

# CLEAR SIGHT MONITOR

Business Consulting – Q4 2018

Market Perspective

Public Market Performance

Sector Spotlight

Q4 M&A Activity



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## Consulting “Goes Digital”

Last quarter, we noted: *“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 now increasingly blurred. In today’s world, business challenges are becoming interwoven with technology challenges and the consultants of tomorrow will be fluent in both.”* In business services and technology M&A, this overlap is an increasingly apparent reality – one that we began talking about eight years ago and prepared for by launching Clearsight Advisors. Our goal was to mirror the market’s evolution by creating a practice with a breadth of expertise across the business services *and* technology spectrums, along with the unique perspective to advise companies blending these formerly dissimilar offerings.

This year, we are proud to be hosting our first digital transformation summit in Dallas, Texas on February 27<sup>th</sup>. We will bring together thought leaders and market makers to discuss the future of digital transformation and how M&A is redesigning the digital ecosystem. In this Monitor, we highlight a handful of transactions that demonstrate instances of business consultancies “going digital.” On page four, we contemplate Accenture’s surge of transactions in Q4 2018 – acquisitions which spanned professional services, data, IT services, and digital services. On pages five through seven, Capgemini, Deloitte Digital, ICF, and PA Consulting make headlines for their digital transformation and digital consulting acquisitions. In 2019, we expect that “digital” will take center stage in business consulting M&A, as market leaders invest in high-priority, technological capabilities. Consulting firms will continue to pursue IT services, data, and digital transformation services assets, at premium values, or risk falling behind the competition.

If you are interested in learning more about our perspective on the growing overlap of business consulting and digital transformation services, please do not hesitate to get in touch.



## Business Consulting Comparable Companies Analysis

Business Consulting	Closing Price 31-Dec-2018	% 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	\$ 141.01	80.3 %	\$ 92,985	\$ 89,019	2.2 x	2.0 x	1.9 x	13.6 x	12.2 x	11.2 x	16.3 %
Cappgemini	99.38	72.5	17,120	18,979	1.3	1.2	1.1	10.1	8.3	7.8	12.4
CBIZ	19.70	80.8	1,127	1,292	1.4	1.3	1.3	12.2	10.7	10.0	11.5
CRA International	42.55	72.4	373	366	0.9	0.9	0.8	9.7	9.2	8.7	9.3
Franklin Covey	22.33	71.6	317	347	1.6	1.5	1.4	NA	NA	NA	5.2
FTI Consulting	66.64	81.4	2,705	2,759	1.4	1.4	1.3	10.5	11.1	10.7	13.2
Heidrick & Struggles	31.19	68.9	614	449	0.6	0.6	0.6	6.0	5.4	5.2	10.7
Huron Consulting	51.31	90.0	1,209	1,516	2.0	1.8	1.8	16.3	14.1	12.7	12.0
ICF International	64.78	78.8	1,290	1,517	1.2	1.1	1.0	13.6	11.1	10.3	8.7
Korn Ferry	39.54	57.3	2,309	2,150	1.1	1.1	1.0	8.1	6.6	6.2	14.1
Navigant Consulting	24.05	92.1	1,084	810	1.0	1.1	1.1	7.8	9.6	8.9	12.9
Resources Connection	14.20	72.8	450	468	0.6	0.6	0.6	7.4	9.0	7.1	8.7
High		92.1 %	\$ 92,985	\$ 89,019	2.2 x	2.0 x	1.9 x	16.3 x	14.1 x	12.7 x	16.3 %
Median		75.8	1,168	1,404	1.2	1.2	1.1	10.1	9.6	8.9	11.7
Mean		76.6	10,132	9,973	1.3	1.2	1.2	10.5	9.8	9.0	11.2
Low		57.3	317	347	0.6	0.6	0.6	6.0	5.4	5.2	5.2

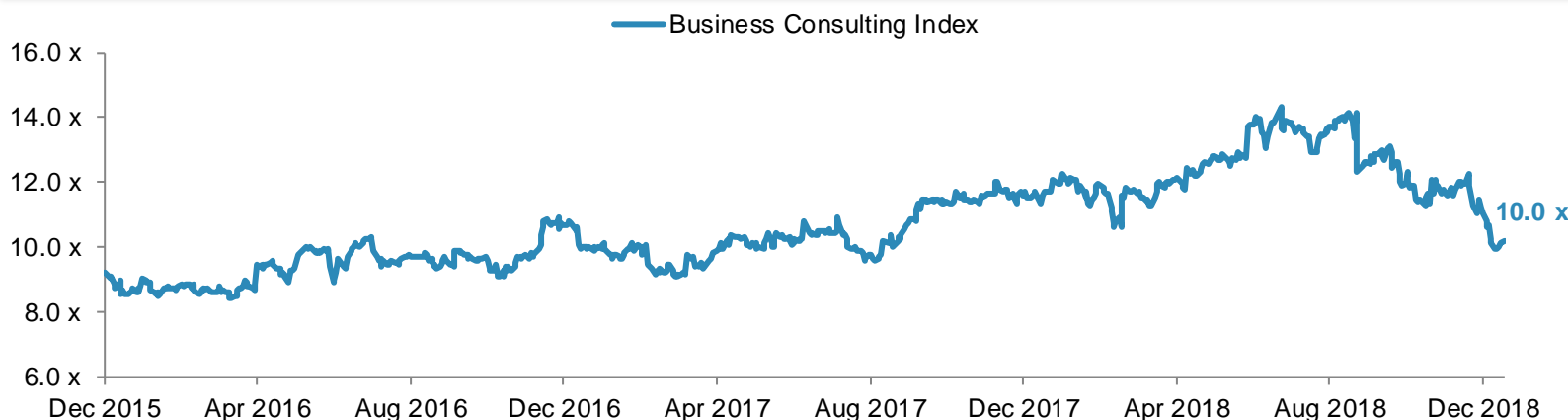
Source: Capital IQ, market data as of 31-Dec-2018

## LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 31-Dec-2018

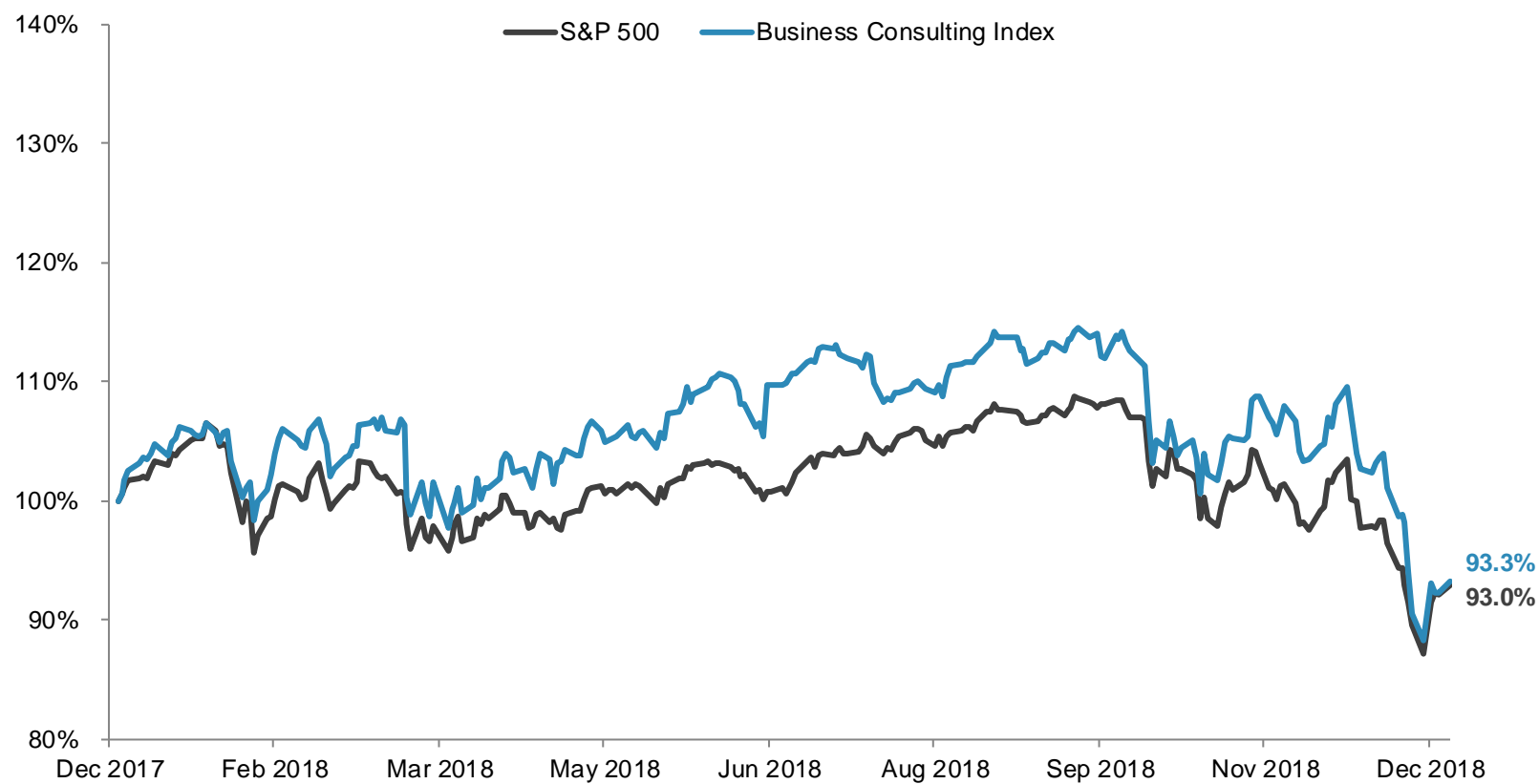
## LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 31-Dec-2018

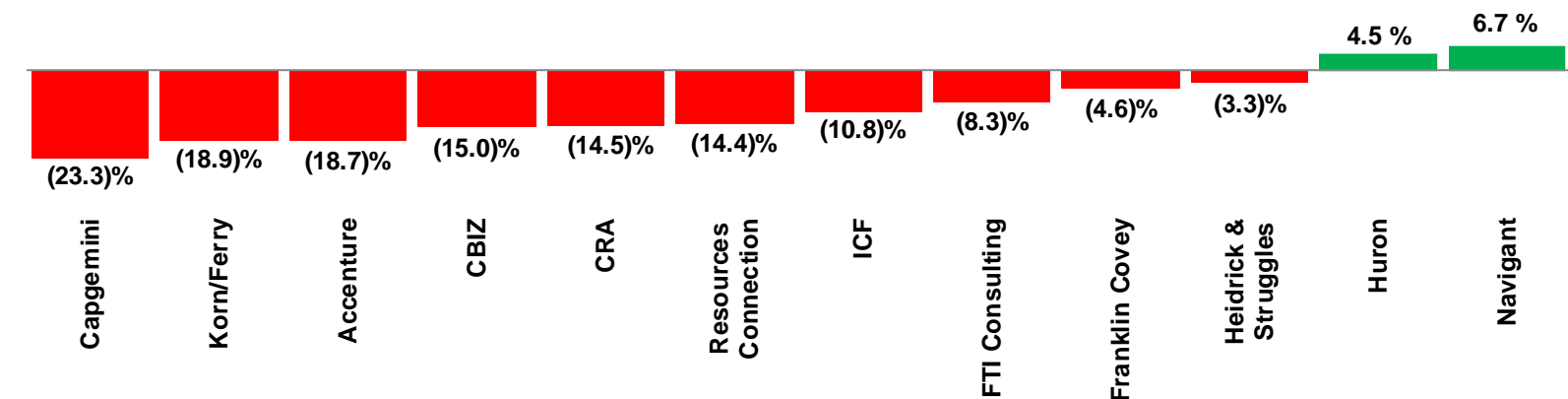
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

## Business Consulting Market Index Performance



Source: Capital IQ, market data as of 31-Dec-2018

## Share Price Performance Q4 2018



Source: Capital IQ, market data as of 31-Dec-2018

## Accenture Ends Q4 2018 with a Surge of Acquisitions

**accenture** (NYSE: ACN), a serial acquirer of consulting, IT services, marketing, digital, and data companies, completed 21 transactions in 2018, with 12 of them announced in the fourth quarter alone.

Accenture has used an inorganic growth strategy to create an integrated business and technology solution set built for today's increasingly digital world.

### Q4 2018 Acquisition Target Capabilities



**accenture**

• **Employee count:** ~20  
• **HQ:** New York, NY

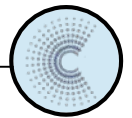
- TargetST8 is a financial services consulting firm specializing in corporate and commercial lending
- The addition of TargetST8 will complement and enhance Accenture's commercial and corporate lending capabilities and bolster its credit consulting practice

• **Employee count:** ~300  
• **HQ:** El Segundo, CA

- DAZ Systems provides cloud solutions to companies ranging from startups to Fortune 500 companies
- The addition of DAZ builds on Accenture's recent acquisition of Certus Solutions, a UK-based Oracle Cloud implementation provider, adding to its ability to deliver digital transformation on the Oracle Cloud

• **Employee count:** ~300  
• **HQ:** Warren, NJ

- Knowledgegent is a data intelligence company that enables enterprises to become digital and intelligent by innovating in and through data
- The acquisition of Knowledgegent helps amplify Accenture's data strategy practice



*Clearsight served as exclusive advisor to Knowledgegent*

• **Employee count:** ~90  
• **HQ:** Houston, TX

- Enaxis Consulting offers management consulting services to the oil, gas, and airline industries
- Enaxis deepens Accenture's service offering for oil and gas businesses in North America

• **Employee count:** ~80  
• **HQ:** Stockholm, Sweden

- Kaplan is a provider of data-driven customer relationship management services
- The acquisition strengthens Accenture Interactive's ability to provide customers with end-to-end experience transformation services in the Nordics

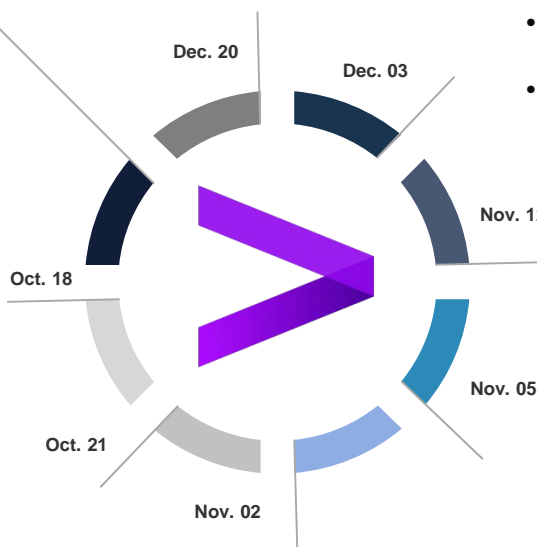
• **Employee count:** ~200  
• **HQ:** Fremont, CA

- Intrigo Systems offers advisory and systems integration services for SAP enterprise and cloud solutions in e-commerce, supply chain, and procurement




















- The acquisition enhances Accenture's SAP supply chain capabilities to help clients build better digital supply chains

**Kolle Rebbe** • **Employee count:** ~200  
• **HQ:** Hamburg, Germany

- Kolle Rebbe provides marketing services, which includes brand building and product innovation
- Kolle Rebbe will strengthen Accenture's ability to create, build, and run customer experiences for clients in Germany



## Q4 2018 Business Consulting M&A Transactions












Announced	Target	Buyer	Target Description / Deal Rationale
12/20/2018	 <b>VALIDANT</b>		<ul style="list-style-type: none"> <li>Validant provides specialist consulting services, with a focus on quality, compliance, and regulatory affairs, to a broad range of clients across the biotech, pharma, and medtech sectors</li> <li>GHO Capital brings deep sector expertise and a wide network to support Validant's senior management team in accelerating international growth organically and inorganically, as well as in helping broaden the existing service offering</li> </ul>
12/20/2018		<b>Deloitte Digital</b>	<ul style="list-style-type: none"> <li>Oxala Consulting is a leading Salesforce consultancy specializing in CRM and Salesforce integration services and is based in France</li> <li>This acquisition strengthens Deloitte Digital's position as one of France's leading CRM and Salesforce integration consultancies</li> </ul>
12/20/2018			<ul style="list-style-type: none"> <li>Knowledgegent is a data intelligence consultancy that enables enterprises to become digital and intelligent by innovating in and through data</li> <li>The acquisition of Knowledgegent helps amplify Accenture's data strategy practice</li> </ul>
12/17/2018		 <i>backed by</i> 	<ul style="list-style-type: none"> <li>Stern Investor Relations is a leading investor relations firm for entrepreneurial biotechnology and healthcare companies</li> <li>With this acquisition, Precision Medicine Group significantly expands its capabilities to include a complete range of strategic communication services aimed at facilitating capital formation and enhancing client visibility and productive interactions with the financial community</li> </ul>
12/5/2018		 <i>backed by</i> 	<ul style="list-style-type: none"> <li>Economics Partners is a global leader in transfer pricing advisory, controversy, and business valuation services</li> <li>This acquisition accelerates the significant growth of Ryan's International Tax practice and brings several notable multinational corporations to the firm's client portfolio</li> </ul>
12/3/2018			<ul style="list-style-type: none"> <li>Enaxis Consulting offers management consulting services to the oil, gas, and airline industries</li> <li>Enaxis deepens Accenture's service offering for oil and gas businesses in North America</li> </ul>
11/27/2018	<b>SiriusDecisions</b>  <i>previously backed by</i> 	<b>FORRESTER</b>	<ul style="list-style-type: none"> <li>SiriusDecisions is a leading business-to-business research and advisory firm</li> <li>The completion of this \$245mm acquisition enhances Forrester's ability to help business and technology leaders take decisive action and make the far-reaching changes needed to compete in the age of the customer</li> </ul>
11/20/2018		<b>VOLKSWAGEN</b>	<ul style="list-style-type: none"> <li>diconium is a Germany-based consultancy specializing in the holistic development of digital business models</li> <li>Together, the two companies will continue the development of Volkswagen's business models and digital added-value services. diconium will become a key partner for the development of new digital services available via the Volkswagen Automotive Cloud</li> </ul>
11/14/2018		<b>WAVESTONE</b>	<ul style="list-style-type: none"> <li>Metis Consulting is a specialist supply chain consulting firm that mainly operates in the retail, e-commerce, and luxury sectors</li> <li>This \$8.6mm acquisition enables Metis Consulting to benefit from Wavestone's network and reach across a range of industries, something that will allow it to accelerate its work with a larger number of major players</li> </ul>
11/12/2018			<ul style="list-style-type: none"> <li>Kaplan is a provider of data-driven customer relationship management services</li> <li>The acquisition strengthens Accenture Interactive's ability to provide customers with end-to-end experience transformation services in the Nordics</li> </ul>



## Q4 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
11/5/2018			<ul style="list-style-type: none"> <li>Intrigo Systems offers advisory and systems integration services for SAP enterprise and cloud solutions in e-commerce, supply chain, and procurement</li> <li>The acquisition enhances Accenture's SAP supply chain capabilities to help clients build better digital supply chains</li> </ul>
11/2/2018	<b>Kolle Rebbe</b>		<ul style="list-style-type: none"> <li>Kolle Rebbe provides marketing services, which includes brand building and product innovation</li> <li>Kolle Rebbe will strengthen Accenture's ability to create, build, and run customer experiences for clients in Germany</li> </ul>
11/2/2018			<ul style="list-style-type: none"> <li>Group Benefits Strategies is one of the largest municipal health care consulting firms in the New England area</li> <li>Group Benefits Strategies bolsters Gallagher's employee benefits consulting presence in the Northeast US</li> </ul>
10/31/2018	<b>Essential</b> 	 <i>Backed by</i> 	<ul style="list-style-type: none"> <li>Essential Design is a Boston-based innovation strategy and product design business</li> <li>Essential complements PA's global capabilities in strategy, innovation, product design and engineering, and manufacturing process improvement</li> </ul>
10/29/2018			<ul style="list-style-type: none"> <li>Elixiter is an award-winning marketing consultancy specializing in Marketo marketing automation services</li> <li>The acquisition of Elixiter broadens and deepens Perficient's digital marketing and marketing automation services and brings in new, strategic client relationships with Fortune 1000 customers across a variety of industries</li> </ul>
10/23/2018		 <i>backed by</i> 	<ul style="list-style-type: none"> <li>Pennside Partners is an international provider of market insights, benchmarking, and competitive intelligence services for the pharmaceutical, biotech, and medical device sectors</li> <li>The joint expertise of both companies will allow for better support services throughout the product lifecycle from pre-launch through loss of exclusivity</li> </ul>
10/22/2018			<ul style="list-style-type: none"> <li>Richter International is an independent benefits consulting firm that designs custom benefits programs for multinational companies and nongovernmental organizations and their employees</li> <li>With this acquisition, Gallagher continues its external growth strategy and invests in the global employee benefits and global mobility consulting space</li> </ul>
10/18/2018		 <i>backed by</i> 	<ul style="list-style-type: none"> <li>Paradigm is a risk management consultancy that assists clients with meeting compliance requirements, managing financial risk, and organizing their employee benefits programs</li> <li>By joining OneDigital, Paradigm's clients will have access to enhanced offerings, including cutting-edge enrollment technology, health and wellbeing services, and national compliance resources</li> </ul>
10/18/2018			<ul style="list-style-type: none"> <li>TargetST8 is a financial services consulting firm specializing in corporate and commercial lending</li> <li>The addition of TargetST8 will complement and enhance Accenture's commercial and corporate lending capabilities and bolster its credit consulting practice</li> </ul>
10/10/2018			<ul style="list-style-type: none"> <li>Mindshare Consulting Services is a Canadian-based business innovation and strategy consultancy</li> <li>The acquisition of Mindshare is a strategic decision to expand further into Canada and will accelerate Acumen's growth in the Canadian public sector</li> </ul>

## Q4 2018 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
10/10/2018	 <b>HAYES</b> MANAGEMENT CONSULTING	<b>PRIMUS</b>	<ul style="list-style-type: none"> <li>Hayes is a leading provider of compliance and revenue integrity services for the nation's premier healthcare organizations</li> <li>The investment by Primus will accelerate the company's performance as they continue to supplement their consulting services with their revenue integrity and compliance SaaS platform, MDaudit Enterprise</li> </ul>
10/9/2018	 <b>DOING</b>	 Capgemini <b>invent</b>	<ul style="list-style-type: none"> <li>Doing is an Italian-based, full service digital consulting agency</li> <li>Joining Capgemini will enable Doing to scale their services and offer global brands worldwide implementation and support</li> </ul>
10/4/2018	 <b>WE ARE VISTA</b>	 <b>ICF</b>	<ul style="list-style-type: none"> <li>We Are Vista is a U.K.-based creative communications consultancy that works to support the growth of global brands across Europe and beyond</li> <li>The acquisition of We are Vista represents the latest in a series of recent announcements that showcase ICF's commitment to strengthening its global marketing, technology, communications and digital services portfolio, including the recent acquisition of The Future Customer in late 2017</li> </ul>
10/3/2018	 <b>TayganPoint</b> CONSULTING GROUP	 Grant Thornton	<ul style="list-style-type: none"> <li>TayganPoint is a leading boutique life sciences consultancy based outside Philadelphia, PA</li> <li>The acquisition adds meaningful scale to Grant Thornton's rapidly growing business consulting practice and bolsters the firm's market presence on the east coast of the United States</li> </ul>
10/1/2018	 <b>4plan</b> CONSULTING	 <b>MNP</b> LLP	<ul style="list-style-type: none"> <li>4Plan Consulting is a Canadian-based management consultancy focused on the public sector</li> <li>The acquisition enables MNP to continue its growth trajectory, particularly in the public sector, and to expand their capabilities and offerings in eastern Canada</li> </ul>
10/1/2018	 <b>JE 21</b>	 Capgemini <b>invent</b>	<ul style="list-style-type: none"> <li>June 21 provides specialized digital marketing and digital transformation consulting services</li> <li>The acquisition of June 21 will reinforce Capgemini's strategic digital consultancy capabilities in France and further promote Capgemini as a leader in the digital ecosystem</li> </ul>
10/1/2018	 <b>MACPHERSON ROCHE SMITH</b> Chartered Professional Accountants & Management Advisors	 Grant Thornton	<ul style="list-style-type: none"> <li>MacPherson Roche Smith is a Canadian-based public accounting and consulting firm</li> <li>This transaction was driven by the unique cultural fit between the two companies and Grant Thornton's desire to continue expansion into Canada</li> </ul>

## RECENT DEALS

# CLIENT SUCCESS

 **roundCorner**

*has been acquired by*

 **salesforce.org**

*a subsidiary of*



**SELL-SIDE**ADVISOR

 **Knowledgegent**

*has been acquired by*

**accenture**

**SELL-SIDE**ADVISOR

 **Gorilla Logic**

*has received a growth investment from*



**SELL-SIDE**ADVISOR

**KOGENTiX**

*has been acquired by*

**accenture**

**SELL-SIDE**ADVISOR

 **SMARTANALYST®**  
INTERDISCIPLINARY INSIGHTS. SMART RESULTS.

*a portfolio company of*



*has been acquired by*



**SELL-SIDE**ADVISOR

**Brand!ntegrity**

*has been acquired by*



*a portfolio company of*

**Great Hill PARTNERS**

**SELL-SIDE**ADVISOR

**INSIGHT2PROFIT**

*has received a growth investment from*

**DFW CAPITAL PARTNERS**

**SELL-SIDE**ADVISOR

 **LunaMetrics**

*has been acquired by*



**SELL-SIDE**ADVISOR

**ibb**

*has been acquired by*

**accenture**

**SELL-SIDE**ADVISOR

**vynamic**

*has been acquired by*



**SELL-SIDE**ADVISOR

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](http://www.clearsightadvisors.com)

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