

MPG | MADISON PARK GROUP

Insights

CPQ Market Primer

May 2022

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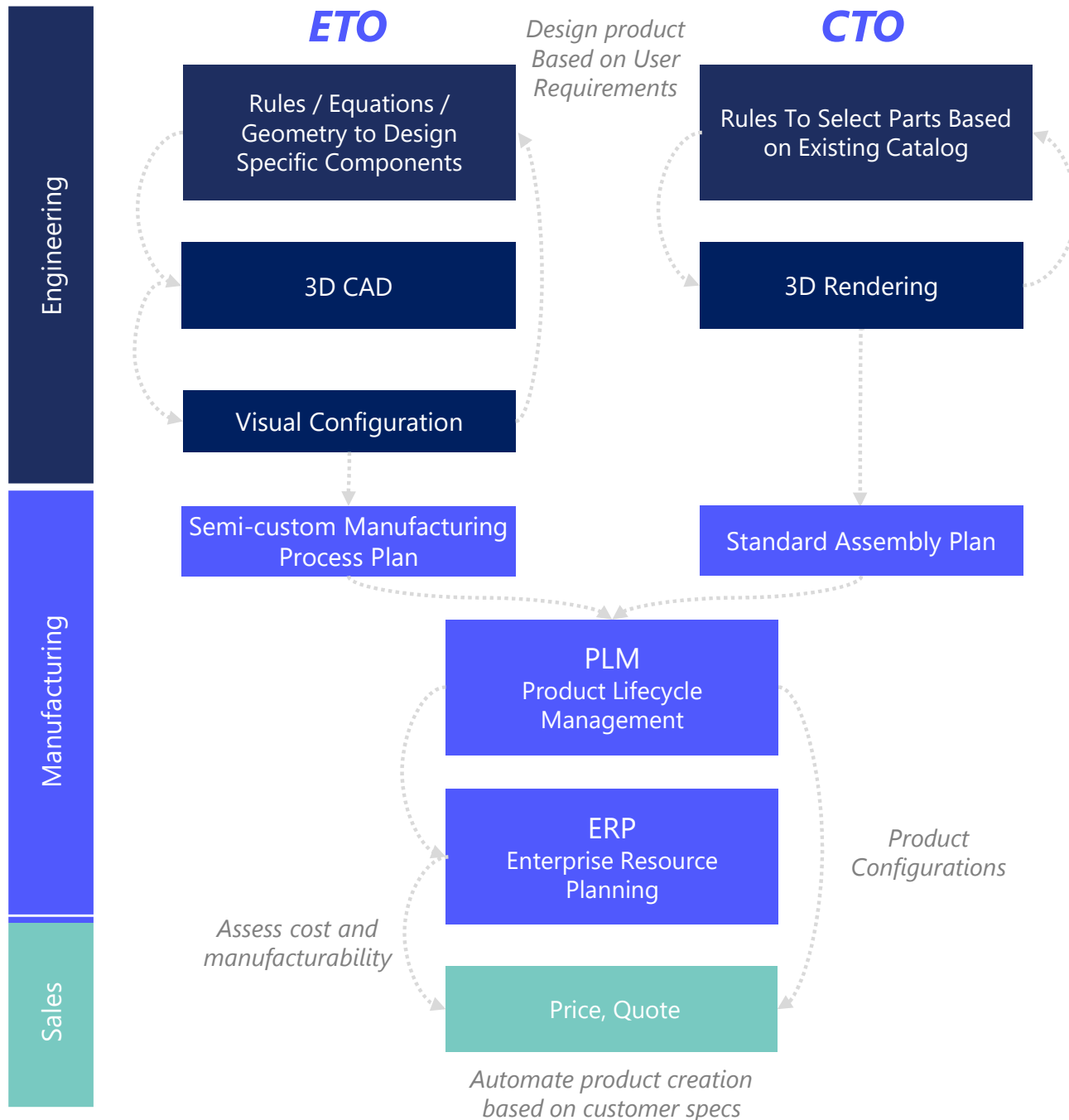
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Broad CPQ Consists of Both ETO and CTO

Their Place in Modern Manufacturing and Sales

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- 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

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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 **paperlessPARTS** 

"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

 **ASSOCIATES**  **revalize**

State of the CPQ Market

Broad Competitive Angles for CPQ; Unique Demands for ETO

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- 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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<p>TA Associates announces the formation of Revalize, a new cloud-software platform for manufacturers, after their acquisition of AutoQuotes</p> <p>June 2021</p>	<p>Revalize expands its portfolio through the acquisition of 4 leading sector-specific brands: Attainia, BCA Technologies, LeadMethod, & MicroD</p> <p>August 2021</p>	<p>Revalize Acquires Sofon: Expanding its geographic footprint and solution portfolio</p> <p>November 2021</p>	<p>Revalize expands its European operations through the acquisition of three leading companies: SpecPage, TENADO, and PROCAD Group</p> <p>November 2021</p>	<p>Revalize secures significant minority investment from Hg</p> <p>November 2021</p>
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Deep Industry Vertical Orientation



Specialty Manufacturing



Foodservice Equipment



Facilities & Plant Design



Fluid Handling























Furniture Manufacturing & Retail

Reference M&A Transactions

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

Target	Acquirer	Date	Comments & Observations	Deal Size ⁽ⁱⁱ⁾	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

Source: Pitchbook, Capital IQ, corporate websites, press releases, MPG proprietary knowledge

(i) \$ in millions

Our Approach

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Unmatched Outcomes Driven by Sector Expertise, Prudent Advice, and Trusted Relationships

Unique Value Proposition

Maximize interest and optimize terms by accessing senior-level decisions makers that respect our opinion within the industrial technology ecosystem



We specialize in impacting growth strategies to optimize shareholder value creation



High-touch, confidential, targeted process



Clients appreciate our process management and transparency on recent deals



We have momentum and are uniquely positioned to drive value



Access to firm-wide resources and relationships across +1,300 investors



Approach marries thoughtful strategy planning with stalwart transactional execution



Founded on domain expertise and focus on strategic themes within our core practices



Solely focused on M&A and capital raising in the mid-market; \$50 million to \$500 million focus

\$40m

Average Equity Check⁽¹⁾

+40%

Sponsor-Backed Clients

~\$100m

Average Sell-Side Client EV

7

Senior Leaders

+35%

TTM Headcount Growth

23

Dedicated Team Members

+45 Highly Relevant, Successful Transactions

EHSQ

Construction

Asset Management

Supply Chain / ERP

Engineering / Design / Mfg.

Core Practices

Other Practices

(1) Average of on equity placement transactions completed since January 1, 2019

(2) Select deals completed in last ten years, categories are not mutually exclusive

MPG's Industrial Software Coverage

Strategy First Investment Banking

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Focused Advisory Practice, Differentiated Approach, Deep Domain Expertise

- Stellar transaction outcomes and capital raising assignments for our Industrial Software clients
- Deeply entrenched in the Industrial Software ecosystem:
 - Direct access to decision makers after years of operating experience in the field
 - Founders of high-growth mission-critical technology companies that were successfully acquired by major industry players
 - Leaders and advisors of global divisions and corporate development groups

AECOM

ATKINS

AUTODESK

ORACLE

ptc

SIEMENS



- Appreciation for all things commercial and technical in the Industrial Software market
- Strategy understanding at a product and feature level to enhance value proposition

Industrial Software Practice Focus Areas

Engineering	Manufacturing	Construction
Asset Management	Supply Chain & ERP	EHSQ

Digitization of Paper-Based Workflows

Labor & Resource Management

Industrial Operations Automation

Generative Design & Analysis

Testing, Safety & Measurement

Physical Infrastructure Management

Building Solutions & Intelligence

Senior Professionals

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Transformative Client Outcomes

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+45 Successful Client Outcomes In the Industrial Technology Market

Engineering,
Design &
Manufacturing



8th EIGHT ROADS

Strategic Sale



PE-Backed
Electro-mechanical
simulation and
multi-physics design
optimization
solutions



Growth Investment



Founder-Owned
Software
development
toolkits enabling 3D
visualization



SCALE

Growth Investment



VC-Backed
Cloud-based PLM
software for the
high tech industry

Construction &
Enterprise
Asset
Management



polarispartners

Strategic Sale



PE-Backed
GIS-centric
enterprise asset
management
solutions for local
governments and
utilities



BOREALIS
VENTURES

Strategic Sale



VC-Backed
Building information
modeling software
platform



Growth Investment



Founder-Owned
Hardware-neutral
point cloud
processing and data
management

EHSQ Risk &
Compliance



Strategic Sale



Founder-Owned
Chemical regulatory
compliance data
and software
solutions



Growth Investment

THE CARLYLE GROUP

Founder-Owned
Integrated GRC /
EHSQ software for
highly regulated
industries



Strategic Sale



Founder-Owned
SDS authoring
software and supply
chain transparency
solutions

Supply Chain
Technology



Growth Investment



Founder-Owned
Parcel spend
management &
optimization
solutions for
enterprise shippers



abrypartners

Majority Investment



PE-Backed
Warehouse and
retail management
solutions for the
CPG industry



Strategic Sale



Founder-Owned
Consulting and
solutions for
municipal
transportation
infrastructure

Sources & Disclosures

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Sources & Notes

Data Sources

1. Pitchbook
2. S&P Capital IQ
3. LinkedIn
4. Public company releases, filings, and earnings transcripts

Company References

1. Miscellaneous company and press releases

Disclosures

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