Smart M&A and Financial Strategies for A/E Firms

2026 Growth & Ownership Strategies Conference

Steve Gido and Melroy Patterson
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ROG+ PARTNERS, LLC

J.P.Morgan

Speakers & Agenda

Speakers



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First Half Agenda

- A/E M&A Overview and Climate
- Perspectives from Sellers, Strategic Buyers and Private Equity
- M&A Journey from Courtship to Closing
- Ask Questions and Share Experiences!

A/E M&A Overview & Climate

A/E M&A Overview – 10 Takeaways

- A “new era” of heightened consolidation activity – **transacting vs. transitioning**?
- 2020s has been (by far) the **best decade for growth** – organic & inorganic drivers
- Workforce / staffing and succession challenges (both acute and structural)
- The **“Chess Board”** - scale, complexity, AI/technology, access to resources and competitive positioning (markets, geographic)
- Industry **peer pressure** (retirements, competitors buying/selling)

A/E M&A Overview – 10 Takeaways

- Private equity as a model is **firmly entrenched & accepted** ...have replaced the “Mega Deals” (RIP - WSP/Arcadis)
- **19** serial buyers (4 or more deals) have comprised **23%** of YTD 2026 transactions
- Elevated valuation multiples for attractive targets and sectors
- A new generation of deal makers (CEOs, Chief Growth Officers) with heightened sophistication and experience
- **Hot markets** = data centers, power/energy, water & transportation infrastructure, institutional architecture + continued interest in Southern U.S. (“roads and rooftops”)

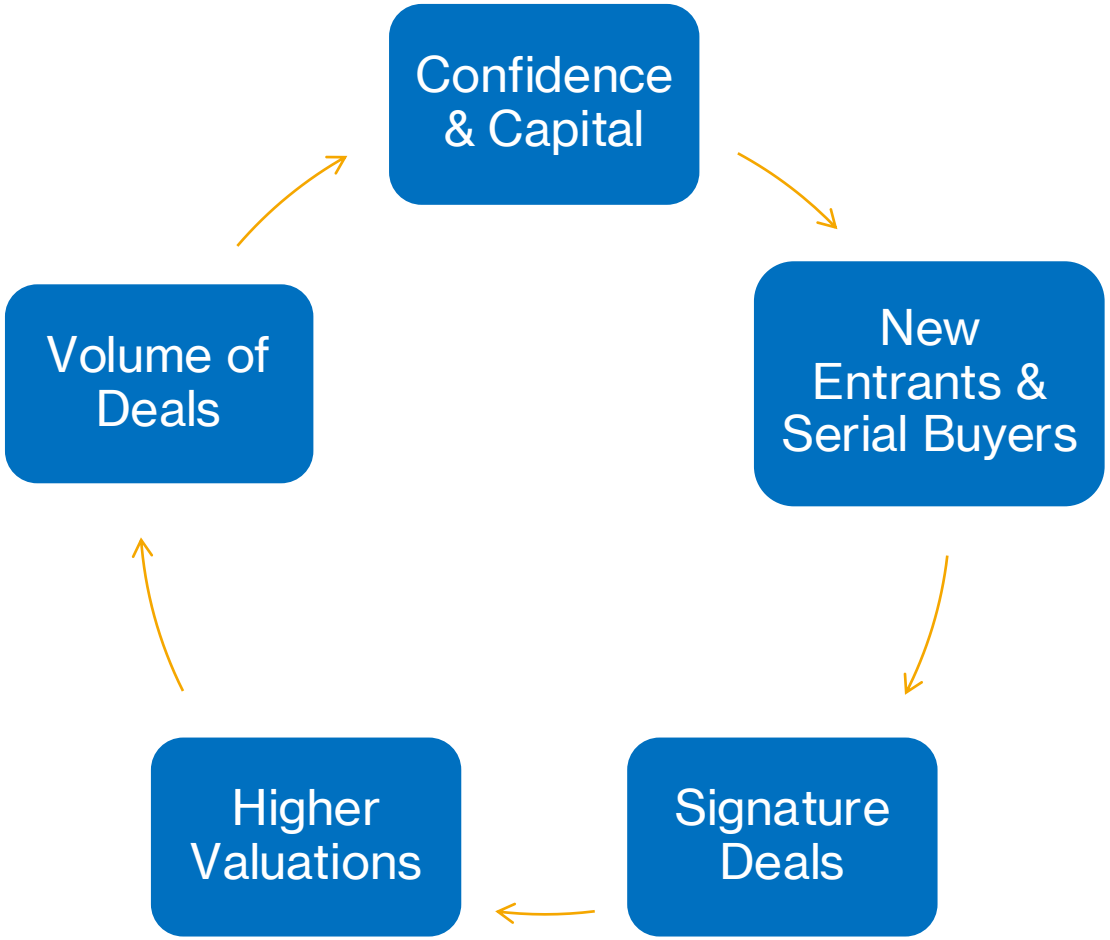
A/E M&A Overview

ENR 500 – Decade Comparison

Year	ENR 500 U.S. Growth	U.S. Real GDP
2025	8.1%	2.1%
2024	7.9%	2.8%
2023	12.7%	2.5%
2022	16.3%	1.9%
2021	2.4%	5.7%

Years	ENR 500 U.S. Growth	U.S. Real GDP
2011-16	3.7%	1.9%

A/E M&A Super-Cycle Era



A/E M&A Overview

Year	# of Deals	% Gain
YTD 10/26	*480*	*-1.8%*
2025	572	13.0%
2024	520	-6.7%
2023	460	-6.7%
2022	493	2.9%
2021	479	54.0%

Target Staff	YTD Deals	% of Total
1-10	*134*	*27.9%*
11-25	*129*	*26.9%*
26-50	79	16.5%
51-100	52	10.8%
101-500	53	11.0%
500+	33	6.9%

A/E Sellers, Buyers and Investors

A/E M&A Participants



A/E Sellers

- Huge demographic of Baby Boomers (1946-64) has fundamentally driven the A/E consolidation era post-2000
- Limited succession and internal transition options (fewer Gen X employees, affordability challenges, indifferent attitudes on ownership, poor planning & looming redemption challenges)
- Strong underlying industry & financial performance and exit multiples as incentives
- Employee-owned (ESOP) firms selling
- Tap into larger buyer resources (recruiting, IT, administrative/HR, marketing, financial, AI)
- Are all owners on the same page?

A/E Sellers

- Priorities?
- Timing?
- Burned out or exciting next chapter?
- Controllable vs. uncontrollable factors?



A/E Strategic Buyers

- Record years and strong balance sheets to put towards M&A pursuits
- Can offer culture, history, ESOP and/or long-term approach
- Often will use mix of cash, notes, stock and/or earnouts (pay-for-performance clauses)
- Very few are “serial buyers”; many are selective / patient / risk-averse

Private Equity Platforms / Investors

- Early innings of private equity within professional services sectors
- Over 120+ PE-backed A/E and environmental consulting firms – platform investments and “family of brands” models
- Exist in every A/E discipline (civil, geotech/testing, MEP, forensics, power/energy, surveying, environmental, architecture, CM/PM, etc.)
- Model typically is arbitrage/exit multiple expansion, add-on deals and operational efficiencies
- Today? Investors still hungry for investments…+ witnessing successful first stage exits / recaps to different financial sponsors

M&A Journey

M&A Journey



Pre-Letter of Intent ("LOI")

- Planning and strategy
- Courtship / NDA
- Initial assessment / go or no go?
- LOI presentation & negotiation

Post-Letter of Intent

- Due diligence
- Definitive agreements
- Integration planning
- Communication

M&A Journey

Planning & Courtship

- **For sellers** – Why are you interested in selling? What are your goals/challenges? What would a good "home" look like?
- **For buyers** – What is your acquisition criteria? Does this serve our strategy? Options?

- Are talks intentional (hired advisors, running process, etc.) or unsolicited / opportunistic?
- Early courtship goals:
  - Rationale and culture
  - Likeability / alignment
  - Identify **red flags** or items to address
  - Integration philosophy

M&A Journey

LOI Presentation and Negotiation – The Core Structure

- Transaction structure
  - Asset purchase
  - Stock purchase
  - 338(h)(10) election
  - F-reorganization
- Purchase Price
  - $ - fixed or range?
  - Justification or not?
  - Are we in the ballpark?

- Consideration
  - Cash at closing
  - Rollover equity
  - Installment notes
  - Earnout ($ and measure)
- Net Working Capital
  - Cash-free / debt-free
  - Included $ or TBD
  - Definitions

- Employment
  - Roles / for whom?
  - Restrictive covenants
  - Incentives?
  - Retention programs?
- Other
  - Tax ramifications
  - Operations / branding
  - Binding / non-binding items

What Drives A/E Valuations?

- Firm size
- Growth trends
- Profitability margins
- Consistency or variability?
- Mix of clients (public vs. private) and client concentration
- Type of services
- Geography
- Age and number of owners
- “Adjustments” to EBITDA (excess owner comp, one-time costs, eliminations, etc.)
- Set-aside certifications (MBE, DBE, WBE, 8(a), Veteran, SBE)

EBITDA

Gross Fee Revenue	**$ 12,000.0**	**115.0%**
Less: Subconsultants & Reimb. Expenses	(1,565.0)	-15.0%
Net Service Revenue	**10,435.0**	**100.0%**
Direct Labor	5,275.0	50.6%
Indirect Labor	1,225.0	11.7%
Payroll Taxes & Benefits	475.0	4.6%
Depreciation	155.0	1.5%
Rent	400.0	3.8%
Other Operating Expenses	1,650.0	15.8%
Total Expenses	**9,180.0**	**88.0%**
Operating Income (EBIT)	**1,255.0**	**12.0%**
Interest Expense (net)	75.0	0.7%
Net Income	**1,180.0**	**11.3%**
Operating Income (EBIT)	1,255.0	12.0%
Add: Depreciation	155.0	1.5%
Addbacks:Adjusted Owner Comp	400.0	3.8%
Adjusted EBITDA	**$ 1,810.0**	**17.3%**

Industry Multiples

Control Valuations By Size

Gross Revenue	EBITDA Multiple
Over $100M	13.7x
$50M to $100M	8.2x
$10M to $50M	7.5x
$2.5M to $10M	5.8x
Under $2.5M	*4.1x*

Sources: ROG independent research, and BVR Deal Stats

M&A Journey

LOI to Closing

- Due Diligence and QofE (“Quality of Earnings”)
  - Use of Virtual Data Rooms (VDR) for ease and security for parties and advisors
  - Upload financial, client, contracts, tax, legal, HR/personnel, governance, leases, insurance, etc. files
  - “Reverse” due diligence of buyer to seller (shareholder agreements, cap table, financial statements, etc.)
- Definitive Agreements
  - Purchase agreement (terms, reps & warranties, indemnifications – limits, cap/basket, etc.)
  - Employment agreements (non-compete / non-solicitation and term)
  - Disclosure schedules – more verification & validation
- Integration
  - People, systems, IT, financial reporting, marketing, HR, clients/projects, rollout and timing, etc.

M&A Journey - Epilogue

Common Dealbreakers (once LOI is signed)

- Timing (Trailing Twelve Months “TTM” focus / performance, deal drift, outlook, other buyer deals, etc.)
- Minority shareholders / key non-owners lack of support and varying agendas
- Due diligence scrutiny
- Buyer’s problems
- Cold feet

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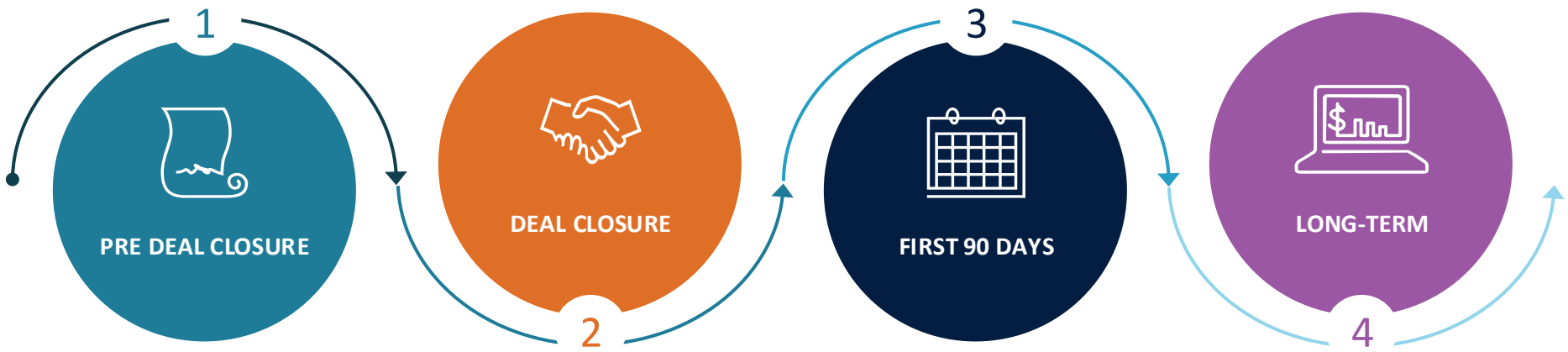
Professional Services Firms
Integration Challenges and Opportunities

November 4, 2026



Unlocking Value Through Deal Life-Cycle

M&A LIFECYCLE



TREASURY ENGAGEMENT FRAMEWORK

Early engagement	Purchase Consideration Settlement & TSA	Liquidity Optimization	Target Operating Model
Due diligence	Ownership Change	Banking & Technology Optimization	Long-term Synergies
Escrow	Day 1 Visibility & Control	Risk Management	Evolve Treasury

Today's treasury trends

35% **Of CFOs** said that they didn't have the technology in place to gain strategic insights from their financial data[1]

74% **Of companies** reported that they are expanding or actively using automation and artificial intelligence[2]

80% **Of organizations** reported having been targets of payments fraud activity[3]

[1] TradeShift CFO Survey 2024
[2] PWC 2025 Global Treasury Survey
[3] AFP Payments Fraud and Controls Survey



Cybersecurity and fraud protection

Increasing incidents of business email compromise tied to client billing challenges, payment fraud, and sophisticated cyberattacks are putting treasury operations and financial assets at risk, requiring enhanced controls and vigilance across all payment channels.



Consolidation and multi-entity complexity

Firms are expanding across practices, offices and jurisdictions, adding new entities and banking relationships along the way. This growth increases complexity across accounts, approvals and reporting—making real-time cash visibility and standardized controls essential to maintain oversight without slowing business.



Pressure on billable realization and cash timing

Businesses must adapt treasury processes to stay compliant, safeguard cash flow and maintain control during periods of economic uncertainty. Professional services companies can experience delayed collections due to post-service invoicing and dispute resolution.



Growing expectations for faster, digital client payments

Demand for flexible and diverse payment options is increasing, emphasizing the need for faster and more convenient payment methods, digital wallets and robust controls to safeguard customer data.



Digital transformation and artificial intelligence

Advanced analytics, artificial intelligence, and automated workflows deliver instant visibility into cash and risk, streamline payments, and reconciliations and enable faster, smarter treasury decisions.

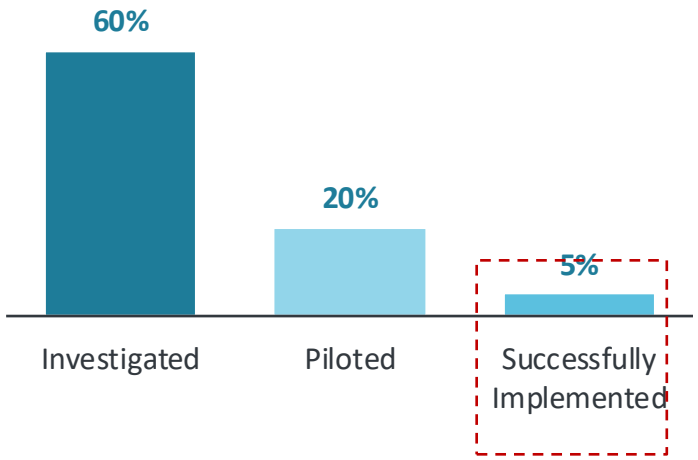


Artificial intelligence related fraud

AI-driven fraud is rising, prompting stronger prevention efforts. Digital IDs aid inclusion, but secure account-to-account payments and robust validation are now essential.

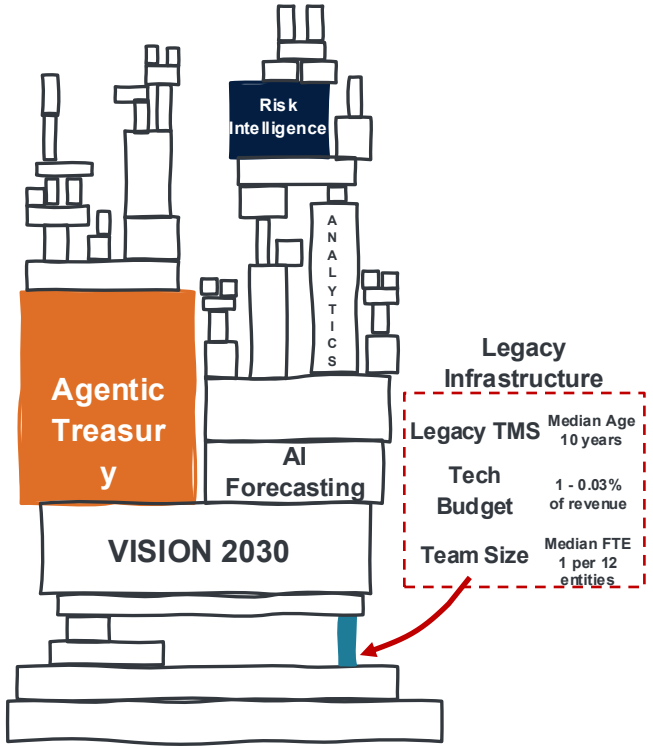
The AI Adoption Paradox

Production[1]

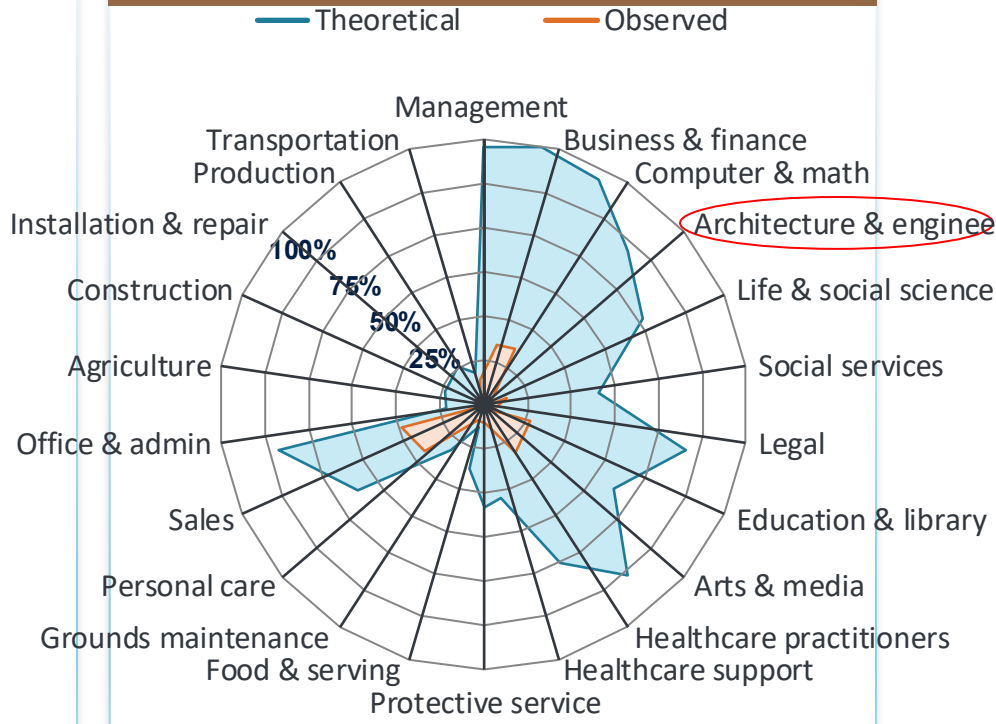


90% of organization see minimal business return beyond general purpose LLMs

Bottlenecks



AI performance shows a massive Theory–Reality[2] delta[2]



Legacy infrastructure, low tech budgets and a skeleton team limits treasury ability to successfully deploy and scale AI solutions

Source: [1] Openrouter, Gallagher: 2025 Attitudes to AI Adoption and Risk Survey; [2] Anthropic - Labor Market Impacts 2026

Key challenges within professional services operations

Overcoming payment and cash flow challenges will enable efficiencies and aid in optimizing your financial processes

Cumbersome payment processes

Delays between service delivery, invoicing and cash receipt across global client engagements

Inability to support multiple client payment preferences without adding back-office work

Significant manual handoffs across billing, payments and reconciliation processes

Slow receivables collections and lack of control

Manual cash application and remittance matching to lengthens DSO, increases manual work and degrades posting accuracy

Antiquated collection options to meet payment preferences, increases exceptions and declines **payments where you do business**



Protecting confidential client funds and data

Exposure to invoice fraud, impersonation and payment instruction changes

Exposed sensitive billing and client information across the firm

Locked automation and complex workflows

Lack of technology to automate reconciliation, posting and reporting across entities

Inability to integrate newly acquired entities and bank accounts into existing systems quickly and securely

Absence of real-time insights, alerts, and mobile access so teams can monitor activity, identify exceptions and act quickly

Technology tools to operate efficiently across offices, practices and geographies

See tag for which solutions help achieve each goal

58%

Of treasury executives rank visibility into global operations as a top 5 business challenge[1]

50%

Of reconciliation errors were reduced with ERP system integration[2]

[1] Deloitte Global Treasury. 2024
[2] Resolve Pay, 2025

Digital Experience

Configurable controls
Minimize exposure to fraud, errors, and compliance vulnerabilities driven by inadequate financial controls

Intuitive user experience
Reduce time spent and errors due to cumbersome platforms, complex navigation, incomplete data and process inefficiencies

Deliberate decision-making
Integrate visibility across banking platforms, ERP and treasury management systems to inform sound strategies

Achieve real-time insights into financial data and uncover unrealized business insights

Connectivity

Maximize the investment in your ERP
Eliminate manual handoffs by integrating directly into the systems that manage time, billing, client invoicing and project workflows

Engage in a technical consultation to identify opportunities to unlock additional value from your ERP.

Digital solutions
Innovative global banking platform, mobile capabilities and self-service functionality

Reporting tools
Configurable reporting, transaction insights, and working capital optimization tools

Financial control
Administrative tools, dual control security and configurable approval workflows

Centralized access
ERP adapters and plug-ins, embedded digital solutions and direct integration of data

Technology to accelerate cash realization from billed work

See tag for which solutions help achieve each goal



Of finance teams report that majority of their invoices and payments are still processed through non-digital methods[1]



Of firms leveraging automation in AR have experienced an overall increase in processing speed[2]

[1] Billtrust, Optimizing Accounts Receivable in 2025. 2025
[2] AFP, Getting Paid Faster. 2024

Enterprise Receivables

Turn exceptions into automation

Streamline invoicing and remittance matching, accelerate payment cycles and cash application, and enhance controls

Faster collections and cash application

Leverage digital receivables solutions and automation to accelerate payment cycles.

Enhance clients' payment experience and improve predictability of cash tied to project milestones.

Individual Receivables

Meet consumers where they are

Reduce friction for individual payers and provide convenient, fast and secure payment options at the time of invoice delivery

Financial Control
Account and entity validation services when initiating debits, Pay by Bank and payment fraud controls

Reporting tools
Online receivables reporting tools, remittance re-association and exception management tools

Global payment options
Merchant services, electronic bill presentment and payment, ACH, Real-Time Payments and wires

Technology to strengthen control and reliability across payroll, vendor and employee payments

See tag for which solutions help achieve each goal

80%

Of organizations have reported they were unable to recover funds lost to fraud[1]

88%

Of procurement leaders say supplier collaboration has skyrocketed in priority over the past 24 months[2]

[1] 2024 AFP Payments Fraud Survey
[2] Gartner Supplier Relationship Management Best Practices 2025

Supplier Payments

Efficient supplier management
Improve invoice processing and increase digital payment options to improve relationships and working capital

Automate payment data collection and storage
Reduce errors and speed up operations, enabling scale and adaptation to new payment methods

Consumer, Payroll and ad-hoc Employee Payments

Align consumer preferences
Meet evolving expectations for payment options and minimize friction for refunds, settlements and reimbursements

More reliable payroll funding
Strengthen payroll, bonus and partner distribution reliability by centralizing cash and introducing business continuity capabilities, helping reduce disruptions

Streamline employee expenses
Enhance configurable controls and transparency for improved processes, ease of spending, faster reimbursements and clear insight into travel and project spend

Reduce fraud exposure
Increased payment protection and safeguards can help decrease exposure to vendor impersonation, invoice redirection and payroll fraud

Digital solutions
Electronic payment methods, digital wallets, fast funds delivery, and payroll replay files

Reporting insights
Visibility of payment transactions through reporting platforms

Secure fraud solutions
Validation services, payment controls and check protection

Global tools
Local low-value, wires, and real-time payments and virtual card

Technology to strengthen your working capital management

See tag for which solutions help achieve each goal

Liquidity & Account Solutions

62%

Of respondents report that enhancing liquidity management is a top priority[1]

58%

Of respondents find visibility to be a major challenge[1]

Expand visibility globally

Limited transparency in treasury operations can create uncertainty, potentially resulting in funding shortfalls and inefficient cash utilization. Support complex account structures including operating, trust, escrow or client funds with visibility across entities and currencies

Automate cash positioning

Automated cash positioning and reconciliation provides real-time insights into seasonal cash build-ups, enabling effective reporting and prompt decision making for partner distributions and bonus pools

Access to accurate forecasting

Accurate forecasting can limit unexpected expenses, help model scenarios for potential M&A opportunities, and prepare for seasonal liquidity fluctuations driven by client demand and project cycles

[1] Deloitte Global Treasury Survey 2024
[2] PWC 2025 Global Treasury Survey

How we can help

J.P. Morgan Solutions

Digital solutions
Liquidity solutions, treasury reporting and virtual accounts

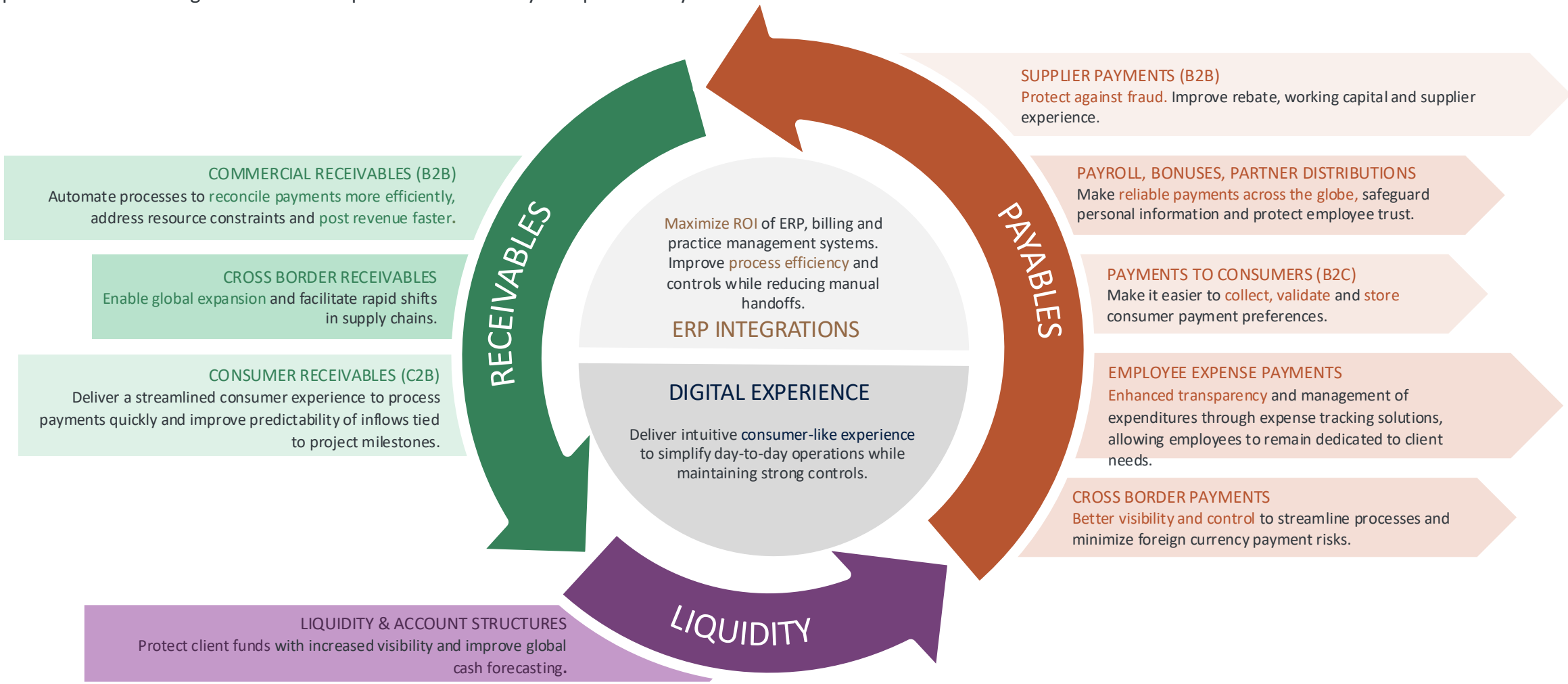
Automation
API transaction reporting and virtual reference numbers

Financial Control
Administrative controls and tools, dual control security and customizable approval workflows

Forecasting
Integrated cash forecasting tools

Supporting growth, protecting client trust and accelerating cash — without distracting teams from serving clients

Tap into tailored strategies to enhance operational efficiency and profitability



B2B: Business-to-Business
C2B: Consumer-to-Business
B2C: Business-to-Consumer

Advancing treasury operations for Professional Services Firms

Key considerations to strengthen control, improve cash visibility and support growth across complex, project-based operations



Resiliency

How do you validate changes to payment instructions across client billing, trust or escrow accounts?

What resiliency or contingency plans are in place if payment or treasury systems are disrupted during payroll, bonus or partner distribution cycles?



Compliance

Which regulatory or fiduciary requirements (e.g., trust, escrow IOLTA-like structures) create the most friction for your treasury team today?

How do you keep up with various compliance changes and their impact on cash flow?



Connectivity

How are you leveraging digital tools to automate your treasury operations?

How are you integrating project, billing and ERP systems with your banking partner?

How much time does your team spend manually reconciling payments, remittance and project-level reporting?



Working Capital

How are rising labor and operating costs affecting cash predictability across project-based revenue cycles?

How do you manage seasonal cash needs tied to payroll, bonuses, hiring ramps or partner distributions?



Payment Experience

How flexible are your current payment options when urgency arises (off-cycle payroll, corrected payments, cross-border disbursements)?

Where do payment errors or delays most impact employee satisfaction, partner confidence or client trust?

Transform your treasury operations for tomorrow's payments landscape

Q&A

To follow up on any topic covered today please reach out to:



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