

# GRC 2.0

## Where Do We Grow From Here?

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Takeaways from Baird's 2023 GRC Showcase

# Our Discussion

Baird's 2023 Governance, Risk and Compliance Showcase spotlights trailblazing companies that are evolving the GRC sector in new and innovative ways. The showcase spotlights what is and isn't working on the front lines and how GRC companies are achieving resilience and agility in this current market.

Our showcase included discussions on:

- Impact of Macro Environment on GRC Solutions
- Shift From Reactive to Predictive Compliance
- Impact of Globalization on GRC Solutions
- Point Solutions Versus Solution Suites
- Pure Software Versus Tech-Enabled Services

On the following pages Baird shares Key Takeaways from the GRC Showcase.

[VIEW THE SHOWCASE >](#)

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## 2023 GRC Showcase Participants

Click on participant name to learn more.



 **Achilles**

Paul Stanley  
CEO



 **BOARD  
INTELLIGENCE**

Pippa Begg  
Co-CEO



 **FullCirc**

Justin Fitzpatrick  
Co-Founder and COO



 **Ideagen**

Ben Dorks  
CEO



 **LOGICGATE**

Matt Kunkel  
CEO



 **nalanda**

Juan Gil Rabadán  
CEO



 **Position Green**

Joachim Nahem  
CEO



 **TRALIANT**

John Arendes  
CEO

# Key Takeaways



## Impact of Macro Environment on GRC Solutions

- GRC solutions transitioning from nice-to-have to must-have / mission-critical
- GRC vendors resilient in the face of heightened macroeconomic instability and geopolitical pressures



## Shift From Reactive to Predictive Compliance

- GRC mindset driving operational and financial enhancements and offering competitive advantages
- AI is a hot topic that will help GRC evolve into the next phase of risk predictability



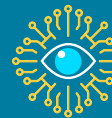
## Impact of Globalization on GRC Solutions

- GRC regulations and best-practice conceived in one region or vertical are propagated at an accelerated rate
- Mix of end-to-end and local expertise needed to help clients cope and adapt to evolving regulatory landscape



## Point Solutions Versus Solution Suites

- Increasing desire for solution suites driving consolidation across the market
- APIs enabling integration and co-existence of point solutions addressing more emergent GRC topics



## Pure Software Versus Tech-Enabled Services

- Relying on pure software approach leads to inferior outcomes
- Successful blend of top-tier technology and service is imperative

## Key Takeaway 1

# Impact of Macro Environment on GRC Solutions

### GRC solutions transitioning from nice-to-have to must-have / mission-critical

- Regulatory complexity overload as global standards begin to converge with some local heterogeneity
- Reputational fallout matching, and often exceeding, financial impact of non-compliance
- GRC issues traveling up to the C-Suite agenda as pressure from regulators, consumers and shareholders mount

### GRC vendors resilient in the face of heightened macroeconomic instability and geopolitical pressures

- Even as cost / inflation pressures rise, topics above have shifted perception on GRC spend to non-discretionary
- If anything, spend is expected to increase as more solutions are needed to enable broadening regulatory compliance demands
- TAM expected to grow as regulations accelerate, with wider scopes affecting a wider set of companies

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We are seeing chief executives becoming more focused on GRC because of the interactivity with customer share of wallet and focus on attracting talent.”

**Pippa Begg – Board Intelligence**

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We did a recent study on quality and supply chains and it was startling that people talked very specifically about historic quality incidents, for example, 60% of 18-to-24-year-olds were able to remember the decade old horse meat scandal!”

**Ben Dorks – Ideagen**

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Even with some of the macroeconomic pressures that companies are facing we’re still seeing a huge need for GRC solutions.”

**Matt Kunkel – Logicgate**

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What we are seeing is a general increase in interest in the solutions we provide, as well as increasing demand and more sophisticated demand for what we offer.”

**Paul Stanley – Achilles**

# Shift From Reactive to Predictive Compliance

## GRC mindset driving operational and financial enhancements and offering competitive advantages

- Enhanced business resilience, preparedness and agility enable quicker recovery during crisis and incidents
- Prevention of value destructive events driven by poor governance and / or lack of risk awareness
- Lower overall cost base, including lower cost of capital and lower cost to comply now and later

## AI is a hot topic that will help GRC evolve into the next phase of risk predictability

- Roll-out of regulatory scanning allows for early detection of industry-specific emerging regulations
- Next generation predictive solutions will focus on AI-enabled early detection of potential breaches / risks
- Improved data capture and usability unlocking the potential for AI in predictive solutions



Companies are moving to a more proactive compliance scheme, especially clients that experienced corruption incidents are the most aggressive, focusing on pursuing high levels of compliance within their companies.”

**Juan Gil Rabadán – Nalanda**

We’re seeing organizations becoming more proactive because they know it delivers a better outcome for their customers and their core business activity and it has a real impact on their top line, bottom line and customer perception.”

**Ben Dorks – Ideagen**

Credit Suisse were taking the minimum steps required from a governance perspective which then blew up in a huge value destructive event for shareholders. What we are now seeing is shareholder activism around ‘we don’t want that to be us.’”

**Pippa Begg – Board Intelligence**

AI has really come out in the forefront taking that data and using AI to possibly look at the predictive, out-in-front risk areas that we have as organizations. And we’re hearing a lot about that, and customers are asking about that continuously.”

**John Arendes – Traliant**

# Impact of Globalization on GRC Solutions

## GRC regulations / best-practice conceived in one region / vertical are propagated at an accelerated rate

- Companies can expect rules / regulations well-adapted in one region to propagate in other countries
- Ensuring globally consistent compliance requires real-time technology and “complete” coverage of regulations
- Breaking regional silos is key to bring clarity on internal processes and holistically quantifying potential risks

## Mix of end-to-end and local expertise needed to help clients cope & adapt to evolving regulatory landscape

- Companies in multiple jurisdictions need to demonstrate global compliance and an appreciation for local nuances
- Regulatory convergence with local specificities create an “illusionary” single framework, adding complexity layers
- Lower size threshold captures wider scope of companies, sometimes including foreign entities as well



Supply chain transparency acts have come into place in Norway and in Germany and it’s likely that the EU Members will follow and make this a significant part of their compliance and regulatory protocols.”

**Paul Stanley – Achilles**

Understanding the implications across multiple geographies is a big challenge. Taking something like the aviation industry, you have to manage against international standards, not just from where you originate to but also where you are flying to.”

**Ben Dorks – Ideagen**

Unless you can break down the silos within global companies and bring in data from foreign business unit you do not realize the cross impact of the risk unless you’re able to see it in one holistic platform.”

**Matt Kunkel – Logicgate**

There’s about 80-90% overlap in carbon accounting rules, but even when there’s a 5-10% divergence, you need to be able to comply with these in your local market, and this is obviously a little bit of a headache for investors and companies.”

**Joachim Nahem – Position Green**

# GRC Solutions Across Supply Chains

## Supply Chain Regulations

- Emanating in Germany (LkSG) and Norway (Transparency Act) and propagating across Europe
- Preemptive adoption and compliance seen in additional markets (i.e., in France, Benelux)

## Global Footprint; Regional Expertise

- Multinational corporations need to demonstrate compliance on global scale
- Although regulations are converging regional nuances persist
- Boots on the ground is key for solution providers to win in local markets like Germany

## Increasing Radius of Compliance

- Scope of regulations widening beyond large multinationals to also include SMEs<sup>1</sup>
- More companies impacted by compliance data collection needs and tooling

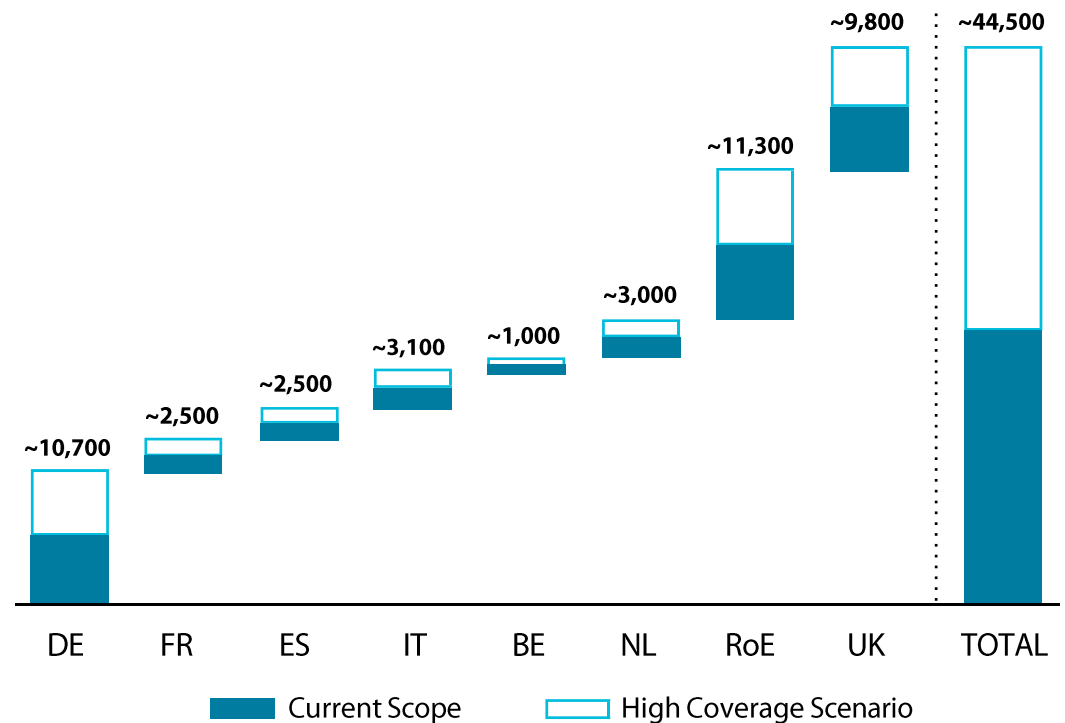
## Validation and Traceability now the New Normal

- Self-appraisal no longer an acceptable – 3<sup>rd</sup> party validation and assurance are now increasingly in demand to demonstrate compliance
- N-tier visibility / traceability is an emerging solution in high demand to support attestation

**~45,000**

Number of companies likely to be impacted by Supply Chain Due Diligence Law<sup>2</sup>

Supply Chain Regulation Trending Across Germany / Europe Will Impact a Significant Amount of Companies



<sup>1</sup>Differs by geography, minimum threshold is 50 employees in Norway.

<sup>2</sup>Baseline estimates based on FTE count, assuming similar stringency of legislation in other countries as in Germany. High coverage scenario assuming more stringent legislation covering companies with >500 FTEs. RoE = Rest of Europe

# Point Solutions Versus Solution Suites

## Increasing desire for solution suites driving consolidation across the market

- Lack of internal technology and GRC expertise to manage multiple systems on top of complex GRC requirements
- Breaking down silos through end-to-end solutions is the only way to achieve effective compliance
- Emergence of consolidators focusing on acquiring and integrating best-in-breed solutions on single platform

## APIs enabling integration and co-existence of point solutions addressing more emergent GRC topics

- Rapid regulatory evolution supports continued existence of point solutions solving unique / emergent problems
- Holistic reporting requirements prompt the need to pull data from multiple systems into single reporting tool
- Data and system interconnectivity now a key purchasing criteria for companies using point solutions



Eventually a suite in many ways makes sense because there's overlap of data. If you have too many solutions, it's going to be too cumbersome because you essentially need, from the ESG reporting perspective, to gather different information."

**Joachim Nahem – Position Green**

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A lot of organizations don't have the resource available to integrate these point solutions, that's where our partnerships with people like nCino are incredibly important to help lower the barriers and get our clients to value quicker."

**Justin Fitzpatrick – FullCirc**

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Our customers are still buying point solutions, enabling them to solve very specific activities. We then create a common UI and UX over the top and a common service architecture at the bottom, with most importantly that single BI and reporting."

**Ben Dorks – Ideagen**

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We have completed four acquisitions, some of them which are bringing unique capabilities as we believe it's much more useful for the client to have a great suite and umbrella of solutions and products than to have to deal with many different point solutions."

**Juan Gil Rabadán – Nalanda**





## Key Takeaway 5

# Pure Software Versus Tech-Enabled Services

### Relying on pure software approach leads to inferior outcomes

- Human judgment to vet quality of information is key to avoid “garbage-in-garbage-out” scenario
- Knowledge gap within companies hinders ability to fully unlock solution value-add
- Larger entities require too much customization preventing the use of standardized software solutions

### Successful blend of top-tier technology and service is imperative

- Automating repetitive tasks is essential to help limited resources to focus on value-add services
- Service layer especially key for larger corporations with embedded complexity (i.e., multi-country, multi-division)
- High-risk GRC matters with high financial / reputational impact requires human judgment

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There is no software solution today that is going to be the right one tomorrow and it requires real expertise and advisory insights to be able to have the right software solution.”

**Joachim Nahem – Position Green**

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Boards and executives buy value add, and with any software product, there is an element of interacting outside of the product, and that element of service is absolutely key.”

**Pippa Begg – Board Intelligence**

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We’ll see a digitization and automation of the lower end of the market, as you start to get up into multi-director, multi-entity, multi-jurisdictional businesses and customers, that’s where it starts to make sense to introduce a human overlay.”

**Justin Fitzpatrick – FullCirc**

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Large companies are looking for technology solutions they can update themselves but will also always want to have some help, guidance and benchmarking in order to assess where they are in the compliance maturity curve.”

**Matt Kunkel – Logicgate**

# Path Forward for GRC Solutions

## Ahead of the Curve

Being at the forefront of regulation to understand early-on change in regulations will become key for GRC vendors

## Productizing Solutions

Unlocking value-add through Productizing new solutions addressing emerging regulation is increasingly important

## Embracing Technology

Embracing Artificial Intelligence / Machine Learning while being aware of limitations is essential to drive cost efficiencies

# Baird's Track Record in Governance, Risk and Compliance



FOUNDATIONSOURCE  
A Portfolio Company of  
**INCLINE**  
Sole to  
**GTCR**

Charitable and Foundation  
Workflow Management

eurofins | Digital Testing  
A Business of  
**eurofins**  
Sole to  
**STIRLING SQUARE**  
CAPITAL PARTNERS

Digital Testing and  
Quality Assurance

Castellan  
A Portfolio Company of  
**RESURGENS**  
TECHNOLOGY PARTNERS  
Sole to  
riskconnect.  
A Portfolio Company of  
**TA ASSOCIATES** and **THOMABRAWO**

Business Continuity and  
Risk Management

**Achilles**  
A Portfolio Company of  
**Hg**  
Sole to  
**Independence**  
CAPITAL PARTNERS

Supply Chain Risk  
Management Solutions

**waystone**  
A Portfolio Company of  
**MML**  
Investment by  
**Montagu**

Compliance and Fund  
Administration Solutions

**QCS** Quality  
Compliance  
Systems  
Sole to  
**RLDatix**

Compliance Solution to  
Healthcare Providers

**PAINÉ SCHWARTZ**  
PARTNERS  
Acquisition of  
**Registrar Corp.**  
A Portfolio Company of  
**BERTRAM**  
CAPITAL

Tech-enabled FDA Regulatory  
Compliance Solutions

**CORSAIR**  
Minority Investment in  
**XCEPTOR**  
A Portfolio Company of  
**Astorg**

Data Ingestion and  
Process Automation Solutions

**Berkshire Partners**  
Recapitalization with  
**FOODCHAIN ID**  
Seeing Food Clearly  
From  
**PAINÉ SCHWARTZ**  
PARTNERS

Food Testing, Certification,  
Compliance and Regulations

**GenII**  
Recapitalization by  
**Hg** **GENERAL**  
**ATLANTIC**  
**IHS** Market

Private Market Fund  
Administration

**TA ASSOCIATES**  
Minority Investment in  
**DOCUnordic**  
A Portfolio Company of  
**STIRLING SQUARE**  
CAPITAL PARTNERS

Construction Project &  
Product Information

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COMMUNICATIONS  
Sole to  
**THOMPSON STREET**  
CAPITAL PARTNERS

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Technology

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**CATALYST** and **LEVEL EQUITY**  
Sole to  
**VISTA**  
EQUITY PARTNERS

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**hsi** Health & Safety  
Institute  
A Portfolio Company of  
**Riverside**  
Sole to  
**Waud Capital**

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and Training Solutions

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ACQUISITION  
Acquisition of  
**RegEd**  
A Portfolio Company of  
**FALFORIAS CAPITAL**

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Education & Licensing

**Vector**  
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**GOLDEN GATE CAPITAL**  
Sole to  
**GENSTAR**

Digital Compliance and  
Professional Training

**acuant**  
A Portfolio Company of  
**INSIGHT** **LIGHTVIEW** **EGIS**  
Sole to  
**Audax**  
Group

Identity Document Capture  
and Authentication SaaS

**blackpeak**  
Sole to  
**Acuris**

Provider of Enhanced  
Due Diligence Services

**STAR**  
COMPLIANCE  
Sole to  
**Luminate**  
CAPITAL PARTNERS

SaaS Compliance Platform for  
Employee Conflicts of Interest

**cpi**  
A Portfolio Company of  
**Beckson**  
**Moran & Partners**  
Sole to  
**FFL**  
PARTNERS

Crisis Management and  
Prevention Training

\*Represents transactions completed by a Baird banker while at a prior investment bank.

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[www.achilles.com](http://www.achilles.com)

Founded in 1990, Achilles is a provider of supply chain compliance solutions intended to help businesses make informed decisions for their supply chains and improve both business performance as well as ethical and environmental standards. Its solutions connect over 100,000 suppliers with over 500 leading buyer organizations in 11 industry sectors globally.

Paul Stanley was appointed CEO in 2022. Previously he held senior leadership roles, including CEO of Global Navigation Solutions and CEO of Retail Decisions. Paul holds a Ph.D. in Leadership of Innovation in Software Firms and a master's in Leading Innovation and Change from York St. John University.



[www.boardintelligence.com](http://www.boardintelligence.com)

Founded in 2002, Board Intelligence is a provider of SaaS-based Board Solutions helping board members to have focused and productive boardroom conversation. The solution is used by over 35,000 board members across companies large & small, public & private, commercial and not-for-profit.

Pippa Begg was appointed Co-CEO of Board Intelligence in 2009. Previously, she worked at Castlestone Management, Russell Investments, and HM Treasury. Pippa holds a master's degree from University of Cambridge.



[www.fullcircl.com](http://www.fullcircl.com)

Born from the merger of Artesian Solutions and DueDil in 2021, FullCircel provides a Customer Lifecycle Intelligence (CLI) platform that helps financial institutions win the right business customers, onboard them quickly and monitor them for life. FullCircel has over 600 clients, including 60% of the top 25 banks and insurers in the UK.

Justin Fitzpatrick is Co-founder and COO of FullCircel. Immediately prior to FullCircel he co-founded and was CEO of DueDil. Justin's other prior experience includes Co-founder and Non-Executive Director at Innovate Finance, Managing Director at BrightWire, Investment Team Member at MMC Ventures and Vice President at Gerson Lehrman Group. Justin holds master's degrees from London Business School and University of Oxford and a bachelor's degree from the University of North Carolina at Chapel Hill, where he was a Morehead-Cain Scholar.



[www.ideagen.com](http://www.ideagen.com)

Ideagen create software solutions for regulated and high-compliance industries, helping the quiet voices and safe hands that protect organizations, minimize risk, strengthen compliance and keep people safe. Over 11,400 companies use Ideagen solutions including over 250 global aviation organizations, nine of the top ten global accounting firms, nine of the top global aerospace and defense companies and 75% of the world's leading pharmaceutical companies.

Ben Dorks was appointed CEO of Ideagen in 2018 having previously served as Chief Customer Officer and Group Sales and Marketing Director. He came into the business in 2013 through the acquisition of Plumtree Group, a business he co-founded. In 2022 Ben was shortlisted for CEO of the Year at the UK Tech Awards and won Ambassador of the Year at the East Midlands Business Masters Awards.

## LOGICGATE

[www.logicgate.com](http://www.logicgate.com)

Founded in 2015, Logicgate is a provider of no-code modern risk management solutions empowering businesses to proactively transform risk management. Industries served include energy, financial services, healthcare and technology.

Matt Kunkel is the CEO and Co-founder of Logicgate. Previously, he spent over a decade in the management consulting space building technology solutions to operationalize regulatory, risk, and compliance programs for Fortune 250 companies. Matt holds an MBA from DePaul University and a bachelor's degree from Indiana University.

## nalanda

[www.nalandaglobal.com](http://www.nalandaglobal.com)

Founded in 2000, Nalanda provides mission-critical supply chain management software to help streamline and automate compliance operations for its clients and their subcontractors. The company serves ~1,000 clients and 30,000 suppliers across a wide range of industries including construction, energy, food and logistics.

Juan Gil Rabadán has been the CEO and founder of Nalanda since 2000. He began his consulting career at Accenture, later he worked at Telefónica as Director of Digitalization. Juan has a Ph.D. in Business Administration, he is Telecommunications Engineer, MBA from Instituto de Empresa and master's in Operations Management.

## Position Green<sup>®</sup>

[www.positiongreen.com](http://www.positiongreen.com)

Founded in 2015 with a mission to revolutionize how businesses integrate sustainability, Position Green is a pure play sustainability partner with the technology and expertise to drive positive impact. Their offerings combine data-driven software with specialized advisory services, e-learning, executive training and assurance. Position Green serves over 500 clients worldwide through 8 locations across Europe and the US.

Joachim Nahem was appointed CEO of Position Green following the acquisition of The Governance Group which he founded in 2016, after several years with the United Nations. He has an extensive track record of working with governments, investors and corporates on accelerating sustainability agendas. Joachim has served as a board member for CARE International, and analyst for Freedom House and Transparency International. He is a guest lecturer on business and human rights at the University of Oslo and holds degrees from Georgetown University and the London School of Economics.

## TRALIAN T

[www.traliant.com](http://www.traliant.com)

Traliant creates engaging and effective compliance training courses that help organizations stay up to date on workplace requirements and expectations, instill respect and understanding in employee interactions, and enable employees to be their best selves at work. Its content offering is expansive, covering topics from ethics, compliance, anti-harassment, anti-money laundering and more. Most recently, the company expanded its breadth of content to include environmental, health and safety training.

John Arendes is the CEO of Traliant and has over 25 years' experience growing successful organizations and leading teams in the software and compliance training industries. John holds an MBA from The George Washington University School of Business and a bachelor's degree in finance from St. John's University.



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