



Technology, Media & Telecom

COMPLIANCE TECHNOLOGY SECTOR REVIEW | MAY 2019

HW Harris Williams

Harris Williams' Technology Practice

HARRIS WILLIAMS ("HW")

- 340+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 10 industry groups



TECHNOLOGY, MEDIA & TELECOM ("TMT") GROUP

- 35 professionals across Boston, San Francisco, and London

HORIZONTAL FOCUS SECTORS

- Compliance Technology
- CRM and Member Management Software
- Data & Analytics
- Enterprise Software
- Human Capital Management
- Infrastructure & Security Software
- IT& Tech Enabled Services
- Managed Services, Hosting & Data Center Solutions
- Online Marketing, Data & Research

VERTICAL FOCUS SECTORS

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

TYLER DEWING
+1 617-654-2133

SAM HENDLER
+1 617-654-2117

THIERRY MONJAUZE
+44 20 7518 8901

MIKE WILKINS
+1 415-217-3411

ANDY LEED
+1 415-217-3420

DAN LINSALATA
+1 617-654-2122

PRIYANKA NAITHANI
+1 617-654-2115

JULIEN OUSSADON
+44 20 7518 8909

ERIK SZYNDLAR
+1 415-217-3418

SELECT RECENT HW TECHNOLOGY TRANSACTIONS

 has been acquired by 	Provider of fully-integrated, SaaS-based operator qualification (OQ); drug and alcohol; safety and insurance; and training solutions across multiple end-markets	 has been acquired by 	Provider of cloud-based governance, risk, and compliance platform with horizontal applicability and established footprints in healthcare, life sciences, and higher education	 has been acquired by 	Provider of cloud-based, fully-integrated manufacturing software solutions that digitally transforms production operations, ensuring manufacturing is completed with a high degree of quality	 has acquired 	Provider of GRC SaaS solutions including credential management and payer enrollment services to healthcare facilities	 has been acquired by 	Provider of eLearning, workforce management, and compliance solutions to enterprises and professionals across financial services, healthcare, and real estate
 has been acquired by 	Provider of integrated software, data and analytics solutions to the global energy market including financial services, capital markets, and trading and risk professionals	 has been acquired by 	Provider of member management software and payment processing solutions for non-profit organizations, camps, and sports leagues	 has received a majority investment from 	Provider of youth sports management software and integrated payments solutions	 has been acquired by 	Provider of integrated SaaS, insurance, and payments solutions for residential and commercial property managers	 has been acquired by 	Provider of integrated SaaS civic engagement and payment solutions for government entities

Case Study: Veriforce

HW's TMT Group advised Veriforce, a portfolio company of Greenridge, on its acquisition by PEC, a portfolio company of Thoma Bravo.



a portfolio company of



has been acquired by



a portfolio company of



RELEVANT COMPLIANCE TECHNOLOGY SUB-SECTORS

GRC

EHSQ

Training and Learning Content

COMPANY OVERVIEW

Veriforce is a leading provider of fully-integrated, SaaS-based operator qualification (OQ); drug and alcohol; safety and insurance; and training solutions across the upstream, midstream, utility, manufacturing, chemical and construction end-markets.

Veriforce serves over 200 hiring clients and 4,440 contractor firms, and has over 185,000 registered individuals on its platform. Veriforce's solutions enable more efficient business processes and risk mitigation, and seamlessly integrates with customers' enterprise resource planning (ERP) systems and learning management systems (LMS), driving more efficient communication.

PEC is a leading risk-management company that provides a technology-enabled contractor management service for reporting and measuring contractor risk, safety and compliance information to operators. Veriforce greatly expands PEC's OQ capabilities and customer reach to the midstream and utility markets. The combination of Veriforce and PEC bring together two well regarded and highly innovative companies.

HW DEAL CONTACTS

Mike Wilkins

Managing Director

mwilkins@harriswilliams.com

Office: (415) 217-3411

Erik Szyndlar

Director

eszyndlar@harriswilliams.com

Office: (415) 217-3418

Brian Titterington

Vice President

btitterington@harriswilliams.com

Office: (415) 217-3425

Jay Petrie

Associate

jpetrie@harriswilliams.com

Office: (415) 217-3407

Compliance Technology Focus Areas

GOVERNANCE, RISK, & COMPLIANCE



Solutions that provide a comprehensive method to effectively manage and execute an organizations' governance, risk and compliance strategies

RISK
MANAGEMENT

CORPORATE
POLICY
ADMINISTRATION

LABOR
COMPLIANCE

ENVIRONMENTAL
COMPLIANCE

OPERATIONAL
COMPLIANCE

AUDIT
CAPABILITIES

COMPLIANCE
TRAINING

WORKFORCE
VERIFICATION

Select Market Participants

acl

LogicManager™

MetricStream
PERFORM WITH INTEGRITY

NAVEX
GLOBAL

RESOLVER

riskconnect.
Integrated Risk Management Solutions™

RSA

SAI GLOBAL

- GRC solutions manage the ever-increasing complexities and inherent risks that confront organizations today.
- Business and regulatory complexity coupled with 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
AND REPORTING

WORKFORCE
HEALTH & SAFETY

WORKPLACE
SAFETY

SAFETY LEARNING

LEARNING
MANAGEMENT
SYSTEMS

SAFETY TRAINING

Select Market Participants

cority™

enablon

ENVANCE

etq™

Gensuite.
PARTNER IN COMPLIANCE & MANAGEMENT SYSTEMS EVOLUTION

INTELEX

sphera

velocityEHS

- 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.

Recent Compliance Technology Transactions¹

Announced May 6, 2019



Sphera's acquisition of SiteHawk

- SiteHawk provides products and services that are designed to deliver customers a comprehensive approach to chemical management through data, intelligence, and reporting to support safety, compliance, and risk management
- The acquisition expands Sphera's cloud-based solutions and bolsters its position with manufacturing, automotive, oil & gas, and chemical companies
- Furthermore, the acquisition extends Sphera's position in the product stewardship space and its cloud-based capabilities



Announced February 25, 2019



Verisk Analytics acquisition of SAP's Content as a Service (CaaS) business

- SAP's CaaS business unit includes its Environmental Health and Safety Regulatory Content (ERC and Environmental Health and Safety Regulatory Documentation (ERD) teams and data assets
- The acquisition significantly accelerates Verisk's efforts to become the premier provider of integrated content, expertise, and services for the EHS and product compliance industry and expedites its growth strategy
- Furthermore, the acquisition benefits customers by streamlining their access to critical regulatory data, improving consistency, and accelerating the development of newer and innovative products



Announced February 14, 2019



Avetta's acquisition of Browz

- BROWZ provides a comprehensive SaaS-based solution to prequalify, assess, and monitor supply chain compliance based on the unique needs of each client's business
- The acquisition further expands Avetta's customer reach, and strengthens the connections between clients and suppliers, while streamlining and simplifying the engagement process
- The combined entity provides customers with an expanded network of qualified suppliers, which helps to accelerate the sharing of compliance information enabling clients to perform work safer and faster



Announced February 11, 2019



SAI Global's acquisition of BWise

- BWise's platform provides organizations with proven software solutions for enterprise and operational risk management, internal control management, internal audit, compliance and information security programs
- The acquisition elevates SAI Global's internal audit and regulatory compliance management software capabilities, accelerating its ongoing product innovation and commercial growth
- With this acquisition and its August 2018 acquisition of Strategic BCP ResilienceONE, SAI Global significantly expands its risk management software portfolio



Announced February 4, 2019



ACL Services' acquisition of Rsam

- Rsam provides governance, risk, and compliance technology, which help businesses better manage their IT, vendor, security and enterprise risks.
- The combination brings together ACL's comprehensive and multi-faceted SaaS platform with Rsam's dynamic flexibility, universal IT systems integration capability, and deep industry content
- The acquisition of Rsam adds vendor risk, IT risk, and cyber security solutions to ACL's audit, compliance, and fraud related solutions



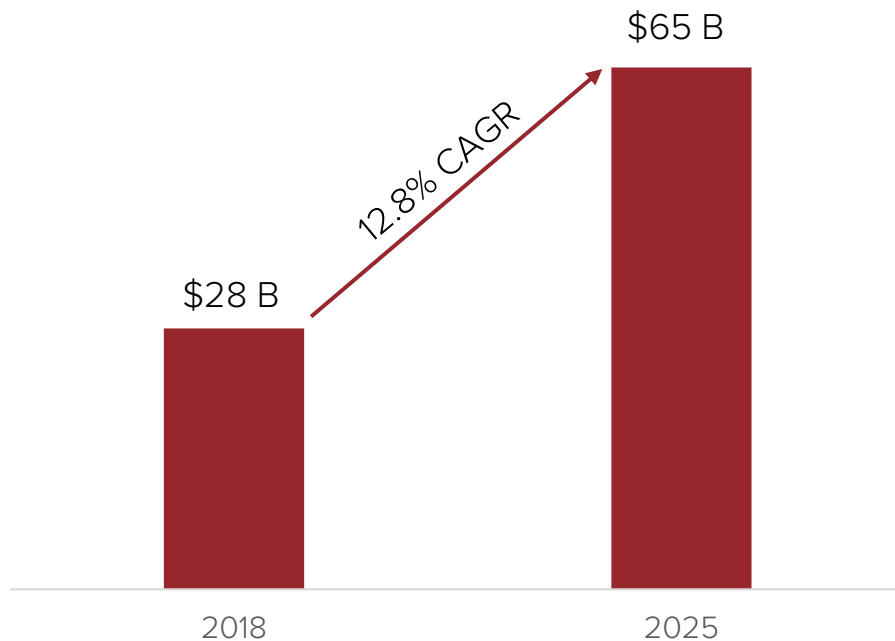
Compliance Technology Evolving Paradigms

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 drives 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

Integrated Risk Management Software Market Growth²

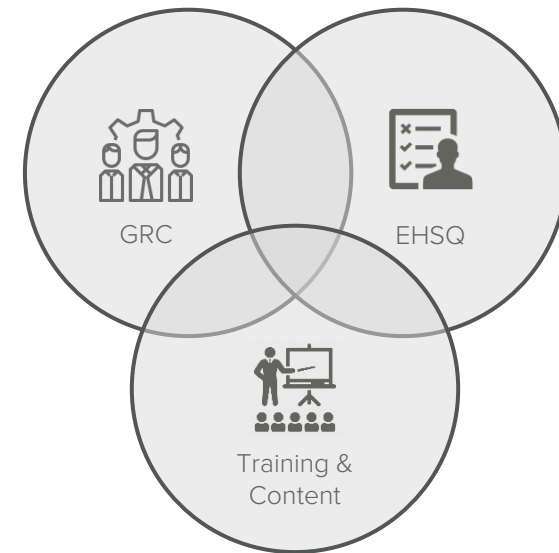


Blending Market Landscape

The market landscape is highly fragmented with companies addressing multiple business needs that cross over different product segments.

A comprehensive risk management solutions is increasingly a strategic imperative and catalyzing a convergence of technology, learning and content.

Integrated Risk Management



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

GRC Technology - Landscape

REPRESENTATIVE PROVIDERS

Governance, Risk, and Compliance

GRC Platforms



Risk Management Information System



IT Compliance



Vendor / Supply Chain Risk Management



Financial Services Risk Management



EHSQ Technology - Landscape

REPRESENTATIVE PROVIDERS

Environmental, Health, Safety, and Quality

EHS Platforms



EHSQ Software



Sustainability Software



EHS Training



Quality Management



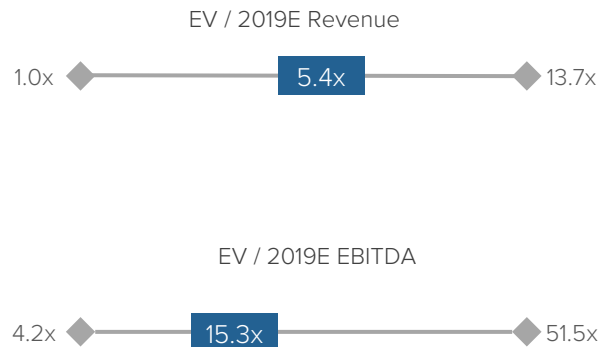
Public Compliance Technology Companies

Compliance Software Providers

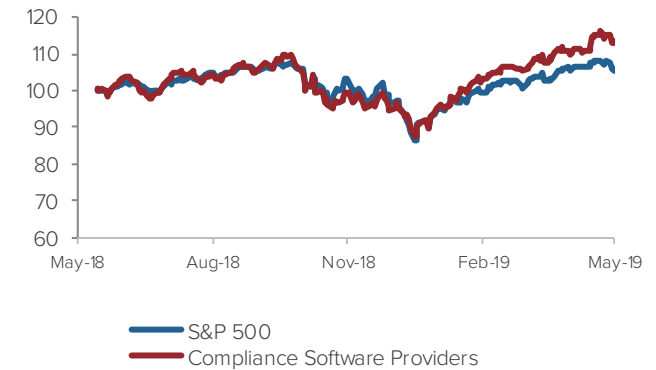
Key Public Comps



Trading Metrics²



Indexed Stock Performance²



PUBLIC COMPARABLES²

As of May 22, 2019

(\$ in millions)

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth 2018A	2019E	2018E EBITDA Margin	Enterprise Value / LTM Rev.	'19E Rev.	LTM EBITDA	'19E EBITDA	Price / Earnings
COMPLIANCE SOFTWARE PROVIDERS														
Oracle Corporation	ORCL-US	\$212,694	\$185,237	97.6%	16.9%	37.5%	13%	0.6%	46.0%	5.4x	5.3x	12.5x	11.5x	52.7x
SAP SE	SAP-DE	164,248	158,513	98.7%	14.0%	65.7%	(3.0%)	8.1%	31.3%	5.6x	5.4x	20.5x	17.3x	30.1x
International Business Machines Corporation	IBM-US	153,845	120,894	88.3%	(6.0%)	(7.4%)	0.6%	(3.2%)	23.0%	2.0x	2.0x	NM	8.3x	14.8x
Dell Technologies Inc Class C	DELL-US	103,231	28,190	97.8%	54.3%	NA	15.0%	4.6%	10.8%	1.1x	1.1x	12.4x	9.3x	NA
RELX PLC	REL-GB	54,446	45,552	99.9%	6.0%	30.4%	(5.3%)	1.3%	35.5%	5.5x	5.5x	15.3x	15.3x	22.8x
ServiceNow, Inc.	NOW-US	48,778	50,495	97.0%	60.6%	290.6%	35.0%	32.2%	25.8%	17.4x	14.1x	NM	51.5x	NA
Fiserv, Inc.	FISV-US	41,182	35,163	98.3%	25.0%	74.9%	2.2%	6.0%	38.1%	7.0x	6.7x	19.8x	17.5x	30.8x
Thomson Reuters Corporation	TRI-CA	33,980	32,662	99.0%	52.7%	43.5%	(51.5%)	7.9%	24.8%	6.1x	5.7x	23.2x	NM	78.0x
Verisk Analytics Inc	VRSK-US	26,368	23,545	99.6%	36.2%	86.7%	11.6%	7.2%	47.2%	10.8x	10.3x	23.0x	NM	37.4x
Wolters Kluwer NV	WKL-NL	21,968	19,731	99.9%	29.0%	80.7%	(11.3%)	5.1%	28.3%	4.4x	4.3x	15.2x	NM	25.6x
MSCI Inc. Class A	MSCI-US	21,215	19,063	97.7%	43.8%	196.2%	12.5%	7.9%	54.3%	14.6x	13.7x	27.4x	NM	35.1x
DXC Technology Co.	DXC-US	20,568	14,567	53.7%	(45.4%)	55.1%	6.5%	(4.3%)	21.8%	0.9x	1.0x	4.2x	4.2x	11.9x
Broadridge Financial Solutions, Inc.	BR-US	15,478	14,305	89.1%	7.8%	93.1%	2.7%	2.5%	21.3%	3.4x	3.5x	15.1x	15.6x	28.2x
Micro Focus International plc	MCRO-GB	12,593	8,633	76.1%	12.2%	(15.3%)	(2.9%)	(5.1%)	39.4%	4.0x	3.6x	8.9x	8.9x	19.9x
NICE Ltd	NCSYF-US	8,955	8,852	NA	NA	NA	8.7%	6.4%	30.5%	6.0x	5.8x	23.8x	18.4x	45.4x
Pegasystems Inc.	PEGA-US	5,531	5,757	95.4%	21.2%	184.9%	7.1%	2.7%	8.1%	6.4x	6.0x	NM	NM	508.6x
Compliance Software Providers Median		\$30,174	\$25,868	97.7%	21.2%	70.3%	2.5%	4.9%	29.4%	5.5x	5.4x	15.3x	15.3x	30.4x













Source: Factset, as of May 22, 2019

Compliance Technology – Transaction Activity

SELECT RECENT M&A TRANSACTIONS³

Announced Date	Target/Issuer	Buyer	Description	Enterprise Value (\$m)
Pending	iContracts	Datix	Provider of a cloud-based GRC platform with established footprints in healthcare and higher education	HW Confidential
05/14/2019	Veriforce	PEC	Provider of SaaS-based operator qualification compliance, safety, and training solutions	HW Confidential
05/07/2019	Litéra	HG Capital	Provides document content lifecycle management software	\$42
05/06/2019	SiteHawk	Sphera	Provides chemical data management and compliance solutions	\$38
04/17/2019	Allegro Development Corp.	ION Investment Group	Provides analytics, position visibility, risk management, controls and regulatory compliance solutions	NA
04/16/2019	IntelliSoft	Symplr	Provides credential management and verification services	NA
04/15/2019	OCL Financial Services	Adtalem	Provides mortgage education services	\$121
04/03/2019	Pangea3	Ernst & Young	Provides legal process outsourcing services	NA
03/20/2019	Cynergistek	Vereco	Provides cybersecurity, privacy and compliance management consulting services	\$30
03/20/2019	Blackpeak	Acuris	Provides investigative and risk advisory services	NA
03/17/2019	Bluesun	Internet Pipeline	Provides distribution performance management software that helps life and health insurance organizations	NA
02/25/2019	SAP Content as a Service Business (CaaS)	Verisk Analytics	Provides business solutions including Environmental Health and Safety Regulatory Content and Documentation	NA
02/21/2019	Relation Insurance Services	Aquiline Capital Partners	Provides insurance brokerage services	NA
02/20/2019	API Healthcare Corp.	Symplr	Provides workforce management solutions for the healthcare industry	HW Confidential
02/14/2019	Browz	Avetta	Provides supplier qualification and management solutions	NA
02/11/2019	Bwise	SAI Global	Provides compliance and enterprise risk management software	\$200
02/11/2019	Data Quality Management	GRC International	Provides data consulting and technology solutions	\$14
02/05/2019	Indix	Avalara	Provides a cloud-based software-as-a-service (SaaS) product intelligence platform	NA
02/06/2019	Core Security SDI Corporation	HelpSystems	Provides enterprise provisioning and access compliance solutions	NA
02/04/2019	RSam	ACL Services	Provides governance, risk, and compliance (GRC) management software	NA
01/28/2019	The Weinberg Group	ProPharma Group	Provides regulatory and compliance services	NA
01/28/2019	MSR Customs & Visual Compliance	Descartes Systems Group	Provides software solutions and services to automate customs, trade and fiscal compliance processes	\$249
01/16/2019	Virtual Forge	Onapsis	Provides security, compliance, and quality solutions for SAP systems and applications	NA
01/16/2019	Capital Energy	Bureau Veritas	Provides business consulting services, specializing in energy savings management	NA
01/15/2019	PreCheck	Cisive	Provides background check and employment screening services	NA
01/08/2019	Petrotechnics	Sphera	Provides scalable solutions and tools that empower organisations in hazardous industries	NA
01/08/2019	EMS Safety Services	Health and Safety Institute	Provides first aid, emergency and health training services	NA
01/03/2019	Vantage Safety Services	Total Safety	Provides safety services to the oil and gas industries	NA
01/02/2019	Pivotal Safety	Total Safety	Provides complete safety services, including a highly trained staff and quality equipment	NA

Select Recent Private Placements⁴

DATE	COMPANY	ROUND	ROUND SIZE (\$MM)	TOTAL RAISED (\$MM)	INVESTORS (CURRENT ROUND)	DESCRIPTION
05/01/19	 redcanary	PE Growth	\$34	\$49	Summit Partners	Provider of cloud-based managed detection and response ("MDR") solutions
04/29/19	 specright	Series A	\$9	\$9	Pritzker Group Venture Capital	Provider of solutions that enable customers to control critical supply chain specifications such as packaging, products, and raw materials
04/08/19	 bitglass	Series D	\$70	\$150	Quadrille Capital	Provider of solutions that enable enterprises to view and control data stored in the cloud and on employees' devices
04/08/19	 RiskLens	Series B	\$20	\$27	Paladin Capital Group	Provider of cyber risk management and risk quantification software
04/04/19	 OPENGAMMA	Series E	\$10	\$50	Dawn Capital	Provider of solutions that reduce the costs of trading derivatives
04/02/19	 HAMMERTECH	Series A	\$10	\$10	Arrowroot Capital	Provider of mobile health, safety and quality software for the construction industry
03/27/19	 kyriba	PE Growth	\$160	\$313	Bridgepoint	Provider of SaaS-based cloud treasury and finance solutions
03/18/19	 Tookitaki	Series A	\$8	\$9	Illuminate Financial	Provider of enterprise software solutions to enable sustainable regulatory compliance programs in financial services industry
03/05/19	 ZINIER	Series B	\$22	\$30	Accel	Provider of a field service automation platform that helps organizations work smarter, faster, and more efficiently
02/22/19	 TULIP	Series B	\$18	\$31	Vertex Ventures	Provider of quality and production enhancement tools for the factory floor
01/30/19	 ComplyAdvantage	Series B	\$30	\$38	Index Ventures	Provider of data intelligence solutions to help firms understand the risk of who they're doing business with, while automating compliance and risk processes
01/29/19	 collibra	Series E	\$100	\$25	CapitalG	Provider of data governance and catalog software, that helps organizations across the world gain competitive advantage by maximizing the value of their data across the enterprise

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

Our Firm

Harris Williams has a broad range of industry expertise, which create 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.



HARRIS WILLIAMS OFFICE LOCATIONS

UNITED STATES

Boston

One International Place
Suite 2620
Boston, Massachusetts 02110
Phone: +1 (617) 482-7501

Cleveland

1900 East 9th Street
20th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

Minneapolis

222 South 9th Street
Suite 3350
Minneapolis, Minnesota 55402
Phone: +1 (612) 359-2700

Richmond (Headquarters)

1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

San Francisco

575 Market Street
31st Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

Washington, D.C.

800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 202-207-2300

EUROPE

Frankfurt

Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

London

63 Brook Street
London W1K 4HS, England
Phone: +44 (0) 20 7518 8900

NETWORK OFFICES

Beijing

New Delhi

Hong Kong

Shanghai

Mumbai

Harris Williams

Sources

1. MERGER MARKET.
2. GRAND VIEW RESEARCH.
3. MERGER MARKET.
4. COMPANY PRESS RELEASES.

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