

# CHILDS

ADVISORY PARTNERS

## Quarterly Update

3Q 2013

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### CHILDS News and Events

#### 11/11/13 - 11/13/13

CHILDS attends the Techserve conference in Las Vegas, NV

#### 11/4/13

CHILDS advises FreeBorders on its merger with Symbio Solutions

#### 10/31/13

CHILDS advises itelligence on its acquisition of Aster Group

#### 10/23/13 - 10/25/13

CHILDS sponsors and speaks at the SIA Healthcare Conference in Chicago, IL

#### 10/8/13 - 10/10/13

CHILDS speaks at ASA Staffing World 2013 in Orlando, FL

#### 9/9/13 - 9/12/13

CHILDS attends Workday Rising conference in San Francisco, CA

#### 9/6/13

CHILDS advises The CSI Companies on its acquisition of Anteo Group

#### 8/5/13

CHILDS advises nextSource on its recapitalization by H.I.G. Capital

#### 7/31/13

CHILDS advises M Squared Consulting on its sale to SolomonEdwardsGroup

#### 5/2/13

CHILDS IT & Professional Services Summit in Chicago, IL

#### 5/1/13

CHILDS advises Locum Leaders on its sale to Onward Health

#### 3/15/13

CHILDS advises HighPoint Solutions on its recapitalization by LLR Partners

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### *The First Word*

#### *The Effect of Immigration Reform on Offshore IT Providers*

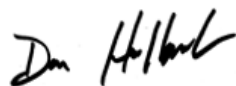
The current U.S. immigration bill will have a significant impact on the current offshore IT model, specifically Indian outsourcers. A primary driver of the bill is providing a path to citizenship for illegal immigrants currently living in the U.S., however, the Indian offshore outsourcers have honed in on the clause in the bill that addresses non-immigrant visas. This clause limits the percentage of H1B and L1 visas relative to a firm's total U.S. employees to 50% by fiscal year 2017. Estimates suggest that visa workers currently comprise 50-75% of offshore firms' U.S. employees, and that North America accounts for approximately 60% of India's IT outsourcing revenue. If the bill passes, both offshore firms and their clients will feel the effects, with the Indian firms experiencing the brunt of the pain by losing one of their biggest competitive advantages in the U.S.—low cost resources on visas working at a client site.

In its current form, the bill will likely drive offshore firms to employ a great number of U.S. residents, resulting in increased wage and benefits expenses. In addition to higher cost local resources, Indian firms will pay higher fees (potentially \$5-10k per applicant) for visas and potentially higher wages to H1Bs, disrupting the current outsourcing model. How will the offshore model prevail without the cost advantage?

Hiring more local U.S. based resources may be easier said than done. Today, at less than 3%, unemployment for IT labor in the U.S. is low. Immigration reform would create an increased demand from offshore firms to hire U.S. based IT labor, creating an even greater shortage of resources. The imbalance between the supply and demand curves for IT labor resources will drive up costs, which will ultimately be passed on to the client or reflected in the offshore firm's margin.

Assuming a majority of these increases will be passed along to the customer, the low cost advantage of using employees with visas erodes and changes the competitive advantage on which offshore providers have built their empires. Conversely, the bill also provides an advantage to U.S. based IT consultancies, as they will not be affected by the proposed legislation and often leverage significant resources in India.

Given the challenges of sourcing and hiring quality talent, an acquisition of a U.S. based firm may be an increasingly attractive alternative for the international players. This would provide a means to leverage a U.S. employee base while diluting the mix of H1B/L1 visas. In the case of the large providers like Wipro, HCL, Infosys and Cognizant, these transactions would have to be enormous and transformational in order to impact the mix. Given what is at stake (and the strength of their balance sheets), M&A seems like the best course of action should the bill get passed.



**Don Holbrook**

Selected CHILDS Transactions



has merged with



November 2013



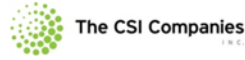
has been acquired by



October 2013



has been acquired by



September 2013



has been recapitalized by



August 2013



has been acquired by



July 2013



has been acquired by



May 2013



A Portfolio Company of  
Kayne Anderson  
has been recapitalized by



March 2013



has merged with a  
subsidiary of

Conversion  
Capital

March 2013



has been acquired by



February 2013



has been acquired by



October 2012



has been recapitalized by  
an investor group led by



September 2012



has received a growth  
equity investment from



April 2012



has been acquired by



April 2012



Fahrenheit  
technology  
IT Staffing Division  
has been acquired by



January 2012



has been recapitalized by



December 2011



has been acquired by



December 2011



has been recapitalized by

Morgan Stanley  
Capital Partners

May 2011



has been recapitalized by



May 2011



has been acquired by



A Riverside Partners  
Company

April 2011



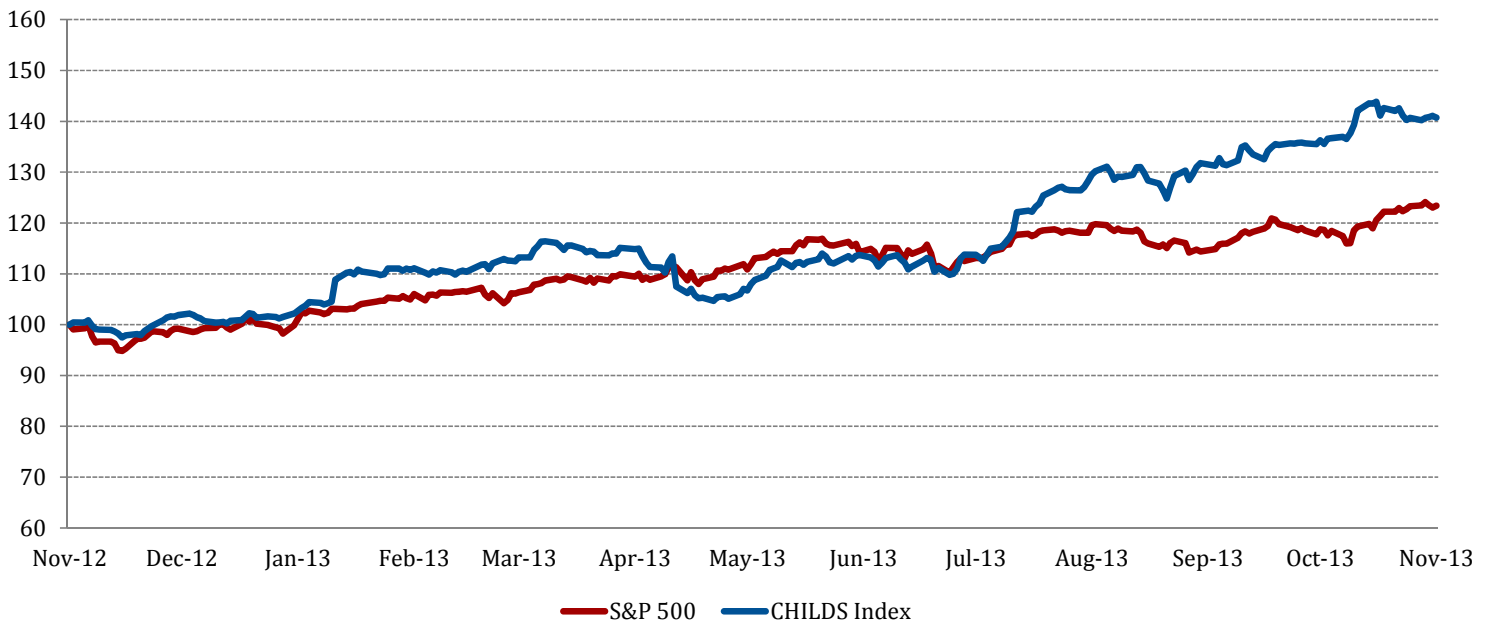
has been acquired by



December 2010

## Business Services & Technology Market Update

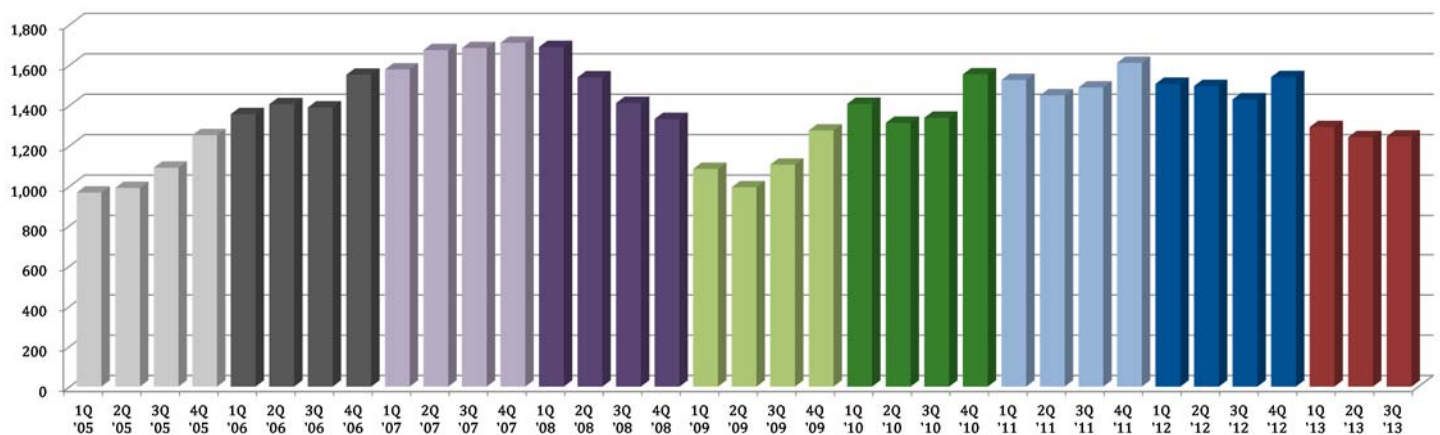
CHILDS Advisory Partners (“CHILDS”) tracks a list of publicly traded companies in our core sectors. The CHILDS Business Services & Technology Index has outperformed the S&P 500 Index by approximately 17% over the past year.



Note: The CHILDS Business Services & Technology Index is made up of select public companies in the following sectors: IT/Professional Services, Software, Business Process Outsourcing, Human Capital Management, Marketing & Information Services and Facilities Services. Index data as of November 1, 2013.

## Business Services & Technology M&A Transactions by Quarter (2005 – 3Q 2013)

Business Services & Technology M&A volume was flat in 3Q 2013 vs. 2Q 2013 and down year-over-year. We noted a total of 1,246 transactions in 3Q 2013 compared to 1,243 transactions noted in 2Q 2013 and 1,430 in 3Q 2012.



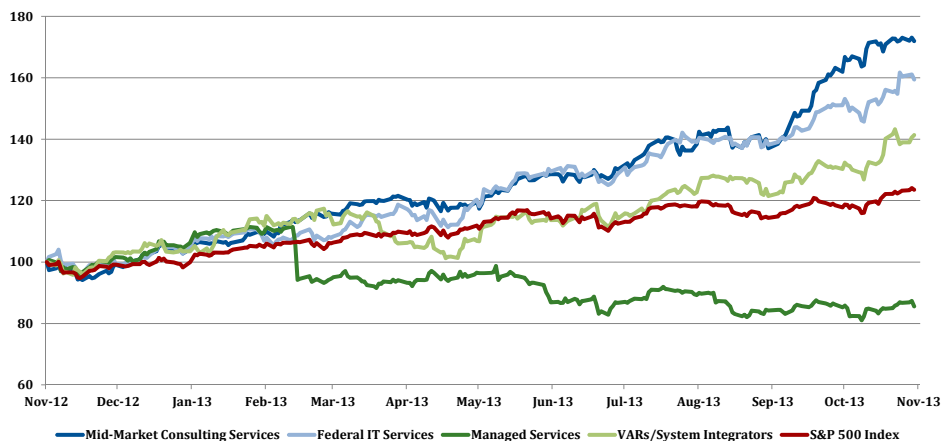
Source: CHILDS database and Capital IQ

## Sector Update: Technology and Professional Services

### IT/Professional Services Comparable Public Company Analysis

#### Public Company Stock Performance

Over the last year, the Mid-Market Consulting, Federal IT Services and VARs/System Integrators indices outperformed the S&P. The Managed Services index underperformed the S&P by approximately 38% and has experienced a negative return over the past 12 months.



#### Mid-Market Consulting

The average LTM EBITDA multiple is 10.8x, which is higher than last quarter's multiple of 10.2x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Ciber, Inc.	\$3.18	63.7%	0.3x	9.4x
CRA International Inc.	\$18.59	80.5%	0.6x	6.7x
Edgewater Technology Inc.	\$6.79	91.3%	0.6x	14.0x
Exponent Inc.	\$74.71	92.8%	3.1x	13.6x
FTI Consulting, Inc.	\$40.05	95.7%	1.4x	8.7x
Huron Consulting Group Inc.	\$57.35	96.5%	2.0x	9.5x
Mattersight Corporation	\$4.09	71.5%	2.4x	NM
Navigant Consulting Inc.	\$17.43	99.0%	1.3x	7.5x
Perficient Inc.	\$17.43	83.1%	1.8x	14.8x
Resources Connection Inc.	\$12.97	93.1%	0.7x	9.2x
Sapient Corp.	\$15.92	98.6%	1.7x	12.9x
The Hackett Group, Inc.	\$6.92	92.5%	1.0x	11.2x
Towers Watson & Co.	\$115.76	97.5%	2.2x	12.1x
<b>Average</b>		<b>88.9%</b>	<b>1.5x</b>	<b>10.8x</b>

#### Federal IT Services

The average LTM EBITDA multiple for the third quarter remained at 6.4x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CACI International Inc.	\$72.15	99.6%	0.6x	6.9x
Dynamics Research Corporation	\$7.38	96.0%	0.5x	5.2x
ICF International Inc.	\$34.65	95.8%	0.8x	8.5x
ManTech International Corporation	\$27.77	91.9%	0.4x	5.5x
Science Applications International Corporation	\$35.44	94.5%	0.4x	6.0x
Tyler Technologies, Inc.	\$94.51	90.8%	7.5x *	39.4x *
<b>Average</b>		<b>94.8%</b>	<b>0.5x</b>	<b>6.4x</b>

#### Managed Services

The average LTM EBITDA multiple has increased to 11.6x from 11.3x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CenturyLink, Inc.	\$33.58	79.9%	2.2x	5.4x
Equinix, Inc.	\$166.17	71.8%	5.5x	13.1x
Internap Network Services Corp.	\$7.27	75.8%	1.9x	11.4x
Limelight Networks, Inc.	\$1.91	74.6%	0.4x	NM
Rackspace Hosting, Inc.	\$50.60	62.2%	4.8x	16.6x
<b>Average</b>		<b>72.8%</b>	<b>3.0x</b>	<b>11.6x</b>

#### VARs/System Integrators

The average LTM EBITDA multiple is 6.7x, a decrease from last quarter's multiple of 6.9x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Atos S.A.	\$85.23	99.4%	0.6x	5.5x
Black Box Corporation	\$24.23	76.7%	0.5x	6.4x
Cap Gemini S.A.	\$64.70	97.3%	0.7x	7.5x
Datalink Corporation	\$10.31	70.8%	0.3x	7.4x
ePlus inc.	\$53.78	80.3%	0.5x	6.8x
<b>Average</b>		<b>84.9%</b>	<b>0.5x</b>	<b>6.7x</b>

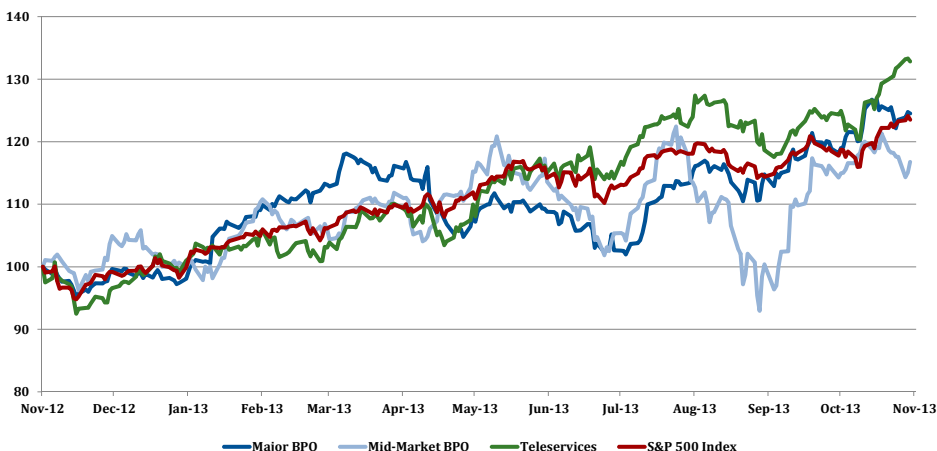
\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of November 1, 2013 in US\$.

# CHILDS Quarterly Update: 3Q 2013

## BPO Comparable Public Company Analysis

### Public Company Stock Performance

In the last twelve months, the Teleservices segment has outperformed the S&P 500 by approximately 10%. The Major BPO segment has tracked the S&P 500, while the Mid-Market BPO segment has underperformed the market by approximately 7%.



### Major BPO

The average LTM EBITDA multiple is 9.3x this quarter, down from last quarter's multiple of 9.5x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Accenture plc	\$73.00	86.7%	1.4x	9.4x
CGI Group, Inc.	\$33.21	89.7%	1.5x	11.0x
Cognizant Technology Solutions Co	\$87.54	97.3%	2.9x	14.0x
Computer Sciences Corporation	\$50.39	92.0%	0.6x	3.8x
Convergys Corporation	\$19.61	96.4%	0.7x	6.5x
Genpact Ltd.	\$19.87	93.3%	2.4x	12.8x
Infosys Ltd.	\$53.09	97.2%	3.3x	12.3x
Iron Mountain Inc.	\$26.11	65.8%	2.9x	10.6x
Pitney Bowes Inc.	\$21.48	97.6%	1.5x	8.0x
Tata Consultancy Services Limited	\$33.96	92.9%	5.7x *	19.1x *
Unisys Corporation	\$26.11	92.4%	0.2x	3.5x
Wipro Ltd.	\$7.81	92.9%	2.7x	13.1x
Xerox Corporation	\$10.02	89.9%	0.9x	6.3x
<b>Average</b>		<b>91.1%</b>	<b>1.8x</b>	<b>9.3x</b>

### Mid-Market BPO

The average LTM EBITDA multiple is 10.7x this quarter, an increase from last quarter's multiple of 9.3x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Aditya Birla Nuvo Limited	\$20.28	97.1%	1.2x	8.1x
Epiq Systems, Inc.	\$15.00	96.7%	2.0x	11.0x
HCL Technologies Ltd.	\$17.81	93.4%	2.7x	12.0x
Hexaware Technologies Limited	\$2.15	99.6%	1.7x	8.1x
iGATE Corporation	\$31.61	92.5%	2.4x	10.3x
ITC Limited	\$5.32	86.5%	7.9x *	22.4x *
Mphasis Limited	\$6.88	82.9%	1.5x	8.0x
Syntel, Inc.	\$84.76	95.3%	4.0x	11.9x
Tech Mahindra Limited	\$24.70	95.7%	3.8x	15.9x
<b>Average</b>		<b>93.3%</b>	<b>2.4x</b>	<b>10.7x</b>

### Teleservices

The average LTM EBITDA multiple has decreased to 8.2x from 8.3x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Convergys Corporation	\$19.61	96.4%	0.7x	6.5x
StarTek, Inc.	\$6.31	87.2%	0.4x	10.3x
Sykes Enterprises, Incorporated	\$18.38	93.7%	0.6x	7.1x
TeleTech Holdings Inc.	\$25.54	94.4%	1.1x	8.7x
<b>Average</b>		<b>92.9%</b>	<b>0.7x</b>	<b>8.2x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of November 1, 2013 in US\$.

## CHILDS Quarterly Update: 3Q 2013

### IT/Professional Services and BPO Notable Transactions

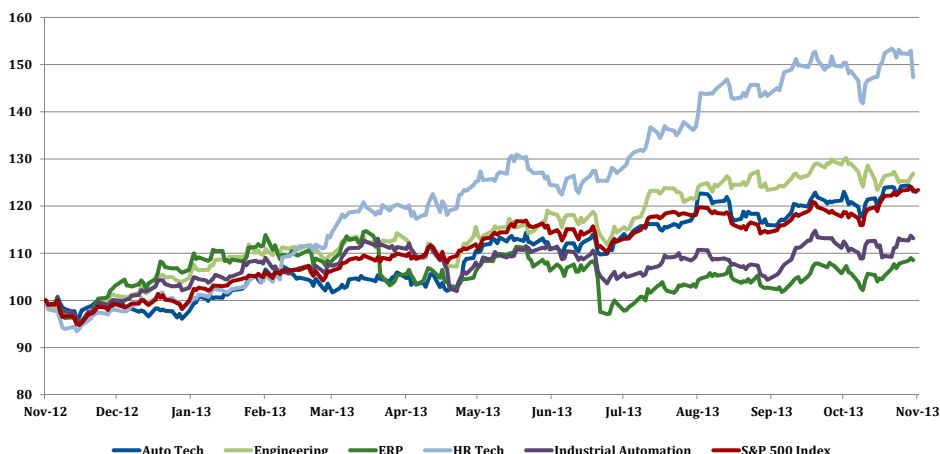
Date Closed	Buyer	Target	Target Description/Comment
9/27/2013 (announced)	Hitachi Solutions	Charteris (Microsoft Dynamics Implementation Practice)	Charteris' Microsoft Dynamics Implementation Practice comprises business operations offering customer relationship management and enterprise resource planning software implementation
9/20/2013	Huron Consulting Group	Blue Stone International	Blue Stone International provides financial and strategy planning services by developing financial models and streamlining processes for CFO-related activities
9/17/2013	Appirio	TopCoder	TopCoder operates an online community for software development and digital creation
9/12/2013	Econocom Group	Osiatis	Osiatis offers outsourcing services, including infrastructure outsourcing, packaging and mastering, and remote deployment of work stations
9/10/2013	Concentrix Corporation	IBM, Worldwide Customer Care BPO Services	IBM, Worldwide Customer Care Business Process Outsourcing Services Business offers customer care business process outsourcing services
9/5/2013	CloudSherpas	Stoneburn Software Services	Stoneburn Software Services provides organizations solutions to migrate to and manage their business processes in the cloud including cloud strategy, cloud management, and custom applications
9/3/2013	Grant Thornton	MarketSphere	MarketSphere provides strategic advisory and technology experts to help users deliver integrated ERP, business intelligence, and enterprise performance management solutions to optimize business performance
9/3/2013	General Catalyst Partners	Datto	Datto provides IT consulting services and hardware for on-site and off-site backup, disaster recovery, and business continuity solutions for small and large enterprise businesses
8/23/2013	Baring Asia Private Equity	Hexaware Technologies	Hexaware Technologies provides information technology consulting and business process outsourcing services worldwide
8/12/2013	Accenture	PRION	PRION is a consulting and systems integration company that specializes in providing product lifecycle management and CAD solutions to companies worldwide
7/30/2013	Apollo Global Management	Pitney Bowes Management Services Business	Pitney Bowes Management Services provides document outsourcing services which includes direct mail, transactional mail and call center communications, digital channel messaging for Web, email, and mobile applications
7/2/2013	Xerox	Customer Value Group	Customer Value Group provides accounts receivable management automation software and services for various functional areas including collection, dispute management, management information, and implementation

# CHILDS Quarterly Update: 3Q 2013

## Software Comparable Public Company Analysis

### Public Company Stock Performance

Over the last twelve months, the HR Tech and Engineering indices have outperformed the S&P 500, while the ERP and Industrial Automation have underperformed the index. The Auto Tech index has tracked the S&P 500 over the past twelve months.



### HR Technology

The average LTM EBITDA multiple this quarter has increased to 27.7x from 25.5x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
51job Inc.	\$77.87	97.9%	7.5x	22.1x
Automatic Data Processing, Inc.	\$75.31	98.2%	3.3x	15.7x
Bond International Software plc	\$1.50	94.9%	1.1x	11.1x
Callidus Software Inc.	\$10.69	94.6%	4.3x	NM
Cornerstone OnDemand, Inc.	\$45.55	82.1%	15.2x	NM
Dice Holdings, Inc.	\$7.41	71.0%	2.1x	6.7x
Halogen Software Inc.	\$12.87	83.6%	5.1x	NM
Healthstream Inc.	\$33.60	84.5%	6.6x	35.3x
LinkedIn Corporation	\$219.90	85.4%	17.3x	142.8x *
Saba Software, Inc.	\$11.74	100.0%	0.0x	NM
Paychex, Inc.	\$41.99	96.3%	6.3x	14.5x
The Ultimate Software Group, Inc.	\$152.04	93.3%	10.6x	73.9x
WageWorks, Inc.	\$54.51	95.7%	7.7x	42.3x
Workday, Inc.	\$75.35	89.3%	34.8x *	NM
<b>Average</b>		<b>90.5%</b>	<b>6.7x</b>	<b>27.7x</b>

### Engineering

The average LTM EBITDA multiple for 3Q 2013 is 21.5x, down from 22.1x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
3D Systems Corp.	\$63.01	99.6%	13.4x	54.8x
Accelrys Inc.	\$9.28	92.8%	2.4x	40.8x
Ansys, Inc.	\$87.42	97.4%	9.0x	19.2x
Aspen Technology, Inc.	\$37.93	97.2%	10.2x	44.2x
Autodesk, Inc.	\$41.89	97.8%	3.5x	17.4x
Aveva Group plc	\$40.92	96.4%	6.6x	21.0x
Cadence Design Systems Inc.	\$13.00	81.4%	2.5x	11.6x
Dassault Systemes SA	\$119.83	86.3%	4.7x	15.2x
Delcam plc	\$25.85	91.2%	2.3x	16.1x
ESI Group SA	\$27.99	64.9%	1.1x	11.0x
Exa Corporation	\$15.48	94.3%	3.5x	78.0x *
Mentor Graphics Corp.	\$21.87	92.0%	2.3x	12.6x
Nemetschek AG	\$66.78	94.3%	2.3x	11.8x
PDF Solutions Inc.	\$22.88	98.0%	6.1x	20.7x
PTC Inc.	\$27.70	94.2%	2.6x	13.1x
Stratasys Ltd.	\$117.60	99.9%	15.3x	76.9x *
Synopsys Inc.	\$36.15	94.1%	2.5x	13.7x
The ExOne Company	\$51.97	66.0%	18.4x *	NM
<b>Average</b>		<b>91.0%</b>	<b>5.3x</b>	<b>21.5x</b>

### Enterprise Resource Planning

The average LTM EBITDA multiple this quarter has increased to 12.6x from 11.9x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
American Software, Inc.	\$8.76	93.2%	1.8x	12.6x
Concur Technologies, Inc.	\$104.35	91.3%	11.0x	127.0x *
EZopen, Inc.	\$22.51	87.0%	8.3x	NM
Exact Holding NV	\$27.99	100.0%	2.0x	11.2x
Industrial & Financial Systems IFS AB	\$22.77	94.6%	1.3x	17.1x
Microsoft Corporation	\$35.53	97.5%	2.9x	7.4x
NetSuite Inc.	\$98.68	86.6%	18.6x *	NM
Oracle Corporation	\$33.53	92.0%	3.7x	8.5x
QAD Inc.	\$14.46	95.1%	0.7x	15.6x
Sage Group plc	\$5.36	86.2%	2.9x	9.7x
SAP AG	\$77.87	88.9%	4.2x	12.1x
Selectica, Inc.	\$6.90	65.7%	0.9x	NM
The Descartes Systems Group Inc	\$12.12	95.5%	5.4x	19.0x
<b>Average</b>		<b>90.3%</b>	<b>3.8x</b>	<b>12.6x</b>

### Automotive OEM and Dealership Systems

The average LTM EBITDA multiple this quarter has decreased to 15.7x from 15.8x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Autobytel Inc.	\$7.61	82.4%	0.8x	16.6x
AutoNation Inc.	\$48.39	88.8%	0.6x	12.6x
AutoZone, Inc.	\$434.83	96.2%	2.1x	9.4x
Dealertrack Technologies, Inc.	\$37.17	85.4%	3.8x	25.3x
Equifax Inc.	\$65.18	98.4%	3.9x	12.4x
Exa Corporation	\$15.48	94.3%	3.5x	78.0x *
LKQ Corp.	\$32.36	95.0%	2.4x	19.9x
Solera Holdings Inc.	\$56.34	94.2%	5.6x	13.6x
<b>Average</b>		<b>91.8%</b>	<b>2.8x</b>	<b>15.7x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of November 1, 2013 in US\$.

# CHILDS Quarterly Update: 3Q 2013

## Industrial Automation

The average LTM EBITDA multiple for 3Q of is 13.9x, which is up from 13.2x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
ABB Ltd.	\$25.08	98.3%	1.5x	10.9x
Echelon Corporation	\$2.19	63.8%	0.5x	NM
Honeywell International Inc.	\$86.91	98.8%	1.9x	12.7x
International Business Machines Corp	\$179.23	83.0%	2.2x	8.5x
Invensys plc	\$8.01	97.3%	1.7x	21.5x
National Instruments Corporation	\$32.16	98.0%	3.1x	23.9x
Rockwell Automation Inc.	\$109.43	97.5%	2.4x	13.0x
Schneider Electric S.A.	\$83.88	92.9%	1.7x	10.0x
Yokogawa Electric Corp.	\$12.76	86.1%	1.0x	11.1x
<b>Average</b>		<b>90.6%</b>	<b>1.8x</b>	<b>13.9x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of November 1, 2013 in US\$.

## Software Notable Transactions

Date Closed	Buyer	Target	Target Description/Comment
9/23/2013	DealerTrack Technologies	VINtek	VINtek provides automotive collateral management, electronic lien and title, direct auto finance, and business processing services for banks, credit unions, and auto finance institutions
9/10/2013	SAP	Virtustream	Virtustream provides enterprise cloud software and services that enables hybrid cloud deployments, multiple hypervisors support, and sub-virtual machine pricing modeling services
8/30/2013	SciQuest	CombineNet	CombineNet operates as an advanced sourcing company that provides eRFP solutions, advanced sourcing, strategic sourcing support, and integration with ERP, procurement suite, and supply chain applications
8/21/2013	AutoDesk	Get the Point (technology assets)	Get the Point provides technology solutions that assist building information modeling and computer aided drafting and design
8/20/2013	Kronos	Time Link International	Time Link International provides enterprise workforce management software and data collection hardware solutions to companies worldwide
8/1/2013	Thoma Bravo	Intuit Financial Services (nka Digital Insight)	Digital Insight provides a suite of on-demand financial management and proprietary software solutions for financial institutions
7/24/2013	Bullhorn	EASY Software Solutions	EASY Software Solutions develops timesheet, expense, invoice, and commission management software solutions for staffing industry
7/24/2013	Dice Holdings	Job Board Enterprises	Job Board Enterprises operates as an online recruitment and advertising tool for various IT and computer job vacancies in Europe
7/16/2013	Concur Technologies	TRX	TRX operates as a travel technology and data services provider, offering SaaS solutions for reservation processing, data intelligence, expenses reporting and process automation
7/8/2013	Equifax	TrustedID	TrustedID provides proactive identity theft protection solutions for individuals, families, and businesses through solutions that enable users to safeguard credit, and detect and stop identity theft before it happens
7/8/2013	Welsh, Carson, Anderson & Stowe	Service Repair Solutions	Service Repair Solutions provides information solutions for the automotive service and repair industry through mission-critical data, information services, and workflow



# CHILDS Quarterly Update: 3Q 2013

## Sector Update: Business Services

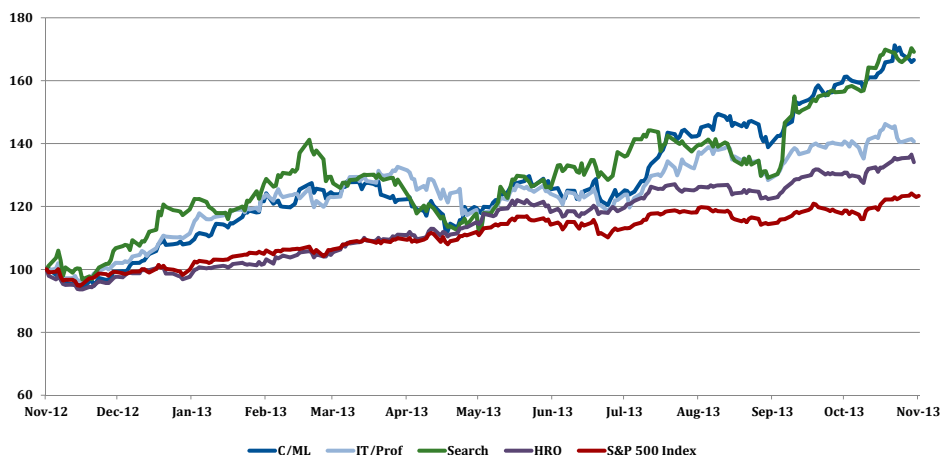
### HCM Comparable Public Company Analysis

#### Public Company Stock Performance

All of the HCM segments that we track have outperformed the S&P 500 over the past twelve months

Commercial/Multi-line and Executive search have outperformed the market by 43% and 46%, respectively.

The IT/Professional and HRO segments have outperformed the S&P 500 by 18% and 11%, respectively.



#### Commercial & Multi-Line Staffing

The average LTM EBITDA multiple for 3Q 2013 has increased to 12.3x from 11.8x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Adecco S.A.	\$72.78	97.6%	0.6x	13.1x
Kelly Services, Inc.	\$20.96	99.3%	0.1x	9.2x
ManpowerGroup Inc.	\$79.73	97.6%	0.3x	10.5x
Randstad Holding NV	\$60.44	98.6%	0.5x	17.2x
TrueBlue, Inc.	\$24.76	89.2%	0.6x	11.6x
<b>Average</b>		<b>96.4%</b>	<b>0.4x</b>	<b>12.3x</b>

#### IT & Professional Staffing

The average LTM EBITDA multiple has increased to 10.4x this quarter from 10.2x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CDI Corp.	\$15.70	87.2%	0.3x	7.8x
Computer Task Group Inc.	\$17.11	65.5%	0.7x	10.8x
Kforce Inc.	\$19.96	99.8%	0.6x	13.4x
Mastech Holdings, Inc.	\$14.95	98.0%	0.4x	8.8x
On Assignment Inc.	\$33.15	94.5%	1.2x	12.0x
RCM Technologies Inc.	\$6.45	92.5%	0.4x	8.3x
Robert Half International Inc.	\$38.89	94.6%	1.2x	11.3x
AMN Healthcare Services Inc.	\$13.85	85.5%	0.8x	10.6x
Cross Country Healthcare, Inc.	\$5.76	92.2%	0.3x	28.8x *
<b>Average</b>		<b>90.0%</b>	<b>0.7x</b>	<b>10.4x</b>

#### Executive Search

The average LTM EBITDA multiple increased to 10.4x this quarter from 7.6x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CTPartners Executive Search Inc.	\$6.47	94.3%	0.4x	13.5x
Heidrick & Struggles International Inc.	\$18.57	94.8%	0.5x	7.0x
Korn/Ferry International	\$23.91	99.4%	1.2x	10.6x
<b>Average</b>		<b>96.2%</b>	<b>0.7x</b>	<b>10.4x</b>

#### HR Outsourcing

The average LTM EBITDA multiple is 12.8x for the third quarter, up from 11.9x in the second quarter of 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Automatic Data Processing, Inc.	\$75.31	98.2%	3.3x	15.7x
Barrett Business Services Inc.	\$89.19	99.3%	1.2x	21.4x
Capita plc	\$15.68	93.0%	2.3x	14.5x
Insperty, Inc.	\$35.62	89.7%	0.3x	7.9x
Paychex, Inc.	\$41.99	96.3%	6.3x	14.5x
Towers Watson & Co.	\$115.76	97.5%	2.2x	12.1x
Xchanging PLC	\$2.02	83.9%	0.3x	3.2x
<b>Average</b>		<b>94.0%</b>	<b>2.3x</b>	<b>12.8x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of November 1, 2013 in US\$.

## CHILDS Quarterly Update: 3Q 2013

### HCM Notable Transactions

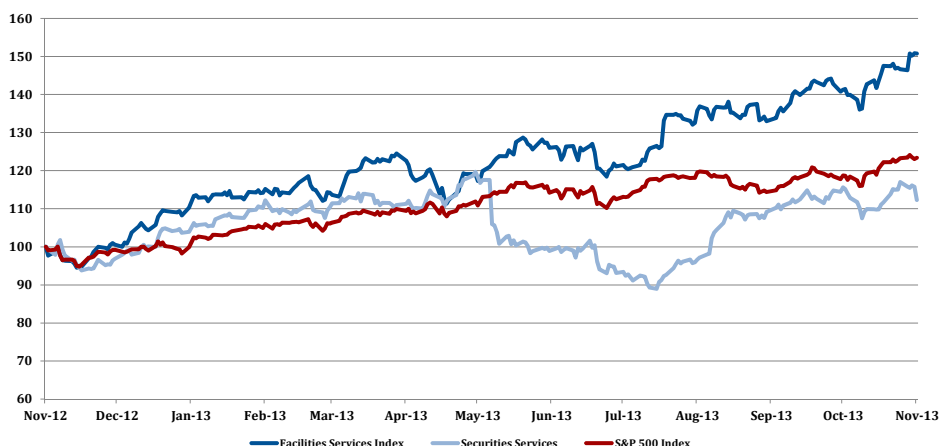
Date Closed	Buyer	Target	Target Description/Comment
9/30/2013	Trilantic Capital Partners	Addison Group	Addison Group, a Lake Capital portfolio company, provides staffing and permanent placement services in seven core industry sectors: Administration, Engineering, Executive Search, F&A, Healthcare, and IT
9/30/2013	True Blue	The Work Connection	The Work Connection provides commercial and light industrial staffing solutions as well as provides PEO and HR Outsourcing services
9/6/2013	The CSI Companies	Anteo Group	Anteo Group is a provider of technology consulting and staff augmentation services
9/3/2013	System One	Joule	Joule provides staffing, engineering and industrial contracting services to businesses
8/28/2013	American Cybersystems	Analysts International	Analysts International is an IT staffing and consulting company providing supplemental staffing solutions and managed-teams for project-based solutions
8/5/2013	H.I.G. Capital	nextSource	nextSource is a leading VMS/MSP that designs, develops, and implements workforce management solutions for customers worldwide
7/31/2013	SolomonEdwardsGroup	M Squared Consulting	M Squared Consulting provides project leaders, senior-level consultants and subject matter experts for managing and implementing business-critical initiatives
7/23/2013	BB&T Capital Partners	Linkage	Linkage provides strategic consulting on leadership development and talent management as well as customized leadership development and training services
7/15/2013	Pinstripe	Ochre House Limited	Ochre House provides recruitment outsourcing, strategic hiring, and strategic talent management services to firms primarily in the U.K.
7/8/2013	Stefanini IT Solutions	RCG Global Services	RCG provides professional business consulting and business process outsourcing solutions to the Global 1000 marketplace
7/8/2013	Accountable Healthcare Staffing	HGI Healthcare	HGI Healthcare provides rehabilitation therapy and nurse staffing in clinical settings, such as hospitals and healthcare institutions

# CHILDS Quarterly Update: 3Q 2013

## Facilities Services Comparable Public Company Analysis

### Public Company Stock Performance

The Facilities Services index has outperformed while the Security Services index has underperformed the S&P 500 over the past twelve months.



### Facilities Services

The average LTM EBITDA multiple was 8.8x this quarter, an increase from 8.2x in 2Q 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
ABM Industries Incorporated	\$27.74	95.0%	0.4x	10.1x
EMCOR Group Inc.	\$36.92	83.9%	0.4x	8.4x
Fluor Corporation	\$74.90	95.7%	0.4x	9.5x
Johnson Controls Inc.	\$45.94	98.2%	0.9x	8.7x
MITIE Group PLC	\$5.00	98.9%	0.6x	13.3x
Pike Electric Corporation	\$11.06	69.3%	0.6x	5.0x
Rentokil Initial plc	\$1.69	93.1%	1.2x	6.8x
<b>Average</b>		<b>90.6%</b>	<b>0.6x</b>	<b>8.8x</b>

### Security Services

The average LTM EBITDA multiple was 12.4x this quarter, a decrease from 12.7x in 2Q 2013.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
G4S plc	\$4.06	80.7%	0.8x	11.0x
National Security Group Inc.	\$6.51	74.4%	0.7x	16.7x
Securitas AB	\$11.16	97.3%	0.6x	9.4x
<b>Average</b>		<b>84.1%</b>	<b>0.7x</b>	<b>12.4x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of November 1, 2013 in US\$.

### Facilities Services Notable Transactions

Date Closed	Buyer	Target	Target Description/Comment
9/23/2013	Towne Park Limited	Curbside	Curbside provides valet parking, shuttle, parking management, and concierge and errand services in the United States
9/4/2013	Opus International Consultants	Stewart, Weir & Co.	Stewart, Weir & Co., a consulting company, offers surveying, geomatics, and engineering services to the industrial, municipal, transportation, oil and gas, and land development sectors
8/28/2013	Garda World Security	G4s Cash Solutions (Canada operations)	G4s Cash Solutions (Canada) provides cash security solutions via armored transportation, cargo aircraft, deposit processing, cash storage and ATM services to companies and institutions in Canada
8/6/2013	Darling International	Terra Renewal Services	Terra Renewal Services provides waste collection, hauling, reprocessing, recycling, and disposal of non-hazardous cooking oil, food processing, and semi-solid waste
8/1/2013	Cargo Airport Services	Integrated Airline Services	Integrated Airline Services provides tailor-made passenger, cargo, and ramp handling services to air carriers in the United States and internationally
7/31/2013	ADT	Devcon Security Services	Devcon Security Systems installs and monitors security, alarm, and surveillance systems as well as provides monitoring and repair systems

## About CHILDS Advisory Partners

CHILDS Advisory Partners provides exceptional investment banking services to high-performing business services and technology companies. Our unique combination of global sector focus, process excellence and strength of team allow us to maximize value—and achieve successful outcomes for our clients. Collectively, our senior bankers have executed over 450 M&A and financing transactions. CHILDS is a member of FINRA and SIPC and is a registered broker-dealer.

### Our Services

**Sell-side Advisory:** When you desire to sell or merge your business, we help you prepare, position and execute the process with confidentiality and speed to obtain maximum results.

**Buyouts & Recapitalizations:** We know the private equity groups interested in the sector and can help you prepare for due diligence and transaction success.

**Buy-side Advisory:** CHILDS can help you source deals, qualify them and negotiate them. Our sourcing “engine”, market knowledge and experience in creative deal structures will ensure that you see as many deals as possible and have the ability to get them done.

**Debt/Equity Capital Raises:** We advise companies seeking equity or debt capital for growth, recapitalization or restructuring. CHILDS can help you negotiate with your existing lenders to renew or restructure debt facilities. If needed, we can tap into our many banking relationships to solicit and negotiate term sheets with other potential lenders as well.

**Financial & Strategic Advisory:** We provide an objective and disciplined methodology to help your team develop a winning plan for short-term performance and long-term value creation. Whether it’s a Value Creation Road Map, Strategic Alternatives Assessment, Employee Stock Ownership Plan, or Fairness Opinion, we provide insight to the options available for company owners to maximize value and liquidity.

### Sector Focus

Technology & Professional Services			Business Services	
IT/Professional Services	Business Process Outsourcing	Software	Human Capital Management	Facilities Services
<ul style="list-style-type: none"> <li>▪ Consulting</li> <li>▪ Managed Services</li> <li>▪ Federal</li> <li>▪ VARs/System Integrators</li> <li>▪ IT Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Revenue Cycle Management</li> <li>▪ Legal Process Outsourcing</li> <li>▪ Teleservices</li> <li>▪ Knowledge Process Outsourcing</li> <li>▪ Collections / Receivables</li> <li>▪ Tech-enabled Business Services</li> </ul>	<ul style="list-style-type: none"> <li>▪ HCM</li> <li>▪ Automotive</li> <li>▪ Engineering</li> <li>▪ Enterprise Resource Planning</li> <li>▪ Industrial Automation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staffing</li> <li>▪ Human Resource Outsourcing</li> <li>▪ Professional Employment Organization</li> <li>▪ HCM Technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilities Management</li> <li>▪ Security</li> <li>▪ Building &amp; Janitorial</li> <li>▪ Engineering &amp; Maintenance</li> <li>▪ Environmental Services</li> <li>▪ Logistics</li> </ul>

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