

Technology Group

Compliance Technology Sector Review | Q1 2021



Compliance Technology Focus Areas

CORPORATE RISK & COMPLIANCE



Solutions that provide a comprehensive method to effectively manage and execute an organization's 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 a 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

Compliance Technology Evolving Paradigms¹

The GRC and EHSQ Software landscape is evolving to address the increasing demand for a comprehensive integrated risk management solution

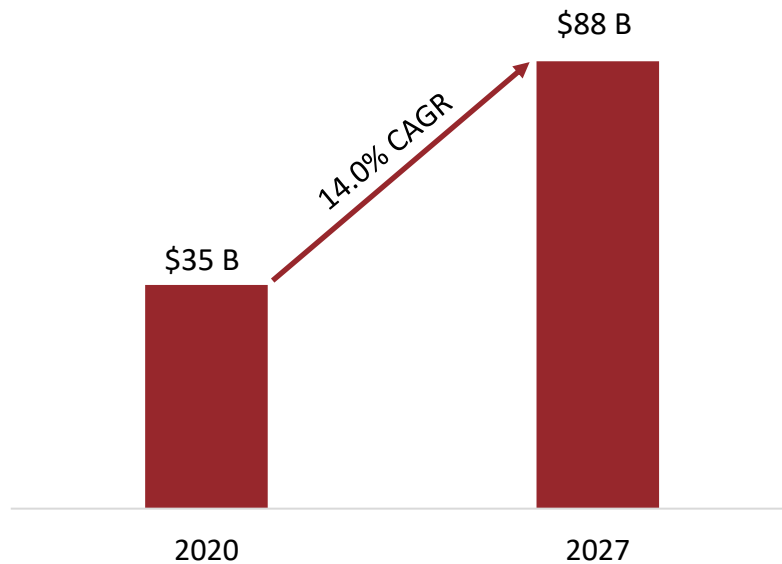
Overview

- › Minimizing risk, maintaining data integrity, and adhering to regulatory reporting requirements drive 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

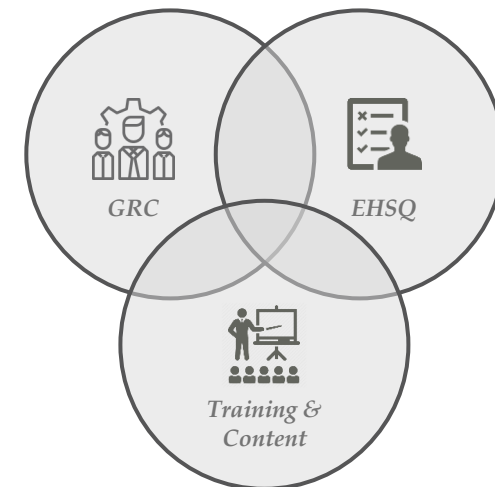
Blending Market Landscape

- › The market landscape is highly fragmented, with companies addressing multiple business needs that cross over different product segments
- › A comprehensive risk management solution is increasingly a strategic imperative and is catalyzing a convergence of technology, learning, and content

Enterprise GRC Software Expected Market Growth

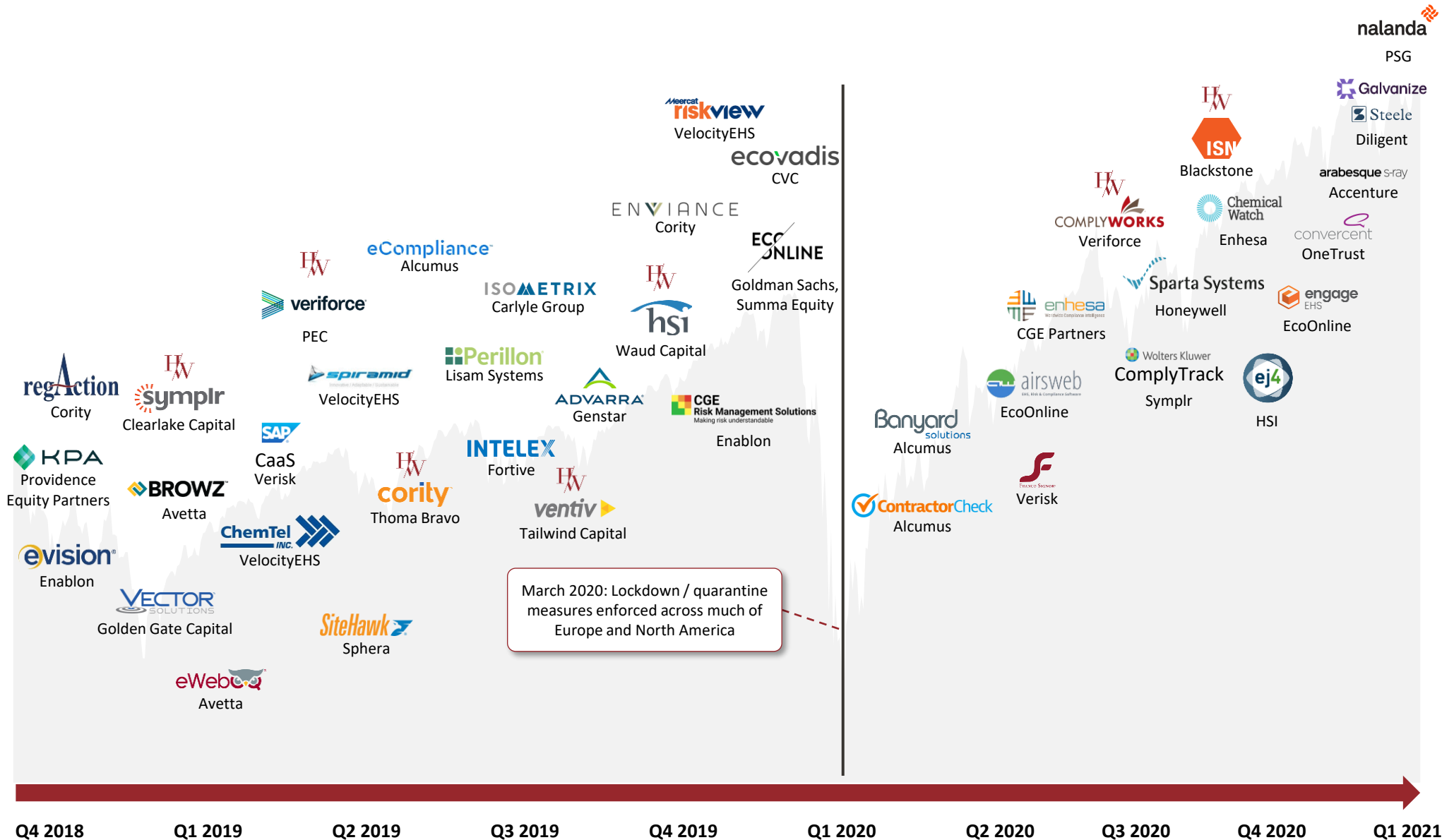


Integrated Risk Management



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

Compliance Solutions Have Shown Resilience In a Volatile Market²



Recent Compliance Technology Transactions²



Providence Strategic Growth (PSG) acquires Nalanda (Completed on April 9, 2021)

- › Nalanda is a provider of supplier risk management software for subcontractors and suppliers
- › Under PSG's ownership, Nalanda is expected to accelerate both organic and inorganic growth strategies, including expanding into new industry verticals and geographies



Diligent acquires Galvanize and Steele Compliance (Completed on April 7, 2021)

- › Galvanize is a provider of cloud-based security, risk, compliance, and audit software for large enterprises
- › Steele Compliance Solutions is a provider of an ethics and compliance management platform
- › With both acquisitions, Diligent is now one of the largest GRC SaaS providers offering a comprehensive solution suite to meet its clients' every GRC need



OneTrust acquires Convercent (Announced on March 23, 2021)

- › Convercent is a provider of an ethics and compliance software platform
- › The acquisition enhances OneTrust's existing capabilities in ethics and compliance solutions and further enables OneTrust to provide a centralized, integrated trust platform



Accenture invests in Arabesque S-Ray (Completed on March 17, 2021)

- › Arabesque S-Ray is a provider of ESG data and insights solutions
- › Terms of the agreement allow Accenture to have full access to the Arabesque S-Ray platform, which ingests four million ESG data points daily from 30,000 sources



EcoOnline acquires Engage EHS (Completed on January 26, 2021)

- › Engage EHS is provider of safety management software with a focus on mobility and risk management solutions
- › The acquisition will further strengthen EcoOnline's position as an industry-agnostic EHS solution in the UK and Ireland markets



Health & Safety Institute acquires ej4 (Completed on January 12, 2021)

- › ej4 is a provider of eLearning training videos for workplace compliance topics
- › The acquisition expands HSI's HR and compliance solution offerings across subject areas such as business skills, workplace compliance, software skills, banking compliance, cybersecurity, and career planning

Corporate Risk & Compliance Technology - Landscape

Representative Providers

Integrated Risk Management



Corporate Risk & Compliance Technology - Landscape

Representative Providers

Vendor / 3rd Party / Supply Chain Risk Management

VENDOR & TPRM	IT VENDOR RISK	SUPPLY CHAIN AND OPERATIONAL RISK
 	 	 
 	 	  
 	 	   
 	 	   
		  

EHSQ Technology - Landscape

Representative Providers

Platforms



Software Tools – Diversified End Markets



Quality Management

DIVERSIFIED



QMS SOFTWARE



EHSQ Technology - Landscape

Representative Providers

Safety Data Sheets and Other Tools



Sustainability Software



Employee Health and Asset Tracking



Training



Vertically Focused Compliance Technology Companies - Landscape

Representative Providers

Energy Focused

The image displays a grid of 20 logos for energy-focused compliance technology providers, arranged in five rows and four columns. The logos are: ACCUVIO, AssurX, BIS TRAINING SOLUTIONS, COGNIBOX CMS / Contractors, COMPLYFLOW, Dakota SOFTWARE, DEVONWAY, DISA, ERA ENVIRONMENTAL Management Solutions, ERI SOLUTIONS INC., EWN ENERGY WORLDCENT, FRONTLINE DATA SOLUTIONS, INDUSTRIAL TRAINING SERVICES, ISN, MANAGEMENT CONTROLS, MINTRAGROUP, PetroSkills, SAFETY SERVICES COMPANY, SAFETYSYNC, sospes SAFER WORK | BETTER LIFE, TPC TRAINING, Trinity Consultants, WolfePak SOFTWARE, and veriforce.

ACCUVIO	AssurX	BIS TRAINING SOLUTIONS	COGNIBOX [™] CMS / Contractors	COMPLYFLOW
Dakota SOFTWARE	DEVONWAY	DISA	ERA ENVIRONMENTAL Management Solutions	ERI SOLUTIONS INC.
EWN ENERGY WORLDCENT	FRONTLINE DATA SOLUTIONS	INDUSTRIAL TRAINING SERVICES	ISN	MANAGEMENT CONTROLS
MINTRAGROUP	PetroSkills [®]	SAFETY SERVICES COMPANY	SAFETYSYNC	sospes [™] SAFER WORK BETTER LIFE
TPC TRAINING	Trinity Consultants	WolfePak SOFTWARE	veriforce [®]	

Vertically Focused Compliance Technology Companies - Landscape

Representative Providers

Life Sciences Focused



Vertically Focused Compliance Technology Companies - Landscape

Representative Providers



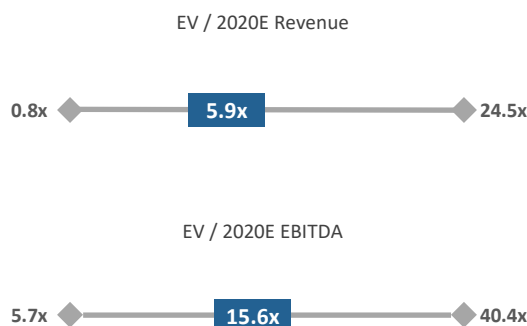
Public Compliance Technology Companies³

Compliance Software Providers

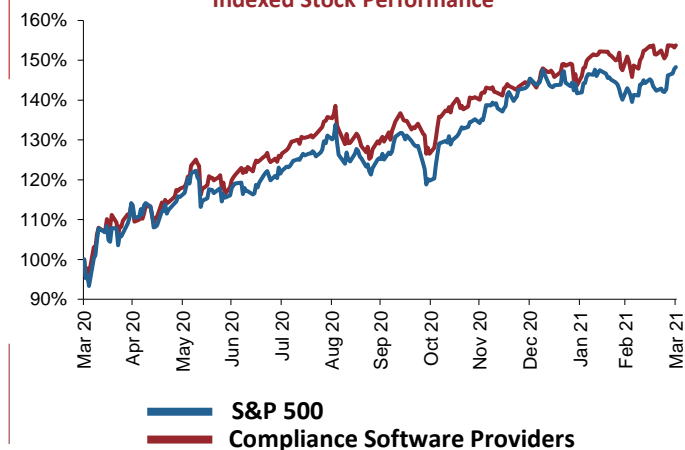
Key Public Comps



Trading Metrics



Indexed Stock Performance



PUBLIC COMPARABLES

As of March 31, 2021 (\$ in millions)

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth		2021E EBITDA Margin	Enterprise Value /		Price / Earnings
							2020	2021E		'21E Rev.	'21E EBITDA	
COMPLIANCE SOFTWARE PROVIDERS												
Oracle	ORCL	\$242,010	\$202,338	(4.7%)	45.2%	53.4%	(0.6%)	3.8%	50.3%	5.9x	11.8x	19.5x
International Business Machines	IBM	171,866	119,080	(2.8%)	20.1%	(13.1%)	(4.0%)	0.3%	24.5%	2.3x	9.5x	21.7x
SAP	SAP	154,906	144,568	(27.1%)	8.5%	17.1%	7.8%	(4.5%)	35.0%	4.9x	13.8x	24.0x
Fiserv	FISV	102,068	79,693	(5.7%)	25.3%	66.9%	0.3%	6.6%	39.4%	6.4x	16.2x	NM
ServiceNOW	NOW	98,291	98,072	(16.4%)	74.5%	202.3%	29.8%	28.1%	30.4%	17.1x	NM	NM
RELX	REL	57,974	48,275	(9.0%)	16.2%	21.9%	(6.9%)	3.4%	36.6%	5.7x	15.6x	27.3x
Thomson Reuters	TSX:TRI	45,235	43,307	(4.8%)	29.4%	105.8%	1.1%	3.7%	30.5%	7.3x	23.9x	20.7x
MSCI	MSCI	36,937	34,696	(8.0%)	45.1%	180.5%	9.3%	14.6%	59.1%	19.0x	32.1x	66.7x
Verisk Analytics	VRSK	32,505	28,764	(16.1%)	26.8%	69.9%	7.2%	6.7%	49.0%	10.9x	22.3x	51.5x
Wolters Kluwer	WKL	25,479	22,681	(5.2%)	23.3%	63.5%	10.4%	(4.1%)	30.4%	4.7x	15.3x	25.1x
Broadridge Financial	BR	19,650	17,729	(3.3%)	61.4%	39.6%	6.1%	5.0%	23.0%	4.0x	17.5x	38.0x
DXC Technology	DXC	12,184	7,959	(2.1%)	139.5%	(68.9%)	(9.3%)	(6.9%)	15.1%	0.7x	4.8x	NM
Pegasystems	PEGA	9,706	9,250	(23.2%)	60.5%	88.5%	11.5%	20.5%	5.1%	7.8x	NM	NM
Micro Focus	MCRO	7,180	2,556	(7.2%)	53.0%	(54.4%)	(12.2%)	(4.6%)	36.2%	2.5x	7.0x	NM
Ideagen	AIM:IDEA	1,065	1,010	(7.3%)	95.2%	148.4%	22.7%	26.0%	34.7%	9.7x	27.9x	NM
Compliance Software Providers		\$36,937	\$34,696	(7.2%)	45.1%	63.5%	6.1%	3.8%	34.7%	5.9x	15.6x	25.1x

Note: "NM" represents EV / EBITDA multiples greater than 50x and Price/Earning multiples greater than 75x.

Compliance Technology – Transaction Activity²

SELECT RECENT M&A TRANSACTIONS

Announced Date	Target	Buyer	Description	Enterprise Value (\$M)
04/09/2021	Nalanda Global	Providence Strategic Growth (PSG)	Provider of supplier risk management software for subcontractors and suppliers	NA
03/29/2021	Martin Mantz GmbH	Reguvis Fachmedien GmbH	Provider of compliance management solutions	NA
03/24/2021	Mitrstech Holdings	Ontario Teachers' Pension Plan Board	Provider of web-based enterprise legal management solutions for corporate legal departments	\$1,500.0
03/23/2021	Passcon	AML RightSource	Provider of risk and regulatory solutions across the anti-financial-crime spectrum, including Know Your Customer (KYC), transaction monitoring, sanctions, and investigations	NA
03/23/2021	Convercent	OneTrust	Provider of an ethics and compliance software platform	NA
03/22/2021	Registry Monitoring Insurance Services	The Internet Truckstop	Provider of vendor insurance and compliance software solutions to manage and track carriers, vendors, suppliers, tenants, and contractors	NA
03/17/2021	Arabesque S-Ray	Accenture Ventures	Provider of ESG data and insights solutions	NA
03/12/2021	ERP Maestro	SailPoint Technologies Holdings	Provider of a SaaS GRC platform focused on eliminating security risks related to ERPs	NA
03/09/2021	Qualtrax	Ideagen	Provider of EHS&Q compliance software specializing in the laboratory, manufacturing, and aerospace sectors	\$14.9
03/04/2021	Arachnys Information Services	AML RightSource	Provider of KYC and AML data and software solutions	NA
02/25/2021	BasicSoft	Simplify Compliance Holdings	Provider of EHS workflow management software	NA
02/24/2021	Galvanize	Diligent Corporation	Provider of cloud-based security, risk, compliance, and audit software for large enterprises	\$1,000.0
02/19/2021	Steele Compliance Solutions	Diligent Corporation	Provider of an ethics & compliance management platform	\$325.0
01/22/2021	Engage EhS	EcoOnline	Provider of safety management software with a focus on mobility and risk management solutions	NA
01/12/2021	ej4	Health & Safety Institute	Provider of eLearning training videos for workplace compliance topics	NA
01/08/2021	Kount	Equifax	Provider of fraud prevention solutions	\$640.0
01/07/2021	Certent	Global Software	Provider of cloud-based SaaS solutions for equity compensation management, equity compensation reporting, and disclosure management	NA
01/06/2021	iScout	KPA	Provider of EHS cloud-based software platform designed for small and midsize organizations	NA
01/06/2021	QuestSoft	Ncontracts	Provider of automated compliance solutions for financial institutions	NA
01/06/2021	Modern Compliance Solutions	Intraprise Health	Provider of consulting and software solutions for HIPAA security, privacy, breach notification risk analysis and ethical hacking services	NA

Select Recent Private Placements³

Date	Company	Seed	Round Size (\$M)	Raised to Date (\$M)	Lead Investor(s)	Commentary
03/18/21	 secureframe	Series A	\$18	\$23	Kleiner Perkins Caufield & Byers; Soma Capital; Gradient Ventures; Base10 Partners Capital Management, LLC	Provider of application software that focuses on security and compliance solutions
03/17/21	 aclaimant®	Series B	\$15	\$28	Mercury Fund; KEC Ventures; Next Coast Ventures	Provider of an enterprise incident management system to report, manage, document, and analyze the impact of workplace-related incidents
02/24/21	 ENCAAMP	Series B	\$12	\$19	OpenView Advisors, LLC; Allos Ventures; High Alpha, Inc.	Developer of software that automates environmental reporting, organizes environmental compliance requirements and due dates, and tracks down information about regulated facilities
02/16/21	 BREAKWATER	Growth	\$12	\$12	JLL Partners	Provider of technology automation solutions that help governance and legal professionals manage and analyze large volumes of data
02/01/21	 GOCONTRACTOR	Series A	\$5	\$12	ACT Venture Capital Limited; Enterprise Ireland, Investment Arm; Accretion Capital LLP	Provider of contractor management software
01/26/21	 MetaCompliance®	Growth	NA	NA	Tenzing Private Equity LLP	Provider of compliance and staff awareness automation solutions
01/12/21	 COMPLY	Series A	\$6	\$9	Accel Partners; Counterpart Ventures	Developer of a GRC platform that allows user to carry out internal audits, managing contracts, licenses, accreditations, and policies

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

HW Compliance Technology Introduction

HARRIS WILLIAMS (“HW”)

- 30+ years and more than 1,000 closed transactions
- 350+ professionals across eight offices globally
- 175+ closed transactions in the last 24 months
- 10 industry groups

FOCUSED ADVISORY SERVICES

- Mergers and acquisitions (M&A)
- Capital raises
- Corporate divestitures

CONSISTENT RECOGNITION FOR QUALITY



HW TECHNOLOGY GROUP

- 35+ dedicated Technology professionals
- Technology offices include Boston, San Francisco, and London

KEY TECHNOLOGY THEMES

- ✓ SaaS / Cloud
- ✓ Data & Analytics
- ✓ Digital Transformation
- ✓ A.I. / Machine Learning

HORIZONTAL FOCUS SECTORS

- Application Software
- Cloud Managed Services and Hosting Solutions
- **Compliance Solutions**
- CRM and Marketing Automation
- Human Capital Management
- Infrastructure and Security Software
- IT and Tech-Enabled Services
- Marketing, Research, and Insights Software

VERTICAL FOCUS SECTORS

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

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SELECT HW
COMPLIANCE
TECHNOLOGY
EXPERIENCE

cority™

has acquired

WeSustain

Blackstone

has made a significant
minority investment in

ISN

TractManager
Smarter decisions. Smarter healthcare.

has been acquired by

sympplr®

veriforce

has acquired

COMPLYWORKS

cpi

has been acquired by

WENDEL

TAILWIND CAPITAL

has acquired

ventiv ▶

hsi Health & Safety
Institute

has been acquired by

Waud Capital

cority™

has received a majority
investment from

THOMABRAVO

veriforce

has been acquired by

pec

Harris Williams Capabilities and Locations

Harris Williams has a broad range of industry expertise, which creates 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 & Disclosures

Sources

1. Grand View Research
2. MergerMarket
3. Capital IQ

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