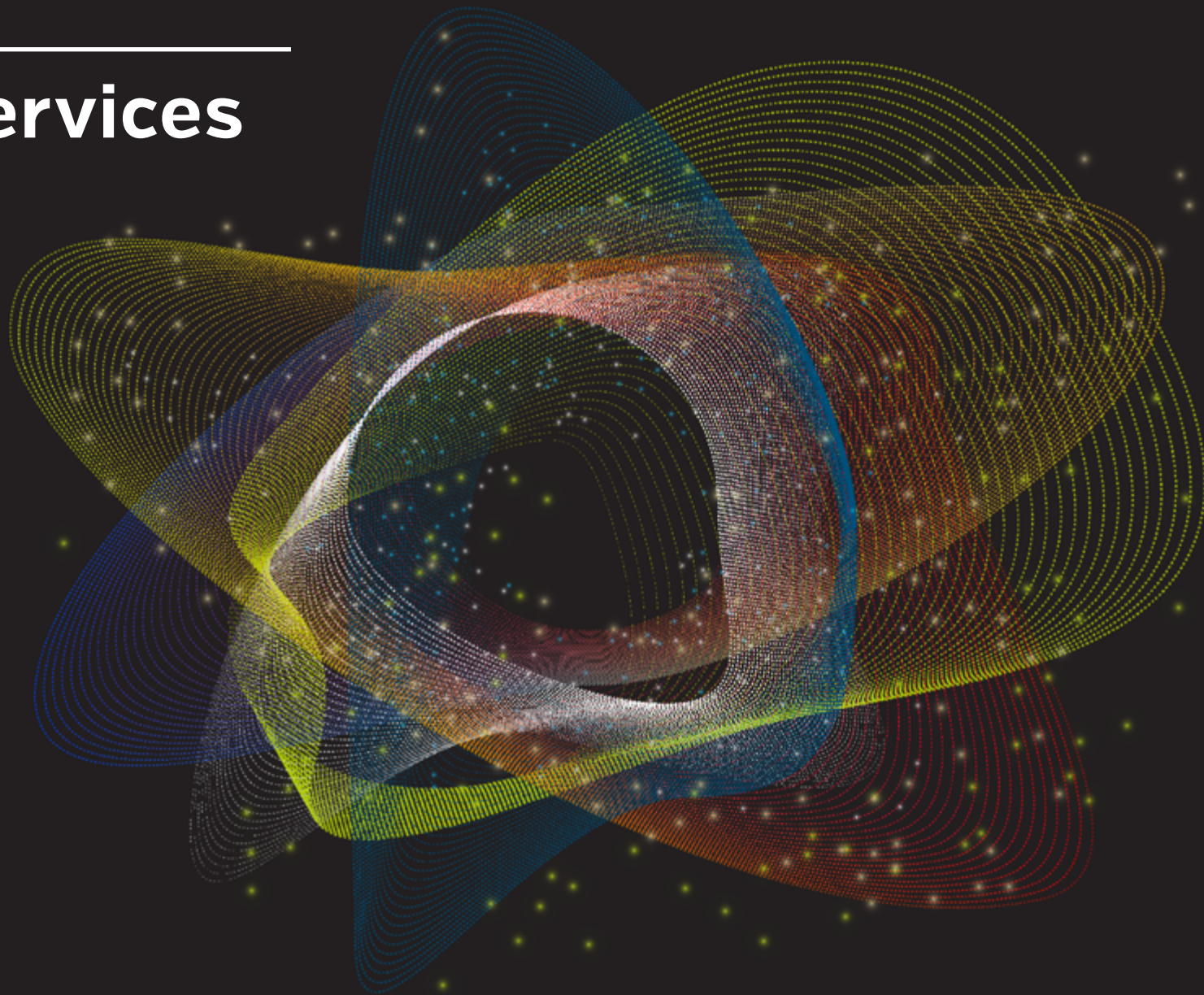




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# Consulting Services M&A Report

Q4 2022



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# Executive Summary


**A**s we enter 2023 and take stock of M&A activity within the Management Consulting space during the previous 12 months, a somewhat complicated picture emerges, especially in the final quarter of the year. Yes, volumes and activity proved resilient throughout the year, with Q4 activity ending almost on a par with a particularly busy Q3, but at the same time, we saw a sharp decline in valuations (down 87% q-on-q) as a result of persisting macroeconomic uncertainty in many regions as well as the lingering effects of high interest rates, inflation, and cost of debt.

With general consulting at risk in times of economic downturn, it is clearly a challenging environment right now for those without specialized expertise. However, we do see room for cautious optimism. The allure of specialized consulting firms continues to appeal in particular to Private Equity buyers, who - with plenty of dry powder to play with - are sharpening their interest in the capabilities required to drive forward the holistic implementation of the Digital Transformation agenda, and to do so at softer valuations than we've seen in recent years. Yet these buy-and-build platform plays are long-term bets and the aspiration of building a future market leader is one that requires active and ongoing investment.

Conversely, trade acquirers are looking more to the near-term, seeking essential consulting capabilities to enable the delivery of critical projects internally - from holistic tech implementation to realizing ESG initiatives that are increasingly mandated by regulations.

Impact remains front of mind, both for consultancies and their clients, as well as those interested in acquiring or investing in them. With companies still pressed by economic uncertainty, the need to add value is more pertinent than ever and those that can - particularly in key verticals such as healthcare, life sciences, finance, and sustainability - will be the firms that attract the greatest interest in the coming year and beyond.

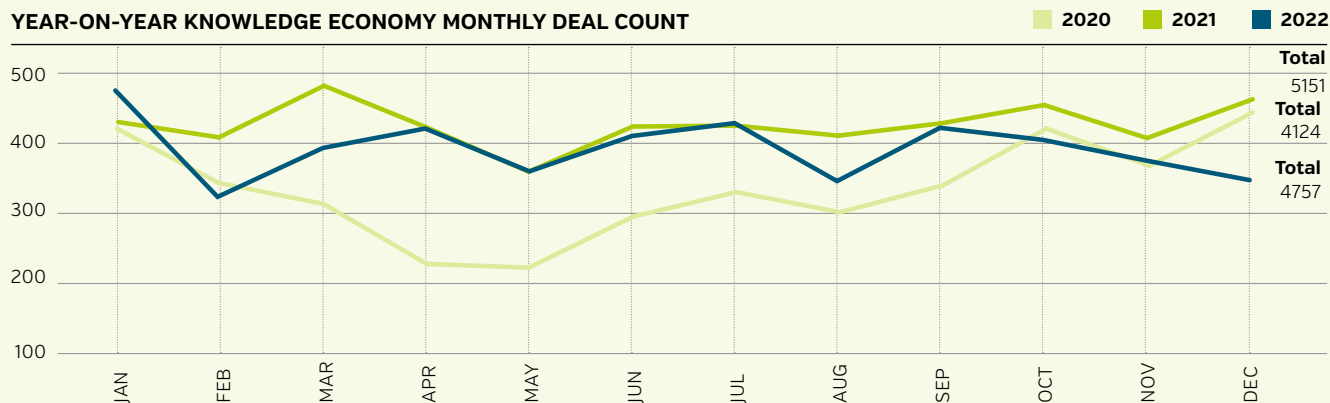
In this report, the Equiteq team provides their regular, detailed quarterly commentary on the key insights and activity seen within the main segments of the Management Consulting space. We also take a look back at M&A activity in these spaces during 2022 as a whole, as well as taking a closer look at some of the key trends shaping buyer interests and habits.

To find out more, please feel free to contact our team, whose details are contained within this report. 

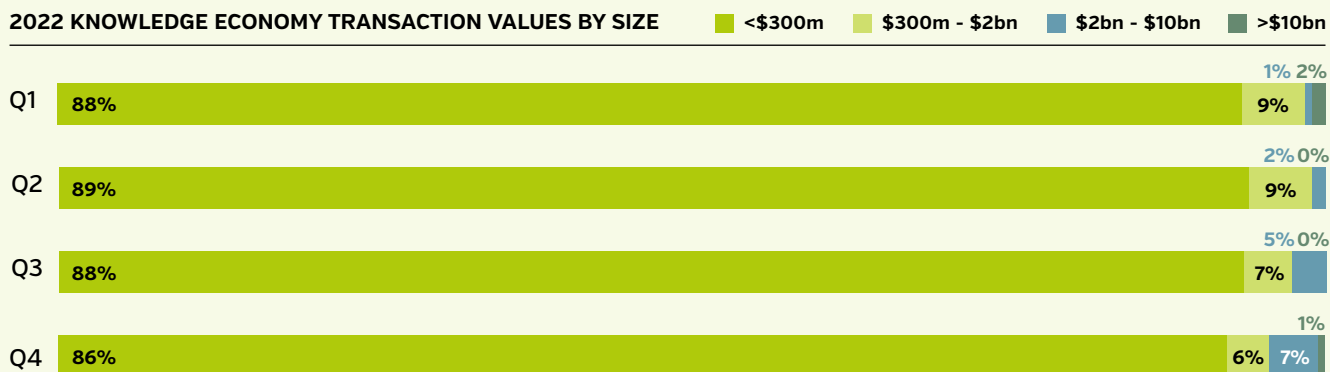
# 6%

fewer deals completed in Q4 2022  
than in Q3 2022

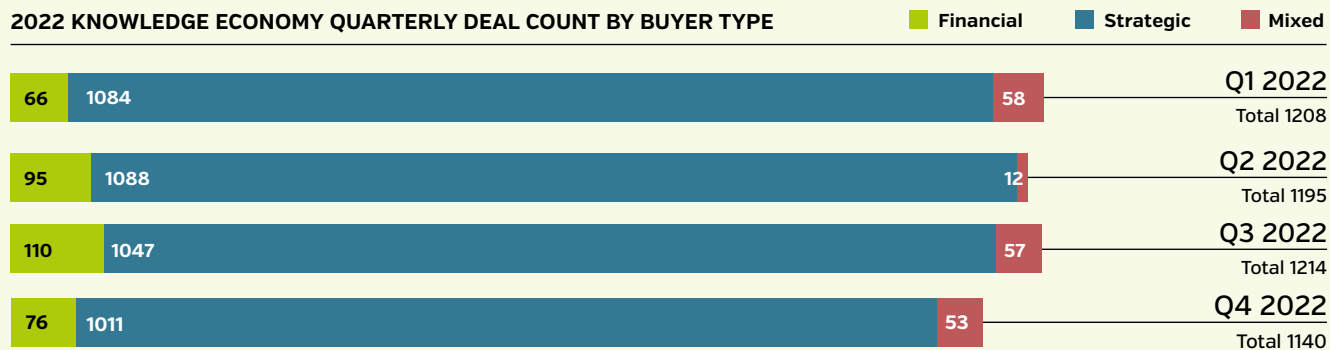
## YEAR-ON-YEAR KNOWLEDGE ECONOMY MONTHLY DEAL COUNT



## 2022 KNOWLEDGE ECONOMY TRANSACTION VALUES BY SIZE



## 2022 KNOWLEDGE ECONOMY QUARTERLY DEAL COUNT BY BUYER TYPE



# Management Consulting

## Q4 M&A activity

### KEY TAKEAWAYS

- Q4 deal volumes proved consistent quarter-on-quarter but valuations dropped sharply
- Consulting companies continue to look lower down in the value chain for technology company acquisitions in order to better understand and advise on the Digital Transformation needs of clients
- The consulting firms proving most attractive to buyers are those able to demonstrate recurring revenue, strong margins, and growth, and also leave behind an ongoing real-time, tech-enabled view of the impact they've made

### Q4 MARKET ACTIVITY

While the resilience of Technology Services providers amid periods of economic downturn moved to the forefront of buyers' minds during Q4, we saw mixed messages in the Management Consulting space. Despite activity proving relatively stable with deal volumes on a par with Q3, valuations plummeted.

"What we're seeing is that the generic skills and generic digital transformation consulting value proposition is less in demand during times when there's uncertainty in the economy," says Jerome Glynn-Smith, Managing Director

at Equiteq in London, UK. "Consulting tends to be one of the first things companies turn off. So, it's a harder environment for many consulting firms right now than for more technology-focused consultancies."

Despite seeing spend increase each successive month during the fourth quarter of 2022, it is scant consolation for the sector with M&A valuations (or at least those publicly announced) amounting to just \$0.83bn in total - a precipitous decline both quarter-on-quarter against Q3 (down 87% from \$6.6bn) and year-on-year (down 98% from \$37bn in Q4 2021).

"Consultancies were a little bit more exposed to discretionary spend in the downturn we saw during 2022," adds Greg Fincke, Managing Director at Equiteq, Boston, USA. "But despite a drop in activity during Q4, I think we will start to see that trend reverse in areas where companies in the Management Consulting space can demonstrate recurring revenue, strong margins, and growth."

### ACQUISITIONS DOWN THE VALUE CHAIN

A key trend that we continue to see in the Management Consulting space is consulting companies acquiring lower down in the value chain and integrating into technology companies. A prominent example of this trend is Deloitte's October

“

It's a harder environment for many consulting firms right now than for more technology-focused consultancies

### NOTABLE DEALS

Equiteq <sup>DEAL</sup>

TRILL IMPACT

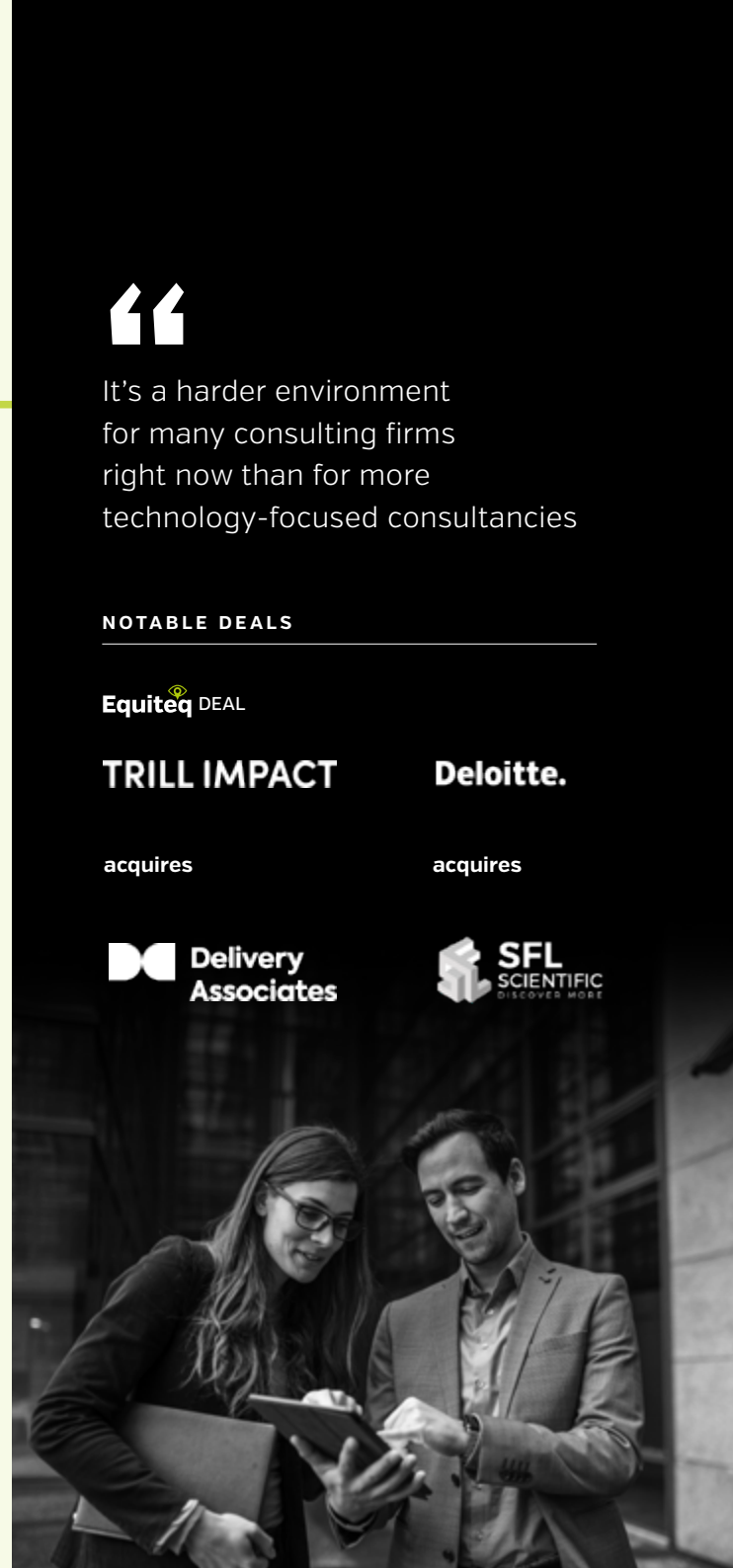
acquires

Delivery Associates

Deloitte.

acquires

SFL SCIENTIFIC  
DISCOVER MORE





acquisition of SFL Scientific, a leading, award-winning Artificial Intelligence (AI) strategy and data science consulting firm. The technical skills and knowledge acquired by Deloitte through SFL will enable the market-leading consultancy to better deliver the capabilities that its clients will need to transform their businesses for future success.

“The need for management consultancies to be able to understand the tech in order to competently advise on it and deliver strategic value is only accelerating,” says Alex Monck, Managing Director at Equiteq in Sydney, Australia. “The problem lies in the fact that there’s a shortage of people with that skill set in the consulting world. Management consultants can’t only be business consultants anymore. They need a certain level of technical capability or at least have access to it within their team to truly do the job properly.”

With technology providers increasingly in need of a holistic approach to consulting that goes beyond installing the technology, we expect to see more acquisitions of firms that can enable consultancies to better align functions across client organizations and help them to benefit more broadly from new technological implementations.

“An example of this that we see in the market is the current demand for Private Equity consulting firms that can drive operational improvements around the business side of digital transformation,” says Fincke.

“Buyers want to invest in consultancies that can deliver greater value and that can help firms navigate digital transformation, not from a hands-on-keyboard lens, but from a people-and-process one.”



### **Buyers want to invest in consultancies that can deliver greater value and that can help firms navigate digital transformation**

#### **THE VALUE OF DEMONSTRATING IMPACT**

One area where management consulting firms can differentiate themselves lies in being able to demonstrate the impact of their work on clients to the investor and buyer community.

“Consultancies that can deliver a measurable ROI for their clients, either in the form of increased revenue, operational efficiencies, or reduced costs, tend to be well insulated from potential reductions in consulting spend by clients during a downturn. In many cases demand for specialist consultants can increase as companies struggle to navigate more challenging economic times,” says Adam Tindall, Managing Director, Head of North America at Equiteq, New York, USA. “It gives buyers

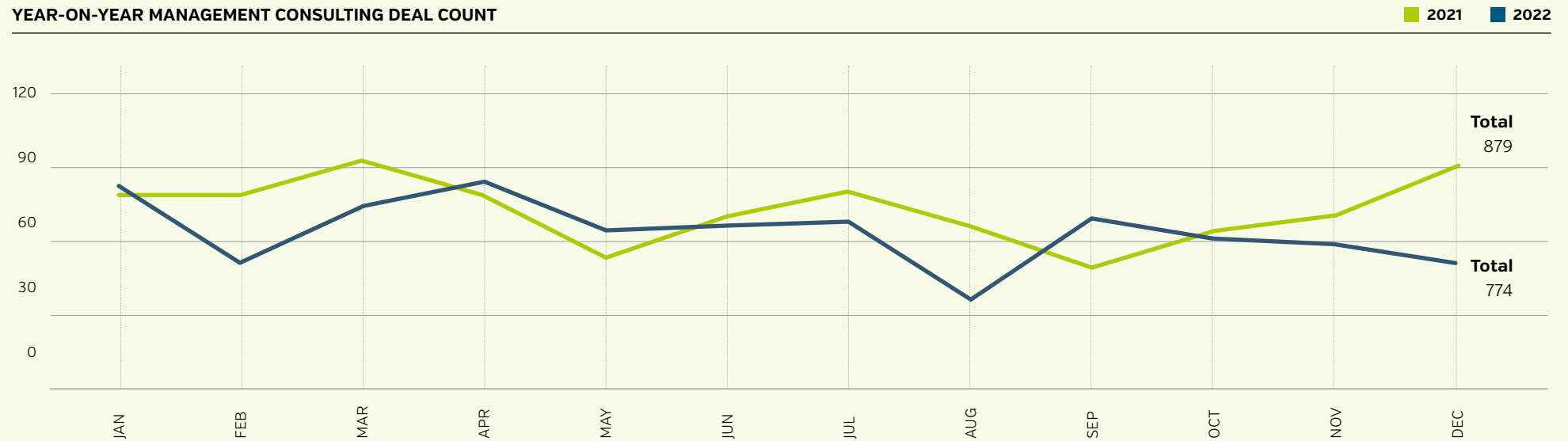
confidence that these management consultancies will continue to be embedded within clients’ organizations and well positioned to identify new opportunities to add value.”

Being able to capture the new normal at the end of a phase of an engagement is now a critical consideration for consultancies looking to demonstrate the value they’ve added to a client’s baseline. Increasingly this means embracing technology to distill results in as straightforward and accessible manner as possible for senior leaders.

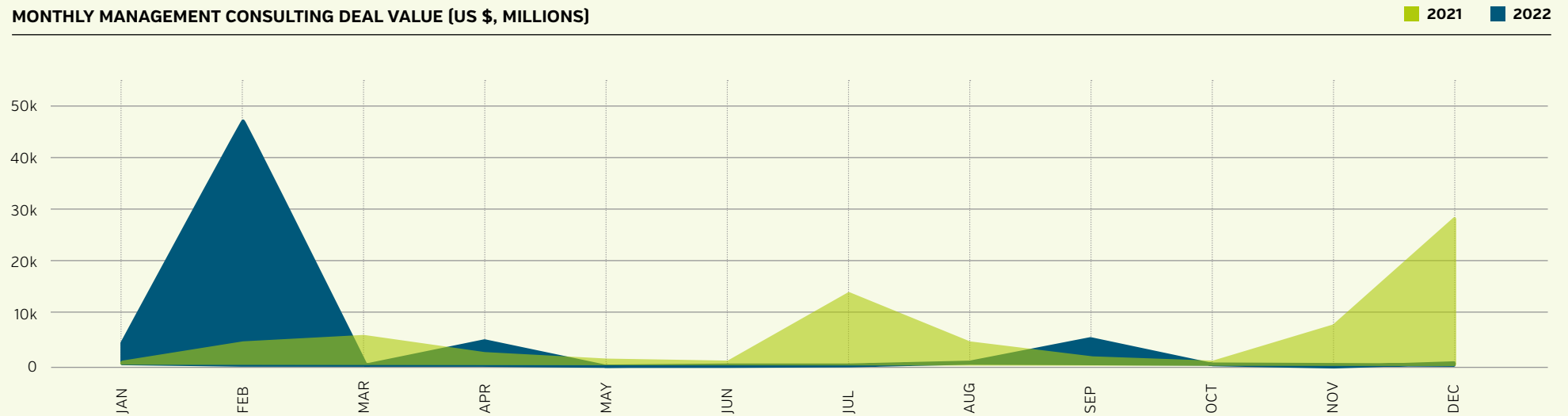
“The age of the slide deck is behind us, and we see the continued value of service offerings that can both deliver and enable the monitoring of results,” says Glynn-Smith. “Stakeholders want a macro, data-fueled view, so consultancies that can leave behind dashboards that provide access to real-time results will be interesting to buyers.”

A deal of note in this regard is the acquisition of the UK-based public sector consulting firm Delivery Associates by Trill Impact, a Private Equity impact fund from Sweden. Having delivered impact in areas from US education reform to microfinance in South America to agricultural reform in Africa, the investment in Delivery Associates is a clear example of the value of demonstrable delivery in the consulting marketplace. ●

## YEAR-ON-YEAR MANAGEMENT CONSULTING DEAL COUNT



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



# Engineering Consulting & Services

## Q4 M&A activity

### KEY TAKEAWAYS

- Deal volumes in the Engineering Consulting space fell slightly during Q4 as did valuations, but activity remains resilient in the face of headwinds
- Firms that can enable greater reporting and compliance with regulatory demands are proving very attractive to buyers right now
- The sustainability agenda is driving high levels of M&A activity as buyers seek to capitalize on new legislative tax breaks

### Q4 MARKET ACTIVITY

M&A activity proved to be a mixed bag in the Engineering consulting space during Q4 2022. Despite seeing deal volumes peak in December for the highest single month of activity since January 2022, overall quarterly activity was slightly down on Q3, falling 7% from 55 deals to 51. However, while not a drastic drop-off, these volumes were significantly lower than they were 12 months previously, with Q4 2022 volumes 29% lower than in Q4 the year before. Overall, annual deal volumes for the space were down 14% on the cumulative activity seen during 2021, falling from 249 in 2021 to 214 deals in 2022.

“From a deals perspective not all engineering companies, especially on the strategic side, have a huge balance sheet. Buyers have been a bit more careful with their investments as access to debt is still challenging” says Sylvaine Masson, Managing Director, Head of Asia Pacific at Equiteq. “Acquirers and investors have been looking at potential deals with a closer eye and really trying to be selective about the opportunities they pursue.”

This closer scrutiny, combined with high interest rates and difficulties accessing debt meant that valuations also dropped steeply quarter-on-quarter, as caution proliferated among buyers wary of over-committing themselves in the face of a potential recessionary environment in early 2023. However, while the quarterly expenditure of \$3.3bn was a drop of 69% from the \$10.7bn seen in Q3, the strong M&A performance in the third quarter helped the Engineering consulting space to deliver cumulative annual valuations of \$15.2bn by the year's end - a 55% improvement on the previous year's total spend of \$10.2bn. A justification then for cautious optimism, perhaps.

“

Acquirers and investors have been looking at potential deals with a closer eye and really trying to be selective about the opportunities they pursue





A lot of new and specific funds are emerging across the globe that focus on sustainability and impact, and that want to invest either exclusively or predominantly in this space

#### COMPLIANCE-RELATED SERVICES FIND THEIR NICHE

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In the Engineering space, we continue to see good traction among buyers for businesses that can enable compliance with evolving regulatory landscapes. This is especially true for those linked with government-related infrastructure projects, which typically demand more visibility and stringency around reporting.

“Companies in the testing and certification space seem extremely attractive to buyers right now, and that’s being driven by regulatory demands,” says Masson. “This makes business and revenues both stable and recurring. It’s a space that has high visibility and low risk, which makes it very attractive.”

Firms that can demonstrate a visibly strong backlog or demand for their compliance-related services will continue to be perceived as a lower risk bet for buyers from a cash flow perspective.

#### SUSTAINABILITY SUSTAINS ACTIVITY

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Everything linked to sustainability continues to remain front-of-mind for many buyers in the Engineering Services sector, and there is a growing amount of money available for technology-driven firms that can make a clear impact.

“Sustainability remains extremely attractive with emerging players in the Private Equity space,” adds Masson. “A lot of new and specific funds are emerging across the globe that focus on sustainability and impact, and that want to invest either exclusively or predominantly in this space.”

With governments actively pushing for tighter legislation globally and regulations becoming more common-place across regions, this is providing a tangible boost to businesses that can deliver tech-enabled value to businesses that need to comply.

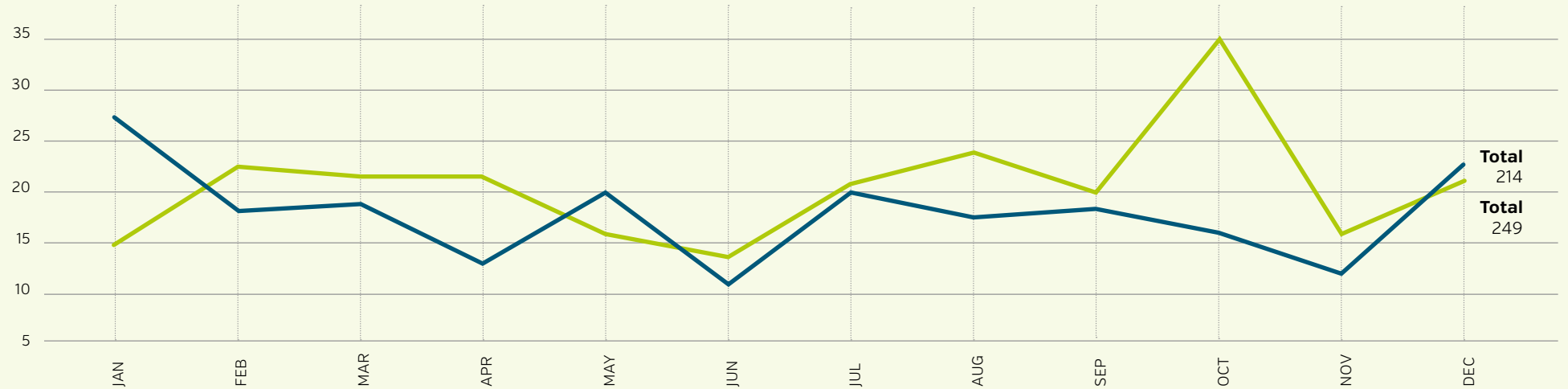
“We’re seeing a more general, global shift towards investing in projects that make sense and can help firms make a positive impact on the world - for example, everything related to Carbon is super interesting to buyers right now,” says Masson. “That’s not to say investors aren’t looking at the short-term numbers and profitability of businesses, but they are also taking into account that type of long-standing, positive impact too and a growing number are willing to invest in the future.”

Clean energy tax credits, such as those baked into the Biden Administration’s Inflation Reduction Act, are also likely to shape buyer interests in the coming years as new companies emerge looking to develop IP and solutions while simultaneously benefiting from substantial tax breaks - although this could lead to a two-lane marketplace. ●



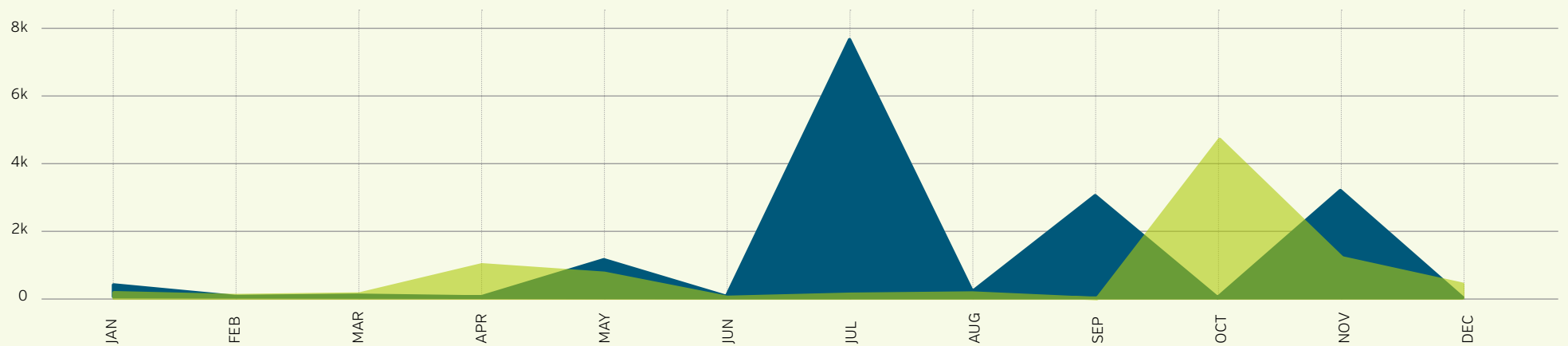
## YEAR-ON-YEAR MONTHLY ENGINEERING DEAL COUNT

2021 2022



## MONTHLY ENGINEERING DEAL VALUE (US \$, MILLIONS)

2021 2022



# Human Capital Management Consulting Services

## Q4 M&A activity

### KEY TAKEAWAYS

- M&A activity in the HCM consulting space further retreated with both deal volumes and valuations falling during Q4
- Markets have become slightly less tense around certain areas of in-demand skills which may have slow M&A activity as a result
- Consulting firms focusing on the higher end of the talent market and that can add value beyond recruitment are proving increasingly attractive to buyers

### Q4 MARKET ACTIVITY

As with other areas of consulting, macroeconomic uncertainty continues to impact M&A activity in the Human Capital Management (HCM) sector. Deal volumes in the fourth quarter fell to their lowest point in more than two years in October, with overall activity down 31% on Q3, falling from 70 deals to 48 in Q4. This is also a drop from the 77 deals seen in Q4 of 2021, resulting in an annual total of 249 deals - a drop of 16% year-on-year.

Sector spend also dropped starkly as buyers looked to minimize potential risk and wait out short-term financial difficulties. Quarterly valuations totaled \$0.24bn, falling from a high of \$2.3bn in Q3, to see total annual spend finish around the \$3bn mark - down 26% from 2021's total of \$4.1bn.

"While there's still buyer interest in HCM, we are definitely seeing people be more cautious in terms of investing in the space," says Masson. "There's less interest in low-value recruitment body-shops because the demand is for specific skills. So, what is enticing buyers to act are those companies that can train and retain individuals, equipping them with a certain level of skills so that they can take on responsibilities sooner."

Given buyer interest in emerging and innovative technologies is only going to increase, we should expect M&A activity to turn towards those consulting firms focusing on the higher end of the talent market and that are capable of providing value-added services on top of recruitment and outsourcing as we head into 2023.

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What is enticing buyers to act are those companies that can train and retain individuals, equipping them with a certain level of skills so that they can take on responsibilities sooner





Ongoing workforce challenges continue to persist globally and the demand for talent continues to draw buyers towards staffing companies.

#### TECH TROUBLES EASE TALENT TENSIONS

The impact of inflation has rightly been a source of consternation for employees globally, not just from a cost-of-living perspective but just as equally from a job retention one too. This has been no more visible than with the growing number of mass layoffs in the tech space. In turn, this has - somewhat ironically - started to ease skills scarcities in the market as talented individuals seek new opportunities having been made redundant.

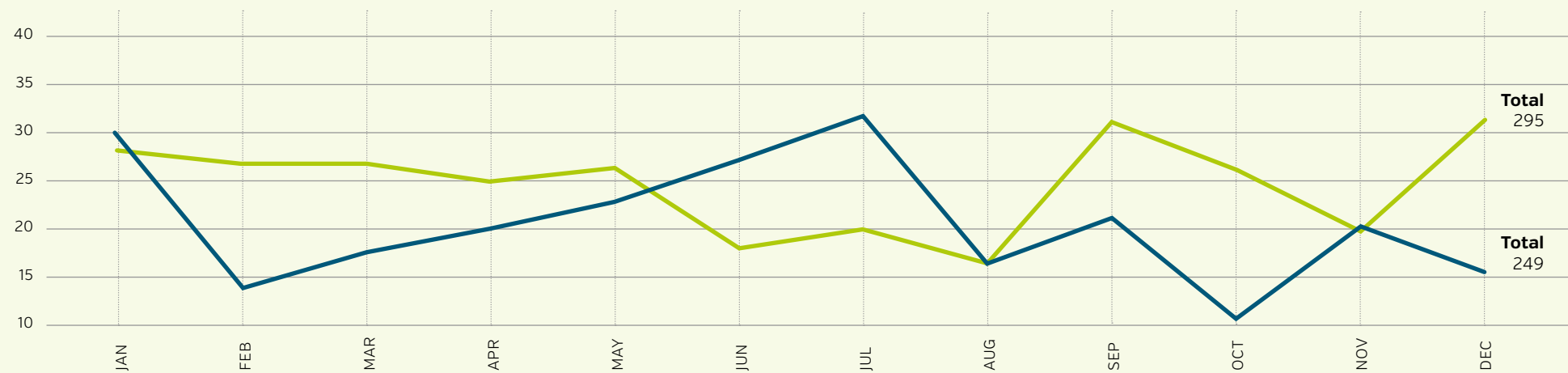
“We’ve seen an obvious impact from the mass layoffs that started in Q4 and that will continue into early 2023,” says Masson. “It means that the market is becoming slightly less tense around some of the critical skills that were very much in demand,

and this may slow M&A activity as a result. We had a period where the combination of people pushing for higher salaries amid a scarcity of skills drove up valuations, but it looks like we are going to get back to a model that is a bit more sustainable now.”

With markets stabilizing from a resource perspective, we can expect a market correction on the valuations around tech-related companies compared to high multiples that became pervasive in 2021. From an HCM M&A perspective, the digital transformation agenda is still a strong, long-term trend and while skills may be more readily available in certain areas, Knowledge Economy buyers will still be in search of the next hot pocket of talent, especially as nearshoring and rightshoring prove to be viable ways of accessing critical capabilities at lower costs. ●

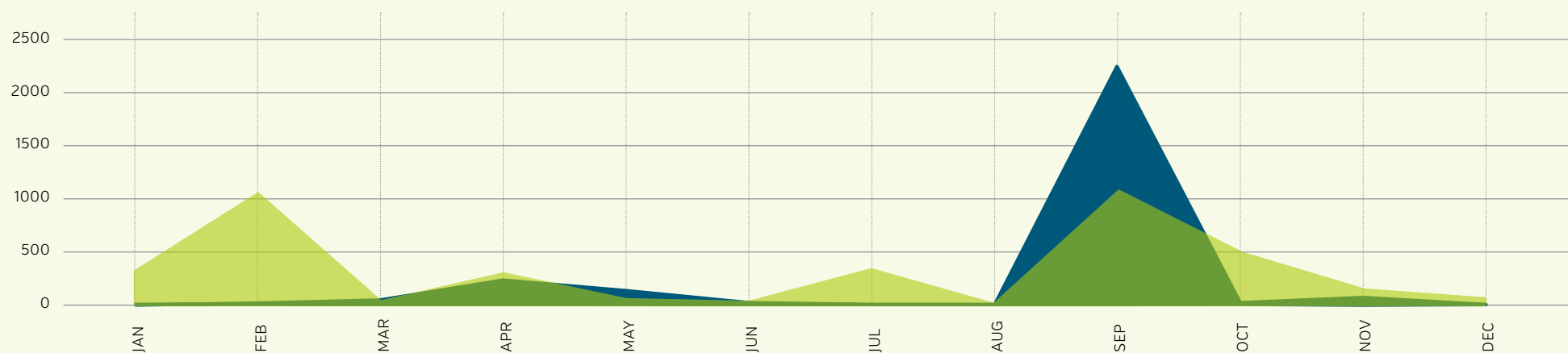
## YEAR-ON-YEAR MONTHLY HCM DEAL COUNT

2021 2022



## MONTHLY HCM DEAL VALUE (US \$, MILLIONS)

2021 2022



# 2022: 5 Key Takeaways

1

**M&A activity remained resilient in 2022**

2

**Buyers became more selective in H2, prioritizing profitability**

3

**Private Equity participation increasing**

4

**Growing interest in niches like legal, finance, engineering, and retail**

5

**Strong demand for development, ESG, and innovation consulting**



**ADAM TINDALL**  
Managing Director,  
Head - North America

Adam Tindall comments: "We've seen interest across multiple vertical specialties within the Management Consulting market during 2022, with deals being done in the legal services, financial services, and market retail spaces in particular. Engineering is another area that has seen high levels of buyer interest given regulatory demands, as have healthcare and life sciences. Consulting firms that can articulate a clear value-add and tech-enabled methodology in these verticals are increasingly sought after and will only grow more appealing to buyers in 2023."



**GREG FINCKE**  
Managing Director,  
Head - North America

Greg Fincke adds: "We're seeing Private Equity increasingly using consultants to drive improved performance and generate bigger returns, faster. PE has shown a real willingness to invest in the consulting space, accelerate growth, and set the company up for a successful exit down the road - and we're seeing the level of this investment grow rapidly, even to the point where in the larger Private Equities it has started to look a lot like a Fortune 500 company spend."



# M&A 2023: Trends & Outlook

## TREND 1: ONGOING ECONOMIC CHALLENGES

## TREND 2: CONSULTING & THE DIGITAL TRANSFORMATION AGENDA

## TREND 3: SUSTAINABILITY & ESG CONSULTING

### TREND 1: ONGOING ECONOMIC CHALLENGES

#### KEY TAKEAWAYS

- Ongoing economic uncertainty will continue to act as a short-term dampener on M&A activity in the Consulting Services space during H1 2023
- Private Equity buyers still hold significant amounts of dry powder that needs to be deployed and their growing comfort with the Professional Services space will likely be a key driver of M&A activity
- Those consulting firms that invest in making an impact and can demonstrate how they enable success, will prove most attractive to buyers

Macroeconomic uncertainty continues to persist as we progress deeper into 2023, although for quite how long remains unclear. Global data suggests that inflation has peaked, falling in the US since June 2022

and dropping in the Eurozone for the first time in almost 18 months. While consumer prices remain well under global averages in APAC, even the UK saw a slight easing of inflation in late Q4 and a sliver of growth to technically stave off a recession.

“We continue to see a slowdown in activity in both Europe and the US, where buyers remain maybe a bit more cautious than we’ve seen in recent times,” says Masson. “Whereas investors and acquirers in South America, APAC, and the Middle East are still very bullish. They want to grow at high speed, and they’ve been a bit less impacted by the inflation and high interest rates affecting buyers elsewhere.”

Although demand among businesses remains strong for technology and consulting skills, it is also the case that discretionary spending on generic consulting is always at risk in uncertain times, so we may expect the slowdown in activity that we saw in Q4 to continue through H1 2023.

“I don’t think that 2023 is going to be the easiest of years for the Management Consulting space,” says Glynn-Smith. “The first quarter will probably be better than we think but for now it’s still a bit ‘wait-and-see’. If things don’t pick up, then we’ll see the typical areas of demand for Management Consulting kick in, which in recessionary times are essentially cost-reduction projects.”

“

Investors and acquirers in South America, APAC, and the Middle East are still very bullish. They want to grow at high speed, and they’ve been a bit less impacted by the inflation and high interest rates affecting buyers elsewhere





There's a growing opportunity right now for Private Equity funds that are comfortable in the professional services space to build and scale management consulting practices

Economic challenges then will continue to impact buyer appetites for consulting firms, with interest focused on those that can most clearly demonstrate value and impact throughout the value chain. There may also be some softening of valuations given the drop-off in demand for certain types of consulting capabilities.

"Despite the economy, or maybe because of it, there's a growing opportunity right now for Private Equity funds that are comfortable in the professional services space to build and scale management consulting practices," says Tindall. "It's not as competitive from a Private Equity landscape as the Tech Services space, but as the opportunity becomes more obvious, I think we'll see more Private Equity investments."

So, the advice for consulting firms amid economic uncertainty? Invest smartly in delivering impact and be ready to be seen as a business that can enable growth.

"The key considerations are to invest in growth, invest in the management team, and invest in succession planning," says Fincke. "A lot of Management Consulting firms tend to run pretty lean, and it takes a while for people to develop into the next generation of leaders, so for firms looking for investment or a buyer, my advice is to make those investments, professionalize early, and focus on being seen as a platform capable of delivering high growth and visible impact."

## TREND 2: CONSULTING & THE DIGITAL TRANSFORMATION AGENDA

### KEY TAKEAWAYS

- The cloud - and everything it enables - will remain a fundamental driver of M&A activity in the Technology Services space during 2023
- To stay relevant and maximize delivery impact, it is essential for Management Consultancies to keep investing in learning about emerging technologies and the talent that understands them
- Specialized consulting that can enable Digital Transformation is most in demand in the healthcare, life sciences, engineering, and finance sectors

The need to digitally transform remains a critical driver of M&A activity in the Management Consulting space. Flagged as a key tailwind by almost two-thirds of respondents in our [2023 Buyers Report](#) (growing to 74% among Strategic Acquirers), we are seeing a growing opportunity emerge for tech-savvy consultancies that can help organizations maximize the value of the technology at their disposal.

"Cloud remains a pivotal trend for all things Digital Transformation and is continuing to enable and shape new consulting environments too," says Glynn-Smith. "Companies need to understand how to make the most of business models enabled by the Cloud, as well as the investments they're making as a

consequence of Cloud penetration, such as remote data centers, cyber security, and other new technologies. There's a real demand for the consulting skills capable of unlocking holistic synergies that businesses need in a Cloud-enabled world."



**There's a real demand for the consulting skills capable of unlocking holistic synergies that businesses need in a Cloud-enabled world**

As these new consulting environments evolve, we're also seeing challenges emerge around recruiting and hiring, as well as education and training as consultancies seek increasingly specific, high-end technical capabilities among relatively small pools of talent.

"From a management consulting perspective, if you want to remain meaningful, you need to be up to date on the latest technology trends," says Masson. "It's essential to keep investing in learning about these new, emerging technologies and the talent that understands them because even if some are still quite new, it's still going to be something that potential clients will want to focus on in the coming years."

Consultancies that are able to competently rationalize tech investments and optimize them in a way that makes sense for the future of the business will prove attractive both to end-clients as well potential investors and acquirers - some of which may include consultancies themselves. We're already seeing consulting firms such Bain & Company, Deloitte, and Accenture acquire more specialized skill sets from further down the value chain to augment their own capabilities and service offerings around Digital Transformation.

"With companies looking to navigate their Digital Transformation agenda in a potentially difficult macroeconomic environment, tech consultants or specialized management consultancies can play a really important role in helping these businesses maximize value," says Fincke. "There's an increasing role for these types of consultancies to play and having this specialized domain expertise also creates more opportunities for follow-on work, which will attract buyers."



**Tech consultants or specialized management consultancies can play a really important role in helping businesses maximize value**

With Digital Transformation a non-negotiable, it can be difficult to single out specific verticals of interest to buyers as the penetration and adoption of more innovative software and technology increases. However, we can look to broader trends to highlight where the need for more specialized consulting expertise is proving more appealing.

"A lot of buyers are asking about management consultancies focusing on healthcare and life sciences technology, both of which are huge markets in the wake of the pandemic and will continue to keep growing with aging populations worldwide," says Masson. "Engineering consultancies are also of interest given the growing sustainability agenda, while tech consultancies in finance and banking are attractive as well because it's a sector that is relatively stable and wealthy."

Consultancies looking to play the Digital Transformation trend and catch the eye of potential acquirers will need to work hard to differentiate themselves from their competitors.

"Consulting firms should look to develop deep and specific insights around technology so that they can gain market share," says Masson. "Developing a tech-enabled solution based on specific databases and data-points, or having some kind of leading-edge expertise in a specific sector is really valuable. These insights can help businesses to scale faster and will help make consultancies more attractive to both prospective clients and buyers."



Specialized consulting in areas such as ESG is increasingly seen as more valuable [and] will be further accelerated by legislation

### TREND 3: SUSTAINABILITY & ESG CONSULTING

#### KEY TAKEAWAYS

- Specialized consulting in areas such as ESG and sustainability is becoming increasingly attractive to buyers and this will only be accelerated by evolving regulatory environments
- Private Equity are a major buyer subset, with a growing number of specific funds being set-up to execute long-term buy-and-build strategies in the sustainability space
- Although in the ascendancy, the sustainability consulting space is still relatively young and remains unconsolidated, with few clear market leaders

The ESG consulting trend continues to grow and evolve, in turn making the space more competitive. As the need for firms to be able to leverage relevant capabilities internally accelerates, we are seeing this specialized area of consulting becoming increasingly attractive to both Strategic and Private Equity buyers.

“More and more buyers are seeing generic consulting and specialized consulting as offering different levels of value,” says Glynn-Smith. “Specialized consulting in areas such as ESG is increasingly seen as more valuable than non-specialized consulting and, as 2023 progresses, I think this will be further accelerated by legislation that fuels consulting services.”

With legislation driving demand for relevant consulting skills - and in turn M&A activity - we are seeing the underlying sustainability trend boosted by a growing

number of Private Equity funds set up specifically to invest in these types of innovative businesses. The divergence among buyers then lies in their focus, and what is becoming clear is that Financial Investors are taking a longer-term view compared to Strategic players, who are seeking capabilities to solve a more immediate internal need.

“These Private Equity funds are interested in building platforms for the long term and they’re focusing on how this can be scaled to the next level globally and which players can be bought to create global leaders,” says Masson. “Whereas Strategics are facing problems in terms of delivering these types of projects, and so are looking for companies simply because they do not have the people and skills they need.”

However, the marketplace remains largely unconsolidated and we’ve yet to see quite the dominance of leaders that we see in, say, the broader Tech Services and Consulting markets.

“It’s clear that the demand for sustainability and ESG consulting services is definitely there, but right now there’s just not enough consultants with specialist experience and skills to meet corporate demand,” says Monck. “It’s only in the last couple of years where we’ve seen consultancies really start to invest in areas like ESG quite heavily so there’s a huge mismatch.”

With demand only growing for consulting firms in the ESG space, those that will likely prove most attractive to buyers will be those in possession of a strong foundation of knowledge and skills. Such capabilities will be fundamental in enabling the transformations that many companies will need in the coming years, and so consultancies that can demonstrate such capabilities will be able to prove themselves as more scalable, more able to develop for the long-term, and more able to win ongoing streams of work rather than simply riding short-term opportunistic waves. ●

# Q4 2022: Deal highlights

## Equiteq DEAL

Trill Impact partners with  
Delivery Associates

TRILL IMPACT

 **Delivery  
Associates**

- Equiteq has advised Delivery Associates Ltd. (DA), a UK 200-person public sector consulting firm, on its new partnership with private equity Impact House, Trill Impact.
- DA works with ambitious governments across the globe to deliver real results for their residents and citizens that have lasting impact.
- The new partnership with Trill Impact will bring new opportunities to DA employees and clients, with the aim to grow DA's impact around the world.

## Equiteq DEAL

Renovus Capital acquires  
HBR Consulting

 **RENOVUS  
CAPITAL**

**HBR  
CONSULTING**

- Equiteq has advised HBR Consulting, a US-based 250-person legal advisory firm, on its sale to private equity firm Renovus Capital.
- The agreement will provide access to capital to accelerate HBR's significant growth, as recognized by Inc. 5000's list of America's fastest-growing private companies for the past four years running.

Deloitte acquires  
SFL Scientific

**Deloitte.**

 **SFL  
SCIENTIFIC**  
DISCOVER MORE

- Deloitte has acquired SFL Scientific, a 55-person artificial intelligence (AI) strategy and data science consulting firm based in the USA.
- SFL Scientific's team of AI strategists, data scientists, and AI engineers have a proven track record serving organizations in the private and public sectors.
- The acquisition underscores Deloitte's commitment to investing in the capabilities required to transform clients' businesses and further positions Deloitte as an AI leader. It also accelerates the growth of Deloitte's US AI market share.

EY acquires  
Bridge Business Consulting

 **EY**

 **Bridge**

- EY has acquired Bridge Business Consulting, a 20-person data & analytics specialist based in Sydney, Australia.
- Established in 2012, Bridge provides value from data with a focus on data strategy, engineering, and management, plus analytics and artificial intelligence offerings.
- The acquisition will strengthen EY's growing Data & Analytics practice and enable its ability to support existing clients.



# Q4 2022: Deal highlights

WNS acquires  
The Smart Cube & OptiBuy



- WNS has acquired The Smart Cube, a UK-based 1,000-person provider of analytics and market intelligence, and OptiBuy, a Polish 80-person procurement consultancy, to enhance its digital analytics and procurement capabilities.
- Founded in 2003, The Smart Cube's offerings span across procurement and supply chain, commercial sales & marketing, digital and analytics, and strategy and investment research.
- Founded in 2010, OptiBuy leverages capabilities of 3rd party platforms including Ivalua, Jaggaer, and O9, complementing WNS' platform offerings with Coupa and Ariba.

Siemens acquires  
Vendigital



- Siemens has acquired Vendigital, a 100-person data-led operations consulting company based in the UK, from PE firm Livingbridge.
- Vendigital serves blue-chip clients on data-led cost transformations with a particular focus on supply chain management, procurement, cost and value engineering, and operating strategy.
- The acquisition strengthens Siemens Advanta's footprint in the UK and will complement its digital and strategic consulting service capabilities for industrial customers.

Artefact acquires  
Arca Blanca



- Global data transformation consultancy Artefact, backed by Ardian and Cathay Capital, has acquired Arca Blanca, a 60-person data consulting firm in the UK.
- Founded in 2018, Arca Blanca has achieved a compound annual growth rate of around 40%. It uses its deep data expertise to resolve complex growth and profitability challenges for FTSE 100 and FTSE 250 firms.
- This is the fourth acquisition aligned with Artefact's goal to become the global independent leader in data consulting.

PA Consulting acquires  
The Cambridge Group



- PA Consulting (PA) has acquired The Cambridge Group (TGC), a 60-person growth strategy firm based in the USA.
- Founded in 1975, TGC provides growth strategies, innovations, go-to-market activations, and pricing for clients across the consumer, retail, and healthcare sectors.
- The acquisition enhances PA's unique end-to-end innovation offerings and provides PA with a new office in Chicago, Illinois, a major US hub.

# Q4 2022: Deal highlights

## Accenture acquires YSC Consulting



- Accenture has acquired YSC Consulting, a 200-person CEO advisory and leadership consultancy based in the UK, from Graphite Capital.
- Founded in 1990, YSC has served corporate and PE clients, including 45% of the FTSE 100 and more than 40% of the largest PE firms globally.
- The acquisition follows a string of transactions in 2021 and 2022, strengthening Accenture's capabilities to advise the CEO, C-Suite, and Board.

## Capgemini acquires Quorsus



- Capgemini has acquired Quorsus, a 70-person consultancy specialized in capital marketings solutions to financial institutions based in UK.
- Founded in 2019, Quorsus has deep knowledge in post-trade capital markets and delivery capabilities to support clients in regulatory reporting, financial market infrastructure, and securities processing.
- The acquisition strengthens Capgemini's capabilities to support its capital markets clients across the full trading cycle.

## Capgemini acquires Quantmetry



- Capgemini has acquired Quantmetry, a 160-person data science and artificial intelligence technology solutions consultancy firm based in France.
- Founded in 2011, Quantmetry works with clients in the manufacturing, energy, retail, consumer goods, and insurance sectors with data science services incl. big data, AI, ML, business intelligence and process mining.
- The firm will be integrated within Capgemini Invent and strengthen Capgemini's position in the AI, data consulting & transformation market.

## PwC acquires Sagence



- PwC has acquired Sagence, a 50-person data management and analytics consulting firm based in the USA.
- Founded in 2009, Sagence helps clients align data and business strategies, develop insight using data science, manage data change, build platforms, and deploy emerging data technologies.
- The acquisition is part of PwC's efforts to expand its digital business and follows a string of three acquisitions in the past 18 months. M&A has been the top way to scale up data capabilities to meet the demand for data transformation.

# Q4 2022: Deal highlights

## EY acquires ifb SE



- EY has acquired ifb SE, a 400-person international financial and risk transformation consultancy headquartered in Germany.
- ifb has been a global SAP partner for over 25 years and brings deep expertise in financial services SAP domain and architecture.
- The acquisition will enable EY to develop holistic architecture for customers and enable more efficient regulatory compliance.

## Sia Partners acquires Latham Biopharm Group



- Sia Partners has acquired Latham Biopharm Group (LBG), a 60-person life science consultancy based in the USA.
- Founded in 1996, LBG specializes in helping pharma, biotech, and medical device firms secure non-dilutive funding from US government agencies and NGOs. LBG also offers strategic consulting including market research, financial analysis, and transaction-related support.
- The acquisition marks Sia Partners' launch of its new life science division, which Sia plans to grow to 200 employees by 2024.

## WSP acquires BG Consulting Engineers



- WSP has acquired BG Consulting Engineer (BG), a 700-person engineering consulting firm based in Switzerland, also operating in France, Portugal, and Italy.
- BG offers consulting, engineering, and project management services in the infrastructure, building, water, environment, and energy sectors.
- The acquisition enhances WSP's European strategy, gaining foothold in French-speaking regions, and scaling its capabilities in key sectors including Buildings, Environment, Renewable Energy, and Water

## Egis acquires Calibre Professional Services



- French consulting engineer Egis has acquired Calibre Professional Services, a 400-person specialist in end-to-end sustainable engineering and consulting services based in Australia.
- Calibre Professional Services focuses on servicing the fields of urban development, water, roads and building services and structures.
- The transaction will strengthen Egis' engineering capabilities in the building, transport, utilities and energy sectors across ANZ regions.

# Q4 2022: Deal highlights

## Initiative & Finance invests in CSD Group



- French investment firm Initiative & Finance (I&F) has invested in CSD Group, a 900-person environmental engineering consultancy based in Switzerland.
- Founded in 1970, CSD provides services in the fields of environment (biodiversity, waste, water, energy), natural resources, and construction.
- With the investment from the I&F Tomorrow fund, CSD has found a partner for stability and strengthening the Group's development in Switzerland and internationally

## Deloitte acquires PACER



- Deloitte acquires PACER, a 50-person infrastructure-focused engineering and consulting firm based in the Netherlands.
- Founded in 2007, PACER provides services across project, contract, technical, and environmental management.
- This transaction positions PACER and Deloitte to better help corporate and government clients as sustainability-oriented transitions continue to act as drivers of major infrastructure, energy & industrial projects.

## BGSF acquires Horn Solutions



- Staffing solutions firm BGSF has acquired Horn Solutions, a 150-person workforce solutions firm based in the USA, with offices in Houston, Dallas, and Austin, Texas.
- Formed in 1987, Horn Solutions specializes in business consulting, managed services, and executive search.
- The acquisition allows BGSF to expand its existing IT managed services and take advantage of cross-selling opportunities.

# Contributors



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Adam has over 12 years of M&A and corporate finance experience and is responsible for project managing M&A transactions. He has worked with numerous entrepreneurial businesses helping shareholders to maximize and realize value through disciplined transaction processes.

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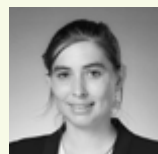
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# Meet Equiteq

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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

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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

### Technology Services M&A Report Q4 2022

This industry report is a compilation of quarterly insights from the Technology Services sector, created to help you make well-informed, critical decisions about the future of your business.

[Download the report](#)

### Environmental & Sustainability Consulting M&A Report 2023

M&A within the Environmental and Sustainability sector continues to be very active for consulting and technology companies. Both PE and trade buyers are actively engaged in the market, resulting in 43% more deals in 2022 than in 2021.

[Download the report](#)

### Global Buyers Report 2023

For the eighth year, we're pleased to present the findings from our annual survey of global Strategic buyers and Private Equity investors across the Knowledge Economy. Download the report now for exclusive insights into the insights and habits of buyers across the Knowledge Economy.

[Download the report](#)

### Life Sciences Consulting M&A Report 2022

M&A within the life sciences sector continues to be very active for consulting and technology companies, with recent attention-grabbing acquisitions like AmeriSourceBergen's purchase of PharamaLex for \$1.3bn in September 2022.

[Download the report](#)

## Resources

### 50 Tips for Owners of Consulting and Technology Services Firms to Maximize Value

Our team has distilled their years of dealmaking and sector experience into these 50 Tips, that owners can use to achieve their firm's strategic objectives.

[Access 50 Tips](#)

### Webinar: Maximize your consultancy's exit value and prospects

Hear insights from Equiteq and Growth Capital Partners on how to fully maximize your firm's valuation, providing actionable insights into how to prepare for exit and attract the right buyers.

[Watch on demand](#)

## Recent Deals

Equiteq advises Lexicon on its sale to Endava [October 2022]

[Find out more](#)

Equiteq advises Value Point Systems on its sale to Softline Holdings (now NOVENTIQ) [October 2022]

[Find out more](#)

Equiteq advises BIOS Middle East on its sale to ZainTech [October 2022]

[Find out more](#)

Equiteq advises HBR Consulting on its sale to Renovus Capital [November 2022]

[Find out more](#)

Equiteq advises Delivery Associates on its partnership with Trill Impact [December 2022]

[Find out more](#)

Equiteq advises Cleartelligence on its recapitalization by Align Capital Partners [January 2023]

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Equiteq advises Bain & Company on its acquisition Enterprise Blueprints [January 2023]

[Find out more](#)

Equiteq advises Talan Group on its acquisition Gemserv [January 2023]

[Find out more](#)

Equiteq advises MML Capital on its investment in Kickmaker [February 2023]

[Find out more](#)

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