

# M&A Update

Q4 2023



## *Legal Technology*

# LegalTech Sector Overview

## Market Commentary

- Rising investments in technologies to automate and optimize legal procedures are actively improving the productivity and profitability of legal service providers. Streamlined operations utilizing LegalTech are the bedrock of the 10.8% CAGR U.S. market outlook from 2023 to 2030.
- Key stakeholders such as judiciaries, law societies, private law firms, corporate legal departments, and others, are rapidly increasing investments in advanced legal technologies to offer the most comprehensive and efficient legal services in rapidly modernizing end-markets.
- Smart contracts and blockchain technology have enabled legal professionals to record data securely and efficiently, creating a new wave of data security and software development jobs.
- Sector growth is driven by the legal services segment, which is on the forefront of awareness of tech-solutions such as billing & tracking, document management, and payment processing.

## Key Trends and Tailwinds

### Cloud-Based Solutions

- Cloud-based applications now have a higher level of security, and the importance of being able to work remote has driven users to cloud-based software and products.

### Utilization of Analytics

- Legal analytical tools are simplifying research, identifying patterns in verdicts, and aggregating information about opposing counsel and counterparties.



### Managing Legal Costs

- Law firms needing to improve performance and efficiency have begun to turn to technology and automation as a solution.

### Investments in GenAI

- ChatGPT and GenAI tools are being leveraged to eliminate routine tasks, review documents, automate contracts, and conduct predictive case analysis.

## Thought Leadership Takeaways

"The proportion of corporate legal budgets spent on technology set to increase from **3.9% in 2020** to **12.0% by 2025**."

- Jacob Gordon,  
Director at RF  
Investment Partners

Surveying lawyers showed **82% believe GenAI can be applied** to legal work, but only **51% believe it should be**, showing hesitation, yet favor for full adoption.

- Thomas Reuters  
Institute 2023

"Legal technology has gained a **secure foothold** in the legal industry and has now reached a **critical tipping point**."

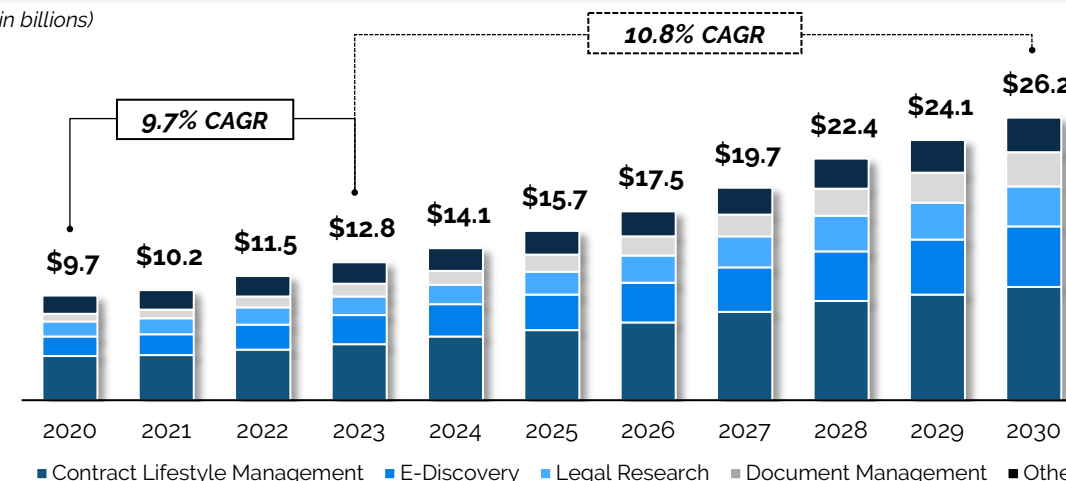
- Tim Parilla, CLO at  
LinkSquares

"...Disruptive technologies historically create **new avenues for growth** rather than rendering professionals obsolete."

- Jack Newton,  
CEO at Clío

## U.S. Market Size and Outlook\*

(in billions)



\*Estimates based on internal market data and industry research across multiple trusted sources

# Provider Ecosystem Map

## Customer Segmentation

Corporate	Law Firms	SMEs	Auxiliary/Niche
<ul style="list-style-type: none"> <li>AI and advanced analytics</li> <li>Global compliance</li> <li>E-discovery and research</li> </ul>	<ul style="list-style-type: none"> <li>Case management</li> <li>Practice management</li> <li>Search, analytics, &amp; reporting</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration tools</li> <li>Contract life cycle management</li> <li>Workflow and automation</li> </ul>	<ul style="list-style-type: none"> <li>IP regulatory services</li> <li>Cybersecurity</li> <li>Language translation</li> </ul>

## Key Services Provided

Enterprise Legal Software ////	Legal Practice Software ////	Workflow Solutions ////	3 <sup>rd</sup> Party Services ////
<p>Solutions for in-house legal departments to manage and optimize legal operations and workflows, including legal spend and e-billing, matter management, contract management, IP management, entity management, legal hold, compliance management, and reporting.</p>	<p>Solutions for law firms to manage and optimize firm operations and workflows, including practice management software, advanced analytics, billing and time management software, case management, reporting, and compliance software.</p>	<p>Software and tools for legal professionals to increase efficiency in delivery of legal services and insights, including contract management, eDiscovery, document management, verdict and regulatory research, AI and advanced analytics, and IP management.</p>	<p>Comprehensive services traditionally offered by 3<sup>rd</sup> party legal support firms including investigation and legal research, document review, eDiscovery, legal process outsourcing, IP filing and renewals, legal translation, compliance services, and IT support services.</p>

## Select Market Participants


# Public Market Analyses

## Financial Performance Data: Legal Technology

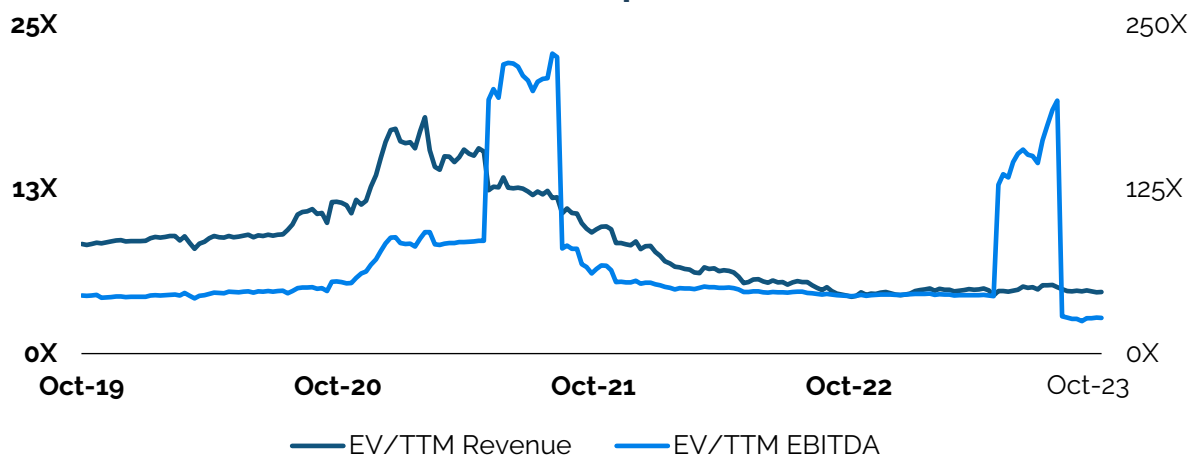
Name	Ticker	Stock Price	Market Data (\$ millions)				EV/ Rev Multiples		EV/ EBITDA Multiples		Revenue	EBITDA
			Market Cap	Enterprise Value	TTM (A) Revenue	NTM (E) EBITDA	TTM (A)	NTM (E)	TTM (A)	NTM (E)	Growth	Margin
RELX	NYSE: RELX	\$35.13	\$65,929	\$74,348	\$10,924	\$4,587	6.8x	6.2x	18.1x	16.2x	10%	38%
Thomson Reuters	NYSE: TRI	\$126.61	\$56,938	\$59,650	\$6,724	\$2,848	8.9x	8.4x	25.5x	20.9x	6%	40%
Clarivate	NYSE:CLVT	\$6.38	\$4,314	\$10,224	\$2,609	\$1,134	3.9x	3.8x	9.2x	9.0x	3%	42%
LegalZoom	NASDAQ: LZ	\$10.49	\$1,968	\$1,740	\$637	\$122	2.7x	2.5x	17.4x	14.2x	9%	18%
RWS	LON: RWS	\$2.85	\$1,086	\$1,062	\$913	\$222	1.2x	1.1x	5.3x	4.8x	5%	23%
Dye & Durham	TSE:DND	\$9.92	\$547	\$1,537	\$336	\$209	4.6x	4.2x	8.5x	7.3x	8%	58%
<b>Median</b>			<b>\$3,141</b>	<b>\$5,982</b>	<b>\$1,761</b>	<b>\$678</b>	<b>4.2x</b>	<b>4.0x</b>	<b>13.3x</b>	<b>11.6x</b>	<b>7%</b>	<b>39%</b>

Source: Pitchbook, data as of 10/10/2023

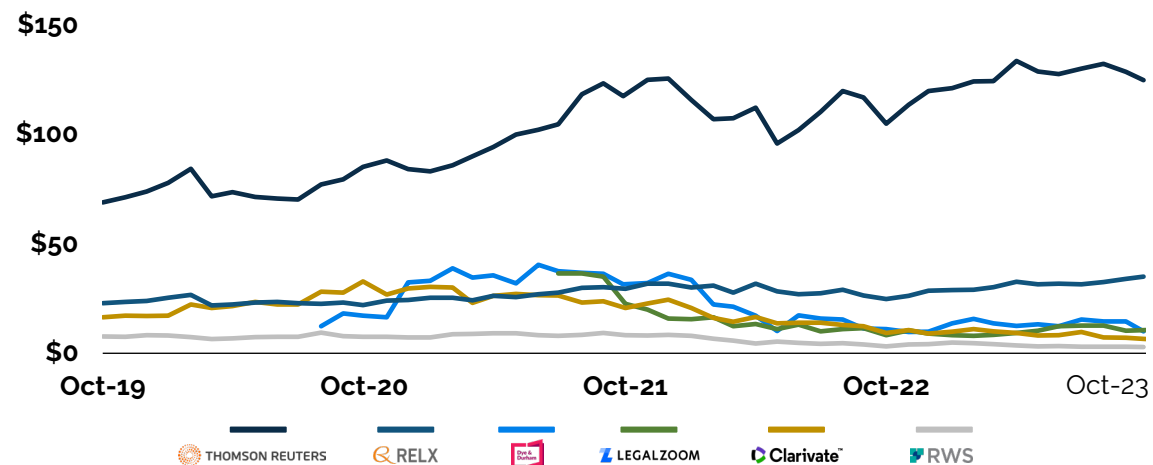
*Representative Companies*

*Considered but Excluded\**

### Valuation Multiple Trends












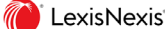










### Stock Performance Trends



\* 'Considered but Excluded' applies to companies who are applicable to the market segment, but have data significantly outside normal parameters, thus skewing data and misleading key takeaways from this report

# Recent M&A Transactions

<i>Date</i>	<i>Target</i>	<i>Acquirer</i>	<i>Target Description</i>
Sep. 2023	 akorda	 LegalSifter	<ul style="list-style-type: none"> <li>San Francisco-based contract lifecycle management software company. The acquisition expands LegalSifter's software and service capabilities from contract creation through post-signature contract data analysis.</li> </ul>
Sep. 2023	 CITERIGHT	 JURISAGE	<ul style="list-style-type: none"> <li>CiteRight's software assists lawyers organize and assemble litigation materials, while Jurisage has developed AI technology for analyzing case law. The two Canadian companies completed a merger to deliver a comprehensive, integrated legal research and drafting solution.</li> </ul>
Aug. 2023	 reveal  K1 INVESTMENT MANAGEMENT	 logikcull  IPRO	<ul style="list-style-type: none"> <li>Reveal, a global provider of a leading AI-powered eDiscovery platform backed by K1 Investment Management, has acquired Logikcull and IPRO, two other leading eDiscovery players.</li> <li>Together, the three companies offer the first end-to-end eDiscovery platform that addresses matters of all sizes and for all legal teams, from solo legal practitioners to the largest enterprise. The transactions are valued at more than \$1 billion,</li> </ul>
Aug. 2023	 casetext	 THOMSON REUTERS®	<ul style="list-style-type: none"> <li>Casetext uses AI/ ML to build technology for legal professionals. Its key products include CoCounsel, AI powered by GPT-4 that delivers document review, legal research memos, deposition preparation, and contract analysis. The acquisition was valued at \$650mm.</li> </ul>
Aug. 2023	 CASE LAW ANALYTICS	 LexisNexis	<ul style="list-style-type: none"> <li>Case Law Analytics has developed a legal risk assessment solution based on a rigorous analysis of legal texts and the use of artificial intelligence and probabilistic models.</li> </ul>
July 2023	 PROPYLON	 RWS	<ul style="list-style-type: none"> <li>Dublin-based provider of content creation, management and publishing solutions for the government, legal, audit, and publishing industries. The acquisition was valued at €33mm.</li> </ul>
July 2023	 NEXTPOINT	 RF INVESTMENT PARTNERS	<ul style="list-style-type: none"> <li>Chicago-based software developer of a cloud platform offering full-service legal tech solutions and litigation services for discovery and case preparation.</li> </ul>
June 2023	 clausmatch	 CORLYTICS	<ul style="list-style-type: none"> <li>Software platform which empowers companies to collaborate, create, manage, and review compliance documents, in real time, with a complete audit trail and live insights.</li> </ul>
June 2023	 eDepoze	 TRANSPERFECT LEGAL SOLUTIONS	<ul style="list-style-type: none"> <li>Provider of deposition services offerings with an industry-leading electronic exhibit-sharing platform that simplifies workflows for examination before trial (EBT) requirements.</li> </ul>

# About Solganick & Co.

## M&A Transaction Experience

<b>Technology Services</b>  has been acquired by 	<b>Data Analytics</b>  has merged with  backed by	<b>Data Analytics</b>  has been acquired by 	<b>Technology Services</b>  has been recapitalized by 	<b>Technology Services</b>  has merged with 
<b>Data Analytics and AI</b>  has been recapitalized by 	<b>Technology Services</b>  has been acquired by 	<b>Technology Services</b>  has been acquired by  backed by	<b>Software</b>  has been recapitalized by 	<b>Software</b>  has been acquired by 
<b>Healthcare IT</b>  has been acquired by  backed by	<b>Data Analytics</b>  has been acquired by 	<b>Healthcare IT</b>  has been acquired by  backed by	<b>Healthcare IT</b>  has been acquired by 	<b>Artificial Intelligence</b>  has been acquired by 

## Solganick At A Glance

- **M&A-focused investment banking firm** established in 2009 and based in Los Angeles
- Exclusively focused on the lower middle market **Technology Services**, Software, and Healthcare IT sectors
- **Experienced team** of technology-focused investment bankers with diverse professional backgrounds
- Founded by Aaron Solganick, a **28+ year experienced technology-focused investment banker** (Bear Stearns, KPMG, Perot Systems, and B. Riley FBR)
- **Axial Top Software M&A Advisory Firm, 2022;** Solganick & Co. was recognized as a top software M&A advisor by Axial



# Questions? Please Contact Us Directly

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