SECTORWATCH: BPO
January 2018

7 MILE ADVISORS

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- **Sector Dashboard**
- **Public Basket Performance**
- **Operational Metrics**
- **Valuation Comparison**
- **Recent Deals**
- **Appendix**



OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.



DASHBOARD

Revenue Growth Momentum

-0.01

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

10.2%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

Profitability Momentum

↓-1.1%

1 - year EBITDA % compared to EBITDA % average for last 3 years

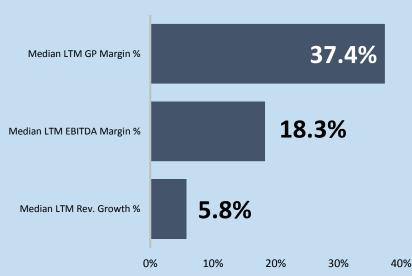
Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

PUBLIC BASKET CONSTITUENTS

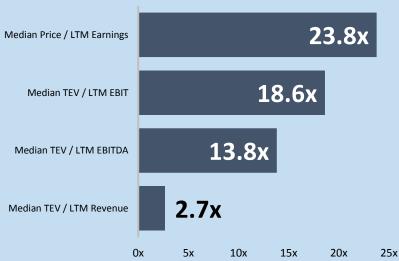
TSE:9715 NYSE:MMS NasdaqGS:SYKE NYSE:G

NYSE:WNS NasdaqGS:PAYX
NasdaqGS:SYNT NYSE:FDC
NYSE:DST NasdaqGS:ADP

Operating Metrics



Valuation





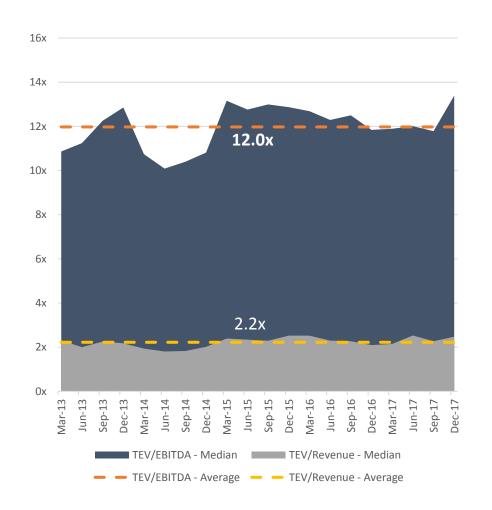
PUBLIC BASKET VALUATION TRENDS

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
transcosmos inc.	996	2,238	8%	17%	4%	0.4	15.0	18,607	120
Sykes Enterprises, Incorporated	1,296	1,556	10%	37%	11%	0.8	7.5	55,525	28
WNS (Holdings) Limited	1,990	671	15%	32%	13%	3.0	23.2	33,968	20
Syntel, Inc.	2,226	922	-6%	38%	27%	2.4	9.1	23,011	40
DST Systems, Inc.	5,454	2,023	31%	21%	20%	2.7	12.6	8,400	241
MAXIMUS, Inc.	4,523	2,451	2%	25%	15%	1.8	12.1	20,400	120
Genpact Limited	7,174	2,684	6%	39%	17%	2.7	16.1	75,000	36
Paychex, Inc.	24,097	3,238	6%	71%	44%	7.4	17.0	13,700	236
First Data Corporation	37,393	7,991	2%	60%	35%	4.7	12.3	24,000	333
Automatic Data Processing, Inc.	52,195	12,542	6%	43%	22%	4.2	19.2	58,000	216
Average	13,734	3,632	8%	38%	21%	3.0	14.4	33,061	139
Median	4,988	2,345	6%	37%	18%	2.7	13.8	23,506	120

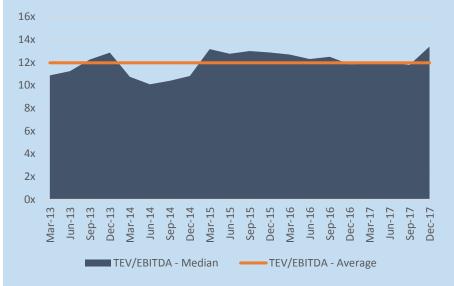
share price as of 16Jan18



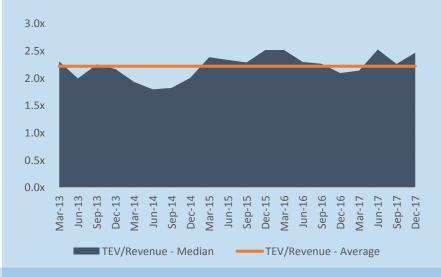
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time

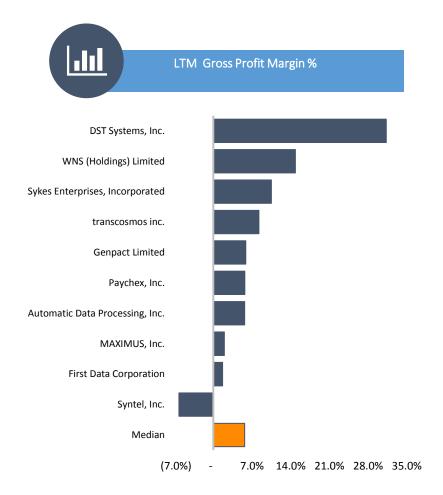


Public Revenue Multiples Over Time





OPERATIONAL METRICS

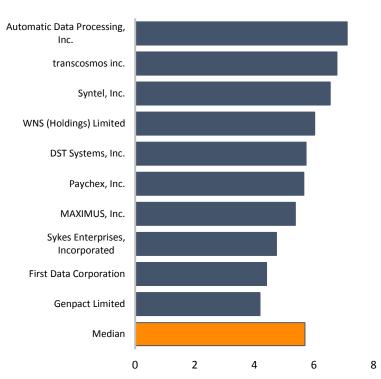




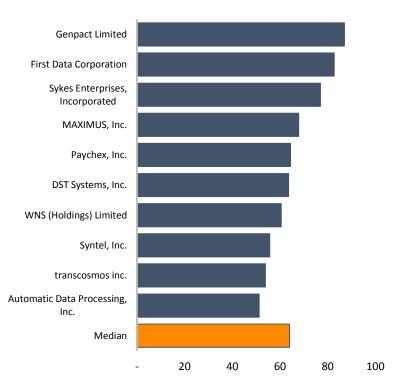


OPERATIONAL METRICS





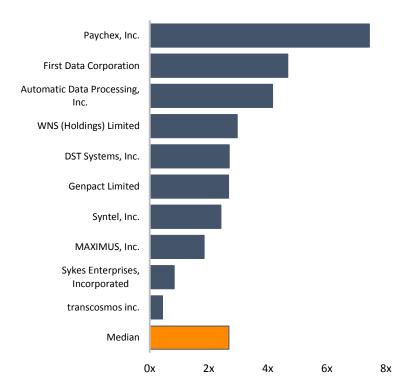




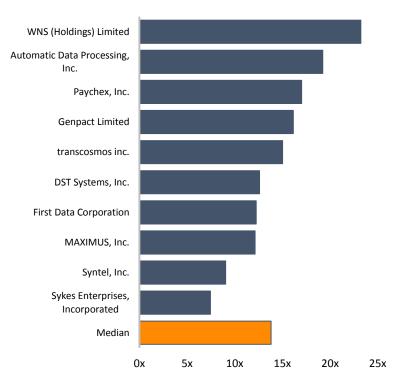


VALUATION





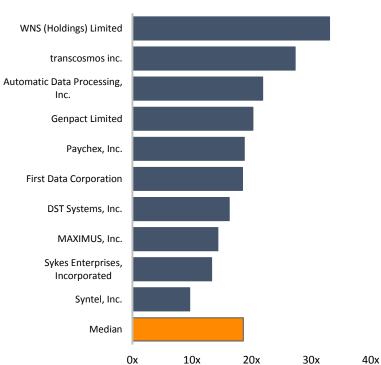




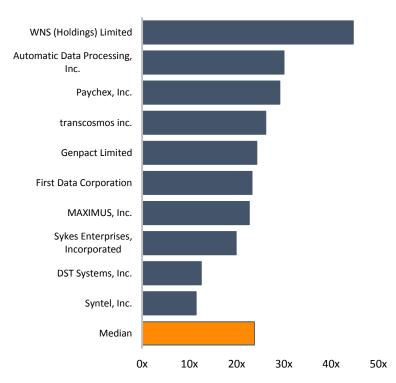


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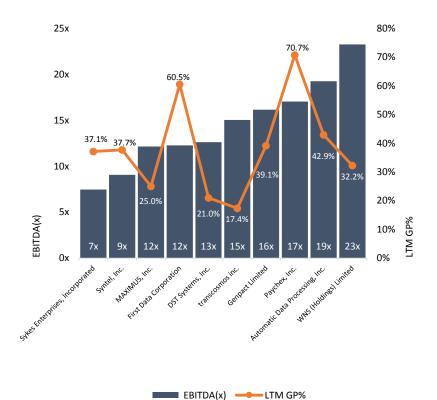




VALUATION

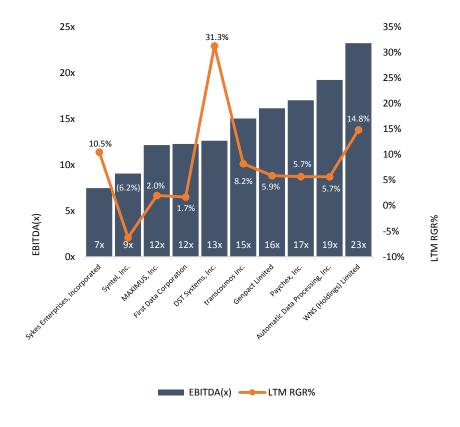


Historical Valuation Multiples versus Gross Profit





Historical Valuation Multiples versus Revenue Growth Rate





RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV/ EBITDA
5Dec17	IT Works S.A.	Qumak S.A.	-	-	-	-
24Nov17	InterGlobe Enterprises Limited	Acquire Services Private Limited	-	-	-	-
21Nov17	CCC Holding GmbH	Ardian; Ardian Expansion Fund IV S L P	-	-	-	-
20Nov17	Private Equity Managers SA	CKS Inwestycje Sp. Z O.O.	-	12.69	-	-
14Nov17	Dial800, LLC	Swiftreach Networks, Inc.	-	-	-	-
13Nov17	Adcorp Holdings Limited	Value Capital Partners; Value Active PFP H4 QI Hedge Fund	-	1,098.67	-	-
9Nov17	NewZoom, Inc.	Swyft Inc.	-	-	-	-
7Nov17	BrandShop LLC	Beringer Capital; Beringer Capital Fund III L.P.	-	-	-	-
27Oct17	BPO TAKSA sp. z o.o.	Eastside Property S.A.	-	-	-	-
26Oct17	TicketBiscuit, LLC	Etix, Inc.	-	-	-	-
24Oct17	Netcentric AG	Cognizant Technology Solutions Corporation	-	-	-	-
11Oct17	DXC Technology, U.S. Public Sector Business	KeyPoint Government Solutions, Inc.; Vencore Holding Corp.	-	-	-	-
11Oct17	WorkFlex Solutions LLC	NICE Ltd.	-	-	-	-
10Oct17	Administer Partner	Administer Oy	-	-	-	-
5Oct17	ENSEK Ltd.	LDC (Managers) Limited	-	-	-	-
28Sep17	John Keells BPO Solutions India Private Limited	Personiv	-	-	-	-
26Sep17	Mybi Co. Ltd.	eB Card Co., Ltd.	32.52	39.11	1.1x	7.1x
25Sep17	Shanghai Wicresoft Co., Ltd.	Shanghai Junwei Enterprise Management Consultancy Co., Ltd.	11.55	145.08	0.3x	-
22Sep17	C-Log International SA	Efalia SAS	-	-	-	-
20Sep17	Lyons Consulting Group Inc.	Capgemini SE	-	-	-	-
19Sep17	System Planet Co., Ltd.	ARGO GRAPHICS Inc.	-	5.74	-	-
18Sep17	Peliton, LLC	Aureon Network Services, Inc.	-	-	-	-
7Sep17	TandemSeven, Inc.	Genpact Limited	-	-	-	-
7Sep17	Comconsult Kommunikationstechnik Gmbh	Materna GmbH Information & Communications	-	-	-	-
6Sep17	Interactive Broadband Consulting Group, LLC	Accenture plc	-	-	-	-
6Sep17	MATTER INC.	Accenture plc	-	-	-	-
1Sep17	TMJ, Inc.	SECOM CO., LTD.	240.93	300.59	0.8x	-



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV/ Revenue	TEV/ EBITDA
1Sep17	Proactive Contact Support B.V.	BNP Paribas Fortis Private Equity; Mifratel BVBA	-	23.74	-	-
29Aug17	CPA Global Limited	Leonard Green & Partners, L.P.	-	-	-	-
24Aug17	Verax, Inc.	Accenture plc	-	-	-	-
22Aug17	LifePlans, Inc.	Long Term Care Group, Inc.	-	-	-	-
22Aug17	Eknovate, Inc.	Feuji, Inc.	-	-	-	-
17Aug17	Strategic Products and Services, LLC (nka:SPS, a ConvergeOne Company)	ConvergeOne, Inc.	-	-	-	-
16Aug17	Voxpro Limited (nka:Voxpro powered by TELUS International)	TELUS International, Inc.	-	-	-	-
11Aug17	TicketsWest.com, Inc.	Spectra Ticketing & Fan Engagement	6.00	-	-	-
8Aug17	Concrete Solutions Ltda.	Accenture plc	-	-	-	-
7Aug17	Credo Business Consulting LLP	Teneo Holdings LLC	-	-	-	-
4Aug17	Adcorp Holdings Limited		-	1,187.84	-	-
3Aug17	Brand Learning Group Limited	Accenture plc	-	-	-	-
2Aug17	Digicall Teleservices Private Limited	Karvy Data Management Services Limited	4.71	-	-	-
2Aug17	OnSource, LLC	Genpact Limited	-	-	-	-
2Aug17	Halo Group, LLC	Fahrenheit IT, Inc.	-	-	-	-
1Aug17	W Squared, Inc.	Lattimore Black Morgan & Cain P.C.	-	-	-	-
31Jul17	Search Technologies Corp.	Accenture plc	-	-	-	-
31Jul17	Duncan Solutions, Inc.	Navient Corporation	80.00	55.00	1.5x	-
31Jul17	OrderUp, LLC	GrubHub Inc.	-	-	-	-
26Jul17	Market Data Services Limited	Sumeru Equity Partners, Inc.	-	-	-	-
25Jul17	Pharma Foods Communication Tokai Co., Ltd.	PharmaFoods Communication Inc.	0.27	0.16	1.7x	-
21Jul17	Accel Frontline Limited		-	91.51	-	-
21Jul17	Paysafe Group Plc	CVC Capital Partners Limited; The Blackstone Group L.P.	4,285.83	1,043.45	3.8x	15.5x
20Jul17	KP Soft Co.,Ltd.		0.17	-	-	-
18Jul17	Birlasoft (India) Limited, Certain Assets Comprising a Portion of IT Business	Genpact Limited	-	-	-	-
18Jul17	Certain Assets Comprising a Portion of Birlasoft's IT Business	Genpact Limited	-	-	-	-
17Jul17	Rocket Fuel Inc.	Sizmek Inc.	209.61	420.47	0.4x	NM



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Appendix: Public Basket Constituents

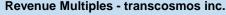
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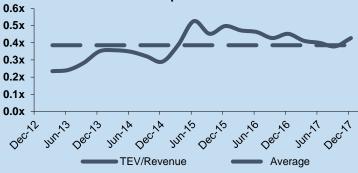
transcosmos inc.

transcosmos inc. provides outsourcing services worldwide. The company offers call center services, such as inbound, outbound, sales marketing, back-office support, social CRM support, non-voice support, knowledge management, consulting, and industry and operation domain-specific services. It also provides business process outsourcing services, including SCM, back-office, document solution, application development and operation, infrastructure building and operation, support desk, design and development support, and embedded development and testing services. In addition, the company offers digital marketing services comprising Internet advertising. Website construction and operation, smart device, social media, and ecommerce and direct marketing services, as well as marketing tools. Further, it provides e-commerce one-stop services for businesses; and analytics services, which include customer research, big data analysis. direct promotion consulting, and telemarketing consulting services. The company serves financial, telecommunication, high-tech, medical, cosmetics, distribution, automobile, and airline industries, as well as the public sector. transcosmos inc. was founded in 1966 and is headquartered in Tokyo, Japan.

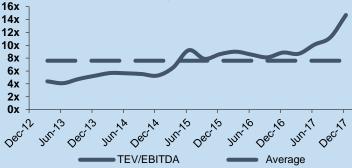
Key Development Headline

9/13/17 Beijing Xiangjiang Xinnuo Culture Investment Center (Limited partnership) cancelled the acquisition of 9.6% stake in Beijing Tensyn Digital Marketing Technology Joint Stock Company (SZSE:300392) from Trans Cosmos, Inc. (TSE:9715).

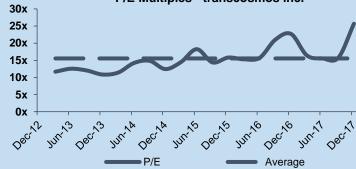




EBITDA Multiples - transcosmos inc.



P/E Multiples - transcosmos inc.





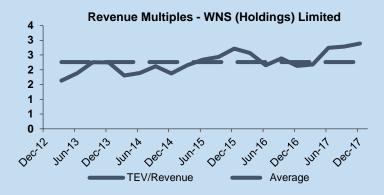
WNS (Holdings) Limited

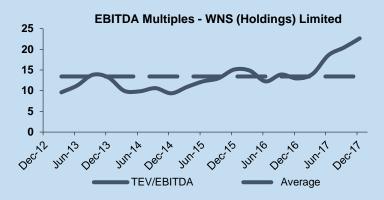
WNS (Holdings) Limited, a business process management company, provides data, voice, analytical, and business transformation services worldwide. It operates through two segments, WNS Global BPM and WNS Auto Claims BPM. The company offers industry-specific services to clients primarily in the insurance; travel and leisure; diversified businesses, including manufacturing, retail, consumer packaged goods, media and entertainment, and telecommunications; utilities; consulting and professional services; healthcare; banking and financial services; and shipping and logistics industries. It also provides a range of services in the areas of customer interaction, finance and accounting, research and analytics, technology, legal, and human resources outsourcing services across various industries. In addition, the company offers transformation services designed to help its clients to modify their business processes to enhance productivity, and manage changes in the business environment and leverage business knowledge to increase market competitiveness. Further, it provides claims handling and repair management services for automobile repairs through a network of third party repair centers; and a suite of accident management services, such as credit hire and credit repair. WNS (Holdings) Limited was founded in 1996 and is based in Mumbai, India.

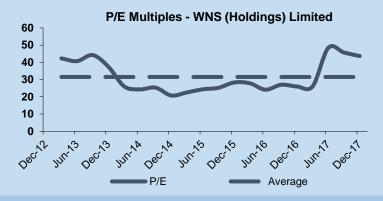
Date	Key Development Headline

10/20/17 WNS (Holdings) Limited Mulls Acquisitions

3/14/17 WNS (Holdings) Ltd. (NYSE:WNS) acquired HealthHelp Inc. from MTS Health Investors, LLC, Essex Woodlands Health Ventures and others for \$95 million.



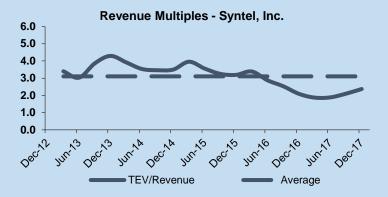


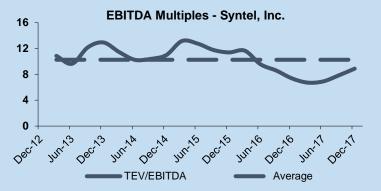


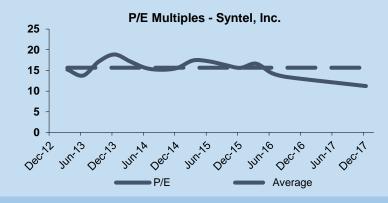


Syntel, Inc.

Syntel, Inc. provides digital transformation, information technology (IT), and knowledge process outsourcing (KPO) services worldwide. The company operates through Banking and Financial Services; Healthcare and Life Sciences; Insurance; Manufacturing; and Retail, Logistics, and Telecom segments. It offers managed services, including software applications development, maintenance, and digital modernization testing, as well as IT infrastructure, cloud, and migration services. The company also provides a range of consulting and implementation services built around enterprise architecture; data warehousing and business intelligence; enterprise application integration; and SMAC technologies, including social media. Web and mobile applications, big data, analytics, and Internet of things. In addition, it offers KPO services that provide outsourced solutions for knowledge and business processes; and business intelligence, enterprise resource planning, and business and technology consulting services. The company offers its products to various companies in the banking and financial services, healthcare and life sciences, insurance, manufacturing, retail, logistics and telecom, and other industries. Syntel, Inc. was founded in 1980 and is headquartered in Troy, Michigan.





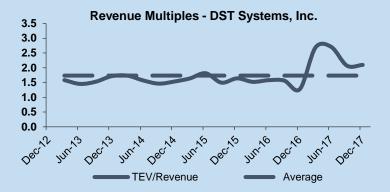


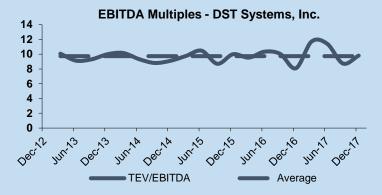


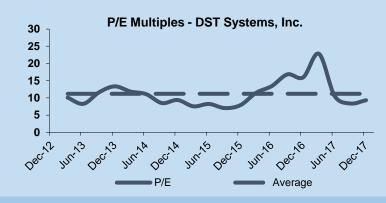
DST Systems, Inc.

DST Systems, Inc. provides technology-based information processing and servicing solutions in the United States, the United Kingdom, Canada, Australia, and internationally. The company's Financial Services segment provides investor, investment, advisor/intermediary, and asset distribution services to companies in the financial services industry. This segment provides customers information processing solutions, such as tracking of purchases, redemptions, and exchanges and transfers of shares; maintaining investor identification and ownership records; reconciling cash and share activity; processing dividends; reporting sales; performing tax and other compliance functions; and providing information for printing of investor trade confirmations, statements, and year-end tax forms. The company's Investments and Other segment invests in equity securities, private equity investments, and other financial interests, as well as owns real estate joint ventures for lease. DST Systems, Inc. was founded in 1968 and is headquartered in Kansas City, Missouri.

6/6/17 DST Systems Mulls Acquisitions 5/3/17 Paragon Group Limited acquired UK Customer Communications Business from DST Systems, Inc. (NYSE:DST). 3/26/17 DST Systems, Inc. (NYSE:DST) entered into a definitive agreement to acquire remaining 50% stake in International Financial Data Services (UK) Ltd. from State Street Corporation (NYSE:STT) for approximately \$180 million.







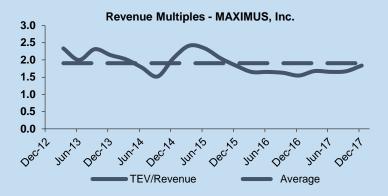


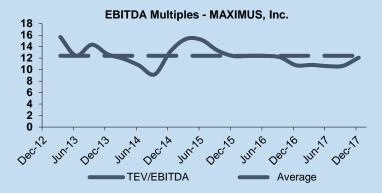
MAXIMUS, Inc.

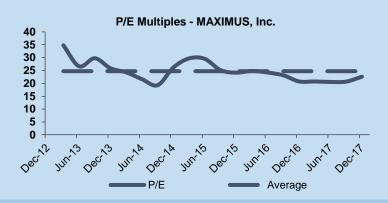
MAXIMUS, Inc. provides business process services (BPS) to government health and human services programs in the United States. the United Kingdom, Australia, Canada, Singapore, and Saudi Arabia. The company's Health Services segment offers various BPS, appeals, and assessments, as well as related consulting services for state. provincial, and national government programs comprising Medicaid, Children's Health Insurance Program, the Affordable Care Act, Health Insurance British Columbia, the Health Assessment Advisory Service. and Preadmission Screening and Resident Reviews. Its services include health insurance exchange customer contact center operations and support; health insurance program eligibility and enrollment; beneficiary outreach and education; application assistance and independent health plan enrollment counseling; premium payment processing and administration; eHealth solutions; independent disability, long-term sick, and health assessments; occupational health clinical assessments; and specialized program consulting services. MAXIMUS, Inc. was founded in 1975 and is headquartered in Reston, Virginia.

Date Key Development Headline

5/4/17 MAXIMUS Mulls Acquisitions





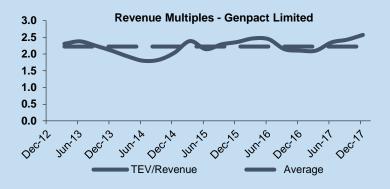


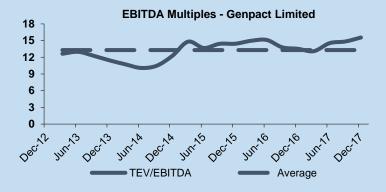


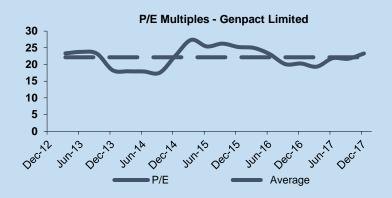
Genpact Limited

Genpact Limited provides business process outsourcing and information technology (IT) management services worldwide. The company offers finance and accounting services, including accounts payable comprising document management, invoice processing, approval, resolution management, and T&E processing; order to cash services, such as customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services. Limited was founded in 1997 and is based in Hamilton, Bermuda.

Date	Key Development Headline
11/8/17	Genpact Limited (NYSE:G) acquired certain assets comprising a portion of IT business of Birlasoft (India) Ltd.
11/8/17	Genpact Limited (NYSE:G) acquired certain assets comprising a portion of Birlasoft's IT business from Birlasoft (U K) Ltd and Birlasoft Inc.
9/6/17	Genpact Limited (NYSE:G) acquired Tandemseven Inc.
8/2/17	Genpact Limited (NYSE:G) acquired OnSource, LLC from Greybull Stewardship and others.
5/3/17	Genpact Limited (NYSE:G) acquired BrightClaim, Inc from Century Focused Fund III, L.P. fund of Century Equity Partners and others.
42815	Genpact Mulls Acquisitions







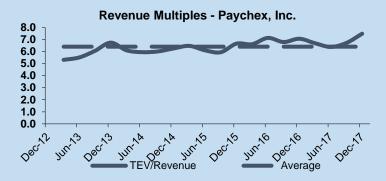


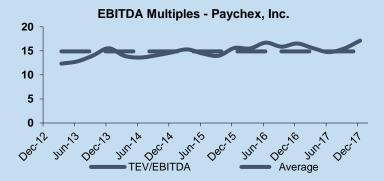
Paychex, Inc.

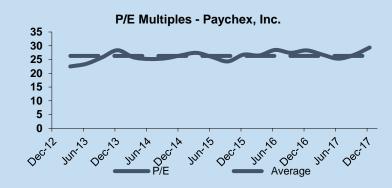
Paychex, Inc. provides payroll, human resource (HR), retirement, and insurance services for small to medium-sized businesses in the United States and Germany. The company offers payroll processing services that include payroll tax administration services; employee payment services; and regulatory compliance services, such as new-hire reporting and garnishment processing. It also provides HR outsourcing services, such as Paychex HR solutions comprising payroll, employer compliance, HR and employee benefits administration, risk management outsourcing, and the on-site availability of a professionally trained HR representative; and retirement services administration. including plan implementation, ongoing compliance with government regulations, employee and employer reporting, participant and employer online access, electronic funds transfer, and other administrative services. In addition, the company offers insurance services for property and casualty coverage, such as workers' compensation, businessowner policies, commercial auto, and health and benefits coverage, including health, dental, vision, and life; cloud-based HR administration software products for employee benefits management and administration, time and attendance, and recruiting solutions; and other HR services and products, such as employee handbooks, management manuals, and personnel and required regulatory forms. The company was founded in 1979 and is headquartered in Rochester, New York.

Date Key Development Headline

8/20/17 Paychex, Inc. (NasdaqGS:PAYX) acquired HR Outsourcing Holdings, Inc.





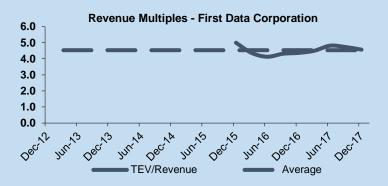


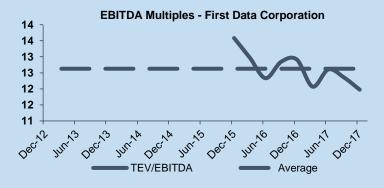


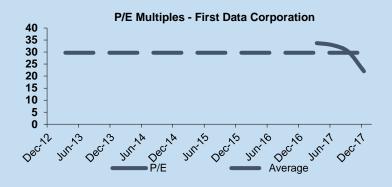
First Data Corporation

First Data Corporation provides electronic commerce solutions for merchants, financial institutions, and card issuers worldwide. It operates through three segments: Global Business Solutions, Global Financial Solutions, and Network & Security Solutions. The Global Business Solutions segment offers retail point-of-sale merchant acquiring and ecommerce services; and mobile payment services and Webstore-in-abox solutions, as well as its cloud-based Clover point-of-sale operating system, which includes a marketplace for proprietary and third-party business applications. The company was founded in 1989 and is headquartered in Atlanta, Georgia.

Date	Key Development Headline
11/30/17	First Data Corporation (NYSE:FDC) completed the acquisition of BluePay, Inc. from TA Associates Management, L.P., BluePay management and others.
10/20/17	First Data Corporation, BluePay Holdings, Inc M&A Call
10/19/17	First Data Corporation (NYSE:FDC) entered into a definitive stock purchase agreement to acquire BluePay, Inc. from TA Associates Management, L.P., BluePay management and others for \$760 million.
9/26/17	Worldline S.A. (ENXTPA:WLN) completed the acquisition of First Data Lietuva Uab and First Data Latvia Sia and First Data EESTI OU from First Data Corporation (NYSE:FDC).
8/9/17	Bidvest Bank Limited acquired First Data Resources South Africa (pty) Ltd from First Data Corporation (NYSE:FDC) and others.





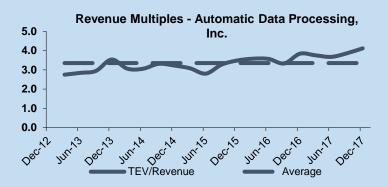


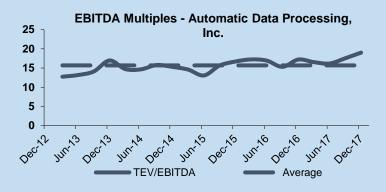


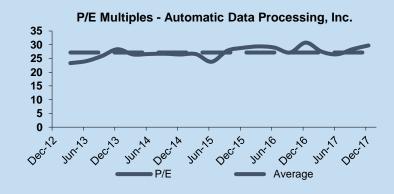
Automatic Data Processing, Inc.

Automatic Data Processing, Inc., together with its subsidiaries, provides business process outsourcing services worldwide. The company operates through two segments, Employer Services and Professional Employer Organization (PEO) Services. The Employer Services segment offers various human resources (HR) business process outsourcing and technology-enabled human capital management solutions to clients. Its offerings include payroll services, benefits administration, talent management, HR management, time and attendance management, insurance services, retirement services, and tax and compliance services. This segment provides a range of solutions, via a software- and service-based delivery model, which businesses of various types and sizes can use to recruit, pay, manage, and retain employees; and serves approximately 570,000 clients via the company's cloud-based strategic software as a service offerings. The PEO Services segment offers HR outsourcing solutions through a coemployment model. The company was founded in 1949 and is headquartered in Roseland, New Jersey.

Date Key Development Headline 10/4/17 Automatic Data Processing, Inc. (NasdaqGS:ADP) acquired Global Cash Card Inc. 9/28/17 KPMG LLP and Automatic Data Processing, Inc. Announce A Joint Service 8/3/17 Pershing Square Capital Management, L.P. acquired 8% stake in Automatic Data Processing, Inc. (NasdaqGS:ADP). 2/1/17 Automatic Data Processing Mulls Acquisitions 1/16/17 Automatic Data Processing, Inc. (NasdaqGS:ADP) acquired The Marcus Buckingham Company, Inc.









CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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