

SUPPLY CHAIN MANAGEMENT | INDUSTRY HIGHLIGHTS

Changing Dynamics Within Supply Chain Management

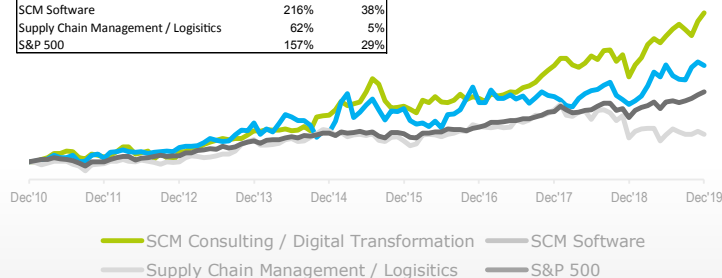
- Digital and data-driven technologies continue to significantly influence the supply chain management (SCM) sector in which SCM services and systems integrators (SIs) will become ever-increasingly important strategic players for large enterprise customers
- Market valuations for supply chain systems integrators outperformed those of traditional supply chain service firms as the latter have been slow to capitalize on these most recent trends
- Analysts expect supply chain operations to keep expanding in both scope and sophistication, which pressures SCM service and SIs to meet the demands of increasingly complex clients

Complexity through data: the capture and analysis of data generated along the value chain remain critical components of SCM process design and management

Complexity as a source of value: firms with the ability to deliver data-driven SI services and drive adoption of tech-enabled SCM have increased EBITDA multiples on average 18.5% over their legacy counterparts

Divergent Share Price Performance

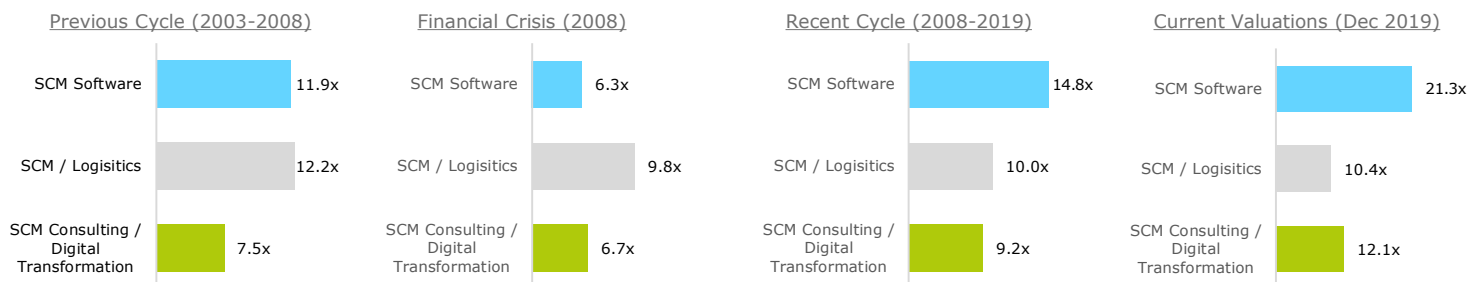
Performance:	Since	
	Dec. 2010	2019
SCM Consulting / Digital Transformation	334%	49%
SCM Software	216%	38%
Supply Chain Management / Logistics	62%	5%
S&P 500	157%	29%



Representative Transactions

Target	Buyer	Date
The Shelby Group	Westview Capital Partners	Dec-19
Silveo	Accenture	Nov-19
Maine Pointe	SGS	Jul-19
Odyn	Turvo	Jun-19

Valuations (TEV/NTM EBITDA) Through Time



SCM System Integrators: Adapting to Evolving Client Needs and Market Challenges



AI Initiatives



Blockchain Initiatives



Virtual Assistant Initiatives



Warehouse Automation



Big Data Analytics



Digital Supply Chain



Internet of Things



Cloud Computing

Value Drivers for Industry Participants

- Scale Matters** – The scale of the business is a critical consideration for investment teams across both strategic and financial buyers. Adequate scale adds credibility around the target's business offering and creates comfort that the business proposition has been accepted by the market. Furthermore, PE firms will look to the size of a business as an important factor in determining its candidacy for platform investments
- Preferred Status Matters** – It is important for targets with a focus on platform implementations to maintain and emphasize their relationships with channel partners
- Proven Success in IP Matters** – Despite offering high margins and strong revenue visibility, new product solutions leveraging recently developed intellectual property will be scrutinized against their legacy solutions. Buyers may at first see a solution as "highly interesting" yet ultimately deem too risky given its limited scope and success-to-date. An extended operating history or successful case studies of recent and marquee 'wins' are important