

# CLEAR SIGHT MONITOR

Business Consulting – Q2 2017

Market Perspective

Public Market Performance

Sector Spotlight

Q2 M&A Activity



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## The Consulting Market: Heating Up

The weather in D.C. may be getting a bit cooler as the summer comes to a close, but the consulting M&A market continues to heat up. Q2 was a busy quarter in professional services M&A. Several of the active strategic acquirers we have watched over the past year were present once again in the M&A headlines. In the Featured Transactions section, we highlight four deals completed in this quarter alone by consulting mega-giant Accenture. Also notably, Franklin Covey made an appearance in consulting M&A news with the announcement of the acquisition of Robert Gregory Partners, an executive coaching firm based in Dublin, Ohio.

Given the continued activity in the space, a colleague recently reminded us of the old Sir John Templeton adage, “bull markets are born on pessimism, grow on skepticism, mature on optimism, and die on euphoria.” Fortunately for us, we believe there is still room to run.

At ClearSight, we closed two very exciting deals this past quarter: we advised AXIO Group Management on the sale of TechInsights to Oakley Capital, and we advised Vynamic on their sale to UDG Healthcare.

TechInsights is an Ottawa-based provider of intellectual property consulting, patent brokerage, and technical reverse engineering. Oakley Capital, who expects to invest \$49.9 million in the business, will partner in the deal with AXIO CEO, Henry Elkington, who will become TechInsights’ chairman with the acquisition’s close.

Vynamic is a Philadelphia-based healthcare industry management consulting firm. Commenting on the announcement, the CEO of UDG Healthcare said: “Vynamic is an excellent fit for UDG Healthcare, both strategically and culturally, and demonstrates our strategic commitment to developing our market leading position through geographic and services expansion.” Vynamic is being acquired for an initial consideration of \$22 million, with an additional consideration of up to \$10 million payable over the next three years, based on the achievement of agreed profit targets.

As you enjoy the last embers of the summer heat, look for more announcements from ClearSight, and do not hesitate to get in touch with us for advice on the consulting M&A market.



## Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 30-Jun-2017	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2017	2018	LTM	2017	2018	
Accenture	\$ 123.68	96.3 %	\$ 84,859	\$ 82,211	2.4 x	2.3 x	2.2 x	14.2 x	13.7 x	12.9 x	17.0 %
Cap Gemini	103.23	93.0	17,927	19,544	1.5	1.3	1.3	11.7	9.6	9.1	12.6
CBIZ	15.00	94.3	846	1,031	1.3	1.2	1.2	11.2	9.8	9.2	11.3
CRA International	36.32	90.8	348	327	1.0	0.9	0.9	11.9	9.8	9.0	8.3
Franklin Covey	19.30	86.0	272	304	1.6	1.6	1.4	NA	NA	NA	3.7
FTI Consulting	34.96	74.2	1,494	1,776	1.0	1.0	1.0	10.8	8.9	8.5	9.2
Heidrick & Struggles	21.75	80.3	424	381	0.6	0.6	0.6	6.7	6.8	6.3	9.6
Huron Consulting	43.20	66.5	995	1,404	1.9	1.8	1.7	10.9	11.9	11.0	17.5
ICF International	47.10	79.1	919	1,186	1.0	1.0	0.9	10.5	10.1	9.5	9.4
Korn Ferry	34.53	95.7	2,028	1,873	1.2	1.2	1.1	10.2	7.8	7.1	11.7
Navigant Consulting	19.76	70.9	981	1,150	1.2	1.1	1.1	8.1	7.9	7.4	15.0
Resources Connection	13.70	69.2	407	411	0.7	0.7	0.7	8.9	10.1	8.2	7.9
High		96.3 %	\$ 84,859	\$ 82,211	2.4 x	2.3 x	2.2 x	14.2 x	13.7 x	12.9 x	17.5 %
Median		83.1	950	1,168	1.2	1.2	1.1	10.8	9.8	9.0	10.4
Mean		83.0	9,292	9,300	1.3	1.2	1.2	10.4	9.7	8.9	11.1
Low		66.5	272	304	0.6	0.6	0.6	6.7	6.8	6.3	3.7

Source: Capital IQ, market data as of 30-Jun-2017

## LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Jun-2017

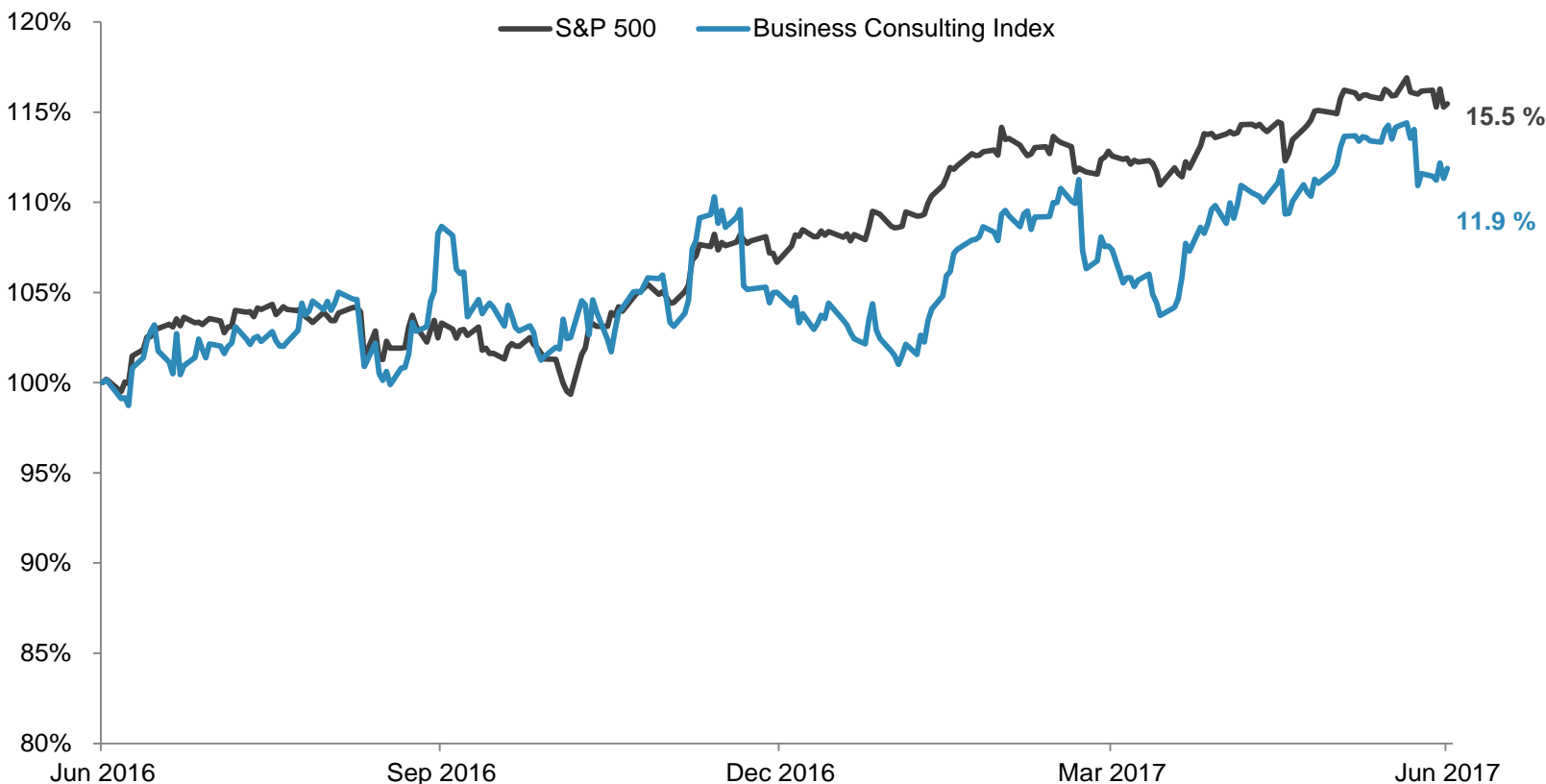
## LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Jun-2017

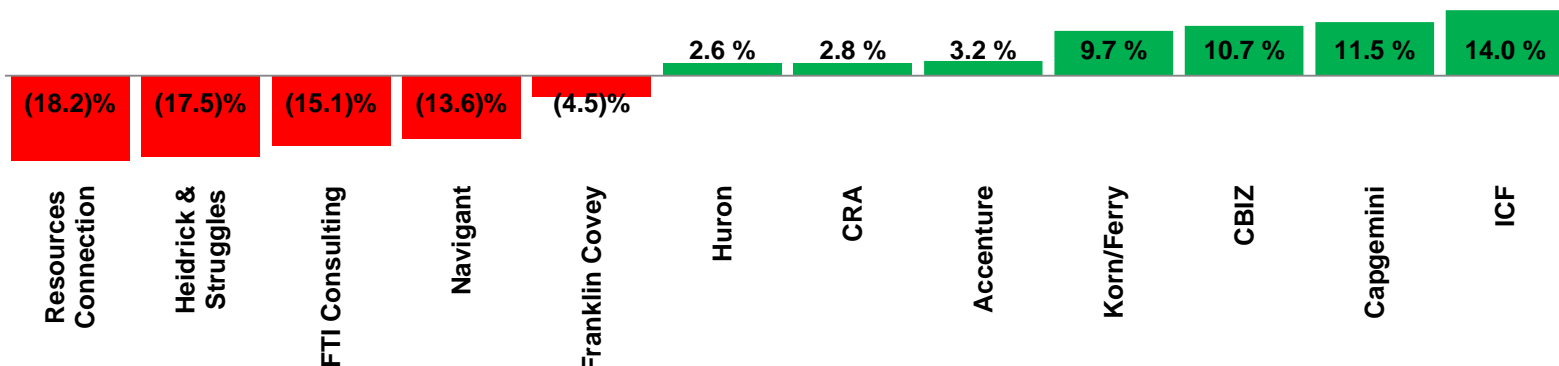
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

## Business Consulting Market Index Performance



Source: Capital IQ, market data as of 30-Jun-2017

## Share Price Performance Q2 2017



Source: Capital IQ, market data as of 30-Jun-2017

## Clearsight's Healthcare Consulting Deals Demonstrate the Market's Evolution

- Healthcare continues to be a high strategic priority in the consulting ecosystem
- Both "traditional" and "non-traditional" buyers of consulting firms are becoming active in healthcare services M&A: clinical research organizations, data and analytics companies, healthcare technology companies, advertising agencies, and private equity groups have all become active bidders for healthcare consulting firms over the past few years
- Innovative leaders are using M&A as a tool to integrate critical healthcare services into more complete and synergistic portfolios – the traditional healthcare technology, data, and services ecosystem is blurring and evolving
- Below is a brief timeline of select healthcare consulting transactions on which Clearsight has advised since 2011; with diverse buyers such as PAREXEL, Gryphon Investors, and Huron (just to name a few), Clearsight's recent healthcare consulting deals are a representative cross-section of the broader market trend















## Q2 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
06/30/2017 <sup>1</sup>		UDG Healthcare plc 	<ul style="list-style-type: none"> <li>Vynamic is a healthcare management consulting firm headquartered in Philadelphia; its primary service offerings include brand strategy, planning and launch, advanced commercial operations capabilities, strategic transformation and integration, product design and implementation, change leadership, and business intelligence and analytics</li> <li>UDG Healthcare acquired the company for a total consideration of up to \$32mm</li> </ul>
06/15/2017		dentsu	<ul style="list-style-type: none"> <li>The Customer Framework is a marketing transformation consultancy based in London</li> <li>Dentsu Aegis acquired the company to bolster its digital practice and for TCF's proprietary methodology SCHEMA®, a market-leading benchmark of customer engagement and centrality across sectors and geographies</li> </ul>
06/08/2017			<ul style="list-style-type: none"> <li>Founded in 2001, CMF provides transaction and transition-focused financial, operational, and human capital solutions to private equity firms and their portfolio companies</li> <li>The acquisition of CMF represents a strategic step in establishing CBIZ as an industry leader of professional business services to middle-market focused private equity firms</li> </ul>
06/07/2017		accenture	<ul style="list-style-type: none"> <li>Phase One Consulting Group is a Virginia-based company specializing in modernization and digital transformation for the federal market</li> <li>Bolstering Accenture's Cloud First strategy, Phase One will bring a complementary client footprint and large, highly skilled team offering Salesforce and management consulting services</li> </ul>
06/05/2017			<ul style="list-style-type: none"> <li>Lux Research is the leading provider of subscription-based market intelligence services designed to help its global customer base drive growth through technological innovation</li> <li>Bregal Sagemount, a private equity firm focused on growth-oriented investments, acquired Lux Research</li> </ul>
06/02/2017		accenture	<ul style="list-style-type: none"> <li>Accenture has acquired SolutionsIQ, a leading provider of Agile transformation services for business and technology</li> <li>SolutionsIQ helps organizations apply Agile principles and practices to achieve substantial performance improvements including enhanced digital delivery effectiveness, reduced cycle times for software development, and greater responsiveness to business needs</li> </ul>
06/01/2017		accenture	<ul style="list-style-type: none"> <li>LabAnswer is a leading U.S.-based research and laboratory informatics technology consulting firm</li> <li>By combining LabAnswer's industry knowledge and experience in scientific informatics with Accenture's consulting expertise, industry platforms, innovation capabilities and global scale, the acquisition will enhance Accenture's ability to apply digital technologies to revolutionize scientific and laboratory processes across a variety of industries</li> </ul>
06/01/2017		Deloitte.	<ul style="list-style-type: none"> <li>Market Gravity helps the world's leading brands across multiple sectors including financial services, retail, energy, telecommunications, and automotive to create and launch innovative products and services</li> <li>Market Gravity's team, which combines consultants, designers, marketers, insight specialists, and entrepreneurs, will become part of Deloitte's consulting business</li> </ul>
05/23/2017			<ul style="list-style-type: none"> <li>Capco provides business, digital, and technology consulting services for the financial services industry</li> <li>Fidelity said on May 23<sup>rd</sup> that it has agreed to sell a majority stake – 60% – of Capco to Clayton, Dubilier &amp; Rice for \$477 million</li> </ul>
05/18/2017			<ul style="list-style-type: none"> <li>Robert Gregory Partners is an executive coaching firm based in Dublin, Ohio, with offices in New York and Los Angeles</li> <li>Franklin Covey acquired the company to provide add-on coaching services for Franklin Covey content and solutions delivered through the FranklinCovey All Access Pass™</li> </ul>

1. Close date – the transaction was announced 12-Jul-2017.

## Q2 2017 Business Consulting M&A Transactions

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05/15/2017			<ul style="list-style-type: none"> <li>TechInsights is an Ottawa-based provider of intellectual property consulting, patent brokerage, and technical reverse engineering</li> <li>Oakley said it expects to invest \$49.9 million in the business. The seller is AXIO Group Management Ltd, a portfolio company of Electra Private Equity, a U.K. private equity firm</li> </ul>
05/09/2017			<ul style="list-style-type: none"> <li>Aecus Limited is an award-winning European consultancy that helps clients optimize business process outsourcing (BPO), IT outsourcing (ITO) and robotic process automation (RPA) through benchmarking and implementation consulting</li> <li>The Aecus acquisition is expected to significantly enhance the Hackett Group's ability to support clients' efforts in RPA, which is becoming a critical need</li> </ul>
05/07/2017			<ul style="list-style-type: none"> <li>Accenture has acquired the creative agency The Monkeys and design business, Maud</li> <li>The Monkeys is Australia's most awarded independent creative advertising agency, renowned for its brand strategy and creative talent</li> <li>The move strengthens the customer experience capabilities of Accenture Interactive</li> </ul>
05/03/2017			<ul style="list-style-type: none"> <li>The Collingwood Group is a Washington, D.C. based advisory firm led by the former head of FHA, and other partners who have held senior leadership positions in HUD, Fannie Mae, Freddie Mac, and FHFA; the firm is focused on housing policy and regulation</li> <li>By acquiring Collingwood, Situs obtains regulatory policy experience and insight across the residential housing and multifamily finance industry</li> </ul>
04/26/2017			<ul style="list-style-type: none"> <li>BBVI is in the business of providing strategic investment support and revenue growth opportunities in international markets. They primarily serve the medical marketplace</li> <li>Medical Innovation Holdings, an operator of strategically aligned health care service companies, enters new markets with the acquisition</li> </ul>
04/09/2017			<ul style="list-style-type: none"> <li>Vertical Strategy, an innovative consultancy specializing in creating digital business models, incubation, and customer experiences, is joining forces with QVARTZ</li> <li>QVARTZ is the "Nordic alternative" in top-tier management consulting, with offices in Copenhagen, Hamburg, New York City, Oslo, and Stockholm</li> </ul>
04/05/2017			<ul style="list-style-type: none"> <li>DIVISADERO is a data-driven consultancy specializing in digital intelligence and digital transformation</li> <li>This is Merkle's second corporate acquisition since joining the Dentsu Aegis Network in August 2016, and Merkle's fourth European acquisition in two years</li> </ul>
04/04/2017			<ul style="list-style-type: none"> <li>Hilton Consulting is a Virginia-based consulting firm that assists government clients in creating and executing strategies to achieve measurable improvements in operational and financial performance</li> <li>BDO, one of the nation's leading accounting firms, acquired the company</li> </ul>
04/03/2017			<ul style="list-style-type: none"> <li>Huron Consulting completed its acquisition of the international assets of ADI Strategies, Inc. in Dubai, United Arab Emirates, and Pune, India</li> <li>The second of two related transactions, the acquisition strengthens Huron's ability to deliver advisory and technology services to clients in more geographic markets</li> </ul>



# CLIENT SUCCESS

**PENDING**

**ibb**

has been acquired by

**accenture**

SELL-SIDE ADVISOR

**marketforce**  
INFORMATION®

has been acquired by

**MAINST**  
CAPITAL CORPORATION

SELL-SIDE ADVISOR

**vynamic**

has been acquired by

**UDG**  
Healthcare plc

SELL-SIDE ADVISOR

**Tech Insights**

has been acquired by

**OAKLEY**  
CAPITAL

SELL-SIDE ADVISOR

**First Annapolis**  
Consulting | M&A Advisory Services

has been acquired by

**accenture**

SELL-SIDE ADVISOR

**INNOSIGHT**

has been acquired by

**HURON**

SELL-SIDE ADVISOR

**COMPETITIVE**  
CAPABILITIES  
INTERNATIONAL

has licensed key IP  
assets to

**EY**  
Building a better  
working world

FINANCIAL ADVISOR

**PIVOT POINT**  
CONSULTING

has been acquired by

**VACO**  
Free Yourself™  
A portfolio company of  
**QUAD-C**

SELL-SIDE ADVISOR

**DATA SOURCE**  
CONSULTING

has been acquired by

**EXL**

SELL-SIDE ADVISOR

**VANDYKE**  
TECHNOLOGY GROUP

has been acquired by

**JACOBS**

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 consulting firms



## 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](http://www.clearsightadvisors.com)

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