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M&A has also enabled firms to diversify their service offerings to meet the evolving needs of clients, stay competitive in a changing market condition and capitalise on cross-selling opportunities across the new client base. The Pandemic was also a catalyst for tech driven M&A with larger firms seeking to digitalise, improve systems to enhance service delivery, improve efficiencies and stay ahead of the curve.”

Sachin Parmar, Associate Director

SOME OF THE NAMES WE'VE WORKED WITH



FROM TRENDS TO TOMORROW – PROFESSIONAL SERVICES

Market Trends

- Average deal size in 2023 decreased, indicating some market consolidation and bolt-on deals for private equity (PE)
- Transactions largely dominated by PE and PE-backed firms, due to the attractiveness of the PS sector
- Increased attraction to the sector comes from strong performance through Covid-19 and resilience despite strong economic headwinds
- A decrease in EBITDA multiples indicates some downward pressure on valuations as the market rebalances from the highs of 2020 & 2021
- The PS sector offers opportunities for growth and increased competitive advantage with tech-enablement

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Andy Parker
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“In the world of M&A, the professional services sector stands as an attractive landscape for both private equity and strategic investors. It encompasses a wide range of sub-sectors including legal services, audit, accountancy, advertising and research, consultancy, architectural, engineering and employment activities representing 15% of the UK's GDP and accounting for 14% of employment, a resilient sector.

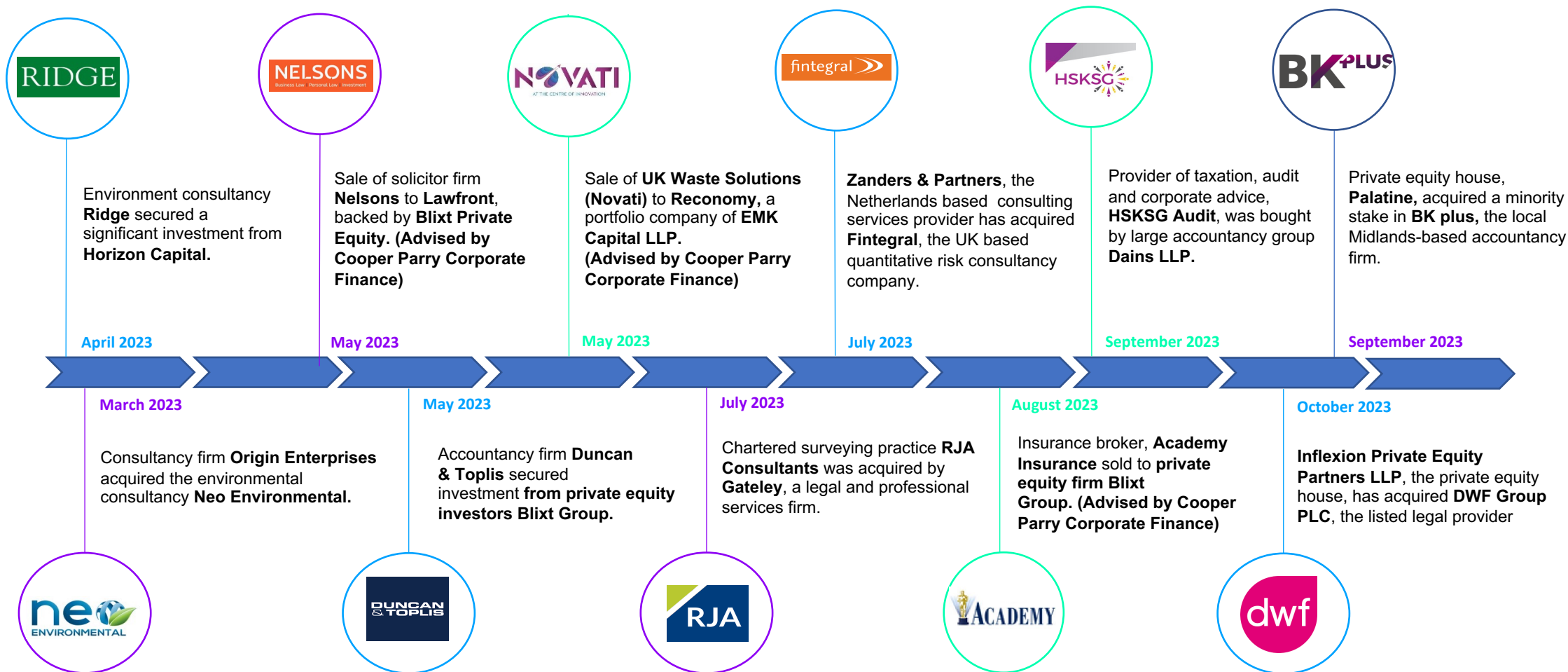
Key drivers of M&A activity in the professional services arena include market consolidation with competitors strategically acquiring to increase market share domestically, enter new geographies, and acquire complimentary service offerings. M&A has also enabled firms to diversify their service offerings to meet the evolving needs of clients, stay competitive in a changing market condition and capitalise on cross-selling opportunities across the new client base. The Pandemic was also a catalyst for tech driven M&A with larger firms seeking to digitalise, improve systems to enhance service delivery, improve efficiencies and stay ahead of the curve.

Private equity firms have strengthened their focus to professional services with plenty of ‘dry powder’ to deploy. It is a sector that offers strong revenues, synergies between diverse businesses and ability acquire at scale by applying bolt-ons in highly fragmented markets, in particular, accounting, legal and consulting.”



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