

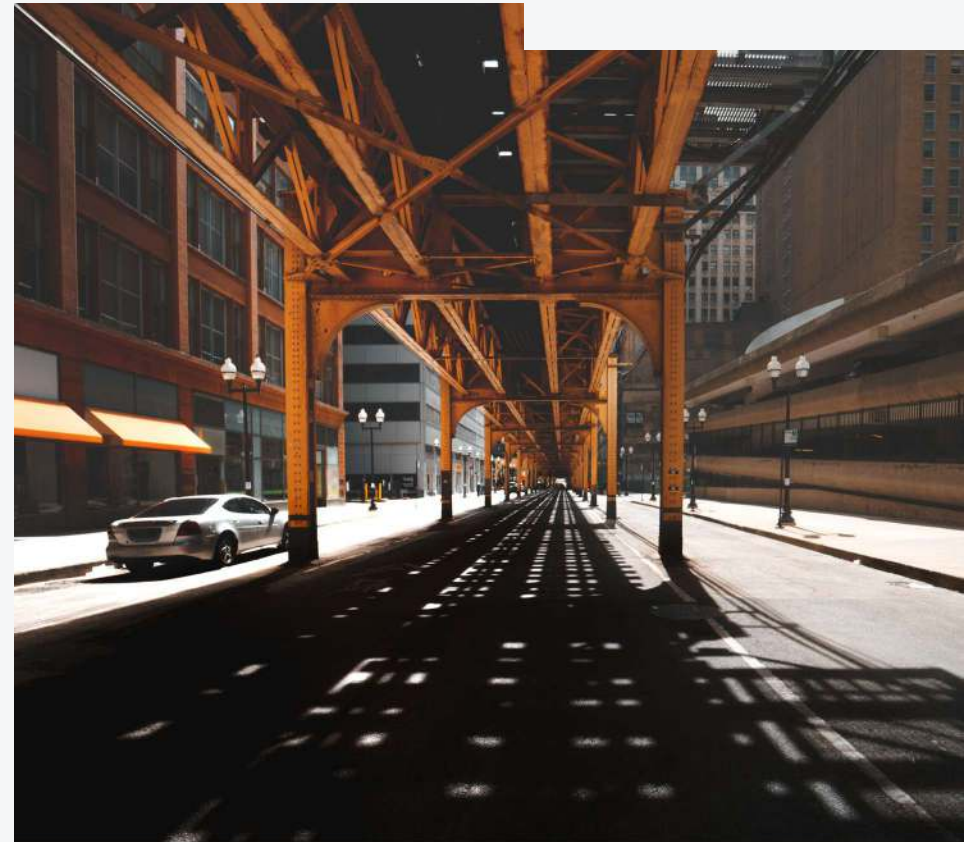
Knox

Legal Tech M&A Activity & Implications

Mike Bryant –Partner

Knox Capital

SOLID Winter 2021



Follow the VC/PE/SPAC money...

SEED/VC

- Early Stage
- Innovation
- Growing Rapidly
- Burning Cash
- High Risk/Reward

GROWTH

- Proven Biz Model
- Recurring Revenue
- BD Investment
- Operating Losses
- Profitability in Sight

PE & SPAC

- Proven Business Model
- Diversified Revenue
- Profitable
- Moderate Growth / M&A
- Stable Cash Flow, Low Risk

\$4B

\$10.25B

Start Up

Growth

Mature

 Ironclad

 DISCO

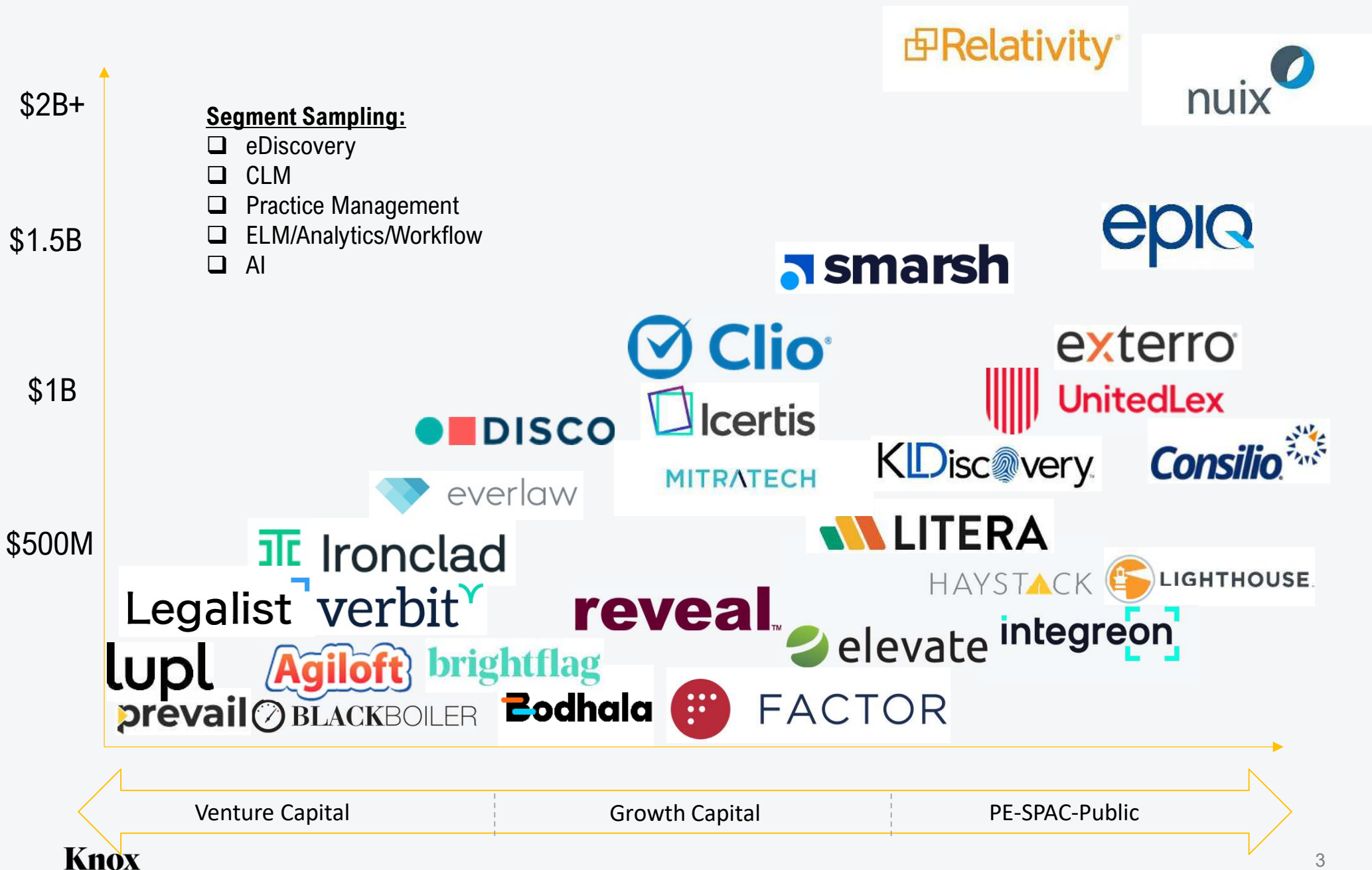
 Clio®

 FACTOR

 Relativity®

 epiq

Legal Tech Landscape



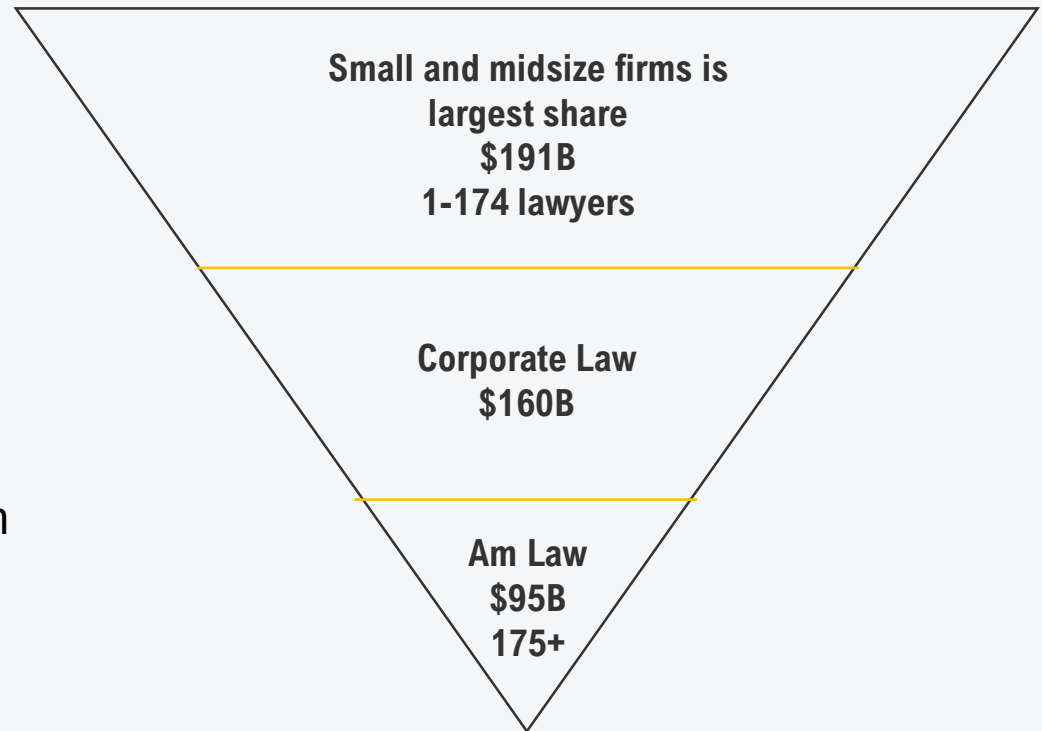
What Drives Legal Tech Valuations?

1) Market Size

2) Comps

3) “Smart Money” Entrants

- ✓ U.S. legal market at \$437B
- ✓ Majority of 1,340,000 lawyers' practice in small to mid-size firms
- ✓ Cloud computing, SaaS prevalent down market, increasing adoption up-market
- ✓ Active VC investment feeds PE/Strategic buyers



Flurry of Consolidation Continues in 2021

Private Equity seeks out platforms and subsequent add-ons due to finite hold periods and premiums related to scale

	Buyer	Add-On(s)
2021	Relativity	VerQu
	Fastcase	Casemaker
	Litera	Foundation Software Group
2020	Paradigm	PracticePanther, Bill4Time, MerusCase and Headnote
	Legility	Inventus
	HaystackID	NightOwl
	Reveal	NexLP, Brainspace
2020	Mitratech	ClusterSeven, CMPG, Tracker, Acuity
	Onit	McCarthyFinch, AXDRAFT
	TCDI	Cicayda

Are we in a Legal Tech Bubble?



There will be Winners, Losers & Roadkill...



What Does This Mean For You in 2021?

Steady Diet of Innovative Vendor Options
 Caveat Emptor Requires Diligence Based on Stage
 Career Interoperability

Tech Providers (VC)	Corporate	Law Firms
Prove out your business model in 2021	Supplier choices beyond TR, Lexis, WK, Bloomberg	Investment, JV, vendor paradigms emerging
First movers have stockpiled cash & clients	Trading stability for innovation, disruptive pricing	Trading stability for innovation, disruptive pricing, investment upside
New entrants must be differentiated & “pick a lane”	Due diligence based on stage Continued vendor consolidation	Due diligence based on stage Buy vs. build vs. partnerships based on finance & culture



Thank You!

Mike Bryant

mb@knox-cap.com

[Home | Knox Capital](#)

[Mike Bryant | LinkedIn](#)