

Business Consulting Market Monitor

Market Overview

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Sector Leadership



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Wipro and McKinsey Make Notable Acquisitions

Significant players in the market double down on inorganic growth

Following a blockbuster end of 2020, Q1 2021 continued the surge with a highly active market in the consulting space. Multiple trends around inorganic growth strategies have already begun to surface in the first quarter and show no sign of slowing down. Below, we highlight a headline deal signed by Wipro, along with McKinsey's notable increase in M&A activity.

Wipro Makes a Big Bet and Signs Agreement to Acquire Capco:

- **To acquire London-based [Capco](#) for \$1.45 billion all-cash (Announced Mar. 4, 2021):** This monumental deal will be the largest acquisition Wipro has made in its 75+ year history. Capco offers management and technology consulting to global banking and financial services clients. Capco's ~5,000 employees, located in 30 offices worldwide, will join the Wipro team. The strategic acquisition will provide Wipro with high end consultancy services, increase Wipro's margins, and provide access to global financial institutions. This acquisition will shift the competitive landscape, and we expect competitors to realign accordingly. Given the activity in the industry, we anticipate megadeals to continue in the consulting space throughout 2021.

McKinsey & Company Doubles Down on Inorganic Growth Strategy:

- **Acquired [Candid Cloud](#) (Jan. 15, 2021), [Venturetec](#) (Feb. 1, 2021), [Hypothesis](#) (Feb. 11, 2021), and [Vivid Economics](#) (Mar. 4, 2021):** McKinsey is an infrequent acquirer, making zero acquisitions in 2018 and only one in both 2019 and 2020; so, when they complete this many deals this quickly, we take note. In the first three months of 2021 the Company made four acquisitions, indicating a deviation from its previous preference for organic growth. Atlanta-based Candid Cloud serves clients with end-to-end cloud transformation and strategy expertise. Hypothesis and Venturetec, both based in Australia, are design-focused consultancies. Finally, Vivid Economics, based in London, provides strategic economic consulting services. We expect McKinsey to continue to leverage an inorganic growth strategy.

The above examples are just two highlights from a tremendously active quarter for both strategic and PE firms in the consulting arena. The lines between consulting, technology, digital transformation, and marketing continue to blur as traditional players adapt to a gradual shift in the knowledge economy. Please reach out if you would like to discuss these shifts or the general M&A market.

Sector Spotlight

Life Sciences Emerges at the Forefront

The first quarter of 2021 was marked by several pivotal trends impacting the business consulting sector. With vaccine roll-out and big pharma and biotech top-of-mind, we were not surprised to see an influx of healthcare/life sciences transactions sweeping the sector. Most notably, major consulting players are making moves to acquire key players within the market access space, such as Fishawack's acquisition of PRMA and Ashfield's acquisition of PHMR. Additionally, players like Precision for Medicine capitalized on the rapid growth within key therapeutic areas like cell and gene therapy, leading them to acquire Project Farma - an expert in the space.

March 24th, 2021



Fishawack Health acquired **PRMA Consulting**, a premier global market access and health economics research consultancy. The acquisition adds to the firm's strategic offerings, providing industry leading market access and HEOR capabilities.

March 3rd, 2021



PharmaLex acquired **ERA Consulting**, bolstering its biopharma capabilities while expanding its global reach. The acquisition emphasizes a broader trend within business consulting, utilizing acquisitions to further penetrate pharma.

January 12th, 2021



Precision for Medicine acquired **Project Farma**, a services firm that supports the scale-up of advanced therapies. The acquisition provides Precision access into the rapidly growing area of cell and gene therapy, a TA to watch in the coming years.



March 16th, 2021



Tegria acquired **Cumberland**, a healthcare consulting and services firm for payers and providers. The acquisition catalyzes Tegria's efforts to provide best-in-class tech and services within healthcare. ClearSight acted as the sole advisor to Cumberland.

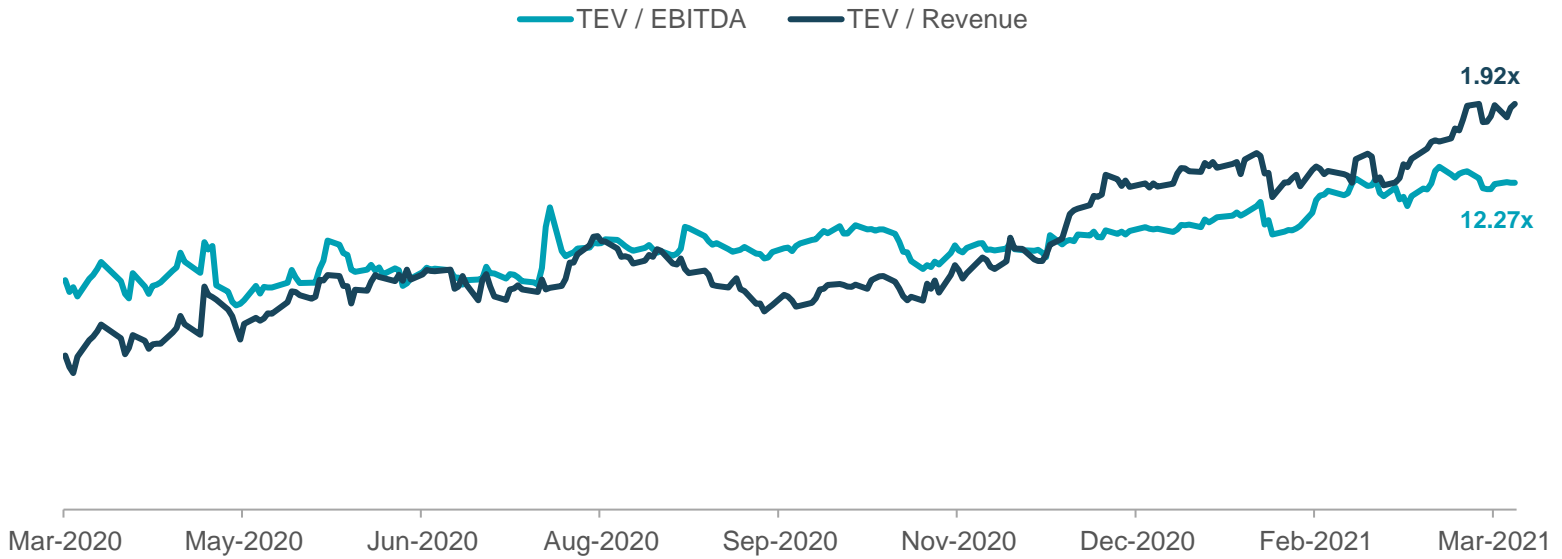
January 26th, 2021



PHMR Limited joined **Putnam Associates (part of Ashfield)**. PHMR specializes in market access and health economics, critical areas of interest among major players across the business consulting ecosystem.

Public Market Performance

Revenue multiples grew more quickly than EBITDA multiples over Q1 2021



Clearsight's Business Consulting Index outperformed the S&P 500 on an LTM Basis, driven in part by significant increases throughout Q1 2021

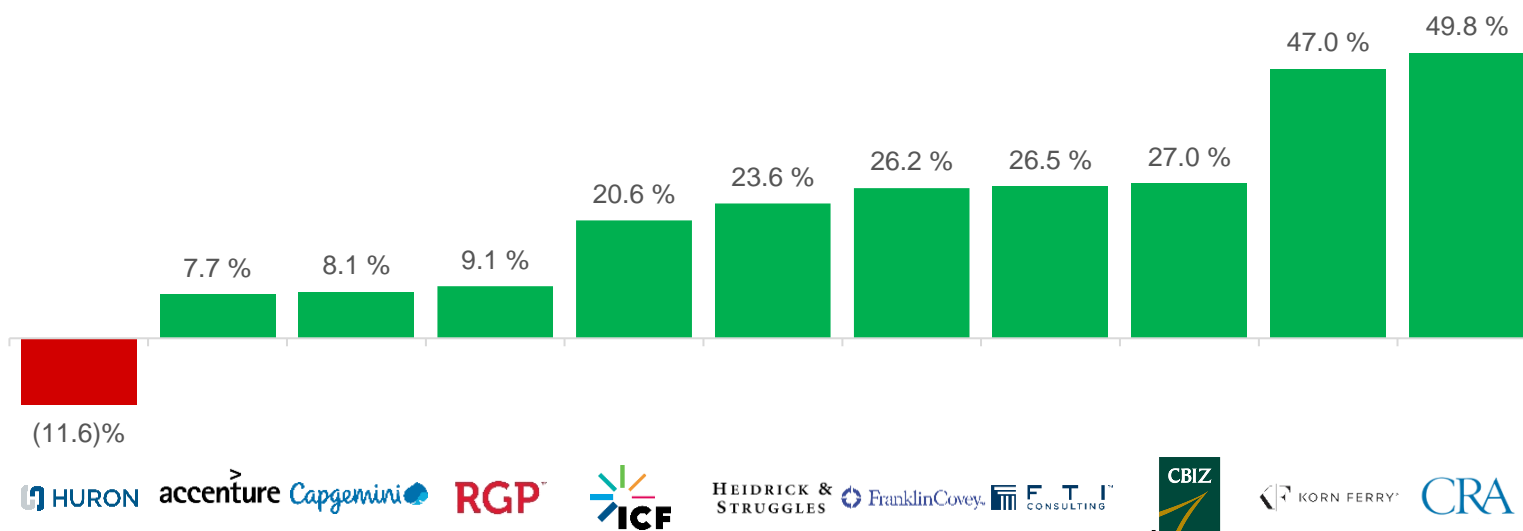


Source: Public market data as of 31-Mar-2021, Capital IQ



Public Market Performance

CRA and Korn Ferry saw significant share price increases while Huron suffered the only share price decrease¹



Business Consulting industry multiples continue to rise as the stock market recovers from COVID impacts

	Closing Price 31-Mar-2021	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2021	2022	LTM	2021	2022	
Professional Services											
Accenture	\$276.25	98.2%	\$188,639	\$183,432	4.0x	3.7x	3.4x	24.2x	19.2x	17.9x	16.6%
Capgemini	170.31	97.3	29,457	37,191	1.9	1.9	1.8	15.4	11.9	11.0	12.5
CBIZ	32.66	95.7	1,804	2,079	2.2	2.0	1.9	18.0	14.6	13.6	12.0
CRA International	74.64	98.9	679	787	1.5	1.5	1.4	16.1	14.8	13.6	9.6
Franklin Covey	28.29	96.3	404	397	2.2	1.9	1.7	22.8	16.0	N/A	9.5
FTI Consulting	140.11	97.2	5,072	5,225	2.1	2.0	1.9	15.6	15.5	13.2	13.6
Heidrick & Struggles	35.72	90.3	725	505	0.8	0.7	0.7	8.6	6.0	5.4	9.4
Huron Consulting	50.38	81.3	1,225	1,432	1.7	1.7	1.5	18.2	14.6	12.7	9.3
ICF International	87.40	93.5	1,757	2,195	1.5	1.4	1.3	16.0	14.5	13.5	9.1
Korn Ferry	62.37	94.1	3,517	3,276	1.9	1.7	1.6	16.7	9.8	9.4	11.6
Resources Connection	13.54	93.0	454	458	0.7	0.7	0.6	11.0	8.6	7.1	6.6
High		98.2%	\$188,639	\$183,432	4.0x	3.7x	3.4x	24.2x	19.2x	17.9x	16.6%
Median		94.1	1,757	2,079	1.9	1.7	1.6	16.1	14.6	12.9	9.5
Mean		94.2	21,248	21,543	1.9	1.7	1.6	16.6	13.2	11.7	10.9
Low		81.3	404	397	0.7	0.7	0.6	8.6	6.0	5.4	6.6

Source: Public market data as of 31-Mar-2021, Capital IQ

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

1. Represents performance for Q1.


M&A Activity

Date	Target	Buyer	Summary
1/7/2021	 COVESTIC	 MILESTONE	<ul style="list-style-type: none"> Covestic is a leader in the Cloud Services space and is recognized as an Elite ServiceNow Partner and Managed IT services provider The acquisition of Covestic will enhance Milestone's global managed IT services portfolio
1/18/2021	 Bails A Nordic Company	 Nordic™	<ul style="list-style-type: none"> Bails is an industry-leading ERP consulting firm that specializes in Infor solutions for customers across all industries The combination of Bails' expert ERP capabilities and Nordic's deep experience in advisory consulting will allow for superior outcomes for clients in the healthcare industry
1/26/2021	 9GAUGE PARTNERS, LLC	 E78 Partners	<ul style="list-style-type: none"> 9Gauge is a trusted business advisory and technology consulting firm, partnering with clients throughout the business lifecycle to make better, data-driven decisions 9Gauge will enable E78 Partners to offer a full suite of services for business across the alternative investment marketplace
2/1/2021	 bluvault	 CROSSCOUNTRY CONSULTING	<ul style="list-style-type: none"> Bluvault is a premier Coupa implementation and CoupaLink technology partner, working with clients across all industries The acquisition deepens and expands CrossCountry's Technology Solutions practice and accelerates the growth of its existing Coupa capability
2/2/2021	 FUTURE STATE	 accenture	<ul style="list-style-type: none"> Future State partners with technology, life sciences, and CPG firms to manage organizational changes by focusing on the human side of change efforts Accenture's acquisition of Future State will strengthen their talent and organization and human potential practice
2/16/2021	 Deloitte. UK Restructuring Services Business	 Teneo	<ul style="list-style-type: none"> The Restructuring Services business of Deloitte UK specializes in distressed restructuring and insolvency advising Extending the range of advisory services Teneo can provide to business leaders, the acquisition will also allow Teneo to expand geographically into Europe
3/3/2021	 AIM your supply chain connection	 blue matter	<ul style="list-style-type: none"> AIM is a leading supply chain consultancy and interim management services provider for the life sciences industry Blue Matter will leverage AIM's complementary offerings as well as enhance its Pathfinder suite of capabilities designed for biopharma companies entering the European market
3/4/2021	 :vivid economics	 McKinsey & Company	<ul style="list-style-type: none"> Vivid Economics is a strategic economics consultancy spanning public policy and support for commercial decision making with a broad, international focus Vivid Economics will strengthen McKinsey's Sustainability and Risk & Resilience capabilities and help clients transform towards net-zero carbon emissions
3/29/2021	 The Rhodes Group EXPERIENCE. INTEGRITY. PERSPECTIVE.	 FTI CONSULTING	<ul style="list-style-type: none"> The Rhodes Group provides construction advisory, forensic accounting, and expert testimony services to clients in the power, oil and gas, and commercial building sectors The addition of Rhodes Group professionals will enhance FTI Consulting's construction advisory, dispute resolution and expert testimony capabilities in North America

 = ClearSight acted as an exclusive advisor to Covestic and 9Gauge

About ClearSight

ClearSight Advisors is an independent investment banking firm dedicated to driving the Knowledge Economy by providing world-class M&A and capital raising solutions exclusively to growth-oriented Business Services and Technology companies. ClearSight combines deep market insights across software, services and data. ClearSight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information about ClearSight, visit www.clearsightadvisors.com

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a portfolio company of


TAILWIND CAPITAL

has been acquired by


Tegria


Sellside Advisor


novo/scale


has merged with



evergreen


cerna


backed by



SUNSTONE PARTNERS



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9G 9GAUGE PARTNERS, L.L.C.


has been acquired by


E78 Partners



Sellside Advisor


SYNERZIP

has merged with


PRIME
BRINGING VISIONS TO LIFE

a portfolio company of


Frontenac


Sellside Advisor


COVESTIC

has been acquired by


MILESTONE
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entropy

a portfolio company of



OSAGE VENTURE PARTNERS & ACTIVATE


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Deloitte.


has sold its

Life Sciences Pricing and Contracting Solutions (PaCS) Business


to


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PACEHARMON

has been acquired by


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