

SUPPLY CHAIN TECHNOLOGY DEEP DIVE

Q3 2021

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Recent Transaction Highlights



"The strategic vision and dedication of the SDR team was integral in aligning the path to shared success for the new partnership of SCAPATH and Spinnaker SCS."

– Evan McCaig, President & Managing Principal of SCAPATH

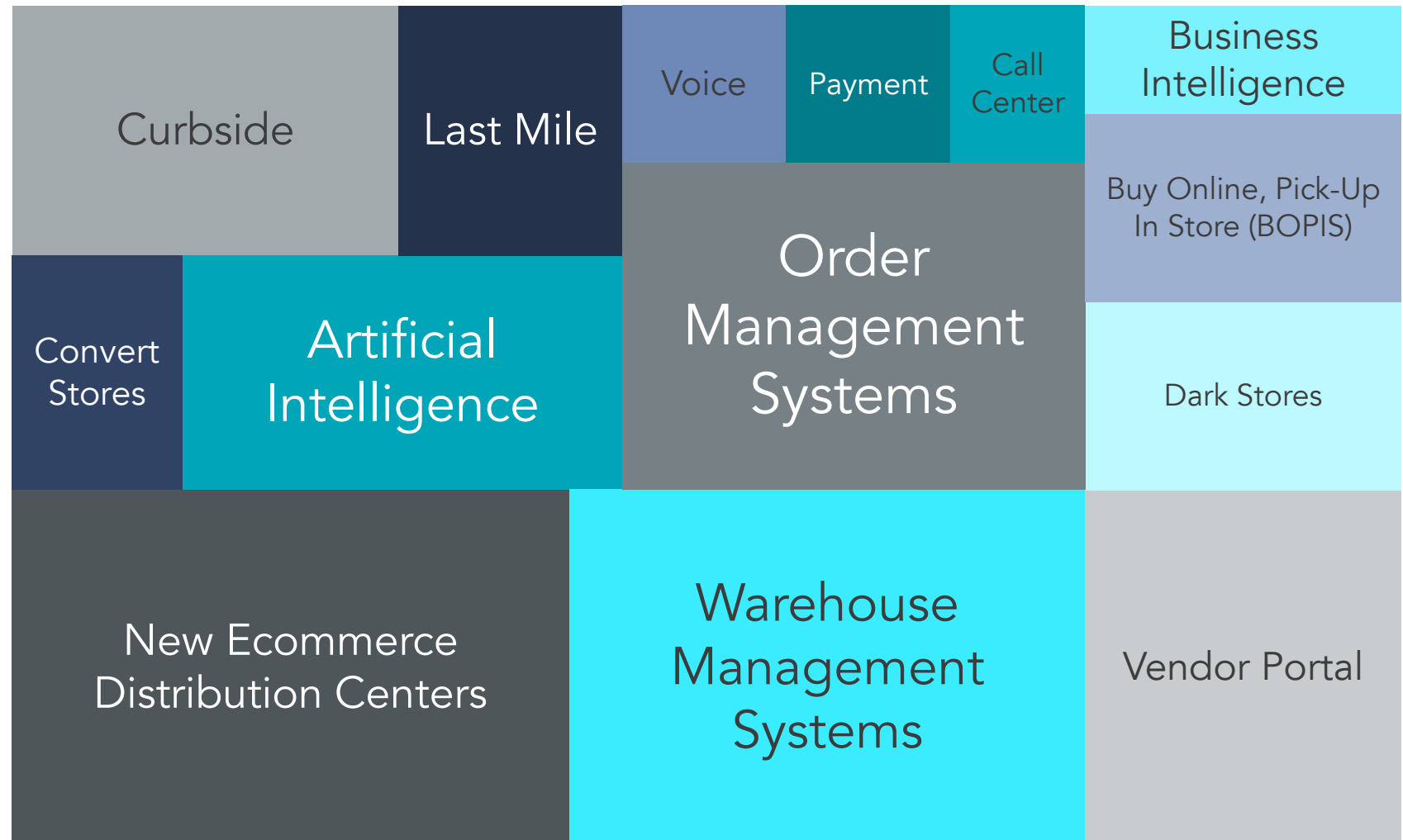
FOCUS AREA	SPINNAKER SCS	SCAPATH	COMBINED
SC Design & Strategy			
SC Planning			
Omni-Channel Fulfillment			
Distribution Management			
Logistics Management			

In March of 2021, Spinnaker SCA was formed through the merger of SCAPATH and Spinnaker Supply Chain Services ("Spinnaker SCS"). SDR Ventures served as the exclusive sell-side advisor to SCAPATH and Spinnaker SCS throughout the transaction process.

Together SCA and Spinnaker offer end-to-end supply chain services to help customers design, build and deliver using best in class supply chain services. The combination of the two organizations, supported by Black Lake Capital and Source Capital comes amid a time of strong demand and growth for supply chain consulting, analytics, technology, and business process outsourcing services as companies recognize the criticality of strong planning and execution capabilities to drive growth, react to market disruptions, service customers, and enhance bottom line profitability.

Transformation to a Digital Supply Chain

The COVID-19 pandemic accelerated the transition from traditional retail structures to omni-channel buying options by at least 5 years. This forcing function has caused both the makers and purveyors of consumer goods rapidly plug best-of-breed technology to address supply chain transformation.



SUPPLY CHAIN TECHNOLOGY DEEP DIVE

Supply Chain Software Landscape

PLANNING



DESIGN



ANALYTICS



DELIVERY

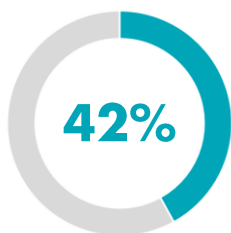


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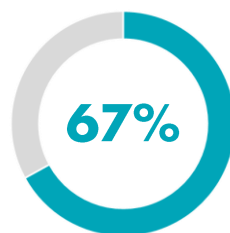
Omni-Channel Commerce Acceleration

COMPANIES PLAN NEW SUPPLY-CHAIN STRATEGIES & TECH INVESTMENTS

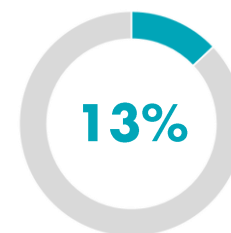
Based on a recent industry survey given shippers, carriers, freight forwarders, consultants and other logistics professionals, there will be a dramatic shift in companies' spending on supply-chain initiatives. In response to the pandemic, the survey participants plan on responding in the following ways:



Plan on Changing Their Supply-Chain Strategies



Plan to Invest in Improving Technology



Plan to Invest in Completing Acquisitions

OMNI-CHANNEL USE CASES AND BENEFITS

- ✓ **BUY ONLINE, SHIP-FROM-STORE**
- ✓ **BUY ONLINE, PICKUP IN-STORE**
- ✓ **BUY ONLINE, RETURN IN-STORE**



90% of customers expect a seamless experience across all purchasing channels.

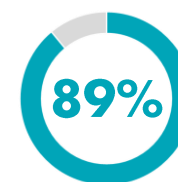
- ✓ **DISTRIBUTION CENTER TO STORE FOR PICKUP**
- ✓ **DROP-SHIP (SUPPLIER DIRECT TO CUSTOMER)**
- ✓ **BUY IN-STORE, SHIP FROM NETWORK (ENDLESS AISLE)**



Companies with omni-channel customer engagement see a 9% year-over-year increase in annual revenues.



50% of consumers expect to buy online and be able to pick up in-store.



Retailers with strong omni-channel customer engagement retain on average 89% of their customers.

Source(s): Shipping and Freight Resource

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Industry Value Drivers



DIGITAL TRANSFORMATION - AUTOMATION, FLEXIBILITY, AND VISIBILITY

- ❑ COVID-19 has shown how easily **traditional supply chains can be quickly and dramatically disrupted**.
 - ❑ Future supply chain ecosystems need to be robust, transparent, agile, and sustainable - **but above all, they must be digitally enabled**.
 - ❑ Emerging technologies and manufacturing platforms are allowing companies to embrace automated supply chains.
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REOCCURRING REVENUE

- ❑ Today's supply chains are like living organisms that are constantly expanding, morphing, moving and changing. **Companies cannot "set it and forget it"** when it comes to supply chain investment.
 - ❑ Providers with deep end-to-end supply chain expertise can successfully develop sticky and reoccurring relationships with top-tier clients.
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ACCELERATING ECOMMERCE & OMNI- CHANNEL TRENDS ARE DRIVING COMPLEXITY

- ❑ eCommerce **retail sales are expected to grow from 10-15% to 20-30%** of U.S. and global retail sales post-pandemic.
 - ❑ Many retailers have shifted their spending towards "essential" CapEx, such as supply chain technology.
 - ❑ Uncertainty, global pandemic disruptions, and trade issues are emphasizing the need for seamless, omnichannel supply chain management powered by technological innovations.
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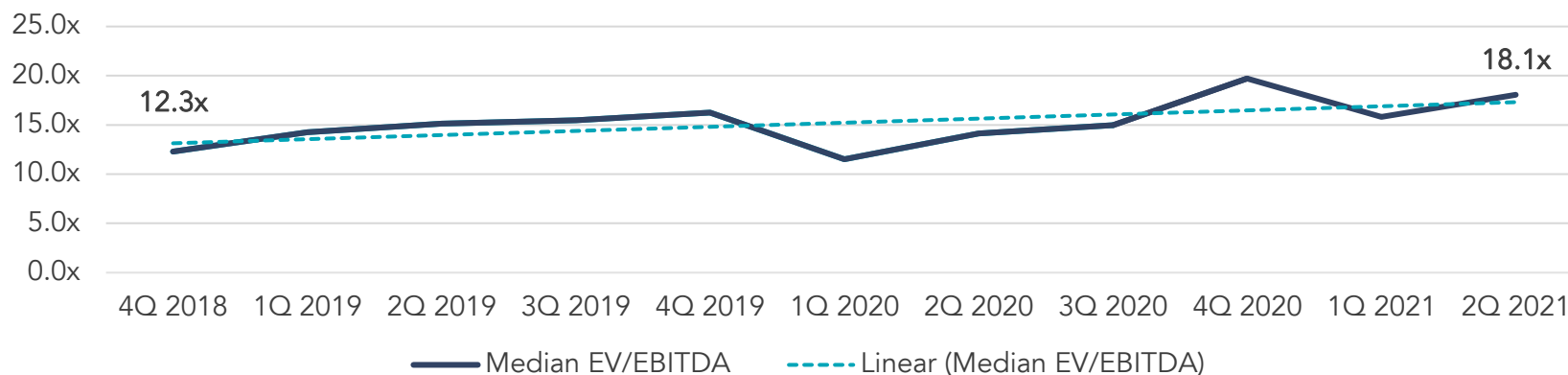
BROAD AND MULTI- FACETED IT LANDSCAPE

- ❑ Supply chain technologies needed to enable our move towards a consumer "pull" system require **end-to-end transformations** starting with the initial point of purchase, extending through distribution and warehousing, and culminating in logistics and transportation.
 - ❑ The technology needed to support a **best-in-class supply chain includes both software and IOT hardware** that must function seamlessly together.
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Public Companies – Technology Consulting and System Integration

In a world where digital transformation is required, but complex to execute, the value of consultants and SIs that optimize business tech are more valuable than ever. Since the end of 2018, public companies in this space have seen EBITDA multiple appreciation of 47%.

Historical Average EV/EBITDA



Diversified IT and Business Consulting Services

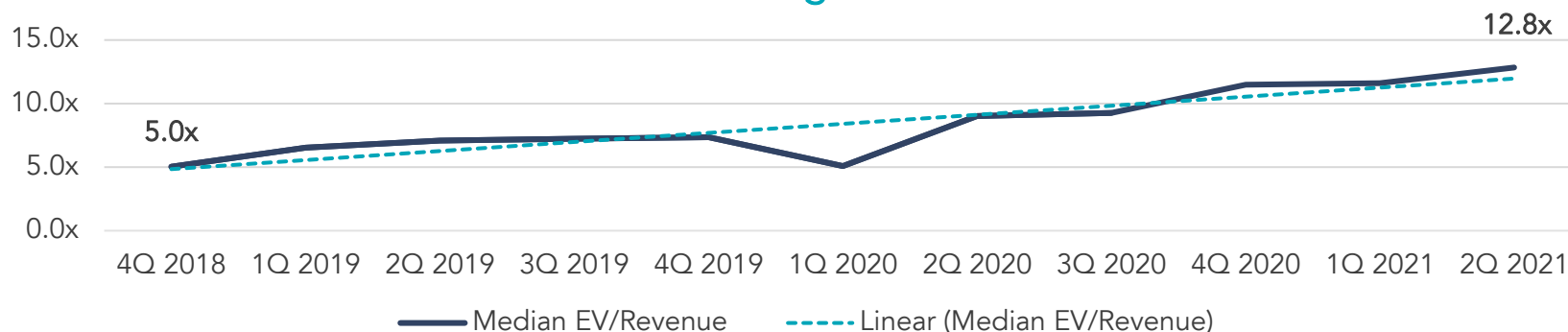
Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	Quarter Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	Price/ EPS	TEV/ NTM Revenue	TEV/ NTM EBITDA
Accenture	ACN	\$ 186,937	\$ 294.79	6.7%	12.9%	99.0%	13.0%	17.7%	3.8x	21.3x	32.9x	3.3x	17.3x
Cognizant Technology Solutions	CTSH	\$ 36,529	\$ 69.26	(11.3%)	(15.5%)	83.7%	13.6%	16.3%	2.1x	13.1x	24.3x	1.9x	10.1x
CGI Group	GIB.A	\$ 22,473	\$ 90.64	9.3%	14.5%	98.0%	8.2%	18.3%	2.7x	14.8x	26.0x	2.5x	12.3x
Huron Consulting Group	HURN	\$ 1,110	\$ 49.15	(2.4%)	(16.6%)	79.3%	11.5%	7.7%	1.7x	33.3x	45.9x	1.5x	13.6x
Pivotree	PVT	\$ 118	\$ 4.76	(27.6%)	(54.0%)	43.9%	23.3%	-1.0%	1.7x	NM	NM	1.4x	NM
Segment Average				(5.1%)	(11.8%)	80.8%	13.9%	11.8%	2.4x	20.6x	32.3x	2.1x	13.3x
Segment Median				(2.4%)	(15.5%)	83.7%	13.0%	16.3%	2.1x	18.1x	29.5x	1.9x	13.0x

Source(s): Deal Stats, PitchBook

Public Companies – Supply Chain Software

Software companies trade on revenue multiples because of their recurring revenue and ability to scale. Supply chain software is no exception and recent global events like the COVID pandemic and the Suez Canal obstruction that triggered massive supply chain disruptions have placed an even greater emphasis on business's having the right software tools to enhance agility, flexibility, and redundancy. As such, revenue multiples have increased by 156%.

Historical Average EV/Revenue










Supply Chain Software

Company Name	Symbol	Market Stats					Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price (\$)	Quarter Change	YTD Change	% of 52 Week High	Est. Revenue Growth	EBITDA Margin	TEV/Rev	TEV/EBITDA	Price/EPS	TEV/NTM Revenue	TEV/NTM EBITDA
Avalara	AVLR	\$ 13,910	\$ 161.80	21.3%	(1.9%)	87.3%	38.8%	-11.5%	24.6x	NM	NM	17.7x	NM
Manhattan Associates	MANH	\$ 9,214	\$ 144.84	23.4%	37.7%	98.3%	14.5%	20.7%	15.3x	74.1x	106.5x	13.4x	48.9x
SPS Commerce	SPSC	\$ 3,581	\$ 99.85	0.5%	(8.0%)	84.6%	24.9%	17.8%	10.3x	57.9x	78.6x	8.3x	29.2x
American Software	AMSWA	\$ 718	\$ 21.96	6.1%	27.9%	77.2%	8.3%	9.7%	5.5x	134.5x	91.5x	5.1x	43.4x
Segment Average				12.8%	13.9%	86.8%	21.6%	9.2%	13.9x	88.9x	92.2x	11.1x	40.5x
Segment Median				13.7%	13.0%	85.9%	19.7%	13.8%	12.8x	74.1x	91.5x	10.8x	43.4x

Source(s): Deal Stats, PitchBook

Recent Notable Transactions

DATE	TARGET	BUYER	TARGET DESCRIPTION
4/23/2021	 BlueYonder	Panasonic	Provider of AI-driven supply chain management services and solutions. The company's services include inventory management, order-fulfillment services and workforce management helping its clients optimize delivery to customers by enabling them to predict and shape demand, fulfill faster and more intelligently and improve customer experiences and loyalty. This transaction valued Blue Yonder at \$8.5 billion.
4/9/2021	PEAK-RYZEX™	 SSC	Provider of systems integration services in supply chain automation and inventory management. The company engages in offering end-to-end enterprise mobility, managed services, printing and data mobile capture services.
1/12/2021	VIZION360®	 	Developer of a business intelligence platform that helps clients in the supply chain, manufacturing and distribution industry harness the power of their data. The company's products help gain actionable insights, align strategy, process and technology, connect, deliver and automate data from ERP, thereby enabling companies to grow their top line, improve profitability, increase productivity and manage risk.
12/3/2020	 ENDTOEND analytics	 accenture	Provider of boutique analytics and data science consultancy services intended to turn insights into actions and value for organizations around the globe. The company specializes in supply chain management, inventory optimization, demand planning, sales, inventory and operations planning as well as network design and production planning, allowing its clients to make better data-driven decisions.
8/31/2020		northhighland WORLDWIDE CONSULTING	Operator of retail supply chain and distribution consulting firm intended to help clients achieve efficient results in logistics and distribution operations. The company offers both large and small retailers and consumer product companies a supply chain consulting approach, combining skills and analytical thinking with a collaborative implementation process.

Digital Transformation Consulting and Implementation

Date	Target	Buyer	Description	EV (\$mm)	EV / Revenue	EV / EBITDA
5/1/2021	Lionpoint Group	Alpha FMC	Operator is a consulting firm with a focus in system selection and implementation	\$90.00	3.0x	13.0x
12/10/2020	Virtusa	Baring Private Equity Asia	Provider of business and IT consulting, technology implementation, and application outsourcing	\$1,699.25	1.3x	18.3x
10/28/2020	Blue Acorn iCi	Infosys	Provider of digital transformation and customer experience services	\$125.00	2.8x	-
1/31/2020	Prana Consulting	Kinaxis	Provider of consulting services focused on supply chain system implementation	\$4.01	-	-
12/12/2019	Presidio	BC Partners	Provider of digital systems integration delivering software-defined cloud, collaboration and security solutions to customers of all sizes	\$2,200.00	0.7x	10.1x
6/1/2019	Corporate Renaissance Group	Quisitive Technology Solutions	Provider of IT solutions consulting and system integration services	\$14.00	2.4x	6.3x
1/3/2019	ConvergeOne	CVC Capital Partners	Provider of information technology services including cloud infrastructure design and implementation	\$1,800.00	1.5x	12.5x
1/3/2019	IQMS	Dassault Systemes	Developer of ERP software and provider of consulting and implementation services through optimized delivery models	\$425.00	7.2x	17.2x
1/9/2017	Tridea Partners	Columbus IT	Provider of ERP and CRM Implementation Consulting	\$8.72	1.2x	5.6x

Mean	2.7x	12.9x
Median	2.4x	12.8x

Notes(s): Only includes deals with published transaction data

Source(s): Pitchbook

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Who We Are - Trusted M&A and Capital Advisors



RELEVANT TRANSACTIONS

CORE VALUES

TRUST – Client advocacy over deal advocacy

PARTNERSHIP – Giving the right advice, regardless of the immediate outcome

TEAMWORK – Collaboration, not siloes.

RESULTS

87% – Transaction close rate

PIONEERS – In facilitating Pre-Investment Rollups to drive seller value

3.5 YEARS – No voluntary staff attrition

CONTACT OUR TECHNOLOGY TEAM



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 A merger of SCA and SPINNAKER Has been acquired by Black Lake Capital SDRVentures SELL-SIDE TRANSACTION	 A portfolio company of REPUBLIC Has been acquired by NexusTek A portfolio company of LIGHTVIEW CAPITAL SDRVentures SELL-SIDE TRANSACTION	 Has been acquired by HealthStream SDRVentures SELL-SIDE TRANSACTION
 Has been acquired by CARLSON Crest Rock Partners SDRVentures SELL-SIDE TRANSACTION	 Has been acquired by COMPUTER AIDED TECHNOLOGY A portfolio company of MANGROVE SDRVentures SELL-SIDE TRANSACTION	 Has been acquired by PROPHARMA GROUP A portfolio company of LINDEN SDRVentures SELL-SIDE TRANSACTION
 Has been acquired by SEAPORT CAPITAL SDRVentures SELL-SIDE TRANSACTION	 Has been acquired by newgistics SDRVentures SELL-SIDE TRANSACTION	 A portfolio company of REPUBLIC Has been acquired by NexusTek A portfolio company of LIGHTVIEW CAPITAL SDRVentures SELL-SIDE TRANSACTION