

Market Update Industrial Automation and IoT

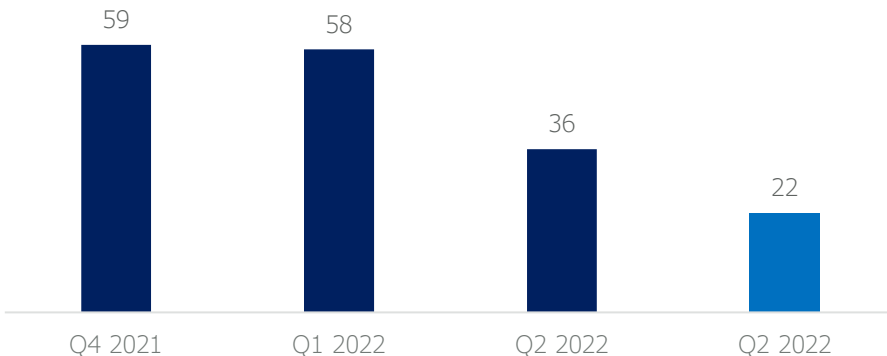
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The manufacturing industry has long been an early adopter and driving force of many new technologies. Manufacturing was one of the first industries to embrace and implement business computing when it was introduced in the 1960s and was an early adopter of advancements such as time-keeping systems and production tracking software. However, the industry has been one of the slowest movers in adopting and integrating cloud computing to reach the manufacturing floor. Over the past 24 months, we have seen a shift occur, particularly since the peak of the COVID pandemic, as manufacturing companies have accelerated their use of cloud computing to help increase their productivity, agility, and resilience.

Cloud computing represents an essential component for manufacturers as they continue the transition to smart manufacturing and smart factories. Among a host of operational applications, cloud computing can help manufacturers manage their businesses with better intelligence through the expanded use of data analytics. At the enterprise level, cloud computing impacts how companies manage their operations and helps bridge the gap between OT and IT. Additionally, cloud computing directly impacts modern manufacturing by facilitating the integration of data stemming from IoT-enabled production equipment on the factory floor.

Top manufacturing firms have led the charge of cloud adoption within the industry through acquisition and integration of cloud-based platforms and partnering with top cloud services providers. Siemens partnered with Google Cloud, Rockwell Automation has acquired Plex Systems to help expand its industrial cloud software offerings, and Honeywell entered into an agreement with Microsoft to become a key provider of manufacturing software.

of M&A Deals Automation & IoT



7MA has recently completed several M&A transactions for companies with Industrial Automation & IoT products, software platforms, and service offerings and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact John Cooper, Ben Garber, Sydney Scadden, Conor Smith, or Tyler Ratterree if you would like to learn more about Industrial Automation & IoT.

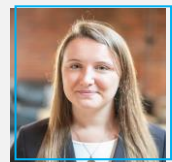
Sector Coverage Team



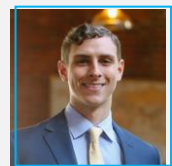
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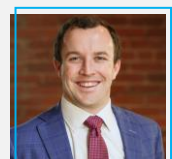
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Sector Snapshot

7MA Advises Flexware Innovation in Sale to Hitachi










Flexware Innovation, a leading manufacturing Systems Integrator, was acquired by Hitachi to help Hitachi bolster its focus on its Total Seamless Solution that uses data and digital technology to help connect Information Technology departments with Operational Technology departments.

With the acquisition, Hitachi strengthens its MES (Manufacturing Execution Systems), SCADA (Supervisory Control and Data Acquisition), Software Development, Business Intelligence (BI), and ERP (Enterprise Resource Planning) implementation capabilities in North America as well as accelerate the digitalization with JR Automation.

Specialized IT / OT Offering

- Flexware is a rare provider of end-to-end IT and OT services, offering manufacturing-specific digital transformation and automation capabilities.
- Flexware fills the gap between pure-play industrial automation providers and enterprise IT services firms through its use of its three proprietary offerings – Acumence, Spark MES, and LIFT.

END-TO-END IT/OT SERVICES & SOLUTIONS

- | | |
|--|---|
|  Automation Engineering |  Enterprise Solutions |
|  Systems Integration |  Software Development |
|  Ignition (Implementations) |  Business Intelligence |
|  Product | |

Market outlook on smart manufacturing industry



- Global market size was valued at \$236 billion in 2020
- Smart manufacturing market is segmented hardware, software, and services
- Software accounted for ~50% of the market in 2020 and is expected to continue dominance through the remainder of the decade
- Distributed Control System (DCS) segment dominated the market in 2020 and accounted for over 16.0% of the revenue share

Market outlook on Industry 4.0



- The global industry 4.0 market size was valued at \$115 billion in 2021
- An increased adoption rate of industrial robots and integration between the IT and OT departments is driving the market to be valued at an estimated \$337 billion by 2029
- Market is defined as industrial automation, smart factory, and industrial internet of things

Market Landscape

Offerings

Services

Products
&
Services

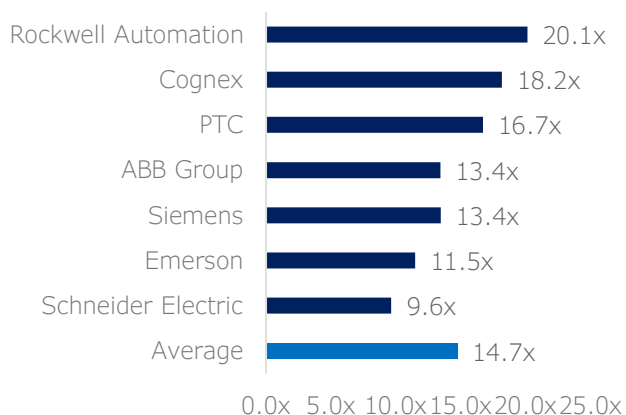
Products
&
Platforms

Please reach out to 7MA team to get access to the market landscape.

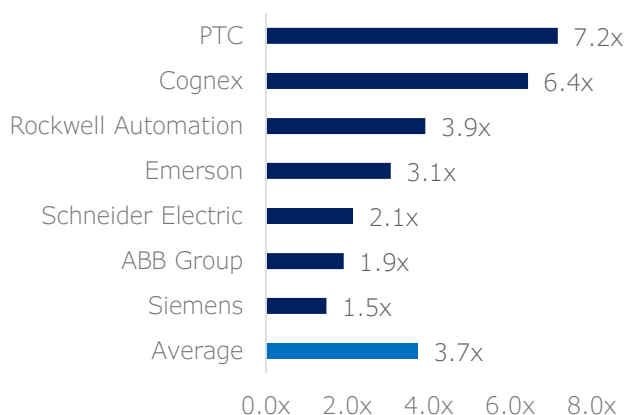
Publicly-traded Industrial Automation & IoT – Q3 2022

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
Siemens	6,862	385	1,086	28%	71%	35%	6.3x	17.8x	2,257	304
Schneider Electric	13,585	818	1,906	24%	80%	43%	7.1x	16.6x	6,867	198
ABB Group	29,075	1,448	7,442	11%	39%	19%	3.9x	20.1x	24,500	119
Emerson	56,459	4,098	28,811	11%	32%	14%	2.0x	13.8x	106,380	53
Rockwell Automation	58,870	5,123	19,216	9%	41%	27%	3.1x	11.5x	86,700	68
PTC	77,616	7,804	35,145	15%	41%	22%	2.2x	9.9x	166,025	47
Cognex	118,770	8,580	77,535	13%	36%	11%	1.5x	13.8x	308,000	39
Mean	51,605	4,036	24,449	14%	49%	25%	3.7x	14.8x	100,104	118
Median	56,459	4,098	19,216	12%	41%	22%	3.1x	13.8x	86,700	68

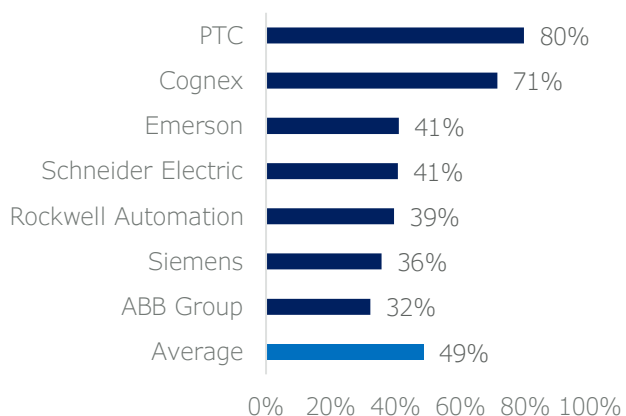
TEV / EBITDA X



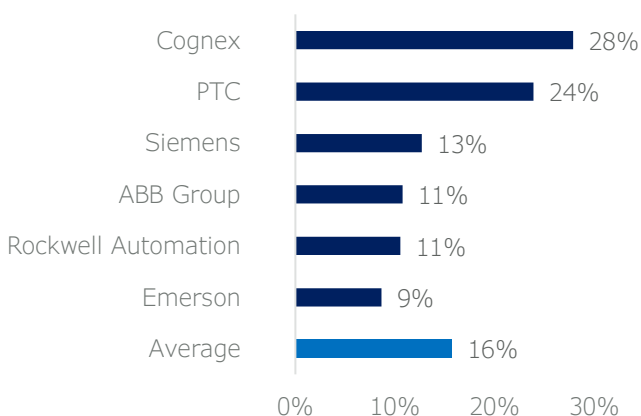
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q3 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
September 2022			<ul style="list-style-type: none"> Lean Consulting, a provider of business transformation services intended to improve process management of companies, was acquired by Roboyo. Lean Consulting specializes in offering multiple services including business process management, robotic process automation, lean six sigma process mining, performance management and hyper-automation, thereby enabling businesses and corporates to adapt rapidly changing operating environments across the United Kingdom and Ireland.
September 2022			<ul style="list-style-type: none"> Optio3, a developer of an IoT management software designed to help companies gain insights into their connected devices, was acquired by CoreStack, a cloud management platform. Optio3's software provides an operational view of connected devices on a single screen to generate reports, create health alerts and notifications, proactively audit and actively identify potential risks, security vulnerabilities, and compliance issues through automated health and status checks of the devices, enabling clients to discover, visualize and manage all connected IoT devices in one place.
August 2022			<ul style="list-style-type: none"> Risoul, a distributor of industrial automation products and provider of services catering to the Mexican and Latin American markets, was acquired by RS Group for \$275 million. The acquisition will deliver a strategy to accelerate organic growth to RS Group through high-quality inorganic opportunities that expand geographic reach, extend targeted product adjacencies, and develop product and service solutions offer and will also deepen the presence in Mexico and provide a strong platform to expand into Latin America.
July 2022			<ul style="list-style-type: none"> Löfqvist Engineering, an operator of an industrial automation company intended to manufacture industrial robots and robotic solutions, was acquired by Storskogen. Löfqvist possesses expertise in robots, mechanics, electricity and programming and develops and produces robot solutions for process lines and manufacturing for the automotive and engineering industries, the metal industry, the wood and packaging industry.
July 2022			<ul style="list-style-type: none"> Innovation Strategies is an operator of digital transformation company intended to solve problem and broaden customers horizon. The company specializes in IT strategy, cloud, Industry 4.0, application design and development, and data analytics, enabling its clients to avail certified products of AWS, Microsoft and Oracle, among others. Siemens acquired the company as it looks to expand its capabilities to serve their clients better and provides tremendous opportunities for their employees.

About 7 Mile Advisors

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions


FLEXWARE
innovation
—
HITACHI


KALYPSO
—
 **Rockwell Automation**


 **SPIDA**
SOFTWARE
—
Bentley



**Multi-national Industrial
Conglomerate**
—
Strategic Advisor



**Global Leader in Beverage
Production**
—
Strategic Advisor

