

US Business Process Outsourcing

Sector M&A Brief Review



THREESIXTYSEVEN
ADVISORS

US BPO Market M&A Overview

- The US BPO M&A market remains active, driven by consolidation efforts among firms aiming to scale their services
 - The primary drivers include rising demand for digital transformation, AI integration, and automation, as companies seek efficiency and cost-saving solutions
 - Buyers are increasingly targeting niche BPO providers with specialized capabilities, such as cloud computing, or regulatory compliance solutions

Recent notable transaction in the BPO include:

- Mill Point Capital acquired iQor, a global BPO provider, to enhance its technology-driven customer service and business process outsourcing capabilities

Key Trends Shaping BPO Market M&A

Impact sourcing is on the rise as companies adopt socially responsible outsourcing to uplift disadvantaged groups and reduce inequalities for women and minorities

Increase in BPO M&A due to increasing buyer's demand in tech-driven BPO companies

The focus is shifting towards mid-sized and smaller BPOs as clients seek to mitigate risks and diversify their supplier base

M&A deals are being driven by the desire to acquire companies with advanced customer experience capabilities

Healthcare BPO has grown significantly due to the administrative complexity of regulatory compliance

BPO – Key Trends



Artificial Intelligence integration

The use of AI and ML by BPO companies has enabled smart automation, significantly boosting efficiency and improving service quality for customers, employees, and the company alike



Data Privacy and Security

With the average cost of a data breach reaching \$4.45 million in 2023, companies are turning to automation for enhanced security and cost savings, while adhering to stringent global regulations



Virtual Customer Experience

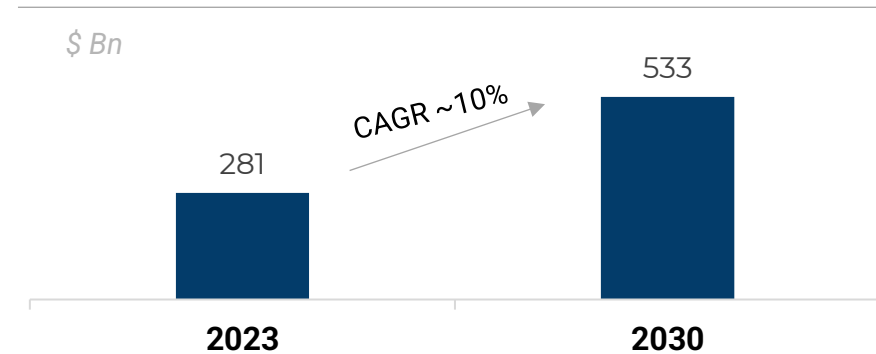
By end of 2024, over 20% of retail sales will occur online, driving companies to significantly improve their virtual customer experiences to meet the growing demand of digital consumers



Shifting Focus to Core Operations

US companies are increasingly focusing on streamlining operations and prioritizing core competencies, creating new opportunities for BPO providers to manage non-core functions

Global BPO Market



Source : Grand View Research

**US BPO market
size to reach 142 Bn
USD by 2030**

- Growing at a CAGR of 9.1%
during 2022-23

Source : Grand View Research

BPO Market Landscape

Customer Service Outsourcing

Customer service outsourcing companies manage tasks like –

- Handling customer support, resolving technical issues, and processing orders

Human Resource Outsourcing

Human resource payroll outsourcing involves –

- Hiring a third-party provider to manage payroll processing, administration (HRIS) and related tasks

Finance and Accounting Outsourcing

Finance and accounting outsourcing involves –

- Managing services like bookkeeping & financial reporting

Technical Support Outsourcing

Technical support outsourcing involves –

- Providing technical support for hardware, software, network issues, offering cloud & IT infrastructure support, etc

Healthcare Outsourcing

Healthcare outsourcing involves –

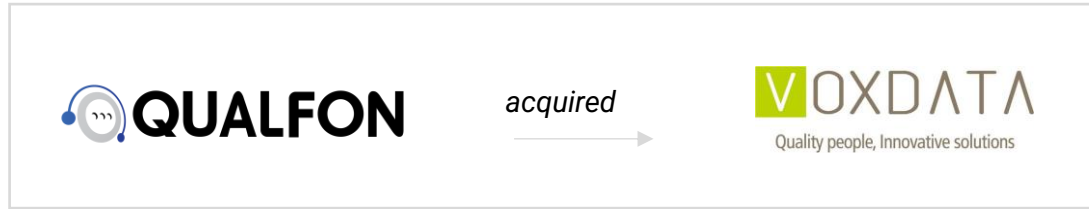
- Handling tasks like medical billing, transcription, patient data management, telemedicine support, and claims processing

Supply Chain Outsourcing

Supply chain outsourcing involves –

- Hiring external providers to manage various supply chain functions, such as procurement, logistics, warehousing, and inventory management

Active Strategic Buyers



Active Private Equity Groups



has acquired



has acquired



Thomas H. Lee Partners
EST. 1972

has acquired



MILL POINT CAPITAL

has acquired



abry partners

has acquired



GCP Capital Partners

has acquired



Selected M&A Transactions

Date	Target	Acquiror(s) / Investor(s)	Deal Size (\$ Mn)	Target Business Description
May-24	iQor, Inc.	Mill Point Capital LLC	-	Delivers comprehensive BPO services, including customer care, technical support, aftermarket product support, data solutions, and virtual assistance, across industries such as media, telecommunications, healthcare, and financial services
Mar-24	Sunshine Communication Services, Inc.	Callitech US Inc	-	Sunshine Communication Services, Inc., founded in 1975 and headquartered in Coral Gables, Florida, delivers specialized English and Spanish call management services for businesses
Jan-24	SMA Support Services	Omnia Exterior Solutions, Llc	-	Provides call center, virtual assistant, BPO, and financial services for home remodelers, enhancing efficiency and customer satisfaction
Jan-24	Voxdata Telecom, Inc.	Qualfon Data Services Group, LLC	-	Offers outsourced customer contact services in North America, including customer and technical support, incoming email and call processing, live chat, social media community management, and crisis management
Dec-23	Communications Services, Inc.	Mobile Communications America, Inc.	-	Provides temporary and outsourced professional labor services to the telecommunications industry
Nov-23	SEMPCheck, LLC	Energy Overwatch, LLC	-	Provider of crisis and risk management services catering to the energy industry. The offers services such as software, outsourcing and consulting with upstream, midstream and downstream sectors
Sep-23	Faneuil, Inc.	Continuum Global Solutions, LLC	-	Provides comprehensive outsourcing support services—including customer care, transportation management, and government services—across various sectors such as healthcare, transportation, utilities, social programs, and municipalities
Jul-23	Standish Management, LLC	Thomas H. Lee Partners, L.P.	1600	Offers outsourced accounting, consulting, and fund administrative services to private equity, venture capital, and fund-of-funds managers, including financial reporting, audit coordination, capital management, and advisory services

Trading Multiples of Publicly Listed Companies

Trading Statistics of Key BPO Companies

US\$ Mn, Unless Otherwise Stated; Calendarized to December Fiscal Year End

Company	Market Cap Sep-24	Enterprise Value Sep-24	Operating Statistics					Valuation Statistics	
			Revenue		Revenue Growth	Gross Margin	EBITDA Margin	EV/Revenue	EV/EBITDA
			FY 2023A	FY 2024E	2023A-24E	FY 2024E	FY 2024E	FY 2024E	FY 2024E
Accenture plc (NYSE:ACN)	\$214,104	\$214,039	\$64,583	\$65,770	1.8%	33%	19%	3.3x	17.4x
Tata Consultancy Services Limited (NSEI:TCS)	\$194,269	\$190,247	\$27,176	\$28,903	6.4%	41%	28%	6.6x	23.1x
Infosys Limited (NSEI:INFY)	\$94,343	\$92,384	\$17,938	\$18,553	3.4%	29%	22%	5.0x	22.6x
Genpact (NYSE:G)	\$6,906	\$7,864	\$4,477	\$4,691	4.8%	35%	18%	1.7x	9.2x
ExlService Holdings (NAS:EXLS)	\$5,819	\$5,959	\$1,631	\$1,821	11.7%	37%	22%	3.3x	15.2x
Concentrix Corporation (NAS:CNXC)	\$4,630	\$10,232	\$7,370	\$9,652	31.0%	36%	17%	1.1x	6.3x
WNS Limited (NYSE:WNS)	\$2,424	\$2,612	\$1,301	\$1,305	0.3%	37%	18%	2.0x	11.2x
TaskUs, Inc. (NASDAQGS:TASK)	\$1,079	\$1,208	\$924	\$968	4.8%	-	22%	1.2x	5.7x
Conduent (NAS:CNDT)	\$594	\$1,457	\$3,722	\$3,385	-9.1%	22%	5%	0.4x	8.3x
Hinduja Global Solutions Limited (NSEI:HGS)	\$503	\$410	\$641	\$555	-13.4%	41%	-	0.7x	-
Ibex (NAS:IBEX)	\$284	\$304	\$513	\$507	-1.2%	31%	13%	0.6x	4.7x
TTEC Holdings (NAS:TTEC)	\$202	\$1,189	\$2,463	\$2,235	-9.3%	22%	9%	0.5x	5.8x
DLH Holdings Corp. (NASDAQCM:DHLC)	\$141	\$177	\$401	-	-	-	-	-	-
Mean					2.6%	33.2%	17.5%	2.2x	11.8x
Median					2.6%	35.0%	18.3%	1.5x	9.2x

Have questions about this report or would like to speak to our team?



Graham Woodard
Managing Principal

direct: (813) 679-4284
gwoodard@threesixtyseven.com



Taylor Yohner
Vice President

mobile: (850) 509-8775
tyohner@threesixtyseven.com



Greg Guluzian
Vice President

mobile: (813) 680-1442
gguluzian@threesixtyseven.com

Our technology experience spans the following areas

- **Information Technology**
- **Managed Service Providers**
- **Software as a service**
- **Business Services**
- **Human Resources & Capital Management**
- **Payment Processing**
- **Cybersecurity and MSSP**
- **Telematics and Mobility**
- **Telecommunication**

For an in-depth look at the industries where our firm has expertise and to access more industry reports, please visit our website: www.threesixtyseven.com



THREESIXTYSEVEN
ADVISORS