



North American
Staffing and Human Capital
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Industry Insights

Winter 2024



Executive Summary

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Staffing M&A activity slows in 2023



Strategic buyers continue to dominate staffing acquisition activity



IT sector demands most attention for acquisitions



Expect private equity exits to rebound in 2024

M&A Activity Highlights

Overview

- M&A activity in the North American staffing industry slowed in 2023 with a year-over-year decrease of 11% from the elevated levels seen in 2021 and 2022
- However, buyer interest in the staffing sector proved remarkably resilient amid rising interest rates, recession risks and poor public market performance with annual transaction activity still well above historical levels
- Given the inherent value of acquiring complementary skill sets and verticals, strategic buyers consistently dominate the sector. But more than ever before, private equity appeared to sit on the sidelines this year making only five platform acquisitions in 2023
- While 2023 showed a significantly lower volume of private equity exits, 2024 transaction volume could prove to be promising as private equity firms look to return capital to stakeholders
- The IT Staffing/Consulting sector again claimed the top spot for most acquisition activity in 2023 comprising 22% of total transaction volume, but the HR Tech sector continues to gain momentum as its growth outpaces the traditional staffing models

149

North American staffing M&A transactions have been reported in 2023

97%

of transactions completed by strategic buyers in 2023

22%

of the 149 transactions announced in 2023 were in the IT Staffing/Consulting sector

90%

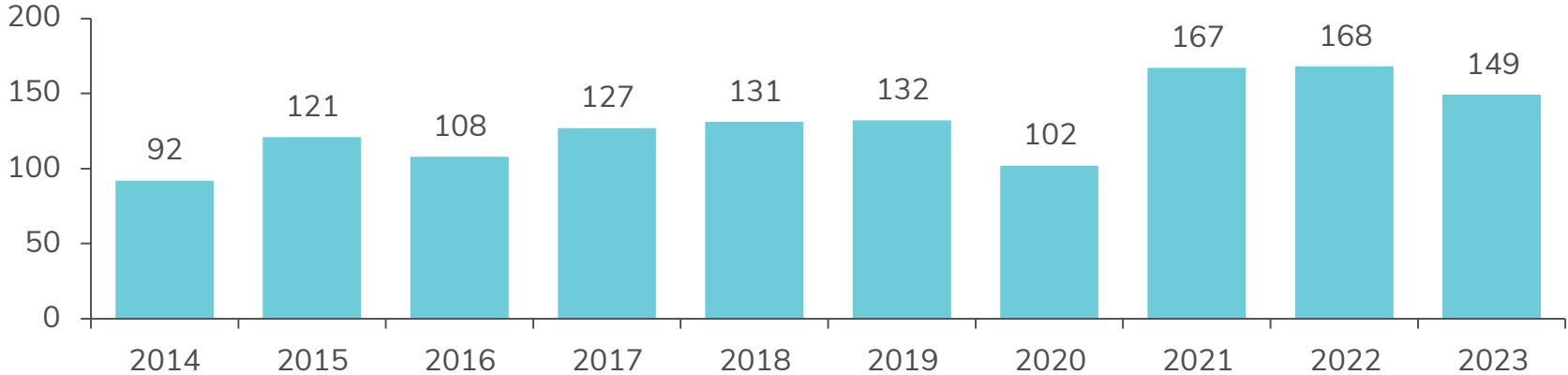
of the 149 transactions announced in 2023 were completed by private vs public buyers, which included PE funds

M&A Activity

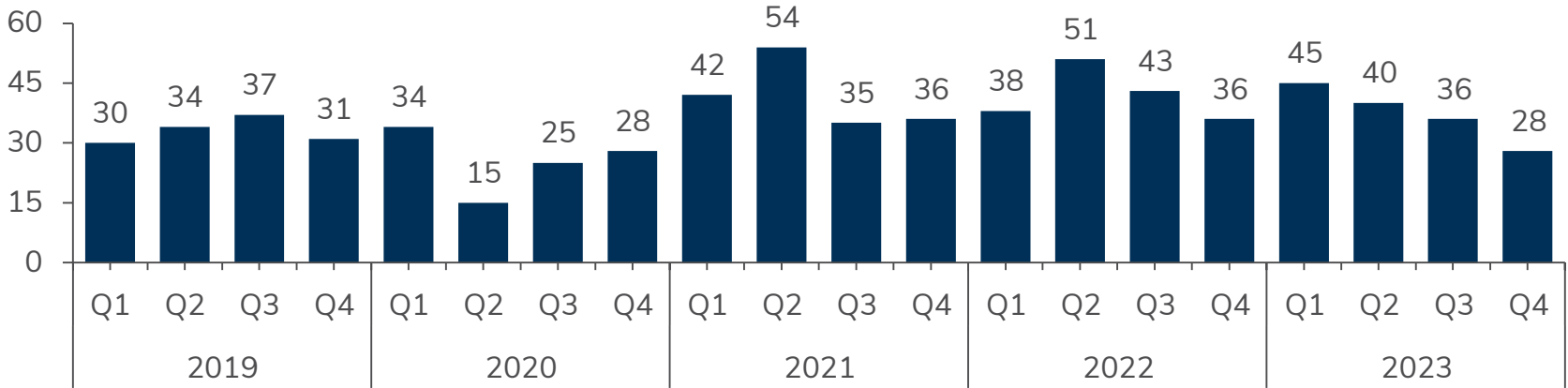
Industry Transaction Trends

North American Staffing Transaction Volume

Annual Transaction Volume: 2014 to 2023



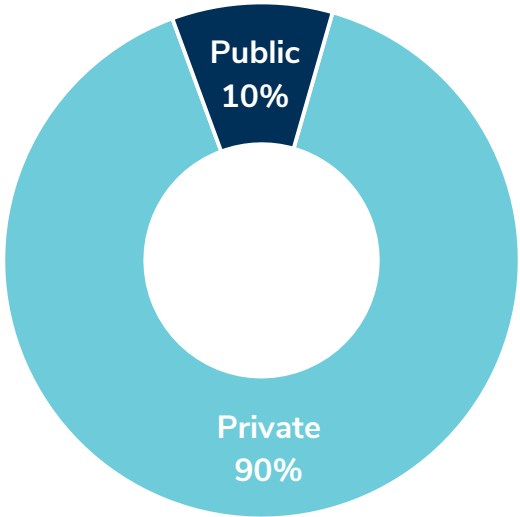
Quarterly Transaction Volume: 2019 to 2023



Industry Transaction Trends

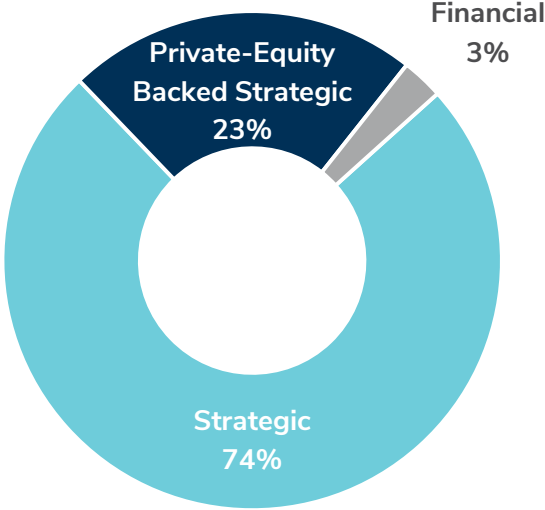
2023 Transaction Detail by Buyer

Public vs. Private Buyers



- Not surprisingly, **public buyers retreated in 2023 representing only 10%** of transaction volume, down from 15% in 2022, as performance in the public markets weakened and public staffing companies underperformed the S&P 500

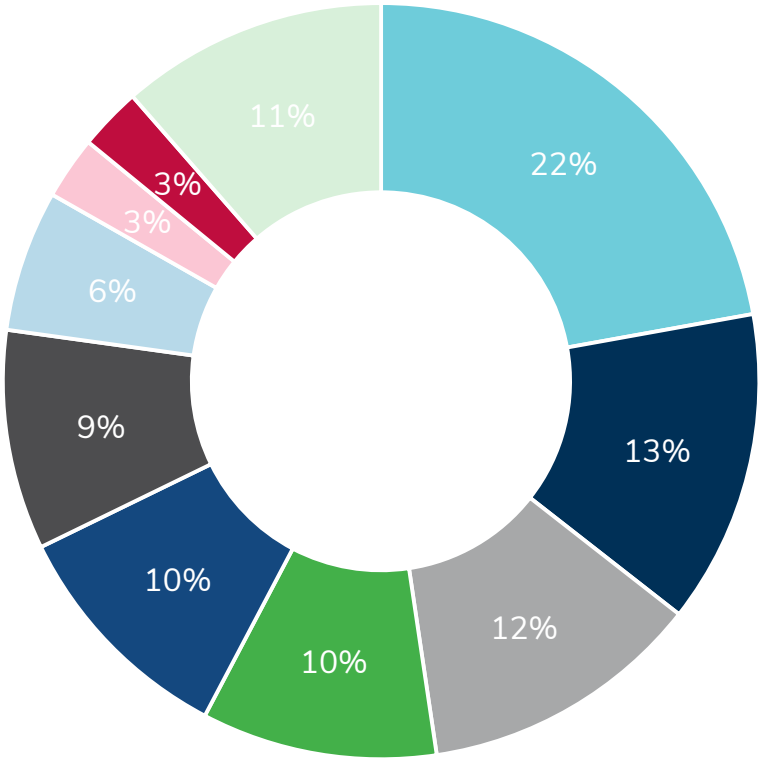
Strategic vs. Financial Buyers



- Private equity firms made only five staffing platform acquisitions in 2023, with a focus on the highest quality assets but they **remained active through synergistic add-on acquisitions** to existing staffing platforms

Industry Transaction Trends

2023 Transaction Detail by Vertical



Industry Sector	2023 Transactions
IT Staffing/Consulting	33
Healthcare Staffing	20
Light Industrial/Clerical	18
Executive Staffing/Search	15
HR Tech	15
Permanent Placement Firms	14
Professional Employer Organizations	9
Accounting/Finance Staffing	4
RPO Services	4
Others	17
Total Transactions	149

Notable Transactions Reflect Key Themes

Major Strategic Roll-Ups Play Prominent Role in 2023 Transaction Activity

- Through acquisition, established and diversified platforms create economies of scale while acquiring complementary audiences, skill sets and new geographies
- The trend toward further consolidation of small staffing providers is expected to continue as private equity firms and strategic buyers alike have been able to garner significant returns given the lower acquisition multiples garnered for less-scaled platforms

Add-on acquisitions continue to command significant capital, while the proportion of overall buyouts has decelerated in 2023”
 - Staffing Industry Analysts Market Commentary

Talent Groups Transaction Activity

Elwood Staffing Transaction Activity

January 2023	October 2023	October 2023	November 2023
 a portfolio company of  has acquired 	 a portfolio company of  has acquired 	 a portfolio company of  has acquired 	 a portfolio company of  has acquired 
Healthcare and Pharma IT Staffing and Consulting	IT Recruiting and Staffing Solutions	IT Solutions and Staffing Provider	IT Staffing and Managed Solutions

March 2023	March 2023	March 2023
 has acquired 	 has acquired 	 has acquired 
On-Site Staffing and Management Services	Consultative Staffing Company	Industrial and Clerical Staffing Services

Notable Transactions Reflect Key Themes

Highly Selective Private Equity Appetite

- While private equity remained largely on the sidelines in 2023, interest for platform acquisitions remained for the highest quality and top performing assets, particularly in the rapidly growing HR tech sector

September 2021

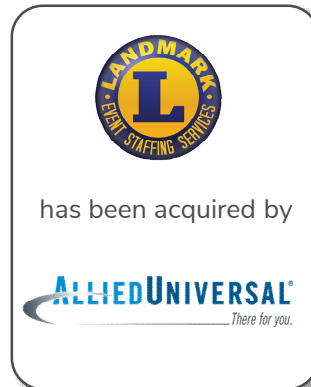


HR Tech Talent Management Platform

Facilities Services Become Active Buyers of Staffing Providers

- Facilities services companies have recently become active buyers of staffing providers as more companies realize the immense synergies available across the two offerings

March 2023



Event Staffing Services

Strategic Buyers Offer Healthy Exits for Private Equity

- Strategic buyers find value in the professionalized, scaled platforms that private equity has to offer and are willing to pay premiums for highly complementary skill sets

April 2023



Staffing Agency Services

Kroll Qualifications and Contacts

Recent Transaction

Transaction Overview

Kroll's Business Services Investment Banking Practice advised TrueBlue on its divestiture of PeopleReady Canada to Vertical Staffing Resources.

About True Blue and PeopleReady Canada

TrueBlue (NYSE: TBI) is a leading provider of specialized workforce solutions that help clients achieve business growth and improve productivity. Its PeopleReady segment offers on-demand, industrial staffing; PeopleManagement offers contingent, on-site industrial staffing and commercial driver services; and PeopleScout offers recruitment process outsourcing (RPO) and managed service provider (MSP) solutions to a wide variety of industries.

PeopleReady Canada is an on-demand provider of industrial staffing solutions to clients across a range of verticals. With 33 branches across 6 Canadian provinces, PeopleReady Canada is well-established and known throughout local communities with deep relationships and knowledge of the client and candidate base.

About Vertical Staffing Resources

Vertical Staffing Resources (VSR) is a leading provider of specialized workforce solutions that help clients achieve business growth and improve productivity. VSR's Vertical Temporary Staffing segment offers temporary and on-demand staffing; its Vertical Permanent Staffing segment offers recruitment services for permanent placements.

SELL-SIDE M&A ADVISOR



divested the Canadian division of



to



Select Kroll Staffing and Human Capital Experience

Sell-Side Advisor

Shamrock

has been acquired by

Undisclosed Buyer

Professional Employer Organization and Facility Support Services

Sell-Side Advisor

personify

has been acquired by

WilsonHCG

a portfolio company of

3i

Life Sciences and Health Care Recruitment Process Outsourcing

Sell-Side Advisor

The Liberty Group
Executive Search & Staffing
a portfolio company of

MERIT CAPITAL PARTNERS

and

SIX PILLARS PARTNERS

has been acquired by

THE HALIFAX GROUP

Multifamily Residential Specialty Temporary Staffing

Sell-Side Advisor

METRO SYSTEMS

has been acquired by

tandym

Information Technology Staffing

Sell-Side Advisor

TechLink

has been acquired by

the execu|search group

Temporary Technology Staffing Solutions

Sell-Side Advisor

THE ROWLAND GROUP
PROFESSIONAL STAFFING SPECIALISTS

has been acquired by

system|one

Energy, Engineering, IT and Finance/Accounting Staffing

Sell-Side Advisor

BRILLIANT.

has been acquired by

SILVER OAK SERVICES PARTNERS

Finance, Accounting and IT Professionals Staffing

Sell-Side Advisor

Maxsys SOLUTIONS

has been acquired by

Yoh
A DAY & ZIMMERMANN COMPANY

Specialty IT Staffing and Recruitment Firm

Sell-Side Advisor

Hudson | IT

has been acquired by

mastech

IT Staffing and Consulting Services

Sell-Side Advisor

Hudson | LEGAL

has been acquired by

DTI

Legal Consulting and Staffing Services

Download Our Exclusive Valuation Data to Learn More:

[Kroll.com/Staffing-Industry-MA-Winter-2024](https://kroll.com/Staffing-Industry-MA-Winter-2024)





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