



bridgepoint

INVESTMENT
BANKING

Business Process Outsourcing
M&A Quarterly Update
FIRST QUARTER 2021

BPO Sector Competition Expected to Pick Up in 2021

Sector growth driven in large part from increasing competition amongst companies in India, Malaysia, and Southeast Asia for increasing U.S. demand for outsourced services

BPO Market Outlook

2020 BPO sector growth was driven by multiple tailwinds due to the growing efficiency and sophistication of the IT services industry; it has become more profitable for companies to outsource miscellaneous administrative tasks

BPO company valuation multiples have recovered from the initial COVID-19 lows; current median TEV / NTM EBITDA multiples are 41.6% (6.1x) above the sector historical median at 14.6x

Revenue for the entire sector is expected to grow at a CAGR of 6.7% from 2020 to 2025; resulting in a **market size of \$347bn by 2025** according to Pitchbook Data

BPO sector revenue is highly concentrated in the U.S. market; much of the future industry growth will be dependent on the U.S. market

BPO Middle-Market M&A

M&A Activity



48 BPO M&A transactions closed in 2020 down from 57 M&A transactions in 2019; it is expected this slowdown is resulting from COVID-19

Financial Sponsors



Private equity and sponsor-backed private companies are expected to be a large driver of M&A activity in 2021 due to vaccine news and extensive dry power

Strategic Buyers



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

“BPO companies with remote workforces have thrived during the COVID-19 pandemic and are expected to continue to demand higher valuations and attract new talent into 2021.”

Chad Gardiner, BPO Sector Lead
Bridgepoint Investment Banking

Notable BPO Transactions H2-20

Call Center Support Services



On December 3, 2020, Sedgwick Claims Management Services Inc. said it has acquired the product recall, remediation and retention solutions business from Stericycle Inc.

“This acquisition enhances our suite of integrated offerings in the benefits, claims and resolution space, and we are excited to combine our resources and expertise for the benefit of our clients.” – Mike Arbour, CEO, Sedgwick



Talent Recruitment Services



On October 1, 2020, Hudson Global, Inc. (NasdaqGS:HSN) announced the acquisition of San Francisco-based RPO provider CoitGroup.

“Hudson RPO now has an office in the San Francisco/Silicon Valley region staffed with a talented team which, combined with Hudson RPO’s global delivery capability, positions us well to serve the global growth ambitions of companies located in this thriving region.” – Jeff Eberwein, CEO, Hudson Global, Inc.



Business Process Management Services

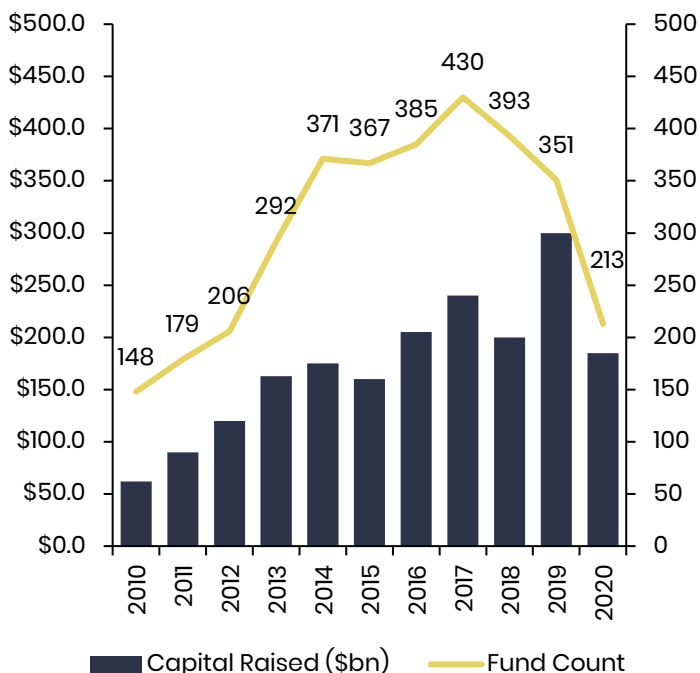


On December 15, 2020 eClerx Services Ltd., announced the acquisition of Austin, TX-based Personiv, operated by Eclipse Global Holdings.

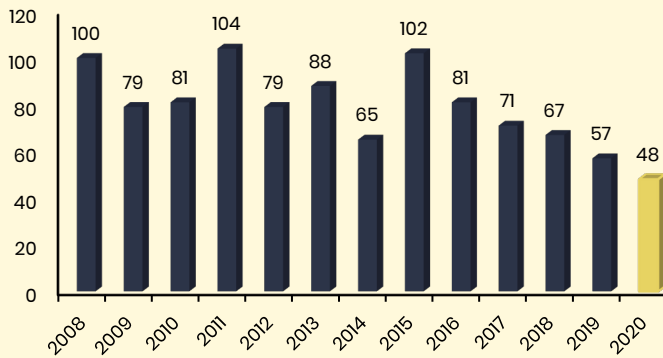
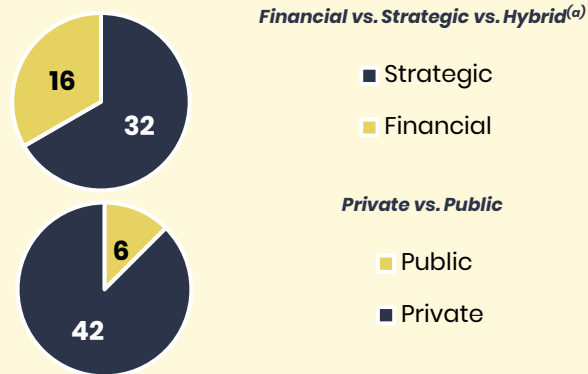
“We are equally excited to continue to serve our customers with nimble, one-on-one attention while adding the opportunity to offer increased capabilities through eClerx’s suite of services including automation and analytics expertise.” – David Lesniak, CEO, Personiv



PE Fundraising Activity



Selected BPO Customer Care Segment M&A Transaction Statistics

Transaction Volume 2008–H2 2020

BPO Transaction Buyer Statistics 2020


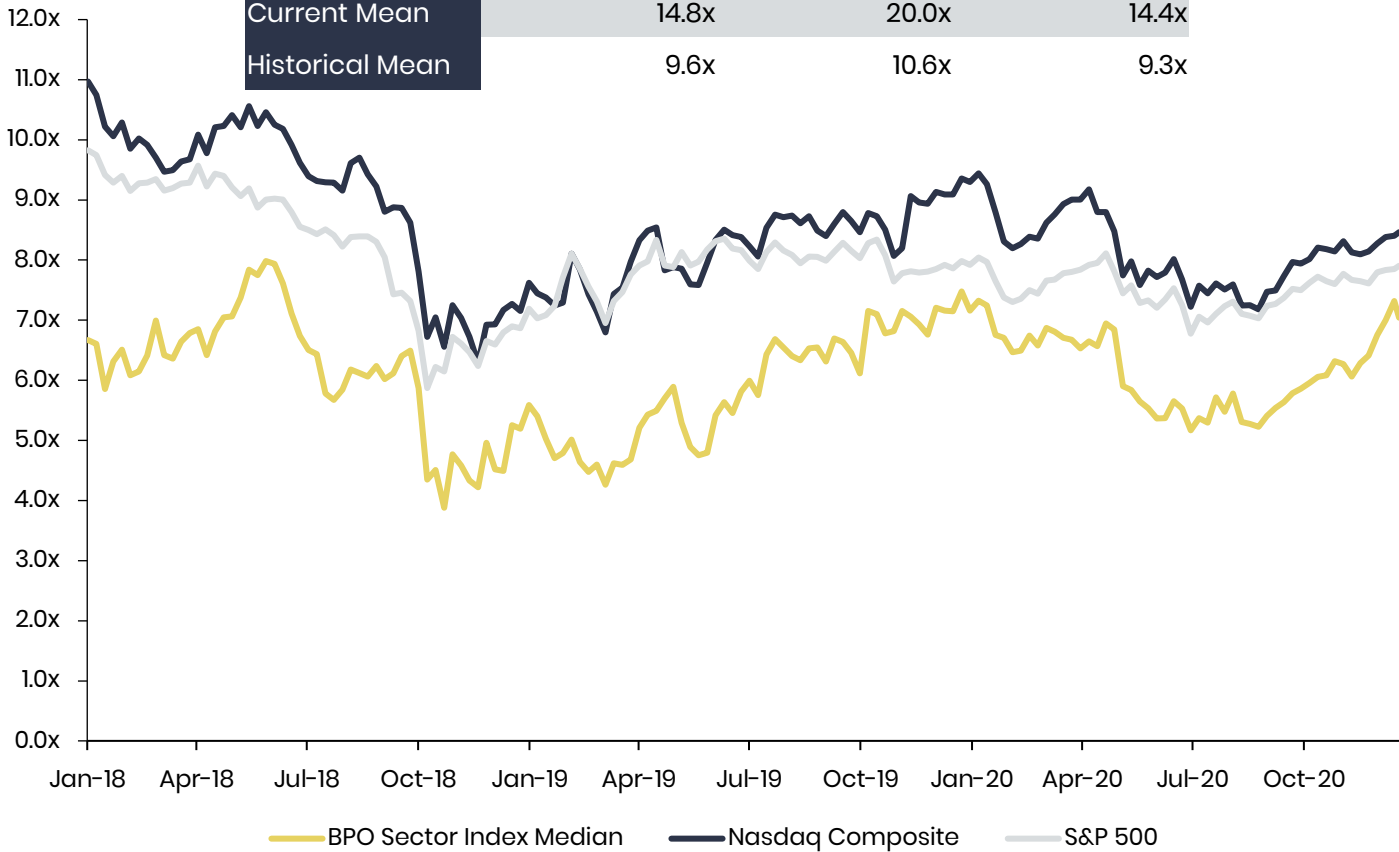
Selected BPO Customer Care Segment M&A H2–2020 Transactions

Date	Target	Buyer	Business Description
12/17/2020	Bill Gosling Outsourcing Corp.	Owner Resource Group, LLC	Provides customer care, contact center technology, and business process outsourcing services
12/15/2020	Personiv	eClerx Services, Ltd.	Provides business process management, analytics, and automation services to a number of large companies
12/2/2020	Stericycle, Inc.	Sedgwick Claims Management Services, Inc. ^[a]	Provides call center solutions
12/1/2020	Righttime, Inc.	MedStar Health, Inc.	Offers patients 24-hour call center services and same day appointment scheduling
11/2/2020	TELESIS Corporation	Belcan, LLC ^[a]	Offers call center services in the areas of call distribution and routing
10/26/2020	Aria Solutions Inc.	Avtex Solutions, LLC ^[a]	Provides CRM software applications for call centers and support services
10/14/2020	DRS Services USA, Inc.	Valor IT, Inc.	Owns and operates call centers and appointment booking services
10/01/2020	Substantially All Assets of CoitGroup	Hudson Global, Inc. (NasdaqGS:HSN)	Provides talent recruitment outsourcing services
09/22/2020	Insurance Administrative Solutions, LLC	Integrity Marketing Group, LLC ^[a]	Provides business process outsourcing services for the insurance industry
09/01/2020	TGI Direct, Inc.	Carmel Hill Acquisitions, Inc. ^[b]	Provides business process outsourcing solutions for B2C and B2B programs
08/05/2020	CCRA Travel Solutions	ABC Global Services, Inc.	Provides call center and traveler support services

(a) Sponsor-backed strategies.
 (b) Private Equity Firm.
 Sources: S&P Capital IQ

Rolling TEV / NTM (Next Twelve Months) EBITDA BPO Sector Comparison Jan. 2018 – Jan. 2021

	BPO Sector Index	NASDAQ	S&P 500
Current Median	14.6x	20.0x	14.4x
Historical Median	8.5x	10.2x	9.1x
Current Mean	14.8x	20.0x	14.4x
Historical Mean	9.6x	10.6x	9.3x



SELECT BRIDGEPOINT BPO TRANSACTION EXPERIENCE

CENTER | PARTNERS

Has been acquired by



Sell-side Advisor

SHC Universal

Has acquired select assets from



Buy-side Advisor

DOLINKA GROUP

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

BRIDGEPOINT EXECUTIVE SUMMARY

Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the middle-market

- 274+ years cumulative investment banking experience spanning 216 transactions
- \$121+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 96 completed M&A assignments spanning more than \$36 billion in transactions
- 120 completed corporate finance transactions, raising more than \$85 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

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SECTORS OF FOCUS



Business Services & Staffing



Industrials & Transportation



Healthcare



Consumer & Retail



Technology

274

YEARS OF EXPERIENCE

\$121B

IN TRANSACTIONS

216

TOTAL TRANSACTIONS