



# Capstone Partners

Investment Banking Advisors

## STAFFING & TALENT MANAGEMENT

Q3 2014

### CONTACTS

#### **John Ferrara**

Founder, President

(617) 619-3325

[jferrara@capstonellc.com](mailto:jferrara@capstonellc.com)

#### **Daniel Schultz**

Director of Business Development

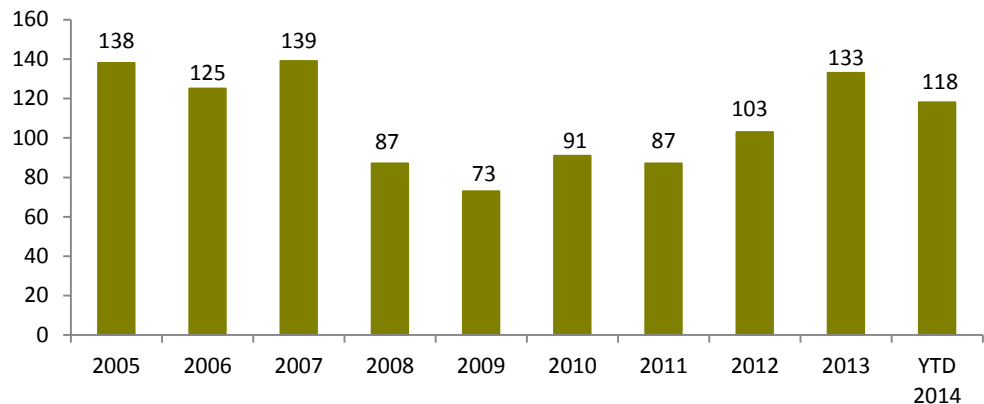
(617) 619-3368

[dschultz@capstonellc.com](mailto:dschultz@capstonellc.com)

### **MERGER AND ACQUISITION ACTIVITY**

Merger & acquisition activity in the staffing & talent management industry has been accelerating in recent years and has been very strong thus far in 2014, as an improving employment situation and a favorable operating environment for staffing companies continues to draw buyer interest. Capstone's research indicates that 118 staffing & talent management transactions were reported through mid-September, suggesting the current pace of M&A activity in the sector is exceeding that of recent years.

#### Staffing Industry M&A Transaction Volume



Sources: Capstone Partners LLC research, Capital IQ, Thomson Reuters  
YTD through September 15, 2014

Robust M&A activity can be attributed, in part, to an improved operating environment. Staffing firm employment is approaching prerecession levels, with improved business confidence about the economy resulting in sustainable increases in demand for staffing services. With 4.7 million job openings in the United States, employment opportunities across many sectors, and a declining unemployment rate, staffing and talent management firms are experiencing increased demand and are optimistic about the future.

As the economy improves, the staffing industry is also taking on an increasingly important role. This new importance is driven by the fact that 36% of global employers report they are experiencing talent shortages. The talent gap is well-documented and will likely escalate as the global economy expands, further increasing demand for the industry to help to strategically create a flexible and agile workforce. As customer demands elevate, in order to effectively compete in this demanding environment, staffing firms are trying to differentiate their offerings, looking to acquisitions as a way to diversify their services, add sector expertise and expand geographic reach, all of which sets them apart in a competitive market.

**BOSTON**

**CHICAGO**

**LONDON**

**LOS ANGELES**

**PHILADELPHIA**

**SAN DIEGO**

**SILICON VALLEY**

**TAMPA**

*The company is targeting firms headed by owners who are ready to retire or who want to continue to the run their business with CRG holding a controlling interest.*

#### SELECTED STAFFING M&A DEAL BRIEFS

A review of recent transactions shows a variety of businesses have sold in the staffing & talent management industry in 2014, to both corporate and private equity buyers, several of which have made more than one acquisition this year. Selected transactions are outlined below, followed by a more comprehensive list of transactions in the following table.

**Addison Group acquires two Staffing Companies (September and April 2014):** Addison Group provides hiring and staffing services to businesses and candidates in the United States. The company specializes in filling the need for contract, contract-to-hire, or direct hire positions of different levels with professional candidates in the areas of administrative, engineering, executive search, finance/accounting, financial services, healthcare and information technology sectors. In September 2014, Addison acquired CVPartners, with approximately 170 employees and revenue of about \$26 million, for an undisclosed purchase price. CVPartners operates as an executive recruiting company that provides companies with senior level resources in the finance and accounting sector. The company also provides life science recruitment services in the areas of scientific, clinical research and engineering. In April 2014, Addison Group completed the acquisition of HireStrategy, a staffing company that provides professionals for contract, direct hire and executive search solutions for employers in the Washington, DC area. Its clients include technology and media, financial services, professional services, energy and green technology, federal services and education industries, as well as non-profit organizations. Addison Group itself was acquired by private equity group, Trilantic Capital Partners, in September 2013.

**Beecken Petty acquires Kforce Healthcare (August 2014):** Beecken Petty O'Keefe & Company, a private equity firm focused on middle-market investments in the healthcare industry, acquired Kforce Healthcare from Kforce (Nasdaq:KFRC) for approximately \$120 million in cash. Kforce Healthcare was rebranded as himagine solutions, and will continue to provide healthcare IT staffing services. Kforce divested the healthcare business unit in order to deepen its focus on its core technology and finance & accounting businesses, both in the commercial and government markets.

**CRG Workforce acquires Two Staffing Companies (July and February 2014):** Three professional staffing firms in North Carolina have merged to form CRG Workforce, a human resources company. CRG Workforce grew out of a \$16 million firm previously known as ComputerNet, which specialized in information technology staffing services, and two smaller staffing companies. ComputerNet changed its name to CRG Workforce in January and then purchased a \$3 million finance and accounting staffing firm called W2 Financial in February and a \$7 million IT staffing company called Professional Computer Resources in July. CRG, which stands for Consolidated Recruiting Group, is now a business with \$26 million in revenues and staffing capabilities in industries ranging from accounting and finance to information technology. CRG Workforce intends to expand revenues to \$75 million within four years by acquiring about two staffing firms annually. The company's goal now is to grow organically as well as through acquisitions of boutique staffing firms along the East Coast from Florida up to the Washington D.C. region and west to Texas. The company is targeting firms headed by owners who are ready to retire or who want to continue to the run their business with CRG holding a controlling interest.

*The reach of the combined network was cited by management as a primary strategic consideration in the purchase, accelerating Cross Country's expansion plans by several years.*

#### SELECTED STAFFING M&A DEAL BRIEFS (CONTINUED)

**Medical Staffing Network acquired by Cross Country Healthcare (June 2014):** Cross Country acquired Medical Staffing Network (MSN) for \$48.3 million in cash. The two companies ranked fourth and sixth, respectively, on the 2013 Largest United States Healthcare Staffing Companies list. Their combined revenue moves Cross Country to number three, ahead of Jackson Healthcare, with roughly a 7% share of the United States' healthcare staffing industry. A comprehensive healthcare staffing company, MSN provides nursing, allied healthcare, pharmacy, clinical research, anesthesia, advanced practice and case management professionals. With about 75% of its business in per diem nurse staffing, MSN was the second-largest player in that segment, with 55 branches nationwide. In comparison, Cross Country had just 18 branch offices before acquiring the Allied Healthcare staffing business of On Assignment last December. The reach of the combined network was cited by management as a primary strategic consideration in the purchase, accelerating Cross Country's expansion plans "by several years." MSN also diversifies Cross Country's customer base, adds new service lines, provides cross-selling opportunities and will help the company improve MSP fill rates, according to Cross Country management.

**TrueBlue acquires Seaton (June 2014):** TrueBlue acquired Seaton from private equity firm, Leeds Equity Partners for \$310 million in cash and a total transaction value of \$460 million. Seaton provides recruiting services and outsourced workforce management solutions. The company serves clients in manufacturing, distribution, logistics and other segments and has a client list that includes many of the world's most recognizable brands. TrueBlue purchased the company to add complementary staffing and outsourcing solutions to its leading specialized staffing and onsite workforce management offerings. The acquisition will make TrueBlue the largest industrial staffing firm in the United States. Seaton CEO Patrick Beharelle, now President and COO of TrueBlue Outsourcing Solutions, commented, "Joining with TrueBlue significantly increases our ability to serve customers, offer additional services, and do more to put people on the job."

**John Wiley & Sons acquires Profiles International (April 2014):** John Wiley & Sons acquired Profiles International for \$51 million in cash. Privately-held Profiles International has over 150 employees and generated approximately \$27 million in revenue in 2013. The company provides pre-employment assessment and selection tools that enable employers to optimize candidate selections and develop the full potential of their hires. Profiles International has served more than 40,000 enterprise clients in over 120 countries, with such high-quality accounts as Cisco Systems, Dun & Bradstreet, Four Seasons Hotels, Ingersoll Rand, Mercedes Benz, Regus, SAP and Wells Fargo. "Research shows that the direct and indirect cost of one hiring error can be in the hundreds of thousands of dollars," said Wiley President and CEO, Stephen Smith. "Profiles International provides scientifically-driven assessment solutions that help employers screen-out unsuitable candidates, match others with jobs that fit their inherent capabilities and identify opportunities to enhance performance of existing employees and maximize long-term contributions to the organization. By mapping candidate attributes against those of existing high-performing employees, Profiles International assessments are a valuable predictor of likely success. Wiley can now add Profiles' pre-hire assessment solutions to its successful post-hire assessment platform for an end-to-end solution that addresses critical pain points in the hiring and development process." John Wiley & Sons is a global provider of knowledge and knowledge-enabled solutions aimed at improving outcomes in research, professional practice and education.

SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (\$mm)	EV / LTM	
					Revenue	EBITDA
09/15/14	PARX Group (Allied Health division)	Accountable Healthcare	Provides healthcare staffing solutions.	-	-	-
09/10/14	Emergency Medicine Specialists	Team Health Holdings	Provides physician staffing solutions to hospitals.	-	-	-
09/09/14	Gulf-to-Bay Anesthesiology	Team Health Holdings	Provides anesthesia and pain management services to hospitals and surgery centers.	-	-	-
09/08/14	Heartland Anesthesia	Team Health Holdings	Offers anesthesia management services for hospitals.	-	-	-
09/04/14	Elite Resources (Las Vegas branch)	Millenium Staffing Solutions	Provides staffing services to businesses in the Las Vegas, Nevada area.	-	-	-
09/03/14	Teaneck Emergency Physicians	Team Health Holdings	Manages and staffs emergency departments.	-	-	-
09/03/14	Cavoure	Chartwell Partners	Provides executive search services serving clients across multiple industries.	-	-	-
09/02/14	CVPartners	Addison Group	Operates as an executive recruiting company providing senior level resources in technical fields.	-	-	-
09/02/14	Trident Emergency Physicians	Team Health Holdings	Operates as a physician practice that staffs and manages hospital emergency departments.	-	-	-
08/21/14	SumTotal	Skillsoft	Provides integrated human resources solutions to customers worldwide.	-	-	-
08/20/14	Sound Advice Consulting Services	Aequor Technologies	Offers staff augmentation services to the life sciences sector in the United States.	-	-	-
08/06/14	Sally White & Associates	IMPACT Group	Provides spouse/partner career management, relocation assistance and outplacement solutions.	-	-	-
08/04/14	himagine solutions (Kforce Healthcare)	Beecken Petty O'Keefe & Company	Offers staffing, consulting and outsourcing services for health information technology.	\$119.0	-	-
08/01/14	RISE Therapy Services	TNR Staffing	Provides therapists staffing services for geriatric home care settings.	-	-	-
07/31/14	Professional Computer Resources	CRG Workforce	Offers staffing services, specializing in IT staffing.	-	-	-
07/31/14	HLP Solutions	Mitchell Martin	Provides contract-to-hire, temporary-to-hire, direct hire and contingency workforce recruiting services.	-	-	-
07/20/14	Spencer Reed Group, Commercial Staffing	Elwood Staffing Services	Provides temporary commercial staffing services.	-	-	-
07/11/14	Metz&Baum Healthcare	Source One Healthcare Professionals	Provides healthcare staffing services in various specialties.	-	-	-
07/08/14	RezBiz	Talent	Provides professional resume writing services, LinkedIn makeover and related career services.	-	-	-
07/07/14	MedAscend	Accountable Healthcare Staffing	Provides medical staffing services in various medical specialties including physicians and nurses.	-	-	-
07/03/14	Actium Consulting	Peoplelink Staffing Solutions	Provides project-driven IT staffing and consulting services.	-	-	-
07/01/14	Personnel Profiling	Mountjoy Chilton Medley	Provides employment assessments, employment screening and hiring assistance.	-	-	-
07/01/14	Retail Search Group	PrincetonOne	Provides recruiting services for the retail industry.	-	-	-
07/01/14	bkoAustin	HireBetter	Provides chief financial officers and chief information officers on an interim or project basis.	-	-	-
06/30/14	Rollouts	Ingram Micro	Provides technical staff for cable rollout and facility projects in the United States and Canada.	-	-	-
06/30/14	Sullivan Healthcare Consulting	Jackson Healthcare	Provides interim staffing to hospitals and ambulatory surgical centers in the United States and Canada.	-	-	-
06/28/14	CECOR Staffing	Essential Personnel	Provides temp, temp-to-hire, permanent placement, contract, executive search and direct to hire staffing.	-	-	-

SELECT M&A TRANSACTIONS (CONTINUED)

Date	Target	Acquirer	Target Business Description	Enterprise	EV / LTM	
				Value (\$mm)	Revenue	EBITDA
06/17/14	Initial Koncepts (dba Six Dimensions)	CleanTech Innovations	Provides IT consulting and staffing services.	\$213.4	23.2x	-
06/21/14	My Therapy Company	Shore Capital Partners	Operates as a healthcare staffing company specializing in therapists and special ed. teachers for schools.	-	-	-
06/04/14	Performance-Based Selection	PSI Services	Provides employee selection, development and retention services.	-	-	-
06/02/14	Medical Staffing Network Healthcare	Cross Country Healthcare	Provides healthcare staffing solutions on a temporary and contract basis.	\$48.3	0.2x	-
06/02/14	Seaton	TrueBlue	Provides HR outsourcing and recruiting services in the United States and internationally.	\$452.1	0.7x	22.1x
05/20/14	Hire Talent	Arrow Strategies	Offers recruitment services for information technology and engineering professionals.	-	-	-
05/12/14	Acclaimd	eBoss Online Recruitment Solutions	Provides social media-based human resource recruiting tools.	-	-	-
05/09/14	Advance Employment Enterprises	AccessPoint	Specializes in recruiting, screening, qualifying and evaluating potential employees.	-	-	-
05/02/14	FD Careers	Bright Mountain Holdings	Operates a job search and career website for firefighters in the United States.	-	-	-
04/28/14	PartnerJD	TrustPoint International	Provides e-Discovery and litigation support staffing solutions for law firms and corporations.	-	-	-
04/25/14	Boxwood Technology	Naylor	Provides online career centers, career fairs and career-related services to employers.	-	-	-
04/22/14	Montgomery Professional Services	Global Upside	Offers recruiting, temporary staffing and onsite outsourced accounting services.	-	-	-
04/18/14	HireStrategy	Addison Group	Provides contract, direct hire and executive search solutions for IT, accounting and other positions.	-	-	-
04/10/14	Integral Resources	Noor	Provides finance, IT and legal recruiting services for the legal community.	-	-	-
04/09/14	Parallel Partners	Next Step Systems	Engages in the recruitment of information technology personnel for direct hire positions.	-	-	-
04/02/14	Profiles International	John Wiley & Sons	Provides employment assessments and human resource management solutions.	\$51.0	1.9x	-
03/27/14	PeopleAdmin	Vista Equity Partners	Provides talent and performance management solutions for higher education and government.	-	-	-
03/13/14	Engineering Laboratories	ASG Renaissance	Offers engineering and technical staffing services.	-	-	-
03/13/14	SchoolSpring	Netchemia	Provides online employment solutions for job seekers and recruiters in the education market.	-	-	-
03/12/14	ProSearch	Marcum Search	Provides staffing services to small businesses and large corporations in the United States.	-	-	-
03/03/14	Nationwide Screening Services	Corporate Resource Services	Provides employee, tenant and vendor screening services.	-	-	-
03/03/14	Total Rehab Services	Lutheran Social Services of Michigan	Provides therapy staffing services to hospitals, home care agencies, school systems and others.	-	-	-
02/28/14	W2 Financial Staffing	CRG Workforce	Provides staffing services for professionals in the fields of accounting, finance and human resources.	-	-	-
02/27/14	New Directions Search	ZRG Partners	Offers executive recruitment consulting and search services to manufacturing and service companies.	-	-	-
02/26/14	The Delta Companies	Mitsui & Co.	Provides permanent and temporary staffing services for physicians and allied healthcare professionals.	-	-	-
02/24/14	TalentBin	Monster Worldwide	Operates a talent search engine to assist HR recruiters in finding candidates.	-	-	-

LTM = Last Twelve Months; EV = Enterprise Value

Source: Capstone Partners LLC research, Capital IQ, Bloomberg, company public filings and press releases

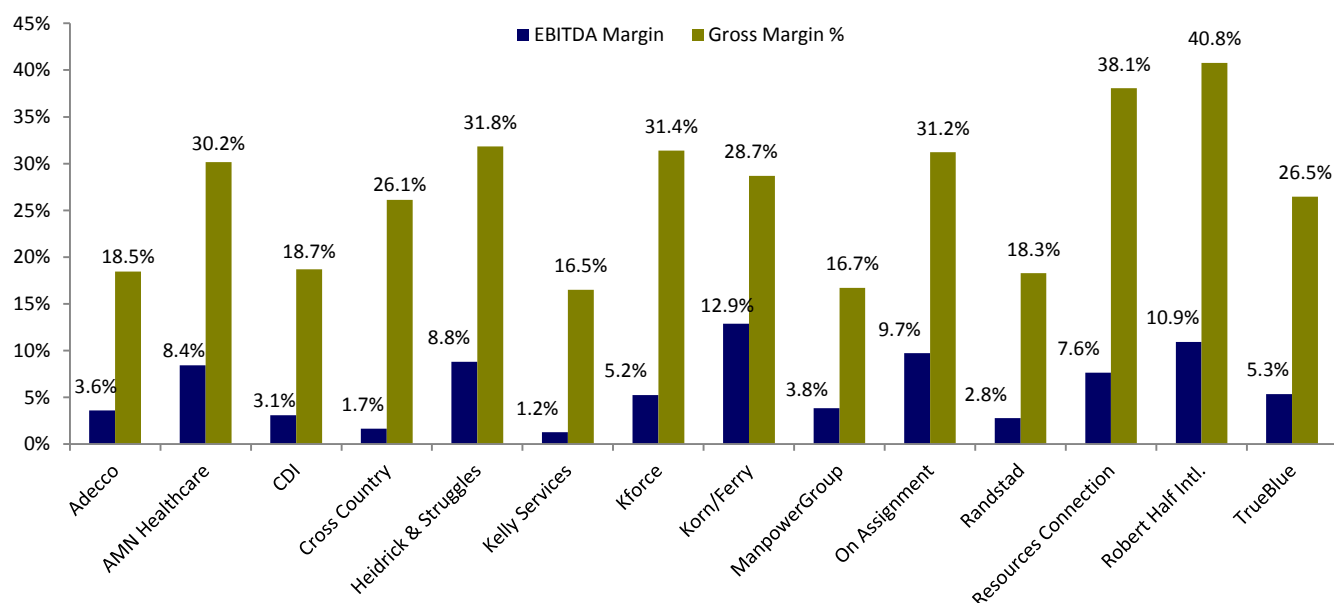
**PUBLIC COMPANY TRADING & OPERATING DATA**

Company	Price 9/15/14	Market Cap	Enterprise Value	LTM			EV / LTM	
				Revenue	EBITDA	Margin	Revenue	EBITDA
Adecco S.A.	\$72.63	\$ 13,006.5	\$ 14,652.3	\$ 26,913.5	\$ 971.0	3.6%	0.5x	15.1x
AMN Healthcare Services Inc.	\$16.04	\$ 745.9	\$ 895.0	\$ 997.5	\$ 84.1	8.4%	0.9x	10.6x
CDI Corp.	\$15.28	\$ 299.7	\$ 269.8	\$ 1,115.6	\$ 34.4	3.1%	0.2x	7.8x
Cross Country Healthcare, Inc.	\$8.67	\$ 270.9	\$ 326.7	\$ 458.0	\$ 7.6	1.7%	0.7x	43.1x
Heidrick & Struggles International	\$23.25	\$ 423.9	\$ 332.9	\$ 484.2	\$ 42.5	8.8%	0.7x	7.8x
Kelly Services, Inc.	\$17.03	\$ 639.9	\$ 666.6	\$ 5,472.7	\$ 68.3	1.2%	0.1x	9.8x
Kforce Inc.	\$19.14	\$ 626.7	\$ 708.0	\$ 1,235.3	\$ 64.7	5.2%	0.6x	10.9x
Korn/Ferry International	\$29.11	\$ 1,464.2	\$ 1,208.0	\$ 983.1	\$ 126.4	12.9%	1.2x	9.6x
ManpowerGroup Inc.	\$75.35	\$ 6,007.1	\$ 5,897.5	\$ 20,666.6	\$ 791.2	3.8%	0.3x	7.5x
On Assignment Inc.	\$28.78	\$ 1,567.8	\$ 1,913.8	\$ 1,753.0	\$ 170.1	9.7%	1.1x	11.3x
Randstad Holding NV	\$48.61	\$ 8,741.7	\$ 9,878.2	\$ 23,106.9	\$ 637.5	2.8%	0.4x	15.5x
Resources Connection Inc.	\$14.85	\$ 569.1	\$ 454.8	\$ 567.2	\$ 43.3	7.6%	0.8x	10.5x
Robert Half International Inc.	\$50.67	\$ 6,946.9	\$ 6,640.5	\$ 4,408.2	\$ 481.5	10.9%	1.5x	13.8x
TrueBlue, Inc.	\$27.13	\$ 1,128.3	\$ 991.3	\$ 1,749.4	\$ 93.5	5.3%	0.6x	10.6x

EV = enterprise value; LTM = last twelve months  
\$ in millions, except per share data  
NM = Not Meaningful; NA = Not Available

<b>Mean</b>	<b>6.1%</b>	<b>0.7x</b>	<b>13.1x</b>
<b>Median</b>	<b>5.3%</b>	<b>0.6x</b>	<b>10.6x</b>
<b>Harmonic Mean</b>	<b>3.8%</b>	<b>0.4x</b>	<b>10.9x</b>

**Last Twelve Month Margin Performance**



Source: Capital IQ as of September 15, 2014

## CAPSTONE'S LEADERSHIP TEAM

### NATIONAL

John Ferrara  
Founder, President  
(617) 619-3325  
jferrara@capstonellc.com

### BOSTON

Jacob Voorhees  
Managing Director  
(617) 619-3323  
jvoorhees@capstonellc.com

### CHICAGO

Ted Polk  
Managing Director  
(312) 674-4531  
tpolk@capstonellc.com

### LOS ANGELES

David Bench  
Managing Director  
(949) 460-6431  
dbench@capstonellc.com

### LONDON

John Snead  
Managing Director  
+44 7979 704302  
jsnead@capstonellc.com

### PHILADELPHIA

Eric Williams  
Managing Director  
(215) 854-4065  
ewilliams@capstonellc.com

### SAN DIEGO & SILICON VALLEY

David Michaels  
Managing Director  
(858) 926-5950  
dmichaels@capstonellc.com

### TAMPA

Tom Elliott  
Managing Director  
(813) 251-7285  
telliott@capstonellc.com

### CORPORATE RESTRUCTURING

Brian Davies  
Managing Director  
(617) 619-3328  
bdavies@capstonellc.com

## ABOUT CAPSTONE PARTNERS

Capstone Partners LLC is a premier investment banking firm dedicated to serving the corporate finance needs of middle market business owners, investors and creditors. The firm provides corporate sale & divestiture, merger & acquisition, private placement, corporate restructuring, valuation and financial advisory services. Capstone maintains various industry specialties including one in the Staffing & Talent Management industry. The firm also has a merchant banking capability to actively co-invest in transactions. Headquartered in Boston, Capstone has offices in Chicago, London, Los Angeles, Philadelphia, San Diego, Silicon Valley and Tampa.

**For more information  
about our expertise,  
please visit  
[www.capstonellc.com](http://www.capstonellc.com)**



**Capstone Partners**  
Investment Banking Advisors

World Class Wall Street Expertise. Built for the Middle Market