

CLEAR SIGHT MONITOR

Business Consulting – Q2 2019

Market Perspective

Public Market Performance

Sector Spotlight

Q2 M&A Activity



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Private Equity Continues to Be Bullish on Consulting

Historically, consulting has been an often overlooked sector for private equity investment. However, in the past decade, that has changed significantly, as evidenced this past quarter. Q2 2019 saw a significant wave of private equity investment in the business consulting arena. Let's take a look back at some of the most notable transactions:

07-Jun-2019: CVC acquires a majority stake in Teneo

- Teneo is “the global CEO advisory firm” and operates in 12 countries with a global headcount of 800+
- The deal values the company at over \$700M (£552M) according to reports in the Financial Times and Wall Street Journal that suggest CVC paid \$350M (£276M) for its stake

03-Jun-2019: WCAS agrees to acquire Green Street Advisors from Golden Gate

- Green Street Advisors (“GSA”) is the premier provider of research, data, and analytics to the commercial real estate industry in North America and Europe
- Golden Gate Capital acquired a majority position in GSA in 2014, and exits the investment five years later with this transaction

20-May-2019: Kelso and Company to acquire majority stake in J.S. Held

- J.S. Held is a global consulting firm with expertise in construction, environmental health & safety, forensic accounting, water & fire restoration, equipment, and forensic architectural & engineering matters
- Lovell Minnick Partners, the current majority owner of J.S. Held, will be exiting its investment as part of the transaction

07-May-2019: Audax Group acquires majority stake in The Chartis Group

- Formerly backed by RLH Equity Partners, The Chartis Group provides advisory and analytics services to healthcare providers
- The Chartis management team will continue to lead the company and, together with the Chartis consultants and employees, maintain a significant ownership position

These are just four highlights from a tremendously active quarter for PE firms in the consulting arena. Check out pages four to seven for more examples. We hope all of our consultant readers take advantage of the typical seasonal dip in work in the summer months to enjoy the sun! And, as always, don't hesitate to reach out to me for advice and insight on the consulting M&A market.



Business Consulting Comparable Companies Analysis

| Business Consulting | Closing Price 28-Jun-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 | \$ 184.77 | 98.6 % | \$ 121,252 | \$ 116,909 | 2.8 x | 2.7 x | 2.5 x | 17.2 x | 15.9 x | 14.6 x | 16.5 % |
| Cappgemini | 124.43 | 91.3 | 21,452 | 24,921 | 1.6 | 1.6 | 1.4 | 12.9 | 10.5 | 9.8 | 12.8 |
| CBIZ | 19.59 | 80.4 | 1,109 | 1,454 | 1.6 | 1.5 | 1.4 | 13.5 | 12.2 | 11.2 | 11.6 |
| CRA International | 38.33 | 65.2 | 328 | 418 | 1.0 | 0.9 | 0.9 | 10.7 | 9.8 | 9.3 | 9.2 |
| Franklin Covey | 34.00 | 95.5 | 488 | 521 | 2.3 | 2.2 | 2.1 | NA | NA | NA | 6.4 |
| FTI Consulting | 83.84 | 96.0 | 3,353 | 3,616 | 1.7 | 1.7 | 1.7 | 12.7 | 13.7 | 13.5 | 13.7 |
| Heidrick & Struggles | 29.97 | 66.2 | 591 | 599 | 0.8 | 0.8 | 0.8 | 7.0 | 6.8 | 6.5 | 11.7 |
| Huron Consulting | 50.38 | 88.4 | 1,216 | 1,603 | 2.0 | 1.9 | 1.8 | 16.7 | 15.9 | 14.1 | 11.9 |
| ICF International | 72.80 | 88.5 | 1,451 | 1,820 | 1.3 | 1.2 | 1.2 | 14.5 | 12.9 | 11.9 | 9.1 |
| Korn Ferry | 40.07 | 58.1 | 2,320 | 1,919 | 1.0 | 1.0 | 0.9 | 7.0 | 6.1 | 5.9 | 14.2 |
| Navigant Consulting | 23.19 | 84.6 | 949 | 952 | 1.4 | 1.3 | 1.2 | 15.1 | 12.4 | 11.3 | 9.1 |
| Resources Connection | 16.01 | 82.1 | 516 | 526 | 0.7 | 0.7 | 0.7 | 7.8 | 9.2 | 8.3 | 9.3 |
| High | | 98.6 % | \$ 121,252 | \$ 116,909 | 2.8 x | 2.7 x | 2.5 x | 17.2 x | 15.9 x | 14.6 x | 16.5 % |
| Median | | 86.5 | 1,162 | 1,529 | 1.5 | 1.4 | 1.3 | 12.9 | 12.2 | 11.2 | 11.7 |
| Mean | | 82.9 | 12,919 | 12,938 | 1.5 | 1.5 | 1.4 | 12.3 | 11.4 | 10.6 | 11.3 |
| Low | | 58.1 | 328 | 418 | 0.7 | 0.7 | 0.7 | 7.0 | 6.1 | 5.9 | 6.4 |

Source: Capital IQ, market data as of 28-Jun-2019

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 28-Jun-2019

LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 28-Jun-2019

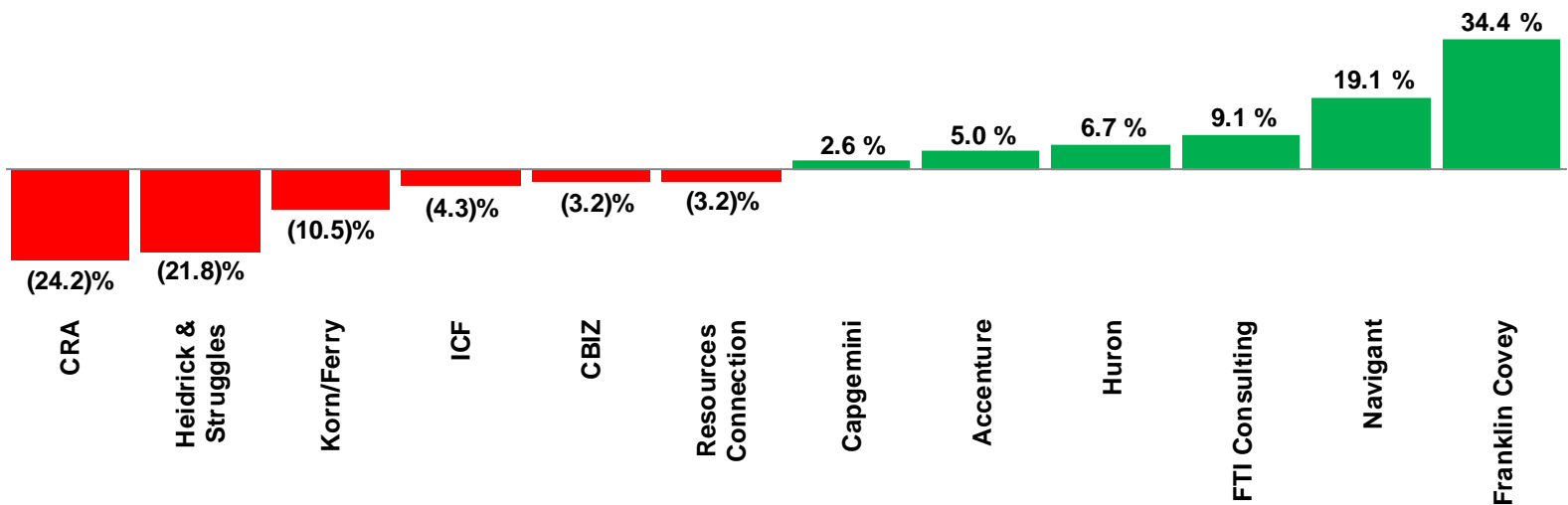
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 28-Jun-2019

Share Price Performance Q2 2019



Source: Capital IQ, market data as of 28-Jun-2019

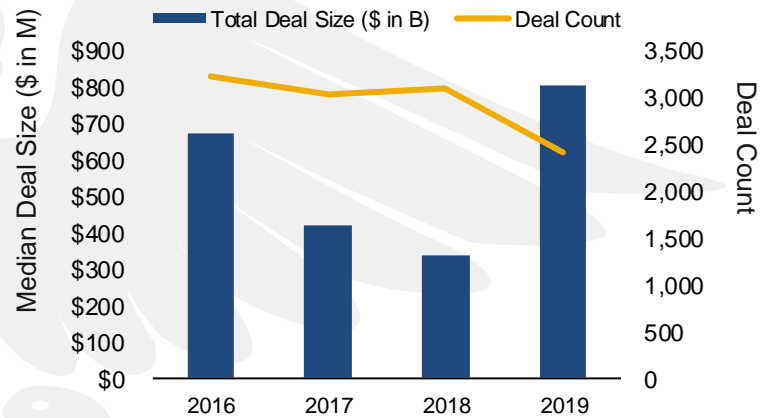
Significant M&A Activity in Life Sciences and Healthcare

Life sciences and healthcare M&A activity continues to thrive with strong overall volume and steadily increasing deal values. Changing market dynamics have driven cash-rich strategic buyers to pay premium valuations in order to garner mission-critical capabilities. Concurrently, private equity firms are armed with record amounts of dry powder which has increased the portion of PE deals in the space. Together, these dynamics create a robust environment for continued M&A activity as firms look to add capabilities and gain market share.

Key Market Drivers for Healthcare Consulting Demand

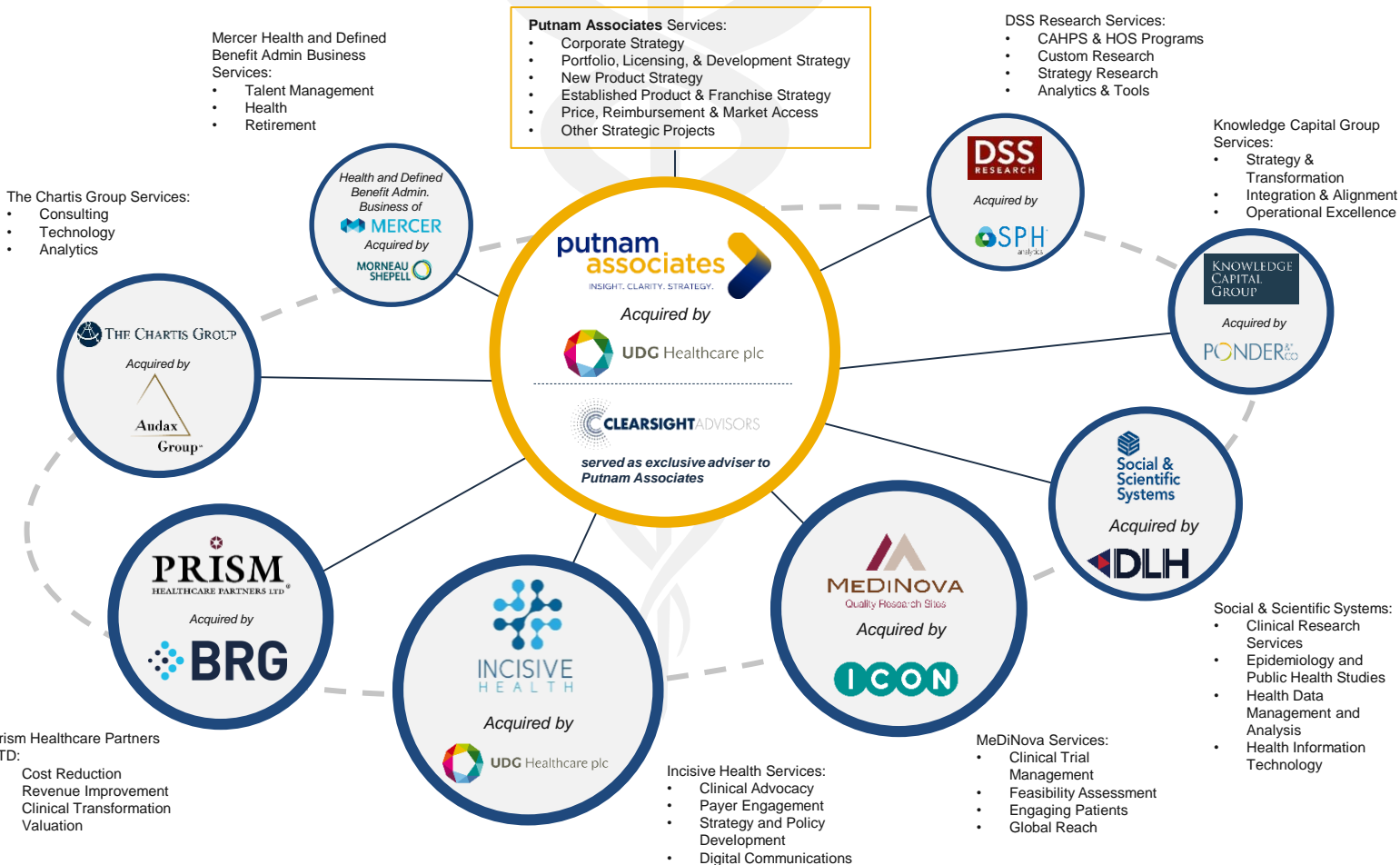
- Uncertainty around regulation and reform** – possible regulatory disruption could cause life sciences organizations to change strategies around compliance, operations, innovation, and strategy
- Digitization of healthcare** – as healthcare organizations try to harness the power of data and disruptive technologies, they increasingly turn to external support and joint venturing
- Rising health expenditure from aging population** – the increasing complexities between payers and providers caused by the aging population
- Evolving Medicare and Medicaid dynamics** – consultants are increasingly in demand to address changing reimbursement trends

Life Sciences and Healthcare M&A Volume Trend¹



Select Q2 Life Sciences / Healthcare M&A Activity

Putnam Associates is a consultancy focused on product commercialization strategy exclusively for the life sciences industry. It is ranked #6 in Vault's 2019 Top 50 Consulting Firms and #1 Boutique Consulting Firm in Vault's 2019 Best Boutique Consulting Firms



Source: Capital IQ, Company websites, IBISWorld Pharmaceutical Mgmt. Consultants; IBISWorld Brand Name and Generic Pharmaceutical Manufacturing in the US, data as of 28-Jun-2019 1. 2019 annualized by doubling 2019YTD output through June.

Q2 2019 Business Consulting M&A Transactions

| Announced | Target | Buyer | Target Description / Deal Rationale |
|-----------|--------|-------------------|---|
| 6/28/2019 | | backed by | <ul style="list-style-type: none"> 4iNNO is a management consulting firm that offers services in business model generation, technology development, and venture acceleration The acquisition made by PA Consulting fits an ongoing trend of expanding their innovation expertise. In October 2018, PA acquired Essential Design, an innovation strategy and product design consultancy |
| 6/28/2019 | | backed by | <ul style="list-style-type: none"> DSS Research is a provider of market research services to healthcare organizations, specializing in offering information and consulting services DSS strengthens SPH's market position as the premier health plan, market research, and experience analytics firm |
| 6/25/2019 | | | <ul style="list-style-type: none"> Knowledge Capital Group (KCG) is a management consulting firm that provides services across the healthcare strategy and organizational space Ponder's acquisition of KCG gives it the ability to offer clients guidance throughout a transaction, from strategy planning, to financing, and to implementation |
| 6/17/2019 | | | <ul style="list-style-type: none"> Déjà vu Security specializes in cybersecurity and IoT consulting and development services The acquisition gives Accenture a distinct position in the security enterprise application and network development services space |
| 6/14/2019 | | | <ul style="list-style-type: none"> Mobiquity is a customer experience consulting firm that specializes in creating multi-channel digital experiences utilizing cloud technologies Hexaware's acquisition of Mobiquity strengthens two of the firm's key offerings – Cloud Everything and Customer Experience Transformation – and broadens the verticality of their client base |
| 6/12/2019 | | | <ul style="list-style-type: none"> Ciruseo is a French, pure-play Google Cloud consulting provider with over 100 specialized GCP consultants The acquisition strengthens Accenture's Google Cloud capabilities and enhances its standing in the French and European market |
| 6/11/2019 | | | <ul style="list-style-type: none"> Business Forward is a consulting firm that specializes in helping IT, HR, and other corporate divisions derive the most value from their service management investments The acquisition of Business Forward strengthens Acorio's advisory capabilities, specifically their ability to drive complex transformative initiatives in the ServiceNow ecosystem |
| 6/10/2019 | | | <ul style="list-style-type: none"> Social & Scientific Systems (SSS) is a public health consulting firm providing solutions in clinical and biomedical research, epidemiology, health policy, and program evaluation The acquisition bolsters DLH's health and life science segment, diversifies their portfolio, and brings scale to support SSS' growth |
| 6/7/2019 | | | <ul style="list-style-type: none"> Teneo is a communications and advisory firm for CEOs at some of the world's leading companies The majority recapitalization by CVC values Teneo at more than \$700 million and provides significant opportunity for Teneo to continue its rapid growth trajectory through organic investment and acquisition |
| 6/4/2019 | | | <ul style="list-style-type: none"> ClearViewIP offers intellectual property consulting and transaction advisory services The acquisition will help strengthen Deloitte's IP advisory services division, further displaying that IP is becoming a mission-critical business concern |

FEATURED TRANSACTIONS

Q2 2019 Business Consulting M&A Transactions

| Announced | Target | Buyer | Target Description / Deal Rationale |
|-----------|--|--|--|
| 6/3/2019 |  Green Street Advisors <i>backed by</i>  GOLDEN GATE CAPITAL |  | <ul style="list-style-type: none"> Green Street Advisors is a provider of research, data, and analytics consulting services to the commercial real estate industry The acquisition aligns with WCAS' history of investing in market-leading technology and information services companies |
| 5/28/2019 |  CAIRNSTONE BENEFITS GROUP |  | <ul style="list-style-type: none"> Cairnstone Financial is a consulting firm that provides group health, life, wellness, and retirement services The acquisition will enable Arthur J. Gallagher to help its clients control healthcare costs while focusing on their employees' wellbeing |
| 5/23/2019 |  MEDINOVA Quality Research Solutions |  | <ul style="list-style-type: none"> MeDiNova Research provides investigator-based clinical research services to the pharmaceutical and biotech industry MeDiNova, a UK-based enterprise, will help further bolster ICON's patient recruitment capabilities in EMEA |
| 5/21/2019 |  putnam associates INSIGHT. CLARITY. STRATEGY. |  | <ul style="list-style-type: none"> Putnam Associates is a strategic management healthcare consultancy The acquisition strengthens UDG's Ashfield Communications and Advisory practice. Putnam will complement Ashfield's existing advisory offering, which was boosted by the acquisitions of STEM, Vynamic, and SmartAnalyst, in the last three years |
| 5/21/2019 |  INCISIVE HEALTH |  | <ul style="list-style-type: none"> Incisive Health, a UK-based healthcare communications consultancy, specializes in healthcare policy, public affairs, and communication services The acquisition strengthens UDG's capabilities in the UK and EMEA, specifically in dedicated policy and market access communications |
| 5/20/2019 |  JS HELD <i>backed by</i>  LMP LOVELL MINNICK PARTNERS |  | <ul style="list-style-type: none"> J.S. Held is a consulting firm that specializes on the construction industry, insurance claim management, environmental health & safety, and forensic accounting The partnership between Kelso and J.S. Held will enable the company to maintain its accelerated growth by deepening its bench of expertise and expanding global operations |
| 5/16/2019 |  RIVERON PREPARE FOR CHANGE |  | <ul style="list-style-type: none"> Riveron is a business advisory firm that provides accounting, finance operations, and capital markets and divestitures services H.I.G. made a growth equity investment in Riveron with the primary focus of supporting the firm's growth and building out its New York City office |
| 5/15/2019 |  |  | <ul style="list-style-type: none"> AC Lordi is a provider of accounting, audit, and risk management services The acquisition will assist the expansion of BDO's Philadelphia practice, through the addition of 100 AC Lordi professionals |
| 5/14/2019 |  PRISM HEALTHCARE PARTNERS LTD. |  <i>backed by</i>  | <ul style="list-style-type: none"> Prism Healthcare provides healthcare consultancy services, focusing on hospitals, health systems, and academic medical centers The acquisition will help bolster BRG's healthcare consulting space, a space that is becoming increasingly competitive |
| 5/7/2019 |  THE CHARTIS GROUP <i>backed by</i> RICHARD, LEWIS & HADJIN Equity Partners |  | <ul style="list-style-type: none"> The Chartis Group is a leading provider of advisory consulting and analytics to hospitals, health systems, and other healthcare organizations around the globe The recapitalization allows Chartis to continue growth to achieve meaningful scale by investing in their current offerings and by making strategic acquisitions |

Q2 2019 Business Consulting M&A Transactions

| Announced | Target | Buyer | Target Description / Deal Rationale |
|-----------|---|---|---|
| 5/6/2019 | <p>The Large Market Health and Defined Benefit Administration Business of</p>  |  | <ul style="list-style-type: none"> Mercer is a global consulting firm specializing in health, wealth, and career services The acquisition of Mercer's health and defined benefit administration business will help grow Morneau Shepell's health and pension benefits group |
| 4/29/2019 |  |  | <ul style="list-style-type: none"> Waterstone Management Group is a management consulting firm offering services in the customer operations improvement, digital transformation, and mergers and acquisitions spaces The acquisition deepens West Monroe's strategic advisory and operations improvement services segment |
| 4/29/2019 |  |  | <ul style="list-style-type: none"> The Gartland and Mellina Group is a management consulting firm that provides services to the financial services industry The acquisition will help Sia Partners break into the US market, with the goal of reaching 500 consultants located in the US by the end of 2020 |
| 4/9/2019 |  |  | <ul style="list-style-type: none"> KSM Consulting is a provider of technology, data, and management consulting services The acquisition will help Renovus bolster their portfolio, building on their strong presence in the education, technology, and human capital services spaces |
| 4/4/2019 |  | <p>CFGI backed by <u>THE CARLYLE GROUP</u></p> | <ul style="list-style-type: none"> Pine Hill Group is business advisory firm with a focus on accounting and transaction advisory With the acquisition, CFGI expands its reach into the Philadelphia market, and adds a full-scale transaction services advisory team |
| 4/3/2019 |  |  | <ul style="list-style-type: none"> Droga5 is a creative agency that offers brand strategy management, communication strategy, and prototyping services Droga5 will support Accenture Interactive with the goal of building a new agency model to enhance clients' marketing capabilities |
| 4/3/2019 | <p>PANGEA³ a subsidiary of</p>  |  | <ul style="list-style-type: none"> Pangea3 is a provider of legal process outsourcing services and consulting The acquisition will enhance EY's technology-enabled managed services, and also bolster the ability for EY Law practices to help clients |

RECENT DEALS




has been acquired by



a portfolio company of



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



has been acquired by



a portfolio company of



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



has been acquired by



a subsidiary of



SELL-SIDEADVISOR



Knowledgegent

has been acquired by



SELL-SIDEADVISOR



has received a growth investment from



SELL-SIDEADVISOR



has been acquired by



SELL-SIDEADVISOR



a portfolio company of




has been acquired by



SELL-SIDEADVISOR



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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