



Evolve
Capital Partners

Conduent Incorporated

December 2016

Summary of IPO



SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY

Conduent Shelf Registration – Executive Summary

Shelf Registration Overview



NYSE: CNDT



Description

Conduent Incorporated provides transaction-intensive processing, analytics, and automation business process services globally. It serves three sectors: Commercial Industries, Healthcare, and Public Sector. The services provided to each of these sectors are as follows:

Commercial Industries	Personalized product information for the automotive industry; digitized source-to-pay solutions for the manufacturing industry; customer experience and marketing services for the retail industry; mortgage and customer loan processing for the financial services industry; and customized workforce learning solutions for the aerospace industry.
Healthcare	Industry-centric business process services to clients across the healthcare industry, including providers, payers, employers, pharmaceutical and life science companies, and government agencies.
Public Sector	Transportation, public assistance, program administration, transaction processing, and payment services to the US federal, state, and local governments and foreign governments.

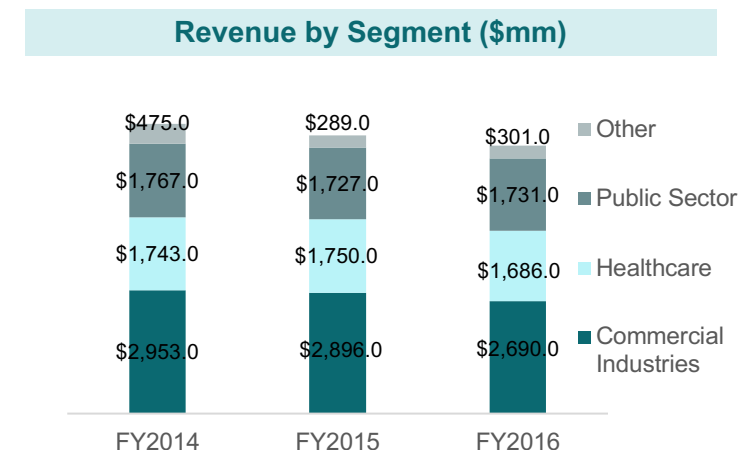
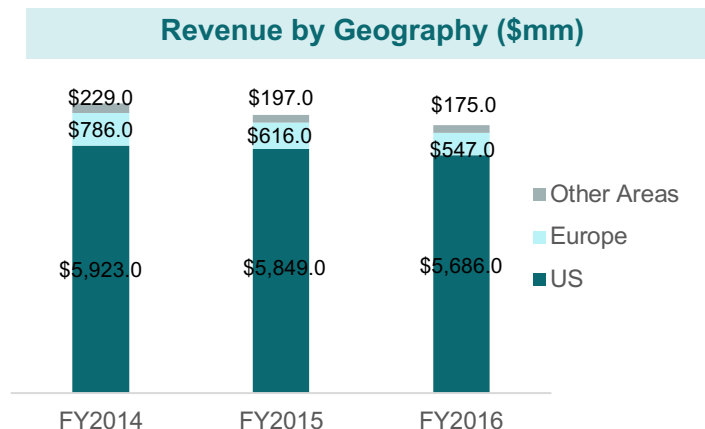
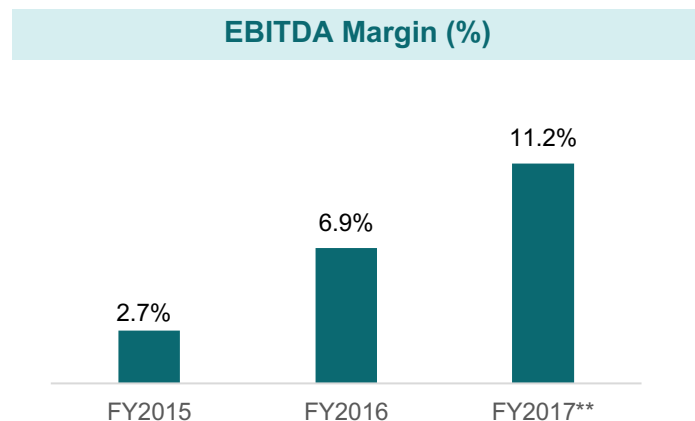
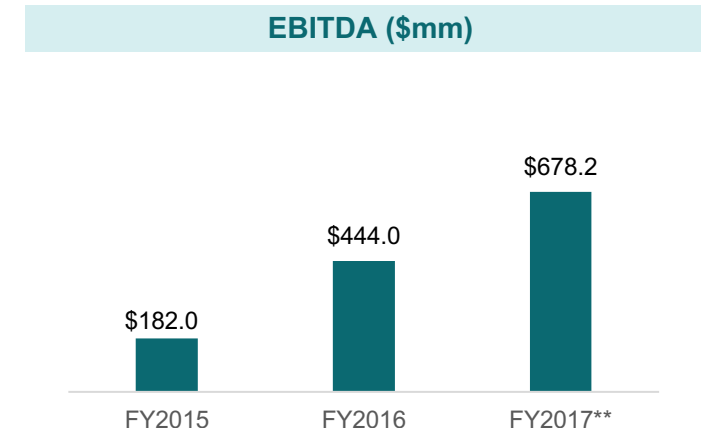
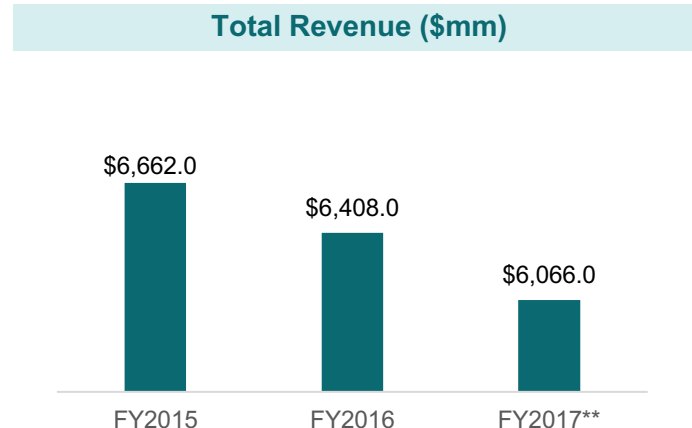
Source(s): Capital IQ, Conduent S-8 filings

A small icon of a globe showing the Americas.	Headquarters	Florham Park, New Jersey, USA
A small icon of a magnifying glass over a person silhouette.	Founded	2016
A small icon of three stylized human figures.	Employees	90,000
A small icon of a calendar page.	Shelf Registration Date	12/29/2016
A small icon of a multi-story office building.	Company Type	New York Corporation
A small icon of a dollar sign.	Proposed Maximum Offering Price	\$14.38
A small icon of a credit or debit card.	Shares Registered	26 million
A small icon of a stack of banknotes.	Proposed Maximum Aggregate Offering Price	\$374 million

Conduent Shelf Registration – Executive Summary

Key Metrics - Shelf Registration

Number of Shares Shelf Registered	26 million
Proposed Maximum Offering Price	\$14.38
Market Value at Proposed Offering Price	\$374 million
Enterprise Value at Proposed Offering Price*	\$2,382 million
EV / 2017 Revenue	0.4x



Source(s): Capital IQ, Conduent S-8 filings

*Enterprise Value is based on the calculated Market Value at proposed offering price and Net Debt for FY 2016 taken from Conduent's SEC filings.

** Projected FY 2017






Conduent Shelf Registration – Executive Summary

Company Overview

Conduent Inc, provides business process services to governments and businesses of all sizes in 42 countries.

- Conduent serves as a business partner in both the front office and the back office, enabling personalized interactions on a massive scale to improve end-user experience. Its portfolio includes industry-specific services for several industries, such as healthcare, aviation and transportation. It also includes multi-industry services, such as transaction processing, customer care, and payment services.
- The company implements and maintains Government Health Enterprise Medicaid Platform systems for health enterprise clients. It also provides payment services, such as prepaid cards, health savings accounts, and child support payments; customer care services; legal business services; and applied automation & analytics solutions.
- The company provides transportation services to government clients in approximately 25 countries. Conduent provides care and quality analytics, workflow solutions and software adoption services to hospitals, clinicians and other healthcare providers, including large healthcare systems, with contracts in 49 of the 50 U.S. states.
- The company also provides medical management services to Medicaid programs and federally-funded U.S. government healthcare programs in 30 U.S. states and Puerto Rico.
- The company's total research and development spending was \$31 million in 2016.

Key Statistics

 Sectors Served	Conduent provides its solutions to 18 Industry sectors.
 Payments Customers	Over 25 million cardholders use Conduent's digital payment solutions
 Parking Technologies Ranking	Conduent is considered to be the No.1 provider of parking technologies to US municipalities
 Partner Hospitals	The company has a network of 2,200 hospital partners
 Child Support Payments Share	43% of US child support payments processed by Conduent

Source(s): Company Website, Capital IQ

Conduent Shelf Registration – Executive Summary

Company Overview

Key Services (1/2)

Compliance Services	Conduent provides compliance training, compliance validation, and HR compliance consulting services. The company's compliance training services include helping clients develop curricula & knowledge materials on compliance issues through its LMS platform. Compliance validation involves identifying risks and enabling regulatory compliance by applying big data analytics. HR compliance consulting includes helping clients navigate benefit laws, retirement, health, compensation, and employment law.
Customer Experience Services	Company's customer experience solutions include consulting services, customer care service analytics & automation, customer retention & relationship management, customer technical support, inside sales solutions, robotic process automation, and customer self-care solutions.
Digital Payment Services	Conduent provides commercial digital payment solutions and public services payments solutions. The company's commercial digital payments solutions provide customers a more cost-effective way to pay their employees than with paper checks. Conduent public service payments services help governments replace manual payments processes with modern digital solutions.
Digital Processing Services	Conduent's digital processing solutions include communications advisory services, data & document management services, and multichannel communication services.
Finance and Accounting Services	Conduent's finance & accounting services include financial consulting services, finance as a service (FaaS), invoice to pay, order to cash and record to report services.
Healthcare Solutions	The company's healthcare solutions include healthcare regulations consulting, health plan analytics, and care management solutions for governments; CIS solutions, and credit balance solutions for healthcare payers; enterprise content management, healthcare cyber security, and health outcome solutions for healthcare providers; and clinical trial solutions and patient outcome solutions for pharma & life sciences companies. The company also offers electronic data interchange (EDI) & related transaction clearing services.

Source(s): CapitalIQ

Conduent Shelf Registration – Executive Summary

Company Overview

Key Services (2/2)

Human Resource Services	Conduent's HR services include global health & retirement plan consultation and administration services; cloud-based HR outsourcing services; payroll & benefits administration services; health savings & tax efficient account administration services; health and benefit decision support tools, compensation consulting, ongoing health and wellness management services.
Learning Services	The company's learning services include learning administration, learning consulting, learning content design & curation and instructor facilitation services.
Legal Solutions	Conduent's legal solutions include analytics hub, client portal, compliance & risk solutions, litigation solutions, managed document review & translation services, mobile eDiscovery support, review platform like OmniX services, Relativity services, and Viewpoint services, and workflow optimization solutions.
Procurement Solutions	The company provides procurement consulting services that help drive transformation across finance and procurement functions. The company also provides procurement solutions that help modernize and harmonize procurement processes with an aim to optimize spend and achieve transformative results.
Public Sector Services	Conduent's public sector services include service delivery and public transportation solutions, such as payroll & pension administration; government workforce solutions; finance, tax & treasury solutions; judicial & criminal justice solutions; electronic toll collection systems; transit systems; and parking systems.
Workers Compensation Services	The company's worker compensation services include medical bill review software & services; clinical services for workers compensation care management; cost containment analytics for workers compensation claims; PPO network management; medical bill review training & learning services; and payment integrity solutions like overpayment identification & recovery services.

Source(s): CapitalIQ

Conduent Shelf Registration – Executive Summary

Customer Case Study

BP PLC



- BP is a **global leader in the energy sector**, providing its customers with fuel for transportation, energy for heat and light, retail services and petrochemicals products for everyday items.

- BP Exploration and Production unit selected Conduent Learning Services to help provide learning services to assist and support BP learning leadership as it reengineered its learning operations to meet the needs of a global workforce located on six continents.
- Conduent Learning has provided more than 15 employees to work within the BP culture, helping them to centralize the delivery of learning, create a consistent, effective learning delivery process and support BP learning leadership as it reengineered learning operations to meet the needs of its global workforce.
- Specific services include:
 - Recruiting, staffing and development of an on-site learning development team to include project managers and instructional designers
 - Content development and content conversion for new flagship programs
 - Development of learning development processes, tools and methodologies
 - Learning needs assessments, curriculum development and alignment
 - Project scoping, prioritization and budgeting
 - Learning strategy and advisement
 - Pilot projects for exploring distance delivery

The combined BP and Conduent teams have met many interim milestone outcomes that include:

- Assisted with learning needs assessment to scope, budget and prioritize 75 potential projects
- Developed staffing requirements, staffing model and job descriptions for the curriculum development and project management roles
- Supported development of the BP learning methodology to include critical action steps, key deliverables and enablers
- Assisted with development of global delivery to include consulting on virtual classroom requirements, piloting use of message boards in support of e-learning solutions to increase engagement & discussion of a global audience and scope/ pilot virtual delivery methods
- Scoped and preliminarily designed/developed an interdisciplinary curriculum with blended solutions to address two key business issues for management of petro-technical bases and also for major project appraisal
- Supported learning leadership in developing good relationships with SMEs and project stakeholders to help build credibility for the new centralized learning group

Source(s): Company Website





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Market Opportunity

Business Process Outsourcing (BPO) services have come a long way since the concept of outsourcing was first introduced in the mid-1990s. BPOs now encompass different types of business functions, including both, core and non-core operations of a company

\$150 billion	Value of the global BPO market in 2015	U.S.	World's largest BPO market	APAC	Fastest growing BPO market, with an expected CAGR of 10.1% between 2016 and 2020	10.2%	Expected CAGR of the global Healthcare BPO market from 2016-21
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Key BPO Industry Trends:

 Rapid Shift to Automation, Analytics and Service Models	BPOs 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.
 Data Analytics / IoT Ramping Up	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 suit 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.
 Rise of Online and Alternative Lending Platforms	The third party loan servicing segment is growing rapidly, with the emergence of several new players. This growth in recent years is expected to continue as alternative lending business models require banks to 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 to reach \$180.4 billion, translating to a CAGR of 12.2%.
 Strong M&A Activity	M&A activity has been on a constant rise in the BPO industry, as players look to acquire new technology and domain-specific capabilities. To diversify their client base, BPOs are acquiring competitors that service clients in industries which the acquirer has limited exposure to.

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