



Executive Summary

Key Takeaways

Key Trends

- Artificial Intelligence (AI): Organizations are increasingly integrating AI into their core operations. The global AI software and tools market reached \$127.1 billion in 2024 and is projected to grow at a compound annual growth rate (CAGR) of 28.2%, reaching \$439.9 billion by 2029.
- Integration of Blockchain Technology: Blockchain technology is rapidly gaining momentum beyond its roots in cryptocurrency, with growing adoption across the business services sector. Its decentralized ledger system provides enhanced security, transparency, and traceability—key advantages that make it an increasingly valuable tool business operations.

Market Overview

- Public markets showing that the business services industry is **underperforming** relative to the public equities market.
- M&A activity in the Business Services space **took** a **dip** in Q1 2025, recording the lowest transaction count in the past two (2) years.
- The macroeconomic environment remains uncertain with turbulence in financial markets and global supply chains.

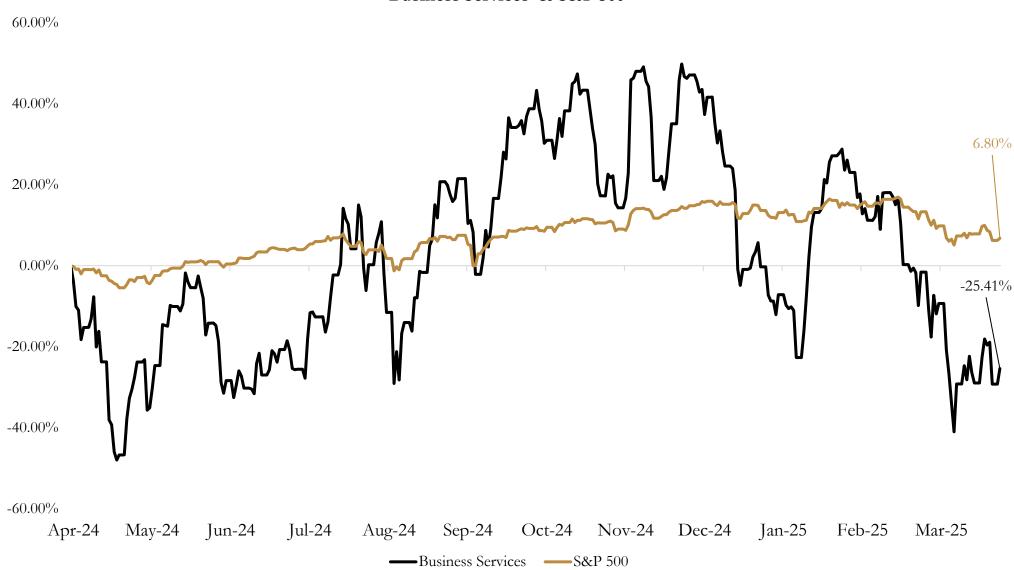
External Drivers

- Stronger business confidence drives **higher spending** on external services, while lower confidence leads companies to **scale back** and prioritize cost control.
- Macroeconomic factors like GDP growth, inflation, and interest rates directly influence corporate spending on outsourced services such as consulting, marketing, IT, and HR.

Sources: The Futurum Group, IBM

Public Market Performance Sector ETF vs. S&P 500





Source: Capital IQ ¹Due to the lack of a formal Business Services ETF, Houlihan compiled the sector using companies covered in this report.

Public Market Performance Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

	_		Fir	nancial Metrics			Vaulation Metrics			
Company Name	Ticker	Price at 03/31/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Computer Programming, Data Processin	ng, and Other	r Computer Relate	ed Services							
Microsoft Corporation	MSFT	\$375.39	80.2%	\$3,389,147	\$270,010	\$149,173	4.9%	34.7%	7.5x	21.5x
Apple Inc.	AAPL	\$222.13	85.4%	\$2,983,645	\$400,366	\$138,866	14.1%	55.2%	12.6x	22.7x
Alphabet Inc.	GOOG	\$156.23	74.9%	\$1,986,792	\$359,713	\$135,705	13.1%	37.7%	5.5x	14.6x
Oracle Corporation	ORCL	\$139.81	70.5%	\$532,654	\$55,783	\$22,916	6.2%	41.1%	9.5x	23.2x
International Business Machines	IBM	\$248.66	93.3%	\$286,676	\$62,832	\$13,950	1.2%	22.2%	4.6x	20.6x
Intuit Inc.	INTU	\$613.99	85.9%	\$188,938	\$17,167	\$4,714	13.7%	27.5%	11.0x	40.1x
Adobe Inc.	ADBE	\$383.53	65.3%	\$175,587	\$22,037	\$8,665	9.5%	35.3%	7.2x	20.4x
Booking Holdings Inc.	BKNG	\$4,606.91	86.3%	\$173,035	\$24,086	\$8,500	10.5%	39.3%	8.0x	20.3x
Automatic Data Processing, Inc.	ADP	\$305.53	94.6%	\$132,649	\$20,203	\$5,949	6.6%	44.3%	5.7x	12.9x
Fiserv, Inc.	FI	\$220.83	92.6%	\$117,815	\$20,703	\$9,162	6.8%	29.4%	6.6x	22.3x
Fidelity National Information Services, Inc.	FIS	\$74.68	81.2%	\$52,882	\$10,191	\$2,701	2.9%	26.5%	5.2x	19.6x
Cognizant Technology Solutions Corp.	CTSH	\$76.50	84.2%	\$38,617	\$20,091	\$3,595	4.1%	17.9%	1.9x	10.7x
eBay Inc.	EBAY	\$67.73	94.6%	\$35,371	\$10,312	\$2,516	1.5%	24.4%	3.4x	14.1x
Carrefour SA	CA	\$14.29	78.1%	\$29,358	\$90,133	\$3,743	2.8%	4.2%	0.3x	7.8x
Tripadvisor, Inc.	TRIP	\$14.17	49.5%	\$1,704	\$1,838	\$147	1.4%	8.0%	0.9x	11.6x

Source: Capital IQ

Public Market Performance Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

% of 52 LTM LTM Revenue EBITDA TEV / LTM TE Week High Revenue EBITDA Growth Margin Revenue	TEV		Price at 03/31/25	Ticker	Company Name
					Advertising
77.5% \$18,942 \$15,749 \$2,528 5.8% 16.0% 1.2x	\$18,942	77.5%	\$82.91	OMC	Omnicom Group Inc.
81.3% \$15,670 \$2,212 \$994 -2.3% 18.4% 1.2x	\$15,670	81.3%	\$113.78	LAMR	Lamar Advertising Company
82.2% \$11,101 \$9,188 \$1,693 4.6% 44.9% 7.1x	\$11,101	82.2%	\$27.16	c. IPG	The Interpublic Group of Companies, Inc.
59.0% \$7,394 \$1,505 \$505 5.0% 33.6% 4.9x	\$7,394	59.0%	\$1.11	CCO	Clear Channel Outdoor Holdings, Inc.
93.2% \$159,976 \$14,208 \$6,967 13.7% 49.0% 1.2x	\$159,976		g, and Adjustment and	le Reporting, SPGI	Consumer Credit Reporting, Mercantile S&P Global Inc.
87.5% \$81,531 \$7,088 \$3,232 19.8% 45.6% 1.2x	\$81,531	87.5%	\$465.69	MCO	Moody's Corporation
78.7% \$32,732 \$5,681 \$1,757 7.9% 30.9% 7.1x	\$32,732	78.7%	\$243.56	EFX	Equifax Inc.
87.5% \$81,531 \$7,088 \$3,232 19.8% 45.6%	\$81,531	87.5%	\$465.69	MCO	Moody's Corporation

Financial Metrics

Rollins, Inc.	ROL	\$54.03	99.6%	\$27,779	\$3,389	\$771	10.3%	22.8%	8.2x	36.0x
ABM Industries Incorporated	ABM	\$47.36	79.2%	\$4,462	\$8,405	\$417	2.8%	5.0%	0.5x	10.7x
Healthcare Services Group, Inc.	HCSG	\$10.08	77.6%	\$609	\$1,716	\$52	2.7%	3.0%	0.4x	11.7x

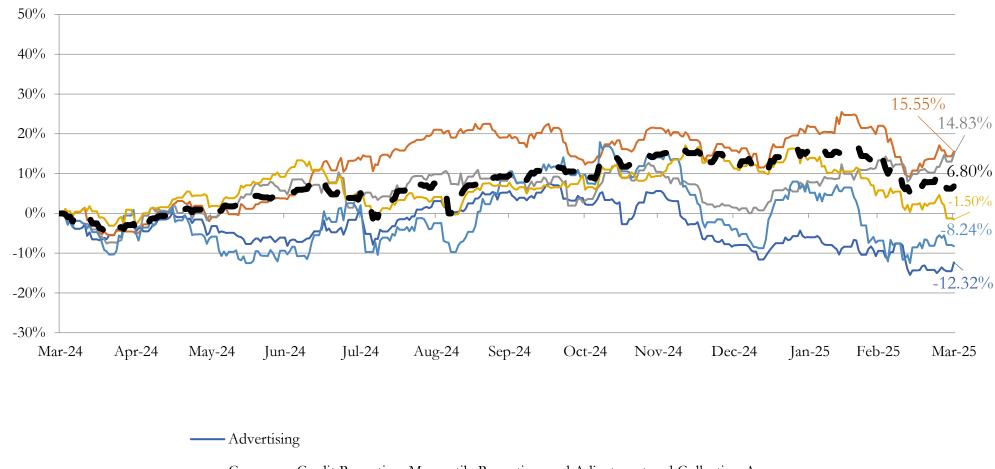
Source: Capital IQ

Vaulation Metrics

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Public Market Performance

Sub-Industry Performance vs. S&P 500

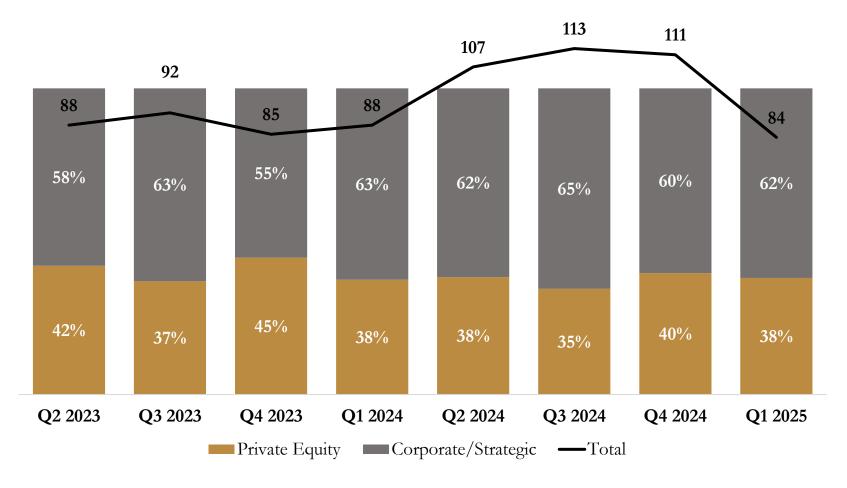


- —— Consumer Credit Reporting, Mercantile Reporting, and Adjustment and Collection Agency
- ——Services to Dwellings and Other Buildings
- ——Miscellaneous Equipment Rental and Leasing
- ----- Computer Programming, Data Processing, and Other Computer Related Services
- S&P 500

Source: Capital IQ

M&A TrendsQuarterly M&A Volume (Strategic vs. Private Equity)

Deal volume within the Business Services industry remained steady through 2023 and early 2024 before tapering off over the past two quarters, partially due to ongoing regulatory uncertainty. Q1 2025 saw a further decline in activity, driven by uncertainty surrounding interest rates, evolving tariff policies, and heightened geopolitical tensions. Corporate/strategic acquirers continuing to account for the majority of transactions within the space.



Source: PitchBook

M&A TrendsRecent M&A Transactions

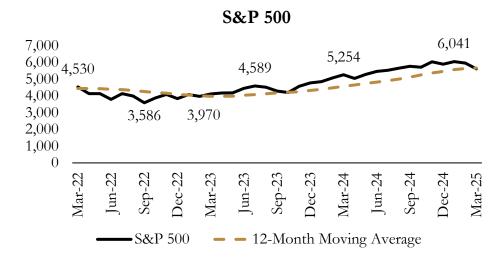
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Mar-25	Altair Engineering Inc.	Siemens Product Lifecycle Management Software Inc.	\$10,188
Jan-25	Smartsheet Inc.	Vista Equity Partners Management, LLC; Blackstone Management Partners	\$7,703
Feb-25	HashiCorp, Inc.	International Business Machines Corporation	\$6,385
Nov-24	Envestnet, Inc.	Franklin Resources, Inc.; BlackRock, Inc.; State Street Global Advisors, Inc.;	\$4,286
Dec-24	Recorded Future, Inc.	Mastercard Incorporated	\$2,650
Feb-25	Matterport, Inc.	CoStar Group, Inc.	\$1,705
Feb-25	Zuora, Inc.	Silver Lake Technology Management, L.L.C.; GIC Special Investments Pte.	\$1,195
Feb-25	Bridge Ventures, Inc.	Stripe, Inc.	\$1,100
Feb-25	SecureWorks Corp.	Sophos, Inc.	\$825
Jan-25	EvolutionIQ Inc.	CCC Intelligent Solutions Inc.	\$730
Dec-24	MG LLC	GTCR LLC; Recognize Partners LP	\$632
Jan-25	cPaperless, LLC	Thomson Reuters Corporation	\$600
Feb-25	Vistar Media, Inc.	T-Mobile US, Inc.	\$579
Dec-24	Global Experience Specialists, Inc.	Truelink Capital Management, LLC	\$535
Feb-25	Innovid Corp.	Flashtalking, Inc.	\$501
Jan-25	Bridge It, Inc.	Upbound Group, Inc.	\$485
Nov-24	Dazz, Inc.	Wiz, Inc.	\$450
Mar-25	Fin Technologies, Inc.	Alkami Technology, Inc.	\$373
Feb-25	Sertifi, Inc.	Flywire Corporation	\$340
Jan-25	mParticle, Inc.	Rokt Inc.	\$300
Nov-24	Adlumin, Inc.	N-Able Technologies, Inc.	\$266
Feb-25	SafeBase, Inc.	Drata Inc.	\$250
Jan-25	My Favorite Things, Inc.	Clout.io Holdings, inc.	\$250
Feb-25	Liquidity Book, LLC	FactSet Research Systems Inc.	\$244
Feb-25	RapidDeploy, Inc.	Motorola Solutions, Inc.	\$241
Mar-25	Stronghold Digital Mining, Inc.	Backbone Mining Solutions LLC	\$215
Dec-24	Assets, Including High-Performance Computing Software and Acoustic	WiSA Technologies, Inc. (nka:Datavault AI Inc.)	\$210
Dec-24	SimpleBet, Inc.	DraftKings Inc.	\$209

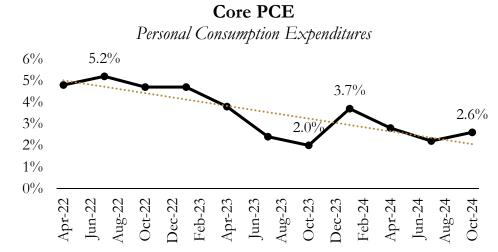
Source: Capital IQ

Macroeconomic Environment

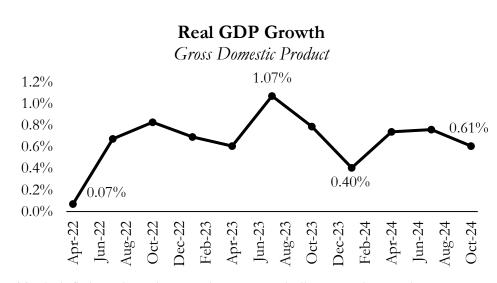
Macroeconomic Indicators



A leading equity index tracking the performance of 500 large U.S. companies.



A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.



Federal Funds Rate

Tracks inflation-adjusted economic output, typically reported quarterly.

6%

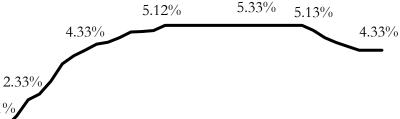
5%

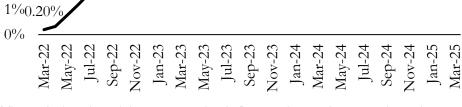
4%

3%

2%

1.21%





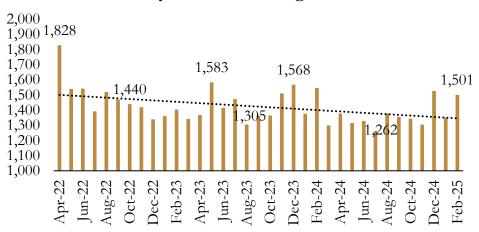
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data, Institute for Supply Management

Macroeconomic Environment

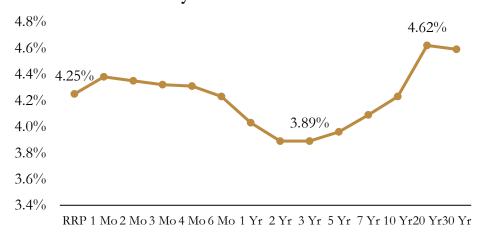
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



Measures the number of new residential construction projects begun each month.

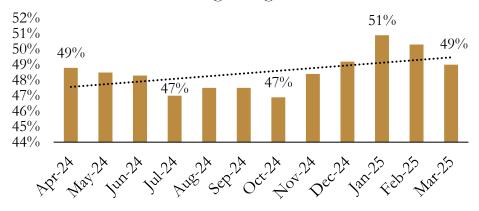
Treasury Par Yield Curve Rates



Displays yields across Treasury maturities, reflecting market expectations for future interest rates.

Manufacturing PMI

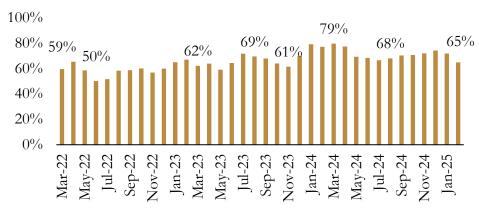
Purchasing Manager's Index



A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Consumer Sentiment

From the University of Michigan



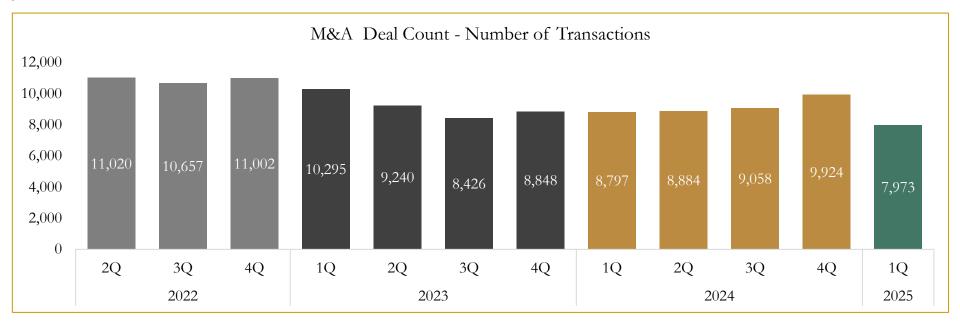
Measures consumer confidence in the economy based on monthly survey data.

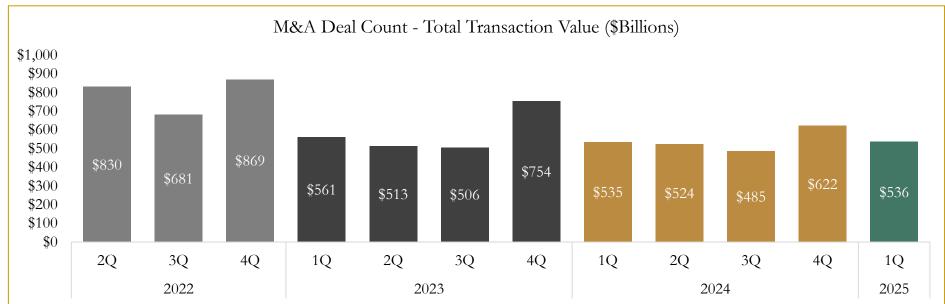
Source: St. Louis Fed – FRED Economic Data ¹Figures in Thousands

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Macroeconomic Environment

Total M&A Volume (Past Three (3) Years)





Source: Capital IQ; Data derived from M&A activity over the past three years.

Houlihan Capital

About Us

Company Overview

- Founded in 1996, Houlihan Capital is an employeeowned valuation and investment banking firm.
- As a member of FINRA and SIPC, our team of 40+ professionals are committed to the highest levels of quality and professionalism.

Divisions & Core Offerings

- Valuation & Financial Advisory Portfolio Valuations for Funds, with an industry specialization in cryptocurrency.
- Investment Banking M&A Advisory for Founders and Family-Owned businesses in the lower middle market.

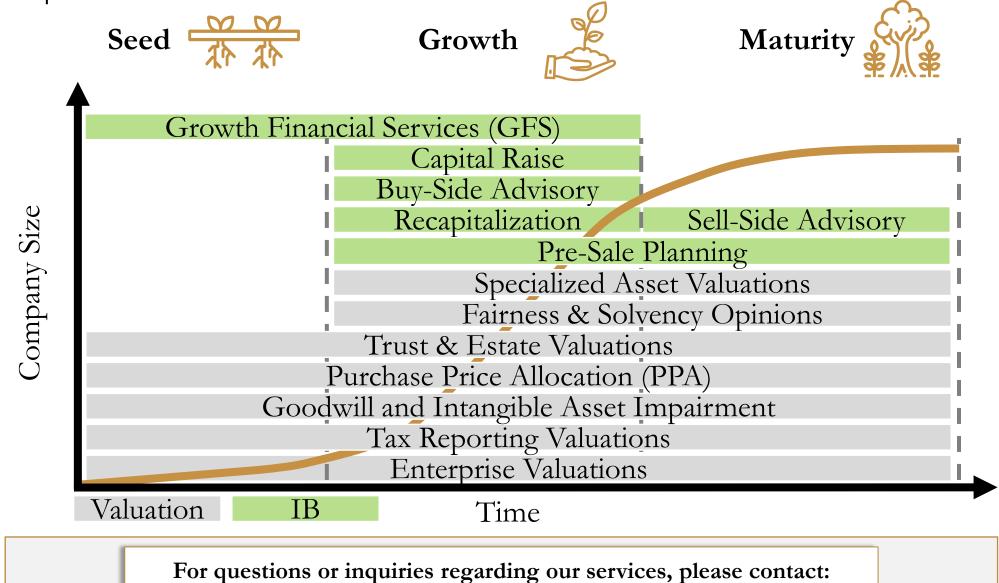
Houlihan Capital Locations



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