

IT Staffing Transaction Multiples Study

By Deepak Narasimham

Abstract

IT staffing valuations look deceptively simple—“a multiple of EBITDA” (or sometimes revenue)—yet transaction pricing is actually a market clearing mechanism for *risk transfer*: client concentration, bill rate durability, compliance exposure, offshore delivery leverage, recruiter productivity, and cash-conversion reliability. This whitepaper synthesizes observable market evidence from recent staffing transactions and public-market valuation bands and then reverse-engineers *why* multiples cluster where they do, *when* they expand into premium territory, and *how* buyers structurally protect themselves when the earnings stream is fragile. Real-world examples (including disclosed transaction multiples and publicly reported consideration frameworks) show that “the multiple” is less a number than a verdict on earnings quality, defensibility, and the probability that EBITDA survives post-close.

1. What this study measures and why multiples “move”

In IT staffing M&A, headline multiples usually reference Enterprise Value (EV) relative to last-twelve-month (LTM) EBITDA, forward EBITDA, or (less commonly) revenue. The multiple is not merely a pricing convention; it is the buyer’s compressed way of expressing three underwriting answers: (i) how stable is gross margin and spread, (ii) how repeatable is the recruiting engine, and (iii) how financeable is cash flow after working-capital normalization. When any of those answers degrade during diligence, the multiple is not “negotiated down”—the *risk discount* simply becomes visible.

Public-company valuation bands also shape private deal pricing because buyers benchmark opportunity cost: if public staffing peers trade at low EV/EBITDA, private deals must justify a premium via higher growth, specialization, or platform synergies. A recent staffing-services market update (PitchBook-sourced) shows median EV/LTM EBITDA valuation levels around ~11.7x (with bottom quartile ~7.3x and top quartile ~13.8x) in the period depicted—useful as a “market gravity” reference point rather than a promise for any single asset.¹

2. Market evidence: observed multiples in recent staffing transactions

Even within “staffing,” transaction multiples vary widely because the underlying assets differ: some targets are essentially labor brokers; others are technology-enabled talent platforms; others are specialty vertical franchises with defensible client access and scarce-skill talent pools.

A PitchBook-referenced staffing transactions set shows EBITDA multiples across recent deals including: TRYT Group acquired by The Carlyle Group at ~14.7x EBITDA, Impellam Group acquired by HeadFirst/financial sponsors at ~12.0x EBITDA, Montico acquired by Calvix at ~9.6x EBITDA, and Now Education acquired by Prefequity at ~7.3x EBITDA.² These are not all “pure IT staffing,” but they reveal the reality that buyers pay up when they believe the earnings stream is durable, scalable, and defensible—and they pay less when the business is closer to a commoditized, cycle-sensitive broker model.

For IT-adjacent talent and consulting, the pricing can include hybrid logics: part staffing-like cash flow, part consultancy-like growth optionality. For example, ASGN closed its acquisition of TopBloc for \$340 million in cash and equity—illustrating how strategic buyers continue to buy capability platforms that deepen enterprise relationships and expand wallet share (often the same customers served by IT staffing).³

3. IT staffing-specific example: Motion Recruitment Partners acquired by Kelly (structure reveals underwriting)

One of the clearest IT staffing datapoints is Kelly’s acquisition of Motion Recruitment Partners (MRP). Kelly disclosed an initial purchase price of \$425 million with up to \$60 million of additional cash consideration contingent on performance, and importantly, the earn-out mechanics were explicitly tied to *a multiple of gross profit above an agreed threshold* during the earn-out period.⁴

That detail is not cosmetic—it is the buyer telling you the real underwriting truth: in IT staffing, gross profit is often the “source-of-truth” metric because it embeds spread, mix, and demand quality more directly than revenue alone. When a buyer uses a gross-profit-based earnout, they are effectively buying (a) a baseline profit stream at close and (b) paying incremental price only if the profit stream proves it can expand and persist. In plain terms: the structure itself is the multiple’s “shadow.”⁴

4. Why multiples disperse: the five levers buyers actually price

Multiples in IT staffing are best understood as a function of five valuation levers—each a proxy for how much of EBITDA is *real*, *repeatable*, and *financeable*.

(i) Revenue durability (contractuality + concentration). A high multiple requires confidence that key clients won't evaporate after ownership change, rate renegotiations, or vendor consolidation. Where customer concentration is high, buyers demand either a lower multiple or protective structure (escrow/holdbacks/earnouts) because one lost account can erase EBITDA.

(ii) Gross margin quality (spread defensibility, not just percentage). In IT staffing, gross margin is often a *fragile outcome* of vendor status, recruiter performance, and market scarcity. Buyers pay more when spread is sustained by specialization (cyber, cloud, data, ERP, AI) and when the firm consistently fills difficult roles where pricing power exists.

(iii) Recruiting engine scalability (process + data + throughput). A premium multiple requires a demonstrable, repeatable system for sourcing, screening, and placing talent—not a founder-dependent relationship network. This is where “technology-enabled staffing” earns premiums: automation improves throughput and reduces cost-to-fill volatility.

(iv) Compliance posture (especially immigration + worker classification). Any whiff of systemic compliance risk forces buyers to haircut multiples or restructure. In IT staffing, compliance is not an administrative function; it is a valuation function because violations create contingent liabilities that behave like hidden debt.

(v) Cash conversion and working-capital normality. Strong EBITDA with weak cash conversion is a valuation mirage. Buyers normalize working capital and will discount a firm that grows by “financing customers” (high DSO) or relies on aggressive accrual practices.

These levers explain why public market bands show meaningful quartile spread in EV/EBITDA outcomes (bottom vs. top quartile), even before you layer in private-company idiosyncrasies.¹

5. What “premium multiple” really means in IT staffing

Premium multiples in IT staffing do not usually come from “being big.” They come from being *meaningfully different* in ways that reduce volatility and raise certainty: (a) specialized end markets with scarcity, (b) embedded delivery capability (managed teams, outcome-based projects, or consulting adjacency), (c) multi-client, multi-manager account resilience, and (d) institutionalized recruiting operations that do not collapse when a single leader exits.

The quartile framing is instructive: a median EV/LTM EBITDA reference around ~11.7x with top quartile ~13.8x implies that premium outcomes are plausible—but not typical—and must be earned by proving defensibility.¹ In practice, many private IT staffing firms clear at lower multiples when earnings are thin, customer concentration is high, or compliance/collections

introduce friction. The “multiple” is not a reward for revenue; it is a reward for *certainty and transferability*.

6. What sellers can do to increase realized multiples before going to market

The fastest path to a higher multiple is not persuasion—it is de-risking. Sellers can directly improve valuation outcomes by (i) reducing customer concentration through account diversification, (ii) tightening contract documentation and rate cards to protect spread, (iii) proving recruiter productivity with cohort metrics (time-to-fill, submittal-to-interview, interview-to-offer), (iv) cleaning up compliance evidence (immigration files, I-9, classification policies, audits), and (v) improving cash conversion (DSO reduction program, billing discipline, dispute minimization).

Structurally, sellers should also expect sophisticated buyers to use earnouts tied to gross profit or EBITDA expansion—especially when growth is the value driver. The MRP transaction is a clean illustration of this logic: baseline consideration for the business as-is, then incremental price if gross profit outperforms.⁴

Conclusion

An “IT staffing multiples study” is, ultimately, a study of what the market believes about the survivability of spread. Multiples rise when earnings are durable, scalable, compliant, and cash-real; they fall when EBITDA is fragile, concentrated, or structurally dependent on a few relationships. The most practical takeaway is that valuation is not discovered in the last week of diligence—it is *built* in the year before sale by engineering certainty into revenue, margin, compliance, and cash conversion.

Footnotes (References)

1. Meridian Capital. (Q4 2025). *Staffing Services Market Update* (PitchBook-sourced public valuation multiple bands; chart showing bottom quartile ~7.3x, median ~11.7x, top quartile ~13.8x EV/LTM EBITDA).²
2. Meridian Capital. (Q4 2025). *Recent Staffing Services M&A Transactions and Activity* (examples listing TRYT Group ~14.7x EBITDA; Impellam Group ~12.0x EBITDA;

Montico ~9.6x EBITDA; Now Education ~7.3x EBITDA).

3. Staffing Industry Analysts. (2025, March 4). *ASGN completes \$340M TopBloc deal, names new president.*
4. Kelly Services. (2024, June 3). *Kelly completes acquisition of Motion Recruitment Partners, LLC* (purchase price \$425M; potential additional \$60M; earnout based on a multiple of gross profit above an agreed threshold).