

BGSA HOLDINGS SUPPLY CHAIN CONFERENCE → 2021

Welcome Remarks

Benjamin Gordon

Copyright © 2021 by BGSA Holdings

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means — electronic, mechanical, photocopying, recording or otherwise — without the permission of BG Strategic Advisors.

Welcome!

A Representative List of Speakers and Industry Leaders

moderna

ArcBest

ECHO



UPS Freight



LLamasoft
A Coupa Company



FLEXE



Emerge



3Gtms
Powering Transportation Innovation

VOLTA
TRUCKS



GLOBALTRANZ



Transportation
Insight

DAT



Office
DEPOT

project44

DESCARTES



Uber
Freight



CAMBRIDGE
CAPITAL

Purolator

KEN
ADVANTAGE
GROUP, INC.

DB SCHENKER

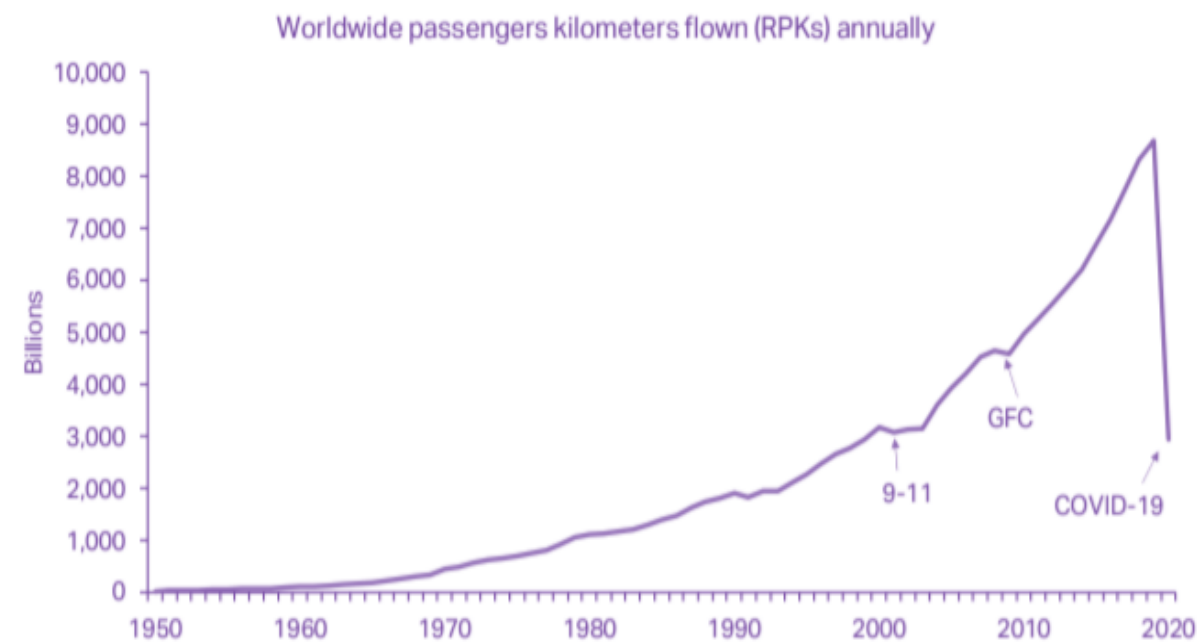


BGSA HOLDINGS
SUPPLY CHAIN
CONFERENCE → 2021

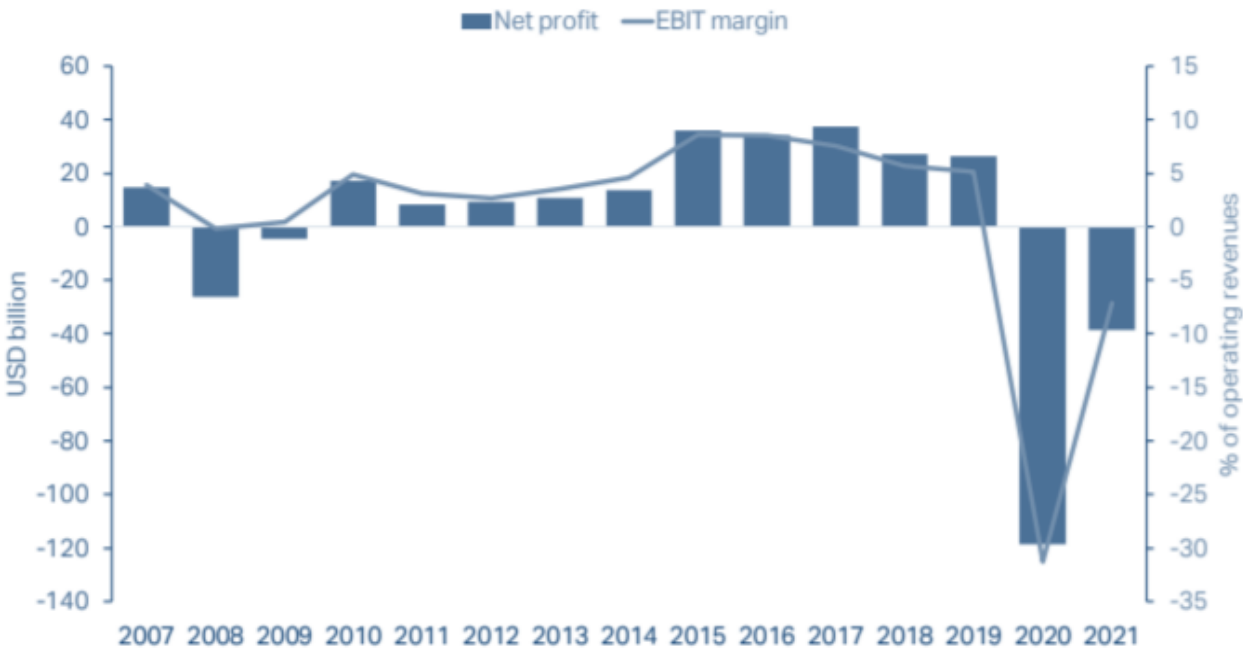
2020: Unprecedented, thanks to COVID

COVID-19: Biggest Shock to Aviation since World War II

66% Decline in Passenger Volume

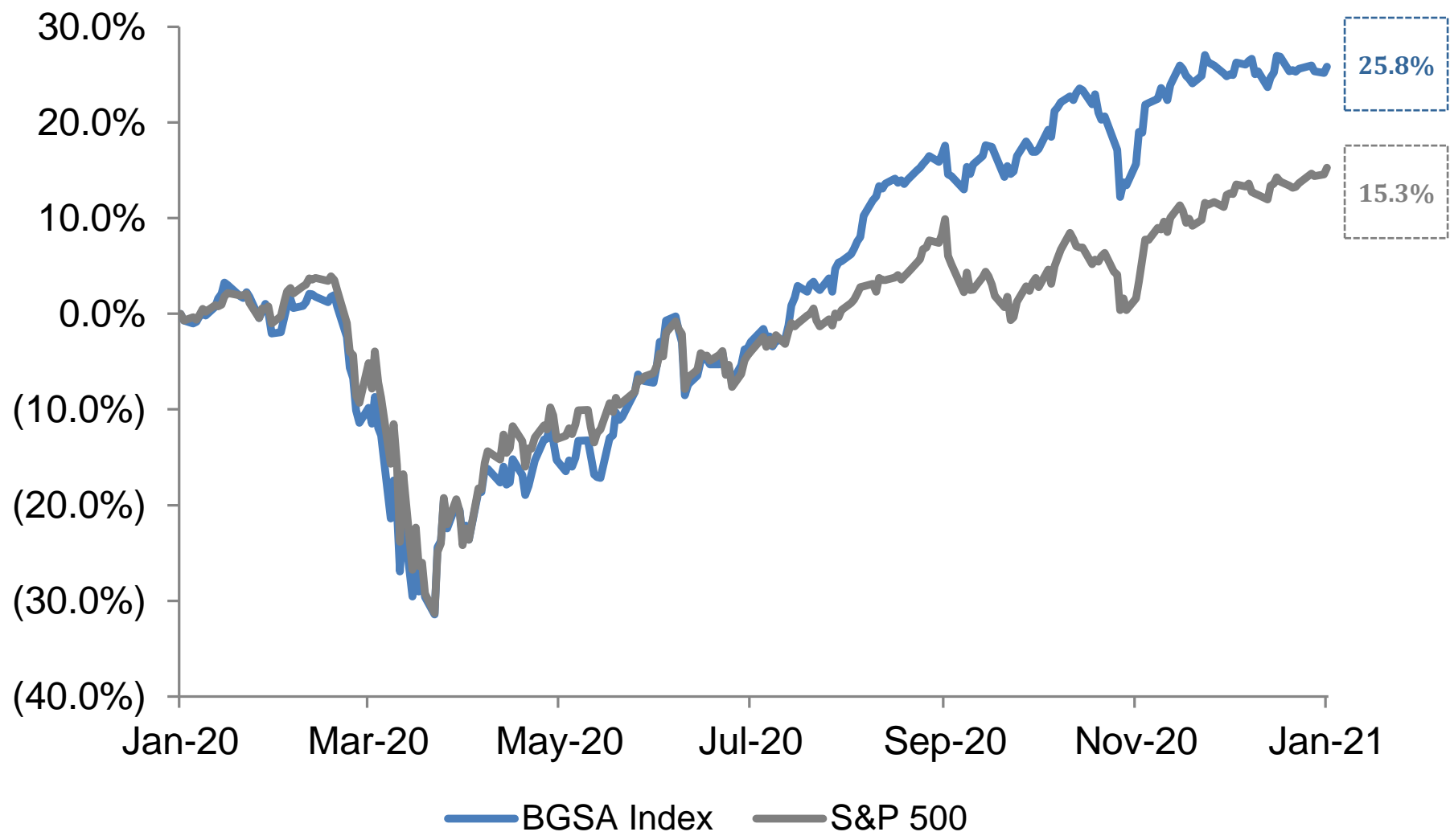


\$118 Billion in 2020 Losses



Source: IATA

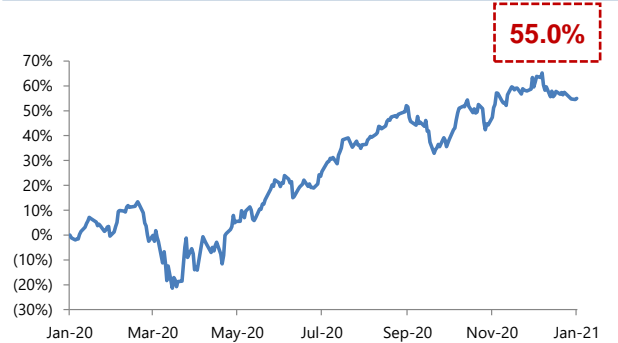
2020: A Surprisingly Strong Year for Supply Chain Public Market Performance. How to Explain the Paradox?



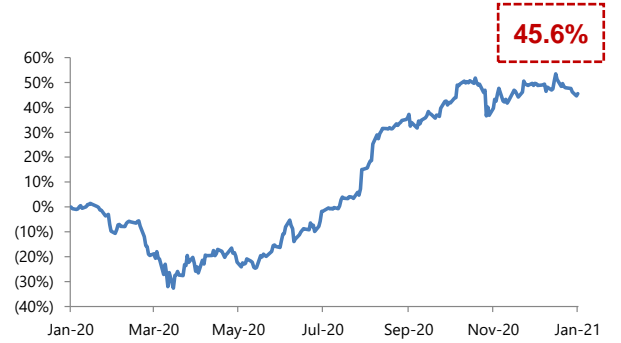
Source: Capital IQ, BGSA Analysis

The 2020 BGSA Supply Chain Index: Surge Led by LTL, Parcel, Software, and Logistics...

Less-Than-Truckload



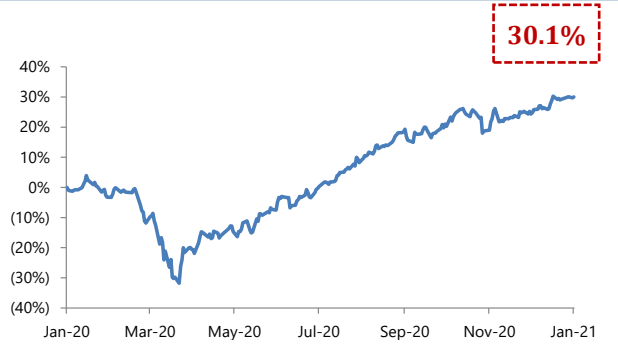
Global Parcel / Logistics



Supply Chain Technology & Software



Logistics



Railroads / Rail Services



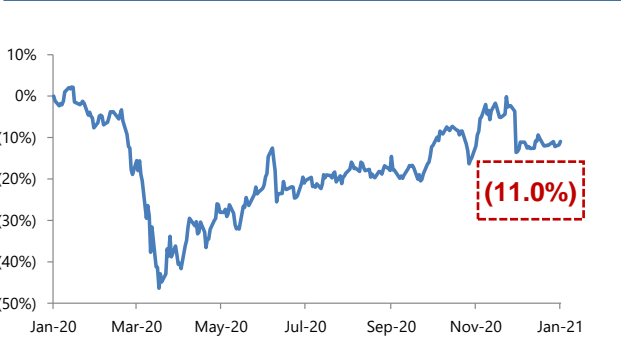
Healthcare Distribution



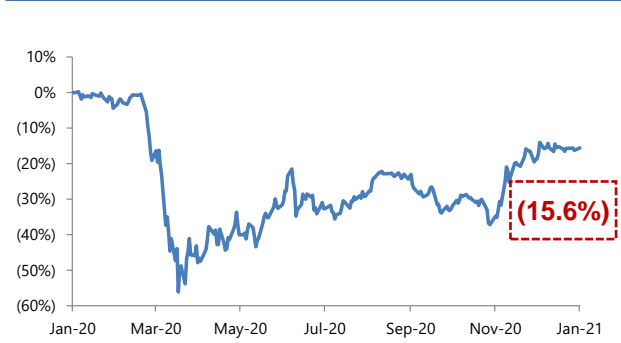
Truckload



Technology Distribution

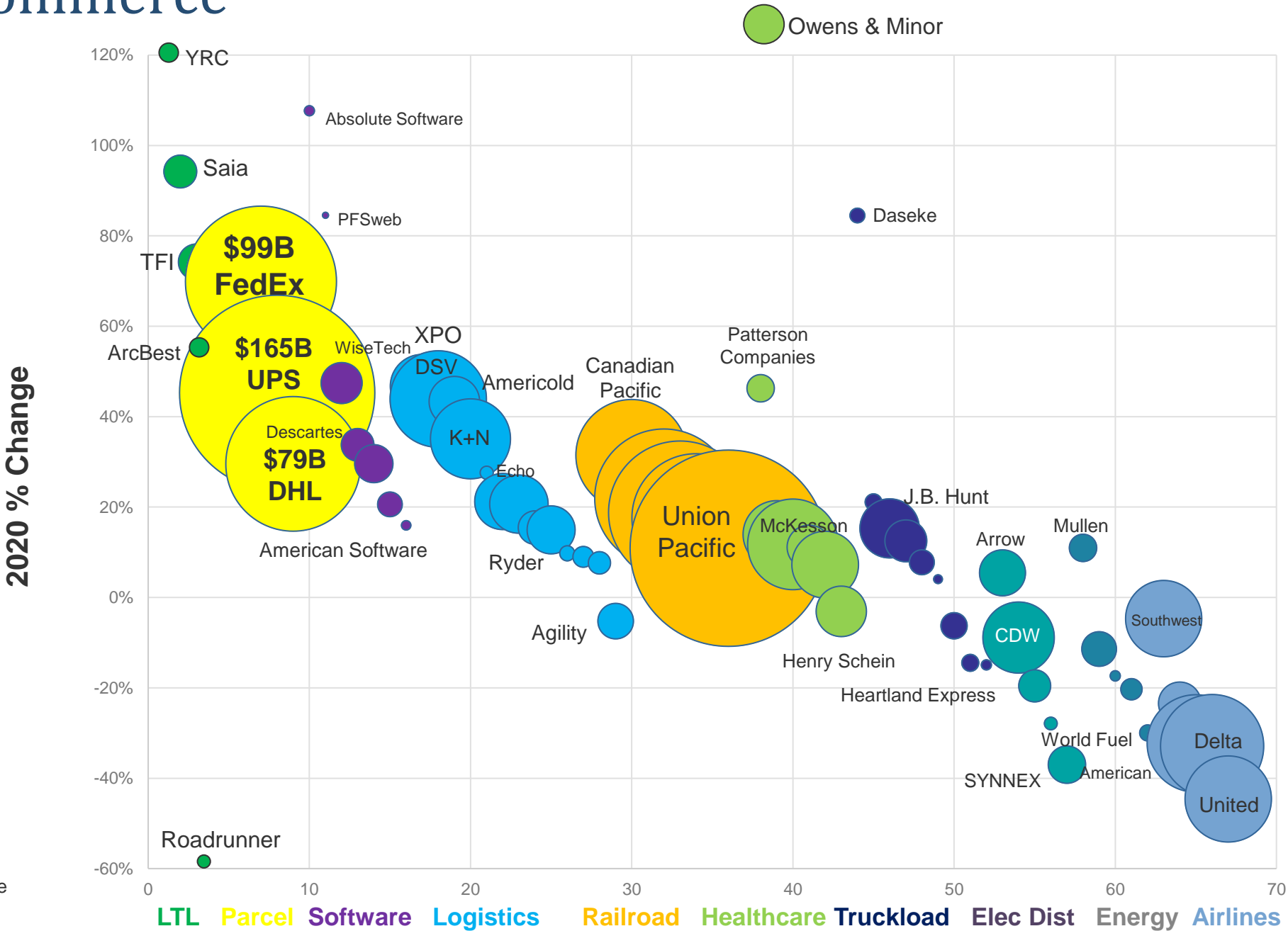


Energy Transportation & Logistics



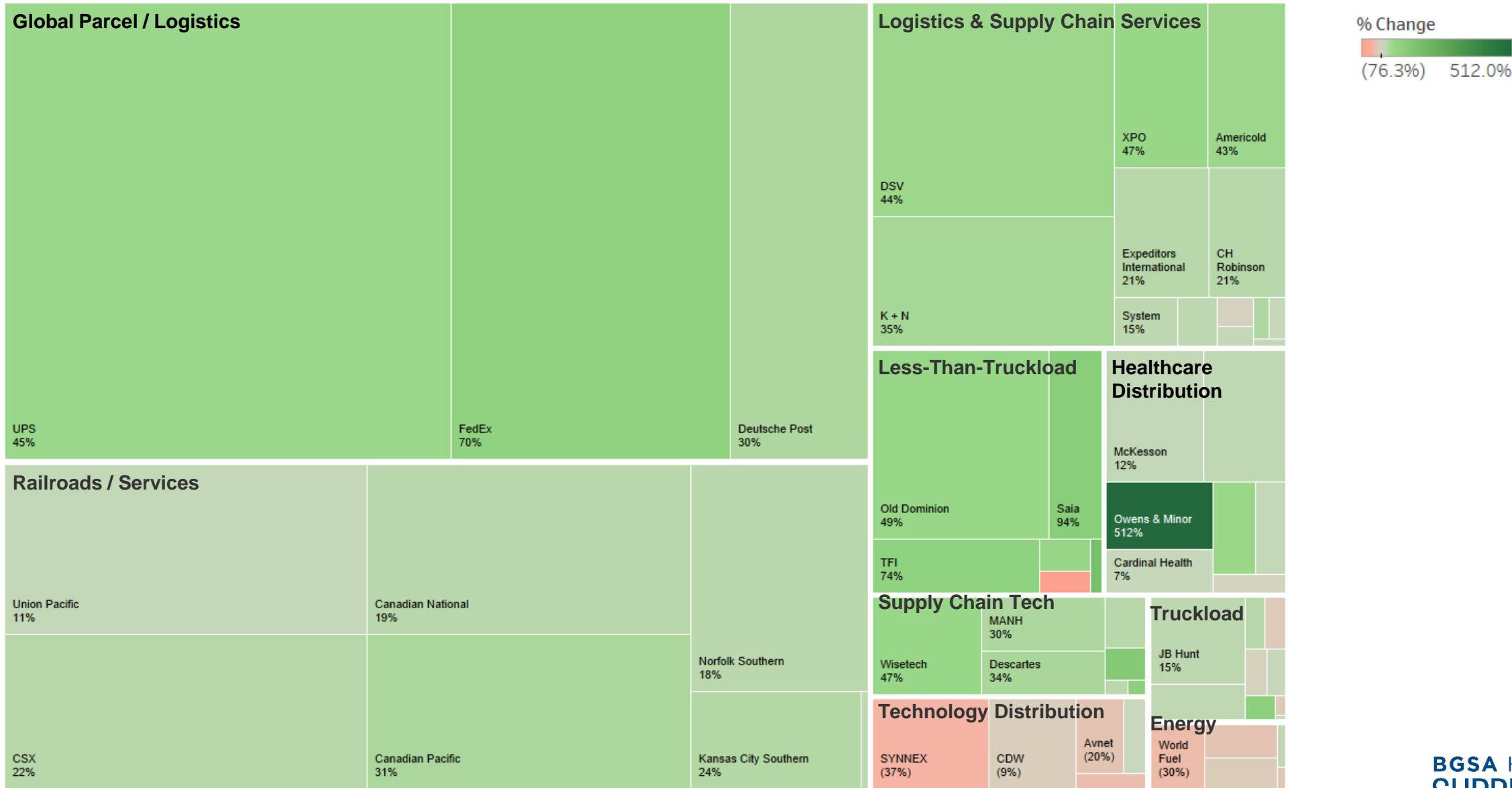
Source: Capital IQ as of December 31, 2020

... But the Key Driver was Parcel, which gained \$110B to reach \$343B, fueled by eCommerce



Note: bubble size reflects enterprise value
Source: Capital IQ, BGSA Analysis

Value Is Migrating to Parcel and Last-Mile Logistics



Rectangle area is based on market value growth in 2020
Source: Capital IQ, BGSA Analysis

Our 2020 Prediction Showcased Clouds on the Horizon

Overpriced
Market

Economic
Recession

Freight
Recession

Presidential
Election

Tax
Increases

China
Trade War

Government
Regulation

Trucking
Bankruptcies

Amazon

We Got Most of These Right... but we Missed COVID

Overpriced
Market

33% drop... but then
84% spike!

Economic
Recession

Freight
Recession

Presidential
Election

Even uglier than expected

Tax
Increases

Blue Wave →
2021 hikes?

China
Trade War

Mexico replaced China
as #1 US trade partner

Government
Regulation

EB-5 battle

Trucking
Bankruptcies

- April: 2.5x worse than 2019
- Stimulus-fueled rebound

Amazon

- 57% increase in freight
- Bought 11 planes
- CVG hub launch

The Good News

Ecommerce

Last-Mile

Reverse Logistics

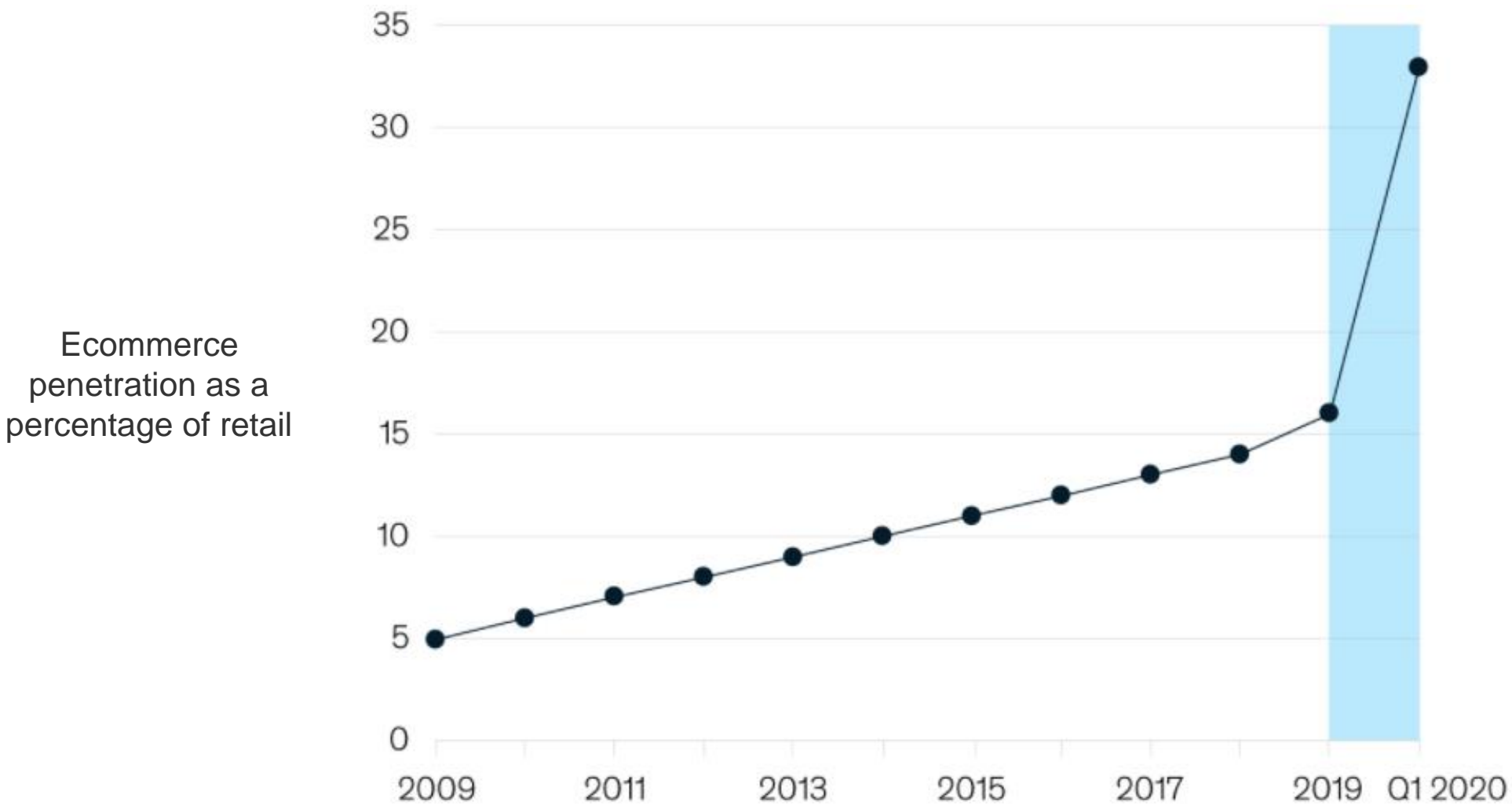
Cold Chain

Supply Chain Tech

Capital Markets

US Ecommerce Growth

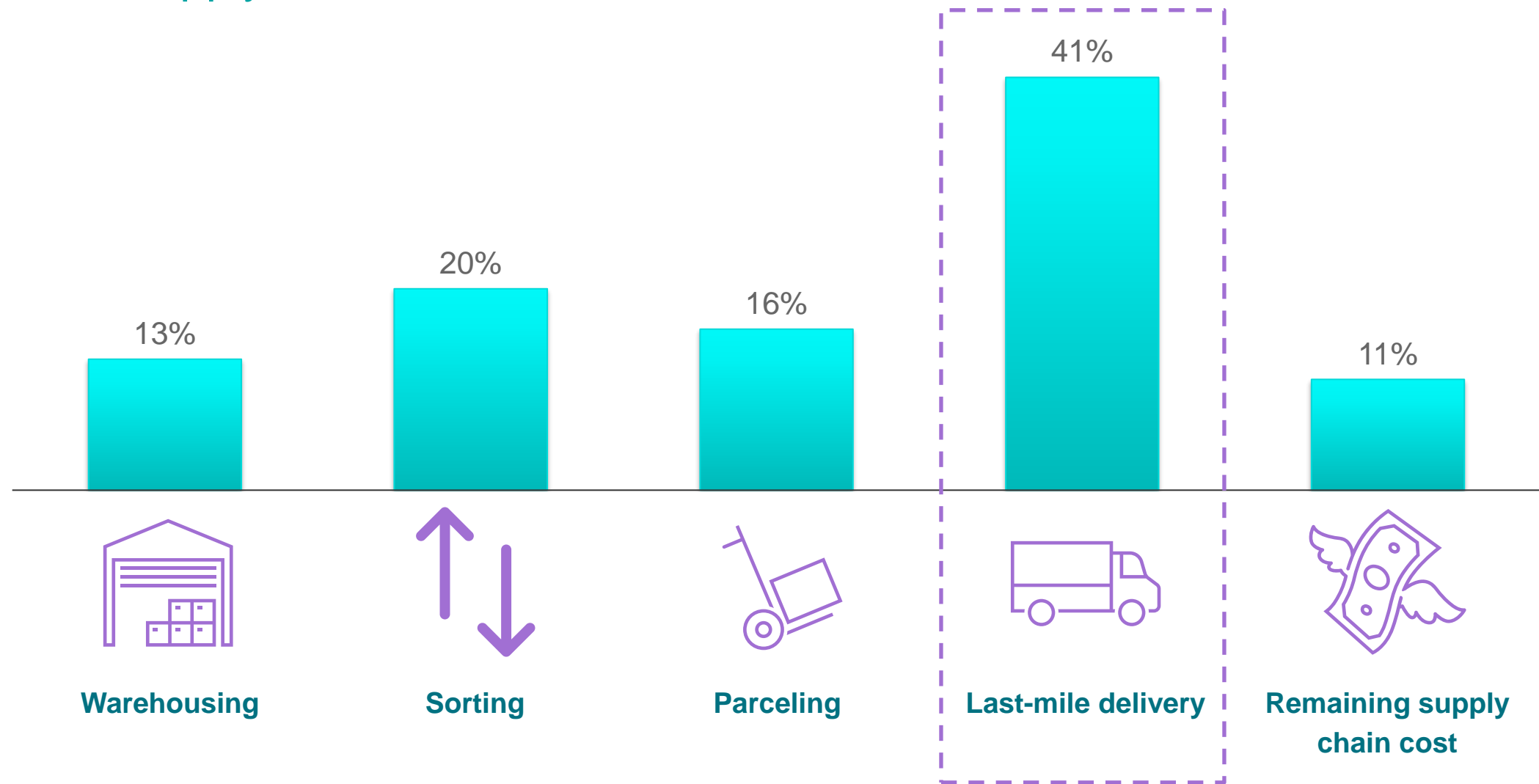
COVID Compressed 10 Years into 3 Months



Source: Bank of America; Forrester Analytics; ShawSpring Research; US Department of Commerce; McKinsey analysis

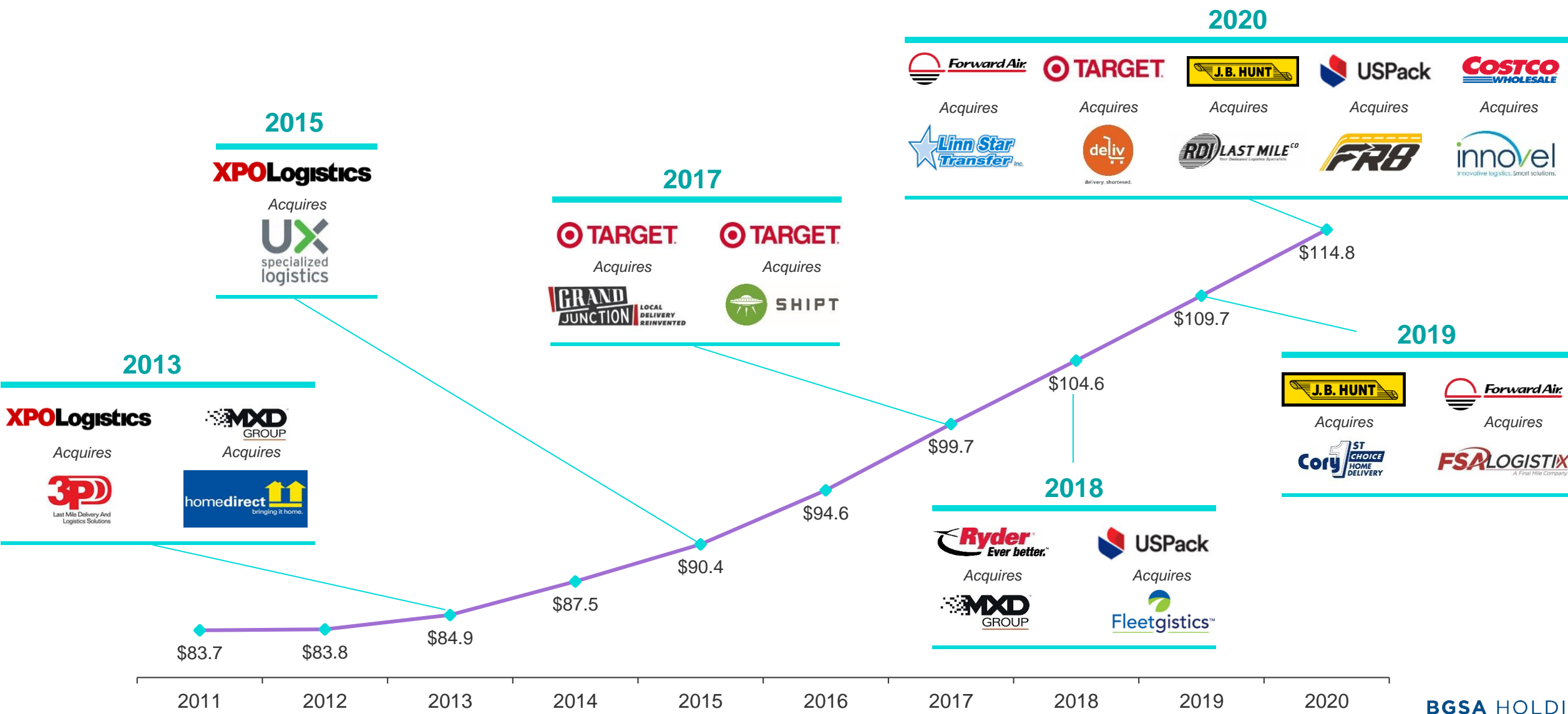
Ecommerce and WFH Accelerates Growth in Last-Mile

41% of B2C Supply Chain Cost



Source: Capgemini Research Institute

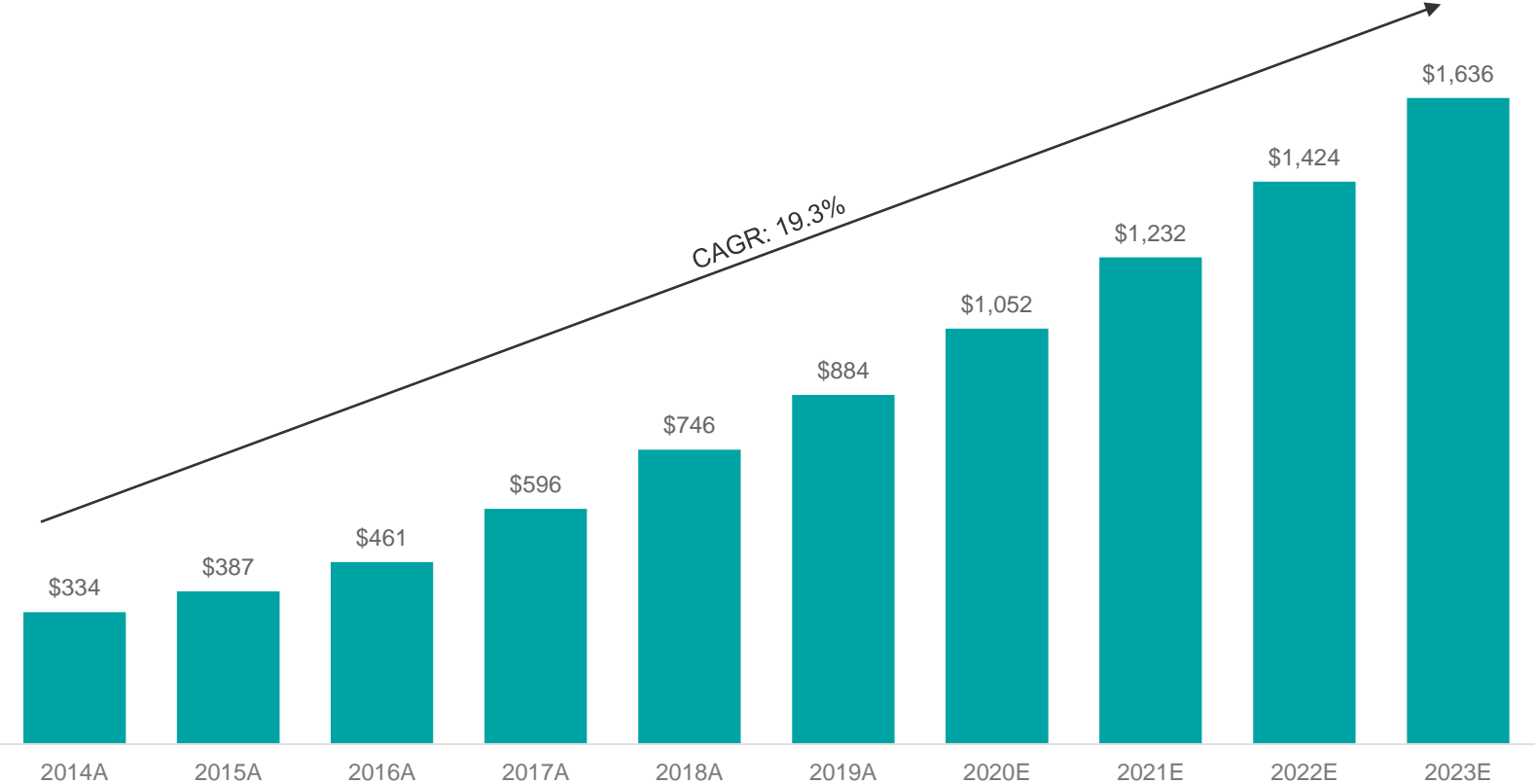
Last-Mile Growth is Driving A Flurry of M&A Activity



Source: IBISWorld, BGSA

Reverse Logistics: Market Growth & Sector Tailwinds

Global Reverse Logistics Market (USD in Billions)



70%
2020 Annual Growth in
Total Packages
Returned

18%
Returns Cost to E-
Commerce Companies
as a % of the
Purchased Item

25%
E-Commerce
Return Rate

8%
Brick-and-Mortar
Retail Return Rate

88%
Shoppers Check
Return Policies

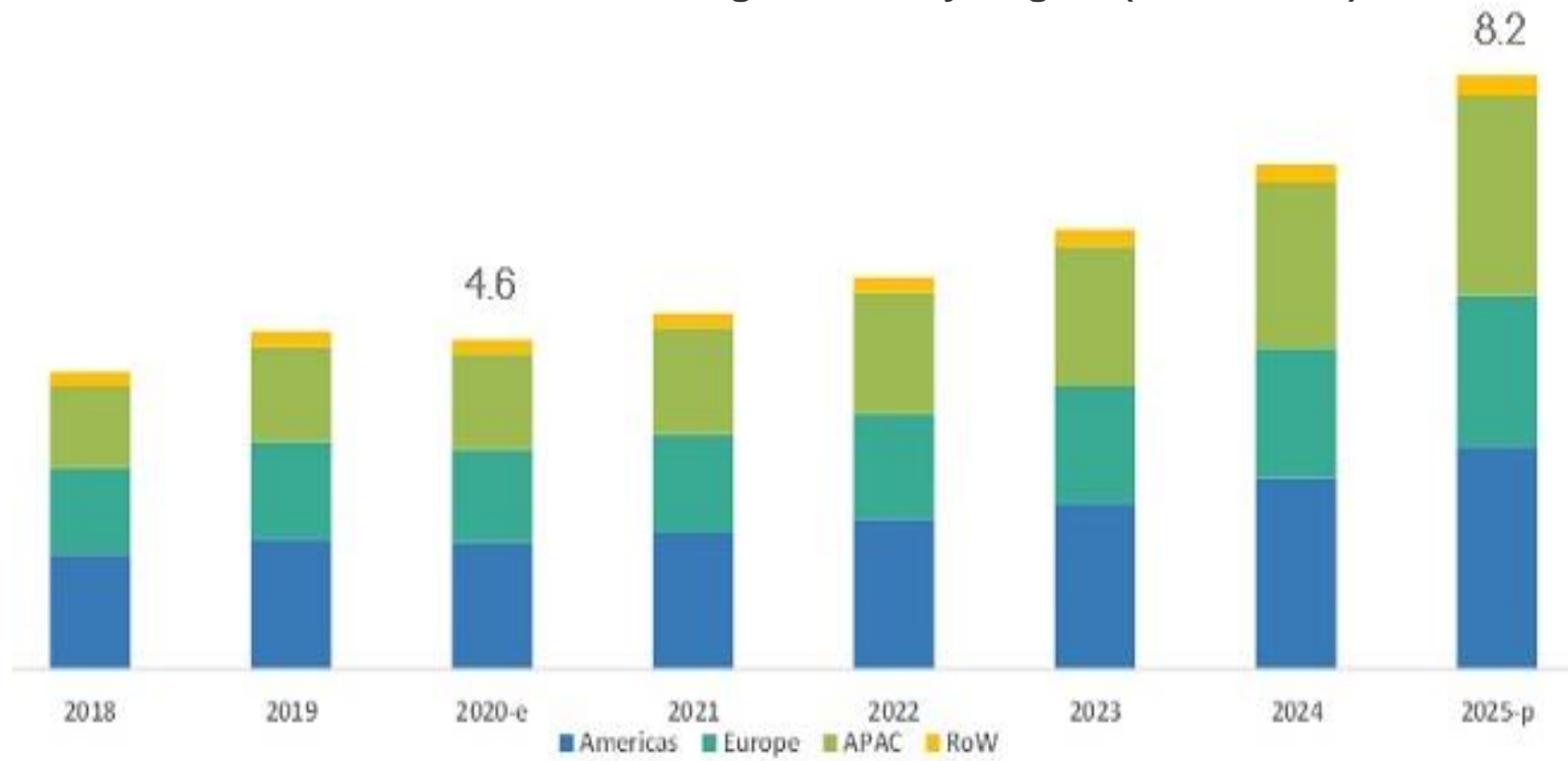
74%
Shoppers Would
Switch Brands Due to
Returns Policy

Sources: Statista, eMarketer, Narvar, Locus Robotics, Sales Cycle, UPS, Retail Customer Experience

Cold Chain is Sizzling Hot

COVID Accelerated the Need to Ship, Track, and Monitor Pharmaceuticals

Global Cold Chain Monitoring Market, By Region (USD Billion)



- **92%** of total respondents said they could not 100% trust the data coming in from tracking products
- **99%** of respondents in pharmaceutical industry claimed to be using manual processes for visibility
- **87%** of respondents in the pharmaceutical industry said they do not have 100% visibility into the last mile of delivery.

Sources:
Cold Chain Monitoring Market Report – Markets and Markets Research Private Ltd.
Cloudleaf State of Supply Chain Visibility Report

Proliferation of Technology Investments

The Supply Chain & Logistics Tech Market Map



Digital Freight Shipping



Sensors & Asset Tagging



Inventory Management



Blockchain



Food Supply Chain



Supply Chain & Logistics Analytics



Trucking Marketplace & Fleet Management



Warehousing



Enterprise Resource Planning



E-Commerce Logistics



Autonomous Trucking



Last Mile AV & Drones

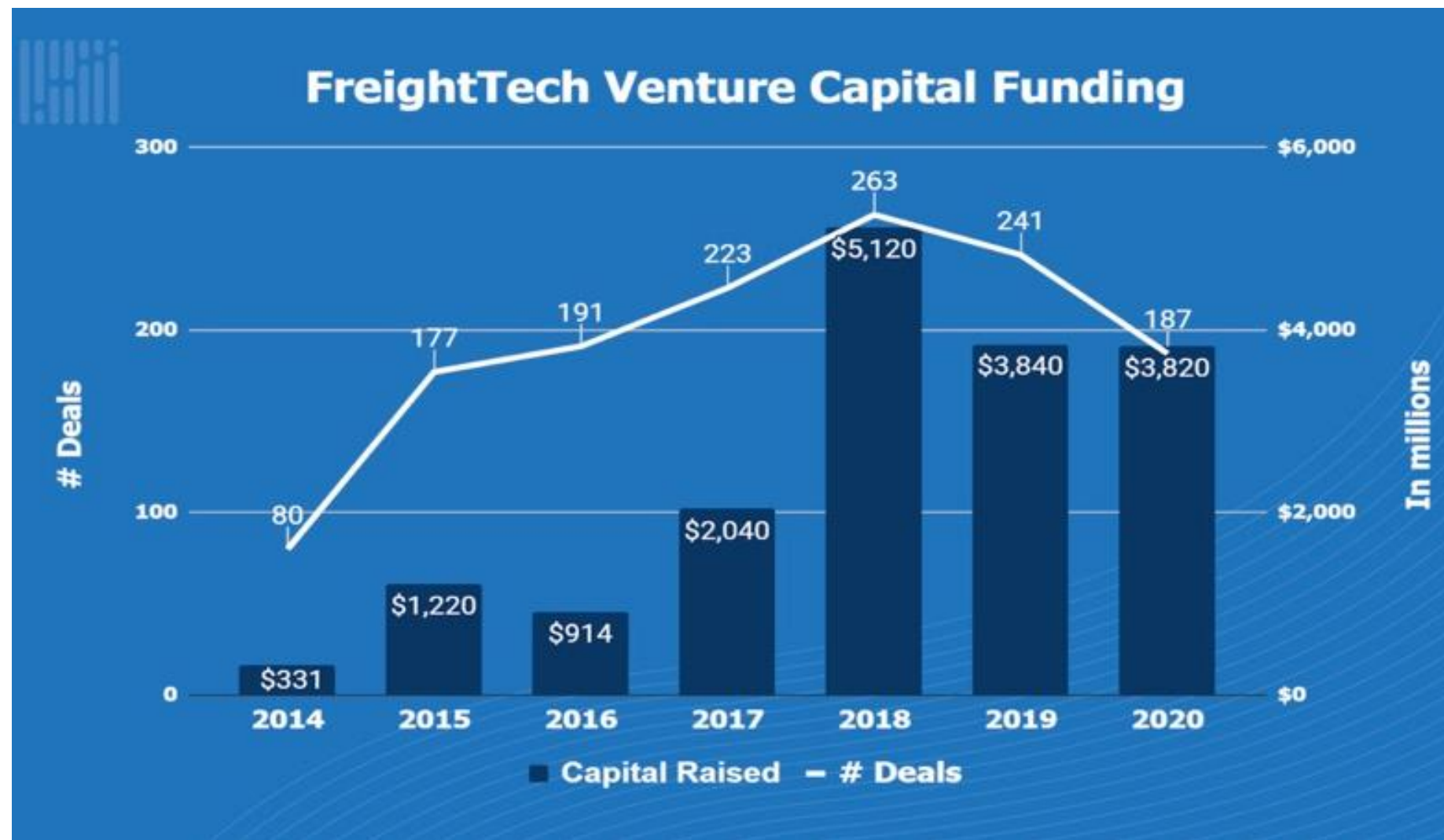


Last-Mile Delivery Services



Created by You. Powered by CBINSIGHTS

Supply Chain Tech is Attracting Unprecedented Capital

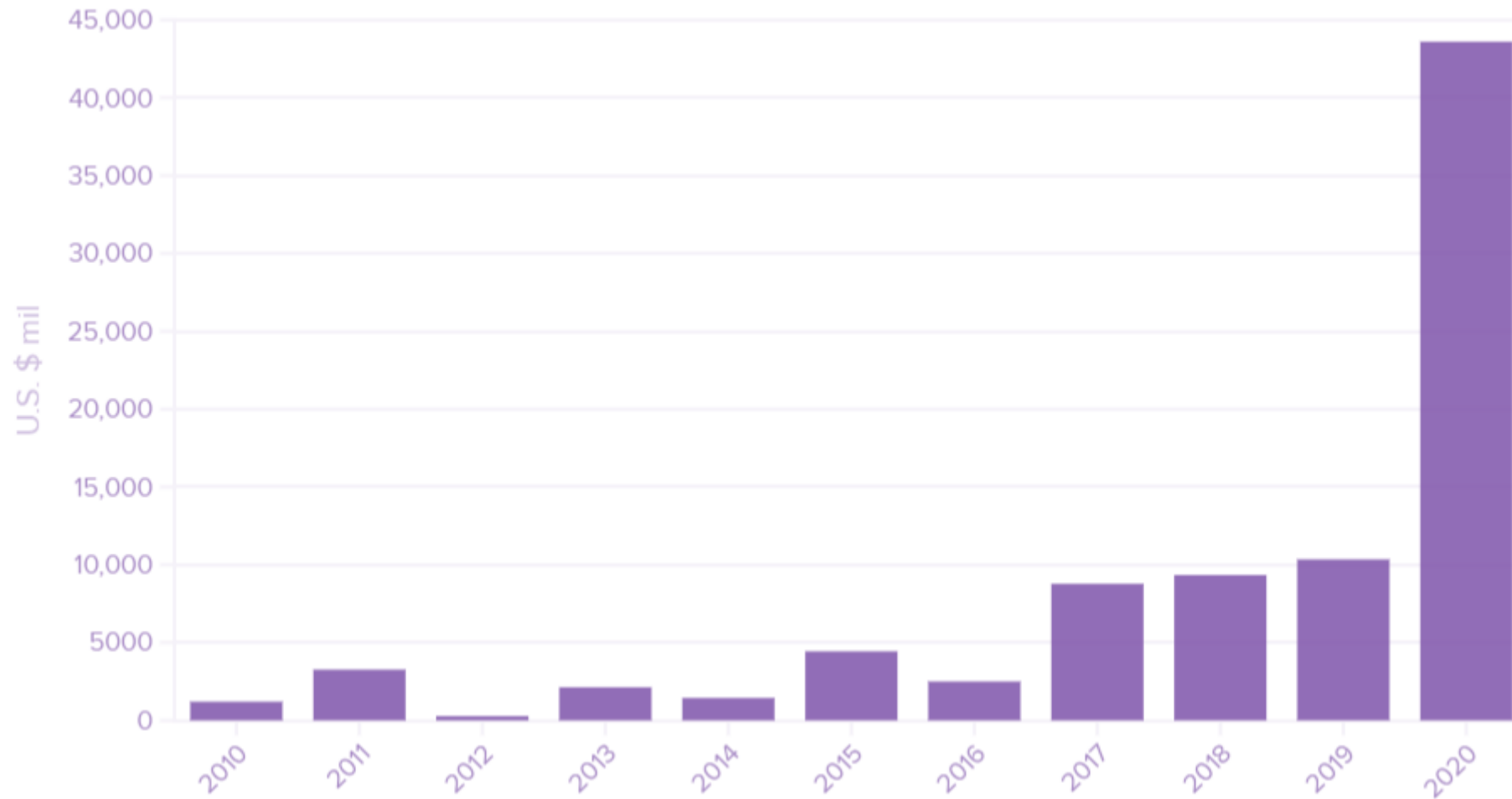


- Supply chain technology has attracted \$302 billion since 2011
- In 2020, SCT reached a record \$52 billion
- Freight tech, a key subset, attracted \$4B in venture funding
- 2021 could be even stronger

Source: FreightWaves

SPAC Spike

74 SPACs, over \$40 Billion Raised, and \$63 Billion in Dry Powder



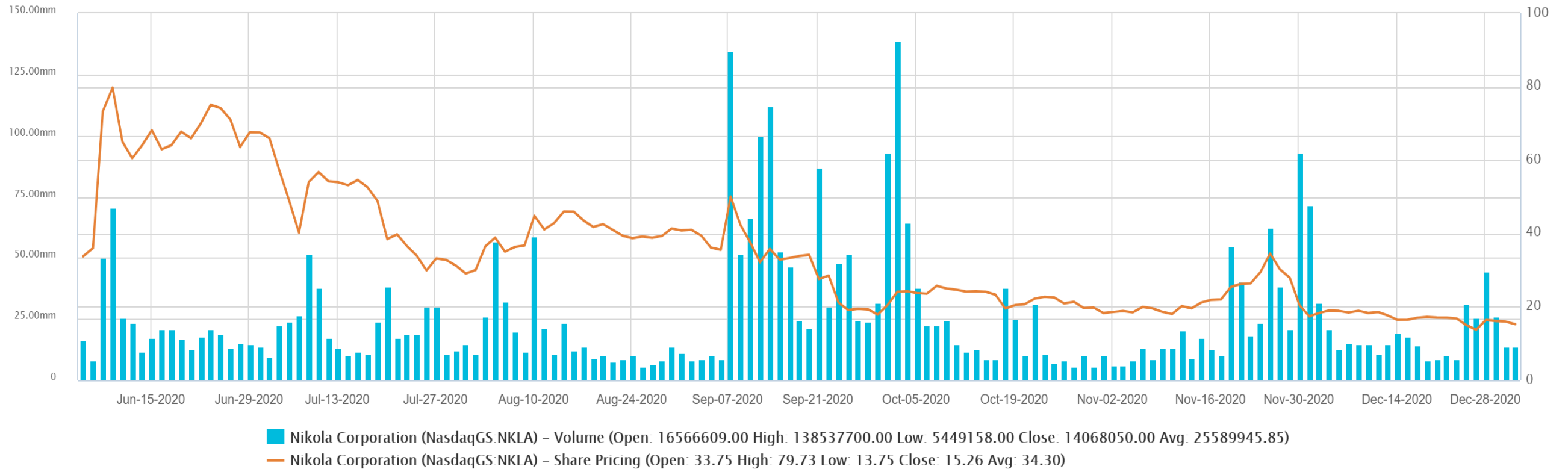
Source: Refinitiv

SPAC Interest in Green Supply Chain / Sustainability

	TMT	Gaming & Entertainment	Consumer	Fin Services & FinTech	Healthcare	Energy & Sustainability
	<p>>\$500M</p> <p>Bridgetown Holdings CONX Corp. SVF Investment TWC Tech Holdings II Social Capital Hedosophia V</p> <p>Artius Acquisition Vy Global E.Merge Technology AJAX I Social Capital Hedosophia VI</p> <p>FTAC Olympus Reinvent Technology Partners Dragonair Growth</p>	<p>RedBall</p>		<p>Foley Trasimene Acquisition Far Peak Acquisition Horizon Acquisition Trebia Acquisition SciON Tech Growth</p>	<p>Health Assurance Acquisition</p>	<p>Bluescape Opportunities</p>
	<p>\$200 - \$500M</p> <p>Altimeter Growth Apex Technology BowX Acquisition Burgundy Technology Carney Technology II NavSight Holdings Roman DBDR Tech Osprey Technology Liberty Media Highland Transcend</p> <p>FirstMark Horizon Social Capital Hedosophia IV Supernova Partners dMY Technology II Spartacus Acquisition dMY Technology III Horizon Acquisition II Tailwind Acquisition Dragonair Growth II Forest Road</p> <p>DPCM Capital Holicity Prime Impact I TPG Pace Tech Starboard Value CIIG Merger one ION Acquisition 1 Group Nine GigCapital3</p>	<p>Falcon Capital IG Acquisition Tekkorp Digital Landcadia Holdings III Ascendant Digital Sports Entertainment Acquisition</p>	<p>Aspirational Consumer Lifestyle Empower DB Holdings Sandbridge Acquisition Jack Creek Investment Gores Metropolis II Oaktree Acquisition II Leo Holdings Jaws Spitfire</p>	<p>CF Finance II Fusion Acquisition Hudson Executive Investment FinTech Acquisition IV FinTech Acquisition V</p> <p>Thunder Bridge II FG New America Rabbit LEAP Concord Acquisition</p>	<p>Capstar CHP Merger CM Life Sciences Healthcare Services Lux Health Tech DFP Healthcare</p> <p>NextGen Acquisition Vesper Healthcare Longview Acquisition Montes Archimedes INSU Acquisition II</p>	<p>Rice Acquisition AEA-Bridges Impact Tortoise Acquisition II Peridot Acquisition ArcLight Clean Transition Juniper Industrial ACON 52 Northern Genesis CITIC Capital Spartan Acquisition II Star Peak Energy Qell Acquisition Natural Order Acquisition East Resources Acquisition Alussa Energy Climate Change Crisis Real Impact I Sustainable Opportunities Acquisition</p>
Active	<p><\$200M</p> <p>10X Capital Venture Duddell Street Dune Acquisition GigCapital2</p> <p>Goldenbridge Acquisition Software Acquisition II Jupiter Acquisition KINS Technology NewHold Investment</p> <p>Industrial Tech Distoken UTXO PTK Acquisition</p>	<p>Acies Acquisition Bull Horn Sports Ventures Acquisition Vistas Media</p>	<p>Aequi Acquisition New Providence PMV Consumer Yunhong International</p>	<p>North Mountain Lefteris Acquisition byNordic Cascade Acquisition VPC Impact CF Finance III</p>	<p>Alpha Healthcare ARYA Sciences III BCLS Acquisition BCTG Acquisition SCP & CO Healthcare Euclates Biomedical Sarissa Capital</p> <p>Amplitude Healthcare Consonance-HFW Delwinds Insurance Chardan Healthcare 2 5:01 Acquisition Therapeutics Acquisition Better World Acquisition</p> <p>Health Sciences 2 Helix Acquisition HighCape Capital Edoc Acquisition Petra Acquisition SC Health LifeSci II</p>	<p>Spring Valley Colonnade Acquisition Decarbonization Plus Legato Merger Zanite Acquisition</p>
Announced ⁽¹⁾	<p>skillsoft² Churchill Capital II</p> <p>genius sports dMY Technology II</p> <p>AvePoint² Apex Technology</p> <p>E2OPEN² CC Neuberger I</p>	<p>RUSH STREET INTERACTIVE dMY Technology</p> <p>PLAYBOY Mountaincrest</p> <p>GOLDEN SLUG Landcadia II</p>	<p>hims Oaktree Acquisition</p> <p>BARK-BOX Northern Star</p> <p>BLADE Experience Acquisition</p> <p>carlotz Acamar Partners</p>	<p>Paysafe: Foley Trasimene II</p> <p>BankMobile Megalith Financial</p> <p>FINANCE OF AMERICA REPLAY Replay Acquisition</p> <p>UWM Gores Holdings IV</p> <p>OWL ROCK CAPITAL PARTNERS Altimar Acquisition</p> <p>billtrust South Mountain</p> <p>Katapult FinServ Acquisition</p>	<p>Nuvation Bio Panacea Acquisition</p> <p>clene Tottenham I</p> <p>Reviva Tenzing Acquisition</p> <p>4D Longevity</p> <p>Butterfly² Longview Acquisition</p> <p>Clover Social Capital Hedosophia III</p> <p>CanoHealth Jaws Acquisition</p> <p>gemini FS Development</p> <p>Caremax Deerfield Healthcare Technology</p>	<p>ADVENT AMCI Acquisition</p> <p>ROMEO RMG Acquisition</p> <p>CHARGEPOINT Switchback Energy</p> <p>NUVE Newborn Acquisition</p> <p>Solar MAX Alberton</p> <p>danimer scientific Live Oak</p>
Closed ⁽¹⁾	<p>CuriosityStream Software Acquisition</p> <p>AVC Pensare</p> <p>ONYX Legacy Acquisition</p> <p>Digital Media Solutions Leo Holdings</p> <p>Opendoor Social Capital Hedosophia II</p> <p>SHIFT Insurance Acquisition</p> <p>Desktop Metal Trine Acquisition</p> <p>Grid Dynamics Chaserg Tech</p> <p>UCOMMUNE Orison Acquisition</p> <p>Global Blue Far Point</p>	<p>skillz Flying Eagle</p> <p>DRAFT KINGS Diamond Eagle</p>	<p>Forum Merger II</p> <p>WHOLE EARTH Act II Global</p> <p>Collier Creek</p> <p>utiz</p> <p>BURGERFI Opes Acquisition</p> <p>ARKO HOLDINGS LTD. Haymaker II</p> <p>ADVANTAGE SOLUTIONS Conyers Park II</p>	<p>GGM GROSVENOR CF Finance</p> <p>IGI Tiberius</p> <p>paya FinTech III</p> <p>DIGINEX BI Enterprises</p> <p>OpenLending Nebula Acquisition</p>	<p>180° LIFE SCIENCES KBL IV</p> <p>Vincera LifeSci Acquisition</p> <p>cerevel ARYA Sciences II</p> <p>SOC Telemad Healthcare Merger</p> <p>MultiPlan Churchill Capital III</p>	<p>Spartan Energy</p> <p>NKOLA VectoIQ</p> <p>QuantumScope Kensington</p> <p>CHYLION Tortoise Acquisition</p> <p>HIGH-IMPACT Pure Acquisition</p> <p>FUSION HL Acquisitions</p> <p>MP MATERIALS Fortress Value</p> <p>CANOO Hennessy Capital IV</p> <p>B. Riley Principal II</p> <p>LIONHEART GROUP DiamondPeak</p> <p>XL Fleet Pivotal</p>

A Cautionary Tale: Nikola

Dropped from \$80 to \$15, and still valued at \$6B, despite less than \$0.2M of revenue



Ben Graham: *“In the short-run, the stock market is a voting machine. In the long-run, it is a weighing machine.”*

What Cambridge Capital Looks For

Convergence of Transportation and Technology Creates Billion-Dollar Opportunities

19th Century: The Railroad



- In 1869, Leland Stanford drove the Golden Spike into the ground in Utah, creating the first coast-to-coast railroad
- Railroad fortunes were built by the Vanderbilts, Carnegies, and Flaglers

20th Century: The Box













- In 1956, Malcolm McLain refitted an oil tanker to carry 58 shipping containers from Newark to Houston
- Containerization helped fuel the fortunes of shipping and trucking empires like Maersk and JB Hunt

21st Century: The Digital Supply Chain

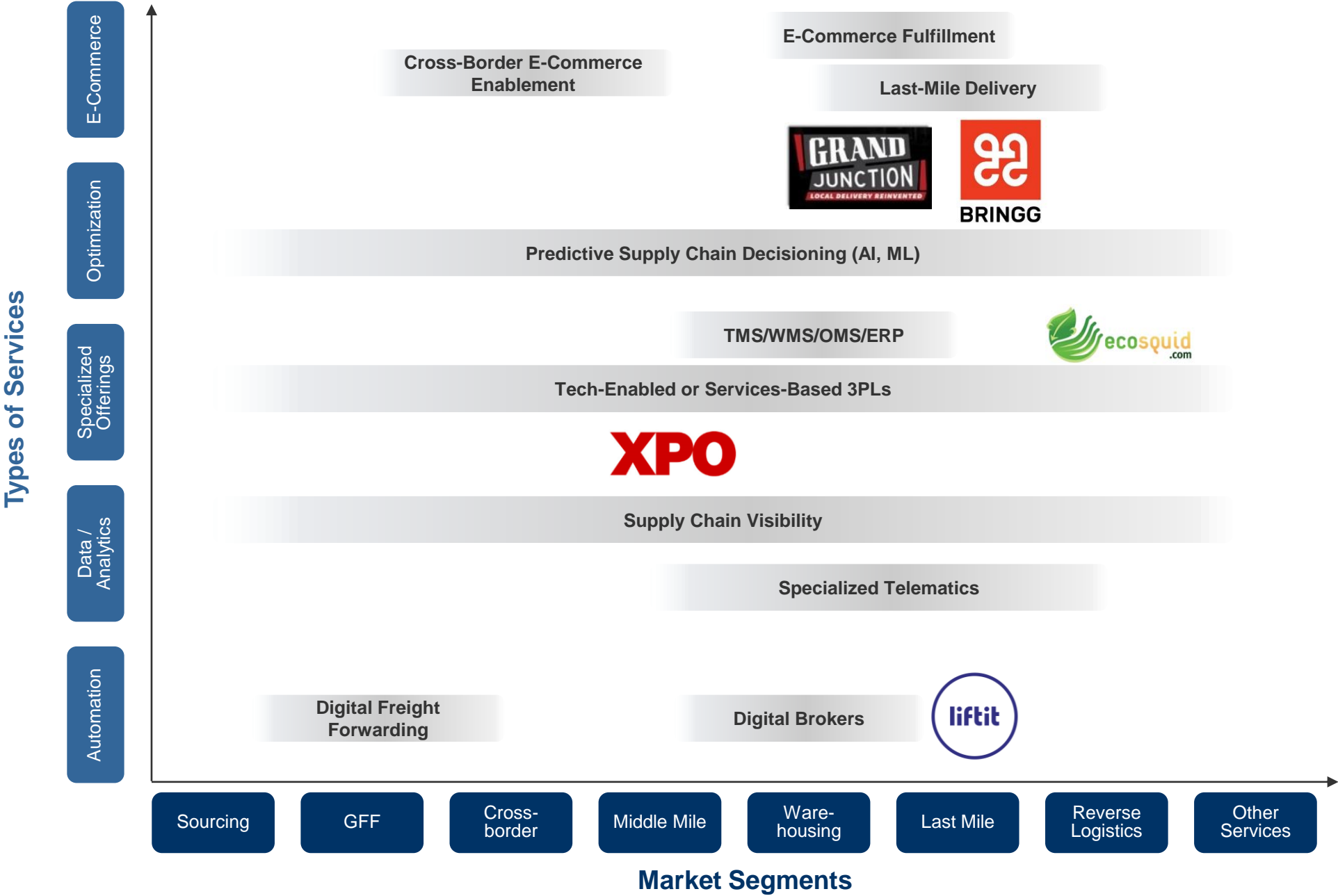


- “The Amazon Effect” sparks a new ecosystem in automation, e-commerce fulfillment, and the digital supply chain
- New billion-dollar winners emerge, including Uber, GENCO, XPO, Flexport, and many more

Cambridge Capital: Key Investment Themes

	E-Commerce Fulfillment	The COVID-19 pandemic accelerated e-commerce penetration in the US from 16% to 34% of all retail sales, resulting in 10 years of expected e-commerce penetration growth in just 3 months; fulfillment sector benefits
	Last-Mile Delivery	Last mile delivery is a \$115B industry (according to IBISWorld), and is currently the biggest cost driver in the supply chain; companies that innovate and enable more efficient last mile delivery options will succeed
	Cross-Border Flow of Goods	Fulfillment and delivery of goods is usually dominated by local incumbents, but increasingly shippers/sellers want to consolidate vendor relationships and be able to monitor all of their activities, globally, from a consistent vendor
	Predictive Supply Chain Decisioning	The recent advances in productizing AI and ML at scale create a new class of companies that can automatically cure supply chain issues, saving money, time and reputation for large global shippers
	Pure-Play Software Niche Leaders	We prioritize category leaders in niche supply chain software categories (e.g. reverse logistics, warehouse labor management, mode-specific TMS) who do not try and be ubiquitous across segments/markets, and who could also serve as missing puzzle pieces for larger, broader competitors
	Man + Machine Wins	Purely tech-enabled 3PLs, or even 3PLs who are more services-based, will continue to provide value for shippers based on specialization, capabilities and density – not everything can be fully automated by technology
	Supply Chain Visibility	Next level of supply chain visibility, connecting all stakeholders in a shipment onto a trusted platform, which enables “higher pixel” visibility and provides predictive analytics and machine learning, leading to enhanced supply chain resiliency and efficiency
	Specialized Telematics	As video telematics and voice/data networks mature to allow for real-time edge computing, there are a universe of interesting companies that will achieve significant success (by replacing older commodity GPS tracking vendors)
	“Digital” Freight Forwarders	While capital has flowed into a small number of unicorns in the sector, we believe that other tech-enabled forwarders, especially those who understand the legacy business model's profit drivers, will be more successful
	“Digital” Brokers	Similar to forwarders, we believe the best “digital” brokerage opportunities are actually to invest in brokers undergoing a digital transformation, given importance of reputation, relationships, density and market share

Cambridge Strategy: Key Segments, Services and Platforms



Key Cambridge Criteria

INVESTING IN SUCCESSFUL BUSINESSES ACROSS ALL SEGMENTS OF THE SUPPLY CHAIN



Transportation



Logistics



Distribution



Automation



Last-Mile

PARTNERING WITH COMPANIES READY FOR FUTURE GROWTH

DIFFERENTIATED TECHNOLOGY

- Companies that employ technology to drive differentiation
- Disruptive business models and a unique offering in the market
- Category leadership, first-mover advantage, or other barriers to entry

OUTSTANDING MANAGEMENT

- Top-notch management teams with clear vision for future growth
- Experienced leaders with demonstrated ability to achieve growth and profitability objectives

STRONG MARKET POSITION

- High-growth companies with meaningful market tailwinds
- Strong base of recurring revenues
- Well positioned to accelerate further growth and gain market share
- Multiple paths to successful outcome

INVESTMENT CHARACTERISTICS AND UNDERWRITING PARAMETERS

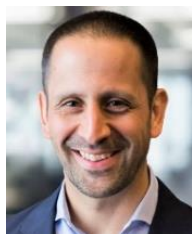
- **Preferred Investment Size:** \$10-50 million equity investments
- **Ownership:** Invests in both a minority and majority capacity
- **Use of Proceeds:** Growth capital, strategic initiatives, acquisitions and/or shareholder liquidity
- **Partnership Approach:** We invest in partnership with management to add tangible value

Cambridge Capital Team Expansion



Benjamin Gordon – *Managing Partner*

- Founder, BGSA
- Founder, 3PLex
- Yale BA, Harvard MBA
- 18-year history with the firm



Essa Al-Saleh – *Operating Partner*

- Previous CEO of Agility GIL
- Built company from \$150M to \$5 billion
- Tufts BS, Boston College MBA
- 16-year history with the firm



Dave Stubbs – *Operating Partner*

- Previously Kuehne + Nagel Lead Logistics
- Built company from 0 to \$400M
- Haverford BA, Wharton MBA
- 18-year history with the firm



Rimas Kapeskas – *Operating Partner*

- Previously VP Strategy and Managing Director, UPS Strategic Enterprise Fund
- Univ of Connecticut BS, Emory MBA
- 35 years logistics experience
- 10-year experience as an investor



Matt Smalley – *Principal*

- Previously Macquarie Capital, Insight Partners
- \$1+ billion of executed private equity investments
- NYU Stern BS
- 10-year experience as an investor



Shai Greenwald – *Director of Business Development*

- Previously FleetBoston Financial, EMC
- Built BGSA's business development
- Boston University MBA
- 17-year history with the firm



Mike Stethem – *Senior Associate*

- Previously Resilience Capital Partners, BMO Capital Markets, KeyBanc Capital Markets.
- UNC MBA, Ohio University BA



David Bucko – *Associate*

- Previously Regions Securities
- Auburn University BA

BG Strategic Advisors – Leading Investment Bank in the Supply Chain

Representative Transactions



Has acquired



Exclusive advisor to
Clover Telecom



Has acquired



Exclusive advisor to
4SameDay



Has acquired



Exclusive co-advisor to
ITRenew



Has acquired




Exclusive advisor to
Hyphen and Wynnchurch




Has acquired



Exclusive advisor to YRCW



Has been acquired by



Exclusive advisor
to Converge



Has acquired



Exclusive advisor to PCD



Has acquired



Exclusive advisor to
Open Mile



Has been acquired by



Exclusive advisor
to Interlog USA



Has acquired



Exclusive advisor
to England Logistics



Has acquired



Exclusive advisor to
PWC Logistics



Has been acquired by



Exclusive advisor
to Dixie Warehouse

Thanks to Our Sponsors

ALVYS

 **Benesch**
Attorneys at Law

CAMBRIDGE
CAPITAL

 **endava**

greenscreens.ai

 **LEANSTAFFING**

SUPPLYCHAINBRAIN
ONE FORUM • ONE FOCUS • MANY MINDS

WNS