

CLEAR SIGHT MONITOR

Business Consulting – Q3 2019

Market Perspective

Public Market Performance

Sector Spotlight

Q3 M&A Activity



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PE-Backed Deals Make Headlines

Q3 2019 was an active market in the consulting space with the emergence of several prevalent trends. Most notably, we have observed an increased volume in PE backed platforms driving a majority of the activity. As the M&A market expands in our space, private equity backed business services companies are strategically selecting bolt-on capabilities to their platforms to build value. And from our perspective, it's working. We've identified some of the top transactions in detail below.

08-Jul-2019: Avaap (backed by NMS Capital) acquires Navigator Management Partners

- Navigator is a cross-platform management and IT consulting firm focusing on business intelligence, business analysis and process optimization, IT strategy and organizational change management
- This is the second acquisition in the last three years for Avaap and it further expands its capabilities as a best-in-class cross-platform technology advisor and management consulting firm
- [ClearSight](#) proudly served as exclusive advisor to Navigator

06-Aug-2019: Vaco (backed by Olympus Partners) acquires MorganFranklin Consulting

- MorganFranklin is a financial and technology advisory firm that specializes in solving complex transformational challenges for its clients
- Vaco's acquisition creates a combined professional services innovator capable of delivering executive placement, methodology-driven consulting, critical project resources, and more
- Since acquiring Vaco late 2017, Olympus has made investments in the company through an earlier acquisition in Q1 2019

02-Aug-2019: Guidehouse (backed by Veritas Capital) acquires Navigant Consulting

- Navigant is a US management consultancy offering consulting services, business process management services, life-cycle solutions, financial services and compliance advisory, and more
- The newly combined entity will bring together each organization's expertise in highly regulated industries across both the commercial and government sectors
- Navigant under its current name had been publicly traded since 1999, and we are excited to see the start of its new journey with Guidehouse as a leader to be reckoned with

PE firms are continuing to come up with out-of-box strategic investment opportunities to partner with founders, business managers, and employees of their portfolio companies. We don't anticipate this trend to subside anytime soon.



Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 30-Sep-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	\$ 192.35	94.8 %	\$ 126,226	\$ 120,537	2.8 x	2.8 x	2.6 x	16.7 x	16.5 x	15.3 x	16.7 %
Capgemini	117.87	91.6	20,321	23,644	1.5	1.5	1.5	11.7	9.9	9.3	12.9
CBIZ	23.50	95.2	1,334	1,679	1.8	1.8	1.7	14.4	14.0	12.9	12.5
CRA International	41.39	76.3	367	456	1.1	1.0	1.0	12.1	10.7	10.1	8.8
Franklin Covey	34.35	87.4	494	508	2.3	2.2	2.0	NA	NA	NA	6.4
FTI Consulting	105.23	94.3	4,215	4,468	2.1	2.0	1.9	14.4	14.0	13.3	14.2
Heidrick & Struggles	25.76	57.7	511	367	0.5	0.5	0.5	4.3	4.3	4.2	11.8
Huron Consulting	60.70	94.3	1,466	1,765	2.1	2.1	2.0	17.3	17.1	15.0	12.3
ICF International	80.70	93.4	1,595	1,964	1.4	1.3	1.2	15.2	14.0	12.8	9.1
Korn Ferry	36.35	73.4	2,079	1,881	1.0	1.0	0.9	6.7	6.1	5.7	14.4
Resources Connection	16.64	85.3	537	564	0.8	0.8	0.8	9.6	9.4	8.9	8.1
High		95.2 %	\$ 126,226	\$ 120,537	2.8 x	2.8 x	2.6 x	17.3 x	17.1 x	15.3 x	16.7 %
Median		91.6	1,466	1,765	1.5	1.5	1.5	13.2	12.3	11.5	12.3
Mean		85.8	14,468	14,348	1.6	1.5	1.5	12.3	11.6	10.7	11.6
Low		57.7	367	367	0.5	0.5	0.5	4.3	4.3	4.2	6.4

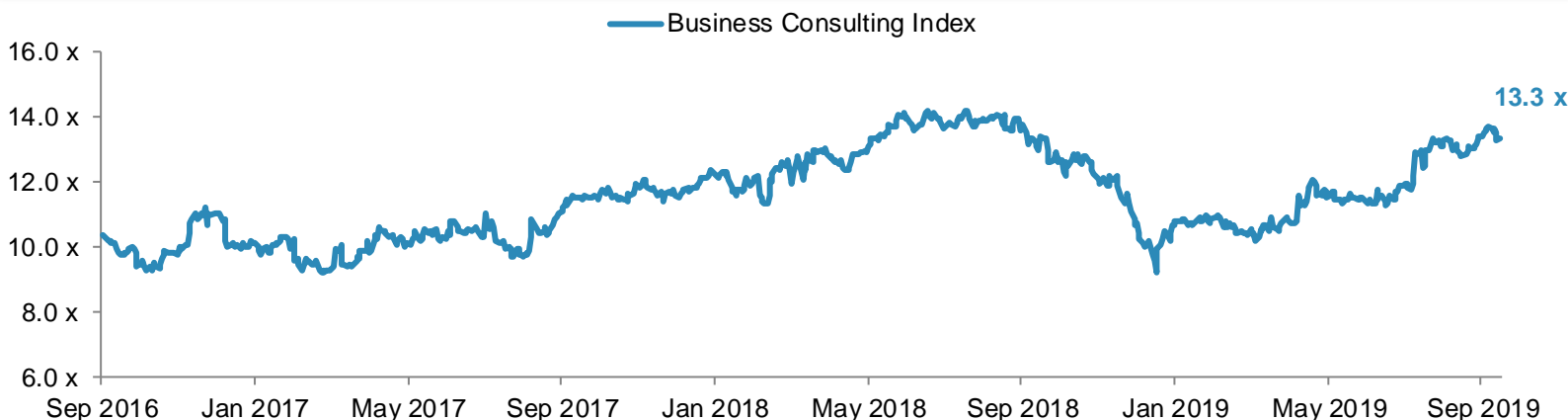
Source: Capital IQ, market data as of 30-Sept-2019

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Sept-2019

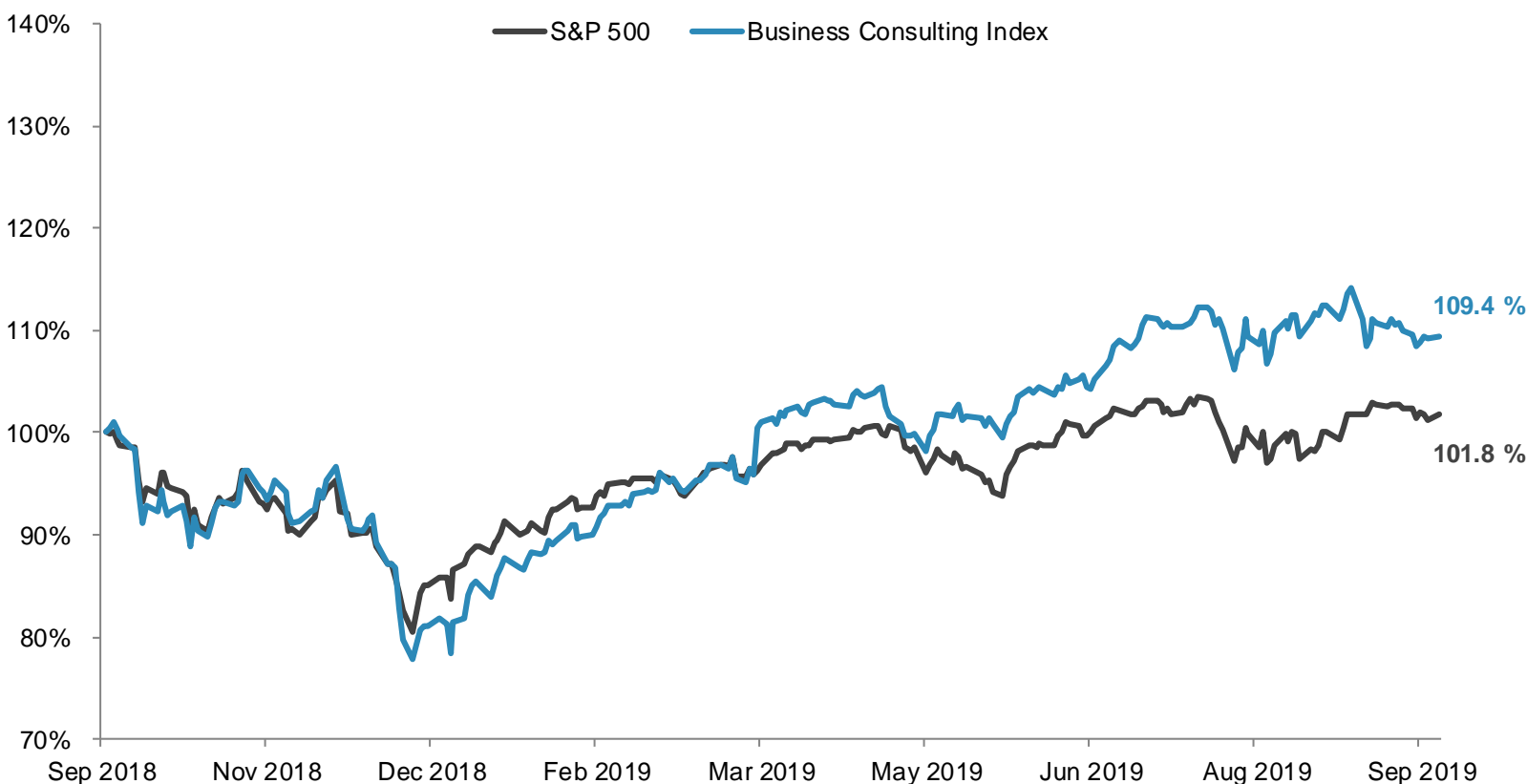
LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 30-Sept-2019

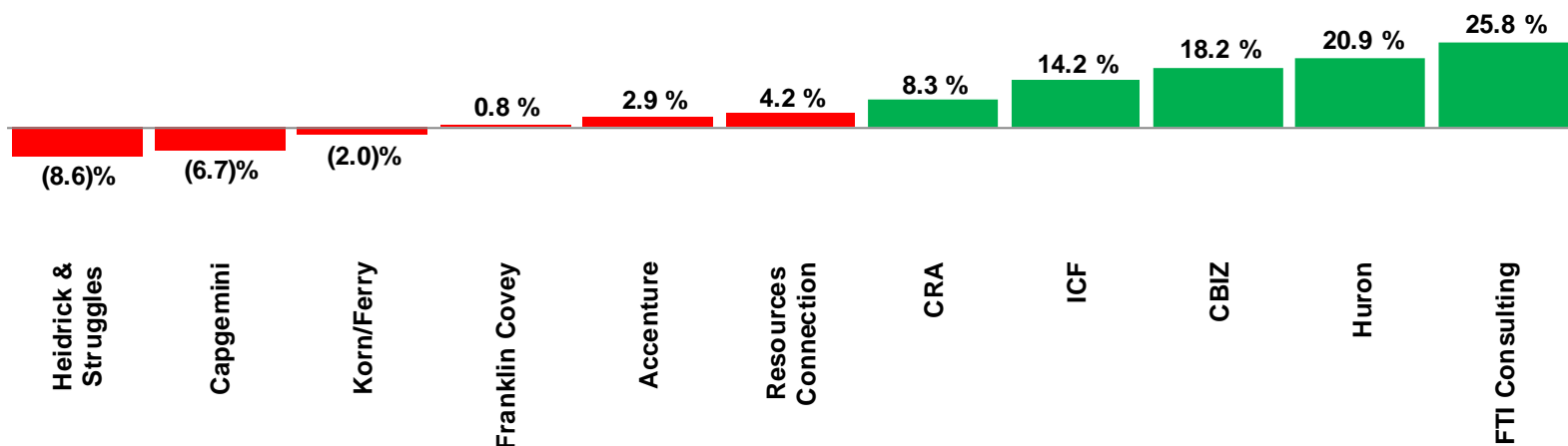
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 30-Sept-2019

Share Price Performance Q3 2019



Source: Capital IQ, market data as of 30-Sept-2019

Market Moving M&A Activity among Blue-Chip Consultancies

Two major deals steal this quarter's spotlight: Guidehouse's acquisition of Navigant and BainCapital's acquisition of Kantar. Both of these deals signify a greater intensity of competition in the market and the larger pool of dry powder we continue to see being put to good use. Below, we highlight deal rationale, metrics, and highlights for the transactions. We are excited to see what comes next for these major players!

Deal Summary

Guidehouse LLP, backed by Veritas Capital, entered into a definitive agreement to acquire Navigant Consulting for \$1.1 billion on August 2nd, 2019. Navigant Consulting specializes in Healthcare, Energy, Financial Advisory, and Compliance. The resulting company merged each organization's distinguished experience in these highly regulated industries. Navigant reviewed numerous strategic alternatives including financial and strategic partners during its consideration of the transaction but decided that partnering with Guidehouse would enable optimal growth for the combined firm.

Deal Analysis

1. This deal comes after a one year rebrand of Guidehouse following Veritas' acquisition of PwC's US public sector business
2. The combined firm contains over 8,000 employees and approximately \$1.3 billion in revenues
3. Given Guidehouse's expertise in federal government agencies and Navigant's expertise in healthcare, energy, and financial services, the merged firm would support an unprecedented breadth of services



Acquired

NAVIGANT

Deal Overview:

Deal Type	Acquisition
LTM Revenue ¹	\$728.7 Million
Enterprise Value	\$1.1 Billion
EV / LTM Revenue	1.6x
EV / LTM EBITDA	16.2x
# of Employees	5,500
Year Founded	1983
Target Headquarters	Chicago, IL

Deal Summary

BainCapital Private Equity, LP agreed to acquire a 60% stake in Kantar for \$3.3 billion on July 9th, 2019. Kantar is a leading provider of market research, insights, and consulting services. Kantar specializes in leveraging market insights to develop and uncover highly effective solutions and services to its clients. BainCapital realizes that more and more companies, regardless of size, require increasingly more data-driven solutions to stay competitive. The acquisition will provide Kantar with the capital and infrastructure to conduct the necessary investments in technology, IT, and engineering.

Deal Analysis

1. Given the increasing prevalence and use of data, being able to deliver data driven results efficiently and at a competitive price is becoming increasingly critical
2. Bain has indicated that it will invest and make more acquisitions following the transaction
3. With Bain's support, Kantar will have the capacity to complete further investment in technology and people



Acquired


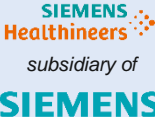

















KANTAR

Deal Overview:

Deal Type	Leveraged Buyout
Enterprise Value	\$3.3 Billion
% Ownership	60% Stake
EV / LTM Revenue	1.2x
EV / LTM EBITDA	8.2x
# of Employees	30,000
Year Founded	1992
Target Headquarters	London, UK

¹ LTM as of June
Source: Capital IQ, Navigant.com, Consulting.us, BainCapital.com, PR Week

Q3 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
9/30/2019		 subsidiary of SIEMENS	<ul style="list-style-type: none"> ECG provides management consulting services including strategic, financial, operational, technical and political advisory services to healthcare providers. The acquisition made by Siemens Healthineers fits an ongoing trend of expanding its Enterprise Services business
9/6/2019			<ul style="list-style-type: none"> Pathway Guidance specializes in business consulting services The acquisition enables ScrogginsGear, one of Cincinnati's largest accounting firm to further buildout its consulting services
9/6/2019	 Gregory, Sharer & Stuart		<ul style="list-style-type: none"> Gregory, Sharer & Stuart is a leading accounting firm in St. Petersburg, Florida RSM plans on utilizing the transaction to bolster its presence in Tampa though adding 60 more professionals to the Tampa Bay team; the transaction also enhances the firm's growing audit, tax, and consulting practices
9/4/2019			<ul style="list-style-type: none"> Instinctif Partners is an international business communications consulting firm specializing in capital markets, engagement, insight and research, public policy, and creative reporting LDC plans on providing the support necessary to ensure the agency's growth across international markets
9/3/2019			<ul style="list-style-type: none"> Westney Consulting Group enables clients to achieve greater capital certainty through offering project organization and capital project services The acquisition bolsters McKinsey's capital projects and infrastructure practice to help clients with major project delivery, project organization, portfolio optimization, innovation, and capital matching
8/19/2019			<ul style="list-style-type: none"> Transcend Spatial Solutions provides consulting services to the US Departments of Transportation and other regional and private entities Rizing plans on integrating Transcend's expertise with GIS and LiDAR technology into Rizing's SAP enterprise asset management capabilities to accelerate a client's progression into an intelligent enterprise
8/6/2019			<ul style="list-style-type: none"> MorganFranklin Consulting provides strategy and execution-focused business consulting and professional advisory services The acquisition enables Vaco to offer a broad range of consulting services
8/6/2019			<ul style="list-style-type: none"> Visualizamos provides consultancy services to energy, retail, pharmaceutical, and banking sectors The acquisition will enable Xplane to begin realizing its goal of extending its strategy activation capabilities to Spanish-speaking markets
8/5/2019			<ul style="list-style-type: none"> IMD Group provides business and management consulting services in the United Kingdom Chiltern plans on using its expertise to further drive growth for IMD Group
8/2/2019			<ul style="list-style-type: none"> Navigant Consulting specializes in healthcare, energy, financial advisory, and compliance The combined entity will merge each organization's expertise in both the commercial and government sectors, with a focus on supporting client needs in the industries of Healthcare, Financial Services, Energy, National Security, and Aerospace & Defense

Note: Highlighted transactions indicate ClearSight as sell-side advisor

Q3 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
7/31/2019			<ul style="list-style-type: none"> Veracity provides consulting services with respect to strategy, roadmap, brand experience, workforce experience, and customer experience The acquisition enables RGP to enhance its digital capabilities and offer a comprehensive end-to-end solution to its clients through marrying Veracity's customer facing offering and RGP's depth of experience
7/30/2019			<ul style="list-style-type: none"> Loughlin Management Partners is a financial advisory firm specializing in synergy planning, merger integration, performance improvement, and restructuring advisory The combined firm will operate as BDO Consulting Group and allow BDO to offer a wide array of new services to clients
7/30/2019			<ul style="list-style-type: none"> MBS Consulting provides management consulting services such as bottom-up industrial planning, joint ventures, and organization integration Cerved plans on utilizing the acquisition to strengthen its positioning in consulting services and advanced analytics
7/29/2019			<ul style="list-style-type: none"> Konexus Consulting specializes in consulting services involving energy companies, municipal utilities, mobility companies, and new digital players The acquisition will help to further meet growing demand from energy and utilities clients for strategy and transformation services in Germany and Central Europe
7/26/2019			<ul style="list-style-type: none"> Frank & Company offers financial services including auditing and management accounting, tax advisory services, and management consulting The acquisition will help Prager Metis expand its footprint into the D.C. Metro area
7/23/2019			<ul style="list-style-type: none"> NeoData Australia provides IT consulting services within information management, data governance, and business insights The acquisition will enable Deloitte to further develop its enterprise technology practices
7/12/2019			<ul style="list-style-type: none"> Kantar is home to some of the world's leading market insights expertise, research, and data Bain Capital will use the acquisition to bolster its market research solutions
7/8/2019			<ul style="list-style-type: none"> Navigator provides information technology and management consulting services including project management, organizational change management, business intelligence, business analysis, and process design The acquisition expands Avaap's capabilities from an infor-only consulting organization to a best-in-class cross-platform technology advisory and management consulting firm
7/4/2019			<ul style="list-style-type: none"> TRAKER is an operations and implementation consulting firm with a specialization in supply chain management The acquisition will help BNP Paribas Real Estate further develop its consulting practices

Note: Highlighted transactions indicate ClearSight as sell-side advisor

RECENT DEALS

CLIENT SUCCESS

 **INTERSYS**

has been acquired by



SELL-SIDEADVISOR

 **westMONROE**

has acquired



BUY-SIDEADVISOR

bulldog

has been acquired by

HERO_digital.

a portfolio company of



SELL-SIDEADVISOR

 **NAVIGATOR**
MANAGEMENT PARTNERS

has been acquired by



a portfolio company of



SELL-SIDEADVISOR

 **putnam**
associates

has been acquired by



SELL-SIDEADVISOR



has been acquired by



a portfolio company of



SELL-SIDEADVISOR

THE DLC GROUP

has been acquired by



SELL-SIDEADVISOR

 **roundCorner**

has been acquired by



a subsidiary of



SELL-SIDEADVISOR

 **Knowledgegent**

has been acquired by



SELL-SIDEADVISOR

 **Gorilla**
Logic

has received a growth
investment from



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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