

# Business Consulting Market Monitor

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Sector Leadership



**Brendan Curran**  
*Director*

[Email Brendan](#)  
+1 (212) 515-9974

## Key Q4 2021 Trends Roll Into 2022

### Life Sciences Continues to Boom, Fueled by Policy Shifts

#### COVID's persistence enables pharma and biotech companies to stay in the spotlight

- In January 2020, the United States succumbed to its first known COVID case. Since then, ~65.5 million Americans have contracted the virus. COVID remains a stubborn adversary with cases continuing to climb. Major pharmaceutical and biotech companies continue to make great strides, setting records in clinical trials, time to market and R&D spend. Increasingly, these organizations are turning to premier life sciences consulting firms to assist them with everything from policy impact, pricing & market access, commercialization and analytical modeling.

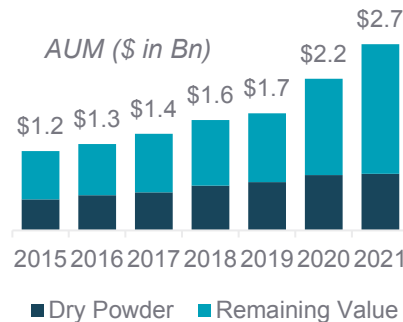
#### Uncertainty within the policy landscape may persist through 2022

- From uncertainty surrounding the Affordable Care Act to recent changes to Medicare's Part B, questions abound within America's healthcare and life sciences industry sectors. Consulting organizations with nuanced policy expertise may experience increased demand as payers/providers, big pharma and other healthcare organizations grapple with these changes.

### Private Equity Steals the Spotlight

#### Evolving LP allocations and shorter deal cycles lead to record dry powder

- Institutional LPs continued to allocate increasing amounts of funding to PE, translating into troves of dry powder that need to be deployed. Further fueling the activity, we've seen the typical investment cycle contract from five years down to three, setting the stage for a busy 2022. To top it off, record-breaking valuations are leading to investors cashing out sooner, further catalyzing the entire cycle.
- It should come as no surprise that the PE services sector is booming. Consultants and experts in this field have seen their own valuations surge alongside the growing force that is PE. As funds grow, more outside help is needed to source and evaluate opportunities, run due diligence and manage portfolio companies.



### Maintaining Talent amidst "Great Resignation" as Differentiator

#### Attrition spiked in 2021 and experts expect similar trends in 2022; employers, particularly in human-centric roles like business consulting, will focus on keeping top talent and hiring ahead of the curve

- Professional Services firms were no stranger to the "Great Resignation" in 2021. Employees across the country left their jobs in droves to help reimagine the intersection of work and life. Business Consulting, a talent-focused industry, appeared particularly susceptible to attrition. Compensation, benefits and flexible work arrangements were among the tools employers attempted to utilize to keep talent.
- In 2022, we expect attrition to slow but remain high. Employers will need to dedicate significant resources toward keeping their workforce together. In this tight labor market, those who resist the global trend towards flexible work will struggle to compete.

# Sector Spotlight

## Key Q4 2021 Trends Roll into 2022

As we wrap up a record year in the M&A markets, several trends emerged in the last quarter of 2021 that we expect will continue into 2022. COVID continues to impact all industries, prompting investors to seek out firms with a life sciences sector focus. Private equity dry powder levels remain high across the board. With money to spend, we expect sponsor deals to continue with ferocity, resulting in a greater need for third-party PE advisory services. As the “Great Resignation” expands, companies that can attract and maintain top quality talent will be highly valuable in the market. Lastly, increased ability to work across geographies may prompt more international M&A transactions.

### Continuing Focus on Life Sciences

Global focus remains on the healthcare and the life sciences industry, and we have seen this focus result in competitive processes and high valuations for business consultancies that operate in this space. The end of 2021 saw several notable deals including the acquisition of **Genesis Research** by GHO Capital, the acquisition of **CBPartners** by Trinity Life Sciences and the divestiture of **Huron’s Life Sciences Business** to Oliver Wyman. Shifting focus to 2022, we expect that significant interest in the life sciences and healthcare space will continue.

### PE Services Boom

**Record breaking fundraising** has primed PE firms to invest heavily and execute on both new platforms and add-ons to existing portfolio companies. Interest in pure services companies is at an all-time high and should continue to remain a popular space through 2022. Timelines to complete transactions **continue to compress**. Tight competition and an incentive to move quickly are driving a greater need for PE Services from firms such as **Stax** and **CMA Strategy**. As dry power and deal flow grow, firms are finding themselves in need of advisors to help evaluate opportunities, mitigate risk and remain competitive in a crowded market.

#### Clearsight Highlights:



A rounded rectangular box with a blue icon in the top right corner. It contains logos for Danforth Advisors, AVESI PARTNERS, CLEARVIEW Healthcare Partners, and GHO CAPITAL.

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A rounded rectangular box with a blue icon in the top right corner. It contains logos for Stax, BLUEPOINT Capital Partners, CMA STRATEGY CONSULTING, and EY Parthenon.

### High Value Placed on Talent

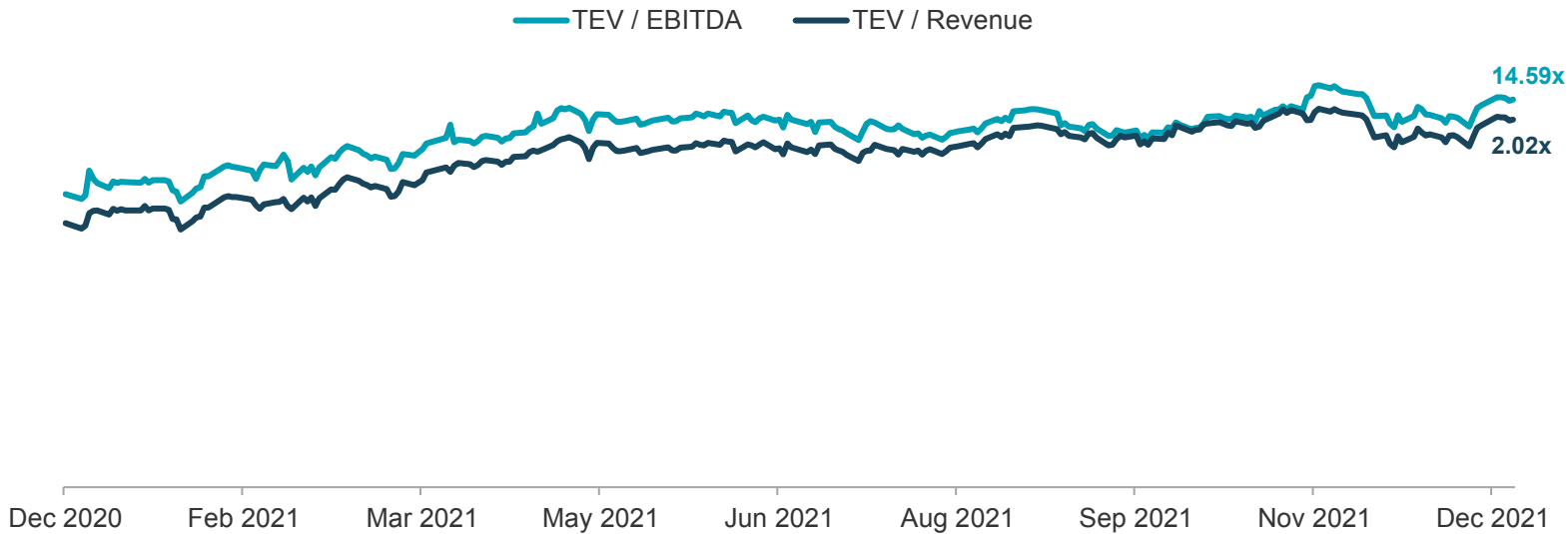
The “**Great Resignation**” continues to play out, as the flexibility to live and work in different locations creates more competing opportunities for strong talent. In the business consulting realm, where people are the business, the ability to **attract top-tier talent** and retain employees through this period will be a significant differentiator for investors evaluating professional services opportunities and large firms considering strategic additions.

### Global Expansion

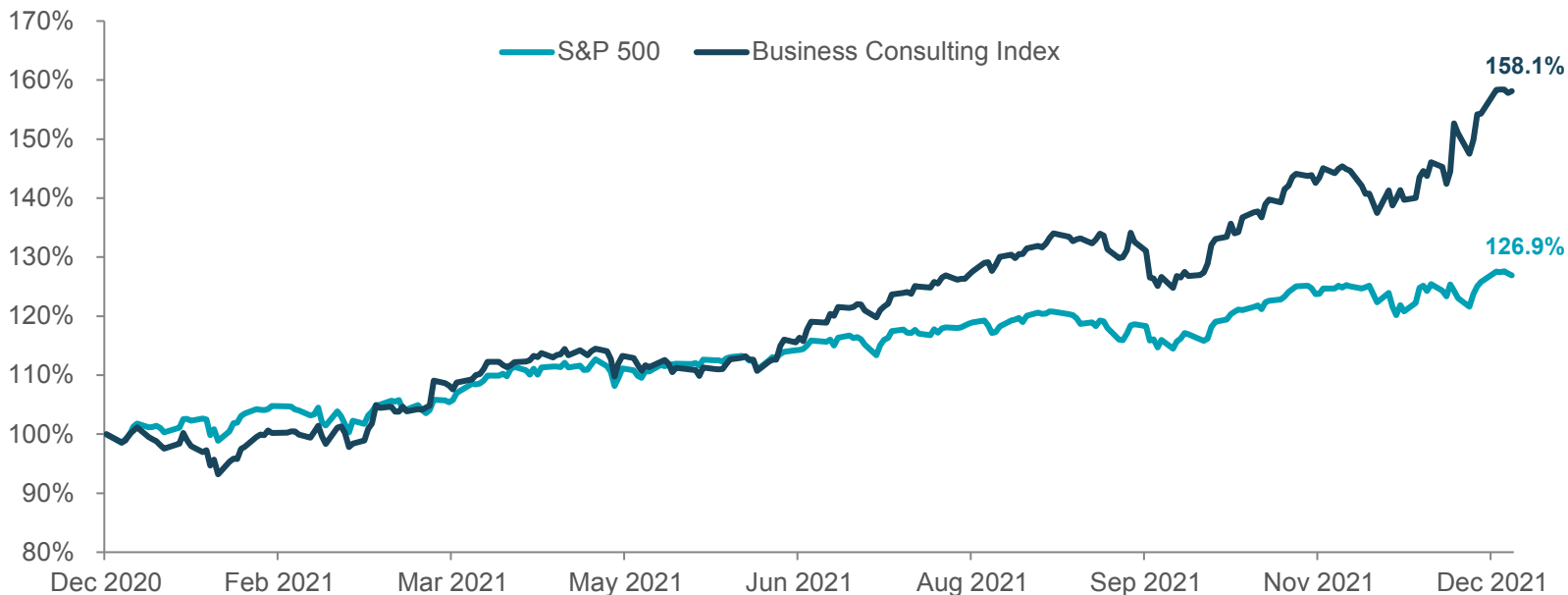
Strategic acquisitions are an efficient way to expand geographic reach and enter new markets without building a new practice from scratch. This path is becoming increasingly common as a result of virtual work. In Q4, **Accenture** acquired Zestgroup, Founders Intelligence Limited and Business Control Solutions, all of which are headquartered outside of the United States. Additionally, **Ernst and Young** acquired Peak Epm Limited and **CGI** acquired Congicase Management Consulting, further expanding their reach.

# Public Market Performance

## Revenue and EBITDA multiples slightly increased throughout Q4 2021



## The Business Consulting Index increasingly outperformed the S&P 500 in Q4



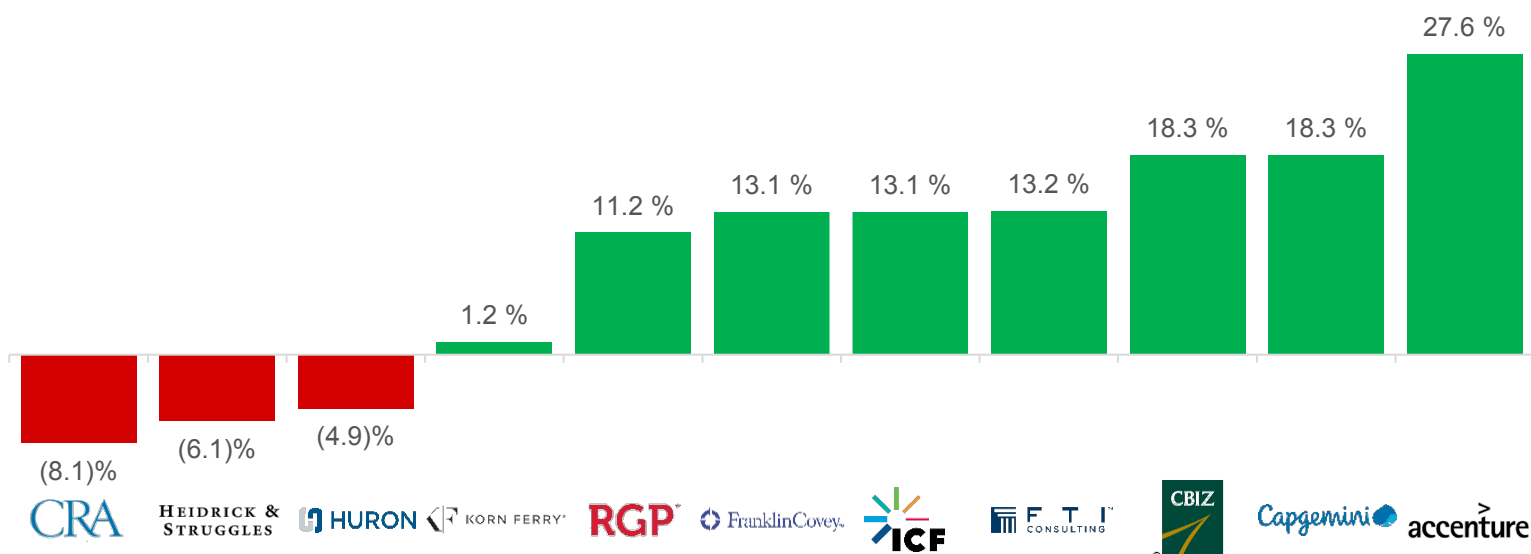
Source: Public market data as of 31-December-2021, Capital IQ

Note: Revenue and EBITDA multiples represent the average multiples of the Business Consulting Index.



# Public Market Performance

The fourth quarter was characterized by growth, as over half the firms in ClearSight's Business Consulting index experienced double-digit increases



Revenue multiples have continued to increase, while EBITDA multiples fell slightly since Q3 2021

	Closing Price 31-Dec-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	
<b>Professional Services</b>											
Accenture	\$414.55	99.3%	\$279,194	\$277,613	5.2x	5.2x	4.5x	30.7x	27.5x	24.0x	16.8%
Capgemini	245.08	98.4	42,670	48,536	2.4	2.3	2.2	18.5	14.3	13.0	13.0
CBIZ	39.12	96.3	2,097	2,461	2.3	2.2	1.9	18.7	16.1	13.9	12.2
CRA International	93.36	80.0	717	841	1.5	1.5	1.4	12.3	12.4	12.7	12.0
Franklin Covey	46.36	91.0	664	645	2.7	2.7	2.5	25.5	18.9	17.2	10.7
FTI Consulting	153.42	98.5	5,563	5,844	2.1	2.1	2.0	15.6	16.5	14.3	13.8
Heidrick & Struggles	43.73	87.4	899	633	0.7	0.6	0.7	5.6	4.7	5.1	12.9
Huron Consulting	49.90	80.5	1,122	1,440	1.7	1.6	1.5	19.1	14.7	12.8	8.8
ICF International	102.55	94.8	2,044	2,439	1.5	1.6	1.5	15.2	15.3	14.5	10.1
Korn Ferry	75.73	89.4	4,274	4,053	1.8	1.7	1.5	10.4	8.1	8.1	17.3
Resources Connection	17.84	91.8	614	605	0.8	0.8	0.7	8.8	7.8	6.2	9.6
<b>High</b>		<b>99.3%</b>	<b>\$279,194</b>	<b>\$277,613</b>	<b>5.2x</b>	<b>5.2x</b>	<b>4.5x</b>	<b>30.7x</b>	<b>27.5x</b>	<b>24.0x</b>	<b>16.8%</b>
<b>Median</b>		<b>91.8</b>	<b>2,044</b>	<b>2,439</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>15.6</b>	<b>14.7</b>	<b>13.0</b>	<b>12.0</b>
<b>Mean</b>		<b>91.6</b>	<b>30,896</b>	<b>31,374</b>	<b>2.1</b>	<b>2.0</b>	<b>1.9</b>	<b>16.4</b>	<b>14.2</b>	<b>12.9</b>	<b>12.5</b>
<b>Low</b>		<b>80.0</b>	<b>614</b>	<b>605</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>5.6</b>	<b>4.7</b>	<b>5.1</b>	<b>8.8</b>

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

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








# M&A Activity

Date	Target	Buyer	Summary
9/28/2021	 NextLevel Building Enterprise Value an E78 Partners Company	 E78 Partners	<ul style="list-style-type: none"> <li>NextLevel is an executive services firm that specializes in value-driven interim executive services across the C-suite</li> <li>The acquisition of NextLevel helps E78 establish a presence in the Northwest and West Coast markets and adds premium talent to the E78 team</li> </ul>
10/5/2021	 HURON Life Sciences Business	 OliverWyman	<ul style="list-style-type: none"> <li>Huron's Life Sciences Business provides commercial and R&amp;D strategy as well as pricing and market access solutions to a variety of life sciences companies</li> <li>The acquisition expands Oliver Wyman's international footprint, life sciences strategy offerings and client portfolio, thereby creating a world-class leader in the space</li> </ul>
10/5/2021	 summus group	 SIAPARTNERS	<ul style="list-style-type: none"> <li>Summus Group provides management consulting services to financial services and fintech companies</li> <li>Sia Partners' acquisition of Summus Group solidifies their presence in Charlotte and strengthens their footprint in the fintech space</li> </ul>
10/7/2021	 CMA STRATEGY CONSULTING	 EY Parthenon	<ul style="list-style-type: none"> <li>CMA is a boutique strategy consulting firm focused on the TMT sector and other high-tech industries</li> <li>EY-Parthenon's acquisition of CMA will enhance their services for leading TMT companies and investors</li> </ul>
10/15/2021	 PROTEAN®	 EVERSANA™	<ul style="list-style-type: none"> <li>Protean is a market access consulting firm that specializes in channel and trade, patient services and payer contracting operations</li> <li>Eversana's acquisition strengthens their integrated services aimed at helping companies commercialize or overcome specific barriers in pricing, access, reimbursement and delivery</li> </ul>
11/2/2021	 RCG Global Services	 Frontenac	<ul style="list-style-type: none"> <li>RCG a premier global digital transformation consultancy with deep expertise in financial services, insurance, healthcare and consumer verticals</li> <li>Frontenac brings extensive industry experience to help RCG grow into a preeminent digital consultancy with end-to-end capabilities</li> </ul>
11/16/2021	 Stax	 BLUEPOINT Capital Partners	<ul style="list-style-type: none"> <li>Stax is a global management consulting firm serving private equity clients and their portfolio companies across a broad range of industries</li> <li>Blue Point can leverage their data &amp; digital, human capital and M&amp;A execution capabilities to further accelerate Stax's growth and value on a global scale</li> </ul>
11/30/2021	 TRINITY	 KOHLBERG & COMPANY	<ul style="list-style-type: none"> <li>Trinity Life Sciences is a leader in global life sciences commercialization solutions</li> <li>Kohlberg &amp; Company's acquisition will help Trinity accelerate growth, as the investment fits in Kohlberg's business and healthcare services investment thesis</li> </ul>
12/16/2021	 Danforth Advisors Knowledge. Discipline. Perspective.	 AVESI PARTNERS	<ul style="list-style-type: none"> <li>Danforth Advisors is the life sciences industry's leading resource for strategic advisory and flexible, scalable management of corporate and clinical business functions</li> <li>Avesi Partners can offer Danforth strategic and financial support as it progresses towards its long-term vision. Danforth fits in Avesi's business and healthcare services investment niche</li> </ul>

 = ClearSight acted as an advisor to Huron, CMA, RCG, Stax and Danforth.

# About ClearSight


ClearSight Advisors is an 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 Advisors, Inc. is a subsidiary of Regions Financial Corporation. All securities are offered exclusively through Regions Securities LLC, a registered broker-dealer and member of FINRA and SIPC. For more information about ClearSight, visit [www.clearsightadvisors.com](http://www.clearsightadvisors.com)

-  1650 Tysons Boulevard,  
Suite 710  
McLean, Virginia 22102
- 1350 Avenue of the Americas,  
Suite 1710  
New York, NY 10019
- 2626 Cole Ave, Suite 700  
Dallas, TX 75204
-  703.672.3100
-  [www.clearsightadvisors.com](http://www.clearsightadvisors.com)
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