

---

# SCOTT-MACON

INVESTMENT BANKING

---

## BUSINESS SERVICES INDUSTRY

Quarterly Update | Q1 2023



M&A ADVISORY | VALUATION SERVICES | ADVISORY SERVICES | DEBT/EQUITY FINANCINGS

## Introduction

We are pleased to provide you with Scott-Macon's Q1 2023 Business Services Industry update. Please contact Nate Cortright at 203-246-6527 or [ncortright@scott-macon.com](mailto:ncortright@scott-macon.com) should you wish to discuss how Scott-Macon can assist you in achieving your business objectives.

## BUSINESS SERVICES MARKET OVERVIEW

- The Business Services M&A market continues to show strong performance in the first quarter of 2023, with 461 deals announced in the United States.
- M&A valuations in the business services sector continue to outperform relative to other sectors.
- Business Process Outsourcing, specifically the Consulting and Professional Services segment, continued to lead M&A deal activity in Q1.
- Technology providers have played a central role in today's data-rich environment by tracking customer usage. Technology businesses seek to improve data quality, creating strong acquisition interest in outsourced data analytics and market research. Strategic buyers have used their healthy balance sheets to consolidate competitors and enhance their big data capabilities.
- The Financial Services industry has shown increased investment in outsourced contact center operations to improve business communications and increase cost savings. Operational cost savings for banks and other financial service providers are expected to reach \$7.3 billion by 2023<sup>2</sup> as contact centers adopt AI-enabled systems and process automation tools.
- Customers have grown accustomed to remote servicing during the pandemic, and the use of digital support channels will likely continue long-term. BPO and contact center companies serving the Financial Services industry have attracted significant buyer interest. Sponsors have begun to verticalize BPO portfolios to capitalize on favorable Financial Services industry trends.
- Scott-Macon's financial professionals view that the business services sector will continue to be viewed as an attractive area for investment due to the continued economic dependency on the sector.
- As one of the nation's longest-established investment banks, the opinions of Scott-Macon are rooted in our extensive current and historical industry data and research, input from our clients, and a wealth of professional experience.

## SEGMENT SNAPSHOT

\$ in millions	M&A Q1 2023	Public Comps	
	# Deals	TEV / Revenue	TEV / EBITDA
Business Processing Outsourcing	342	1.95x	13.1x
Environmental And Facilities Services	110	1.80x	15.1x
Digital Payment Services	9	3.26x	12.4x

(1) Based on data from S&P CapitalIQ.

(2) Source: JuniperResearch

## Trailing 18 Month M&amp;A Transactions

BUSINESS SERVICES M&A TRANSACTIONS						
Announced Date	Target	Buyer	Enterprise Value	Enterprise Value /		
				Revenue	EBITDA	
03/27/2023	TIC-MS, Inc.	Transcat, Inc.	\$ 9.7	N/A	N/A	
03/21/2023	Groupe Solution Collect Solu Inc.	General Credit Services Inc.	5.6	N/A	N/A	
03/20/2023	TRAX USA Corp	AAR Corp.	140.0	N/A	N/A	
03/12/2023	Qualtrics International Inc.	Silver Lake Technology Management, L.L.C.; Canada Pension Plan Investment Board	11,166.2	7.48x	NM	
03/08/2023	Kimball International, Inc.	HNI Corporation	562.7	0.76x	8.5x	
03/01/2023	Centurion Container LLC	Greif, Inc.	145.0	1.93x	8.5x	
03/01/2023	MultiState Associates Inc.	Public Policy Holding Company, Inc.	70.1	N/A	N/A	
03/01/2023	Thompson Industrial Services, LLC	Clean Harbors, Inc.	111.9	N/A	N/A	
02/28/2023	FleetNet America, Inc.	Cox Automotive Mobility Solutions, Inc.	100.0	N/A	N/A	
02/23/2023	Total Human Resources, LLC	Questco, LLC	5.0	N/A	N/A	
02/22/2023	Moore Canada Corporation	DATA Communications Management Corp.	130.8	0.52x	N/A	
02/22/2023	Quant Systems Inc.	Sonata Software North America Inc.	160.0	4.32x	N/A	
02/21/2023	Three Canadian Senior Housing Communities	Sabra Health Care REIT, Inc.	52.1	N/A	N/A	
02/21/2023	Maintenance and Turnaround Business in North America of Worley Limited	CAM Industrial Solutions LLC	180.0	N/A	N/A	
02/16/2023	GeoConex Corporation	Zetron, Inc.	22.7	N/A	N/A	
02/10/2023	Environmental Alliance, Inc.	Montrose Environmental Group, Inc.	5.2	N/A	N/A	
02/07/2023	Merchant One Payment Systems, Inc.	Fiserv, Inc.	303.0	N/A	N/A	
02/01/2023	Vertex Refining OH, LLC	Future Environmental Inc.	90.0	N/A	N/A	
01/31/2023	Atlas Technical Consultants, Inc.	GI Manager L.P.	985.0	1.62x	13.9x	
01/31/2023	Sonoco Sustainability Solutions, LLC	Northstar Recycling Company, Inc.	15.3	NA	NA	
01/26/2023	Houston Auto Auction, Inc.	E Automotive Inc.	5.5	NA	NA	
01/26/2023	PowerInbox Inc.	OpenWeb Technologies Ltd.	100.0	NA	NA	
01/24/2023	IA Energy Corp.	N/A	0.6	NA	NA	
01/19/2023	Minaro Corp.	Pineapple Consolidated, Inc. (nka:Minaro Corp.)	58.5	NA	NA	
01/18/2023	Meltwater N.V.	Altor Equity Partners AB; Marlin Equity Partners, LLC; Altor Fund III LP; Altor Fund V AB	6,775.6	1.48x	66.8x	
01/17/2023	In-Plas Recycling Inc.	Close the Loop Ltd	4.0	NA	NA	
01/16/2023	Impression Paragraph Inc.	Supremex Inc.	26.6	0.69x	N/A	
01/12/2023	Bridges/Duffy Holdings LLC	Veritext Corp	2.2	NA	NA	
01/09/2023	Paya Holdings Inc.	Nuvei Corporation	1,557.8	4.91x	23.5x	
01/06/2023	Frontier Analytical Laboratories	Montrose Environmental Group, Inc.	1.1	NA	NA	
01/05/2023	PRM Window Tinting Services LLC	TOPCARS	2.6	NA	NA	
01/04/2023	Pineapple Ventures, Inc.	N/A	0.2	NA	NA	
<b>Median</b>			<b>\$ 52.1</b>	<b>1.62x</b>	<b>13.85x</b>	

Note: \$ in millions. Information above only represents transactions with partial or full announced deal terms.

ND: SM proprietary deal stat has been included in the median.

NA: Not available.

NM: Not meaningful.

## Public Company Performance

## Business Process Outsourcing Industry Companies (1/2)

\$ in millions, except per share data	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM	
	of 3/31/23	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA
<b>Business Process Outsourcing Industry Companies</b>								
Atento S.A.	\$ 2.08	(92.5%)	\$ 30	679.42	1,394.50	1.7%	0.49x	28.4x
Automatic Data Processing, Inc.	222.63	(2.2%)	92,247	94,320	17,247	27.2%	5.47x	20.1x
Booz Allen Hamilton Holding	92.69	5.5%	12,261	14,966	9,064	9.3%	1.65x	17.7x
CBIZ, Inc.	49.49	17.9%	2,483	2,953	1,412	14.3%	2.09x	14.7x
Clarivate Plc	9.39	(44.0%)	6,343	11,099	2,660	36.7%	4.17x	11.4x
Cognizant Technology Solutions	60.93	(32.1%)	31,031	30,387	19,428	18.3%	1.56x	8.5x
Compass, Inc.	3.23	(58.9%)	1,472	1,873	6,018	(7.3%)	0.31x	NM
Concentrix Corporation	121.55	(27.0%)	6,329	8,874	6,425	15.6%	1.38x	8.9x
Conduent Incorporated	3.43	(33.5%)	749	1,696	3,858	7.7%	0.44x	5.7x
CoStar Group, Inc.	68.85	3.4%	28,006	24,140	2,182	27.0%	11.06x	41.0x
CrowdStrike Holdings, Inc.	137.26	(39.6%)	32,375	30,703	2,241	(5.3%)	13.70x	NM
CSG Systems International, Inc.	53.70	(15.5%)	1,639	1,976	1,090	15.1%	1.81x	12.0x
Datadog, Inc.	72.66	(52.0%)	23,243	23,742	1,675	(1.8%)	14.17x	NM
Dun & Bradstreet Holdings, Inc.	11.74	(33.0%)	5,113	8,552	2,225	30.4%	3.84x	12.7x
EngageSmart, Inc.	19.25	(9.7%)	3,199	2,919	304	11.6%	9.61x	NM
EPAM Systems, Inc.	299.00	0.8%	17,246	15,758	4,825	16.2%	3.27x	20.1x
ExlService Holdings, Inc.	161.83	13.0%	5,389	5,584	1,412	17.1%	3.95x	23.1x
FTI Consulting, Inc.	197.35	25.5%	6,560	6,637	3,029	11.9%	2.19x	18.4x
Gartner, Inc.	325.77	9.5%	25,756	28,216	5,476	24.0%	5.15x	21.5x
Genpact Limited	46.22	6.2%	8,489	9,541	4,371	15.8%	2.18x	13.8x
Heidrick & Struggles International,	30.36	(23.3%)	603	330	1,073	11.4%	0.31x	2.7x
HubSpot, Inc.	428.75	(9.7%)	21,177	21,652	1,731	(4.8%)	12.51x	NM
Huron Consulting Group Inc.	80.37	75.4%	1,436	1,770	1,132	11.6%	1.56x	13.5x
i3 Verticals, Inc.	24.53	(12.0%)	567	959	330	14.4%	2.91x	20.2x
IBEX Limited	24.40	53.1%	445	498	520	10.7%	0.96x	9.0x
ICF International, Inc.	109.70	16.5%	2,055	2,820	1,780	9.4%	1.58x	16.9x
Jack Henry & Associates, Inc.	150.72	(23.5%)	11,001	11,299	1,995	27.1%	5.66x	20.9x
Jacobs Solutions Inc.	117.51	(14.7%)	14,890	17,925	15,341	8.9%	1.17x	13.1x
Kelly Services, Inc.	16.59	(23.5%)	616	533	4,965	2.1%	0.11x	5.2x

CONTINUED ON THE NEXT PAGE

## Public Company Performance

## Business Process Outsourcing Industry Companies (2/2)

\$ in millions, except per share data	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM	
	of 3/31/23	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA
<b>Business Process Outsourcing Industry Companies</b>								
Kforce Inc.	63.24	(14.5%)	1,228	1,274	1,711	7.0%	0.74x	10.7x
Maximus, Inc.	78.70	5.0%	4,783	6,198	4,759	8.9%	1.30x	14.7x
MSCI Inc.	559.69	11.3%	44,810	48,394	2,281	58.1%	NM	36.5x
Paychex, Inc.	114.59	(16.0%)	41,310	40,864	4,922	43.8%	8.30x	19.0x
Resources Connection, Inc.	17.06	(0.5%)	574	489	808	11.8%	0.61x	5.1x
Science Applications International	107.46	16.6%	5,870	8,329	7,704	8.8%	1.08x	12.3x
Squarespace, Inc.	31.77	24.0%	4,293	4,732	867	4.8%	5.46x	NM
Startek, Inc.	4.13	(6.8%)	166	361	385	8.2%	0.94x	11.4x
TaskUs, Inc.	14.44	(62.5%)	1,408	1,586	960	16.0%	1.65x	10.3x
TELUS International (Cda) Inc.	20.23	(18.1%)	5,400	7,173	2,555	20.3%	2.81x	13.8x
Teradata Corporation	40.28	(18.3%)	4,071	4,166	1,775	13.5%	2.35x	17.4x
TransUnion	62.14	(39.9%)	12,003	17,265	3,729	31.9%	4.63x	14.5x
TrueBlue, Inc.	17.80	(38.4%)	570	586	2,168	3.7%	0.27x	7.4x
TTEC Holdings, Inc.	37.23	(54.9%)	1,758	2,646	2,488	12.1%	1.06x	8.8x
Unisys Corporation	3.88	(82.0%)	264	404	2,050	9.4%	0.20x	2.1x
Verisk Analytics, Inc.	191.86	(10.6%)	29,680	32,529	2,505	50.5%	12.99x	25.7x
WEX Inc.	183.89	3.0%	7,932	9,932	2,445	32.9%	4.06x	12.3x
WNS (Holdings) Limited	93.17	9.0%	4,485	4,729	1,224	16.7%	3.86x	23.2x
Xerox Holdings Corporation	15.40	(23.6%)	2,409	5,311	7,154	7.8%	0.74x	9.5x
<b>Mean</b>	<b>\$ 95.81</b>	<b>(13.3%)</b>	<b>\$ 11,162</b>	<b>\$ 12,066</b>	<b>\$ 3,726</b>	<b>15.3%</b>	<b>3.52x</b>	<b>15.3x</b>
<b>Median</b>	<b>\$ 61.54</b>	<b>(13.2%)</b>	<b>\$ 4,948</b>	<b>\$ 5,880</b>	<b>\$ 2,246</b>	<b>12.0%</b>	<b>2.10x</b>	<b>13.8x</b>

## Public Company Performance

## Environmental and Facilities Services

\$ in millions, except per share data	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM		
	of 3/31/23	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA	
<b>Environmental and Facilities Services Industry Companies</b>									
ABM Industries Incorporated	\$ 44.94	(2.4%)	\$ 2,971	\$ 4,401	\$ 7,862	5.5%	0.56x	10.2x	
Aramark	35.80	(4.8%)	9,326	17,551	16,979	6.9%	1.03x	14.9x	
BrightView Holdings, Inc.	5.62	(58.7%)	525	1,959	2,777	9.2%	0.71x	7.6x	
Compass Group PLC	20.33	23.2%	35,473	38,525	25,512	7.5%	1.51x	20.2x	
Covanta Holding Corporation	N/A	N/A	N/A	N/A	2,034	17.2%	N/A	N/A	
Diversey Holdings, Ltd.	8.09	6.9%	2,626	4,575	2,802	9.3%	1.63x	17.6x	
Ecolab Inc.	165.53	(6.2%)	47,121	55,769	14,493	19.5%	3.85x	19.7x	
ISS A/S	139.60	15.5%	25,788	37,482	76,538	4.1%	0.49x	12.0x	
Rentokil Initial plc	5.92	12.5%	14,798	18,116	3,714	19.0%	4.88x	25.7x	
Republic Services, Inc.	135.22	2.1%	42,762	54,927	14,122	28.4%	3.89x	13.7x	
Rollins, Inc.	37.53	7.1%	18,493	18,721	2,763	21.8%	6.78x	31.1x	
RPM International Inc.	87.24	7.1%	11,262	14,174	7,224	13.0%	1.96x	15.1x	
SP Plus Corporation	34.29	9.3%	673	1,228	826	14.0%	1.49x	10.6x	
Team, Inc.	5.48	(75.2%)	24	304	840	23.8%	0.36x	NM	
Tetra Tech, Inc.	146.91	(10.9%)	7,819	8,115	2,893	13.1%	2.81x	21.5x	
US Ecology, Inc.	N/A	N/A	N/A	N/A	1,000	14.3%	N/A	N/A	
W.W. Grainger, Inc.	688.81	33.5%	34,578	36,859	15,672	16.5%	2.35x	14.3x	
Waste Management, Inc.	163.17	2.9%	66,372	81,485	19,929	27.7%	4.09x	14.7x	
<b>Mean</b>	<b>\$ 101.77</b>	<b>(2.4%)</b>	<b>\$ 18,868</b>	<b>\$ 23,212</b>	<b>\$ 11,488</b>	<b>13.5%</b>	<b>2.34x</b>	<b>16.6x</b>	
<b>Median</b>	<b>\$ 37.53</b>	<b>2.9%</b>	<b>\$ 11,262</b>	<b>\$ 17,551</b>	<b>\$ 3,714</b>	<b>14.0%</b>	<b>1.63x</b>	<b>14.9x</b>	

## Public Company Performance

## Digital Payment Services Industry Companies

\$ in millions, except per share data	Stock Price as	52-Week	Market	Enterprise	LTM	EBITDA	EV/LTM		
	of 3/31/23	% Change	Cap	Value (EV)	Revenue	Margins	Revenue	EBITDA	
<b>Digital Payment Processing Companies</b>									
Booz Allen Hamilton Holding	\$ 92.69	5.5%	\$ 12,261	\$ 14,966	\$ 9,064	9.3%	1.65x	17.7x	
EVERTEC, Inc.	33.75	(17.5%)	2,193	2,443	618	34.7%	3.95x	11.4x	
EVO Payments, Inc.	N/A	N/A	N/A	N/A	543	26.5%	N/A	N/A	
Fidelity National Information	54.33	(45.9%)	32,160	50,523	14,528	28.3%	3.48x	12.3x	
Fiserv, Inc.	113.03	11.5%	70,997	92,265	17,737	38.7%	5.20x	13.4x	
FLEETCOR Technologies, Inc.	210.85	(15.3%)	15,496	21,207	3,427	49.8%	6.19x	12.4x	
Flywire Corporation	29.36	(4.0%)	3,230	2,884	289	(7.7%)	9.97x	NM	
Global Payments Inc.	105.24	(23.1%)	27,761	40,489	8,976	40.6%	4.51x	11.1x	
GreenSky, Inc.	NM	N/A	NM	N/A	518	30.8%	N/A	N/A	
Marqeta, Inc.	4.57	(58.6%)	2,461	1,290	748	(27.5%)	1.72x	NM	
Paya Holdings Inc.	NM	N/A	N/A	N/A	283	20.3%	N/A	N/A	
Paymentus Holdings, Inc.	8.86	(58.0%)	1,092	958	497	1.3%	1.93x	NM	
Payoneer Global Inc.	6.28	40.8%	2,225	1,713	628	(2.1%)	2.73x	NM	
PayPal Holdings, Inc.	75.94	(34.3%)	85,916	89,695	27,518	17.9%	3.26x	18.2x	
Paysafe Limited	17.27	(57.5%)	1,050	3,471	1,496	20.5%	2.32x	11.3x	
Priority Technology Holdings, Inc.	3.59	(37.6%)	283	875	664	18.2%	1.32x	7.2x	
Repay Holdings Corporation	6.57	(55.5%)	581	978	279	23.4%	3.50x	15.0x	
Shift4 Payments, Inc.	75.80	22.4%	4,326	5,315	1,994	9.0%	2.67x	29.7x	
<b>Mean</b>	<b>\$ 53.25</b>	<b>(21.8%)</b>	<b>\$ 17,469</b>	<b>\$ 21,938</b>	<b>\$ 4,989</b>	<b>18.4%</b>	<b>3.63x</b>	<b>14.5x</b>	
<b>Median</b>	<b>\$ 31.56</b>	<b>(23.1%)</b>	<b>\$ 3,230</b>	<b>\$ 3,471</b>	<b>\$ 706</b>	<b>20.4%</b>	<b>3.26x</b>	<b>12.4x</b>	

*Overview of Scott-Macon*

Scott-Macon is one of the oldest independent investment banks in the United States, focused exclusively on middle-market transactions in the \$10-200 million range. Founded in 1973 by Alfred L. Scott, the firm’s senior professionals have extensive experience in mergers and acquisitions advisory, debt and equity financing, corporate valuations, fairness opinions and general corporate financial consulting.

In business for over 40 years, Scott-Macon has been retained to undertake a diverse range of domestic and international corporate finance engagements for both public and privately-held corporations. The firm’s professionals have significant operating and advisory experience across key industry sectors.

**BUSINESS SERVICES INDUSTRY EXPERIENCE**

**Business Services Segments**

Research Services	Food Services
Facility Management	Enterprise Solutions
Tech-enabled	Financial Services
Data Analytics	Workforce Solutions
Insurance	Security Services
Delivery Services	Marketing Services
Consulting	Waste Management
Regulatory Compliance	Construction Services

**INDUSTRY GROUPS**



**Sources**

1. Pitchbook
2. S&P CapitalIQ
3. Scott-Macon proprietary transaction information
4. SEC Filings

**Disclaimer:**

*In the preparation of the information contained in this document, Scott-Macon Group, Inc. has endeavored to present information that is as accurate and current as possible from sources believed to be reliable. However, inadvertent errors can occur. Therefore, the information is provided “as is”, without any representation or warranty of any kind, expressed or implied. Any reproduction, retransmission, republication, or other use of all or part of this document is expressly prohibited, unless written permission has been granted by Scott-Macon Group, Inc. All other rights are reserved.*

Copyright 2023 © Scott-Macon Group, Inc. all rights reserved.

**CONTACTS**

**Nathan D. Cortright**  
 Managing Director  
 Group Head, Healthcare  
[ncortright@scott-macon.com](mailto:ncortright@scott-macon.com)  
 (203) 246-6527

**Robert B. Dimmitt**  
 Senior Managing Director  
[rdimmitt@scott-macon.com](mailto:rdimmitt@scott-macon.com)  
 (212) 755-8200

**Alex L. Scott**  
 Managing Director  
[ascott@scott-macon.com](mailto:ascott@scott-macon.com)  
 (212) 755-8200

**Jeffrey M. Tepper**  
 Managing Director  
[jtepper@scott-macon.com](mailto:jtepper@scott-macon.com)  
 (212) 755-8200

**George B. James**  
 Vice President  
[gjames@scott-macon.com](mailto:gjames@scott-macon.com)  
 (773) 526-6027

**John H. Romei**  
 Associate  
[jromei@scott-macon.com](mailto:jromei@scott-macon.com)  
 (201) 841-3396

**Kirubel Misgina**  
 Associate  
[kjmisgina@scott-macon.com](mailto:kjmisgina@scott-macon.com)  
 (212) 755-8200



Select Business Services Transactions

 <p>has been acquired by</p> 	<p>MEDCONTRAX</p> <p>has placed equity securities with a consortium including</p> 	 <p>has acquired</p> 	 <p>has acquired</p> <p>Professional Services</p>	<p>Expand S.A.</p> <p>has acquired</p> <p>MED Communications</p>
 <p>has acquired</p> 	<p>Financial Protection Services</p> <p>has placed debt and equity securities with</p> <p>FINANCIAL SERVICES</p>	 <p>has acquired</p> <p>General Services Corporation</p>	 <p>has been acquired by</p> 	<p>Metro Creative Graphics</p> <p>has been acquired by</p> <p>Investor Group</p>
 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	<p>GENIUS</p> <p>has been acquired by</p> <p>QSI</p>	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>Anthem</p> <p>has acquired</p> <p>National Capital Health</p>	 <p>has been recapitalized by</p> 	<p>Medical Bill Audits</p> <p>has been acquired by</p> 	<p>CIS</p> <p>has acquired</p> <p>LASER ACCESS</p>	 <p>has been acquired by</p> 
<p>Decision Resources inc</p> <p>a portfolio company of</p>  <p>has acquired</p> 	<p>MEDICAL RESOURCE</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 	<p>FFI Health Services</p> <p>has been acquired by</p> 

Note: These include companies where Principals of Scott-Macon were active advisors while employed at Scott-Macon and previous firms. All logos listed above are registered trademarks of the respective companies.