

## The sector M&A landscape

During the Perth 2017 Globalscope conference, the network's global Services sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

Key themes are acquirers undergoing unprecedented diversification, and how an understanding of the trends in digital disruption is critical to determining the best potential acquirers of services businesses. More details can be obtained from team members or regional heads.

### Sector themes

#### Freelance Employees Causing Disruption

Freelancers and network-based employees are disrupting traditional professional service subsectors by offering more tailored knowledge of buyers and providing a more 'high-touch' service.

#### Political Headwinds Subsiding

2016 was the year of political upsets. Trump is now well into his presidency, and whilst Brexit is still fraught with uncertainty, it is largely 'business as usual' for UK companies operating within the EU. Some believe, though, that Britain's EU extraction may take five or more years.

#### Robotics Shaping the Future of Logistics

UPS, DHL and FedEx are all experimenting with robotic loading and unloading of irregular parcels. Improved mapping technologies will allow robots to evaluate packets more accurately, as well as increasing efficient use of space in shipping containers and lorries.

#### Digital Driving New Business Models

Management consultancies are looking to reduce their over-reliance on senior consultants by applying more quantitative analysis and using automation to decrease lead times and increase efficiency.

### Notable recent transactions

#### Gartner Acquires CEB

Information technology research and advisory company Gartner, Inc. has acquired US best practice and talent management company CEB for approximately \$2.6bn.

#### GoGoVan and 58 Suyun Merge

The merger between GoGoVan and 58 Suyun has created the largest online intra-city logistics platform in Asia. The combined company is worth in excess of \$1bn. 58 Suyun is the logistics business of online classifieds giant 58 Home.

#### General Electric Completes Penske Equity Sale

GE has sold its final 15.5% stake in Penske Truck Leasing to the former partners of the business for around \$674m. Penske manages a fleet of around 250,000 trucks across America.

### Lower-mid market observations

#### Small Firms Carving Out Strongholds

Whilst the consulting sector is still traditionally dominated by the large firms, inclusive of the Big 4, smaller challengers are gaining momentum by focusing solely on a niche and offering a highly specialised service.

#### Consolidation Across the Consulting Market

More mature, mid-size, companies are being snapped up by major players in a bid to provide a full suite of services. This is, in turn, making it difficult for mid-size players to compete in a market where scale benefits matter.

# M&A trends & market analysis

The following data are compiled specifically for the Services sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data, and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2017.

