

CLEAR SIGHT MONITOR

Compliance – Q3 2018

Market Perspective

Sector Spotlight

Buzz Around the Industry

Featured Transactions

Public Market Activity



John Rakowski

Partner

[Email John](#)

Select Upcoming Conferences

April 7-10, 2019

HCCA Compliance Institute –
Boston, MA

[Event Website](#)

May 14-15, 2019

Comply 2019 – New York, NY

[Event Website](#)

June 9-12, 2019

**ABA Regulatory Compliance
Conference** – New Orleans, LA

[Event Website](#)

RegTech Investment Is Booming

Despite ClearSight's affinity for it, compliance is still a topic that most would consider to be boring. In the workplace – virtually any workplace at all – it is often depicted as a necessary evil, a policing function that checks a box and impedes productivity. After all, compliance is not a revenue center and is most often associated with mundane training initiatives. This assumption is further exacerbated by the fact that most, if not all, compliance functions are resource-constrained both from a human and financial capital perspective.

From our vantage point, though, we believe that ethics and compliance create value and sustainability when they are woven into a company's corporate fabric, and we would go so far as to say that the private equity and venture capital communities agree. General malaise for compliance notwithstanding, few industries can boast the level of investment that is currently flowing into this sector. According to FinTech Global ([source](#)), RegTech companies have:

1. Raised almost 2.5 times as much capital during the first half of 2018 as was raised for the whole of 2017,
2. Raised more than \$2.5bn in the first six months of the year, representing 87.2% of the total capital raised by RegTech companies in 2015, 2016, and 2017 combined, and
3. Boasted annual deal activity above 100 transactions per annum over the same period.

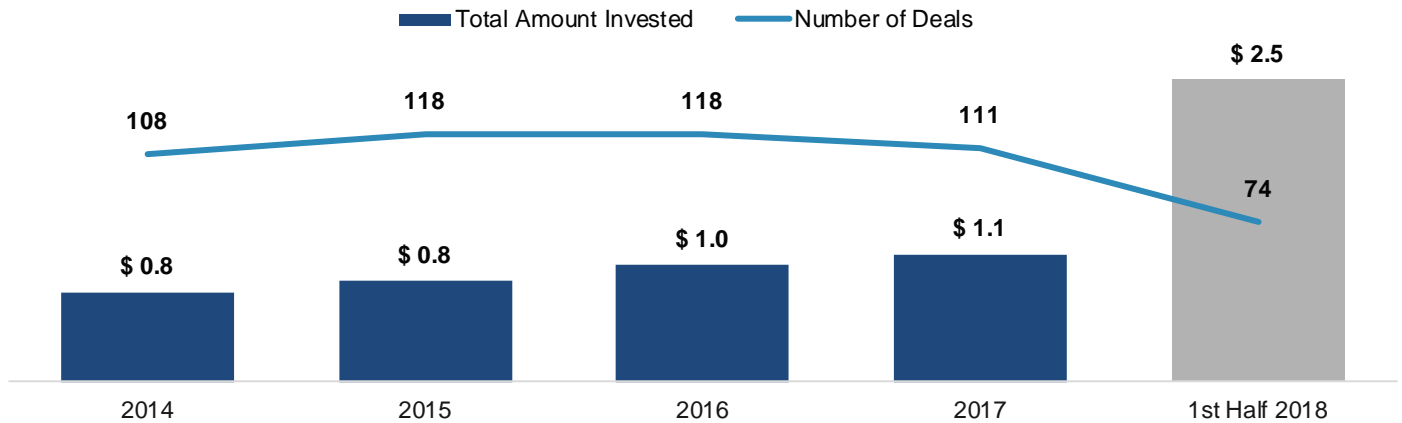
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It is important to note that these figures are exclusive to the financial services / fintech sector and that they do not reflect regulatory-focused technology investment in other, highly-regulated industries (e.g., life sciences, healthcare, energy, etc.), which is substantial.

Global RegTech Investment, 2014 – H2 2018¹

(\$ in billions)



So why the accelerated investment?

Since the phrase ‘governance, risk management, and compliance’ (GRC) was coined in 2007, there has been no lack of interest from investors and/or practitioners in the space. Over the last decade, we have seen a steady uptick in both investment and innovation, but there is no denying the pace (and valuations) has increased markedly over the last 24 months. No one thing can explain the enthusiasm for the sector, but there is a confluence of factors that can help us make sense of it when viewed from a birds-eye perspective:

- **Better Technology**

Once dominated by workflow automation tools and assessment templates, compliance technology is evolving rapidly toward more predictive capabilities that are driven by artificial intelligence and machine learning applications. Today, AI-centric systems are largely applied to transactional compliance so that large amounts of data or large volumes of transactions are screened and monitored for AML, fraud, or other red flags. As AI advances, we hope it can be transformative in enabling organizations to ensure compliance and/or predict and react to regulatory requirements and operational risks more nimbly.

- **Globalization**

The ubiquity of the internet has opened global trade for businesses of all ilk. While the benefits of global trade are vast, the challenges are equally daunting. There are numerous laws, rules, and regulations that surround trade in various countries and jurisdictions; GDPR being a prime example of a regional law that has terrific application and global implications. Although regulation technology and tech-enabled services (e.g., enhanced due diligence) are not a silver bullet for compliance, they can support businesses in pursuit of safe, ethical global trade.

- **Need for Greater Transparency**

Throughout Q4 2018, we’ve watched the Danske Bank scandal unfold whereby \$238bn was illegally laundered through the bank’s Estonia branch for nine years and reports have surfaced that the bank faces fines upward of \$8bn. This marks the latest incident in a rash of high-profile financial services crimes (see: Deutsche Bank’s Frankfurt offices being raided in a Panama Papers probe in November 2018 and ING Bank admitting in September 2018 that clients had used their accounts for money laundering purposes for years) that highlight systemic weaknesses in AML standards and practices. At the core of these and similar scandals is a general lack of oversight, accountability, and systems or technology to predict and prevent widespread corruption. Adopting appropriate technology enhances the efficacy and efficiency of compliance programs to mitigate these and other risks.

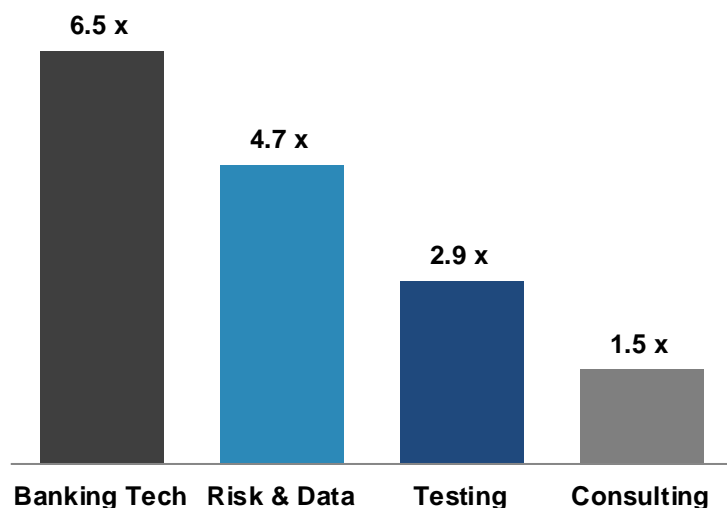
All these factors and then some are driving innovation and investment in the compliance sector. The world economy is evolving rapidly, and compliance is trying to meet or beat the pace of change. The markets are placing bets – multiples for regulatory technology are at all-time highs in both the private and public markets. Companies that are leaders in their niche and offer differentiated solutions at scale are being valued at a premium compared to their peers.

1. FinTech Global.

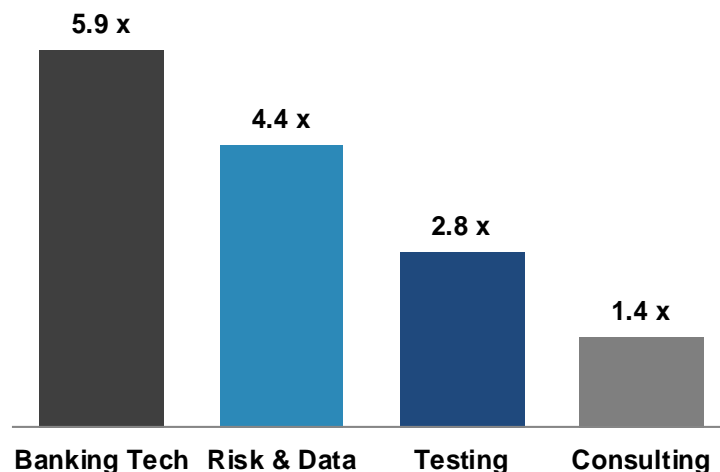
Public Companies' Median Trading Multiples

■ Banking Tech ■ Risk & Data ■ Testing, Certification, & Inspection ■ Consulting Services

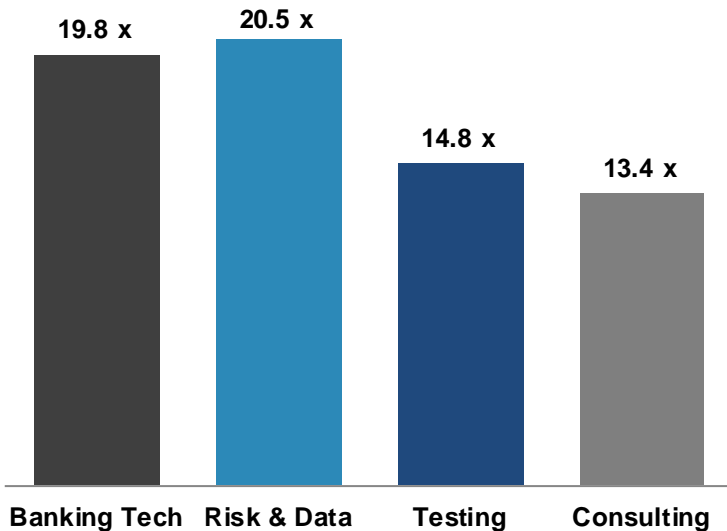
2018E EV / Revenue



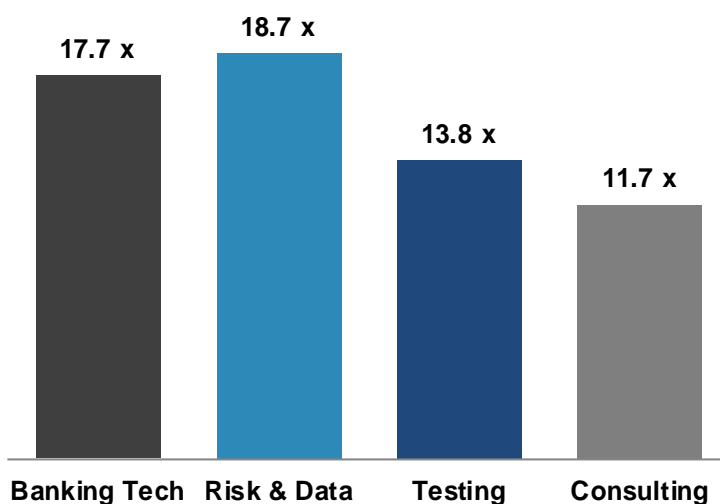
2019E EV / Revenue



2018E EV / EBITDA



2019E EV / EBITDA



*Note: GRC index has been excluded from analysis due to insufficient material information.
Source: Capital IQ, market data as of 28-Sep-2018.*

Compliance Meets AI

We often discuss in these pages how quickly new technologies are disrupting the status quo, perhaps none more than blockchain and artificial intelligence (“AI”). While it is easy to get wrapped up in the hype of the moment, it is important to remember the future of any new technology relies on use cases – practical application of the technology to solve or improve upon a modern day problem. Recently, our very own John Rakowski was called on to provide some insight into the specific use cases of AI in the world of compliance.

“AI has tremendous application for the compliance sector. Whether it’s considered ‘true’ AI or not is open for debate, but where we see highest volume today is in transactional models that identify and mitigate fraudulent activities and comply with regulations such as AML or KYC guidelines.”

It appears today that the driving force behind the adoption of AI technologies is the ever evolving regulatory landscape – the speed at which the industry is evolving combined with the reach of various regulations and their associated implications have simply overwhelmed compliance teams, processes, and procedures. Technologies including machine learning and natural language processing could help to streamline workflows, improve speeds, and even increase accuracy, perhaps the most important lever to pull in the space. In fact, these technologies are already moving the needle...

As John described, natural language processing is being used to monitor activity of customers for KYC compliance requirements by applying it to public data which can then be more rapidly screened by risk management teams, helping them to raise any red flags. In a different use case, banks and financial institutions, especially those with a more complex global footprint, are looking to leverage machine learning to ensure internal compliance processes are aligned with vast and changing external regulations. Retail and consumer-oriented companies are also looking at machine learning to analyze the customer experience and quickly report any policy infractions or poor behaviors. The list truly goes on and on.

It probably is not a surprise how ubiquitous the application of AI is expected to be across the compliance landscape, however the speed at which early adopters are moving and the extent to which the technology is already addressing real business problems is nothing short of impressive. Needless to say, we expect big things and will continue to watch as AI matures and becomes a pillar of compliance technology.

Click [here](#) to reach the article referenced above, “Best Practices in Policy and Compliance and Implications of Machine Learning and Natural Language Processing”

Sources: Company websites, financial filings, press releases, and Capital IQ.

Select Transactions

 **VERSIVE**
(Target) /  **esentire®**
(Acquirer)
Oct-2018

 **Senzing** /  **MITHRIL**
Jul-2018

 **FRAUDSCOPE** / Undisclosed Investors
Jun-2018

 **Haystax** TECHNOLOGY /  **fishtech**
May-2018

 **KENNA** Security /  **BESSEMER** VENTURE PARTNERS
Mar-2018

 **EverCompliant** Ecosystem Security & Intelligence /  **AMERICAN EXPRESS** VENTURES
Mar-2018

 **Brighterion** /  **mastercard** /  **mastercard**
Jul-2017

GENERAL COMPLIANCE

Short-Changing Compliance. “The goal is to offer a different answer to this question: How can we ensure corporations play by the ‘rules of the game’ – that is, laws encouraging firms to avoid socially harmful conduct? Corporate compliance programs play a central role in society’s current response. Prosecutors give firms incentives—through discounts to penalties – to implement compliance programs that guide and monitor employees’ behavior.” Read more [here](#).

From the Ground Up: Building a Compliance Analytics Program. “According to KPMG’s CCO (Chief Compliance Officer) Survey of 2017, which spoke with CCOs representative of the Fortune 100 to gather their thoughts on their organization’s compliance journey, data analytics still remains one of the least mature components of most compliance programs.” Read more [here](#).

Creating a Culture of Compliance: Why All Successful Businesses Must Do This And Where To Begin. “The importance of compliance needs to come from the top down in order for businesses to avoid white-collar crime, corruption and other missteps. Compliance and legal departments are working overtime on these matters, but it can’t only be up to them. All members of your organization -- and that includes contractors -- must understand why compliance matters.” Read more [here](#).

Empower the Business to Own Compliance Risk. “‘The key to creating meaningful ownership of risk is empowering employees to make decisions about risks themselves,’ says Christina Hertzler, practice leader at Gartner. ‘Empowered employees are significantly more likely to identify and act on compliance risks and are more confident in their ability to manage risks on their own.’” Read more [here](#).

The Role of Incident Response in ICS Security Compliance. “Regulatory compliance in industrial environments poses unique challenges not found in traditional IT settings. A leading source of this complexity stems from the pre-Internet, largely proprietary nature of industrial control system (‘ICS’) networks, specifically their lack of open computing standards, which are taken for granted in IT networks.” Read more [here](#).

Compliance is a Business Enabler, Not a Hindrance. “Organizations will integrate compliance programs from across their enterprise to drive efficiencies ... Facilitating integration of compliance programs through greater knowledge sharing, leveraging of common systems and controls and coordination between teams will drive synergies through harmonizing processes and approaches to the various aspects of a compliance program.” Read more [here](#).

7 Regulations Requiring File Integrity Monitoring for Compliance. “In a world where the costs and efforts required to maintain full compliance are soaring rapidly, tools that simplify your efforts are a necessity. Real-time file integrity monitoring is a powerful compliance tool in today’s challenging regulatory environment.” Read more [here](#).

FINANCIAL SERVICES COMPLIANCE

Financial firms fined \$26bn for AML, sanctions, KYC non-compliance since 2008. “The data highlights how regulators have approached breaches from foreign versus domestic financial institutions. The United States accounts for nearly 44 percent of all global regulatory AML/KYC fines, and 91 percent of the total value.” Read more [here](#).

FINANCIAL SERVICES COMPLIANCE CONTINUED

Investigations Relating to Money Laundering at Danske Bank's Branch in Estonia. “There is no doubt that the problems related to the Estonian branch were much bigger than anticipated when we initiated the investigations,” says Ole Andersen, Chairman of the Board of Directors. ‘The findings of the investigations point to some very unacceptable and unpleasant matters at our Estonian branch, and they also point to the fact that a number of controls at the Group level were inadequate in relation to Estonia.’” Read more [here](#).

Effective Internal Risk Models for FRTB Compliance: The Importance of Risk Model Approval. “Sweeping regulations are changing the way banks handle risk. The Fundamental Review of the Trading Book (‘FRTB’) represents an important shift designed to provide a firm foundation for the future.” Read more [here](#).

Dutch Bank ING Fined \$900 Million for Failing to Spot Money Laundering. “The Dutch Public Prosecution Service (‘DPPS’) charged ING after investigations revealed, ‘the bank failed to prevent bank accounts held by ING clients in the Netherlands between 2010 and 2016 from being used to launder hundreds of millions of euros.’ Under the AML/CTF Act, ING was required to act as a gatekeeper in preventing crimes such as money laundering and terrorism financing.” Read more [here](#).

Technology Based Innovations for Regulatory Compliance in the Securities Industry. “RegTech tools may facilitate the ability of firms to strengthen their compliance programs, which in turn has the potential to create safer markets and benefit investors. However, these tools may also raise new challenges and regulatory implications for firms to consider.” Read more [here](#).

Will Dublin Become Europe's Regulatory Technology Hub After Brexit? “Ireland is internationally recognized as both a technology hub and a financial center of Europe,’ said Claus Christensen, the CEO of Know Your Customer, an automotive RegTech firm. ‘This combination has fostered a good FinTech environment, attracting attention and investment and helping the RegTech space flourish much faster than in other parts of the world.’” Read more [here](#).

HEALTHCARE COMPLIANCE

CMS Proposes Streamlining Some Medicare Compliance Rules. “The changes we're proposing will dramatically reduce the amount of time and resources that healthcare facilities have to spend on CMS-mandated compliance activities that do not improve the quality of care, so that hospitals and healthcare professionals can focus on their primary mission: treating patients,’ Seema Verma, CMS administrator, said in a statement.” Read more [here](#).

Smart Wristband Raises Health Data Security, Privacy Concerns. “Andrew Boyd, assistant professor at the University of Illinois at Chicago's Masters in Health Informatics program, told HealthITSecurity.com that the biggest concern is that most of these devices are not designed to protect health data in the same way as more traditional medical devices are. ‘Health data collected by Fitbit, for example, is not governed by the HIPAA Privacy Rule. It is governed by contract law and the licensing agreement with your software provider,’ Boyd noted.” Read more [here](#).

HEALTHCARE COMPLIANCE CONTINUED

Healthcare Data Presents Lucrative Target for Cyberattackers. “Most healthcare organizations see the financial impact of a cyberattack on their industry to be significant, with 70 percent estimating the financial cost per attack as \$1 million or more. Business interruption and leak of patient data are the most critical loss scenarios for healthcare cyberattacks.” Read more [here](#).

How to Ensure Your Healthcare Cloud Storage Stays HIPAA Compliant. “While cloud storage can be helpful and healthcare cloud adoption has grown exponentially, a survey conducted by Bitglass found it is trailing behind other industries thanks to HIPAA regulations.” Read more [here](#).

ClearDATA Launches Healthcare Compliant Cloud Offering on Microsoft Azure. “‘This is an exciting opportunity to bring our expertise in healthcare compliance to another leading cloud provider - Microsoft Azure,’ said ClearDATA CEO, Darin Brannan. ‘Countless healthcare organizations either operate on Azure or have expressed a desire to deploy on it; but want the assurances ClearDATA offers with regard to security, privacy and compliance stature.’” Read more [here](#).

Amazon’s Healthcare Push Could Run into HIPAA Compliance Issues. “Amazon has set up a health and wellness team within its Alexa division to make the digital voice assistant more useful in the healthcare field. The company has also joined with Berkshire Hathaway and JP Morgan to form a joint healthcare company to provide healthcare to their employees, and it recently purchased home delivery pharmacy company PillPack for around \$1 billion.” Read more [here](#).

LIFE SCIENCES COMPLIANCE

Managing Local Language Regulatory Submissions. “Preparing existing and new products for distribution in international markets is far from straightforward, especially in industries as stringently regulated as life sciences. Despite global efforts to harmonize standards and controls, by aligning regulatory requirements, terminology and processes, significant differences remain from one region and one country to another.” Read more [here](#).

Understanding the Compliance Expectations for the Falsified Medicines Directive. “This new Directive is intended to safeguard public health by protecting the pharmaceutical supply chain from infiltration by falsified (or counterfeit) medicines. It also introduces new rules to more rigorously regulate the supply chain.” Read more [here](#).

More Than Half of EU Clinical Trials Do Not Comply with Rules. “‘To our knowledge this is the first study of compliance with European Commission requirements on trial reporting,’ said the researchers. ‘We have found strong evidence that the European Commission guideline, requiring all trials’ results to be reported on EUCTR within 12 months of completion, is commonly being breached. Sponsors doing fewer trials, and non-commercial sponsors such as universities, have particularly low reporting rates.’” Read more [here](#).

LIFE SCIENCES COMPLIANCE CONTINUED

Productivity Vs. Compliance: The Balancing Act of ECM in Life Sciences. “The sometimes cavalier attitude that many of the new technological entrants to the medical device and services sector have shown towards user privacy and their own information security practices have forced key regulators such as the FDA and the US Department of Health and Human Services (‘HHS’) to increase oversight across the whole of life science.” Read more [here](#).

PSC Biotech Corporation Announced Acquisition of Three of the Four Largest Pharmaceutical Companies as Customers of Adaptive Compliance Engine. “Heather Kelly, President & Managing Director of PSC Biotech, Europe and PSC Software General Manager, says, ‘ACE provides a comprehensive enterprise quality management solution at an unbeatable price-performance point with no cost upgrades. ACE creates substantial value for our customers.’” Read more [here](#).

Compliance: The Critical Cog in Pharma Machine. “Changing regulations and laws, as well as potential business practices that aren’t yet deemed illegal, keep compliance executives and pharma counsel on their toes. Recently, the DOJ has placed attention on the practice of pharma companies donating money to charitable patient assistance programs, specifically those that help patients defray drug co-pays or total drug costs.” Read more [here](#).

DATA & PRIVACY

Security and Compliance Concerns Eroding Confidence in the Cloud. “‘The findings suggest that many businesses are unclear as to how secure the cloud can actually be,’ commented Jon Wrennall, CTO at Advanced. ‘Cloud providers are not being transparent enough on how they protect their customers’ data. With incidents around cyber security and compliance hitting the headlines again and again, it’s right for businesses to be concerned.’” Read more [here](#).

PCI Compliance Slipping for First Time in 6 Years, But IT Remains on Top. “For the first time in six years, full compliance with the Payment Card Industry Data Security Standard (‘PCI DSS’) has dropped among businesses worldwide, slipping down to 52.5% in 2017 from 55.4% a year prior, according to the Verizon 2018 Payment Security Report.” Read more [here](#).

Master Data Management for Achieving GDPR Compliance. “Compliance with Data Privacy regulations is one of the pressing business imperatives for organizations, where non-compliance means significant penalties by regulators as well as lost revenue due to customer attrition. MDM needs to be at the forefront of what organizations consider to be part of their compliance strategy for GDPR and other Data Privacy regulations.” Read more [here](#).

AI and Machine Learning: Boosting Compliance and Preventing Spam. “The processes to prevent spam messages require a considerable amount of data, which supports the actual learning necessary to enable a machine to identify and defend against spam. This presents quite the challenge, particularly as spam creators become savvier and evolve from the use of plain text messages to attachments and other approaches.” Read more [here](#).

BLOCKCHAIN

How Will Blockchain Transform Regulation and Compliance? “As the blockchain data is shared through a design, therefore, the regulators don't have to gather, store, reconcile and aggregate that data themselves. All transactions are done through this distributed ledger system, which provides a safe and transparent system as well as a permanent audit trail. Approaching one shared permanent record would likewise take out the requirement for regulators and firms to keep up their private files, bringing about significant industry-wide cost savings.” Read more [here](#).






















Indiegogo Cancels ICO to Ensure compliance with Changing SEC Regulations. “Indiegogo, a popular crowdfunding platform, has backtracked on its first foray into crypto financing, a multi-million dollar ICO called Fan Controlled Football League which aims to ‘democratize’ sports.” Read more [here](#).

IBM Applies for Blockchain Patent to Ensure Transaction Compliance Via Nodes Data. “According to the document, the described specification would extract a range of characterization types such as ‘entity extraction, text mining, information analysis and discovery, compliance, semantic extraction, and ontology based entity discovery.’ Such a manner of data extraction would allegedly empower regulatory authorities with a due level of monitoring the security of data on blockchain.” Read more [here](#).

European Protections Pave the Way for Blockchain. “Until recently, large companies were scrambling to sort out the best technology and approach to achieve these goals - or risk steep fines for non-compliance. Blockchain technology, which has largely been a solution in search of a problem in the world of digital commerce, has entered as a serious contender for both short and long-term solutions to this important challenge.” Read more [here](#).

FEATURED M&A TRANSACTIONS

Q3 2018 Compliance M&A Transactions

Announced	Target / Issuer	Buyer	Transaction Value (\$mm)	Target Description
13-Sep-18	 BeyondTrust™ <small>VISIBILITY. KNOWLEDGE. ACTION.</small>	 BOMGAR	N/A	<ul style="list-style-type: none"> BeyondTrust develops privileged account management and vulnerability management software solutions to reduce IT security risks and simplify compliance reporting.
15-Aug-18	 IdentityForce.	 EZShield®	N/A	<ul style="list-style-type: none"> IdentityForce provides identity theft, privacy, and credit protection solutions to consumers, businesses, and government agencies.
01-Aug-18	 MERRILL CORPORATION (Transactions & Compliance Business)	 TOPPAN <small>TOPPAN LEEFUNG PTE. LTD.</small>	N/A	<ul style="list-style-type: none"> Merrill provides SaaS solutions for M&A, communications, and secure business collaboration.
31-Jul-18	 DGS <small>DEPENDABLE GLOBAL SOLUTIONS</small>		N/A	<ul style="list-style-type: none"> Dependable Global Solutions provides full-spectrum security solutions including cybersecurity, mission assurance, intelligence operations, and national security services.
30-Jul-18	 RPI Regulatory Professionals		N/A	<ul style="list-style-type: none"> Regulatory Professionals provides regulatory expertise and solutions to biotechnology, pharmaceutical, and medical device companies.
26-Jul-18	 Prevoty	 IMPERVA®	\$140.6	<ul style="list-style-type: none"> Prevoty is a cloud-based security organization focusing in runtime application self-protection.
19-Jul-18	 MARSH ClearSight	 riskconnect. <small>Integrated Risk Management Solutions™</small>	N/A	<ul style="list-style-type: none"> Marsh ClearSight develops risk, safety, and claims software and services.
17-Jul-18	 NAVEX GLOBAL	BC Partners	N/A	<ul style="list-style-type: none"> NAVEX Global deploys a comprehensive suite of ethics and compliance software for the majority of the Fortune 100 and over 13,000 clients.
16-Jul-18	 DATAx <small>An Equifax Company</small>	 EQUIFAX	N/A	<ul style="list-style-type: none"> DataX provides real-time credit reporting, data verification, and authentication services helping financial services providers to “know your customer” (KYC) and manage risk.
12-Jul-18	 SBS <small>SAFE BANKING SYSTEMS</small> <small>// part of Accuity</small>		N/A	<ul style="list-style-type: none"> Safe Banking Systems provides innovative anti-money laundering and compliance solutions that enable institutions to identify, assess, and manage risk across the enterprise.
02-Jul-18	 ODDO BHF (Regulatory Risk Services Bureau)	 statpro®	N/A	<ul style="list-style-type: none"> The regulatory risk services bureau of ODDO BHF provides regulatory risk reporting software.

Source: Capital IQ.

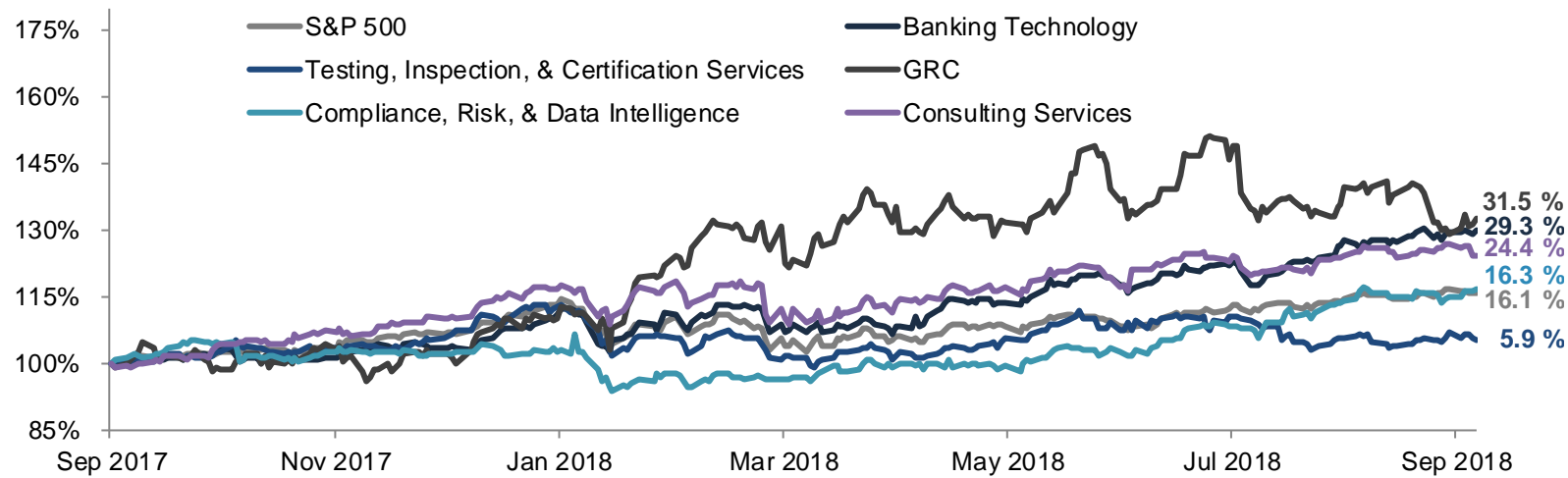
FEATURED PRIVATE PLACEMENT

Q3 2018 Compliance Private Placements

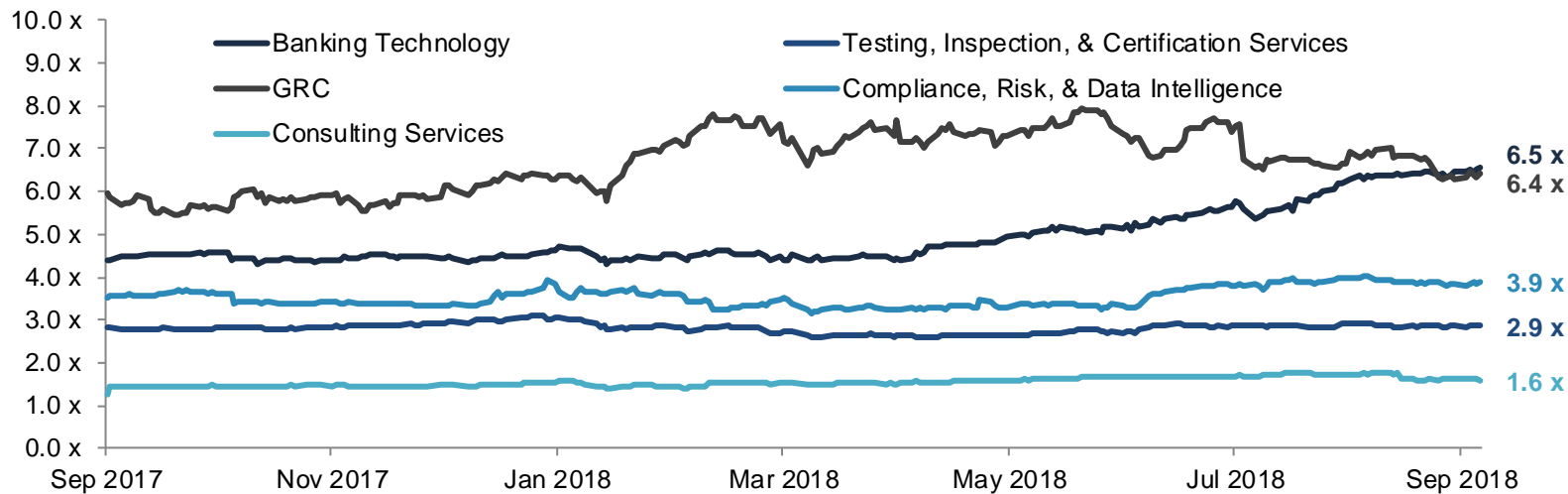
Announced	Target / Issuer	Buyer	Transaction Value (\$mm)	Target Description
25-Sep-18			N/A	<ul style="list-style-type: none"> TruOps offers cloud-based security, risk, and compliance management software designed to address the challenges of over engineered, complex GRC implementations.
18-Sep-18			N/A	<ul style="list-style-type: none"> ProcessUnity provides cloud-based applications for risk management and service delivery management for a variety of industries.
28-Aug-18	 GDS LINK		N/A	<ul style="list-style-type: none"> GDS Link delivers compliance solutions to financial services firms including risk assessment, fraud prevention and mitigation, and income and employment verification processes.
23-Aug-18			N/A	<ul style="list-style-type: none"> ComplySci provides governance, risk management, and compliance management solutions to the financial services and professional services community.
15-Aug-18			\$33.0	<ul style="list-style-type: none"> Twistlock provides a unified security platform specializing in securing containerized and other cloud-native applications.
15-Aug-18			\$40.0	<ul style="list-style-type: none"> AuditBoard Inc. develops and provides cloud-based compliance, internal control, and audit management solutions.
07-Aug-18			\$25.0	<ul style="list-style-type: none"> RiskRecon provides risk management cybersecurity services for enterprises.
02-Aug-18			\$15.2	<ul style="list-style-type: none"> Quantexa delivers big data analytics services to the financial services industry in areas such as AML, compliance, fraud, anti-bribery, and corruption.
19-Jul-18		 edisonpartners	\$10.0	<ul style="list-style-type: none"> Giant Oak is a data analytics software company employing AI / ML to support law enforcement, national security, compliance, trafficking, and fraud.
16-Jul-18			\$54.5	<ul style="list-style-type: none"> A-align develops cybersecurity and compliance solutions specializing in IT and information security audits.
09-Jul-18			\$80.0	<ul style="list-style-type: none"> Exiger provides regulatory and financial crime, risk, and compliance services and solutions to financial institutions, multinational corporations, and government agencies.

Source: Capital IQ.

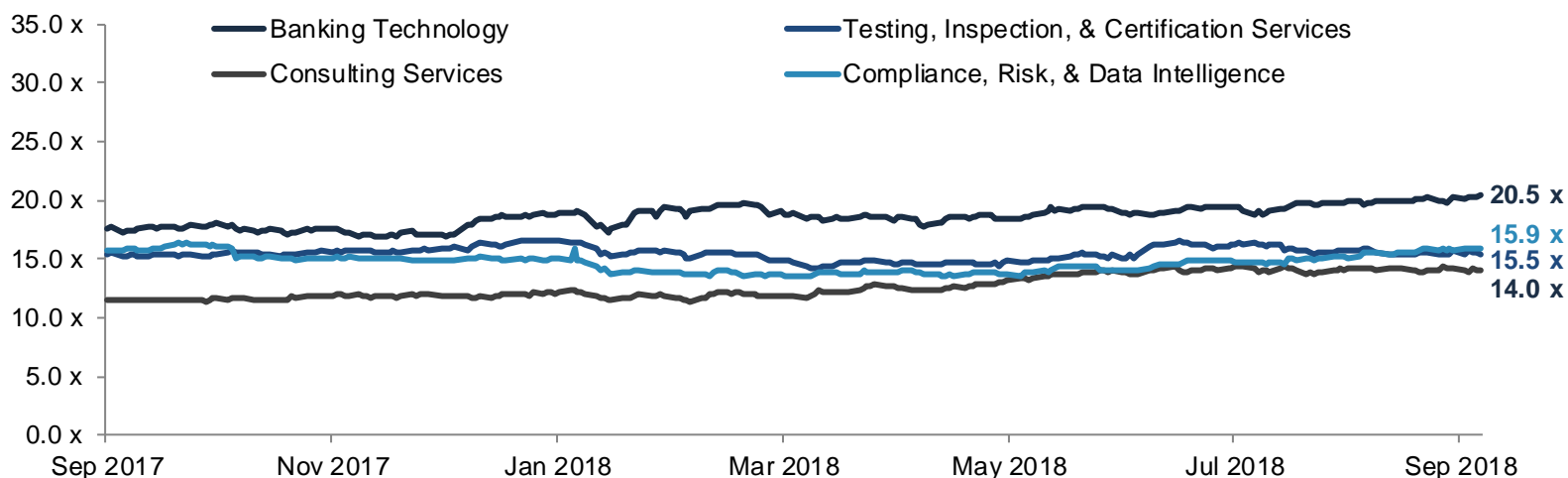
Stock Price Performance – Last Twelve Months



EV / LTM Revenue – Last Twelve Months



EV / LTM EBITDA – Last Twelve Months



Source: Capital IQ, market data as of 28-Sep-2018.

Note: Price Performance is market capitalization-weighted.

The multiple chart may differ from the Comparable Companies Analysis due to detailed adjustments made to the Comparable Companies Analysis.

Public Market Comparable Companies

Select GRC Companies

GRC	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
Imperva	\$ 46.45	80.6 %	\$ 1,761	\$ 1,457	4.2 x	4.2 x	3.7 x	NM	NM	NM	0.6 %
Proofpoint	106.33	81.6	5,992	6,067	9.9	8.6	6.7	NM	NM	NM	(5.9)
Qualys	89.10	90.6	3,831	3,508	13.7	12.6	10.6	NM	NM	NM	26.2
SecureWorks	14.65	92.3	1,234	1,131	2.3	2.2	2.0	NM	NM	NM	(7.7)
High		92.3 %	\$ 5,992	\$ 6,067	13.7 x	12.6 x	10.6 x	NM	NM	NM	26.2 %
Median		86.1	2,796	2,483	7.1	6.4	5.2	NM	NM	NM	(2.6)
Mean		86.3	3,205	3,041	7.5	6.9	5.8	NM	NM	NM	3.3
Low		80.6	1,234	1,131	2.3	2.2	2.0	NM	NM	NM	(7.7)

Select Banking Technology Companies

Banking Technology	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
ACI Worldwide	\$ 28.14	97.1 %	\$ 3,334	\$ 3,952	4.0 x	3.8 x	3.6 x	26.9 x	15.3 x	13.0 x	14.7 %
Computer Services	50.75	87.6	711	658	2.6	NA	NA	10.0	NA	NA	25.6
Bottomline Technologies	72.71	99.1	3,246	3,264	8.3	7.9	7.3	NM	33.2	29.6	10.7
Ellie Mae	94.77	81.1	3,493	3,250	7.0	6.5	5.6	NM	24.7	18.7	14.4
Fidelity	109.07	98.4	36,571	44,885	5.0	5.3	5.1	17.5	14.2	13.4	28.8
Fiserv	82.38	100.0	33,714	38,172	6.6	6.6	6.3	20.6	17.3	16.7	32.0
Jack Henry & Associates	160.08	97.8	12,420	12,388	8.1	7.8	7.3	26.2	22.3	20.3	30.8
High		100.0 %	\$ 36,571	\$ 44,885	8.3 x	7.9 x	7.3 x	26.9 x	33.2 x	29.6 x	32.0 %
Median		97.8	3,493	3,952	6.6	6.5	5.9	20.6	19.8	17.7	25.6
Mean		94.4	13,355	15,224	5.9	6.3	5.9	20.3	21.2	18.6	22.4
Low		81.1	711	658	2.6	3.8	3.6	10.0	14.2	13.0	10.7

Select Compliance, Risk, & Data Intelligence Companies

Compliance, Risk, & Data Intelligence	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
EQS Group	\$ 87.14	89.3 %	\$ 125	\$ 134	3.2 x	3.2 x	2.7 x	NM	NM	NM	NM
GB Group	7.59	91.5	1,144	1,127	7.0	6.7	6.0	34.6	29.4	27.1	20.2
Thomson Reuters	50.22	96.4	36,012	26,059	4.8	4.7	4.4	17.5	20.5	18.7	27.6
Wolters Kluwer	62.37	96.4	17,347	19,637	3.9	3.9	3.8	14.0	14.4	13.6	28.1
Workiva	39.50	97.2	1,993	1,896	8.4	7.9	6.9	NM	NM	NM	(0.2)
High		97.2 %	\$ 36,012	\$ 26,059	8.4 x	7.9 x	6.9 x	34.6 x	29.4 x	27.1 x	28.1 %
Median		96.4	1,993	1,896	4.8	4.7	4.4	17.5	20.5	18.7	23.9
Mean		94.2	11,324	9,770	5.5	5.3	4.8	22.0	21.4	19.8	18.9
Low		89.3	125	134	3.2	3.2	2.7	14.0	14.4	13.6	(0.2)

Source: Capital IQ, market data as of 28-Sep-2018.

Note: Any negatives multiples or multiples greater than 35.0x are marked "NM."

Detailed adjustments made to the Comparable Companies Analysis.

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Public Market Comparable Companies

Select Consulting Services Companies

Business Consulting	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
Accenture	\$ 170.20	96.9 %	\$ 112,637	\$ 107,957	2.7 x	2.7 x	2.5 x	16.8 x	15.7 x	14.7 x	16.3 %
Capgemini	125.94	90.5	21,696	23,583	1.6	1.5	1.5	12.5	11.0	10.4	12.4
CBIZ	23.70	97.2	1,359	1,539	1.7	1.7	1.6	14.6	13.9	12.7	11.7
CRA International	50.22	85.5	441	453	1.2	1.1	1.1	16.1	12.1	NA	7.2
Franklin Covey	23.65	75.8	336	376	1.8	1.7	1.6	NA	NA	NA	4.1
FTI Consulting	73.19	89.4	2,964	3,220	1.7	1.6	1.6	12.8	13.4	13.0	13.1
Heidrick & Struggles	33.85	74.7	663	577	0.9	0.8	0.8	8.4	7.9	7.6	10.2
Huron Consulting	49.40	98.0	1,160	1,502	2.0	2.0	1.9	16.6	16.6	14.1	12.0
ICF International	75.45	91.7	1,506	1,743	1.4	1.3	1.2	15.7	14.1	12.6	8.9
Korn Ferry	49.24	71.4	2,889	2,747	1.5	1.4	1.4	11.1	9.3	8.5	13.6
Navigant Consulting	23.06	89.2	1,095	861	1.3	1.2	1.2	10.1	11.9	10.0	13.2
Resources Connection	16.60	92.5	530	560	0.8	0.8	0.8	9.8	14.1	10.8	8.3
High		98.0 %	\$ 112,637	\$ 107,957	2.7 x	2.7 x	2.5 x	16.8 x	16.6 x	14.7 x	16.3 %
Median		89.9	1,259	1,520	1.5	1.5	1.4	12.8	13.4	11.7	11.8
Mean		87.7	12,273	12,093	1.5	1.5	1.4	13.1	12.7	11.4	10.9
Low		71.4	336	376	0.8	0.8	0.8	8.4	7.9	7.6	4.1

Select Testing, Inspection, & Certification Companies

TIC	Closing Price 28-Sep-2018	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples			EV / EBITDA Multiples			LTM EBITDA Margin
					LTM	2018	2019	LTM	2018	2019	
Applus Services	\$ 14.24	94.3 %	\$ 2,038	\$ 2,657	1.4 x	1.4 x	1.3 x	12.0 x	10.1 x	9.5 x	11.9 %
Bureau Veritas	25.83	91.6	11,475	14,374	2.6	2.6	2.5	15.5	14.1	13.2	17.0
Intertek Group	65.12	82.1	10,496	11,767	3.2	3.2	3.0	16.4	15.5	14.4	19.9
SGS	2,647.27	96.3	23,989	24,791	3.7	3.6	3.4	20.4	17.7	16.3	18.3
High		96.3 %	\$ 23,989	\$ 24,791	3.7 x	3.6 x	3.4 x	20.4 x	17.7 x	16.3 x	19.9 %
Median		92.9	10,985	13,070	2.9	2.9	2.8	15.9	14.8	13.8	17.7
Mean		91.1	11,999	13,397	2.8	2.7	2.5	16.1	14.4	13.3	16.8
Low		82.1	2,038	2,657	1.4	1.4	1.3	12.0	10.1	9.5	11.9

Source: Capital IQ, market data as of 28-Sep-2018.

Note: Any negatives multiples or multiples greater than 35.0x are marked "NM."

Detailed adjustments made to the Comparable Companies Analysis.

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RECENT DEALS

CLIENT SUCCESS



has been acquired by



SELL-SIDEADVISOR

KOGENTiX

has been acquired by

accenture

SELL-SIDEADVISOR



a portfolio company of



has been acquired by



SELL-SIDEADVISOR

Brand Integrity

has been acquired by



a portfolio company of

Great Hill PARTNERS

SELL-SIDEADVISOR

INSIGHT2PROFIT

has received a growth investment from

DFW CAPITAL PARTNERS

SELL-SIDEADVISOR



has been acquired by



A portfolio company of



SELL-SIDEADVISOR

ibb

has been acquired by

accenture

SELL-SIDEADVISOR

vynamic

has been acquired by



SELL-SIDEADVISOR



has been acquired by

MAINST CAPITAL CORPORATION

SELL-SIDEADVISOR

Tech Insights

has been acquired by



SELL-SIDEADVISOR

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