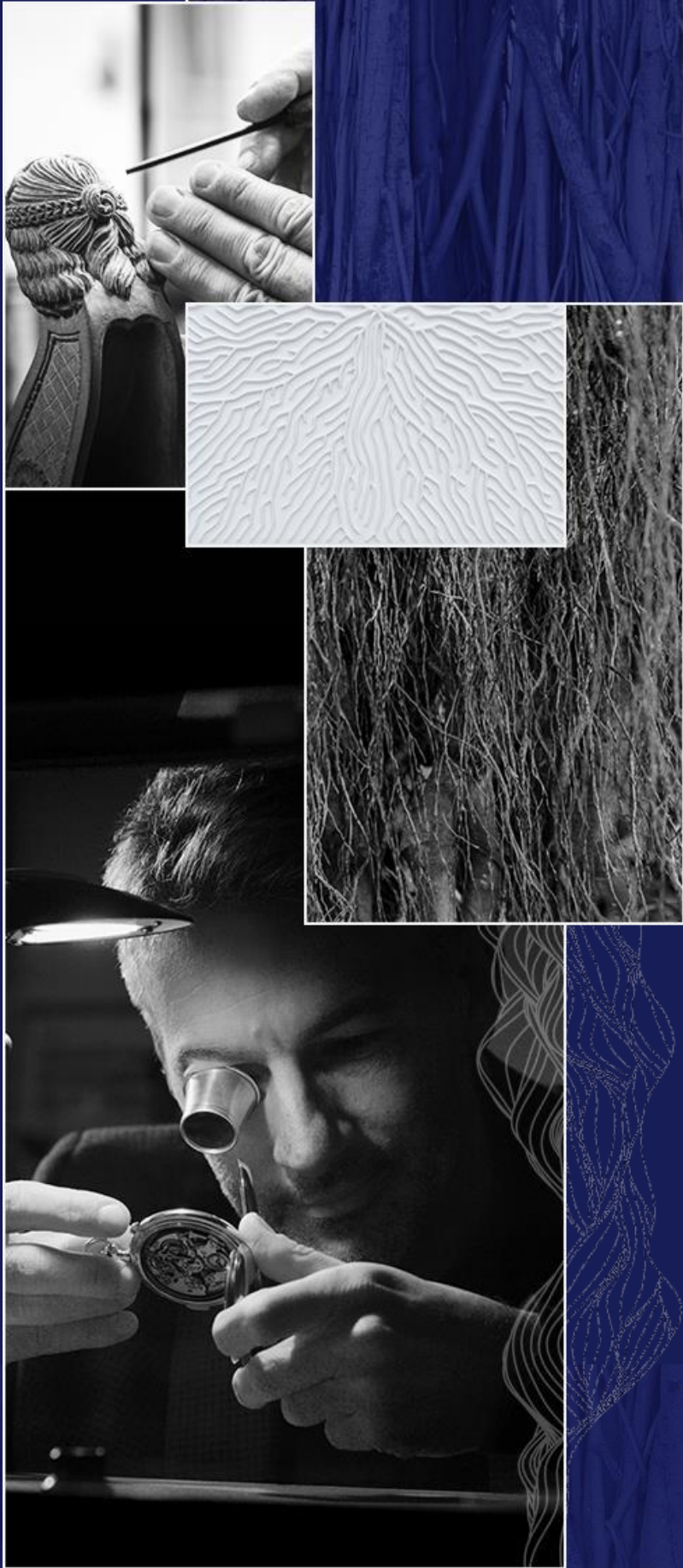


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NEWSLETTER
October 2024





Global Business Services Market

Brief Overview and Background

Business Services integrates multiple business functions such as Human Capital, Finance & Accounting, and Process Outsourcing into a unified framework that goes beyond traditional shared services by aligning with a company's strategic objectives. Initially developed as a cost-saving model in the 1980s, it has since evolved to drive greater value through operational efficiency, innovation, and scalability.

Today Business Services offers end-to-end solutions across functions leveraging global capabilities to streamline operations and improve decision-making. By integrating processes, talent and technology it creates competitive advantages and enhances organizational agility in an increasingly dynamic business environment.

No longer limited to back-office operations, Business Services has become a key enabler of business transformation supporting strategic goals such as innovation, customer experience, and agility. This edition of our newsletter highlights the role of Business Services in modern organizations and its potential to drive sustainable growth and improve operational efficiency.

Source: Industry Reports

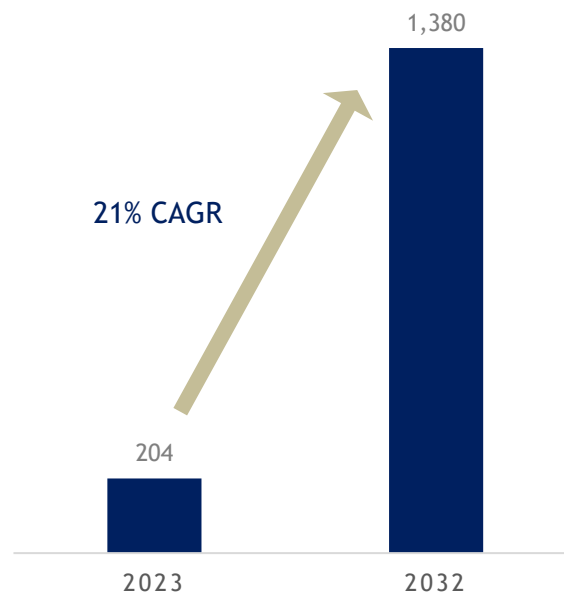
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Global Business Services Market Size:

The global Business Services market is forecast to reach a compound annual growth rate (CAGR) of 21% from 2023 to 2032. Last year, the market was estimated to be valued at \$203.7 Billion, and it is projected to reach \$13.8 trillion by 2032.

**Global Business Services
Market (in USD Bn)**



The business services sector includes four of the 20 fastest-growing industries and is experiencing increased demand for specialized expertise, particularly in management, scientific and technical consulting. As companies prioritize cost optimization, there is a growing trend of using consulting services for specific projects rather than hiring full-time staff.

Economic conditions also significantly influence the business services sector. In times of economic growth businesses are more likely to invest in services that enhance operations while in downturns the demand for cost-saving solutions tends to rise. Moreover, the growing number of new business ventures is expected to fuel further demand for business support services, as these companies require a wide range of assistance during their early stages.

Source: Industry Reports, Custom Market Insights, Statista, Accenture

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Factors Affecting Growth of the Business Services Market

Offshoring & Outsourcing

Offshoring and outsourcing remain essential strategies for improving customer care while controlling costs, particularly during economic downturns. By leveraging global talent and external expertise companies can maintain high service quality at reduced expenses.

Technological Advancements

The sector is rapidly transforming due to advancements in cloud computing, data analytics, artificial intelligence and automation. These technologies are helping businesses enhance operational efficiency, scale their services and provide better value to their clients.

Increasing Capabilities

Firms in the business services sector are expanding their service offerings, increasing revenue per customer and attracting a more diverse client base. This expansion is a key driver of mergers and acquisitions (M&A) activity, fostering growth across the sector.

Barriers to Entry

With relatively low capital investment required to establish a business in the sector, barriers to entry are minimal. However, this results in intense competition, particularly among smaller companies that face challenges differentiating their offerings in a crowded marketplace.

Dynamic Regulatory Environment

As regulations evolve across industries, businesses are increasingly in need of compliance and consulting services. This creates significant opportunities for service providers specializing in regulatory adherence, governance and risk management.

Environmental & Sustainability Services

There is a growing demand for services related to sustainability, such as sustainability reporting, energy efficiency consulting and green supply chain management. Companies are increasingly focusing on their environmental impact, driving demand for these specialized offerings.

Employee Attrition

High employee attrition, particularly within business process outsourcing (BPO) firms, continues to be a major challenge. The attrition rates have only risen over time, making talent retention a critical issue for service providers.

Diverse Client Base & Essential Nature

The Business Services sector benefits from a diverse client base and the essential nature of its services, making it more resilient to economic volatility. Its stability in comparison to other industries helps it weather broader economic challenges more effectively.

Source: Industry & News Reports, Custom Market Insights, Statista, Accenture

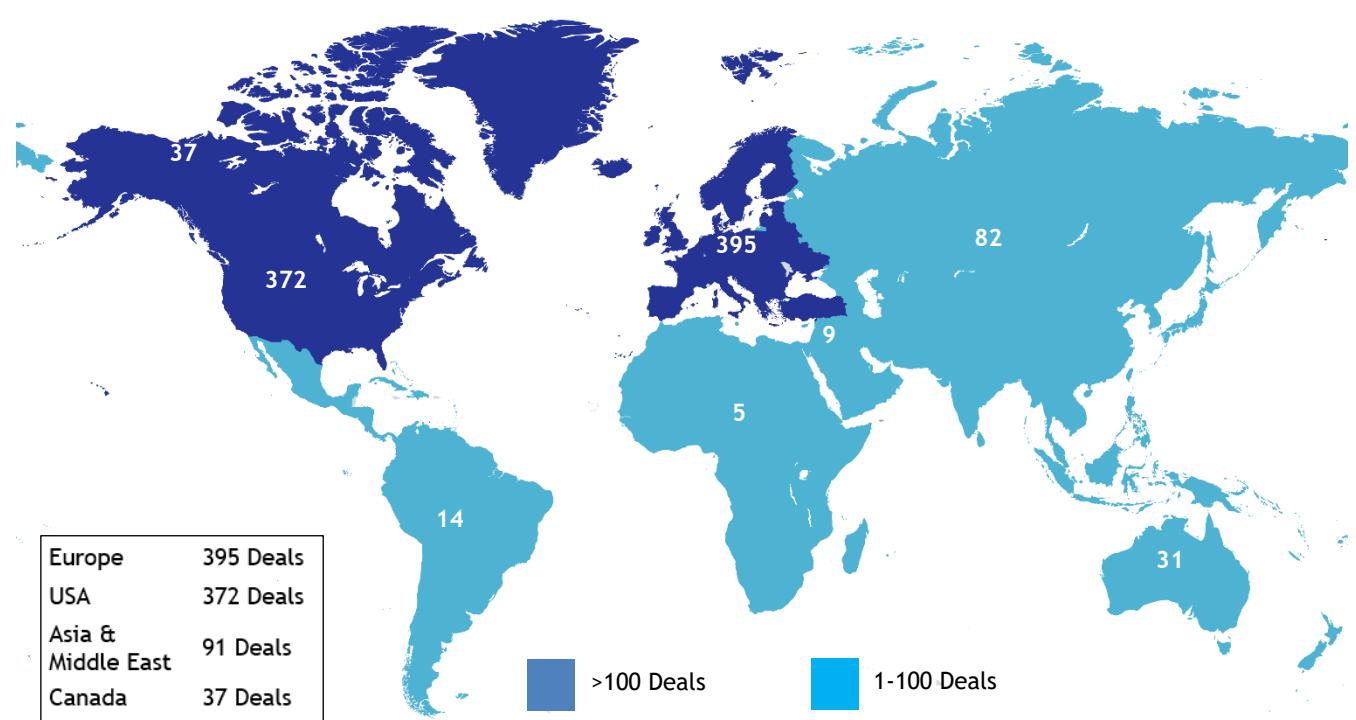
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Global M&A Trends

In the Business Services sector, deal volume increased by 2.7% in Q2 2024, reaching 945 deals, up from 920 in Q1 2024, and representing a 26% rise compared to 750 deals in Q2 of the previous year. M&A activity is expected to grow further in 2024, with deal volume projected to increase by 11.1% to 3,730 deals, driven by a gradual rise in global GDP and the possibility of interest rate cuts later in the year. However, despite the growing number of deals, total capital invested in the sector fell by 11.4% in Q2 2024 to \$6.2 billion, marking the lowest level in four years, as challenging market conditions and a shift towards smaller transactions impacted investment levels.

Global Deal Volume in 2024



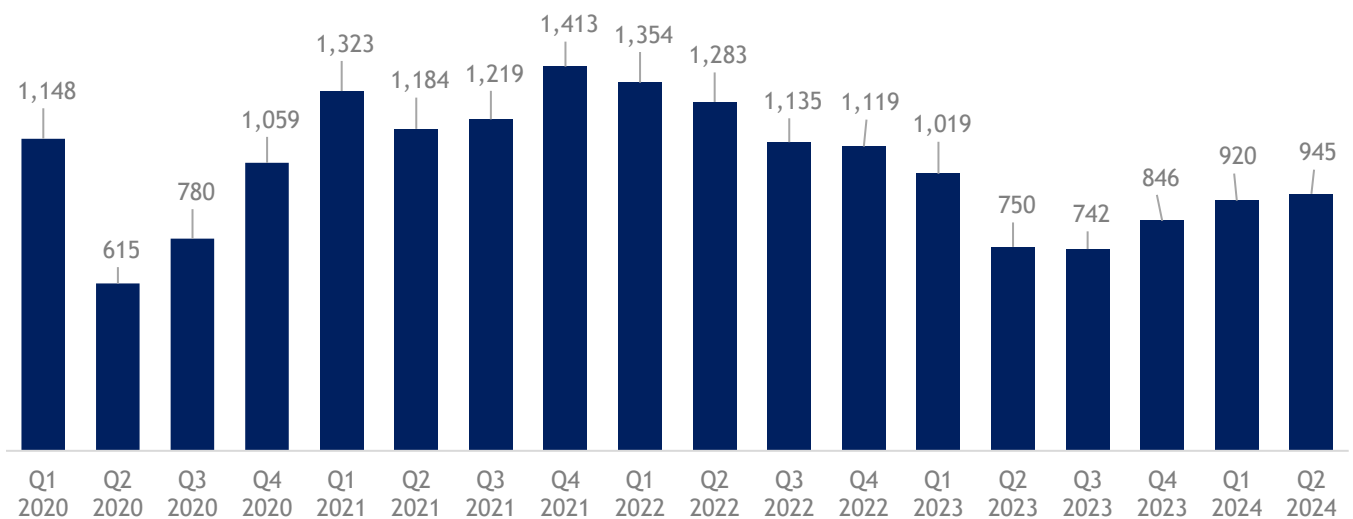
Source: Industry & News Reports, Custom Market Insights, Statista, Accenture

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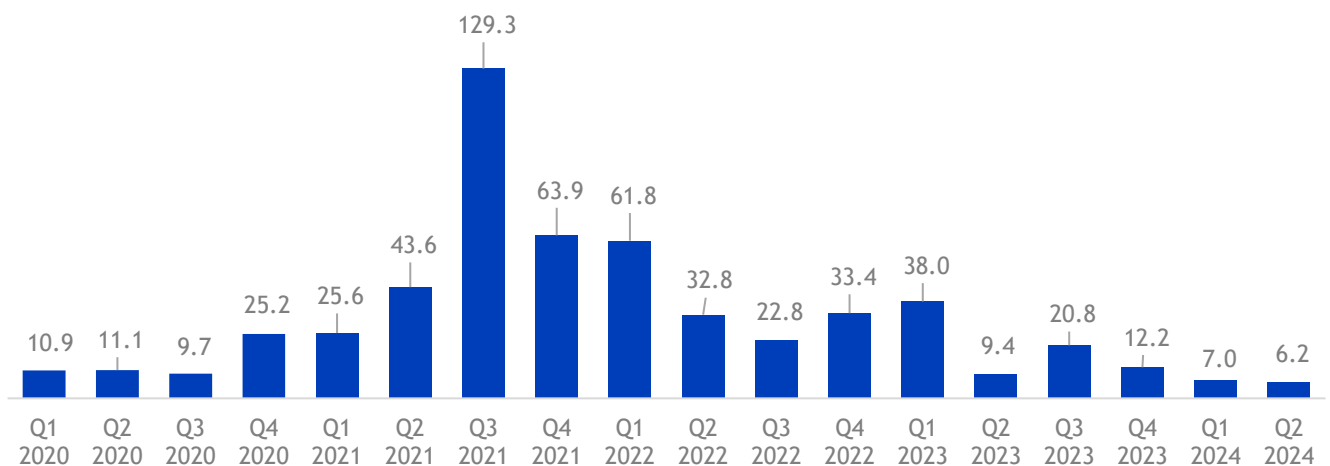


M&A activity in the business services sector is expected to rise driven by favorable macroeconomic conditions such as global GDP growth, decreasing inflation and anticipated rate cuts. This historically fragmented sector characterized by numerous local players often formed through spin-offs has been undergoing significant consolidation over the past four years. The wave of M&A is largely motivated by objectives such as expanding geographic reach and service offerings, addressing emerging segments like digital services and achieving greater efficiency through economies of scale. These factors are reshaping the competitive landscape and driving growth across the industry.

Transaction Volume



Amount Invested (in USD Bn)

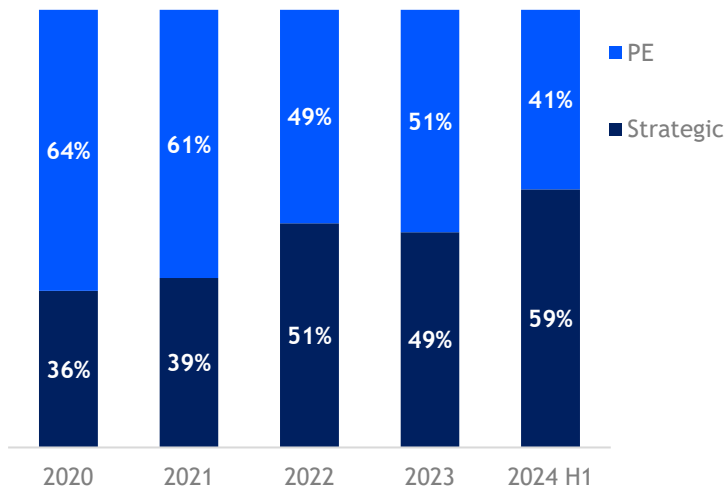


Source: Pitchbook Data

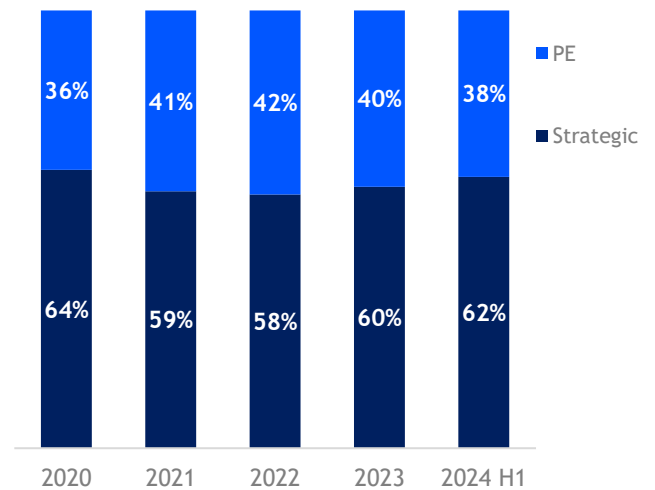
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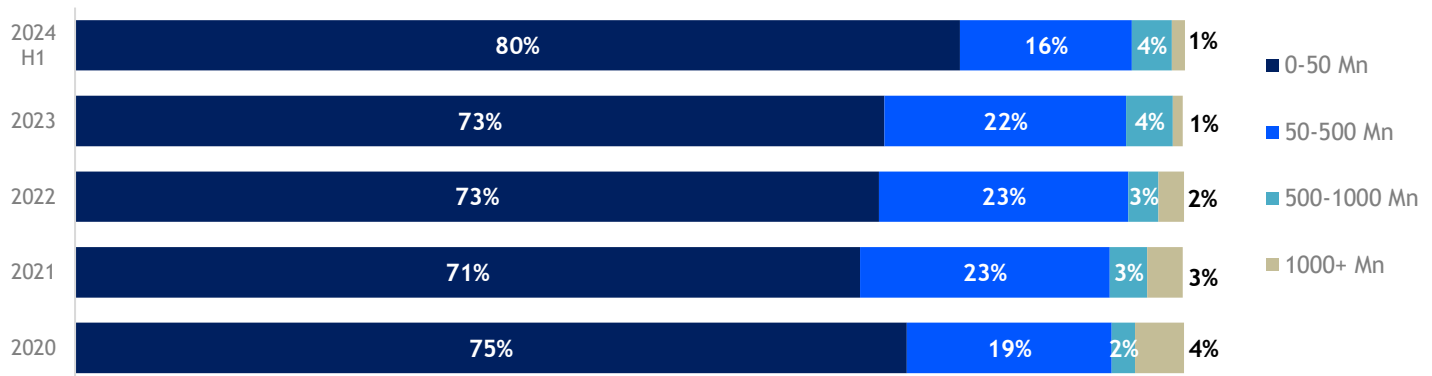
Deal Volume by Investor



Total Capital Invested
(% of overall Capital invested)



Transaction Volume by Deal Size



Source: Pitchbook Data

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Key Transactions in 2024

Date	Target	Acquirer	Target Business Description	Deal Type	Geography	Deal Value (in USD Mn)	EV/ Revenue	EV/ EBITDA
2024	Reallife Television	IDNTT	Provider of cross-media communication services intended to serve its clients in the media industry.	Strategic	Italy	2.7	0.93	6.87
2024	I Mille	TXT e-Solutions	Provider of marketing and consulting services based in Milan, Italy.	Strategic	Italy	8.5	0.68	4.91
2024	DDS Rank	Onfolio	Provider of internet marketing services intended to help dentists increase their website traffic	Strategic	USA	0.6	1.94	3.16
2024	Pagefield Communications Public	Public Policy Holding Company	Provider of communications consultancy services catering to brands, listed companies, start-ups, charities and individuals.	Strategic	UK	38.1	5.10	NA
2024	Motion Recruitment Partners	Kelly Services	Provider of IT staffing services focused on skilled, difficult-to-fill positions.	Strategic	USA	485.0	NA	NA
2024	Allegient Defense	BCS	Provider of technical contracting services intended to support government and prime system integrators	Strategic	USA	12.5	0.95	NA
2024	Benefit One	Dai-ichi Life Insurance	Provider of lodging facilities, schools, and sports clubs	Strategic	Japan	1877.4	6.76	25.38
2024	Lucas Public Affairs	Public Policy Holding Company	Provider of public affairs services catering to nonprofit foundations, corporations, labor unions, government agencies and other agencies.	Strategic	USA	7.5	1.15	NA
2024	CH&Co	Compass Group	Provider of contract catering services including cleaning, reception, coffee bar and retail services to restaurants, delis and coffee bars.	Strategic	UK	594.4	1.06	NA
2024	APM International	Edimark	Provider of health news service catering to healthcare professionals.	Strategic	France	27.8	2.85	NA
2024	Shanghai Sunpower	Undisclosed Investor	Provider and operator of marketing service	NA	China	8.1	0.30	NA
2024	North-West Law Services	Frenkel Topping Group	Provider of legal services focused on personal injury & clinical negligence cases.	Strategic	UK	3.5	1.16	NA
2024	Jonathan Grant Accountants	Count Gold Coast	Provider of accounting and auditing services intended to serve various businesses	Strategic	Australia	0.9	1.60	NA
2024	Lunghezza d'Onda	Websolute	Operator of a digital agency designed to provide interactive and creative research for global brands.	Strategic	Italy	3.8	5.31	8.48

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Date	Target	Acquirer	Target Business Description	Deal Type	Geography	Deal Value (in USD Mn)	EV/ Revenue	EV/ EBITDA
2024	Wesco Integrated Supply	Vallen Distribution, Inc	Provider of integrated supply and indirect materials outsourcing services intended to serve customers in North America and Europe.	Strategic	USA	350	0.45	NA
2024	Minshu	Port	Provider of an internet-based job information service intended for new graduates looking for work.	Strategic	Japan	15	0.14	NA
2024	Logrio	Howtelevision	Provider of recruitment agency service based in Tokyo, Japan.	Strategic	Japan	1.5	3.79	NA
2024	Brand Design	InfoNet Inc	Provider of online marketing services intended to create new relationships through branding.	Strategic	Japan	1.1	1.94	NA
						Mean	2.12	9.76
						Median	1.16	6.87

Source: Pitchbook Data

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Market Outlook

The business services sector is poised for positive growth driven by strong macroeconomic fundamentals and evolving industry dynamics. M&A activity is expected to increase, with a projected 11.1% rise in deal volume in 2024, fuelled by global GDP growth, falling inflation and potential interest rate cuts. This trend will likely lead to further consolidation as companies expand their capabilities and geographic reach through strategic acquisitions.

Technological advancements, particularly in automation, artificial intelligence and data analytics, will enhance efficiency and open new revenue streams, especially in digital services. Additionally, the growing focus on environmental, social and governance (ESG) factors will increase demand for sustainability consulting and related services.

However, challenges such as high employee attrition in business process outsourcing (BPO) and intense competition among smaller firms may impact margins. Despite these challenges, the sector's diverse client base and essential nature position it well for sustained growth as businesses prioritize cost optimization, digital transformation and sustainability initiatives.

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How can Wodehouse Capital Advisors help?

Wodehouse Capital Advisors has extensive network and prior experience across each of the service vertical



Family Office Services

- Investment Management
- Succession Planning
- Real Estate Advisory
- Business Consulting
- India Entry Strategy



Merger & Acquisitions

- Buy Side Representation
- Sell Side Representation
- Bolt- On- Acquisitions



Debt

- Structured Finance
- Refinancing
- Additional Funds for Set-up



Equity

- Growth Capital
- Strategic Capital

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