



# Compliance Technology Sector Update

Governance, Risk, and Compliance (GRC)

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Harris Williams | Q3 2022

# GRC Technology Observations and Key Trends

The need for GRC software is rapidly increasing due to the growing complexity and maturity of regulatory compliance and business risk.



# Perspectives on GRC Technology

## Integrated Risk Management (IRM)

Practices and processes supported by risk awareness and enabling technologies that improve decision making and performance through integration and management of risk control

### Governance, Risk, and Compliance (GRC)



Solutions designed to manage business compliance and risk standards

#### Select Market Participants

ARCHER Camms. Diligent

SAI360 LOGICGATE LogicManager

#### Key Trends

- Corporate risk and compliance solutions that manage the ever-increasing complexities and inherent risks that confront organizations today
- Compliance-centric tools that help protect an organization's customers, business, and brand from systemic risks

### IT and Operational Risk Management



Solutions that help identify, assess, and address operational and IT risks

#### Select Market Participants

Asigra. Prevalent. ProcessUnity

RECIPROCITY RESOLVER venminder

#### Key Trends

- Holistic solutions that can address regulatory, financial, IT, or vendor risk
- Operational risk tools that enable risk assessment, risk decision making, and risk control at a tactical level

## Environment, Social, and Governance (ESG)

Solutions designed to manage, track, and measure ESG metrics and performance

# What We're Reading

## Compliance Leadership Panel: Current State, Future Trends, and More

### Compliance Week

Current trends in compliance consist of a focus on firm values, reliance on data and analytics, increasing relevance of ESG principles, and an emphasis on productivity.

Read the full article [here](#).

## Gartner Says the Pandemic Has Reduced Compliance Reporting by 30%

### Corporate Compliance Insights

Work from home policies have reduced compliance reporting due to decreases in observed misconduct and less integration with a culture of compliance.

Read the full article [here](#).

## Technology and Data Are Playing a Crucial Role in the Changing Face of Compliance

### Security Brief Asia

Compliance officers are leveraging technology including artificial intelligence, machine learning, and cloud-based systems to automate human tasks, removing human error and making compliance more effective and efficient.

Read the full article [here](#).

## Three Predictions for the Future of Compliance in a Super-digital World


### Forbes

Regulatory bodies are struggling to keep up with digitization trends. In the meantime, individuals will have heightened responsibility for their own online safety, risk management features will be imbedded into fintech products, and AI and blockchain offer new avenues of risk.

Read the full article [here](#).

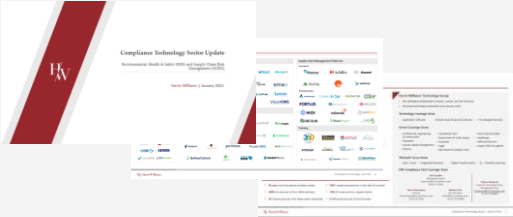
### Recent Harris Williams Technology & Compliance Content

- Harris Williams EHS Software CEO Roundtable**



[Link to Watch](#)

- EHS and SCRM Sector Update**



[Link to Read](#)

# Select Q2 2022 GRC Technology Transactions

## Morningstar Sustainalytics Acquires Aquantix

**AQX**

Target

MORNINGSTAR

SUSTAINALYTICS

Buyer

June 29, 2022

- Aquantix is a provider of location-based analytics enabling customers to accurately quantify climate risks
- The acquisition of Aquantix will allow Morningstar Sustainalytics to offer a comprehensive range of market-leading climate solutions to empower customers in making informed climate-related decisions

## Hg Acquires Ideagen

**Ideagen**

Target

**Hg**

Buyer

June 24, 2022

- Ideagen is a provider of GRC software and services to organizations in highly regulated industries such as aviation, financial services, life sciences, and manufacturing, among others
- With the acquisition by Hg, Ideagen will have increased ability to execute and accelerate on the company's longer term growth plan, including investing in product, talent, and accretive M&A

## Level Access Merges With eSSENTIAL Accessibility

**LEVEL**  
a c c e s s

Merged-Entity

eSSENTIAL  
ACCESSIBILITY



Merged-Entity

June 14, 2022

- Level Access and eSSENTIAL Accessibility are providers of cloud-based digital accessibility management software designed for corporations, government agencies, and educational institutions
- Upon completion of the merger, the combined entity will better enable businesses and organizations to provide equitable digital experiences for people with disabilities

## Kintent Secures Series A Round Led by Openview With Participation From Tola

**kintent**

Target

**OPENVIEW**

TOLA  
CAPITAL

Investors

May 3, 2022

- Kintent is a provider of compliance and security solutions with a focus on automation, allowing customers to transform their security and compliance programs
- The investment from OpenView and Tola will enable Kintent to rapidly scale their workforce and develop new products and solutions for their customers

## HIGG Raises Series B Round Co-Led by Silversmith and Galvanize Climate Solutions

**Higg**

Trusted  
Sustainability  
Data

Target

**SILVERSMITH**

**GALVANIZE**  
CLIMATE  
SOLUTIONS

Investors

April 27, 2022

- Higg is a provider of a sustainability insights platform enabling customers to measure, manage, and share supply chain performance data
- The investment from Silversmith and Galvanize Climate Solutions will help accelerate Higg's product development initiatives and expand into new consumer goods categories

## Sweep Secures \$73M in Series B Funding Led by Coatue

**SWEEP**

Target

**COATUE**

Investor

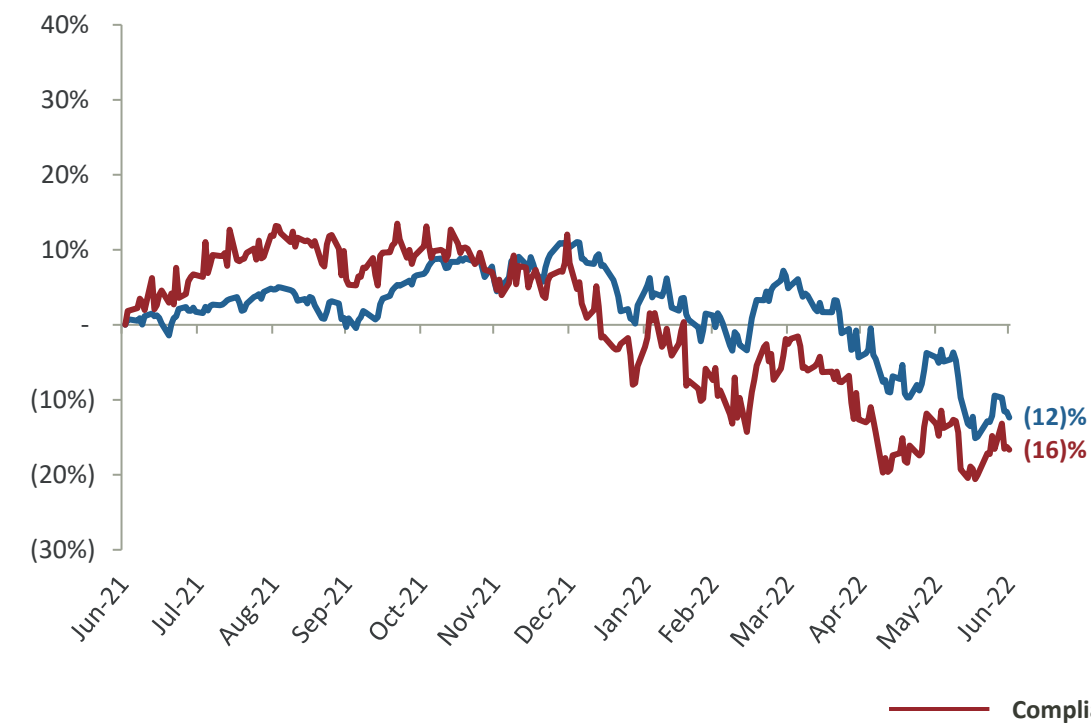
April 5, 2022

- Sweep is a provider of carbon management solutions for large enterprises to build, visualize, and manage their internal climate programs
- The investment from Coatue and other investors will enable Sweep to accelerate their product development roadmap and enable customers to more cost effectively meet their climate targets

# Compliance Technology Public Company Trended Stock Performance<sup>1</sup>

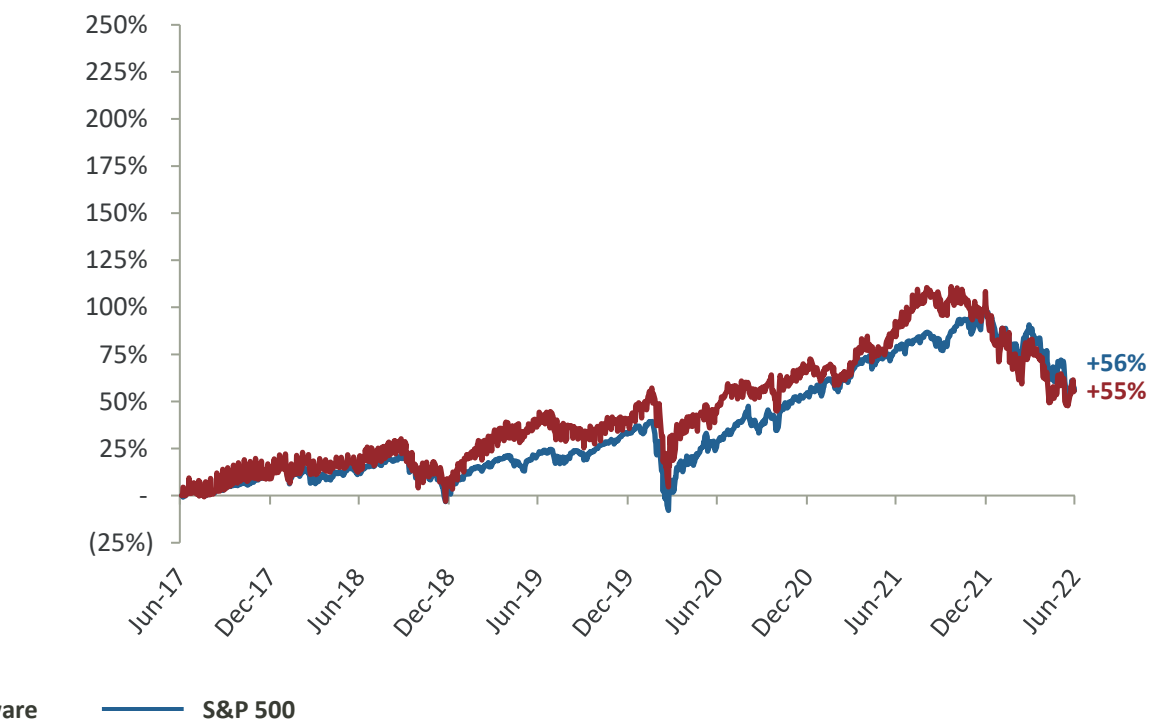
## Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the period June 2021 – June 2022



## Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the period June 2017 – June 2022



Compliance Technology

Broadridge

DXC technology

fiserv.

IBM

MICRO FOCUS

MSCI

ORACLE

PEGA

RELX

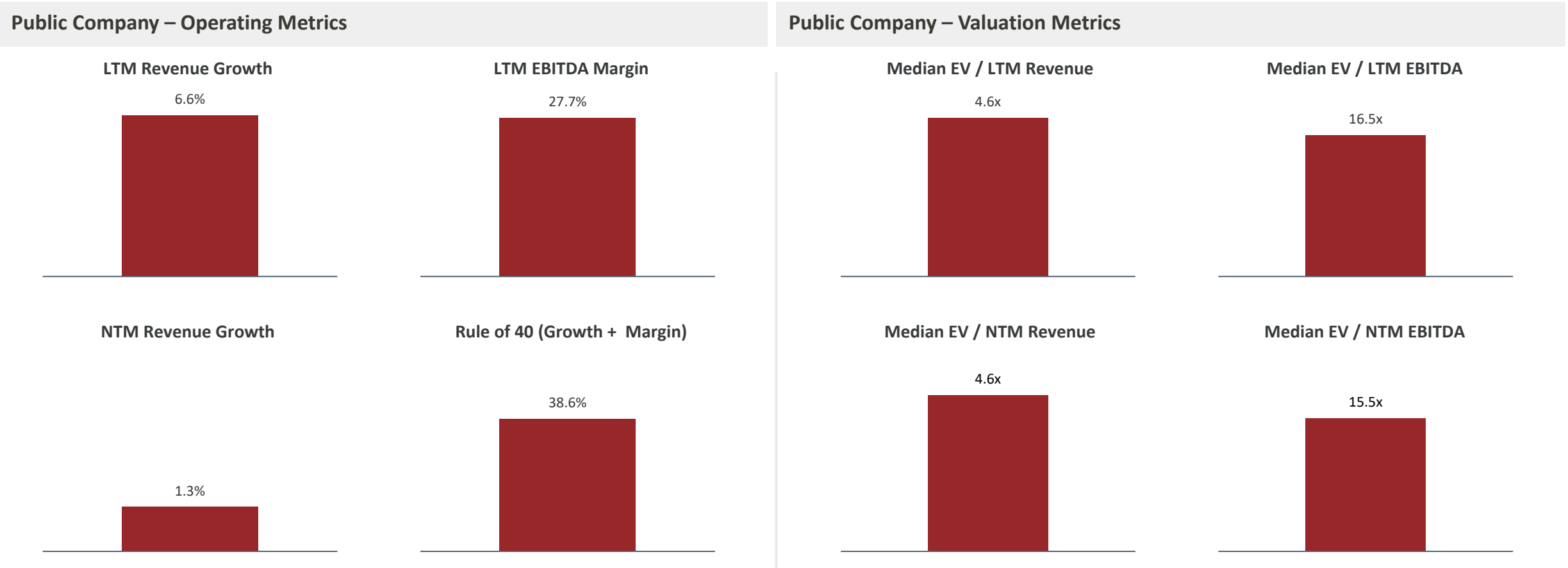
SAP

THOMSON REUTERS

Verisk

Wolters Kluwer

# Compliance Technology Public Company Operating and Valuation Metrics<sup>1</sup>



Compliance Technology

Broadridge

DXC.technology

fiserv.

IBM

MICRO FOCUS

MSCI

ORACLE

PEGA

RELX

SAP

THOMSON REUTERS

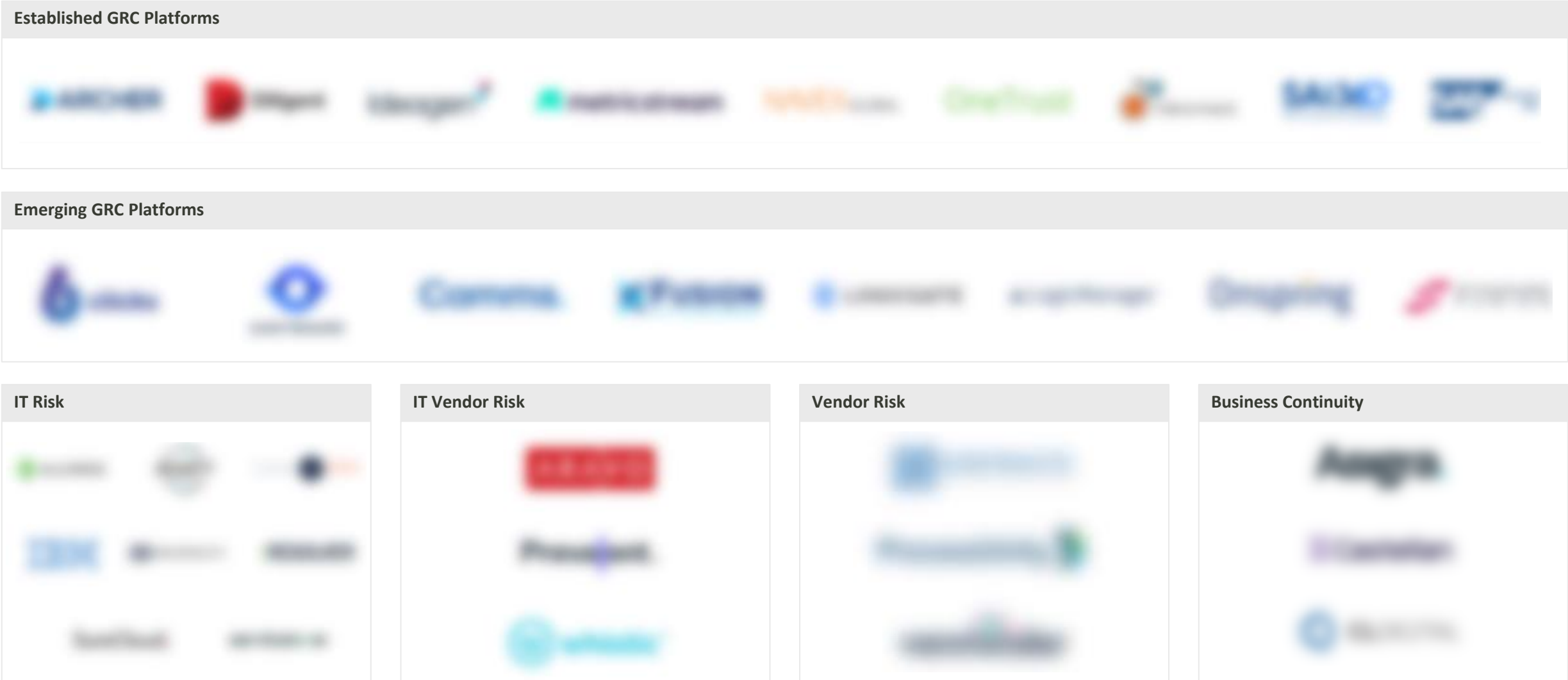
Verisk

Wolters Kluwer

# GRC Technology Market Landscape

To view full market map please contact:

[hwTech\\_Compliance@harriswilliams.com](mailto:hwTech_Compliance@harriswilliams.com)





# Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **10** industry groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

## The Harris Williams Technology Group

### Technology Coverage Areas

Application Software • Infrastructure & Security Software • IT & Managed Services

### Sector Coverage Areas

Architecture, Engineering, and Construction **Compliance** eCommerce & Retail Education  
Government & Public Sector Healthcare Human Capital Management Industrial  
Legal Office of the CFO Pharma Real Estate & Property Supply Chain & Logistics

### Thematic Focus Areas

• SaaS/Cloud • Integrated Payments • Digital Transformation • AI/Machine Learning

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# Harris Williams Compliance Technology Experience

## Select Compliance Tech Transaction Experience



has received a significant growth investment from






has made an investment in





has been acquired by






has been acquired by






has acquired






has acquired







has acquired







has been acquired by






has been acquired by





has acquired





has acquired





has been acquired by



## Harris Williams Transaction Spotlight



has received a significant growth investment from




**Company Background**

360training is a leading provider of online, regulatory-approved training for professionals and businesses, primarily serving the environmental health & safety (EHS), food & beverage, and real estate markets.

**Successful Outcomes**

The transaction delivered another successful outcome within the professional training and regulatory compliance management sector. Vestar joins current investors GreyLion and RedHawk Management to support the company's organic growth initiatives and accelerate its proven M&A strategy.

Harris Williams served as exclusive financial advisor to 360training in this transaction.

## Harris Williams Transaction Spotlight



has made an investment in



**Company Background**

Lisam is a provider of EHS compliance management software and content to over 2,000 clients globally.

**Successful Outcome**

The transaction delivered another successful outcome within the EHS software sector. Lisam's profile has a strong fit within Keensight's investment mandate, and this transaction will further support Lisam as the company pursues its growth and expansion strategy in the years ahead.

Harris Williams served as exclusive financial advisor to Keensight Capital in this transaction.

# 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](http://www.harriswilliams.com).

	Aerospace, Defense and Government Services		Business Services		Building Products and Materials		Consumer		Energy, Power and Infrastructure
	Healthcare and Life Sciences		Industrials		Specialty Distribution		Technology		Transportation and Logistics

Office Locations			
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<b>Cleveland</b> 1900 East 9th Street 25th Floor Cleveland, Ohio 44114 Phone: +1 (216) 689-2400	<b>Richmond</b> 1001 Haxall Point 9th Floor Richmond, Virginia 23219 Phone: +1 (804) 648-0072	<b>Washington, D.C.</b> 800 17th St. NW 2nd Floor Washington, D.C. 20006 Phone: +1 (202) 207-2300	<b>Frankfurt</b> Bockenheimer Landstrasse 33-35 60325 Frankfurt Germany Phone: +49 069 3650638 00
			<b>London</b> 25 Savile Row 4th Floor London, England W1S 2ER Phone: : +44 20 7518 8900

# Sources and Disclosures

## Sources

1. S&P Capital IQ
2. Pitchbook

## Disclosures and Disclaimers

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## Appendix

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# Public Market Operational and Valuation Metrics<sup>1</sup>

As of June 30, 2022

\$ in Millions

<i>\$ in Millions</i>	Market	Enterprise	% of 52-Week	LTM	LTM	Enterprise Value/			
Company	Capitalization	Value	High	Gross Margin	EBITDA Margin	LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
Compliance Technology									
Oracle Corporation	\$186,198	\$244,234	65.7%	79.1%	43.6%	5.8x	4.9x	13.2x	10.5x
International Business Machines Corporation	126,991	174,116	95.7%	54.5%	20.8%	3.0x	2.8x	14.4x	10.6x
SAP SE	106,371	115,807	67.0%	72.2%	22.5%	3.6x	3.7x	16.2x	11.4x
Fiserv, Inc.	57,510	76,626	74.2%	50.7%	34.5%	4.6x	4.6x	13.4x	10.7x
RELX PLC	51,853	60,049	90.0%	64.6%	30.5%	6.1x	6.2x	20.1x	16.6x
Thomson Reuters Corporation	50,607	53,965	85.7%	35.1%	25.6%	8.4x	8.0x	32.7x	22.3x
MSCI Inc.	33,435	37,081	60.6%	82.3%	57.2%	17.4x	15.8x	30.5x	27.7x
Verisk Analytics, Inc.	27,331	30,860	74.7%	64.7%	45.9%	10.1x	10.1x	22.0x	20.4x
Wolters Kluwer N.V.	24,670	27,094	87.9%	71.2%	29.8%	5.0x	5.2x	16.7x	16.2x
Broadridge Financial Solutions, Inc.	16,711	20,886	76.9%	27.7%	21.0%	3.8x	3.6x	18.0x	15.5x
DXC Technology Company	6,961	10,780	68.6%	22.0%	18.8%	0.7x	0.7x	3.5x	4.4x
Pegasystems Inc.	3,914	4,269	33.6%	73.2%	NM	3.3x	2.9x	NM	34.8x
Micro Focus International plc	1,142	4,814	50.5%	72.5%	21.8%	1.8x	1.9x	8.0x	5.3x
Median	\$33,435	\$37,081	74.2%	64.7%	27.7%	4.6x	4.6x	16.5x	15.5x