



# Sectorwatch: Supply Chain Tech & Software

November 2018

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# Overview

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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.



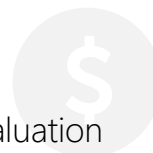
## Public Basket Performance

- 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

↓ -0.02

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

↓ -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

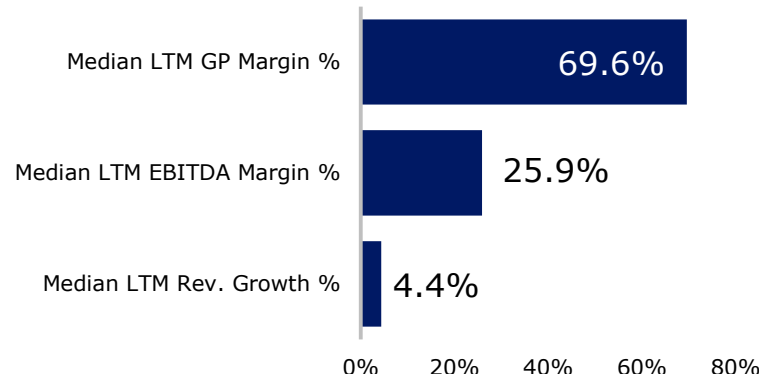
## Profitability

↓ -1.6%

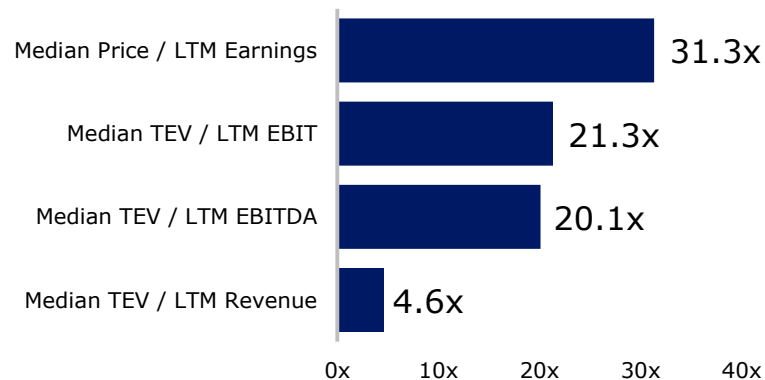
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

## Operating Metrics



## Valuation



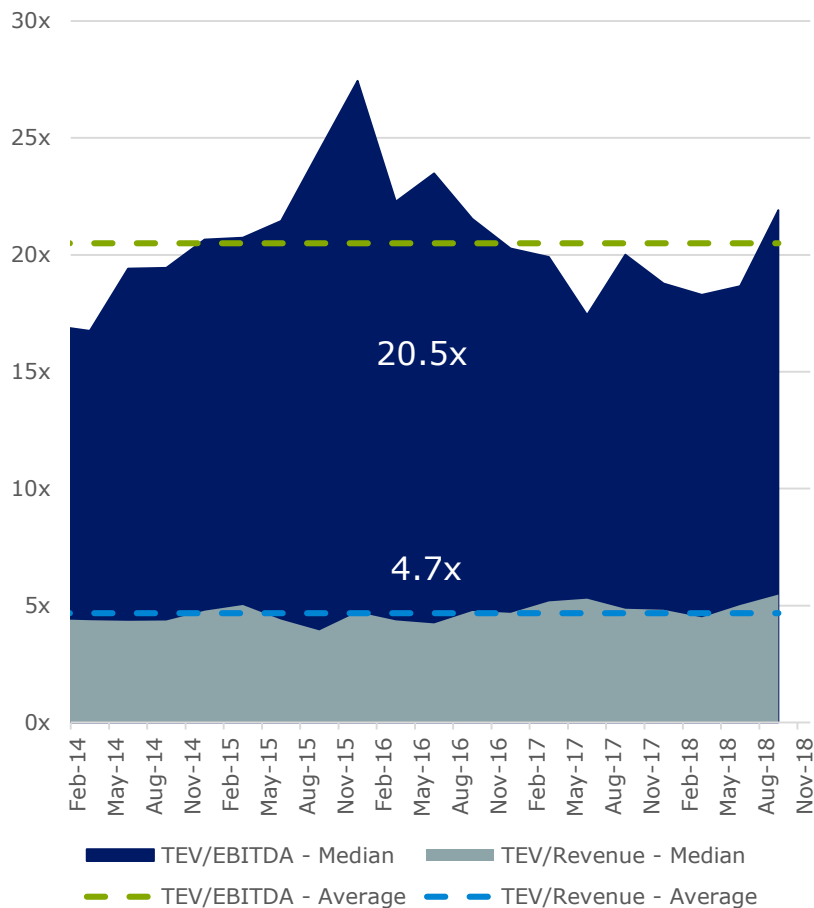
# Public Basket



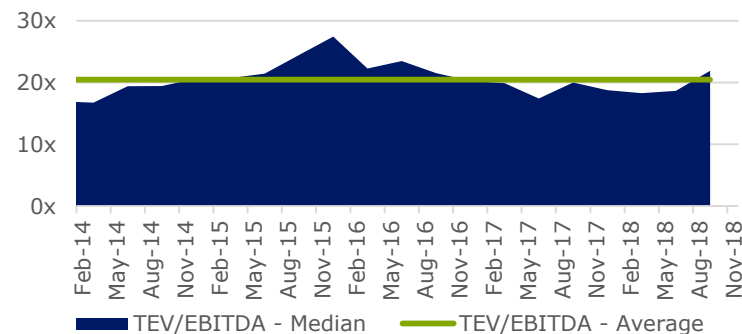
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
American Software, Inc.	253	113	7%	54%	12%	2.2	19.1	462	245
Basware Oyj	495	168	-4%	24%	4%	3.0	79.0	1,829	92
Kinaxis Inc.	1,197	147	14%	70%	21%	8.3	39.9	453	324
The Descartes Systems Group Inc	2,220	260	20%	73%	32%	8.7	27.1	1,235	210
Manhattan Associates, Inc.	3,055	559	-7%	58%	27%	5.5	20.1	2,790	200
SAP SE	125,457	27,983	3%	70%	26%	4.6	17.7	88,543	316
Oracle Corporation	181,542	39,920	4%	80%	40%	4.5	11.2	137,000	291
<b>Average</b>	44,888	9,878	5%	61%	23%	5.3	30.6	33,187	240
<b>Median</b>	2,220	260	4%	70%	26%	4.6	20.1	1,829	245

share price as of 26Nov18

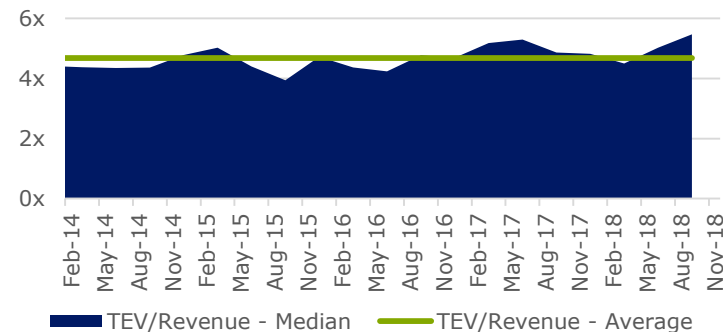
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



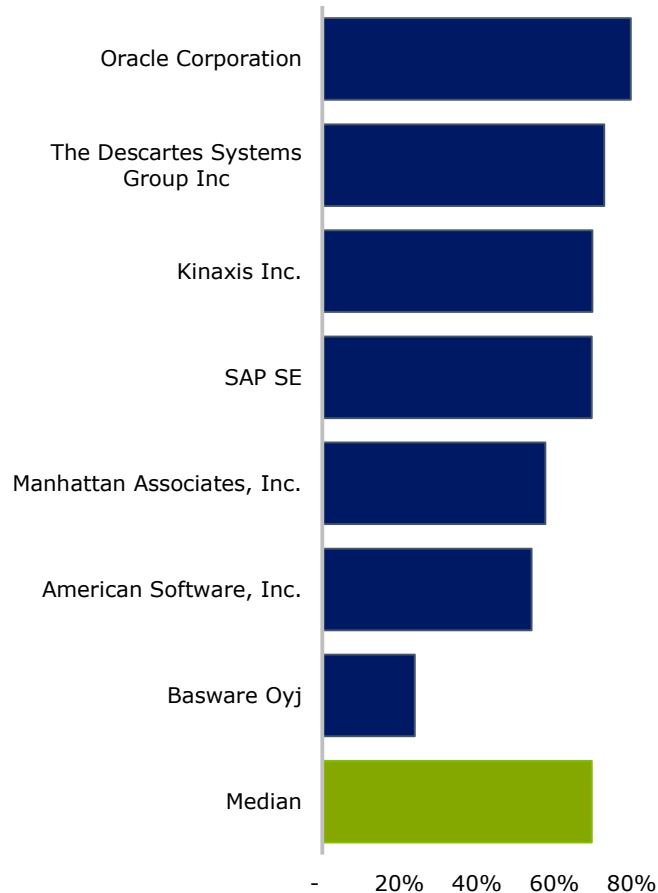
## Public Revenue Multiples over Time



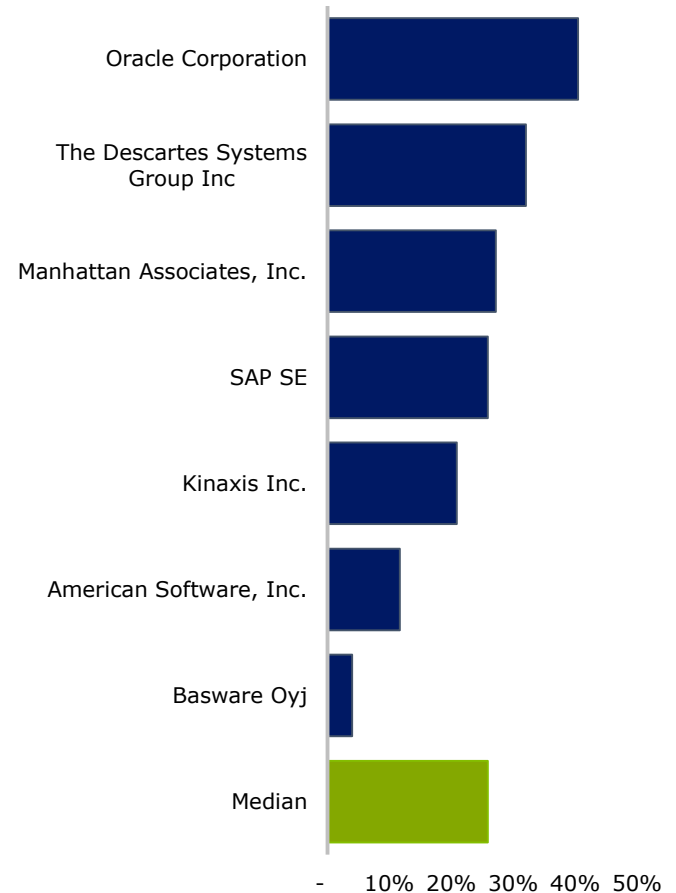
# Operational Metrics



LTM Gross Profit Margin %



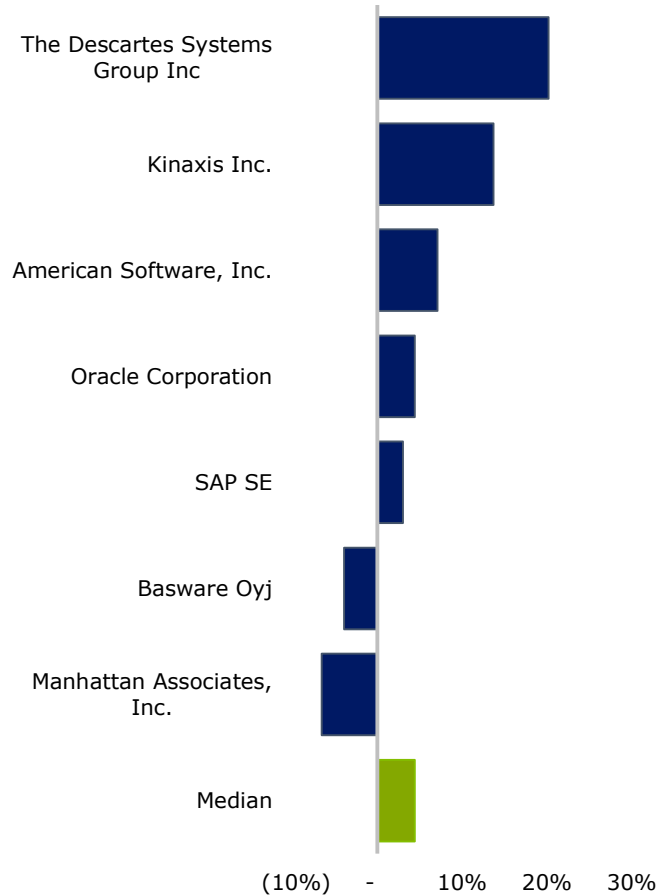
LTM EBITDA %



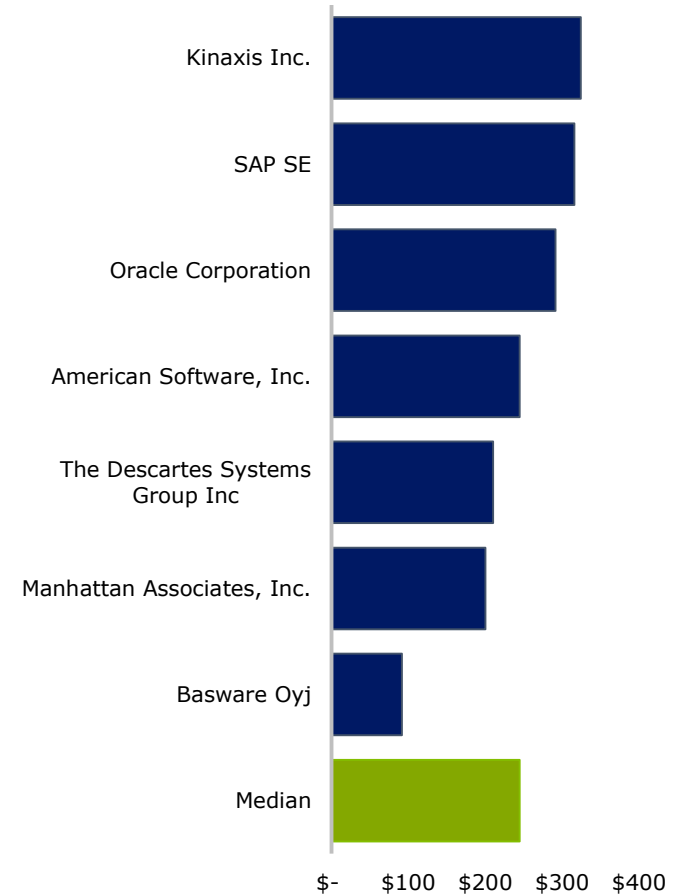
# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's

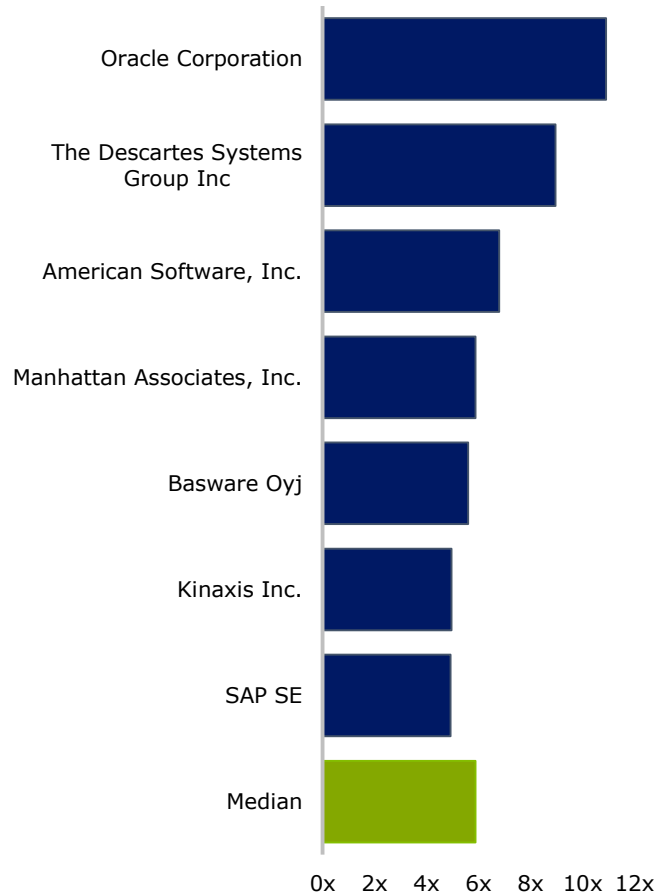




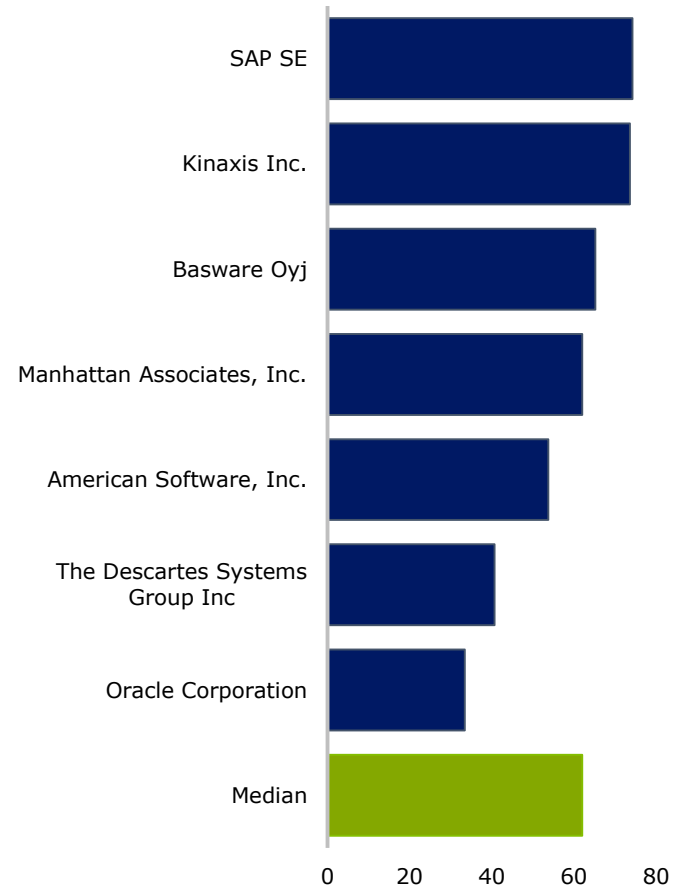
# Operational Metrics



## Accounts Receivable Turnover



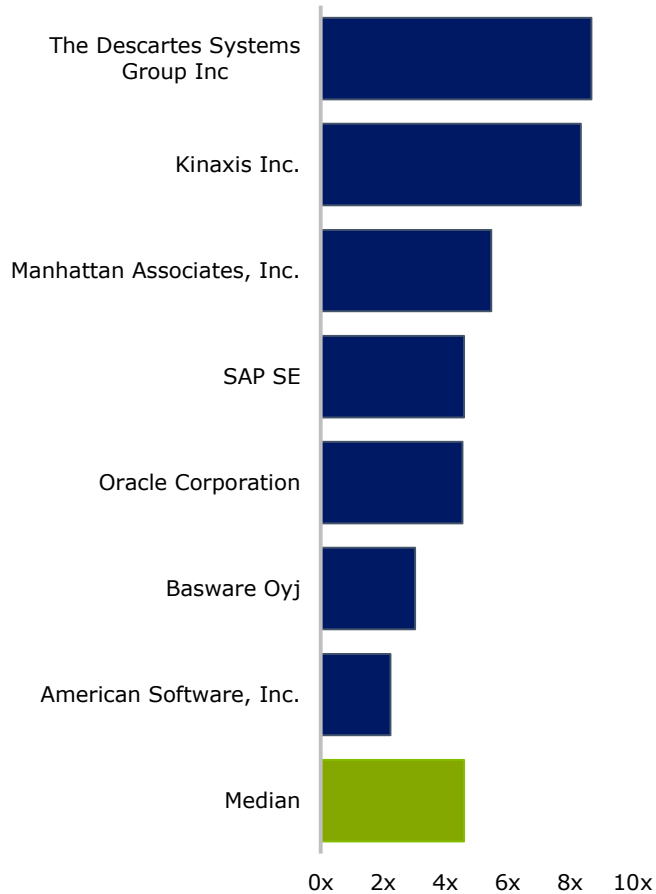
## Average Days Sales Outstanding



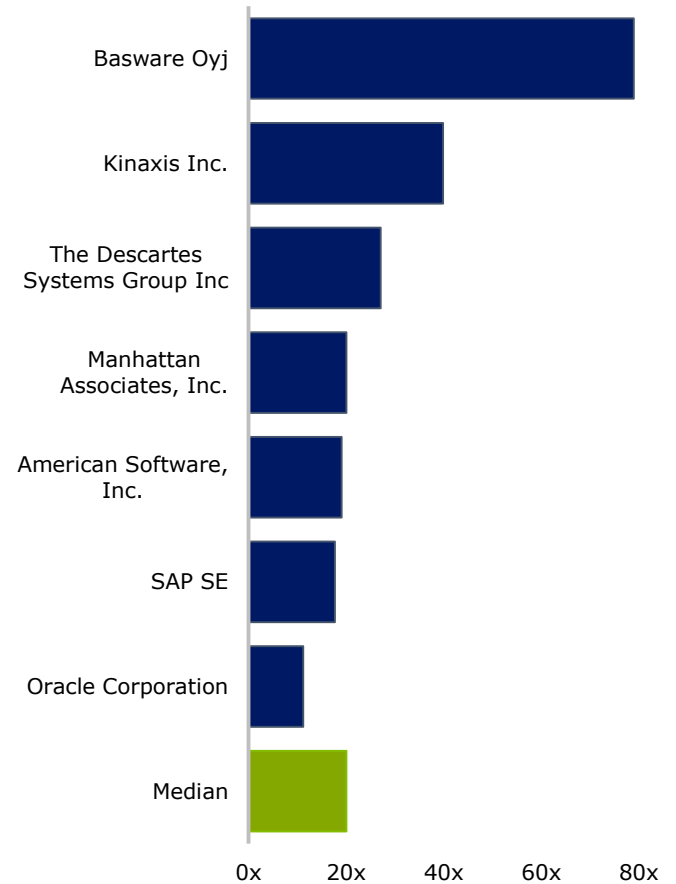
# Valuation



## TEV / LTM Revenue



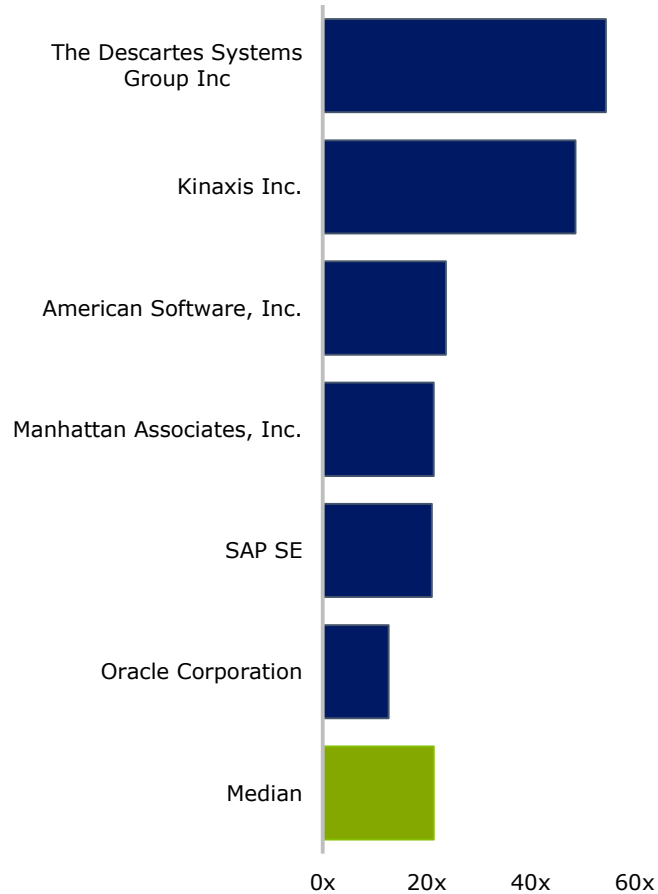
## TEV / LTM EBITDA



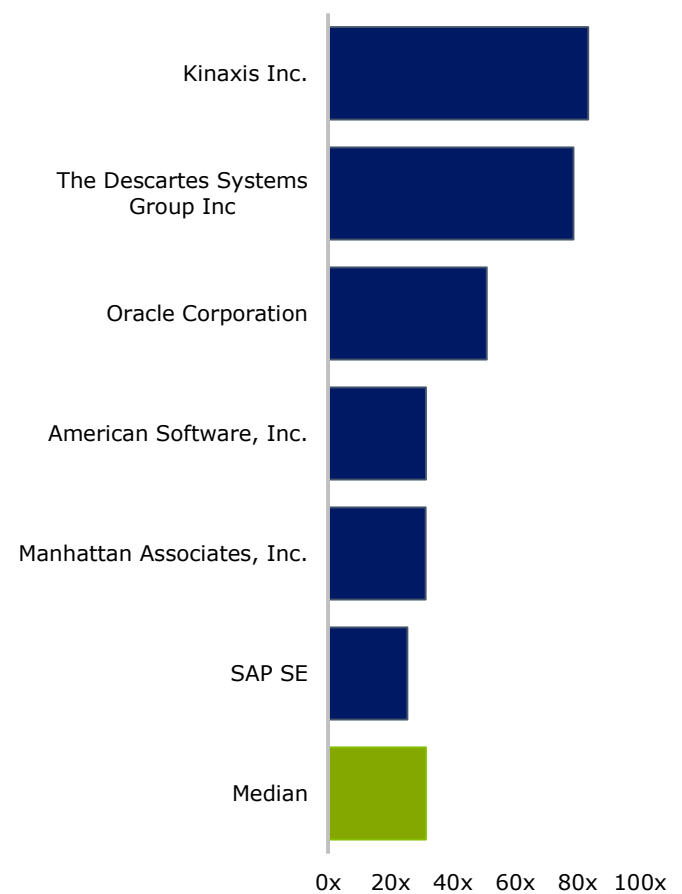
# Valuation



## TEV / LTM EBIT



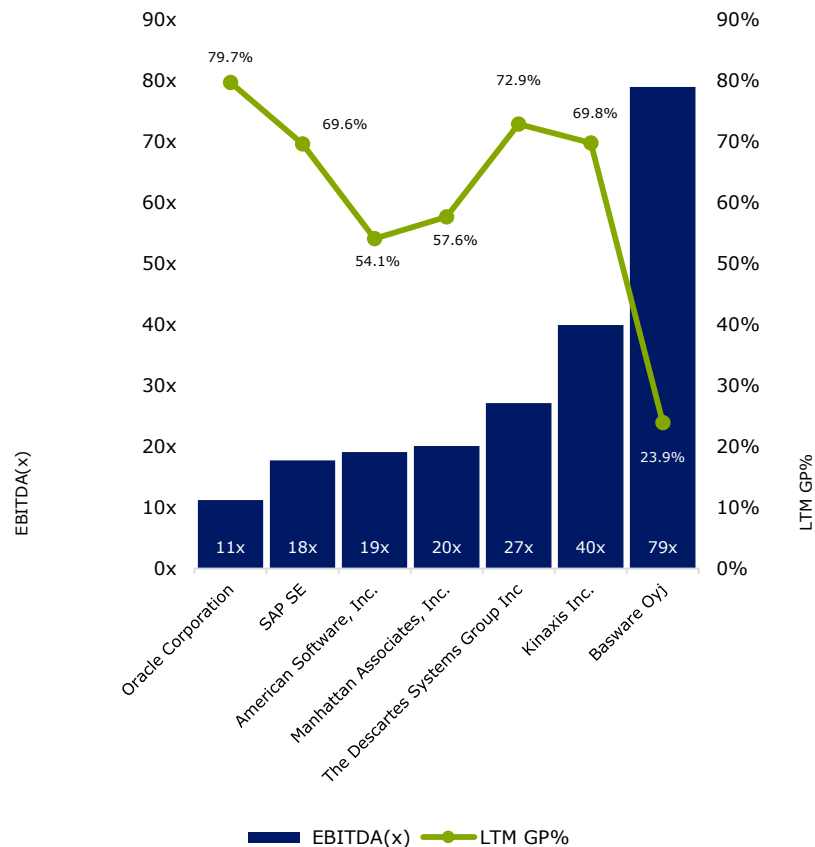
## Price / LTM Earnings



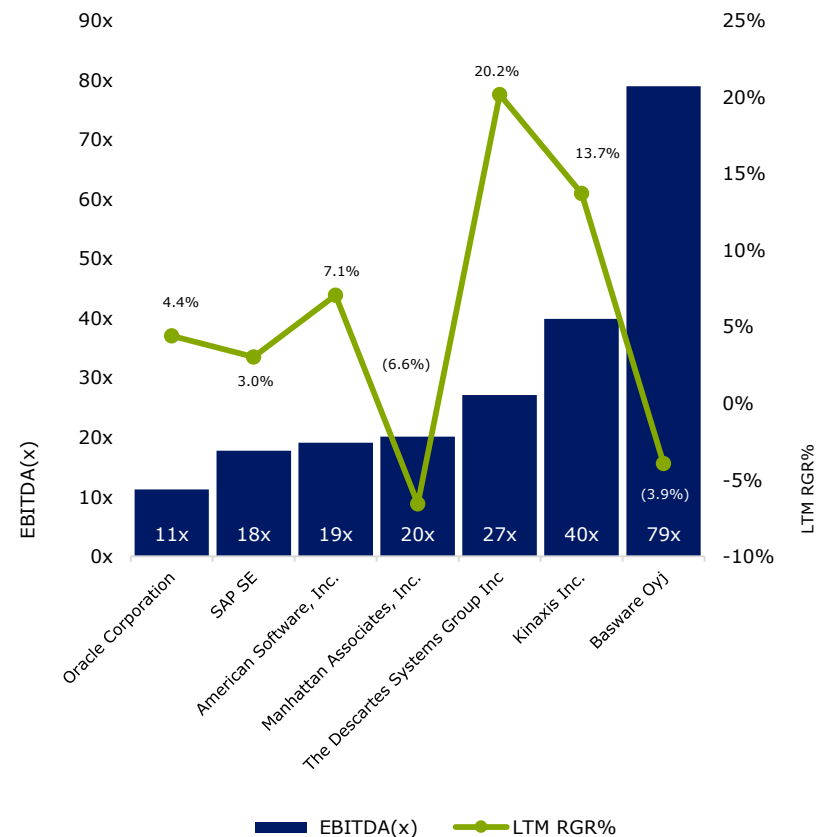
# Valuation



## 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
14Nov18	OrderDynamics Corp.	Tecsys Inc.	13.38	-	-	-
10Oct18	Cloud Logistics, LLC	E2open, LLC	-	-	-	-
11Sep18	eApeiron Solutions Inc.	SMARTRAC N.V.	-	-	-	-
28Aug18	ChainTrack Technologies Inc.	Blackchain Solutions Inc. (nka:Trackloop Analytics Corp.)	-	-	-	-
2Aug18	ASM Logistics (S) Pte. Ltd.	Santova Limited	-	-	-	-
2Jul18	Transparix Software B.V.	Logistyx Technologies, LLC	-	-	-	-
13Jun18	Nedcargio Multimodal B.V.	Combined Cargo Terminals B.V.	-	-	-	-
7Jun18	LOCOM Software GmbH	AXIT GmbH	-	-	-	-
17May18	All Assets of Mavrx Inc.	A.A.A. Taranis-Visual Ltd.	-	-	-	-
30Apr18	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.	-	-	-	-

# Supply Chain Tech & Software

November 2018

## APPENDIX: Public Basket Constituents

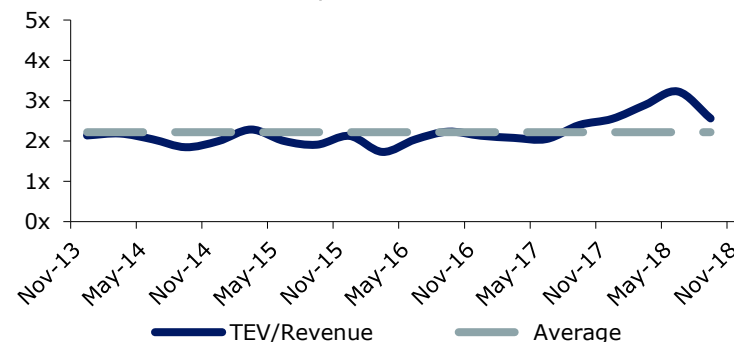
# Public Basket



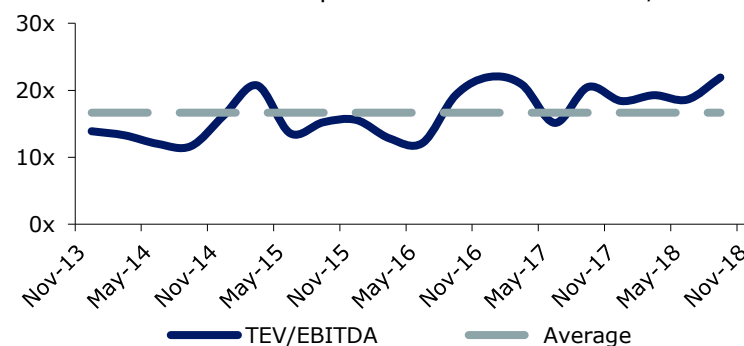
## American Software, Inc.

American Software, Inc. develops, markets, and supports a portfolio of software and services worldwide. It operates in three segments: Supply Chain Management (SCM), Information Technology (IT) Consulting, and Other. The SCM segment provides supply chain management and retail planning 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 cloud solutions for supply chain management, product lifecycle management, vendor quality, and vendor compliance and corporate social responsibility for brand retailers and manufacturers; and analytics and business intelligence solutions for the supply chain market. 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, network, and security services for software enhancement, documentation, update, customer education, consulting, systems integration, maintenance, and other support services. American Software, Inc. was founded in 1970 and is headquartered in Atlanta, Georgia.

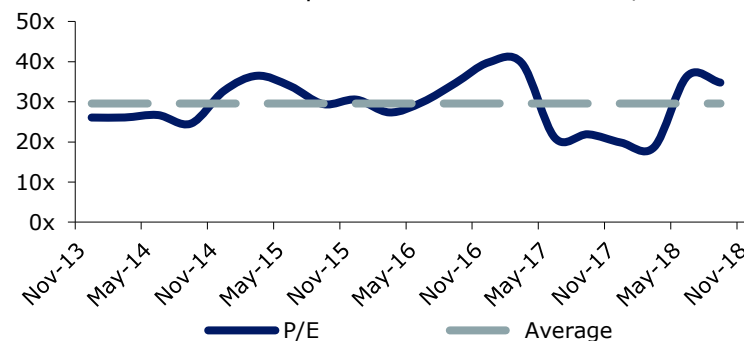
Revenue Multiples - American Software, Inc.



EBITDA Multiples - American Software, Inc.



P/E Multiples - American Software, Inc.



# Public Basket

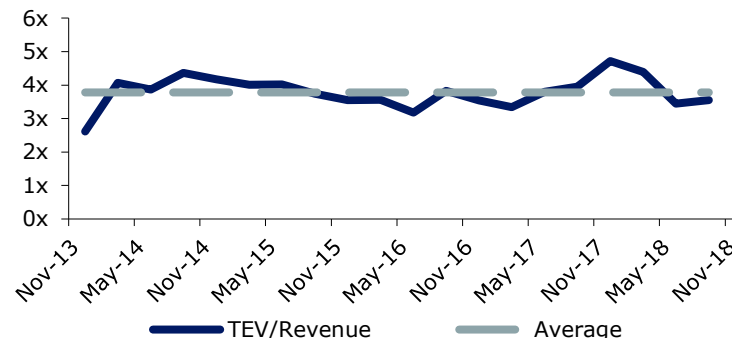


## Basware Oyj

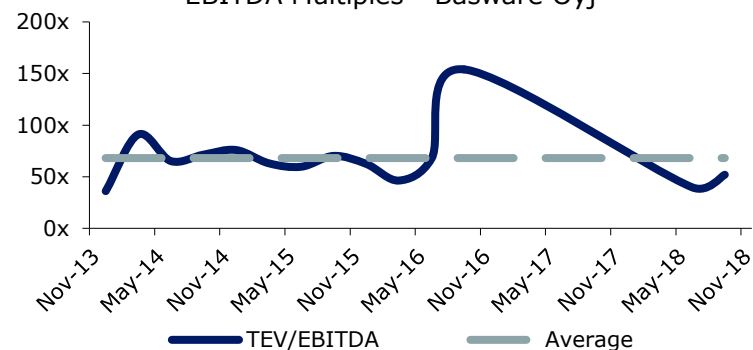
Basware Oyj provides networked purchase-to-pay solutions, and e-invoicing and financing services for organizations in Finland and internationally. The company offers accounts payable automation software; e-procurement solutions; InvoiceReady, a purchase-to-pay solution for invoice handling; strategic 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
11/15/18	Tradeshift Inc. made an offer to acquire Basware Oyj (HLSE:BAS1V) from Arrowgrass Capital Partners LLP and others.
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.

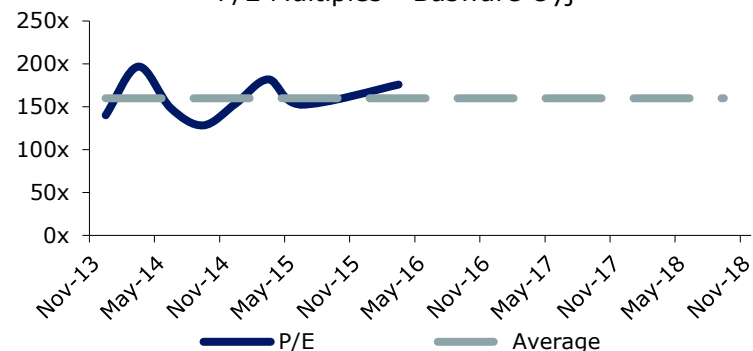
Revenue Multiples - Basware Oyj



EBITDA Multiples - Basware Oyj



P/E Multiples - Basware Oyj



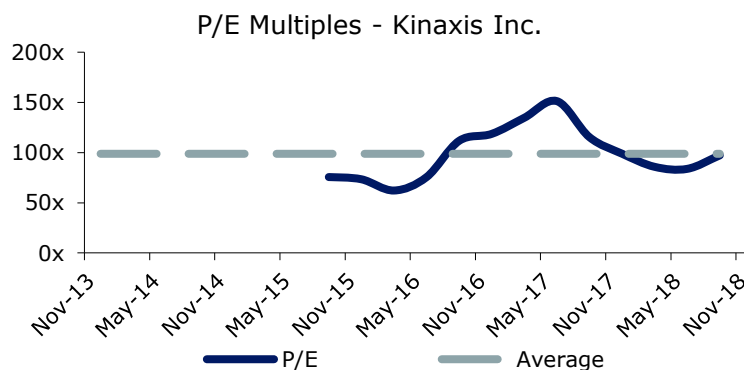
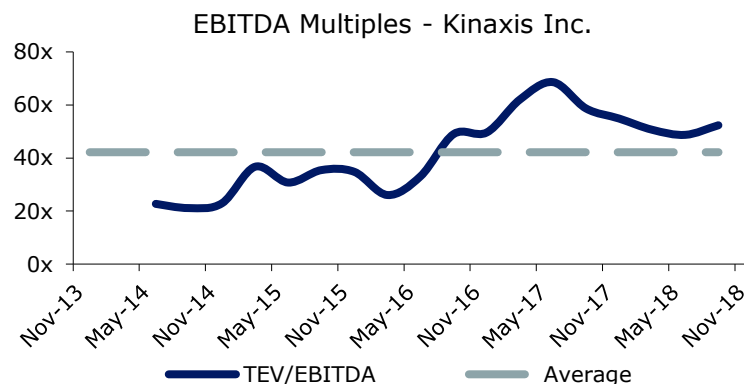
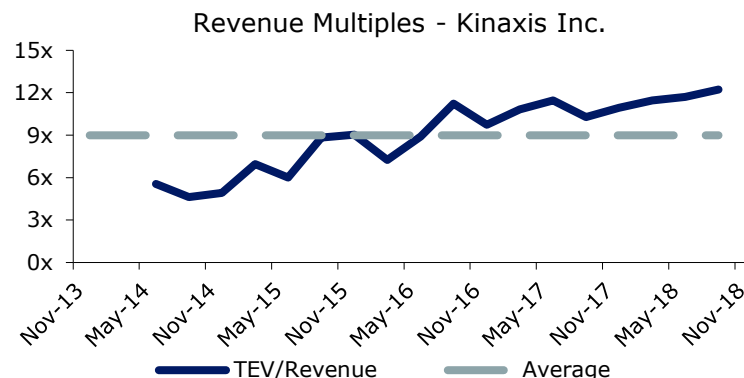


# Public Basket



## 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.



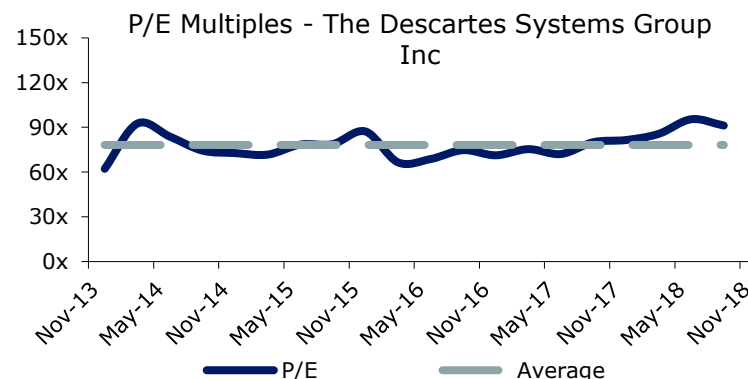
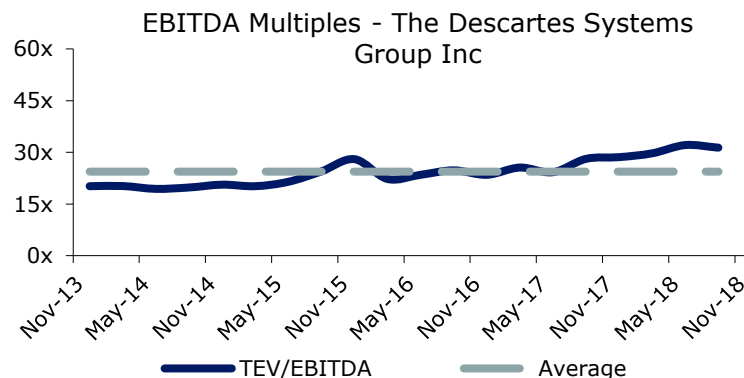
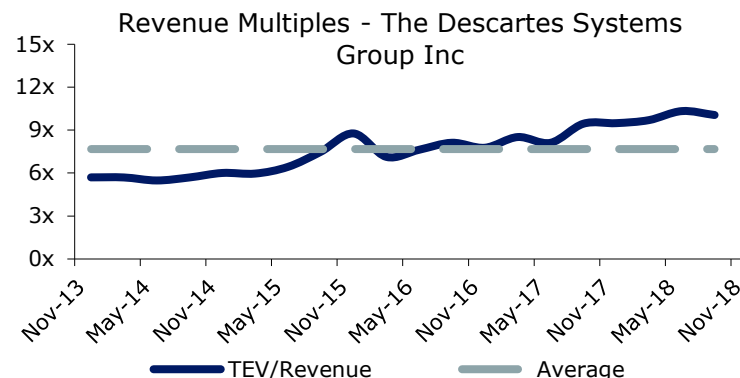
# Public Basket



## 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
8/21/18	The Descartes Systems Group Inc (TSX:DSG) acquired PinPoint GPS Solutions Inc. for CAD 18 million.
6/24/18	The Descartes Systems Group Inc (TSX:DSG) acquired certain assets from Velocity Mail for \$25.5 million.
3/5/18	The Descartes Systems Group Seeks Acquisitions

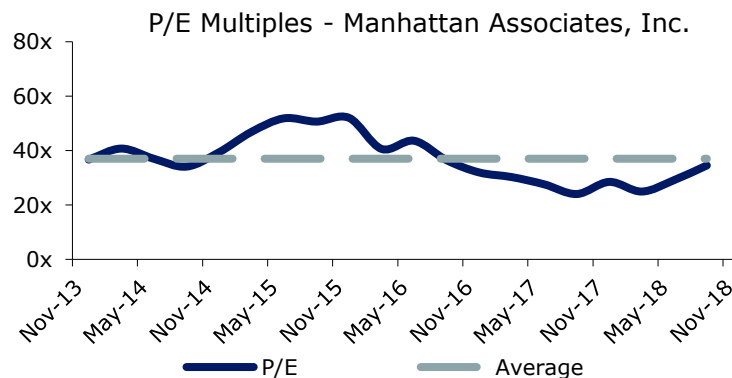
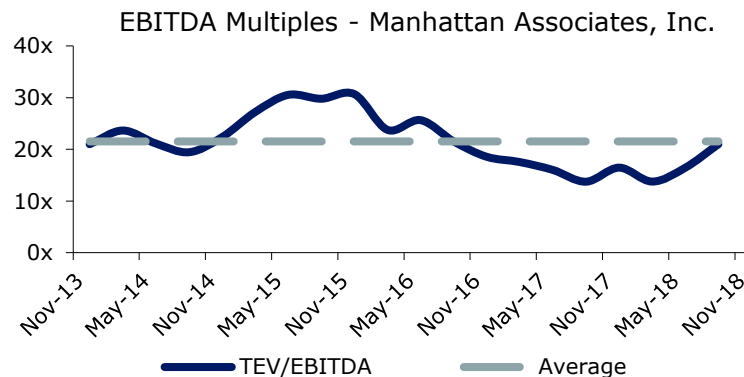
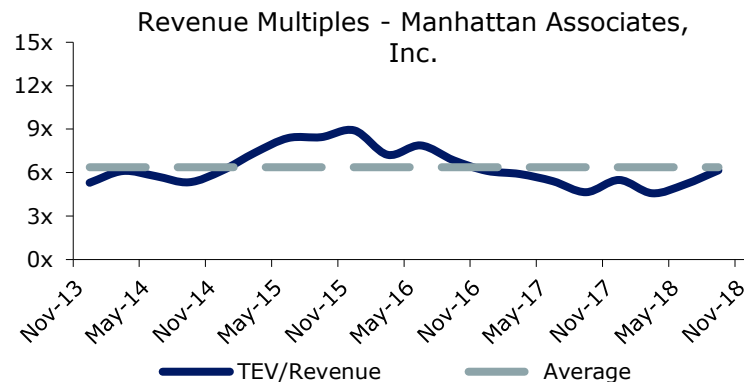


# Public Basket



## 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.



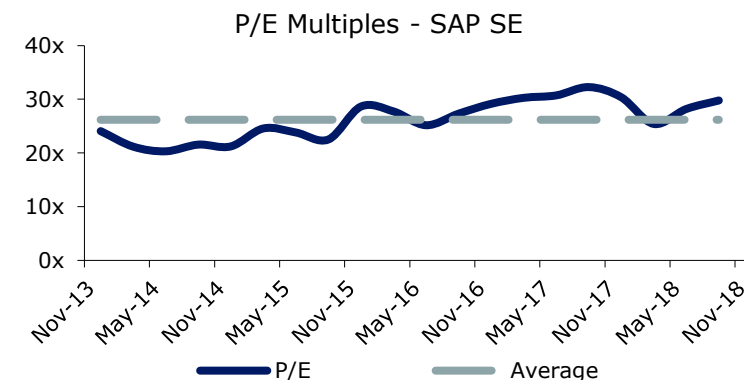
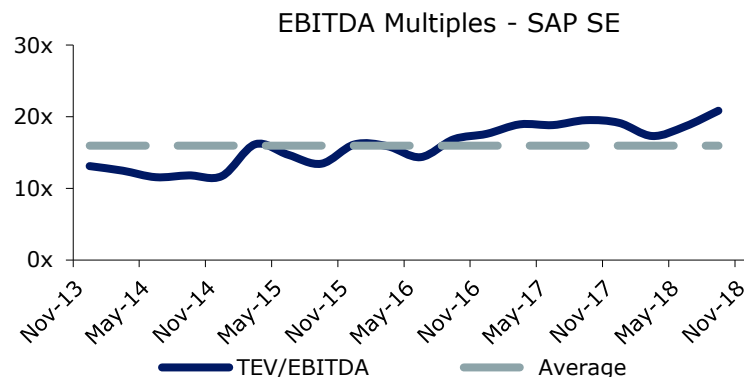
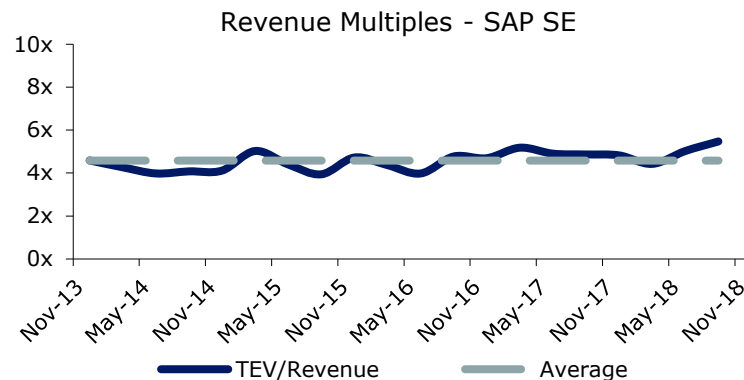
# Public Basket



## 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. SAP SE was founded in 1972 and is headquartered in Walldorf, Germany.

Date	Key Development Headline
11/20/18	Tata Consultancy Services Partners with SAP to Build Intelligent Rail Digital Maintenance
11/18/18	SAP SE (DB:SAP) acquired Contextor SAS.
11/16/18	SAP To Seek Acquisitions
11/12/18	Qualtrics International Inc., SAP SE - M&A Call
11/10/18	SAP SE (DB:SAP) entered into an agreement to acquire Qualtrics International Inc. from Smith family and other sellers for \$8 billion.



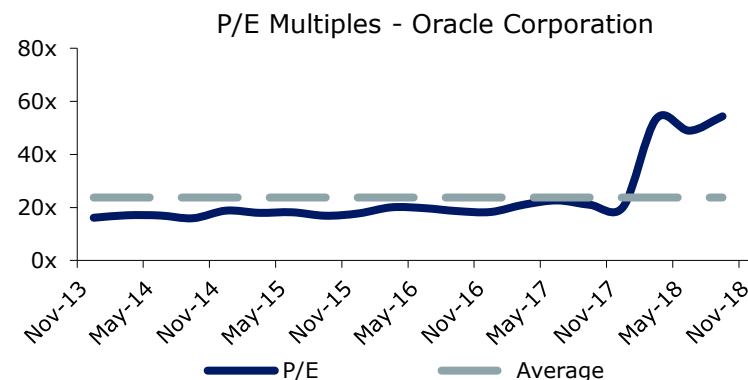
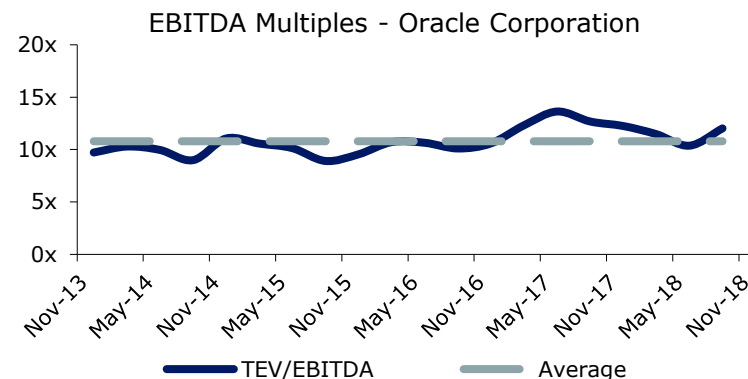
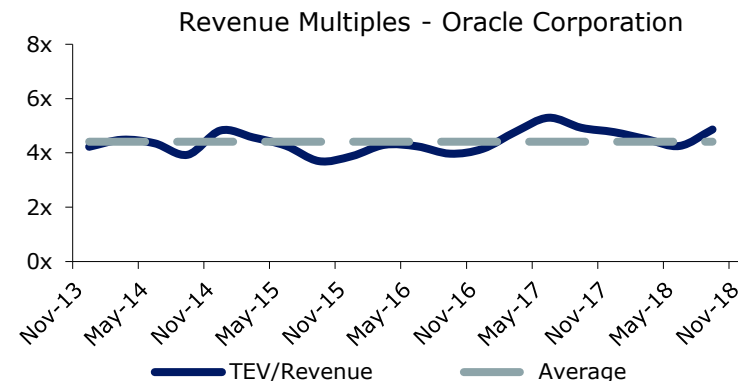
# Public Basket



## Oracle Corporation

Oracle Corporation develops, manufactures, markets, sells, hosts, and supports application, platform, and infrastructure solutions for information technology (IT) environments worldwide. The company provides services in three primary layers of the cloud: Software as a Service, Platform as a Service, and Infrastructure as a Service. It offers human capital and talent management, enterprise resource planning, customer experience and relationship management, procurement, supply chain management, project portfolio management, business analytics and enterprise performance management, and industry-specific application software, as well as financial management and governance, and risk and compliance applications. -Oracle Corporation was founded in 1977 and is headquartered in Redwood City, California.

Date	Key Development Headline
11/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Talari Networks, Inc.
11/14/18	Tele2 Russia, Oracle Expand Cooperation on Cloud Services
10/21/18	Oracle Corporation (NYSE:ORCL) signed an agreement to acquire DataFox Intelligence, Inc.
10/16/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire goBalto, Inc.
9/25/18	Oracle Corporation (NYSE:ORCL) acquired an unknown minority stake in Screening Room Inc. for \$2.5 million.



# 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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