



Deeply Rooted in Tech | Focused on Our Clients' Values

Governance, Risk & Compliance Market Overview

February 2021

Confidential

VAQUERO | Recent Governance, Risk, & Compliance News

New generations of GRC software will be designed not just for the second and third lines of defense, but also for the front lines, empowering them to make decisions in-stream in their activities.

Having already amassed a treasure trove of information, organizations will increasingly leverage the power of analytics and AI to generate forward-looking insights that can catalyze business performance and growth.

"Predictions for Governance, Risk & Compliance in 2021"



Compliance teams face challenging times ahead with increasing regulation and the new normal. For most organizations, throwing more people at the compliance challenges is not an option, so we should expect to continue to see significant increase in digital transformation. Navigating the rapidly evolving regulatory landscape is rather challenging for contemporary business owners, which is why advanced alternative approaches to compliance management are becoming essential to retain a competitive advantage.

"Digital Transformation of Compliance"



As the pace of innovation quickens across diverse industry sectors, it is becoming more difficult for regulations to keep up. Meanwhile, many businesses and other organizations are taking on high-risk innovations as a strategy—even when they fall outside the scope of existing regulations—and reaping the rewards. For leaders today, risk can be used as a tool to create value and achieve higher levels of performance. It's no longer something to only fear, minimize, and avoid.



"The Future of Risk"

The demands on data governance leaders have been intensifying for the past several years. There is more and more content straddling on-prem and multi-cloud environments. Business users are clamoring for consumer-like, self-service models of accessing files anytime, anywhere. Meanwhile, companies must adapt to a new slate of GDPR-style privacy regulations, and in parallel, there's an explosion of new opportunities to interpret these huge unstructured datasets.

"Data Governance Trends in 2021"



VAQUERO | Strong GRC + BPM Tech Market Activity

GRC + BPM Tech LTM Snapshot

Source: Pitchbook

1,925

Deals

1,328

Investors

224

Exits

\$65.5Bn

Capital Invested

\$39.3M

Median Valuation

Largest Deal

\$2Bn



Most Active Sponsors



Most Active Strategies



Recent Notable Transactions

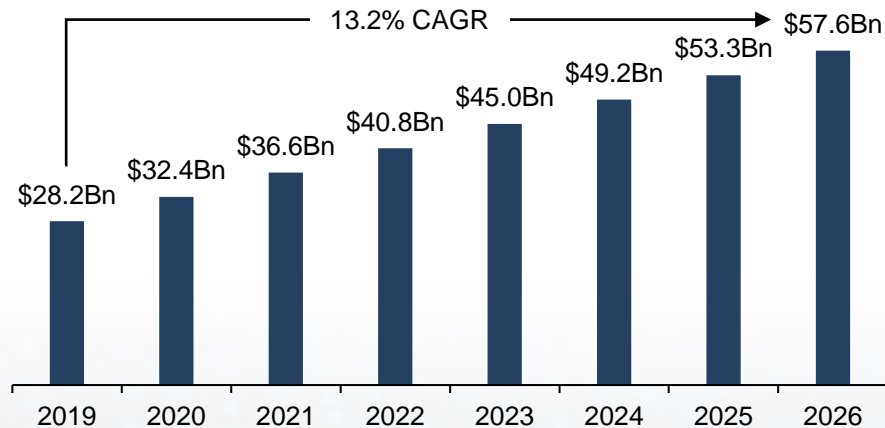
☐ Vaquero Experience



KKR



GRC Software Market Size



Traditional GRC tools have products and feature sets to appeal to and meet the needs of core team members and execute their tasks. However, these products and associated functions are built separately from one another. This compartmentalized data model creates siloed information, making it near impossible to deliver executive-level reports or gauge the risk of the entire enterprise.

Historically, business stakeholders, first-line responders, and risk owners have been an afterthought for GRC teams, and businesses are now shifting collaboration across departments and enabling cross-functional task execution to enhance their internal operations. Incorporating the different roles to achieve a proactive risk-based approach to GRC will require significant re-tooling and the use of new technologies to function efficiently and cohesively – driving GRC software adoption and consequentially GRC software market growth.

Reasons For Upgrading Existing GRC Technologies



Companies have short attention spans when it comes to data governance. Even for organizations with sustained programs, the continuous push and pull of new regulations, projects, or data and analytics investments creates constant disruption. To address these expansions, organizations are hiring chief data officers and activating strategic and unified data, analytics, and data governance technologies.

Traditionally, disconnected departments managed data governance related activities in different ways with little or no collaboration with other departments. Next-generation data governance platforms will consolidate knowledge from internal and external sources, prevent data drift and duplication, and ensure fast time to analysis and answers for users.

12%+

Revenue Lost to Enterprises Due to Bad Data

36%

Of Enterprises Have A Formal GRC Solution

73%

Of an Organization's Data is Never Used for a Strategic Purpose

10+

Hours A Week Data Analysts Spend Looking for the Right Data

For years, GRC technology systems have collected and transformed data, but as the amount of available data grows exponentially, enterprises have struggled to make it easily understandable and thus, are unable to use it for strategic decision-making. The next generation of GRC platforms will consume and interpret data not only for data governance teams, but for all decision-makers within an organization.

Collect

Transform

Consume



Databases



ERP System



Online Data



Data Ingestion



Data Validation



Data Profiling



Data Enrichment



Data Modeling



Data Analytics



Dashboards



Scorecards



Reports



Regulatory Agencies



Senior Management



Other Stakeholders



GRC Team

VAQUERO | Response to the COVID-19 Pandemic

COVID-19 has caused disruptions to businesses globally; those who adopt technologies that provide a comprehensive view of the risk environment will move closer to predicting unwanted incidents in the future.

- GRC tech-enabled players **are taking action to understand where their organizations are most exposed** in order to keep stay on top of regulatory and macroeconomic changes, which have historically led to higher costs and delays in business operations.
- With most companies now working remotely, there is a **plethora of emerging risks** businesses must consider. Manually tracking these in a traditional risk management approach puts the business itself at risk, as well as its people. Without continuously reviewing the core risk factors – such as identity and access management protocols – and continuously monitoring and re-assessing causes, controls and safeguards, companies will have a difficult time understanding their day-to-day risks.
- To promote an agile approach to COVID-19 and the new normal, companies will have to **increase collaboration across risk functions and leverage new technologies and tools** to make more informed decisions.

Tech Offerings for COVID-19 Related Risk

- The COVID-19 pandemic has revealed operational inefficiencies related to government, risk, and compliance, causing businesses large and small to rethink how they manage risk
- More companies will begin to invest in GRC technology as a result of COVID-19's wake up call
- These GRC leaders have made investments to bolster their COVID risk management technology offerings which will likely increase the GRC software market overall



QUANTIVATE

Luminate
CAPITAL PARTNERS

MetricStream
PERFORM WITH INTEGRITY™



Opportunity for GRC



Unforeseen nature of COVID adds new dimension to the way companies look at risk



Shift toward adoption of compliance technology



Rise of RegTech (Regulation Technology)



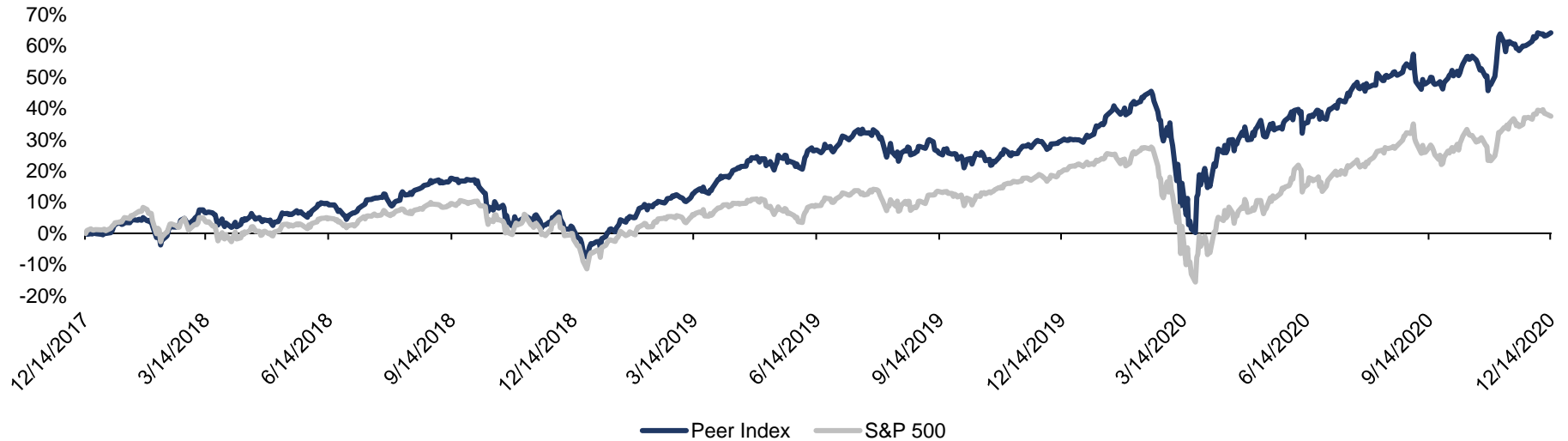
Rooting GRC systems into workplaces



VAQUERO | GRC Technology Recent Deals

Deal Date	Target	Investors	Deal Type	EV (\$mm)	Description
12/3/2020	Benevity	HgCapital	Buyout/LBO	NA	Developer of corporate social responsibility and employee engagement software created to empower socially conscious brands.
11/17/2020	Zywave	Clearlake Capital Group	Buyout/LBO	900	Provider of SaaS enterprise automation software for the employee benefits, property and casualty insurance distribution industry.
11/10/2020	Dataguise	PKWARE (Thompson Street Capital Partners)	Buyout/LBO	60	Developer of a global sensitive data governance platform designed to provide the ability to detect, protect and monitor data in real-time across data repositories.
11/10/2020	Venminder	Silversmith Capital Partners	Later Stage VC	50	Developer of a cloud-based vendor management application designed to address the tactical challenges of vendor management tasks.
10/21/2020	Verge Health	RLDatix (TA Associates)	Buyout/LBO	N/A	Developer of governance, risk and compliance software platform intended to leverage technology to create meaningful improvements regarding protecting patients and margins.
10/20/2020	MarkLogic	Vector Capital	Buyout/LBO	1,202	Provider of an operational and transactional Enterprise NoSQL database platform designed to help businesses integrate critical data.
10/19/2020	Axiom Software Laboratories	TCV	Buyout/LBO	N/A	Provider of regulatory reporting, capital adequacy, risk management, liquidity, compliance and data management software.
10/9/2020	LogicGate	Undisclosed	Later Stage VC	108	Developer of a risk management platform intended to transform mission-critical risk and compliance activities.
10/6/2020	LiveSafe	Vector Solutions (Golden Gate Capital)	Buyout/LBO	N/A	Developer of a risk intelligence platform intended to create two-way interactions with safety and security professionals, preventing incidents before they occur.
10/2/2020	Rundeck	PagerDuty	Merger/Acquisition	100	Developer of a runbook automation platform designed to let start-ups meet the security, scale and compliance needs of an enterprise.
9/10/2020	Fastpath	Pamlico Capital	PE Growth/Expansion	N/A	Developer of a cloud-based audit platform designed to track, review, and mitigate access risk across multiple systems.
9/5/2020	Alloy	Canapi Ventures	Later Stage VC	220	Developer of an identity verification platform designed to check frauds and make identity management effective and simple for banks and financial institutions.
8/28/2020	QMetry	Everstone Capital & Goldman Sachs	Early Stage VC	N/A	Developer of test management and automated testing software designed to help achieve digital transformation goals.
8/21/2020	Acelynk	Magaya (LLR Partners)	Merger/Acquisition	N/A	Provider of customs compliance software that simplifies the traditional custom brokerage operations.
8/18/2020	Complyworks	Veriforce	Buyout/LBO	N/A	Provider of compliance management software that covers the entire compliance lifecycle.
8/17/2020	ForeScout	Advent International & Crosspoint Capital Partners	Buyout/LBO	1,430	Developer of network access control and policy compliance management platform designed to integrate network security, mobility and IT management.
8/4/2020	Diligent	Clearlake Capital, Insight Partners & The Blackstone Group	PE Growth/Expansion	4,000	Developer of secure corporate governance and collaboration software.
7/27/2020	Onapsis	Caisse de dépôt et placement du Québec	Later Stage VC	250	Developer of a cybersecurity and compliance platform intended to aid organizations to secure business-critical applications.

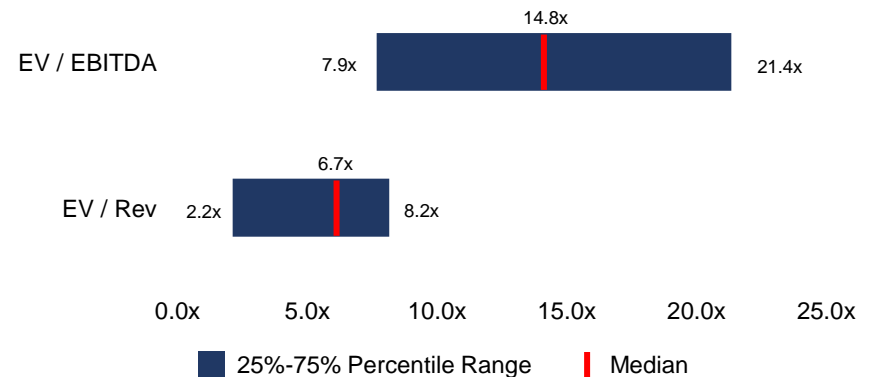
3 Year Historical Index



GRC Technology Index Peer Group



Trading Multiples



The Leader in Middle Market Investment Banking | **VAQUERO**

Leading the Premium Growth Market

Exceptional results for premium assets

Minority and majority capital raises

M&A with strategics and sponsor-backed strategics

Focus on Quality Assets and Process

High Quality materials and data

Leverage strategic **premiums/synergies**

Maximize tension/timing



Vaquero CV

Founded in 2012

BOA, Goldman Sachs, William Blair Alum

200+ Completed Transactions

SF, CHI Presence

93

Deals Completed since 2012 (Vaquero & Bandon)

92%

Industry-Leading Deal Close Ratio

\$8.3Bn

Cumulative Vaquero Sell-Side Transaction Value

Sectors We Cover



Industrials, Transportation & Energy



GovTech, EdTech & Non-Profit



Built Environment & RE Software



Governance, Risk, Compliance

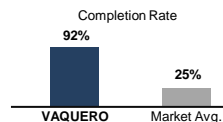


Healthcare Software

VAQUERO | Firms Choose Us Because...

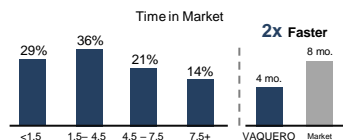
We Get Deals Done...

92%
Deals Closed



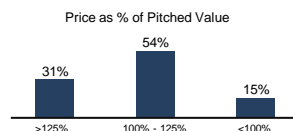
On time...

65% < 4.5 mos.
Timing between selection and exclusivity
29% < 1.5 mos.



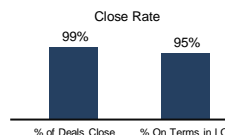
On price...

116%
Pitch valuation
31% deals > 125%



On terms...

99% On deals with LOI close
95% On terms in LOI



Middle-Market Technology League Table

M&A Deals, PE Deals & Deals Per Banker

Self-Side Software Tech Deals: Last 12 and 24 Months

RANK	ADVISOR	TOTAL PE DEALS	
1.	William Blair	14	31
2.	Raymond James	12	41
3.	VAQUERO	9	20
4.	Canaccord Genuity	8	18
5.	Houlihan Lokey	7	17
6.	GCA Advisors	6	17
7.	Baird	6	17
8.	Software Equity Group	5	8
9.	Piper Sandler	4	11
10.	Atlas Technology Group	4	6

RANK	ADVISOR	TOTAL M&A DEALS	
1.	William Blair	17	34
2.	Raymond James	15	40
3.	Houlihan Lokey	12	17
4.	VAQUERO	8	18
5.	Piper Sandler	8	16
6.	Baird	8	19
7.	Stifel	7	11
8.	Canaccord Genuity	6	15
9.	AGC Partners	5	7
10.	Software Equity Group	5	9

RANK	ADVISOR	DEALS/BANKER	
1.	VAQUERO	3.0	6.7
2.	Software Equity Group	2.3	3.7
3.	Piper Sandler	1.1	2.7
4.	William Blair	1.1	2.2
5.	Canaccord Genuity	0.9	1.8
6.	Raymond James	0.8	2.1
7.	Houlihan Lokey	0.8	1.5
8.	Needham & Company	0.4	1.4
9.	GCA Advisors	0.4	1.2
10.	Vista Point	0.3	1.2

2020
**PRIVATE EQUITY
DEAL
OF THE YEAR**
ACQ GLOBAL AWARDS

2018, 2019 & 2020
**TECH
INVESTMENT BANK
OF THE YEAR**
M&A ATLAS AWARDS

2020
**RISING STAR
AWARD**
TERRY JIANG
RISING DEALMAKER AWARDS

2020
**INVESTMENT BANK
OF THE YEAR**
GROWTH BUSINESS
ACQ GLOBAL AWARDS

2020 & 2018
**M&A DEAL
OF THE YEAR**
M&A ATLAS AWARDS

2020
**SPAC DEAL OF
THE YEAR**
ACQ GLOBAL AWARDS

2019
**CROSS-BORDER
M&A DEAL
OF THE YEAR**
M&A ATLAS AWARDS

2019
**HEALTHCARE IT
DEAL
OF THE YEAR**
M&A ATLAS AWARDS

VAQUERO | Core Sectors of Focus



Governance, Risk & Compliance

Vaquero has leading transaction experience across the GRC space

Vaquero has a unique understanding of the intersection & importance of governance, risk & compliance software for successful enterprises



Built Environment & RE Software

Vaquero has completed deals touching all aspects of the built environment

Vaquero's deep industry knowledge provides unique insight into the complete ecosystem of customers, companies & investors



Industrials, Transportation & Energy

Vaquero has more industrials, transportation & energy deal experience than our competition

Vaquero has long-standing relationships with relevant strategics and PE firms



GovTech, EdTech & Non-Profit

Vaquero has extensive experience across govtech, edtech & non-profit software space

Through a number of transformative transactions, Vaquero has relevant insights into the broad ecosystem



Healthcare Software

Vaquero has recently closed a blockbuster transaction in the broader HCIT sector

With the hire of Josh Moses, an experienced HCIT banker, Vaquero continues to grow its HCIT presence

Vaquero Experience

11
Deals Completed
\$1.3Bn
Total Transaction Value



13
Deals Completed
\$1.6Bn
Total Transaction Value



22
Deals Completed
\$2Bn+
Total Transaction Value



6
Deals Completed
\$500M+
Total Transaction Value



7
Deals Completed
\$1Bn
Total Transaction Value



VAQUERO | Vaquero Experience in GRC Software



Transaction Details:

Open Lending is a provider of automated lending services to financial institutions. The company specializes in loan analytics, risk-based pricing, risk modeling and automated decision technology.

"We are pleased to complete the combination and look forward to partnering with John, Ross, and the rest of Open Lending's management team at this exciting inflection point in the company's growth." — Adam Clammer, Co-CEO Nebula



Transaction Details:

Alchemy is the leading LMS, SaaS platform serving food and retail companies to train and engage frontline workforce and drive both productivity and safety.

Vaquero advised the Company on multiple transactions including the original Riverside investment.



Transaction Details:

As an increasing amount of companies see the necessity of a hardened enterprise risk management strategy, Catalyst's investment allowed Fusion to rapidly address its customers operational risks to best manage the unexpected.

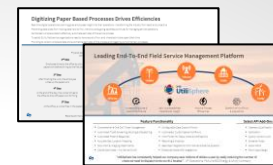
Earlier this year, Fusion received an undisclosed amount of development capital from Vista Equity Partners, allowing Fusion to further establish itself as a top player in the IRM space.



Transaction Details:

SiteHawk is the developer of chemical management and compliance software and services intended to improve safety data sheet management.

"The acquisition of SiteHawk not only expands Sphera's cloud-based solutions, but also extends Sphera's Product Stewardship content, services and markets while reasserting our leadership position in the Product Stewardship space," - Paul Marushka, Sphera President



Transaction Details:

Irth Solutions is the leading provider of mobile field service management solutions to the utility, energy and telecom industries across the country.

This transaction positioned Irth to continue building out software solutions as customers seek efficiencies to improve compliance, safety, and asset performance. Vaquero advised the Company on multiple transactions and is currently working with Company and Bregal to explore strategic options.

Other Relevant Experience

TELMED IQ

perfectserve

geoforce

LLRpartners

VIGILLO

sambasafety

Allegro

VECTOR CAPITAL

TITAN

M33 GROWTH

top of mind

PRIMUS

FAIRWARNING

Mainsail Partners

VAQUERO | Our Team



David Grove

23 Years Experience

Bank of America,
Cowen

100+ Completed
Transactions



Terry Jiang

UCSD, BS
Management Science;
Minor in Accounting

30+ Transactions at
Vaquero



Josh Moses

18+ Years Experience

MBA – Northwestern

University of Chicago,
BA History



Dominic Chan

UC Berkeley, BA
Political Science

8+ Years in Financial
Services Industry



JP Joyce

MBA – UC Berkeley

U.S. Air Force
Academy, BS
Political Science

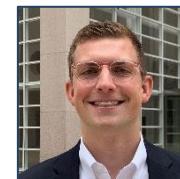
3500+ Flight Hours



Kristian Kemppainen



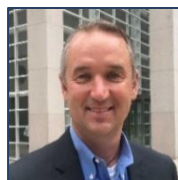
Sarah Childers



Macalaster Schmidt



Kyle Getsiv



Danny Allen



Logan Breslin





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