

CLEAR SIGHT MONITOR

Business Consulting – Q3 2018

Market Perspective

Public Market Performance

Sector Spotlight

Q3 M&A Activity



Greg Treger

Co-Founder &
Managing Director

[Email Greg](#)
(Control + Click to email)

Busy Quarter in Salesforce Consulting

In 2017, Salesforce released a [blog](#) quantifying the size of the “Salesforce Economy.” Because organizations that spend on cloud computing subscriptions also spend on ancillary products and services, the Salesforce ecosystem is nearly four times bigger than Salesforce itself. According to Salesforce, by 2022, Salesforce and its partner network is expected to enable the creation of 3.3 million new jobs and generate \$859 billion in new business revenues globally; for every \$1 Salesforce makes, its ecosystem will make \$5.18. With this type of growth and impact, it is no surprise that there is a tremendous amount of convergence in the space. Four of the deals we highlight this quarter are Salesforce consultancies:

- **Ramsey Solutions sale to A5:** Ramsey Solutions is a Salesforce technology consulting company that implements solutions to help businesses improve their processes
- **Fluido’s sale to Infosys:** Fluido is one of the largest and longest tenured independent Salesforce Platinum Consulting Partners in Europe and an Authorized Salesforce Training Delivery partner in the Nordics
- **Idle Tools’ sale to Nubik:** Idle Tools is a full service Salesforce and Pardot consultancy focused on the manufacturing and distribution industries
- **StratusPartner’s merger with Venture West:** StratusPartner is a cloud services and Salesforce advisory firm

At ClearSight we spend our time focusing on the increasing overlap between business services and technology. We study market subsegments such as IT Services, Digital Transformation, and Business Consulting (the subject of this Monitor). The reality is that the lines between these previously separate siloes are increasingly blurry. In today’s world, business challenges are becoming interwoven with technology challenges and the consultants of tomorrow will be fluent in both.



Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
Accenture	\$ 170.20	96.9 %	\$ 112,637	\$ 107,957	2.7 x	2.7 x	2.5 x	16.0 x	15.7 x	14.7 x	17.1 %
Cappgemini	125.94	90.5	21,696	23,583	1.6	1.5	1.5	12.5	11.0	10.4	12.4
CBIZ	23.70	97.2	1,359	1,539	1.7	1.7	1.6	14.6	13.9	12.7	11.7
CRA International	50.22	85.5	441	453	1.2	1.1	1.1	16.1	12.1	NA	7.2
Franklin Covey	23.65	75.8	336	376	1.8	1.7	1.6	NA	NA	NA	4.1
FTI Consulting	73.19	89.4	2,964	3,220	1.7	1.6	1.6	12.8	13.4	13.0	13.1
Heidrick & Struggles	33.85	74.7	663	577	0.9	0.8	0.8	8.4	7.9	7.6	10.2
Huron Consulting	49.40	98.0	1,160	1,502	2.0	2.0	1.9	16.6	16.6	14.1	12.0
ICF International	75.45	91.7	1,506	1,743	1.4	1.3	1.2	15.7	14.1	12.6	8.9
Korn Ferry	49.24	71.4	2,889	2,747	1.5	1.4	1.4	11.1	9.3	8.5	13.6
Navigant Consulting	23.06	89.2	1,095	861	1.3	1.2	1.2	10.1	11.9	10.0	13.2
Resources Connection	16.60	92.5	530	560	0.8	0.8	0.8	9.8	14.1	10.8	8.3
High		98.0 %	\$ 112,637	\$ 107,957	2.7 x	2.7 x	2.5 x	16.6 x	16.6 x	14.7 x	17.1 %
Median		89.9	1,259	1,520	1.5	1.5	1.4	12.8	13.4	11.7	11.8
Mean		87.7	12,273	12,093	1.5	1.5	1.4	13.1	12.7	11.4	11.0
Low		71.4	336	376	0.8	0.8	0.8	8.4	7.9	7.6	4.1

Source: Capital IQ, market data as of 28-Sep-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 28-Sep-2018

LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 28-Sep-2018

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

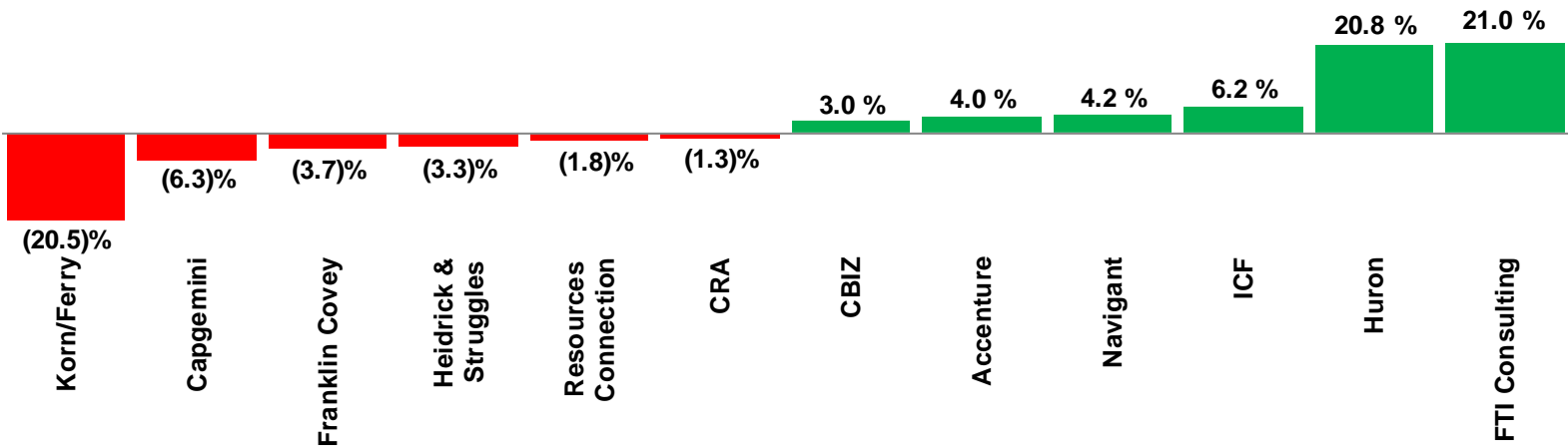
PUBLIC MARKETS

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 28-Sep-2018

Share Price Performance Q3 2018

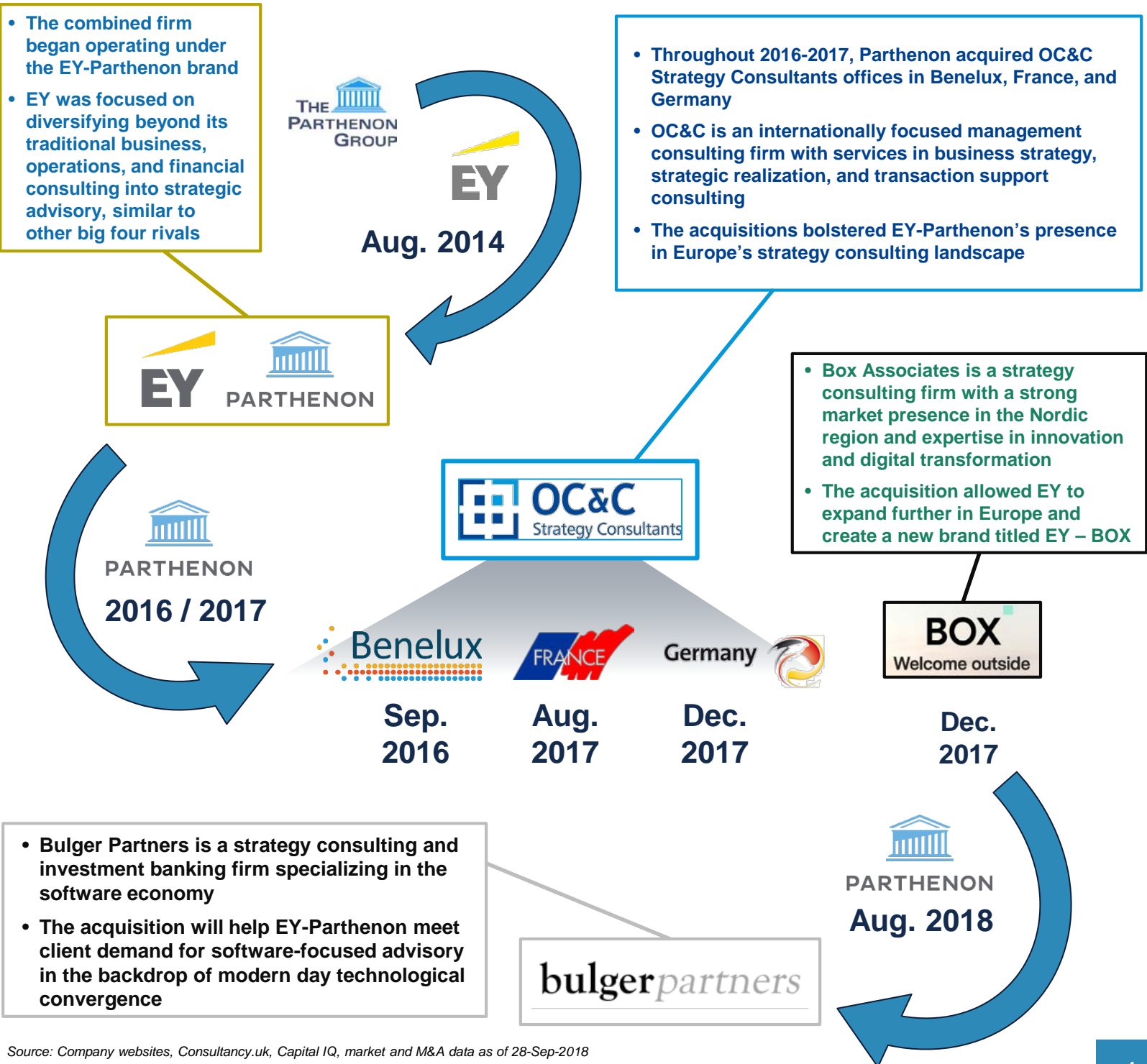


Source: Capital IQ, market data as of 28-Sep-2018

SECTORS SPOTLIGHT

The Parthenon Group's On-Going Evolution

The Parthenon Group (Parthenon) is a global strategy consultancy firm offering services in investment strategy, transaction evaluation, corporate strategy, and value optimization. Parthenon began its history in 1991 and operated independently until it merged with EY in 2014 (Clearsight Advisors served as Parthenon's advisor). Since then, Parthenon has been growing its international presence and making strategic acquisitions. This is a great example of a strong business finding the right partner that enabled them to grow and scale faster while keeping much of what made Parthenon unique.



Source: Company websites, Consultancy.uk, Capital IQ, market and M&A data as of 28-Sep-2018

Q3 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
09/27/2018	ZOLFO COOPER	AlixPartners	<ul style="list-style-type: none"> Zolfo Cooper is a leading financial advisory and interim management consultancy, with a focus on restructuring AlixPartners continues to expand their restructuring and turnaround business with this acquisition; this transaction follows AlixPartners' 2015 acquisition of Zolfo Cooper's European practice and significantly boosts the combined company's leadership team and breadth of offerings
09/26/2018	Enclude	Palladium MAKE IT POSSIBLE	<ul style="list-style-type: none"> Enclude is an impact investment and international development advisory firm focused on providing solutions that generate sustainable business results and positive social and environmental outcomes Palladium bought Enclude from Triodos Bank, a leader in sustainable, value-based banking, and with the acquisition continues to build a platform for positive-impact financing of international development
09/20/2018	FIRE & RAIN	2e	<ul style="list-style-type: none"> Fire & Rain is an independent field force training, leadership development, and meetings and events consultancy to the pharmaceutical market 2e Group, a full-service agency with a portfolio of life sciences clients, acquired the company
09/18/2018	RAMSEY SOLUTIONS	A5	<ul style="list-style-type: none"> Ramsey Solutions is a business process improvement consultancy focused primarily on the Salesforce ecosystem Ramsey Solutions' Salesforce expertise and top-rated reputation in the ecosystem enables A5 to expand their solution suite and positions them strategically for growth in the New York and San Francisco markets
09/14/2018	Fluido	Infosys®	<ul style="list-style-type: none"> Fluido is one of the largest and longest-tenured independent Salesforce consultancies in Europe, specializing in digital strategy and customer experience Infosys improves their position as a global Salesforce enterprise cloud leader with this acquisition, increasing their agility in delivery and adding new channels in Northern Europe
09/06/2018	Idle Tools	NUBIK	<ul style="list-style-type: none"> Idle Tools is a full service Salesforce and Pardot consultancy focused on the manufacturing and distribution industries The addition of Idle Tools further establishes Nubik's U.S. east coast presence and supplements their robust Salesforce consulting practice with new capabilities that will streamline their digital transformation offerings
09/05/2018	NOVEEN Consulting	CBRE	<ul style="list-style-type: none"> Novéen Consulting is a specialized consultancy focused on optimizing the economics of ownership and operations for healthcare facility owners CBRE is the world's largest real estate services and investment firm and this acquisition enables the company to provide a more holistic and integrated solution to their extensive healthcare client base
09/05/2018	TGaS® Advisors A Division of Trinity Partners	TRINITY PARTNERS	<ul style="list-style-type: none"> TGaS Advisors is the leading benchmarking and advisory services firm for commercial organizations in the life sciences industry This acquisition is a part of Trinity Partners' overarching growth strategy to strengthen leadership, expand in the U.S. and globally, and enhance their service offerings as they position themselves at the top of the life sciences consulting landscape
08/28/2018	CAMBERVIEW PARTNERS Formerly backed by CORSAIR CAPITAL	PJT	<ul style="list-style-type: none"> CamberView Partners provides independent advisory services to assist public company boards and directors in building relationships with investors PJT Partners, a global advisory-focused investment bank, acquired CamberView Partners for a total value of \$165 million as they look to service a growing client and prospect base of public companies seeking help to defend against activist investors
08/28/2018	fluidEDGE consulting	CitiusTech	<ul style="list-style-type: none"> FluidEdge Consulting is a consulting firm focused on business operations and IT services within healthcare and life sciences organizations With this acquisition, CitiusTech further establishes their presence among top healthcare and technology organizations as a leading consultancy for business and technology performance optimization
08/27/2018	CTS CAPITAL ADVISORS, LLC	Cherry Bekaert™ CPAs & Advisors	<ul style="list-style-type: none"> CTS Capital Advisors is an independent consulting firm that specializes in financial due diligence, valuation, and business advisory services and works with primarily financial services institutions CTS bolsters Cherry Bekaert's transaction advisory and valuation services segments while also supplementing the company's continued growth in the Washington, D.C. metro area and nationally and deepening their relationships in the PE community

















FEATURED TRANSACTIONS

Q3 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
08/24/2018			<ul style="list-style-type: none"> Bulger Partners provides investment and acquisition guidance, value creation, and transaction strategy services exclusively for companies in the software economy As technological convergence drives demand for software-focused advice, this acquisition boosts EY-Parthenon's technology-oriented capabilities and creates a new, combined software advisory practice that will serve PE investors and their portfolio companies
08/20/2018	 Formerly backed by 		<ul style="list-style-type: none"> Kinapse is a market-leading advisory and operational solutions provider to the global life sciences industry Syneos acquired Kinapse for \$129 million from HgCapital; Kinapse's expertise in post-market regulatory, safety, and pharmacovigilance consulting and operations enables Syneos to deliver clients end-to-end, tech-enabled solutions that will accelerate time to market
08/13/2018	 Formerly part of 		<ul style="list-style-type: none"> Buck is a premier, independent benefits consulting and administration organization with a global footprint Buck provides H.I.G. a leading platform within the integrated HR consulting and outsourcing space to scale and build new capabilities and solutions to serve the dynamic HR marketplace
08/02/2018			<ul style="list-style-type: none"> DMS Disaster Consultants is a disaster planning and recovery services consultancy ICF is expanding their disaster management and resiliency practice and has been on the ground alongside federal agencies for many recent disasters in U.S. history; this acquisition enhances and augments ICF's disaster response team and capabilities and puts them at the forefront of the industry
07/24/2018			<ul style="list-style-type: none"> Eneis is a leading public policy and organizational transformation consultancy based in France The acquisition of Eneis puts KPMG in position to be the leading player in the public consulting sector in France and enables KPMG to deliver clients a 360-degree offering from evaluation and development of public policy to support and management of human resources
07/19/2018			<ul style="list-style-type: none"> StratusPartner is a cloud services and Salesforce advisory firm This merger enables Venture West to expand its service offerings to new and existing customers in strategy, program and change management, technology implementation, and product innovation
07/18/2018			<ul style="list-style-type: none"> Barkawi Management Consultants is an international management consulting firm that specializes in supply chain management Genpact's acquisition of Barkawi is part of its ongoing strategy to drive digital-led transformation for clients through investment in leading-edge capabilities such as supply chain transformation
07/17/2018			<ul style="list-style-type: none"> Compass Clinical Consulting is a healthcare consulting services firm with focuses on clinical and operations performance improvement, accreditation, and regulatory compliance TiER1 has deep expertise in improving the performance of people across any industry; this acquisition strengthens their nucleus in the healthcare industry and enhances their healthcare-specific offerings
07/12/2018			<ul style="list-style-type: none"> Intellinet is a management consulting and Microsoft-centric technology services firm With this acquisition, Vietnamese FPT expands their leadership and talent base in digital transformation and aims to provide a more strategic and comprehensive solution suite to their global client base; the acquisition totaled \$50 million in total value with \$30 million cash and \$20 million in earnout
07/03/2018			<ul style="list-style-type: none"> Main Street Media provides media consulting services to entities within the media and entertainment sector Qwik Media, in pursuit of strategic alternatives for growth, acquired Main Street Media due to the complementary nature of their offerings – Qwik Media's software and digital hardware can be seamlessly integrated into the traditional offerings of Main Street Media
07/03/2018			<ul style="list-style-type: none"> SmartAnalyst is a U.S.-based strategic consulting and analytics business focused on the pharmaceutical and biotech sector The acquisition of SmartAnalyst is in line with UDG's strategy to expand its advisory service proposition for its healthcare clients and follows the acquisitions of STEM in October 2016 and Vynamic in July 2017

RECENT DEALS



 <p>has received a growth investment from</p>  <p>SELL-SIDEADVISOR</p>	<p>KOGENTiX</p> <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>	<p>Brand Integrity</p> <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>SELL-SIDEADVISOR</p>	<p>INSIGHT2PROFIT</p> <p>has received a growth investment from</p> <hr/> <p>DFW CAPITAL PARTNERS</p> <p>SELL-SIDEADVISOR</p>
 <p>has been acquired by</p>  <p>A portfolio company of</p>  <p>SELL-SIDEADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>	<p>vynamic</p> <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>	<p>Tech Insights</p> <p>has been acquired by</p>  <p>SELL-SIDEADVISOR</p>

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

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

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