2021 M&A Surge Continues with Healthcare Deals

Strategics and Financial Sponsors Capitalize on Healthcare Tailwinds

The blockbuster M&A market continues its record-breaking surge. The themes we covered in our previous monitors as anticipated drivers for 2021 M&A continue to materialize, with a particular focus on vertical tailwinds. One consulting vertical seeing significant activity is healthcare.

While there are many factors propelling the growth of healthcare consulting M&A, the most significant are demographic shifts. The large baby boomer population in the US creates looming demand for healthcare services as the group ages in record numbers. Meanwhile, millennials’ health-conscious collective attitudes and different approach to healthcare provide the industry new opportunities for innovative services. Other ancillary factors such as operational diversification, changing healthcare laws and advancing technology continue to buoy the industry.

In Q2, we saw several healthcare-focused consulting firms receive significant interest from both strategic acquirers and financial sponsors:

12-May-2021 (pending close)
Clayton, Dubilier & Rice (CD&R) acquires UDG Healthcare:
▪ UDG provides healthcare services in North America and Europe through its commercial and medical services segment and packaging services segment
▪ CD&R sees an opportunity for significant returns as the European economy recovers faster than expected – see page 2 of our sector spotlight for greater detail on UDG’s M&A path

18-May-2021
Sheridan Capital Partners acquires BlackTree Healthcare Consulting and Simione Healthcare Consulting:
▪ BlackTree provides healthcare consulting services for operational efficiency (clinical consulting, revenue cycle outsourcing, coding and OASIS outsourcing, etc.); Simione provides consulting, outsourcing and talent solutions to post-acute healthcare organizations
▪ Sheridan merged BlackTree and Simione to form SimiTree Healthcare Consulting; combining both firms’ disparate services will create synergies and allow greater delivery for provider clients

04-Jun-2021
CBIZ acquires Optumas:
▪ Optumas provides actuarial services to state-level government healthcare agencies to assist in the administration of Medicaid programs
▪ Optumas will help CBIZ complement its growing government healthcare consulting practice

The above are just a few snapshots of the M&A activity we are seeing in the healthcare vertical, and we do not expect this trend to subside anytime soon. We hope all of our readers are taking advantage of the summer and enjoying some much-needed downtime. As always, feel free to reach out to our team for advice and insight on the consulting M&A market.
Q2 of 2021 experienced continued, unprecedented M&A activity. Healthcare services led the charge with several notable transactions including Clayton, Dubilier, and Rice’s (CD&R’s) acquisition of UDG Healthcare. UDG is a global leader in healthcare advisory, communications, clinical and packaging services. The group’s operations span 29 countries across two operating divisions - Ashfield Advisory and Sharp. CD&R recognizes the tailwinds vaulting the healthcare services market. By combining UDG’s market-leading services with CD&R’s depth of experience, the potential acquisition has the ability to generate immense value.

Deal Analysis
The healthcare services market expects to achieve 7% annual growth from 2021 through 2023, reaching a size of $9.7 trillion. UDG has established itself as a market leader across healthcare, pharma and biotech services. CD&R anticipates catalyzing its growth through organic and inorganic strategy.

Deal Metrics
Announced Date (Transaction Pending Approval)….May 12, 2021
Total Enterprise Value………………………………........$3.8 Billion
Enterprise Value / LTM Revenue…………………………3.2x
Enterprise Value / LTM EBITDA…………………………18.2x
Number of Employees……………………………………9,000
Target Headquarters ………………………………………Ireland
Year Founded……………………………………………1948

Source: 451 Research, Capital IQ, Pitchbook, Pharmaceutical-technology.com
Revenue and EBITDA multiples remained relatively flat over Q2 2021

Clearsight’s Business Consulting Index grew inline with the S&P 500

Source: Public market data as of 30-June-2021, Capital IQ
Public Market Performance

While many firms experienced share increases, more firms saw decreases in Q2 2021 than Q1 2021

Business Consulting industry multiples have remained consistently high over the past quarter

<table>
<thead>
<tr>
<th>Professional Services</th>
<th>Closing Price 30-Jun-2021</th>
<th>% of 52 Week High</th>
<th>Equity Market Cap</th>
<th>Enterprise Value</th>
<th>EV / Revenue Multiples</th>
<th>EV / EBITDA Multiples</th>
<th>LTM EBITDA Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>LTM 2021</td>
<td>2022</td>
<td>LTM 2021</td>
</tr>
<tr>
<td>Accenture</td>
<td>$294.79</td>
<td>99.0%</td>
<td>$201,687</td>
<td>$195,672</td>
<td>4.1x</td>
<td>3.7x</td>
<td>3.5x</td>
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<td>Capgemini</td>
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<td>2.0</td>
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<td>CBIZ</td>
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<td>2.2</td>
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<td>CRA International</td>
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<td>648</td>
<td>767</td>
<td>1.5</td>
<td>1.4</td>
<td>1.3</td>
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<td>Franklin Covey</td>
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<td>96.9</td>
<td>463</td>
<td>462</td>
<td>2.3</td>
<td>2.1</td>
<td>1.9</td>
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<td>2.0</td>
<td>1.9</td>
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<tr>
<td>Heidrick &amp; Struggles</td>
<td>44.55</td>
<td>95.0</td>
<td>912</td>
<td>838</td>
<td>1.3</td>
<td>1.0</td>
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<td>Huron Consulting</td>
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<td>ICF International</td>
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<td>1.4</td>
<td>1.3</td>
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<td>Resources Connection</td>
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<td>569</td>
<td>0.9</td>
<td>0.8</td>
<td>0.8</td>
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</tbody>
</table>

|            | High  | Median | Mean  | Low   | |
|------------|-------|--------|-------|-------| |
| 30-Jun-2021| $201,687 | $195,672 | $195,672 | $195,672 | |
| % of 52 Week High | 99.0% | 93.1 | 93.2 | 79.3 | |
| Equity Market Cap | 41,052 | 21,739 | 23,112 | 463 | |
| Enterprise Value | 24.4x | 16.9 | 17.3 | 12.6 | |
| EV / Revenue Multiples | 3.5x | 1.6 | 1.7 | 0.8 | |
| EV / EBITDA Multiples | 17.5x | 12.0 | 12.0 | 7.1 | |
| LTM EBITDA Margin | 16.7% | 12.4 | 11.1 | 7.2 | |

Source: Public market data as of 30-June-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 Q2.
# Business Consulting

## M&A Activity

<table>
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<tr>
<th>Date</th>
<th>Target</th>
<th>Buyer</th>
<th>Summary</th>
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</table>
| 4/6/2021   | BTG                  | Heidrick & Struggles   | • Business Talent Group is a global talent marketplace that connects high-demand consultants, subject matter experts and executives with companies in need of their services  
• The acquisition of BTG will enhance Heidrick and Struggles’ pursuit in growing their in-house talent pool in order to address prospective client needs |
| 4/15/2021  | The Dedham Group     | MMIT                   | • The Dedham Group provides strategic life science advisory to pharmaceutical and biotech companies, specifically in the oncology and specialty therapeutics space  
• MMIT’s acquisition of The Dedham Group will unite two industry leaders’ data, technology and expertise in order to provide the market with the most premier service offerings |
| 4/21/2021  | 67 Rockwell          | Strategy&              | • 67 Rockwell acts as a premier insurance consulting company based in Hamburg, Germany  
• Strategy&’s acquisition of 67 Rockwell will establish the company as a dominant insurance advisory force with specializations in developing client’s strategies, operations and business model |
| 4/23/2021  | Root                 | Accenture              | • Root is a prominent management consulting company servicing companies predominantly in the Fortune 2000  
• Root will complement Accenture’s recent Talent & Organization/Human Potential business acquisitions in order to improve upon the company’s change management services |
| 4/29/2021  | Berntson Porter & Co | CBIZ                   | • Berntson Porter & Company acts as an accounting and financial consulting company that services a wide range of industries, including real estate, manufacturing and technology  
• The acquisition of Berntson Porter & Company will provide CBIZ with a Pacific Northwest market presence, creating increased opportunities in a growing region |
| 5/18/2021  | Syncronic            | Deloitte               | • Syncronic is a prominent, foreign-based consultancy specializing in providing clients with strategic supply chain insights  
• Deloitte’s acquisition of Syncronic will position Deloitte as the premier SAP and supply chain consultancy in the Nordic region at an opportune time as the global pandemic increases companies’ need to become digitally efficient |
| 5/21/2021  | The Planet Group     | ProPharma Group        | • The Planet Group provides Fortune 500 companies with a diverse range of outsourced human capital solutions, specifically to the life sciences, energy and technology sectors  
• ProPharma’s merger with The Planet Group will provide synergistic benefits for each company in their pursuit to service clients on a larger scaler with enhanced opportunities |
| 5/31/2021  | Bip                  | CVC Capital Partners   | • Business Integration Partners (Bip) is a market leading management consultancy for companies struggling with technological disruptions from new IT innovations  
• CVC Capital Partner’s acquisition of Bip represents market optimism surrounding the value of management consulting companies that specialize in the Digital Transformation space |
| 6/14/2021  | Tech Economy         | Bain & Company         | • Tech Economy is a unique technological consultancy focusing specifically on servicing private equity firms by valuing prospects they seek to acquire  
• Bain & Company’s acquisition of Tech Economy will increase their expertise in the technological complexities necessary to advise PE Investors |

= Clearsight acted as an exclusive advisor to The Dedham Group
About Clearsight

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