



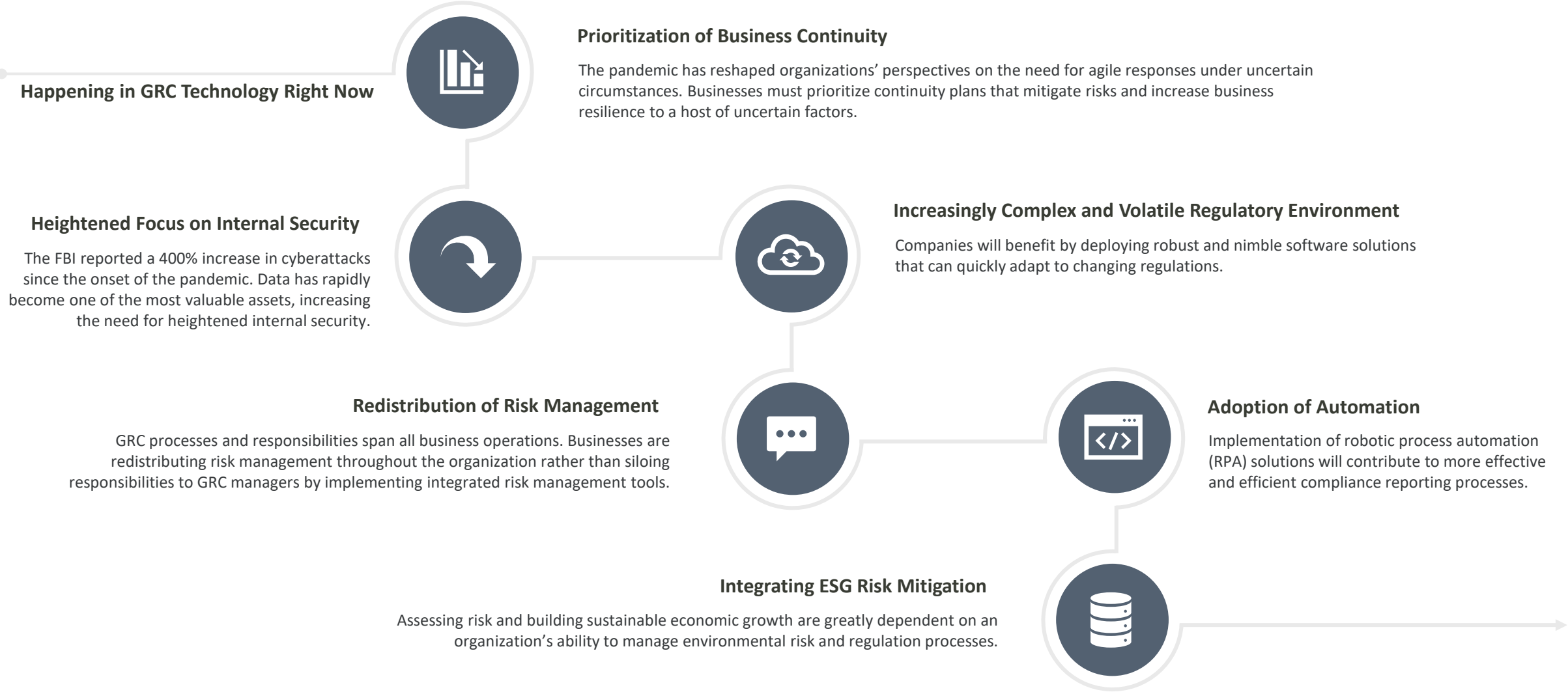
Compliance Technology Sector Brief

Governance, Risk, and Compliance (GRC)

Harris Williams | Q1 2024

GRC Technology Observations and Key Trends

The need for GRC software is rapidly increasing due to the growing complexity and maturity of regulatory compliance and business risk.



Perspectives on GRC Technology

Integrated Risk Management (IRM)

Practices and processes supported by risk awareness and enablement technologies that improve decision-making and performance through integration and management of risk control

Governance, Risk, and Compliance (GRC)



Solutions designed to manage business compliance and risk standards

Select Market Participants



Key Trends

- Corporate risk and compliance solutions that manage the ever-increasing complexities and inherent risks that confront organizations today
- Compliance-centric tools that help protect an organization's customers, business, and brand from systemic risks

IT and Operational Risk Management



Select Market Participants



Key Trends

- Holistic solutions that can address regulatory, financial, IT, or vendor risk
- Operational risk tools that enable risk assessment, risk decision-making, and risk control at a tactical level

Environment, Social, and Governance (ESG)

Solutions designed to manage, track, and measure ESG metrics and performance

What We're Reading

AI Risks in M&A Transactions

Corporate Compliance Insights

Companies relying on AI tools for internal operations and consumer-facing content in M&A transactions face potential risks such as undisclosed liabilities, cybersecurity vulnerabilities, and legal uncertainties. To address these concerns, thorough addressment of the seller's AI use and inclusion of comprehensive representation and warranty language in purchase agreements are crucial.

Read the full article [here](#)

Anti-Money Laundering Experts say Software, Not Hiring, Will Keep Them Ahead of Financial Crime

Compliance Week

U.S. banks and nonbank financial institutions found, that despite the recent surge in anti-money laundering (AML) employees, nearly all respondents said growing their departments' headcounts alone won't keep up with the emerging risks. Instead, the key to combating ever-increasing financial crime attacks is implementing software that utilizes AI and data analytics tools to detect fraud efficiently and effectively.

Read the full article [here](#)

Gen AI: Leaders Have High Expectations — and Governance, Equity Concerns

The Wall Street Journal

A recent survey revealed most leaders anticipate Gen AI will transform their organizations in three years, while only a quarter feel "highly" or "very highly" prepared to handle governance and risk issues related to Gen AI adoption. Leaders expressed concern about talent shortages, governance, and risk barriers.

Read the full article [here](#)

Risk Leaders Must Understand What AI Is — and What It's Not

Corporate Compliance Insights

In 2023, AI became integral in governance, risk, and compliance, aiding leaders in coping with growing complexity. From real-time risk assessment to generative AI's role in report generation, organizations embrace AI to streamline processes, reduce costs, and enhance GRC strategies, although challenges like biases and ethical considerations emphasize the need for human oversight.

Read the full article [here](#)

Recent Harris Williams Technology and Compliance Content

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



[Link to Read](#)

- **Renewables & Distributed Energy**



[Link to Read](#)

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



[Link to Read](#)

Select H2 2023 GRC Technology Transactions

Traliant acquires Kantola Training Solutions



December 20, 2023

Buyer

- Kantola is a provider of online compliance training solutions focused on harassment prevention and DEI initiatives helping to change perspectives, achieve regulatory compliance, and elevate culture
- The acquisition of Kantola will strengthen Traliant's portfolio of online compliance training courses, and underscores their continued investment in modern compliance training solutions

Ncontracts acquires Quantivate



Target



Buyer

December 12, 2023

- Quantivate is a provider of governance, risk, and compliance solutions, primarily serving banks, credit unions, and other institutions in the financial services industry
- The acquisition by Ncontracts will add complementary solutions that will provide expanded services for customers, further solidifying Ncontracts' position as a leader in the integrated risk management sector

Carlyle acquires majority stake in GBTEC



Target



Investor

November 23, 2023

- GBTEC is a provider of business process management and governance, risk, and compliance software and consulting services, assisting organizations with modeling, analysis, optimization, and business processes
- The investment by Carlyle will further accelerate the company's international expansion and help develop its product portfolio, particularly in the digital process automation unit

Ideagen acquires OP Central



Target



Buyer

November 22, 2023

- OP Central is a provider of a compliance management platform, enabling organizations to eliminate human error, enhance operational productivity, and manage daily targets
- The acquisition of OP Central will further Ideagen's goal to augment their solution suite for customers while increasing their geographical footprint in Australia

Thoma Bravo acquires EQS



Target



Buyer

November 16, 2023

- EQS is a provider of corporate compliance, investor relations, and ESG software, assisting companies in fulfilling their legal and regulatory obligations
- The acquisition by Thoma Bravo will provide additional funding for accelerated product innovation, potential add-on acquisitions, and other future growth initiatives

Nasdaq acquires Adenza



Target



Buyer

November 1, 2023

- Adenza is a provider of mission-critical, risk management, regulatory reporting, and capital markets software, primarily serving the financial services industry
- The acquisition by Nasdaq further expands the company's capabilities in supporting the global financial services ecosystem with mission-critical solutions designed to manage risk and compliance

Select H2 2023 GRC Technology Transactions

Inflexion acquires aosphere

aosphere an affiliate of ALLEN & OVERY

Target

inflexion

Investor

October 30, 2023

- Aosphere is a provider of cross border online legal analysis, enabling clients to leverage proper legal data and services for their respective global geographical footprints
- The acquisition by Inflexion will provide financial support to fulfill the company's immediate goal of accelerated growth via pursuing M&A opportunities and geographical expansion into the United States



Apax Partners makes significant growth investment in GAN Integrity

GAN INTEGRITY

Target

Apax

Investor

October 26, 2023

- GAN Integrity is a provider of GRC technology, enabling proactive, integrated, real-time management and monitoring of third-party and employee risk, ethics, and compliance programs
- The investment by Apax will accelerate product development and provide support for potential add-on acquisitions and other future growth initiatives

Case IQ acquires WhistleBlower Security

WHISTLEBLOWER SECURITY

Target

Case IQ

Buyer

October 19, 2023

- WhistleBlower Security is a provider of ethics and compliance reporting solutions, empowering organizations to offer a secure and confidential platform for reporting potential ethics breaches from their employees
- The acquisition by Case IQ will expand their intake platform to ensure incidents are reported accurately and thoroughly, enabling companies to better manage internal risks

Rethink Compliance receives growth investment from Cypress Growth Capital

Rethink Compliance

Target

CYPRESS GROWTH CAPITAL

Investor

October 9, 2023

- Rethink Compliance is a provider of customizable compliance and ethics training, programs, and educational content, assisting organizations with fostering a modern, compliant workforce and culture
- The investment by Cypress Growth Capital will enable the company to expand their existing compliance content library and scale their team to match the increasing demand for the product

Hyperproof receives growth investment from Riverwood Capital

hyperproof

Target

RIVERWOOD CAPITAL

Investor

August 30, 2023

- Hyperproof is a provider of compliance, risk, and security software, enabling visibility into organizational risks, streamlining auditing processes, and reducing ever-growing compliance workloads
- The growth investment from Riverwood will enable the company to expand its solution suite and develop new products with advanced heuristics and artificial intelligence to automate manual processes

ProcessUnity acquires CyberGRX

cyber GRX

Target

ProcessUnity

Buyer

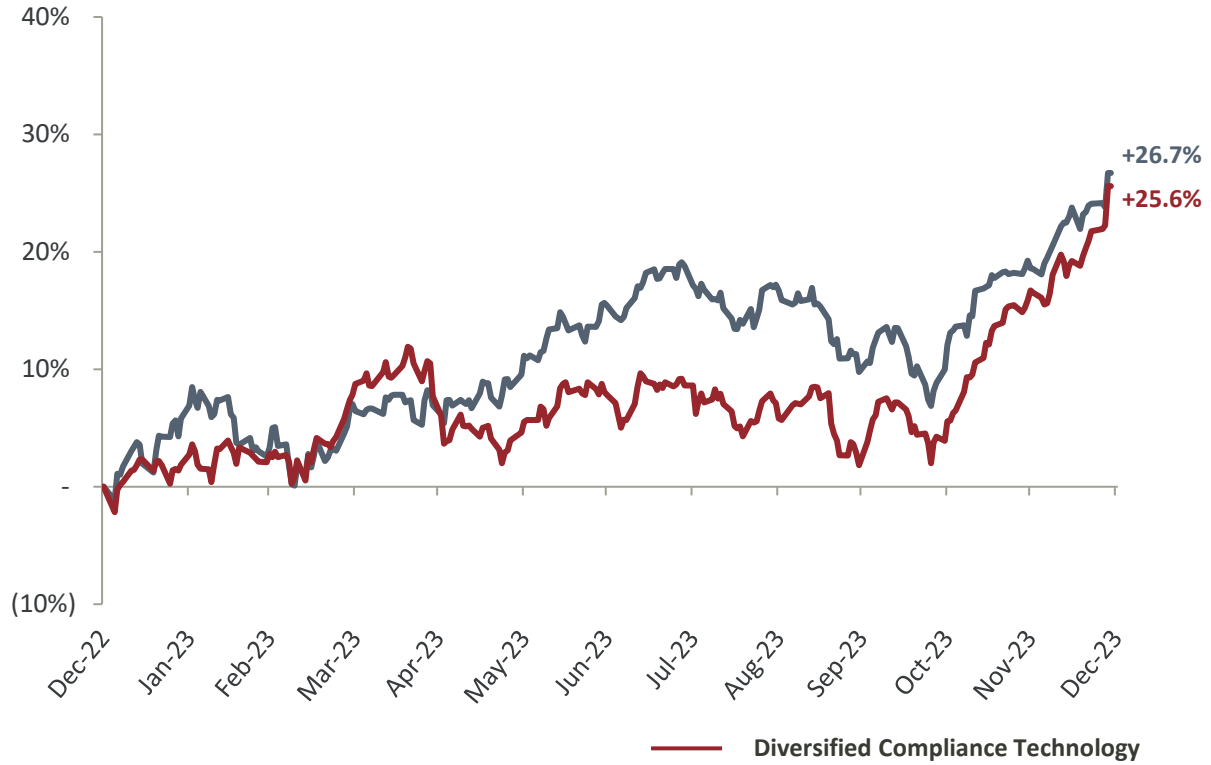
July 12, 2023

- CyberGRX is a provider of third-party risk assessment software, equipping organizations with cyber risk intelligence, predictive risk insights, and a portfolio-wide view of security gaps
- The acquisition by ProcessUnity will extend program workflows to the combined customer base, creating one of the world's largest global cyber risk exchanges to centralize and standardize vendor risk management

Compliance Technology Public Company Trended Stock Performance¹

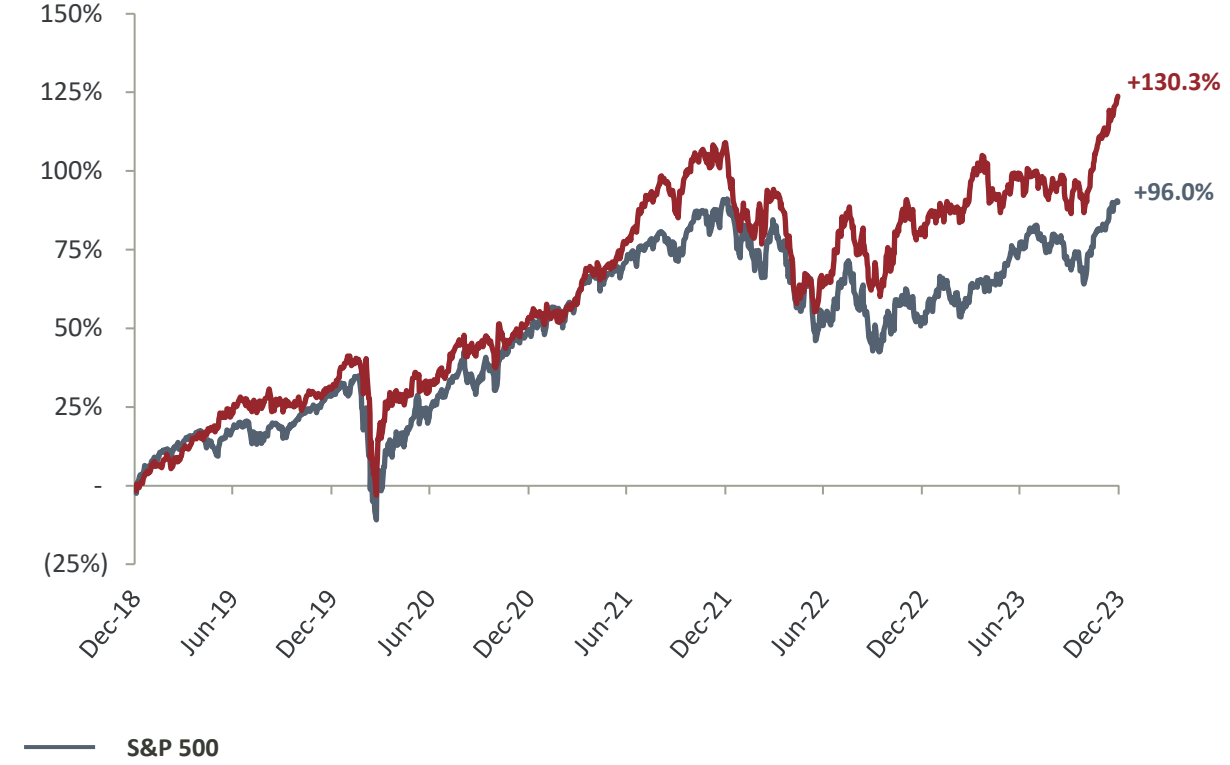
Public Company Stock Performance – Past 12 Months

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



Public Company Stock Performance – 5 Years

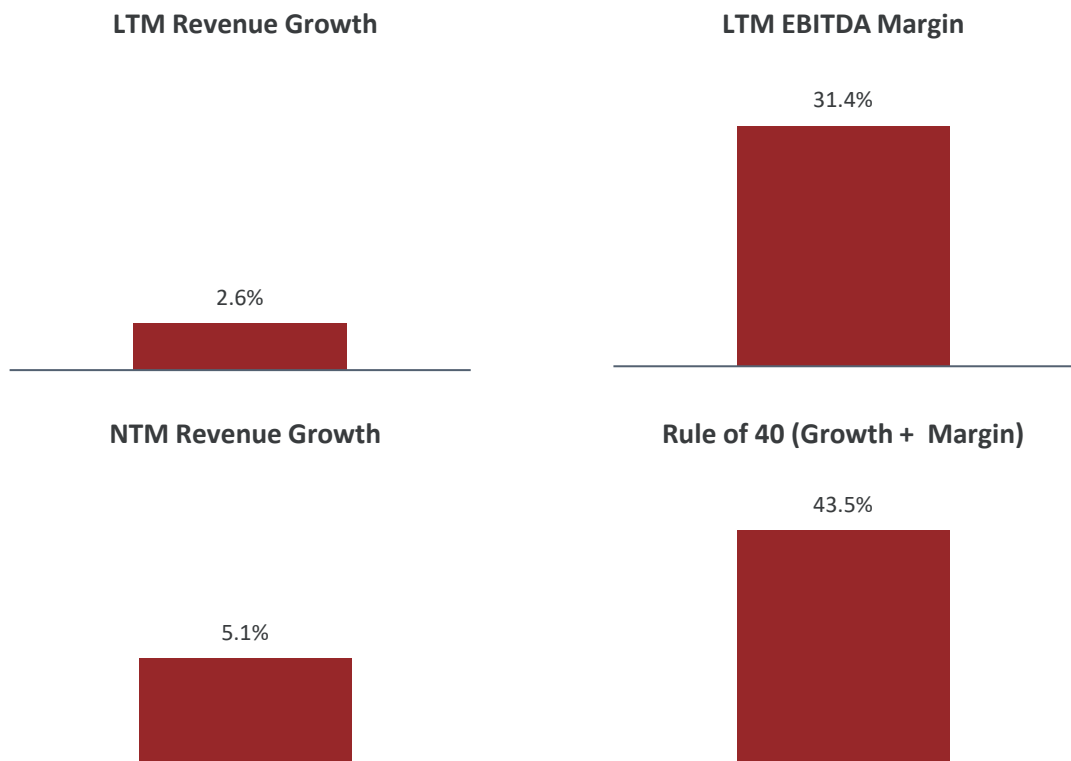
Indexed Stock Price Performance for the period December 2018 – December 2023



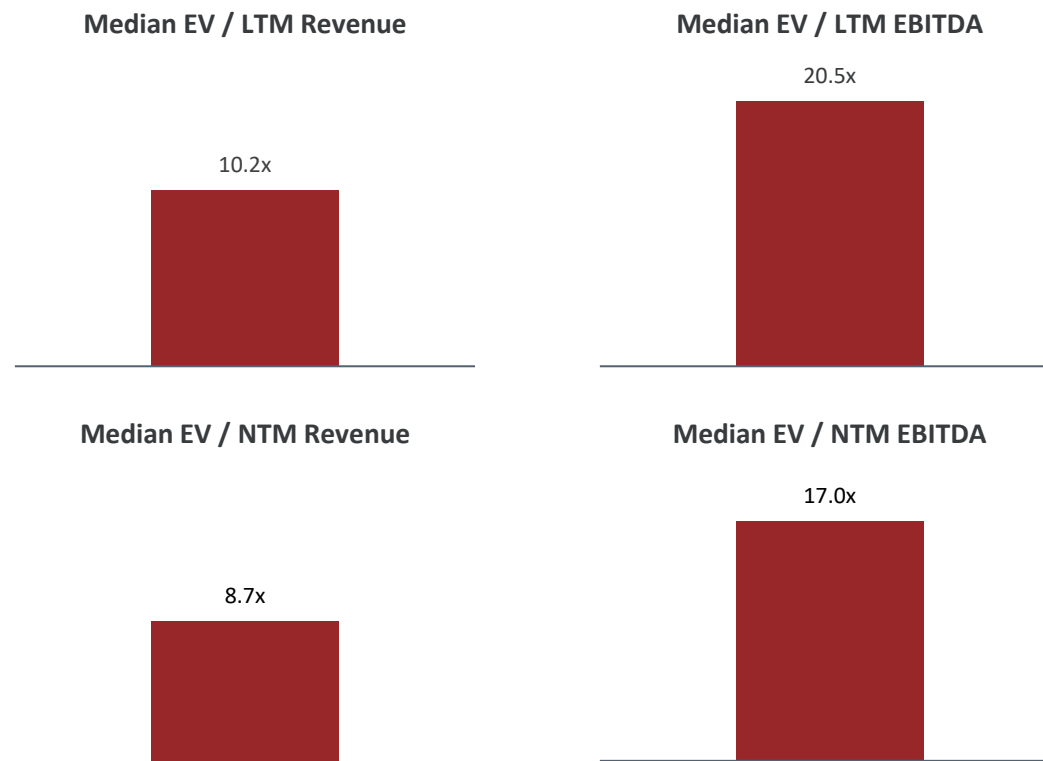
Diversified Compliance Technology

Compliance Technology Public Company Operating and Valuation Metrics²

Public Company – Operating Metrics



Public Company – Valuation Metrics



Diversified Compliance Technology



GRC Technology Market Landscape

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

Established GRC Platforms



Emerging GRC Platforms



IT and Vendor Risk



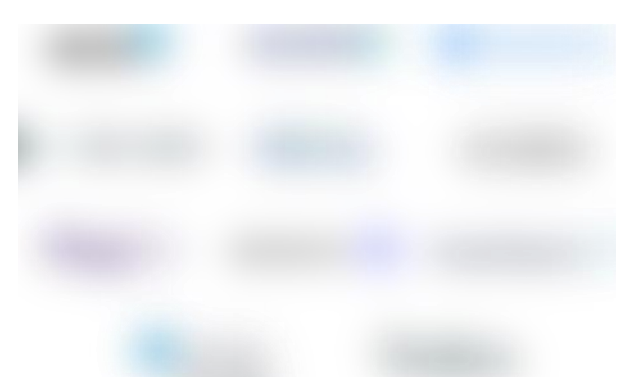
Business Continuity



Ethics and Compliance



Financial Services Compliance



Technology Coverage Areas

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

Sector Coverage Areas

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

Thematic Focus Areas

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

GRC Software

Pending Acquisition by Strategic Acquirer

Hg

has made a strategic growth investment in

 CINC Systems

a portfolio company of

SPECTRUM EQUITY

INSIGHT PARTNERS

LIBERTY HALL Capital Partners

have made a strategic investment in and merged

CSIMPLY365

VISTAIR

PENDING

CVC

is making an investment in

 **sogelink**

a portfolio company of

 **KEENSIGHT CAPITAL**

PENDING

PEI

is receiving further growth investment from

Bridgepoint

PENDING

inflexion

is making a strategic investment in

aosphere
an affiliate of ALLEN & OVERY

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Harris Williams Compliance Technology Experience

Selected Compliance Tech Experience

<p>GRC Software</p> <p><i>Pending Acquisition by Strategic Acquirer</i></p>	<p>INSIGHT PARTNERS LIBERTY HALL Capital Partners</p> <p>have made a strategic investment in and merged</p> <p>COMPLY365</p> <p>VISTAIR</p>	<p>NEUBERGER BERMAN</p> <p>has made a minority investment in</p> <p>hsi Health & Safety Institute</p>	<p>Chambers AND PARTNERS</p> <p>a portfolio company of</p> <p>inflexion</p> <p>has been acquired by</p> <p>abry partners</p>
<p>Apax</p> <p>has made a significant growth investment in</p> <p>GAN INTEGRITY</p>	<p>3x</p> <p>cority</p> <p>a portfolio company of</p> <p>THOMABRAVO</p> <p>has acquired</p> <p>Reporting21</p>	<p>Audax Group</p> <p>has acquired</p> <p>DISA</p> <p>a portfolio company of</p> <p>COURT SQUARE</p>	<p>KEENSIGHT CAPITAL</p> <p>has made an investment in</p> <p>LISAM SYSTEMS Enabling full compliance.</p>
<p>Alcumus Safer, Healthier, Stronger</p> <p>a portfolio company of</p> <p>inflexion</p> <p>has been acquired by</p> <p>Apax</p>	<p>MARLIN EQUITY PARTNERS</p> <p>has acquired</p> <p>ProcessUnity</p>	<p>veriforce</p> <p>has acquired</p> <p>COMPLYWORKS</p>	<p>TAILWIND CAPITAL</p> <p>has acquired</p> <p>ventiv TECHNOLOGY</p>

Harris Williams Client Engagement Spotlight



has made a significant growth investment in



Company Background

GAN Integrity is a provider of technology that enables proactive, integrated, real-time management and monitoring of third-party and employee risk, ethics, and compliance programs.

Successful Outcome

The transaction delivered another successful outcome within the GRC software sector. This investment by Apax aligns with their mission to partner with and support companies with sustainable business practices and will allow GAN to accelerate product development and better serve the growing demands of global brands for risk, ethics, and compliance management software technology.

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

Harris Williams Client Engagement Spotlight



a portfolio company of



has acquired



Company Background

Reporting 21 is a provider of innovative environmental, social, and governance (ESG) performance solutions and advisory services to financial institutions and corporations.

Successful Outcome

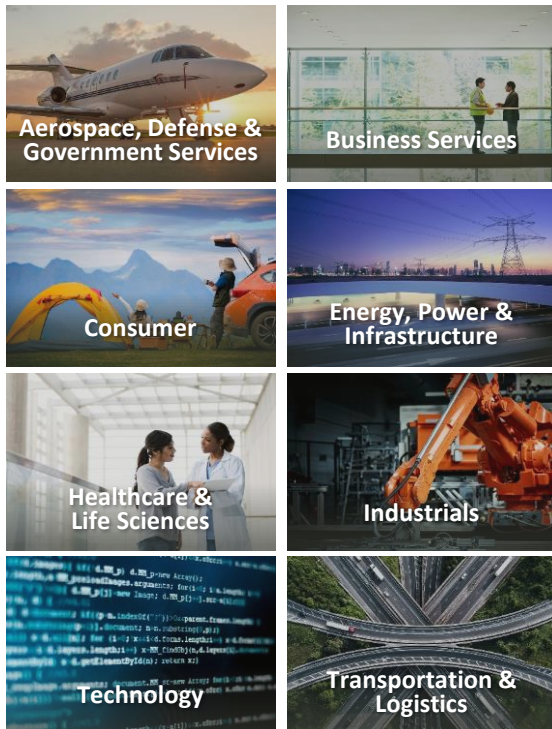
The transaction delivered another successful outcome within the EHS software sector. Reporting 21's profile has a strong fit within Cority's investment mandate and will further support the customer base as the company pursues its growth and expansion strategy in the years ahead.

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

HW Harris Williams / GLOBAL INVESTMENT BANK

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Proven Expertise

MERGERS & ACQUISITIONS

PRIVATE CAPITAL SOLUTIONS

PRIMARY FUND PLACEMENT

Core Values That Drive Success



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87% Managing Directors promoted from within

30+ Year history

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Appendix

Public Market Operational and Valuation Metrics ^{1 2}

As of December 31, 2023

\$ in Millions

Company	Market Capitalization	Enterprise Value	% of 52-Week High	LTM Gross Margin	LTM EBITDA Margin	Enterprise Value /			
						LTM Revenue	NTM Revenue	LTM EBITDA	NTM EBITDA
Compliance Technology - Diversified									
Intercontinental Exchange	\$73,509	\$96,330	99.4%	100.0%	62.2%	12.8x	10.6x	20.5x	17.0x
Thomson Reuters Corporation	66,818	68,766	99.1%	39.8%	29.9%	10.2x	9.7x	34.1x	25.0x
RELX	46,119	54,601	60.1%	64.3%	31.4%	4.7x	4.5x	15.0x	11.8x
Wolters Kluwer	34,186	36,887	95.4%	71.0%	29.1%	6.1x	5.9x	20.8x	18.3x
Nasdaq	33,545	38,267	91.0%	57.9%	56.6%	10.7x	8.7x	18.9x	15.8x
Median	\$46,119	\$54,601	95.4%	64.3%	31.4%	10.2x	8.7x	20.5x	17.0x