

February 2025

---

# M&A Remains Crucial for Growth and Transformation in the Business & Financial Services Industry



# Generational Group Business & Financial Services Update

The business and financial services industry is transforming through generative AI and emerging technologies. Generative AI revolutionizes data analysis, enabling personalized financial planning, refined investment strategies, and improved risk management. The Bank of Things (BoT) leverages IoT to enhance customer experiences and streamline operations, while green fintech drives sustainability through energy efficiency and reduced carbon footprints.

Recent transactions highlight the sector's innovation and adaptability. Fleet Safety International emphasizes operational excellence with its driver safety training programs. S&L Computer Services meets the growing need for IT solutions supporting digital transformation. Creative Dimensions delivers tailored, impactful services to businesses, sports teams, and universities, while JBL Solutions demonstrates the critical role of SaaS platforms in advancing efficiency and service delivery.

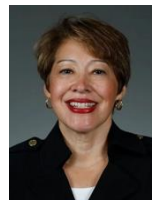
Key trends are reshaping the industry. IoT and AI are enabling actionable insights, operational optimization, and personalized customer experiences. FinTech firms are innovating to help institutions, and their customers track and reduce carbon footprints, aligning with global sustainability goals. Business service providers are transitioning to long-term, customer-focused models, leveraging data and machine learning for continuous personalized support.

This combination of technological innovation, sustainability, and customer-centric strategies positions the business and financial services sector for lasting success. Embracing these trends allows companies to overcome challenges, seize opportunities, and drive growth in an evolving marketplace.

**Sincerely,**  
**Lori Galloway and Julie Sandoval**  
**Executive Managing Director, M&A, Western Region**  
**Senior Managing Director, M&A**



For three decades, Lori Galloway has been involved in all facets of mergers and acquisitions for the middle market, helping business owners sell their companies and prepare for their eventual succession. She has participated in over 200 completed transactions in her capacity as executive managing director, lead and supporting dealmaker, and valuation analyst in her tenure with two nationally recognized merger and acquisition firms.



Julie brings over 20 years of financial valuation, forecasting, auditing, and analysis, as well as market research experience to her current position with Generational Equity. Prior to serving in her current position, Julie performed financial valuations and marketing duties and most recently served as the Senior Vice President of the Central Region and Vice President of the Southeastern Region.

# Business & Financial Services Overview

Despite recent declines, the M&A landscape in the Business and Financial Services Industry is set for a rebound driven by digital transformation and sustainability efforts.



Scale and capability deals to dominate as banks seek avenues for growth.



Divesting non-core assets to improve operational focus.



Demand for firms offering technologically advanced consulting services.

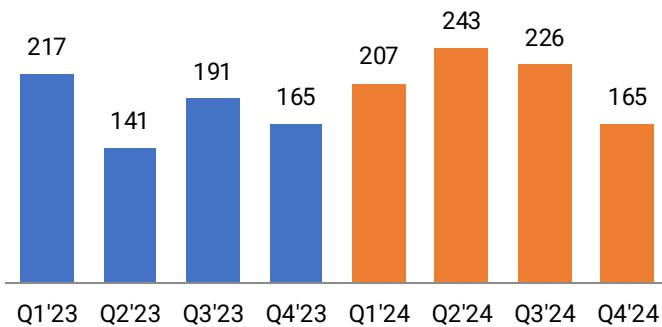


FinTech companies continue to entice strong buyer interest.

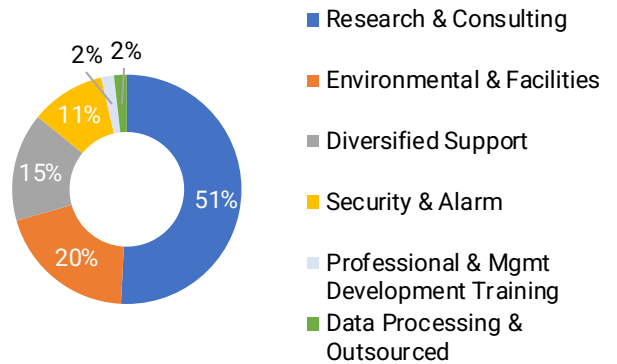
## Investors Confidence in M&A Activity

Rising investor confidence in M&A activity indicates a strong market outlook, with expectations of strategic mergers and growth opportunities.

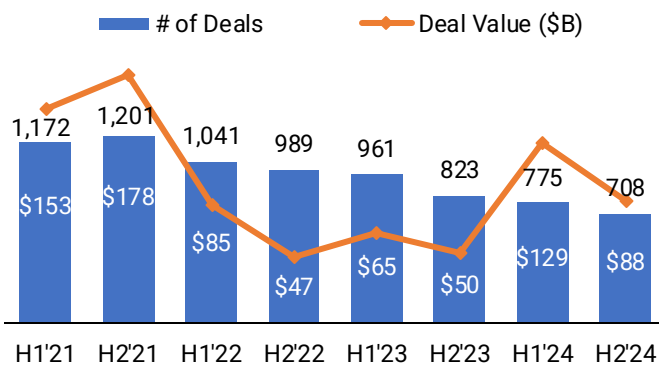
US Business Services M&A Deal Volume<sup>(1)</sup>



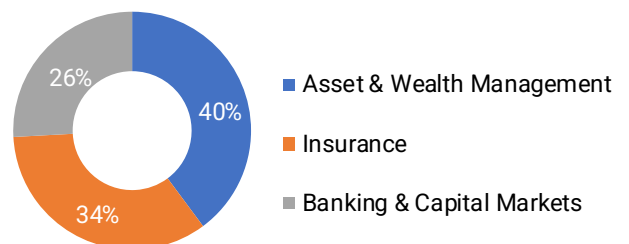
Deal Volume – By Subsector (Q4, 2024)<sup>(1)</sup>



US Financial Services M&A Deal Volume & Value



Deal Volume – By Subsector (H2'24)



Source: PwC, Capstone Partners, McKinsey, Focus Bankers, PwC, Industry Research; Note: (1) Represents Scaled Data









# Spotlight on Significant Deals

The strategic integration of digital technologies and the pursuit of scale are pivotal for driving operational efficiencies.

## Strategic Deals – Business and Financial Services

 Acquired 	<ul style="list-style-type: none"><li>▪ Motion Recruitment Partners is a Boston-based provider of IT staffing services</li><li>▪ Kelly provides enhanced capabilities in staffing and consulting across technology, telecom, and government sectors in North America</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ Paymerang is a developer of a cloud-based electronic payments platform</li><li>▪ Corpay increases revenue and profitability by leveraging larger verticals</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ NFP is an organization of consultative advisors and problem solvers helping clients address their risk, workforce, wealth management and retirement challenge</li><li>▪ Aon to expand presence in the large and fast-growing middle-market segment</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ Heartland Financial is a multi-bank holding company that offers a wide range of commercial, small business, and consumer banking services</li><li>▪ UMB to diversify its business with added capabilities</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ Flywheel Digital is a Baltimore-based provider of digital marketing services for consumer product companies</li><li>▪ Omnicom to integrate offerings across various verticals</li></ul>

## PE Deals – Business and Financial Services

 Acquired 	<ul style="list-style-type: none"><li>▪ Macatawa Bank offers a full range of banking, retail and commercial lending, wealth management and ecommerce services</li><li>▪ Wintrust to expand its services across West Michigan</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ SilverSun, a New Jersey-based provider of application development, technology, and consulting services</li><li>▪ JPE intends to spin-off SilverSun's existing business to increase their combined value</li></ul>
 Acquired 	<ul style="list-style-type: none"><li>▪ Discover Financial Services is a bank operating in two distinct segments: direct banking and payment services</li><li>▪ CapitalOne to create a payments network to compete with larger players</li></ul>

Source: FactSet, Industry Research

# Spotlight on Generational Deals

Generational Group fuels M&A success with game-changing business and financial services deals.

## Generational Deals – Business & Financial Services



Acquired



- Florida TTC provides traffic maintenance and barricade services
- Flagger Force supports with traffic control services intended for utilities, telecommunications providers, general contractors and other infrastructure sectors



Acquired



- Walls Printing offers printing services that cater to business communication services
- ASWT renders window tinting services for commercial and automotive needs

Undisclosed Investor  
(An ESOP)

Acquired



- Kellogg & Sovereign Consulting provides professional program management services intended for schools and libraries
- This ESOP enables K&S employees to play an active role in the company's growth



Acquired



- Fleet Safety International provides research-based driver safety training services
- We Know Training is a technology-enabled, international learning solution provider

Undisclosed Investor

Acquired



- FirstCall offers business process outsourcing services
- FirstCall owns, administrates, and manages the installation and service delivery process for clients based on defined and measurable performance metrics



Acquired



- DTX Media offers video production and photography services for corporate and event markets
- DevRight provides support, education, and other developmental services



Acquired



- Britton Marketing & Design Group provides marketing and design services
- BrandStar, a production studio, helps with virtual production capabilities with LED video walls for TV shows, movies, commercials, music videos, and hybrid events

Source: Generational Group

# Spotlight on Generational Deals

Generational Group fuels M&A success with game-changing business and financial services deals.

## Generational Deals – Business & Financial Services

 Z10 Group Acquired



- Apollo Construction & Engineering Services offers construction and engineering services intended for government and industrial clients
- Z10 focuses on helping small businesses solve operational problems

 CORA Acquired



- Vanson Technology Services, a software company, facilitates with loyalty programs, employee engagement & CRM software solutions to businesses
- CORA Group acquires, strengthens, and grows vertical market software companies

 CyberAdvisors Acquired



- S&L Computer Services renders information technology support services
- Cyber Advisors acts as an advisor to organizations seeking comprehensive cybersecurity and managed IT solutions

 case Acquired



- SIS is a provider of digital document management & automation services
- CASO Document Management helps with document scanning services, book scanning, workflow automation software and enterprise content management

 Perform Acquired



- Aanicca Ventures is a performance based online marketing provider
- Perform [cb] offers online marketing services intended to utilize a proprietary performance marketing exchange

 PINNACLE Acquired



- Creative Dimensions provides creative services for businesses, professional sports teams, and universities
- Pinnacle, an experiential marketing agency, creates memorable experiences for global brands through activations, exhibits, environments, and events

 TRACE3 Acquired



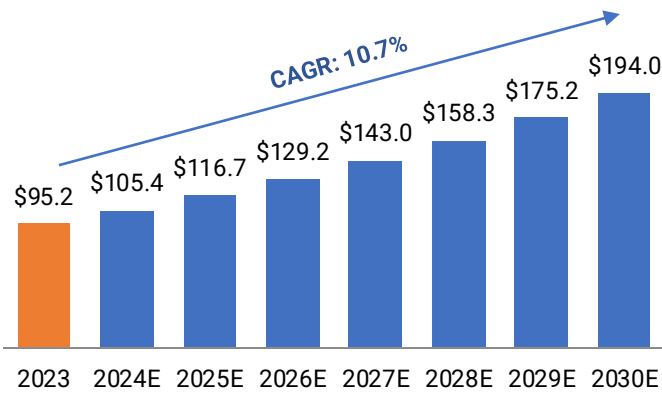
- Tail Wind Informatics, a technology consulting services company, provides expertise in business intelligence, cloud analytics, data, and information management
- Trace3 consults on, integrates, and operates convergent solutions

Source: Generational Group

# Bolstering Growth in the Business Services Industry

Technological advancements and the increasing demand for specialized solutions is enabling companies to enhance efficiency and attractiveness.

US Business Software & Service Industry (\$B)<sup>(1)</sup>



The US has ~33.2M businesses in 2024 and 99.9% (31.7M) of all businesses are small businesses; with the increase in the number of such businesses, the demand for business services will also rise

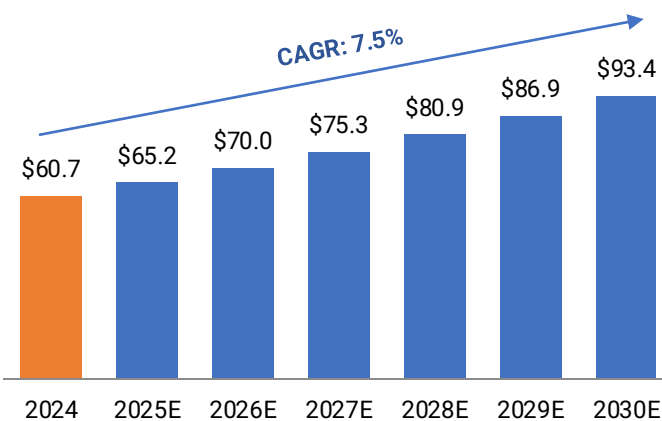
## Evolving Market Dynamics Pave the Way for Future

- ✓ Tech advancements, particularly in areas like cloud computing, data analytics, & AI, have transformed the industry landscape
- ✓ Many businesses opt to outsource non-core functions to specialized service providers to reduce costs
- ✓ The rise of e-commerce has created a demand for services related to online advertising & platform management
- ✓ Management consulting, strategy consulting, and industry-specific consulting services are gaining momentum

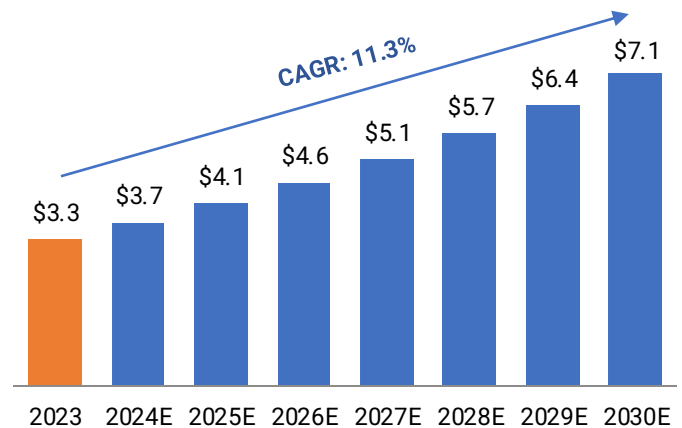
# Loan Demand Boosts the Financial Services Industry

The Financial Services Industry is driving growth and innovation as institutions adapt to meet increased consumer and business borrowing needs.

US Financial Services Industry (\$B)



US Micro Lending Market (\$B)

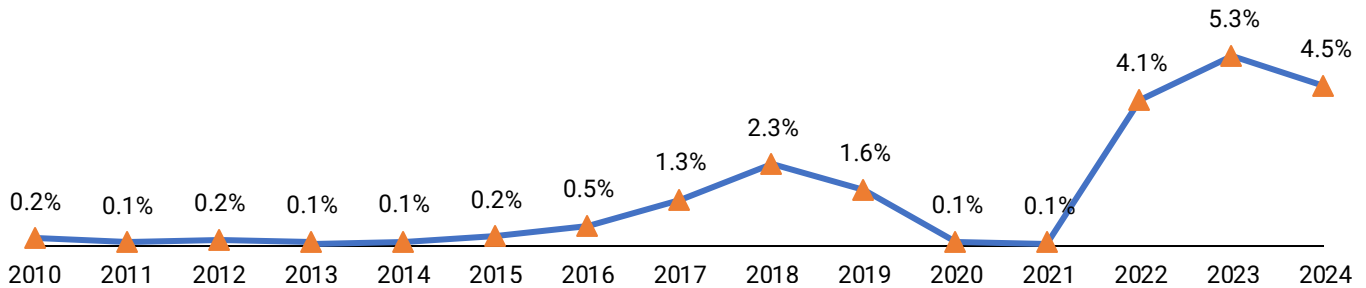


Source: Grandview Research, Clearly Payments, Expert Market Research, Industry Research; Notes: (1) Represents Scaled Data

# Key Market Dynamics

The anticipated rate cuts are poised to increase M&A activity in the Business Services Industry.

US Federal Reserve Interest Rate<sup>(1)</sup>



1

The decrease in interest rates is set to boost M&A transactions in the Business Services Industry by reducing borrowing necessitated to fund purchases

2

Lower borrowing costs may narrow the gap between the price that sellers are willing to accept and the proposed purchase price offered by buyers

# Key Themes For Financial Services M&A Deals

In 2024, Financial Services M&A deals will focus on digital upgrades, following rules, and adding sustainable finance to improve efficiency and meet market needs.

## Restructuring

- The deterioration in credit quality is witnessed leading to restructuring measures, which strengthens balance sheets and improves capital ratios in the banking sector
- Includes divestments of non-core assets or non-performing loans (NPLs)

## Environmental, Social and Governance

- ESG criteria is being considered for investment decisions and business strategy determination
- Recent geopolitical tensions have refocused attention from asset managers and insurers on the ESG risks in their private investment portfolios

## Digital Transformation and Technology

- Digitalization and AI will remain strategic priorities to build market position against disruptions
- Transaction activity in H2 2024 will focus on deals to leverage data, address rising cybersecurity concerns, drive operational efficiencies, and speed up transaction processes

## Private Equity

- Investors with increased specialization are focusing more on fintech, insurance brokerage, Insurtech and Regtech
- PE investors facing pressure due to higher cost of capital and limitations regarding leverage are prioritizing value creation more significantly

Source: NBC News, PWC, Deloitte, Industry Research; Notes: (1) Rates of December of Each Year



# Market Dynamics

The US has a multifaceted approach to regulate Fintech and Financial Services Industry.

**As the Financial Services Industry continues to scale innovations and manage costs, regulators are swiftly drafting and implementing regulatory changes to balance growth with governance.**

## Bank Secrecy Act ("BSA") and Anti-Money Laundering Regulations

- The BSA requires financial institutions to assist US government agencies in detecting and preventing money laundering
- AML regulations enforced by the Financial Crimes Enforcement Network are critical for Fintech companies

## Dodd-Frank Wall Street Reform and Consumer Protection Act

- Enacted in response to the 2008 financial crisis, the Dodd-Frank Act aims to reduce risks in the financial system
- It includes provisions such as the establishment of the Consumer Financial Protection Bureau and the Financial Stability Oversight Council

## Gramm-Leach-Bliley Act ("GLBA")

- Requires financial institutions to explain their information-sharing practices and protect sensitive data
- This regulation is crucial for Fintech companies dealing with consumer financial information

## Influence of Supra-National Regulatory Regimes

- International regulations such as GDPR<sup>(1)</sup> have a significant impact on US Fintech companies, especially those handling data of EU citizens
- The GDPR sets stringent data protection standards that influence data handling practices globally

Source: Global Legal Insights, Industry Research Notes: (1) General Data Protection Regulation

# Four Key Trends Are Driving Growth in Business and Financial Services

## Transformation Through Generative AI

- Generative AI offers unparalleled speed in data analysis and information synthesis
- Financial service firms, with the help of Generative AI, personalize financial planning, investment and risk management; it not only saves time but also improves the accuracy and reliability of the insights

## Banking of Things (BoT)

- The BoT is utilizing IoT technologies within the banking industry; it enhances customer experiences, optimizes operations, and generates new possibilities for financial institutions
- The concept of the BoT is gaining traction, enabling banks and other financial service providers to transform operations and compete effectively in fintech software development

## Sustainable Technology and Green Fintech

- Companies are investing more into green fintech and are characterized by the efforts to reduce carbon footprints, enhance energy efficiency, and promote responsible consumption
- FinTechs are focusing on developing solutions that help financial institutions, and their customers track and reduce their carbon footprints

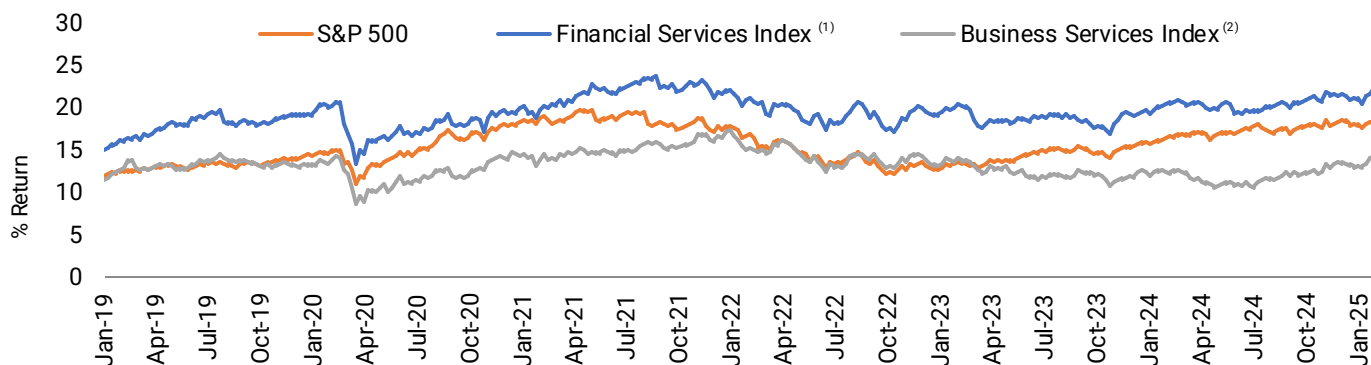
## The Move Toward Personalized Experience

- Business service providers are transitioning toward a longer-term customer-centric approach, while moving away from short-term transactional interactions
- By utilizing customer data and machine learning algorithms, business service providers are empowered to provide their customers with ongoing personalized services and support

# Trading Performance

Financial Services is outperforming the S&P Global Index.

Historical Trading Performance, 2019 – YTD 2025<sup>(2)</sup> (EV / LTM EBITDA)



Source: IBM, RL Hulett, RSMUS, Avenga, ZYMR, FactSet, Press Articles, Industry Research; Note: (1) Financial Services sector consists of a diversified set of companies across the sector, including Berkshire Hathway, Mastercard, Broadridge Financial Solutions, Garther, Thomson Reuters, American Express Company, and Blackrock; (2) Business Services sector consists of a diversified set of companies across the sector, including Cognizant, TriNet, Flex, WNS, Exl Service, TTEC Holdings, Automatic Data Processing, Conduent, and Accenture; (2) As of Feb 6, 2025

# Business and Financial Services Team

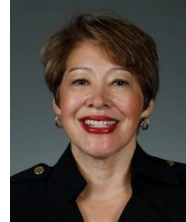
[LEARN MORE](#)



**Lori Galloway**  
Executive Managing Director,  
M&A, Western Region

[lgalloway@generational.com](mailto:lgalloway@generational.com)  
Irvine, California

Ms. Galloway co-leads Generational Group's Business and Financial Services Industry team. Her team also heads the Testing Industry specialization and works with the industry's leading buyers of analytical testing and laboratory services.



**Julie Sandoval**  
Senior Managing Director, M&A

[jsandoval@generational.com](mailto:jsandoval@generational.com)  
Alpharetta, Georgia

As Senior Managing Director in the Southeastern region of the United States, Julie Sandoval is the co-leader of the Business and Financial Group at Generational. She works directly with private middle-market business owners in developing and executing exit strategies.



**Don Ho**  
Senior Managing Director,  
M&A  
[dho@generational.com](mailto:dho@generational.com)



**Terry Mackin**  
Senior Managing Director,  
M&A  
[tmackin@generational.com](mailto:tmackin@generational.com)



**Cory Strickland**  
Senior Managing Director,  
M&A  
[cstrickland@generational.com](mailto:cstrickland@generational.com)



**Julio Dominguez**  
Managing Director, M&A  
[jdominguez@generational.com](mailto:jdominguez@generational.com)



**Alex Mironov**  
Managing Director, M&A  
[amironov@generational.com](mailto:amironov@generational.com)



**Ted Rattenberry**  
Managing Director, M&A  
[trattenberry@generational.com](mailto:trattenberry@generational.com)



**Andrew Byrd**  
Senior Vice President, M&A  
[abyrd@generational.com](mailto:abyrd@generational.com)



**Madison Buckley**  
Vice President, M&A  
[mbuckley@generational.com](mailto:mbuckley@generational.com)



**Jacob Mangalath**  
Vice President, M&A  
[jmangalath@generational.com](mailto:jmangalath@generational.com)