



**Evolve**  
Capital Partners

# Finance & Technology Market Update

Q4:2016 Issue

**BPOs, Data Analytics & Alternative Lending Platforms**



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**SPECIALIZED INVESTMENT BANKERS AT THE INTERSECTION OF  
FINANCE AND TECHNOLOGY**

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# Executive Summary






# Executive Summary

## Summary of Newsletter

### SUMMARY

- This newsletter is intended to provide insight into the financial technology capital markets. We seek to provide a snapshot of market activity and detailed analysis of trends.
- This issue focuses on third party BPOs, data analytics and IoT, and online lending platforms.
- We are broadening out sector coverage to include companies in the IoT and financial technology space, some of which may touch the energy sector.
- The key observations we made over the fourth quarter of 2016 are alongside.

### KEY OBSERVATIONS

<b>\$150</b>	bn was the value of the global BPO market in 2015	<b>\$36</b>	bn was the value of Americas Alternative Finance market in 2015	<b>APAC</b>	is expected to be the fastest growing geography for IoT, with India, China and Japan leading the growth within APAC.	<b>33.3%</b>	Is the expected CAGR of the IoT market between 2016 and 2021
 <b>Vendor Consolidation in Third Party BPOs</b>		Businesses are moving away from multiple specialized outsourcing relations and are trying to maximize outsourcing from a few vendors. As a result, vendors are redesigning their offerings and creating specialized services packages to suite specific client industry requirements. While niche players are investing heavily in acquiring new capabilities, multi-domain service providers are witnessing a reconstruction of their client/ mix.					
 <b>Data Analytics/IoT Ramping Up</b>		The rise of internet of things (IoT) has led to a much larger inflow of data. In addition to analyzing data for learning, near real-time analytics allows companies to react quickly – to avoid problems, address them before they become serious, offer help or simply better prepare in advance for an emerging issue to reduce its impact. According to McKinsey's estimates, the IoT market was worth \$157bn in 2016 and could grow at a CAGR of 33.3% to reach \$661.7bn by 2021.					
 <b>Rise of Online and Alternative Lending Platforms</b>		With the emergence of disruptive technologies, changing customer expectations, and a period of historically low interest rates, online lending platforms have sprung up. Inefficiencies in the current business model have led to the emergence of online lending platforms such as Lending Club and Prosper, which offer faster approval times with lower rates due to their leaner operations. Lending through Alternative Platforms in the Americas stood at over \$36bn in 2015, with the Marketplace / P2P Consumer Lending being the largest segment at \$25.7bn. Balance Sheet Consumer Lending was the second largest segment, with a total loan value \$3.1bn.					

Sources: Global Industry Analysts, Inc.; Cambridge Center for Alternative Finance, PR Newswire



# Firm Qualifications

# Firm Qualifications

We Focus Exclusively on Finance and Technology Related Firms

## ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated advisors focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, raise capital through private placements in complex situations.
- We also provide structured finance advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

## FINANCIAL ADVISORY SERVICES

*Few investment banks have transaction experience across both corporate and asset finance.*



### Our Clients

- Corporates
- Management Teams
- VC & PE Funds
- Independent Directors / Boards



### Our Services

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructurings



### Industry Focus

- Finance and Technology Firms

BPO  
IoT  
B2B

Specialty Finance  
Enterprise Software  
Analytics

Payments  
Lending  
InsuranceTech

Securities  
Financial Services  
Financial Management

# Firm Qualifications

## LeaseDimensions M&A Sell-side Case Study

### Transaction Overview & Rationale

#### Overview of the Transaction

- LeaseDimensions (the “Company”) engaged Evolve Capital Partners (ECP) to advise on the sale of the 25 year old firm.
- The Company can be categorized as a Business Process Outsourcing (BPO) firm, with considerable operating history and generating above average margins. The Company provides lease and loan servicing to banks, large corporations and emerging growth companies across North America.

#### Significance of the Transaction

- The buyer, Genpact, is a large international BPO with a \$5 billion market capitalization. The acquisition of LeaseDimensions allows Genpact to effectively provide onshore servicing capabilities, and represents an ongoing consolidation of third party independent servicing companies.
- LeaseDimensions will remain a standalone company and will receive significant support to rapidly expand operations and expand into ancillary asset classes.

#### Evolve Capital Partners Role in the Transaction

- ECP served as the exclusive strategic and financial advisor to LeaseDimensions.
- ECP developed a detailed and comprehensive set of marketing materials to highlight the unique value proposition of the Company and to enable efficient and thorough buyer diligence.
- ECP drafted tailored selling script in the form of brief presentations that specifically articulated strategic fit, rationale and directly addressed questions from interested parties.
- We leveraged our relationships to understand each party’s interest level and concerns throughout the process and informed them on the Company’s attributes and quality of its servicing offerings.
- ECP generated qualified indications of interest from numerous strategic and financial buyers and was able to generate a significant increase in the final valuation from the initial indications of interest through a negotiated process.

### Financial Advisor

February 2017



**LeaseDimensions**

*has been acquired by:*

**GENPACT**

GENERATING IMPACT<sup>SM</sup>

*Exclusive financial advisor to  
LeaseDimensions*

BPO

Strategic

M&A



# Third Party BPO's








# Industry Landscape

## Third Party BPO's, Data Analytics/IoT and Online Lending Platforms

- Business Process Outsourcing (BPO) services have come a long way since the concept of outsourcing was first introduced in the mid-1990s. BPO's now encompass different types of business functions, including both, non-core and core operations of a company.
- The term 'BPO' is widely used, but has no clear formal definition. For the purpose of this newsletter we are defining a BPO as any organization or center that acts as an external functional process of businesses and performs various core and non-core operations on their behalf, in return for a compensation that is predefined.
- There is a rapid shift to automation, analytics and service-based models. BPO's are growing beyond their traditional services, such as CRM, F&A and supply chain support; and are breaking into the domain of consulting and data analytics.
- The delivery model is rapidly moving towards an 'as-a-service' structure that hinges on cloud-computing, automation and digitization.
- The third party loan and lease servicing segment is burgeoning, with the emergence of several new players. These players have grown rapidly in recent years and are expected to continue growing.




### Emerging Third Party Loan & Lease Servicers

	<b>Consumer Loan Servicing</b>	First Associates provides loan and lease servicing, backup servicing and support services
 (Owned by Stone Point)	<b>Commercial and Consumer Loan Servicing</b>	Portfolio Financial Servicing Company provides loan and lease servicing, backup servicing and support services
 (Owned by Genpact)	<b>Vehicle and Equipment Loan Servicing</b>	Provides loan and lease servicing, and backup servicing

### Established BPO Players

	<b>Office Services and Supplies</b>	Aegis Limited provides information technology and business process outsourcing (BPO) services.
	<b>IT Consulting and Other Services</b>	Mphasis Limited provides application development and maintenance, infrastructure outsourcing, and business and knowledge process outsourcing services to clients worldwide.

### Key Large BPO Players

	<b>Data Processing and Outsourced Services</b>	Genpact is a diversified global BPO company that serves the BFSI, Capital Markets, Consumer Goods, High Tech, Insurance and Industrial Manufacturing sectors
	<b>IT Consulting and Other Services</b>	Cap Gemini S.A. provides BPO services in over 40 countries. The Company's services include, management of IT systems, supporting internal IT teams of client companies
	<b>IT Consulting and Other Services</b>	Accenture provides comprehensive BPO services across multiple business functions and processes like finance and accounting, procurement, marketing, supply chain, HR and learning

# Key Observations

## Third Party BPO's, Data Analytics/IoT and Online Lending Platforms



### Rapid Shift to Automation, Analytics and Service-Based Models

BPO's are growing beyond their traditional services, such as CRM, F&A and supply chain support; and are breaking into the domain of consulting and data analytics. The delivery model is rapidly moving towards an 'as-a-service' structure that hinges on cloud-computing, automation and digitization.



### Growing Vendor Consolidation

Businesses are moving away from multiple specialized outsourcing relations and are trying to maximize outsourcing from a few vendors. As a result, vendors are redesigning their offerings and creating specialized services packages to suite specific client industry requirements. While niche players are investing heavily in acquiring new capabilities, multi-domain service providers are witnessing a reconstruction of their client mix.



### Strong M&A Activity

M&A activity has been on a constant rise in the BPO industry, as players look to acquire new technologies and domain-specific capabilities. BPO companies are also undertaking M&A's to diversify their client base by acquiring competitors that service clients in industries to which the acquirer has limited exposure.



### Loan Servicing, Healthcare and Life Sciences the Sunshine Segments

The third party loan servicing segment is burgeoning, with the emergence of several new players. These players have grown rapidly in recent years and are expected to continue growing as alternative lending models necessitate that banks outsource servicing to dedicated loan servicing partners.

Currently, healthcare accounts for only a marginal share of the BPO industry, which is dominated by banking, financial services and manufacturing. However, the healthcare BPO segment is expected to grow at a CAGR of 10.2%\* till 2021, making it one of the fastest growing market segments. The Life Sciences BPO segment is also expected to grow rapidly between 2015 and 2024 and reach \$505\*\* billion, translating to a CAGR of 12.2%.

# Segmentation by Ownership

## Third Party BPO's, Data Analytics/IoT and Online Lending Platforms

### CAPTIVE BPO'S

- Captive BPO's are owned and managed internally by a company. They offer their services only to their parent company. The cost of running and operating captive BPO's is frequently higher than outsourcing the process to a services from a captive are frequently higher than an external BPO. However, it gives the parent company greater control over the process and can improve data security. As such, captives are often operated by banks, such as JP Morgan Chase and Goldman Sachs.
- There have been cases where BPO's have started as captive units and then evolved into third party BPO's, providing services to external clients. For example, Genpact started off as a captive for GE before turning into a Third Party BPO.
- Going forward, companies might move most of their captive BPO operations to third party vendors, as third party vendors specialize in data management and are becoming more technologically advanced. The shift may begin with less sensitive data and may eventually involve the most confidential data.

### Major Companies With Captive BPO's



### THIRD PARTY BPO's

- These BPO's are external service providers, and, as such, cater to multiple clients at given time. Third Party BPO's may operate in a specific niche domain, or offer multi-domain services.
- Outsourcing to external BPO's can help companies reduce costs, however, it can dilute the outsourcer's operational control and can raise data security concerns. WNS and Genpact are examples of Third Party BPO's.

### Major Third Party BPO's



# Third Party Loan Servicing – Overview

Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

## ATTRIBUTES

**Third-party Loan Servicing Companies are Independent Entities that Service Loans for Financial Institutions.**

*A reputable loan servicer usually offers the following services:*

- **Primary servicing to monitor and manage loans.** The primary servicer of a loan can be the loan originator, the mortgage banker or a third party and maintains direct contact with the borrower. Servicing is usually for a wide range of asset classes, supported by a team with in-depth industry expertise and experience to reduce the rate of delinquencies and defaults.
- **Delinquency management** to facilitate with the process of providing high quality customer service to reduce delinquency rates.
- **Backup Servicing** to ensure the existing loan book continues to run with as little disruption as possible if the platform fails. This could be a contingency fund and detailed plan as to how to use it or, as preferred by many of the successful platforms, a back-up servicing arrangement.

*A third party service arrangement offers the following benefits:*

- Third party servicers have advantage of scale that helps them offer cost-effective solutions. They eliminate the need for lenders to hire and train additional people for loan processing and go through the rigors of collecting underperforming receivables. This reduces operating costs for the Financial Institutions.
- In addition to being a one-stop-shop for receivables servicing, third party servicers also efficiently provide critical peripheral services, such as Credit Bureau reporting, management reporting and overseeing statutory compliance management.

## TRENDS

### Increasing Demand for Loan Servicing

- Credit issues in marketplace lending has led to lenders and investors requiring strong servicers for primary and backup servicing arrangements in the event the platform becomes insolvent or incapable of servicing the assets.
- A back-up servicing arrangement involves the appointment of a third party loan servicer to step into the platform's shoes to continue to administer loans and return funds to lenders in the event of a trigger event like a platform failure or insolvency.
- Having back-up arrangements in place with a reputable loan servicer can also enhance the profile of a platform and its loan book in the eyes of lenders, institutional investors and those who may be looking to purchase whole loan books to hold or to securitize.
- Many online lenders act as servicers and billers themselves; capital markets participants are nervous and demand quality independent servicers.

### Flexible Service Models

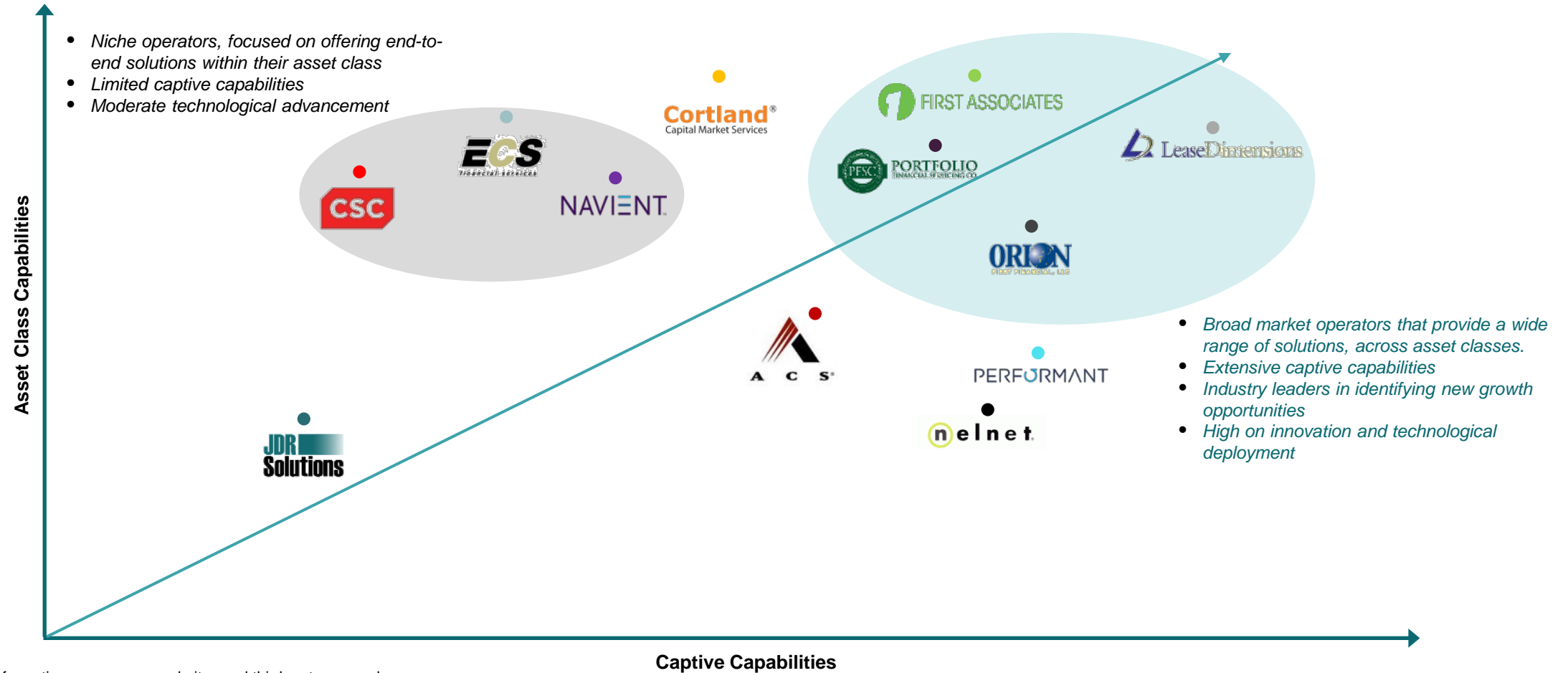
- Regulatory requirements have been changing frequently in recent years as regulators have been trying to catch up with hybrid financing models and new-age lending products.
- Constant changes in regulatory requirements have obligated third party loan servicers to constantly track market developments and create flexible service models, with built in quick-response mechanisms.
- This is specially true in a global business environment, where banks and financial institutions have to comply with a multitude of regulatory regimes.



# Competitive Positioning – Loan Servicers

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

A Comparison among emerging third party service providers, based on the number of functions they can carry out and the number of asset classes they can service is below.



Analysis based on information on company websites and third party research

# The Road Ahead

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms



### Strong Core Business Growth

In 2016, most major BPO companies, specially multi-domain pure play BPO's, struck sizeable deals that helped them build a strong pipeline. Many of the projects they won are expected to kick off in early 2017, resulting in strong revenue growth in the coming quarters.



### Rapid Shift Towards Digitization & Automation

Companies are realizing the need for digitization and process automation to cut operating costs and achieve efficiency. However, in-house automation entails high TCO. BPO's can provide automation externally, at lower costs. As such, the coming quarters could see a sharp rise in middle and back office jobs being outsourced.



### Higher Revenue share of As-A-Service-Based Solutions

BPaaS currently forms a small proportion of BPO firms' revenues, but its share of revenue could skyrocket as businesses see the benefits of BPaaS could become the model of choice for clients because it is cost-effective, can be hosted on the cloud and can be standardized.



### Continued Increase in Transactions

M&A activity in the BPO industry is expected to increase, as the BPO industry is entering a consolidation phase. BPO firms are expected to take the inorganic route to acquire additional capabilities that would help them become one-stop-shops for multiple client needs. Acquiring new capabilities would also allow BPO companies to develop targeted BPaaS packages for clients with similar requirements. Companies with digitization or cloud-based capabilities are expected to continue being particularly attractive targets and obtaining the highest transaction multiples. Strong pipeline of multi-year contracts and, technology-led innovations in process outsourcing are expected to draw in more PE funds to the BPO industry in the coming quarters.



### Protectionism Could Be a Challenge

Brexit and the change in leadership after the US presidential elections could bring some challenges for the BPO industry, as businesses may feel incentivized to create more jobs domestically or outsource onshore. A slowdown in outsourcing may affect major BPO destinations, such as India and the Philippines, in particular.



# Data Analytics / IoT



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# Industry Landscape

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

- Organizations want to optimize processes and products, and the key to identifying optimization opportunities and tracking improvements is in the IoT data itself. As sensors and data processing becomes cheaper every day, data will be readily available, and the expectation will be for it to be processed in near real-time.
- With IoT, where data is created from geographically distributed devices, we will see a decentralization of data storage, processing and analytics.
- There will be horizontal integration as organizations use building blocks optimized for certain infrastructural tasks, including device management, data collection, storage, analytics and application management.
- There will also be vertical applications, such as in the renewable energy sector, because it is the best way to put data in context and convey insight to a specific, unique user group.
- The use of advanced analytics and machine learning, for instance, can help a utility check for irregularities in operational performance, potentially leading to the prediction of a potential failure before it happens.

### Financial Services

These companies provide data analytics and IoT primarily for financial services companies to acquire and retain more customers.

 (Owned by Deluxe)	<b>Research and Consulting Services</b>	First Manhattan Consulting Group provides data driven marketing services. Deluxe acquired FMCG in 2016.
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### Business Analytics

These companies provide big data analytics software services to businesses, allowing them to analyze and understand it so that actions can be taken to improve certain business processes.

 (Owned by Sutherland Global)	<b>Internet SaaS</b>	Nuevora provides big data analytics services to organizations. Sutherland Global Services acquired Nuevora in 2016.
	<b>Application Software</b>	C3 IOT develops software for companies to transition to Internet of Things networks.

### Industrial IoT

These companies provide software to industrial companies to analyze the large amounts of data coming in from the industrial sensors to improve processes.

 (Owned by Oracle)	<b>Internet SaaS</b>	OPOWER provides cloud-based software to the utility industry in the United States. Oracle acquired OPOWER in 2016.
	<b>Electronic Equipment and Instruments</b>	SLANTRANGE, Inc. develops and delivers airborne remote sensing and intelligence systems and analytics solutions for agriculture intelligence applications.





# Online Lending Platforms

# Industry Landscape

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

### SUMMARY

- The online lending platform industry looks set to consolidate in 2017, after a slow year of consolidation in 2016. As the market continues to focus on the value proposition of each originator, the online lending industry is trying to size itself for all the different loan channels – consumer, SME and energy efficiency. With too many originators in each segment offering similar products, profitability of originations are eroded.
- Online lenders will have to focus on profitability on a loan-level basis, not only making the loans but making good quality loans.
- The industry has shifted to where losing money in order to achieve book origination growth is not ideal. This is a healthy development that will make the industry sustainable in the long run.
- Industry players have started to put more focus on what contingencies are in place, looking to see how companies manage the changing market sentiment over time.
- However, despite consolidation in the overall market Total loan disbursements are expected to increase sharply. loan disbursements in the Crowdlending space, which is a good indicator of overall industry performance, is expected to grow at 30.5% CAGR between 2017 and 2021. This robust growth will take the value of total disbursements to \$526.9bn by 2021 from an estimated value of \$181.9bn by the end of 2017.

### KEY MARKET TRENDS



*Eroding Profitability Due to High Competition*



*Industry Set for Consolidation*



*Adaptability to Changing Market Conditions Assuming Priority*



*Enhanced Evaluation of Existing Contingencies*



*Focus Shifting to Loan Quality instead of Loan Book Size*

# Segmentation by Borrower

Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

## Consumer Lending







- Marketplace Lending grew by 700%\* in the last four years.
- Loans are usually offered up to \$25,000\* with easy online application, and decisions can be made within the day.
- Industry players are developing new techniques for analyzing credit risk. These techniques involve performing extensive analytics on a wide variety of consumer data, including digital footprint, mobile usage and geo location.

## SME Lending

- About 37% of all small businesses applied for credit in the fall of 2013. About 45% did not apply, but about 20% did not apply because they felt they would not qualify#.
- Easy online application that includes an evaluation of health of business before approval that can be made within a day. Most platforms require businesses to be operational for 2 years with at least \$200,000 in revenue.
- The US market for business lending through online platforms is expected to be worth approximately \$206 bn by 2025\*\*. SME's are expected to contribute an disproportionately large percentage of this volume.

Sources: \*American Banker, #Federal Reserve Bank of New York, \*\*Growth Praxis

## Select Online Lending Platforms

	<b>Consumer Lending</b>	Prodigy Finance Ltd. provides an online platform that allows international postgraduates and MBA students to source education loans.
	<b>Consumer Lending</b>	OneMain Holdings, Inc., through its subsidiaries, provides consumer finance and insurance products and services.
	<b>SME Lending</b>	On Deck Capital, Inc. operates an online platform for small business lending in the United States.
	<b>SME Lending</b>	Bond Street Marketplace, Inc. offers term loans to small businesses in the United States.
	<b>EE Financing</b>	Ygrene Works provides of clean energy financing for residential and commercial properties.
	<b>EE Financing</b>	Solar Mosaic is a peer-to-peer solar finance company.



# Deal Activity











# Deal Activity

## Key Industry Transactions in Q4 2016

We monitor the space from all angles, this includes the three categories and related M&A transactions. Over the last few months, we have seen some of the larger players in this area make significant moves to expand their coverage and market penetration.

### Highlighted M&A Transactions

Date	Acquirer / Target	Value (\$mn)	Sector	Comments
12/12/16	 	NA	Online Lending Platform	Gradifi, Inc. develops online programs to pay student loan debt. Gradifi, a wholly-owned subsidiary of First Republic Bank, will continue to operate under the Gradifi brand. The acquisition could bolster First Republic's student-loan refinancing business, which it started about two years ago. That business lets people consolidate student loans, including grad-student loans, into one loan with a lower rate than they might be paying.
10/26/16	 	\$28	Online Lending Platform	BlueYield, Inc. operates as a consumer auto finance lending exchange. BlueYield's underlying infrastructure and direct auto lending platform will enhance Ally's capabilities and increase speed to market in new channels. The combination of Ally's substantial resources and BlueYield's unique technology positions the Company extraordinarily well to further its leadership position in the auto finance marketplace.
10/5/16	 	\$675	Third Party BPO	Pactera Technology provides IT consulting, research & development, and business process outsourcing services across the globe, through a network of onsite and offsite delivery locations. Pactera would become a consolidated subsidiary of HNA and will bring its cloud and big data analytics capabilities to the HNA group.
08/31/16	 	\$1,400	Third Party BPO	Interactive Intelligence Group, Inc. provides software and cloud services for customer engagement, communications and collaboration worldwide. The company's products are predominantly used by BPO's and contact centers. Through this acquisition, Genesys will obtain ININ's advanced cloud-based software, which would help the company develop solutions that would improve contact center experience for end-customer.

Sources: Press releases, Capital IQ



# Transaction Themes










# Transaction Themes

## Third Party BPO's, Data Analytics/IoT and Online Lending Platforms

- M&A activity in the BPO industry is expected to increase, as the BPO industry is entering a consolidation phase. BPO firms are expected to take the inorganic route to acquire additional capabilities that would help them become one-stop-shops for multiple client needs.
- Acquiring new capabilities would also allow BPO companies to develop targeted BPaaS packages for clients with similar requirements. Companies with digitization or cloud-based capabilities are expected to continue being particularly attractive targets and obtaining the highest transaction multiples.
- Strong pipeline of multi-year contracts and, technology-led innovations in process outsourcing are expected to draw in more PE funds to the BPO industry in the coming quarters.

### Relevant Recent Transactions

Date	Target	Acquirer	Type	Value (\$mn)	Transaction Details
2/15/2017	 LeaseDimensions	 <b>GENPACT</b> GENERATING IMPACT™	Acquisition	NA	The buyer, Genpact, is a large international BPO with a \$5 billion market capitalization. The acquisition of LeaseDimensions allows Genpact to effectively provide onshore servicing capabilities, and represents a big consolidation of third party independent servicing companies.
2/10/2017	 AON	 Blackstone	Private Equity	\$4,800	The acquisition is consistent with Blackstones' strategy of acquiring technology-enabled services businesses; and will give the group control of the largest benefits administration platform in the United States.
9/16/2016	 PFSC PORTFOLIO FINANCIAL-SERVICING CO.	STONE POINT CAPITAL	Financing	NA	Portfolio Financial Servicing Company operates as a third party servicer of leases, loans, and structured settlement contracts for commercial and consumer accounts. It provides services for commercial and consumer asset backed portfolios.
8/31/2016	 INTERACTIVE INTELLIGENCE	 Genesys™	Acquisition	\$1,400	Through this acquisition, Genesys will obtain ININ's advanced cloud-based software, which would help the company develop solutions that would improve contact center experience for end-customer.







Sources: Press releases, Capital IQ

# Transaction Themes

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

- IoT M&A registered 14 acquisitions in 4Q 2016, slightly lower than the past two quarters. Median reported IoT transaction revenue multiples increased to 2.5x in 4Q 2016, but remain in line with historical averages.
- While overall M&A was on the decline in 2016, the number of transactions in IoT grew almost 20%, with an order of magnitude increase in median valuation
- These trends are indicative of the maturation of the technology, and increased competition for both product and domain expertise

### Relevant Recent Transactions

Date	Target	Acquirer	Type	Value (\$mn)	Transaction Details
1/6/2017	 (Owned by Deluxe)		Acquisition	\$200	First Manhattan Consulting Group LLC (FMCG) offers strategic and operational consulting services. The consideration is subject to customary adjustments. The acquisition was financed through the existing revolving credit facility and an expansion of the credit facility term loan which has been increased to \$330 million.
9/24/2016	 (Owned by Sutherland Global)		Acquisition	NA	Nuevora Inc. provides closed-loop predictive and prescriptive analytics solutions. The move advances Sutherland's big data capabilities and strengthens its Digital Practice Division to further address the fundamental challenge companies' face in trying to translate massive amounts of customer data into immediately useful action.
2/3/2016			Acquisition	\$1,400	Jasper is the industry's leading IoT service platform in terms of number of enterprises and service providers. The acquisition will allow Cisco to offer a complete IoT solution that is interoperable across devices and works with IoT service providers, application developers and an ecosystem of partners. Cisco will continue to build upon the Jasper IoT service platform.

Sources: Press releases, Capital IQ









# Transaction Themes

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

M&A for the online lending platform has been slow compared to the other two categories in the newsletter. This is due to the fact of many disruptors in the industry are relatively new companies with the financial backing of larger established banks. With innovative technology, good customer service and the goal of serving under-served segments of the markets, these early stage companies are able to thrive. There have, however, been some notable acquisitions.

### Relevant Recent Transactions

Date	Target	Acquirer	Type	Value (\$mn)	Transaction Details
12/21/16	 YgreneWORKS	LIGHTYEAR CAPITAL	Financing	\$95	Ygrene makes home and building improvements easy, accessible, and affordable through the PACE program, which enables property owners to finance projects through their property taxes. This investment represents a component of Lightyear Capital's expansion strategy, and Ygrene intends to use the capital for continued national expansion.
11/15/16	 peerform	 VERSARA LENDING	Acquisition	NA	Peerform, Inc. operates a peer-to-peer marketplace lending platform that helps borrowers to find and get personal loans from investors. The acquisition reinforces Versara's commitment to rapid growth in the consumer lending space.
10/4/16	 ascentium CAPITAL	WARBURG PINCUS	Acquisition	N/A	Ascentium Capital LLC provides equipment lease and financing solutions to small-to-mid-size companies in the United States. They intend to build Ascentium to become a multi-product capital provider to small businesses through both organic growth and complementary acquisitions.
7/19/16	 Gradible	 CommonBond	Acquisition	N/A	Gradible operates an online platform that helps students pay off their monthly student loan bill by doing online tasks and projects for businesses. With the Gradible acquisition, CommonBond now offers employers a full suite of student loan repayment programs for their employees, beyond CommonBond's student loan refinancing options.

Sources: Press releases, Capital IQ



# Public Trading Comparables

# Public Trading Comparables

Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

(All figures in \$. Figures in millions, except per share data, as of December 31, 2016)

Company Name	Day Close Price	% of 52-Wk High	Market Capitalization	Total Enterprise Value	LTM Total Revenue	LTM EBITDA	TEV/LTM Total Revenues	TEV/EBITDA LTM
Cognizant Technology Solutions Corporation	\$56.03	88%	\$33,993.40	\$30,031.40	\$13,257.60	\$2,648.10	2.3x	11.3x
Cielo S.A.	\$8.57	74%	\$19,365.43	\$23,152.62	\$3,771.50	\$1,664.22	6.2x	13.9x
Paychex, Inc.	\$60.88	98%	\$21,846.37	\$21,656.47	\$3,063.40	\$1,310.50	7.1x	16.5x
Vantiv, Inc.	\$59.62	99%	\$9,604.13	\$12,749.88	\$3,476.19	\$817.82	3.7x	15.6x
Total System Services, Inc.	\$49.03	87%	\$9,012.69	\$12,059.26	\$3,754.70	\$811.33	3.2x	14.4x
Genpact Limited	\$24.34	85%	\$4,886.42	\$5,333.40	\$2,535.54	\$403.69	2.1x	13.5x
MAXIMUS, Inc.	\$55.79	90%	\$3,613.96	\$3,717.43	\$2,403.36	\$345.34	1.5x	10.8x
Convergys Corporation	\$24.56	79%	\$2,342.29	\$2,500.69	\$2,907.40	\$391.50	0.9x	6.4x
Syntel, Inc.	\$19.79	39%	\$1,664.36	\$2,055.28	\$983.24	\$278.49	2.1x	7.4x
WNS (Holdings) Ltd.	\$27.55	84%	\$1,404.50	\$1,244.94	\$584.75	\$96.03	2.1x	13.0x
<b>Mean</b>							3.1x	12.5x
<b>Median</b>							2.4x	13.7x

Source: Capital IQ

# Public Trading Comparables

Third Party BPO's, **Data Analytics/IoT**, and Online Lending Platforms

(All figures in \$. Figures in millions, except per share data, as of December 31, 2016)

Company Name	Day Close Price	% of 52-Wk High	Total Enterprise Value	Market Capitalization	LTM Total Revenue	LTM EBITDA	TEV/Total Revenues LTM	TEV/EBITDA LTM
International Business Machines Corporation	\$165.99	98%	\$157,832.35	\$190,496.35	\$80,208.00	\$17,539.00	2.4x	10.9x
Oracle Corporation	\$38.45	92%	\$157,735.36	\$154,239.36	\$37,236.00	\$14,602.00	4.1x	10.6x
Cisco Systems, Inc.	\$30.22	95%	\$151,697.11	\$115,519.11	\$48,917.00	\$14,994.00	2.4x	7.7x
CalAmp Corp.	\$14.50	71%	\$513.48	\$557.68	\$335.78	\$36.23	1.7x	16.1x
Software Aktiengesellschaft	\$36.40	88%	\$2,775.10	\$2,670.62	\$972.73	\$295.57	2.9x	9.6x
PTC Inc.	\$46.27	93%	\$5,349.00	\$5,810.50	\$1,140.53	\$104.71	5.1x	55.5x
<b>Mean</b>							3.1x	18.4x
<b>Median</b>							2.7x	10.7x

Source: Capital IQ

# Public Trading Comparables

Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

(All figures in \$. Figures in millions, except per share data, as of December 31, 2016)

Company Name	Day Close Price	% of 52-Wk High	Market Capitalization	Total Enterprise Value	LTM Total Revenue	LTM EBITDA	TEV/LTM Total Revenues	TEV/EBITDA LTM
FirstCash, Inc.	\$47.00	87%	\$2,279.84	\$2,698.08	\$817.76	\$136.51	3.3x	19.8x
OneMain Holdings, Inc.	\$22.14	54%	\$2,983.47	\$16,319.47	\$1,712.00	\$1,610.7	9.5x	10.1x
World Acceptance Corporation	\$64.28	94%	\$566.06	\$910.39	\$543.49	\$158.45	1.7x	5.7x
LendingClub Corporation	\$5.25	47%	\$2,070.02	\$1,549.25	\$505.81	\$61.30	3.1x	25.3x
On Deck Capital, Inc.	\$4.63	45%	\$330.78	\$914.15	\$162.55	-\$0.70	5.6x	NM
LendingTree, Inc.	\$101.35	90%	\$1,194.88	\$1,017.95	\$361.90	\$49.27	2.8x	20.7x
<b>Mean</b>							4.3x	16.3x
<b>Median</b>							3.2x	19.8x

Source: Capital IQ








# Appendix




# Other Key Companies

## Third Party BPO's, Data Analytics/IoT, and Online Lending Platforms

### Third Party BPO's




Company	Sub-sector	Description
 <b>GENPACT</b> <small>GENERATING IMPACT™</small>	<b>Data Processing and Outsourced Services</b>	Genpact is a diversified global BPO company that serves the BFSI, Capital Markets, Consumer Goods, High Tech, Insurance and Industrial Manufacturing sectors. The Company's services include invoice processing, document management, IT risk management and master data management.
 <b>WNS</b>	<b>Data Processing and Outsourced Services</b>	WNS (Holdings) Ltd., a business process management company, provides data, voice, analytical, and business transformation services worldwide.
 <b>EXL</b> <small>look deeper.™</small>	<b>Data Processing and Outsourced Services</b>	EXL Service, headquartered in New York, provides BPO solutions from the Company's delivery centres in India. The Company has expertise in seven industries including banking, healthcare, insurance, transportation etc. EXL serves clients in Americas, Europe, Asia, Colombia and South Africa.

### Data Analytics / IoT Companies

Company	Sub-sector	Description
 <b>RJMETRICS</b>	<b>Business Analytics</b>	Develops cloud-based data infrastructure and analytics software for ecommerce, Software-as-a-Service, and mobile businesses.
<b>UPTAKE</b>	<b>Business Analytics</b>	Developer of a predictive analytics platform designed to transform data into measurable business value.
 <b>DATAVISOR</b>	<b>Security Analytics</b>	Datavisor Inc. develops big data solutions that predict attack vectors among various users and accounts. It provides security, analytics, and infrastructure solutions for predictive threat management.
 <b>CAZENA</b>	<b>Software Analytics</b>	Provider of a software platform for big data management. The company provides big data platform that allows enterprises to speed up access to big data and avoid building big data infrastructure.

# Other Key Companies

Third Party BPO's, Data Analytics/IoT, and **Online Lending Platforms**

Company	Sub-sector	Description
	Consumer Lending	LendingTree is an online lending platform that facilitates borrowers to pick from several loan alternatives from online lenders, banks, and credit partners. The platform deals in the following loan categories: Home, Personal, Auto, Business, Student and Credit. The platform also offers mortgage refinance facility.
	Consumer Lending	PFG offers personal credit products for non-standard customers through its group businesses: Vanquis Bank, Moneybarn and Consumer Credit Division. The Company's offerings include low-limit credit cards, online home loans and car loans.
	Consumer Lending	Prosper is one of the pioneers of peer-to-peer online home loan providers in the US. The Company has well-established relationships with lenders, mortgage realtor groups and banks. In addition to the borrowing platform, the Company also provides personalized credit advisory services to its customers.

Company	Sub-sector	Description
	SME Lending	CAN provides merchant cash advances, business loans, working capital, and alternative business finance to SME's through its two subsidiaries. It uses risk models combined with daily performance data to evaluate loan requests.
	SME Lending	Kabbage, operates a fully automated financial services data and technology platform that lets SME's borrow online, using their own data to submit the loan application. The platform provides instant loan approval and on the spot funds access.
	EE Financing	Renovate offers energy efficiency financing solutions for homes and communities through its HERO Program and R-PACE loans. The Company's loans are offered for energy and water management-related green installations.

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