Technology Group

Government Technology Sector Review | Q4 2020

Harris Williams

HW Government Technology Introduction

HARRIS WILLIAMS ("HW")

- **25+** years and more than 1,000 closed transactions
- **350+** 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 GOVERNMENT TECHNOLOGY TEAM

TECHNOLOGY

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SELECT HW GOVTECH EXPERIENCE

- HARVEST PARTNERS has made a strategic investment in GRANICUS — *Pending*
- kalkomey has been acquired by COVE HILL PARTNERS
- payit has received a strategic investment from INSIGHT PARTNERS
- SAFE FLEET has been acquired by OAK HILL CAPITAL PARTNERS
- Trafficware has been acquired by CUBIC
- nCourt has been acquired by PROVIDENCE EQUITY & GSV GREATER SUM VENTURES
- comverge energy made better has been acquired by Itron

Government Technology Taxonomy

ADMINISTRATION & OPERATIONS

Solutions focused on supporting core operational and administrative functions of government agencies

ERP • FINANCIAL MGMT. • PROCUREMENT
OPERATIONS • CONTENT MGMT. & RECORDS
LICENSING & PERMITS • TAXATION & APPRAISAL

Select Market Participants

tyler technologies | NIC | edmunds GovTech | payit
CENTRALSQUARE TECHNOLOGIES | Accela | GRANICUS

ASSET AND RESOURCE MANAGEMENT

Solutions focused on supporting public infrastructure planning, asset management, and environmental services

ENVIRONMENTAL SVCS. • PARKS & RECREATION
SMART CITIES & TRANSPORTATION • UTILITIES
ASSET & RESOURCE MGMT. • PUBLIC WORKS

Select Market Participants

InvoiceCloud | accruent | Innovyze
Trimble | BRANDT INFORMATION SERVICES | kalkomey | PUBLIQ SOFTWARE

CIVIC ENGAGEMENT & PUBLIC SERVICES

Solutions focused on facilitating communication between government agencies and constituents

COMMUNICATION • CITIZEN ENGAGEMENT
SERVICE REQUEST MGMT. • HUMAN SERVICES
VOTER REGISTRATION & MGMT. • GRANT MGMT.

Select Market Participants

CIVICPLUS | DOMINION VOTING | Social Solutions
OPENGOV | ROCK SOLID | GovQA | CIVIX

PUBLIC SAFETY & JUSTICE

Solutions focused on supporting public safety departments, courts and justice systems, and corrections

LAW ENFORCEMENT • JUSTICE & CORRECTIONS
EMERGENCY MEDICAL RESPONSE • FIRE SAFETY
COURTS MGMT. • SECURITY & INTELLIGENCE

Select Market Participants

APPRISS | THOMSON REUTERS | Palantir | Forensic Logic
RAVE MOBILE SAFETY | nCourt | JUVARE | LexisNexis

SELECT RECENT HW GOVTECH TRANSACTIONS

HARVEST PARTNERS
has made a strategic investment in
GRANICUS
Pending
Citizen Engagement Software

kalkomey
has been acquired by
COVE HILL PARTNERS
Recreational Licensing & Training Software

payit
has received a strategic investment from
INSIGHT PARTNERS
Government Software & Payments

SAFE FLEET
has been acquired by
OAK HILL CAPITAL PARTNERS
Fleet Safety Mgmt. for Public Sector

Trafficware
has been acquired by
CUBIC
Smart Transportation Technology

nCourt
has been acquired by
PROVIDENCE EQUITY
&
GSV GREATER SUM VENTURES
Government Software & Payments

comverge energy made better
has been acquired by
Itron
Utilities & Energy Efficiency Mgmt.

MicroEdge
has been acquired by
blackbaud
Grant Management Software

T2
has received a strategic investment from
PAMLICO CAPITAL
Smart Parking Technology

MANATRON The power to manage well.
has been acquired by
THOMSON REUTERS
Property Tax Mgmt. Software

TRITECH SOFTWARE SYSTEMS
has received a strategic investment from
FFL PARTNERS
Public Safety Software

Appriss
has been acquired by
BainCapital VENTURES
&
JMI
Public Safety & Analytics Software

Select Case Studies

Pending	April 24, 2020	March 20, 2019	February 21, 2018
Harris Williams Acted as Advisor to Harvest Partners	*Harris Williams Acted as the Exclusive Advisor to Kalkomey*	*Harris Williams Acted as the Exclusive Advisor to PayIt*	*Harris Williams Acted as the Exclusive Advisor to nCourt*
CITIZEN ENGAGEMENT	RECREATIONAL LICENSING & TRAINING SOFTWARE	GOVERNMENT SOFTWARE & PAYMENTS	GOVERNMENT SOFTWARE & PAYMENTS

HARVEST PARTNERS

has made a strategic investment in

GRANICUS

Pending

kalkomey™

has been acquired by

COVE HILL PARTNERS

payit

has received a strategic investment form

INSIGHT PARTNERS

nCourt

has been acquired by

PROVIDENCE EQUITY

and

GSV GREATER SUM VENTURES

Company Overview

Provider of cloud-based software solutions that enable federal, state, and local government entities to automate workflows, increase transparency, and more effectively connect with constituents.

Solution Overview

Leading digital government platform purpose-built for civic engagement and virtual communication, online service delivery, and operations.

Company Overview

Provider of online recreational safety education, certifications, and cloud-based agency management solutions for outdoor enthusiasts and government agencies.

Solution Overview

Fully-integrated product suite for agency management and provides differentiated, regulatory-approved content library addressing a broad spectrum of recreational activities.

Company Overview

Provider of modern, mobile technology platform designed to simplify government operations and provide users with intuitive, contextual interactions.
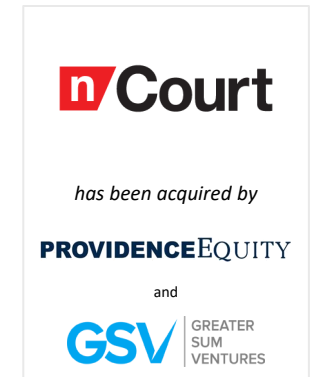
Solution Overview

Best-in-class software solution with sleek design and differentiated chat-based user experience that enables government to provide digital services and collect payments.

Company Overview

Provider of software and payment technology designed for state and local government agencies, most notably within courts and criminal justice and tax and treasury.

Solution Overview

Differentiated SaaS platform designed to simplify government operations and facilitate a variety of payments across multiple channels, including online and mobile.

Government Technology Market Overview

The govtech market is vast and represents significant opportunity for next-generation solutions.

U.S. Federal Government Technology Snapshot

Software and technology solutions that serve federal government agencies, including the Department of Defense, the Department of the Treasury, the Department of Justice, and the Department of Health and Human Services.

Revenue is primarily generated through individual income and payroll taxes, as well as corporate income taxes and various other sources.

Federal Government: By the Numbers

450	**2M+**	**63.5%**
Federal Government Agencies[1]	Federal Civilian Government Employees[2]	Medium & High Risk Federal IT Systems[3]

Annual Federal Government Technology Spending[5]

$ in Billions USD

8.6% Software CAGR (2017A – 2023F)

	2017A	2018A	2019A	2020F	2021F	2022F	2023F
Total	$61	$65	$69	$73	$77	$81	$85
IT Services	$37	$38	$40	$41	$43	$44	$46
Software	$24	$26	$29	$31	$34	$36	$39

■ Software ■ IT Services

U.S. State and Local Government Technology Snapshot

Software and technology solutions that serve state and local government agencies, police and fire departments, emergency medical services, courts, transportation, public works, and parks and recreation.

Revenue is collected from a variety of sources, most notably property and sales taxes, as well as a variety of other fines and fees, licensing, and utilities.

State & Local Government: By the Numbers

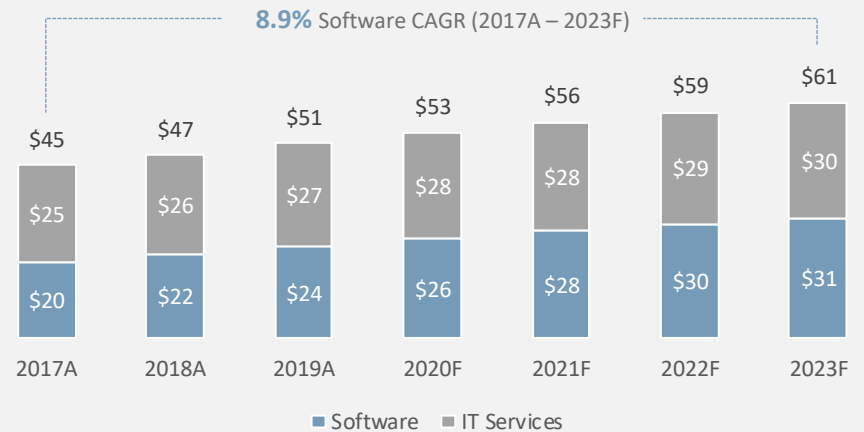| **90K+**	**19M+**	**450K+**
State and Local Government Entities[1]	State and Local Government Employees[2]	IT Systems Across State and Local Government[4]

Annual State & Local Government Technology Spending[5]

$ in Billions USD

8.9% Software CAGR (2017A – 2023F)

	2017A	2018A	2019A	2020F	2021F	2022F	2023F
Total	$45	$47	$51	$53	$56	$59	$61
IT Services	$25	$26	$27	$28	$28	$29	$30
Software	$20	$22	$24	$26	$28	$30	$31

■ Software ■ IT Services

Long-Term Govtech Industry Tailwinds

Government entities are increasingly seeking cloud-based platforms that can be deployed across agencies to replace disparate legacy systems, eliminate organizational silos, and reduce costs.

Migration to the Cloud

- Government continues to transition away from legacy on-premise technology systems to unified cloud-based platforms that can be leveraged across federal, state, and local agencies and configured—not customized—for government department workflows
- Since the establishment of the Federal Risk and Authorization Management Program (FedRAMP), government cloud adoption has increased exponentially, yet less than 5% of government agencies operate entirely in the cloud and nearly 30% continue to operate completely on-premise[6]

Modernization of Operational Workflows

- U.S. government agencies are forecasted to spend nearly $125B on software and IT services by 2023F—with an emphasis on adopting software that improves operational efficiency—as new legislation, consumer demand for digital services, and cost-saving initiatives accelerate modernization
- Next-generation technologies like Robotic Process Automation (RPA) have tremendous potential to transform government operations; for example, RPA has been estimated to save 1.3 billion hours on manual tasks if deployed across all U.S. government agencies

Digitization of Government Services

- The current macroeconomic environment highlights the need for government agencies to remotely deliver services to citizens and businesses that meet the standards and offer digital experiences on par with other industries
- Digitization of government payments has become a strategic imperative and represents high-impact cost savings; for example, the IRS estimates that the cost of an online transaction can be as low as $0.20, compared to $42 for a payment processed over the phone and $57 by check

Consumerization of Government

- As web-based and mobile technology has rapidly improved and pervaded nearly all industries, government is playing "catch-up" in order to reinforce trust, establish greater engagement, and improve satisfaction with the citizens and businesses it serves
- Constituents not only expect but now require highly personal and contextual digital experiences across government, catalyzing demand for intelligent, cloud-based technology capable of delivering relevant and timely information and services

Utilization of Data and Analytics

- Governments collect and have access to massive amounts of data, but existing legacy solutions are unable to quickly and accurately analyze information and glean real-time insight, hindering decision-making and magnifying operational inefficiencies
- Predictive analytics and AI can dramatically improve government effectiveness by enabling agencies to be proactive—as opposed to reactive—to reduce crime, enforce food and safety regulation, monitor inspection compliance, and prepare for natural disasters, among other initiatives

Key Themes

Digital Citizen Identity

Data-Driven Decisions

Unified Engagement

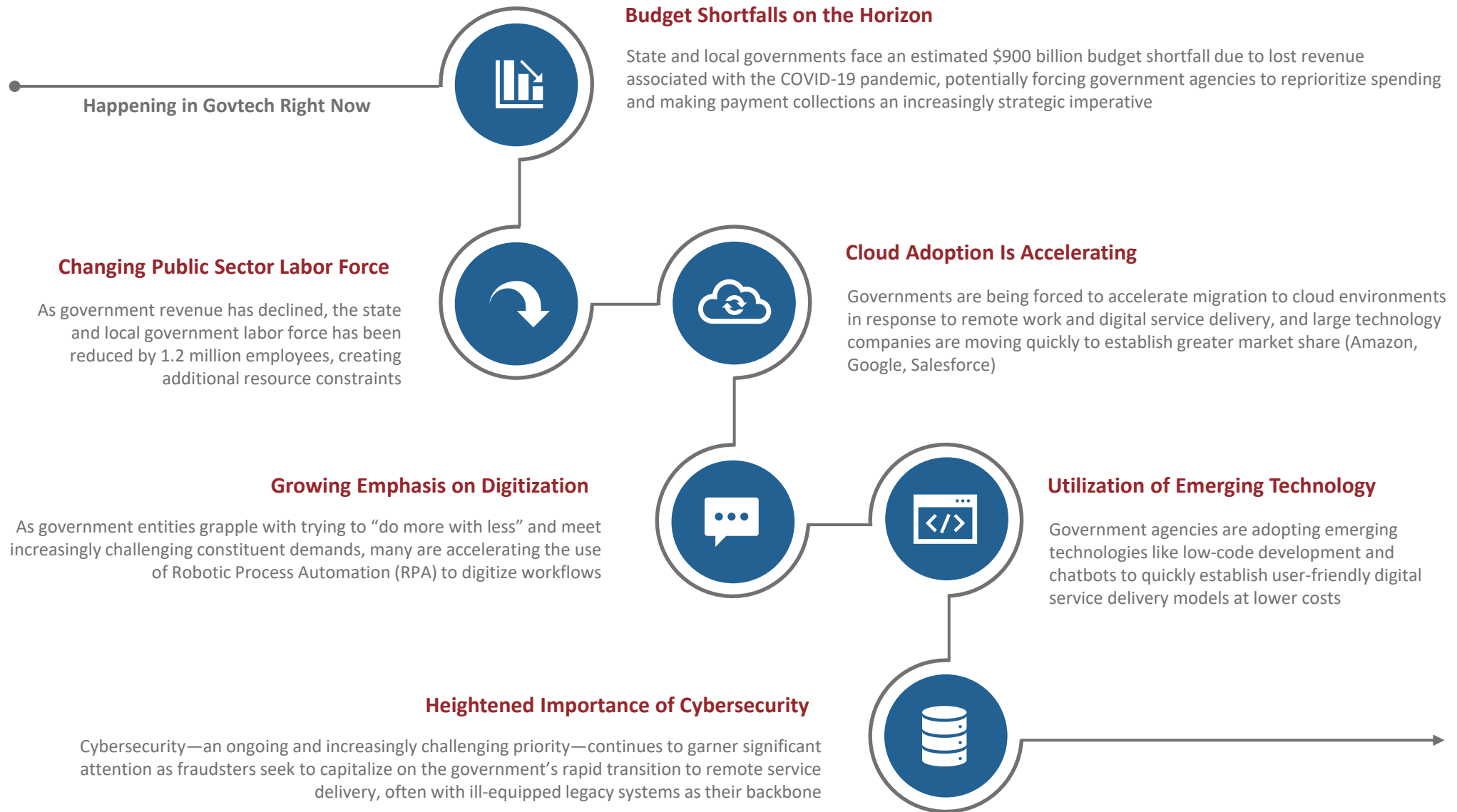Modern Architecture

Interoperability

Cybersecurity

Digital Workforce

Real-Time Trends in Govtech

Several dynamics are contributing to a rapidly evolving govtech landscape.

Happening in Govtech Right Now

Budget Shortfalls on the Horizon

State and local governments face an estimated $900 billion budget shortfall due to lost revenue associated with the COVID-19 pandemic, potentially forcing government agencies to reprioritize spending and making payment collections an increasingly strategic imperative

Changing Public Sector Labor Force

As government revenue has declined, the state and local government labor force has been reduced by 1.2 million employees, creating additional resource constraints

Cloud Adoption Is Accelerating

Governments are being forced to accelerate migration to cloud environments in response to remote work and digital service delivery, and large technology companies are moving quickly to establish greater market share (Amazon, Google, Salesforce)

Growing Emphasis on Digitization

As government entities grapple with trying to "do more with less" and meet increasingly challenging constituent demands, many are accelerating the use of Robotic Process Automation (RPA) to digitize workflows

Utilization of Emerging Technology

Government agencies are adopting emerging technologies like low-code development and chatbots to quickly establish user-friendly digital service delivery models at lower costs

Heightened Importance of Cybersecurity

Cybersecurity—an ongoing and increasingly challenging priority—continues to garner significant attention as fraudsters seek to capitalize on the government's rapid transition to remote service delivery, often with ill-equipped legacy systems as their backbone

State of Government Modernization

Politicians, IT leaders, and citizens are eager for government agencies to deliver modern digital solutions that improve government operations and digital service delivery.

Modernization Is Underway, But Significant Runway Lies Ahead…

Less than a quarter of all U.S. government technology systems have been modernized, leaving significant opportunity for adoption of cloud-based software
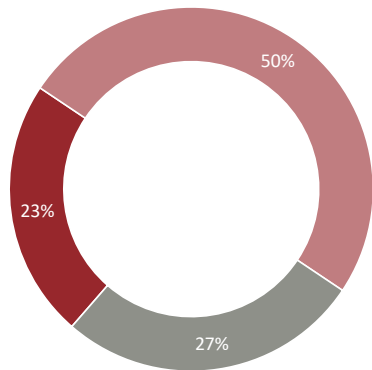
Type of IT Systems Deployed Across U.S. Government Agencies[7]

■ Modern Systems Deployed		**23%**
■ Modernization in Process		**50%**
■ Legacy Systems Deployed		**27%**

… And Cloud Adoption Is Accelerating

- COVID-19 has exposed government's need to improve technology infrastructure to better serve employees, citizens, and businesses

- The silver lining to the ongoing pandemic is the widespread recognition that investment in modern, cloud-based software solutions is paramount to adapting to an increasingly digital environment

> **" *We've seen more innovation in the past two months than we've seen in the past two years in government… it's not that [government agencies] weren't moving, but sometimes you have to move faster for a reason. We've seen leadership stepping up and saying 'we have to create the right systems'"*

Teresa Carlson, VP of AWS Worldwide Public Sector

Top Priorities for State CIOs: 2020 vs. 2021[8]

	2020	2021	
01	Cloud Solutions / SaaS	Cloud Solutions / SaaS	◆
02	Legacy App. Modernization	Legacy App. Modernization	◆
03	Data/Analytics/BI	Identity Access Mgmt.	▲
04	Security Enhancement	AI / RPA	▲
05	Identity Access Mgmt.	Security Enhancement	▼
06	Collaboration Tools	Data/Analytics/BI	▼
07	AI / RPA	Remote Work	☐
08	Data Mgmt. / Info Exchange	ERP	▲
09	ERP	Collaboration Technologies	☐
10	Public Safety Radio Network	Customer Service	☐

◆ No Change   ▲ Higher Priority   ▼ Lower Priority   ☐ New Priority

Recent News and Insights

Article Summary

COVID-19: The Ultimate Stress Test for Major Government Systems

Source: govtech.com

Key Themes: IT Modernization

Link to Article: Here

Bit-by-Bit: How Governments Used Technology to Move the Mission Forward During COVID-19

Source: Partnership for Public Service

Key Themes: IT Modernization

Link to Article: Here

Fostering Contactless Government Beyond the Pandemic

Source: govtech.com

Key Themes: Digital Delivery

Link to Article: Here

Key Takeaways and Insights

- Government technology was put to the ultimate test when the onset of COVID-19 drove astronomical spikes in digital citizen requests and unprecedented work-from-home requirements, hastening urgency for government IT modernization.

- According to data collected by the Information Technology and Innovation Foundation, 26 state unemployment websites had crashed under the weight of an eleven-fold increase in unemployment insurance claims in the US by April 15, 2020 as stay-at-home orders put immense economic pressure on businesses across the country.

- Organizations that had modern systems in place proved that leveraging cloud-based technology to administer public services (and—in in this case—scale infinitely) is critical to civic engagement, public safety, health and human services, and general operational initiatives.

- The stress placed on government technology in 2020 highlighted the antiquation of many government systems and shifted the narrative around modernization from a "nice-to-have" to an essential step in delivering services.

- The Department of Veterans Affairs (VA) rapidly adopted to the challenge of COVID-19, rolling out a chatbot to respond to inquiries. The chatbot responded to twice as many coronavirus-related queries as did the traditional contact center during peak periods (53,000 unique sessions), and two-thirds of veterans were "Very Satisfied" or "Satisfied" with their experience.

- Government agencies that were able to quickly adapt and implement new technologies not only validated the use case of next-generation solutions, but improved service delivery and paved the way for future adoption.

- The pandemic has been a driving force behind government digitization, forcing agencies to address IT initiatives that often get put on the backburner as daily government affairs take priority and distract organizations from maintaining momentum and instead getting caught in the trap of status-quo.

- According to Los Angeles CIO Ted Ross, the pandemic has increased the city's ongoing digitization efforts as much as three-fold and, according to Deloitte's Center for Government Insights, accelerated technology roadmaps by as much as five years in areas such as telemedicine, marking a transformative period for the industry.

- As the world eventually returns to normal, government agencies should prioritize digitization efforts that reduce friction and bring pre- and post-service workflows online, recognizing that not all services can be delivered virtually.
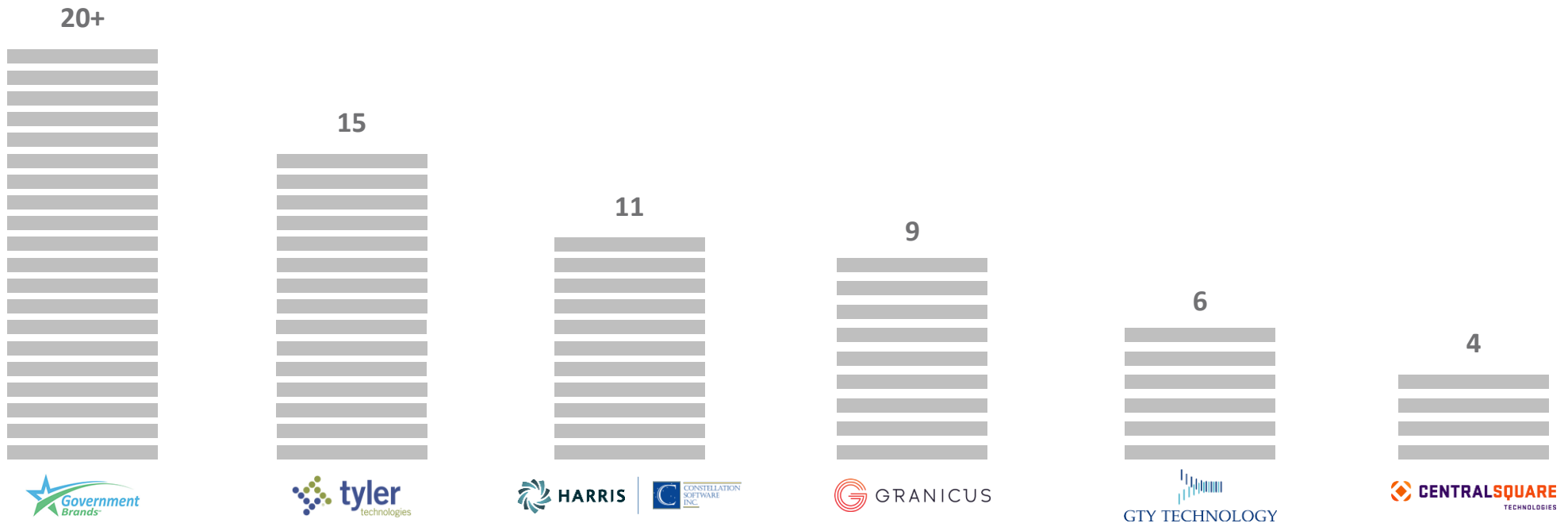
Market Observations

Govtech providers continue to consolidate the highly fragmented industry to establish platforms of scale.

Market Observations

- Govtech continues to attract strong interest from financial sponsors and strategic acquirers eager to invest in next-generation software solutions capable of modernizing government operations, particularly as agencies seek to deliver services digitally and reduce costs in response to ongoing budget pressure

- Consolidation of software vendors persists as companies and investors look to establish comprehensive offerings across a highly fragmented landscape of specialized solutions, many of which lack scale and operate regionally

- Continued concentration of government IT decision making at the state and local level contributing to M&A market activity as govtech software providers seek to leveraging existing relationships to expand their footprint across agencies and government functions

- Payments continues to be an attractive segment within govtech given the need for organizations to more efficiently collect revenue and the demand for consumer-grade citizen engagement solutions that improve and streamline government interactions

Most Active Govtech Consolidators

Since 2015, the six most active govtech consolidators have acquired over 70 companies

20+	15	11	9	6	4
Government Brands	tyler technologies	HARRIS | CONSTELLATION SOFTWARE INC	GRANICUS	GTY TECHNOLOGY	CENTRALSQUARE TECHNOLOGIES

Recent Market Activity

Private equity and strategic acquirers are accelerating their investment pace as they seek to create next-generation government software and payments platforms capable of serving diverse agencies.
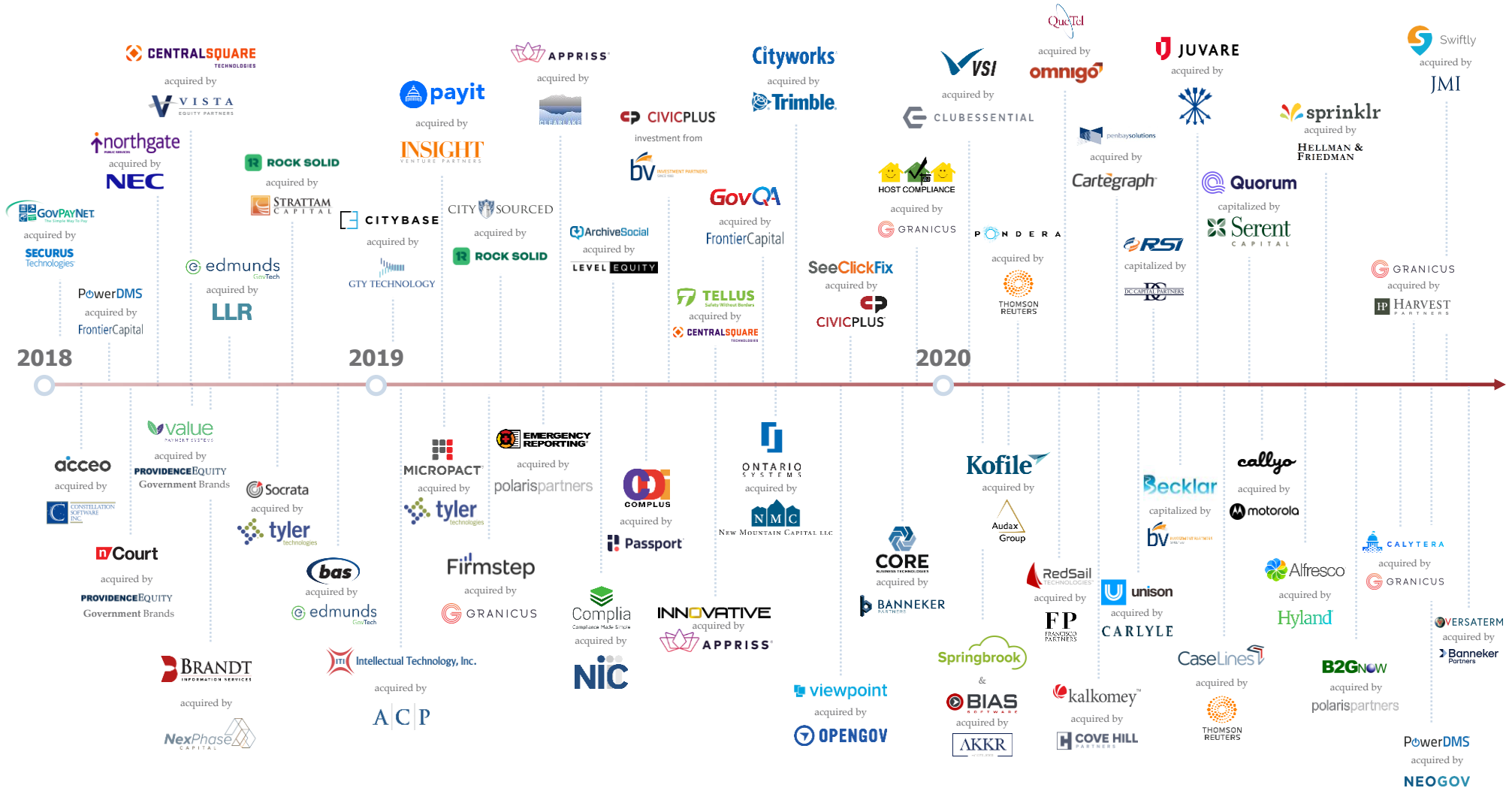
Select Govtech Transactions

Pending

HARVEST PARTNERS   **GRANICUS**

EV: Confidential   EV / Rev: Confidential

Rev: Confidential   EV / EBITDA: Confidential

Harvest's investment in Granicus

- Granicus provides cloud-based software solutions that enable federal, state, and local government entities to automate workflows, increase transparency, and strengthen civic engagement.
- Granicus' digital government platform is used by more than 4,500 public sector organizations that serve more than 250 million citizens and helps increase civic engagement by more than 500%.
- Harvest will support Granicus' continued growth as government agencies accelerate digital transformation initiatives and seek modern software solutions to more effectively and efficiently serve constituents across channels.

December 12, 2020

Banneker Partners   **VERSATERM**

EV: Confidential   EV / Rev: Confidential

Rev: Confidential   EV / EBITDA: Confidential

Banneker's acquisition of Versaterm

- Versaterm provides cloud-based public safety solutions including computer aided dispatch (CAD), records management systems (RMS), and mobile solutions for first responders.
- Versaterm has over 40 years of experience building public safety solutions and is deployed across over 80 major police departments in N.A.
- Banneker's acquisition will enable Versaterm to invest in continued growth, in greater product innovation, and expanding its customer footprint.

December 9, 2020
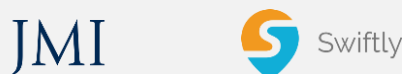
JMI   **Swiftly**

EV: Confidential   EV / Rev: Confidential

Rev: Confidential   EV / EBITDA: Confidential

JMI's investment in Swiftly

- Swiftly is a cloud-based public transit data and operations platform that enables operators to more efficiently and accurately plan and execute transit plans, leveraging real time passenger and transit data alongside historical insights.
- Over 5,500 transit professionals spanning over 90 cities and transit systems use Swiftly to facilitate over 1.6 billion annual trips.
- Swiftly intends to use the partnership with JMI to double headcount and expand its customer-facing teams in order to increase its customer base and enhance its ability to directly engage with its users.

November 23, 2020
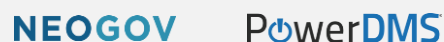
NEOGOV   **PowerDMS**

EV: Confidential   EV / Rev: Confidential

Rev: Confidential   EV / EBITDA: Confidential

NEOGOV's acquisition of PowerDMS

- PowerDMS provides cloud-based compliance software that helps customers across high-risk industries simplify how they create, track, and attest to policies, training, and industry standards.
- Over 3,500 municipalities, law enforcement agencies, Fire/EMS departments, and healthcare organizations use PowerDMS' systems to manage their critical processes, communications, and content.
- The acquisition of PowerDMS complements NEOGOV's human capital management platform and deepens their expertise in procedure and policy management, enabling greater integration and modernization of their core public sector clients' systems.

September 17, 2020
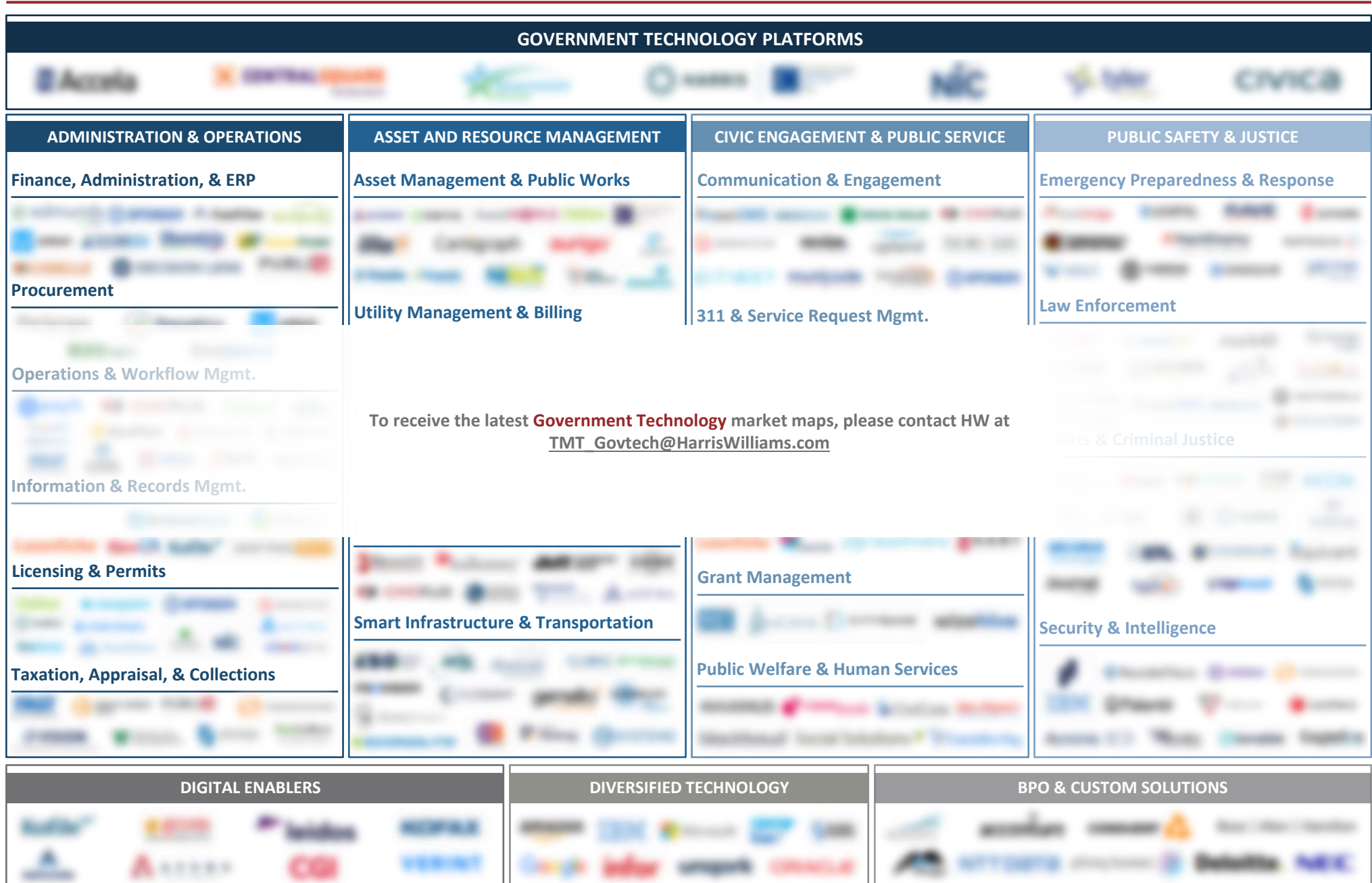
polarispartners   **B2GNOW**

EV: Confidential   EV / Rev: Confidential

Rev: Confidential   EV / EBITDA: Confidential

Polaris' acquisition of B2GNow

- B2Gnow is a SaaS-based diversity program management platform that enables public sector organizations to automate, track, and enforce compliance across government supplier contracts.
- B2Gnow has engaged with over 235 clients to process more than two million certification records and oversees more than $1 trillion in procured contract value across its platform.
- Polaris' acquisition of B2Gnow will help the company continue to expand its customer base, strengthen its sales and go-to-market efforts, and invest in continued product differentiation.
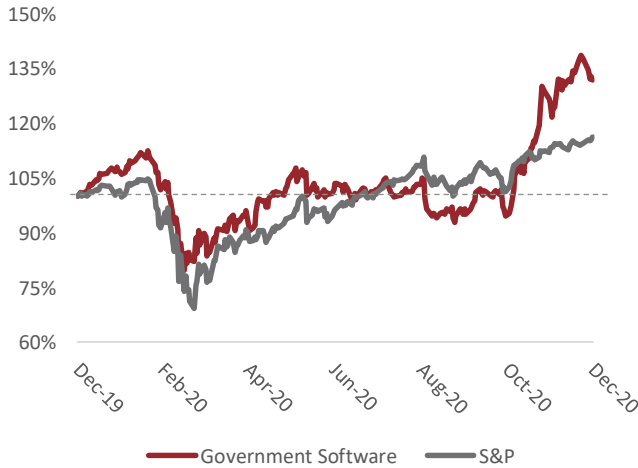
Govtech Landscape Overview

The page is a presentation slide titled "Govtech Landscape Overview" containing a market map of government technology companies organized into categories.

GOVERNMENT TECHNOLOGY PLATFORMS

ADMINISTRATION & OPERATIONS	ASSET AND RESOURCE MANAGEMENT	CIVIC ENGAGEMENT & PUBLIC SERVICE	PUBLIC SAFETY & JUSTICE
Finance, Administration, & ERP	**Asset Management & Public Works**	**Communication & Engagement**	**Emergency Preparedness & Response**
Procurement	**Utility Management & Billing**	**311 & Service Request Mgmt.**	**Law Enforcement**
Operations & Workflow Mgmt.			Courts & Criminal Justice
Information & Records Mgmt.			
Licensing & Permits	**Smart Infrastructure & Transportation**	**Grant Management**	**Security & Intelligence**
Taxation, Appraisal, & Collections		**Public Welfare & Human Services**	

To receive the latest **Government Technology** market maps, please contact HW at
TMT_Govtech@HarrisWilliams.com

DIGITAL ENABLERS

DIVERSIFIED TECHNOLOGY

BPO & CUSTOM SOLUTIONS

Relative Public Equity Performance[9]

GOVERNMENT SOFTWARE	DIVERSIFIED SOFTWARE	GOVERNMENT TECHNOLOGY & SERVICES

Stock Price Performance

Government Software — S&P

Stock Price Performance

Diversified Software — S&P

Stock Price Performance

Government Technology & Services — S&P

Valuation Metrics

GOVERNMENT SOFTWARE

Enterprise Value /		
LTM Rev.	LTM EBITDA	2021E EBITDA
7.2x	23.8x	14.7x

DIVERSIFIED SOFTWARE

Enterprise Value /		
LTM Rev.	LTM EBITDA	2021E EBITDA
7.2x	23.9x	21.0x
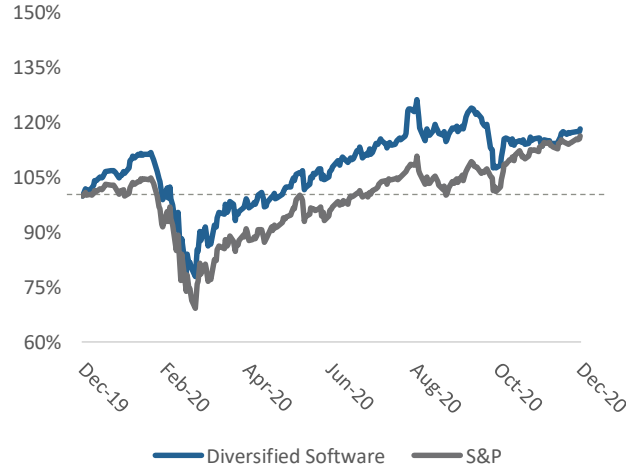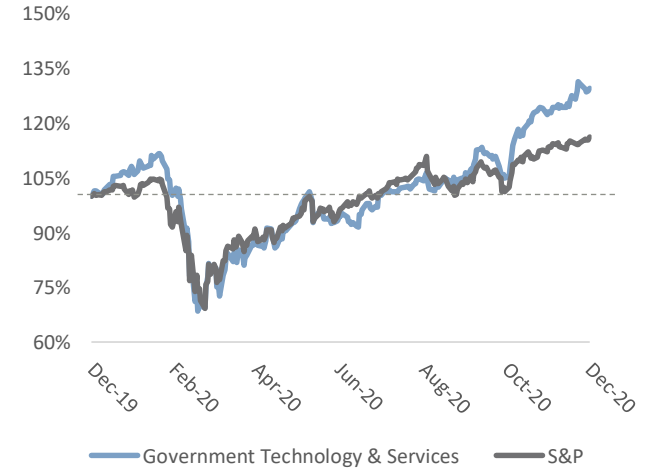
GOVERNMENT TECHNOLOGY & SERVICES

Enterprise Value /		
LTM Rev.	LTM EBITDA	2021E EBITDA
3.1x	14.5x	13.5x

Key Public Comps

Government Software: blackbaud, Constellation Software Inc., everbridge, GTY Technology, Motorola Solutions, NIC, Palantir, tyler technologies, Verra Mobility

Diversified Software: IBM, Microsoft, ORACLE, Roper, salesforce, SAP, Thomson Reuters

Government Technology & Services: Agilysys, AXON, CACI Ever Vigilant, Infosys, leidos, MAXIMUS, NTT DATA, PEGA, VERINT, perspecta, wipro

Comparable Public Company Operating Metrics[9]

As of December 31, 2020
$ in Thousands

| | | | | | | Annual Growth Rates | | | |
| | Market | Revenue | | EBITDA Margin | | Revenue | | EBITDA | |
Company	Capitalization	LTM	CY2021	LTM	CY2021	LTM	CY2021	LTM	CY2021
Government Software									
Motorola Solutions, Inc.	$28,829,058	$7,517,000	$8,004,460	26.4%	29.3%	(3.2%)	8.4%	3.5%	16.5%
Constellation Software Inc.	27,490,114	3,834,000	4,622,342	16.6%	28.6%	13.9%	17.8%	(10.0%)	10.0%
Palantir Technologies Inc.	41,025,175	999,940	1,412,042	NM	18.4%	67.9%	31.8%	NM	76.0%
Tyler Technologies, Inc.	17,603,511	1,122,215	1,206,251	19.6%	29.6%	7.9%	7.2%	13.1%	8.9%
Everbridge, Inc.	5,210,883	252,644	336,988	NM	5.1%	36.1%	25.7%	NM	144.0%
Blackbaud, Inc.	2,778,927	908,452	890,391	12.5%	24.8%	2.8%	(1.1%)	(4.8%)	(3.7%)
Verra Mobility Corporation	2,177,648	405,891	418,941	41.6%	51.2%	(5.9%)	8.3%	(17.8%)	18.4%
NIC Inc.	1,731,402	406,371	437,870	20.0%	25.7%	17.5%	NA	5.3%	NA
GTY Technology Holdings Inc.	277,374	46,508	60,074	NM	NM	37.8%	NA	NM	NA
Median	**$5,210,883**	**$908,452**	**$890,391**	**19.8%**	**27.2%**	**13.9%**	**8.4%**	**(0.6%)**	**16.5%**
Diversified Software									
Microsoft Corporation	$1,681,605,514	$147,114,000	$165,880,687	46.3%	45.3%	13.3%	10.3%	18.6%	8.6%
salesforce.com, inc.	203,713,976	20,286,000	25,417,653	10.0%	27.9%	28.0%	20.4%	(17.0%)	11.7%
SAP SE	156,183,685	33,443,425	33,318,435	33.3%	34.6%	8.2%	0.8%	47.7%	(0.1%)
IBM	190,449,559	39,403,000	40,569,308	43.8%	50.0%	(0.5%)	3.0%	6.8%	4.4%
International Business Machines Corporation	112,166,270	75,030,000	74,718,092	20.9%	25.5%	(2.7%)	1.1%	(5.9%)	25.4%
Roper Technologies, Inc.	45,209,426	5,416,600	6,273,082	35.8%	35.9%	1.3%	12.9%	4.3%	14.3%
Thomson Reuters Corporation	40,644,881	5,951,000	6,221,228	24.2%	32.9%	1.7%	NA	36.4%	NA
Median	**$156,183,685**	**$33,443,425**	**$33,318,435**	**33.3%**	**34.6%**	**1.7%**	**6.6%**	**6.8%**	**10.2%**
Government Technology & Services									
Infosys Limited	$72,970,652	$13,145,000	$14,308,781	26.4%	26.6%	4.0%	8.4%	13.2%	7.8%
Wipro Limited	30,121,525	8,409,188	8,687,243	21.1%	22.2%	(0.8%)	3.7%	2.0%	5.8%
NTT DATA Corporation	19,174,335	21,513,823	22,201,678	14.9%	15.0%	4.8%	1.9%	4.8%	7.3%
Leidos Holdings, Inc.	14,960,781	11,999,000	13,954,750	10.6%	10.4%	11.2%	12.2%	19.3%	9.5%
Pegasystems Inc.	10,753,776	995,459	1,211,904	NM	5.1%	11.7%	17.2%	NM	329.0%
Axon Enterprise, Inc.	7,786,769	626,714	738,019	NM	17.0%	32.3%	16.0%	NM	0.1%
CACI International Inc	6,287,803	5,816,156	6,342,325	10.5%	10.6%	12.2%	7.2%	25.6%	7.5%
Maximus, Inc.	4,497,710	3,461,537	3,330,003	11.1%	12.2%	19.9%	(4.6%)	(3.7%)	5.9%
Verint Systems Inc.	4,416,156	1,263,808	1,346,906	14.8%	26.0%	(2.4%)	5.3%	6.7%	5.6%
Perspecta Inc.	3,876,006	4,475,000	4,077,896	13.5%	15.8%	0.6%	(8.1%)	8.4%	(7.9%)
Agilysys, Inc.	899,250	145,812	166,040	2.7%	14.4%	(3.9%)	18.7%	NM	6.8%
Median	**$7,786,769**	**$4,475,000**	**$4,077,896**	**13.5%**	**15.0%**	**4.8%**	**7.2%**	**7.6%**	**6.8%**
Total Comp Set Median	**$17,603,511**	**$4,475,000**	**$4,622,342**	**19.8%**	**25.6%**	**7.9%**	**8.4%**	**5.3%**	**8.2%**

Comparable Public Company Valuation Metrics[9]

$ in Thousands

Company	Market Capitalization	Enterprise Value	Multiples Summary			
			Enterprise Value/Revenue		Enterprise Value/EBITDA	
			LTM	CY2021	LTM	CY2021
Government Software						
Motorola Solutions, Inc.	$28,829,058	$33,736,058	4.5x	4.2x	17.0x	14.4x
Constellation Software Inc.	27,490,114	27,561,114	7.2x	6.0x	43.2x	20.8x
Palantir Technologies Inc.	41,025,175	39,422,738	39.4x	27.9x	NM	NM
Tyler Technologies, Inc.	17,603,511	17,047,881	15.2x	14.1x	77.6x	47.7x
Everbridge, Inc.	5,210,883	5,207,453	20.6x	15.5x	NM	NM
Blackbaud, Inc.	2,778,927	3,302,918	3.6x	3.7x	29.0x	14.9x
Verra Mobility Corporation	2,177,648	2,919,451	7.2x	7.0x	17.3x	13.6x
NIC Inc.	1,731,402	1,507,782	3.7x	3.4x	18.6x	13.4x
GTY Technology Holdings Inc.	277,374	291,948	6.3x	4.9x	NM	NM
Median	**$5,210,883**	**$5,207,453**	**7.2x**	**6.0x**	**23.8x**	**14.7x**
Diversified Software						
Microsoft Corporation	$1,681,605,514	$1,626,872,514	11.1x	9.8x	23.9x	21.6x
salesforce.com, inc.	203,713,976	200,444,976	9.9x	7.9x	99.1x	28.3x
SAP SE	156,183,685	163,963,501	4.9x	4.9x	14.7x	14.2x
IBM	190,449,559	223,457,559	5.7x	5.5x	12.9x	11.0x
International Business Machines Corporation	112,166,270	167,084,270	2.2x	2.2x	10.6x	8.8x
Roper Technologies, Inc.	45,209,426	54,611,326	10.1x	8.7x	28.2x	24.2x
Thomson Reuters Corporation	40,644,881	42,981,881	7.2x	6.9x	29.8x	21.0x
Median	**$156,183,685**	**$167,084,270**	**7.2x**	**6.9x**	**23.9x**	**21.0x**
Government Technology & Services						
Infosys Limited	$72,970,652	$70,208,652	5.3x	4.9x	20.2x	18.5x
Wipro Limited	30,121,525	25,229,364	3.0x	2.9x	14.2x	13.1x
NTT DATA Corporation	19,174,335	23,837,563	1.1x	1.1x	7.4x	7.1x
Leidos Holdings, Inc.	14,960,781	19,646,781	1.6x	1.4x	15.5x	13.5x
Pegasystems Inc.	10,753,776	10,867,576	10.9x	9.0x	NM	NM
Axon Enterprise, Inc.	7,786,769	7,284,992	11.6x	9.9x	NM	NM
CACI International Inc	6,287,803	8,247,710	1.4x	1.3x	13.5x	12.2x
Maximus, Inc.	4,497,710	4,639,627	1.3x	1.4x	12.1x	11.4x
Verint Systems Inc.	4,416,156	4,889,240	3.9x	3.6x	26.1x	13.9x
Perspecta Inc.	3,876,006	6,391,006	1.4x	1.6x	10.5x	9.9x
Agilysys, Inc.	899,250	863,601	5.9x	5.2x	NM	36.0x
Median	**$7,786,769**	**$8,247,710**	**3.0x**	**2.9x**	**13.9x**	**13.1x**
Total Comp Set Median	**$17,603,511**	**$19,646,781**	**5.7x**	**4.9x**	**17.3x**	**14.1x**

Notable Recent Transactions[9,10]

$ in Millions

Date	Target	Acquirer	Enterprise Value	LTM Multiples Revenue	LTM Multiples EBITDA
Government Technology					
Pending	PowerDMS, Inc.	NEOGOV	Non-Public Information		
12/12/20	Granicus	Harvest Partners	HW Confidential		
12/11/20	Versaterm	Banneker Partners	NA	NA	NA
12/09/20	Swiftly	JMI Management	NA	NA	NA
10/30/20	Calytera	Granicus, Inc.	NA	NA	NA
10/22/20	Alfresco Software	Hyland Software (Thoma Bravo)	NA	NA	NA
09/17/20	B2GNow	Polaris	NA	NA	NA
09/09/20	Sprinklr	Hellman & Friedman	2,700	6.8x	NA
08/28/20	Callyo	Motorola Solutions	69	NA	NA
08/19/20	Quorum Analytics	Serent Capital	NA	NA	NA
08/13/20	CaseLines	Thomson Reuters Corporation	NA	NA	NA
07/23/20	Juvare	Five Arrows Capital	NA	NA	NA
07/13/20	Becklar	BV Investment Partners	NA	NA	NA
07/08/20	Revenue Solutions	DC Capital Partners	NA	NA	NA
06/29/20	Unison Software, Inc.	The Carlyle Group	NA	NA	NA
05/14/20	Conservice, LLC	Advent International Corporation	Non-Public Information		
04/30/20	Kalkomey Enterprises, LLC	Cove Hill Partners, L.P.	HW Confidential		
04/09/20	QueTel Corporation	Omnigo Software, LLC	NA	NA	NA
04/01/20	Smith Technologies, LLC (nka:RedSail Technologies, LLC)	Francisco Partners Management, L.P.	NA	NA	NA
03/19/20	Pondera Solutions, LLC	Thomson Reuters Corporation	Non-Public Information		
02/03/20	Kofile	Audax Group	Non-Public Information		
01/21/20	Vermont Systems Inc.	Clubessential LLC	NA	NA	NA
01/14/20	BIAS Software, Inc.	Springbrook Software, Inc.	NA	NA	NA
01/07/20	Springbrook Software, Inc.	Accel-KKR	NA	NA	NA
10/23/19	Core Business Technologies	Banneker Partners	NA	NA	NA
10/11/19	SeeClickFix, Inc.	CivicPlus, LLC	Non-Public Information		
10/03/19	Cityworks	Trimble	NA	NA	NA
09/05/19	ViewPoint Government Solutions, Inc.	OpenGov, Inc.	NA	NA	NA
08/22/19	Ontario Systems	New Mountain Capital	HW Confidential		
07/09/19	GovQA	Frontier Capital	Non-Public Information		
05/22/19	Tellus Safety Solutions, LLC	CentralSquare Technologies	NA	NA	NA
05/15/19	Complus Data Innovations	Passport Labs, Inc.	Non-Public Information		
05/13/19	CivicPlus	BV Investment Partners	NA	NA	NA
04/25/19	Rave Mobile Safety	TCV	NA	NA	NA
04/15/19	Appriss	Clearlake Capital Group	Non-Public Information		
03/20/19	PayIt	Insight Venture Partners	HW Confidential		
02/28/19	MicroPact Inc.	Tyler Technologies, Inc.	204	Non-Public Information	
02/19/19	Citybase, Inc.	GTY Technology Holdings Inc.	160	Non-Public Information	
01/28/19	Intellectual Technology	Arlington Capital Partners	NA	NA	NA
01/09/19	BAS	Edmunds & Associates	NA	NA	NA
12/18/18	Invoice Cloud	General Atlantic	Non-Public Information		
11/29/18	Rock Solid Technologies, Inc.	Strattam Capital, LLC	NA	NA	NA
11/01/18	Edmunds & Associates	LLR Partners	NA	NA	NA
10/24/18	Trafficware Group Inc.	Cubic Transportation Systems, Inc.	236	HW Confidential	
08/01/18	Central Square Technologies (Tritech Software, Superion, Aptean)	Bain Capital, Vista Equity Partners	NA	NA	NA
04/30/18	Socrata, Inc.	Tyler Technologies, Inc.	150	6.0x	NA
03/31/18	Brandt Information Services, LLC	NexPhase Capital	Non-Public Information		
03/06/18	Value Payment Systems, LLC	Government Brands (Providence Strategic Growth)	Non-Public Information		
02/21/18	nCourt	Government Brands (Providence Strategic Growth)	HW Confidential		
02/01/18	Northgate Public Services	NEC Corporation	642	2.9x	NA
01/25/18	PowerDMS	Frontier Capital	Non-Public Information		
01/16/18	Acceo Solutions	Constellation Software, Inc.	186	2.1x	NA
Median			**$160**	**6.8x**	**15.5x**

Case Study: Kalkomey

HW's Technology Group advised Kalkomey, a portfolio company of Inverness Graham, on its sale to Cove Hill Partners.

kalkomey™

a portfolio company of

INVERNESS GRAHAM

has been acquired by

COVE HILL
PARTNERS

TRANSACTION OVERVIEW

Kalkomey is a leading provider of online recreational safety education reaching all 50 U.S. states, as well as Australia, Canada, Guam, Mexico, New Zealand, Puerto Rico, and the U.K. The Company works hand in hand with governmental agencies to provide tailored online safety education courses and certifications for boating, scuba diving, hunting, snowmobiling, and off-roading.

Kalkomey's regulatory-approved safety education courses provide official safety certifications to nearly a million students annually. The Company's cloud-based government agency software offerings drive operational efficiencies of key workflows from licensing and registration, to certification and event management, to compliance and reporting.

Cove Hill is a long-term-oriented private equity firm focused on partnering with management teams to build market-leading technology and consumer companies. The firm manages a long-duration fund with over $1 billion of commitments from its investors and founders. Based in Boston, Cove Hill has an innovative structure that provides the flexibility to enable a patient, concentrated, and value-added approach in a small portfolio of long-term investments.

RELEVANT SUB-SECTORS

GOVERNMENT TECHNOLOGY	VERTICAL SOFTWARE	EDUCATION TECHNOLOGY

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Case Study: PayIt

HW's Technology Group advised PayIt on its strategic investment from Insight Partners.

has received a strategic investment from

TRANSACTION OVERVIEW

PayIt is a leading provider of next-generation integrated digital government software and payment solutions. The Company improves citizen-government interactions by providing a modern, mobile technology platform designed to provide users with an intuitive, contextual experience.

PayIt's best-in-class software and payment solutions feature a sleek design and are differentiated by a chat-based user experience. The Company's solutions seamlessly integrate into existing government technology infrastructure, connecting disparate systems to deliver a single, unified platform suited for diverse government workflows. PayIt serves a variety of government organizations, including departments of motor vehicles, transportation agencies, parks and wildlife agencies, public utilities, and tax departments, among others, and has experienced rapid customer growth and user adoption that demonstrates the value proposition to both the government and the public. In addition to continued penetration of existing government segments, PayIt has an attractive opportunity to augment growth through expansion into new government adjacencies.

Insight Partners is a leading global private equity and venture capital firm that focuses on growth and buyout transactions across a broad range of software and technology segments.

RELEVANT SUB-SECTORS

GOVERNMENT TECHNOLOGY	VERTICAL SOFTWARE	PAYMENTS

Harris Williams

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Case Study: nCourt

HW's Technology Group advised nCourt, a portfolio company of Mainsail Partners, on its sale to Providence Strategic Growth and Greater Sum Ventures.

nCourt

a portfolio company of

Mainsail Partners

has been acquired by

PROVIDENCE EQUITY

&

GSV GREATER SUM VENTURES

TRANSACTION OVERVIEW

nCourt connects government entities and the public through an integrated SaaS civic engagement and payments platform. The Company's solutions government operations and revenue collection by streamlining payments and reporting through intuitive web and mobile applications.

nCourt provides software and payment technology to state and local government agencies, most notably within courts and criminal justice and tax and treasury. The Company boasts a large, established customer base with compelling unit economics and strong organic growth driven by digital adoption as payments move online and governments seek to upgrade legacy systems. nCourt has experienced an impressive growth trajectory, highlighted by several key customer wins in attractive adjacent markets that expand the Company's addressable market. In addition to continued organic growth, nCourt is well positioned to pursue strategic acquisitions and consolidate a fragmented industry characterized by sub-scale, and often regional, point solutions.

Providence Strategic Growth, a leading private equity firm focused on minority and control investment across software, and Greater Sum Ventures, a growth-oriented technology investor, partnered to form Government Brands with nCourt as the platform asset.

RELEVANT SUB-SECTORS

GOVERNMENT TECHNOLOGY	VERTICAL SOFTWARE	PAYMENTS

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HW's Technology team shares its views on the increasingly active govtech sector in a recent article, highlighting the attractiveness of the integrated software and payments opportunities in the segment.

Sector Observations

Government agencies are under increasing pressure to modernize their IT systems, especially those serving today's digital consumers. That's opening up a $100B+ opportunity for technology vendors, and for the strategic buyers and financial investors that understand the space.

In this article, Managing Director Tyler Dewing, Director Scott Reinig, and Vice President Mike Quealy of the Harris Williams Technology Group explain the key drivers of this shift and reveal one specific area creating noteworthy growth opportunities.

Notable HW Government Software & Payments Transactions

payit

has received a strategic investment from

INSIGHT PARTNERS

nCourt

has been acquired by

PROVIDENCE EQUITY

GSV GREATER SUM VENTURES

Tyler Dewing
Managing Director

Scott Reinig
Director

Mike Quealy
Vice President

Article Excerpt

"Modernizing payments is a quick win for both government agencies and technology vendors," says Dewing. "For agencies, it delivers an almost instant and significant operational efficiency boost for employees and service improvement for the general public—without requiring a big-budget purchase. For vendors, it creates an attractive revenue model and enables those with a broad suite of solutions to get a foot in the door."

M&A Advisor of Choice for Leading Technology Companies

Our Firm

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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4. Tyler Technologies
5. Gartner
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DISCLOSURES