Compliance Technology Sector Update

Governance, Risk, and Compliance (GRC)

Harris Williams | Q3 2022

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.

Happening in GRC Technology Right Now

Prioritization of Business Continuity

The pandemic has reshaped organizations' perspectives on the need for an agile response under uncertain circumstances. Businesses must prioritize continuity plans that mitigate risks and increase business resilience to a host of uncertain factors.

Heightened Focus on Internal Security

The FBI reported a 400% increase in cyberattacks since the onset of the pandemic. Data has rapidly become one of the most valuable assets, increasing the need for heightened internal security.

Increasingly Complex and Volatile Regulatory Environment

Companies will benefit by deploying robust and nimble software solutions that can quickly adapt to changing regulations.

Redistribution of Risk Management

GRC processes and responsibilities span all business operations. Businesses are redistributing risk management throughout the organization rather than siloing responsibilities to GRC managers by implementing integrated risk management tools.

Adoption of Automation

Implementation of robotic process automation (RPA) solutions will contribute to more effective and efficient compliance reporting processes.

Integrating ESG Risk Mitigation

Assessing risk and building sustainable economic growth are greatly dependent on an organization's ability to manage environmental risk and regulation processes.

Perspectives on GRC Technology

Integrated Risk Management (IRM)

Practices and processes supported by risk awareness and enabling 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

ARCHER, Camms., Diligent, SAI360, LOGICGATE, LogicManager

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

Solutions that help identify, assess, and address operational and IT risks

Select Market Participants

Asigra, Prevalent, ProcessUnity, RECIPROCITY, RESOLVER, venminder

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

Compliance Leadership Panel: Current State, Future Trends, and More

Compliance Week

Current trends in compliance consist of a focus on firm values, reliance on data and analytics, increasing relevance of ESG principles, and an emphasis on productivity.

Read the full article here.

Gartner Says the Pandemic Has Reduced Compliance Reporting by 30%

Corporate Compliance Insights

Work from home policies have reduced compliance reporting due to decreases in observed misconduct and less integration with a culture of compliance.

Read the full article here.

Technology and Data Are Playing a Crucial Role in the Changing Face of Compliance

Security Brief Asia

Compliance officers are leveraging technology including artificial intelligence, machine learning, and cloud-based systems to automate human tasks, removing human error and making compliance more effective and efficient.

Read the full article here.

Three Predictions for the Future of Compliance in a Super-digital World

Forbes

Regulatory bodies are struggling to keep up with digitization trends. In the meantime, individuals will have heightened responsibility for their own online safety, risk management features will be imbedded into fintech products, and AI and blockchain offer new avenues of risk.

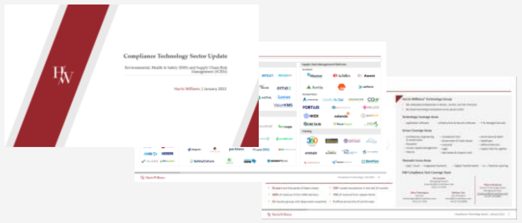
Read the full article here.

Recent Harris Williams Technology & Compliance Content

- **Harris Williams EHS Software CEO Roundtable**

Link to Watch

- **EHS and SCRM Sector Update**



Link to Read

Select Q2 2022 GRC Technology Transactions

Morningstar Sustainalytics Acquires Aquantix

AQX — Target | MORNINGSTAR SUSTAINALYTICS — Buyer | June 29, 2022

- Aquantix is a provider of location-based analytics enabling customers to accurately quantify climate risks
- The acquisition of Aquantix will allow Morningstar Sustainalytics to offer a comprehensive range of market-leading climate solutions to empower customers in making informed climate-related decisions

Hg Acquires Ideagen

Ideagen — Target | Hg — Buyer | June 24, 2022

- Ideagen is a provider of GRC software and services to organizations in highly regulated industries such as aviation, financial services, life sciences, and manufacturing, among others
- With the acquisition by Hg, Ideagen will have increased ability to execute and accelerate on the company's longer term growth plan, including investing in product, talent, and accretive M&A

Level Access Merges With eSSENTIAL Accessibility

LEVEL access — Merged-Entity | eSSENTIAL ACCESSIBILITY — Merged-Entity | June 14, 2022

- Level Access and eSSENTIAL Accessibility are providers of cloud-based digital accessibility management software designed for corporations, government agencies, and educational institutions
- Upon completion of the merger, the combined entity will better enable businesses and organizations to provide equitable digital experiences for people with disabilities

Kintent Secures Series A Round Led by Openview With Participation From Tola

kintent — Target | OPENVIEW, TOLA CAPITAL — Investors | May 3, 2022

- Kintent is a provider of compliance and security solutions with a focus on automation, allowing customers to transform their security and compliance programs
- The investment from OpenView and Tola will enable Kintent to rapidly scale their workforce and develop new products and solutions for their customers

HIGG Raises Series B Round Co-Led by Silversmith and Galvanize Climate Solutions

Higg Trusted Sustainability Data — Target | SILVERSMITH, GALVANIZE CLIMATE SOLUTIONS — Investors | April 27, 2022

- Higg is a provider of a sustainability insights platform enabling customers to measure, manage, and share supply chain performance data
- The investment from Silversmith and Galvanize Climate Solutions will help accelerate Higg's product development initiatives and expand into new consumer goods categories

Sweep Secures $73M in Series B Funding Led by Coatue

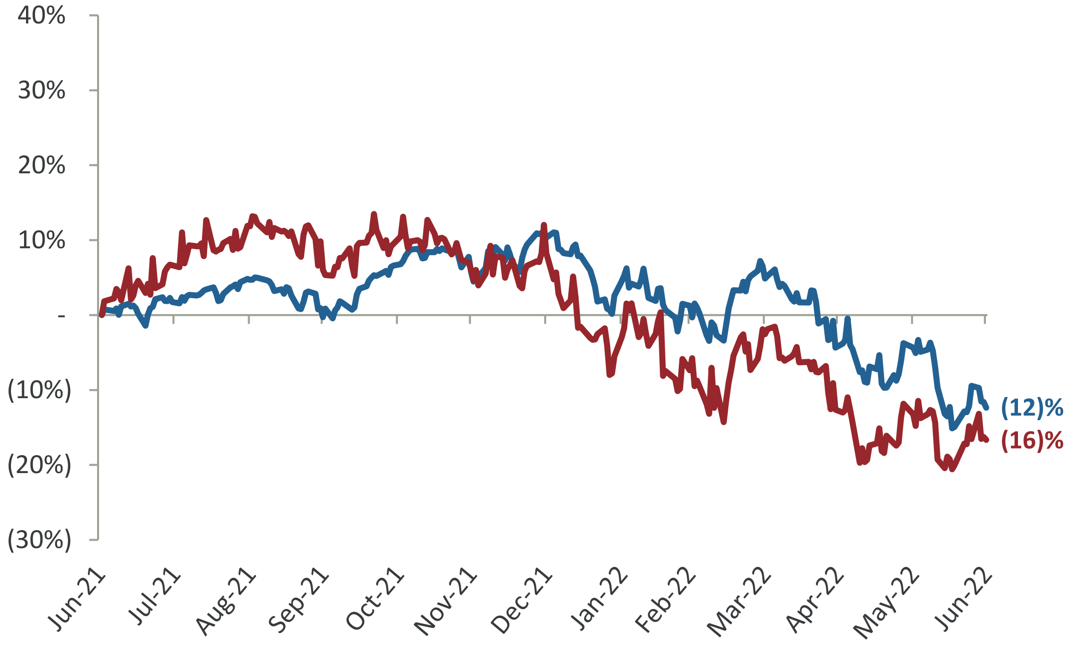
SWEEP — Target | COATUE — Investor | April 5, 2022

- Sweep is a provider of carbon management solutions for large enterprises to build, visualize, and manage their internal climate programs
- The investment from Coatue and other investors will enable Sweep to accelerate their product development roadmap and enable customers to more cost effectively meet their climate targets

Compliance Technology Public Company Trended Stock Performance[1]

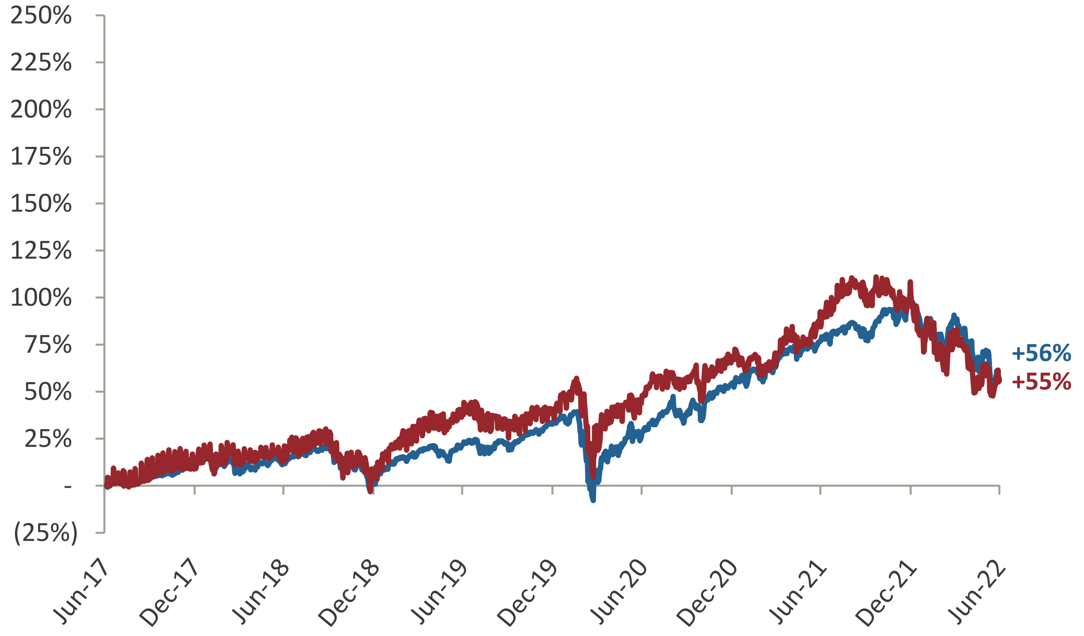
Public Company Stock Performance – Last 12 Months

Indexed Stock Price Performance for the period June 2021 – June 2022



Public Company Stock Performance – 5 Years

Indexed Stock Price Performance for the period June 2017 – June 2022



Compliance Software   S&P 500

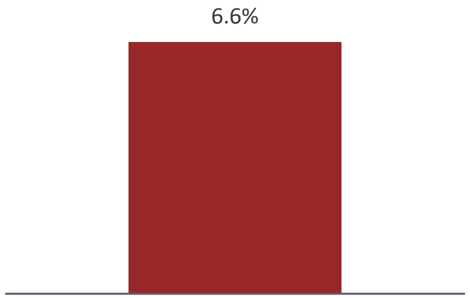
Compliance Technology

Broadridge, DXC.technology, fiserv., IBM, Micro Focus, MSCI, Oracle, PEGA, RELX, SAP, Thomson Reuters, Verisk, Wolters Kluwer

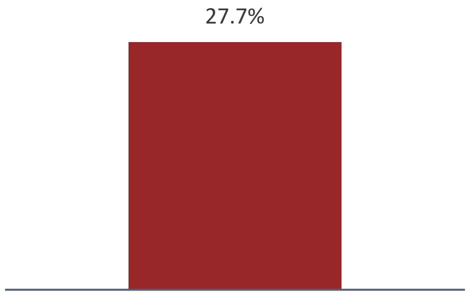
Compliance Technology Public Company Operating and Valuation Metrics[1]

Public Company – Operating Metrics

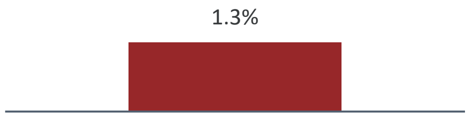
LTM Revenue Growth



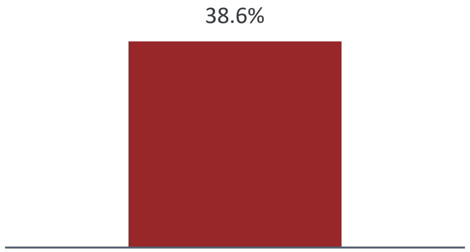
LTM EBITDA Margin



NTM Revenue Growth

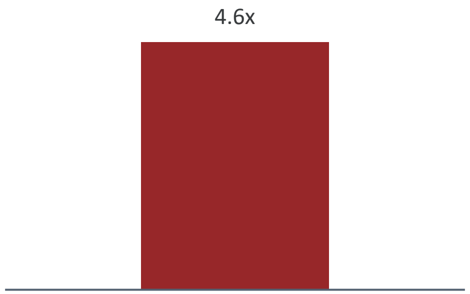


Rule of 40 (Growth + Margin)

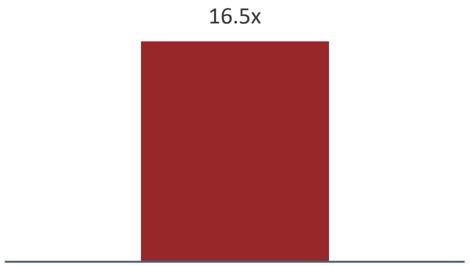


Public Company – Valuation Metrics

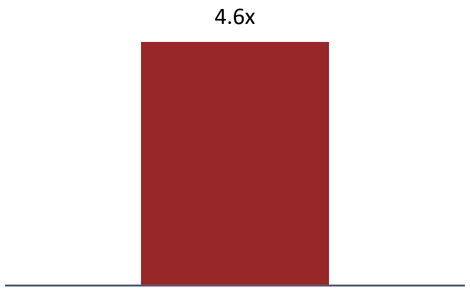
Median EV / LTM Revenue



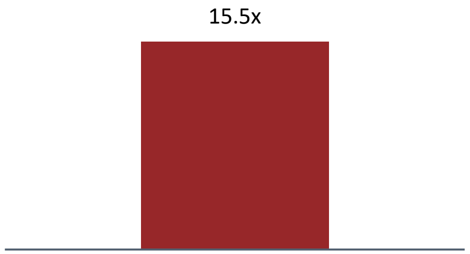
Median EV / LTM EBITDA



Median EV / NTM Revenue



Median EV / NTM EBITDA



Compliance Technology

Broadridge · DXC.technology · fiserv. · IBM · MICRO FOCUS · MSCI · ORACLE · PEGA · RELX · SAP · THOMSON REUTERS · Verisk · Wolters Kluwer

GRC Technology Market Landscape

To view full market map please contact:

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Established GRC Platforms

Emerging GRC Platforms

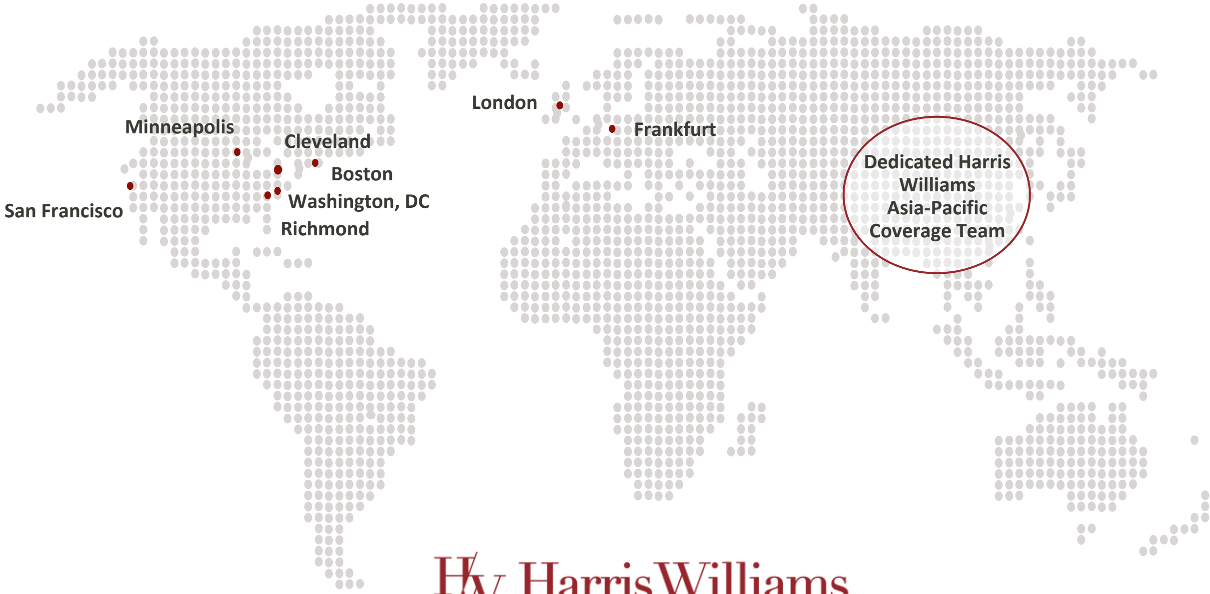
IT Risk

IT Vendor Risk

Vendor Risk

Business Continuity

Harris Williams: At a Glance



Harris Williams

- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **10** industry groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

The Harris Williams Technology Group

Technology Coverage Areas

Application Software • Infrastructure & Security Software • IT & Managed Services

Sector Coverage Areas

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

Thematic Focus Areas

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

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Harris Williams Compliance Technology Experience

Select Compliance Tech Transaction Experience

360 TRAINING has received a significant growth investment from GREYLION VESTAR

KEENSIGHT CAPITAL has made an investment in LISAM SYSTEMS Enabling full compliance.

Alcumus Safer, Healthier, Stronger has been acquired by Apax

TPC has been acquired by AMERICAN SAFETY COUNCIL

MARLIN EQUITY PARTNERS has acquired ProcessUnity

Charlesbank has acquired symplr

cority has acquired WeSustain enterprise sustainability

CORSEARCH has been acquired by astorg

apexanalytix has been acquired by CAROUSEL CAPITAL

veriforce has acquired COMPLYWORKS

TAILWIND CAPITAL has acquired ventiv

hsi Health & Safety Institute has been acquired by Waud Capital

Harris Williams Transaction Spotlight

360 TRAINING has received a significant growth investment from GREYLION VESTAR

Company Background

360training is a leading provider of online, regulatory-approved training for professionals and businesses, primarily serving the environmental health & safety (EHS), food & beverage, and real estate markets.

Successful Outcomes

The transaction delivered another successful outcome within the professional training and regulatory compliance management sector. Vestar joins current investors GreyLion and RedHawk Management to support the company's organic growth initiatives and accelerate its proven M&A strategy.

Harris Williams served as exclusive financial advisor to 360training in this transaction.

Harris Williams Transaction Spotlight

KEENSIGHT CAPITAL has made an investment in LISAM SYSTEMS Enabling full compliance.

Company Background

Lisam is a provider of EHS compliance management software and content to over 2,000 clients globally.

Successful Outcome

The transaction delivered another successful outcome within the EHS software sector. Lisam's profile has a strong fit within Keensight's investment mandate, and this transaction will further support Lisam as the company pursues its growth and expansion strategy in the years ahead.

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

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.

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Business Services

Building Products and Materials

Consumer

Energy, Power and Infrastructure

Healthcare and Life Sciences

Industrials

Specialty Distribution

Technology

Transportation and Logistics

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Sources and Disclosures

Sources

1. S&P Capital IQ
2. Pitchbook

Disclosures and Disclaimers

Appendix

Public Market Operational and Valuation Metrics[1]

As of June 30, 2022
$ in Millions

Company	Market Capitalization	Enterprise Value	% of 52-Week High	LTM Gross Margin	LTM EBITDA Margin	Enterprise Value/ LTM Revenue	Enterprise Value/ NTM Revenue	Enterprise Value/ LTM EBITDA	Enterprise Value/ NTM EBITDA
Compliance Technology									
Oracle Corporation	$186,198	$244,234	65.7%	79.1%	43.6%	5.8x	4.9x	13.2x	10.5x
International Business Machines Corporation	126,991	174,116	95.7%	54.5%	20.8%	3.0x	2.8x	14.4x	10.6x
SAP SE	106,371	115,807	67.0%	72.2%	22.5%	3.6x	3.7x	16.2x	11.4x
Fiserv, Inc.	57,510	76,626	74.2%	50.7%	34.5%	4.6x	4.6x	13.4x	10.7x
RELX PLC	51,853	60,049	90.0%	64.6%	30.5%	6.1x	6.2x	20.1x	16.6x
Thomson Reuters Corporation	50,607	53,965	85.7%	35.1%	25.6%	8.4x	8.0x	32.7x	22.3x
MSCI Inc.	33,435	37,081	60.6%	82.3%	57.2%	17.4x	15.8x	30.5x	27.7x
Verisk Analytics, Inc.	27,331	30,860	74.7%	64.7%	45.9%	10.1x	10.1x	22.0x	20.4x
Wolters Kluwer N.V.	24,670	27,094	87.9%	71.2%	29.8%	5.0x	5.2x	16.7x	16.2x
Broadridge Financial Solutions, Inc.	16,711	20,886	76.9%	27.7%	21.0%	3.8x	3.6x	18.0x	15.5x
DXC Technology Company	6,961	10,780	68.6%	22.0%	18.8%	0.7x	0.7x	3.5x	4.4x
Pegasystems Inc.	3,914	4,269	33.6%	73.2%	NM	3.3x	2.9x	NM	34.8x
Micro Focus International plc	1,142	4,814	50.5%	72.5%	21.8%	1.8x	1.9x	8.0x	5.3x
Median	**$33,435**	**$37,081**	**74.2%**	**64.7%**	**27.7%**	**4.6x**	**4.6x**	**16.5x**	**15.5x**