

Technology Group

Compliance Technology Sector Review | Q4 2020



HW Compliance Technology Introduction

HARRIS WILLIAMS ("HW")

- 25+ years and more than 1,000 closed transactions
- 360+ professionals across eight offices globally
- 170+ 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

HW COMPLIANCE TECHNOLOGY TEAM

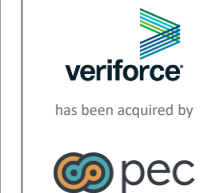
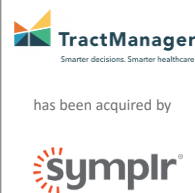
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SELECT HW
COMPLIANCE
TECHNOLOGY
EXPERIENCE



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

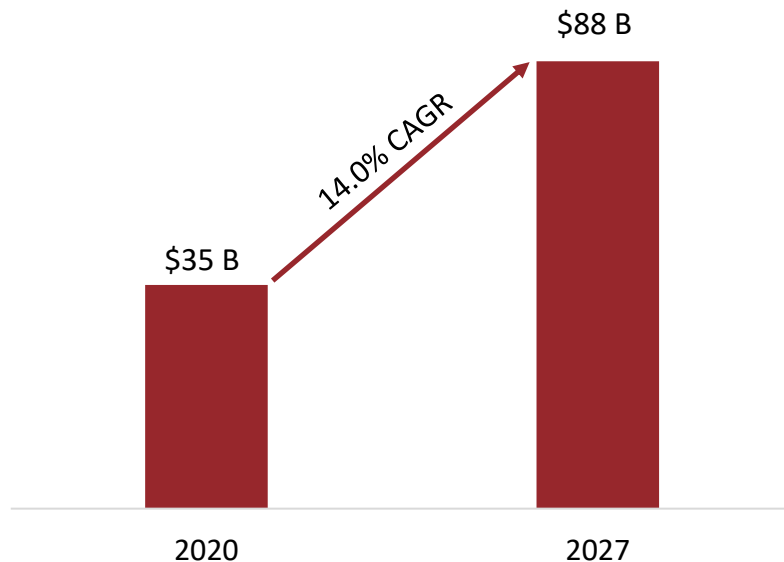
Compliance Technology Evolving Paradigms¹

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

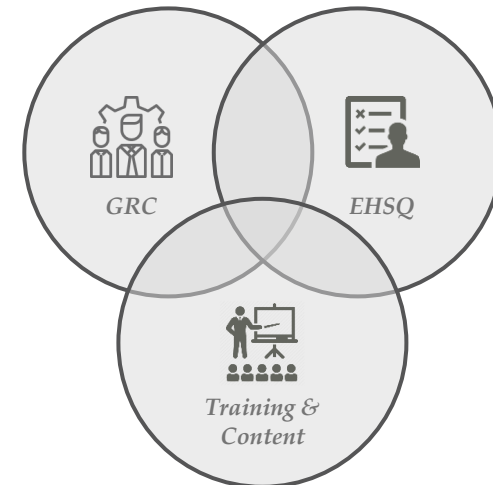
Enterprise GRC Software Expected Market Growth



Blending Market Landscape

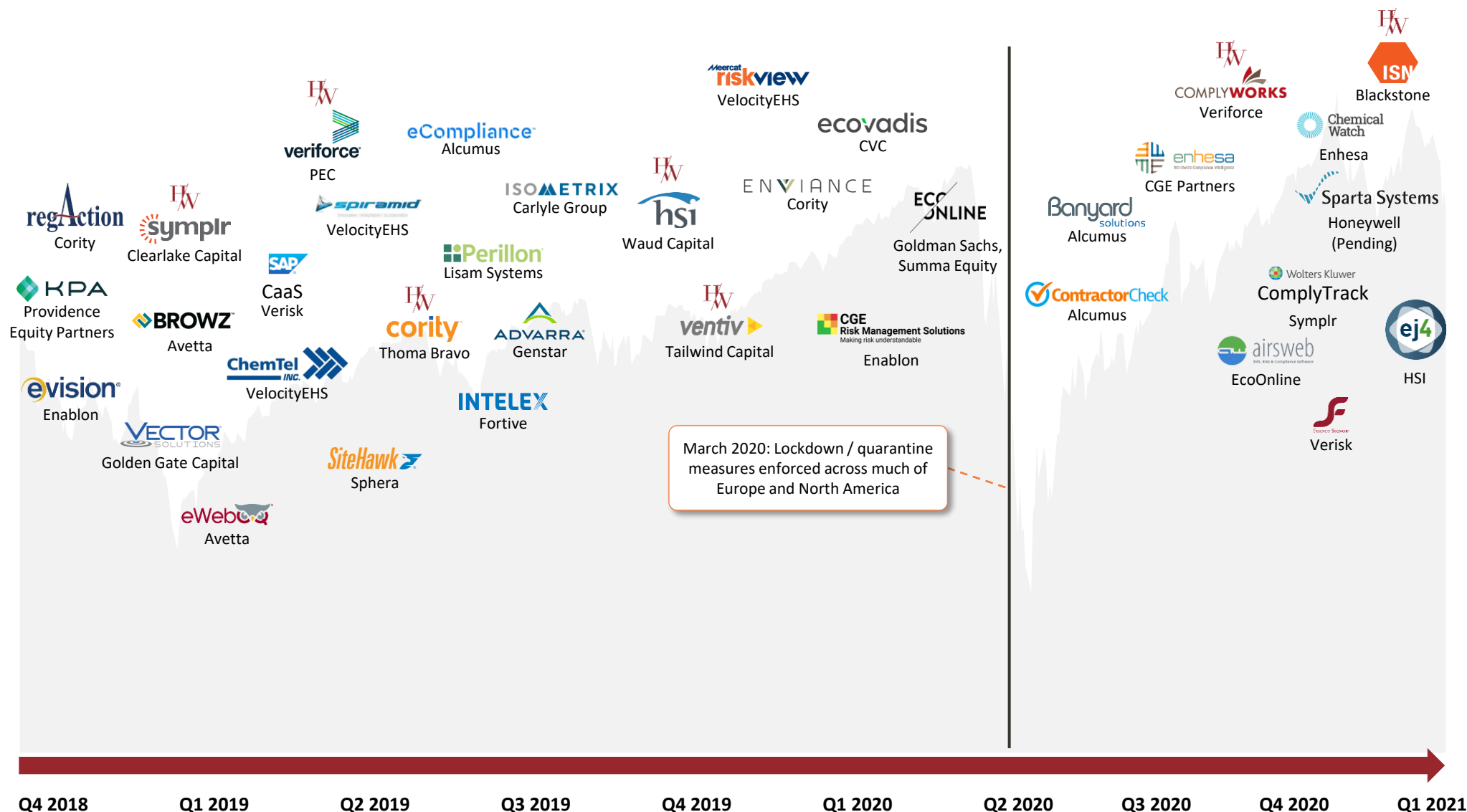
- › The market landscape is highly fragmented, with companies addressing multiple business needs that cross over different product segments
- › A comprehensive risk management solution is increasingly a strategic imperative and is catalyzing a convergence of technology, learning, and content

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

Completed: October 23, 2020



Symplr acquires TractManager

- › TractManager is a provider of strategic sourcing, contract lifecycle management, and provider management solutions for the healthcare industry
- › TractManager's cloud solutions bring new capabilities to Symplr's customers-connected GRC enterprise, enabling additional insights to drive improved quality of care and financial performance

Completed: October 29, 2020



Navex Global acquires CSRware

- › CSRware is a provider of a SaaS-based solution that assists corporations in aggregating, calculating, and reporting on customizable sets of ESG metrics
- › ESG data is a burgeoning market as businesses are looking to better track and benchmark their individual initiatives
- › By adding CSRware's solution to its existing integrated risk and compliance solution, Navex unlocked another adjacency they can leverage to crosssell their existing customers

Completed: December 4, 2020



Dye & Durham acquires the Property Division of SAI Global

- › SAI Global's Property Division is a provider of workflow software that is necessary to facilitate and complete the transfer of property
- › The acquisition creates a platform in Australia that is aligned with Dye & Durham's existing product lines in Canada and the United Kingdom

Completed: December 17, 2020



Marlin Equity invests in StarCompliance

- › StarCompliance is a provider of compliance technology for highly regulated financial institutions
- › StarCompliance's client base consists of over 500,000 users across 83 countries
- › Marlin looks to assist StarCompliance in its continued rapid growth by building out further products and completing strategic acquisitions

Completed: December 17, 2020



Blackstone Invests in ISN

- › ISN is a provider of third-party vendor management software that manages relationships with contractors and suppliers while ensuring compliance
- › ISN has over 75,000 contractor subscribers across 850 countries that interface with 650+ hiring clients
- › Blackstone is the first institutional investor in ISN and will help accelerate growth by supplementing the existing product suite with complementary offerings

Corporate Risk & Compliance Technology - Landscape

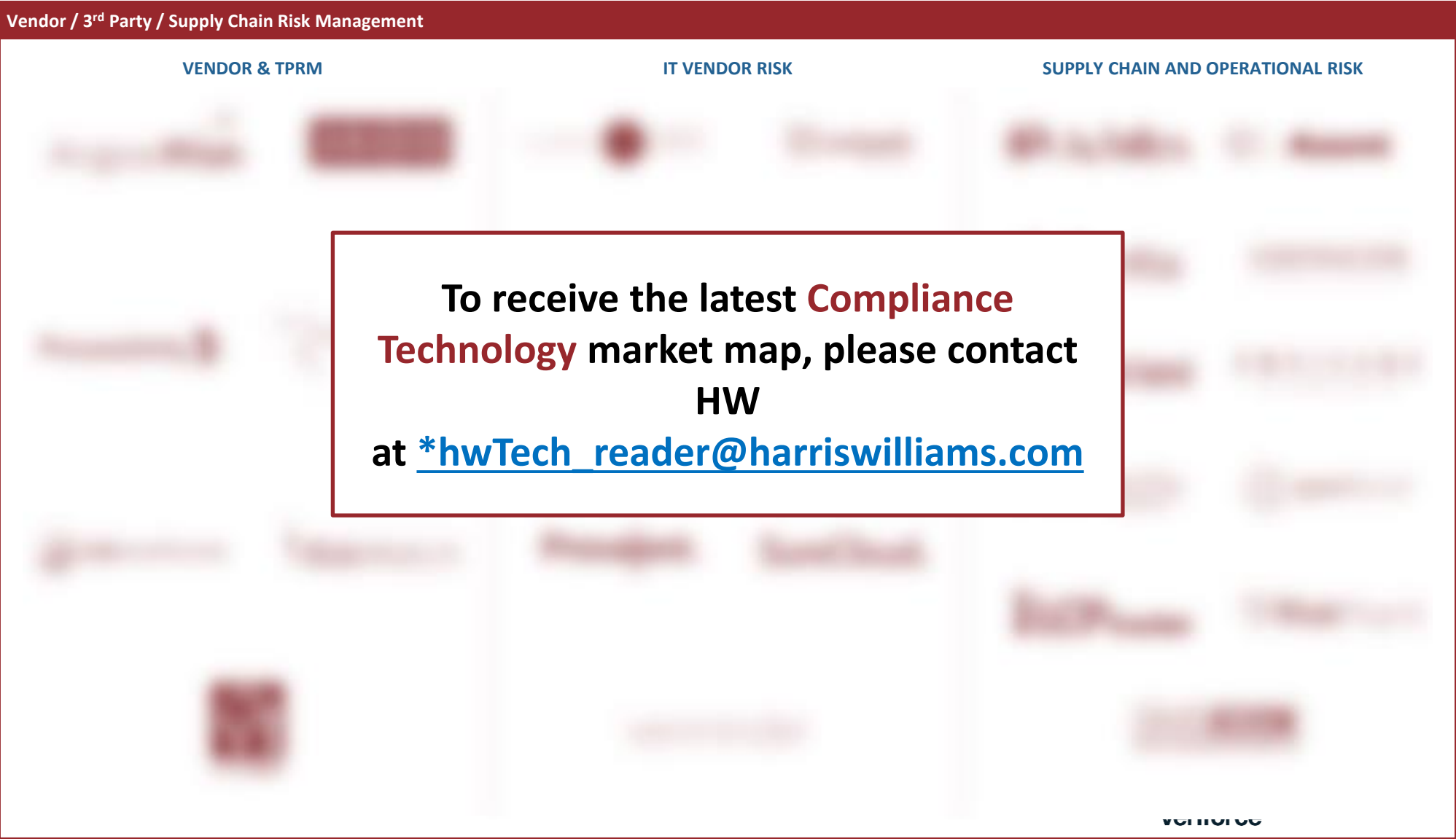
Representative Providers

Integrated Risk Management

To receive the latest **Compliance Technology** market map, please contact
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Corporate Risk & Compliance Technology - Landscape

Representative Providers



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

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Employee Health and Asset Tracking

Vertically Focused Compliance Technology Companies - Landscape

Representative Providers

Energy Focused

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Vertically Focused Compliance Technology Companies - Landscape

Representative Providers

Life Sciences Focused

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Vertically Focused Compliance Technology Companies - Landscape

Representative Providers

Financial Services Focused

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Public Compliance Technology Companies³

Compliance Software Providers

Key Public Comps



Trading Metrics

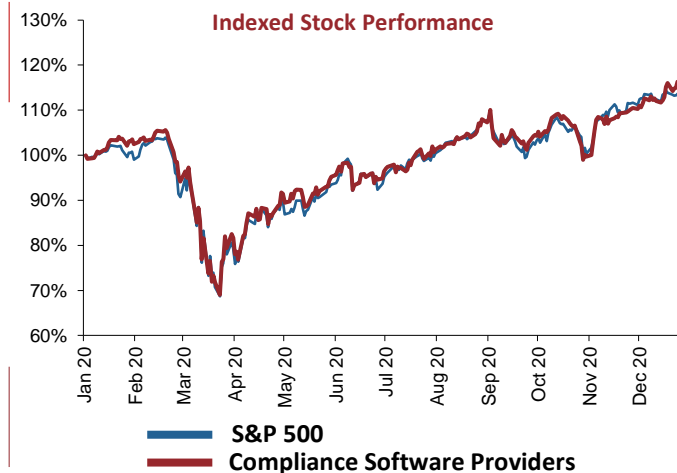
EV / 2020E Revenue

0.8x — 5.8x — 24.5x

EV / 2020E EBITDA

5.7x — 17.4x — 40.4x

Indexed Stock Performance



PUBLIC COMPARABLES

As of December 31, 2020 (\$ in millions)

		Enterprise	Market	% of 52	1-Year Stock	3-Year Stock	Revenue Growth		2020E EBITDA	Enterprise Value /		Price /
Company	Ticker	Value	Capitalization	Week High	Performance	Performance	2019	2020E	Margin	'20E Rev.	'20E EBITDA	Earnings
COMPLIANCE SOFTWARE PROVIDERS												
Oracle	ORCL	\$228,004	\$190,450	(2.3%)	22.1%	36.8%	(0.3%)	(0.6%)	49.3%	5.8x	11.7x	18.2x
International Business Machines	IBM	167,084	112,166	(20.7%)	(6.1%)	(18.0%)	(3.3%)	(4.0%)	20.5%	2.3x	11.0x	13.8x
SAP	SAP	163,964	156,184	(25.2%)	(2.4%)	16.9%	10.4%	7.8%	34.9%	4.9x	14.0x	34.7x
ServiceNow	NOW	109,587	107,361	(2.9%)	95.0%	322.1%	32.1%	29.8%	31.7%	24.5x	NM	NM
Fiserv	FISV	98,614	76,336	(8.9%)	(1.5%)	73.7%	156.3%	(0.7%)	36.9%	6.6x	18.0x	NM
RELX	REL	57,565	47,119	(15.0%)	(3.2%)	4.3%	9.4%	(5.9%)	33.4%	5.8x	17.4x	24.3x
Thomson Reuters	TSX:TRI	43,288	40,645	(9.9%)	14.3%	70.6%	7.3%	1.1%	32.4%	7.2x	22.4x	24.9x
MSCI	MSCI	39,252	37,015	(0.1%)	73.0%	252.9%	8.4%	9.0%	57.3%	23.2x	40.4x	58.1x
Verisk Analytics	VRSK	37,466	33,752	(1.5%)	39.0%	116.2%	8.6%	7.2%	50.3%	13.4x	26.7x	59.7x
Wolters Kluwer	WKL	24,928	22,170	(11.7%)	16.3%	61.9%	5.1%	10.5%	29.4%	4.4x	14.9x	28.3x
Broadridge Financial	BR	19,768	17,713	(0.7%)	24.0%	69.1%	1.2%	6.1%	22.8%	4.3x	18.7x	33.4x
DXC Technology	DXC	15,143	6,551	(32.9%)	(31.5%)	(72.9%)	(8.4%)	(9.3%)	14.7%	0.8x	5.7x	NM
Pegasystems	PEGA	11,526	10,754	(5.4%)	67.3%	182.6%	4.2%	11.8%	1.4%	11.1x	NM	NM
Micro Focus	MCRO	6,790	1,939	(63.1%)	(59.0%)	(85.9%)	(14.5%)	(11.8%)	38.2%	2.3x	6.0x	NM
Ideagen	AIM:IDEA	1,002	963	(2.6%)	47.0%	180.5%	35.2%	19.1%	34.4%	11.8x	34.4x	NM
Compliance Software Providers		\$39,252	\$37,015	(8.9%)	16.3%	69.1%	7.3%	6.1%	33.4%	5.8x	17.4x	28.3x

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)
12/29/2020	INPOSIA Solutions	Avalara	Provider of e-invoicing, tax reporting, and data integration to address compliance requirements	NA
12/22/2020	Sparta Systems	Honeywell International	Provider of enterprise quality management software for the life sciences industry	\$1,300.0
12/16/2020	Madeira Global	Cimbria Capital	Provider of ESG research and reporting analytics to assist in pre- and post-investment analytics	NA
12/14/2020	Sine Group	Honeywell International	Provider of visitor management, workplace, and supply chain solutions to ensure customer and employee safety	NA
12/14/2020	Comply365	Liberty Hall Capital Partners	Provider of compliance management solutions supporting the aerospace and rail industries	NA
12/14/2020	PowerDMS	GovernmentJobs.com	Provider of a cloud-based policy, compliance, and accreditation management solution	NA
12/10/2020	Paperless Transaction Management / eOriginal	Wolters Kluwer	Provider of digital lending software ensuring compliance	\$279.9
12/09/2020	FoodChain ID	Berkshire Partners	Provider of technology-enabled safety, quality, and sustainability solutions for the food industry	NA
12/04/2020	Property Division of SAI Global	Dye & Durham	Provider of workflow software and public records that are required in the completion of transfer of property	\$91.0
12/02/2020	info4c	Steele Compliance Solutions	Provider of an extensive compliance database that enables companies to proactively mitigate risk	NA
11/18/2020	ehsAI	Intelix Technologies	Provider of an AI automation tool that analyzes regulations and outputs actionable compliance requirements	NA
10/29/2020	CSRware	NAVEX Global	Provider of ESG software solutions enabling corporations to aggregate and analyze ESG metrics	NA
10/23/2020	TractManager	Symplr	Provider of strategic sourcing, contract lifecycle management, and provider management solutions for the healthcare industry	NA
10/21/2020	Verge Solutions	RLDatix	Provider of GRC software for healthcare organizations	NA

Select Recent Private Placements³

Date	Company	Seed	Round Size (\$M)	Raised to Date	Lead Investor(s)	Commentary
12/18/20	 OneTrust	Series C	\$300	NA	Insight Partners; Coatue Management; TCV	Provider of privacy, security, and trust technology for organizations to ensure compliance with privacy and security laws
12/17/20	 STAR COMPLIANCE	Growth	NA	NA	Marlin Equity Partners	Provider of compliance solutions for the financial services industry
12/17/20	 ISN	Growth	NA	NA	Blackstone	Provider of third-party contractor and supplier management software
12/15/20	 Sourcepoint	Venture	\$17	\$48	Arrowroot Capital; Northzone Ventures	Provider of a privacy compliance software for the digital marketing ecosystem
12/02/20	 CORESTACK	Venture	\$4	\$17	Iron Pillar	Provider of cloud infrastructure solutions that ensure compliance with industry standards and regulations
11/10/20	 compliance.ai	Series A	\$9	\$15	Cota Capital	Provider of regulation technology solutions that assist organizations in ensuring compliance
11/06/20	 venminder	Series C	\$33	\$58	Bain Capital; Silversmith Capital	Provider of third-party risk management solutions for financial service institutions

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

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

Disclosures

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