

Australian M&A digest: ZOOM ON RECENT DEALS



February 2021

A dozen deals including the sale of Hypothesis to McKinsey, executed by SCD Advisory

1. McKinsey Australia buys Hypothesis to beef up Digital Division

McKinsey & Company has closed the first deal in its 50-year history in Australia, snapping up Sydney and Melbourne based Hypothesis. Founded in 2016, Hypothesis is a digital-focused consulting firm with a headcount of around 40. The firm specialises in four lines of work: designing digital products and concepts, data science, developing tools and solutions including software engineering and product interface, and the adoption of agile ways of working. The deal will more than double the size of McKinsey Digital in Australia, and marks the launch of its 'Build by McKinsey' practice down under – the team implementing digital transformation strategies for large corporate and public sector clients. It adds a raft of top clients to its already impressive roster, including ANZ Bank, Macquarie, Pepper Money and the NSW state government. The move aligns with McKinsey's growing focus on digital, as its clients companies around the world tap into digital transformation as a means to gain a competitive edge and unlock value. McKinsey Digital currently houses more than 5,000 staff – data scientists, engineers, architects, developers, technology leads, agile coaches, designers, and cybersecurity experts – with around 40% of all McKinsey engagements now including insights and support from its digital wing.

2. McKinsey bolts-on Venturetec to Digital business in Australia

Global management consulting firm McKinsey & Company has beefed up its Digital division in Australia with the bolt-on of Venturetec, a boutique consultancy specialised in digital innovation and venture building. McKinsey Digital is McKinsey's arm focused on developing



digital strategies and bringing these to life. Globally, the division has more than 5,000 staff – data scientists, engineers, architects, developers, technology leads, agile coaches, designers, and cybersecurity experts – working from offices across more than 60 countries. The acquisition of Venturetec adds a team of five consultants and innovators to the Leap practice, McKinsey Digital’s digital business building service line. This global 700-strong unit has seen strong growth over the past three years, having supported the incubation, launch and build of more than 200 businesses.

3. Accenture acquires GRA & Cirrus

Accenture splashes out on two specialist firms - Consulting giant Accenture has purchased two specialist consulting firms – in supply chain advice and leadership training – to move into high-demand areas and strengthen the firm’s relationships with senior executives. Accenture Australia will pay between \$20 million and \$25 million to buy Melbourne-based supply chain and logistics consulting firm GRA, while overseas Accenture has purchased Cirrus, a UK-headquartered leadership and talent consultancy with a team in Australia. The GRA purchase is the third deal, along with the acquisition of cloud migration provider Olikka and SAP specialist Zag, done under the watch of Accenture Australia CEO Tara Brady since he took over leadership of the firm in September.

4. Australia's GTA Consultants joins global counterpart Stantec

Melbourne-based transport advisory firm GTA has been picked up by global engineering and design community Stantec for an undisclosed sum, in a bid to boost the latter’s presence across Australia and New Zealand. GTA has offices in Melbourne, Sydney, Brisbane, Perth and Adelaide, serving some of the region’s largest public and private sector clients – a presence built over more than three decades of operation. Roughly 150 employees at GTA will now join Stantec’s global outfit of more than 22,000 professionals – across 350 locations on six continents.

5. Jellyfish acquires 5 companies, entering the Australian market with the acquisition of Data Runs Deep

Jellyfish Expands Global Footprint with Data and Analytics Capabilities Enhanced with New Offerings in E-Commerce, Content Creation, Creative and Localization. Jellyfish, the digital marketing partner to the world’s leading brands (i.e., Samsung, Uber, Nestle, Deckers, Spotify, and eBay), announced today the acquisition of 5 companies—each a known leader in the digital space. Jellyfish’s rapid expansion comes against a backdrop of consolidation and challenges in the traditional agency sector as the company’s capabilities lie in helping brands during their digital transformation journey. Jellyfish’s expansion follows previous acquisitions with a significant investment from Fimalac Group in 2019. The company represents a new kind of digital business, where agency services are combined with consultancy, training, and cutting-edge technologies to deliver the best possible outcomes for clients. Launched in 2005, it has also become one of a select few globally managed Google Marketing Platform Partners, growing at an average of 45% per annum consistently over the last eight years.

6. ARQ Group Strengthens Canberra’s footprint with acquisition of Diaxion

Technology solution provider ARQ Group has acquired technology consultancy Diaxion to strengthen its presence in Canberra. The deal, which was acquired for an unspecified amount of money, said the consultancy became part of the ARQ group, the provider increased its workforce to 450, and there was no redundancy. In addition, Diaxion founder Tony Wilkinson will be Head of Advisory to the ARQ Group. The integrated business will also acquire Diaxion’s



advisory and digital transformation capabilities. It states that ARQ Group CEO Tristan Sternson complements ARQ Group's existing capabilities in data analysis, artificial intelligence, and process automation. According to Sternson, the provider was interested in expanding the ARQ Group's footprint to Canberra after winning numerous government bids and projects with various federal agencies.

7. Chartertech buys TechnologyOne specialist Screen Consulting.

Canberra-based government consultancy Chartertech has acquired Screen Consulting, a boutique technology consulting firm specialised in TechnologyOne implementation work. The bolt-on of the fellow Canberra-based player bolsters Chartertech's TechnologyOne service offering. Founded in 2017, Chartertech is a specialist provider of finance accounting and consulting services to public sector institutions and government funded organisations. The firm has experience with implementing and maintaining finance, ERP and business intelligence applications across a large array of software platforms including Technology One, SAP, Cognos Analytics, IBM, Automation Anywhere and SAS.

8. Intuit acquires OneSaas

Acquisition to Accelerate the Integration of Third-Party e-Commerce Solutions with the QuickBooks Platform. To help small businesses prosper in an omni-channel commerce world, Intuit has acquired the technology company OneSaas to accelerate the integration of third-party ecommerce solutions with the QuickBooks platform. This technology will deepen data integrations in QuickBooks Commerce, a new product that allows small businesses to better manage their in-person, online and overall omnichannel sales. As small businesses continue to adapt to the economic impact of COVID-19, selling products across as many online channels as possible remains a critical path to growth. But making sense of all that omnichannel commerce data can be a challenge due to its disparate nature. OneSaas is an infrastructure platform that integrates data streams from marketplaces, point-of-sale, fulfillment and other categories of ecommerce platforms, normalizing the data for consumption by QuickBook Commerce, so our customers can see a more complete view of and best manage their omnichannel business.

9. Ceridian to Acquire Ascender, a Leading Human Capital Management Provider Across 30 Countries in Asia Pacific Japan

Acquisition to strengthen Ceridian's leadership in APJ with a combined 1,500 customers, serving 2.5 million employees - Ceridian, a global leader in human capital management (HCM) technology, today announced it has entered into a definitive share sale agreement to acquire Ascender, a leading payroll and HR solutions provider in Asia Pacific Japan (APJ). Together with Ascender, Ceridian will provide the most comprehensive payroll and human capital management solutions in the region. The transaction is expected to close in the second quarter of 2021. Ascender provides more than 1,200 global brands with leading payroll and HR capabilities. As a premier HCM provider in the region, Ascender has deep industry expertise across all verticals, including higher education and government, as well as a strong partner ecosystem. With this acquisition, Ceridian will serve a combined 1,500 customers and 2.5 million employees across 30 countries in the region, including Australia, China, Japan, Malaysia, New Zealand, Philippines, Singapore, and Thailand.

The Ascender acquisition will support Ceridian's proven track record of successfully bringing value-driven organizations into the company. Previously, Ceridian acquired Excelity Global, a Singapore-based leading HCM provider, and RITEQ, an Australia-based leading enterprise workforce management provider. With the acquisition, Ceridian will have the opportunity to



deliver additional value to Ascender's customers through the Dayforce platform's full-suite HCM capabilities, including workforce management, payroll, and time and attendance.

10. Mid-tier management consultancy Noetic joins FTS Group.

Canberra-headquartered management consulting firm Noetic has joined forces with FTS Group, one of Australia's larger IT services companies. FTS Group comprises a range of brands that together can provide an end-to-end offering to clients in digital transformation and technology. Brands include systems integration specialist Anatas, digital transformation specialists Galaxy 42 and Veritec, software house KoBold, data science expert FTS Data, and workplace health & safety provider Safety Evolved. The group also has a change management and learning & development consulting firm under its wings; Cubic Consulting, which operates from offices in Sydney, Melbourne and Brisbane. Noetic, which has further offices in Sydney and Brisbane, works in particular across the government, national security and defence, not-for-profit, emergency management, oil & gas and mining sectors, deepening the already existing portfolio of FTS Group in these sectors. As part of the deal, Noetic will continue to operate under its own brand, while forming an integral part of the FTS Group. Andrew Balmaks and fellow co-founder Peter Murphy will work closely with the CEOs of the other FTS Group companies to drive collaboration on projects and innovation in propositions and thought leadership.

11. TTG Transportation Technology acquired by Moxado.

Sydney-based connected driver advisory system (DAS) developer, TTG Transportation Technology (TTG), has been purchased by Moxado, a Toronto-based transportation technology group. TTG has been developing driver advisory tools that improve energy efficiency, enable trains to run more precisely to schedule, increase network capacity while minimising maintenance costs. The technology has been deployed in Australia and New Zealand, as well as on SNCF, Arriva, First Group, and Abellio operations. The technology has been used by a variety of operators, including passenger, freight, and heavy haul, and across diesel and electric trains, including 320 km/h very high-speed trains. Over 8,000 fixed and portable units have been installed globally.

12. In a reverse take-over deal, Swoop Telecom & NodeOne have been acquired by Stemify

Swoop Telecommunications and NodeOne have been acquired by publicly listed Stemify in a reverse takeover deal worth \$61.3 million. The fixed wireless and wholesale network infrastructure carrier is backed by Perth-based investment company Tattarang, Vocus founder James Spenceley and Amcom founder Tony Grist. The combined national telco intends to list in late April under Swoop Holdings, using the ASX ticker SWP. The company through which Swoop is mounting its public listing, Stemify, had been in the business of developing and marketing STEM education curriculum incorporating 3D printed project kits for K-12 schools. However, the company sold off its core business last year, leaving the remaining entity publicly listed on the ASX. Now, with the reverse takeover deal done, Swoop's new listing seeks to raise \$20 million at an issue price of \$0.50 per share with Morgans appointed as the lead manager in the public offer. Funds from the capital raising will be put towards expanding Swoop's infrastructure nationally and potential acquisitions to grow its products and customer reach. The transaction is subject to Stemify shareholder approval taking place on 6 April.

13. PharmaLex enters Australia following acquisition of ERA Consulting

Brisbane-based ERA Consulting has joined PharmaLex, a 1,300-strong global professional services firm for the pharma, biotech and medtech industries. The bolt-on of ERA Consulting provides Germany-headquartered PharmaLex with market entry in Australia, which it to data



has been serving through affiliate partnerships and fly-in teams from Asia Pacific offices. Globally, PharmaLex now has 34 offices, most of which are across Europe. Founded in 1994, PharmaLex advises and supports clients through the entire product lifecycle, from early strategic planning activities and non-clinical requirements to clinical development, regulatory submission processes and post-approval/maintenance post-launch activities. ERA Consulting is a boutique consulting firm with circa 20 consultants that provides product development and regulatory support services, with a focus on the development of vaccines, advanced therapy medicinal products, and cell and gene therapies. The consultancy was founded in 1993 in Germany following a management buy-out of a regulatory function within a toxicology contract research organisation, and launched in Australia in 2004.

You would like to assess the sale readiness of your consultancy or you are thinking of an M&A deal in the near future, contact pierre.briand@scdadvisory.com