

CLEAR SIGHT MONITOR

Business Consulting – Q3 2017

Market Perspective

Public Market Performance

Sector Spotlight

Q3 M&A Activity



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Ready for Another “School” Year

The D.C. traffic is back in full force, our newest financial analyst class has arrived to start their careers at ClearSight, and business is resuming its normal, fast clip post-summer. The fall always feels reminiscent of that old back-to-school momentum, but at ClearSight, we are literally going back to our schools. Fall brings with it our recruiting season, so the ClearSight team has been traveling back to our alma-maters to find the next crop of investment bankers to join our ranks.

Recruiting is very important to us, just as it is to many of our clients. As a financial advisor to top-tier consulting firms, we have had a unique lens on some of the best recruiting and training engines in the world. We have learned a lot from our clients about the importance of recruiting, talent, and culture initiatives. There is a huge opportunity to generate value in a consulting business by creating highly repeatable, procedural, documented processes for getting new team members in the door, up to speed, and then retaining them. By “value” we don’t just mean the value in streamlining your day-to-day initiatives and making your life easier as a business leader – we mean tangible value for your equity upon the sale of your business. Strategic and financial buyers alike are more comfortable with human capital businesses when there are tried and true processes around talent. After all, with most consulting firms, talent is the only substantial asset changing hands.

A textbook example of a company with a well-oiled talent engine is our client, IBB Consulting Group, which announced their acquisition by Accenture in early September. IBB is a premier consulting firm that helps leading broadband and mobile operators, media companies, and technology providers identify emerging industry shifts, adapt to market changes, and capitalize on new business and technology opportunities. IBB’s leadership did a phenomenal job creating a platform that was personally, professionally, and financially rewarding to its employees. Paired with thoughtful recruiting efforts, this allowed the Company to hire the best technology, media, and telecommunications (“TMT”) consultants in the industry. IBB will now bring their tremendous pool of talent to Accenture, to enable Accenture Strategy to better advise the biggest TMT players in the world on the central opportunities and challenges they face. In the knowledge economy, never underestimate the importance of talent, and the power of a unified and enthusiastic team.



Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 30-Sep-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	\$ 135.07	97.4 %	\$ 89,871	\$ 86,527	2.5 x	2.4 x	2.2 x	14.6 x	14.2 x	13.0 x	17.1 %
Cap Gemini	117.20	96.9	20,247	22,803	1.6	1.5	1.5	12.4	11.2	10.5	12.7
CBIZ	16.25	98.5	923	1,108	1.3	1.3	1.2	12.1	10.6	9.8	11.0
CRA International	41.05	98.2	382	368	1.1	1.0	1.0	12.5	11.4	10.6	8.6
Franklin Covey	20.30	90.4	287	322	1.7	1.7	1.5	NA	NA	NA	3.8
FTI Consulting	35.48	75.3	1,419	1,762	1.0	1.0	1.0	11.8	9.1	8.5	8.4
Heidrick & Struggles	21.15	78.0	415	356	0.6	0.6	0.6	6.4	6.7	6.2	9.3
Huron Consulting	34.30	56.6	789	1,175	1.6	1.6	1.6	10.5	11.3	10.5	15.3
ICF International	53.95	90.6	1,051	1,320	1.1	1.1	1.0	11.5	11.3	10.5	9.6
Korn Ferry	39.43	98.3	2,244	2,205	1.4	1.4	1.3	11.2	9.1	8.4	12.3
Navigant Consulting	16.92	60.7	831	1,009	1.1	1.0	1.0	7.6	7.4	6.9	13.9
Resources Connection	13.90	70.2	425	427	0.7	0.7	0.7	10.9	11.3	10.2	6.7
High		98.5 %	\$ 89,871	\$ 86,527	2.5 x	2.4 x	2.2 x	14.6 x	14.2 x	13.0 x	17.1 %
Median		90.5	877	1,142	1.2	1.2	1.1	11.5	11.2	10.2	10.3
Mean		84.3	9,907	9,948	1.3	1.3	1.2	11.0	10.3	9.5	10.7
Low		56.6	287	322	0.6	0.6	0.6	6.4	6.7	6.2	3.8

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

LTM EV / Revenue Multiple Trend – 3 Years



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

LTM EV / EBITDA Multiple Trend – 3 Years



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

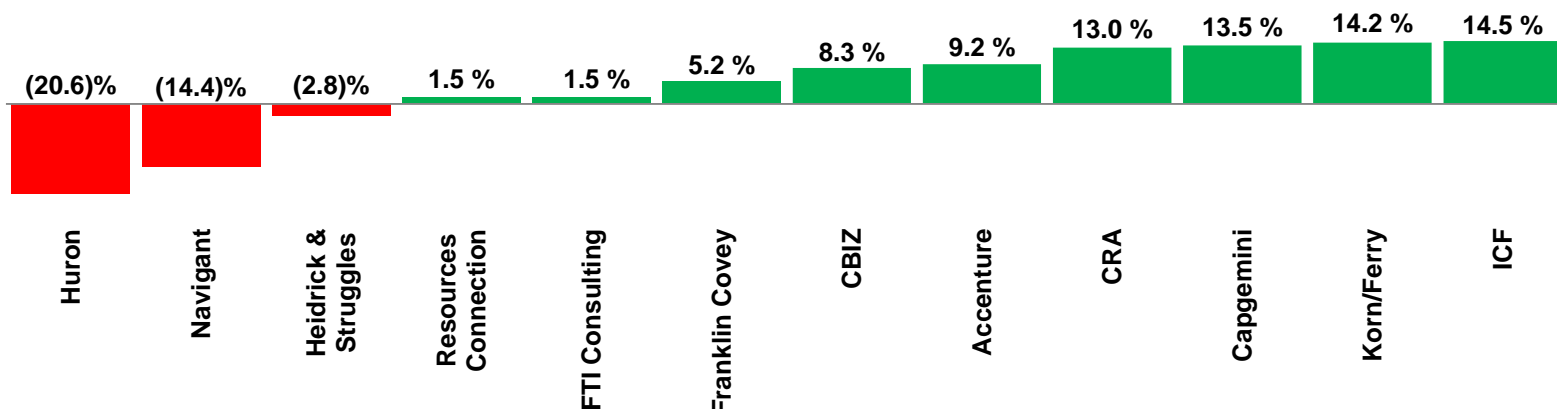
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



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

Share Price Performance Q3 2017



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

Accenture: The Most Active Consulting Acquirer

- With nearly 50 acquisitions over the past two years, Accenture has emerged as one of the most acquisitive consulting firms in the industry
- The Company's acquisition strategy has revolved around a number of key themes, most notably:
 - Cloud: Accenture has made a number acquisitions as part of their Cloud First agenda, bolstering their capabilities across various cloud platforms, among those being Salesforce, ServiceNow, and Workday
 - Digital: A heightened focus has been placed on building out the Company's Digital practice; in an area once ruled by agencies, Accenture's investments in digital service providers and consultancies highlight their commitment to this industry as more and more companies look to transform the way they do business through digital initiatives

Commentary on Rationale

"Retail and consumer goods companies are among the most affected by digital disruption. Millennial consumers in particular expect digital interaction and a personalized customer experience. To meet the future needs of these digital consumers, retail and consumer goods clients are rethinking their commercial operating models and require increasing support for digital transformation."

- Michael Brueckner
Managing Director, Accenture
Austria, Switzerland, and Germany

"Our clients are eager to adopt As-a-Service operating models as they fuel their innovation through cloud. Accenture's Cloud First approach enables us to offer clients the latest capabilities for an easier and more efficient path to cloud adoption."

- Jack Sepple
Sr. Managing Director,
Accenture Cloud & Accenture Operations

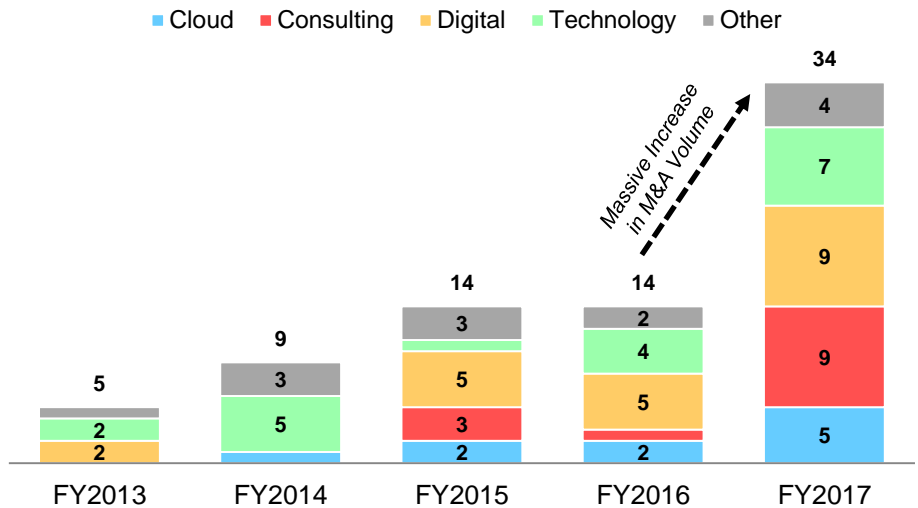
"Disruption introduced by connected products and the IoT is re-writing the old rules of a product-based business model, forcing manufacturers to transform to deliver value-added services and deliver meaningful outcomes for consumers."

- Brian Doyle
Managing Director - Accenture Connected
Product Innovation

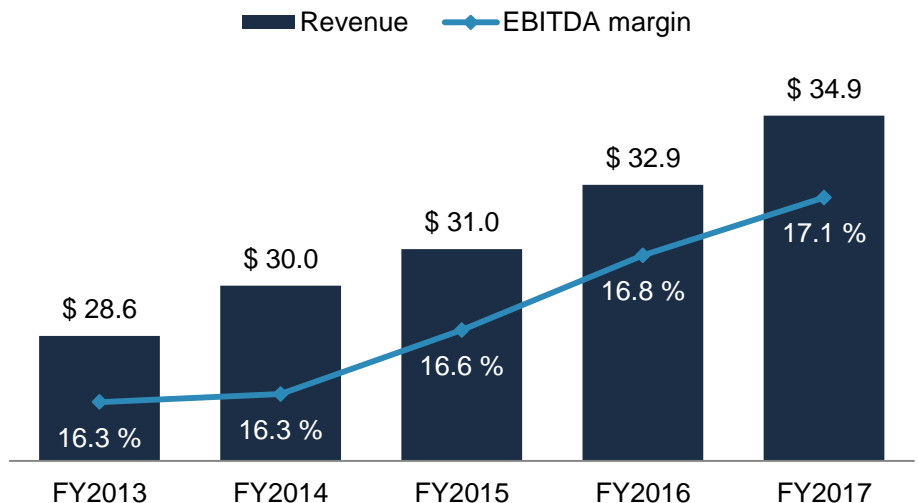
"Experience is the new battleground in the digital world and brands need to continuously optimize it across the entire customer journey. At Accenture Interactive, we're laser focused on creating the best customer experiences for our clients..."

- Glenn Hartman
Group Head - Accenture Interactive
North America

M&A Breakdown – 5 Fiscal Years



Financial Performance – 5 Fiscal Years (\$bn)







Select Strategy Consulting Transactions (Last 2 Fiscal Years)

Target	Date	Deal Commentary
Interactive Broadband Consulting Group ("IBB")	Sep 2017	<ul style="list-style-type: none"> Interactive Broadband Consulting Group ("IBB") is a provider of consulting services for broadband, mobility, media, and technology companies IBB Consulting strengthened the ability of Accenture Strategy to advise clients in the Communications, Media, and Technology industries
First Annapolis Consulting M&A Advisory Services	Mar 2017	<ul style="list-style-type: none"> First Annapolis Consulting is a provider of payments consulting and advisory services Accenture gained payments expertise in several international markets through the acquisition
Kurt Salmon	Sep 2016	<ul style="list-style-type: none"> Kurt Salmon is a strategy consulting firm focused on the retail industry The acquisition expanded Accenture's capabilities in delivering end-to-end strategy consulting services to retailers and private equity firms

Source: Capital IQ, market and M&A data as of 30-Sep-2017
Note: Fiscal year ends August 31.

FEATURED TRANSACTIONS

Q3 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
09/28/2017			<ul style="list-style-type: none"> Certeco, a business change management consultancy in the U.K., merged with P2 consulting, a provider of project and program management consulting services and portfolio company of Lonsdale Capital Partners The combination of the companies helped them provide a broader range of consultancy services to the market
09/28/2017			<ul style="list-style-type: none"> Lyons Consulting Group ("LYONSCG") is a digital and global commerce service provider with deep expertise in Salesforce Commerce Cloud The addition of LYONSCG enhanced Capgemini's capabilities in a number of areas including digital strategy, experience design, and ecommerce implementation as the Company looked to bolster their digital commerce advisory platform through the acquisition
09/07/2017			<ul style="list-style-type: none"> TandemSeven is a customer and digital experience innovation consulting firm The acquisition of TandemSeven boosted Genpact's design thinking capabilities and extended their ability to help clients provide a seamless experience from the front office to the back office
09/06/2017			<ul style="list-style-type: none"> Global Insurance Management Company provides consultancy services to create and manage medical liability insurance to the property and casualty insurance companies and reinsurers worldwide Converys expanded its geographical presence through the acquisition
09/06/2017			<ul style="list-style-type: none"> Interactive Broadband Consulting Group ("IBB") is a provider of consulting services for broadband, mobility, media, and technology companies IBB Consulting strengthened the ability of Accenture Strategy to advise clients in the Communications, Media & Technology industries Clearsight served as the exclusive strategic and financial advisor to IBB in this transaction
09/01/2017			<ul style="list-style-type: none"> GNC Group Consulting is a Melbourne-based retail consulting firm with operations in Australia and south-east Asia The merger with GNC Group Consulting allowed Grant Thornton Australia to provide its retail clients with specialized advisory services including commercial finance, category management, technology strategy, and property services
08/29/2017			<ul style="list-style-type: none"> The Advisory Board Company is a provider of consulting, research and technology services to healthcare organizations and educational institutions The Advisory Board Company's healthcare business merged with OptumInsight in a ~\$1.3 billion deal to provide greater strategic insights and operation value to Optum's clients
08/28/2017			<ul style="list-style-type: none"> Blue Agility is a provider of Agile and Development & Operations (DevOps) consulting and training services The acquisition deepened cPrime's Agile consulting and training practice and helped their software development teams better incorporate Software Services Lifecycle Management (SSLM) into their process to create accelerated flow of value delivery to customers
08/24/2017			<ul style="list-style-type: none"> Moss Adams, an accounting, consulting, and wealth management firm, merged with Hein & Associates, a provider of corporate accounting and economic advisory services The merger significantly strengthened the firms' presence in the Western US
08/21/2017			<ul style="list-style-type: none"> herronpalmer is a provider of consulting services to employers on selecting, implementing, and managing relationships with administration providers for HR and employee benefit programs The addition of herronpalmer helped Pacific Resources meet the growing demand among large employers for independent, evidence-based advice
08/21/2017			<ul style="list-style-type: none"> OC&C specializes in strategic consulting services for large and mid-market organizations, private equity firms, governmental entities, and other public institutions EY strengthened its organization with all 59 employees of OC&C Benelux, including 6 partners, joining EY's Transaction Advisory Services to operate under the Parthenon-EY brand

FEATURED TRANSACTIONS

Q3 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
08/18/2017			<ul style="list-style-type: none"> Clarion Capital Partners, a private equity firm, invested in AML RightSource, a provider of AML/BSA and Financial Crimes compliance solutions The partnership helped AML RightSource align more closely with its customers in the banking, financial services, & online payments industries, pursue new customers, and invest in its employees and internal infrastructure
08/10/2017			<ul style="list-style-type: none"> MTS Health Investors, a New York-based healthcare private equity firm, recapitalized Medical Knowledge Group, an analytics-driven and technology-enabled multi-channel healthcare marketing and communications provider servicing the biopharmaceutical industry
08/10/2017			<ul style="list-style-type: none"> DataScore is a provider of consulting and growth marketing services to startups The DataScore team helped Lyft scale growth for the on-demand ride app and improve customer acquisition
08/09/2017			<ul style="list-style-type: none"> CrossResolve is a provider of government advisory and strategy services focused on biometrics, forensics, and identity programs KeyLogic Systems expanded their biometrics services through the acquisition
08/09/2017			<ul style="list-style-type: none"> Clinical Benchmarking is a healthcare consulting firm that specializes in guaranteed expense reductions focused on physician preference items and facility reporting With a strong history focused primarily on orthopedic and neurosciences supplies management, Clinical Benchmarking broadened Pinnacle Healthcare Consulting's cardiovascular supply chain capabilities
08/08/2017			<ul style="list-style-type: none"> Envision Business Consulting is a provider of business consulting services to commercial, government, and non-profit organizations Strong-Bridge Consulting expanded their geographic footprint through the transaction
08/07/2017			<ul style="list-style-type: none"> Credo is a provider of management consulting services focused on corporate strategy, transaction services, commercial & operating model transformation, and performance improvement Teneo Holdings acquired Credo as part of a major global expansion of its Teneo Consulting operating division
08/03/2017			<ul style="list-style-type: none"> Brand Learning is a marketing and sales capability consultancy The acquisition strengthened Accenture's ability to help organizations drive sustained customer-led growth by enhancing their marketing, sales, HR and leadership capabilities
07/27/2017			<ul style="list-style-type: none"> Baird Capital, the direct investment arm of Robert W. Baird & Co., acquired an interest in Prescient Healthcare Group, a product strategy consultancy focused on the global biopharmaceutical industry
07/25/2017			<ul style="list-style-type: none"> Anderson Corporate Solutions is a provider of life and health benefits consulting services Risk Strategies expanded their employee benefits practice in the Southeastern US through the acquisition
07/18/2017			<ul style="list-style-type: none"> MAYA Design is a design consultancy and technology research lab The acquisition broadened BCG's digital offerings and capabilities

FEATURED TRANSACTIONS

Q3 2017 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
07/16/2017	 EXPERT360	 AirTree VENTURES	<ul style="list-style-type: none"> AirTree Ventures led a \$13 million capital raise for Expert360, an online platform that connects businesses with global network of consultants for project based work
07/14/2017	 source8	 mitie	<ul style="list-style-type: none"> Source8 is a provider of real estate, technology, and risk management consultancy services to leading global corporations, with particular expertise in emerging markets and complex environments The acquisition strengthened Mitie Group's existing service offering in both the UK and overseas
07/13/2017	 HWSC (Family Enterprise Business Services Practice)	 EY	<ul style="list-style-type: none"> Headwaters SC is a provider of advisory and consulting services for business-owning families and family offices Ernst and Young acquired Headwaters SC's Family Enterprise Business Services Practice, expanding their Private Client Services Practice
07/12/2017	 vynamic	UDG Healthcare plc 	<ul style="list-style-type: none"> Vynamic is a management consulting firm exclusively focused on the healthcare industry As a result of the \$32mm acquisition, Vynamic joined UDG as part of their Ashfield division; the acquisition is in line with Ashfield's strategy to expand its advisory services offering Clearsight served as the exclusive strategic and financial advisor to Vynamic in this transaction
07/11/2017	 CERTARA	 IEQT	<ul style="list-style-type: none"> EQT Partners, an alternative investments firm, acquired Certara, a provider of technology-driven decision support solutions for drug developments well as regulatory science, writing, and submission management software and services for an enterprise value of \$850mm
07/10/2017	 GNARUS ADVISORS LLC	 NATHAN Trusted for Excellence	<ul style="list-style-type: none"> Gnarus Advisors is a provider of financial performance, risk management, and dispute resolution consulting services Nathan Associates enhanced their litigation services and solutions through the acquisition
07/10/2017	 Group Benefits LLC AN ALERA GROUP COMPANY	 ALERA GROUP	<ul style="list-style-type: none"> Group Benefits is a provider of employee benefits consulting services Alera Group gained a strong presence in Memphis as a result of the transaction
07/10/2017	 PORTUS	 AON	<ul style="list-style-type: none"> Portus Consulting is a provider of employee benefits programs consulting services and software solutions The acquisition of Portus supported Aon's ambitions to grow its UK employee benefits business both organically and through acquisition
07/10/2017	 Soyring Consulting	 PRESS GANEY	<ul style="list-style-type: none"> Soyring Consulting is a provider of clinical and operational consulting assistance to hospitals and healthcare facilities The addition of Soyring's capabilities expanded Press Ganey's suite of consulting solutions designed to help clients improve the overall safety, quality, and experience of care
07/10/2017	 NOVIA STRATEGIES	 GEHC Camden Group	<ul style="list-style-type: none"> Novia Strategies is a provider of consulting services to healthcare organizations Novia Strategies' skills and experience complemented GE Healthcare Camden Group in several key areas, including care management transformation, workforce management, non-labor cost reduction, and sustaining operating performance improvement
07/06/2017	 CDG GROUP	 FTI CONSULTING	<ul style="list-style-type: none"> CDG Group is a restructuring advisory, turnaround management, value enhancement, and transaction advisory firm The acquisition strengthened FTI Consulting's restructuring service offering

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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 consulting firms



ABOUT US

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