

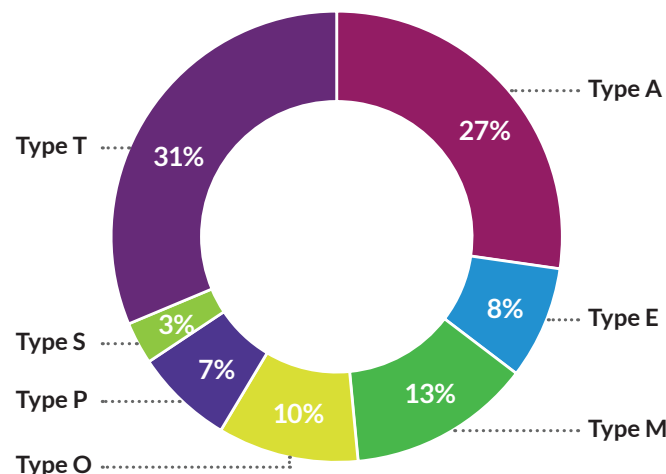
- Technology and North America is the story of consulting M&A deal activity over the past two and a half years to June 2016. Over 50% of deals were done by US based consulting firms and almost 1 in 3 involved buying a technology consulting firm. As the largest global consulting market, it is no surprise that M&A activity should be so significant there and research that Source has undertaken elsewhere highlights that being able to implement and offer a strategy through execution service is an important route to growth; and technology will obviously feature largely in this.

- Deal size by number of staff involved varies enormously. Many deals, particularly in high tech areas involve fewer than 10 people, but we estimate the average acquired firm size by people across the period where we have data shows an average of 770 staff involved—so sizeable PMI activity to be undertaken. Acquiring technology capability was a feature in 4 out of 5 of the largest deals led by Capgemini's acquisition of IGATE Corporation for US\$4bn and involving 34,000 staff. The most expensive deal on a cost per employee recruited was FIS acquisition of SunGard Data Systems at almost US\$400K per person acquired.

- In our discussions with consulting firms large and small, they confirm the strategic importance for them of M&A. Usually, they speak about the need to secure increased scale or deepen their strength in a specific capability. The top five acquisitive firms, led by KPMG, accounted for almost one quarter of all deals. For the top three—KPMG, Deloitte, and Accenture the acquisition trail has resulted in more than one deal completed per month over the period, an impressive record. Big Four firms all feature amongst the top six consulting dealmakers too.

- Our research also confirms that there are some capabilities that are preferred right now with digital, data & analytics, cyber and salesforce at the fore and commanding premium prices. Indeed the rate of activity has been 107% for digital, and an impressive 150% for cyber and 200% for data & analytics in 2015 over 2014. Though we see a slight decline globally in overall consulting M&A so far in 2016, these "hot" areas are ones that we expect to remain buoyant throughout this year.

Breakdown of deals by acquirer firm type



Top deals by size of staff involved

	Firm type			Firm type	Deal value	# staff involved
Capgemini (USA)	France	T	IGATE Corporation	US	T	\$4bn 34,000
Convergys	USA	M	Stream Global Services	US	T	\$820m 22,000
Willis Group	USA	O	Towers Watson	US	P	\$18bn 14,500 (combined merger value)
FIS Global Inc Capco	USA	T	SunGard Data Systems	US	T	\$5.1bn 13,000
Publicis Group	USA	O	Sapient	US	T	\$3.7bn 12,000

Source firm categorisation

Type A: Consulting alongside audit, tax, and corporate finance services

Type E: Engineering consulting

Type M: Management consulting / boutiques

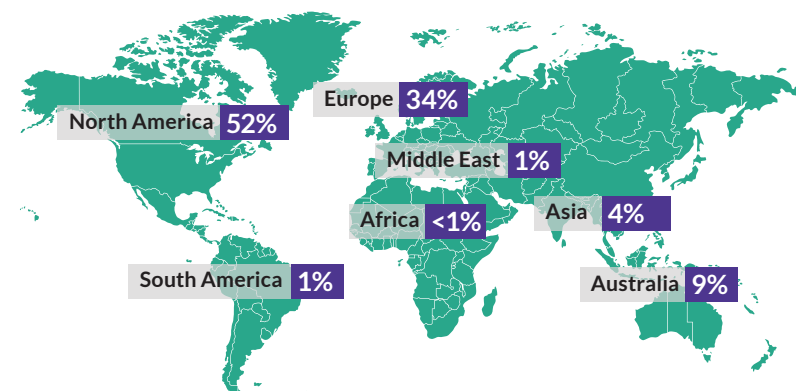
Type P: Consulting on people-related issues, but also investment advice, risk and benefits management

Type O: Non-consulting firms including private equity

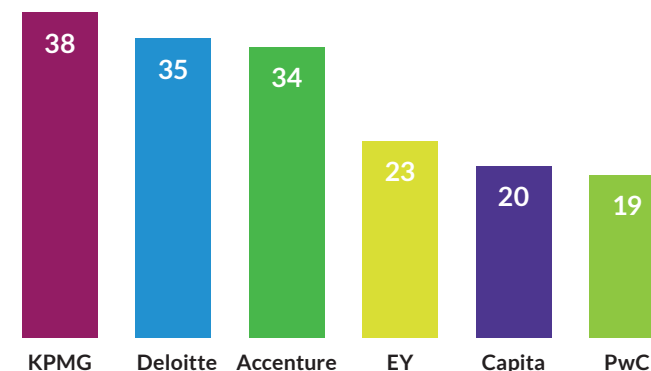
Type S: Consulting on strategic decisions and operations alongside M&A-related work

Type T: Firms that either specialise in technology or combine technology, outsourcing, and consulting

HQ of firms being acquired by region



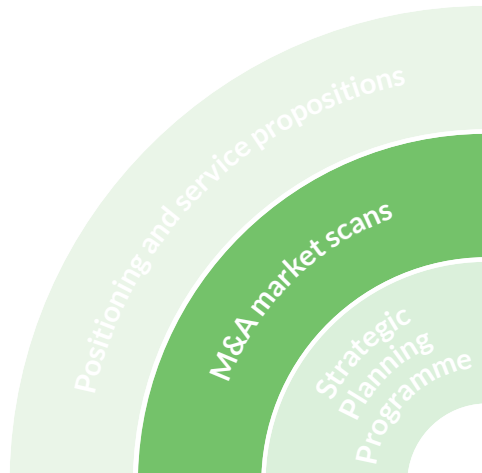
Most number of deals by firm



107%
Increase in digital deals
2015 vs. 2014

150%
Increase in cyber deals
2015 vs. 2014

200%
Increase in data & analytics deals
2015 vs. 2014



Margaret Cameron-Waller

Margaret has been at Source since April 2013. She has a depth of experience in management consulting, having worked for some of the world's leading consulting firms including PricewaterhouseCoopers and Booz & Co. She has also been a client for consulting services through her six year career at Prudential UK.



M&A market scans

What it is

We're frequently approached by the world's leading consulting firms to help them identify targets for acquisition, or with whom to form strategic partnerships. In many cases we have a head start: Our knowledge of the market and our relationships mean that we usually have ideas about potential targets before we even start work on the project. We take them from longlist to shortlist and on to in-depth profiling of potential targets where required.

Who it's for

Our work in this area tends to be bought by the most senior people within consulting firms, and particularly by those responsible for M&A.

How it helps

We get you to the right target, quickly.

Why us?

Our customers come to us because we are independent and can quickly give them a clear picture of the opportunities open to them. We also have the relationships, data, knowledge and experience to find them the right targets, quickly.

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