



Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
BUSINESS SERVICES
Q4 2025**

Key Trends

- **Technology-Enabled Service Models Continue to Gain Share:** Business services providers are increasingly embedding AI, automation, and data analytics into service delivery, enabling more scalable, efficient, and outcome-oriented solutions across back-office, IT, HR, and compliance functions.
- **Shift Toward Specialized, Value-Added Offerings:** Demand continues to favor niche, expertise-driven services over commoditized offerings, driving growth in tech-enabled outsourcing, managed services, and recurring revenue business models.

Market Overview

- Public market performance remained **mixed** in Q4 2025, reflecting selective investor appetite and continued differentiation between tech-enabled and traditional service models.
- M&A activity remained **muted** in Q4 2025, as buyers maintained a cautious approach despite improving financing conditions.
- Macroeconomic visibility **improved** but uncertainty persisted, with easing inflation and lower rates supporting sentiment.

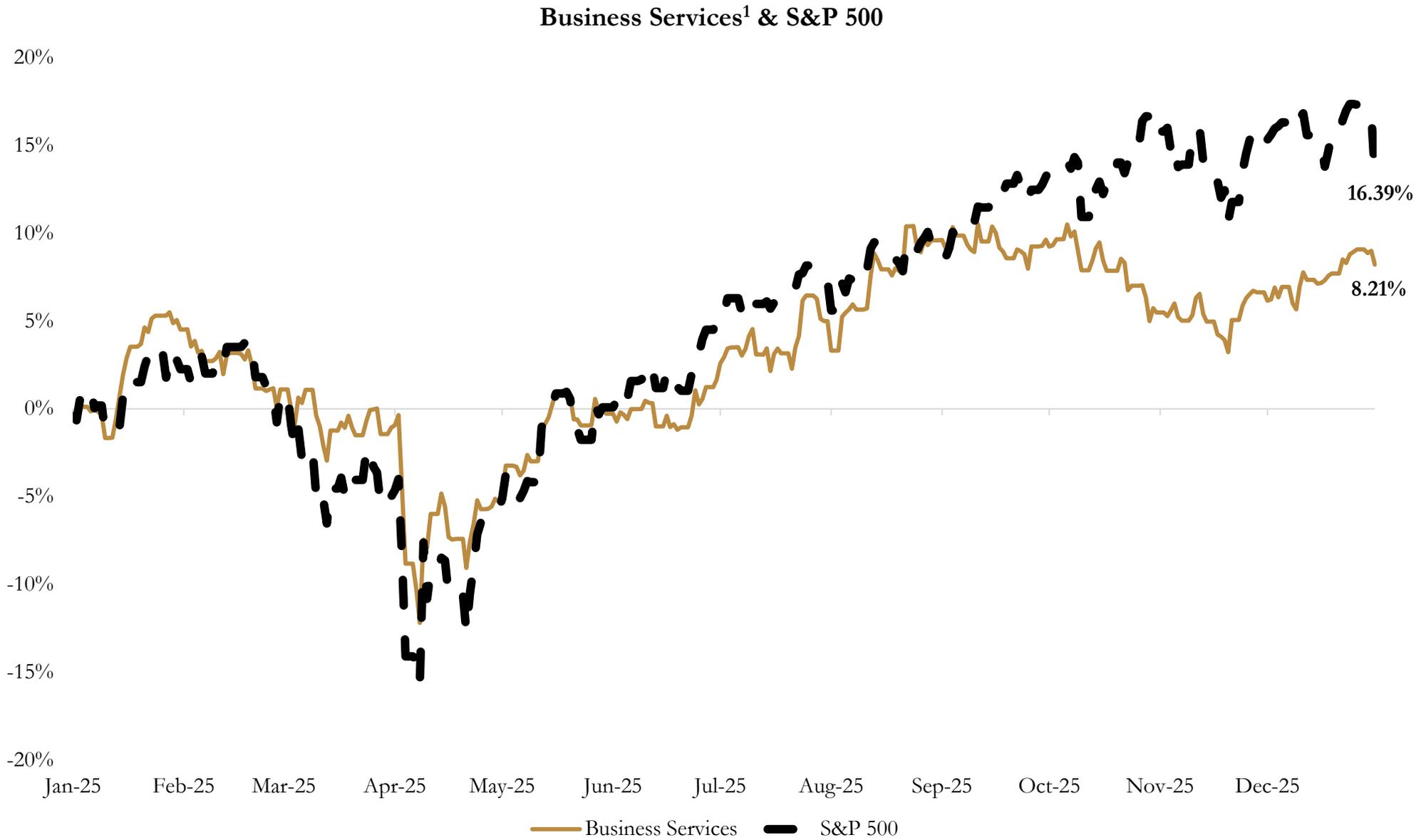
External Drivers

- Business sentiment **improved** in Q4 2025, supported by easing inflation.
- Digital transformation remained a **strategic priority**, underpinning long-term demand for technology-enabled business services despite near-term transaction caution.
- Ongoing focus on efficiency and productivity gains continued to **drive demand** for outsourcing and managed services, particularly in IT, HR, and compliance.

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Public Market Performance

Sector ETF vs. S&P 500

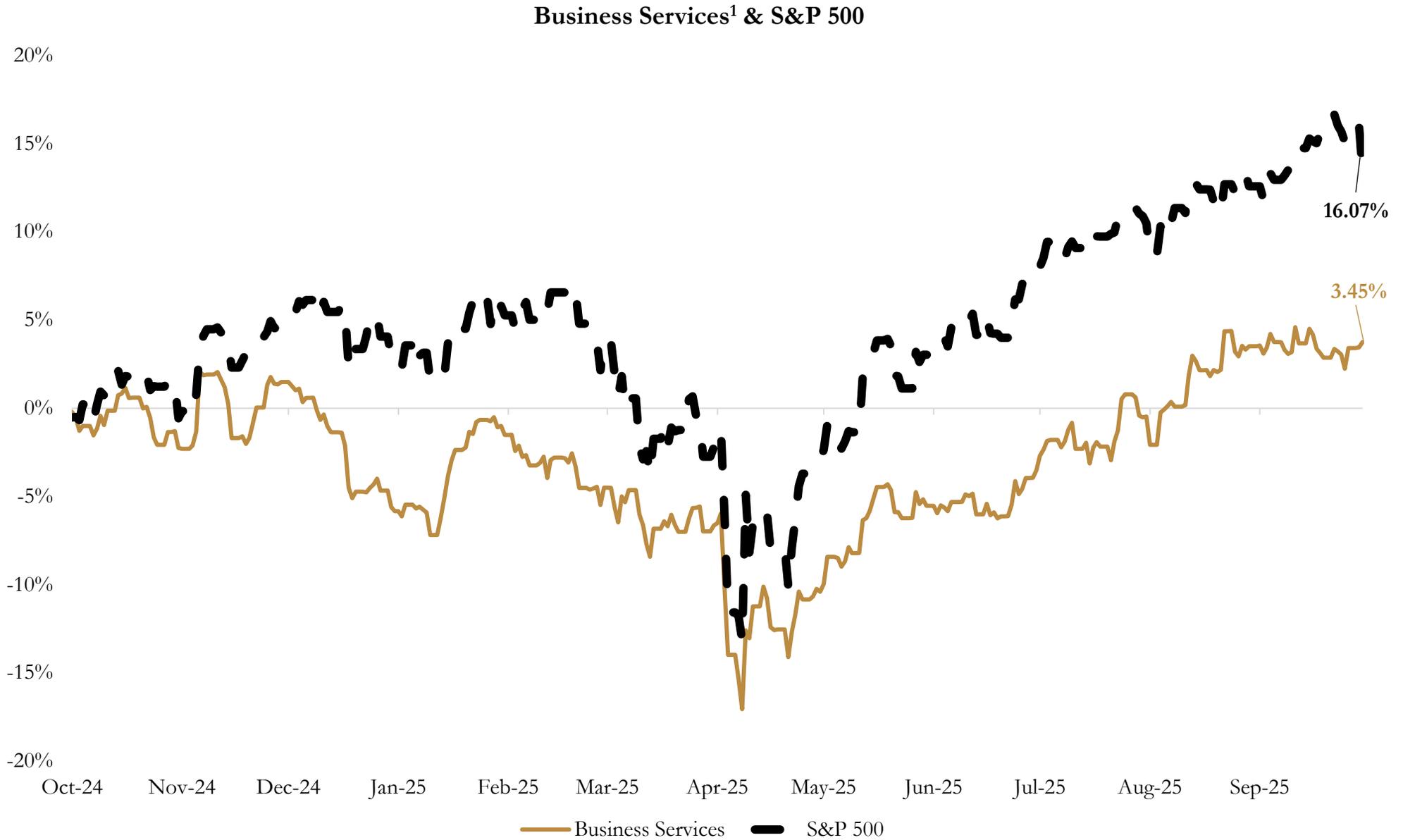


Source: Capital IQ ¹Due to the lack of a formal Business Services ETF, Houlihan compiled the sector using companies covered in this report.

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Public Market Performance

Sector ETF vs. S&P 500



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2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 12/31/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Computer Programming, Data Processing, and Other Computer Related Services										
Alphabet Inc.	GOOG	\$3,913,635	\$313.80	95.5%	10.2x	27.0x	\$385,476	\$145,174	13.4%	37.7%
Apple Inc.	AAPL	\$3,792,158	\$271.86	94.2%	9.1x	26.2x	\$416,161	\$144,748	6.4%	34.8%
Microsoft Corporation	MSFT	\$3,580,553	\$483.62	87.1%	12.2x	21.5x	\$293,812	\$166,437	15.6%	56.6%
Oracle Corporation	ORCL	\$682,844	\$194.91	56.4%	11.2x	26.0x	\$61,016	\$26,266	11.1%	43.0%
International Business Machines	IBM	\$336,164	\$296.21	91.2%	5.1x	22.3x	\$65,402	\$15,042	4.5%	23.0%
Intuit Inc.	INTU	\$183,181	\$662.42	81.4%	9.4x	31.3x	\$19,433	\$5,846	17.1%	30.1%
Booking Holdings Inc.	BKNG	\$177,774	\$5,355.33	91.7%	6.8x	18.1x	\$26,039	\$9,819	13.0%	37.7%
Adobe Inc.	ADBE	\$139,844	\$349.99	75.2%	5.9x	14.6x	\$23,769	\$9,551	10.5%	40.2%
Automatic Data Processing, Inc.	ADP	\$109,769	\$257.23	78.0%	5.3x	18.0x	\$20,903	\$6,093	7.1%	29.1%
Fiserv, Inc.	FI	\$66,843	\$5.03	97.7%	3.2x	7.3x	\$21,160	\$9,194	5.2%	43.4%
Fidelity National Information Services, Inc.	FIS	\$47,113	\$66.46	79.1%	4.5x	15.1x	\$10,464	\$3,125	4.2%	29.9%
eBay Inc.	EBAY	\$44,846	\$87.10	86.1%	4.2x	16.4x	\$10,714	\$2,739	4.4%	25.6%
Cognizant Technology Solutions Corp.	CTSH	\$39,966	\$83.00	91.4%	1.9x	10.6x	\$20,857	\$3,778	7.4%	18.1%
Carrefour SA	CA	\$33,009	\$16.71	94.0%	0.3x	7.8x	\$103,728	\$4,217	4.4%	4.1%
Tripadvisor, Inc.	TRIP	\$1,768	\$14.56	72.2%	0.9x	9.8x	\$1,891	\$181	4.2%	9.6%

Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

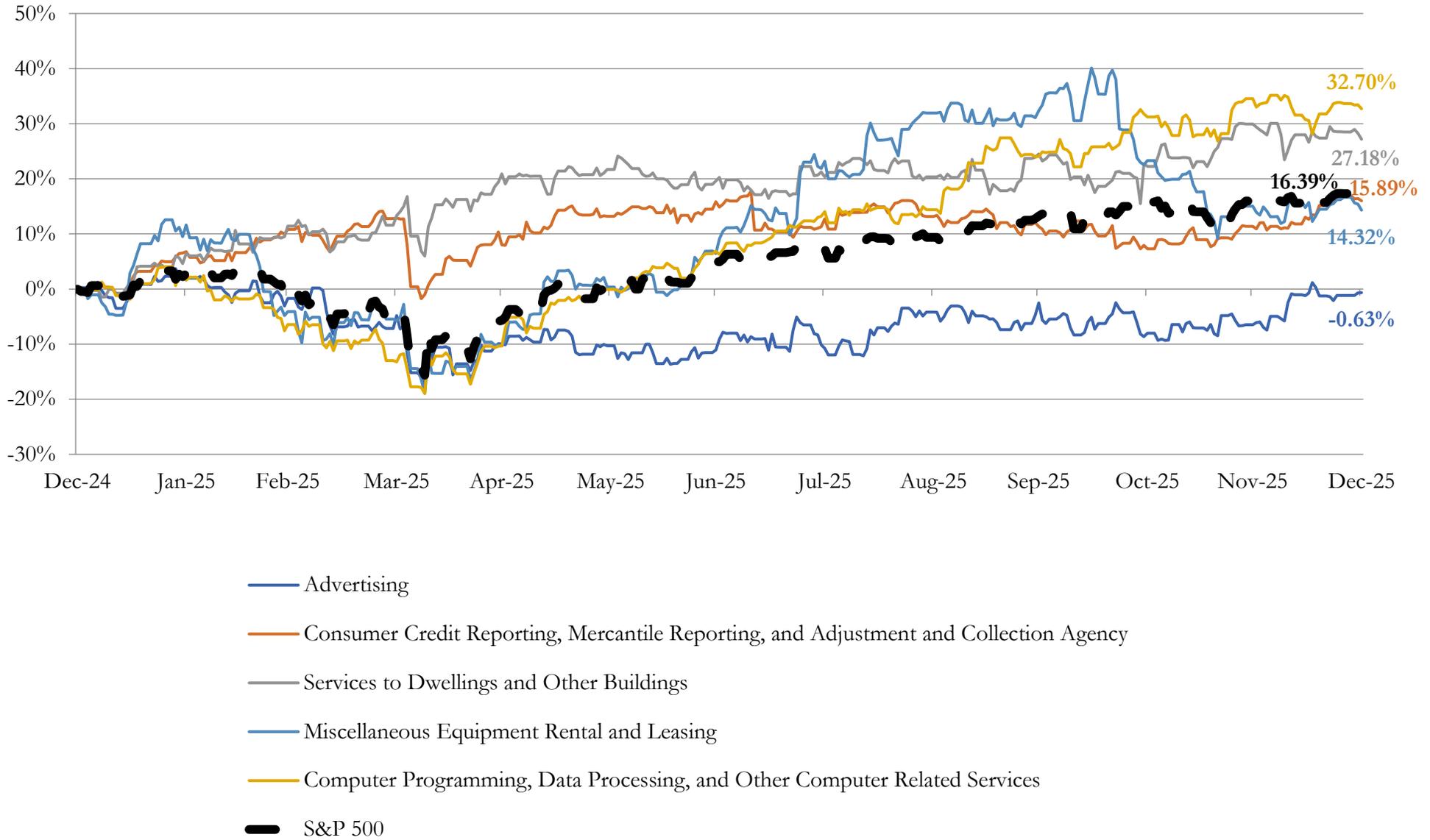
Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 12/31/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Advertising										
Omnicom Group Inc.	OMC	\$29,444	\$80.75	90.4%	1.8x	11.4x	\$16,065	\$2,582	4.1%	16.1%
Lamar Advertising Company	LAMR	\$17,885	\$126.58	94.0%	7.9x	17.6x	\$2,253	\$1,019	3.0%	45.2%
Clear Channel Outdoor Holdings, Inc.	CCO	\$7,342	\$2.21	98.0%	4.7x	14.2x	\$1,569	\$516	54.2%	32.9%
IPD Group Limited	IPG	\$316	\$2.93	96.7%	1.4x	11.8x	\$233	\$27	22.1%	11.5%
Consumer Credit Reporting, Mercantile Reporting, and Adjustment and Collection Agency										
S&P Global Inc.	SPGI	\$178,974	\$522.59	90.2%	11.9x	23.7x	\$15,012	\$7,549	9.0%	50.3%
Moody's Corporation	MCO	\$100,190	\$510.85	96.0%	13.4x	28.0x	\$7,501	\$3,579	8.8%	47.7%
Equifax Inc.	EFX	\$32,540	\$216.98	77.2%	5.5x	17.5x	\$5,943	\$1,857	6.4%	31.2%
Services to Dwellings and Other Buildings										
Rollins, Inc.	ROL	\$29,981	\$60.02	97.1%	8.1x	35.6x	\$3,680	\$843	11.2%	22.9%
ABM Industries Incorporated	ABM	\$4,279	\$42.30	77.0%	0.5x	10.0x	\$8,746	\$428	4.6%	4.9%
Healthcare Services Group, Inc.	HCSG	\$1,197	\$19.12	94.4%	0.7x	26.8x	\$1,808	\$45	6.3%	2.5%

Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500

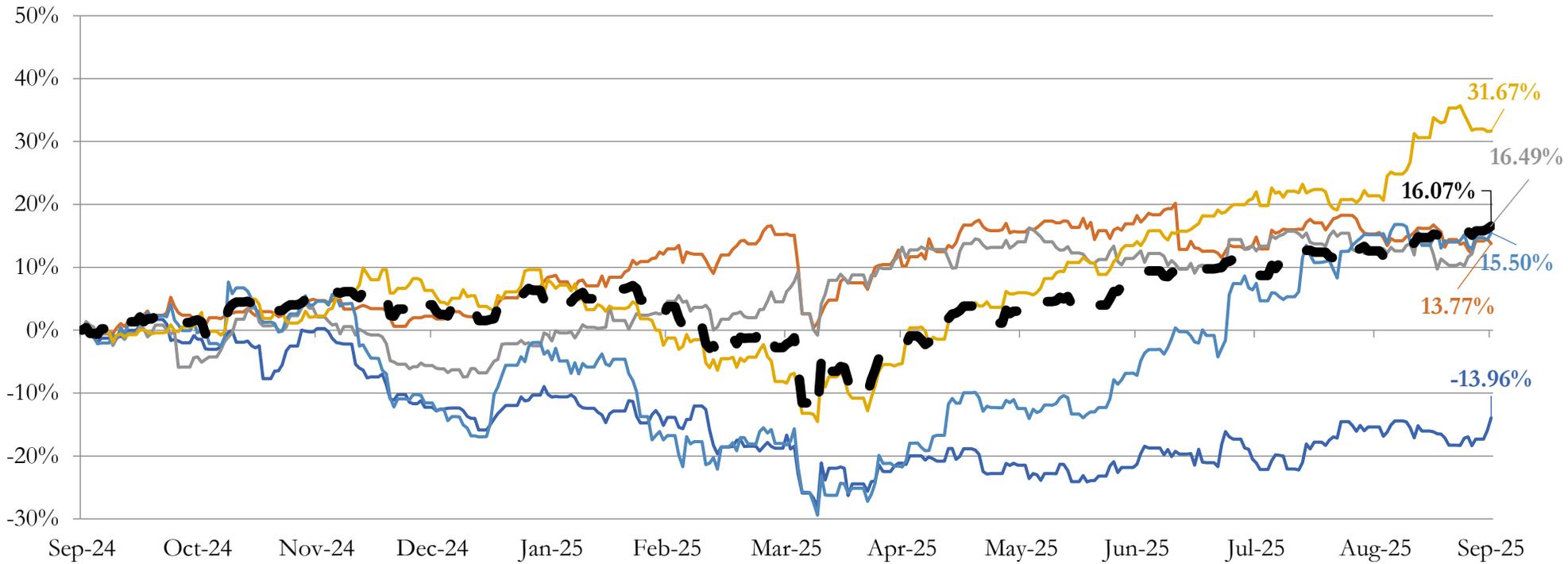


Source: Capital IQ

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Public Market Performance

Sub-Industry Performance vs. S&P 500



- Advertising
- 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

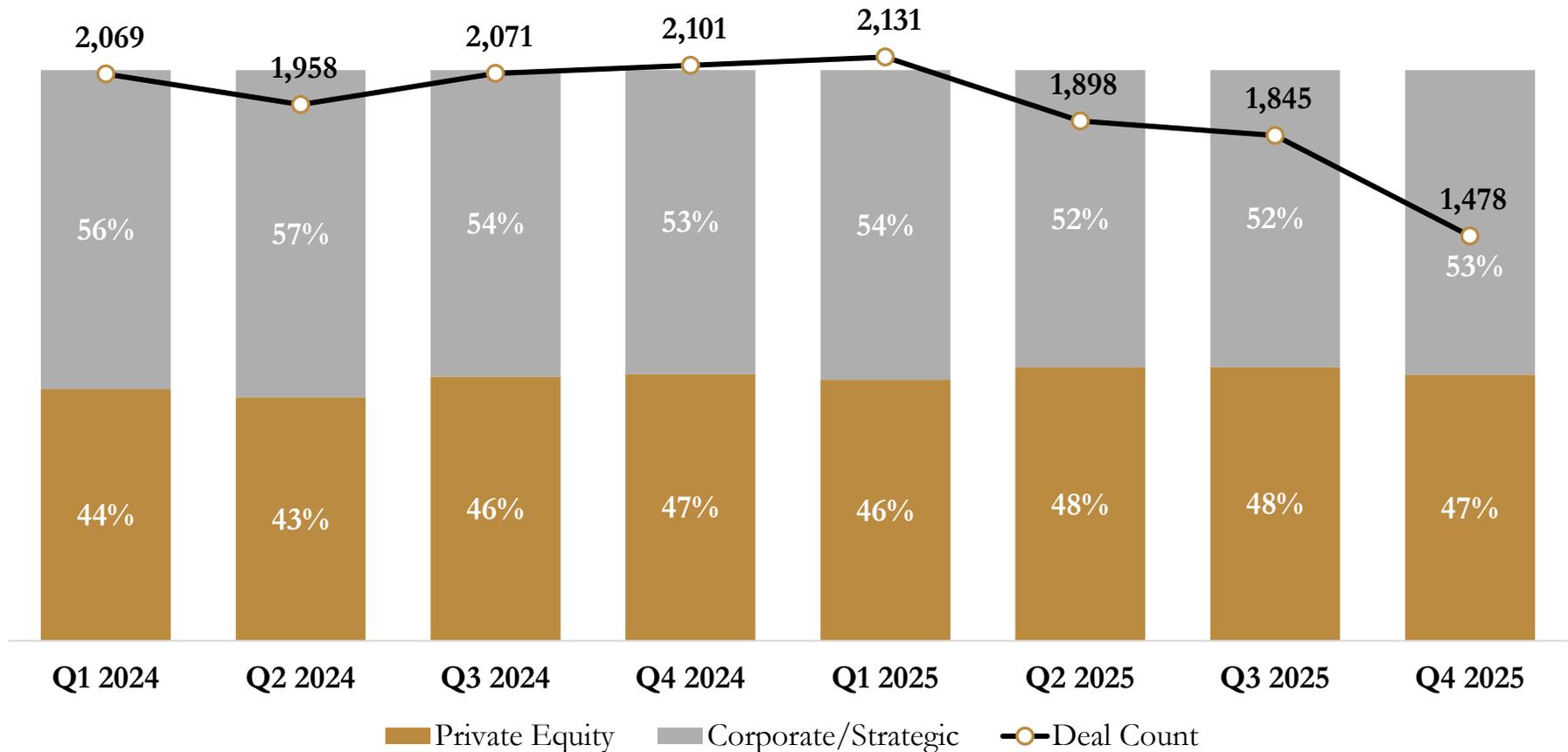
Source: Capital IQ

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M&A Trends

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

Business Services M&A activity declined further in Q4 2025, with total transaction volume falling to 1,478 – the lowest level in the past two (2) years. Following a period of relative stability through 2024 and early 2025, deal activity softened as buyers remained selective amid regulatory uncertainty and uneven economic conditions. Strategic acquirers continued to represent a slight majority of deal volume (53%), while private equity participation remained steady at 47%. Buyer focus increasingly centered on technology-enabled, efficiency-driven service models, with acquirers prioritizing scalable platforms, automation capabilities, and margin resilience.



Source: PitchBook

Note: Transaction data reflects completed U.S. transactions involving Strategic M&A, PE-backed Companies, and Buyout/LBO platform transactions

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M&A Trends

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Nov-25	The Interpublic Group of Companies, Inc.	Omnicom Group Inc.	\$16,667
Nov-25	Informatica Inc.	Salesforce, Inc.	\$8,846
Dec-25	Moveworks, Inc.	ServiceNow, Inc.	\$2,850
Nov-25	Verint Systems Inc.	Calabrio, Inc.	\$2,058
Oct-25	MeridianLink, Inc.	Centerbridge Partners, L.P.	\$2,019
Dec-25	Integral Ad Science Holding Corp.	Novacap Management Inc.	\$1,837
Dec-25	Securiti, Inc.	Veeam Software Group GmbH	\$1,725
Sep-25	Olo Inc.	Thoma Bravo, L.P.	\$1,602
Dec-25	PROS Holdings, Inc.	Thoma Bravo, L.P.	\$1,429
Sep-25	Couchbase, Inc.	Haveli Investment Management LLC	\$1,390
Oct-25	Heartland Payroll Solutions, Inc.	Acrisure, LLC	\$1,100
Dec-25	G Treasury SS, LLC (nka:Ripple solution)	Ripple Labs Inc.	\$1,000
Nov-25	A Software Company, Inc.	Atlassian Corporation	\$1,000
Oct-25	Paradox, Inc.	Workday, Inc.	\$1,000
Aug-25	iconectiv, LLC	Koch Equity Development, LLC	\$1,000
Oct-25	Regrello Corp	Salesforce, Inc.	\$900
Sep-25	Deepintent, Inc.	Vitruvian Partners LLP	\$637
Oct-25	The Browser Company Of New York Inc.	Atlassian Corporation	\$610
Dec-25	MarkMonitor Inc.	Nom-IQ Limited	\$450
Dec-25	Catchpoint Systems, Inc.	LogicMonitor, Inc.	\$250
Nov-25	Sojern, Inc.	Rategain Technologies Limited	\$250
Sep-25	Prime Insights Group LLC	Aonic AB	\$250
Oct-25	CoreCard Corporation	Euronet Worldwide, Inc.	\$236
Oct-25	SilverEdge Government Solutions LLC	Science Applications International Corporation	\$203
Dec-25	Corellium, Inc.	Cellebrite DI Ltd.	\$200
Sep-25	Toch Inc.	Minute Media Inc.	\$200
Sep-25	Asset Entities Inc.	Strive Asset Management, LLC	\$161
Sep-25	SlashNext, Inc.	Varonis Systems, Inc.	\$150

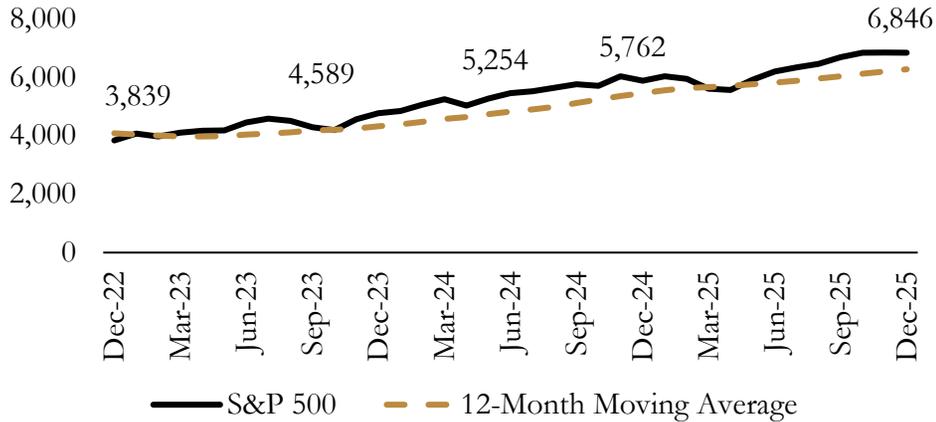
Source: Capital IQ

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Macroeconomic Environment

Macroeconomic Indicators

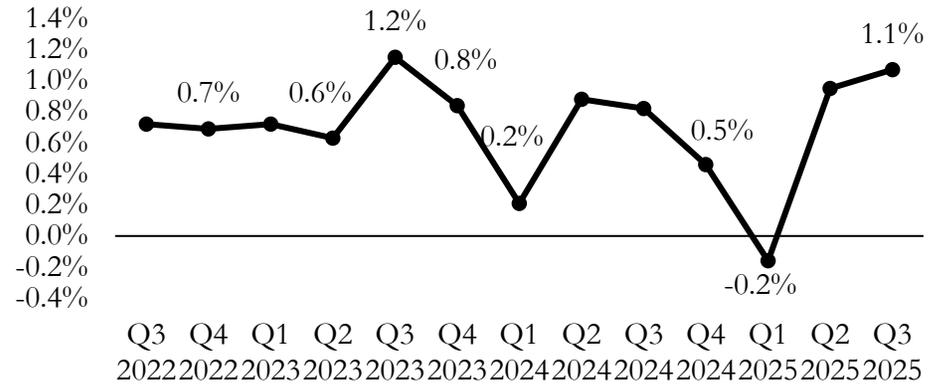
S&P 500



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

Real GDP Growth

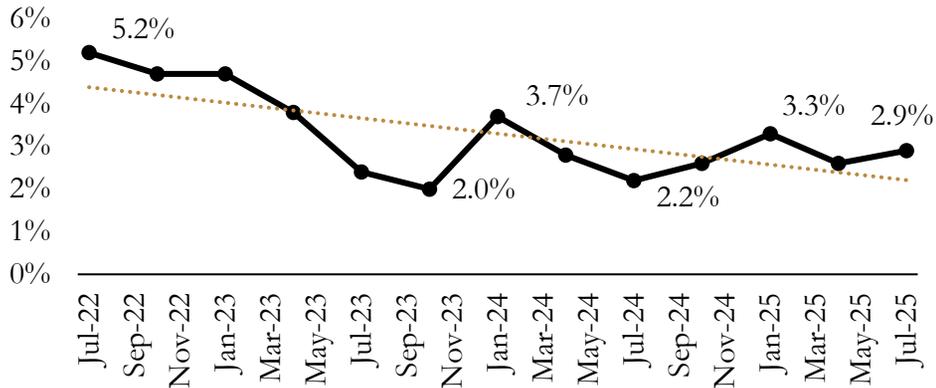
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

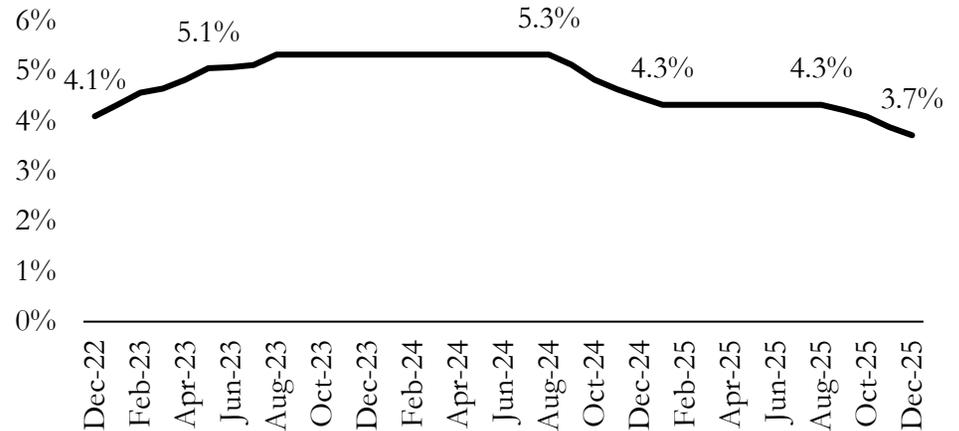
Core PCE

Personal Consumption Expenditures



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

Federal Funds Rate



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

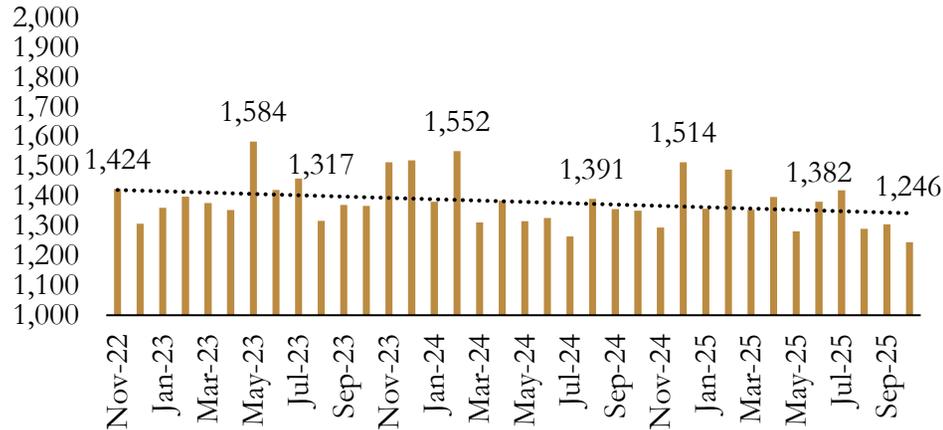
Source: Capital IQ, St. Louis Fed – FRED Economic Data

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Macroeconomic Environment

Macroeconomic Indicators (Cont.)

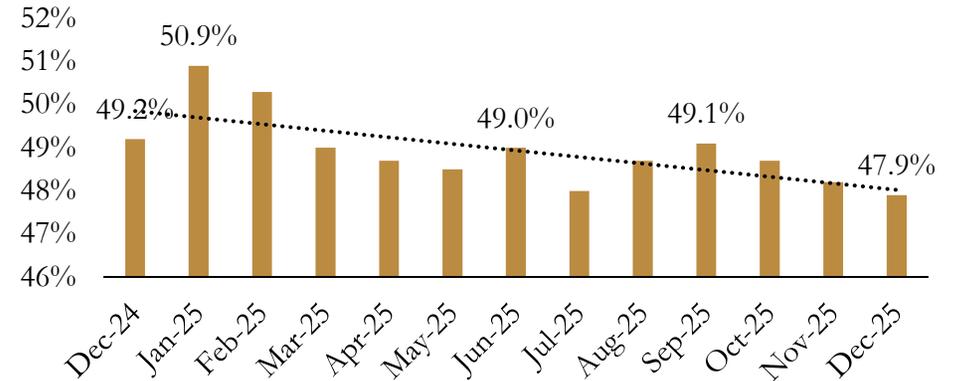
New Privately-Owned Housing Units Started¹



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

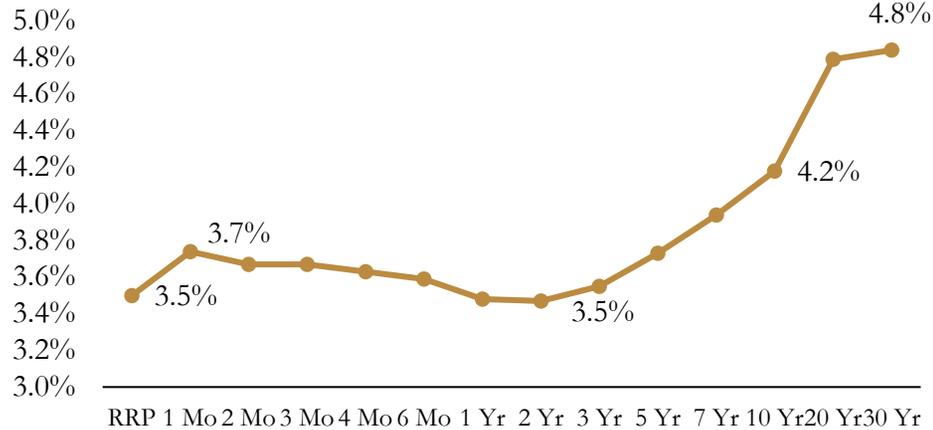
Manufacturing PMI

Purchasing Manager's Index



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

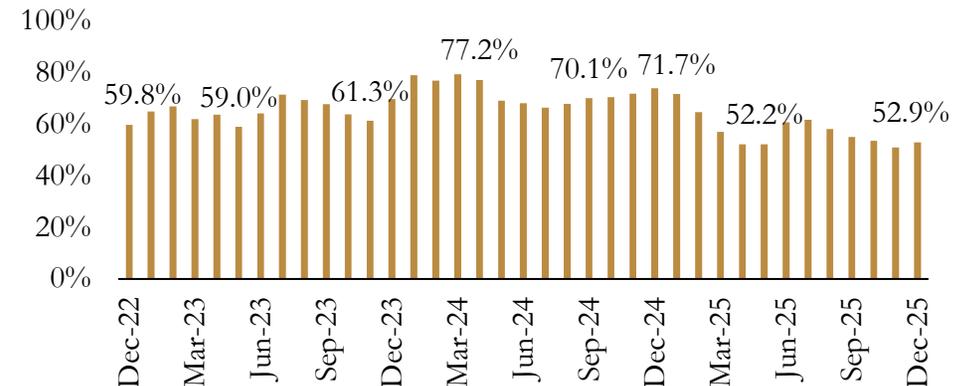
Treasury Par Yield Curve Rates



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

Consumer Sentiment

From the University of Michigan



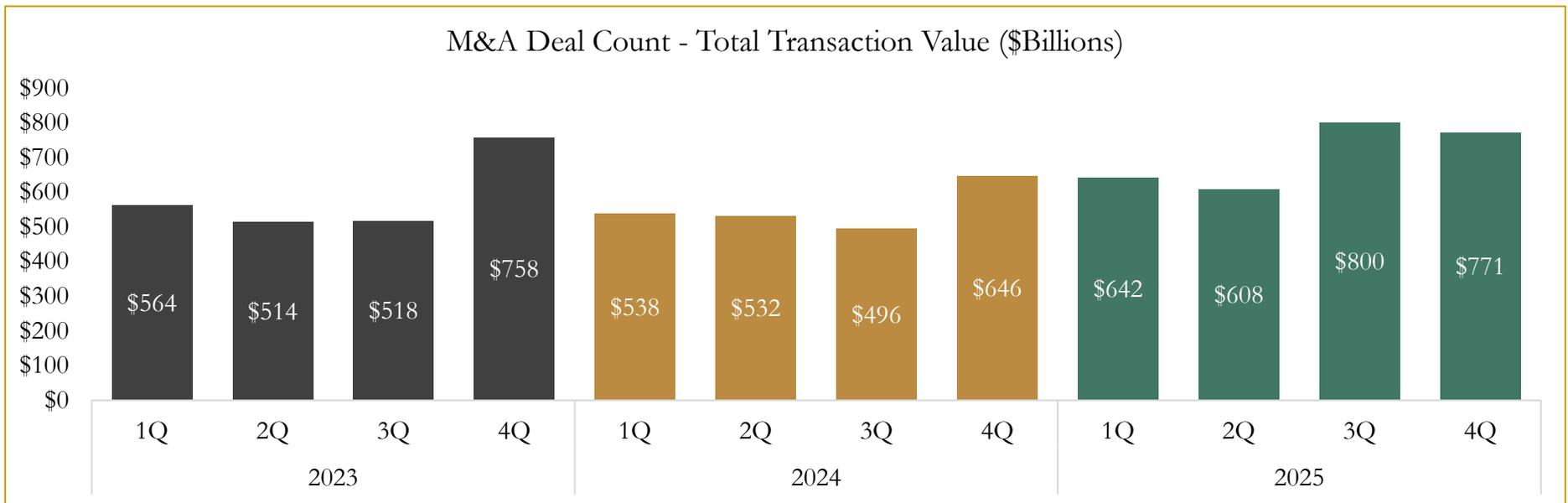
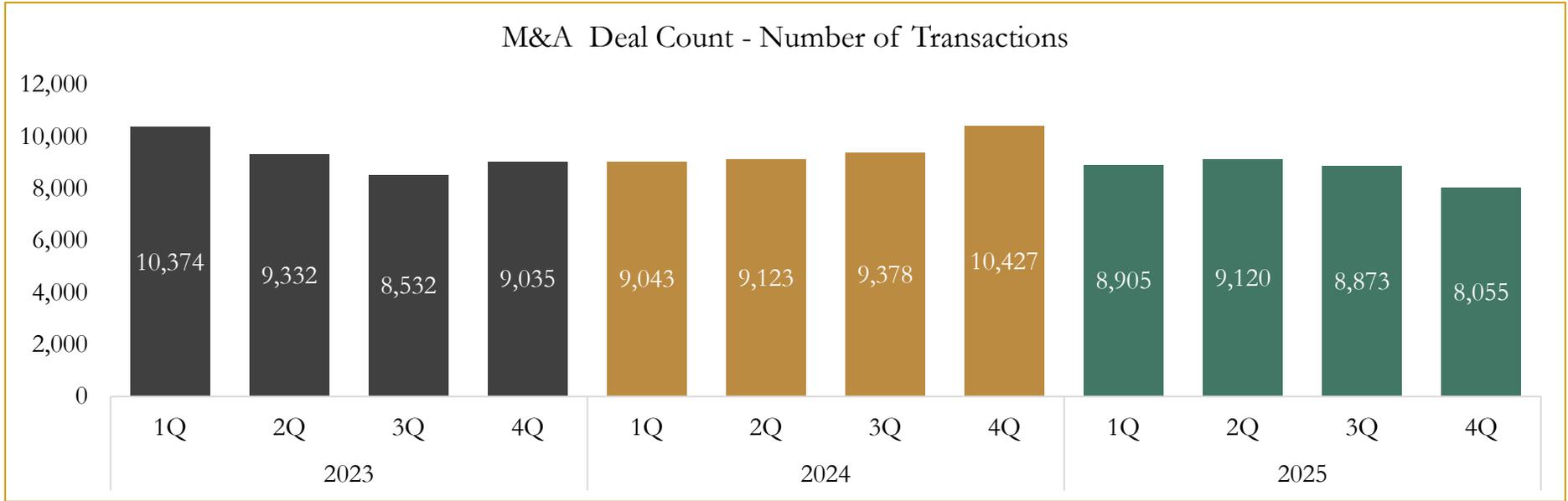
Measures consumer confidence in the economy based on monthly survey data.

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.

Company Overview

- Founded in 1996, Houlihan Capital is an employee-owned 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 and Transaction Advisory (i.e., Fairness Opinions) 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

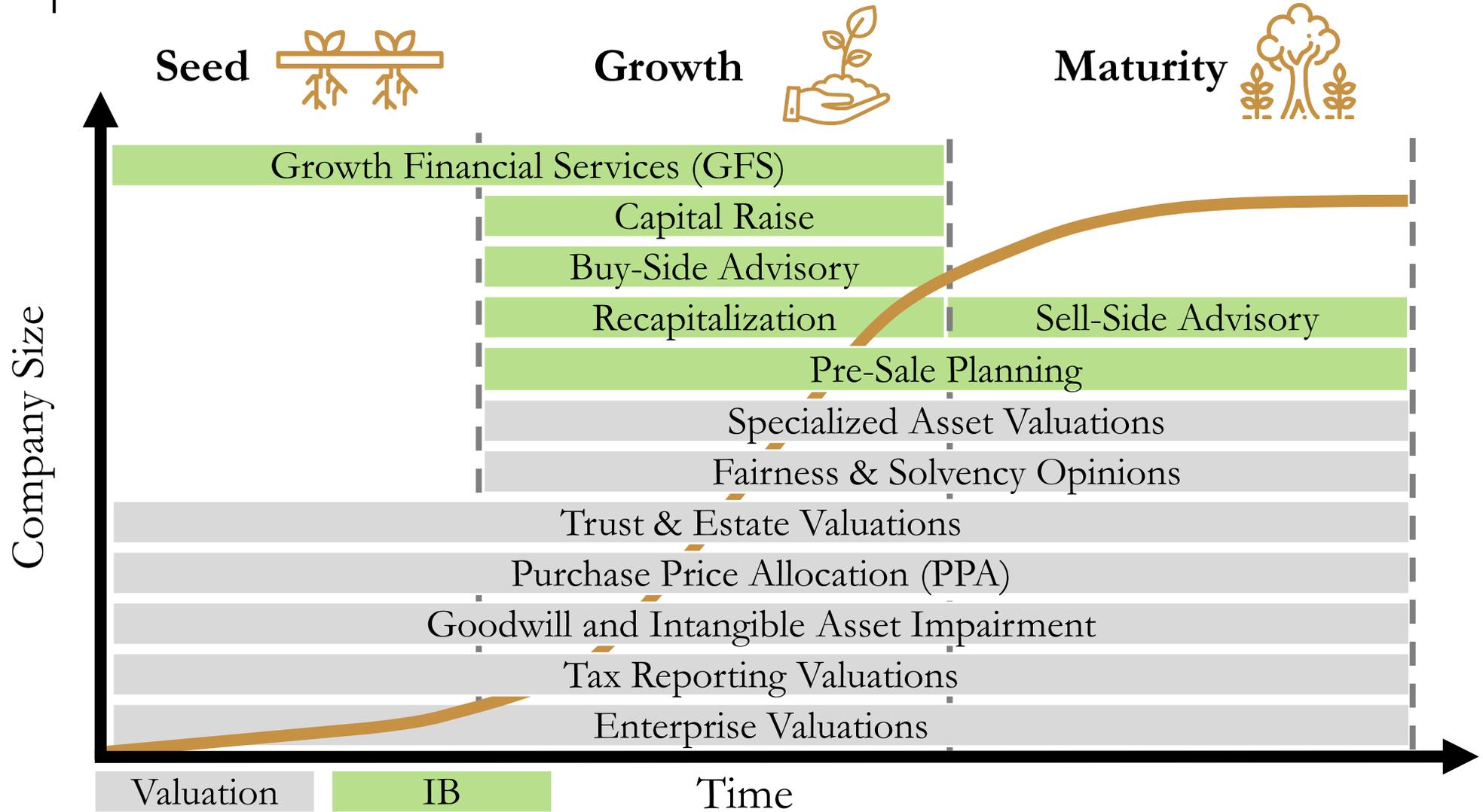


Cleveland, OH

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Houlihan Capital

About Us (Cont.)



For questions or inquiries regarding our services, please contact:

info@houlihancapital.com