

# STAFFING INDUSTRY INSIGHTS

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## Momentum Advisory Partners Team



**Akash Taneja**  
 Founder & Managing Partner  
 (714) 349-0510  
[Akash@momentumadvisorypartners.com](mailto:Akash@momentumadvisorypartners.com)



**Zachary Chesnut**  
 Analyst  
 (630) 853-6150  
[Zachary@momentumadvisorypartners.com](mailto:Zachary@momentumadvisorypartners.com)



**Todd Gibb**  
 Industry Advisor  
[Todd@momentumadvisorypartners.com](mailto:Todd@momentumadvisorypartners.com)



## Extensive Staffing Transaction Experience

Has been acquired by

A Portfolio Company of

**MOMENTUM**  
 ADVISORY PARTNERS  
 Served as Exclusive Advisor to Collab USA LLC

Has been acquired by

A Portfolio Company of

**MOMENTUM**  
 ADVISORY PARTNERS  
 Served as Exclusive Advisor to QED National

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

**MOMENTUM**  
 ADVISORY PARTNERS  
 Served as Exclusive Advisor to CompuStaff

Has been acquired by

**MOMENTUM**  
 ADVISORY PARTNERS  
 Served as Advisor to DAKO Group

Has been acquired by

**MOMENTUM**  
 ADVISORY PARTNERS  
 Served as Exclusive Advisor to New Elevation

Has been acquired by

Healthcare Staffing Veteran,  
 Janet Elkin

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

## Q2 2023 M&A Overview

- Global mergers and acquisitions activity fell 36% year-on-year in the second quarter. The total value of M&A fell to \$732.82 billion in the second quarter of 2023 from \$1.14 trillion in the second quarter of 2022, according to Dealogic data.
- North American staffing M&A transactions were down both sequentially and year-over-year in Q2. Momentum Advisory Partners noted a total of 27 announced transactions in the quarter versus 33 announced transactions in Q1 and 39 in Q2 2022, respectively.
- The substantial majority of transactions continue to be among the lower middle-market, while larger transactions remain few and far between.
- Search/Direct-Hire businesses recorded the highest volume, accounting for a third of all announced transactions in the quarter.

M&A activity in the staffing industry was down notably in Q2 2023. A slowdown in job orders across the market, higher capital costs and tightening credit conditions, have triggered a larger decline in M&A activity than anticipated.

Prioritization of strategic growth initiatives by those looking to acquire has been reset. In our regular discussions with active M&A participants on the “buy-side”, most have noted that their threshold for acquisitions in the last 6-12 months has been much higher than in years past. The threshold increases as the price-tag grows. As a result, we expect smaller transactions to continue to dominate the market in the second half of the year.

We asked Christopher Moulton, who leads the Tandym Group’s M&A initiatives in the staffing industry for his view on the market. Tandym has been among the more acquisitive organizations in the market in recent years.

Their acquisition of AETEA Information Technology in Q2 is followed by two acquisitions last year: Metro Systems Inc., a Virginia-based IT staffing firm, and Longford & Co., a strategic consulting and executive search firm based in Boston.

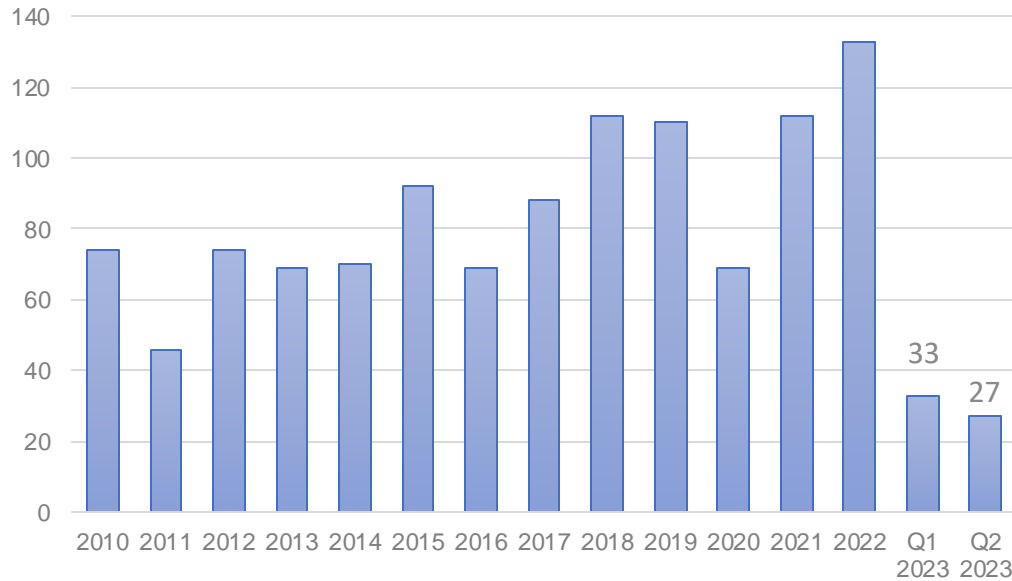
“*The volume of larger and more importantly “quality” in-bound deal flow (i.e., businesses with sustainable levels of operating performance, committed teams, low levels of customer concentration, etc.) has certainly declined year-to-date relative to 2022 and years past. In many cases, we’ve seen businesses come to market that appear to be owners seeking to capitalize on what we consider to be unsustainable levels of earnings – driven in large part by COVID. That said, we continue to dedicate a considerable amount of time building relationships with founder-led “boot-strapped” firms which has provided us with an actionable pipeline of truly strategic opportunities for us going forward.*”

- Christopher Moulton, VP of Corporate Development at Tandym Group



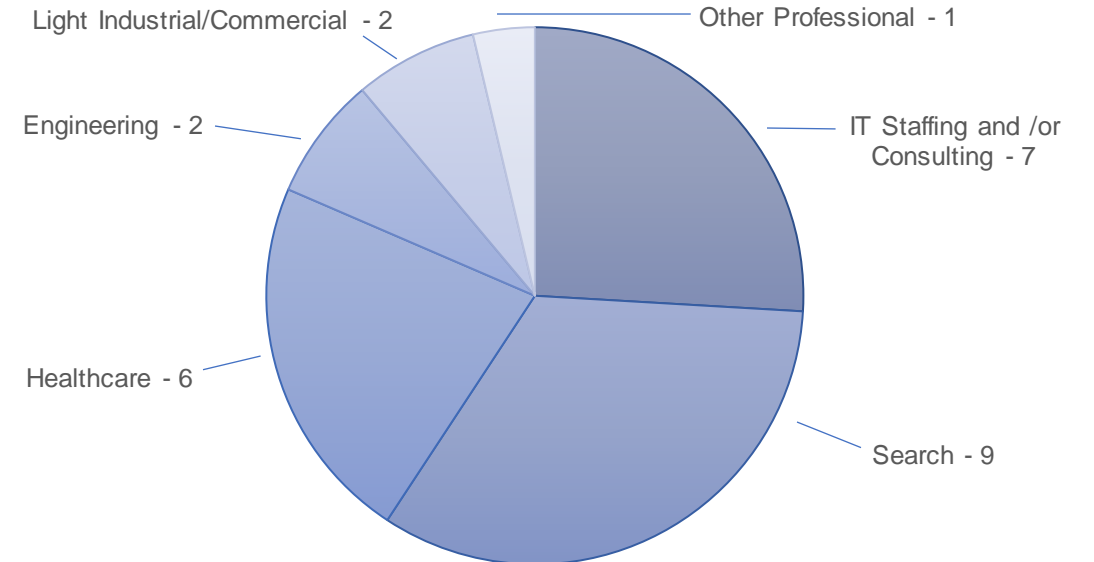
## Q2 2023 Breakdown

M&A Activity since 2010



- Q2 2023 transactions were down nearly 20% from Q1 2023 and 13% on a year-over-year basis
- Although down sequentially, the market is on pace to reach 120 completed transactions for the full year 2023 or down 10% versus 2022
- As economic uncertainty begins to dissipate, M&A activity may begin to improve in the second half of the year

M&A Transactions by Sector



- Search (includes: retained search, executive search, direct-hire/perm) led the way with nine completed transactions in the quarter, up over 100% quarter-over-quarter and year-over-year
- The IT Staffing and/or Consulting segment was down 45% from Q1 2023 and flat year-over-year. We remain very positive on activity in this segment

## Notable Transactions of Q2 2023

### Buyer



SENECA | RESOURCES



### Acquired Company

LRS | HEALTHCARE



### Transaction Details

Omaha, NE (June 13, 2023) – Jackson Healthcare, ranked as the 5th largest healthcare staffing firm, has recently acquired LRS Healthcare which is known to be the 25th largest. The company will continue its operations in nurse and allied health staffing out of the headquarters in Nebraska along with the rest of the colleagues while having the support of the Jackson team as well.

New York City, NY (May 23, 2023) – Momentum Advisory Partners announced that Seneca Resources, a leading IT engineering and staffing firm, has acquired QED National, an IT staffing firm based in New York City. This is the first acquisition since the majority stake that Caymus Equity has taken in Seneca Resources. **Momentum Advisory Partners acted as the exclusive advisor to QED National in the transaction.**

Andover, MA (April 25, 2023) — Alku, a provider of IT and life sciences staffing out of Massachusetts holds the position of one of the largest staffing firms in the United States, expecting to achieve \$1 billion in revenue by 2025. They have recently announced a majority investment in the company from New Mountain Capital, a New York based private equity firm. This is one of several investments being made back into the company by several private equity firms from across the United States.

## Momentum Q2 2023 Transaction



*From inception to transaction close, Momentum Advisory Partners was dedicated to our effort and kept our best interests at the forefront every step of the way.*

- Dustin Molter  
Co-Owner & Managing Director

Seneca Resources, based in Reston Virginia, has been providing IT and engineering staffing solutions since its formation in 2010. In addition to this recent transaction the company has had a majority stake taken in it by Caymus Equity back in September of 2022, which marks this as the first transaction since the private equity backing. This deal strengthens the company's background in the IT and cybersecurity space because of the nature of QED's clientele

Based in New York City, QED National is a provider of IT consulting and cybersecurity and has been doing business since its incorporation in 1993. The Company was started by Collen Molter and her son Dustin has taken the lead since the transaction and will now be accompanied by the Seneca Resources team. QED National had approached Momentum in the summer of 2022 and with the help of our vast network we had resolved that the team of Caymus Equity and Seneca Resources was the right fit for the company to move forward and grow the business from the offices of Albany and NYC.

Principal and investment lead Blake Cummings stated that "Partnering with QED represents meaningful progress toward achieving our strategic objectives for Seneca in the first nine months of our investment." "We recognize the value of IT consulting expertise in today's marketplace and are excited to leverage QED's leading capabilities in this area as we continue to build the premier IT staffing and consulting business in the industry." The addition of QED's network will vastly help the expansion that Blake mentions and with the strength of the cybersecurity market in this quarter we can only see that the acquisition is very beneficial for the Seneca Resources team.

Following the acquisition Dustin Molter will remain at his position within the company and join forces with the leadership of Seneca and reside as the Managing Director in the company's New York City home.

## Q2 2023 Announced Transactions

Date	Buyer	Acquired Company	Description
23-Jun	Starfish Partners	NinjaJobs	VA based cyber security search firm
23-Jun	Starfish Partners	Global People	Supply Chain & IT staffing out of Ohio
21-Jun	Lexitas	Imagine Reporting	Full-service litigation support firm
21-Jun	Tandym Group	AETEA Information Technology	IT staffing firm based in Pennsylvania
20-Jun	United Talent Agency	James & Co.	NY based executive search firm
16-Jun	Russell Reynolds Associates	Nvolve	Leadership consulting firm out of NY
14-Jun	ZRG Partners	Helbling & Associates	National executive search firm
14-Jun	Bowman Consulting Group Ltd.	Advanced Applied Engineering	CA based infrastructure engineers
14-Jun	Aya Healthcare	Flexwise Health	Clinical workforce solutions-provider
13-Jun	Jackson Healthcare	LRS Healthcare	Healthcare staffing based in Omaha
12-Jun	Adapt Staffing	Community Staffing	Richmond based temp. and perm. staffing
8-Jun	GritCo LLC	Codesmith	Software development & IT staffing
6-Jun	Atrium	Gibbs Hybrid	Consulting & IT/Business services firm
6-Jun	WestView Capital Partners (minority investment)	Triple Crown Consulting	Texas based provider of engineering talent
30-May	SeqLL	Lyneer Staffing & Atlantic Acquisition	Ewing, NJ based staffing solutions
26-May	Seneca Resources	QED National	NYC based IT staffing firm

## Q2 2023 Announced Transactions (cont'd)

Date	Buyer	Acquired Company	Description
12-May	Proactive Healthcare Staffing	Proactive Healthcare Recruiting	Premium healthcare staffing out of Virginia Beach
9-May	Qualitest	Q Analysts	San Jose based provider of IT consulting
9-May	Proman	PeopleShare	Collegeville, PA based temp. staffing provider
8-May	Riviera Partners	Build Talent	Executive search firm based in California
5-May	INSPYR	Ntelicor	IT staffing provider based in Dallas, TX
27-Apr	Flatiron Search Partners	Bigfoot Search	Recruiting for venture and PE backed companies
25-Apr	New Mountain Capital (majority investment)	Alku	IT & life science based staffing in MA
25-Apr	BGSF Inc.	Arroyo Consulting	IT staffing & solutions headquartered in Nashville
13-Apr	Nextaff	Multiple Midwest Healthcare Offices	Nextaff acquired multiple family healthcare offices across the midwest
12-Apr	The Liberty Group	Full House Marketing (divestiture of staffing division)	Multifamily focused temp staffing & direct hire placement division out of Michigan
5-Apr	Health Advocates Network	Horizons Healthcare Agency	Illinois based provider of travel nursing and staffing





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