

Business Consulting Market Monitor

Market Overview

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Private Equity Activity in the Accounting Ecosystem Grows

With two landmark deals set to close by the end of 2024, private equity interest in accounting firms is increasingly apparent: Hellman & Friedman and Valeas Capital announced plans to acquire Baker Tilly in February, while New Mountain Capital announced plans to acquire Grant Thornton in March.

The accounting ecosystem presents an attractive opportunity for private equity firms for a number of reasons. For one, the industry remains highly fragmented below the Big Four, with thousands of small- to mid-sized firms scattered throughout the country, siloed by geographic or vertical expertise. Additionally, accounting is a stable, recession-tolerant, low-risk industry with high rates of client retention.

In addition to attractive industry dynamics, an additional factor lies behind the increase in investment volume of accounting businesses. The American Institute of Certified Public Accountants (AICPA) requires that attestation firms be owned entirely by CPAs, restricting firm's ability to take on additional capital. The AICPA recently approved a new structure splitting traditional CPA firms into two entities, as evidenced in the proposed Baker Tilly and Grant Thornton transactions. This structure divides the CPA firm into two entities: one performs non-attestation work and houses employees and the other provides attestation work. The investor takes an equity position in the non-attest business, with existing partners in the accounting firm retaining a stake.

Upon closing, Grant Thornton LLP, a licensed CPA firm, will provide attest services — and Grant Thornton Advisors LLC will provide business advisory and non-attest services. Similarly, Baker Tilly US, LLP, a licensed CPA firm, will provide the firm's attest services, and Baker Tilly Advisory Group, LP will provide the firm's business advisory, tax, and other services.

While the effects of the aforementioned deals remain to be seen, we at Clearsight believe macroeconomic trends, regulatory change, and the current accounting industry dynamics could bring about similar transactions in the near future. It is no surprise to us that we get calls nearly every week regarding this trend!

Sector Leadership



Brendan Curran
Director

[Email Brendan](#)
+1 (703) 672-3109

Sector Spotlight

Private Equity Services and Supply Chain Consulting Capabilities Intersect

In today’s environment, PE is a force to be reckoned with and requires specialized capabilities to serve those in the industry. PE has evolved in recent years to become a multi-trillion-dollar industry, where many PE firms are facing pressure to deploy a historic amount of dry powder, totaling \$2.6 trillion in 2023. As companies evolve to serve the PE market, there has been substantial overlap between the PE services and supply chain consulting markets. PE services firms are now building out supply chain optimization practices, and supply chain consulting firms are targeting PE firms and their portfolio companies.

Pure-Play PE Services



Maple Street Advisors
Acquired by
IGS (Interlock Equity)
Mar-24

Maple Street Advisors is a pricing strategy and go-to-market consultancy serving private equity investors and their portfolio companies



Impendi Analytics
Acquired by
Accenture
Jan-24

Impendi Analytics is a sourcing and procurement services provider with a focus on private equity clients



OperationsRx
Acquired by
Accordion (Charlesbank)
Feb-24

OperationsRx is a management consulting firm specializing in EBITDA enhancement and working capital optimization



Insight Sourcing
Acquired by
Accenture
Feb-24

Insight Sourcing provides strategic sourcing and procurement services to private equity firms and corporations



Spinnaker SCA
Acquired by
Publicis Sapient
Mar-24

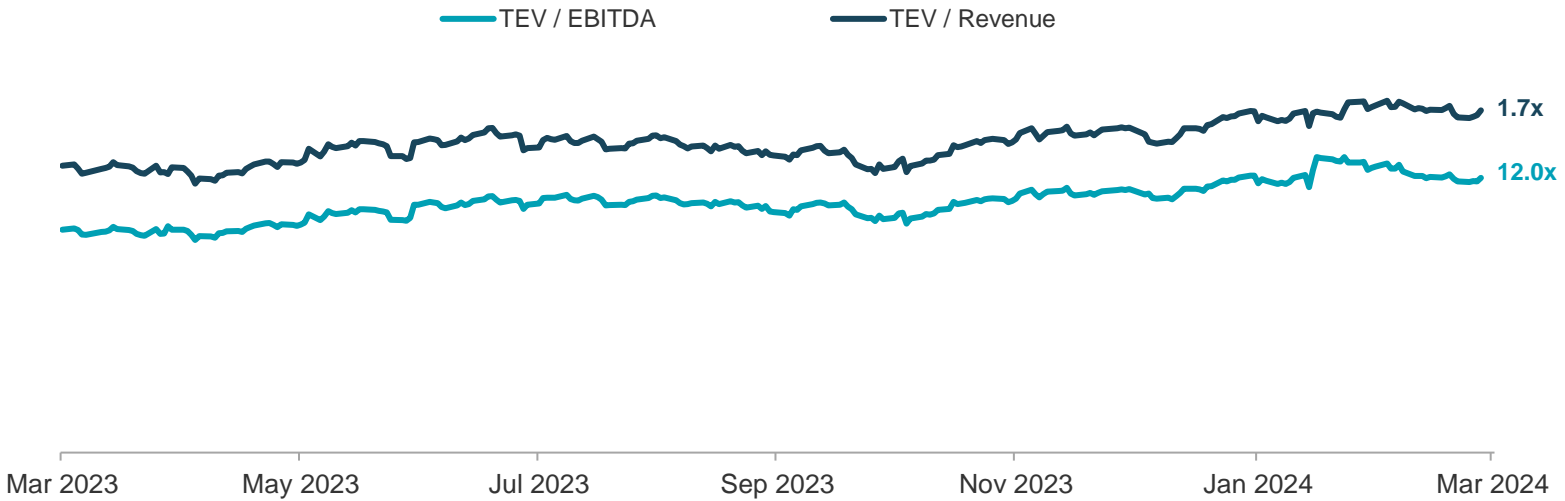
Spinnaker SCA is a leading supply chain services firm that provides end-to-end supply chain strategy, planning, and execution consulting services

Pure-Play Supply Chain Consulting

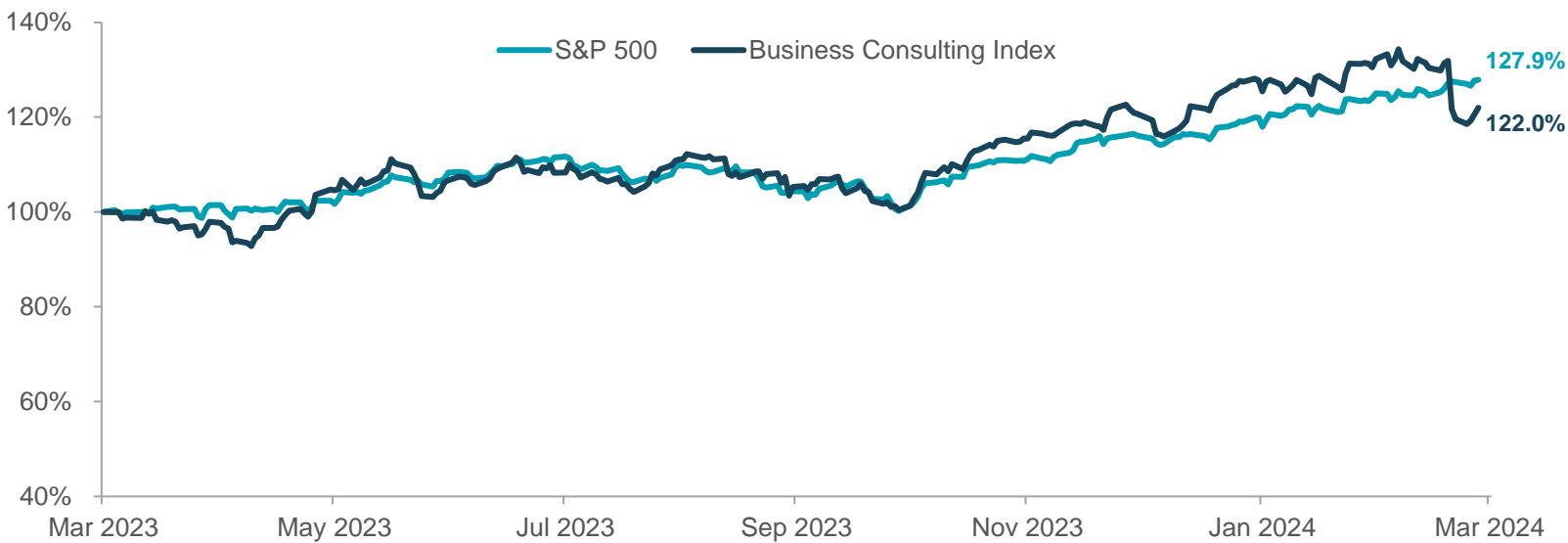


Public Market Performance

The Business Consulting Index industry multiples remained relatively flat through Q1 2024



The S&P 500 outperformed the Business Consulting Index at the end of Q1 2024



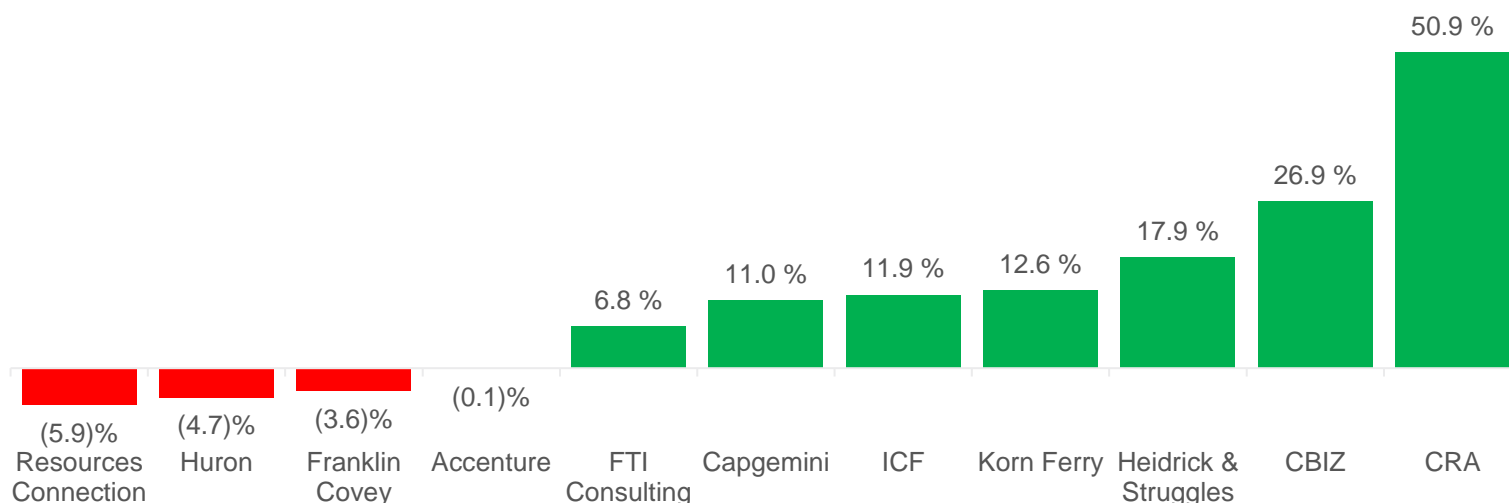
Source: Public market data as of 31-March-2024, Capital IQ

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



Public Market Performance

The first quarter was characterized by growth, as most firms in the Business Consulting Index experienced meaningful share price increases



Throughout Q1 2024, Business Consulting Revenue and EBITDA multiples remained relatively consistent

	Closing Price 31-Mar-2024	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2024	2025	LTM	2024	2025	
Professional Services											
Accenture	\$346.61	89.4%	\$237,877	\$236,744	3.7x	3.6x	3.3x	21.0x	18.9x	17.4x	17.5%
Capgemini	230.12	93.8	40,909	44,034	1.8	1.8	1.7	13.3	12.0	10.8	13.3
CBIZ	78.50	98.7	3,987	4,530	2.8	2.6	2.5	22.1	18.8	17.4	12.9
CRA International	149.58	99.1	1,070	1,133	1.8	1.7	1.6	16.6	15.6	14.4	10.9
Franklin Covey	39.26	80.5	521	492	1.8	1.7	1.5	13.8	9.0	8.1	12.7
FTI Consulting	210.29	90.6	7,790	7,685	2.2	2.1	1.9	17.9	18.0	16.1	12.3
Heidrick & Struggles	33.66	95.1	709	352	0.3	0.3	0.3	3.4	3.3	2.9	10.0
Huron Consulting	96.62	85.3	1,897	2,259	1.7	1.5	1.4	14.5	11.6	10.1	11.4
ICF International	150.63	95.3	2,859	3,479	1.8	1.7	1.6	17.3	15.4	14.0	10.2
Korn Ferry	65.76	94.4	3,569	3,375	1.2	1.2	1.2	10.6	8.0	7.3	11.3
Resources Connection	13.16	76.3	465	366	0.5	0.6	0.5	7.6	11.5	4.9	7.2
High		99.1%	\$237,877	\$236,744	3.7x	3.6x	3.3x	22.1x	18.9x	17.4x	17.5%
Median		93.8	2,859	3,375	1.8	1.7	1.6	14.5	12.0	10.8	11.4
Mean		90.8	27,423	27,677	1.8	1.7	1.6	14.4	12.9	11.2	11.8
Low		76.3	465	352	0.3	0.3	0.3	3.4	3.3	2.9	7.2

Source: Public market data as of 31-March-2024, 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
1/17/2024	The Re-Sourcing Group	MidOcean Partners	<ul style="list-style-type: none"> The Re-Sourcing Group is a leading recruiting firm providing staffing, consulting, and direct hire solutions for positions specializing in finance & accounting, legal & compliance, and IT MidOcean's investment provides The Re-Sourcing Group with the capital and resources necessary to accelerate growth
1/23/2024	Notion Consulting	Sia Partners	<ul style="list-style-type: none"> Notion Consulting is a strategic leadership and organizational change consultancy providing transformation, restructuring, and process & technology implementation services The acquisition adds coast-to-coast business transformation capabilities to Sia Partners and fuels expansion into new sectors
1/25/2024	Lumeri	Ankura Consulting Group	<ul style="list-style-type: none"> Lumeri is a management consulting firm specializing in strategy and transformation solutions for Fortune 500 companies The acquisition enhances Ankura's suite of capabilities and enables growth into attractive new client accounts
2/6/2024	HealthScape Advisors	The Chartis Group (Audax)	<ul style="list-style-type: none"> HealthScape Advisors is a leading healthcare payer consulting firm helping payers across all segments navigate the evolving healthcare landscape The acquisition helps Chartis strategically expand its work in the healthcare payer segment
2/12/2024	Visante	Avesi Partners	<ul style="list-style-type: none"> Visante provides specialized consulting services to health systems, focused on achieving financial and operational improvements by optimizing pharmacy offerings The investment provides the additional capital and resources necessary to further scale the business
2/12/2024	Grenzebach Glier & Associates (GG+A)	Huron Consulting Group	<ul style="list-style-type: none"> GG+A is a leading philanthropic management consulting firm that helps educational and nonprofit organizations build and accelerate their philanthropic programs The acquisition bolsters Huron's educational operating segment and expands its philanthropy consulting offerings
2/13/2024	Insight Sourcing Group	Accenture	<ul style="list-style-type: none"> Insight Sourcing Group is a sourcing and procurement consultancy primarily serving private equity firms and their portfolio companies The acquisition strengthens Accenture's sourcing and procurement consulting capabilities and bolsters their Supply Chain & Operations function
3/12/2024	Spinnaker SCA	Publicis Groupe	<ul style="list-style-type: none"> Spinnaker SCA is a leading supply chain consultancy that provides end-to-end supply chain strategy, planning, and execution consulting services The acquisition bolsters Publicis' competitiveness in agile digital supply chain transformation
3/15/2024	Maple Street Advisors	Investor Group Services (Interlock Equity)	<ul style="list-style-type: none"> Maple Street Advisors provides pricing strategy and go-to-market transformation services, primarily serving private equity firms and their portfolio companies The acquisition expands and enhances IGS's portfolio value creation capabilities to help clients achieve financial growth



About ClearSight

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 1650 Tysons Boulevard,
Suite 710
McLean, VA 22102

250 Park Ave,
Suite 600
New York, NY 10177

2626 Cole Ave, Suite 700
Dallas, TX 75204

 703.672.3100

 www.clearsightadvisors.com

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