



Technology, Media & Telecom

COMPLIANCE TECHNOLOGY SECTOR REVIEW | Q3 2019

 Harris Williams



Harris Williams' Technology Practice

HARRIS WILLIAMS ("HW")

- 360+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 10 industry groups



TECHNOLOGY, MEDIA & TELECOM ("TMT") GROUP

- 35 professionals across Boston, San Francisco, and London

HORIZONTAL FOCUS SECTORS

- Compliance Technology
- CRM and Member Management Software
- Data & Analytics
- Enterprise Software
- Human Capital Management
- Infrastructure & Security Software
- IT& Tech Enabled Services
- Managed Services, Hosting & Data Center Solutions
- Online Marketing, Data & Research

VERTICAL FOCUS SECTORS

- Architecture, Engineering & Construction
- eCommerce & Retail Software
- Education Technology
- Energy Technology
- Facilities & Real Estate Technology
- Financial Technology
- Government Technology
- Healthcare IT
- Industrial & Supply Chain Software

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SELECT RECENT HW TECHNOLOGY TRANSACTIONS

 Provider of cloud-based risk management, claims and safety management services software has acquired 	 Provider of an environmental, health and safety compliance and training platform for organizations in high-risk, highly-regulated end-markets has been acquired by 	 Provider of multi-tenant, true SaaS environmental, health, safety, and quality software solutions to enterprise clients across broad end markets has received a majority investment from 	 Provider of fully-integrated, SaaS-based operator qualification (OQ); drug and alcohol; safety and insurance; and training solutions across multiple end-markets has been acquired by 	 Provider of cloud-based governance, risk, and compliance platform with horizontal applicability and established footprints in healthcare, life sciences, and higher education has been acquired by
 Provider of cloud-based, fully-integrated manufacturing software solutions that digitally transforms production operations, ensuring manufacturing is completed with a high degree of quality has been acquired by 	 Provider of GRC SaaS solutions including credential management and payer enrollment services to healthcare facilities has acquired 	 Provider of eLearning, workforce management, and compliance solutions to enterprises and professionals across financial services, healthcare, and real estate has been acquired by 	 Provider of integrated software, data and analytics solutions to the global energy market including financial services, capital markets, and trading and risk professionals has been acquired by 	 Provider of member management software and payment processing solutions for non-profit organizations, camps, and sports leagues has been acquired by

Case Study: Ventiv

HW's TMT Group advised Tailwind Capital on its acquisition of Ventiv.



RELEVANT COMPLIANCE TECHNOLOGY SUB-SECTORS

IRM

GRC

Business Intelligence / Analytics

COMPANY OVERVIEW

Ventiv was founded in 2014 as a carve out from Aon Risk Solutions. The company's people, software and innovative solutions empower organizations to achieve optimal results from their risk, insurance and claims programs. Through the depth and breadth of Ventiv's software solutions, global capabilities and domain expertise, the company is a proven leader in supporting virtually every type of industry and the largest and most complex companies in the world. Ventiv proudly partners with over 540 organizations and 350,000 users in more than 40 countries.

Tailwind Capital is a middle market private equity firm focused on growth-oriented investments in targeted sectors within healthcare, business services and industrial services. Tailwind partners with experienced management teams and entrepreneurs to transform businesses through organic growth initiatives, acquisitions, and operational and strategic investments. Since inception, Tailwind has managed \$3.6 billion of committed equity capital, and has invested in 40 portfolio companies and over 100 add-on acquisitions.

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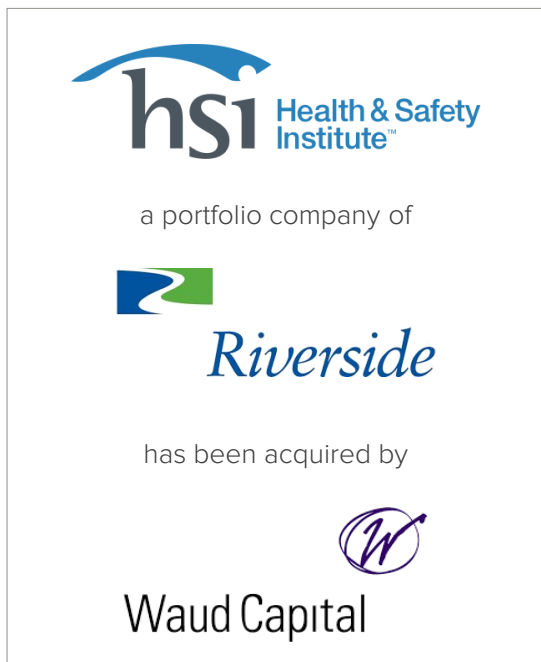
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Case Study: Health & Safety Institute

HW's TMT Group advised Health & Safety Institute, a portfolio company of The Riverside Company, on its sale to Waud Capital.



RELEVANT COMPLIANCE TECHNOLOGY SUB-SECTORS

EHS

GRC

Compliance & Training

COMPANY OVERVIEW

HSI is a premier environmental, health and safety compliance and training platform that enables organizations of all sizes to make their workplaces and communities safer, while reducing both financial and reputational risk and ensuring compliance in an increasingly complex regulatory environment.

KEY VALUE DRIVERS

- ✓ Strong financial profile in conjunction with 90%+ recurring revenue and scalable EBITDA margins
- ✓ Solutions are uniquely positioned to address complex and evolving EHS requirements, with organizations of all sizes increasingly relying on outsourced providers to make their workplaces safer and more compliant
- ✓ Regulatory-approved content library coupled with an unrivaled network of more than 47,000 authorized trainers provides organizations with real-time insights into enterprise-wide risk
- ✓ Multiple avenues for continued organic growth, including capitalizing on sophisticated sales engine and a compelling white-space opportunity within existing customer base

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Compliance Technology Focus Areas

CORPORATE RISK & COMPLIANCE



Solutions that provide a comprehensive method to effectively manage and execute an organizations' governance, risk and compliance strategies

- INTEGRATED RISK MANAGEMENT
- CORPORATE COMPLIANCE & OVERSIGHT
- LABOR COMPLIANCE
- VENDOR RISK MANAGEMENT
- OPERATIONAL RISK MANAGEMENT
- AUDIT MANAGEMENT
- COMPLIANCE TRAINING
- BUSINESS CONTINUITY

Select Market Participants



- Corporate Risk and Compliance solutions manage the ever-increasing complexities and inherent risks that confront organizations today.
- Business and regulatory complexity coupled with desire for more efficient risk management is driving demand for software-centric solutions.

ENVIRONMENTAL, HEALTH, SAFETY, & QUALITY



Solutions that track and manage an organization's environmental, health, safety, and quality initiatives

- ENVIRONMENTAL SUSTAINABILITY MANAGEMENT
- QUALITY CONTROL SOFTWARE
- SAFETY MANAGEMENT & REPORTING
- WORKFORCE HEALTH & SAFETY
- WORKPLACE VERIFICATION
- SAFETY LEARNING & TRAINING
- LEARNING MANAGEMENT SYSTEMS
- SUSTAINABILITY

Select Market Participants



- EHSQ solutions are utilized to manage the aspects of business operations related to environmental impact, worker health and safety, and product quality.
- EHSQ programs are in high demand to both mitigate operational risks and drive business process efficiency and transparency.

Recent Compliance Technology Transactions¹

September 5, 2019



Vista's strategic growth investment in Fusion Risk Management

- Fusion Risk Management provides cloud-based software solutions for business continuity, integrated risk management, IT disaster recovery, and crisis and incident management.
- Vista's investment enables Fusion to build upon the Company's strategy to expand its product offering across the risk management sector as well as expanding marketing, sales, and services.



September 3, 2019



Tailwind's acquisition of Ventiv

- Ventiv provides integrated risk management solutions, including, incident and claims management, risk analytics, data discovery, and reporting for over 540 organizations and 350,000 users
- Ventiv further differentiates itself through its innovative software and a collaborative customer approach
- Tailwind will support Ventiv in its ambition to become the global leader in IRM software, through acceleration of sales and marketing, development of new product capabilities, expansion into new geographies as well as M&A



August 19, 2019



Carlyle's acquisition of IsoMetrix

- IsoMetrix is a provider of agile GRC software solutions that can be tailored to fit a customer's specific needs or used off-the-shelf for a large number of applicable situations
- The acquisition by Carlyle will further support IsoMetrix's growth strategy through software development
- Furthermore, IsoMetrix will pair well with Carlyle's other portfolio company NOSA, the two companies could collaborate on product development and cross-sell enterprise clients



August 6, 2019



Navex Global's acquisition of Lockpath

- Lockpath is an enterprise software company that helps organizations understand and manage their risk through a line of integrated risk management solutions that provides companies with the means to efficiently and effectively identify, manage, and monitor risks, for a more agile and resilient business
- The acquisition is in direct response to customers' desire for a more holistic approach to GRC program development that includes both compliance and integrated risk management



August 1, 2019



Alcumus' majority investment in eCompliance

- eCompliance is a provider of workplace safety software to improve EHS performance by improving workforce participation and strengthening the safety culture
- The investment in eCompliance will help that business accelerate its product development and enable it to bring its products to new markets
- Furthermore, the combined business will become the leading software organization supporting safer and healthier workplaces in both Europe and North America



Compliance Technology Evolving Paradigms

THE GRC AND EHSQ SOFTWARE LANDSCAPE IS EVOLVING TO ADDRESS THE INCREASING DEMAND FOR A COMPREHENSIVE INTEGRATED RISK MANAGEMENT SOLUTION

Overview

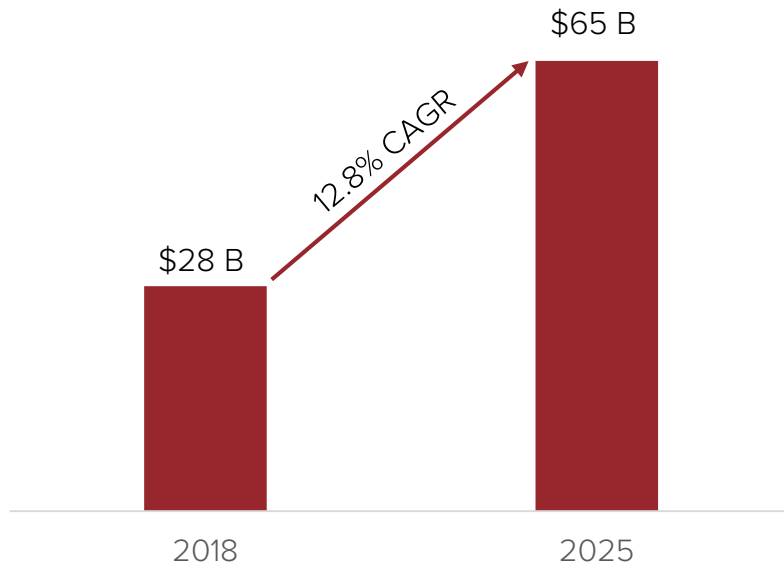
- Minimizing risk, maintaining data integrity, and adhering to regulatory reporting requirements drives businesses to find holistic and integrated solutions, preferably from a single vendor
- Compliance is a daily requirement of businesses and the near constant communication between employees, customers, suppliers, vendors, and other stakeholders requires solutions that are comprehensive and flexible in order to meet changing requirements

Blending Market Landscape

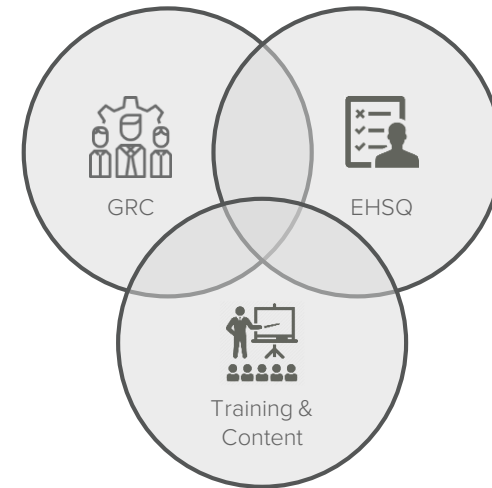
The market landscape is highly fragmented with companies addressing multiple business needs that cross over different product segments.

A comprehensive risk management solutions is increasingly a strategic imperative and catalyzing a convergence of technology, learning and content.

Integrated Risk Management Software Market Growth²



Integrated Risk Management



- Controlling risk is a central theme, whether its regulatory, financial, personnel, environmental, or safety related; customers desire holistic solutions that can address all these.
- Best-in-class technology solutions provide the platform on which to grow regardless of the size of that specific market.

Corporate Risk & Compliance Technology - Landscape

REPRESENTATIVE PROVIDERS

Corporate Risk and Compliance

Integrated Risk Management



Vendor / 3rd Party / Supply Chain Risk Management



Financial Services Risk Management



EHSQ Technology - Landscape

REPRESENTATIVE PROVIDERS

Environmental, Health, Safety, and Quality

EHS Platforms



EHSQ Software



Sustainability Software



Quality Management

Diversified

QMS Software



EHS Training



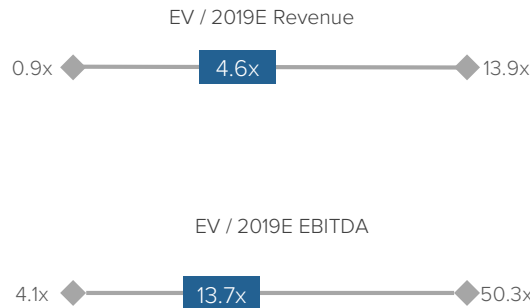
Public Compliance Technology Companies

Compliance Software Providers

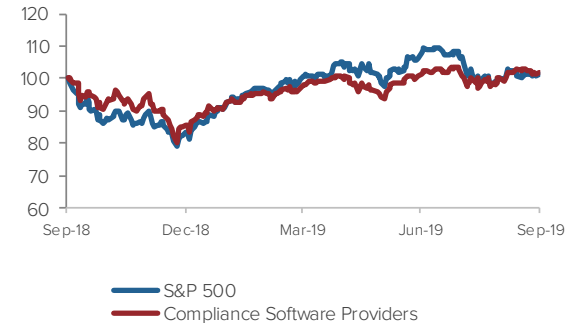
Key Public Comps



Trading Metrics³



Indexed Stock Performance²



PUBLIC COMPARABLES³

As of September 30, 2019 (\$ in millions)

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth		2019P EBITDA Margin	Enterprise Value /		Price / Earnings
							2018	2019P		'19P Rev.	'19P EBITDA	
COMPLIANCE SOFTWARE PROVIDERS												
Oracle Corporation	ORCL	206,124	180,637	(9.0%)	6.7%	40.1%	2.0%	(0.3%)	47.0%	5.2x	11.1x	17.5x
International Business Machines Corporatic	IBM	160,982	128,824	(5.8%)	(3.8%)	(8.5%)	1.3%	(2.2%)	22.9%	2.1x	9.0x	14.5x
SAP SE	SAP	136,381	140,411	(13.7%)	(4.5%)	29.3%	(0.5%)	6.4%	36.6%	4.6x	12.5x	44.2x
Dell Technologies Inc.	DELL	89,058	37,580	(26.5%)	NM	NM	995.9%	3.0%	12.2%	1.0x	7.8x	NM
Fiserv, Inc.	FISV	76,964	70,409	(5.8%)	25.7%	108.3%	2.9%	78.3%	37.8%	7.4x	19.6x	37.6x
RELX PLC	REL	54,342	45,998	(4.7%)	12.7%	24.8%	(4.5%)	1.9%	35.8%	5.6x	15.5x	26.7x
ServiceNow, Inc.	NOW	48,205	47,587	(16.3%)	29.8%	220.7%	36.3%	32.4%	27.7%	13.9x	50.3x	NM
Verisk Analytics, Inc.	VRSK	28,937	25,857	(4.1%)	31.2%	94.6%	12.3%	8.2%	47.3%	11.2x	23.6x	40.9x
Wolters Kluwer N.V.	WKL	21,747	19,202	(1.1%)	17.1%	70.6%	(8.0%)	1.9%	29.4%	4.4x	14.8x	27.2x
MSCI Inc.	MSCI	20,458	18,443	(12.0%)	22.7%	159.4%	12.6%	7.7%	54.0%	13.3x	24.6x	36.8x
DXC Technology Company	DXC	17,283	7,728	(68.8%)	(68.5%)	(43.5%)	7.9%	(6.9%)	20.8%	0.9x	4.1x	12.7x
Broadridge Financial Solutions, Inc.	BR	15,672	14,220	(9.2%)	(5.7%)	83.6%	2.5%	2.1%	21.5%	3.5x	16.4x	30.1x
Micro Focus International plc	MCRO	6,732	4,650	(54.7%)	(37.8%)	(62.5%)	61.8%	(13.7%)	40.1%	2.0x	4.9x	17.4x
Pegasystems Inc.	PEGA	5,533	5,385	(14.6%)	8.7%	130.8%	10.1%	4.2%	4.1%	6.0x	NM	NM
Trifast plc	TRI	306	288	(20.0%)	(20.3%)	21.8%	0.3%	0.5%	12.7%	1.2x	9.1x	18.2x
Compliance Software Providers		\$28,937	\$25,857	(12.0%)	7.7%	55.3%	2.9%	2.1%	29.4%	4.6x	13.7x	27.0x

Compliance Technology – Transaction Activity

SELECT RECENT M&A TRANSACTIONS⁴

Announced Date	Target/Issuer	Buyer	Description	Enterprise Value (\$m)
09/24/2019	Sterling Compliance	Integrated Compliance Solutions	Provides risk management and compliance services to community banks and credit unions	NA
09/16/2019	Process Systems Enterprise	Siemens	Provides advanced process modelling software, model-based engineering, and innovation services	NA
09/09/2019	Ventiv Technology	Tailwind Capital Group	Develops cloud based risk management, claims, and safety software	NA
09/05/2019	Fusion Risk Management	Vista Equity Partners	Develops business continuity, disaster recovery, and risk management solutions	HW Confidential
09/03/2019	Health & Safety Institute	Waud Capital Partners	Provides EH&S training solutions	HW Confidential
08/22/2019	Davisware	Serent Capital	Operates ERP software for the services industry	HW Confidential
08/19/2019	Metrix Software Solutions	The Carlyle Group	Offers EHS and integrated risk management application software	NA
08/19/2019	InRule Technology	OpenGate Capital	Develops software for authoring, managing, and executing business rules	NA
08/13/2019	RegTek Solutions	Bloomberg	Offers control and compliance software solutions for global trade and transaction reporting	NA
08/12/2019	Quantum Risk Management	Marlowe	Provides health and safety consulting services	\$8.7
08/06/2019	LockPath	NAVEX Global	Provides corporate governance, risk management and regulatory compliance software	NA
07/29/2019	BlueTalon	Microsoft	Develops data collaboration and data unification technology platform and solutions	NA
07/16/2019	Retail Loss Prevention Solutions	Appriss	Provides retail loss prevention, exception reporting, and incident management solutions	NA
07/09/2019	DigiCert	TA Associates; Clearlake Capital Group	Provides secure socket layer certificates and management tools	NA
07/08/2019	SAFER Systems	Industrial Scientific Corporation	Develops, implements, and systemizes chemical emergency response solutions	NA

Select Recent Private Placements³

DATE	COMPANY	ROUND	ROUND SIZE (\$MM)	TOTAL RAISED (\$MM)	INVESTORS (CURRENT ROUND)	DESCRIPTION
09/18/19	SKOUT CYBERSECURITY	PE Growth	\$25	Confidential	ClearSky and RSE Ventures	Provider of global managed security services
09/17/19	alloy	Series A	\$12	\$48	Bessemer Venture Partners	Developer of an identity verification system
09/12/19	Lacework	Series C	\$42	\$74	Sutter Hill Ventures & Liberty Global Ventures	Provider of an unified cloud security platform designed to automate cloud security
09/04/19	Railsbank	Series A	\$10	\$14	Monteta Capital	Provider of a banking and compliance platform
08/14/19	AUTOTIX	PE Growth	\$60	\$260	TPG	Developer of multi-channel secure customer on-boarding technologies
08/08/19	SECURITI.ai	Series A1	\$13	\$95	Mayfield	Developer of AI-powered cybersecurity and data protection infrastructure
07/22/19	ARMCO ACES RISK MANAGEMENT	PE Growth	Confidential	Confidential	New Capital Partners	Provider of quality assurance software for the financial services industry
07/11/19	OneTrust PRIVACY, SECURITY & THIRD-PARTY RISK	Series B	\$200	\$1,300	Insight Partners	Develops a privacy management technology platform
07/10/19	TrustArc	Series D	\$70	\$310	Bregal Sagemount	Developer of a SaaS-based software that manages privacy programs
07/01/19	TRAPX SECURITY	Series C	\$18	\$51	lbex Investors	Provider of cloud-based cybersecurity platform

Note: Financial information presented above represents reported capital raised only.

Our Firm

Harris Williams has a broad range of industry expertise, which create powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.



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Sources

1. MERGER MARKET.
2. GRAND VIEW RESEARCH.
3. CAPITAL IQ.
4. MERGER MARKET.

Disclosures

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