



Equiteq Q2 2024: Management Consulting M&A Activity


Equiteq

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Executive Summary

As we reflect on the first half of 2024, it is clear the Management Consulting sector has demonstrated resilience amid challenging market conditions. While headwinds are easing elsewhere in the Knowledge Economy, the consulting sector still faces ongoing challenges. However, M&A activity for consulting firms has remained steady and even shown encouraging signs of improvement compared to this time last year.

Buyer interests continue to be drawn by consulting firms offering specialized services, such as regulatory, sustainability, or environmental impact consulting. The niche and specific value propositions of such firms remain on buying agendas, especially in regions such as the Middle East, where consulting remains a priority. This signals a more cautious but still engaged approach as we move into the second half of the year.

Private equity's interest has also shifted, focusing more on professional services firms that not only offer reliable revenue streams but can lead to consulting engagements through strategic bolt-on acquisitions. The UK market in particular is showing signs of greater interest from buyers, which follows in the wake of major deals for US accounting firms earlier in the year.

Given the pace of both technological and regulatory change, consulting firms in the AI and ESG worlds continue to see interest from buyers and remain areas to watch. However, both markets remain fragmented and in the early stages of maturity. AI in particular presents a potentially lucrative source of consulting projects as more practical applications emerge to drive meaningful growth.

As we look ahead to the rest of 2024, we remain cautiously optimistic. The landscape is challenging, but with the right focus on niche opportunities and high-value assets, there are still promising avenues for growth and innovation.

In this report, the Equiteq team shares their thoughts, insight, and commentary on M&A activity during the first half of 2024 in the Management Consulting sector.

To find out more, please feel free to contact our team, whose details are contained within this report. [o](#)

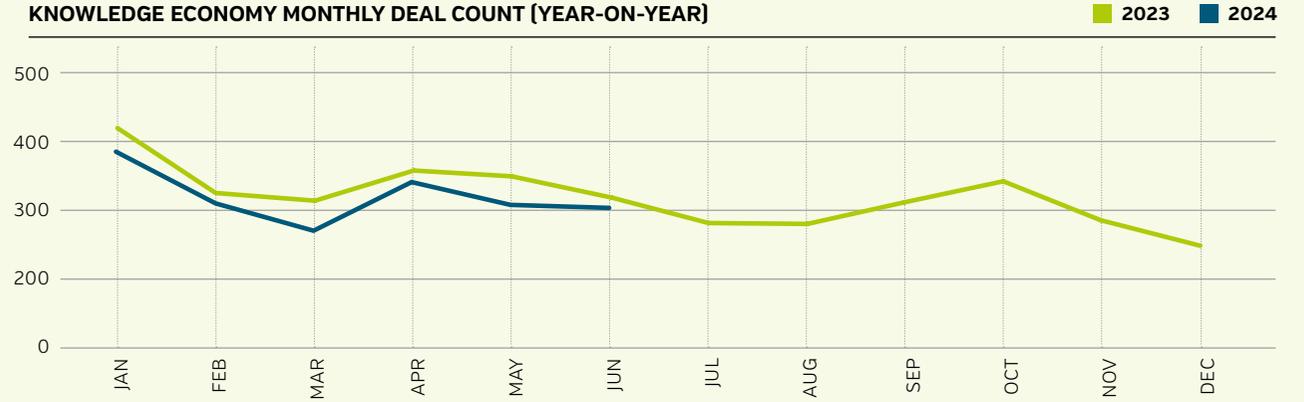
David Jorgenson
CEO, Equiteq

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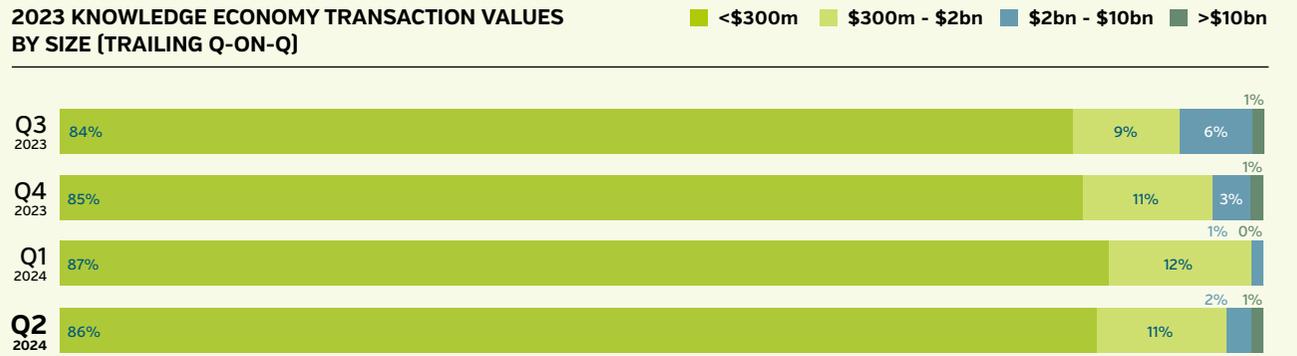


Year-on-year decrease in deal volume during Q2 2024 compared to Q2 2023

KNOWLEDGE ECONOMY MONTHLY DEAL COUNT (YEAR-ON-YEAR)



2023 KNOWLEDGE ECONOMY TRANSACTION VALUES BY SIZE (TRAILING Q-ON-Q)



2024 KNOWLEDGE ECONOMY QUARTERLY DEAL COUNT BY BUYER TYPE



Management Consulting

H1 M&A activity

KEY TAKEAWAYS

- M&A in the consulting sector remains stable, with steady deal volumes quarter-on-quarter
- Private equity activity in the consulting market remains subdued, with interests drawn to specialist digital consulting firms or professional services firms that present opportunities to expand into consulting engagements
- Both ESG and AI consulting capabilities are of interest to buyers as the initial hype passes and businesses look to consultancies for more practical insights and applications

H1 MARKET ACTIVITY

In the context of a gentle decline in M&A in the broader Knowledge Economy [see charts on page 3], M&A activity in the Management Consulting space continued to prove slow and steady [see charts on page 7]. Deal volumes remained essentially

unchanged quarter-on-quarter, with a recorded total of 144 transactions for consulting firms in Q2 compared to 146 deals in Q1. Interestingly though, the level of Q2 activity is higher than we saw during the second quarter of last year. This fact alone may offer some reassurance that the consulting market is still of interest to buyers even if that interest remains tepid compared to its peak.

“The quality of consulting companies and their value propositions continue to be tested,” says John Cooper, Managing Director, Equiteq in New York. “This is particularly true for those firms that are focused on generic digital transformation, strategy, or project-based consulting.”

As firms struggle with low growth, the strongest performers have been niche consultancies specializing in regulatory activities or offering unique, differentiated services. Those with offerings in specific areas like sustainability and environmental services continue to see interest from buyers, especially if they possess proprietary methodologies that can be leveraged across sectors.



The strongest performers have been niche consultancies... offering unique, differentiated services.



Geographically, the Middle East, particularly Saudi Arabia, has shown significant spending on this type of consulting in recent times. Yet, even here, the Saudi government's recent announcements of greater scrutiny on consulting expenditures signal a cautious outlook for the remainder of the year.

"Even in wealthier regions like Saudi, we continue to see budgets for consulting being carefully considered or even frozen," says Sylvaine Masson, Managing Director, Head of Equiteq APAC in Singapore. "From a seller's perspective, any consulting company that isn't focused on a specific sector, lacks specific capabilities, or demonstrates less than fifteen percent growth is going to find it hard to do a successful transaction at this point in time."

With some companies in the Management Consulting space unlikely to meet their budgets, 2024 is shaping up to be an a muted year for M&A. Unlike in previous slowdowns, the reduced deal volume we see right now is not a result of high valuations but rather reflective of the overall underperformance of the consulting market.

"For good assets in areas like ESG and AI, valuations are still strong, but end customer demand for consulting services remains flattened in the current macro environment," says Emmanuel Kostucki, Managing Director at Equiteq in London, UK. "The disparity between supply and demand further complicates M&A activity in the sector, making it a challenging landscape for both buyers and sellers."

IDENTIFYING ENTRY POINTS FOR CONSULTING OPPORTUNITIES

M&A activity in the consulting world is seeing a growing interest among buyers for accounting and other 'traditional' professional services firms, driven by the pursuit of reliable revenue streams. In the UK, private equity has been involved in several deals, primarily as add-ons rather than full buyouts.

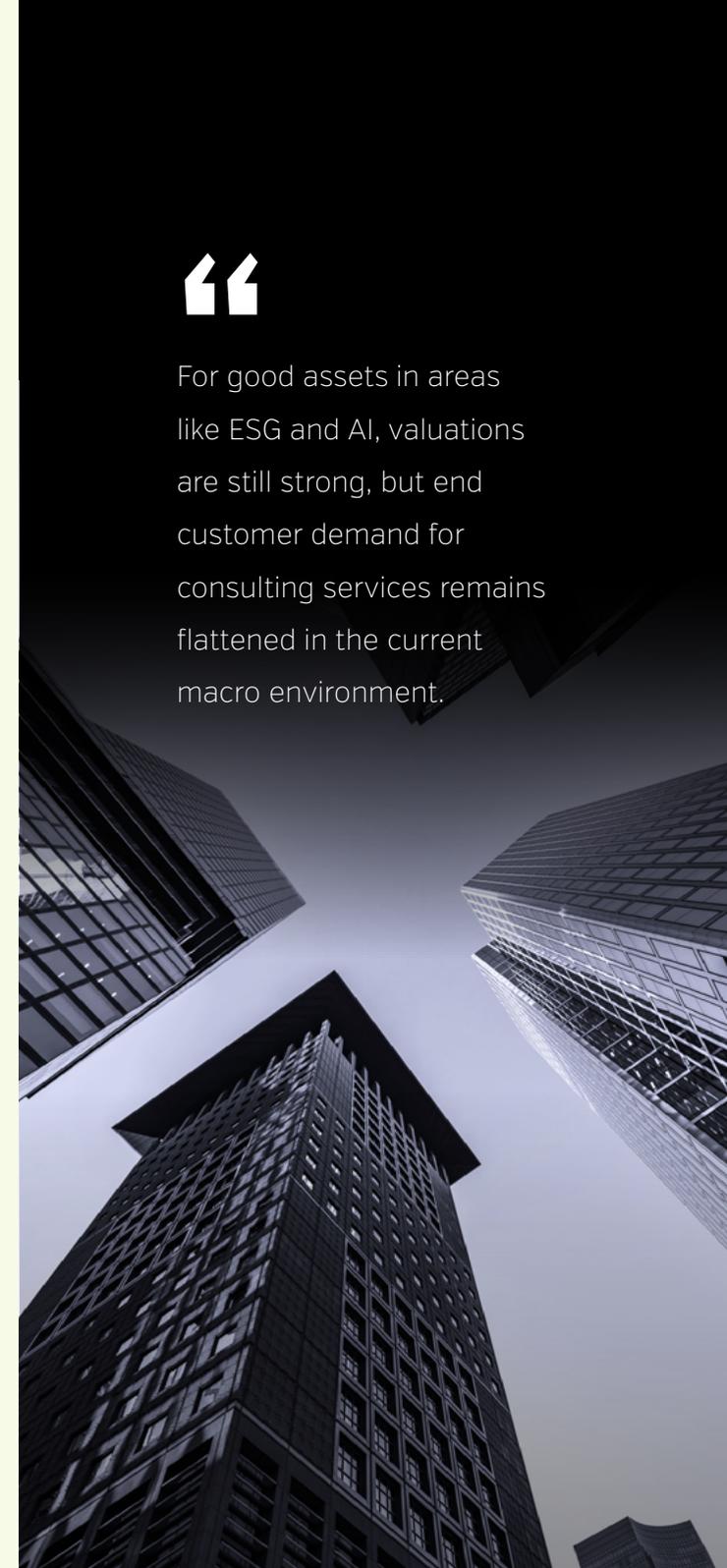
"This aligns with broader trends in private equity with investment theses driven by reliable and recurring revenues, in this instance, from tax and audit work," says Jerome Glynn-Smith, Managing Director at Equiteq in London, UK. "These acquisitions are serving as strategic bolt-ons that allow firms to expand into broader consulting engagements. This represents a real opportunity to build value at scale."

The UK (and Europe's) fragmented accountancy market presents ripe opportunities for consolidation. Following significant deals in the U.S. accounting sector during Q1, the UK's own accounting firms are now a growing target for further private equity investment.

The interest in such accounting firms is reflected in the merger of the Top 50 accountancy firm BKL with Wilson Wright, a leading City of London based accountancy firm, in April. Having received financial backing by the private equity investor CBPE in April 2023, this is now BKL's third successful merger in the past year.



For good assets in areas like ESG and AI, valuations are still strong, but end customer demand for consulting services remains flattened in the current macro environment.





People want to have an AI offering but the providers delivering high-value projects are still sporadic.

Elsewhere, consulting services around sustainability continue to attract attention. Although the market remains relatively nascent, firms offering ESG-related consulting services are seeing increased interest due to the growing need for compliance with climate reporting and carbon reduction legislation.

“Every company now needs to comply with climate reporting,” says Kostucki. “However, while transactions for such firms are certainly on the rise, they remain relatively small because these companies themselves are still small.”

Nonetheless, such deals often attract higher valuations, reflecting the increasing importance of ESG in the corporate world.

A MODERATION IN AI CONSULTING?

The AI hype cycle has drawn significant attention, much like ESG did in recent years, with both topics now present in boardroom discussions. Consultancies are eager to capitalize on AI's undoubted potential, but there is a growing pressure to prove AI as a concrete value proposition and avoid the risk of AI being seen as more of a buzzword, similar to how blockchain was once hyped.

“Larger corporations are not generating significant AI projects at scale,” says Kostucki. “This reflects the early-stage nature of the market - it's a space that is still developing. People want to have an AI offering but the providers delivering high-value projects are still sporadic.” Despite a surge in AI-related M&A activity, the sector remains fragmented, with smaller firms driving most initiatives, which limits the scope, scale, and value of consulting opportunities.

Looking ahead, Kostucki anticipates continued growth in AI offerings over the next 18 months but also expects the

market to mature beyond the initial hype. As businesses move past exaggerated expectations, particularly around technologies like ChatGPT, the focus will likely shift towards more practical AI applications, leading to further but more measured adoption and M&A activity.

PRIVATE EQUITY INTEREST REMAINS COMPRESSED

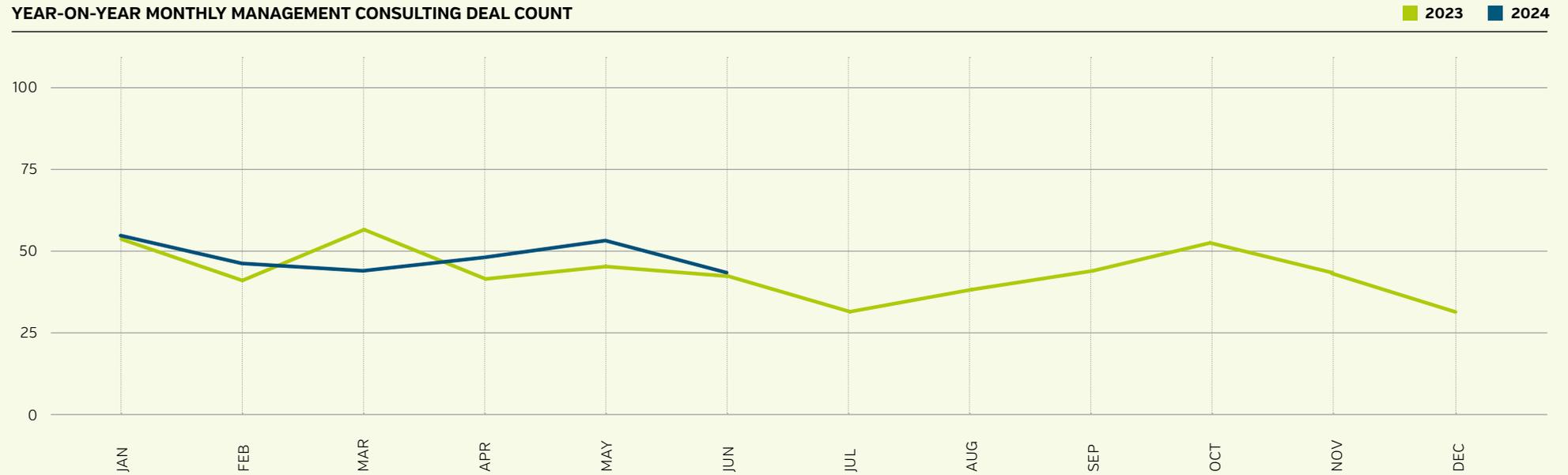
Private equity interest in the Management Consulting space remained subdued during Q2, continuing a trend that has persisted for several quarters. For many financial buyers, consulting firms lack the compelling growth potential found in IT services businesses, making the opportunity cost more difficult to justify. As a result, private equity firms have shifted their focus away from the broader consulting market.

“There is much less interest at the lower end of the consulting market - it's wilted away,” notes John Gannon, Director of Coverage. “However, an exception lies in strategy consulting firms that intersect with digital product development. These firms, which help large enterprises innovate and develop new products, are attracting a bit more attention from private equity buyers. It's a niche that represents a rare area of interest within an otherwise challenging landscape.”

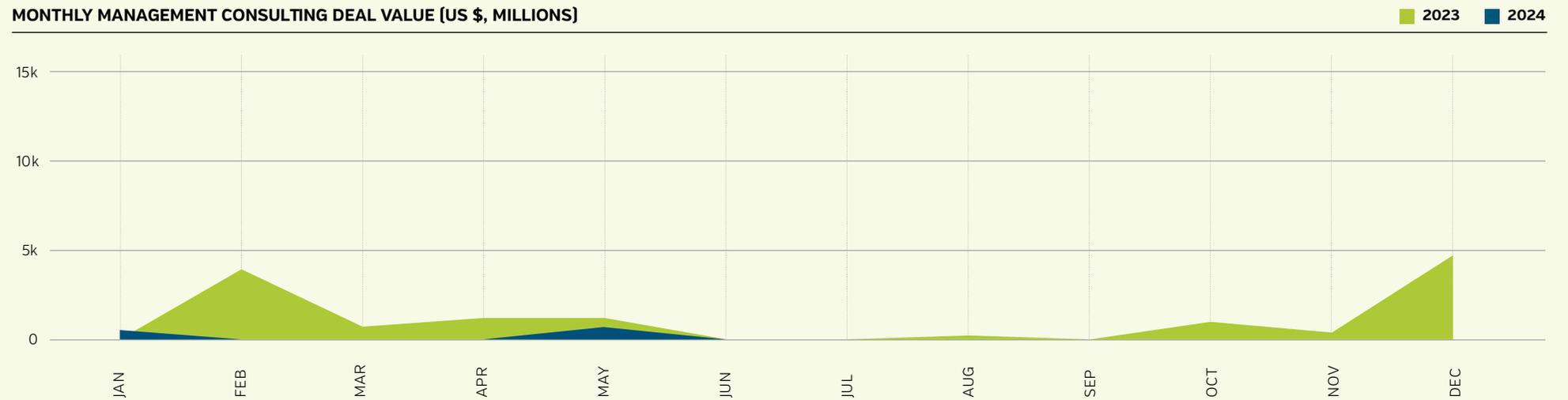
Despite the overall hesitancy, activity persists at the high end of the consulting market. Identifying promising investment opportunities remains difficult for private equity firms, particularly when growth plans are not compelling or robust enough to justify underwriting.

In short, despite pockets of interest, private equity's overall engagement with the consulting sector during Q2 has been limited, with most attention focused on specific areas rather than the broader market. ●

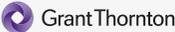
YEAR-ON-YEAR MONTHLY MANAGEMENT CONSULTING DEAL COUNT



MONTHLY MANAGEMENT CONSULTING DEAL VALUE (US \$, MILLIONS)



H1 2024 : Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Target Description
2024/06/27				Leading provider of tech-enabled and ESG-focused water management consultancy services
2024/06/14				Engineering, systems assurance, and technical services to clients operating high-integrity, safety critical systems
2024/06/05				Provider of climate risk and energy transition consultancy services
2024/06/03				Computer-aided engineering software, computer-aided engineering services, simulation solutions
2024/05/31				Audit, tax, and advisory services
2024/05/30				Management consultancy for pharma and biotech, with specialties in product launch
2024/05/30				Digital training provider creating work-ready talent in coding and software development



Sell side
Advisor

H1 2024 : Deal Highlights

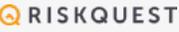
Deal Date	Target HQ	Target	Buyer/Investor	Target Description
2024/05/16		magnetic	NEWTON	Design and innovation consultancy
2024/05/14				Invoice audit
2024/05/10				Industrial and commercial automated control systems
2024/05/06			Deloitte.	Business Strategy, Innovation Strategy, new product development
2024/05/06		berylls	AlixPartners —backed by— INVESTCORP	Management Consulting, Strategy Consulting, Digitalization for Automotive sector
2024/05/01				Resource Management, Environmental Management, Sustainability Management
2024/05/01		Hydrock		Building performance engineering, civils and infrastructure, transportation

Sell side
Advisor

H1 2024 : Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Target Description
2024/05/01				Provider of engineering solutions for mechanical, electrical, plumbing, and fire protection firms
2024/04/30				Biosafety, biosecurity, and AI applications in healthcare
2024/04/22				Marine environmental consultancy
2024/04/19			 Our purpose is people	High performance workplace cultures
2024/04/15				Environmental and engineering consulting services
2024/04/12				Risk and Fraud Management, Cybersecurity, digital payments
2024/04/12				Digital marketing and design company offering UX, VR, and consulting services

H1 2024 : Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Target Description
2024/04/11				Data Strategy consulting specializing in RPA and Data Visualization
2024/04/11				Specialists in pharmacovigilance technology and consultancy
2024/04/08				Business Transformation, Digital & Innovation, Data Analytics (Alteryx)
2024/03/31			 backed by 	Consultancy firm specialized in risk models for the financial sector
2024/03/28				Healthcare digital marketing agency
2024/03/28			 backed by 	Geospatial solutions
2024/03/19		 Part of Accenture		Global supply chain and logistics consultancy



H1 2024 : Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Target Description
2024/03/11		 CloudBlue		Digital Strategy and IT Consulting firm
2024/02/29		 isle	palatine	Innovation consultancy specializing in emerging technologies for water and environmental sectors
2024/02/14		 Cogentia		Health economics and outcomes research (HEOR) and market access consultancy
2024/02/09		 Bovill Financial services regulatory consultants	OCORIAN	Specialist financial services regulatory consultancy
2024/02/07		 AVANTHC		AI-driven medical communications and transformative experiences for healthcare
2024/02/02		 WGSN		Trend forecasting
2024/02/01		 CLIMATIZE Energy consultancy		Sustainability and engineering consultancy

H1 2024 : Deal Highlights

Deal Date	Target HQ	Target	Buyer/Investor	Target Description	
2024/01/30		 Accelerators of transformation		Supply Chain Consulting, Operations Performance, Change Management	Sell side Advisor
2024/01/16		 AN ANKURA COMPANY	 —backed by— 	Execution Certainty™, advancement of women	
2024/01/16		 Part of Sweco		Environmental consultancy	
2024/01/15				Purpose consultancy and sustainability	

Meet Equiteq

We are the leading global investment bank for the Knowledge Economy

Equiteq is the leading specialist in Knowledge Economy investment thanks to our first-hand insight and research, our close relationship with the key acquirers in the sector, and through the deals we complete.

Who are we?

Equiteq is a fast-growing, global M&A specialist. We sell the world's smartest knowledge-based and technology firms. Being close to active buyers and investors helps us to understand their acquisition needs and this informs how we can add value to founders and shareholders who want to sell their businesses.

Why Equiteq?

We are the recognized specialist advisor in the Knowledge Economy where intellectual property has historically been delivered through people in consulting firms, but more and more is delivered in combination with technology.

Our benchmarking studies – produced for the last 15 years – have become the industry standard and are supported with detailed insight reports on a range of disciplines within our sector.

Our aim

It's simple - our goal is to bring you to the smartest deal. 

Equiteq Services

Our clients sit at the heart of every transaction we advise upon, whether helping you to dramatically increase your return on M&A or by helping you to achieve the best possible valuation.

Our services in the Knowledge Economy cover the following key areas:

Sell Advisory

Equiteq supports owners of innovative knowledge-based and technology firms seeking to realize equity value. We advise on all aspects of M&A, from helping ambitious owners find capital to inject into their business to accelerate growth, through to a full company sale. We use our unparalleled understanding, experience, and access to find you the right buyer or investor, at the best price and terms.

Buy Advisory

Equiteq supports Strategic Acquirers and financial sponsors seeking to dramatically increase their returns on M&A in knowledge-based and technology services businesses. After 15 years exclusively advising owners of firms towards exit, we have the assets, systems and experience to help you enhance and execute your M&A strategy.

Corporate Divestitures

We work with corporations to meet their divestiture objectives, including disposal of non-core or underperforming assets that either have synergistic potential within other businesses or could form part of a private equity portfolio investment. After 15 years exclusively advising owners of firms in the sector towards exit, Equiteq has the people, processes, sector insight, and market access to deliver your transaction at the right price and with preferred deal terms.

Strategic Deal Origination

We work with Strategic Acquirers and Financial Sponsors to develop detailed, insight-driven plans for investment into new markets. By leveraging our sector insight and purpose-built methodology, we can rapidly convert an attractive investment thesis 'on paper' into an actionable plan to realize the opportunity, helping you to exploit key innovation trends through a less crowded, lower-risk route. 

Equiteq Highlights

Our global teams remain active throughout the year, advising on deals, as well as sharing their expertise in market-leading reports and events.

Here are our highlights.
Click the links below each topic to find out more.

Sign up here to hear more from Equiteq



Insights

Global Buyers Report 2024

For the ninth year, we're pleased to present the findings from our annual survey of global Strategic buyers and Private Equity investors across Technology and Consulting services.

[Find out more](#)

Environmental & Sustainability Consulting M&A Report 2024

The market is currently experiencing significant growth due to the increasing demand for ESG disclosure and rising investments in climate change initiatives. This heightened focus on ESG has become a top priority at the C-level, and it is expected to lead to increased investments in the field.

[Find out more](#)

Life Sciences Consulting M&A Report 2024

M&A within the life sciences sector continues to be very active for consulting and technology companies. The global Life Sciences consulting services market is expected to grow at a CAGR of >8%, fueled by strong fundamentals and macro trends.

[Find out more](#)

Equiteq Deals in Q2 2024

STAT Recovery

received investment from
Cambridge Capital [Jun 2024]

[Find out more](#)

Digital Additive

sold to **ZS [Jun 2024]**

[Find out more](#)

Agriconsulting's consulting arm AESA

sold to **BF Group [Jun 2024]**

[Find out more](#)

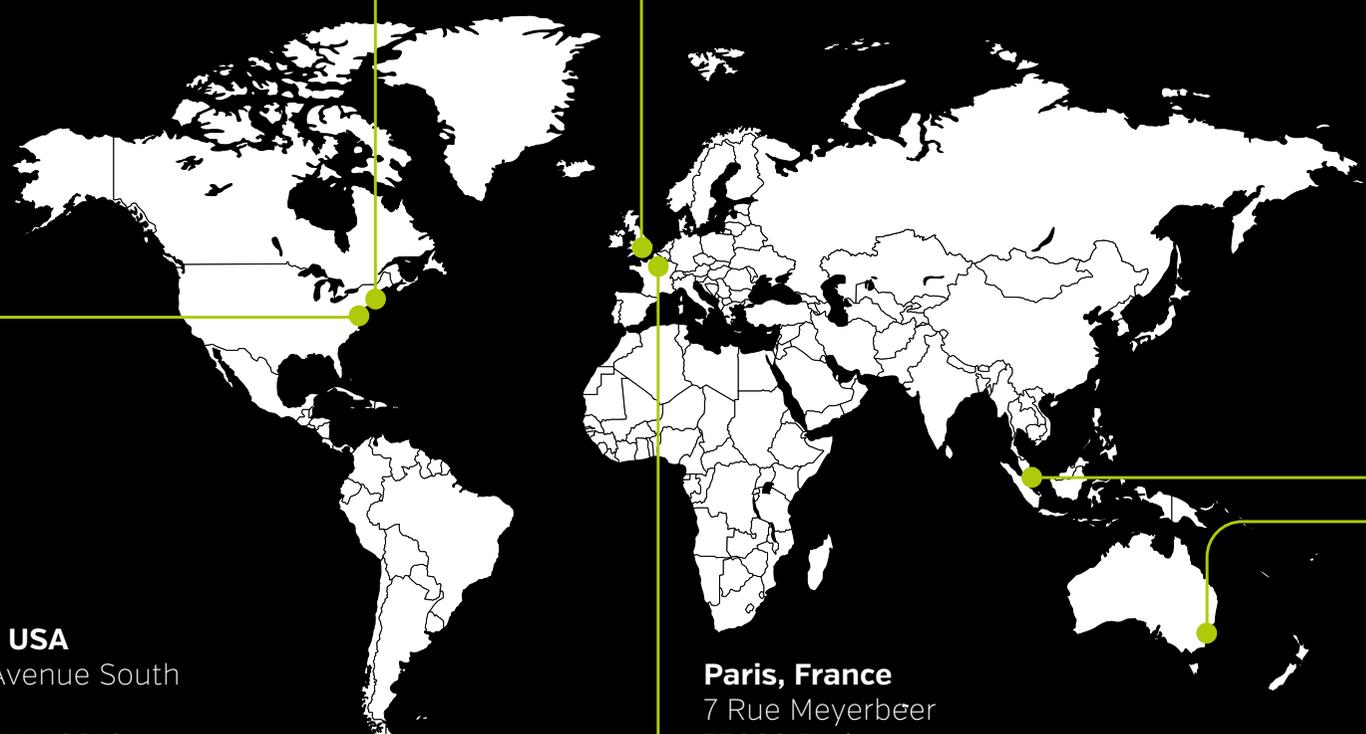
TSA Riley acquired

RGB Assurance [Jun 2024]

[Find out more](#)

[View all deals here](#)

Locations

A world map in white silhouette on a black background. Five yellow circular markers are placed on the map: one in the Northeast US, one in the UK, one in France, one in Southeast Asia, and one in Australia. Yellow lines connect these markers to their respective text boxes: Boston, London, Paris, Asia Pacific, and Australia and New Zealand. A large yellow line also connects the Boston and London boxes to the New York box.

Boston, USA

184 High Street
Suite 601
Boston, MA 02110
+1 (857) 292 8816

London, UK

2nd Floor
41 Eastcheap
London, EC3M 1DT
+44 (0) 203 651 0600

Asia Pacific

15 Beach Road
2nd Floor
Singapore, 189677
+65 6331 6040

New York, USA

460 Park Avenue South
Suite 1102
New York, NY 10016
+1 (212) 256 1120

Paris, France

7 Rue Meyerbeer
75009 Paris
+33 (0) 173 053 941

Australia and New Zealand

Customs House
Level 3, 31 Alfred Street
Sydney
NSW 2000
Australia
+61 2 9051 9007



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