

CLEAR SIGHT MONITOR

Business Consulting – Q2 2018

Market Perspective

Public Market Performance

Sector Spotlight

Q2 M&A Activity



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PE-Backed Portfolio Companies Make a Stand

Q2 was an exciting time for a few notable private equity backed business services companies. These acquirers and their investors are actively trying to create incremental value for shareholders by adding strategic bolt-on capabilities to their platform, and, in our opinion, are doing a great job.

- **25-Jun-2018: Ankura acquired Navigant's Disputes, Forensics, and Legal Technology ("DFLT") segment and Transaction Advisory Services ("TAS") practice**
 - Ankura is a provider of management consulting and expert testimony services backed by Madison Dearborn Partners ("MDP"); this is Ankura's fifth and largest acquisition since it secured an investment from MDP in 2016
 - The acquisition of Navigant's DFLT and TAS businesses aims to help Ankura establish a global footprint, enhance offerings, and deepen client relationships
- **17-May-2018: Hero Digital acquired MaassMedia**
 - MaassMedia is a fifteen person boutique analytics shop that boasts clients such as ESPN, Lenovo, and the Philadelphia Flyers
 - MaassMedia will join customer experience agency, Hero Digital, which is backed by CI Capital Partners
- **16-May-2018: PA Consulting acquired Sparkler Limited**
 - In 2015, The Carlyle Group invested in PA Consulting, a powerhouse innovation consultancy based in the United Kingdom
 - Since the investment, PA has acquired aviation consultancy, Nyras, and now Sparkler, a digital marketing and analytics consultancy
- **16-Apr-2018: ProKarma acquired Lenati**
 - Also backed by The Carlyle Group, global IT solutions provider, ProKarma, acquired Seattle-based customer experience strategy consultancy, Lenati

We love seeing new buyers step up to the table. Ankura, Hero Digital, PA Consulting, and ProKarma are four fantastic examples of companies who have become active in M&A with the help of some "fresh powder." We hope to see more headlines involving these innovative platforms and their on-going strategic evolution.



Business Consulting Comparable Companies Analysis

	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA
Business Consulting	29-Jun-2018	High	Cap	Value	LTM	2018	2019	LTM	2018	2019	Margin
Accenture	\$ 163.59	98.8 %	\$ 108,262	\$ 104,714	2.7 x	2.6 x	2.4 x	16.7 x	15.2 x	14.3 x	16.3 %
Capgemini	134.41	96.9	23,252	25,007	1.6	1.6	1.6	12.9	11.7	11.1	12.7
CBIZ	23.00	99.4	1,308	1,525	1.7	1.7	1.6	15.1	13.7	12.6	11.5
CRA International	50.89	86.6	447	447	1.2	1.2	1.1	16.7	12.4	NA	7.0
Franklin Covey	24.55	78.7	349	389	1.9	1.8	1.6	NA	NA	16.5	4.1
FTI Consulting	60.48	92.9	2,411	2,700	1.5	1.4	1.4	12.2	13.0	12.5	11.9
Heidrick & Struggles	35.00	88.1	685	624	1.0	0.9	0.9	10.1	8.7	8.1	9.6
Huron Consulting	40.90	93.6	957	1,329	1.8	1.8	1.7	14.7	15.0	13.1	12.2
ICF International	71.05	93.3	1,414	1,626	1.3	1.3	1.2	14.4	13.4	12.3	9.2
Korn/Ferry	61.93	90.6	3,608	3,312	1.9	1.7	1.7	13.8	11.3	10.3	13.6
Navigant Consulting	22.14	87.7	1,055	862	1.3	1.3	1.4	10.2	9.6	10.3	13.1
Resources Connection	16.90	94.2	541	541	0.8	0.8	NA	10.7	11.4	NA	7.7
	High	99.4 %	\$ 108,262	\$ 104,714	2.7 x	2.6 x	2.4 x	16.7 x	15.2 x	16.5 x	16.3 %
	Median	93.1	1,181	1,427	1.5	1.5	1.6	13.8	12.4	12.4	11.7
	Mean	91.7	12,024	11,923	1.6	1.5	1.5	13.4	12.3	12.1	10.7
	Low	78.7	349	389	0.8	0.8	0.9	10.1	8.7	8.1	4.1

Source: Capital IQ, market data as of 29-Jun-2018

Note: Navigant has been adjusted for the divestiture of its Disputes, Forensics, and Legal Technology and Transaction Advisory Services businesses.

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Jun-2018

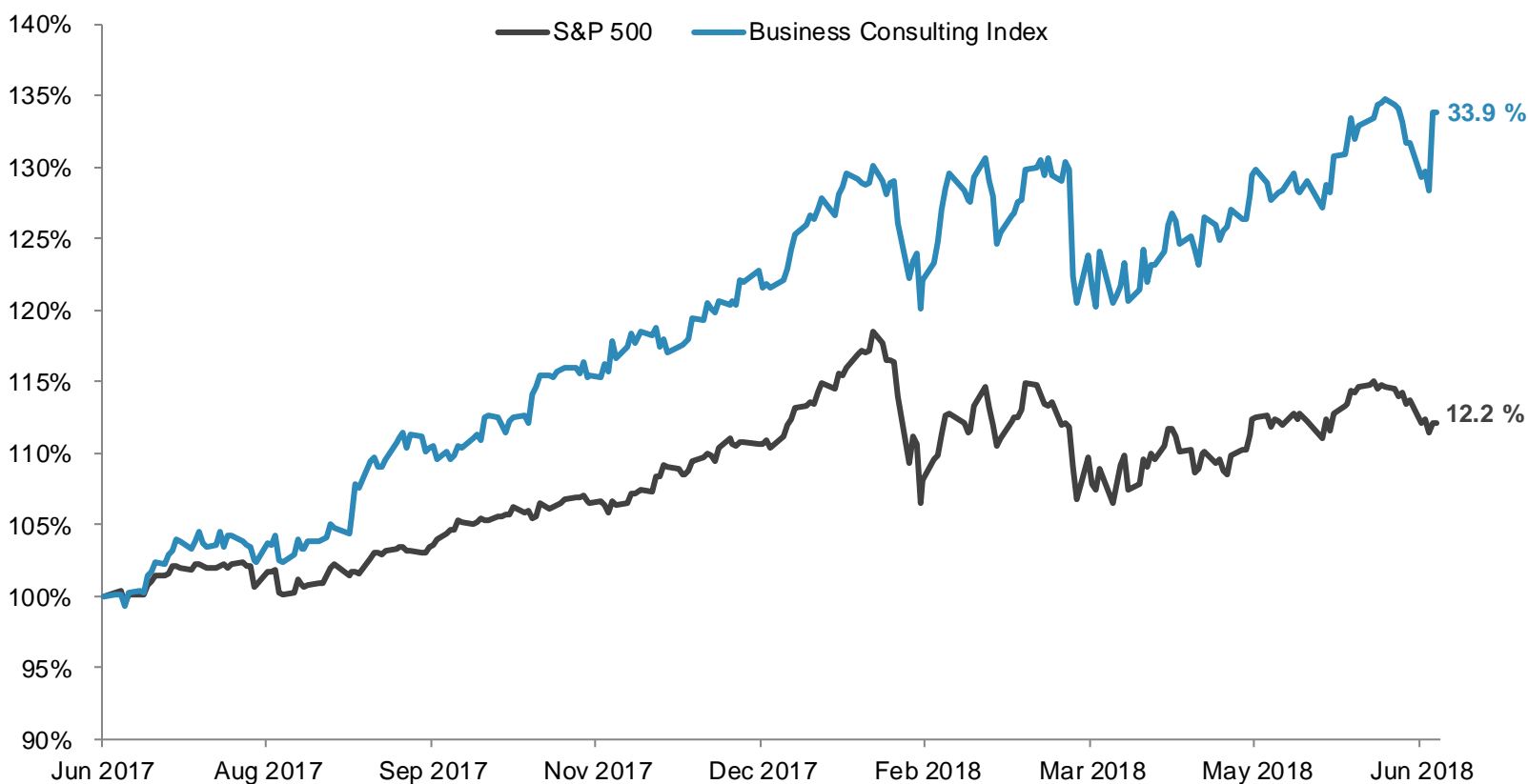
LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 29-Jun-2018

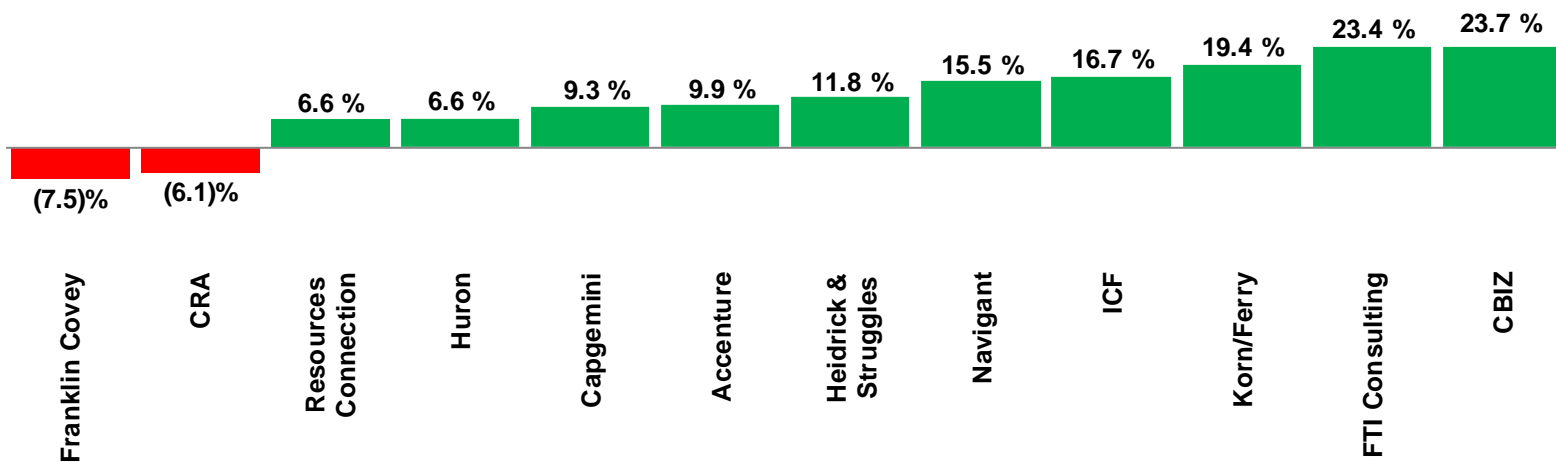
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 29-Jun-2018

Share Price Performance Q2 2018



Source: Capital IQ, market data as of 29-Jun-2018

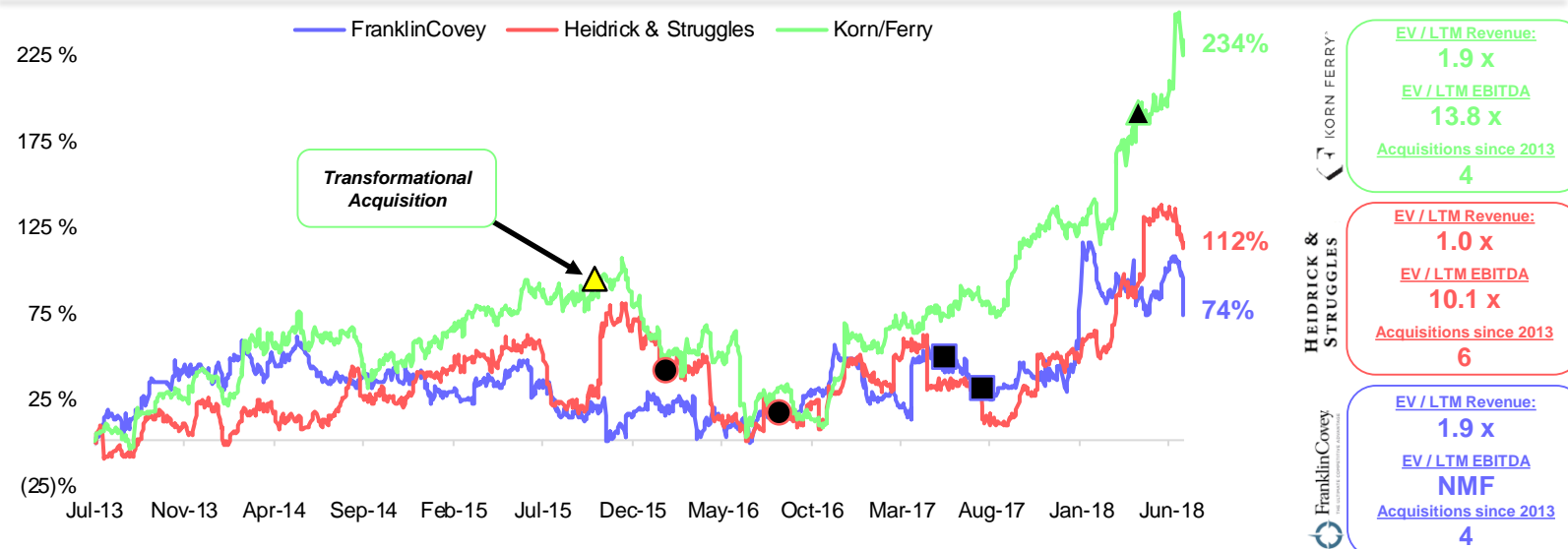
Human Capital Consulting's Technological Renaissance

Recently overshadowed in the media by consultancies operating in areas such as big data, machine learning, and the internet-of-things, the human capital consulting market has been quietly undergoing a fundamental shift. Gone are the days where workers are expected to arrive at their desks at 9am, leave the office at 5pm, and repeat these steps until retirement. Technological advancements in recent years have enabled employees to work from anywhere in the world, causing the concept of "face time" to slide into near obsolescence and resulting in a growing interest in flexible work options such as working from home (telecommuting) or shared workspaces like WeWork. Fueled by the increasing convergence of the physical and digital world, this rapidly changing work environment has left traditional human capital consultancies in a vulnerable position – in order to stay relevant, these firms must adapt to the modern workplace, including the digital enablement of their service offering.

This shift in how employees work has led to a shift in how executives need to lead and operate their businesses, and human capital consultancies have taken note. One example of a company integrating technology into their services in an effort to become a "one-stop shop" is FranklinCovey. Opening its doors in 1981, the company began with a single employee traveling the country giving seminars on time management. It then moved on to selling day planners and some 30+ years later after going public and making a number of key acquisitions, FranklinCovey has helped more than 75% of the Fortune 500, as well as thousands of small and mid-sized businesses, achieve business results that require a change in human behavior. Recently, the company acquired Jhana, a provider of web-based content and learning tools for leaders and managers. Jhana's content was integrated into the company's All Access Pass service, an online library of tools, assessments, videos, digital learning modules, and all of FranklinCovey's training courses – a long way away from in-person classes and seminars on which the company built its roots. To remain competitive in the new human capital ecosystem, companies must integrate technology, data, and services to serve clients effectively and efficiently.

Clearsight has seen the investment thesis around tech-enabled human capital services in action as well. Recently, we advised Brand Integrity, a provider of cloud-based employee engagement software and leadership coaching services, on its acquisition by U.K.-based Reward Gateway, backed by Great Hill Partners, also an employee engagement platform. This acquisition, predicated around the intersection of software, services, and data, helped Reward Gateway further expand their platform around engaging employees through technology-based services and helped bolster its U.S. presence. As technology becomes further engrained into the workforce, and our lives in general, we expect that technology M&A activity within the human capital consulting space will continue to accelerate.

Share Price Performance: Transformational Acquisitions Fueling Growth





















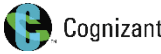


Representative Transactions: Leading Human Capital Consultancies

Announced	Target	Buyer	Transaction Value (\$mm)	Target Description / Deal Rationale	Marker
04/12/2018	HumInt	KORN FERRY	N/A	<ul style="list-style-type: none"> HumInt provides strategic advisory and compensation consulting services Korn/Ferry expanded their compensation consulting capabilities through the transaction 	▲
07/12/2017	Jhana	FranklinCovey	10.7	<ul style="list-style-type: none"> Jhana is a provider of online content and learning tools for leaders and managers The acquisition significantly expanded the scope of content and delivery capabilities already offered to clients through FranklinCovey's All Access Pass™ 	■
05/18/2017	ROBERT GREGORY PARTNERS	FranklinCovey	8.0	<ul style="list-style-type: none"> Robert Gregory Partners is an executive coaching firm based in Dublin, Ohio, with offices in New York and Los Angeles FranklinCovey acquired the company to provide add-on coaching services for FranklinCovey's content and solutions delivered through the FranklinCovey All Access Pass™ 	■
08/16/2016	PHILOSOPHY IB	HEIDRICK & STRUGGLES	14.0	<ul style="list-style-type: none"> Philosophy IB is a management consulting company that offers process optimization, change management, talent management, product development, leadership and executive coaching, process design and employee engagement, and project advisory services The transaction enhanced Heidrick and Struggles' leadership development and executive coaching expertise, with a notable client base in life sciences coming from Philosophy IB 	●
02/10/2016	DSI	HEIDRICK & STRUGGLES	12.0	<ul style="list-style-type: none"> Decision Strategies ("DSI") is a Philadelphia-based strategy and leadership advisory firm Heidrick & Struggles acquired DSI to accelerate the growth of their leadership consulting platform, with proven expertise and solutions that will help clients build leadership capabilities 	●
09/24/2015	HayGroup	KORN FERRY	454.2	<ul style="list-style-type: none"> Hay Group is a management consulting company that provides leadership and talent services, reward services, strategic performance management services, and employee surveys The transaction expanded Korn/Ferry beyond talent acquisition and compensation advisory to include the entire leadership and people services spectrum 	▲

Source: Company websites, Capital IQ, market and M&A data as of 29-Jun-2018

Q2 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
06/25/2018	 WE KNOW THE WAY DFLT and TAS businesses		<ul style="list-style-type: none"> • Navigant, a Chicago-based professional services firm sold its Disputes, Forensics, and Legal Technology ("DFLT") segment and Transaction Advisory Services ("TAS") practice to Ankura • Through the transaction, Ankura significantly expanded their global presence and Navigant will be able to focus on its two most dynamic sectors: healthcare and energy
06/11/2018			<ul style="list-style-type: none"> • Sciformix consults for life science companies throughout the drug development cycle, providing services including study design, marketing surveillance, and commercialization support • This acquisition strengthened Covance's position in the later phases of drug development, especially with regard to market access and pharmacovigilance solutions
06/05/2018			<ul style="list-style-type: none"> • Lawson Conner is a provider of regulatory consulting and compliance services to firms in the financial industry • The acquisition broadened SGG's range of capabilities, allowing them to provide clients with a full suite of compliance services
05/30/2018			<ul style="list-style-type: none"> • Risk Management America is a risk consulting organization which protects clients' property and employees • The acquisition increased the scope of SUNZ's risk management infrastructure, allowing them to reduce claim costs for large deductible workers
05/17/2018		HERO_digital.	<ul style="list-style-type: none"> • MaassMedia is a provider of end-to-end digital analytics services, including strategy, analytics software implementation, data visualization, data analysis, and personalization • Hero Digital, a portfolio company of CI Capital Partners, used this acquisition to increase their data capabilities and to meet demand for data-driven customer experiences
05/16/2018			<ul style="list-style-type: none"> • Sparkler is a London-based digital strategy consultancy serving many of the world's largest tech firms • PA Consulting increased its digital consulting capabilities with the transaction, reflecting increased demand for digital analytics services in the consulting industry
05/14/2018			<ul style="list-style-type: none"> • Source One Management Services is a provider of strategic sourcing and procurement transformation • Corcentric broadened its client list with Source One's large Fortune 1000 customer base
05/03/2018			<ul style="list-style-type: none"> • Therapeutic Products provides quality assurance and regulatory consulting to North America's healthcare industry • The acquisition added a suite of commercialization services to Innomar's arsenal. Innomar is a subsidiary of healthcare distributor AmerisourceBergen
05/03/2018			<ul style="list-style-type: none"> • C5MI is a management and operational technology consultancy • C5MI's industry domain and consulting expertise, coupled with YASH's global reach, wide range of service offerings, and strong presence in the manufacturing vertical, enhanced Yash's ability to architect specialized technology solutions and services to current and prospective customers
05/02/2018			<ul style="list-style-type: none"> • ClearPoint Financial is a retirement plan consultant and investment analyst serving clients in the corporate retirement plan industry • The acquisition expanded Arthur J. Gallagher's reach in the northwestern United States
05/02/2018			<ul style="list-style-type: none"> • Hedera Consulting is a Belgium-based firm providing business advisory and data analytics across many industry sectors • The acquisition expanded Cognizant's geographical reach in Belgium and the Netherlands

Q2 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
04/30/2018	CONDUENT HR Consulting and Actuarial Sectors	H.I.G. CAPITAL	<ul style="list-style-type: none"> Conduent is a global provider of business process services The business segments, which cumulatively generate around \$275mm annually, were sold to private equity firm H.I.G. Capital as part of Conduent's plan to divest up to \$500mm of revenue associated with non-core assets
04/19/2018	SOLITA	Apax PARTNERS	<ul style="list-style-type: none"> Solita is a Finland-based digital transformation consulting firm focused on formulating strategies based on human insight and artificial intelligence Solita will use the capital provided by Apax to enhance its growth within Finland and accelerate global expansion
04/18/2018	Kelton	LRW	<ul style="list-style-type: none"> Kelton is an insight and strategy consulting firm serving clients from start-ups to Fortune 500 companies LRW acquired Kelton along with four other consulting and data analytics firms with the plan to build a leading data analytics consulting firm
04/16/2018	Lenati	pk prokarma	<ul style="list-style-type: none"> Seattle-based Lenati is a provider of customer experience strategy consulting The acquisition of Lenati, whose expertise spans the overall customer and digital experience, strengthened ProKarma's capabilities around digital transformation, emerging technologies, and enterprise platforms (e.g. IBM Planning Analytics, SAP)
04/10/2018	ideas AT WORK	BDO	<ul style="list-style-type: none"> Ideas at Work is a Belgian management consulting firm specializing in digital transformation BDO Belgium acquired two other digital transformation companies along with Ideas at Work to bolster their digital transformation expertise
04/06/2018	OXFORD INTELLIGENCE Sound Analysis - Inspiring Ideas	CONWAY	<ul style="list-style-type: none"> Oxford Intelligence, a U.K.-based economic development data and consulting services firm, provides economic development data to government agencies and businesses The acquisition allowed Conway to take control of Oxford's data assets and enabled them to significantly expand their Conway Analytics product with Oxford Intelligence generated international data
04/04/2018	AMC	STONE POINT CAPITAL	<ul style="list-style-type: none"> American Mortgage Consultants is a provider of outsourced services to participants in the residential and consumer loan mortgage market AMC plans to expand its role as a partner to market participants throughout the mortgage lifecycle through its partnership with Stone Point Capital
04/04/2018	EXECUTIVE ANSWERS The Subscription Growth Agency™	Winning by Design	<ul style="list-style-type: none"> Based in Austin, TX, Executive Answers is a SaaS-focused consulting firm; Executive Answers helps build "revenue growth engines" for SaaS start-ups Winning by Design opened its sixth global office with its acquisition of Executive Answers
04/02/2018	HumInt Human Potential. Intelligently Unleashed.	KORN FERRY	<ul style="list-style-type: none"> HumInt provides strategic advisory and compensation consulting services Korn/Ferry expanded their compensation consulting capabilities through the transaction
04/02/2018	THE Big Beverage COMPANY	SPRIZZI drink-co.	<ul style="list-style-type: none"> The Big Beverage Company is a provider of marketing consulting services to the food and beverage industry This acquisition came in anticipation of SPRIZZI's campaign to install 100,000 of their dispensers in offices across the United States

RECENT DEALS

CLIENT SUCCESS

KOGENTiX

has been acquired by

accenture

SELL-SIDE ADVISOR



a portfolio company of



has been acquired by



SELL-SIDE ADVISOR

Brand! Integrity

has been acquired by



a portfolio company of

**Great Hill
PARTNERS**

SELL-SIDE ADVISOR

INSIGHT2PROFIT

has received a growth
investment from

DFW CAPITAL PARTNERS

SELL-SIDE ADVISOR

LunaMetrics

has been acquired by



SELL-SIDE ADVISOR

ibb

has been acquired by

accenture

SELL-SIDE ADVISOR

vynamic

has been acquired by



SELL-SIDE ADVISOR



has been acquired by

**MAINST
CAPITAL CORPORATION**

SELL-SIDE ADVISOR

**Tech
Insights**

has been acquired by



SELL-SIDE ADVISOR



has licensed key IP
assets to



FINANCIAL 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

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