

# CLEAR SIGHT MONITOR

Business Consulting – Q1 2019

Market Perspective

Public Market Performance

Sector Spotlight

Q1 M&A Activity



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## Infrequent Acquirers Spring Ahead

The bull market for consulting firms continues to be highlighted by a number of less prolific buyers announcing transactions. Three notable such deals in Q1 2019 include:

### 07-Mar-2019: Prophet acquires Springbox

- Prophet is a global consulting firm that helps clients unlock uncommon growth through marketing, brand, experience, innovation, and organization & culture capabilities. Founded in the early 1990s, Prophet has been on a growth tear in recent history, now boasting 11 offices around the world. The Company has completed six acquisitions since inception, four of which predate 2013.
- Springbox is a digital agency headquartered in Texas that focuses on helping companies become digital leaders through consulting, digital experience design, campaign planning and management, and digital product development.

### 11-Feb-2019: Point B acquires Independence Consulting Company

- Point B goes to market as an “integrated management consulting, digital services, venture investment, and real estate development firm,” offering a unique combination of services. While the Company has made several venture investments over the past decade, this acquisition is just the second in the firm’s history.
- Independence Consulting is a Charlotte, North Carolina-based management consulting firm specializing in helping companies self-fund their transformation efforts by identifying inefficiencies and revenue enhancing opportunities for reimagined growth; Independence Consulting has delivered results for Fortune 500 companies across a variety of industries – the team’s more than 1,200 projects span across the nation and the globe.

### 17-Jan-2019: A.T. Kearney acquires Cervello

- A.T. Kearney is a leading management consulting firm with a rich history of success (the firm was founded in 1926) and a global presence (offices in 40+ countries).
- Cervello is a business analytics and data management consultancy, with over 100 consultants and multi-year relationships with blue-chip clients.

An exciting start to 2019 for these companies, who have been discerning in their M&A pursuits. These transactions indicate acquirers are becoming more active in the market and don’t see a near-term end to the bull market.



## Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 29-Mar-2019	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2019	2020	LTM	2019	2020	
Accenture	\$ 176.02	99.2 %	\$ 115,631	\$ 111,583	2.7 x	2.5 x	2.4 x	16.7 x	15.2 x	14.0 x	16.3 %
Cappgemini	121.32	90.2	20,900	22,415	1.5	1.4	1.3	11.6	9.7	9.1	12.8
CBIZ	20.24	83.0	1,145	1,278	1.4	1.3	1.3	11.0	10.6	9.8	12.6
CRA International	50.54	86.0	431	393	0.9	0.9	0.9	9.6	9.3	8.8	9.8
Franklin Covey	25.30	84.6	362	397	1.8	1.7	1.6	NA	NA	NA	5.7
FTI Consulting	76.82	93.8	3,059	3,013	1.5	1.5	1.4	11.5	11.6	11.4	12.9
Heidrick & Struggles	38.33	84.6	755	475	0.7	0.6	0.6	5.7	5.5	5.4	11.5
Huron Consulting	47.22	82.8	1,124	1,388	1.7	1.7	1.6	15.2	13.7	12.1	11.5
ICF International	76.08	92.5	1,502	1,691	1.3	1.2	1.1	14.0	12.2	11.2	9.0
Korn Ferry	44.78	64.9	2,593	2,328	1.2	1.2	1.1	8.2	7.1	6.7	14.9
Navigant Consulting	19.47	71.1	818	615	0.9	0.8	0.8	10.8	8.4	7.5	8.5
Resources Connection	16.54	84.8	535	545	0.7	0.7	0.7	8.0	9.5	8.6	9.3
High		99.2 %	\$ 115,631	\$ 111,583	2.7 x	2.5 x	2.4 x	16.7 x	15.2 x	14.0 x	16.3 %
Median		84.7	1,135	1,333	1.3	1.2	1.2	11.0	9.7	9.1	11.5
Mean		84.8	12,405	12,177	1.4	1.3	1.2	11.1	10.2	9.5	11.2
Low		64.9	362	393	0.7	0.6	0.6	5.7	5.5	5.4	5.7

Source: Capital IQ, market data as of 29-Mar-2019

## LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Mar-2019

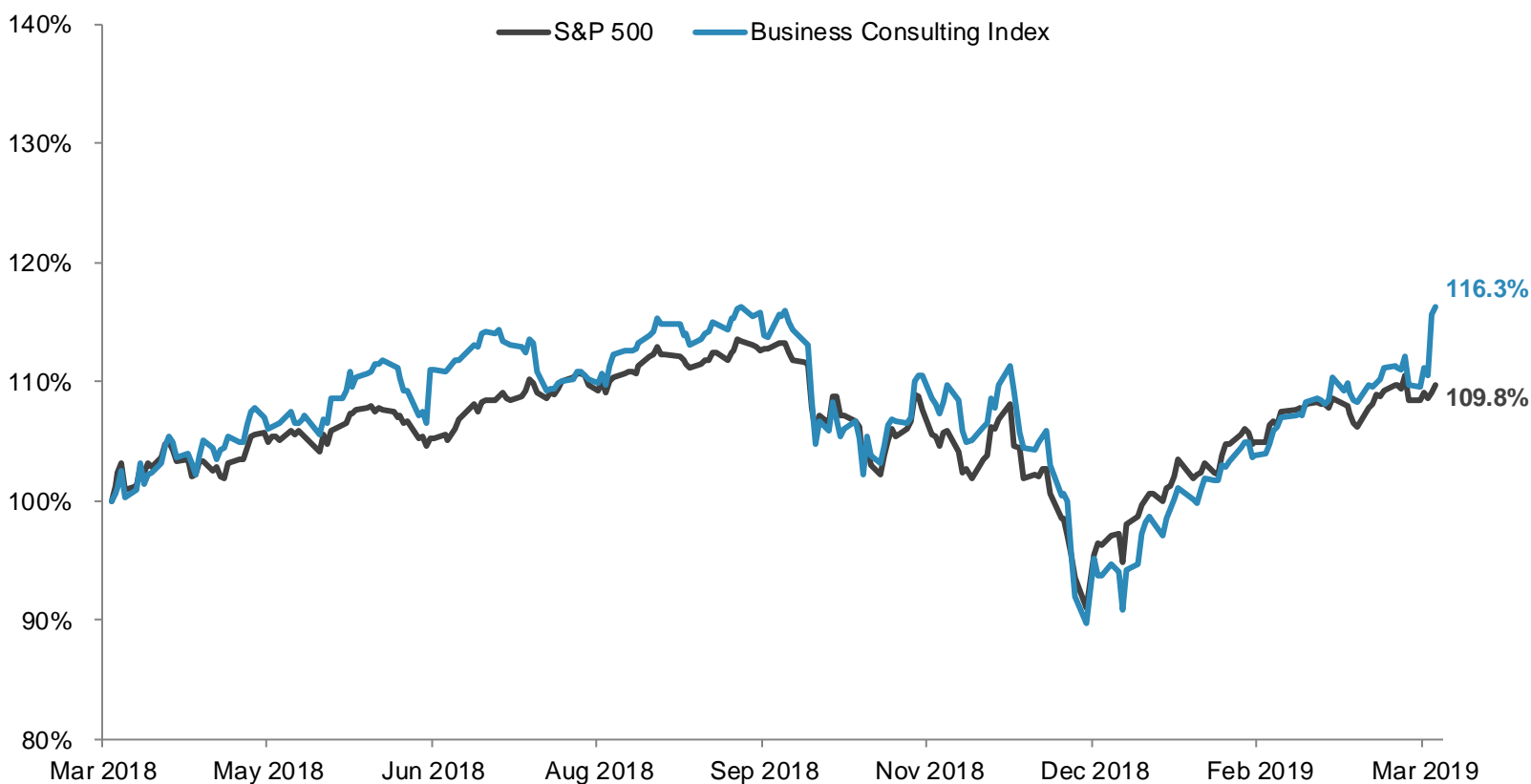
## LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Mar-2019

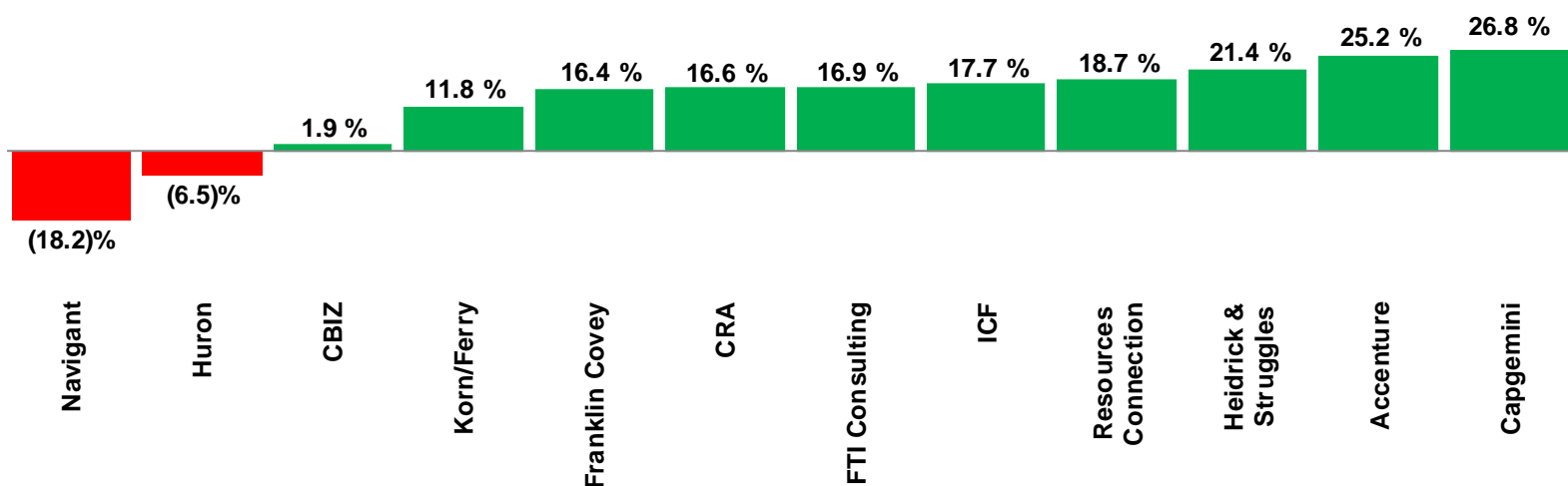
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

## Business Consulting Market Index Performance



Source: Capital IQ, market data as of 29-Mar-2019

## Share Price Performance Q1 2019



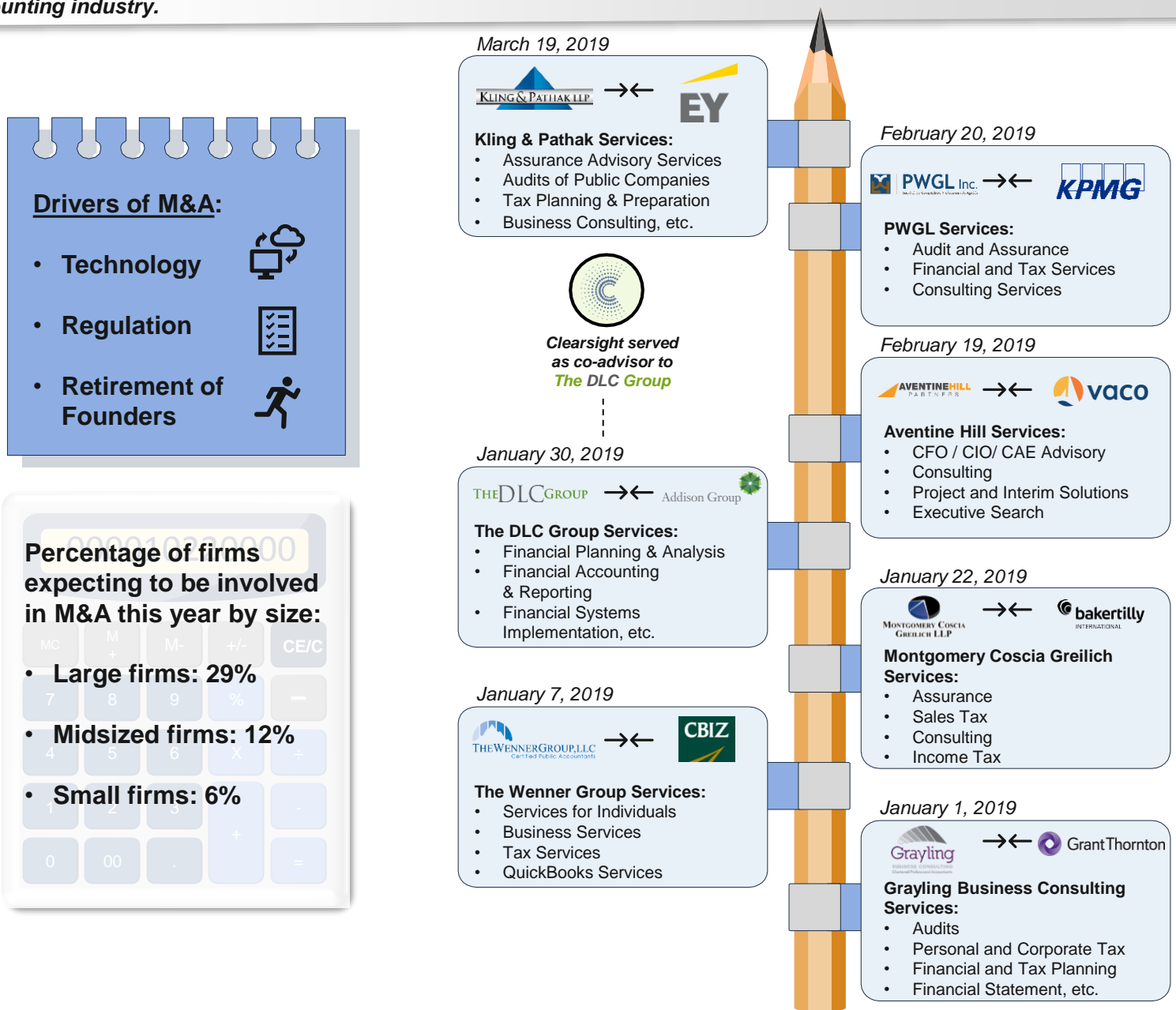
Source: Capital IQ, market data as of 29-Mar-2019

## Strong M&A Appetite for Accounting Advisory

*In Q1 of 2019, there were a number of accounting-focused acquisitions in the advisory space. Active buyers were primarily large firms looking to expand scale, capabilities, and geography through acquisition. The acquisition targets offer a variety of services relating to accounting and finance: audit, tax, financial planning, financial reporting, and more.*

*Some common drivers fueling this M&A activity include technology, regulatory change, and management retirement in founder-owned businesses. Technology is transforming accounting services to be further driven by data intelligence, machine learning, and robotics, which often requires accounting firms to audit new IT capabilities and hire accountants with new skillsets. Moreover, regulatory changes are further focusing on cyber and software risks facing companies. Many founder-owned firms face partner succession challenges as competition for talent remains high and unemployment rates remain low.*

*Larger firms are strategically remaining active and nimble via M&A to address fundamental changes in the accounting industry.*




Source: Company websites, Accounting Today, Journal of Accountancy, Capital IQ market, M&A data as of 29-Mar-2019

## Q1 2019 Business Consulting M&A Transactions










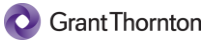
Announced	Target	Buyer	Target Description / Deal Rationale
3/19/2019			<ul style="list-style-type: none"> <li>Kling &amp; Pathak is a boutique accounting and consulting company offering assurance and tax advisory services for clients in Southern California</li> <li>This acquisition is on-key with EY's commitment to investing organically and through strategic acquisitions, particularly for their tax practice</li> </ul>
3/15/2019			<ul style="list-style-type: none"> <li>Storm Digital is a full service digital marketing agency specializing in social and programmatic advertising services that transform customer experiences through strategic, technological, analytical, and creative solutions</li> <li>The acquisition expands the presence of Accenture in the European market and supports their ability to create enhanced experiences from start to finish through creative strategy and content</li> </ul>
3/10/2019		 backed by 	<ul style="list-style-type: none"> <li>Southwood Research is a leading provider of pre-approval regulatory science consulting services to the pharmaceutical and biotech industries</li> <li>The acquisition extends ProPharma Group's specialized scientific regulatory affairs capabilities throughout Europe, while bolstering its regulatory services portfolio from pre-clinical through post-approval</li> </ul>
3/7/2019			<ul style="list-style-type: none"> <li>Springbox is a digital agency that focuses on helping companies become digital leaders through consulting, digital experience design, campaign planning and management, and digital product development</li> <li>Combining Springbox's digital strategy and digital experience with Prophet's customer insight, consulting, and design capabilities allows Prophet to deliver end-to-end digital marketing solutions</li> </ul>
3/5/2019			<ul style="list-style-type: none"> <li>Loft9 is a management consulting firm that guides its clients through organizational, operational, and business technology transformations</li> <li>This acquisition expands Sia Partners' presence in top technology hubs and strengthens its technology-driven consulting platform</li> </ul>
3/5/2019		 backed by 	<ul style="list-style-type: none"> <li>Praxis Life Sciences is a management consulting firm helping companies in the pharmaceutical, biotech and medical device industries</li> <li>Praxis Life Sciences brings a wealth of leadership, industry knowledge, and expertise that will complement and further develop Planet Group's strategic project management services</li> </ul>
3/4/2019			<ul style="list-style-type: none"> <li>Employee Benefits Group is an independent insurance consulting firm specialized in employee benefits and retirement consulting</li> <li>The acquisition of Employee Benefits Group expands Marsh &amp; McLennan's ability to serve clients throughout the mid-Atlantic US</li> </ul>
2/20/2019			<ul style="list-style-type: none"> <li>Lionpoint Group is a leading consulting firm focused on transforming investment management and operations through strategic and technology services</li> <li>Blackstone's investment will help accelerate Lionpoint's growth plans and validates the company's position as a fast-growing leader in the alternative investments ecosystem</li> </ul>
2/20/2019	 		<ul style="list-style-type: none"> <li>Clear Path Consulting is a practice and project management consulting firm, and CCIS Consulting is an operations and transformation firm focused on large-scale program management</li> <li>These two acquisitions expand Strategy &amp; Resources' core capabilities, add key leadership to the executive team, and enable the opening of a new satellite office in New York</li> </ul>
2/20/2019			<ul style="list-style-type: none"> <li>WGL is a leading enterprise audit and accounting firm based in Montreal</li> <li>The acquisition further bolsters KPMG's presence in the Quebec region and enables the delivery of more comprehensive services for their enterprise clients</li> </ul>

## Q1 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
2/19/2019	 <b>AVENTINE HILL</b> PARTNERS	 <b>vaco</b> backed by  <b>Olympus</b> PARTNERS	<ul style="list-style-type: none"> <li>Aventine Hill is a premier advisory, consulting, and executive search firm in San Antonio, TX</li> <li>The acquisition of Aventine Hill is in line with Vaco's continued growth through acquisition strategy and forms an executive search and solution powerhouse with over 10,000 clients globally</li> </ul>
2/14/2019	 <b>SILVER PLANET</b>	 <b>GOFORE</b>	<ul style="list-style-type: none"> <li>Silver Planet is a management consulting, project management services, and design services firm focused on the digital space</li> <li>The acquisition of Silver Planet bolsters Gofore's regional presence in Finland and supplements their growing digital transformation practice</li> </ul>
2/11/2019	 <b>INDEPENDENCE</b> CONSULTING	 <b>pointb</b> ®	<ul style="list-style-type: none"> <li>Independence Consulting is a management consulting firm specializing in helping companies self-fund their transformation efforts by identifying inefficiencies and revenue enhancing opportunities for reimagined growth</li> <li>Independence Consulting's deep domain expertise and intense focus on customer value will drive the Point B team to tackle larger, more complex issues for their customers</li> </ul>
2/7/2019	 <b>forest partners</b> Forensic, Restructuring & Transaction Advisory	 <b>DUFF &amp; PHELPS</b>	<ul style="list-style-type: none"> <li>Forest Partners is a Spanish consultancy specialized in financial and economic advisory, M&amp;A and transactions support, and turnaround and restructuring</li> <li>The addition of Forest Partners significantly bolsters Duff &amp; Phelps' Advisory Services practice in Spain and Europe, enabling the company to service a new group of customers</li> </ul>
2/5/2019	 <b>GOOD BRAND</b> IMPACT-LED INNOVATION	 <b>Anthesis</b>	<ul style="list-style-type: none"> <li>GoodBrand is an established leader in the impact-led, innovation consulting industry, helping clients unlock opportunities for growth through impact strategies</li> <li>GoodBrand's market presence cements Anthesis's position as a leader in the impact-led marketing and innovation services space and responds to the growing C-suite demand for integrated business and sustainability strategy</li> </ul>
1/31/2019	 <b>CS FINANCIAL SOLUTIONS</b>	 <b>BROADSTONE</b> backed by  <b>LIVINGBRIDGE</b>	<ul style="list-style-type: none"> <li>CS Financial Solutions is a specialist employee benefits consulting firm</li> <li>The acquisition further bolsters Broadstone's position as a leading consultancy in the employee benefits sector and grows their regional offices in the UK to six, expanding their geographical reach and potential client base</li> </ul>
1/30/2019	 <b>THE DLC GROUP</b>	 <b>ADDISON GROUP</b> backed by  <b>ODYSSEY</b> ADVISORS	<ul style="list-style-type: none"> <li>DLC Group is an LA-based finance, accounting, and staffing services firm specializing in interim and project-based finance and accounting solutions</li> <li>The acquisition is aligned with Addison Group's strategy to broaden its national service offerings through organic growth and the acquisition of growing, high-margin, specialized firms with strong client relationships and complementary business approaches</li> </ul>
1/22/2019	 <b>MONTGOMERY COSCIA GREULICH LLP</b> Certified Public Accountants	 <b>bakertilly</b> INTERNATIONAL	<ul style="list-style-type: none"> <li>Montgomery Coscia Greulich ("MCG") is an accounting and advisory firm focused on assurance, tax services, and financial consulting</li> <li>MCG's exceptional growth drives immediate market demand for Baker Tilly in the Dallas-Forth Worth region and continues to feed Baker Tilly's ascension as a national powerhouse in advisory, tax, and assurance</li> </ul>
1/17/2019	 <b>Cervello</b>	 <b>AT Kearney</b>	<ul style="list-style-type: none"> <li>Cervello is a business analytics and data management consultancy, with over 100 consultants and multi-year relationships with blue-chip clients</li> <li>Cervello's expertise in big data, cloud, and data platforms will enable A.T. Kearney and Cervello to jointly develop more robust tools and customized solutions for clients</li> </ul>
1/16/2019	 <b>ReKT</b> GLOBAL	 <b>LIVE NATION</b>	<ul style="list-style-type: none"> <li>ReKT Global offers analysis and consulting services to brands, investors, and sponsors in the esports industry</li> <li>ReKT Global will use the new investment from Live Nation and other business partners to help fund activities of their subsidiary Rogue, an esports marketplace platform</li> </ul>



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Announced	Target	Buyer	Target Description / Deal Rationale
1/9/2019			<ul style="list-style-type: none"> <li>Lootok is a crisis management and business continuity consulting and technology firm</li> <li>The acquisition of Lootok bolsters BDO's proactive risk management capabilities, offering clients an end-to-end suite of services across the risk continuum</li> </ul>
1/9/2019			<ul style="list-style-type: none"> <li>Orbium is a management consultancy and technology services provider to the financial services industry</li> <li>Orbium strengthens Accenture's ability to provide innovative services to clients in the private-banking and wealth-management space globally</li> </ul>
1/8/2019			<ul style="list-style-type: none"> <li>Cherry Creek Benefits is an experienced and trusted benefits consulting firm</li> <li>Cherry Creek's market presence in Colorado offers OneDigital a flagship location in the Denver market and is a part of their continued strategy to grow their brand in the Midwest US</li> </ul>
1/7/2019			<ul style="list-style-type: none"> <li>The Wenner Group provides accounting, tax, and consulting services to small and mid-sized businesses</li> <li>The acquisition of The Wenner Group brings additional scale to CBIZ's Denver operations and is their third acquisition in Denver</li> </ul>
1/1/2019			<ul style="list-style-type: none"> <li>Grayling Business Consulting is a boutique accounting and consulting firm in Canada</li> <li>This acquisition opens Grant Thornton to the Saskatchewan province and continues their constant and purposeful growth into Canada through acquisition</li> </ul>

## RECENT DEALS

# CLIENT SUCCESS



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a portfolio company of



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THE DLC GROUP

has been acquired by

Addison Group



**SELL-SIDE**ADVISOR

 roundCorner

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**SELL-SIDE**ADVISOR

 Knowledgegent

has been acquired by

accenture

**SELL-SIDE**ADVISOR

 Gorilla Logic

has received a growth investment from



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KOGENTiX

has been acquired by

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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.



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