

# Business Consulting Market Monitor

Market Overview

Sector Spotlight

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M&A Activity

## Competitive Market Emerges for Strategic Communications Firms

The M&A market for strategic communications (or “Strat Comms”) firms has remained red-hot throughout the past year. Historically, the Strat Comms and/or public relations function reported to various company divisions, often buried under marketing and sales. Today, Strat Comms has become its own critically important function within an organization. It has moved center-stage, often with corporate comms leaders being brought into strategic business decisions and carrying veto power.

What put Strat Comms on the map? The importance of reputation and the speed at which it can be tarnished. Technology has not only changed how quickly things can unravel but also how far and wide the impact reaches. As news and rumors spread, stock prices fluctuate, competitors move in, and reputations turn. Technology, combined with long-lasting political and social movements, has further catalyzed the already intense relationships that consumers have with businesses and brands. These factors have all businesses laser-focused on how they will be perceived by the public and their consumers. Now that a brand’s success (i.e., stock price, profits, etc.) is so correlated with its reputation, crafting and managing that reputation is of paramount importance. This translates into a “mission critical” function requiring unique and specialized tools, often most easily accessible by tapping experts to assist, rather than building out an entire in-house team.

It is no surprise that we’ve seen a wave of M&A activity for specialized Strat Comms firms over the past year. Much like the world of strategy consulting, specialization in the communications sector typically carries value, especially in a very large and fragmented market. But it is also because of that fragmented market, as well as the degree to which one can bolt on new services and capabilities, that investors are looking to build platform plays. The total addressable market combined with this potential has drawn private equity investors into the fray. Not only are PE firms now competing with the large marketing and communications holding companies for these assets, but they are often winning. Founders are excited to learn there are more options out there for them than there were a decade ago, with the potential to be their own holding company and bolt on to their existing brand.

### Sector Leadership



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# Sector Spotlight

## Strategic Investments in Specialized Communications Strategies

Strategic communications capabilities continue to garner demand as companies focus on cultivating their reputation and brand in today's environment. Companies in specialized industries (e.g., life sciences and financial services) are looking for outside firms to provide seamless, industry-specific support for their communications strategy. Notably, Cytel and Integrated Corporate Relations added healthcare and life sciences-focused communications capabilities with their respective acquisitions of co.faktor and Consilium Strategic Communications. As seen through Omnicom Public Relations Group's acquisitions of FP1 Strategies and PLUS Communications, public affairs and political communications capabilities are also highly sought-after to drive business success.

### Healthcare & Life Sciences Communications

#### co.faktor

September 26, 2023

co.faktor provides specialized healthcare consulting services in the areas of market access, medical communications, and patient relations. As a result of the acquisition, Cytel's services for biopharma commercialization will gain new and complementary specialist consultancy capabilities and localized expertise

**Cytel (Astorg, Nordic Capital)**

#### Consilium Strategic Communications

September 1, 2023

Consilium Strategic Communications is a leading international strategic healthcare communications and investor relations firm. The acquisition will bolster Integrated Corporate Relations' healthcare communications services

**Integrated Corporate Relations (Investcorp)**

#### NDA Group

August 8, 2023

NDA Group specializes in development strategy, regulatory affairs, pharmacovigilance, medical devices, and strategic communications. The strategic combination of NDA Group and SSI Strategy will create a premier consultancy specializing in guiding drug development companies from concept to commercialization

**SSI Strategy (Amulet Capital Partners)**

### Political Communications

#### FP1 Strategies & PLUS Communications

September 7, 2023

Omnicom Public Relations Group (OPRG) acquired FP1 Strategies, a leading political consultancy, and its sister company, PLUS Communications, a public affairs firm specializing in corporate communications. The acquisitions will enable OPRG to deliver innovative solutions addressing the most complex regulatory and reputational challenges for clients

**Omnicom Public Relations Group**

### Financial Communications

#### Côté Corp

July 3, 2023

Côté Corp is a corporate and financial communications firm specializing in strategic communications, corporate social responsibility, and regulatory content. The acquisition strengthens and complements PwC's Language Services and financial communication capabilities

**PwC France**

### Digital Communications

#### Bevel PR

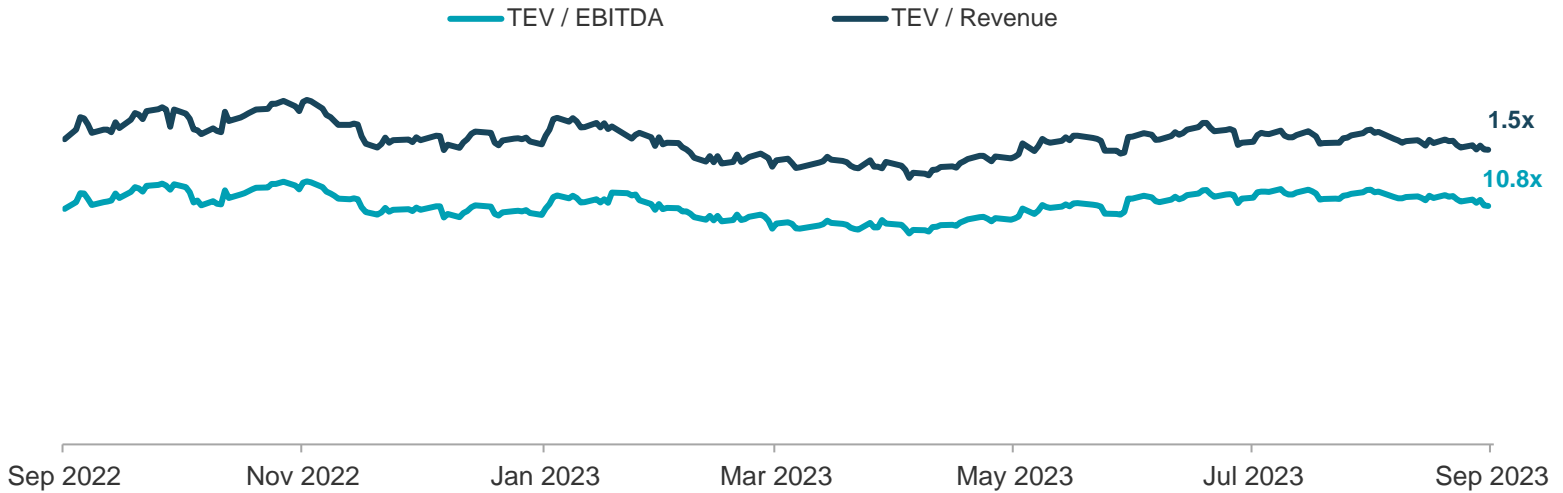
July 6, 2023

Bevel is a leading strategic communications firm serving technology and venture capital firms, specializing in helping companies articulate their values and build lasting brands. Avenue Z's acquisition of Bevel is a foundational step in its mission to converge public relations and digital marketing

**Avenue Z**

# Public Market Performance

## The Business Consulting Index industry multiples trended flat throughout Q3 2023



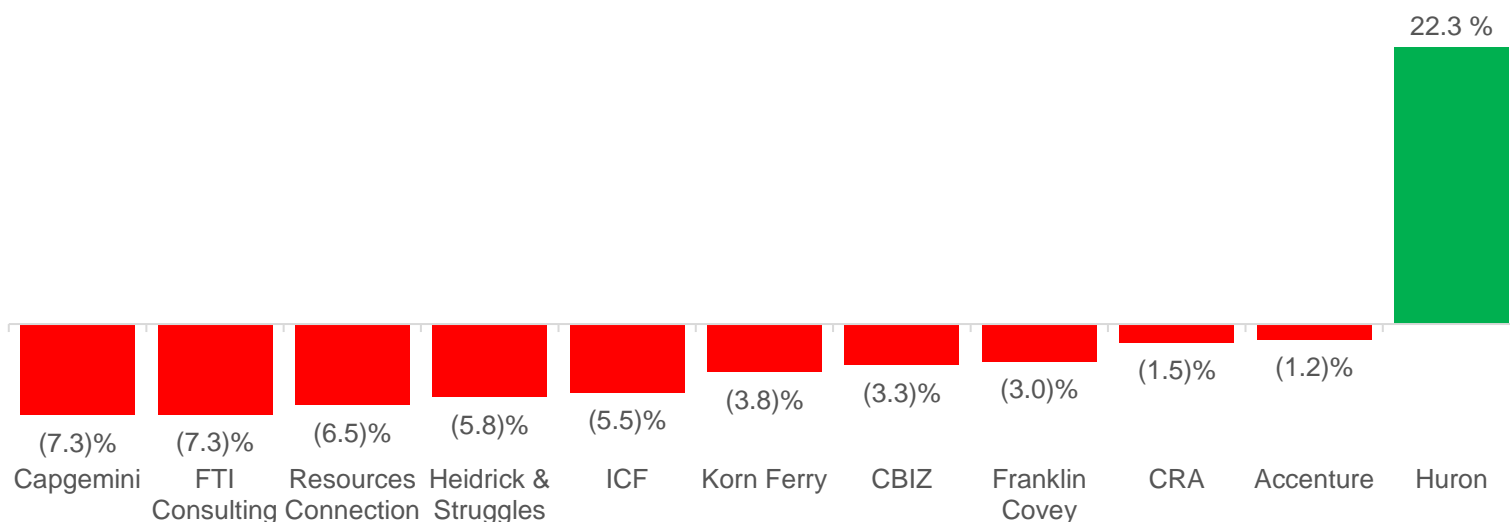
## The Business Consulting Index followed general market trends, remaining relatively steady in Q3 2023



Source: Public market data as of 30-September-2023, Capital IQ  
Note: Revenue and EBITDA multiples represent the average multiples of the Business Consulting Index.

# Public Market Performance

During Q3 2023, the Business Consulting Index experienced declining share prices, with rising interest rates as the main culprit



Throughout Q3 2023, Business Consulting Revenue and EBITDA multiples remained relatively consistent

	Closing Price 30-Sep-2023	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2023	2024	LTM	2023	2024	
<b>Professional Services</b>											
Accenture	\$257.30	61.6%	\$175,137	\$169,878	2.8x	2.6x	2.5x	16.3x	14.5x	13.1x	16.9%
Capgemini	175.49	87.4	31,273	34,445	1.4	1.4	1.3	10.3	9.9	9.1	13.5
CBIZ	51.90	91.1	2,625	3,241	2.1	2.1	2.0	17.3	14.9	13.7	12.4
CRA International	100.76	78.7	730	830	1.4	1.3	1.2	11.7	11.7	10.9	11.6
Franklin Covey	42.92	78.5	567	545	1.9	1.9	1.7	16.4	11.3	N/A	11.8
FTI Consulting	178.41	86.8	6,351	6,711	2.1	2.0	1.8	17.9	17.5	15.6	11.7
Heidrick & Struggles	25.02	71.2	527	369	0.4	0.4	0.4	3.7	3.1	3.1	10.1
Huron Consulting	104.16	96.9	2,142	2,573	2.0	1.9	1.8	17.9	15.7	13.9	11.4
ICF International	120.81	88.3	2,309	3,107	1.6	1.6	1.5	16.8	14.6	13.3	9.6
Korn Ferry	47.44	79.2	2,601	2,566	0.9	0.9	0.9	7.2	6.9	6.6	12.5
Resources Connection	14.91	75.2	522	427	0.6	0.6	0.6	6.7	6.7	5.4	8.6
<b>High</b>		<b>96.9%</b>	<b>\$175,137</b>	<b>\$169,878</b>	<b>2.8x</b>	<b>2.6x</b>	<b>2.5x</b>	<b>17.9x</b>	<b>17.5x</b>	<b>15.6x</b>	<b>16.9%</b>
<b>Median</b>		<b>79.2</b>	<b>2,309</b>	<b>2,573</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>16.3</b>	<b>11.7</b>	<b>12.0</b>	<b>11.7</b>
<b>Mean</b>		<b>81.3</b>	<b>20,435</b>	<b>20,427</b>	<b>1.6</b>	<b>1.5</b>	<b>1.4</b>	<b>12.9</b>	<b>11.5</b>	<b>10.5</b>	<b>11.8</b>
<b>Low</b>		<b>61.6</b>	<b>522</b>	<b>369</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>3.7</b>	<b>3.1</b>	<b>3.1</b>	<b>8.6</b>


Source: Public market data as of 30-September-2023, 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
8/10/2023	<b>White Space Strategy</b>	<b>Palladium Group</b>	<ul style="list-style-type: none"> <li>White Space Strategy is a growth strategy and commercial consulting firm primarily serving private equity firms and brands</li> <li>The acquisition enhances Palladium Group's breadth of services and assists with further UK expansion</li> </ul>
8/21/2023	<b>OnCore Consulting</b>	<b>GCOM Software (Sagewind Capital)</b>	<ul style="list-style-type: none"> <li>OnCore Consulting provides technology modernization and digital transformation services to the public sector in California</li> <li>The merger with GCOM creates a large-scale digital software and solutions company focused solely on the public sector, offering outcome-driven, repeatable software and services</li> </ul>
8/25/2023	<b>CREO</b>	<b>Grant Avenue Capital</b>	<ul style="list-style-type: none"> <li>CREO is a management consultancy offering strategy development, M&amp;A services, digital transformation, and regulatory compliance services for the life sciences and healthcare industries</li> <li>The investment will accelerate CREO's growth and further expand its advisory services to help advance innovation in human health</li> </ul>
9/5/2023	<b>Nautilus Consulting</b>	<b>Accenture</b>	<ul style="list-style-type: none"> <li>Nautilus Consulting is a digital healthcare consultancy specializing in Electronic Patient Record solutions</li> <li>The acquisition bolsters Accenture's Health Strategy and Consulting team, bringing additional expertise in strategic and operational consulting services and digital solutions</li> </ul>
9/6/2023	<b>Elite BioPharma Consulting</b>	<b>Danforth Advisors (Avesi Partners)</b>	<ul style="list-style-type: none"> <li>Elite BioPharma Consulting offers clinical development and operational leadership services to pharmaceutical and biotechnology firms</li> <li>The acquisition broadens Danforth's Development Strategy and Operations practice</li> </ul>
9/7/2023	<b>Cordia Partners</b>	<b>Cherry Bekaert (Parthenon Capital)</b>	<ul style="list-style-type: none"> <li>Cordia Partners provides outsourced accounting, business advisory, technology, and business process consulting services</li> <li>The strategic partnership strengthens Cherry Bekaert's accounting and advisory capabilities while bringing a new recruiting and staffing arm to address talent needs</li> </ul>
9/13/2023	<b>Kx Advisors</b>	<b>BGB Group (TPG)</b>	<ul style="list-style-type: none"> <li>Kx Advisors is a healthcare consultancy providing growth strategy services to leading pharmaceutical, biotechnology, and medical technology firms</li> <li>The acquisition advances BGB Group's capability expansion and creates opportunities to support clients' strategic challenges</li> </ul>
9/27/2023	<b>U.S. Compliance</b>	<b>Susquehanna Private Capital</b>	<ul style="list-style-type: none"> <li>U.S. Compliance provides environmental, health, and safety compliance management solutions to facility operators across a variety of end-markets throughout North America</li> <li>The investment will help accelerate U.S. Compliance's long-term growth plans and help scale their team</li> </ul>
9/29/2023	<b>Phoenix Management Services</b>	<b>J.S. Held (Kelso)</b>	<ul style="list-style-type: none"> <li>Phoenix Management Services provides operationally-focused turnaround, investment banking, and strategic growth investor services</li> <li>The acquisition expands J.S. Held's turnaround and restructuring, corporate finance, and capital raising expertise</li> </ul>

 = ClearSight acted as advisor to OnCore Consulting, CREO, Cordia Partners, Kx Advisors, and Phoenix Management Services on their respective transactions



# About ClearSight

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