TECHNOLOGY HOLDINGS

Investment Banking in Tech Services, Consulting, Software & Healthcare

# Navigating the $ 134 billion Governance, Risk and Compliance Opportunity

## An Analysis of the GRC Market and a Review of M&A and Private Equity Deals in 2023

June 2024

# Introduction

Historically organizations have recognized the importance of managing risk, adhering to regulations, and establishing governance processes. In the modern era, the complexity of business, the proliferation of laws, and the technological advancements have made these tasks increasingly crucial for organizational success. Today, even small businesses face global challenges and must effectively manage risks, comply with regulations, and implement governance mechanisms collectively known as GRC (Governance, Risk, and Compliance). The report contextualizes trends and drivers of GRC adoption across industries, segments the service and platform offerings, outlines growth opportunities for providers and delivers some actionable insights through M&A analysis in the GRC space.

## M&A Trends

### 1 Market Growth Potential

Need to adhere to changing regulatory framework, managing third party & supply chain risk & gaining competitive advantage through ESG are short term and immediate growth drivers

### 2 Industry-agnostic Demand

GRC is at a point of deflection experiencing adoption both across industries and specialized service for few like BFSI, Healthcare and Government



# Contents

# About Technology Holdings

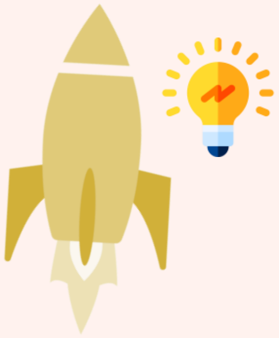
**Technology Holdings (TH) is a global boutique investment bank dedicated to delivering M&A and capital raising advisory services to Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies globally with enterprise values ranging from US $25 Million to US $500 Million.**

Technology Holdings today has presence in 14 cities and 10 countries across 4 continents and a rapidly growing team of over 85 employees. We are proud to have closed transactions in 24 countries.

## Our focus, with a 23-year track record...

| | | | |
|---|---|---|---|
| Digital Transformation & Innovation | IT Services Cloud & Cybersecurity | Analytics, Data Sciences & AI | Fintech, Insurtech and SaaS |
| Consultancies | Healthcare & Lifesciences | Business Process Management | Engineering Services |

# Summary & Key Takeaways

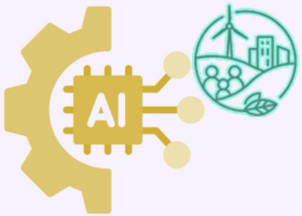


## At an Inflection point, poised to grow

The current stage of GRC adoption is in its infancy, showcasing diverse levels of maturity across different regions & segments. However, its trajectory is set to rise as organizations intensify efforts to navigate risks, enhance operational efficiency, and effectively manage supply chain risks. Regulatory pressures will further solidify the integration of GRC solutions and services into corporate processes and policy frameworks

## Siloed data & risk – challenge to connected GRC

The paramount challenge in achieving comprehensive, enterprise-wide GRC lies in managing siloed risks and disconnected data. This challenge is further exacerbated as organizations adopt a modular approach to their digital transformation and modernization endeavors

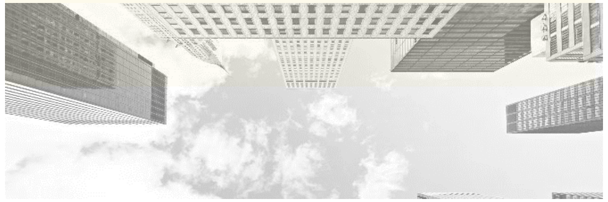



## Invigorating GRC- Automation, AI & ESG

While AI and automation accelerate the journey towards integrated GRC, fostering an ESG ethos and awareness throughout the organization becomes imperative for effective risk management, cost optimization, and fostering customer loyalty and retention


## Capital infusion from PE funds driving growth

Dollar infusion from PE funds is the largest money and is being used as growth funding to channelize GRC services, capabilities and product enhancements to grow the market across industry, business segments & new revenue streams



Market Overview

# GRC Market Landscape

**GRC Service providers**

Deloitte. · Infosys · TCS Tata Consultancy Services · NTT · IBM · accenture · EY · pwc · kyndryl · HCL · KPMG · verizon · Hewlett Packard Enterprise · Arctic Wolf · Optiv · Kroll · Trustwave · inspira · Coalfire

**Enterprise Governance software**

6clicks · clausematch · LogicGate · onetrust · SAP · LogicManager · Diligent · RiskOptics · ProcessGene Forward Thinking GRC · Mitratech · exterro · NAVEX · Risky Business · IBM · Onspring · vcomply · SAI360 · Wolters Kluwer

**Compliance Management Software**

AuditBoard · Byte/Chek · Appsian Security · clausematch · Drata · Mitratech · smarsh · NAVEX · interos · IBM · vcomply · Diligent · Behavox · Cube · dash · Exiger · IDnow · quantexa · SmartSearch · Moody's · Regtick · Fourthline · Eventus · Socure · Napier · fenergo · eastnets · complysci

**Risk Management Software**

Archer · 6clicks · CSI · LogicGate · LogicManager · Isometrix · Fusion Risk Management · CyberSaint Security · hyperproof · metricstream · SAP · SecurityGate.io · SureCloud · BlueVoyant · certa · ever.c · Lextegrity · NAVEX · isg · Prevalent · Panorays · servicenow · venminder · Protecht · Resolver. A Kroll Business · Workiva

**Audit Management Software**

AuditBoard · RiskOptics · SureCloud · ProcessUnity · Diligent · ProcessGene Forward Thinking GRC · Fastpath · Wolters Kluwer · Workiva · Quantivate · Onspring · Resolver. A Kroll Business

**Business Resiliency Software**

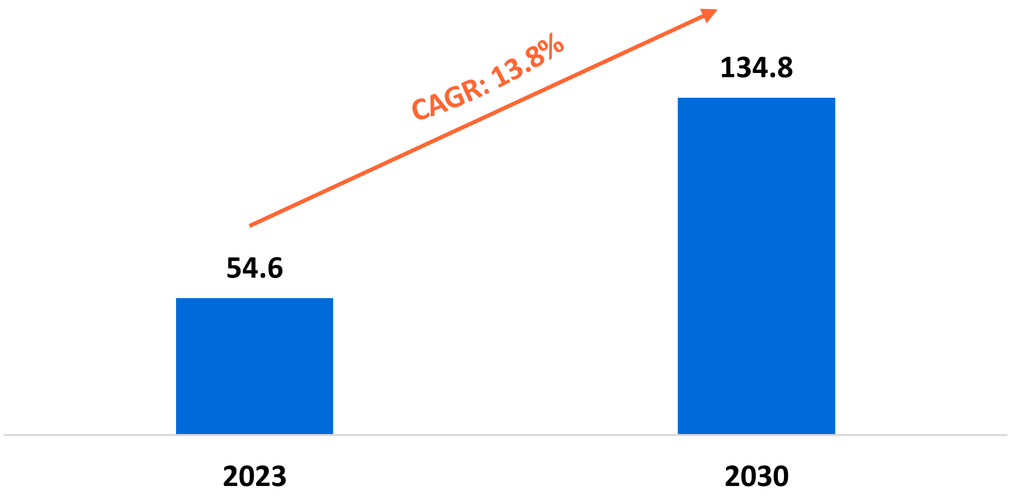
IBM · Fusion Risk Management · interos · LogicGate · LogicManager · MEGA · Allgress · exterro · Onspring · ReadiNow · Wolters Kluwer · VelocityEHS · servicenow · SAI360 · Archer · RiskOptics

The risk and compliance management segment is fragmented due to evolving threat and regulatory needs, leading to varied enterprise requirements

# Governance, Risk and Compliance Market Overview: On a Growth Trajectory

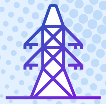
- The GRC market is valued at **US $54.6 billion** in 2023 and is projected to grow at a CAGR of 13.8% to **US $134.8 billion** from 2023 to 2030
- **North America** is expected to account for the largest share of the GRC market in 2022 while **APAC** depicts highest CAGR for the forecasted period
- As organizations expand their customer base, geographical reach, **supply chain and third party networks**, and data connections, the importance of GRC grows significantly. Managing pervasive data and fulfilling local regulatory requirements for data centers becomes crucial
- **Complex and volatile regulatory changes** gravitates the need to seamlessly integrate nimble and robust GRC solutions into business process to adapt to evolving compliance demands
- Enterprise embracing cloud in their digital transition journey are at high exposure to risk, data breach and Identity theft and access control issues. It becomes imperative for organizations to have a **cloud GRC program** to manage and control these risks
- Mandatory disclosure requirements for **ESG** are putting GRC into spotlight as these are well measured and controlled through GRC metrics in place. ESG credentials are influencing employment decisions, customer loyalty and investment strategies

**FIGURE 1: Global GRC Market Size 2023-2030 (US$ Billion)[1]**




**Key Industry Adoption**

1  BFSI

2  Telecom

3  Government & Public Sector

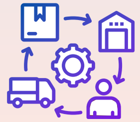
4  Healthcare

## KEY ADOPTION ENABLERS

Regulatory framework

Cloud based GRC solution


Growing ESG need



Supply chain and third party risk

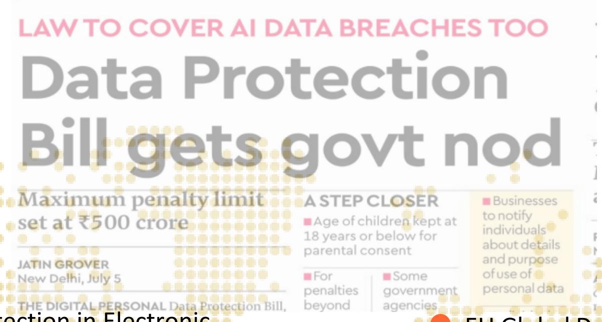
**Market is projected to grow to US$ 134.8 billion by 2030 with a CAGR of 13.8%, propelled by the need to adopt mandatory regulations & risk management**



*Source : Grand View Research*

# Global Regulations – Multinationals, Enterprises & Small Business Gearing up to Align With Changing Regulations

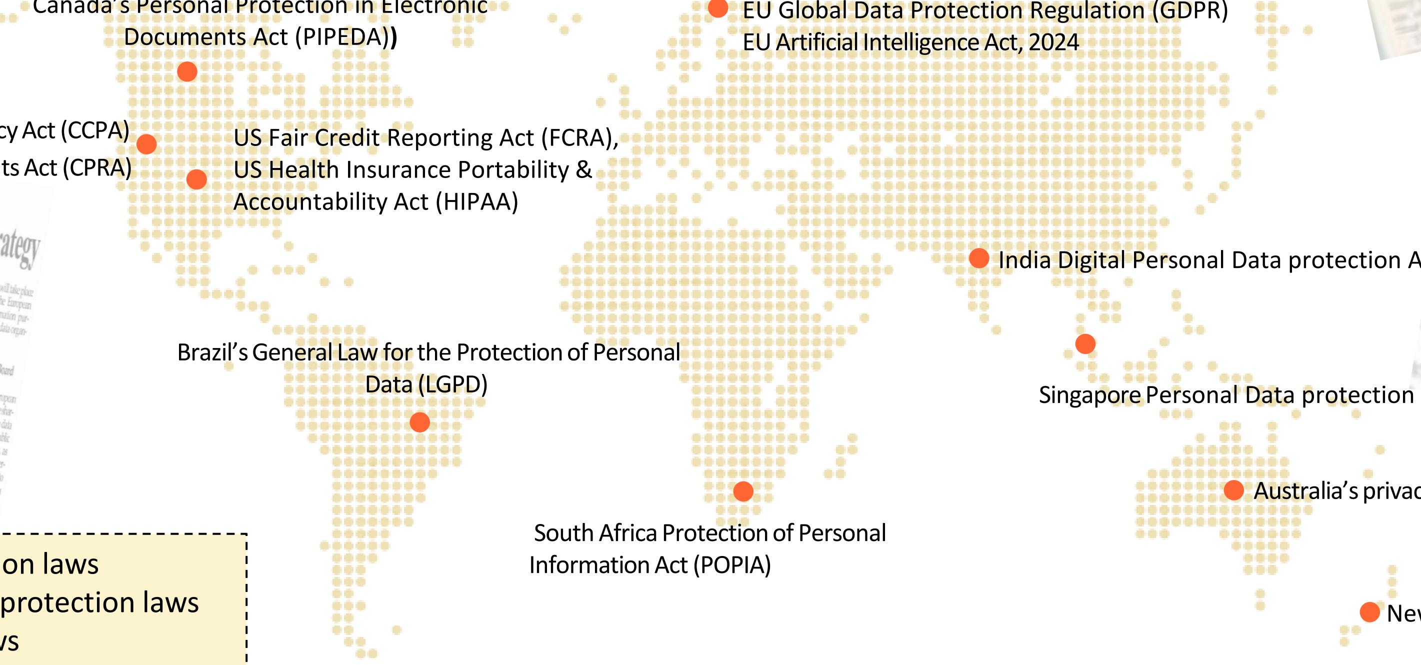

India moves closer to first data privacy law
PROPOSED BILL Panel moots new authority to prevent 'misuse'; lays down 'exceptions'
PUTTING USERS FIRST


LAW TO COVER AI DATA BREACHES TOO
Data Protection Bill gets govt nod
Maximum penalty limit set at ₹500 crore
JATIN GROVER
New Delhi, July 5
A STEP CLOSER
Age of children kept at 18 years or below for parental consent
For penalties beyond
Some government agencies
Businesses to notify individuals about details and purpose of use of personal data


Small companies run risk of hefty fines over new data rules


Data Governance Act & Compliance
A new regulatory framework that is part of the European Data Strategy


Data watchdog opens investigation into Google




- **81%** countries with E-transaction laws
- **59%** countries with consumer protection laws
- **71%** countries with privacy laws
- **80%** countries with cybercrime laws

GRC technology and use will grow to follow the new global rules and requirements in the near future

# Governance, Risk and Compliance Global Market Snapshot (2022)

**UK-** **34%** of Europe GRC market. Growing demand for corporate governance and integration of AI/ML and blockchain in GRC solutions


**North America** – **30%** of global GRC market. GRC growing to upkeep digital competitiveness and cyber security needs among large companies head quartered in this region

**APAC** – **20%** of global GRC market. Growth due to growing countries like China, Japan and India as they need to keep up with data protection regulation and compliance need with their global partners

**Europe** – **26.4%** of global GRC market. Growth attributed to strict government regulations and industry standards

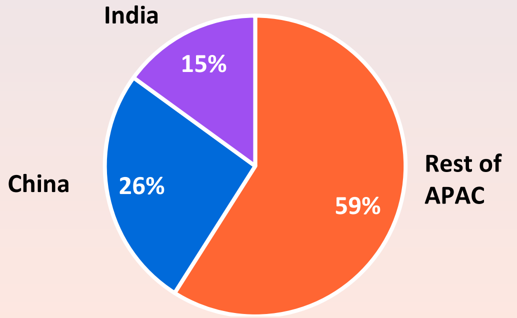
## GRC REVENUE AND MARKET SHARE SNAPSHOT – SELECT GEOS

**Germany**
**US $3.02 billion**

**Japan**
**US $2.09 billion**

**MEA**
**US $3.47 billion**

## MAJOR COUNTRY SHARE IN APAC



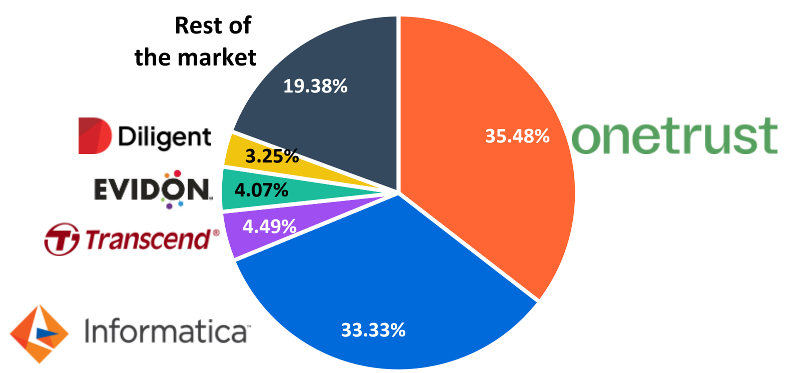



*Source: Grand View Research*

Market Overview

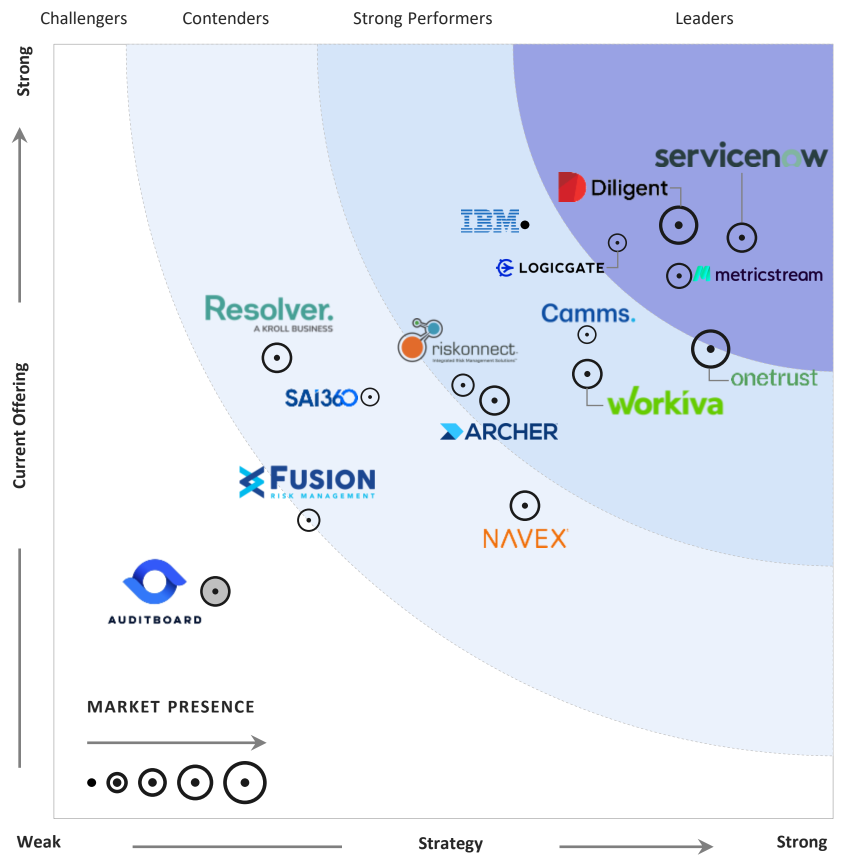
# GRC Platform Market Leaders Spotlight - 2023

## Figure 2: Worldwide top 5 GRC Market Share[1], 2023




1. **OneTrust** – The holistic platform includes dedicated AI model risk management solution and excels at leveraging native and third party intelligence data to automate risk automation and remediation. Has embedded regulatory research database to strengthen its change management offerings
2. **Informatica** – Offers data governance, privacy, ESG and sustainability solutions. Ability to automate modern data and AI governance through intelligent data management cloud. Provide interoperability with third party systems with seamless API connections for risk management
3. **MetricStream** – Offers Business GRC, and end-to-end organizational GRC solution. Deeper insight into emerging risk with ability to map internal policies to regulations, standards and controls. The AI powered intelligent observation is a single place view of risks and remediation of disparate business process
4. **LogicGate** – Favored for its simplified price model, its no code GRC platform is known for enhancing user experience, embedded AI services, control analysis and risk quantification
5. **Diligent** – After acquiring Galvanize in 2021, Diligent innovated its GRC platform to address modern governance needs. The roadmap is already on including platform centric Gen AI, AI-supported regulatory management and predictive risk intelligence

## Figure 3: Forrester Wave™: Governance, Risk, And Compliance Platforms, Q4 2023




The GRC market space is dominated by few leading providers with compelling offerings and market messaging on their AI, data intelligence, automation and ESG capabilities



*Source: [1]6sense.com*

Market Overview

# GRC Service Providers Capabilities Grid

| Service Provider | GRC Services offered | GRC platform Partners | Marquee Clients/Verticals | Investments and growth initiative |
|---|---|---|---|---|
| accenture | ▪ Integrating GRC capabilities<br>▪ Governing with a process-centered, cross-organizational perspective and analytics<br>▪ SAP Identity management<br>▪ Hosting in the public cloud | SAP, servicenow, RSA, quantexa, Workiva, appian | ▪ UNIQA<br>▪ Freeport-McMoRan<br>▪ Specsaver | ▪ Acquired Optimind, a consulting firm that provides regulatory guidance to banks and financial service corporates<br>▪ Collaborated with Quantexa to offer an automated, data-driven contextual method for client risk assessment known as Continuous KYC |
| wipro | ▪ Legacy GRC transformation<br>▪ Cloud application risk governance<br>▪ Third party risk management<br>▪ Risk intelligence service | ARCHER, SAP, BITSIGHT, onetrust, servicenow, metricstream, ONAPSIS | ▪ Oil and Gas<br>▪ Power utilities<br>▪ Mining<br>▪ Manufacturing<br>▪ BFSI | ▪ Investing in delivering effective risk intelligence solution<br>▪ Investing in building security by design for a robust ERP business process<br>▪ Collaborated with Onapsis to help customers secure their SAP applications to facilitate their digital transformation journey |
| HCLTech | ▪ Governance & Risk management service<br>▪ Audit/assessment service<br>▪ Business continuity management service<br>▪ Data privacy service<br>▪ GRC technology solution implementation | metricstream, ARCHER, Symantec, IBM, semantify, servicenow, RSA | ▪ A Singapore based technology organization<br>▪ A transportation and logistics company<br>▪ A University based in California<br>▪ An American Biopharma company | ▪ Investing in crisis management command center as part of resiliency service<br>▪ Integrated GRC platform like Archer IRM and ServiceNow with ChatGPT 4 to enhance GRC automation service<br>▪ Plans to participate in US federal bids and RFPs and thus enhance solution architect and market presence |
| IBM | ▪ Risk Quantification<br>▪ Risk Assessment<br>▪ Multi-cloud Security and Compliance<br>▪ Data Privacy, Regulatory compliance and Governance<br>▪ GRC Automation | Google, Microsoft, aws, servicenow, CAVEONIX, ASCENT | ▪ Aviva<br>▪ Citi Bank<br>▪ A global automative manufacturer<br>▪ A global airlines<br>▪ SCOR | ▪ Launched Watsonx Governance, a platform to manage and monitor AI activities for risk mitigation and regulatory compliance<br>▪ Boosting IBM consulting transformation practice along its supply chain risk management service to mitigate supply chain and third party risk |
| Infosys | ▪ Risk Management<br>▪ Operational Risk<br>▪ Regulatory Reporting<br>▪ Financial anti-crime management | ARCHER, onetrust, SAFE, metricstream, servicenow, RSA | ▪ A US based healthcare company<br>▪ A global beverage manufacturer<br>▪ A defence manufacturer<br>▪ A global financial company<br>▪ A Singapore telco company | ▪ Created Center of Excellence with its GRC partners with access to its partner lab creating a strong risk management practice<br>▪ Addressed security talent gap through partnering with Universities like Purdue University and NIIT |

# GRC Platform Providers Capabilities Grid

| Platform Provider | Products & Services offered | Capability differentiator | Marquee Clients | Use Cases |
|---|---|---|---|---|
| servicenow | ▪ Policy and compliance management<br>▪ Risk management<br>▪ Business continuity management<br>▪ Audit management | ▪ Automation at scale across its digital workflow platform<br>▪ AI-led operations and insight throughout the risk management lifecycle<br>▪ Strong partner ecosystem | ▪ Avanade<br>▪ DNB<br>▪ Nexen Energy | ▪ Integrated risk management<br>▪ Greater awareness of risk vulnerability<br>▪ Meeting risk policies like NIST ensuring best audit practice |
| SAI360 | ▪ Audit<br>▪ IT risk management, EHS and ESG platform<br>▪ Regulatory change management<br>▪ Continuous control and monitoring | ▪ Customer value their native risk quantification and evaluation<br>▪ Has pre-built workflows and embedded Power BI tools | ▪ Natural Power<br>▪ Prime Therapeutics<br>▪ Robeco<br>▪ NERC<br>▪ Bupa | ▪ Boosting audit efficiency and information sharing for multi-location enterprise<br>▪ Grow compliance and ethics structure with a range of regulatory bodies |
| Diligent | ▪ Governance<br>▪ Risk and strategy<br>▪ Audit, analytics, Compliance and ethics<br>▪ ESG | ▪ AI powered, platform centric risk quantification<br>▪ AI accelerated audit and regulatory management<br>▪ Comprehensive strategy tools that integrates risk and compliance into entreprise decision-making | ▪ Casper<br>▪ Coca-Cola<br>▪ Randstad<br>▪ Domino's | ▪ Centralize and automate audit management<br>▪ Automate risk workflow and allow access of all risk management data in a single platform<br>▪ Track and benchmark initiatives against internal and external ESG frameworks |
| Transcend | ▪ Governance for enterprise<br>▪ Data privacy and compliance software | ▪ Ability to handle complex infrastructure seamlessly<br>▪ Dynamic and automated consent management capability to handle and administer identity across various inputs | ▪ Indiegogo<br>▪ Patreon<br>▪ Jasper<br>▪ True | ▪ Automate consent management<br>▪ Scalable and dynamic privacy management<br>▪ Complete visibility into measuring compliance effectiveness |
| Resolver. | ▪ Risk & audit<br>▪ Compliance<br>▪ Incidents & investigations<br>▪ Security operations | ▪ Strong pricing model giving simple tiered package options to both SMB and enterprise segment<br>▪ Its product strength is data aggregation and risk computation, assessment automation, reputational risk monitoring, and threat intelligence | ▪ Grow financial<br>▪ Motusbank<br>▪ JetBlue<br>▪ John Deere<br>▪ City of Pickering | ▪ Enhanced incident reporting<br>▪ Centralized incident data & management<br>▪ Improve security operations with customizable dashboard |

## GRC Market

# Key Trends – 2023 and Beyond

**Connected GRC Architecture** – GRC platforms are adjusting to connected risks spanning systems, business process and operations which are largely dependent on cloud and application infrastructure

1

**Continuous Risk and Control Monitoring** – Automating risk and control monitoring ensures proactive identification of vulnerabilities, enhances control oversight capability and gives real time big picture of risk posture

2

**Cognitive AI and Automation** – Embedded AI, automation, NLP, ML, LLM, and Generative AI drive efficiency and accuracy, prioritizing in handling scale and complexities across GRC requirements

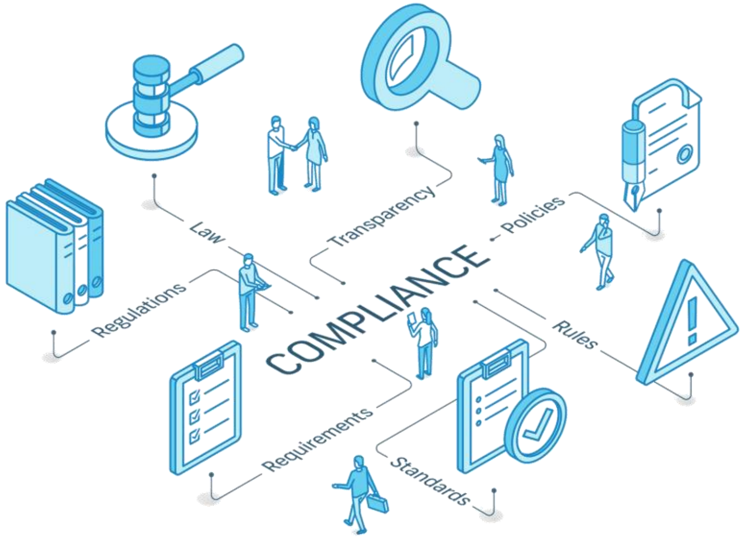
3

**Extended Enterprise GRC** - Supply chain partners and third party risk management becomes imminent need and spans beyond organizational own GRC requirements

4

**Environment Social and Governance (ESG)** – ESG is becoming integral to control and manage enterprise risk; and governance is the de facto capability that measures and monitors the risk perimeter

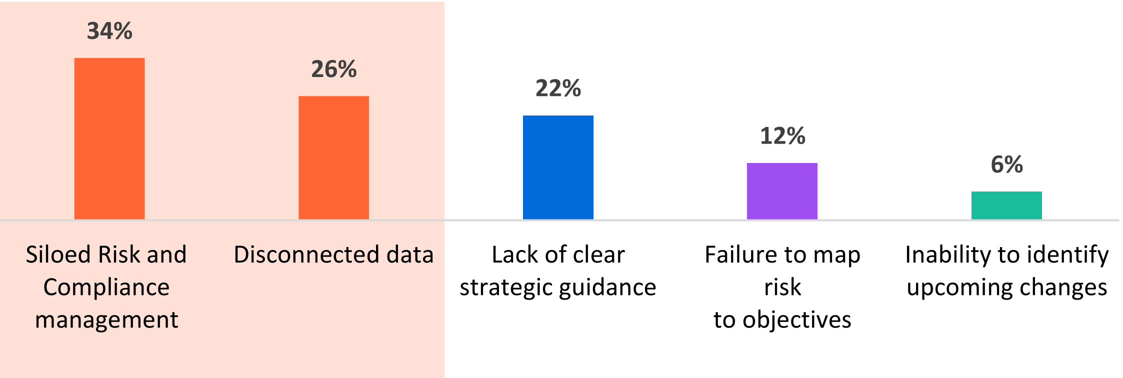
5



# Connected GRC Architecture – Addressing Siloed Risk & Compliance and Disparate Data

***More integrated processes and technologies ensure connected GRC for managing changing regulatory and threat landscape***

**Figure 4: Top Weakness in a GRC Program**




**60%** Siloed Risk and Compliance management AND disconnected data

**22%** Lack of clear strategic guidance

**12%** Failure to map risk to objectives

**6%** inability to identify upcoming changes

- Majority of respondents feel that siloed risk and compliance management and disconnected data are top barriers to effective GRC program

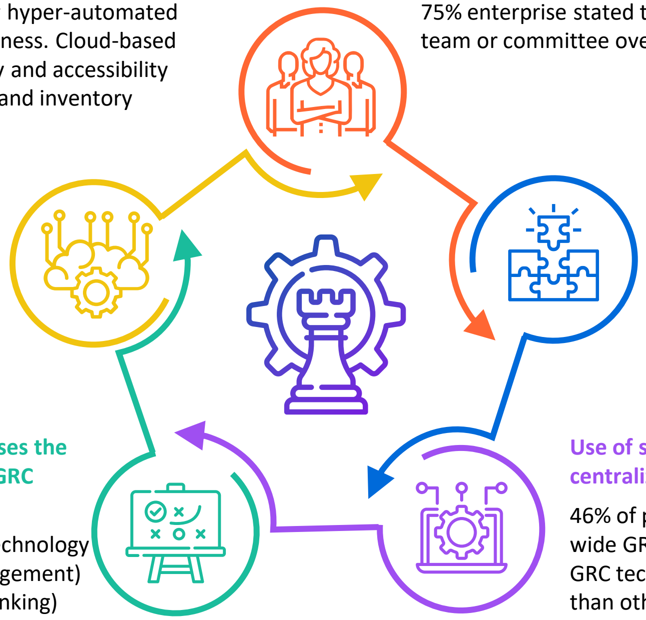
**Strategies to have connected GRC architecture**

**Leverage cloud based GRC solution's capability**

GRC applications which are cloud native run faster, more secure and deliver hyper-automated workflows and insight into business. Cloud-based GRC deliver easy configurability and accessibility while simplifying data analysis and inventory

**Having a leadership that supports an enterprise-wide GRC strategy**

75% enterprise stated they have executive team or committee overseeing GRC strategy



**Having enterprise-wide data visibility and integration**

47% of those with enterprise-wide GRC strategy are able to manage their data better and deliver data visibility and integration

**GRC strategy that fully addresses the design and operation of core GRC process**

Only 33% (design of the GRC technology ecosystem and GRC data management) to 65% (risk assessment and ranking) among core processes is fully addressed within GRC strategy

**Use of single GRC platform giving centralized control and monitor**

46% of participants with enterprise-wide GRC stated that they have single GRC technology which is more mature than other respondents

Connected GRC is underpinned by a culture of leadership support, integrated data visibility & centralized enterprise-wide GRC



*Source: OCEG GRC readiness for rapid change survey, 2022* 

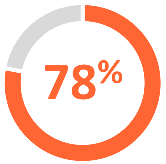
Market Trend 2

# Continuous Risk & Control Monitoring – Improved Use of Data Analytics & Visualization Tools

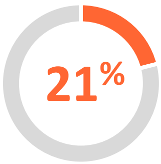
***Continuous monitoring and autonomous assessment are the essence of real time risk management and compliance***

**Figure 5: Maturity Level of Data Analytics use Towards Managing Compliance and Risk**

| | |
|---|---|
| **Developing (e.g., patchwork of scalable system processes and manual processes)** | **45%** |
| **Rudimentary (e.g., non-scaling, manual processes and workbooks)** | **24%** |
| **Advanced (e.g., integrated monitoring, reporting and automation across systems)** | **9%** |
| **Planned or aspirational (e.g., not implemented)** | 12% |
| **N/A – do not utilize data analytics for compliance** | 9% |



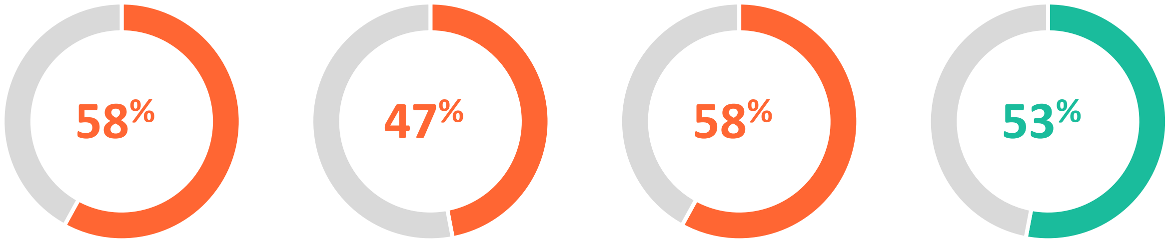

of respondents using data analytics for compliance risks




of respondents currently not using data analytics for compliance risks

- Use of data analytics in managing continuous risk and monitoring is more common, but most companies (69% of 78%) are still developing their approach or in early-stage use
- Very few companies viewed themselves as being advanced (9%) in using data analytics in their compliance program and depicted much more usage scope
- Approximately one-fifth (21%) of respondents do not currently use data analytics for their compliance program

**Figure 6: Ways Organizations use Data Analytics in its Compliance Program & Future Enhancement Plan**




**Enhancing risk assessment** | **Performing risk-based transaction monitoring and testing** | **Reporting, Visualization & dashboards** | **Look to enhance technology & data analytics in compliance**

Use data analytics | Future enhancement plan

- Data analytics are currently used to a good satisfying level in risk assessment, reporting, visualization & dashboarding and monitoring and testing risk-based transactions in compliance program
- Majority of companies are looking to invest in technology and data analytics to enhance their compliance program

Continuous monitoring of risks and controls is essential due to the vast amount of data, increasing IT complexity, high risk volume, infrequent assessments, and constantly shifting regulatory landscape



*Source :KPMG Global compliance risk benchmarking survey, 2023*

Market Trend 3

# Cognitive AI and automation – Clear Call to Integrate AI and Automation for Dynamic GRC

*AI and automation becomes needed GRC integration to derive more real-time value and operational efficiency in risk management*

## AI and automation use cases in GRC

**Risk management**
- Mine enormous distributed data and realize insights
- Predict, assess and mitigate risk more effectively
- Automated planning and scoping of risk assessment

**Regulatory compliance management**
- Control management
- Pattern identification and issue classification
- Regulatory change monitoring and breach management

**Cyber risk and compliance**
- Potential cyber risk detection
- AI-powered threat intelligence
- Continuous monitoring of regulations

**Audit management**
- Channel auditor's focus on high-risk areas
- Recommendation towards resolving issues
- Fraud detection capability

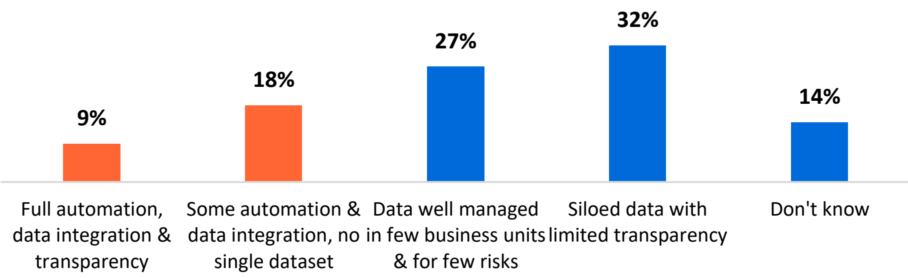
## State of Automation and data integration in GRC

**Use of automation to achieve best of GRC program is still at a very nascent stage and the biggest challenge to achieve this emanates from siloed data and its transparency & integration across business units**

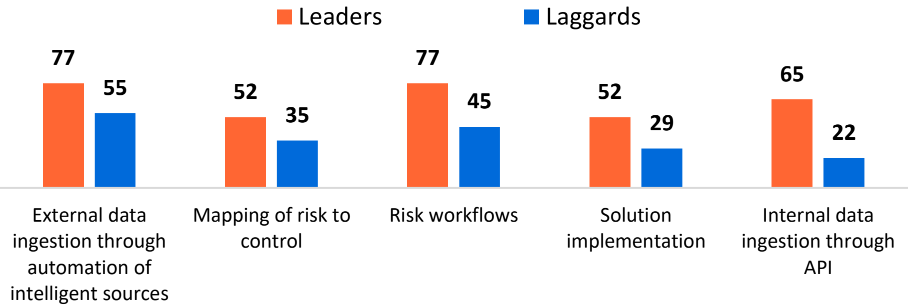
## GRC Automation strategy by leading enterprise

1. **Ingest external data into GRC framework**, helping access critical third party information and upkeeping their security, privacy and compliance posture
2. Have **risk workflow** that automates evidence collection and intuitive compliance interaction
3. Internal data ingestion through **API integration** allows to pool data emanating from various applications that organization use
4. **Mapping risk to control** offers strong GRC program by offering visibility into organization's risk environment and identifying interconnected risk and providing single pane control
5. **Solutions implementation** that can offer pre-configured integrations, intuitive compliance interactions, and actionable insights that help make data-driven decisions and help achieve continuous compliance

## Figure 7: How GRC Program Helps Delivers Data Visibility & Insight[1]




## Figure 8: How Organizations Improve GRC Through Automation[2]




AI and automation remains underutilized for GRC in risk management and control monitoring and organization need to address the underlying data integration and transparency challenge to migrate to a more mature automated GRC framework



*Source : [1]OCEG GRC Readiness for Rapid Change Survey, 2022, [2]IDC survey spotlight on improving GRC automation, 2022*

# Extended Enterprise GRC – Supply Chain and third party Risk Management

***Organizations are assessing emerging risks and governance on third parties while moving towards centralized risk management programs***

**51%**

of respondents believe that the overall **volume of third party audit** activity will increase

**55%**

Organizations consider third party audits a necessary activity to **complement other risk-related activities**

**44%**

of organizations expect to use **managed service providers** more in the next two to three years

**90%**

of organizations are moving towards **centralized risk management**

**56%**

of respondents believe that their organizational culture has become more supportive in **managing ESG risks** in their extended enterprise

- Third party audit will complement and support other risk-related activities and expected to witness increase in volume in the near future
- Organizations highlight a greater supportive culture towards their supply chain partners and third party to meet their collective ESG goals with risk management
- The proportion of using managed services will grow over the coming years and the service offerings will evolve to more comprehensive, tailored, end-to-end, insight driven largely enabled by technology

Strengthening trust within the supply chain and third party relationships is increasingly important due to its significant impact on the financial performance and resilience of the GRC program

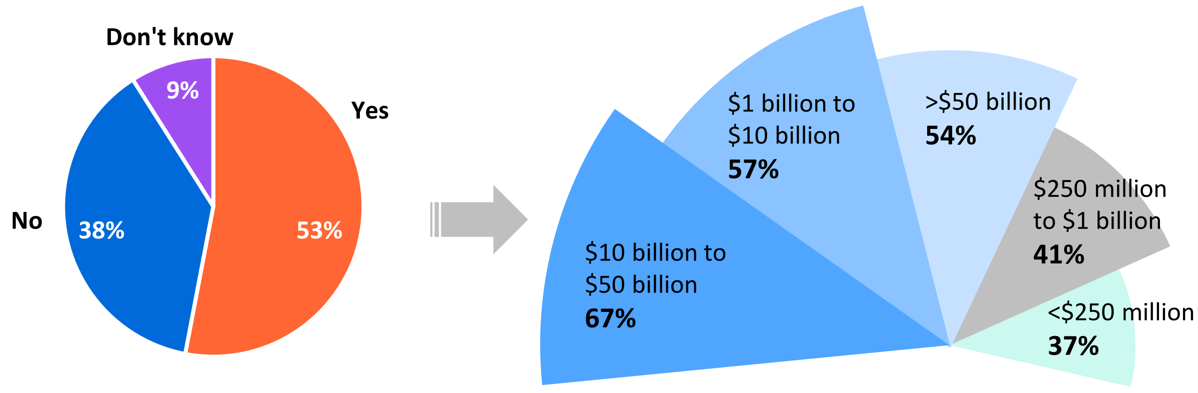
*Source : Deloitte and EY TPRM survey report, 2023*

Market Trend 5

# Environmental Social and Governance (ESG) – A Much Needed Enabler to GRC Growth

***ESG is a great evolving tool that must be woven into corporate strategy to progress towards sustainability, achieve cost savings & attract investments***

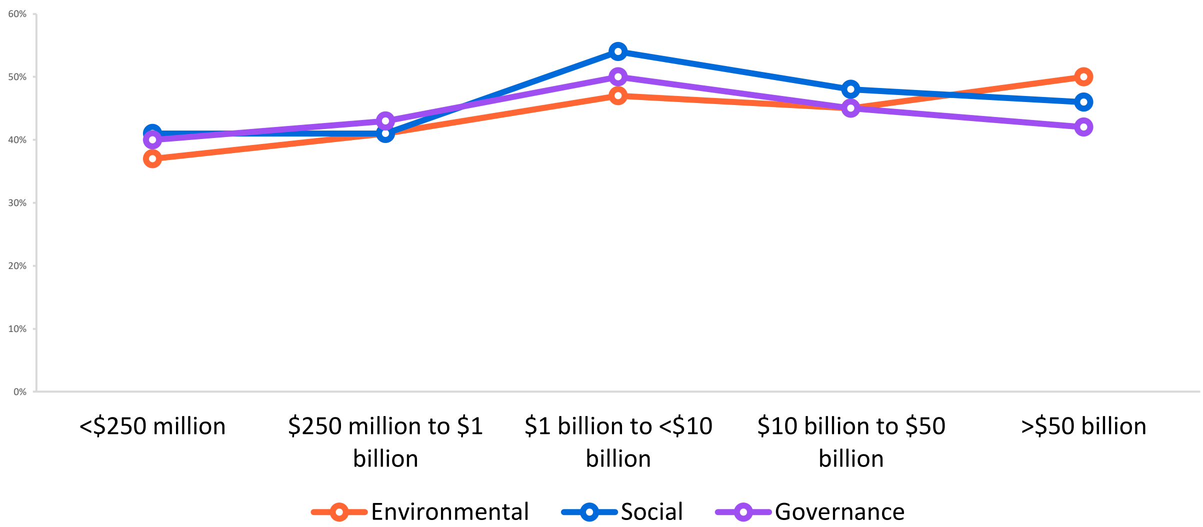
**Figure 9: Organizations with Clearly Defined ESG and their Segment Split (US$)**




- Defining ESG remains a hurdle for more than one-third (38%) of companies and approximately half (53%) of them said they have clearly defined ESG
- Larger companies are more likely to have clearly defined ESG and this may be attributed to having a dedicated ESG team/executive or leadership group

**Figure 10: Maturity of ESG Policies within Enterprise Segment**

*Does your organization have policies and procedures to address ESG risks?*




- Governance remains at par capability within ESG and more so for the smaller and mid market segment

Harmonizing GRC with ESG initiatives empowers businesses to navigate compliance, proactively mitigate risks, and strides towards sustainable progress

# Deal Activity in GRC - 2023 (1/3)

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **BFSI solution provider** | | | |
| Dec-23 | 普益财富 PUYI INC. | 泛华控股集团 Fanhua Inc. | China |
| Oct-23 | MedMal DIRECT An Integris Group Company | Integris Group | USA |
| Jul-23 | datasafeguard intelligently protecting data | FB | USA |
| Apr-23 | PRO COMPLIANCE | MOEX Moscow Exchange | USA |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **Cybersecurity solution providers** | | | |
| Nov-23 | CONQUEST A BlueVoyant Company | BlueVoyant | USA |
| Aug-23 | COMPLYIFY | ZYSTON | USA |
| May-23 | Kleverware The Key Solution to Governance | WALLIX Cybersecurity Simplified | France |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **Data solution providers** | | | |
| Jul-23 | PRIVITAR | Informatica | UK |
| Jun-23 | clausematch | CORLYTICS | UK |
| May-23 | OKERA | databricks | USA |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **GRC provider** | | | |
| Sep-23 | riskcom | Steadfast | Australia |
| Apr-23 | EVOTIX | SAI GLOBAL | UK |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **Digital service providers** | | | |
| Oct-23 | opentech | DEDAGROUP | Italy |
| Jul-23 | Trust HQ | board of cyber | France |
| May-23 | Paragon | intapp | USA |
| Mar-23 | ISIMAN | metrixware | France |
| Mar-23 | ProcessGene Forward Thinking GRC | UiPath | Israel |
| Jan-23 | REMEDYNE | VOQUZ Labs | Germany |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **Financial service companies** | | | |
| Sep-23 | Mintegrity logo | Complii FinTech Solutions Ltd | Australia |
| Jul-23 | NGUBANE & CO. | RSM | South Africa |
| Jul-23 | Sheshunoff Consulting + Solutions | WIPFLI | USA |
| Jun-23 | Pivot Point Security | CBIZ | USA |
| Mar-23 | BPM Consulting Group | bpm | USA |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **Service & consulting companies** | | | |
| Sep-23 | EXIGER | Capgemini | USA |
| Jun-23 | sustaina company | ebpglobal | Denmark |
| Apr-23 | ADHERENCE | Global G | USA |
| Feb-23 | Deep Identity | TMS | Singapore |

Source: Technology Holdings, M&A Tracker 2023

# Deal Activity in GRC - 2023 (2/3)

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| **PE Funds** | | | |
| Dec-23 | EXIGER | INSIGHT PARTNERS, The Carlyle Group, CARRICK | United States |
| Dec-23 | exmon | TIMEXTENDER | Iceland |
| Dec-23 | GRABOWSKY A Xalient company | XALIENT | Netherlands |
| Dec-23 | NTRACTS | AKKR | United States |
| Dec-23 | DUE COMPLIANCE – en del av Björn Lundén | BJÖRN LUNDÉN | Sweden |
| Dec-23 | QUANTIVATE | CONTRACTS | United States |
| Dec-23 | SOVOS | Indosclosed logo | United States |
| Dec-23 | GreyCastle security | DEEP seas | United States |
| Dec-23 | DAWIZZ A BLUEWAY COMPANY | BLUEWAY | France |
| Dec-23 | wirewheel | osano | United States |
| Nov-23 | IMPERO COMPLIANCE. SIMPLIFIED. | BANKINVEST | Denmark |
| Nov-23 | fleetworthy solutions | BESTPASS | United States |
| Nov-23 | SUMMIT7 | PNC ERIEVIEW CAPITAL | United States |
| Nov-23 | its NxGen Simplify Your Logistics | MERCURYGATE | United States |
| Nov-23 | LEWIS & ELLIS Actuaries and Consultants | NOVACAP | United States |
| Nov-23 | NATA COMPLIANCE SERVICES | NORTHCOAST MEZZANINE, THE BRYDON GROUP | United States |

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| Oct-23 | addactis THE RISKTECH FOR INSURANCE | FORTINO CAPITAL PARTNERS | Belgium |
| Oct-23 | INCEPTION SEE. CONTROL. IMPROVE. | BizzMine | Netherlands |
| Oct-23 | GDFM. | Projective Group | United Kingdom |
| Oct-23 | COMPLYNET | KPA | United States |
| Oct-23 | Crowe Kodiak Solutions | TPG | United States |
| Oct-23 | Rethink Compliance | CYPRESS GROWTH CAPITAL | United States |
| Oct-23 | IT SECURITY SPECIALISTS | Acheron | New Zealand |
| Sep-23 | INFORMA CONSULTING | Stellum Capital | Spain |
| Sep-23 | TAX GUARD FUND WITH CONFIDENCE | COGENCYGLOBAL | United States |
| Sep-23 | Vantage | GRANITE POINT PARTNERS | United Kingdom |
| Sep-23 | US COMPLIANCE | SUSQUEHANNA PRIVATE CAPITAL | United States |
| Aug-23 | AppliedCS | NEOVERA | United States |
| Aug-23 | ONCE FOR ALL | GTCR | France |
| Aug-23 | Jadaya | master works | Saudi Arabia |
| Aug-23 | SIVIS | POINTSHARP security made easy | Germany |
| Aug-23 | hyperproof | RIVERWOOD CAPITAL, Toba Capital | United States |
| Aug-23 | SIGNUM Consulting A DISA Company | DISA | Germany |



*Source: Technology Holdings, M&A Tracker 2023*

# Deal Activity in GRC - 2023 (3/3)

| Date | Target | Buyers | Target Location |
|---|---|---|---|
| Aug-23 | Carey Commercial | Suntera Global | United Kingdom |
| Aug-23 | themakogroup | ((CENTRIC)) | United States |
| Aug-23 | Engage PEO | Kohlberg & Company | United States |
| Jul-23 | Advantio | Integrity360 | Ireland |
| Jul-23 | Information Asset | Premier International | United States |
| Jul-23 | Absolute | AZ Asia-Pacific | United States |
| Jul-23 | Finsbury Solutions | CIMCON Software | United Kingdom |
| Jul-23 | netwrix | Centerbridge | United States |
| Jun-23 | Archer | Cinven | United States |
| Jun-23 | Red Oak Compliance Solutions | Mainsail Partners | United States |
| Jun-23 | Lymon | IQEQ | Singapore |
| Jun-23 | Ethix360 | Star Compliance | United States |
| May-23 | dokify | nalanda | Spain |
| May-23 | Salus GRC | Charlesbank Capital Partners LLC | United States |
| Apr-23 | Fusion Risk Management | Great Hill Partners | United States |
| Apr-23 | Benchmark Gensuite | Vista Equity Partners | United States |

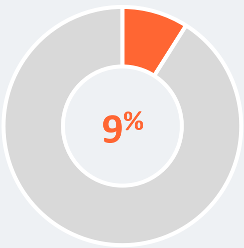
| Date | Target | Buyers | Target Location |
|---|---|---|---|
| Apr-23 | Brainwave GRC | Radiant Logic | France |
| Apr-23 | SOVOS | Undisclosed logo | United States |
| Apr-23 | Envirosure LLC | Alta Southwest | United States |
| Apr-23 | :lpa making your points | Accelerasia | Germany |
| Mar-23 | DA Internal Audit and Accounting Advisory | Orangewood A Private Investment Company | United States |
| Mar-23 | Integrity Next | EQT | Germany |
| Mar-23 | optimind. Part of Accenture | accenture | France |
| Mar-23 | Tennaxia | Marlin Equity Partners | France |
| Feb-23 | Chartwell Compliance | ankura | United States |
| Feb-23 | FreightWatch | Overhaul | United States |
| Feb-23 | Arcas Risk Management | GreenPages | United States |
| Feb-23 | Mitratech | Albion Capital | United States |
| Jan-23 | Altada | Integrity360 | Ireland |
| Jan-23 | SAI360 | STG | United States |
| Jan-23 | CHAS | veriforce | United Kingdom |
| Jan-23 | Fintellix | stellex Capital Management | India |

Source: Technology Holdings, M&A Tracker 2023

# Buyers' Rationale for GRC Deals – Strategic Consolidation & Value Creation by PE funds

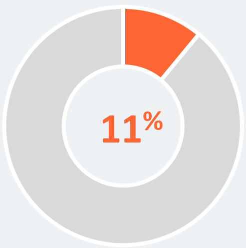
## Service Enhancement

- Acquisition emphasis is predominantly on gaining deep sector expertise in GRC and expanding the footprint in international markets
- Service enhancement is brought in mainly by complementing already existing GRC service with AI capability from target
- Many acquisition complement broader industry/sector reach



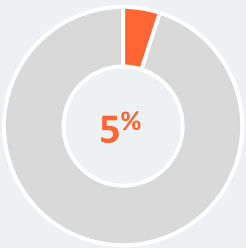

## Strategic Growth

- Strategy to gain quick market penetration into a new segment of GRC like third party and supplier risk management
- Acquiring a new revenue model like a SaaS platform GRC provider who have global exposure
- Buyers going for a buy and build strategy and those in need to complement existing products



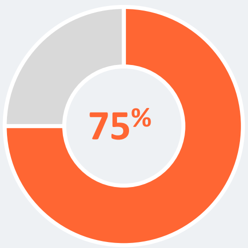

## Platform Enhancement

- Broaden the platform offerings with a global scale or adding wider digital capabilities like cloud data management
- Complement existing GRC platform with innovative features like Identity and access management or AI-centric data governance platform




## Value Creation by PE funds

- Private equity interest in the GRC space remains high and are particularly interested to invest in pure play SaaS players and tech-enabled service providers (e.g.- digital transformation service)
- The growth funding is mainly used to grow and enhance GRC service and solutions capabilities



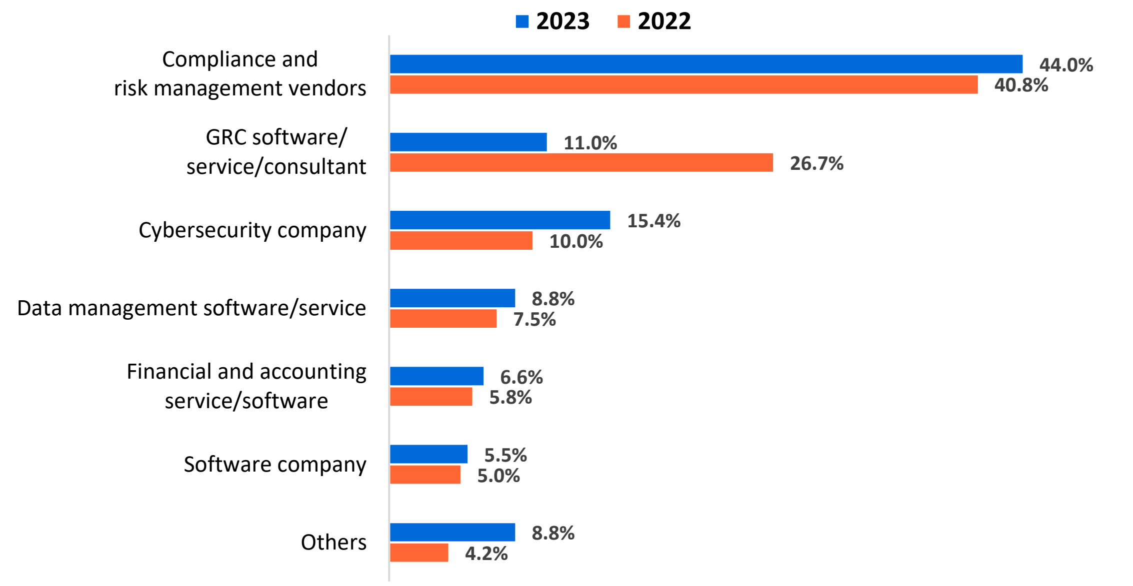

The GRC market is primed for expansion by PE funds with new revenue models to address broader risk landscape and digital advancement



*Source: Technology Holdings, M&A Tracker 2023*

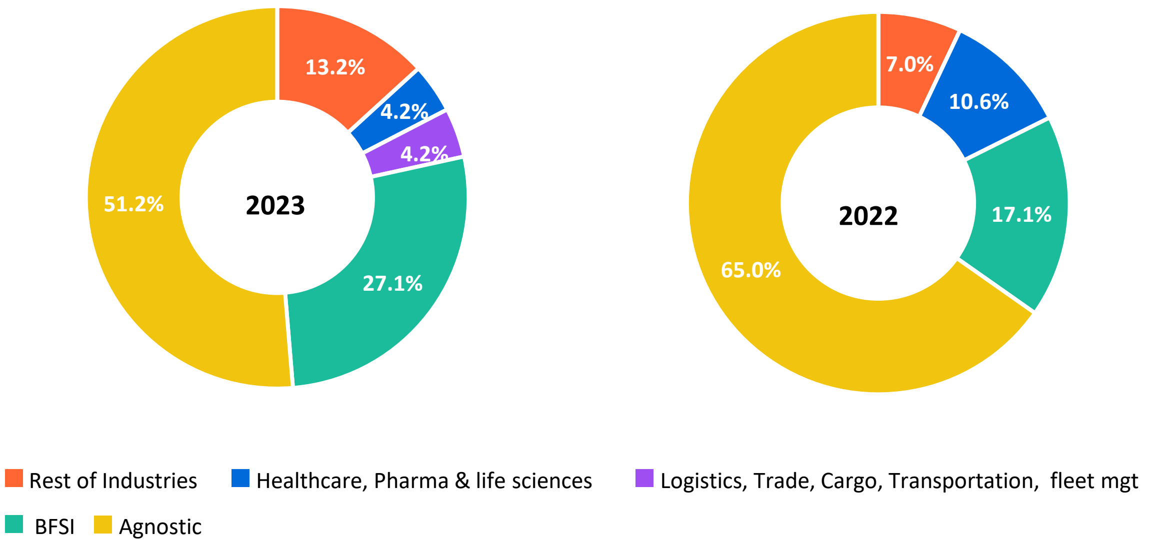
# Targets' Segmentation by Tech Specialization and Industry Focus

**Figure 11: Targets' Segment by tech Specialization – 2023 Vs 2022**




- Buyers' preference were more for Compliance and risk management vendors followed by cybersecurity companies. This can be attributed to the core GRC capability and service experience to have risk management vendors and to have a broader solution portfolio while targeting Cybersecurity companies
- Target with core capability in data management solutions also saw good growth in 2023 which is needed to complement a compelling GRC offering through data analytics and insights

**Figure 12: Targets' Segment by Industry Focus – 2023 Vs 2022**




*Rest of Industries includes Legal, Asset/wealth management, IT, gaming, automotive, fintech*

- Rest of the industries increasing in 2023 to 13% from mere 7% in 2022 indicating that the industry focus of GRC players are getting diversified addressing more specific industry use cases
- BFSI increase from 17% in 2022 to 27% in 2023 demonstrates the appetite to manage risk and compliance in this sector
- Most of the target vendors serve customers across industries depicting a burgeoning need to have GRC management

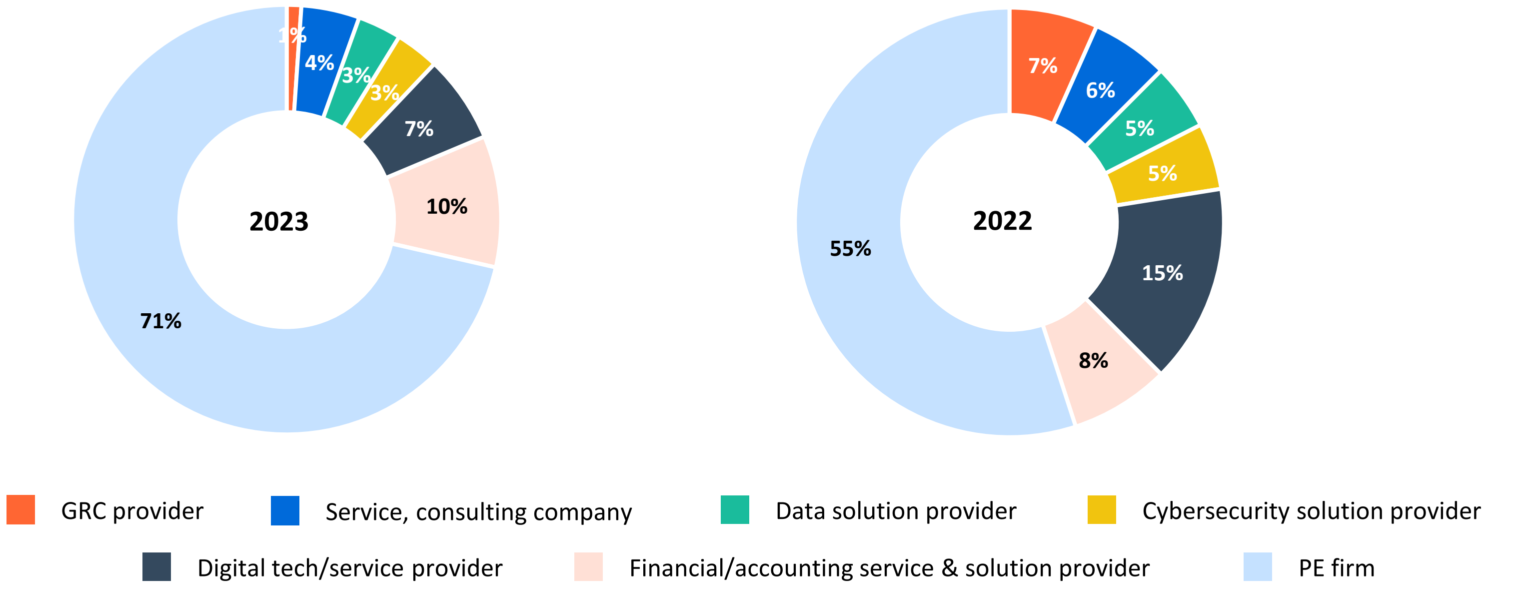
Compliance and risk management remains core acquisition capability to address specific GRC needs; cybersecurity and data management providers are targets for a broader service & platform enhancement acquisitions



*Source: Technology Holdings, M&A Tracker 2023*

# Buyer Type Segmentation of GRC Deals – 2023 Vs 2022

**Figure 13: Buyer Type Analysis (%), 2023 Vs 2022**




**Major PE firms**

Riverwood Capital, ForgePoint Capital, Gryphon Investors, Aldrich Capital Partners, Cypress Growth Capital, Insight Partners, AKKR (Accel-KKR), M33 Growth, Keensight Capital, Monroe Capital

- **PE funds (71%):** GRC buyers received good growth funding investment from PE funds which grew 71% in 2023 from 55% in 2022. The PE funding was sponsored mainly to buyer categories in the SMBs constituting 95% in 2023
- **Financial/accounting service and solution providers (10%):** This segment is next to PE firms and depicts its growth (10%) in 2023 attributed to broader BFSI segment gearing up to have compliance and risk management solutions
- **Digital tech/service provider (7%) and Data solution providers (3%):** These two categories' dormancy compared to the leading buyer types states the early adoption in the bell curve. These two is poised to grow as GRC matures along building a more robust platform using Data analytics/AI and automation

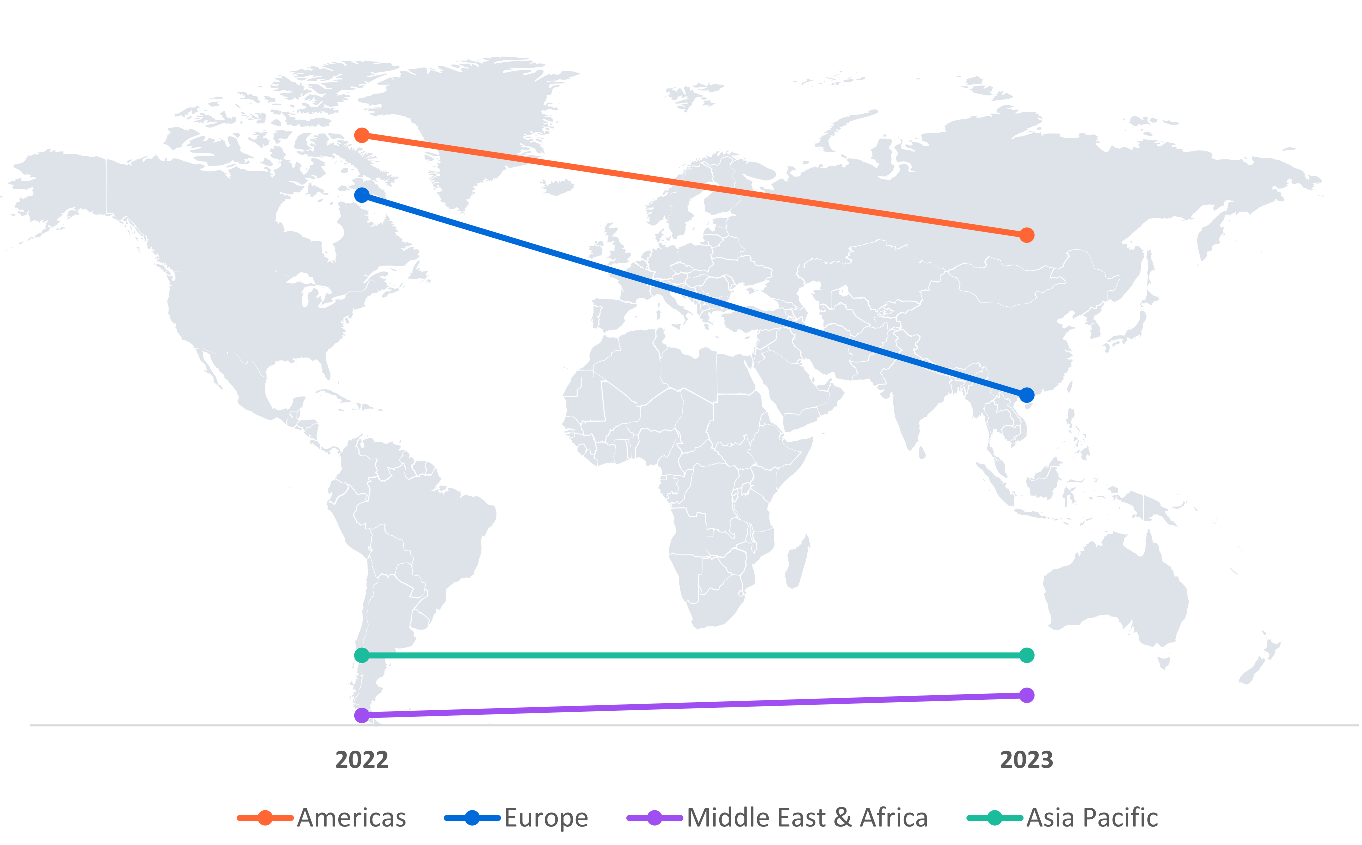
GRC buyers are primarily driven by the strategic influx of growth capital from private equity firms, fortifying service capabilities, while new buyers are poised for imminent expansion as the adoption curve consolidates its trajectory



*Source: Technology Holdings, M&A Tracker 2023*

# Regional Deals Trends in GRC: Opportunities and Market Dynamics

**Figure 14: Regional GRC Deals Count – 2022 Vs 2023**




### Americas

- Declining M&A and funding activity in 2023 compared to 2022
- Leading in the entire geo for deal activity
- PE infusion for growth funding remained stable over the year

### Europe

- Declining M&A and funding activity over 2022
- Poised to grow in coming year as awareness and implementation of GDPR and other regulatory compliance increase
- Stable and attractive for investors

### Asia Pacific

- Stable M&A and funding activity with marginal dip in 2023
- Emerging market with growth potential due to expanding global business' need to adhere to local regulatory needs
- Growth funding and strategic acquisition increased in 2023

### Middle East & Africa:

- Low but relatively stable M&A and funding activity
- Potential for growth and investment due to expanding global footprint
- Region to watch for future developments

M&A and funding in GRC sees a slight dip amidst global challenges, yet the market remains poised for growth as enterprises streamline operations, expand globally, and embrace changing regulations to mitigate risk



*Source: Technology Holdings, M&A Tracker 2023*

# GRC Transactions

Technology Holdings (TH) is exclusively focused on investment banking in technology services, BPM and software and is the digital transformation advisor of choice globally. Over 23 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

**Boutique Investment Bank of the Year Award**

**M&A Deal of the Year Award**
($100M - $250M)

**Boutique Investment Bank of the Year Award**

**Investment Banking Firm of the Year - UK**

OCT 2020

CitihubDigital

Has been acquired by

Synechron

Financial Services Consulting,
Cloud & Cybersecurity

**Chris Allison**
*Co-founder and Managing Director of Citihub Digital*

*We were impressed with the investments Synechron has made in its Financial Innovation Labs (FinLabs) in key financial markets, its R&D efforts and its award-winning Accelerators to lead the industry in areas like AI, Data Science, InsurTech, WealthTech, RegTech and Blockchain.*

***Deal Synopsys*** *- Citihub Digital partners with AWS, Microsoft Azure and Google Cloud and specializes in complex digital transformation including cloud enablement, application modernization, cybersecurity and operating model transformation for the banking, financial services and insurance industry. With offices in the global financial hubs of London, New York, Hong Kong and Toronto. Headquartered in New York, Synechron helps accelerate digital initiatives for banks, asset managers, and insurance companies globally. Synechron's innovation work and Citihub's stellar competencies will lead to continued growth for the combined firms specifically in key financial markets including North America, Europe and APAC.*

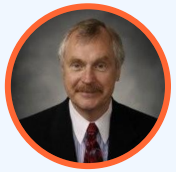
OCT 2014

iViZ

Has been acquired by

Cigital

Cybersecurity
SaaS



**John Wyatt**
*Chief Executive Officer at Cigital*

*The acquisition of iViZ enables Cigital to deliver the most flexible and scalable Dynamic Application Software Testing-as-a-Service in the market. The dynamic nature of the offering gives organizations real agility to respond to new threats, regulatory requirements, and constantly changing business pressures.*

***Deal Synopsys*** *- iViZ is a leading provider of cloud-based application security and penetration testing solutions. US based Cigital is the largest consulting firm specializing in application and software security. The transaction allows the companies to combine their highly synergistic offerings of front-end consulting and automated testing.*

CLICK HERE

TO VIEW ALL TRANSACTIONS

# Technology Holdings' Transactions

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- 2023 THE M&A ADVISOR INTERNATIONAL M&A AWARD WINNER — **Boutique Investment Bank of the Year Award**
- 2023 THE M&A ADVISOR INTERNATIONAL M&A AWARD WINNER — **M&A Deal of the Year Award** ($100M - $250M)
- 2022 THE M&A ADVISOR AWARD WINNER — **Cross-Border Deal of the Year Award**
- FM M&A Awards2022 WINNER — **Mid-Market M&A Advisory Firm of the Year Award**

**APR 2024** — magnetic — Has been acquired by NEWTON iCG PORTFOLIO COMPANY — Digital Design & Innovation Consulting

**APR 2024** — axis CORPORATE — Has been acquired by accenture — Financial Services Management Consulting

**MAR 2024** — Dreamix — Has been acquired by Synechron — Digital Product Engineering

**MAR 2024** — (THE LUMERY) — Has been acquired by accenture — Marketing Automation

**FEB 2024** — leonardo — Has been acquired by U S T TEMASEK PORTFOLIO COMPANY — BPM and Automation

**FEB 2024** — aggne — Majority acquired by wipro — Insurance Technology Services & IP

**FEB 2024** — PLATOMATION — Private Equity Buyout KEENSIGHT CAPITAL servicenow — ServiceNow Consulting & IP

**DEC 2023** — FOREFRONT — Has been acquired by NEORIS Advent International PORTFOLIO COMPANY — Salesforce Consulting & IP

**NOV 2023** — unifii — Has been acquired by inetum. BainCapital PORTFOLIO COMPANY — ServiceNow Consulting & Managed Services

**NOV 2023** — winning — Has been acquired by ALAN ALLMAN ASSOCIATES — Management Consulting & Digital Transformation

**NOV 2023** — CYBER-DUCK — Has been acquired by CACI EVER VIGILANT — Digital Transformation Agency

**OCT 2023** — QUARRY — Private Equity Buyout RTC PARTNERS — B2B Marketing Services & Marketing Automation

**AUG 2023** — WILLIAMS COMMERCE — Has been acquired by NEXT15 — Digital Commerce & Digital Marketing

**AUG 2023** — cloudfy. — Has been acquired by NEXT15 — B2B SaaS E-commerce Software

**AUG 2023** — woodridge SOFTWARE — Has been acquired by RCG Global Services Frontenac PORTFOLIO COMPANY — FinTech Software Engineering

**JUN 2023** — VELOTIO — Has been acquired by R SYSTEMS Blackstone Portfolio Company — Digital Product Engineering

**JUN 2023** — dek TECHNOLOGIES — Has been acquired by endava — Software Engineering, Telco & Embedded Systems

**MAY 2023** — tkg THE KINETIX GROUP — Has been acquired by petaurihealth OAK HILL CAPITAL PORTFOLIO COMPANY — Lice Sciences Commercialization & Marketing

**APR 2023** — AIOPSGROUP — Has been acquired by valantic — Digital Commerce, Salesforce & AIOPs

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