

CLEAR SIGHT MONITOR

Business Consulting – Q1 2018

Market Perspective

Public Market Performance

Sector Spotlight

Q1 M&A Activity



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Healthcare Consulting M&A Market Diagnosis: Healthy & Active

At ClearSight, we spend a lot of time working with clients in the healthcare and life sciences space – not the payers, hospital groups, or manufacturers themselves – but the consulting, data, and technology providers that enable these companies to find efficiency and improve their operations and outcomes. This quarter has been particularly active in healthcare and life sciences consulting M&A. Below are some of the notable deals:

- **21-Feb-2018: Trinity Partners received growth investment from Parthenon Capital Partners**
 - Trinity Partners is a provider of strategic consulting services to pharmaceutical, biotech, medical device, and diagnostic companies
 - Private equity firm Parthenon Capital Partners made a growth investment in the company to help expand its capabilities and deliver a broader array of commercialization solutions
- **20-Feb-2018: Dohmen Life Sciences acquired by Water Street & JLL Partners**
 - Two investors, Water Street Healthcare Partners and JLL Partners acquired Dohmen Life Sciences Services (“DLSS”) from its parent, the Dohmen Company
 - DLSS provides biopharma and medical device companies with a wide array of outsourced services and capabilities in the areas of patient support, supply chain, compliance, finance, and technology; the target will merge with Water Street’s commercialization services platform, which was created last year (*more on this in the sector spotlight on page 4*)
- **30-Jan-2018: Insight Strategy Advisors acquired by Precision Medicine Group**
 - Precision Value & Health (a subsidiary of Precision Medicine Group) acquired Insight Strategy Advisors (“ISA”) a boutique life sciences market access consulting firm
 - The addition of ISA enhances Precision’s presence in market access strategy and strategically expands their expertise in quantitative pricing research, distribution, and contracting strategy
- **09-Jan-2018: FlagshipHealth Group acquired by Predictive Technology Group**
 - FlagshipHealth Group is a Minneapolis-based provider of sales and consulting services for the healthcare industry
 - The transaction was completed by a non-traditional buyer; Predictive Technology Group is a biotechnology company that has engaged FlagshipHealth for help with commercialization in the past
- **09-Jan-2018: Caravan Health acquired by VSS**
 - Caravan Health is a provider of value-based care advisory services for hospitals and physician practices
 - The transaction marks private equity firm VSS’ ninth investment in the healthcare industry

A healthy and growing sector with many specialized, niche services providers creates a fantastic environment for on-going M&A. We expect this level of activity in healthcare and life sciences consulting to continue throughout 2018.



Business Consulting Comparable Companies Analysis

	Closing Price	% of 52 Week	Equity Market		EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA
Business Consulting	30-Mar-2018	High	Cap	Enterprise Value	LTM	2018	2019	LTM	2018	2019	Margin
Accenture	\$ 153.50	92.7 %	\$ 101,944	\$ 99,130	2.7 x	2.5 x	2.3 x	16.4 x	14.6 x	13.5 x	16.2 %
Capgemini	124.68	93.0	21,630	23,095	1.5	1.5	1.4	11.9	10.4	9.9	12.7
CBIZ	18.25	92.9	1,038	1,219	1.4	1.3	1.3	13.6	11.3	10.4	10.5
CRA International	52.29	98.6	475	421	1.1	1.1	1.0	16.5	NA	NA	6.9
Franklin Covey	26.90	86.2	382	419	2.1	1.9	1.8	NA	NA	NA	3.3
FTI Consulting	48.41	95.3	1,899	2,106	1.2	1.1	1.1	11.3	9.8	9.4	10.3
Heidrick & Struggles	31.25	95.7	609	402	0.6	0.6	0.6	7.2	6.0	5.5	9.0
Huron Consulting	38.10	81.3	882	1,208	1.6	1.6	1.6	11.6	13.3	11.9	14.2
ICF International	58.45	94.3	1,150	1,344	1.1	1.1	1.0	11.9	11.0	10.2	9.2
Korn Ferry	51.59	98.9	3,005	2,844	1.7	1.6	1.5	13.1	10.3	9.3	12.7
Navigant Consulting	19.24	78.6	914	1,038	1.1	1.1	1.0	8.2	8.2	7.8	13.4
Resources Connection	16.20	94.7	538	578	0.9	0.8	0.8	9.1	12.2	10.8	10.3
	High	98.9 %	\$ 101,944	\$ 99,130	2.7 x	2.5 x	2.3 x	16.5 x	14.6 x	13.5 x	16.2 %
	Median	93.6	976	1,213	1.3	1.2	1.2	11.9	10.7	10.0	10.4
	Mean	91.9	11,206	11,150	1.4	1.4	1.3	11.9	10.7	9.9	10.7
	Low	78.6	382	402	0.6	0.6	0.6	7.2	6.0	5.5	3.3

Source: Capital IQ, market data as of 30-Mar-2018

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Mar-2018

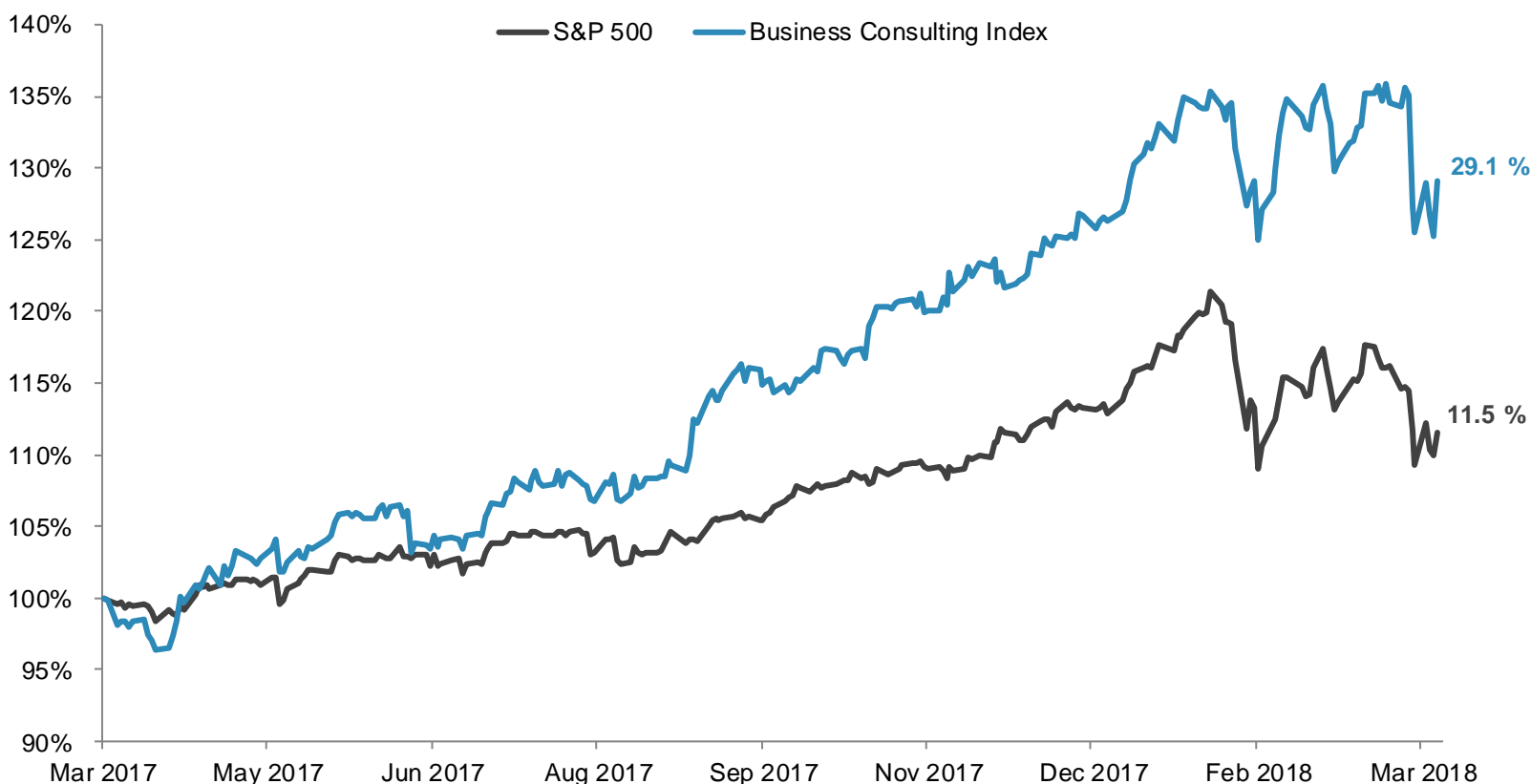
LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Mar-2018

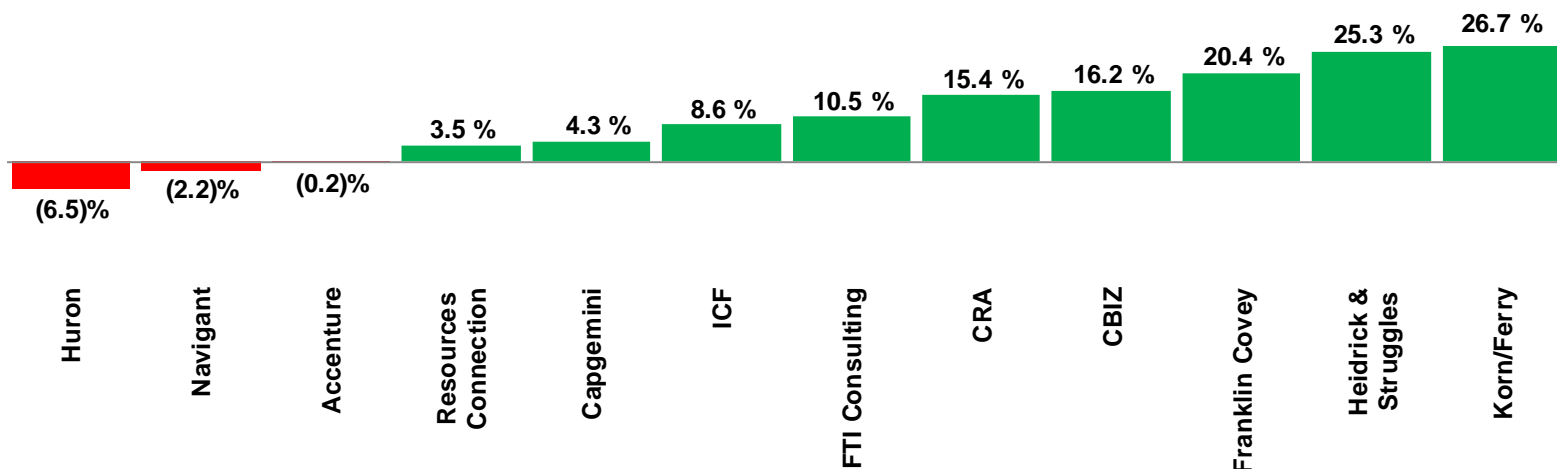
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 30-Mar-2018

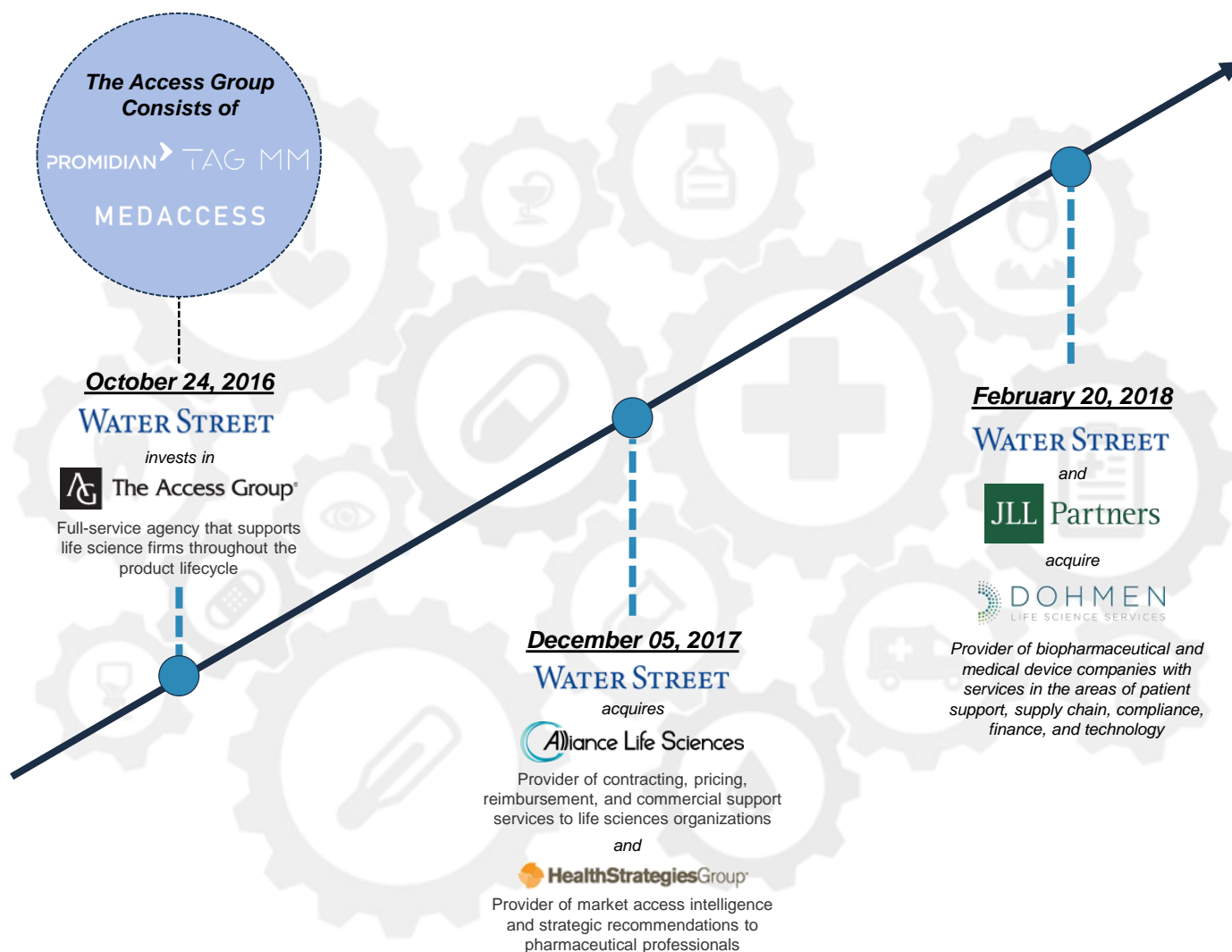
Share Price Performance Q1 2018



Source: Capital IQ, market data as of 30-Mar-2018

Water Street Builds A Niche Consulting Powerhouse
























Water Street Healthcare Partners, a Chicago-based private equity firm focused on investments in the healthcare industry, has been thoughtfully building a specialized, commercialization-focused life sciences consulting firm. In October 2016, Water Street acquired The Access Group, a full-service agency that supports life science firms throughout the product lifecycle. Then in December 2017, Water Street acquired Alliance Life Sciences and Health Strategies Group, combining the entities under The Access Group. This quarter, Water Street, along with investor JLL Partners, added Dohmen Life Science Services (“DLSS”) to the Access Group roster. With the addition of DLSS, the Access Group platform will further its position as a leading independent provider of commercialization services to life sciences companies. It will serve more than 300 of the industry’s top pharmaceutical, biotech, and medical device companies with a portfolio of solutions designed to simplify commercialization and optimize market access for new and existing therapies. This string of acquisitions illustrates private equity’s growing comfort with consulting / human capital assets, and exemplifies the enthusiasm by both financial and strategic buyers for life sciences and healthcare assets, as seen in the recent Parthenon Capital Partners / Trinity Partners, Precision Medicine Group / Insight Strategy Advisors, Navigant / Quorum, and Baird / Prescient deals. The merged platform’s pricing and market access focus comes at a time when deep domain expertise is increasingly driving value in professional services M&A. Pete Strothman, a Partner at Water Street, added, “we are excited to bring together these premium capabilities to continue building a robust, go-to-market services platform for the life sciences industry that is uniquely qualified to ensure client success, particularly for highly specialized patient populations.”



Source: Company websites, Capital IQ, market and M&A data as of 30-Mar-2018

FEATURED TRANSACTIONS

Q1 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
03/29/2018	 c3/ consulting	 ankura COLLABORATION DRIVES RESULTS	<ul style="list-style-type: none"> C3/Consulting is a Nashville-based management consulting firm The acquisition expanded Ankura's capabilities in the Southern US
03/22/2018	 sonoma PARTNERS	 EY	<ul style="list-style-type: none"> Sonoma Partners is a consulting firm specializing in the strategy, design, development, and implementation of Microsoft Dynamics CRM and Salesforce CRM solutions Sonoma Partners' CRM capabilities enhanced EY's ability to serve a client's full digital transformation agenda
03/15/2018	 CONTINUUM	 <epam>	<ul style="list-style-type: none"> Continuum is a design and innovation consultancy that provides design services for various products, services, experiences, and business models for organizations The acquisition strengthened EPAM's innovation consulting capabilities and enhanced their existing digital and service design practices by introducing a human-centered approach to physical design and product development
03/13/2018	 Kroll.	 DUFF & PHELPS	<ul style="list-style-type: none"> Kroll is a risk consulting company that provides a range of investigative, intelligence, financial, security, and technology services The acquisition significantly expanded Duff & Phelps' global scale, most notably in Europe and Latin America
03/08/2018	 Bip. Business Integration Partners	 Apax PARTNERS	<ul style="list-style-type: none"> Business Integration Partners ("BIP") is a provider of management consulting and business integration services Private equity firm Apax Partners acquired a majority stake in BIP and is expected to expand the company through possible bolt-on deals in a bid to boost its market share and geographical footprint
03/01/2018	 CFG I	 THE CARLYLE GROUP	<ul style="list-style-type: none"> CFG I is a provider of high-end complex accounting and financial consulting to corporate CFOs, CAOs, and controllers Global alternative asset manager The Carlyle Group made an undisclosed investment in CFG I to support the company's expansion into new geographies and product lines
02/27/2018	 TSG THE SURVEY GROUP	 ONEDIGITAL HEALTH AND BENEFITS	<ul style="list-style-type: none"> The Survey Group ("TSG") is a provider of compensation and benefits data, human resources information, and consulting services Through the acquisition, TSG joined forces with Insight Performance, whom OneDigital acquired in November 2017, to create one of the largest compensation and human resources consulting practices in New England
02/21/2018	 TRINITY PARTNERS	 PARTHENON CAPITAL PARTNERS	<ul style="list-style-type: none"> Trinity Partners is a provider of strategic consulting services to pharmaceutical, biotech, medical device, and diagnostic companies Private equity firm Parthenon Capital Partners made a growth investment in the company to help expand its capabilities and deliver a broader array of commercialization solutions
02/20/2018	 DOHMEN LIFE SCIENCE SERVICES	 JLL Partners  WATER STREET	<ul style="list-style-type: none"> Dohmen Life Science Services provides biopharmaceutical and medical device companies with services in the areas of patient support, supply chain, compliance, finance, and technology The company, acquired by private equity firms Water Street Healthcare Partners and JLL Partners, merged with Water Street's commercialization services platform that specializes in market access solutions and was formed last year through the merger of Alliance Life Sciences, Health Strategies Group, and The Access Group
02/16/2018	 POINTBREAK BENEFITS PENSIONS	 HUB	<ul style="list-style-type: none"> Pointbreak Consulting Group is a provider of employee benefits and pension consulting, and brokerage services The acquisition expanded HUB International's presence in Canada
02/14/2018	 pwc US Public Sector Business	 VERITAS CAPITAL	<ul style="list-style-type: none"> PwC's US Public Sector business helps governments – federal, state and local – and multilateral agencies solve complex business problems, improve processes, and manage risk through its capabilities in financial management, strategy development, program management, operational effectiveness, and organizational design Private equity firm Veritas Capital plans to rename and operate the business as an independent company

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02/13/2018	 DUCKER WORLDWIDE	 FSG Frontier Strategy Group	<ul style="list-style-type: none"> Ducker Worldwide is a global business-to-business research and consulting firm The acquisition bolstered Frontier Strategy Group's market research and executive advisory services
02/08/2018	 QUALIS HEALTH	 HealthInsight	<ul style="list-style-type: none"> The governing boards of HealthInsight and Qualis Health, both healthcare quality consulting firms, executed a letter of intent to merge the two organizations and their operations across the US, seeking to achieve greater scale and synergy in improving population health and enhancing the quality and value of healthcare
02/05/2018	 PBC Advisors, LLC Consulting Division	 BDO	<ul style="list-style-type: none"> The Consulting Division of PBC Advisors provides consulting and advisory services to the healthcare industry, including managed care and value-based care strategies, medical group formation, and sponsored health plan development services BDO expanded its healthcare advisory services practice through the acquisition
02/05/2018	 STRATIVITY "MORE EXCEPTIONAL"	 LRW	<ul style="list-style-type: none"> Strativity Group is a provider of customer experience design, cultural transformation, and strategic planning services The acquisition significantly expanded LRW's customer experience capabilities
01/31/2018	 SecureState.	 RSM	<ul style="list-style-type: none"> SecureState is a global management consultancy focused on information security The transaction expanded RSM's consulting practice and presence in the Ohio market, adding SecureState's information security expertise
01/30/2018	 Insight STRATEGY ADVISORS	 PRECISION MEDICINE GROUP	<ul style="list-style-type: none"> Insight Strategy Advisors, a healthcare management and strategy consulting company, provides commercial development strategy services to life sciences, pharmaceutical, and biopharmaceutical companies Precision Medicine Group complemented and strategically expanded its existing global market access expertise and capabilities through the acquisition
01/12/2018	 Mash STRATEGY STUDIO	 WPP	<ul style="list-style-type: none"> Mash is a brand strategy and growth consultancy that provides services covering growth strategy, insight, innovation, and brand transformation WPP-subsidiary Kantar Consulting added Mash's creative storytelling and data integration skills to their existing capabilities through the transaction
01/09/2018	 gcr	 HKW	<ul style="list-style-type: none"> GCR is a provider of professional services and software products to public sector clients Private equity firm Hammond, Kennedy, Whitney & Company acquired a majority stake in GCR for \$124mm
01/09/2018	 FlagshipHealth Group	 PREDICTIVE TECHNOLOGY GROUP	<ul style="list-style-type: none"> FlagshipHealth Group is a provider of sales and consulting services for the healthcare industry The acquisition provided essential resources for Predictive Technology Group to develop, launch, and grow its services directed at limiting disease and improving the health and well-being of individuals confronting a wide-range of medical conditions
01/09/2018	 caravanhealth	 VSS	<ul style="list-style-type: none"> Caravan Health is a provider of value-based care advisory services for hospitals and physician practices VSS is a private investment firm focused on the information, healthcare services, tech-enabled business services, and education industries
01/08/2018	 DKM ECONOMIC CONSULTANTS	 EY	<ul style="list-style-type: none"> DKM Economic Consultants is a provider of economics consulting services EY Ireland acquired the company to strengthen their suite of economic services in the Irish market

RECENT DEALS

CLIENT SUCCESS

INSIGHT2PROFIT

has received a growth investment from

DFW CAPITAL PARTNERS

SELL-SIDEADVISOR



LunaMetrics

has been acquired by



A portfolio company of
MOUNTAINGATE
CAPITAL

SELL-SIDEADVISOR

ibb

has been acquired by

accenture

SELL-SIDEADVISOR

vynamic

has been acquired by



SELL-SIDEADVISOR



has been acquired by

MAINST
CAPITAL CORPORATION

SELL-SIDEADVISOR

Tech Insights

has been acquired by



SELL-SIDEADVISOR



has licensed key IP assets to



FINANCIALADVISOR

First Annapolis
Consulting | M&A Advisory Services

has been acquired by

accenture

SELL-SIDEADVISOR

INNOSIGHT

has been acquired by



SELL-SIDEADVISOR

PIVOT POINT CONSULTING

has been acquired by



A portfolio company of



SELL-SIDEADVISOR

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

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