

M&A Snapshot

State of the Accounting and Advisory Market

June 2026

AI automates tasks, it doesn't replace judgment

The real question isn't whether AI replaces accountants. It's which skills become automated, which become more valuable, and what that means for how firms are built and valued

Skills AI Automates

- ✗ **Data entry & reconciliation:** Rule-based, limited judgment required
- ✗ **Basic tax return preparation:** Pattern matching at scale
- ✗ **Payroll processing:** Structured inputs, deterministic outputs
- ✗ **Invoice categorization:** High volume, low variance
- ✗ **Standard audit sampling:** Statistical, AI does this faster and cheaper
- ✗ **Financial statement formatting:** Templated, no client context needed
- ✗ **Compliance checklists:** Binary pass/fail, no ambiguity

CPAs will spend less time on routine output and more time learning client businesses, building industry expertise, and developing judgment under ambiguity. That is the work AI cannot replicate, and it is also the work that compounds in value over a career

Skills AI Makes More Valuable

- ✓ **Client relationship management:** Trust is human, not algorithmic
- ✓ **Industry vertical expertise:** Context AI can't learn from a dataset
- ✓ **Professional judgment under ambiguity:** The answer isn't in the data
- ✓ **Ethical accountability & licensed sign-off:** AI can't lose its license
- ✓ **Complex tax planning & structuring:** Creative, bespoke, high-stakes
- ✓ **Forensic investigation & litigation:** Adversarial and requires credibility
- ✓ **Fractional CFO strategic advisory:** Client bets their business on your call

AI can process a return and flag an anomaly. It cannot stand in front of a regulator, a client, or a jury and own the call. Accounting is one of the few professions where errors carry personal professional liability and a CPA can lose their license. AI cannot. The accountability gap is structural, and that is the part the technology will not solve

AI is fundamentally changing the way firms operate

AI won't replace accounting firms, but it will change how they are operated, valued, and acquired. Firms that have adapted by 2026 are commanding premium multiples; firms that have not are negotiating from weaker ground

AI is Reshaping Service Delivery

The largest PE-backed platforms have leaned into AI to automate workflows, with named senior leaders running cross-practice integration. The operating logic is straightforward: bots and LLMs handle the high-volume, low-judgment work, while CPAs spend more time on advisory and partner-rate engagements

Pricing Model is Shifting

The hourly billing model is under direct pressure from AI. A task that previously took 6 hours and now takes 2 just took a 67% revenue haircut at the same bill rate. Firms are repricing the same scope of work around outcomes rather than inputs: fixed monthly retainers and value-based fees indexed to tax savings or decisions made. Acquirers are discounting hourly revenue accordingly

Service Mix is Being Rebuilt

The service menu is being rewritten. AI has compressed what clients will pay for basic compliance work, so its share of revenue is shrinking even though compliance demand itself holds steady. The firms moving fastest are loading the mix with advisory engagements while reorganizing delivery around industries rather than service lines, turning vertical depth into the differentiator

Talent Pipeline is Changing

Junior accountants historically built judgment by doing high-volume repetitive work. AI is now absorbing much of that volume, which means firms have to design new ways to build judgment in their first- and second-year cohorts. Firms that don't will graduate advisors who can run software but cannot run a client conversation

Firms Are Hiring for Judgment, Not Hours

Job descriptions at the fastest-growing firms have quietly changed. Technical proficiency alone no longer makes the cut; the firms are hiring for client communication, industry intuition, and the ability to turn data into decisions. The execution layer is increasingly automated, so the seat that gets and keeps the headcount is the one that delivers judgment

As competition from AI intensifies, CPA firms are looking to vertical specialization to drive growth

- AI is compressing pricing on generalist compliance work. Industry-specific knowledge (regulatory rules, customer dynamics, operational nuance) takes years to build and is harder to commoditize. The top firms are reorganizing around client industries instead of service lines to protect pricing and raise margins as competition continues to grow
- Industry verticals deliver what acquirers pay for: regulatory fluency that takes years to develop, faster cross-sell into clients who already trust the firm, and pricing power that generalist competitors cannot match
- CPA Trendlines reports that ~60% of PE-backed firms now run service delivery through formal vertical specialization, many with their own leader, dedicated team, and distinct marketing function

Industry Coverage Verticals		
Government Contracting	Healthcare Services	Real Estate
  	  	   
Financial Services	Technology Startups	Nonprofits & Education
 	  	  

Source: CPA Trendlines: The CPA PE Playbook, DCP Proprietary Research
Notes: Illustrative groupings. Most firms shown serve multiple industries; placement reflects one notable practice area, not necessarily the primary focus

Leaders are building tech-enabled platforms that drive premium valuation

The leaders are using AI to automate high-volume day-to-day accounting work and free CPAs for higher-judgment advisory, building a tech-enabled platform that commands a premium valuation



1

AI Investment & Leadership

\$300M, 5-year AI and automation investment announced July 2025, one of the largest disclosed commitments in the industry. Chief Digital Officer Brent McDaniel owns enterprise AI integration across audit, tax, legal, and advisory

Multi-year AI transformation strategy embedding agentic AI into core audit and quality management. Leadership driving cross-practice AI deployment in audit, tax, and advisory

2

M&A and Strategic Alliances in AI

Acquired TimeCredit AI (Jul-25), an LLM platform that auto-drafts footnote disclosures, technical accounting memos, and contract reviews (the partner-rate work that traditionally took days); platform deployed across audit, tax, reporting, and advisory

Strategic investment in Tellen (May-26) with a multi-year build-and-deploy alliance. Tellen's AI agents automate standards research, control testing, financial statement and footnote drafting, and quality scans across every audit stage. Agents designed to train on Citrin's proprietary data and tech stack over time

3

Internal Service Delivery Transformation

Human-in-the-loop AI deployed across audit, tax, legal, and advisory. Automation drafts documents, runs research, summarizes complex content, and streamlines workflows while CPAs retain professional judgment and licensed sign-off

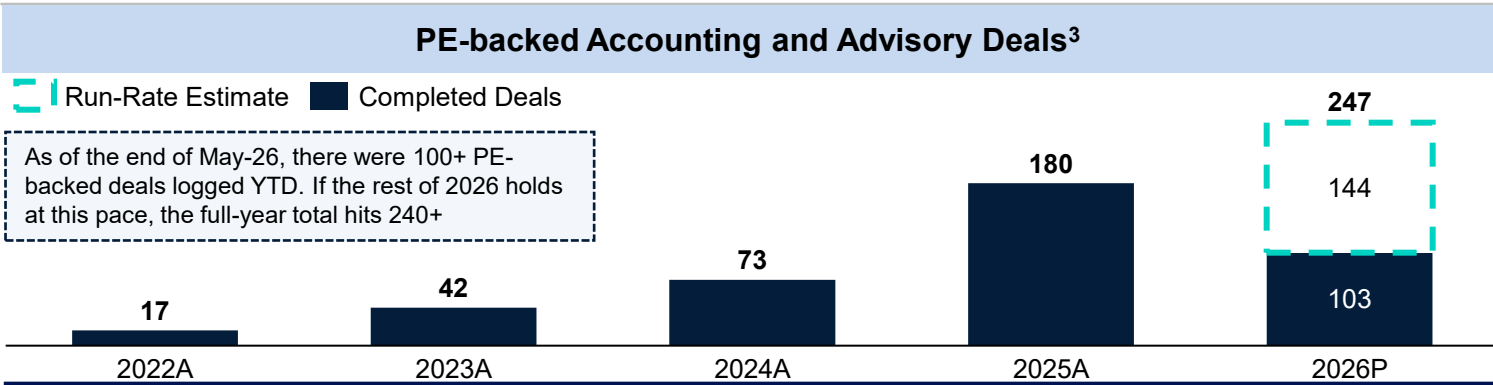
AI-native audit and quality management workflows deployed under licensed CPA governance. Agents run research, testing, drafting, and consistency checks, leading to a more efficient delivery model

The AI infrastructure belongs to the platform, so sellers don't need their own AI story in place to transact. What sellers bring is a clean, well-run business while the platform brings the AI infrastructure that lifts margins and accelerates growth post-close

Private Equity continues to invest; AI is part of the diligence process and thesis rather than a deterrent to the industry

Buyers are paying a premium for advisory depth and AI readiness, but firms that haven't yet solved AI remain attractive, as sponsors treat post-close AI optimization as a core value creation lever, contributing to the industry's strongest M&A start on record

Select Sponsor-backed Accounting and Advisory Firms			
Company	Sponsor(s) ¹	Sponsor Entry Date ¹	Acquisitions Since 2023 ²
		Jul-24	31
	Blackstone	Jan-25	19
	ALPINE	Jan-23	19
	Hellman & Friedman 	Feb-24	14
EISNERAMPER	TOWERBROOK	Aug-21	13



- Key Observations
- Private equity has become a defining force in accounting M&A, with sponsor activity accelerating meaningfully
 - The category remains attractive to financial sponsors due to resilient demand, recurring revenue characteristics, and strong fragmentation-driven consolidation potential, with AI optimization serving as an additional post-close value creation lever
 - From 2020 to 2025, more than \$30 billion of private capital has flowed into U.S. accounting firms; PE investment is forecasted to exceed \$6 billion in 2026 alone⁴
 - PE-backed platforms are increasingly executing “buy-and-build” strategies at scale. Among select sponsor-backed firms shown, acquisition counts range from 13 to 31 transactions completed since 2023, underscoring an aggressive consolidation playbook

2026 M&A is off to a strong start, with capability expansion driving volume and valuation, a shift from historical patterns when regional scale led volume

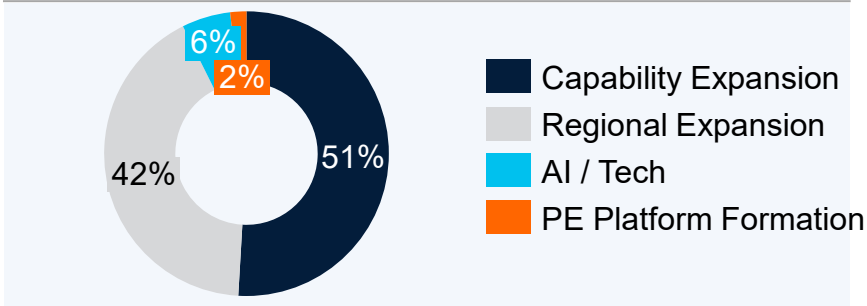
Select 2026 Accounting and Advisory M&A transactions

Acquiror	Target	Rationale	Description
 SIKICH.	 Jefferson Wells	Capability Expansion	Milwaukee-based finance, accounting, and risk consulting practice carved out of ManpowerGroup, expanding Sikich's advisory capabilities across risk and compliance, finance and accounting, and tax consulting
 EISNERAMPER	 KLG Business Valuators & Forensic Accountants	Capability Expansion	Long Island-based business valuation, forensic accounting, and litigation support firm, expanding EisnerAmper's specialty advisory capabilities across valuation, forensic investigations, and dispute consulting
 CITRIN COOPERMAN	 BROWNE CONSULTING LIFE SCIENCE ACCOUNTANTS	Capability Expansion	Boston-based operational accounting, finance, and HR services firm serving venture-backed biotech and life science startups; expands Citrin Cooperman's growth in the life sciences sector
 plante moran	 JA Del Río	Regional Expansion	Guadalajara-based accounting, tax, and consulting firm with 500+ professionals across Mexico, Colombia, and Costa Rica, joining Plante Moran in the firm's largest international expansion to date and establishing a scaled Latin American platform
 Aprio	 delap	Regional Expansion	Portland-based CPA and advisory firm serving middle-market businesses and high-net-worth clients with tax, audit, and IT services, strengthening Aprio's Pacific Northwest coverage
 sorren ASSURANCE TAX ADVISORY	 CONNECTED ACCOUNTING	AI / Tech Capability	Los Angeles-based technology-heavy accounting firm built around integrated platforms and digital-first delivery, acquired to accelerate Sorren's ability to deliver scalable, technology-driven solutions

Key Observations

- Deal activity has accelerated sharply in 2026
- **Capability expansion now leads volume, a break from history.** Capability and expertise deals account for 51% of YTD activity, versus 42% for regional expansion. Geography was historically the default rationale and is still important. However, in 2026, it's no longer the lead motive
- **Capability acquisition also commands the valuation premium.** Buyers are paying up for service models, delivery infrastructure, niche expertise, and recurring advisory revenue, rather than for footprint alone

2026 YTD Deal Volume by Rationale¹



Source: PitchBook, Press Releases, Public Filings

Notes: Selected transactions reflect notable strategic acquisitions in 2026 and are not intended to be an exhaustive list of all market activity [1] Reflects primary acquisition rationale as classified by DCP

CPA Firm Valuation Multiples by Deal Type

- As deal volume continues to increase, CPA firm valuations have expanded well past the historical valuation ranges. Buyers are underwriting these businesses as recurring-revenue platforms with defensible margins, regulatory moats, and client retention that holds up through cycles
- Secondary buyouts command the highest multiples in the sector, reflecting what the first sponsor built: operational maturity, integration proof, and a platform the incoming buyer doesn't have to fix. Blackstone's investment valued Citrin Cooperman at an estimated mid-teens multiple of EBITDA in January 2025, marking one of the first PE-to-PE transactions in the accounting sector
- For add-ons, scale, advisory revenue mix, vertical / service expertise, and operational infrastructure are the primary valuation drivers; compliance-heavy firms without a clear advisory layer still transact, but at the lower end of the valuation ranges, while advisory-heavy firms with domain expertise, recurring revenue, and technology infrastructure command the highest valuations

 Platforms. Typically, \$10M+ EBITDA  Add-ons. Typically, less than \$10M EBITDA

Deal Type	EBITDA Multiples	Notes
Secondary Buyout	12x – 16x	Highest multiples in the sector; the incoming sponsor pays a premium for a de-risked platform with proven operations, growth, technology, and integration track record
Initial Buyout	10x – 12x	Often includes control and growth capital; company has strong scale, financial metrics, and operational infrastructure but there is room to further optimize the offering
Premium	7x – 10x	Strong KPIs + some combination of tech-enabled delivery model, high advisory mix, and / or specialized, niche capabilities / expertise
Well-positioned	5x – 7x	Mid-size with strong KPIs, infrastructure, and management teams including a scalable delivery model and strong retention / recurring revenue mix
Traditional	3x – 5x	Small, owner-dependent project-based work with limited or no advisory. Regional client relationships are still valuable and warrant a transaction, but at a lower multiple

Pre-sale value creation primarily comes from 6 key variables

Specialized firms with recurring advisory revenue have always commanded a premium over generalist, project-based compliance firms, but that spread has never been wider. Growth and profitability still matter, but buyers are increasingly rewarding firms with operational discipline, real specialization, and sticky advisory revenue that is less exposed to automation

1 Defensible Revenue Model

STRUCTURAL

- A dollar of recurring CAS (Client Accounting Services) revenue base is worth more than lumpy, project-led billings
- Lumpy / project work can be repriced into monthly retainers, CAS subscriptions, or value-based fees to capture the recurring premium pre-sale
- Smooth quarterly distribution commands a meaningful premium over seasonal mix

2 Differentiate Through Specialization

STRUCTURAL

- Deep industry expertise (e.g., dental, GovCon, healthcare, construction) or complex service capability (e.g., R&D tax credits, S&U tax, transfer pricing, forensic accounting) commands premium multiples
- Stickier clients with higher switching costs and pricing power that generalists can't match
- The AI moat: domain expertise that takes years to build and a model cannot replicate

3 Optimize Client Quality

SIGNIFICANT

- Diversified client base, ideally with no client above 10% of revenue (above 25% is often a deal-breaker)
- Net revenue retention above 100% signals healthy expansion within the existing base
- High concentration is discounted; if a top client leaves post-acquisition, the buyer just overpaid

4 Show a Credible Growth Story

SIGNIFICANT

- Demonstrated organic growth with demonstrated pipeline and a defined go-to-market commands larger valuations
- Scalable growth, the kind built on capacity to absorb new clients without proportional cost increases, commands the highest premium
- Repeatable cross-sell across service lines and verticals supports the underwriting

5 Protect Margins

TABLE STAKES

- Normalized 20%+ Adjusted EBITDA after market-based partner comp
- Clean financial reporting with audit-ready quality of earnings
- Pricing power to pass through cost inflation without margin slippage

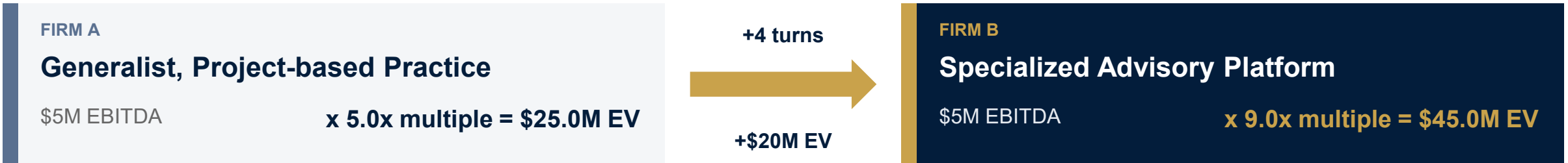
6 Talent Model & Operating Efficiency

TABLE STAKES

- Scalable delivery model below partner; buyers underwrite the team that serves clients post-close
- Employee turnover meaningfully below the 15-20% industry turnover baseline
- Seamless integration capability into a larger platform

Identical \$5M EBITDA, 4x EBITDA multiple gap

The difference between a 5x outcome and a 9x outcome rarely comes from exclusively growing revenue faster or improving last-year margins, but rather how the firm scores on the six structural drivers, which the buyer prices in diligence



VALUE DRIVER	FIRM A: Generalist, Project-based	FIRM B: Specialized Advisory	Multiple Lift
1. Defensible Revenue Model	70% project / tax compliance, lumpy quarterly billing, hourly bill rates	80% recurring (retainer + advisory), smooth quarterly billing, value-based pricing	+1.5x
2. Specialization	Generalist; no defined niche capability or industry	75%+ revenue from a defined niche (e.g., healthcare vertical or specialty capability like R&D credits, SALT); focused go-to-market	+1.0x
3. Client Quality	Top 5 clients = 35% of revenue; one client at 18%	Top 5 clients = 12% of revenue; net revenue retention 100%+	+0.50x
4. Growth Story	5% organic growth; market-driven, no defined pipeline	10%+ organic growth; documented cross-sell pipeline across service lines	+0.50x
5. Margin Sustainability	10% Adjusted EBITDA; below market for advisory	32% Adjusted EBITDA; above market after partner comp normalization	+0.25x
6. Talent Model	Founder-dependent; high employee turnover, no clear succession	3 partners + low employee turnover; integration-ready	+0.25x
Total Multiple Uplift from Firm A to Firm B			+4.0x

Your Partner Through Every Stage of the M&A Process

DCP

DISTRICT CAPITAL PARTNERS

Whether you're a professional services firm founder evaluating your strategic options, a PE sponsor looking to build or expand a platform, or a portfolio company reassessing your growth and exit path in light of these dynamics, we'd welcome the conversation.

District Capital Partners advises on both buy-side and sell-side M&A for accounting and professional services firms across a range of transaction sizes, from founder-led practices to established regional platforms. We work with PE sponsors and founder-led businesses alike, and many of our relationships begin well before a transaction is on the table.

24

Total deals closed in
the past 24 months

20+

Investment Banking
Professionals

Select DCP Professional and Tech-enabled Services Transactions





Appendix

Recurring revenue commands a multiple premium, even on slower growth

Across 9 closely vetted DCP proprietary transactions in professional services and broader services, businesses with above 50% recurring revenue traded at ~9.0x median LTM EBITDA versus ~5.0x for project-led peers. The high-recurring group's projected growth of ~10% median was lower than the ~30% growth rate of the project-led group, yet earned a meaningfully higher multiple

			Multiples				Operating Metrics		
Deal Name	Industry	TEV Range	LTM Revenue	NTM Revenue	LTM Adj. EBITDA	NTM Adj. EBITDA	% LTM Recurring Rev.	LTM Adj. EBITDA Margin	NTM Revenue Growth
Above 50% Recurring Revenue									
Deal 1	Professional Services	\$25M to \$50M	NM	---	15.2x	---	100%	74%	NA
Deal 2	Professional Services	\$50M+	NM	---	16.5x	---	100%	47%	NA
Deal 3	Professional Services	\$1M to \$10M	1.7x	1.6x	6.3x	5.6x	72%	27%	9%
Deal 4	Professional Services	\$10M to \$25M	3.2x	2.8x	8.9x	6.4x	70%	36%	15%
Deal 5	Professional Services	\$1M to \$10M	0.7x	0.6x	4.3x	3.8x	63%	15%	5%
Median			1.7x	1.6x	8.9x	5.6x	72%	36%	9%
Mean			1.9x	1.7x	10.2x	5.3x	81%	40%	10%
Below 50% Recurring Revenue									
Deal 6	Services	\$1M to \$10M	0.6x	0.5x	3.4x	2.7x	—	17%	24%
Deal 7	Services	\$1M to \$10M	0.8x	0.6x	5.3x	3.1x	—	15%	39%
Deal 8	Professional Services	\$1M to \$10M	1.4x	1.1x	5.0x	3.6x	—	28%	24%
1] Deal 9	Professional Services	\$1M to \$10M	2.0x	1.4x	8.1x	5.2x	—	25%	41%
Median			1.1x	0.8x	5.1x	3.4x	—	21%	31%
Mean			1.2x	0.9x	5.4x	3.7x	—	21%	32%
Total Comparable Set									
Median			1.4x	1.1x	6.3x	3.8x	63%	27%	24%
Mean			1.5x	1.2x	8.1x	4.4x	45%	32%	22%

Source: DCP proprietary database of transactions advised that have reached LOI stage or later

Notes: [1] Deal 9 added deep expertise that the acquirer did not have in house, leading to a higher EBITDA multiple relative to its peers in the low recurring revenue composition cohort



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