

KNOWLEDGE. VISION. RESULTS.

# QUARTERLY VALUE TRACKER

VALUATION ANALYSIS FOR TECHNOLOGY, HEALTHCARE, AND BUSINESS SERVICES

QUARTER **1**  
**2008**

## BUSINESS SERVICES

TripleTree's Business Services sector contains two major sub-sectors - Human Capital and Outsourcing

### HUMAN CAPITAL MANAGEMENT

The public markets within TripleTree's Human Capital Management sector fared slightly better than the S&P 500 as a whole but still mainly finished in the red. Our HR Technologies segment took the biggest hit, finishing the first quarter of 2008 down almost 20%. Dragging the index down was a poor performance by **Monster Worldwide (NASDAQ: MNST)**, who finished the quarter down 25% after a difficult January in which their employment index showed a decline in online recruitment, with a particular weakness in finance and insurance jobs. Meanwhile, our HR Outsourcing index was our only segment showing stock appreciation for the quarter, up a modest 1.5%. Primarily responsible for this increase was **ChoicePoint (NYSE: CPS)**, appreciating 31% after Reed Elsevier agreed to acquire the company for \$4.2 billion in February. Of particular note within our HR Consulting segment was **Watson Worldwide (NYSE: WW)**, whose shares rose 22% after its Q4 2007 profits surged over 42%.

Mergers and acquisition activity saw a slight uptick over the previous quarter, with a total of 24 completed or announced transactions within HR Outsourcing, Consulting, and

Technologies, in addition to the sale of 9 staffing firms. As mentioned above, the blockbuster deal for the first quarter of 2008 was Reed Elsevier agreeing to acquire ChoicePoint for a total enterprise value of \$4.16 billion. The main driver for the acquisition was in ChoicePoint's data analytics capabilities, an area that Reed Elsevier is aggressively looking to expand. Another transaction of note involved the private equity firm **Kohlberg Kravis Roberts & Co. (KKR)** taking London-based **Northgate Information Solutions** private in a deal valued at \$2.2 billion. The acquisition comes less than a year after Northgate acquired HRO provider ARISNO in a \$514 million deal. Also in the quarter, **The RightThing** agreed to acquire **AIRS**, a recruitment training and sourcing technology company, in an effort to create a one-stop-shop for the recruiting and sourcing of employees.

### Human Capital Management (\$ millions, except share price) (Multiples over 100x have been excluded as not meaningful "NM")

Ticker	Company name	Market Price 31-Mar-08	Market Cap.	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Net Income	EV/ Revenue	EV/ EBITDA	Price/ Earnings	
<b>HR OUTSOURCING</b>											
ADP	Automatic Data Processing, Inc.	\$42.39	22,159	20,855	7,620	1,947	1,172	2.7x	10.7x	18.9x	
CPS	Choicepoint Inc.	\$47.60	3,254	3,871	961	287	32	4.0x	13.5x	NM	
FADV	First Advantage Corp.	\$21.19	1,253	1,257	788	161	138	1.6x	7.8x	9.1x	
GVHR	Gevity HR Inc.	\$8.66	202	209	605	46	10	0.3x	4.6x	20.3x	
HEW	Hewitt Associates Inc.	\$39.77	4,096	3,956	2,988	451	(141)	1.3x	8.8x	NA	
PAYX	Paychex Inc.	\$34.26	12,346	11,938	1,897	869	562	6.3x	13.7x	22.0x	
								Average	2.7x	9.9x	17.6x
								Median	2.2x	9.7x	19.6x

Source: CapitalIQ

BUSINESS SERVICES

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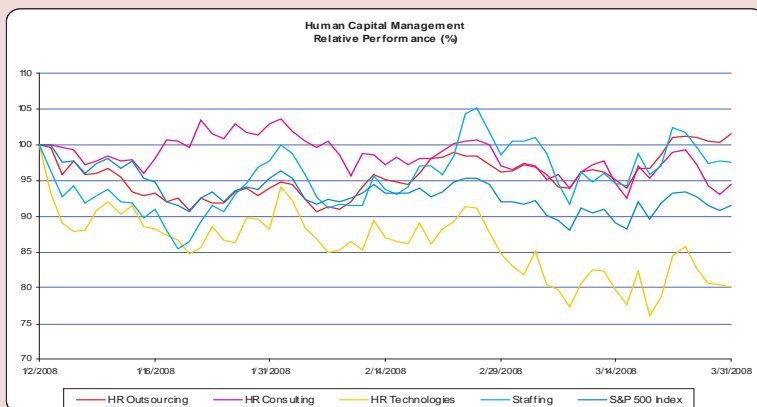
# QUARTERLY VALUE TRACKER

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QUARTER **1**  
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Ticker	Company name	Market Price 31-Mar-08	Market Cap.	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Net Income	EV/ Revenue	EV/ EBITDA	Price/ Earnings	
<b>HR CONSULTING</b>											
MMC	Marsh & McLennan Companies Inc.	\$24.35	12,687	14,418	11,187	1,461	2,475	1.3x	9.9x	5.1x	
WW	Watson Wyatt Worldwide Inc.	\$56.75	2,396	2,400	1,633	277	137	1.5x	8.7x	17.5x	
								Average	1.4x	9.3x	11.3x
								Median	1.4x	9.3x	11.3x
<b>HR TECHNOLOGIES</b>											
CALD	Callidus Software Inc.	\$4.81	145	95	102	(12)	(12)	0.9x	NA	NA	
MNST	Monster Worldwide Inc.	\$24.21	3,039	2,461	1,351	294	146	1.8x	8.4x	20.8x	
SABA	Saba Software Inc.	\$3.75	109	98	103	(2)	(8)	1.0x	NA	NA	
SUMT	SumTotal Systems Inc.	\$4.17	135	96	122	5	(8)	0.8x	18.1x	NA	
ULTI	Ultimate Software Group Inc.	\$30.06	745	715	151	15	33	4.7x	48.7x	22.5x	
WSTM	Workstream Inc.	\$0.71	37	30	29	(10)	(13)	1.1x	NA	NA	
								Average	1.7x	25.1x	21.6x
								Median	1.0x	18.1x	21.6x
<b>STAFFING</b>											
ASF	Administaff Inc.	\$23.61	617	408	1,570	79	47	0.3x	5.2x	13.0x	
HSII	Heidrick & Struggles International Inc.	\$32.53	562	279	620	96	56	0.5x	2.9x	10.0x	
KFRC	Kforce Inc.	\$8.84	354	410	1,037	86	40	0.4x	4.8x	8.8x	
KFY	Korn/Ferry International	\$16.90	784	486	762	101	64	0.6x	4.8x	12.2x	
MAN	Manpower Inc.	\$56.26	4,483	4,860	20,500	931	485	0.2x	5.2x	9.2x	
								Average	0.4x	4.6x	10.6x
								Median	0.4x	4.8x	10.0x

Source: CapitalIQ



## Human Capital Management

M&A Activity (01/01/08 - 03/31/08)

Total # of Transactions	33
# Reporting P/R Multiples	N/A
Average P/R	N/A
Median P/R	.N/A

BUSINESS SERVICES

\* TripleTree's Human Capital Management research covers the following segments: HR Outsourcing, HR Consulting, and HR Technologies.

\*\* For additional information on how this data might apply to your business, please contact Peter Erickson at 952.253.5300.