



Data & Analytics Group

Governance, Risk, and Compliance Vertical Coverage

MARKET UPDATE | MARCH 2021

Houlihan Lokey—Data & Analytics Group

Governance, Risk, and Compliance—Market Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Governance, Risk, and Compliance Market Update for Q1 2021. First and foremost, we hope that you and your families remain safe and healthy. Amid these chaotic times, we have grown the Data & Analytics team significantly in the last nine months, with six new hires in New York. We have continued adapting to this fluid market and are busy helping our clients navigate financing, M&A, and other strategic alternatives.

We have included industry insights, select recent transaction announcements, and a public markets overview to help you stay ahead in our dynamic industry. We hope you find this update to be informative and that it serves as a valuable resource to you in staying abreast of the market.

We encourage you to reach out if you have any questions or wish to brainstorm on current needs, and we look forward to connecting in the new year.

Regards,



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Regtech, Risk, and
Compliance



Fraud, AML, KYC,
and Sanctions



Enterprise and
Operational Risk



EHS&S



Governance/ESG



CSR



Certification

Leading Independent Advisory Firm

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.



1,500+
Employees

23
Locations

~45%
Employee-Owned

~\$4.5 Billion
Market Cap

More Than
\$1 Billion
Annual Revenue

No
Debt

Corporate Finance

2020 M&A Advisory Rankings All U.S. Transactions		
Advisor		Deals
1	Houlihan Lokey	210
2	Goldman Sachs & Co	172
3	JP Morgan	132
4	Evercore Partners	126
5	Morgan Stanley	123

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings		
Advisor		Deals
1	Houlihan Lokey	106
2	PJT Partners Inc	63
3	Lazard	50
4	Rothschild & Co	46
5	Moelis & Co	39

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 Global Restructuring Advisor

1,000+ Transactions Completed Valued
at More Than \$2.5 Trillion Collectively

Financial and Valuation Advisory

2001 to 2020 Global M&A Fairness Advisory Rankings		
Advisor		Deals
1	Houlihan Lokey	956
2	JP Morgan	876
3	Duff & Phelps	802
4	Morgan Stanley	599
5	BofA Securities Inc	542

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

No. 1 Global M&A Fairness Opinion
Advisor Over the Past 20 Years

1,000+ Annual Valuation Engagements




How Houlihan Lokey Can Help

Our firm is extremely well equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients to analyze, structure, negotiate, and execute the best possible solutions from both strategic and financial perspectives.


What We Offer

1




Corporate Finance

2



Financial Restructuring


3




Financial and Valuation Advisory

Mergers and Acquisitions		We are widely recognized as a leading M&A advisor to the mid-cap and have long-standing relationships with capital providers, including commercial banks and other senior credit providers, insurance funds, asset managers, and mezzanine fund investors. Few other investment banks maintain the breadth of relationships and capital markets intelligence that we do.
Capital Markets		
Private Funds Advisory		
Board Advisory Services		
Company Advisory		We have the largest restructuring practice of any global investment bank. Since 1988, we have advised on more than 1,000 restructuring transactions (with aggregate debt claims in excess of \$2.5 trillion). We served as an advisor in 12 of the largest 15 bankruptcies from 2000 to 2019.
Special Situations		
Distressed M&A		
Liability Management		
Creditor Advisory		Over nearly four decades, we have established ourselves as one of the largest financial and valuation advisory firms. Our transaction expertise and leadership in the field of valuation help inspire confidence in the financial executives, boards of directors, special committees, investors, and business owners we serve.
Portfolio Valuation and Fund Advisory		
Transaction Opinions		
Corporate Valuation Advisory Services		
Transaction Advisory Services		
Real Estate Valuation and Advisory		
Dispute Resolution Consulting		


Why We're Different




Dominant in Special Situations and Restructuring




Significant Experience With Financing Markets




Senior-Level Commitment and Dedication



Deep, Industry-Specific Expertise
































Superior Work Product/Technical Abilities



Creativity, Imagination, Tenacity, and Positivity

Best-in-Class Global Data and Analytics Franchise

We focus on businesses that provide critical B2B data, analytics, software, or tech-enabled services to global markets on a subscription or recurring basis.

	<div></div> <div>Financial Information, Data, and Analytics</div>	<div></div> <div>Governance, Risk, and Compliance</div>	<div></div> <div>Fintech</div>	<div></div> <div>Automotive, Transportation, and Logistics</div>	<div></div> <div>Natural Resources</div>	<div></div> <div>Real Estate, Retail, and Facilities</div>	<div></div> <div>B2B Information Services</div>	<div></div> <div>Research, IP, and Legal</div>	<div></div> <div>Education and Training</div>
Expertise and Capabilities	<ul style="list-style-type: none">Financial data and analyticsInsurance data and analyticsRegtech, risk, and complianceBuyside and sellside data and analyticsWealth and alternatives data and analytics	<ul style="list-style-type: none">Regtech, risk, and complianceFraud, AML, KYC, and sanctionsEnterprise and operational riskEHS&SGovernance/ESGCSRCertification	<ul style="list-style-type: none">Asset and wealth managementBanking and lendingCapital markets SoftwareExchanges and executionInsurancePayments	<ul style="list-style-type: none">Dealership technology and softwareFleet management and transportation logisticsTelematics and mobility risk managementBig data and transportation planningAftermarkets parts and services marketplaces	<ul style="list-style-type: none">Oil and gasPower, renewables, and waterAgriculture and foodWeather	<ul style="list-style-type: none">Mortgage data, analytics, and softwareCommercial and residential data and analyticsConstruction and facilitiesRetail analytics	<ul style="list-style-type: none">Business data and analyticsPrivate company data and analyticsMacroeconomic research and forecastingMarketing data, analytics, and softwareB2B media and eventsPharma and healthcare	<ul style="list-style-type: none">E-discoveryLitigation technologyIP management/researchDocument managementContract managementCompliance softwareInformation governance	<ul style="list-style-type: none">Education technologyK–12Post-secondaryProfessional and continuing educationLMSCMSWorkforce
Select Companies	<div></div>								

Proven Track Record With Exceptional Momentum

Extensive transaction execution experience with deep sector knowledge.

Select Governance, Risk, and Compliance Experience

 a portfolio company of inflexion has been acquired by PAINE SCHWARTZ PARTNERS Sellside Advisor	 has acquired enhesa. Buy-side Advisor	 a portfolio company of Battery has been acquired by cority Sellside Advisor	 has been acquired by Wolters Kluwer Legal & Regulatory Sellside Advisor	 has acquired TruCost PLC Buy-side Advisor*
 GROUP OF COMPANIES has been acquired by Verisk Analytics Sellside Advisor*	 has closed a funding round led by KATALYST VENTURES Financial Advisor*	 has been acquired by Thomson Reuters Sellside Advisor*	 has acquired BISAM Buy-side Advisor*	 has acquired HUNTSMITH Buy-side Advisor
 has been acquired by CASTIK CAPITAL Sellside Advisor	 has completed a recapitalization with SPECTRUM EQUITY Fairness Opinion	 has been acquired by CORSEARCH a portfolio company of Audax Private Equity Sellside Advisor	 has been acquired by Lexis Nexis Legal & Professional a division of RELX Group Sellside Advisor*	 has acquired an investment in RIMES Financial Advisor
 has received a minority investment from abry partners Financial Advisor and Placement Agent	 has been acquired by LEXITAS a portfolio company of Apax Sellside Advisor	 has been acquired by APTEAN Sellside Advisor	 has acquired medical knowledge group a portfolio company of WINDROSE Buy-side Advisor	 has sold its Consumer Information Businesses to Progressive Digital Media Group PLC Sellside Advisor*
 has been acquired by Sterling Talent Solutions Sellside Advisor*	 a portfolio company of INVESTCORP has been acquired by AURORA CAPITAL PARTNERS Sellside Advisor	 has been acquired by Informa PLC Sellside Advisor*	 a portfolio company of MOUNTAINVIEW CAPITAL has been acquired by NMC Sellside Advisor	 a portfolio company of GLADSTONE INVESTMENT has been acquired by MSOUTH Sellside Advisor

Select Data and Analytics Experience

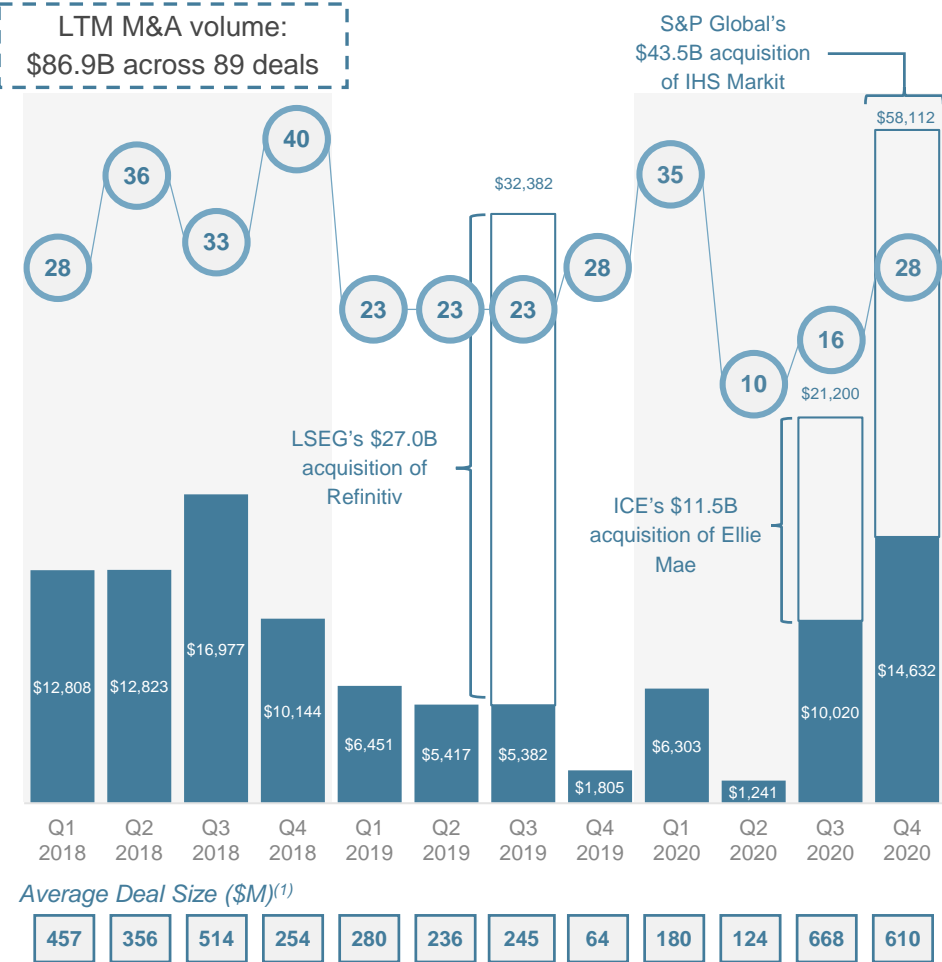
 a portfolio company of GALLANT CAPITAL has acquired NexLP Buy-side Advisor	 a subsidiary of appgate has been acquired by K1 INVESTMENT MANAGEMENT Sellside Advisor	 building successful businesses has invested in CIPHER ALL ABOUT PEOPLE Buy-side Advisor and Financing Advisor	 a portfolio company of SOVEREIGN CAPITAL PARTNERS has been acquired by ICG Sellside Advisor	 has been acquired by ZYWAVE a portfolio company of NEXITY Sellside Advisor
 has acquired INSURANCE TECHNOLOGIES a portfolio company of NexPhase Buy-side Advisor	 has received an investment by CGE PARTNERS Sellside Advisor	 has been acquired by Five Arrows Principal Investments Sellside Advisor	 has been acquired by FORESTHART Fisher Sellside Advisor	 has been acquired by Great Hill PARTNERS Sellside Advisor
 has been acquired by dtn Sellside Advisor	 has acquired REIS Real Estate Solutions by Moody's Analytics Financial and Tax Due Diligence	 has been acquired by THOMA BRAVO Sellside Advisor	 has been acquired by 3esi • Eversight a portfolio company of RUBICON technology partners Sellside Advisor	 a subsidiary of element has completed the sale of certain assets to Hilco Global Sellside Advisor
 has raised growth equity from HIGHLAND EUROPE Financial Advisor	 has been acquired by REALPAGE Outperform Financial Due Diligence	 has merged with MILESTONE each a portfolio company of BARINGS Fairness Opinion	 has been acquired by Permira Funds Sellside Advisor*	 has been acquired by Zoopla Property Group Sellside Advisor*
 has been acquired by Zoopla Property Group PLC Sellside Advisor*	 has been acquired by Hollman & Friedman Sellside Advisor*	 has received an investment from HG Capital Sellside Advisor*	 has been acquired by S&P Global Platts Sellside Advisor*	 has been acquired by Verisk Analytics Sellside Advisor*

* Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2016 forward.

M&A Deal Activity—Strategics

Strategic M&A activity rebounded sharply in 2H 2020, with several marquee transactions, including Nasdaq’s acquisition of Verafin and Deutsche Börse’s acquisition of ISS.

Data and Analytics Quarterly M&A Activity (\$M)



Sources: Pitchbook.com, S&P Capital IQ. Market data as of December 31, 2020.
Note: Includes merger/acquisition of current subsidiaries.
(1) Average deal sizes exclude outlier transactions.

Select LTM Governance, Risk, and Compliance M&A Transactions (\$M)

Ann. Date	Buyer	Target	Enterprise Value	Key Characteristics
02/24	INSIGHT Diligent	galvanize	\$1,000	Regtech, Risk, and Compliance
02/18	INSIGHT Diligent	Steele	\$325	Regtech, Risk, and Compliance
02/11	EQUIFAX	Kount	\$640	Enterprise and Operational Risk
02/11	Nasdaq	VERAFIN	\$2,750	Enterprise and Operational Risk
01/26	IMP FOREST	CIMIC	n/a	Regtech, Risk, and Compliance
01/12	WARBURG PINCUS MODERN MEDICINE	exscribe	n/a	Enterprise and Operational Risk
01/08	RegEd	NRS	n/a	Regtech, Risk, and Compliance
12/15	Constella	4iQ	n/a	Regtech, Risk, and Compliance
12/09	REFINITIV	giact	n/a	Regtech, Risk, and Compliance
11/17	Deutsche Börse	ISS	\$2,275	Regtech, Risk, and Compliance
10/1	ARISTA	AWAKE	n/a	Enterprise and Operational Risk
07/08	DAMSTRA	Vault	\$41	Regtech, Risk, and Compliance
06/29	slack	rimeto	\$40	Enterprise and Operational Risk
04/29	IPwe	CLEARACCESS	n/a	Enterprise and Operational Risk
03/19	THOMSON REUTERS	PONDERA	\$125	Regtech, Risk, and Compliance
03/19	LexisNexis	emailage	\$480	Regtech, Risk, and Compliance
02/13	MOODY'S	rfdc	\$700	Regtech, Risk, and Compliance

GRC Key Characteristics

Regtech, Risk, and Compliance

Enterprise and Operational Risk

Fraud, AML, KYC, and Sanctions

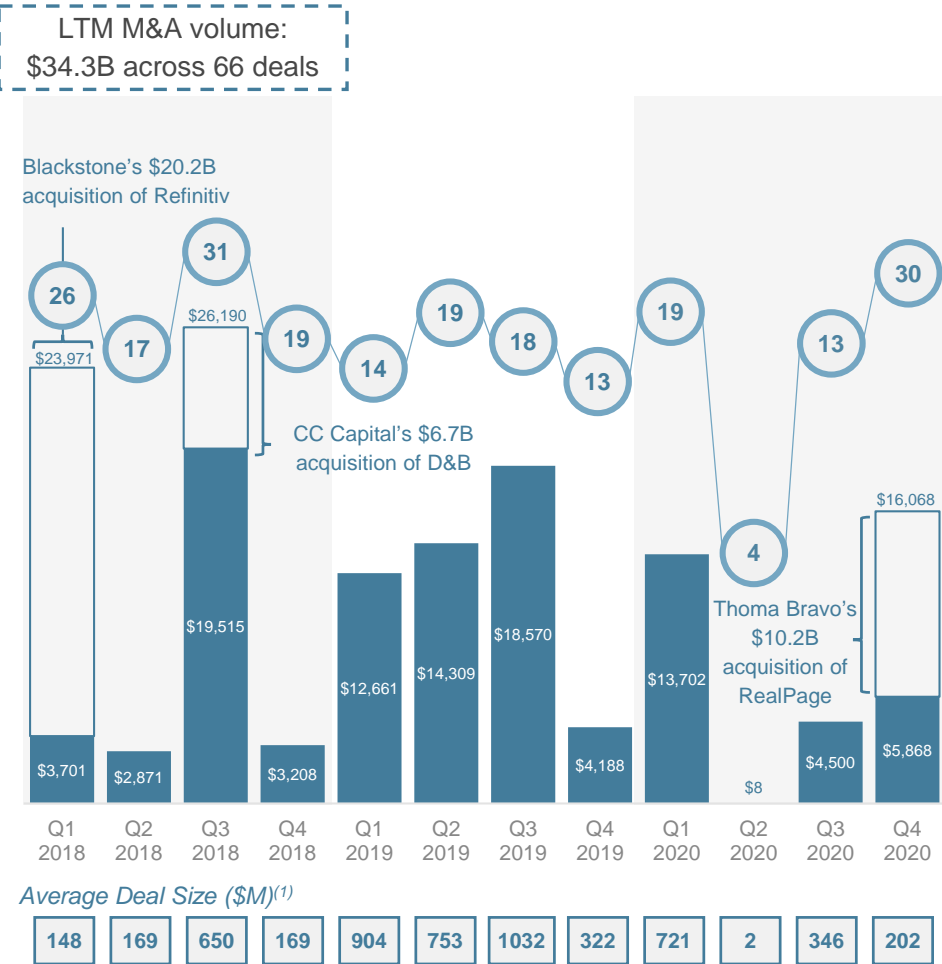
Governance/ESG

EHS&S/CSR

M&A Deal Activity—Sponsors

After the slowdown in Q2, private equity buyers once again spurred activity in the sector, with several add-on and platform acquisitions in the areas of safety and compliance as well as AML and fraud.

Data and Analytics Quarterly M&A Activity (\$M)



Sources: Pitchbook.com, S&P Capital IQ. Market data as of December 31, 2020.
(1) Average deal sizes exclude outlier transactions.

Select LTM Governance, Risk, and Compliance M&A Transactions (\$M)

Ann. Date	Buyer	Target	Enterprise Value	Key Characteristics
03/18	Great Hill Partners	jumio	n/a	Regtech, Risk, and Compliance
03/18	SILVERLAKE and other investors	SecurityScorecard	n/a	Enterprise and Operational Risk
03/16	PELOTON Capital Management	GLASS LEWIS	n/a	Fraud, AML, KYC, and Sanctions
03/09	LONG RIDGE	DRAWBRIDGE	n/a	Governance/ESG
02/18	PSC M&P&L	GetCompliant	n/a	EHS&S/CSR
02/05	MILL POINT CAPITAL	Prime Pensions, Inc.	n/a	Regtech, Risk, and Compliance
01/15	WAVECREST TIER1	alesa	n/a	Enterprise and Operational Risk
12/17	MARLIN EQUITY PARTNERS	STAR COMPLIANCE	n/a	Fraud, AML, KYC, and Sanctions
11/10	PKWARE	CATAGUISE	\$135	Governance/ESG
09/30	TA ASSOCIATES	netwrix	\$160	EHS&S/CSR
09/02	TCV	Oversight	\$185	Regtech, Risk, and Compliance
09/01	STG	RSA	\$2,075	Enterprise and Operational Risk
08/20	KKR	The Citation Group	\$689	Fraud, AML, KYC, and Sanctions
08/05	Blackstone	Diligent	\$4,000	Governance/ESG

GRC Key Characteristics

Regtech, Risk, and Compliance

Enterprise and Operational Risk

Fraud, AML, KYC, and Sanctions

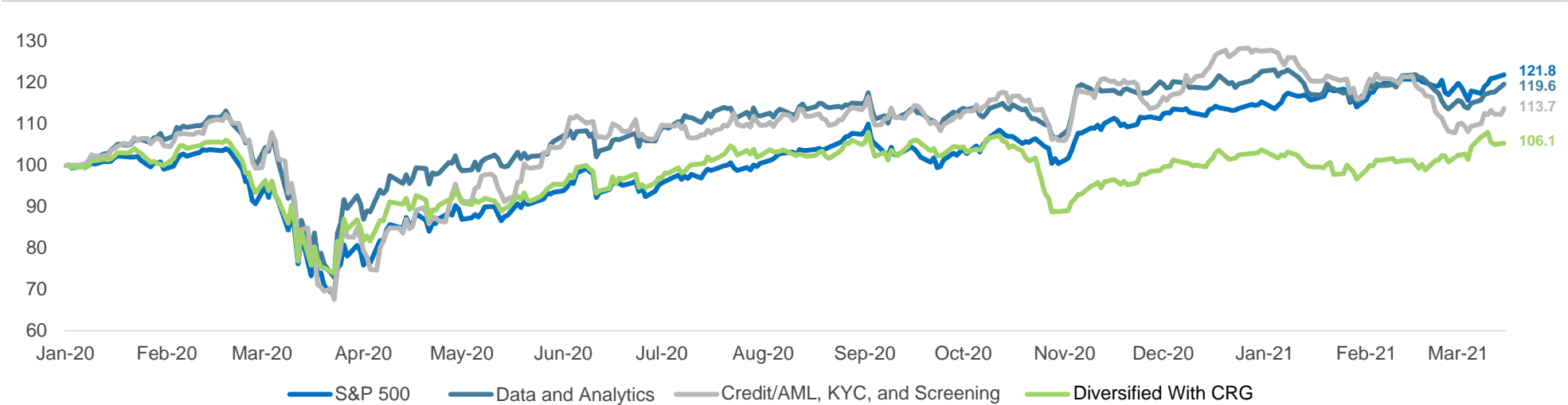
Governance/ESG

EHS&S/CSR

Public Comparables—Subsector Share Price Performance

Along with the broader market, GRC comps have sharply rebounded from the March 2020 COVID-19-driven lows.

Share Price Performance Since COVID-19 Trough



Public Company Ecosystem Segmentation

Data and Analytics

Clarivate Analytics, dun & bradstreet, FACTSET, IHS Markit, Moody's, MSCI, RELX™, S&P Global, Verisk, Wolters Kluwer

Credit/AML, KYC, and Screening

EQUIFAX, experian, FICO, GBG, NICE, TransUnion

Diversified With GRC

Broadridge, FIS, fiserv, IBM, OpenLending, ORACLE, SailPoint, SAP

Share Price Performance Since COVID-19 Trough

19.6%

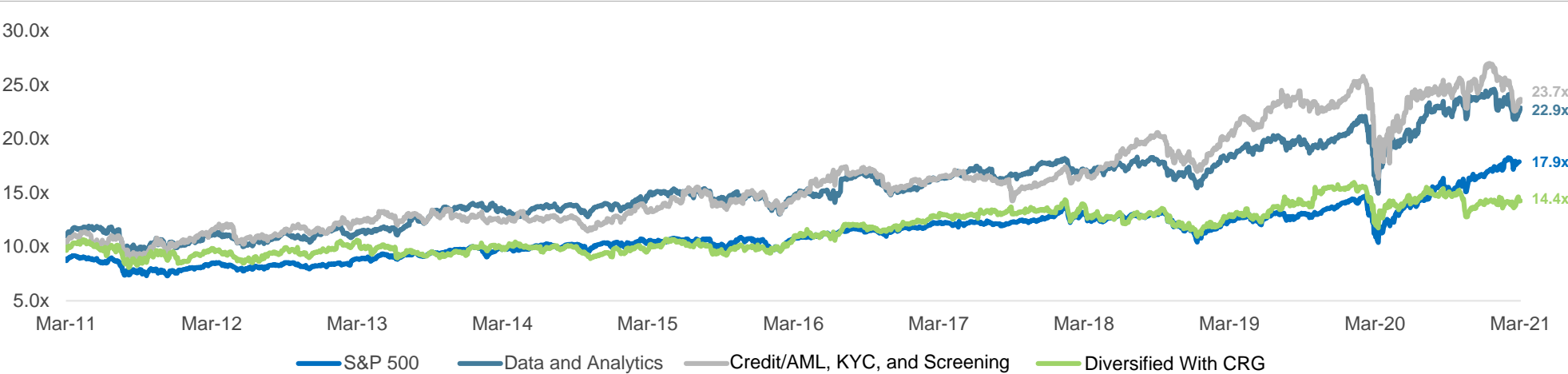
13.7%

6.1%

Public Comparables—Subsector Trading Metrics

Multiples across the subsectors have expanded significantly, with the data and analytics and credit/AML, KYC, and screening sectors significantly outpacing the S&P 500 in growth over the past 10 years.

EV/EBITDA Performance



Public Company Ecosystem Segmentation

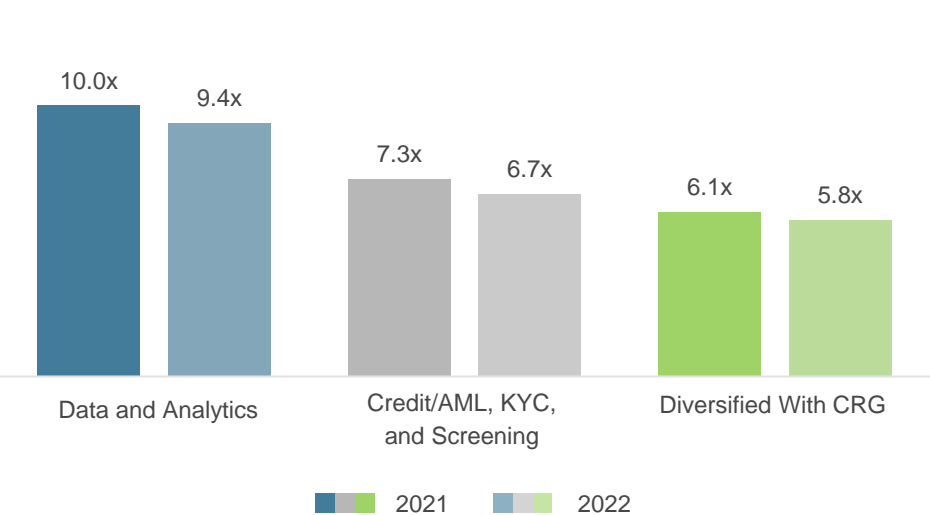


EV/FY1 EBITDA Performance	22.9x	23.7x	14.4x
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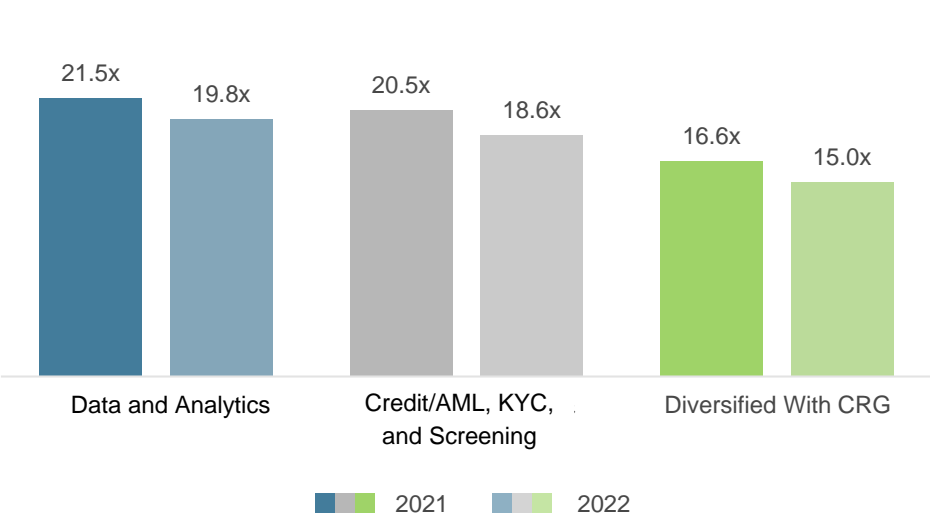
Public Comparables—Subsector Trading Metrics (cont.)

Forward multiples across most subsectors remain healthy, as investors seek both growth and stability against a volatile market backdrop.

Enterprise Value/Revenue



Enterprise Value/EBITDA



Public Company Ecosystem Segmentation

Data and Analytics

2021E Revenue Multiple **10.0x**
 2021E EBITDA Multiple **21.5x**

Credit/AML, KYC, and Screening

7.3x
 20.5x

Diversified With GRC

6.1x
 16.6x

Source: S&P Capital IQ.
 Note: Multiples shown are median values for comp group. Trading multiples are based on share price, market data, and broker consensus future earnings estimates from S&P Capital IQ as at March 15, 2021.
 All financials calendarized to a December year-end.

Appendix

Select Listed Comparables

	Company Name	Market Cap USDm	EV USDm	EV/Revenue			EV/EBITDA			EBITDA Margin			2020E–2022E CAGR	
				2020	2021	2022	2020	2021	2022	2020	2021	2022	Revenue	EBITDA
Data and Analytics	Clarivate	15,804	19,178	15.3x	10.7x	10.0x	nm	23.9x	21.6x	24.5%	44.6%	46.0%	23.9%	69.8%
	Dun and Bradstreet	10,161	13,237	7.6x	6.1x	5.9x	25.4x	15.7x	14.6x	30.0%	39.1%	40.3%	13.8%	31.9%
	Factset	12,097	12,410	8.2x	7.7x	7.4x	24.0x	21.8x	20.7x	34.0%	35.5%	35.6%	5.3%	7.6%
	IHS Markit	38,208	43,367	10.1x	9.4x	8.8x	27.5x	21.4x	19.7x	36.6%	44.0%	44.9%	6.7%	18.2%
	Moodys	55,634	60,076	11.2x	10.7x	10.0x	22.6x	21.6x	20.0x	49.5%	49.7%	50.1%	5.7%	6.3%
	MSCI	34,644	36,885	21.8x	19.0x	17.3x	38.9x	32.2x	29.0x	55.9%	59.0%	59.6%	12.2%	15.9%
	RELX	46,399	56,176	5.7x	5.5x	5.1x	19.1x	15.0x	13.5x	29.8%	36.6%	37.7%	5.6%	18.8%
	S&P Global	84,604	88,084	11.8x	11.3x	10.7x	21.6x	20.5x	19.2x	54.7%	55.3%	55.7%	5.2%	6.1%
	Verisk	28,422	31,723	11.4x	10.7x	10.0x	25.2x	21.8x	20.2x	45.2%	49.0%	49.5%	6.7%	11.7%
	Wolters Kluwer	21,649	24,494	4.5x	4.4x	4.2x	15.2x	14.5x	13.9x	29.3%	30.3%	30.5%	2.6%	4.8%
Mean				10.7x	9.6x	8.9x	24.4x	20.8x	19.2x	39.0%	44.3%	45.0%	8.8%	19.1%
Median				10.6x	10.0x	9.4x	24.0x	21.5x	19.8x	35.3%	44.3%	45.5%	6.2%	13.8%
Credit/AML, KYC, and Screening	Equifax	21,149	24,001	5.8x	5.4x	5.1x	22.0x	16.2x	14.0x	26.5%	33.3%	36.5%	6.8%	25.4%
	Experian	30,837	35,062	6.7x	6.2x	5.7x	20.0x	17.8x	16.2x	33.3%	34.8%	35.4%	7.6%	11.0%
	Fair Isaac	14,222	15,018	11.5x	11.1x	10.2x	37.3x	28.9x	25.7x	30.9%	38.4%	39.7%	6.2%	20.3%
	Global Benefits	2,246	2,256	7.8x	7.6x	7.0x	31.2x	30.5x	28.3x	24.9%	24.9%	24.9%	5.0%	5.0%
	NICE Systems	14,495	13,851	8.4x	7.7x	7.0x	32.4x	22.9x	20.8x	26.0%	33.5%	33.4%	9.9%	24.7%
	TransUnion	16,946	20,161	7.4x	7.0x	6.5x	20.8x	18.1x	16.4x	35.6%	38.7%	39.7%	6.6%	12.6%
	Mean			7.9x	7.5x	6.9x	27.3x	22.4x	20.2x	29.5%	33.9%	34.9%	7.0%	16.5%
Median				7.6x	7.3x	6.7x	26.6x	20.5x	18.6x	28.7%	34.1%	36.0%	6.7%	16.4%
Diversified With GRC	Broadridge	17,943	19,646	4.2x	4.0x	3.8x	20.3x	18.5x	16.8x	20.9%	21.8%	22.9%	5.0%	10.0%
	FIS	90,529	109,377	8.7x	8.0x	7.4x	26.1x	17.9x	16.1x	33.4%	44.7%	46.2%	8.3%	27.3%
	Fiserv	83,013	104,386	7.0x	6.5x	6.1x	22.1x	16.6x	15.0x	31.8%	39.5%	40.8%	7.2%	21.4%
	IBM	114,898	167,684	2.3x	2.3x	2.2x	11.0x	9.2x	9.4x	20.8%	24.5%	23.8%	0.9%	8.1%
	Open Lending	5,081	5,142	47.2x	24.2x	17.4x	nm	35.3x	24.5x	61.9%	68.4%	70.7%	65.0%	76.3%
	Oracle	195,302	229,464	5.8x	5.6x	5.5x	12.2x	11.1x	10.8x	47.1%	50.6%	50.5%	2.7%	6.4%
	SailPoint	4,999	4,853	13.3x	11.8x	10.2x	nm	nm	nm	6.6%	2.1%	4.2%	13.9%	(9.2%)
	SAP	144,506	155,017	4.8x	4.8x	4.6x	17.2x	13.6x	13.4x	27.7%	35.0%	34.5%	1.6%	13.4%
	Mean			11.7x	8.4x	7.2x	18.1x	17.5x	15.1x	31.3%	35.8%	36.7%	13.1%	19.2%
Median				6.4x	6.1x	5.8x	18.7x	16.6x	15.0x	29.7%	37.2%	37.6%	6.1%	11.7%
Overall—Mean				10.3x	8.7x	7.8x	23.4x	20.2x	18.3x	34.0%	38.9%	39.7%	9.8%	18.5%
Overall—Median				8.0x	7.6x	7.0x	22.1x	18.5x	16.8x	31.4%	38.6%	39.7%	6.7%	13.0%

Note: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of March 15, 2021. All financials calendarized to a December year-end.

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