

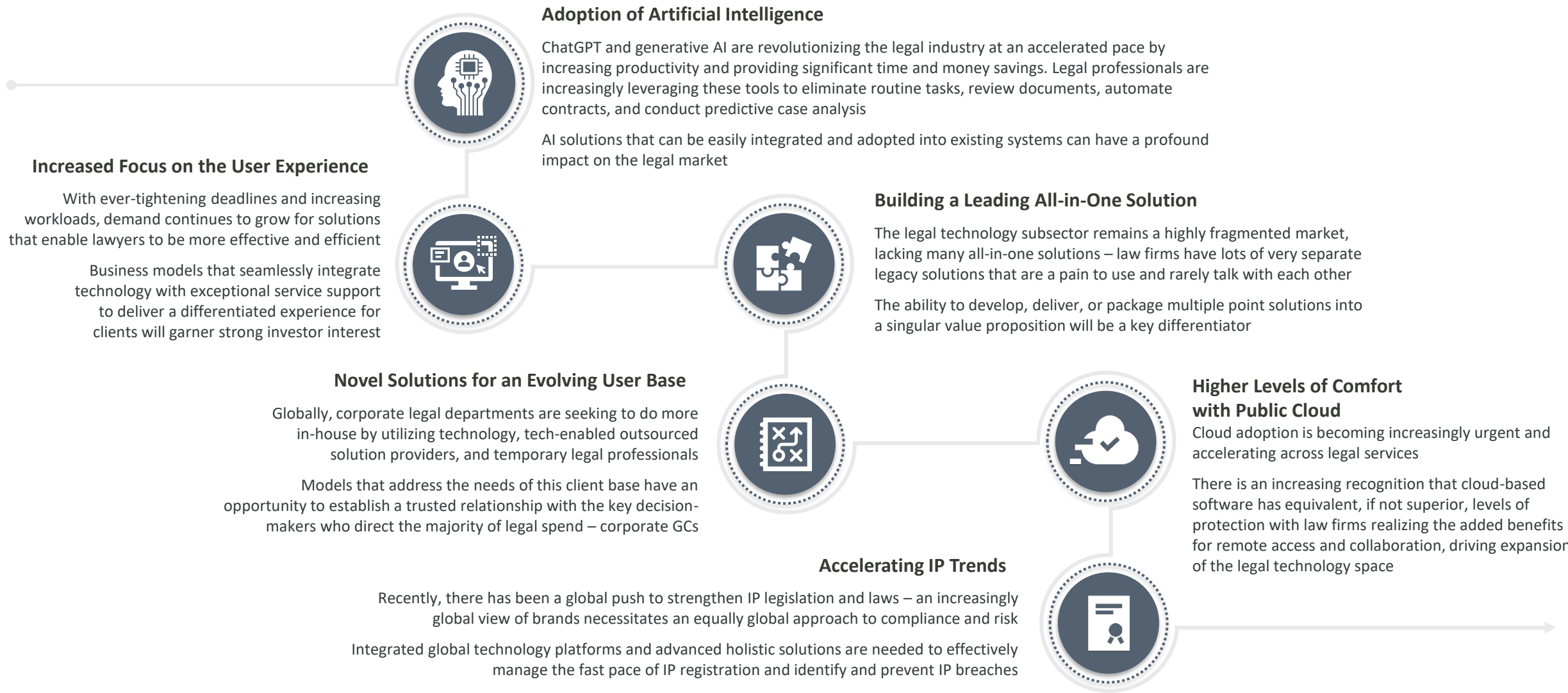


Legal Technology Sector Brief

Harris Williams | Q3 2023

Legal Technology Sector Observations and Key Trends

Robust market tailwinds and pandemic-induced pressures have led to an increasingly competitive and digitized legal environment



Perspectives on the Legal Technology Sector

Law Firms



Case Management

Practice Management

Search, Analytics, and Reporting

Select Market Participants

Aderant





Chambers AND PARTNERS





OPUS2



Key Trends

- Law firms seeking to increase own efficiencies through legal tech products, ideally all from one service provider
- Increasing public cloud adoption among law firms
- Lawyers gaining comfort with and seeking improvements to non-legal-specific technology, including document automation and reporting tools
- Increased adoption of AI tools to automate routine law firm tasks

Corporates



Global Legal Compliance

AI and Advanced Analytics

E-discovery

Select Market Participants

CIVICA



epiq

exterro

KIDiscovery




MITRATECH



Key Trends

- Corporates increasingly seeking automation of basic administrative work
- Increased legal, regulatory, and cybersecurity risks following the pandemic
- Strong focus on communication and improving client experience, particularly in hybrid and remote working environments
- Increased use of AI tools to assist with processing large amounts of data

SMEs




Workflow and Automation


Contract Life Cycle Management

Collaboration Tools


Select Market Participants



Citation




netdocuments



ROCKETLAWYER


sage




Key Trends


- Difficulties in managing compliance and legal costs
- Increasing number of legal tech products available with integrated payment tools
- Increasing focus on mobile-friendly functionality for legal tech
- Increased use of AI to assist with compliance and document management

Intellectual Property





Select Market Participants







CORSEARCH







Questel



Key Trends

- Focus on protection against COVID-related counterfeit goods, including vaccines and PPE
- Increased use of AI for IP searches, including by USPTO and EPO
- IP-based regulatory product focus in light of newer IP-based hurdles, such as live selling and influencer marketing

What We're Reading

Legal AI Race Draws More Investors as Law Firms Line Up

Thomson Reuters

With more and more lawyers at major law firms using fast-advancing generative artificial intelligence tools, legal AI startup Harvey said Wednesday that it raised \$21 million in fresh investor cash

Read the full article [here](#).

Generative AI Pioneers Line Up on Legal Tech

The Financial Times

Suppliers of legal technology are focusing on the development of generative artificial intelligence products, as lawyers increasingly appreciate how these could change their working lives. Like their clients, legal-tech providers sense a high level of disruption is under way

Read the full article [here](#).

To Future-Proof Their Firms, Attorneys Must Embrace AI

Forbes

To say that the evolution of case management and legal technology has revolutionized how law firms work is an understatement—and now, artificial intelligence is driving the next wave of transformation

Read the full article [here](#).

Don't Call It a Rebound: Funding Is Trickling Back to Legal Tech, but Strategically


Law.com

While investors aren't flocking back to legal tech in hoards just yet, the size of the average funding and financing round in Q2 grew exponentially

Read the full article [here](#).


Select Recent HW Industry Updates

- Legal Sector AI: Generating New Investment Opportunities**



[Link to Read](#)

- Technology Services Sector Brief**



[Link to Read](#)

Access All Harris Williams Insights Here

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Legal Technology Sector Brief – Q3 2023 4

Select Q2 2023 and Recent Legal Technology Transactions

Corlytics acquires Clausematch

clausematch

Target



CORLYTICS

Acquirer

July 2023

- Clausematch is a compliance workflow and collaboration platform designed to streamline policy management and regulatory change management
- After the acquisition, Corlytics Group operates across the entire regulatory management value chain

Thomson Reuters acquires Casetext

casetext

Target



THOMSON REUTERS

Acquirer

June 2023

- Casetext is a research platform designed to offer the public access to legal research by tapping the knowledge of the legal community
- The acquisition is part of Thomson Reuters' long-term strategy to embed generative AI into its major business verticals — legal, tax, accounting, and news

TransPerfect Legal Solutions acquires eDepoze

eDepoze
A TRANSPERFECT TECHNOLOGY

Targets



TRANSPERFECT

Acquirer

June 2023

- eDepoze is a cloud-based litigation software designed to electronically prepare exhibits for deposition and then securely introduce them with a laptop
- The acquisition supplements TransPerfect Legal Solutions' deposition services offerings and provides clients with a broader product offering

Dye & Durham acquires GhostPractice

GhostPractice

Target



Acquirer

May 2023

- GhostPractice is a leading provider of legal practice management software to ~10,000 users working primarily in small- and medium-sized law firms
- The acquisition complements Dye & Durham's existing product offering, expanding capabilities and helping drive recurring contracted revenues

Clio Ventures invests in Steno



Target

Clio

Acquirer

May 2023

- Steno is a remote litigation platform designed to offer a full suite of court reporting services
- Clio's investment in Steno marks the fifth major investment in promising legal technology in the past five years. Prior investments made by Clio include CalendarRules, Lawyaw, and Lexicata

Summit Partners, Peugeot Invest acquires Doctrine

Doctrine

Target

SUMMIT PARTNERS

Peugeot INVEST

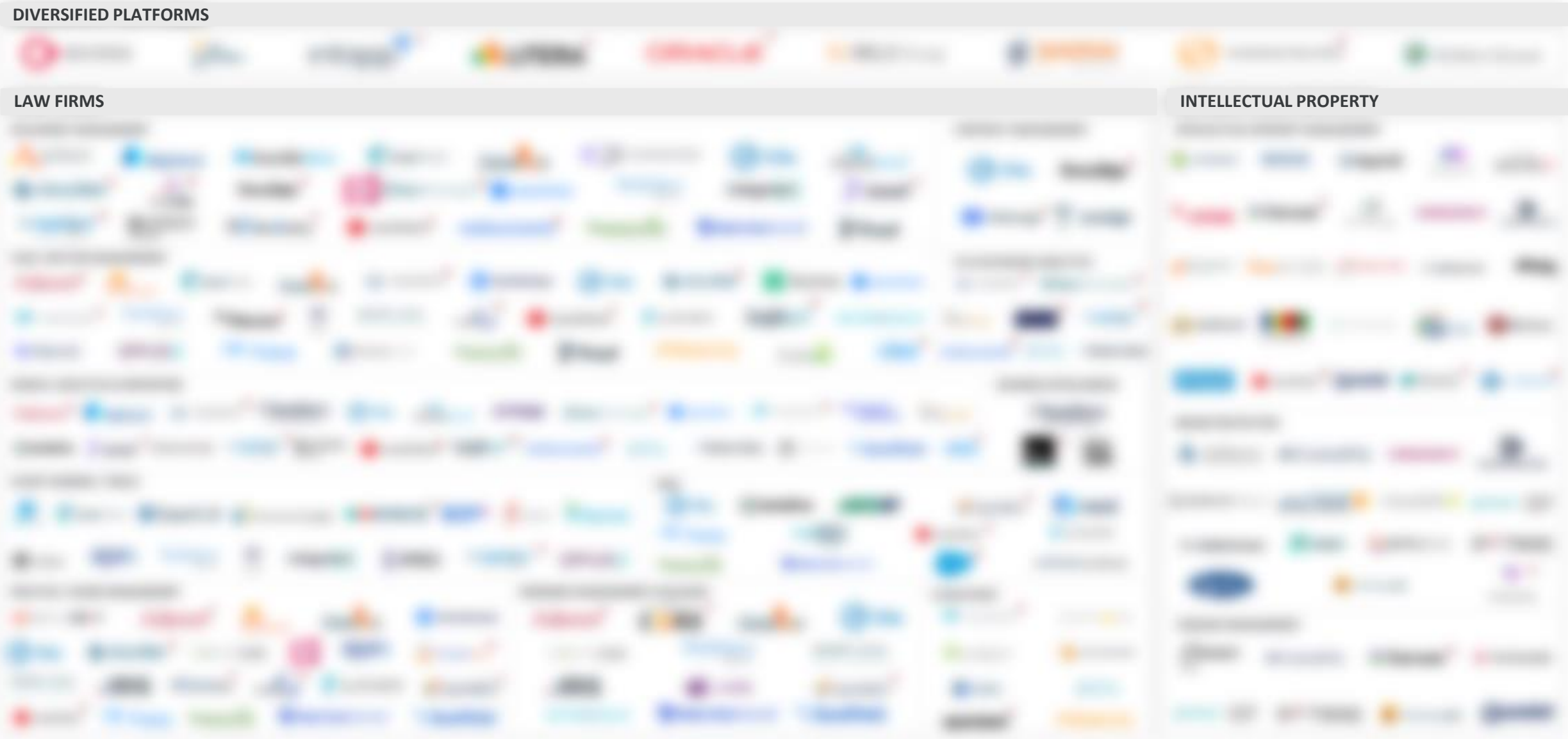
Acquirers

April 2023

- Doctrine develops an online artificial learning-based search platform for research, monitoring, and analysis of court decisions
- The investment will allow Doctrine to continue its recent momentum and develop innovative solutions that support legal professionals in France and around the world

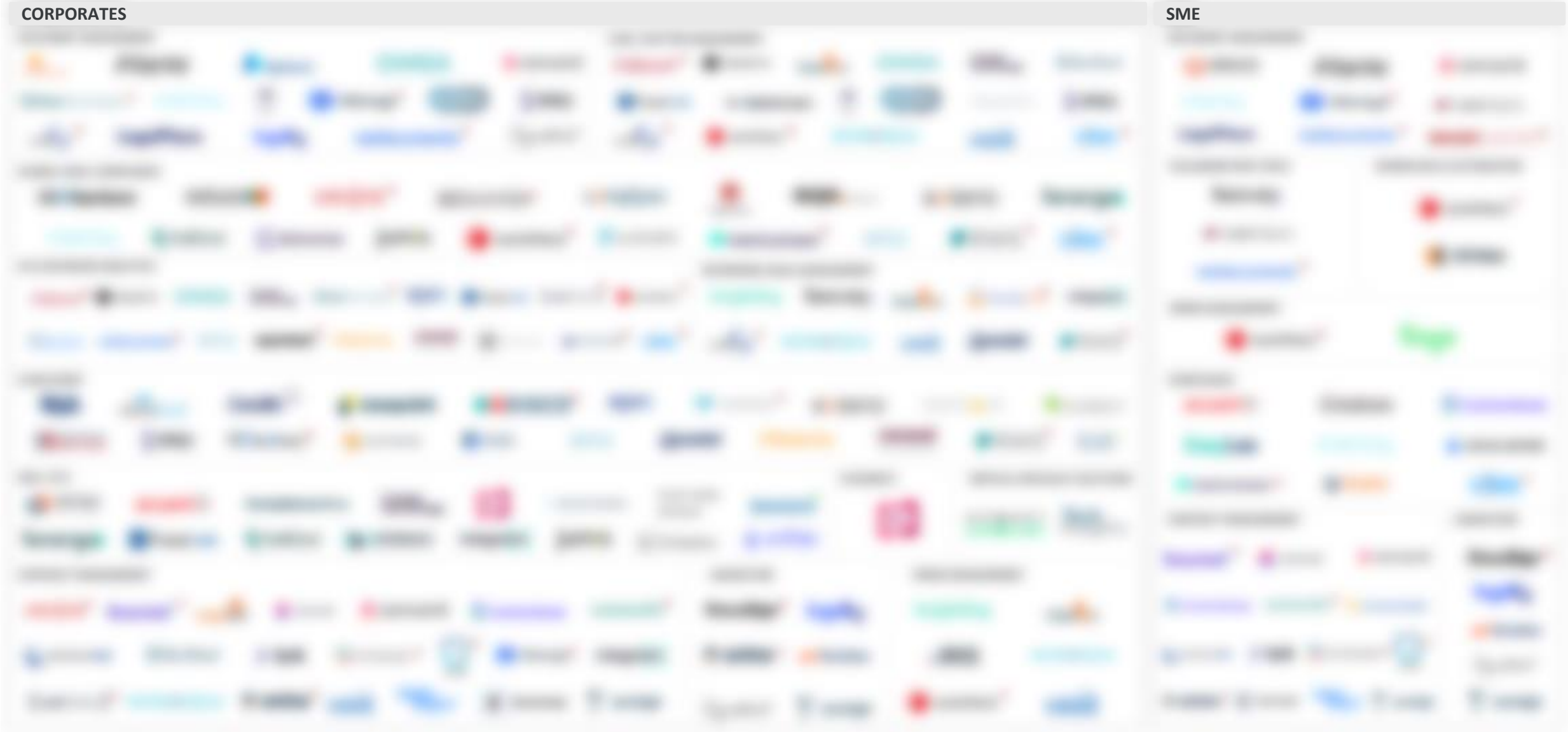
Legal Technology Market Landscape

To view full market map, please contact technologyinsights@harriswilliams.com



Legal Technology Market Landscape

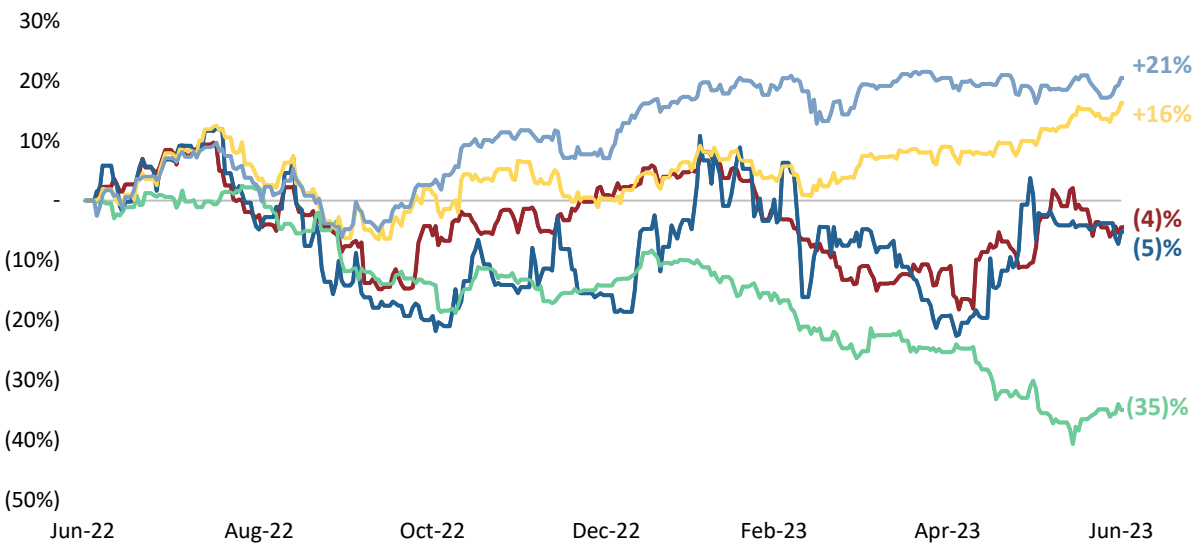
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Legal Technology Public Company Trended Stock Performance

Public Company Stock Performance – Last 12 Months

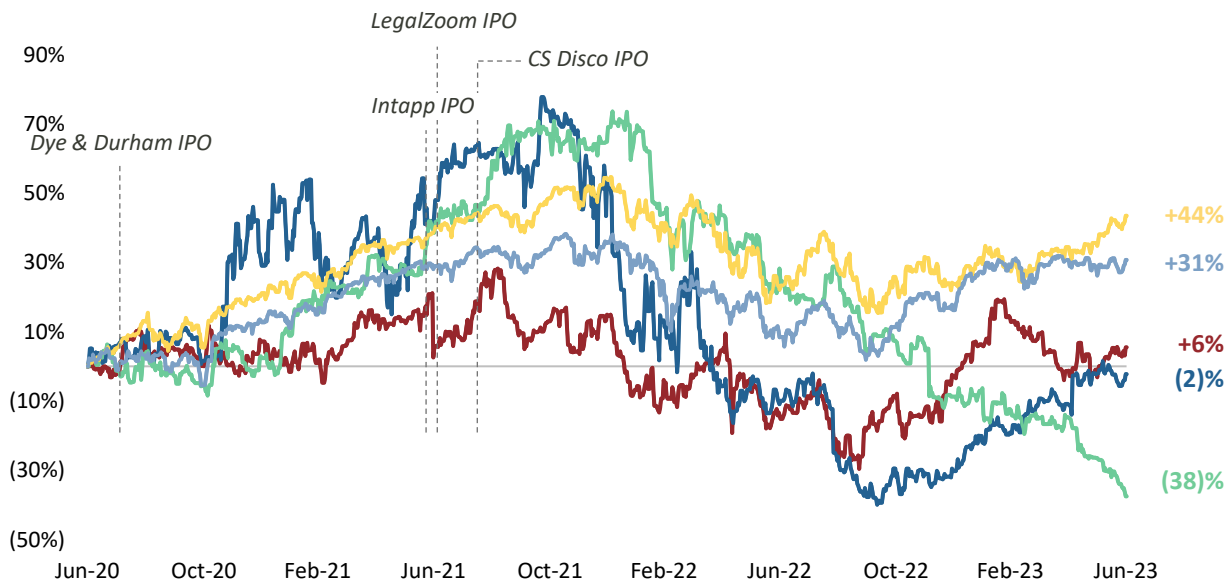
Indexed stock price performance for the period June 2022 – June 2023



Legal Technology Non Pure-Play Legal Technology Legal Services S&P 500 EUROSTOXX

Public Company Stock Performance – Last 3 Years

Indexed stock price performance for the period June 2020 – June 2023



Legal Technology

Clarivate™ DISCO Dye & Durham intapp. KARNOV GROUP

LEGALZOOM RELX RWS THOMSON REUTERS Wolters Kluwer

Non Pure-Play Legal Technology

DocuSign® EQS GROUP opentext™

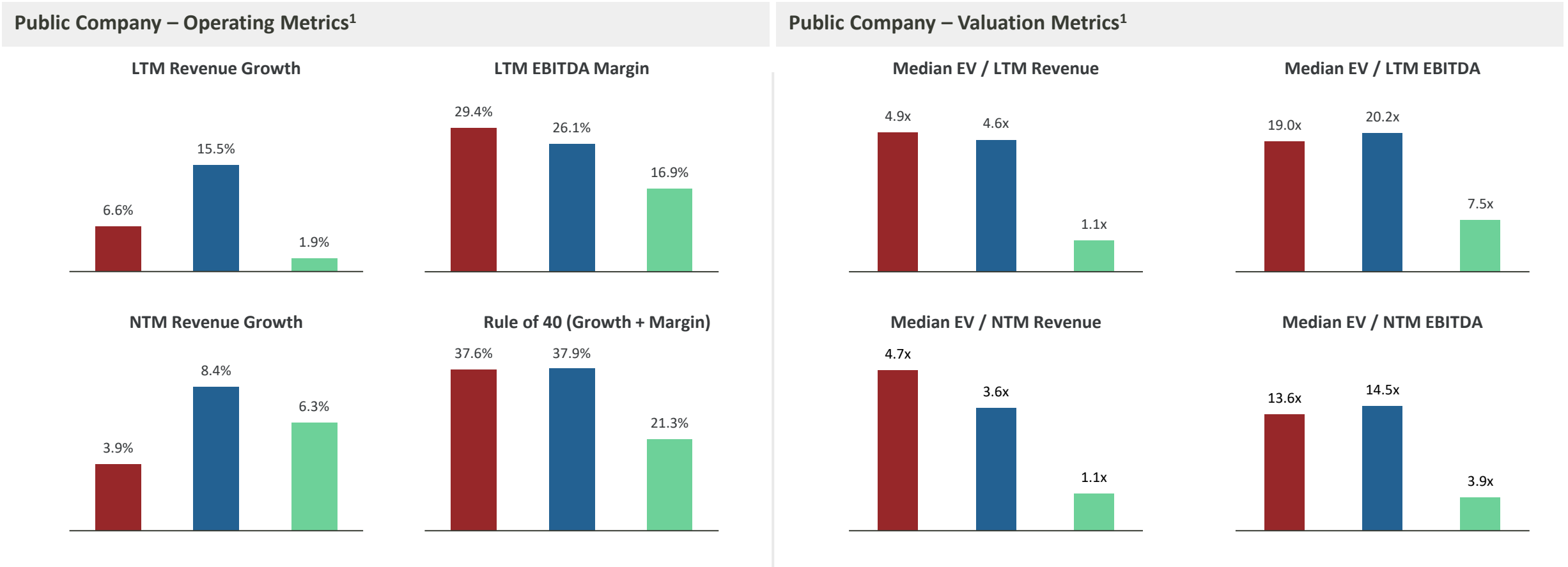
ORACLE® VERITONE.

Legal Services

Anexo dwf Gateley / KEYSTONE LAW

Knightsdc KIDiscovery RBG Holdings plc SHINE JUSTICE

Legal Technology Public Company Operating and Valuation Metrics



Legal Technology

Clarivate™

DISCO

Dye & Durham

intapp.

KARNOV GROUP

LEGALZOOM

RELX

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Legal Services

Anexo

dww

Gateley /

KEYSTONE LAW

Knightsdc

KIDiscovery

RBG Holdings plc

SHINE JUSTICE

Harris Williams Legal Sector Experience

Selected Legal Sector Transaction Experience

a business unit of
ULTRA
a portfolio company of
Advent International
has been acquired by
LeadsOnline
a portfolio company of
TA ASSOCIATES

has been acquired by
Odyssey Investment Partners

a portfolio company of
LGP | LEONARD GREEN & PARTNERS
has received a significant investment from
CVC CAPITAL PARTNERS

a portfolio company of
VISTA EQUITY PARTNERS
has been acquired by
Apax

has been acquired by
astorg.

has been acquired by
astorg.

a division of
Capita
has been acquired by
access

has received an investment from
AQUILINE CAPITAL PARTNERS LLC

has been acquired by
RLDatix

has been acquired by
LGP

has been acquired by
PROVIDENCEEQUITY
GSV GREATER SUM VENTURES

has been acquired by
GI PARTNERS
and merged with
AD ADVANCED DISCOVERY

Harris Williams Transaction Spotlight

a business unit of
ULTRA
a portfolio company of
Advent International
has been acquired by
LeadsOnline
a portfolio company of
TA ASSOCIATES

Company Background

Forensic Technology is the pioneer of automated ballistic identification and the creator of IBIS (Integrated Ballistic Identification System) technology used in more than 80 countries to combat and prevent firearm crime. During the last 30 years, the company has championed innovative technology and invested in research and development that enables law enforcement agencies to drive complex investigative workstreams.

Successful Outcome

The acquisition delivered a successful outcome for Ultra Electronics and the company. Following this acquisition by LeadsOnline, two leading technology companies join forces to provide global law enforcement agencies with enhanced data and tools to advance their cases faster.

Harris Williams served as exclusive financial advisor to Forensic Technology, a subsidiary of Ultra Electronics, a portfolio company of Advent, in this transaction.

Harris Williams Transaction Spotlight

has been acquired by
Odyssey Investment Partners

Company Background

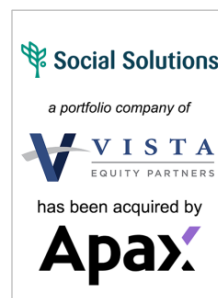
Magna Legal Services is a leading provider of litigation support services to law firms, insurance companies, and corporations, offering a complementary suite of technology-enabled deposition services, record retrieval, and litigation consulting to support clients through each phase of the litigation process.

Successful Outcome

The acquisition delivered a successful outcome for CIVC Partners and the company. Following this investment by Odyssey, Magna Legal Services will leverage Odyssey's deep expertise and resources to continue to accelerate growth in the legal services market.

Harris Williams served as exclusive financial advisor to Magna Legal Services, a portfolio company of CIVC Partners, in this transaction.

Our Technology Group and Business Services Group collaborate to advise leading companies.



Learn more about our experience in the space.



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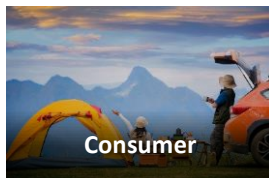
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HW Harris Williams / GLOBAL INVESTMENT BANK

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Deep Industry Experience



Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



75% Revenue from repeat clients

87% Managing Directors promoted from within

30+ Year history

Sources, Disclosures and Disclaimers

Sources

1. S&P Capital IQ
2. Mergermarket

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Appendix

Legal Technology Market Landscape

PAGE 4

DIVERSIFIED PLATFORMS

Large, established, well-diversified platforms offering a range of different legal solutions and tools across the legal tech universe

LAW FIRMS

<div>DOCUMENT MANAGEMENT</div> <div>Software that allows users to store, find, share, automate, and collaborate on documents</div>	<div>E-DISCOVERY</div> <div>Software that facilitates the identification, collection, review, and analysis of electronically stored data for use as evidence in a civil or criminal case</div>
<div>CASE / MATTER MANAGEMENT</div> <div>Software that allows users to manage all legal cases and clients through a digital platform</div>	<div>CONTRACT MANAGEMENT</div> <div>Software that supports the management of contracts through each stage of a contract life cycle</div>
<div>SEARCH, ANALYTICS & REPORTING</div> <div>Software that enables the process of identifying and retrieving information necessary to support legal decision-making</div>	<div>SPENDING MANAGEMENT & BILLINGS</div> <div>Software that automates the process of reviewing, tracking, analyzing, and reporting on legal costs</div>
<div>COURT HEARING / TRIALS</div> <div>Software that facilitates the digitalization of any aspect of a court trial</div>	<div>CRM</div> <div>Client relationship management (CRM) solutions to manage contacts and provides software to help law firms track leads, prospects, and clients efficiently</div>
<div>PRACTICE / WORK MANAGEMENT</div> <div>Solutions to help law firms manage back-office services, including billing, time, and contract-management tools</div>	<div>BUSINESS INTELLIGENCE</div> <div>Software used to collect, process, and analyze vast amounts of data and generate insights from the data to support business decision-making</div>

INTELLECTUAL PROPERTY

<div>INTELLECTUAL PROPERTY MANAGEMENT</div> <div>Software tools that assist in the tracking and management of trademarks, copyrights, patents, and other intellectual property</div>
<div>BRAND PROTECTION</div> <div>Software risk management tools that allow companies to protect their IP and brand against infringements</div>
<div>DOMAIN MANAGEMENT</div> <div>Software that offers digital risk protection and management of domain names and platforms</div>

PAGE 5

CORPORATES		SME	
DOCUMENT MANAGEMENT Software that allows users to store, find, share, automate, and collaborate on documents	CASE / MATTER MANAGEMENT Software that allows users to manage all legal cases and clients through a digital platform	DOCUMENT MANAGEMENT Software that allows users to store, find, share, automate, and collaborate on documents	WORKFLOW & AUTOMATION Software that allows work to be automatically routed to the appropriate team in a company and monitored through to completion
GLOBAL LEGAL COMPLIANCE Software tools used by multinational companies to monitor internal systems and controls, to comply with required standards and regulations	ENTERPRISE LEGAL MANAGEMENT Software tools that allow corporate enterprises to run their legal operations and integrate legal operations with the wider business	COLLABORATION TOOLS Software tools that allow legal teams to work more effectively together	COMPLIANCE Software tools used to monitor internal systems and controls, to ensure compliance with required standards and regulations
AI & ADVANCED ANALYTICS Advanced technological solutions to support legal operations and provide deeper insights	CONTRACT MANAGEMENT Software that supports the management of contracts through each stage of a contract life cycle		CONTRACT MANAGEMENT Software that supports the management of contracts through each stage of a contract life cycle
E-DISCOVERY Software that facilitates the identification, collection, review, and analysis of electronically stored data for use as evidence in a civil or criminal case	AML / KYC Analytical software tools that evaluate and mitigate strategic business risks		SPEND MANAGEMENT Software that automates the process of reviewing, tracking, analyzing, and reporting on legal costs
SPEND MANAGEMENT Software that automates the process of reviewing, tracking, analyzing and reporting on legal costs	eSIGNATURE Software that enables the electronic signature of documents	eSIGNATURE Software that enables the electronic signature of documents	
VERTICAL SPECIALIST SOLUTIONS Software solutions focused on providing deep insights and intelligence into a particular vertical end-market			

Public Market Operational and Valuation Metrics¹

As of June 30, 2023

\$ in Thousands

Company	Market Capitalization	Enterprise Value	% of 52-Week High	LTM Gross Margin	LTM EBITDA Margin	LTM Revenue	NTM Revenue	Enterprise Value/ LTM EBITDA	NTM EBITDA
Legal Technology									
RELX PLC	62,863,071	71,345,617	95.8%	64.3%	31.4%	6.2x	6.0x	19.7x	15.8x
Thomson Reuters Corporation	59,114,564	61,982,564	95.3%	38.7%	29.4%	9.3x	8.9x	31.5x	22.9x
Wolters Kluwer N.V.	31,012,286	33,439,346	94.3%	71.1%	30.1%	5.7x	5.4x	19.0x	16.6x
Clarivate Plc	6,442,973	12,453,873	63.6%	64.4%	37.0%	4.7x	4.6x	12.8x	10.9x
LegalZoom.com Inc.	2,308,702	2,115,280	86.7%	65.9%	NM	3.4x	3.2x	NM	19.6x
CS Disco, Inc.	490,332	313,356	27.4%	75.0%	NM	2.3x	2.2x	NM	NM
RWS Holdings Plc	1,154,630	1,130,753	56.4%	46.6%	20.3%	1.2x	1.2x	5.9x	5.2x
Intapp, Inc.	2,824,760	2,787,773	83.1%	67.5%	NM	8.4x	7.2x	NM	NM
Dye & Durham Limited	761,155	1,680,658	78.3%	88.8%	29.3%	4.9x	4.7x	16.9x	8.3x
Karnov Group AB (publ)	491,967	687,285	70.3%	46.0%	20.3%	4.8x	2.9x	23.9x	11.3x
Median	\$2,566,731	\$2,451,526	80.7%	65.1%	29.4%	4.9x	4.7x	19.0x	13.6x
Non Pure-Play Legal Technology									
Oracle Corporation	323,241,104	408,867,104	93.4%	72.8%	38.0%	8.2x	7.6x	21.5x	15.1x
DocuSign, Inc.	10,338,626	9,930,349	66.1%	79.3%	2.0%	3.8x	3.6x	NM	14.0x
Open Text Corporation	11,120,078	19,162,811	96.1%	75.2%	26.1%	4.9x	3.2x	18.8x	9.3x
Veritone, Inc.	144,353	146,256	35.7%	81.2%	NM	1.0x	1.0x	NM	NM
EQS Group AG	301,738	329,742	86.8%	25.5%	NM	4.6x	3.9x	NM	27.0x
Median	\$10,338,626	\$9,930,349	86.8%	75.2%	26.1%	4.6x	3.6x	20.2x	14.5x
Legal Services									
DWF Group plc	242,207	425,636	59.4%	58.6%	9.7%	0.9x	NM	9.1x	4.6x
Gateley (Holdings) Plc	262,231	299,163	77.6%	38.1%	17.5%	1.7x	1.4x	9.8x	7.5x
KLDiscovery Inc.	96,944	616,722	35.2%	49.5%	16.2%	1.9x	NA	11.6x	NA
Keystone Law Group Plc	161,002	150,527	64.0%	26.0%	11.7%	1.6x	1.5x	13.9x	11.6x
Anexo Group Plc	89,215	177,321	44.1%	76.5%	22.5%	1.1x	1.1x	4.7x	3.9x
Knights Group Holdings Plc	69,575	162,775	44.9%	37.8%	15.4%	0.9x	0.8x	5.9x	3.6x
Shine Justice Ltd	79,567	132,008	53.9%	47.7%	22.5%	0.9x	0.8x	3.9x	2.8x
RBG Holdings Plc	30,287	72,647	26.5%	43.3%	25.3%	1.1x	1.1x	4.4x	3.8x
Median	\$93,079	\$170,048	49.4%	45.5%	16.9%	1.1x	1.1x	7.5x	3.9x
Total Comp Set Median	\$491,967	\$687,285	66.1%	64.3%	22.5%	3.4x	3.2x	12.8x	10.9x

Recent Sector Transactions Detail

Closed Date	Target	Headquarters	Buyer (s)	Transaction Type	Description
7/25/2023	Nextpoint	Chicago, IL	RF Investment Partners	Private Placement	Nextpoint is a cloud-based platform offering full-service legal tech solutions and litigation services for discovery and case preparation
7/12/2023	Propylon	Dublin, Ireland	RWS Holdings	Merger/Acquisition	Propylon offers a content intelligence platform that manages an organization's data assets, providing information research tools directly to business users and enabling clients to get an end-to-end product suite that supports all aspects of the legislative process from idea to law
7/6/2023	Knowliah	Boortmeerbeek, Belgium	STP Group	Merger/Acquisition	Knowliah is a leading European legal tech software provider specializing in process optimisation and communication in legal departments
7/5/2023	Clausematch	Littlehampton, UK	Corlytics	Merger/Acquisition	Clausematch is a compliance workflow and collaboration platform designed to streamline policy management and regulatory change management
6/27/2023	Casetext	San Francisco, CA	Thomson Reuters	Merger/Acquisition	Casetext is a research platform designed to offer the public access to legal research by tapping the knowledge of the legal community
6/20/2023	Xential	Holten, Netherlands	Main Capital	Merger/Acquisition	Xential is a SaaS platform intended for document creation. The company's software helps to create, design, and manage documents
6/6/2023	eDepoze	Lawrence, KS	TransPerfect Legal Solutions	Merger/Acquisition	eDepoze is a cloud-based litigation software designed to electronically prepare exhibits for deposition and then securely introduce them with a laptop
6/6/2023	Lawpilots	Berlin, Germany	Flex Capital Management	Merger/Acquisition	Lawpilots provides online training and digital education services intended to prepare all employees for the legal challenges of digitization
6/1/2023	Thomson Reuters Elite	Los Angeles, CA	TPG	Merger/Acquisition	Thomson Reuters Elite develops business management platforms for law firms, mid-sized firms, government offices, and corporate organizations
5/23/2023	Steno	Los Angeles, CA	Clio Ventures	Private Placement	Steno is a remote litigation platform designed to offer a full suite of court reporting services
5/23/2023	GhostPractice	Cape Town, South Africa	Dye & Durham	Merger/Acquisition	GhostPractice is a leading provider of legal practice management software to about 10,000 users working primarily in small- and medium-sized law firms
5/2/2023	Irosoft	Montreal, Canada	Valsoft Corporation	Merger/Acquisition	Irosoft provides technology services intended to provide leveraging of structured and unstructured data to the Fintech and Legaltech markets
4/11/2023	Doctrine	Paris, France	Summit Partners, Peugeot Invest	Private Placement	Doctrine develops an online artificial learning-based search platform for research, monitoring, and analysis of court decisions
4/11/2023	Trakstar	Seattle, WA	Miratech	Merger/Acquisition	Training Systems, Inc., doing business as Trakstar, provides a cloud-based employee evaluation software
4/6/2023	Magnet Forensics	Waterloo, Canada	Thoma Bravo	Merger/Acquisition	Magnet Forensics Inc., together with its subsidiaries, engages in the development and sale of evidence recovery software tools and digital evidence management platforms in Canada, Asia, the United States, the Americas, and Europe
4/4/2023	Verified	Solna, Sweden	Verdane	Private Placement	Verified AB develops a platform that offers AML, KYC, digital signing, and authentication workflows services