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

<table>
<thead>
<tr>
<th>Business Consulting</th>
<th>Closing Price</th>
<th>% of 52 Week High</th>
<th>Equity Market Cap</th>
<th>Enterprise Value</th>
<th>EV / Revenue Multiples</th>
<th>EV / EBITDA Multiples</th>
<th>LTM EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29-Jun-2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accenture</td>
<td>$163.59</td>
<td>98.8 %</td>
<td>$108,262</td>
<td>$104,714</td>
<td>2.7 x</td>
<td>16.7 x</td>
<td>16.3 %</td>
</tr>
<tr>
<td>Capgemini</td>
<td>134.41</td>
<td>96.9</td>
<td>23,252</td>
<td>25,007</td>
<td>1.6</td>
<td>12.9</td>
<td>11.7</td>
</tr>
<tr>
<td>CBIZ</td>
<td>23.00</td>
<td>99.4</td>
<td>1,308</td>
<td>1,525</td>
<td>1.7</td>
<td>15.1</td>
<td>13.7</td>
</tr>
<tr>
<td>CRA International</td>
<td>50.89</td>
<td>86.6</td>
<td>447</td>
<td>447</td>
<td>1.2</td>
<td>16.7</td>
<td>12.4</td>
</tr>
<tr>
<td>Deloitte Consulting</td>
<td>34.55</td>
<td>78.7</td>
<td>399</td>
<td>399</td>
<td>1.9</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>Ernst &amp; Young</td>
<td>60.48</td>
<td>92.9</td>
<td>2,411</td>
<td>2,700</td>
<td>1.5</td>
<td>12.2</td>
<td>12.5</td>
</tr>
<tr>
<td>Heidrick &amp; Struggles</td>
<td>35.00</td>
<td>88.1</td>
<td>685</td>
<td>624</td>
<td>1.0</td>
<td>10.1</td>
<td>9.6</td>
</tr>
<tr>
<td>Huron Consulting</td>
<td>40.90</td>
<td>93.6</td>
<td>957</td>
<td>1,229</td>
<td>1.8</td>
<td>14.7</td>
<td>13.1</td>
</tr>
<tr>
<td>ICF International</td>
<td>71.05</td>
<td>93.3</td>
<td>1,414</td>
<td>1,626</td>
<td>1.3</td>
<td>14.4</td>
<td>12.3</td>
</tr>
<tr>
<td>Korn/Ferry</td>
<td>61.93</td>
<td>90.6</td>
<td>3,608</td>
<td>3,312</td>
<td>1.9</td>
<td>13.8</td>
<td>10.3</td>
</tr>
<tr>
<td>Naviant Consulting</td>
<td>22.14</td>
<td>87.7</td>
<td>1,055</td>
<td>862</td>
<td>1.3</td>
<td>10.2</td>
<td>13.1</td>
</tr>
<tr>
<td>Resources Connection</td>
<td>16.90</td>
<td>94.2</td>
<td>541</td>
<td>541</td>
<td>0.8</td>
<td>10.7</td>
<td>7.7</td>
</tr>
</tbody>
</table>

| High               | 99.4 %        | $108,262         | $104,714         | 2.7 x            | 16.7 x                | 16.5 x                | 16.3 %            |
| Median             | 93.1          | 1,181            | 1,427            | 1.6              | 13.8                  | 12.4                  | 11.7              |
| Mean               | 91.7          | 12,024           | 11,923           | 1.5              | 13.4                  | 12.3                  | 10.7              |
| Low                | 76.7          | 349              | 389              | 0.8              | 10.1                  | 8.7                   | 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

![Business Consulting Index](image)

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

### LTM EV / EBITDA Multiple Trend – 3 Years

![Business Consulting Index](image)

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

<table>
<thead>
<tr>
<th>Announced</th>
<th>Target</th>
<th>Buyer</th>
<th>Transaction Value ($mm)</th>
<th>Target Description / Deal Rationale</th>
<th>Marker</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/12/2018</td>
<td>HumInt</td>
<td>N/A</td>
<td>25%</td>
<td>HumInt provides strategic advisory and compensation consulting services</td>
<td>▲</td>
</tr>
<tr>
<td>07/12/2017</td>
<td>Jhana</td>
<td>FranklinCovey</td>
<td>10.7</td>
<td>Jhana is a provider of online content and learning tools for leaders and managers</td>
<td>□</td>
</tr>
<tr>
<td>02/10/2016</td>
<td>Decision Strategies</td>
<td>Heidrick &amp; Struggles</td>
<td>12.0</td>
<td>Decision Strategies (“DSI”) is a Philadelphia-based strategy and leadership advisory firm</td>
<td>□</td>
</tr>
<tr>
<td>09/24/2015</td>
<td>HayGroup</td>
<td>Gowing Shepherd</td>
<td>454.2</td>
<td>Hay Group is a management consulting company that provides leadership and talent services, reward services, strategic performance management services, and employee surveys</td>
<td>▲</td>
</tr>
</tbody>
</table>

Source: Company websites, Capital IQ, market and M&A data as of 29-Jun-2018
### Q2 2018 Business Consulting M&A Transactions

<table>
<thead>
<tr>
<th>Announced</th>
<th>Target</th>
<th>Buyer</th>
<th>Target Description / Deal Rationale</th>
</tr>
</thead>
</table>
| 06/25/2018  | NAVIGANT DFLT and TAS businesses                                        | Ankura         | - 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  | Scifomix                                                              |                | - Scifomix 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  | Lawson Conner                                                         | SGG            | - 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  | Risk Management America                                               | SUNZ Insurance | - 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  | MAассMedia                                                            | HERO_digital.   | - MAассMedia 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 C1 Capital Partners, used this acquisition to increase their data capabilities and to meet demand for data-driven customer experiences |
| 05/16/2018  | Sparkler                                                              | PA Consulting  | - 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  | Source One Management Services                                        | Corcentric     | - 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  | Therapeutic Products                                                 | Innovar        | - Therapeutic Products provides quality assurance and regulatory consulting to North America’s healthcare industry  
- The acquisition added a suite of commercialization services to Innovar’s arsenal. Innovar is a subsidiary of healthcare distributor AmerisourceBergen |
| 05/03/2018  | C5MI                                                                  |                 | - 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  | ClearPoint Financial                                                 | Arthur J. Gallagher & Co. | - 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  | Hedera Consulting                                                    | Cognizant      | - 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 |
<table>
<thead>
<tr>
<th>Announced</th>
<th>Target</th>
<th>Buyer</th>
<th>Target Description / Deal Rationale</th>
</tr>
</thead>
</table>
| 04/30/2018      | Conduent HR Consulting and    | H.I.Capital | ▪ 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 | ▪ 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         | ▪ 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 | ▪ 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         | ▪ 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           | Conway      | ▪ 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 | ▪ 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             | Winning by Design | ▪ 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                        | Korn/Ferry  | ▪ 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     | ▪ 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                                                                                                                                                                                                                                                                                                                                 |
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
2550 Meridian Blvd.
Franklin, TN 37067
703.672.3100
www.clearsightadvisors.com
@clearsightmb
Clearsight Advisors

RECENT DEALS

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.