



Sectorwatch: Supply Chain Tech & Software

May 2018

Supply Chain Tech & Software

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Overview

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

Dashboard

- Summary metrics on the sector
- 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

- Graphical, detailed comparison of valuation multiples for the public basket

Recent Deals

- The most recently announced deals in the sector

Dashboard



Revenue Growth Momentum

↓ -0.03

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

↑ 0.2%

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

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

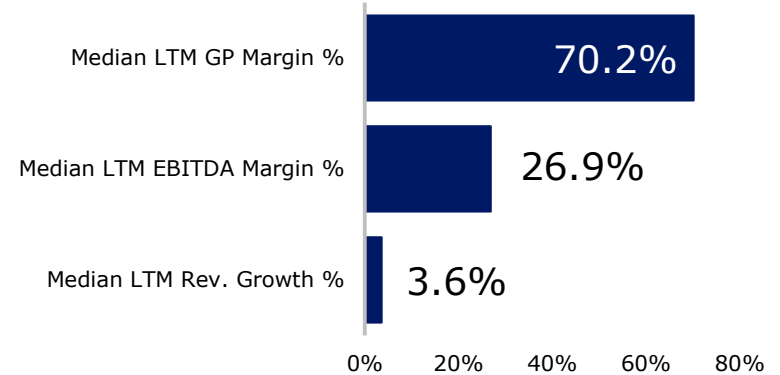
Profitability Momentum

↓ -0.6%

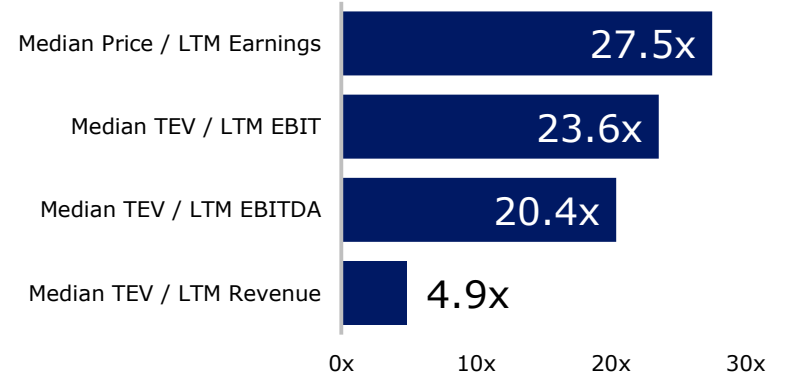
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



Public Basket

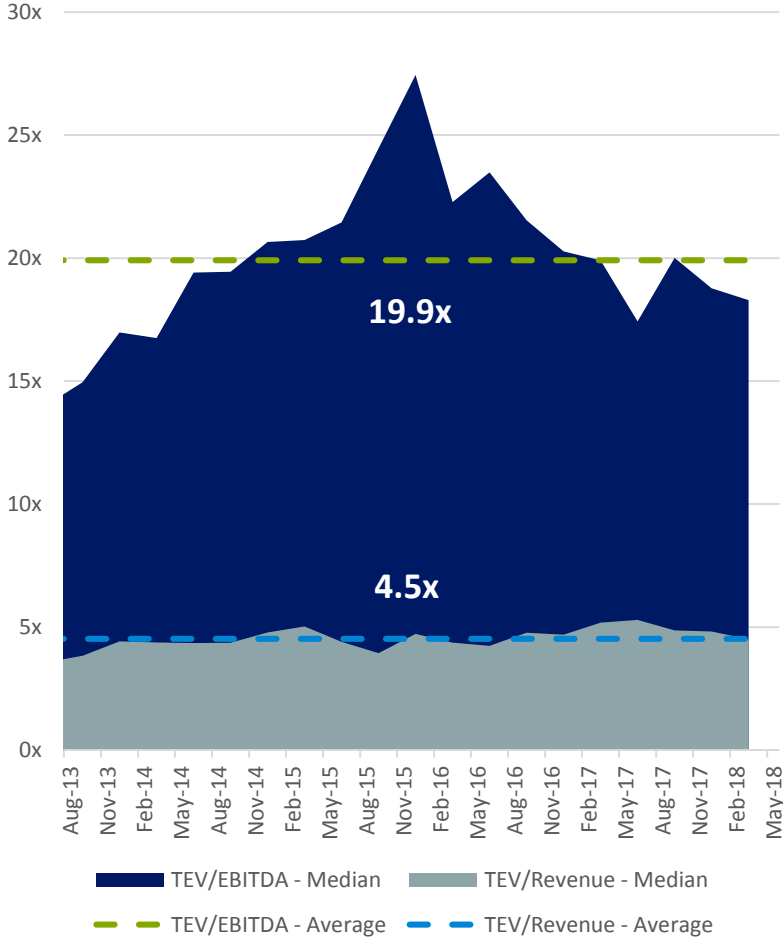


Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
American Software, Inc.	336	110	1%	55%	15%	3.1	20.4	372	295
Basware Oyj	706	183	-2%	25%	9%	4.1	46.9	1,829	100
Kinaxis Inc.	1,471	138	13%	71%	24%	10.7	44.4	453	304
The Descartes Systems Group Inc	2,333	237	17%	73%	33%	10.3	31.6	1,235	192
Manhattan Associates, Inc.	2,833	582	-3%	58%	32%	4.9	15.4	2,790	208
SAP SE	134,528	28,875	4%	70%	27%	4.9	18.2	88,543	326
Oracle Corporation	182,287	39,472	5%	80%	39%	4.6	11.8	138,000	286

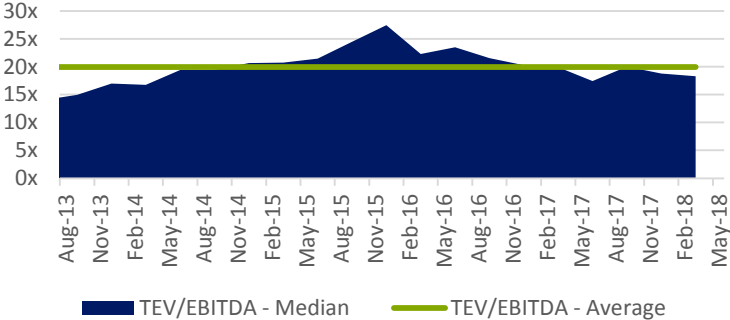
Average	46,356	9,942	5%	62%	26%	6.1	27.0	33,317	244
Median	2,333	237	4%	70%	27%	4.9	20.4	1,829	286

share price as of 24May18

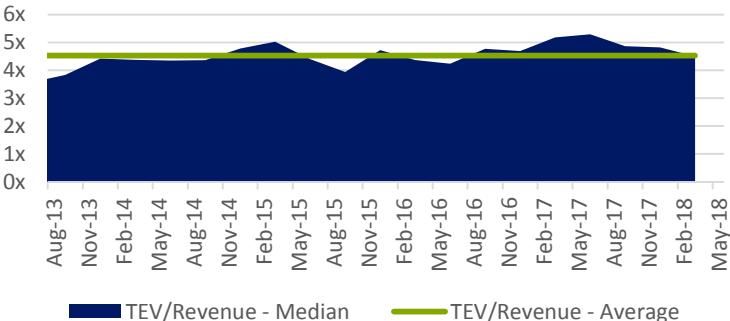
Public Basket Valuation Trends



Public EBITDA Multiples over Time



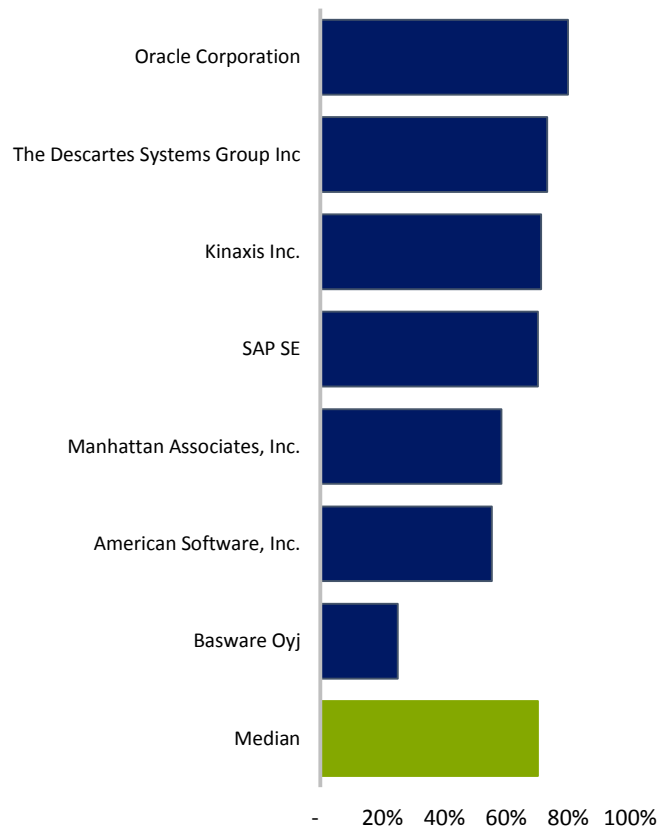
Public Revenue Multiples over Time



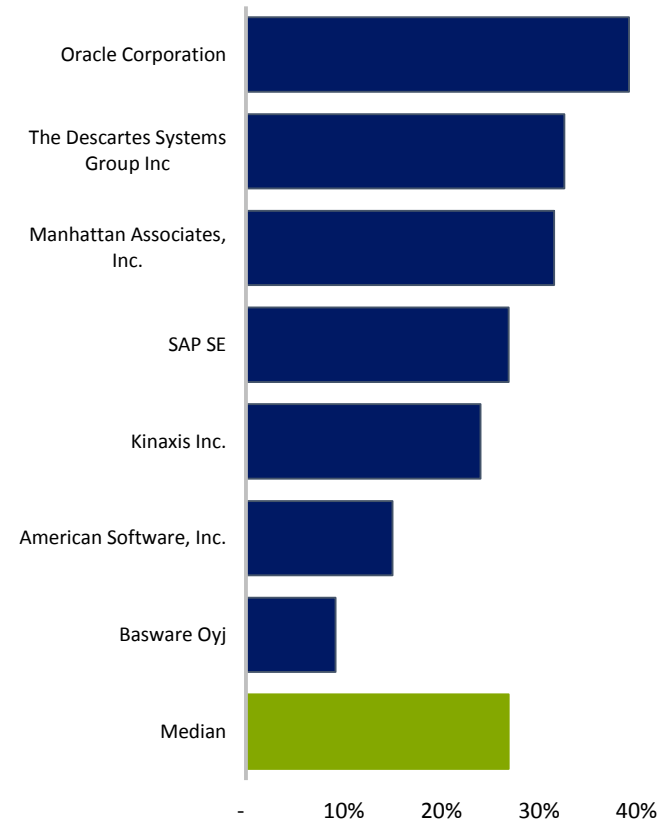
Operational Metrics



LTM Gross Profit Margin %



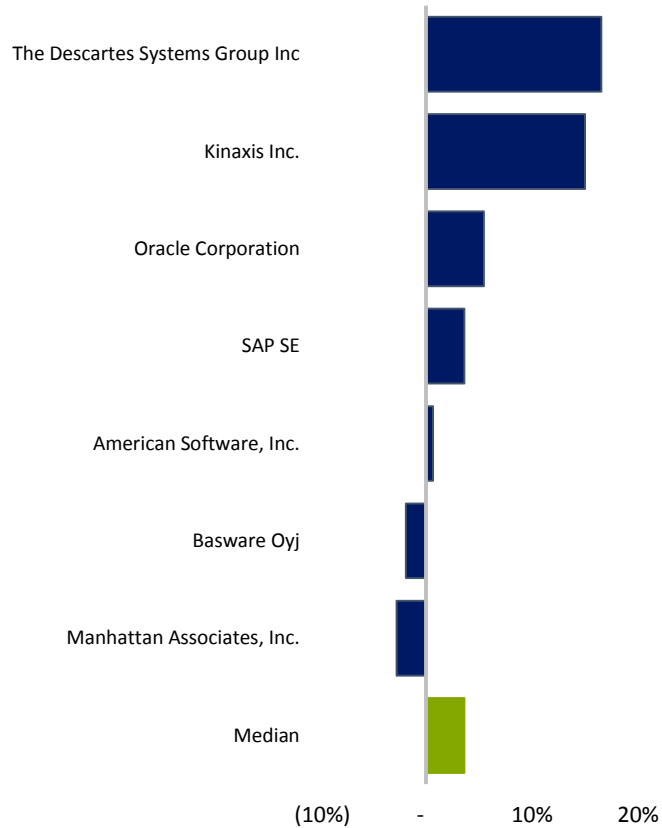
LTM EBITDA %



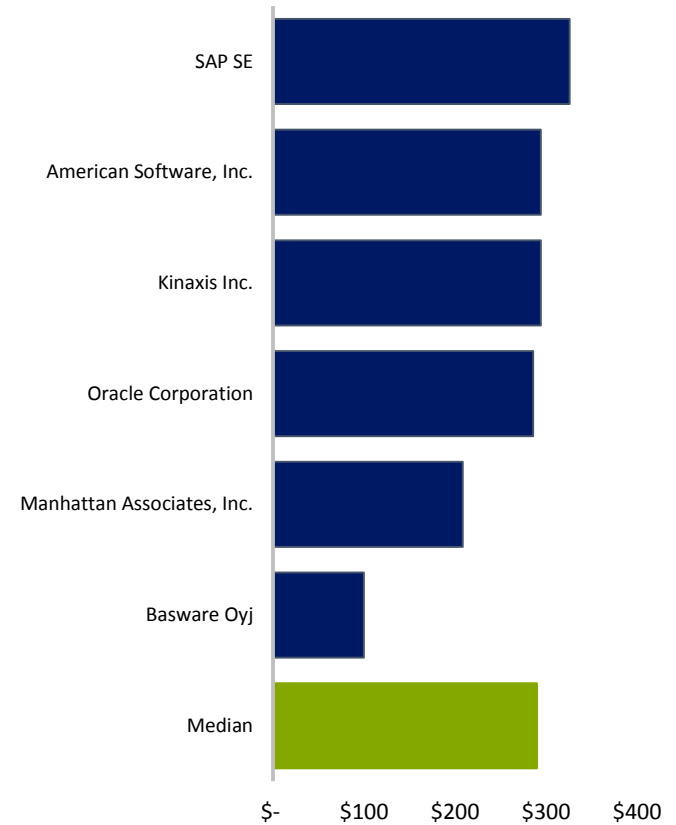
Operational Metrics



LTM Revenue Growth %



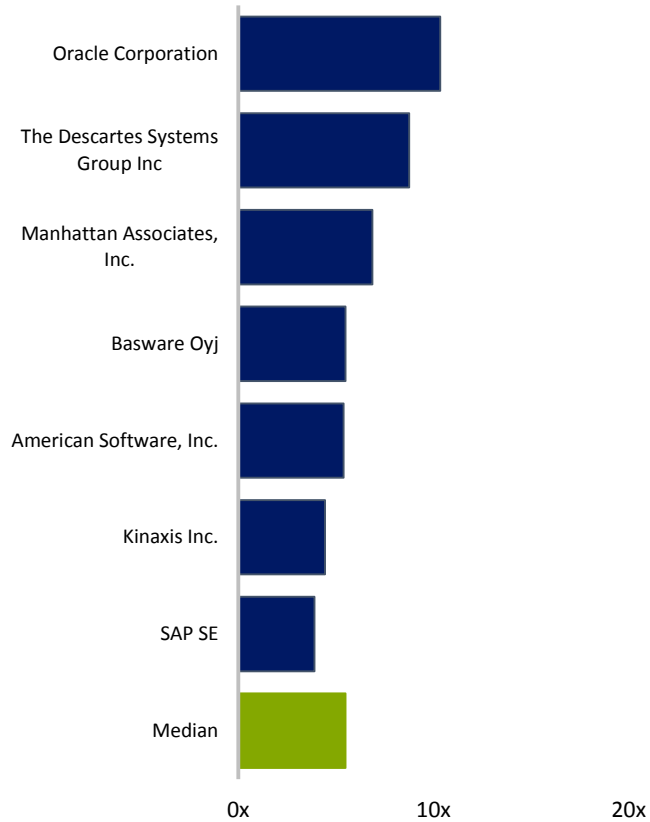
LTM Revenue per Full Time Employee x 000's



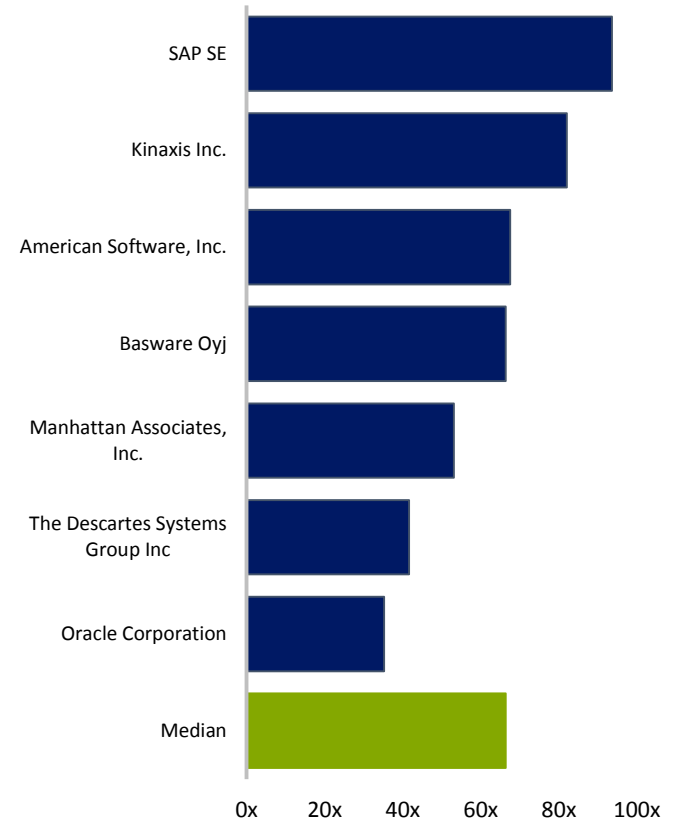
Operational Metrics



Accounts Receivable Turnover



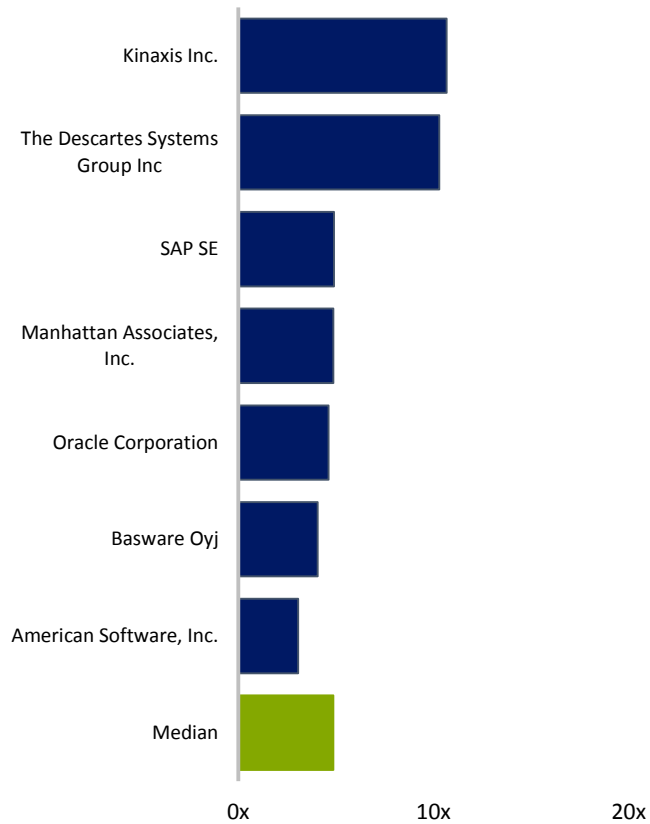
Average Days Sales Outstanding



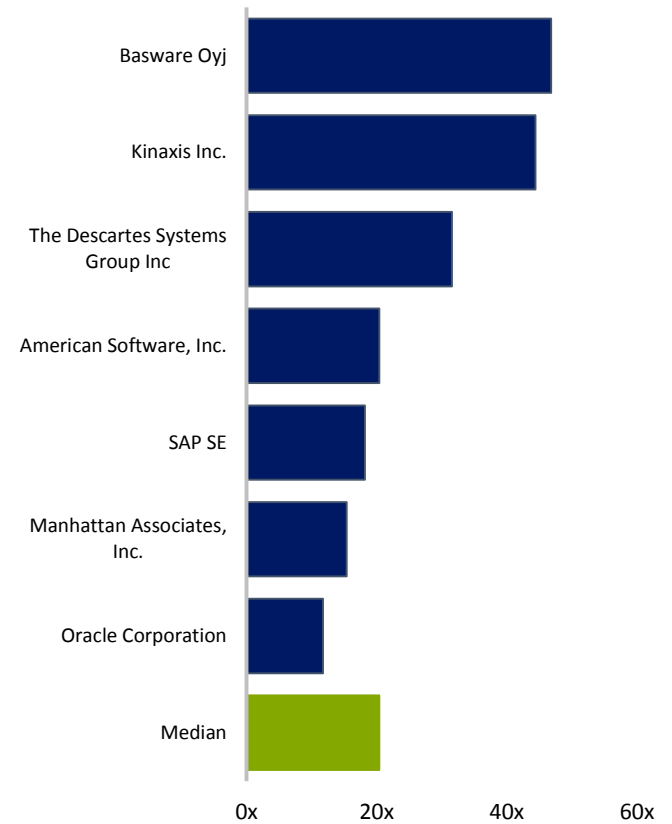
Valuation



TEV / LTM Revenue



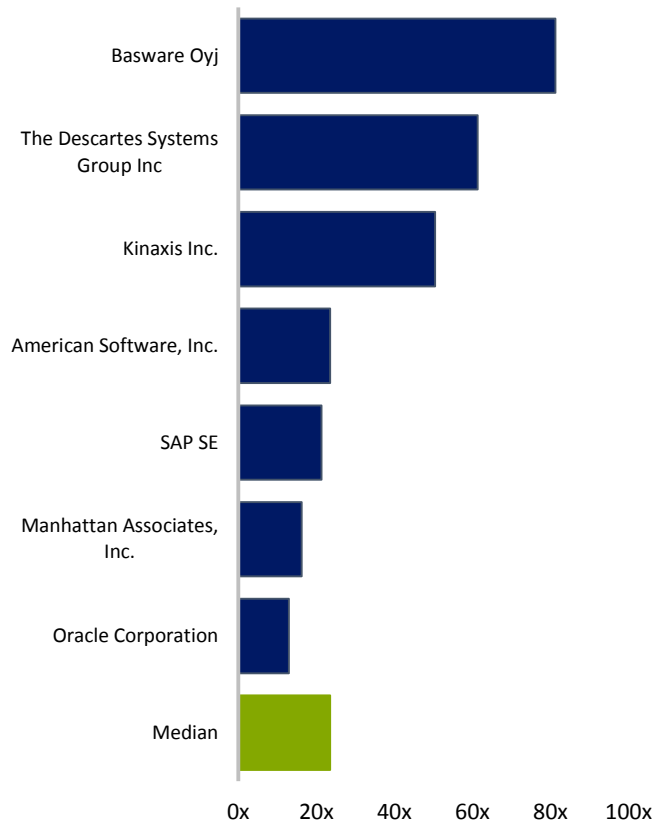
TEV / LTM EBITDA



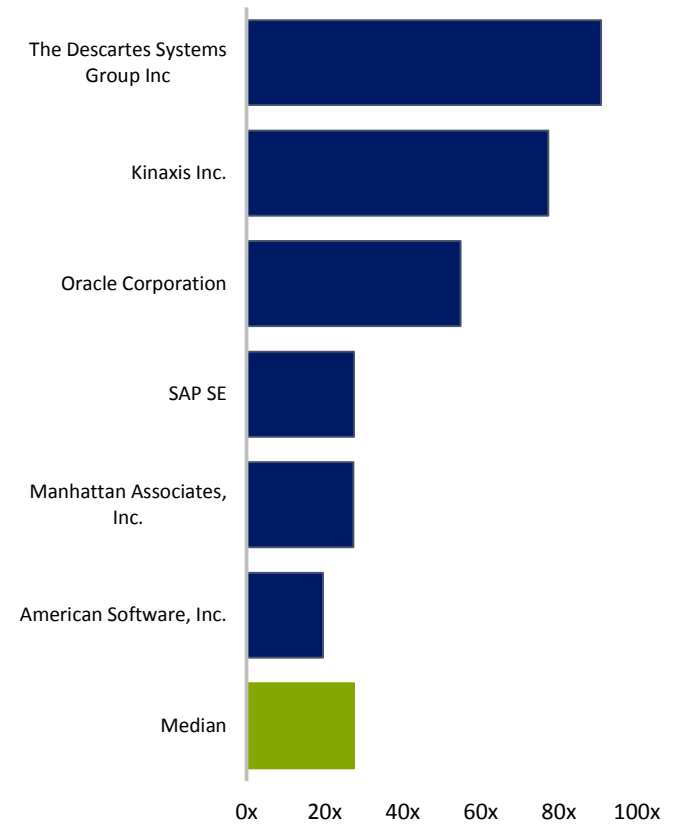
Valuation



TEV / LTM EBIT



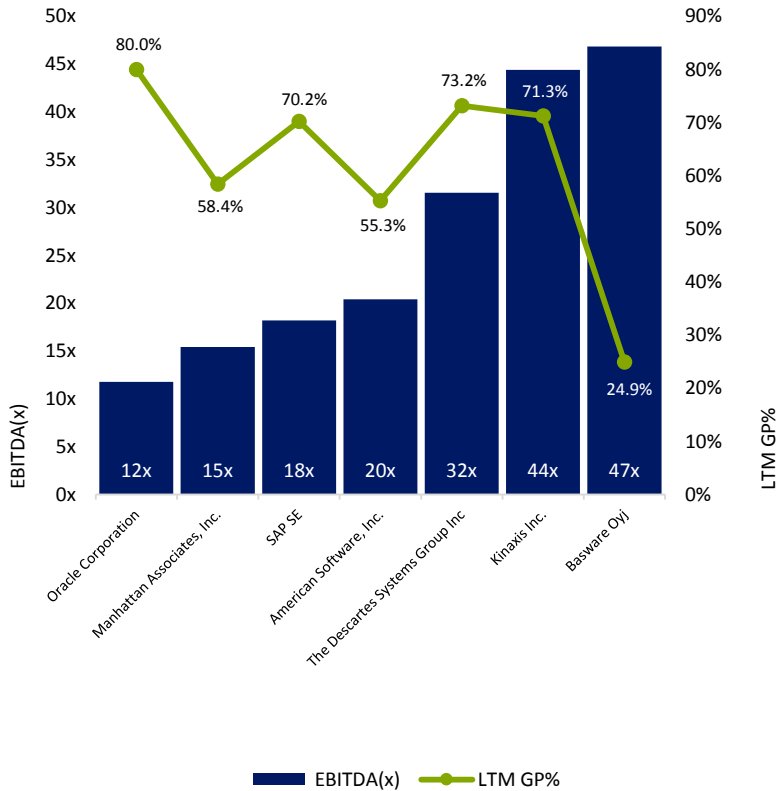
Price / LTM Earnings



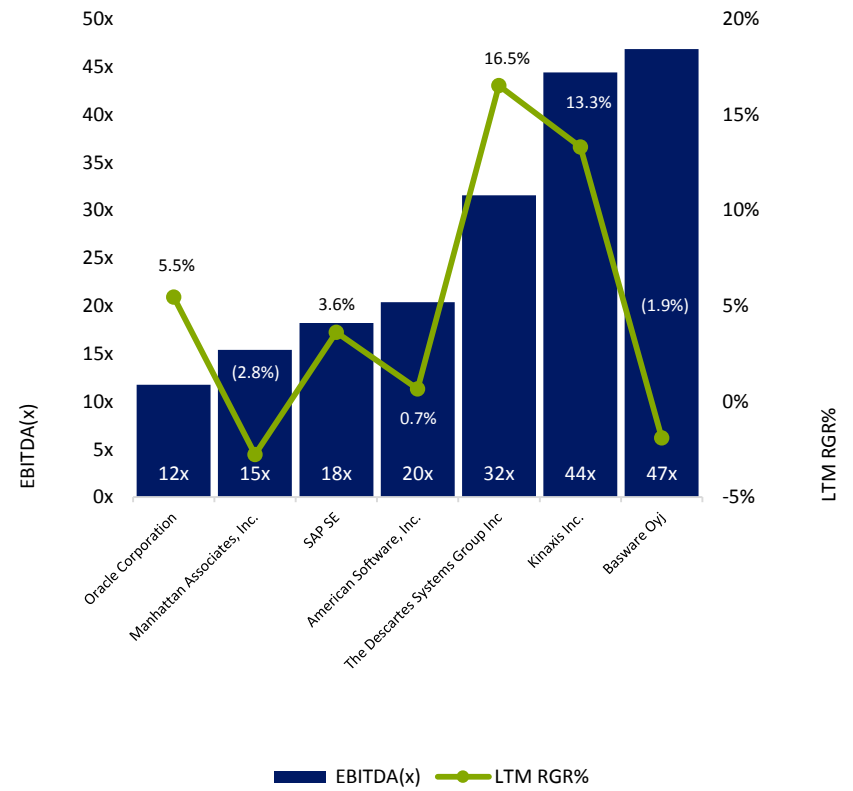
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
17May18	All Assets of Mavrx Inc.	A.A.A. Taranis-Visual Ltd.	-	-	-	-
7May18	Space Time Insight, Inc.	Nokia Corporation	-	-	-	-
12Apr18	CSF Solutions GmbH	BluJay Solutions Ltd	-	-	-	-
15Mar18	FSE Inc.	Gladson Interactive, Inc.	-	-	-	-
12Feb18	Amber Road, Inc.	E2open, LLC	323.51	79.08	4.0x	-
11Jan18	Forecast Solutions SL	Retail Logistics Excellence - RELEX Oy	-	-	-	-
8Dec17	Honeywell International Inc.	-	8,000.00	39,676.00	-	-
7Dec17	Honeywell International Inc.	-	444.86	39,676.00	-	-
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.	Ridgmont 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.	Synopsys, Inc.	-	-	-	-
23Dec16	Datamyne, Inc.	The Descartes Systems Group Inc	55.18	-	-	-
18Sep16	Palerra, Inc.	Oracle Corporation	-	-	-	-
6Sep16	LogFire, Inc.	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, LLC	-	-	-	-
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, LLC	-	-	-	-
12Jan16	Enroute Systems Corporation	Pitney Bowes Inc.	14.00	-	-	-

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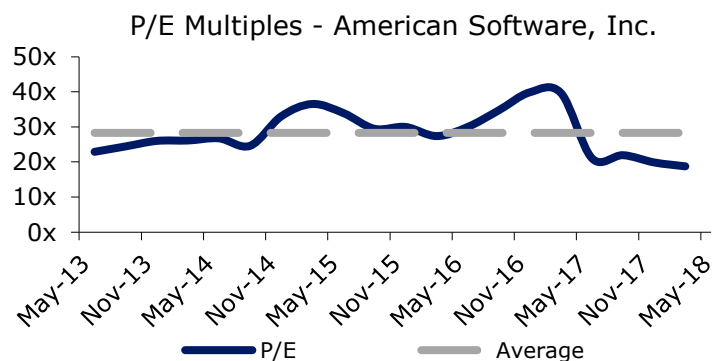
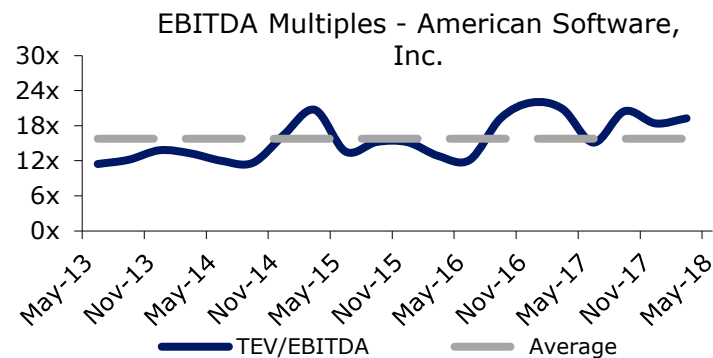
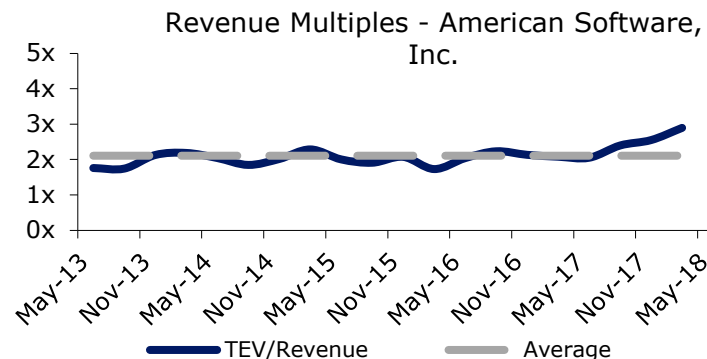
APPENDIX:
Public Basket
Constituents

Public Basket



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. American Software, Inc. was founded in 1970 and is headquartered in Atlanta, Georgia.

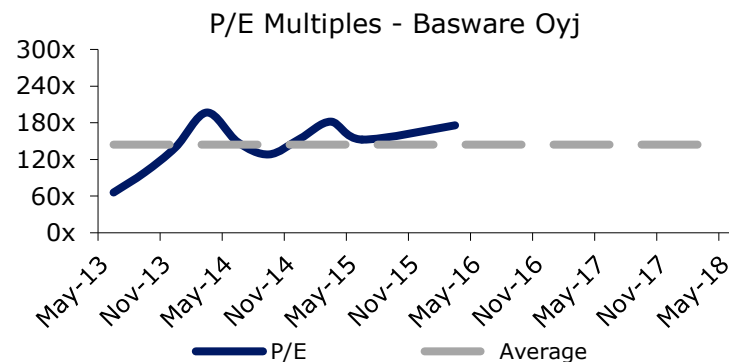
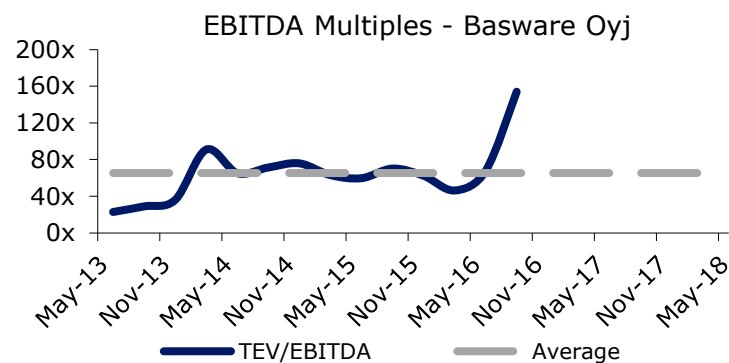
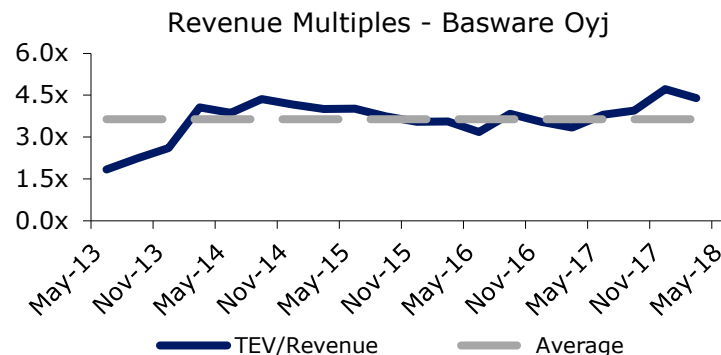


Public Basket



Basware Oyj

Basware Oyj provides networked purchase-to-pay solutions, and e-invoicing and financing services for organizations in Finland and internationally. The company offers accounts payable automation software; e-procurement solutions; InvoiceReady, a purchase-to-pay solution for invoice handling; strategic sourcing solutions; purchase to pay analytics solutions; business consulting solutions; and travel and expense management solutions. The company also provides sending and receiving e-invoicing, paper invoice, PDF e-invoice, and e-archiving solutions; supplier management solutions; Basware Discount, a win-win solution for buyers and suppliers; and Basware Pay, a payment solution. Basware Oyj was founded in 1985 and is headquartered in Espoo, Finland.



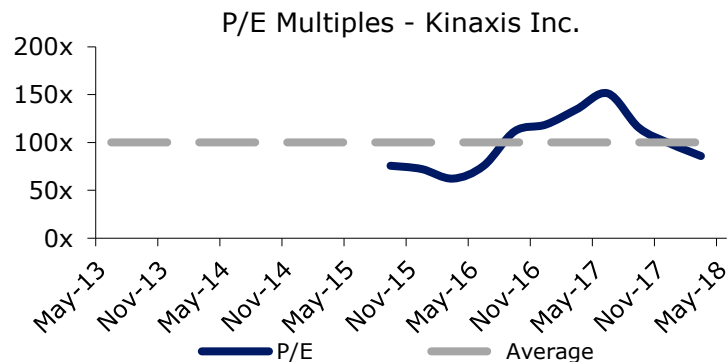
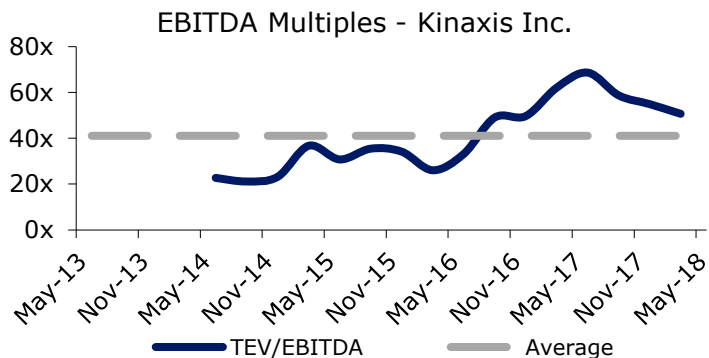
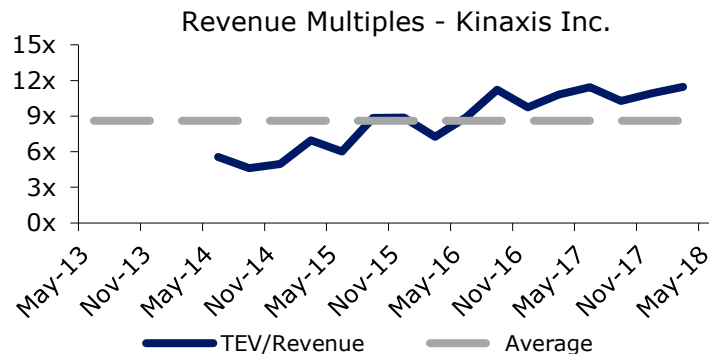
Date	Key Development Headline
2/27/18	Verdane Capital completed the acquisition of Financial Performance Solutions and Banking businesses from BasWare Oyj (HLSE:B).
2/1/18	Verdane Capital signed an agreement to acquire Financial Performance Solutions and Banking businesses from BasWare Oyj (HLSE:BAS1V) 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



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 supply planning, inventory management, order fulfillment, capacity planning, and master scheduling, as well as sales and operations planning process. 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 aerospace and defense, automotive, consumer products, high tech and electronics, industrial, and life sciences. Kinaxis Inc. sells its products in Canada, the United States, Europe, and Asia. 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

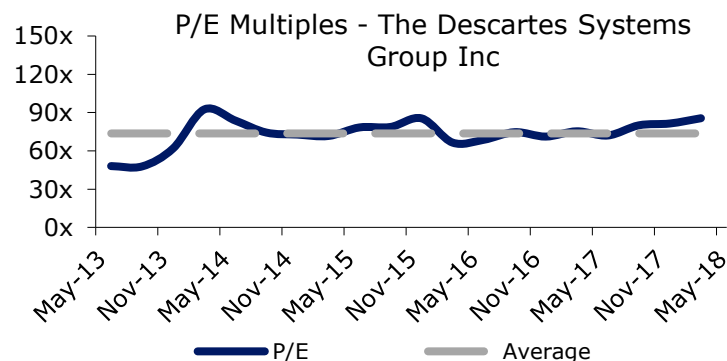
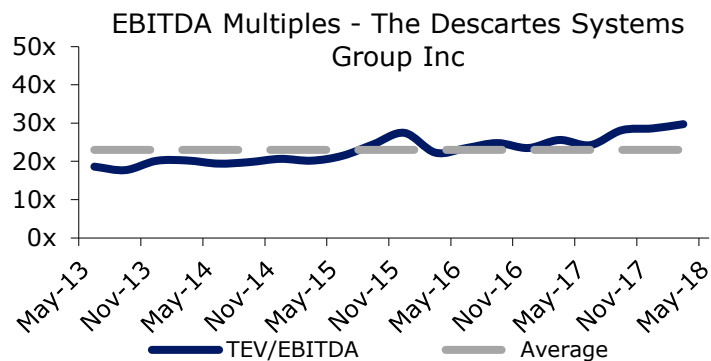
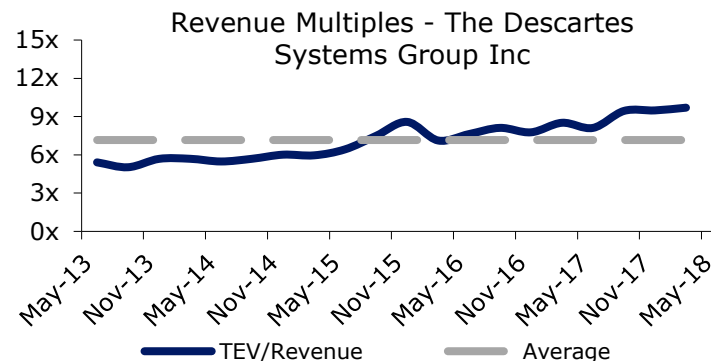
Public Basket



The Descartes Systems Group Inc

The Descartes Systems Group Inc. provides federated network and logistics technology solutions worldwide. 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, freight audit and settlement, dock scheduling and yard management, pool distribution, transportation planning and execution, 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

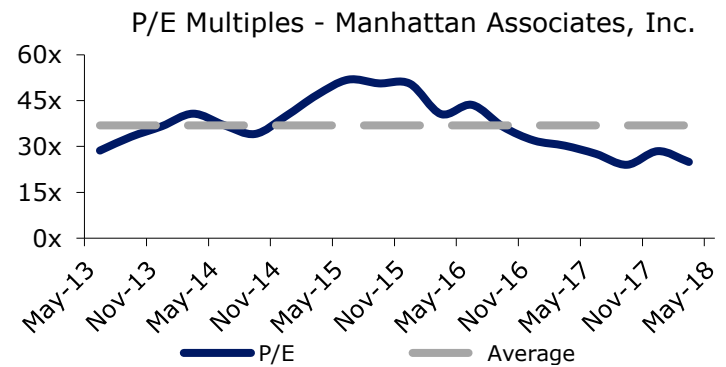
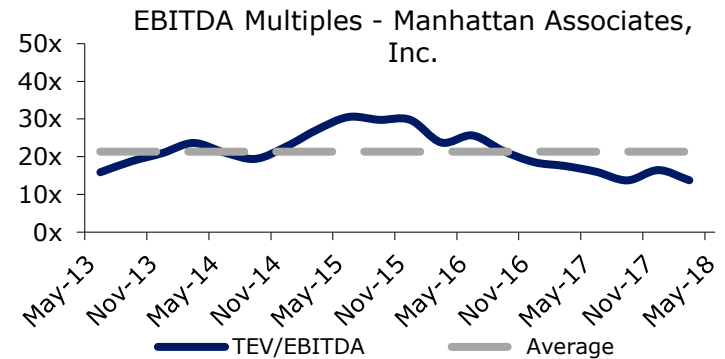
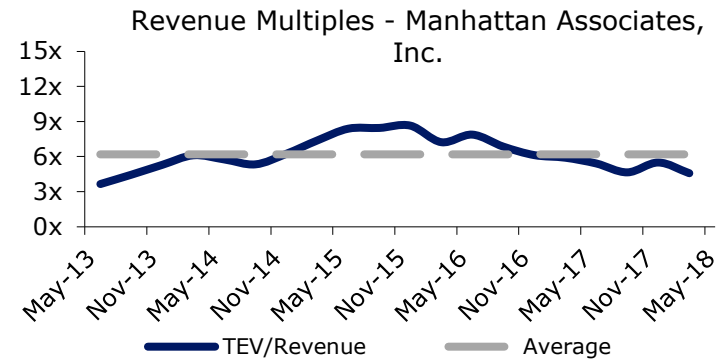


Public Basket



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 provides supply chain solutions, including distribution management, transportation management, and visibility solutions; omni-channel solutions; and inventory optimization and planning solutions. It also offers Manhattan SCALE, a portfolio of logistics execution solutions that provide trading partner management, yard management, optimization, warehouse management, and transportation execution services; Manhattan Active solutions; and maintenance services. In addition, the company provides professional services, such as solutions planning and implementation, and related consulting services; and training and change management services. Further, it 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 in the Americas, Europe, the Middle East, Africa, and the Asia Pacific. Manhattan Associates, Inc. was founded in 1990 and is headquartered in Atlanta, Georgia.



Public Basket

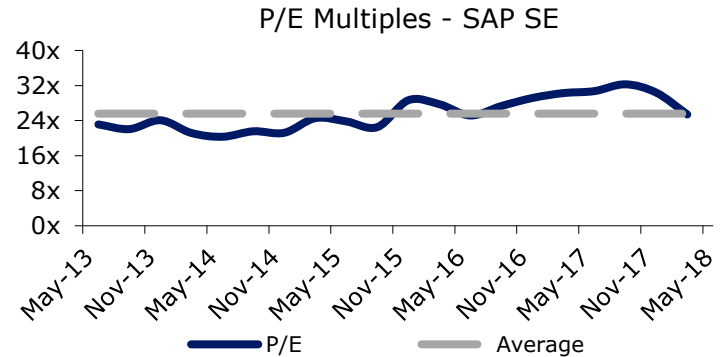
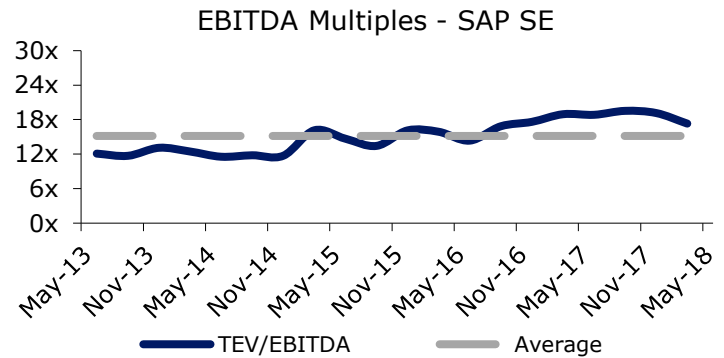
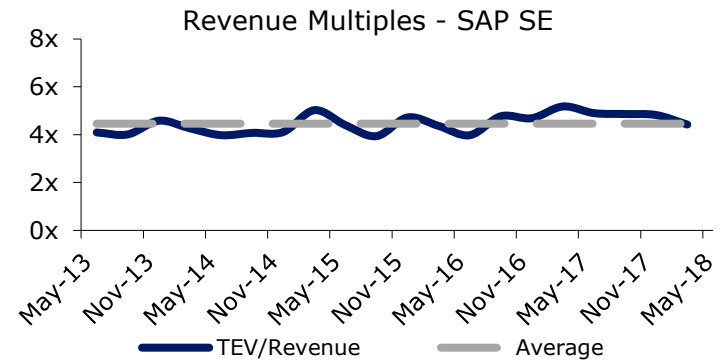


SAP SE

SAP SE operates as an enterprise application software, and analytics and business intelligence company worldwide. It offers SAP HANA, which enables businesses to process and analyze live data; SAP Data Hub, a solution that enables businesses to manage data from various sources; SAP Cloud Platform, which enables businesses to connect and integrate applications; SAP BW/4HANA, a data warehouse solution; SAP Leonardo, a system that enables customers to make business sense and opportunity of disruptive technologies; and SAP Analytics Cloud, which leverages the intersection of business intelligence, planning, and predictive analytics. The company also provides SAP S/4HANA, an enterprise resource planning (ERP) suite for the intelligent enterprise; SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Key Development Headline

- | Date | Key Development Headline |
|----------|--|
| 5/8/18 | Accenture plc Teams with SAP SE to Help High-Tech Companies Create Digital As-A-Service Business Models Quickly and Easily |
| 3/20/18 | Accenture and SAP Build and Deploy Extended Planning Solutions on SAP S/4HANA® |
| 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 |

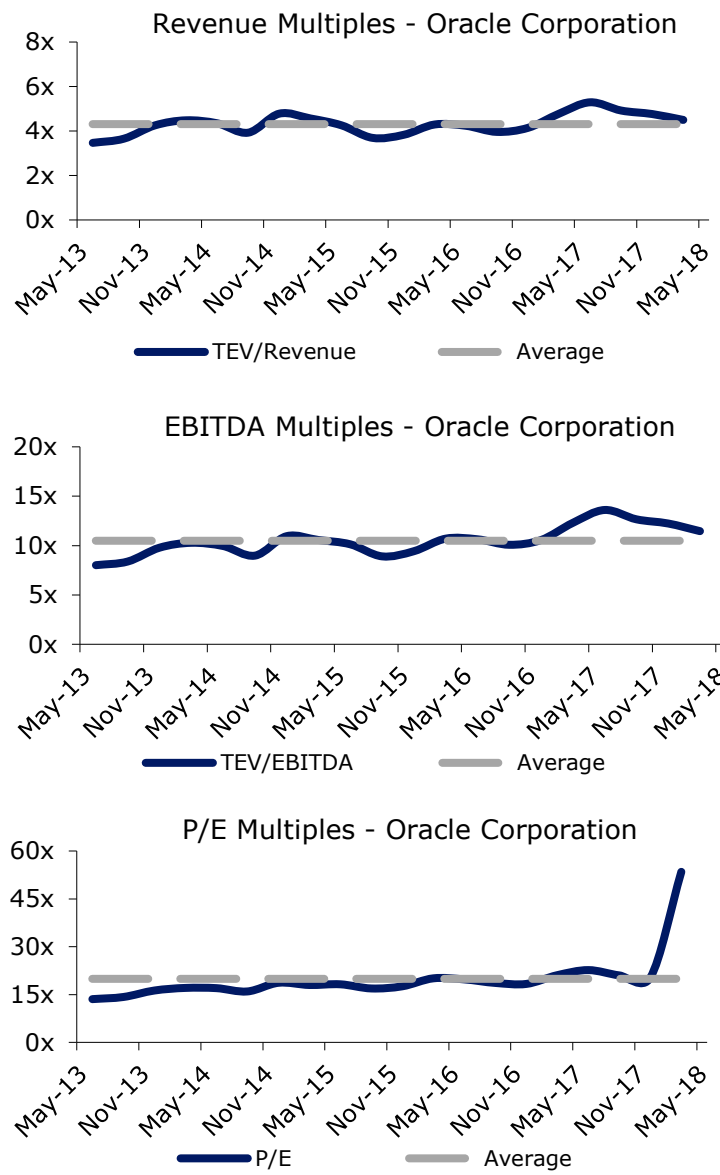


Public Basket



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
5/15/18	Oracle Corporation (NYSE:ORCL) signed an agreement to acquire DataScience.com.
4/29/18	Oracle Corporation (NYSE:ORCL) acquired Vocado, LLC.
4/23/18	Oracle Corporation (NYSE:ORCL) signed an agreement to acquire Grapeshot Limited.
3/21/18	Oracle Seeks Acquisitions
2/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Zenedge LLC.

Contact Information

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. Securities offered through 7M Securities LLC.

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