

THE KNOWLEDGE ECONOMY GLOBAL M&A REPORT **2020**

Market trends and key transactional insights for owners
of knowledge-intensive services and software businesses



Management consulting



Technology services



Marketing, communications and
information services



Engineering consulting & services



Human capital management



SaaS / Software



CONTENTS

FOREWORD 3

KEY FINDINGS 4

MARKET OVERVIEW 6

Key trends
Regional review
Equity market performance
Valuation multiples and trends
Strategic and private equity buyer trends
Selected notable private equity transactions
Outlook

SEGMENT REVIEWS 16



Management Consulting 16

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions



Technology Services 25

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions



Marketing, Communications and Information Services 34

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions



Engineering Consulting & Services 43

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions



Human Capital Management 52

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions



SaaS / Software 61

Key findings
Key trends
Regional review
Overview of equity market performance
Valuation multiples and trends
Buyer trends
Selected transactions

KEY CONSIDERATIONS 70

APPENDIX 72

About Equiteq
Key definitions
Equiteq market intelligence and data sources
Further resources
Disclaimers and important information

FOREWORD



David Jorgenson
CEO Equiteq

Equiteq is delighted to present the results of our thirteenth annual review of M&A and equity market trends across the knowledge economy.

At Equiteq we define the knowledge economy as the ecosystem in which expertise, know-how and people-driven change are delivered through B2B services globally. The knowledge economy is characterized by innovation, creative entrepreneurship, and disruption of old modes of doing business. Equiteq has been focused on the knowledge economy since 2006, and in recent years these industries have undergone unprecedented diversification, disruption and change.

This disruption and change has been driven by the increasing digitization of the global economy, as well as by pervasive technology tools that are changing the way we as humans live, work and relate to the world. This external reality has accelerated the convergence of traditional consulting sectors (delivery of expertise) and software (scalable tools with new modes of doing business), creating hybrid models with elements of both. To appropriately reflect the varied nature of M&A trends and valuation metrics across this rapidly changing landscape, this report has been expanded to address the SaaS / Software segment.

Across the knowledge economy, M&A activity rose to a ten-year high in 2019, both with respect to the number of completed transactions and the amount of capital invested in deals. M&A drivers include soaring stock prices, strong levels of capital available for new deals, and talent shortages in the knowledge economy. Regionally we noted a stronger rise in overall activity in North America and Asia, as well as an uptick in deal count in Europe. Across the market, those companies with a stronger technology-enabled component achieved the highest valuation metrics. Demand remains strong for those disruptive businesses that are innovating in this changing environment.

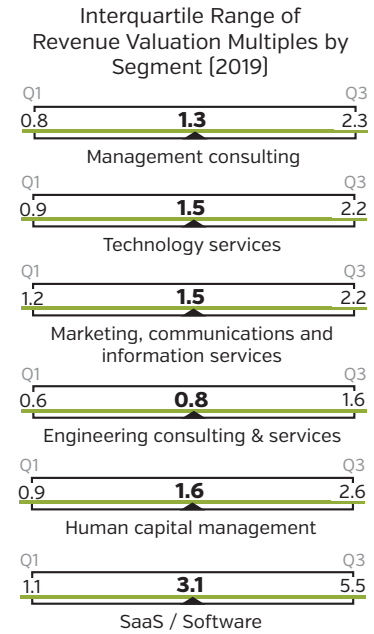
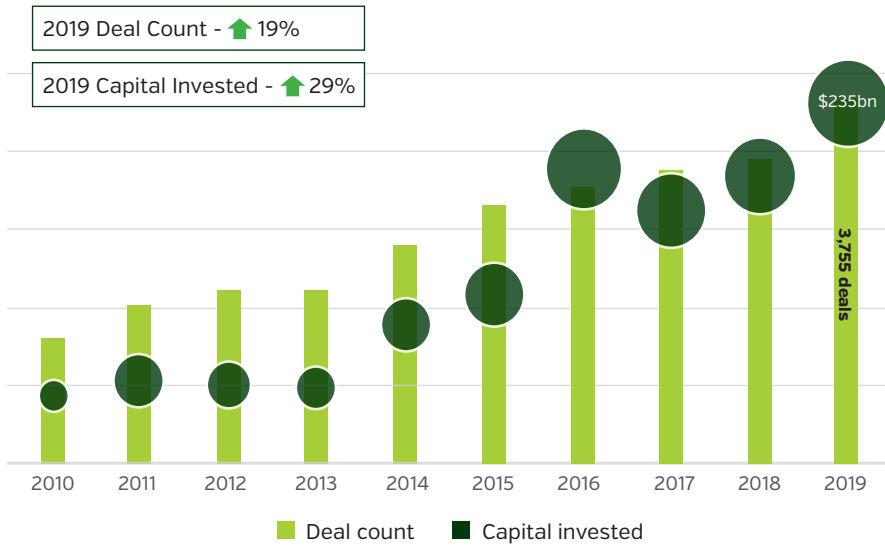
The Equiteq Knowledge Economy Share Price Index rose with broader equity market indices and reached new highs. By the end of 2019, capital raised among investors in knowledge economy businesses had reached a ten-year high. Entering the new decade, we continue to observe strong levels of dry powder and robust fund raising among active private equity investors. Solid levels of capital available for M&A is coupled with skill shortages in hot areas of the knowledge economy, such as machine learning, advanced data analytics and cyber security. This is maintaining pressure on strategic and financial buyers to put their cash to work on new acquisitions at premium valuations.

Despite recent market volatility, buyers are pushing forward with their acquisition strategy. The outlook for the remainder of 2020 is expected to be more uncertain than the prior year. Nevertheless, there remains an unparalleled opportunity for pioneering business owners and entrepreneurs to create value, and make profitable exits within the disruption zone of the industry. We hope that this latest edition of The Knowledge Economy Global M&A Report gives you a taste of Equiteq's deep insights into deal activity within this space.

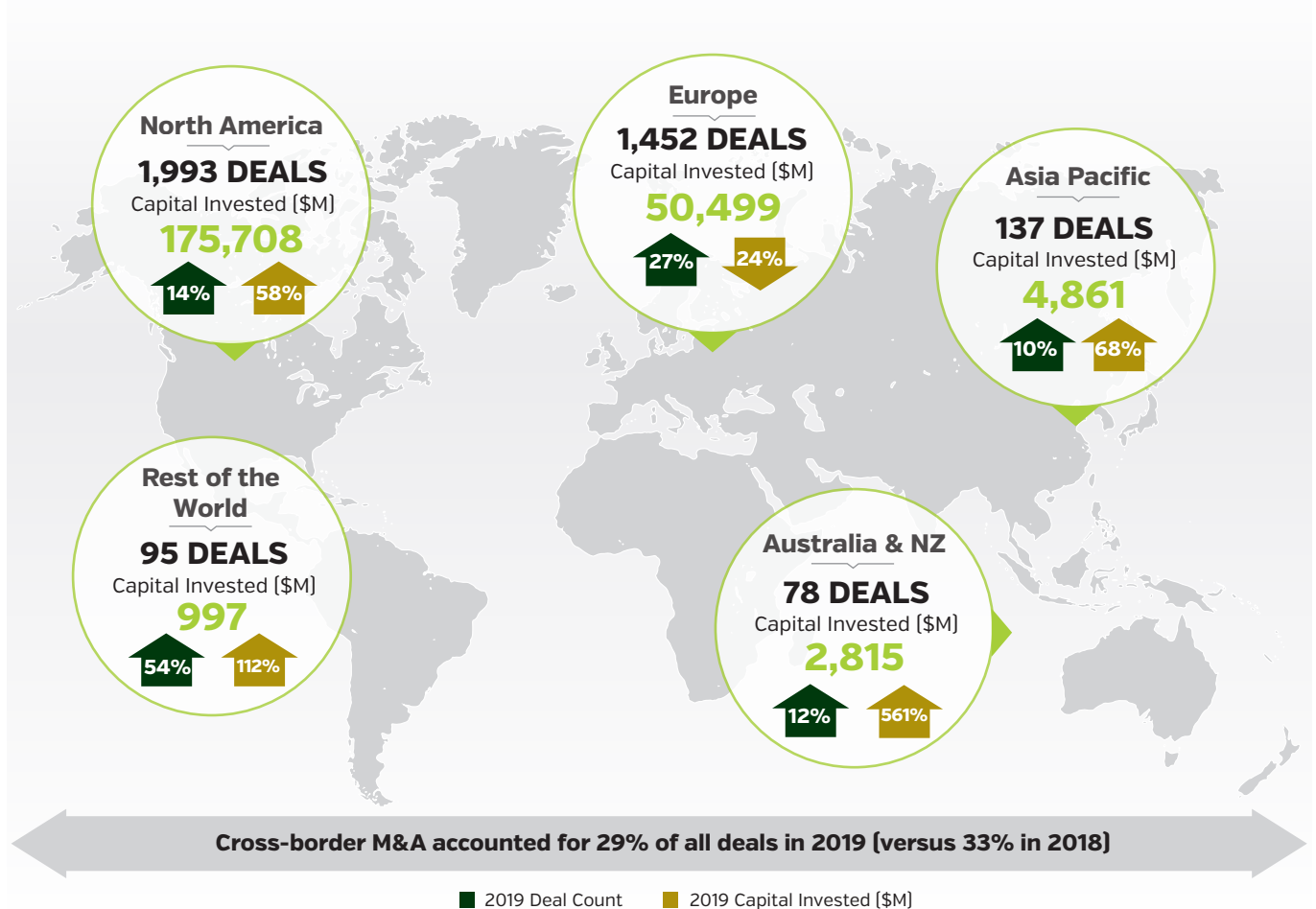
If you would like to have a chat about your current sale journey as a business owner or acquisition strategy as an acquirer, please get in touch.

KEY FINDINGS

M&A activity increased with variations in deal flow by segment.



There was a notable rise in overall deal activity in North America and Asia Pacific, as well as a rise in deal count in Europe.



Buyer review by segment



Management consulting



Technology services



Marketing, communications and information services



Engineering consulting & services



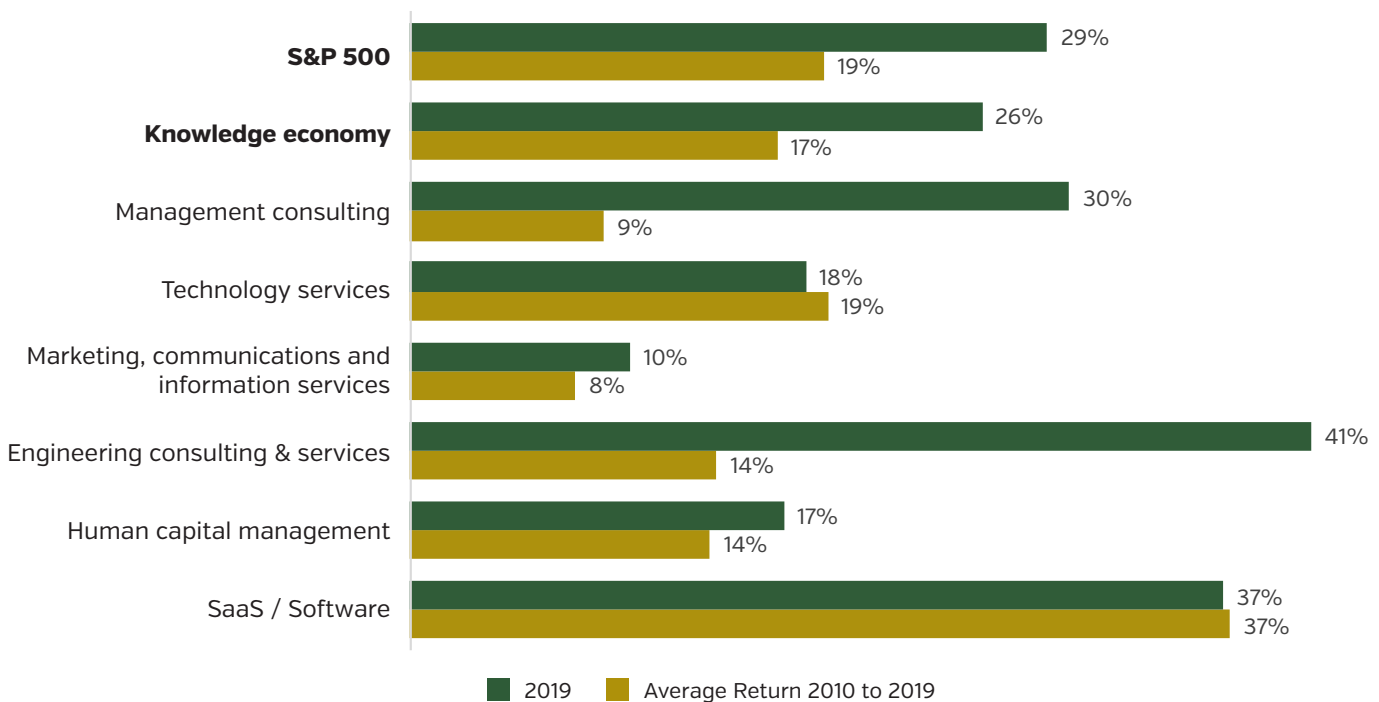
Human capital management



SaaS / Software

Notable strategic buyers	Boston Consulting Group Sia Partners McKinsey BDO Begbies Traynor	DXC Technology Accenture Capgemini Logicalis Cognizant	Accenture Interactive Publicis Groupe Dentsu S4 Capital Havas	WSP Global NV5 SGS Terracon Jensen Hughes	Korn Ferry Alight Solutions TMP Worldwide Broadstone Corporate Benefits Spencer Stuart	Salesforce Oracle SAP Microsoft Workday
% of all deal count by private equity	29%	40%	34%	29%	43%	39%
% of all capital invested by private equity	27%	32%	20%	47%	56%	43%

The Equiteq Knowledge Economy Share Price Index¹ reached new highs with broader equity market indices.



Note 1: On page 75 we discuss the S&P 500 index as a benchmark for comparison to the Equiteq Knowledge Economy Share Price Index.

Source: Equiteq M&A and share price data throughout the report rely on third party sources including PitchBook and CapIQ, see page 74 and 75 for more information.

MARKET OVERVIEW

KEY TRENDS



M&A drivers included soaring stock prices, strong levels of capital available for new deals and talent shortages in the knowledge economy.

Deal count and capital invested in M&A rose in 2019. There was also a rise in the competitiveness of average deal structures, as observed by a slight rise in the upfront cash component for average deal structures in 2019, as compared to 2018. However, the average length of earn-out rose modestly. Strong deal activity occurred despite economic and political uncertainty across the globe. Deal flow is being strengthened by a variety of factors including:

- Strong share price rises among listed buyers. The Knowledge Economy Share Price Index rose 26% over 2019 – its highest gain in the last ten years.
- An abundance of capital available for acquisitions. At the end of 2019, cash and cash equivalents among acquirers of knowledge economy businesses tracked on *PitchBook* was at a ten-year high.
- US unemployment fell to its lowest levels in 50 years. Shortages of knowledge economy talent further strengthened demand among buyers.



Demand for solutions that enable digital transformation is impacting all knowledge economy segments.

In 2019, as expected there was strong demand for digital transformation solutions across all segments of the knowledge economy. According to data from *Reports and Data*, the digital transformation market is expected to reach \$1,051bn by 2026, growing at a CAGR of 18.2%.

Many buyers are looking for target companies offering best-in-class digital capabilities. The growth of artificial intelligence and big data solutions is driving an unprecedented transformation of knowledge economy firms and their clients. Those businesses in the disruption zone of the knowledge economy are investing in the latest digital capabilities organically and via acquisition.

In 2019, notable digital services deal flow included DXC's acquisition of Luxoft, Capgemini's acquisition of Altran, BC Partners' acquisition of Presidio and the purchase of Sophos by Thoma Bravo. In the software space notable deals included Blackberry's purchase of Cylance, SAP's acquisition of Qualtrics and Salesforce's acquisition of Tableau.



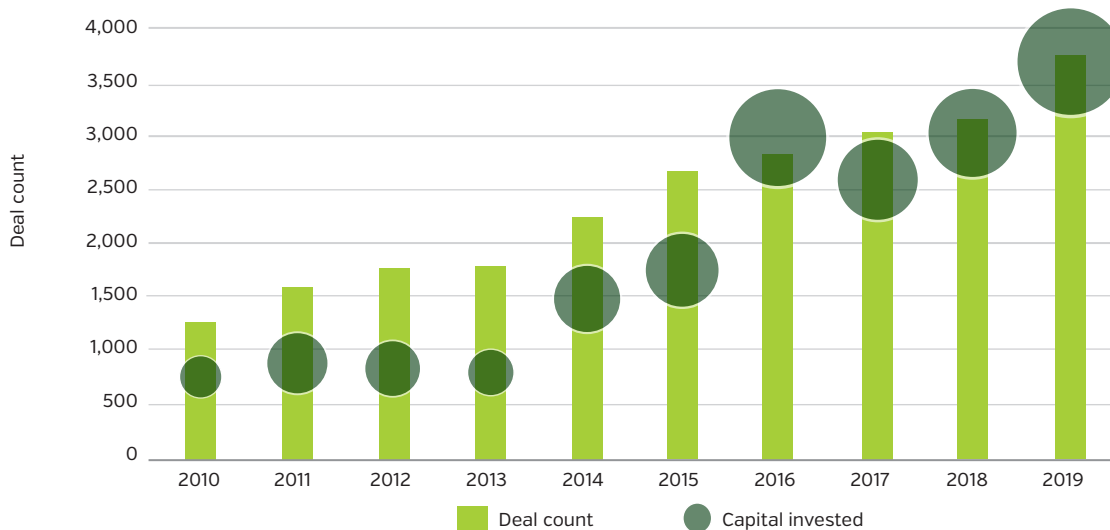
Deal activity varied by region, with cross-border M&A dipping.

There was a rise in M&A activity in both North America and APAC. North America continues to experience strong economic growth and low unemployment, which is fueling buyer activity. Despite trade tensions between the US and Asia, globalization, economic development and rising adoption of new technologies is driving international demand for specialist businesses in the region. At the same time many cash-rich buyers, notably from Japan, Australia, but also China and India, are using M&A as a means to expand both domestically and internationally.

There was a rise in deal count in Europe, despite the uncertainties around the UK's exit from the EU. Many consulting firms have benefited from working with businesses and government agencies on Brexit-related services, which will transition to working through the impact of new trade deals and regulations following the withdrawal.

The proportion of M&A that was cross-border in nature fell from 33% in 2018 to 29% in 2019. This is likely a reflection of a year with heightened global economic and political tensions.

Figure 1 Knowledge economy M&A activity, 2010 to 2019



Note: Bubble size reflects comparative size of capital invested for the respective year.



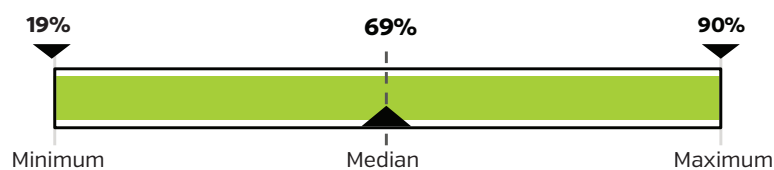
The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** on page 70 of the report for our perspectives on the relationship between business size and acquisition appetite.

Figure 2 Mean deal structures: % of up-front consideration on knowledge-intensive services* deals, 2019 vs. 2018



In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** on page 70 of the report for our perspectives on the factors that influence deal structures.

Figure 3 Range of proportion of upfront consideration on selected 2019 deals



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** on page 70 of the report for our perspectives on how to consider buyers across adjacent industries.

* Knowledge-intensive services comprise all segments except SaaS / Software

KEY FINDINGS

M&A activity in North America and APAC rose, deal count in Europe grew and cross-border deal flow dipped.


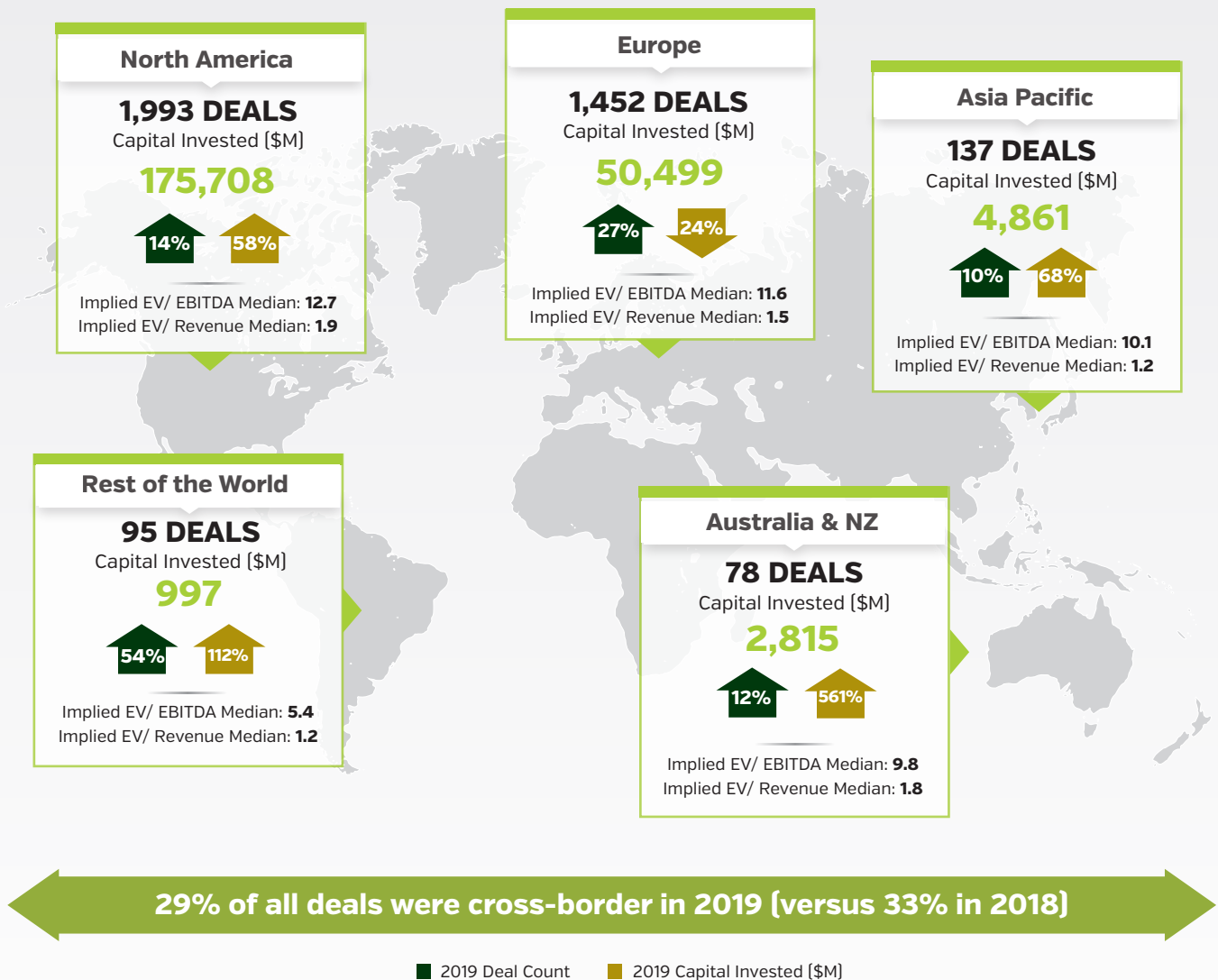
 High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See **Consideration 4** on page 70 for our perspectives on incorporating international buyers into your sale process.

Figure 4 Regional M&A and cross-border review



EQUITY MARKET PERFORMANCE

The Equiteq Knowledge Economy Share Price Index ended 2019 up 26%, touching new highs with broader global indices.

Equiteq Management Consulting Share Price Index rose 30% boosted by the stellar performance of a variety of players including FTI Consulting, ICF International and CBIZ.

Equiteq Engineering Consulting & Services Share Price Index rose 41%. We observed rises in share prices from Arcadis, Sweco and Tetra Tech.

Equiteq Technology Services Share Price Index rose 18%. There were notable rises in the share prices of some players including Perficient, Genpact and Accenture.

Equiteq Human Capital Management Share Price Index rose 17%. There were notable increases in the share prices of a range of players including Mastech Digital, Recruit Holdings and ManpowerGroup.

Equiteq Marketing, Communications and Information Services Share Price Index rose 10%. Gains were experienced from The Mission Marketing Group, Harte-Hanks and WPP.

Equiteq SaaS Software Share Price Index rose 37%. There were notable increases in the share prices of a range of players including Coupa, Pegasystems and ServiceNow.

Figure 5 Equiteq Knowledge Economy Share Price Index [2019]

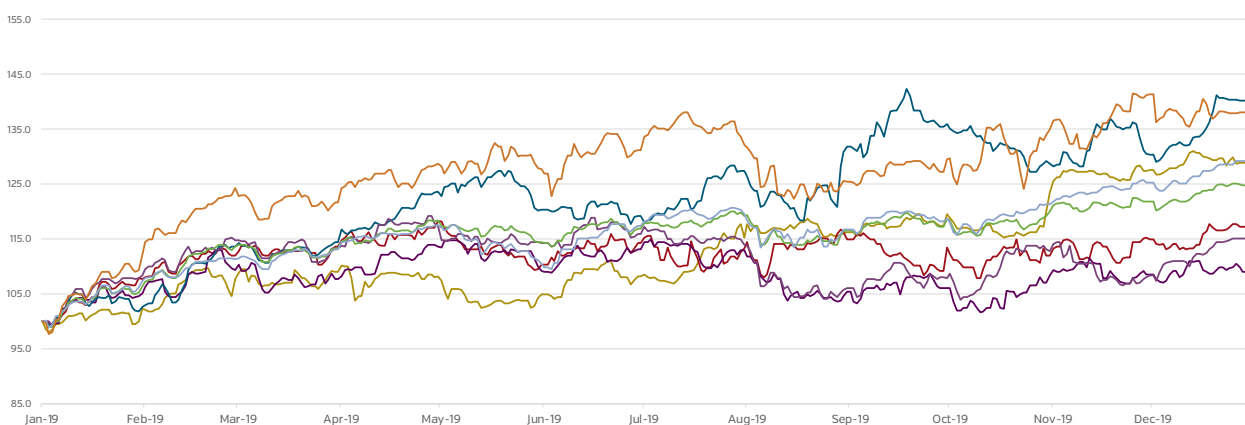
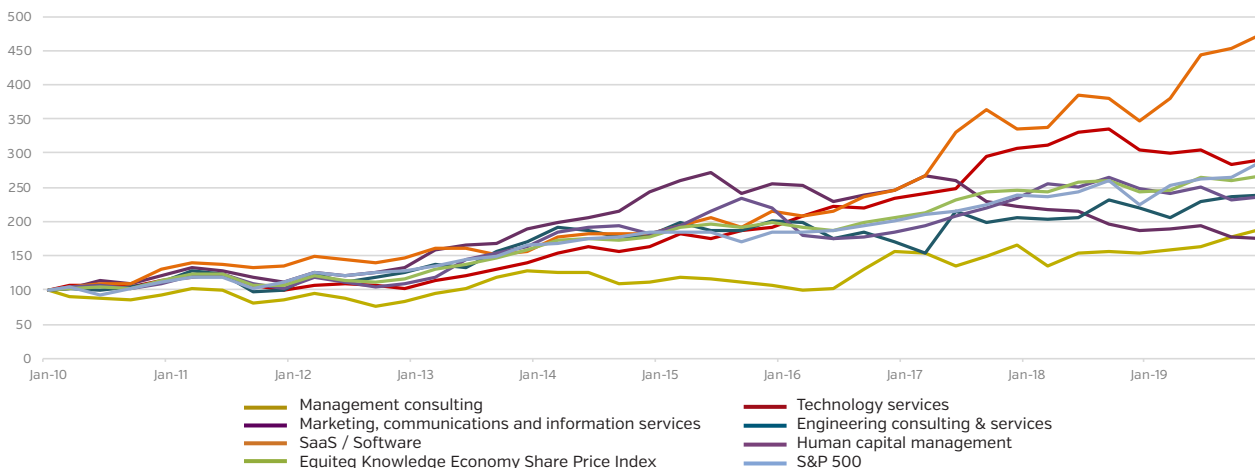


Figure 6 Equiteq Knowledge Economy Share Price Index [2010 to 2019]



Note: The Equiteq Knowledge Economy Share Price Index is the average of Equiteq's six segmental indices and is the only published share price index which tracks the listed companies within the knowledge economy. You will be able to receive further information on the index and its performance by joining Equiteq Edge at equiteq.com/equiteq-edge. The index is continually revised to consider new listed companies and to remove businesses that are no longer relevant in each quarter.

VALUATION MULTIPLES AND TRENDS

Overall valuation multiples for M&A transactions dipped slightly but varied considerably by segment.



When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** on page 71 on the key considerations when interpreting valuation metrics.

Figure 7 Enterprise Value [EV] as a multiple of Last Financial Year [LFY] unadjusted revenue

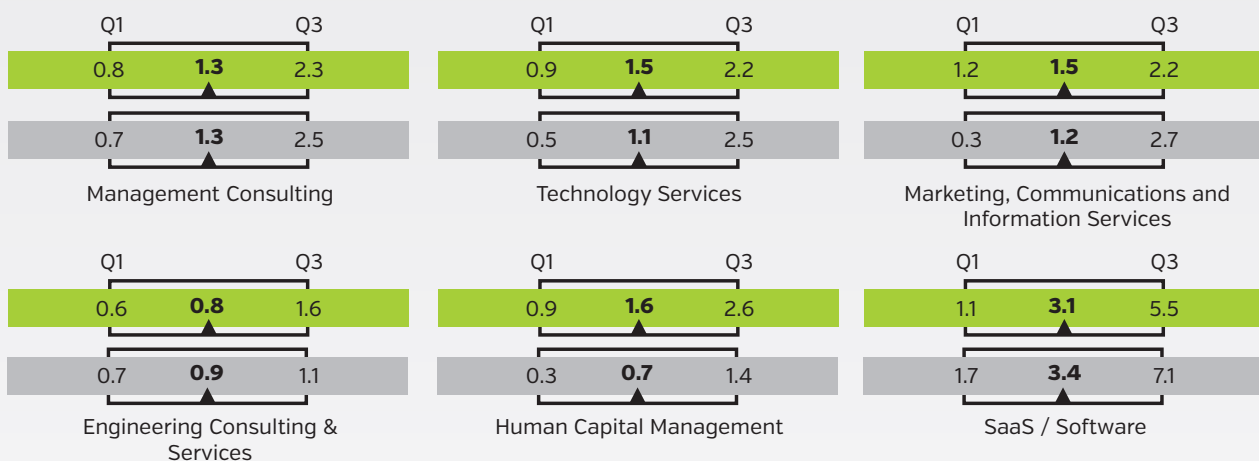
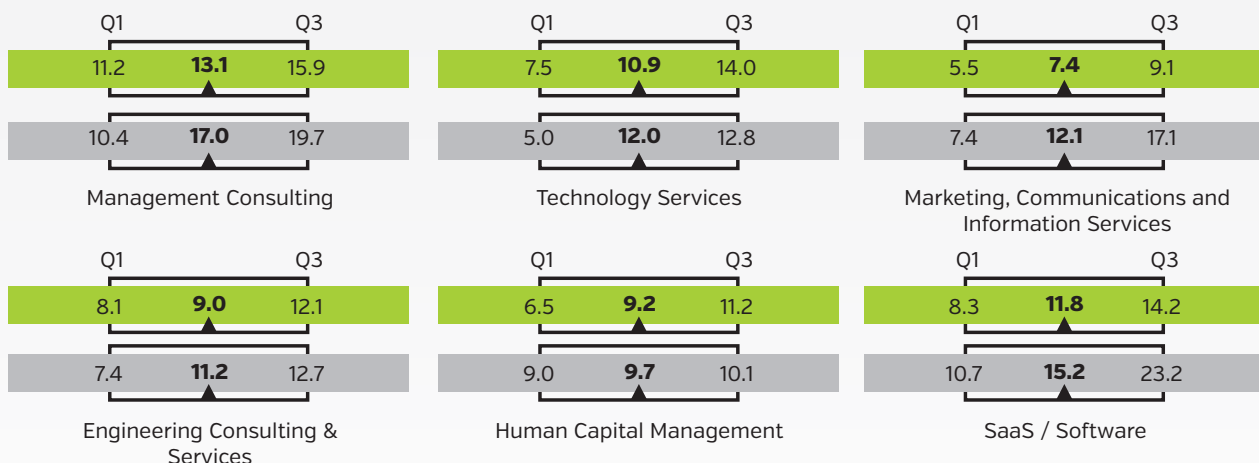


Figure 8 EV as a multiple of LFY unadjusted EBITDA



■ M&A transactions [2019] ■ M&A transactions [2018] □ Interquartile range ▲ Median

Interquartile Variations for Knowledge-Intensive Services* Businesses

Typically, services companies with a small technology component and lower margin outsourced services

Typically, technology-enabled services with some revenue generated by a software product

Q1 ————— Q3

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

* Knowledge-intensive services comprise all segments except SaaS / Software.

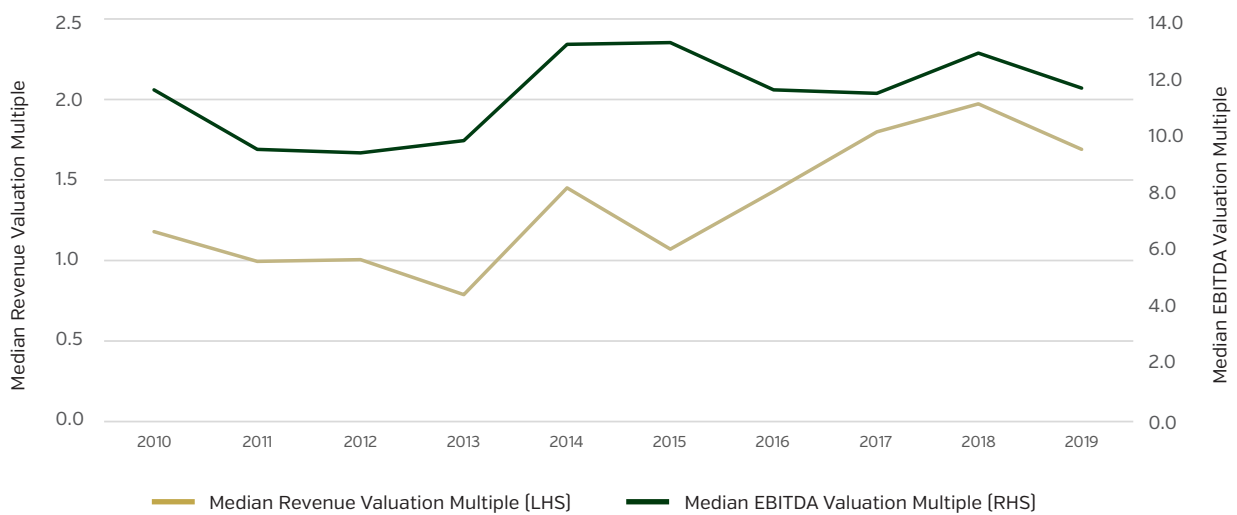
In 2019, M&A transaction revenue and EBITDA valuation multiples both dipped in line with each other. This indicates that operating margins on new acquisitions may have stayed the same during the year.

Pricing on deals remains strong supported by healthy competition for desirable new acquisitions among cash-rich strategic and financial buyers.



As their quoted valuation metrics and cash balances rise, so does competition for assets from listed buyers, who are looking for new avenues of growth and are able to make earnings-accretive acquisitions by paying a discount to their premium earnings ratio. See **Consideration 6** on page 71 of the report for our perspectives on what rising share prices implies for listed buyers.

Figure 8 Knowledge Economy valuation metrics, 2010 to 2019 [M&A transactions]

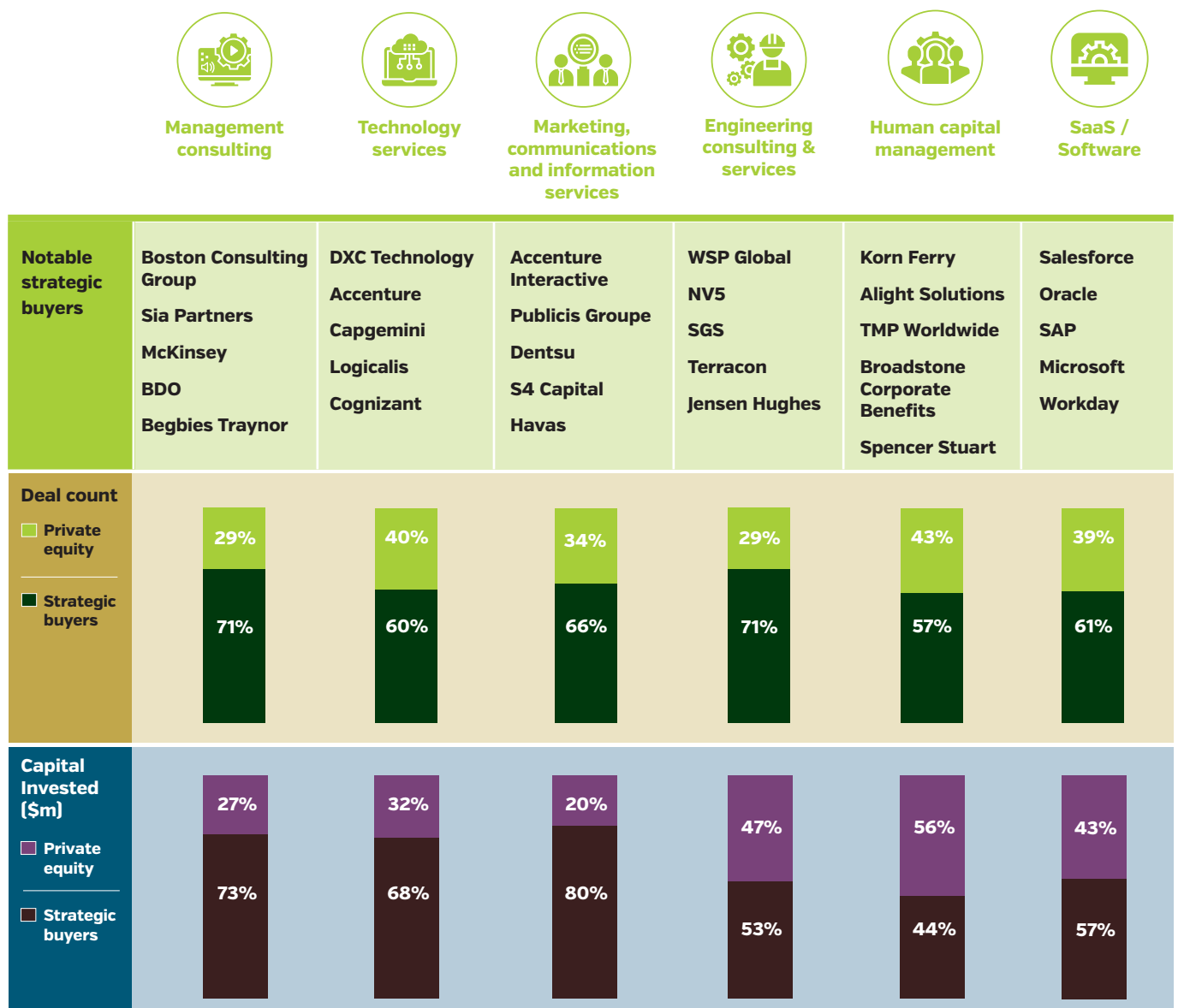


STRATEGIC AND PRIVATE EQUITY BUYER TRENDS

A large proportion of notable strategic acquirers comprised of cash-rich listed buyers that are benefiting from rising share prices.

Many of the traditional consulting firms that have historically focused on organic growth are now making selective acquisitions in strategically important spaces like digital consulting and data analytics. Technology services buyers look to strengthen their position as leaders in digital transformation, while pivoting away from their traditional IT outsourcing focus. Across segments, deal flow by serial buyers continues to be dominated by a variety of listed strategic buyers that have strong levels of capital available for deals. By the end of 2019, capital raised among investors in knowledge economy businesses reached a ten-year high and had grown by a CAGR of 12.5% over the last ten years.

Figure 9 Buyer statistics by segment



There was an overall rise in private equity participation in knowledge economy M&A, both from the perspective of platform investments and add-ons.

The proportion of deal count that involved financial buyers rose to 37% in 2019 from 33% in 2018. 2019 was the highest proportion of private equity participation in deal count in the last ten years. Private equity participated in 39% of all capital invested in knowledge economy deals in 2019, up from 25% in 2018. 22% of deal count involved platform investments and 15% of transactions were add-ons to financial buyer's existing platforms. 36% of capital invested involved platform investments and 3% involved add-ons to financial buyer's existing platforms.

The rise in private equity activity across sectors is being driven by the large amounts of dry powder available for acquisitions and strong fresh fund raisings. The digital transformation of the knowledge economy is creating more growth opportunities and increasing the potential for new intellectual property that can enhance services, reduce risk and enable growth.



Private equity are acquisitive and offer additional options for sellers of knowledge economy businesses. See **Consideration 7** on page 71 for our perspectives on the key considerations when selling to a private equity firm.

Figure 10 Proportion of deal count by strategic acquirers and private equity (2010 to 2019)

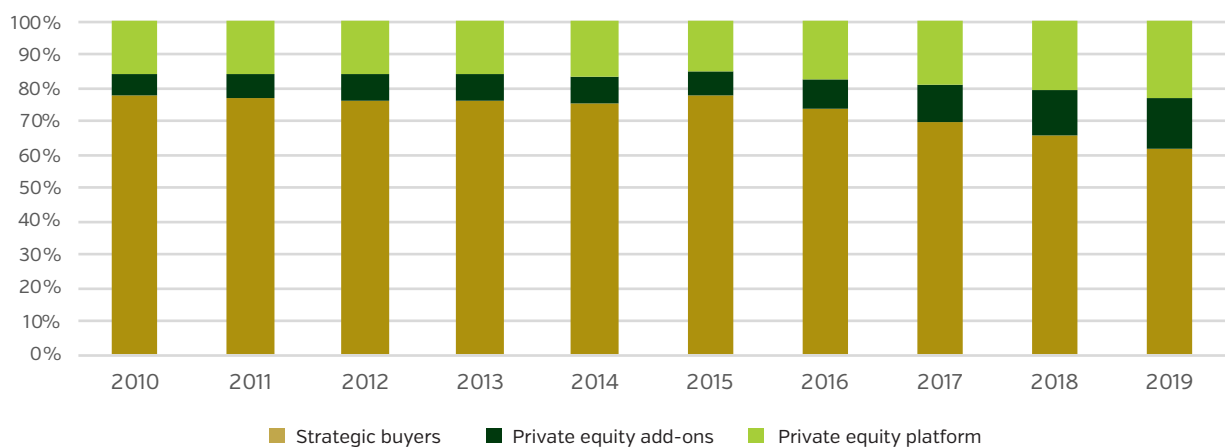
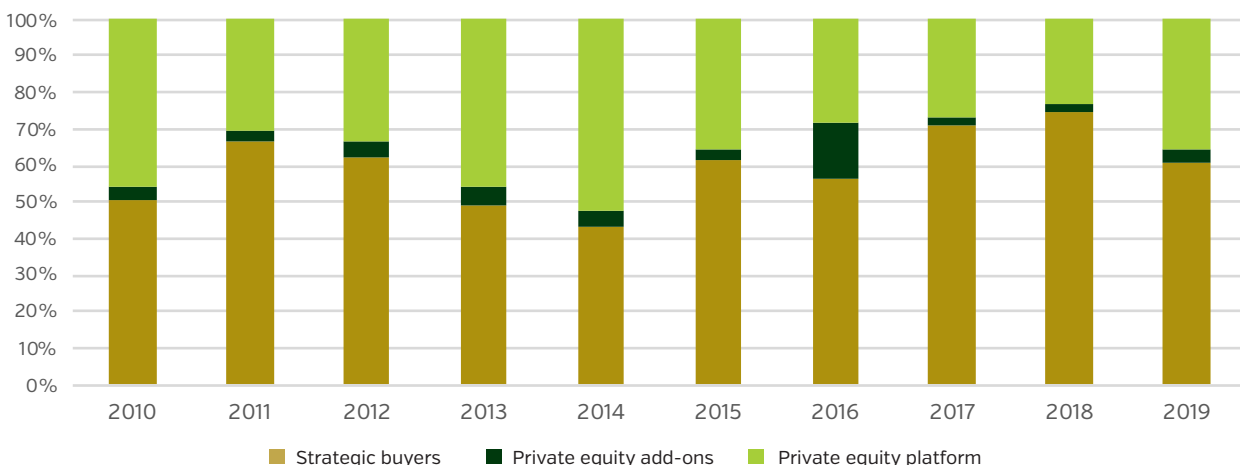
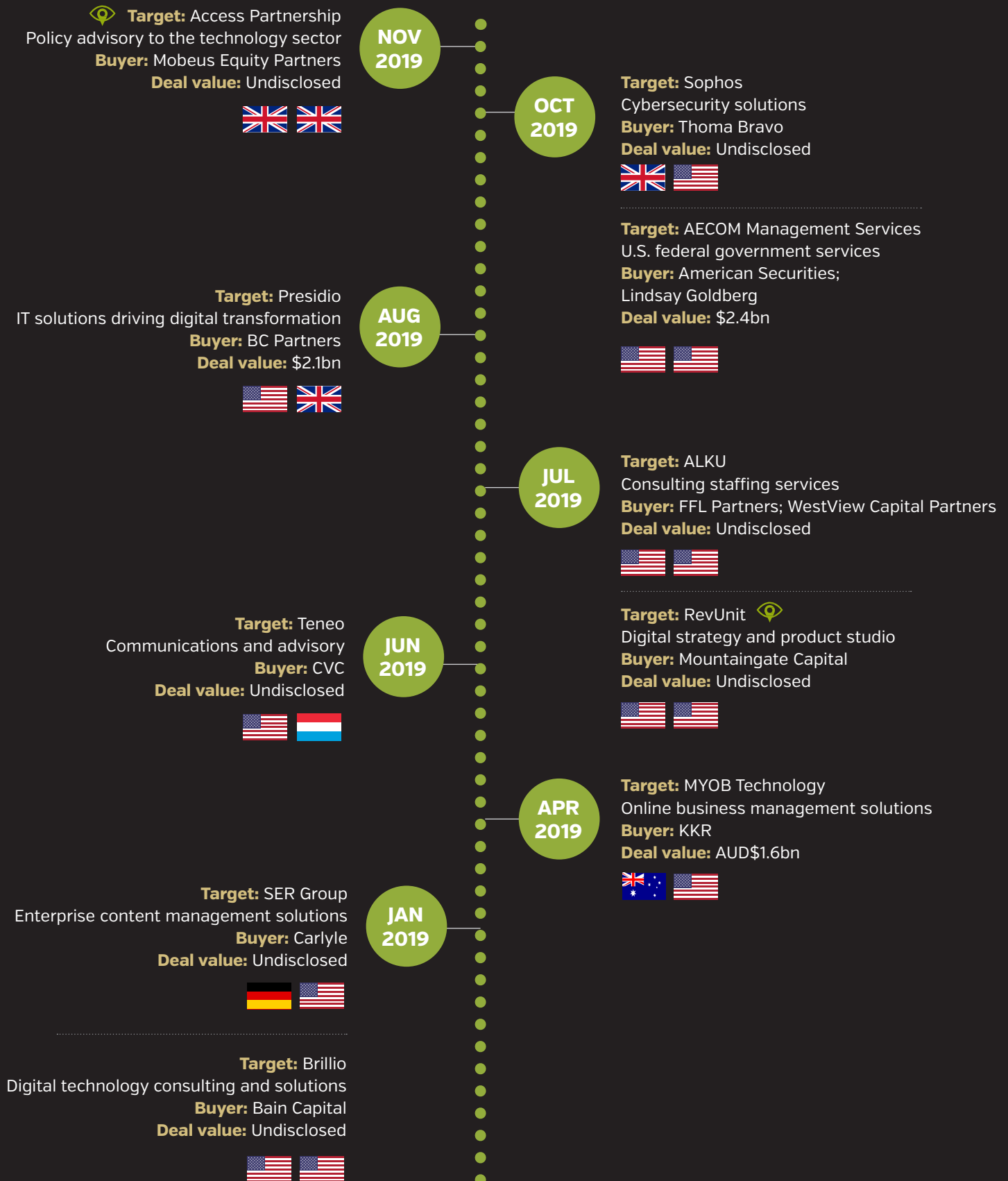


Figure 11 Proportion of capital invested by strategic acquirers and private equity (2010 to 2019)



SELECTED NOTABLE PRIVATE EQUITY DEALS



Note: The date of the deal relates to the announced date.

Flag on left hand side reflects headquarters of target and flag on right hand side represents headquarters of the buyer for the respective deal.

For 2020, the outlook for knowledge economy deal flow remains more uncertain than in 2019. Recent share price declines with the outbreak of coronavirus may impact deal flow activity from some listed buyers. Nevertheless, the abundance of capital available for deals will continue to support activity as it relates to businesses that are at the forefront of innovation in the digital age.

The Equiteq Crystal Ball: Three things to watch out for over the medium to long-term horizon

1

The risk of further market volatility remains elevated with the spread of coronavirus and concerns about its impact on the global economy. The market will also be reacting to signals of the outcome of the US election, the impact of the UK's exit from the EU, and the outcome of the US-China trade war. These events all have significant capacity to change the regulatory and fiscal environment for investors in and owners of knowledge economy businesses.

2

The need for investment in innovation will continue to be of importance for knowledge economy firms in the digital age. According to Accenture Research's analysis *How to unlock the value of your innovation investments*, investments in innovation are expected to increase 1.8 times in the next five years. Based on the research, companies that have governed innovation extensively have delivered almost twice the revenue growth as compared with those that followed a haphazard approach.

3

As we approach the next global economic downturn, knowledge economy business owners will be monitoring the impact on their business. Although the consulting industry typically lags the economic cycle, downturns eventually lead to declining deal activity and consulting spending. Nevertheless, there is an abundance of capital in the market and a variety of long-term demand drivers that are likely to disturb these cyclical trends for innovative and agile consulting businesses.

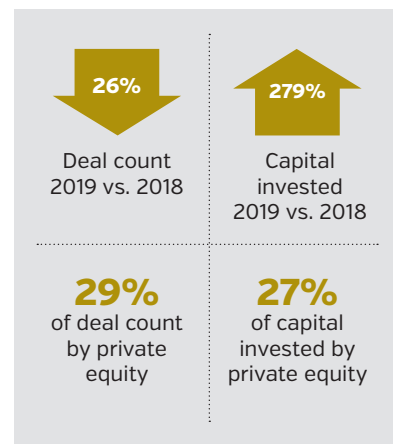
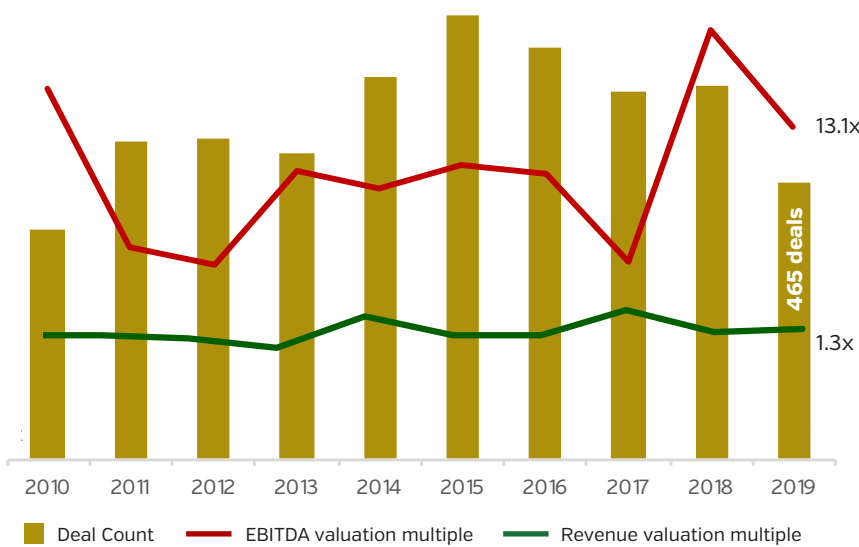


SEGMENT REVIEWS

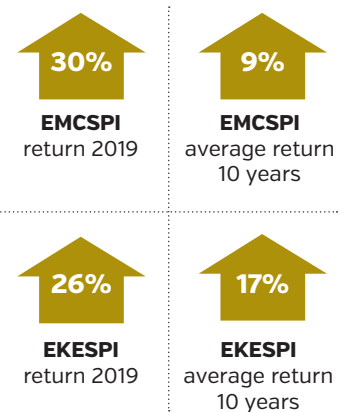
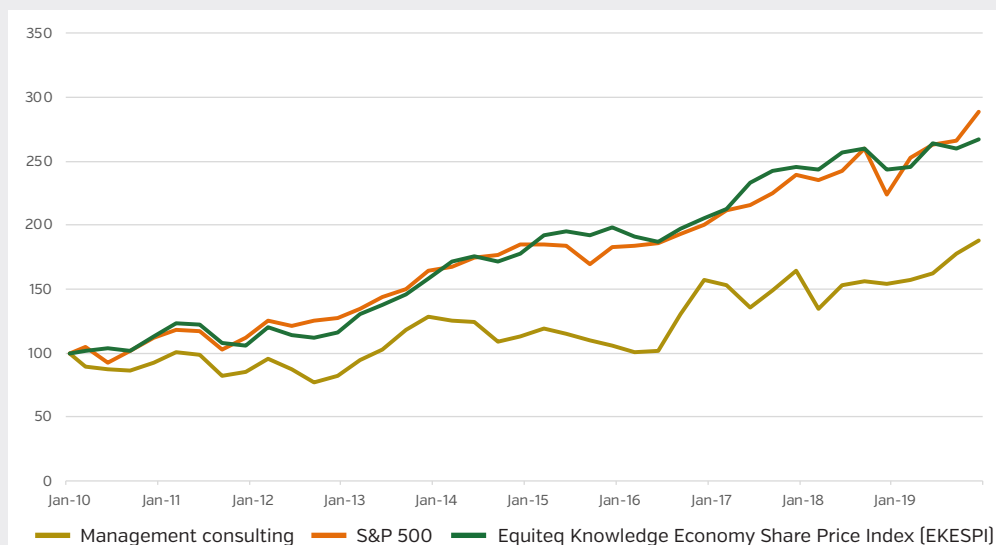
MANAGEMENT CONSULTING

KEY FINDINGS

There was a fall in deal count, but a large rise in capital invested as buyers focused on deals that move the needle for their growth.



Equiteq Management Consulting Share Price Index (EMCSPI) rose significantly.



Segment reviews consider deal activity in the respective segment. Please note that increasing segmental convergence is resulting in some deal flow being captured in multiple segments.



KEY TRENDS

Cutting edge digital transformation consulting capabilities.

There was strong activity across digital consulting services. This was evidenced by traditional consulting buyers like PA Consulting and Sia Partners, and digital players like Accenture and HCL Technologies, acquiring businesses in this space.

Businesses realize that an effective digital transformation involves more than just reproducing business processes that are supported with new technologies. Most buyers understand the importance of investing in digital strategy with a complete redesign of operational processes and organizational culture. Digital transformation consulting buyers are therefore building a blend of strategic advisory, operational consulting and customer experience advisory capabilities to offer their clients.

Notable deal flow involving the building of sector specific capabilities.

Digital transformation and regulatory change are rapidly transforming sector verticals in unique ways. Many clients are increasingly looking for digital solutions and advice that is bespoke to their industry's disruption. This was reflected by strong buyer demand for target businesses with sector specialisms.

Strategic buyers acquired sector vertical capabilities in a range of strategically important industries. Notable deals included acquisitions of energy sector capabilities by Roland Berger, public sector expertise by BearingPoint and recently evolving cannabis consulting capabilities by Deloitte.

Innovation consulting and capabilities focused on disruptive trends.

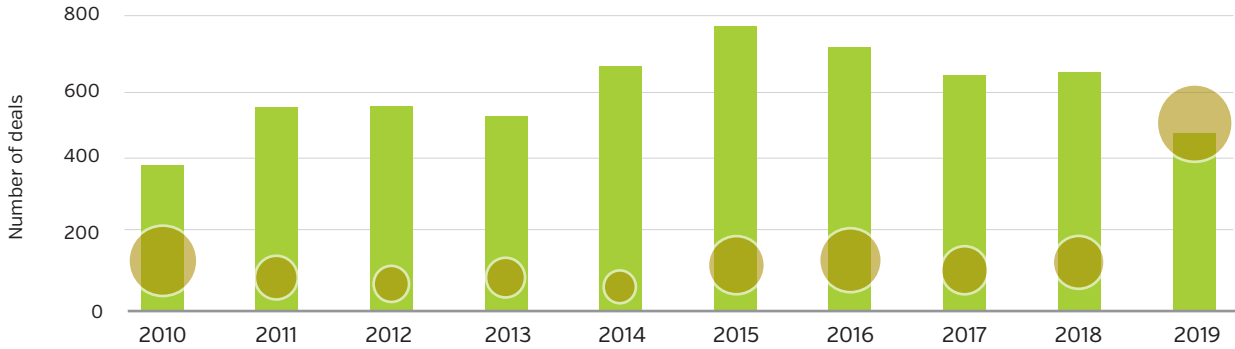
As business cycles continue to shorten through the Fourth Industrial Revolution, innovation consulting remains a space experiencing strong buyer demand. There is a broad spectrum of consulting services that comprise innovation consulting. This includes innovation strategy, new product or service design and development, business model innovation and organizational transformation. As such buyers across industries like PA Consulting, Accenture and Capgemini are vying for capabilities in the space.

Outlook

Industry headwinds remain strong for acquisitions of innovative management consulting firms shaping business transformations that form Industry 4.0. We expect growth of new innovative and agile competitors that are offering new technology-led consulting services or networks of independent consultants. As we go to press, Duff & Phelps has notably received fresh investment from Stone Point Capital and Further Global Capital Management to enable the next phase of its growth, which had previously been enabled by selective acquisitions.



Figure 12 Management consulting M&A activity, annually (2010 to 2019)



Note: Bubble size reflects comparative capital invested for the respective year.



The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Hot spaces



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.

REGIONAL REVIEW

Deal count fell across major regions, but capital invested rose significantly in Europe and North America.


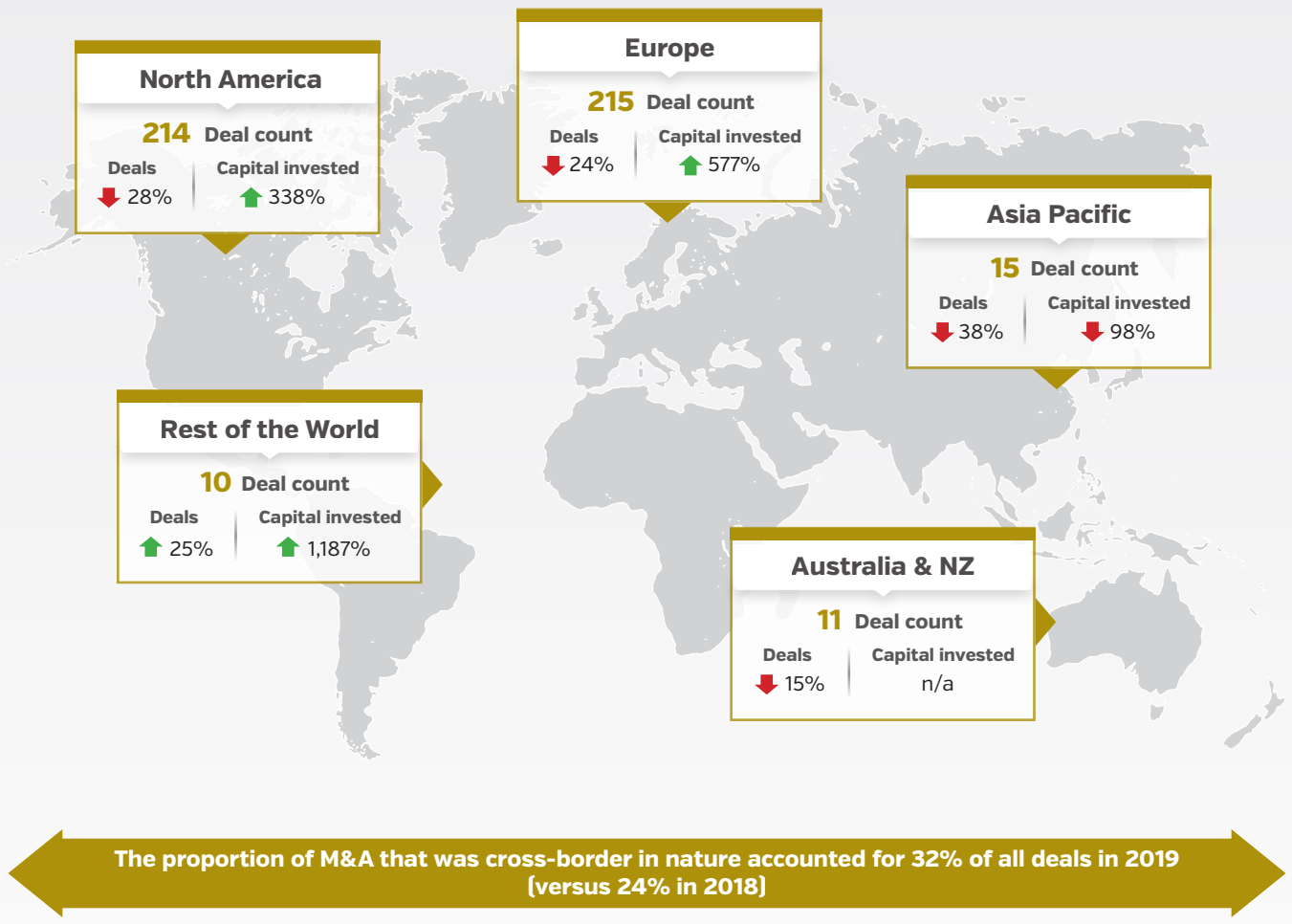
 High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See **Consideration 4** in the back for our perspectives on incorporating international buyers into your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

Figure 13 Regional M&A and cross-border review





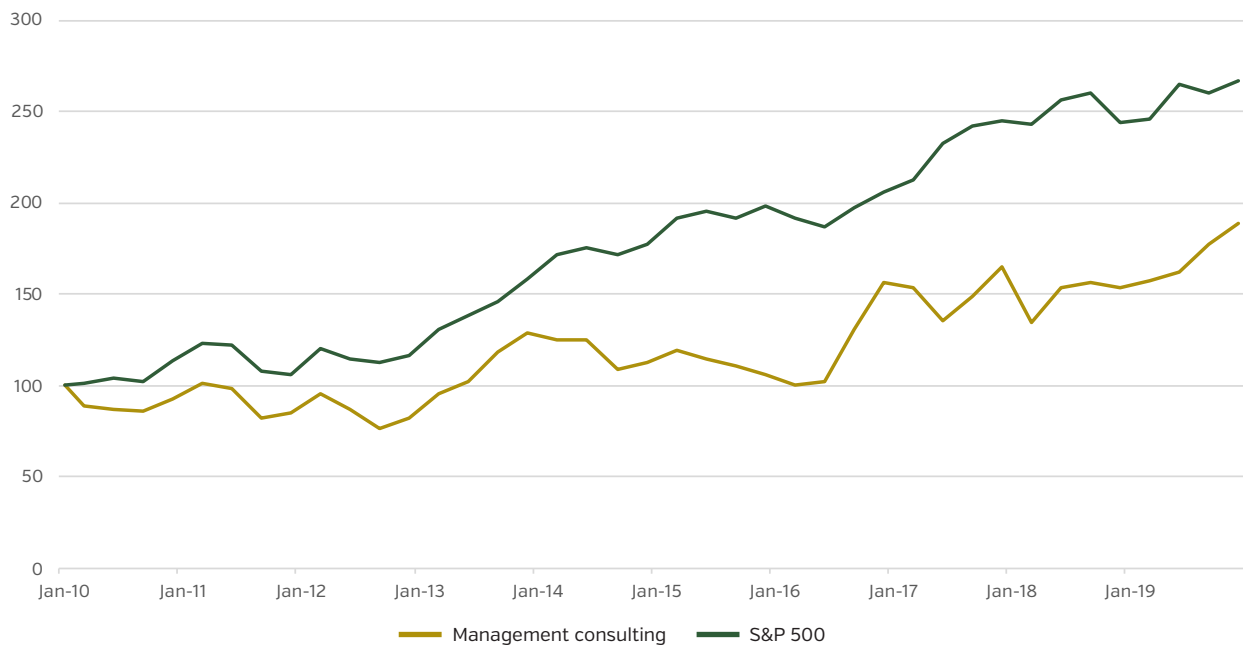
OVERVIEW OF EQUITY MARKET PERFORMANCE

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

Figure 14 Equiteq Management Consulting Share Price Index [2019]



Figure 15 Equiteq Management Consulting Share Price Index [2010 to 2019]



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

VALUATION MULTIPLES AND TRENDS

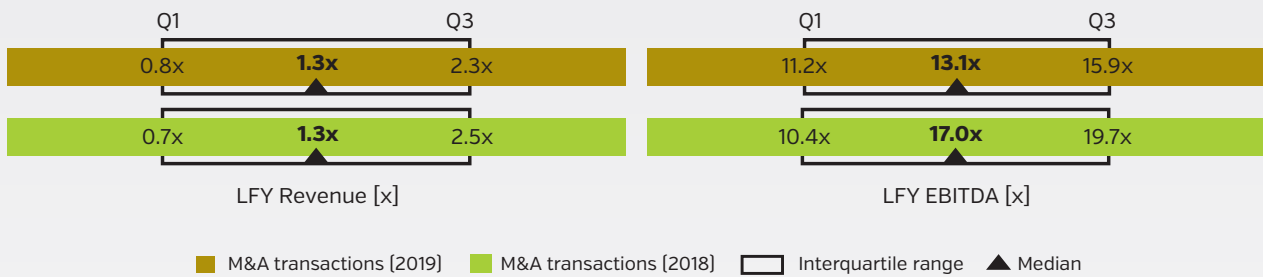
Valuation multiples for M&A transactions are strong.



When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 16 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA

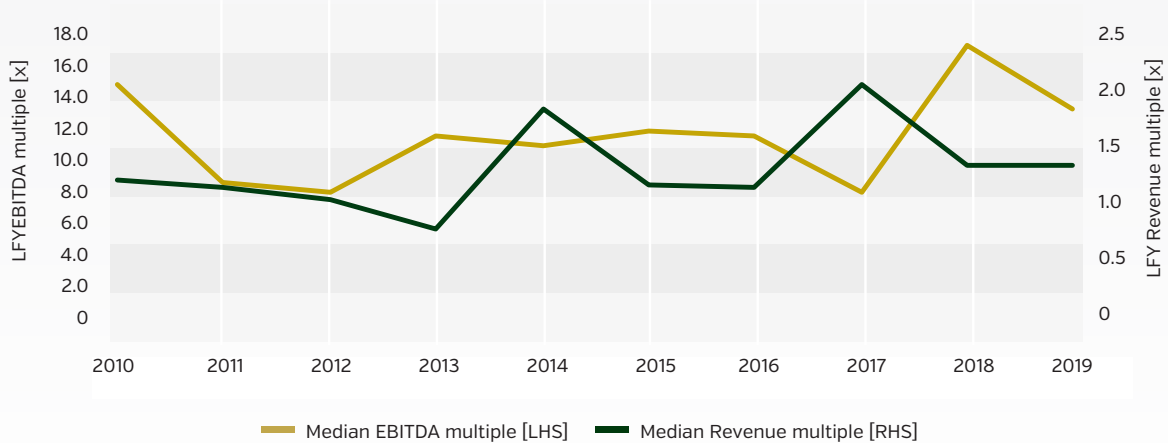


Note: The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.



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

Figure 17 Valuation metrics, 2010 to 2019 [M&A transactions]





BUYER TRENDS

Notable buyers consisted of established consulting firms and emerging players.

29% [2019] **28%** [2018]
% of deal count by private equity

27% [2019] **25%** [2018]
% of capital invested by private equity

Notable serial strategic buyers

Boston Consulting Group (BCG) - US-headquartered premium strategy consulting firm

BCG stepped up its M&A activity in 2019, with the acquisitions of three businesses offering modelling, analytics and design consulting services. The acquisition of The Simulation Group added advanced-analytics capabilities in simulation and optimization. The purchase of Kernel Analytics added deep capabilities in data science and advanced analytics consulting. BCG also invested in AllofUs, a UK-based design consulting firm with strong digital capabilities. The deals are part of expanding BCG Gamma, a business unit which is focused on advanced analytics, AI and machine learning and which complements BCG's core capabilities in strategy and change management.

Sia Partners - France-headquartered management consulting player

Sia Partners acquired three consulting businesses in the US, advancing its target of having more than 500 consultants in the region by end of 2020. Its acquisition of Loft9 added management consulting capabilities across organizational, operational and business technology transformation. The purchase of Gartland and Mellina Group added consulting expertise in the disrupted US banking sector. Sia Partners also acquired Caiman Consulting, which added management consulting expertise focused on the tech industry.

McKinsey & Co. - US-headquartered premium strategy consulting firm

McKinsey acquired Westney Consulting, a US-headquartered capital projects consulting firm. The acquisition of Westney further strengthens McKinsey's industry recognized capital projects and infrastructure consulting business. The buyer also made a seed investment in online fashion platform Tjori and an early stage investment in a developer of AI software, Element AI. McKinsey has historically focused on organic growth, while making selective acquisitions in strategically important spaces like digital consulting and data analytics. McKinsey's acquisitions are typically preceded by a partnership with a target company, which can enable the testing of synergies before agreeing a deal.

BDO - International networks of accounting, tax and consulting firms

In 2019, key deals included one of BDO's largest mergers with Moore Stephens accounting firm in the UK. BDO was the sixth largest accounting firm by revenue in the UK prior to the acquisition of Moore Stephens. The deal places BDO ahead of Grant Thornton, as the largest accounting network in the region after the Big Four. BDO USA acquired a number of businesses including customs and international trade practice Global Trade Strategies, as well as crisis management and business continuity consulting and technology firm Lootok. BDO Australia notably acquired a boutique cloud accounting and business advisory firm Consolid8.

Begbies Traynor - UK-headquartered corporate recovery, insolvency and finance business

Begbies Traynor acquired seven small UK-based consulting businesses in 2019. Its notable deals included the purchase of insolvency and business recovery practice Alexander Lawson Jacobs for £6.4m and business transfer agency Ernest Wilson for £5.6m. The deals supported strong financial performance with reported revenue for the six months ended 31 October 2019 up 21% to £33.8m. In July 2019, the firm raised net proceeds of £7.8m to fund acquisitions and meet investor demand.

SELECTED TRANSACTIONS



Announced date	Target	Key services of Target	Buyer	Deal value	EV / LFY revenue (x)
Dec-19	Mobilis Strategic	Strategy consulting	MNP	-	-
Dec-19	Gate One	Digital and business transformation consulting	Havas	-	-
Dec-19	Tate & Tryon	Accounting and consulting	RSM	-	-
Nov-19	JCRA Group	Financial risk management	Chatham Financial	-	-
Nov-19	Access Partnership	Public policy consulting	Mobeus Equity Partners	-	-
Nov-19	Cannabis Compliance	Cannabis consulting	Deloitte	-	-
Nov-19	DataRevive	Regulatory strategy and consulting	Validant	-	-
Nov-19	CPA Consulting	Accounting and advisory	Marcum	-	-
Nov-19	Klein Hall	Financial leadership and business advisory	Wipfli	-	-
Nov-19	Caiman Consulting	Management consulting	Sia Partners	-	-
Oct-19	Alexander Lawson Jacobs	Insolvency and business recovery practice	Begbies Traynor Group	-	-
Oct-19	Bow & Arrow	Digital ventures consulting	Accenture	-	-
Oct-19	Happen	Innovation consulting	Accenture	-	-
Sep-19	ECG Management Consultants	Strategic healthcare consulting	Siemens Healthineers	-	-
Sep-19	Regeneratus Consulting 1	Restructuring, turnaround and legal issues advisory practice	Begbies Traynor Group	£1.6m	2.0
Sep-19	Enovation Partners	Energy and utilities consulting	Roland Berger	-	-
Sep-19	Westney Consulting	Capital projects advisory	McKinsey	-	-
Aug-19	Navigant Consulting	Management consulting	Guidehouse	\$1,100m	1.6
Jul-19	Peru & Partners	Consulting firm and fund administrator	IQ-EQ	-	-
Jul-19	Loughlin Management Partners+Co	Turnaround and restructuring advisory	BDO	-	-
Jul-19	KONEXUS Consulting Group	Energy and utilities consulting	Capgemini	-	-
Jul-19	WGroup	IT management consulting	Wavestone	-	-
Jun-19	4iNNO	Innovation consulting	PA Consulting Group	-	-
Jun-19	Andersch	Restructuring advisory	FTI Consulting	\$18.8m	-
Jun-19	Prederi	Public services consulting	BearingPoint	-	-

SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue [x]
Jun-19	Teneo		Communications and advisory	CVC		-	-
Jun-19	Axxsys Consulting		Business and technology consulting	Alpha FMC		-	-
Jun-19	ClearViewIP		Intellectual property consulting & transaction advisory	Deloitte		-	-
May-19	Putnam Associates		Management healthcare consulting	Ashfield Healthcare Communications		\$88.6m	-
Apr-19	Gartland & Mellina Group		Management consulting	Sia Partners		-	-
Apr-19	Catalyst Development Limited		Financial services consulting	Sionic Advisors Global		-	-
Apr-19	BioProcess Technology Consultants		Biotech consulting	BDO		-	-
Mar-19	Vendigital		Management consulting	Livingbridge		-	-
Mar-19	TE4B Advisory		Technology consulting	Version 1		-	-
Mar-19	Strong-Bridge Holdings		Digital transformation consulting	HCL Technologies		\$45m	1.0
Mar-19	Loft9		Management consulting	Sia Partners		-	-
Feb-19	Lionpoint		Technology consulting	Blackstone		-	-
Feb-19	Aventine Hill Partners		Advisory, consulting and executive search	Vaco		-	-
Feb-19	Independence Consulting		Management consulting	Point B		-	-
Jan-19	Optimind		Risk management solutions	Ardian		€25.0m	-
Jan-19	 Orbium		Management consultancy and technology services provider	Accenture		-	-
Jan-19	Global Trade Strategies		Customs and international trade regulation	BDO		-	-
Jan-19	Lootok		Crisis management and business continuity consulting	BDO		-	-
Jan-19	Howe, Riley & Howe		Accounting, assurance and tax	Wipfli		-	-

Note: The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2019.

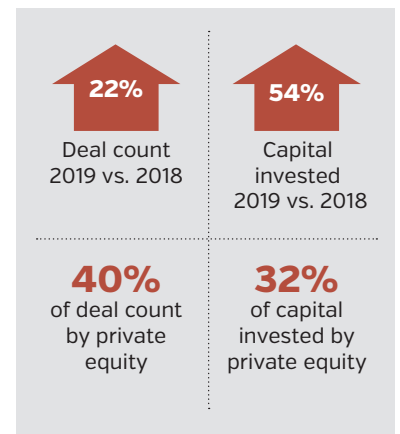
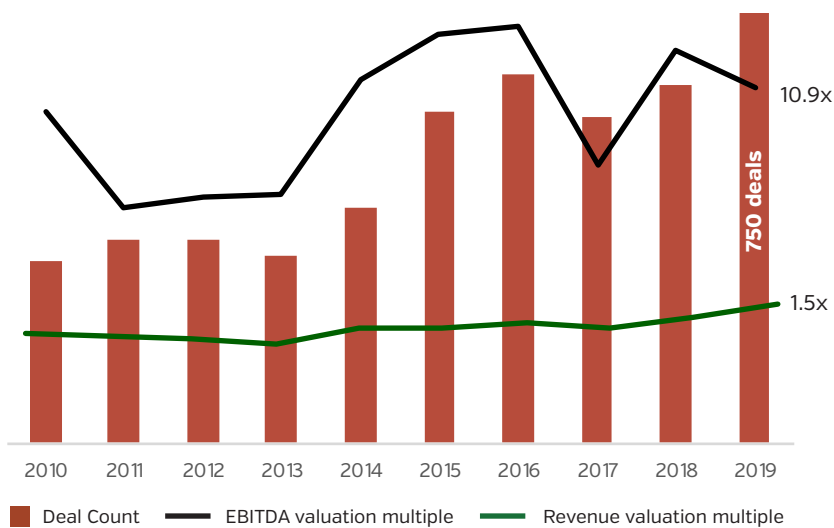


SEGMENT REVIEWS

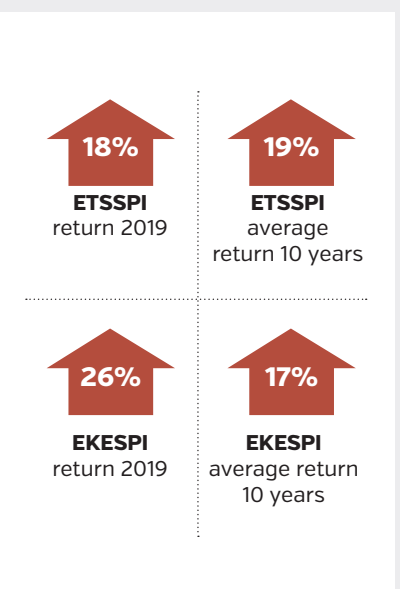
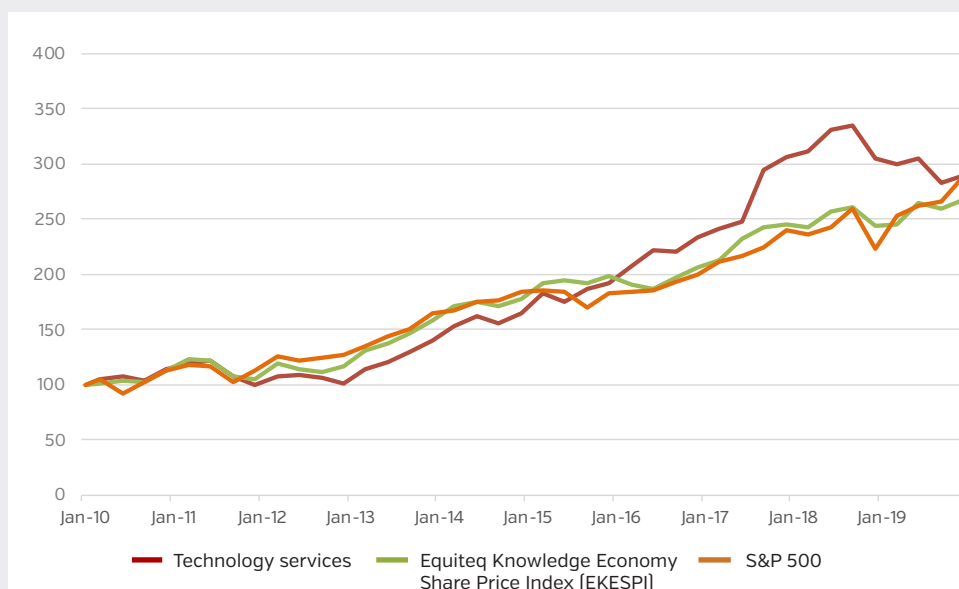
TECHNOLOGY SERVICES

KEY FINDINGS

M&A volumes and capital invested rose as demand for new digital capabilities continues to expand.



The Equiteq Technology Services Share Price Index (ETSSPI) rose in line with broader indices.





KEY TRENDS

Milestone deals from the major technology services players that are building scale.

Activity from prolific strategic buyers was strengthened by rising share prices and an abundance of capital available for new deals. A variety of mega deals were announced as buyers look to develop global scale to meet the growing demand for international digital transformation initiatives that require a range of complementary digital capabilities. Such transactions included Capgemini's acquisition of global innovation and engineering consulting & services firm Altran, Tieto's purchase of Norwegian technology services company EVRY, as well as DXC's acquisition of digital strategy and software engineering firm Luxoft.

A significant rise in private equity deal count.

Private equity activity accounted for c.40% of deal count in 2019, increasing from 32% in the prior year. However, capital invested by financial buyers fell from 44% of deal flow in 2018 to 32% in 2019. The rise in the proportion of capital invested by strategic buyers was a reflection of landmark strategic deals with reported transaction values over the year.

Private equity has significant capital available for new deals and are looking to deploy it in high growth industries. Many financial buyers have found success in leveraging the recurring revenues of many technology services firms, which has enabled them to pay premium prices and compete with strategic buyers for quality assets in high growth segments. Notable deals included Bain Capital's acquisition of digital transformation provider Brillio, BC Partners' purchase of cloud, security and digital infrastructure solutions provider Presidio and Thoma Bravo's acquisition of security software and hardware company Sophos.

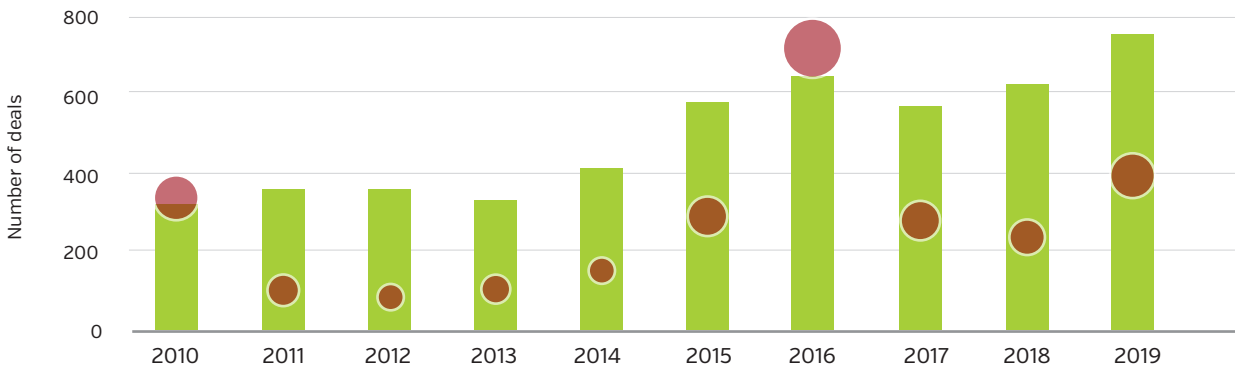
Notable cybersecurity acquisitions as accelerating digital transformation opens new vulnerabilities.

In addition to Sophos, there were a variety of major cybersecurity deals through the year. This included deals from Accenture Security like Déjà vu Security and BCT Solutions, as well as transactions like Orange's purchase of SecureData. Accelerating digital transformation of businesses across industries is opening new vulnerabilities to data security with the continued shift to new cloud-based systems, as well as the rising adoption of mobile devices, social media platforms and advanced data analytics tools. The global cybersecurity market is expected to grow to c.\$250bn by 2023, representing a CAGR of 10.2%, according to data from *MarketsandMarkets*.

Outlook

We expect M&A themes like advanced data analytics, artificial intelligence, cybersecurity and connected systems to continue in 2020. Prolific strategic buyers will use M&A as a tool to search for new avenues of growth. There is the expectation of further mega deals to continue as traditional IT outsourcing players scale their digital transformation capabilities to service major global digital transformation projects and further pivot their business model away from their legacy offering.

Figure 18 Technology services M&A activity, annually (2010 to 2019)



Note: Bubble size reflects comparative capital invested for the respective year.

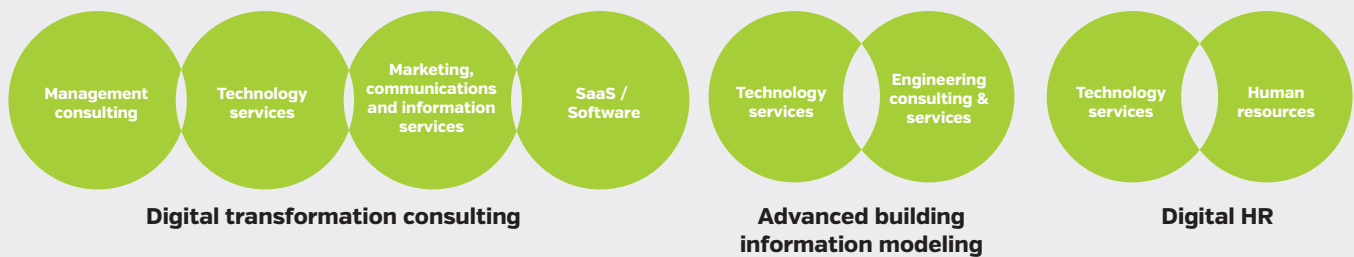


The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Hot spaces



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.



REGIONAL REVIEW

Strong growth in deal flow in Europe and Asia Pacific.


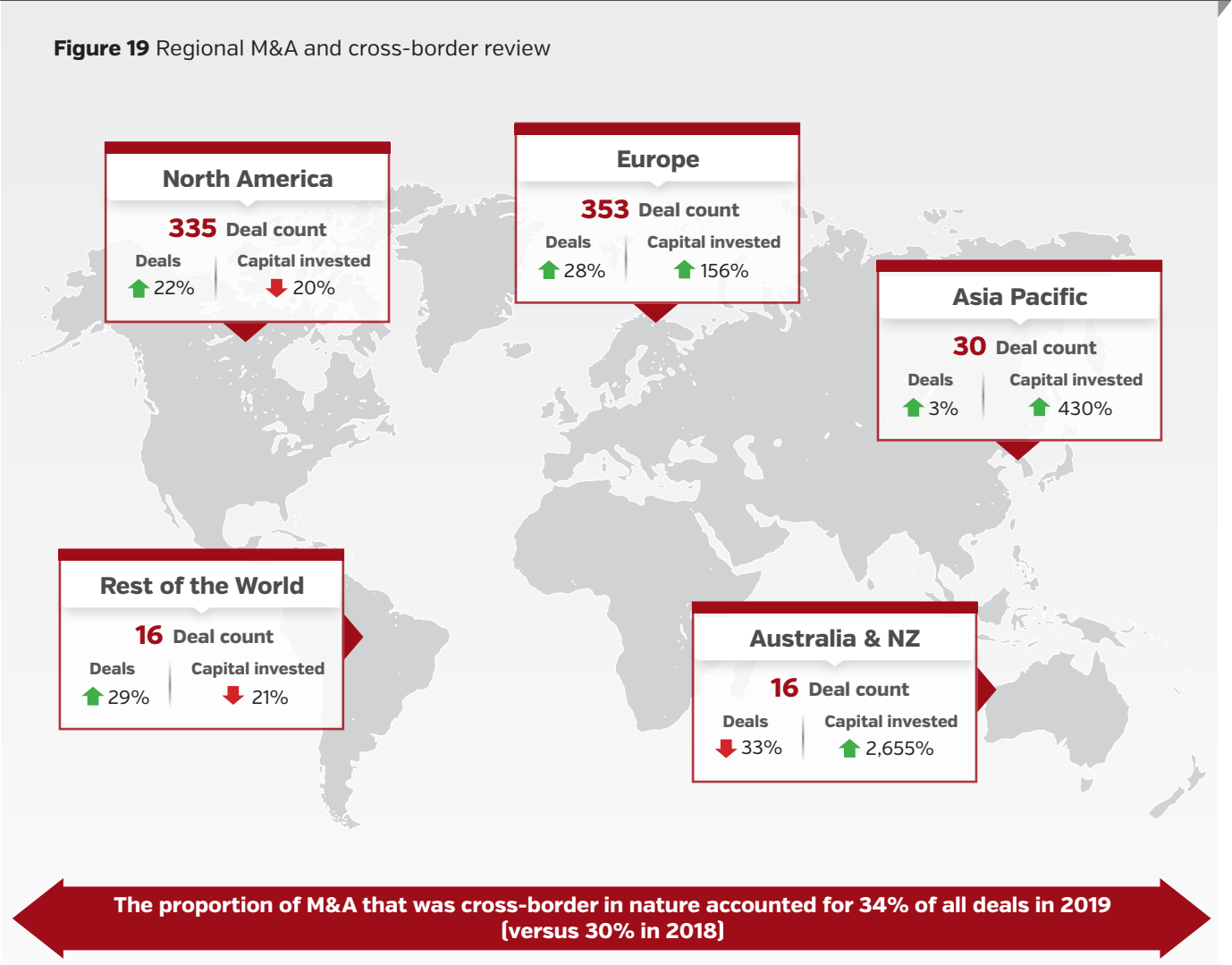
 High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See **Consideration 4** in the back for our perspectives on incorporating international buyers into your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

Figure 19 Regional M&A and cross-border review



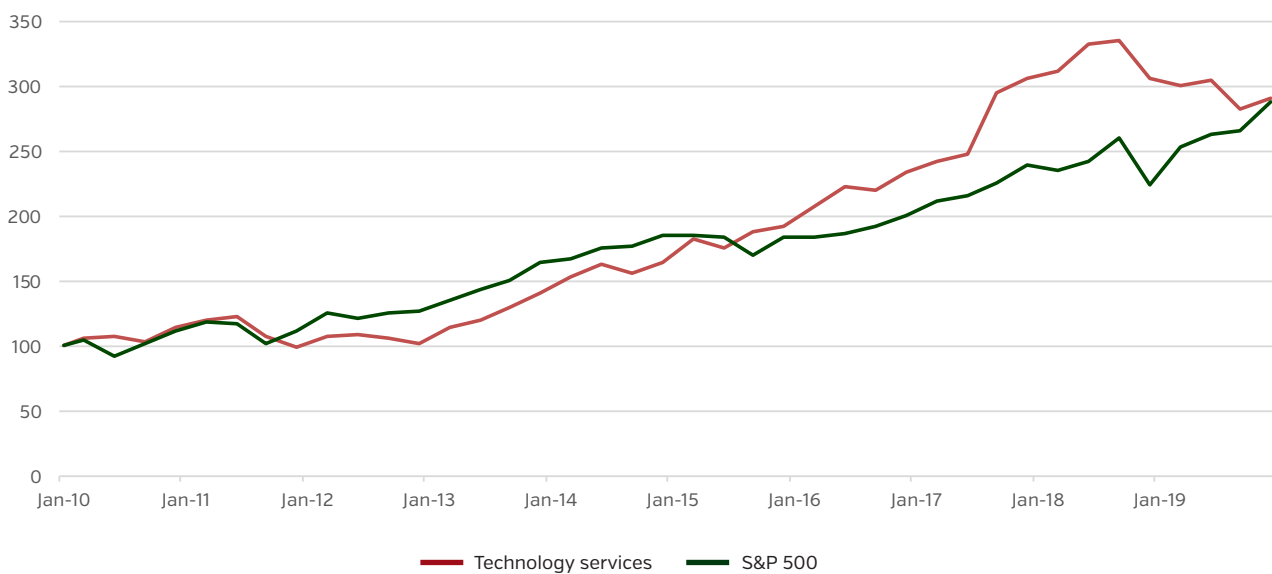
OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq Technology Services Share Price Index achieved modest gains with large variations in performance among constituents.

Figure 20 Equiteq Technology Services Share Price Index [2019]



Figure 21 Equiteq Technology Services Share Price Index [2010 to 2019]



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



VALUATION MULTIPLES AND TRENDS

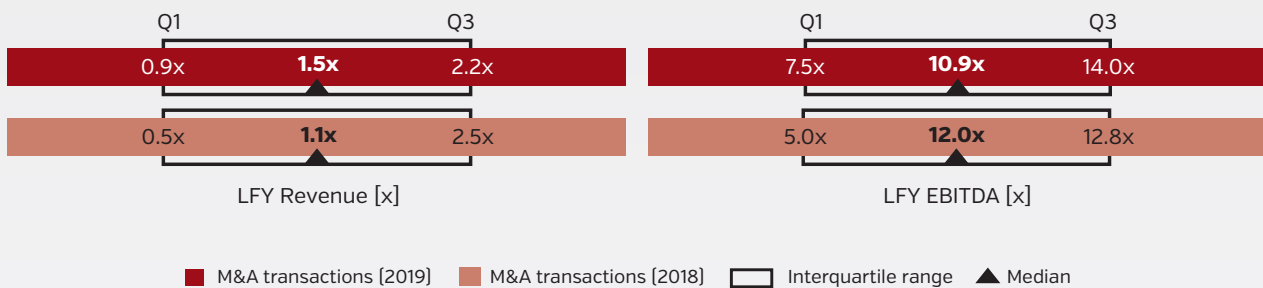
Valuation multiples for M&A transactions remain robust.



When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 22 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA

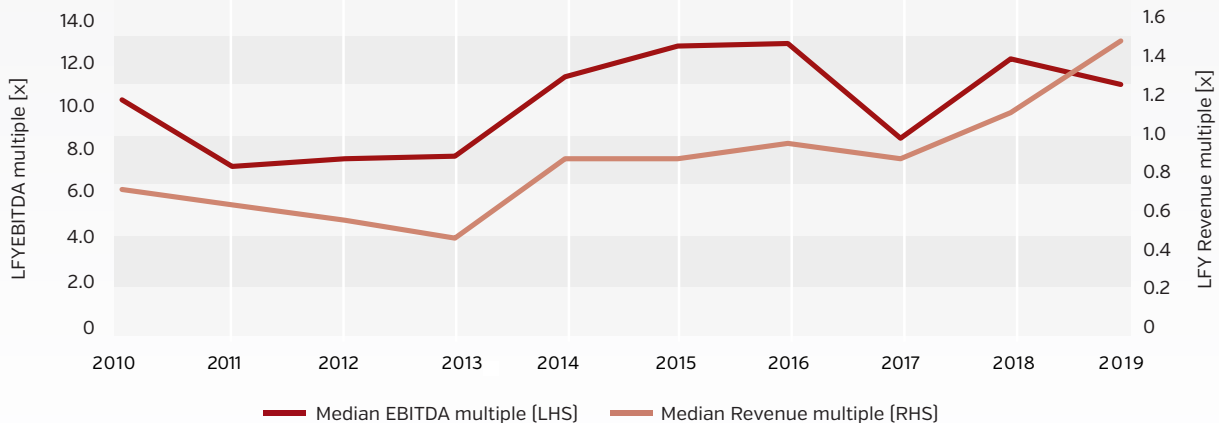


Note: The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.



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

Figure 23 Valuation metrics, 2010 to 2019 (M&A transactions)





BUYER TRENDS

Major prolific strategic buyers consisted of traditional IT outsourcers expanding their digital consulting capabilities.

40% [2019] **33%** [2018]
% of deal count by private equity

32% [2019] **44%** [2018]
% of capital invested by private equity

Selected notable strategic buyers

DXC Technology - US-headquartered global technology services firm.

In 2019, DXC Technology acquired six businesses across IT transformation, SAP cloud services, ITSM and software development. DXC's acquisition of Luxoft was the most transformational deal for the firm. It provides DXC with important capabilities in outsourced digital engineering, cloud and devops. It also enables DXC to deepen its capabilities for clients in the automotive and financial services sector verticals, particularly in Europe. DXC Technology was formed in 2016 following the merger of HPE's spin-off of most of its enterprise services business with Computer Sciences Corporation (CSC). Since its formation, DXC has been highly acquisitive and has focused its recent deals on high growth digital services.

Accenture - Ireland-headquartered global technology services and consulting firm.

Accenture budgeted c.\$1.5bn for acquisition in FY 2019 and expects to invest up to \$1.6bn in acquisitions for FY 2020. In 2019, acquisitions have continued to occur across consulting, digital services and media. Its most notable deal in the year was Droga5, the largest agency acquisition it has made. Investments in the firm's fast-growing digital and cloud services businesses have boosted revenue and gross margins in the first quarter of 2020. As part of the firm's earnings call, Accenture CEO Julie Sweet noted that the firm's acquisition strategy for the year continues to consist of three elements – 1. Scaling hot skill areas with a large market opportunity 2. Continuing to add skills and capabilities in "The New"; and 3. Deepening industry and functional expertise.

Capgemini - France-headquartered global technology services and consulting firm.

Capgemini acquired three businesses in 2019. Its largest announced deal is the purchase of Altran, which will transform the buyer's position in engineering, research and development (ER&D) to enable the digital transformation of industrial and tech companies. The acquisition builds on deal flow in areas like digital media, cyber security and financial services consulting, as well as the launch of Capgemini Invent, which combined Capgemini Consulting and expertise in technology and data science. The acquisition of Altran, along with other acquisitions and restructurings, better positions Capgemini against growing digital transformation competitors like Accenture, Cognizant and the Indian technology services players.

Logicalis - US-headquartered business and technology consulting firm.

Logicalis acquired three business in 2019. This included the acquisitions of Mars Technologies in South Africa, Orange Networks in Germany and Cilnet in Portugal. These purchases added capabilities across managed services, Microsoft consulting and infrastructure. The buyer announced a range of restructurings toward the end of the year, including appointing Robert Bailkoski as new CEO. Bob takes over from Mark Rogers, who has been extensively involved in M&A transactions and overseen the integration of acquired businesses into the Logicalis Group, which has expanded from operating in 9 countries in 2007 to growing its operations across 26 countries.

Cognizant - US-headquartered global technology services and consulting firm.

Cognizant acquired four businesses across software, cloud transformation and support services in 2019. This notably included the purchase of UK-based premier enterprise DevOps and cloud transformation consultancy Contino for \$240m. This came as the buyer announced a restructuring in October resulting in job cuts to offset a fall in spending by financial clients. Digital currently accounts for around a third of the firm's revenue and it is set to focus on continuing the growth in this space with an emphasis on investing in data, digital engineering, cloud, and IoT.



SELECTED TRANSACTIONS

Announced date	Target	Key services of target	Buyer	Deal value	EV / LFY revenue (x)
Jan-20	The Shelby Group	E-procurement transformation and optimization consultancy	WestView Capital	-	-
Dec-19	Infocentric	Digital agency	Valtech	-	-
Dec-19	Flux7	AWS premier consulting	NTT Data	-	-
Dec-19	AgilityWorks	SAP consulting	Ernst & Young	-	-
Dec-19	Apis Group	Government specialist consulting	Accenture	-	-
Nov-19	Intuitus	Technology advisory services	Endava	-	-
Nov-19	NAYA	Technology distribution	EPAM	-	-
Nov-19	Quosphere	Supply chain solutions	Ingram Micro	-	-
Nov-19	Silveo	Financial services cloud-based SaaS	Accenture	-	-
Nov-19	Virtual Clarity	ITaaS transformation advisory	DXC Technology	-	-
Nov-19	Obsidian Solutions	Cloud migration and data management	Alpha FMC	\$7.33m	-
Nov-19	Bluleader	Customer Experience consulting	DXC Technology	-	-
Nov-19	Onica	AWS Premier consulting	Rackspace	-	-
Sep-19	Mitrais	Software development	CAC Holdings Corporation	-	-
Oct-19	ATOM Solutions	IT consulting	Capco	-	-
Oct-19	X-Perion	SAP Consulting	Atos	-	-
Oct-19	Presence of IT	Workforce management and human resources consulting	Deloitte	-	-
Oct-19	Contino	Professional services for federal agencies	Cognizant	\$240m	-
Oct-19	Sophos	Cybersecurity	Thoma Bravo	£3.1bn	-
Sep-19	Orange Networks	Microsoft services business	Logicalis	-	-
Aug-19	Analytics8	Data and analytics consulting	Accenture	-	-
Aug-19	Presidio	Cisco solutions	BC Partners	\$2,342m	0.8
Aug-19	Northstream	Communications service consulting	Accenture	-	-
Jul-19	ISS Consulting	Software development	itelligence AG	\$7.71m	-
Jul-19	Connexa	AI, machine learning and advanced analytics	Octo Consulting Group	-	-
Jun-19	BCT Solutions	Cybersecurity	Accenture	-	-
Jun-19	Youperience	Salesforce consulting partner	Persistent Systems	£6.80m	-
Jun-19	Altran	Engineering and R&D services	Capgemini	-	-
Jun-19	EVRY	Tech and consulting	Tieto	-	-
Jun-19	Zenith Technologies	Life sciences manufacturing technology	Cognizant	-	-
Jun-19	Objectwise Consulting Group	IT consulting	Tech Mahindra	\$2.75m	-



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Jun-19	Deja vu Security		Information security and consulting services	Accenture		-	-
Jun-19	Mobiquity		Digital consultancy	Hexaware Technologies		\$182m	-
Jun-19	SCISYS		Software solutions	CGI Group		£87m	-
Jun-19	TopLine Strategies		CRM and BI solutions	Wipfli		-	-
May-19	The Chartis Group		Healthcare advisory and analytics	Audax Group		-	-
Apr-19	KSM Consulting		Management and technology advisory	Renovus Capital Partners		-	-
Apr-19	eGlobalTech		Government technology and management consulting	Tetra Tech		-	-
Apr-19	Cognosante Consulting		Health IT consulting	NTT Data		-	-
Mar-19	Converging Data		Risk management consulting	Deloitte		-	-
Mar-19	Acando		Digital services	CGI		\$367.1m	-
Mar-19	Enterprise System Partners		Life sciences consulting and manufacturing services	Accenture		-	-
Feb-19	Nielsen+Partner		Temenos WealthSuite specialist	Larsen & Toubro Infotech		\$31.6m	-
Feb-19	Kivu Consulting		Cybersecurity consulting	Bow River Capital		-	-
Feb-19	SecureData		Cybersecurity	Orange		-	-
Jan-19	Square Peg		Platinum Salesforce Partner	Simplex		-	-
Jan-19	Mastodon Design		Manufacturer of radio equipment for intelligence agencies	CACI International		\$225m	-
Jan-19	LGS Innovations		Technology company supporting national defense	CACI International		\$750m	-
Jan-19	EG A/S [Service Business]		Microsoft Dynamics 365 integration	DXC Technology		-	-
Jan-19	SLAIT Consulting		IT consulting and solutions provider	ePlus Technology		-	-
Jan-19	Avanxo		Cloud transformation	Globant		\$48.6m	-
Jan-19	Ruletronics		BPM and CRM solutions	Larsen & Toubro Infotech		\$7.5m	2.2
Jan-19	Cervello		Business analytics and data management consulting	A.T. Kearney		-	-
Jan-19	Brillio		Digital technology consulting and solutions	Bain Capital		-	-
Jan-19	Capax Global		Microsoft Cloud business applications	Hitachi Solutions		-	-
Jan-19	T-Systems [Mainframe Service Business]		Cloud and data platform solutions	IBM		-	-
Jan-19	Luxoft		Software development	DXC Technology		\$2,078.4m	-

Note: The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2019.

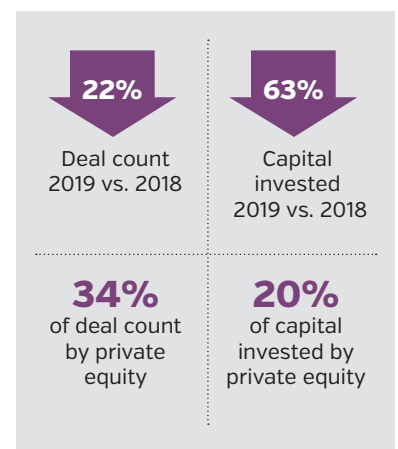
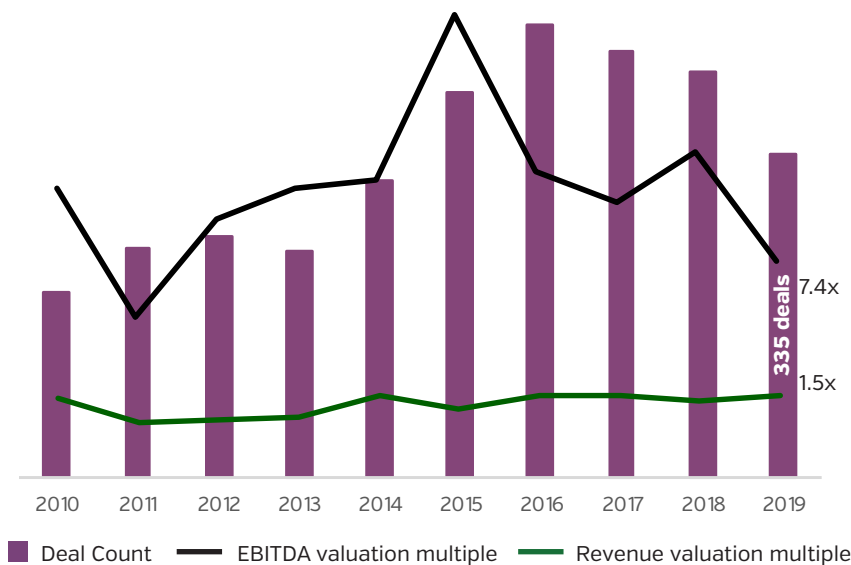


SEGMENT REVIEWS

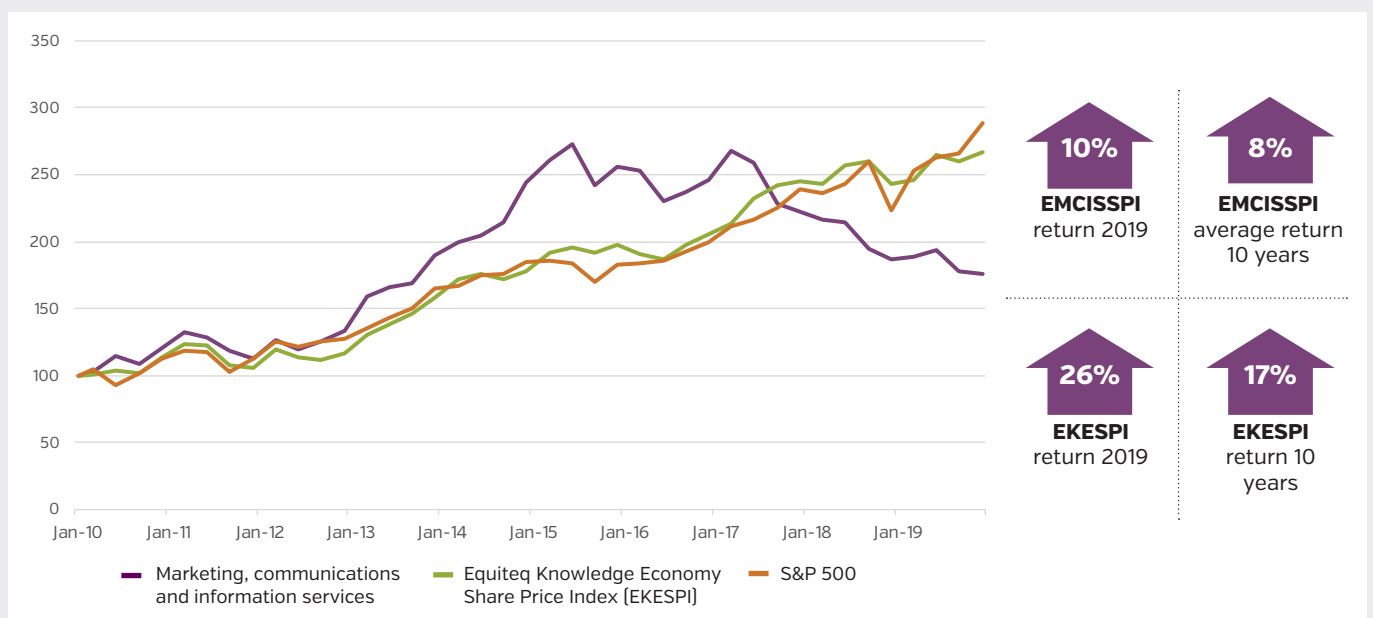
MARKETING, COMMUNICATIONS AND INFORMATION SERVICES

KEY FINDINGS

M&A activity dipped and average revenue valuation metrics remained above the average for knowledge-intensive services.



The Equiteq Marketing, Communications and Information Services Share Price Index (EMCISSPI) achieved modest gains, underperforming broader market indices.





KEY TRENDS

Industry turbulence and economic uncertainties result in a fall in activity.

Many marketing, communications and information services firms continue to face a variety of industry headwinds including new competitive threats and increasing scrutiny by clients on advertising spending. Expenditure cuts notably included Procter & Gamble spending c.\$352m less than the previous year on advertising as it looks to more carefully reach its target audience. The “Big Six” traditional media networks – WPP, Omnicom, Publicis, Havas, IPG and Dentsu – are under pressure. This is reflected by a slow down in their deal flow since 2014 and recent restructuring from the likes of WPP. Nevertheless, Publicis’ acquisition of Epsilon marked the second largest media agency deal after Dentsu’s purchase of Aegis in 2013.

Technology and consulting buyers compete for agency acquisitions.

Media clients continue to turn to consultancies to integrate strategic insight, data and implementation into their media efforts. As consulting firms work on large digital transformation engagements, they are able to use their C-suite relationships and track record to take ad spend from traditional marketing, communications and information services firms. Accenture’s acquisition of Droga5 was the largest agency acquisition that Accenture has made to date and a transformational deal for the industry. It puts further pressure on the Big Six, as well as on acquisitive growing consulting and technology firms that have entered the space. Active buyers in 2019 within the latter category included Genpact, West Monroe and Tech Mahindra.

Unique data sets and advanced analytics to enable targeted marketing campaigns.

To remain at the forefront of developments in the industry, marketing, communications and information services firms need access to unique customer and industry data sets. They also need to be able to structure this data so that it can be analyzed. The latest advanced analytics solutions can then predict customer behavior and prescribe marketing strategies.

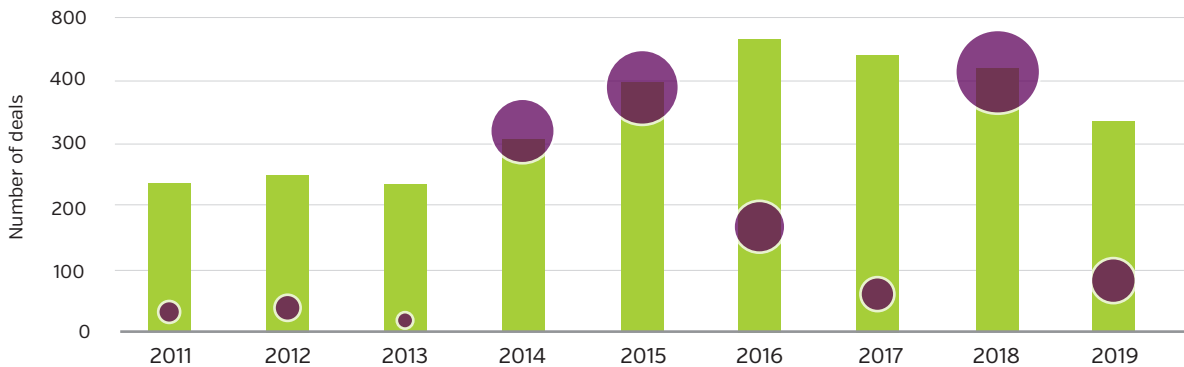
Publicis’ acquisition of Epsilon added c.9,000 people, including 3,700 data scientists that will enable Publicis to move up the value chain with Epsilon’s clients’ first-party data. The deal follows Interpublic Group’s acquisition of Acxiom Marketing Solutions, Acxiom’s legacy data management business, which gave it access to customer data to drive more targeted marketing campaigns for its clients. The recent demand for similar capabilities from S4 Capital and pressure on other media competitors to respond to the recent activity in the space could result in further deal flow.



The acquisitions of customer analytics and first party data will continue to be a trend in 2020. We expect that the traditional marcom networks will look to respond to Accenture’s acquisition of Droga5 by building capabilities at the intersection of creative media, technology and consulting. Non-traditional media buyers will further develop their creative capabilities as they look to compete against the established media networks for larger customer contracts. There is the potential for a landmark consolidation or restructuring of a major network over the next few years.



Figure 24 Marketing, communications and information services M&A activity, annually (2010 to 2019)



Note: Bubble size reflects comparative capital invested for the respective year.



The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Customer-focused digital transformation

Hot spaces



Customer experience strategy



Customer data & analytics



Mobile consulting & app development



Social media & user-generated content



Product development, IoT & connected systems



Extended reality



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.



REGIONAL REVIEW

Fall in deal activity across regions, with a rise in cross-border M&A.


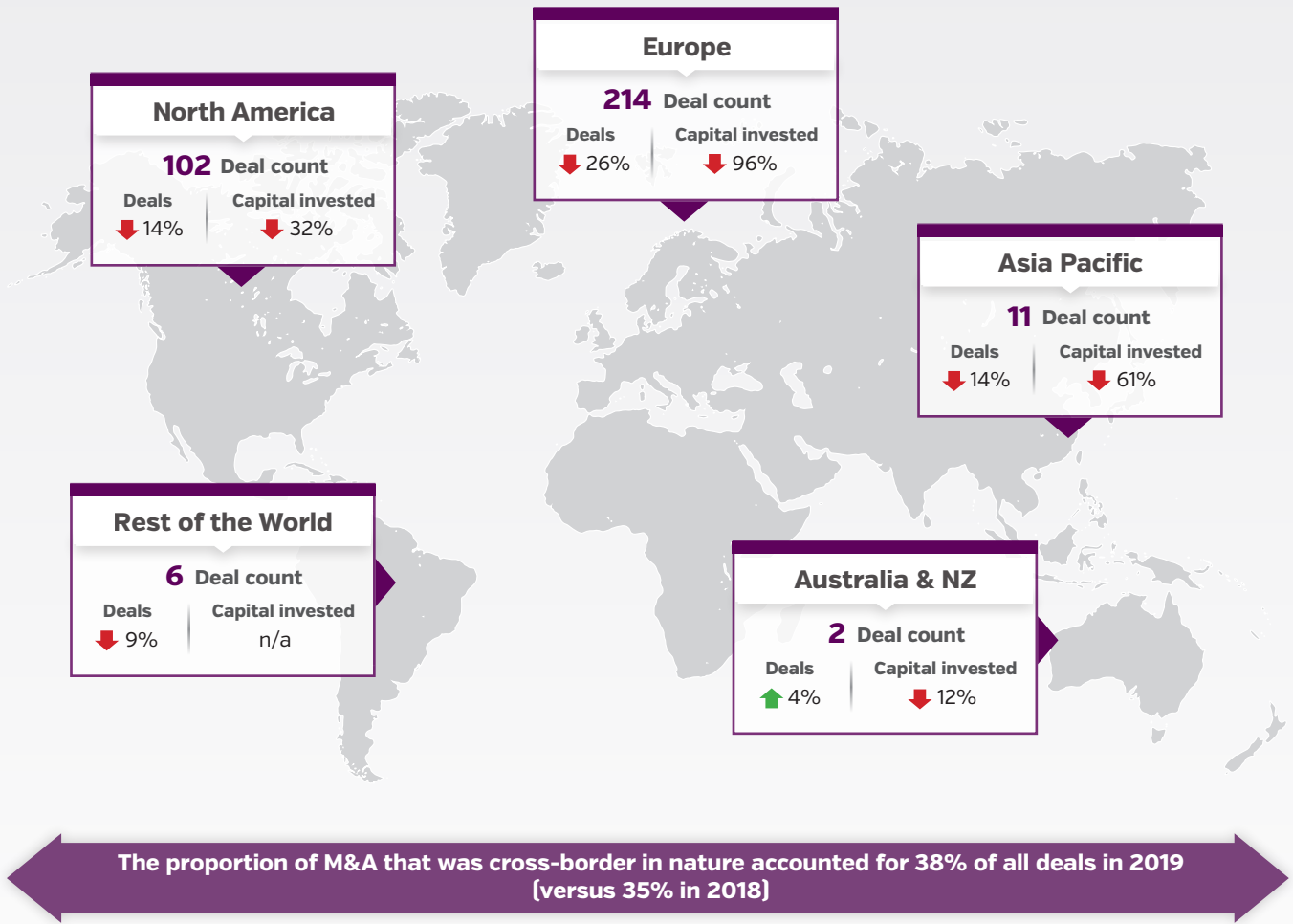
 High-profile cross-border acquisitions across the knowledge economy are common and enable foreign buyers to penetrate new markets, gain new clients and grow revenues with existing global accounts. See **Consideration 4** in the back for our perspectives on incorporating international buyers into your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

Figure 25 Regional M&A and cross-border review





OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq Marketing, Communications and Information Services Share Price Index rose modestly, although there were large variations in performance among constituent players.

Figure 26 Equiteq Marketing, Communications and Information Services Share Price Index [2019]

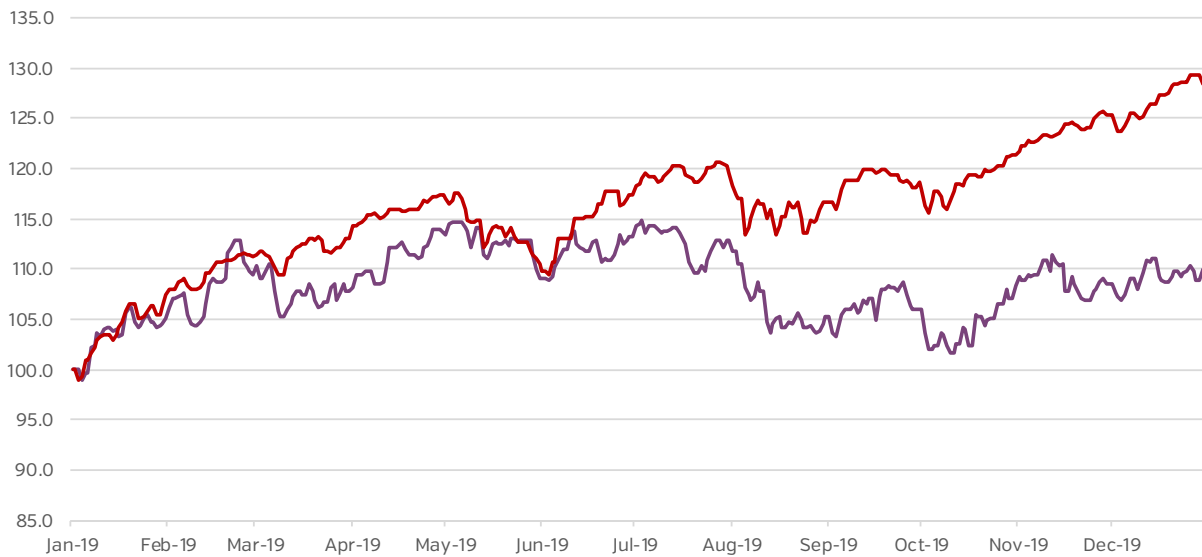
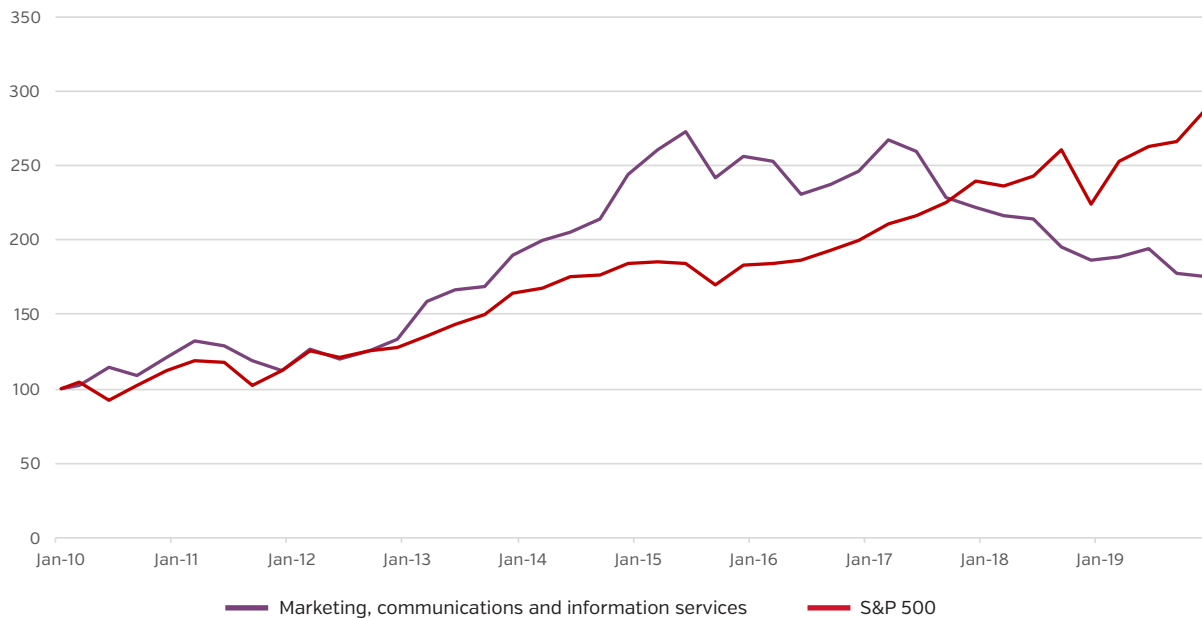


Figure 27 Equiteq Marketing, Communications and Information Services Share Price Index [2010 to 2019]



Note: The Equiteq Marketing, Communications and Information Services Share Price Index is the only published share price index which tracks the listed companies within the marketing, communications and information services industry. You will be able to receive further information on the index and its performance by joining Equiteq Edge at equiteq.com/equiteq-edge. The index is continually revised to consider new listed companies and to remove businesses that are no longer relevant in each quarter.



VALUATION MULTIPLES AND TRENDS

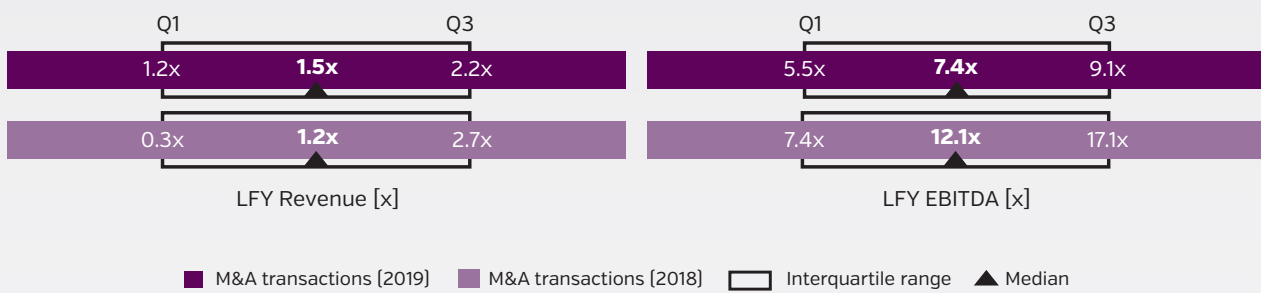
Revenue valuation multiples for M&A transactions are at a premium to the average for knowledge-intensive services.



When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 28 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA

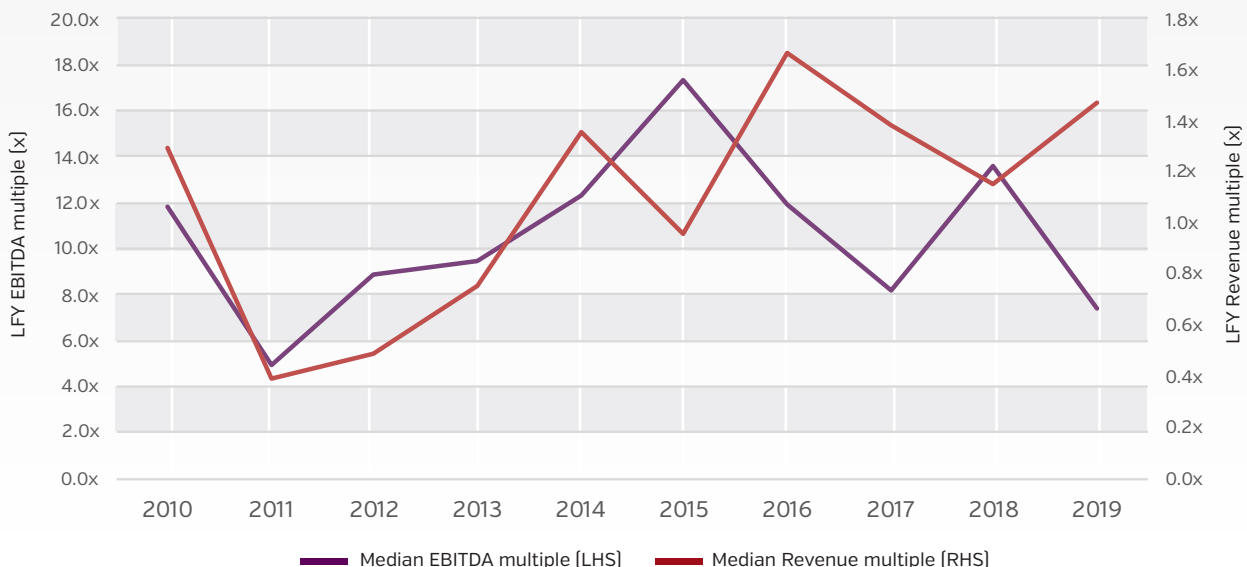


Note: The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.



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

Figure 29 Valuation metrics, 2010 to 2019 (M&A transactions)





BUYER TRENDS

Technology services and consulting firms continue to feature as prolific buyers in the space.

34% [2019] **29%** [2018]
% of deal count by private equity

20% [2019] **49%** [2018]
% of capital invested by private equity

Selected notable strategic buyers

Accenture Interactive - Subsidiary that provides design, marketing, content and commerce solutions. Accenture Interactive surpassed \$10bn in revenue in FY 2019, an increase of \$1.5bn as compared with FY 2018. This has placed the firm as the fourth largest agency group, only trailing WPP, Omnicom and Publicis. Most of this revenue is being generated from organic growth, but M&A has been an important focus area for the company. Its largest deal in 2019 was US-headquartered Droga5, which it is believed to have purchased for c.\$475m and makes it the largest agency acquisition made by Accenture. Other notable deals across the globe include Bow & Arrow, Shackleton, Hjaltelin Stahl and Storm Digital.

Publicis - France-headquartered advertising and marketing agency network. Publicis acquired eight businesses in 2019. Its most notable acquisition was the purchase of Epsilon, the second largest media agency deal after Dentsu's purchase of Aegis in 2013. The deal comes as the leading marketing agencies are under increasing pressure from consultancies and technology firms entering the digital media space. Epsilon is the most disruptive deal for the firm since the acquisition of Sapient and will enable Publicis Sapient shift from digital marketing services to full business transformation through industry verticals.

Dentsu - Japan-headquartered advertising and marketing agency. Dentsu had a strong year of M&A activity, acquiring 11 businesses including Happy Marketer, Davanti Consulting, Redder Advertising and BJL. This deal flow was despite announcing a plan of restructuring and layoffs at the end of the year. The announced restructuring also came with a cut in its revenue and profit forecast due to underperformance in seven international markets. Dentsu CEO, Toshihiro Yamamoto, is streamlining Dentsu's international business around three lines of business: creative, media and CRM, which are aimed at enabling clients to become data-driven, tech-enabled and idea-led.

S4 Capital - UK-headquartered communications services business formed in 2018. S4 Capital made four acquisitions via MediaMonks - the firm's Netherlands-based content agency which it purchased last year. Its most notable deal was the purchase of Silicon Valley's largest digital marketing business Firewood for \$150m. S4 Capital's programmatic agency MightHive purchased three businesses. This included ProgMedia, building capabilities in online marketing, as well as two data analytics businesses ConversionWorks and Datalicious. In past interviews, CEO Martin Sorrell has stated that he is aiming to build a multi-national communication services business through S4 Capital, which is focused on growth potentially akin to a consultancy like Accenture or Deloitte.

Havas - France-headquartered agency network. Havas made eight acquisitions globally in 2019. Havas announced a new roadmap to help its clients address the growing demand for meaningful purpose and content. This came after a proprietary study was undertaken which analyzed the shift in consumers' expectations across the world. As such, the buyer has looked to develop a more client-centric structure focused on building teams around client responsibilities. The business has been historically European focused, but in 2019 it made three acquisitions in India - Langoor, Think Design and Shobiz Experiential Communications. The buyer recognizes both India and China as high growth regions for the business over the next couple of years.



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Nov-19	SpireMedia		Digital transformation	Kin + Carta		-	-
Nov-19	Winter Agency		Digital marketing	Hakuhodo		-	-
Nov-19	Radius Digital Science		Scientific digital creative agency	W2O		-	-
Nov-19	T3		Digital marketing	LRW Group		-	-
Nov-19	ISO.health		Medical and scientific communications	W2O		-	-
Nov-19	Born Group		Digital and content production	Tech Mahindra		-	-
Sep-19	Live Rice Index		Price reporting agency	S&P Global Platts		-	-
Oct-19	EBP		E-commerce solutions	Dentsu Aegis Network		-	-
Oct-19	Rightpoint		Digital consultancy	Genpact		-	-
Oct-19	Sutter Mills		Data-driven marketing strategies	Accenture		-	-
Oct-19	Arcus Medica		Medical communications consulting	W2O		-	-
Oct-19	GoKart Labs		Digital products	West Monroe Partners		-	-
Oct-19	Firewood Marketing		Digital marketing and creative agency	MediaMonks		\$150m	-
Sep-19	Langoor		Digital marketing	Havas		-	-
Sep-19	Red Squirrel Communications		Healthcare and public affairs consultancy	Freshwater		-	-
Sep-19	Buzzman		Advertising agency	Havas		-	-
Aug-19	McCready Bale Media		Creative agency	Publicis Groupe		-	-
Aug-19	IMAgency		Influencer marketing	MediaMonks		\$11.2m	-
Aug-19	INSITUM		Service design and strategic research	Accenture		-	-
Jul-19	Blue Water		Digital marketing	MissionSide		-	-
Jul-19	Davanti Consulting		Technology and business consulting	Dentsu Aegis Network		-	-
Jul-19	RevUnit		Digital strategy and product studio	Mountaingate Capital		-	-



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Jul-19	Mad*Pow		Strategic design consulting	Tech Mahindra		-	-
Jun-19	BizTech		Marketing and customer experience	S4 Capital		-	-
Jun-19	Battery		Creative agency	Havas		-	-
Jun-19	MJD Interactive		Experiential and digital innovation	Valtech		-	-
Apr-19	ProgMedia		Programmatic solutions consulting	MightyHive		-	-
Apr-19	Caramel Pictures		Production agency	S4 Capital		-	-
Apr-19	Epsilon		Data marketing solutions	Publicis Groupe		\$4,400m	-
Apr-19	Droga5		Creative agency	Accenture		\$475m	2.8
Apr-19	Latitude Digital Marketing		Digital marketing	Jellyfish Group		-	-
Mar-19	Dudnyk		Healthcare communications	Fishawack		-	-
Mar-19	Redder Advertising		Digital creative agency	Dentsu		-	-
Mar-19	Storm Digital		Digital marketing	Accenture		-	-
Mar-19	Hjaltelin Stahl		Creative agency	Accenture		-	-
Feb-19	Happy Marketer		Digital marketing	Dentsu		-	-
Feb-19	BJL		Creative agency	Dentsu		-	-
Jan-19	Gravity Thinking		Creative and digital agency	Vivaldi		-	-
Jan-19	Brilliant & Million		Digital marketing	Publicis Groupe		-	-
Jan-19	CatchOn		Strategic marketing communications consulting	Finn Partners		-	-

Note: The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2019.

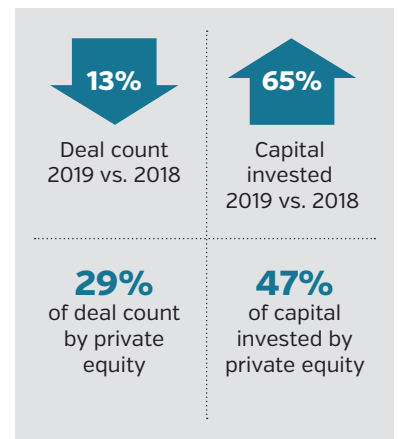
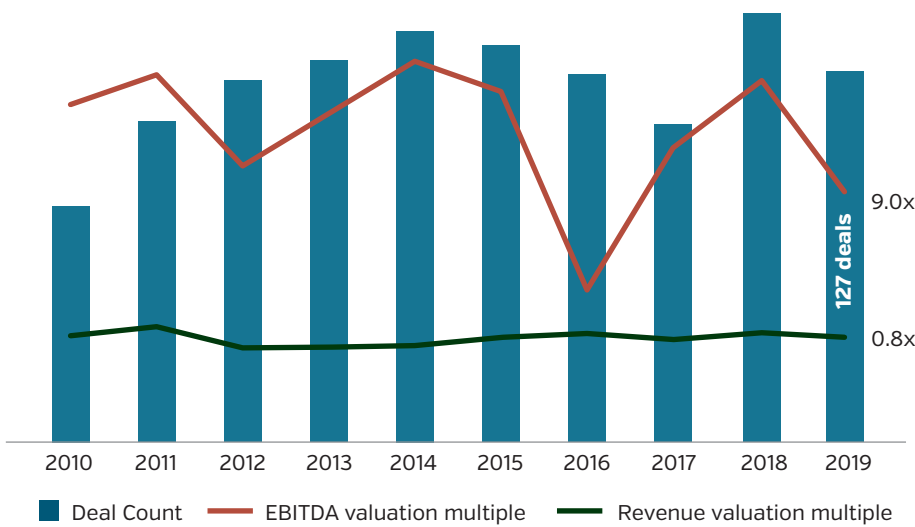


SEGMENT REVIEWS

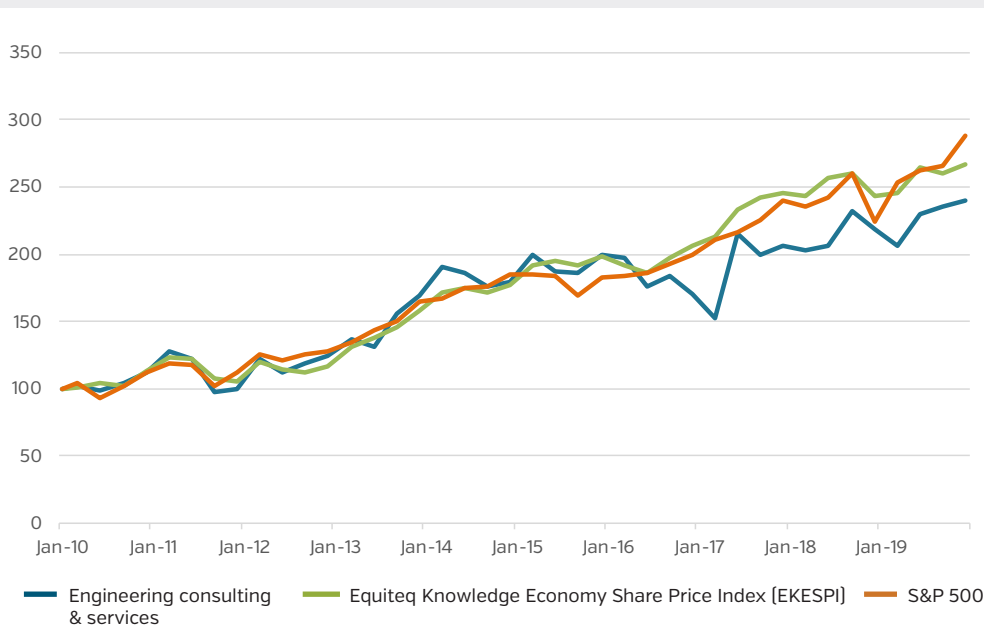
ENGINEERING CONSULTING & SERVICES

KEY FINDINGS

M&A deal volumes dipped, but capital invested in the sector rose.



The Equiteq Engineering Consulting & Services Share Price Index (EECSPI) rose strongly outperforming the overall market.





KEY TRENDS

Demand for capital projects & infrastructure consulting capabilities.

We noted strong demand for capital projects and infrastructure consulting capabilities driven by talent shortages and increasing infrastructure spend. Investment in new technologies is driving a convergence among management consulting and engineering services firms working on complex infrastructure projects.

Management consultants with specialized big data-led infrastructure advisory practices are able to effectively compete for project management roles previously led by specialist construction and engineering firms. In turn, the latter are also investing in new digital technologies to move into the management consulting space.

Disruptive technology-enabled engineering capabilities.

The most notable technology-enabled engineering deal was Capgemini's purchase of Altran. The deal enables Capgemini to take a leading position as a service provider focused on engineering, research and development (ER&D) as part of the digital transformation of industrial and tech companies. Other buyers also entrenched themselves in the innovation consulting and technology-enabled product design space. This included PA Consulting which acquired innovation consulting firm 4iNNO. These capabilities will enable the firm to continue to win various high-profile transformative consulting engagements, which has included Virgin Hyperloop One, a potential disruptor to the transport sector.

Notable activity in the environmental consulting space.

There was strong buyer demand in the environmental consulting space. The sector is considered to have robust industry tailwinds relating to government regulations for environmental protection. There is notable demand for waste management, site assessment and remediation, as well as regulatory consulting. Major deals in the space included WSP's purchase of Ecology & Environment, Terracon Consultants' acquisition of St. John-Mittelhauser & Associates, Anthesis Group's purchase of Lavola and Hydrock's acquisition of MRB Consulting Engineers.

Outlook

Despite the dip in deal flow over the year, many of the industry fundamentals remain supportive of M&A activity in 2020. Activity will be maintained by continued demand for infrastructure spending in developed economies. Potential disruptors to current levels of activity will be a potential economic slowdown and its impact on commodity prices. We expect continued strong interest in capabilities related to new technologies that enhance services and improve efficiencies for clients.

REGIONAL REVIEW

Strong rise in overall deal activity in Europe, capital invested in North America and cross-border M&A globally.


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

Figure 30 Regional M&A and cross-border review

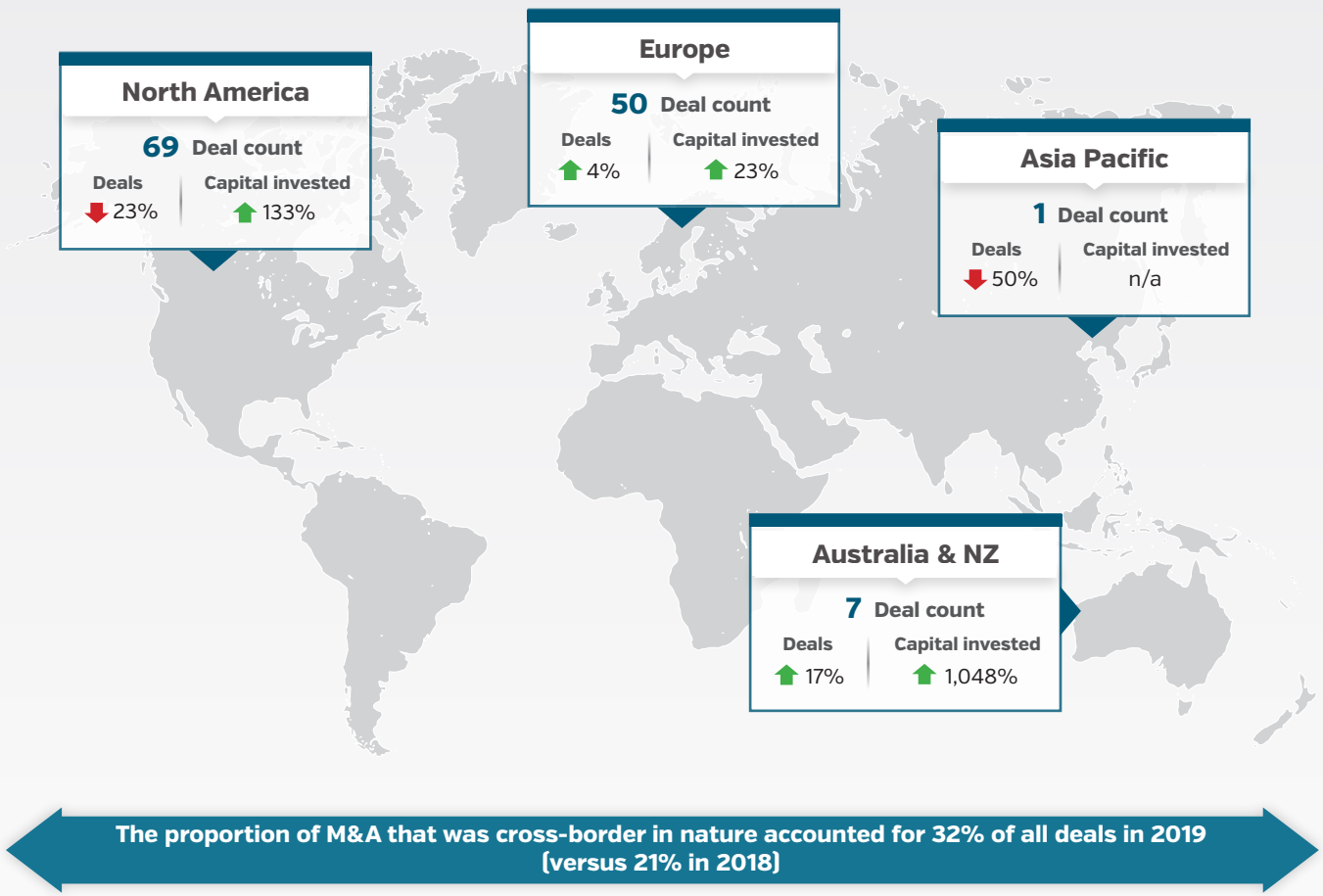
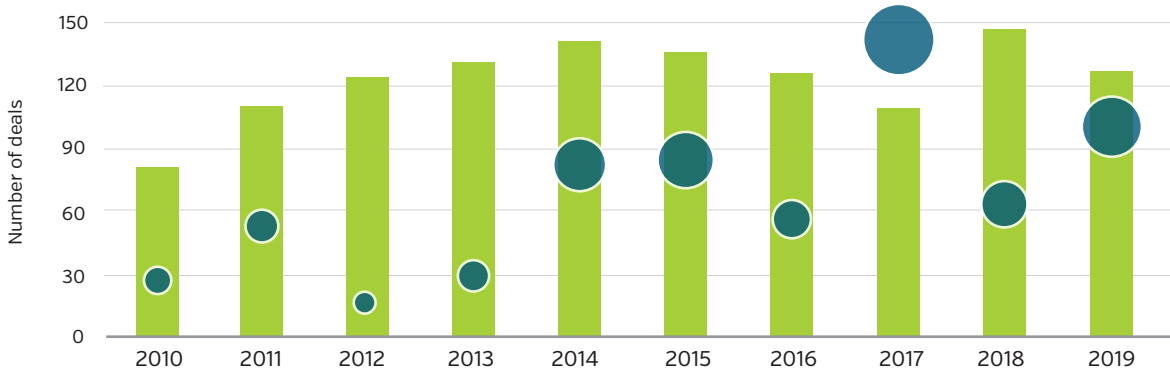




Figure 31 Engineering consulting & services M&A activity, annually (2010 to 2019)



Note: Bubble size reflects comparative average deal size for the respective year.



The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Advanced building information modeling and predictive engineering analytics



Innovation strategy

Hot spaces



IoT product design



High-tech manufacturing



Predictive engineering analytics



Artificial intelligence & machine learning



Testing services



Building information modelling, VR & AR



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.

OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq Engineering Consulting & Services Share Price Index outperformed broader equity market indices.

Figure 32 Equiteq Engineering Consulting & Services Share Price Index [2019]

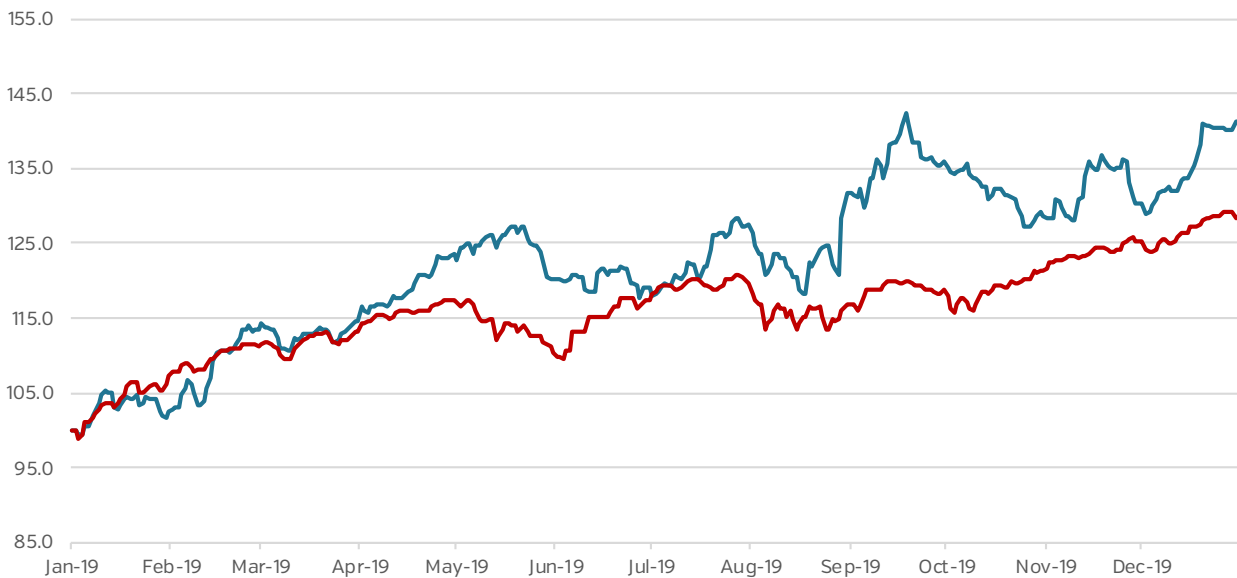
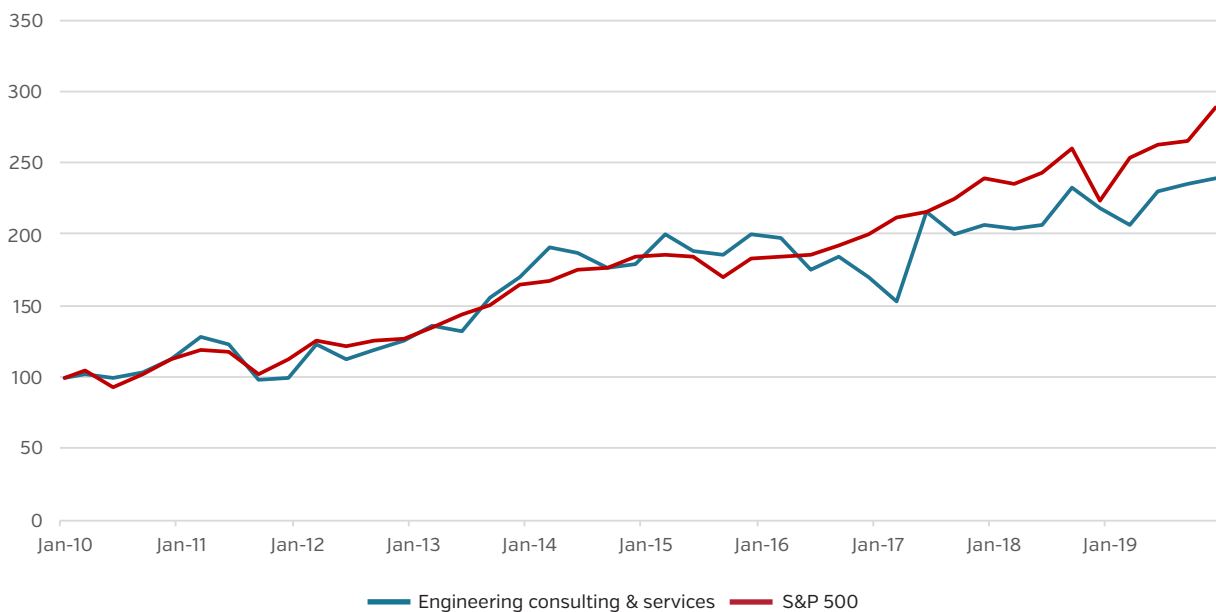


Figure 33 Equiteq Engineering Consulting & Services Share Price Index [2010 to 2019]




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



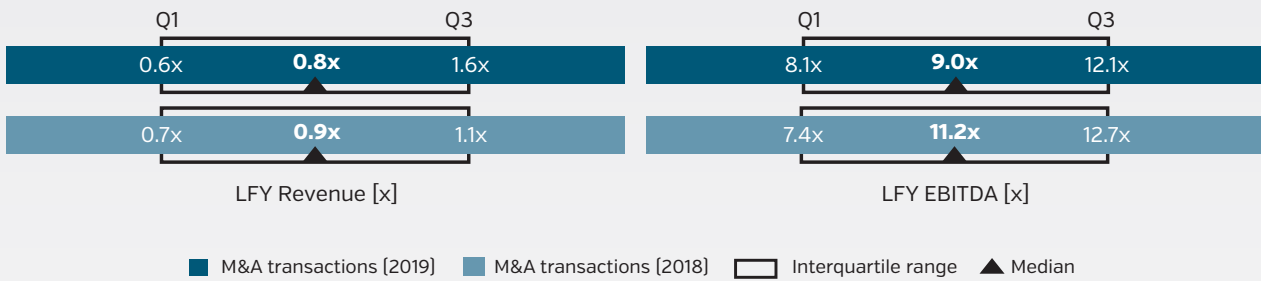
VALUATION MULTIPLES AND TRENDS

Valuation multiples for M&A transactions remained robust.

 When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 34 Enterprise Value [EV] as a multiple of Last Full Year [LFY] unadjusted revenue and EBITDA



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


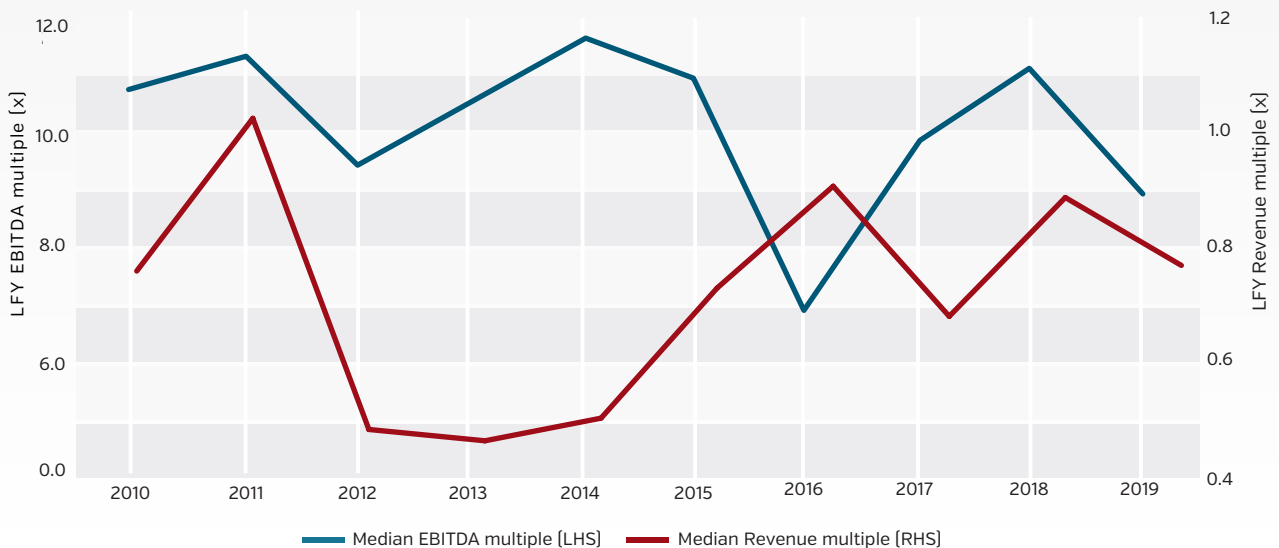
 As their quoted valuation metrics and cash balances rise, so does competition for assets from listed buyers, who are looking for new avenues of growth and are able to make earnings accretive acquisitions by paying a discount to their premium earnings ratio. See **Consideration 6** in the back for our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

Figure 35 Valuation metrics, 2010 to 2019 [M&A transactions]





BUYER TRENDS

Prolific buyers consist of established engineering players, as well as new consulting buyers.

29% [2019] **30%** [2018]

% of deal count by private equity

47% [2019] **48%** [2018]

% of capital invested by private equity

Selected notable strategic buyers

WSP Global - Canada-headquartered provider of engineering solutions.

In 2019, WSP Global acquired eight businesses globally. This notably included the purchase of US-based environmental consulting firm Ecology and Environment Inc for \$65m and mechanical electrical and plumbing design business Leach Wallace Associates. The buyer acquired five businesses in Europe, which included UK-based planning company Indigo Planning Limited. As we go to press, it has been reported that WSP has approached rival engineering services firm AECOM about a possible acquisition.

NV5 - US-headquartered technical engineering & consulting solutions.

NV5 acquired eight businesses across the US and one business in Australia. The purchase of Page One Consultants expanded the buyer's construction quality assurance vertical capabilities into central Florida. The buyer also acquired GeoDesign, a geotechnical, geologic, environmental, pavement, and mining consulting firm headquartered in the Portland Metro area of Oregon. The purchase of GHD's forensics engineering business added 57 employees in Florida, Tennessee, and Texas. The team specialized in the provision of engineering, scientific investigation, litigation support, construction consulting, and estimating services to national and regional insurers for property claims.

SGS - Switzerland-headquartered inspection, verification, testing and certification services.

SGS acquired twelve businesses extending its core capabilities in testing, inspection and certification into new industries. Notably, the business disposed of Petroleum Services Corporation, a provider of downstream petroleum and terminal operations. It also acquired Maine Pointe, a business process optimization consulting firm. These moves were part of a capital allocation strategy of moving toward higher value-added services. The firm stated that in 2020 it will remain committed to accelerating its M&A, while remaining disciplined on returns.

Terracon - US-headquartered engineering consulting & services firm.

Terracon acquired three environmental consulting businesses in the US. This included the purchase of Environmental Services, Inc. and Geotechnical & Environmental Consultants, Inc. to enhance the company's presence and depth in the Southeast of the country with complementary capabilities in environmental, geotechnical and materials consulting. At the end of the year, the buyer announced several strategic organizational changes and new business line leaders to enable continued growth of the business.

Jensen Hughes - US-headquartered safety, security and risk-based engineering and consulting.

Jensen Hughes acquired three consulting businesses. The acquisitions of Technical Response Planning and Hillard Heintze added capabilities in emergency management and investigations consulting services in the US. Jensen Hughes' strategic acquisition of IFIC Forensics, added UK-based capabilities in forensic services focused on fire, explosion, chemical spill and water escape investigations. Jensen Hughes was acquired by Gryphon Investors in December 2015.



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Dec-19	IFIC Forensics		Forensic investigation	Jensen Hughes		-	-
Dec-19	Destek Engineering		Forensic engineering and investigation services	EFI Global		-	-
Nov-19	Elton Consulting Group		Strategic consulting services to government	WSP		-	-
Oct-19	Building Services Design		Mechanical and electrical engineering	SVM Brookbanks		-	-
Oct-19	MRB Consulting Engineers		Environmental engineering and sustainable design	Hydrock		-	-
Oct-19	AllofUs		Digital design agency	Boston Consulting Group		-	-
Oct-19	AECOM [Management Services]		Consulting services to the government sector	American Securities; Lindsay Goldberg		-	-
Oct-19	Lievens		Multidisciplinary engineering consulting	WSP		-	-
Oct-19	TKW Consulting Engineers		Engineering and inspection firm	CONSOR		-	-
Oct-19	ASWB Engineering		Energy and demand management services	D+R International		-	-
Sep-19	Argus International		Data-driven solutions	SGS		-	-
Sep-19	Opex Consulting		Property & facilities management consulting	Aptare		-	-
Sep-19	Specialized Property Evaluation Control Services		Property risk and loss quantification consulting	J.S. Held		-	-
Sep-19	RPA		Mining advisory	SLR Consulting		-	-
Sep-19	Orbicon		Multidisciplinary engineering consulting	WSP		-	-
Sep-19	Vidaris		Architecture, engineering and construction consulting	SOCOTEC		-	-
Aug-19	Ecology & Environment		Environmental consulting firm	WSP		\$66.2m	0.6
Aug-19	Geocore Site Investigations		Domestic subsidence investigation	RSK Group		-	-
Aug-19	KH Engineering Services		Mechanical and electric engineering solutions	M Group Services		-	-
Aug-19	NRC Group [Rail Infrastructure Engineering and Consulting Services Business]		Rail infrastructure, engineering and consulting	Sweco		\$47.7m	-
Jul-19	Northwest Consultants		Civil engineering consulting	Fishbeck, Thompson, Carr & Huber		-	-
Jul-19	DMW Environmental Safety		Health & safety solutions	SGS		-	-
Jul-19	PLC Consulting		Planning, environment and infrastructure consulting	Ricardo		\$6.7m	-



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Jun-19	4iNNO		Specialist innovation consultancy	PA Consulting		-	-
Jun-19	Alta Environmental		Environmental consulting	NV5 Global		-	-
Jun-19	Geotechnical & Environmental Consultants		Environmental and construction materials consulting	Terracon Consultants		-	-
Jun-19	Environmental Services		Environmental consulting	Terracon Consultants		-	-
Jun-19	Page One Consultants		Engineering consulting	NV5 Global		-	-
Jun-19	BRIDGE Energy Group		Consulting and systems integration	Accenture		-	-
Apr-19	Hillard Heintze		Security risk management	Jensen Hughes		-	-
Apr-19	Testing, Engineering and Consulting Services		Testing, engineering and consulting services	SGS		-	-
Mar-19	Indigo Planning		Planning consulting	WSP		-	-
Mar-19	Owen Group		Project compliance management	Bureau Veritas		-	-
Mar-19	The Weidt Group		Energy consulting and software development	Willdan Group		-	-
Feb-19	SNC-Lavalin [Wheelset Technology]		Professional services and project management	TÜV SÜD		-	-
Feb-19	Lavola		Environmental sustainability solutions	Anthesis Group		-	-
Feb-19	ASK Consulting Engineers		Acoustics and air quality consulting	Trinity Consultants		-	-
Feb-19	Technical Response Planning		Emergency response management	Jensen Hughes		-	-
Feb-19	Corview		Infrastructure advisory	RPS		\$23m	1.9
Feb-19	Romonet		Advanced analytics software	CBRE		-	-
Jan-19	Keith and Schnars		Full-service engineering and consulting	KCI Technologies		-	-
Jan-19	Bowman, Barrett & Associates		Civil engineering services	Gannett Fleming		-	-
Jan-19	St. John-Mittelhauser & Associates		Environmental consulting services	Terracon Consultants		-	-
Jan-19	The Redstone Group		Chemical regulatory advisory	Trinity Consultants		-	-
Jan-19	Celtic Energy		Energy consulting	NV5 Global		-	-

Note: The date of the deal relates to the announced date. Deals outlined are those announced and not necessarily completed in 2019.

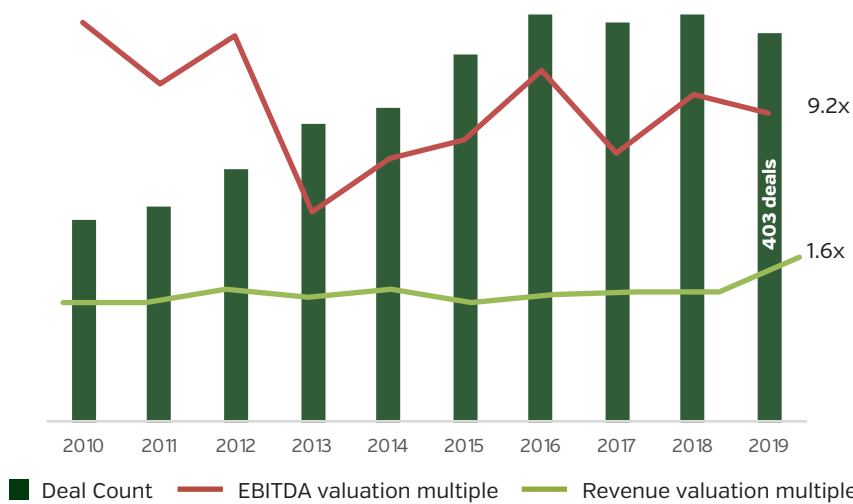


SEGMENT REVIEWS

HUMAN CAPITAL MANAGEMENT

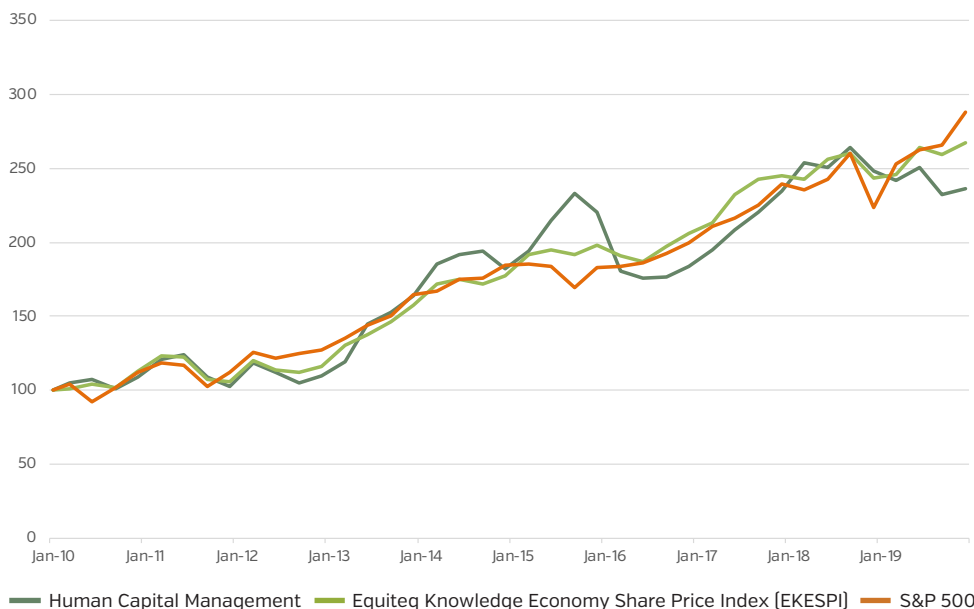
KEY FINDINGS

Deal volumes and capital invested dipped, but revenue valuation metrics rose strongly.



<p>4%</p> <p>Deal count 2019 vs. 2018</p>	<p>65%</p> <p>Capital invested 2019 vs. 2018</p>
<p>43%</p> <p>of deal count by private equity</p>	<p>56%</p> <p>of deal count by private equity</p>

The Equiteq Human Capital Management Share Price Index (EHCMSPI) rose, but underperformed the broader market.



<p>17%</p> <p>EHCMSPI return 2019</p>	<p>14%</p> <p>EHCMSPI average return 10 years</p>
<p>26%</p> <p>EKESPI return 2019</p>	<p>17%</p> <p>EKESPI average return 10 years</p>



KEY TRENDS

New digital technologies enabling the rapid evolution of the HCM function.

According to data from *Grand View Research*, the market for HR technology is expected to be worth c.\$30bn by 2025, growing at a compound annual growth rate of 11%. There are a variety of notable HCM technology trends that are driving demand for new deals. The latest artificial intelligence and data analytics tools are helping a variety of HCM functions. Self-service technology is enabling margin improvements by enabling employees to complete basic HCM transactions on their own. Active listening tools work to boost employee engagement by providing the opportunity for workers to give their own feedback in simple, straightforward ways.

War for talent driving demand for a range of HCM solutions.

With the US unemployment rate falling to its lowest level in almost 50 years, the war for talent remained a key driver for HCM solutions. *IBM's 2019 CEO survey* found that only 41% of CEOs surveyed say that they have the people, skills and resources required to execute their business strategies. This is creating challenges for businesses, which now need to implement a fundamental shift in how they manage their workforce needs. We are observing this driving demand for staffing and training services, as well as learning and training tools for upskilling and investing in the future workforce.

Employee benefits deal flow is robust as people retention remains a key business concern.

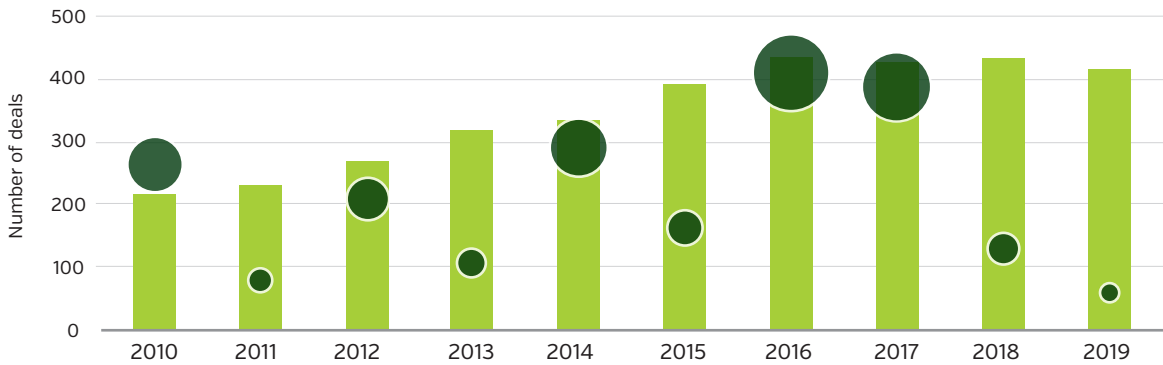
According to *SpendEdge*, global HCM benefits and administration services market is expected to experience spend growth of more than \$3bn between 2019 to 2024 at a compound annual growth rate of nearly 6%. This growth is being driven by increased complexity of employee-related regulations and healthcare regulatory frameworks. Rising expenses of HCM services and healthcare benefits is also driving businesses to outsource the management of employee benefits from innovative solution providers. The insurance agencies like Hub International and Arthur J. Gallagher remain key acquirers in the space.

Outlook

A continued global skills shortage with supply and demand imbalances will pose a significant challenge to companies in 2020. Deal flow in the space could therefore be buoyed by the competitive landscape for recruiting, retaining and upskilling employees. Increased automation and digital technologies will act as an enabler and catalyst of disruption, as well as create new opportunities and challenges for organizations and HCM functions.



Figure 36 Human Capital Management M&A activity, annually [2010 to 2019]



Note: Bubble size reflects comparative capital invested for the respective year.



The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Hot spaces



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.

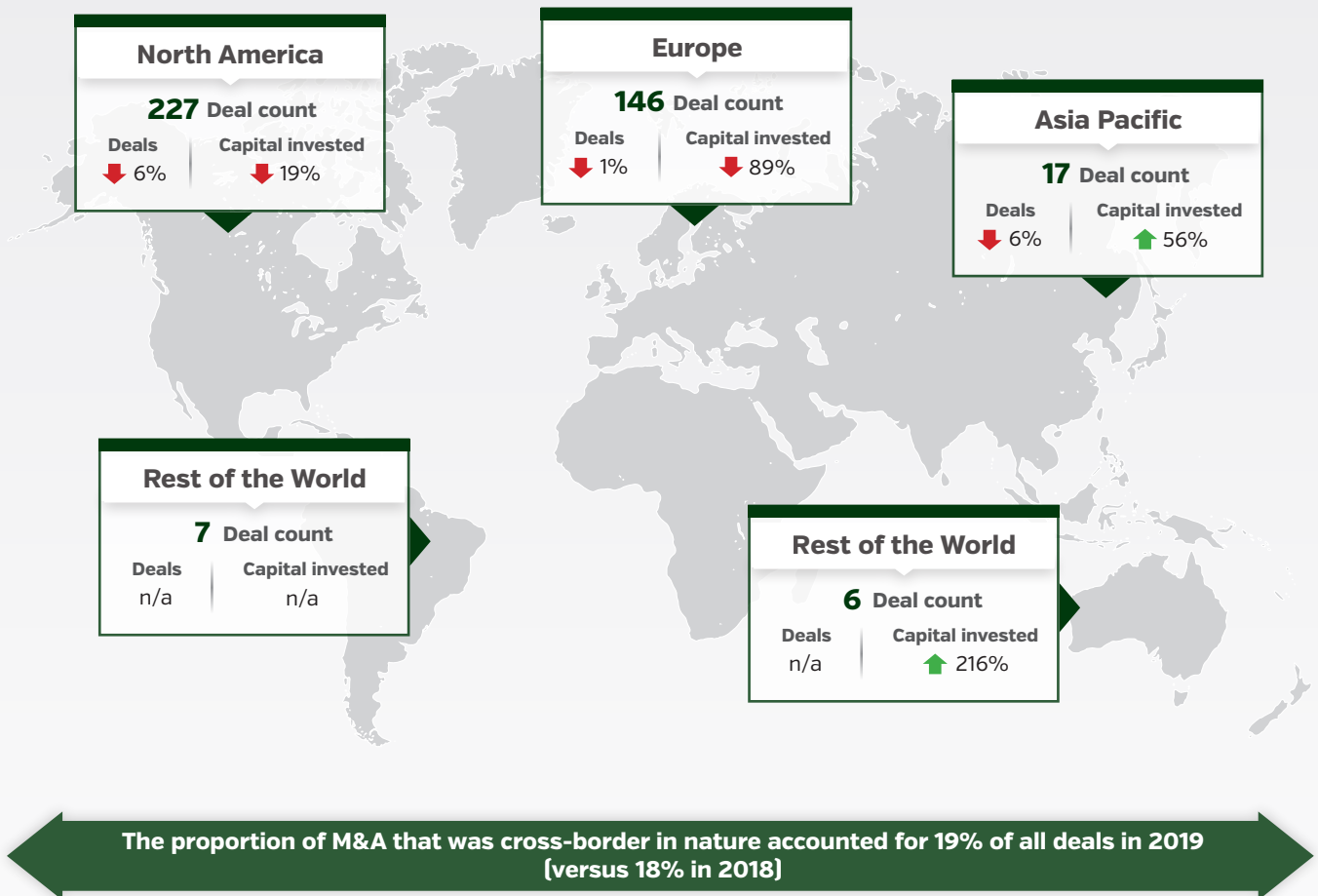
REGIONAL REVIEW

Fall in M&A across North America and Europe, but a rise in capital invested in APAC and Australia & NZ.



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

Figure 37 Regional M&A and cross-border review





OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq Human Capital Management Share Price Index rose modestly in comparison to broader indices.

Figure 38 Equiteq Human Capital Management Share Price Index (2019)

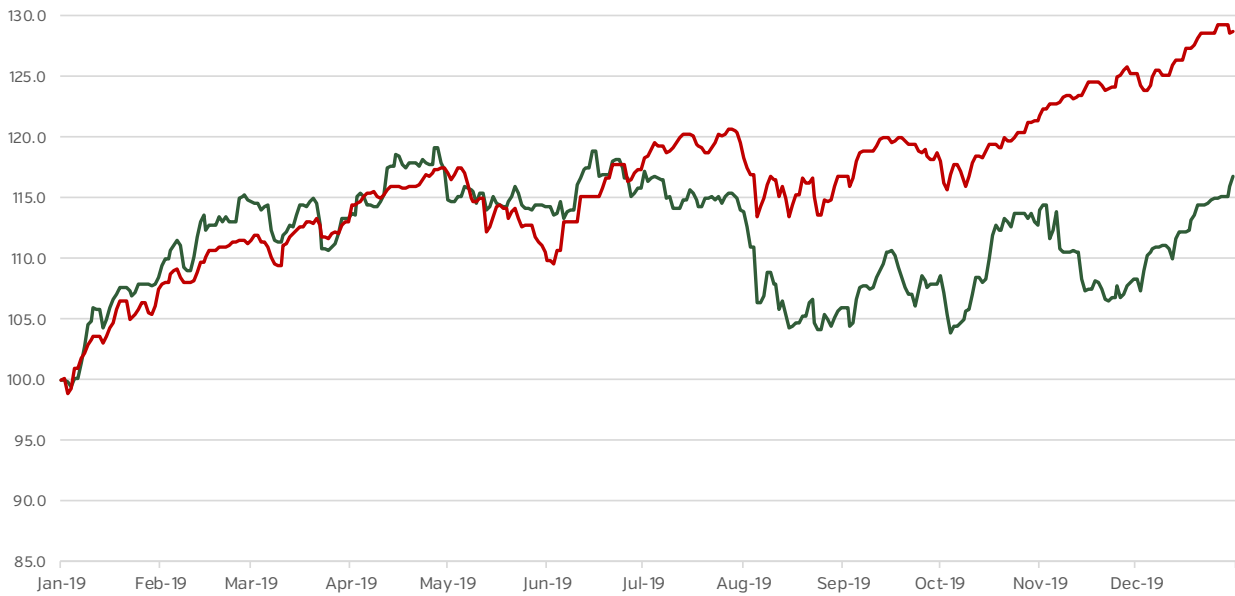
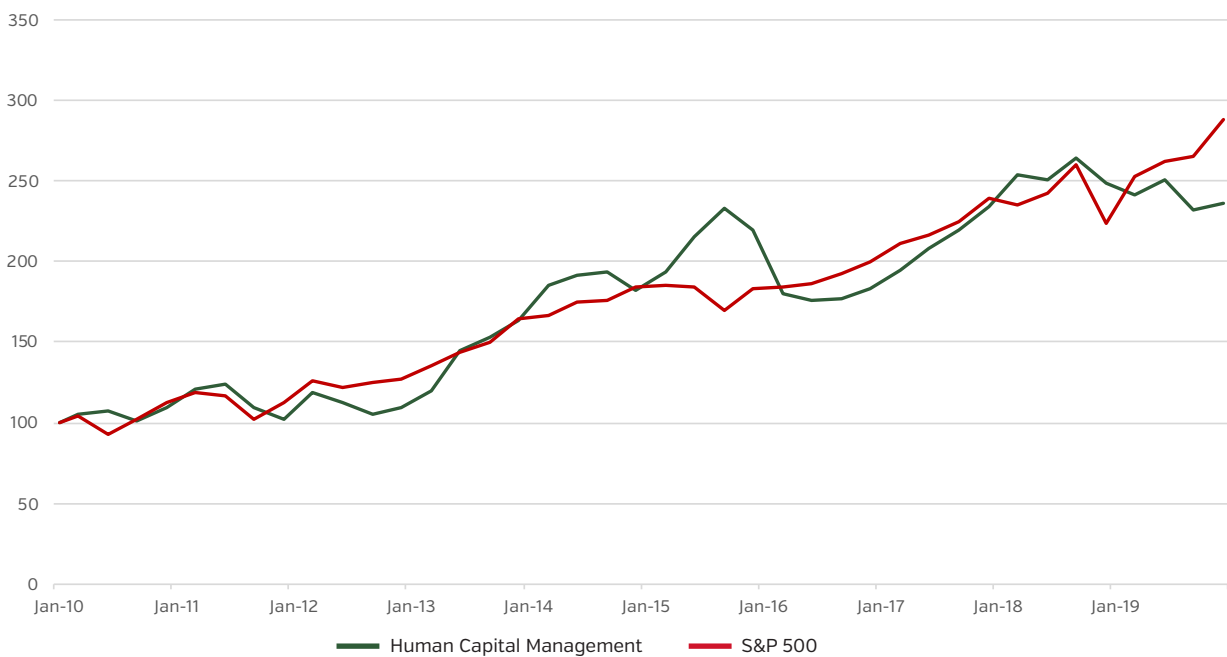



Figure 39 Equiteq Human Capital Management Share Price Index (2010 to 2019)



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

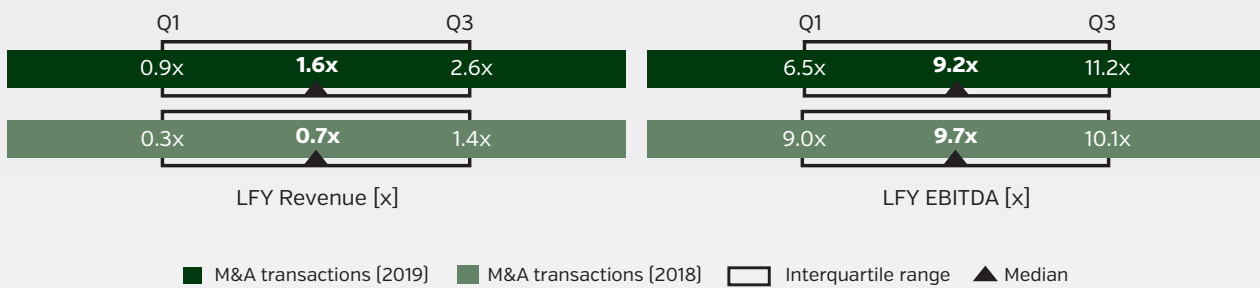
VALUATION MULTIPLES AND TRENDS

There was a strong rise in revenue valuation multiples for M&A transactions.

 When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 40 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA



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


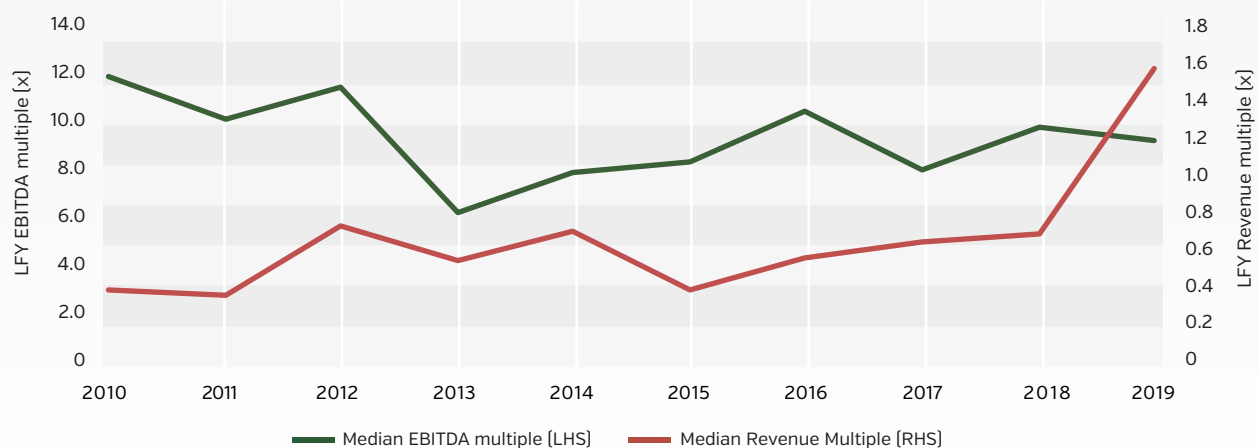
 As their quoted valuation metrics and cash balances rise, so does competition for assets from listed buyers, who are looking for new avenues of growth and are able to make earnings accretive acquisitions by paying a discount to their premium earnings ratio. See **Consideration 6** in the back for our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

Figure 41 Valuation metrics, 2010 to 2019 (M&A transactions)





BUYER TRENDS

Prolific buyers consist of human resources consulting, risk management and staffing businesses.

43% [2019] **38%** [2018]
% of deal count by private equity

56% [2019] **57%** [2018]
% of capital invested by private equity

Selected notable strategic buyers

Korn Ferry - US-headquartered organizational consulting firm, synchronizing strategy and talent. Korn Ferry acquired three businesses in the year - Miller Heiman Group, AchieveForum, and Strategy Execution. This follows a hold on M&A activity for the business since 2015. The deals in 2019 will build learning, development and performance improvement capabilities to bolster Korn Ferry's leadership development capabilities in the US. In its FY 2019 financial statements, Korn Ferry noted that it maintains a disciplined approach to M&A as part of its strategy to become an industry specialized, business outcomes-oriented solutions provider at the intersection of talent and strategy.

Alight Solutions - US-headquartered health, wealth, HR, finance and consumer experience. The buyer made three notable acquisitions. The purchase of the Workday and Cornerstone OnDemand cloud practices of Wipro for \$110m, built scarce capabilities in hot HCM IT Consulting spaces. The purchase of Hodges-Mace for \$300m, extended the buyer's employee benefits technology, voluntary benefits and custom enrollment services. The acquisition of NGA Human Resources, built established digital HR and multi-country payroll services.

TMP Worldwide - US-headquartered provider of talent acquisition technologies. TMP Worldwide acquired three businesses, expanding its technology capabilities and global footprint. The acquisition of Perengo, added a programmatic recruitment platform that helps large companies automate and improve their recruitment process. The purchase of Maximum involved the purchase of a recruitment marketing tech company with a base in the Netherlands. The buyer also purchased Carve, a London-based social media firm, creating global social strategies to help companies build and retain the right talent.

Broadstone Corporate Benefits - UK-headquartered provider of pensions, employee benefits and investment services. Broadstone acquired four UK-based employee benefits and actuarial services businesses. The firm has been expanding since it was acquired by private equity Livingbridge in 2016. In February 2019, Broadstone received c.\$25m of additional development capital from Livingbridge. In 2019, Broadstone purchased CS Financial Services, Thomson Dickson Consulting and 3HR Benefits Consultancy. The buyer also notably acquired BBS Consultants and Actuaries, a 130-person workplace pensions consulting, actuary, investment adviser and administration firm.

Spencer Stuart - US-headquartered executive search and leadership consulting firm. Spencer Stuart acquired three HR consulting business in 2019. This included the purchase of several talent businesses from rival human resources firm Aon with capabilities including culture, leadership assessment and development, as well as broader talent consulting. These businesses were later branded Kincentric, which later acquired the Mexican assets of Aon for \$45m. Spencer Stuart also acquired MERC Partners, Ireland's leading executive search and leadership consulting firm.



SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Dec-19	T-three Group		Leadership training and consultancy	Gateley		\$4.1m	1.0
Dec-19	PE Corporate Services		HR consulting	Willis Towers Watson		-	-
Nov-19	Richardson		Sales training	Sales Performance International		-	-
Nov-19	Nyhart		Employee benefits consulting	Ascensus		-	-
Nov-19	AT Patrimoine		HR training and consulting	Groupe Mare		-	-
Nov-19	Levinson & Co.		Talent and leadership consulting	Pariveda		-	-
Nov-19	Toft Group		Life sciences and biotech recruiting	ZRG		-	-
Nov-19	HR inTune [Assets]		HR consulting	Alera Group		-	-
Oct-19	BBS Consultants and Actuaries		Employee benefits and pensions consulting	Broadstone		-	-
Oct-19	Presence of IT		Workforce management and human resources consulting	Deloitte		-	-
Oct-19	Accendo International		Human capital strategy	Talent Plus		-	-
Oct-19	Regency Advisory		Employee benefits consulting	HUB International		-	-
Oct-19	Carve		Social analytics to empower leadership	TMP Worldwide		-	-
Oct-19	Strategy Execution		Leadership development	Korn Ferry		-	-
Sep-19	Miller Heiman Group		Leadership development	Korn Ferry		-	-
Sep-19	AchieveForum		Leadership development	Korn Ferry		-	-
Sep-19	LSG Insurance Partners		Insurance, risk management and consulting	Arthur J. Gallagher		-	-
Sep-19	FWD Training and Consultancy		Professional and apprenticeship training	Davies Group		-	-
Sep-19	The Human Capital Group		Executive search and leadership consulting	Arthur J. Gallagher		-	-
Sep-19	Pure Search		Search and recruitment	Dartmouth Partners		-	-
Sep-19	EPIC Retirement Services		Investment consulting	HUB International		-	-
Sep-19	StoneStreet Pearl River		Retirement plan consulting	HUB International		-	-

SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Sep-19	The Incentive Group		Employee benefits consulting	The Hilb Group		-	-
Aug-19	Professional Pension Planners		Actuarial consulting and pension administration	Economic Group Pension Services		-	-
Aug-19	FMP Global		Payroll and HR services	IRIS Software Group		-	-
Aug-19	InvisionBenefit		Employment benefits brokerage	Alliant		-	-
Aug-19	Cohesion		Workforce solutions and consulting	Alta IT Services		-	-
Jul-19	Hodges-Mace		Employee benefits consulting communication and custom enrollment	Alight Solutions		-	-
Jul-19	Perengo		Programmatic recruitment platform	TMP Worldwide		-	-
May-19	360 Corporate Benefit Advisors		Employee benefits consulting	The Hilb Group		-	-
May-19	Sinequanon		AI-enabled workforce solutions	Egon Zehnder		-	-
May-19	Accolo		Recruitment process outsourcing	Orion Novotus		-	-
Apr-19	Aon [Culture, Engagement, and Leadership Development & Advisory Businesses]		Risk, retirement and health solutions	Spencer Stuart		-	-
Apr-19	The Terrace Initiative		Change management consulting	Deloitte (Australia)		-	-
Mar-19	RiteHealth Solutions		Employment benefits brokerage	Hub International		-	-
Mar-19	Omni Resource		IT consulting, talent and software development	Saggezza		-	-
Mar-19	Employee Benefits Group		Employee benefits and retirement consulting	Marsh & McLennan		-	-
Feb-19	Aventine Hill Partners		Advisory, consulting and executive search	Vaco		-	-
Feb-19	Wipro's Workday and Cornerstone OnDemand Business		Provider of cloud-based human capital management software	Alight Solutions		\$110m	-
Jan-19	The Chapman Consulting Group		HR executive search	WILL GROUP		-	-
Jan-19	Benz Communications		HR and employee benefits communications consulting	The Segal Group		-	-
Jan-19	Complete Benefit Alliance		Benefits enrollment and communications	Arthur J. Gallagher		-	-
Jan-19	Sheridan Road [Assets]		Institutional retirement consulting	Hub International		-	-

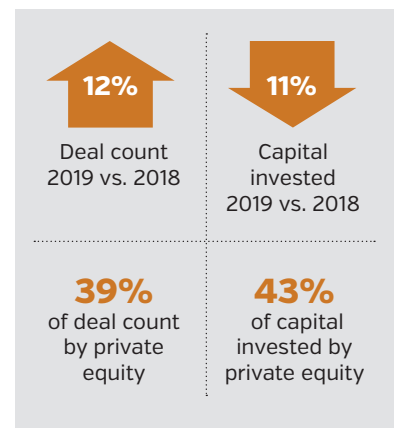
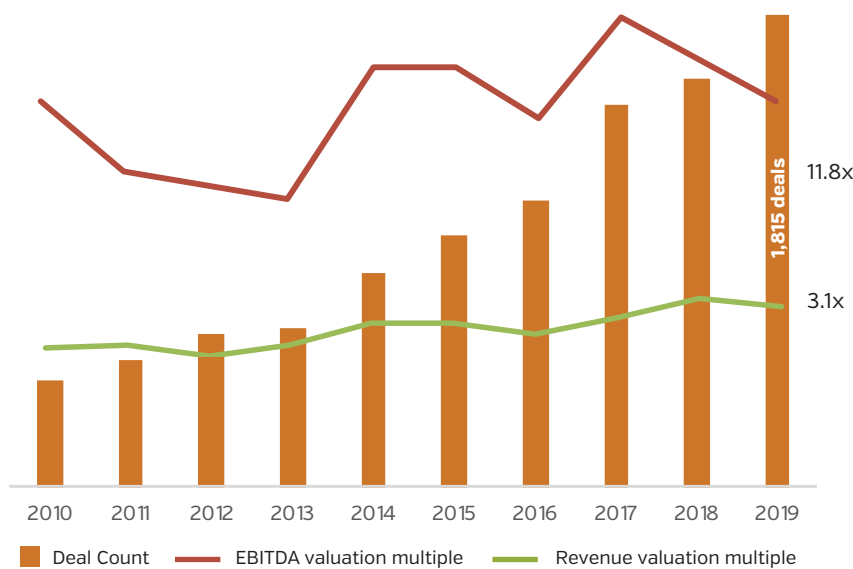


SEGMENT REVIEWS

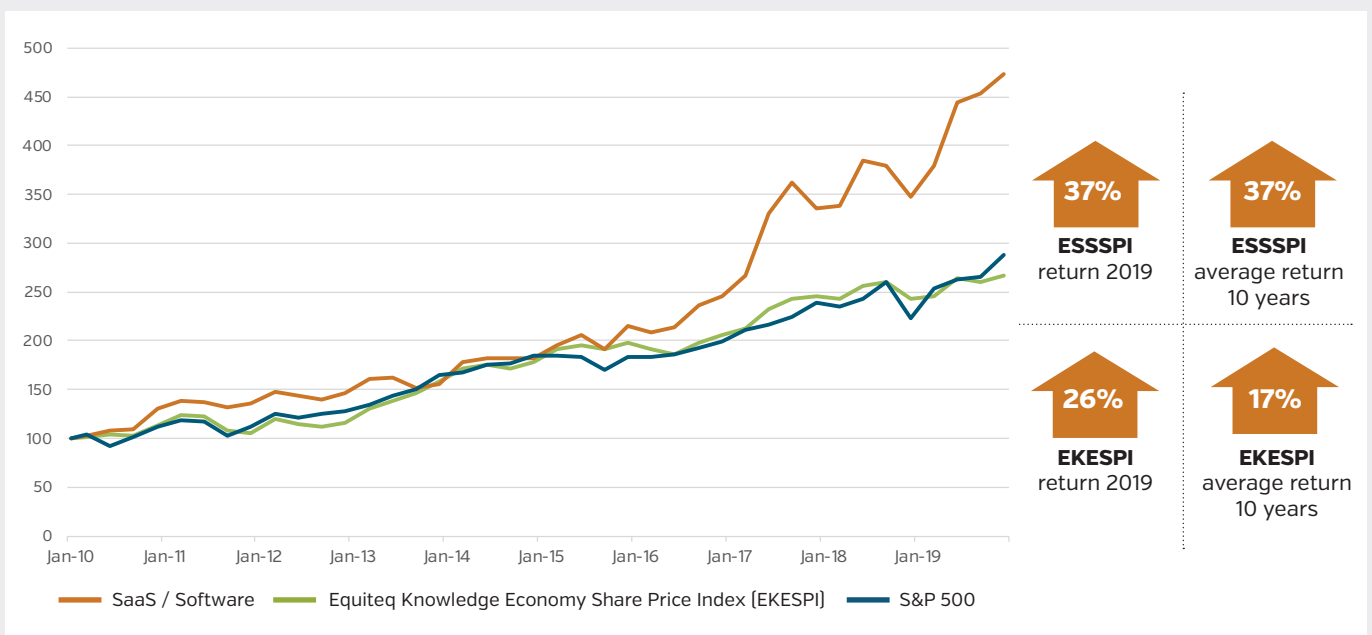
SAAS / SOFTWARE

KEY FINDINGS

Deal count rose strongly to a ten-year high, but capital invested and valuation metrics dipped.



The Equiteq SaaS / Software Share Price Index (ESSSPI) rose strongly, outperforming broader equity market indices.





KEY TRENDS

Strategic buyers expand software product scope.

Strategic software buyers are broadening their scope to acquire new capabilities or gain access to new markets. This is part of a shift over the last four years from a historic focus on building scale in existing competencies. This trend is being driven by customers that are looking to software providers to offer them a complete set of digital transformation solutions. Artificial intelligence, cloud and data analytics remained common themes across scope deals.

Private equity increased appetite for large software deals.

There was a notable increase in private equity buyer activity. Private equity deals accounted for 39% of deal count in 2019, up from 36% in 2018. Capital invested by private equity rose to 43% in 2019, from only 16% in 2018. This uplift reflected a particular increase in financial buyer participation on larger deals.

Private equity are successfully gearing the recurring revenues of many software firms, which has enabled them to pay premium prices and compete with strategic buyers for quality assets in high-growth segments. Financial buyers have significant capital available for new deals and are looking to deploy it in high growth industries. Notable deals included KKR's purchase of MYOB Technology and Exact Software.

Mega deals from prolific strategic buyers benefiting from soaring stock prices and robust cash balances.

The Equiteq SaaS Software Share Price Index rose 37% over 2019. The total capital raised by investors in SaaS / Software companies rose to a ten-year high. These trends are driving strong demand among prolific listed strategic buyers for new mega acquisitions in hot spaces of the market.

Such milestone deals included Salesforce's largest acquisition to date of data visualization business Tableau for over \$15bn in stock, Workday's acquisition of procurement and software business Scout RFP for \$540m and BlackBerry's purchase of cyber security firm Cylance for \$1.4bn.

Outlook

The need for consistent innovation through the Fourth Industrial Revolution will drive the growth in investment in the latest applications and specialized software solutions. We expect strong expansion in solutions embedded with the latest prescriptive analytics tools and immersive technologies. Private equity will remain an important buyer group, both for large platform investments and with respect to bolting on to existing investments in the space.

REGIONAL REVIEW

Growth in M&A activity in North America, rising deal count in Europe, as well as an uplift in capital invested in the Asia Pacific and Australia & NZ.


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

Figure 42 Regional M&A and cross-border review

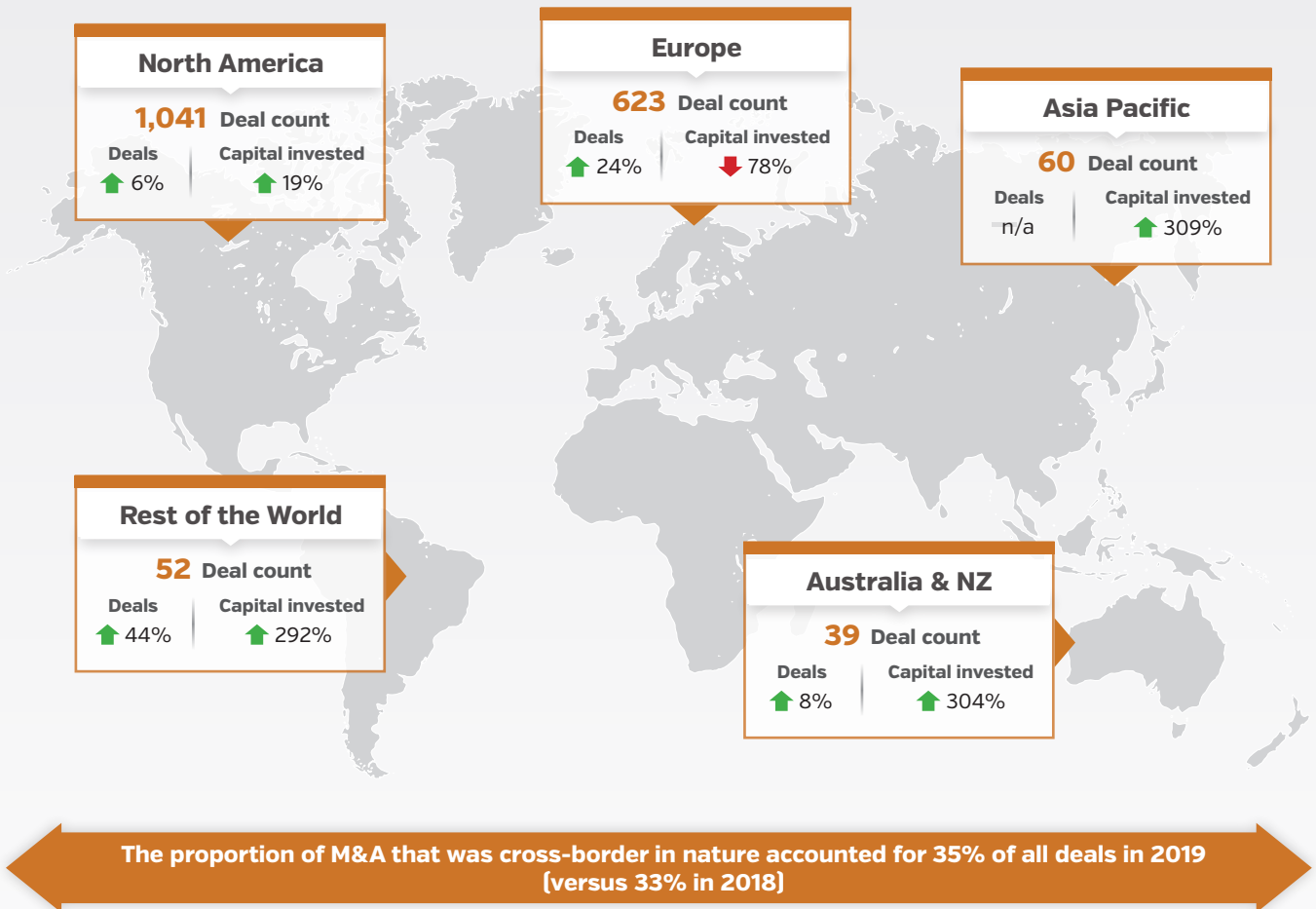
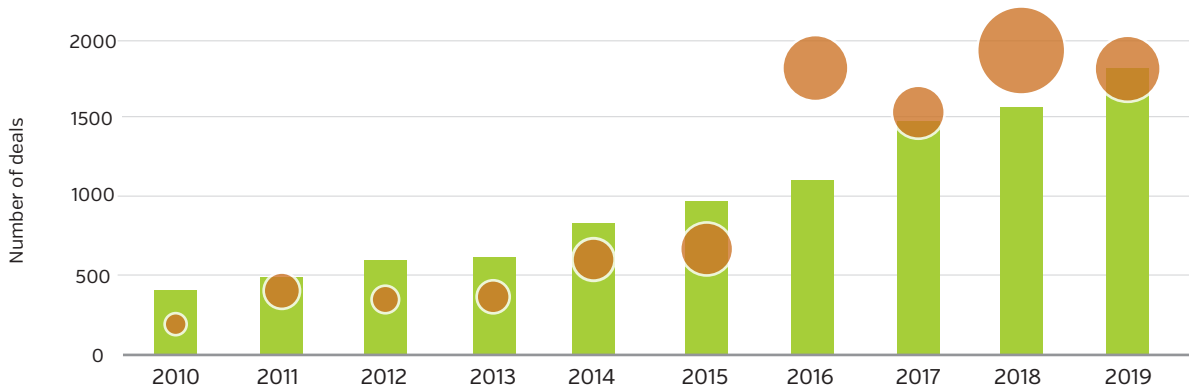




Figure 43 SaaS / Software M&A activity, annually [2010 to 2019]



Note: Bubble size reflects comparative average deal size for the respective year.



The optimum size of a transaction will vary among buyers and the specific opportunity that they are considering. See **Consideration 1** in the back of the report for our perspectives on the relationship between business size and acquisition appetite.

In addition to running a competitive well-negotiated sale process, there are plenty of steps that owners can take to reduce risk in the eyes of a buyer which can make a material difference to their target deal structures. See **Consideration 2** in the back for our perspectives on the factors that influence deal structures.

INDUSTRY TRENDS

Areas of industry convergence



Customer Experience



Advanced building information modeling and predictive engineering analytics

Hot spaces



Artificial intelligence



Extended reality



Internet of things



Web applications



Blockchain



Cybersecurity



Buyers in adjacent industries may be willing to pay a strategic premium for an acquisition that enables expansion into a new space. See **Consideration 3** in the back for our perspectives on how to consider buyers across adjacent industries.

OVERVIEW OF EQUITY MARKET PERFORMANCE

The Equiteq SaaS Software Share Price Index outperformed broader equity market indices.

Figure 44 Equiteq SaaS Software Share Price Index [2019]

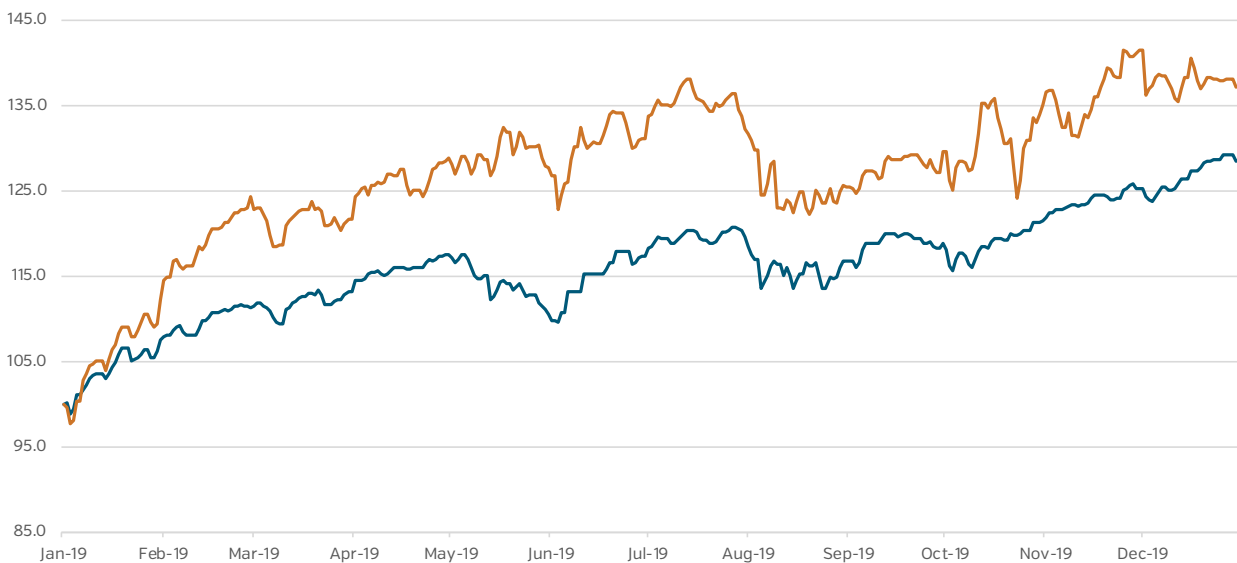
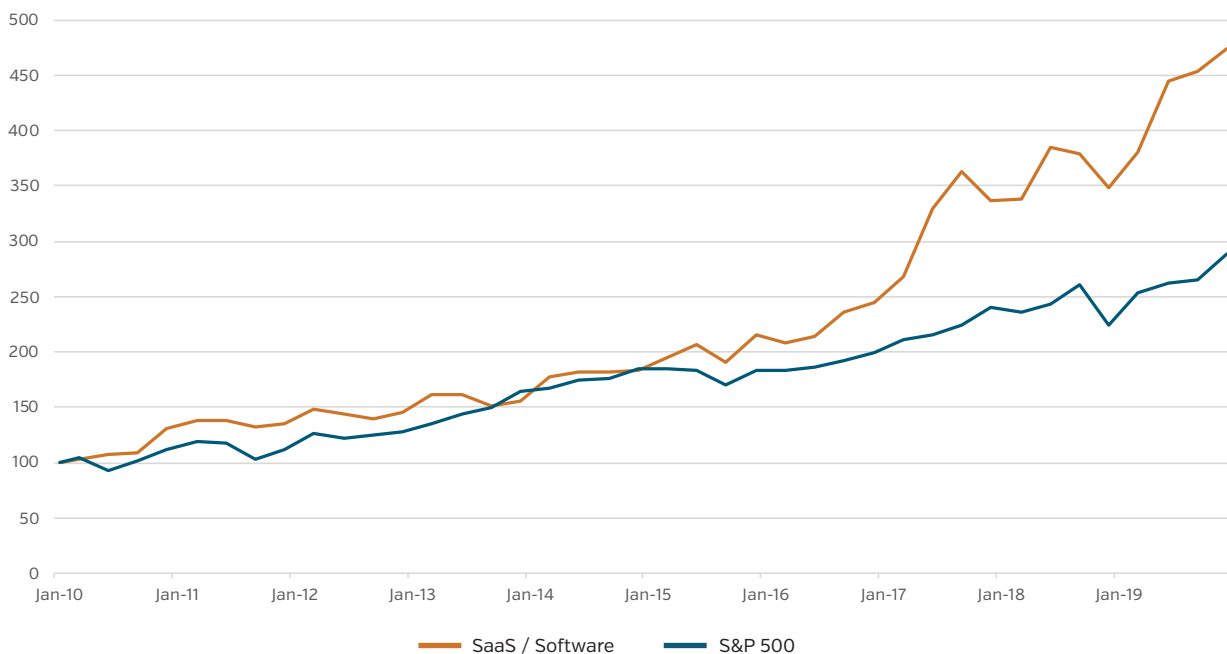


Figure 45 Equiteq SaaS Software Share Price Index [2010 to 2019]



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



VALUATION MULTIPLES AND TRENDS

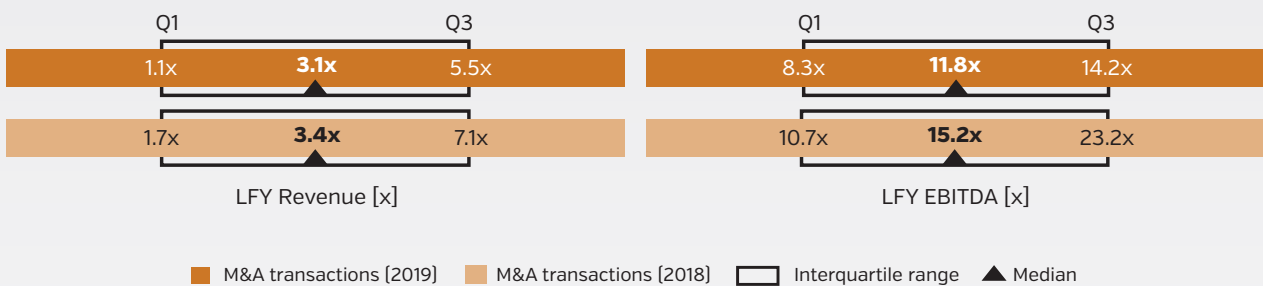
Valuation multiples for M&A transactions dipped, but remain at a premium to the broader knowledge economy.



When reviewing this section, please note the issues of interpretation, along with the wide range of company and deal specific factors that influence the valuation of a knowledge economy business. The figures in this report are primarily a comparative guide and should not be used by sellers or buyers to value a business, for which we recommend you obtain independent financial advice.

See **Consideration 5** in the back on the key considerations when interpreting valuation metrics.

Figure 46 Enterprise Value (EV) as a multiple of Last Full Year (LFY) unadjusted revenue and EBITDA

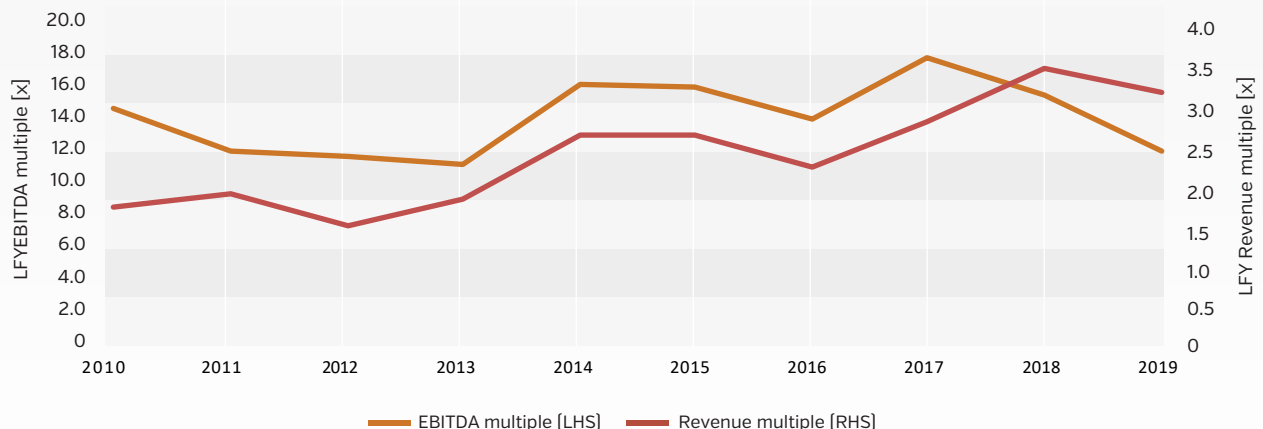


Note: The interquartile range is a measure of variability, based on showing the range of data in ascending order from the 25th percentile (Q1, 1st quartile) result to the 75th percentile (Q3, 3rd quartile) result.



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

Figure 47 Valuation metrics, 2010 to 2019 (M&A transactions)





BUYER TRENDS

Prolific buyers consist of listed strategic players that are buoyed by strong share price growth.

39% [2019] **36%** [2018]
% of deal count by private equity

43% [2019] **16%** [2018]
% of capital invested by private equity

Selected notable strategic buyers

Salesforce - US-headquartered developer of CRM applications.

In 2019, Salesforce acquired six businesses globally. This included its largest acquisition ever of Tableau for \$15.7bn. It also included the purchase of ClickSoftware for \$1.35bn. The buyer has set a goal to double the company's revenue within the next five years, with many analysts expecting further mega deals to achieve these growth targets. As we go to press, *RBC Capital Markets* has said that Google could buy Salesforce, with a projected purchase price of as high as \$250bn. This would imply a premium of c.70% to the buyer's market cap.

Oracle - US-headquartered developer of ERP applications.

The buyer acquired three businesses across the globe. This included Brazil-headquartered NetSuite cloud network Oxygen Systems. It also included the purchase of speech-driven communication intelligence software Speak Ai. Oracle also acquired a cloud-based customer loyalty platform called CrowdTwist. At the end of the year, *Trefis* outlined an analysis discussing the potential of a merger between Amazon and Oracle in order to maintain Amazon's top position in the cloud market.

SAP - US-headquartered developer of ERP applications.

SAP acquired three businesses globally. This included the \$8bn acquisition of Qualtrics, a provider of survey and feedback software. The implied valuation of Qualtrics was over 20 times revenue. The deal will strengthen SAP's offering in the customer relations management sector. The buyer also made investments in emerging software businesses like visual search platform Nyris, customer success software Totango and enterprise platform Simreka.

Microsoft - US-headquartered software and electronics company.

The buyer made 20 acquisitions totaling over \$9bn by the third quarter of 2019. The buyer's most notable acquisition was of hosting for software development firm GitHub for \$7.5bn. Microsoft also made a variety of large venture capital or corporate investments. This notably included a later stage VC investment in on-demand ride-hailing platform Grab Holdings, unified data analytics platform Databricks for \$250m and online shipping logistics platform Loggi TECHNOLOGY.

Workday - US-headquartered provider of human capital software solutions.

Workday acquired two businesses as it continues to extend its capabilities beyond the core human capital solution offering. The buyer acquired developer of a blockchain based secure digital identity platform Trusted Key Solutions. The purchase of Scout also added a SaaS RFP and sourcing platform for \$540m. Workday had previously invested in Scout via Workday Ventures. The platform extends the buyer's procure-to-pay services and the delivery of its source-to-pay solution.

SELECTED TRANSACTIONS

Announced date	Target	Key services of target	Buyer	Deal value	EV / LFY revenue (x)	
Jan-20	 ChoiceFS	 Fintech firm focused on consumer deposit automation	Raisin		-	-
Dec-19	Duett	 Accounting and financial system software	Accel-KKR		-	-
Dec-19	Recondo	 Revenue cycle automation solutions	Waystar Health		-	-
Nov-19	MarketFactory	 Currency software supplier	ION Group		-	-
Nov-19	CareWorks	 Cloud based case management software	Advanced Computer Software Group		-	-
Nov-19	Scout RFP	 Online procurement platform	Workday		\$540m	-
Oct-19	CrowdTwist	 Customer loyalty solutions	Oracle		-	-
Oct-19	ClearCare	 SaaS platform	WellSky		-	-
Oct-19	Asure Software [Workspace Management Business]	 Human capital management solutions	FM:Systems		\$120m	-
Sep-19	Burning Glass Technologies	 Real-time labor market data source	KKR		-	-
Sep-19	RSD	 Enterprise software solutions	Rocket Software		-	-
Sep-19	Convey HealthSolutions	 Specialized healthcare technology	TPG Capital		-	-
Sep-19	Mam Software Group	 Business-management software solutions	Kerridge Commercial Systems		\$154.2m	3.9
Aug-19	Affinity Sports	 Sports management software	Stack Sports		-	-
Aug-19	NanoSec	 Cloud-native cybersecurity platform	McAfee		-	-
Aug-19	Lockpath	 Integrated Risk Management (IRM) software solutions	NAVEX Global		-	-
Jul-19	Ooliba	 Actuarial solutions and regulatory compliance	Prima Solutions		-	-
Jul-19	SafeDK	 Software Development Kit (SDK) management tool	AppLovin		-	-
Jul-19	Optima Healthcare Solutions	 Cloud-based electronic medical record software	Net Health Systems		-	-
Jul-19	Acuris	 Financial intelligence, data and analytics	ION Group		£1,380m	7.1
Jul-19	Lemontech	 Legal tech software	Accel-KKR		-	-
Jun-19	Thoughtonomy	 SaaS-based automation platform	Blue Prism		£80m	7.9

SELECTED TRANSACTIONS

Announced date	Target		Key services of target	Buyer		Deal value	EV / LFY revenue (x)
Jul-19	Rifiniti		Advanced workspace analytics	FM:Systems		-	-
Jun-19	Halfpenny Technologies		Clinical data exchange platform	Accumen		-	-
May-19	CLTRe		Security culture measurement	KnowBe4		-	-
May-19	Ximble		Workforce management solutions	Paycor		-	-
May-19	Lighthouse		Mobile workforce management platform	TEAM Software		-	-
Mar-19	eFront		Investment software provider	BlackRock		\$1,300m	18.7
May-19	Salesfusion		Marketing automation platform	SugarCRM		-	-
May-19	MYOB Technology		Accounting software	KKR		\$1,130m	4.2
May-19	Bonobo		Conversational intelligence platform	Salesforce		\$45m	-
Apr-19	MapAnything		Geo-analytics and location intelligence	Salesforce		-	-
Apr-19	Notified		Cloud media monitoring and measurement tools	Intrado		-	-
Apr-19	ReServe Interactive		Hospitality management software	Infor Global Solutions		-	-
Apr-19	AgileHR		Employee performance management solutions	PrismHR		-	-
Mar-19	APTARE		Storage resource management	Veritas Technologies		-	-
Mar-19	SweetSpot Data Solutions		Marketing intelligence platform	ClickDimensions		-	-
Feb-19	Exact Software		Business and accounting software	KKR		-	-
Feb-19	Cylance		Cybersecurity software	Blackberry		\$1,400m	-
Feb-19	ZoomInfo		Business contact database	DiscoverOrg		-	-
Jan-19	SER Group		Enterprise Content Management (ECM) solutions	The Carlyle Group		-	-
Jan-19	roundCorner		Enterprise CRM solutions	Salesforce		-	-
Jan-19	Wisenet Information Systems		Learning relationship management software	Adapt IT Holdings		\$3.8m	-
Jan-19	Griddable.io		Synchronized data integration platform	Salesforce		-	-



KEY CONSIDERATIONS

The following considerations relate to some of the strategic issues that business owners on a sale journey should consider while reviewing the data analysis and findings within the report.

Consideration 1:

The relationship between business size and acquisition appetite

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

Consideration 2:

The factors that can influence a deal structure

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

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

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

Consideration 3:

Considering buyers across adjacent industries

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

Consideration 4:

Considering international buyers

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

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

Consideration 5:

Key considerations when interpreting valuation metrics

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

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

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

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

Consideration 6:

What rising share prices means for listed buyers

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

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

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

Consideration 7:

Key considerations when selling to a private equity firm

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

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

APPENDIX

ABOUT EQUITEQ

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

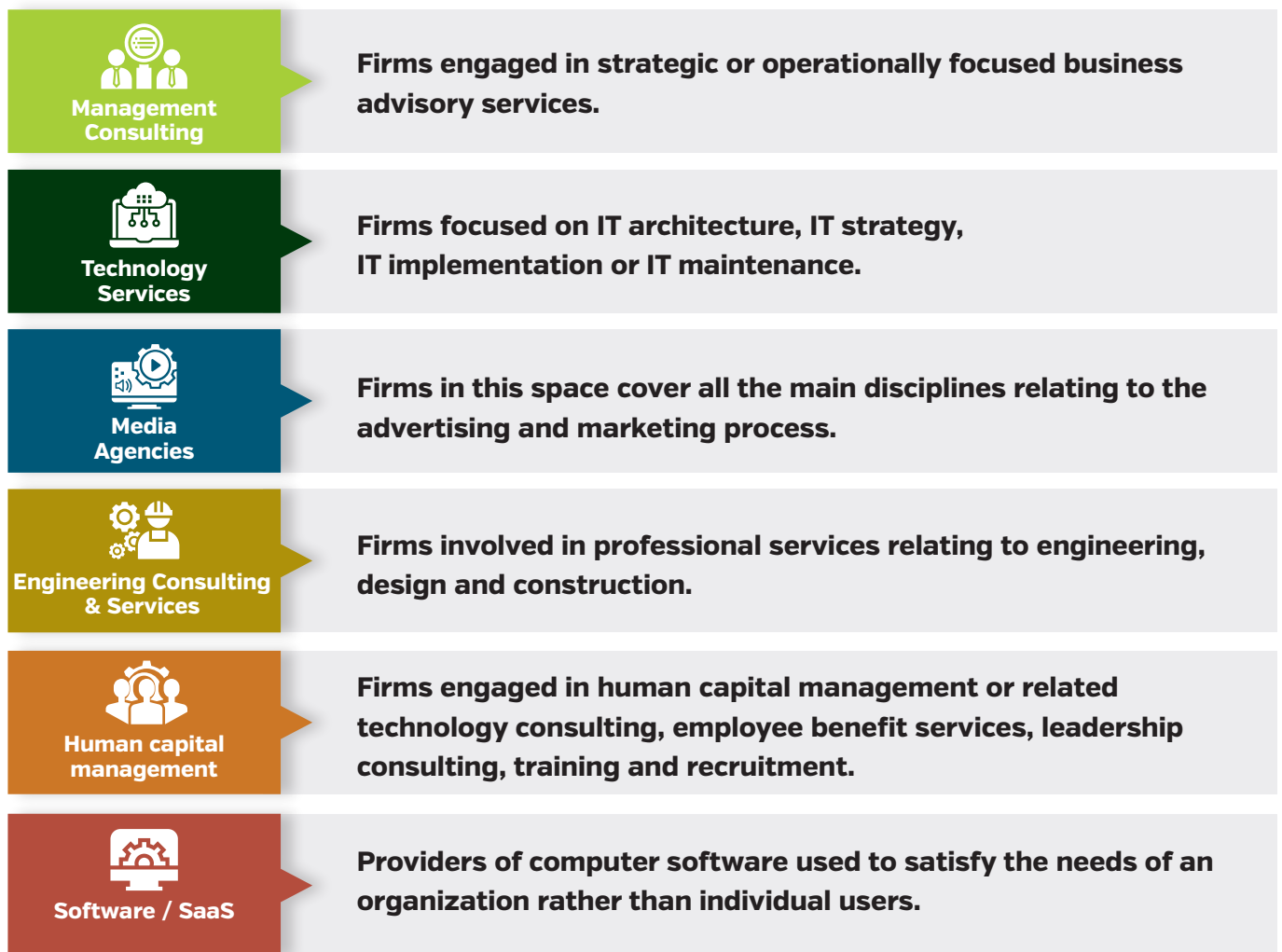
There are unique challenges to value growth and equity realization for shareholders and investors in the knowledge economy. Equiteq helps owners transform equity value and then realize maximum value through global sale processes.

Selected recent Equiteq transactions:

<p>Equiteq advised on the transaction</p> <p>Allolio&Konrad Telecoms Consultancy</p> <p>Sold to</p> <p>Analysys Mason</p>	<p>Equiteq advised on the transaction</p> <p>ChoiceFS Fintech software</p> <p>Sold to</p> <p>Raisin</p>	<p>Equiteq advised on the transaction</p> <p>The Shelby Group Procurement operations</p> <p>Sold to</p> <p>WestView Capital Partners</p>	<p>Equiteq advised on the transaction</p> <p>Access Partnership Public policy advisory</p> <p>Sold to</p> <p>Mobius Equity Partners</p>
<p>Equiteq advised on the transaction</p> <p>Intuitus Technology Advisory services</p> <p>Sold to</p> <p>Endava</p>	<p>Equiteq advised on the transaction</p> <p>Caiman Consulting Management Consulting</p> <p>Sold to</p> <p>Sia Partners</p>	<p>Equiteq advised on the transaction</p> <p>Mitrais Software Development</p> <p>Sold to</p> <p>CAC Holdings</p>	<p>Equiteq advised on the transaction</p> <p>Live Rice Index Price Reporting Agency</p> <p>Sold to</p> <p>S&P Global Platts</p>
<p>Equiteq advised on the transaction</p> <p>WGroup IT Management Consulting</p> <p>Sold to</p> <p>Wavestone</p>	<p>Equiteq advised on the transaction</p> <p>RevUnit Digital Strategy & Product Studio</p> <p>Sold to</p> <p>Mountaingate Capital</p>	<p>Equiteq advised on the transaction</p> <p>Cervello Data Analytics Consulting</p> <p>Sold to</p> <p>A.T. Kearney</p>	<p>Equiteq advised on the transaction</p> <p>Orbium Business & Technology Consulting</p> <p>Sold to</p> <p>Accenture</p>

KEY DEFINITIONS

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



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

<p>Private equity or financial buyers Investment firms investing private capital into “portfolio companies”, which are typically held, grown organically and with “add-on acquisitions”, and then exited after a hold-period.</p>	<p>Serial buyers or prolific buyers Buyers that have made multiple knowledge economy acquisitions over the last three years.</p>
<p>Strategic or corporate buyers Non-private equity investors who have existing businesses which will typically make acquisitions that form part of their existing operations.</p>	<p>Listed buyers Buyers whose equity is publicly traded on a stock exchange.</p>

EQUITEQ MARKET INTELLIGENCE AND DATA SOURCES

The report utilizes multiple data sources including proprietary newsfeeds, press releases, various third-party information sources and data services. Additionally, our daily activities in the M&A marketplace with buyers and sellers provide insights into emerging trends and informs our research report's point of view. It is important to note that financial data, including valuation multiples, are derived from various sources including PitchBook and S&P Capital IQ information databases, combined with findings from our daily activities in the market with buyers and sellers that we utilize on an anonymized basis.



FURTHER RESOURCES

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

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Note 1: The returns of the S&P 500 index in this presentation act as appropriate benchmarks for comparison to the Equiteq Knowledge Economy Share Price Index and its constituent segment indices. The S&P 500 represents the Standard & Poor's 500 Index. We believe it is relevant to compare the Equiteq Knowledge Economy Share Price Index with broad U.S. and international public equities. These indices each focus on large capitalization public equities and can be viewed as proxies for the market overall. Notwithstanding the foregoing, there will not necessarily be a correlation between the performance of the Equiteq Knowledge Economy Share Price Index, on the one hand, and either of these indices, on the other hand. Investments cannot be made directly in indices and such indices may re-invest dividends and income.

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