The Management Consulting Global M&A Report 2019
Market trends and key transactional insights for owners of management consulting firms
Antonio Bonet,
International development consulting.

Sold.
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Equiteq is pleased to present the results of our annual review of M&A and equity market trends across the management consulting industry.

In 2018, there was a rise in average transaction sizes and a more modest fall in deal volumes, as buyers focused on acquisitions that moved the needle for their growth. Deal flow is being supported by strong industry dynamics, an abundance of capital among buyers and skill shortages in hot spaces of the market like innovation strategy and digital transformation advisory.

The traditional management consulting firm and the companies it advises are transforming in a fast-changing interconnected digital world where knowledge can be generated, stored and transferred ever more effectively. Equiteq views this revolution as a rapid wave of disruption. There are enormous pressures on management consulting businesses and their clients operating within the disruption zone.

Innovative management consulting firms are enhancing their consulting offering with new data sets and digital tools. This same pressure to invest in the latest digital solutions is also being felt by increasingly sophisticated management consulting clients, that are looking to their advisers for best-in-class solutions in realizing competitive advantages from new technologies.

The rising adoption of new digital technologies across society and demographic shifts in the workplace are driving rapid changes in employee expectations. As such, disruptive consulting firms are changing the way their team works. This includes new workplace settings such as innovation labs that spur creative thinking and enable testing of new ideas, often in collaboration with their clients. Furthermore, we are also observing the continued emergence of open talent networks.

These market shifts are driving new competitors for client engagements and M&A, which is blurring industry boundaries. There is notable convergence of management consulting with the IT services and media agency space. This was observed by deal activity from the likes of Oliver Wyman and PA Consulting.

We are also observing a blurring of boundaries with other knowledge-intensive services industries, as well as software and managed services. This dynamic is a key driver for skill shortages and demand for deal flow in the industry, as management consulting firms addressing disruption compete with new market entrants for a broader array of requisite skills. It is also leading to an increase in partnerships with complementary services and product firms.

The transformation of the knowledge economy means management consulting firms and consumers of consulting services that are shaping the Fourth Industrial Revolution need to be rich in knowledge that remains cutting-edge from a culture of constant innovation. This innovation needs to include a deep understanding of the latest digital technologies that are fusing to enable many of the latest industry transformations.

There is an unparalleled opportunity for pioneering business owners and entrepreneurs to create value and make profitable exits within the disruption zone of the knowledge economy. We hope that this latest edition of The Management Consulting Global M&A Report gives you a taste of Equiteq’s deep insights into deal activity within this space. If you would like to have a chat about your current sale journey as a business owner or acquisition strategy as an acquire, please get in touch.

David Jorgenson, CEO Equiteq
John and Helen Sandom, Brand agency.

Sold.
Nick Kent, Management consulting. Sold.
**Key findings**

![Graph showing deal volumes, EBITDA valuation multiple, and Revenue valuation multiple from 2009 to 2018.]

- **No. of transactions** 2018 vs. 2017: 8%
- **Average deal values** 2018 vs. 2017: 4%
- **Average deal size 2018**: $107.8m
- **Median deal size 2018**: $19.2m
- **11% of buyers are financial buyers**
- **32% of buyers are listed strategic buyers**

![Graph showing share price index, EBITDA valuation multiple, and Revenue valuation multiple from 2009 to 2018.]

- **EMCSPI return 2018**: 8%
- **EMCSPI return 10 years**: 34%
- **EKESPI return 2018**: 4%
- **EKESPI return 10 years**: 151%
- **S&P 500 return 2018**: 6%
- **FTSE 100 return 2018**: 13%
Overview of M&A activity

Political and economic uncertainties create opportunities for strategy and risk-focused consulting businesses.

In 2018, there were widespread economic and political risks facing many business owners. These included the impact of political stalemates in the US, tit-for-tat tariffs between the US and China, and continued uncertainty around the UK’s Brexit deal in Europe. These risks are combined with rising cyber and data security concerns among businesses, which have created opportunities for agile consulting companies to develop bespoke risk consulting solutions for their clients.

Duff & Phelps acquired Kroll, a corporate investigations and risk consulting business. The Carlyle-backed valuations and corporate finance adviser formed a governance, risk, investigations and disputes unit shortly after the purchase.

Starr Investment Holdings acquired ACA Compliance Group from New Mountain Capital. ACA is a provider of risk management, as well as technology-based risk and compliance solutions, for financial services firms in the US and Europe.

Veritas Capital acquired PwC US’ public sector consulting business. The business offers consulting and risk management solutions to government agencies. The deal is expected to enable PwC to win more government audit work that would otherwise be restricted with many consulting clients.

Accelerating industry disruption is driving demand for innovation strategy capabilities.

The Fourth Industrial Revolution is being shaped by accelerating innovation, which is driving the fusion of advanced digital technologies to enable many of the latest industry transformations. This presents new opportunities for disruptive consulting firms across industries and is driving buyer demand for the latest innovation strategy capabilities.

Oliver Wyman acquired design thinking and experiential engagement capabilities through its acquisition of UK-based 8works. The acquisition will further expand the consulting buyer’s organizational effectiveness practice.

PA Consulting added UK-based innovation, digital and strategy capabilities with its acquisition of Sparkler. The Carlyle-backed consulting buyer also acquired two other businesses at the intersection of innovation, digital and design.
We expect 2019 to be another year of transformation for the management consulting industry. Niche digital-focused acquisitions will continue to be a key component of these strategic shifts across major players in the industry. As we go to press, A.T. Kearney’s acquisition of Cervello demonstrates one such disruptive deal by a traditional strategy consulting player.

Strategy is a core component of successful digital transformation initiatives.

Digital transformation initiatives require a blend of knowledge-intensive services, including strategic advisory, operational consulting, technology services and media expertise. The rapid growth in demand for digital transformation advice from consulting clients is resulting in convergence among adjacent segments. A key offering that converging players are looking to build is deep expertise in digital strategy, which is considered a crucial component for a successful digital transformation.

* Bain & Company* acquired US-based digital marketing capability-builder FRWD. The deal marks Bain’s first recently reported acquisition and a clear drive into the digital consulting space. The purchase follows similar recent digital deals by competitors Boston Consulting Group and McKinsey.

* Oliver Wyman’s* acquisition of Draw added UK-based capabilities across digital strategy, UX design, web development and CRM. Draw will form part of Oliver Wyman Labs’ digital practice.

Outlook

We expect 2019 to be another year of transformation for the management consulting industry. Niche digital-focused acquisitions will continue to be a key component of these strategic shifts across major players in the industry. As we go to press, A.T. Kearney’s acquisition of Cervello demonstrates one such disruptive deal by a traditional strategy consulting player.
Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See Consideration 3 in the back for our perspectives on how to consider buyers across adjacent industries.
Regional review

M&A activity grew in Europe, but median transaction sizes were higher in other regions.

High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See Consideration 4 in the back for our perspectives on incorporating international buyers into your sale process.

Figure 2 Regional M&A review

<table>
<thead>
<tr>
<th>Region</th>
<th>% Cross-border deals</th>
<th>Median deal size</th>
<th># Deals</th>
<th>Median deal size</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>11%</td>
<td>$20.8m</td>
<td>363</td>
<td>(down 6%)</td>
</tr>
<tr>
<td>Europe</td>
<td>19%</td>
<td>$8.2m (up 9%)</td>
<td>300</td>
<td>$8.2m</td>
</tr>
<tr>
<td>Asia Pacific excl.</td>
<td>38%</td>
<td>$26.7m (down 33%)</td>
<td>64</td>
<td>$26.7m</td>
</tr>
<tr>
<td>Australia &amp; NZ</td>
<td>37%</td>
<td>$12.3m (down 25%)</td>
<td>24</td>
<td>$12.3m</td>
</tr>
</tbody>
</table>

Cross-border deals accounted for 18% of all deals.
Overview of equity market performance

The Equiteq Management Consulting Share Price Index rose to fresh highs, contrasting declines in broader equity market indices.

**Figure 3** Equiteq Management Consulting Share Price Index

**Figure 4** Equiteq Management Consulting Share Price Index (2009 to 2018)

*Note:* The Equiteq Management Consulting Share Price Index is the only published share price index which tracks the listed companies within the management consulting industry. You will be able to receive further information on the index and its performance by joining Equiteq Edge at equiteq.com/equiteq-edge. The index is continually revised to consider new listed companies and to remove businesses that are no longer relevant in each quarter.
Valuation multiples and trends

Valuation multiples for M&A transactions and listed consulting firms are strong.

When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge-intensive services business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice. See Consideration 5 in the back on the key considerations when interpreting valuation metrics.

Figure 5 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA

![Graph showing valuation multiples](image)

**Note:** The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.

As their quoted valuation metrics and cash balances rise, so does competition for assets from listed buyers, who are looking for new avenues of growth and are able to make earnings accretive acquisitions by paying a discount to their premium earnings ratio. See Consideration 6 in the back for our perspectives on what rising share prices implies for listed buyers.
Figure 6 Valuation metrics, 2009 to 2018 [M&A transactions]

Figure 7 Valuation metrics, 2009 to 2018 [listed companies]
Buyer trends

Serial buyers consisted of established consulting firms and emerging players.

11% of all deals were by financial buyers
32% of all deals were by listed buyers

Selected serial strategic buyers

Ankura - US-based business advisory and expert services firm

The buyer acquired management consulting firm c3/consulting, expanding its transformational change capabilities across the US. Ankura followed this deal with its $470m acquisition of Navigant’s global business segments offering Disputes, Forensics and Legal Technology (DFLT) and Transaction Advisory Services (TAS). Ankura received $100m in development capital from private equity firm Madison Dearborn Partners in March 2016. The buyer has used this investment to grow via a number of complementary acquisitions. Its purchase of Navigant’s DFLT and TAS businesses is Ankura’s largest deal to date and is a significant opportunity to establish its global consulting footprint.

Ernst & Young - Big Four global accounting and consulting network

Ernst & Young (EY) was the most acquisitive of the major global accounting networks in 2018. The buyer announced 18 acquisitions and made a strong drive into new digital spaces. According to the network’s latest global annual review, it has made over 120 acquisitions over the last six years. These deals are noted as having supplemented the network’s existing service offerings and accelerated growth in key strategic areas like cybersecurity, artificial intelligence and data.

Oliver Wyman - Management consulting subsidiary of Marsh & McLennan

Oliver Wyman made two acquisitions in the hot areas of digital transformation and design thinking. Its acquisition of UK-based Draw added experts that create digital products for clients. This acquisition was followed by the purchase of 8works, a design thinking and experiential engagement agency with a team based in the UK and Silicon Valley. These deals support Oliver Wyman's growth - the business announced that its revenue was up 5% over 2018. Its deal flow aligns with that of the other leading strategy consulting firms, that have focused on acquiring disruptive digital-focused solutions for their clients.

PA Consulting - Innovation and transformation consulting firm

PA Consulting has announced four acquisitions since its $1bn buyout by The Carlyle Group in December 2015. Three of these deals occurred in 2018 and one was announced at the end of 2017, highlighting a recent uplift in M&A activity.

The buyer acquired We Are Friday, Essential Design and Sparkler in 2018. These deals expanded PA Consulting’s capabilities in the UK and US across digital, design, engineering and innovation. This deal flow is in line with its focus of consulting at the intersection of strategy, technology and innovation.

Sia Partners - Management consulting firm founded in France

2018 was the strongest year of reported M&A activity for Sia Partners. The buyer acquired four businesses across Europe and Canada. This included the purchase of FOVE, a French digital marketing agency. The deal is the first acquisition that the buyer has made in the digital media space. Sia Partners also expanded its existing management consulting capabilities with its acquisitions of E3 Services Conseils in Montreal, as well as Inzenka and SKT Consulting in London.
## Selected transactions

<table>
<thead>
<tr>
<th>Date</th>
<th>Target</th>
<th>Key services of target</th>
<th>Buyer</th>
<th>Deal value</th>
<th>EV / LFY revenue [x]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec-18</td>
<td>Schenck SC</td>
<td>CPA and consulting</td>
<td>CliftonLarsonAllen</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dec-18</td>
<td>TTI Global</td>
<td>Training, staffing, research and consulting solutions</td>
<td>GP Strategies</td>
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<td>Dec-18</td>
<td>MEBC Global</td>
<td>Supply chain consulting</td>
<td>Vaco Supply Chain Solutions</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nov-18</td>
<td>Moore Stephens</td>
<td>Accounting and business advisory</td>
<td>BDO</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>EFESO Consulting</td>
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<td>Eurazeo</td>
<td>€56m</td>
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<td>-</td>
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<tr>
<td>Nov-18</td>
<td>Baker Peterson Franklin</td>
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<tr>
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<td>Grant Thornton</td>
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<tr>
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<td>YCP</td>
<td>Advisory services and PE investments</td>
<td>Solidiance</td>
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<td>Inzenka</td>
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<td>Sia Partners</td>
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<tr>
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<td>SKT Consulting</td>
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<td>Sia Partners</td>
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<td>Bulger Partners</td>
<td>Management and strategy consulting</td>
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<tr>
<td>Aug-18</td>
<td>DMS Disaster Consultants</td>
<td>Disaster planning and recovery services</td>
<td>ICF</td>
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<tr>
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<td>Illuminera</td>
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<tr>
<td>Aug-18</td>
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<td>Jul-18</td>
<td>Barkawi Management Consultants</td>
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<td>Genpact</td>
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<td>SmartAnalyst</td>
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<td>UDG Healthcare</td>
<td>$24m</td>
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<td>Navigant (DFLT &amp; TAS businesses)</td>
<td>Disputes, forensics and transaction advisory services segments</td>
<td>Ankura</td>
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<td>1.5</td>
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<td>EV / LFY revenue (x)</td>
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<td>Rylander, Clay &amp; Opitz</td>
<td>Accounting and consulting</td>
<td>BKD</td>
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<td>Bain &amp; Company</td>
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<td>Argon Consulting</td>
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<td>BDO</td>
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<td>Apr-18</td>
<td>InR Advisory Services</td>
<td>Pension and investment advisory</td>
<td>CBIZ</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Mar-18</td>
<td>c3/consulting</td>
<td>Management consulting</td>
<td>Ankura</td>
<td>-</td>
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<td>Business Integration Partners</td>
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<td>Apax Partners</td>
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<tr>
<td>Mar-18</td>
<td>Casterline Associates</td>
<td>Accounting and consulting firm</td>
<td>BDO</td>
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<tr>
<td>Mar-18</td>
<td>Kroll</td>
<td>Investigations and risk solutions</td>
<td>Duff &amp; Phelps</td>
<td>-</td>
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<tr>
<td>Mar-18</td>
<td>8works</td>
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<td>Oliver Wyman</td>
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<td>Mar-18</td>
<td>Moorhouse Consulting</td>
<td>Management consulting</td>
<td>Software Quality Systems</td>
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<td>Feb-18</td>
<td>Ducker Worldwide</td>
<td>B2B market research and consulting firm</td>
<td>Frontier Strategy Group</td>
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<td>Feb-18</td>
<td>PwC US’ Public sector business</td>
<td>Government consulting</td>
<td>Veritas Capital</td>
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<td>DKM Economic Consultants</td>
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<td>Ernst &amp; Young</td>
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<td>Jan-18</td>
<td>Mash Strategy</td>
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<td>Kantar Consulting</td>
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<tr>
<td>Jan-18</td>
<td>Draw</td>
<td>Digital transformation agency</td>
<td>Oliver Wyman</td>
<td>-</td>
<td>-</td>
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<td>Jan-18</td>
<td>Insight Strategy Advisors</td>
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<td>Precision Value &amp; Health</td>
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<td>-</td>
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<tr>
<td>Jan-18</td>
<td>E3 Services Conseils</td>
<td>Management consulting</td>
<td>Sia Partners</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jan-18</td>
<td>ACA Compliance</td>
<td>Risk management and technology solutions</td>
<td>Starr Investment Holdings</td>
<td>-</td>
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</tr>
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</table>

**Equiteq advised**

*Note:* The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2018.
Marc Jantzen,
Performance Improvement.

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Key considerations

Consideration 1: The relationship between business size and acquisition appetite

Although landmark deals grab headlines, there is notable deal flow at smaller transaction sizes, as highlighted by the large difference between mean and median deal sizes across segments each year. Nevertheless, we typically find that serial buyers do not focus on smaller deals below certain revenue thresholds, unless they offer exceptional synergy or intellectual property or are part of a team hire with limited cash consideration being paid. Buyers may also pay a premium for larger businesses with an established brand, attractive client relationships, embedded intellectual property and the investment in infrastructure that will enable future growth. The importance of revenue size to many buyers, highlights the benefits of setting a clear growth plan and a target scale at exit.

Consideration 2: The factors that can influence a deal structure

A knowledge-intensive services acquisition can be structured in a variety of ways, but typically involves some mixture of upfront cash element, fixed deferred cash and an earn-out. The earn-out offers additional compensation in the future if the business achieves certain financial goals. There are many factors which influence deal structure, however those features which tend to drive more significant earn-out elements include:

- Owners’ desire to share in synergy benefit and access to the buyers’ clients;
- Buyer’s perceived risk of acquisition, including dependency on the owner and ability to retain talent;
- Nature of the buyer;
- Nature of the sale process; and
- Owner awareness and ability to negotiate on deal structuring options.

There are a variety of steps that owners can take to reduce transaction risk for a buyer, which can improve target deal structures. Furthermore, we find that deal structures can be improved upon in well-managed competitive negotiations.

Consideration 3: Considering buyers across adjacent industries

Convergence is a continuing trend in both operational and M&A growth for large players across the knowledge economy. Buyers in adjacent segments are often willing to pay premium prices that reflect the considerable synergy opportunity of cross-selling a broader set of complementary services among existing and new clients. Sellers should be aware that the highest price could therefore come from a strategic buyer outside of your core industry. Considering appropriate buyers across adjacent segments and appropriately positioning the synergy opportunity with these buyers is crucial to effectively managing a broad sale process.

Consideration 4: Considering international buyers

Acquiring in desirable regions enables strategic buyers to gain quick access to lucrative markets, brands, intellectual property, local market knowledge, new clients and specific local expertise. As a result of this, overseas buyers may pay a premium to gain a market foothold.

It is therefore important to consider a range of appropriate international buyers in a broad sale process. To attract these buyers to the local market, it is important to demonstrate the attractiveness of the market and its position. It is also key to articulate why the acquisition will be less risky and deliver a faster return than opening an office and recruiting local talent.
Consideration 5: Key considerations when interpreting valuation metrics

The typical metrics used by a buyer to value a knowledge-intensive services business are Enterprise Value (EV) as a multiple of a seller’s last full year (LFY) of revenue and EV as a multiple of a seller’s LFY of EBITDA (referred to as “valuation multiples”). A buyer will typically consider reported valuation multiples on comparable M&A transactions, although only a small proportion of deals in the knowledge economy report revenue multiples and an even lower proportion report EBITDA multiples.

On larger transactions, buyers may also consider the valuation multiples of large global listed companies that are tracked within the Equiteq Management Consulting Share Price Index. Their valuation multiples are quoted publicly on a stock exchange at a given point in time and are therefore useful benchmarks of valuation based on current market sentiment.

It should be noted that to directly compare publicly quoted valuation multiples with transaction multiples requires the application of a strategic control premium and a liquidity discount, which can vary between company and equity market. Furthermore, valuation multiples for both transactions and listed companies typically relate to historic unadjusted financials. These issues with interpretation are compounded for EBITDA valuation metrics, where companies may under-report profits and not account for adjustments with respect to one-off items and equity components within salary expenses.

Given these issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge-intensive services business, valuation multiples will vary widely. The figures in this report are therefore primarily a comparative guide and to show trends year on year. They should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

Consideration 6: What rising share prices means for listed buyers

As the publicly quoted valuation multiples and cash balances of listed buyers rise, so does competition for assets from this buyer group. Listed companies that are growing will be looking for new avenues of growth to meet shareholder expectations, and acquisitions quickly enables them to achieve this.

Earnings per share is a key metric that is tracked by public company shareholders to consider the dividend potential of the business. Earnings accretive acquisitions are often a key target of listed businesses. An accretive acquisition will increase a listed buyer’s earnings per share and is expected to quickly be achieved by paying a forward EBITDA multiple that is at a discount to a buyer’s own quoted EBITDA ratio. Therefore, premium and rising publicly quoted earnings ratios offers a buyer more scope to make earnings accretive acquisitions at higher prices.

With respect to deal structuring, some of these buyers will also be able to offer equity components to target companies. Listed equity is increasingly valuable as share prices rise and can be used to create potentially more compelling offers over private acquirers.

Consideration 7: Key considerations when selling to an accounting firm

Professional services buyers are expanding their “Channel 2” (non-audit) advisory services, which are a high growth segment for this buyer group and offer significant cross-selling opportunities with their core audit client base. This buyer group is acquisitive and transaction structures typically involve non-cash components such as partnership in the accounting network. Buyers tend to operate on a territory model so have an aversion to acquiring diversely spread multi-territory businesses.

Consideration 8: Key considerations when selling to a private equity firm

Private equity (PE) buyers differ from strategic buyers, in that the former acquire strictly to realize a cash return on their invested equity. Strategic buyers typically acquire to realize long-term strategic value. As a result, PE buyers will look for specific traits in an acquisition and selling to a PE buyer will have different implications as compared with selling to a trade buyer.

To make a return on their invested equity, PE buyers look for a company that has value enhancement potential and acquire it at a favorable price with financing. With knowledge-intensive services businesses, they are attracted by the relatively high profit margins compared to other industries, the potential for high growth if a business is in a hot space and the barriers to entry that can be maintained if proprietary expertise is retained and leveraged through intellectual property.
About Equiteq

Equiteq is a global leader in providing strategic advisory and merger & acquisition services to owners of IP-rich technology and services businesses.

There are unique challenges to value growth and equity realization for shareholders and investors in the knowledge economy. Equiteq helps owners transform equity value and then realize maximum value through global sale processes.

Selected recent Equiteq transactions:

- Equiteq advised on the transaction: Cervello, Data Analytics Consulting Sold to A.T. Kearney
- Equiteq advised on the transaction: Orbium, Business & Technology Consulting Sold to Accenture
- Equiteq advised on the transaction: LightStream Analytics, Data Analytics Consulting Sold to ABeam Consulting
- Equiteq advised on the transaction: Essential Design, Innovation Strategy Sold to PA Consulting
- Equiteq advised on the transaction: Copperman, SAP BPC Specialist Sold a majority stake to Decision Inc.
- Equiteq advised on the transaction: Solidiance, Management Consulting Merged with YCP Holdings
- Equiteq advised on the transaction: System Partners, Salesforce Consulting Sold to DXC Technology
- Equiteq advised on the transaction: Mexia, Microsoft Integration Consulting Joined Deloitte
- Equiteq advised on the transaction: DBM Consultants, Market Research Merged with The Illuminera Group
- Equiteq advised on the transaction: The NAV People, Microsoft Dynamics NAV Partner MBO backed by FPE Capital
- Equiteq advised on the transaction: Dartmouth Partners, Recruitment Consulting Received investment from Literacy Capital plc

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Key definitions

Equiteq segments the knowledge economy into five key segments, which span a broad array of knowledge-intensive services. These sub-sectors are defined further below:

- **Management Consulting**
  Firms engaged in strategic or operationally focused business advisory services.

- **IT Services**
  Firms focused on IT architecture, IT strategy, IT implementation or IT maintenance.

- **Media Agencies**
  Firms in this space cover all the main disciplines relating to the advertising and marketing process.

- **Engineering Consulting**
  Firms involved in professional services relating to engineering, design and construction.

- **Human Resources**
  Firms engaged in human capital management or related technology consulting, employee benefit services, leadership consulting, training and recruitment.

For the purposes of this report we have broken down buyers into four groups, defined further below:

- **Private equity or financial buyers**
  Investment firms investing private capital into businesses, which are typically held and exited after a hold-period.

- **Strategic or corporate buyers**
  Non-private equity investors who have existing businesses which will typically make acquisitions that form part of their existing operations.

- **Serial buyers**
  Buyers that have made multiple knowledge economy acquisitions over the last three years.

- **Listed buyers**
  Buyers whose equity is publicly traded on a stock exchange.
Equiteq market intelligence and data sources

This report has been compiled by Equiteq’s dedicated market intelligence team with unique insights from Ramone Param, the firm’s thought leadership director. The report utilizes multiple data sources including proprietary newsfeeds, press releases, various third-party information sources and data services. Additionally, our daily activities in the M&A marketplace with buyers and sellers provide insights into emerging trends and informs our research report’s point of view.

It is important to note that financial data, including valuation multiples, are derived from various sources including S&P Capital IQ and PitchBook information databases, combined with findings from our daily activities in the market with buyers and sellers that we utilize on an anonymized basis. M&A volumes (the number of transactions completed) for the latest period being analyzed are estimated based on reported deal volumes and the application of an adjustment factor to account for transactions completed, but not immediately captured in our subscription databases. Due to refinements in data, analytical methodologies and market definitions, historic figures may vary between our reports.

Further resources

Join Equiteq Edge, a source of information, advice and insight to help you prepare for sale and sell your knowledge-intensive services firm. Equiteq Edge gives you access to the findings of unique research conducted amongst buyers of knowledge-intensive services firms from around the world, insight from those who have sold their businesses and other expert advice.

Join Equiteq Edge at equiteq.com/equiteq-edge
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Note 1: The returns of the S&P 500 and FTSE 100 indices have been provided in this presentation as appropriate benchmarks for comparison to the Equiteq Management Consulting Share Price Index and its constituent segment indices. The S&P 500 represents the Standard & Poor’s 500 Index; The FTSE 100 represents the Financial Times Stock Exchange 100 Index. The FTSE 100 represents the 100 largest companies listed on the London Stock Exchange, by market capitalization. We believe it is relevant to compare the Equiteq Management Consulting Share Price Index with broad U.S. and international public equities. These indices each focus on large capitalization public equities and can be viewed as proxies for the market overall. Notwithstanding the foregoing, there will not necessarily be a correlation between the performance of the Equiteq Management Consulting Share Price Index, on the one hand, and either of these indices, on the other hand. Investments cannot be made directly in indices and such indices may re-invest dividends and income.

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