

# Technology, Media & Telecom

Compliance Technology Sector Review | 1Q 2020



# HW Compliance Technology Introduction

## HARRIS WILLIAMS (“HW”)

- **25+** years and more than 1,000 closed transactions
- **360+** professionals across eight office 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, MEDIA & TELECOM (“TMT”) GROUP

- 35+ dedicated TMT professionals
- TMT offices include Boston, San Francisco, and London

## KEY TMT THEMES

- ✓ SaaS / Cloud
- ✓ Data & Analytics
- ✓ Digital Transformation
- ✓ A.I. / Machine Learning

## HORIZONTAL FOCUS SECTORS

- Application Software
- Cloud Managed Services and Hosting Solutions
- **Compliance Solutions**
- CRM and Marketing Automation
- Human Capital Management
- Infrastructure and Security Software
- IT and Tech-Enabled Services
- Marketing, Research, and Insights Software

## VERTICAL FOCUS SECTORS

- Architecture, Engineering, and Construction Software
- Education Technology and Services
- Energy Technology
- Facilities and Real Estate Software
- Financial Technology and Payments
- Government Technology
- Healthcare IT
- Industrial and Supply Chain Technology
- Internet and eCommerce
- Retail Technology

## HW COMPLIANCE TECHNOLOGY TEAM

### Erik Szyndlar

Managing Director

[eszyndlar@harriswilliams.com](mailto:eszyndlar@harriswilliams.com)

Office: (415) 217-3418

### Mike Wilkins

Managing Director

[mwilkins@harriswilliams.com](mailto:mwilkins@harriswilliams.com)

Office: (415) 217-3411

### Sam Hendler

Managing Director

[shendler@harriswilliams.com](mailto:shendler@harriswilliams.com)

Office: (617) 654-2117

### Brian Titterington

Director

[btitterington@harriswilliams.com](mailto:btitterington@harriswilliams.com)

Office: (415) 217-3425

### Dan Linsalata

Director

[dlinsalata@harriswilliams.com](mailto:dlinsalata@harriswilliams.com)

Office: (617) 654-2122

SELECT HW  
COMPLIANCE  
TECHNOLOGY  
EXPERIENCE

TAILWIND CAPITAL

has acquired

ventiv

hst Health & Safety  
Institute

has been acquired by

Waud Capital

cority

has received a majority  
investment from

THOMABRAVO

VERIFORCE  
INTEGRATED COMPLIANCE SOLUTIONS

has been acquired by

pec

Contracts

has been acquired by

Datix

IQMS  
Manufacturing Software

has been acquired by

DASSAULT  
SYSTEMES

CLEARLAKE CAPITAL

has acquired

sympplr

# HW Current Market Observations and Insights

## CURRENT MARKET OBSERVATIONS

### Economic Outlook

- Volatility in the public markets will likely remain as investors, businesses, and policy-makers evaluate rapidly evolving COVID-19 developments
- Economists and industry analysts expect a meaningful decline in GDP in 2Q'20 and 3Q'20, while they debate the shape and timing of the recovery

### Buyer Sentiment

- The desire to invest remains – buyers are actively seeking to deploy capital
- Private equity firms and strategic acquirers have focused on meeting near-term operational needs and assessing medium- to long-term impact of COVID-19
- Despite economic uncertainty, financial sponsors have record levels of capital to deploy, and many are communicating that they are “open for business,” while acknowledging high-quality deal flow will be limited
- As capital markets stabilize, companies with strong liquidity positions will be well-positioned to pursue acquisitions that accelerate growth

### Debt Markets

- In contrast to the first half of 1Q'20, debt markets have shifted to a risk-off mentality
- Concerns over liquidity and funding availability contribute to uncertainty regarding the duration of the COVID-19 risk mitigation focus

### M&A Valuations

- COVID-19 has pushed timelines for many transactions, but select deals are still closing successfully. Some may be temporarily on hold and others are preparing for market and carefully weighing timing
- Companies that prove their ability to weather the current circumstances will receive significant interest and garner premium valuations

## LATEST HW MARKET INSIGHTS



For access to HW's latest insight and perspective, email us at [insights@harriswilliams.com](mailto:insights@harriswilliams.com) or visit [www.harriswilliams.com/news-insights](http://www.harriswilliams.com/news-insights)



### Recent Publications:

M&A Learnings from Past Economic Disruptions

COVID-19 and M&A: Insights from Asia

## Deep Sector Expertise Across Key TMT Focus Areas



- Compliance Solutions
- Education Technology and Services
- Financial Technology and Payments
- Human Capital Management
- Industrial and Supply Chain Technology
- ...and more

For access to HW's TMT content, email us at [TMT\\_Insights@harriswilliams.com](mailto:TMT_Insights@harriswilliams.com)



# Compliance Technology Focus Areas

## CORPORATE RISK & COMPLIANCE



Solutions that provide a comprehensive method to effectively manage and execute an organization's governance, risk and compliance strategies

INTEGRATED  
RISK MANAGEMENT

CORPORATE COMPLIANCE  
& OVERSIGHT

LABOR  
COMPLIANCE

VENDOR RISK  
MANAGEMENT

OPERATIONAL  
RISK  
MANAGEMENT

AUDIT  
MANAGEMENT

COMPLIANCE  
TRAINING

BUSINESS  
CONTINUITY

Select Market Participants



- › Corporate Risk and Compliance solutions manage the ever-increasing complexities and inherent risks that confront organizations today
- › Business and regulatory complexity coupled with desire for more efficient risk management is driving demand for software-centric solutions

## ENVIRONMENTAL, HEALTH, SAFETY, & QUALITY ("EHSQ")



Solutions that track and manage an organization's environmental, health, safety, and quality initiatives

ENVIRONMENTAL  
SUSTAINABILITY  
MANAGEMENT

QUALITY CONTROL  
SOFTWARE

SAFETY  
MANAGEMENT  
& REPORTING

WORKFORCE  
HEALTH & SAFETY

WORKPLACE  
VERIFICATION

SAFETY LEARNING  
& TRAINING

LEARNING  
MANAGEMENT  
SYSTEMS

SUSTAINABILITY

Select Market Participants



- › EHSQ solutions are utilized to manage the aspects of business operations related to environmental impact, worker health and safety, and product quality
- › EHSQ programs are in high demand to both mitigate operational risks and drive business process efficiency and transparency

# Impact of the COVID-19 Pandemic by Compliance Technology Focus Area<sup>1</sup>

## Corporate Risk & Compliance

### Short-Term Impact

- › Operational and financial compliance reporting is a critical task that must be completed, and employee bandwidth may currently be strained
- › Increased use of automation and collaboration software to ensure compliance workflows remain active and up to date
- › Most organizations have established contingency procedures and operations; Business Continuity Plans are being tested today

### Impact



### Long-Term Impact

- › Increased spotlight on Business Continuity procedures to minimize business disruption – Board and C-suite level reviews of COVID-19 response are expected to be forensic
- › IT infrastructure, supply chains and departmental workflows will be evaluated and addressed based on impacts of COVID-19
- › Integrated Risk Management vendors and solution providers with multi-faceted platforms are well positioned to see wallet share gains; existing compliance solution providers likely to get first call

### Impact



## Environmental, Health, Safety, & Quality

### Short-Term Impact

- › EHSQ solution providers developing and selling COVID-19 modules and businesses are establishing COVID-19 specific protocols in real time to ensure employee safety
- › Quickly emerging and sustained supply chain disruptions are commonplace
- › Labor-intensive sectors are seeing material impacts given decreased consumer demand and stay at home orders

### Impact



### Long-Term Impact

- › Processes established during this time will likely become commonplace and integrated into workflow operations going forward. Supply chains and operational continuity will increasingly be a strategic focus
- › Expect disproportionate focus on compliance and supply chain risk in healthcare and food distribution
- › As labor-intensive industries ramp back up, the use of contract and contingent labor will rise. Contractor compliance and training tools will benefit

### Impact



Moderate Impact



Strong Impact



Significant Impact

# Recent Compliance Technology Transactions<sup>2</sup>

*Completed: March 16, 2020*



## Riskconnect's acquisition of Xactium

- › Xactium provides cloud-based governance, risk management, and compliance software for the financial services and large project management infrastructure sectors
- › Xactium's innovative technology enables risk, audit, and compliance leaders to more effectively, efficiently, and intelligently manage risk
- › The acquisition will accelerate Riskconnect's global growth, strengthen its financial services and project risk management capabilities, and equip its customer base with innovative, market-leading artificial intelligence (AI) and analytics technology for GRC

*Completed : February 14, 2020*



## Symplr's acquisition of The Patient Safety Company

- › The Patient Safety Company provides governance, risk, and compliance solutions, centered around the improvement of patient safety to healthcare organizations such as hospitals, mental care institutions, and outpatient care services
- › Using the platform, healthcare organizations can automate and support processes such as incident management, quality/improvement management, and accreditation
- › The combination of The Patient Safety Company's flexible patient safety platform and Symplr's provider data management and credentialing platform results in the leading enterprise solution for healthcare organizations around the world

*Completed: February 4, 2020*



## Health and Safety Institute's acquisition of Donesafe

- › Donesafe provides an innovative safety management and compliance software platform that enables organizations to proactively improve safety and achieve regulatory compliance
- › Donesafe's solutions span health and safety, environmental compliance, quality management, and supplier management, and are delivered efficiently and without long lead times
- › With the acquisition of Donesafe, Health & Safety Institute adds a new dimension to help EHS professionals further simplify the management of their safety and compliance footprint

*Completed: January 23, 2020*



## Gryphon Investors' acquisition of Ncontracts

- › Ncontracts is a provider of integrated risk management software and services for the financial services industry
- › Ncontracts' expanded product line now includes a comprehensive set of risk management tools encompassing compliance, vendor management, and enterprise risk management
- › Ncontracts has more than 1,300 customers across the United States and is one of America's fastest-growing private companies
- › Gryphon will provide Ncontracts with additional resources and leadership in order to grow its customer base and further enhance its solution set

*Completed: January 22, 2020*



## Cority's acquisition of Enviance

- › Enviance is a provider of environmental, chemical management, sustainability, and ergonomics software, leveraging a SaaS approach to deliver its EHS platform anytime and anywhere
- › Enviance software is in use with over 400 organizations across 30 industries with other 800,000 active profiles, and over a million users of its behavior-based office ergonomics software (RSI Guard) to improve employee health and wellness
- › The acquisition of Enviance's SaaS solution merges two leaders in the EHSQ market providing users a comprehensive solution combining Cority's strong capabilities in worker safety with Enviance's leading environmental and sustainability capabilities such as air, water, and greenhouse gas emissions

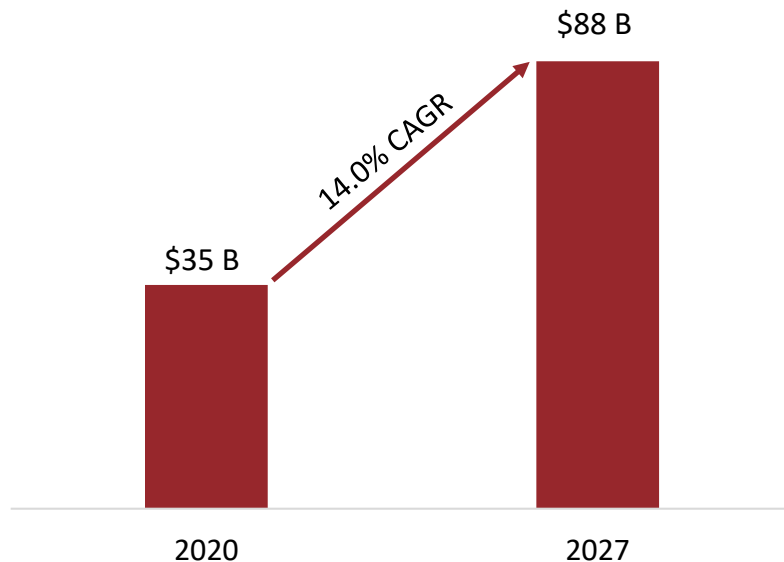
# Compliance Technology Evolving Paradigms<sup>3</sup>

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

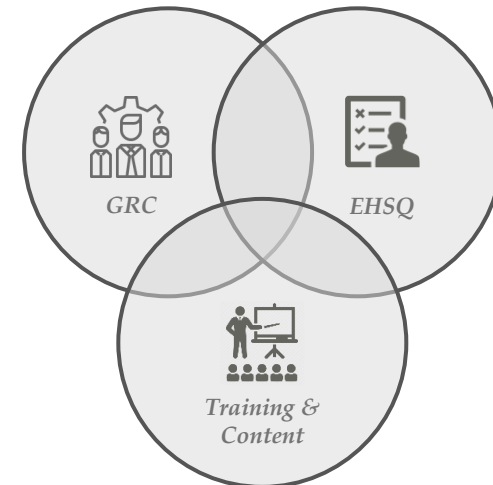
Enterprise GRC Software Market Growth



## Blending Market Landscape

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

### *Integrated Risk Management*



- › Controlling risk is a central theme, whether it's regulatory, financial, personnel, environmental, or safety related; customers desire holistic solutions that can address all 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

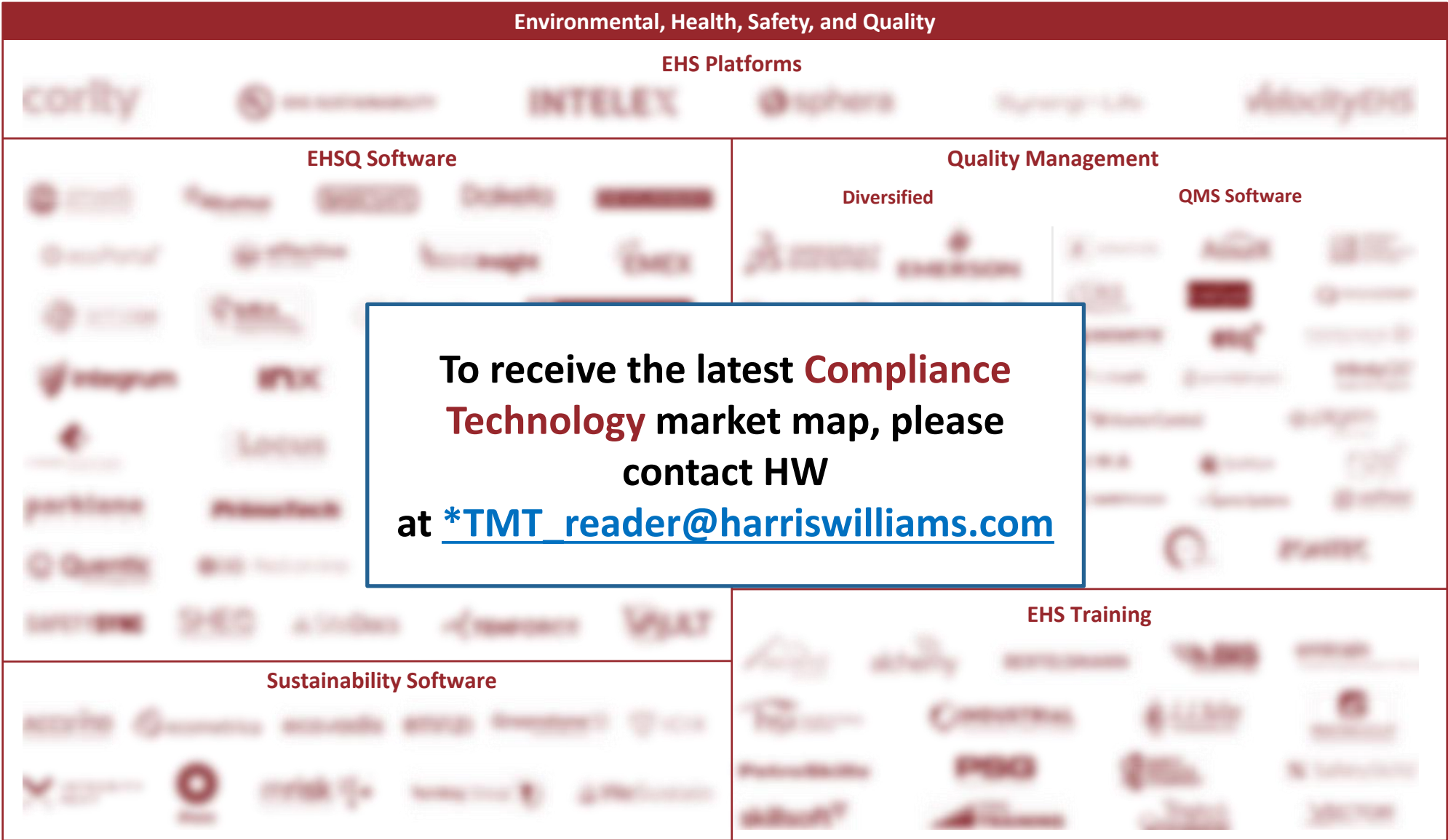
## Representative Providers





# EHSQ Technology - Landscape

## Representative Providers



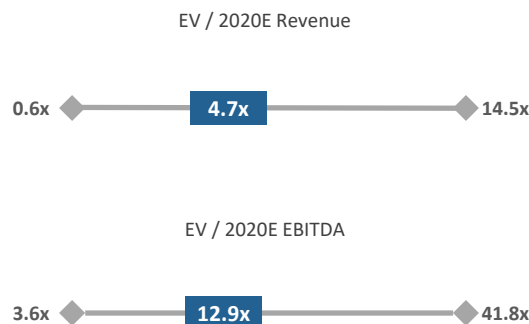
# Public Compliance Technology Companies<sup>4</sup>

## Compliance Software Providers

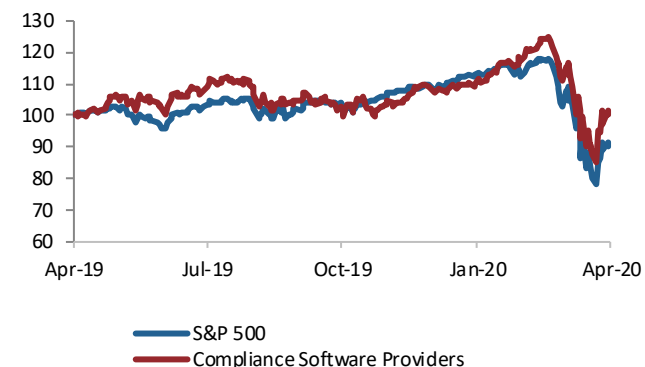
### Key Public Comps



### Trading Metrics<sup>4</sup>



### Indexed Stock Performance<sup>4</sup>



## PUBLIC COMPARABLES

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

Company	Ticker	Enterprise Value	Market Capitalization	% of 52 Week High	1-Year Stock Performance	3-Year Stock Performance	Revenue Growth		2020E EBITDA Margin	Enterprise Value /		Price / Earnings
							2019	2020E		'20E Rev.	'20E EBITDA	
<b>COMPLIANCE SOFTWARE PROVIDERS</b>												
Oracle Corporation	ORCL	\$184,392	\$153,611	(19.5%)	(10.0%)	9.2%	(0.3%)	0.6%	48.2%	4.6x	9.6x	15.7x
International Business Machines	IBM	152,841	93,407	(33.8%)	(26.5%)	(39.6%)	(3.3%)	0.3%	24.2%	2.0x	8.2x	15.6x
SAP SE	SAP	139,198	127,742	(24.3%)	(7.0%)	9.1%	10.4%	3.0%	36.6%	4.4x	11.9x	42.4x
Fiserv, Inc.	FISV	83,874	59,524	(29.6%)	(2.0%)	52.6%	167.7%	2.5%	36.4%	5.2x	14.4x	55.7x
Dell Technologies Inc.	DELL	76,959	27,287	(47.7%)	(39.8%)	NM	1.4%	(3.2%)	11.9%	0.9x	7.2x	9.8x
ServiceNow, Inc.	NOW	52,586	51,829	(24.8%)	10.6%	212.2%	32.1%	28.3%	28.5%	11.9x	41.8x	NM
RELX PLC	REL	47,484	39,668	(21.2%)	(4.8%)	5.2%	9.4%	(5.2%)	35.8%	4.8x	13.3x	24.7x
Thomson Reuters Corporation	TSX:TRI	34,667	32,368	(15.5%)	11.1%	37.6%	7.3%	4.0%	31.6%	5.6x	17.8x	NM
Verisk Analytics, Inc.	VRSK	26,511	22,958	(18.0%)	4.4%	73.5%	8.6%	8.6%	46.9%	9.4x	20.0x	53.5x
MSCI Inc.	MSCI	24,814	23,063	(19.1%)	32.4%	179.1%	8.4%	9.8%	55.2%	14.5x	26.3x	37.0x
Wolters Kluwer N.V.	WKL	20,068	17,643	(14.5%)	(2.6%)	59.3%	5.1%	3.1%	29.3%	3.8x	12.9x	29.9x
Broadridge Financial Solutions, Inc.	BR	12,444	10,484	(33.3%)	(13.2%)	34.4%	1.2%	5.6%	22.5%	2.7x	11.9x	31.6x
DXC Technology Company	DXC	11,317	3,034	(82.2%)	(81.4%)	(82.7%)	(8.4%)	(5.3%)	16.7%	0.6x	3.6x	NM
Micro Focus International plc	MCRO	5,786	1,532	(85.3%)	(85.8%)	(87.7%)	(14.5%)	(8.5%)	36.2%	1.9x	5.2x	NM
Pegasystems Inc.	PEGA	5,443	5,283	(35.7%)	(1.2%)	51.2%	4.2%	17.8%	5.0%	5.0x	NM	NM
Ideagen plc	AIM:IDEA	485	447	(23.3%)	3.6%	99.9%	39.0%	6.9%	34.1%	6.2x	18.2x	NM
<b>Compliance Software Providers</b>		<b>\$30,589</b>	<b>\$25,175</b>	<b>(24.5%)</b>	<b>(3.7%)</b>	<b>37.6%</b>	<b>6.2%</b>	<b>3.0%</b>	<b>32.9%</b>	<b>4.7x</b>	<b>12.9x</b>	<b>30.7x</b>












Note: "NM" represents EV / EBITDA multiples greater than 50x

# Compliance Technology – Transaction Activity

## SELECT RECENT M&A TRANSACTIONS

Announced Date	Target/Issuer	Buyer	Description	Enterprise Value (\$m)
03/31/2020	Command Alkon	Thoma Bravo	Develops hardware and software systems for producers, suppliers, and haulers	NA
03/19/2020	Pondera Solutions	Thomson Reuters	Operates as a developer of security software	NA
03/16/2020	Checkmarx	Hellman & Friedman	Develops a platform for DevOps and CI environments	NA
03/16/2020	Xactium	Riskconnect	Provides solutions for managing governance, risk, and compliance	NA
02/26/2020	EcoOnline	West Street Capital Partners	Develops and operates a cloud-based platform to simplify work processes	NA
02/25/2020	VisiumKMS	Valsoft	Develops management operational risk management, quality, safety, and compliance software	NA
02/24/2020	EcoVadis	CVC Growth	Operates a platform that provides sustainability ratings, intelligence and collaborative performance improvement t	NA
02/18/2020	RSA Security	Symphony Technology Group	Develops and provides intelligence driven security solutions	\$2,075.0
02/14/2020	The Patient Safety Company	Symplr	Develops and implements cloud-based software solutions for the health care industry	NA
02/04/2020	Donesafe	Health & Safety Institute	Provides compliance management software	NA
02/03/2020	OneReport	Nasdaq	Develops a corporate responsibility (CR) information management platform	NA
01/23/2020	Ncontracts	Gryphon Investors	Provides web-based software and data management services	NA
01/23/2020	Regulatory DataCorp	Moody's	Provides governance, risk, and compliance solutions to Fortune 100 companies	\$700.0
01/22/2020	Enviance	Cority Software	Develops cloud-based environmental, health, and safety (EH&S) software	NA
01/13/2020	Intelligent InSites	Infor	Develops automation software solutions for the healthcare industry	NA
01/07/2020	Red Pine Software	TTTech Auto	Develops and offers embedded software applications for the automotive industry	NA
01/07/2020	RightSource Compliance	Yardi Systems	Provides software, consulting, training, and technology-enabled compliance services	NA

# Select Recent Private Placements<sup>4</sup>

Date	Company	Seed	Round Size (\$M)	Raised to Date	Lead Investor(s)	Commentary
04/01/20	 Collibra	Series F	\$113	\$389	ICONIQ Capital, Index Ventures	Provider of cross-organizational data governance platform
03/30/20	 DataGuard	Series A	\$20	\$20	One Peak Partners	Germany-based privacy and compliance software company
03/24/20	 tierpoint	PE Growth	\$320	\$788	Macquarie, OTPP, Thompson Street	Provider of secure, connected data center and cloud solutions
03/24/20	 Arkose Labs	Series B	\$22	\$30	M12, PayPal, and USVP	Provider of online fraud and abuse prevention technology
03/16/20	 ZERONORTH™	Series A	\$10	\$28	Crosslink Capital	Provider of risk-based vulnerability orchestration across applications and infrastructure
02/27/20	 SHE Configurable EHS Software	PE Growth	\$9	\$13	Frog Capital	Provider of cloud based, EHS management software
02/24/20	 BEHAVOX	Series B	\$100	\$174	SoftBank	Provider of compliance and employee-monitoring software
02/18/20	 COSOSYS	PE Growth	Confidential	Confidential	Turn/River Capital	Developer of network endpoint security and portable storage device enhancement solutions
02/06/20	 sysnet <sup>®</sup> global solutions	PE Growth	Confidential	Confidential	FTV Capital	Provider of cybersecurity and compliance services to the payment card industry
02/03/20	 RIMES	PE Growth	\$450	Confidential	EQT	Provider of managed data services & regulatory technology software solutions
01/28/20	 persona	Series A	\$18	\$17	Coatue Management	Developer of identity verification systems
01/06/20	 BigID	Series D	\$50	\$146	Scale Venture Partners, Tiger Global Management	Developer of data-driven protection and privacy compliance platform

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

# Harris Williams Capabilities and Locations

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence, and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at [www.harriswilliams.com/industries](http://www.harriswilliams.com/industries).



## Harris Williams Office Locations

### United States

#### **Boston**

One International Place  
Suite 2620  
Boston, Massachusetts 02110  
Phone: +1 (617) 482-7501

#### **Cleveland**

1900 East 9th Street  
20th Floor  
Cleveland, Ohio 44114  
Phone: +1 (216) 689-2400

#### **Minneapolis**

222 South 9th Street  
Suite 3350  
Minneapolis, Minnesota 55402  
Phone: +1 (612) 359-2700

#### **Richmond (Headquarters)**

1001 Haxall Point  
9th Floor  
Richmond, Virginia 23219  
Phone: +1 (804) 648-0072

#### **San Francisco**

575 Market Street  
31st Floor  
San Francisco, California 94105  
Phone: +1 (415) 288-4260

#### **Washington, D.C.**

800 17th St. NW  
2nd Floor  
Washington, D.C. 20006  
Phone: +1 202-207-2300

### Europe

#### **Frankfurt**

Bockenheimer Landstrasse 33-35  
60325 Frankfurt  
Germany  
Phone: +49 069 3650638 00

#### **London**

25 Savile Row  
4th Floor  
London W1S 2ER, England  
Phone: +44 (0) 20 7518 8900



# Sources & Disclosures

---

## Sources

1. Wall Street Journal
2. MergerMarket
3. Grand View Research
4. Capital IQ

## Disclosures

The information and views contained in this report were prepared by Harris Williams LLC (“Harris Williams”). It is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any securities or financial instruments or to participate in any particular trading strategy. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation as to the accuracy or completeness of such information. Harris Williams and/or its affiliates may be market makers or specialists in, act as advisers or lenders to, have positions in and effect transactions in securities of companies mentioned herein and also may provide, may have provided, or may seek to provide investment banking services for those companies. In addition, Harris Williams and/or its affiliates or their respective officers, directors and employees may hold long or short positions in the securities, options thereon or other related financial products of companies discussed herein. Opinions, estimates and projections in this report constitute Harris Williams’ judgment and are subject to change without notice. The securities and financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. Also, past performance is not necessarily indicative of future results. No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams’ prior written consent.

Harris Williams LLC is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales (registration number 07078852). Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: [hwgermany@harriswilliams.com](mailto:hwgermany@harriswilliams.com)). Geschäftsführer/Directors: Jeffery H. Perkins, Paul Poggi. (VAT No. DE321666994). Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.