



Sectorwatch: Supply Chain Tech & Software

August 2019

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.



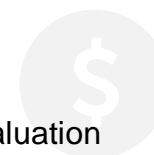
Public Basket Performance

- 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

↑ 3.0%

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

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

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

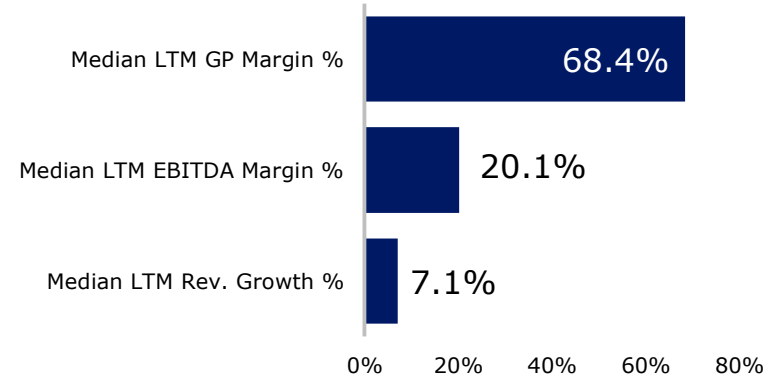
Profitability

↓ -3.2%

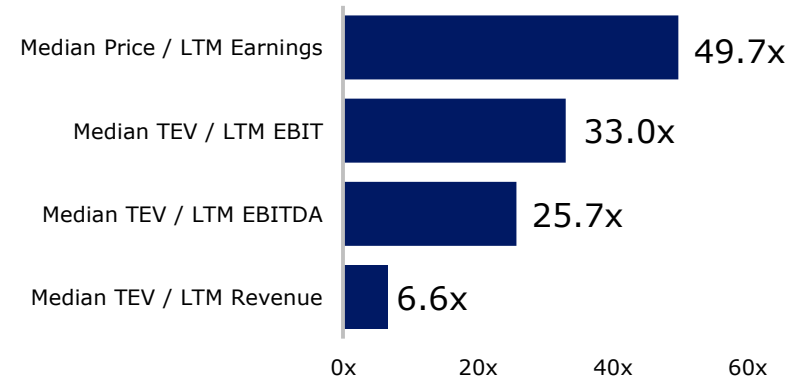
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

Operating Metrics



Valuation



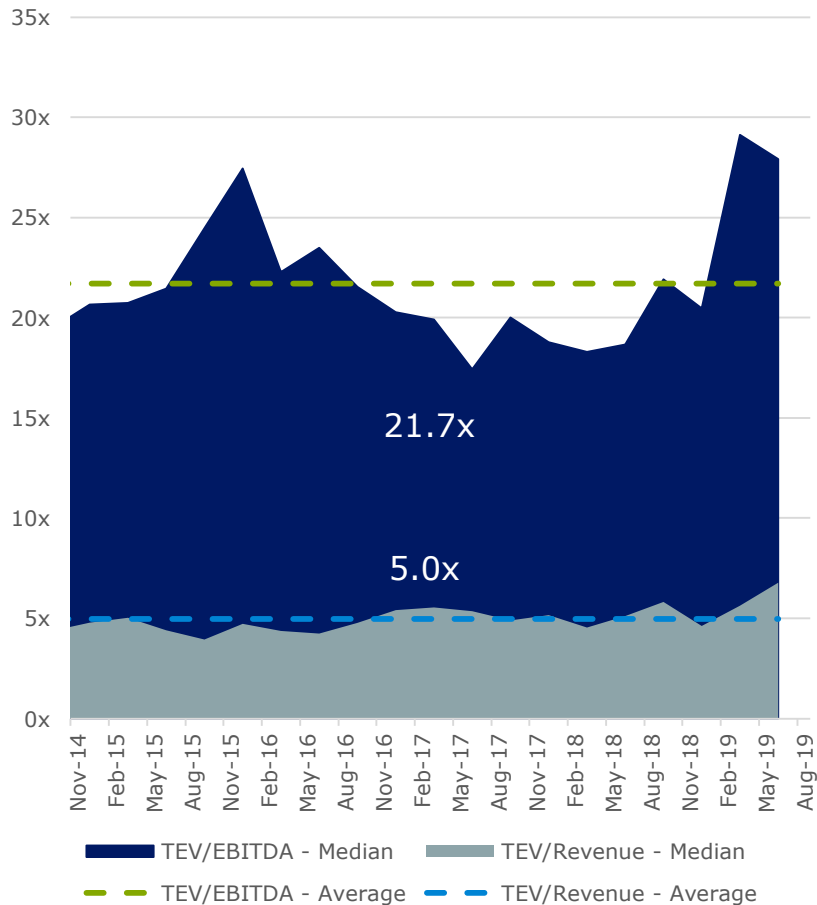
Public Basket



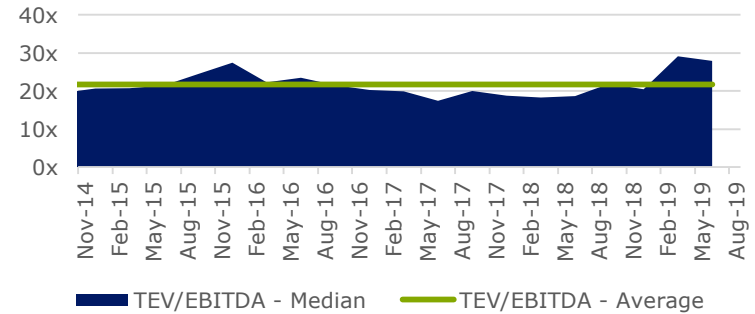
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Basware Oyj	353	162	-2%	51%	-9%	2.2	0.0	1,412	115
American Software, Inc.	348	109	-4%	52%	8%	3.2	41.6	424	256
Kinaxis Inc.	1,348	163	13%	70%	18%	8.4	47.9	569	286
The Descartes Systems Group Inc	3,162	286	14%	73%	34%	10.9	32.4	1,334	215
Manhattan Associates, Inc.	5,314	589	4%	55%	23%	9.0	39.6	3,000	196
Coupa Software Incorporated	8,710	285	41%	68%	-15%	30.5	0.0	1,202	237
SAP SE	138,873	29,778	11%	69%	25%	4.8	19.1	96,498	309
Oracle Corporation	193,912	39,506	0%	80%	41%	4.9	12.1	136,000	290
Average	44,003	8,860	10%	65%	15%	9.2	24.1	30,055	238
Median	4,238	286	7%	68%	20%	6.7	25.8	1,373	247

share price as of 27Aug19

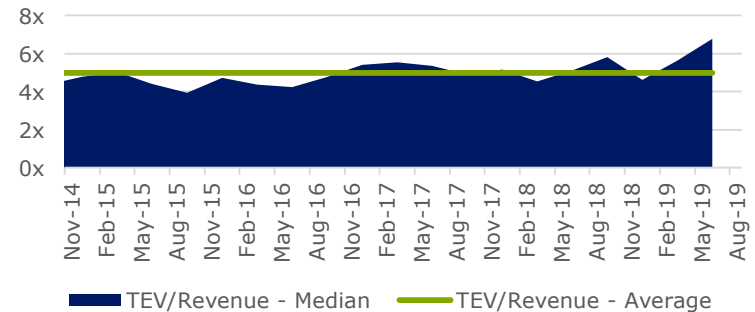
Public Basket Valuation Trends



Public EBITDA Multiples over Time



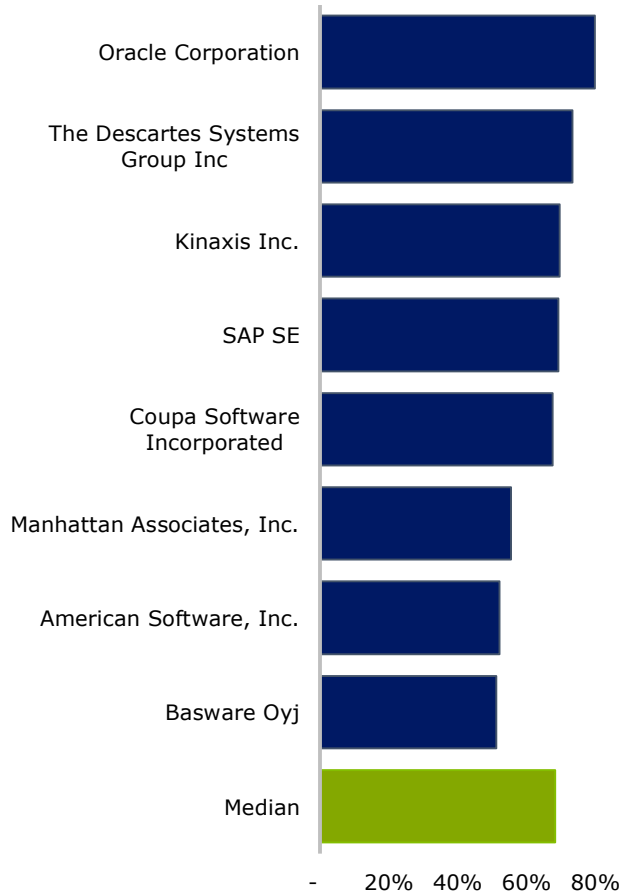
Public Revenue Multiples over Time



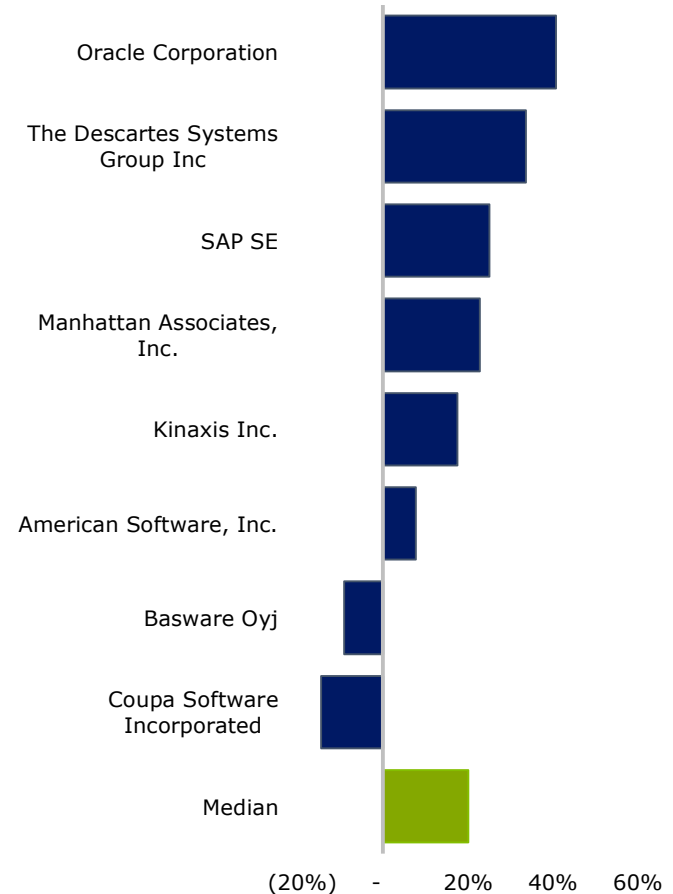
Operational Metrics



LTM Gross Profit Margin %



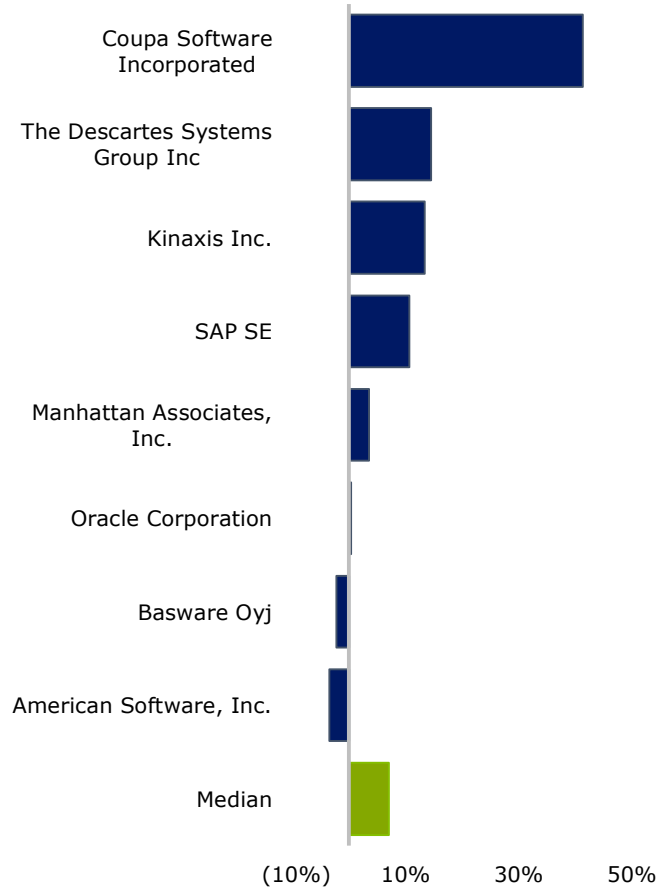
LTM EBITDA %



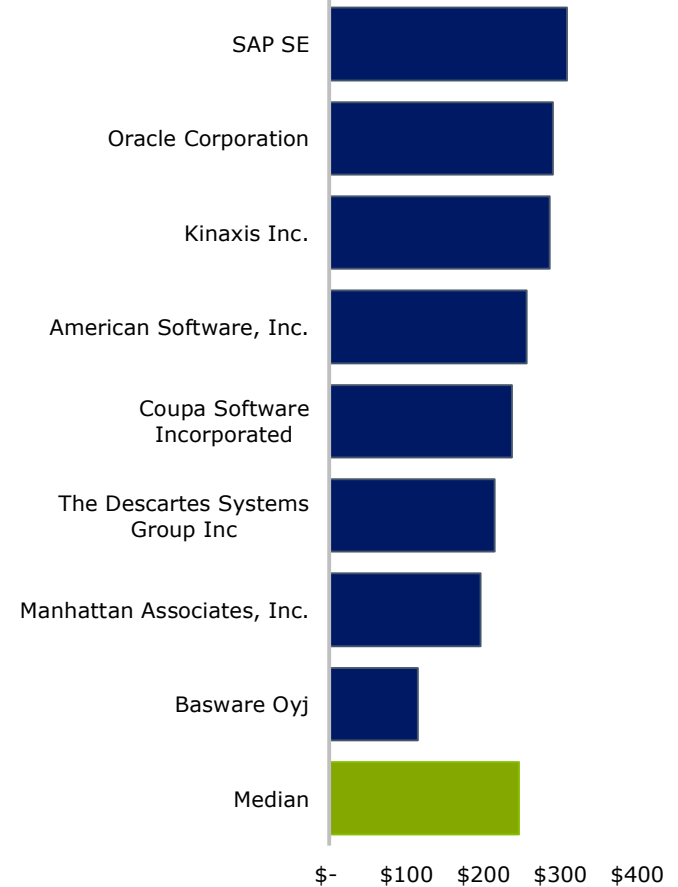
Operational Metrics



LTM Revenue Growth %



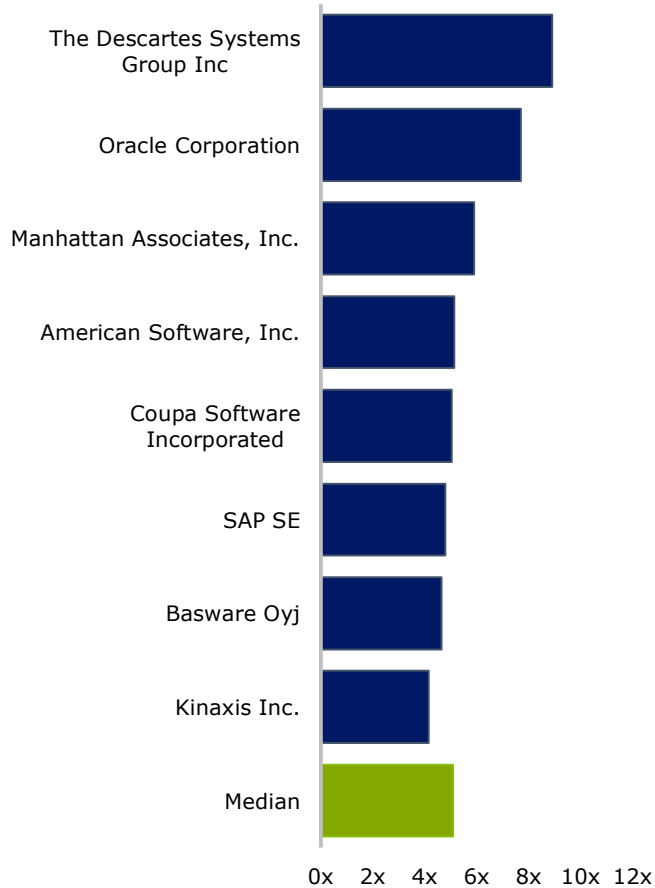
LTM Revenue per Full Time Employee x 000's



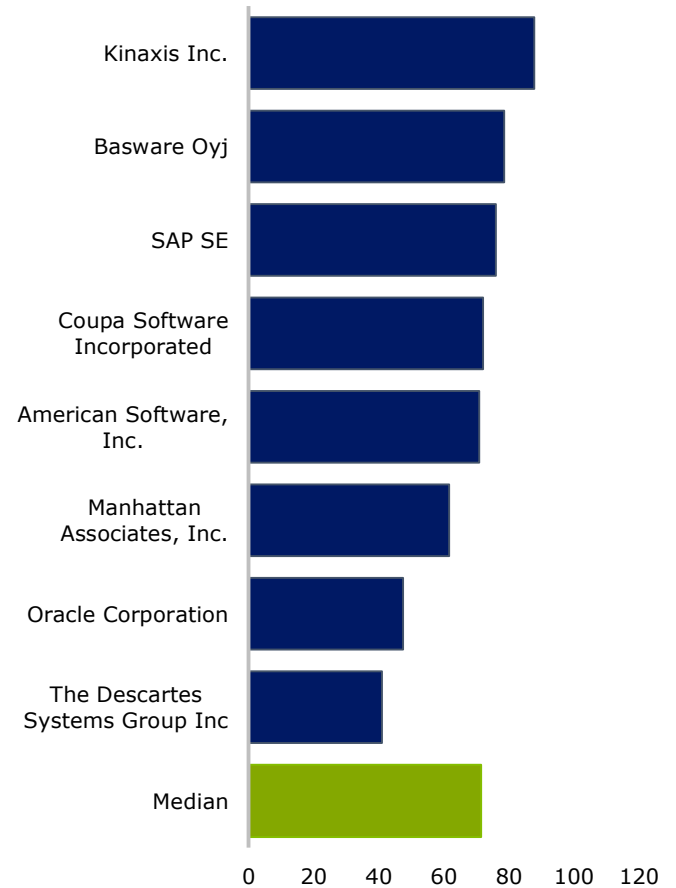
Operational Metrics



Accounts Receivable Turnover



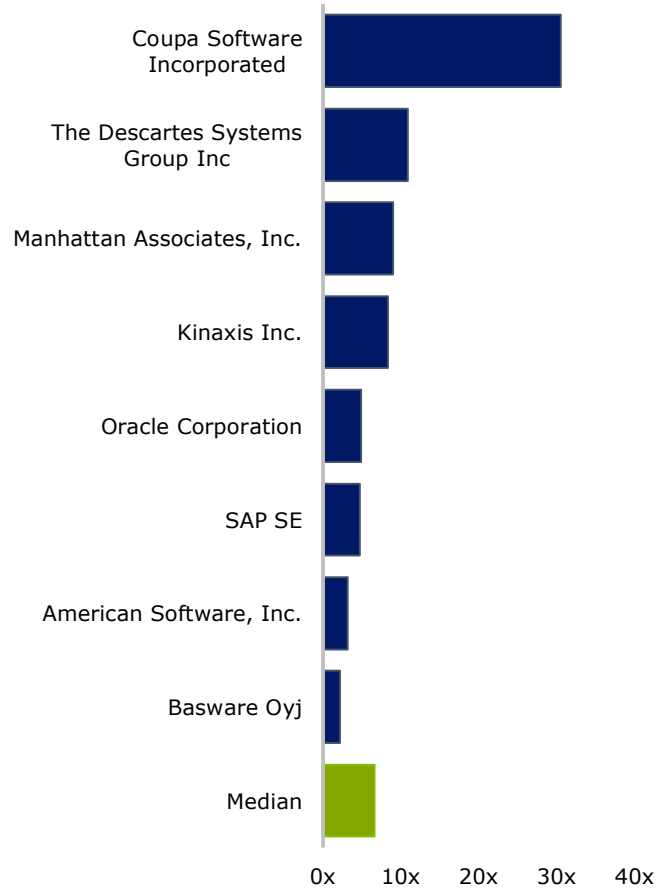
Average Days Sales Outstanding



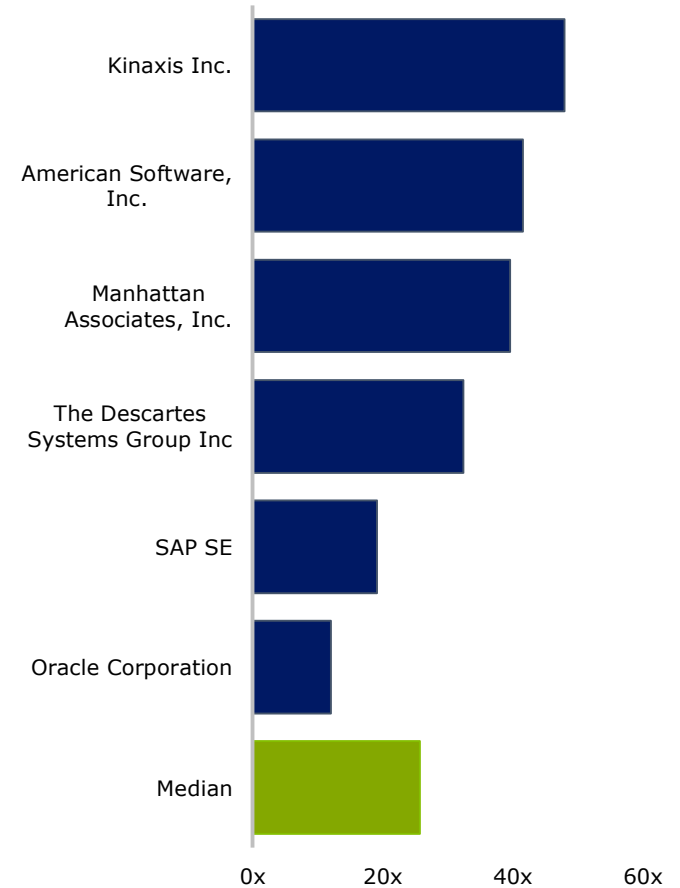
Valuation



TEV / LTM Revenue



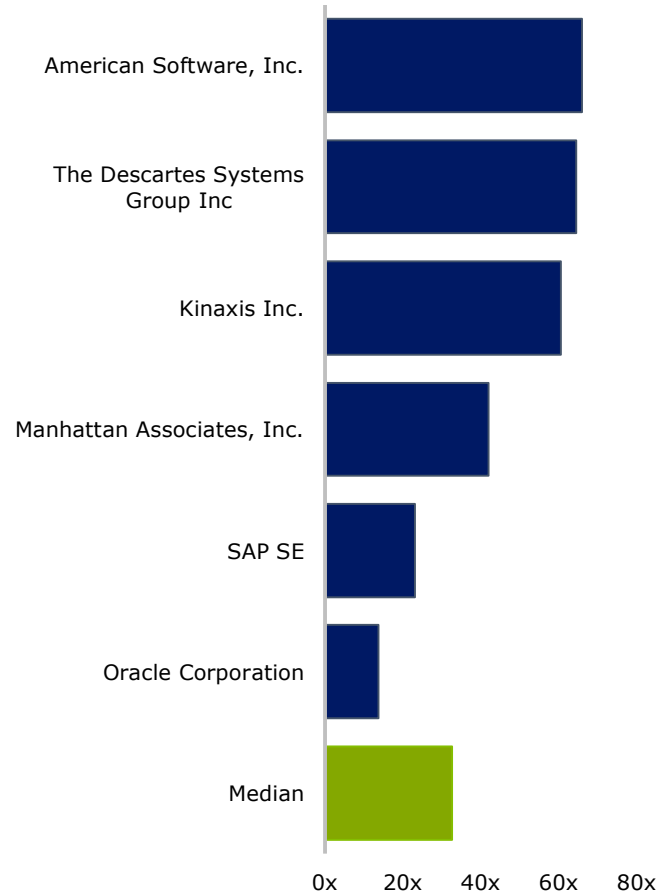
TEV / LTM EBITDA



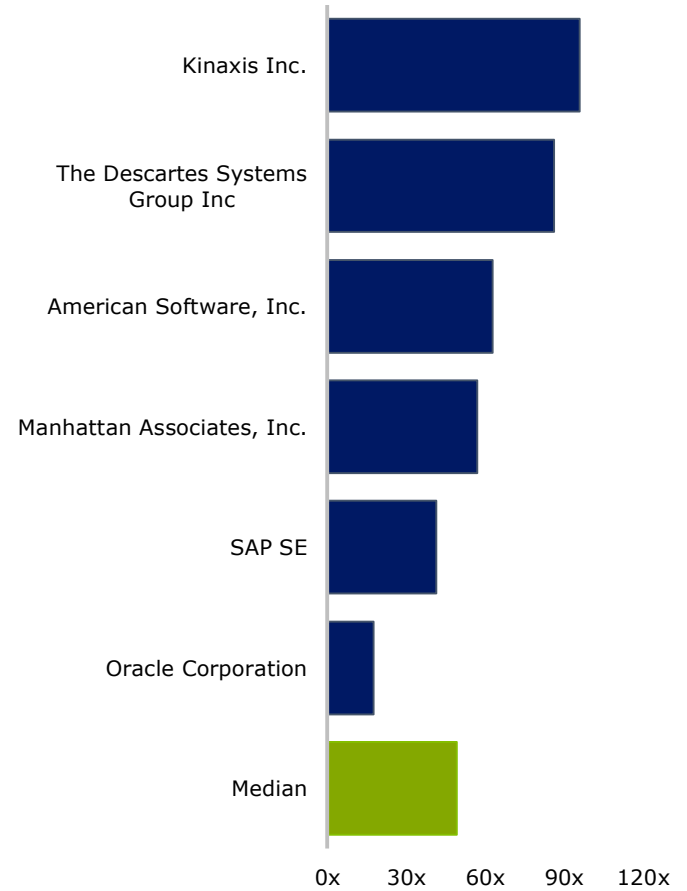
Valuation



TEV / LTM EBIT



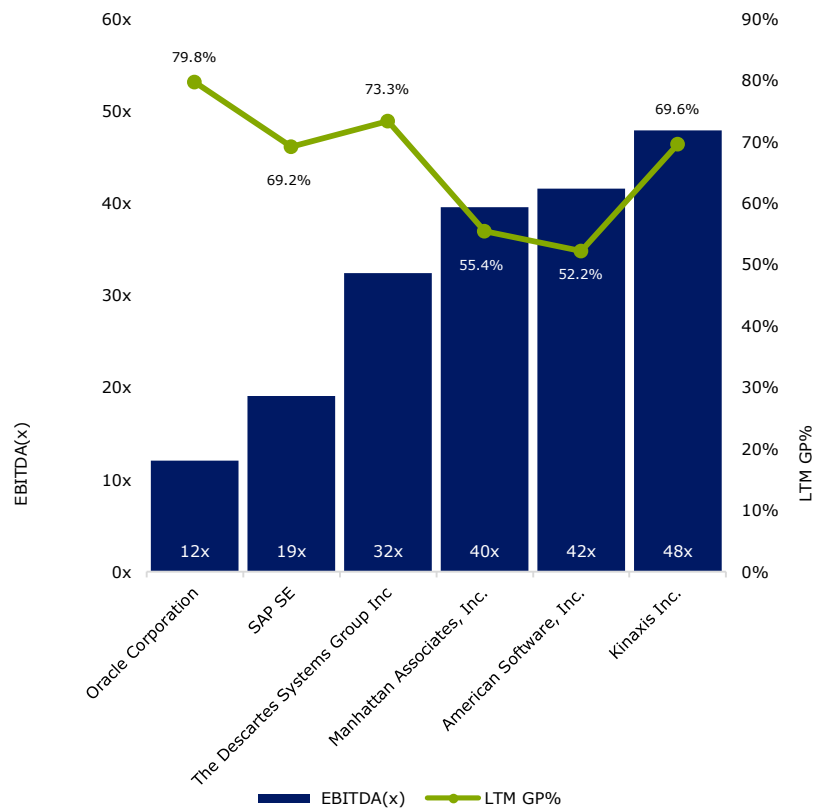
Price / LTM Earnings



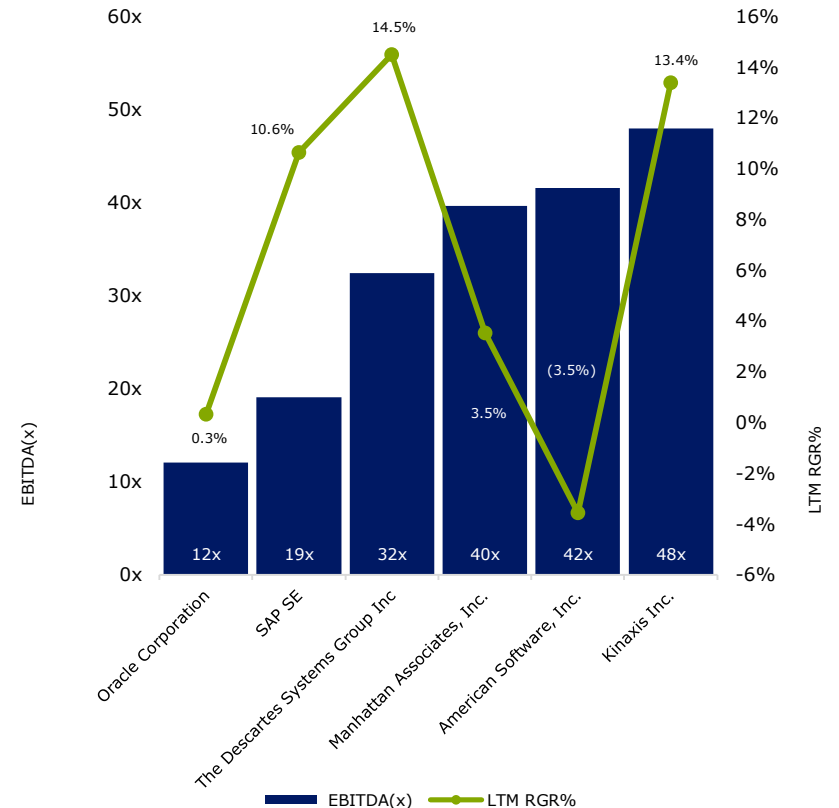
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
21Aug19	BestTransport.com, Inc.	The Descartes Systems Group Inc	11.20	-	-	-
2Aug19	Elemica, Inc.	Eurazeo SE	-	-	-	-
20Jun19	Dakota Moon Enterprises LLC	QuEST Global Services Pte. Ltd.	-	-	-	-
19Jun19	AutoStore AS	Thomas H. Lee Partners, L.P.	-	-	-	-
12May19	Amber Road, Inc.	E2open, LLC	433.60	86.20	4.9x	NM
18Apr19	HemaTerra Technologies, LLC	The Riverside Company	-	-	-	-
1Feb19	PCSYS A/S	Tecsys Inc.	10.18	11.58	0.9x	-
11Dec18	IQMS Inc.	Dassault Systèmes SE	425.00	56.00	7.6x	-
4Dec18	Hiperos, LLC	Coupa Software Incorporated	95.00	-	-	-
14Nov18	OrderDynamics Corp.	Tecsys Inc.	10.10	-	-	-
18Jul18	Barkawi Management Consultants GmbH & Co. KG	Genpact Limited	95.60	-	-	-
2Jul18	Transparix Software B.V.	Logistyx Technologies, LLC	-	-	-	-
20Jun18	Web.com Group, Inc.	Siris Capital Group, LLC	2,064.66	750.84	2.7x	14.3x
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	-
29Jan18	Callidus Software Inc.	SAP America, Inc.	2,576.42	253.09	9.6x	NM
11Jan18	Forecast Solutions SL	Retail Logistics Excellence - RELEX Oy	-	-	-	-
25Sep17	BluJay Solutions Ltd	Temasek Holdings (Private) Limited	-	-	-	-
15Sep17	InfoZen, Inc.	ManTech International Corporation	180.00	-	-	-
28Aug17	HighJump Software Inc.	Körber AG	-	-	-	-
14Aug17	MacroPoint, LLC	The Descartes Systems Group Inc	106.60	12.50	8.5x	-
7Jul17	Perfect Commerce, LLC	Proactis Holdings PLC	132.50	39.67	3.3x	20.6x

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APPENDIX:
Public Basket
Constituents

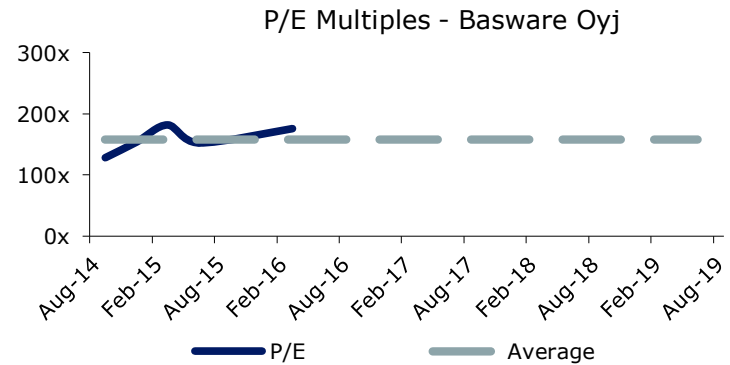
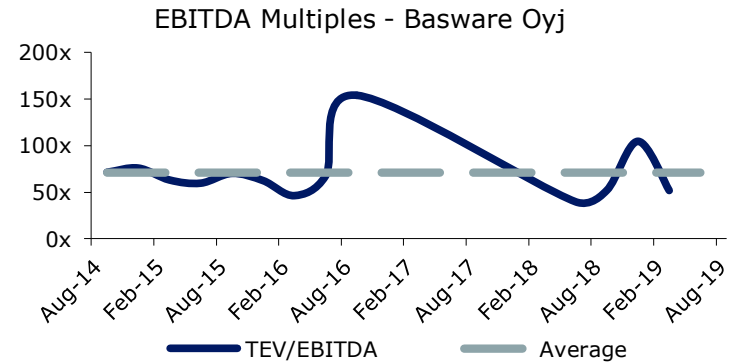
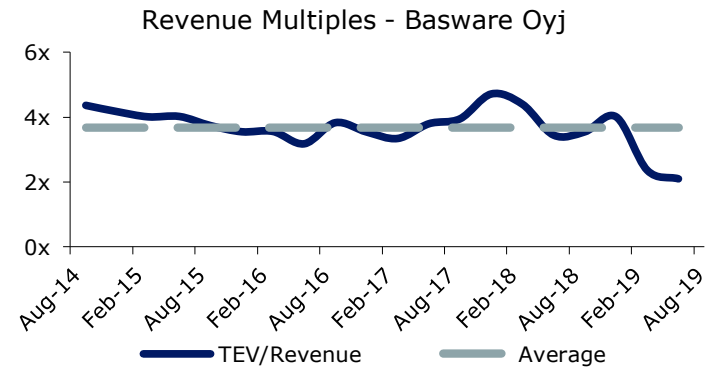
Public Basket



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
2/27/19	Tradeshift Inc. cancelled the acquisition of Basware Oyj (HLSE:BAS1V) from funds managed by Arrowgrass Capital Partners LLP and others.
11/15/18	Tradeshift Inc. made an offer to acquire Basware Oyj (HLSE:BAS1V) from funds managed by Arrowgrass Capital Partners LLP and others.



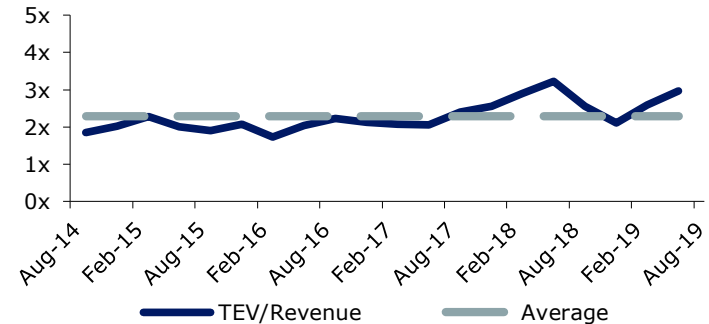
Public Basket



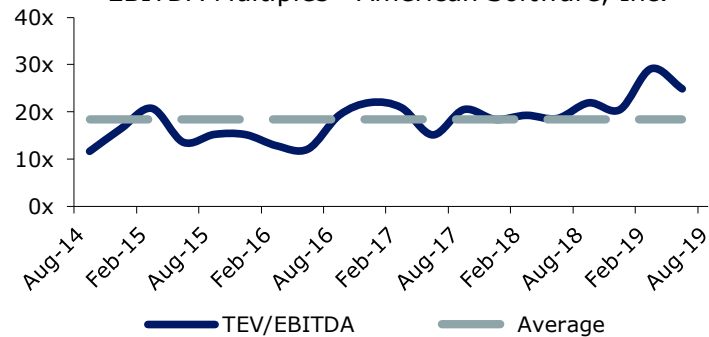
American Software, Inc.

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.

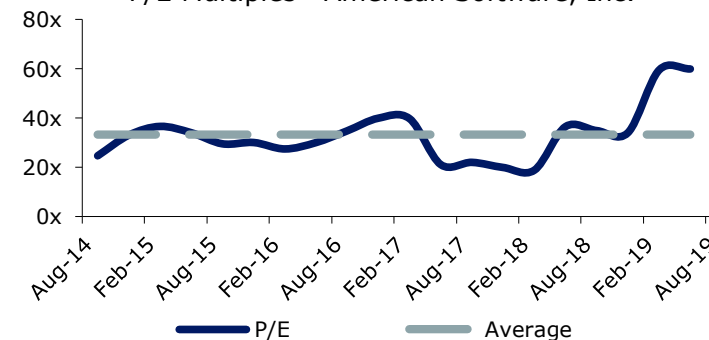
Revenue Multiples - American Software, Inc.



EBITDA Multiples - American Software, Inc.



P/E Multiples - American Software, Inc.



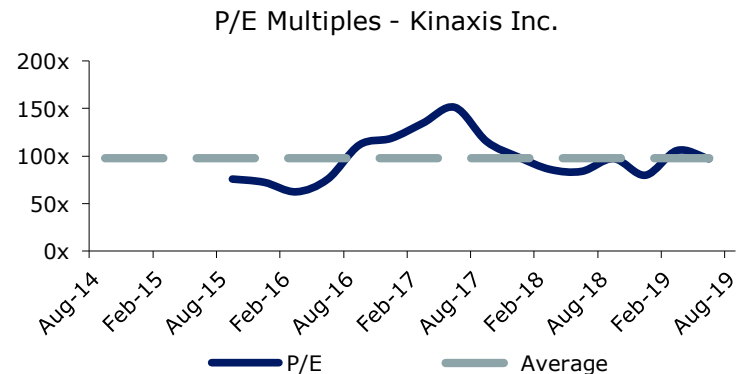
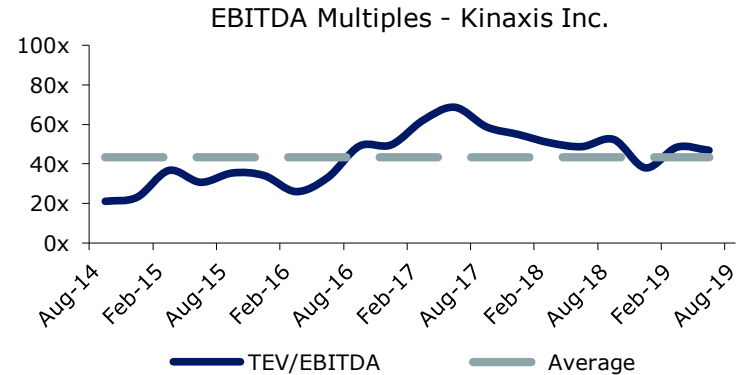
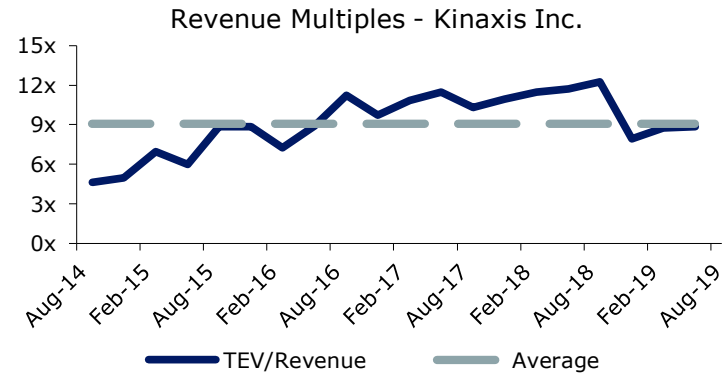
Public Basket



Kinaxis Inc.

Kinaxis Inc. provides cloud-based subscription software for supply chain operations in the United States, Europe, Asia, and Canada. The company offers RapidResponse, which provide supply chain planning and analytics capabilities for managing various supply chain management processes, including demand planning, supply planning, inventory management, order fulfillment, capacity planning, and master scheduling, as well as sales and operations planning process. It also provides 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, life sciences, and pharmaceuticals. 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
1/8/19	Ernst & Young LLP (EY UK) and Kinaxis Inc. Announces Forming of Alliance



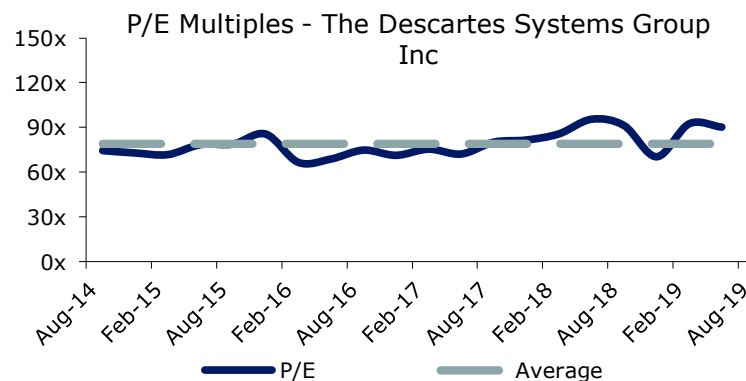
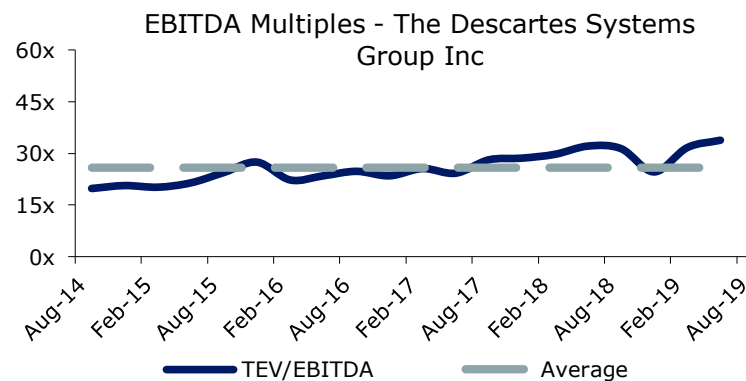
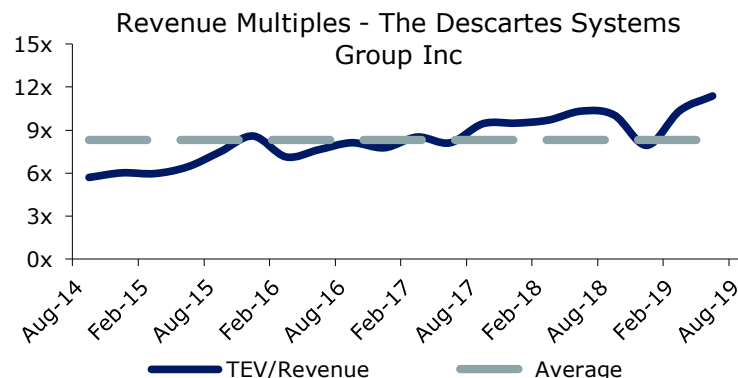
Public Basket



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 was founded in 1981 and is headquartered in Waterloo, Canada.

Date	Key Development Headline
8/20/19	The Descartes Systems Group Inc (TSX:DSG) acquired BestTransport.com, Inc. for \$11.2 million.
6/26/19	The Descartes Systems Group Inc (TSX:DSG) acquired Stepcom Services GmbH for CHF 19.3 million.
6/5/19	Descartes Systems Intends To Seek Acquisitions
5/12/19	The Descartes Systems Group Inc (TSX:DSG) acquired Core Transport Technologies NZ Limited for \$30 million.
3/6/19	The Descartes Systems Intends To Seek Investments

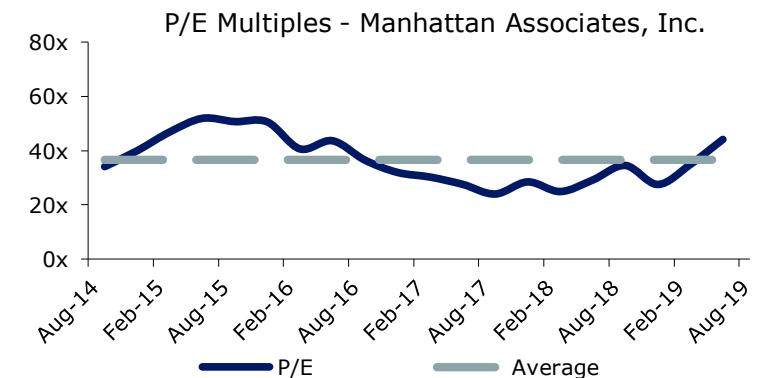
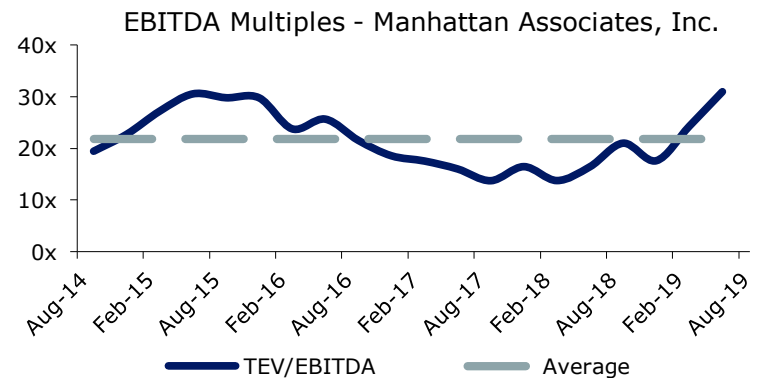
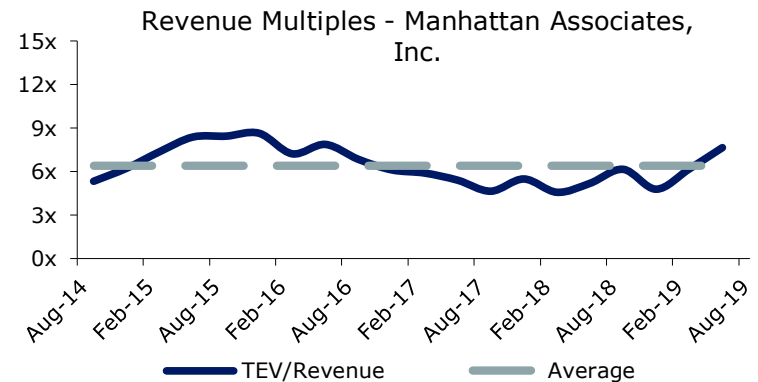


Public Basket



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. Manhattan Associates, Inc. was founded in 1990 and is headquartered in Atlanta, Georgia.



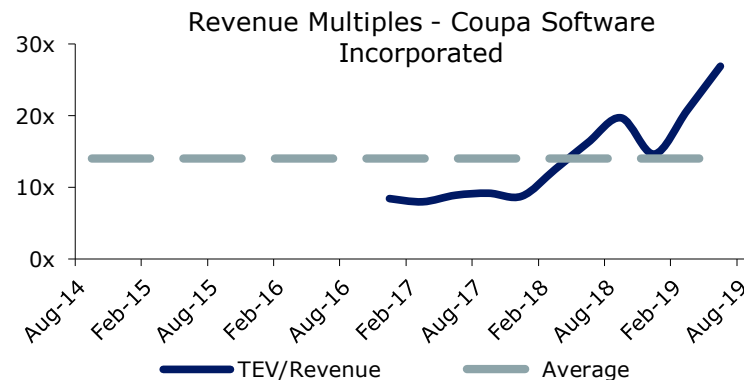
Date	Key Development Headline
5/23/19	MetaPack Limited Signs Global Gold Partnership with Manhattan Associates

Public Basket



Coupa Software Incorporated

Coupa Software Incorporated provides cloud-based spend management platform. The company's platform connects organization with suppliers globally; and provides visibility into and control over how companies spend money, as well as enables businesses to achieve savings that drive profitability. Its platform consists of procurement, invoicing, and expense management modules that form its transactional engine and capture a company's spend; and offers supporting modules, including sourcing, spend analysis, contract management, supplier management, and inventory management. The company markets its platform to a range of enterprises in various industries, such as healthcare and pharmaceuticals, retail, financial services, manufacturing, technology, and others primarily through a direct sales force worldwide. The company was founded in 2006 and is headquartered in San Mateo, California.



Date	Key Development Headline
6/11/19	Coupa Software To Seek Acquisitions
6/5/19	Coupa Software To Seek Acquisitions
5/5/19	Coupa Software Incorporated (NasdaqGS:COUP) completed the acquisition of Exari Group, Inc.
4/15/19	Coupa Software Incorporated (NasdaqGS:COUP) entered into an agreement to acquire Exari Group, Inc. for approximately \$220 million.

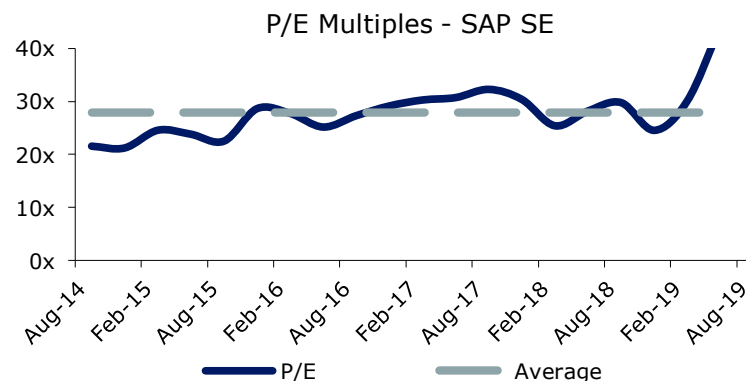
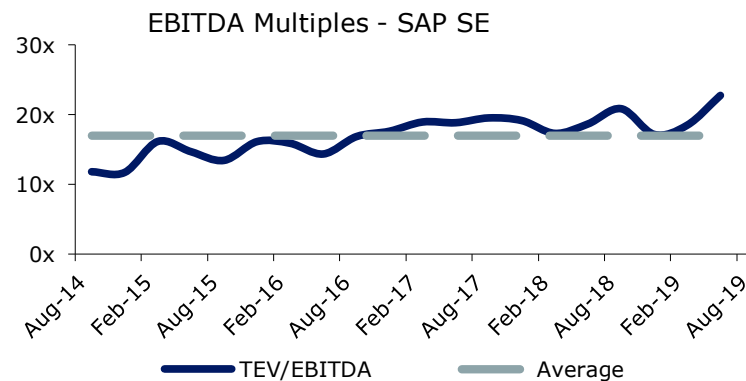
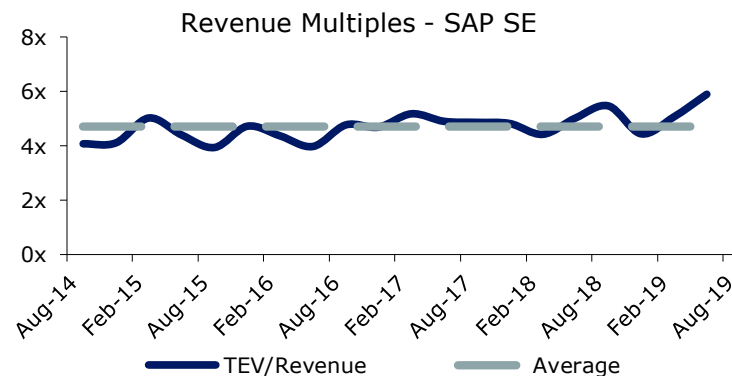
Public Basket



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
5/6/19	Accenture plc and SAP SE to Co-Develop and Co-Innovate New Industry Solutions on SAP® C/4HANA Suite
4/24/19	SAP SE Intends To Seek Acquisitions
2/24/19	Verisk 3E signed a definitive agreement to acquire Content as a Service business of SAP SE (DB:SAP).
12/17/18	SAP and Software AG Launch Joint Platform for Smart Cities
12/17/18	Lition Signs a Co-Innovation Agreement with SAP SE



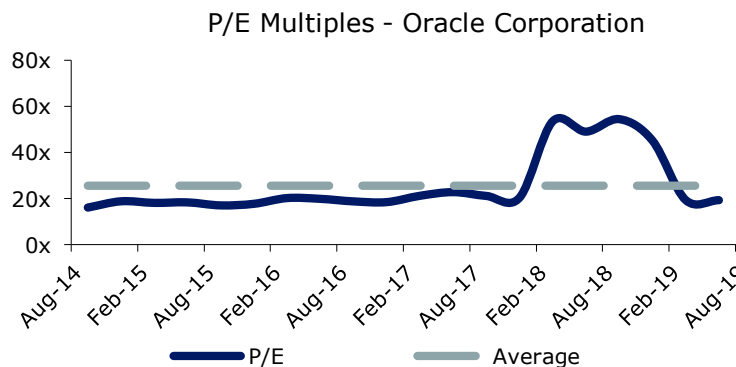
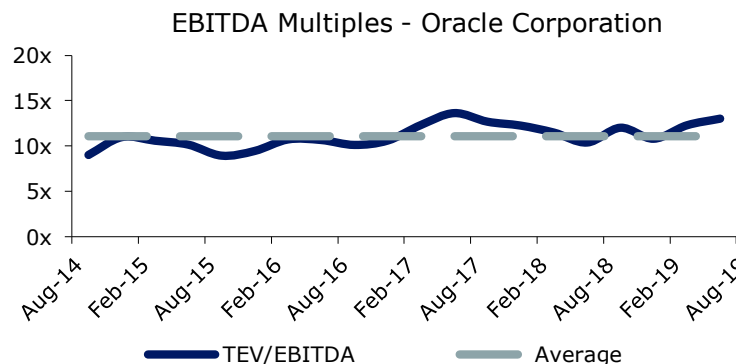
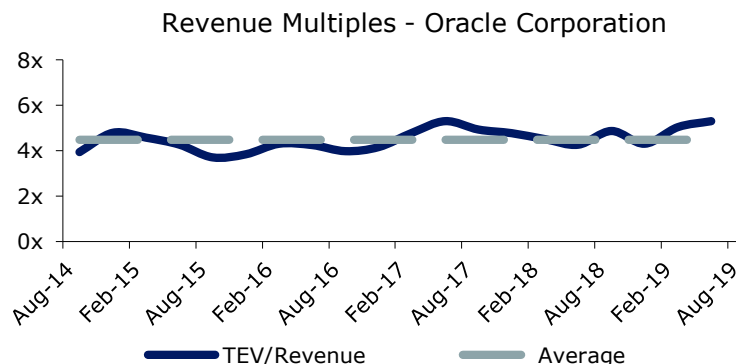
Public Basket



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
6/25/19	Oracle Corporation (NYSE:ORCL) acquired Oxygen Systems.
6/18/19	Oracle Data Cloud and Reddit Collaborate to Build Brand Safety Solution for Dynamic User-Generated Content
6/4/19	Microsoft Corp. Announces Partnership with Oracle Corp
1/10/19	The San Francisco Giants and Oracle Announces 20-Year Partnership
11/14/18	Oracle Corporation (NYSE:ORCL) entered into an agreement to acquire Talari Networks, Inc.



CONTACT INFO

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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