



# MPG | MADISON PARK GROUP

The Direct Delivery Technology Economy

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# MPG's Industrial Technology Practice

Our Experiences as Operators, Founders, Investors, and Seasoned Advisors Drive Better Outcomes for Leaders in the Industrial Technology Market

- Dedicated team of eight advisors
- Industry recognized commentary and guidance
  - Speaking arrangements and invitations to relevant trade events
  - Exclusive partnerships with leading industry analysts
  - Over 40 transactions completed on behalf of growth-stage industrial software and technology companies
  - Platform creation advisor to leading investors
- Bespoke advice forged from our experience and track record
  - Highly successful outcomes as operators and advisors
  - Access to key decision makers outside the corporate development office
  - Uniquely positioned to drive strategic imperative with key market players

## Supply Chain Technology Reports



*Transportation & Logistics Tech*



*Procurement Tech*

**Cityworks**

Strategic Sale

**Trimble**

**POLARIS PARTNERS**

**arena**

Platform Creation

**JMI**  
EQUITY

**SCALE**

**TECH SOFT3D**

Platform Creation\*

**Battery**

Founding Team

**Romax TECHNOLOGY**

Strategic Sale

**HEXAGON**

**8° EIGHT ROADS™**

**ISOMETRIX**

Recapitalization

**THE CARLYLE GROUP**

Founding Team

**Green Mountain Technology**

Growth Equity

**THOMPSON STREET CAPITAL PARTNERS**

Founding Team

**ENERGID**  
Robotics and Machine Vision

Strategic Sale\*

**TERADYNE**

Founding Team

**aras**

Debt Placement

**BAY CAPITAL**  
INVESTMENT PARTNERS

Founding Team

**JUST COMMODITY**

Strategic Sale

**Allegro**

**EXTREME VENTURES**

**OWW Capital Partners**

# Transportation & Logistics Client Highlight

## Growth Capital Advisor to Green Mountain Technology ("GMT")



Growth Investment

**THOMPSON STREET**  
CAPITAL PARTNERS

### Client Profile

- Founder led and owned since 1999
- 140+ employees across the US
- Provider of industry- and time-tested technology solutions that provide parcel and LTL shippers with unparalleled network optimization and spend management solutions



RANKED  
Supply Chain Partner of  
the Year  
Jun. 2016 | More about QVC



RANKED AMONG  
Hot Companies for  
Small Package Solutions  
4 Consecutive Years



RANKED AMONG  
Fastest Growing  
Companies in America  
3 Consecutive Years

*"MPG invested an enormous amount of time to learn our business and prepare our team. The culture fit was non-negotiable for us, so the time spent learning our business and culture paid off. We found what we feel is a perfect culture match in Thompson Street Capital Partners - achieving the outcome MPG assured us was possible in every respect."*

*- Jim Jacobs, Green Mountain Technology*

### Company & Market Highlights

- Analytics-driven optimization and spend management solutions
- Stellar customer references supported by highly engaged user and customer base
- Perpetual growth since founding, consistent through all market environments including the Great Recession and COVID-19
- Mission critical to the rapidly changing retail, eCommerce and, manufacturing markets
- Unique competitive dynamic created by out-sized power of "Big 2" parcel carriers relative to the nature of competitors' contract negotiation services offerings

### Transaction Considerations

- Investors ranging from early- to late-stage as well as buy-out investors had previously called on the business to solicit interest
- Unique position as de-facto solutions provider for Enterprise-Class Shippers with complex parcel networks
- Tactical M&A could meaningfully accelerate GTM strategy

### Our Partnership with GMT

- MPG was engaged to identify the best suited strategic investor to provide both capital and advice to accelerate growth
- Secured robust valuation and structured optimal proceeds to achieve all shareholder goals

# Our Thesis

## A New Value Chain Will Be Established to Integrate Inventory Planning, Shipping Coordination, and Delivery Technology to Meet the Needs of Modern Shippers

### Key Observations



Parcel, last-mile, and BOPIS will remain fast growing shipping segments due to consumer and business demands for multi-channel engagement



The rapid expansion of direct shipping has resulted in meaningful change to distribution strategies and the required logistics infrastructure



Shippers are moving inventory closer to consumers in order to expedite delivery times and improve customer satisfaction



Local fulfillment strategies shift power in favor of shippers, forcing carriers to prioritize core operations or make moon-shot strategic bets

### Strategic Impact to the Direct Delivery Economy



Efficient route-based delivery models built on substantial physical infrastructure is no-longer the only game in town



Similar to other transportation markets, technology and “shared” business models have unleashed untapped capacity in last-mile and warehousing



Investors and strategic acquirers alike have keyed on rapid technology advancements and are investing across the entire logistics value chain

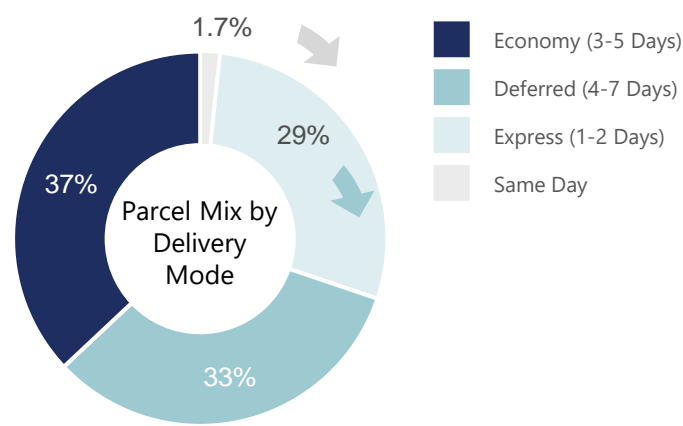


Including consumer apps, over \$10.0 billion has been invested into the direct delivery ecosystem over the last 24 months

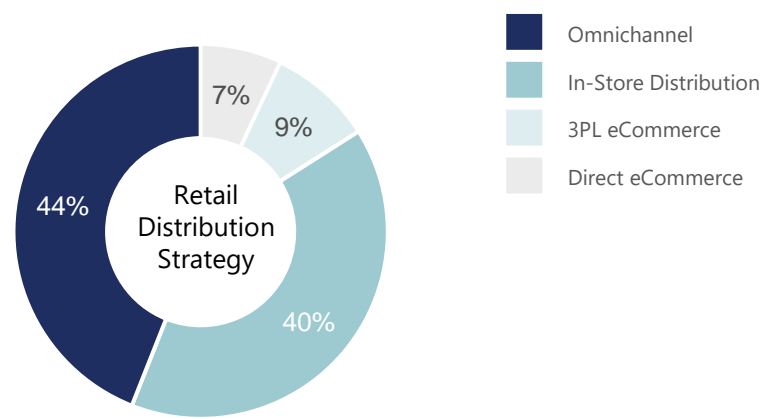
# Changing Environment

Logistics Requires Vast Infrastructure, Precise Planning, and Operational Control – Frequently At Odds With The Nimble Requirements of Today’s Shippers

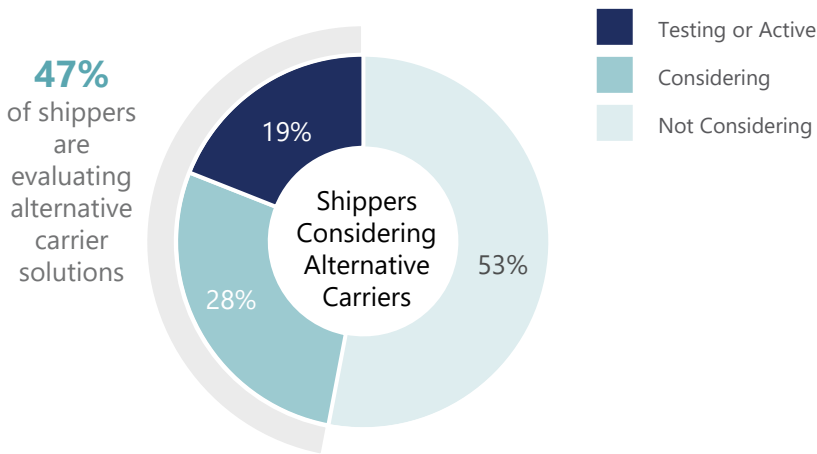
As the “Amazon Effect” sets in, customers grow to expect rapid delivery ...



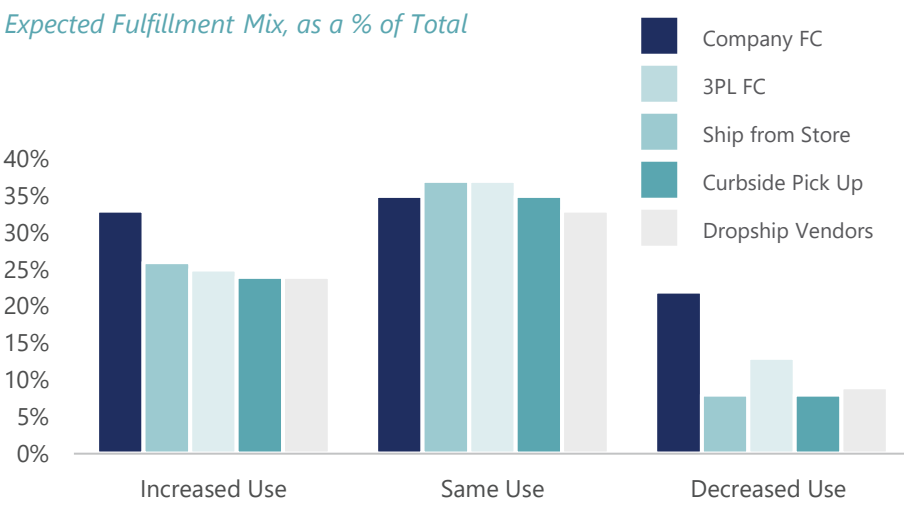
...requiring new business models to effectively compete...



...and aggressively exploring competitive carrier alternatives...



...changing the way shippers fulfill orders and engage customers



# Ecosystem Drivers

## Shippers and Logistics Providers Face Meaningful Operational Challenges in a Rapidly Shifting Environment

### Consumers Expectations Has Shifted

- The “Amazon Effect” has led to significant changes in consumer shopping patterns and expectations of experience and delivery speed
- Rising expectation has put increased pressure on the broader supply chain to create efficiencies, further scale networks, and increase infrastructure flexibility



#### Carriers, 3PLs see ‘Amazon Effect’ on shipper visibility expectations

“Everybody is expecting shipments to be like Amazon with complete visibility,” said Ryan Rogers, chief transformation officer of Covenant Transport Services.”

### eCommerce is Driving a Shipping Revolution

- The shift to faster fulfillment and smaller order sizes has led to an explosion in shipping volumes
- Increasing logistics costs driven by challenging network constraints and urbanization
- Pre-COVID, eCommerce accounted for 16.0% of all 2019 U.S. retail spend, growing ~15-20% per annum



#### The role of e-commerce in the Fourth Industrial Revolution

“E-commerce continues to act as an upsetting force throughout the industrial world, prompting rapid advances in technology and the way we conduct business.”

### Constrained Carrier Capacity, Explosive Demand

- Existing logistics networks are stressed - global parcel volumes surpassed +100 billion shipments YTD
- Carriers used COVID-19 to aggressively increase pricing and have moved to re-optimize networks
- To be determined impact from COVID-19 vaccine shipments and impacts from “peak” season in Q4



#### UPS, FedEx suspend service guarantees citing coronavirus impact

“The Novel Coronavirus pandemic has created unprecedented complexities, which have required us to constantly reassess our operations,” reads UPS’ statement”

### The Business of Logistics

- Many industries are seeing logistics emerge as not only a business function, but a strategic imperative
  - > Large retailers are transitioning stores into distribution centers to better meet customers’ needs
  - > Dynamic sourcing and fulfillment - internally and externally - are central to logistics strategies

#### THE WALL STREET JOURNAL

#### Amazon and Mall Operator Look at Turning Sears, J.C. Penney Stores Into Fulfillment Centers

“A deal with Simon would be consistent with its efforts to add more distribution hubs near residential areas”

# Why Now

Globally Scaled Retail Footprints & Rapid Technology Advancement Are Shifting the Balance of Power in Favor of Shippers, as Carriers Double Down on Core Businesses



**Pandemic helped drive Walmart e-commerce sales up 97%**  
Aug 2020



**Roadie Secures \$37 Million in Funding, Including Investment From The Home Depot**  
Feb 2019




**Best Buy Bucks the Trend That's Crushing Other Retailers**  
Dec 2019



**Kroger Spent Hundreds of Millions on Tech Before Covid-19, but It Wasn't Enough**  
Sep 2020

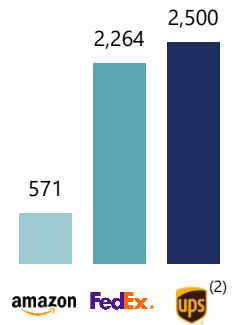
(\$ in Billions)

Company	Run-Rate eCommerce Revenue	YoY Q2 Growth	Locations
 Walmart	\$42.8	97.0%	11,484
 THE HOME DEPOT	\$21.9	~100.0%	2,291
 BEST BUY	\$19.4	242.2%	1,231
 TARGET	\$15.6	~195.0%	1,910
 Kroger	\$11.7	127.0%	2,800
Average	\$22.3	152.2%	3,943

Assuming an average order size of ~\$100, the top 5 largest retailers send +200 million shipments annually

Prior to COVID-19, many retailers were experience *annual eCommerce growth in excess of ~40%*

vs. Carrier Facilities



Excluding drop-off stores/locations, each of the top five largest retailers have similar footprints to the Big 2 and Amazon

# Shippers' Technology & Operational Priorities

## Establish End-to-End Visibility And Actionability Across the Delivery Value Chain

YTD 2020 online sales have reached **\$500 billion**, representing **42% YOY** growth – eCommerce leader Adobe attributes **\$107 billion** in online sales directly to COVID-19...

### Mitigating Capacity Constraints Risks

- Carrier capacity has been overloaded, forcing challenging operating conditions on shippers, resulting in rapid adoption of new technologies and business models
  - > Critical ability to establish and grow multi-carrier networks
  - > Per Shopify, traditional Black Friday/Cyber Monday sales tactics have become an entire seasonal approach to demand planning
  - > develop last-mile alternatives (e.g. BOPIS)

...with additional operational pressure building with **peak season** and challenges presented by distributing **vaccines...**

### The Rise of Control Towers

- Control Towers are specialized to manage customer operations by predicting delays and mitigate downstream effects from external disruption
- Control Towers are now beginning to specialize in transportation modes, and increasingly take an active role in logistics coordination and planning
  - > A wide range of applications with varying scopes and features
  - > Technology differentiation is driven by prediction capabilities and analysis speed

.. requiring a **complete overhaul** of the direct delivery technology value chain

























### Leverage the Wealth of Networks

- Logistics professionals are challenged to coordinate full utilization of all resources and often find operational waste resulting in razor thin operating margins
  - > Shippers can harness untapped capacity across carrier marketplaces and digital freight brokerages, though currently this market is largely focused on FTL
  - > Shippers can also leverage online exchanges to aggregate last-mile delivery and courier services in real-time from thousands of individuals and regional carriers



# Notable Deal Activity

Explosive Funding Activity With +\$500 Million in Fresh Capital Invested Across the Broader Direct Delivery Market, Game-Changing Strategic and Financial M&A Activity

Buyer/Investor			 (Summit Partners)			 (Constellation Software)
Transaction Type	Acquisition	Acquisition	Merger	Acquisition	Acquisition	Acquisition
Target						
Closing Date	December 2020	December 2020	October 2020	September 2020	June 2020	March 2020
Deal Size	n/a	n/a	n/a	n/a	n/a	n/a
Commentary	<ul style="list-style-type: none"> <li>ProcessWeaver provides first-to-final mile multi-carrier parcel TMS solution</li> </ul>	<ul style="list-style-type: none"> <li>ShopRunner provides an eCommerce platform that connects shoppers and merchants</li> </ul>	<ul style="list-style-type: none"> <li>VeriShip provides cloud-based parcel audit, intelligence and contract engineering solutions</li> </ul>	<ul style="list-style-type: none"> <li>ControlPay provides freight audit and payment services, including invoice automation and analysis of payment-related data</li> </ul>	<ul style="list-style-type: none"> <li>ScanData provides Parcel TMS solutions for carrier selection, booking, labeling, and billings</li> </ul>	<ul style="list-style-type: none"> <li>ProShip provides enterprise-wide, automated, multi-carrier shipping and manifesting software</li> </ul>
Company						
Round	Venture Round	Series A	Series B	Series B	Growth Investment	Growth Investment
Investor						
Closing Date	December 2020	October 2020	August 2020	June 2020	May 2020	February 2020
Investment Size	\$7 million	\$14 million	\$18 million	\$15 million	\$144 million	Confidential
Commentary	<ul style="list-style-type: none"> <li>GoFor is a last-mile delivery management platform focused on the construction industry</li> </ul>	<ul style="list-style-type: none"> <li>Onfleet is a last-mile delivery management platform</li> </ul>	<ul style="list-style-type: none"> <li>Fetch is a door-to-door delivery marketplace focused on residential and high-density delivery environments</li> </ul>	<ul style="list-style-type: none"> <li>Wise Systems provides automated dispatching and routing software to the parcel/courier and LTL markets</li> </ul>	<ul style="list-style-type: none"> <li>DispatchTrach provides a platform for last-mile deliveries, supports more than 60 million deliveries annually</li> </ul>	<ul style="list-style-type: none"> <li>GMT provides parcel spend solutions for managing the high-volume parcel network</li> </ul>

# Strategic Themes

## Areas of Investment That Will Advance The B2B and B2C Direct Delivery Ecosystem



### Delivery Automation

Taking people out of the shipping process



### New Logistics Infrastructure

Using technology to create new business models and efficiency



### Spend & Network Optimization

Finding efficiencies across carriers, networks, and internally



### Orchestration & Execution

Making more connections between operations and logistics teams



### Mission-Critical Delivery & Cold Chain

Attending to the needs of sensitive packages and unique shipper needs



### Marketplace Platforms

Tapping un-used capacity to change shippers' cost equations

**centiro**

**Fabric**

**DispatchTrack**

**DEPOSTCO**

**AIRSPACE**  
TECHNOLOGIES

**BLACKBUCK**

**CONSIGNOR**

**forto** / **FREIGHTLIFE**

**Green Mountain Technology**

**Logistyx**  
TECHNOLOGIES

**Controlant**

**BANYAN**  
TECHNOLOGY

**Scurri**

**taulia**

**INTELLIGENT AUDIT**

**ShipBob**

**Datatrak**

**FLEXE**

**ShipHawk**

**Particle**

**trax**

**3Gtms**  
Powering Transportation Innovation

**PARCELSHIELD**

**loadsmart**

**SHIPWELL**

**project44**

**shipsights**

**Softeon**

**ROADIE**

**TRANSFIX**

# Direct Delivery Technology Incumbents

## Enterprise-Class Technology And Services Supporting the Needs of the Direct Delivery Economy

amazon

Amazon has retooled its operations with proprietary software and hardware systems

### TMS & Logistics Platforms



### ERP & Automation Systems (Inventory, Order Management, and Warehouse Management)



### Technology-Forward Shipping & Logistics Service Providers



### Technology-Forward Parcel, LTL & Last-Mile Carriers



### Audit, Negotiation, and Financial Software & Services



# Direct Delivery Technology Disruptors

## Technology Solutions Changing the Balance of Power in the Direct Delivery Economy

Data,  
Exchanges &  
Autonomous



Darkstore



UBER FREIGHT

### Control Towers, Real-Time Logistics Spend & Operational Analytics



### First-Mile, Last-Mile & LTL Delivery Solutions



### Cold Chain, Vertical & Specialized Logistics Solutions



### Shipment Visibility, Management & Infrastructure Solutions



### Warehousing, Inventory, Fulfillment & Omni-Channel Solutions



# Sources & Disclosures

Sources & Notes			
Data Sources	Journals & Other Media	Company References	Notes
<ol style="list-style-type: none"><li>1. Pitchbook</li><li>2. CapitalIQ</li><li>3. Tracxn</li><li>4. eMarketer</li><li>5. Public company filings &amp; earnings transcripts</li></ol>	<ol style="list-style-type: none"><li>1. The Wall Street Journal</li><li>2. Tech Crunch</li><li>3. Wired</li><li>4. Supply Chain Drive</li><li>5. Digital Commerce 360</li></ol>	<ol style="list-style-type: none"><li>1. Adobe</li><li>2. Fourkites</li><li>3. Green Mountain Technology</li><li>4. Shopify</li><li>5. Miscellaneous press releases</li></ol>	<p>* Transaction completed by team members affiliated with Ascentage Group</p>

## Disclosures

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