

# Market Update Industrial Automation and IoT

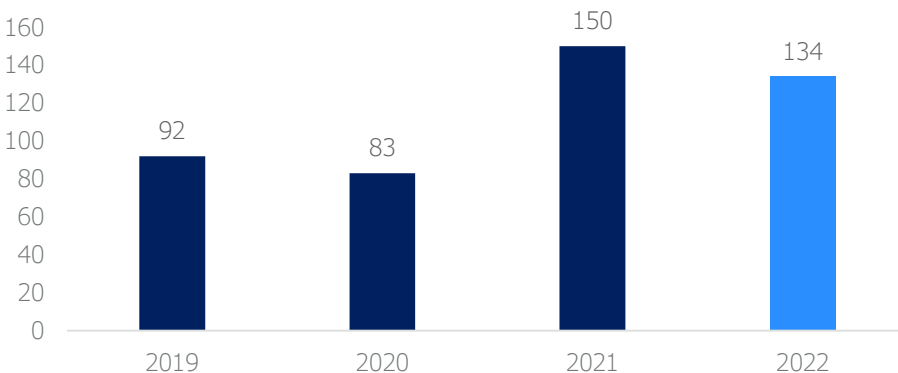
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Industrial Manufacturing was one of the first industries to embrace and implement business computing when it was introduced in the 1960s. However, the industry has been one of the slowest with adopting new technologies. Over the last five years, organizations have started embracing smart manufacturing and broader digital transformation, as well as an increase in Information Technology (“IT”) / Operational Technology (“OT”) assessment services to help avoid obsolescence.

The global Industrial IoT Market was valued as at \$321.8b in 2022. With an expected CAGR of 23.2% through 2030, its forecasted value is ~\$1,703.0b. The rapid industry growth is driven by the sectors lag into digital transformation and a subsequent evolution in industry technology, resulting in a favorably-timed effort to digitally transform during a new age of technology and applications. This is especially evident in the integration of machine learning and artificial intelligence industrial and manufacturing facilities. Until this is fully leveraged by the sector, the hardware sub-segment continues to dominate as a result of efforts to improve equipment and cost efficiencies through data and connectivity.

While no longer at its record high level, the industrial M&A market remains active. This mirrors the overall market, which slowed at the start of a new year due primarily to economic tensions. Predictive analytics, automation, and rapid connectivity efforts are among the more common elements of 2023 industrialization, but in line with 2022 activity cloud computing and the adoption of IPv6 are still at the forefront of the sector. Moreover, machine learning and artificial intelligence are pulling the market into the future as these technologies develop. AI alone is expected to have a 40% CAGR in implementation into through 2026.

# of M&A Deals Automation and IoT



7MA has recently completed several M&A transactions for companies with Industrial Automation & IoT products, software platforms, and service offerings and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Tripp Davis, John Cooper, Sydney Scadden, Steve Buffington, Tyler Ratterree, or Zac Zielinski if you would like to learn more about Industrial Automation & IoT.

## Sector Coverage Team



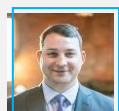
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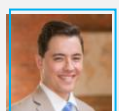
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# Sector Snapshot

## 7MA Advises Flexware Innovation in Sale to Hitachi



Flexware Innovation, a leading manufacturing Systems Integrator, was acquired by Hitachi to help Hitachi bolster its focus on its Total Seamless Solution that uses data and digital technology to help connect Information Technology departments with Operational Technology departments.

With the acquisition, Hitachi strengthens its MES (Manufacturing Execution Systems), SCADA (Supervisory Control and Data Acquisition), Software Development, Business Intelligence (BI), and ERP (Enterprise Resource Planning) implementation capabilities in North America as well as accelerate the digitalization with JR Automation.

### Specialized IT / OT Offering

- o Flexware is a rare provider of end-to-end IT and OT services, offering manufacturing-specific digital transformation and automation capabilities.
- o Flexware fills the gap between pure-play industrial automation providers and enterprise IT services firms through its use of its three proprietary offerings - Acumence, Spark MES, and LIFT.

#### END-TO-END IT/OT SERVICES & SOLUTIONS



Automation Engineering



Enterprise Solutions



Systems Integration



Software Development



Ignition (Implementations)



Business Intelligence



Product

# Sector Snapshot

## Accenture Acquires Flutura



Flutura, operator of an industrial IoT platform intended to analyze data designed to power new business models for industrial machinery companies, reached a definitive agreement to be acquired by Accenture (NYS: ACN) on March 21, 2023. The company's platform helps to monitor industrial assets, operational efficiency, and create new revenue models around remote monitoring of assets and advanced analytics, enabling industries to accelerate revenue growth, profit generation, and cost savings.

**Date:** Mar 21, 2023

**Deal Type:** M&A

**Target HQ:** USA

## Rockwell Automation Acquires Knowledge Lens



Knowledge Lens, developer of big data and internet of things analytics products designed for real-time acquisition and monitoring of industrial emissions, was acquired by Rockwell Automation (NYS: ROK) on March 2, 2023. The company specializes in offering a collection of lenses that automate and simplify the discovery of hidden insights from big data and building innovative solutions in niche technology areas such as data science, artificial intelligence, blockchain, augmented reality and cloud, thereby providing clients with user-focused, domain-specific software applications.

**Date:** Mar 02, 2023

**Deal Type:** M&A

**Target HQ:** India

### Market outlook on smart manufacturing industry



- Global market size was valued at \$254 billion in 2022.
- Smart manufacturing market is segmented hardware, software, and services.
- Software accounted for ~50% of the market in 2022 and is expected to continue dominance through the remainder of the decade.
- The hardware segment has the highest projected growth through the forecast period, as improving software demands greater hardware.

### Market outlook on IIoT



- The global IIoT market size was valued at \$321.8 billion in 2022.
- An increased adoption rate of digital technologies, cloud services, and 5G are creating impressive demand and value in the market. Further, the sector has seen rising levels of investment toward smart and additive manufacturing.
- AI implementation is expected to have the highest growth rate through 2026 at 40.0% CAGR.

# Market Landscape

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## Offerings

Services

Products  
&  
Services

Products  
&  
Platforms

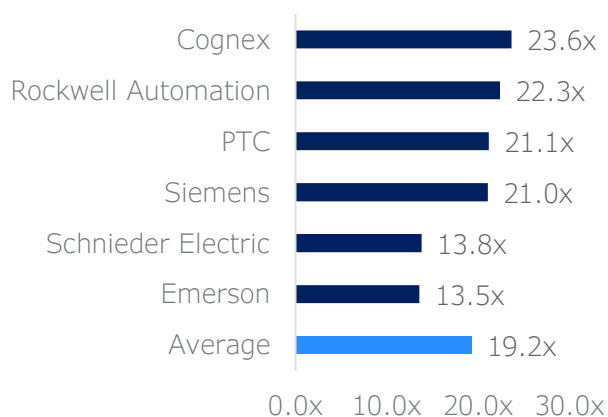
*Please reach out to 7MA team to get access to the market landscape.*

# Public Markets

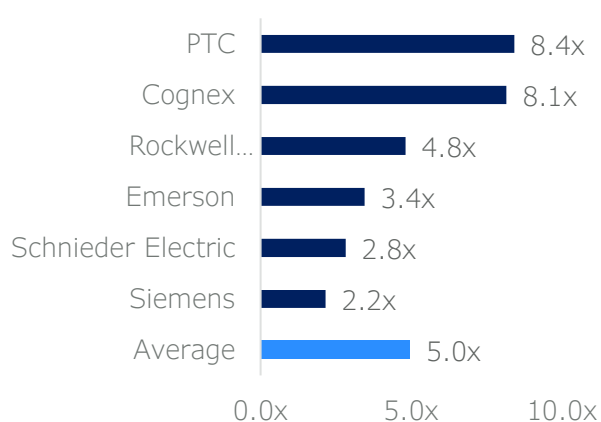
## Publicly-traded Industrial Automation & IoT – Q1 2023

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
Siemens	166,265	7,911	77,330	16%	36%	10%	2.2x	21.0x	313,000	53
Schnieder Electric	101,343	7,362	35,933	18%	41%	20%	2.8x	13.8x	162,339	62
Emerson	63,896	4,725	18,529	8%	43%	26%	3.4x	13.5x	85,500	75
Rockwell Automation	37,880	1,695	7,884	11%	40%	22%	4.8x	22.3x	26,000	146
PTC	16,328	773	1,942	7%	80%	40%	8.4x	21.1x	6,987	234
Cognex	8,198	347	1,006	0%	72%	35%	8.1x	23.6x	2,441	336
<b>Average</b>	<b>65,652</b>	<b>3,802</b>	<b>23,771</b>	<b>10%</b>	<b>52%</b>	<b>25%</b>	<b>5.0x</b>	<b>19.2x</b>	<b>99,378</b>	<b>151</b>
<b>Median</b>	<b>50,888</b>	<b>3,210</b>	<b>13,207</b>	<b>9%</b>	<b>42%</b>	<b>24%</b>	<b>4.1x</b>	<b>21.1x</b>	<b>55,750</b>	<b>110</b>

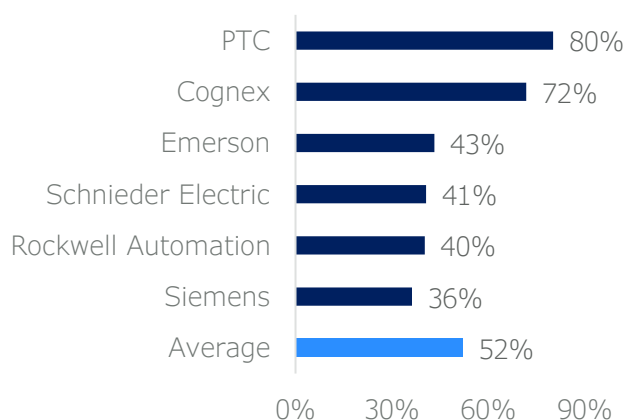
### TEV / EBITDA X



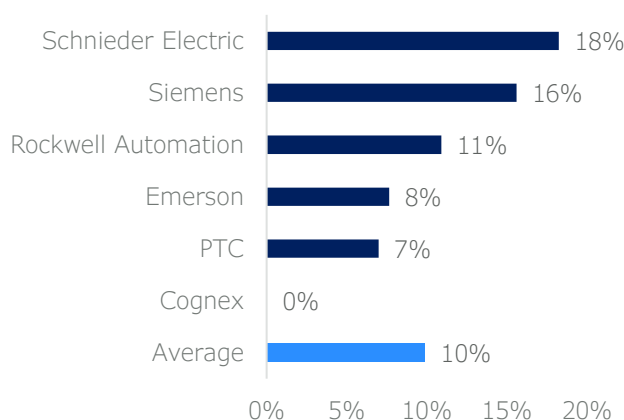
### TEV / Rev X













### Gross Margin %



### Rev Growth YoY



**Q1 2023 M&A Transactions**

Date	Target	Buyer / Investor	Target Description
February 2023			<ul style="list-style-type: none"> <li>Infocore Group, developer of engineering and manufacturing software intending to serve automotive, aerospace, energy, consumer goods and high-tech electronics industries, reached a definitive agreement to be acquired by Nagarro (BER: NA9), a subsidiary of Allgeier (ETR: AEIN), on February 23, 2023. The company provides digital solutions, product lifecycle management, manufacturing operation management for design and manufacturing purposes, enterprise applications to maintain the production and efficiency of a business, and custom solutions for clients.</li> </ul>
February 2023			<ul style="list-style-type: none"> <li>Accelogix, Provider of consulting, implementation and software development services intended for supply chain execution systems (SCES), was acquired by Spinnaker SCA, via its financial sponsor Source Capital and Black Lake Capital, through an LBO on February 23, 2023. The company's expertise includes warehouse labor management, automation, data capture, systems integration and support service, thereby helping clients with full lifecycle implementation and systems integration services for manufacturing, distribution and transportation.</li> </ul>
February 2023			<ul style="list-style-type: none"> <li>AEMtec, provider of engineering and electronic manufacturing services (E2MS) intended for the medical device, industrial automation, semiconductor manufacturing and data processing end markets, was rolled into the continuation fund Capiton Quantum from Capiton V on February 1, 2023. The company specializes in microelectronic and optoelectronic systems and offers a broad technology portfolio providing clients with easy to implement, customer-specific products.</li> </ul>
February 2023			<ul style="list-style-type: none"> <li>Phantom Technical Services, a provider of industrial intelligence platform intended to serve food and beverage, automotive, consumer packaged goods (CPG), metals and discrete manufacturing industries, was acquired by Gray Matter Systems, via its financial sponsors Hamilton Robinson Capital Partners and Stockwell Capital, through an LBO on January 13, 2023. The company specializes in control system design, panel builds, controls automation, process and batching, through data analytics.</li> </ul>
January 2023			<ul style="list-style-type: none"> <li>Avanceon USA, Operator of an industrial automation and information systems integrator company intended to provide engineering solutions, was acquired by VINCI Energies, a subsidiary of Vinci (PAR: DG), on January 1, 2023. The company offers project management, control system design, system integration, manufacturing computing and 24x7 support services.</li> </ul>

# About 7 Mile Advisors

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. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit [www.7mileadvisors.com](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions

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**FLEXWARE**  
innovation

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**HITACHI**

7MA

**KALYPSO**

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**RA** Rockwell  
Automation

7MA

**SPIDA**  
SOFTWARE

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**Bentley**

7MA

  
**Multi-national Industrial  
Conglomerate**

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Strategic Advisor

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**Global Leader in Beverage  
Production**

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Strategic Advisor

