



Evolve
Capital Partners

QUARTERLY DEALS & MARKET ROUNDUP

Business Process Outsourcing (BPO)

July 2018



Customer Experience



IT / Consulting



Operations



HR / Payroll



Healthcare Industry



Highlights

This quarter's BPO Roundup discusses the following key developments:



Outsourcers are leveraging opportunities in multi-channel communication



BPO software vendors are adopting different approaches to provide professional and consulting services



BPOs are reconfiguring budgetary allocations to adopt the cloud and provide digital transformation



New technologies and customer relationship management are key drivers for deal activity



Overview of Evolve Capital Partners

ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We also provide structured financial advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

HIGH-TOUCH INVESTMENT BANKING

Few investment banks have transaction experience across both corporate and asset finance.



Our Clients

- Corporations
- Management Teams
- VC & PE Backed Companies
- Independent Directors / Boards



Investment Banking Advisory

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructuring



Industry Focus

Finance and Technology Firms

BPO

IoT

B2B

Specialty Finance

Enterprise Software

Analytics

Payments

Lending

InsuranceTech

Securities

Financial Services

Financial Management

We Focus Exclusively on Finance and Technology-Related Firms

Financial Management Solutions



Payments



Bank Technology Solutions



BPO



Capabilities

M&A Advisory

Sales / Recaps

Acquisitions

Divestiture

Strategic Advisory

Specialty Finance / Alternative Lending



Healthcare Tech



Securities



Financing

Private Placements

Debt Capital

Restructuring

Insurance





Contents

1. Market Summary

- A. Multiples and Margins – All Sectors
- B. Multiples and Margins – BPO
- C. Stock Comparables – BPO

2. Market Updates

- A. Recent Updates
- B. Key Initiatives by Leading BPOs

3. Deal Activity

- A. Overview
- B. M&A Transaction Activity Summary
- C. Key M&A Deal Profiles
- D. Financing Transaction Activity Summary
- E. Key Financing Deal Profiles

4. IPO Activity Summary

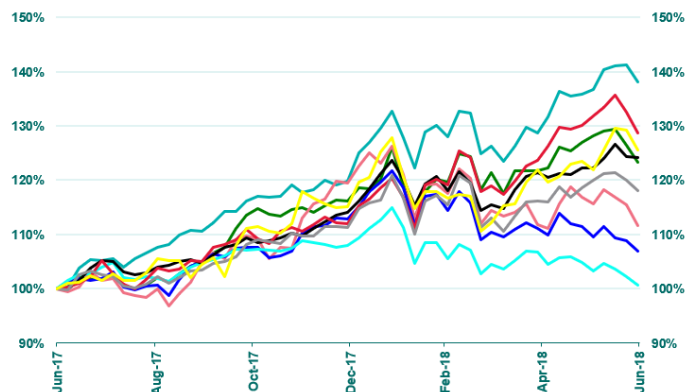
5. Select Wall Street Research & Commentary

1

Market Summary

Industry Stock Market Performance of ECP Sector Coverage

Last 12 Months



Payments

Financial Management Solutions

Healthcare Tech

BPO

Bank Technology Solutions

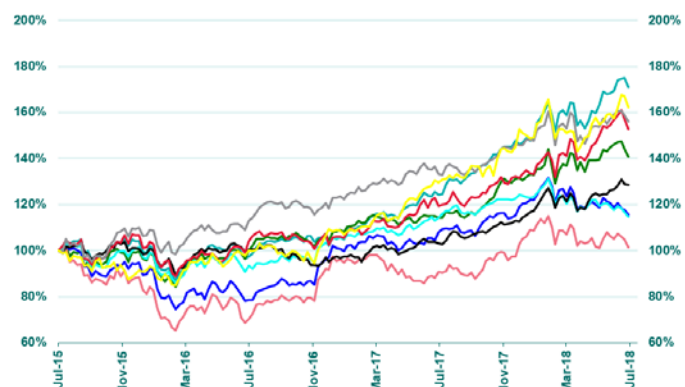
Data & Analytics / IoT

Specialty Finance / Alternative Lending

Securities

Insurance

Last 3 Years



Payments

Healthcare Tech

Data & Analytics / IoT

Financial Management Solutions

Bank Technology Solutions

BPO

Securities

Insurance

Specialty Finance / Alternative Lending

Indexed Price Performance

Sector	3 Months	1 Year	3 Years
Payments	7.9%	37.8%	71.1%
Bank Tech / Solutions	2.9%	23.0%	40.7%
Specialty Finance / Alternative Lending	(5.4%)	11.4%	1.3%
Securities	(6.5%)	7.1%	15.6%
Healthcare Tech	(4.6%)	0.4%	62.2%
BPO	5.9%	24.8%	28.5%
Financial Management Solutions	8.4%	28.1%	52.8%
Data & Analytics / IoT	2.1%	17.4%	56.2%
Insurance	7.4%	25.1%	14.7%

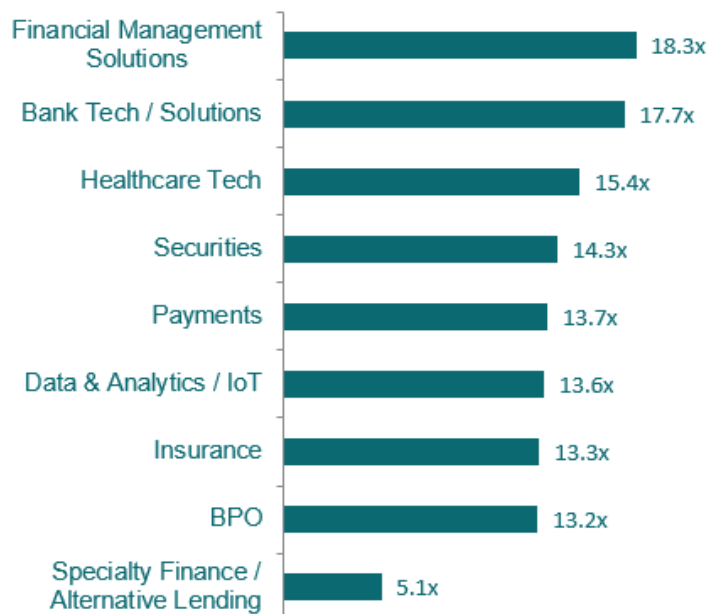
Source: Capital IQ and market data as of June 29, 2018

Evolve Capital Partners; Deals & Market Roundup – BPO 6

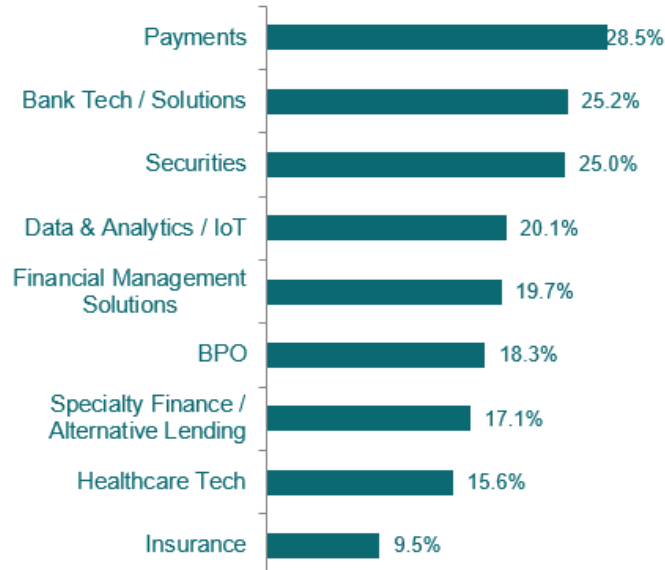
Multiples & Margins – All Sectors

Industry-wide Multiples and Margins

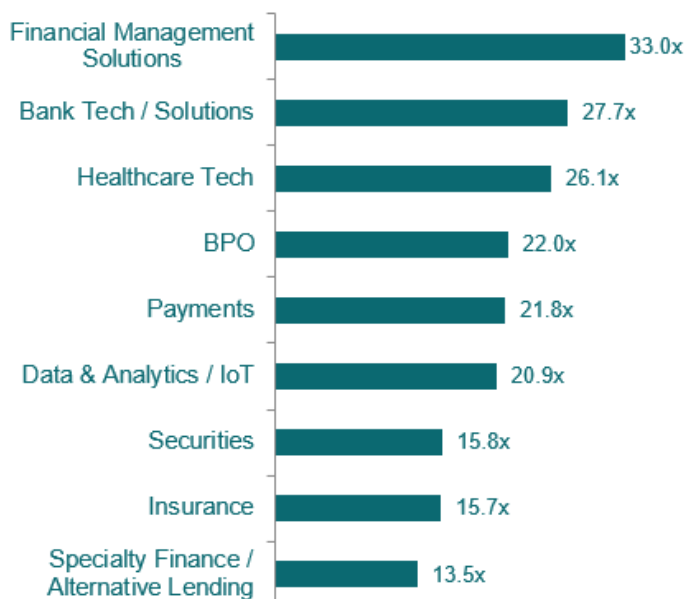
2018E EBITDA Multiples



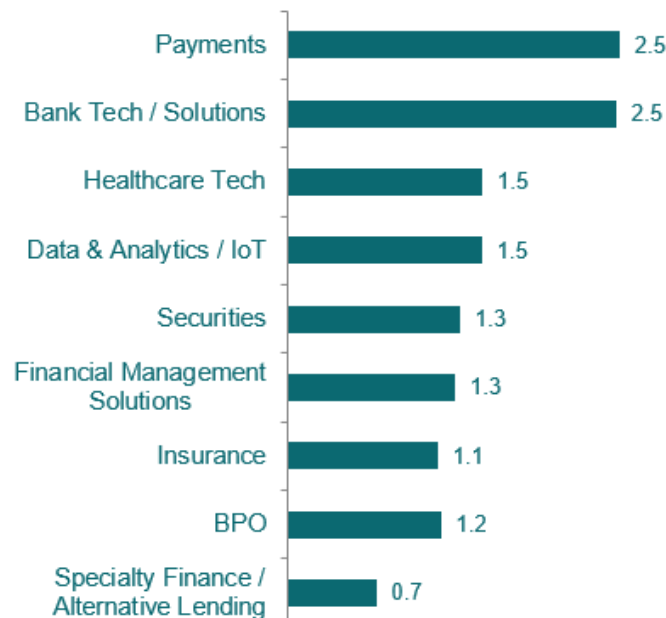
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



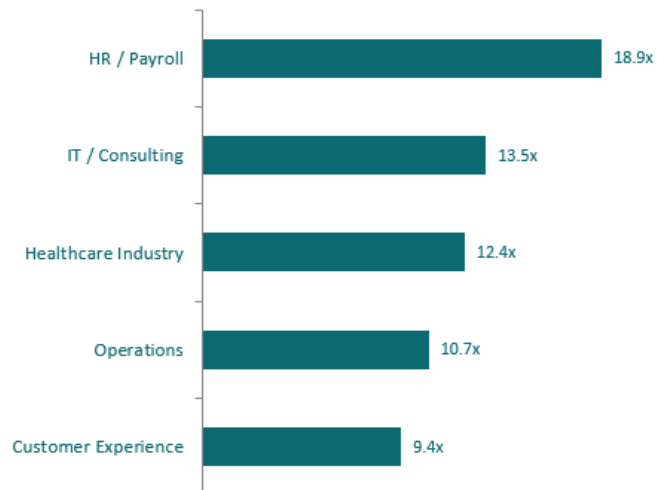
Source: Capital IQ and market data as of June 29, 2018

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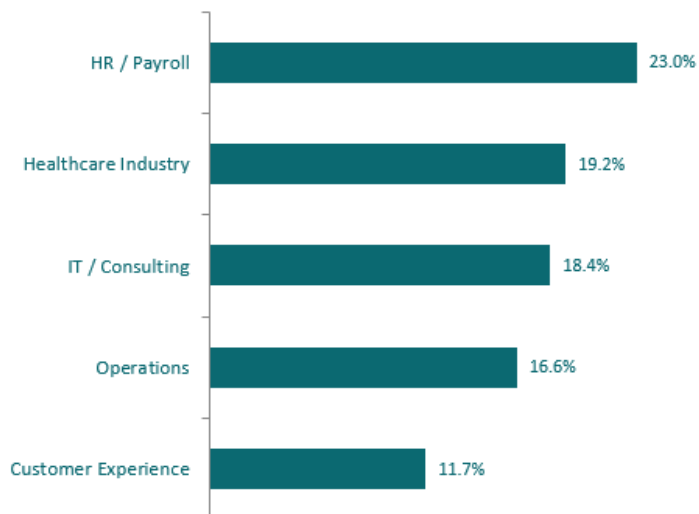
Multiples & Margins – BPO

Sub-sector Multiples and Margins

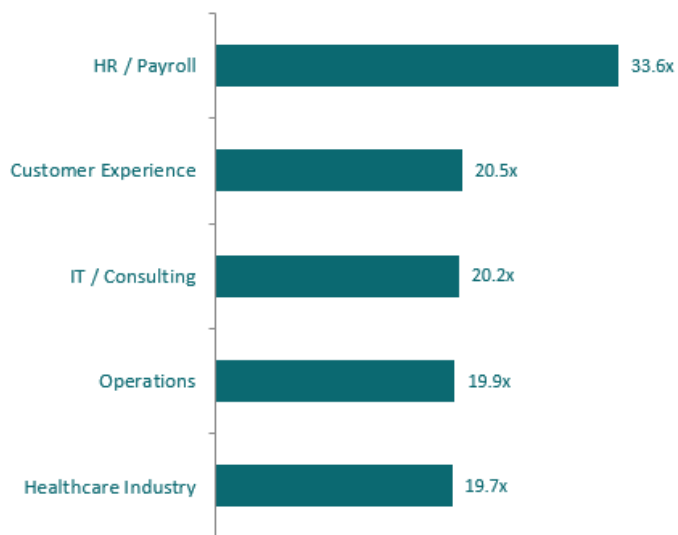
2018E EBITDA Multiples



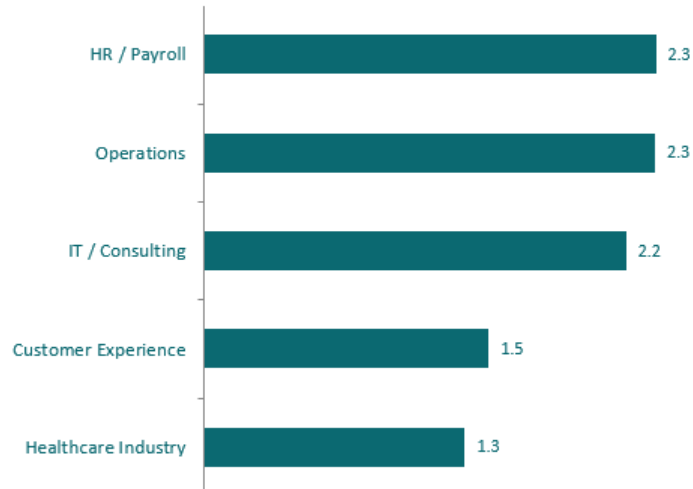
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Stock Comparables – BPO

(All figures in US Dollars. Figures in millions, except per share data, as of June 29, 2018)

BPO Sub-Sector	Aggregate		EV / Sales		Multiples		Price / Earnings	
	Market Cap	Enterprise Value	EV / Sales		EV / EBITDA		Price / Earnings	
			FY 18E	FY19E	FY 18E	FY19E	FY 18E	FY19E
Customer Experience	\$15,321	\$17,148	1.1x	1.0x	9.4x	6.8x	20.5x	15.2x
IT / Consulting	\$438,925	\$427,134	2.4x	2.2x	13.5x	11.5x	20.2x	17.4x
Operations	\$32,186	\$35,934	1.7x	1.6x	10.7x	9.7x	19.9x	15.8x
HR / Payroll	\$105,225	\$103,542	4.6x	4.1x	18.9x	16.0x	33.6x	26.7x
Healthcare Industry	\$62,934	\$77,825	4.1x	3.6x	12.4x	13.7x	19.7x	22.9x
Sector Median			2.2x	2.1x	12.0x	11.3x	18.8x	17.7x
Sector Mean			2.8x	2.5x	13.2x	11.7x	22.0x	19.2x

BPO Sub-Sector	Number of Companies	Growth Rates			EBITDA Margin		PEG* FY 18E
		Revenue		EPS			
		FY 18E	FY 19E	5 Yr	FY 18E	FY 19E	
Customer Experience	5	4.7%	36.6%	10.1%	11.7%	13.3%	1.47
IT / Consulting	23	19.6%	8.5%	9.8%	18.4%	19.2%	2.18
Operations	8	6.5%	6.2%	8.8%	16.6%	17.3%	2.33
HR / Payroll	8	9.7%	9.8%	15.6%	23.0%	24.5%	2.34
Healthcare Industry	10	22.1%	10.9%	17.2%	19.2%	21.4%	1.35
Sector Median		7.4%	7.7%	10.4%	17.5%	17.5%	0.97
Sector Mean		15.8%	11.6%	11.9%	18.3%	19.6%	1.16

* Price/Earnings to Growth ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth. In general, the P/E ratio is higher for a company with a higher growth rate.

Stock Comparables – BPO

(All figures in US Dollars. Figures in millions, except per share data, as of June 29, 2018)

Customer Experience

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA %	EV / Sales		EV / EBITDA		P / E		PEG FY18
					FY18	FY19	FY18	FY19	FY18	FY19	
Teleperformance SE	\$10,196	\$11,757	\$5,019	15.3%	2.3x	2.1x	13.1x	11.7x	22.9x	19.8x	2.0
Convergys Corporation	\$2,226	\$2,307	\$2,739	12.8%	0.9x	0.9x	7.0x	6.8x	13.3x	12.8x	1.6
TTEC Holdings, Inc.	\$1,590	\$1,818	\$1,514	12.9%	1.2x	1.1x	8.6x	7.7x	17.3x	16.2x	0.9
Sykes Enterprises, Incorporated	\$1,208	\$1,135	\$1,616	10.8%	0.7x	0.6x	6.4x	5.9x	13.9x	12.2x	1.4
StarTek, Inc.	\$102	\$131	\$282	3.7%	0.5x	0.2x	12.0x	1.8x	35.2x	NM	NA
Median				12.8%	0.9x	0.9x	8.6x	6.8x	17.3x	14.5x	1.5
Mean				11.1%	1.1x	1.0x	9.4x	6.8x	20.5x	15.2x	1.5

IT / Consulting

Company Name	Market Cap	Enterprise Value	LTM Sales	LTM EBITDA %	EV / Sales		EV / EBITDA		P / E		PEG FY18
					FY18	FY19	FY18	FY19	FY18	FY19	
Accenture plc	\$104,820	\$101,272	\$38,574	16.3%	2.6x	2.4x	15.0x	14.0x	23.9x	22.2x	2.3
Tata Consultancy Services Limited	\$103,304	\$97,244	\$18,917	27.3%	5.2x	4.8x	19.5x	17.7x	26.1x	24.0x	NA
Cognizant Technology Solutions Corporation	\$46,280	\$42,223	\$15,176	20.5%	2.6x	2.4x	12.3x	10.8x	17.6x	15.7x	1.2
Infosys Limited	\$41,486	\$37,663	\$10,939	26.3%	3.5x	3.3x	13.0x	12.5x	17.9x	18.5x	NA
DXC Technology Company	\$22,889	\$28,970	\$24,556	14.2%	1.2x	1.3x	6.1x	6.2x	10.1x	9.9x	NA
Wipro Limited	\$17,181	\$14,948	\$8,373	19.8%	1.8x	1.8x	8.9x	8.9x	13.3x	14.0x	NA
HCL Technologies Limited	\$18,833	\$17,472	\$7,838	21.5%	2.3x	2.1x	10.0x	9.1x	14.0x	13.6x	NA
Capgemini SE	\$22,424	\$24,051	\$15,360	12.7%	1.6x	1.5x	11.2x	10.6x	18.4x	16.8x	2.9
Atos SE	\$14,342	\$14,642	\$15,239	12.5%	1.0x	1.0x	7.0x	6.5x	13.3x	12.1x	1.7
Amdocs Limited	\$9,434	\$8,931	\$3,916	18.9%	2.2x	2.1x	11.0x	10.2x	16.1x	15.3x	1.9
Open Text Corporation	\$9,412	\$11,476	\$2,725	27.6%	4.1x	3.9x	11.5x	10.7x	14.0x	12.7x	1.0
Tech Mahindra Limited	\$9,383	\$8,332	\$4,729	14.3%	1.8x	1.7x	11.7x	9.8x	17.5x	16.2x	NA
CACI International Inc	\$4,163	\$5,190	\$4,435	8.5%	1.2x	1.1x	12.8x	12.1x	20.4x	17.7x	2.1
ExlService Holdings, Inc.	\$1,947	\$1,776	\$786	14.7%	2.1x	1.9x	11.9x	10.6x	19.9x	18.0x	1.4
WNS (Holdings) Limited	\$2,632	\$2,500	\$758	15.7%	3.4x	3.0x	17.9x	15.5x	22.9x	21.4x	NA
Syntel, Inc.	\$2,662	\$2,862	\$943	27.6%	3.0x	3.0x	11.8x	11.4x	16.5x	16.2x	1.9
Mindtree Limited	\$2,364	\$2,255	\$839	13.6%	2.7x	2.4x	20.3x	15.1x	30.0x	24.4x	NA
Hexaware Technologies Limited	\$1,986	\$1,899	\$619	16.4%	2.9x	2.5x	17.2x	14.9x	23.2x	20.7x	1.8
Virtusa Corporation	\$1,445	\$1,628	\$1,021	4.9%	1.6x	1.3x	20.7x	14.6x	28.6x	19.9x	NA
Unisys Corporation	\$657	\$678	\$2,786	6.6%	0.2x	0.2x	1.7x	1.7x	5.7x	6.3x	NA
OneSpan Inc.	\$785	\$618	\$197	6.5%	3.0x	2.7x	35.2x	20.9x	55.6x	31.3x	5.6
Microgen plc	\$354	\$341	\$85	23.3%	3.8x	3.5x	15.7x	13.8x	22.5x	19.1x	NA
Be Think, Solve, Execute S.p.A.	\$141	\$161	\$163	12.8%	1.0x	0.9x	7.3x	6.4x	18.0x	14.5x	NA
Median				15.7%	2.3x	2.1x	11.9x	10.8x	18.0x	16.8x	1.9
Mean				16.6%	2.4x	2.2x	13.5x	11.5x	20.2x	17.4x	2.2

Source: Capital IQ

Stock Comparables – BPO

(All figures in US Dollars. Figures in millions, except per share data, as of June 29, 2018)

Operations											
Company Name	Market	Enterprise	LTM Sales	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value		EBITDA %	FY18	FY19	FY18	FY19	FY18	FY19	FY18
CGI Group Inc.	\$17,652	\$18,842	\$8,695	16.6%	2.1x	2.1x	11.8x	11.1x	19.1x	17.9x	2.0
Capita plc	\$3,491	\$5,195	\$5,724	12.3%	1.0x	1.0x	9.2x	9.2x	12.5x	12.3x	NM
Genpact Limited	\$5,508	\$6,392	\$2,803	15.6%	2.1x	2.0x	12.9x	11.8x	16.2x	14.8x	1.6
Mphasis Limited	\$3,063	\$2,803	\$1,006	15.9%	2.8x	2.5x	17.7x	14.8x	24.4x	20.6x	NA
CSG Systems International, Inc.	\$1,375	\$1,515	\$799	17.9%	1.8x	1.7x	7.8x	7.3x	14.6x	13.4x	1.9
Firstsource Solutions Limited	\$709	\$779	\$543	11.7%	1.4x	1.4x	12.3x	11.4x	14.6x	13.5x	NA
iEnergizer Limited	\$163	\$184	\$156	22.4%	1.2x	1.1x	5.2x	4.8x	7.2x	5.9x	NA
PRGX Global, Inc.	\$225	\$223	\$165	6.9%	1.3x	1.2x	8.9x	7.5x	51.0x	27.9x	3.8
Median				15.7%	1.6x	1.6x	10.5x	10.2x	15.4x	14.2x	2.0
Mean				14.9%	1.7x	1.6x	10.7x	9.7x	19.9x	15.8x	2.3

HR / Payroll											
Company Name	Market	Enterprise	LTM Sales	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value		EBITDA %	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Automatic Data Processing, Inc.	\$59,092	\$58,800	\$13,072	22.0%	4.4x	4.1x	20.5x	17.6x	30.9x	26.6x	2.1
Paychex, Inc.	\$24,538	\$24,113	\$3,381	43.4%	7.1x	6.7x	16.7x	16.2x	27.3x	23.8x	NA
The Ultimate Software Group, Inc.	\$7,877	\$7,739	\$989	7.9%	6.9x	5.9x	28.0x	23.1x	45.6x	37.4x	1.8
WageWorks, Inc.	\$1,982	\$1,334	\$462	0.0%	2.6x	2.5x	8.2x	7.5x	21.9x	18.7x	1.6
TriNet Group, Inc.	\$3,932	\$4,015	\$3,328	29.2%	4.7x	4.3x	12.8x	11.5x	20.0x	18.2x	NA
Cornerstone OnDemand, Inc.	\$2,736	\$2,656	\$504	(7.5%)	5.2x	4.7x	29.2x	20.7x	61.2x	37.6x	4.4
Insperty, Inc.	\$4,001	\$3,749	\$3,432	4.4%	1.0x	0.9x	17.2x	15.2x	28.0x	24.6x	1.7
Benefitfocus, Inc.	\$1,067	\$1,135	\$261	(0.3%)	4.4x	4.0x	NM	NM	NM	NM	NM
Median				7.9%	4.6x	4.2x	17.2x	16.2x	28.0x	24.6x	1.8
Mean				14.2%	4.6x	4.1x	18.9x	16.0x	33.6x	26.7x	2.3

Healthcare Industry											
Company Name	Market	Enterprise	LTM Sales	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value		EBITDA %	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Express Scripts Holding Company	\$43,370	\$56,045	\$100,179	7.1%	0.6x	0.5x	7.3x	7.1x	8.5x	8.2x	0.7
athenahealth, Inc.	\$6,431	\$6,558	\$1,264	13.6%	4.8x	4.4x	17.5x	15.7x	36.2x	31.0x	1.8
HealthEquity, Inc.	\$4,660	\$4,390	\$244	30.7%	19.3x	15.5x	NM	40.1x	NM	69.2x	NA
Qualicorp Consultoria e Corretora de Seguro	\$1,340	\$1,361	\$620	39.5%	2.6x	2.3x	5.5x	5.3x	10.0x	8.5x	0.3
Allscripts Healthcare Solutions, Inc.	\$2,135	\$4,212	\$1,907	8.3%	1.9x	1.8x	9.7x	9.0x	15.2x	13.3x	1.0
HMS Holdings Corp.	\$1,799	\$1,955	\$549	19.1%	3.4x	3.2x	14.4x	13.5x	24.6x	22.1x	2.0
Quality Systems, Inc.	\$1,245	\$1,253	\$531	11.6%	2.4x	2.3x	16.1x	14.6x	29.3x	26.2x	NA
Castlight Health, Inc.	\$578	\$509	\$140	(42.0%)	3.3x	2.8x	NM	NM	NM	NM	NM
Computer Programs and Systems, Inc.	\$444	\$585	\$284	12.3%	2.0x	1.9x	11.2x	11.4x	14.0x	14.2x	2.4
R1 RCM Inc.	\$931	\$957	\$510	(1.5%)	1.1x	0.9x	17.9x	6.5x	NM	13.7x	NA
Median				12.0%	2.5x	2.3x	12.8x	11.4x	15.2x	14.2x	1.4
Mean				9.9%	4.1x	3.6x	12.4x	13.7x	19.7x	22.9x	1.3

Source: Capital IQ



Recent Updates



Outsourcers are leveraging opportunities in multi-channel communication

Companies are increasingly investing in social media channels instead of Business Processing Outsourcing (BPOs), to facilitate real-time customer engagement. Traditionally, the customer service industry was entirely dependent on websites and Interactive Voice Response (IVR) for transferring a call to the correct representative.

According to Credo Consulting, consumer demand for multi-channel communications (including social media, live chat, etc.) has exploded over the past five years. Through these multi-channel communications, companies gain first-hand product insights.

BPOs are leveraging these opportunities and are heavily investing in tools and capabilities that let them offer a wide range of social media management services.

These services range from social media monitoring to business intelligence and actioning customer response. Many BPO service providers are also investing in dedicated social media service teams. Working in tandem, social media teams and customer representatives can deal with customer grievances much faster.



BPO software vendors are adopting different approaches to provide professional and consulting services

BPO software vendors are adopting different approaches to consulting/professional services to meet their customers' new demands and increase market share. The growing demand for subscription business models and next-generation technologies is fueling these vendors in carrying out large-scale digital transformations.

The vendors are enhancing their cloud-only capabilities by designing, implementing, and adopting new technologies such as Machine Learning and blockchain to migrate workloads to the cloud. Their role is growing from a vendor to a partner.

BPO software vendors are providing a mix of advisory, implementation, and customer services — on top of basic installation. Advisory services include designing digital transformation projects, implementation involves deploying these projects rapidly using technology, and customer services include the use of analytics to boost subscription revenue.

Traditionally, most large outsourcers viewed their professional services unit as a cost center or, at most, a low-margin revenue generator. Now, the entire approach is being reworked.



BPOs are reconfiguring budgetary allocations to adopt the cloud and provide digital transformation

BPOs are increasingly reconfiguring their budget allocations and spending more on digital rather than legacy consulting capabilities. BPOs continue to achieve price discounts on legacy while digital capabilities are commanding price premiums.

Larger BPO software vendors are undergoing consolidation, and their revenues come from a combination of digital and legacy consulting capabilities. Smaller vendors are earning

revenues from companies that require specific niche offerings. Mid-sized vendors are focusing more on underserved companies. There is an increasing demand from companies for cloud-based consulting experiences.

BPOs are still at an early stage of cloud adoption. However, the rate is rising. For instance, Microsoft Azure is increasingly offering cloud strategies that include a mix of on-premise and subscription-based Software-as-a-Service solutions.



Key Initiatives by Leading BPOs

IBM Watson expands further into Regulatory Technology

IBM is expanding Watson further into the RegTech arena, pitching the cognitive computing platform as uniquely placed to help banks deal with an increasingly complex regulatory and risk environment.

Using IBM's RegTech solutions, financial institutions can better link the external regulatory environment to their business needs. Clients can search libraries of relevant regulatory requirements, evaluate their impact on the business and create actionable tasks to build shareholder trust and increase the efficiency of managing regulatory change moving forward.

JDA partners with HCL for JDA Commerce, SofTechnics, and revenue management solutions

JDA Software entered into a partnership agreement with HCL Technologies, on June 1, 2018. With this partnership, HCL will join hands with JDA on development, product support, and go-to-market (GTM) initiatives for JDA's commerce, SofTechnics, and pricing and revenue management solutions.

The alliance will increase services capabilities for these solutions, enable new and enhanced product innovations, and allow expansions into new markets while also leveraging other portfolio products. With this partnership, JDA gains access to the breadth of HCL's market coverage and experienced domain experts with a strong transformation record enabling both companies to enhance the product offerings with new features and functionality for new and existing customers.

Paylocity launches Integration Marketplace

Paylocity Holding Corporation, a cloud-based provider of payroll and human capital management software solutions, announced the launch of Integration Marketplace, a tool that allows clients to identify integration partners and capabilities easily and quickly. The announcement was made on July 2, 2018. Integration Marketplace connects Paylocity's clients with additional and essential business systems and partners that include benefits administration, insurance carriers, and retirement companies. The marketplace provides a superior experience to clients, whether they are using the entire proprietary product suite, or integrating with Paylocity's preferred point solutions.

Accenture and SAP team up to expedite the digital transformation of defense agencies

Accenture and SAP have announced that they will collaborate on ways for defense and security agencies to accelerate digital transformation. The offering will be based on SAP S/4HANA, an enterprise resource planning suite. Both companies are working with select defense customers to develop the solution. Their joint solution will have enhanced analytics capabilities and enable greater use of digital applications by military personnel.

This solution gives defense agencies the capabilities to operate in challenging and fast-changing geopolitical environments that require an intelligent platform with deployment agility, increased situational awareness and industry-specific capabilities. The solution will also power Internet of Things applications, which will help defense agencies adopt and connect new devices that will collect and exchange data.

Deal Activity

Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
06/14/2018	 Teleperformance Worldwide People into Excellence	 intelenet	IT/ Consulting	\$1,000
06/08/2018	 Commonwealth Informatics	 genpact	Healthcare Industry	NA
06/08/2018	 designaffairs	 accenture	IT/ Consulting	NA
06/08/2018	 Objectiva	 ALLGEIER	IT/ Consulting	NA

Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
06/14/2018	 Acumatica The Cloud ERP	 AKKR	Series C	\$25
06/14/2018	 pipedrive	 INSIGHT VENTURE PARTNERS  BESSEMER VENTURE PARTNERS	Series C	\$50

- Deal activity was largely driven by established companies such as Accenture, Genpact, and CGI Group in Q2:18.
- BPO companies continue to acquire / invest in companies focusing more on Blockchain, Artificial Intelligence, industry-specific smart connected products and platforms to enable personalized services.
- Deals that enable BPOs to strengthen their niche focus and add complementary capabilities are on the rise.

New technologies and customer relationship management are key drivers for deal activity

Despite slow growth in BPO deal activity, some of the large players such as Accenture, Genpact, CGI Group, Cognizant, and Infosys have been aggressive in strategic M&A activities in the last quarter. PE firms have been more prevalent in financing transactions.

BPOs have been more actively acquiring companies dealing in Blockchain, Artificial Intelligence, and industry-specific smart connected products and platforms. Through these acquisitions, BPOs can provide more personalized services for end consumers.

For example, Accenture has been acquiring companies belonging to various sectors that include design affairs, a strategic design consultancy; HO Communications and Meredith Xcelerated Marketing (MXM), which are










digital marketing agencies; and Certus Solutions, a Oracle Cloud implementation service provider. Traditional players such as Accenture and Genpact are continuously focusing on customer relationship management to compete with fintech players.

BPOs and PE firms have also focused on acquiring and investing in companies that have a niche focus. This allows them to add complementary capabilities to their offerings.

For example, Pipedrive, a web-based sales management tool provider raised \$50 million in a round led by Insight Venture Partners and Bessemer Venture Partners on June 14, 2018. Pipedrive intends to use the funds for acquisitions and geographic expansion.

*2018 has already seen some big-ticket M&A and financing deals in the BPO space.
Many more significant deals could be in the works.*

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
06/14/2018 Transaction Profiled	 Teleperformance Transforming Passion into Excellence		IT / Consulting	\$1,000
06/08/2018 Transaction Profiled	 Commonwealth Informatics		Healthcare Industry	NA
06/08/2018			IT / Consulting	NA
06/08/2018 Transaction Profiled	 designaffairs		IT / Consulting	NA
06/08/2018 Transaction Profiled	 Objectiva		IT / Consulting	NA
05/23/2018	HO Communication		Customer Experience	NA
05/16/2018	 FACILITÉ		IT / Consulting	NA

Source: Capital IQ, Pitchbook and Media Reports

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
05/10/2018			IT / Consulting	NA
05/02/2018			IT / Consulting	NA
04/30/2018			IT / Consulting	NA
04/30/2018			HR / Payroll	NA
04/13/2018			Customer Experience	\$75
04/04/2018	 		IT / Consulting	NA
03/29/2018			Customer Experience	NA

Source: Capital IQ, Pitchbook and Media Reports

Key M&A Deal Profiles

Teleperformance acquires Intelnet Global Services at an implied enterprise value of \$1 billion

Target Company Overview



Intelnet Global Services provides Business Process Outsourcing (BPO) solutions to companies across sectors, including banking and finance, travel, logistics, hospitality, healthcare, telecom, retail, ecommerce, and utilities. The company was founded in 2000 and is based in Mumbai, India.

Solutions Offered

Intelnet provides contact center management services; knowledge services; finance and accounting services; human resource outsourcing services, (e.g. resourcing, payroll, and workforce administration); IT and infrastructure services, including application development, and infrastructure management; and security and compliance management services.

Acquisition Details



Teleperformance entered into a definitive agreement to acquire Intelnet from The Blackstone Group for an implied enterprise value of \$1 billion on June 14, 2018. The acquisition will be fully financed through debt provided by BNP Paribas, JP Morgan and Natixis. The LTM Enterprise Value to EBITDA multiple paid was 12.0x and LTM Enterprise Value to Revenue was 2.2x.

Transaction Rationale

With this acquisition, Intelnet's strong integrated solutions and digital optimization capacities will immediately and significantly enhance Teleperformance's offering. Intelnet's footprint in India is also an opportunity for Teleperformance to strengthen its presence as part of their 2018 - 2022 strategic plan.

Genpact acquires Commonwealth Informatics for an undisclosed amount

Target Company Overview



Commonwealth Informatics provides cloud-based drug safety analytics for medical research and healthcare. This platform allows medical product developers to detect, track, and refine safety signals using evidence across data sources. The company was founded in 2010 and is based in Waltham, MA.

Solutions Offered

The Commonwealth analytics product suite includes :

- **Commonwealth Longitudinal Data Explorer (LODEX)** that helps safety reviewers act on safety signals faster and with deeper insights.
- **Commonwealth Clinical Data Analytics (CCDA)** is a web-based analytics platform designed so researchers can gain immediate direct access to multiple types of data sources with minimal setup.

Acquisition Details



Genpact Limited signed a definitive agreement to acquire Commonwealth Informatics on June 11, 2018. This transaction is not expected to be material to the current year financial performance.

Transaction Rationale

With this acquisition, Genpact intends to establish a closed-loop, Machine-Learning (ML) system across the entire pharmacovigilance information value chain. The company's ML techniques accurately extract and process adverse event data from unstructured and partially-structured source documents and enhance the process of patient safety.

Source: Capital IQ, Company Websites and Media Reports



Key M&A Deal Profiles

Accenture acquires designaffairs for an undisclosed amount

Target Company Overview



designaffairs is a strategic design consultancy that works with companies worldwide and supports them in the development of holistic product experiences and innovative user interfaces. The company was founded in 1997 and is headquartered in Munich, Germany.

Solutions Offered

designaffairs provides their clients with support on all issues including industrial design, interface design, packaging design, color & material design, as well as in design and brand strategy, and all kinds of design research and engineering.

Acquisition Details



Accenture plc entered into an agreement to acquire designaffairs GmbH on June 8, 2018. designaffairs will become part of Accenture's Industry X.0 business. Following completion of the acquisition, designaffairs Chief Executive Officer, Nico Michler will continue to lead the business. The acquisition is subject to customary closing conditions.

Transaction Rationale

Accenture intends to bolster its capabilities to design smart products and services that are ready for manufacturing – complementing its offerings around smart products, smart services, platforms, and new business models for the digital reinvention of industrial companies.

Allgeier SE acquires Objectiva Software Solutions

Target Company Overview



Objectiva Software Solutions is a software outsourcing company that provides products to help independent software vendors (ISV) and enterprise companies. Objectiva has operated as a subsidiary of EMC Document Sciences Corp. The company was founded in 2001 and is based in Solana Beach, CA.

Solutions Offered

Objectiva Software Solutions provides customized enterprise software and solutions, web-based and client-server products and applications, software for wireless and mobile platforms, content and document management applications, and real-time data systems and applications.

Acquisition Details



Allgeier entered into an agreement to acquire Objectiva Software Solutions on June 8, 2018. The consideration is divided into an amount due at closing and earn-out payments due at a later date.




















Transaction Rationale

Through this acquisition, Allgeier intends to strengthen its international software development business segment with a large footprint in China and will continue to expand its presence and network in the US market. The company also intends to offer additional services to their clients, including consulting and specialized knowledge in SAP and Microsoft platforms.

Source: Capital IQ, Company Websites and Media Reports

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Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
06/20/2018	 beamery	Customer Experience	\$28	Series B	
06/18/2018 Transaction Profiled	 Acumatica <small>The Cloud ERP</small>	IT / Consulting	\$25	Series C	
06/15/2018	 KUSTOMER	Customer Experience	\$26	Series B	
06/14/2018 Transaction Profiled	 pipedrive	Customer Experience	\$50	Series C	 
06/06/2018	 CognitionX	IT / Consulting	\$3	Angel	Brent Hoberman and Others
04/18/2018	 Triplefin <small>Removes barriers. Connects patients. Grows brands.</small>	Healthcare Industry	NA	NA	 WATER STREET
03/29/2018	 Midaxo	IT / Consulting	\$16	Series B	
03/28/2018	 SpyCloud	IT / Consulting	\$5	Series A	 
03/26/2018	 WIZELINE	IT / Consulting	\$43	Series A	

Source: Capital IQ, Pitchbook and Media Reports

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Key Financing Deal Profiles

Acumatica receives \$25 million in Series C financing

Target Company Overview



Acumatica provides an enterprise resource planning (ERP) solution that is built on an adaptable cloud and mobile technology to give users a complete, real time view of their business anytime and from anywhere. The company was founded in 2006 and is headquartered in Kirkland, WA.

Financing Details



Acumatica announced that it has received \$25 million in Series C financing led by new investor Accel-KKR on June 18, 2018. The transaction also included participation from undisclosed existing investors.

Product Description

Acumatica's suite of fully integrated business management applications such as financials, distribution, customer relationship management (CRM) and project accounting, are powered by a robust and flexible platform.

Use of Funds

Acumatica intends to use the funds to accelerate its rapid growth in the cloud enterprise resource planning market and extend its lead in artificial intelligence, machine learning and cloud / SaaS technologies for business management and financial applications.

Pipedrive receives \$50 million in Series C financing

Target Company Overview



Pipedrive Inc developed a web-based sales management tool that delivers visibility and control over a sales pipeline and guides users to complete meaningful activities daily to push deals to close. Pipedrive's platform are used by 75,000 customers in 170 countries, and across 100+ industries to manage their sales process. The company was founded in 2010 and is based in New York, NY.

Financing Details



Pipedrive announced that it has received \$50 million in Series C financing led by a new investor Insight Venture Partners and existing investor Bessemer Venture Partners on June 14, 2018. The transaction also included participation from other existing investors like Rembrandt Venture Partners and Atomico Investment Holdings Limited.

Services Offered

Pipedrive's tool is used for pipeline management; email integration; activity remainder emails, mobile notifications, and alerts; sales reporting; sales forecasting; Google apps integration; product catalog creation; and application program interface (API), integrations, customization, web forms, and reliability and safety.

Use of Funds

Through the financing deal, Pipedrive plans to further expand its research & development efforts, accelerate the customer base across its global footprint, and explore strategic acquisitions in the customer relationship management space.

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 CERIDIAN	04/26/2018	\$462	\$22.00	\$33.18	51%
	05/24/2017	\$75	\$12.00	\$36.16	201%
 CONDUENT	12/29/2016	\$386	\$14.85	\$18.17	22%
 BLACKLINE	10/27/2016	\$146	\$17.00	\$40.38	138%
 coupa	10/05/2016	\$133	\$18.00	\$62.24	246%
	07/14/2016	\$185	\$10.61	\$24.42	130%
 BLACK KNIGHT [®] FINANCIAL SERVICES	05/19/2015	\$441	\$24.50	\$53.55	119%
 HealthEquity [®]	07/30/2014	\$127	\$14.00	\$75.10	436%
 Five9 [™]	04/03/2014	\$70	\$7.00	\$34.57	394%
 TriNet	03/26/2014	\$240	\$16.00	\$55.94	250%
 castlight [®] HEALTH	03/13/2014	\$178	\$16.00	\$4.25	(73%)
 BENEFITFOCUS [®]	09/17/2013	\$131	\$26.50	\$33.60	27%
 evertec [®]	04/11/2013	\$505	\$20.00	\$21.85	9%

Source: Capital IQ and Pitchbook, Market data as of June 29, 2018

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Select Wall Street Research Updates and Commentary



Update from HSBC, May 2018

The consolidation of **SIX Payment leads us to increase our revenue estimates by 4% and operating profit by 6%**. Post-acquisition, ATOS will keep 51% of the share capital of Worldline (with SIX taking 27%, and free float decreasing from 30% to 22%) vs 70% before.

This implies higher minority interests that we now estimate at EUR100-110m in 2019-20e (vs EUR40m in 2019 and EUR20m in 2020e before). All in all, the consolidation of SIX Payment through Worldline is marginally accretive to our EPS estimates (+0.6% in 2019e and +0.3% in 2020e).



Update from Investec, May 2018

FY18 was driven by strong execution across both DXC / HP and Direct Core (direct access to clients vs through DXC / HP). The **company now has its account managers and delivery managers onsite thereby reducing the friction with offshore**. This allows for better client mining and better CSAT (customer satisfaction scores).

Overall we believe revenue headwinds are optically lower in FY19E and strong execution can sustain current revenue momentum.



Update from SunTrust Robinson Humphrey, May 2018

We think the market is undervaluing shares of MDRX. In our view, **management is executing on MDRX's multi-year turnaround and augmenting growth via tuck-in acquisitions**. We continue to see low to mid-single digit organic growth driven by up-selling/cross-selling and high retention. In our view, the positives in this story are not being reflected in the share price, making us Buy rated.



Update from J P Morgan, April 2018

We like ACN for diversification in terms of its regional, vertical, and services revenue mix. The **company has around 70% of its head count in low-cost locations, among the highest in legacy IT services firms**.

The company wins much of its business on a sole-sourced basis, indicating the strength of its "C-Suite" relationships. The company, through its consulting practice, has a significant body of knowledge of clients' domains and processes, which helps it stay closer to clients. ACN has ~150 clients contributing more than \$100M in annual revenue.

Update from HSBC, April 2018

In the space of just five years, the **telecoms/internet vertical has fallen from 47% of total group revenues to 21% as the company has diversified into new dynamic segments**. **Teleperformance has gained market share** in its core customer services business thanks to its worldwide footprint and standardized processes able to attract big international corporates.

At the same time, the group has found new growth drivers in Specialized Services. Although our organic growth assumptions are unchanged, the integration of more FX headwinds leads us to cut EPS by 1-2% in 2018-20e. For 2017-20, we expect organic revenue CAGR and EPS of 6% and 10%, respectively.



Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

1 Payments:

ADS, FLT, ENXTPA:EDEN, WEX, FIS, FISV, JKHY, ACIW, EPAY, V, MA, AXP, PYPL, SHOP, ENXTAM:GTO, DBD, CATM, MB, EVRI, PMTS, BOVESPA:CIEL3, FDC, GPN, TSS, VNTV, SQ, LSE:WPG, XTRA:WDI, ENXTPA:WLN, DLX, LSE:PAYS, TSE:3769, QIWI, EVTC, LSE:PAY, UEPS, NEWT, JTPY, ENXTPA:ING, NCR, SZSE:002152, PAY, SEHK:327, AIM:SCH, PAR, WU, EEFT, HAWK, GDOT, MGI, ASX:OFX, PLPM

2 Bank Technology Solutions:

FIS, FISV, JKHY, SWX:TEMN, BSE:532466, TSE:6457, QTWO, SGX:5CP, EPAY, OTCPK:CSVI, BSE:538835, SWX:CLXN, AIM:MONI, LSE:EXPN, EFX, TRU, OM:IJ, FICO, FNF, ZG, CSGP, ELLI, CLGX, BKFS, LSE:ZPG, STC, TSX:REAL, ASPS, REIS, ENXTAM:WKL, PEGA, DNB, ENXTPA:SOP, WSE:ACP, MITK, AIM:SQS, NTWK, INTC, IBM, AXP, PYPL, FDC

3 Specialty Finance / Alternative Lending:

NAVI, NNI, PRAA, ECPG, PRGX, PFMT, ASFI, CIT, CACC, NEWS, MRLN, TSX:CHW, ASX:ZML, CPSS, COF, SYF, DFS, SLM, LSE:PFG, SC, OMF, FCFS, AAN, LSE:TCS, SGBK, WRDL, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCII, ASX:FXL, CAI, FLY, NSM, CASH, PHH, PFSI, OCN, WAC, LC, TREE, YRD, DB:FRU, ENVA, XRF, ELVT, ONDK, DB:MBC

4 Securities:

BGCP, LSE:NXG, LSE:IGG, IBKR, ENXTAM:FLOW, KCG, VIRT, ITG, ENXTPA:VIL, INTL, SWX:CFT, BMV:FINAMEX O, WFC, BAC, C, LSE:HSBA, ASX:CBA, TSX:RY, TSX:TD, ENXTPA:BNP, USB, AXP, LSE:LLOY, PNC, ASX:NAB, TSX:BMO, LSE:BARC, SEHK:11, LSE:RBS, SGX:D05, TSX:CM, NSEI:ICICIBANK, MTB, BIT:MB, UMBF, LSE:CBG, FII, NSEI:IIFL, XTRA:COM, CME, ICE, SEHK:388, XTRA:DB1, LSE:LSE, BOVESPA:BVMF3, NDAQ, CBOE, ASX:ASX, SGX:S68, ENXTPA:ENX, BME:BME, TSX:X, SPGI, TSX:TRI, MCO, INFO, MSCI, FDS, ENXTPA:FIM, MORN, NSEI:CRISIL, VALU, JPM, GS, MS, SWX:UBSG, DB:DBK, SWX:CSGN, ASX:MQG, TSE:8604, RJF, LAZ, SF, PJC, GHL, COWN, AMEX:LTS, AIM:NUM, JMP, BLK, BK, BEN, NTRS, AMP, TROW, IVZ, LSE:HL, LSE:INVP, JHG, AB, CNS, WDR, APAM, WETF, VRTS, SCHW, AMTD, ETFC, MKTX, TSE:8628, AIM:PLUS, TSE:8698, YIN, LSE:CMCX, SWX:SQN, GCAP, GLBR, STT, BR, SEIC, ASX:CPU, DST, LPLA, LSE:TCAP, FNGN, ENV, LSE:SNN, ASX:BVS, ENXTAM:KA, SSNC, CPSE:SIM, LSE:ALFA, ASX:IRE, LSE:FDSA, AIM:FDP, ENXTPA:LIN, AIM:SOG

5 Insurance:

LSE:REL, VRSK, DNB, ACXM, MMC, AON, WLTW, AJG, BRO, LSE:JLT, MET, PRU, CI, TSX:MFC, AFL, LSE:AV, TSX:GWO, TSX:SLF, LSE:LGEN, PFG, LNC, SWX:SLHN, LSE:SL, ENXTAM:AGN, TMK, PRI, ANAT, LSE:HSD, DB:ALV, ENXTPA:CS, AIG, SWX:ZURN, ALL, AFG, GNW, LSE:MONY, RATE, EHTH, ASX:ISU, QNST, CB, TRV, PGR, HIG, CINF, LSE:RSA, THG, MCY, SIGI, EIG, STFC, MKL, WRB, AIZ, AWH, PRA, AFSI, RLI, AGII, OB, NAVG, AMSF, GBLL, GWRE, EBIX, SPNS, CRD.B, AMEX:MJCO, TSXV:SY, PN, FNF, ORI, FAF, STC

6 BPO:

ENXTPA:RCF, CVG, TTEC, SYKE, SRT, ESRX, ATHN, HQY, BOVESPA:QUAL3, MDRX, HMSY, QSII, CSLT, CPSI, RCM, ADP, PAYX, ULTI, WAGE, TNET, CSOD, NSP, BNFT, ACN, NSEI:TCS, CTSH, NSEI:INFY, DXC, BSE:507685, NSEI:HCLTECH, ENXTPA:CAP, ENXTPA:ATO, DOX, OTEX, NSEI:TECHM, CACI, EXLS, WNS, CALD, SYNT, BSE:532819, NSEI:HEXAWARE, VRTU, UIS, VDSI, LSE:MCGN, BIT:BET, TSX:GIB.A, LSE:CPI, G, BSE:526299, CSGS, BSE:532809, AIM:IBPO, PRGX

7 Financial Management Solutions:

INTU, LSE:SGE, BL, COUP, ASX:RKN, TYL, PEGA, ASX:TNE, QADA, AMSW.A, LSE:MCGN, NSEI:RAMCOSYS, ADP, PAYX, WDAY, ULTI, HRB, PAYC, WAGE, PCTY, CSOD, NSP, LSE:HRG

8 Analytics / IoT:

ORCL, DB:SAP, CRM, VMW, LSE:EXPN, OTEX, SPLK, DATA, FICO, XTRA:SOW, RP, NEWR, MSTR, CLDR, AYW, HDP, VERI, DWCH, GOOGL, MSFT, AMZN, KOSE:A005930, T, CMCS.A, VZ, QCOM, TMUS, HLSE:NOKIA, S, GRMN, LOGM, SLAB, IDCC, AMBA, GLOB, FIT, CTRL, GE, INTC, CSCO, DB:SIE, HON, TXN, TSE:6501, HPE, SWKS, RHT, ARW, PTC, ZBRA, CY, IRDM, TSX:SW, ORBC, CAMP, IBM, LSE:REL, EFX, NLSN, VRSK, IT, TRU, DNB, TDC, CLGX, VRNT, ACXM, FORR, TSX:AIM, MATR

9 Healthcare Tech:

INOV, OMCL, VCRA, TRHC, STRM, CERN, DB:COP, MDRX, EVH, QSII, HSTM, AIM:EMIS, CPSI, COTV, HMSY, ATHN, AIM:CRW, RCM, SREV, UNH, AET, ANTM, HUM, CNC, WCG, NUAN, MMS, MOH, MGLN, GTS, HIIQ



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