



Executive Summary

Key Takeaways

Key Trends

- Artificial Intelligence (AI) Process Automation Driving Efficiency Gains: Business services firms are adopting AI to automate back-office functions such as payroll, accounting, and support, which is boosting margins and enabling new service models. In Q2, mid-market providers leveraged AI not just for cost savings, but also to improve analytics, SLA performance, and client retention.
- Outsourcing Demand Shifts Toward Specialized: Clients are shifting from cost-based outsourcing to specialized, tech-enabled services such as HR tech, finance-as-a-service, and compliance support. Demand is rising, particularly among mid-market and PE-backed firms, favoring providers with vertical expertise and scalable platforms.

Market Overview

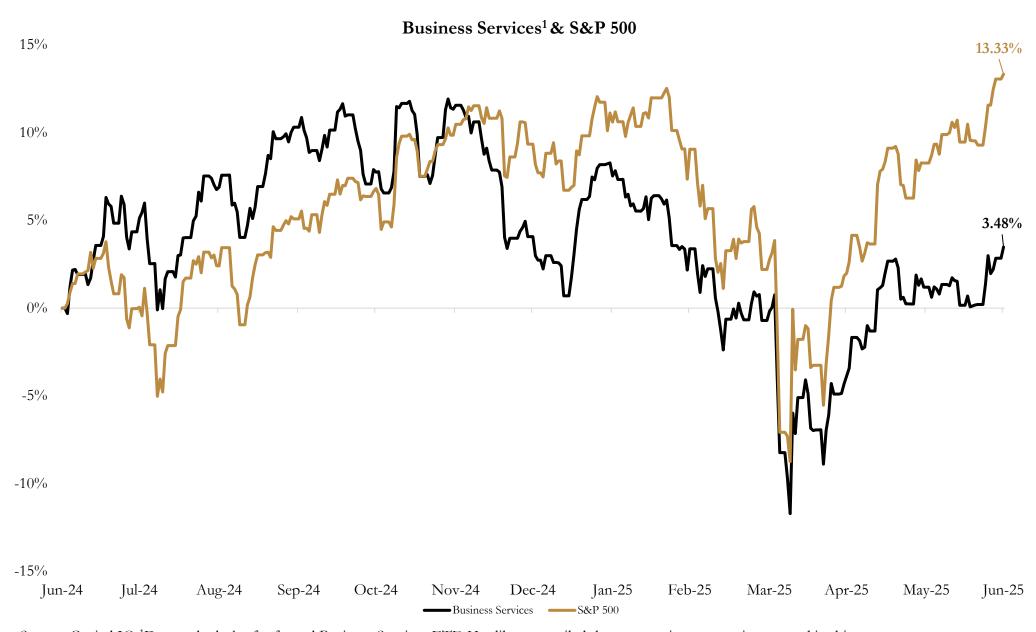
- Public markets showing that the business services industry is **underperforming** relative to the public equities market.
- M&A activity in the Business Services space took
 a dip in Q2 2025, recording the lowest
 transaction count in the past two (2) years.
- The macroeconomic environment remains uncertain with turbulence in financial markets and geopolitics.

External Drivers

- Business confidence held steady in Q2, supported by **moderate GDP growth** and easing inflation.
- High interest rates continue to pressure investments; firms are increasing spend on outsourced services to remain agile and manage costs.
- Demand remains strong for IT, HR, and compliance services, though discretionary spending is **slowing** in consumer-facing sectors.

Sources: RSM, KPMG

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)

			Fin	nancial Metrics						
Company Name	Ticker	Price at 06/30/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Computer Programming, Data Processi	ng, and Othe	r Computer Relate	ed Services							
Microsoft Corporation	MSFT	\$497.41	99.3%	\$3,767,761	\$270,010	\$149,173	14.1%	55.2%	14.0x	25.3x
Apple Inc.	AAPL	\$205.17	78.9%	\$3,118,814	\$400,366	\$138,866	4.9%	34.7%	7.8x	22.5x
Alphabet Inc.	GOOG	\$177.39	85.0%	\$2,081,960	\$359,713	\$135,705	13.1%	37.7%	5.8x	15.3x
Oracle Corporation	ORCL	\$218.63	95.8%	\$760,618	\$57,399	\$23,486	8.4%	40.9%	13.3x	32.4x
International Business Machines	IBM	\$294.78	99.5%	\$313,294	\$62,832	\$13,950	1.2%	22.2%	5.0x	22.5x
Intuit Inc.	INTU	\$787.63	99.6%	\$215,588	\$18,184	\$5,331	15.0%	29.3%	11.9x	40.4x
Booking Holdings Inc.	BKNG	\$5,789.24	99.8%	\$185,229	\$24,086	\$8,500	9.5%	35.3%	7.7x	21.8x
Adobe Inc.	ADBE	\$386.88	65.8%	\$159,256	\$22,601	\$8,884	10.6%	39.3%	7.0x	17.9x
Automatic Data Processing, Inc.	ADP	\$308.40	93.5%	\$126,877	\$20,203	\$5,949	6.8%	29.4%	6.3x	21.3x
Fiserv, Inc.	FI	\$172.41	72.3%	\$122,655	\$20,703	\$9,162	6.6%	44.3%	5.9x	13.4x
Fidelity National Information Services, Inc	. FIS	\$81.41	88.5%	\$53,178	\$10,191	\$2,701	2.9%	26.5%	5.2x	19.7x
Cognizant Technology Solutions Corp.	CTSH	\$78.03	85.9%	\$38,598	\$20,091	\$3,595	4.1%	17.9%	1.9x	10.7x
eBay Inc.	EBAY	\$74.46	93.3%	\$37,556	\$10,312	\$2,575	1.5%	25.0%	3.6x	14.6x
Carrefour SA	CA	\$14.06	74.5%	\$29,540	\$90,133	\$3,743	2.8%	4.2%	0.3x	7.9x
Tripadvisor, Inc.	TRIP	\$13.05	69.9%	\$2,152	\$1,838	\$147	1.4%	8.0%	1.2x	14.6x

Source: Capital IQ

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(USD in millions, except per share data)

Company Name	Ticker	Price at 06/30/25	% of 52 Week High	TEV	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin	TEV / LTM Revenue	TEV / LTM EBITDA
Advertising										
Omnicom Group Inc.	OMC	\$71.94	67.2%	\$18,690	\$15,749	\$2,528	5.8%	16.0%	1.2x	7.4x
Lamar Advertising Company	LAMR	\$121.36	86.8%	\$17,109	\$2,220	\$997	3.7%	44.9%	7.7x	17.2x
The Interpublic Group of Companies, Inc.	IPG	\$24.48	74.1%	\$11,575	\$9,001	\$1,665	-4.3%	18.5%	1.3x	7.0x
Clear Channel Outdoor Holdings, Inc.	CCO	\$1.17	62.2%	\$6,881	\$1,513	\$494	14.3%	32.7%	4.5x	13.9x
Consumer Credit Reporting, Mercantile	Reporting, a	and Adjustment and	d Collection Agen	cy						
S&P Global Inc.	SPGI	\$527.29	96.7%	\$177,063	\$14,494	\$7,144	13.0%	49.3%	12.2x	24.8x
Moody's Corporation	MCO	\$501.59	94.3%	\$95,593	\$7,226	\$3,320	15.9%	45.9%	13.2x	28.8x

Financial Metrics

Services to Dwellings and Other Buildings										
Rollins, Inc.	ROL	\$56.42	96.2%	\$27,758	\$3,463	\$783	9.5%	22.6%	8.0x	35.5x
ABM Industries Incorporated	ABM	\$47.21	79.0%	\$4,653	\$8,498	\$418	3.5%	4.9%	0.5x	11.1x
Healthcare Services Group, Inc.	HCSG	\$15.03	98.0%	\$971	\$1,740	\$57	3.7%	3.3%	0.6x	17.0x

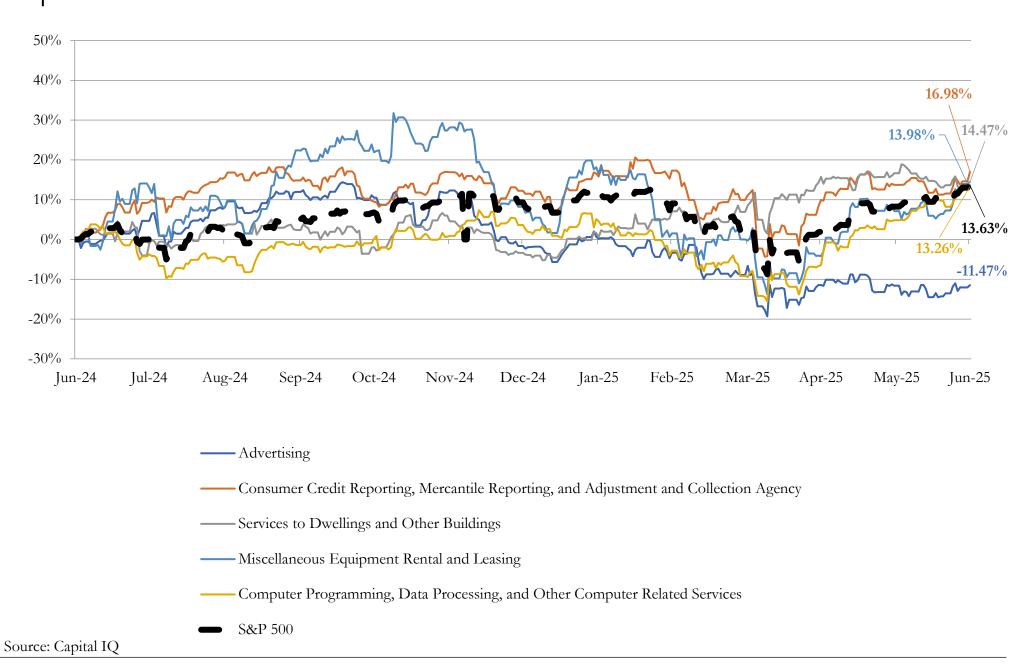
Source: Capital IQ

Vaulation Metrics

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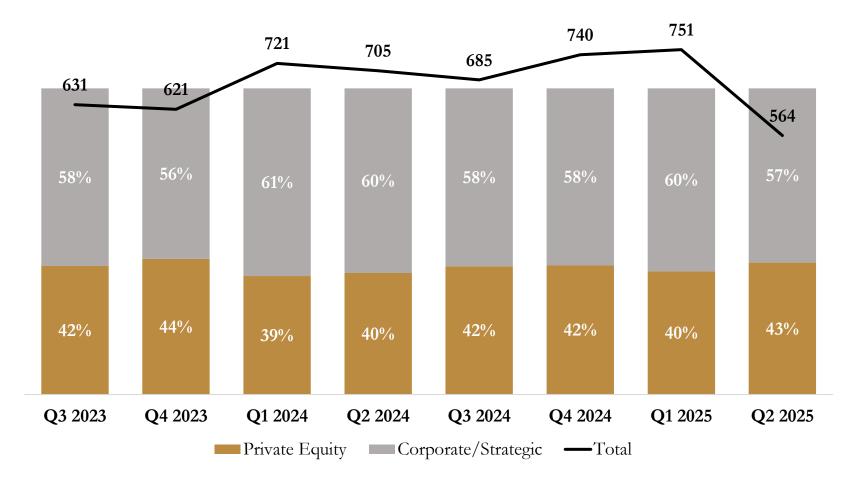
Public Market Performance

Sub-Industry Performance vs. S&P 500



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

Deal volume within the Business Services industry remained steady from 2023 through Q1 2025, before tapering off in Q2 2025, largely due to ongoing regulatory uncertainty. The decline in Q2 was driven by concerns surrounding interest rates, evolving tariff policies, and heightened geopolitical tensions - resulting in the lowest number of transactions within the dataset. Corporate and strategic acquirers continued to account for the majority of transactions in the space.



Source: PitchBook

M&A Trends Recent M&A Transactions

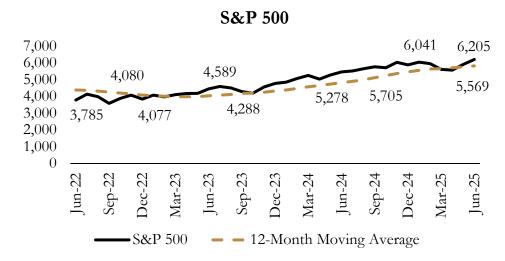
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Mar-25	Altair Engineering Inc.	Siemens Product Lifecycle Management Software Inc.	\$10,188
Feb-25	HashiCorp, Inc.	International Business Machines Corporation	\$6,385
Apr-25	SolarWinds Corporation	Turn/River Management, L.P.	\$4,419
May-25	Games Business of Niantic, Inc.	Scopely, Inc.	\$3,500
Feb-25	Matterport, Inc.	CoStar Group, Inc.	\$1,705
Apr-25	Enfusion, Inc.	Clearwater Analytics Holdings, Inc.	\$1,544
May-25	NinjaTrader, LLC	Payward, Inc.	\$1,500
May-25	Weights and Biases, LLC	CoreWeave, Inc.	\$1,400
Jun-25	SevenRooms Inc.	DoorDash, Inc.	\$1,200
Jun-25	Mobile Games Studio Portfolio of AppLovin Corporation	Tripledot Studios Limited	\$800
May-25	Digital Media Innovations, LLC	Armor Holding II, LLC; Orbit Private Holdings I Ltd	\$535
Apr-25	Logility Supply Chain Solutions, Inc.	Aptean, Inc.	\$399
Mar-25	Fin Technologies, Inc.	Alkami Technology, Inc.	\$373
Jun-25	Fictiv Inc.	MISUMI USA, Inc.	\$350
Feb-25	Sertifi, Inc.	Flywire Corporation	\$340
Jun-25	OfferFit, Inc.	Braze, Inc.	\$325
Feb-25	RapidDeploy, Inc.	Motorola Solutions, Inc.	\$241
May-25	Eppo Data, Inc.	Datadog, Inc.	\$220
Apr-25	Identity Automation Systems, LLC	Jamf Holding Corp.	\$216
Mar-25	Stronghold Digital Mining, Inc.	Backbone Mining Solutions LLC	\$215
Mar-25	Theatro Labs, Inc.	Motorola Solutions, Inc.	\$178
Jun-25	SYMBIOSYS CORP	DoorDash, Inc.	\$175
May-25	GreenScreens AI, Inc.	Triumph Financial, Inc.	\$158
Mar-25	secureWISE, LLC	PDF Solutions, Inc.	\$130
Mar-25	3GTMS, LLC	The Descartes Systems Group Inc.	\$113
Mar-25	Rockerbox, Inc.	DoubleVerify Holdings, Inc.	\$95
Apr-25	Substantially all of the assets related to the Geomagic software business of	3D Hexagon Manufacturing Intelligence Inc.	\$82
May-25	JetFuel Studio LLC	Stagwell Inc.	\$81

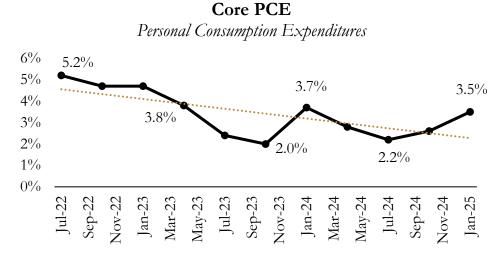
Source: Capital IQ

Macroeconomic Environment

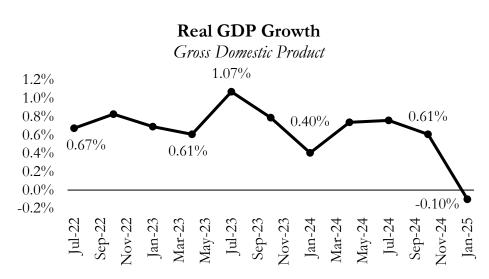
Macroeconomic Indicators



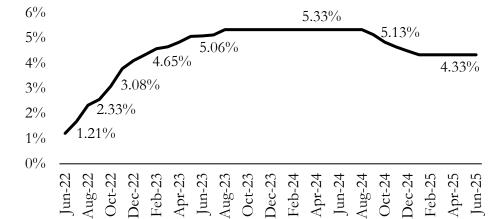
A leading equity index tracking the performance of 500 large U.S. companies.



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



Tracks inflation-adjusted economic output, typically reported quarterly.



Federal Funds Rate

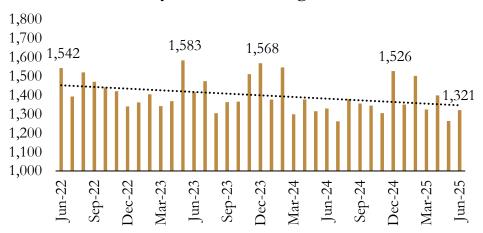
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed - FRED Economic Data

Macroeconomic Environment

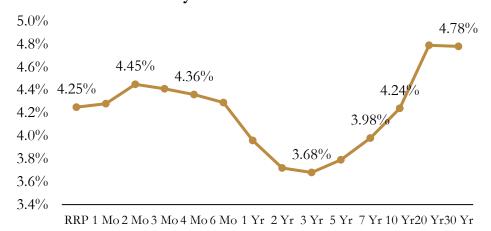
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



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

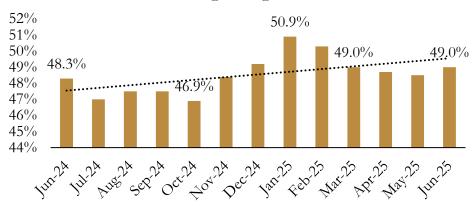
Treasury Par Yield Curve Rates



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

Manufacturing PMI

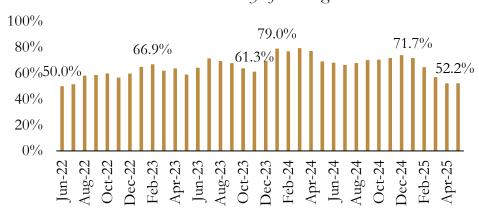
Purchasing Manager's Index



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

Consumer Sentiment

From the University of Michigan



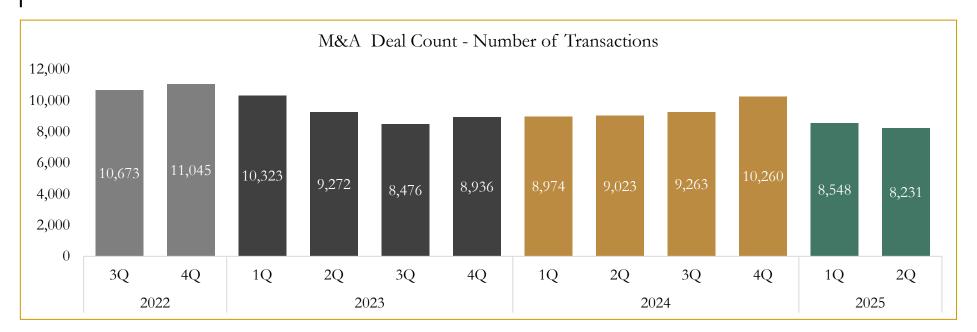
Measures consumer confidence in the economy based on monthly survey data.

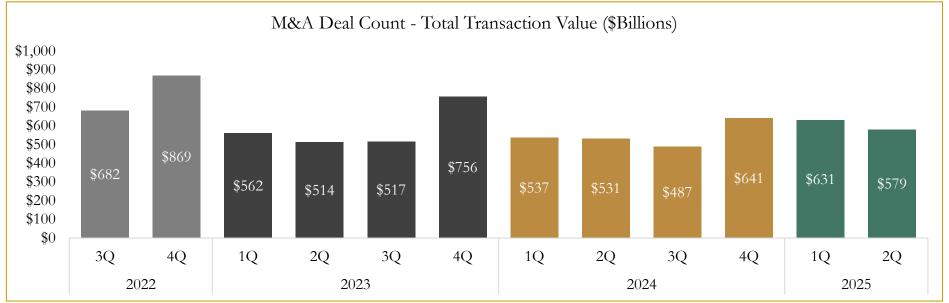
Source: St. Louis Fed – FRED Economic Data, Institute for Supply Management, ¹Figures in Thousands

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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

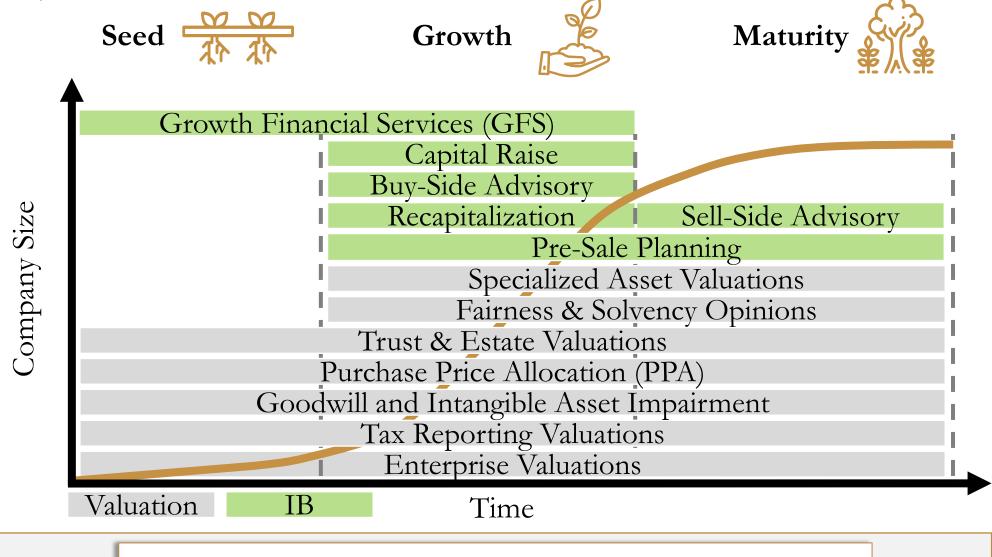
Houlihan Capital Locations



Chicago, IL



Cleveland, OH



For questions or inquiries regarding our services, please contact:

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