



Sectorwatch: BPO

September 2019

BPO

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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.



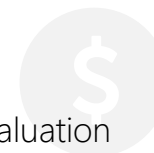
Public Basket Performance

- 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

↓ -0.5%

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

↑ 1.5%

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

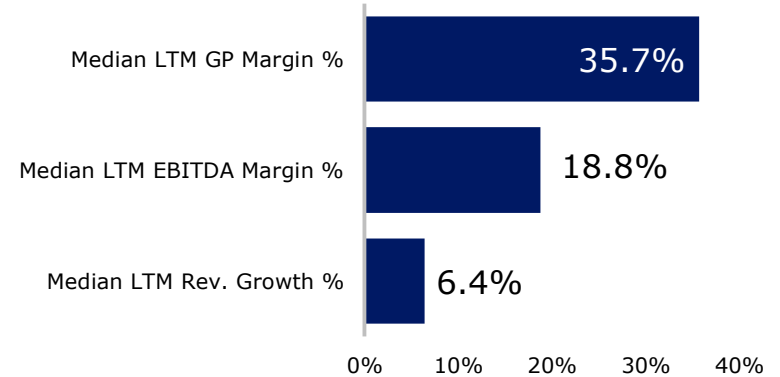
Profitability Momentum

↑ 2.6%

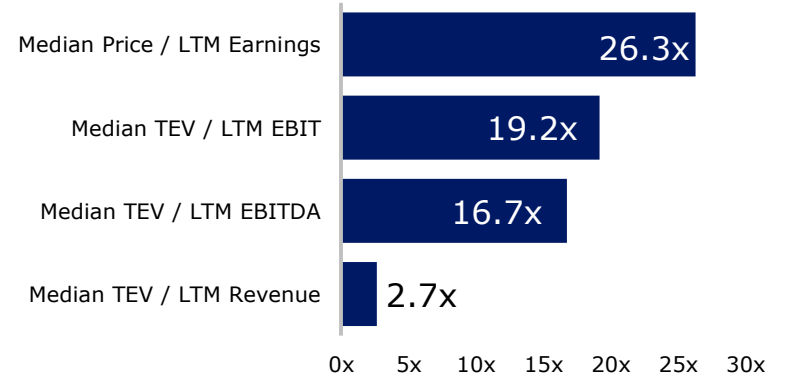
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



Public Basket

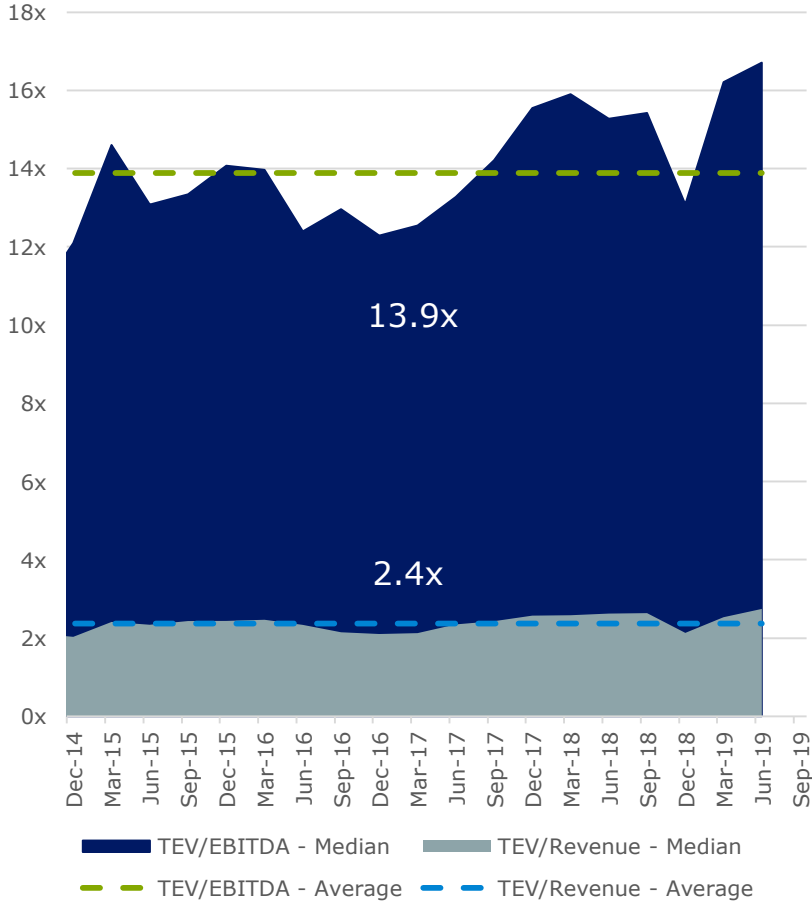


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
WNS (Holdings) Limited	3,128	824	6%	37%	19%	3.8	20.2	39,898	21
MAXIMUS, Inc.	4,912	2,690	10%	24%	14%	1.8	13.3	18,600	145
Genpact Limited	8,685	3,274	14%	36%	16%	2.7	16.7	87,000	38
Wipro Limited	14,956	8,607	8%	30%	20%	1.8	8.9	170,000	51
Cognizant Technology Solutions Corporation	32,783	16,458	6%	38%	19%	2.0	10.3	281,600	58
Automatic Data Processing, Inc.	69,432	14,175	6%	45%	25%	4.9	19.9	58,000	244
Accenture plc	118,683	41,244	4%	32%	16%	2.9	17.5	459,000	90

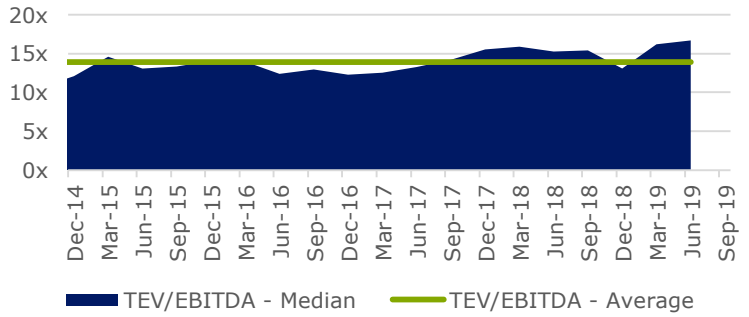
Average	36,083	12,468	8%	34%	18%	2.8	15.3	159,157	92
Median	14,956	8,607	6%	36%	19%	2.7	16.7	87,000	58

share price as of 23Sep19

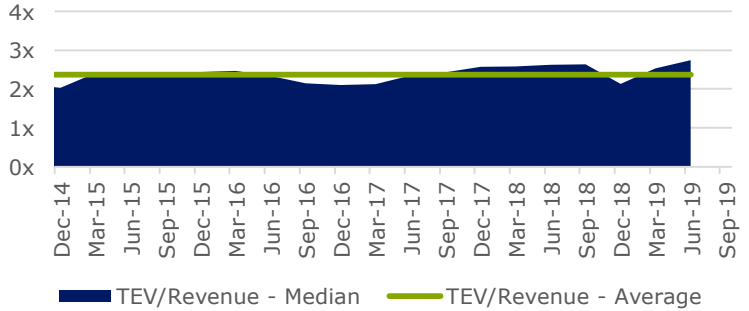
Public Basket Valuation Trends



Public EBITDA Multiples over Time



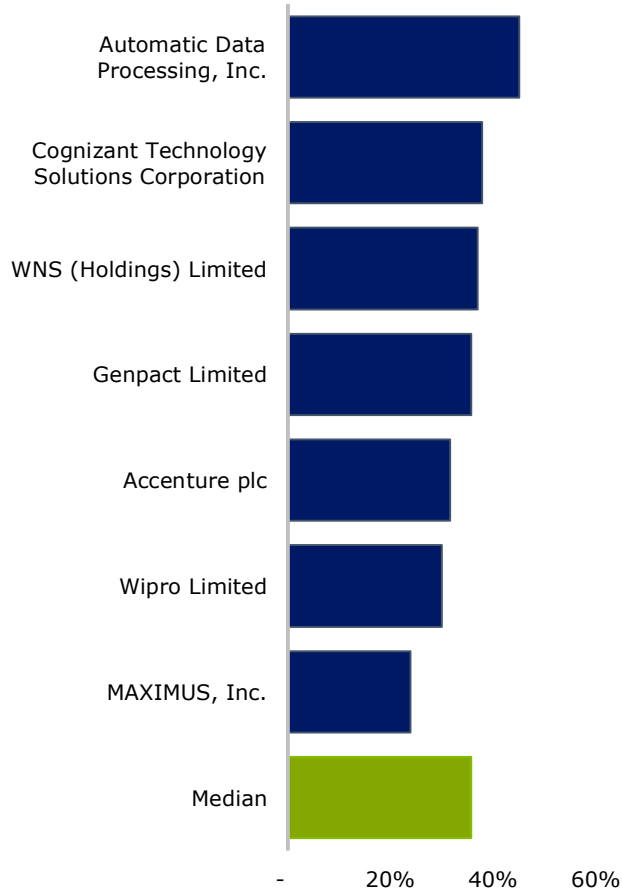
Public Revenue Multiples over Time



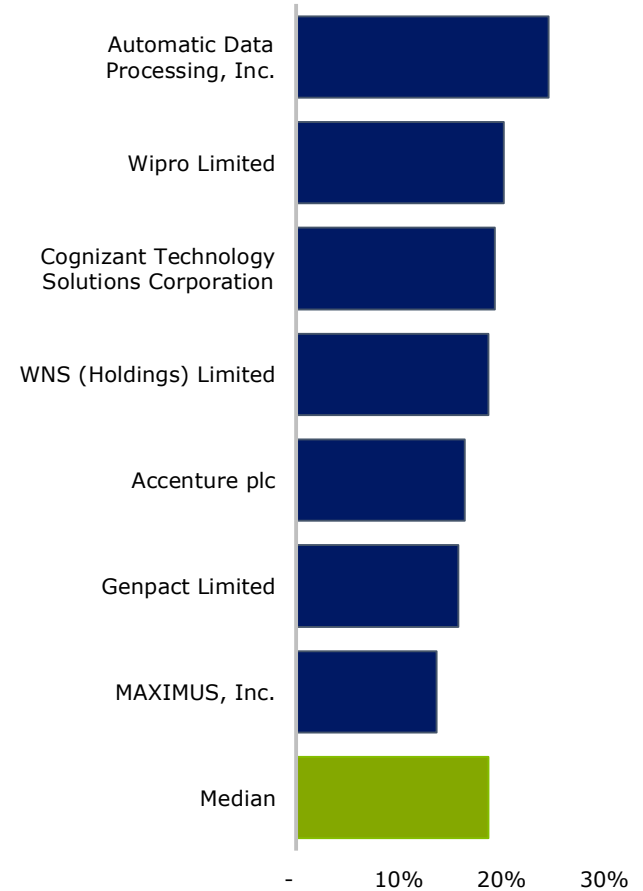
Operational Metrics



LTM Gross Profit Margin %



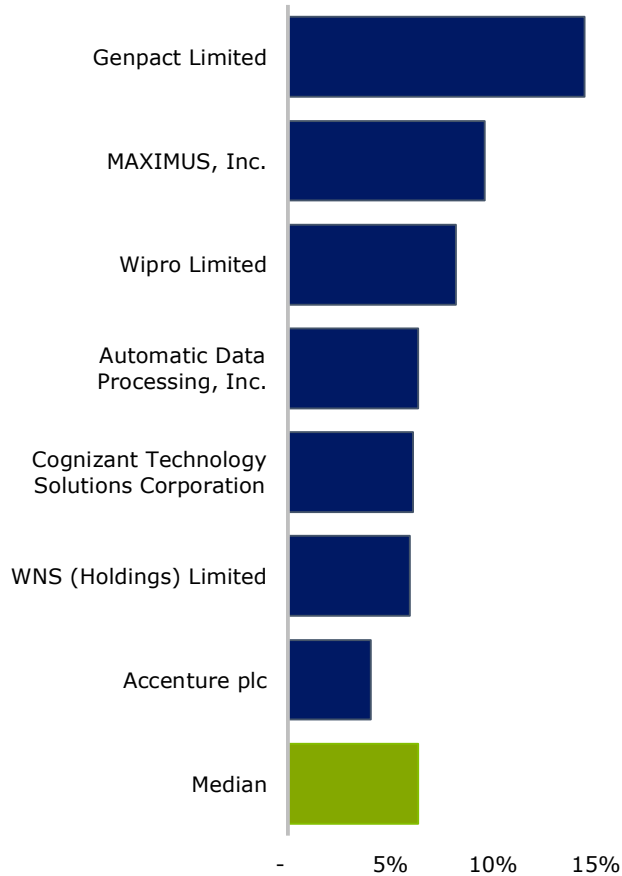
LTM EBITDA %



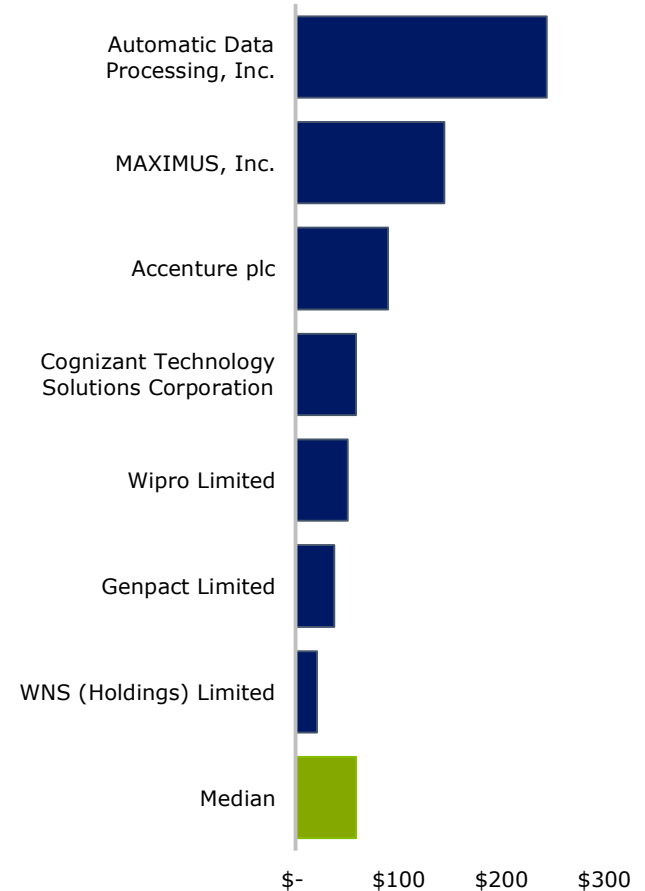
Operational Metrics



LTM Revenue Growth %



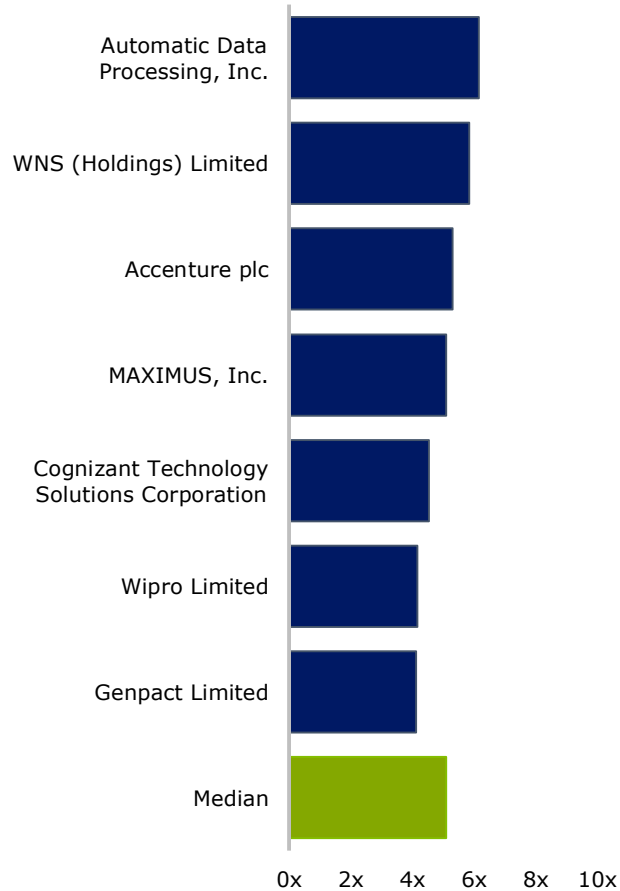
LTM Revenue per Full Time Employee x 000's



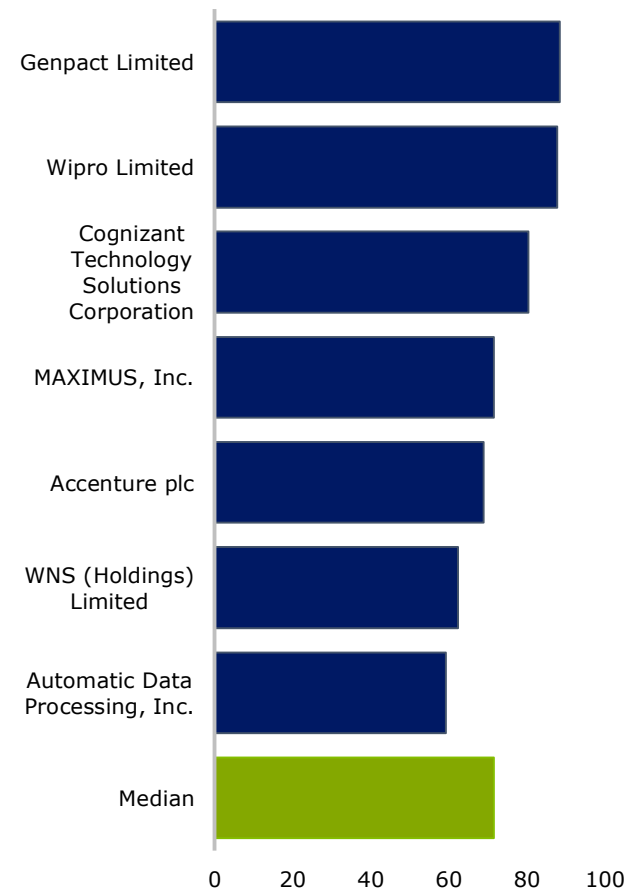
Operational Metrics



Accounts Receivable Turnover



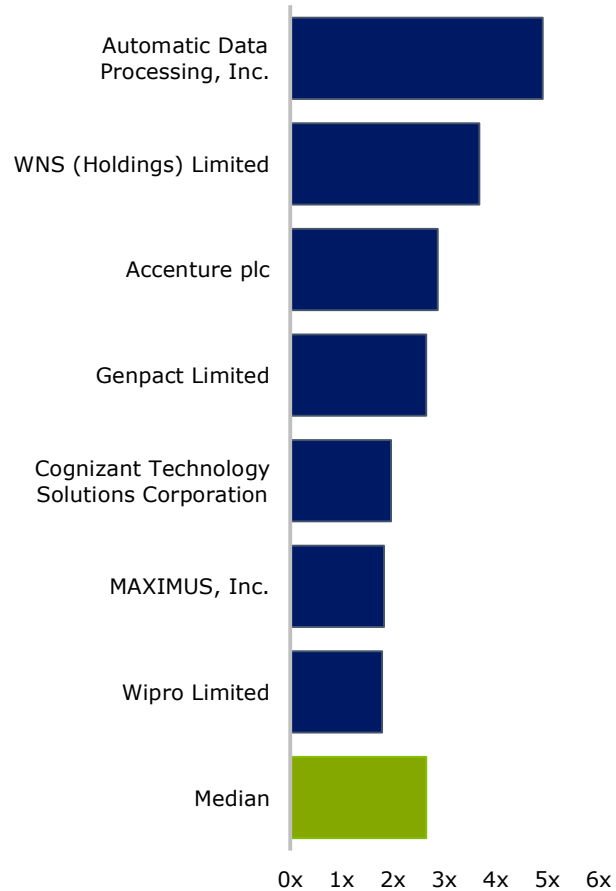
Average Days Sales Outstanding



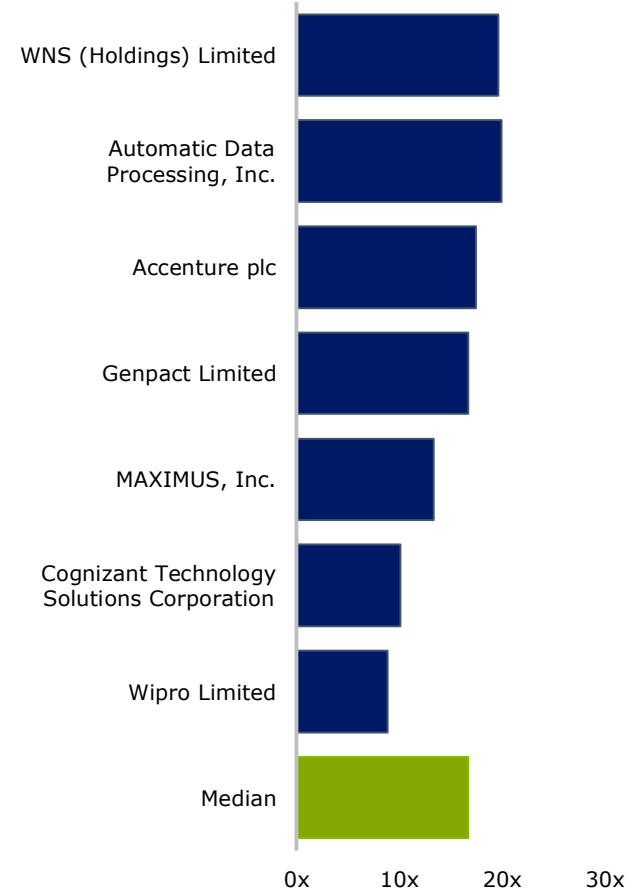
Valuation



TEV / LTM Revenue



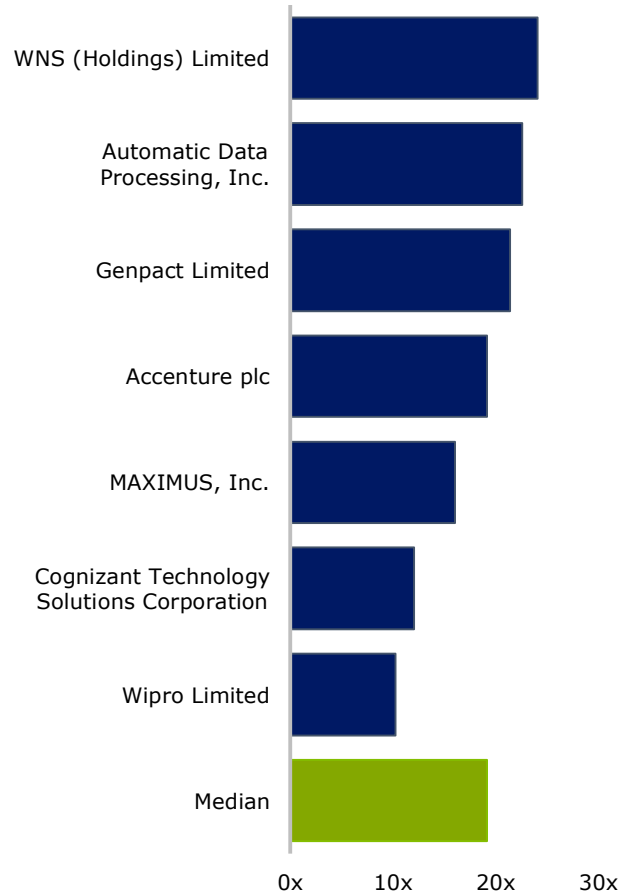
TEV / LTM EBITDA



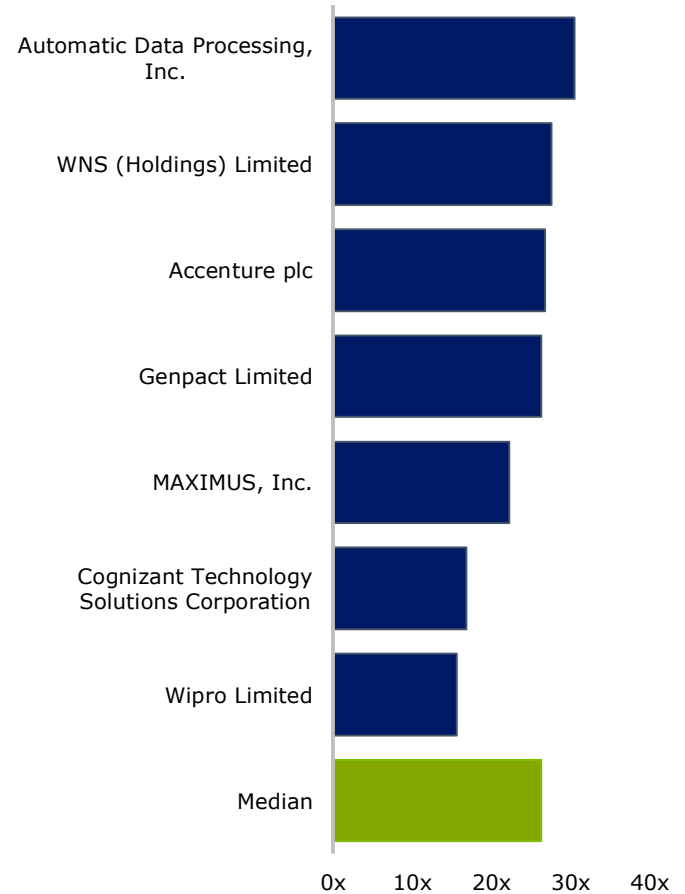
Valuation



TEV / LTM EBIT



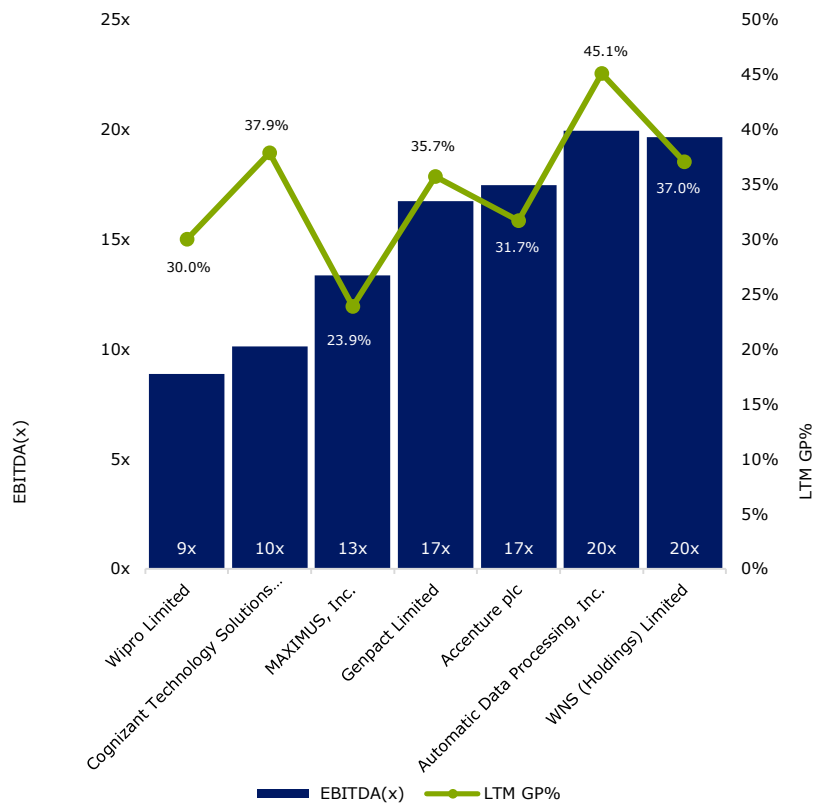
Price / LTM Earnings



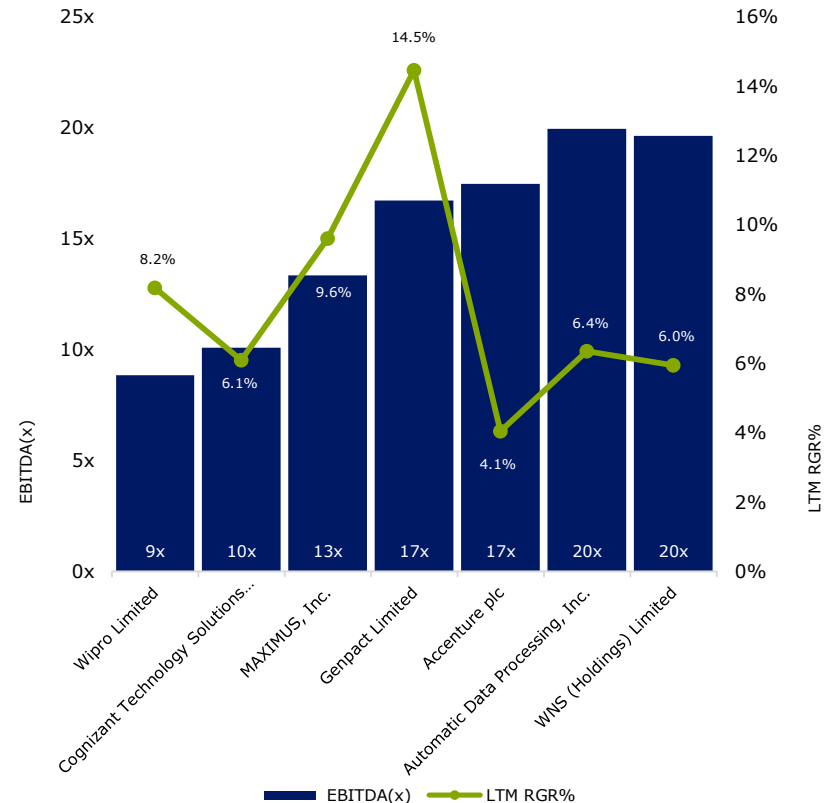
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
16Sep19	Unified Dispatch LLC	Resurgent Capital Partners	-	-	-	-
5Sep19	Convey Health Solutions, Inc.	TPG Capital, L.P.	-	-	-	-
5Aug19	Northstream AB	Accenture plc	-	-	-	-
2Aug19	Navigant Consulting, Inc.	Guidehouse LLP	1,234.01	728.72	1.6x	16.2x
1Aug19	Portway International, Inc.	Avalara, Inc.	-	-	-	-
1Aug19	RedCard Systems, LLC	Zelis Healthcare Corp	-	-	-	-
17Jun19	GBT Technologies, S.A	Altcorp Trading LLC	-	-	-	-
5Mar19	MarketStar Corporation	Wasatch Property Management, Inc.	-	-	-	-
23Jan19	Davies Group Limited	-	65.33	-	-	-
21Jan19	ServTech Global Holdings Limited	Officine 8K S.r.l. (nka:ServTech Global Holdings Limited)	-	0.54	-	-
14Dec18	Hitachi Procurement Service Co.,Ltd. (nka:HIPUS Co., Ltd.)	Panasonic Corporation; Pasona Group Inc.; Infosys Consulting Pte Ltd	-	-	-	-
6Nov18	Spear, Inc.	CALIBRE Systems, Inc.	-	-	-	-
19Oct18	JetPay Corporation	NCR Corporation	188.71	81.02	2.2x	50.7x
18Sep18	VeBridge Holdings, Inc.	Konica Minolta Business Solutions, U.S.A., Inc.	-	-	-	-
29Aug18	Results-Based Outsourcing Inc.	Driven Deliveries, Inc.	-	0.03	-	-
20Aug18	Dalian MPG Marketing Consulting Co., Ltd.	Dalian Recomm CS CO., Ltd.	0.64	1.79	0.4x	-
7Aug18	Harvey Nash Group plc	DBAY Advisors Limited	159.91	1,200.69	0.1x	8.3x
30Jul18	Antworks Pte. Ltd.	SBI Investment Co., Ltd.; SBI AI & Blockchain Fund	15.01	-	-	-
11Jul18	Sonda S.A.	-	-	1,235.18	-	-
26Jun18	Molina Information Systems, LLC	DXC Technology Company	266.00	-	-	-
18Jun18	Microtech Global Solutions Corp.	Intelegencia LLC	-	-	-	-
14Jun18	Intelenet Global Services Private Ltd.	Dutch Contact Centers (DCC) B.V.	1,000.00	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	Telerox Marketing Inc.	HCL America, Inc.	60.00	199.00	0.3x	-

BPO

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APPENDIX: Public Basket Constituents

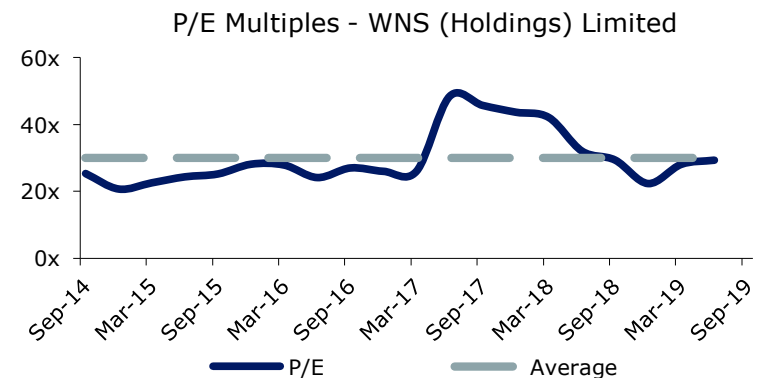
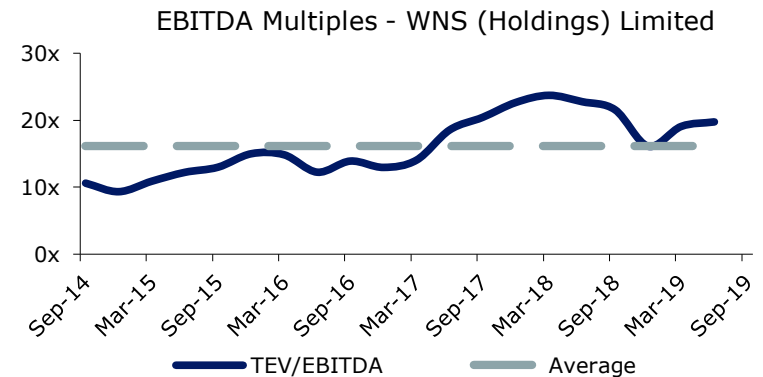
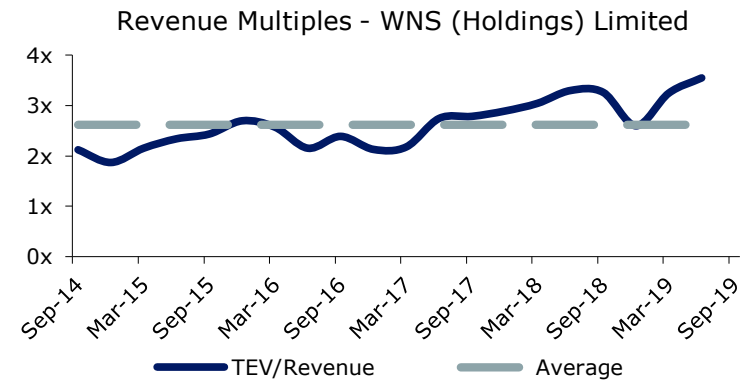
Public Basket



WNS (Holdings) Limited

WNS (Holdings) Limited, a business process management company, together with its subsidiaries, 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 insurance; travel and leisure; diversified businesses, including manufacturing, retail, consumer packaged goods, media and entertainment, and telecommunication; utilities; consulting and professional services; healthcare; banking and financial services; and shipping and logistics industries. It also provides shared services, such as customer interaction, finance and accounting, research and analytics, technology, legal, and human resources outsourcing services. In addition, the company offers transformation services designed to help its clients to modify their business processes to enhance productivity, as well as manage changes in the business environment and leverage business knowledge to increase market competitiveness. WNS (Holdings) Limited was founded in 1996 and is based in Mumbai, India.

Date	Key Development Headline
5/14/19	WNS (Holdings) Limited (NYSE:WNS) completed the acquisition of certain assets and the related workforce of Hotelbeds Group, S.L.U..



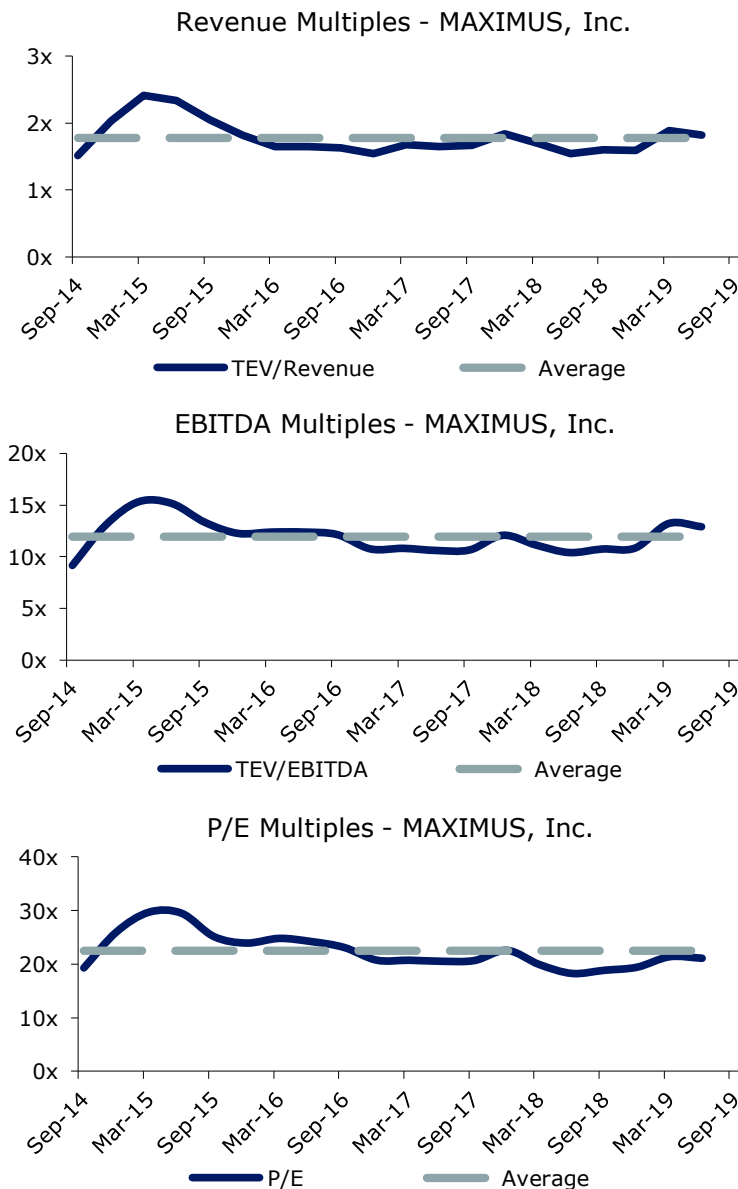
Public Basket



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.

Date	Key Development Headline
5/9/19	MAXIMUS Intends To Seek Acquisitions



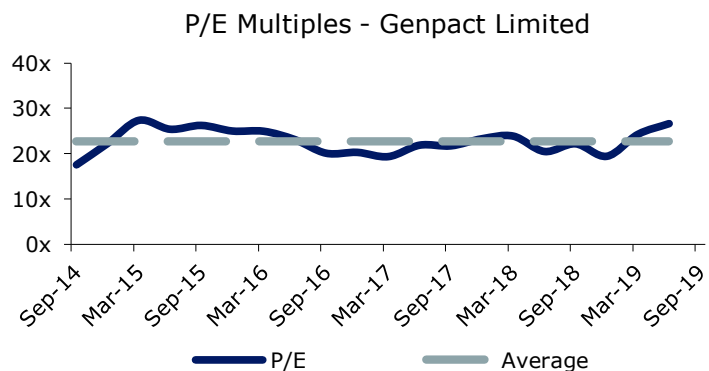
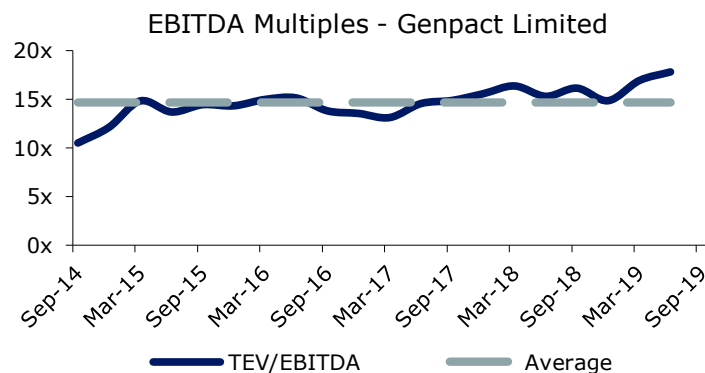
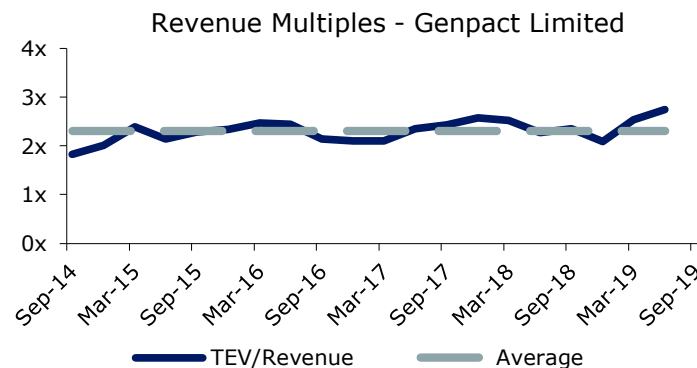
Public Basket



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. Genpact Limited was founded in 1997 and is based in Hamilton, Bermuda.

Date	Key Development Headline
9/17/19	Genpact and Celonis Partner to Provide Process Improvement Roadmaps That Accelerate Enterprise Digital Transformation
4/23/19	Genpact To Seek Acquisitions
1/7/19	Genpact Limited (NYSE:G) acquired riskCanvas Holdings, LLC from Booz Allen Hamilton Holding Corporation (NYSE:BAH) for \$5.75 million.



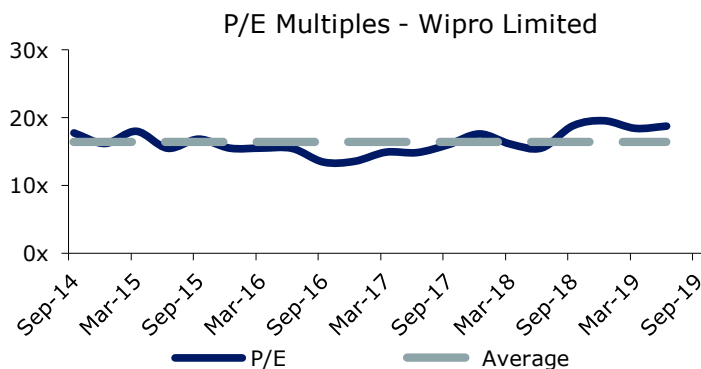
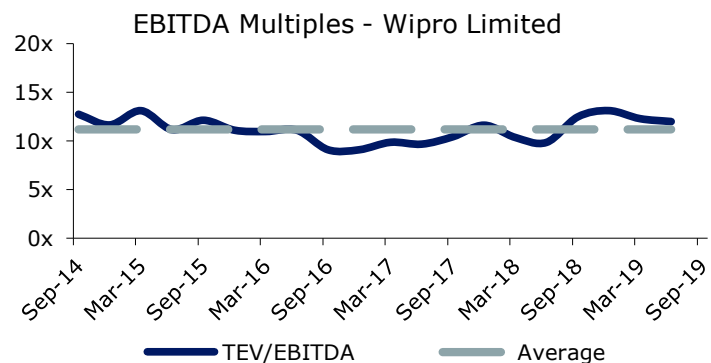
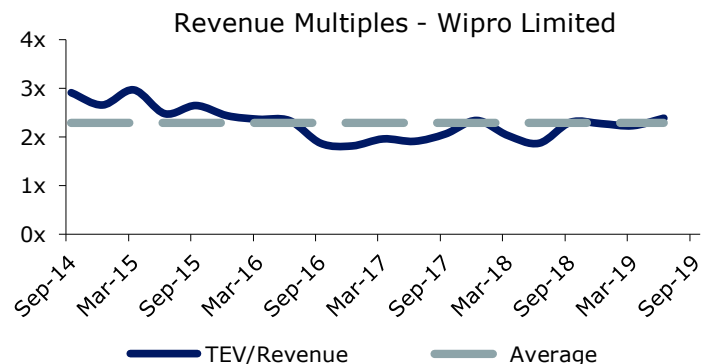
Public Basket



Wipro Limited

Wipro Limited operates as an information technology (IT), consulting, and business process services (BPS) company worldwide. The company's IT Services segment offers a range of IT and IT-enabled services, including 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, BPS, research and development services, and hardware and software design services to various enterprises. Wipro Limited was founded in 1945 and is headquartered in Bengaluru, India.

Date	Key Development Headline
9/3/19	Wipro Limited (BSE:507685) entered into a business transfer agreement to acquire Vara Infotech for INR 3.21 billion.
8/29/19	Wipro Limited Announces the Expansion of Its Strategic Partnership with Google Cloud to Accelerate Cloud Adoption and Digital Transformation for Global Enterprises
8/20/19	Wipro Limited Announces Collaboration with IISc for Advanced Research and Innovation in Autonomous Systems, Robotics and 5G
6/26/19	Antariksh Softech Private Limited acquired an additional 11% stake in WAISL Limited from Wipro Limited (BSE:507685) for INR 5.5 million.
6/20/19	Wipro Launches Pivotal Software Center of Excellence in Dallas, Texas



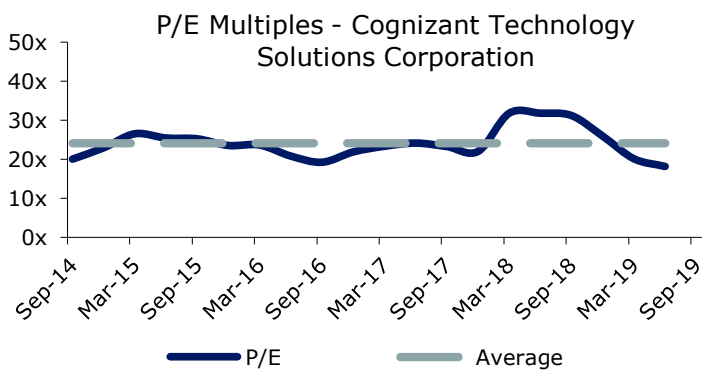
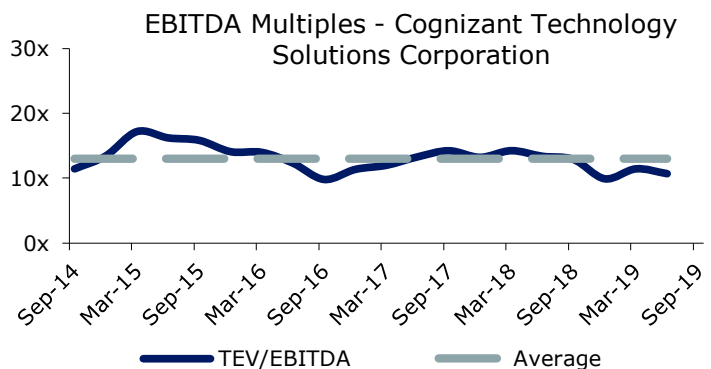
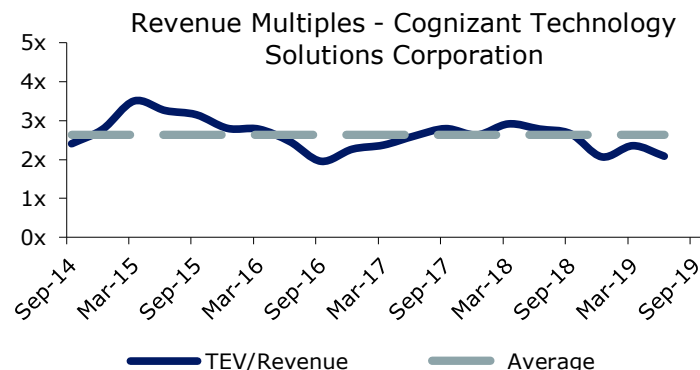
Public Basket



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
8/12/19	Cognizant Technology Solutions To Seek Acquisitions
7/30/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Zenith Technologies Ltd. from GE UK Group and other shareholders.
6/17/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) agreed to acquire Zenith Technologies Ltd. from GE UK Group and other shareholders.
5/7/19	AVEVA and Cognizant Expand R&D Partnership to Build Next-Gen Industrial Software
5/2/19	Cognizant Technology Solutions Intends To Seek Acquisitions



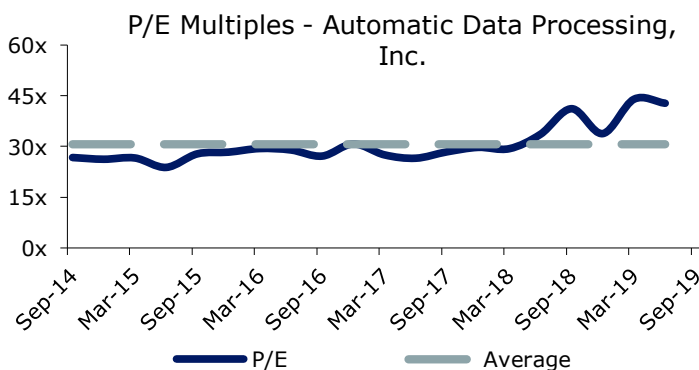
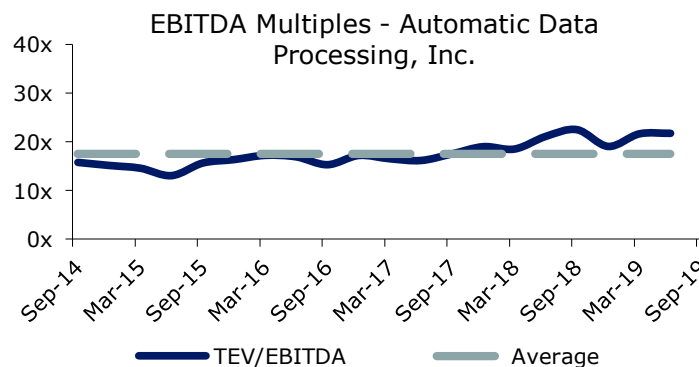
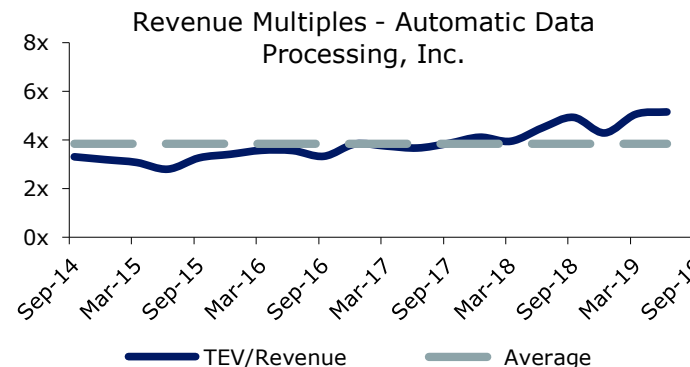
Public Basket



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. The company was founded in 1949 and is headquartered in Roseland, New Jersey.

Date	Key Development Headline
6/16/19	Automatic Data Processing, Inc. (NasdaqGS:ADP) acquired Softcom (Ireland) Limited.
5/1/19	Automatic Data To Seek Investments
7/31/18	Automatic Data Processing Inc. (NASDAQ:ADP) acquired Celergo LLC from Frontier Capital, LLC.



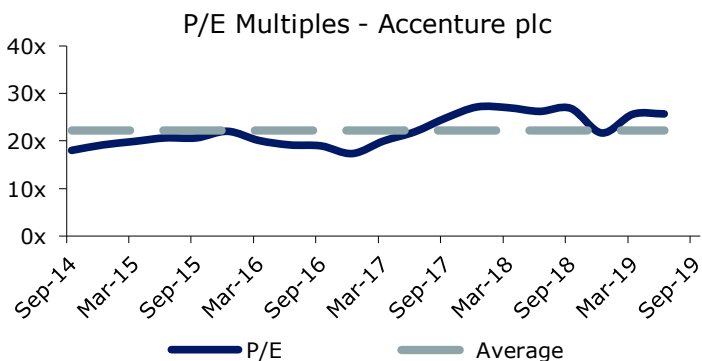
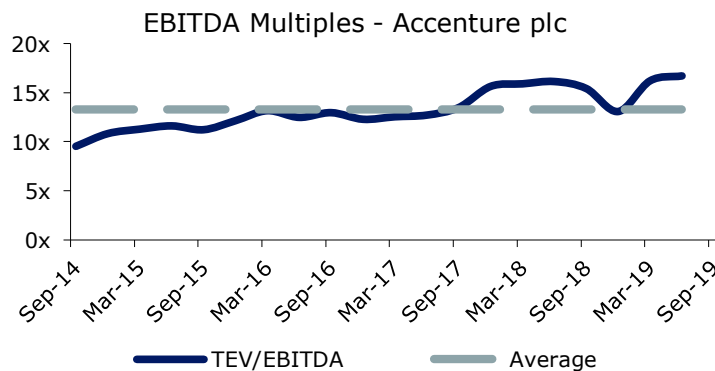
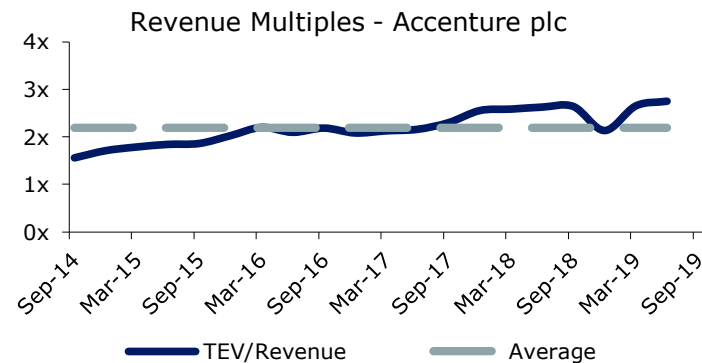
Public Basket



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. This segment serves clients in banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
9/9/19	Accenture plc (NYSE:ACN) acquired Pragsis Bidoop.
9/4/19	Accenture and Google Cloud Announces Strategic Expansion of Their Global Partnership
8/29/19	Accenture plc (NYSE:ACN) completed the acquisition of Analytics8, LLC.
8/26/19	Accenture plc (NYSE:ACN) acquired Fairway Technologies, Inc.
8/19/19	Accenture plc (NYSE:ACN) acquired Parker Fitzgerald Ltd.



CONTACT INFO

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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