



Sectorwatch: Management Consulting

January 2019

Management Consulting

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



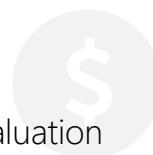
Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↑0.03

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↑0.4%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

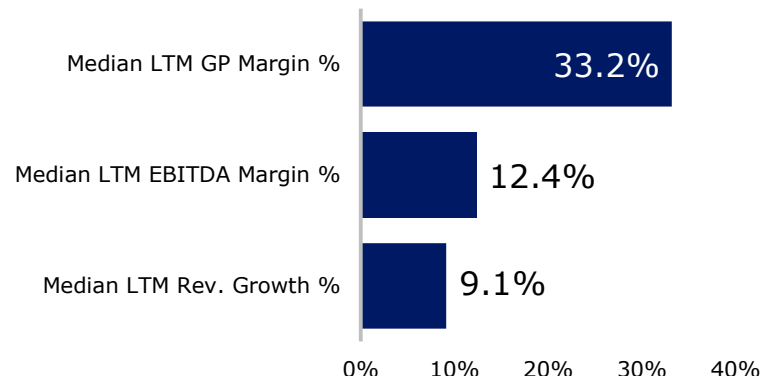
Profitability

↓-0.08%

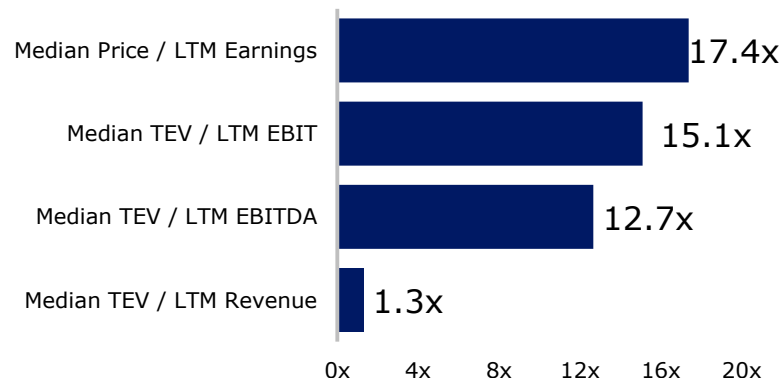
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

Operating Metrics



Valuation



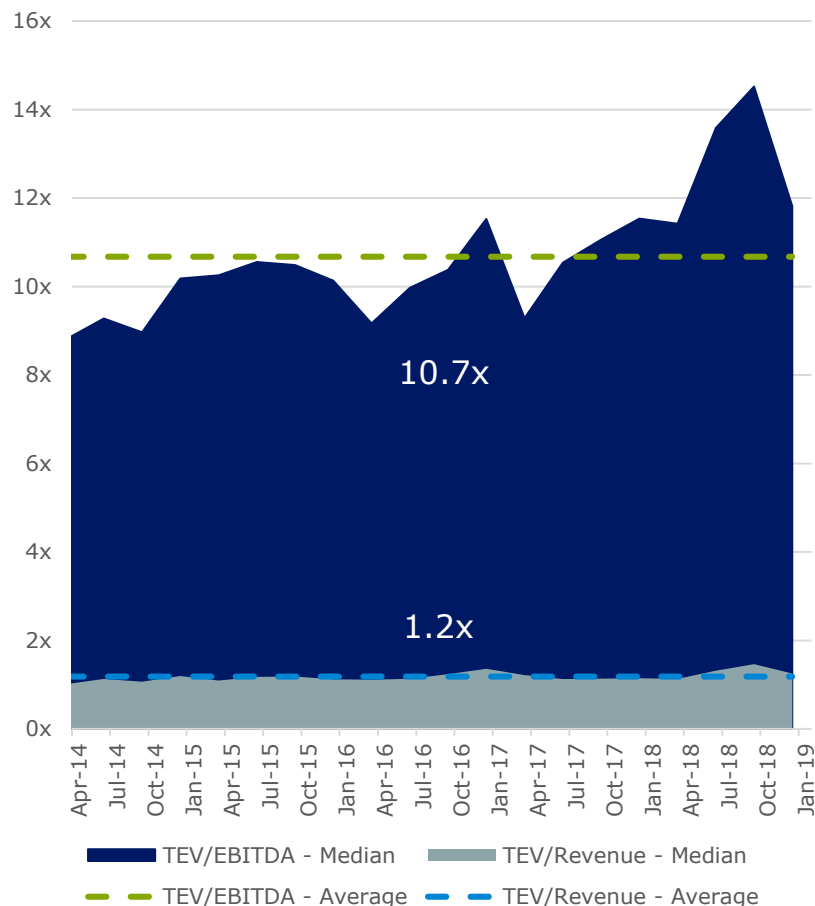
Public Basket



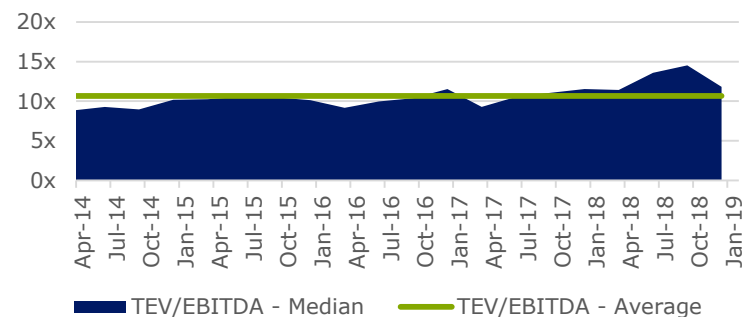
| Company | TEV \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|---|---------|-------------|----------------|------|----------|-------------|----------------|---------|---------------|
| CRA International, Inc. | 333 | 406 | 15% | 31% | 8% | 0.8 | 10.9 | 631 | 643 |
| The Hackett Group, Inc. | 529 | 270 | 3% | 38% | 16% | 2.0 | 12.6 | 1,123 | 240 |
| Navigant Consulting, Inc. | 808 | 957 | 33% | 30% | 13% | 0.8 | 6.6 | 6,008 | 159 |
| Huron Consulting Group Inc. | 1,334 | 776 | 7% | 35% | 12% | 1.7 | 14.4 | 3,083 | 252 |
| ICF International, Inc. | 1,423 | 1,281 | 7% | 36% | 9% | 1.1 | 12.8 | 5,500 | 233 |
| FTI Consulting, Inc. | 2,573 | 1,991 | 12% | 35% | 13% | 1.3 | 9.8 | 4,609 | 432 |
| Booz Allen Hamilton Holding Corporation | 8,324 | 6,367 | 5% | 24% | 10% | 1.3 | 13.2 | 24,600 | 259 |
| Accenture plc | 92,831 | 40,295 | 11% | 31% | 16% | 2.3 | 14.1 | 459,000 | 88 |
| Average | 13,519 | 6,543 | 12% | 33% | 12% | 1.4 | 11.8 | 63,069 | 288 |
| Median | 1,378 | 1,119 | 9% | 33% | 12% | 1.3 | 12.7 | 5,055 | 246 |

share price as of 26Jan19

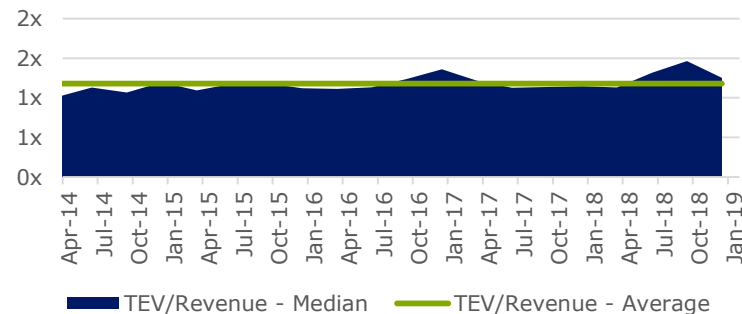
Public Basket Valuation Trends



Public EBITDA Multiples over Time



Public Revenue Multiples over Time



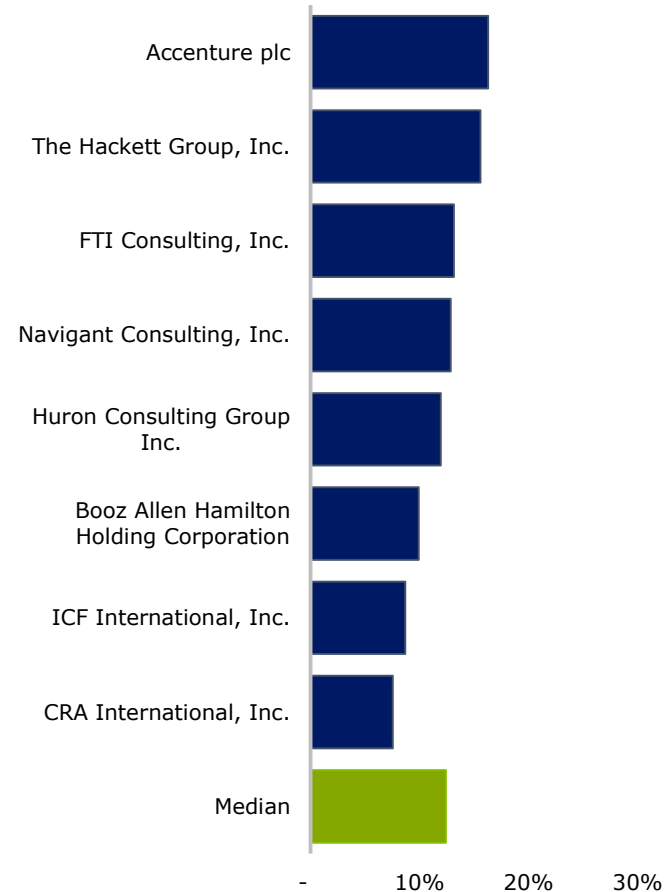
Operational Metrics



LTM Gross Profit Margin %



LTM EBITDA %



Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's



Operational Metrics



Accounts Receivable Turnover



Average Days Sales Outstanding



Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



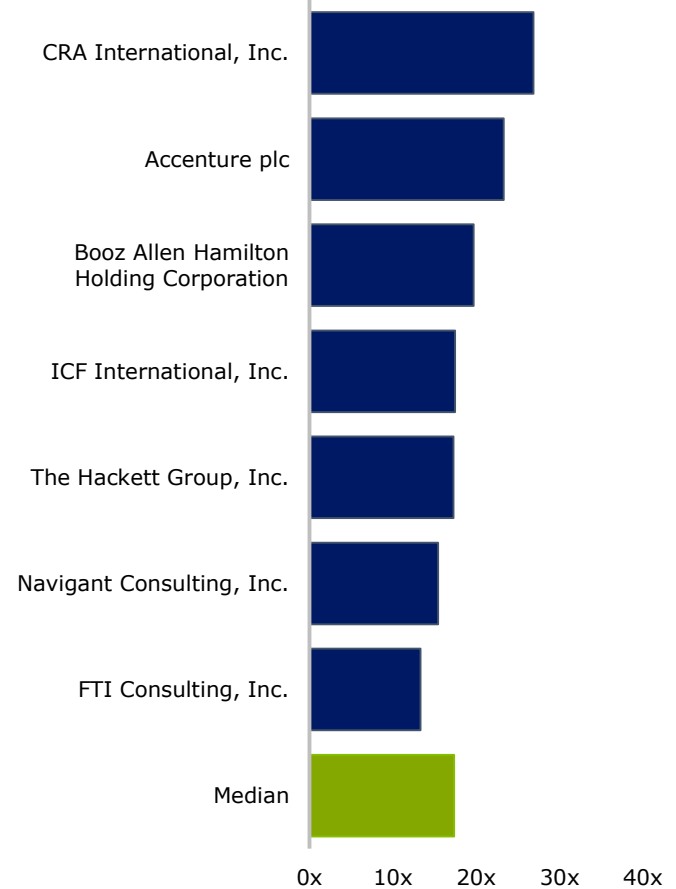
Valuation



TEV / LTM EBIT



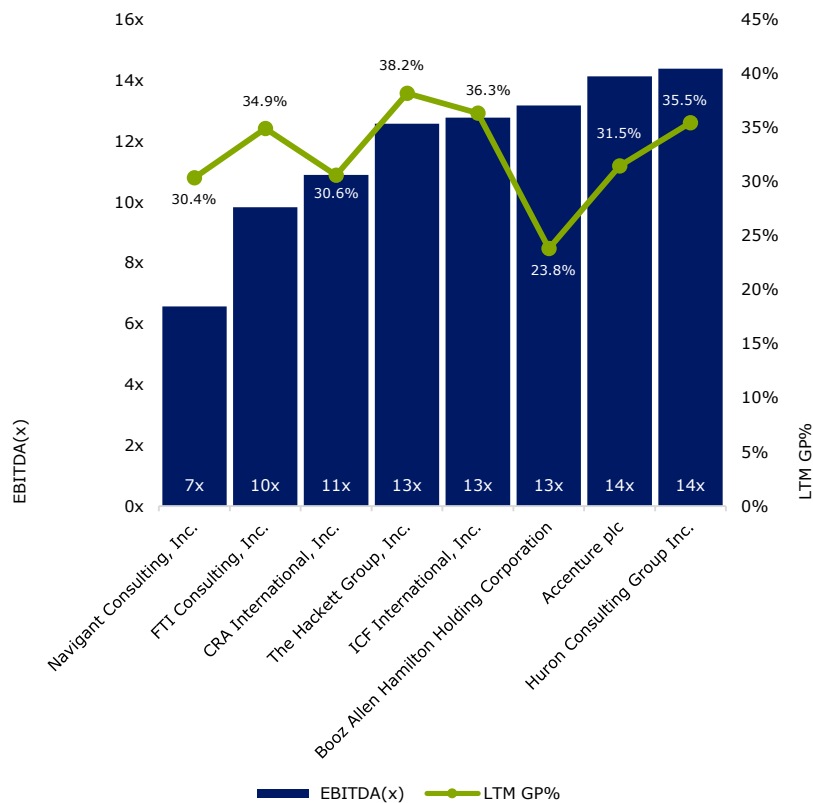
Price / LTM Earnings



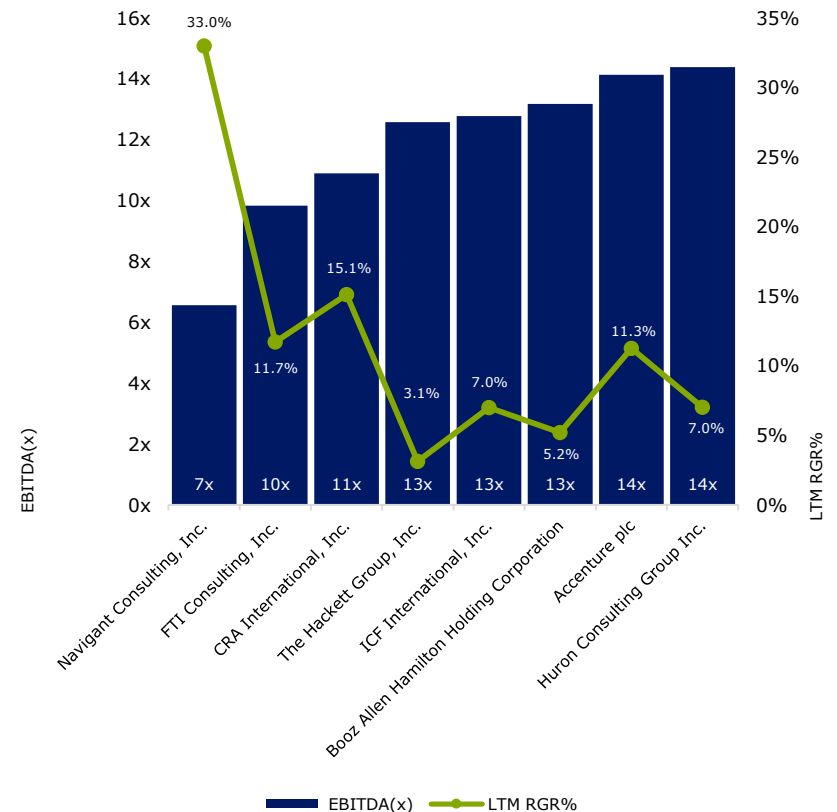
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



| Date | Target | Buyer / Investor | Total Transaction Value | Target Revenue | TEV / Revenue | TEV / EBITDA |
|---------|--|---|-------------------------|----------------|---------------|--------------|
| 9Jan19 | Orbium Holding AG | Accenture plc | - | - | - | - |
| 20Dec18 | Knowledgent Group Inc. | Accenture plc | - | - | - | - |
| 7Dec18 | iSolutions, Inc. | Emerson Electric Co. | - | - | - | - |
| 3Dec18 | Enaxis Consulting LP | Accenture plc | - | - | - | - |
| 27Nov18 | Assets of BridgePoint Group, LLC | Tata Consultancy Services Limited | - | - | - | - |
| 12Nov18 | Kaplan | Accenture plc | - | - | - | - |
| 5Nov18 | Eliassen Group, LLC | Stone Point Capital LLC | - | - | - | - |
| 30Oct18 | TayganPoint Consulting Group, Inc. | Grant Thornton LLP | - | - | - | - |
| 10Oct18 | 4Plan Consulting Corp. | MNP LLP | - | - | - | - |
| 18Sep18 | Paradigm Consulting Group Inc. | Golden Opportunities Fund Inc. - Class A; Westcap Management Ltd. | - | - | - | - |
| 2Aug18 | David M Shapiro Disaster Planning & Recovery Consultants, Inc. | ICF International, Inc. | - | - | - | - |
| 18Jul18 | Barkawi Management Consultants GmbH & Co. KG | Genpact Limited | 95.60 | - | - | - |
| 12Jul18 | Intellinet Corporation | FPT Corporation | 50.00 | 30.00 | 1.8x | - |
| 4Jun18 | EVER BE SAS | Mercer Limited | - | - | - | - |
| 21May18 | Aveus, LLC | Medecision, Inc. | - | - | - | - |
| 30Apr18 | Newcomb Anderson McCormick, Inc. | Willdan Group, Inc. | - | - | - | - |
| 16Apr18 | Lenati, LLC | ProKarma Inc. | - | - | - | - |
| 28Mar18 | Ideas at Work (nka:BDO Ideas at Work) | BDO Belgium | - | - | - | - |
| 29Mar18 | C3 Consulting LLC | Ankura Consulting Group, LLC | - | - | - | - |
| 21Mar18 | Cartesian, Inc. | Blackstreet Capital Management, LLC | 11.50 | 50.78 | 0.2x | NM |
| 5Feb18 | LiquidHub, Inc. | Capgemini SE | 500.00 | 247.70 | 2.0x | - |
| 22Jan18 | Evidence Strategy AB | The North Alliance AS | - | - | - | - |
| 9Jan18 | RPR Partners, LLP | Ernst & Young LLP | - | - | - | - |
| 9Nov17 | SQS Software Quality Systems AG | Assystem Technologies SA | 436.24 | 377.96 | 1.1x | 14.3x |
| 5Dec17 | GAP Solutions Inc. | System One Holdings, LLC | - | - | - | - |
| 3Dec17 | Al-Faris National Company for Investment & Export P.L.C. | The Arab Palestinian Investment Company | 14.12 | 27.33 | - | - |

Management Consulting

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APPENDIX: Public Basket Constituents

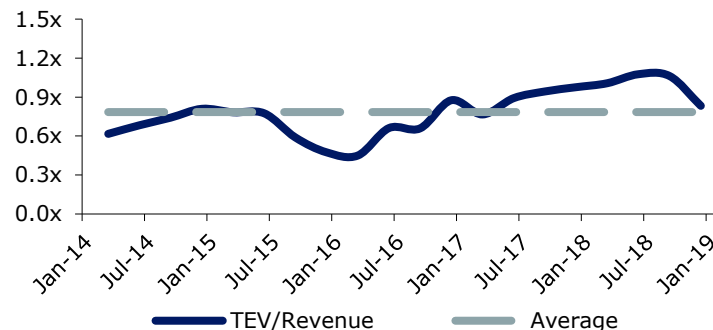
Public Basket



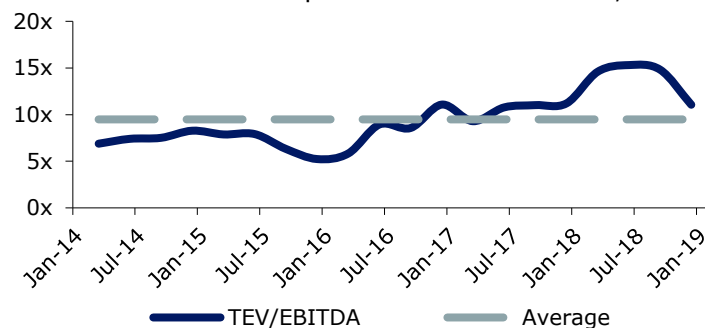
CRA International, Inc.

CRA International, Inc., a consulting company, provides economic, financial, and management consulting services in the United States, the United Kingdom, and internationally. The company advises clients on economic and financial matters pertaining to litigation and regulatory proceedings; and guides corporations through critical business strategy and performance-related issues. The company's consulting services include research and analysis, expert testimony, and support in litigation and regulatory proceedings in the areas of finance, accounting, economics, insurance, and forensic accounting and investigations to corporate clients and attorneys. In addition, its management consulting services comprise strategy development, performance enhancement, corporate strategy and portfolio analysis, estimation of market demand, new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply. It serves various industries, including agriculture; banking and capital markets; chemicals; communications and media; consumer products; energy; entertainment; financial services; health care; insurance; life sciences; manufacturing; metals, mining, and materials; oil and gas; real estate; retail; sports; telecommunications; transportation; and technology. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.

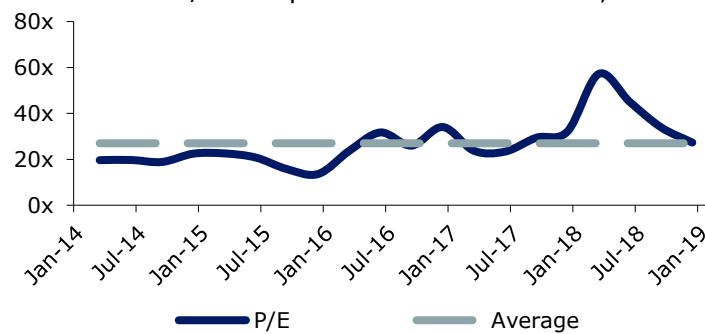
Revenue Multiples - CRA International, Inc.



EBITDA Multiples - CRA International, Inc.



P/E Multiples - CRA International, Inc.



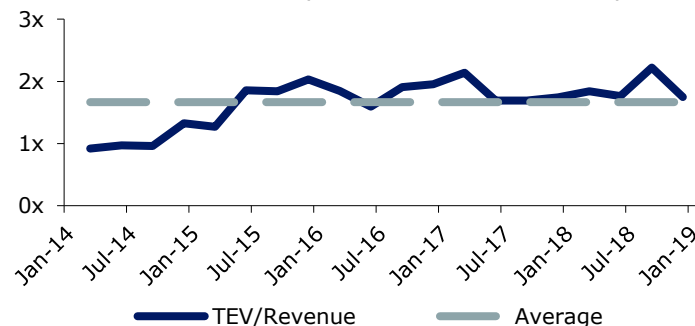
Public Basket



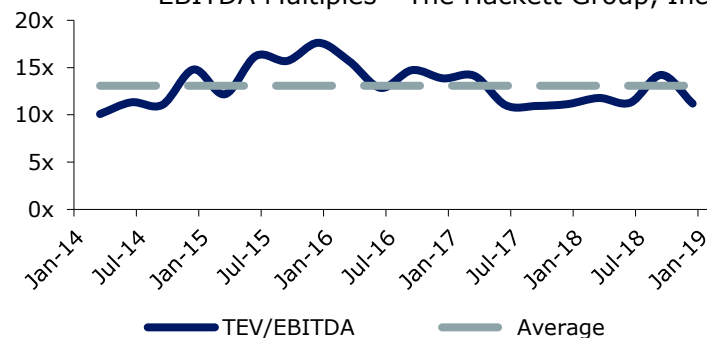
The Hackett Group, Inc.

The Hackett Group, Inc. operates as a strategic advisory and technology consulting firm primarily in North America and European countries. Its executive advisory programs include best practice intelligence center, an online searchable repository of best practices, performance metrics, conference presentations, and associated research; best practice accelerators that provide Web based access to best practices, customized software configuration tools, and best practice process flows; advisor inquiry, an inquiry service used by clients for access to fact-based advice on proven approaches and methods; best practice research, a research that provides insights into the proven approaches; and peer interaction comprising member-led Webcasts, annual best practice conferences, annual member forums, membership performance surveys, and client-submitted content. The company's benchmarking services conduct studies in the areas of selling, general and administrative, finance, human resources, information technology, procurement, enterprise performance management, shared service centers, and working capital management. The company was founded in 1991 and is headquartered in Miami, Florida.

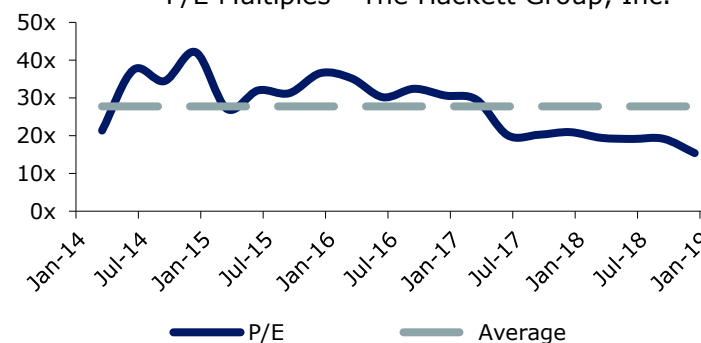
Revenue Multiples - The Hackett Group, Inc.



EBITDA Multiples - The Hackett Group, Inc.



P/E Multiples - The Hackett Group, Inc.



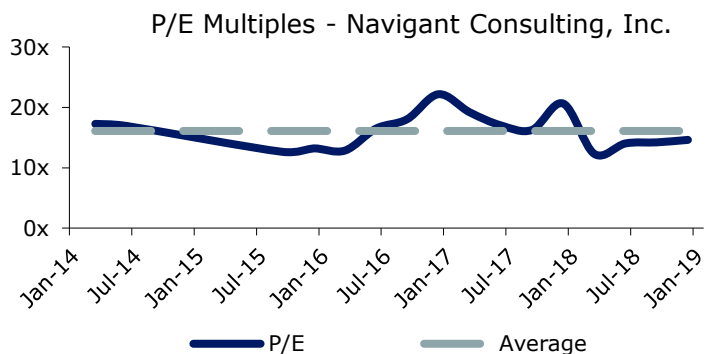
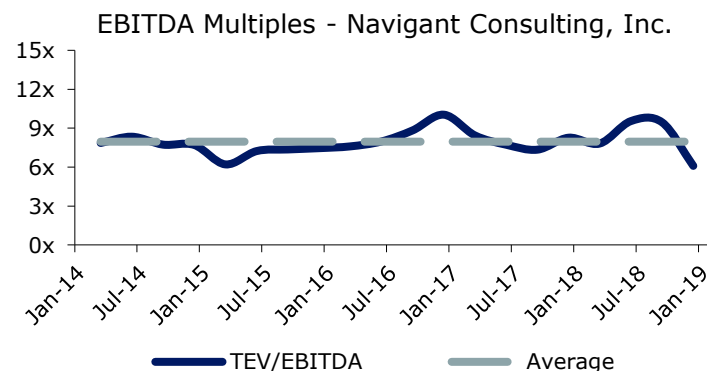
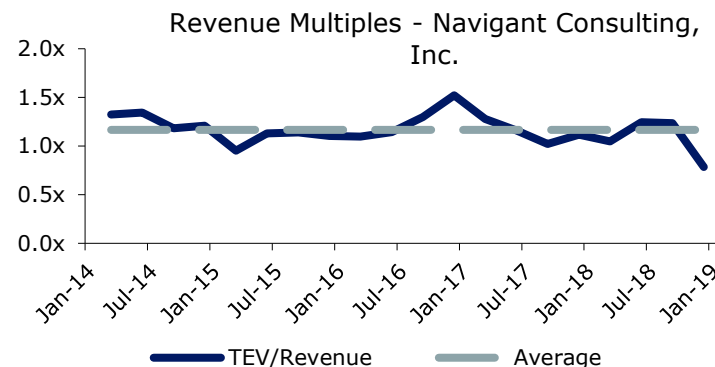
Public Basket



Navigant Consulting, Inc.

Navigant Consulting, Inc. provides professional services to corporate executives and senior management, corporate counsel, law firms, corporate boards, special committees, and governmental agencies worldwide. It operates through four segments: Healthcare; Energy; Financial Services Advisory and Compliance; and Disputes, Forensics and Legal Technology. The Healthcare segment offers consulting and business process management services to healthcare providers, payers, and life sciences companies. This segment helps clients respond to market legislative changes, such as the shift to an outcome and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, the implementation of a new electronic health records system, and product planning and commercialization expertise. The Energy segment provides advisory services to utilities, governmental agencies, manufacturers, and investors. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.

| Date | Key Development Headline |
|---------|--|
| 8/23/18 | Ankura Consulting Group, LLC completed the acquisition of Thoreau Holdco, LLC and Navigant Consulting (Europe) Ltd. from Navigant Consulting, Inc. (NYSE:NCI). |
| 6/25/18 | Navigant Consulting Seeks Acquisitions |



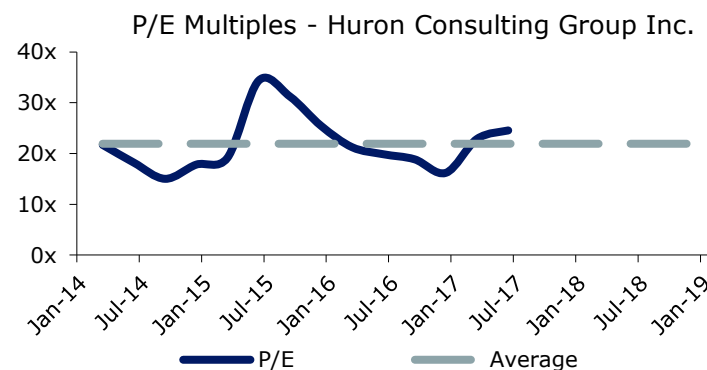
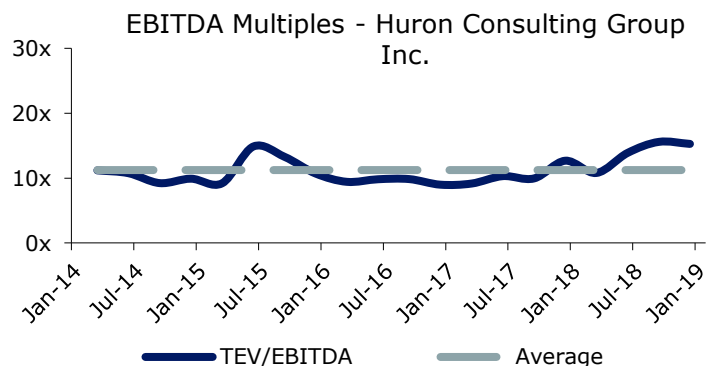
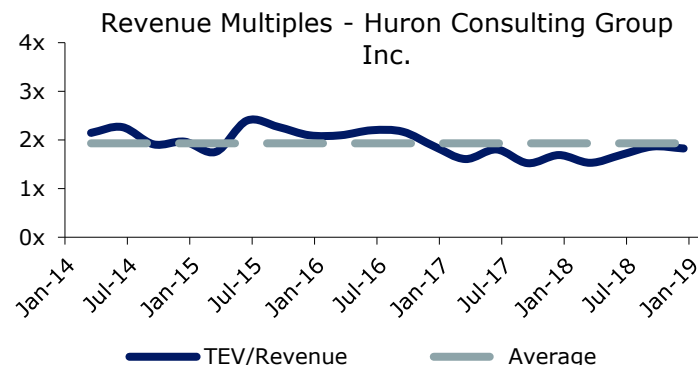
Public Basket



Huron Consulting Group Inc.

Huron Consulting Group Inc., a professional services firm, provides advisory, technology, and analytic solutions in the United States and internationally. Its Healthcare segment provides advisory services in the areas of strategy, care transformation, financial and operational performance, technology and analytics, and leadership development to national and regional hospitals, integrated health systems, academic medical centers, community hospitals, and medical groups. Its Business Advisory segment provides enterprise performance management, enterprise resource planning, business intelligence and analytics, customer relationship management, and data management services; and capital advisory, transaction advisory, operational improvement, restructuring and turnaround, valuation, and dispute advisory services. Huron Consulting Group Inc. was founded in 2002 and is headquartered in Chicago, Illinois.

| Date | Key Development Headline |
|---------|---|
| 2/21/18 | Huron Announces Collaboration with the Joint Commission Center for Transforming Healthcare to Improve Consumer Safety and Quality of Care |



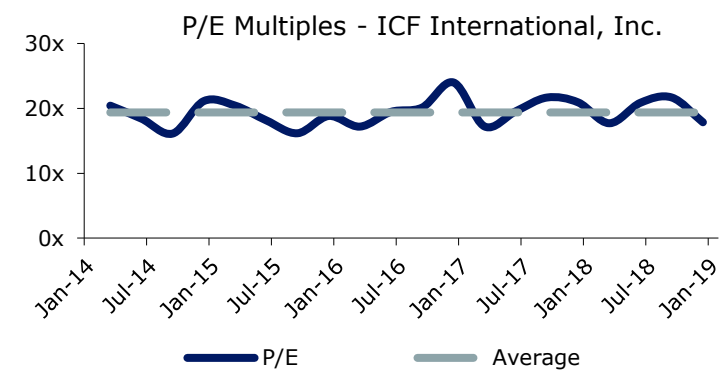
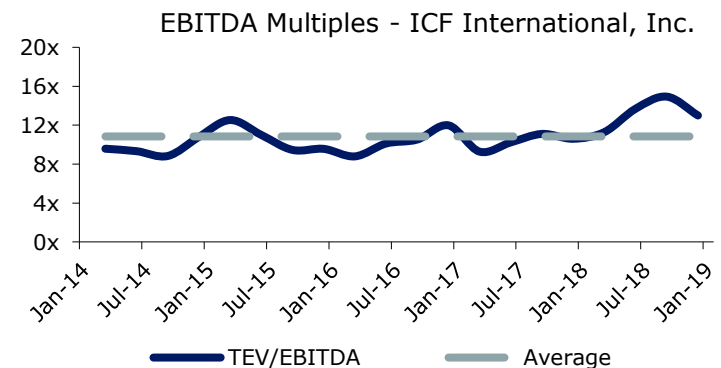
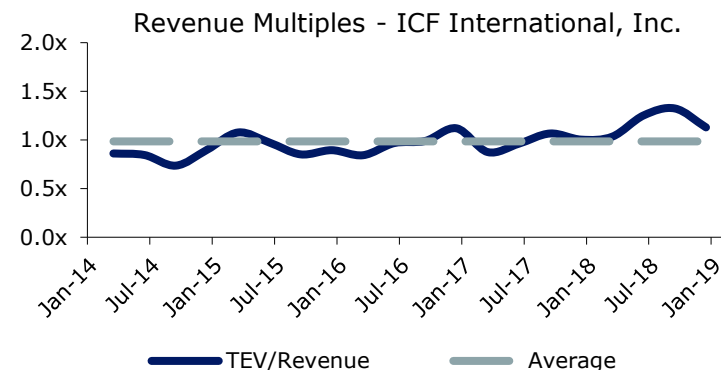
Public Basket



ICF International, Inc.

ICF International Inc. provides management, marketing, technology, and policy consulting and implementation services to government and commercial clients in the United States and internationally. It also identifies, defines, and implements policies, plans, programs, and business tools through a range of standard and customized methodologies for its clients; conducts survey research; collects and analyzes various data to understand critical issues and options for its clients; and provides actionable business intelligence, as well as information and data management solutions that allow integrated, and purpose-driven data usage. In addition, the company provides solutions to optimize the customer and citizen experience; and cyber security solutions that support the range of cyber security missions and protect IT infrastructures in the face of relentless threats, as well as designs, develops, and implements technology systems that are principal to its clients' mission or business performance. ICF International, Inc. was founded in 1969 and is headquartered in Fairfax, Virginia.

| Date | Key Development Headline |
|---------|---|
| 10/3/18 | ICF International, Inc. (NasdaqGS:ICFI) acquired We Are Vista Limited from a group of shareholders. |
| 8/1/18 | ICF International, Inc. (NasdaqGS:ICFI) entered into a definitive agreement to acquire David M Shapiro Disaster Planning & Recovery Consultants, Inc. |
| 2/27/18 | ICF International, Inc. Mulls Acquisitions |



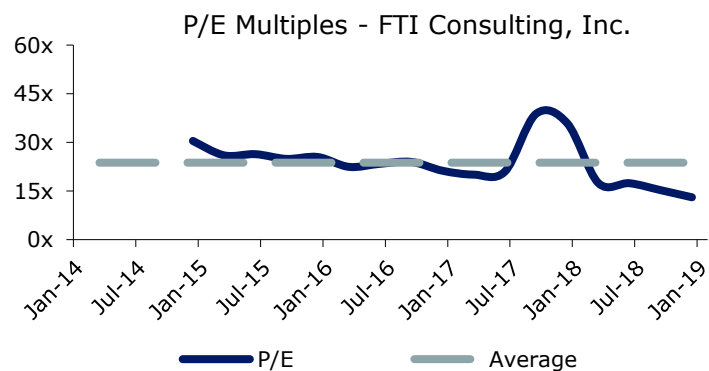
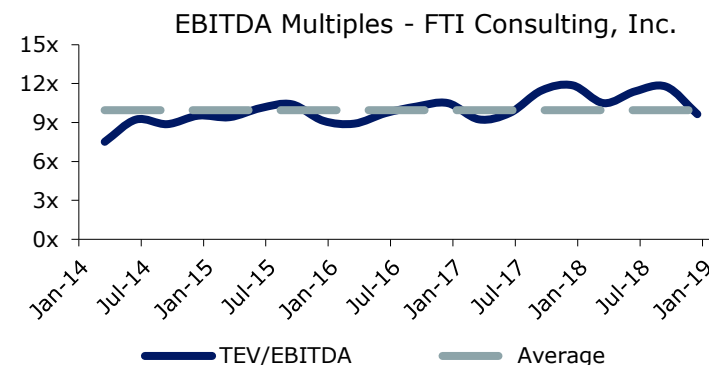
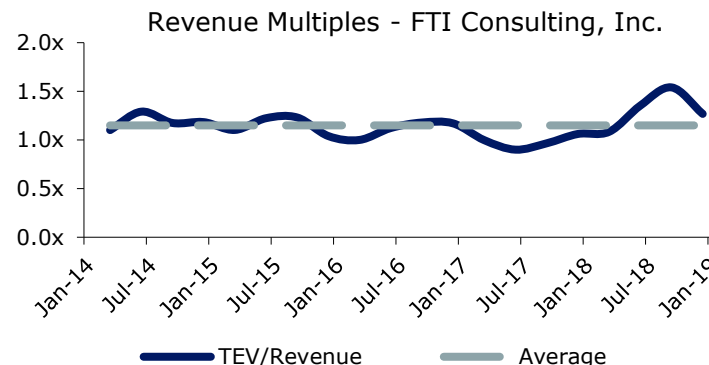
Public Basket



FTI Consulting, Inc.

FTI Consulting, Inc. provides business advisory services to manage change, mitigate risk, and resolve disputes worldwide. The company's Corporate Finance & Restructuring segment provides turnaround and restructuring, business transformation, interim management, valuation and financial advisory, transaction, dispute advisory, and tax services, as well as mergers and acquisitions (M&A), and M&A integration services. Its Forensic and Litigation Consulting segment offers anti-corruption investigations and compliance, and data and analytics, as well as compliance, monitoring, and receivership services; cybersecurity, forensic accounting and advisory, and global risk and investigations practice; and construction solutions, dispute advisory, intellectual property, trial, business insurance claims, and health solutions. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.

| Date | Key Development Headline |
|----------|---|
| 11/30/18 | FTI Consulting May Seek Acquisitions |
| 9/9/18 | Nuix Pty. Ltd. acquired Ringtail Solutions, Inc. from FTI Consulting, Inc. (NYSE:FCN) for \$55 million. |
| 5/18/18 | Rex Energy Initiates Sale Process |
| 3/5/18 | FTI Consulting May Look At Potential Acquisitions |



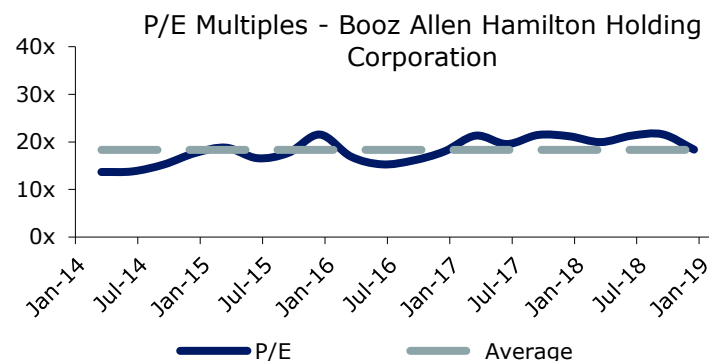
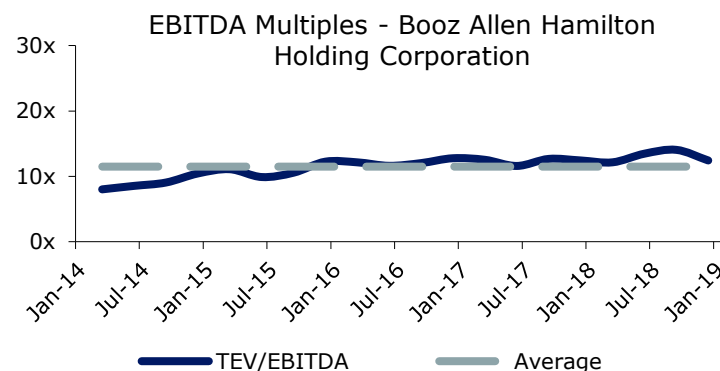
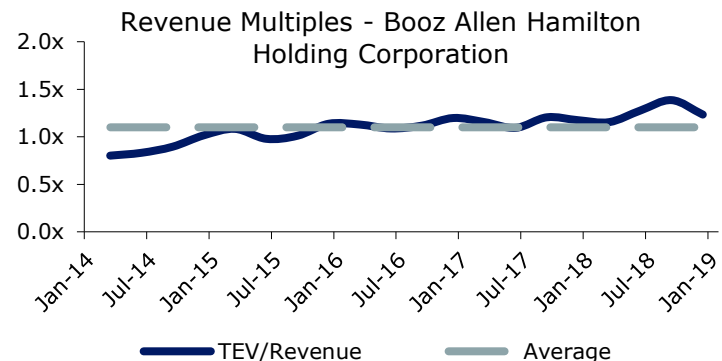
Public Basket



Booz Allen Hamilton Holding Corporation

Booz Allen Hamilton Holding Corporation provides management and technology consulting, engineering, analytics, digital, mission operations, and cyber solutions to governments, corporations, and not-for-profit organizations in the United States and internationally. The company offers consulting solutions for various domains, business strategies, human capital, and operations. It also provides analytics services, which focuses on delivering transformational solutions in the areas of decision analytics, including operations research and cost estimation; automation; and data science, which include predictive modeling and machine learning, as well as new or emerging areas, such as deep learning and artificial intelligence. Booz Allen Hamilton Holding Corporation was founded in 1914 and is headquartered in McLean, Virginia.

| Date | Key Development Headline |
|---------|---|
| 1/7/19 | Genpact Limited (NYSE:G) acquired riskCanvas Holdings, LLC from Booz Allen Hamilton Holding Corporation (NYSE:BAH). |
| 5/29/18 | Booz Allen Hamilton Seeks Acquisitions |
| 3/23/18 | Booz Allen Hamilton Holding Corporation Seeks Acquisitions |
| 2/5/18 | Booz Allen Hamilton Seeks Acquisitions |



Public Basket

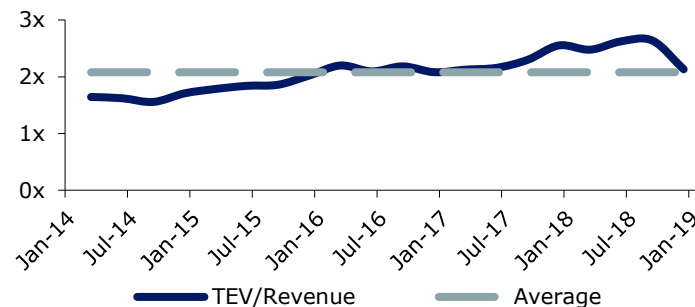


Accenture plc

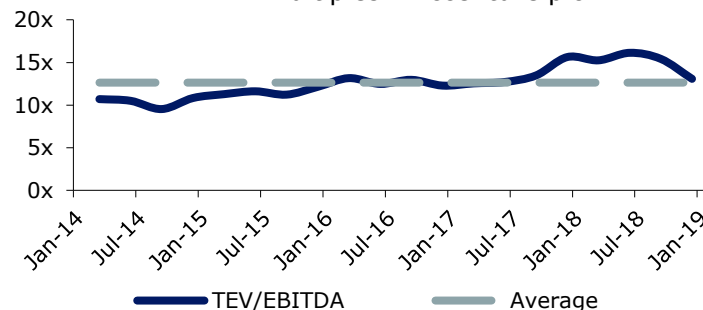
Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industry-specific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. This segment serves clients in banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

| Date | Key Development Headline |
|----------|--|
| 1/8/19 | Accenture plc (NYSE:ACN) agreed to acquire Orbium Holding Ag. |
| 12/19/18 | Accenture plc (NYSE:ACN) entered into an agreement to acquire Knowledge Group Inc. |
| 12/19/18 | Accenture plc (NYSE:ACN) acquired Adaptly Inc. |
| 12/12/18 | Accenture plc Enters into an Agreement to Form a Strategic Alliance with Zafin Global Holdings Corp |
| 12/11/18 | Accenture plc (NYSE:ACN) entered into an agreement to acquire professional services assets from Zafin Labs Technologies Ltd. |

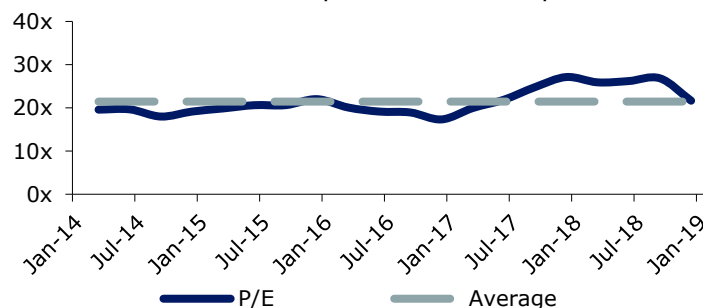
Revenue Multiples - Accenture plc



EBITDA Multiples - Accenture plc



P/E Multiples - Accenture plc



CONTACT INFO

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

| | | |
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