

MARCH 2021



WESLEY CLOVER QUARTERLY UPDATE

Taking the Lead in Digital Experience Monitoring (DEM)

**A New Standard
in Field Service
Automation**

**Celebrating Another
Portfolio Exit**



WesleyClover



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Q is a quarterly publication of Wesley Clover, highlighting some of the latest accomplishments from the wide range of businesses in our portfolio. Visit wesleyclover.com for more information.

Welcome to another issue of **Q**. As we mark a full year since the unfortunate onset of the COVID-19 global pandemic, we want to highlight the fact that many companies in the technology portfolio have managed to perform quite well, and continue to do so. The reality is somewhat different on the hospitality side of our business, and General Managers there have taken the steps they need to prepare for a solid recovery.

While reports around the world continue to be mixed, there is a growing sentiment that the first signs of a recovery are upon us. I am sure we all hope so. Inherent in that, part of any broad-based return to business means a return to some form of office work for most companies. And to borrow from a Mark Twain quote, rumours of the death of the office are greatly exaggerated, as you will read inside!

In terms of the technology companies, we have taken an approach beginning with this Issue to group their contributions into one of **three sections**, based on the maturity of the companies themselves:

- More established, in several cases even public, firms.
- Fast-rising growth companies.
- Hard-working entrepreneurial start-ups.

Our hope is that this segmentation will give readers a better appreciation for the business environment each company is operating

in, the resulting challenges they face on a daily basis, and the significance of the highlights they are able to share. For those with a potential investment or partnership interest, this will also make it more clear which companies are later-stage with well-developed markets and solution sets, which ones should be viewed as potential near-term opportunities with accelerating growth, and which ones are still early-stage and represent longer-term prospects.

As far as the highlights themselves, among them you will read how the Martello journey into the ever-growing world of Microsoft and Digital Experience Monitoring (DEM) is paying added dividends. You will learn how Certn completed the challenging year of 2020 with compounding rounds of external funding, L-SPARK is pushing ahead with a number of exciting new Accelerators in parallel, and how trends in technology investing evolved over 2020 and can be expected to follow a lot of the same behaviours in 2021.

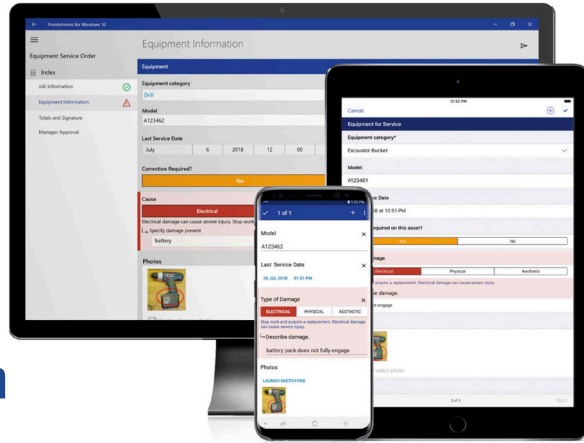
As always, I trust you will enjoy these latest insights. Thank you for the continued interest and take good care.

Kind Regards,
Terry Matthews, Chairman

HIGHLIGHTS FROM OUR MOST MATURE COMPANIES

PRONTOFORMS — Mobile Forms for Field Service Automation

Setting a New Standard in Field Service Automation



As the world strides toward some form of “new normal”, portfolio company **ProntoForms** continues to help customers build easy, digital applications that empower their technicians in the field and create a seamless bi-directional exchange of critical data between the office and field resources. As digital transformation continues to climb the list of priorities for organizations of all sizes, this example of extended automation is resonating louder than ever. The last Quarters have seen the company increase key metrics including leads being generated, new accounts being secured and existing accounts being expanded.

Winning Large New Accounts

New growth has been achieved in business sectors including medical device manufacturing, industrial manufacturing, oil and gas operations and public utilities. Companies operating in each of these sectors are embracing additional and new digital innovation as a response to the current social and economic realities. A strong example emerged late in the last Quarter when a global medical device manufacturing company deployed new ProntoForms applications to more than 850 frontline workers to improve operational processes and quality control. Key for the client was the ability to provide these mobile workers with efficient digital checklists that would conform to stringent FDA validation and QA requirements with every submission.

Also during the Quarter, a global consulting firm made the call to expand its use of ProntoForms digital forms software across an additional 22,000 frontline workers. The firm operates across several large industries, and this particular expansion was to provide a more effective means of rich data collection during the more than 500,000 energy audit inspections the company conducts annually.

A global medical radiation device manufacturer is another client who recently deployed ProntoForms software, in this case to 400 field engineers who ensure maximum device uptime for existing customers and assist in the sales processes for new opportunities.


Growing the Solution

As the lists of ProntoForms customers and client needs grow, so does the software platform. This Quarter saw the release of a new feature called ProntoForms Teamwork, which improves the ability for field service resources to collaborate. It allows work-in-progress forms to be submitted into management systems but still be available to other mobile users before the specific tasks are completed. Different users can then continue executing the service or other routine in fully traceable ways, which is important for organizations which manage large maintenance activities that cross over individual technician shifts or require technicians with different skills to complete.

Evolving Marketing in Parallel

Several new marketing tactics were also embraced during the Quarter. The company listing maintained in the Salesforce AppExchange was overhauled to ensure, as with all sales support tools, that the value the ProntoForms platform brings to the Salesforce partner ecosystem was articulated clearly and accurately, and included all the latest product features and benefits.

An initiative developed in 2020 and carried forward into 2021 is an online event partnership between ProntoForms and the **Service Council**, an exclusive community of Services Executives representing global, industry-leading, service-centric businesses. Called IdeaShare, this series of digital events is designed to bring together senior field-service-innovation thinkers from leading organizations to discuss cross-community challenges, opportunities and more. For example, the most recent IdeaShare featured representatives from Schneider Electric, Medtronic and the NIU College of Business discussing plans and investment priorities related to new technologies in 2021.

All these initiatives are designed to ensure ProntoForms continues on its growth trajectory. More information can be found at prontoforms.com. 

PRONTOFORMS®

EMBRACING THE EMERGING DIGITAL EXPERIENCE MONITORING MARKET

In a year like no other, **Martello** continued to provide IT teams and service providers including the extensive Mitel partner network with advanced network monitoring and troubleshooting solutions, including unified communications (UCaaS) performance analytics and IT service analytics. The sudden need for these tools to support an increasingly distributed workforce in need of reliable digital applications and connectivity elevated the company value proposition and growth path further.

In shifting to a work-from-home model, user dependence on cloud applications skyrocketed — particularly on Microsoft 365 (formerly “Office 365”) and the Teams

video conferencing application. For Martello, this made the full integration of GSX Participations SA (“GSX”), the Microsoft Digital Experience Monitoring (DEM) partner **acquired** earlier in 2020, the top priority. And as the year ended, the company was able to add more than 450,000 new Microsoft users to its DEM platform, pushing the total user count to more than 2 million.

Entering 2021, a focus on the DEM market is now entrenched in the company. Valuable new features are being added to the platform, including individual user experience monitoring and end-to-end network visualization, which will help IT teams quickly identify whether service disruptions are related to the cloud provider, the ISP or the corporate network. The relationship with Microsoft is being developed further, and the global Partner Network is being expanded.

Martello is launching a DEM Partner Program this year to drive new opportunities. The program will leverage experience with one of the largest Microsoft Managed Service Providers (MSPs) in the world.

Rapid Circle, a Dutch IT Services company based in Amsterdam, is a Microsoft Gold Partner as well as a Martello Partner. From a field of 3300 firms, Microsoft named Rapid Circle the 2020 Microsoft Partner of the Year for Microsoft Teams. Microsoft ranked Rapid Circle as “one of the most important partners for their ability to support customers transitioning to cloud technologies such as Microsoft 365, Azure, Dynamics and Power Platform”. Rapid Circle uses the Martello DEM platform as a key toolset as they grow these services, counting on it to “recognize and measure improvements in many aspects of Microsoft 365 performance”.

And recognizing the importance of DEM in the growing shift from on-premises to cloud-hosted unified communications services, Martello also continues to nurture its longstanding relationship with Mitel. All part of leading the way in DEM and ensuring IT teams can support an evolving digital workforce. martellotech.com

MARTELLO

LEADING THE WAY TO AN EXCEPTIONAL
MICROSOFT 365 END USER EXPERIENCE

End to end monitoring for a work from anywhere world.



KRP – The Largest Technology-Centric Business Park in Canada

COMMERCIAL REAL ESTATE IS FAR FROM DEAD

With 34 commercial office buildings offering more than 3.0 million square feet of Class A business space, **KRP Properties** is home to more than 250 companies and 13,500 employees. The nature of the local business ecosystem means the majority of these firms are active in growing the Canadian technology industry. This makes KRP the largest such office park in the country.

Wesley Clover created KRP in 1986 and continues to develop and manage the enterprise. As we all know, the massive work-from-home reaction to COVID-19 has fueled

significant speculation about the place of commercial real estate and office complexes going forward. The management team at KRP thought the following first-hand insight could prove interesting.

Over the Last Quarter

It is a fact that remote working arrangements increased dramatically, particularly in technology companies which have the tools and experience to manage them well. In fact, the trend has been increasing among such companies for more than a decade. COVID-19 definitely accelerated the adoption.

But as the months have passed and things have been inching toward a new form of normal, many KRP tenants have carefully reopened more of their office space (some essential areas such as technology development or testing labs remained functional throughout the pandemic). KRP management estimates that between one and two thousand people (or perhaps 10-15% of the employee total) are accessing their facilities on a typical weekday now.

This percentage is expected to keep growing if everything continues moving forward well.



The fact is while some smaller companies, particularly those with public-facing services such as hospitality, definitely struggled, for others the ability to shift quickly to an even greater work-from-home model has enabled them to not only survive, but in several cases to actually thrive (based on the products they sell). As landlords and property managers, the result for KRP has been a mixed level of business. With minor exceptions, the government support programs that were launched, combined with new forms of revenue and financing, have meant a tenant exodus from traditional office space has not become the reality.

What Lies Ahead

As a guess for what the future may hold, we come back to the nature of business for KRP tenants. Again, they are technology-centric companies for the most part. Many have been embracing flexible work environments for several years. But they still need to provide destinations for many co-working, specialized, team, management and other functions of the business. The desire going forward is likely to be more of a hybrid approach to the use of their office space, offering employees the best options for the roles and responsibilities they have while

also providing for a tightly integrated, collaborative and growth-oriented culture.

No one solution will work for all, but the following are factors now being considered:

- Tenants are inquiring about the availability of shorter-term leases.
- They are looking for more flexible options in terms of space allocation, ensuring they comply with all government guidelines or regulations as part of that (i.e., social distancing).
- The open-concept floor plans and even desk-sharing arrangements that became popular previously are being re-evaluated. Areas for distancing, quiet rooms, more private temporary workstations and even traditional closed offices are likely to see a certain return to favour.
- Video conferencing has been established as invaluable now, thanks to the advances in platform and networking technologies underlying it. This work tool is here to stay, but its use will be blended with in-person engagements of all sorts,

meaning meeting rooms and other such spaces will still be required.

- The increased awareness of, and need for, hygiene and security will impact the architectural detailing of office spaces, including more touchless functionality in infrastructure such as doors and elevators, and even innovative new self-disinfecting materials for use in common areas.
- Notwithstanding such innovations, cleaning/sanitizing practices will remain paramount.

This list will evolve, and the responsibility for implementation and adoption will be a shared one between tenant and landlord/property manager. It will definitely amount to change in the commercial real estate landscape. But as many like to say, change is a constant, and KRP has always been at the forefront of researching and adopting the best new technologies and practices for the benefit of their tenants and the underlying business. This chapter in their history will be no different. The belief remains strong that commercial real estate is far from dead.

krpproperties.com ●

SPOTLIGHT ON OUR GROWTH-STAGE PORTFOLIO

ALACRITY CLEANTECH – Scaling Clean Technology Companies in British Columbia

Alacrity Canada CleanTech Now Well into a Second Program



The **Alacrity Canada Cleantech Program** was launched in 2017 as a partnership initiative between Alacrity, the Government of Canada and the Government of British Columbia. The inaugural program was designed to support the scaling-up of new companies operating in the clean technology sector in Western Canada.

More than 75 Canadian companies were assessed for that inaugural 2017 Program and 27 were accepted. Using the Alacrity demand-driven business model, these companies were provided with support from a global network of advisors, mentors and investors as they pursued new opportunities in international markets. At the end of that three-year term, nearly \$50M of investment and just over \$25M of export revenue had been generated. The companies involved also created more than 70 high-quality jobs as they grew their businesses.

Fast forward to 2021, and the Program is now into its second iteration. The goal is unchanged — build on the successes to date and continue to help “Cleantech” companies drive export revenue and access growth capital in a number of target markets.

So What is “Cleantech” Anyway?

Cleantech can be a fairly broad term, referring to an industry that includes technologies, products and services designed to mitigate

the harm caused by human activity on the natural environment of our planet. Cleantech innovations are diverse and growing (e.g., consider the political platform announced by the new Democratic government in the United States). These new ‘green’ ways of thinking about our current and future industries are now permeating into every sector of modern economies.

Solutions often include technological advances in both software and hardware, and many Cleantech companies use a mix of both to bring their products or services to market. However, two significant barriers to success are common — first, a lack of funding for pilot projects that will help to prove the viability and value of the technologies, and second, the associated long sales cycles that inhibit growth for small- and medium-sized companies. Alacrity helps program members address these barriers.

The Portfolio

Companies in the current portfolio operate in four general markets:

- Ocean and marine technology
- Agriculture technology
- Water and wastewater treatment
- Clean energy and energy efficiency

Using artificial intelligence, machine learning, sensor advancements and other hardware and software innovations, these

companies are creating compelling new solutions that improve client operational processes, increase efficiency and reduce costs but do so in a ‘clean’, environmentally beneficial fashion. Examples include:

- Advanced solar lighting
- Energy monitoring and off-grid energy storage systems
- Marine surveying and safety tools, hardware and even vessels
- New food cultivation technologies
- Water treatment improvements

All these solutions contribute to the reduction of greenhouse gas emissions, for example, and can be applied across many industries. Alacrity is now seeking more Western Canadian companies to join this second Program. They are also exploring expansion opportunities with new investors and partners in India, Mexico, Southeast Asia and Northern Europe.

The Alacrity Canada Cleantech Program is ready to apply new Canadian-grown solutions to some of the most challenging environmental problems. Find out more about the program and portfolio at alacritycanada.com/cleantech, and look for further updates on this encouraging initiative. alacritycanada.com 



CONTINUED GROWTH ENABLES CERTN TO CLOSE 2020 WITH STRONG ROUNDS OF EXTERNAL FUNDING



Founded in 2016, Alacrity Canada portfolio firm **Certn** has developed a SaaS platform that combines data points from thousands of sources together with machine learning and artificial intelligence (AI) technologies to create the fastest, most comprehensive and predictive people profiles available. This enables customers to validate individual identities, backgrounds and more with confidence, in order to reduce risk in hiring, leasing, lending and other scenarios.

This Quarter, the rapidly growing company announced the completion of its latest round of funding that brought the total new capital secured for the year to \$43M. In commenting on the announcement, Chief Executive Officer and co-founder Andrew McLeod would not disclose the latest valuation for the private company but said it is in the “nine-figure zone.” He went on to say that, “the latest funding will be used to help finance, among other priorities, international expansion. Most of our business is currently done in North America, and we plan to expand beyond that.”

Mr. McLeod said the company has attracted customers from the transportation, grocery and pharmaceutical sectors. Several are Canadian household names, such as Telus,

Hudson’s Bay and WestJet. Some of the largest security firms in Canada also use Certn to perform background checks. According to McLeod, the platform enables these checks to be done in as little as 15 minutes, compared to weeks of paper-based work that typically can be involved.

Certn has formed partnerships with the RCMP and other police departments across Canada to achieve such a reduction in the time required for these checks. “We make the process much less arduous,” said McLeod, noting that existing background-check companies require a list of consent and disclosure forms as part of the process, and these can take several days to complete.

Owen Matthews, chairman of Alacrity Canada, said Mr. McLeod and co-founders Evan Dalton and Owen Madrick approached his team seeking investors before forming the company. Alacrity not only provided some initial capital (they led the seed investment round and a subsequent convertible debt round), but they also helped the company hire their first software developers. The company now employs about 90 people, and Mr. McLeod said the team could grow to as many as 150 by the end of 2021. “Many companies were shrinking during COVID,”

he added, “but in the first three months, our business grew by 75 per cent.”

The way in which Certn is able to accelerate the people-vetting process is what also impressed Elizabeth Weil from the start. Ms. Weil is the founder of Scribble Ventures, an early-stage venture capital firm in Portola Valley, California. Her company initially invested in Certn as an angel investor, then participated in the \$6M Seed Round that closed in February of 2020. Scribble joined the Series A round led by Inovia Capital and 01 Advisors last November that raised another \$27.8M. And concluding in December, a Series A+ round led by Telstra Ventures and B Capital Group added another \$9.5M, bringing the amount of external capital raised by Certn during 2020 to more than \$43M.

This backing reflects confidence in the performance of Certn as well as the prospects for continued growth. And that is not lost on corporate competitors. In fact interest has been expressed from more than one player in the industry already. However, according to Mr. McLeod, it might actually be his company doing the acquiring down the road. Time will tell, and it should prove interesting to watch ... certn.co 

ECHOSEC – SaaS for Digital Risk Detection and Protection


ECHOSEC PROGRESS AND GROWTH RESULT IN SUCCESSFUL PORTFOLIO EXIT



What started as a tool to map social media use around a Canadian university campus has evolved into one of the most advanced digital threat intelligence software solutions available. And the company behind it, **Echosec Systems**, now counts many influential organizations as customers, providing them with tools and services that make hidden online data more accessible and actionable.

When Echosec joined the Alacrity Canada ecosystem in 2015, the team was supported with hands-on entrepreneurial mentorship through their early growth. Applications for the new security software were various, however the company listened to their first customers and the concerns they were expressing about an emerging new realm of exposure — the [dark web](#).

“You need the confidence to say ‘no’ to certain ideas and to drill down and keep going on the best ones”, said Paula Hingley, Director of Marketing at Echosec. “The deeper you go into a particular niche, the more mature you become in that space. This led us to develop something unique and valuable.”

This focus, trust and hard work has paid off. Over the last twenty-four months, the 

company has achieved 100 percent year-over-year business growth and tripled the employee count. The software now provides clients with unmatched capabilities for navigating the hidden corners of the internet and discovering potential threats of both a digital and physical nature. The features enable businesses to access in real-time billions of online posts from a variety of social media channels, news feeds and discussion forums, including those on the dark web. They enable real-time analysis, assessment, and where warranted, responsive actions.

Just one click takes investigators such as in-house security teams, intelligence agencies or government departments from a Twitter account profile to a dark web forum and beyond. This seamless transition is increasingly important as cyber attacks and data breaches continue to rise. During the final months of 2020, Echosec software was actively tracking 30 million or more social media posts and 10 million or more dark web posts.

As the world of cyber and related crime grows, so does the value of defensive tools.

And as a result, in a U.S. [private equity deal](#), Echosec Systems has now taken the next step in their corporate journey. The company has been acquired, by California-based investment firm The Tusker Fund. From start-up to exit, this is the latest Alacrity and Wesley Clover success story, owing to strong leadership, technology and guidance, and the confidence to focus on what customers are asking for.

You can continue to follow the progress of this emerging industry leader on their website: echosec.net 🔴

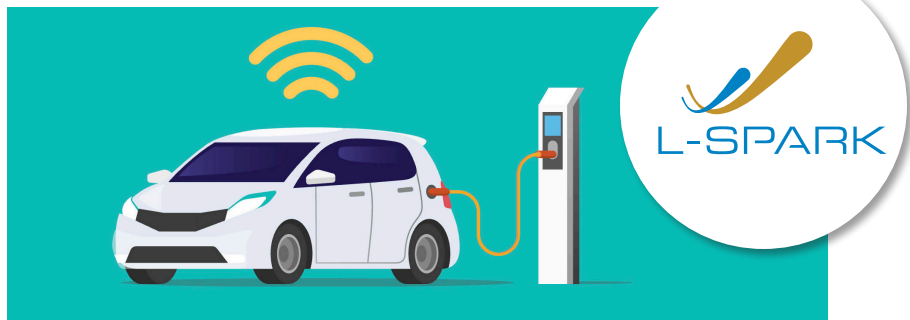
L-SPARK – Enterprise SaaS and Corporate Accelerators

L-SPARK PUSHES AHEAD ON PARALLEL PROGRAMS

Looking back on the final quarter of 2020, it is not hard to see how much changed over the year. But despite the turmoil, technology company accelerator **L-SPARK** achieved a number of key successes. These included the launch of new Accelerator Programs, the establishment of new partnerships, the graduation of several companies and more. Much of that success can be attributed to the resilience of the technology and investment communities, as well as the continued drive of the L-SPARK founders, team and alumni.

Heading into 2021, the team was busy preparing for the Demo Day of the **Blackberry/L-SPARK Connected Autonomous Vehicle (CAV) Accelerator**, and for the Showcase of the **Compass North Female-Founder Technology Accelerator**. The goal of these two events was to give the founders of each cohort company the opportunity to highlight all they had to offer as they wound their way through the programs.

These events were held virtually given COVID-19, using a digital event platform that features virtual exhibitor booths and digital networking functions for guests. The results of this first-time approach were positive, and



the team plans to use the software for future events as well.

The Quarter also saw the kick-off of the **first cohort** of the **TELUS/L-SPARK MedTech Accelerator**. This program focuses on young companies which want to develop connected medical devices and services using emerging global standards for secure IoT. This is a follow-on program from the Secure IoT Accelerator held in 2019.

The companies in the new Accelerator have achieved much over the first few months, and they are listed here:

- [Chirp](#)
- [Dispension](#)
- [HelpWear](#)
- [Home Health Systems](#)
- [Hyivy Health Inc.](#)
- [Locate Motion](#)
- [NeRV](#)

• [Qidni Labs](#)

The L-SPARK team also selected **five new companies** to form the seventh(!) SaaS Accelerator cohort, and that program is now underway as well. The five companies have shown that even a global pandemic is no match for the ambition of an entrepreneur:

- [UpKy.io](#)
- [Hippoc](#)
- [Nexxt Intelligence](#)
- [Factually Health](#)
- [Croogloo](#)

And last but certainly not least, the team is hard at work on plans for SaaS Showcase 2021. Details will be available soon, including a new and improved event experience for the graduating founders and guests from across the SaaS community. Certainly there is no moss growing on the L-SPARK stone ... lspark.com 🔴

TALKATIVE COMPLETES ANOTHER STRONG QUARTER OF GROWTH

For UK-based **Talkative**, calendar 2020 was a year of steady increases in demand for the contact center automation SaaS the company has created. Both in spite of, and in some ways because of the global pandemic, clients increasingly embraced the real-time web communications features. These include full voice, video and web co-browsing capabilities for agents, which allow traditional voice-centric contact centers to now use virtual face-to-face contact with customers to improve service and compete more effectively in these changed times.

Entering 2021, Talkative continued to make progress on both the product and the business side of the house. In terms of feature enhancements, integration with WhatsApp,

the free, cross-platform centralized messaging and voice-over-IP service owned by Facebook, Inc., was made available, and the development was promoted to sales partners and pipeline prospects through a targeted marketing campaign. In parallel, integration with the Microsoft Teams platform was also introduced. Extending the Talkative brand and application value into the global user communities of both Facebook and Microsoft are certainly positive next-steps for the company.

In terms of business development, Talkative continued to add more satisfied customers during the Quarter, approaching an installed base of 50 organizations in sectors ranging from Financial Services to Retailers

and several in between. Brand names now actively using the product include Formula 1, Groupe Renault and Lululemon Athletica. In terms of pipeline looking forward, the company entered the year experiencing their best months to date as far as web traffic, inbound leads and total recurring annual value per new lead.

The Talkative team continues to increase momentum and drive toward a leadership position in their industry. The story is an exciting one to watch, and one we will continue to monitor and report on. gettalkative.com



CLINICONEX – Patient Engagement Platform for Medical and Care Professionals

AUTOMATED MESSAGING CREATES SIGNIFICANT TIME SAVINGS FOR LONG-TERM CARE TEAMS

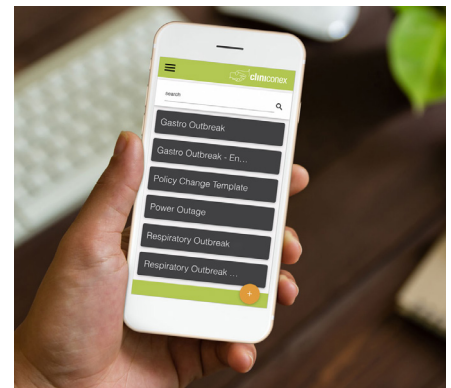
2020 was a very difficult year for those living and working in senior care residences and other facilities. The COVID-19 pandemic increased the workload for, and expectations of, all staff, and it had devastating effects on both the physical and mental well-being of residents. For example, new regulations by the Centers for Medicare and Medicaid (CMS) in the U.S. heightened the requirements for timely reporting of new or suspected cases of the virus, as well as strict testing regimens for residents and staff. Using traditional paper lists and telephone calls to track and communicate this information to all stakeholders is time consuming and not totally effective.

The **Cliniconex** Automated Care Messaging (ACM) platform is an advanced alternative.

The SaaS solution automates outbound communications and the necessary reporting processes behind them. It enables staff to spend more time caring for residents instead of worrying whether or not the families of those residents are being kept up to date on the status of their loved ones.

Cliniconex added 295 clinics and other healthcare facilities to the list of clients during the Quarter, bringing the total to more than 1,400. On average, 800,000 messages per month are now sent over the Cliniconex platform, saving care teams an estimated 130,000 hours of valuable time.

All clients to date are located in North America. This continued growth is the result of a partnership between Cliniconex and **PointClickCare**, the leading Electronic Health Record (EHR) software vendor for the senior care market. To support plans for broader market adoption, the company is investing in platform enhancements that will refine the user experience and help new



users get active with the software as quickly and positively as possible.

Cliniconex is working to grow in a sustainable way, with a commitment to better solutions for care teams, residents and their families. One of the strong messages to come from the pandemic of 2020 is that, globally, we can never have too much of that ...

cliniconex.com



MILESTONES FROM OUR EARLY-STAGE COMPANIES

ALACRITY GLOBAL – FUNDING AND SCALING TECHNOLOGY START-UPS AROUND THE WORLD

The Investment Landscape for 2021 — Insights From Alacrity Global

Digital Transformation (DX) are just two words that could be used in describing the global tech industry of 2020. The past year brought about an unprecedented level of digitization and accelerated adoption of technologies across all business sectors. Companies providing solutions that supported, enhanced or enabled that digital transformation journey were able to achieve in some cases spectacular growth.

Technology investing in 2020 had some specific characteristics as well, including high revenue multiples for valuations, preferences for M&As and SPACS as exit vehicles, and increased private investment allocations. There was growth in terms of new funds, a preference for later-stage opportunities, a heavy focus on metrics during due diligence and management, and a focus on specific technology categories. Not surprisingly, more interest was shown in companies able to benefit from COVID-19 reactivity, in sectors including MedTech, EdTech, E-commerce, Logistics, Workflow Software, and Communications and Collaboration tools.

The number of deals closed in 2020 was lower compared to the year earlier, however the deal sizes were larger. For 2021 it is expected that these investment trends will continue, as there is much of the world-wide

economy still to reach full digitization. The following are some additional points of view on what the 2021 investment landscape should be like ...

Customer Focus

Customer Engagement strategies will be very important to valuations for investors, as 2021 is expected to see the start of the economic recovery process, beginning in the second half of the year or sooner. These strategies will be particularly important for early-stage companies. As noted, they received the least investment interest in 2020 and will need to demonstrate strong execution capabilities to gain attention in 2021. Unfortunately there is little indication that investor appetite for early-stage risk is going to change significantly this year.

Customer Retention strategies will follow in importance, particularly for B2B SaaS companies. Industry research suggests that strong revenue retention has a compounding effect on growth and it is established as the most important metric for ensuring medium- to long-term business health. So it stands to reason that high customer churn rates will not be viewed favourably by investors. Additionally, the IT spending frenzies of 2020 can not be sustained, particularly as businesses begin to feel an easing of recent scramble-to-adopt motives. A return

to more normal “need to have versus nice to have” purchasing rationales, based on tangible value, should be expected. Also, a focus can be expected on digital solutions that offer minimal friction when integrated with legacy systems, and painless/beneficial new-user onboarding.

Pay-for-Use Pricing Models (P4U) are an emerging trend for monetizing cloud software services. Compared to the established monthly or annual subscription models, it is felt that P4Us better reflect the value a customer gets based on what is consumed, where and when. The more consumption, the higher the value and therefore the cost, but when less usage is required, the costs are proportionally lower as well.

Investment

With many investment funds moving into a ‘hold position’ during 2020, the potential for a return to more activity is there for 2021, but it is dependent on a return to a more stable and healthy market to work within. **PitchBook** is a U.S. market research and data company that covers the global private capital markets, including venture capital, private equity and M&A transactions. According to their research, the amounts of U.S. venture capital and private equity **funds available to be invested** are now estimated to be at a record US\$152.7B and US\$550B respectively. European VC

funds available grew by 14.8% in 2020, and private equity funds surpassed €294.0B.

One positive development in 2020 was an increase in **investment from Corporate Venture Capital (CVC)** groups in the U.S., Europe and Asia. This trend is expected to continue in 2021, but will be influenced by the Corporate ownership group in each case, ensuring investment alignment with the parent firm's technology, geography, deal stage, deal size and ROI strategies.

Another development has been a shift of investment activity outside traditional technology hubs such as California to include more opportunities in 'Tier 2' centers such as Austin TX and others. PitchBook noted that this trend has been accelerating recently and projects that investment in the San Francisco Bay area could fall below 20% of the total U.S. deal count for the first time in 2021. This shift represents a gain for cities such as Boulder CO, Seattle WA and Salt Lake City UT. Factors driving the changes include operating costs, access to skilled resources and changing lifestyle preferences that were amplified during the pandemic — how and where people of all ages now want to live and work.

Technology Market Sectors

Industry sectors that experienced strong economic performance in 2020 included the Healthcare sector and almost all other industries that were ripe for the first-time or increased adoption of Digital Transformation technologies. This will not change in 2021, however as noted below, there are likely to be corresponding increases in the focus on Cybersecurity and 5G networking.

Healthcare will continue to be an attractive investment segment this year, for the same reasons as experienced in 2020. PitchBook reported that the Operations and Care Management segment experienced the largest infusion of VC funds in 2020, totalling US\$5.3B across 184 deals. Continued industry drivers were cited to be government funding, adoption of new IoT and AI applications,

cost optimization, care improvement and patient engagement applications (see portfolio company Cliniconex on [page 9](#)).

The adoption of new and increased **Cyber-security defences** across all industry sectors is likely. Some of this is anticipated in order to play catch-up to the 2020 rush by IT to support a decentralized, working-from-home (WFH) labour force. However, unfortunately, according to the World Economic Forum, COVID-19 can also be linked to a 238% rise in global cyber attacks against the financial sector between February and April of 2020 alone. And in the U.S., attacks against hospitals and healthcare providers increased a distressing 50% between February and May of 2020. A sad reality indeed.

Many attackers now incorporate a form of 'social engineering' in their designs — ones that exploit unwitting staff members through email, social media and other "attack vectors" as they are called. Unprepared/unaware employees have become the single biggest security exposure for organizations. And it is worth noting that several Alacrity portfolio companies are experiencing considerable growth providing solutions to these and other such cybersecurity issues (e.g., HYAS, Hut6, ThinkRF).

Communications services are also expected to grow aggressively thanks to the higher capacity and reliability features of new **5G wireless networking technology** that will support IoT, AI, video communications and other emerging applications. Not surprisingly, 2020 caused some communications infrastructure weaknesses to become more apparent. According to a Microsoft study approximately 150 million Americans continue to lack the quality broadband services that became fundamental in adapting to the pandemic. Competing remotely for work, education, e-commerce, gaming, streaming services, telemedicine and other functions remains very challenging in some network areas, and advances in 5G networks can alleviate many of these issues.

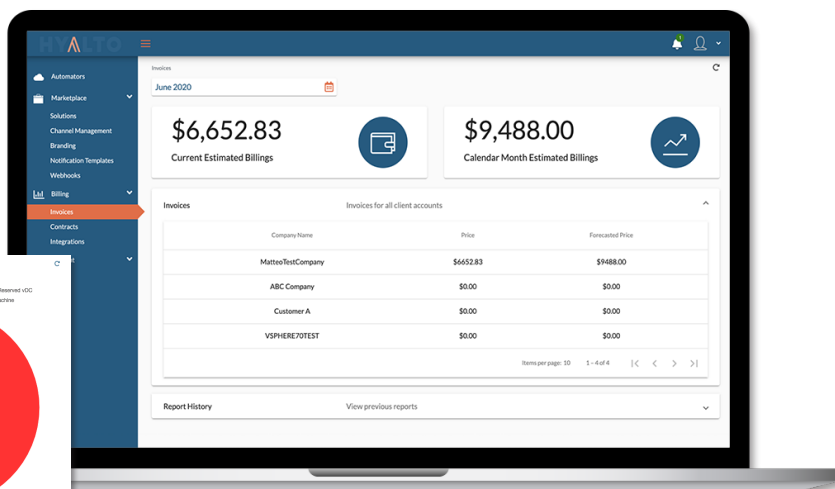
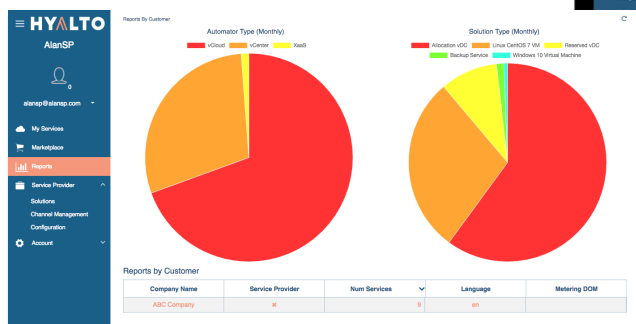
Digital Transformation technologies will continue to provide strong growth opportunities for B2B enterprise tech companies in 2021. Not all customers have completed this evolutionary journey. Many pushed ahead with rapid adoption of new technologies to meet immediate needs, and will now need additional implementation, integration and support services. The latest forecast by research firm Gartner suggests that worldwide IT spending will reach US\$3.9T in 2021, and that CIOs will continue to prioritize spending on technologies and services that were deemed "mission-critical" during the first stages of the pandemic. In 2021, however, there will be a renewed focus on balancing costs while continuing to progress. The market for **Enterprise Software** is also expected to be strong (rebounding nearly 9.0%) as remote work environments are expanded and better integrated for the longer term. Analysts expect such trends to persist through 2024, with some businesses requiring five years or more to complete their digital transformation processes.

Final Thoughts

High levels of digitalization for internal processes will continue to be the strongest business driver in 2021, particularly as it relates to supply chain, customer and partner interactions and service delivery. Industry analysts expect ongoing growth in cloud computing and applications for core business functions, security and customer experience. Optimization will be a key objective throughout, generating ease-of-use and cost efficiencies. Companies able to exploit these market dynamics should have the greatest prospects for growth this year. Start-ups that do so in the right, sustainable sectors will still be able to attract investment. Time, vaccines and economic recovery will write the rest of the story ... alacrityglobal.com 📍



HYALTO STRENGTHENS ITS FOUNDATIONS IN SYNCH WITH STRONG MARKET OUTLOOK



HYALTO

The impacts of the pandemic on enterprises everywhere have meant opportunity for many of the Managed Service Providers (MSPs) who support these businesses, and who constitute the **HyAlto** target market and customer base. But those opportunities did not materialize as quickly as the pandemic itself did. Through the middle of 2020, like so many companies, much of the HyAlto business development efforts stalled.

However the company did not. In response, they created new website content to better tell their compelling story and articulate the value they deliver. They researched marketing partnerships with key trade media, and evaluated what kind of industry expertise should be added to the team. And importantly, they developed a focus on the mental and physical health of the employees to keep them positive and motivated during such challenging times.

The effects of these programs began to pay returns as the MSPs themselves got back in their game and started seizing the opportunities noted above. Over the last Quarter, HyAlto achieved their strongest monthly growth rate to date. And they drove a 30 percent increase in client usage of the platform from Q3 to Q4.

Over the last Quarter, HyAlto achieved their strongest monthly growth rate to date. And they drove a 30 percent increase in client usage of the platform from Q3 to Q4.

Entering 2021, the company also added an experienced executive with deep Cloud and MSP industry knowledge to the management team as Chief Strategy Officer. The first-hand experiences and global client/partner network this individual brings to the company will prove extremely valuable.

So the team got stronger as the market did as well. Despite the pandemic, the adoption of cloud technologies globally continues to accelerate — perhaps even more so because of it. And key for HyAlto and the MSPs they serve, the adoption of hybrid- and multi-cloud environments as well as Infrastructure-as-a-Service (IaaS) business models are instrumental in that acceleration.

To that point, in June 2020, **LogicMonitor reported** that 87 per cent of enterprises expected to accelerate cloud migration as part of a post-COVID recovery. Further,

the amount of enterprise workloads being executed in a public cloud versus a private cloud environment will continue to be split almost evenly through 2025. And in August, **IDC reported** that enterprises previously talked about cloud migration journeys of up to ten years in duration. They now speak in terms of completing such shifts in less than half the time. They added that the economic uncertainty of today has drawn fresh attention to the core benefits of IaaS — relatively small financial commitment, the flexibility to support business agility, and operational resilience as a result. Cost optimization and business resilience have emerged as top drivers of IT investment decisions, and IaaS offerings are designed to enable both.

All these developments validate the HyAlto strategy to deliver the multi-cloud automation tools and the stream-lined client engagement model that enable cloud MSPs to modernize their front and back office operations and take advantage of a growth market. The pandemic is not over, but there is a return to stronger business activity. HyAlto made some key adjustments during the peak impact, and is emerging even more focused on what their MSP customers need to chart mutually beneficial growth paths. **hyalto.com** 

SECURITY OPERATIONS CENTERS (SOCs) NEED A CLEAR PICTURE OF THEIR EVOLVING IT ENVIRONMENTS



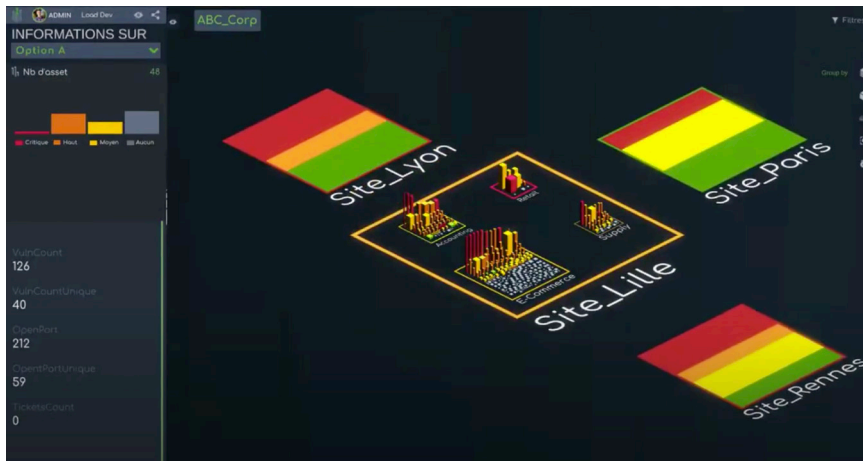
OverSOC, part of the Alacrité France cohort of start-up companies in Lille, France, continued to make client progress over the Quarter with their innovative SaaS. The 3D, real-time mapping and analysis application has been designed specifically for enterprise IT teams and SOCs. It enables better collaboration between CISOs, IT leaders, analysts, cybersecurity experts and solution providers in order to analyze, maintain, repair and protect corporate and organizational IT infrastructure and networks more effectively.

Many of these tasks are currently executed using spreadsheets and a range of non-integrated

dashboards, graphs and system reports. These tools and techniques often prove inadequate today, as the IT environments themselves continue to evolve to become more diversified, complex and geographically dispersed, and as the security threats they are faced with evolve in lockstep. OverSOC has seized the opportunity to apply better automation to these problems with their advanced map-generation and analysis tool. And initial clients are impressed.

The OverSOC 'cartography' helps simplify the complexity of large IT deployments. It proves invaluable in the management of system expansions, ubiquitous updates and new integrations, and importantly, it provides greater visibility into potential and real security exposures, which helps improve defenses and incident response practices. It gives all stakeholders a common, visual reference with which to make collaborative operational, capital, growth, security and other IT decisions. Learn more at

oversoc.com

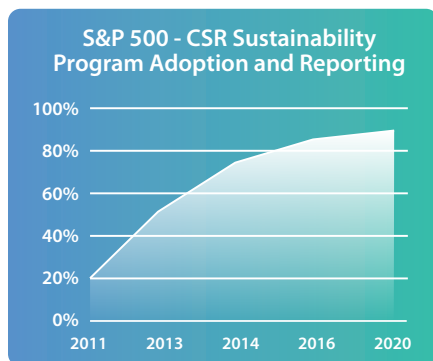


OverSOC uses the latest representation tools and techniques to map all relevant data points, combining cyber, communication and network metrics together to display status and any risks.

SUPPORTING THE INCREASED DRIVE TOWARD CORPORATE SOCIAL RESPONSIBILITY

More than ever, customers, investors, employees and others are taking an interest in the ways in which companies make positive social and community impacts when assessing their performance. This is in addition to, or in some cases even instead of, the traditional view of “how much revenue does the firm generate”. Corporate Social Responsibility (CSR) is the industry term used to describe this new corporate measuring stick, and it is meant to reflect the commitment a company has to ethical and sustainable business practices. The four Core Pillars of a CSR Program are:

- Volunteerism
- Environmental Sustainability
- Workplace Diversity and Ethics
- Philanthropy



The Governance and Accountability Institute determined that 90% of companies in the S&P 500 are now publishing a sustainability report.

There are a number of ways a company can embrace CSR initiatives. The most active and engaging is with a corporate volunteerism program. Portfolio company **InitLive** has already helped many clients implement and manage such programs successfully.

What the InitLive team has learned from these experiences is, whether it is organized corporate events, ongoing programs with

local non-profits, employee-led initiatives or other, it is important to make sure any initiative is a part of a larger CSR strategy that has support from senior management. As with any program, success is unlikely without stakeholder buy-in, and in this case those stakeholders include cross-company leaders, board members, HR executives and the employees themselves.

The establishment of a corporate volunteer program brings benefit to the community, the employees and the company. It provides non-profits in the community with access to a new pool of qualified volunteers who can make a big impact. And more employees today, particularly millennials, care about the impact their work and their company have on the world. A corporate program offers them an opportunity to engage in meaningful volunteer activities together with their colleagues, and with the full support of management. As a result, according to the **Social Purpose Institute**, such purpose-driven employees:

- Have 20% longer tenures with their company
- Are 50% more likely to be or end up in leadership positions
- Are 47% more likely to be promoters of their employers
- Have 64% higher fulfillment levels in their work


This study also found that 87% of employees who volunteered with their companies reported an improved perception of their employer. And when choosing between two job opportunities, 61% of millennial workers now factor company commitment to their community into their final decision.

Corporate volunteering also enhances teamwork among employees and departments, and encourages employees to learn new skills along the way. The employer in turn benefits from more engaged employees and improved social capital — additional, positive PR. To this point, many customers now care just as much about the impact a

company they buy from has on the world as they do the value of the products or services. One study suggests that 70% of consumers would recommend a company they see as having a social purpose over one without.

Creating and managing a corporate volunteer program does not need to be a big new administrative headache and workload. As InitLive promotes, the first step toward success is investing in an affordable, easy-to-use volunteer management solution such as the one they provide. InitLive SaaS simplifies the processes associated with designing, executing and tracking the results of all initiatives of this type. It helps companies do greater good in less time. It reduces the administrative burden by as much as 70% and motivates employees to participate more frequently, enabling them to sign up for volunteer shifts with ease, to contribute in a more organized fashion, and to see the impacts of their efforts through a dashboard.

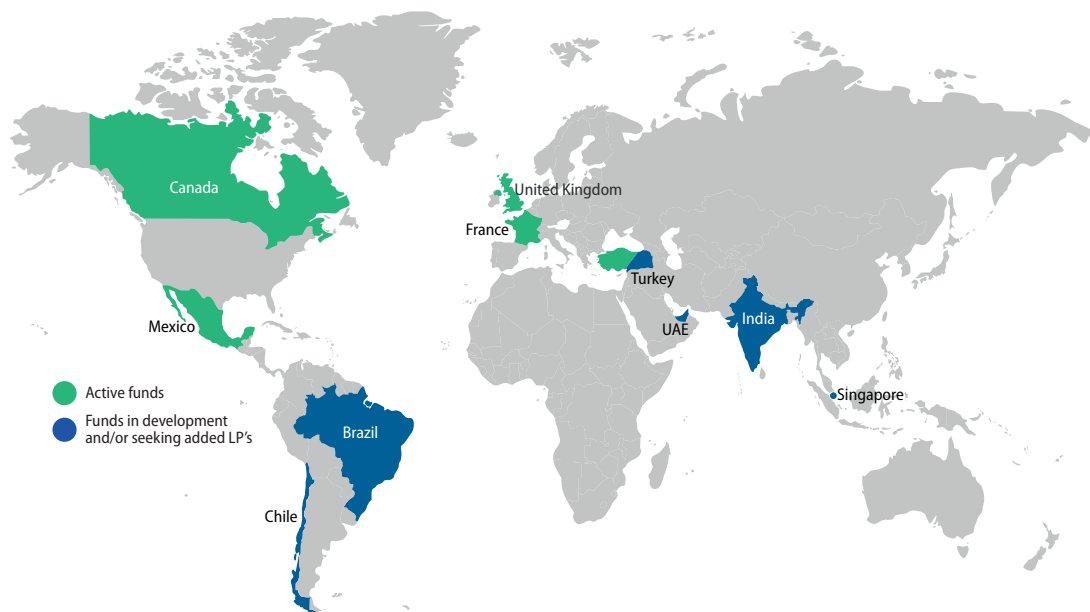
As a closing example, InitLive customer National Grid, which has offices throughout the U.K. and U.S., uses the software to manage their “Grid for Good” initiatives — events designed to expose youth between the ages of 16 and 24, who come from disadvantaged backgrounds, to the benefits of helping others. Thanks to the tools InitLive provides, in this first year of operation the program is providing up to 4,000 young people with up to 12,000 hours of volunteer community work. And the management team has a goal to grow the program reach to 22,500 young people and 125,000 volunteering hours by 2030. A long-term commitment stemming from very positive initial results.

That goal could not be achieved without the help of InitLive, and we share their satisfaction in enabling such ‘socially responsible’ initiatives. initlive.com 



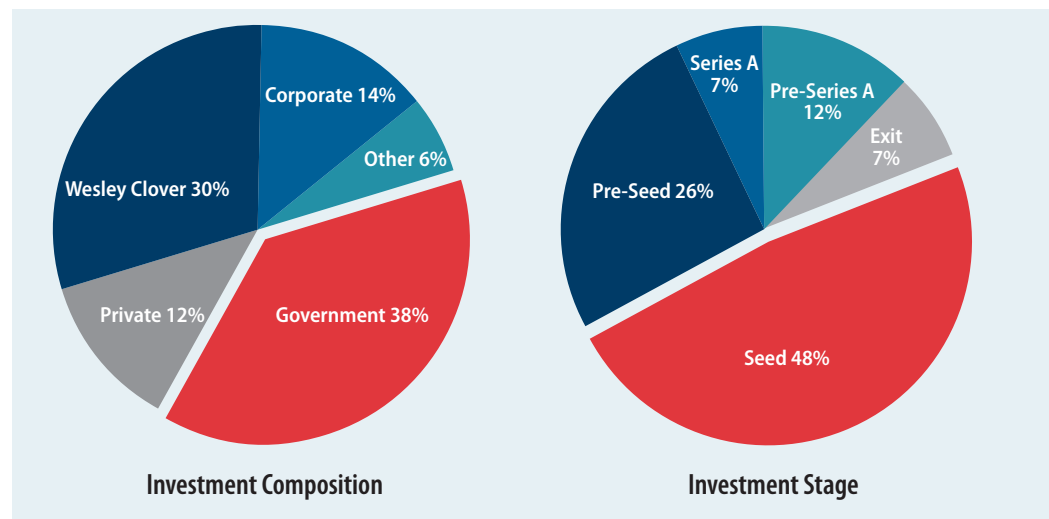
A 2020 PORTFOLIO RECAP FROM ALACRITY GLOBAL

As calendar 2020 came to a close, the portfolio of companies within the Alacrity Global ecosystem grew to 69 businesses across six international locations. Over the twelve-month period, the portfolio achieved a new high-water mark with more than USD\$35.0M secured in Series A funding. The teams also managed four exits from the portfolio, with a combined value of more than USD\$60.0M. And as 2021 begins, a Series B funding round of USD\$16M has already been closed. The global program continues unabated ...



Start-Ups that Closed Outside Funding

✱ Wave Boating ✱ Aidexpress ✱ Optimity ✱ EnergyX ✱ Procedureflow ✱ Heydey ✱ Certn ✱
✱ Aydanaya ✱ Intelocate ✱ Brokrete ✱ Neurovine ✱ Segmentify ✱ Pisano ✱ Upchain ✱



Investments Under Management¹
>\$50,000,000

Cumulative 2020 Revenues²
>\$30,000,000

Active Start-Ups³
69

Start-Ups with Follow-on Investment
55

Alacrity Exits
4

Open Global LP Investment Opportunities
\$75,000,000²

1. Alacrity Canada, Alacrity UK are registered as Non-Profit and Charitable Foundation respectively. Those investment values not reflected here.

2. Estimated.

3. Active Start-ups does not include companies in L-Spark Accelerator.





Contact Us

PRINCIPAL COMPANY INDEX

* Featured in this issue of Q

Alacrity Canada* – alacritycanada.com

Alacrité France – alacrite.fr

Alacrity Global* – alacrityglobal.com

Alacrity India – alacrityindia.com

Alacrity Mexico – alacritymexico.com

Alacrity Turkey – alacrityturkey.com

Alacrity UK – alacrityfoundation.co.uk

Benbria – benbria.com

Brookstreet Hotel – brookstreethotel.com

Brookstreet Pictures – brookstreetpictures.com

CareerJSM – careerjism.com

Celtic Manor Resort – celtic-manor.com

Certn* – certn.co

Cliniconex* – cliniconex.com

Codeherent – codeherent.tech

CounterPath – counterpath.com

CreatorDen – creatorden.com

CulturVate – culturvate.co.uk

CustomsBridge – customsbridge.ai

Diskyver – diskyver.com

Echosec* – echosec.net

Encepta – encepta.net

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HyAlto* – hyalto.com

HYAS Infosec – hyas.com

InitLive* – initlive.com

International Convention Centre Wales – iccwales.com

KRP Properties* – krpproperties.com

Learnium – learnium.net

Lota.Cloud – lota.cloud

L-SPARK* – l-spark.com

Marshes Golf Club – marshesgolfclub.com

Martello* – martellotech.com

Mydoma Studio – mydomastudio.com

OverSOC* – oversoc.com

Persona – personajobs.com

Pisano – pisano.co

Pretio Interactive – pretio.in

ProntoForms* – prontoforms.com

SaaSquatch – saasquatch.com

Segmentify – segmentify.com

Solace – solace.com

Solink – solinkcorp.com

Talkative* – talkative.uk

TaraSpan – taraspan.com

Teldio – teldio.com

ThinkRF – thinkrf.com

Thrive – thrivemycareer.com

TrustEat – trust-eat.com

Twentify – twentify.com

Wesley Clover Parks – wesleycloverparks.com

Wesley Clover Solutions – wesleycloversolutions.com

Whispeak – whispeak.io/en

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HEAD OFFICE WESLEY CLOVER INTERNATIONAL

390 March Road, Suite 110
Ottawa, ON K2K 0G7
+1.613.271.6305
wesleyclover.com

US OFFICE WESLEY CLOVER INTERNATIONAL

3800 Concorde Parkway,
Suite 1500
Chantilly, VA 20151
+1.703.318.4355

EMEA OFFICE WESLEY CLOVER INTERNATIONAL

The Manor House
Newport, South Wales, UK
NP18 1HQ
+44.11633.410383



Wesley Clover

Additional offices are listed on our website.
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