

INTRODUCTION

Professional Services Remains a PE Priority

Professional services continues to attract outsized private equity interest entering 2026, driven by a combination of **recurring demand**, **fragmented end markets**, **pricing power tied to expertise**, and **clear buy-and-build opportunities**. While macro uncertainty has tempered activity in some asset-heavy sectors, professional services remains comparatively resilient due to its **mission-critical nature**, **asset-light models**, and **opportunities to professionalize operations at scale**.

Investors are increasingly underwriting:

- ✓ Durability and visibility of revenue (recurring or re-occurring)
- ✓ Depth of specialization and defensibility of value propositions
- ✓ Scalable delivery models (including AI / tech-enablement and near/offshore leverage)
- ✓ Reduced key-person risk and institutionalized go-to-market motion
- ✓ Clear buy-and-build pathways

TAKEAWAYS

Key Themes Shaping Professional Services M&A

Continued Consolidation 	Consolidation Is Still Early, Even in “Mature” Segments. Despite years of deal activity, many verticals remain fragmented. Private equity continues to view these markets as long-duration consolidation plays, particularly where: • Clients operate in regulated, specialized, and/or operationally complex industries • Client relationships are sticky • Services are embedded into critical workflows This dynamic is especially evident in <u>Legal Services / Law Firms</u>, <u>Tax & Accounting / OCFO / Finance Advisory</u>, and <u>Specialty Consulting</u> (see page 3 for more details).
The Role of AI 	AI Is an Enabler, Not a Disruptor (Yet). AI adoption is rapidly accelerating, but primarily as a productivity and margin lever, not a replacement for human judgment. Buyers are rewarding firms that: • Use technology to automate low-value tasks • Preserve high-value advisory work and work alongside (rather than compete with) clients' own AI tools • Demonstrate scalable, repeatable delivery models • Evaluate pricing models as AI-driven efficiencies shift costs and client expectations Across advisory and diligence work, investors continue to emphasize that insight, interpretation, and trusted advice remain human-driven, reinforcing the value of expertise-led firms.
Quality Over Type 	Revenue Quality Matters More Than Revenue Type. While recurring revenue remains attractive, re-occurring project-based revenue with strong client retention and multi-year relationships is underwriting well. Firms that can clearly articulate client lifetime value, repeat engagement drivers, and/or cross-sell pathways are consistently trading at premium multiples.

ACTIVITY

Professional Services Deal Activity

Recent and expected transactions in the sector suggest momentum will continue through 2026 and beyond. Private equity investors account for about half of deal volume in the Professional Services category. For PE-backed buyout deals in the sector, the average deal value was over \$1BN¹, with both volume and value up meaningfully from the previous year.

2025 HIGHLIGHTS
PROFESSIONAL SERVICES¹

~3,000 corporate and private equity deals

\$1BN+
average deal value

\$275MM+
median deal value

~1,400 private equity deals

Including ~900+ add-on acquisitions

Notable Sub-Sectors:

- **210+** accounting, audit, tax deals
- **560+** IT consulting & services deals
- **450+** other consulting deals

REASONS FOR COMMERCIAL DUE DILIGENCE (CDD)

Opportunities for Validation

Across professional services, successful outcomes are increasingly tied to positioning, preparation, and proof – not simply scale or financial performance. As consolidation continues and buyer scrutiny intensifies, both sellers and investors are being held to higher standards of diligence, clarity, and defensibility.

Operators / Sellers

For operators and sponsors pursuing an exit, the bar has risen materially. Buyers are more selective, processes are more complex, and narratives are being tested harder, particularly around growth sustainability and defensibility.

Sell-side market studies remain critical tools to:

- Clearly articulate differentiation and expertise in crowded, fragmented markets
- Answer and defend buyer questions before they are asked (e.g., AI efficiencies vs. disruptions)
- Frame growth opportunities in a way that aligns with buyer underwriting frameworks
- Accelerate diligence timelines and increase certainty of close
- Support valuation outcomes by anchoring expectations in third-party, data-backed analysis

Investors

While many businesses exhibit strong growth and margins, value creation is often tied to intangibles (people, client relationships, specialization, and delivery models) that require deeper commercial diligence to underwrite with confidence.

Buy-side CDD is increasingly critical to:

- Validate true market positioning and addressability in fragmented, competitive niches
- Assess revenue durability, including client concentration, repeatability, and demand drivers
- Validate organic efficiency drivers: talent pools, technology enablement, etc.
- Identify key-person and execution risk early in the process
- Underwrite growth initiatives (add-ons, cross-sell, geographic expansion) with realistic assumptions

SPOTLIGHT

Private Equity Activity

Sector

Select Recent Transactions

Why This Sector Is Gaining Momentum

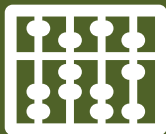


Legal Services / Law Firms



Law firms / legal services are gaining attention as investors pursue alternative ownership and MSO-style models that enable participation while navigating regulatory constraints. Recent (and pending) transactions have validated PE's ability to build scaled platforms, particularly in high-volume areas like personal injury. Buyers are focused on firms with strong brand recognition, repeatable case origination, and opportunities to professionalize operations and expand margins.

Key value drivers include: unlocking scale, technology adoption, opportunities to centralize operations and marketing, talent retention and bench depth through proper incentivization, and professional management.



Tax & Accounting / Office of the CFO / Finance Advisory



Tax & Accounting, OCFO, and Finance Advisory remain among the most active and fastest-consolidating sub-sectors in professional services, driven by aging partner demographics, regulatory complexity, and increasing demand for outsourced finance leadership and execution among PE-backed companies. Buyers favor platforms that combine compliance stability with higher-margin / value-add advisory and recurring, scalable finance solutions (e.g., transaction support, SALT, FP&A, controllership).

Key value drivers include: recurring or re-occurring revenue, strong client retention, scalable retainer-based models, offshore / nearshore (and AI) leverage, alignment with the PE ecosystem, and the ability to cross-sell or lead with advisory services.



Specialty Consulting



Specialty consulting continues to outperform broader generalist models, particularly in areas driven by regulatory change, technical complexity, or non-discretionary demand (e.g., GRC, environmental, data & analytics, compliance, healthcare, energy, etc.). Investors are prioritizing firms with defensible domain expertise, mission-critical service offerings, and strong recurring or retainer-based revenue profiles that support visibility and scalability.

Key value drivers include: pricing power, long-term client relationships, and defensibility rooted in expertise rather than headcount scale.

KNOWLEDGE AND SOPHISTICATION

Professional Services Experience

IGS | INVESTOR
GROUP
SERVICES

IGS evaluated HARBOR COMPLIANCE LICENSING & TAX COMPLIANCE on behalf of a private equity sponsor	IGS evaluated NUMERA OFFICE OF THE CFO SERVICES on behalf of a private equity sponsor	IGS evaluated K2 SERVICES FORREST SOLUTIONS epiq LEGAL BPO & IT MSP on behalf of a private equity sponsor
IGS evaluated AGT ANGEION GROUP Changing the Rules EQ DONLIN RECANO CASEWORKS LEGAL SERVICES on behalf of a private equity sponsor	IGS evaluated SAFETY PARTNERS Hands-on Workplace Safety COMPLIANCE & SAFETY CONSULTING on behalf of a private equity sponsor	IGS evaluated insero&co Certified Public Accountant Business Advisors ACCOUNTING & TAX SERVICES on behalf of a private equity sponsor
IGS evaluated optis SOURCE-TO-PAY CONSULTING on behalf of a private equity sponsor	IGS evaluated Trustpoint.One TECH-ENABLED LEGAL SERVICES on behalf of a private equity sponsor	IGS evaluated SCScloud CONSULTING & SOFTWARE IMPLEMENTATION on behalf of a private equity sponsor
IGS evaluated WPAS EMPLOYER BENEFIT PLAN ADMINISTRATOR on behalf of a private equity sponsor	IGS evaluated biddle consulting group AFFIRMATIVE ACTION PLAN, DE&I, PAY EQUITY & RELATED TRAINING SERVICES On behalf of a private equity sponsor and its portfolio company	IGS evaluated VeloSource LOCUM TENENS STAFFING on behalf of a private equity sponsor
IGS evaluated AArete HEALTHCARE PAYER CONSULTING on behalf of a private equity sponsor	IGS evaluated Galloway ARCHITECTURE & ENGINEERING SERVICES on behalf of a private equity sponsor	IGS evaluated 4 ALL4 EHS CONSULTING SERVICES on behalf of a private equity sponsor

STIFEL | Investment
Banking

Brite Has Been Acquired By SOLE SOURCE CAPITAL Advisor to Seller January 2026	Dudley DeBosier Injury Lawyers Has Been Acquired By uplift Advisor to Seller January 2026	COALESCE CAPITAL Has Acquired MARSHALL STEVENS Advisor to Buyer December 2025
RiseNow Has Received an Investment From ACHIEVE PARTNERS Advisor to Seller October 2024	Battea GLOBAL LITIGATION INSURANCE Has Been Acquired By SS&C Advisor to Seller September 2024	Aviditi ADVISORS Has Been Acquired By PIPER SANDLER Advisor to Seller August 2024
OrangeTree Has Been Acquired By accurate Advisor to Seller May 2024	TRIAGO Has Been Acquired By Houlihan Lokey Advisor to Seller April 2024	cegeka Has Been Acquired By CTG Advisor to Buyer December 2023
SIERRA PACIFIC SECURITIES Has Been Acquired By STIFEL Advisor to Seller August 2023	DBO PARTNERS Has Been Acquired By PIPER SANDLER Advisor to Seller October 2022	DISA Has Been Acquired By Audax Group Advisor to Seller September 2022
pointb Has Been Recapitalized by ENDEAVOUR Advisor to Point B January 2022 *	\$370,000,000 Financing to Support Acquisition by CVC Joint Lead Arranger July 2019 *	\$400,000,000 Refinancing of Existing Debt F T I CONSULTING Joint Bookrunner September 2018 *

* Worked on transaction while at a previous, unaffiliated firm.

MEET THE TEAMS

Experts in Professional Services



Bryan Quinlan

*Senior Partner
Co-Head of Professional Services*

bryan.quinlan@igsinsights.com

Bryan Quinlan has 15+ years of transaction advisory, strategic consulting and M&A experience. He is actively involved in the development of new client relationships and the management of due diligence and strategy engagements across the Professional Services sector and a variety of other industries.



Brian Fleming

Senior Partner, Chief Strategy Officer

brian.fleming@igsinsights.com

Brian Fleming has 20+ years of PE advisory and M&A experience. Brian focuses on leading the firm's growth efforts across service lines, organically and through M&A. Brian has extensive experience helping clients throughout the investment lifecycle across a wide range of industries, including Professional Services.

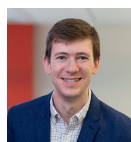


Chad Benoit

Partner

chad.benoit@igsinsights.com

Chad Benoit has 10+ years of consulting experience. Since joining IGS, he has worked on 250+ engagements in which he has designed market studies and led consulting teams to answer questions about the unique characteristics of a diverse set of industries.



Raymond Meijer

Associate Partner

raymond.meijer@igsinsights.com

Raymond Meijer has 10+ years of consulting experience. Since joining IGS, he has worked on 200+ engagements in which he has led teams focused on evaluating investment decisions and guiding strategic plans. He covers a variety of industries, with a focus on Professional Services, Tech-Enabled Services, and Technology.



Dave Buscaglia

Managing Director, Professional Services

buscagliad@stifel.com

Dave Buscaglia has 20+ years of investment banking experience. He is responsible for corporate client, private-equity portfolio and Founder company relationships within the sector. Dave has completed over 100 strategic advisory and financing transactions worth more than \$100 billion for clients. He has worked closely with Business Services clients on a broad range of strategic advisory and financing transactions.



Nico Esposito

Managing Director, Tech-Enabled Services

espositon@stifel.com

Nico Esposito has 20+ years of experience covering the Technology-Enabled Services sector. During his extensive career as an investment banker, corporate development executive and consultant, Mr. Esposito has participated in numerous transactions totaling well over \$100 billion in aggregate value. He has worked closely with Tech-Enabled Services clients on a broad range of strategic advisory and M&A transactions.



Michael Hart

Managing Director, M&A

michael.hart@stifel.com

Michael Hart has 25+ years of experience covering M&A. Within Stifel's Mergers & Acquisitions Group, he has a focus on Diversified Industrials. Michael has extensive experience advising mid-market companies on both domestic and cross-border M&A, restructuring transactions, and raising debt.