

HCM Market Insights

Q2 2023

M&A Q2 2023 In Review

- Global M&A volume fell for the second-consecutive quarter as both buyers and sellers exhibited caution with instability in the economy. Estimated combined enterprise value came in at \$758 billion for the quarter, falling 7% from the previous quarter and down 34% from Q2 2022. Total deal count remained steady with an estimated 10,111 transactions completed.
- In North America, the M&A activity fared slightly better than the global trends as 4,276 deals were completed with a combined enterprise value of \$466 billion, representing nearly a 5% quarterly drop in both deal count and enterprise value.
- The interest rate environment and the associated higher borrowing costs has led to smaller deal sizes; this environment has resulted in the trend of a relatively steady total deal count but declining combined enterprise value.
- Financial sponsors have lowered the amount of debt used to finance leveraged buyouts and have slowed the number of transactions completed, with financial sponsors representing only 33.3% of total transactions completed in the quarter, a two-year low.
- Valuations recovered in Q2 from the previous quarter with an average EV to EBITDA multiple of 8.8x in the TTM period. This sits slightly below average multiples of 8.9x in 2022 but 13% below the average EV to EBITDA over the prior five years.

North American M&A Outlook

M&A activity is expected to increase in the back-half of the year as buyer and seller expectations begin to align and fears of a recession fade.

The year of the add-on is expected to continue, as PE-backed exits are down 31% from their 10-year average and 73% of PE transactions were add-on acquisitions.

In 2023, companies without backing are commanding greater attention in the market, representing an all-time high 85% of M&A transactions.

Corporate and Financial Buyers sit on historic levels of capital to deploy via acquisition with PE dry-powder levels at \$1.35 trillion and US corporate cash holdings above \$4.0 trillion.

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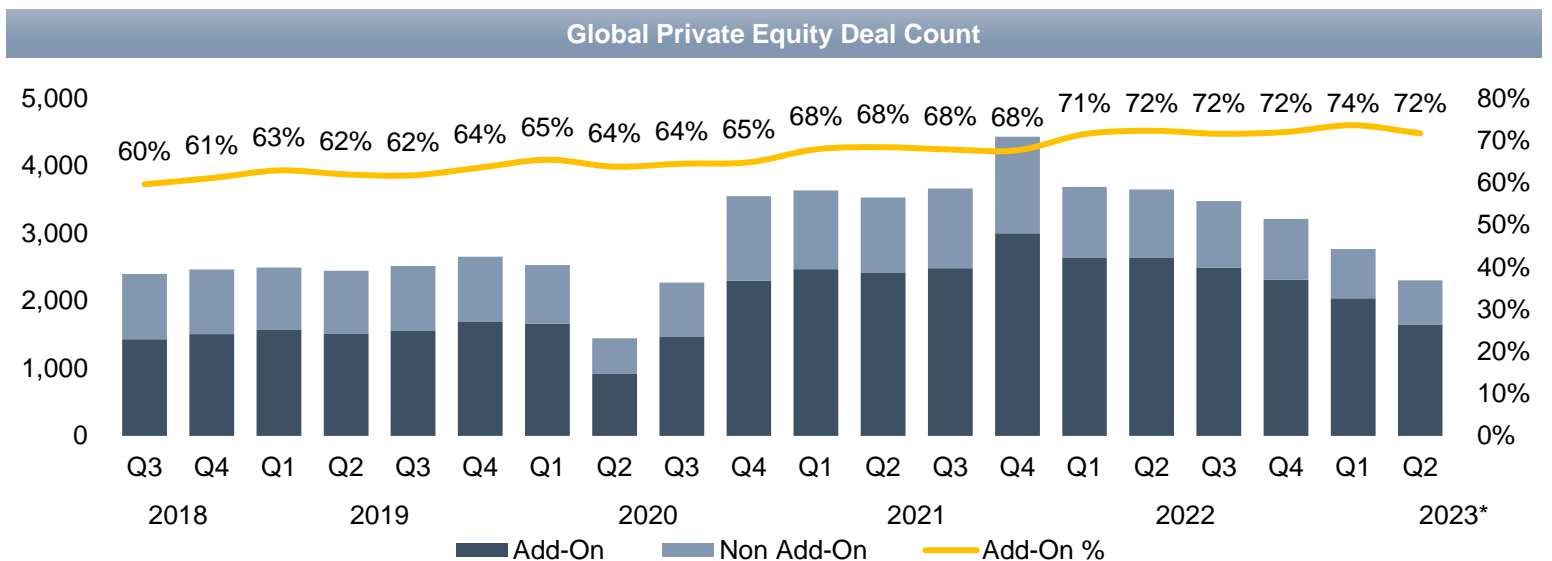
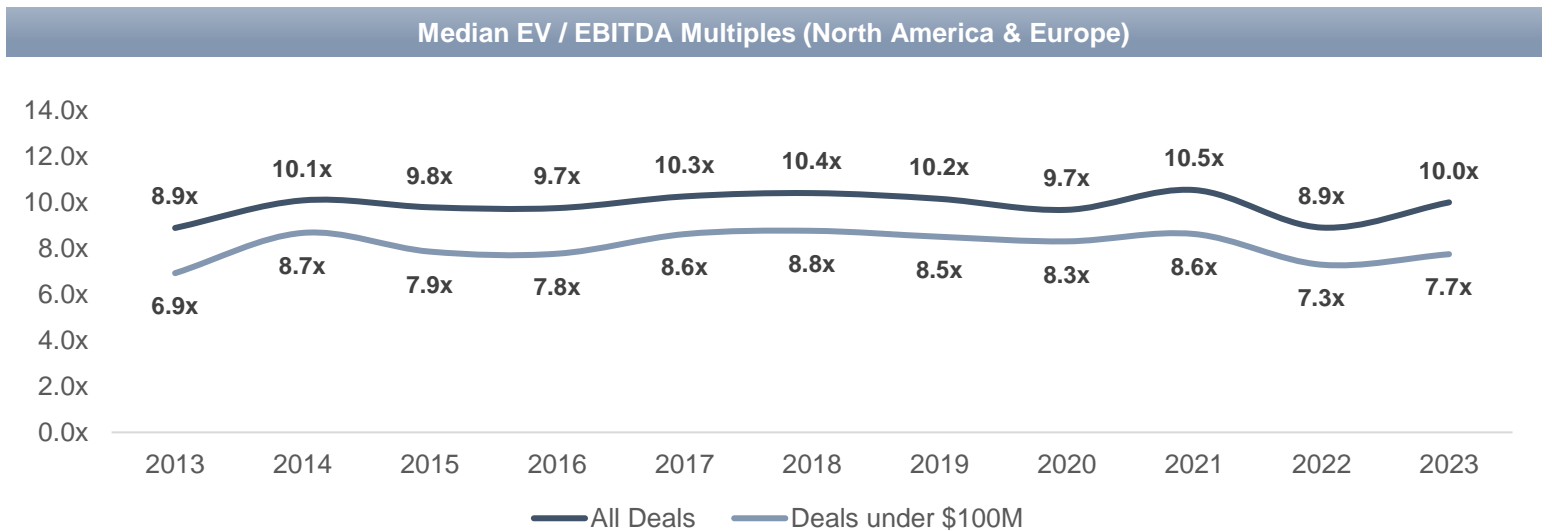
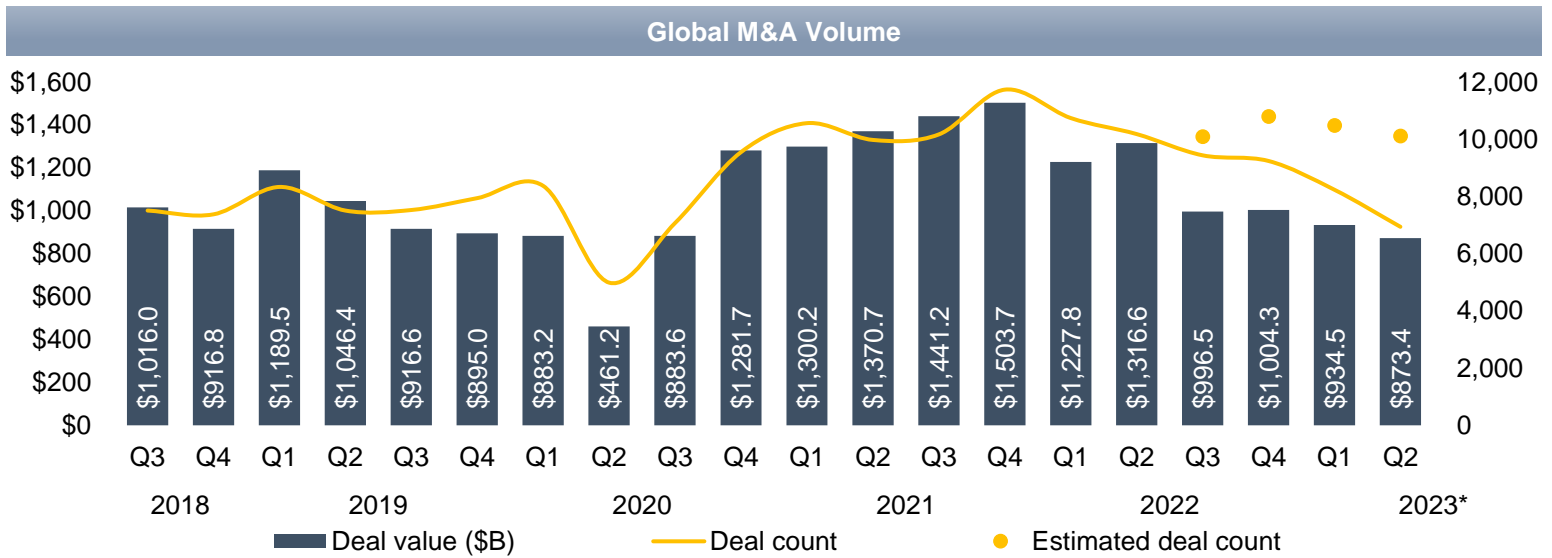
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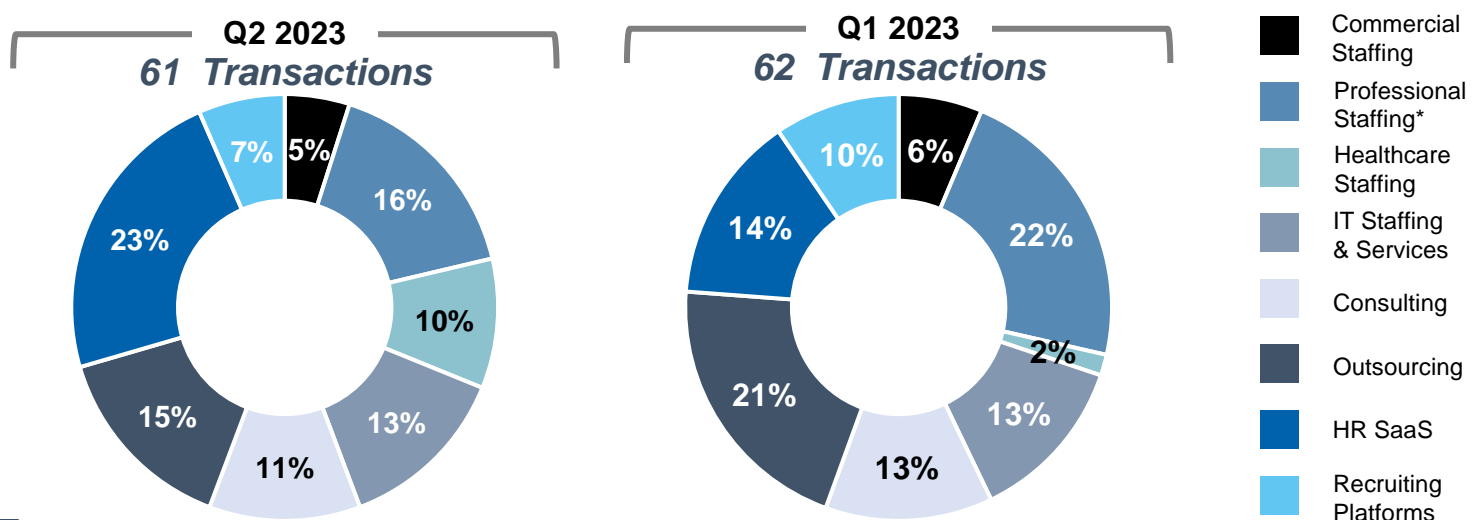
M&A Trends



Select HCM Insights

- With recent GDP growth beating expectations, inflation continuing to fall towards the Fed's 2% target, and the easing of a historically tight labor market, many believe that the economy may be reaching a state of normalcy for the time being, bucking fears of a recession in 2023¹. A soft landing for the economy may be more likely.
- Labor demand tempered in the quarter as June job growth slowed to the slowest pace since December 2022 and a rebound in labor supply contributed to easing labor tightness². Labor force participation rates remain below long-term averages providing a continuing path to the balancing of supply and demand in the labor market.
- The number of Americans who are voluntarily leaving their jobs has steadily fallen off all-time highs in the past year, signaling a cooling labor market. In May, just over 4 million Americans voluntarily quit their job, down from a record high of 4.5 million in November 2021^{1,3}.
- Other indicators also point to a loosening of the labor market, including a decline in average weekly hours. The average weekly hours worked for all US employees fell to 34.3 in May before a slight uptick to 34.4 in June. Outside of March and April of 2020, the May numbers marked the lowest average hours worked in over a decade. Average hours have been on a steady decline since reaching an all-time high of 35.0 in January 2021. Typically, a decline in average hours precedes layoffs but the current declines may be a result of a normalization in the labor market after employees worked an unprecedented amount of overtime hours in the aftermath of the pandemic^{1,3}.
- Recent data suggests that 75% of HR professionals believe their department is working beyond capacity, leading to substantial demand for HR outsourcing. The HR Outsourcing (HRO) market is expected to grow by over \$10 Billion between the years 2021 and 2026 with the greatest increase coming from rising demand for outsourced payroll services. SMBs are turning to HROs and PEOs to solve these needs and the runway for growth remains strong with currently only a 15% market penetration for companies with 10 to 99 employees⁴.
- Demand for allied healthcare staffing across school systems continues its surge with therapy and speech language pathologists experiencing the greatest demand.
- SIA upwardly revised its healthcare staffing April 2023 Forecast market estimate from \$64.4B to \$68.6B compiled from the following sub-segment estimates: travel nurse (\$42.0B), per diem nurse (\$7.6B), locum tenens (\$6.1B), allied healthcare (\$12.0B), and international nursing (\$0.9B).
- The dramatic growth of SPaaS reflects how the tech-adverse staffing industry across all sectors is rapidly adapting to the change of automating the self-serve connection between clients, talent, and staffing personnel.
- Tech layoffs slowed for the sixth consecutive month with under 10k layoffs in July down from nearly 90k in January⁵.
- In a recent survey, healthcare and IT staffing firms continue to be the most sought after acquisition targets. 34% of respondents noted the healthcare segment as their first preference for an acquisition followed by IT at 25%⁶.

Staffing & Workforce Solutions M&A Activity By Quarter



Key Earnout Factors

By: **Neal England**, Managing Director

Earnouts are widely used mechanisms by strategic and financial buyers during an M&A transaction that enable a buyer and seller to bridge gaps in valuation and help a buyer mitigate risk. Under an earnout, a portion of purchase price is deferred, and receipt is contingent upon the acquired business achieving certain growth-related benchmarks post-closing. Essentially, a seller agrees to stay on for a period of 1-2 years (or longer) after closing to help drive growth and integration initiatives towards revenue, gross profit, or EBITDA benchmarks as mutually agreed between the parties. When the benchmarks are achieved, the deferred portion of purchase consideration is paid. An earnout can be a terrific mechanism to gain additional purchase consideration if benchmarks are exceeded. However, if benchmarks are missed then a seller can expect to receive reduced purchase consideration or even lose the entire deferred purchase consideration subject to the level of shortfall. Earnouts can be a calculated risk and a big win for a seller who has a solid handle on their business and enough energy and determination to drive growth for a short-term period toward a goal. A good acquiring partner (financial or strategic) wants to see the seller hit their goals and pay the earnout because they know the result means greater profitability and growth from the enterprise they acquired. This mindset from a quality buyer greatly reduces any sense of conflict from a seller.

Negotiating favorable earnout terms is a complex process and it is important for sellers to understand the following key factors to focus on during negotiations:

Achieving and exceeding post deal benchmarks is critical for buyers to receive their earnout proceeds. These benchmarks are typically based on projections shared with buyers early in a process to demonstrate the seller has a vision of future growth potential. Projections need to be properly crafted to provide buyers with enough insight that excites them about growth potential without creating too high a milestone hurdle to clear. Markets change, key people leave, and large clients can be lost during an earnout period so be sure to factor these possibilities into projections.

Earnout measurement metrics are typically based on revenue, gross profit, or EBITDA. Revenue and gross profit-based milestones are more controllable for sellers especially when buyers plan to achieve some level of integration. Finance, IT, payroll, legal, and HR can normally be integrated at some level into a buyer's operation without interfering with sales and service revenue growth. Sometimes a seller's gross profit can gain a boost by assuming some of the buyer's COGS expenses, because these expenses are likely at a lower price point due to the buyer's broader buying power. Frequently, however, earnout measurements are based on EBITDA in order to be consistent with the initial valuation metric. While the buyer effectively is the new owner, a seller can negotiate certain provisions in the purchase agreement preventing the buyer from inserting management fees into the P&L, manipulating expenses, or redirecting/distracting key performers without a seller's consent. Quality buyers usually agree to inserting language in the purchase agreement stating they will operate in good faith and deal fairly to provide sellers a fair opportunity to achieve the earnout. Maximizing operating autonomy and reducing buyer interference post-closing during the earnout is extremely important for hitting goals.

Continued on page 5

Key Earnout Factors (Cont.)

By: *Neal England, Managing Director*

Cliff and ratchet mechanisms are two commonly used methods to determine how much of the earnout will be paid, if any. Both are based on the actual performance achieved compared to the projected benchmark. A cliff mechanism is an “all or nothing” provision where an earnout is paid when the target is hit and isn’t paid if the target is missed. This can be harsh treatment if you are close to a target yet still miss the milestone. A ratchet mechanism is a more common approach and means the actual earnout paid will ratchet up or down by a pro rata percentage based on the actual performance. Ratchets are more reasonable because if you deliver less target then you receive less earnout, and if you deliver more target, may you receive additional earnout. Purchase structure and buyer’s agreement to the earnout will determine important nuances how a ratchet will perform for both parties in any given transaction.

Converting from entrepreneur to employee is hard for sellers who created an enterprise that is undergoing a change in control under an acquisition. Entrepreneurs don’t usually make good employees and buyers realize this. If you are the type of selling entrepreneur who must have things your way or always maintain the final word after a closing, then you should consider avoiding an earnout structure. On the other hand, if you can tolerate and adapt for a short term in exchange for the upside potential purchase consideration then this structure might be beneficial. At the end of the day, great buyers understand it’s not easy for entrepreneur sellers to adapt to this kind of change and they normally strive to make the transaction a partnership where both parties work together to execute towards a new common vision. In these successful partnerships, sellers can avoid the conflicted nature of earnouts and often hit their targets for the benefit of both parties, gain board seats, or advance under executive or advisor promotions if they choose to continue after the earnout period.

Other points to consider:

- Early earnout payout if targets are achieved early
- Make up or catch-up provisions
- Differences between GAAP and seller accounting practices
- For smaller buyers, escrowing of minimum earnout potential

As with all transactions and negotiations, the devil is in the details and ensuring that you, as the seller, have a strong M&A advisor and legal counsel will help ensure that any earnout is structured fairly with market driven terms. At Founders, we always work to ensure as much of the transactional consideration as possible is guaranteed, and any earnout is viewed as “icing on the cake.” If a transaction is on the horizon for you and your company, we would welcome the opportunity to share additional insights around our process and when earnouts could be a useful transaction mechanism to maximize purchase price.

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+
Financial Preparedness	Consistent reporting; ability to analyze at the customer level; GAAP; proof of cash → quality of earnings + full audit is likely with investors							
Revenue Growth	<10%			> 15%		% of Total Recurring Revenue Growth		
Gross Margin	<15%			>28%		Gross Margin reflects the scalability of a company, as well as the value of its services		
EBITDA Margin	<8%			>11%		Ability to generate free cash to continue growth in the business		
Direct Hire Revenue % of Total GP	>20%			<20%		Too much direct hire revenue causes devaluation risk by buyers		
MSP / VMS % of Revenue	>25%			<25%		Building relationships directly with hiring managers is sought after from buyers		
Customer Concentration	> 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		

Management Teams	Proven management teams willing and capable to lead the enterprise with a new buyer post transaction
Recruiters	Industry specific experience and/or well-tenured with networked connections within contractor communities
Sales	A proven sales model with established processes and well-tenured teams networked to prospect/client industries
Net Promoter Score (NPS)	Company should track successes with surveys, Glassdoor, and maintain their NPS
Other	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>

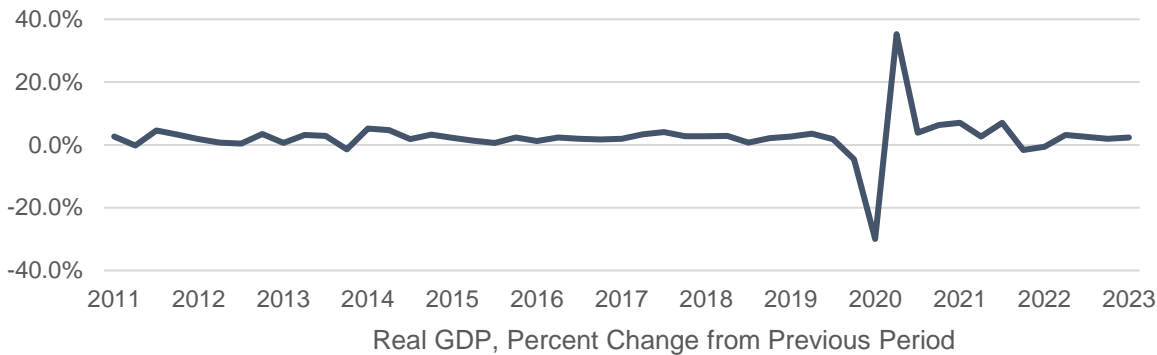
Scan Here



"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**

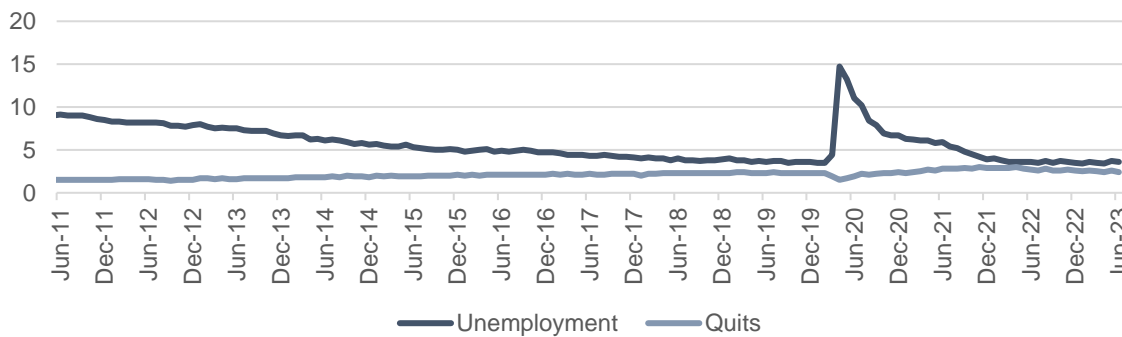
US Labor Force and Macroeconomic Indicators

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



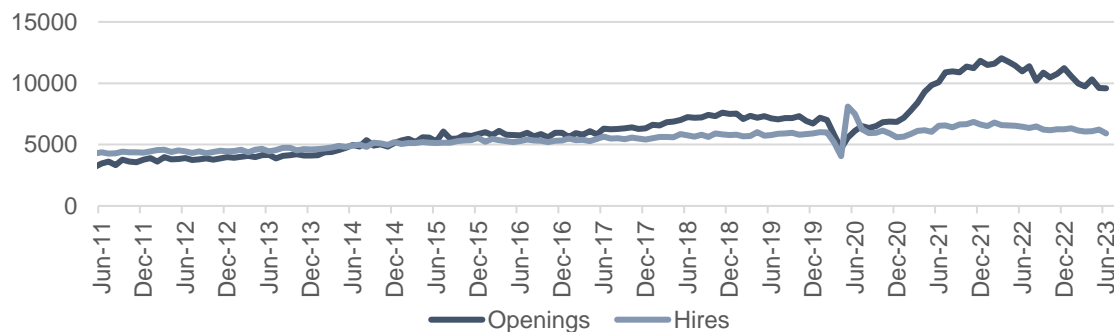
- GDP grew at an annualized rate of 2.4% in the quarter, beating estimates of 1.8%. This marks the fourth consecutive quarter of growth, accelerating from 2% in Q1.
- Growth was largely driven by an increase in nonresidential fixed investment, up 7.7% in the quarter compared to a 0.6% increase in Q1.

Unemployment (UE) & Quits Rates (%)



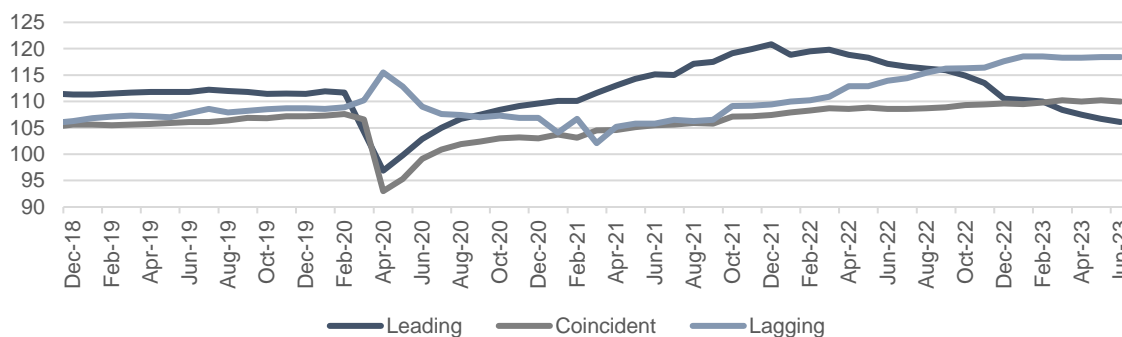
- The unemployment rate fell slightly to 3.6% in June, down from a seven-month high of 3.7% in May, while remaining flat compared to Q1.
- The labor force participation rate remains at 62.6%, below pre-pandemic levels.
- Total quits fell slightly to 2.4% in June, down from all-time highs in 2021.

Job Openings and Hires (Thousands)



- After a brief rebound in April to over 10M, job openings fell again in June to 9.6M. This marks the lowest number of job openings since early 2021 and suggests that the labor market may be cooling off.
- Hires also fell slightly to 5.9M in June, missing the 6M mark for the first time since early 2021.

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



































- While the Conference Board indicators may point towards a moderate recession from Q3 2023 to Q1 2024, this is not the consensus amongst all economists.
- On July 3rd, Bank of America economists projected continued growth through the end of 2023, citing solid consumer spending, cooling inflation, and a strong labor market. This announcement reverses their previous forecast of a mild recession in 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>Tandym Group acquired AETEA Information Technology in June 2023 for an undisclosed amount. AETEA, a Pennsylvania based business, is a full spectrum IT staffing and consulting organization that operates in a variety of industries. The acquisition will enhance Tandym Group's range of services and follows 2 acquisitions in 2022.</p>	  <p>On May 18, 2023, IT services provider Inspyr Solutions, a portfolio company of A&M Capital, acquired Ntelicor for an undisclosed amount. This is Inspyr's third acquisition in the last 12 months, and second outside the state of Florida. Ntelicor is an IT staffing provider based in Dallas. With this acquisition, Inspyr continues to aggressively expand its national footprint.</p>	  <p>Jackson Healthcare announced the acquisition of LRS Healthcare on June 12, 2023. Based in Omaha, Nebraska, LRS specializes in travel nurse and allied health staffing. With the acquisition LRS joins Jackson Healthcare's family of specialized healthcare staffing companies. The acquisition is the first completed by Jackson Healthcare in six years.</p>	  <p>Arthur J. Gallagher & Company acquired Buck on April 3rd, the company's first acquisition of 9 in the quarter. Buck is an integrated HR, pensions, and employee benefits consulting, technology and administration services firm. The acquisition expands the operations and capabilities of Gallagher's Benefits and HR Consulting division.</p>
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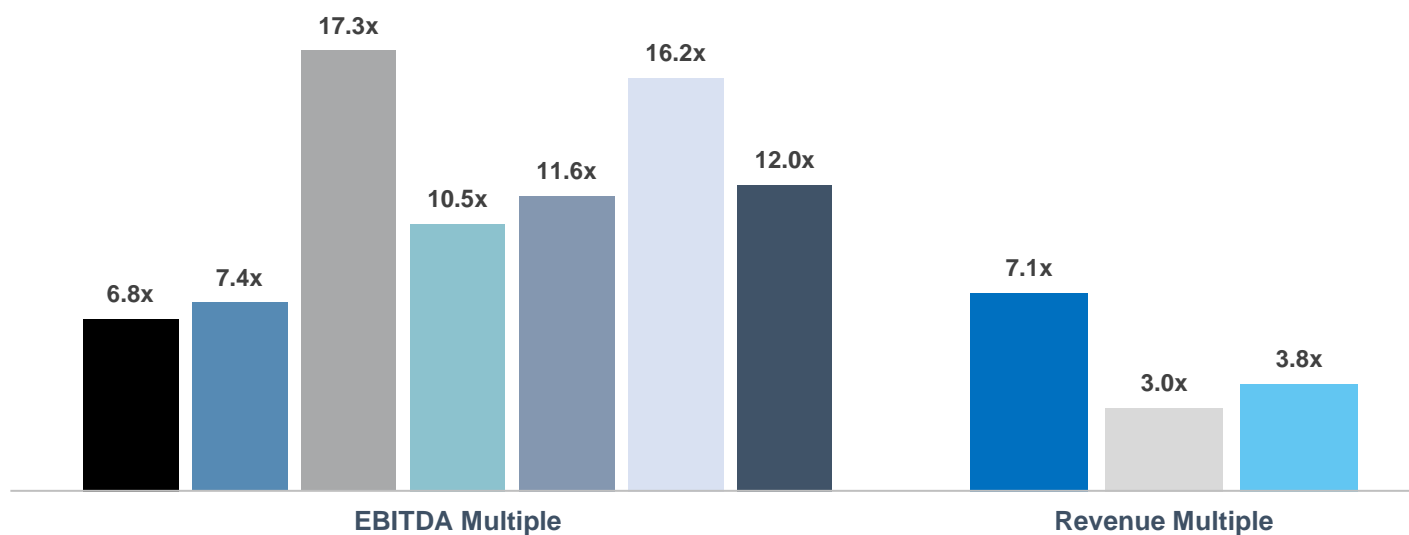
Date	Target	Buyer	Industry Subgroup	Purchase Price	Revenue	EBITDA	EV / Revenue	EV / EBITDA
Jun-23			HR Tech / Healthcare	N/A	N/A	N/A	N/A	N/A
Jun-23			HR Tech	N/A	\$50.0	N/A	N/A	N/A
Jun-23			HR Tech	\$52.0	N/A	N/A	N/A	N/A
Jun-23			Consulting (B2B)	N/A	N/A	N/A	N/A	N/A
May-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A
May-23			Outsourcing	N/A	N/A	N/A	N/A	N/A
May-23			HR Tech	N/A	N/A	N/A	N/A	N/A
May-23			HR Tech	\$15.0	N/A	N/A	N/A	N/A
May-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A
Apr-23			Recruiting Platforms	N/A	N/A	N/A	N/A	N/A
Apr-23			Professional Staffing	N/A	N/A	N/A	N/A	N/A
Apr-23			Consulting (B2B)	\$1,550	N/A	N/A	N/A	N/A

Notable HCM Private Equity Platforms and Add-on Activity

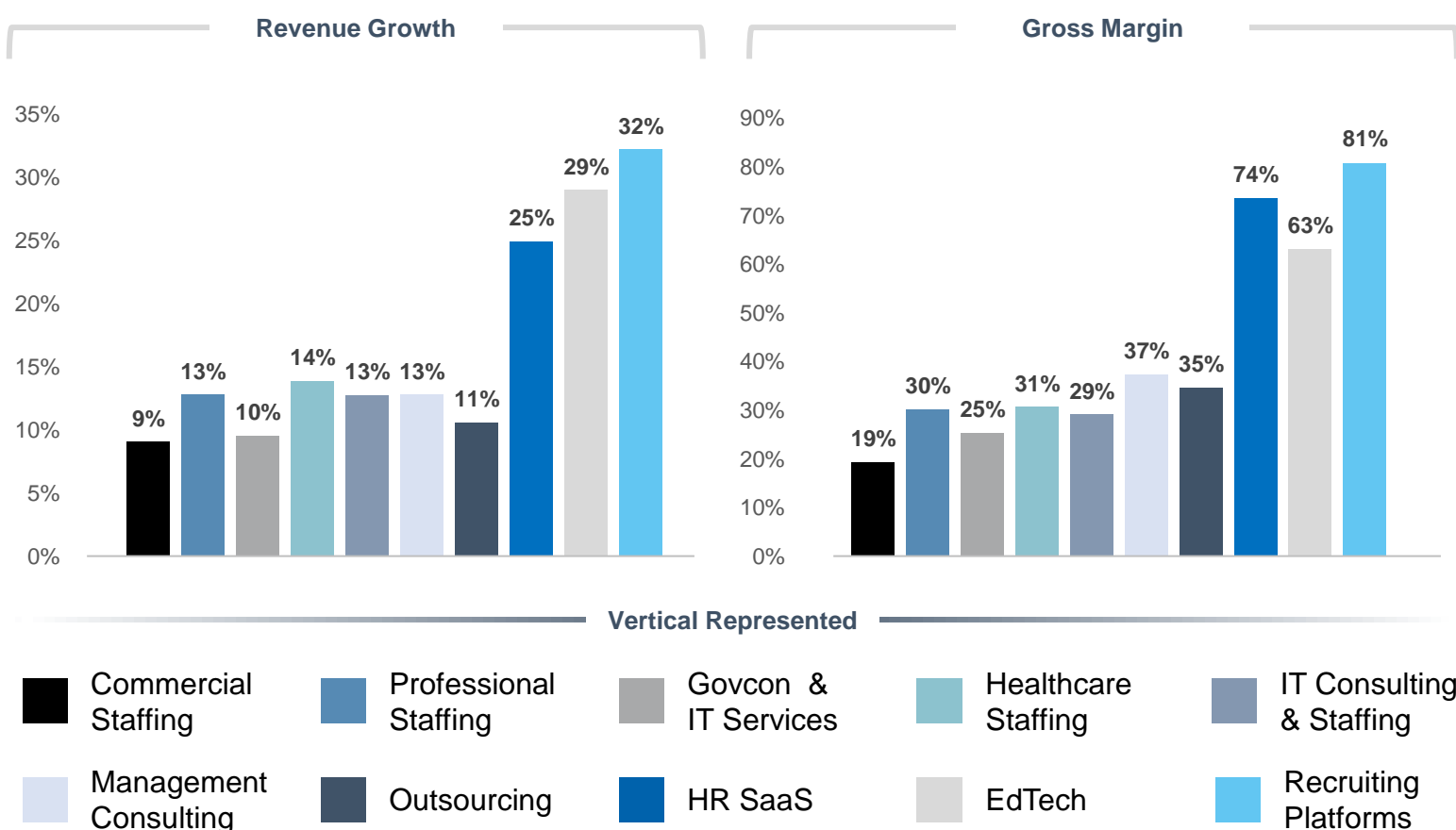


Public Company Valuation Metrics

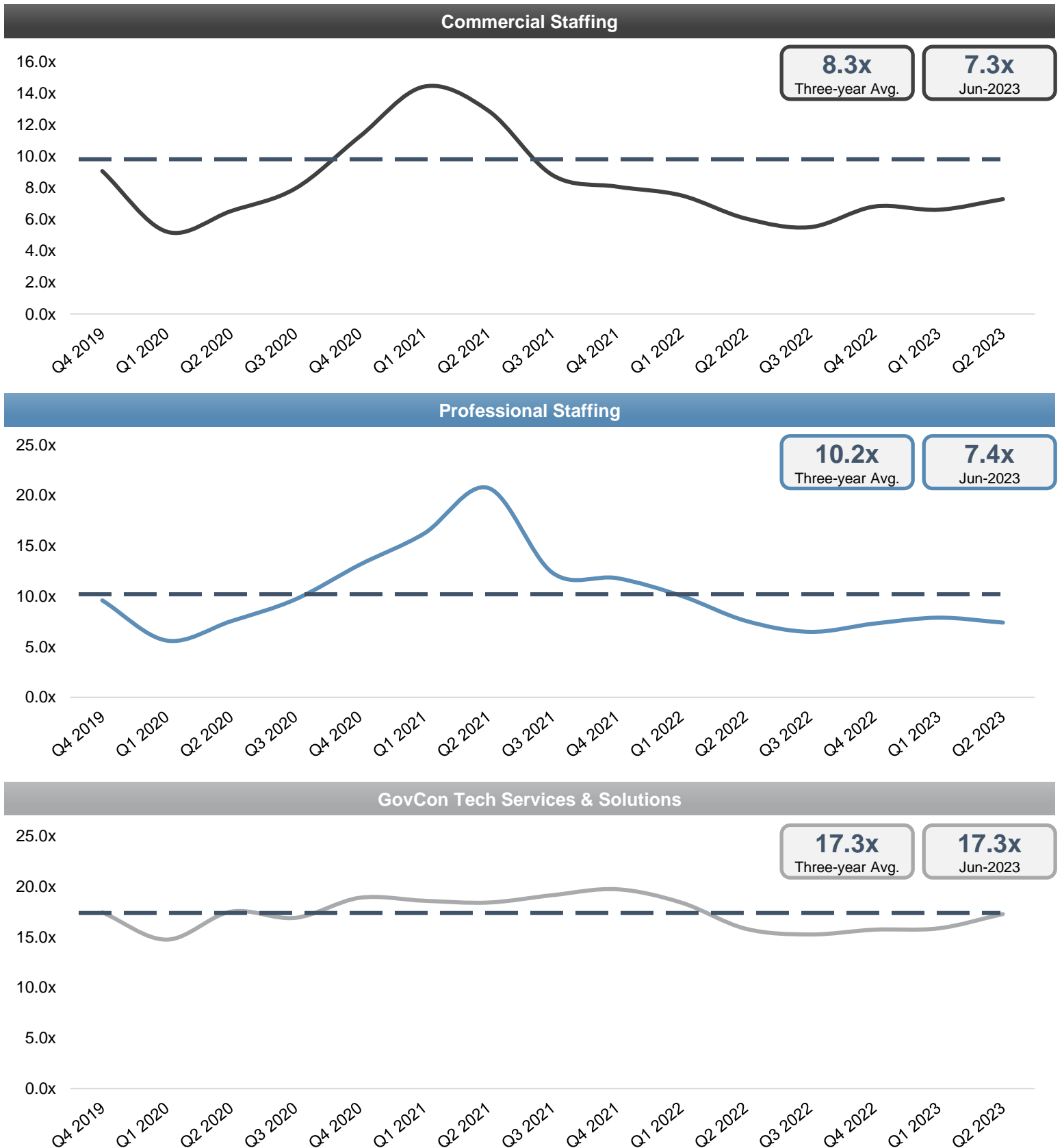
Average LTM Valuations by HCM Verticals



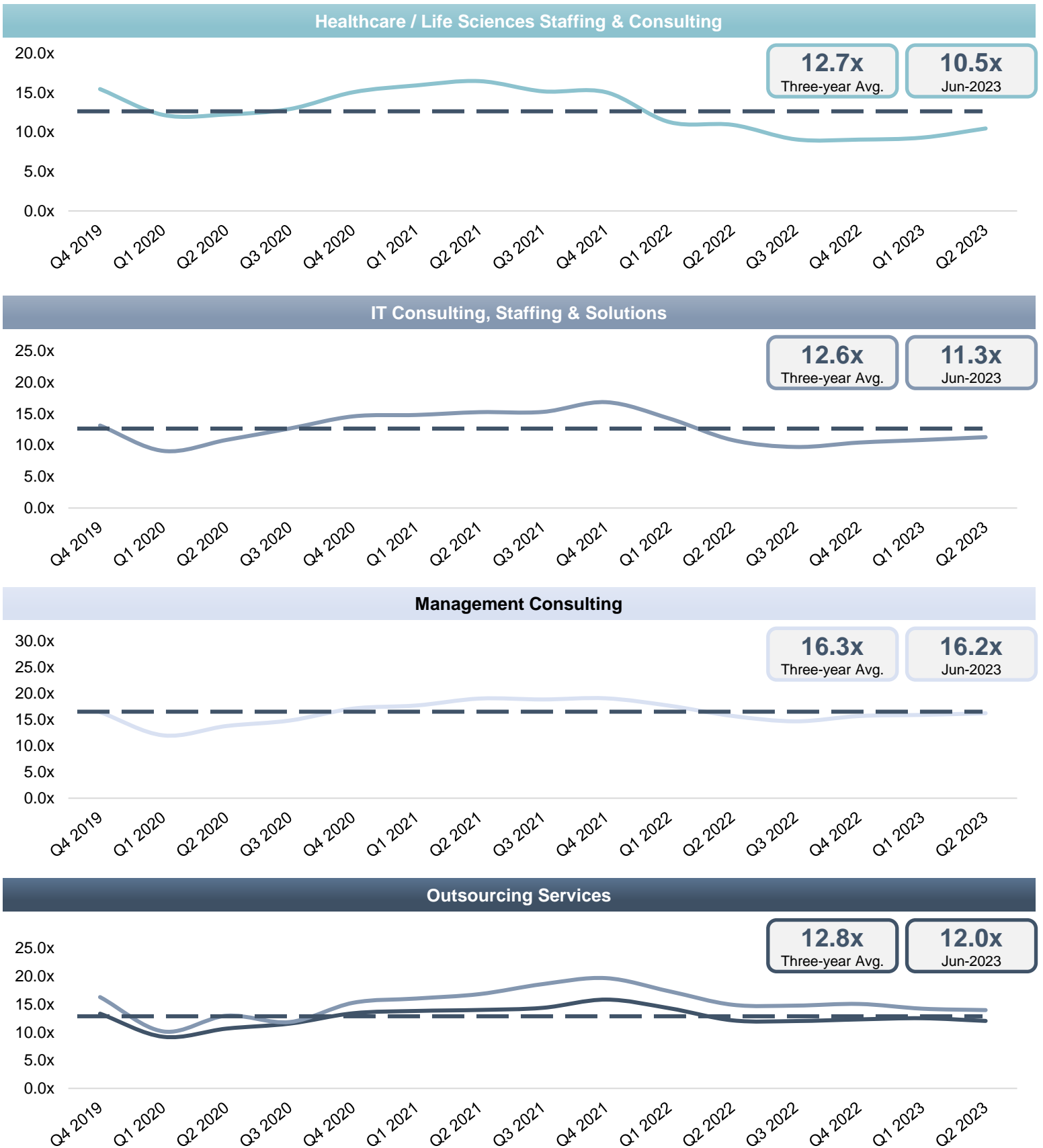
Average LTM Operating Metrics by HCM Vertical



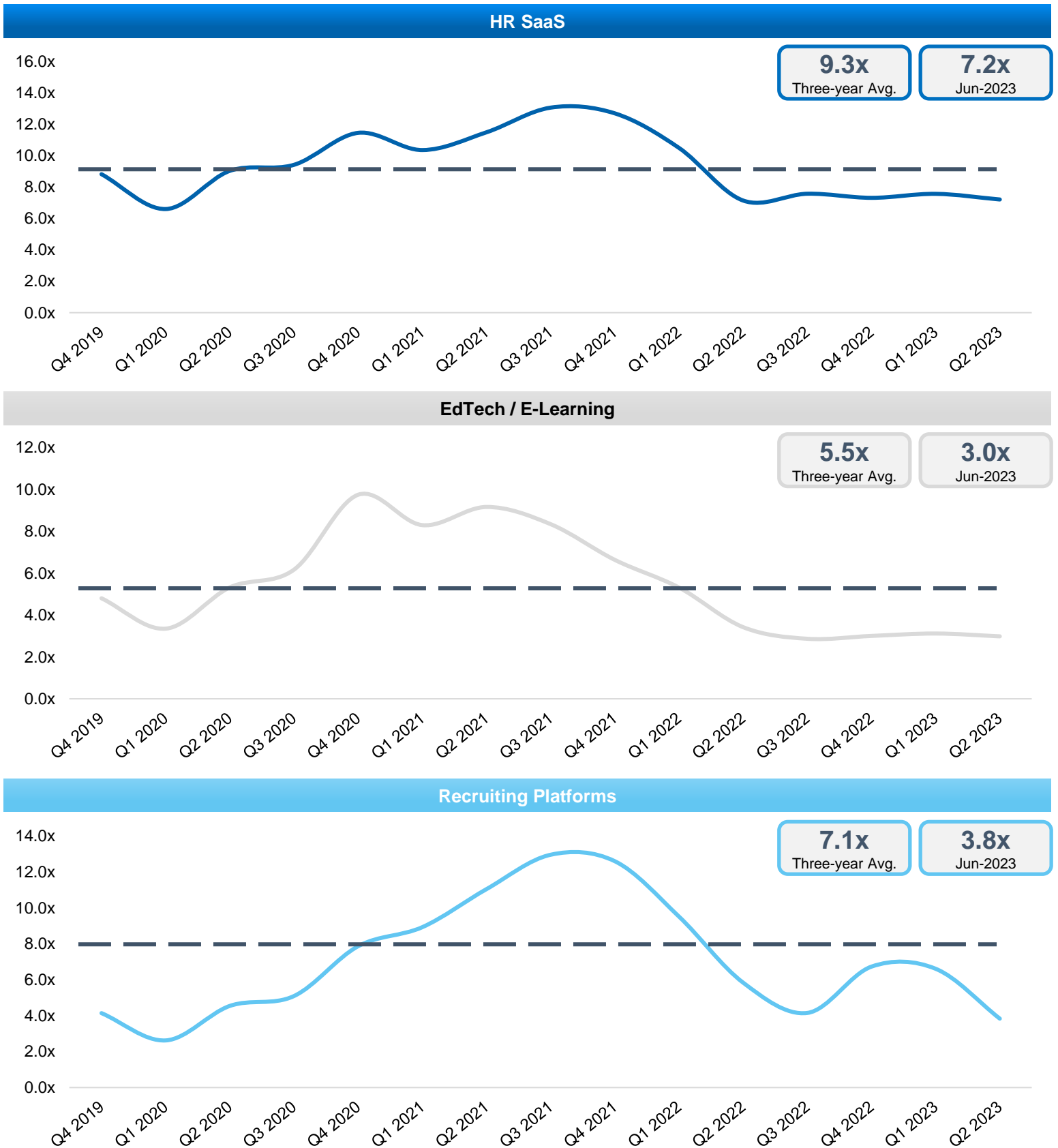
Historical Public Valuations by Segment (EV/EBITDA)



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%	8,886	25,062	811	12%	21%	3%	0.4x	11.0x
Barrett Business Services	90%	481	1,063	72	8%	22%	7%	0.5x	6.6x
GDI Integrated Facility Services	67%	1,038	1,713	103	33%	20%	6%	0.6x	10.1x
Groupe Crit	67%	536	2,457	147	15%	6%	6%	0.2x	3.6x
Impellam Group	78%	364	2,400	46	23%	11%	2%	0.2x	7.9x
Kelly Services	60%	589	4,937	54	-1%	20%	1%	0.1x	11.0x
ManpowerGroup	56%	4,580	19,437	648	-7%	18%	3%	0.2x	7.1x
Openjobmetis	48%	148	791	28	1%	7%	4%	0.2x	5.3x
Randstad	54%	10,421	28,578	1,465	7%	21%	5%	0.4x	7.1x
Robert Walters Group	39%	360	1,355	99	13%	39%	7%	0.3x	3.6x
TrueBlue	58%	565	2,168	83	-4%	27%	4%	0.3x	6.8x
Min		148	791	28	-7%	6%	1%	0.1x	3.6x
Median		565	2,400	99	8%	20%	4%	0.3x	7.1x
Mean		2,542	8,178	323	9%	19%	4%	0.3x	7.3x
Max		10,421	28,578	1,465	33%	39%	7%	0.6x	11.0x

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%	8,886	25,062	811	12%	21%	3%	0.4x	11.0x
BGSF	73%	173	305	20	18%	35%	7%	0.6x	8.5x
Brunel International	56%	690	1,243	73	31%	21%	6%	0.6x	9.4x
Freelance.com	52%	376	838	28	59%	6%	3%	0.4x	13.6x
Hays	47%	2,155	N/A	N/A	N/A	N/A	N/A	0.2x	5.9x
Heidrick & Struggles International	52%	407	1,029	114	-6%	26%	11%	0.4x	3.6x
Kforce	72%	1,315	1,700	103	4%	29%	6%	0.8x	12.8x
Korn Ferry	56%	2,262	2,835	390	8%	91%	14%	0.8x	5.8x
ManpowerGroup	56%	4,580	19,437	648	-7%	18%	3%	0.2x	7.1x
Openjobmetis	48%	148	791	28	1%	7%	4%	0.2x	5.3x
PageGroup	42%	1,638	2,453	316	21%	54%	13%	0.7x	5.2x
Randstad	54%	10,421	28,578	1,465	7%	21%	5%	0.4x	7.1x
Resources Connection	77%	444	808	93	6%	40%	11%	0.5x	4.8x
Robert Half International	60%	7,780	7,140	877	4%	42%	12%	1.1x	8.9x
Robert Walters Group	39%	360	1,355	99	13%	39%	7%	0.3x	3.6x
SThree	45%	541	1,863	120	24%	26%	6%	0.3x	4.5x
Synergie	47%	575	3,066	168	8%	11%	5%	0.2x	3.4x
TechnoPro Holdings	63%	2,223	1,443	177	13%	27%	12%	1.5x	12.6x
Min		148	305	20	-7%	6%	3%	0.2x	3.4x
Median		1,003	1,700	120	8%	26%	6%	0.4x	6.5x
Mean		2,499	5,879	325	13%	30%	8%	0.5x	7.4x
Max		10,421	28,578	1,465	59%	91%	14%	1.5x	13.6x

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%	4,756	4,619	489	10%	30%	11%	1.0x	9.7x
Booz Allen Hamilton	93%	17,275	9,259	650	11%	54%	7%	1.9x	26.6x
CACI International	84%	9,744	6,642	680	8%	8%	10%	1.5x	14.3x
Calian, Advanced Technologies	72%	523	473	43	17%	31%	9%	1.1x	12.2x
ICF International	98%	3,153	1,850	166	16%	36%	9%	1.7x	19.0x
Leidos Holdings	79%	17,389	14,601	1,406	5%	14%	10%	1.2x	12.4x
Maximus	66%	6,548	4,759	444	2%	20%	9%	1.4x	14.7x
Parsons	90%	5,796	4,420	323	18%	22%	7%	1.3x	17.9x
SAIC	91%	8,141	7,736	681	3%	12%	9%	1.1x	12.0x
Synergie	47%	575	3,066	168	8%	11%	5%	0.2x	3.4x
Tyler Technologies	62%	18,227	1,866	379	6%	42%	20%	9.8x	47.7x
Min		523	473	43	2%	8%	5%	0.2x	3.4x
Median		6,548	4,619	444	8%	22%	9%	1.3x	14.3x
Mean		8,375	5,390	494	10%	25%	10%	2.0x	17.3x
Max		18,227	14,601	1,406	18%	54%	20%	9.8x	47.7x

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%	5,297	4,817	709	4%	33%	15%	1.1x	7.5x
Calian, Advanced Technologies	72%	523	473	43	17%	31%	9%	1.1x	12.2x
Cross Country Healthcare	96%	1,155	2,641	239	24%	22%	9%	0.4x	4.6x
HealthStream	72%	717	270	54	5%	66%	20%	2.7x	13.4x
Huron Consulting Group	92%	2,120	1,190	127	24%	30%	11%	1.7x	14.1x
Impellam Group	78%	364	2,400	46	23%	11%	2%	0.2x	7.9x
Syneos Health	46%	7,140	5,414	524	1%	23%	10%	1.3x	13.6x
Min		364	270	43	1%	11%	2%	0.2x	4.6x
Median		1,155	2,400	127	17%	30%	10%	1.1x	12.2x
Mean		2,474	2,458	249	14%	31%	11%	1.2x	10.5x
Max		7,140	5,414	709	24%	66%	20%	2.7x	14.1x

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%	11,204	1,324	112	22%	40%	8%	8.5x	99.9x
HealthStream	72%	717	270	54	5%	66%	20%	2.7x	13.4x
Intuit	55%	131,249	14,070	3,861	9%	78%	27%	9.3x	34.0x
New Work	45%	676	327	99	8%	N/A	30%	2.1x	6.8x
Oracle	58%	404,018	49,954	18,454	18%	73%	37%	8.1x	21.9x
Paychex	80%	39,600	4,832	2,159	9%	71%	45%	7.9x	17.8x
Paycom Software	60%	18,115	1,473	528	30%	84%	36%	12.3x	34.3x
Paycor	80%	4,112	500	29	23%	66%	6%	7.9x	143.1x
Paylocity	78%	10,137	1,095	184	38%	68%	17%	9.3x	55.2x
SAP	53%	165,029	32,501	6,390	10%	71%	20%	5.1x	26.2x
Seek (Human Capital Services)	49%	5,942	849	360	119%	99%	42%	7.0x	16.5x
The Sage Group	65%	12,813	2,528	502	14%	93%	20%	5.1x	28.8x
Workday	51%	55,883	6,465	145	20%	73%	2%	8.6x	384.3x
Min		676	270	29	5%	40%	2%	2.1x	6.8x
Median		12,813	1,473	360	18%	72%	20%	7.9x	28.8x
Mean		66,115	8,938	2,529	25%	74%	24%	7.2x	67.9x
Max		404,018	49,954	18,454	119%	99%	45%	12.3x	384.3x

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%	189,937	63,550	10,310	7%	32%	16%	3.0x	18.4x
Allgeier	37%	361	629	69	17%	23%	11%	0.6x	5.2x
ASGN	69%	4,756	4,619	489	10%	30%	11%	1.0x	9.7x
Bechtle	43%	5,184	6,438	496	15%	17%	8%	0.8x	10.4x
Calian, Advanced Technologies	72%	523	473	43	17%	31%	9%	1.1x	12.2x
Capgemini	62%	36,044	23,126	3,233	21%	27%	14%	1.6x	11.1x
CGI Group	81%	26,684	10,326	1,974	10%	21%	19%	2.6x	13.5x
Cognizant Technology Solutions	63%	32,154	19,414	3,526	3%	36%	18%	1.7x	9.1x
Computer Task Group	65%	118	314	12	-18%	25%	4%	0.4x	10.0x
Cyient	56%	2,074	749	126	33%	42%	17%	2.8x	16.5x
DXC Technology	62%	9,460	14,430	917	-11%	22%	6%	0.7x	10.3x
Genpact	82%	8,070	4,392	648	6%	35%	15%	1.8x	12.5x
Globant	53%	7,508	1,851	N/A	30%	37%	N/A	4.1x	19.0x
Impellam Group	78%	364	2,400	46	23%	11%	2%	0.2x	7.9x
Insight Enterprises	75%	5,207	10,104	466	2%	16%	5%	0.5x	11.2x
Mphasis	52%	4,183	1,718	319	15%	43%	19%	2.4x	13.1x
Neurones	71%	845	700	149	15%	62%	21%	1.2x	5.7x
NTT Data	58%	38,012	25,780	3,934	37%	26%	15%	1.5x	9.7x
Perficient	43%	3,285	912	181	12%	39%	20%	3.6x	15.6x
SAIC	91%	8,141	7,736	681	3%	12%	9%	1.1x	12.0x
SThree	45%	541	1,863	120	24%	26%	6%	0.3x	4.5x
TechnoPro Holdings	63%	2,223	1,443	177	13%	27%	12%	1.5x	12.6x
The Hackett Group	72%	651	284	56	-2%	40%	20%	2.3x	11.5x
Wipro	47%	23,211	11,269	2,170	14%	29%	19%	2.1x	10.7x
Wistron Information	72%	222	269	24	23%	20%	9%	0.8x	9.1x
Min		118	269	12	-18%	11%	2%	0.2x	4.5x
Median		4,756	2,400	392	14%	27%	13%	1.5x	11.1x
Mean		16,390	8,592	1,257	13%	29%	13%	1.6x	11.3x
Max		189,937	63,550	10,310	37%	62%	21%	4.1x	19.0x

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%	189,937	63,550	10,310	7%	32%	16%	3.0x	18.4x
Arthur J. Gallagher & Company	89%	52,701	8,176	2,255	4%	42%	28%	6.0x	23.4x
Booz Allen Hamilton	93%	17,275	9,259	650	11%	54%	7%	1.9x	26.6x
Brunel International	56%	690	1,243	73	31%	21%	6%	0.6x	9.4x
BTS Group	41%	410	248	40	26%	N/A	16%	1.7x	10.4x
CRA International	76%	899	595	84	5%	30%	14%	1.5x	10.7x
ExlService Holdings	81%	5,078	1,483	284	25%	37%	19%	3.4x	17.9x
FTI Consulting	87%	6,812	3,112	337	11%	32%	11%	2.2x	20.2x
Gartner	76%	29,832	5,622	1,501	15%	69%	27%	5.3x	19.9x
Huron Consulting Group	92%	2,120	1,190	127	24%	30%	11%	1.7x	14.1x
Marsh & McLennan Companies	82%	107,265	21,162	5,497	4%	42%	26%	5.1x	19.5x
Maximus	66%	6,548	4,759	444	2%	20%	9%	1.4x	14.7x
Perficient	43%	3,285	912	181	12%	39%	20%	3.6x	18.2x
Resources Connection	77%	444	808	93	6%	40%	11%	0.5x	4.8x
WNS (Holdings)	88%	3,709	1,224	252	10%	35%	21%	3.0x	14.7x
Min		410	248	40	2%	20%	6%	0.5x	4.8x
Median		5,078	1,483	284	11%	36%	16%	2.2x	17.9x
Mean		28,467	8,223	1,475	13%	37%	16%	2.7x	16.2x
Max		189,937	63,550	10,310	31%	69%	28%	6.0x	26.6x

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%	7,789	3,238	418	10%	32%	13%	2.4x	18.6x
Aon	79%	74,515	12,685	3,861	3%	49%	30%	5.9x	19.3x
Automatic Data Processing	87%	92,293	16,958	4,143	8%	42%	24%	5.4x	22.3x
Barrett Business Services	90%	481	1,063	72	8%	22%	7%	0.5x	6.6x
Brunel International	56%	690	1,243	73	31%	21%	6%	0.6x	9.4x
Capita	36%	1,229	3,715	220	-5%	24%	6%	0.3x	5.6x
CBIZ	89%	3,290	1,475	207	23%	16%	14%	2.2x	15.9x
ExlService Holdings	81%	5,078	1,483	284	25%	37%	19%	3.4x	17.9x
Genpact	82%	8,070	4,392	648	6%	35%	15%	1.8x	12.5x
HireRight	82%	1,398	783	157	1%	46%	20%	1.8x	8.9x
iEnergizer	79%	N/A	288	107	26%	43%	37%	N/A	N/A
Impellam Group	78%	364	2,400	46	23%	11%	2%	0.2x	7.9x
Insperty	80%	4,235	40,317	314	20%	17%	1%	0.7x	13.5x
Maximus	66%	6,548	4,759	444	2%	20%	9%	1.4x	14.7x
Neurones	71%	845	700	149	15%	62%	21%	1.2x	5.7x
Paychex	80%	39,600	4,832	2,159	9%	71%	45%	7.9x	17.8x
Qualicorp	39%	543	377	165	-8%	77%	44%	1.5x	3.3x
Synergie	47%	575	3,066	168	8%	11%	5%	0.2x	3.4x
TriNet Group	65%	5,690	4,913	598	5%	23%	12%	1.2x	9.5x
Willis Towers Watson	81%	29,475	9,252	2,117	0%	42%	23%	3.3x	13.9x
Wipro	49%	23,211	11,269	2,170	14%	29%	19%	2.1x	10.7x
WNS (Holdings)	88%	3,709	1,224	252	10%	35%	21%	3.0x	14.7x
Min		364	288	46	-8%	11%	1%	0.2x	3.3x
Median		4,235	3,152	268	9%	33%	17%	1.8x	12.5x
Mean		14,744	5,929	853	11%	35%	18%	2.2x	12.0x
Max		92,293	40,317	4,143	31%	77%	45%	7.9x	22.3x

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%	1,190	948	(62)	-2%	71%	-7%	1.3x	N/A
BTS Group	41%	410	248	40	26%	N/A	16%	1.7x	10.4x
Coursera	29%	1,195	551	(161)	23%	60%	-29%	2.2x	N/A
Docebo	33%	1,091	152	13	33%	81%	9%	7.2x	83.9x
Ebix	41%	1,353	1,007	151	2%	34%	15%	1.3x	9.0x
FranklinCovey	84%	554	276	36	12%	76%	13%	2.0x	16.7x
Instructure	76%	4,017	491	122	15%	64%	25%	8.2x	33.1x
Learning Technologies Group	36%	988	736	123	131%	N/A	17%	1.3x	8.1x
Udemy	38%	1,141	653	(156)	20%	56%	-24%	1.7x	N/A
Min		410	152	(161)	-2%	34%	-29%	1.3x	8.1x
Median		1,141	551	36	20%	64%	13%	1.7x	13.5x
Mean		1,327	562	12	29%	63%	4%	3.0x	26.8x
Max		4,017	1,007	151	131%	81%	25%	8.2x	83.9x

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%	4,415	670	(7)	1%	82%	-1%	6.5x	N/A
Recruit Holdings	41%	45,224	25,332	3,467	19%	58%	14%	1.8x	13.0x
Seek (Human Capital Services)	49%	5,942	849	360	119%	99%	42%	7.0x	16.5x
Upwork Global	22%	1,108	638	(31)	20%	74%	-5%	1.7x	N/A
ZipRecruiter	50%	1,832	861	115	2%	90%	13%	2.1x	15.9x
Min		1,108	638	(31)	1%	58%	-5%	1.7x	13.0x
Median		4,415	849	115	19%	82%	13%	2.1x	15.9x
Mean		11,704	5,670	781	32%	81%	13%	3.8x	15.1x
Max		45,224	25,332	3,467	119%	99%	42%	7.0x	16.5x

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ORDER SERVICE GROWTH EXCELLENCE HEALTH COMMUNITY

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SILICON Y'ALL – SAAS & TECHNOLOGY SUMMIT 2023

Founders will host its ninth annual SaaS and Technology Summit, Silicon Y'all, October 2nd – 4th. Silicon Y'all is an invitation-only event of 80 technology CEOs and 15 of the leading private equity groups in the space. This unique event allows attendees to engage in meaningful discussions about growth, value, and current industry trends and enjoying the delicious food, scenic views, and Southern Hospitality.

We are currently curating our invitations list for 2023 and encourage you to reach out and [join our waitlist](#) if you're interested in attending.

You can find more information at SiliconYall.com and view past participants [here](#).

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Hear from keynote speakers as they provide first-hand accounts of their experiences, both missteps and successes.



Engage with private equity groups and strategic acquirers that are focused on SaaS and Internet businesses.