

# Business Consulting Market Monitor

Market Overview

Sector Spotlight

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M&A Activity

## Change Management is a Key Strategic Focus

Renewed Focus on Creating Lasting Organizational Change

In today's macro environment, companies providing strategic advice and organizational transformations are in high demand, as clients seek to optimize their operations, organization structures, and internal processes

- **TiER1 Impact acquires Change Guides**, a Cincinnati-based change management firm. The acquisition will expand TiER1 Impact's ability to help clients successfully navigate and sustain meaningful organizational change
- **MGT Consulting acquires Cicero Group**, a data-driven change management consultancy headquartered in Salt Lake City, Utah. The acquisition bolsters MGT's strategic consulting relationships with state, local, education, and private sector clients

## Strat Comms M&A Remains Active

Evolving Political and Economic Forces Drive Demand

Companies continue to lean on strategic communications ("strat comms") firms to manage their corporate communications and mitigate reputational risk. Regulatory pressures, social and political movements, and diligent consumers are among several factors catalyzing demand for strat comms firms

- **KKR takes majority position in FGS Global**, a New York City-based communications and public affairs consultancy. KKR's majority position will expand FGS's strategy to be a leading global communications advisor by providing a global network and additional growth capital
- **Shamrock Capital invests in The Lede Company**, a full-service strategy, public relations, and communications consulting firm based in New York City. The investment provides additional growth capital and bolsters Lede's strategic counsel and branding services

## High Demand for Financial Services End-Markets

Investors and Strategics Remain Focused on Financial Services

M&A demand for consultancies serving the financial services end-markets is being fueled by ever-changing regulatory, monetary, and macroeconomic conditions

- **Strategic Resource Management (SRM) acquires KJS & Associates**, a banking technology consulting firm. The acquisition provides SRM with new strategic service offerings, including core systems optimization and conversion support
- **Ceto acquires VPCtech**, a data-driven consultancy focused on serving financial institutions. The acquisition will help Ceto expand its service offerings and strategic expertise in banking practices
- **RGP acquires Reference Point**, a strategy, management, and technology consulting firm serving enterprise clients in the financial services sector. The acquisition enhances RGP's existing portfolio of services offered to clients in the financial services industry

### Sector Leadership



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*Director*

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# Sector Spotlight

## Accounting Firms in High Demand

The accounting M&A market remains highly active, as seen through traditional private equity platform creations and "roll-ups," as well as independent M&A. With continued demand through economic cycles, high gross margins, and low historical investment in growth, accounting firms are attractive M&A targets, especially to private equity. In Q3, Charlesbank invested in Aprio, Citrin Cooperman (New Mountain Capital) acquired S&G LLP, Riveron (Kohlberg) acquired Effectus Group, EisnerAmper (TowerBrook) acquired KROST CPAs, and Sikich, who has Bain Capital as a minority investor, acquired Saggar & Rosenberg. Within independent M&A, Frazier & Deeter acquired KNM CPA, and Forvis Mazars acquired James Byrne & Co.

### PE-Backed Acquisitions

#### S&G LLP

July 9, 2024

Citrin Cooperman acquired S&G LLP, a Massachusetts-based assurance, tax, and advisory firm. This acquisition expands Citrin's client-centric strategy, industry expertise, and footprint in the New England region.

*Citrin Cooperman (New Mountain Capital)*

#### KROST CPAs

August 20, 2024

KROST CPAs is a full-service accounting, tax, and business consulting firm serving a variety of industries. The acquisition expands and enhances EisnerAmper's service offerings and client capabilities.

*EisnerAmper (TowerBrook)*

#### Saggar & Rosenberg

August 26, 2024

Saggar & Rosenberg provides accounting, consulting, tax, and audit services primarily to government contractors, non-profit organizations, real estate companies, and the federal government. The acquisition bolsters Sikich's accounting and business advisory services and adds additional industry expertise.

*Sikich (Bain Capital)*

#### Effectus Group

September 18, 2024

Effectus Group is a leading accounting and financial operations firm. By partnering with Effectus, Riveron expands its advisory services, strategically enhances its presence in the San Francisco Bay area, and builds on its core accounting, finance, and capital markets capabilities.

*Riveron (Kohlberg)*

### PE Platform Creation

#### Aprio

July 11, 2024

Charlesbank invested in Aprio, a leading business advisory and accounting firm. The investment provides Aprio with significant growth capital to enable geographic expansion and improve strategic service capabilities.

*Charlesbank*

### Independent M&A

#### KNM CPA

August 8, 2024

KNM CPA is a provider of accounting and bookkeeping services known for its personalized client care. The acquisition significantly enhances Frazier & Deeter's service offerings and adds a suite of new clients.

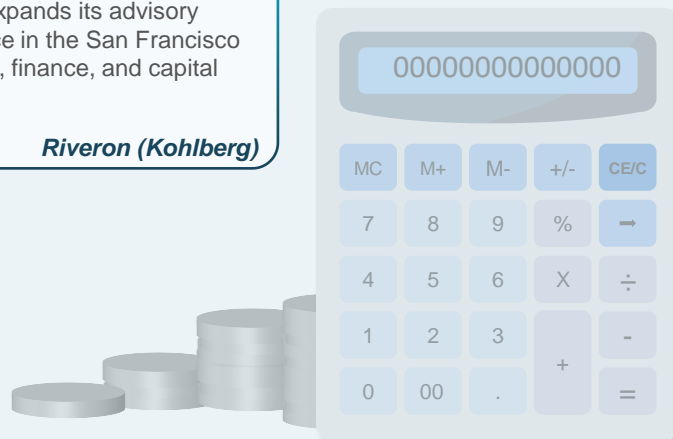
*Frazier & Deeter*

#### James Byrne & Co.

September 2, 2024

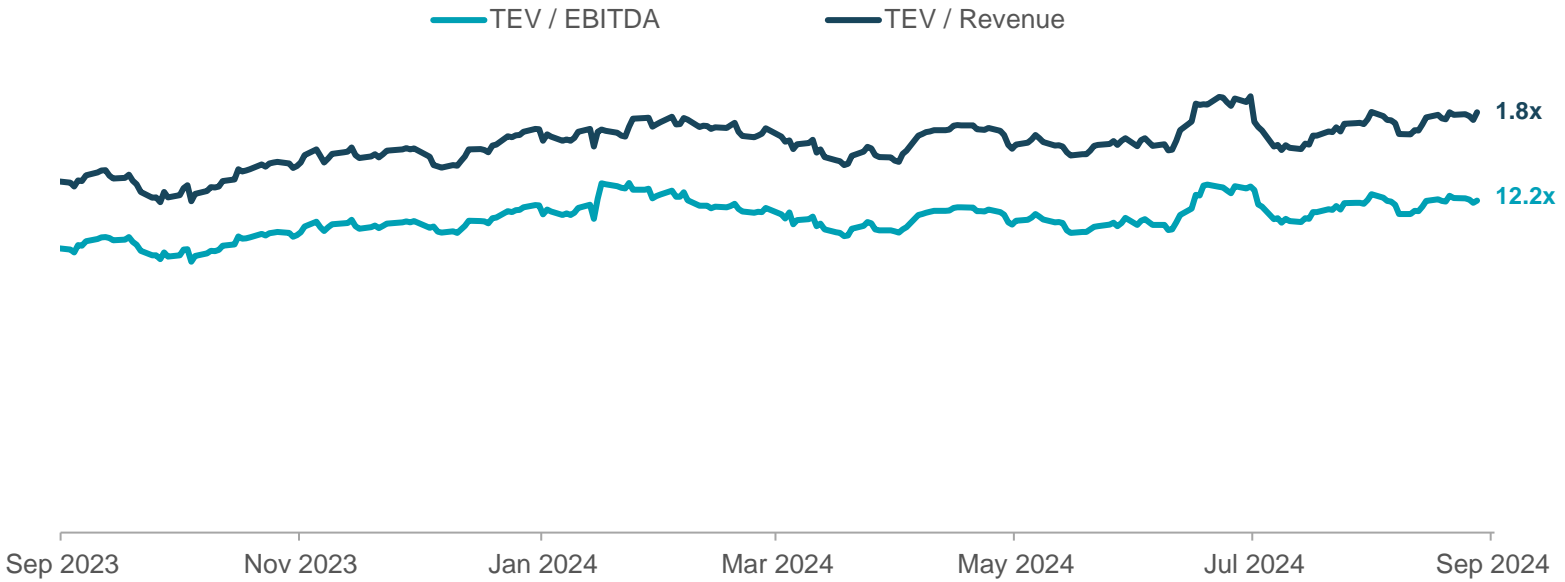
James Byrne & Co. delivers practical and innovative accounting and taxation solutions to a diverse client base. The acquisition will enhance Forvis Mazars' regional service offerings and provides a strategic entry into Cork, Ireland.

*Forvis Mazars*



# Public Market Performance

The Business Consulting Index industry multiples experienced a moderate rise in Q3 2024



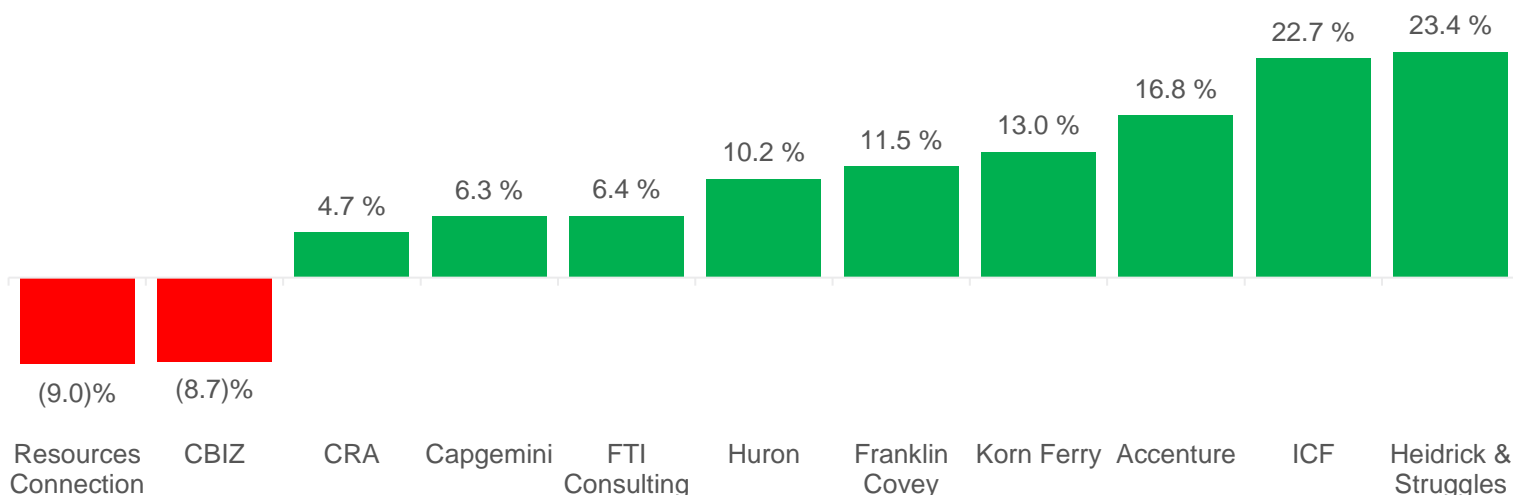
The Business Consulting Index experienced a rebound through Q3 2024



Source: Public market data as of 30-September-2024, Capital IQ  
Note: Revenue and EBITDA multiples represent the average multiples of the Business Consulting Index.

# Public Market Performance

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



Throughout Q3 2024, Business Consulting Revenue and EBITDA multiples remained relatively consistent

	Closing Price 30-Sep-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	
<b>Professional Services</b>											
Accenture	\$353.48	91.2%	\$243,483	\$243,473	3.8x	3.7x	3.5x	22.0x	19.6x	17.8x	17.1%
Capgemini	216.32	85.3	38,375	42,039	1.8	1.7	1.7	13.3	11.6	10.6	13.3
CBIZ	67.29	77.9	3,410	4,021	2.4	2.4	2.2	20.3	17.2	15.4	12.0
CRA International	175.32	93.7	1,222	1,298	2.0	1.9	1.9	18.7	15.5	15.0	10.6
Franklin Covey	41.13	91.5	539	511	1.8	1.8	1.6	13.4	9.3	8.5	13.5
FTI Consulting	227.56	93.4	8,514	8,563	2.3	2.3	2.1	18.0	19.7	17.6	12.9
Heidrick & Struggles	38.86	92.7	836	635	0.6	0.6	0.6	6.4	6.1	5.9	9.4
Huron Consulting	108.70	94.0	2,092	2,632	1.8	1.8	1.6	16.0	13.4	11.8	11.5
ICF International	166.79	97.8	3,173	3,790	1.9	1.8	1.7	17.5	16.6	15.4	10.9
Korn Ferry	75.24	98.2	4,062	3,963	1.4	1.5	1.4	12.0	9.0	8.4	12.0
Resources Connection	9.70	64.8	344	280	0.5	0.5	0.4	8.2	10.2	3.7	5.7
<b>High</b>		<b>98.2%</b>	<b>\$243,483</b>	<b>\$243,473</b>	<b>3.8x</b>	<b>3.7x</b>	<b>3.5x</b>	<b>22.0x</b>	<b>19.7x</b>	<b>17.8x</b>	<b>17.1%</b>
<b>Median</b>		<b>92.7</b>	<b>3,173</b>	<b>3,790</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>16.0</b>	<b>13.4</b>	<b>11.8</b>	<b>12.0</b>
<b>Mean</b>		<b>89.1</b>	<b>27,823</b>	<b>28,291</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>15.1</b>	<b>13.5</b>	<b>11.8</b>	<b>11.7</b>
<b>Low</b>		<b>64.8</b>	<b>344</b>	<b>280</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>6.4</b>	<b>6.1</b>	<b>3.7</b>	<b>5.7</b>

Source: Public market data as of 30-September-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
7/1/2024	Reference Point	RGP	<ul style="list-style-type: none"> <li>Reference Point is a strategy, management, and technology consulting firm serving enterprise clients in the financial services sector</li> <li>The acquisition enhances RGP's existing portfolio of services offered to clients in the financial services industry</li> </ul>
7/11/2024	Kenneth J. Sole & Associates	Strategic Resource Management (SRM)	<ul style="list-style-type: none"> <li>Kenneth J. Sole &amp; Associates is a banking technology consulting firm specializing in core processing platform conversion, migration support, and outsourced leadership</li> <li>The acquisition expands SRM's service offerings to include core systems optimization and conversion support</li> </ul>
7/18/2024	Province	Trivest Partners	<ul style="list-style-type: none"> <li>Province is a boutique financial advisory firm focusing on growth opportunities, restructurings, and fiduciary-related services</li> <li>Trivest's investment will accelerate Province's growth plans and further solidify its position as a leading financial advisory and consulting platform with diversified service offerings</li> </ul>
7/22/2024	Camelot Management Consultants	Accenture	<ul style="list-style-type: none"> <li>Camelot provides specialized management consulting services focused on optimizing supply chains for pharmaceutical, consumer goods, and other business sectors</li> <li>Accenture's acquisition enhances its SAP and AI-driven supply chain capabilities</li> </ul>
8/7/2024	FGS Global	KKR	<ul style="list-style-type: none"> <li>FGS is a public relations and communications firm offering services including digital strategy, research, and insights</li> <li>KKR's investment provides additional growth capital as well as a global network of expertise</li> </ul>
8/14/24	The Chartis Group (Audax)	Blackstone	<ul style="list-style-type: none"> <li>The Chartis Group provides strategic advisory and data analytics services focused on healthcare providers</li> <li>This investment will support the firm's ongoing growth as a leading advisor to providers, payers, and technology innovators within the US healthcare system</li> </ul>
9/4/24	Cicero Group	MGT Consulting (Vistria)	<ul style="list-style-type: none"> <li>Cicero Group is a management consulting firm providing strategy consulting, customer insights and analytics, and operational performance improvement consulting services</li> <li>The acquisition strengthens MGT Consulting's capability set and adds a new roster of clients</li> </ul>
9/12/2024	PrexPartners	Argon Consulting (Ardian)	<ul style="list-style-type: none"> <li>PrexPartners offers management consulting services in sustainable purchasing optimization, supply chain management, and strategic sourcing</li> <li>The acquisition adds greater expertise and capacity to Argon's existing procurement transformation capability set</li> </ul>
9/30/2024	Stapleton Group	J.S. Held (Kelso)	<ul style="list-style-type: none"> <li>Stapleton Group is a business consulting and financial advisory firm providing turnaround, financial advisory, business, and real estate advisory solutions</li> <li>The acquisition expands J.S. Held's consulting capabilities and builds on existing financial advisory expertise</li> </ul>


☐ = ClearSight acted as advisor to Reference Point, Province, SRM, and Stapleton Group on their respective transactions

Source: Public filings as of 30-Sep-2024, Capital IQ, Pitchbook, Press Releases



# About ClearSight

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