

# CLEAR SIGHT MONITOR

Compliance – Q1 2020

**Market Perspective**

**Trading Multiples**

**Buzz Around the Industry**

**Featured Transactions**

**Public Market Activity**



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## **Regulation and Risk Management: COVID-19's Near and Long-Term Effects**

The outbreak and global spread of COVID-19 has been a shock to the global economy approaching if not surpassing the scale of 9/11 or the 2008 Global Financial Crisis. Once the dust settles, COVID-19 is sure to cement itself into the fabric of future regulation and corporate consciousness on par with past disruptions.

Post-COVID, the steps taken to ensure, manage and monitor business continuity will be critical to future success. All stakeholders, including employees, boards, regulators, investors, lenders, clients and others will set the standard for what is an acceptable level of risk. Accordingly, as with past market disruptions, we expect the Post-COVID environment to stimulate interest and demand in risk management and compliance solutions, particularly those that contribute to greater business continuity and preparedness. Below are a few sectors that we expect to benefit from the new normal:

**RegTech** – we expect to see a surge in demand for RegTech broadly, with particular emphasis on technologies that i) can ensure compliance with any new, global regulations that may be imposed as a result of COVID-19; ii) enable companies to create and maintain a strong Enterprise Risk Posture (e.g. operational, data privacy, cyber, etc.), and also; iii) facilitate low-touch interactions with regulators.

**EHS Solutions & Services** – Given its proliferation, we believe COVID-19 may be the catalyst needed to reverse recent deregulatory trends and stimulate new legislation or, at the very least, increase OSHA enforcement and compliance, particularly around worker safety in essential industries.

**Third Party Risk** – Supply chains have been severely tested by COVID-19. Going forward, companies must review the global footprint of their supply chains and develop new strategies to ensure greater resiliency. Risk parameters will need to be expanded to include new categories of risk such as resiliency and reconfigurability. Solutions that deliver greater transparency, accurately assess systematic and unsystematic risk and deliver predictive capabilities will play a critical role in the future of supply chain management.

At the highest levels, when faced with unprecedented circumstances, business leaders must adapt their business practices and priorities to fit the health and safety needs of today and the strategic demands of tomorrow. Today's response will chart the course for future public health crises, allowing for greater preparedness across industries and nations in the future.

## Select Upcoming Conferences

Apr 24 – Jun 6, 2020  
**HCCA Regional Conferences – Virtual**  
[Event Website](#)

May 18 – 20, 2020  
**Compliance Week 2020 Conference– Virtual**  
[Event Website](#)



## GENERAL COMPLIANCE

**Coronavirus Hobbles Corporate Compliance Monitoring.** “Lockdowns and curbs on travel have scuttled a crucial part of supervision: the on-site visit.” – [WSJ](#)

**3 Governance, Risk and Compliance Trends to Watch.** “The compliance space is constantly changing. Simply put, being compliant means obeying the rules. The complexity is high for organizations operating across multiple geographies with multiple sets of standards and regulations, leading to a market that is set to reach \$64.62 billion by 2025.” – [Security Boulevard](#)

**Employers must revisit workplace compliance amid COVID-19 pandemic.** “Amid the massive upheaval brought by the COVID-19 pandemic, employers need to reevaluate their regulatory and compliance programs and policies, both with an eye toward the letter of the law and the spirit of the times, workplace policy experts caution.” – [Employee Benefit News](#)

## FINANCIAL SERVICES COMPLIANCE

**Could Coronavirus Disruptions Delay the Reg BI Compliance Deadline?** “With the coronavirus disrupting the normal operations of the broker-dealer industry, there is cause to wonder if firms could get a reprieve from the June 30 compliance deadline set for the SEC’s Regulation Best Interest.” – [Financial Advisor IQ](#)

**U.S. Bank Supervisor Sees Weaknesses in Compliance With Due Diligence Rule.** “Some banks have failed to put in place adequate policies to comply with a rule that requires them to identify the owners of corporate accounts, a senior regulator said.” – [WSJ](#)

**Reg BI Compliance Race is On.** “With four months remaining until enforcement with the Securities and Exchange Commission’s Regulation Best Interest kicks in, broker-dealers and advisors are wondering if they “need to race to comply” with Reg BI, particularly if the rule is going to suffer the same fate as the now-defunct Labor Department fiduciary rule...” – [Think Advisor](#)

## HEALTHCARE / LIFE SCIENCES COMPLIANCE

**COVID-19 Could Slow Payers’ Movement Toward Interoperability Compliance.** “An already tight timeline for complying with the CMS’ new interoperability regulations could put a strain on insurers as they tackle the COVID-19 outbreak.” – [Modern Healthcare](#)

**OCR Will Not Seek Enforcement Action for Use of Non-Compliance Telehealth Communications During the Coronavirus (COVID-19) National Public Health Emergency.** “Physicians and other practitioners will not be subject to sanctions for reducing or waiving any Medicare or Medicaid patient co-pays or deductibles for telehealth services.” – [The National Law Review](#)

**HIPAA Waivers and Compliance in COVID-19 Pandemic.** “As providers are faced with escalating inquiries and public demand for information, they must remain cognizant of patient privacy rights and vigilant in their HIPAA compliance.” – [JD Supra](#)

## DATA & PRIVACY

**Uncertainty Surrounds Privacy Compliance, Enforcement With NY SHIELD Act.** There's never a dull moment in privacy compliance. New York's SHIELD Act officially went into effect on March 21, but while many companies may have greeted the deadline from a position of strength, some could be finding themselves in a much more uncertain enforcement landscape than the one they imagined when the law was passed in July 2019." – [Law.com](#)

**Why 67% of Companies fear They Can't Sustain Privacy Compliance.** "Data privacy management and protocol got a facelift with the enactments of the General Data Protection Regulation and the California Consumer Privacy Act. Many companies failed to meet compliance standards in time for GDPR. And for companies that met the deadline, 67% fear they won't be able to sustain compliance..." – [CIO Dive](#)

**How to Balance Privacy Compliance and AI Implementation.** "Once data does become subject to data privacy laws, compliance will fall on businesses to accurately map, monitor and understand how data is collected, used, shared and retained." – [Law.com](#)

# FEATURED M&A TRANSACTIONS

## Q1 2020 Compliance M&A Transactions

Announced	Target	Buyer	Transaction Value (\$mm)	Target Description
31-Mar-20	 IdentityMind	 acuant (Audax Group)	ND	<ul style="list-style-type: none"> <li>IdentityMind Global provides an on-demand platform offering next-generation risk management and anti-fraud services for the e-commerce ecosystem</li> </ul>
19-Mar-20	 P O N D E R A	 THOMSON REUTERS	ND	<ul style="list-style-type: none"> <li>Pondera Solutions is a provider of fraud detection as a service (FDaaS) software intended to combat fraud, waste and abuse in large government program</li> </ul>
16-Mar-20	 Xactium	 riskconnect. (Thoma Bravo)	ND	<ul style="list-style-type: none"> <li>Xactium is a UK-based GRC software provider intended to empower organizations to increase risk visibility and improve productivity</li> </ul>
18-Feb-20	 BLUE RIVER PARTNERS LLC	 IQEQ Know how Know you (AlpInvest)	ND	<ul style="list-style-type: none"> <li>Blue River Partners offers services including Regulatory Compliance, Private Equity Fund Administration, Cybersecurity, and Business Analytics, providing outsourced solutions to alternative asset managers</li> </ul>
14-Feb-20	 IntelliCorp (Verisk)	 Cisive (CIP Capital)	\$24.0	<ul style="list-style-type: none"> <li>IntelliCorp Records, Inc. is a former Verisk business and provider of comprehensive background screening services to small and mid-market enterprises</li> </ul>
13-Feb-20	 rfdc Smarter Screening (Vista Equity Partners)	 MOODY'S ANALYTICS	\$700.0	<ul style="list-style-type: none"> <li>Regulatory Data Corp is a provider of risk intelligence compliance screening services, specializing in AML and KYC data and due diligence services</li> </ul>
4-Feb-20	 done safe	 hsi Health & Safety Institute (Waud Capital)	\$20.0	<ul style="list-style-type: none"> <li>Donesafe is a provider of a cloud based safety management system intended to help businesses of all sizes to meet their health and safety obligation</li> </ul>
4-Feb-20	 simeio™ (Welsh, Carson, Anderson & Stowe)	 ZMC ZELNICK MEDIA CAPITAL	ND	<ul style="list-style-type: none"> <li>Simeio is a provider of an end-to-end identity and access management technology platform</li> </ul>
3-Feb-20	 emailage®	 LexisNexis® (RELX)	\$480.0	<ul style="list-style-type: none"> <li>Emailage is a provider of fraud prevention and identity verification software-as-a-service</li> </ul>
24-Jan-20	 INDUSTRIAL DEFENDER® (Capgemini)	 TELEO CAPITAL	ND	<ul style="list-style-type: none"> <li>Industrial Defender is a provider of cybersecurity and compliance software solutions for critical infrastructure providers</li> </ul>
23-Jan-20	 NCONTRACTS The Upside of Risk (Mainsail Partners)	 GRYPHON INVESTORS	ND	<ul style="list-style-type: none"> <li>Ncontracts is a provider of risk and vendor management software and services to financial institutions</li> </ul>

Source: Capital IQ, PitchBook, and company press releases

# FEATURED PRIVATE PLACEMENTS

## Q1 2020 Compliance Private Placements

Announced	Target / Issuer	Investor(s)	Transaction Value (\$mm)	Target Description
31-Mar-20	 SAYRI	 ARSENAL	\$10.1	<ul style="list-style-type: none"> <li>Sayari Labs is a developer of a financial intelligence and supply chain risk platform intended to help businesses reduce risk exposure and mitigate cost of compliance</li> </ul>
26-Mar-20	 DataGuard	 ONE PEAK PARTNERS	\$20.0	<ul style="list-style-type: none"> <li>DataGuard is a Munich-based developer of privacy and compliance software that provides "GDPR-as a service"</li> </ul>
12-Mar-20	 interos	 KLEINER PERKINS  venrock	\$17.5	<ul style="list-style-type: none"> <li>Interos is a developer of logistics assurance platform designed for supply-chain risk management</li> </ul>
6-Mar-20	 WORLDWATCH PLUS	 Naples Technology Ventures	\$2.9	<ul style="list-style-type: none"> <li>WorldWatch Plus is a provider of risk compliance and due diligence services that specializes in KYC services</li> </ul>
24-Feb-20	 BEHAVOX	 SoftBank Investment Advisers	\$100.0	<ul style="list-style-type: none"> <li>Behavox is a developer of a people analytics platform designed to search and interrogate huge amounts of employee-generated data in real-time</li> </ul>
20-Feb-20	 OneTrust PRIVACY, SECURITY & TRUST	 COATUE  INSIGHT PARTNERS	\$210.0	<ul style="list-style-type: none"> <li>OneTrust is a developer of a privacy, security and trust technology platform</li> <li>The funds will be used to continue to invest in meeting the demand for the company's tech platform</li> </ul>
18-Feb-20	 fenergo	 ABN-AMRO  DXC.technology	\$80.0	<ul style="list-style-type: none"> <li>Fenergo is a developer of an enterprise regulatory software designed to manage the client onboarding lifecycle for financial services companies</li> </ul>
3-Feb-20	 RIMES	 IEQT	\$450.0	<ul style="list-style-type: none"> <li>Rimes is a provider of managed data services &amp; regulatory technology software solutions for financial institutions</li> </ul>
28-Jan-20	 persona	 COATUE  First Round	\$17.5	<ul style="list-style-type: none"> <li>Persona is a developer of identity verification systems designed to protect and secure identity from theft and fraud</li> </ul>
21-Jan-20	 FeedStock™	 praetura VENTURES	\$3.3	<ul style="list-style-type: none"> <li>Feedstock is a UK-based provider of AI and NLP technologies to help firms meet regulatory requirements</li> </ul>
7-Jan-20	 BigID	 TIGERGLOBAL	\$50.0	<ul style="list-style-type: none"> <li>BigID is a developer of data-driven protection and privacy compliance platform designed to transform how enterprises protect and manage the privacy of personal data</li> </ul>

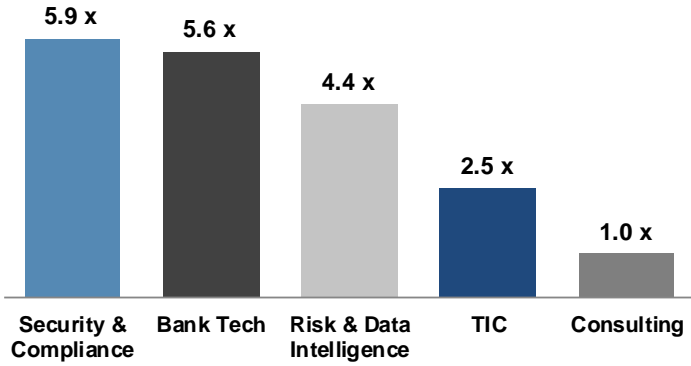
Note: Private placement transactions listed may include other investors; primary investor(s) only included above  
Source: Capital IQ, PitchBook, and company press releases

# TRADING MULTIPLES

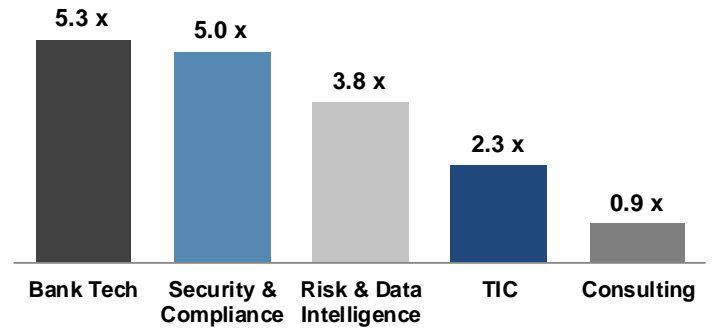
## Public Companies Median Trading Multiples

Bank Tech
  Security & Compliance
  Risk & Data
  TIC
  Consulting Services

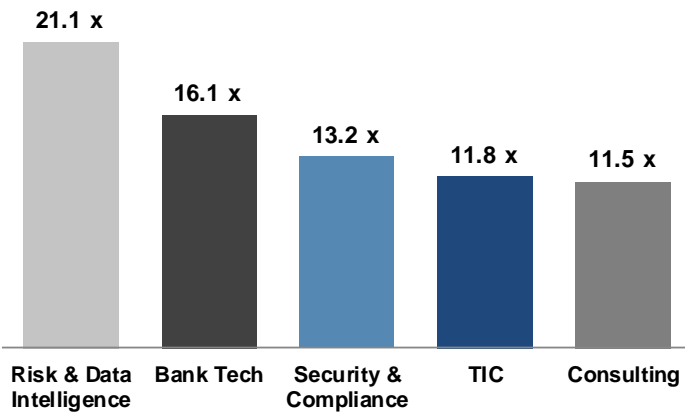
### 2020E EV / Revenue



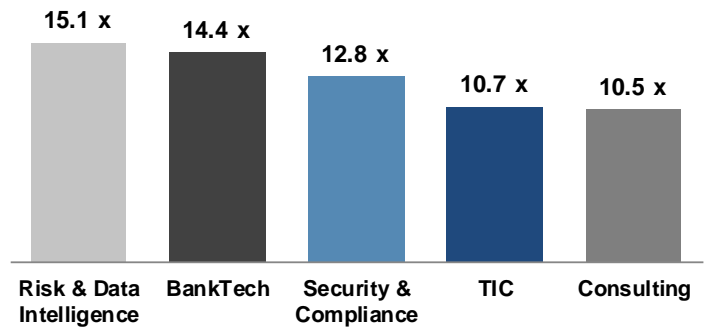
### 2021E EV / Revenue



### 2020E EV / EBITDA

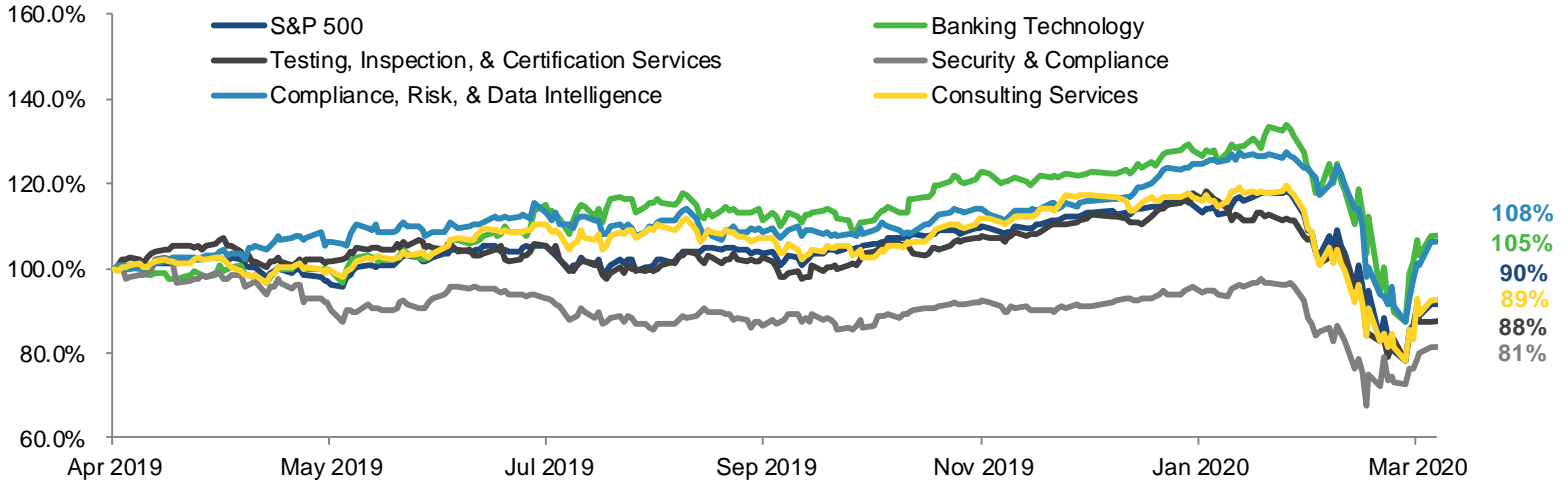


### 2021E EV / EBITDA

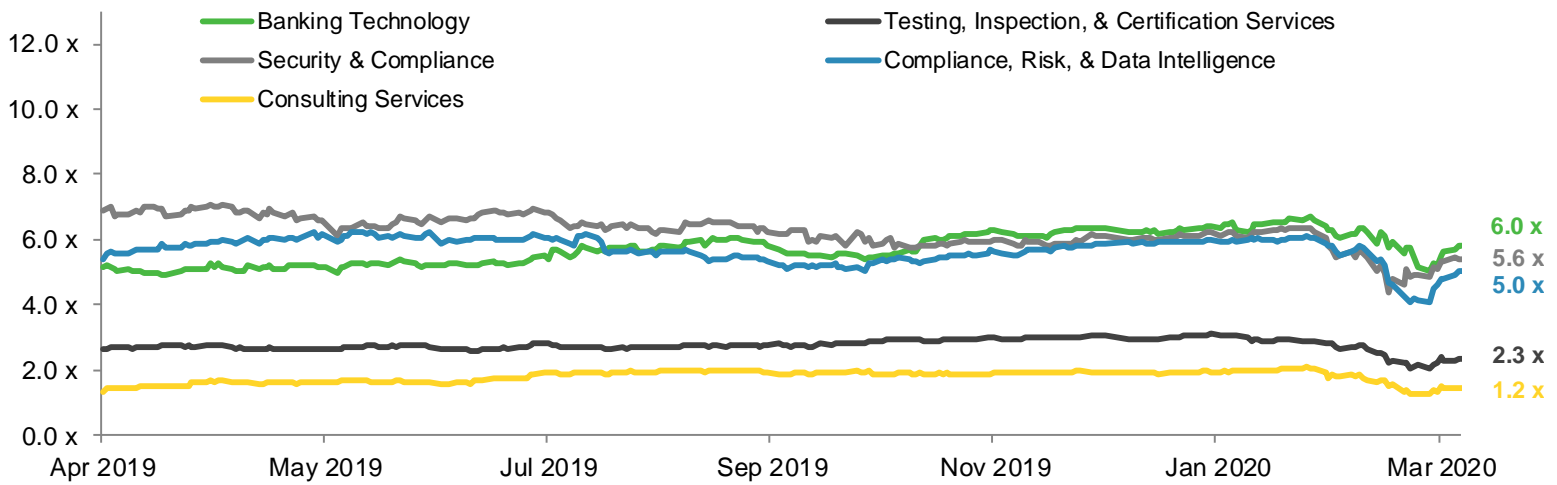


Source: Capital IQ, market data as of 31-Mar-2020

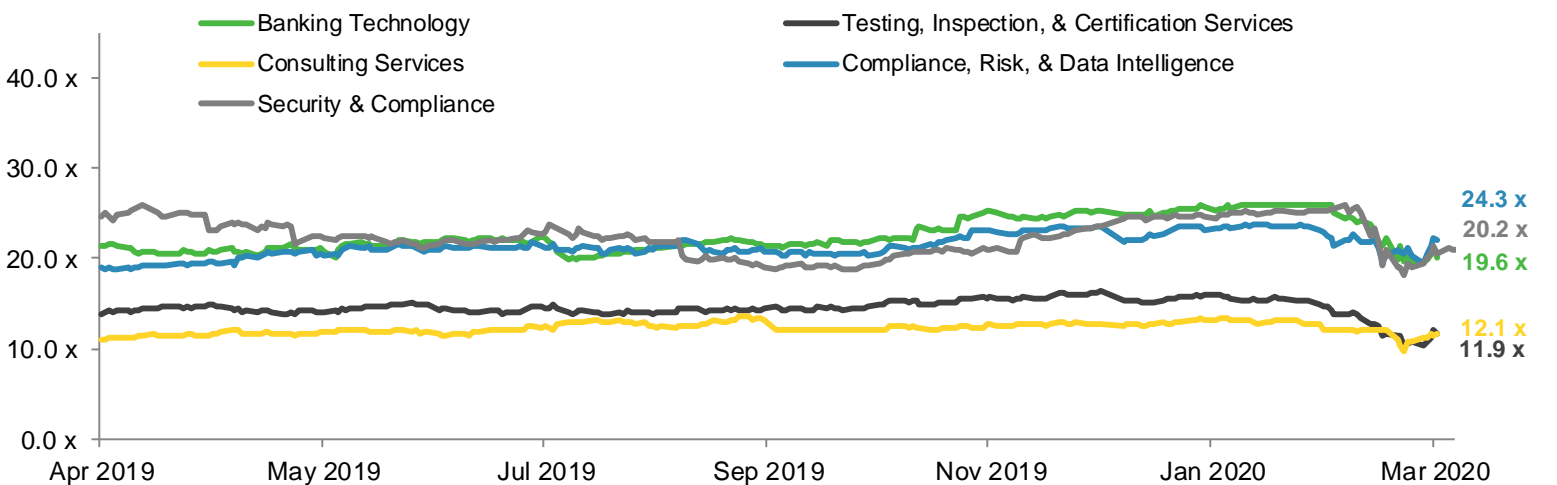
## Indexed Stock Price Performance – Last Twelve Months



## EV / Revenue – Median Last Twelve Months



## EV / EBITDA – Median Last Twelve Months



Source: Capital IQ, equity research reports, market data as of 31-Mar-2020

## Public Market Comparable Companies

### Select Bank Technology Companies

Banking Technology	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		2020E Revenue Growth	2020E EBITDA Margin
	31-Mar-2020				2020	2021	2020	2021		
ACI Worldwide	\$ 24.15	61.3 %	\$ 2,863	\$ 4,127	2.7 x	2.6 x	9.5 x	8.9 x	30.7 %	29.0 %
Bottomline Technologies	36.65	64.1	1,700	1,710	3.6	3.3	16.1	14.6	6.0	22.6
Fidelity	121.64	76.9	75,953	92,186	7.4	6.7	16.6	14.4	10.3	44.4
Fiserv	94.99	76.0	64,621	87,133	5.6	5.3	14.8	13.7	6.4	38.0
Jack Henry & Associates	155.24	88.7	11,959	11,887	7.1	6.7	22.1	20.4	3.0	32.1
High		88.7 %	\$ 75,953	\$ 92,186	7.4 x	6.7 x	22.1 x	20.4 x	30.7 %	44.4 %
Median		76.0	11,959	11,887	5.6	5.3	16.1	14.4	6.4	32.1
Mean		73.4	31,419	39,409	5.3	4.9	15.8	14.4	11.3	33.2
Low		61.3	1,700	1,710	2.7	2.6	9.5	8.9	3.0	22.6

### Select Compliance, Risk, & Data Intelligence Companies

Compliance, Risk, & Data Intelligence	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		2020E Revenue Growth	2020E EBITDA Margin
	31-Mar-2020				2020	2021	2020	2021		
EQS Group	\$ 69.23	77.8 %	\$ 99	\$ 104	2.5 x	2.1 x	23.2 x	12.9 x	2.4 %	10.9 %
GB Group	7.25	72.2	1,410	1,475	5.6	5.1	23.5	21.3	18.8	23.9
Thomson Reuters	67.64	87.2	34,227	36,295	5.9	5.7	18.9	17.3	4.0	31.1
Wolters Kluwer	70.53	90.4	18,722	20,786	3.9	3.8	13.3	12.7	3.0	29.5
Workiva	32.33	50.4	1,701	1,493	4.4	3.8	NM	NM	16.2	NM
High		90.4 %	\$ 34,227	\$ 36,295	5.9 x	5.7 x	23.5 x	21.3 x	18.8 %	31.1 %
Median		77.8	1,701	1,493	4.4	3.8	21.1	15.1	4.0	26.7
Mean		75.6	11,232	12,031	4.5	4.1	19.7	16.1	8.9	23.9
Low		50.4	99	104	2.5	2.1	13.3	12.7	2.4	10.9

### Select Consulting Services Companies

Business Consulting	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		2020E Revenue Growth	2020E EBITDA Margin
	31-Mar-2020				2020	2021	2020	2021		
Accenture	\$ 163.26	75.4 %	\$ 111,211	\$ 109,627	2.4 x	2.3 x	13.6 x	12.8 x	2.4 %	18.0 %
Capgemini	84.62	63.7	14,773	18,966	1.0	0.9	7.0	6.3	14.9	14.9
CBIZ	20.92	72.8	1,191	1,456	1.5	1.4	11.5	10.5	2.1	13.0
CRA International	33.41	57.4	273	407	0.8	0.8	8.5	7.7	10.5	9.7
Franklin Covey	15.54	37.1	217	232	1.0	0.9	N/A	N/A	7.1	10.2
FTI Consulting	119.77	88.4	4,743	4,825	1.9	1.9	13.7	12.9	9.8	14.1
Heidrick & Struggles	22.50	53.2	449	247	0.3	0.3	3.1	2.8	0.4	11.3
Huron Consulting	45.36	64.0	1,081	1,355	1.5	1.4	11.7	10.6	7.7	12.5
ICF International	68.70	72.1	1,350	1,741	1.1	1.0	11.8	11.1	7.9	9.2
Korn Ferry	24.32	49.8	1,373	1,412	0.8	0.7	7.2	5.5	2.4	11.2
Resources Connection	10.97	61.2	355	412	0.6	0.6	N/A	N/A	(0.3)	7.1
High		88.4 %	\$ 111,211	\$ 109,627	2.4 x	2.3 x	13.7 x	12.9 x	14.9 %	18.0 %
Median		63.7	1,191	1,412	1.0	0.9	11.5	10.5	7.1	11.3
Mean		63.2	12,456	12,789	1.2	1.1	9.8	8.9	5.9	11.9
Low		37.1	217	232	0.3	0.3	3.1	2.8	(0.3)	7.1

Source: Capital IQ, equity research reports, market data as of 31-Mar-2020

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



## Public Market Comparable Companies

### Select Security & Compliance Companies

Security & Compliance	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		2020E Revenue Growth	2020E EBITDA Margin
	31-Mar-2020				2020	2021	2020	2021		
Checkpoint	\$100.54	75.7%	\$14,629	\$12,885	6.3 x	6.1 x	13.2 x	12.8 x	2.0 %	48.1 %
Proofpoint	102.59	76.8%	6,409	6,268	5.9	5.0	NM	NM	19.7	13.3
Qualys	86.99	90.6%	3,697	3,398	9.3	8.2	21.7	18.8	13.0	43.0
SecureWorks	11.51	57.5%	929	747	1.3	1.3	NM	NM	1.0	1.5
Verint	43.00	67.3%	2,757	3,222	2.2	2.1	8.7	7.9	6.8	25.3
High		90.6%	\$14,629	\$12,885	9.3 x	8.2 x	21.7 x	18.8 x	19.7 %	48.1 %
Median		75.7%	3,697	3,398	5.9	5.0	13.2	12.8	6.8	25.3
Mean		73.6%	5,684	5,304	5.0	4.5	14.5	13.2	8.5	26.3
Low		57.5%	929	747	1.3	1.3	8.7	7.9	1.0	1.5

### Select Testing, Inspection, & Certification Companies



TIC	Closing Price	% of 52 Week High	Equity Market Cap	Enterprise Value	EV / Revenue Multiples		EV / EBITDA Multiples		2020E Revenue Growth	2020E EBITDA Margin
	31-Mar-2020				2020	2021	2020	2021		
Applus Services	\$ 6.43	44.4 %	\$ 918	\$ 1,408	0.8 x	0.7 x	4.9 x	4.4 x	(5.1)	15.8 %
Bureau Veritas	19.02	66.6	8,620	10,695	2.1	1.9	10.8	9.6	(8.5)	19.7
Intertek Group	58.84	76.5	9,576	10,429	2.9	2.7	13.4	12.0	(2.3)	21.4
SGS	2,326.81	78.0	17,629	18,460	2.9	2.7	12.9	11.9	(5.5)	22.4
High		78.0 %	\$ 17,629	\$ 18,460	2.9 x	2.7 x	13.4 x	12.0 x	(2.3)	22.4 %
Median		71.5	9,098	10,562	2.5	2.3	11.8	10.7	(5.3)	20.5
Mean		66.3	9,185	10,248	2.2	2.0	10.5	9.5	(5.3)	19.8
Low		44.4	918	1,408	0.8	0.7	4.9	4.4	(8.5)	15.8



Source: Capital IQ, equity research reports, market data as of 31-Mar-2020  
 Note: Any negatives multiples or multiples greater than 35.0x are marked "NM"

# RECENT DEALS

The Life Sciences Division  
of  
  
**Cumberland™**  
has been acquired by  
  
**IntegriChain\***  
a portfolio company of  
  
**AKKR**  
SELL-SIDE ADVISOR

  
**TeleWorld Solutions**  
has been acquired by  
**SAMSUNG**  
SELL-SIDE ADVISOR


  
**e-nor**  
has been acquired by  
  
**CARDINALPATH**  
a subsidiary of  
**dentsu**  
SELL-SIDE ADVISOR

The Managed Services Division  
of  
  
**westMONROE**  
has been acquired by  
  
**MC PARTNERS**  
SELL-SIDE ADVISOR

  
**INTERSYS**  
has been acquired by  
  
**ASGN™**  
Incorporated  
SELL-SIDE ADVISOR

  
**westMONROE**  
has acquired  
  
**gokart**  
LABS  
BUY-SIDE ADVISOR

  
**bulldog™**  
has been acquired by  
**HERO\_digital.**  
a portfolio company of  
  
**CI CAPITAL PARTNERS**  
SELL-SIDE ADVISOR




  
**NAVIGATOR**  
MANAGEMENT PARTNERS  
has been acquired by  
  
**avaap**  
innovation | solutions | outcome  
a portfolio company of  
  
**NMS CAPITAL**  
SELL-SIDE ADVISOR

  
**COLUMN**  
Technologies  
  
**highmetric**  
has been recapitalized by  
  
**ACACIA**  
SELL-SIDE ADVISOR

  
**putnam associates**  
INSIGHT. CLARITY. STRATEGY.  
has been acquired by  
  
**UDG**  
Healthcare plc  
SELL-SIDE ADVISOR

  
**euclid**  
has been acquired by  
  
**FULLSTEAM**  
Building on Great  
a portfolio company of  
  
**AQUILINE**  
CAPITAL PARTNERS LLC  
SELL-SIDE ADVISOR

**THE DLC GROUP**  
has been acquired by  
  
**Addison Group**  
SELL-SIDE ADVISOR

  
**roundCorner**  
has been acquired by  
  
**salesforce.org**  
a subsidiary of  
  
**salesforce**  
SELL-SIDE ADVISOR

  
**Knowledgegent**  
has been acquired by  
  
**accenture**  
SELL-SIDE ADVISOR


  
**Gorilla Logic**  
has received a growth investment from  
  
**SVERICA CAPITAL**  
SELL-SIDE ADVISOR



## ABOUT US

ClearSight Advisors is a premier, independent investment bank dedicated to providing world-class M&A and capital raising solutions exclusively to growth-oriented Technology and Business Services companies. ClearSight combines deep market insights across software, services, and data. This market knowledge combined with superior strategic and financial advice allows ClearSight to act as a catalyst, enabling entrepreneurs, private equity owners, and boards of directors to successfully advance their vision. ClearSight Capital Advisors, Inc., a wholly owned subsidiary, is a registered member of FINRA & SIPC. For more information, please visit [www.clearsightadvisors.com](http://www.clearsightadvisors.com)

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