



Sectorwatch: Business Process Outsourcing (BPO)

June 2018

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Overview

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

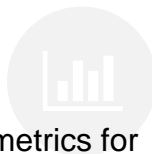
Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard

Revenue Growth Momentum

 **0.01**

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

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

 **-0.5%**

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

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

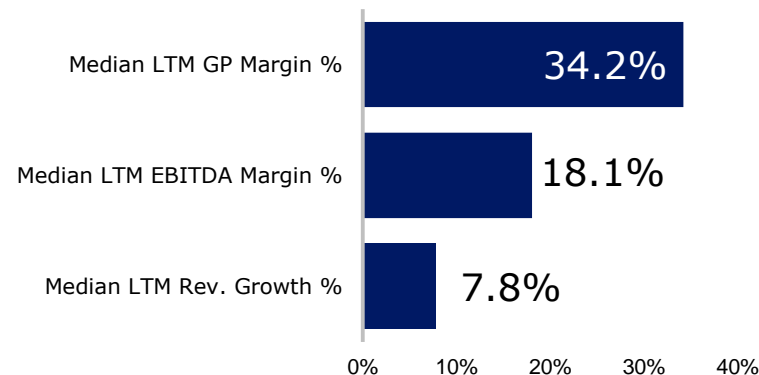
Profitability Momentum

 **-0.1%**

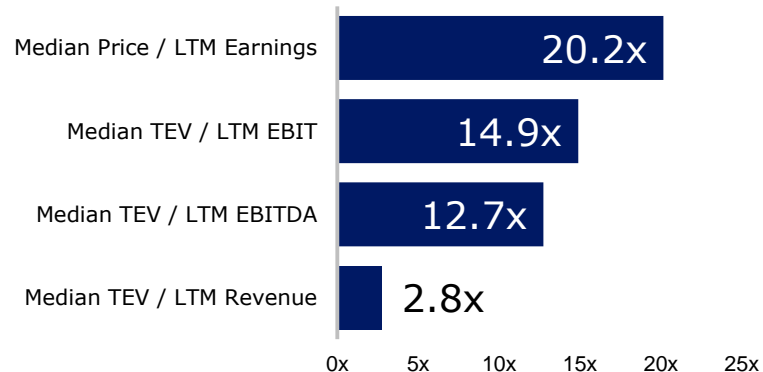
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



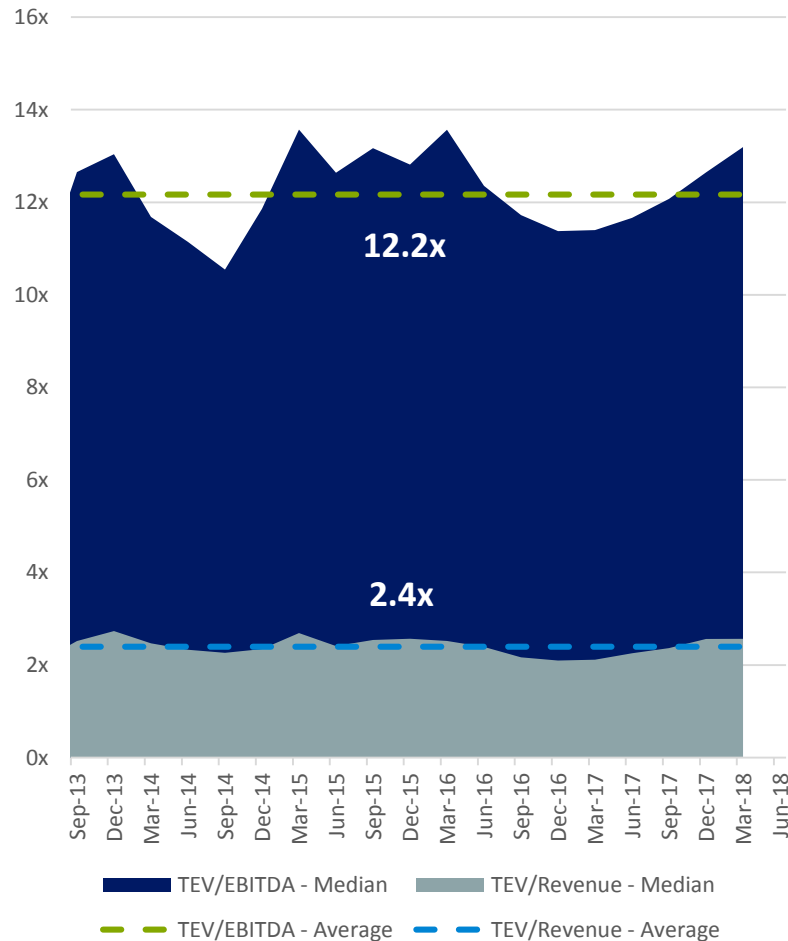
Public Basket



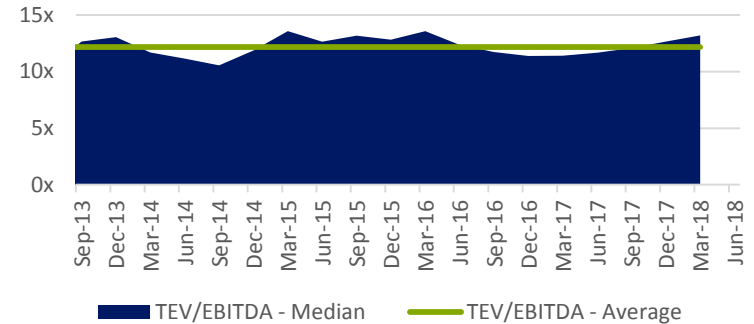
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
WNS (Holdings) Limited	2,552	758	26%	34%	14%	3.4	23.3	36,540	21
Syntel, Inc.	2,971	943	-1%	38%	28%	3.1	11.4	22,114	43
MAXIMUS, Inc.	3,896	2,457	-1%	25%	15%	1.6	10.7	20,400	120
SYNNEX Corporation	5,985	18,077	25%	9%	4%	0.3	8.6	107,400	168
Genpact Limited	6,702	2,803	8%	38%	15%	2.4	16.1	78,000	36
Wipro Limited	15,026	8,373	-1%	29%	20%	1.9	9.4	163,827	51
Infosys Limited	35,743	10,939	7%	35%	27%	3.4	12.7	204,107	54
Cognizant Technology Solutions Corporation	42,346	15,176	10%	38%	21%	2.8	13.4	260,000	58
Automatic Data Processing, Inc.	60,765	13,072	7%	43%	21%	4.6	21.8	58,000	225
Accenture plc	102,209	37,126	10%	32%	16%	2.8	16.9	425,000	87
Average	27,820	10,972	9%	32%	18%	2.6	14.4	137,539	86
Median	10,864	9,656	8%	34%	18%	2.8	13.1	92,700	56

share price as of 20Jun18

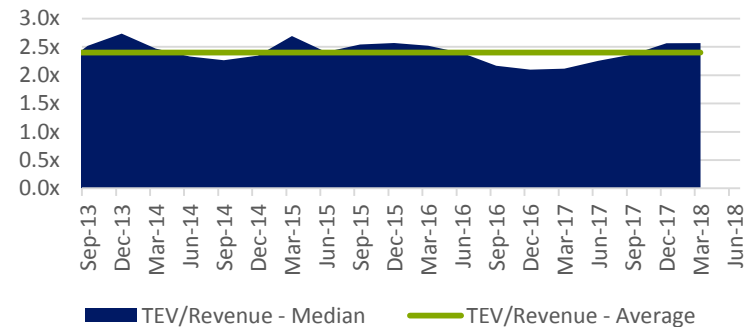
Public Basket Valuation Trends



Public EBITDA Multiples over Time



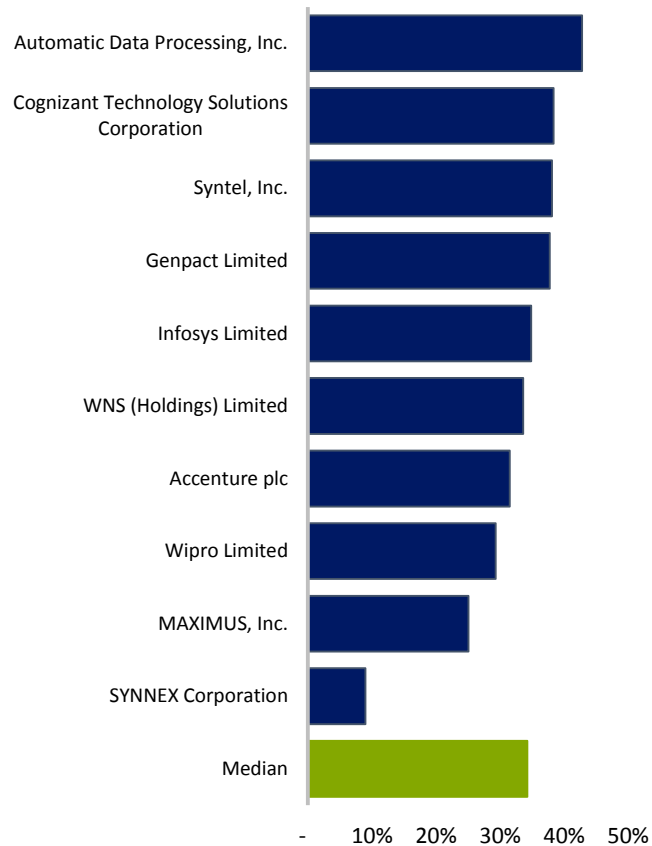
Public Revenue Multiples over Time



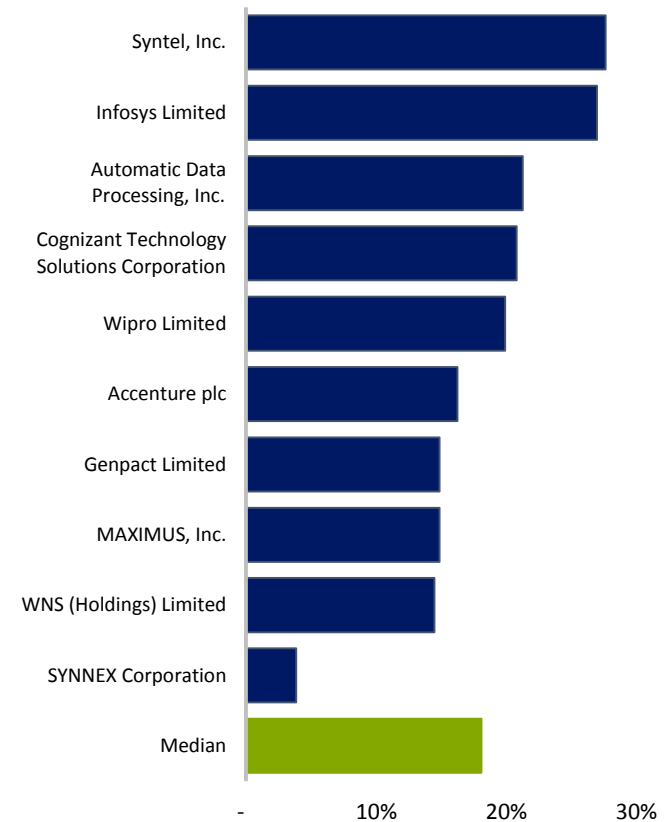
Operational Metrics



LTM Gross Profit Margin %



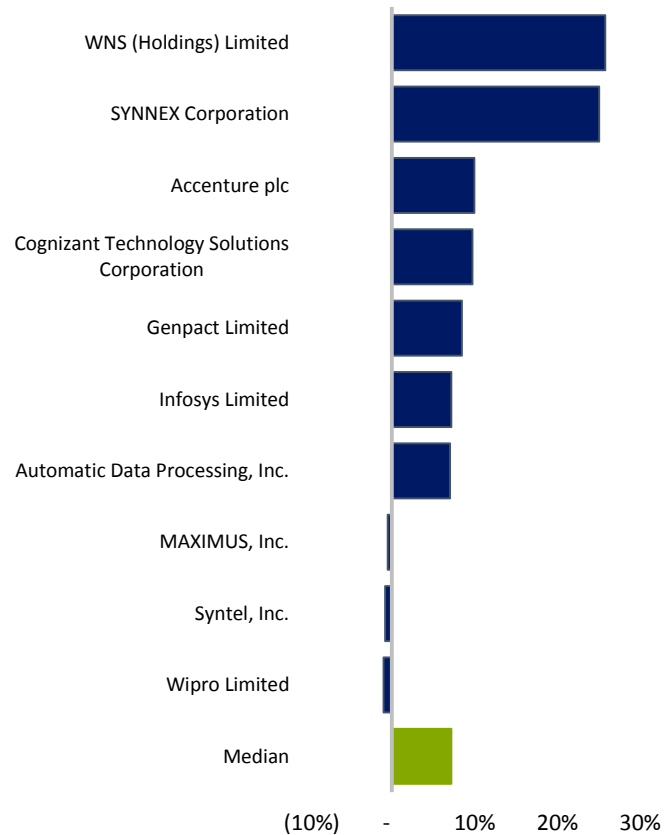
LTM EBITDA %



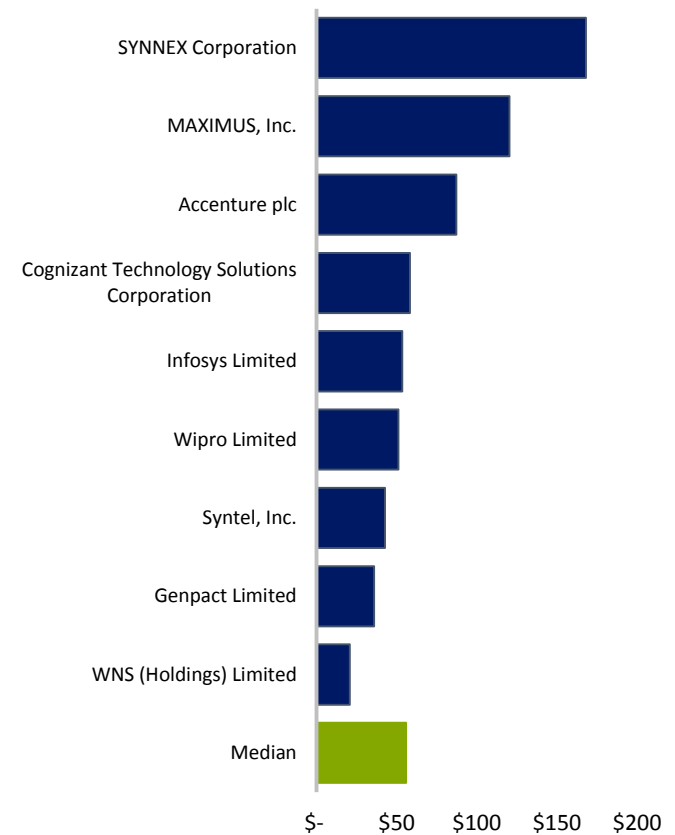
Operational Metrics



LTM Revenue Growth %



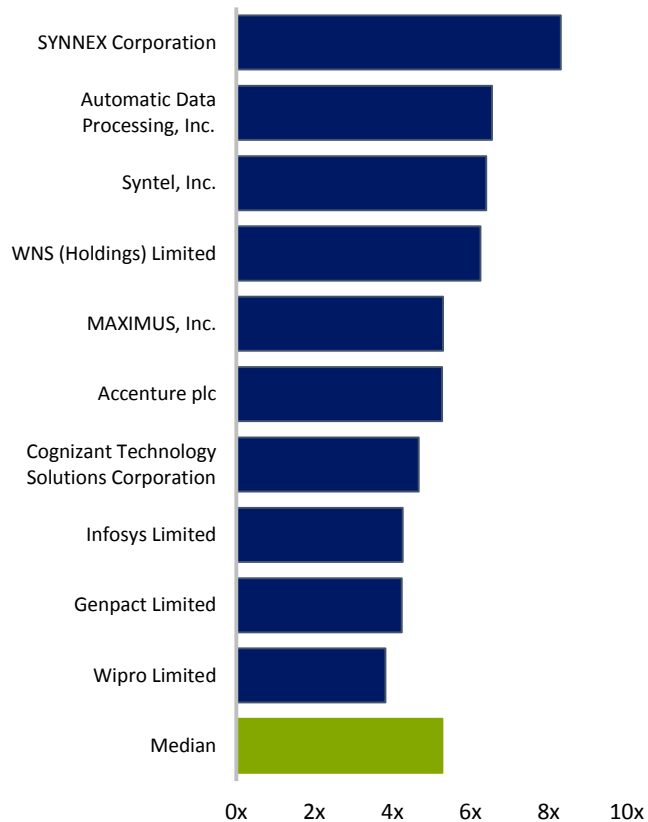
LTM Revenue per Full Time Employee x 000's



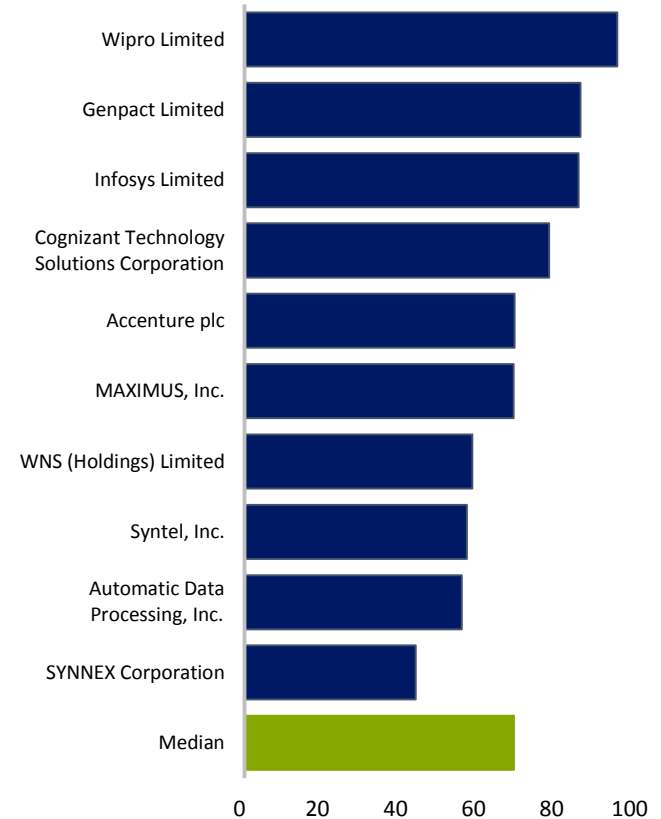
Operational Metrics



Accounts Receivable Turnover



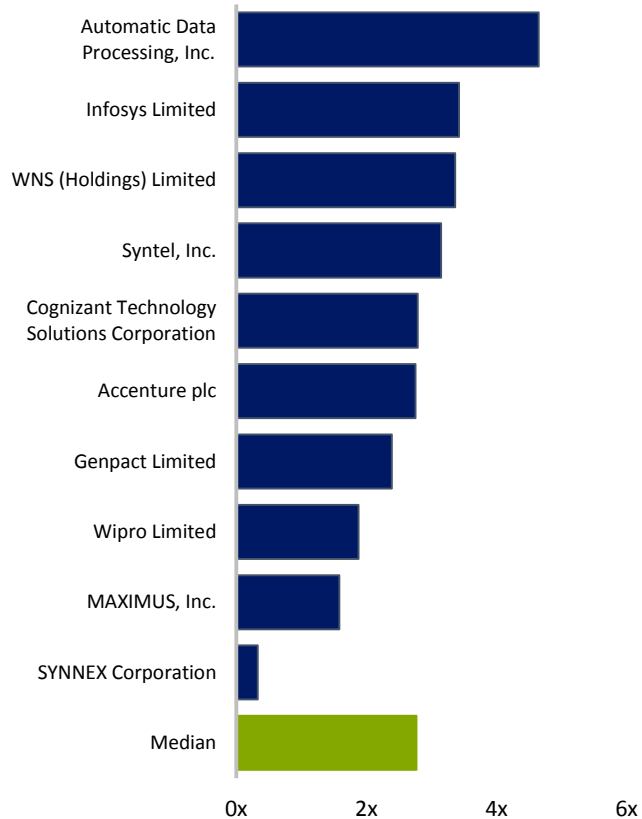
Average Days Sales Outstanding



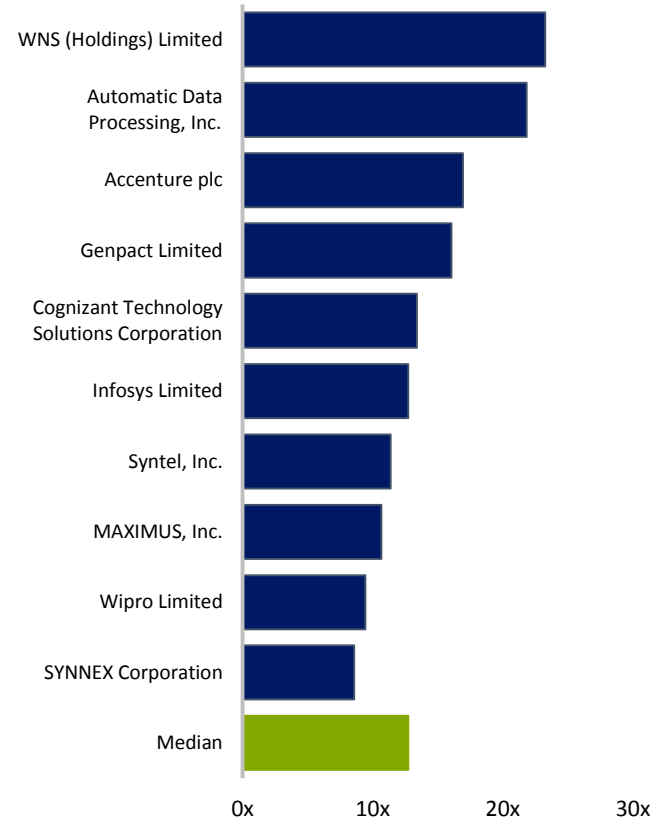
Valuation



TEV / LTM Revenue



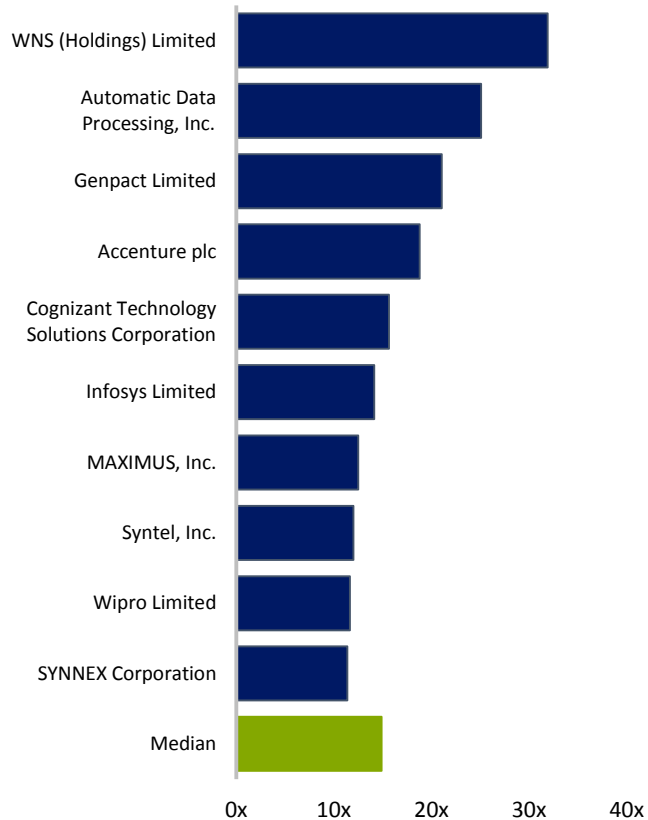
TEV / LTM EBITDA



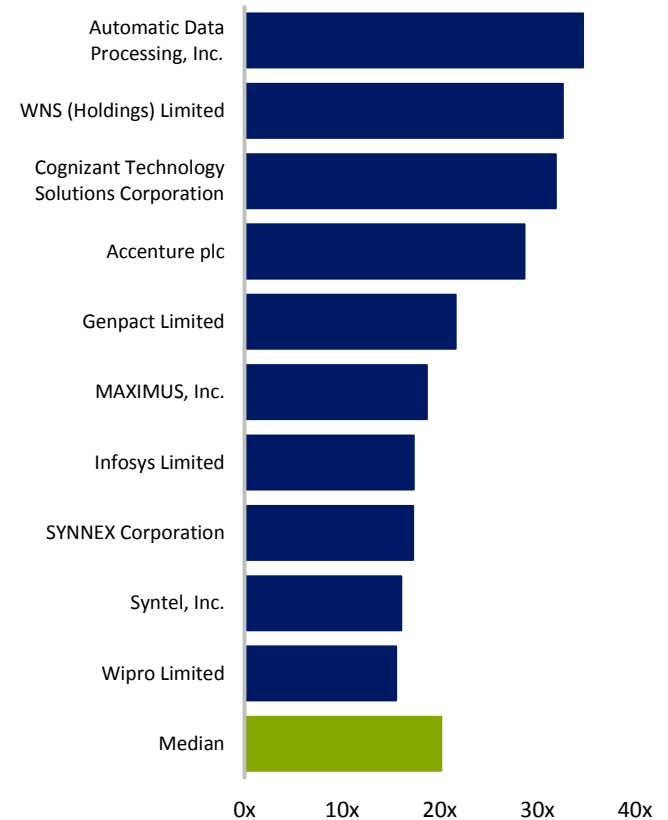
Valuation



TEV / LTM EBIT



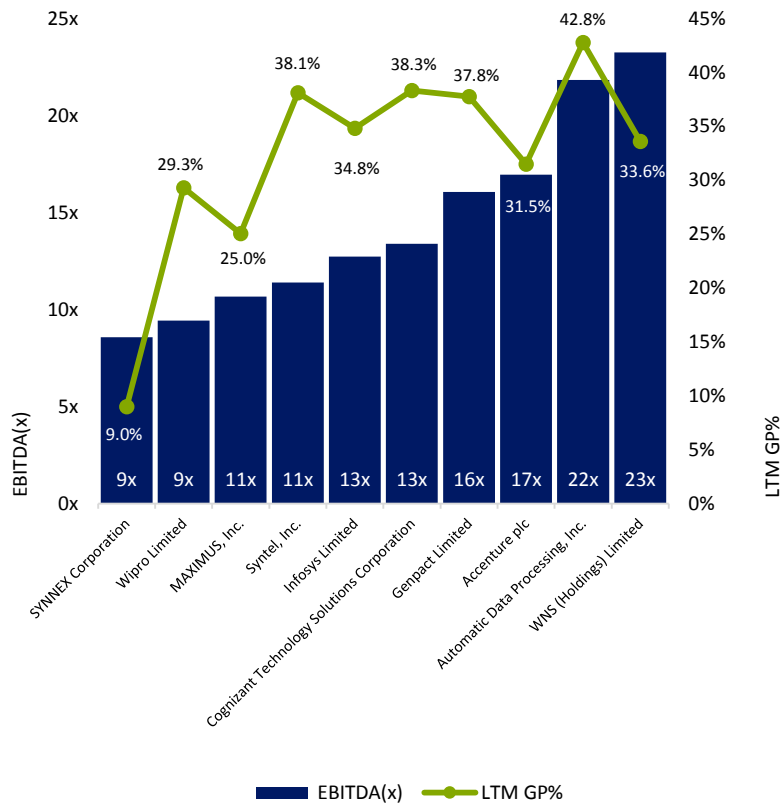
Price / LTM Earnings



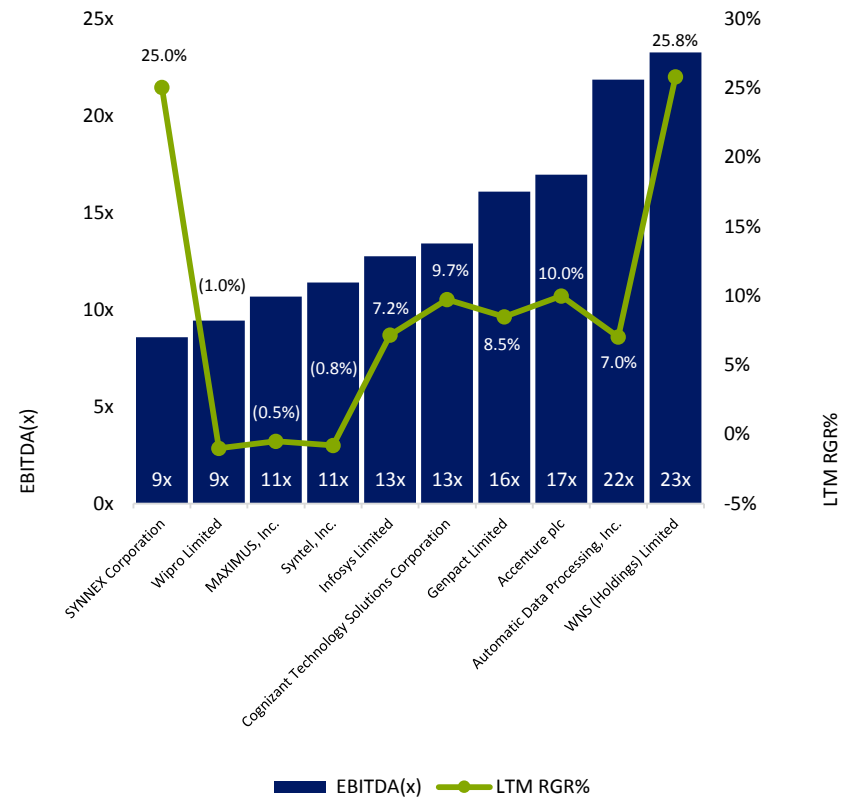
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
14Jun18	Intelenet Global Services Private Ltd.	Teleperformance SE	-	449.00	2.2x	12.0x
1Jun18	Millennium Process Group Inc.	Merchants Sa (pty) Ltd.	-	-	-	-
9May18	Dansk Retail Services ApS	Baker Tilly Denmark Godkendt Revisionspartnerselskab	-	-	-	-
6Apr18	RJ Globus Solutions Inc.	Datamatics Global Services Corp.	-	3.87	-	-
5Apr18	Telerx Marketing Inc.	HCL America, Inc.	60.00	199.00	0.3x	-
4Apr18	Client Network Services, Inc.	A&M Capital Advisors, LLC	-	-	-	-
14Mar18	StarTek, Inc.	Aegis Limited	-	292.60	-	-
12Mar18	Bolder Healthcare Solutions LLC	Cognizant Technology Solutions Corporation	-	-	-	-
8Feb18	Integrity Payment Systems, LLC	Payroc LLC	-	-	-	-
7Feb18	Fiserv Solutions, LLC	Warburg Pincus LLC	419.00	-	-	-
31Jan18	dinCloud, Inc.	Premier BPO, Inc.	-	-	-	-
2Feb18	FSK L&S Co., Ltd.	SK Telecom Co., Ltd.	16.56	-	-	-
26Jan18	DM (3000) Engineering Ltd.	AFCON Holdings Ltd.	11.94	-	-	-
17Jan18	Paymark Limited	Ingenico Group - GCS	138.45	53.75	2.2x	5.1x
20Dec17	Computer Age Management Services Pvt. Ltd.	Great Terrain Investment Limited	26.12	73.69	6.9x	-
30Oct17	Xavient Information Systems Inc. (nka:Xavient Digital)	TELUS International, Inc.	130.00	-	-	-
20Oct17	BluePay, Inc.	First Data Corporation	760.00	-	-	-
11Oct17	NeoSystems Corp.	Novume Solutions, Inc.	22.20	29.82	0.7x	-
9Aug17	Symphony Ventures Limited	Livingbridge	4.55	-	-	-
4Aug17	Automatic Data Processing, Inc.	Pershing Square Capital Management, L.P.	-	12,379.80	-	-
5Jun17	Westcon Group, Inc.	SYNNEX Corporation	830.00	4,532.08	0.2x	15.8x
3Apr17	Connexions, Inc.	TeleTech Healthcare Solutions, Inc.	80.00	-	-	-
12Dec16	Lionbridge Technologies, Inc.	H.I.G. Capital, LLC	459.13	556.65	0.8x	11.2x
1Sep16	Emric AB	Tieto Oyj	-	21.62	-	-
22Aug16	RedCore Pty Ltd.	Accenture plc	-	-	-	-
28Jul16	Idea Couture, Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
28Jul16	A Cunning Plan, SL	Accenture plc	-	4.55	-	-
18Jul16	MobGen Holding B.V.	Accenture plc	-	-	-	-
11Jul16	Aditya Birla Minacs Worldwide Ltd.	Concentrix Corporation	420.00	-	-	-
22Apr16	ReD Associates U.S., Inc.	Cognizant Technology Solutions Corporation	-	-	-	-
20Apr16	INTERSHOP Communications Aktiengesellschaft	Shareholder Value Management AG	-	45.35	-	-
18Apr16	Duck Creek Technologies LLC	Apax Partners LLP	-	-	-	-
14Apr16	Copier Source, Inc.	Visual Edge Technology, Inc.	-	-	-	-
7Apr16	CSU Cardsystem S.A.	SulAmérica Investimentos DTVM S.A.; Sul America Expertise FIA; Sul América Expertise Equities Long Only Fund, LLC	-	130.42	-	-
6Apr16	BHS Hire, LLC	Hire Velocity, LLC	-	-	-	-
4Apr16	Mphasis Limited	The Blackstone Group L.P.	0.01	912.44	1.1x	6.9x
1Apr16	Softbank Technology Corp.	-	-	402.34	-	-

Business Process Outsourcing (BPO)

June 2018

APPENDIX: Public Basket Constituents

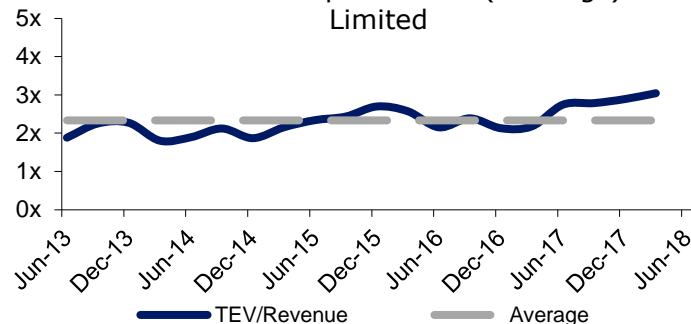
Public Basket



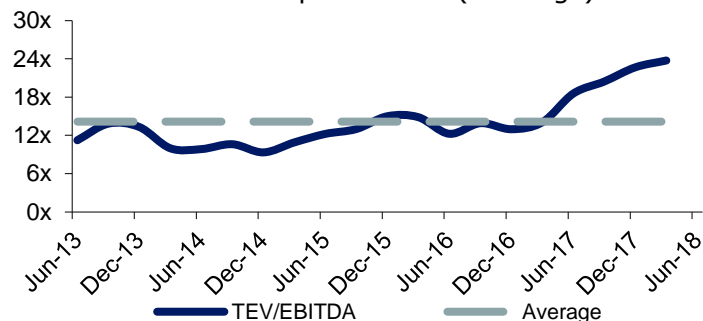
WNS (Holdings) Limited

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.

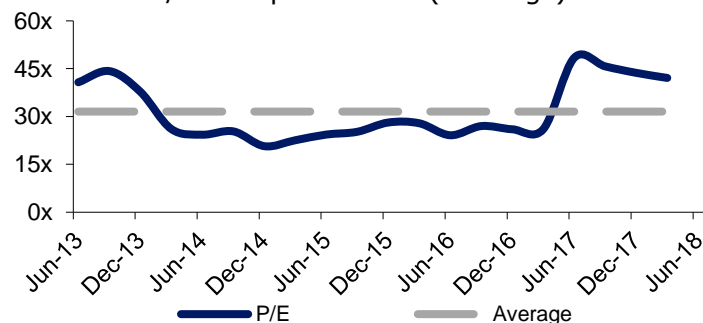
Revenue Multiples - WNS (Holdings) Limited



EBITDA Multiples - WNS (Holdings) Limited



P/E Multiples - WNS (Holdings) Limited



Date

Key Development Headline

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

Public Basket



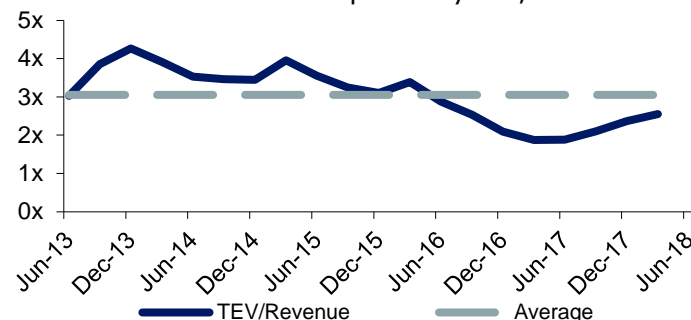
Syntel, Inc.

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 provides end-to-end, integrated application, and infrastructure management services; develops software applications; and offers legacy modernization services, such as software analysis, language conversion, reverse engineering, database migration, code optimization, cloud onboarding and migration, ecosystem migration, testing, and management. The company also provides consulting, implementation, and management services for enterprise architecture, data warehousing, business intelligence, and enterprise application integration, as well as mobility, big data, analytics, and Internet of Things technologies. In addition, it offers KPO services that provide outsourced solutions for knowledge and business processes. The company offers its products to various companies in the banking and financial services, healthcare and life sciences, insurance, manufacturing, retail, logistics, and telecom industries. Syntel, Inc. was founded in 1980 and is headquartered in Troy, Michigan.

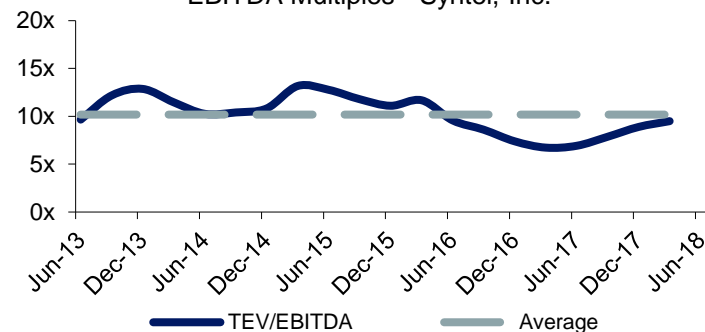
Date	Key Development Headline
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4/9/18	Syntel, Inc. Partners with Esko for Life Sciences Labeling and Packaging Solutions
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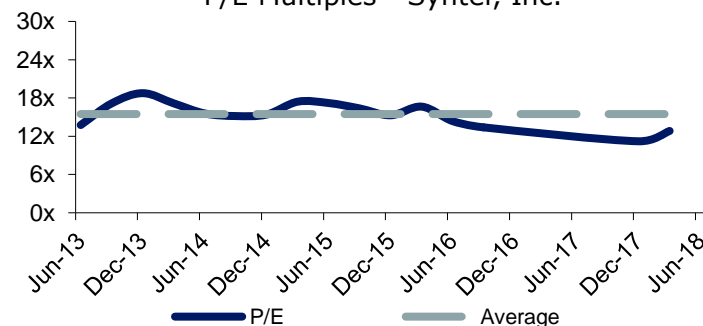
Revenue Multiples - Syntel, Inc.



EBITDA Multiples - Syntel, Inc.



P/E Multiples - Syntel, Inc.



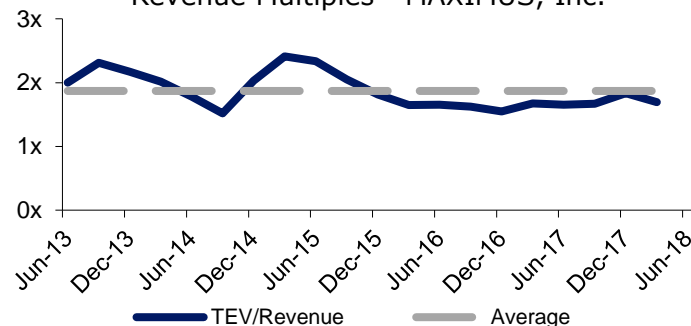
Public Basket



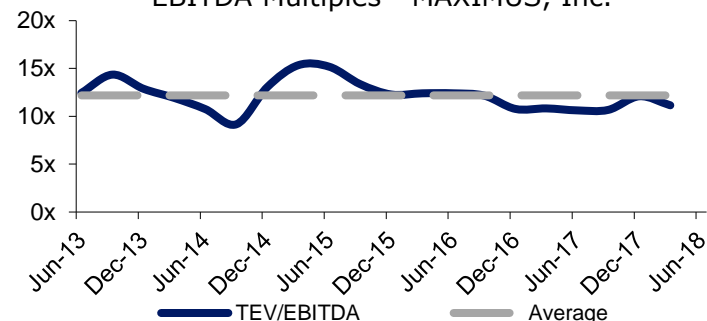
MAXIMUS, Inc.

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.

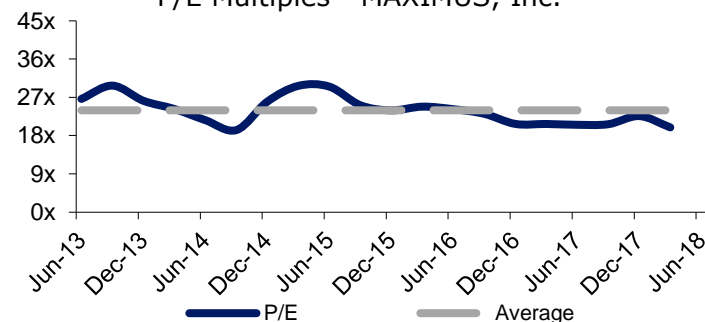
Revenue Multiples - MAXIMUS, Inc.



EBITDA Multiples - MAXIMUS, Inc.



P/E Multiples - MAXIMUS, Inc.



Date Key Development Headline

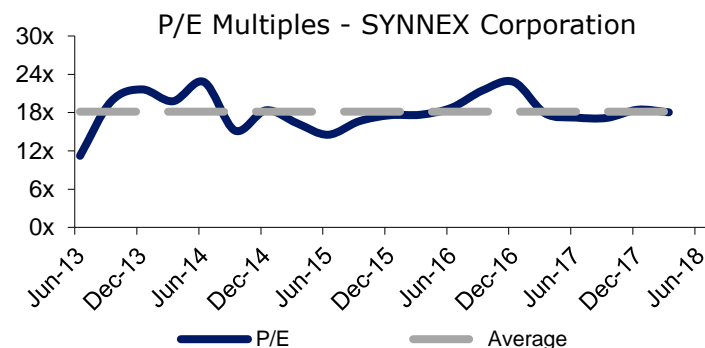
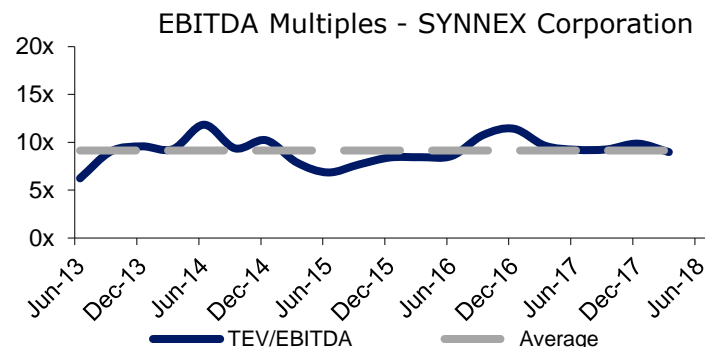
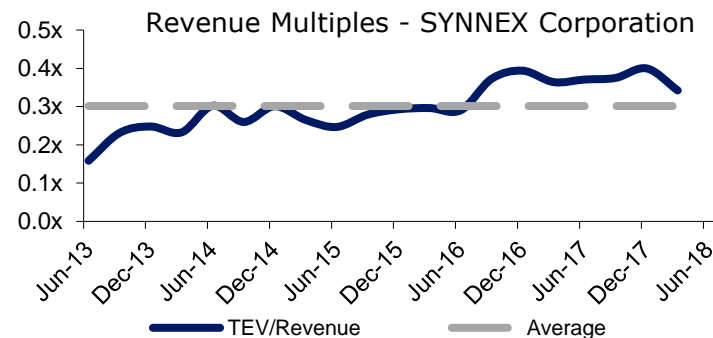
5/10/18 MAXIMUS Seeks Acquisitions

Public Basket



SYNNEX Corporation

SYNNEX Corporation provides business process services in North and South America, the Asia-Pacific, Europe, and internationally. It operates in two segments, Technology Solutions and Concentrix. The Technology Solutions segment distributes peripherals; information technology systems, including data center server and storage solutions; system components; software; networking/communications/security equipment; consumer electronics; and complementary products. It also provides systems design and integration solutions, build-to-order, and configure-to-order assembly capabilities; logistics services that include outsourced fulfillment, virtual distribution, and direct ship to end-users; online services; and financing services comprising net terms, third party leasing, floor plan financing, and letters of credit backed financing and arrangements. SYNNEX Corporation was founded in 1980 and is headquartered in Fremont, California.



Date	Key Development Headline
2/21/18	MCJ Co., Ltd. (TSE:6670) agreed to acquire remaining stake in Tekwind Co., Ltd. from SYNNEX Corporation (NYSE:SNX) and Dream Incubator Inc. (TSE:4310) for approximately \$640 million.
8/31/17	SYNNEX Corporation (NYSE:SNX) completed the acquisition of Westcon Group, Inc. from Datatec PLC.
8/31/17	SYNNEX Corporation (NYSE:SNX) completed the acquisition of 10% of Westcon Emerging Markets Group (Pty) Limited and 10% of Westcon Group European Holdings, Limited from Datatec Limited (JSE:DTC) and Datatec PLC.

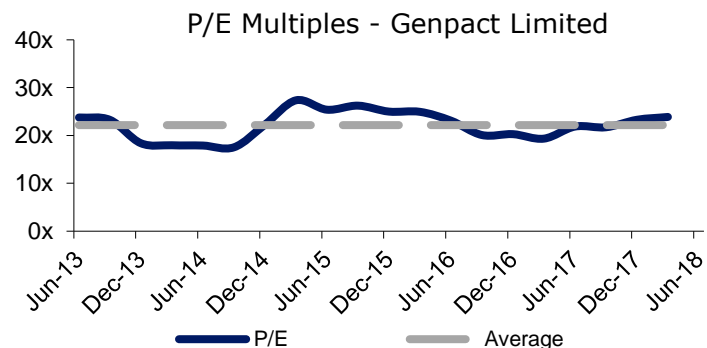
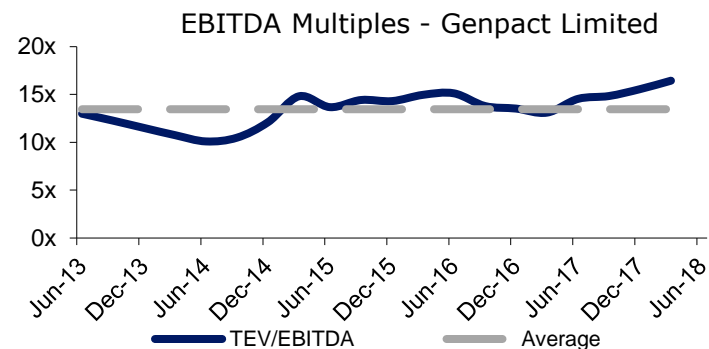
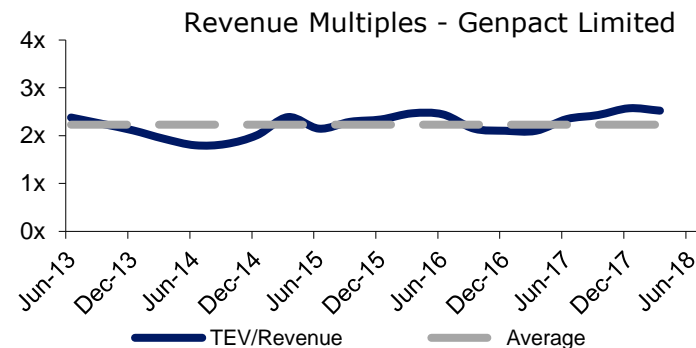
Public Basket



Genpact Limited

Genpact Limited provides business process outsourcing and information technology (IT) services North and Latin America, India, rest of Asia, and Europe. Its finance and accounting services include accounts payable, such as document management, invoice processing, approval and resolution management, and travel and expense processing; over-the-counter services, including customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services; record to report services comprising accounting, treasury, tax, product cost accounting, and closing and reporting services; enterprise performance management consisting of budgeting, forecasting, and business performance reporting; and enterprise risk and compliance services, including operational risks and controls. Genpact Limited was founded in 1997 and is based in Hamilton, Bermuda.

Date	Key Development Headline
6/10/18	Genpact Limited (NYSE:G) signed a definitive agreement to acquire Commonwealth Informatics Inc.
2/28/18	An unknown buyer acquired non-strategic portion of legacy IT support business in Europe from Genpact Limited (NYSE:G).
2/12/18	Genpact Mulls Acquisitions
11/17/17	Bain Capital And GIC To Sell 10 Million Shares In Genpact
11/8/17	Genpact Limited (NYSE:G) acquired certain assets comprising a portion of IT business of Birlasoft (India) Ltd.



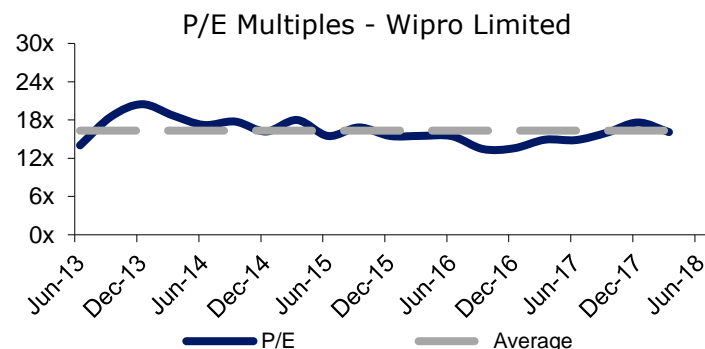
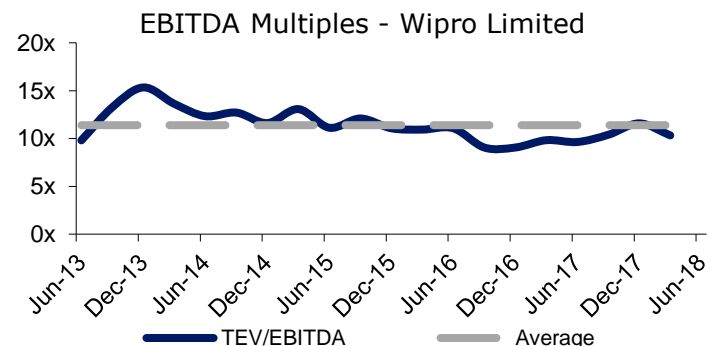
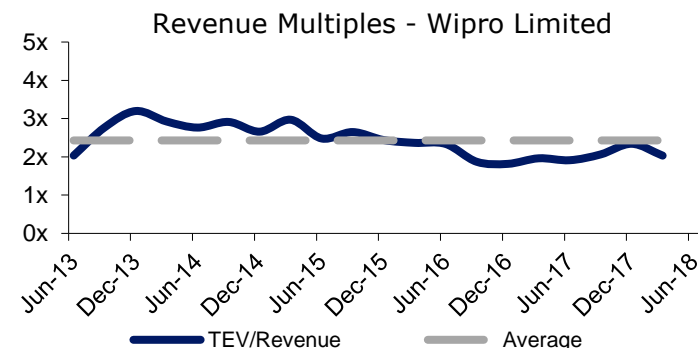
Public Basket



Wipro Limited

Wipro Limited operates as an information technology (IT), consulting, and business process services company worldwide. The company's IT Services segment provides a range of IT and IT-enabled services, which include digital strategy advisory, customer centric design, technology consulting, IT consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, infrastructure services, analytics services, business process services, research and development, and hardware and software design services to enterprises. The company was founded in 1945 and is headquartered in Bengaluru, India.

Date	Key Development Headline
4/5/18	Antariksh Softtech Private Limited acquired 63% stake in Wipro Airport IT Services Limited from Wipro Limited (BSE:507685) for INR 31.5 million.
3/14/18	Trintech and Wipro Limited Announces Strategic Partnership to Deliver Digital Solutions to Simplify and Automate Business Finance Functions at Enterprises
3/13/18	Ensono Holdings, LLC signed a definitive agreement to acquire Wipro Data Centre and Cloud Services, Inc. and Portion of Datacenter Business In Germany and UK from Wipro Limited (BSE:507685) for approximately \$410 million.
1/29/18	Harte Hanks, Inc. and Wipro LLC Announces Joint Go-To-Market Strategy
7/4/17	Wipro Limited and Ramot at Tel Aviv University Collaborate for Joint Research in Emerging Technologies



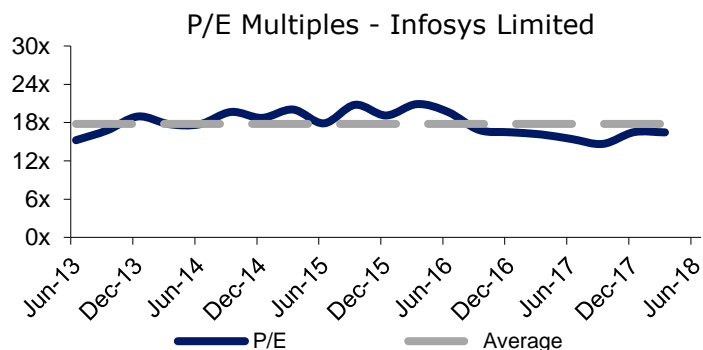
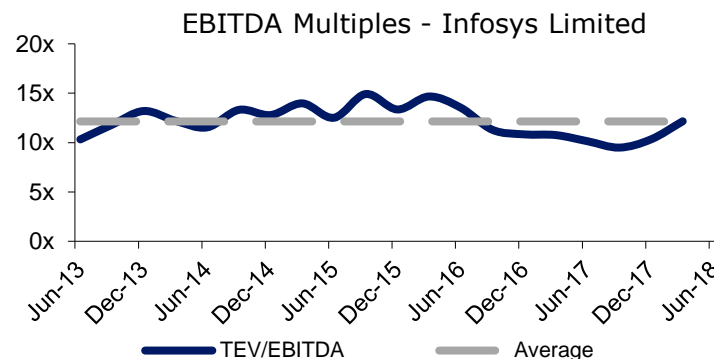
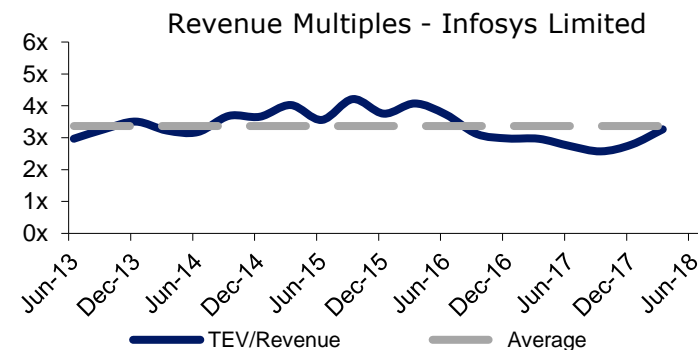
Public Basket



Infosys Limited

Infosys Limited, together with its subsidiaries, provides consulting, technology, and outsourcing services in North America, Europe, India, and internationally. It provides business information technology services, including application development and maintenance, independent validation, infrastructure management, and business process management services, as well as engineering services, such as engineering and life cycle solutions; and consulting and systems integration services comprising consulting, enterprise solutions, systems integration, and advanced technologies. The company's products include Finacle, a banking solution that provides analytics, core banking, consumer e-banking, corporate e-banking, Islamic banking, mobile banking, origination, payments, SME enable, treasury, wealth management, and youth banking solutions. Infosys Limited was founded in 1981 and is headquartered in Bengaluru, India.

Date	Key Development Headline
5/29/18	Infosys Limited (NSEI:INFY) completed the acquisition of Wongdoody Holding Company, Inc.
5/2/18	Infosys and Astound Partner to Deliver Better Service Experience Through an AI Enhanced Enterprise Service Management Café
4/18/18	Infosys Mulls Acquisitions
4/13/18	Infosys Seeks Sell Of Panaya and Skava
4/12/18	Infosys Limited (NSEI:INFY) entered into a definitive agreement to acquire Wongdoody Holding Company, Inc. for \$75 million.

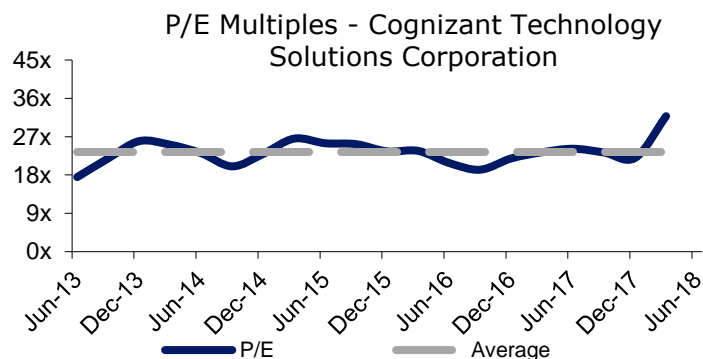
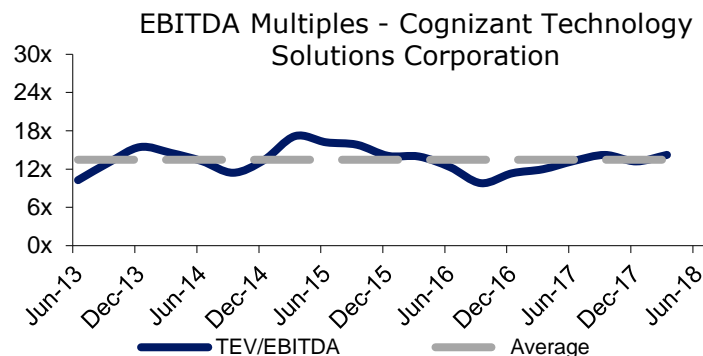
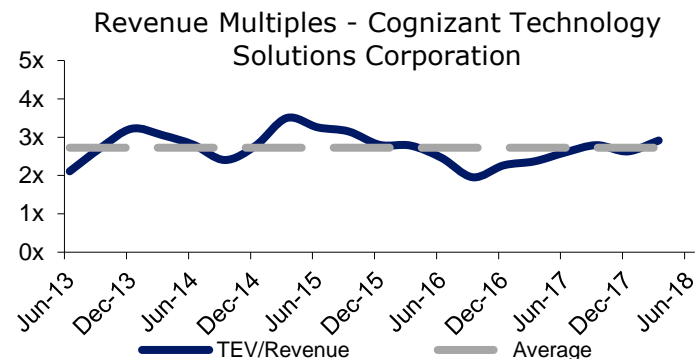


Public Basket



Cognizant Technology Solutions Corporation

Cognizant Technology Solutions Corporation, a professional services company, provides consulting and technology, and outsourcing services worldwide. The company operates through four segments: Financial Services; Healthcare; Products and Resources; and Communications, Media and Technology. It offers business, process, operations, and technology consulting services; application design and development, and systems integration services; application testing, consulting, and engineering services; and enterprise information management services. The company was founded in 1994 and is headquartered in Teaneck, New Jersey.



Date	Key Development Headline
5/6/18	Cognizant Technology Solutions Eyes Acquisition
5/1/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Hedera Consulting BVBA.
4/18/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Bolder Healthcare Solutions LLC from Bolder Capital, LLC and The Edgewater Funds.
3/11/18	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Bolder Healthcare Solutions LLC from Bolder Capital, LLC and The Edgewater Funds.
10/25/17	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zone Ltd from Business Growth Fund plc and others.

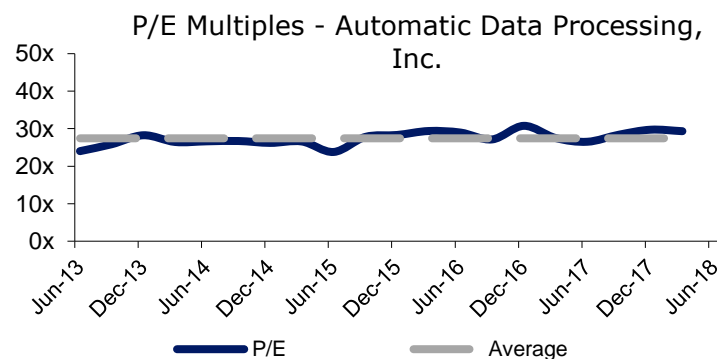
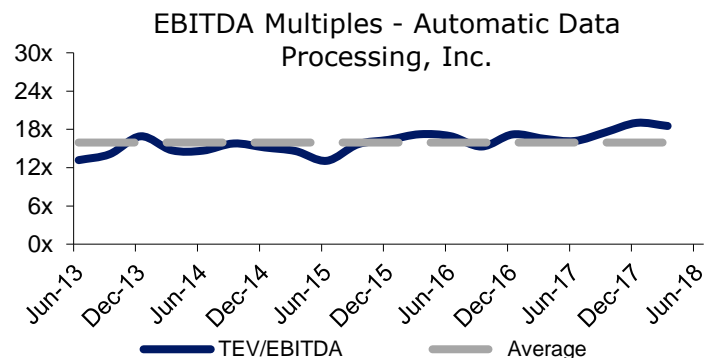
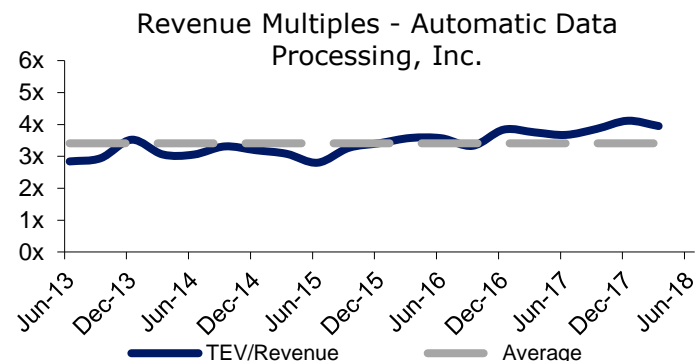
Public Basket



Automatic Data Processing, Inc.

Automatic Data Processing, Inc. 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. Its offerings include payroll services, benefits administration, talent management, HR management, time and attendance management, insurance, retirement, and tax and compliance services. This segment provides 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 offering. The company was founded in 1949 and is headquartered in Roseland, New Jersey.

Date	Key Development Headline
5/2/18	Automatic Data Processing Seeks Acquisitions
2/6/18	Financial Engines and ADP Form Strategic Relationship
1/21/18	Automatic Data Processing, Inc. (NasdaqGS:ADP) acquired WorkMarket from Union Square Ventures, Spark Capital, Foundry Group, Accenture Ventures and other shareholders.
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



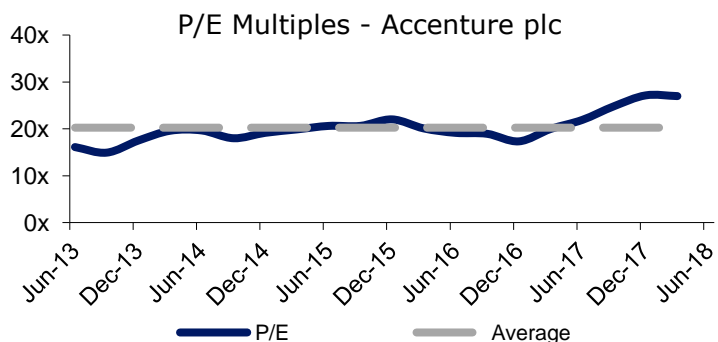
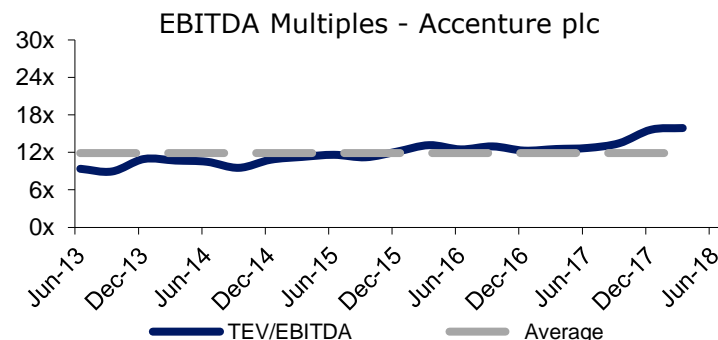
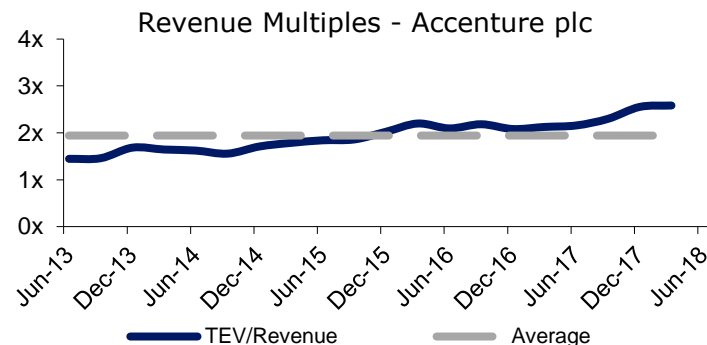
Public Basket



Accenture plc

Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
6/7/18	Accenture plc (NYSE:ACN) entered into an agreement to acquire acquire designaffairs GmbH.
6/4/18	SAP SE to Team with Accenture, Capgemini and Deloitte to to Accelerate Customer Adoption of SAP S/4Hana(R) Cloud in Cloud in Target Industries
5/22/18	Accenture plc (NYSE:ACN) agreed to acquire HO Communication.
5/8/18	Accenture plc Teams with SAP SE to Help High-Tech Companies Companies Create Digital As-A-Service Business Models Quickly Quickly and Easily
5/7/18	Accenture plc (NYSE:ACN) completed the acquisition of Certus Solutions.
5/3/18	Accenture plc (NYSE:ACN) completed the acquisition of Meredith Meredith Xcelerated Marketing from Meredith Corporation (NYSE:MDP).



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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