

Q1  
2023

# Staffing Industry Insights



## M&A Activity Report

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# Q1 2023 - M&A Overview

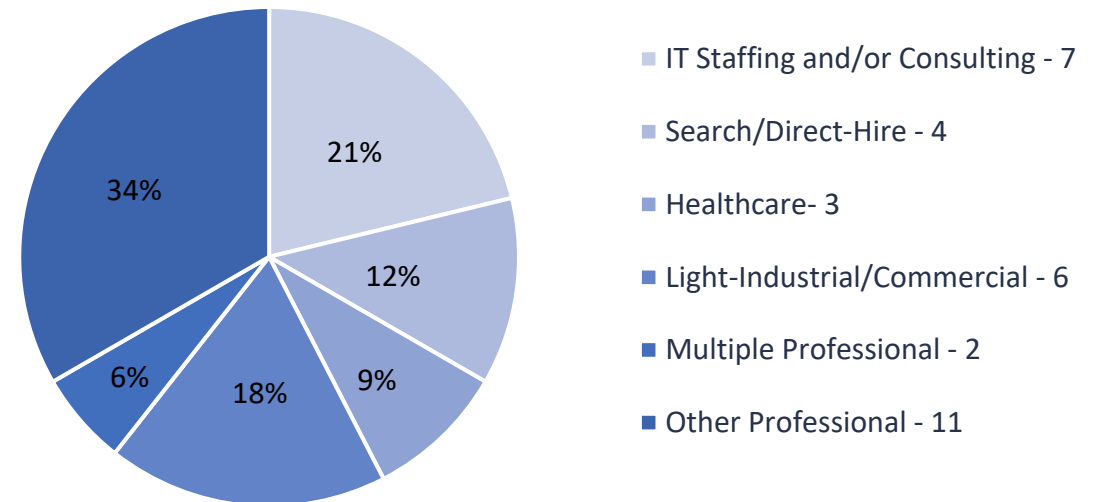
Global mergers and acquisitions activity in all industries during Q1 2023 was down nearly 50%<sup>1</sup> on a year-over-year basis due to rising interest rates, high inflation, and fears of a recession, which dampened the appetite of companies seeking deals. These factors, combined with concerns in the regional banking sector following the failure of Silicon Valley Bank, led to extraordinary levels of volatility and uncertainty in the first quarter.

**Staffing Industry M&A** – Momentum Advisory Partners noted 33 announced transactions of US staffing organizations in the first quarter of 2023, down 15% from the same period last year. Despite the decline, M&A activity in the staffing industry is expected to remain robust throughout the year based on the current run rate.

Acquisitions of IT staffing and consulting businesses were the strongest segment of the sector, with seven announced transactions in Q1. These deals focused on specific skill sets and areas of vertical market expertise.

Strategic buyers continued to dominate M&A activity in the sector, with only one transaction completed by a private equity group as a "platform"<sup>2</sup> investment out of the 33 completed transactions in the quarter. However, it should be noted that 21% or seven transactions in the quarter were completed as "add-on" acquisitions. An "add-on" acquisition refers to the purchase of a smaller-sized company by a platform company of a private equity group, where the acquired company is integrated into the existing platform company. The buyers of an add-on are also considered "strategic" buyers. It is noteworthy that despite the lack of platform acquisitions in the quarter, private equity remains highly active in the staffing industry.

"As a firm, we are primarily focused on advising and representing founders and owners of staffing and IT consulting organizations in what we would call the "lower middle-market", said Managing Partner at Momentum Advisory Partners, Akash Taneja. "These are businesses with annual revenues under \$100 million. The majority of our completed transactions have been of companies between \$10 million and \$50 million in annual revenues. What we've observed is that these size of transactions have been somewhat insulated and immune to all the noise we hear in the broader financial markets. I believe it's fair to assume that the same cannot be said about larger transactions, as there wasn't a significant deal announced in the quarter."




<sup>1</sup> According to data from Dealogic.

<sup>2</sup> In the context of private equity, a platform acquisition refers to the initial acquisition a private equity group makes to enter an industry with the intent to then roll up, or acquire, other smaller companies in an industry.


# Notable Q1 2023 Transactions

Buyer	Acquired Co.	Details
		<p>HOUSTON, TX (Jan. 11, 2023) – Talent Group, a leading national IT staffing company, announced today the acquisition of Queen Consulting Group, a nationally recognized IT staffing and consulting company specializing in healthcare and pharma IT, Epic EMR implementations, financial services, and niche technical recruiting.</p>
		<p>Washington D.C. (March 14, 2023) – Momentum Advisory Partners announced that INSPYR Solutions , a leading IT staffing and technology solutions firm, announced that it has acquired ProTask, a strategic staffing and consulting agency. <b>Momentum Advisory Partners acted as exclusive advisor to ProTask in the transaction.</b></p>
		<p>Columbus, IN (March 22, 2023)—Elwood Staffing announced today its acquisition of NAOS Staffing, a regional provider of on-site contingent staffing and workforce management solutions. This purchase marks the company’s third acquisition this year and its 19th lifetime acquisition. The deal follows Elwood’s January purchase of IES Custom Staffing Solutions and February purchase of Advanced Personnel.</p>



# Momentum Advisory Partners Advised Q1 2023 Transaction



Has been acquired by



A Portfolio Company of



Served as Exclusive Advisor to ProTask, Inc.

Founded in 2002, INSPYR Solutions, which was formed through the combination of TekPartners, a P2P Company, and Genuent, has grown to employ nearly 2,000 professionals nationwide across twelve office locations. The Company is an experienced and leading provider of information technology staffing and solutions to blue chip customers across a variety of end markets. Since 2021, INSPYR Solutions has been a portfolio company of A&M Capital Partners.

Based in Washington, D.C., ProTask is a regional provider of highly technical, strategic staffing and consulting services across numerous end markets, including financial services, healthcare, financial technology, and telecommunications. Founded in 2010, ProTask currently employs over 100 professionals with an array of skill sets.

Kip Wright, Chairman and CEO of INSPYR Solutions, commented, “Our strategic plan includes the aggressive expansion of our geographic presence in the U.S. through both organic growth and purposeful acquisitions. ProTask stood out as an attractive team to join the INSPYR Solutions family due to their thriving business built on deep relationships and delivering quality technical resources to their client base. We are excited to welcome the ProTask team into the INSPYR Solutions family and look forward to building on this momentum for further growth and success.”

“With the similarities and synergies between our two businesses, it made sense to join forces. Our objective with this transaction is to leverage their capabilities to accelerate our growth in the Mid-Atlantic region,” said Donna Gibb, President and Founder of ProTask. “I’m looking forward to having ProTask join the INSPYR Solutions family and work with their team to not only continue the momentum we have built to date but contribute to the achievement of INSPYR Solutions’ long term growth strategy.”

The acquisition will result in an even stronger national presence for INSPYR Solutions as the Company seeks to further build out its brand and expand its geographic footprint across the country.

# Q1 2023 Announced Transactions

<u>Date</u>	<u>Buyer</u>	<u>Acquired Company</u>	<u>Description</u>
4-Jan	Elwood Staffing	IES Custom Staffing Solutions	IES Custom Staffing Solutions, a provider of industrial and clerical staffing services with offices throughout Idaho and northern Utah.
5-Jan	Major, Lindsey & Africa (Allegis Group)	Hire an Esquire	Hire an Esquire, a Philadelphia-based tech-driven legal staffing organization with a proprietary online platform, which analyzes candidates' profiles and experience to match them with interim and permanent career opportunities in line with their expertise and skillset.
9-Jan	Working Fields	Harmon Personnel Services	Harmon Personnel Services combines high-quality commercial staffing services with the social mission of helping people with low incomes move out of poverty.
10-Jan	DISYS	LinTech Global, Inc.	LinTech Global, Inc., a leading federal prime contract holder with expertise delivering complex IT & engineering solutions to federal defense and civilian government agencies.
10-Jan	WorkGenius Group	Agency Worx	The Agency Worx is a New York based, women-owned business placing talent in the unique categories of: Fashion, Marketing, Advertising, Creative Services, Beauty, Lifestyle and Luxury Brands.
11-Jan	Talent Group	Queen Consulting Group	Queen Consulting Group specializes in Epic implementations, Healthcare IT, Financial applications, and niche technical recruiting.
17-Jan	Diversified Search Group	Yardstick Management	Yardstick Management, a nationally-recognized and leading Black-owned management consulting and executive search firm.
17-Jan	SearchPros LLC	Blue Ribbon Personnel Services (Divestiture)	Blue Ribbon Personnel is a locally owned and operated staffing company that provides equal employment opportunities.
19-Jan	Intelliswift Software	Global Infotech	Global Infotech Corporation, specializes in Salesforce Development, Business/ Product Orchestration, Enterprise IT Integration, and Testing solutions with offices in the USA, Denmark, and India.
25-Jan	BankW Staffing	Johnson & Hill Staffing	Johnson & Hill provides staffing services in the professional areas, including accounting, administrative, legal, and finance.
25-Jan	Health HR (Futuris Co.)	Physical Therapy Rehab Associates	Physical Therapy Rehab Associates offers therapy staffing services. It specializes in the provision of physical therapy services.
25-Jan	Day & Zimmerman	Davis-Pickering Co. Contractors	Davis-Pickering Co. Contractors is a privately held company founded in 1937 that has grown into a leading construction provider in the Ohio Valley, delivering large, multi-faceted projects for some of the country's top 200 global manufacturers.
31-Jan	System One	RPG Resources	RPG Resources, a diverse environmental services company, providing environmental compliance, UAS and data collection, and inspection services.
31-Jan	Lexitas	Kusar Court Reports	Kusar, is one of the nation's leading independent realtime court reporting companies providing coverage throughout California and the United States.
1-Feb	JobSquad Staffing Solutions	Task Management, Inc.	Task Management specializes in providing the highest caliber employees in various industries throughout the US.
1-Feb	Korn Ferry	Salo LLC	Salo is a leading provider of finance, accounting and HR interim talent, with a strong focus on serving clients in healthcare, among other industries.

# Q1 2023 Announced Transactions (cont'd)

<u>Date</u>	<u>Buyer</u>	<u>Acquired Company</u>	<u>Description</u>
14-Feb	Elwood Staffing	Advanced Personnel	Advanced Personnel is a provider of light industrial and clerical staffing services.
23-Feb	CDW Corp	Locus Recruiting	Locus Recruiting is a technology recruiting company specializing in cloud computing, networking, and infrastructure staffing solutions.
24-Feb	Critical Energy Infrastructure Services	Clover Leaf Solutions	Clover Leaf Solutions is a consulting and staffing firm offers consulting and staffing services for Department of Energy laboratories and commercial clients.
24-Feb	ON Partners	Olympus Search Partners	Executive Search firm specializing in Healthcare Services, Healthcare IT, Technology, Software, Business Services and Education.
27-Feb	Drishicon Inc.	Commercial Programming Systems Inc.	Commercial Programming Systems is an IT staffing company that provides recruitment solutions, custom applications and software services.
1-Mar	ClinChoice Medical Development	CROMSOURCE	Houston based and private equity backed firm Talent Path focuses on boosting economic mobility through apprenticeship programs in the technology and healthcare sectors.
6-Mar	The Bonadio Group	Webber CPA	Webber CPA, a forensic accounting and financial consulting firm in Rochester, New York, that caters to clients across the U.S. and the U.K.
7-Mar	Next Move Healthcare	Prime Surgical Associates	Prime Surgical Associates is a surgical staffing firm that serves hospitals, free-standing outpatient clinics.
8-Mar	Medical Solutions	WorldWide HealthStaff Solutions	WorldWide HealthStaff Solutions provides direct hire international recruitment services for hospitals and healthcare employers, matching them with qualified RNs and healthcare professionals.
8-Mar	(Undisclosed)	High Wire Networks (Divestiture of Staffing Division)	Divestiture of High Wire Networks technology staffing division.
15-Mar	INSPYR Solutions	ProTask, Inc.	ProTask is a regional provider of highly technical, strategic staffing and consulting services across numerous end markets, including financial services, healthcare, financial technology, and telecommunications.
15-Mar	Allied Universal	Landmark Event Staffing	Landmark Event Staffing Services, a comprehensive event security and guest services company supporting a wide range of venue and event clients nationally.
22-Mar	Elwood Staffing	NAOS Staffing	NAOS Staffing is a regional provider of on-site contingent labor and workforce management services.
22-Mar	Xalles Holdings Inc.	Capital Innovations Management, LLC	Capital Innovations Management primarily provides domestic staffing services to clients in all vertical markets.
24-Mar	Waud Capital Partners	Fusion Healthcare Staffing	Fusion Medical Staffing connects CNAs, nurses, therapists, and lab techs with medical facilities around the country needing short-term staff.



# Selected Momentum Advisory Partners Transactions



IT'S TIME TO GO PRO

Has been acquired by



A Portfolio Company of



**MOMENTUM**  
ADVISORY PARTNERS

Served as Exclusive Advisor to ProTask, Inc.




Has been acquired by




**MOMENTUM**  
ADVISORY PARTNERS

Served as Exclusive Advisor to Saicon Consultants




Has been acquired by




Recruiting. Solutions.

**MOMENTUM**  
ADVISORY PARTNERS

Served as Exclusive Advisor to CompuStaff




Has been acquired by



INTELLIGENCE IS HUMAN


**MOMENTUM**  
ADVISORY PARTNERS

Served as Advisor to DAKO Group




a Turnberry Solutions Company

Has been acquired by




**MOMENTUM**  
ADVISORY PARTNERS

Served as Exclusive Advisor to New Elevation




Has been acquired by



**MOMENTUM**  
ADVISORY PARTNERS

Served as Exclusive Advisor to Career Curve



Has been acquired by

Healthcare Staffing Veteran,  
Janet Elkin

**MOMENTUM**  
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Served as Exclusive Advisor to ICON Medical Network



**For additional industry insights and a complimentary valuation opinion and assessment, contact:**



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#### **About Momentum Advisory Partners LLC**

Momentum Advisory Partners is an M&A Advisory firm focused exclusively on the staffing and workforce solutions industry. The company brings over a decade of experience working with clients in evaluating some of their most strategic and complex decisions. Momentum provides independent, uncompromised advice which makes it uniquely suited to offer a broad range of advisory services to its clients. Advisory services include mergers, acquisitions and divestitures, across the Staffing and Workforce Solutions, Technology and Healthcare sectors. Momentum's experienced professionals have an exceptional track record of providing remarkable results for its clients. [www.momentumadvisorypartners.com](http://www.momentumadvisorypartners.com).

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