



Safety & Compliance Tech – Market Update

Q4 2023

End-User Market Canvas

The safety & compliance software market primarily encompasses specialized platforms that leverage predictive analytics to monitor and prevent safety and compliance breaches



- Sustainable workplace practices
- Hazardous material safety
- Employee health / performance
- Focus on heavy industry / construction sectors

**Environmental, Health,
and Safety**



- Operational risk prediction / prevention
- Data governance
- Employee compliance with current regulation
- Focus on legal / finance sectors

**Governance, Risk, and
Compliance**



- Responses to safety / security concerns
- AI-enabled risk detection
- Critical communication
- Focus on manufacturing, public safety, natural resource sectors

Emergency Management



- Workforce training
- Employee engagement, development, and compliance
- Focus on highly regulated sectors (healthcare, manufacturing, financial services, higher ed)

**Human Capital
Management**


































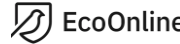
















- Predictive / prescriptive asset risk analysis / optimization
- P&E monitoring
- Mostly large horizontal players
- Focus on manufacturing, transportation, and natural resource sectors

**Asset Performance
Management**

Recent Notable Transactions

Recently, public companies in the space have been trading below historical multiples and large PE firms with ample dry powder have seized the opportunity to take these companies private

Growth/ Private Equity	 <ul style="list-style-type: none"> 8/30/23 Compliance risk 	 <ul style="list-style-type: none"> Raised: \$40M Implied Revenue Multiple: ND 	 <ul style="list-style-type: none"> 6/29/23 Compliance mgmt. 	 <ul style="list-style-type: none"> Raised: \$51M Implied Revenue Multiple: ND 	 <ul style="list-style-type: none"> 4/26/23 Ops. risk mgmt 	 <ul style="list-style-type: none"> EV: \$500M Implied Revenue Multiple: ND 	 <ul style="list-style-type: none"> 2/1/23 GRC 	 <ul style="list-style-type: none"> EV: \$4.6B Implied Revenue Multiple: 13.7x
	 <ul style="list-style-type: none"> 10/18/22 Tax compliance 	 <ul style="list-style-type: none"> EV: \$8.4B Implied Revenue Multiple: 8.8x 	 <ul style="list-style-type: none"> 9/8/22 EHSQ SaaS 	 <ul style="list-style-type: none"> EV: \$386M Implied Revenue Multiple: 6.7x 	 <ul style="list-style-type: none"> 7/7/22 QMS / compliance 	 <ul style="list-style-type: none"> EV: \$1.3B Implied Revenue Multiple: 6.6x 	 <ul style="list-style-type: none"> 5/27/22 Health, safety, and ESG 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A
	 <ul style="list-style-type: none"> 2/9/22 Health, safety, and ESG 	 <ul style="list-style-type: none"> EV: \$813M Implied Revenue Multiple: 2.2x 	 <ul style="list-style-type: none"> 1/5/22 Retention and compliance 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 12/1/21 Workforce training and mgmt. 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 9/14/21 Corporate ESG mgmt. 	 <ul style="list-style-type: none"> EV: \$1.4B Implied Revenue Multiple: N/A
Strategic M&A	 <ul style="list-style-type: none"> 12/14/22 Incident Management 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 8/17/22 Ethics and compliance training 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 6/30/22 Compliance and training mgmt. 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 6/27/22 Risk identification and mgmt. 	 <ul style="list-style-type: none"> EV: \$150M Implied Revenue Multiple: N/A
	 <ul style="list-style-type: none"> 6/14/22 Worker safety mgmt. 	 <ul style="list-style-type: none"> EV: \$30M Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 5/16/22 Asset performance mgmt. 	 <ul style="list-style-type: none"> EV: \$11.2B Implied Revenue Multiple: 15.8x 	 <ul style="list-style-type: none"> 4/26/22 Workforce mgmt. 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 3/14/22 Asset performance mgmt. 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A
	 <ul style="list-style-type: none"> 2/9/22 Data governance 	 <ul style="list-style-type: none"> EV: \$36M Implied Revenue Multiple: 5.1x 	 <ul style="list-style-type: none"> 2/8/22 Data governance 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 1/6/22 Public safety / dispatching 	 <ul style="list-style-type: none"> EV: N/A Implied Revenue Multiple: N/A 	 <ul style="list-style-type: none"> 11/4/21 Travel risk and incident mgmt. 	 <ul style="list-style-type: none"> EV: \$18M Implied Revenue Multiple: N/A
Target Investor								

Evolving Landscape

The safety and compliance tech industry is sprawling, with various methods of mitigating and managing business risk at all levels of the company

Horizontal Safety & Compliance Platforms



Compliance Focused

Customer, Operations, and Privacy Risk



Sustainability



Compliance LMS



Employee Risk / Compliance



Safety Focused

Workplace Safety



Incident Management



Computerized Maintenance Management System (CMMS)



Expectations for the Safety & Compliance Tech Industry

The safety and compliance industry is poised for rapid development in key areas, with massive M&A potential on the horizon

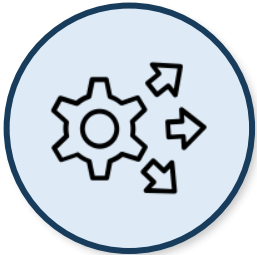
Immediate



Creative go-to-market strategies

- There is a growing gap between the introduction of new technology and the practice of safe behavior
- Despite advances in workplace technology, the rate of serious safety incidents has not declined since 2021
- Emerging safety and compliance tech companies are combining elements from larger players such as wearables, APIs, and predictive analytics to create disruptive solutions and capture larger market share

1 – 5 Years



Technology takes over risk prevention

- Studies show that in the next 1-3 years over 57% of talent developers plan to spend more on safety LMSs and reduce spending on instructor-led training
- Industrial IoT will remain the primary safety and compliance method to rapidly identify any potential safety issues
- Safety critical industries will adopt a set of universal safety & compliance guidelines which tech companies can reference to conduct R&D

5 – 10+ Years

































Safety standards play catchup

- As systems become more complex, associated risks will emerge that require increasingly difficult to design solutions
- As with previous technological advancements, such as automobiles or nuclear energy, safety and compliance regulations will constantly be playing catch-up
- As artificial intelligence becomes more accurate, flexible, and cost-efficient, it will substantially improve the scalability of technology that monitors threats and predicts risks

Top Acquirers

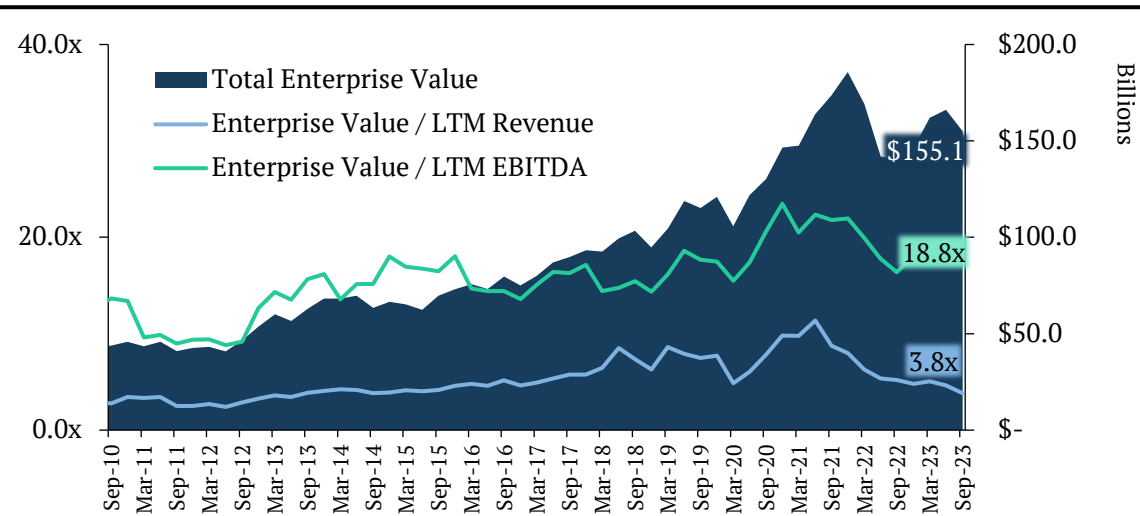
The top strategic buyers in the industry are scouring the market for synergistic point-solutions to add to their platforms. Acquisitions of smaller solutions consistently trade at high multiples with significant liquidity for shareholders

 <div>VC-Backed</div> <div> EV: ND Revenue: ND </div> <div> EBITDA: ND FTEs: ~12,000 </div> <div> Focus Areas: Industrial IoT, Healthcare IoT, Security </div> <div>    </div> <div> Provides IoT and TIC solutions for safety critical industries including the maritime industry, renewables, oil and gas, and energy management </div>	 <div>INSIGHT PARTNERS</div> <div> EV: ND Revenue: ND </div> <div> EBITDA: ND FTEs: ~2,200 </div> <div> Focus Areas: Risk Management, Sustainability, Compliance </div> <div>    </div> <div> Provider of governance, risk, and compliance software </div>	 <div>Hg</div> <div> EV: \$1.3B Revenue: ND </div> <div> EBITDA: ND FTEs: ~1,000 </div> <div> Focus Areas: EHS, Workplace Safety, Data Governance </div> <div>    </div> <div> Offers software solutions to manage risk and ensure compliance in industries where safety and security are critical </div>	 <div>Publicly Traded (LON:ITRK)</div> <div> EV: \$9.8B Revenue: \$4.0B </div> <div> EBITDA: \$908M FTEs: ~43,600 </div> <div> Focus Areas: Risk Management, ESG, TIC </div> <div>   </div> <div> Provides TIC solutions and services to ensure the quality and safety of other businesses' products, processes, and systems </div>
 <div>Publicly Traded (NYS:MSI)</div> <div> EV: \$53.9B Revenue: \$9.7B </div> <div> EBITDA: \$2.9B FTEs: ~20,000 </div> <div> Focus Areas: Critical Communication, Security IoT </div> <div>    </div> <div> Data communications and telecommunications hardware provider that also develops IoT solutions for safety critical industries </div>	 <div>VC-Backed</div> <div> EV: ND Revenue: ND </div> <div> EBITDA: ND FTEs: ~2,000 </div> <div> Focus Areas: Security, Risk Management, Compliance </div> <div>    </div> <div> Provides insights and into company operations and analyzes them against global regulations to understand risks </div>	 <div>Publicly Traded (PAR:SU)</div> <div> EV: \$107.5B Revenue: \$37.4B </div> <div> EBITDA: \$7.9B FTEs: ~162,000 </div> <div> Focus Areas: IoT, Sustainability, Industrial Safety </div> <div>    </div> <div> Provides energy and automation digital solutions for efficiency and sustainability across multiple industries </div>	 <div>Publicly Traded (LON:ITRK)</div> <div> EV: \$60.9B Revenue: \$6.7B </div> <div> EBITDA: \$2.3B FTEs: ~25,200 </div> <div> Focus Areas: Human Capital Mgmt, Ops Risk, Data Governance </div> <div>    </div> <div> Provides technology and insight solutions to three main industries: legal, tax and accounting, and news and media </div>

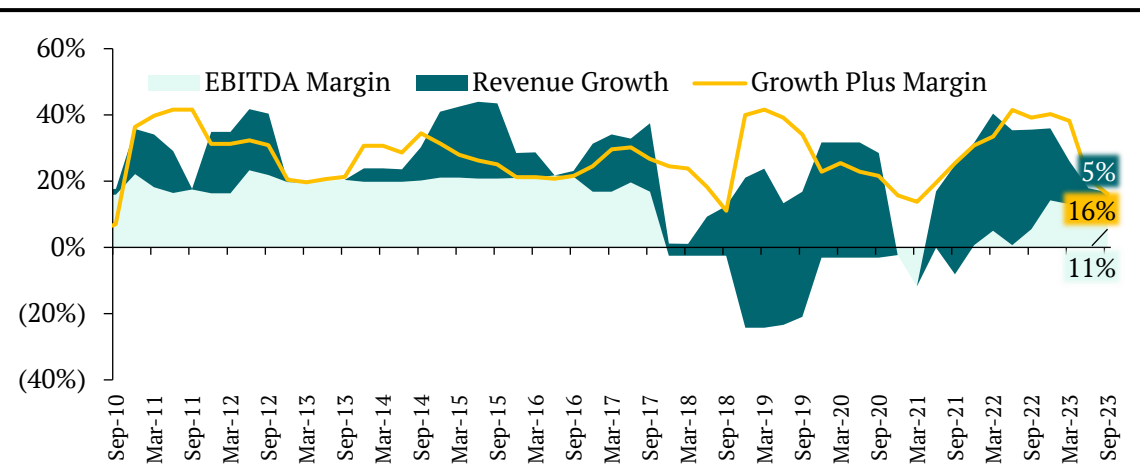
Appendix I – Safety and Compliance Trading Comps

Trading Comps: Vertical Players

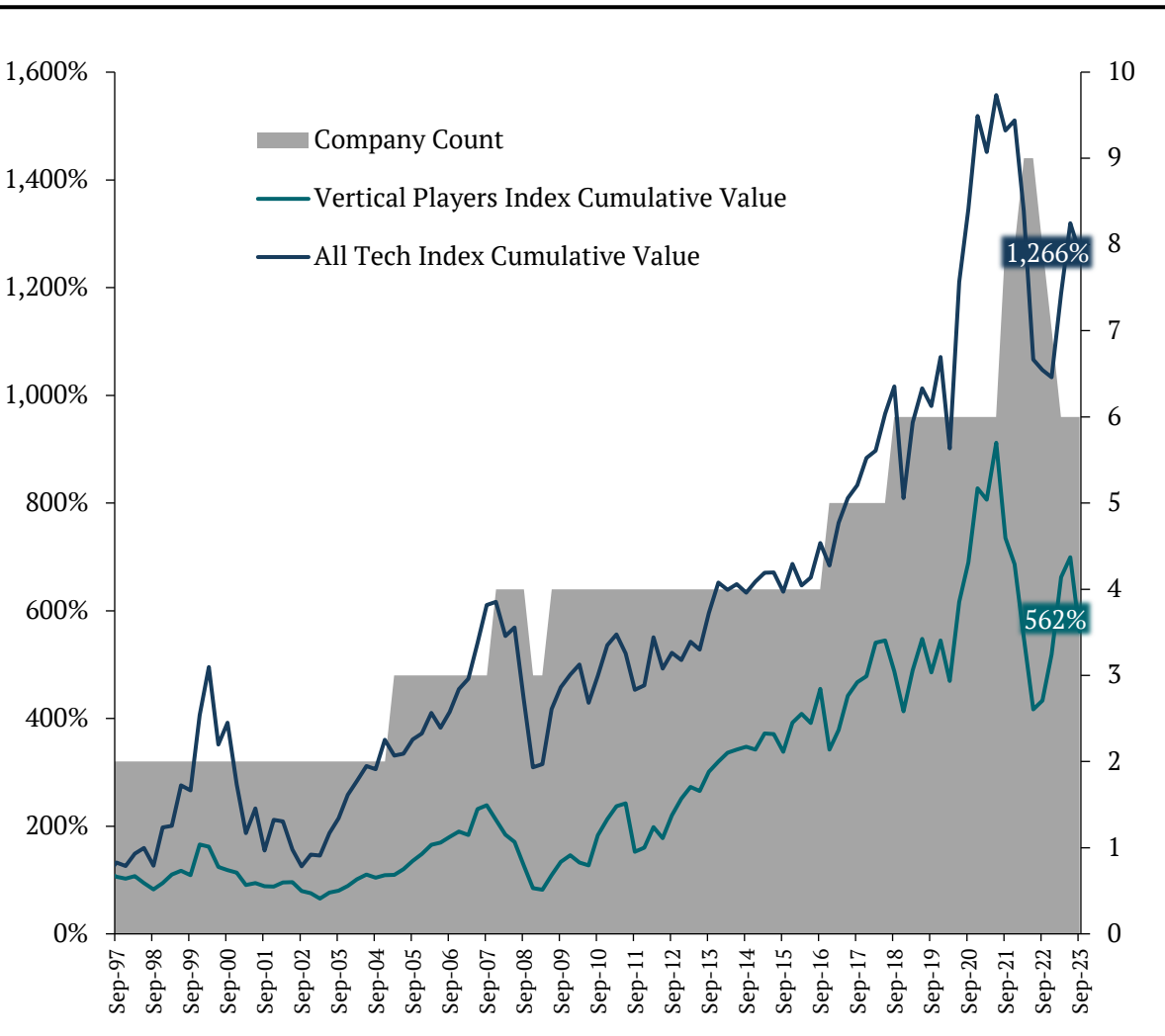
Median Subsector Trading Multiples



Subsector Growth + Margin

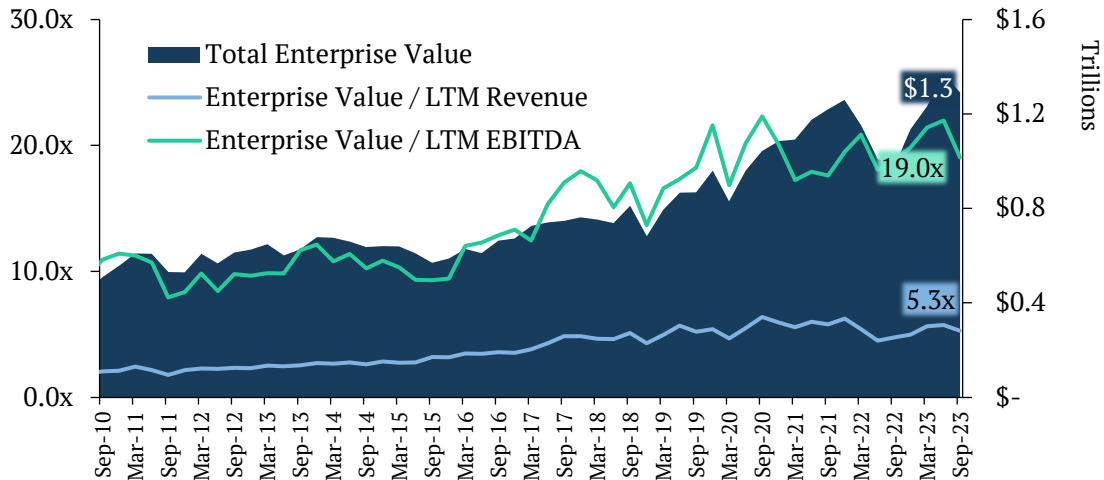


Company Count and Subsector Index vs. All Tech Index

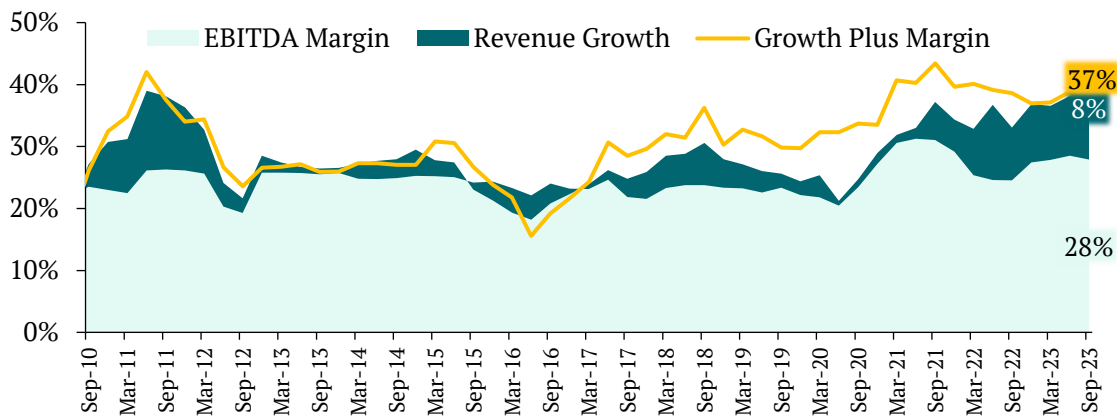


Trading Comps: Horizontal Players

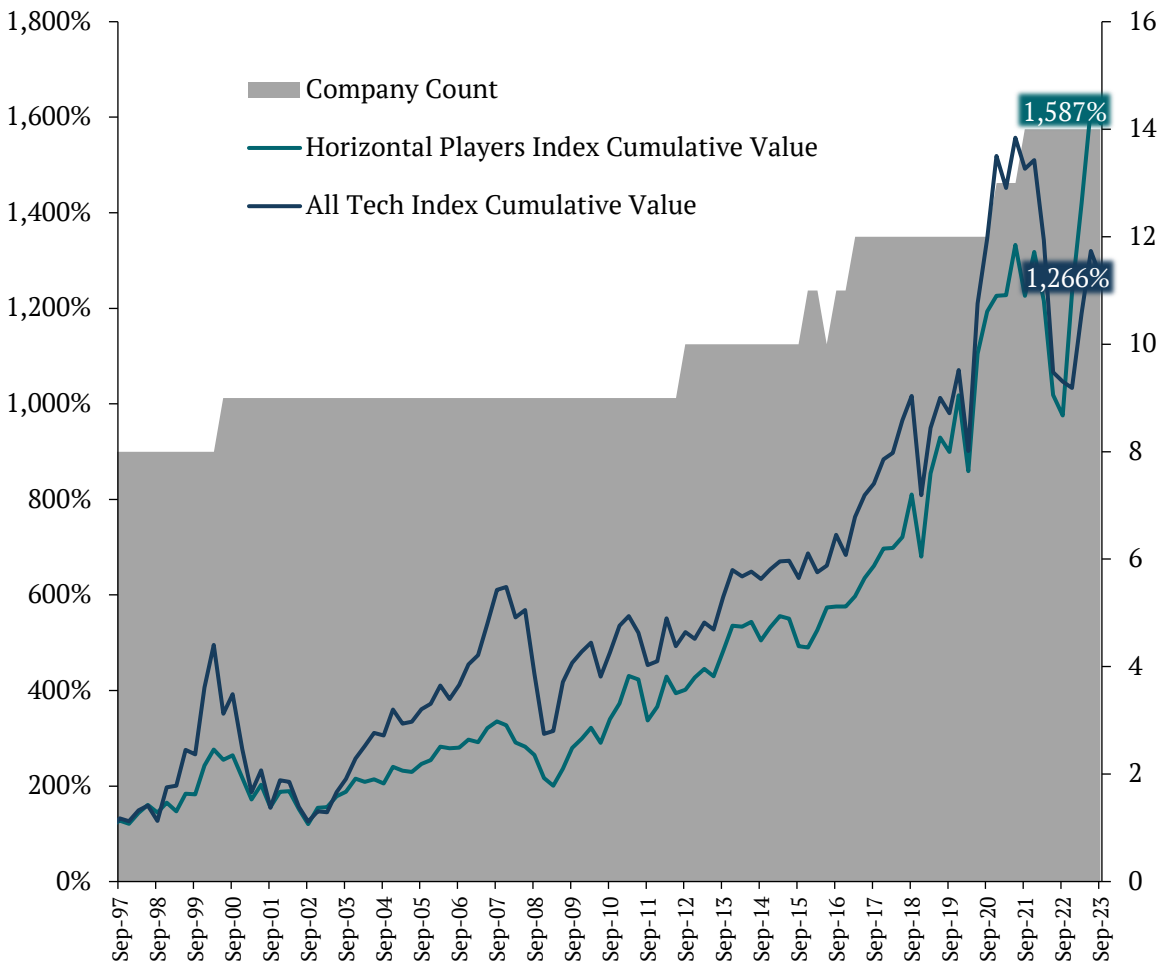
Median Subsector Trading Multiples



Subsector Growth + Margin

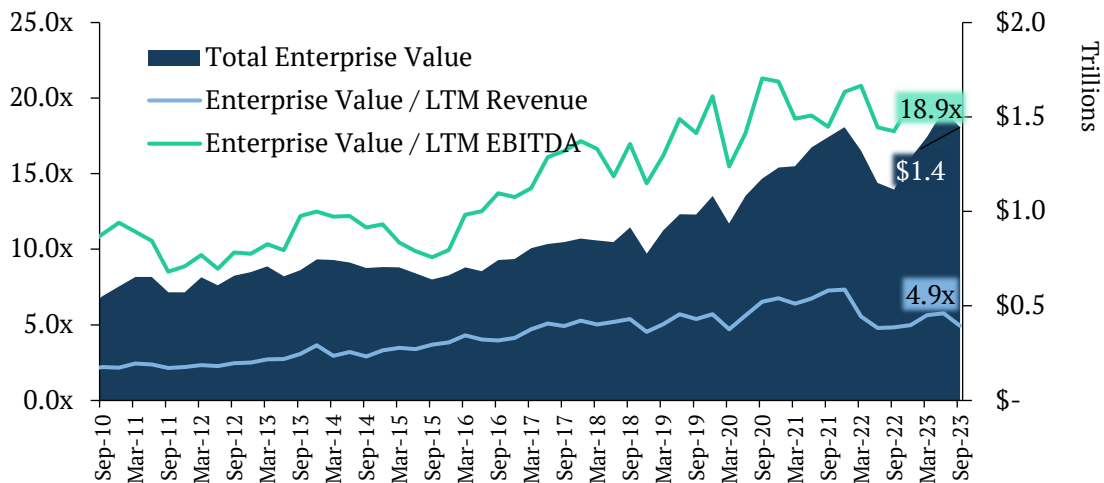


Company Count and Subsector Index vs. All Tech Index

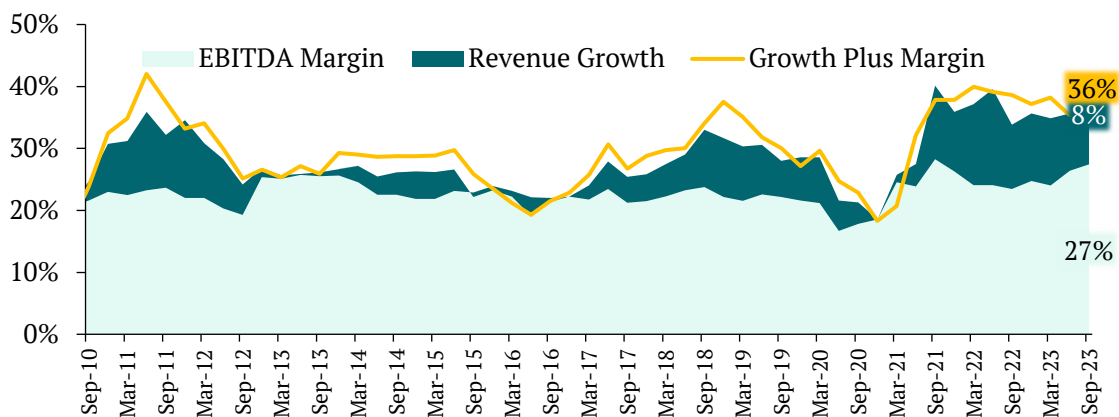


Trading Comps: All Safety and Compliance

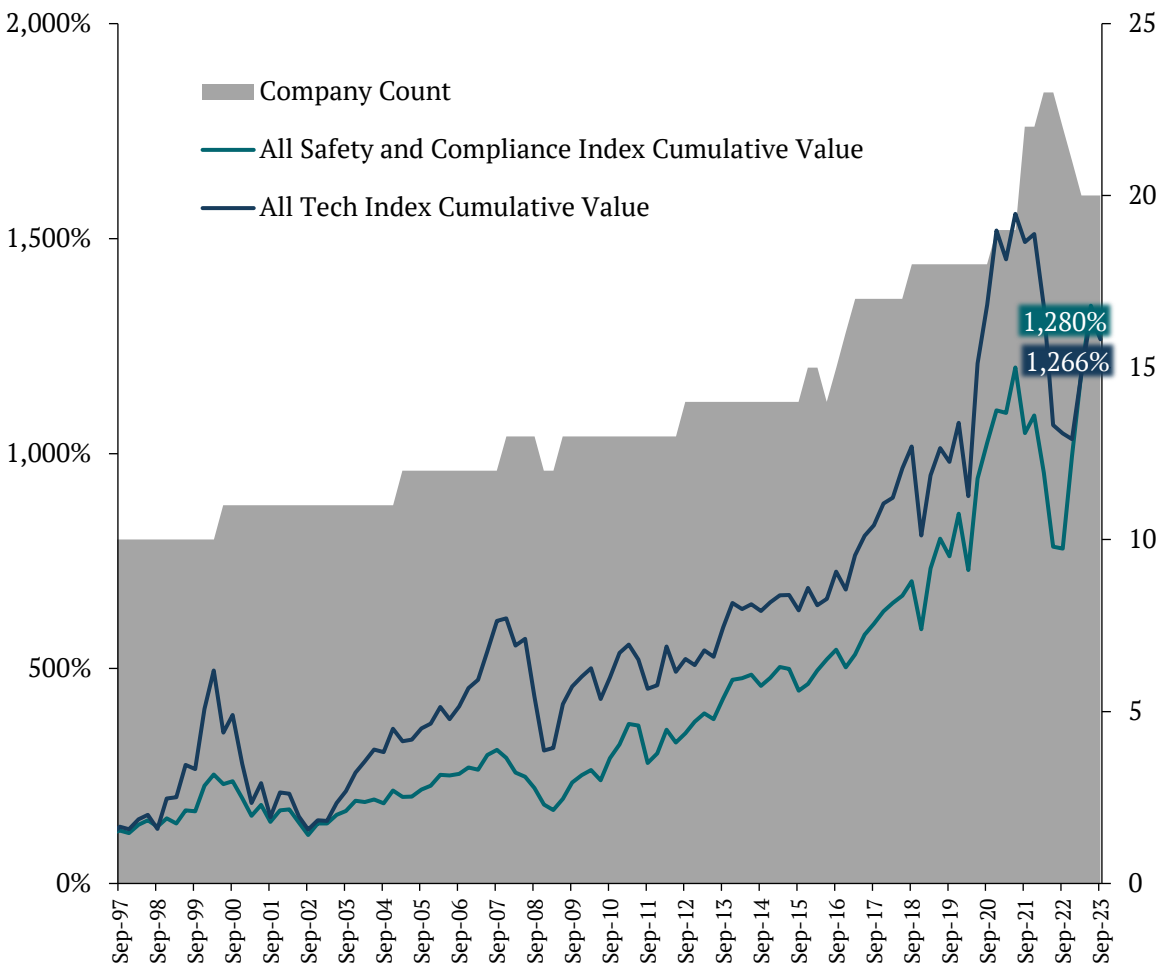
Median Subsector Trading Multiples



Subsector Growth + Margin



Company Count and Subsector Index vs. All Tech Index



Safety and Compliance Trading Details

Comparable Public Companies

(USD, in millions, except stock price)	Stock Price	Market		Enterprise	Revenue			EBITDA			Enterprise Value / Revenue			Enterprise Value / EBITDA			Revenue Growth	EBITDA Margin	Growth + Margin	Gross Margin
Company	10/12/2023	Cap	Cash	Value	NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	LTM	Last FY	NTM	NTM	NTM	LTM
Safety & Compliance Software																				
Oracle	\$ 109.64	\$ 300,345	\$ 12,083	\$ 377,674	\$ 54,695	\$ 50,962	\$ 49,954	\$ 27,647	\$ 19,171	\$ 18,454	6.9x	7.4x	7.6x	13.7x	19.7x	20.5x	7%	51%	58%	72%
International Business Machines	143.23	130,483	16,298	174,559	63,869	60,525	60,530	14,034	7,230	7,012	2.7x	2.9x	2.9x	12.4x	24.1x	24.9x	6%	22%	27%	55%
SAP	132.39	154,849	15,890	152,564	36,460	32,723	32,458	11,266	7,023	6,698	4.2x	4.7x	4.7x	13.5x	21.7x	22.8x	11%	31%	42%	71%
ServiceNow	558.67	113,969	4,747	111,434	10,307	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	92,957	3,442	107,459	39,509	37,389	35,933	8,156	7,454	6,705	2.7x	2.9x	3.0x	13.2x	14.4x	16.0x	6%	21%	26%	41%
Fiserv	113.74	69,222	441	92,988	NM	18,452	17,737	NM	7,175	6,642	-	5.0x	5.2x	NM	13.0x	14.0x	NM	NM	0%	57%
RELX (Information Technology)	35.83	67,245	125	75,664	11,970	10,924	10,541	4,596	3,876	3,702	6.3x	6.9x	7.2x	16.5x	19.5x	20.4x	10%	38%	48%	64%
Thomson Reuters	127.76	58,170	2,869	60,882	7,086	6,724	6,627	2,822	3,328	3,055	8.6x	9.1x	9.2x	21.6x	18.3x	19.9x	5%	40%	45%	NM
Emerson Electric	97.09	55,487	9,957	60,294	16,122	20,792	19,629	4,367	5,480	5,317	3.7x	2.9x	3.1x	13.8x	11.0x	11.3x	(22%)	27%	5%	44%
Motorola Solutions	287.60	48,035	710	53,859	10,314	9,654	9,112	3,154	2,470	2,181	5.2x	5.6x	5.9x	17.1x	21.8x	24.7x	7%	31%	37%	48%
Rockwell Automation	299.92	34,449	444	38,378	9,498	8,621	7,760	2,150	2,070	1,431	4.0x	4.5x	4.9x	17.9x	18.5x	26.8x	10%	23%	33%	41%
Wolters Kluwer	124.76	30,997	1,212	33,681	6,200	5,837	5,733	1,959	1,806	1,834	5.4x	5.8x	5.9x	17.2x	18.6x	18.4x	6%	32%	38%	71%
Fortive	77.16	27,162	713	29,434	6,306	5,973	5,826	1,745	1,512	1,437	4.7x	4.9x	5.1x	16.9x	19.5x	20.5x	6%	28%	33%	58%
Hexagon	8.60	24,275	549	28,459	5,962	5,618	5,426	2,412	1,951	1,822	4.8x	5.1x	5.2x	11.8x	14.6x	15.6x	6%	40%	47%	66%
Fair Isaac	904.68	22,488	163	24,297	1,683	1,473	1,377	901	635	561	14.4x	16.5x	17.6x	27.0x	38.3x	43.3x	14%	54%	68%	79%
Bentley Systems	53.71	15,843	83	17,442	1,328	1,166	1,099	466	298	304	13.1x	15.0x	15.9x	37.4x	58.5x	57.3x	14%	35%	49%	78%
IntApp	35.82	2,510	130	2,396	439	351	351	33	(50)	(50)	5.5x	6.8x	6.8x	72.4x	NM	NM	25%	8%	33%	68%
HireRight	10.10	732	77	1,344	760	753	807	190	148	175	1.8x	1.8x	1.7x	7.1x	9.1x	7.7x	1%	25%	26%	47%
Everbridge	22.13	902	219	1,185	468	447	432	103	20	(4)	2.5x	2.6x	2.7x	11.5x	57.8x	NM	5%	22%	27%	70%
Blackline Safety	2.53	184	13	177	91	68	57	2	(18)	(36)	1.9x	2.6x	3.1x	NM	NM	NM	33%	2%	35%	51%
LTM = Last Twelve Months NM = Not Material FY = Calendar Year					25th Percentile						3.2x	2.9x	3.1x	13.3x	14.6x	15.9x	6%	22%	27%	49%
Sources: PitchBook, Company Filings, and IP Estimates					Median						4.8x	5.1x	5.2x	16.7x	19.5x	20.5x	7%	31%	36%	64%
Sorted by Enterprise Value					75th Percentile						6.6x	7.0x	7.3x	20.6x	21.8x	24.7x	13%	37%	47%	71%
					Mean						5.8x	6.3x	6.7x	20.8x	23.4x	22.8x	9%	29%	37%	61%

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.