

CLEAR SIGHT MONITOR

Business Consulting – Q4 2017

Market Perspective

Public Market Performance

Sector Spotlight

Q4 M&A Activity



Greg Treger

Co-Founder &
Managing Director

[Email Greg](#)
(Control + Click to email)

Business Consulting 2017: Our Year in Review

2017 was a busy year – from politics to crypto-kitties, from the euphoric public markets to the solar eclipse – it was a year that gave us a lot to talk about. There's plenty to discuss in business consulting too. This year was a great one for our business consulting practice area with the close of many notable transactions. Below are some of our headline consulting transactions of 2017:

- **[Huron acquires Innosight, March 2017](#)**: Built by leading strategic thinkers and co-founded by renowned strategy consultant, Mark Johnson, and Harvard Business School professor and author, Clayton Christensen, Innosight is a growth strategy firm focused on helping companies navigate disruptive change, enable innovation, and manage strategic transformation. Innosight has more than 90 employees and a global footprint with locations in the United States, Singapore and Switzerland. Huron and Innosight will use their combined strategic, operational and technology capabilities to help clients across multiple industries develop pioneering solutions to address disruption and achieve sustained growth.
- **[Accenture acquires First Annapolis, March 2017](#)**: Founded in 1991 and headquartered in Annapolis, Maryland, First Annapolis provides advisory services to stakeholders across the payments ecosystem. It serves a wide range of clients globally, including leading financial institutions, retailers, travel and entertainment companies, communications/technology companies, and private-equity firms. The addition of First Annapolis – with its proven expertise across the payments value chain – will complement Accenture's consulting and digital capabilities in the payments sector.
- **[UDG Healthcare acquires Vynamic, July 2017](#)**: Vynamic is a leading management consulting firm spanning all sectors of the interwoven healthcare industry. Vynamic's primary service offerings include: brand strategy, planning and launch, advanced commercial operations capabilities, strategic transformation & integration, product design & implementation, change leadership and business intelligence & analytics. UDG's Ashfield division is a global leader in commercialization services for the pharmaceutical and healthcare industry, operating across two broad areas of activity: commercial & clinical services, and communications services. The acquisition of Vynamic is in line with Ashfield's strategy to expand its advisory services to the healthcare industry. It is the company's first management consultancy acquisition and offers services which are highly complementary to the existing range of services provided by Ashfield.
- **[Accenture acquires IBB Consulting, October 2017](#)**: IBB Consulting serves as convergence specialists to leading broadband, media, mobile and technology companies. IBB Consulting's deep industry focus – that spans network infrastructure, software, content and devices – enables global clients to pioneer new products and services, develop innovative business models and successfully execute business operations. Following the acquisition, approximately 160 of IBB Consulting's highly skilled professionals are expected to join the Accenture Strategy CMT industry practice. The acquisition will expand Accenture's capabilities in delivering strategy services for CMT clients with pioneering strategic thinking around key industry issues such as networks, digital video and IPTV, digital transformation, next generation mobility, internet of things (IoT), M&A, cloud, advanced advertising, data analytics and insights, marketing optimization, and international growth.

Reflecting on 2017, we are very grateful for a tremendous year here at ClearSight. We are thankful to our clients, colleagues, families, and business partners for making this year's success possible. Now, on to the next one! We look forward to working together and staying in touch in 2018.



Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 29-Dec-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
Accenture	\$ 153.09	96.6 %	\$ 97,627	\$ 94,761	2.6 x	2.4 x	2.3 x	16.2 x	14.1 x	13.0 x	16.3 %
Cap Gemini	118.74	93.5	20,595	23,193	1.6	1.5	1.4	12.6	10.5	9.6	12.7
CBIZ	15.45	89.6	884	1,130	1.3	1.3	1.2	12.6	10.4	9.9	10.7
CRA International	44.95	95.0	415	395	1.1	1.0	1.0	12.8	NA	NA	8.7
Franklin Covey	20.75	93.0	290	331	1.7	1.5	1.4	NA	20.9	NA	3.2
FTI Consulting	42.96	94.1	1,696	1,999	1.1	1.1	1.0	12.5	9.2	NA	9.0
Heidrick & Struggles	24.55	90.6	478	372	0.6	0.6	0.6	6.4	6.3	NA	9.5
Huron Consulting	40.45	79.2	932	1,298	1.8	1.7	1.6	13.4	11.8	11.0	13.3
ICF International	52.50	90.6	1,019	1,242	1.0	1.0	0.9	11.0	9.8	9.1	9.5
Korn Ferry	41.38	93.9	2,410	2,376	1.5	1.4	1.3	11.8	8.8	8.4	12.4
Navigant Consulting	19.41	73.4	940	1,107	1.2	1.1	1.1	8.6	7.8	7.7	13.5
Resources Connection	15.45	78.0	493	508	0.8	0.7	0.7	12.8	10.5	8.6	8.1
High		96.6 %	\$ 97,627	\$ 94,761	2.6 x	2.4 x	2.3 x	16.2 x	20.9 x	13.0 x	16.3 %
Median		91.8	936	1,186	1.3	1.2	1.1	12.6	10.4	9.4	10.1
Mean		89.0	10,648	10,726	1.4	1.3	1.2	11.9	10.9	9.7	10.6
Low		73.4	290	331	0.6	0.6	0.6	6.4	6.3	7.7	3.2

Source: Capital IQ, market data as of 29-Dec-2017

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Dec-2017

LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Dec-2017

Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

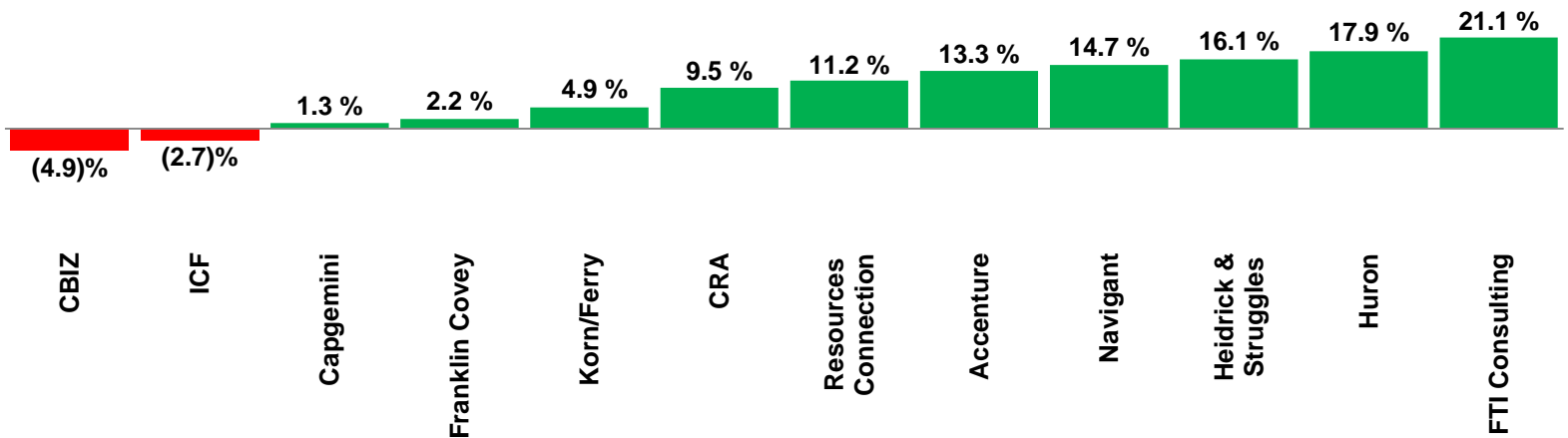
PUBLIC MARKETS

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 29-Dec-2017

Share Price Performance Q4 2017



Source: Capital IQ, market data as of 29-Dec-2017

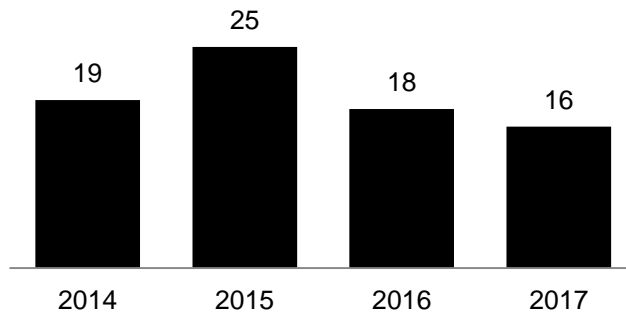
Big Four Update

The “Big Four” – Deloitte, EY, KPMG, and PwC – are undoubtedly some of the biggest consulting powerhouses globally. As they are all currently under private ownership, we don’t often highlight their performance in this Monitor (aside from tracking their M&A activity). This quarter, we bring you an update on the Big Four - their headcount, M&A activity, and recent news, below:

Deloitte.

FY2017 Revenue:
\$33.8bn
Headcount as of Sep-14-2017:
~264,000 employees

of Acquisitions



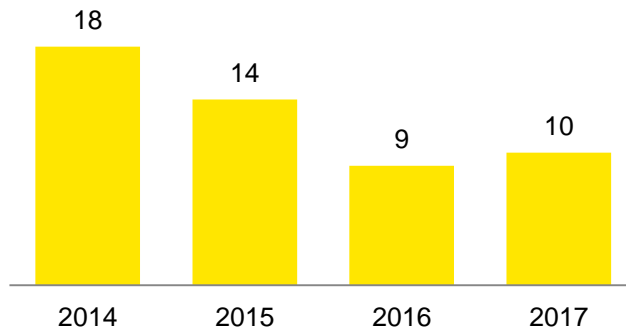
Notable News of 2017

- June:** Deloitte announces joint IoT offerings with HPE to serve manufacturing, retail, workplace, and entertainment venues [Link](#)
- March:** Deloitte named a global leader in Strategy Business Consulting by IDC MarketScape [Link](#)



FY2017 Revenue:
\$31.4bn
Headcount as of Sep-05-2017:
~250,000 employees

of Acquisitions



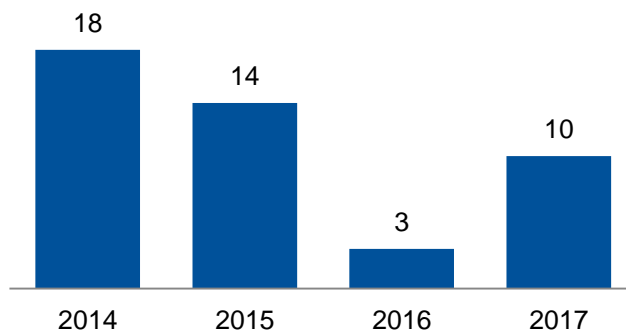
Notable News of 2017

- November:** EY expands European teams’ presence to advance blockchain development worldwide [Link](#)
- March:** EY launches EY wavespace™, a global network of growth and innovation centers to help clients achieve radical breakthroughs [Link](#)



FY2017 Revenue:
\$26.4bn
Headcount as of Sep-30-2017:
~197,000 employees

of Acquisitions



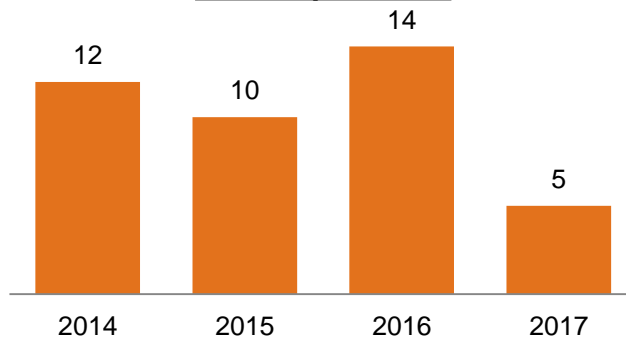
Notable News of 2017

- December:** KPMG revenues grows strongly to record \$26.4bn [Link](#)
- May:** KPMG breaks ground on \$400mm learning, development, and innovation facility in Lake Nona [Link](#)



FY2017 Revenue:
\$37.7bn
Headcount as of Oct-04-2017:
~236,000 employees

of Acquisitions
















Notable News of 2017

- October:** PwC revenues grow by 7% to record \$37.7bn [Link](#)
- March:** PwC expands Global Business and Digital Transformation relationship with Microsoft [Link](#)

Source: Company websites, Capital IQ, market and M&A data as of 29-Dec-2017

FEATURED TRANSACTIONS

Q4 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/14/2017			<ul style="list-style-type: none"> Infront Consulting is a consulting boutique for digital strategy and transformation in the German-speaking countries Infront Consulting will be the future spearhead of strategy consulting on digital transformation within the KPS Group
12/13/2017			<ul style="list-style-type: none"> IMA Consulting, a full-service healthcare consulting firm, and Revint Solutions, a provider of revenue integrity and recovery services to healthcare markets, merged their respective businesses, creating a new platform offering a full suite of technology-enabled revenue integrity and recovery solutions The merger was facilitated by a majority investment from New Mountain Capital
12/11/2017			<ul style="list-style-type: none"> NSBN is a provider of tax planning and consulting services catering to the real estate and entertainment industries CliftonLarsonAllen expanded presence in Los Angeles through the acquisition
12/8/2017			<ul style="list-style-type: none"> Holland Square Group is a healthcare IT consulting services provider specializing in the Cerner ecosystem The acquisition positioned ALKU to continue to expand and diversify its highly specialized service offerings to the Healthcare IT market
12/7/2017			<ul style="list-style-type: none"> Paragon Solutions is a high-end commercial business consultancy with depth in health and life sciences and IT expertise in digital transformation and systems integration Paragon strengthened CGI's position in the key metropolitan growth region encompassing the Greater New York City/New Jersey and Philadelphia metro markets
12/6/2017			<ul style="list-style-type: none"> Nyras is an international aviation consultancy and the only consultancy in the air transport industry authorized by the Financial Conduct Authority (FCA) to undertake commercial and transactional advisory services in the aviation sector Nyras deepened the capabilities of PA's global aviation team
12/5/2017			<ul style="list-style-type: none"> Gatehouse Consulting is a full-service agency offering strategic communications support, primarily in the areas of internal change management, employee engagement, employee benefits, recruiting, and training and development The acquisition of Gatehouse complemented Arthur J. Gallagher's existing communications consulting operations and opened up significant cross-selling opportunities
12/5/2017			<ul style="list-style-type: none"> Water Street Healthcare Partners acquired Alliance Life Sciences, a provider of contracting, pricing, reimbursement, and commercial support services to life sciences organizations, and Health Strategies Group, a provider of market access intelligence and strategic recommendations to pharmaceutical professionals Water Street combined these two companies into their existing portfolio company, The Access Group
12/4/2017			<ul style="list-style-type: none"> Sandler & Travis Trade Advisory Services is a global trade management consultancy formerly owned by law firm Sandler, Travis, & Rosenberg The acquisition provided United Parcel Service with a robust portfolio of trade management services and positioned UPS to be the global customs broker of choice
11/29/2017			<ul style="list-style-type: none"> The Burchfield Group is a provider of pharmacy benefit consulting, auditing and health plan Medicare and Medicaid compliance services Aon expanded their U.S. Pharmacy practice through the acquisition
11/20/2017			<ul style="list-style-type: none"> Bridgepoint Consulting is a management consulting firm that delivers a broad range of financial operations, risk/compliance, and technology services The acquisition strengthened Addison Group's presence in several high-growth Texas markets

Q4 2017 Business Consulting M&A Transactions























Announced	Target	Buyer	Target Description / Deal Rationale
11/2/2017	 Quorum Consulting	 NAVIGANT	<ul style="list-style-type: none"> Quorum Consulting is a consulting firm that provides commercial readiness, reimbursement strategy, and market access services to medical technology, pharmaceutical/biotechnology, and laboratory diagnostics clients The addition of the experienced Quorum professionals, as well as the firm's methodologies, expanded Navigant's capabilities in the life sciences industry
11/2/2017	 Dominion Consulting	 TERATHINK	<ul style="list-style-type: none"> TeraThink and Dominion Consulting, both information technology and management consultancies focused on the federal government, combined in a merger of equals in which TeraThink remained the surviving corporate entity The newly formed company will double its size to \$80 million in annual revenue evenly allocated across defense and federal civilian customers
11/2/2017	 CAST Management Consultants	 westMONROE	<ul style="list-style-type: none"> CAST Management Consultants is a consulting firm specializing in performance optimization solutions for the financial services industry West Monroe Partners expanded their presence in the Los Angeles area as a result of the acquisition
11/1/2017	 compensation & benefit solutions	 ALVAREZ & MARSAL	<ul style="list-style-type: none"> Compensation & Benefit Solutions is a provider of compensation and benefit services to clients across the United States The addition of Compensation & Benefit Solutions is consistent with Alvarez & Marsal's forward-looking growth strategy, providing the opportunity to scale its Executive Compensation & Benefits practice and expand into new markets
11/1/2017	 bugInsights.com HR Analytics Rewards Management Tool	 Deloitte.	<ul style="list-style-type: none"> Deloitte acquired Bug Insights' HR Analytics rewards management tool, which evaluates trade-off and workforce preference data to gather personalized employee information The acquisition helped streamline Deloitte's rewards and recognitions programs
11/1/2017	 BottomLine Group	 OPTIMUS SBR Management Consulting	<ul style="list-style-type: none"> BottomLine Group is a consultancy with industry expertise in strategic growth, learning and enablement, business transformation, sourcing and optimization, and risk management Optimus SBR added new capabilities and expanded their industry depth as a result of the acquisition
11/1/2017	 Accretive SOLUTIONS	 RESOURCES CONNECTION	<ul style="list-style-type: none"> Accretive Solutions is a professional services firm that offers capabilities in accounting and finance, enterprise governance, business technology, and business transformation This \$37mm acquisition (\$19.4mm cash; \$1.2mm Resources Connection stock) provided Resources Connection with a number of key growth opportunities in the U.S., particularly in the middle market and with startup companies
11/1/2017	 DUFF & PHELPS	 PERMIRA	<ul style="list-style-type: none"> Duff & Phelps is a global valuation and corporate finance advisor Permira Advisers, a private equity firm, acquired the Duff & Phelps for \$1.75bn
10/30/2017	 YSC	 Graphite Capital	<ul style="list-style-type: none"> YSC Consulting is a provider of leadership strategy consultancy services Graphite Capital, a private equity firm, made an undisclosed investment to back the management buyout of YSC Consulting; the MBO was for ~\$99mm
10/20/2017	 TEBC Ltd.	 FosterDenovo	<ul style="list-style-type: none"> TEBC is a provider of employee benefits consultancy services Foster Denovo integrated the operations of TEBC with its own SecondSight employee benefits division, offering additional and enhanced services to TEBC clients
10/17/2017	 datascope	 IDEO	<ul style="list-style-type: none"> Datascope Analytics is a provider of data science consulting and designing services Ideo added 15 data scientists to their team as a result of the acquisition

Q4 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
10/16/2017	CATALYST Enduring Excellence	LIVINGBRIDGE	<ul style="list-style-type: none"> Catalyst Development is a provider of regulatory-driven change, organizational improvement, and talent development programs to global financial markets companies Livingbridge, a private equity firm, invested an undisclosed amount into Catalyst
10/10/2017	Q-ATM	Renovite Transforming payments	<ul style="list-style-type: none"> Q-ATM is a U.K.-based payments consulting company The addition of Q-ATM's consulting capabilities complemented Renovite's payments products and professional services capabilities
10/6/2017	BANYAN CONSULTING GROUP	HUB	<ul style="list-style-type: none"> Banyan Consulting Group is a provider of consultancy services for employee benefits and company wellness programs Hub International expanded their presence in North and South Carolina through the acquisition
10/5/2017	DIBRINA SURE GROUP	Arthur J. Gallagher & Co.	<ul style="list-style-type: none"> DiBrina Group is a provider of human resources, employee benefits, wealth management, and life insurance consulting and brokerage services to clients throughout Ontario The acquisition expanded the benefits and HR consulting capabilities within Arthur J. Gallagher & Co.'s existing Canadian operations
10/4/2017	williamswoodward	Agilyx	<ul style="list-style-type: none"> Williams Woodward is a U.K.-based business and technology consultancy The acquisition expanded Agilyx's strategy and delivery capabilities in UK and Ireland markets
10/4/2017	PURSUIT Healthcare Advisors CONDUENT Healthcare Provider Consulting business; Breakaway Group	Atos	<ul style="list-style-type: none"> Atos, a global provider of IT services, acquired the following healthcare consulting companies: Pursuit Healthcare Advisors, Conduent's Healthcare Provider Consulting business, and Conduent's Breakaway Group These companies brought recognized industry expertise within healthcare consulting to enable Atos to expand its presence in the fast-growing U.S. digital health IT market
10/4/2017	MEISTER CONSULTANTS GROUP IFOK A CADMUS COMPANY	CADMUS	<ul style="list-style-type: none"> The Cadmus Group, a consultancy specializing in energy, homeland security and all-hazard preparedness, climate, sustainable transportation, public health, and international development, acquired IFOK and Meister Consultants Group, both sustainability consulting firms
10/3/2017	CompuCom.	Office DEPOT	<ul style="list-style-type: none"> CompuCom is a provider of IT services, products, and solutions that enable the digital workplace for small, midsize, and enterprise businesses Office Depot acquired CompuCom in a ~\$1.1bn acquisition to pivot the company from a traditional office products retailer to a broader business services and technology products platform
10/2/2017	Xebec	ACP ARLINGTON CAPITAL PARTNERS	<ul style="list-style-type: none"> Xebec is a highly specialized provider of human intelligence solutions and services to customers in the Intelligence Community The acquisition of Xebec continued Washington, D.C.-based private equity firm Arlington Capital Partners' history of investing in companies within the national security community

RECENT DEALS



 <i>has been acquired by</i>  <small>A portfolio company of</small>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR
 <i>has licensed key IP assets to</i>  <small>Building a better working world</small> FINANCIAL ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  <small>A portfolio company of</small>  SELL-SIDE ADVISOR	 <i>has been acquired by</i>  SELL-SIDE ADVISOR

We would like to thank all of our clients, colleagues, and friends for helping to reinforce ClearSight as the *leader* in advising high-end technology and business services companies.



ABOUT US

ClearSight Advisors is a premier, independent investment bank dedicated to providing world-class M&A and capital raising solutions exclusively to growth-oriented Technology and Business Services companies. ClearSight combines deep market insights across software, services, and data. This market knowledge combined with superior strategic and financial advice allows ClearSight to act as a catalyst, enabling entrepreneurs, private equity owners, and boards of directors to successfully advance their vision. ClearSight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information, please visit www.clearsightadvisors.com

CONTACT US

-  1650 Tysons Boulevard, Suite 710
McLean, Virginia 22102
-  325 North St. Paul Street, Suite 3500
Dallas, TX 75201
-  703.672.3100
-  www.clearsightadvisors.com
-  [@clearsightmb](https://twitter.com/clearsightmb)
-  [ClearSight Advisors](https://www.linkedin.com/company/clearsightadvisors)