



# MPG | MADISON PARK GROUP

## Insights

### Market Primer Direct Delivery Technology Ecosystem

Fall 2022

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# Market Observations

## 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



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

September 2022



Massive Overcapacity Expected to Hit Holiday Parcel Delivery Market

September 2022



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

June 2022



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

March 2022



### 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



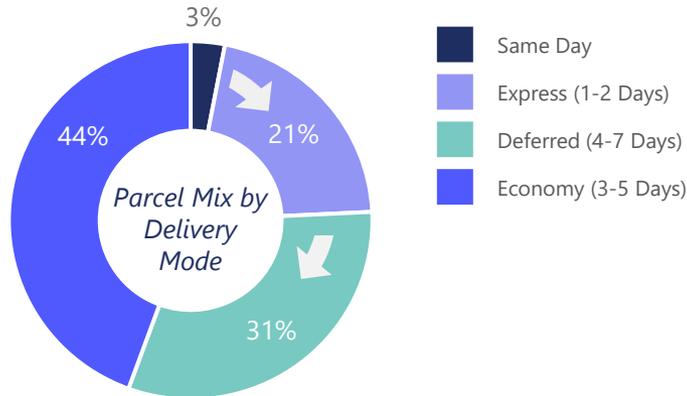
Supply chain technology companies increasingly see an opportunity to monetize logistics spend, however antiquated infrastructure limits adoption

To View News, Click On Source Logo

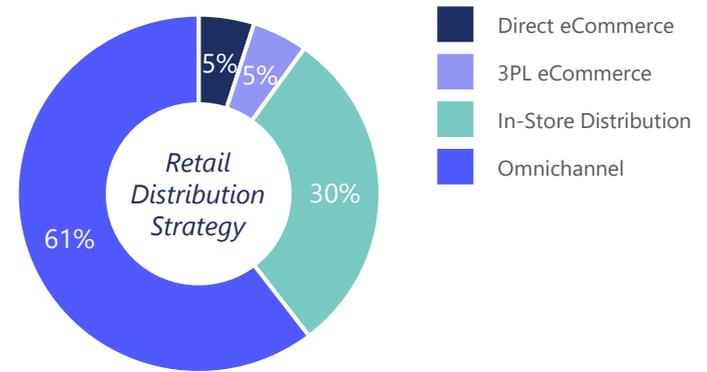
# Changing Environment

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

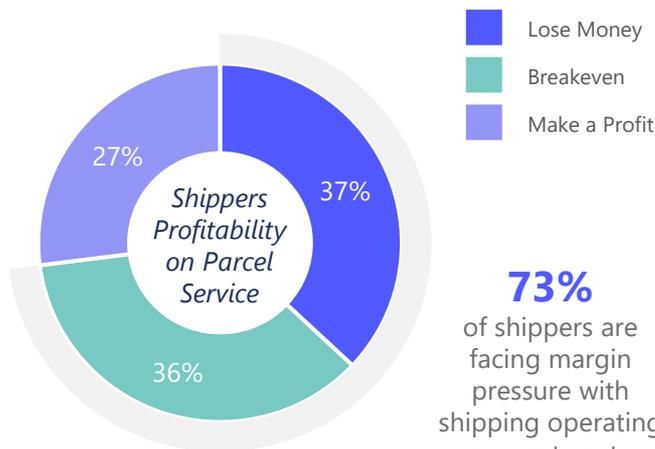
As the “Amazon Effect” sets in, customers grow to expect rapid delivery ...



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



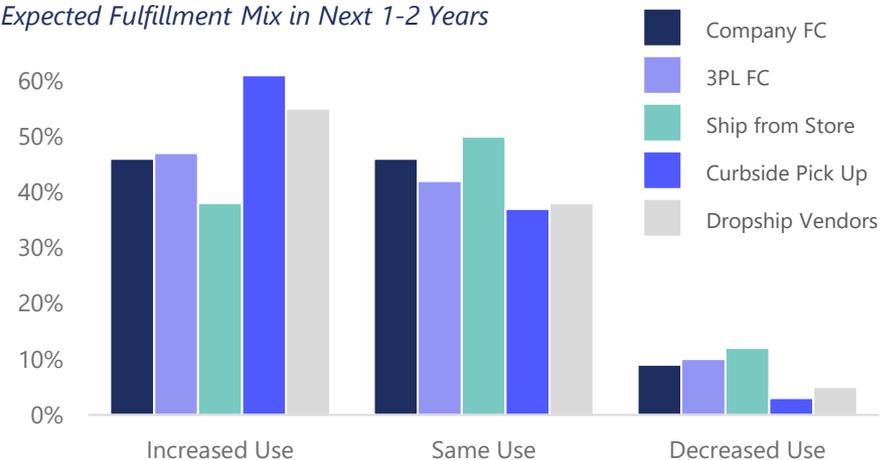
...as pricing pressures continue to risk margin erosion...



**73%** of shippers are facing margin pressure with shipping operating as a cost center

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

Expected Fulfillment Mix in Next 1-2 Years



# Our Thesis

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<sup>(1)</sup>*

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<sup>(4)</sup>

**65%**

*Of companies plan to make wholesale changes to their supply chain footprint<sup>(2)</sup>*

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<sup>(3)</sup>*

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

## 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"> <li>Divesting their freight audit and payment (FAP) services, omnichannel software solutions and, order management system (OMS)</li> </ul>	<ul style="list-style-type: none"> <li>Ecommerce-focused multi-carrier parcel shipping solutions provider</li> </ul>	<ul style="list-style-type: none"> <li>Cloud transportation management system (TMS) focused on ideal carrier combinations in real-time</li> </ul>	<ul style="list-style-type: none"> <li>Cloud-based reporting platform providing spend management visibility to parcel and freight shippers</li> </ul>	<ul style="list-style-type: none"> <li>Transportation management system (TMS) automating shipping invoices, recoverable charge processes and carrier contracts</li> </ul>	<ul style="list-style-type: none"> <li>Transportation and supply chain management platform focused on the automotive, chemical, energy verticals</li> </ul>
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"> <li>Last-mile delivery management platform offering route optimization, dispatch and real time driver tracking</li> </ul>	<ul style="list-style-type: none"> <li>End-to-end ecommerce delivery solutions for next-day package delivery and returns</li> </ul>	<ul style="list-style-type: none"> <li>International parcel shipping solutions including label printing, pickup and consolidation and export processing</li> </ul>	<ul style="list-style-type: none"> <li>On-demand freight marketplace connecting shippers and carriers</li> </ul>	<ul style="list-style-type: none"> <li>Mobile, telematic, data scanning and document management software</li> </ul>	<ul style="list-style-type: none"> <li>Digital supply chain platform for asset management, logistics, visibility, optimization and financial settlement</li> </ul>

# Market Leaders

MADISON PARK GROUP

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

### Marketplaces & Autonomous



cargomatic

CONVOY

Darkstore



Flexe

loadsmart

sender

taulia

TRANSFIX

tu simple

Uber Freight

### Visibility Solutions



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



### TMS Platforms



### Logistics Solutions



### Commerce Solutions



### Payments Solutions



### Procurement Solutions



# Acquisition Thesis

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

### Spend Management & Audit Solutions



### Logistics Payments



### Shipment Visibility, Management & Infrastructure Solutions



### Global Footprint Expansion



(India)



(Brussels)



(Luxembourg)



(India)



(U.K.)



(Canada)



(Norway)



(U.K.)



(Israel)



(Belgium)



(Germany)



(Italy)



(Australia)



(Ireland)



(Germany)



(Belgium)



(France)

# Transportation & Logistics Client Highlight

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

MADISON PARK GROUP



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

MADISON PARK GROUP

### Dedication to Primary Research



#### Procurement

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



#### Supply Chain Planning

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



#### Supply Chain Execution

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

### Continuous Dialogue with the Company's Shaping the Market

#### Procurement

#### Planning

#### Execution

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

Founding Team

Strategic Sale

PE-Backed

Acquisition of

Founding Team

Minority Investment

PE-Backed

Minority Investment

Confidential

PE-Backed

Minority Investment

PE-Backed

Financial Sale

## Growth Stage

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

220+

COMPLETED TRANSACTIONS

\$30+

BILLION IN DEAL VALUE

~30%

CROSS-BORDER DEALS <sup>(1)</sup>

40%+

SPONSOR-BACKED CLIENTS

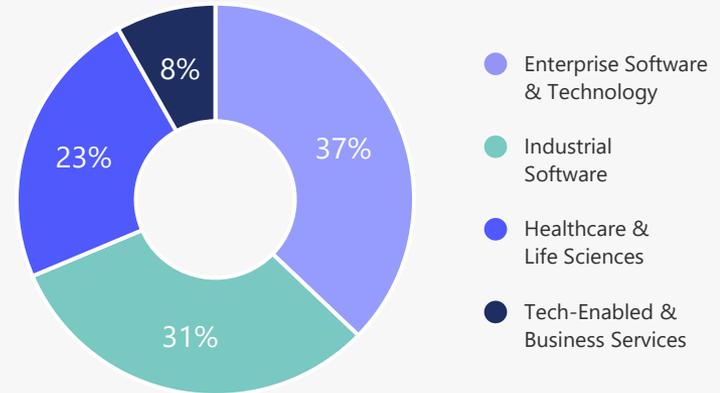
30%+

REPEAT CLIENTS <sup>(1)</sup>

22

DEDICATED ADVISORS

### Our Deep Sector Expertise Drives Better Outcomes <sup>(2)</sup>



- (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