



Equiteq

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M&A activity  
in the  
Knowledge  
Economy  
Q3 2021



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Greg is a Managing Director at Equiteq for North America. Greg works with owners to understand their goals for both themselves and their firms. He then brings together the necessary resources to deliver solutions to meet

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# Knowledge Economy Q3 M&A Activity

## Executive Summary

The tailwinds that have been filling the sails of buyers throughout the Knowledge Economy continue to show no signs of faltering as Q3 2021 continued the trend of high volume/high value M&A across all verticals. This is now the fifth consecutive quarter in which we have seen performance increases almost unilaterally across the board. It's little wonder then that with another 1,184 transactions completed between Jul-Sep of this year, we've seen an astonishing 30% more deals completed YTD compared to this time last year.

If nothing else, this is a complete vindication of the continual recognition and value that services providers and consultants can play in helping to transform the working world - both from a technological standpoint as well as a strategic one.

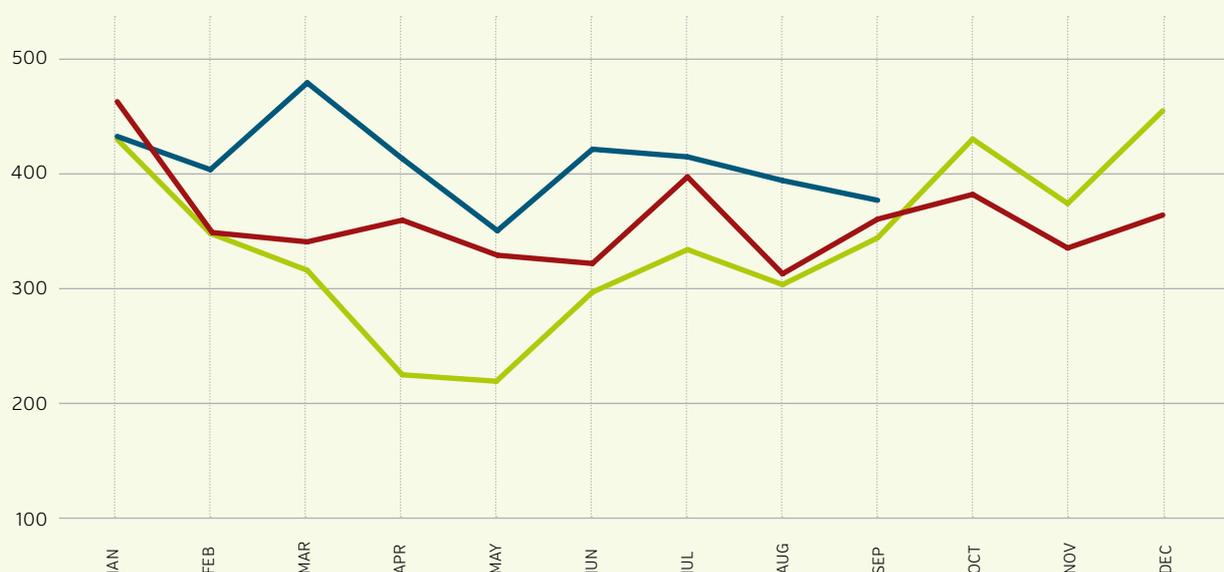
Further, with new macroeconomic trends gathering pace - particularly around ESG and sustainability, as well as a pivot towards enabling greater cross-enterprise connectivity - we have started to see a broadening of the pool of buyers of players within the Knowledge Economy.

Private Equity buyers continue to make inroads everywhere we look, completing 13% more deals than they did in Q2 and 46% more than in Q3 last year. Clearly the proliferation of dry powder accrued during 2020 is still plentiful and in evidence in some of the Knowledge Economies larger Q3 deals, such as Clearlake Capital's acquisition of talent management software provider, Cornerstone On Demand, for more than \$5bn. That's not to negate Strategic Acquirers though - this is still very much their market, with the volume of



**We've seen an astonishing 30% more deals completed YTD compared to this time last year**

Year-On-Year Monthly Deal Count ■ 2019 ■ 2020 ■ 2021



transactions completed by Strategics more than tenfold those completed by PE.

It has been a summer of excess for Knowledge Economy M&A with a glut of deals leading to more than double the amount of capital deployed in Q3 2021 [\$123.6bn] than we saw in our 'bounce back' third quarter last year [\$61.1bn]. Looking at the YTD, we are tracking total investment levels at more than 80% higher than at this point in 2020. We saw the number of deals worth in excess of \$10bn double from Q2 to Q3, with such 'mega deals' making up 37% of the volume of all transactions in the space, while the number of small deals (<=\$300m) has dropped for the third straight quarter.

With strong equity markets and a low interest environment, we have a

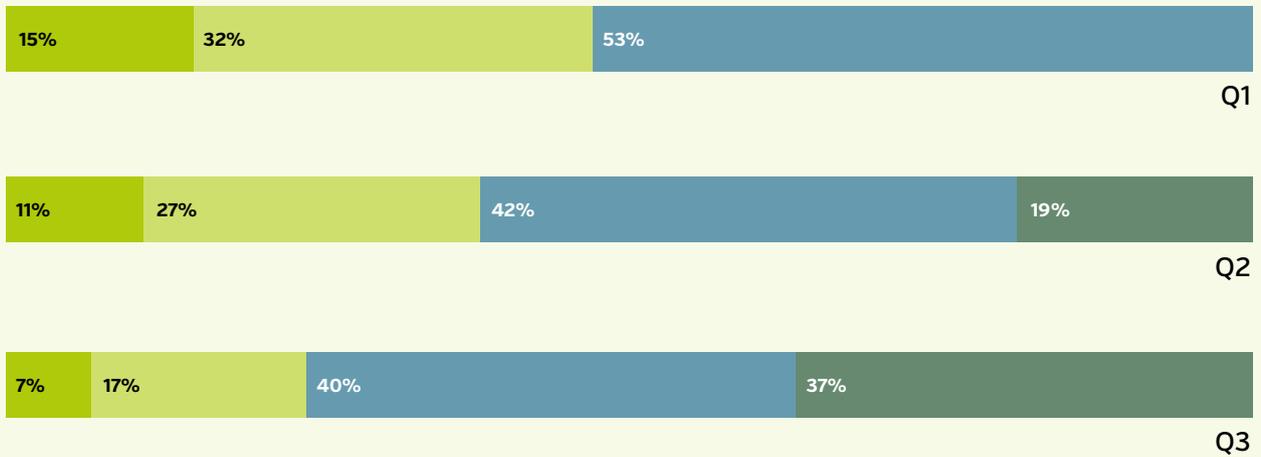
very healthy macro environment that continues to encourage buyers to invest. Add to this the unrelenting, pent-up demand of those looking to transact as well as the growing number of opportunities arising as the initial pandemic scare recedes and it's little wonder that more than 90% of buyers expect their market participation to increase or stay the same in the coming year according to our latest research.

Within this report, we take a closer look at M&A activity in key verticals of the Knowledge Economy and try to offer insightful context of this performance. To find out more, please feel free to contact our team whose details are contained within this report. [📞](#)

**20%**

more deals completed in Q3 2021 than in Q3 2020

2021 Transaction Values by Size ■ <\$300m ■ \$300m - \$2bn ■ \$2bn - \$10bn ■ >\$10bn



Q3 Deal Count by Buyer Type ■ Financial ■ Strategic ■ Mixed



# Software & Tech-enabled Services (SWTES)

## Q3 2021 M&A Activity

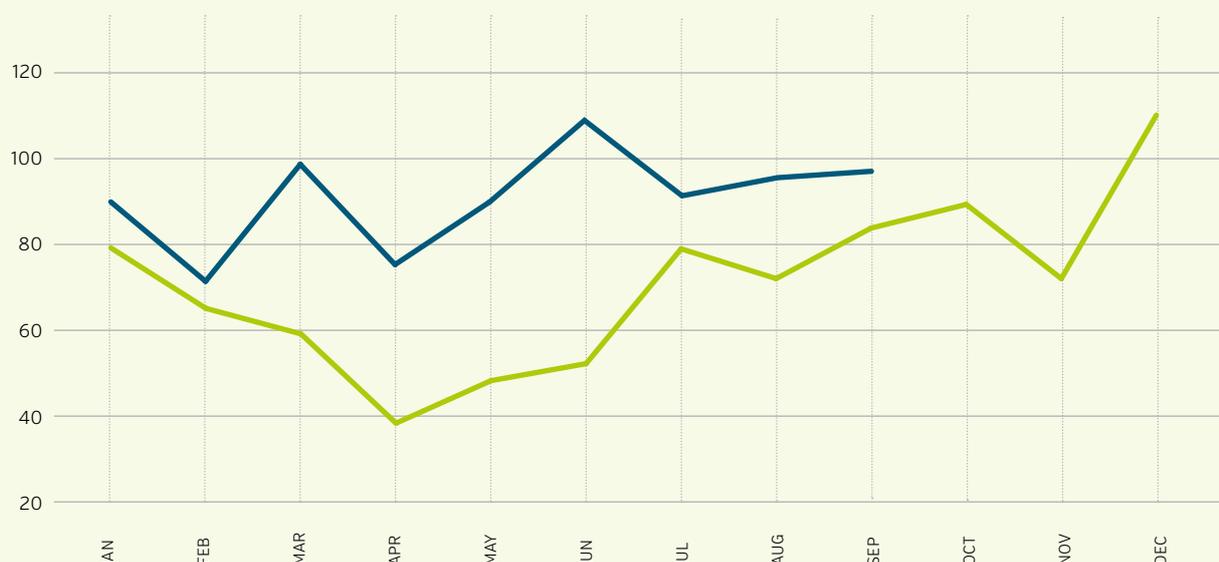
In a continuation of its strong performance over the last four quarters, the outstanding M&A activity within the Software and Tech-enabled Services (SWTES) vertical was all but a given in Q3 2021. However, what may come as a surprise is quite how exceptional that performance would be.

The headline figures here being the quarter's \$55.2bn total transaction value, which more than doubled the comparatively "meagre" \$24.5bn billion transacted in Q2. Transaction values tracked consistently high throughout the quarter and year-on-year we are seeing a cumulative YTD deal value in the space of \$101.5bn - up from \$38.8bn this time last year.

Alongside this growth in transaction value - driven by deals such as payments company Square's \$29bn acquisition of Australian "buy now, pay later" (BNPL) provider Afterpay - we've also seen the continued growth of deal volumes too. Having all but eclipsed the total SWTES deals completed in 2020 by the end of Q3 2020 (577 vs 823 in 2021 YTD), deal count has again increased quarter-on-quarter is a clear indication that M&A activity in the software space is soaring. Of note, is an apparent shift in buyer habits too with 30% more cross-border deals completed compared to Q2, suggesting buyers as a whole are starting to look further afield for acquisitions.

Of note, is an apparent shift in buyer habits too with 30% more cross-border deals completed

Year-on-year Monthly Software Deal Count ■ 2020 ■ 2021



## “ What we’re seeing is the impact of an increasingly mature software market

While Special Purpose Acquisition Companies (SPACs) continue to drive some of the larger acquisitions and the activity of Strategics persists at a steady level, we’ve seen the interest of Private Equity investors take off this quarter, with PE firms or PE-backed firms completing 25% more deals in Q3 than they did in Q2. Software may be eating the world - but Private Equity is increasingly eating software.

A prime example is the \$6.4bn acquisition by the software PE giant, Thoma Bravo, of Medallia, a customer experience cloud-based software provider that had only gone public in 2019.

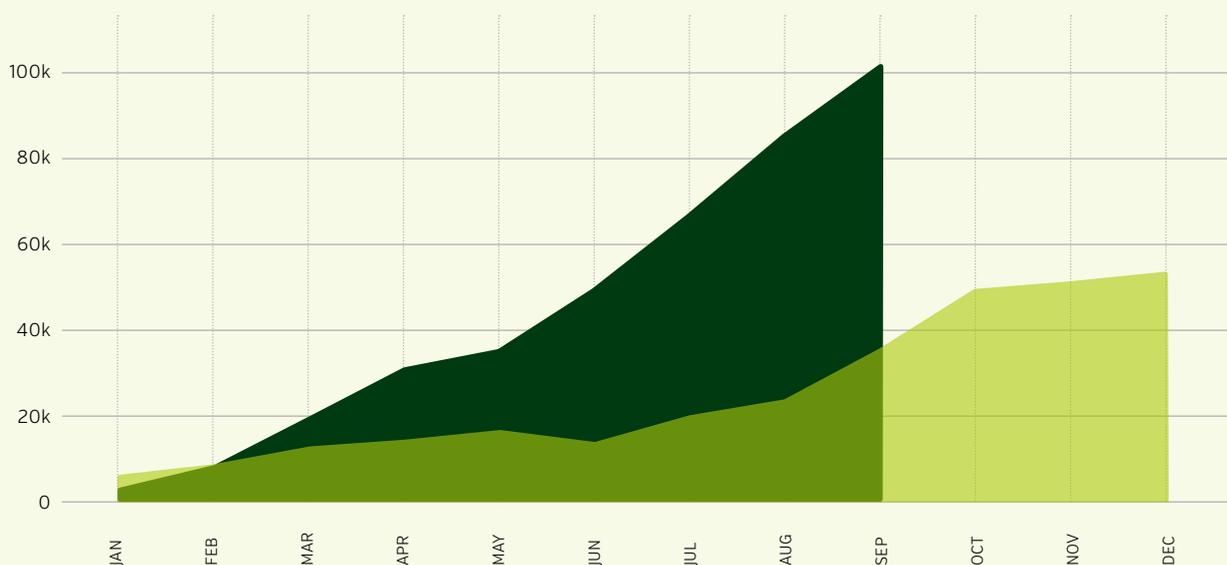
“What we’re seeing is the impact of an increasingly mature software market,” notes Jeff Becker, Managing Director, Head of M&A - North America at Equiteq. “Buyers are looking to create new category leaders in speciality areas like cybersecurity and human capital management - particularly around data analytics.”

Reinforcing this view are deals such as Qualtrics’ acquisition of Clarabridge for \$1.1bn, equipping the firm with greater customer and employee analytics capabilities; Rapid7’s acquisition of the cyber threat intelligence leader, Intsigths Cyber Intelligence for \$335m; and Microsoft’s purchase of the identity and access management start-up, CloudKnox Security - its fourth cybersecurity purchase of 2021. 🟡

# 25%

more deals completed by PE firms or PE-backed firms in Q3 vs Q2 2021

Monthly SWTES Cumulative Deal Value (US \$, millions) ■ 2020 ■ 2021



# Technology Services and Outsourcing

## Q3 2021 M&A Activity

The Technology Services and Outsourcing vertical remains especially buoyant, improving on its Q2 performance with an 11% increase in the number of deals closed quarter-on-quarter. As of the end of Q3, the vertical as a whole is trending well above its 2020 performance with the cumulative YTD deal count tracking 36% higher compared to the same point last year (609 deals in 2020 vs 829 in 2021).

Alongside the jump in volume, we saw the amount of liquidity deployed increase by 58%, up from from \$8.8bn in Q2 to \$13.9bn in Q3 and driven by major deals such as AffectLayer's

\$575m acquisition by ZoomInfo Technologies. As such, it's no surprise that cumulative transaction value for the vertical is tracking 6& higher than it was this time last year.

Driving this activity, we've seen a continuation of buyer interests around IT services providers that are aligned to specific ecosystems. While this has focussed on new and emerging platforms in the past few quarters, we're now seeing a re-ignition in interest from both Private Equity and Strategics in acquiring services providers within the SAP ecosystem. A notable deal in this regard is Atos's strategic acquisition of Visual BI,



Alongside the jump in volume, we saw the amount of liquidity deployed increase by 58%

Year-on-year Monthly IT Services Deal Count ■ 2020 ■ 2021



a leading cloud analytics and business intelligence firm, which is both an SAP and Snowflake partner.

Beyond the re-ignition of the SAP ecosystem, we've also seen buyers look to address continuing concerns around talent and skills gaps. EMAP System's expansion into LATAM with the acquisition of Colombia-based S4N, a leading software development services firm, not only helps the firm grow its global footprint but should also enable it to attract top talent from across the region and enhance its delivery capabilities.

"Scarcity of talent is a real challenge for many Technology Services firms right now," says Jerome Glynn-Smith, Managing Director at Equiteq in London, UK. "Without talent, actually delivering work is probably the biggest obstacle to growth. But talent is expensive and firms want to increase their margins, so we're seeing them passing on costs to the end user, which is driving up rates too. But that can only go so far before end users look elsewhere, so it's no surprise that we are seeing more acquisitions that equip businesses with the tech skills needed to execute projects successfully."

Equally, long-term interests in Cloud also continue to persist,

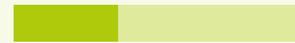


**Scarcity of talent is the real challenge for many Technology Services firms right now**

especially as buyers look to become market leaders in less mature areas. Notable Cloud deals in Q3 include SoftwareONE's acquisition of the UK-based, AWS Premier Consulting Partner, HeleCloud; KPMG Australia's purchase of the domestic-based Oracle implementation specialist Certus APAC; and the acquisition of MS Dynamics 365 partner, TNP, by Node4, a leading cloud-led MSP.

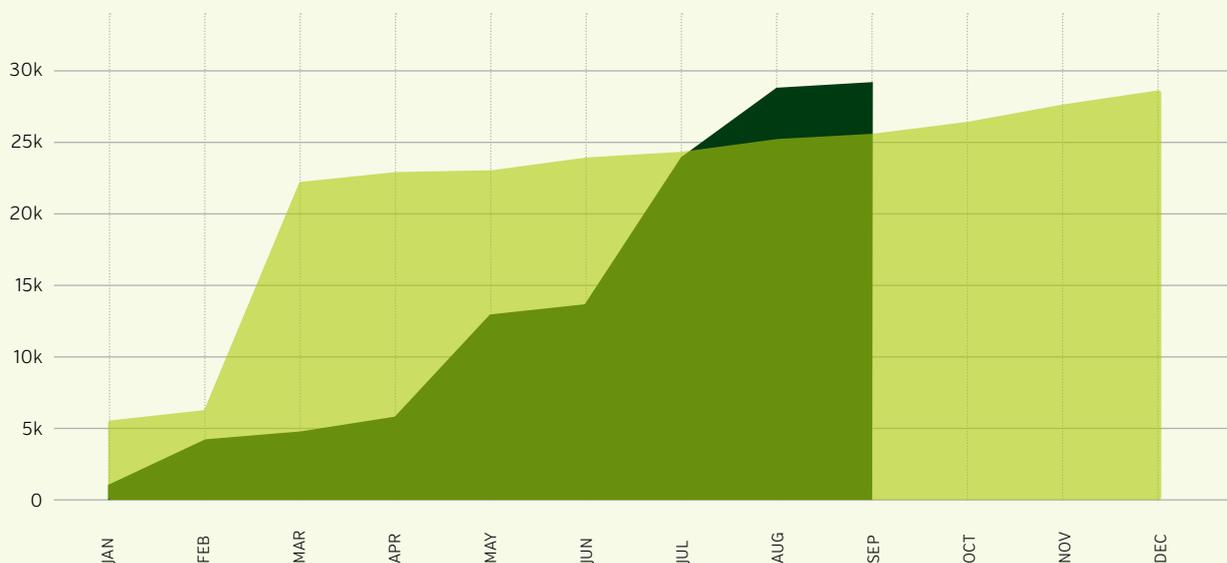
With long-standing trends in the vertical well entrenched at this point, there seems no reason to suspect that Q4 will play out too differently to the strong performance seen in Q3. In fact as we head towards 2022, we can be cautiously optimistic of even greater activity.

**30%**



more IT Services deals completed in Q3 2021 than in Q3 2020

Monthly IT Services Cumulative Deal Value (US \$, millions) 2020 2021



# Human Capital Management

## Q3 2021 M&A Activity

**M** &A activity within the Human Capital Management vertical remains buoyant and positive, thanks to the continued acceleration of long-standing trends in the space being driven by the pandemic.

The war for talent and a greater application of technology, such as data analytics, towards factors such as employee engagement have driven a sharp increase in the number of deals completed not just quarter-on-quarter, but month-on-month within Q3, with appetites growing as we edge towards the year's end. In fact, with 19% more HCM deals closed

compared to this time last year, Q3 deal volumes have trended upwards at an even steeper rate than they did during the 2020 Q3 bounce back.

The pressure for more innovative solutions continues to create opportunities for disruption, driving even greater levels of M&A activity as buyers seek out the next new leader or new opportunity. With very high levels of activity in the Knowledge Economy overheating and buyers still having access to plenty of dry powder, we've seen a relatively sharp increase this quarter in the number of Private Equity firms playing in the space, which has led to an almost



**M&A activity within the Human Capital Management remains buoyant and positive**

Year-on-year Monthly HCM Deal Count ■ 2020 ■ 2021



ten-fold increase in transaction values quarter-on quarter - up to \$1.5bn in Q3 compared to \$125.5m in Q2.

Notable deals this quarter include Clearlake Capital's announcement of its acquisition of Cornerstone On Demand, a talent management software provider, for north of \$5bn - roughly 6x revenue and more than 25x EBITDA.

"It's a deal indicative of PE's hunger to drive growth, because taking a high, second-tier leader private for more than \$5bn is a big bet," notes Becker. "But by commanding that price, it shows how important the HCM space is right now. If Clearlake can rapidly revamp the platform for the current environment, then it will likely create a lot more value by growing inorganically over time."

A further high profile deal in the space that saw a mid-size, private company getting acquired by a later stage, private company seeking its own rapid growth, was the acquisition of the corporate learning and training software provider, Lessonly, by Seismic, a global sales enablement leader, for around \$275m. This deal was particularly interesting because of Seismic's concurrent announcement

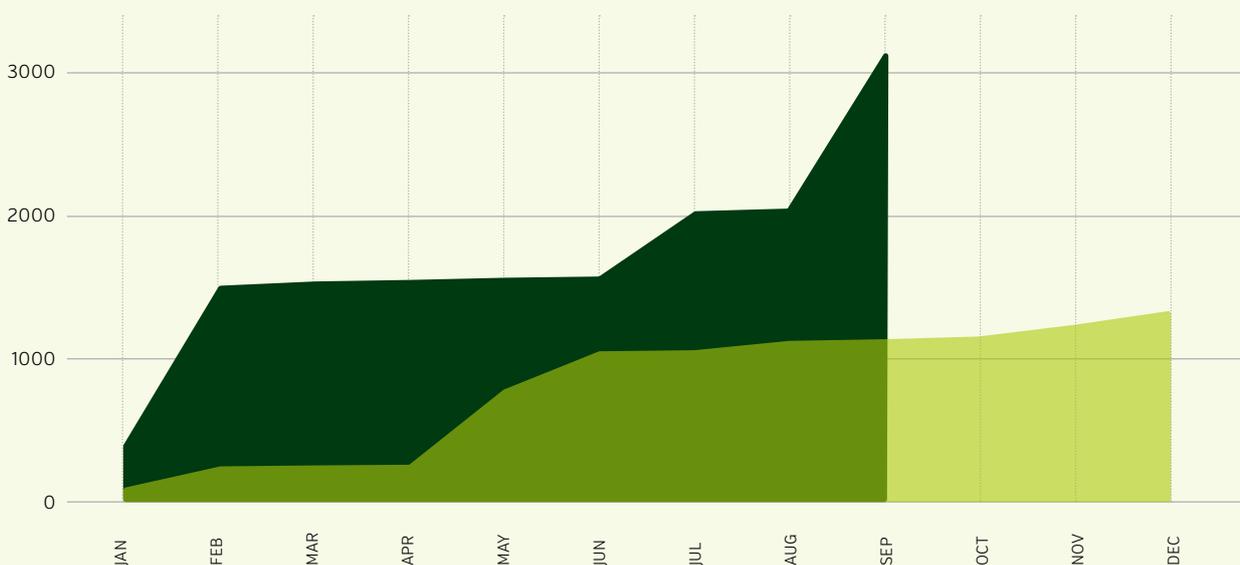


## We're seeing increasingly aggressive tactics from PE firms seeking out HCM acquisitions and add-ons

that it had closed its Series G funding round of \$170m - bringing its overall valuation to circa \$3bn.

"We're seeing increasingly aggressive tactics from PE firms seeking out HCM acquisitions and add-ons," says Becker, "But in Q3 we've also now seen this behaviour from later stage growth investors, hedge funds and quasi public investors, who are putting in a hundred million or more in later stage minority investments. That's relatively new and it's accelerating the rush to get the critical mass - as is the case with Seismic - and this will only continue to drive a lot of activity across the board." ◉

Monthly HCM Cumulative Deal Value (US \$, millions) ■ 2020 ■ 2021



# Engineering Consulting & Services

## Q3 2021 M&A Activity

**E**SG and sustainability continue to be the buzz words for the Engineering vertical this quarter with both themes apparent in nearly all transactions closed during Q3. With this growing appetite prevailing, the themes of ESG and sustainability are increasingly underpinning the rationale of buyers looking to make transactions.

This hunger to be at the forefront of the sustainability innovation curve has driven deal volumes upwards again, with 20% more transactions completed compared to Q2's total. Equally, we have seen almost 60% more deals closed YTD compared to 2020 in the engineering space. Strategics persist as the predominant buyers, but Private Equity interest is growing with almost double the number of PE players closing deals compared to last quarter.

"We're seeing buyers acting pre-emptively in anticipation of sustainable regulatory legislation, which is continuing to drive consolidation around all things ESG," says Paul Dondos, Managing Director, Global Buy-side & Market Intelligence at Equiteq. "During Q3 we've seen PE investors making platform investments and getting really competitive even at a lower scale around the infrastructure and engineering space because this is a sector that buyers are realising is somewhere they can store capital that is currently less competitive than areas elsewhere."

As we saw with digitalisation over the last 18 months, we are now starting to see the acceleration of data-driven sustainability themes as broader climate concerns move to the forefront of organisational minds. Investments around the sustainability theme are homing in on repurposing or building infrastructure that's smarter, higher performing and has more measurability around it -and it is in these areas that buyers are seeking out capabilities.

Accordingly, we've seen some big digital sustainability plays made in Q3 by ERM, the world's largest pure-play sustainability advisory firm, which picked up both RCG (The Renewables Consulting Group) and Element Energy, a next-generation low-carbon technology advisory consultancy.



**Equally, we have seen almost 60% more deals closed YTD compared to 2020**

Such deals are also indicative of broader software and service trends in the Engineering space that have been developing over the last few quarters, namely the growing acknowledgment that software no longer needs to be key to a revenue model but should instead improve the efficiency and effectiveness of a firm's service capability. A further example of this is Adecco Group's acquisition of AKKA Technologies SE for \$2.4bn with the goal of augmenting its existing high-value, technology-led engineering services with AKKA's R&D expertise.

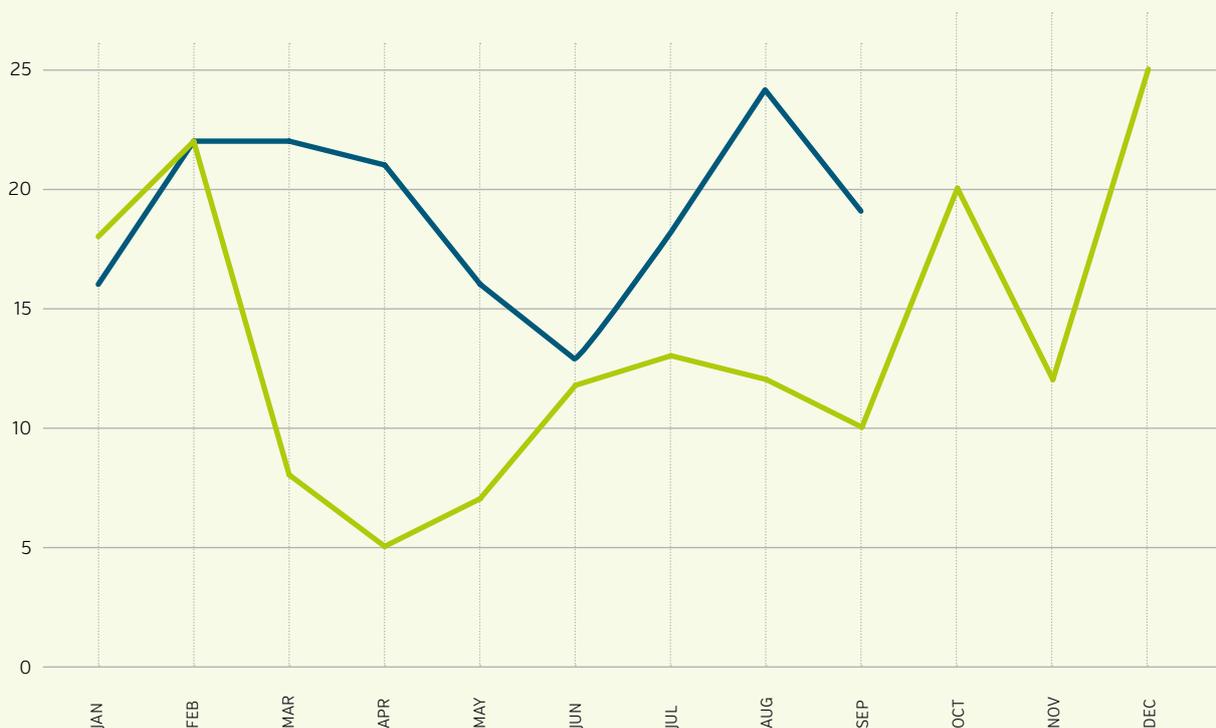
"What we're seeing more and more in the space," says Dondos, "is management consultancies and engineering consultancies looking for software with a service wrapper around it so they have the ability to deliver it. Fundamentally, there's a



**Such deals are also indicative of broader trends in the Engineering space**

different type of attention that's going into the product service mix and an acceptance that software is an essential component of this - it's something to be sought after rather than justified as being an enabler of a service business and this is likely to keep driving activity as we move forward."

Year-on-year Monthly Engineering Deal Count ■ 2020 ■ 2021



# Management Consulting

## Q3 2021 M&A Activity

**M** &A activity in the Management Consulting space was largely positive during Q3, even if the quarterly deal count fell by around 12% compared to Q2. Despite this, the overall number of transactions completed still eclipses Q3 of last year - the 'bounce back' quarter - and looking at the YTD, 2021 deal volume is tracking at 22% higher than this time last year.

With buyers active, dry powder plentiful and broader macroeconomic and regulatory factors coming to a head, it is not unreasonable to expect a busy Q4 as buyers look to complete deals before 2021 closes out.

Despite a slight dip in deal volume, the level of investment seen in the Management Consulting space rose significantly, rocketing from \$3.3bn

in Q2 to a huge \$20.7bn in Q3. Transactions peaked in July at \$14.6bn and despite failing to reach such heights over the rest of the quarter, the \$6.1bn outlaid across August and September is still almost double the level of investment seen in Q2. Transactions totals sit 63% higher than they did this time last year and are tracking upwards, even if the extreme level of investment seen in Q4 2020 may be hard to eclipse.

Powering such valuations is a growing interest in strategic consulting firms as buyers seek out the change management and operational consultancy capabilities that enable greater strategic connectivity across an enterprise. As they are elsewhere, SPACs are challenging both Private Equity

Transaction totals sit 63% higher than last year

Year-on-year Cumulative Management Consulting Deal Count ■ 2020 ■ 2021



and Strategic buyers for the best opportunities in this regard. In turn, this is compelling buyers to prioritise opportunities that enable revenue growth.

“We’ve seen a big interest in consultancies that understand how to utilise technology solutions to enable strategic business objectives. There’s been a particular focus on supply chain optimisation given the macroeconomic challenges that arose,” says Fincke. “As such, consultancy firms that understand both how supply chains work at an operational and business level, and what technology solutions can achieve in this regard, are increasingly being seen as a critical strategic asset, rather than a potential cost saving or efficiency play.”

We can see such thinking in action with September’s acquisition of the operations and business transformation consultancy, Ethier, by Sia Partners, a leading international independent management and AI consulting firm. Similarly, MSD Partners end-of-quarter agreement to take a 50% stake in digital consulting firm West Monroe, which helps companies come up with business plans to tackle technology-oriented problems and is projecting revenues of ~\$550m this year, for \$2.5bn



**We’ve seen a big interest in consultancies that understand how to utilise technology solutions**

[according to sources close to the deal] further underlines the trend while also attaching real value to it.

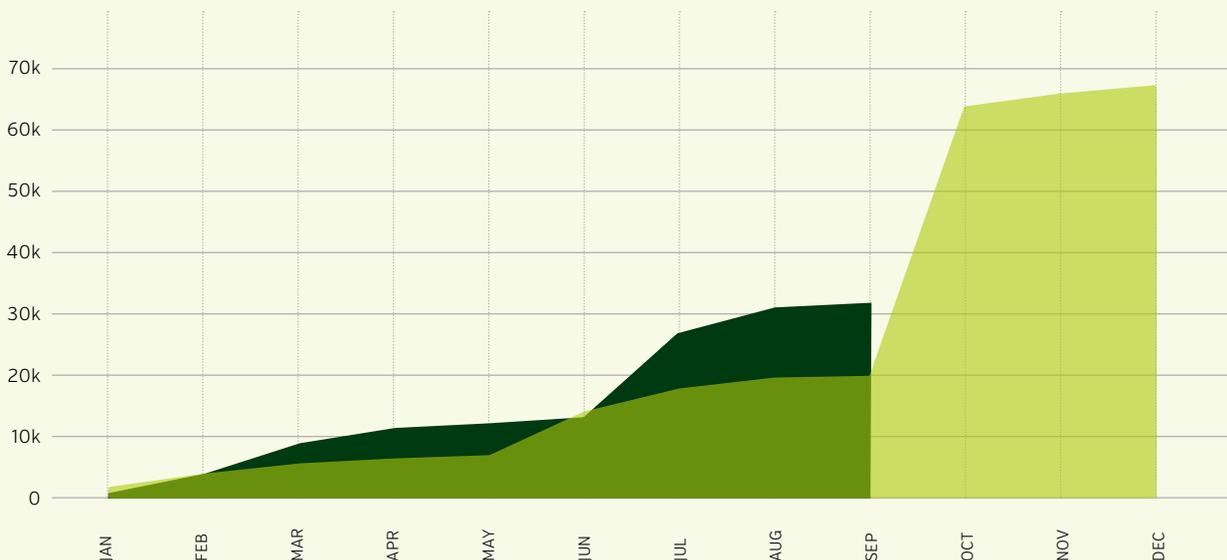
As such holistic operational thinking evolves, it’s likely that we can expect to see more deals in this vein as firms that may not have been as integrated are pushed to acquire such capabilities in order to tie components together and better compete.

In turn buyers have been proactive in acquiring such strategic advantages, emphasized by the proliferation of deals launched early in the quarter, particularly during July. With fears of potential capability constraints arising as activity increases, it’s likely we will see buyers trying to be savvy when navigating the market from a timing and capacity standpoint in the next few months. ◉

**22%**

**increase in Management Consulting deal count year-on-year for Q3 2021**

Monthly Management Consulting Cumulative Deal Value (US \$, millions) ■ 2020 ■ 2021



# Q3 2021: Deal highlights

1

Square acquires  
Afterpay



- Square has acquired Afterpay, an Australia-based international payments platform for \$29 billion, the largest in Australian history.
- The acquisition is expected to accelerate Afterpay's established expansion plans which have recently seen the Melbourne-based firm successfully move into the US and Europe.
- In a competitive move, integrating Afterpay within existing business units will see Square grow in size and capabilities to rival competitors PayPal, Klarna and Apple as the adoption of BNPL services booms.

2

Qualtrics acquires  
Clarabridge



- Qualtrics has acquired Clarabridge, a US-based omnichannel conversational analytics firm in a deal valued at \$1.125 billion.
- Clarabridge has consistently been recognized by Forrester Wave for its AI-based Text capabilities, and thus catapults Qualtrics into a market leading position through the acquisition.
- This acquisition acts as another step forward in the growth plans of Clarabridge, whilst meeting a similar growth ambition in the case of Qualtrics.

3

Rapid7 acquires  
IntSights Cyber  
Intelligence



- Rapid7, a data and analytics security solutions provider, has acquired IntSights, a US-based industry leader in threat intelligence.
- As the companies look to integrate platforms, the benefits of the acquisition should be two-fold: expansion of XDR capabilities for Rapid7 and access to a wider customer base for IntSights.
- The acquisition follows earlier purchases of Alcide and Velociraptor, as Rapid7 gears up its cybersecurity offerings to remain competitive.

4

Microsoft acquires  
CloudKnox Security



- Microsoft has acquired CloudKnox, a US-based cloud infrastructure entitlement management business.
- The deal marks the fourth cybersecurity acquisition by the tech giant this year, as Microsoft looks to strengthen its approach to cloud security to serve the growing numbers of organisations embracing remote working.
- The clients and synergies Cloudknox will access through the acquisition with Microsoft are expected to enable the firm to establish operations on a far greater scale.

## Q3 2021: Deal Highlights

5

Atos acquires Visual BI



- Atos has acquired Visual BI, a 290-person US-based cloud data analytics and BI specialists, in order to augment its data driven digital transformation offering.
- This acquisition builds on Atos' 2020 acquisition of cloud consulting firm Maven Wave and will allow the Paris based IT consultancy to capture more of the cloud data analytics market.
- Given the fast-growing nature of the cloud data analytics market, Visual BI's cross-platform and multi-technology services provide Atos with a unique opportunity to move up the value chain and isolate itself from technological disruption to the cloud data analytics market.

6

EPAM Systems acquires S4N



- EPAM Systems has acquired S4N, a 260-person Colombia-based software development services firm.
- The deal helps expand EPAM's global footprint, growing their presence in the LATAM region with plans to develop further in this area.
- As Latin America is one of the rising tech hubs, EPAM will benefit from the new technologies and digital modernization capabilities that S4N offers.

7

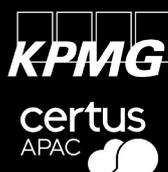
SoftwareONE Holding AG acquires HeleCloud Limited



- SoftwareONE has acquired HeleCloud, a 100-person cloud technology consultancy and managed services business based in the UK.
- As a consultancy dedicated to AWS, Helecloud offers unique expertise and exposure to the largest hyper-scaler in the market.
- Joining a firm of over 6,800 people, the acquisition rapidly accelerates Helecloud's growth by giving the firm access to established clients across a global stage.

8

KPMG acquires Certus



- KPMG has acquired Certus, a 40-person Australia-based provider of HCM and ERP cloud services. Certus will join KPMG's technology enablement team.
- This acquisition is a part of KPMG's wider focus on building out their cloud-focused strategy in Australia, home to the most advanced public cloud markets in APAC.
- As specialists in Oracle, Certus is meeting the demand in Oracle cloud transformation that was heightened during the pandemic.

## Q3 2021: Deal Highlights

9

Node4 acquires TNP

NODE4



- Node4 has acquired TNP, a 250-person UK-based Microsoft Dynamics 365 partner, as Node4 looks to diversify their service offering to support the full Microsoft ecosystem. This acquisition marks Node4's largest acquisition and first deal with Providence Equity Partners as an investor.
- TNP will operate as an independent brand and will provide considerable ERP implementation knowledge to Node4's existing cloud-infrastructure offering.
- TNP was previously owned by FPE Capital, with this transaction highlighting the growing importance of the secondaries market as PE investors focus on acquiring mature assets.

10

Cornerstone OnDemand taken private by Clearlake Capital Group

realize your potential



- Cornerstone, a US-based people development software organisation, will be acquired by Clearlake Capital for \$5.2 billion.
- The deal will take Cornerstone private and is expected to advance the firm's growth plans through the significant financial resources and strategic expertise offered by Clearlake.
- By adding a market-leading SaaS platform, Clearlake is strengthening a portfolio which has historically achieved considerable success in software investments.

11

Seismic acquires Lessonly

SEISMIC

Lessonly

- Seismic, a global leader in sales enablement, has acquired Lessonly, a US-based training, enablement, and coaching software firm.
- Having previously worked as partners, the acquisition will enable Seismic to take full advantage of Lessonly's products to support and enhance their own offering.
- The acquisition coincides with a \$170 million series G round that brought Seismic's valuation to \$3 billion, following continued growth driven by the uptake of remote working, signalling the possibility of further inorganic expansion.

12

Environmental Resources Management acquires The Renewables Consulting Group and Element Energy



rcg

elementenergy

- As part of its global expansion campaign, ERM has acquired The Renewables Consulting Group (RCG), a 60-person UK-based specialist renewables consultancy, and Element Energy, a 100-person UK-based specialist energy consultancy.
- The market has been seeing strengthening demand in sustainability. Through its acquisitions, ERM is on track to develop its renewable energy and low-carbon energy technologies.
- Becoming part of ERM allows RCG to become a global leader in the energy space. With the support of ERM, Element Energy can now focus more effectively on global energy transitions.

## Q3 2021: Deal Highlights

13	Adecco Group acquires AKKA Technologies	<ul style="list-style-type: none"> <li>○ Adecco Group has acquired AKKA Technologies, a 10,000-person Belgium-based engineering and R&amp;D services provider.</li> <li>○ Adecco will integrate AKKA within Modis, their science and IT staffing business, to help grow its services to automakers and aerospace companies focused on providing engineering, technical and R&amp;D staff.</li> <li>○ The acquisition will make Adecco the world's largest provider of temporary staffing by revenue, bringing together over 50,000 engineering and digital experts with deep cross-sector expertise.</li> </ul>
		
14	Sia Partners acquires Ethier	<ul style="list-style-type: none"> <li>○ Sia Partners has acquired Ethier, a 35-person Canada-based management consulting firm, in the latest step in the French firm's expansion into the US and Canadian markets.</li> <li>○ Canada has been central to Sia's strategy since it entered the region in 2014, having since made two acquisitions, E3 and RG Advisory, in Montreal and Toronto respectively.</li> <li>○ Sia will leverage its new Canadian platform to sell its services into the US market. This demonstrates that the allure of the largest consultancy market in the world has not lost any lustre despite the disruption of the past 18 months.</li> </ul>
		
15	Deloitte acquires Paxton Partners	<ul style="list-style-type: none"> <li>○ Deloitte Australia has acquired Paxton Partners, a 13-person Australia-based healthcare consultancy.</li> <li>○ This acquisition is Deloitte's fifth in Australia in 2021 and epitomises the acceleration of Australian M&amp;A activity driven by accommodative policy and the country's relative success in managing COVID.</li> <li>○ Paxton Partners' expertise in financial and operational performance improvement for healthcare clients will be invaluable for Deloitte to tap into the increasing demand for healthcare optimisation services.</li> </ul>
		
16	EY acquires Lane 4 Management Group	<ul style="list-style-type: none"> <li>○ EY has acquired Lane4 Management Group, a 220-person UK-based leadership and organizational advisory.</li> <li>○ Through this transaction, EY will leverage Lane4's leadership expertise to expand their capabilities in human capital optimisation and cultural transformation.</li> <li>○ Lane4 will be integrated into EY's People Advisory Services and will help EY harness the opportunities arising from the spotlight placed on corporate culture, employee welfare, and leadership structures by the pandemic.</li> </ul>
		

## Q3 2021: Deal Highlights

17

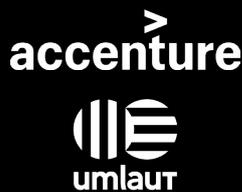
KBR acquires Frazer-Nash Consultancy



- KBR acquires Frazer-Nash Consultancy, a 900-person UK-based provider of systems, engineering, and technology solutions for ~\$400m.
- Through this acquisition, both companies will increase their geographic footprints and focus on global priorities and recognition.
- With digital transformation becoming more prevalent in the market, this deal is part of the strategic journey to provide more digital solutions.

18

Accenture completes acquisition of umlaut



- Accenture has completed the acquisition of a 3,000 person Germany-based cross-industry consultancy, umlaut. This transaction is the latest in a string of purchases designed to build out the professional services giant's Industry X practice.
- Umlaut represents the 5th in a series of Industry X focused purchases, with Accenture's previous acquisitions in this space including Electro 80, an Australian ops technology firm, Pollux, an automation specialist based in Brazil, the US operations consultancy Myrtle, and SALT Solutions, a German technology driven consultancy.
- Umlaut is a leader in telco benchmarking and the firm's engineers boast expertise in 5G, IoT, and Mobile Edge Computing. These technologies are vital to the emergence of smart, connected factories as they permit super-fast communication between local smart devices and de-centralized control and processing systems.

19

Blackstone acquires Sphera



- Blackstone has acquired Sphera, a US-based ESG software, data, and consulting services firm, for \$1.4 billion.
- Gaining access to Sphera's ESG risk-negation SaaS will be a major benefit to Blackstone as pressure to consider ESG standards within the investment industry intensifies.
- Previously backed by Genstar Capital, Sphera continues its growth journey at an accelerated rate, now with the financial and strategic capabilities of Blackstone.

20

PayPal Holdings, Inc. acquires Paidy Inc.



- PayPal has acquired Paidy, a 150-person Buy Now, Pay Later (BNPL) platform operating out of Japan, in a deal valued at \$2.7bn.
- The acquisition will give PayPal invaluable access to Japanese customers who sit within an ecommerce market that has grown to be third largest in the world.
- Beyond crucial market access, Paidy brings strong machine learning capabilities and will expand PayPal's offerings by providing an alternative to standard credit card payment for customers.

# Meet Equiteq

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We are the leading global investment bank for the Knowledge Economy

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

**Who are we?**

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

**Why Equiteq?**

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

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

**Our aim**

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

# Equiteq Services

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

Our services in the Knowledge Economy cover four key areas:

#### **Buy Advisory**

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

#### **Sell Advisory**

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

#### **Corporate Divestitures**

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

#### **Strategic Deal Origination**

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

# Equiteq Q3 highlights

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

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

## Reports

### Cloud Services Report 2021

Key market themes and observations, market valuation drivers and recent M&A transactions in the cloud services market.

[Find out more](#)

### Microsoft Dynamics Partner Report 2021

Key market themes and observations, market valuation drivers and recent M&A transactions in the Microsoft partners ecosystem.

[Find out more](#)

### Software & Tech-enabled Services (SWTES) Report Q3 2021

A specialist sector report highlighting quarterly trends and detailed analysis on market performance, M&A and financing transaction activity and valuations in the growing SWTES space.

[Download the report](#)

### Consulting & Digital Quarterly Report Q3 2021

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

[Download the report](#)

### Global Buyers Report 2022

We surveyed 80+ Private Equity and Strategics to understand how they will approach M&A in the next year.

[Pre-register to receive the report](#)

### M&A Trends Report 2022

The key trends Equiteq predicts will drive Knowledge Economy M&A in 2022.

[Pre-register to receive the report](#)

## Events

### Webinar: How buyers will approach M&A in 2022

Join Equiteq experts for a live webinar as they present the findings of the Global Buyers Research Survey. Find out how Private Equity and Strategic Acquirers will approach M&A in 2022.

[Sign up to watch](#)

### Webinar: M&A Trends 2022

The Equiteq team dig deeper into the trends driving M&A in 2022 and provide insight into how businesses can apply them to gain commercial advantage.

[Sign up to watch](#)

## Deals

Equiteq advises retail strategy consultant HRC Retail Advisory on its sale to Accenture [September 2021]

[Read more](#)

Equiteq advises infrastructure and project management consultant PDS Group in joining Deloitte Australia [August 2021]

[Read more](#)

Equiteq advises economics consultant Economists Incorporated on its sale to Secretariat [July 2021]

[Read more](#)

[View all deals](#)

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