



MPG | MADISON PARK GROUP

Insights

Market Primer
Direct Delivery Technology Ecosystem
Fall 2022

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Market Observations

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In the Wake of the Pandemic, Global Supply Chain Leaders are Focusing Investment on Technologies That Drive Resilience and Efficiency

Influential Events Increasing Investor Attention and Driving Market Excitement

FedEx Stock Hit By Profit Warning; Rivals Also Drop Amid Recession Fears

September 2022

WSJ

DHL and Quadient Partner to Offer Smart Locker Delivery Providing Convenience and Accessibility to Customers

September 2022

DHL

Massive Overcapacity Expected to Hit Holiday Parcel Delivery Market

September 2022

FREIGHTWAVES

FedEx's New Boss Faces Strategic Choice as Package Volumes Fall

June 2022

WSJ

E2open Acquires Parcel and E-commerce Shipping and Fulfillment Platform, Logistyx for \$185m

March 2022

Bloomberg

Key Observations



Parcel, last-mile, and BOPIS will continue to rapidly grow due to consumer and business demands...but excess (carrier) capacity may distort freight markets



Accelerating digital transformation has resulted in meaningful change to the way shippers use visibility and operational solutions to accelerate business



Shippers are moving inventories closer to consumers while trade volume fluctuates due to disrupted global trade



Rising input costs – including labor, fuel, accessorial, and freight rates – are burdening supply chain leaders and incentivizing radical action



Shippers are increasingly looking to multi-modal strategies to optimize logistics networks – as a growth and cost containment strategy



Similar to other software markets, control towers are emerging to optimize visibility and performance across the supply chain



In-house teams are unable to manage transportation spend and data, and frequently look to third party providers in addition to technology



Supply chain technology companies increasingly see an opportunity to monetize logistics spend, however antiquated infrastructure limits adoption

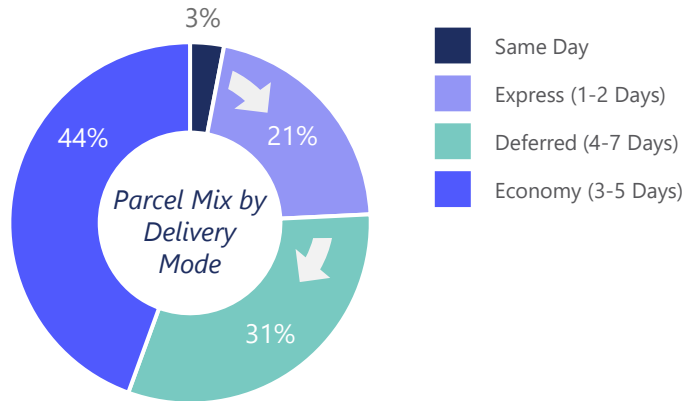
To View News, Click On Source Logo

Changing Environment

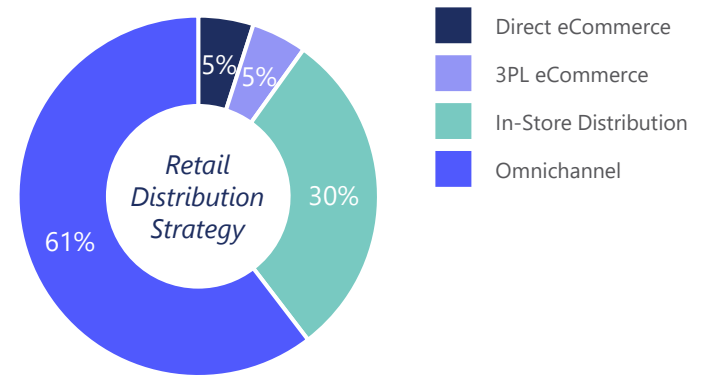
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Parcel And New Delivery Approaches Are Driving Huge Operational Change – and New Expenses – for Enterprise & Mid-Market Shippers

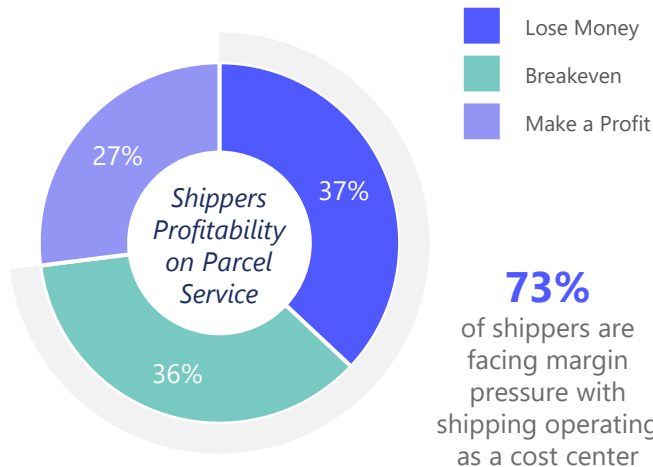
As the “Amazon Effect” sets in, customers grow to expect rapid delivery ...



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

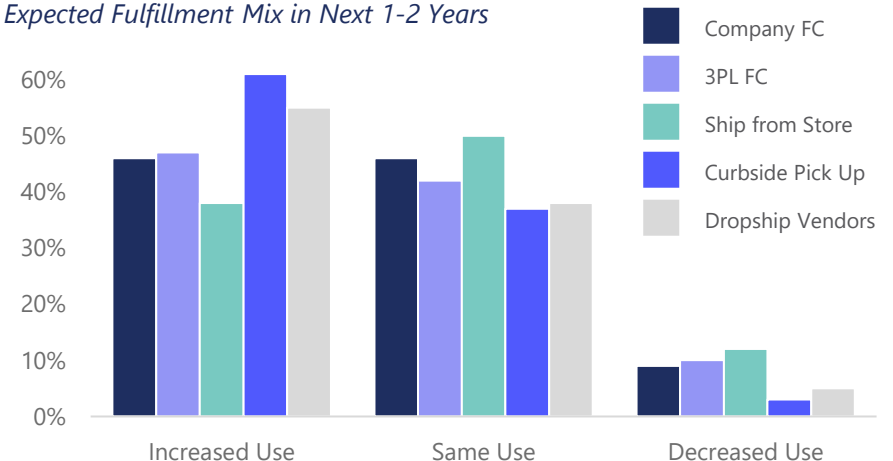


...as pricing pressures continue to risk margin erosion...



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

Expected Fulfillment Mix in Next 1-2 Years



Our Thesis

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Establish Global Visibility Across the Delivery Value Chain to Enhance Logistics
Spend Controls to React to “Black Swans” in Days, Not Months (or Years)

\$5.5T

*Forecasted Global
eCommerce Sales in
CY2022E⁽¹⁾*

Global is
Table Stakes

- Increased frequency and severity of supply chain shocks driven by failing infrastructure, international conflicts and global black-swan events
- Shippers are in the midst of a seismic shift from single-source “just-in-time” strategies, to favor supply chain resilience across a network of global vendors
- The global movement of goods has rapidly changed as cost dynamics shift – an example New York container volume surpassed that of Los Angeles for the first time⁽⁴⁾

65%

*Of companies plan to
make wholesale
changes to their
supply chain
footprint⁽²⁾*

The Rise of
Control Towers

- As supply chains have become more complex, Control Towers are emerging as the preferred technology solution to managing network visibility, spend, and risk
- While end-to-end capabilities are widely marketed, specialized use cases still define competitive differentiation and implementation / deployment strategies
- Deep integration capabilities embedded within a broader SCM suite have potential to commoditize pure-play spend management and procurement solutions

\$5.2T

*Forecasted 2022E
Global Logistics
Spend⁽³⁾*

Operating Tech
Meets FinTech

- The nature of supply chain transactions lend themselves to deep and rich troves of actionable data that is otherwise trapped in manual processes
 - Automate processing, audit, payment, and settlement of critical invoices to ensure on-time payment and reduced operating costs
 - Antiquated infrastructure and frequent use of “paper and pen” mean the ability to address payments with technology is relatively nascent in the logistics arena...today

Sources:

1) MPG Proprietary Research, eMarketer

2) Interos – Annual Global Supply Chain Report 2022
















3) Research and Markets: Logistics Market: Global Industry Trends Share, Size, Growth, Opportunity and Forecast 2022-2027

4) Axios

Notable Deal Activity

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Explosive M&A Activity Across the Broader Direct Delivery Market with Landscape-Altering Ramifications

Buyer/Investor	 (KKR)	 (Public)	 (Public)	 (O2)	 (Gryphon)	 (Public)
Transaction Type	Acquisition	Acquisition	Acquisition	Acquisition	Acquisition	Acquisition
Target						
Closing Date	July 2022	June 2022	March 2022	December 2021	December 2021	November 2021
Deal Size	n/a	\$65 million	\$185 million	\$120 million	n/a	\$2,279 million
Target Summary	<ul style="list-style-type: none"> Divesting their freight audit and payment (FAP) services, omnichannel software solutions and, order management system (OMS) 	<ul style="list-style-type: none"> Ecommerce-focused multi-carrier parcel shipping solutions provider 	<ul style="list-style-type: none"> Cloud transportation management system (TMS) focused on ideal carrier combinations in real-time 	<ul style="list-style-type: none"> Cloud-based reporting platform providing spend management visibility to parcel and freight shippers 	<ul style="list-style-type: none"> Transportation management system (TMS) automating shipping invoices, recoverable charge processes and carrier contracts 	<ul style="list-style-type: none"> Transportation and supply chain management platform focused on the automotive, chemical, energy verticals
Company						
Round	Series B	Series B	Series B	Series D	Growth Investment	Growth Investment
Investor						
Closing Date	June 2022	April 2022	January 2022	December 2021	December 2021	September 2021
Investment Size	\$23 million	\$170 million	\$39 million	\$200 million	\$150 million	Undisclosed
Company Summary	<ul style="list-style-type: none"> Last-mile delivery management platform offering route optimization, dispatch and real time driver tracking 	<ul style="list-style-type: none"> End-to-end ecommerce delivery solutions for next-day package delivery and returns 	<ul style="list-style-type: none"> International parcel shipping solutions including label printing, pickup and consolidation and export processing 	<ul style="list-style-type: none"> On-demand freight marketplace connecting shippers and carriers 	<ul style="list-style-type: none"> Mobile, telematic, data scanning and document management software 	<ul style="list-style-type: none"> Digital supply chain platform for asset management, logistics, visibility, optimization and financial settlement

Market Leaders

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

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Marketplaces & Autonomous



cargomatic

CONVOY

Darkstore



Flexe



sender



TRANSFIX



Uber Freight

Visibility Solutions



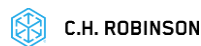
Control Towers, Real-Time Logistics Spend & Operational Analytics



TMS Platforms



Logistics Solutions



Commerce Solutions



Payments Solutions



Procurement Solutions



Acquisition Thesis

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

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Spend Management & Audit Solutions

Contact our Direct Delivery thesis team to discuss acquisition themes

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Shipment Visibility, Management & Infrastructure Solutions

Global Footprint Expansion

Transportation & Logistics Client Highlight

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

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Growth Investment

THOMPSON STREET
CAPITAL PARTNERS

Client Profile

- Founder led and owned since 1999
- 150+ 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

Supply Chain Technology Thought Leadership

Impactful Financial Advice for M&A and Capital Raising

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Dedication to Primary Research



[See our 2021 Report](#)

Procurement

- ✓ Spend Management
- ✓ Purchasing
- ✓ Supplier Management
- ✓ Sourcing



[See our 2022 Report](#)

Supply Chain Planning

- ✓ Optimization
- ✓ ERP
- ✓ Inventory Management
- ✓ Risk Management



[See our 2022 Report](#)

Supply Chain Execution

- ✓ Transportation Management
- ✓ Warehouse Management
- ✓ Logistics
- ✓ Global Trade Management

Continuous Dialogue with the Company's Shaping the Market



Growing Momentum of Market-Shaping Outcomes with Tier-1 Clients & Counter-Parties

<p>Founding Team</p> <p>AgileAssets</p> <p>Strategic Sale</p> <p>Trimble</p>	<p>PE-Backed</p> <p>andavi SOLUTIONS</p> <p>Acquisition of</p> <p>GREATVINES</p>	<p>Founding Team</p> <p>Green Mountain Technology</p> <p>Minority Investment</p> <p>THOMPSON STREET CAPITAL PARTNERS</p>	<p>PE-Backed</p> <p>pax8</p> <p>Minority Investment</p> <p>Confidential</p>	<p>PE-Backed</p> <p>REFLEXIS</p> <p>Minority Investment</p> <p>Great Hill PARTNERS</p>	<p>PE-Backed</p> <p>afs technologies</p> <p>Financial Sale</p> <p>COURT SQUARE</p>
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Growth Stage

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

220+

COMPLETED TRANSACTIONS

\$30+

BILLION IN DEAL VALUE

~30%

CROSS-BORDER DEALS ⁽¹⁾

40%+

SPONSOR-BACKED CLIENTS

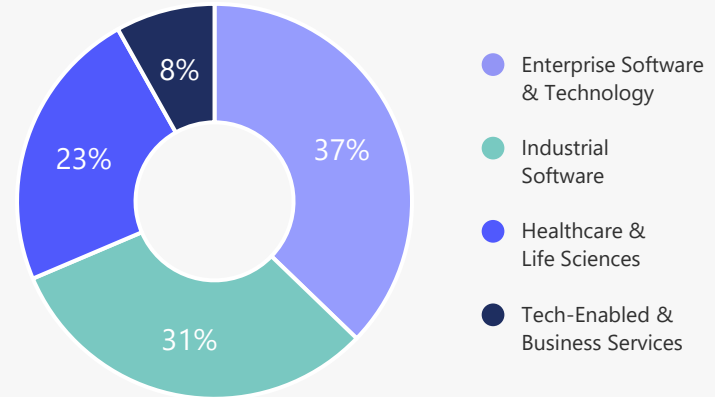
30%+

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

Sources & Disclosures

Madison Park Group LLC

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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

Journals & Other Media

1. Green Mountain Technology
2. eMarketer
3. Interos – Annual Global Supply Chain Report 2022
4. Research and Markets
5. Axios

Company References

1. Miscellaneous company and press releases

Disclosures

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