

7 Mile Advisors



Sectorwatch:

Supply Chain Tech & Software

December 2020



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

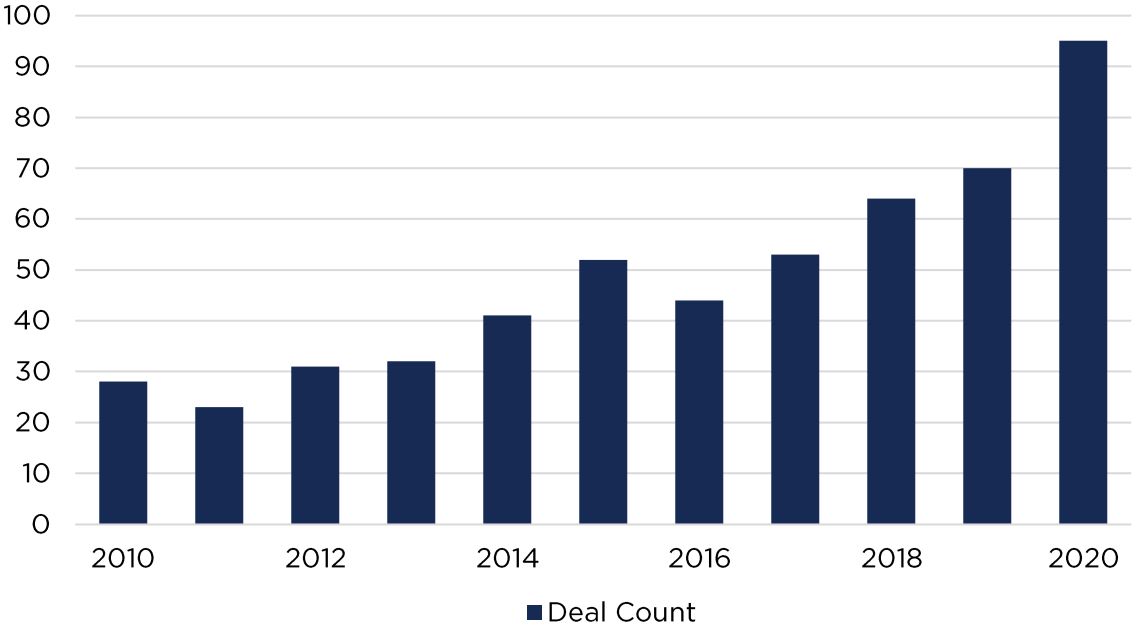
- The most recently announced deals in the sector

Dashboard

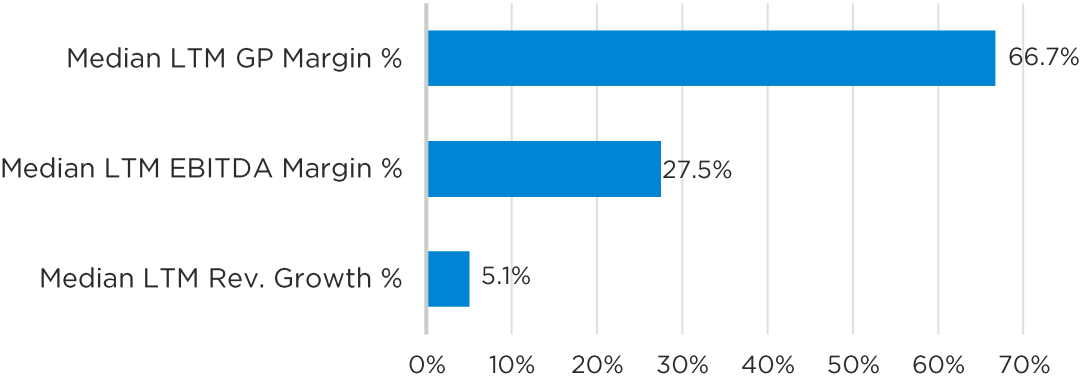
REVENUE GROWTH MOMENTUM ↑ 0.7%

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

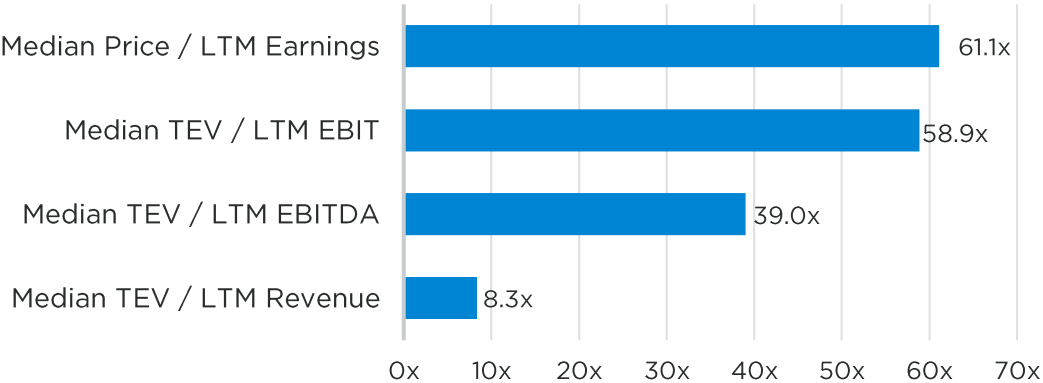
M&A Activity



Operating Metrics



Valuation



Public Basket Overview



United States



Canada



Finland



Germany

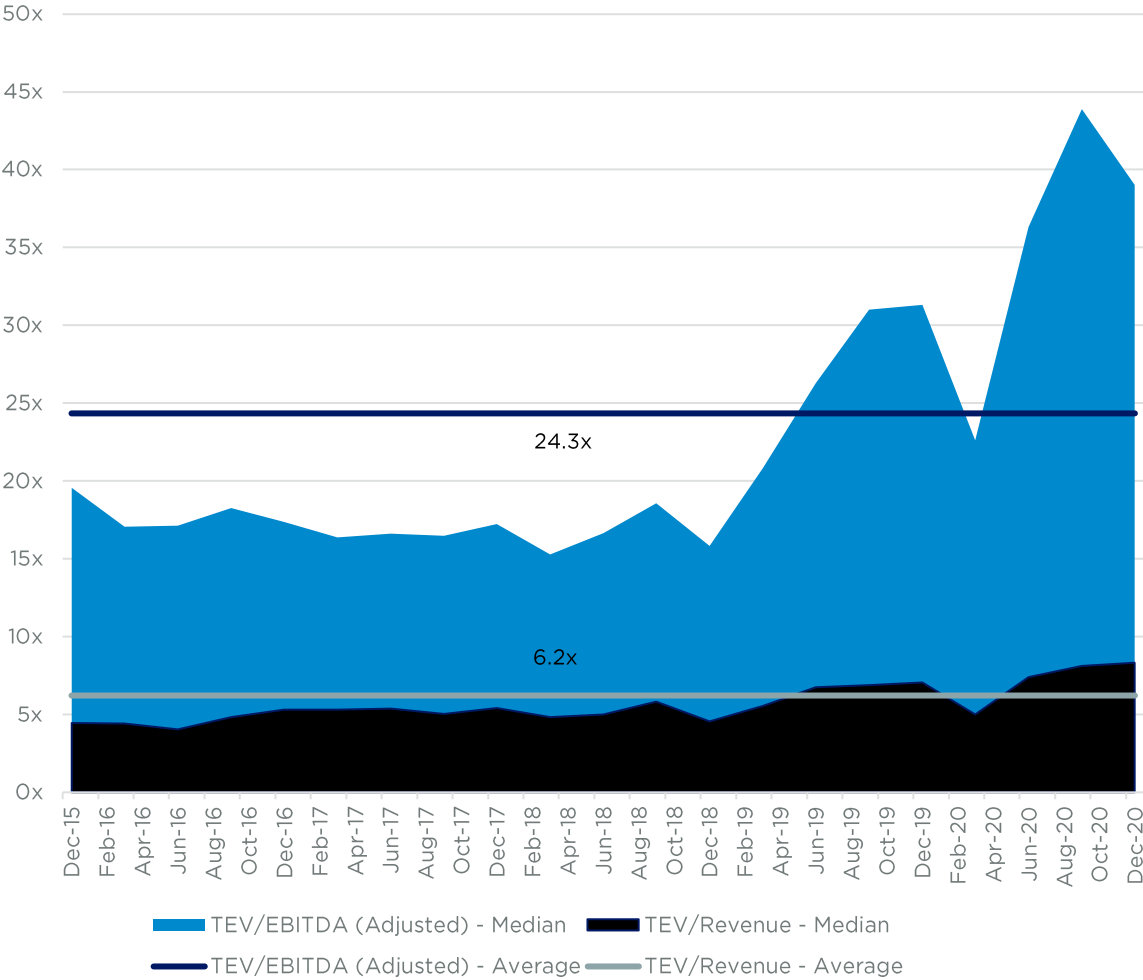


Public Basket

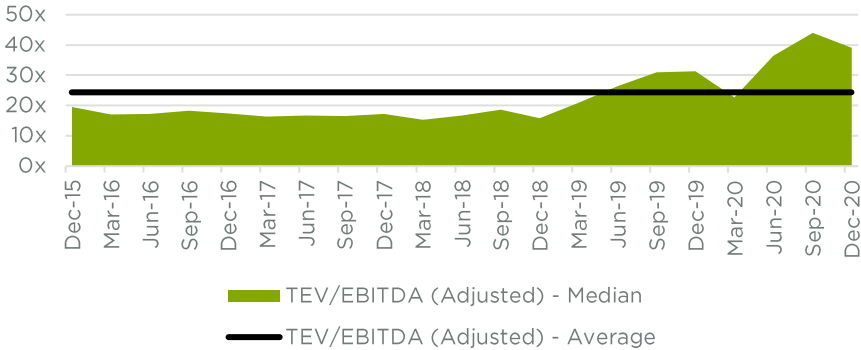
| Company | TEV \$m | LTM EBITDA \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|-------------------------|---------|----------------|-------------|----------------|-------|----------|-------------|----------------|---------|---------------|
| Oracle | 223,867 | 19,415 | 39,402 | -0.5% | 80.3% | 49.3% | 5.7x | 11.5x | 135,000 | 292 |
| SAP | 165,345 | 11,260 | 31,160 | 3.3% | 70.7% | 36.1% | 5.3x | 14.7x | 101,379 | 307 |
| Manhattan Associates | 6,514 | 153 | 592 | -2.8% | 53.6% | 25.8% | 11.0x | 42.7x | 3,500 | 169 |
| Coupa | 24,921 | 75 | 490 | 38.6% | 62.8% | 15.4% | 50.9x | 330.3x | 1,693 | 289 |
| Descartes Systems Group | 4,923 | 130 | 339 | 8.6% | 73.7% | 38.2% | 14.5x | 37.9x | 1,500 | 226 |
| Kinaxis | 3,574 | 66 | 226 | 30.0% | 71.2% | 29.2% | 15.8x | 54.3x | 662 | 341 |
| Basware | 778 | 19 | 170 | 4.5% | 55.4% | 11.4% | 4.6x | 40.1x | 1,323 | 129 |
| American Software | 454 | 15 | 115 | 5.7% | 54.3% | 13.0% | 3.9x | 30.3x | 437 | 263 |
| Average | 53,797 | 3,892 | 9,062 | 10.9% | 65.2% | 27.3% | 14.0x | 70.2x | 30,687 | 252 |
| Median | 5,719 | 103 | 415 | 5.1% | 66.7% | 27.5% | 8.3x | 39.0x | 1,597 | 276 |

share price as of 28Dec20

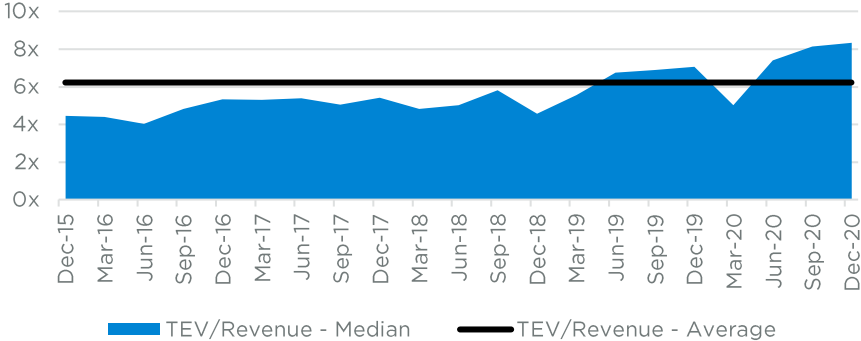
Public Basket



Public EBITDA Multiples over Time

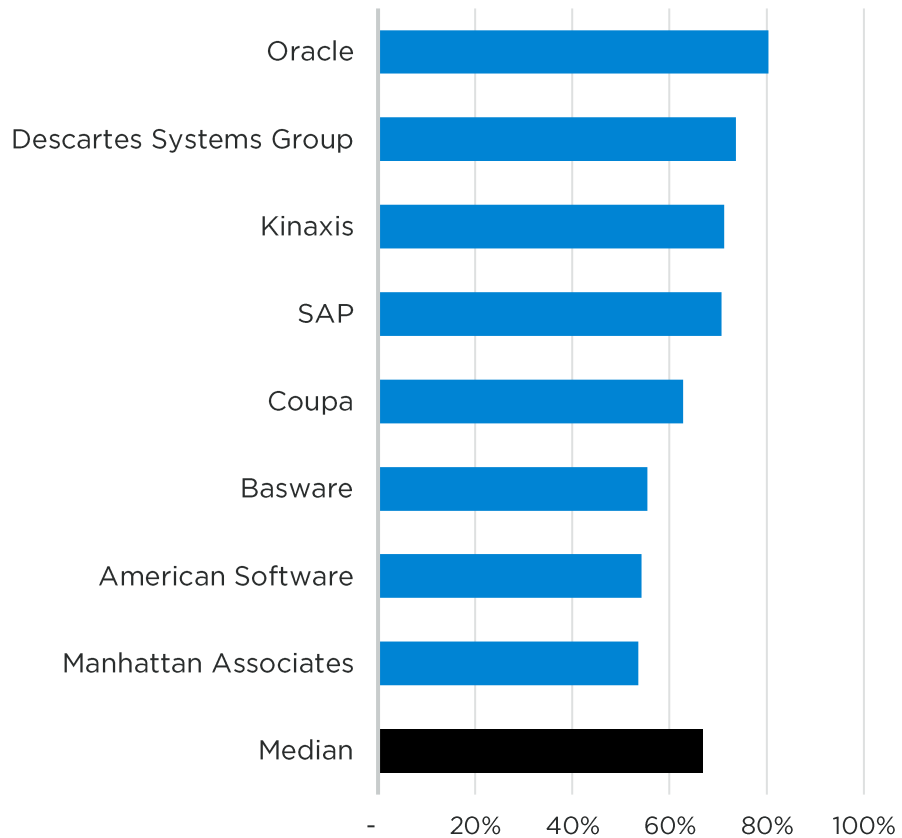


Public Revenue Multiples over Time

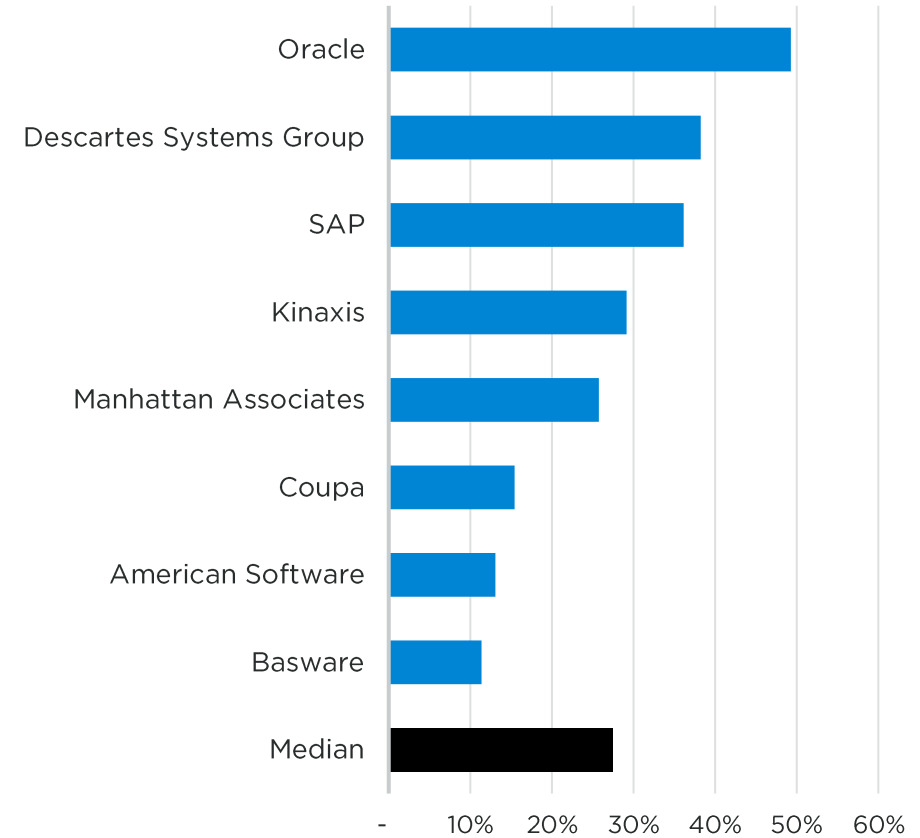


Operational Metrics

LTM Gross Profit Margin %

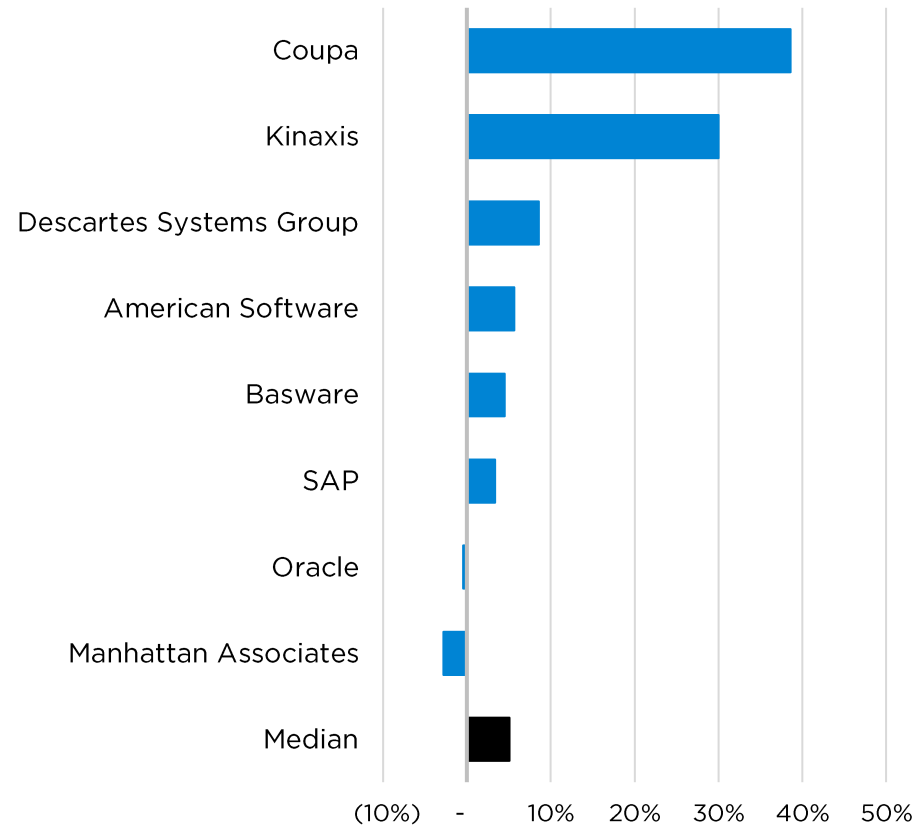


LTM EBITDA %

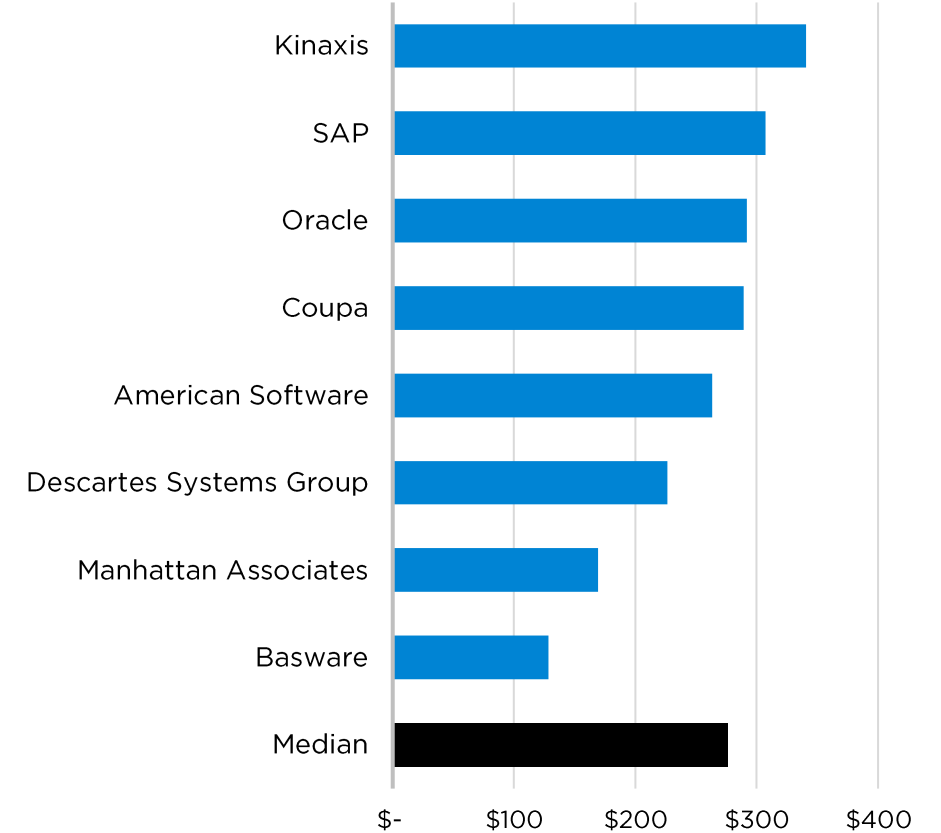


Operational Metrics

LTM Revenue Growth %

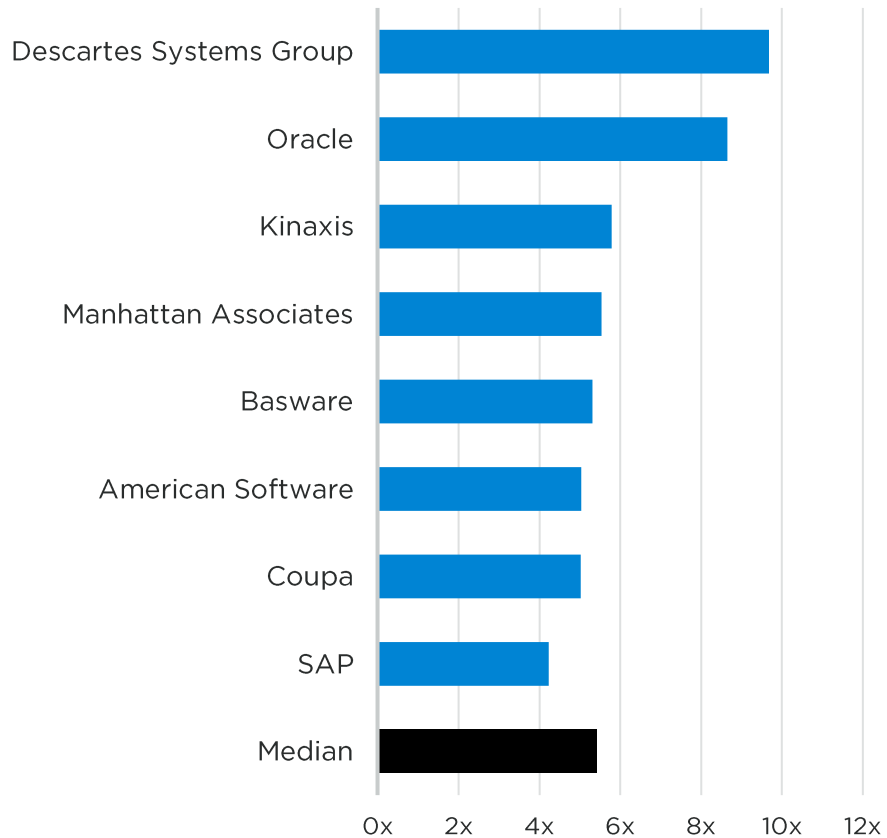


LTM Revenue per Full Time Employee x 000's

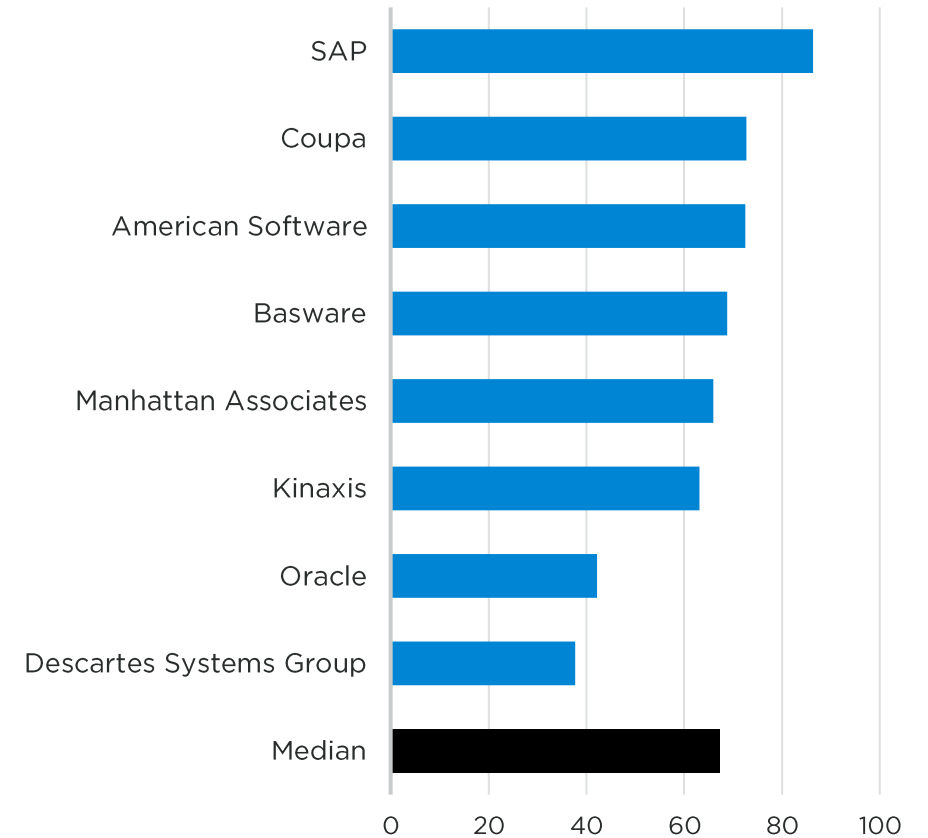


Operational Metrics

Accounts Receivable Turnover

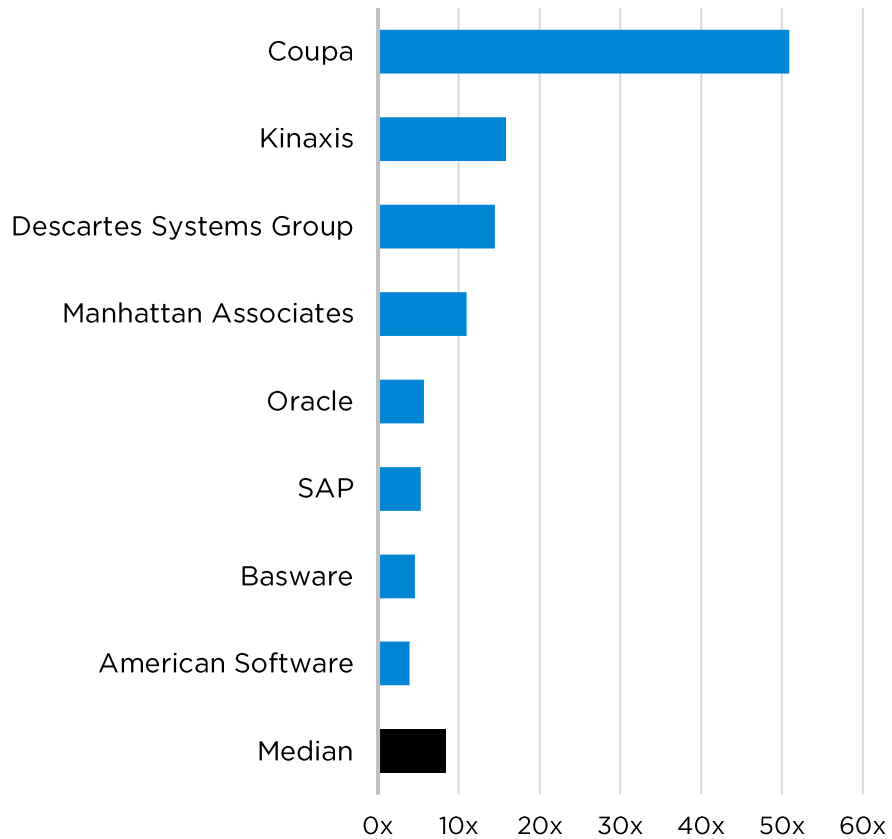


Average Days Sales Outstanding

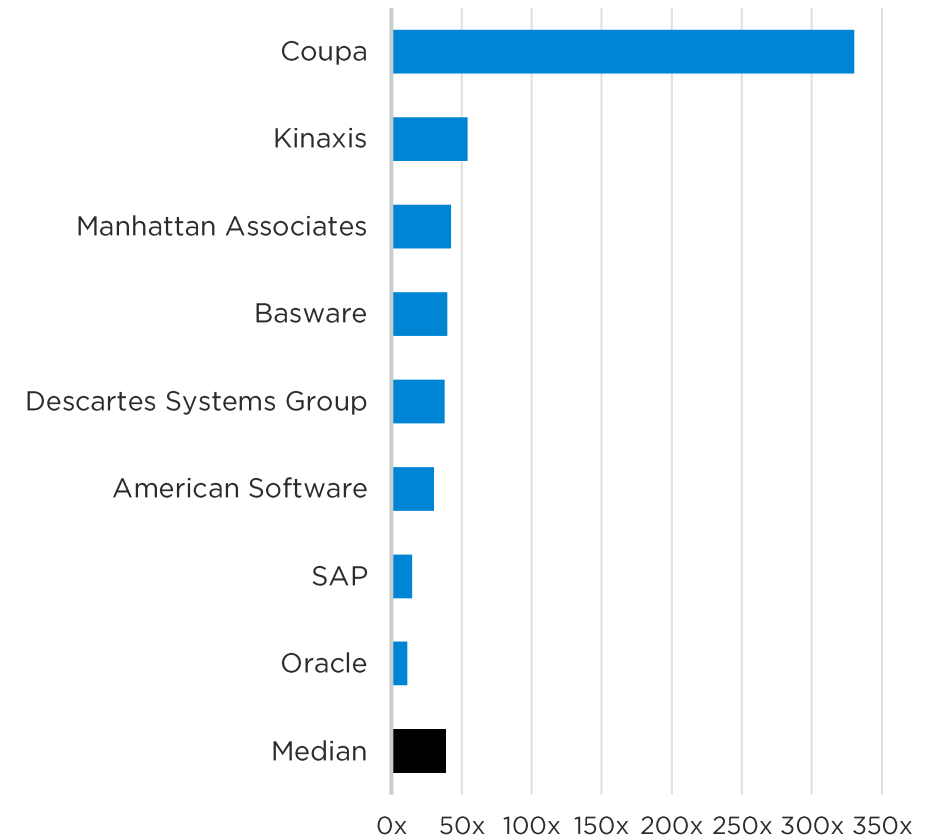


Valuation

TEV / LTM Revenue

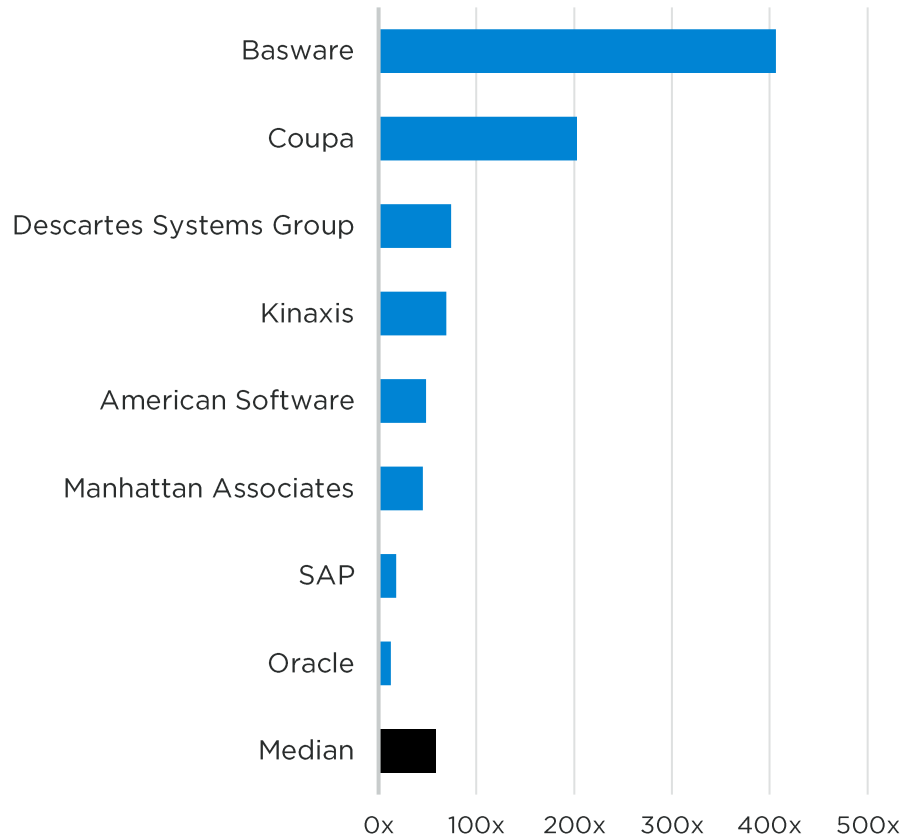


TEV / LTM EBITDA

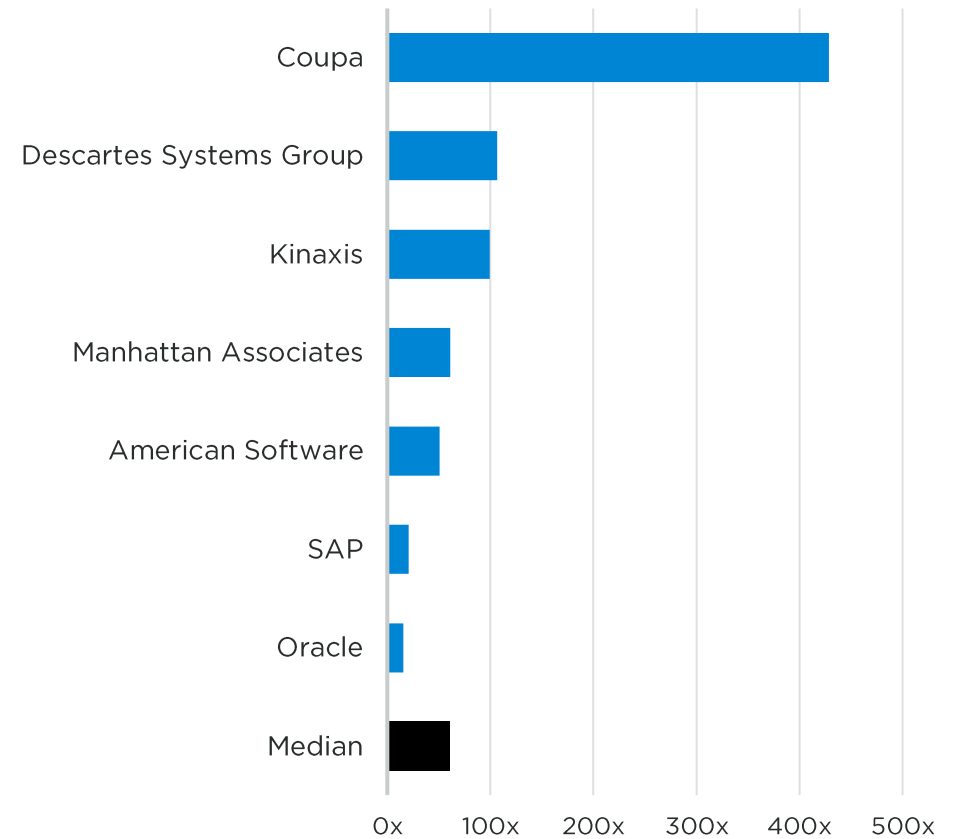


Valuation

TEV / LTM EBIT

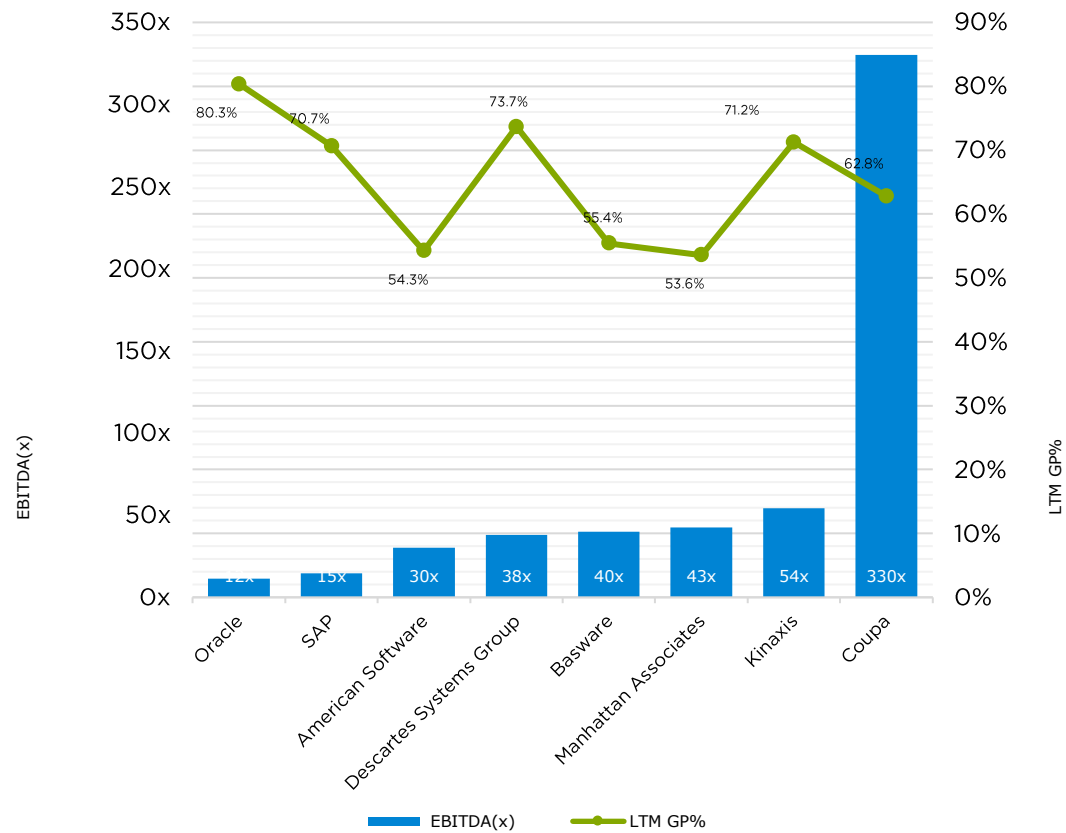


Price / LTM Earnings

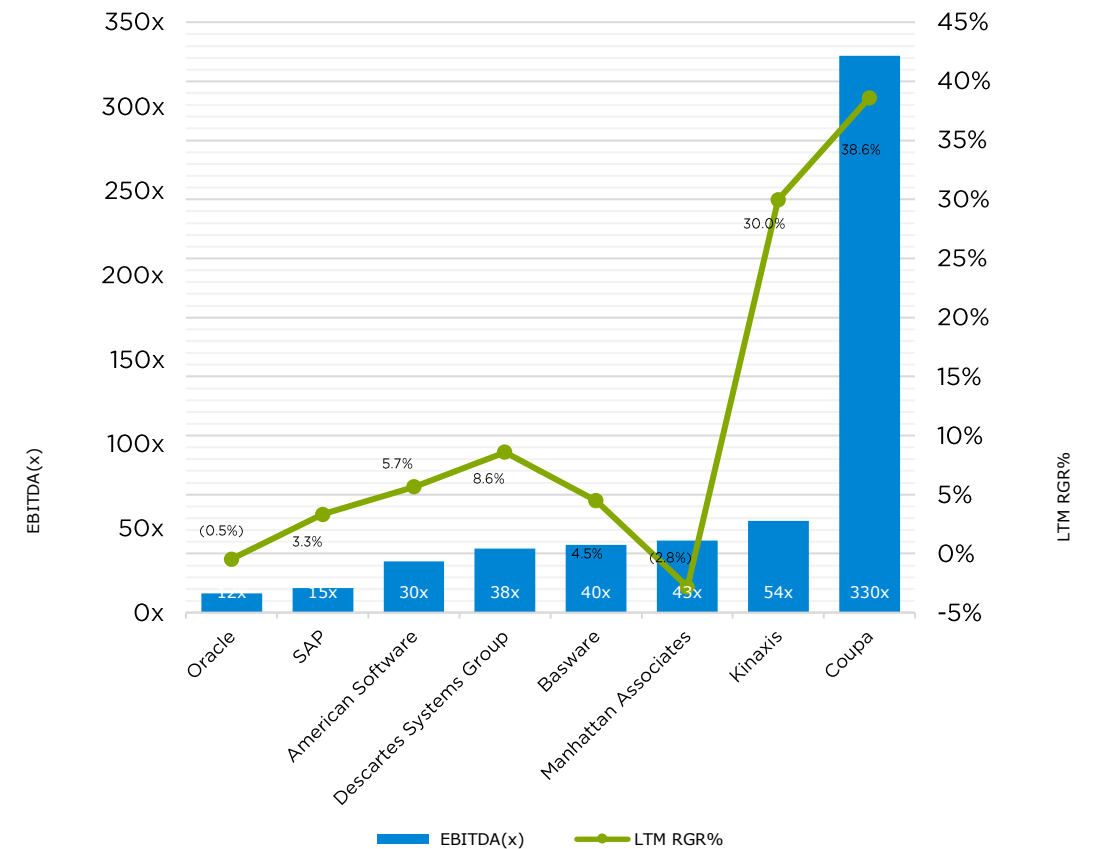


Valuation

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 |
|-----------|---|--|-------------------------|----------------|---------------|--------------|
| 23-Dec-20 | RuckIt | Ares Capital | - | - | - | - |
| 16-Dec-20 | ArrowStream | Tailwind Capital | - | - | - | - |
| 16-Dec-20 | ProcessWeaver | Ares Capital | - | - | - | - |
| 14-Dec-20 | Melhor Envio | Locaweb Internet Services | 15.78 | - | - | - |
| 04-Dec-20 | DelSuper | Grupo Mox | - | - | - | - |
| 02-Dec-20 | CommerceHub | Insight Partners | - | - | - | - |
| 02-Dec-20 | ShipMonk | Summit Partners | 290.00 | - | - | - |
| 26-Nov-20 | IMAFS | RPM Global | 0.99 | - | - | - |
| 20-Nov-20 | Libra Systems | Ares Capital | - | - | - | - |
| 19-Nov-20 | UltraShipTMS | PCS Software | - | - | - | - |
| 12-Nov-20 | Unleashed Software | HgCapital Trust | - | - | - | - |
| 06-Nov-20 | ShipTrack (Canada) | Descartes Systems Group | 37.91 | - | - | - |
| 05-Nov-20 | Montway | AEA Investors | - | - | - | - |
| 02-Nov-20 | LLamasoft | Coupa | 1500.00 | - | - | - |
| 28-Oct-20 | Tailwind (Business/Productivity Software) | Envase | - | - | - | - |
| 27-Oct-20 | Sifted | Summit Partners | - | - | - | - |
| 21-Oct-20 | LogicSource | Connecticut Innovations | 0.49 | - | - | - |
| 14-Oct-20 | NETSTOCK | Strattam Capital | - | - | - | - |
| 08-Oct-20 | Point Pickup | Brown Brothers Harriman Capital Partners | 30.00 | - | - | - |
| 08-Oct-20 | Retail Solutions | Information Resources | - | - | - | - |
| 05-Oct-20 | SecurSpace | Envase | - | - | - | - |
| 09-Sep-20 | SmartDrive Systems | Omnitracs | 450.00 | - | - | - |
| 24-Sep-20 | Catapult International | LLR Partners | - | - | - | - |
| 03-Aug-20 | TradeGecko | Intuit | 80.00 | - | - | - |
| 18-Sep-20 | Trans + Plus Systems | Banyan Software | - | - | - | - |
| 16-Sep-20 | SALT Solutions | Accenture | - | 70.86 | - | - |
| 15-Sep-20 | Controlpay | HgCapital Trust | - | - | - | - |
| 15-Sep-20 | PC Synergy | The Cynosure Group | - | - | - | - |
| 05-Aug-20 | Revionics | Aptos | - | - | - | - |

Appendix

*Public Basket
Contact Information*



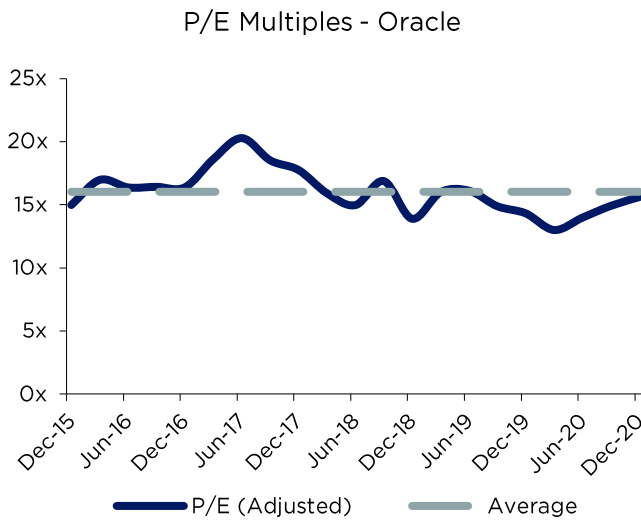
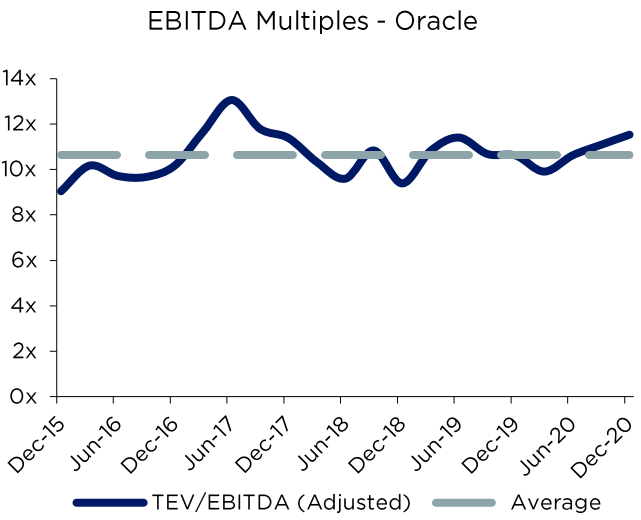
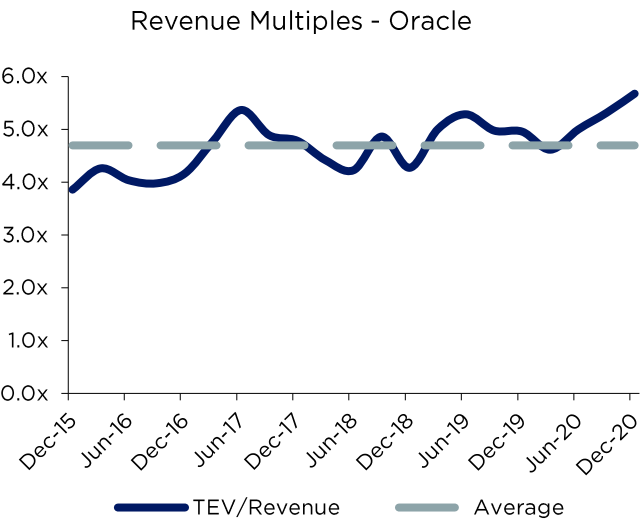
Oracle

Oracle provides database technology and enterprise resource planning, or ERP, software to enterprises around the world.

Founded in 1977, Oracle pioneered the first commercial SQL-based relational database management system. Today, Oracle has 430,000 customers in 175 countries, supported by its base of 136,000 employees.

Public Basket

Oracle



| Company Name | Date | Deal Synopsis |
|--------------|-----------|---|
| Nor1 | 18-Nov-20 | The company reached a definitive agreement to be acquired by Oracle (NYS: ORCL) for an undisclosed amount on November 18, 2020. |
| Sauce Video | 27-Apr-20 | The company was acquired by Oracle (NYS: ORCL) for an undisclosed amount on April 27, 2020. The acquisition helps Oracle to enhance its portfolio with advanced video capabilities and to provide customers with a comprehensive set of content creation and management tools in order to create exceptional customer, employee and supplier experiences. |

SAP

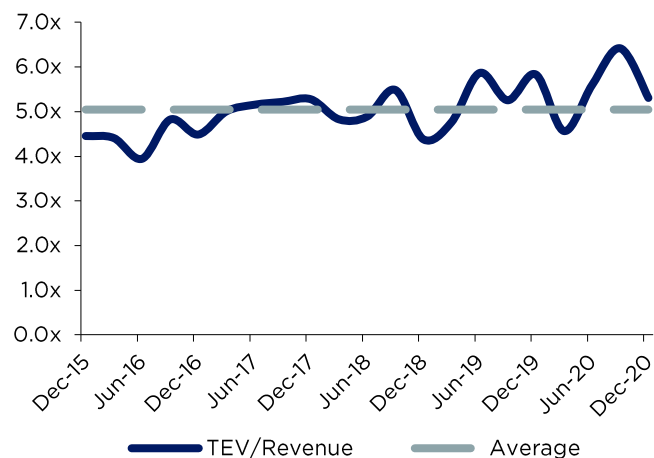
SAP is a global software vendor providing solutions for enterprise resource planning, database management, business intelligence, and vertical-specific software.

Its flagship software products run on SAP's HANA database technology. In fiscal 2019, the company generated roughly 44% of revenue from Europe, the Middle East, and Africa, 41% from the Americas, and 15% from Asia.

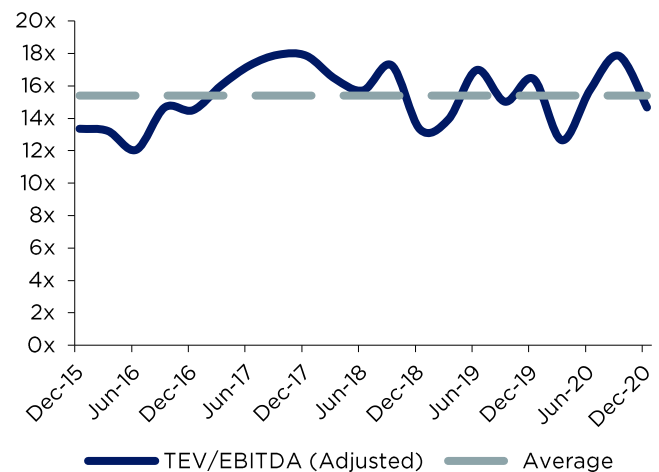
Public Basket

SAP

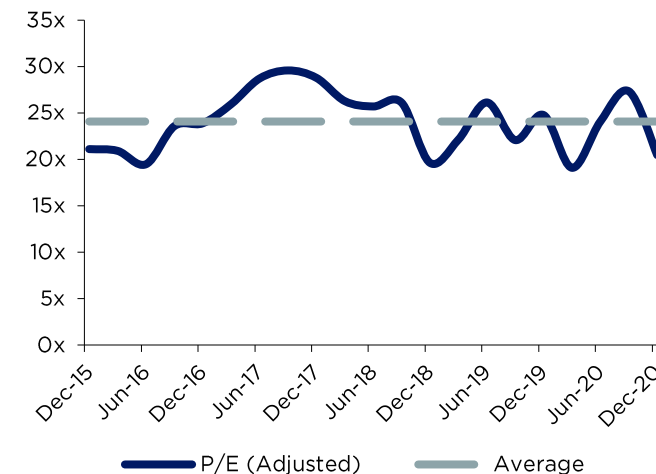
Revenue Multiples - SAP



EBITDA Multiples - SAP



P/E Multiples - SAP



Company Name

Date

Deal Synopsis

Emarsys eMarketing Systems

02-Oct-20

The company was acquired by SAP (ETR: SAP) for an undisclosed amount on October 2, 2020.

Vistex (Illinois)

04-Aug-20

The company received an undisclosed amount of financing from SAP on August 4, 2020. This investment in the company showcases SAP's commitment to developing its partner community and reflects the impact that the partner ecosystem has on its overall success.

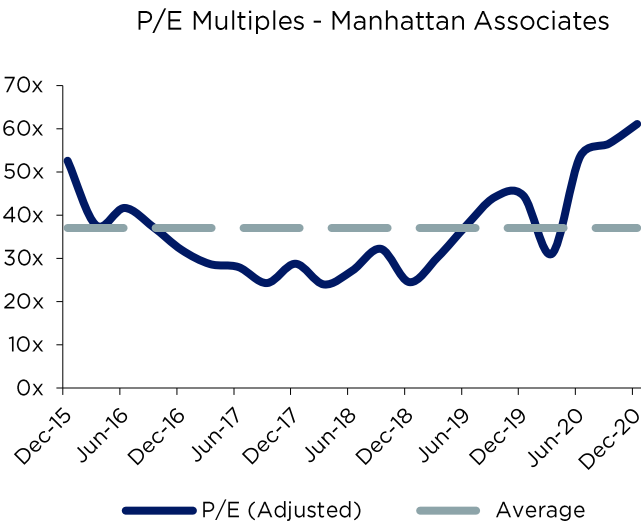
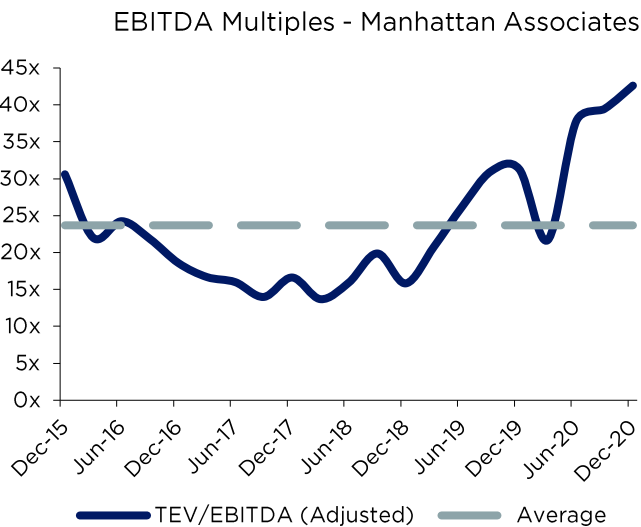
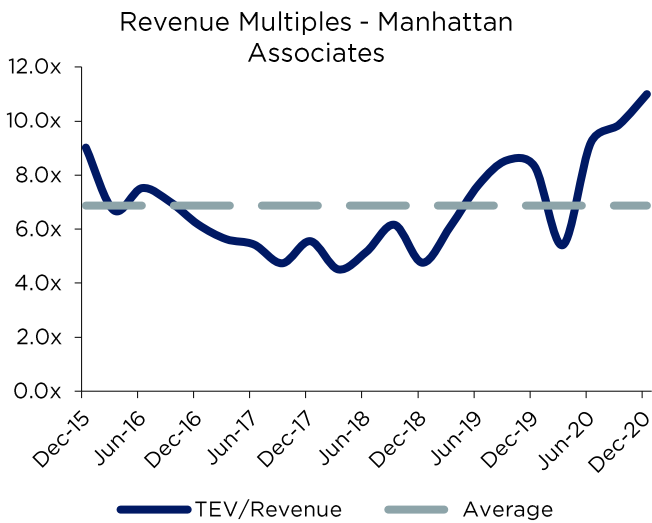
Manhattan Associates

Manhattan Associates provides software that helps users manage their supply chains, inventory, and omnichannel operations.

Customers are generally retailers, wholesalers, manufacturers, and logistics providers. The company was founded in 1990 and serves more than 1,200 customers around the world.

Public Basket

Manhattan Associates



| Company Name | Date | Deal Synopsis |
|--------------------------------|-----------|---|
| Global Bay Mobile Technologies | 11-Aug-14 | The company was acquired by Manhattan Associates (NASDAQ: MANH) for \$2.8 million on August 11, 2014. |
| Evant | 01-Sep-05 | The company was acquired by Manhattan Associates (NAS: MANH) for \$50 million on September 1, 2005. |

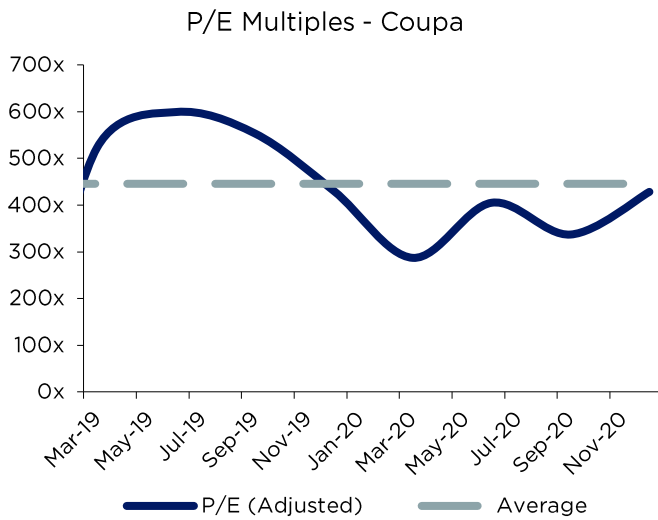
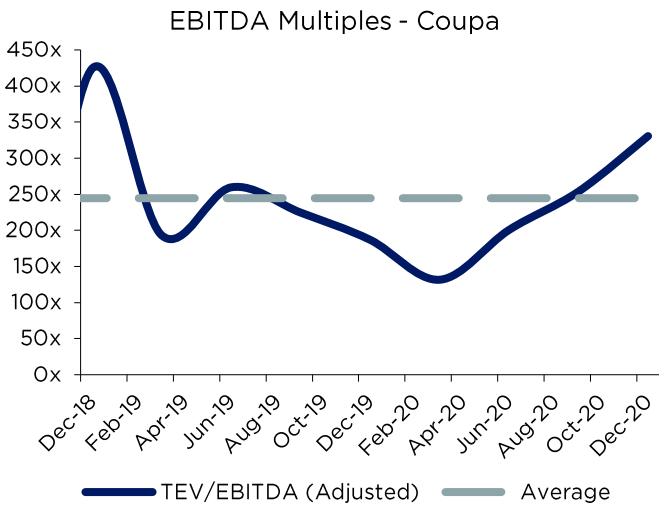
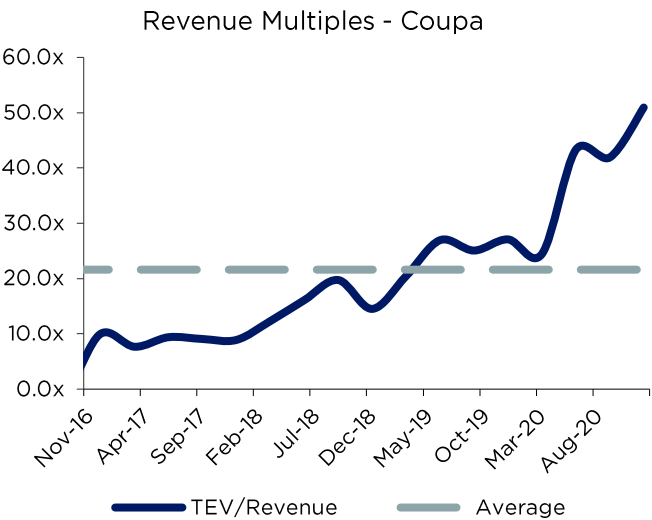
Coupa

Coupa Software is a cloud-based, business spending management platform that provides companies with more control and visibility into how they spend money.

Since it was founded in 2006, Coupa has connected buyers with suppliers and helped buyers save money by improving procurement, expense management, and invoice processing. The company is headquartered in San Mateo, California, and went public in October 2016.

Public Basket

Coupa



| Company Name | Date | Deal Synopsis |
|-------------------------------|-----------|--|
| LLamasoft | 02-Nov-20 | The company was acquired by Coupa (NAS: COUP) for an estimated \$1.5 billion on November 2, 2020. |
| BELLIN Treasury International | 09-Jun-20 | The company was acquired by Coupa (NAS: COUP) for \$121.7 million on June 9, 2020. The purchase consideration comprised of \$79.9 million in cash (of which \$8.0 million is being held in escrow for eighteen months after the transaction closing date) and 186,300 shares of the Coupa's common stock with a fair value of approximately \$41.8 million as of the transaction close date. The acquisition will extend Coupa's value within treasury, payments, and working capital processes, strengthening Coupa's position as a comprehensive and indispensable platform for managing business spend. |

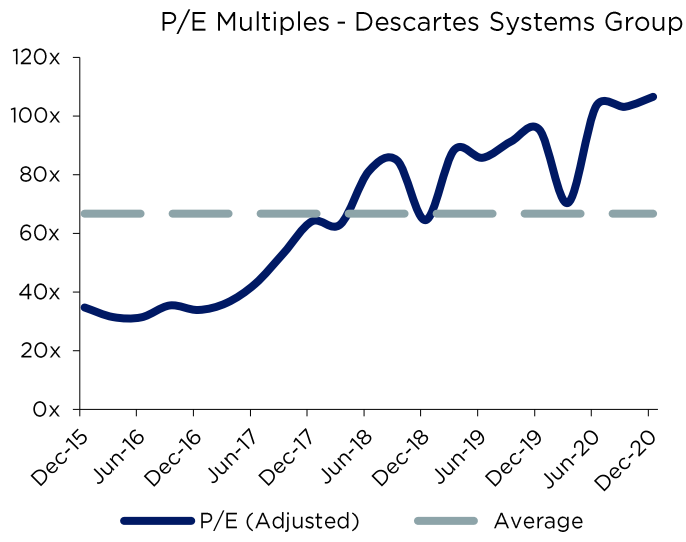
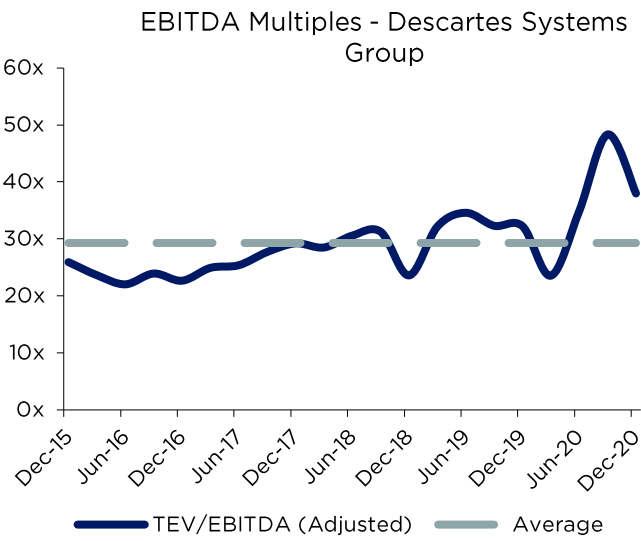
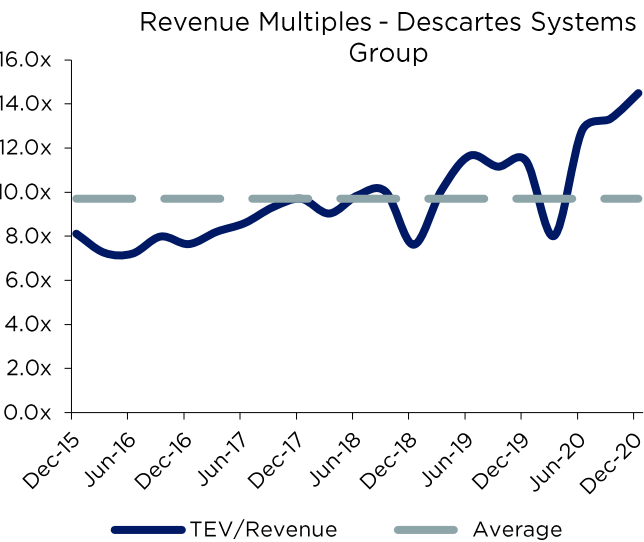
Descartes Systems Group

The Descartes Systems Group provides a software solution that allows users in the shipping industry to communicate with one another.

The core product is the Global Logistics Network, which is best understood as transaction driven. Descartes charges clients to send/receive messages, data, and documents on the GLN (the transactions). Customers typically contract for a monthly minimum over a multiyear period. The GLN platform allows for Descartes to upsell additional software modules as well, typically provided via a software-as-a-service model.

Public Basket

Descartes Systems Group



| Company Name | Date | Deal Synopsis |
|----------------------|-----------|--|
| ShipTrack (Canada) | 06-Nov-20 | The company was acquired by Descartes Systems Group (TSE: DSG) for an estimated CAD 50 million on November 6, 2020. The company will receive a maximum contingent payout of CAD 25 million based on achieving revenue-based targets over the first two years post-acquisition. The acquisition compliments Descartes strategy to fill the gap in the market with its advanced Routing, Mobile and Telematics suite of solutions and also will allow ShipTrack an opportunity to create a differentiated product that combines its advanced final-mile solutions with Descartes route optimization and reservations capabilities. |
| Kontainers | 10-Jun-20 | The company was acquired by Descartes Systems Group (TSE: DSG) for \$11.4 million on June 10, 2020. The company will receive a contingent payout of \$6 million upon the completion of certain revenue performance targets in the two years following the acquisition. |

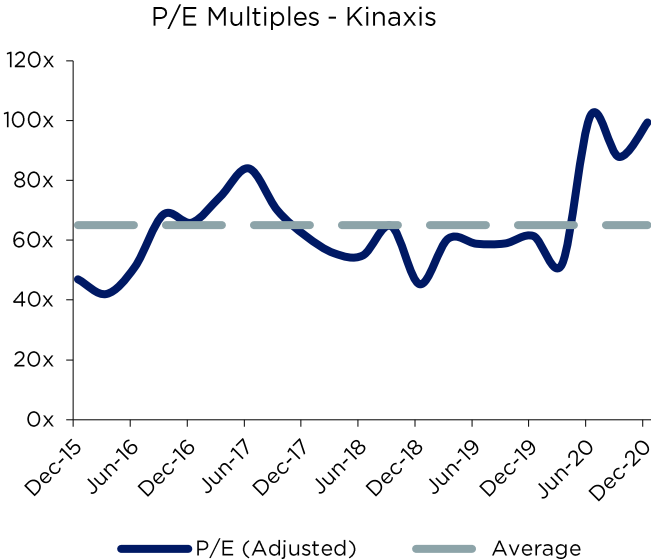
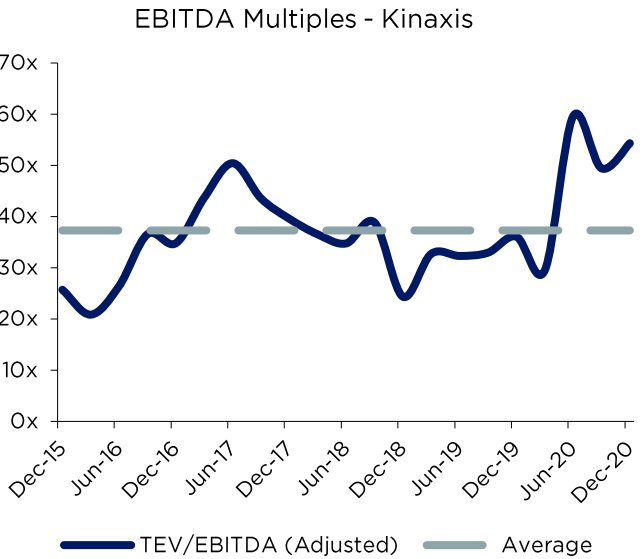
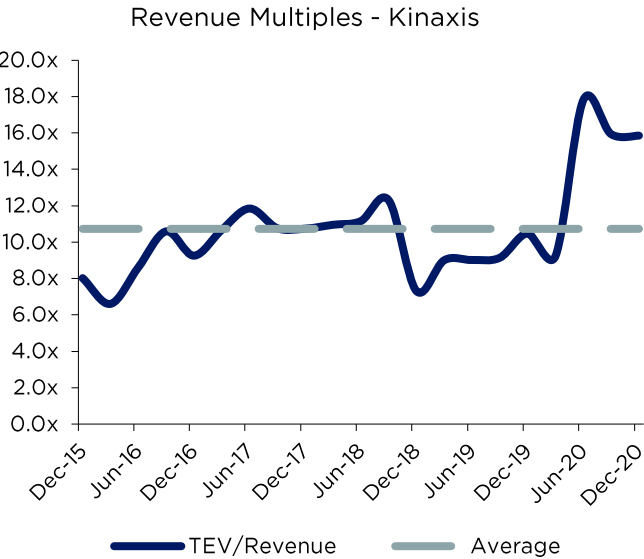
Kinaxis

Kinaxis Inc is a Canada-based provider of software solutions for sales and operations planning (S&OP) and supply chain management.

The firm's flagship RapidResponse product is offered on the cloud. Its capabilities include consequence evaluation and alerting, responsibility-based collaboration, high-speed analytics, and scenario simulation. Kinaxis's S&OP solution capabilities include supply and demand planning, capacity and inventory planning, and inventory management. The firm has operations in North America, Europe, and Asia-Pacific regions.

Public Basket

Kinaxis

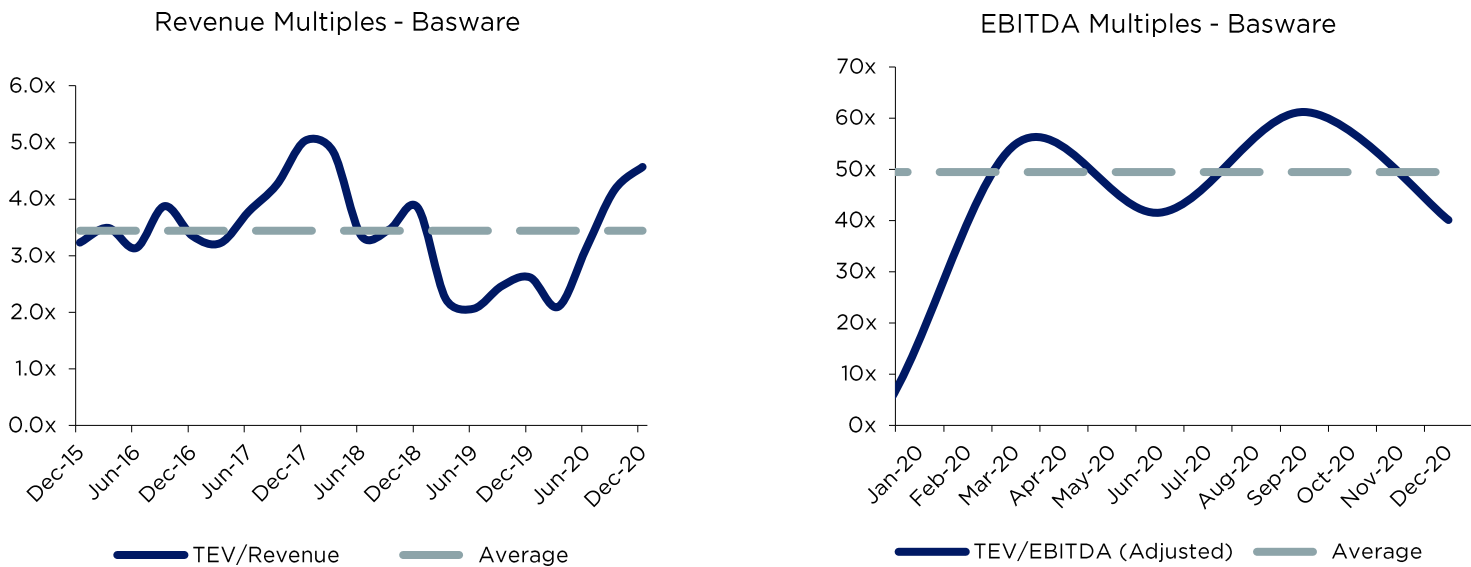


| Company Name | Date | Deal Synopsis |
|------------------|-----------|--|
| Rubikloud | 02-Jul-20 | The company was acquired by Kinaxis (TSE: KXS) for \$60.39 million on July 2, 2020. |
| Prana Consulting | 31-Jan-20 | The company was acquired by Kinaxis (TSE: KXS) for \$4.006 million on January 31, 2020. the company will receive a contingent payout of \$80,000 upon attainment of specific revenue and team retention metrics in the year following the acquisition. The acquisition immediately adds many highly-skilled practitioners who have deep experience in RapidResponse®, and creates a hub from which Kinaxis can offer expanded services to its customers. |

Basware

Basware Oyj is engaged in the provision of cloud-based-solutions to organizations of all sizes.

It is involved in the following business areas: Network services, Purchase to Pay, and e-invoicing Services. It provides networked purchase-to-pay solutions and e-invoicing and financing solutions to all enterprises. It offers e-invoicing services and software; accounts payable automation solutions; receiving and sending e-invoices; e-procurement, business consulting, scan and capture, and travel and expense management solutions. The firm also provides InvoiceReady, a purchase-to-pay 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.



| Company Name | Date | Deal Synopsis |
|--------------------|-----------|---|
| Verian | 31-Mar-16 | The company was acquired by Basware (HEL: BAS1V) for \$36 million on March 31, 2016. Basware (HEL: BAS1V) paid \$28 million in cash and issued 180,707 new shares in stock to the shareholders of Verian Technologies. The acquisition allows Basware to strengthen its market position in United States. The transaction was accretive to the earnings of Basware for the year 2017. |
| Procsolve Holdings | 08-Apr-15 | The company was acquired by Basware for an estimated GBP 18.9 million on April 8, 2015. |

American Software

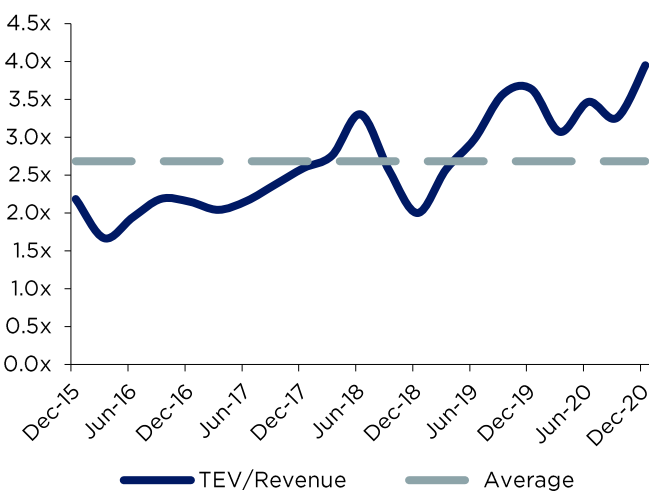
American Software Inc develops enterprise management and supply chain-related software and services.

Its software and services bring business value to companies by supporting their operations over cloud-based Internet-architected solutions. The company's operating segment include Supply Chain Management (SCM); Information Technology Consulting (IT Consulting) and Other. It generates maximum revenue from the Supply Chain Management segment. SCM segment provides collaborative supply chain solutions to streamline and optimize the production, distribution, and management of products between trading partners. Its solutions consist of global sourcing, workflow management, customer service applications, and ERP solutions.

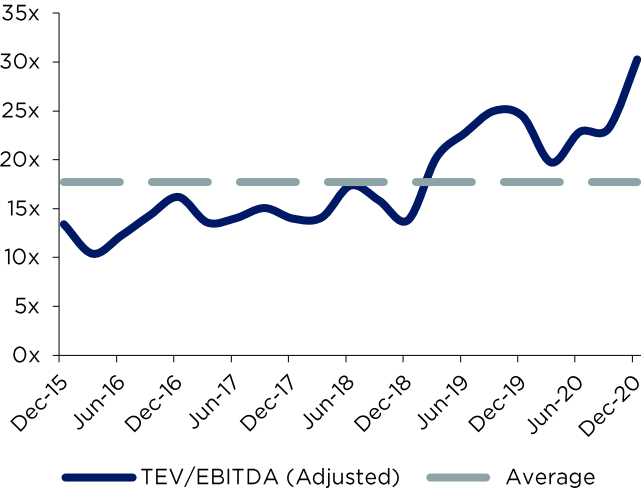
Public Basket

American Software

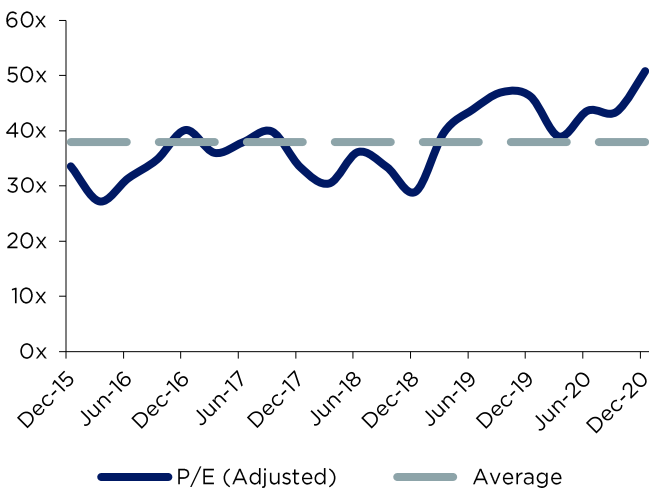
Revenue Multiples - American Software



EBITDA Multiples - American Software



P/E Multiples - American Software



| Company Name | Date | Deal Synopsis |
|--------------|-----------|---|
| MID Retail | 30-May-14 | The company was acquired by Logility, a subsidiary of American Software (NASDAQ: AMSWA) for \$9185 Million on May 30, 2014. |
| Logility | 29-Jun-09 | The company was acquired by American Software (Nasdaq: AMSWA) for \$12.3 Billion on June 6, 2009. As a result, the company was de-listed from the NASDAQ Global stock exchange. |

Contact Info

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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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