

**MPG** | MADISON PARK GROUP

Environment, Health, Safety, and Quality (EHSQ)  
Primer

December 2022



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# State of the EHSQ Market

## Key Industry Drivers Are Elevating EHSQ As A Key Corporate Priority

### Strong EHSQ Technology Adoption Supported By Continued Regulatory And Social Pressures

Public awareness pushes EHS role to forefront, says Eco Canada expert

October 2022



EHS will guide future success for many organizations through records and reporting

September 2022



Partners Group to acquire a significant minority stake in VelocityEHS

August 2022



Limerick firm AMCS to acquire German EHS company Quentic

April 2022



Merging EHS and ESG will future proof your business

March 2022



### Influential Strategic Themes



- The past narrative of EHS vendors as cost-avoidance solutions has given way to becoming foundational to ESG success, particularly given their vast data troves, analytics and reporting capabilities



- EHS solutions have evolved from “nice to have” to “must have” technologies as corporations proactively seek to improve worker safety and improve worker engagement



- Mid-market organizations are seeking the perfect balance of “out-of-the-box” EHS functionality coupled with configurability to cater to their unique workflows and data



- Recent M&A activity has created new scaled platforms with significant resources targeting the global market while smaller vendors continue to gain traction



- Vendors which were once focused on the enterprise market are coming down-market, making the mid-market an even more contested battleground for EHS technology wallet share



- EHS software vendors are increasingly seeking to embed learning / training into their platforms to help increase employee safety and retention



- Industries beyond the core historical customers of EHS solutions increasingly leverage EHS software as part of their overall regulatory strategy

# Emerging Themes and Players

## Multiple Exciting Subsegments Within The EHSQ Ecosystem

### Supply Chain Compliance



#### Track & Trace Solutions

Following the logistics path of products as they flow throughout the global supply chain

Enables regulated manufactures to achieve compliance through item level visibility in their outsourced operations / supply chains



#### Supply Chain Risk Management

Holistic monitoring, including supplier ESG compliance, climate change and disruptions

Global companies face turbulence in complex supply chain networks and require robust risk management solutions to be resilient

### Industrial Reporting & Checklists



#### EPA Data Reporting

Recent mandate of Scope 3 emissions reporting has raised the bar on EPA disclosures

Scope 3 emissions remain a challenge given their indirect nature and necessitate technology solutions for efficient data capture / aggregation



#### Remote Audits / Inspections

Digitize processes and conduct safety checks to mitigate against workplace safety hazards

Mobile-first inspection capabilities enable clients to reduce workplace incidents, meet compliance requirements and drive safety & quality

### Platform Technologies



#### No-Code / Low-Code

Platforms that empower citizen developers to create solutions to complex problems

Innovative platforms are enabling customers to configure EHSQ solutions to their business processes, not the other way around



#### Artificial Intelligence

Eliminate manual processes through automated and intelligent technologies

AI can power multiple EHSQ use cases, including, automated regulatory document scanning / review, liability assessment and motion-capture risk assessment



Strategic Sale



(Sep-22)



Strategic Sale



(Sep-22)



Minority Investment



(Jun-22)



Minority Investment



(May-21)



Financial Sale



(Mar-22)



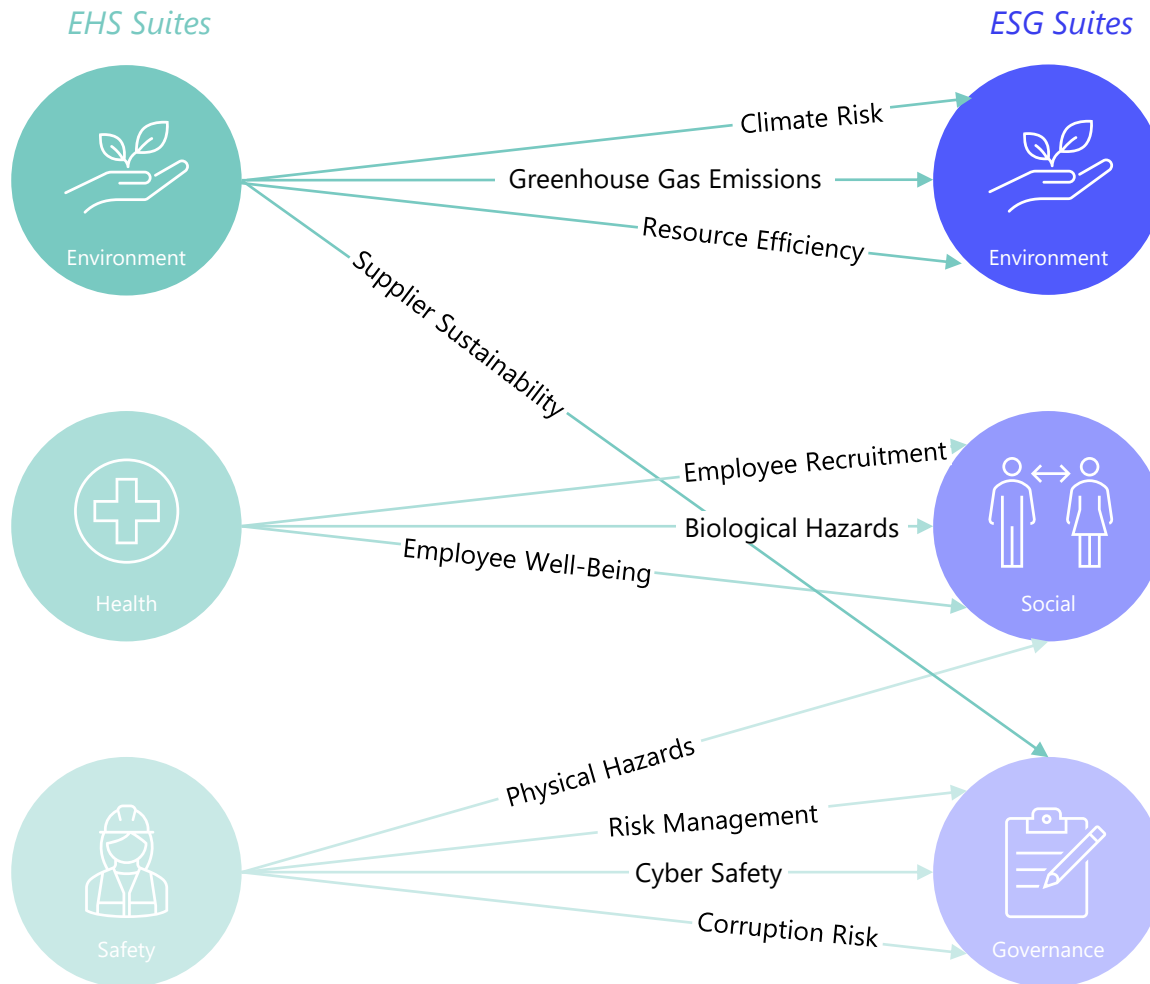
Strategic Sale



(Jul-21)

# Intersection of EHS and ESG

## EHS Solutions Are Foundational To ESG Data Collection And Program Execution



### How Are EHS And ESG Linked?

- EHS systems have the underlying data which could feed into all pillars of an ESG strategy
- ESG program execution requires the right data, tools and technology; while there are dedicated ESG technology solutions in the market, EHS suites alone can provide
- Foundational EHS compliance supports sustainable business practices which inherently increase the likelihood of meeting ESG criteria
- The rise and mission-criticality of ESG will accelerate the elevation of related EHS suites from "nice to have" to "must have"

# An Evolving Market Landscape

## Robust Transaction Activity Across Both Incumbents And Emerging Vendors

Established Vendors Amassing Even Larger War Chests...



...While A New Crop of Competitors Emerges




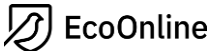





- Incumbents tend to have broad product suites spanning multiple pillars of EHSQ
- Strategics continue to consolidate as they seek new product capabilities, geographic exposure and financial scale
- Significant PE investment into large platforms as sponsors seek EHSQ exposure, setting up next wave of consolidation

- Emerging vendors tend to specialize in a specific capability (traceability, forms / inspections, etc.), although some have built out multi-product portfolios
- Upcoming players are attracting significant funding rounds as corporations continue prioritizing EHSQ initiatives
- Many successfully compete with incumbent players

# Landmark EHSQ Transactions

## Aggressive M&A Activity Across A Diverse Buyer Set

Strategic Acquirer	 Apax	 AMCS	 HEXAGON	Blackstone
Target	 EcoOnline	 Quentic	 etq	 sphera
Buyer Category	Private Equity	Waste Management Software	Industrial Technology	Private Equity
Closing Date	June 2022 (Announced)	April 2022	February 2022	September 2021
Valuation	\$400 Million	n/a	\$1.2 Billion	\$1.4 Billion
Est. Revenue	\$47 Million	n/a	\$75 Million	n/a
Est. EV/Revenue	8.54x	n/a	16.0x	n/a
Strategic Commentary	<ul style="list-style-type: none"> <li>Apax previously acquired Alcumus, a provider of compliance technology solutions spanning EHSQ, ESG and contractor mgmt.</li> <li>Investment will help EcoOnline cement its presence in Europe and continue attacking white space in the EHS market</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of Quentic adds complementary EHS/ESG capabilities to waste, recycling &amp; logistics management suite</li> <li>Allows AMCS to geographically expand into Europe, while providing Quentic with new distribution/sales channels in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>Will sit in Hexagon's Manufacturing Intelligence division - drive quality data capture to reduce defects and drive autonomous feedback loops</li> <li>Highly applicable technology across Hexagon's manufacturing and process industries – ability to cross-sell into respective geographies</li> </ul>	<ul style="list-style-type: none"> <li>Sphera historically provided EHSQ software to “dirty industries” (manufacturing, mining, energy, etc.) and was an aggressive consolidator</li> <li>Sphera's emerging traction in the ESG ecosystem through its carbon reporting product for broader corporates excited Blackstone</li> </ul>
Buyer Quote	<p><i>“We view the EHS market as highly compelling, with growth and demand driven by strong tailwinds. We see considerable opportunity to build a truly unique pan-European vendor in this space and view EcoOnline as [the] platform for doing so.”</i></p> <p>– Frank Ehmer &amp; Andrew Waidhofer, Partner &amp; Principal (Apax)</p>	<p><i>“We are thrilled to bring the technology from Quentic into the AMCS portfolio of solutions and can now move forward with a stronger focus on influencing the entire supply chain offering smarter outcomes from automating and digitizing their businesses...”</i></p> <p>– Jimmy Martin, CEO (AMCS)</p>	<p><i>“Our leadership in quality data capture and smart digital realities makes ETQ an excellent fit. The acquisition brings a mix of talent and deep quality expertise across extensive industry verticals, targeting the...gap between quality data creation and leverage.”</i></p> <p>– Ola Rollén, CEO (Hexagon)</p>	<p><i>“What excites us [at Blackstone] so much about Sphera is that they offer emissions measurement and reporting at the product level in addition to the corporate level. This is possible because of the software platform they've developed.”</i></p> <p>– Eli Nagler, Senior Managing Director (Blackstone)</p>

# Acquisition & Investment Activity

## Robust Interest Across The Spectrum

### Majority Transactions

Acquirer	Target(s)	Date	Description
		Oct-22	Integrated enterprise EHS software with a health & safety focus
		Oct-22	E-learning provider of EHS-compliance courses
		Oct-22	Supply chain risk management software
		Jun-22	Safety software for remote/lone workers
		Apr-22	German-based EHSQ and ESG technology vendor
		Mar-22	Two products: (i) smart health and (ii) physical demands analysis
		Mar-22	SDS and EHS compliant data management solutions
		Mar-22	No-code QMS and EHS solutions
		Feb-22	SaaS-based QMS, EHS and compliance management software
Blackstone		Sep-21	EHSQ, risk mgmt., product stewardship & ESG solutions

### Minority Transactions

Investor(s)	Target	Date	Description	Type
		Oct-22	Enterprise compliance and remote inspection platform	Growth / Recap
		Oct-22	Cloud-based QMS platform for life sciences	Growth / Recap
		Aug-22	AI-powered EHS and ESG solutions	Growth / Recap
		Aug-22	EHS applications built on ServiceNow	Seed
		Jun-22	Environmental compliance data management & reporting	Growth / Recap
		Jun-22	Real-time workplace safety and facilities monitoring	Series A
		Mar-22	EU-based EHSQ solution	Series B
		Mar-22	Frontline worker safety and compliance software	Seed
		Jan-22	Construction-site safety management software	Series B
		Sep-21	Facility safety monitoring platform using AI	Series A



# M&A Advisors To The Software Economy

MADISON PARK GROUP

## Technology Leaders Trust MPG With Critical Financial & Strategic Decisions

### MPG's EHSQ Practice Leaders



**Jonathan Adler**  
Managing Director  
Email | [LinkedIn](#)



**James Tomasullo**  
Vice President  
Email | [LinkedIn](#)



**Bobby Andreozzi**  
Associate  
Email | [LinkedIn](#)



**Gabriel Lechner**  
Analyst  
Email | [LinkedIn](#)

### By The Numbers

**200+**  
COMPLETED TRANSACTIONS

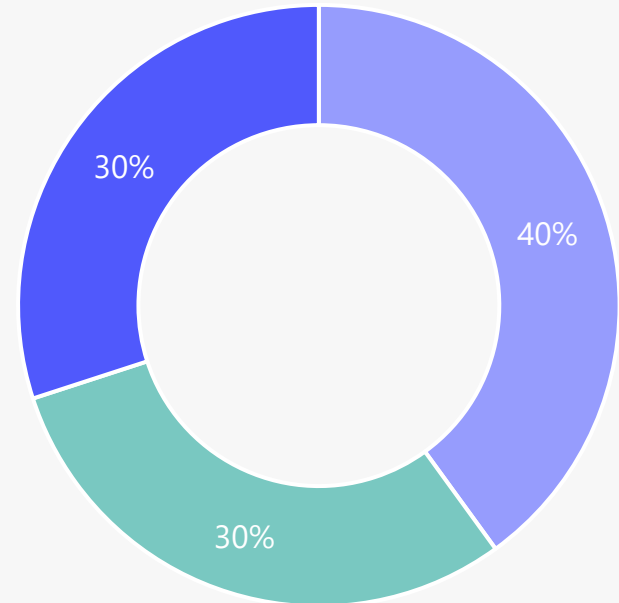
**40%+**  
SPONSOR-BACKED CLIENTS

**98%**  
TRANSACTION SUCCESS RATE

**\$30+**  
BILLION IN DEAL VALUE

**22**  
DEDICATED ADVISORS

### MPG's Process Outcomes by Buyer Type<sup>(1)</sup>



● PE-Backed Strategic ● Public Strategic ● Financial Sponsor

(1) Select deals completed in the last two years



#### FOCUS

We partner with global technology clients across North America and Europe



#### EXPERTISE

We specialize in impacting growth strategies to optimize shareholder value creation



#### STRATEGY

We marry thoughtful corporate strategy planning with stalwart transactional execution



#### RESOURCES

Domain experts with active relationships across +1,500 investors



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