



# Technology, Media & Telecom

COMPLIANCE TECHNOLOGY SECTOR REVIEW | Q4 2019

**HW** Harris Williams



# Harris Williams' Technology Practice

## HARRIS WILLIAMS ("HW")

- 360+ 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

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## SELECT RECENT HW TECHNOLOGY TRANSACTIONS

 Provider of cloud-based risk management, claims and safety management services software has acquired 	 Provider of an environmental, health and safety compliance and training platform for organizations in high-risk, highly regulated end markets has been acquired by 	 Provider of multi-tenant, true SaaS environmental, health, safety, and quality software solutions to enterprise clients across broad end markets has received a majority investment from 	 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 that manufacturing is completed with a high degree of quality has been acquired by 	 Provider of GRC SaaS solutions including credential management and payer enrollment services to healthcare facilities has acquired 	 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 been acquired by 

# 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



### 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 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



### 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.

# Recent Compliance Technology Transactions<sup>1</sup>

December 11, 2019

WhistleB NAVEX GLOBAL

## Nevex Global's acquisition of WhistleB

- WhistleB provides an integrated whistleblowing case management system with reporting options in over 60 languages used by customers in more than 150 countries
- WhistleB's solution has gained strong traction in specific markets and adoption is expected to continue at a fast pace
- Navex Global's purchase of WhistleB expands its international presence and enhances its suite of automated compliance solutions, which have growing demand, particularly in Europe

December 5, 2019

Meercat riskview velocityEHS

## VelocityEHS's acquisition of Meercat

- Meercat provides solutions that improve workflows, from hazard identification to bowtie risk models and into risk controls and risk registers, primarily for mining businesses in Australia
- Adding Meercat's solutions greatly enhances VelocityEHS's software offering, allowing it to compete with the most capable risk software providers
- VelocityEHS further enhances its value proposition by providing software that identifies risks and allows employees to implement cost cutting activities

November 24, 2019

First Advantage SILVERLAKE

## SilverLake's acquisition of First Advantage

- First Advantage provides background check and drug screening solutions via its technology and information services platform
- First Advantage's solution suite enable employers to make faster and more accurate personnel decisions, mitigating reputational and financial risks through its screening process
- SilverLake's investment will help First Advantage further develop its technology platform and accelerate its business growth

November 19, 2019

QUANTIVATE Luminate CAPITAL PARTNERS

## Luminate Capital Partners' strategic investment in Quantivate

- Quantivate is a provider of solutions that help financial institutions mitigate enterprise risk, maintain compliance with regulatory requirements, and manage organizational policies
- Quantivate's product suite and loyal customer base have strategically positioned the company to capture momentum in the compliance and risk management sector
- Luminate's investment in the business will help Quantivate scale its product offering and accelerate its growth

November 12, 2019

HOST COMPLIANCE GRANICUS

## Granicus' acquisition of Host Compliance

- Host Compliance is a provider of short-term rental related software, data and consulting services. The Company's solutions are designed to help solve local and state governments' short-term rental registration, compliance monitoring, tax collection, audit and enforcement challenges.
- The acquisition expands Granicus' capabilities, allowing it to further embed its solutions within both governments and the constituents that they communicate with
- Furthermore, the addition of Host Compliance supports Granicus' overarching goal to create a unified citizen engagement platform

# 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

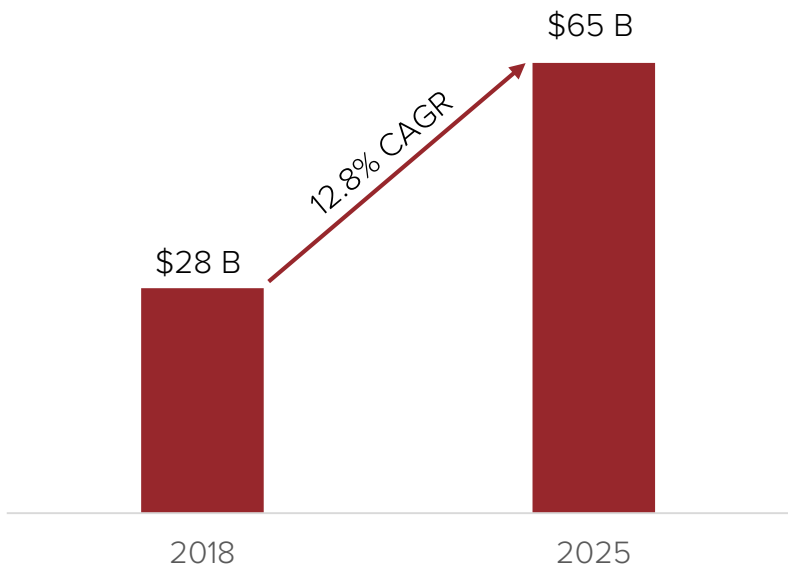
- Minimizing risk, maintaining data integrity, and adhering to regulatory reporting requirements drives businesses to find holistic and integrated solutions, preferably from a single vendor
- Compliance is a daily requirement of businesses and the near constant communication between employees, customers, suppliers, vendors, and other stakeholders requires solutions that are comprehensive and flexible in order to meet changing requirements

## Blending Market Landscape

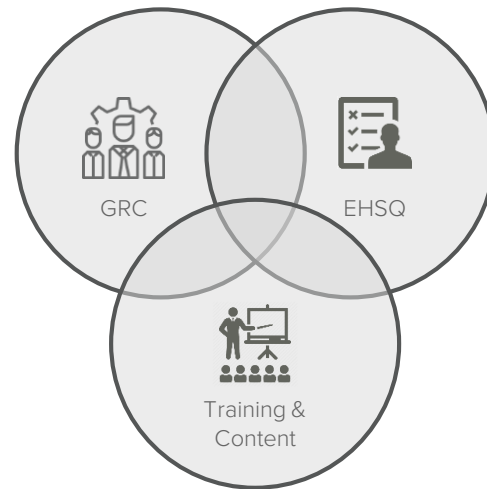
The market landscape is highly fragmented with companies addressing multiple business needs that cross over different product segments.

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

Integrated Risk Management Software Market Growth<sup>2</sup>



### 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.

# Corporate Risk & Compliance Technology - Landscape

## REPRESENTATIVE PROVIDERS

### Corporate Risk and Compliance

#### Integrated Risk Management



#### Vendor / 3<sup>rd</sup> Party / Supply Chain Risk Management



#### Financial Services Risk Management



# EHSQ Technology - Landscape

## REPRESENTATIVE PROVIDERS

### Environmental, Health, Safety, and Quality

#### EHS Platforms



#### EHSQ Software



#### Sustainability Software



#### Quality Management

##### Diversified

##### QMS Software



#### EHS Training



# Public Compliance Technology Companies

## Compliance Software Providers

### Key Public Comps



### Trading Metrics<sup>3</sup>

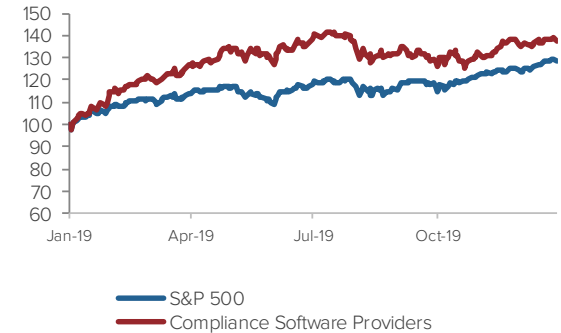
EV / 2019E Revenue

0.9x — 5.0x — 14.0x

EV / 2019E EBITDA

5.3x — 14.3x — 42.8x

### Indexed Stock Performance<sup>2</sup>



## PUBLIC COMPARABLES<sup>3</sup>

As of December 31, 2019 (\$ in millions)

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth 2018	2019	2019P EBITDA Margin	Enterprise Value / '19 Rev.	'19 EBITDA	Price / Earnings
<b>COMPLIANCE SOFTWARE PROVIDERS</b>												
Oracle Corporation	ORCL	200,416	169,941	(12.4%)	17.3%	37.8%	(0.3%)	2.1%	46.4%	5.0x	10.7x	18.4x
International Business Machines	IBM	179,517	118,711	(12.4%)	17.9%	(19.2%)	(3.3%)	3.2%	23.8%	2.3x	9.5x	15.0x
SAP SE	SAP	172,356	160,451	(3.7%)	33.9%	53.8%	10.3%	7.0%	35.9%	5.2x	14.5x	41.4x
Fiserv, Inc.	FISV	103,141	78,616	(2.0%)	57.3%	117.6%	153.2%	9.8%	38.1%	6.4x	16.7x	43.6x
Dell Technologies Inc.	DELL	90,345	37,501	(27.2%)	5.2%	NM	1.2%	1.7%	11.9%	1.0x	8.1x	16.8x
RELX PLC	REL	57,816	48,817	(6.0%)	23.3%	41.3%	9.6%	4.1%	36.4%	5.3x	14.5x	26.7x
ServiceNow, Inc.	NOW	54,374	53,234	(6.9%)	58.6%	279.8%	32.1%	28.0%	28.8%	12.3x	42.8x	NM
Verisk Analytics, Inc.	VRSK	27,482	24,472	(9.5%)	37.0%	84.0%	8.6%	9.0%	47.1%	9.7x	20.6x	44.3x
MSCI Inc.	MSCI	23,777	21,870	(3.5%)	75.1%	227.7%	8.4%	9.6%	55.5%	14.0x	25.2x	32.5x
Wolters Kluwer N.V.	WKL	21,972	19,364	(4.0%)	21.8%	99.9%	4.9%	3.7%	29.3%	4.1x	14.1x	27.2x
DXC Technology Company	DXC	17,875	9,623	(45.9%)	(29.3%)	(36.7%)	(8.4%)	(3.3%)	17.5%	0.9x	5.3x	7.0x
Broadridge Financial Solutions, Inc.	BR	16,041	14,163	(9.8%)	28.4%	86.3%	1.1%	5.9%	22.2%	3.5x	15.6x	30.6x
Micro Focus International plc	MCRO	6,917	4,685	(57.7%)	(33.3%)	(59.7%)	(14.4%)	(5.4%)	41.1%	2.2x	5.3x	17.4x
Pegasystems Inc.	PEGA	6,594	6,319	(0.2%)	66.5%	121.3%	4.2%	12.6%	3.9%	6.3x	NM	NM
Trifast plc	TRI	332	289	(25.6%)	0.1%	(5.7%)	4.8%	2.2%	12.1%	1.2x	9.7x	19.5x
<b>Compliance Software Providers</b>		<b>\$27,482</b>	<b>\$24,472</b>	<b>(9.5%)</b>	<b>23.3%</b>	<b>68.9%</b>	<b>4.8%</b>	<b>4.1%</b>	<b>29.3%</b>	<b>5.0x</b>	<b>14.3x</b>	<b>26.7x</b>



# Compliance Technology – Transaction Activity

## SELECT RECENT M&A TRANSACTIONS<sup>4</sup>

Announced Date	Target/Issuer	Buyer	Description
12/13/2019	Coalfire Systems	Apax Partners	Cybersecurity advisor that helps organizations avert threats, close gaps, and effectively manage cyber risk
12/11/2019	WhistleB	Navex Global (BC Partners)	Provides whistleblowing solution and incident management software in over 60 languages
12/05/2019	Meercat	VelocityEHS	Provider of real-time risk management services
12/02/2019	Clearswift	Help Systems	Provider of cybersecurity services that utilize an adaptive data loss prevention system
11/24/2019	First Advantage	SilverLake	Developer of a background screening software
11/18/2019	Diversified Laboratories	FoodChainID	Provider of laboratory services intended to analyze and detect pesticides
11/12/2019	Host Compliance	Granicus	Provider of short-term rental related software, data and consulting services
11/07/2019	K Squared International	Registrar	Provider of foreign food facility FDA registration and consulting services
10/30/2019	JMM Global	Titan Cloud Software	Offers environmental asset management services to owners, advocates, local, state and federal regulators
10/29/2019	GSI Health	Medecision	Developer of a health management platform designed to provide a personalized healthcare experience for patients
10/24/2019	Digitus Solutions	Inmar	Provides a compliance platform enabling brands of controlled substances to deploy nationwide digital promotions
10/17/2019	Wolfepak Software	Charlesbank	Provider of financial and accounting reporting software
10/15/2019	RIA in a Box	Gordian Compliance Solutions	Provider of compliance software to the wealth management industry
10/10/2019	HelpSystems	TA Associates, Charlesbank	Developer of IT management software, designed to automate business and IT processes
10/04/2019	Quantros Safety Solutions	RLDatix	Provider of software-based safety solutions and services to healthcare sector

# Select Recent Private Placements<sup>3</sup>

DATE	COMPANY	ROUND	ROUND SIZE (\$MM)	TOTAL RAISED (\$MM)	INVESTORS (CURRENT ROUND)	DESCRIPTION
12/17/19	LOGICGATE	Series B	\$25	\$34	Jump Capital and High Alpha Capital	Developer of an agile process automation platform
11/25/19	Tookitaki	Series A	\$11	\$20	SIG Asia Investments, Viola FinTech	Provides enterprise software solutions to enable sustainable regulatory compliance programs
11/19/19	QUANTIVATE	PE Growth	Confidential	Confidential	Luminate Capital Partners	Provider of web-based continuity, risk management, and compliance software and service solutions
11/19/19	shield compliance	Series A	\$5	\$20	Copia Investments	Operator of compliance platform intended to manage risk within the legalized cannabis banking industry
11/13/19	SheerID	PE Growth	\$64	\$97	CVC Capital	Provider of a verification technology platform
11/12/19	GRYPHON NETWORKS	PE Growth	Confidential	\$19	Sverica Capital	Developer of sales performance management and compliance software
11/07/19	Anonos	Series C	\$12	\$30	Edison Partners	Provider of dynamic pseudonymization technology
10/16/19	FLASHPOINT	Series D	\$34	\$77	Undisclosed	Provider of a business risk intelligence platform intended to empower intelligent decision making

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

# 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](http://www.harriswilliams.com/industries).



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Mumbai	

# Harris Williams

## Sources

1. MERGER MARKET.
2. GRAND VIEW RESEARCH.
3. CAPITAL IQ.
4. MERGER MARKET.

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