



Compliance Technology Sector Brief

Governance, Risk, and Compliance (GRC)

Harris Williams | Q3 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

Global GRC Platform Market to Grow at 11.8% CAGR through 2027

Technavio

A recent study by Technavio estimated the Governance, Risk, and Compliance (GRC) platform market size will grow by ~\$28.3B, or 11.8% CAGR, from 2022 to 2027. As the business and legal regulation environment is rapidly changing, centralized GRC solutions are helping organizations rapidly deploy policies across all applications and systems

Read the full article [here](#)

At Least 10,000 Foreign Companies To Be Hit by EU Sustainability Rules

Wall Street Journal

With the Corporate Sustainability Reporting Directive (CSRD) set to take effect in the next few years, EU officials have estimated more than 50,000 European companies and another 10,000 companies outside the EU will be required to report on their sustainability efforts

Read the full article [here](#)

Overcoming Apprehension: Using Generative AI in GRC

Forbes

Generative AI, like ChatGPT, is driving transformative change in industries, providing valuable insights, and addressing key challenges for compliance teams. Despite security concerns, with proper training and precautions, generative AI offers significant benefits in the GRC field

Read the full article [here](#)

Vanta Founder Builds \$1.6 Billion Unicorn by Automating Complex Compliance Issues

Forbes

Vanta's successful growth trajectory from its inception to now servicing over 5,000 customers and on track for an IPO, is a key example of the increasing adoption of digital compliance platforms as businesses seek to automate key processes without compromising security

Read the full article [here](#)

Recent Harris Williams Technology and Compliance Content

- **Beneficial Reuse and the Circular Economy: Waste Management Overview**



[Link to Read](#)

- **Renewables & Distributed Energy**



[Link to Read](#)

- **ESG: EHS, and SCRM Sector Update**



[Link to Read](#)

Select YTD Q3 2023 GRC Technology Transactions

Star Compliance acquires ETHIX360



Target



Buyer

June 6, 2023

- ETHIX360 is a provider of cloud-based case management, policy management, compliance training, and whistleblower capabilities to over four million workers around the globe
- The acquisition of ETHIX360 will expand Star Compliance's robust product offering by including compliance solutions across both employee conflicts of interest and employee conduct

Ideagen acquires Tritan Software



Target



Buyer

May 10, 2023

- Tritan Software is a provider of health and safety software solutions for the maritime industry, serving cruise lines, commercial shipping, and other offshore operations
- The acquisition by Ideagen will accelerate Tritan Software's growth and expand its current product offering, further establishing its position as a leading provider of health and safety software to the maritime industry

Onspring secures investment from Capital IP



Target



Investor

May 9, 2023

- Onspring is a provider of a cloud-based SaaS GRC software platform that automates critical risk and compliance activities for accurate reporting and more efficient decision-making
- Capital IP's investment will accelerate Onspring's growth and increase product development and improvements around AI, integrations, and user experience

The Citation Group acquires HRdownloads



Target



Buyer

May 2, 2023

- HRdownloads is a provider of customizable HR software, content, and advisory support helping businesses manage and comply with regulatory requirements
- The acquisition of HRdownloads will further extend The Citation Group's footprint in Canada and broaden its existing suite of compliance solutions

Cinven acquires Archer



Target



Investor

April 13, 2023

- Archer is a provider of integrated risk management solutions enabling customers to improve strategic decision-making and operational resilience using qualitative and quantitative analyses
- The acquisition by Cinven will support the long-term strategic growth of Archer's platform and expand its presence in key markets and verticals across North America and Europe

Mitratech acquires Circa and Trakstar



Target



Buyer

April 11, 2023

- Circa is a provider of Office of Federal Contract Compliance Programs (OFCCP) and DEI software; Trakstar is a provider of talent acquisition, development, and performance management solution
- The acquisitions of Circa and Trakstar position Mitratech as an emerging leader in HR compliance, augmenting its existing portfolio of I-9 compliance, background screening, and employee onboarding

Select YTD Q3 2023 GRC Technology Transactions

STG acquires SAI360



Target



Investor

March 14, 2023

- SAI360 is a provider of integrated risk management, EHS, and compliance learning software serving a diverse customer base across the globe
- STG's partnership with SAI360 will support SAI360's growth, product strategy, and innovation alongside some of STG's existing risk management portfolio holdings

Archer acquires Atlas



Target



Buyer

February 7, 2023

- Atlas is a provider of content governance and collaboration software helping customers ensure consistent editing and track versioning while providing real-time status of policy and other critical document processing
- The acquisition of Atlas will further expand Archer's existing capabilities around policy management and will broaden its product offering into document governance solutions

Radiant Logic acquires Brainwave GRC



Target



Buyer

February 1, 2023

- Brainwave GRC is a provider of identity and security governance, analytics, and reporting, helping customers ensure compliance and protect assets from fraud and cyber threats
- The acquisition will combine Radiant's identity data management expertise with Brainwave's identity analytics capabilities, enabling better incorporation of identity data and intelligence capabilities into a single platform

Ideagen acquires Qadex



Target



Buyer

January 19, 2023

- Qadex is a provider of food safety software solutions including risk assessment, supplier approval, quality checks, product life cycle management, and supply chain management
- The acquisition of Qadex will enhance Ideagen's existing product portfolio and expand its footprint in the consumer goods market

Exterro acquires Zapproved



Target



Buyer

January 19, 2023

- Zapproved is a provider of eDiscovery software assisting corporate legal teams to increase efficiency through time savings and cost and risk reduction
- The acquisition of Zapproved will further accelerate Exterro's rapid growth in existing markets and bolster their product offerings as Exterro looks ahead to a potential 2024 IPO

Vanta acquires Trustpage



Target



Buyer

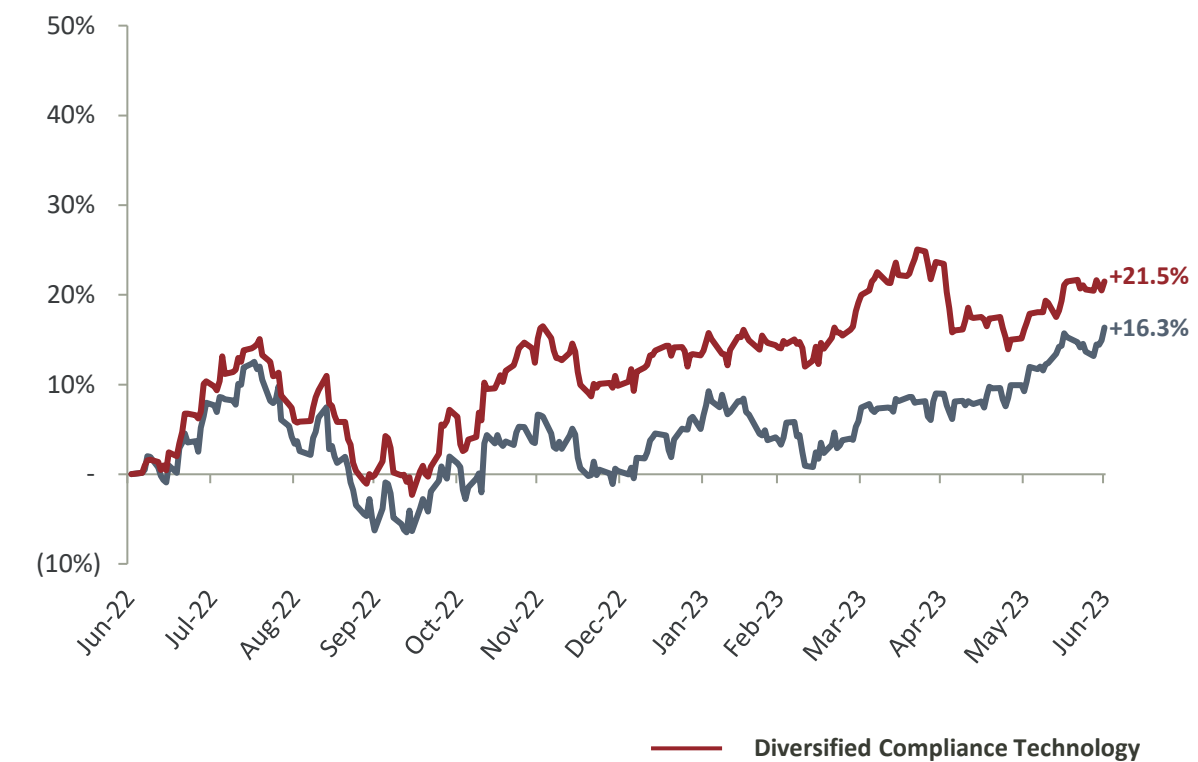
January 19, 2023

- Trustpage is a provider of end-to-end security solutions enabling clients to manage their organization's security from a centralized place
- The acquisition of Trustpage will accelerate Vanta's product innovation and scale its trust management platform while expanding its global customer base

Compliance Technology Public Company Trended Stock Performance¹

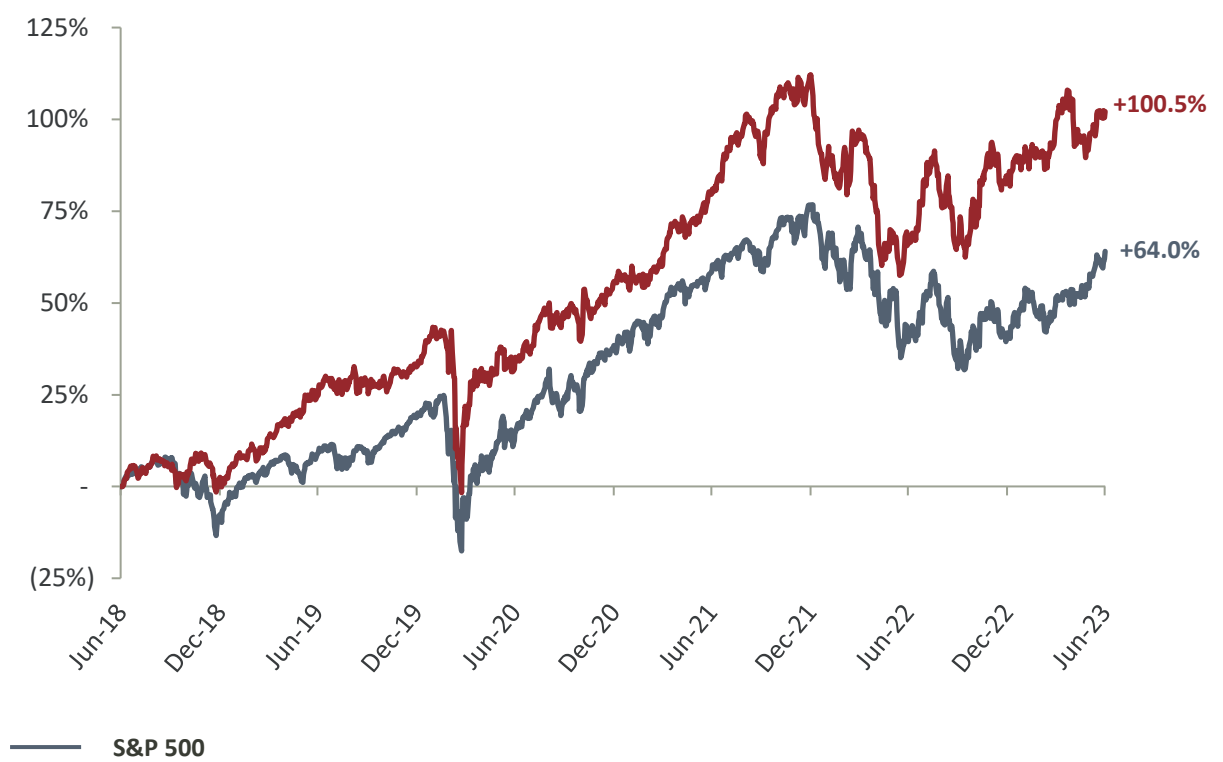
Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the period June 2022 – June 2023








Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the period June 2018 – June 2023

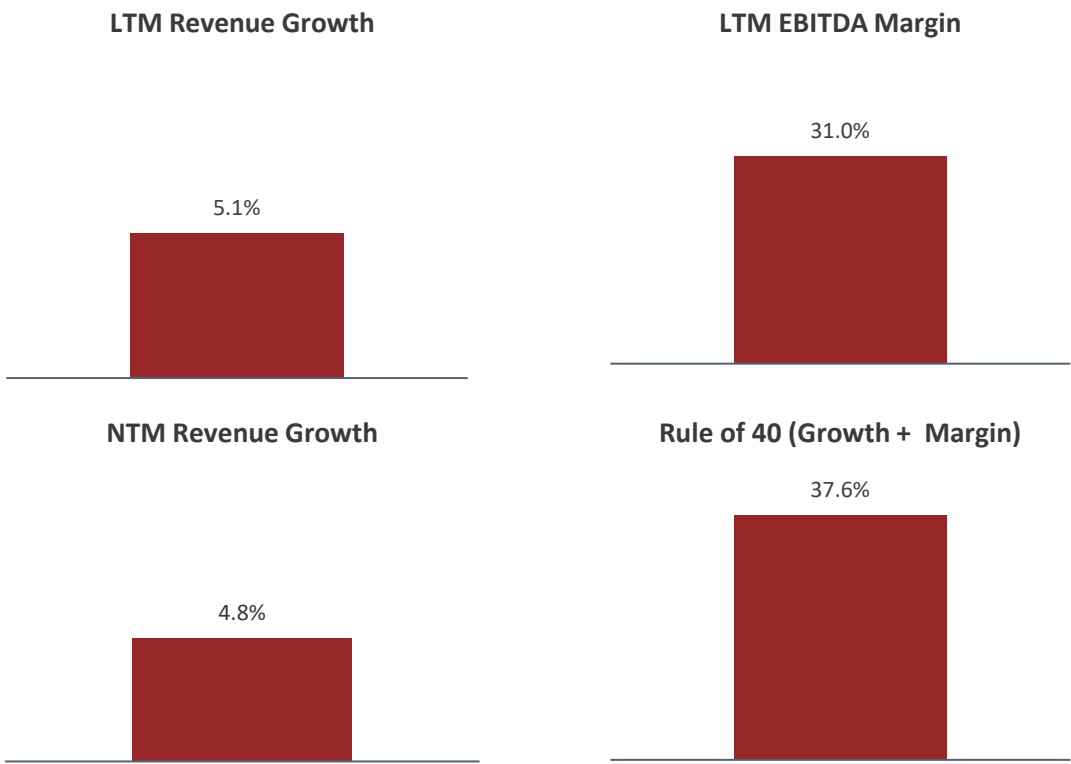


Diversified Compliance Technology

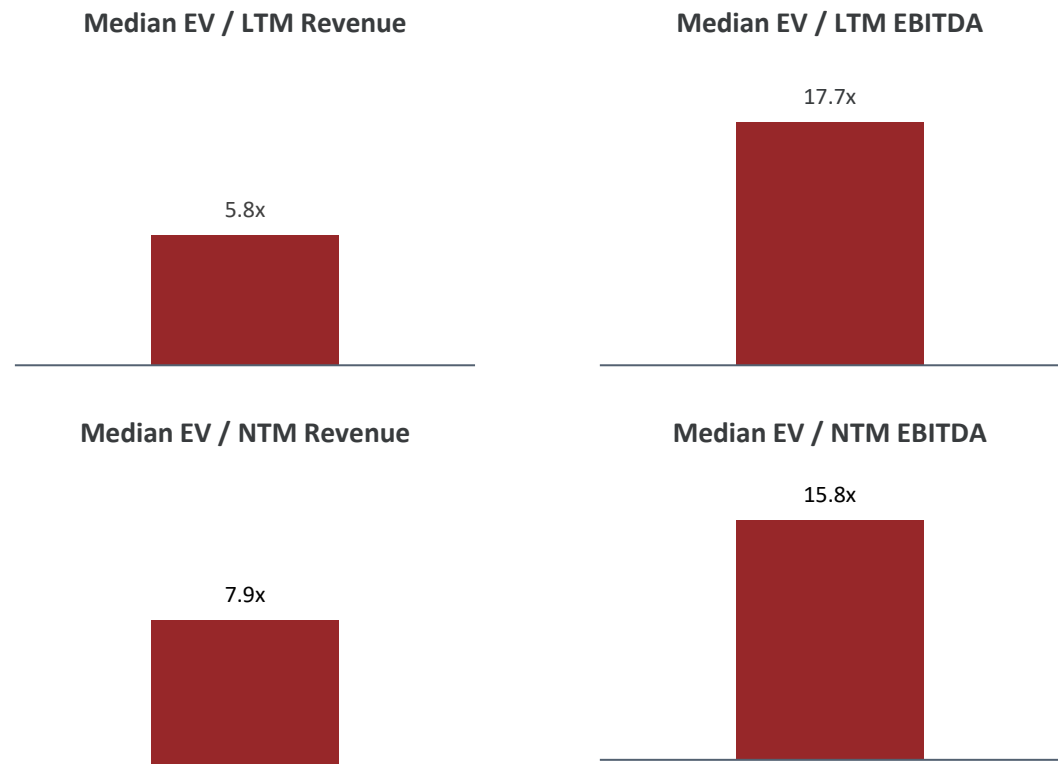


Compliance Technology Public Company Operating and Valuation Metrics²






Public Company – Operating Metrics



Public Company – Valuation Metrics




Diversified Compliance Technology




GRC Technology Market Landscape

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


Established GRC Platforms




Emerging GRC Platforms




IT Risk




IT Vendor Risk



Vendor Risk



Business Continuity



Technology Coverage Areas





















- › Application Software
- › Infrastructure & Security Software
- › IT & Managed Services

Sector Coverage Areas

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

Thematic Focus Areas

- › SaaS/Cloud
- › Digital Transformation
- › Integrated Payments
- › AI/Machine Learning

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Contact Us

Thierry Monjauze
 Head of Technology Group
 Managing Director
 tmonjauze@harriswilliams.com
 +44 207 518 8901


Erik Szyndlar
 Technology Group
 Managing Director
 esyndlar@harriswilliams.com
 (415) 217-3418

Brian Titterington
 Technology Group
 Director
 btitterington@harriswilliams.com
 (415) 217-3425

Mat Tsui
 Technology Group
 Director
 mtsui@harriswilliams.com
 +44 20 7518 8926

Harris Williams Compliance Technology Experience


Selected Compliance Tech Experience



a portfolio company of




has acquired




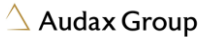


a portfolio company of




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a portfolio company of







has received a significant investment from






has made an investment in






a portfolio company of




has been acquired by







has been acquired by






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has been acquired by






has acquired







has acquired




Harris Williams Client Engagement Spotlight



a portfolio company of



has acquired



Company Background


WatchWire is a provider of energy management data and analytics, enabling customers to reduce emissions and energy expenses while simplifying sustainability and carbon reporting.

Successful Outcome


The transaction delivered another successful outcome within the sustainability software sector. The acquisition of WatchWire positions Tango as a unique end-to-end solution, enabling customers to meet and comply with energy management and sustainability goals across the real estate life cycle.

Harris Williams served as exclusive financial advisor to Tango and Berkshire Partners in this transaction.


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

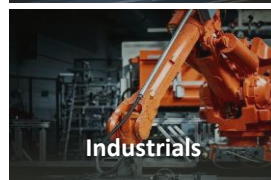
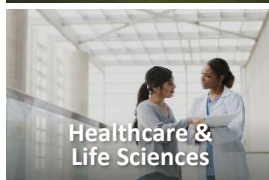
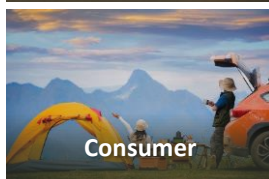
The transaction delivered another successful outcome within the EHS software sector. Reporting 21's profile has a strong fit within Cority's investment mandate and will further support the customer base as the company pursues its growth and expansion strategy in the years ahead.

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

HW Harris Williams / GLOBAL INVESTMENT BANK

Harris Williams is a global investment bank specializing in M&A and private capital advisory services. Clients worldwide rely on us to help unlock value in their business and turn ambitious goals into reality. We approach every engagement with boundless collaboration, pooling expertise and relationships across industries, service offerings, and geographies.

Deep Industry Experience



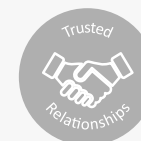
Proven Expertise

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 and Disclosures

Sources

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

Disclosures and Disclaimers

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Appendix

Public Market Operational and Valuation Metrics ^{1 2}

As of June 30, 2023

\$ 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.	\$63,310	\$79,641	99.1%	100.0%	61.8%	10.9x	10.4x	17.7x	15.8x
Thomson Reuters Corporation	59,115	61,983	95.3%	38.7%	29.4%	9.3x	8.9x	31.5x	22.9x
RELX PLC	46,371	54,051	70.6%	64.4%	31.0%	5.2x	4.4x	16.9x	11.6x
Wolters Kluwer N.V.	31,169	33,596	94.3%	71.1%	30.1%	5.8x	5.5x	19.1x	16.8x
Nasdaq, Inc.	24,465	29,641	72.0%	57.9%	54.9%	8.3x	7.9x	15.1x	14.4x
Median	\$46,371	\$54,051	94.3%	64.4%	31.0%	8.3x	7.9x	17.7x	15.8x