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Business Services Industry Market Report



Industry Overview

The business services industry, encompasses consulting, process outsourcing, and technology solutions. This industry is crucial for helping businesses stay ahead of market trends, maintain competitiveness, and enhance efficiency. Valued at $133B in 2023, the U.S. business software and services market is expected to grow at an 11% CAGR through 2030.(1)

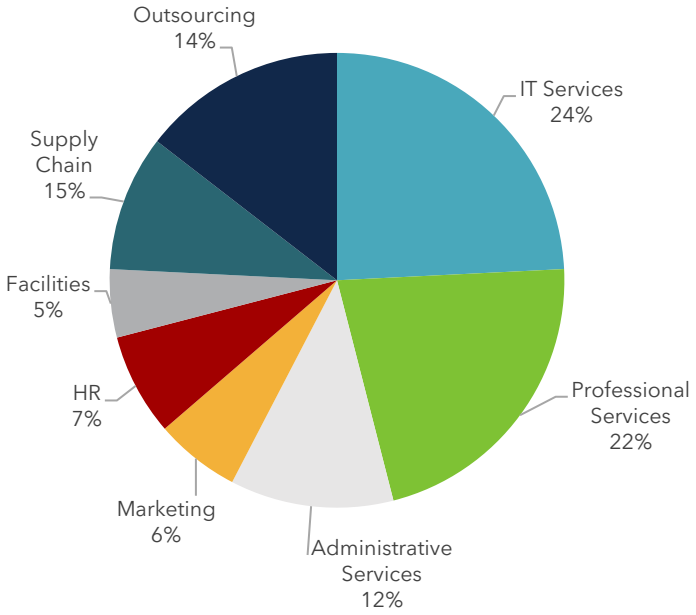
Key Trends

- As wages rise, business process outsourcing (BPO) companies become more attractive to clients because they are less expensive than permanent hires
- The Great Resignation drove companies to BPO firms for hiring and training, a trend amplified by competitive job markets
- Generative AI is transforming marketing through unparalleled speed in data analysis and information synthesis, enabling highly customizable strategies
- New virus variants raise data security concerns, increasing the demand for cybersecurity services and blockchain technology
- The growing focus on Environmental, Social, and Governance (ESG) has boosted services like energy-efficiency consulting and green supply-chain management
- Integrated IT solutions provide real time analysis to companies, allowing owners to make quick decisions based on actual underlying trends within their business
- Healthcare companies continue to digitize records and seek out third party billing agencies to manage these records

(1) Grand View Research

U.S. Business Services Market

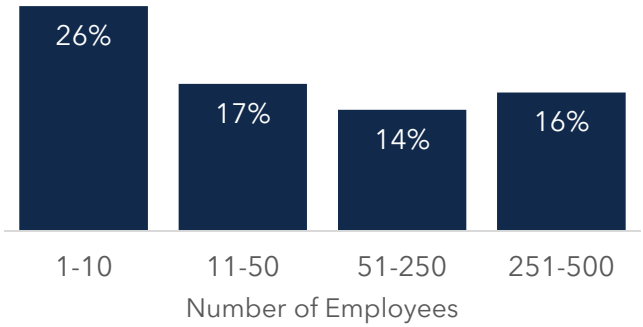
by Service, 2023



Sources: IBIS World, Statista, Grandview Research

Percentage of Companies that Outsource

by Size



Source: Zippia

Key Statistics

- The U.S. experienced **$12.5B** of damage in reported cybercrime in 2023
- **57%** of companies outsource non-core business operations
- Worldwide IT Services spending forecast to reach **>$1.5T**

Source: Statista

Securities offered by Cascade Partners BD, LLC – FINRA/SIPC Member

Source: Statista

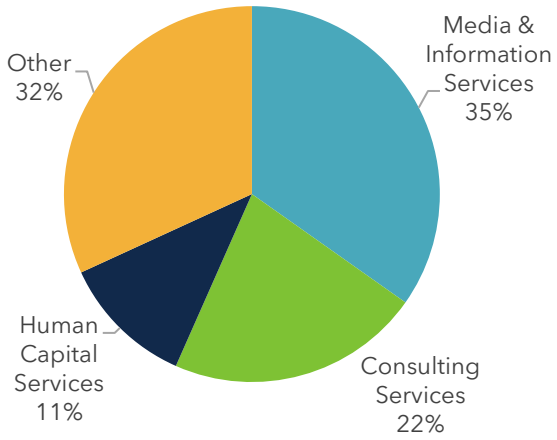
Investor Interest

- As AI, automation, and digital transformation grow, companies use M&A to quickly and efficiently integrate these technologies
- Rising demands for marketing and advertising are driving firms to pursue mergers and acquisitions to expand their services and capabilities
- Growing ESG concerns are driving companies to enhance sustainability quickly, making M&A attractive
- Companies increasingly outsource non-core activities to focus on primary functions and reduce costs
- Data security concerns elevate technological demands, creating a divide between traditional and IT-integrated business service companies

Select M&A Activity

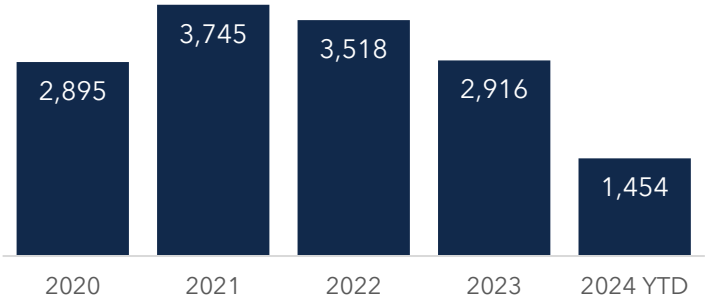
Date	Acquirer	Target	Location
Jul-24	International Business Machine	StreamSets	CA
Jun-24	Resideo Technologies	Snap One	UT
Mar-24	H.I.G. Capital	Alight's Payroll & Professional Services	IL
Feb-24	First Advantage	Sterling Check	OH
Feb-24	Charlesbank Capital Partners	Rise Growth Partners	TX
Jan-24	Main Street Capital Corporation	Johnson Downie	TX
Jan-24	Capital Square Partners	StarTek	CO

Global Deals by Subsector



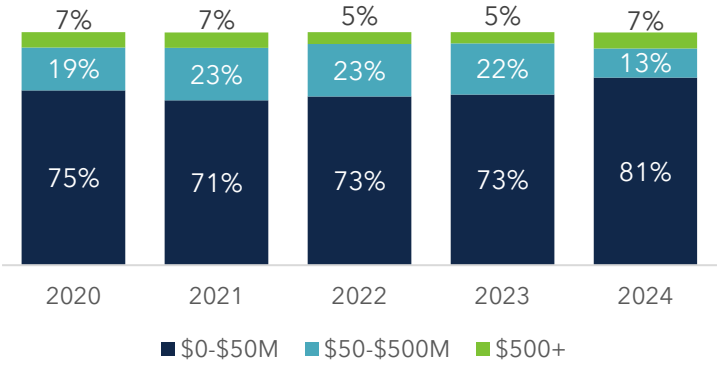
Source: R.L. Hulett

Number of U.S. M&A Transactions



Source: Pitchbook, Cascade Partners

Global Deal Volume by Size



Source: R.L. Hulett

Select Cascade Business Services Experience

Buy-Side and Financing	Sell-Side Advisor	Financing
NWP services corporation has acquired Sierra Utility Billing Services	IMS has been acquired by Convergint Technologies	Morae Global has secured growth capital from Lateral Investment Management to acquire phoenix

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