	N/A	N/A	N/A	N/A
Jan-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A
Jan-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A

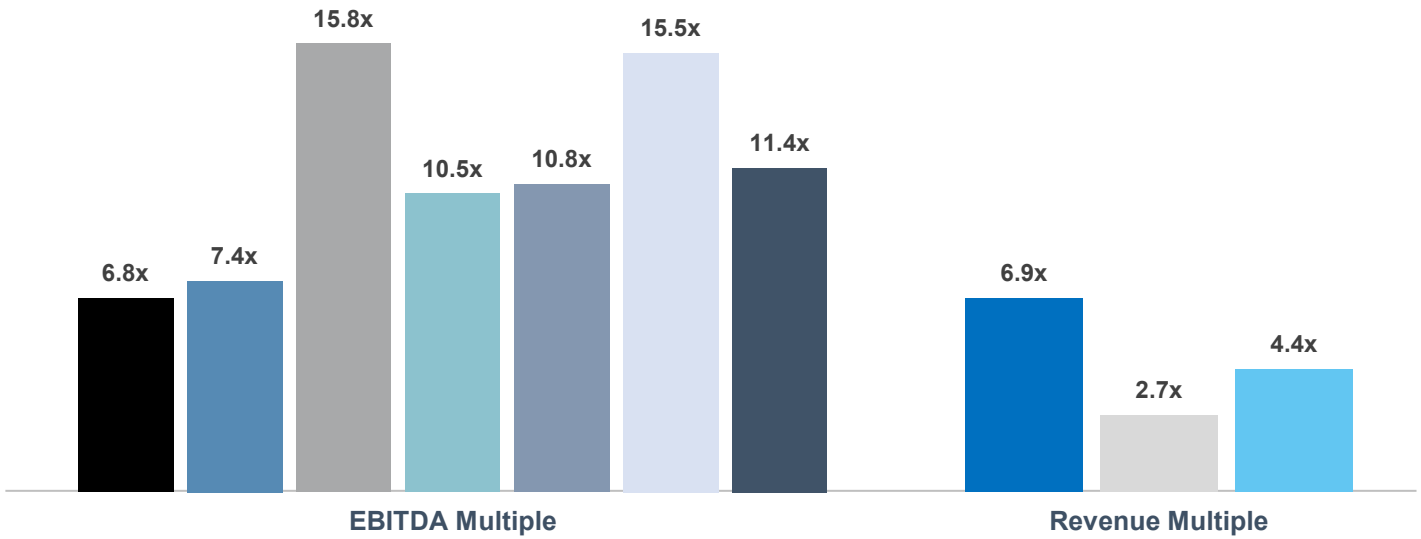
# Notable HCM Private Equity Platforms and Add-on Activity



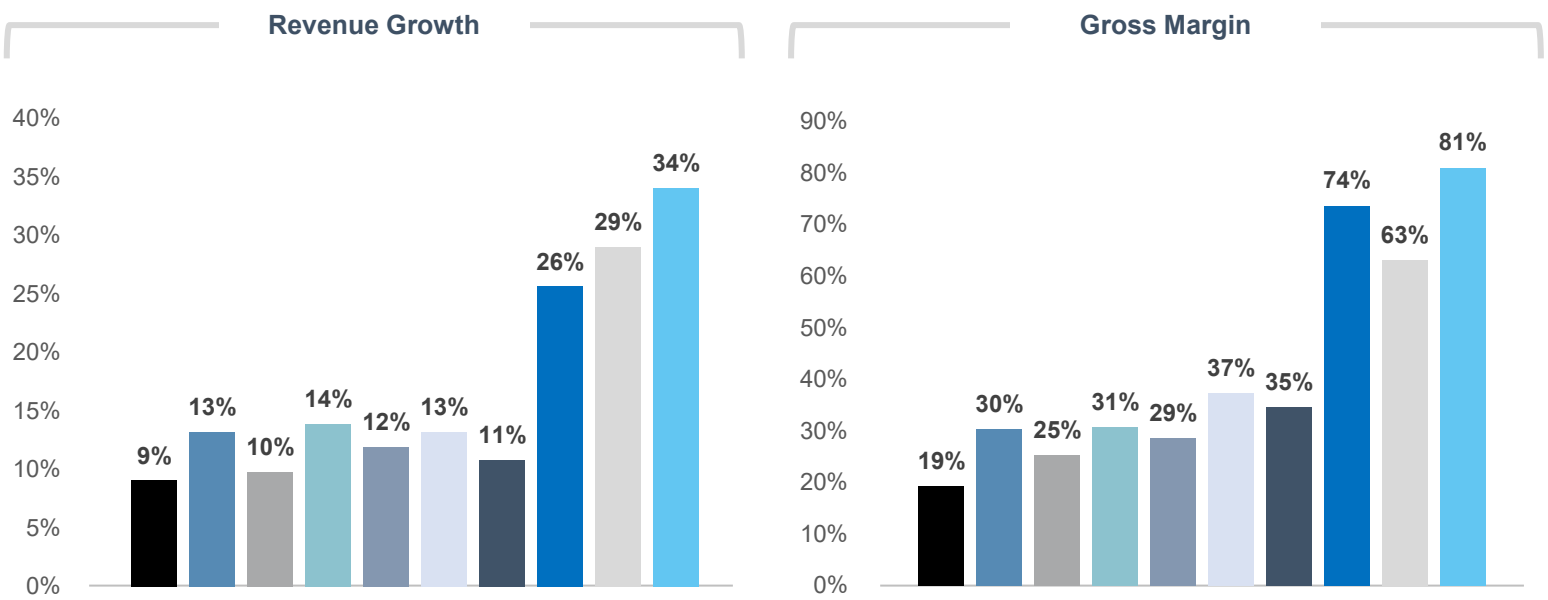


# Public Company Valuation Metrics

Average LTM Valuations by HCM Verticals



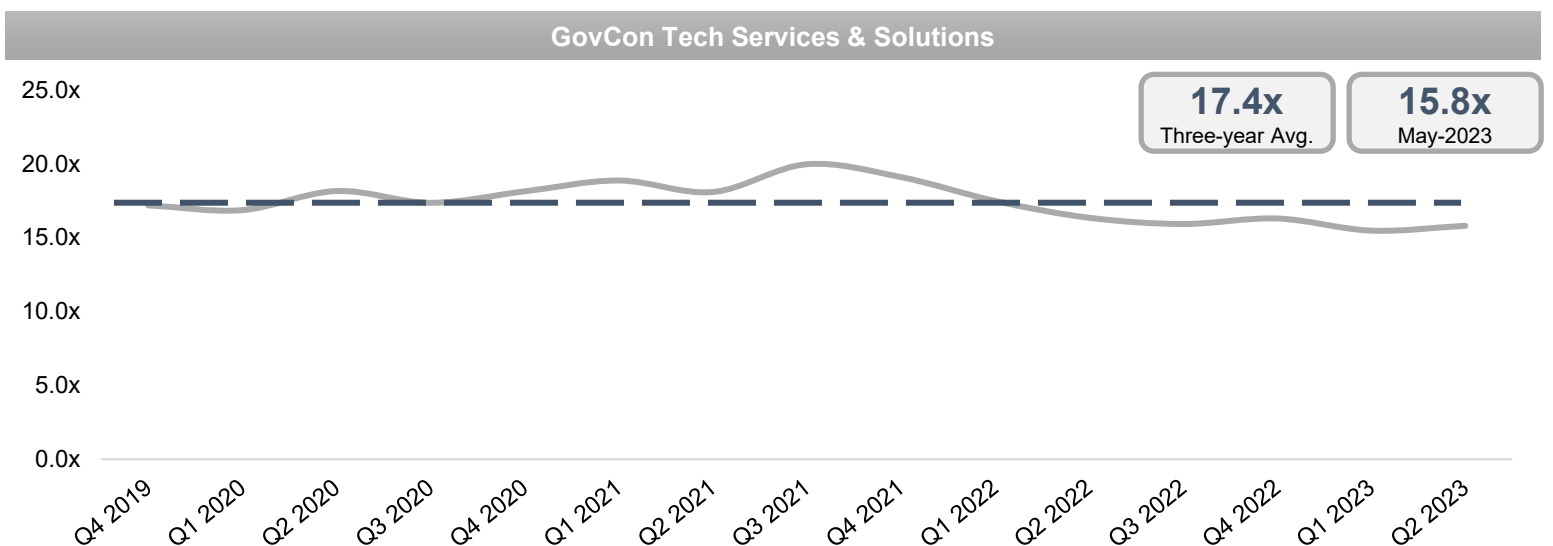
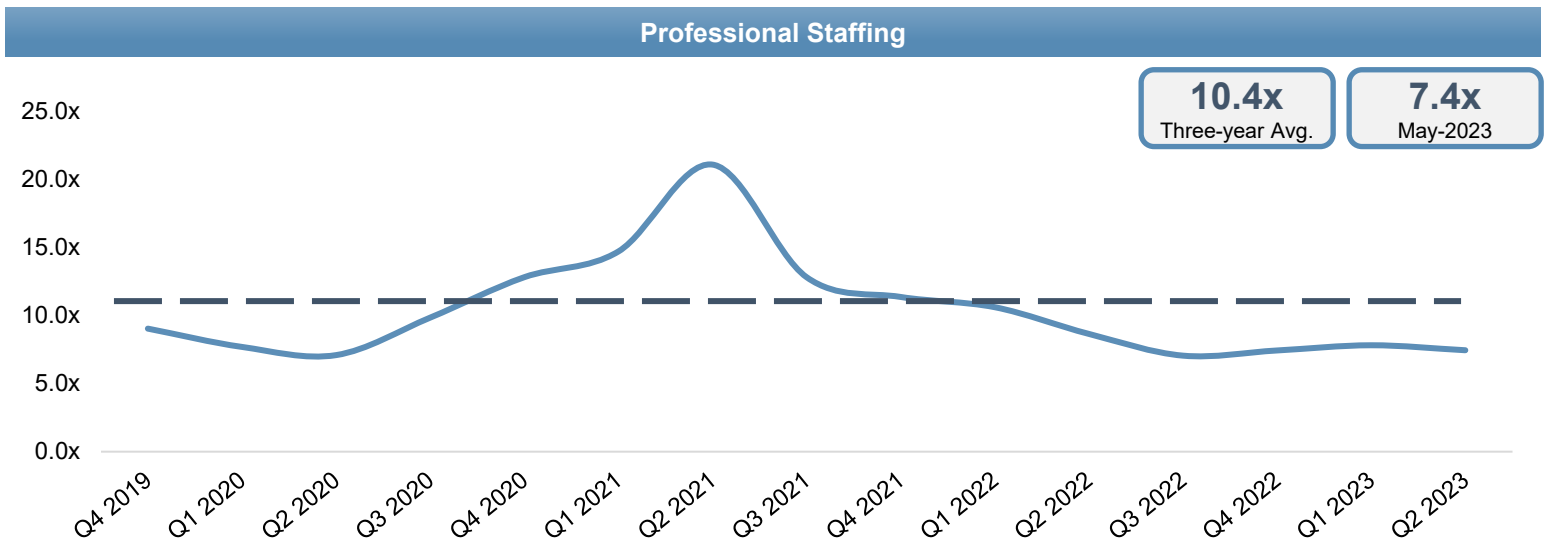
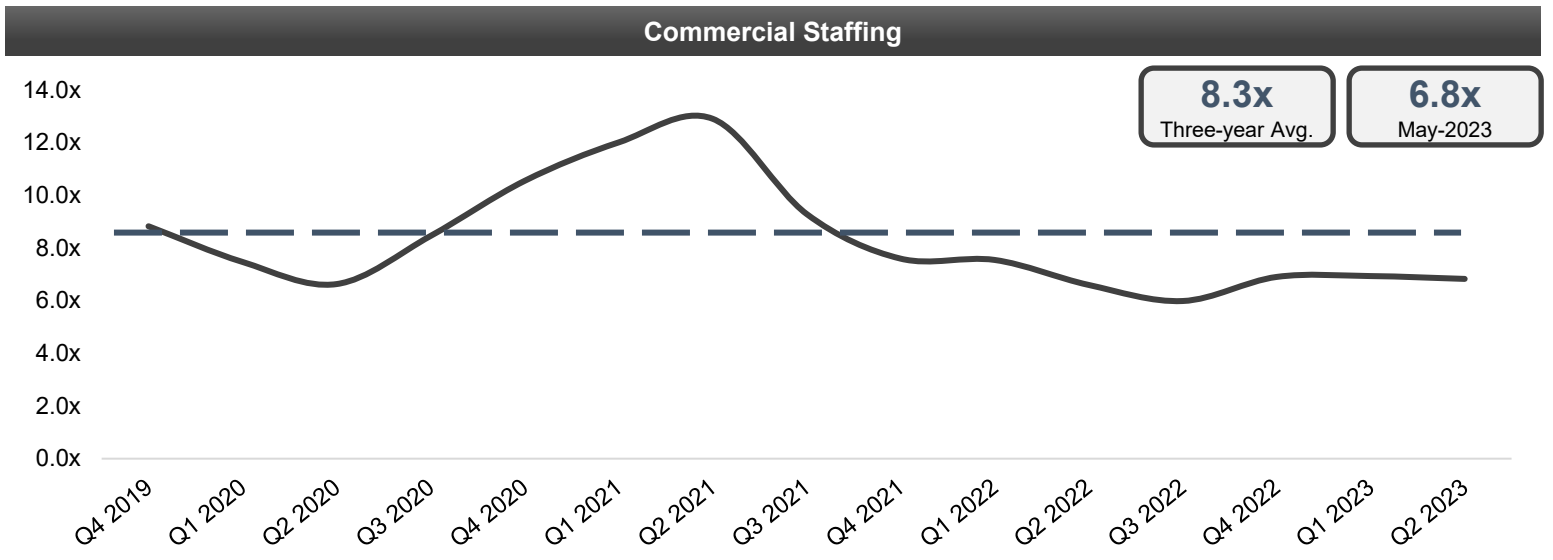
Average LTM Operating Metrics by HCM Vertical



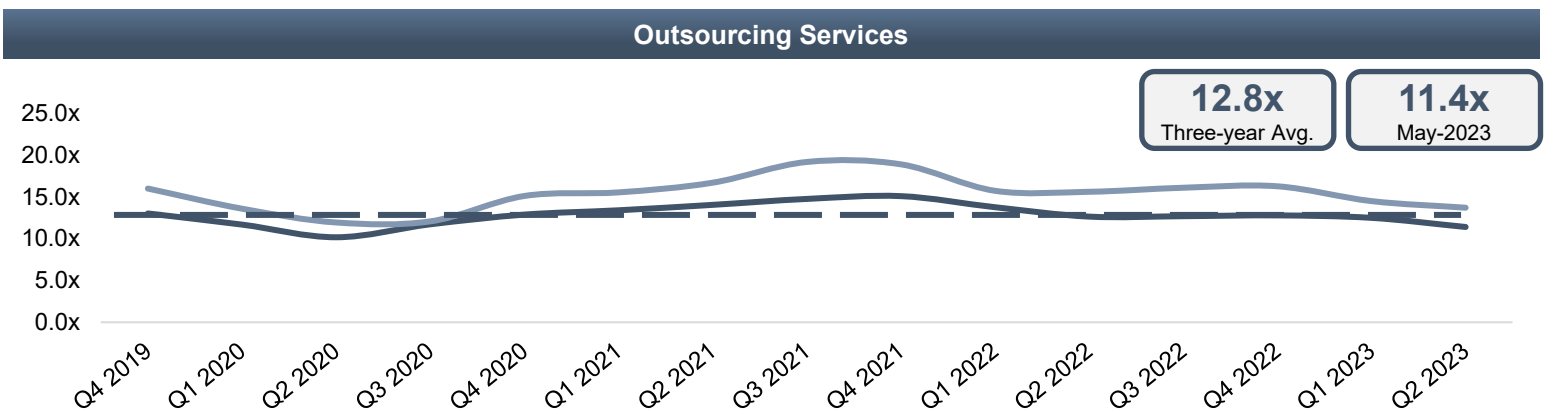
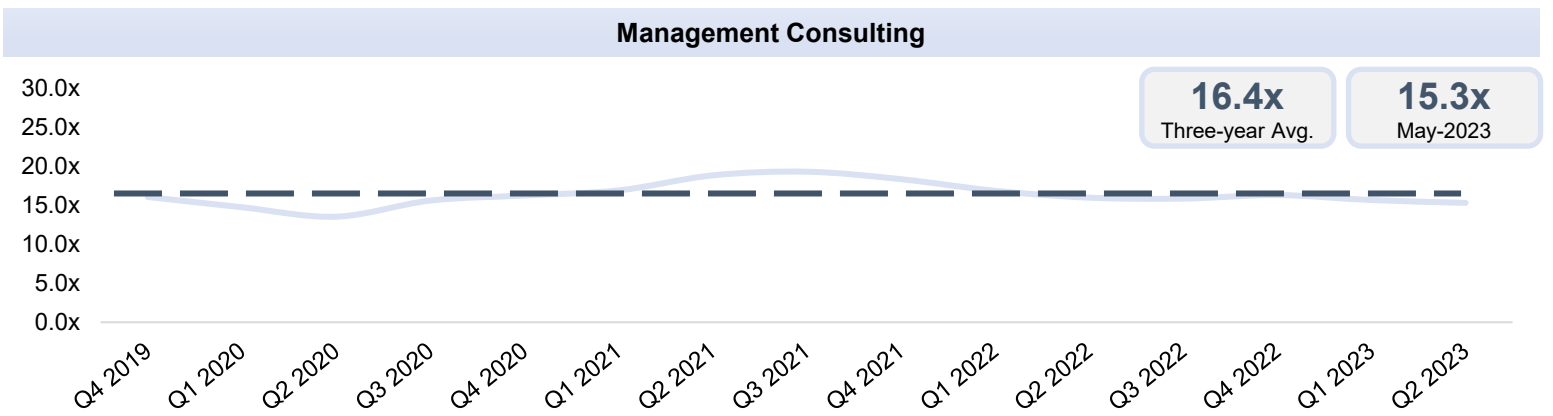
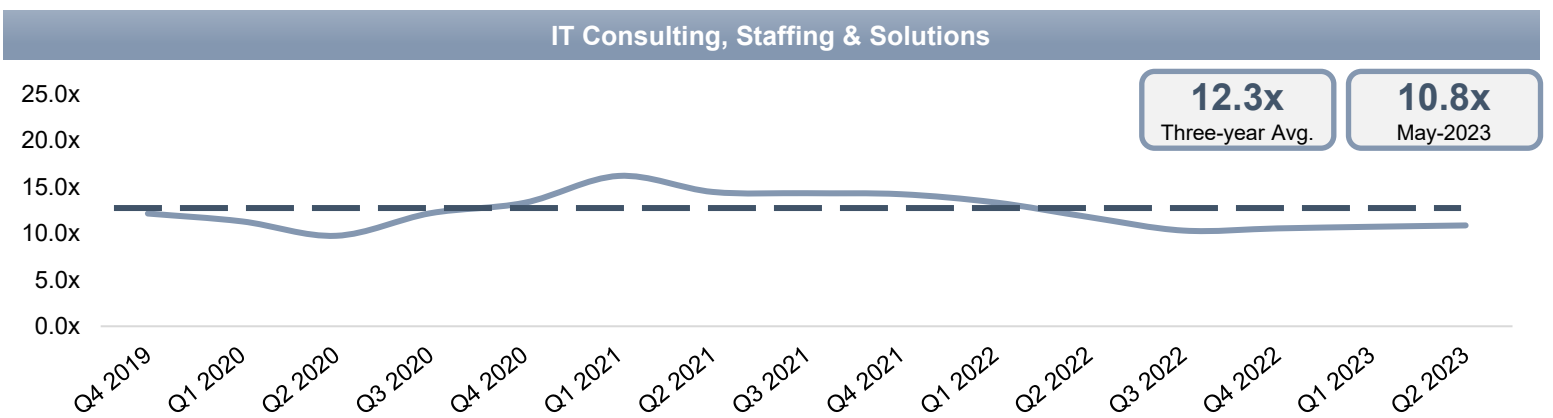
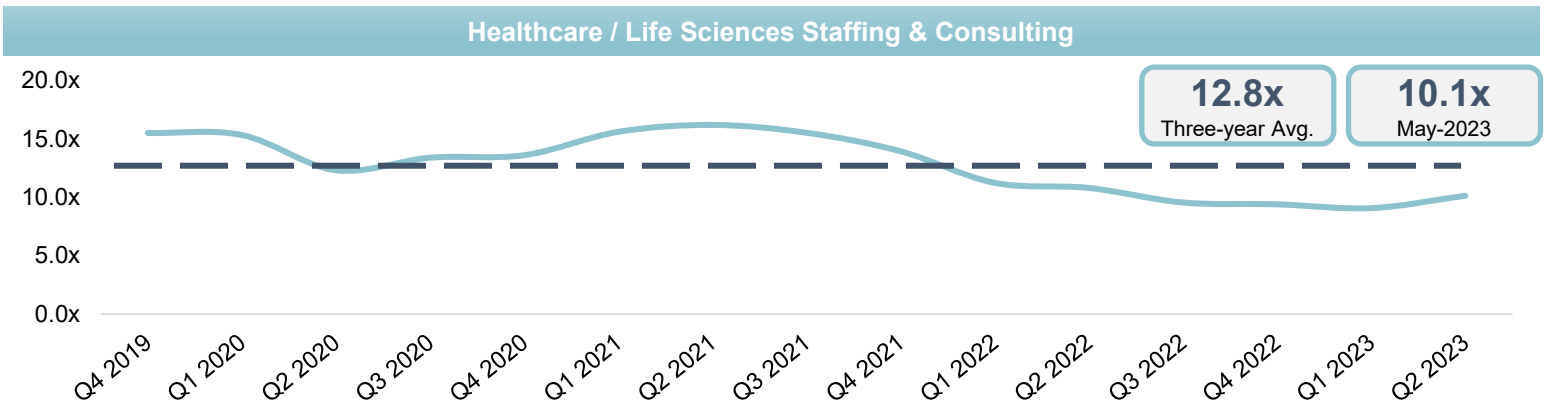
Vertical Represented

- Commercial Staffing
- Professional Staffing
- Govcon & IT Services
- Healthcare Staffing
- IT Consulting & Staffing
- Management Consulting
- Outsourcing
- HR SaaS
- EdTech
- Recruiting Platforms

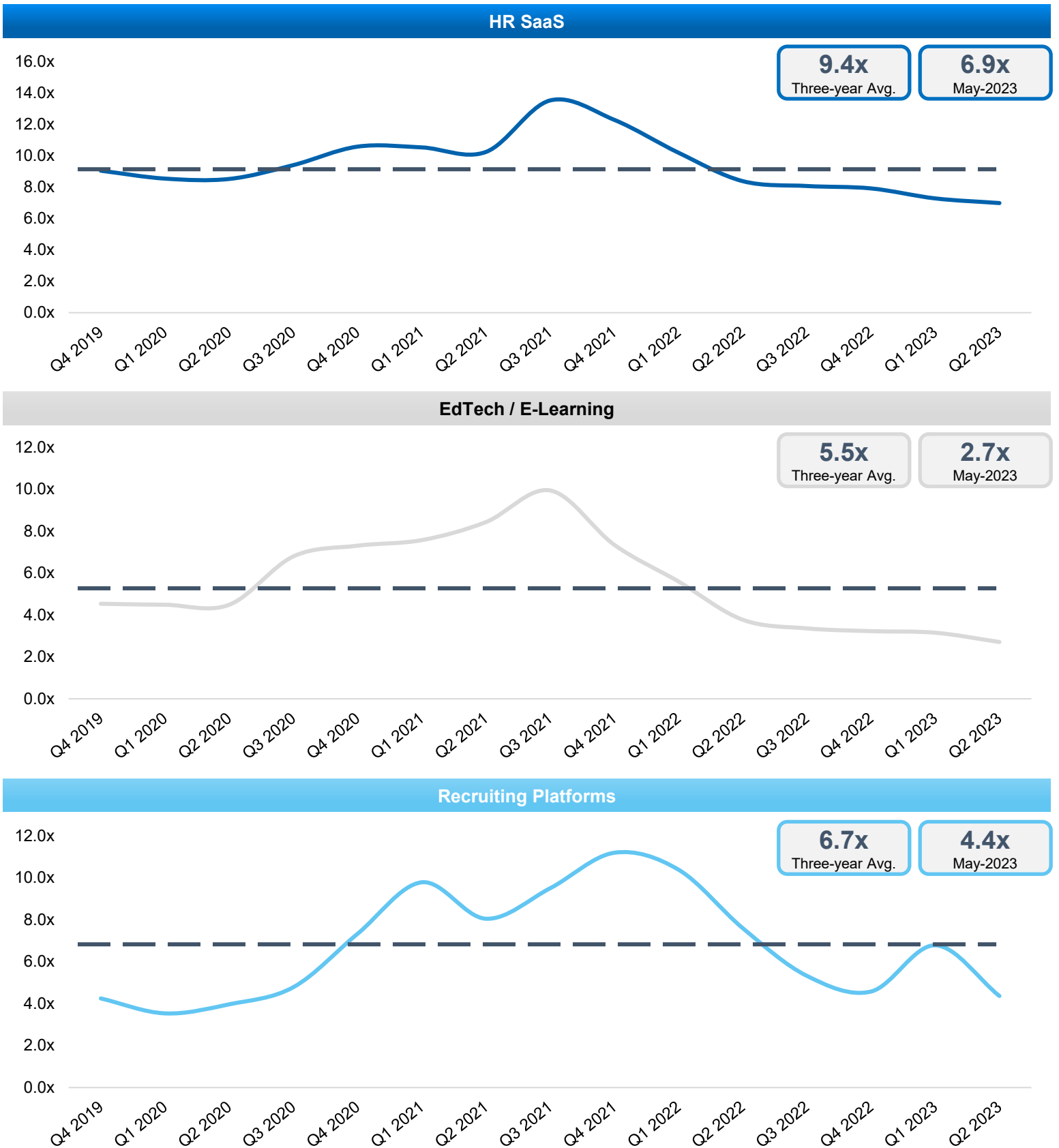
## Historical Public Valuations by Segment (EV/EBITDA)



## Historical Public Valuations by Segment (EV/EBITDA)



## Historical Public Valuations by Segment (EV/Revenue)



## Public Trading Valuation Data (\$ in millions)

### Commercial Staffing

Name	% of 52 Week High	EV	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	LTM Revenue	EV / LTM EBITDA
Adecco Group	49%	8,814	25,062	811	12%	21%	3%	0.4x	10.9x
Barrett Business Services	90%	462	1,063	72	8%	22%	7%	0.4x	6.4x
GDI Integrated Facility Services	67%	1,099	1,713	103	33%	20%	6%	0.6x	10.7x
Groupe Crit	67%	600	2,457	147	15%	6%	6%	0.2x	4.1x
Impellam Group	78%	350	2,400	46	23%	11%	2%	0.1x	7.6x
Kelly Services	60%	642	4,937	54	-1%	20%	1%	0.1x	5.6x
ManpowerGroup	56%	4,310	19,437	648	-7%	18%	3%	0.2x	6.7x
Openjobmetis	48%	160	791	28	1%	7%	4%	0.2x	5.7x
Randstad	54%	10,290	28,578	1,465	7%	21%	5%	0.4x	7.0x
Robert Walters Group	39%	369	1,355	99	13%	39%	7%	0.3x	3.7x
TrueBlue	58%	558	2,168	83	-4%	27%	4%	0.3x	6.8x
Min		160	791	28	-7%	6%	1%	0.1x	3.7x
Median		600	2,400	99	8%	20%	4%	0.3x	6.7x
<b>Mean</b>		<b>2,514</b>	<b>8,178</b>	<b>323</b>	<b>9%</b>	<b>19%</b>	<b>4%</b>	<b>0.3x</b>	<b>6.8x</b>
Max		10,290	28,578	1,465	33%	39%	7%	0.6x	10.9x

### Professional Staffing

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Adecco Group	49%	8,814	25,062	811	12%	21%	3%	0.4x	10.9x
BGSF	73%	168	305	(2)	18%	35%	-1%	0.6x	N/A
Brunel International	56%	703	1,243	73	31%	21%	6%	0.6x	9.6x
Freelance.com	52%	379	838	28	59%	6%	3%	0.5x	13.7x
Hays	47%	2,344	N/A	N/A	N/A	N/A	N/A	0.3x	6.4x
Heidrick & Struggles International	52%	396	1,029	114	-6%	26%	11%	0.4x	3.5x
Kforce	72%	1,246	1,700	103	4%	29%	6%	0.7x	12.1x
Korn Ferry	56%	2,346	2,826	440	15%	92%	16%	0.8x	5.3x
ManpowerGroup	56%	4,310	19,437	648	-7%	18%	3%	0.2x	6.7x
Openjobmetis	48%	160	791	28	1%	7%	4%	0.2x	5.7x
PageGroup	42%	1,783	2,453	316	21%	54%	13%	0.7x	5.6x
Randstad	54%	10,290	28,578	1,465	7%	21%	5%	0.4x	7.0x
Resources Connection	77%	446	808	93	6%	40%	11%	0.6x	4.8x
Robert Half International	60%	7,057	7,140	877	4%	42%	12%	1.0x	8.0x
Robert Walters Group	39%	369	1,355	99	13%	39%	7%	0.3x	3.7x
SThree	45%	634	1,863	120	24%	26%	6%	0.3x	5.3x
Synergie	47%	620	3,066	168	8%	11%	5%	0.2x	3.7x
TechnoPro	63%	2,538	1,443	177	13%	27%	12%	1.8x	14.3x
Min		160	305	(2)	-7%	6%	-1%	0.2x	3.5x
Median		974	1,700	120	12%	26%	6%	0.4x	6.4x
<b>Mean</b>		<b>2,478</b>	<b>5,879</b>	<b>327</b>	<b>13%</b>	<b>30%</b>	<b>7%</b>	<b>0.5x</b>	<b>7.4x</b>
Max		10,290	28,578	1,465	59%	92%	16%	1.8x	14.3x



## Public Trading Valuation Data (\$ in millions)

### GovCon Tech Services & Solutions

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
ASGN	69%	4,393	4,619	489	10%	30%	11%	1.0x	9.0x
Booz Allen Hamilton	93%	15,030	9,064	828	12%	53%	9%	1.7x	18.2x
CACI International	84%	8,865	6,642	680	8%	8%	10%	1.3x	13.0x
Calian, Advanced Technologies	72%	513	473	43	17%	31%	9%	1.1x	12.0x
ICF International	98%	2,956	1,850	166	16%	36%	9%	1.6x	17.8x
Leidos Holdings	79%	16,227	14,601	1,406	5%	14%	10%	1.1x	11.5x
Maximus	66%	6,380	4,759	444	2%	20%	9%	1.3x	14.4x
Parsons	90%	5,403	4,420	323	18%	22%	7%	1.2x	16.7x
SAIC	91%	7,744	7,704	652	4%	12%	8%	1.0x	11.9x
Synergie	47%	620	3,066	168	8%	11%	5%	0.2x	3.7x
Tyler Technologies	62%	17,452	1,866	379	6%	42%	20%	9.4x	45.7x
Min		513	473	43	2%	8%	5%	0.2x	3.7x
Median		6,380	4,619	444	8%	22%	9%	1.2x	13.0x
<b>Mean</b>		<b>7,780</b>	<b>5,369</b>	<b>507</b>	<b>10%</b>	<b>25%</b>	<b>10%</b>	<b>1.9x</b>	<b>15.8x</b>
Max		17,452	14,601	1,406	18%	53%	20%	9.4x	45.7x

### Healthcare / Life Sciences Staffing & Consulting

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
AMN Healthcare Services	82%	4,680	4,817	709	4%	33%	15%	1.0x	6.6x
Calian, Advanced Technologies	72%	513	473	43	17%	31%	9%	1.1x	12.0x
Cross Country Healthcare	96%	1,032	2,641	239	24%	22%	9%	0.4x	4.1x
HealthStream	72%	706	270	54	5%	66%	20%	2.6x	13.2x
Huron Consulting Group	92%	2,090	1,190	127	24%	30%	11%	1.7x	13.9x
Impellam Group	78%	350	2,400	46	23%	11%	2%	0.1x	7.6x
Syneos Health	46%	7,089	5,414	524	1%	23%	10%	1.3x	13.5x
Min		350	270	43	1%	11%	2%	0.1x	4.1x
Median		1,032	2,400	127	17%	30%	10%	1.1x	12.0x
<b>Mean</b>		<b>2,351</b>	<b>2,458</b>	<b>249</b>	<b>14%</b>	<b>31%</b>	<b>11%</b>	<b>1.2x</b>	<b>10.1x</b>
Max		7,089	5,414	709	24%	66%	20%	2.6x	13.9x

### HR SaaS

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Ceridian HCM	43%	10,650	1,324	112	22%	40%	8%	8.0x	95.0x
HealthStream	72%	706	270	54	5%	66%	20%	2.6x	13.2x
Intuit	55%	133,005	13,684	3,497	20%	79%	26%	9.7x	38.0x
New Work	45%	712	327	99	8%	N/A	30%	2.2x	7.2x
Oracle	58%	358,310	47,958	18,030	15%	74%	38%	7.5x	19.9x
Paychex	80%	38,967	4,832	2,159	9%	71%	45%	7.9x	18.0x
Paycom Software	60%	16,960	1,473	528	30%	84%	36%	11.5x	32.1x
Paycor	80%	3,856	500	29	23%	66%	6%	7.4x	134.2x
Paylocity	78%	9,553	1,095	184	38%	68%	17%	8.7x	52.0x
SAP	53%	162,548	32,501	6,390	10%	71%	20%	5.0x	25.8x
Seek (Human Capital Services)	49%	6,582	849	360	119%	99%	42%	7.8x	18.3x
The Sage Group	65%	11,852	2,528	502	14%	93%	20%	4.7x	26.7x
Workday	51%	48,274	6,216	109	21%	72%	2%	7.8x	442.7x
Min		706	270	29	5%	40%	6%	2.2x	7.2x
Median		11,251	1,398	431	17%	71%	23%	7.6x	26.2x
<b>Mean</b>		<b>62,808</b>	<b>8,945</b>	<b>2,662</b>	<b>26%</b>	<b>74%</b>	<b>26%</b>	<b>6.9x</b>	<b>40.0x</b>
Max		358,310	47,958	18,030	119%	99%	45%	11.5x	134.2x

## Public Trading Valuation Data (\$ in millions)

### IT Consulting, Staffing & Solutions

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Accenture	62%	181,405	63,144	10,395	11%	32%	16%	2.9x	17.5x
Allgeier	37%	372	629	69	17%	23%	11%	0.6x	5.4x
ASGN	69%	4,393	4,619	489	10%	30%	11%	1.0x	9.0x
Bechtle	43%	5,548	6,438	496	15%	17%	8%	0.9x	11.2x
Calian, Advanced Technologies	72%	513	473	43	17%	31%	9%	1.1x	12.0x
Capgemini	62%	34,018	23,126	3,233	21%	27%	14%	1.5x	10.5x
CGI Group	81%	26,578	10,326	1,974	10%	21%	19%	2.6x	13.5x
Cognizant Technology Solutions	63%	31,510	19,414	3,526	3%	36%	18%	1.6x	8.9x
Computer Task Group	65%	103	314	12	-18%	25%	4%	0.3x	8.8x
Cyient	56%	1,834	749	129	33%	39%	17%	2.4x	14.2x
DXC Technology	62%	9,057	14,430	917	-11%	22%	6%	0.6x	9.9x
Genpact	82%	8,149	4,392	648	6%	35%	15%	1.9x	12.6x
Impellam Group	78%	350	2,400	46	23%	11%	2%	0.1x	7.6x
Insight Enterprises	75%	4,745	10,104	466	2%	16%	5%	0.5x	10.2x
Mphasis	52%	4,291	1,718	323	15%	41%	19%	2.5x	13.3x
Neurones	71%	843	700	149	15%	62%	21%	1.2x	5.7x
NTT Data	58%	38,623	23,663	3,620	24%	26%	15%	1.6x	10.7x
Perficient	43%	3,127	912	181	12%	39%	20%	3.4x	17.3x
Science Applications International	91%	7,744	7,704	652	4%	12%	8%	1.0x	11.9x
SThree	45%	634	1,863	120	24%	26%	6%	0.3x	5.3x
TechnoPro	63%	2,538	1,443	177	13%	27%	12%	1.8x	14.3x
The Hackett Group	72%	586	284	56	-2%	40%	20%	2.0x	10.4x
Wipro	47%	23,281	11,219	N/A	18%	28%	N/A	2.1x	10.7x
Wistron Information	72%	235	269	24	23%	20%	9%	0.9x	9.6x
Min		103	269	12	-18%	11%	2%	0.1x	5.3x
Median		4,342	3,396	323	14%	27%	12%	1.3x	10.6x
<b>Mean</b>		<b>16,270</b>	<b>8,764</b>	<b>1,206</b>	<b>12%</b>	<b>29%</b>	<b>12%</b>	<b>1.4x</b>	<b>10.8x</b>
Max		181,405	63,144	10,395	33%	62%	21%	3.4x	17.5x

### Management Consulting

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Accenture	62%	181,405	63,144	10,395	11%	32%	16%	2.9x	17.5x
Arthur J. Gallagher & Company	89%	51,634	8,176	2,255	4%	42%	28%	5.9x	22.9x
Booz Allen Hamilton	93%	15,030	9,064	828	12%	53%	9%	1.7x	18.2x
Brunel International	56%	703	1,243	73	31%	21%	6%	0.6x	9.6x
BTS Group	41%	392	248	40	26%	N/A	16%	1.6x	9.9x
Charles River Associates	76%	873	595	84	5%	30%	14%	1.5x	10.4x
ExlService Holdings	81%	5,292	1,483	284	25%	37%	19%	3.6x	18.6x
FTI Consulting	87%	6,524	3,112	337	11%	32%	11%	2.1x	19.4x
Gartner	76%	28,338	5,622	1,501	15%	69%	27%	5.0x	18.9x
Huron Consulting Group	92%	2,090	1,190	127	24%	30%	11%	1.7x	13.9x
Marsh & McLennan Companies	82%	103,129	21,162	5,497	4%	42%	26%	4.9x	18.8x
Maximus	66%	6,380	4,759	444	2%	20%	9%	1.3x	14.4x
Perficient	43%	3,127	912	181	12%	39%	20%	3.4x	17.3x
Resources Connection	77%	446	808	93	6%	40%	11%	0.6x	4.8x
WNS (Holdings)	88%	3,818	1,224	252	10%	35%	21%	3.1x	15.2x
Min		392	248	40	2%	20%	6%	0.6x	4.8x
Median		5,292	1,483	284	11%	36%	16%	2.1x	17.3x
<b>Mean</b>		<b>27,279</b>	<b>8,183</b>	<b>1,493</b>	<b>13%</b>	<b>37%</b>	<b>16%</b>	<b>2.6x</b>	<b>15.3x</b>
Max		181,405	63,144	10,395	31%	69%	28%	5.9x	22.9x

## Public Trading Valuation Data (\$ in millions)

### Outsourcing Services

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
Alight Solutions	62%	7,497	3,238	418	10%	32%	13%	2.3x	17.9x
Aon	79%	70,526	12,685	3,861	3%	49%	30%	5.6x	18.3x
Automatic Data Processing	87%	90,946	16,958	4,143	8%	42%	24%	5.4x	22.0x
Barrett Business Services	90%	462	1,063	72	8%	22%	7%	0.4x	6.4x
Brunel International	56%	703	1,243	73	31%	21%	6%	0.6x	9.6x
Capita	36%	1,311	3,715	220	-5%	24%	6%	0.4x	5.9x
CBIZ	89%	3,157	1,475	207	23%	16%	14%	2.1x	15.2x
ExlService Holdings	81%	5,292	1,483	284	25%	37%	19%	3.6x	18.6x
Genpact	82%	8,149	4,392	648	6%	35%	15%	1.9x	12.6x
HireRight	82%	1,326	783	157	1%	46%	20%	1.7x	8.4x
iEnergizer	79%	232	288	107	26%	43%	37%	0.8x	2.2x
Impellam Group	78%	350	2,400	46	23%	11%	2%	0.1x	7.6x
Insperty	80%	4,023	40,334	314	20%	17%	1%	0.7x	12.8x
Maximus	66%	6,380	4,759	444	2%	20%	9%	1.3x	14.4x
Neurones	71%	843	700	149	15%	62%	21%	1.2x	5.7x
Paychex	80%	38,967	4,832	2,159	9%	71%	45%	7.9x	18.0x
Qualicorp	39%	525	377	165	-8%	77%	44%	1.4x	3.2x
Synergie	47%	620	3,066	168	8%	11%	5%	0.2x	3.7x
TriNet Group	65%	5,606	4,913	598	5%	23%	12%	1.1x	9.4x
Willis Towers Watson	81%	28,885	9,252	2,117	0%	42%	23%	3.2x	13.6x
Wipro	49%	23,281	11,219	N/A	18%	28%	N/A	2.1x	10.7x
WNS (Holdings)	88%	3,818	1,224	252	10%	35%	21%	3.1x	15.2x
Min		232	288	46	-8%	11%	1%	0.1x	2.2x
Median		3,920	3,152	252	9%	33%	15%	1.6x	11.7x
<b>Mean</b>		<b>13,768</b>	<b>5,927</b>	<b>791</b>	<b>11%</b>	<b>35%</b>	<b>18%</b>	<b>2.1x</b>	<b>11.4x</b>
Max		90,946	40,334	4,143	31%	77%	45%	7.9x	22.0x

Professional Employer Organizations (PEO) denoted in blue.

### EdTech / E-Learning

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
2U	18%	1,195	948	(62)	-2%	71%	-7%	1.3x	N/A
BTS Group	41%	392	248	40	26%	N/A	16%	1.6x	9.9x
Coursera	29%	1,096	551	(161)	23%	60%	-29%	2.0x	N/A
Docebo	33%	891	152	13	33%	81%	9%	5.9x	68.6x
Ebix	41%	1,147	1,007	151	2%	34%	15%	1.1x	7.6x
FranklinCovey	84%	480	276	36	12%	76%	13%	1.7x	19.0x
Instructure	76%	3,846	491	122	15%	64%	25%	7.8x	31.7x
Learning Technologies Group	36%	1,184	736	123	131%	N/A	17%	1.6x	9.7x
Udemy	38%	970	653	(156)	20%	56%	-24%	1.5x	N/A
Min		392	152	(161)	-2%	34%	-29%	1.1x	7.6x
Median		1,096	551	36	20%	64%	13%	1.6x	14.5x
<b>Mean</b>		<b>1,244</b>	<b>562</b>	<b>12</b>	<b>29%</b>	<b>63%</b>	<b>4%</b>	<b>2.7x</b>	<b>24.4x</b>
Max		3,846	1,007	151	131%	81%	25%	7.8x	68.6x

### Recruiting Platforms

Name	% of 52 Week High	Enterprise Value	Revenue	EBITDA	Revenue Growth	Gross Margin	EBITDA Margin	EV / LTM Revenue	EV / LTM EBITDA
BOSS Zhipin	40%	5,898	662	36	6%	83%	5%	8.8x	163.4x
Recruit Holdings	41%	46,397	25,579	3,778	23%	58%	15%	1.8x	12.3x
Seek (Human Capital Services)	49%	6,582	849	360	119%	99%	42%	7.8x	18.3x
Upwork Global	22%	986	638	(31)	20%	74%	-5%	1.5x	N/A
ZipRecruiter	50%	1,661	861	115	2%	90%	13%	1.9x	14.4x
Min		986	638	(31)	2%	58%	-5%	1.5x	12.3x
Median		5,898	849	115	20%	83%	13%	1.9x	16.3x
<b>Mean</b>		<b>12,305</b>	<b>5,718</b>	<b>852</b>	<b>34%</b>	<b>81%</b>	<b>14%</b>	<b>4.4x</b>	<b>52.1x</b>
Max		46,397	25,579	3,778	119%	99%	42%	8.8x	163.4x

# TECHNOLOGY PRACTICE WELCOMES NEW ASSOCIATE

Founders is excited to welcome new associate, Tucker Helms, to its Business Services Team. Mr. Helms, originally from Montgomery, AL, joined the team in February. Prior to Founders, Mr. Helms was an associate with Addicus Capital Advisors and before that, a Senior Associate at AEA Group. Mr. Helms graduated from the University of Alabama with a B.S. in finance and an MBA with a specialization in management information systems.

ORDER SERVICE GROWTH EXCELLENCE HEALTH COMMUNITY

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### Services



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### Business Services Focus Includes

- Staffing, Recruiting & Consulting Services
- Tech-Enabled Services
- Enterprise Software and technology
- GovCon
- Risk Management
- Management Consulting
- Security and Protective Services

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