

CLEAR SIGHT MONITOR

IT Services & Staffing – Q2 2017

Market Perspective

Public Market Performance

Recent IT Services M&A Activity

Recent Staffing M&A Activity



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The IT Services and Staffing market continued its strong momentum in the second quarter this year while Clearsight continued moving at a record breaking pace, hence the slight delay in distributing this quarter's Monitor. While deal volume continued, unlike other prior quarters, there was not one or two deals that stood out from a size or disruptive perspective. However, some of the more interesting deals announced this quarter included Perficient's acquisition of Clarity Consulting (digital consultancy focused on Microsoft platform), Hanse Orga's acquisition of e5 Solutions (SAP treasury consulting), The Hackett Group's acquisition of Jibe (Oracle consulting), KPMG's acquisition of ToMont (Oracle consulting), and ePlus' acquisition of OneCloud Consulting (cloud consulting).

While our third quarter Monitor hasn't been released yet, there have been several noteworthy deals announced recently that are worth calling out. Specifically, DXC's acquisition of Tribridge (one of the largest independent Microsoft 365 integration firms) and HP Enterprise's acquisition of Cloud Technology Partners, a cloud consulting firm focused on Amazon, Microsoft, and Google, among others. Based on our activity in the market as well as what we are hearing, we expect the third and fourth quarters of this year to bring several more noteworthy deal announcements primarily around the cloud and digital consulting areas.



IT Services & Staffing Comparable Companies Analysis

IT Services Index	Closing Price 30-Jun-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2017	2018	LTM	2017	2018	
Accenture	\$ 123.68	96.3 %	\$ 79,151	\$ 76,503	2.2 x	2.2 x	2.0 x	13.2 x	12.8 x	12.0 x	17.0 %
Cap Gemini	103.23	93.0	17,966	20,439	1.4	1.4	1.3	11.1	10.0	9.5	12.7
CGI Group	50.98	95.7	15,102	16,190	1.9	1.9	1.9	11.6	10.4	9.8	16.8
DXC Technology Company	76.72	94.9	22,330	27,605	2.4	1.4	1.1	22.7	7.3	5.3	10.5
Perficient	18.64	82.3	680	742	1.6	1.5	1.4	15.7	10.5	9.0	10.5
The Hackett Group	15.50	74.9	482	487	1.9	1.6	1.5	12.0	10.0	9.0	15.5
Virtusa	29.40	84.2	934	1,019	1.2	1.1	1.0	19.1	15.0	10.9	6.0

High	96.3 %	\$ 79,151	\$ 76,503	2.4 x	2.2 x	2.0 x	22.7 x	15.0 x	12.0 x	17.0 %
Median	93.0	15,102	16,190	1.9	1.5	1.4	13.2	10.4	9.5	12.7
Mean	88.7	19,521	20,426	1.8	1.6	1.5	15.0	10.8	9.4	12.7
Low	74.9	482	487	1.2	1.1	1.0	11.1	7.3	5.3	6.0

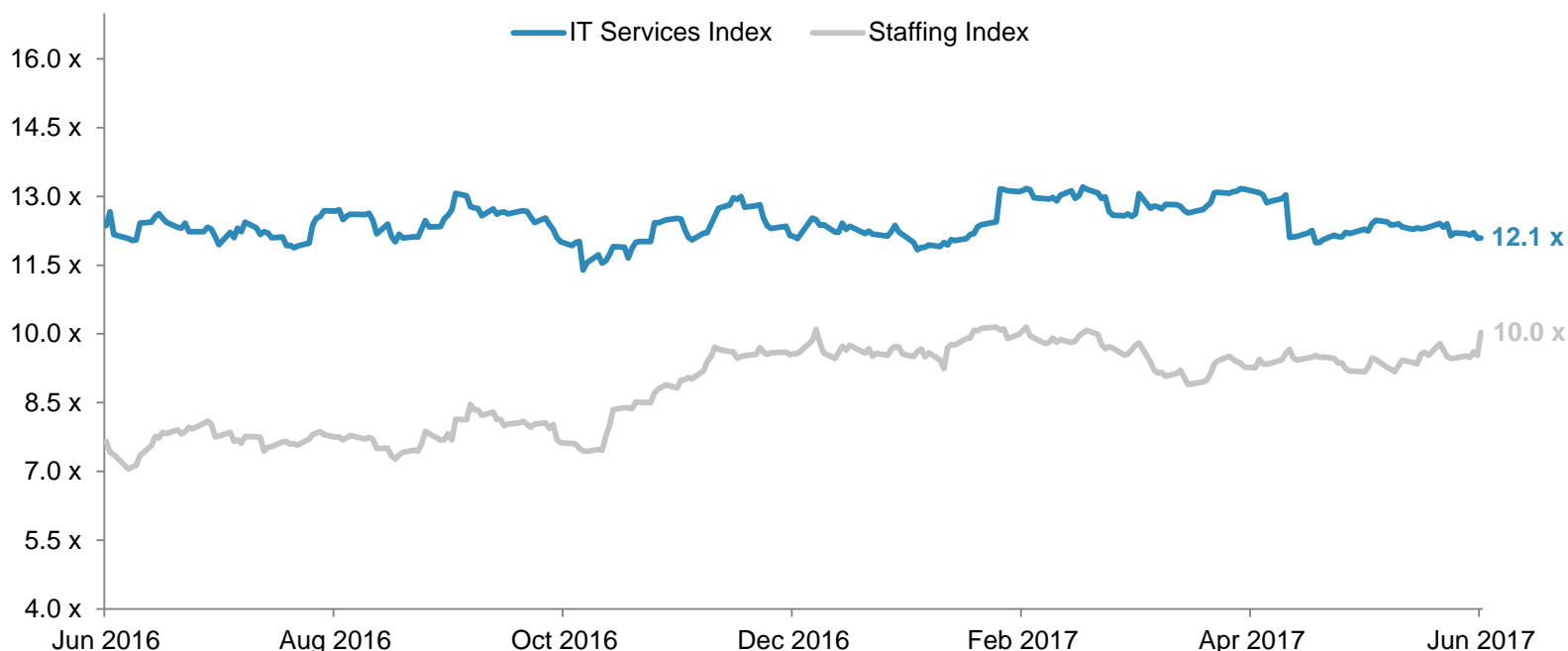
Staffing Index	Closing Price 30-Jun-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2017	2018	LTM	2017	2018	
Adecco	\$ 76.09	93.6 %	\$ 13,013	\$ 14,125	0.5 x	0.5 x	0.5 x	10.1 x	9.5 x	9.2 x	5.2 %
Hays	2.16	94.2	3,124	2,980	0.5	0.5	0.4	10.0	9.6	9.0	4.5
Kelly Services	22.45	90.9	892	832	0.2	0.2	0.2	9.1	8.6	7.8	1.8
Kforce	19.60	72.7	552	676	0.5	0.5	0.5	9.4	8.5	7.8	5.4
ManpowerGroup	111.65	99.6	7,494	7,899	0.4	0.4	0.4	9.3	9.3	8.5	4.3
On Assignment	54.15	98.2	2,931	3,492	1.4	1.3	1.2	13.3	11.2	10.2	10.4
Randstad Holding	58.32	87.5	10,793	12,577	0.5	0.5	0.5	11.0	9.4	8.9	4.5
Recruit Holdings Co.	17.19	91.4	28,712	27,643	1.6	1.5	1.4	12.6	12.9	10.8	12.6
Robert Half International	47.93	94.0	6,153	5,856	1.1	1.1	1.1	9.9	9.7	9.1	11.4
TrueBlue	26.50	92.3	1,028	1,110	0.4	0.4	0.4	7.8	8.7	7.9	5.3

High	99.6 %	\$ 28,712	\$ 27,643	1.6 x	1.5 x	1.4 x	13.3 x	12.9 x	10.8 x	12.6 %
Median	93.0	4,639	4,674	0.5	0.5	0.5	9.9	9.5	9.0	5.3
Mean	91.4	7,469	7,719	0.7	0.7	0.7	10.2	9.7	8.9	6.5
Low	72.7	552	676	0.2	0.2	0.2	7.8	8.5	7.8	1.8

Source: Capital IQ, market data as of 30-Jun-2017

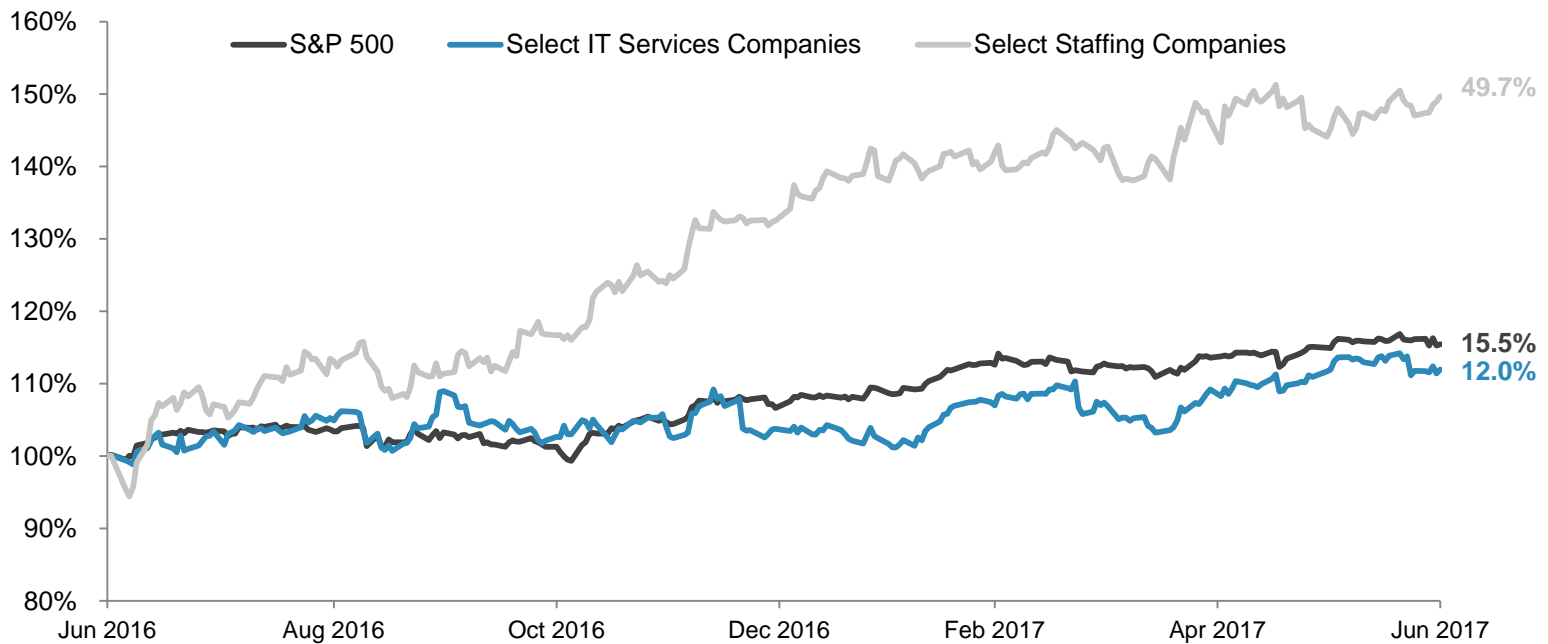
Note: \$ in millions.

LTM EV / EBITDA Multiple Trend



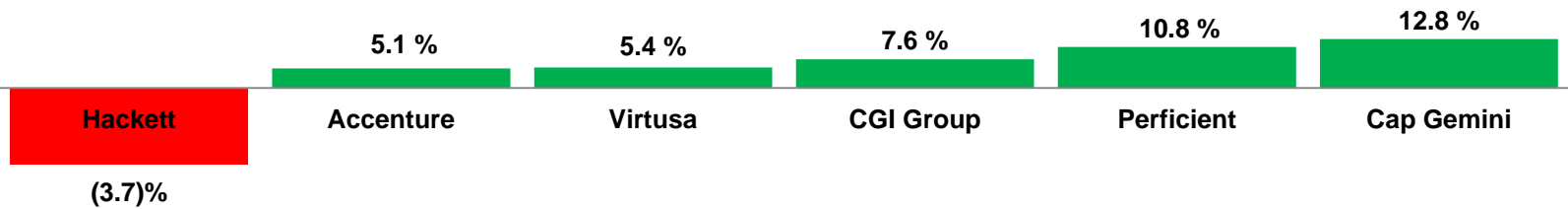
Source: Capital IQ, market data as of 30-Jun-2017

IT Services & Staffing Indices Performance



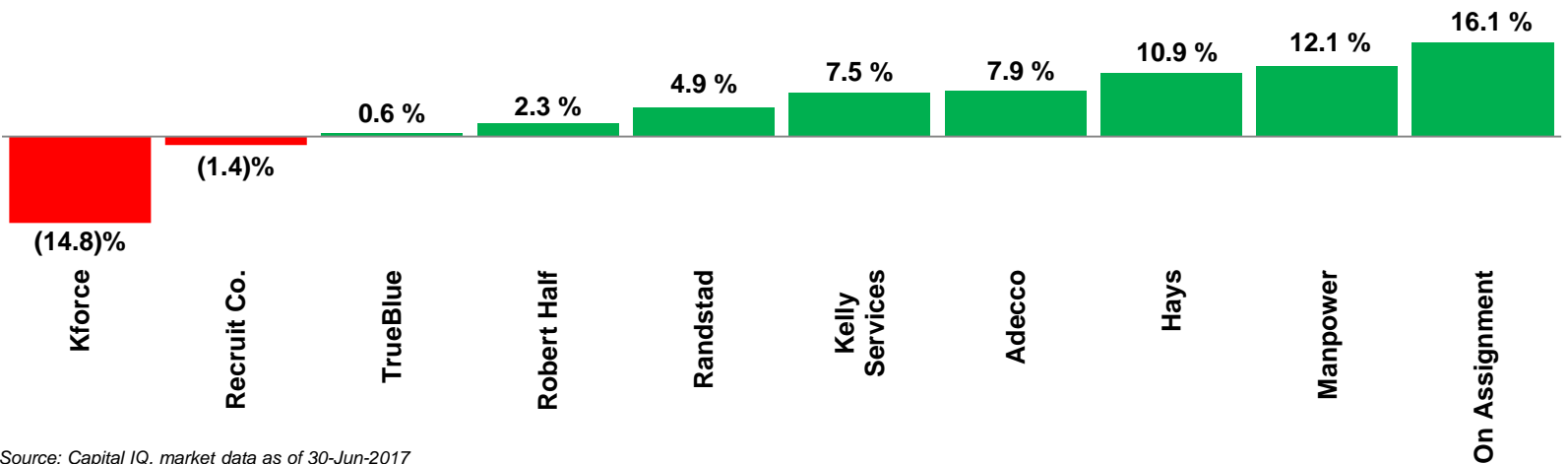
Source: Capital IQ, market data as of 30-Jun-2017

IT Services – Share Price Performance Q2 2017




Source: Capital IQ, market data as of 30-Jun-2017

Staffing – Share Price Performance Q2 2017






Source: Capital IQ, market data as of 30-Jun-2017

Q2 2017 Transactions

Announced	Target / Issuer	Buyer / Investor	Target Description / Deal Comments
06/23/2017	 CLARITY CONSULTING	 PERFICIENT	<ul style="list-style-type: none"> Clarity Consulting is a Chicago-based, \$27 million annual revenue consultancy with deep expertise in custom development, cloud implementations, and digital experience design on Microsoft platforms and devices The acquisition bolsters Perficient's Microsoft offerings and qualifications and adds approximately 160 consulting, technology, sales, and general and administrative professionals
06/16/2017	 natoma	 Red River	<ul style="list-style-type: none"> Natoma Technologies, based in California, is a technical consulting firm and systems integrator specializing in software and application development Red River expands its capabilities and geographic footprint with the addition of the Natoma team, resources, and offices in Sacramento, California
06/13/2017	 viawest	 peak 10	<ul style="list-style-type: none"> ViaWest, a wholly-owned subsidiary of Shaw Communications Inc., provides IT and infrastructure solutions for businesses in North America ViaWest was acquired by Peak 10 for an all-cash consideration of \$1.7 billion. GI Partners, a former investor in ViaWest, acquired Peak 10 in 2014 and will remain the majority shareholder of the combined company
06/07/2017	 Netelligent	 InterVision SYSTEMS LLC	<ul style="list-style-type: none"> Starting as a value-added reseller of Cisco voice products in 2003, Netelligent has expanded to become a leading provider of hybrid IT solutions This is the first business expansion for InterVision since creating the platform investment with Huron Capital in May 2016
06/06/2017	 innoWake	 Deloitte.	<ul style="list-style-type: none"> innoWake is a German-based software company that specializes in modernizing old software code in more automated ways innoWake becomes part of Deloitte's Application Modernization service offering that helps clients take advantage of existing information technology while simultaneously investing in new digital, analytics, and cloud capabilities
06/05/2017	 Company85 accomplish more™	 Telstra	<ul style="list-style-type: none"> Company85 is a UK-based technology services business and leading provider of data center, workspace, cloud, security, and network services The addition is aligned to Telstra's strategy to grow its technology services business internationally and will significantly enhance Telstra's service offering for UK and European-based business and government customers
06/02/2017	 SOLUTIONS IQ	 accenture	<ul style="list-style-type: none"> SolutionsIQ is a leading provider of Agile transformation services for business and technology Accenture acquired SolutionsIQ to fuel its world-class capabilities that help organizations drive change, improve customer experience, and create greater business value through Agile methods
06/01/2017	 T G TURING GROUP	 servercentral	<ul style="list-style-type: none"> Turing Group is a privately held, Chicago-based company with expertise in the architecture, development, transformation, migration, and management of applications on Amazon Web Services ("AWS") ServerCentral made a strategic investment in Turing Group that expands ServerCentral's Managed Services capabilities to include Amazon's industry-leading AWS platform
06/01/2017	<i>Next Digital Solutions</i>	 Fila group	<ul style="list-style-type: none"> Next Digital Solutions, a ServiceNow Partner, is an information technology firm based in Herndon, Virginia. It's services include cloud infrastructure support, application migration services to the cloud, and cloud security The acquisition positions The Fila Group to bring the very best in cloud strategy and transformation services

Q2 2017 Transactions

Announced	Target / Issuer	Buyer / Investor	Target Description / Deal Comments
05/25/2017			<ul style="list-style-type: none"> TriCore Solutions is a leader in the management of enterprise applications, including Enterprise Resource Planning ("ERP") solutions from Oracle and SAP This acquisition will allow Rackspace to provide expertise and support for the mission-critical enterprise applications that companies use to manage core functions
05/24/2017			<ul style="list-style-type: none"> NES Associates, a well-respected federal IT service provider, offers specialized expertise in enterprise networking, cybersecurity, infrastructure, and application architecture as well as implementation services With the \$105 million cash addition, CSRA will accelerate the adoption of its next-generation digital solution offerings and intends to become the network transformation leader
05/18/2017			<ul style="list-style-type: none"> Business & Decision ("B&D"), a global consulting and systems integration group ("CSI"), operates in 12 countries and employs more than 2,500 people in France and around the world Orange agreed to acquire a 67% stake in B&D from the Bensabat family and Christophe Dumoulin for €41.9 million (Implied 0.4x LTM Revenue or 26.9x LTM EBITDA)
05/16/2017			<ul style="list-style-type: none"> Based in Milpitas, CA, OneCloud Consulting enables its clients' cloud and application strategy via professional services, technical education, and software development The acquisition expands ePlus' ability to address its clients' needs in cloud-based solutions and infrastructure
05/15/2017			<ul style="list-style-type: none"> e5 Solutions is North America's market leader for implementation and support services as well as software add-ons for SAP's Treasury Applications The addition continues the execution of Hanse Orga Group's strategy to build the leading global FinTech company serving the full financial automation value chain
05/09/2017			<ul style="list-style-type: none"> Jibe Consulting is a leading management and technology consulting firm focused on implementing Oracle Enterprise Resource Planning ("ERP") and Human Capital Management ("HCM") solutions The Hackett Group acquired Jibe for \$20 million - \$9 million cash at close and \$11 million in contingent consideration based on performance targets payable in cash and restricted stock
05/01/2017			<ul style="list-style-type: none"> ToMont Solutions is a leading Oracle Enterprise Performance Management ("EPM") consulting services practice The strategic transaction combines ToMont's capability in Oracle EPM implementation with KPMG's Financial Management ("FM") experience in finance transformation and Enterprise Resource Planning ("ERP") implementation to better serve its clients
05/01/2017			<ul style="list-style-type: none"> AIM Consulting is a technology consulting firm with headquarters in Seattle and branch offices in both Denver and Minneapolis This acquisition strengthens Addison Group's presence in key markets, anchored by a tenured leadership team with deep expertise in technology solutions and services
04/20/2017			<ul style="list-style-type: none"> Core Services Corporation, an Oracle Platinum Partner and Oracle Applications Users Group Three Star Partner, delivers expert Oracle Applications implementation, development, and support to clients worldwide via its Cloud Managed Services and Consulting services The acquisition was financed with equity provided by NOVACAP with participation from Private Advisors, Northleaf Capital, and members of the Syntax and Core Services management teams

Q2 2017 Transactions

Announced	Target / Issuer	Buyer / Investor	Target Description / Deal Comments
04/20/2017	 ADVANCED TECHNOLOGIES SOLUTIONS	 IMAGINiT TECHNOLOGIES A RAND Worldwide Company	<ul style="list-style-type: none"> Advanced Technology Solutions ("ATS") is an Autodesk Gold Partner headquartered in Jacksonville, Florida IMAGINiT Technologies, a division of Rand Worldwide, is an Autodesk Platinum Partner with more than 40 offices and 200 sales and technical professionals throughout the US and Canada
04/18/2017	 INFORELIANCE	 ECS People. Values. Purpose	<ul style="list-style-type: none"> InfoReliance is a leading provider of cybersecurity, cloud computing, software engineering solutions, and managed services The acquisition of InfoReliance will add \$150 million in new revenues delivering next generation cloud and cyber solutions at an enterprise scale
04/11/2017	 3Li	 INDUSTRIES & FINANCES PARTENAIRES	<ul style="list-style-type: none"> 3Li Business Solutions, a Microsoft Gold Certified partner, specializes in consulting, publishing, and integrating ERP and CRM solutions exclusively on the Microsoft Dynamics platform This transaction aims to make 3Li a sectoral consolidation platform in a fast-growing business area with significant consolidation potential
04/07/2017	 edlconsulting	 SIMPLUS	<ul style="list-style-type: none"> Headquartered in Chicago, Illinois, EDL Consulting was founded in 2001 and is an early Salesforce consulting partner with over 15 years of experience Simplus and EDL are both highly focused on Salesforce Quote-to-Cash ("QTC") implementations. Through this acquisition, the companies will combine to strengthen their work culture and expertise while also aligning their visions to continue leading in QTC implementations
04/06/2017	 zycron Information Technology Services & Solutions	 BG STAFFING, INC.	<ul style="list-style-type: none"> Since 1991, Zycron has been a leading regional provider of IT temporary staffing talent to companies throughout the southeastern U.S. region and selected markets across the country. Zycron had revenues of approximately \$38.3 million for the year ended December 31, 2016 The total consideration (\$23 million) was a combination of \$19 million cash, \$1 of common stock, and certain earn out provisions
04/04/2017	 NAVIGANT SOLUTIONS	 Sixred	<ul style="list-style-type: none"> Navigant Solutions is a global management consulting and technology services company specialized in the delivery of NetSuite business solutions for the SME market segment The merged company will operate under the Sixred brand and will benefit from the joining of two proven NetSuite consulting practices that promise to enhance customer lifecycle alignment and experience and benefit from an expanded portfolio of industry specific solutions with focused geographical reach
04/04/2017	 entero	 BCforward	<ul style="list-style-type: none"> entero is a successful IT recruiting consultant and human capital management specialty firm located in Edina, Minnesota near the Minneapolis and St. Paul area The acquisition increases BCforward's presence and capabilities in Minnesota, California, Texas, and Florida. As a unit of BCforward, entero will maintain its current office, and its 60 employees will join BCforward's team of more than 5,500 employees
04/03/2017	 SWI	 Alithya	<ul style="list-style-type: none"> Systemware Innovation Corporation ("SWI") is a Toronto-based information technology and software engineering consulting firm. SWI is a leader in Business Intelligence and Analytics Solutions servicing clients mostly in the Ontario region for over 35 years In line with its North American growth plan, this transaction will enable Alithya to strengthen its talent pool with the addition of 200 highly qualified consultants
04/02/2017	 VERSION 1	 VOLPi CAPITAL	<ul style="list-style-type: none"> Established in 1996, Version 1 is a trusted technology partner to major domestic and international customers across all industry sectors in the UK and Ireland The €90 million investment, which will enable Version 1's further expansion into the UK and Europe, will see London-based investment firm Volpi Capital take a significant stake in Version 1

RECENT DEALS

CLIENT SUCCESS

 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR
 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has licensed key IP assets to</i>  FINANCIAL ADVISOR	 <i>has been acquired by</i>  A portfolio company of  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR

We would like to thank all of our clients, colleagues, and friends for helping to reinforce Clearsight as the *leader* in advising high-end technology and business services companies.

ABOUT US

Clearsight Advisors is a premier, independent investment bank dedicated to providing world-class M&A and capital raising solutions exclusively to growth-oriented Technology and Business Services companies. Clearsight combines deep market insights across software, services, and data. This market knowledge combined with superior strategic and financial advice allows Clearsight to act as a catalyst, enabling entrepreneurs, private equity owners, and boards of directors to successfully advance their vision. Clearsight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information, please visit www.clearsightadvisors.com

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