



Business Consulting Market Monitor

Market Overview

Sector Spotlight

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Sector Leadership



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Robust Life Sciences Demand Continues in Q4

Signature M&A Drivers Lead to Sustained Life Sciences Deal-Flow

Scarcity value, private equity involvement, market consolidation and an increasingly complex regulatory environment fuel steady demand for consulting capabilities

- High-performing life sciences assets command premium valuations as scarcity value buoys demand, particularly for mid-sized consultancies
- Private equity firms remain active with add-on acquisitions and platform investments; record levels of dry powder create increasingly competitive M&A processes
- Premium, multi-pronged consultancies emerge via market consolidation across capabilities; notable players in Q4 include **Lumina's acquisition of Clarion** and **CitiusTech's acquisition of Wilco Source**
- An evolving regulatory environment fuels policy-focused M&A, including **Sheridan Capital Partners' Q4 acquisition of ADVI Health**

Recession Concern Spurs Interest in Government and Public Sector Consulting

Demand for Resilient Business Models Grows

Businesses benefiting from public sector and/or federal spending continue to grow; provide some insulation from softening macro conditions

- **M33 Growth invests in Luke & Associates**, a healthcare services provider to the federal government. The investment from M33 enables Luke & Associates to grow its existing training, credentialing and medical professional management services catered to the federal government
- **Trill Impact acquires Delivery Associates**, a global consulting firm to government and social impact advisories. Delivery Associates tackles the most pressing humanitarian and government challenges related to infrastructure, education and food security

Economic Consulting Market Grows

Key Sector Dynamics Contribute to Demand for Economic Consulting

- Exceptional profit margins, competitive moat and market resilience drive investors to look closely at the economic consulting market segment
- **Cooper Street Capital acquires Thistle Initiatives**, a financial services consultancy with capabilities spanning due diligence, financial crimes, audit and compliance. Cooper Street's investment enables Thistle to aggressively pursue organic and inorganic growth initiatives over the next several years

Sector Spotlight

Human Resources Consulting Moves to Center Stage Amidst Talent Revolution

The pandemic opened a new world of opportunities for employees as remote work became a widespread reality. Employers have been prompted to make changes to attract and retain employees in a more competitive environment. As budgets tighten across the board, optimizing the allocation of resources becomes essential. Companies turn to experts for help navigating incentive programs, culture, retention and loyalty strategies. Given the renewed interest in this expertise, buyers are looking to quickly bolster their offerings through strategic acquisitions of human resources consultancies. Notably, St. Charles Consulting Group was acquired by NIIT, and Arthur J. Gallagher & Co. (Gallagher) announced it has signed an agreement to acquire Buck (expected close in Q1 2023).

Deal Analysis

IDS acquired by Good Leadership

Interaction Dynamics Group (IDS) is a PA-based leadership consultancy that specializes in coaching, development and facilitation of strategy. IDS will bring additional coaches to Good Leadership as well as bolster the firm's marketing and client relationship management

November 18th, 2022

Glenn Barlett acquired by DCI Consulting

Glenn Barlett Consulting provides a full range of affirmative action and equal employment opportunity professional services. DCI is known for their advisory on complex HR challenges. The addition of the Glenn Barlett team will strengthen the firm's offerings for federal contractors

November 3rd, 2022

Buck to be acquired by Gallagher

Founded in 1916, Buck is an integrated human resource, pensions and employee benefits consultancy based in New York. Buck will strengthen Gallagher's benefit services division and suite of professional services

December 20th, 2022

St. Charles Consulting Group acquired by NIIT

St. Charles is a leading provider of consulting, design and implementation solutions for strategic learning programs. The acquisition adds significant presence in the professional services and management consulting sectors for NIIT as they grow their learning consulting practice

November 4th, 2022

Beasley & Co. acquired by USI Insurance (KKR)

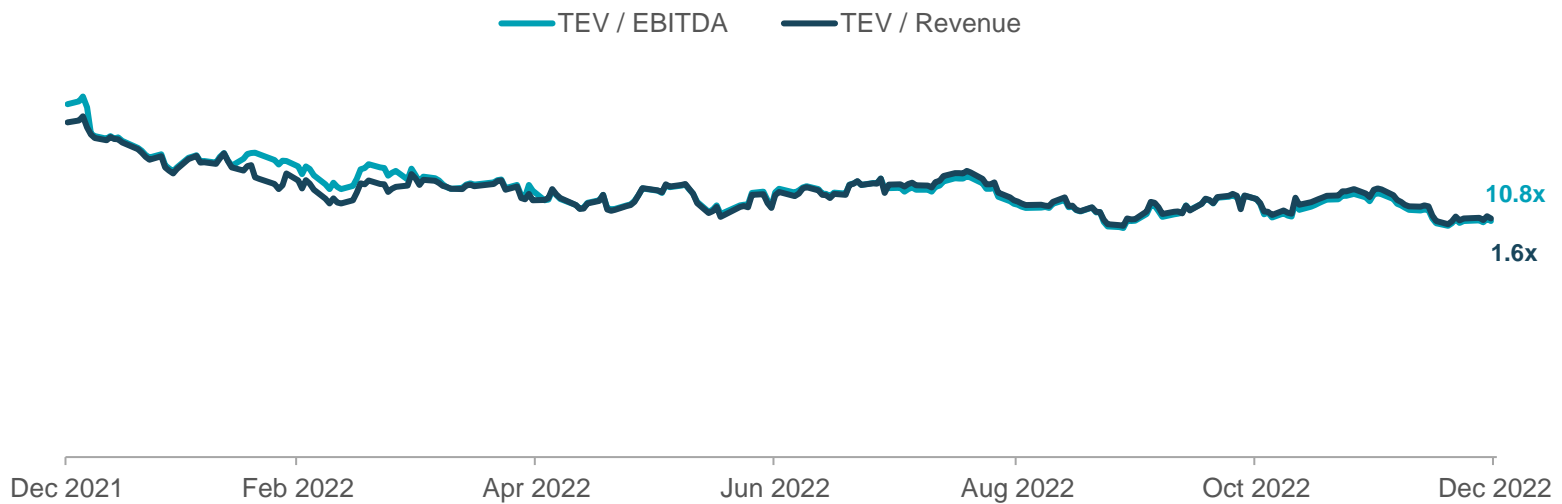
Beasley & Co. (Beasley) is a benefits consulting firm offering plan design, streamlining operations, employee education and fiduciary review. The Beasley team will join the USI Consulting Group, a division of USI, a world leader in employee benefit and retirement consulting

October 31st, 2022

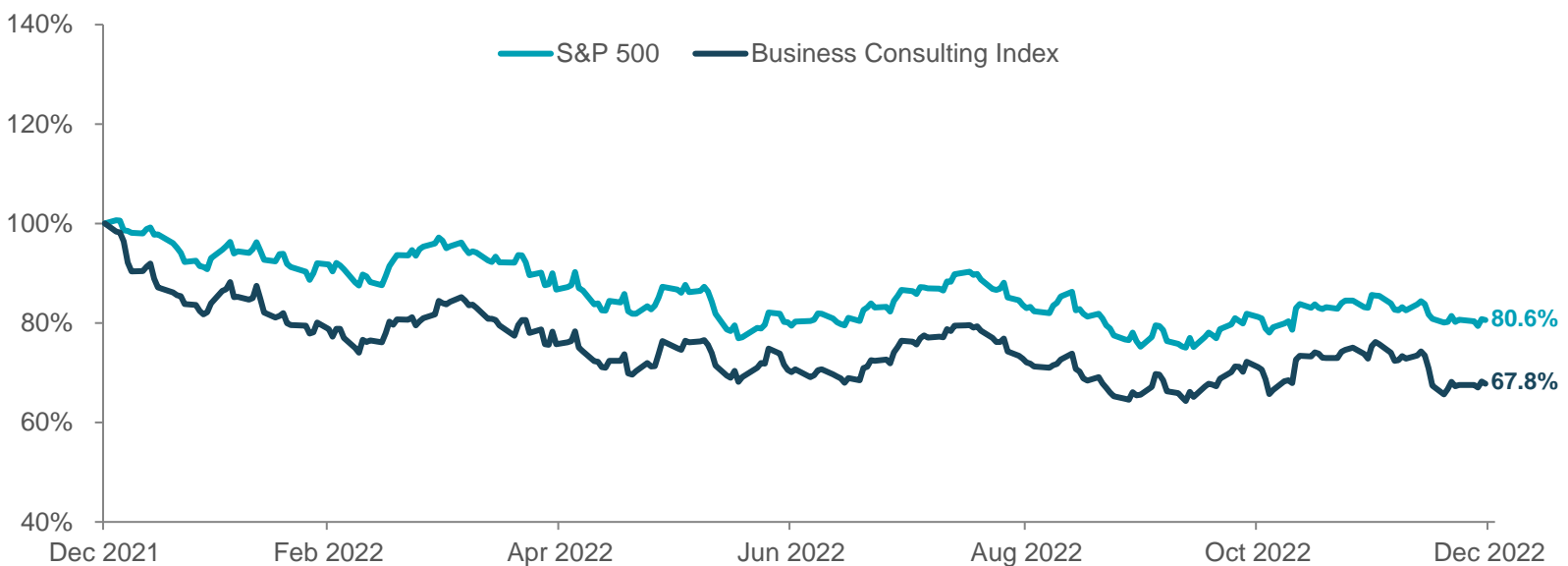


Public Market Performance

The Business Consulting Index revenue and EBITDA multiples trended flat throughout Q4 2022



The Business Consulting Index faced a sharper decline during 2022 compared to the S&P 500

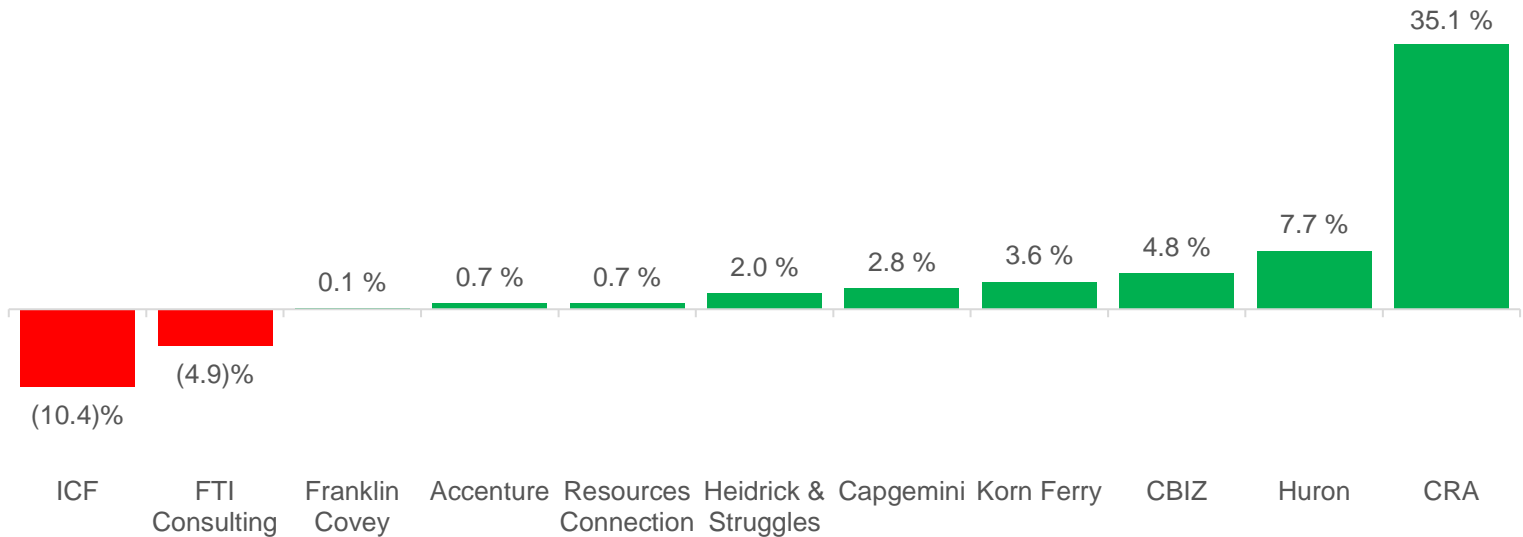


Source: Public market data as of 31-December-2022, Capital IQ

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

Public Market Performance

This quarter, most firms in the Business Consulting Index saw an increase in share prices after several quarters of decline



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

	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
	31-Dec-2022				LTM	2022	2023	LTM	2022	2023	
Professional Services											
Accenture	\$266.84	64.2%	\$179,710	\$177,797	2.9x	2.9x	2.7x	16.8x	15.3x	14.5x	17.0%
Capgemini	166.67	70.8	29,384	34,643	1.6	1.6	1.5	12.5	11.2	10.1	13.2
CBIZ	46.85	90.7	2,433	2,919	2.1	2.1	2.0	13.8	15.6	14.2	15.5
CRA International	122.43	97.3	911	1,011	1.7	1.7	1.6	14.4	13.5	13.8	12.0
Franklin Covey	46.77	85.5	651	615	2.3	2.3	2.0	17.9	14.1	12.2	12.7
FTI Consulting	158.80	83.4	5,741	5,942	2.0	2.0	1.9	18.1	17.7	15.0	11.2
Heidrick & Struggles	27.97	59.7	583	206	0.2	0.2	0.2	1.7	1.6	2.1	10.9
Huron Consulting	72.60	89.9	1,544	1,935	1.8	1.8	1.6	15.9	15.1	13.1	11.4
ICF International	99.05	81.7	1,946	2,850	1.7	1.6	1.4	17.9	15.1	13.4	9.4
Korn Ferry	50.62	64.5	2,773	2,697	1.0	1.0	1.0	5.0	5.4	6.7	19.3
Resources Connection	18.38	79.3	648	600	0.7	0.7	0.8	5.8	5.2	6.8	12.5
High		97.3%	\$179,710	\$177,797	2.9x	2.9x	2.7x	18.1x	17.7x	15.0x	19.3%
Median		81.7	1,946	2,697	1.7	1.7	1.6	14.4	14.1	13.1	12.5
Mean		78.8	20,575	21,020	1.6	1.6	1.5	12.7	11.8	11.1	13.2
Low		59.7	583	206	0.2	0.2	0.2	1.7	1.6	2.1	9.4

Source: Public market data as of 31-December-2022, 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
10/17/2022	Avascent Group	Oliver Wyman	<ul style="list-style-type: none"> Avascent offers private equity and M&A advisory services and solutions in the areas of strategic growth, value capture and M&A support across aerospace, defense and government sectors The acquisition of Avascent complements and strengthens Oliver Wyman's expertise in the aerospace and defense sector
10/19/2022	Claro Group	Stout Risius Ross	<ul style="list-style-type: none"> Claro Group provides analytics-focused business and financial consulting services and solutions in litigation matters and insurance claims Claro's team of claims experts will bring Stout new insurance, economic consulting and restructuring capabilities
11/8/2022	AMR International	Stax	<ul style="list-style-type: none"> AMR provides commercial due diligence, value creation and exit planning services for private equity firms, hedge funds and global corporations to drive value The acquisition will lay the groundwork for Stax's growth plan to expand in the UK and the broader European market
11/8/2022	Sagence	PwC	<ul style="list-style-type: none"> Sagence is a management consulting firm that provides data management, analytics solutions and lifecycle business performance services The acquisition will strengthen the data strategy and road mapping offering within PwC's analytics insights business
11/29/2022	AustinCSI	Cognizant Technology Solutions	<ul style="list-style-type: none"> AustinCSI is a management consulting firm, advising business leaders on digital transformation and process improvement This acquisition further strengthens Cognizant's consulting capabilities in helping clients utilize advanced digital technologies
11/30/2022	The Cambridge Group	PA Consulting Group	<ul style="list-style-type: none"> The Cambridge Group (TCG) is a strategy consulting firm that specializes in developing demand-driven strategies that maximize growth for clients in the consumer, retail and healthcare industries The acquisition enhances PA Consulting's growth and innovation strategy capabilities and strengthens its presence in Chicago
12/1/2022	ADVI Health	Sheridan Capital Partners	<ul style="list-style-type: none"> ADVI is a strategy consulting firm serving Fortune 500 healthcare and life sciences companies across market access, commercialization and policy The partnership with Sheridan aims to accelerate ADVI's leading market position through the expansion of its solutions and offerings
12/6/2022	CrossCountry Consulting	Investcorp	<ul style="list-style-type: none"> CrossCountry provides accounting, finance, risk, operations, cyber and technology-enabled transformation solutions. CrossCountry was previously backed by RLH Equity Investcorp's partnership will support CrossCountry's geographic expansion and broaden the Company's services offerings
12/14/2022	Treacy & Company	Cherry Bekaert	<ul style="list-style-type: none"> Treacy & Company is a boutique management consulting firm providing end-to-end growth strategy and innovation services The strategic opportunity will bolster Cherry Bekaert's end-to-end advisory offerings, with a focus on middle-market clients

■ = ClearSight acted as advisor to AustinCSI, ADVI Health, RLH Equity (CrossCountry Consulting), and Treacy & Company

About ClearSight

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has sold a majority stake in



to

INVESTCORP


Financial Advisor




has received a strategic investment from

SHERIDAN
CAPITAL PARTNERS


Sellside Advisor



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Financial Advisor




has received a strategic investment from

SHAMROCK
CAPITAL ADVISORS

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