



ESG – Market Update

Q4 2023

ESG Software Overview

Environmental



Carbon-Offsetting and Energy Efficiency

- Measure carbon emissions to recommend offset projects
- Generate reports and provide certificates for achieving efficiency / offsetting goals
- Monitor and analyze energy usage patterns in buildings, factories, and other facilities to identify inefficiencies
- Manage expenses by implementing efficiency measures

Resource Planning

- Consolidate and manage environmental data from various sources to make informed decisions on resource allocation
- Track, manage, and reduce waste generation by promoting waste prevention and diversion

Supply Chain Management

- Provide a clear view of the entire supply chain, and manage potential sustainability risks
- Evaluate and optimize all stages of the supply chain to ensure alignment with the company's sustainability goals

Social



Health and Safety

- Manage workplace incident response by enabling efficient reporting and reaction processes
- Identify and predict potential health and safety risks in the workplace
- Generate insights into health and safety performance metrics

Diversity, Equity, and Inclusion

- Track diversity metrics within an organization, providing insights into the representation of various demographics
- Assist in the hiring of diverse and qualified talent pools and ensure unbiased hiring processes
- Collect feedback and facilitate discussions on DEI initiatives and employee experiences

Human Capital Management

- Optimize the management and development of the company's workforce; and ensure the hiring, retention, and nurturing of top talent

Governance



Corporate Governance

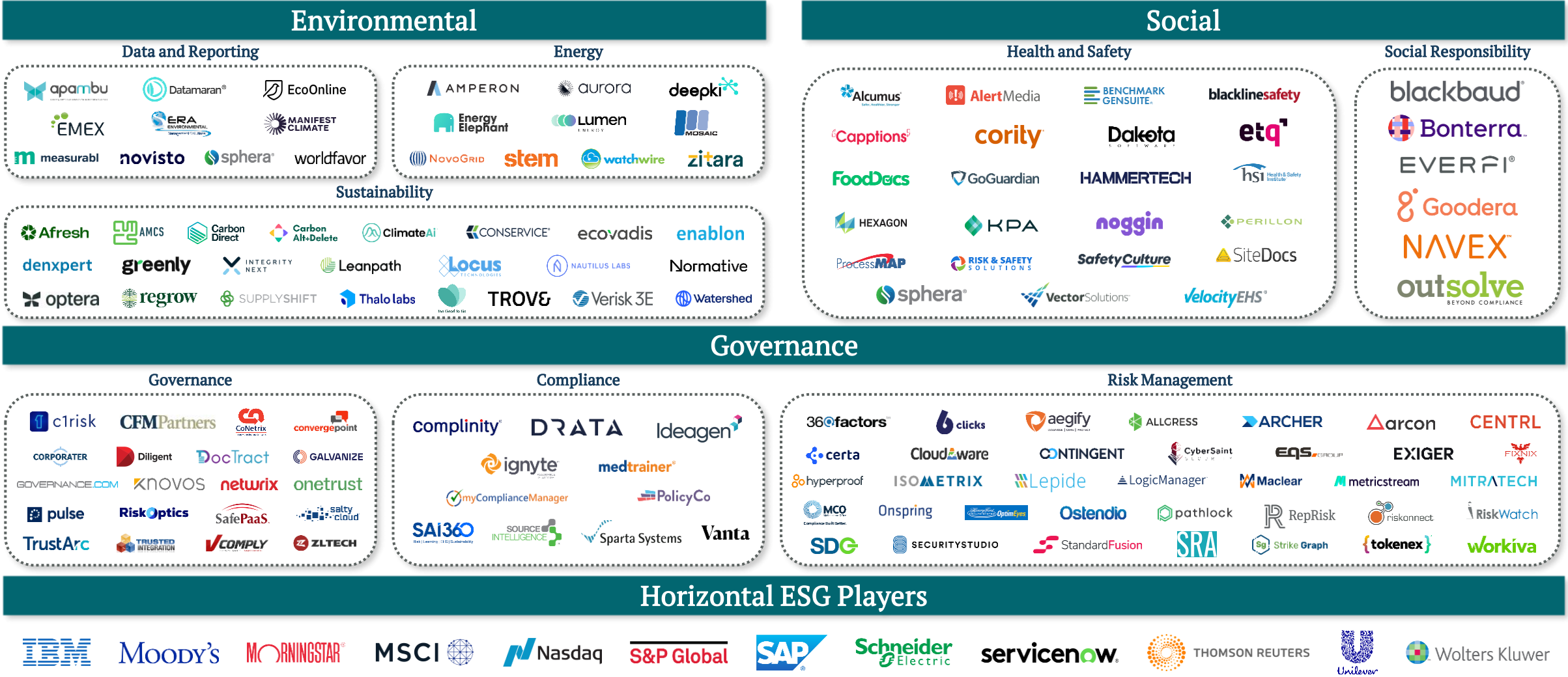
- Navigate the compliance of complex local, national, and international regulations
- Centralize and organize governance-related documents such as corporate policies and board minutes
- Identify and mitigate potential governance risks, including operational, ethical, and audit compliance

Data Security and Privacy Protection

- Manage user permissions and access rights to mitigate the risk of an infringement of privacy
- Monitor systems for suspicious activity and send alerts when security threats are detected
- Ensure adherence to data handling and storage compliance regulation
- Enable safe and effective data management processes

ESG Market Canvas

The ESG software landscape is sprawling quickly, driven by the growing number of industry-specific solutions



Recent Notable Transactions

With few true all-in-one ESG platforms, M&A is the preferred method of consolidating software point-solutions

Growth / Private Equity



- 10/17/22
- DEI and Social Impact
- EV: ND
- Revenue Multiple: ND



- 9/8/22
- Workplace Safety
- EV: 386M
- Revenue Multiple: 6.7x



- 7/14/22
- GRC and Safety
- EV: \$1.3B
- Revenue Multiple: 11.8x



- 5/12/22
- Waste Management SaaS
- EV: ND
- Revenue Multiple: ND



- 3/11/22
- EHS&Q Risk Mgmt
- EV: \$950M
- Revenue Multiple: ND



- 2/09/22
- EHS&Q Risk Mgmt
- EV: \$813M
- Revenue Multiple: ND



- 7/6/21
- EHS Risk Mgmt
- EV: \$1.4B
- Revenue Multiple: ND



- 7/2/19
- EHS SaaS
- EV: ND
- Revenue Multiple: ND

Strategic M&A



- 7/5/23
- Sustainability SaaS
- EV: ND
- Revenue Multiple: ND



- 5/10/23
- Workplace Safety
- EV: ND
- Revenue Multiple: ND



- 4/11/23
- Sustainability SaaS
- EV: ND
- Revenue Multiple: ND



- 1/23/23
- EHS&Q Risk Mgmt
- EV: ND
- Revenue Multiple: ND



- 1/23/23
- Workplace Safety
- EV: ND
- Revenue Multiple: ND



- 6/1/22
- Workplace Safety
- EV: \$27M
- Revenue Multiple: ND



- 2/25/22
- EHS Compliance
- EV: \$1.2B
- Revenue Multiple: ND



- 1/11/22
- GRC SaaS
- EV: ND
- Revenue Multiple: ND



- 12/31/21
- DEI Digital Learning
- EV: \$744M
- Revenue Multiple: 6.8x



- 2/24/21
- GRC SaaS
- EV: \$1B
- Revenue Multiple: ND



- 12/22/20
- EQMS
- EV: \$1.3B
- Revenue Multiple: ND



- 11/19/20
- Financial Compliance
- EV: \$2.8B
- Revenue Multiple: ND

Target | Investor

Expectations for ESG

As consumer expectations and behaviors shift, ESG is poised for rapid change – driven by M&A and technological innovation

Immediate

Tailwinds in a Relatively Nascent Market



- Growing ESG regulations will boost immediate demand for compliance-focused software
- ESG software will offer seamless integration with existing business systems
- The near term will see a focus on advanced analytics and reporting features that allow companies to not only collect ESG data but also derive actionable insights from it

1 – 5 Years

Ubiquitous Software Adoption



- As the technology matures, expect ESG software to incorporate artificial intelligence and machine learning for predictive analytics, risk assessment, and more dynamic reporting capabilities
- ESG due diligence will increase during M&A, further driving the need for swift and comprehensive reporting
- Expect moves toward global ESG reporting standards, making it easier for multinational corporations to use software solutions across borders while adhering to local and international guidelines

5 – 10+ Years

Horizontal and Vertical Consolidation



- ESG software will shift toward robust, transparent models, with customers and investors able to verify ESG reports and claims
- As the market matures, larger companies will roll up verticalized ESG software providers to offer more comprehensive services, driving market consolidation
- AI-enabled tools will evolve to automatically adjust business operations to meet ESG targets (e.g., reducing energy usage when carbon footprint limits are approached). This will move ESG beyond insights and reporting and into action

Top Acquirers

Leading ESG companies seek M&A opportunities to improve product completeness



EV: ND
Private

EBITDA: ND
FTEs: ~1000



Diligent

VC-Backed

EV: ND
Private

EBITDA: ND
FTEs: ~2,200



EcoOnline

Apax

EV: \$386
Private

EBITDA: NM
FTEs: ~520

Focus Areas: Waste management, health and safety



Developer of software and vehicle tech for the waste and recycling sectors. The platform standardizes and optimizes business processes, supports the transition to a circular economy, and helps companies cut costs, boost asset utilization, improve margins, and enhance customer service

Focus Areas: Governance, sustainability, collaboration



Provider of secure governance and collaboration software designed for boards, governments, non-profits, and executives. The platform facilitates secure sharing of time-sensitive and confidential information for decision-making, aiming to promote sustainability and equity

Focus Areas: CX analytics, logistics, multichannel commerce



A comprehensive ecommerce technology and services provider, offering a range of solutions including website development, online store management, marketing, and logistics support. They aim to empower businesses with end-to-end ecommerce solutions, enabling them to establish and thrive in the ESG landscape



EV: ND
Private

EBITDA: ND
FTEs: ~500



EV: \$1.3B
Private

EBITDA: ND
FTEs: ~1,000



EV: ND
Private

Raised: \$175M
FTEs: ~720

Focus Areas: Workplace safety solutions



Provider of EHS software that tracks medical trends and manages compliance. The SaaS platform aims to reduce worker absences and protect environmental well-being by aiding in informed decision-making

Focus Areas: Vertical GRC solutions



Provider of compliance software aimed at healthcare, transport, and aerospace sectors. Offers solutions like CAPA and document management, as well as FDA and MHRA compliance, to enhance organizational safety and quality

Focus Areas: EHS, risk management, compliance

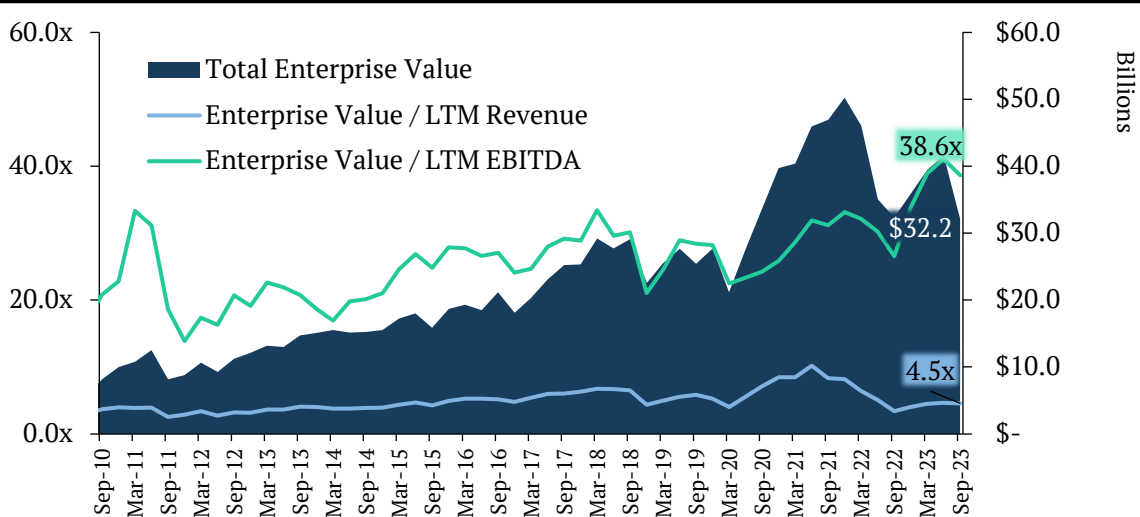


Provider of EHS and HR software targeting industries like automotive and manufacturing. Offers a mix of software, training, and onsite audits to help clients achieve regulatory compliance, manage risk, and optimize workforce management

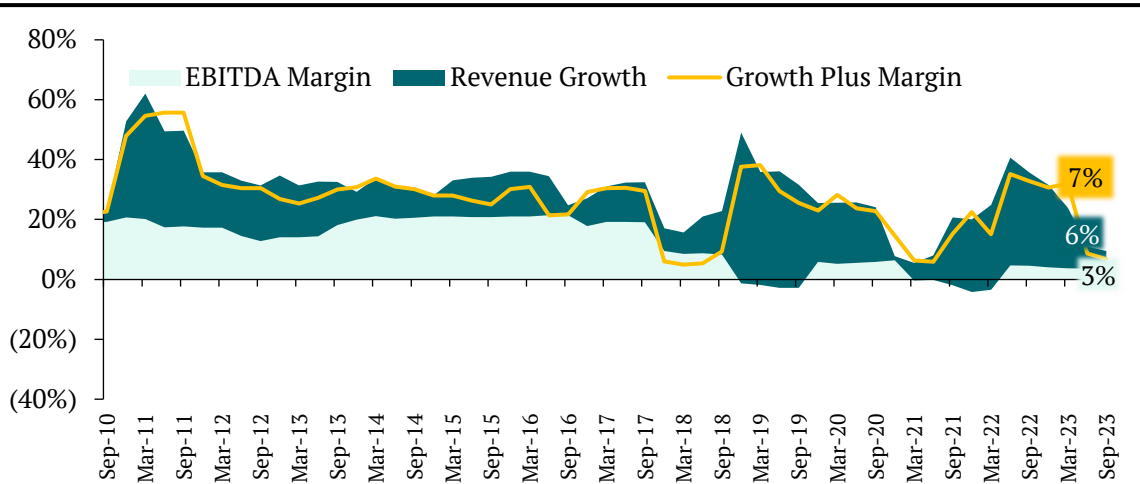
Appendix I – ESG Trading Comps

Trading Comps: Vertical ESG

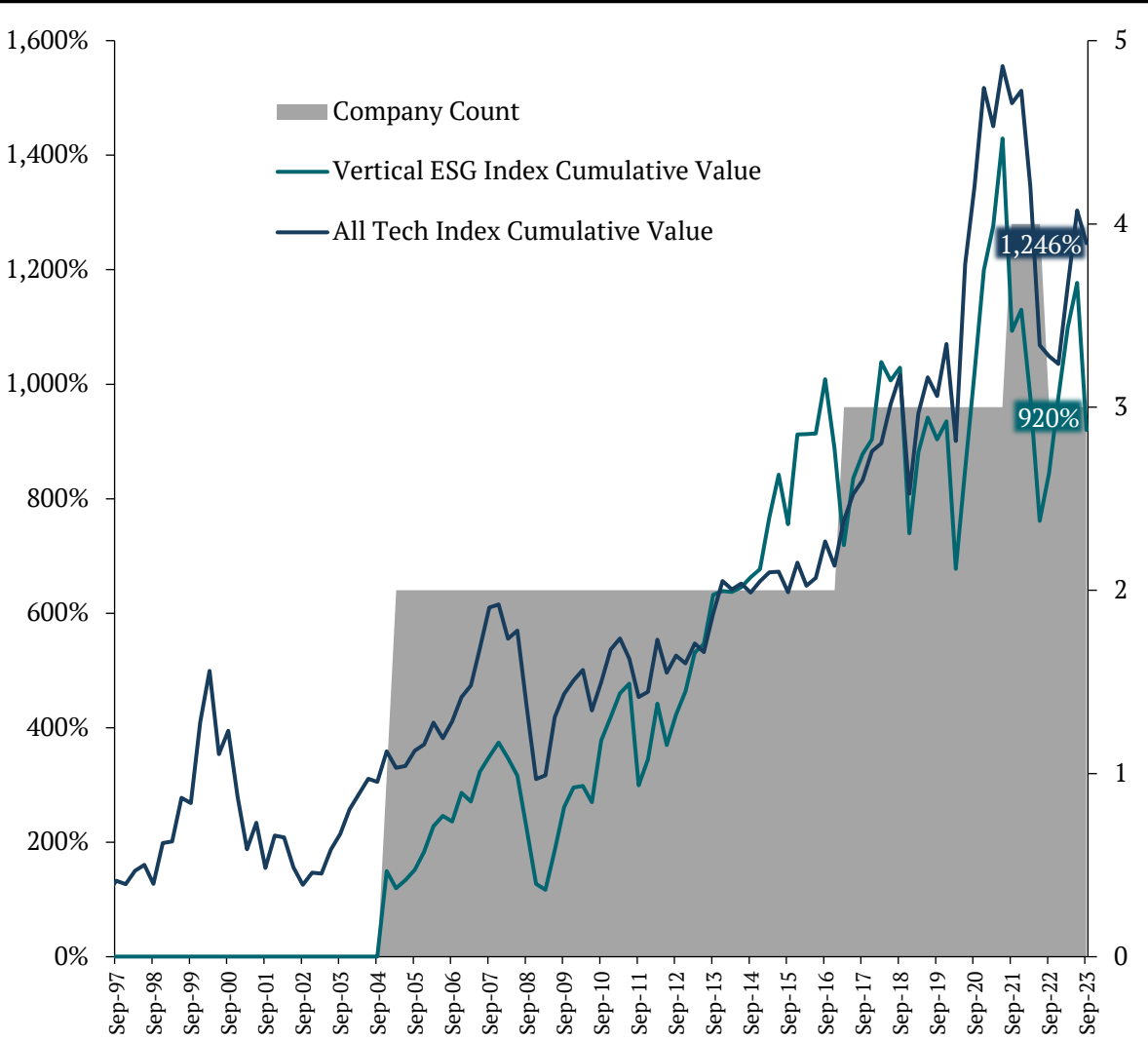
Median Subsector Trading Multiples



Subsector Growth + Margin

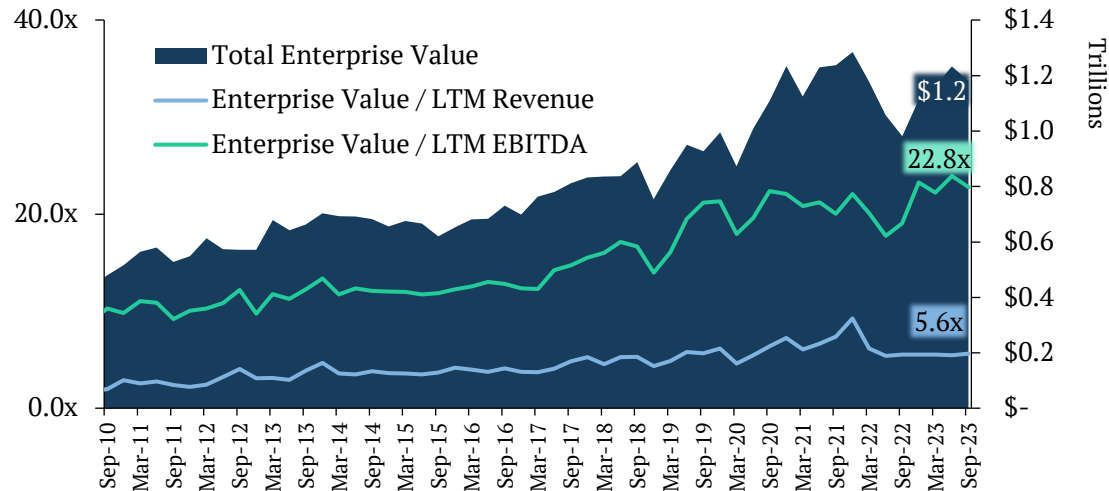


Company Count and Subsector Index vs. All Tech Index

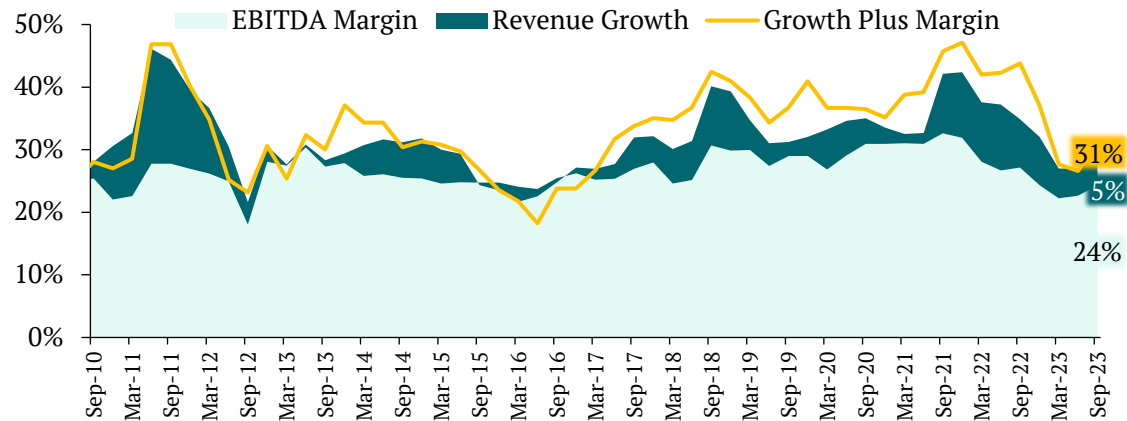


Trading Comps: Horizontal ESG

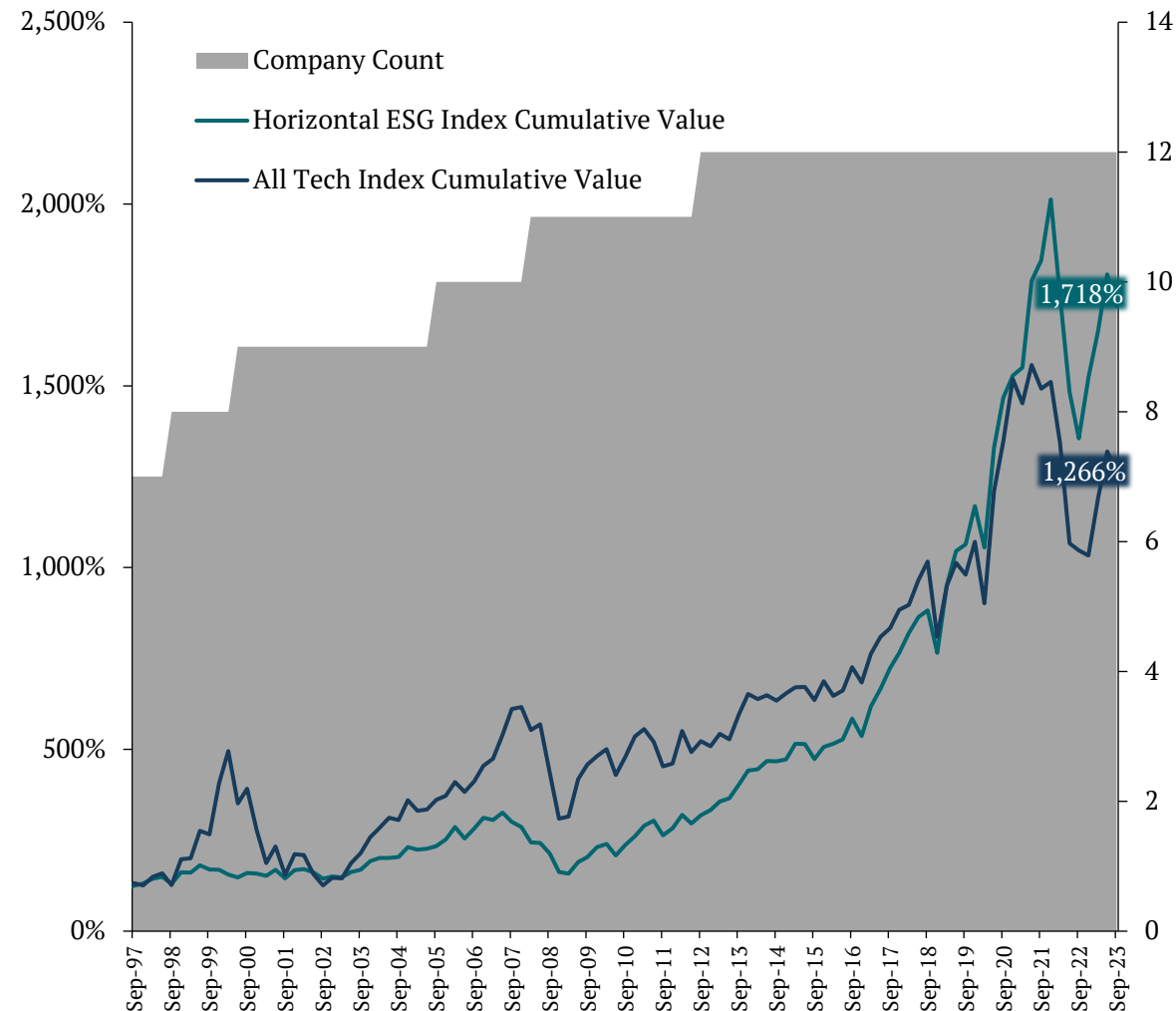
Median Subsector Trading Multiples



Subsector Growth + Margin

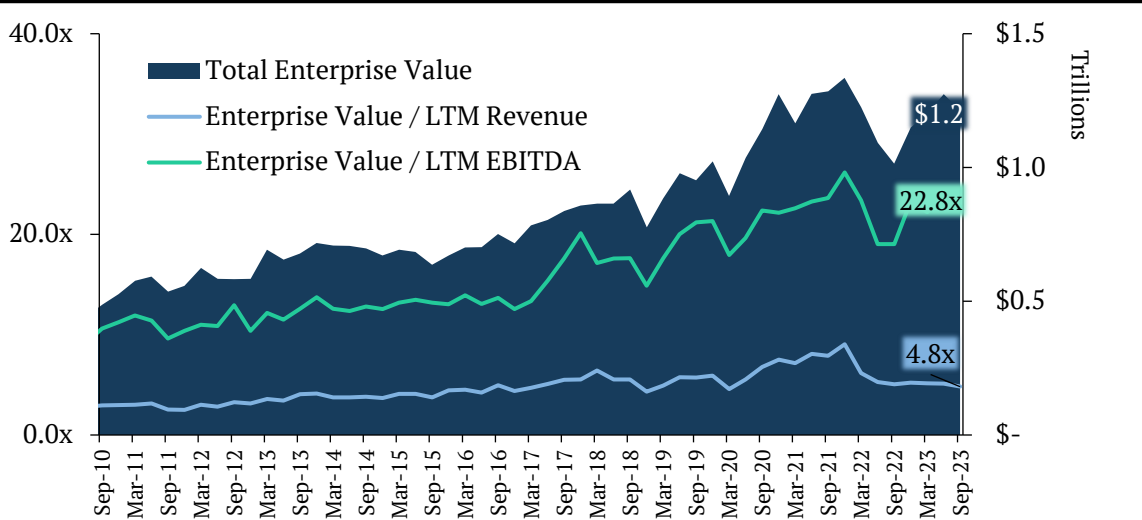


Company Count and Subsector Index vs. All Tech Index

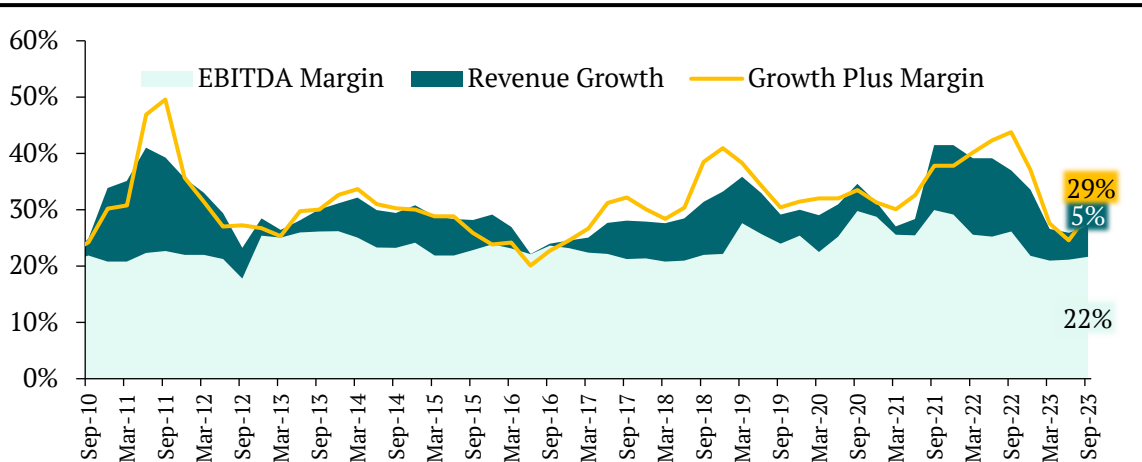


Trading Comps: All ESG

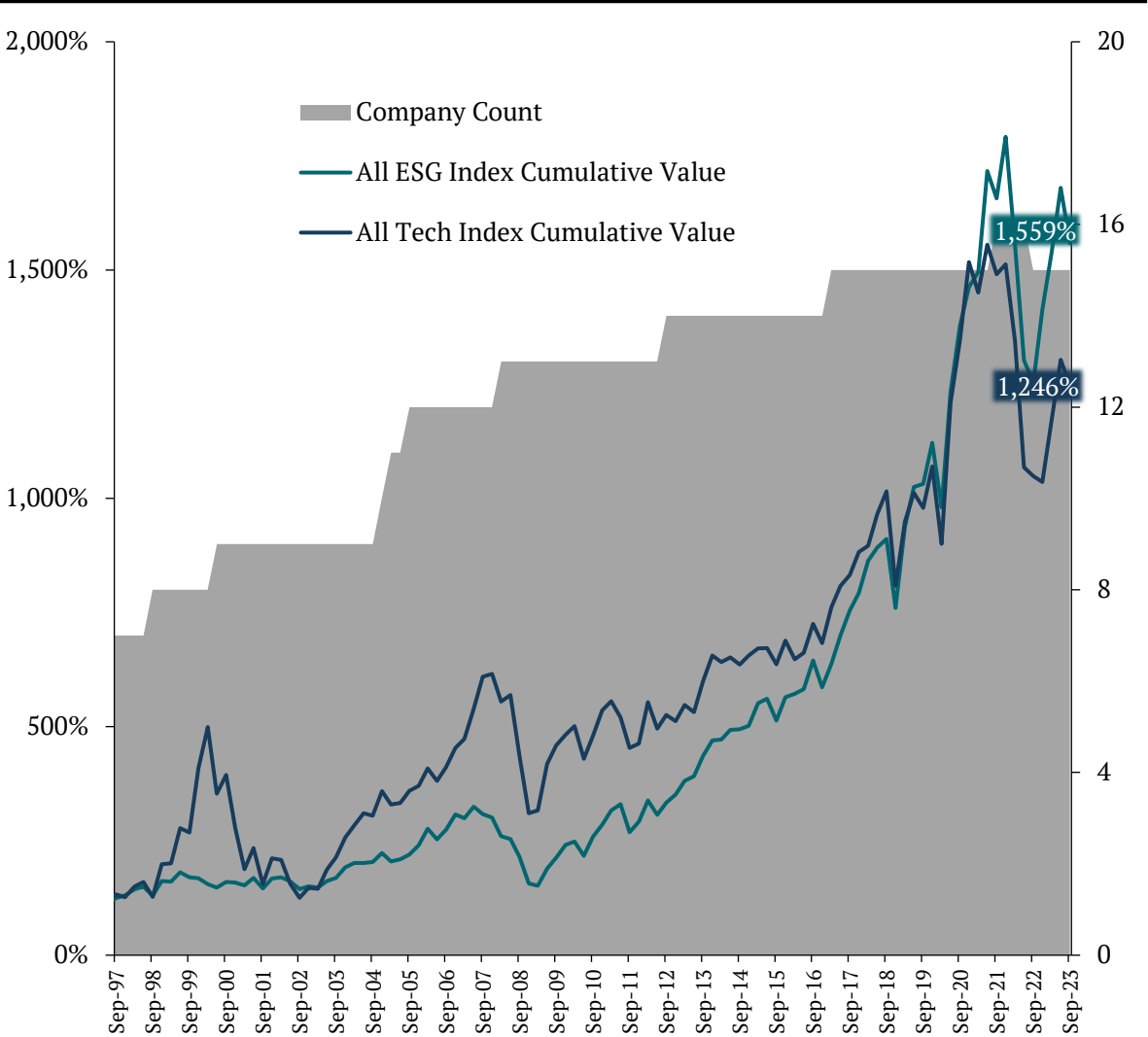
Median Subsector Trading Multiples



Subsector Growth + Margin



Company Count and Subsector Index vs. All Tech Index



ESG Trading Details

Comparable Public Companies

(USD, in millions, except stock price) Company	Stock Price 10/12/2023	Market Cap	Cash	Enterprise Value	Revenue			EBITDA			Enterprise Value / Revenue			Enterprise Value / EBITDA			Revenue Growth	EBITDA Margin	Growth + Margin	Gross Margin										
					NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	NTM	NTM	LTM										
ESG Software																														
International Business Machines	\$	141.24	\$	128,671	\$	16,298	\$	172,747	\$	63,562	\$	60,525	\$	60,530	\$	14,028	\$	7,230	\$	7,012	2.7x	2.9x	2.9x	12.3x	23.9x	24.6x	5%	22%	27%	55%
SAP		130.31		156,131		15,890		153,846		34,687		32,723		32,458		11,236		7,023		6,698	4.4x	4.7x	4.7x	13.7x	21.9x	23.0x	6%	32%	38%	71%
Unilever		47.77		120,953		6,883		150,336		66,338		63,701		63,161		13,413		14,305		13,413	2.3x	2.4x	2.4x	11.2x	10.5x	11.2x	4%	20%	24%	NM
Honeywell		183.94		122,129		8,769		135,335		38,392		36,147		35,466		10,064		8,371		7,859	3.5x	3.7x	3.8x	13.4x	16.2x	17.2x	6%	26%	32%	36%
S&P Global		365.82		116,404		1,561		130,492		13,033		12,059		11,181		6,277		4,800		6,019	10.0x	10.8x	11.7x	20.8x	27.2x	21.7x	8%	48%	56%	66%
ServiceNow		560.15		114,271		4,747		111,736		10,312		8,017		7,245		3,401		964		777	10.8x	13.9x	15.4x	32.8x	NM	NM	29%	33%	62%	78%
Schneider Electric		164.07		93,132		3,442		107,633		39,424		37,389		35,933		8,133		7,454		6,705	2.7x	2.9x	3.0x	13.2x	14.4x	16.1x	5%	21%	26%	41%
Moody's		319.93		58,694		2,335		64,199		6,390		5,529		5,468		3,013		2,301		2,322	10.0x	11.6x	11.7x	21.3x	27.9x	27.6x	16%	47%	63%	70%
Thomson Reuters		127.27		57,946		2,869		60,658		7,041		6,724		6,627		2,801		3,328		3,055	8.6x	9.0x	9.2x	21.7x	18.2x	19.9x	5%	40%	44%	NM
MSCI		520.09		41,133		788		44,982		2,719		2,350		2,249		1,631		1,416		1,295	16.5x	19.1x	20.0x	27.6x	31.8x	34.7x	16%	60%	76%	82%
Wolters Kluwer		124.76		31,444		1,212		34,128		6,192		5,837		5,733		1,959		1,806		1,834	5.5x	5.8x	6.0x	17.4x	18.9x	18.6x	6%	32%	38%	71%
Hexagon		8.60		24,346		549		28,530		5,953		5,618		5,426		2,412		1,951		1,822	4.8x	5.1x	5.3x	11.8x	14.6x	15.7x	6%	41%	46%	66%
Morningstar		228.04		9,727		378		10,699		2,161		1,928		1,871		NM		292		326	5.0x	5.6x	5.7x	NM	36.7x	32.9x	12%	NM	12%	57%
Blackbaud		69.16		3,725		29		4,593		1,176		1,069		1,058		384		77		81	3.9x	4.3x	4.3x	12.0x	59.9x	56.8x	10%	33%	43%	53%
Blackline Safety		2.55		189		13		183		NM		68		57		NM		(18)		(36)	-	2.7x	3.2x	NM	NM	NM	NM	NM	0%	51%
LTM = Last Twelve Months NM = Not Material FY = Calendar Year										25th Percentile			3.6x	3.3x	3.5x	12.3x	16.2x	17.2x	5.6%	26.2%	26.6%	53.1%								
Sources: PitchBook, Company Filings, and IP Estimates										Median			4.9x	5.1x	5.3x	13.7x	21.9x	21.7x	6.1%	32.6%	38.4%	65.7%								
Sorted by Enterprise Value										75th Percentile			9.7x	9.9x	10.4x	21.3x	27.9x	27.6x	11.6%	40.5%	51.4%	71.0%								
										Mean			6.5x	7.0x	7.3x	17.6x	24.8x	24.6x	9.6%	35.0%	39.2%	61.4%								

Appendix II – IKONA Partners Overview

IKONA At-a-Glance and Key Statistics

At IKONA, we're transparent about our focus areas and excel at partnering with companies that fit our specialized parameters

Sector Expertise



Vertical Software

- K-12, Higher-Ed, and Corporate Learning
- Industrial and Manufacturing
- Legal, Tax, and Professional Services
- Real Estate and Hospitality
- Entertainment, Media, Sports
- Clean, Food, and ESG Tech
- Health IT & Life Sci



Application Software

- GRC & Cybersecurity
- Supply Chain & Logistics
- HCM & Workforce
- Asset Management
- Sales Enablement
- Marketing Tech



SMB, B2C, and Tech-Enabled Services

- Field Services & Payments
- Digital Marketing
- eLearning & EdTech
- Internet Marketplaces
- Mobile Apps
- Digital Commerce
- Data-as-a-Service
- Managed Services

Transaction Types



Mergers & Acquisitions



Recaps & Capital Raises



Secondaries

- Sell/Buy-Side Advisory
- Merger-of-Equals
- Divestitures and Spinoffs
- LBOs

- Minority, 50/50, Majority
- Bridge Financing
- Growth Capital
- MBOs

- Full and Partial Liquidity
- Tender Processes
- Direct VC Secondaries

Historical Client Profile

Prior Funding

- \$0M – \$180M

Revenue

- \$5M – \$150M

EBITDA

- >\$0M – \$50M

Enterprise Value

- \$30M – \$550M

IKONA Founders: Passionate Deal-Makers, Strong Track Record

We are **active shareholders** that own 100% of the firm. Every transaction matters to us, and every client is served by multiple experienced decision-makers. We are not a “volume shop,” but rather a true boutique, where we are **highly selective and dedicated to a few choice engagements**



David Cho
Managing Partner

IB Experience: 12 years
San Francisco, CA

VPA  



Chet Kristy
Partner & Vice President

IB Experience: 7 years
Charlotte, NC

VPA  



Charlie Penner
Partner & Vice President

IB Experience: 7 years
San Francisco, CA

VPA  



Disclaimer

The information contained in this presentation is for informational purposes and should not be regarded as an offer to sell any security in any jurisdiction where such an offer or solicitation would be in violation of any local laws. It does not constitute a recommendation or consider the particular investment objectives, financial conditions, or needs of specific investors. Past performance is not indicative or a guarantee of future performance. We do not provide tax, accounting, or legal advice to our clients, and all investors are advised to consult with their tax, accounting, or legal advisers regarding any potential investment. The information and any opinions contained in this email communication have been obtained from sources that we consider reliable, but we do not represent such information and opinions are accurate or complete, and thus should not be relied upon as such. Ikona Partners, LLC is a broker-dealer registered with the U.S. Securities and Exchange Commission, a member of FINRA and a member of SIPC.