



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
 24461 Ridge Route, Suite A200
 Laguna Hills, CA 92653

For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

949.305.6710
 info@cfaw.com
 www.cfaw.com

BUSINESS SERVICES

THIRD QUARTER

2017

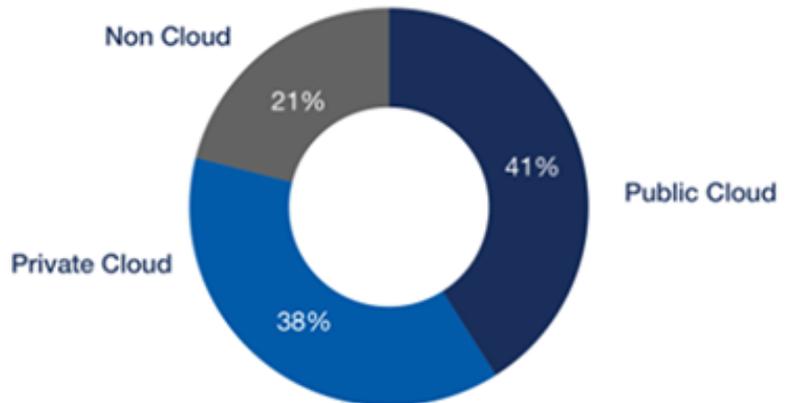
The Business Services Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the business services category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Business Services M&A

M&A activity for North American based target companies in the Business Services sector for Q2 2017 included 590 closed deals, according to data published by industry data tracker *FactSet*.

One of the largest middle market deals of the quarter was announced in April when Belgacom International Carrier Services SA, a subsidiary of Proximus SA, ultimately owned by the Government of Belgium, entered into a definitive agreement to acquire TeleSign Corp, a portfolio company of Summit Partners LP, Adams Street Partners LLC, March Capital Partners and Telstra Ventures, for US\$230 million in cash with an undisclosed amount in contingent payout. TeleSign provides internet, mobile and cloud authentication and verification services. The company was founded in 2005 and is headquartered in Marina del Rey, CA.

Percentage of Workloads in the Cloud



Source: RightScale

According to a report from *RightScale*, an industry research group, one of the fastest growing sectors in business services is cloud hosting. Companies now run 79 percent of workloads in cloud, with 41 percent of workloads in public cloud and 38 percent in private cloud.

Transactional Overview

Notable closed lower middle market transactions for the period in the Business Services sector include:

- June 2017** - LendingTree, Inc. acquired Deposits Online LLC for US\$33 million in cash and contingent payout. LendingTree engages in the operation of online loan marketplace for consumers seeking loans and other credit-based offerings. Deposits Online, LLC provides bank deposit account information services. The company was founded by Ken Tumin and is headquartered in Birmingham, AL.

- June 2017** - Cross Country Healthcare, Inc. acquired Advantage RN, LLC for US\$88 million in cash, subject to post-closing working capital adjustments. Cross Country Healthcare engages in the provision of healthcare staffing and workforce management solutions. It operates through the following segments: Nurse and Allied Staffing, Physician Staffing and Other Human Capital Management Services. Advantage RN provides recruitment services to healthcare professionals.

Selected Q3 Closed Transactions	
Target/Issuer	Buyers/Investors
Affinity Dental Management Holdings LLC	MidOcean US Advisor LP; Affinity Dental Management Holdings LLC /Private Group/
After, Inc.	The Carlyle Group LP (Corporate Private Equity); Stone Point Capital LLC; Edgewood Partners Insurance Center, Inc.
Boundary Technical Group, Inc.	Midwest Surveys, Inc.
YourSource Management Group, Inc.	AccessPoint LLC
Output Services Group, Inc.	Aquiline Capital Partners LLC
RGR Equipment LLC	Sunbelt Rentals, Inc.
Agro Biosciences, Inc.	Church & Dwight Co., Inc.
Schilli Transportation Services, Inc.	Daseke, Inc.

- June 2017** - Globant SA acquired PointSource, LLC for US\$28 million in cash and contingent payout. Globant SA operates as a technology services provider, which focuses on delivering software solutions that leverage emerging technologies and related market trends. PointSource provides design and development services for mobile applications and websites.

Industry Update

Data center build-out may be prohibitively expensive for upstarts that can't match the capital spending of incumbents such as Amazon, Microsoft, and Google. Competition is heating up among big technology companies that are spending aggressively on data centers that run the world's businesses in the cloud. Amazon, Microsoft, and Google spent a combined \$31.5 billion in capital expenditures and capital leases in 2016, up 22% from 2015, according to data from company filings collected by The Wall Street Journal. A recent example includes Amazon's plans for a new cluster of data centers in Stockholm for an undisclosed price, which analysts estimate will reach several hundred million dollars. The industry leader is also expanding in Paris and Ningxia, China. Meanwhile, Microsoft is adding locations in France, Texas, and Arizona; Google has plans to do so in California, Canada, and the Netherlands. Such activity may block market participation from rival firms that are likely unable to match the war chests and computing capacity of these tech giants. In addition to expensive physical infrastructure outlays, data centers require costly maintenance, power-consumption fees, and regular hardware upgrades.

Industry Indicators

- US corporate profits, an indicator of corporate demand for business services, rose 3.7% in the first quarter of 2017 compared to the same period in 2016.
- Total US revenue for administration and support services rose 10.6% in the first quarter of 2017 compared to the previous year.

Collectively, the Business Services Industry Practice Group provides M&A advice to companies in all sectors of business services including but not limited those pertaining to professional, scientific, technical, administrative, support, waste management, and remediation activities.

