



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

**Corporate Finance Associates**  
 24461 Ridge Route, Suite A200  
 Laguna Hills, CA 92653

For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

info@cfaw.com  
 www.cfaw.com

# BUSINESS SERVICES

THIRD QUARTER

2018

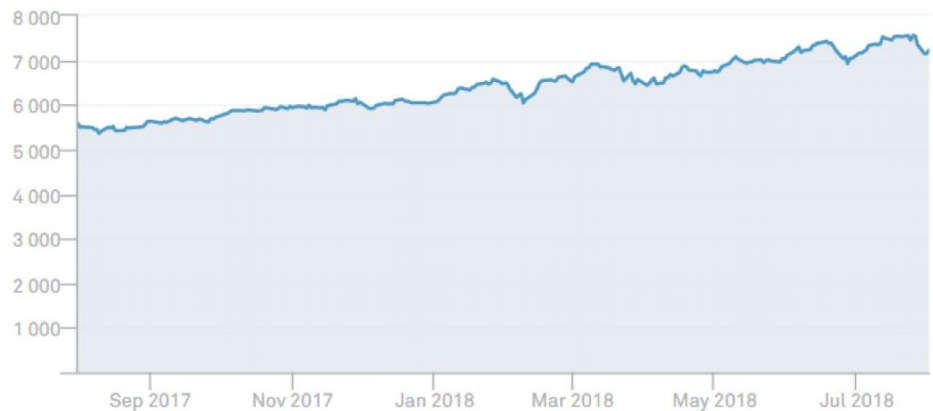
The Business Services Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the business services category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Business Services M&A

M&A activity for North American based target companies in the Business Services sector for Q2 2018 included 457 closed deals, according to data published by industry data tracker FactSet.

One of the notable middle market transactions was announced in June when CBRE Group Inc acquired FacilitySource LLC from Warburg Pincus LLC for US\$290 million in cash. The acquisition strengthens CBRE's ability to deliver integrated solutions for occupier clients. Founded in 2005, FacilitySource LLC is located in Columbus, Ohio and provides outsource integrated facility support services.

S&P Business Services Index



Source: S&P

Strong GDP growth (4%+) has translated well into the Business Services sector. On the public markets, the sector performed strong gaining 3.9%, significantly outperforming the S&P 500's rally of 0.6% in the same period.

## Transactional Overview

Notable closed lower middle market transactions for the period in the Business Services sector include:

**June 2018** - ABRY Partners, LLC, a subsidiary of Stafford & Company Insurance Ltd, acquired an undisclosed majority stake in Screenvision Direct, LLC from ATP Private Equity Partners and AMC Entertainment Holdings, Inc. for US\$46 million in cash. ABRY Partners is a private equity firm located in Boston, Massachusetts. Screenvision Direct provides advertising and marketing services. It prepares advertising and places advertising in periodicals, newspapers, radio and television and other media outlets. The company is headquartered in New York, NY.

**June 2018** - Fortinet, Inc. acquired Bradford Networks, Inc. for US\$19 million, subject to certain adjustments. Fortinet engages in the provision of threat management and network security solutions that are designed to address the fundamental problems of an increasingly bandwidth-intensive network environment. Bradford Networks provides automated network access control solutions. It offers network segmentation, regulatory compliance, scalable onboarding, guest management, network access, and network lockdown control solutions as well as network sentry products. The company was founded in 2000 and is headquartered in Boston, MA.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Dynamic Oilfield Services, Inc.	TWMA Group Ltd.
FacilitySource LLC	CBRE Group, Inc.
Advanced Health Media LLC	IQVIA, Inc.
OmniSoft, Inc.	OLB Group, Inc.
SCIOinspire Corp.	ExlService.com LLC
Telerox Marketing, Inc.	HCL Technologies Ltd.
ESP Associates, Inc.	Strength Capital Partners LLC
Red Sky Solutions LLC (Utah)	Presidio, Inc.

**May 2018** - GSE Systems Inc acquired True North Consulting LLC for US\$9.8 million in cash. GSE Systems provides simulation, educational, and engineering solutions and services to the nuclear and fossil electric utility industries. True North Consulting provides specialty engineering solutions to the nuclear power industry. It offers engineering programs, thermal performance, software and power services.

## Industry Update

Optimism among US small-business owners -- reflected in the number of survey respondents who say business conditions are "good" -- remains high, according to a recent poll from CNBC and SurveyMonkey. The Small Business Confidence Index surveys more than 2,000 small-business owners each quarter, and for the first time in over a year, a majority of small-business owners across the country said business conditions were "good." Overall optimism has risen for four straight quarters, starting at 38% in the second quarter of 2017 and climbing to 53% in the poll conducted in April 2018. Furthermore, 60% of respondents expect revenue to increase over the next 12 months, and 31% expect to increase headcount. Despite the positive results, one area of where respondents lacked confidence is on the impact of US trade policies in the next year. The proportion of businesses that expect trade to have a negative effect on small business rose from 17% in the previous quarter to 28% in the second quarter of 2018.

## Industry Indicators

- US corporate profits, an indicator of corporate demand for business services, rose 4.3% in the first quarter of 2018 compared to the same period in 2017.
- The value of US nonresidential construction spending, a driver for business services demand, rose 2.7% year-to-date in May 2018 compared to the same period in 2017.
- Total US revenue for administration and support and waste management and remediation services rose 4.4% in the first quarter of 2018 compared to the previous year.

The Business Services Industry Practice Group is a multi-disciplinary group of investment banking advisors within Corporate Finance Associates. Collectively, the Business Services Industry Practice Group provides M&A advice to companies in all sectors of business services including but not limited those pertaining to professional, scientific, technical, administrative, support, waste management, and remediation activities. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

