

SECTORWATCH:

Supply Chain Tech & Software

March 2018

7 MILE 
ADVISORS

SECTORWATCH:
**Supply Chain Tech
& Software**

March 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

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.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↓ -2.0%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↓ -0.4%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↓ -2.0%

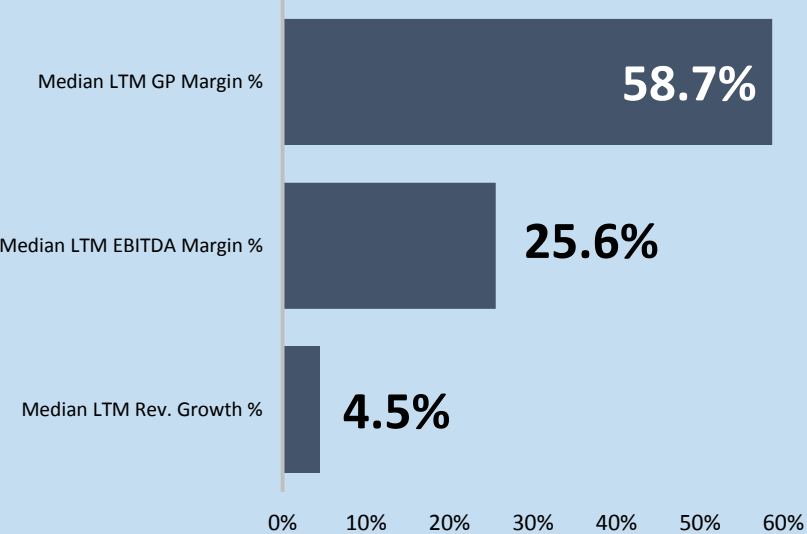
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

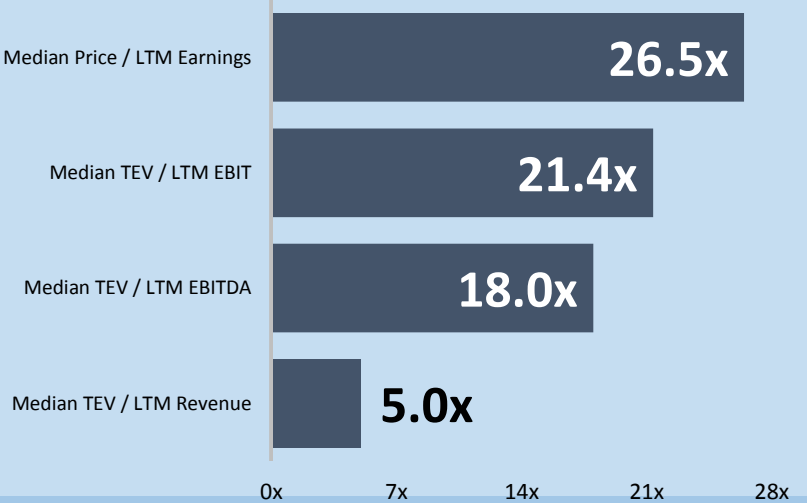
PUBLIC BASKET CONSTITUENTS

- NasdaqGS:AMSW.A
- NasdaqGS:MANH
- HLSE:BAS1V
- DB:SAP
- TSX:KXS
- NYSE:ORCL
- TSX:DSG

Operating Metrics



Valuation



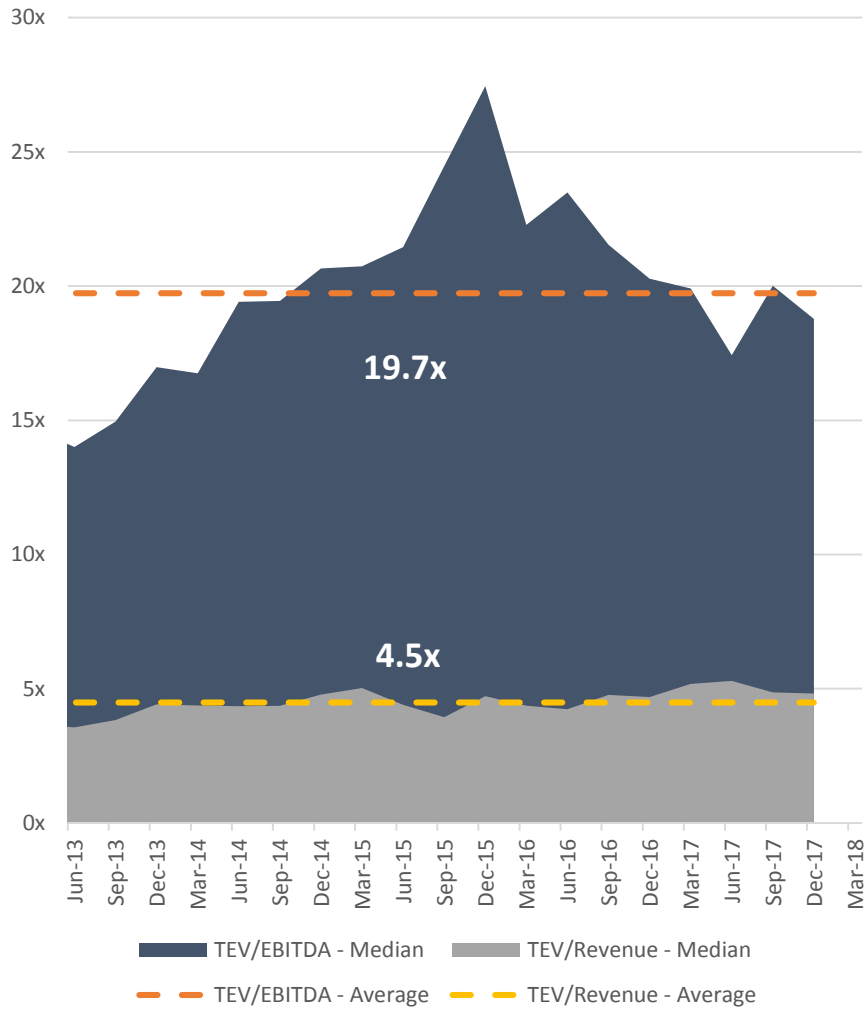
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
American Software, Inc.	326	110	1%	55%	15%	3.0	19.9	372	295
BasWare Oyj	807	179	0%	24%	-3%	4.4	0.0	1,829	98
Kinaxis Inc.	1,536	133	15%	70%	23%	11.8	52.1	-	NA
The Descartes Systems Group Inc	2,224	237	17%	73%	33%	9.8	30.0	-	NA
Manhattan Associates, Inc.	2,966	595	-2%	59%	33%	5.0	15.0	2,790	213
SAP SE	133,166	28,171	6%	70%	26%	4.6	18.0	88,543	318
Oracle Corporation	208,803	38,907	4%	58%	39%	5.4	13.8	138,000	282

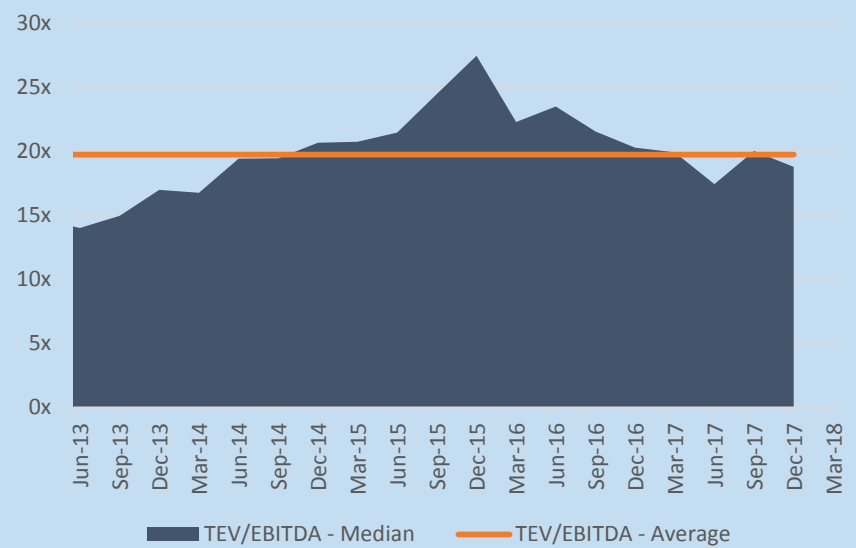
Average	49,975	9,762	6%	58%	24%	6.3	21.3	33,076	241
Median	2,224	237	4%	59%	26%	5.0	18.0	1,829	282

share price as of 13Mar18

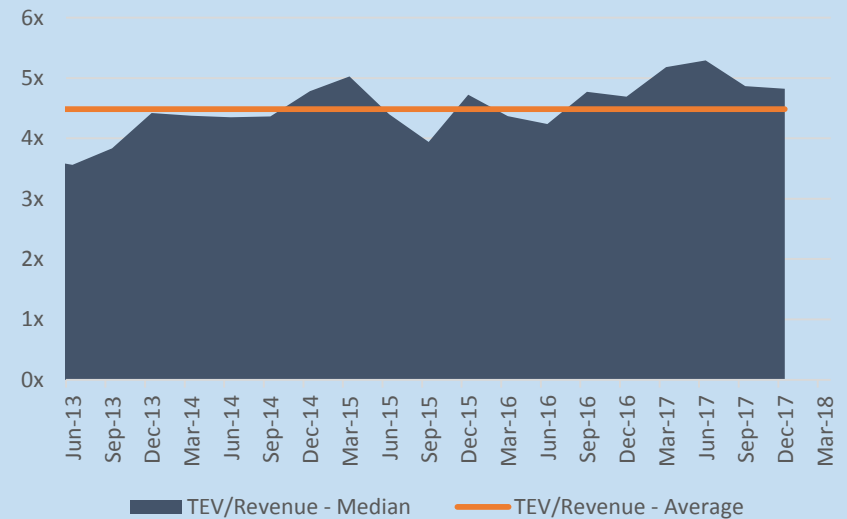
PUBLIC BASKET VALUATION TRENDS



Public EBITDA Multiples Over Time



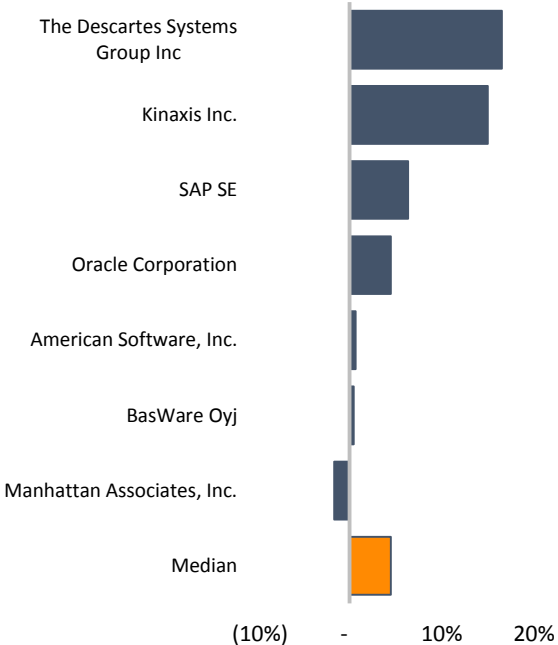
Public Revenue Multiples Over Time



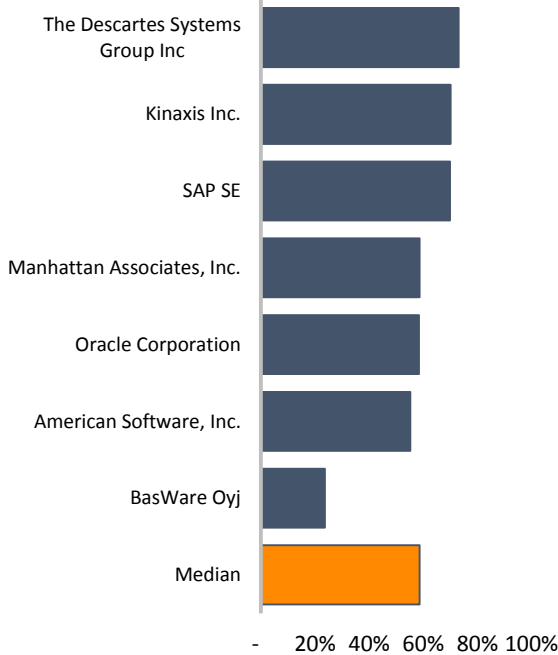
OPERATIONAL METRICS



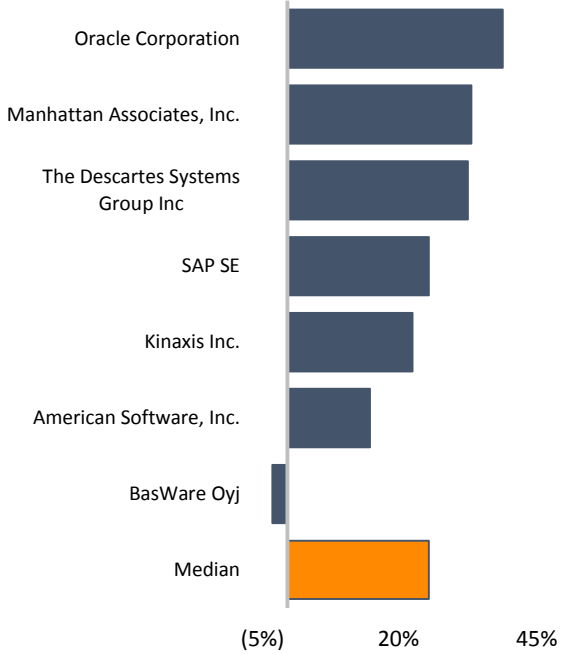
LTM REVENUE GROWTH %



LTM GROSS PROFIT MARGIN %



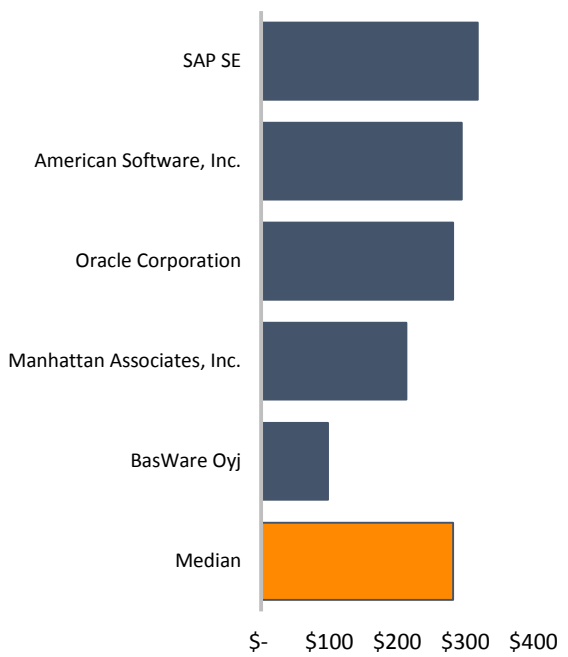
LTM EBITDA %



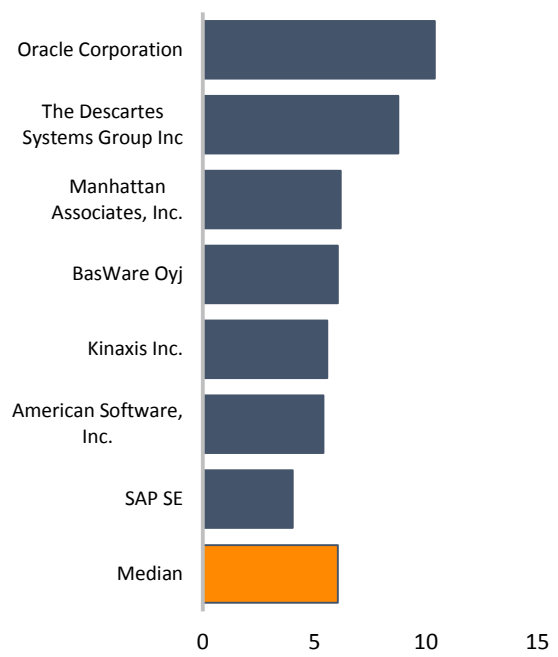
OPERATIONAL METRICS



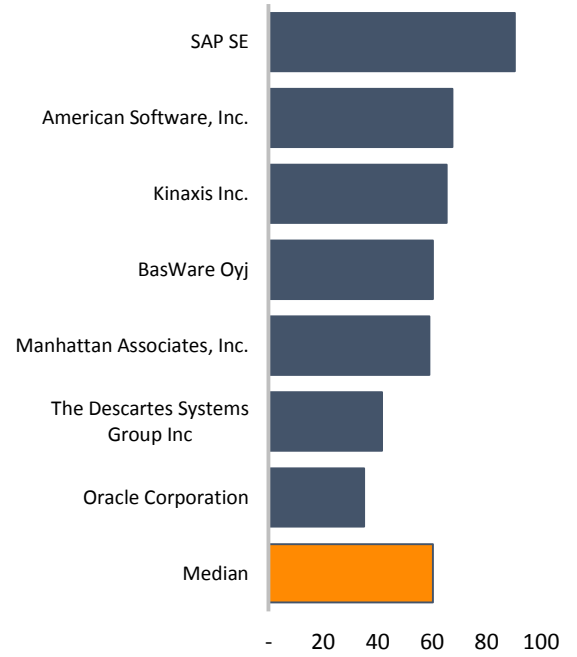
LTM Rev. per FTE x 000's



Accounts receivable turnover



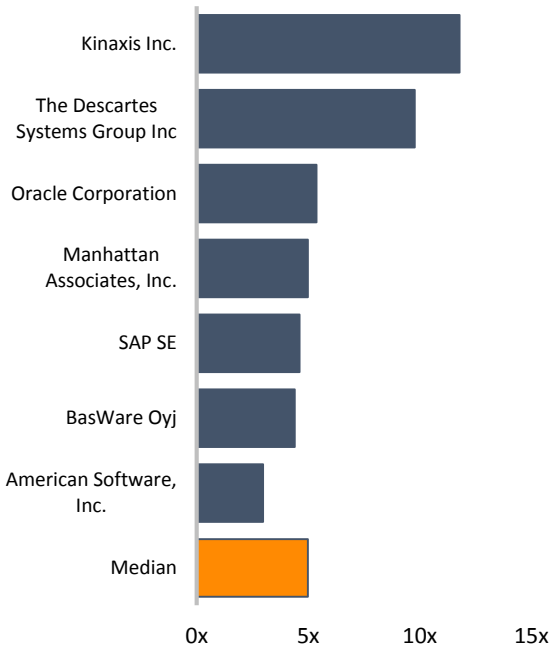
Avg days sales outstanding



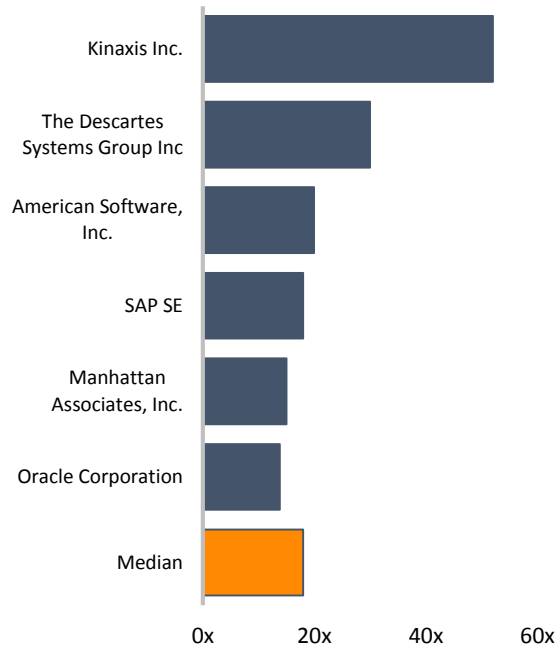
VALUATION



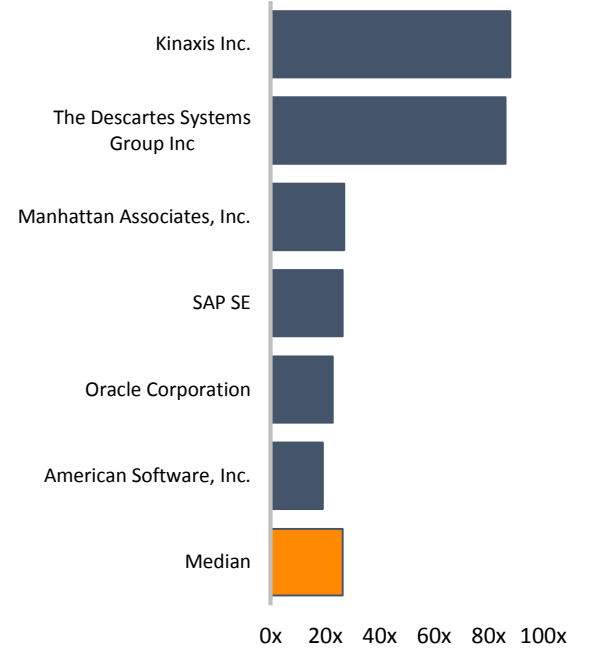
TEV / LTM Revenue



TEV / LTM EBITDA



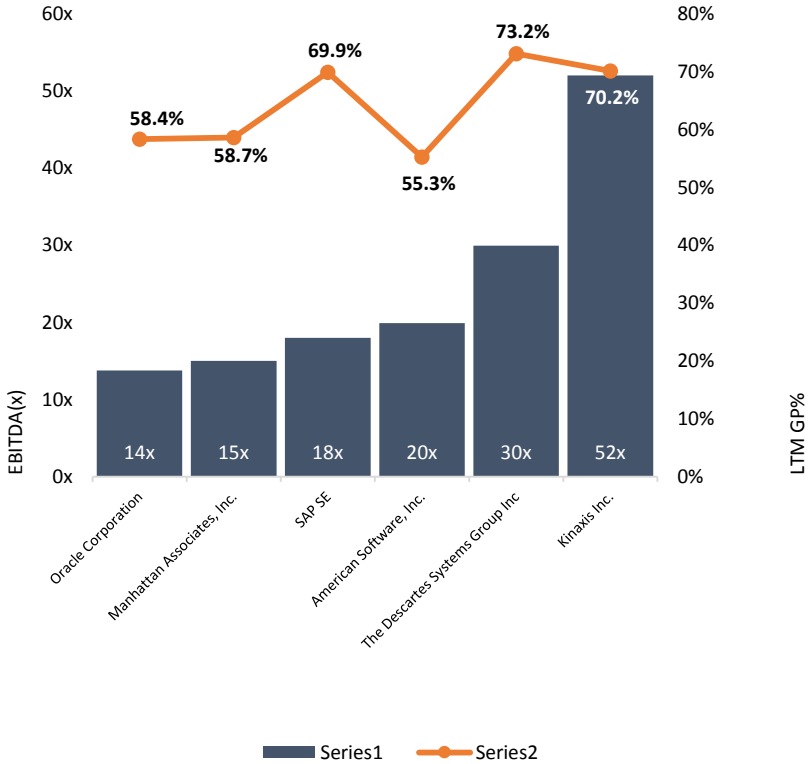
Price / LTM Earnings



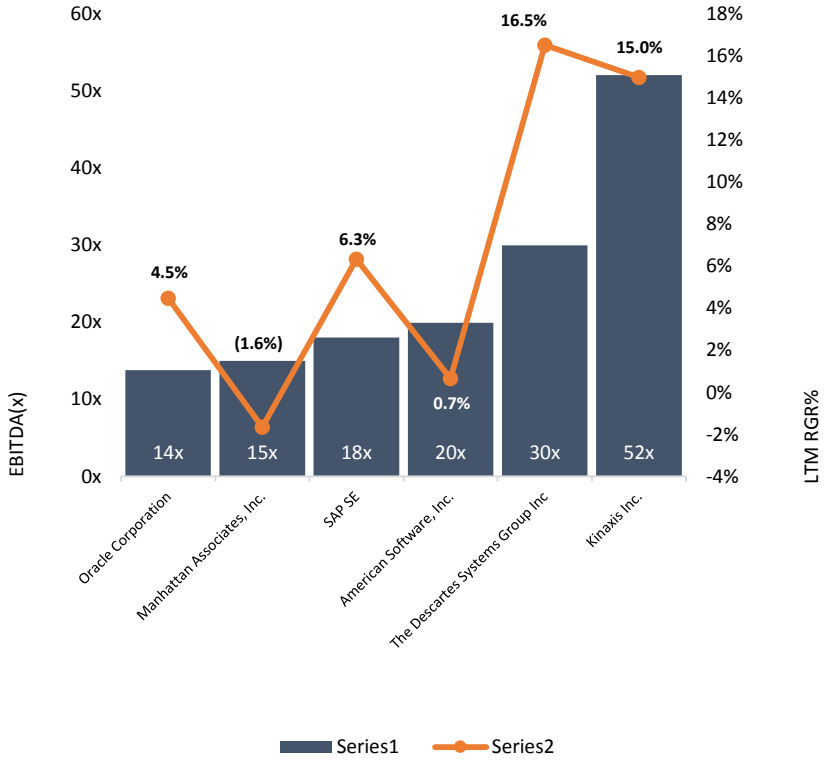
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
12Feb18	Amber Road, Inc.	E2open, Inc.	323.51	79.08	3.97	NM
11Jan18	Forecast Solutions SL	Retail Logistics Excellence - RELEX Oy	-	-	-	-
8Dec17	Honeywell International Inc.	-	8,000.00	39676.00	-	-
7Dec17	Honeywell International Inc.	-	444.86	#####	-	-
1Nov17	TelaPoint, Incorporated	Professional DataSolutions, Inc.	-	-	-	-
15Sep17	InfoZen, Inc.	ManTech International Corporation	180.00	-	-	-
14Sep17	Datalliance	True Commerce, Inc.	-	-	-	-
28Aug17	HighJump Software Inc.	Körber AG	-	-	-	-
14Aug17	MacroPoint, LLC	The Descartes Systems Group Inc	106.60	12.50	8.5x	-
14Aug17	Grand Junction, Inc.	Target Corporation	-	-	-	-
19Jul17	HemaSource, Inc.	Ridgemont Equity Partners	-	-	-	-
7Jul17	Perfect Commerce, LLC	Proactis Holdings Plc	132.50	39.67	3.3x	20.6x
1Jun17	PCSTrac, Inc.	The Descartes Systems Group Inc	11.50	-	-	-
18May17	Z-Firm LLC	The Descartes Systems Group Inc	17.00	-	-	-
8Mar17	Cap Gemini S.A., IBX Business Network	Tradeshift Holdings Inc.	-	-	-	-
22Feb17	irms 360 Enterprise	Aptean, Inc.	-	-	-	-
10Jan17	Forcheck B.V.	Synopsis, Inc.	-	-	-	-
23Dec16	Datamyne, Inc.	The Descartes Systems Group Inc	55.18	-	-	-
18Sep16	Palerra, Inc.	Oracle Corporation	-	-	-	-
6Sep16	LogFire, LLC	Oracle Corporation	-	-	-	-
30Aug16	ShipXpress, Inc. (nka:ShipXpress, A GE Transportation Company)	GE Transportation	-	-	-	-
20Jul16	TS Traker Systems Inc.	3PL Central, LLC	-	-	-	-
13Jul16	Imprivata, Inc.	Thoma Bravo, LLC; Thoma Bravo Fund XII, L.P.	521.03	131.14	3.8x	NM
1Jul16	Intelligrated Inc.	Honeywell Sensing and Productivity Solutions	1,500.00	-	-	-
23Jun16	Predictix LLC	Infor (US), Inc.	125.00	21.68	-	-
27Jun16	Orchestra, Inc.	E2open, Inc.	-	-	-	-
18Apr16	eNSYNC Solutions Inc.	Data Systems International, Inc.	-	-	-	-
7Apr16	Suzhou Supply Chain Technology Co., Ltd.	Jiangsu Hongtu High Technology Co., Ltd.	120.62	20.68	5.8x	-
21Mar16	NDC Automation Pty. Ltd.	Dematic Corp.	-	-	-	-
4Mar16	Terra Technology, LLC	E2open, Inc.	-	-	-	-
12Jan16	Enroute Systems Corporation	Pitney Bowes Inc.	14.00	-	-	-

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Appendix: Public Basket
Constituents

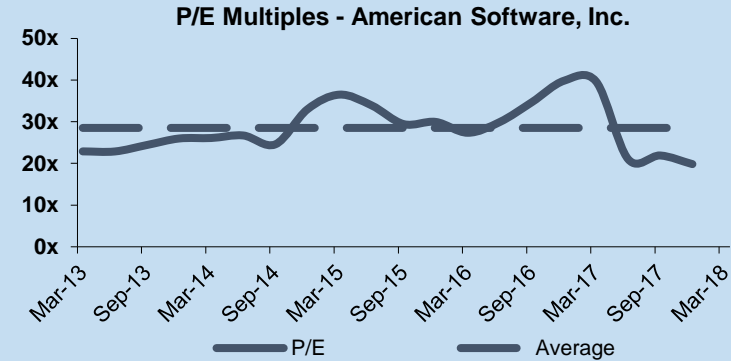
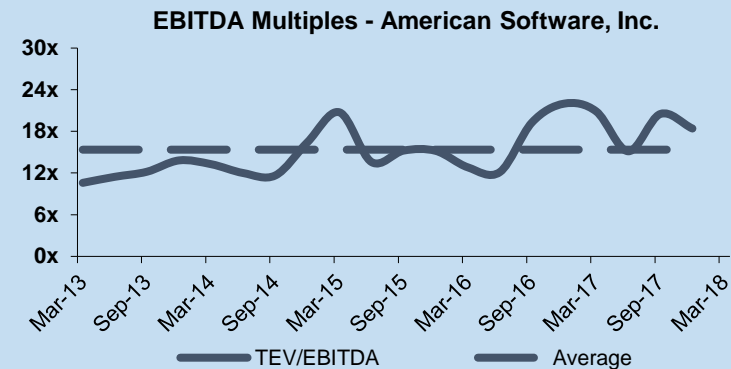
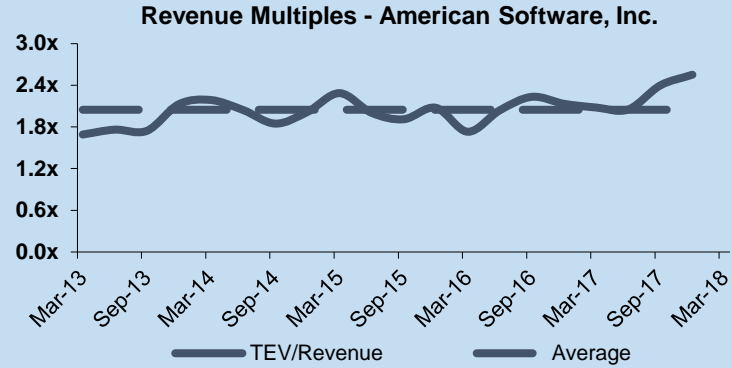
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PUBLIC BASKET CONSTITUENTS

American Software, Inc.

American Software, Inc. develops, markets, and supports a portfolio of software and services worldwide. It operates in three segments: Supply Chain Management (SCM), Enterprise Resource Planning (ERP), and Information Technology (IT) Consulting. The SCM segment provides supply chain management solutions, including sales and operations planning, demand and inventory optimization, manufacturing planning and scheduling, supply optimization, retail allocation and merchandise planning, and transportation optimization solutions to streamline and optimize the forecasting, inventory, production scheduling, production, supply, allocation, distribution, and management of products between trading partners. This segment also offers Demand Solutions, a software-as-a-solution platform; and Logility Voyager Solutions, a warehouse and transportation operations suite. The ERP segment provides purchasing and materials management, customer order processing, financial, e-commerce, and flow and traditional manufacturing solutions, as well as industry-specific business software to retailers and manufacturers. The IT Consulting segment offers IT staffing and consulting services, such as professional services/product management/project management, staff augmentation, and social media and analytic marketing, as well as cloud, collaboration, and network and security services; and software enhancements, documentation, updates, customer education, consulting, systems integration, maintenance, and other support services. The company markets its products through direct and indirect sales channels, and agents to retail, apparel, footwear, consumer packaged goods, chemicals, oil and gas, life sciences, telecommunications, consumer electronics, industrial products, and other manufacturing industries. American Software, Inc. was founded in 1970 and is headquartered in Atlanta, Georgia.

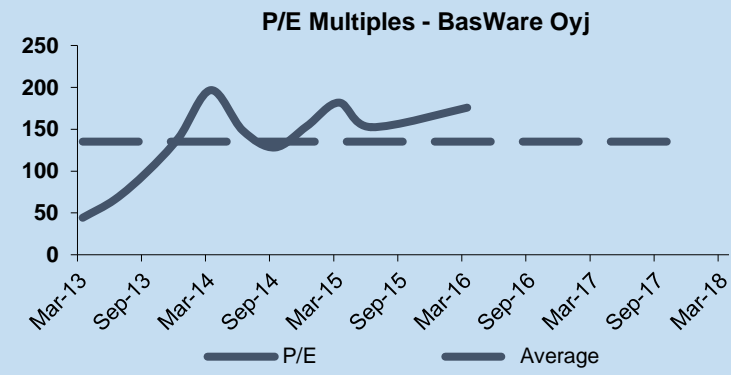
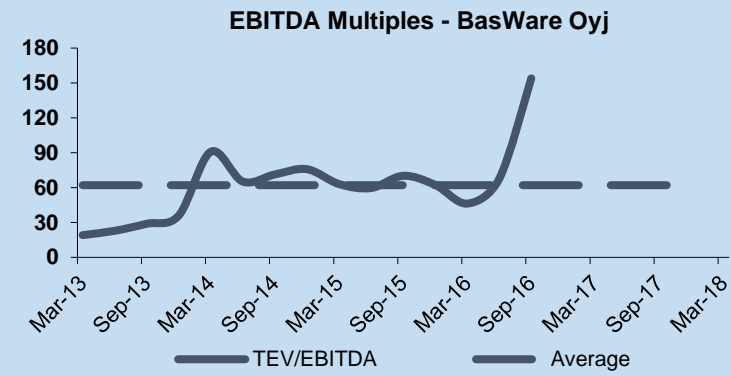
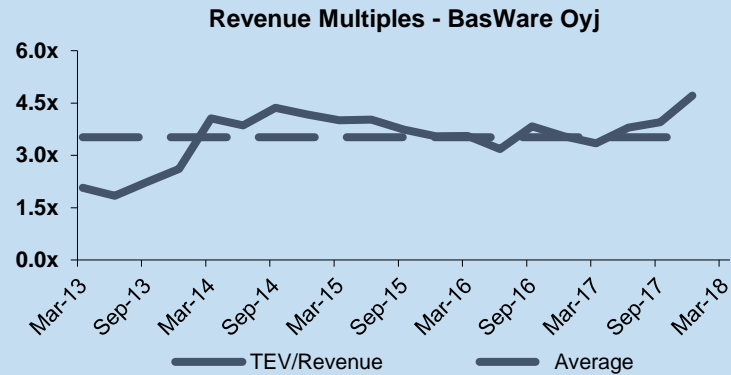


PUBLIC BASKET CONSTITUENTS

BasWare Oyj

BasWare Oyj provides networked purchase-to-pay solutions, and e-invoicing and financing solutions to small and medium businesses and enterprises. It offers e-invoicing services and software; accounts payable automation solutions; receiving and sending e-invoices; e-procurement solutions; business consulting solutions; scan and capture solutions; and travel and expense management solutions. The company also provides InvoiceReady, a purchase-to-pay solution; Basware Pay, an integrated working capital management solution; Basware Discount, a Web-based supply chain financing solution; and accounts receivable financing for suppliers. It primarily serves business process outsourcing providers and financial institutions. BasWare Oyj was founded in 1985 and is headquartered in Espoo, Finland.

Date	Key Development Headline
2/27/18	Verdane Capital completed the acquisition of Financial Performance Solutions and Banking businesses from BasWare Oyj (HLSE:B).
2/1/18	Verdane Capital signed an agreement to acquire Financial Performance Solutions and Banking businesses from BasWare Oyj (HLSE:BAS1V) for €35 million.
8/10/17	Basware and Nordea Bank AB Enter into a Strategic Partnership to Deliver Dynamic Discounting Solution in Nordic Countries

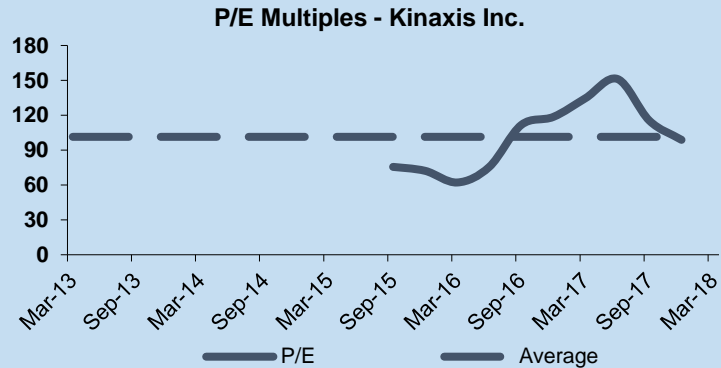
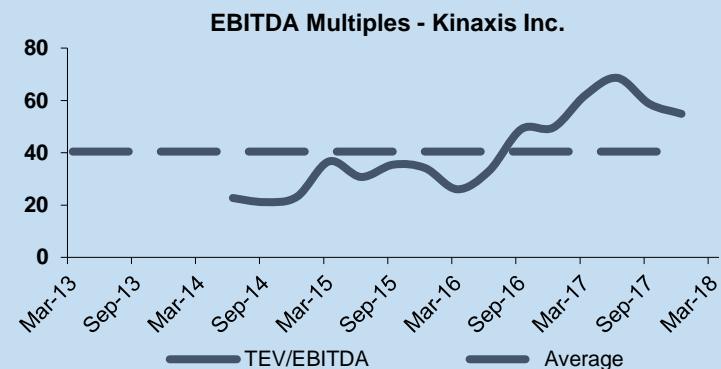
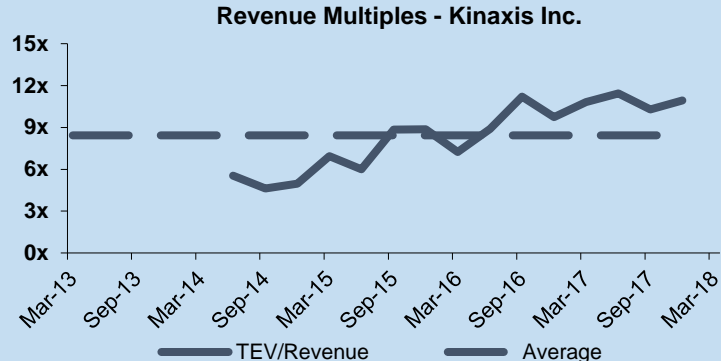


PUBLIC BASKET CONSTITUENTS

Kinaxis Inc.

Kinaxis Inc. provides cloud-based software for supply chain operations. The company offers RapidResponse, which provides supply chain planning and analytics capabilities for managing various supply chain management processes, including demand planning, supply planning, inventory management, order fulfillment, and capacity planning. It also offers professional services, such as implementation, technical, and training services, as well as maintenance and support services to its software products. The company serves enterprises operating in various industries, including high technology and electronics manufacturing, aerospace and defense, industrial products, life sciences and pharmaceuticals, and consumer packaged goods, as well as the financial services and automotive sectors. Kinaxis Inc. sells its products in the United States, Canada, Europe, and Asia through direct sales channels, as well as through resellers and other partners. It has strategic alliance with mSE Solutions. The company was formerly known as webPLAN Inc. and changed its name to Kinaxis Inc. in May 2005. Kinaxis Inc. was founded in 1984 and is headquartered in Ottawa, Canada.

Date	Key Development Headline
10/18/17	Kinaxis Announces Strategic Alliance with mSE Solutions
5/4/17	Kinaxis Seeks Acquisitions

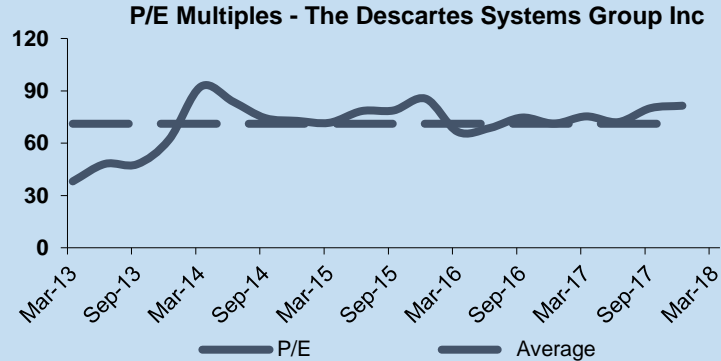
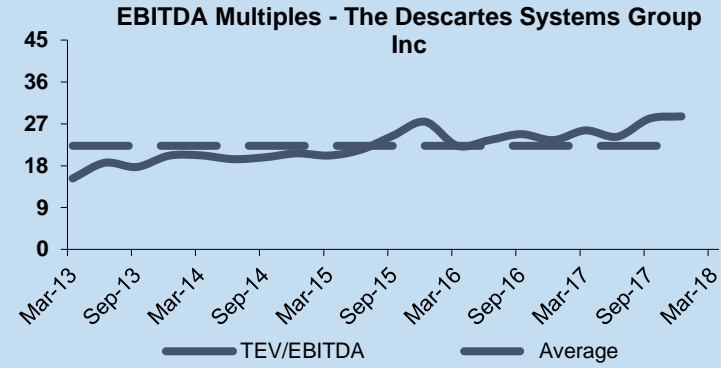
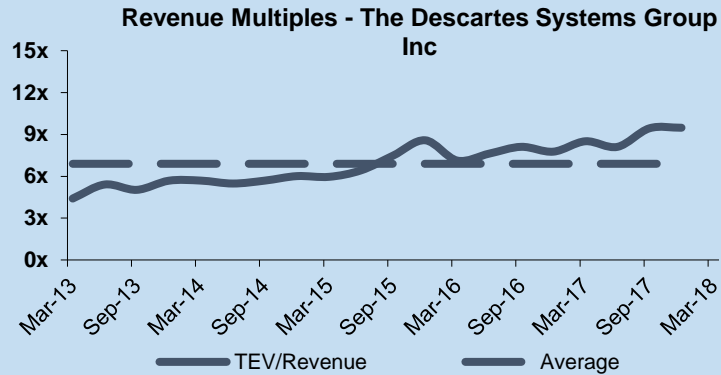


PUBLIC BASKET CONSTITUENTS

The Descartes Systems Group Inc

The Descartes Systems Group Inc. provides federated network and logistics technology solutions worldwide. The company's network-based solutions offer regulatory compliance and customs filing; route and resource planning, execution, and monitoring; access and leverage global trade and restricted party data; inventory and asset visibility; rate and transportation management; and warehouse operation services, as well as connects people to their trading partners and enable business document exchange. Its Logistics Application Suite offers a range of modular, cloud-based, and interoperable Web and wireless logistics management applications. The company's Logistics Application Suite offers solutions, such as route planning and execution, mobile applications, and telematics and compliance; transportation management solutions comprising carrier compliance and rate management, transportation planning and execution, dock scheduling and yard management, freight audit and settlement, pool distribution, and logistics flow control, as well as visibility, tracking, and performance management; and global logistics network services, such as document management, community, and connectivity services. The company was founded in 1981 and is headquartered in Waterloo, Canada.

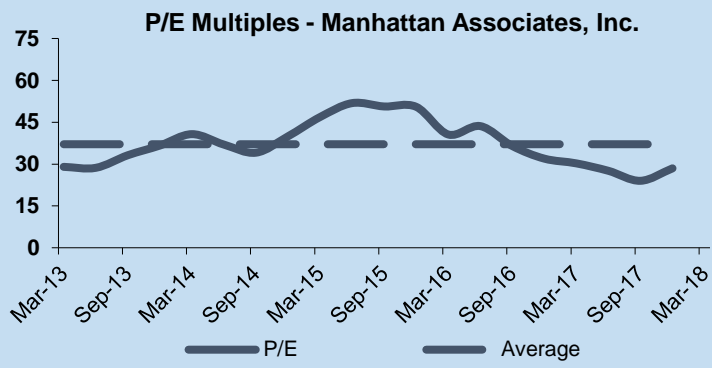
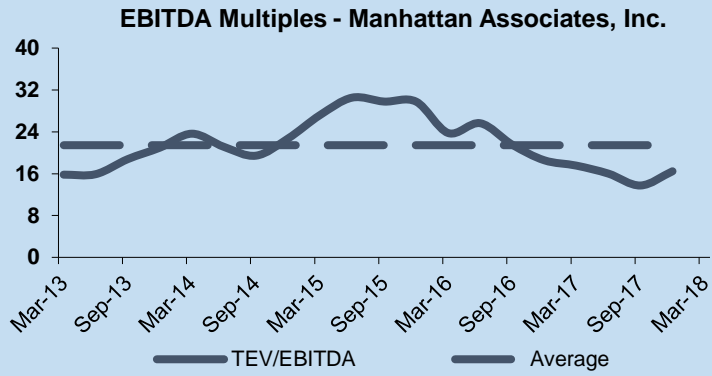
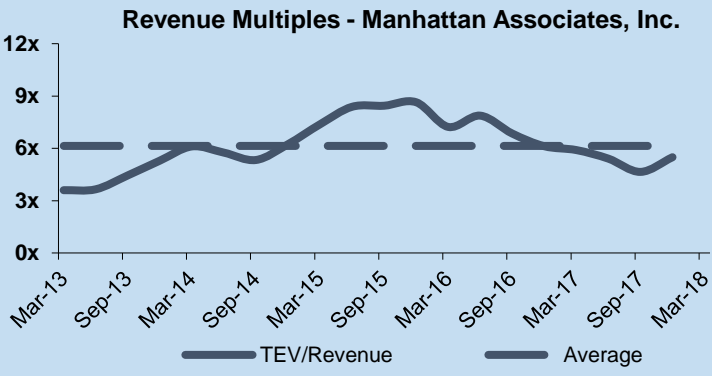
Date	Key Development Headline
3/5/18	The Descartes Systems Group Seeks Acquisitions
9/6/17	Descartes Systems Seeks Acquisitions
8/14/17	The Descartes Systems Group Inc (TSX:DSG) acquired MacroPoint LLC from Susquehanna Growth Equity, LLC and other shareholders for approximately \$110 million.
6/1/17	The Descartes Systems Group Inc (TSX:DSG) acquired substantially all of the assets of PCSTrac, Inc. for \$11.25 million.
5/31/17	The Descartes Systems Seeks Acquisitions



PUBLIC BASKET CONSTITUENTS

Manhattan Associates, Inc.

Manhattan Associates, Inc. develops, sells, deploys, services, and maintains software solutions to manage supply chains, inventory, and omni-channel operations for retailers, wholesalers, manufacturers, logistics providers, and other organizations. The company operates in three segments: the Americas; Europe, Middle East and Africa; and Asia Pacific. It provides supply chain solutions, such as distribution management, transportation management, and visibility solutions; omni-channel central and local solutions; and inventory optimization and planning solutions. The company also offers Manhattan SCALE, a portfolio of logistics execution solutions that offers trading partner management, yard management, optimization, warehouse management, and transportation execution services. In addition, it provides professional services, including solutions planning and implementation, and related consulting services; customer training and support services; and software enhancement services. Further, the company provides training and change management services; and resells computer hardware, radio frequency terminal networks, radio frequency identification chip readers, bar code printers and scanners, and other peripherals. It offers products through direct sales personnel, as well as through partnership agreements with various organizations. Manhattan Associates, Inc. was founded in 1990 and is headquartered in Atlanta, Georgia.

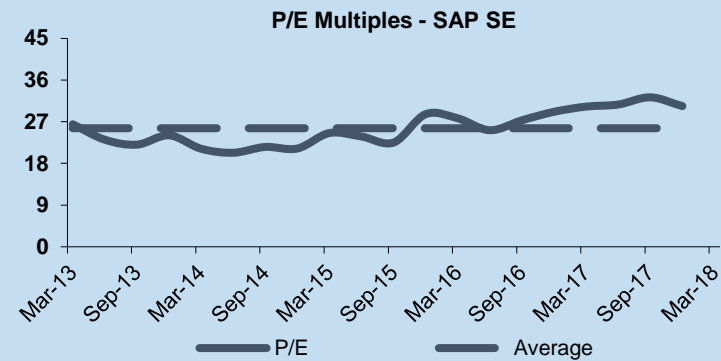
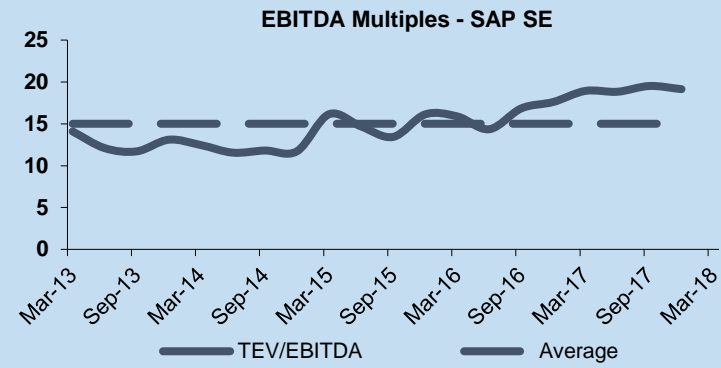
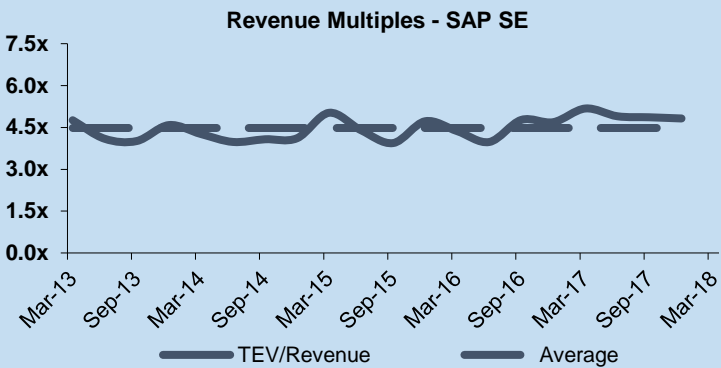


PUBLIC BASKET CONSTITUENTS

SAP SE

SAP SE operates as an enterprise application software and database company worldwide. It offers SAP HANA and SAP S/4HANA, which are in-memory computing platforms that store and process huge data, and eliminate the maintenance of separate legacy systems and siloed data; SAP BW/4HANA, a data warehouse software; SAP S/4HANA Cloud, a software-as-a-service solution that provides the scalability, ease of management, and security; SAP SuccessFactors, a suite of human capital management solutions to develop, manage, engage, and empower the workforce; SAP Concur, a travel and expense management solution; SAP Ariba, a guided buying, light enablement, and open platform solution; and SAP Fieldglass, a solution to procure and manage external workforce. The company also provides SAP Cloud Platform, an in-memory platform-as-a-service to build, run, and extend business applications; SAP BusinessObjects Cloud, a cloud analytics solution; SAP Digital Boardroom, a solution to access company data in real time; and SAP Leonardo, a solution to digitize manufacturing, logistics, and asset management processes, as well as maintenance, consulting, and training services. SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Date	Key Development Headline
2/12/18	SAP Seeks Acquisition
2/1/18	Virtual Power Systems Joins SAP and Schneider Electric to Prove Software-Defined Power Optimizes Energy Utilization in Data Centers and Clouds
11/14/17	EY Collaborates with SAP to Continue Advancement of Blockchain Deployment Across Industries Worldwide
10/9/17	VMware, Inc. Teams Up with SAP to Accelerate and Streamline Enterprise IoT Initiatives
8/29/17	BASF and SAP SE Bring Multiple Business Partners Together in Global Network for Technical Assets

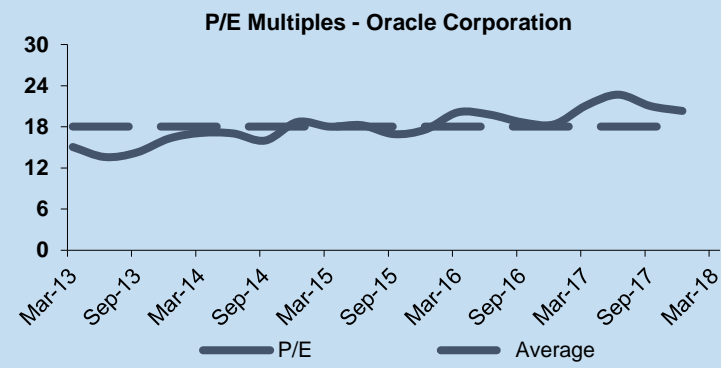
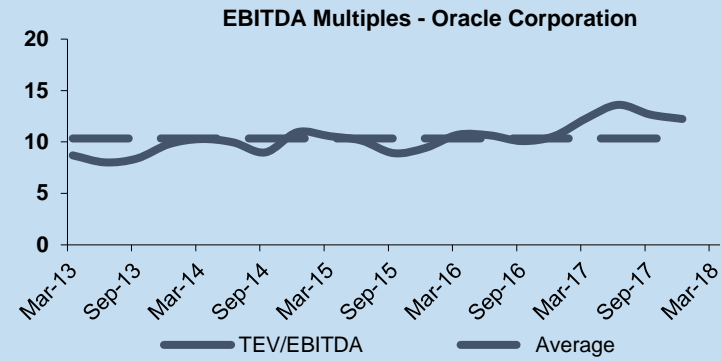
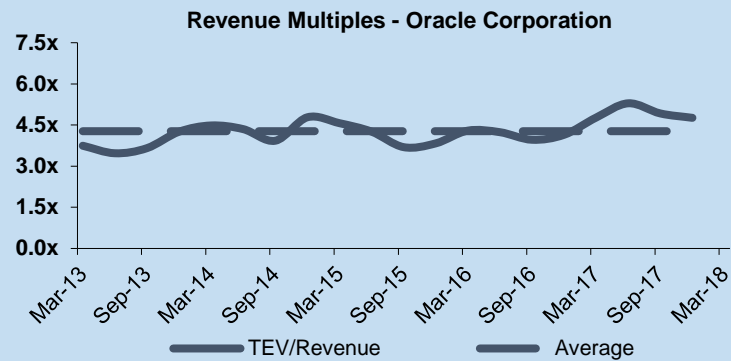


PUBLIC BASKET CONSTITUENTS

Oracle Corporation

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports application, platform, and infrastructure technologies for information technology (IT) environments worldwide. It provides services in three primary layers of the cloud: Software as a Service, Platform as a Service, and Infrastructure as a Service. The company licenses its Oracle Database software, which enables storage, retrieval, and manipulation of data; and Oracle Fusion Middleware software to build, deploy, secure, access, and integrate business applications, as well as automate their business processes. It also provides software for mobile computing to address the development needs of businesses; Java, a software development language; and big data solutions. The company was founded in 1977 and is headquartered in Redwood City, California.

Date	Key Development Headline
2/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Zenedge LLC.
11/7/17	Oracle Corp. Mulls Acquisitions
6/26/17	Unieuro S.p.A. (BIT:UNIR) acquired Oracle Retail Demand Forecasting and Oracle Retail Allocation & Replenishment from Oracle Corporation (NYSE:ORCL).
5/30/17	interRel Consulting Partners, LLP acquired Oracle Analytics Cloud from Oracle Corporation (NYSE:ORCL).
5/24/17	Oracle Corporation (NYSE:ORCL) completed the acquisition of Moat, Inc. from First Round Capital, Insight Venture Partners LLC, Lerer Hippeau Ventures, Mayfield Fund, MHS Capital and others.



CONTACT INFORMATION

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