

**Business Process Outsourcing  
Customer Care Segment  
*M&A Quarterly Update***

**SECOND QUARTER 2020**

## Industry players who were first-movers on the implementation of work-from-home business models have proven resilient through COVID-19

Quality BPO companies will separate themselves from their peers who may struggle to remain solvent creating an opportunity for growth through acquisition at a discount

### BPO Market Outlook

**As a result of COVID-19, data security has become a leading concern for the industry;** with BPO employees and customers working from home data security problems have arisen due to inadequate infrastructure

**BPO companies' valuation multiples have recovered from the initial COVID-19 lows** with TEV / NTM EBITDA multiples displaying a V-shaped recovery consistent with the broader market

**The US BPO market is expected to reach over \$114.1bn by 2025;** human resources segment expected to be a significant driver of growth

**India's BPO workforce is expected to shrink 14% by 2021** due to AI and automation becoming the next evolution for the industry

### BPO Middle-Market M&A

#### M&A Activity



10 BPO transactions closed in 1H 2020, down from 16 transactions in 1H 2019. We expect overall M&A activity in BPO to slow in 2020

#### Financial Sponsors



Private equity and private equity-backed companies continue to have interest in the BPO sector, but have become more cautious as a result of COVID-19

#### Strategic Buyers



Most public and private non-sponsor backed strategics are focused on internal operations but remain cautiously opportunistic for the right acquisition

“Companies who prioritized the implementation of work-from-home procedures and data security initiatives have positioned themselves well to weather the storm of COVID-19 and continue to have access to capital.”

Chad Gardiner, BPO Sector Lead  
Bridgepoint Investment Banking

### Notable BPO Transactions Q2-20

#### Operational Support Services



**On May 5 2020**, Cognizant Technology Solutions announced the acquisition of Collaborative Solutions, a provider in technology integration and operational support.

**Cognizant**

“Collaborative Solutions, with its rich expertise and leading position in the Workday ecosystem, expands our opportunity in cloud by establishing a new practice area in this large, fast-growing market.” – Greg Hyttenrauch, Cognizant, President

#### Telecommunication Services



**On June 10 2020**, One Source Communications announced the acquisition of Alliance Communications Management. Alliance Communications Management provides telecommunications management services.



“One Source is well-positioned to procure, inventory, configure, secure, package and deploy mobile devices, while right-sizing service plans and technology to reduce costs.” – Tim Meng, One Source, CEO

#### Telephone-based Support Services

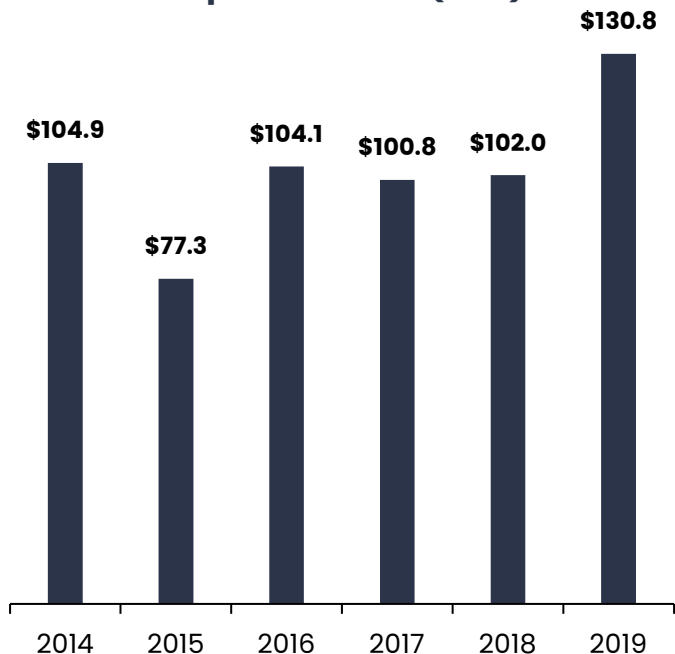


**On May 11 2020**, Assurant announced the acquisition of ike Asistencia. ike Asistencia is a leading provider in telephone-based consumer help and support in Latin American and internationally.



“We have long admired Atento as the leading CRM/BPO provider in Latin America” – Daniel Goldberg, Managing Partner, Farallon Latin America Investments

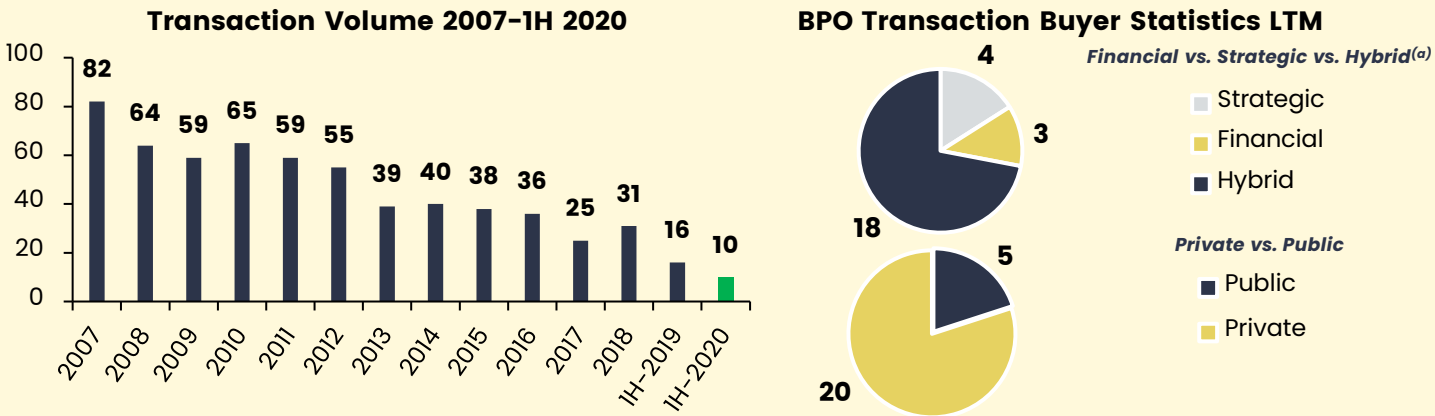
### 2014-2019 PE Middle Market<sup>(a)</sup> Capital Raised (\$bn)



(a) Middle Market = Companies \$50mm - \$1bn TEV.

Sources: S&P Capital IQ, Branding, GEP, MarketWatch, Business Wire, Globe News Wire, Statista

## Selected BPO Customer Care Segment M&A Transaction Statistics



## Selected BPO Customer Care Segment M&A 1H-2020 Transactions

Date	Target	Buyer	Business Description
06/17/2020	BRICKs	OKWAVE	Interpretation center, AI interpretation online services
06/10/2020	Alliance Communications Management	One Source Communications	Telecommunications management services
05/11/2020	Ike Asistencia Group	Assurant	Telephone-based consumer help and support
05/07/2020	Atento S.A.	Farallon Capital Management <sup>(b)</sup>	BPO and CRM services internationally
05/05/2020	Callisto Integration	Accenture	Systems integration manufacturing execution systems and consulting services
05/05/2020	Collaborative Solutions	Cognizant Technology Solutions	Technology integration, and operational support services
04/08/2020	Adminify AB	Electra Gruppen AB	Provides customer service, telephone, and support
01/31/20	Human Communications	Sales Robotics	Provides outsourcing sale services
01/27/2020	Customer Management Center	Meritus Upravljanje	Operates as an outsourced call center
01/13/2020	Aria Communications	QCSS	Develops and outsources calling programs

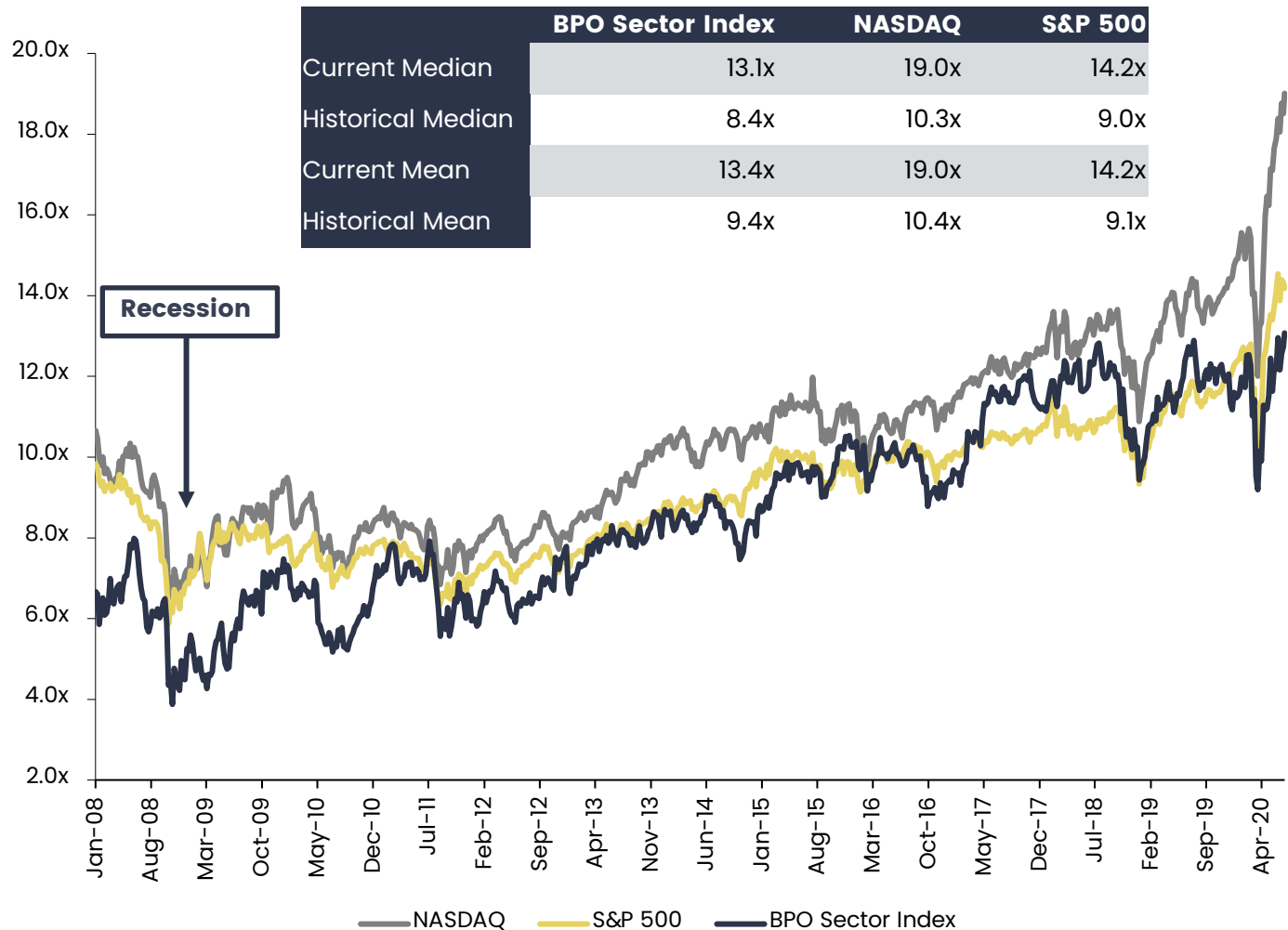
(a) Hybrid: Sponsored backed strategies.

(b) Private Equity Firm.

Sources: S&P Capital IQ



## Rolling TEV / NTM EBITDA BPO Sector Comparison January 2008 – June 2020



## SELECT BRIDGEPOINT BPO TRANSACTION EXPERIENCE



Has been acquired by



Sell-side Advisor



Has acquired select assets from



Buy-side Advisor



Has been acquired by



Sell-side Advisor



Has been acquired by



Buy-side Advisor

Note: BPO Sector Index Companies – CTSH, TTEC, SYKE, ADP, CAN, TEP.

Note: Selected transactions listed above include those executed by bankers at firms outside of Bridgepoint Investment Banking.

Sources: S&P Capital IQ

**Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the BPO industry**

229+ years cumulative investment banking experience spanning 163 transactions

\$108+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience

73 completed M&A assignments spanning more than \$34 billion

90 completed corporate finance transactions, raising more than \$74 billion in capital

**Bridgepoint's experience, process, and deep connectivity to real, national funders and buyers provides BPO companies tailored, value add capital solutions**

**Services / Solutions**

- ✓ Rescue & Bridge Financing
- ✓ Debt Restructuring
- ✓ Debt & Equity Recapitalization
- ✓ Growth / Acquisition Financing
- ✓ M&A Advisory

**Outcomes**

- ✓ Increased Cash Flow
- ✓ Debt Service Reduction / Flexibility
- ✓ Shareholder Liquidity
- ✓ Committed Capital Partner
- ✓ Optimal Transaction Result

**Chad Gardiner**  
Director



- Office Phone: 402.817.7900
- Cell Phone: 310.909.3441
- Email: cgardiner@bridgepointib.com

**SECTORS OF FOCUS**



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Technology



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Retail



Healthcare

**229**

YEARS OF EXPERIENCE

**\$108B**

IN TRANSACTIONS

**163**

TOTAL TRANSACTIONS