

APRIL 2018 Industry snapshot

# BUSINESS PROCESS OUTSOURCING

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**BRIAN O'HARE**  
SECTOR HEAD

## HIGHLIGHTS

Business process outsourcing, including customer relationship management, knowledge process outsourcing, financial & accounting, HR services, and procurement, has evolved over time to encompass almost all aspects of business operations, and is now at the crossroads between technology and services.

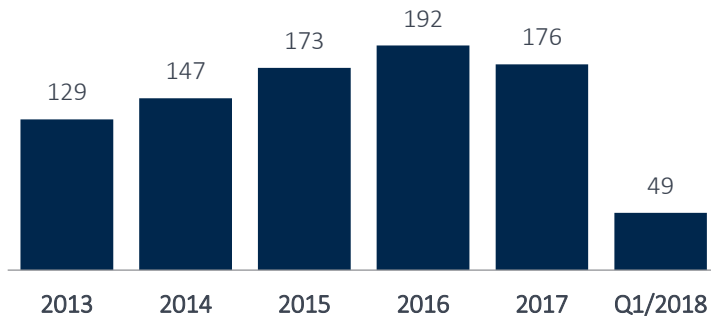
Outsourcing providers benefit from cost-cutting in private and public sectors, from labyrinthine regulations, and from complex and evolving relationships between the workforce and its employers. Most midsized companies do not have the capacity to adjust rapidly to trends and for them outsourcing human capital functions is an attractive option. BPO companies are offering ever more services and, like all industries nowadays, must make new technologies the motor behind most strategic decisions. E-payment and automation are two attractive and hot segments on the radar. Robotics and digital transformation are especially applicable as customer service transitions to self service

prioritizing web over voice. Software-as-a-service platforms even allow small companies to take care of their own HR and backoffice solutions.

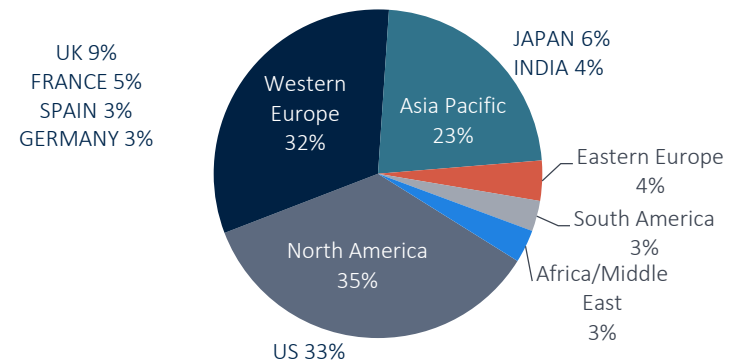
Large and well-known players in BPO are dispersed geographically. In recent years they are facing competition from small agile players, especially technology-based. Acquisitions are crucial to fill geographical or technology gaps. We are seeing the most M&A activity in customer relationship management and financial & accounting, which are considered more mission critical and where the margins are higher than staffing.

M&A-based growth enables acquirors to enter new geographic markets through the acquisition of stable and generally long-term client portfolios, to whom new services, often technology-based, can be readily deployed.

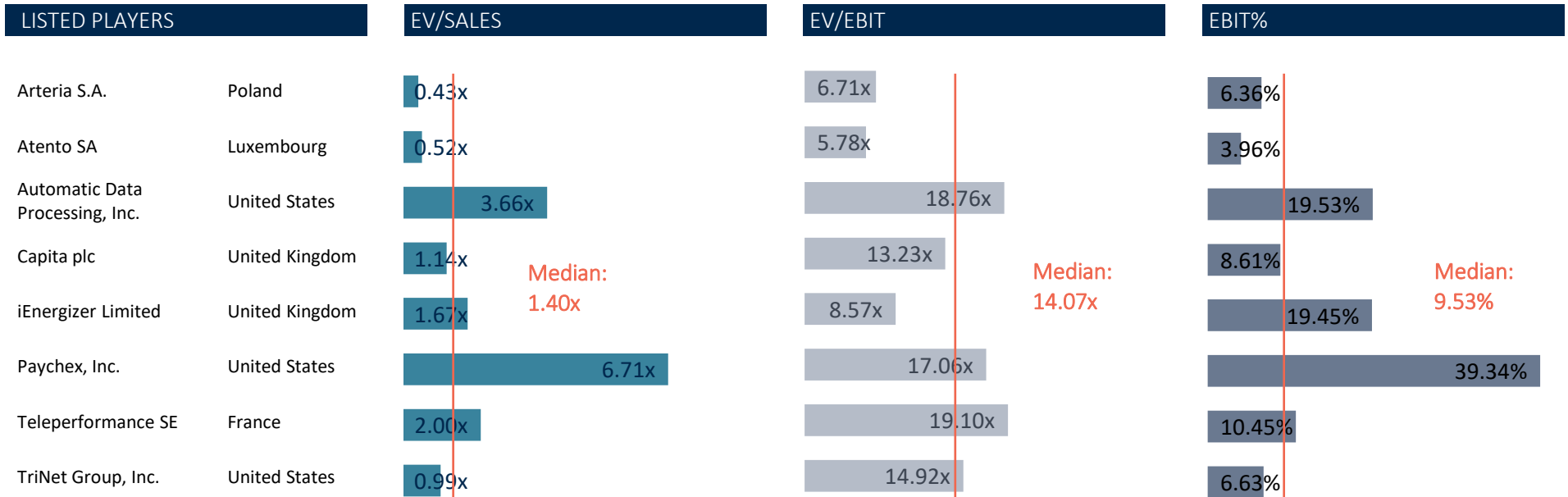
BPO DEALS WORLDWIDE BY YEAR



BPO DEAL VOLUME PERCENTAGES BY TARGET REGION



Source: FactSet



### KEY CONSOLIDATORS

## CAPITA

- Headquartered in the UK.
- Approximately GBP 4.2 billion in revenues.
- About 90% of revenues stems from the UK.
- Segments: Digital & Software Solutions, Integrated Services, Local Government, Property & Health, Workplace Service, IT Enterprise Services, Asset Services, Customer Management, Capita Europe, and Insurance & Benefits Services
- Involved in 246 deals.
- Average deal size is USD 51 million.



- Headquartered in the US.
- Approximately USD 13 billion in revenues.
- About 85% of revenues stems from the US.
- Segments: Employer Services; and Professional Employer Organization Services; and Other
- Involved in 136 deals.
- Average deal size is USD 350 million.



## RECENT NOTABLE BPO TRANSACTIONS

# CAPITA

ACQUIRED



TARGET NATION: UK  
TARGET REVENUES: USD .85M  
DEAL SIZE: SMALLCAP

Capita acquired Call Vision, a voice and data specialist serving emergency services and critical responders.

The acquisition provides Capita with telephony products for the emergency services and contact management marketplace and the capability to deploy Cisco telephony for emergency call taking in the UK and overseas markets.

The two companies were already working closely together, with Call Vision Technologies' software integrated into Capita's products in the police, fire and ambulance markets.



ACQUIRED



TARGET NATION: US  
TARGET REVENUES: USD 40M  
DEAL SIZE: USD 125M

Automatic Data Processing Inc acquired venture-firm-backed WorkMarket Inc.

WorkMarket provides SaaS solutions for managing and payment of freelance and independent contractor workforce.

The acquisition expands ADP's payroll and human capital management portfolio and makes it the first human capital management provider with robust freelancer management functionality and reporting insights across all workers, a market that is currently a very hot segment.



ACQUIRED



TARGET NATION: INDIA  
TARGET REVENUES: USD 388M  
DEAL SIZE: USD 217 M

StarTek Inc acquired Capital Square Partners portfolio company Aegis Ltd, a customer experience management provider, in an all-stock deal. The combined company will have over 50,000 employees and operations in 12 countries across five continents.

As the two companies have limited overlapping infrastructure and clients, the acquisition will enhance results and profitability by reducing client concentration. It expands footprint in the US and the Philippines. The combined company will also be able to significantly leverage automation, artificial Intelligence, and other technology-led innovations.



ACQUIRED



Global Cash Card

TARGET NATION: US  
TARGET REVENUES: USD 100M  
DEAL SIZE: USD 490M

ADP acquired Global Cash Card Inc from World Processing Ltd.

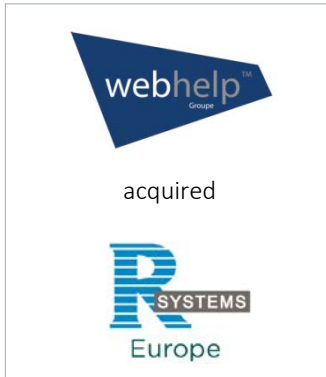
Global Cash Card provides pay cards and electronic payment accounts that permit employers to pay their employees with cards instead of paychecks or deposits. It is a growing market that allows freelancers to consolidate their income and expenses in a single account.

The acquisition makes ADP the only human capital management provider with proprietary digital payments processing technology. Clearly ADP's recent acquisitions are showing its investment in new technologies.



## REPRESENTATIVE TRANSACTIONS ADVISED BY CLAIRFIELD INTERNATIONAL

### France/Netherlands



acquired

The Webhelp Group, a major operator of contact centres in continental Europe and Africa, acquired R Systems Europe from R Systems International a software & information technology services company and BPO services provider headquartered in India. R Systems Europe provides knowledge intensive technical support, innovative support in logistics processes and CRM solutions. The company is headquartered in Enschede and provides customer contact solutions in more than eighteen languages to international customers.

CONTACT CENTRES

### Netherlands

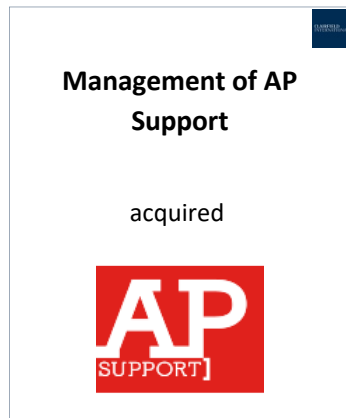


sold its human resources division to

Allshare HR Solutions, the HR division of the software company Allshare, was sold to ADP Nederland BV, the Dutch subsidiary of HR and Payroll services provider ADP. Allshare is an innovative software company that focuses on delivering IT Solutions to banks and personnel departments of large organizations. ADP is one of the world's largest providers of outsourcing solutions worldwide and has revenues of \$9 billion and about 570,000 clients. The company offers a wide range of HR, payroll, tax and benefits administration solutions.

HR SOLUTIONS

### Netherlands

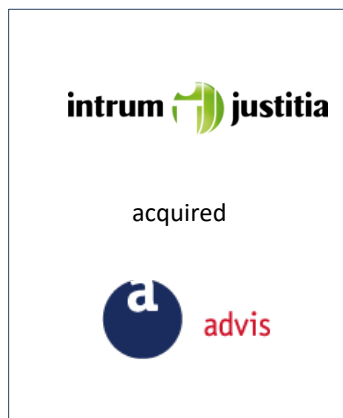


Management of AP Support

acquired

SERVICES

### Sweden/Denmark



intrum justitia

acquired

DEBT COLLECTION

### Brazil/US



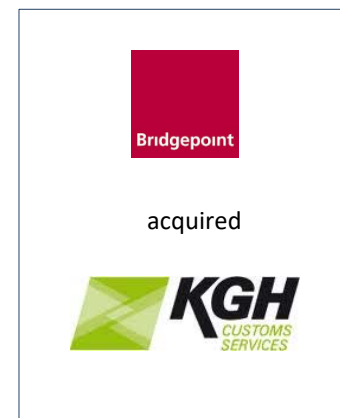
PACTO

was sold to

Manheim

VEHICLE REMARKETING

### UK/Sweden



Bridgepoint

acquired

KGH

BUSINESS SERVICES

### Brazil/Chile



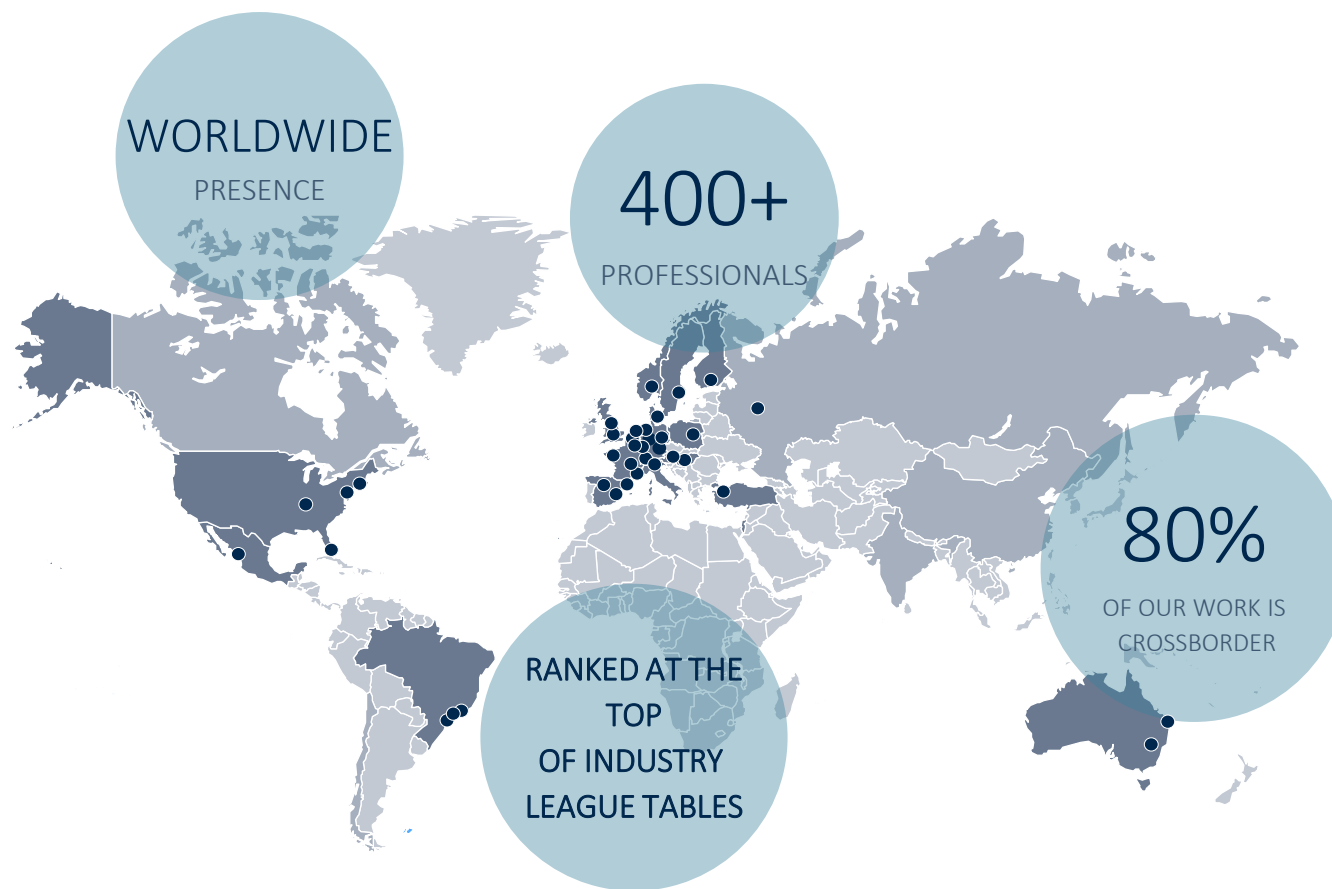
CTIS

was sold to

SONDA

INFORMATION TECHNOLOGY

# CLAIRFIELD – A GLOBAL PARTNERSHIP OF M&A SPECIALISTS



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