

# Staffing Industry Buyers and Sellers Preparing for Busy 2010

Growth Capital Partners Reports 13 Transactions in the Third Quarter of 2009

**HOUSTON, TX, October 12, 2009** – Growth Capital Partners reported today that 13 staffing transactions, completed by 13 different buyers, were publicly announced in the third quarter of 2009. For the first nine months of 2009, 53 staffing transactions have been announced by 43 unique buyers, many of whom were making acquisitions for the first time. While conversations between buyers and sellers are accelerating, many deals continue to be delayed due to challenges in obtaining financing or because of differing valuation expectations between sellers and buyers. Our observations indicate that more business owners plan to enter the market in 2010 as these entrepreneurs are increasing anxious for liquidity and they will not miss the next opportunity to sell. Strategic buyers are also gearing up for an active 2010, as they will need to make acquisitions to offset slower expected organic growth.

Commercial staffing businesses accounted for 2 of the 13 transactions this quarter and pace the activity year-to-date with 15 deals completed. Commercial staffing businesses, including light industrial and administrative staffing companies, were especially hard hit during this recession and may be among the first to recover. IT staffing companies also produced 2 deals this quarter and have accounted for 10 transactions during the first three quarters of 2009. The IT segment is also beginning to see a recovery, as many companies are reporting small increases in their consultant headcounts and buyers appear to be very active in this sector. IT businesses with direct client relationships and strong gross margins will typically generate substantial interest from buyers.

“While the number of announced staffing transactions year-to-date remains modest, we are observing buyers and sellers busily putting into motion their M&A plans for 2010,” commented John Niehaus, Director of Staffing and Human Capital M&A Services for Growth Capital Partners.

“Staffing industry buyers are beginning to ramp up their acquisition searches as they seek new avenues to grow, while business owners are preparing their companies to go to market early in 2010 so as to take advantage of still low capital gains tax rates and achieve personal liquidity. This combination should produce a substantial increase in announced staffing M&A deals next year.”

Among the notable deals announced in the third quarter of 2009, Elwood Staffing Services acquired Time Services, a highly-regarded regional provider of light industrial and administrative staffing services in the Midwest; Pomeroy IT Solutions announced that it had entered into an agreement to be acquired by Platinum Equity, a private equity group active in the IT services industry; Oasis Outsourcing acquired National HR Advantage, a Florida-based provider of PEO services; Tekmark Global Solutions acquired Odyssey Consulting Services, an Ohio-based IT staff augmentation business; and RCM Technologies announced its acquisition of Project Solutions Group, a Massachusetts-based IT solutions and project management firm.

*Founded in 1992, GCP ([www.growth-capital.com](http://www.growth-capital.com)) is an investment and merchant banking firm that provides financial advisory services to both private and public middle-market companies, with a specialty practice devoted specifically to the Human Capital Services industry. GCP also focuses extensively on the private equity marketplace. Since its inception, GCP has completed in excess of 250 transactions, raised more than \$1 billion of institutional capital (through private placements of equity, subordinated, and senior debt), and completed M&A transactions with an aggregate value in excess of \$4 billion.*