

BUSINESS SERVICES

SECOND QUARTER

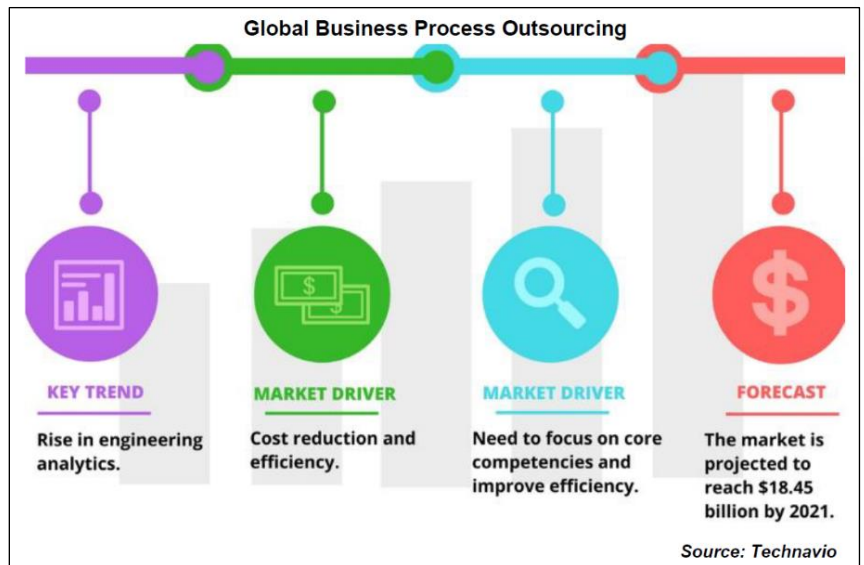
2019

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 Q1 2019 included 443 closed deals, according to data published by industry data tracker *FactSet*.

One of the notable middle market transactions was announced in April when Juniper Networks, Inc. acquired Mist Systems, Inc., a portfolio company of NTT DOCOMO Ventures Inc, GV Management Co LLC, Norwest Venture Partners, Lightspeed Management Co LLC, Kleiner Perkins Caufield & Byers LLC, and Cisco Investments for US\$405 million in cash. The acquisition would allow Juniper Networks to enhance its presence in the cloud-managed segment of the wireless networking market. Mist Systems is located in Cupertino, California and provides mobile related wireless network services.



Business services continue to trend toward outsourcing. The business process outsourcing market is projected to exceed \$18 billion globally by 2021.

Transactional Overview

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

March 2019 - HCL America, Inc., a subsidiary of HCL Technologies Ltd, acquired Strong-Bridge LLC for US\$45 million. HCL America provides consulting and information technology services. Strong-Bridge engages in the development of strategies, information technology systems, business models, product launches and internal business processes. Its services include customer excellence, business optimization, technology enablement and talent and organization performance. The company was founded in 2003 and is headquartered in Bellevue, WA.



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

March 2019 - ManTech International Corp acquired Kforce Government Solutions, Inc. from Kforce, Inc. for US\$115 million in cash. ManTech International engages in the provision of information technology and technical services solutions. Kforce Government Solutions develops enterprise data management systems. The firm provides financial, transformation management, accounting, business information and technology solutions for federal government clients. The company was founded in 1970 and is headquartered in Fairfax, VA.

January 2019 - ECS Federal LLC, a subsidiary of ASGN, Inc., acquired DHA Group, Inc. for US\$46 million in cash. ECS Federal provides management and technical solutions. DHA Group engages in the provision of management and consulting services. It offers program and project management, business process reengineering, capital planning and investment control, federal procurement and acquisition, financial and budget management, document management and retention, administrative support and quality assurance. The company was founded in 1994 and is headquartered in Washington, DC.

Selected Q2 Closed Transactions	
Target/Issuer	Buyers/Investors
KAI Research, Inc.	TAKE Solutions Ltd.
Workfront, Inc.	W Capital Management LLC; Susquehanna Growth Equity LLC
Fulcrum IT Services LLC	Huntington Ingalls Industries, Inc.
Schillinger Genetics, Inc.	Benson Hill Biosystems, Inc.
Jongleux CPA Group PC	Somerset CPAs PC
Yuka Clothing, Inc.	Grand Capital Ventures, Inc.
DEX Imaging, Inc.	Staples, Inc.; Sycamore Partners Management LP
Outdoor Home Services Holdings LLC	TruGreen Cos. LLC; TruGreen Holding Corp.

Industry Update

Global demand for management consulting services is expected to increase about 6% in the next one to two years despite macroeconomic uncertainty and political turmoil, according to new data from Source Global Research. The London-based firm, which provides research and advice about the global management consulting industry, surveyed some 3,000 executives in major markets. It found some 60% will spend more on consulting in the near future, particularly in data and analytics, as well as in digital transformation. Another survey recently cited in Forbes, from management consulting firm Business Talent Group, looked at skills and project demand for independent consultants in 2019. It found that the most in demand projects for independent consultants - some 60% - concern strategy, which includes marketing and sales strategy, growth strategy, and product strategy. The most in demand skills include project management and knowledge of market landscape. More than 80% of large enterprises use independent consultants, particularly in the life sciences, financial services, and insurance industries.

Industry Indicators

- US corporate profits, an indicator of corporate demand for professional services, rose 7.4% in the fourth quarter of 2018 compared to the same period in 2017.
- US personal income, which drives consumer demand for professional services, rose 4.2% in February 2019 compared to the same month in 2018.
- Total US revenue for professional, scientific, and technical services rose 5.6% in the fourth 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.

