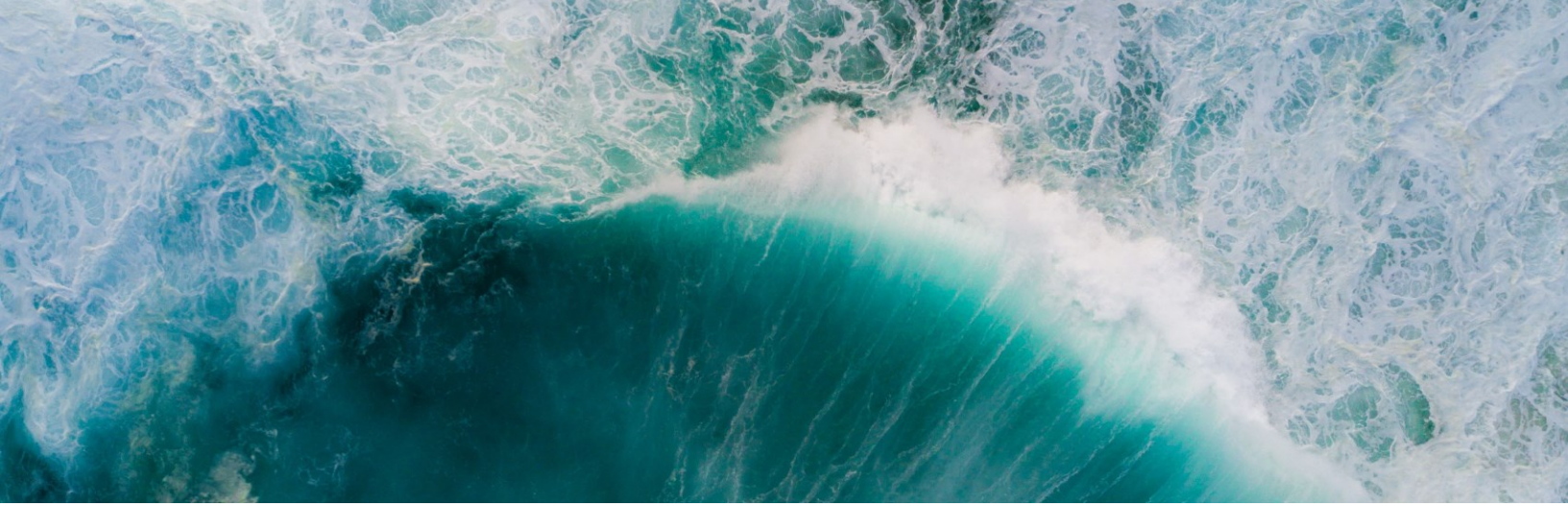


# SUPPLY CHAIN SOFTWARE

INDUSTRY UPDATE



## A PARTNERSHIP THAT BRIDGES THE ATLANTIC

### IN AN INCREASINGLY INTERCONNECTED WORLD, OUR CLIENTS REQUIRE A GLOBAL APPROACH

The D.A. Davidson MCF International brand is a strategic partnership between D.A. Davidson and MCF Corporate Finance. Together, we offer clients unparalleled access to a transatlantic M&A and debt advisory platform. Our team’s international expertise provides best-in-class capabilities to clients in the middle market.

### BULGE BRACKET CAPABILITIES & BOUTIQUE FOCUS ON CLIENTS

#### D | A | DAVIDSON



D.A. Davidson is a US-based, employee-owned financial services firm offering a full-service platform spanning Investment Banking, Equity Research, Sales & Trading, Fixed Income Capital Markets and Wealth Management. With more than 1,500 employees and 100+ offices, we offer a reach that few firms can provide.

MCF Corporate Finance is a leading independent M&A and debt advisory firm with offices in Hamburg, Helsinki, London, Stockholm and Frankfurt. Our mission is to provide honest and relationship-driven advice, tailor-made to fit each client’s business journey.

173

Investment Banking  
Professionals

85+

M&A Transactions  
2022

17

Transatlantic  
Locations

30+

Equity & Debt  
Financings

# OUR TECHNOLOGY PRACTICE

## BRINGING DEEP DOMAIN EXPERTISE ACROSS KEY VERTICALS

<p><b>APPLICATION SOFTWARE</b></p>	<p><b>FINTECH</b></p>	<p><b>INFRASTRUCTURE SOFTWARE</b></p>
<p><b>INTERNET &amp; DIGITAL MEDIA</b></p>	<p><b>TECH-ENABLED SERVICES</b></p>	<p><b>COMMUNICATION &amp; HARDWARE</b></p>

## OUR TEAM OFFERS DIFFERENTIATED ADVICE TO LEADING TECHNOLOGY BUSINESSES

<p><b>ONE TEAM DEVOTED TO MIDDLE MARKET TECHNOLOGY TRANSACTIONS</b></p>	<p><b>DEEP VERTICAL EXPERTISE TRANSLATING INTO SUPERIOR RESULTS</b></p>	<p><b>GLOBAL M&amp;A EXECUTION EXPERTISE PAIRED WITH LOCAL PRESENCE</b></p>
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D.A. Davidson MCF International’s technology team offers honest, relationship-driven and informed advice to clients in sell-side and buy-side M&A, capital raises, strategic transactions as well as debt advisory.

We offer access to an international investor universe, using our comprehensive coverage of the financial sponsor space on both sides of the Atlantic. D.A. Davidson MCF International has an extensive list of successful references across a variety of transactions involving sponsors and trade buyers.

Our scale and deep domain expertise give us direct access to senior executives and decision makers at major strategic acquirers, ensuring that we have real time insights into market value drivers. Our joint practice is enriched by D.A. Davidson’s proprietary equity research, market reports and thought leading industry events.

# TECHNOLOGY REFERENCES

## ONE OF THE MOST ACTIVE MID-MARKET TECH ADVISORY FIRMS

<p>TECHNOLOGY</p>  <p>has been acquired by Formica Capital-backed C-Resiliens</p> <p>FINANCIAL ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p> <b>LiquidPlanner</b> a portfolio company of</p> <p> TVC CAPITAL sold to</p> <p> Tempo a portfolio company of</p> <p> DIVERSIS CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2023 </p>	<p>TECHNOLOGY</p> <p> <b>ADWAY</b> Automated Social Recruitment Marketing</p> <p>Series A Funding</p> <p> octopus ventures</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> <b>CONNEXPAY</b></p> <p>has received an investment from</p> <p> FTV CAPITAL</p> <p> PANORAMIC F-PRIME</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> earnup</p> <p>has received Series C investments from multiple companies</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p> <b>PROTECH</b></p> <p>has received a growth equity investment from</p> <p> Arrowroot Capital</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> iPLYTICS</p> <p>sold to</p> <p> LexisNexis</p> <p>a portfolio company of</p> <p> RELX</p> <p>SELL-SIDE ADVISER</p> <p>2022   </p>	<p>TECHNOLOGY</p> <p> seriline</p> <p>sold to</p> <p> FSN CAPITAL</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> etradingsoftware</p> <p>has received a significant investment from</p> <p> LDC BACKING AMBITION FOR 40 YEARS</p> <p>FINANCIAL ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> NINJATRADER RESEARCHER OF FINANCIAL TRADING INFORMATION</p> <p>a portfolio company of</p> <p> LONG RIDGE</p> <p>acquired</p> <p> tradovate</p> <p>BUY-SIDE ADVISER</p> <p>2022 </p>
<p>TECHNOLOGY</p> <p> <b>Formulate</b></p> <p>sold to</p> <p> RELEX</p> <p>SELL-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> conferma pay</p> <p>sold to</p> <p> Sabre</p> <p>FINANCIAL ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> visitgroup</p> <p>acquired</p> <p> VISBOOK</p> <p>BUY-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> GOFORE</p> <p>acquired</p> <p> emundo Software-Projekte &amp; IT-Beratung</p> <p>BUY-SIDE ADVISER</p> <p>2022  </p>	<p>TECHNOLOGY</p> <p> Miradore</p> <p>a portfolio company of</p> <p> Standout Capital</p> <p>sold to</p> <p> GoTo</p> <p>SELL-SIDE ADVISER</p> <p>2022   </p>
<p>TECHNOLOGY</p> <p> TIER1 FINANCIAL SOLUTIONS</p> <p>a portfolio company of</p> <p> WAVECREST GROWTH PARTNERS</p> <p> salesforce ventures</p> <p> MassMutual</p> <p>sold to</p> <p> SS&amp;C</p> <p>SELL-SIDE ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> Amenity</p> <p>a company backed by</p> <p> Allstate</p> <p> intel capital</p> <p> SOMV STARR COMPANIES</p> <p>sold to</p> <p> SYMPHONY</p> <p>SELL-SIDE ADVISER</p> <p>2022 </p>	<p>TECHNOLOGY</p> <p> MARLIN EQUITY PARTNERS</p> <p>has made a significant equity investment into</p> <p> exegy</p> <p>and</p> <p> VELA</p> <p>BUY-SIDE ADVISER</p> <p>2021 </p>	<p>TECHNOLOGY</p> <p> Xantaro SERVICE INTEGRATION</p> <p>sold to</p> <p> K K A PARTNERS</p> <p>SELL-SIDE ADVISER</p> <p>2021 </p>	<p>TECHNOLOGY</p> <p> swarm64</p> <p>sold to</p> <p> servicenow</p> <p>SELL-SIDE ADVISER</p> <p>2021  </p>

## INTRODUCTION TO SUPPLY CHAIN SOFTWARE

### DEMAND FOR SUPPLY CHAIN SOFTWARE SOLUTIONS DRIVEN BY NEED TO STAY AGILE AND IMPROVE EFFICIENCY OF SUPPLY CHAIN OPERATIONS

In the current market environment developing and maintaining a reliable, transparent, and agile supply chain is a key focus area across industries. There is a need for tools and solutions to maneuver challenges caused by supply shortages of components, price inflation, and geopolitical tensions. Companies across sectors are adapting solutions to the challenges they face and the complexity of the current market environment. Robust supply chain software is helping to manage and optimize sales, manufacturing, warehousing & inventory, procurement & sourcing, order tracking, freight planning and fleet management.

The Supply Chain Software market is maturing and consolidation is taking place, creating service providers with a broader solution offering. More than 60% of M&A activity in 2022 within the Supply Chain Software sector in Europe was executed by strategic buyers, and private equity has continued to make investments into the sector. M&A activity within the Supply Chain Software sector has proved to be resilient and sector targets attract interest from both strategic buyers and financial sponsors. Supply chain software vendors are evaluating how to continue growing, how to expand into new markets and how to complement their service offering with new solutions. M&A continues to be a key tool for reaching these objectives.

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M&A activity within the Supply Chain Software sector has proven to be resilient and sector targets attract interest from both strategic buyers and financial sponsors.”

# SUPPLY CHAIN SOFTWARE TRENDS

## SUPPLY CHAIN AGILITY

Supply chain disruptions caused by the COVID-19 pandemic and the war in Ukraine have underlined the importance of tools used to monitor and control the supply chain. In order to maneuver in a rapidly changing environment, organizations are increasingly turning to software to help them reduce the time it takes to respond to real-world events.

## AI & AUTOMATION

Supply chain organizations aim to lower costs and improve throughput and efficiency. By utilizing AI and automation software, organizations can automate manual tasks within the supply chain while making more informed, data-driven decisions.

## CLOUD TECHNOLOGY

Cloud based Supply Chain Software provides greater flexibility for companies in organizing supply chain operations. The trend towards investment in cloud-based software solution is expected to continue and accelerate.

## VISIBILITY & ESG

Maintaining end-to-end visibility of the supply chain will continue to be crucial. Supply chain organizations need software for better decision-making. Moreover, companies are facing mounting pressure to prioritize supply chain sustainability and reduce their carbon footprint.

## MACRO ENVIRONMENT

Global M&A and funding activity has seen a decline due to economic uncertainty and increasing interest rates both in Europe and the United States. However, in Europe, Supply Chain Software transactions have remained relatively stable, emphasizing the defensive nature of business-critical software.



## SUPPLY CHAIN SOFTWARE LANDSCAPE

### SALES & OPERATIONS PLANNING SOFTWARE

Comprehensive business planning software connecting demand & sales forecasting to assortment, inventory, work, and capacity planning

### MANUFACTURING EXECUTION & PRODUCTION PLANNING SYSTEMS

Software for production planning, scheduling, and information sharing between managers, workers, ERP, and production systems

### WAREHOUSE MANAGEMENT & INVENTORY OPTIMIZATION SYSTEMS

Software for managing inventory availability, location control, stock balances, replenishment planning, lead-time, and production logistics

### PROCUREMENT & SOURCING MANAGEMENT SOFTWARE

Software for managing suppliers, sourcing process, purchase orders, order status, and raw stocks

### ORDER TRACKING & LAST MILE DELIVERY SOFTWARE

Software for order & distribution tracking as well as last mile delivery management & customer interface

### FREIGHT PLANNING & FLEET MANAGEMENT SOFTWARE

Software for fleet monitoring, vehicle tracking, route planning, cost management, and driver management

### D.A. Davidson MCF International's European Supply Chain Software cohort

**~100**

Companies

**EUR 15m**

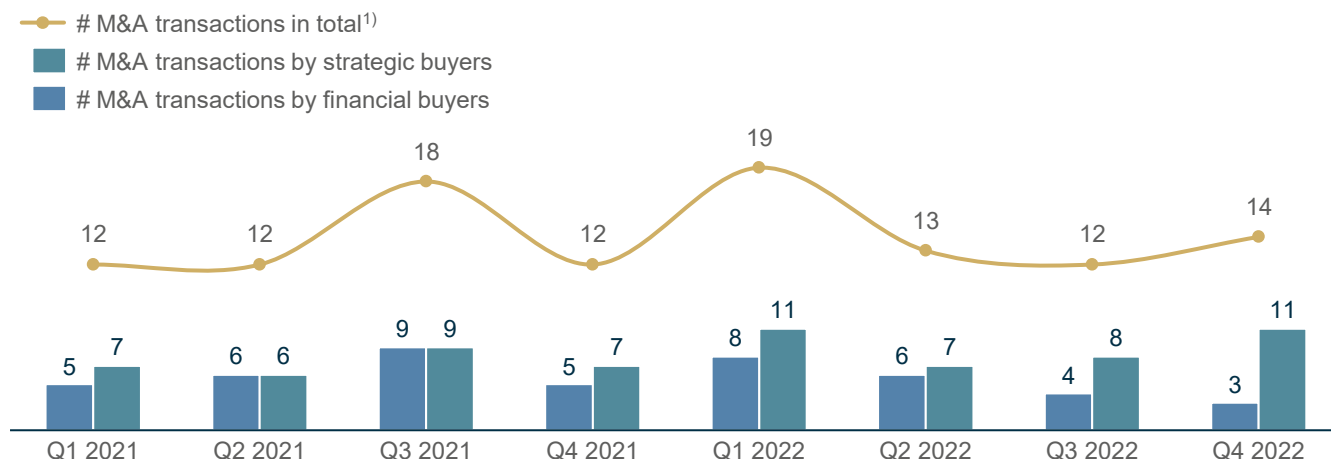
Median latest fiscal year revenue

**11%**

Median latest fiscal year EBITDA margin

# M&A ENVIRONMENT

## DEVELOPMENT OF THE EUROPEAN M&A MARKET IN THE SUPPLY CHAIN SOFTWARE SEGMENT



Despite a decline in valuation levels and a global downturn in M&A activity during 2022, the number of M&A transactions within the Supply Chain Software segment remained relatively stable in Europe. Strategic buyers have been at the forefront of the sector, accounting for approximately 60% of the recorded acquisitions between Q1 2021 and Q4 2022. This highlights the vital role that Supply Chain Software plays as an integral component of an organization's operations, which cannot be disregarded even amid macroeconomic uncertainty. During the observation period (Q1 2021 - Q4 2022), Merzell, Nexxiot, and Pinja have been the most active strategic buyers in Europe – each acquiring two companies, respectively.

## SELECTED RECENT TRANSACTIONS EUROPE

**Blackstone**

In February 2022, Blackstone Inc, the private equity firm, acquired through its subsidiary Blackstone Growth, 10% of Relex, a Finland based software company that develops retail and supply chain planning solutions. The consideration was €500m.

**RELEX**

Enterprise Value: €5.00bn

USA + Finland

**Norvestor**

In November 2022, Norvestor, the private equity firm completed the acquisition of Finland based Pinja Group, a Finland based provider of process, automation and ICT solutions for project management, production and maintenance.

**PINJA**

Enterprise Value: not public

Norway + Finland

**KKR**

In March 2022, KKR & Co Inc, completed the acquisition of a minority stake in the Supply Chain Software business of Körber AG, a Germany based industrial conglomerate. The deal values the software business at more than €1.5bn.

**KÖRBER**

Enterprise Value: not public

USA + Germany

**EQT**

In March 2023, EQT the private equity firm has acquired an undisclosed stake in Integrity Next, a Germany based supply chain and ESG software provider. The consideration was €100m.

**INTEGRITY NEXT**

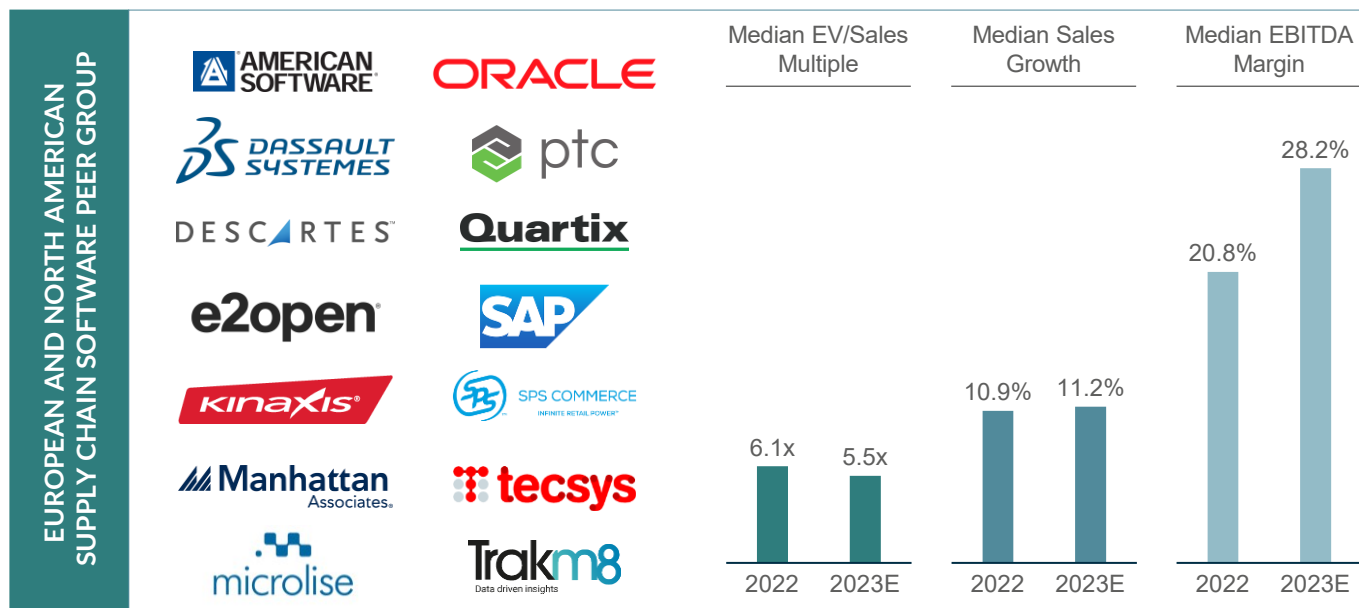
Enterprise Value: not public

Sweden + Germany



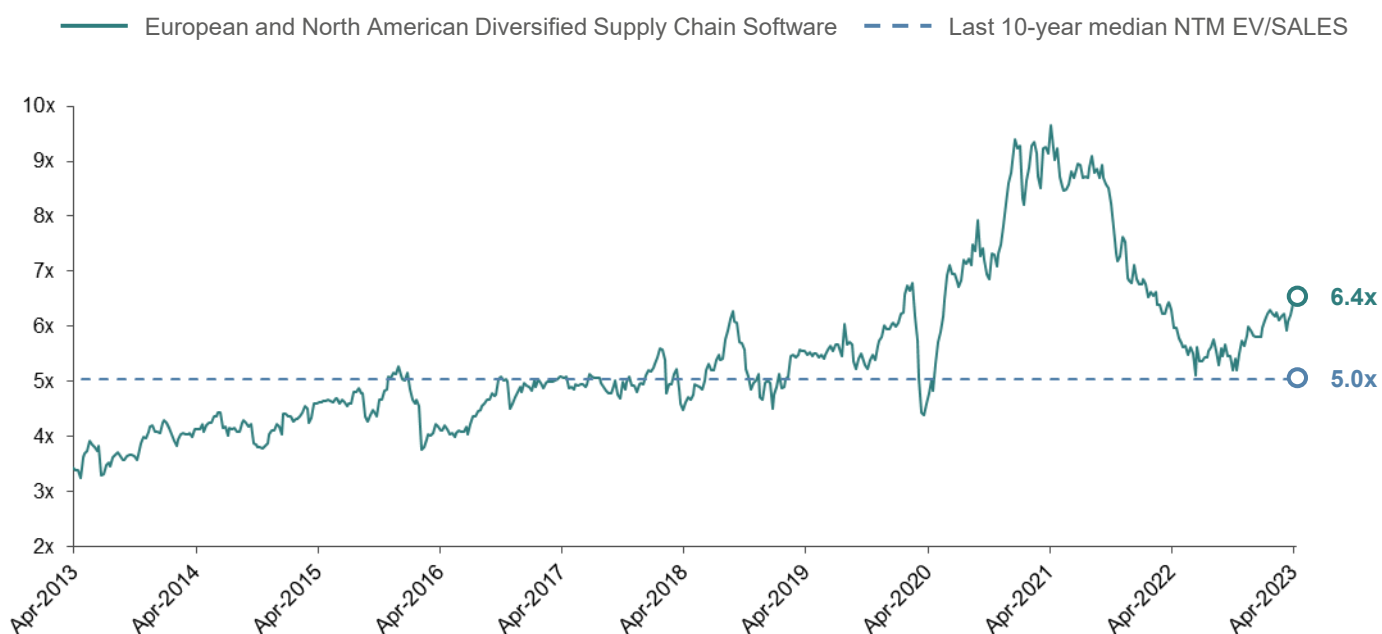
# PUBLIC VALUATION ENVIRONMENT

## PUBLIC TRADING MULTIPLES OF EUROPEAN & NORTH AMERICAN SUPPLY CHAIN SOFTWARE COMPANIES



Valuation levels remain on a high level in 2023 but have decreased significantly from the highest levels of previous years. With an NTM EV/SALES multiple of 6.4x, European and North American diversified Supply Chain Software companies are still trading above the historical 10-year median of 5.0x.

## NTM EV/SALES DEVELOPMENT OF SUPPLY CHAIN SOFTWARE COMPANIES





## CASE STUDY | FORMULATE

 **Formulate**

SALE OF FORMULATE TO RELEX

### THE DEAL

Formulate, a rapidly growing company in the AI and SaaS space, offers sophisticated analytics tools to

retail clients. The proprietary technology enables users to optimize every phase of the campaign process, resulting in increased promotion profits and an improved customer experience.

Formulate's owners mandated MCF to advise on the sales process and find a partner who shared their vision for the dynamic company. As a result of this successful transaction, Relex and Formulate will now provide a sophisticated platform for end-to-end planning and optimization of complex retail operations.

 **RELEX**



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MCF's team provided trusted advice, and their SaaS expertise was imperative in helping us find the right partner. We are delighted to have found an adviser who understands our values.”

**Andreas Willgert**

Co-Founder and CEO of Formulate

### THE BUYER

Relex, the Finnish supply chain automation and optimization platform, provides end-to-end retail planning solutions to help retailers and brands reduce waste, costs, and manual work. The company was founded by three supply chain scientists in 2005, and today employs more than 1,300 people. Relex recently raised EUR 500m from investors including Blackstone, TCV and Summit at a EUR 5bn valuation.



## CASE STUDY | HANSEATICSOFT

### SALE OF HANSEATICSOFT TO LLOYD'S REGISTER

## THE DEAL

Hanseaticsoft, a Hamburg-based ship management software company, was acquired by Lloyd's

Register, a global professional services company specializing in engineering and technology for the maritime industry. MCF advised Hanseaticsoft on this deal and helped to facilitate the transaction through its proven market expertise. The transaction combines Hanseaticsoft's maritime software expertise with Lloyd's longstanding history in the field shipping services. The transaction adds to MCF's record in helping entrepreneurs in maximizing the outcome through sector expertise and consistent support throughout the engagement.



This combination of ship management software, risk modelling, and cyber physical solutions, underpinned by the value which big data analytics brings are the building blocks of the marine and offshore Industry 4.0”

**Nial McCollam**  
CTO of Lloyd's Register

## MCF'S ROLE

MCF was mandated by the shareholders of Hanseaticsoft to find a suitable minority investor and helped to facilitate this cross-border transaction through a targeted and international sales process.

MCF ran a structured auction process and, in addition to preparing the process documents, supported Hanseaticsoft throughout the transaction process and due diligence phase.

MCF advised on and negotiated the commercial terms of the transaction and supported the seller in agreeing on and finalising the SPA.

# D.A. DAVIDSON MCF INTERNATIONAL



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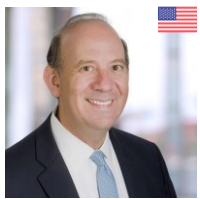


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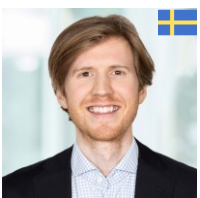


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