



Compliance Technology Sector Update

Governance, Risk, and Compliance (GRC)

Harris Williams | Q1 2023

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 enablement 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

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



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 Requirements Are Driving Business Continuity and Disaster Recovery Strategies

Forbes

In response to rising cyber attacks, government agencies are enforcing more stringent disaster recovery and cyber recovery requirements on private businesses. Organizations are adapting to these new regulations to reduce their exposure to threats and maintain robust operations.

Read the full article [here](#).

Ransomware Threats Are Growing: How Boards Can Protect Mission-Critical Assets

Corporate Compliance Insights

As companies implement better ransomware controls, the costs and frequency of ransomware attacks have declined. Though, as attacks and attackers increase sophistication and consequences continue to magnify, companies must continue to learn and respond appropriately.

Read the full article [here](#).

Top Business Priorities in 2023: Compliance, Data Security, and Data Pipelines

Forbes

With penalties for noncompliance to privacy laws emerging more frequently, there is tremendous motivation to make investments in protecting a company's data. Data security and privacy are no longer niche IT concerns, but critical business priorities.

Read the full article [here](#).



GRC and Cyber Security Adoption Help Facilitate Enterprise Risk Management

Cyber Security Hub

To successfully navigate the simultaneously expanding landscape of digital risks and regulations, businesses must have broad and narrow views of risks that work in conjunction to swiftly and intelligently manage the full scope and avoid gaps.

Read the full article [here](#).

Recent Harris Williams Technology & Compliance Content

- Harris Williams EHS Software CEO Roundtable**

[Link to Watch](#)
- Harris Williams Advises Cority on its Acquisition of Reporting 21**

[Link to Read](#)

Select Q4 2022 GRC Technology Transactions

Trustpage acquired by Vanta



Target



Buyer

January 19, 2022

- Trustpage is a provider of a security and compliance platform assisting companies with transforming trust into a valuable and marketable asset for companies
- The acquisition by Vanta will accelerate growth and broaden their product offering as the company continues to enter new markets around the globe

Symphony Technology Group acquires SAI360



Target



Buyer

January 9, 2023

- SAI360 is a provider of integrated risk management, EHS, and compliance learning software serving a diverse global customer base
- The acquisition by STG will continue to accelerate growth, product strategy, and innovation alongside some of STG's similar existing risk management portfolio holdings

Shield raises \$20M in Series B led by Macquarie and UBS



Target



Investor

December 2, 2022

- Shield is a provider of risk mitigation and regulatory compliance software helping financial institutions monitor and manage electronic communication data
- The investment, led by Macquarie, will allow Shield to continue rapid growth in existing markets and enter new markets, including the U.S.

LRN Corporation acquires Compliance Learning Unit from Thomson Reuters



Target



Buyer

December 1, 2022

- Compliance Learning is a provider of an online compliance learning platform primarily serving companies and employees in the financial services space
- The acquisition by LRN further expands their existing footprint and enhances their data protection, privacy, and money laundering solutions

RegScale acquires GovReady



Target



Buyer

November 29, 2022

- GovReady is a provider of compliance automation software allowing companies to deliver NIST-ready documentation on demand
- The acquisition by RegScale will further the company's mission of developing Compliance-as-Code and shifting compliance to an on-demand experience

Alpine-backed Predictis acquires Ethisphere



Target



Buyer

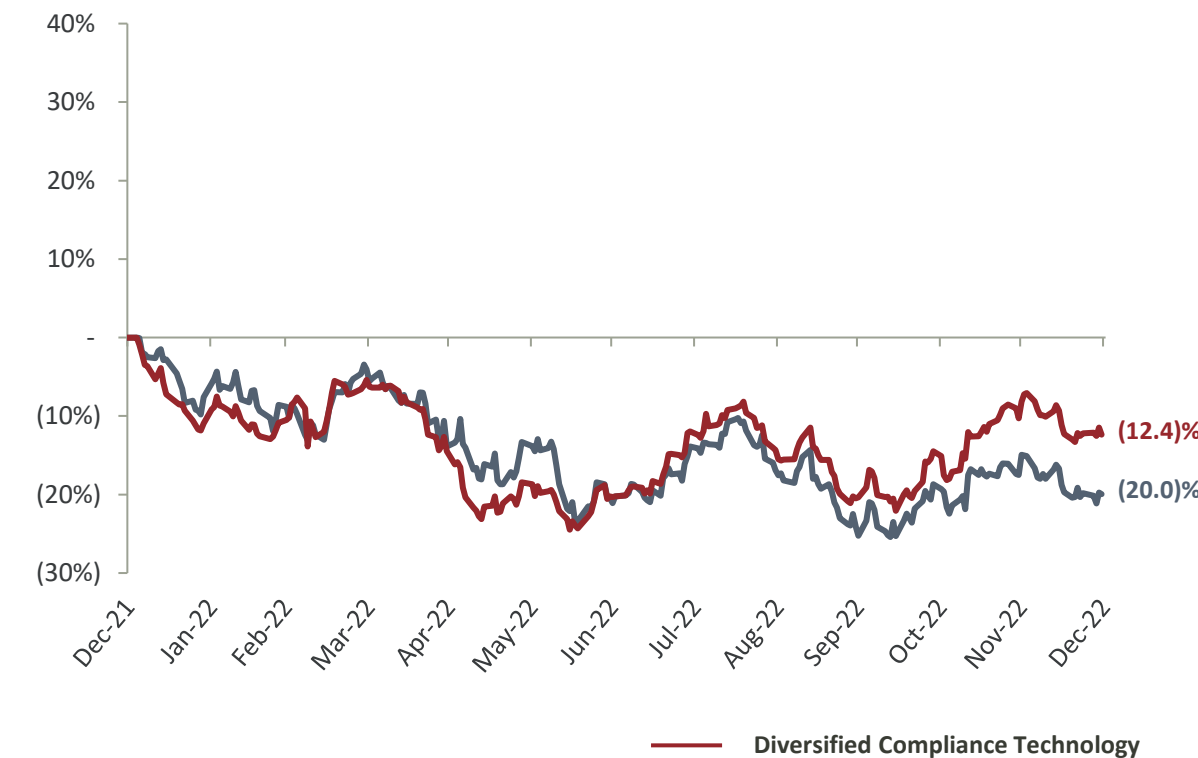
October 6, 2022

- Ethisphere is a provider of data analytics helping organizations enhance corporate character and measure societal and governance risk
- The acquisition by Predictis diversifies their data solutions outside of real estate and broadens their ESG capabilities

Compliance Technology Public Company Trended Stock Performance¹

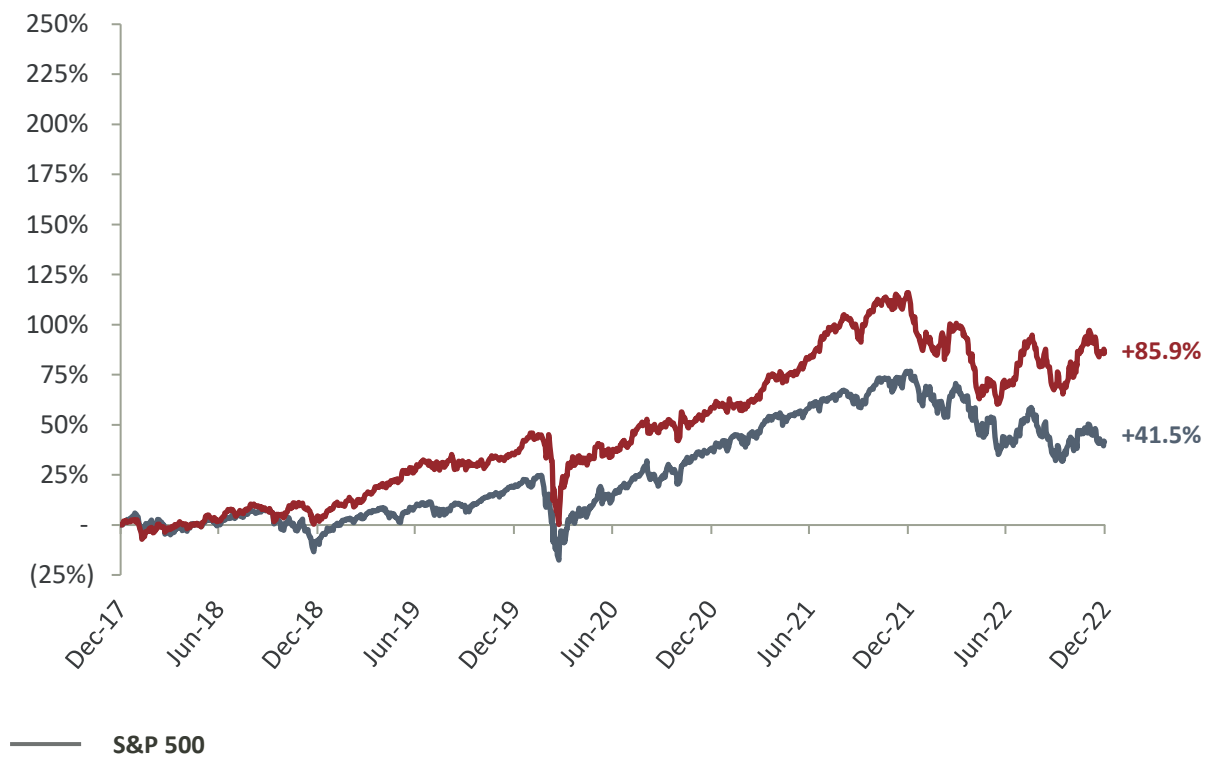
Public Company Stock Performance – Last 12 Months

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








Public Company Stock Performance – 5 Years

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

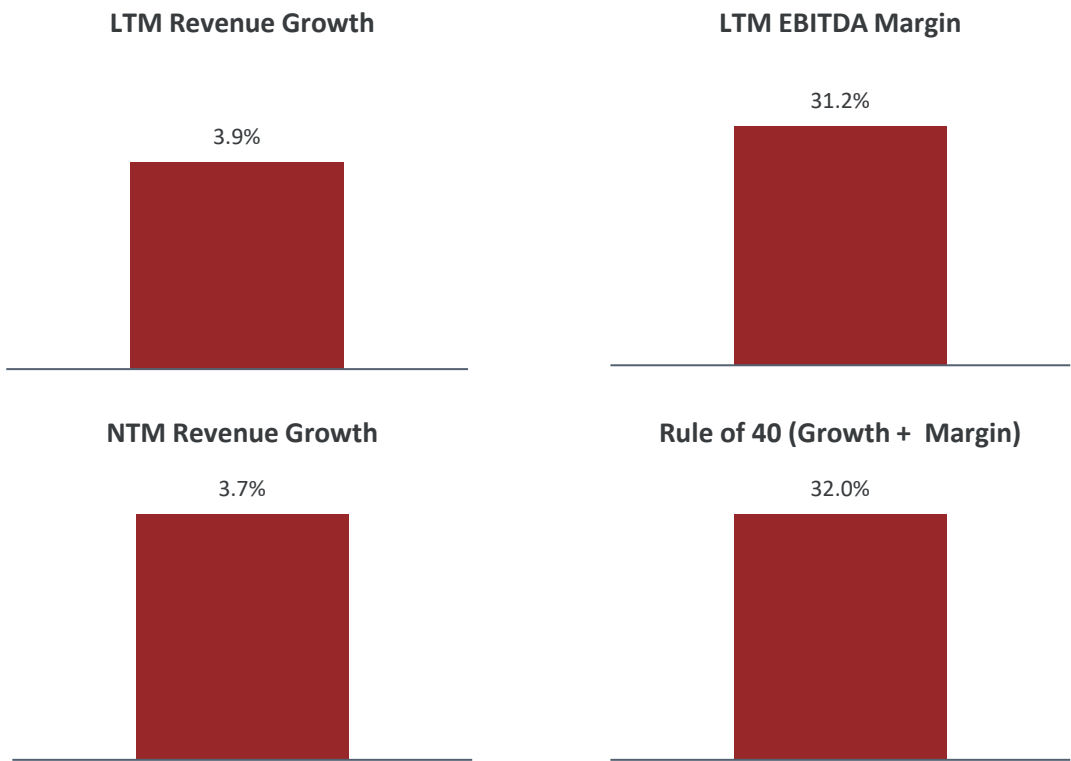


Diversified Compliance Technology

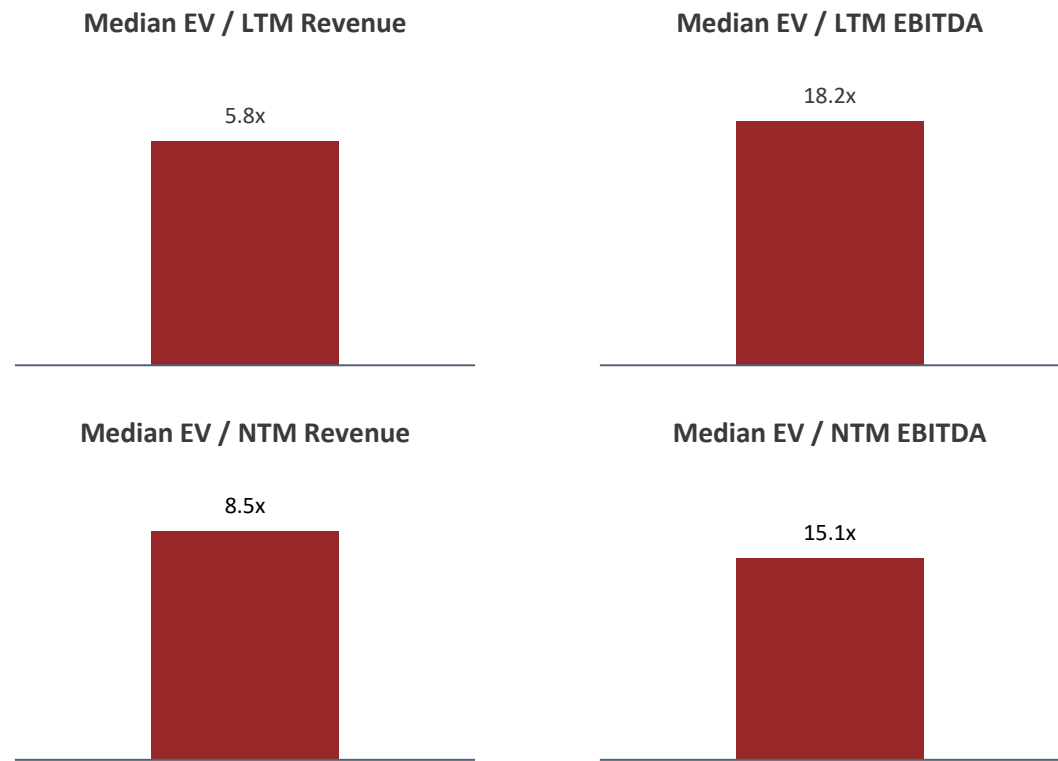


Compliance Technology Public Company Operating and Valuation Metrics²






Public Company – Operating Metrics



Public Company – Valuation Metrics

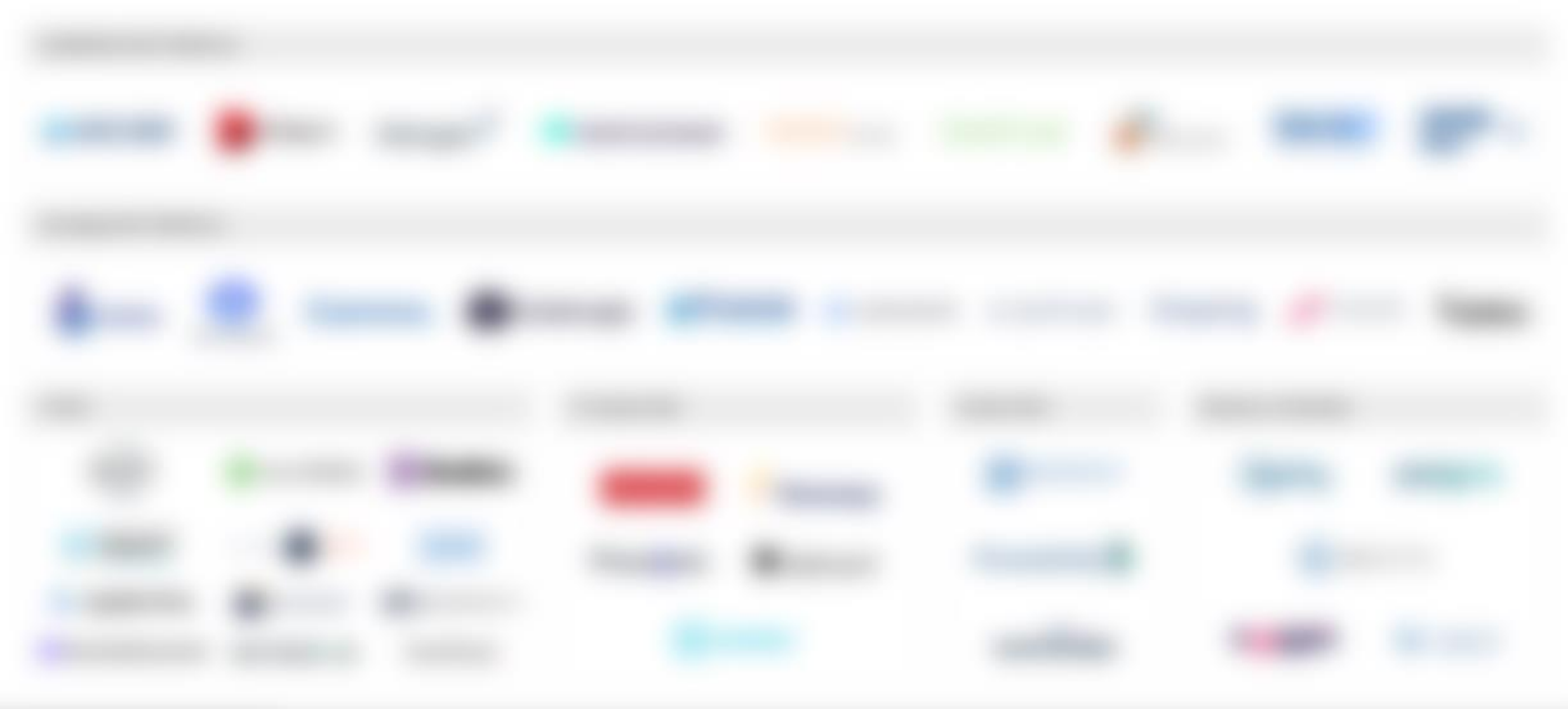


Diversified Compliance Technology



GRC Technology Market Landscape

To view full market map, please reach out to the contacts on [page 8](#)



Key Coverage Areas

Horizontal Software

- › Compliance, ESG, and Risk Management
- › Cybersecurity
- › Enterprise Resource Planning
- › Human Capital Management
- › Infrastructure
- › Integrated Payments
- › Office-of-the-CEO
- › Sales & Marketing Automation
- › Supply Chain Management
















Vertical Software

- › Architecture, Engineering, & Construction
- › eCommerce & Retail
- › Education & Training
- › Financial
- › Government
- › Healthcare and Life Sciences
- › Industrial
- › Legal
- › Real Estate & Property Management
- › Transportation & Logistics

Technology & Data Services

- › Data Services
- › Information Services
- › IT Services
- › Managed Services

Recent Technology Group Transactions

 a portfolio company of  KEENSIGHT CAPITAL has been acquired by 	 Prima Compliance divisions of  a portfolio company of CARLYLE have been acquired by 	 a portfolio company of LLR has been recapitalized by 
 a portfolio company of RLH Equity Partners has been acquired by 	 a portfolio company of  has acquired 	 a portfolio company of RLH Equity Partners has been acquired by 

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Harris Williams Compliance Technology Experience

Selected Compliance Tech Experience

 <i>a portfolio company of</i>  has acquired 	 has acquired  <i>a portfolio company of</i> 	 has received a significant investment from  	 has made an investment in 
 <i>a portfolio company of</i>  has been acquired by 	 has been acquired by 	 has acquired 	 has invested in 
 has acquired 	 has been acquired by 	 has acquired 	 has acquired 

Harris Williams Client Engagement Spotlight


a portfolio company of


has acquired


Company Background
Reporting 21 is a provider of innovative environmental, social, and governance (ESG) performance solutions and advisory services to financial institutions and corporations.

Successful Outcome
The transaction delivered another successful outcome within the EHS software sector. Reporting 21's profile has a strong fit within Cority's investment mandate and will further support the customer base as the company pursues its growth and expansion strategy in the years ahead.

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

Harris Williams Client Engagement Spotlight



has received a significant investment from



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

Successful Outcome
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 / GLOBAL M&A ADVISOR

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Deep Industry Experience



Aerospace, Defense
& Government Services



Business
Services



Consumer



Energy, Power
& Infrastructure



Healthcare &
Life Sciences



Industrials



Technology



Transportation
& Logistics

70% Revenue from
repeat clients

83% Managing directors
promoted from
within the firm

30+ Year
history



Sources and Disclosures

Sources

- 1. S&P Capital IQ
- 2. Pitchbook

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Appendix

Public Market Operational and Valuation Metrics ^{1 2}

As of December 31, 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 -- Diversified									
Intercontinental Exchange, Inc.	\$57,302	\$74,547	74.7%	100.0%	62.4%	10.1x	9.9x	16.2x	15.1x
Thomson Reuters Corporation	54,882	58,174	96.6%	36.6%	27.0%	8.9x	8.5x	32.8x	22.4x
RELX PLC	46,826	55,070	82.4%	64.3%	31.2%	5.8x	5.0x	18.6x	13.4x
Nasdaq, Inc.	30,140	35,719	87.3%	58.3%	32.1%	5.8x	9.7x	18.2x	17.5x
Wolters Kluwer N.V.	25,975	28,292	87.8%	71.2%	30.4%	5.3x	4.7x	17.5x	14.7x
Median	\$46,826	\$55,070	87.3%	64.3%	31.2%	5.8x	8.5x	18.2x	15.1x