LBMC

Business Outlook Report

2022

LBMC Business Outlook Report 2022

Published by LBMC Family of Companies
Headquarters (Nashville, TN):
201 Franklin Road, Brentwood, TN 37027

Brentwood (Nashville), Knoxville, Chattanooga, TN; Charlotte, NC

Visit our website at lbmc.com.

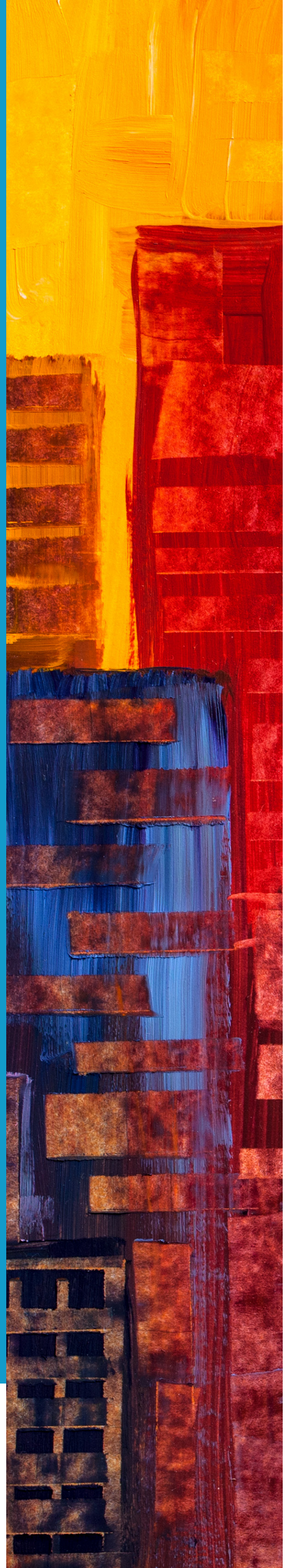


Table of Contents

ALL INDUSTRIES PAGE 5

ECONOMIC OUTLOOK PAGE 25

PRIVATE EQUITY PAGE 39

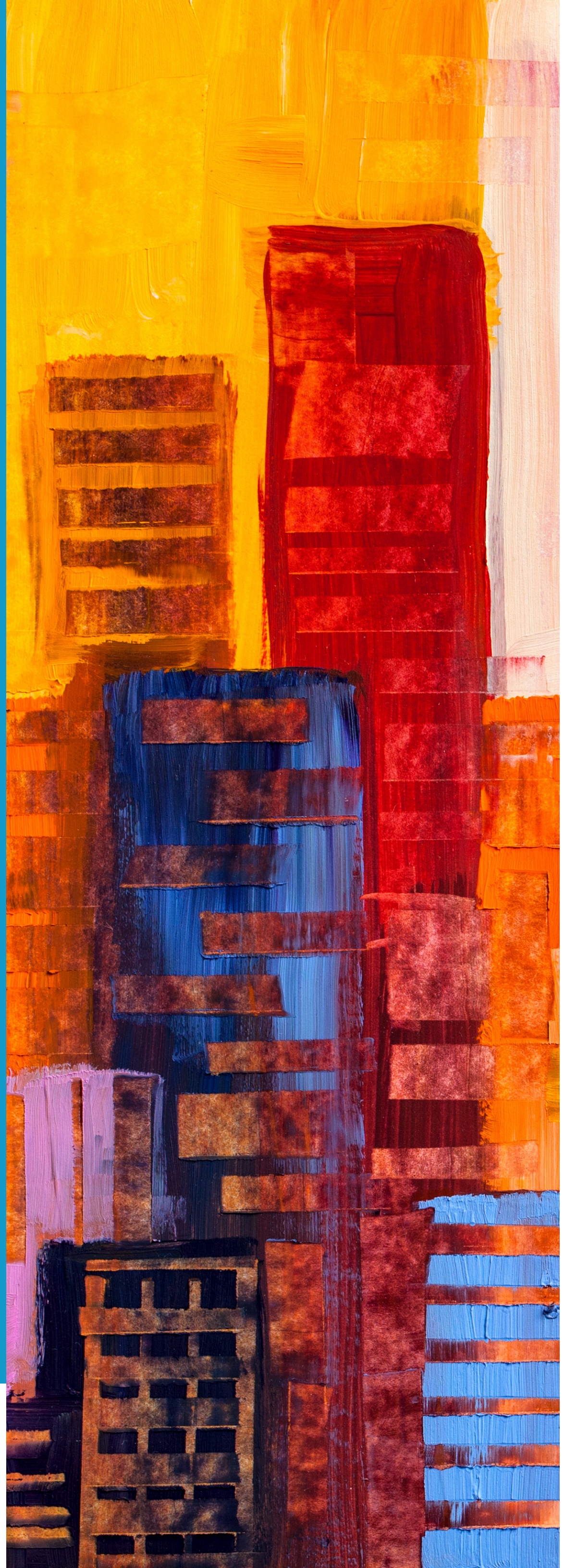
HEALTHCARE PAGE 43

MANUFACTURING & DISTRIBUTION PAGE 59

CONSTRUCTION & REAL ESTATE PAGE 77

TECHNOLOGY PAGE 93

LBMC ADVISORY SOLUTIONS PAGE 107



LBMC, a top 40 public accounting firm, Forbes 2022 Best Tax and Accounting firm, and the largest Tennessee-based professional services and business consulting firm, presents our fifth-annual national Business Outlook Report. This report offers insight into business trends, challenges, growth opportunities and the economic outlook for the U.S. with additional details on four industries.

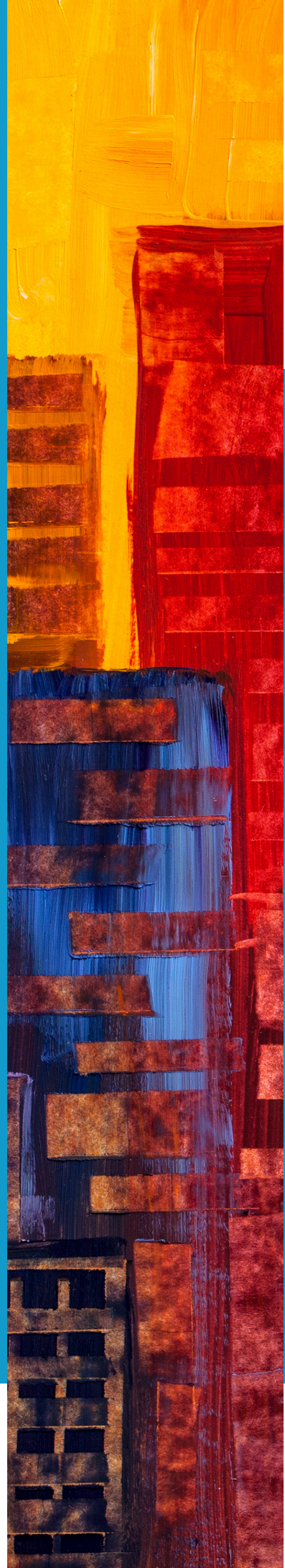
Business leaders continue to note that talent issues, supply chain and inflation concerns are challenges across all industries. Each industry has addressed these challenges with different solutions as they adjust to the current business changes.

This report provides perspective into the business landscape over the last 12 months and expectations for the new year, specifically focusing on the changing business environment, performance and strategies, as well as key business topics for the coming year.

LBMC's team stands ready to address the conclusions in this report and how they may impact your business in the coming year.

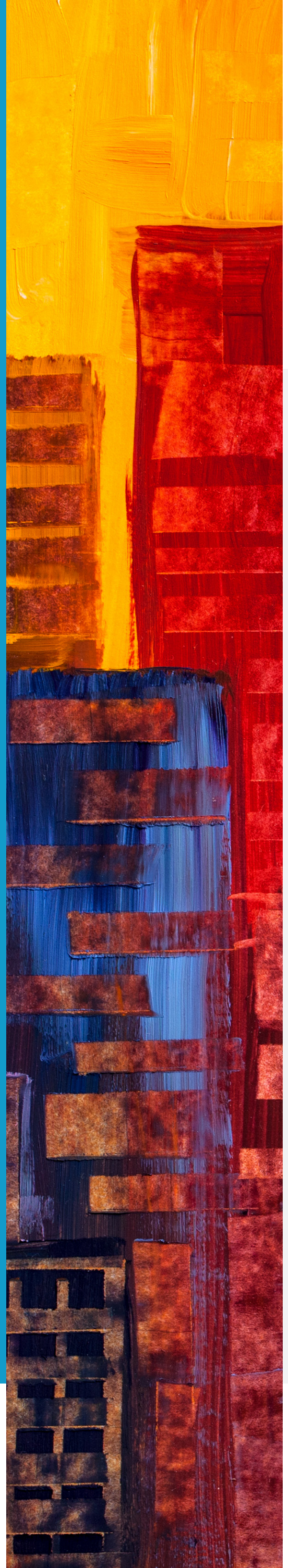
And as always we appreciate the opportunity to make individuals, businesses and the communities we serve better.

Suzanne Reed
suzanne.reed@lbmc.com
(615) 309-2282



All Industries

Contributor names and bios listed on page 109.



Business Environment

While many businesses saw significant growth over the past two years, in 2022 U.S. businesses overall have returned to a strong year-over-year growth following stagnant or declining growth during the pandemic. Recovery is well underway across all industry segments. The economic outlook has risen above pre-pandemic levels and for some businesses, expansionary activity has resumed.

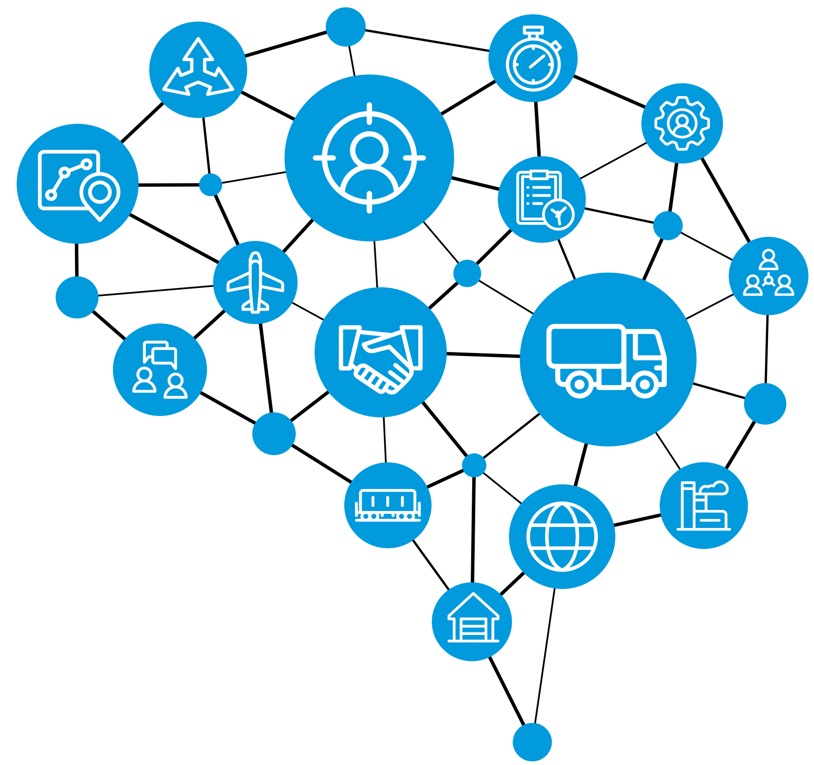
ALL INDUSTRIES

Top Business Challenges

According to the National Center for the Middle Market[1], top challenges include supply chain, finding and retaining talent, and customer engagement. The way we work now with more of a hybrid workforce has redefined what the employee experience looks like. Customer engagement and how we interact with our customers has evolved. Growth opportunities are dependent on how we solve these challenges, and digital transformation will likely be one solution. We've seen rapid change during the pandemic, and new challenges are necessitating optimization within companies.

"Companies with employees working from their homes in states across the country need to be aware of how this impacts their state tax filings. If you have a team member working remotely in a state where you don't already have employees working, you could be required to start withholding payroll tax on that employee's wages in the state where the employee lives and works. Also, this payroll may require you to begin filing income and/or sales tax returns in the state where you did not previously have nexus and a filing requirement."

BEN CARVER, CPA, SHAREHOLDER, TAX



1. National Center for the Middle Market, "2Q 2021 Middle Market Indicator."

TOP BUSINESS CHALLENGES

Supply Chain

The worldwide interdependence of the supply chain was illustrated during the pandemic and has become a top challenge for businesses. Supply chain disruptions have negatively impacted growth due to strong demand coupled with COVID-related supply disruptions. When people were stuck at home, they slowed spending on discretionary items, such as restaurants, entertainment, and other services, and more money was spent on food and consumer goods.

On the supply side, China, the manufacturing capital of the world, temporarily shut down regions and ports. We expect the demand to return to more normal levels in 2022, and supplies should improve as COVID recedes. However, the semiconductor shortage[2] is believed to be harder to resolve and will likely continue through 2022. Demand for goods that use computer chips will remain high, and the prolonged shortage has driven up prices of goods and made some items nearly impossible to buy. At this stage, Intel, Samsung and TSMC have announced plans to build chip plants in the U.S.; however, these kinds of facilities can take years to open and will not likely change the situation anytime soon.

As companies move from efficient to resilient supply chains, this will depress growth over time. While deglobalization has been occurring for several years, the pandemic increased the speed. Nations are setting up industrial policies to protect the supply chains of companies headquartered in their domain, and policies are meant to ensure that key inputs, such as semiconductor chips or rare earth metals, for example, are not being held hostage by the nations that control those inputs.

These policies are accelerating the trend for Western companies to re-shore and diversify their supply base. Diversification won't occur overnight, and China has the greatest advantage in terms of infrastructure, skilled labor base and manufacturing know-how.

2. Tech Wire Asia, "Here's what the 2021 global semiconductor shortage is all about."

TOP BUSINESS CHALLENGES

Finding and Retaining Talent

Labor shortages are impacting company growth, making finding and retaining talent a top challenge in 2022. According to world economists, this trend is largely the result of a more selective workforce. In a survey conducted by SHRM[3] (Society for Human Resource Management), nearly 90% of 1,200 employers said they were struggling to fill open positions in 2021, and 73% said they're seeing a decrease in applications for those hard to fill positions. Three million U.S. workers retired during the pandemic, noting COVID-19 and health concerns as a primary reason. For younger workers, financial payments from the government allowed them to delay their return to the workforce and be more selective in what jobs they would take. We expect that these younger workers will return to the workforce at a more normal level in 2022.

During the pandemic, training for skilled trades came to a halt due to the hands-on nature of learning. These vocational schools are back in session, and the need for these types of workers will be high in 2022.

As businesses are still seeing fewer candidates with the skills they seek, on-the-job training will be a stronger focus moving forward. Some companies are no longer requiring college degrees for applicants and are instead hiring for soft skills, supplemented by enhanced onboarding training programs to get employees where they need them to be.

Wage inflation is all but certain. To attract the talent needed, companies are paying higher wages, offering bonuses and providing more benefits to current employees. As the younger workforce goes back to work, the need for talent may decrease, but increased wage inflation will not. Payroll costs will continues to increase as existing workers receive raises.

"The fact that a company's greatest asset is people rings true today more than ever before. This is especially evident in not only recruiting but retaining the skilled, experienced professionals. While many are focused on recruiting new talent and winning that competition, they should not take their eye off the ball when it comes to ensuring their culture is shored up to retain the top talent they have."

SHERRIE WHATTON, PRESIDENT/CEO, STAFFING SOLUTIONS

3. SHRM, "The COVID-19 Labor Shortage: Exploring the disconnect between businesses and unemployed Americans."

TOP BUSINESS CHALLENGES

Customer Engagement

Businesses must focus their efforts on building better digital-first interactions with customers. The pandemic drastically accelerated the digitization of customer engagement. Businesses were pushed to embrace and expand their digital routes to connect with their customers, as social distancing policies required them to pivot. Even with these needed changes, customers still expect a tailored experience that makes them feel special and continue to expect brands to understand and respond to their individual needs.

Customers are craving more meaningful connections with company brands. Today's buyers desire an experience that's unique to them and not a mass marketing strategy that may have worked in the past. Customers have limited time and are constantly bombarded with content, so they expect quick solutions. The challenge, or maybe opportunity, is to pinpoint those exact moments where customers are looking for a specific thing and be able to provide that to them quickly. The window to give customers what they're looking for may only be a few seconds. Google refers to that as the micro-moment.

Today's consumers increasingly prioritize experiences over material goods, referred to as immersive experiences. Extended reality technologies are more desirable, and brands can impress their customers by engaging immersive experiences to remain relevant and create memorable customer journeys.

"Today's customers are smart, tech savvy and results oriented. To reach them you must ensure you are meeting them where they are, with the rich client experience they are now expecting. The best media/brand campaigns today are human-centered, connecting your brand values with your target audience in an authentic, relatable way. Digital relationships are vital to reach the audiences with genuine messaging, rising above the noise."

LISA NAMM, DIRECTOR OF BRAND, LBMC

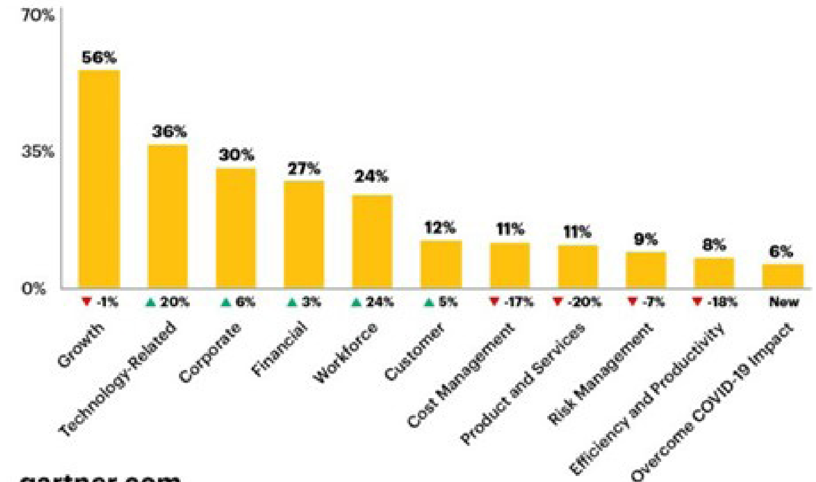
Growth Opportunities and Optimism

Business optimism is positive, in that companies are looking for ways to continue to do new things, go into new markets and get back to some normalcy. CEOs have increased confidence heading into 2022, but growth will be dependent on finding and retaining talent and on whether there are still disruptions in the supply chain. According to a Gartner survey[4], growth was the number one business priority with investment into new markets as a key strategy. It makes sense that technology-related priorities also increased greatly to potentially optimize and automate employee functions, helping the reduced workforce be more efficient.

Technology will play a big role in growth for 2022, as companies look for ways to expand to new markets and continue to maintain a hybrid workforce.

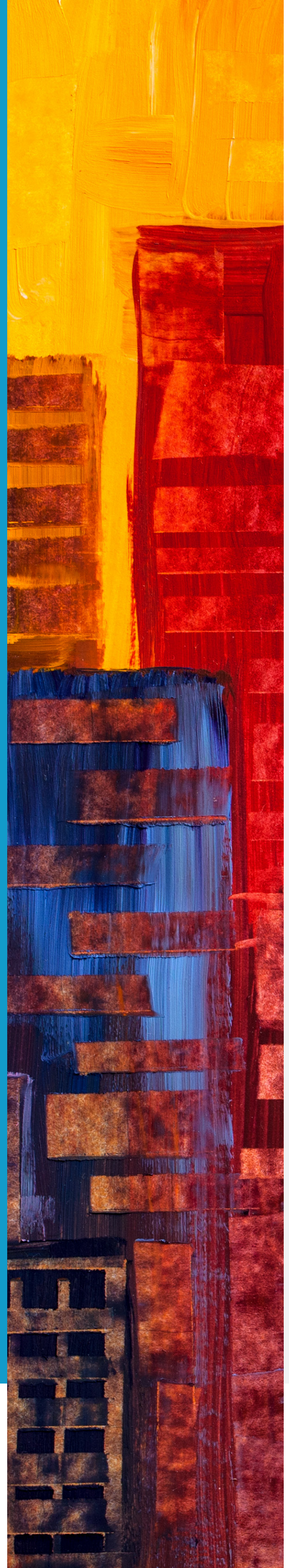
Leaders will have to be innovative and invest in their people. Taking what we've learned from the pandemic to chart the path forward will be crucial for growth. The graph reveals that the CEOs' priority on their workforce had the greatest jump from the prior year, and that aligns with what we are seeing as a top challenge.

CEOs' Top Strategic Business Priorities for 2021-2022



gartner.com

4. Gartner, "CEOs See Growth in 2021, Marked by 3 Shifts."



Business Performance/ Strategies

Business performance and strategies for 2022 are primarily focused on sales and profitability, capital spending and mergers and acquisitions (M&A). A hot topic for the coming year will likely be around M&A. We continue to see much activity in the M&A space across industries, especially with our clients in the technology and healthcare sectors.

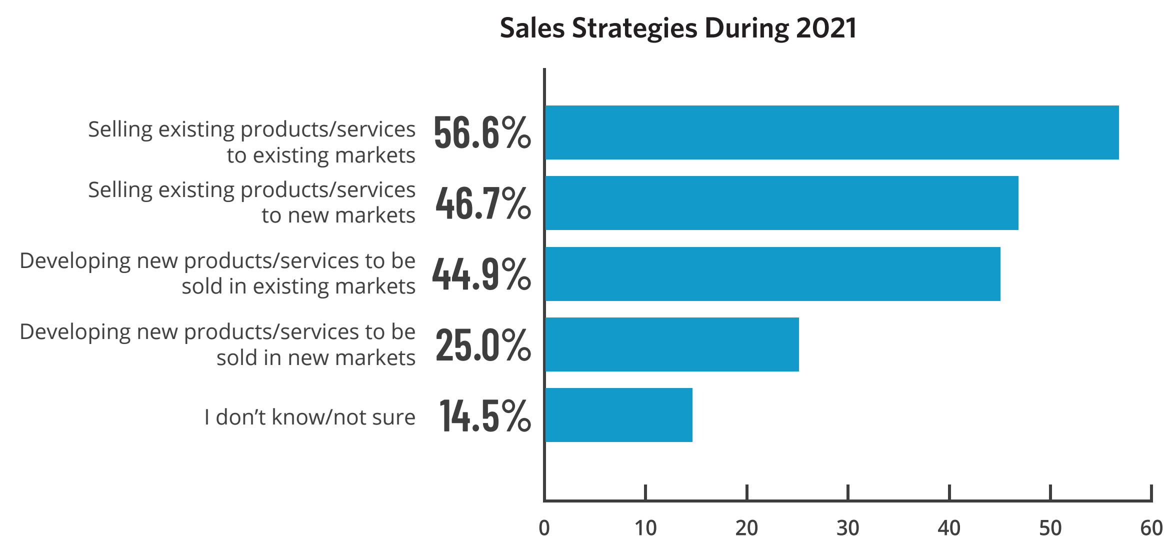
ALL INDUSTRIES

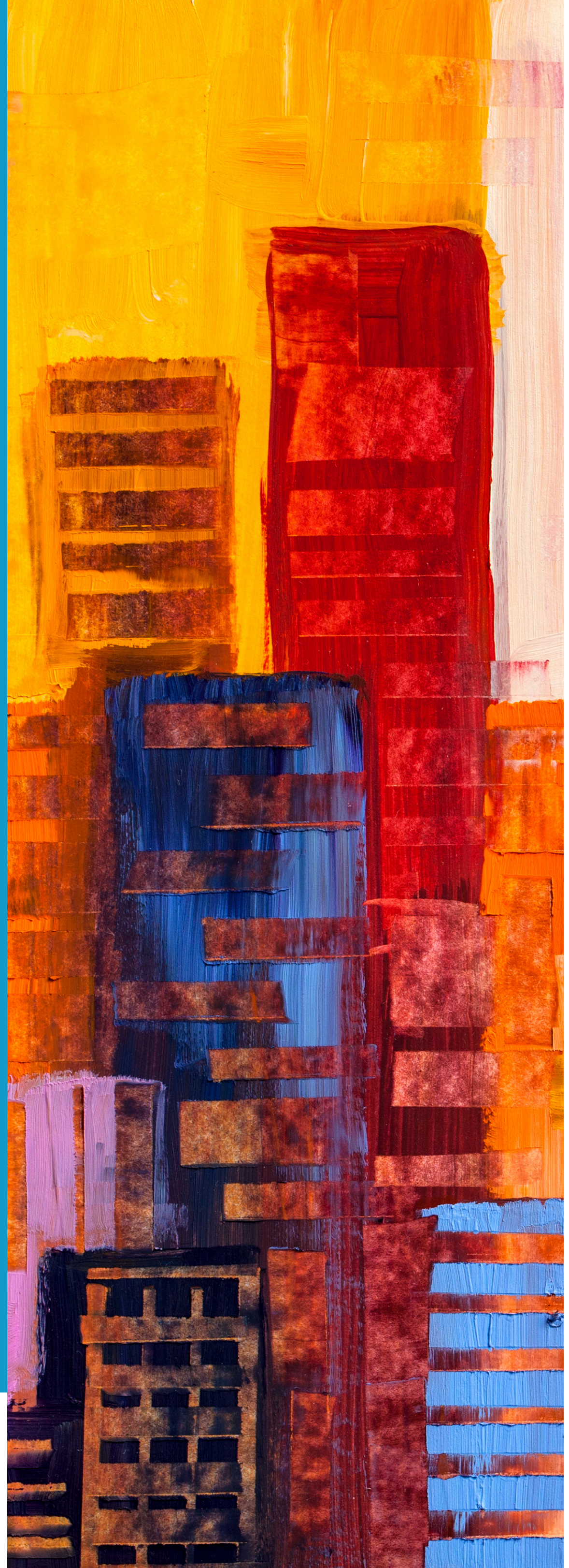
Sales & Profitability Strategies

The top strategy for profitability revealed in our survey was improving productivity and efficiency, followed closely by decreasing operating expenses and technology improvements. It's common to see business leaders focus on the things they can control and offer less risk. Therefore, it's no surprise these are at the top of the list.

At the beginning of 2021, executives were more interested in selling existing products to existing markets, confirming a lower risk strategy. With increased confidence in 2022, this could present a great opportunity for companies should they want to shift the risk from low to high and get into those new markets or offer new services to existing markets.

Many of our clients are learning to do the same thing in new ways, bringing increased focus to existing markets and customers, whether that's by location, how they connect or how they deliver their services. Some of these shifts were out of necessity, such as new telehealth services that many of our healthcare clients have implemented. Telehealth allows physicians to serve patients through voice or video calls instead of the traditional in office face-to-face visits. This strategy focuses on existing markets and customers with the same outcomes, but with a different way to connect and deliver services.





Capital Spending

The largest driver of business capital spending is economic growth, with additional impacts from high labor costs and low interest rates. Companies are being pushed into expanding their investments in 2022 due to supply chain demands and labor shortages. Companies are looking to spend, with many of them having plenty of cash on hand resulting from Payment Protection Program (PPP) funds or CARES Act advances and forgiveness.

Many of our clients were being conservative with funds through the pandemic. Supply chain demands and long lead times potentially restrained spending. However, as we enter 2022 with these funds being forgiven, businesses are looking to spend their cash in more effective and efficient ways. Many of them have labor shortages which are driving them to invest in more computers, technology and machinery to automate processes and enhance efficiencies.

We've also seen more companies purchasing equipment in an effort to repatriate manufacturing and supply chain demands. One example could be that the business has a product that's 98% complete, but they are missing one piece, such as a computer chip. We see businesses proactively regaining some control by bringing that last piece onshore to navigate the supply chain issues making shortages, transportation issues, or shutdowns from other countries irrelevant.

LBMC

ALL INDUSTRIES

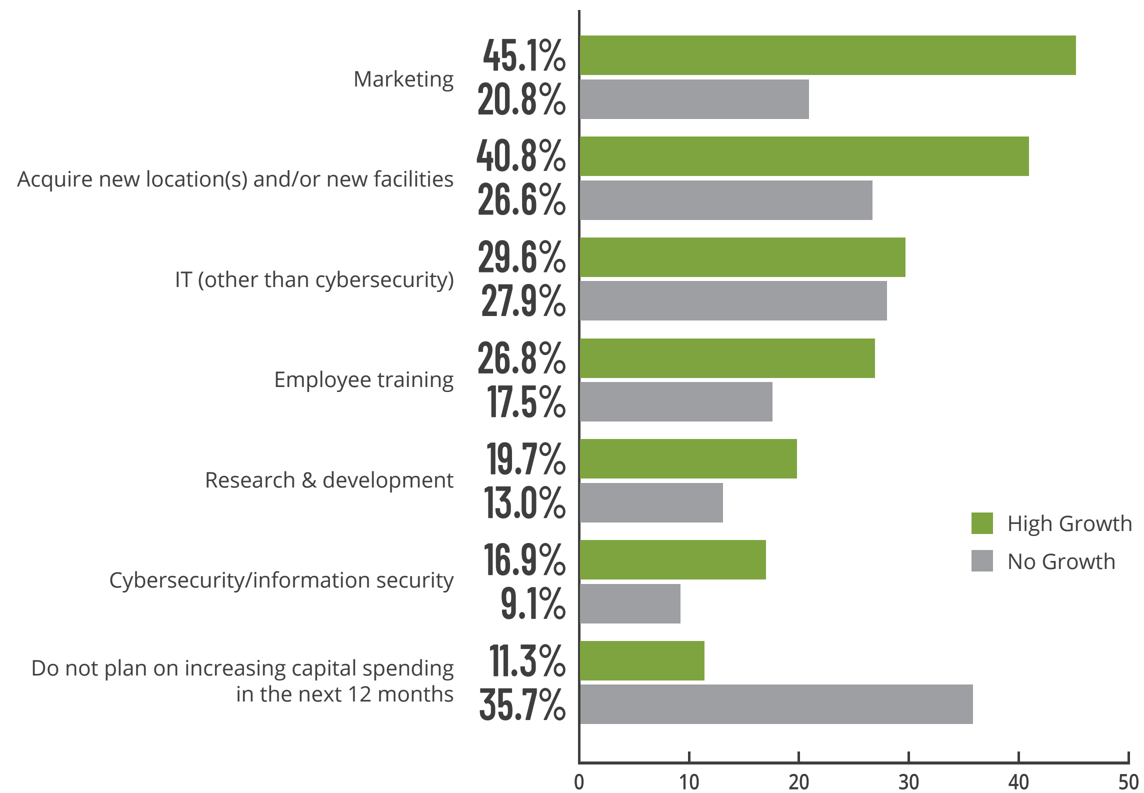
CAPITAL SPENDING

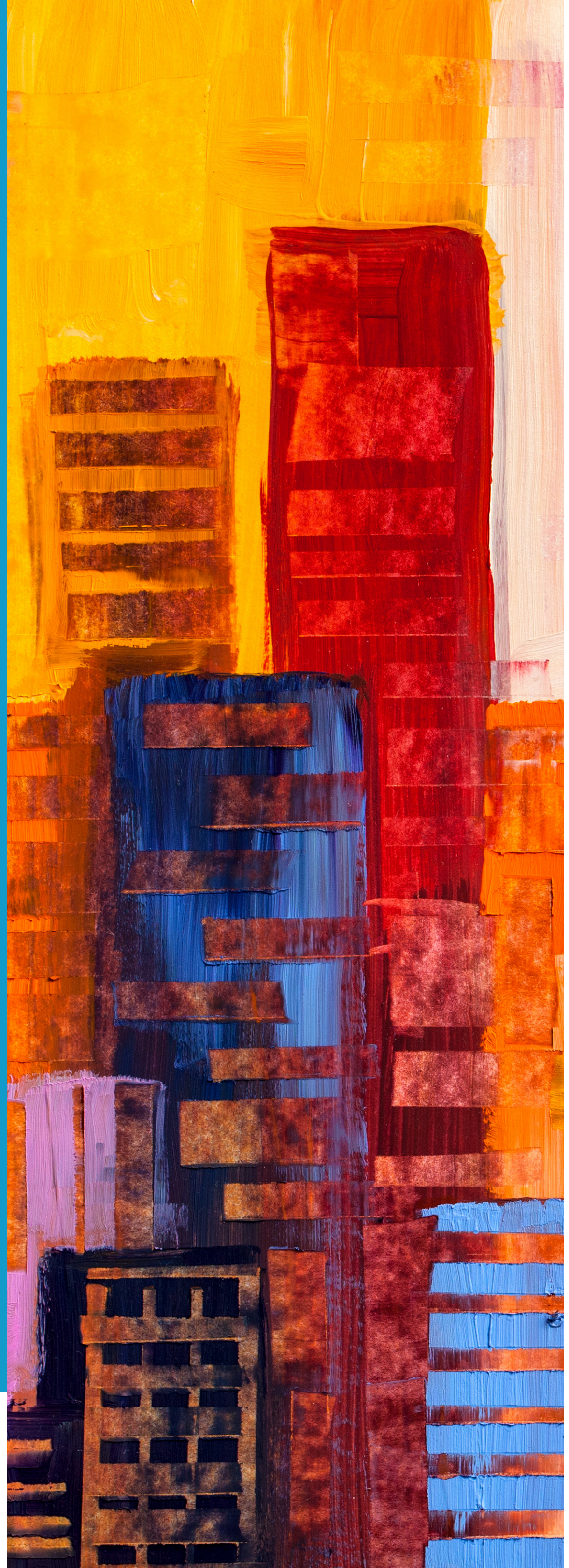
High Growth versus No Growth

It's not a surprise that high growth companies are leading the way in capital spending. What is surprising is that in these difficult times, marketing is top of list just ahead of acquiring new locations and/or new facilities. While marketing was more likely to be cut from the budget in the past, brand awareness has become very important for high growth businesses today. By cutting marketing and public relations, these companies run the risk of potentially damaging the demand for their products and services.

We have seen this firsthand as a high growth accounting and consulting firm. In the last few years, we have been very intentional about enhancing our marketing spend to elevate our specific marketing technology efforts as well as go to market segment needs. We've also been purposeful with a keen focus on building brand trust with both clients/prospects and talent needs with the expansion of our Corporate Brand and Employer Brand initiatives.

Areas in Which Increased Capital Spend is Anticipated

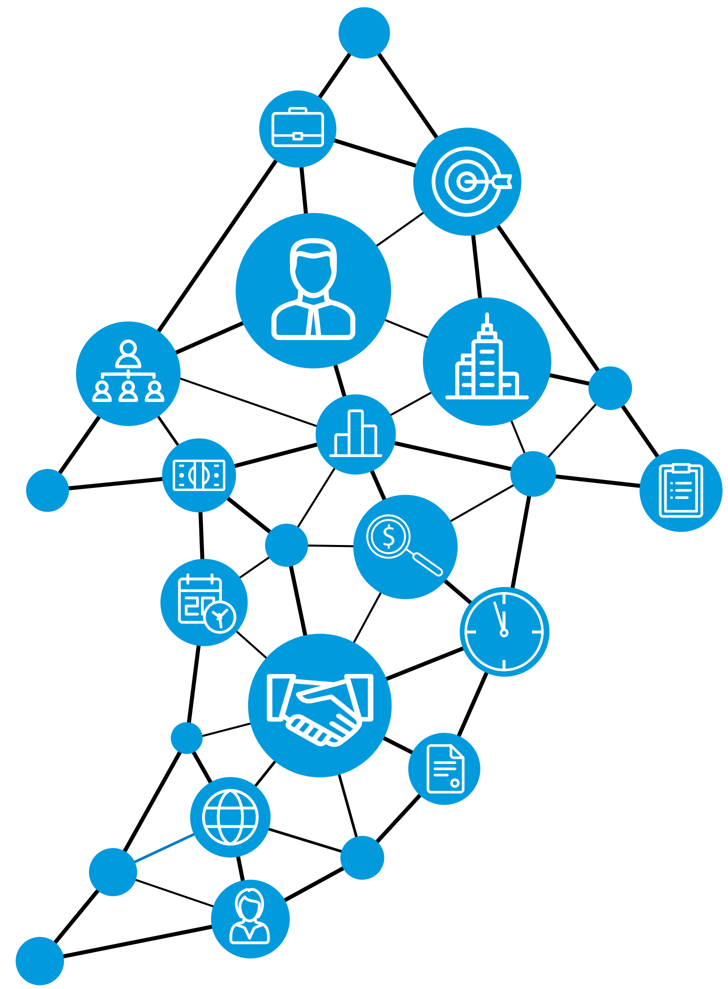




Mergers & Acquisitions

Stock prices have been strong, financing has been cheap, and corporate balance sheets have ample cash from PPPs and CARES Acts funding. These factors have set the stage for profitability strategies and capital spending to be highly focused on expanding business. This has mostly come by way of merging with or acquiring a company or a portion of a company.

Many businesses are making strategic moves, whether it's merging, selling, acquiring, or listing as an IPO. It should not come as a surprise that private equity groups have capitalized on this trend in 2021. Private equity exit activity[5] in the U.S. has already notched record annual deal value through Q3 2021.



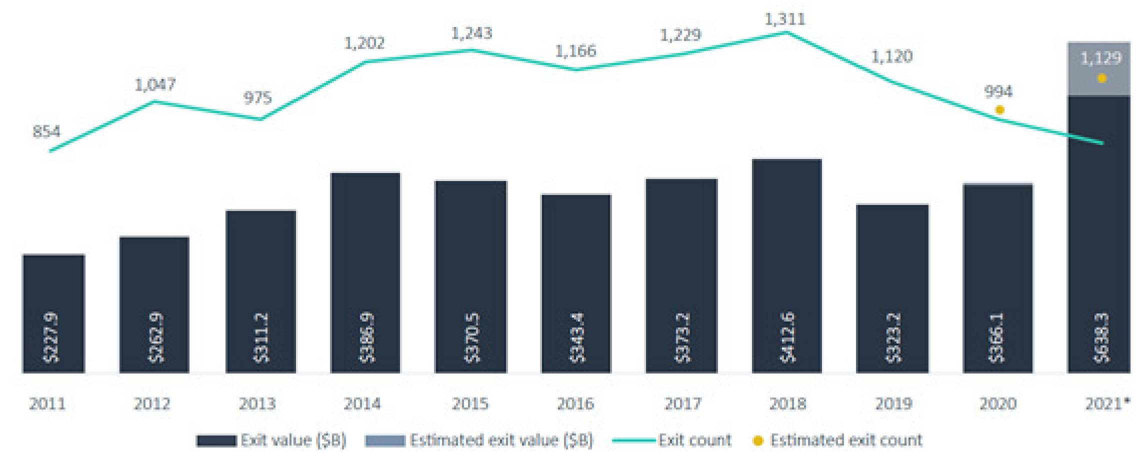
5. PitchBook, "Global M&A Report: Q3 2021."

MERGERS & ACQUISITIONS

Private Equity Exit Activity

The total exit value hit $638 billion through Q3 of 2021, setting an all-time annual record. A comparison of Q1 2021 versus Q1 2018 represented a spike of 50% in the exit values, which is a substantial increase considering 2018 had been the strongest year-to-date. It's interesting to see that 2018 had more exits than 2021 with 1,300, compared to 1,100 in 2021, and yet they had a lower exit value. The large exit figures of 2021 are being driven disproportionately by larger exits.

Private equity firms are becoming more active in taking minority stakes in high growth tech companies, many of which are publicly traded. The valuation of these companies is enormous, and the enterprise value balloons as when considering these minority stakes.



* As of September 30, 2021
Source: Pitchbook, https://files.pitchbook.com/website/files/pdf/PitchBook_Q3_2021_Global_M_A_Report.pdf

ALL INDUSTRIES

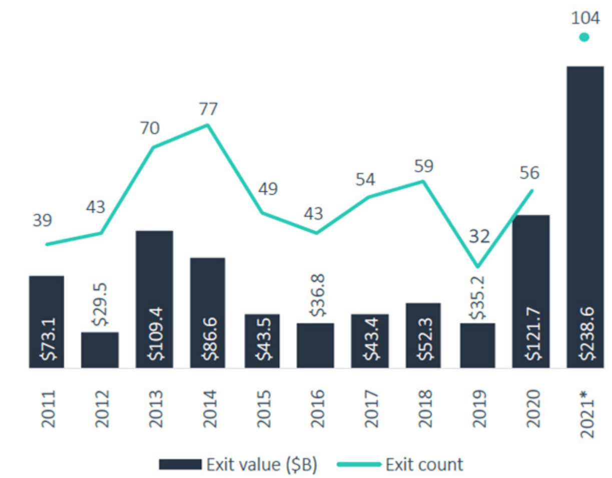
MERGERS & ACQUISITIONS

Private Equity Exit Activity (cont.)

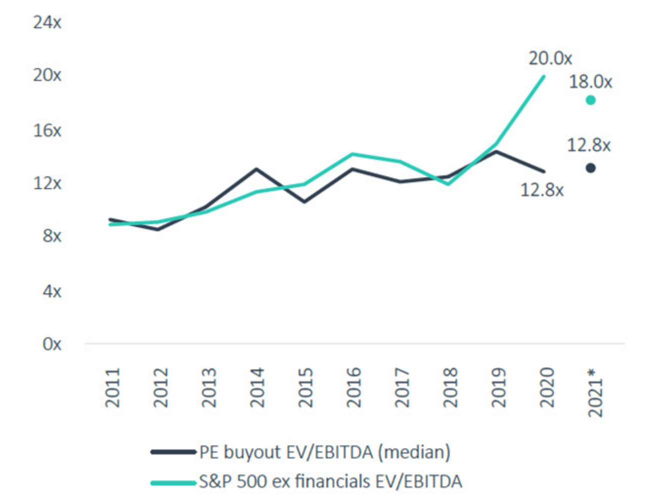
Whether it's due to firms seeking to capitalize on the spread between public and private multiples, the record setting dry powder that sponsors are sitting on, or the trillions of dollars in cash on corporate balance sheets, exit activity, especially with large portfolio companies, is perhaps the hottest it's ever been.

The current environment deal pace is high, and valuations are following the same path. In addition to valuation, we also see increased risk factors, oftentimes overlooked in favor of a speedy close. With that, it's increasing an emphasis on getting the deal done, regardless of challenges that may show up. That doesn't impact every deal but in an environment like this, the risk is ever present. Another underrated risk relates to indirect taxes. We're seeing that after the U.S. Supreme Court's decision in the Wayfair case, it's now easier than ever for state and local taxing jurisdictions to impose tax on entities and transactions. In summation, the pipelines are full, with valuations and deal pace at an all-time high. It is recommended to consult with your advisor and potentially attack risks upfront and save headaches on the back end. We've seen a lack of attention to these issues, resulting in deal failures, leading to large penalties.

Private Equity Public Listing Exit Activity



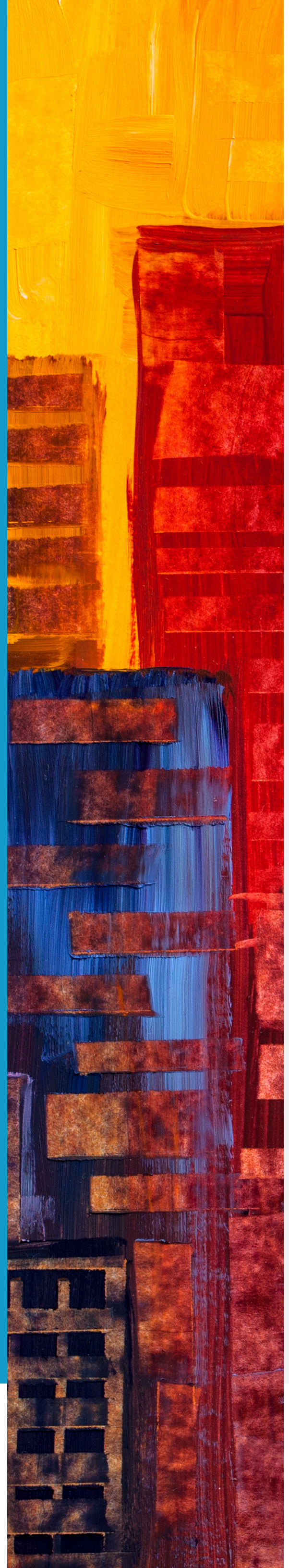
Median Private Equity Buyout vs. S&P 500 Multiples



* As of September 30, 2021 | Note: S&P 500 data is as of June 30, 2021.
Geography: US | Sources: Morningstar, iShares, Pitchbook
https://files.pitchbook.com/website/files/pdf/PitchBook_Q3_2021_Global_M_A_Report.pdf

ALL INDUSTRIES

ALL INDUSTRIES



Key Business Topics

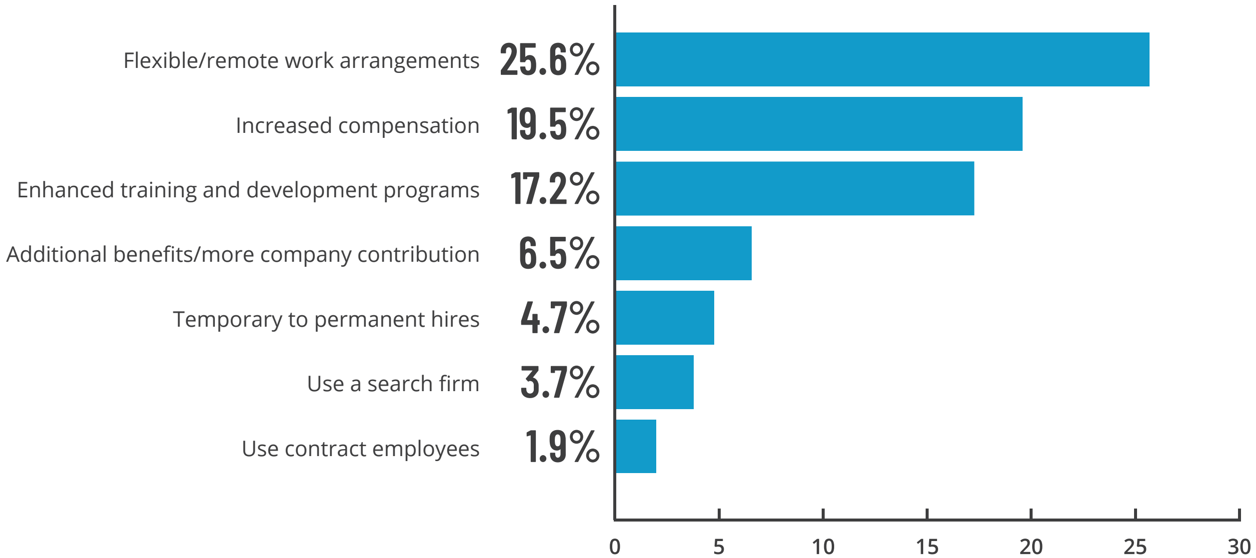
Acquiring/Retaining Talent
Technology Usage
Cyber & Data Security

Acquiring/Retaining Talent

Staffing challenges and solutions are top of mind in 2022, because relying on our old habits and techniques aren't working anymore. LBMC has made enhancements and implemented multiple changes to how we approach staffing and sourcing talent. We brought in a Chief People Officer a few years ago, expanded our talent team with targeted recruiters, enhanced our technology so our process is more talent friendly, improved the interview to hire process to ensure we acquire top talent prospects, and revamped our Learning and Development offerings with a keen focus on personal and professional growth opportunities.

The talent war has never been greater within our clients and our own business, and the demand for top performers has never been higher. Good, strong, contributing employees are hard to find. There is a long list of good opportunities, both for contract and full-time positions. LBMC is making sure we've got the right people in the right seats at the right time.

Strategies for Acquiring and Retaining Talent



"Flexibility in the workplace opens another exciting opportunity for companies worldwide—hiring employees who do not live within driving distance. Now that employees can more easily work from wherever they choose, companies can hire top talent without having location restrictions, while also saving on possible relocation costs. This change also opens the opportunity for your current employees to relocate without leaving your company, reducing turnover, and allowing you to continue nurturing the talented people already on your team."

SHARON POWLUS, PRESIDENT/CEO, EMPLOYMENT PARTNERS

ALL INDUSTRIES

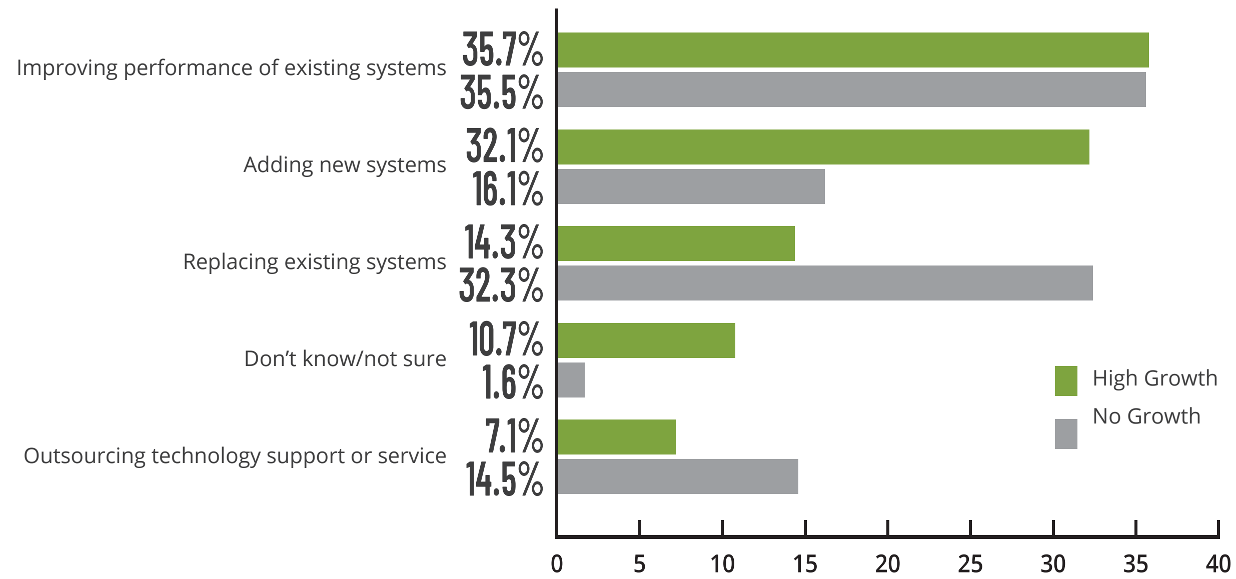
ALL INDUSTRIES

Technology Usage

Top strategies for managing technology include improving existing systems and adding existing systems. At LBMC, we are closely examining our existing technologies, looking at the functions we are not using and implementing those new functions to improve efficiencies. If we need a function not offered in existing technology, we explore adding new systems that have that capability or we innovate to create them. That's been our approach for some time and is shared by many of our clients, so the results of our survey showing higher priorities in these areas was expected. At LBMC, these investments are already paying off with our latest onboarding class of 60 new hires in January 2022.

It's interesting to note that no growth companies focused more on replacing existing systems than high growth companies as they entered 2021. When the pandemic hit, the traditional methods of working 9 to 5 on-site drastically changed with shut down mandates and forced social distancing. During this time, businesses that didn't have their technology up-to-date were forced to spend to get where they needed to be in order to do business. The pandemic really narrowed the technology gap between companies that made regular upgrades and those with outdated systems.

Current Strategy for Managing Business Technology—High Growth vs. No Growth



"The pandemic has shed light on businesses' technology infrastructure shortcomings. No growth companies appear to be behind the technology curve, and their outdated systems are no longer cutting it. On the other hand, businesses that have kept pace with new technology are racing ahead, adding new systems to their technology stack and harnessing the added efficiency and power to generate higher growth and revenue."

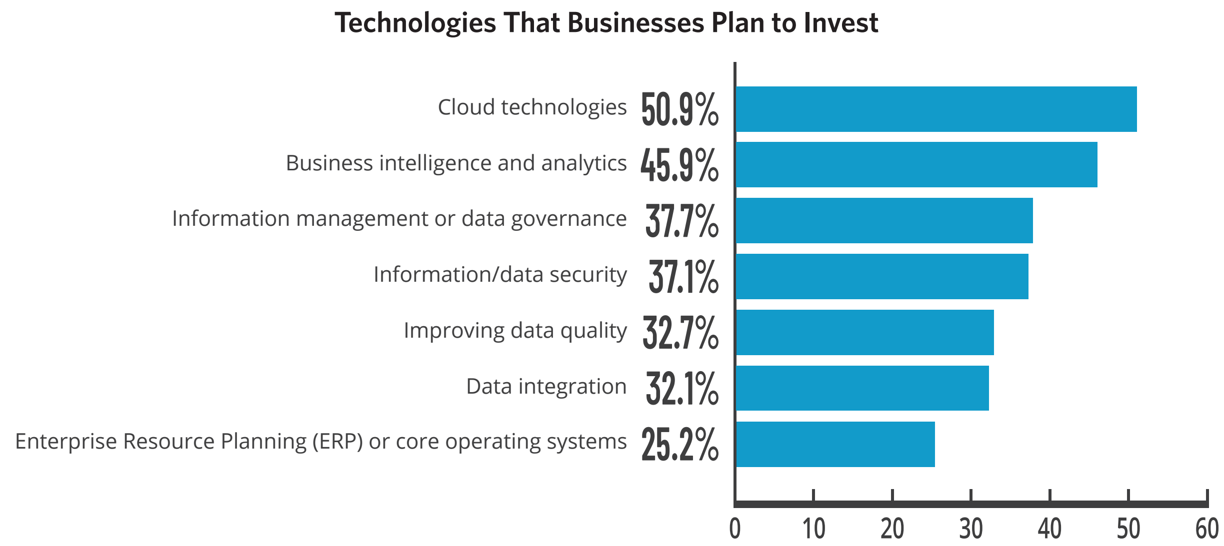
STACY SCHUETTLER, PRESIDENT, TECHNOLOGY SOLUTIONS

TECHNOLOGY USAGE

Technologies That Businesses Plan to Invest in During the Upcoming Year

Technology allows businesses to pull together data and build dashboards to quickly provide a picture of their organization. In addition, technology helps businesses increase profitability and keep the talent they have.

Another hot trend in the technology space as we enter 2022 is digital transformation[6]. Supporting the technical and digital side of business rests largely on the shoulders of IT leaders. These leaders have an opportunity to embrace force multiplying innovations to accelerate growth and strategically drive organizations forward. These innovations will deliver trusted digital connections for teams, solutions to rapidly scale digital creativity, and innovation capabilities to accelerate business growth beyond today.



6. LBMC Technology Solutions, "Digital Transformation Trends in 2022."

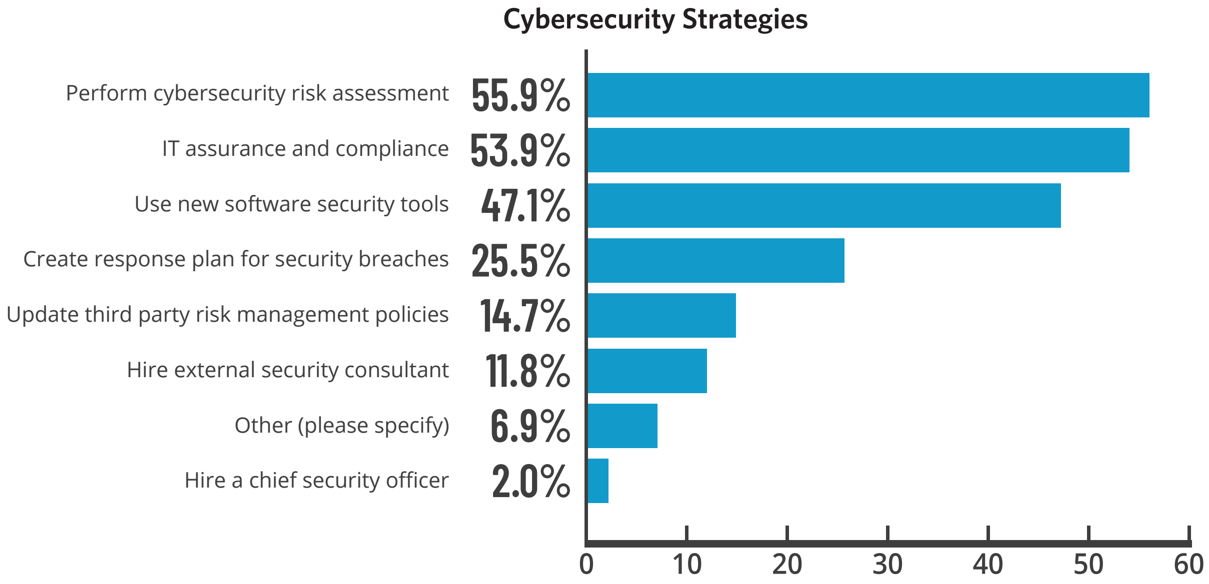
Cyber & Data Security

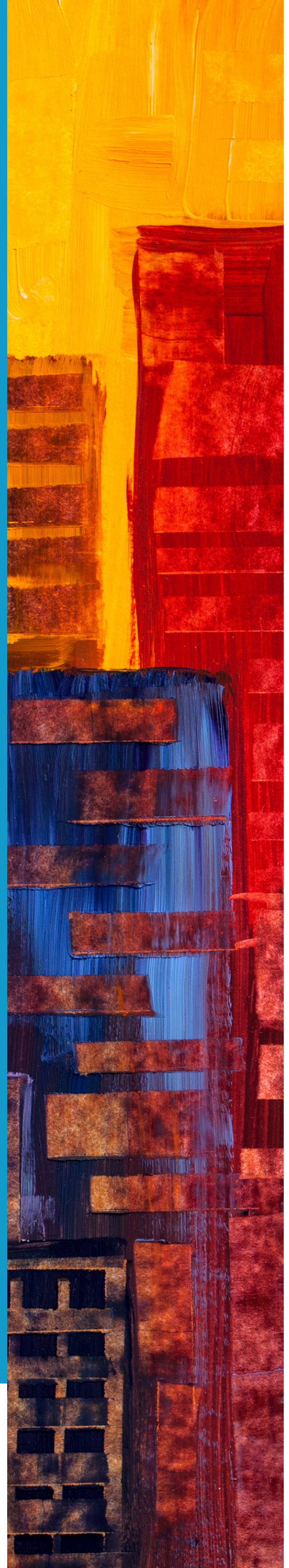
Cybersecurity continues to be a hot topic in 2022. The need for cybersecurity was already high and has increased this year. Certainly, most organizations have their own regulatory guidance on what they must do for cybersecurity, but it's not enough just to be compliant. Our clients want to make sure that everything is buttoned down and they are protected as much as possible.

"More than ever before, customers are concerned with how an organization secures their data and have expectations that they address these concerns. The primary way companies have addressed these concerns outside of regulatory compliance and/or contractual obligations includes working with CPA firms to obtain an opinion on the effectiveness of their security and control environment through a SOC 2 or with an external HITRUST Assessor organization to work with them on HITRUST certification, naturally driving up cybersecurity on the priority list."

DREW HENDRICKSON, CPA, CIPP, CCSFP, SHAREHOLDER, INFORMATION SECURITY

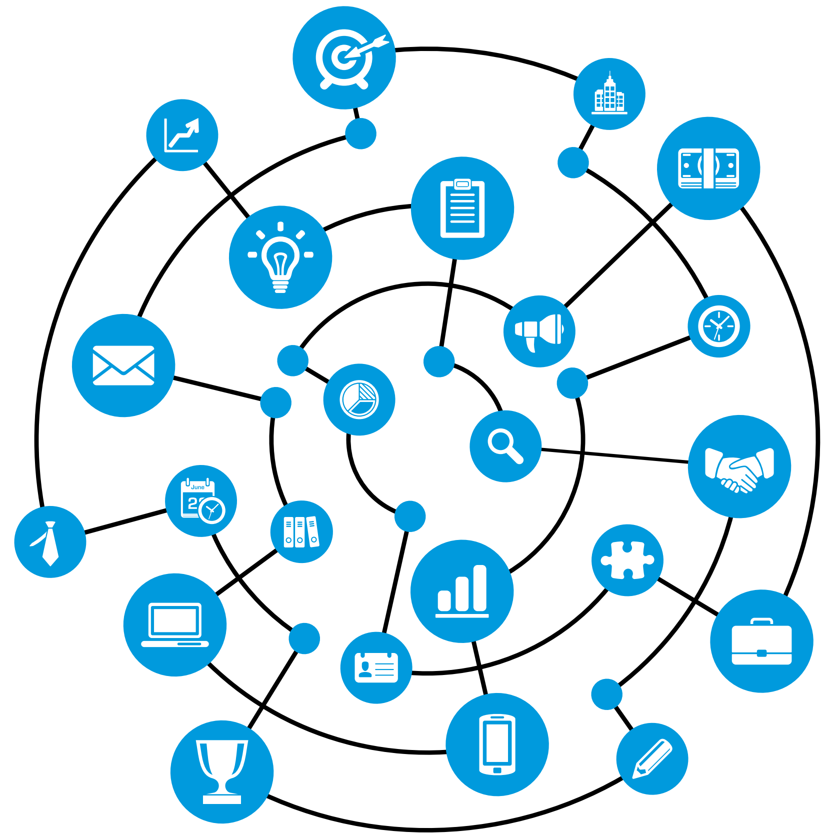
Worldwide IT spending is projected to total $4.5 trillion in 2022, an increase of 5.5% from 2021.

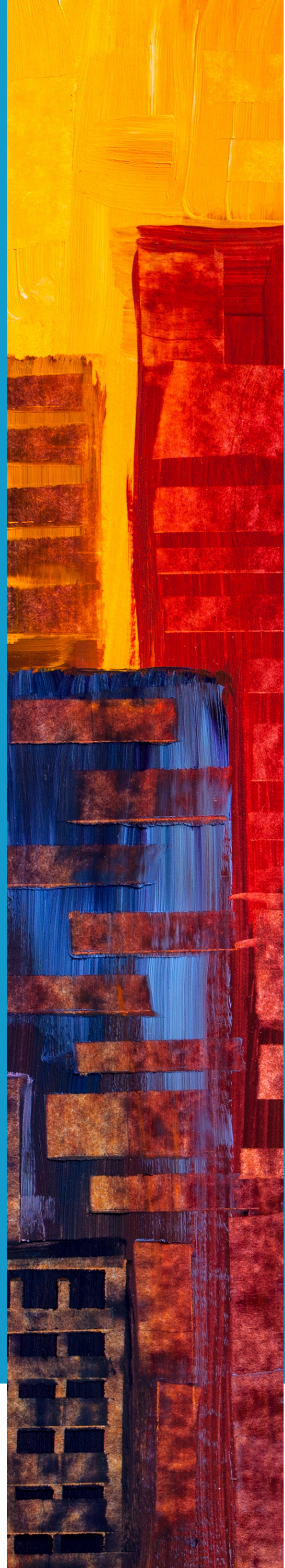




Outlook

Regardless of industry, most of our clients fared well throughout the pandemic and beyond meanwhile some even experienced higher growth as a result. Those companies who profited, reimagined how they did business to meet the change in consumer habits and buying patterns. As 2022 unfolds, we continue to see strong potential for growth, high optimism, and improving economic outlook.





Economic Outlook

Contributor names and bios listed on page 109.

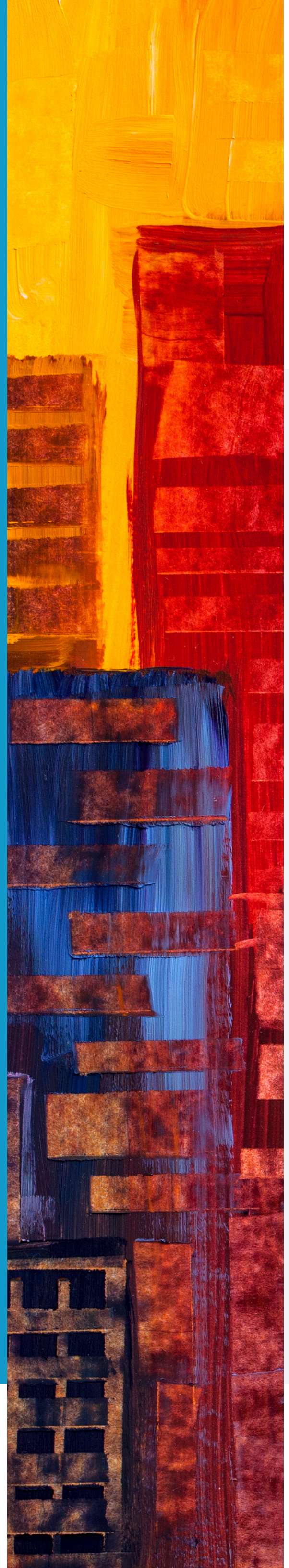
Global, U.S. and State of Tennessee Challenges and Growth Trends

As we enter 2022, the global economy is surprisingly in strong health with a relatively swift recovery despite the obstacles businesses and individuals have faced these past two years during the pandemic.

The Conference Board[7] currently projects 3.9% global growth in 2022. The annual projected global growth for the years 2022-2026 is projected to average 2.5%, and while this growth is good news, we should note that it is down from the 3.3% average in years prior to 2019.

While the growth side for many companies has been flat, we see some real momentum as a firm as well as our optimistic client base with a keen focus on growth, overcoming challenges, and taking advantage of opportunities as we head into the new year.

7. The Conference Board, "Economic Forecast for the U.S. Economy."



Global Economy

Global Economic Challenges
Global Economic Growth Trends

Global Economic Challenges

Some key challenges driving the global economy include monetary policy changes, market volatility and inflation.

- There is a potential of higher financing costs as **monetary policy changes** are implemented to address possible inflation. Recent statistics show more than 6% annualized inflation year-over-year, but it's yet to be determined how much monetary policy will impact inflation over the next year.
- Heightened financial **market volatility** continues as the market reacts quickly to negative news, especially the newest COVID-19 variant, but then pivots back up when there is better news about growth projections despite a new variant. For example, 2020 fueled some sell off and stocks surged in 2021.
- We have also seen **inflation risks** driven primarily by rebounding growth, supply chain bottlenecks and labor shortages.

One of the largest risks facing the global economy is the policies of the federal reserve as it manages inflation. In addition, the continued threat of the pandemic and rising global political tensions will keep both global and local leaders busy in the months ahead.

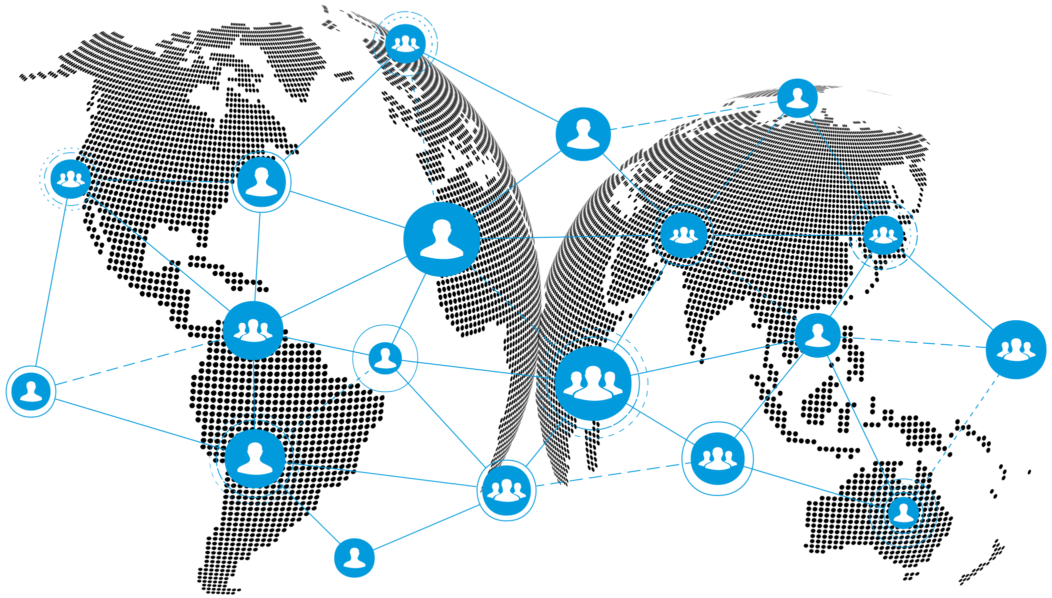
GLOBAL ECONOMY

Global Economic Growth Trends

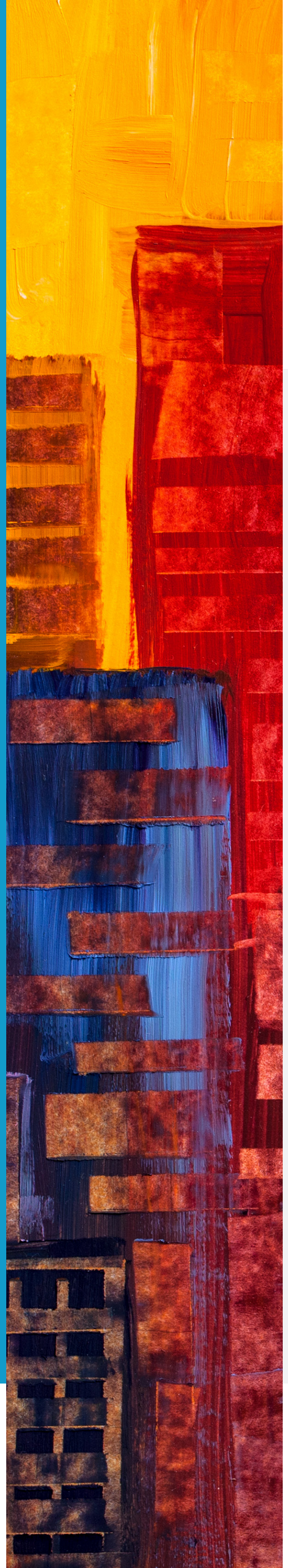
The critical trends driving the global economy include quantitative and qualitative growth drivers.

There's a decline in the **quantitative growth factor** as populations age worldwide. It's just simply a function of births versus deaths. This trend collides with other factors like the human capacity to work and focus on work, etc., during and after the pandemic.

Qualitative growth drivers won't be enough to fill this gap. Companies will be focused on optimizing their productivity with new technologies that may have existed but weren't being used. Digital transformation will likely play a part in supporting other efficiencies, by reducing or eliminating manual tasks done in a pre-COVID era. Further slides toward deglobalization risk acting as a drag on growth of productivity is very likely. And last, inflation may be structurally higher in the coming decades due to the perfect storm of demography, deglobalization and China's inward focus.



The global economy is in the midst of strong recovery, and while COVID-19 is still with us in some capacity, the good news is that the economic impact of the virus is weakening. While the economic and political environment continues to play a role in global growth, we are currently seeing demand growth surpassing supply growth and inflation issues as we head into the new year. We anticipate strong emphasis on labor force growth and labor force productivity initiatives foundational to economic growth.



U.S. Economy

U.S. Economic Outlook
U.S. Economic Challenges
U.S. Economic Growth Trends

U.S. ECONOMY

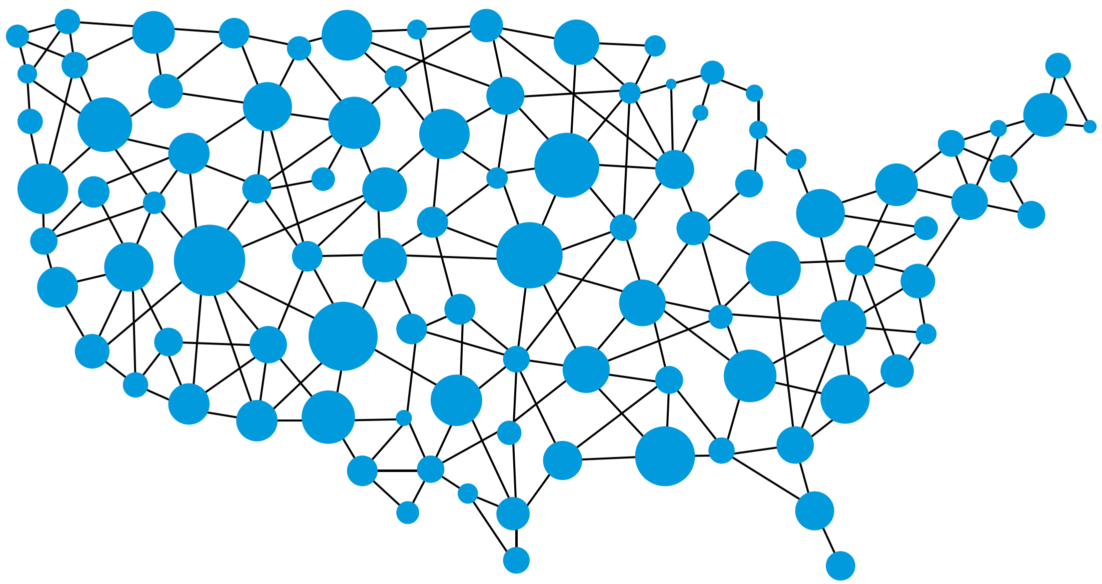
U.S. Economic Outlook

The Conference Board forecasts that U.S. real GDP growth will rise 6% annualized in Q4 2021 versus 2.3% in Q3 2021 with the year-over-year annualized growth at 5.6%. The forecast for the U.S. economy to grow by 3.5% in 2022 was helped greatly by the $17 trillion aid from D.C. over the past several years.

In the fall of 2021, U.S. gross domestic product was up 8% over pre-COVID levels, personal income was at an all-time high, and household net worth was 33% higher, with U.S. consumers having three times the amount of cash as prior to the pandemic.

However, while economic growth looks positive, it is overall down from what we've seen in previous years if you look back at averages from 2015 to 2019. The driving factors include inflation, labor shortages, and possibly deglobalization.

Recent bottlenecks in supply chains, elevated demand for goods and services, and higher energy prices all seem to be more persistent than previously thought. Goldman Sachs[8] reported in December 2021 that the U.S. economy will be battling a continued slowdown in 2022, contending with sticky inflation and supply chain. Growth is clearly slowing past its peak rate but is a relatively gradual slowdown right now, though still a significant trend. The group issued a 3.8% GDP growth projection for 2022, citing risks and uncertainty around the emergence of new COVID-19 cases and variants and overall labor shortages.



8. Reuters, "Goldman Sachs cuts U.S. GDP growth forecast for 2022 over Omicron fears."

U.S. ECONOMY

U.S. Economic Challenges

Top challenges leading to the downgrade of the U.S. economy forecast include inflation, supply challenges and labor shortages, according to Bloomberg[9].

While we have weathered the end of 2021 fairly well, watch consumer sentiment, as it could be hit hard by the rise of **inflation** in early 2022. It's projected that the U.S. Federal Reserve will likely raise policy rates earlier and more frequently than previously anticipated based on the most recent inflation numbers. Persistence of high inflation rates and a recent rebound in hiring are likely to result in the Fed reining in supportive policy more rapidly. We will have to wait and see what the Fed's going to do.

While retail sales are up and motor vehicle sales climb with evidence of auto production ramping up, there will still be a microchip issue for quite some time. While adapting in some ways, **supply chain** issues will still be an issue across industries. Finding creative ways to recruit and retain talent and keeping close attention on driving workforce productivity will also remain at the forefront.

At LBMC, with **labor shortages** and retention of great talent top of mind, we implemented mid-year salary market adjustments, which is something we have not previously done in the past 25 years. While labor prices, wages, and the whole labor value and output equation is still yet to be determined, this proactive move on our end reaped strong benefits.

While there are challenges ahead of us to overcome, we are seeing a resurgence in determination for growth despite all the odds. With proactive attention to innovate and problem solve to reach high growth goals in the new year along with taking a little more control when that escaped us during the pandemic landscape, we are charting a positive path forward.

Economists pare U.S. third-quarter GDP, spending and investment forecasts

	3Q 2021	4Q 2021	1Q 2022
GDP (latest)	**5.0%**	**5.3%**	**4.1%**
GDP (Aug.)	6.8	5.6	3.7
GDP (July)	7.1	5.1	3.5
Consumer Spending (latest)	**2.1**	**4.2**	**3.5**
Consumer Spending (Aug.)	4.5	4.3	3.3
Consumer Spending (July)	6.2	4.8	3.7
Investment (latest)	**10.5**	**10.2**	**7.2**
Investment (Aug.)	15.7	9.0	5.9
Investment (July)	11.1	8.0	5.0

Source: Bloomberg monthly survey
Note: Figures are annualized percent changes

9. Bloomberg, "Economists Downgrade U.S. Growth Prospects for Remainder of Year."

U.S. ECONOMY

U.S. Economic Growth Trends

Key trends driving economic growth in the U.S. include government and consumer spending.

Government spending should grow more rapidly as money associated with the infrastructure package begins to be spent. When you look at the infrastructure package, it's very clear that the market likes to see spending, but does it really care who's doing the spending? Whether it's consumers, business or government, the market likes it when money's being spent.

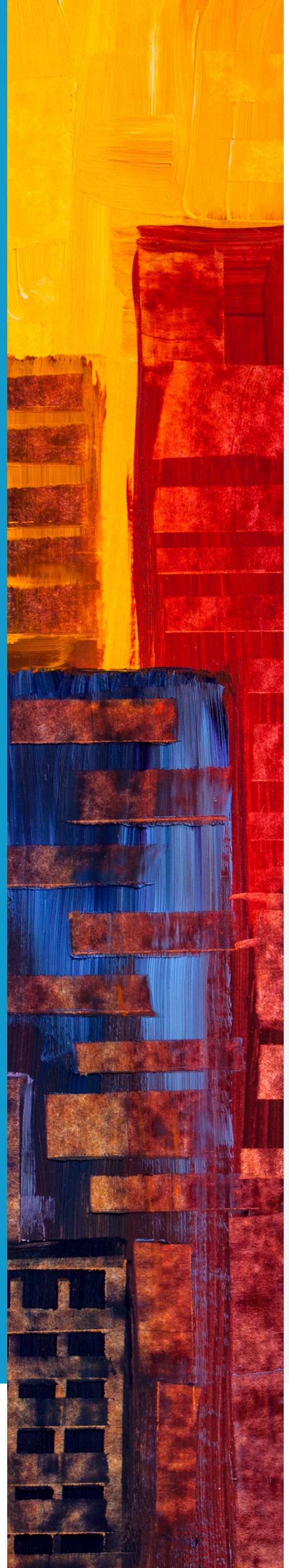
The bulk of economic growth will be associated with continued expansion in **consumer spending**. This is something we saw in 2021 to a degree. It was a safer measure of growth as opposed to capital investment in an uncertain time. That was a real theme of the 2021 data, and it's held true through this year. We've seen it with our clients with the expansion of existing business to focus on reduced capital expenditures.

The U.S. economy is still solidly growing. According to CBS News[10], consumer spending is up despite inflation. Retail sales beat expectations in 2021; higher prices and the ability to online spend drove some of that. Consumers are spending, but their spending patterns are changing. No longer are they spending on one day like Black Friday. Instead of this big bubble built up where people spend a large amount of money in a short, confined period, we're seeing that spend is more spread out. A dip in Black Friday is not necessarily the same indication that it once was - when everyone was either going to the stores or not going to the stores. Online shopping and delivery is another example of how COVID has had an impact on our buying landscape.

We are seeing that organizations who are experiencing high growth are investing heavily in productivity by enhancing technology and improving processes as well as creative efforts to recruit and retain top talent.

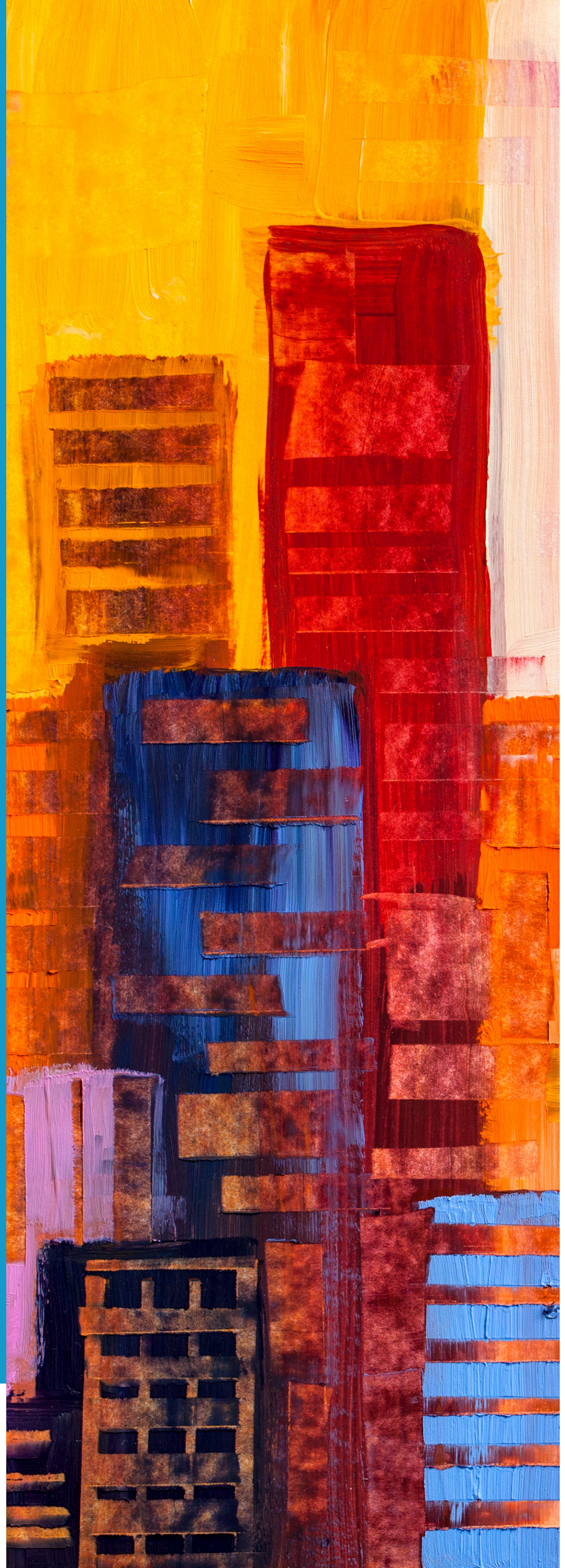
We continue to see investments focused on process and not current events help long term sustainability in the market.

10. CBS News, "Consumer spending jumps despite inflation surge."



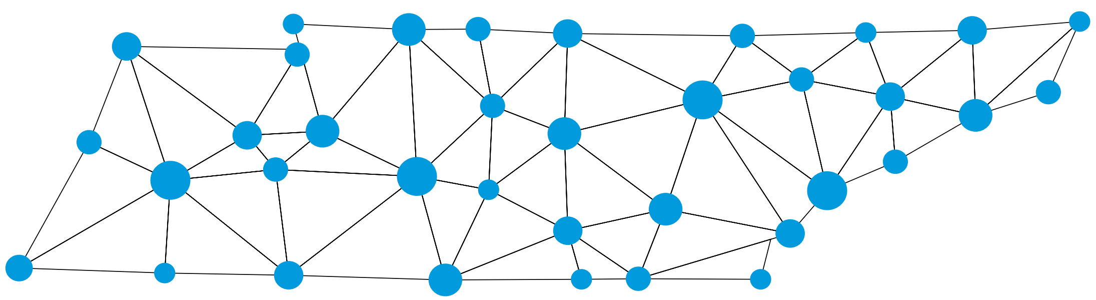
State of TN Economy

State of Tennessee Economic Outlook
State of Tennessee Economic Challenges
State of Tennessee Economic Growth Trends



State of Tennessee Economic Outlook

The 2022 Economic Report to The Governor[11] referred to 2021 as a year of recovery. Tennessee's real GDP has fully recovered to pre-pandemic levels, and the report projected 2021 growth at 5.6% with a continuation of growth through 2022 at 4.2%. Even with a positive trend for growth, the State of Tennessee still has 55,000 fewer workers than there were prior to the pandemic. Moving into 2022, there are continued challenges to economic growth, including supply chain issues, inflation and new COVID-19 cases and variants.



11 The Haslam College of Business at The University of Tennessee, "An Economic Report to the Governor of the State of Tennessee."

STATE OF TN ECONOMY

State of Tennessee Economic Challenges

The top business challenge across the state continues to be around economic conditions, according to The Boyd Center for Business and Economic Research's Business Leaders Survey[12]. However, it's rapidly improving with their newest report noting 39% of respondents listing adverse economic conditions as a top business challenge, down from 80% in August 2020. Other business challenges reported were around human resources, government regulations and rising supplier costs. In response to these challenges, 77% of business leaders plan to focus on enhancing workforce development, and 67% plan to focus on their technology infrastructure.

These challenges aren't only being addressed among businesses, but also in our state government. The Financial Stimulus Accountability Group[13] released their Strategic Technology Solutions proposal[14] for $196 million in technology improvements across cloud, cybersecurity, enterprise data analytics, business process automation, infrastructure and modernization in response to COVID's impact on state operations.

HOW HAS THE PANDEMIC AFFECTED YOUR WORK ENVIRONMENT?

"Most professional services firms were extremely dependent upon being in the office. Within the matter of a week, the office-centric operating model was turned on its head. What we learned was that being in the office isn't necessary to continue to do business and serve clients well. We're more confident now than ever in doing business anywhere, in any place. Based on surveys, our internal communication in many ways actually improved because we were more intentional about our communication.

The last year has pushed us forward perhaps five or 10 years. Our goal is to take the best of what we've learned through the pandemic and combine it with the best of the previous years. We'll come out the other side better, but it will take some time to figure out what exactly is the best operating model. Our goal is to have a defined work model plan, which will most certainly be a hybrid model. Right now, anywhere from 25% to a third of our people are in the office on any given day."

JEFF DRUMMONDS, CPA, MANAGING PARTNER AND CEO

12. Boyd Center for Business and Economic Research, "Tennessee Business Leaders Survey."
13. Department of F&A, "Financial Stimulus Accountability Group."
14. Departmernt of F&A Strategic Technology Solutions, "Fiscal Recovery Funds Technology Investment Request."

STATE OF TN ECONOMY

State of Tennessee Economic Growth Trends

An interesting trend for the State of Tennessee is how we sustain at the macro level. According to IBIS World[15], the growth rate for Tennessee from 2014 to 2019 in businesses was 2.7%. Our population growth rate during the same period was 0.9%. In Middle Tennessee, we're experiencing vast growth with corporate relocation, expansion, and private equity investments.

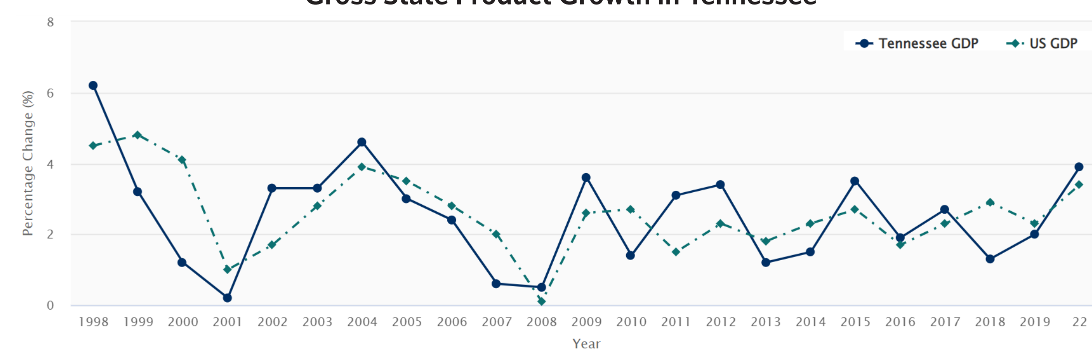
There's not a shortage of opportunities for talent, and that's only going to continue to develop, and most likely widen as more companies that are in the pipeline to relocate haven't arrived yet. It is no surprise that's going to be an ongoing common theme, particularly in Middle Tennessee, a very hot job market with strong talent candidates having the advantage. As we start the new year in Tennessee, we are seeing a much more positive outlook within the firm and our clients.

Tennessee had some key success in the automotive growth space as Ford Motor company and others make the state their new homes. The state is doing something right, proactively making it friendly and financially attractive for new businesses while aggressively creating programs to create and find top talent.

Governor Bill Lee noted in his presentation at LBMC's Catalyst 2021 event in October that Tennessee has the lowest tax rate per capita of any state in America, another strong selling point for individuals and businesses alike. The Ford Motor Company created 27,000 direct and indirect jobs with their Greenfield automobile assembly plant. State lawmakers are considering close to $900 million in incentives for the new Ford manufacturing campus for electric trucks in West Tennessee. Tennessee is one of four states with manufacturers who are building electric vehicles at their plants. Think about the future of the automotive industry five, 10 and 15 years from now. What will our world look like in terms of electric vehicles and other innovative options that are here to stay? Tennessee seems ready for them.

Growth in Tennessee patterns the U.S. most of the time. Over the past 20 years, you can note the major points of recession were 2000-2001, the obvious 2008, and as we entered the pandemic it still trended up. We experienced more than 25% in growth in 2020, and many of our clients also had strong growth.

Gross State Product Growth in Tennessee

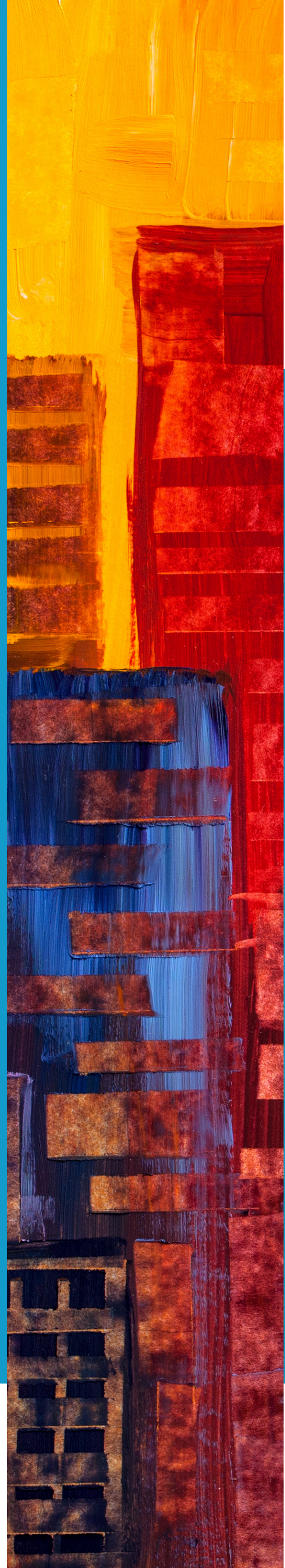


Gross State Product in Tennessee
Source: U.S. Bureau of Economic Analysis(BEA)

15 IBISWorld, "Tennessee - State Economic Profile."

Outlook

It appears people are more cautiously optimistic about 2022 and the potential for growth. With commodity production increases, business innovation, and supply chains learning to adapt, we expect inflation to cool over the next year, a positive sign for meeting growth goals.



Private Equity

Contributor names and bios listed on page 109.

PRIVATE EQUITY

U.S. Private Equity (PE) middle market smashes annual records in 2021.

Middle-market private equity firms have sustained a feverish pace of activity throughout 2021, as investors push to capitalize on booming economic growth and low interest rates before the macroeconomic tide turns.

Going into year's end, dealmaking had already broken annual records in both volume and value, with nearly 2,900 transactions comprising $438.6 billion, according to our Q3 2021 US PE Middle Market Report, sponsored by Antares, Canton & Company, and LBMC.

Given how competitive the PE dealmaking landscape has been in 2021, what has helped your PE firm clients adapt in order to continue closing transactions?

The reality is that on each potential deal there are other investors that are also evaluating the potential investment. Sell-side age demographics, tax planning considerations, and increased valuations have helped increase the supply of willing sellers, but the demand for quality targets is still at a historical high, and earnings multiples are very rich.

With this comes pressures on early bid valuations, pressure from the sell-side to execute deals quickly, and internal pressures for investors to execute. As a result, our clients are performing more robust pre-LOI due diligence in not only financial but operational, compliance, and regulatory areas. The use of more data analytics during the pre-LOI phase to strengthen valuation models as well as financial and operational diligence has been a key ingredient to lowering the execution risks of deals in the post-LOI phase of transactions.

In this season of incredibly high valuation multiples, it is imperative that the impacts of COVID have been carefully considered within the deal model and pricing – not only with respect to revenue impacts, but the post-COVID impacts to the seller's cost structure. Determining the "new normal" for operational / cost structures has proven to be extremely challenging in many situations where the sellers are still dealing with the impacts of COVID, particularly when sellers have revamped key employee compensation arrangements to address volume impacts as well as the intensely competitive labor market.

Where more of the deal issues are engaged with sellers pre-LOI, and financial and other due diligence is confirmatory, our clients are executing at record volumes. Where these issues remain to be understood and solved post-LOI, execution risk goes up as buyers are faced with either absorbing the updated financial information into their models internally or communicating and revisiting valuation with sellers and lenders.

PRIVATE EQUITY

There is a flip side to this attractive market for our clients that have more mature investments. As exit opportunities abound, more of our clients are having financial sell-side diligence performed irrespective of whether the portfolio company has been historically audited. With compressed transaction timelines, selling management having a view of their diligence adjusted earnings prior to launching a process will lend more credibility to and sustainability of the deal value and reduce the likelihood of the contemplated transaction being re-traded.

What are the underrated risks related to the current dealmaking environment, particularly for PE funds targeting middle-market companies? What about from the sell-side perspective?

The current environment, with deal pace being extremely high and valuations following the same path, increases the risk that target companies may have difficulty achieving desired success built into these valuations if the business environment changes. The valuations in times like these are generally supported using best case scenarios in many inputs to the valuation estimates.

We see these valuations impacted in a couple of ways. One is the normal cyclical economy which expands and contracts and has peaks and valleys; it currently feels like we are operating at or near peak level. The other place we see it is in specific industry sectors that have become popular; we have a number of those right now after COVID arrived in the first quarter of 2020.

In addition to valuation, we also see increased risk factors, oftentimes overlooked, with regards to “speed to close” and increased emphasis on getting the deal done, regardless of challenges that may show up. That doesn’t impact every deal, but in an environment like this, the risk is ever present.

Another underrated risk relates to indirect taxes. With recent law changes including the US Supreme Court’s decision in the Wayfair case, it is now easier than ever for state and local taxing jurisdictions to impose taxes on entities and transactions. As a result, these state and local jurisdictions are aggressively asserting that taxes are owed on new products and services under existing taxing authority. Software and SaaS are a prime example. Legislative bodies are enacting new laws that extend their taxing reach even further, allowing them to assess taxes on previously untaxed entities and products, such as digital goods and their equivalents. This trend is unlikely to change in the immediate future.

What are some of the most underrated hurdles for prospective dealmakers, and why?

If you asked ten sponsors for their biggest roadblocks to a transaction, I suspect the recurring theme of responses would be how to attract talent to support growth. The companies that find

PRIVATE EQUITY

unique ways to attract and retain talent will be among the winners over the next several years.

Another hurdle that is often anticipated, but might also be underrated, relates to managing sellers who are going through their first exit. With the number of mom-and-pop operators in many subsectors of health care, dealing with inexperienced sellers can be exacerbated when you layer in navigating the various licensing requirements between states, and trying to ensure potential compliance risk is identified and mitigated to an acceptable level.

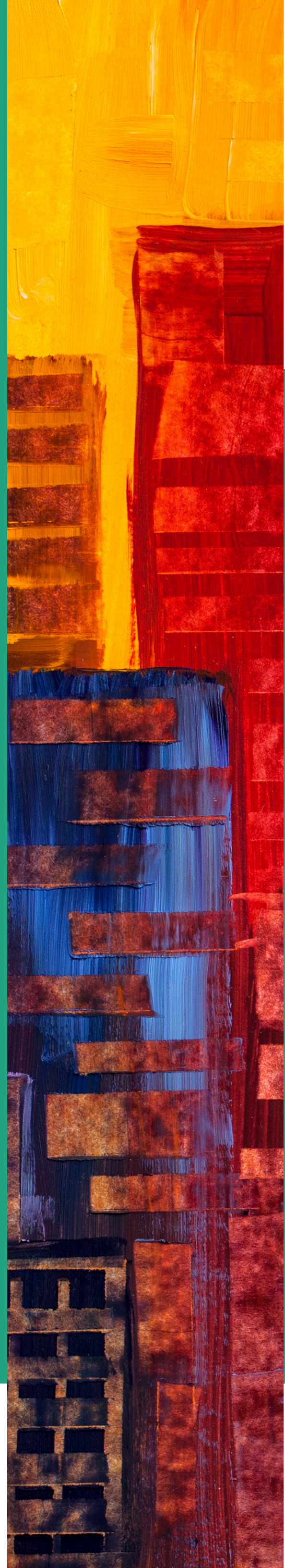
As sponsors gravitate down market to consolidate these smaller, mom-and-pop healthcare businesses, targets generally do not have the infrastructure in place to facilitate a smooth diligence process. These sellers may also push back on various insignificant deal points and may utilize advisors that do not specialize in M&A transactions. Unfortunately, with valuations continuing to climb across industries and no shortage of capital, sponsors will need to balance their “needs” in diligence and the transaction process with their “wants” to close their deals quickly. While sellers likely won’t withdraw from an LOI, they may become more sophisticated about the market and begin to utilize this leverage to push back on sponsors. Setting the stage and building good relationships with the sellers on the front end of negotiations will usually serve as a foundation to keep these issues from becoming problematic.

LBMC provides recruiting, staffing, and human resources solutions. Managers worldwide have noted intense challenges in staffing adequately; how is this evident in your work with PE firms?

Many things, since the first quarter of 2020, have been stretched thin from the supply chain to the labor force. It is definitely a time to stick with strong fundamentals and a straightforward game plan in recruiting and retaining people. The workforce, in general, is desirous of clear lines and communication, now more than ever, to alleviate more of the unknown factors in life. As a result, PE Firms and their portfolio companies experience these same issues, but the magnitude may vary depending on industry, geographic locale, management teams, company life cycle, etc. PE firms are looking at more out of the box approaches to the talent shortage, such as contract staffing placement and engaging outsourced accounting groups.

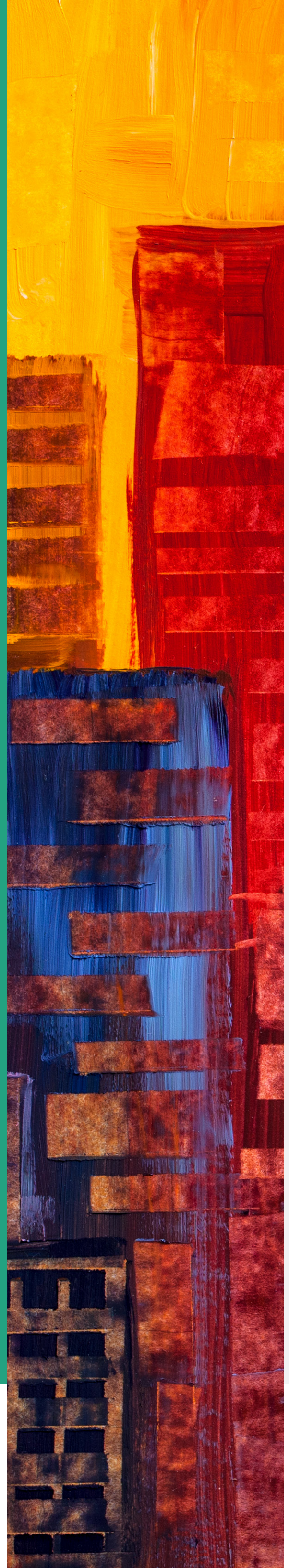
GENERATING GROWTH, BUILDING CONNECTIONS:

When it comes to handling your portfolio, LBMC understands your goals. That’s because they’re our goals too. Our team of highly accredited, hands-on advisors brings far-reaching, national experience to a variety of clients from diverse industries, including healthcare, manufacturing, technology and beyond. With varying portfolio sizes, our clients range from local to national private equity organizations.



Healthcare

Contributor names and bios listed on page 109.



Business Environment

The past two years presented challenges within the healthcare industry that were not expected, and there isn't a magic ingredient that will solve them. However, even if these challenges can't be resolved, they can be managed, controlled and insured. Analyzing these challenges and trends for the healthcare industry will help you get ahead in managing risks as you plan for 2022.

Top Business Challenges

It's safe to say that the COVID-19 pandemic has been the top challenge facing healthcare companies the last few years. As the world enters the third year of the pandemic, the healthcare industry faces a variety of ongoing challenges. Shifts in delivery of care, labor shortages, cyberattacks, and value-based care reimbursements top the list of challenges on the rise in 2022.

"The top challenges for physicians in 2022 are anticipated to be recruitment/retention of staff; enhanced competition from insurance companies, pharmacies, grocery stores and other retail entities providing primary and virtual care; physician burnout as COVID enters its third year; coding and related changes with CMS documentation requirements; and addressing value-based contracting issues. Further, consolidation in the physician space either via mergers/acquisitions (e.g., infusion of private equity into practice management, independent practice mergers, hospital acquisitions, etc.) or through the full-employment model with hospitals/health systems (>50% of physicians now employed by same), has alleviated some of the capital requirements for growth and created enhanced leverage with payors. However, the overall level of administrative burden on physicians remains as a recent AMA (American Medical Association) survey revealed physicians are only able to spend 27% of their day providing patient care and the remaining time dealing with administrative duties."

ANDREW MCDONALD, FACHE, SHAREHOLDER AND PRACTICE LEADER, HEALTHCARE CONSULTING

HEALTHCARE

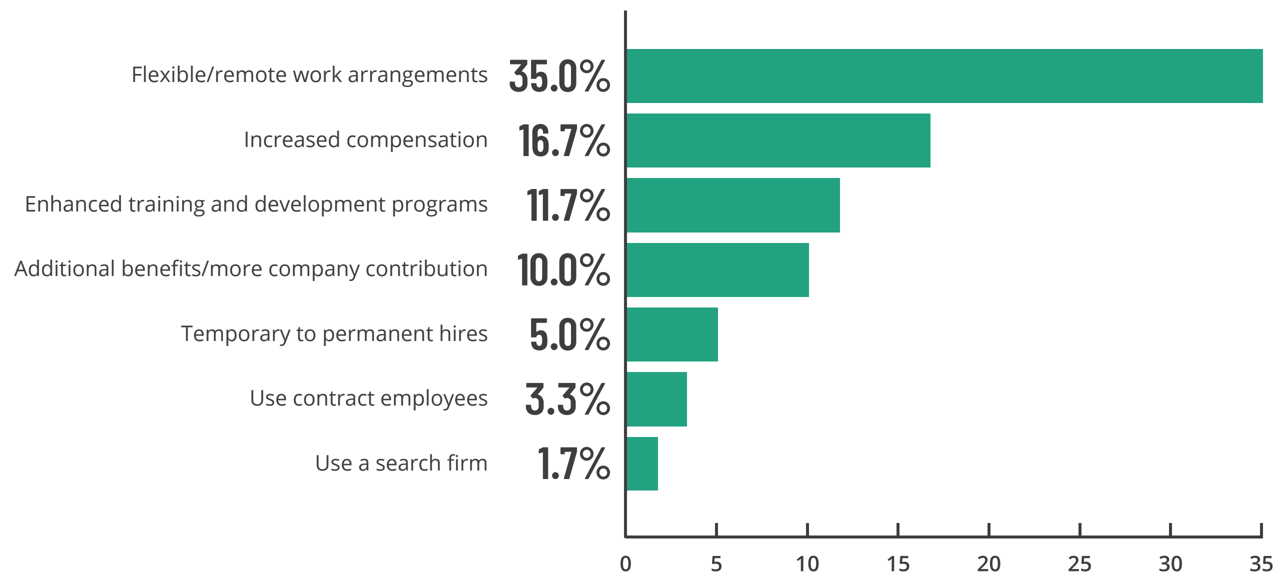
TOP BUSINESS CHALLENGES

Labor Shortages

HealthLeaders[16] reports that the industry has lost 20-30% of its workforce since 2019. Their studies have also shown that of the workers still employed, many are actively seeking new positions or considering leaving the healthcare field altogether. This aligns with everything we are seeing moving into 2022.

It is no surprise that healthcare organizations list acquiring and retaining talent as not only a top challenge, but also a top priority. Top strategies for acquiring and retaining talent include flexibility in work arrangements followed by increased compensation. Much of 2021 was focused on getting human capital plans right. As we move forward, business owners and leaders should think about which positions are best suited to continue working remotely and how to provide more flexibility to team members who must work on site.

Strategies for Acquiring and/or Retaining Talent



"Individuals are more apt to seriously consider a job change if they feel they are not appreciated, not seeing the growth they desire or simply aren't enjoying their position/work environment due to burnout. Today, it is becoming increasingly important for companies to focus on being as proactive as possible in retaining top performers. Some top employees are contemplating leaving for better offers or more fulfilling challenges, making the proactive role of management and human resources more vital."

SHERRIE WHATTON, PRESIDENT/CEO, STAFFING SOLUTIONS

16 HealthLeaders, "The Staffing Crisis Will Dominate 2022 Finance Trends."

TOP BUSINESS CHALLENGES

Cyberattacks

Regardless of size, every healthcare entity is at risk for cyberattack, and cybercrimes targeting the industry will only get worse in 2022. According to TechTarget[17], the rising threat of cyberattacks, such as ransomware, has led to cyber insurance needs changing and becoming more expensive. Their research reports premiums on cyber insurance policy renewals are rising by nearly 50%, but that statistic only applies to companies eligible to renew their policies. Organizations that have made cyber-related claims in the past may not be able to renew their cyber coverage at all.

At LBMC, we are seeing companies plan to leverage improved endpoint detection capabilities, multi-factor authentication, regular employee training and third-party vendor security audits to protect against cybercrimes in 2022. These steps will be necessary to ensure continuity of operations and patient care, and providers will likely be required to implement these measures in order to be eligible for cyber insurance.

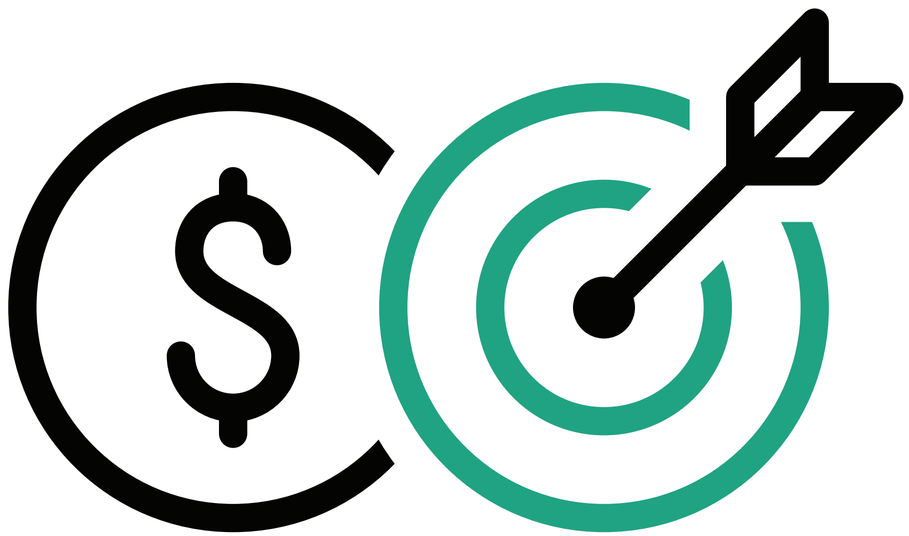
17. TechTarget, "Cyber insurance premiums, costs skyrocket as attacks surge."

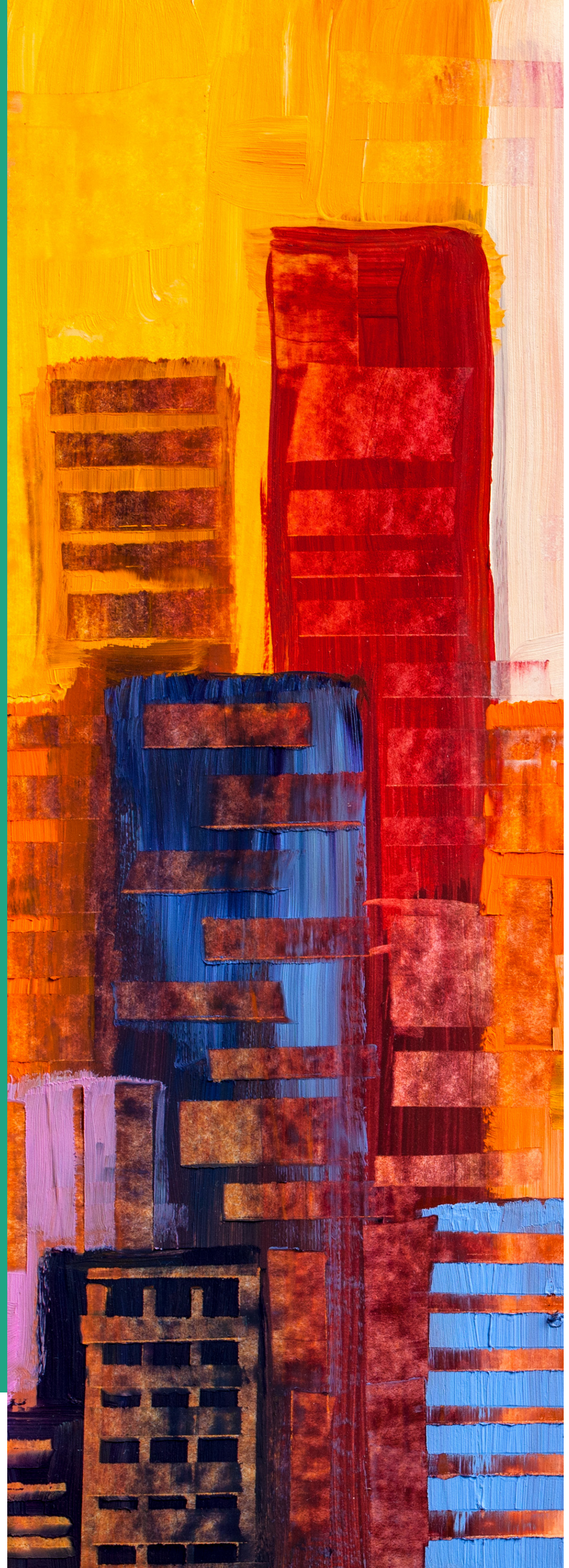
HEALTHCARE

TOP BUSINESS CHALLENGES

Value-Based Care Reimbursement

The U.S. Department of Health and Human Services Center for Medicare and Medicaid Services (CMS) is continuing its strategy to assist providers in the transition to value-based care reimbursement models for Medicare Patient Populations. Physicians and health systems will be faced with increasing pressure to participate in Medicare “Alternative Payment Models” and “Hospital Value-Based Purchasing Programs.” Proactive providers and health systems will now embrace this shift by choosing the right advisory services partner in securing additional value-based reimbursement before having to succumb to future loss of fee-for-service revenue.



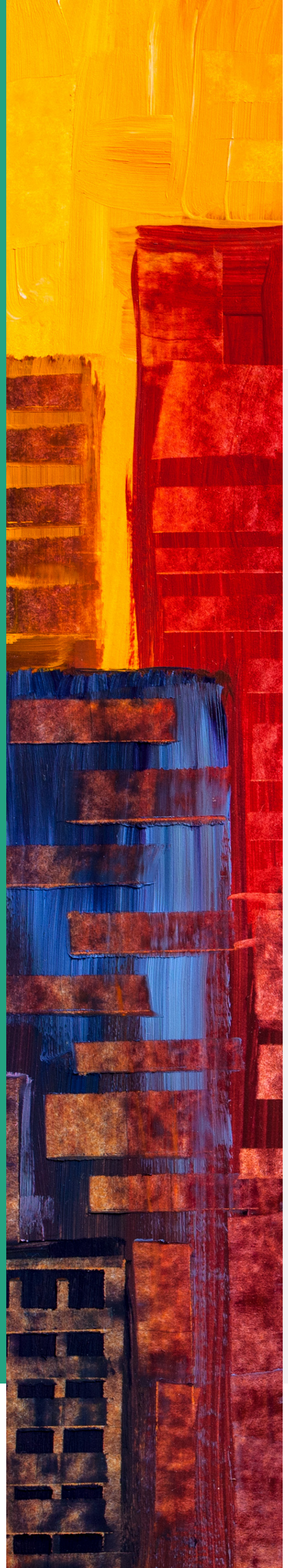


Growth Opportunities and Optimism

To offset labor shortages, healthcare providers will increasingly leverage automation in 2022. Forbes[18] shared insights on how healthcare providers are using automation to help provide better patient experience with staffing shortages. They reported that automating processes and introducing new innovative technologies will help with clinician burnout, save time for patients and staff, and reduce workloads of care teams. Technology will also play a big role in remote patient management (RPM) and improving the overall patient experience.

According to a report by Linchpin SEO[19], the healthcare industry is estimated to bring in $8.73 trillion in revenue by 2022, up from $7.08 trillion in 2015. As the healthcare industry continues to grow, understanding the latest digital trends and key business topics can help businesses allocate resources, elevate patient care, and develop a strategy to adapt to the higher demand for services and support.

18. Forbes, "Three Trends Expected to Accelerate for Healthcare Providers in 2022."
19. Linchpin SEO. "Health Care Industry Challenges and Opportunities in 2022."



Business Performance/ Strategies

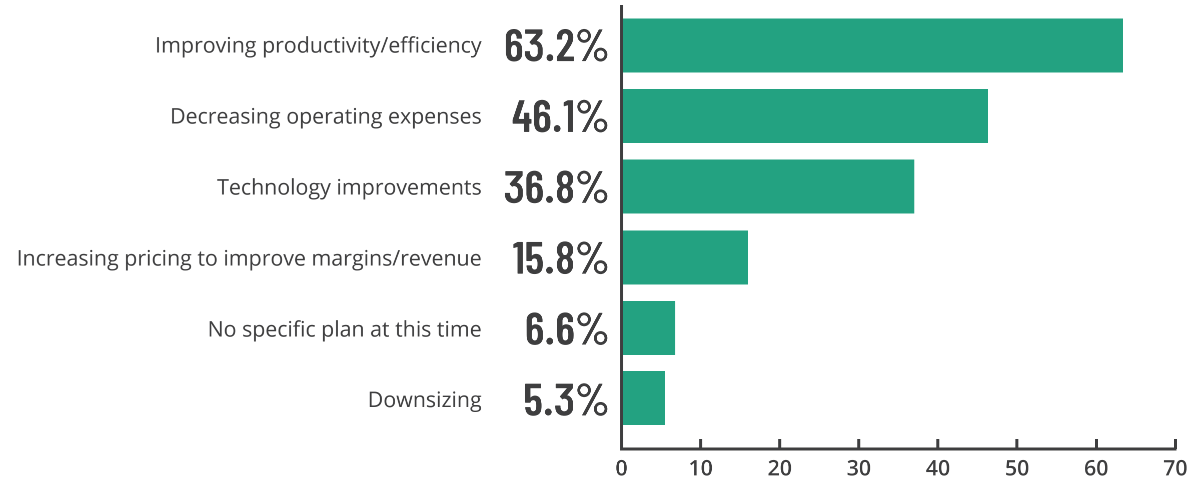
Sales & Profitability Strategies
Capital Spending
Mergers & Acquisitions

Sales & Profitability Strategies

Last year, 63.2% of healthcare companies were primarily focused on increasing profitability by improving productivity and efficiency, and 46.1% were looking at decreasing operating expenses.

Our healthcare analytics expert, Brad Milner, suggests that healthcare organizations could see an immediate benefit in FTE productivity by implementing data acquisition and engineering. Pulling together large and disparate types of data from multiple sources into an organized format, so that non-technical clinicians and hospital executives can utilize the information in decision making can have an immediate and significant impact on overall FTEs and their ability to focus on the more important tasks.

Strategies for Increasing Profitability During 2021



"Strategic procurement is an effective way to decrease operating expenses and increase profitability. New procurement solution models are available that pay for themselves and provide quick, measurable wins. These models can offer options ranging from fractional resources that are applied based on an organization's budget and resources, to serving as an organization's long-term procurement partner by helping with sourcing, request-for-proposal documents, contract management, auditing services, negotiating with suppliers and more."

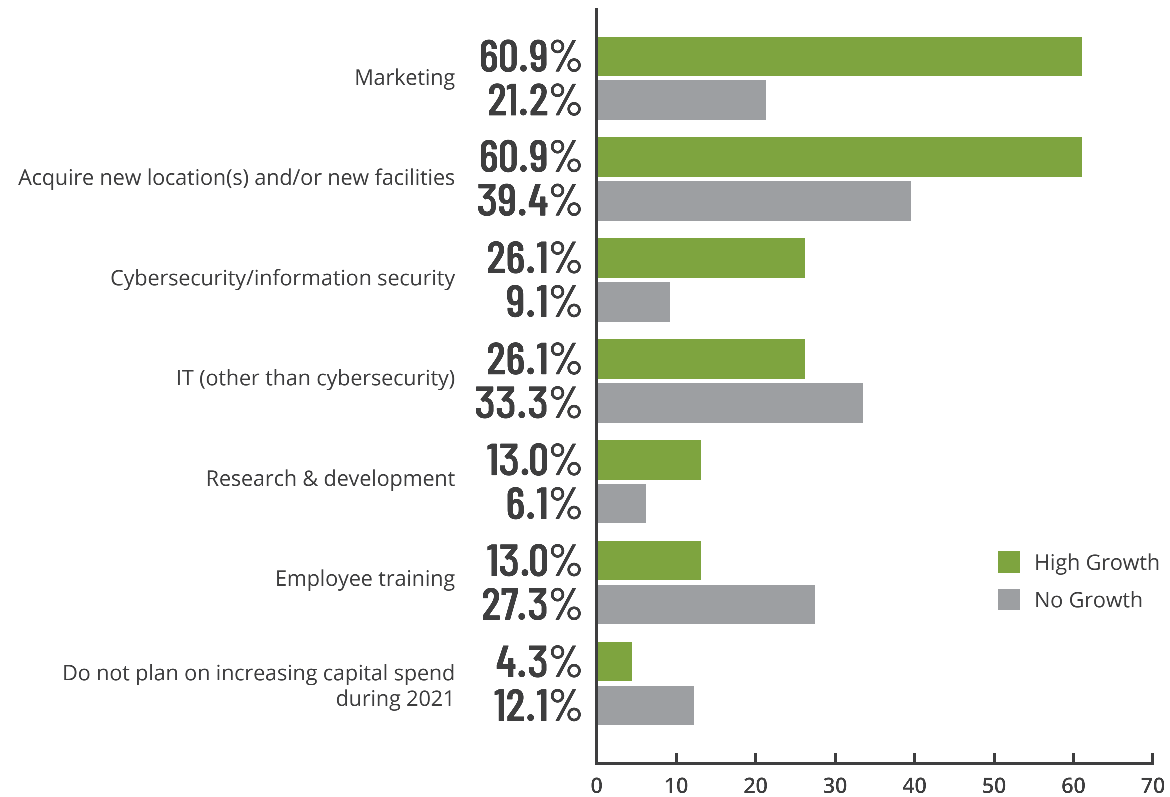
TAMMY WOLCOTT, CHIEF EXECUTIVE OFFICER, W SQUARED

Capital Spending

We continue to see healthcare companies prioritizing acquiring new locations and/or facilities at 46.8% with technology solutions following at 34%. However, there was a larger discrepancy between high growth businesses and no growth businesses. High growth businesses were focused on marketing at 60.9% versus only 21.2% for no growth businesses. This difference is also apparent with acquiring locations, which shows 60.9% of high growth versus 39.4% of no growth.

High growth healthcare companies put a higher priority on maintaining their brand awareness and visibility in their current market, which we are seeing with high growth organizations across all industries. Telehealth remains a strong trend and provides an opportunity to improve the clinician experience. According to a McKinsey report[20], telehealth use is 38 times higher than before the pandemic started and is predicted to account for 20%, or $250 billion, of U.S. healthcare spending. Similarly, with more virtual care and digital health options available, a greater focus on cybersecurity is also common among high growth organizations and is a key topic in healthcare this year.

Areas in Which Increased Capital Spend is Anticipated—High Growth vs. No Growth



20. McKinsey & Company, "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?"

HEALTHCARE

HEALTHCARE

Mergers & Acquisitions

Healthcare organizations expecting minimal to no growth have a stronger consideration for M&A. Some may see a merger or acquisition as a way to accelerate their revenue growth in 2022. At LBMC, we are seeing that robust healthcare deal making reflects continued transformation in the industry. In Q3 alone, 588 deals closed totaling $148 billion. Middle Tennessee is a hot market for healthcare, and healthcare IT is particularly taking off.

According to Kaufman Hall's Q3 2021[21] mergers and acquisitions quarterly activity report, there were a "lower total number of transactions compared with pre-pandemic historical activity, but a notably high level of total transacted revenue and average seller size by revenue, driven in part by regional health system partnerships and divestitures of hospitals outside of core regional markets." These trends align with what we are seeing with our clients day-to-day in this space.

While healthcare IT companies are taking advantage of the increased demand for multifunctional additional platforms, providers are trying to keep pace with advances in care coordination and Electronic Health Records (EHR) interoperability. Mental health providers - from addiction recovery facilities to autism therapy centers - are commanding high multiples, as patients, clinicians and payers are increasingly recognizing the importance of holistic care.

Hospitals are still staggering under the financial strain of COVID-19, leading to ongoing defensive consolidations, but offensive consolidations are the largest plays in the industry right now. Aimed at diversifying product lines and planning for future revenue streams, these are focused on add-ons to try to diversify or build the bottom line. The goal is to come out on top when they go to market in three to five years.

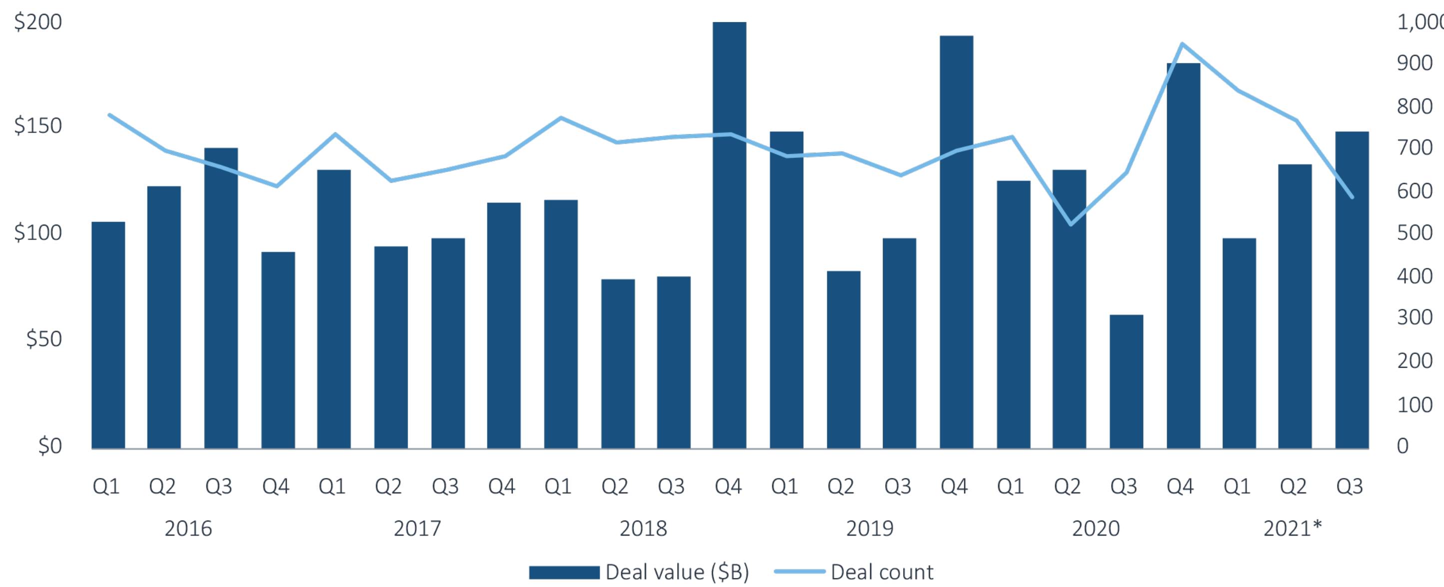
The shift towards value-based care in part is a result of several adjustments to CMS regulations and other policies from the federal government. Companies that are being acquired are often care coordination or data analytics organizations to support that value-based care.

LBMC has seen successful attempts at deeper regulatory and compliance diligence, including provider billing and coding due diligence earlier in the deal process and sometimes prior to the finalization of the LOI – admittedly not in all cases. Significant compliance and regulatory exposures are difficult to overcome in a transaction and discovering those issues earlier in a deal process will likely provide for more thoughtful legal and financial considerations, lessening the risk of a dead deal.

21. KaufmanHall, "M&A Quarterly Activity Report: Q3 2021."

MERGERS & ACQUISITIONS

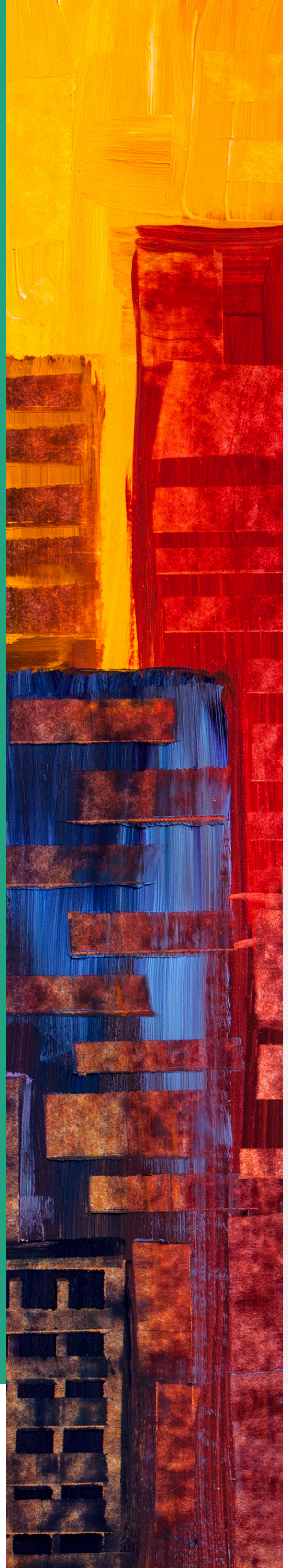
Healthcare M&A Activity



* As of September 30, 2021

Source: Pitchbook, https://files.pitchbook.com/website/files/pdf/PitchBook_Q3_2021_Global_M_A_Report.pdf, page 16

LBMC



Key Business Topics

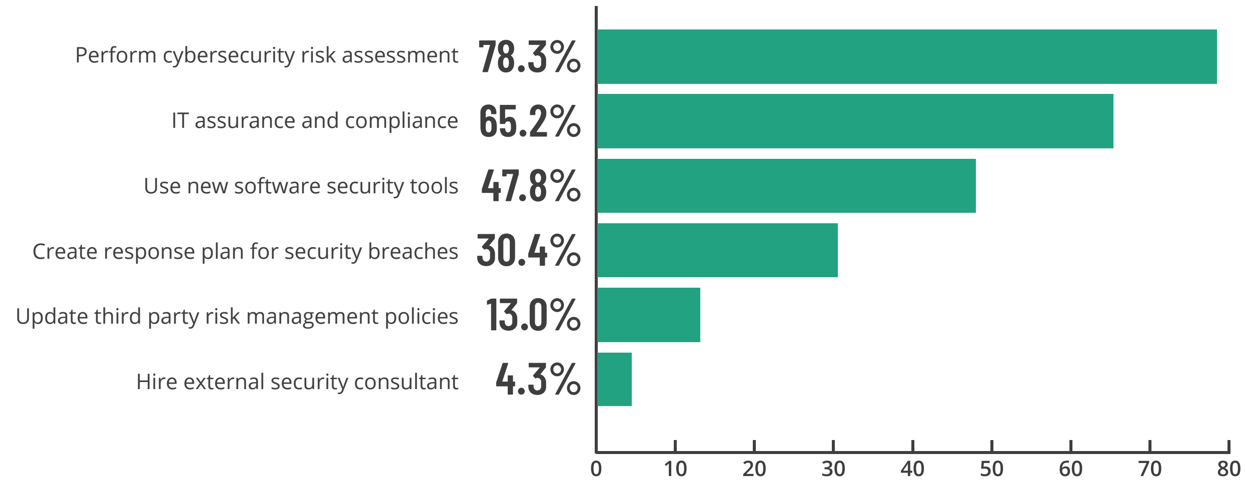
Cybersecurity
Provider Relief Funds

Cybersecurity

Cybersecurity is a key priority for most healthcare organizations moving into 2022. Of those organizations that are prioritizing cybersecurity, nearly 80% plan to conduct a cybersecurity risk assessment, and 65% plan to implement IT assurance and compliance. According to our security leader, Mark Burnette, high growth companies are prioritizing cybersecurity more so than no growth because it is a prerequisite for doing business today. Most companies require a certain cybersecurity posture of their business partners, and as such, companies that plan to grow will be expected to implement, assess, and maintain a robust cybersecurity program to appease their business partners and their board, as well as meet their regulatory obligations.

Cybersecurity issues have been a pain point for the industry for quite some time, and unless entities continue to focus on addressing cybersecurity challenges, there is no reason to expect that the cybersecurity situation will improve. Unfortunately, the volume and sophistication of cyberattacks has only increased, making it more difficult to stay ahead of the next big cyber threat. Therefore, now is not the time to divert attention away from important cybersecurity and data protection initiatives. Hopefully, all healthcare organizations will be able to find a way to properly assess, measure, and manage their cybersecurity risks in 2022. If not, the industry may be in for another long year.

Cybersecurity Strategies/Actions for the Upcoming Year



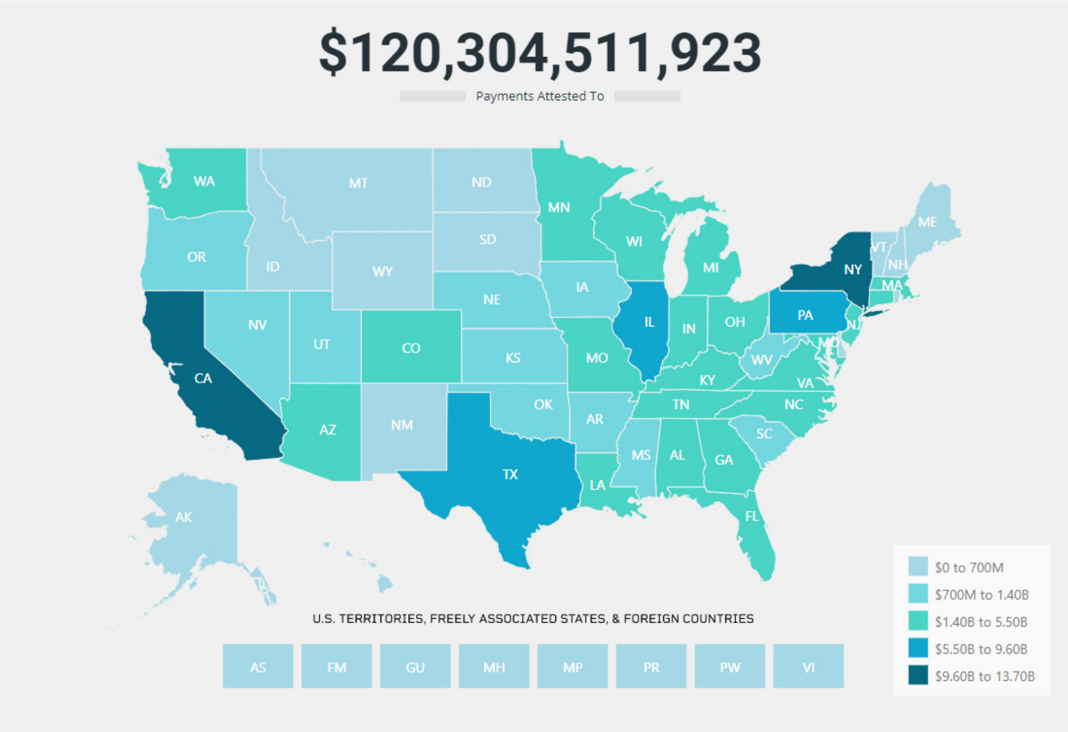
Provider Relief Funds

For healthcare providers, navigating the terms and conditions surrounding the Provider Relief Fund (PFR), completing the required submissions, and gathering evidence to support a compliance audit is uncharted territory. There are more than $186 billion in payments to be distributed through the PFR. On Dec. 14, the U.S. Department of Health and Human Services (HHS) through the Health Resources & Services Administration (HRSA) announced the distribution of approximately $9 billion in Provider Relief Fund Phase 4 payments to healthcare providers and as of Dec. 30, 2021, approximately $120 billion in payments had been distributed. The visual represents the list of providers that received a payment through the PRF and who have attested to receiving one or more payments and agree to the terms and conditions.

Eligible healthcare providers may use funds to prevent, prepare for and respond to coronavirus, and for related expenses and lost revenues attributed to coronavirus. Funding cannot be used where another source has reimbursed or is obligated to reimburse those expenses or losses. Noncompliance with terms and conditions could result in recoupment of some or all of PRF payments.

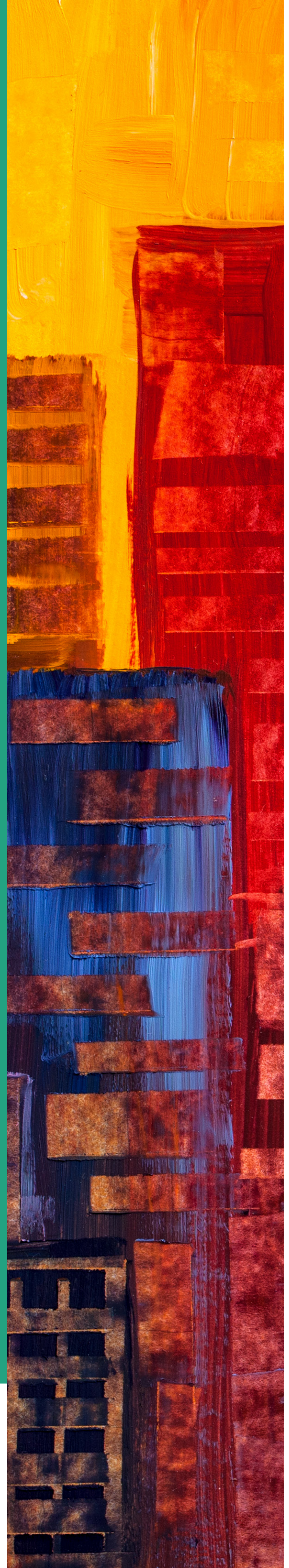
Documentation is an essential piece of the Provider Relief Fund process. Because there are gray areas, documenting why certain expenses were included and the methodology behind lost revenue is vital. As organizations head into 2022, they need to think about whether the expense was incurred to prevent, prepare for or respond to coronavirus and whether it was an incremental cost incurred.

U.S. Map of Provider Relief Fund Payments



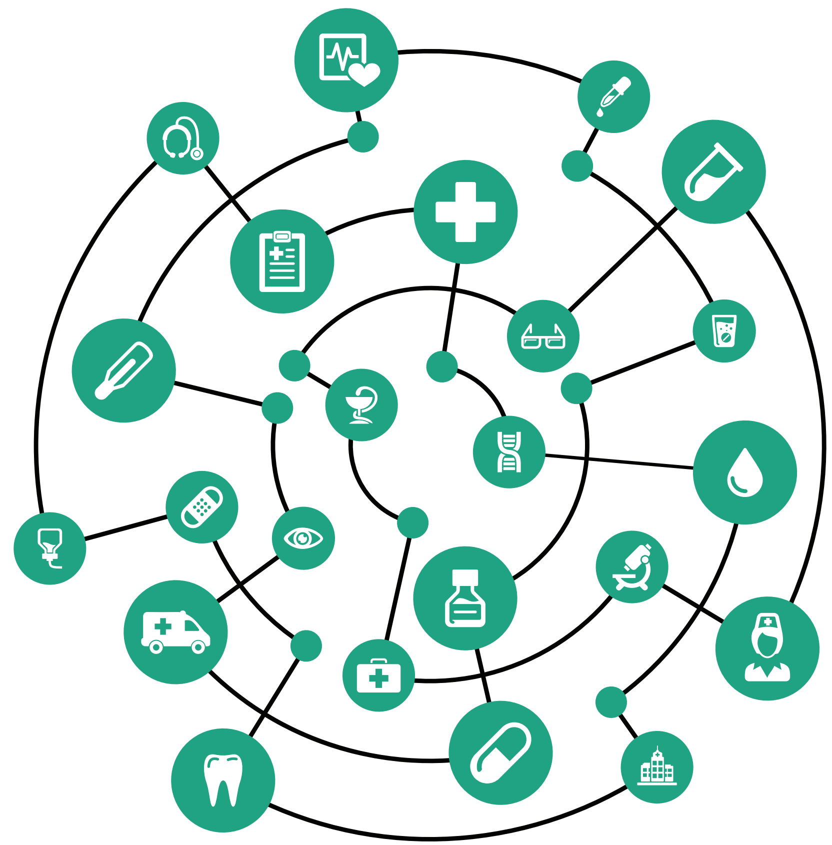
Source: https://taggs.hhs.gov/Coronavirus/Providers

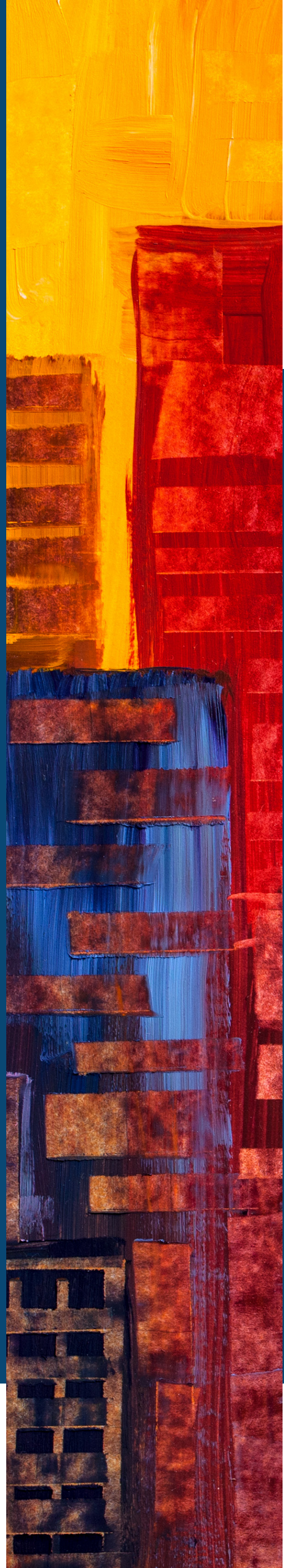
HEALTHCARE



Outlook

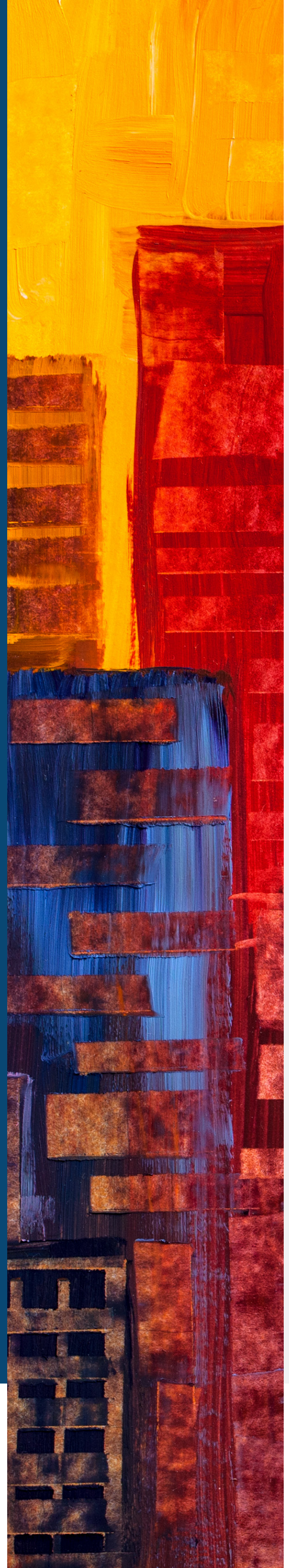
It’s no surprise that the pandemic continues to be the most significant challenge facing healthcare companies today. Specifically, the labor shortage resulting from the pandemic continues to squeeze healthcare organizations as they strive to take care of patients and team members alike. However, value-based care, automation and M&A other opportunities begin to paint a brighter picture in 2022 and beyond.





Manufacturing & Distribution

Contributor names and bios listed on page 109.



Business Environment

Faced with continued disruption, manufacturers and distributors have proved to be very resilient, and the American workforce continues to pivot and adapt amidst adversity in most manufacturing and distribution (M&D) environments. The M&D industries will continue to face significant challenges including supply chain disruptions, worker shortages, and soaring costs through 2022 and likely into 2023.

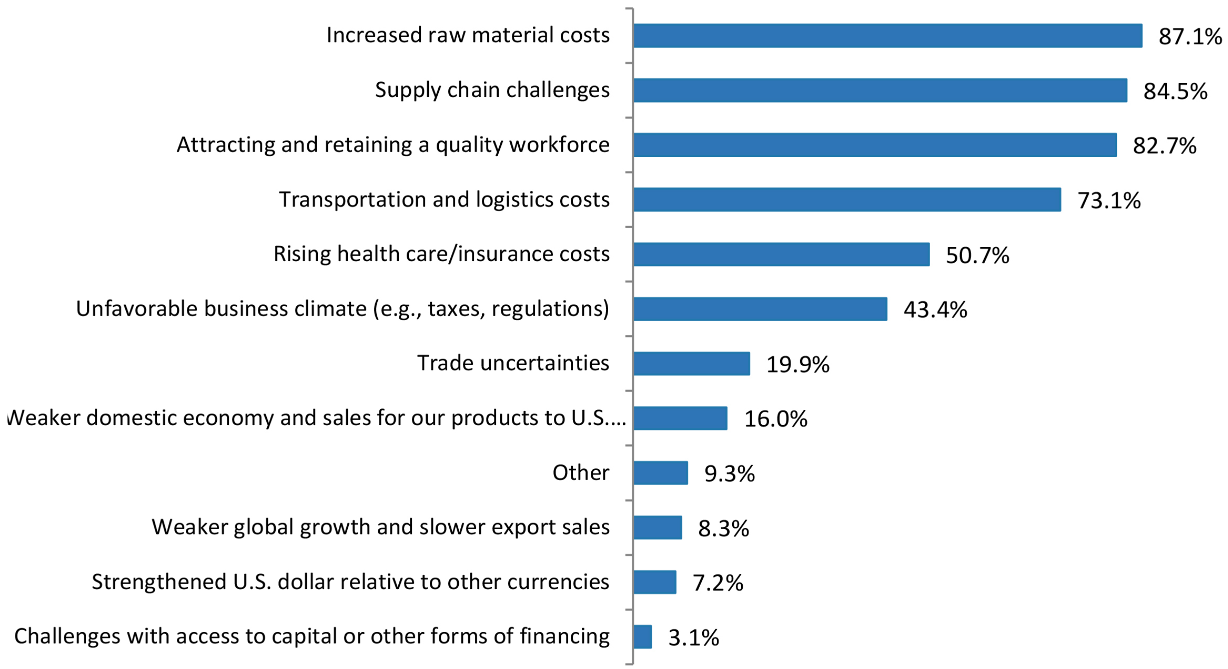
Top Business Challenges

Over the past two years, M&D companies have been faced with multiple challenges related to COVID-19, and they are still recovering from them. According to the National Association of Manufacturers (NAM) Manufacturers' Outlook Survey[22], the top reported obstacles include increased raw material costs, supply chain challenges, and attracting and retaining talent.

"Though there has been a lot of disruption, manufacturers have proved to be very resilient, and the American workforce continues to strive and thrive amidst adversity in almost every manufacturing environment. Some areas of manufacturing have seen increased demand only to have supply chain disruption cause difficulty in meeting the increased demand."

JOHN MARK MCDOUGAL, CPA, SHAREHOLDER, PRACTICE LEADER AUDIT AND ADVISORY SERVICES

Primary Current Business Challenges, Q4:2021



Note: Respondents were able to check more than one response; therefore, responses exceed 100%.
Source: NAM Manufacturers' Outlook Survey, https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/

22. National Association of Manufacturers, "2021 4th Quarter Manufacturers' Outlook Survey."

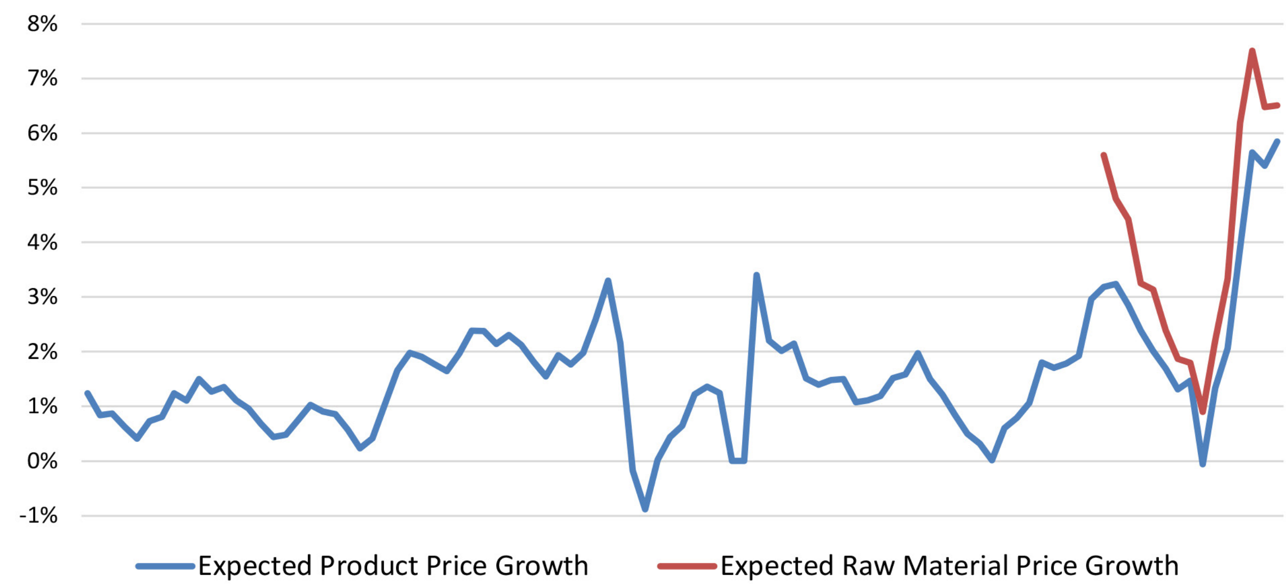
TOP BUSINESS CHALLENGES

Raw Materials

Rising raw material costs topped the list of primary business challenges, cited by 87.1% of respondents. These manufacturers expect raw material costs to rise 6.5%, which is down from 7.5% this past summer but nonetheless elevated. The expected average price growth over the next 12 months is shown in the graph.

The expectation of 6.5%, though elevated, seems modest compared to the actual price increases incurred by certain sub-industries and many of our clients. For example, those manufacturers reliant on steel mill products have seen the PPI commodity index value rise to 446 (projected) as of November 2021 from 197 in December 2020, or a 126% increase (Bureau of Labor Statistics). Some sub-industries and companies that previously thrived or suffered when materials costs dipped or spiked, respectively, have begun to negotiate variable customer pricing and materials surcharges to protect their margins.

Expected Average Price Growth Over the Next 12 months, Q1:1998-Q4:2021



Note: Expected growth rates are annual averages. Expected raw material price growth data begin in Q2:2018.
Source: NAM Manufacturers' Outlook Survey, https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/

TOP BUSINESS CHALLENGES

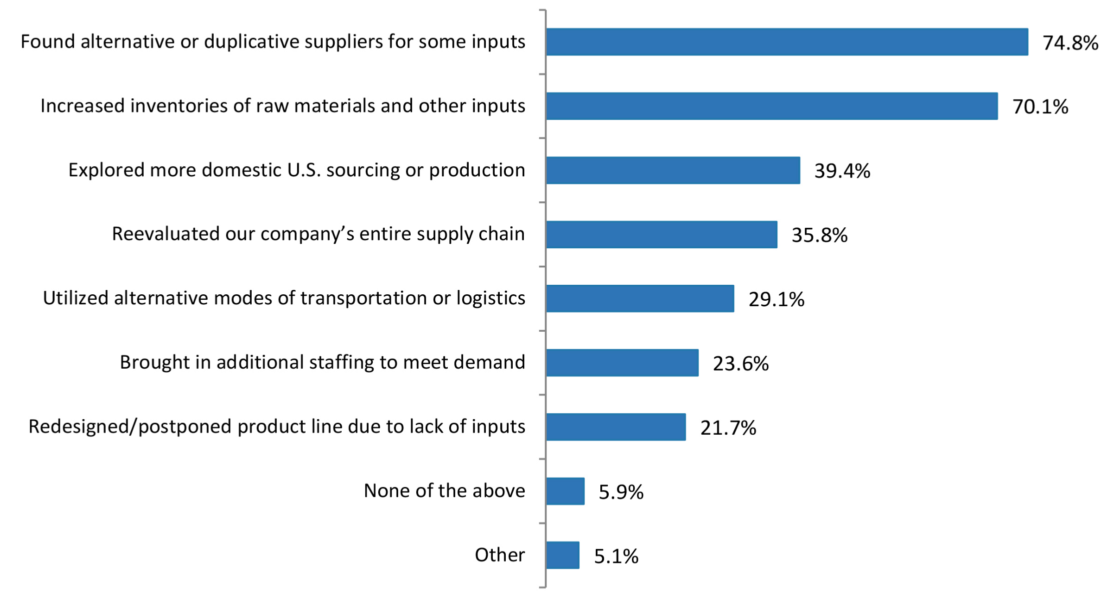
Supply Chain

We have all been affected by the supply chain disruption either personally or professionally over the past year. The majority (84.5%) of manufacturers are currently challenged by their supply chain in some way. Many distribution companies are experiencing similar supply chain issues. The causes of disruption within the supply chain are many, and the challenges are chiefly the new difficulties predicting and controlling volumes and prices. Suppliers and their buyers face longer lead times for materials and goods, transportation challenges, inventory stock depletion or outages, variable workforce needs, potential breaches of performance clauses in contracts, and rising prices. The goal of just-in-time supply and production has often morphed into the whenever-we-can reality. Sustained periods of supply chain disruption have led M&D companies to seek more supply chain flexibility and visibility.

Supply Chain Collaboration in Wholesale Distribution[23] is a way to help mitigate risk and respond to unforeseen challenges. Giving suppliers greater transparency can help transform the supply chain from disconnected to collaborative. Collaboration is just one part of the overall transformation of a distributor's logistics processes. To compete in the global market, companies need to innovate to meet demands, but also do a better job of planning, procuring, storing, and delivering goods.

Nearly 75% of manufacturers have found alternative suppliers for some inputs; however, 88% of manufacturers are still experiencing longer than usual lead times with 83% having to delay orders to prioritize highest value customers. This chart represents respondents' answers to what they have shifted due to supply chain disruption.

What Manufacturers Have Done Due to Supply Chain Disruptions, Q4:2021



Note: Respondents were able to check more than one response; therefore, responses exceed 100%.
Source: NAM Manufacturers' Outlook Survey,
https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/

23. SAP, "Supply Chain Collaboration in Wholesale Distribution."

TOP BUSINESS CHALLENGES

Attracting and Retaining Skilled Talent

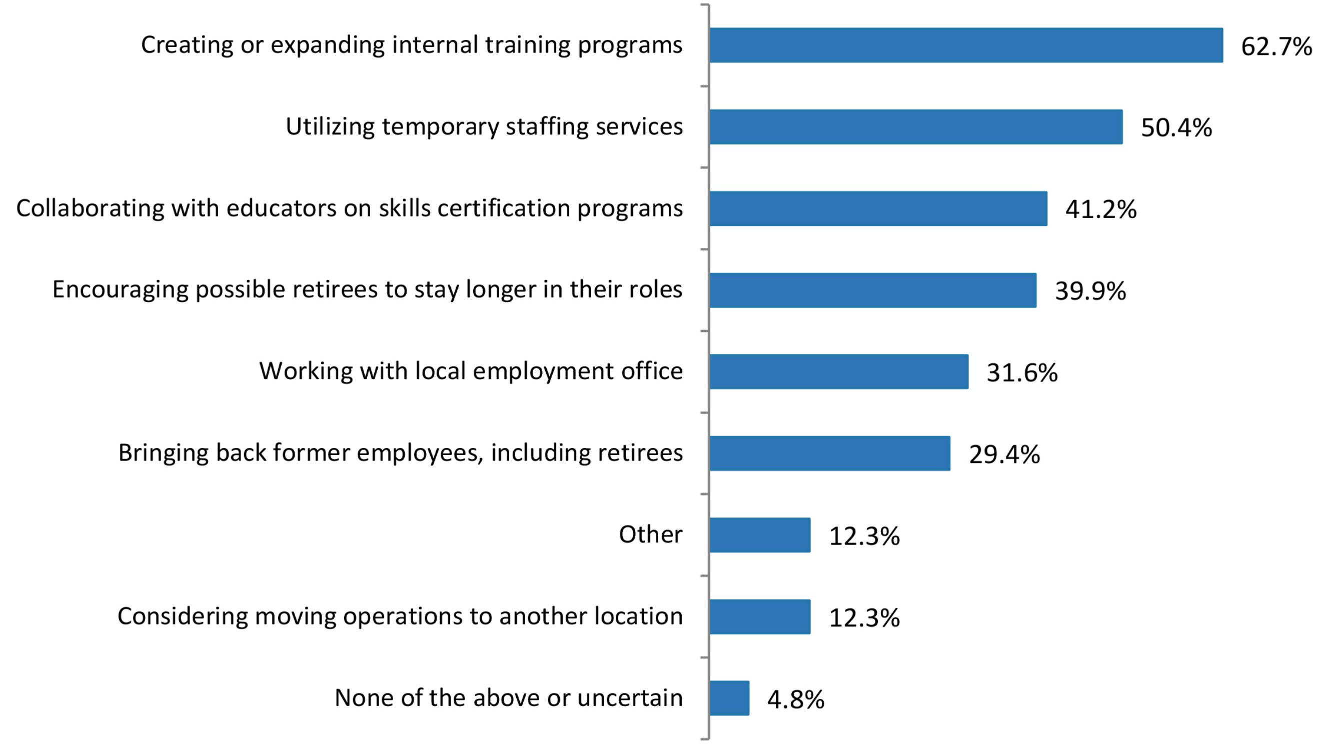
The variability and availability of talent is evolving, perhaps at a more rapid pace than before. Younger people are entering the workforce as greater numbers of older workers are leaving the workforce, and more people are working remotely (or expect to and/or are changing companies to do so). In a recent Industry Week webinar[24], it was noted that 4 in 10 manufacturers are reporting skills shortages, and 30% are experiencing staffing issues. The challenge to recruit, hire, and retain talent will continue through 2022.

Because of the shortage in skilled talent, manufacturers and distributors have indicated that they were unable to onboard new business and lost revenue opportunities.

"In today's tight labor market, employers need to offer more than just a paycheck to entice workers. Good benefits, above-average wages, and time off are a few ways to do this, but offering professional development opportunities can also draw in top talent. Good employees are always striving to seek more knowledge, polish their professional skills, and aim for excellence each day on the job. They want jobs that help them build a career. By offering opportunities for employees to grow, employers can attract driven talent and benefit from more skilled employees."

SHARON POWLUS, PRESIDENT/CEO, EMPLOYMENT PARTNERS

How Manufacturers are Addressing the Skills Shortage, 4th Quarter 2021



Note: Respondents were able to check more than one response; therefore, responses exceed 100 percent.
Source: NAM Manufacturers' Outlook Survey, https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/

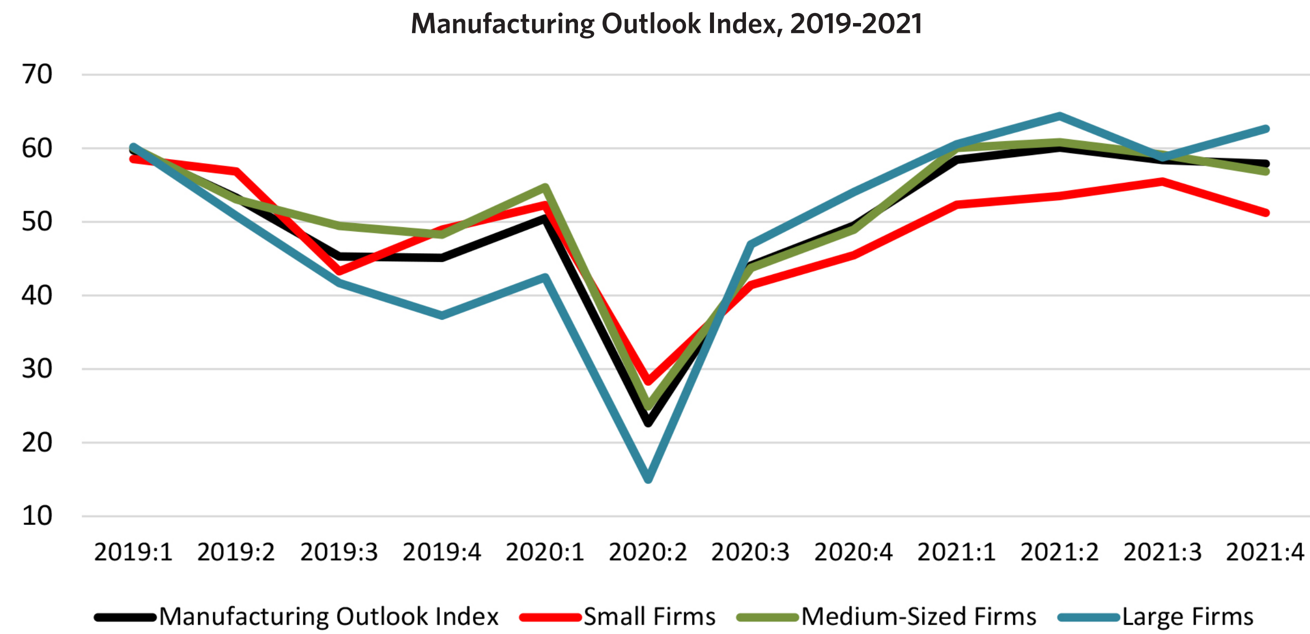
24. IndustryWeek, "Webinar: Manufacturing Success in 2022 - Critical Industry Trends for the Year Ahead."

MANUFACTURING & DISTRIBUTION

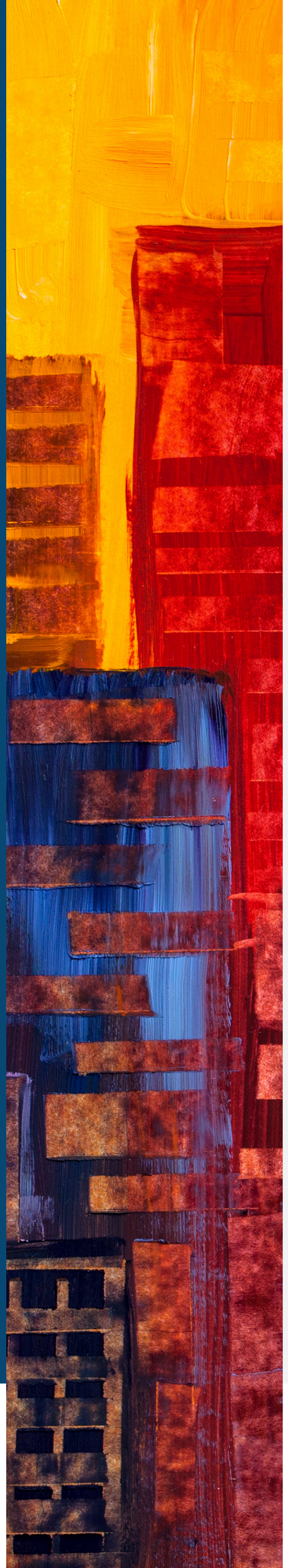
Business Optimism

Despite the continued challenges, many business leaders exhibit optimism out of their resilience. In a recent Industry Week webinar, 40% of survey respondents felt the current business outlook within the manufacturing industry was prospering followed by 25% who said they felt it had recovered.

Overall, 78% of manufacturers had a more positive outlook for 2022 than they did in 2021. Respondents' confidence is backed up by performance and adapting to challenges, with 57% of the respondents increasing their sales and revenue in 2021. In 2022, 78% believe that sales and revenue will increase even more. This is needed positive trajectory for the year ahead in the manufacturing and distribution industries.



Source: NAM Manufacturers' Outlook Survey, https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/



Business Performance/ Strategies

Sales & Profitability Strategies
Capital Spending
Mergers & Acquisitions

Sales & Profitability Strategies

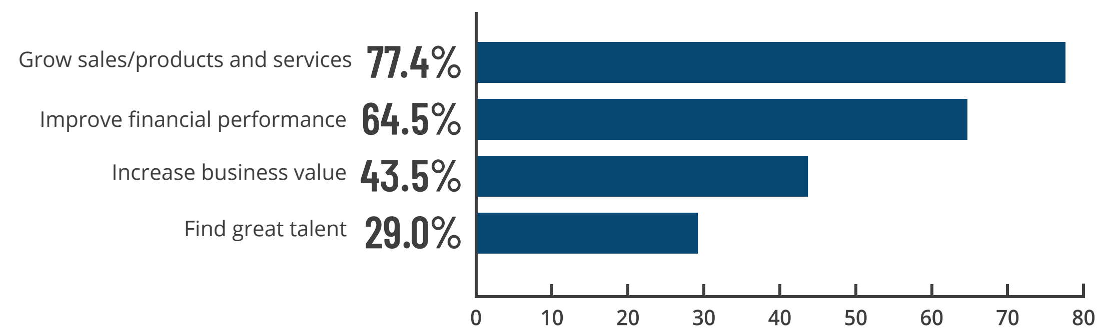
Top goals of manufacturing and distribution companies were growing sales, improving financial performance, and increasing business value. It's no surprise that these still hold true moving into 2022.

There are many stories of challenges and resolve in the manufacturing community. For plants running at or near capacity, shutting down completely for 1-2 months left a big hole to fill in terms of annual revenue and top-line results. Also, some areas of manufacturing have seen sustained increased demand, only to have supply chain disruption cause difficulty in meeting the increased demand. On a more positive note, many of the manufacturers we work with were on a run rate that looked more like pre-pandemic levels at the end of 2021.

Sales growth often has not come from volume though, and instead M&D companies have raised prices across their segments at least once if not twice or more in 2021. As we described above, with material cost increases, less than optimized supply chain, and new investments in the labor force, achieving profitability targets has generally required price increases. Accordingly, the expected growth rate for prices of company products was a record high result at 5.9%.

M&D businesses may still have opportunities to restore or improve cash flow. For companies selling multiple products, the cost structure of those products may have increased differently, and a thorough analysis of gross and net margins can lead to decisions that produce higher profitability and increased cash flow.

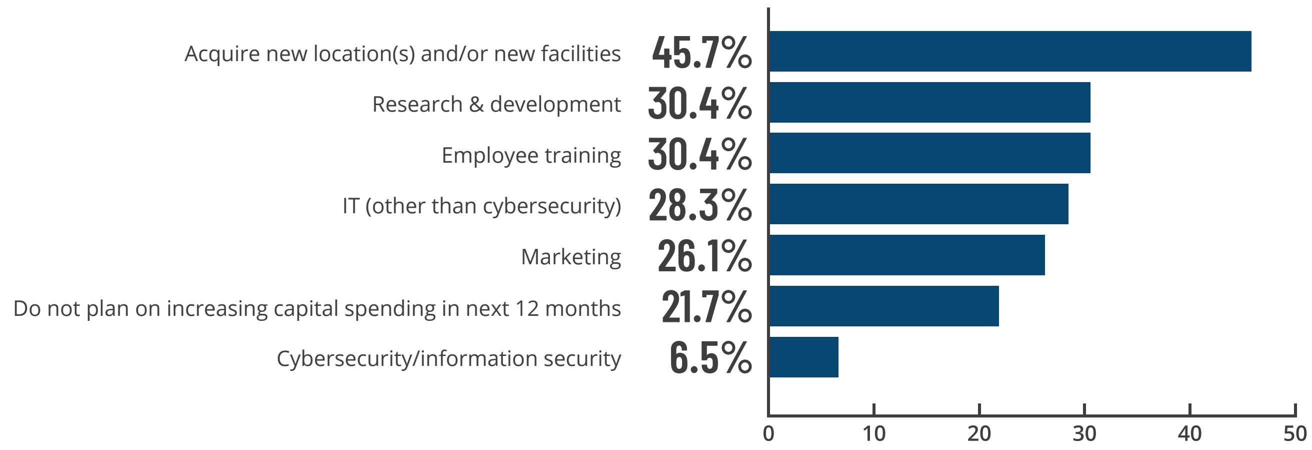
Top Business Goals



Capital Spending

When asked in what areas they plan to increase their capital spend, almost half plan to invest in acquiring new locations or facilities. Research and Development and training employees tied for second at 30.4% each. Growing M&D companies are twice as likely to increase capital spend in acquiring new locations and three times as likely to increase spend on employee training than their no growth peers.

Areas in Which Increased Capital Spend is Anticipated

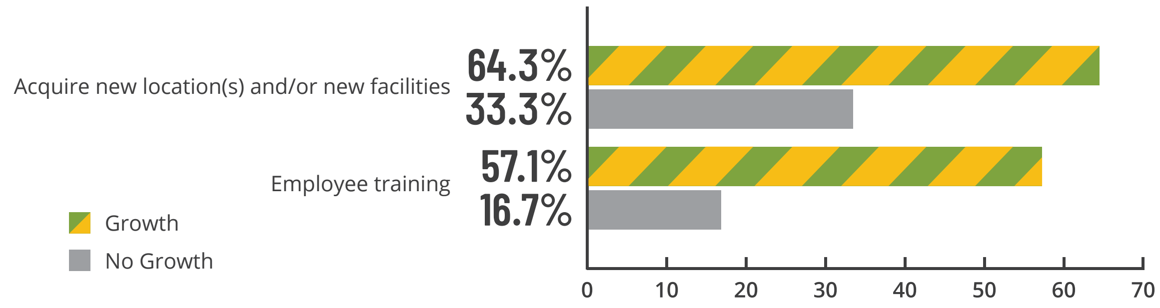


MANUFACTURING & DISTRIBUTION

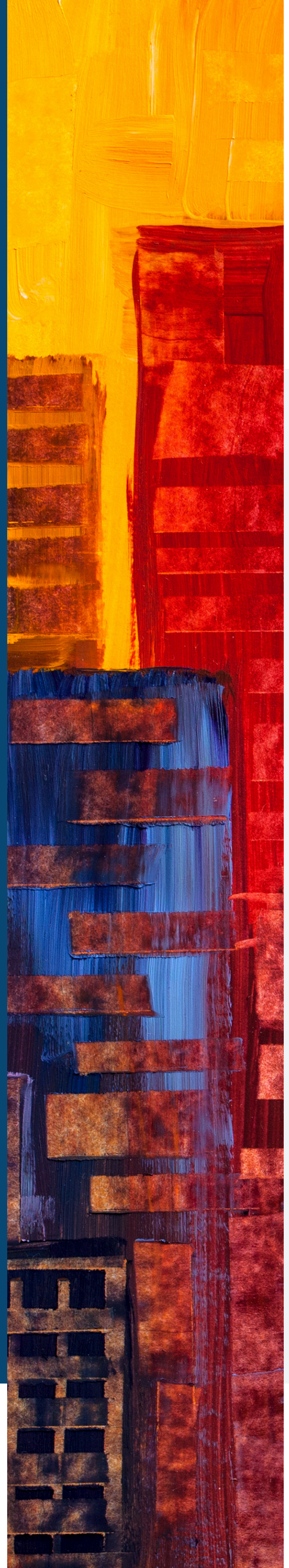
Mergers & Acquisitions

We reported in our 2021 report that growing M&D companies were twice as likely to increase capital spend to acquire new locations. In Industrial Distribution's recent survey[25], 67% said that growth via mergers and acquisitions would be part of their plan while 43% plan to expand their physical location, slightly down from 45.7% last year. Similarly, we find that while focus may have shifted slightly on expanding physical locations, this still holds true for 2022.

Areas in Which Increased Capital Spend is Anticipated—Growth vs. No Growth

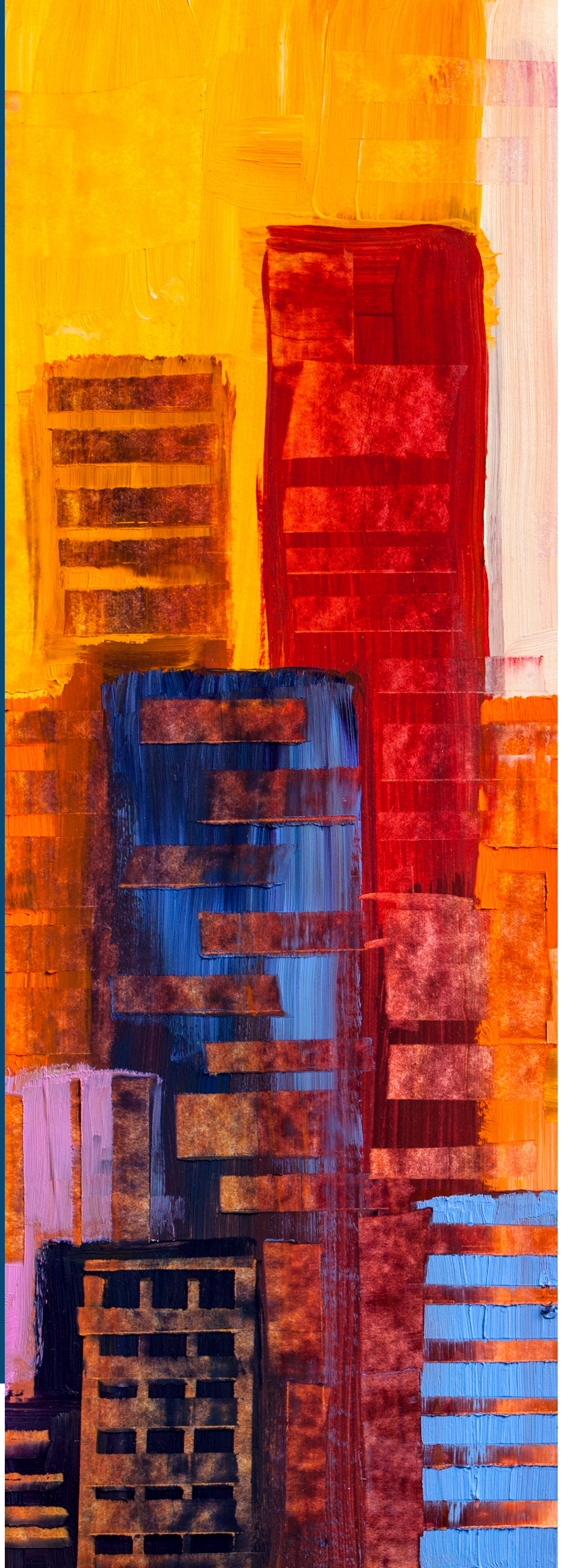


25. Industrial Distribution, "Big 50 Distributors Forecast 2022 Issues & Trends."



Key Business Topics

Research and Development
Acquiring/Retaining Talent
Technology Usage



Research and Development

In our 2021 report, we noted that M&D businesses were allocating 30.4% of their capital spend to research and development. According to one of our partner firms in Leading Edge Alliance (LEA) Global respondents of their manufacturing survey indicated that they spend anywhere from half a percent to 20% of revenue researching and developing new products, with the majority reporting an average around 5%. The capital spend is allocated to activities including improvements to existing processes, development of new processes or systems, and new product or service development, which all qualify as research and development expenses eligible for tax credits.

Specifically with manufacturers, the survey reported that 36% of respondents launched a new product or service in 2021, some with pivots to make personal protective equipment (PPE) or other high-demand items.

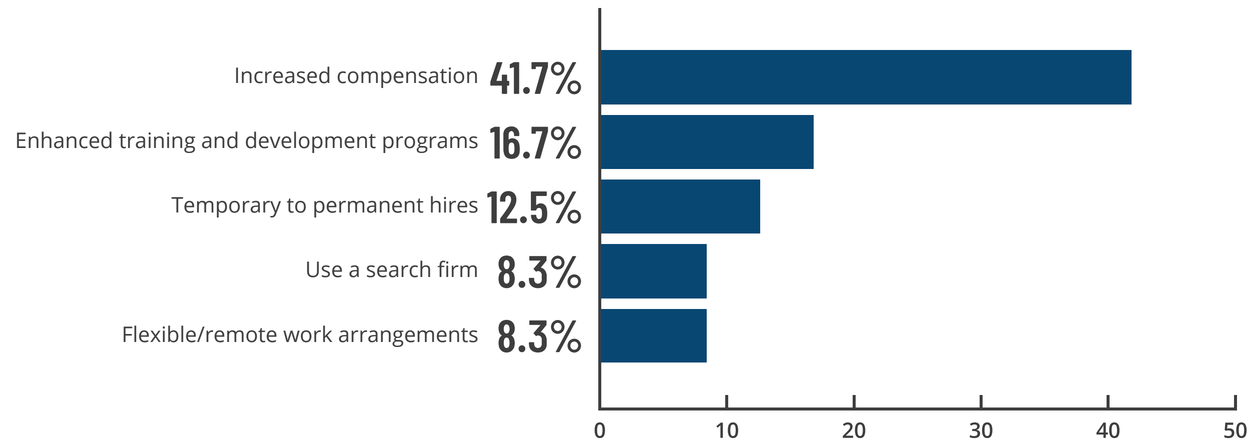
MANUFACTURING & DISTRIBUTION

Acquiring/Retaining Talent

With a majority of manufacturing and distribution companies experiencing growth, plant management staffing needs are close to pre-pandemic levels. For 72%, their top strategy for 2022 was focused on attracting and retaining talent.

The candidate demand in the marketplace makes it even more crucial for companies to increase salaries in order to attract and retain employees who possess the experience, skill set, education, and industry knowledge required. As reported in our 2021 survey, 41.7% planned to increase compensation, and we expect a higher percentage of M&D companies to do so in 2022.

Strategies for Acquiring and/or Retaining Talent



"We are seeing a continuous evolution in talent acquisition. The demand for talent is at one of the highest levels in our firm's 25-year history. Today, top talent candidates with proven experience and career progression typically have multiple job opportunities, so employers need to use every tool in their toolbox to secure that talent as quickly as possible. That includes offering the right salary, as those are increasing across the board, and enhancing their hiring process for expedience from interview to offers, as those dragging their feet will likely lose their first choice. Companies that choose to look at retention strategies and ways to ensure their company culture is positive will have the greatest chance of keeping their best employees. They will be the winners as the cost of turnover is not cheap! Maintaining a policy of no salary increases or bonuses can potentially put you at risk. When times were lean, team members may have been thankful to just keep their jobs; however, those who may feel overworked and underpaid now will look at new opportunities, especially if they fall into their laps."

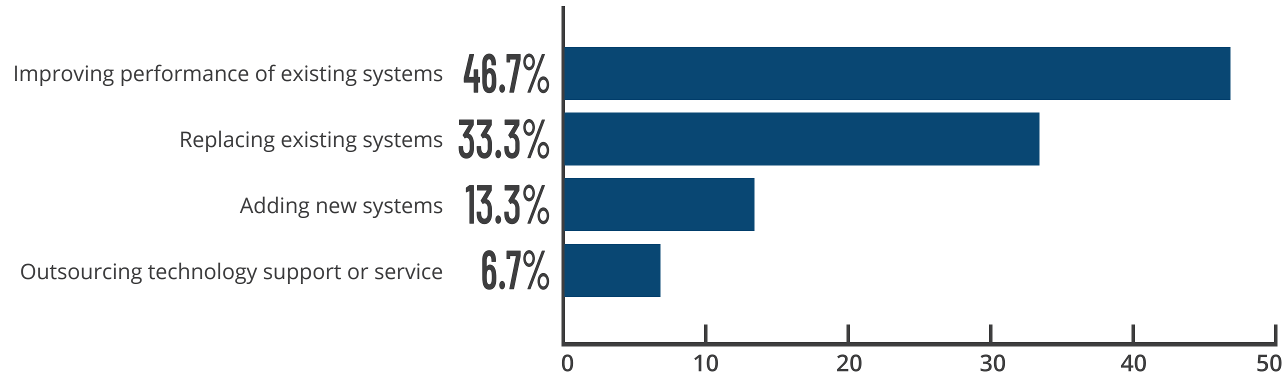
SHERRIE WHATTON, PRESIDENT/CEO, STAFFING SOLUTIONS

Technology Usage

From our survey collected earlier in 2021, nearly 46.7% plan to improve performance of existing systems while 33.3% plan to replace. We have seen a slight shift moving into 2022 with more M&D companies looking to invest in new systems now that they have improved performance of their existing systems.

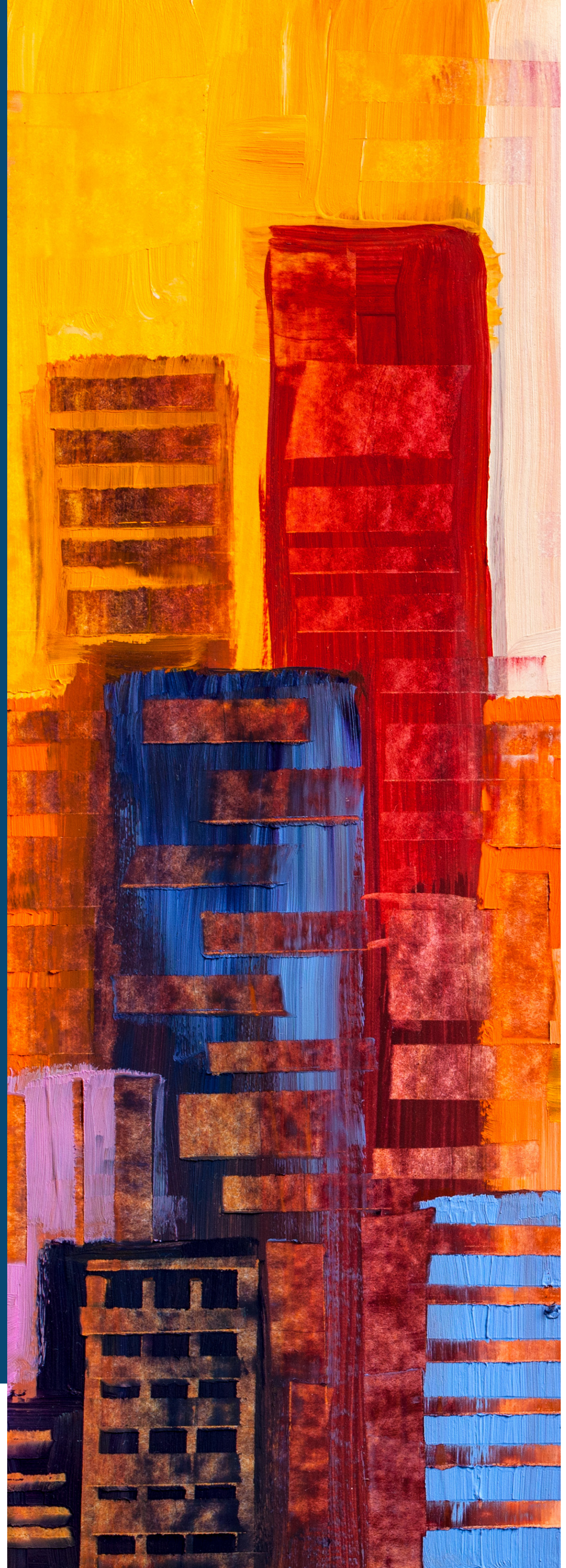
A full system implementation is a massive undertaking, even for the most diligent and disciplined of organizations. Couple that with the general notion that most system capabilities are underutilized, and you see preferences to add best of breed tools to enhance the usefulness of existing systems.

Current Strategy for Managing Business Technology



"While it is important to receive ROI from technology investments, now more than ever it is critical to understand the competitive edge that staying current with technology provides a company. The fundamental reason many companies are moving to new platforms and cloud-based solutions is the increased functionality these solutions provide."

STACY SCHUETTLER, PRESIDENT, TECHNOLOGY SOLUTIONS



TECHNOLOGY USAGE

Digital Transformation

Disruptive change is all around us. M&D companies can use digital transformation to drive change by increasing revenue, improving profit margin, controlling costs, forecasting cash flow and managing debt.

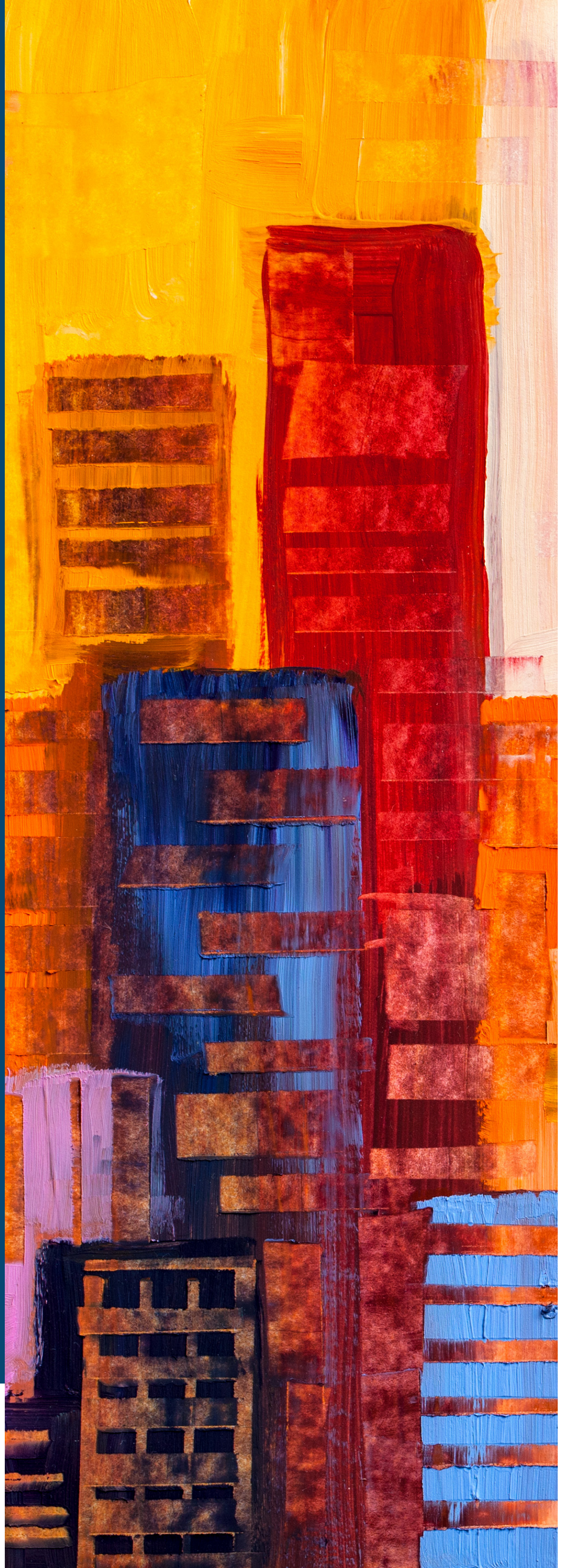
The most critical piece of a digital transformation is your people. M&D companies should not implement technology just for the sake of implementing technology. It is imperative to spend time evaluating where operational efficiencies exist and if business processes can be changed to eliminate them.

The speed at which technology is changing is accelerating exponentially. Features such as machine learning, artificial intelligence, business analytics, and mobile enablement are no longer only available in enterprise level solutions targeted at Fortune 500 companies. There are many software applications that have this functionality at price points appropriate for small and midsized businesses. Having timely information, visual representation of trends and potential risks, and the increased operational efficiencies that AI and machine learning provide results in lower costs and/or increased profits.

WHAT IS DIGITAL TRANSFORMATION?

"Digital transformation is how businesses use digital technologies to create new or modify existing business processes, practices, models, culture and customer experiences to meet changing business and market dynamics. Simply stated, it's about identifying how you must adapt your business to drive customer loyalty and maintain a competitive edge in the digital age."

KENNETH SIMS, VICE PRESIDENT OF BUSINESS SYSTEMS, TECHNOLOGY SOLUTIONS



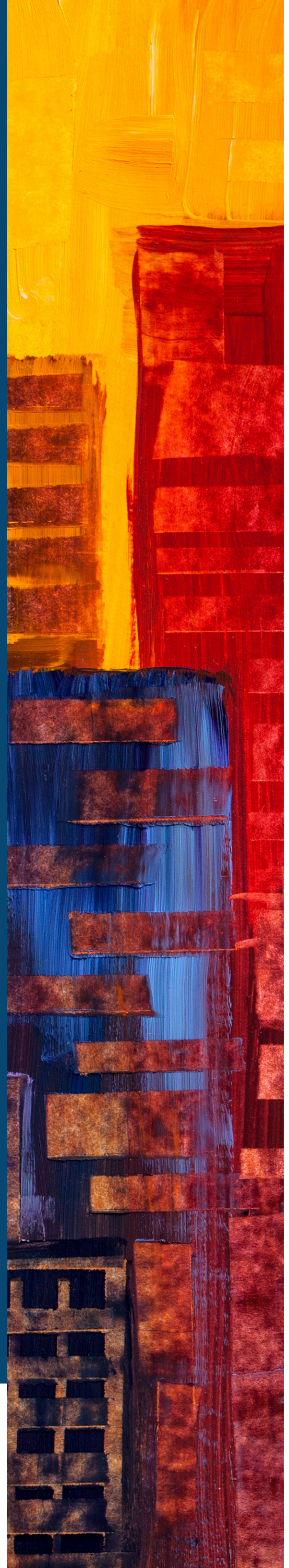
TECHNOLOGY USAGE

Cyber & Data Security

The pandemic opened many new avenues for cybercrime as companies were forced to rely on networks to keep business moving as they pivoted to remote work. Cybercriminals found new weaknesses in cybersecurity systems to exploit, and this threat has affected businesses of all sizes. Human error is cited as the most common reason for cyber intrusion and data compromise.

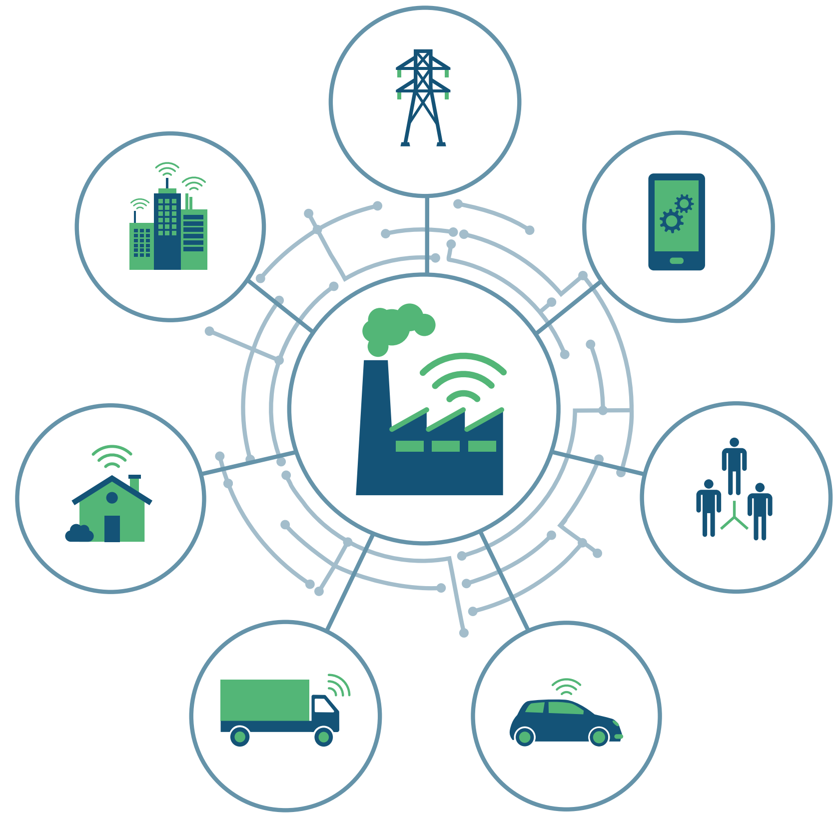
Executives in the M&D industry are more confident in their network security than other industries; however, only 57% had conducted an IT penetration test within the last year, and 14% had never conducted one. The best security system in the world is still vulnerable if employees don't understand their roles and responsibilities in safeguarding sensitive data and protecting company resources. Cybersecurity Ventures predicts that the security awareness training market will grow from $1 billion in 2014 to $10 billion by 2027[26]. When it comes to cybersecurity, continually updating your employees with the latest security awareness education is one of the most important things you can do.

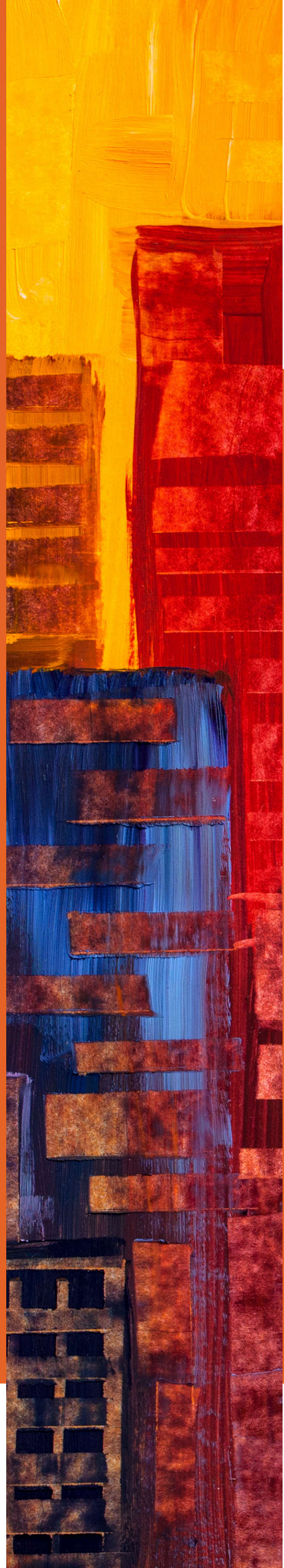
26. Cybercrime Magazine, "Security Awareness Training Explosion."



Outlook

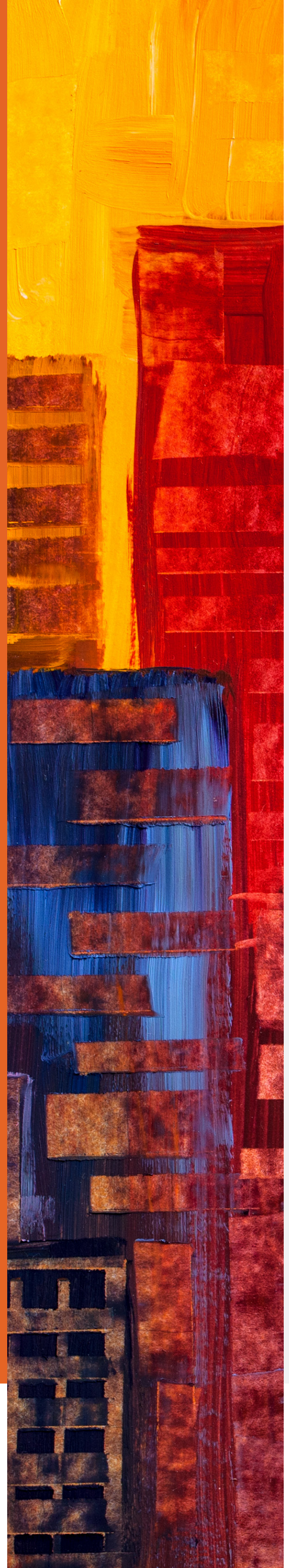
Most M&D companies have substantially recovered from the pandemic, and after an extended period of resilience, they are feeling optimistic about 2022. Challenges and disruptions continue primarily with materials costs, supply chain, and the labor supply and cost. Profitability strategies are emphasizing price increases and enhanced use of technologies. Operations strategies are emphasizing supply chain diversity and alternatives to regain predictability and control to inventory management. Cyber threats are ever present and require ongoing diligence and training.





Construction & Real Estate

Contributor names and bios listed on page 109.

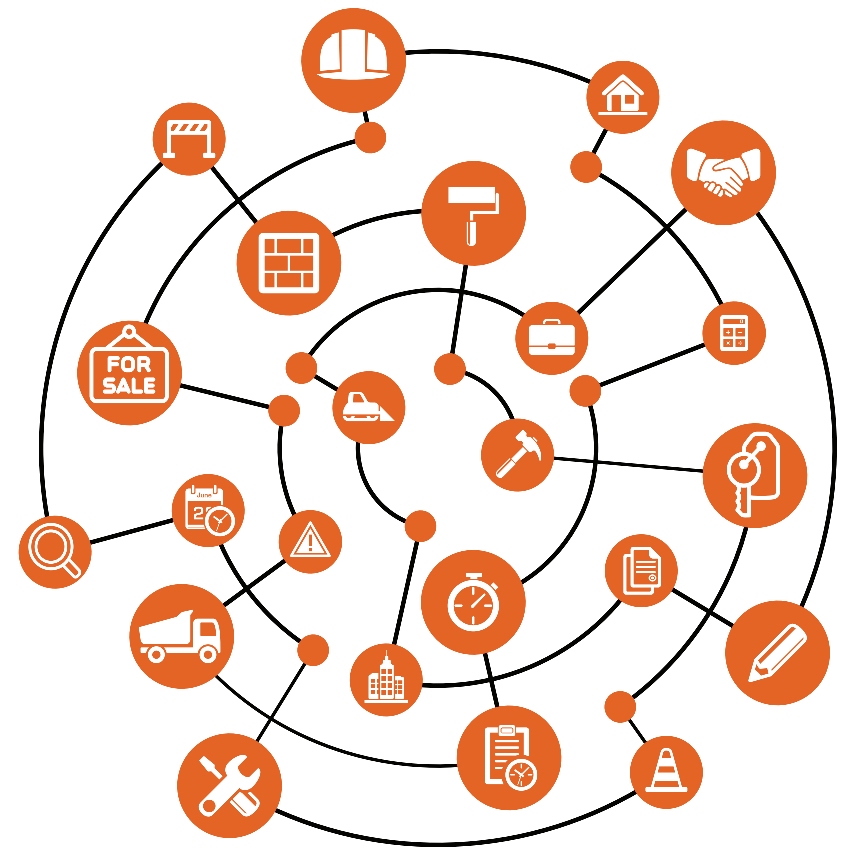


Business Environment

As we move into 2022 with a recovering economy, we are continuing to learn what it takes to be resilient. The construction and real estate (C&RE) industries have embraced the various challenges and environmental changes that have occurred over the past year and have opportunities to carry that momentum and resilience into 2022. In the following section, we will review current business challenges, economic conditions, and business goals for the coming year related to the C&RE industry.

Top Business Challenges

Entering 2021, the pandemic was the top business challenge noted by a majority of businesses. The effects of the pandemic may continue to provide uncertainties and challenges for the industry during 2022, but generally, the pandemic is no longer viewed as the top challenge facing businesses. The U.S. and Tennessee economies both grew at strong rates during 2021. Many economic forecasts are predicting some slowing of the economy in 2022 compared to 2021, but most are predicting continued strong growth. As we move into a post-pandemic environment, materials, supplies and equipment cost, acquiring and retaining talent, and domestic economic conditions become the more significant challenges.



TOP BUSINESS CHALLENGES

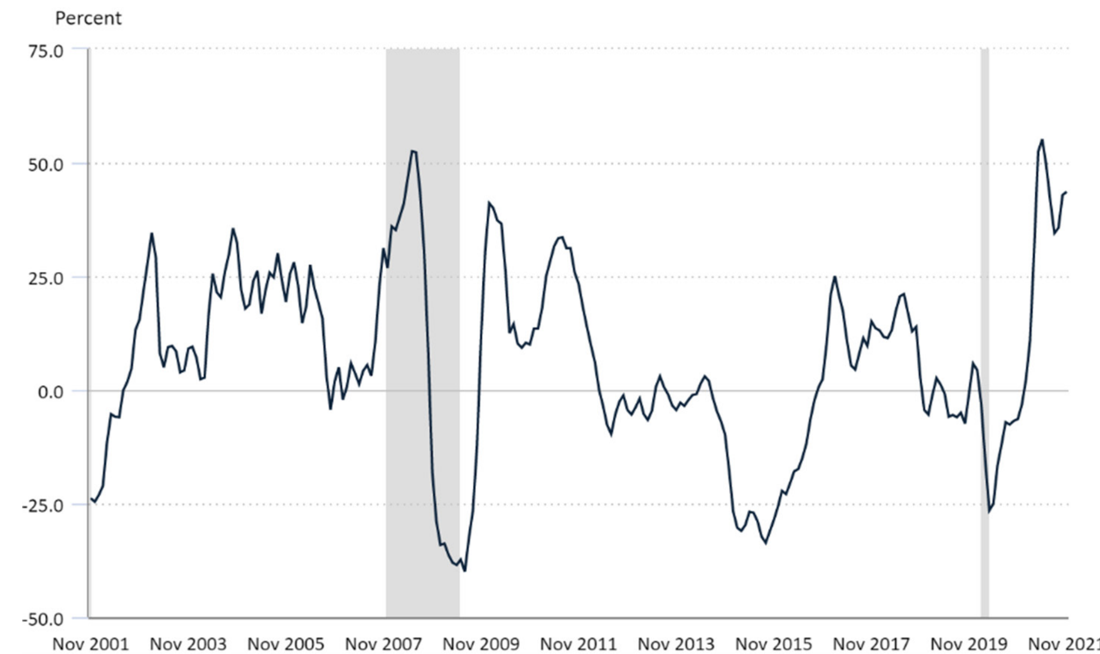
Materials/Supplies/Equipment Cost

As reported in Construction Executive[27], the industry has watched lumber, copper, steel, aluminum and other prices of inputs to construction skyrocket nearly 21% over the past year, with natural gas and steel experiencing the highest increases. The U.S. remains the leading importer of raw materials, and the supply chain issues have disproportionately challenged enterprise. Beyond the cost and shortage of materials, the cost of transporting raw materials by sea was up 1,150% compared to pre-pandemic costs. These challenges along with rising labor costs are causing project owners to pay more to get projects completed. In other instances, project owners are postponing projects, exacerbating a growing backlog.

Many of our construction contractor clients are having to purchase much of their job materials and supplies up front to reduce the risk of project delays due to the continued disruption in domestic and global supply chains. As a result, contractors are experiencing greater requirements of cash flow at project inception, which is requiring them to rethink the terms of their contracts and the working capital requirements necessary to support operations.

The real estate industry is doing well in the U.S., and the Middle Tennessee market is thriving with many people and investors moving to the area from out of state. The greatest challenge throughout 2021 in Tennessee for real estate has been the lack of inventory and project delays on new builds due to land shortages, increased costs and permitting. Development delays have created a supply and demand imbalance.

U.S. import price indexes for industrial supplies and materials, 12-month percent change



Note: Shaded area represents recession, as determined by the National Bureau of Economic Research. Source: U.S. Bureau of Labor Statistics, https://www.bls.gov/charts/import-export/us-import-price-indexes-by-category-12-month-percent-change.htm

27. Construction Executive, "2022 Construction Economic Forecast."

TOP BUSINESS CHALLENGES

Acquiring and Retaining Talent

Finding workers has been an ongoing challenge that escalated during the pandemic due to employee health and enhanced unemployment benefits. Our LEA Global partner firm[28] noted 41% of executives are making finding and paying skilled labor a top priority and ranking labor shortages as the biggest threat to construction businesses. Based on conversations with our clients, we would expect this statistic to be even higher in Tennessee.

In April 2021, the number of available, unfilled construction job openings rose to 351,000, which is one of the highest readings in the history of tracking by the U.S. Bureau of Labor Statistics.[29]

While finding skilled talent has been a challenge across industries, getting skilled laborers is particularly challenging in the construction industry. The pool of talent is lower, and the hiring costs are higher. Many contractors are seeking to engage young workers in high school as a potential solution.

Members of the youngest generation of the workforce are especially averse to the notion of taking on student debt. Accordingly, members of this generation may be more open to the types of pathways to the middle class that the construction trades offer. We are finding that they are more open to a variety of pathways that construction trades offer in 2022.

Available Construction Job Openings, January 2005 – October 2021

Source: U.S. Bureau of Labor Statistics, https://www.bls.gov/jlt/

28. Marcum LLP, “2021 Marcum National Construction Survey.”
29. U.S. Bureau of Labor Statistics, “Job Openings and Labor Turnover Survey.”

TOP BUSINESS CHALLENGES

Acquiring and Retaining Talent (cont.)

The U.S. needs 1 million new construction workers[30] in the next two years. The average U.S. construction worker is 43 years old, and young people aren't lining up to work in construction. The construction industry shut down for a few months during the pandemic — but was quickly deemed essential, allowing paused projects to continue. In that short shutdown time, the sector lost more than 1 million workers. The industry has recouped nearly 80% of its workforce[31] since then but is still down 238,000 workers from pre-pandemic levels as of June, according to the Labor Department.

To address the challenge of attracting and retaining talent, the industry is offering paid apprenticeship training programs and vocational skills training programs. The Associated Builders & Contractors (ABC) members reportedly invested $1.3 billion in 2020[32] alone to train talent.

In addition, engaging younger workers is a focus of many groups such as Associated General Contractors (AGC) and ABC, and this strategy will be critical going forward. Companies are getting creative in how they attract workers and are beginning to partner with high schools and community colleges to create their own training programs to help mitigate the labor shortage.

The labor issue in the construction industry has opened a door for more opportunities for women and minorities. According to the U.S. Bureau of Labor Statistics,[33] women occupy only 10.9% of construction industry jobs. Austin Woman magazine reported that only 13% of construction firms in the U.S. are owned by women.

In a September 2021 article on WTVF[34], Metro Nashville announced that it's trying to hire more women-owned and minority businesses to do city work. In 2021, they made a goal of spending $224 million with such companies. As part of the program, $99 million went to women-owned firms and $125 million to other minority-owned firms.

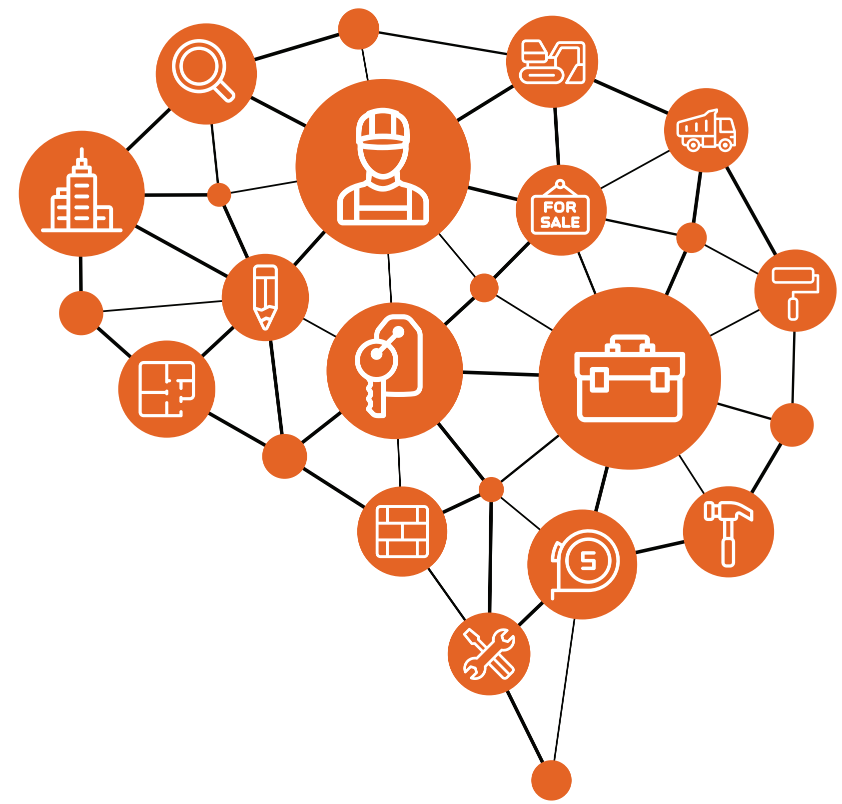
30. CNN Business, "America desperately needs 1 million more construction workers."
31. CNN Business, "Tracking America's recovery."
32. ABC, "Survey: ABC Members Invested $1.3 Billion in Construction Workforce Education in 2020."
33. U.S. Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey."
34. WTVF, "Nashville to use more minority, women-owned businesses, contractors."

CONSTRUCTION & REAL ESTATE

TOP BUSINESS CHALLENGES

Domestic Economic Conditions

Most economic forecasts are predicting continued growth in 2022. However, supply chain issues, talent shortages, and inflationary pressures continue to present headwinds. In addition, with an increase in interest rates likely, the C&RE industry will be wise to pay close attention to policy in the next year.



Growth Opportunities

In real estate, we are seeing an increase in multi-family housing investments, and an increase in the use of HUD financing for these developments. We are serving several of our contractors by performing job cost certification audits required by the Department of Housing and Urban Development for those multi-family housing projects. The Nashville housing market[35] is one of the hottest markets in the U.S. Experts typically consider a market to be healthy and balanced if there is a six-month supply of homes. Nashville has never been this tight with barely over a month's supply of inventory. According to brokers, Nashville is witnessing a record number of out-of-state purchasers primarily driven by significantly lower taxes.

U.S. News 2021-2022 Rankings

Nashville

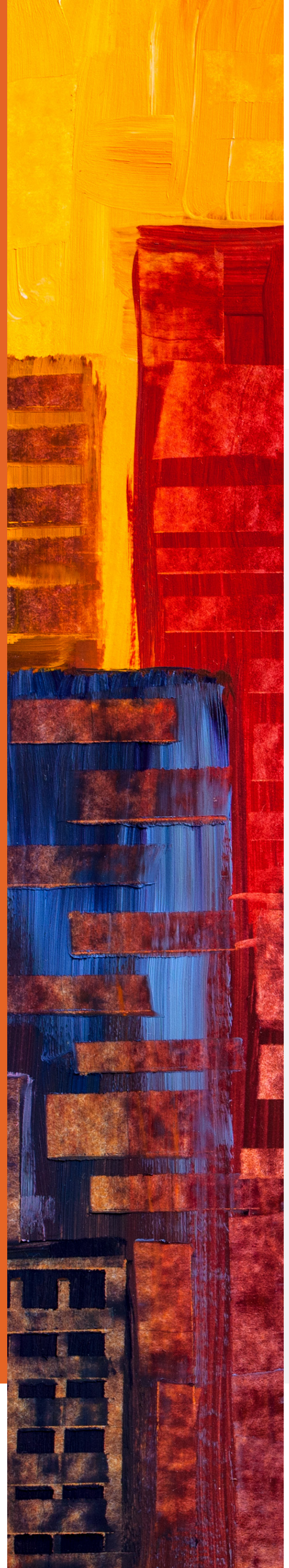
- #30 in Best Places to Live
- #23 in Best Places to Retire
- #1 in Best Places to Live in Tennessee
- #25 in Fastest-Growing Places

35. Norada, "Nashville Real Estate Market: Prices | Trends | Forecasts 2022."

Business Optimism

While the pandemic led to less activity overall, project sizes varied. About a third of companies reported completing larger jobs with 22% reporting smaller jobs. As pandemic related uncertainty levels out, larger jobs will pick up steam, which could lead to additional pressure on the workforce and supply chain. The same survey found that executives are watching the economy with caution, with a majority (77%) managing cash flow to be prepared for a possible recession. Just over half are focusing on sales and marketing to get ready for what's to come.

Most of our Tennessee C&RE clients performed well during 2021 and continue to have strong backlogs going into 2022. The majority are optimistic they will achieve revenue growth in 2022, despite the challenges of finding the right talent, managing the supply chain, and rapidly increasing costs.



Business Performance/ Strategies

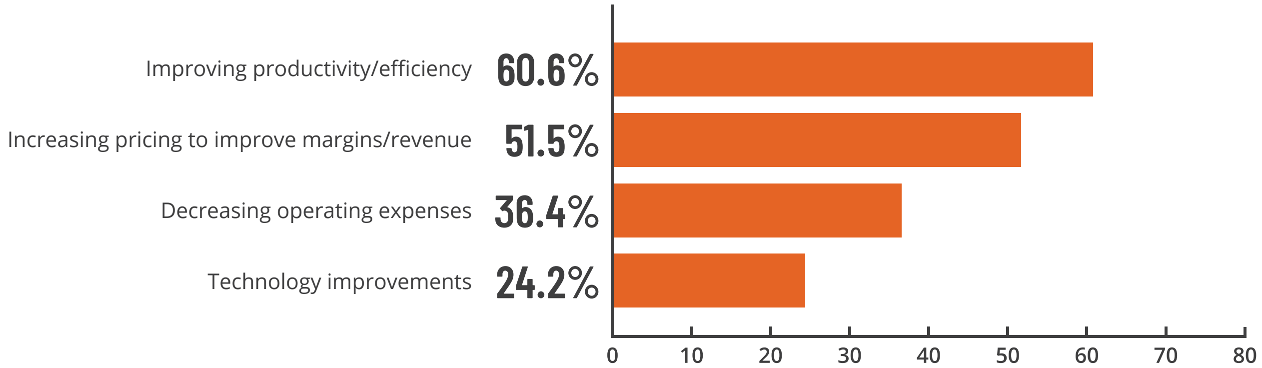
Sales & Profitability Strategies
Capital Spending

Sales & Profitability Strategies

When it comes to strategy for increasing profitability, C&RE companies are most focused on improving their productivity and efficiency in 2022, followed by increasing margins and revenue.

Regardless of the pandemic, some C&RE companies were still able to record a banner year in 2021. C&RE companies expect to grow in their current market over the upcoming three years (79%), with more than half (54%) believing their company will have more opportunities available. A majority (84%) of C&RE companies expect the same or more opportunities over the next three years outside their current markets. Meanwhile, 39% of C&RE companies are prioritizing new market opportunities as a top priority.

Strategies for Increasing Profitability During 2021

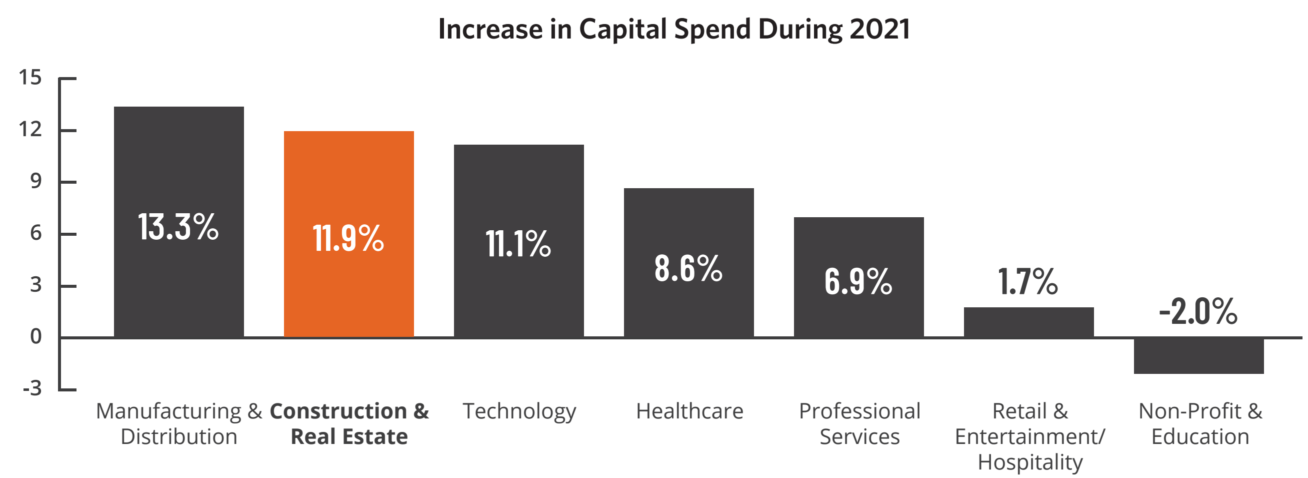


CONSTRUCTION & REAL ESTATE

Capital Spending

We are seeing increased confidence in construction capital spending moving into 2022. In early 2021, only 11.9% of C&RE companies planned to increase capital spending. However, looking ahead to 2022, 31% plan to increase spending while the remaining 57% plan to hold steady.

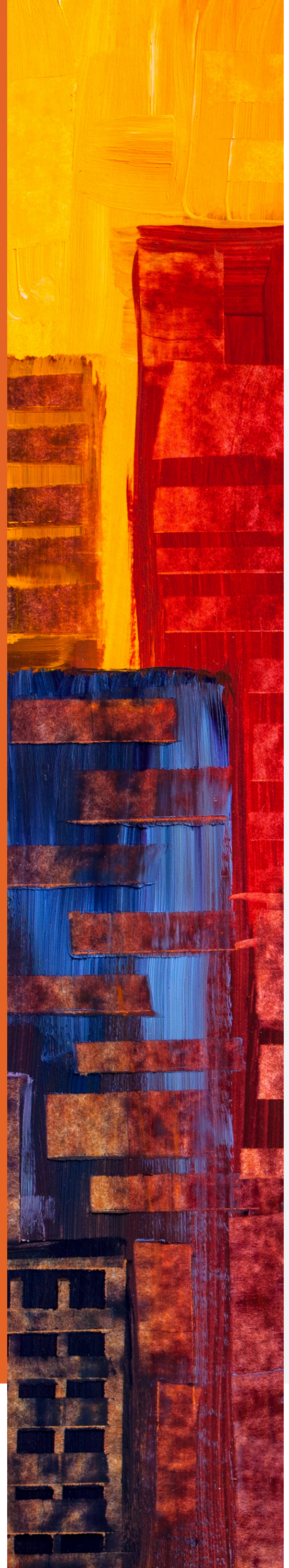
Through 2021, 88% of construction executives said their ability to obtain financing remained the same. Banks were able to service their clients because of PPP loans allowing for limited disruption in spending.



FOUR TOPICS CONTRACTORS SHOULD DISCUSS WITH THEIR TAX ADVISOR

"First, 100% Bonus Depreciation begins to sunset Dec. 31, 2022. If you need additional large equipment, this year would be the year to make that purchase. Second, to take advance of Cost Segregation Studies, real estate development projects need to be completed by Dec. 31, 2022. Third, if you are working on a government building project, make sure you are aware of Section 179D. Finally, if you experienced a drop in revenue for any quarter during 2021, evaluate whether you are eligible for the Employee Retention Credit."

JEFFREY JACKSON, CPA, SENIOR MANAGER, TAX



Key Business Topics

Technology Usage
Cyber & Data Security

Technology Usage

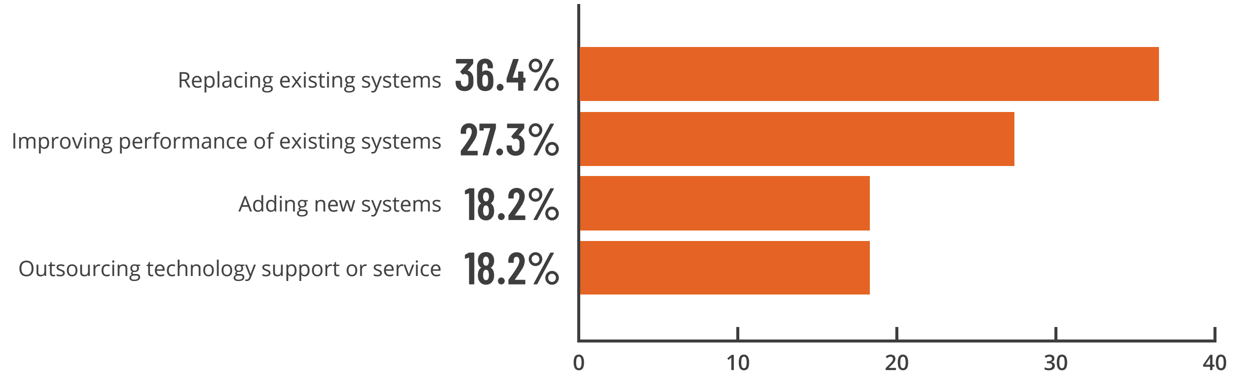
The increased use of technology could improve the industry's productivity as much as 60% and deliver as much as $1.6 trillion annually[36] in incremental value.

Unlike most industries, C&RE companies are more likely to manage their business technology by replacing systems rather than improving existing ones. We expect more than one-third of C&RE companies manage their business technology by replacing existing systems (36.4%). Most other industries in this study selected improving performance of existing systems as their top choice. And when they invest in technology, C&RE companies are most interested in cloud technologies.

More important than ever is the ability to track and measure projects to see if they are on time and on budget. Having modern cloud accounting solutions, document management automation, and a secure IT environment enables businesses to access real-time data and deliver clear and measurable results.

The industry's relatively low technology investment rates could represent a golden opportunity to build a competitive advantage. Investing in the right technology can dramatically increase productivity and strengthen the bottom line, which is a top goal of C&RE companies in 2022.

Current Strategy for Managing Business Technology



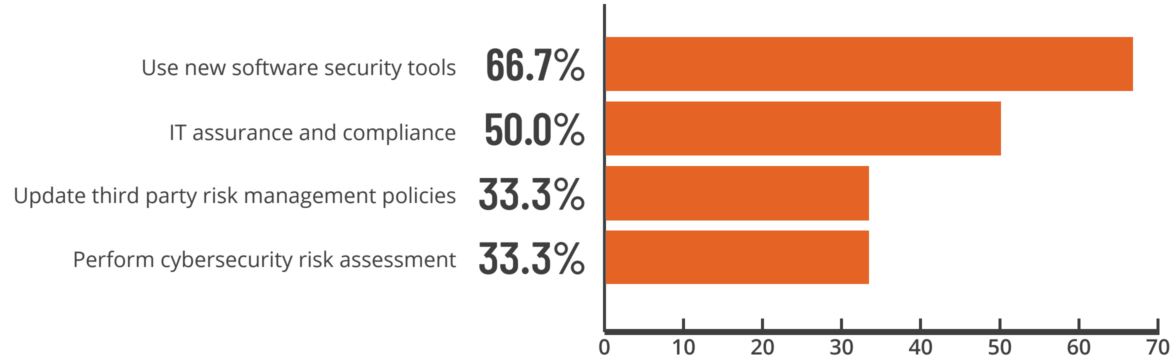
36. McKinsey & Company, "The next normal in construction."

Cybersecurity

Cybersecurity is reportedly not a high priority among C&RE companies, with only 13% of respondents in this industry prioritizing cybersecurity. This statistic was the lowest among all industries in our study. Over the next 12 months, of those C&RE companies that prioritize cybersecurity, two-thirds plan to implement new software security tools.

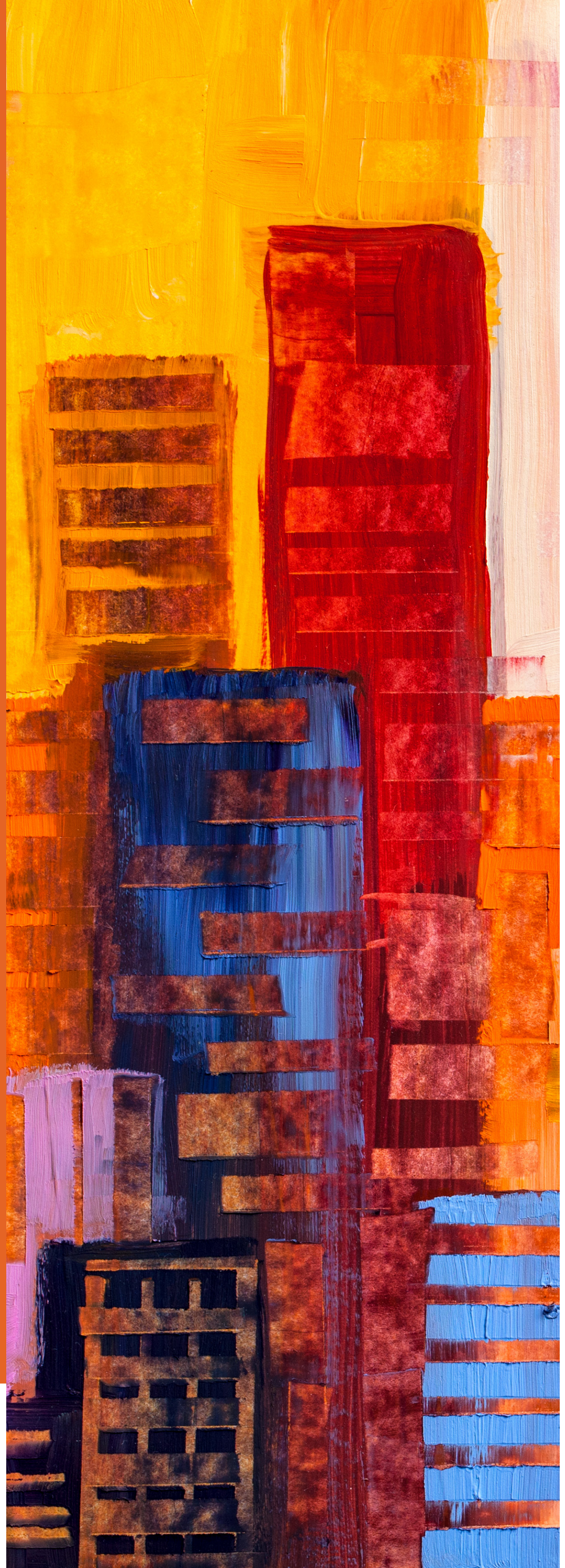
Given the rapid increase, sophistication, and cost of ransomware attacks, IT security issues should be viewed as now operational issues that can halt the ability to conduct business. Without proper preparation and investment in cybersecurity protections, a company's bottom line can be greatly impacted.

Cybersecurity Strategies/Actions During 2021



"The C&RE industry often flies "under the radar" for cybersecurity because there are fewer regulations in place to obligate these entities to implement cyber protections. However, these companies still have lots of sensitive data that should be protected, and as such, they would be well-served to evaluate their cybersecurity risks and take actions to address the risks that are deemed significant."

MARK BURNETTE, CPA, CISA, CISSP, CISM, CRISC, CCSFP, QSA, SHAREHOLDER-IN-CHARGE, INFORMATION SECURITY



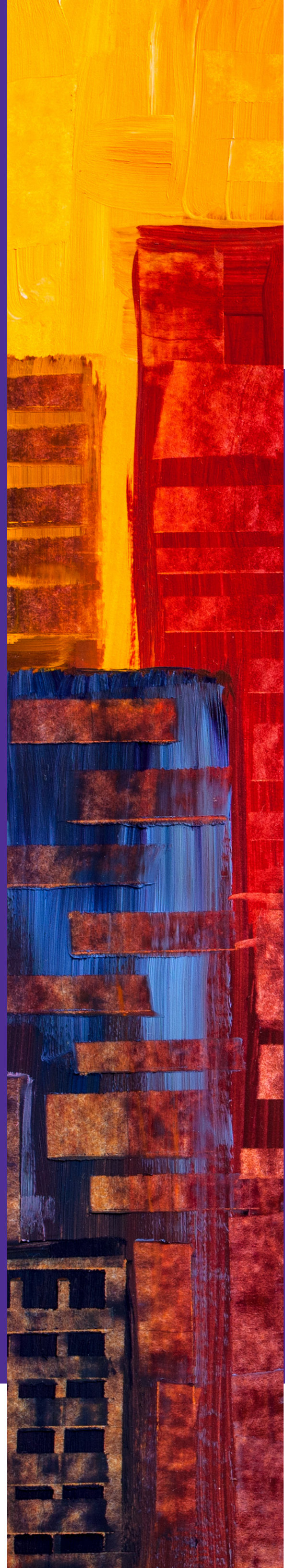
Outlook

The growth opportunities within C&RE companies are expanding, but there will be ongoing challenges to navigate within the supply chain, labor shortages and technology sectors through 2022. We are working with clients in 2022 on overcoming these challenges that will require strong strategy, planning and risk management that could potentially be unfamiliar territory for most C&RE companies.

WHAT IS YOUR NEAR-TERM OUTLOOK FOR LBMC?

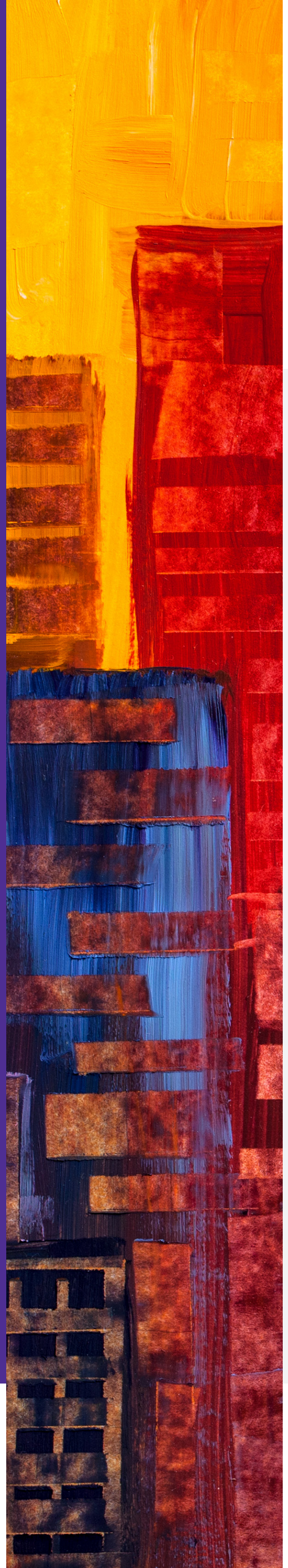
"We've never been more excited. We see the next year as a once-in-a-lifetime opportunity to reset how we work, how we interact with each other, how we interact with our clients, our core values, and expectations for one another. This is an opportunity from a leadership perspective to reflect and make substantive changes across the organization."

JEFF DRUMMONDS, CPA, MANAGING PARTNER AND CEO



Technology

Contributor names and bios listed on page 109.



Business Environment

As we plan for the next 12 months, 2022 is looking to be a year of business growth. The economy is recovering from the pandemic, and we are still adjusting and continuing to pivot. The technology industry fared better than most during the pandemic and has significant opportunities for growth. At the same time, there are challenges to overcome. This article reviews technology industry trends, challenges and business goals for the coming year.

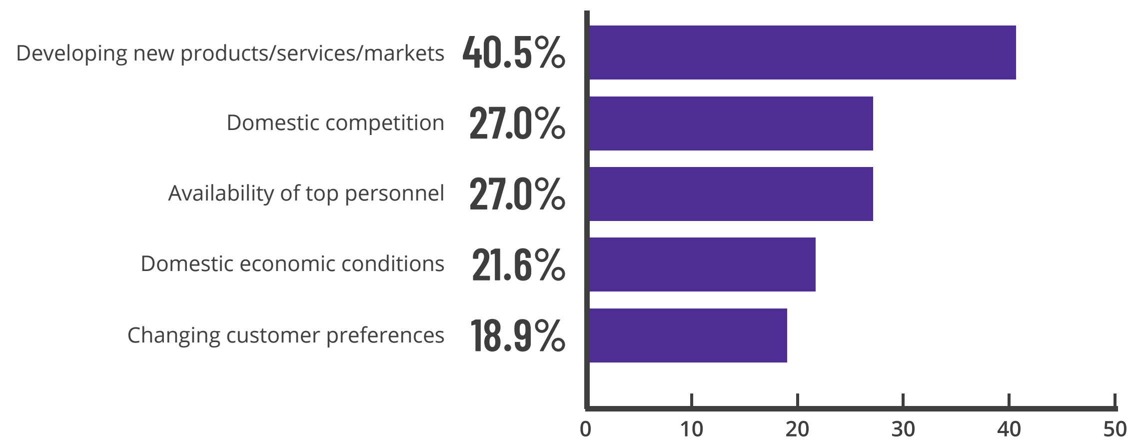
Top Business Challenges

As businesses look to plan in 2022, Gartner[37] reports that they are focused on growth, digitalization and efficiency. The pandemic accelerated new technology adoption by several years across all businesses. Much of the technology adoption has been out of necessity due to a reduced workforce and availability of skilled laborers.

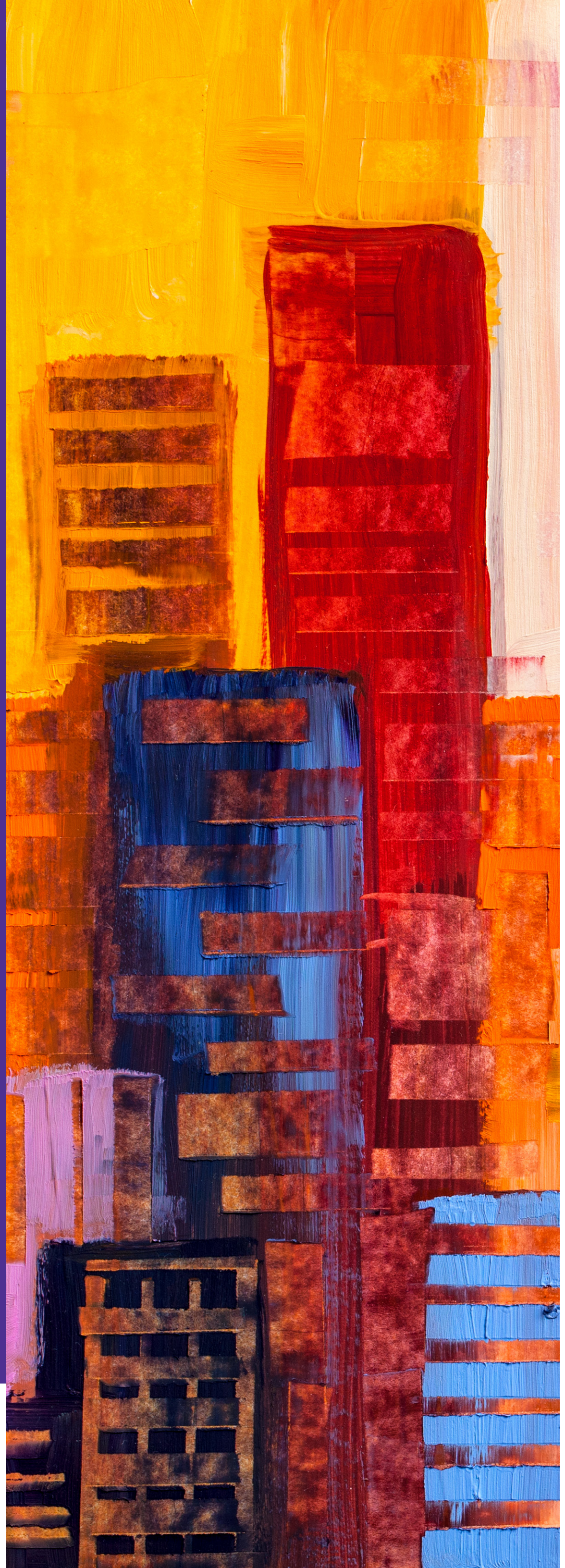
The promise of digital transformation to thrive and outperform competition during these times remains clear, which brings a great challenge to the technology industry. The responsibility to support the technical and digital side of these businesses rests on the shoulders of the technology industry and IT leaders.

As reported in our 2021 survey, developing new products has been a struggle, and we see this continuing to be an issue in 2022. How technology companies have endured has had much to do with their stage of lifecycle and their industry vertical. Young tech companies that were not surviving on revenue but fueling growth from capital have kept themselves to task with platform development. More mature firms either survived or thrived by aligning themselves with the altered economy. Businesses whose technologies align well with remote work, e-commerce, and supply chain have obviously been winners.

Top External Business Challenges



37. Gartner, "Top Strategic Technology Trends for 2022."



Growth Opportunities

Data from consulting firm Bain & Company[38] showed that technology has been leading the way in global economic growth. The largest growth among technology companies is reportedly coming from "born tech" companies, which have technology at the center of their identity. These companies have contributed 52% of total market value growth since 2015. An additional 20% of market value growth has come from companies with a tech-led strategy that augments more traditional models.

Along the same lines, CompTIA's Cyberstates[39] describes the direct economic impact of the technology industry amounts to 10.5% of U.S. economic value, which translates to over $2 trillion. In terms of industry specifics, the International Data Corporation (IDC) projects that the technology industry is on pace to exceed $5.3 trillion in 2022.

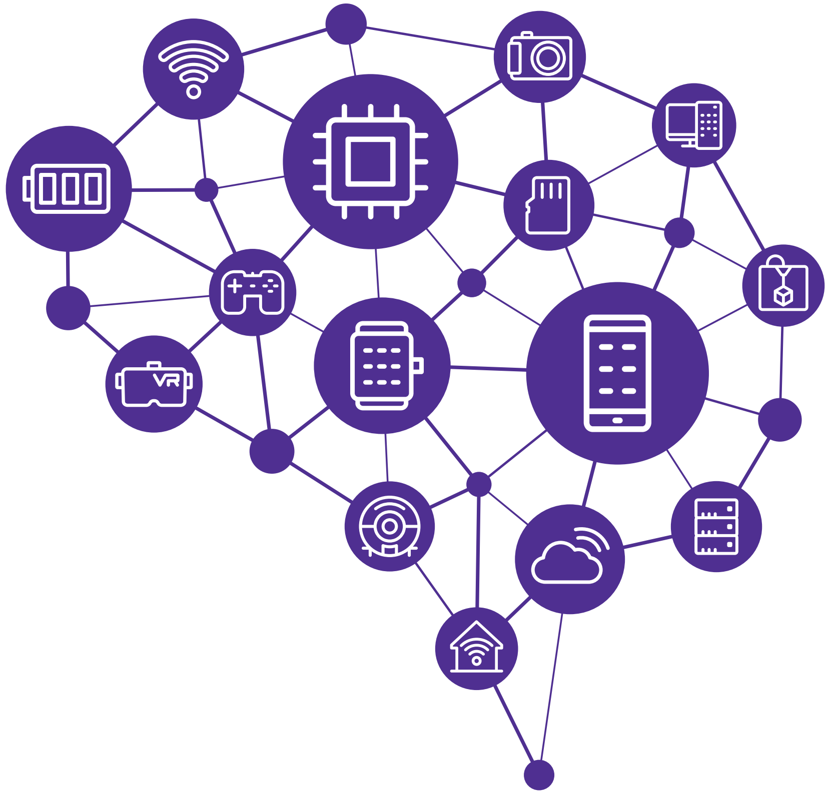
In talking with our technology clients throughout the pandemic, we noted most were adapting quickly to changes in operating structure and product/service demand. We heard and continue to hear optimism with respect to their individual business outlooks, and essentially all businesses have experienced noticeable revenue increases.

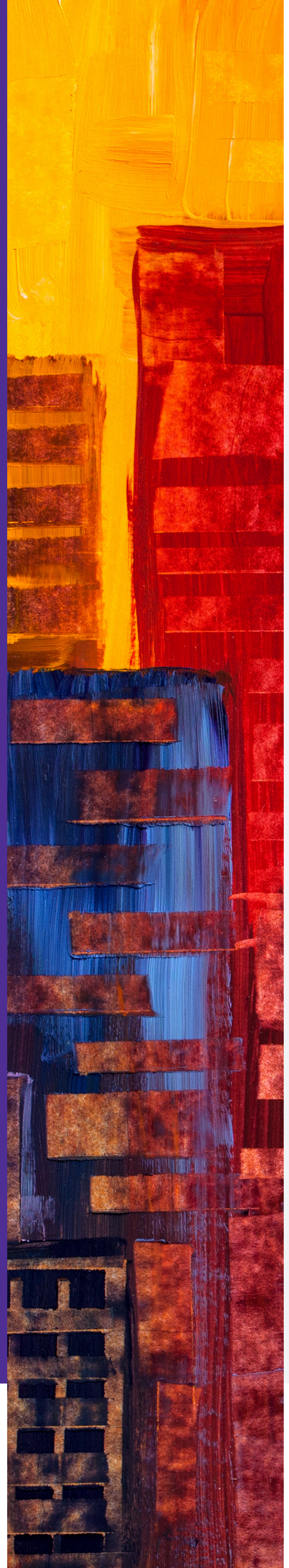
More technology companies are moving to Tennessee, and the Middle Tennessee market in particular, from other states such as California and New York.

38. Bain & Company, "Tech-fueled growth poised to accelerate; Business strategy set to become tech-driven across all sectors."
39. CompTIA, "IT Industry Outlook 2022."

Business Optimism

The technology companies we interact with remain positive, as their revenue models and workforces are still largely in place. Similar to all industries, maintaining a workforce in technology continues to be a challenge. This business challenge may drive some consolidation within verticals in the near future. In addition to these observations, we have noted that M&A activity in the technology space continues to surface at a significant pace.



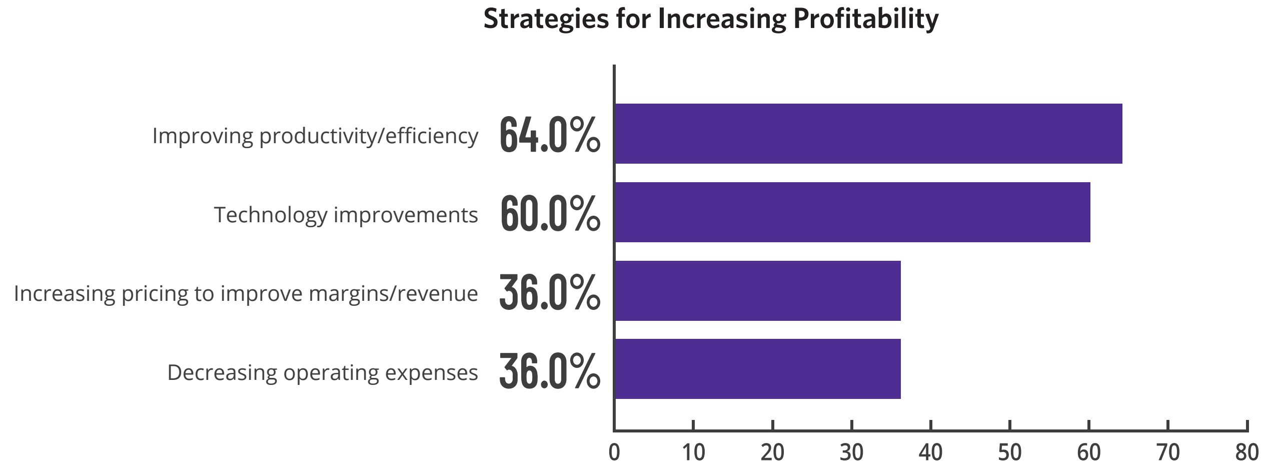


Business Performance/ Strategies

Sales & Profitability Strategies
Capital Spending
Mergers & Acquisitions

Sales & Profitability Strategies

Technology companies plan to improve their productivity, efficiency, and technology in pursuit of greater profitability in 2022. Initially reported in early 2021, technology companies are still focused on primarily selling their products and services (new or existing) to existing markets, with 70% looking to develop new products for existing markets as they move into 2022.



HOW HAS THE PANDEMIC AFFECTED BUSINESS STRATEGIES?

"When you go through something like what we have experienced these past couple years, it puts a spotlight on a lot of things, one being people. Some CEOs are rethinking their succession plans. This pandemic has revealed who has the ability to adapt and manage through uncertainty. It has put a spotlight on the difference between managing and leadership.

On a global basis, technology was a challenge for many businesses. Many were not at all ready to operate in a remote environment, either from a hardware or software perspective. Supply chain management has also been a big issue, resulting in much more visibility for and focus on inefficiencies within supply chains than ever before. "

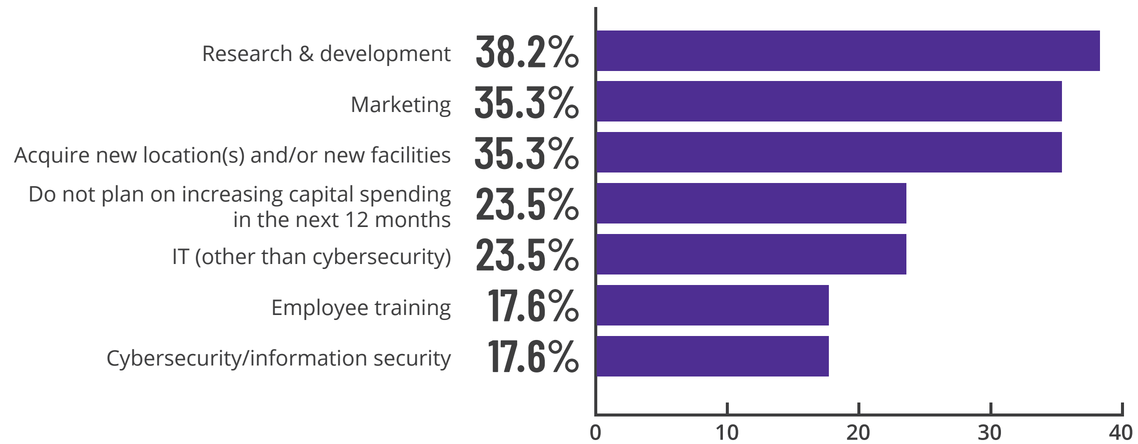
JEFF DRUMMONDS, CPA, MANAGING PARTNER AND CEO

Capital Spending

This year a top concern for technology businesses is how to get their product to market faster. Overall, the LBMC 2021 projections based on CEO input were pretty spot on and continue to hold true for 2022. Unlike other industries, technology businesses were extremely busy with growth and innovation, spending over a third of their capital budgets on research and development, with an increase in capital spend averaging over 11%. A top concern for technology businesses is how to get their product to market faster, so it is no surprise that research and development and marketing has risen to the top.

This is what we noted from last year, and so far, our early observations of 2022 results are similar.

Areas in Which Increased Capital Spend Is Anticipated



"For 2022, businesses will need to keep in mind that any R&D costs, including software development, are no longer fully deductible in the year incurred. For tax purposes, the costs are capitalized and amortized over five years if the activities take place in the U.S. and 15 years if the activities take place outside the U.S."

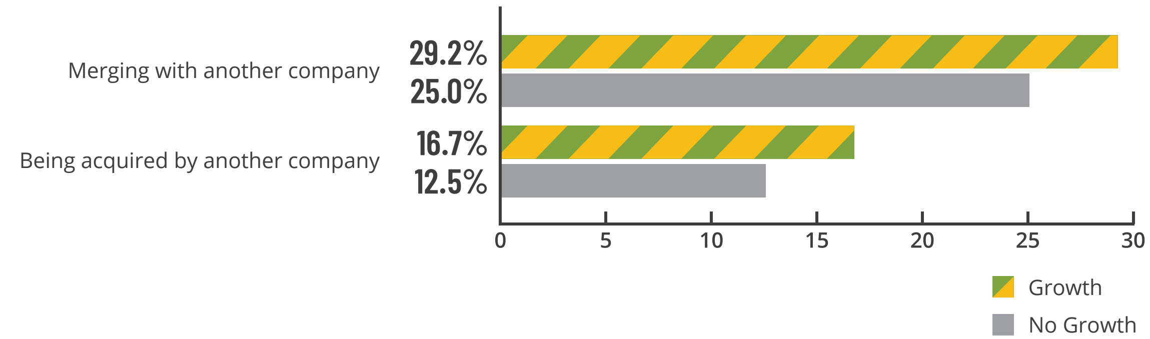
BEN CARVER, CPA, SHAREHOLDER, TAX

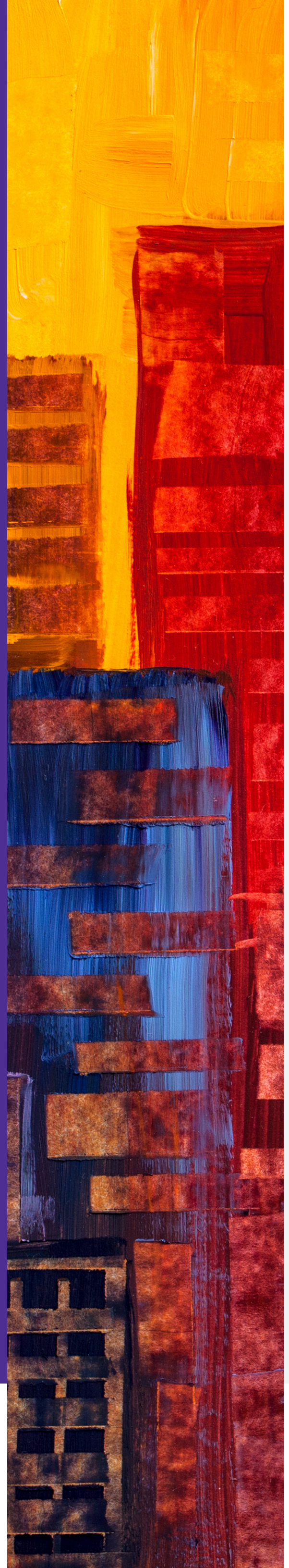
Mergers & Acquisitions

Technology firms have a greater appetite for mergers and acquisitions than any other industry. In our 2021 survey, over 44% of technology firms considered merging with, acquiring, or being acquired by another firm. Growth-oriented technology firms had an even higher likelihood of participating in a merger or acquisition in early 2021, and we don't see that changing in 2022.

The mergers and acquisitions market for technology companies remains strong. Similar to what we found last year, diligence on the buy and sell side as well as tax structure diligence are significant considerations in the M&A process. Technology businesses should be prepared for potential investors when opportunities arise. Taking the time to get financials ready now will pay off in the long run.

Merger and Acquisition Considerations—Growth vs. No Growth





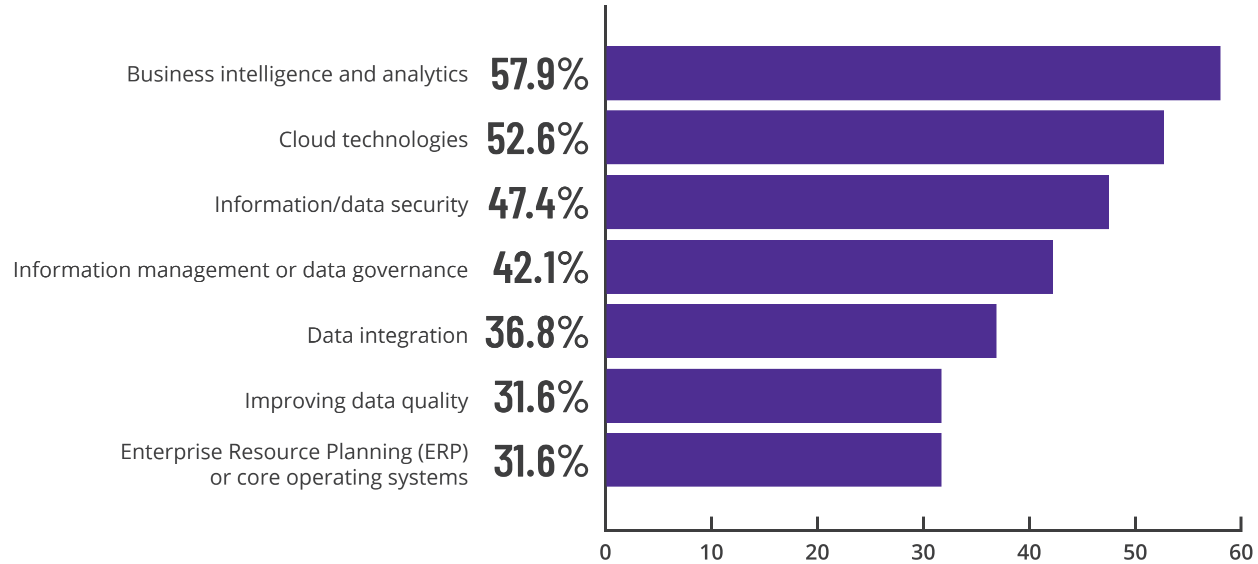
Key Business Topics

Digital Transformation
Cybersecurity
Acquiring and Retaining Skilled Talent

Digital Transformation

Digital transformation trends continued in 2022, and investments in various technologies have accelerated because of the pandemic.

Technologies that Businesses Plan on Investing



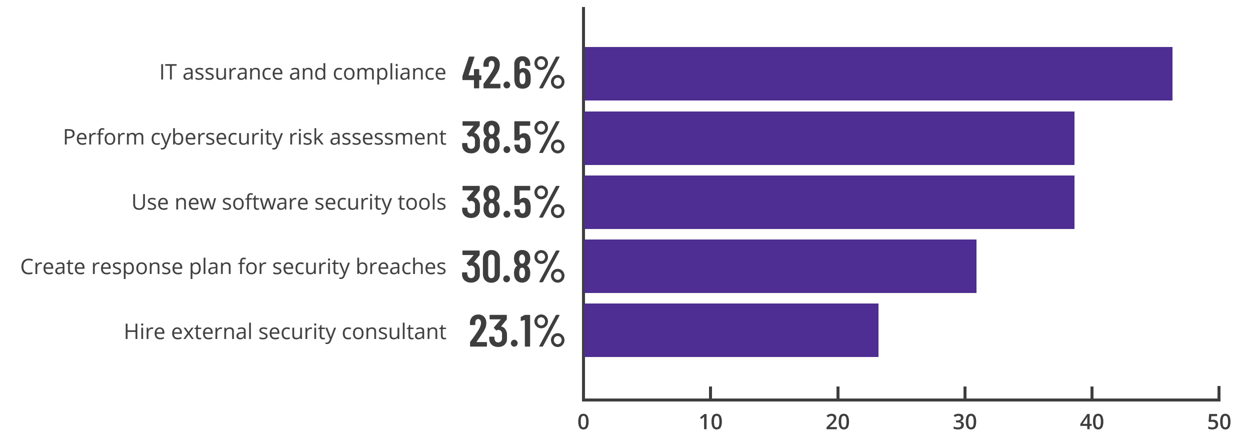
"The most critical piece of a digital transformation is your people. Technology enables and amplifies the potential that your people have. It takes more than technology to bring solutions to our businesses. The human dimension really matters and is valued when it frees your people from a redundant and repetitive task allowing them to be more creative."

STACY SCHUETTLER, PRESIDENT, TECHNOLOGY SOLUTIONS

Cybersecurity

Everyone is talking about security, but the impact is really starting to be felt by all businesses with the rising prevalence of attacks targeting managed service providers. We reported in our early 2021 survey that 37.1% of technology companies plan to prioritize cybersecurity, and we see this slightly increasing as we move into 2022. Reported strategies include 42.6% of businesses planning to conduct IT assurance and compliance upgrades.

Cybersecurity Strategies/Actions



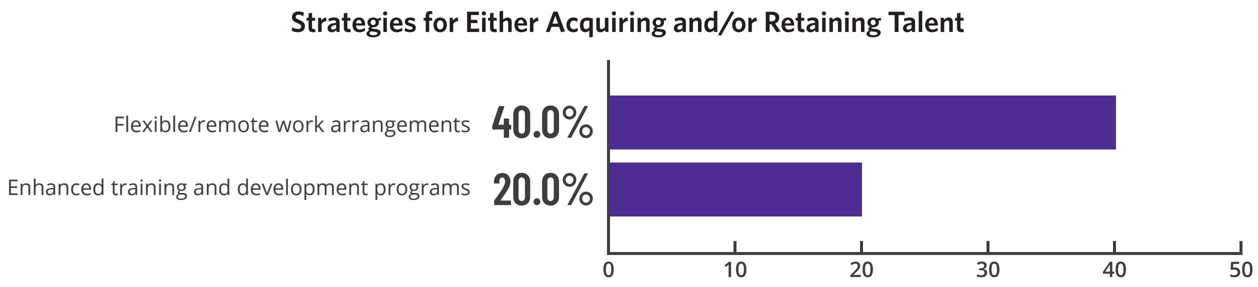
"Companies that make investments in cybersecurity controls, processes, and tools want to know that those investments are providing the intended security protections and associated risk reduction. As such, many organizations are commissioning IT security assessments to validate that their cybersecurity programs are working as management intended."

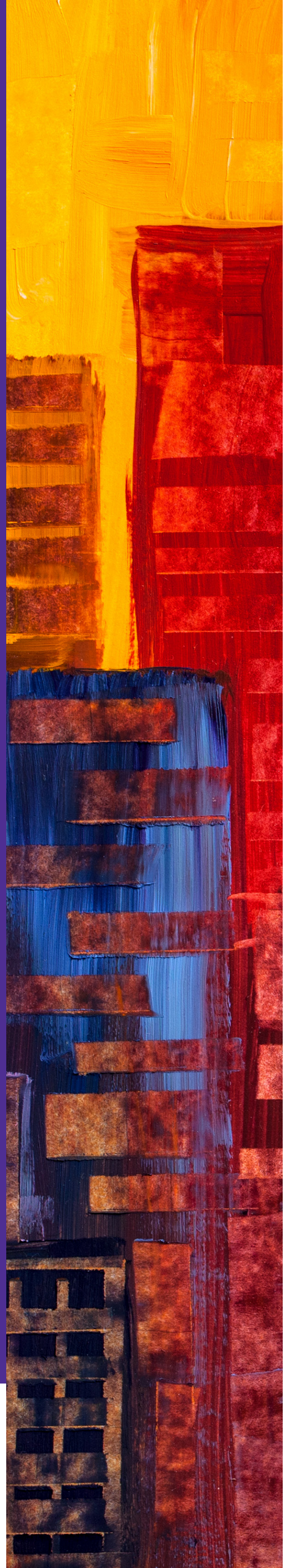
MARK BURNETTE, CPA, CISA, CISSP, CISM, CRISC, CCSFP, QSA, SHAREHOLDER-IN-CHARGE, INFORMATION SECURITY

TECHNOLOGY

Acquiring and Retaining Skilled Talent

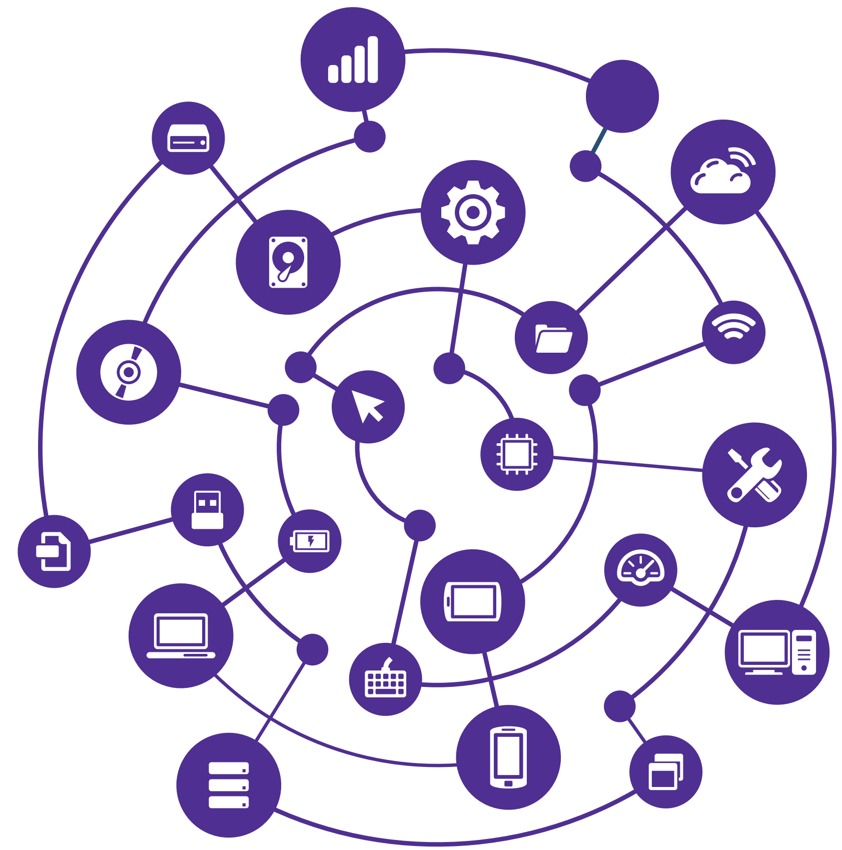
As with all other industries, technology companies continue to see a high demand for technical talent. The tools and solutions are becoming more and more advanced, and the expert talent to manage those applications is becoming harder to recruit. As we regain balance in 2022, providing flexible or remote work arrangements continues to be a top hiring strategy for the technology industry and a top challenge.

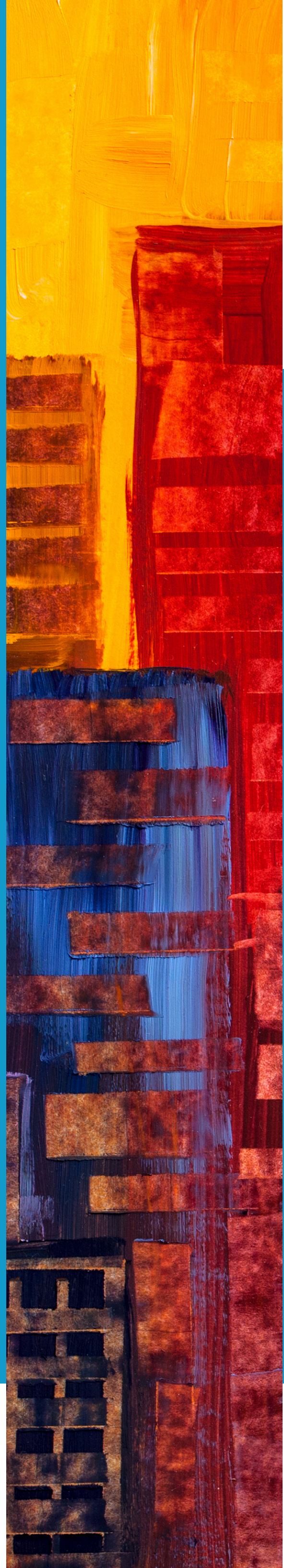




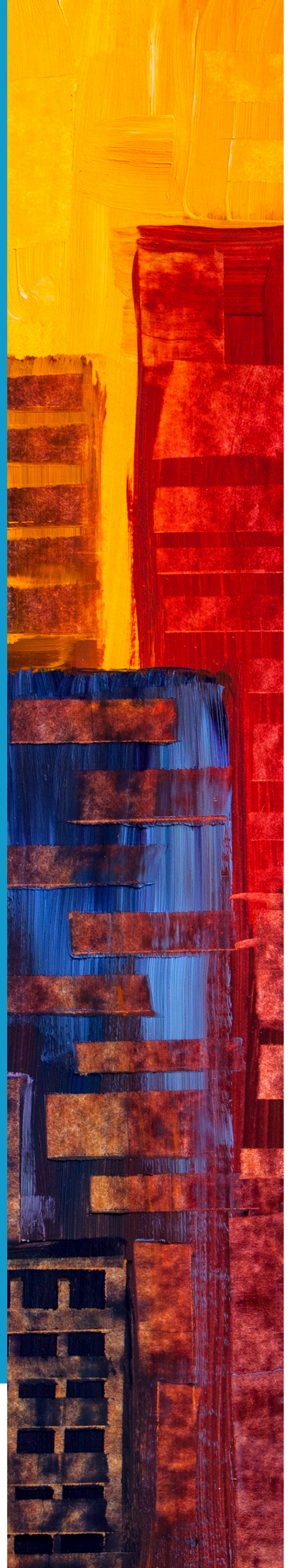
Outlook

The technology industry performed better than other industries during the pandemic, and these companies remain optimistic regarding their business outlooks over the next year. At the same time, several challenges remain. Like other industries, the technology industry must wrestle with continuing to acquire and retain top talent. In addition, these companies will have to prioritize developing new products to stay ahead. That said, we believe the technology industry will accelerate at a rapid rate and are bullish about opportunities in this space in the next 12 months.





LBMC Advisory Solutions



Businesses need advisory solutions

We hope you have enjoyed this report and found some valuable insights that you can use in your planning this year. We would like to thank our experts for taking the time to share their industry insights.

As part of our research and 2022 strategic planning, we found that advisory services were our clients' top priority as they looked toward the future, pivoting from challenges related to the pandemic. As such, we are proud to announce the 2022 expansion of our LBMC Advisory Solutions service line to provide a deeper bench to help leaders grow their business.

Today, we show clients how to expand faster and help them make timely decisions to react in the marketplace, and that's been of great value in this rapidly changing environment. The fully integrated advisory group builds custom strategies and solutions that help clients meet their business needs with a trusted partner.

In a complex environment, it helps to have someone who can identify issues or opportunities and implement solutions on demand. We scale up resources to support internal teams. Then as they grow, we help transition those capabilities in-house.

"Growth is in knowledge. We think it's valuable for our clients to know what's going on in their industry and their market, and we're there to grow their knowledge through education and guidance. At the end of the day, what we're really doing is advising and helping out where we can. Our clients say, 'LBMC keeps me aware of the things I need to be thinking about.' And that's the biggest compliment."

SUZANNE REED, CHIEF MARKETING OFFICER, LBMC

EVOLVING WITH THE TIMES AND GROWING WITH OUR CLIENTS:

More than just a firm, LBMC is a family of companies that helps businesses and high-net-worth individuals thrive through a range of comprehensive capabilities including tax, audit, technology, procurement, recruiting, human resources, risk and information security, and advisory solutions.

As clients grow and evolve, so does LBMC. Named a 2021 National Top 3 Pacesetter for Growth, LBMC had growth rates of over 25% by bringing on capabilities like data analytics and a new growth and innovation group that integrates creative thinking with business strategy to identify new opportunities for breakthrough. Backed by experience and insight, the group guides leadership teams and helps businesses supplement their capabilities in planning, product development, user experience, and more.

Contact us if we can help you reach your goals in the new year.

LBMC Contributors

Courtney Bach
Courtney Bach, CPA, is a Shareholder in the Audit and Advisory division of LBMC, PC, and works exclusively on the healthcare industry. Courtney has directed audit, consulting and due diligence healthcare engagements for for- profit and not-for-profit hospitals, behavioral health providers, continuing care retirement communities, independent and assisting living facilities, nursing homes and hospice care organizations. Bach serves as a speaker for numerous organizations covering accounting and auditing issues and has authored several articles related to issues impacting healthcare entities and the broader profession.

Andrew Bissonnette
Andrew Bissonnette, CPA, is a Shareholder and the Healthcare Practice leader at LBMC, PC. A 20+ veteran in the healthcare and public accounting spaces, Andrew serves as the client service or technical consulting shareholder on a number of healthcare engagements, including not-for-profit and for-profit hospitals, behavioral health, hospice, surgery and imaging centers, home health providers, continuing care retirement communities, physician practice management, and pharmacy. His previous experience includes practicing with local certified public accounting firms in Natchez, Mississippi. He is an active participant in LEA Global's Leading Edge Alliance Healthcare Special Interest Group. Andrew served on the board of directors of the Nashville Health Care Council for the 2012/2013 fiscal year, where he was the representative board member for the public accounting industry. Additionally, he was a prestigious member of the Nashville Business Journal's Healthcare Heroes in 2009.

Brad Bonde
Brad Bonde, CPA, is a Shareholder in the Transaction Advisory Services division of LBMC, PC. He has over 17 years of experience, including time spent with a Big 4 firm, GE Healthcare, and a national public accounting firm. He serves as a technical accounting and auditing review expert for LBMC and frequently assists clients with buy-side and sell-side financial due diligence, including post-transaction accounting consulting and working capital settlements.

Jennifer Costello
Jennifer Costello, CPA, is a Shareholder in the audit division of LBMC, PC and is a Segment Leader for Construction and Real Estate. She has worked in public accounting since 2000, specializing in the construction, engineering, HVAC, manufacturing, and not-for-profit industries. Jennifer brings additional value to her clients with her practical knowledge of internal controls, which was further advanced by her experience working in the industry for a period of her professional career.

Buck Freeman
Buck Freeman, CPA is a Shareholder in the audit division of LBMC, PC specializing in healthcare audits and accounting consulting projects. Over the last couple of years, Buck has been managing several ASC 842 projects, helping publicly-traded and privately-held companies prepare for transition. He has several articles published on the new lease accounting rules, has developed several internal tools to help simplify the transition for his clients, and speaks at various seminars on the topic. Buck also consults on accounting for complex transactions, including business combinations (ASC 805) and complex leasing transactions (ASC 840 and 842). On the audit front, he manages several healthcare engagements for hospitals, hospital systems, laboratory, behavioral health providers, home health providers, DME, and healthcare IT. Buck joined the Nashville office in 2010 after working in software for four years. His experience includes healthcare consulting services, financial software development, and consulting with hospital CFOs and controllers.

John Mark McDougal
John Mark McDougal, CPA, is a Shareholder and Practice Leader for LBMC's Accounting and Assurance Practice. He works primarily with privately owned, middle market companies, where ownership is held by private equity groups or by families. His clients have been involved in buy-side acquisitions, as well as having been acquired themselves, and he has served as a business advisor in both capacities.

James R. (Jim) Meade, Jr.
Jim Meade, CPA is a Shareholder in the LBMC Audit and Advisory practice. Jim has over 25 years of accounting and auditing experience serving clients in a variety of industries. Jim is the firm partner in charge of technology industry sector and focuses on venture capital and private equity firms and their portfolio companies, primarily technology start-up enterprises, growth stage companies, and acquisition-oriented businesses.

Lisa Nix
Lisa Nix, CPA, is a Shareholderin the audit division of LBMC, PC and Practice Leader of the LBMC Transaction Advisory Services practice. Lisa has over 25 years of experience, including serving as a Managing Director within a Big 4 firm's national M&A Transaction Services Group. Her experience includes transactions from <$10m to >$7b in size across a number of industries with deep expertise in healthcare.

Stephen Reed
Stephen Reed, CPA, is a Manager with the LBMC Audit and Advisory practice. Stephen is an experienced auditor focused on managing healthcare engagements including behavioral health providers, surgery centers, rural hospitals, and clinic-based facilities. He also works with healthcare clients on consulting engagements. Stephen is well versed in purchase accounting and assisting in creating financial/accounting baseline policies, procedures and operations for his clients who are start-up enterprises or private equity/venture capital-backed companies with a focus on growth/acquisition.

Marc Tolleson
Marc Tolleson, CPA, is a Shareholder in the Audit division of LBMC. Along his career, Tolleson has provided services to a number of private equity-owned portfolio companies and has significant experience in mergers and acquisitions, with both strategic and financial buyers. As an audit services partner, he specializes in providing assurance and business consulting services for start-ups to companies with annual revenues of $1 billion.

Andrew J. Usery
Andrew J. Usery, CPA/CIA/CMA/CFM, is a Shareholder with the LBMC Audit and Advisory practice and a Segment Leader for Manufacturing, Distribution, and Retail. Andrew is an experienced business advisor specializing in financial audits, accounting consulting, and mergers and acquisitions for privately held entities. His focus industry is manufacturing and distribution, serving private-equity backed, foreign-owned, and local/family-owned companies. He also serves retail companies and FINRA-regulated broker-dealer clients.

LBMC

Footnotes

1. "2Q 2021 Middle Market Indicator," National Center for the Middle Market, accessed January 14, 2022, https://www.middlemarketcenter.org/performance-data-on-the-middle-market.
2. "Here's what the 2021 global semiconductor shortage is all about," Tech Wire Asia, accessed January 14, 2022, https://techwireasia.com/2021/10/heres-what-the-2021-global-semiconductor-shortage-is-all-about/.
3. "The COVID-19 Labor Shortage: Exploring the disconnect between businesses and unemployed Americans," SHRM, accessed January 14, 2022, https://advocacy.shrm.org/wp-content/uploads/2021/07/SHRM-Research_The_Employment_Picture_Comes_Into_Focus.pdf.
4. "CEOs See Growth in 2021, Marked by 3 Shifts," Gartner, accessed January 14, 2022, https://www.gartner.com/smarterwithgartner/ceos-see-growth-in-2021-marked-by-3-shifts.
5. "Global M&A Report: Q3 2021," PitchBook, accessed January 14, 2022, https://files.pitchbook.com/website/files/pdf/PitchBook_Q3_2021_Global_M_A_Report.pdf.
6. "Digital Transformation Trends in 2022," LBMC Technology Solutions, accessed January 14, 2022, https://www.lbmc.com/blog/digital-transformation-trends/.
7. "Economic Forecast for the U.S. Economy," The Conference Board, accessed January 14, 2022, https://www.conference-board.org/research/us-forecast.
8. "Goldman Sachs cuts U.S. GDP growth forecast for 2022 over Omicron fears," Reuters, accessed January 14, 2022, https://www.reuters.com/markets/us/goldman-sachs-cuts-us-gdp-growth-forecast-2022-over-omicron-fears-2021-12-04/.
9. "Economists Downgrade U.S. Growth Prospects for Remainder of Year," Bloomberg, accessed January 14, 2022, https://www.bloomberg.com/news/articles/2021-09-10/economists-downgrade-u-s-growth-prospects-for-remainder-of-year.
10. "Consumer spending jumps despite inflation surge," CBS News, accessed January 14, 2022, https://www.cbsnews.com/news/holiday-shopping-rise-retail-spending/.
11. "An Economic Report to the Governor of the State of Tennessee," The Haslam College of Business at The University of Tennessee, accessed January 14, 2022, https://haslam.utk.edu/wp-content/uploads/2021/12/ERG2022.pdf.
12. "Tennessee Business Leaders Survey," Boyd Center for Business and Economic Research, accessed January 14, 2022, https://haslam.utk.edu/boyd-center/tennessee-business-leaders-survey.
13. "Financial Stimulus Accountability Group," Department of Finance & Administration, accessed January 14, 2022, https://www.tn.gov/finance/looking-for/stimulus-financial-accountability-group.html.
14. "Fiscal Recovery Funds Technology Investment Request," Department of Finance & Administration Strategic Technology Solutions, accessed January 14, 2022, https://www.tn.gov/content/dam/tn/finance/documents/financial-stimulus-accountability-group/STS_ARP.pdf.
15. "Tennessee - State Economic Profile," IBISWorld, accessed January 14, 2022, https://www.ibisworld.com/united-states/economic-profiles/tennessee/.
16. "The Staffing Crisis Will Dominate 2022 Finance Trends," HealthLeaders, accessed January 14, 2022, https://www.healthleadersmedia.com/finance/staffing-crisis-will-dominate-2022-finance-trends-heres-what-do-about-it.
17. "Cyber insurance premiums, costs skyrocket as attacks surge," TechTarget, accessed January 14, 2022, https://www.techtarget.com/searchsecurity/news/252507932/Cyber-insurance-premiums-costs-skyrocket-as-attacks-surge.
18. "Three Trends Expected to Accelerate for Healthcare Providers in 2022," Forbes, accessed January 14, https://www.forbes.com/sites/forbestechcouncil/2021/11/29/three-trends-expected-to-accelerate-for-healthcare-providers-in-2022/.
19. "Health Care Industry Challenges and Opportunities in 2022," Linchpin SEO, accessed January 14, 2022, https://linchpinseo.com/challenges-facing-the-health-care-industry/.
20. "Telehealth: A quarter-trillion-dollar post-COVID-19 reality?" McKinsey & Company, accessed January 14, https://www.mckinsey.com/industries/healthcare-systems-and-services/our-insights/telehealth-a-quarter-trillion-dollar-post-COVID-19-reality.
21. "M&A Quarterly Activity Report: Q3 2021," KaufmanHall, accessed January 14, https://www.kaufmanhall.com/insights/research-report/ma-quarterly-activity-report-q3-2021.
22. "2021 4th Quarter Manufacturers' Outlook Survey," National Association of Manufacturers, accessed January 14, https://www.nam.org/2021-4th-quarter-manufacturers-outlook-survey/.
23. "Supply Chain Collaboration in Wholesale Distribution," SAP, accessed January 14, https://blogs.sap.com/2021/08/20/supply-chain-collaboration-in-wholesale-distribution/.
24. "Webinar: Manufacturing Success in 2022 - Critical Industry Trends for the Year Ahead," IndustryWeek, accessed January 14, https://www.industryweek.com/webinars/webinar/21176907/manufacturing-success-in-2022-critical-industry-trends-for-the-year-ahead#anythinghere.
25. "Big 50 Distributors Forecast 2022 Issues & Trends," Industrial Distribution, accessed January 14, https://www.inddist.com/big-50/article/21808986/big-50-distributors-forecast-2022-issues-trends.
26. "Security Awareness Training Explosion," Cybercrime Magazine, accessed January 14, https://cybersecurityventures.com/security-awareness-training-report-2017/.
27. "2022 Construction Economic Forecast," Construction Executive, accessed January 14, https://www.constructionexec.com/article/2022-construction-economic-forecast.
28. "2021 Marcum National Construction Survey," Marcum LLP, accessed January 14, https://info.marcumllp.com/2021-marcum-national-construction-survey.
29. "Job Openings and Labor Turnover Survey," U.S. Bureau of Labor Statistics, accessed January 14, https://www.bls.gov/jlt/.
30. "America desperately needs 1 million more construction workers," CNN Business, accessed January 14, https://www.cnn.com/2021/07/08/economy/construction-worker-shortage/index.html.
31. "Tracking America's recovery," CNN Business, accessed January 14, https://www.cnn.com/business/us-economic-recovery-coronavirus.
32. "Survey: ABC Members Invested $1.3 Billion in Construction Workforce Education in 2020," ABC, accessed January 14, https://www.abc.org/News-Media/News-Releases/entryid/18774/survey-abc-members-invested-1-3-billion-in-construction-workforce-education-in-2020.
33. "Labor Force Statistics from the Current Population Survey," U.S. Bureau of Labor Statistics, accessed January 14, https://www.bls.gov/cps/cpsaat18.htm.
34. "Nashville to use more minority, women-owned businesses, contractors," WTVF, accessed January 14, https://www.newschannel5.com/news/nashville-to-use-more-minority-women-owned-businesses-contractors.
35. "Nashville Real Estate Market: Prices | Trends | Forecasts 2022," Norada, accessed January 14, https://www.noradarealestate.com/blog/nashville-real-estate-market/.
36. "The next normal in construction," McKinsey & Company, accessed January 14, https://www.mckinsey.com/~/media/McKinsey/Industries/Capital%20Projects%20and%20Infrastructure/Our%20Insights/The%20next%20normal%20in%20construction/The-next-normal-in-construction.pdf.
37. "Top Strategic Technology Trends for 2022," Gartner, accessed January 14, https://www.gartner.com/en/information-technology/insights/top-technology-trends/top-technology-trends-ebook.
38. "Tech-fueled growth poised to accelerate; Business strategy set to become tech-driven across all sectors," Bain & Company, accessed January 14, https://www.bain.com/about/media-center/press-releases/2021/2021-tech-report.
39. "IT Industry Outlook 2022," CompTIA, accessed January 14, https://connect.comptia.org/content/research/it-industry-trends-analysis/.