

CLEAR SIGHT MONITOR

Business Consulting – Q4 2019

Market Perspective

Public Market Performance

Sector Spotlight

Q4 M&A Activity



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The Consulting M&A Market: Trends to Watch in 2020

The Business Consulting M&A market remains hot as 2019 closed with a large number of headline making deals. The momentum from 2019 is continuing straight into 2020. Below we highlight market dynamics that will drive the consulting M&A market throughout 2020:

Buyers with Capital:

- Favorable macroeconomic conditions are expected to persist over the coming year and lead to increases in corporate profits; expanding budgets for management consulting firms will allow for greater activity in their corporate development arm to enact more acquisitions
- Private equity firms have raised a significant amount of capital in prior years; such large amounts of dry powder will continue to push along M&A activity

Industries to Watch:

- Tech and IT development will continue to be imperative in developing new designs and strategies for both clients and consulting firms, firms with such capabilities will be of interest for acquirers
- Major investments in life sciences and healthcare in the coming year will drive demand from clients; consulting firms will need to expand their life sciences and healthcare verticals to stay competitive

Major Strategic Players:

- By pure deal count, Accenture and Deloitte will continue to deploy inorganic strategies to further propel growth; they have been the top two most acquisitive consulting firms for the past five years and their positions are not expected to change in 2020
- Baker Tilly, BDO, Grant Thornton, and RSM are poised to continue to intensify their inorganic growth strategies; while historically they have focused on accounting firms, that is no longer the case as several of their acquisitions are helping them further diversify their services (see page 4)
- Traditional staffing firms, such as ASGN, Addison, and VACO, are also looking to acquire consulting capabilities in order to move up the “value chain”

“End-to-End” Solutions:

- Consulting firms will continue to shift towards offering “end-to-end” business solutions, i.e. involvement from advisory to execution to assessment
- As we’ve always said at Clearsight, the discrete lines between management consulting, IT advisory, marketing, etc. will continue to blur; this convergence will drive M&A activity as firms seek to fill gaps and expand capability sets

Reflecting on 2019, we at Clearsight are once again grateful for a wonderful year filled with many successes and joys from our clients, colleagues, families, and business partners. We wish you all the best for 2020.

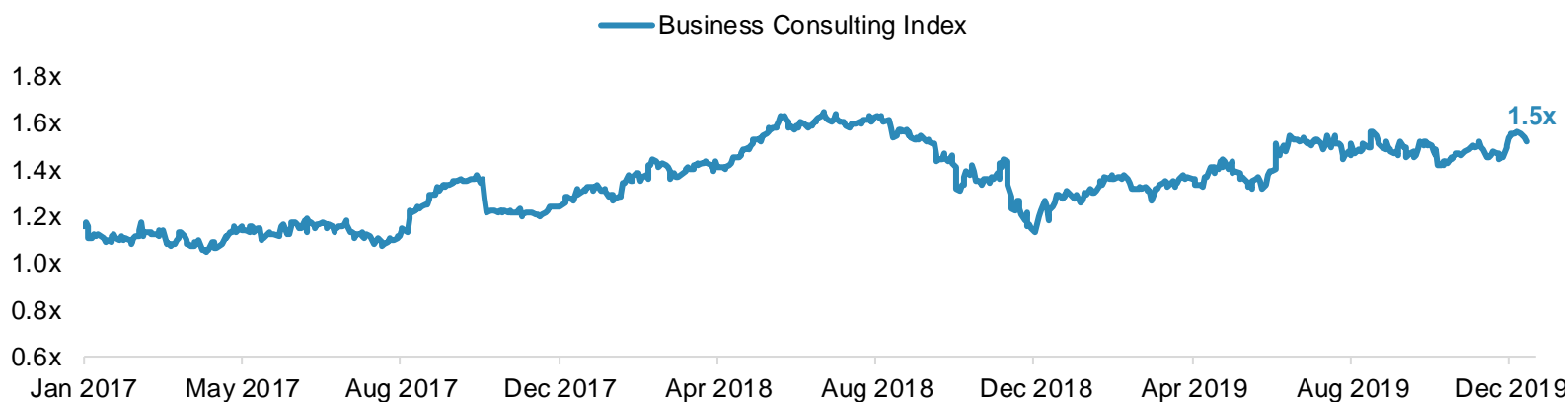


Business Consulting Comparable Companies Analysis

	Closing Price	% of 52 Week	Equity Market		EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA
Business Consulting	31-Dec-2019	High	Cap	Enterprise Value	LTM	2020	2021	LTM	2020	2021	Margin
Accenture	\$ 210.57	98.7 %	\$ 142,335	\$ 136,975	3.1 x	2.9 x	2.7 x	19.4 x	16.6 x	15.3 x	16.1 %
Capgemini	122.21	92.3	20,892	22,963	1.5	1.5	1.3	11.4	8.9	8.3	12.9
CBIZ	26.96	95.2	1,533	2,018	2.1	2.0	1.9	16.9	15.3	13.8	12.7
CRA International	54.29	96.9	465	620	1.4	1.3	1.2	14.4	13.2	NA	9.8
Franklin Covey	31.84	76.1	458	467	2.0	1.9	1.7	NA	NA	NA	7.1
FTI Consulting	112.92	95.5	4,482	4,668	2.1	2.0	1.9	13.9	13.3	12.7	14.8
Heidrick & Struggles	32.80	73.4	654	543	0.8	0.8	0.7	6.6	6.2	5.9	11.5
Huron Consulting	68.46	97.1	1,654	2,039	2.4	2.2	2.1	18.7	17.5	14.8	12.8
ICF International	92.73	99.0	1,767	2,160	1.5	1.4	1.3	16.2	14.3	13.2	9.2
Korn Ferry	42.56	85.9	2,411	2,465	1.3	1.2	1.1	8.9	7.3	6.8	14.2
Resources Connection	16.33	91.1	527	585	0.8	0.8	0.8	10.0	10.3	9.5	8.0
	High	99.0 %	\$ 142,335	\$ 136,975	3.1 x	2.9 x	2.7 x	19.4 x	17.5 x	15.3 x	16.1 %
	Median	95.2	1,654	2,039	1.5	1.5	1.3	14.2	13.2	12.7	12.7
	Mean	91.0	16,107	15,955	1.7	1.6	1.5	13.6	12.3	11.2	11.7
	Low	73.4	458	467	0.8	0.8	0.7	6.6	6.2	5.9	7.1

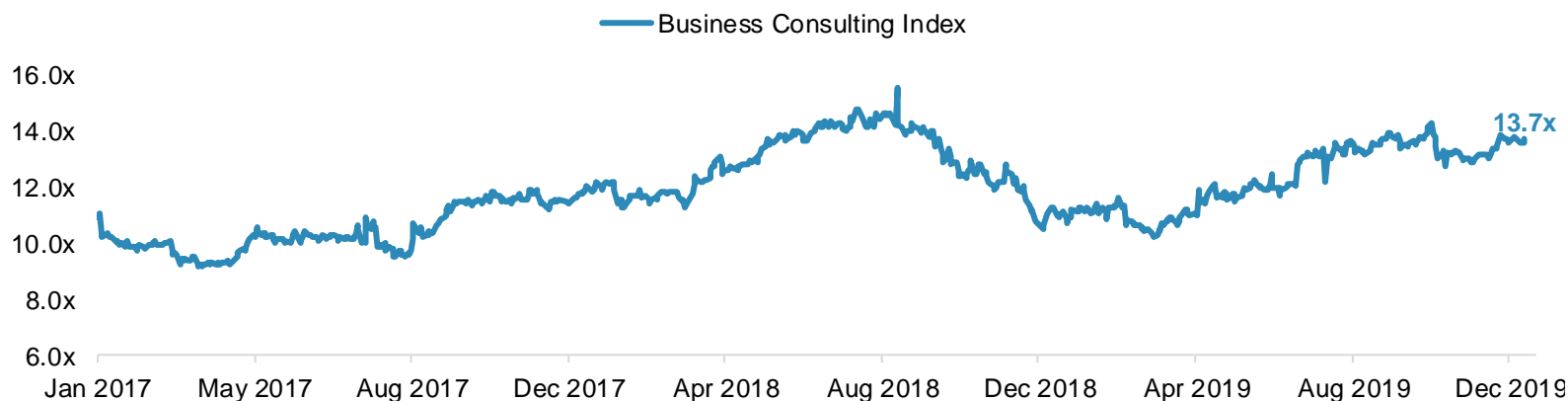
Source: Capital IQ, market data as of 31-Dec-2019

LTM EV / Revenue Multiple Trend – 3 Years



Source: Capital IQ, market data as of 31-Dec-2019

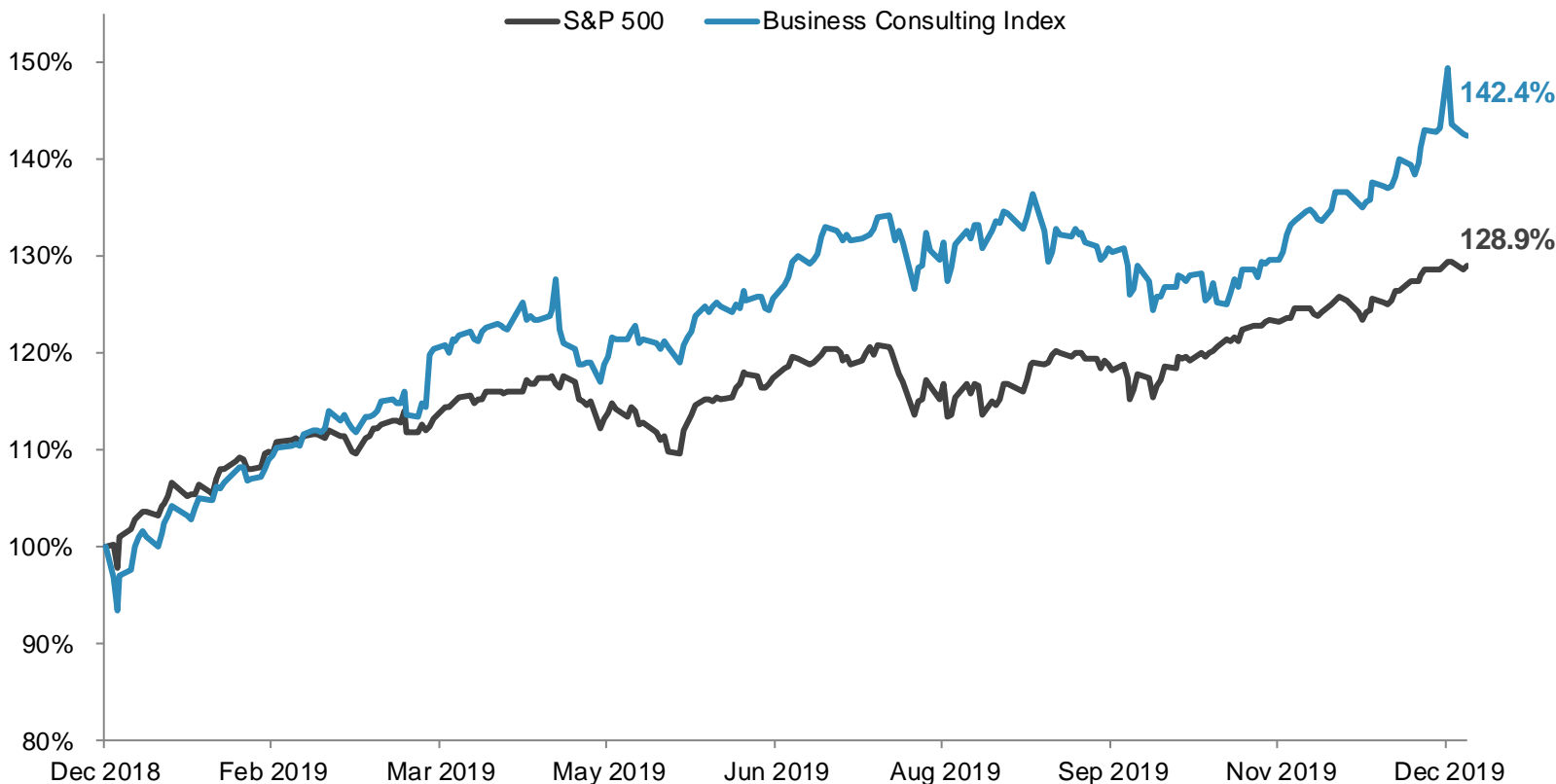
LTM EV / EBITDA Multiple Trend – 3 Years



Source: Capital IQ, market data as of 31-Dec-2019

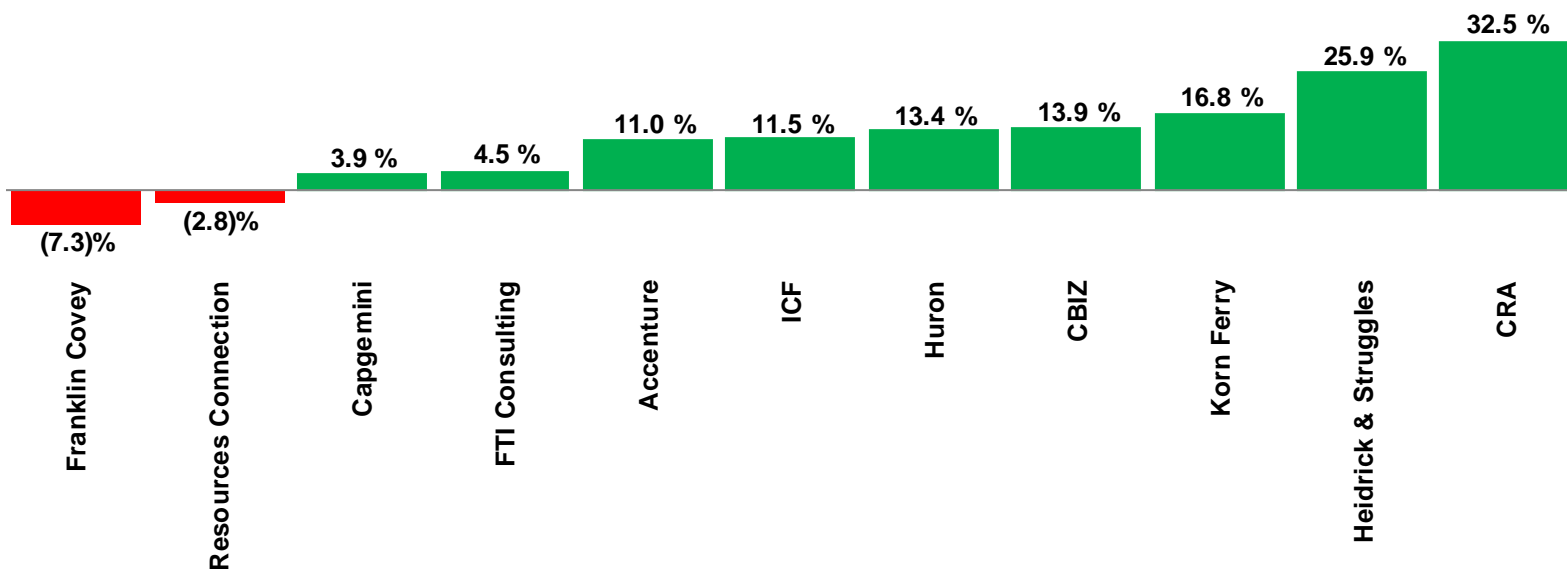
Note: Multiples charts may differ from Comparable Company Analysis figures due to detailed adjustments made to the Comparable Company Analysis.

Business Consulting Market Index Performance



Source: Capital IQ, market data as of 31-Dec-2019

Share Price Performance Q4 2019



Source: Capital IQ, market data as of 31-Dec-2019

Diversified Consulting - Power Players

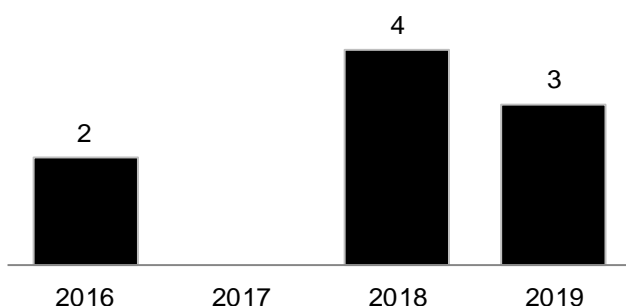
Baker Tilly, BDO, Grant Thornton, and RSM have ramped up their M&A activities similar to the ramp up from the “Big 4” accounting firms that started a decade ago. These mid-tier firms recognize the strategic imperative to increase their consulting capabilities and become closer strategic partners to their clients



FY2018 Revenue:
\$630mm

Headcount as of Dec-31-2019:
~35,000 employees

of Acquisitions



Notable Deals of 2019

Barr Pomeroy
Chartered Accountants | Registered Auditor
(September)

Baker Tilly acquires Barr Pomeroy, a financial services firm, to boost the firm's headcount in Dublin

MONTGOMERY COSCIA GREILICH LLP
(January)

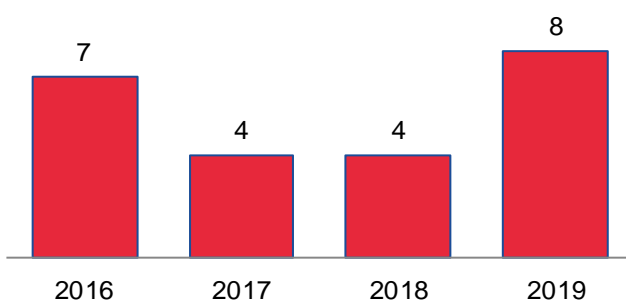
Baker Tilly acquires MCG, a Dallas-based accounting firm, to further extend its presence throughout Texas



FY2019 Revenue¹:
~\$9,600mm

Headcount as of Dec-31-2019:
~88,000 employees

of Acquisitions



Notable Deals of 2019

bp BIOPROCESS TECHNOLOGY
(April)

BDO acquires BioProcess Technology to expand its consulting services further into life sciences

LOOTOK
(January)

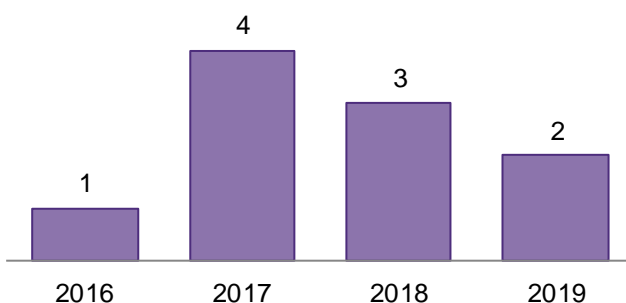
Lootok allows BDO to extend its crisis management and business continuity consulting services



FY2019 Revenue²:
~\$5,720mm

Headcount as of Dec-31-2019:
~56,000 employees

of Acquisitions



Notable Deals of 2018/2019

Grayling
BUSINESS CONSULTING
(January)

Grant Thornton's acquisition of Grayling enables the company to expand into Prince Albert, Canada

TayganPoint
CONSULTING GROUP
(Oct - 2018)

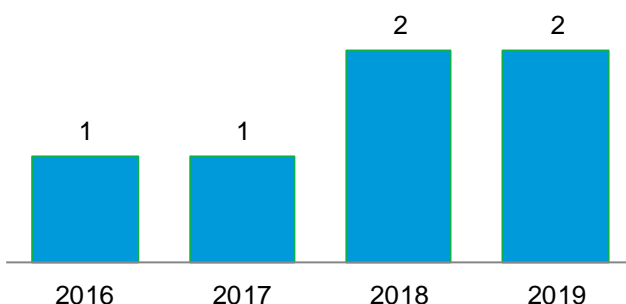
Taygan Point supports the healthcare and sciences industry with management consulting services



FY2018 Revenue:
~\$5,370mm

Headcount as of Dec-31-2019:
~10,000 employees

of Acquisitions



Notable Deals of 2019

TATE & TRYON
(December)

Tate & Tryon deepens RSM's consulting expertise in the nonprofit industry

GSS
(September)

GSS provides audit, tax, and consulting services, allowing RSM penetration into Tampa, FL

Q4 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
10/1/2019			<ul style="list-style-type: none"> TOPO is a consultancy providing advisory services in the field of sales and marketing with a focus on demand generation and sales development Gartner intends to leverage its own resources and experience to bolster TOPO's service offerings and further grow the company
10/1/2019			<ul style="list-style-type: none"> Bell Canyon is a data management consultancy providing services to pharmaceutical and life sciences companies The acquisition enhances Trinity's commercial data solutions suite for life sciences
10/3/2019			<ul style="list-style-type: none"> Nytec offers design, prototype development, engineering and support services for manufacturing firms Nytec will be added as part of Accenture Industry X.O, allowing Accenture to expand its Internet of Things and software platform development capabilities
10/4/2019			<ul style="list-style-type: none"> Peterson Sullivan is a leading public accounting and business advisory firm based in Seattle BDO's acquisition of Peterson Sullivan strengthens BDO's presence in the Pacific Northwest and creates a strong foundation for it to execute on its current growth strategy
10/7/2019	  		<ul style="list-style-type: none"> AchieveForum provides leadership development, Miller Heiman specializes in sales performance and customer experience, and Strategy Execution offers organizational and project training Korn Ferry's acquisition of three companies from TwentyEighty enables the company to bring a world-class portfolio of learning, development, and performance improvement offerings to the company
10/10/2019			<ul style="list-style-type: none"> S&H Consulting is a change management and business transformation consultancy designed to accommodate tier-one banks and other financial institutions This strategic acquisition boosts the growth of Sheffield Haworth's consulting solutions business and enables the firm to deliver additional services to clients in the realm of change management and business transformation
10/15/2019			<ul style="list-style-type: none"> Arteria Consulting offers specialized consulting and possesses a successful track record within strategy, risk management, and patient quality for healthcare organizations The acquisition allows BDO to further achieve its strategic ambition to expand its BDO Advisory position within the healthcare sector
10/15/2019			<ul style="list-style-type: none"> GoKart LABS invents, designs, and builds custom digital experiences for industry-leading companies The acquisition enables West Monroe to leverage GoKart's design thinking and expertise to further improve upon its proven consulting capabilities and multi-faceted industry teams
10/17/2019			<ul style="list-style-type: none"> AllofUs is one of the UK's most established design and innovation practices; the firm specializes in developing physical and digital experiences for clients like Microsoft, Sky, Samsung, and Ikea The acquisition will bolster BCG's scope and improve upon its overall digital offerings, particularly its design capabilities
10/17/2019			<ul style="list-style-type: none"> Happen is an innovation firm that uses internally developed proprietary methods, frameworks, and tools to enable clients to generate new ideas, products, and services Accenture's acquisition of Happen is part of several recent acquisitions to build a products industry group focused on helping clients reinvent their products, services, and business models

Note: Highlighted transaction indicates ClearSight as buy-side advisor

FEATURED TRANSACTIONS

Q4 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
10/23/2019	 REVEL	 infogain <small>Engineering Business Outcomes</small>	<ul style="list-style-type: none"> Revel Consulting provides management consulting services including program and project management, change management, strategy development, and sales / marketing management Infogain will have Revel serve as its digital and design arm to offer clients a more complete personalized digital experience
10/23/2019	 Freeman & Co.	 HOULIHAN LOKEY	<ul style="list-style-type: none"> Freeman & Co. is a financial advisory firm that provides services to financial institutions relating to transactions and management consulting The acquisition allows Houlihan Lokey to provide substantial coverage of broker-dealers and expand its investment banking capabilities to asset and wealth management companies
10/23/2019	 Presence of IT <small>excellence in people</small>	 Deloitte	<ul style="list-style-type: none"> Presence of IT offers human capital and workforce management with services that include strategy, implementation, solution support, and user adoption The acquisition allows the combined company to become one of the largest and most capable human capital and HR transformation team in Australia and the Asia Pacific region
10/29/2019	 atom <small>SOLUTIONS</small>	 CAPCO	<ul style="list-style-type: none"> Atom Solutions is a Texas-based, IT Consulting firm focused on delivering innovative solutions and services to companies within commodity trading The acquisition strengthens CAPCO's offerings to financial services and energy clients
11/4/2019	 caiman <small>CONSULTING</small>	 sia partners	<ul style="list-style-type: none"> Caiman Consulting provides delivery advisory and implementation solutions specifically to the technology sector; the company offers solutions within operations, product, marketing, and culture The acquisition solidifies Sia Partner's expansion as a dominant US consultancy and adds 100+ consultants to their team in the Seattle area
11/4/2019	 cpa CONSULTING GROUP, LLP	 MARCUM <small>ACCOUNTANTS • ADVISORS</small>	<ul style="list-style-type: none"> CPA Consulting Group is a full-service accounting firm that provides a range of professional, technical, consulting, and business services to individuals and businesses within the real estate, architecture, engineering, and construction sectors The acquisition boosts Marcum's presence in Nashville and compliment the company's client portfolio
11/14/2019	 SILVEO	 accenture	<ul style="list-style-type: none"> Silveo provides solutions and services to manufacturing and supply chains Accenture plans to add Silveo to 'Accenture Industry X.0,' the arm of Accenture that uses digital technologies to improve how companies engineer and develop products and services as well as operate industrial facilities
12/2/2019	 AgilityWorks	 EY	<ul style="list-style-type: none"> AgilityWorks helps organizations design, build, and execute digital business transformations through utilizing SAP technology EY's acquisition of AgilityWorks expands its capabilities and accelerates the growth of its technology consulting services within the UK
12/4/2019	 Mobilis	 MNP <small>LLP</small>	<ul style="list-style-type: none"> Mobilis helps clients build strategic vision to combat disruption, develop leadership capacity, and form cultures that foster collaboration The acquisition provides MNP with renewed industry expertise in the areas of strategic thinking and execution as well as allows the firm to offer services to existing clients
12/5/2019	 SIL	 EY	<ul style="list-style-type: none"> Sila Solutions Group is a cybersecurity technology and management consulting firm in North America The acquisition allows EY to deliver new cybersecurity solutions in addition to furthering the company's industry, technical, and analytical expertise

Note: Highlighted transactions indicate ClearSight as sell-side advisor

Q4 2019 Business Consulting M&A Transactions

Announced	Target	Buyer	Target Description / Deal Rationale
12/6/2019	 TATE & TRYON	 RSM	<ul style="list-style-type: none"> Tate and Tryon is a Washington, D.C. based accounting firm that specializes in providing nonprofit organizations with tax, audit, and advisory services RSM's acquisition allows the company to further penetrate its nonprofit client base, particularly within trade and membership associations
12/9/2019	 SALT Payroll Consultants (Subsidiary)	 Ryan	<ul style="list-style-type: none"> SALT Payroll Consultants is a leading state and federal payroll tax recovery firm specializing in the recovery of unidentified payroll tax refunds and savings opportunities for multinational companies The acquisition provides Ryan with a new team of qualified tax specialists with experience reducing payroll tax liabilities and delivering payroll refunds for Fortune 1000 companies
12/11/2019	 Greeley	 THE CHARTIS GROUP	<ul style="list-style-type: none"> The Greeley Company provides healthcare consulting, education and seminars, interim staffing, credentialing outsourcing, external peer review and other professional services The acquisition will enable Chartis to even more comprehensively serve its clients as they navigate the transforming healthcare delivery landscape
12/11/2019	 GATEONE	 havas	<ul style="list-style-type: none"> GateOne is a management consultancy that works with executives across life sciences, retail, travel, and government departments Havas plans on using the acquisition to strengthen its international capabilities and provide a diversified and integrated service offering
12/13/2019	 CLARITY INSIGHTS	 accenture	<ul style="list-style-type: none"> Clarity Insights is a US-based consultancy with deep artificial intelligence, machine learning, and deep data expertise; the company serves various industries including healthcare, financial, and insurance Accenture's acquisition of Clarity follows that of Knowledgegent and Kogentix the prior year; Accenture plans to leverage Clarity's industry expertise to further broaden its ability to help clients scale AI across their businesses
12/18/2019	 SCISYS	 CGI	<ul style="list-style-type: none"> SCISYS develops information and communications technology services, mobile applications, editorial newsroom solutions, and other advanced technology solutions The acquisition aligns with CGI's 'Build and Buy' strategy efforts to expand further into space, defense, government and media within the UK and Germany
12/19/2019	 PYXIS	 BAIN & COMPANY	<ul style="list-style-type: none"> Pyxis provides alternative data analytics to generate actionable findings from billions of consumer data points; the resulting analysis includes SKU-level of online transactions, GPS location visits, credit card transaction analyses The acquisition will allow Bain to provide significant accuracy and speed to its consumer behavior analyses for its consulting engagements
12/20/2019	 CONWAY MACKENZIE	 RIVERON CONSULTING	<ul style="list-style-type: none"> Conway MacKenzie is a management consultancy and financial advisory firm that offers expertise in the areas of restructuring, valuation and opinion services, case management, and litigation support The acquisition provides Riveron with the ability to provide a full suite of services, particularly in the realm of turnaround, restructuring, and operational improvement capabilities
12/30/2019	 WEST MONROE MANAGED SERVICES	 M/C PARTNERS	<ul style="list-style-type: none"> West Monroe decided to divest its Managed Services division to M/C partners; the managed services division provides technology solutions to small and medium businesses M/C Partners plans to utilize West Monroe's differentiated application management expertise to further grow the company; the acquisition will enable West Monroe Managed Services to grow into a standalone, full-service IT managed services company

Note: Highlighted transactions indicate ClearSight as sell-side advisor

RECENT DEALS

CLIENT SUCCESS

The Managed
Services Division

of
westMONROE
has been acquired by



SELL-SIDEADVISOR

 **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

avaap
innovation | solutions | outcome

a portfolio company of



SELL-SIDEADVISOR

**putnam
associates**
INSIGHT. CLARITY. STRATEGY.

has been acquired by



SELL-SIDEADVISOR

euclid

has been acquired by

FULLSTEAM
Building on Great

a portfolio company of

AQUILINE
CAPITAL PARTNERS LLC

SELL-SIDEADVISOR

THE DLC GROUP

has been acquired by

Addison Group 

SELL-SIDEADVISOR

 **roundCorner**

has been acquired by

 **salesforce.org**

a subsidiary of



SELL-SIDEADVISOR

 **Knowledge**

has been acquired by

accenture

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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