



MPG | MADISON PARK GROUP

Insights

CPQ Market Primer

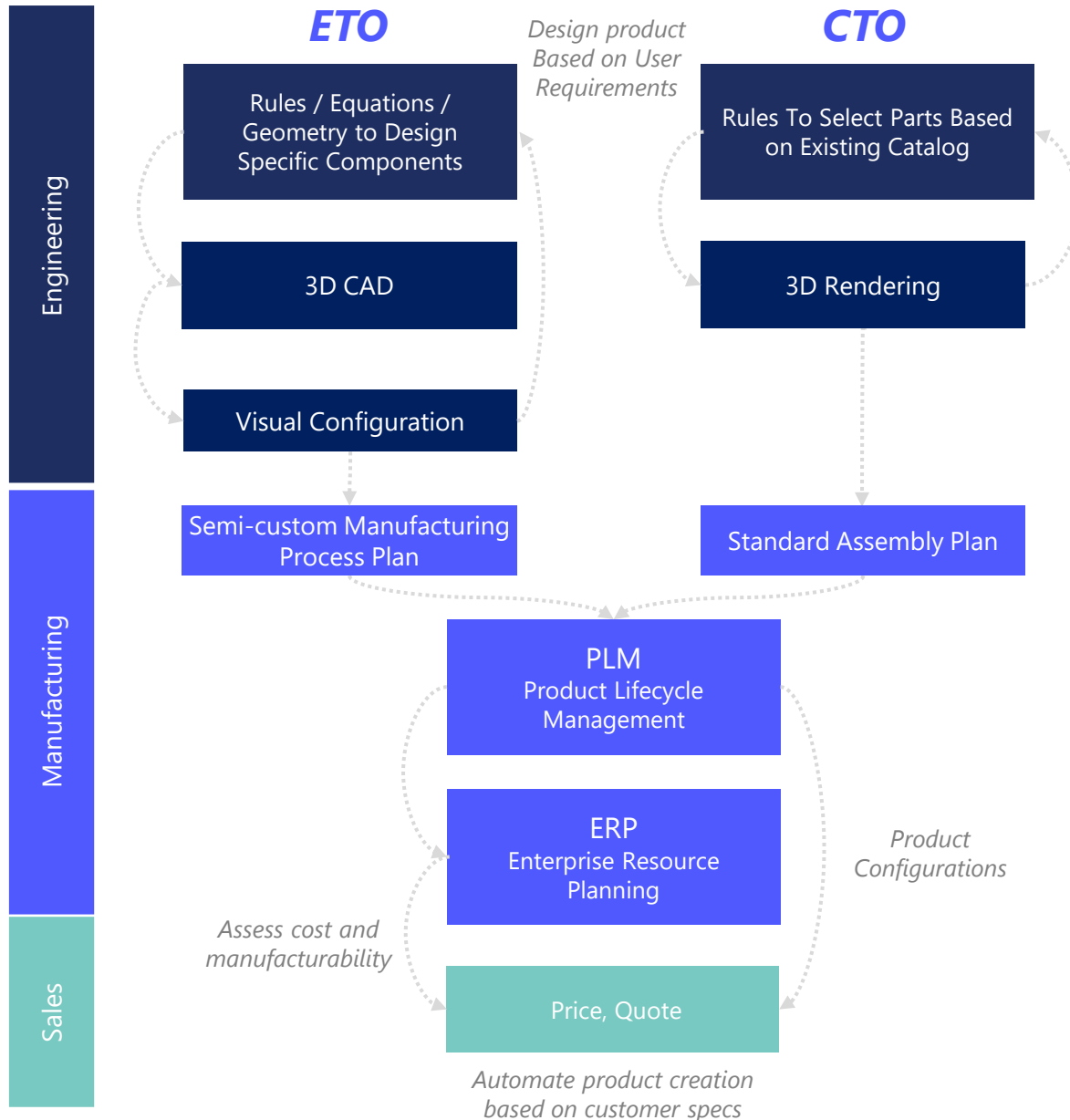
May 2022

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Broad CPQ Consists of Both ETO and CTO

Their Place in Modern Manufacturing and Sales



- CPQ (Configure, Price, Quote) is the process driving most commercial manufacturing deliverables today.
- In the highly competitive world of modern manufacturing, speed of delivery and customizability of products are paramount considerations in ensuring high value to customers.
- The broad area of CPQ plays a mission-critical role in enabling this through two key approaches:

Engineer to Order (ETO)

- ▶ Product is *designed* to individual customer specifications / requirements down to the part level, based on pre-existing engineering and design rules
- ▶ Production does not start until the order has been received
- ▶ Increased fulfillment of client needs; accuracy; shorter lead times; greater scalability; retention of product knowledge

Configure to Order (CTO)

- ▶ Product *configured* to customer needs based upon modification or variation of existing 'base' unit parts
- ▶ Base parts already built when an order is placed

Market Drivers

Strong Macro-Tailwinds; Recent Notable Investment Interest in Manufacturing CPQ Up-starts

Product Configuration and Engineer to Order is driving almost all markets, especially the industrial product markets

“The global market for CPQ software is projected to reach a size of \$3.9b globally by 2026”

- In 2020, the CPQ application suite market grew by 14.1%, to an estimated \$1.44 billion
- The global market for CPQ software is estimated at \$2.2bn in 2022
- US Market is estimated at \$655.5m in 2022
- China is forecasted to reach \$629.9m by 2026

January 2022

Gartner

“OpenView Leads \$30m Series B in Paperless Parts to Modernize Manufacturing”

“The investment from OpenView will accelerate enhanced estimating automation using model-based definition files, the development of a natural language processing engine to streamline estimating from technical drawings and other PDF documents, and vendor request-for-quote (RFQ) functionality to drive efficiency in the last mile of the industrial supply chain.”

September 2021

OPENVIEW paperless**PARTS** 

“TA Associates announces it has formed a new cloud-based platform called Revalize”

TA Associates purchased AutoQuotes, a CPQ and product design analytics software platform, ultimately forming a new cloud-based platform for manufacturers called Revalize. In the following months, TA executed nearly ten add-on acquisitions to the platform forming a global portfolio of software solutions addressing critical pain-points in design and engineering.

June 2021

 **TA ASSOCIATES**  **revalize**

State of the CPQ Market

Broad Competitive Angles for CPQ; Unique Demands for ETO



- Competition in the CPQ market comes from a broad variety of vendor categories
- CPQ for discrete manufacturing tends to require orientation towards ETO, with more technical capabilities into 3D CAD visualization as it relates to parts customization
- As a result, vendors tend to either orient more towards industrial / manufacturing verticals or take a broader more horizontal approach
- Horizontal CPQ vendors tend to position as broader platforms for sales / revenue operations
- Larger mega-vendors in both horizontal ERP and engineering / manufacturing see CPQ as a meaningful piece of their product portfolios and have tended to turn to acquisition to add these capabilities

Revalize's Evolution

New Major Player Emerges in CPQ; Aggressive M&A Strategy

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TA Associates announces the formation of Revalize, a new cloud-software platform for manufacturers, after their acquisition of AutoQuotes

June 2021

Revalize expands its portfolio through the acquisition of 4 leading sector-specific brands: Attainia, BCA Technologies, LeadMethod, & MicroD

August 2021

Revalize Acquires Sofon: Expanding its geographic footprint and solution portfolio

November 2021

Revalize expands its European operations through the acquisition of three leading companies: SpecPage, TENADO, and PROCAD Group

November 2021

Revalize secures significant minority investment from Hg

November 2021

Deep Industry Vertical Orientation



Specialty Manufacturing



Foodservice Equipment



Facilities & Plant Design





Fluid Handling



Furniture Manufacturing & Retail

Reference M&A Transactions

Broad Acquisition Interest in CPQ From Both Verticalized & Horizontal Platform Vendors

Target	Acquirer	Date	Comments & Observations	Deal Size ⁽ⁱ⁾	EV/ Revenue
		Sep-21	<ul style="list-style-type: none"> Extends Workday's Professional Services Automation (PSA) offering with a Configure-Price-Quote (CPQ) engine specifically designed for service companies 	\$76	-
		Jun-21	<ul style="list-style-type: none"> Configure One was acquired by the newly formed software conglomerate, Revalize, aimed at accelerating revenue operations for manufacturers 	-	-
		Jun-21	<ul style="list-style-type: none"> Part of the handful of acquisitions leading to the formation of the conglomerate Revalize which provides industry-specific software solutions helping create order, reduced friction, and meaningful connections for manufacturers 	-	-
		Jun-21	<ul style="list-style-type: none"> TA Associates purchased AutoQuotes, a CPQ and product design analytics software platform, ultimately forming a new cloud-based platform for manufacturers called Revalize 	-	-
		May-21	<ul style="list-style-type: none"> Gives Epicor the ability to offer KBMax software as a stand-alone cloud first, low/no code toolset, or integrated into the Epicor productivity suite to generate new, cross-and-up sell potential 	-	-
		May-20	<ul style="list-style-type: none"> The combined company becomes one of the biggest players in the Salesforce ecosystem and allows both small and large enterprises to modernize revenue generation and manage key relationships 	\$715	-
		Apr-18	<ul style="list-style-type: none"> SAP inherits CallidusCloud's Lead to Money suite which includes sales performance management (SPM) and configure-price-quote (CPQ) 	\$2,400	9.49x
		Jul-17	<ul style="list-style-type: none"> The acquisition unites traditional CPQ efforts with intelligent pricing for improved B2B sales conversion rates and profitability 	-	-
		Feb-16	<ul style="list-style-type: none"> Joining forces with Salesforce allows Steelbrick to accelerate the delivery of their fully integrated Quote-to-Cash applications right within Salesforce interface 	\$315	12.60x
		Nov-13	<ul style="list-style-type: none"> In combination with Oracle's enterprise-grade cloud solutions, Oracle and BigMachines will accelerate the conversion of sales opportunities into revenue through sales automation technology 	\$400	6.90x

Average

9.66x

About Madison Park Group


Trusted Advisor to the Industrial Software Market

History of Successful Transactions Supported by Broad Coverage Model

MADISON PARK GROUP


Growing Momentum with Tier-1 Clients

PE-Backed



Romax TECHNOLOGY

Strategic Sale




HEXAGON

Founding Team



VISUAL KINEMATICS™
Accelerate CAE

Strategic Sale



TECH SOFT 3D
Dependable. Dynamic. Durable.

Founding Team




VISTAGY
engineer success™

Strategic Sale




SIEMENS

Founding Team




Omnify Software

Strategic Sale




arena

PE-Backed



arena

Financial Sale



JMI
EQUITY

PE-Backed



aras


Debt Placement



BAY CAPITAL
INVESTMENT PARTNERS

Continuous Dialogue with Market Leaders & Key Executives within the Industrial Tech Ecosystem

Engineering



Manufacturing



Construct Tech



EHSQ



Dedication to Primary Research and In-Depth Market Knowledge



2018
MPG | MADISON PARK GROUP
Insights
Market Update
Engineering Software
January 2021

2019
MPG | MADISON PARK GROUP
Insights
Market Update
Engineering Software
January 2021

2020
MPG | MADISON PARK GROUP
Insights
Market Update
Engineering Software
January 2021

2021
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Insights
Market Update
Engineering Software
January 2021

Note: Vistagy sale to Siemens represents proprietary transaction completed by MPG principal

About Us

Superior Outcomes Driven by Sector Expertise, Prudent Advice, and Trusted Industry Relationships

Growth Stage

FOCUSED ON TRANSACTIONS WITH \$100-500 MILLION ENTERPRISE VALUE

200+

COMPLETED TRANSACTIONS

\$30+

BILLION IN DEAL VALUE

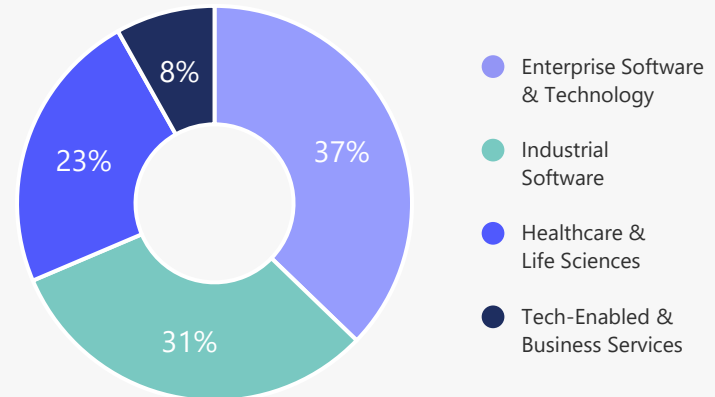
30%+

REPEAT CLIENTS ⁽¹⁾

22

DEDICATED ADVISORS

Our Deep Sector Expertise Drives Better Outcomes ⁽²⁾



(1) Calculated as total clients divided by clients completing more than one transaction with MPG over client relationship, inclusive of investor relationships

(2) Select deals completed in the last ten years



FOCUS

We partner with global technology clients across North America and Europe



EXPERTISE

We specialize in impacting growth strategies to optimize shareholder value creation



STRATEGY

We marry thoughtful corporate strategy planning with stalwart transactional execution



RESOURCES

Domain experts with active relationships across +1,500 global investors