HW Government Technology Introduction

HARRIS WILLIAMS ("HW")
- 25+ years and more than 1,000 closed transactions
- 350+ professionals across eight offices globally
- 170+ closed transactions in the last 24 months
- 10 industry groups

FOCUSED ADVISORY SERVICES
- Mergers and acquisitions (M&A)
- Capital raises
- Corporate divestitures

CONSISTENT RECOGNITION FOR QUALITY

HW TECHNOLOGY, MEDIA & TELECOM ("TMT") GROUP
- 35+ dedicated TMT professionals
- TMT offices include Boston, San Francisco, and London

KEY TMT THEMES
- SaaS / Cloud
- Data & Analytics
- Digital Transformation
- A.I. / Machine Learning

HORIZONTAL FOCUS SECTORS
- Application Software
- Cloud Managed Services and Hosting Solutions
- Compliance Solutions
- CRM and Marketing Automation
- Human Capital Management
- Infrastructure and Security Software
- IT and Tech-Enabled Services
- Marketing, Research, and Insights Software

VERTICAL FOCUS SECTORS
- Architecture, Engineering, and Construction Software
- Education Technology and Services
- Energy Technology
- Facilities and Real Estate Software
- Financial Technology and Payments
- Government Technology
- Healthcare IT
- Industrial and Supply Chain Technology
- Internet and eCommerce
- Retail Technology

HORIZONTAL FOCUS SECTORS
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KEY TMT THEMES
- SaaS / Cloud
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CONSISTENT RECOGNITION FOR QUALITY

HW GOVERNMENT TECHNOLOGY TEAM

TECHNOLOGY, MEDIA & TELECOM

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SELECT HW GOVTech EXPERIENCE

- kalkomey
- payit
- CROWN
- Trafficware
- nCourt
- comverge
- MicroEdge

has been acquired by
- COVE HILL PARTNERS
- PROVIDENCE EQUITY
- Itron
- blackbaud

has received a strategic investment from
- INSIGHT PARTNERS
- GSV
- Itron
- PROVINCETEQUITY
Case Study: Kalkomey

HW’s TMT Group advised Kalkomey, a portfolio company of Inverness Graham, on its sale to Cove Hill Partners.

TRANSACTION OVERVIEW

Kalkomey is a leading provider of online recreational safety education reaching all 50 U.S. states, as well as Australia, Canada, Guam, Mexico, New Zealand, Puerto Rico, and the U.K. The Company works hand in hand with governmental agencies to provide tailored online safety education courses and certifications for boating, scuba diving, hunting, snowmobiling, and off-roading.

Kalkomey’s regulatory-approved safety education courses provide official safety certifications to nearly a million students annually. The Company’s cloud-based government agency software offerings drive operational efficiencies of key workflows from licensing and registration, to certification and event management, to compliance and reporting.

Cove Hill is a long-term-oriented private equity firm focused on partnering with management teams to build market-leading technology and consumer companies. The firm manages a long-duration fund with over $1 billion of commitments from its investors and founders. Based in Boston, Cove Hill has an innovative structure that provides the flexibility to enable a patient, concentrated, and value-added approach in a small portfolio of long-term investments.

RELEVANT SUB-SECTORS

- GOVERNMENT TECHNOLOGY
- VERTICAL SOFTWARE
- EDUCATION TECHNOLOGY

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Government Technology Taxonomy

**OPERATIONS**

Solutions focused on supporting core operational and administrative functions of government agencies

- ERP
- FINANCIAL MGMT.
- PROCUREMENT
- OPERATIONS
- CONTENT MGMT. & RECORDS
- LICENSING & PERMITS
- TAXATION & APPRAISAL

Select Market Participants

- Tyler
- NIC
- @edmunds
- PayIt
- CENTRAL SQUARE
- Accela
- payit

**ASSET AND RESOURCE MGMT.**

Solutions focused on supporting public infrastructure planning, asset management, and environmental services

- ENVIRONMENTAL Svcs.
- PARKS & RECREATION
- SMART CITIES & TRANSPORTATION
- UTILITIES
- ASSET & RESOURCE MGMT.
- PUBLIC WORKS

Select Market Participants

- InvoiceCloud
- accurent
- Innovyz
- Trimble
- BRANDT
- kalkomey
- OPENGov
- PowerDMS
- Laserfiche
- gcr

**CIVIC ENGAGEMENT**

Solutions focused on facilitating communication between government agencies and constituents

- COMMUNICATION
- CITIZEN ENGAGEMENT
- SERVICE REQUEST MGMT.
- HUMAN SERVICES
- VOTER REGISTRATION & MGMT.
- GRANT MGMT.

Select Market Participants

- CIVICPLUS
- GovQA
- Social Solutions
- RAVE
- Thomson Reuters
- Palantir
- Forensic Logic
- OPENGov
- PowerDMS
- LexisNexis

**PUBLIC SAFETY**

Solutions focused on supporting public safety departments, courts and justice systems, and corrections

- LAW ENFORCEMENT
- JUSTICE & CORRECTIONS
- EMERGENCY MEDICAL RESPONSE
- FIRE SAFETY
- COURTS MGMT.
- SECURITY & INTELLIGENCE

Select Market Participants

- Appriss
- THOMSON REUTER
- Palantir
- Forensic Logic
- RAVE
- Court
- PowerDMS
- LexisNexis

**SELECT RECENT HW GOVTECH TRANSACTIONS**

- kalkomey™ has been acquired by
- Cove Hill
- Educational and Training Technology

- payit has received a strategic investment from
- Insight Partners
- Government Software & Payments

- Power has been acquired by
- LS Power
- Energy Management Technology

- Trafficware has been acquired by
- CUBIC
- Smart Transportation Technology

- nCourt has been acquired by
- Providence Equity & GSV
- Judicial Software & Payments

- comverge® has been acquired by
- blackbaud
- Grant Management Software

- MicroEdge has received a strategic investment from
- Pamlico Capital
- Smart Parking Technology

- TRAFFICWARE has been acquired by
- Thomson Reuters
- Property Tax Mgmt. Software

- Tritech has received a strategic investment from
- FFL Partners
- Public Safety Software

- Itron has been acquired by
- Bain Capital Ventures & JMI
- Utilities & Energy Efficiency Mgmt.
The govtech market is vast and represents significant opportunity for next-generation solutions.

U.S. Government Technology at a Glance
At over 35% of GDP, government represents the largest segment of the U.S. economy

- **90,000+** State and Local Government Entities
- **22M+** Total U.S. Government Employees
- **450,000+** IT Systems Across State and Local Government
- **$1.5T+** Citizen Payments to State and Local Government
- **$750B+** Federal Grants for State and Local IT Initiatives
- **$95B+** Total Annual Federal IT Budget

U.S. Government Technology Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Software (Federal)</th>
<th>Software (State &amp; Local)</th>
<th>IT Services (Federal)</th>
<th>IT Services (State &amp; Local)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017A</td>
<td>$24</td>
<td>$24</td>
<td>$20</td>
<td>$25</td>
</tr>
<tr>
<td>2018A</td>
<td>$26</td>
<td>$26</td>
<td>$22</td>
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<tr>
<td>2019A</td>
<td>$29</td>
<td>$31</td>
<td>$24</td>
<td>$26</td>
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<td>2020F</td>
<td>$31</td>
<td>$34</td>
<td>$26</td>
<td>$28</td>
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<tr>
<td>2021F</td>
<td>$33</td>
<td>$36</td>
<td>$28</td>
<td>$29</td>
</tr>
<tr>
<td>2022F</td>
<td>$36</td>
<td>$39</td>
<td>$30</td>
<td>$30</td>
</tr>
<tr>
<td>2023F</td>
<td>$39</td>
<td>$40</td>
<td>$33</td>
<td>$33</td>
</tr>
</tbody>
</table>

- **8.2%** Software CAGR (2017A – 2023F)

Industry Observations

- Demand for modern government software and technology offerings continues to increase as federal, state, and local leaders look to upgrade legacy systems to improve efficiency, increase transparency, and engage with constituents.
- Deployment of customized technology solutions continues to present challenges as government officials grapple with expensive and complex maintenance of legacy systems that are ill-equipped to meet current technology needs.
- Cloud-based software continues to gain momentum in the public sector, driven by a combination of legislation and the strategic imperative to “do more with less”.
- COVID-19 has accelerated the shift to digital government services and the speed at which agencies are moving technology to cloud environments, resulting in a ripple effect on the demand for solutions that enhance civic engagement, security, transparency, and operational efficiency.

Market Observations

- The govtech market continues to attract strong interest from financial sponsors and strategic acquirers eager to invest in next-generation software solutions capable of modernizing government operations and services.
- Consolidation of software vendors persists as companies and investors look to establish comprehensive offerings across a highly fragmented landscape of specialized solutions, many of which lack scale.
- With the backing of leading financial sponsors, several govtech platforms have emerged to take on incumbents, creating greater competition and innovation.
- Digitization of government services has become increasingly mission critical as agencies seek to minimize in-person contact and reduce costs in response to mounting budget constraints.
Happening in Govtech Right Now

Budget Shortfalls on the Horizon
State and local governments face an estimated $900 billion budget shortfall due to lost revenue associated with the COVID-19 pandemic, potentially forcing government agencies to reprioritize spending unless the federal government passes additional legislation to fund IT investment.

Changing Public Sector Labor Force
As government revenue has declined, the state and local government labor force has been reduced by 1.2 million employees, creating additional resource constraints.

Growing Emphasis on Digitization
As government entities grapple with trying to “do more with less” and meet increasingly challenging constituent demands, many are accelerating the use of Robotic Process Automation (RPA) to digitize workflows.

Cloud Adoption Is Accelerating
Governments are being forced to accelerate migration to cloud environments in response to remote work and digital service delivery, and large technology companies are moving quickly to establish greater market share (Amazon, Google, Salesforce).

Utilization of Emerging Technology
Government agencies are adopting emerging technologies like low-code development and chatbots to quickly establish user-friendly digital service delivery models at lower costs.

Heightened Importance of Cybersecurity
Cybersecurity—an ongoing and increasingly challenging priority—continues to garner significant attention as fraudsters seek to capitalize on the government’s rapid transition to remote service delivery, often with ill-equipped legacy systems as their backbone.
Govtech Industry Tailwinds

Government entities are increasingly seeking cloud-based platforms that can be deployed across agencies to replace disparate legacy systems, eliminate organizational silos, and reduce costs.

Migration to the Cloud

• Government continues to transition away from legacy on-premise technology systems to unified cloud-based platforms that can be leveraged across federal, state, and local agencies and configured—not customized—for government department workflows
• Since the establishment of the Federal Risk and Authorization Management Program (FedRAMP), government cloud adoption has increased exponentially, yet less than 5% of government agencies operate entirely in the cloud and nearly 30% continue to operate completely on-premise.

Modernization of Operational Workflows

• U.S. government agencies are forecasted to spend nearly $125B on software and IT services by 2023F—with an emphasis on adopting software that improves operational efficiency—as new legislation, consumer demand for digital services, and cost-saving initiatives accelerate modernization
• Next-generation technologies like Robotic Process Automation (RPA) have tremendous potential to transform government operations; for example, RPA has been estimated to save 1.3 billion hours on manual tasks if deployed across all U.S. government agencies

Digitization of Government Services

• The current macroeconomic environment highlights the need for government agencies to remotely deliver services to citizens and businesses that meet the standards and offer digital experiences on par with other industries
• Digitization of government payments has become a strategic imperative and represents high-impact cost savings; for example, the IRS estimates that the cost of an online transaction can be as low as $0.20, compared to $42 for a payment processed over the phone and $57 by check

Consumerization of Government

• As web-based and mobile technology has rapidly improved and pervaded nearly all industries, government is playing “catch-up” in order to reinforce trust, establish greater engagement, and improve satisfaction with the citizens and businesses it serves
• Constituents not only expect but now require highly personal and contextual digital experiences across government, catalyzing demand for intelligent, cloud-based technology capable of delivering relevant and timely information and services

Utilization of Data and Analytics

• Governments collect and have access to massive amounts of data, but existing legacy solutions are unable to quickly and accurately analyze information and glean real-time insight, hindering decision-making and magnifying operational inefficiencies
• Predictive analytics and AI can dramatically improve government effectiveness by enabling agencies to be proactive—as opposed to reactive—to reduce crime, enforce food and safety regulation, monitor inspection compliance, and prepare for natural disasters, among other initiatives
State of Government Modernization

Politicians, IT leaders, and citizens are eager for government agencies to deliver modern digital solutions that improve government operations and digital service delivery.

Modernization Is Underway, But Significant Runway Lies Ahead...
Less than a quarter of all U.S. government technology systems have been modernized, leaving significant opportunity for adoption of cloud-based software

And Cloud Adoption Is Accelerating
• COVID-19 has exposed government’s need to improve technology infrastructure to better serve employees, citizens, and businesses
• The silver lining to the ongoing pandemic is the widespread recognition that investment in modern, cloud-based software solutions is paramount to adapting to an increasingly digital environment

“... We’ve seen more innovation in the past two months than we’ve seen in the past two years in government... it’s not that [government agencies] weren’t moving, but sometimes you have to move faster for a reason. We’ve seen leadership stepping up and saying ‘we have to create the right systems’”

Teresa Carlson, VP of AWS Worldwide Public Sector

Top Priorities for State CIOs

01 Cloud Solutions / Software-as-a-Service
02 Legacy Application Modernization
03 Data Analytics and Business Intelligence
04 Security Enhancement Tools
05 Identity Access Management
06 Collaboration Tools
07 Artificial Intelligence / Robotic Process Automation
08 Master Data Management / Info Exchange
09 Enterprise Resource Planning
10 Public Safety Radio Network
**Recent News and Insights**

### Article Summary

**Will COVID-19 Cause Long-Term Tech Changes for Courts?**

**Source:** govtech.com  
**Key Themes:** IT Modernization  
**Link to Article:** [Here](#)

**How Much Will State and Local Governments Automate?**

**Source:** statetechmagazine.com  
**Key Themes:** Automation  
**Link to Article:** [Here](#)

**Tech Firms Capitalize on COVID to Deepen Govtech Offerings**

**Source:** govtech.com  
**Key Themes:** Public-Private Partnerships  
**Links to Articles:** [Here](#), [Here](#), and [Here](#)

### Key Takeaways and Insights

- The COVID-19 pandemic upended the way U.S. courts operate, forcing a system heavily reliant on in-person interactions to quickly pivot to video and other digital solutions for nearly all civil and criminal justice functions.

- Not surprisingly, jurisdictions that have already invested in modernization have found the transition less disruptive than others, highlighting the need for government to proactively address technology shortcomings.

- While some court activities such as jury trials are difficult to adapt to the virtual environment, court officials believe that the impact of COVID-19 will have a positive impact on how criminal justice operates in the future.

- Deployment of robotic process automation (RPA) to address repeatable, rule-based, and high-volume tasks is a growing priority for public sector IT leaders, as looming budget constraints and workforce reductions put increasing pressure on government agencies to operate more efficiently.

- A growing number of government IT professionals cite automation as a top-three priority, up to 35% from a pre-pandemic response of 23%, given its ability to free up resources for value-added work and create better experiences for the public.

- COVID-19 has forced government to rapidly migrate a significant amount of processes online, evidenced by an over 800% spike in local government website traffic since the pandemic began.

- Big tech firms have stepped in to facilitate the digital transition and expand their footprint within the public sector, with Salesforce, Amazon, and Google all bolstering resources, developing new solutions, and enhancing capabilities to capitalize on market shift.
Recent Market Activity

Private equity and strategic acquirers are accelerating their investment pace as they seek to create next-generation government software and payments platforms capable of serving diverse agencies.
Active Government Technology Consolidators

Govtech providers continue to consolidate the highly fragmented industry to establish platforms of scale.

Drivers of Consolidation

01 Fragmented industry composed of specialized, and in some cases regional, solution providers

02 Breadth of public sector operations continuously creating new opportunities to serve government agencies

03 Ongoing impetus to create unified digital ecosystem capable of connecting disparate government services

04 Continued consolidation among government IT decision makers driving vendor consolidation

Most Active Govtech Consolidators

Since 2015, the six most active govtech consolidators have acquired over 60 companies
Select Govtech Transactions

**Hyland’s acquisition of Alfresco**
- Alfresco creates cloud-native enterprise content management solutions that enable digitization of processes and stakeholder connectivity in government services and other verticals.
- Alfresco is used by over 1,300 customers including NASA, the FAA, and the Department of the Navy, among other public sector agencies.
- The acquisition by Thoma Bravo-backed Hyland will expand the Company’s geographic footprint and strengthen its industry expertise, including within government, enabling the platform to deliver greater digital transformation solutions.

**Motorola’s acquisition of Callyo**
- Callyo provides cloud-based mobile applications for law enforcement that simplify interactions between first responders and citizens and provide investigative tools that empower digital evidence collection.
- Callyo is used by 20% of law enforcement officers and has partnerships across the law enforcement and public safety landscape.
- Motorola’s acquisition of Callyo will expand its existing command center offerings, giving Motorola additional solutions to offer first responders as they increasingly rely on technology to enhance collaboration and improve outcomes.

**Serent’s investment in Quorum Analytics**
- Quorum Analytics provides public affairs professionals with online tools to track and analyze legislative developments, stakeholder engagement, and grassroots advocacy.
- Quorum is utilized by thousands of public affairs officials in all 50 state legislatures, thousands of U.S. municipalities, the European Union, over a dozen other countries, and major corporations, nonprofits, and advocacy groups.
- Serent’s growth investment and experience investing across government services and nonprofit software will help Quorum to continue developing new solutions, scaling go-to-market strategy, and expanding into new markets.

**Five Arrows’ acquisition of Juvare**
- Juvare is a leading software provider for emergency preparedness and critical incident response management that enables first responders and stakeholders through real-time data and communication tools.
- Juvare connects over 80% of state public health agencies, 3,500 hospitals, and 50 federal agencies and has clients across 25 countries.
- Five Arrows’ investment was split across Five Arrows’ U.S.- and European-oriented funds, with the goal of helping Juvare expand its footprint both domestically and internationally.

**DC Capital’s investment in Revenue Solutions**
- Revenue Solutions provides mission critical, end-to-end tax, labor, and compliance solutions to state and local tax authorities that increase tax collections, improve customer experience, and enhance efficiency and compliance.
- Revenue Solutions’ products are deployed across 35 federal, state, and local government agencies within the U.S.
- DC Capital, a leading investor in government technology and services, brings significant experience in building public sector businesses and will enable Revenue Solutions to invest more extensively in expanding its offering and broadening its sales reach.
Govtech Landscape Overview

<table>
<thead>
<tr>
<th>GOVERNMENT TECHNOLOGY PLATFORMS</th>
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<tbody>
<tr>
<td><strong>OPERATIONS</strong></td>
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<tr>
<td>Finance, Administration, &amp; ERP</td>
</tr>
<tr>
<td>Procurement</td>
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<tr>
<td>Operations &amp; Workflow Mgmt.</td>
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<tr>
<td>Information Mgmt. &amp; Records</td>
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<tr>
<td>Licensing &amp; Permits</td>
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<tr>
<td>Taxation, Appraisal, &amp; Collections</td>
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To receive the latest Government Technology market maps, please contact HW at TMT_Govtech@HarrisWilliams.com
Relative Public Equity Performance

GOVERNMENT SOFTWARE

Stock Price Performance

Valuation Metrics

Enterprise Value / LTM Rev.  LTM EBITDA  2020E EBITDA
5.9x  21.9x  15.1x

Key Public Comps

Appian  blackbaud  CONSEQUENCE
blackberry  CONSTITUTION SOFTWARE
everbridge  GTY TECHNOLOGY  MOTOROLA SOLUTIONS
NIC  Palantir  Tyler Technologies  VERRA MOBILITY

DIVERSIFIED SOFTWARE

Stock Price Performance

Valuation Metrics

Enterprise Value / LTM Rev.  LTM EBITDA  2020E EBITDA
7.1x  23.5x  22.2x

Key Public Comps

IBM  Microsoft  Oracle  Roper
salesforce  SAP  Thomson Reuters

GOVERNMENT TECHNOLOGY & SERVICES

Stock Price Performance

Valuation Metrics

Enterprise Value / LTM Rev.  LTM EBITDA  2020E EBITDA
2.6x  12.7x  11.8x

Key Public Comps

Agilysys  AXON  CACI  Infosys
leidos  MAXIMUS  NTT DATA  Pega
Verint  perspecta  wipro
# Comparable Public Company Operating Metrics

As of September 30, 2020

## $ in Thousands

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
<th>Revenue LTM</th>
<th>Revenue CY2020</th>
<th>EBITDA Margin LTM</th>
<th>EBITDA Margin CY2020</th>
<th>Annual Growth Rates</th>
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<td></td>
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<td>Revenue LTM CY2020</td>
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<td>EBITDA LTM CY2020</td>
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<tr>
<td>Government Software</td>
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</tr>
<tr>
<td>Motorola Solutions, Inc.</td>
<td>$26,624,314</td>
<td>$7,643,000</td>
<td>$7,327,154</td>
<td>26.6%</td>
<td>27.6%</td>
<td>0.1% (7.1%)</td>
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<tr>
<td>Constellation Software Inc.</td>
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<td>3,700,000</td>
<td>3,849,301</td>
<td>17.4%</td>
<td>28.9%</td>
<td>13.7% (10.3%)</td>
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<td>Palantir Technologies Inc.</td>
<td>15,673,100</td>
<td>901,115</td>
<td>1,063,000</td>
<td>NM</td>
<td>NM</td>
<td>NM NA</td>
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<td>Tyler Technologies, Inc.</td>
<td>14,026,330</td>
<td>1,111,869</td>
<td>1,134,344</td>
<td>18.8%</td>
<td>28.4%</td>
<td>11.2% 3.9%</td>
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<tr>
<td>Appian Corporation</td>
<td>4,522,843</td>
<td>280,412</td>
<td>288,355</td>
<td>NM</td>
<td>NM</td>
<td>16.5% 8.6%</td>
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<td>Everbridge, Inc.</td>
<td>4,348,387</td>
<td>233,935</td>
<td>264,885</td>
<td>NM</td>
<td>2.5%</td>
<td>36.0% 32.4%</td>
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<td>Blackbaud, Inc.</td>
<td>2,695,661</td>
<td>914,571</td>
<td>912,578</td>
<td>12.9%</td>
<td>24.3%</td>
<td>4.9% 1.8%</td>
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<tr>
<td>Verra Mobility Corporation</td>
<td>1,562,376</td>
<td>437,223</td>
<td>384,735</td>
<td>43.1%</td>
<td>42.4%</td>
<td>6.4% (13.7%)</td>
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<tr>
<td>NIC Inc.</td>
<td>1,320,321</td>
<td>362,166</td>
<td>378,633</td>
<td>19.1%</td>
<td>23.5%</td>
<td>5.8% 6.9%</td>
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<td>GTY Technology Holdings Inc.</td>
<td>142,816</td>
<td>42,675</td>
<td>48,020</td>
<td>NM</td>
<td>NA</td>
<td>30.8% 31.8%</td>
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<td><strong>Median</strong></td>
<td><strong>$4,435,615</strong></td>
<td><strong>$669,169</strong></td>
<td><strong>$648,656</strong></td>
<td><strong>19.0%</strong></td>
<td><strong>27.6%</strong></td>
<td><strong>11.2% 6.9%</strong></td>
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<tr>
<td>Diversified Software</td>
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<td>Microsoft Corporation</td>
<td>$1,591,704,443</td>
<td>$143,015,000</td>
<td>$149,161,868</td>
<td>45.6%</td>
<td>46.0%</td>
<td>13.6% 12.1%</td>
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<td>salesforce.com, inc.</td>
<td>228,701,200</td>
<td>19,380,000</td>
<td>20,802,302</td>
<td>10.8%</td>
<td>30.0%</td>
<td>31.6% 22.3%</td>
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<tr>
<td>SAP SE</td>
<td>185,643,281</td>
<td>31,617,151</td>
<td>33,157,798</td>
<td>26.5%</td>
<td>35.5%</td>
<td>6.2% 2.1%</td>
</tr>
<tr>
<td>IBM</td>
<td>179,750,016</td>
<td>39,217,000</td>
<td>39,392,160</td>
<td>NM</td>
<td>14.6%</td>
<td>(0.8%) (0.6%)</td>
</tr>
<tr>
<td>International Business Machines Corp.</td>
<td>108,356,717</td>
<td>75,499,000</td>
<td>74,158,117</td>
<td>20.6%</td>
<td>23.8%</td>
<td>(3.0%) (3.7%)</td>
</tr>
<tr>
<td>Roper Technologies, Inc.</td>
<td>41,372,288</td>
<td>5,405,000</td>
<td>5,582,689</td>
<td>35.5%</td>
<td>35.5%</td>
<td>1.7% 3.9%</td>
</tr>
<tr>
<td>Thomson Reuters Corporation</td>
<td>39,602,182</td>
<td>5,921,000</td>
<td>5,969,468</td>
<td>22.3%</td>
<td>31.9%</td>
<td>3.5% 1.1%</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>$179,750,016</strong></td>
<td><strong>$31,617,151</strong></td>
<td><strong>$33,157,798</strong></td>
<td><strong>26.5%</strong></td>
<td><strong>35.5%</strong></td>
<td><strong>3.5% 2.1%</strong></td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td>Technology &amp; Services</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Infosys Limited</td>
<td>$58,162,256</td>
<td>$12,770,000</td>
<td>$13,055,557</td>
<td>24.4%</td>
<td>25.2%</td>
<td>5.5% 7.4%</td>
</tr>
<tr>
<td>Wipro Limited</td>
<td>24,374,332</td>
<td>8,104,481</td>
<td>8,294,841</td>
<td>19.5%</td>
<td>21.1%</td>
<td>(5.8%) (1.1%)</td>
</tr>
<tr>
<td>NTT DATA Corp.</td>
<td>17,845,061</td>
<td>21,061,270</td>
<td>20,845,714</td>
<td>14.6%</td>
<td>14.6%</td>
<td>3.9% (1.3%)</td>
</tr>
<tr>
<td>Leidos Holdings, Inc.</td>
<td>12,676,555</td>
<td>11,592,000</td>
<td>12,396,287</td>
<td>10.5%</td>
<td>10.1%</td>
<td>10.1% 13.0%</td>
</tr>
<tr>
<td>Pegasystems Inc.</td>
<td>9,733,462</td>
<td>986,211</td>
<td>1,065,834</td>
<td>NM</td>
<td>4.4%</td>
<td>12.4% 15.2%</td>
</tr>
<tr>
<td>Axon Enterprise, Inc.</td>
<td>5,757,235</td>
<td>591,109</td>
<td>613,525</td>
<td>NM</td>
<td>17.6%</td>
<td>32.0% 21.5%</td>
</tr>
<tr>
<td>CACI International Inc</td>
<td>5,350,135</td>
<td>5,720,042</td>
<td>5,911,354</td>
<td>10.0%</td>
<td>10.2%</td>
<td>14.7% 9.9%</td>
</tr>
<tr>
<td>MAXIMUS, Inc.</td>
<td>4,194,396</td>
<td>3,292,667</td>
<td>3,329,285</td>
<td>11.5%</td>
<td>11.0%</td>
<td>22.4% 10.3%</td>
</tr>
<tr>
<td>Verint Systems Inc.</td>
<td>3,126,745</td>
<td>4,505,000</td>
<td>4,465,333</td>
<td>13.9%</td>
<td>15.7%</td>
<td>3.7% (0.3%)</td>
</tr>
<tr>
<td>Perspecta Inc.</td>
<td>565,222</td>
<td>152,175</td>
<td>141,354</td>
<td>NM</td>
<td>10.4%</td>
<td>4.8% (9.6%)</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>$5,757,235</strong></td>
<td><strong>$4,505,000</strong></td>
<td><strong>$4,465,333</strong></td>
<td><strong>14.0%</strong></td>
<td><strong>14.6%</strong></td>
<td><strong>5.5% 7.4%</strong></td>
</tr>
<tr>
<td>Total Comp Set Median</td>
<td>$13,311,442</td>
<td>$4,102,500</td>
<td>$4,157,317</td>
<td>19.1%</td>
<td>24.3%</td>
<td>6.2% 3.9%</td>
</tr>
</tbody>
</table>

### Notes
- Median values are used to represent typical performance metrics.
- The table includes metrics for both Government Software and Diversified Software sectors.
- Percentages are rounded to two decimal places for clarity.
## Comparable Public Company Valuation Metrics

As of September 30, 2020

### Government Software

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
<th>Enterprise Value</th>
<th>Enterprise Value/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorola Solutions, Inc.</td>
<td>$26,624,314</td>
<td>$31,434,314</td>
<td>4.1x</td>
</tr>
<tr>
<td>Constellation Software Inc.</td>
<td>$23,534,074</td>
<td>$23,671,074</td>
<td>6.4x</td>
</tr>
<tr>
<td>Palantir Technologies Inc.</td>
<td>$15,673,100</td>
<td>$16,601,163</td>
<td>18.4x</td>
</tr>
<tr>
<td>Tyler Technologies, Inc.</td>
<td>$14,026,330</td>
<td>$13,642,985</td>
<td>12.3x</td>
</tr>
<tr>
<td>Appian Corporation</td>
<td>$4,522,843</td>
<td>$4,319,371</td>
<td>15.4x</td>
</tr>
<tr>
<td>Everbridge, Inc.</td>
<td>$4,348,387</td>
<td>$4,326,166</td>
<td>18.5x</td>
</tr>
<tr>
<td>Blackbaud, Inc.</td>
<td>$2,695,661</td>
<td>$3,264,378</td>
<td>18.5x</td>
</tr>
<tr>
<td>Verra Mobility Corporation</td>
<td>$1,562,376</td>
<td>$2,321,386</td>
<td>N/A</td>
</tr>
<tr>
<td>NIC Inc.</td>
<td>$1,320,321</td>
<td>$1,111,328</td>
<td>N/A</td>
</tr>
<tr>
<td>GTY Technology Holdings Inc.</td>
<td>$142,816</td>
<td>$157,875</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>$4,435,615</strong></td>
<td><strong>$4,322,768</strong></td>
<td><strong>5.9x</strong></td>
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</tbody>
</table>

### Diversified Software

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
<th>Enterprise Value</th>
<th>Enterprise Value/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microsoft Corporation</td>
<td>$1,591,704,443</td>
<td>$1,537,322,443</td>
<td>10.7x</td>
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<tr>
<td>salesforce.com, Inc.</td>
<td>228,701,200</td>
<td>225,606,200</td>
<td>11.6x</td>
</tr>
<tr>
<td>SAP SE</td>
<td>185,643,281</td>
<td>196,381,521</td>
<td>6.2x</td>
</tr>
<tr>
<td>IBM</td>
<td>179,750,016</td>
<td>208,862,016</td>
<td>5.3x</td>
</tr>
<tr>
<td>International Business Machines Corporation</td>
<td>108,356,717</td>
<td>164,154,717</td>
<td>2.2x</td>
</tr>
<tr>
<td>Roper Technologies, Inc.</td>
<td>41,372,288</td>
<td>45,367,888</td>
<td>8.4x</td>
</tr>
<tr>
<td>Thomson Reuters Corporation</td>
<td>39,602,182</td>
<td>42,307,182</td>
<td>7.1x</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>$179,750,016</strong></td>
<td><strong>$196,381,521</strong></td>
<td><strong>7.1x</strong></td>
</tr>
</tbody>
</table>

### Government Technology & Services

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
<th>Enterprise Value</th>
<th>Enterprise Value/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infosys Limited</td>
<td>$58,162,256</td>
<td>$55,828,256</td>
<td>4.4x</td>
</tr>
<tr>
<td>Wipro Limited</td>
<td>24,374,332</td>
<td>20,675,816</td>
<td>2.6x</td>
</tr>
<tr>
<td>NTT DATA Corporation</td>
<td>12,676,555</td>
<td>17,750,555</td>
<td>1.5x</td>
</tr>
<tr>
<td>Leidos Holdings, Inc.</td>
<td>9,733,462</td>
<td>9,793,222</td>
<td>9.9x</td>
</tr>
<tr>
<td>Pegasystems Inc.</td>
<td>5,757,235</td>
<td>5,204,884</td>
<td>8.8x</td>
</tr>
<tr>
<td>Axon Enterprise, Inc.</td>
<td>5,350,135</td>
<td>7,067,870</td>
<td>1.2x</td>
</tr>
<tr>
<td>CACI International Inc.</td>
<td>4,194,396</td>
<td>4,443,123</td>
<td>1.3x</td>
</tr>
<tr>
<td>Verint Systems Inc.</td>
<td>3,150,980</td>
<td>3,641,416</td>
<td>2.9x</td>
</tr>
<tr>
<td>Perspecta Inc.</td>
<td>3,126,745</td>
<td>5,787,745</td>
<td>1.3x</td>
</tr>
<tr>
<td>Agilysys, Inc.</td>
<td>565,222</td>
<td>540,312</td>
<td>3.6x</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td><strong>$5,757,235</strong></td>
<td><strong>$7,067,870</strong></td>
<td><strong>2.6x</strong></td>
</tr>
</tbody>
</table>

### Total Comp Set Median

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Capitalization</th>
<th>Enterprise Value</th>
<th>Enterprise Value/Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Comp Set Median</strong></td>
<td><strong>$13,351,442</strong></td>
<td><strong>$15,122,074</strong></td>
<td><strong>4.8x</strong></td>
</tr>
</tbody>
</table>

### Multiples Summary

<table>
<thead>
<tr>
<th>Company</th>
<th>LTM</th>
<th>CY2020</th>
<th>LTM</th>
<th>CY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorola Solutions, Inc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constellation Software Inc.</td>
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<tr>
<td>Palantir Technologies Inc.</td>
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<tr>
<td>Tyler Technologies, Inc.</td>
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<tr>
<td>Appian Corporation</td>
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<tr>
<td>Everbridge, Inc.</td>
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<tr>
<td>Blackbaud, Inc.</td>
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<tr>
<td>Verra Mobility Corporation</td>
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<tr>
<td>NIC Inc.</td>
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<tr>
<td>GTY Technology Holdings Inc.</td>
<td></td>
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</tr>
<tr>
<td><strong>Median</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Microsoft Corporation</td>
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</tr>
<tr>
<td>salesforce.com, Inc.</td>
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<tr>
<td>SAP SE</td>
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</tr>
<tr>
<td>IBM</td>
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<td></td>
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</tr>
<tr>
<td>International Business Machines Corporation</td>
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<tr>
<td>Roper Technologies, Inc.</td>
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<tr>
<td>Thomson Reuters Corporation</td>
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<tr>
<td><strong>Median</strong></td>
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<tr>
<td>Infosys Limited</td>
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</tr>
<tr>
<td>Wipro Limited</td>
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<tr>
<td>NTT DATA Corporation</td>
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<tr>
<td>Leidos Holdings, Inc.</td>
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<tr>
<td>Pegasystems Inc.</td>
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<tr>
<td>Axon Enterprise, Inc.</td>
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<td>CACI International Inc.</td>
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<tr>
<td>MAXIMUS, Inc.</td>
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<tr>
<td>Verint Systems Inc.</td>
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<tr>
<td>Perspecta Inc.</td>
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<tr>
<td>Agilysys, Inc.</td>
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<tr>
<td><strong>Median</strong></td>
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</tr>
<tr>
<td><strong>Total Comp Set Median</strong></td>
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</tr>
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<td>Date</td>
<td>Target</td>
<td>Acquirer</td>
<td>Value</td>
<td>Revenue</td>
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<td>---------------------------------------------</td>
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<td>----------</td>
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<td>Hyland Software (Thoma Bravo)</td>
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<td>Quorum Analytics</td>
<td>Serent Capital</td>
<td>NA</td>
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<td>Thomson Reuters Corporation</td>
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<tr>
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<td>Kroll</td>
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<td>The Carlyle Group</td>
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<td>CarteGraph Systems, Inc.</td>
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<td>Audax Group</td>
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<td>Banneker Partners</td>
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<td>10/11/19</td>
<td>Cityworks</td>
<td>CivicPlus, LLC</td>
<td>NA</td>
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<td>ViewPoint Government Solutions, Inc.</td>
<td>OpenGov, Inc.</td>
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<td>New Mountain Capital</td>
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<td>GovQA</td>
<td>Frontier Capital</td>
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<td>Telius Safety Solutions, LLC</td>
<td>CentralSquare Technologies</td>
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<td>Passport Labs, Inc.</td>
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<td>BV Investment Partners</td>
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<td>NA</td>
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<td>Compia, LLC</td>
<td>NEC Inc.</td>
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<td>Rave Mobile Safety</td>
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<td>04/15/19</td>
<td>Appriss</td>
<td>Clearlake Capital Group</td>
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<td>04/04/19</td>
<td>Firmstep</td>
<td>Granicus (Vista Equity Partners, K1)</td>
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<td>03/20/19</td>
<td>Payit</td>
<td>Insight Venture Partners</td>
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<td>02/28/19</td>
<td>MicroPact Inc.</td>
<td>Tyler Technologies, Inc.</td>
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<td>Citybase, Inc.</td>
<td>GTY Technology Holdings Inc.</td>
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<td>NA</td>
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<td>01/28/19</td>
<td>Intellectual Technology</td>
<td>Arlington Capital Partners</td>
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<td>01/09/19</td>
<td>BAS</td>
<td>Edmunds &amp; Associates</td>
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<tr>
<td>12/18/18</td>
<td>Invoice Cloud</td>
<td>General Atlantic</td>
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<td>11/29/18</td>
<td>Rock Solid Technologies, Inc.</td>
<td>Strattam Capital, LLC</td>
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<td>Edmunds &amp; Associates</td>
<td>LRL Partners</td>
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<td>10/24/18</td>
<td>Trafficware Group Inc.</td>
<td>Cubic Transportation Systems, Inc.</td>
<td>236</td>
<td>38.7x</td>
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<td>08/03/18</td>
<td>Central Square Technologies (Tritech Software, Superion, Aptean)</td>
<td>Bain Capital, Vista Equity Partners</td>
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<td>04/30/18</td>
<td>Socrata, Inc.</td>
<td>Tyler Technologies, Inc.</td>
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<td>03/31/18</td>
<td>Brandt Information Services, LLC</td>
<td>NexPhase Capital</td>
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<td>03/06/18</td>
<td>Value Payment Systems, LLC</td>
<td>Government Brands (Providence Strategic Growth)</td>
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<td>eCourt</td>
<td>Government Brands (Providence Strategic Growth)</td>
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<td>Northgate Public Services</td>
<td>NEC Corporation</td>
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<td>PowerDMIS</td>
<td>Frontier Capital</td>
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<td>Acceo Solutions</td>
<td>Constellation Software, Inc.</td>
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<td>GovPayNet</td>
<td>Securus Technologies, Inc.</td>
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 Median: $164 5.7x 14.7x

$ in Millions  
Enterprise LTM Multiples
Case Study: PayIt

Business Summary and Transaction Overview

- PayIt is a leading provider of next-generation integrated digital government software and payment solutions
- PayIt improves the way citizens interact with government by providing a modern, mobile technology platform designed to simplify the maze of government agencies and provide users with an intuitive, contextual experience
- The Company received a strategic investment from Insight Partners on March 28, 2019

Key Value Drivers

- Best-in-class software solution with sleek design and differentiated chat-based user experience capable of displacing multiple solutions across government services with a single, unified platform
- Compelling customer growth and rapidly expanding user adoption, demonstrating the value proposition to both the government and the public
- Accelerating growth in a highly attractive, underpenetrated market segment overdue for software solutions that drive efficiencies and improve public engagement
- Robust and growing sales pipeline across diverse market segments, providing significant visibility into future growth
- Attractive opportunity to augment growth through expansion into new government adjacencies and continued product development

Process Notes

- PayIt garnered significant interest from a targeted group of strategic and financial buyers across the govtech landscape
- The Company received numerous compelling offers, with several parties differentiating themselves on value
- Opportunity for scalability, revenue growth opportunities, and market tailwinds drove a premium outcome for PayIt
Case Study: nCourt and Government Brands

Business Summary and Transaction Overview

- nCourt connects government entities and the public through an integrated SaaS civic engagement and payments platform
- The Company’s solutions improve the operational efficiencies and revenue generation capacity of government entities by streamlining payments and reporting through intuitive web and mobile applications
- The Company was acquired by Providence Strategic Growth and Greater Sum Ventures as the platform for Government Brands

Key Value Drivers

- Differentiated, multi-tenant SaaS platform with compelling value proposition for both sides of the government transaction
- Large addressable market underpinned by favorable industry tailwinds as payments move online and governments become more digitally focused
- Impressive unit economics and cohort performance with 102% net revenue retention, and accelerating recurring revenue with high visibility
- Compelling growth trajectory with several recent key customer wins in attractive adjacent markets
- Attractive opportunity to consolidate fragmented court and judicial software ecosystem and pursue strategic acquisitions to expand its solution offering

Process Notes

- HW commenced work in late November and began contacting a targeted group of buyers in early December
- After receiving several compelling offers, shareholders proceeded with Providence Strategic Growth and Greater Sum Ventures
- HW conducted an expedited diligence process, signing the transaction three weeks after granting exclusivity
Government Technology: The Sleeping Giant Stirs

HW’s TMT team shares its views on the increasingly active govtech sector in a recent article, highlighting the attractiveness of the integrated software and payments opportunities in the segment.

**Sector Observations**

Government agencies are under increasing pressure to modernize their IT systems, especially those serving today’s digital consumers. That’s opening up a $100B+ opportunity for technology vendors, and for the strategic buyers and financial investors that understand the space.

In this article, Managing Director Tyler Dewing, Director Scott Reinig, and Vice President Mike Quealy of the Harris Williams Technology, Media & Telecom (TMT) Group explain the key drivers of this shift and reveal one specific area creating noteworthy growth opportunities.

**Recent HW Govtech Transactions**

- **payit**: has received a strategic investment from
- **mCourt**: has been acquired by

**Article Excerpt**

“Modernizing payments is a quick win for both government agencies and technology vendors,” says Dewing. “For agencies, it delivers an almost instant and significant operational efficiency boost for employees and service improvement for the general public—without requiring a big-budget purchase. For vendors, it creates an attractive revenue model and enables those with a broad suite of solutions to get a foot in the door.”
M&A Advisor of Choice for Leading TMT Companies
Our Firm

Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence, and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.

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Harris Williams

SOURCES
1. Census of Governments
2. US Bureau of Labor Statistics
3. Tyler Technologies
4. GovTech Navigator
5. Whitehouse.gov
6. Gartner
7. Government Business Council
8. National Association of State CIOs
9. CapIQ
10. Pitchbook

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