PERPETUA ADVISORS

WHY SAP SURPRISED US:

A playbook to unlock change and a digital mindset in midmarket private equity manufacturing and industrial companies

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TABLE OF CONTENTS

SUMMARY

Industrial companies in the midmarket are typically laggards when it comes to evolving and adopting digital strategies. Most of these companies are privately held or private equity and investment backed.

While larger companies have spent significant percentages of their top-line implementing digital capabilities, including ERPs, since the height of Industry 3.0 - "Automation", their midmarket counterparts have struggled keeping pace.

Midmarket companies digital definition is complicated by distinct internal challenges. But they are not entirely at fault – as the technology system options available to the midmarket have had their own challenges, as well.

SAP has been one of the cornerstone ERP packages automating large companies and it has grown its capabilities organically and via acquisition to meet the process and functional requirements of its customers.

At the same time, Industry 4.0 – "Digitization" has evolved from the Business-to-Consumer market (B2C) into the Business-to-Business (B2B) world. Smaller companies in straggler industries who wish to compete in the market as part of the supply chain need to spring-board past automation into this interconnected, data world.

When we were engaged by one of our customers to find their digital platform, we wondered how well SAP evolved.

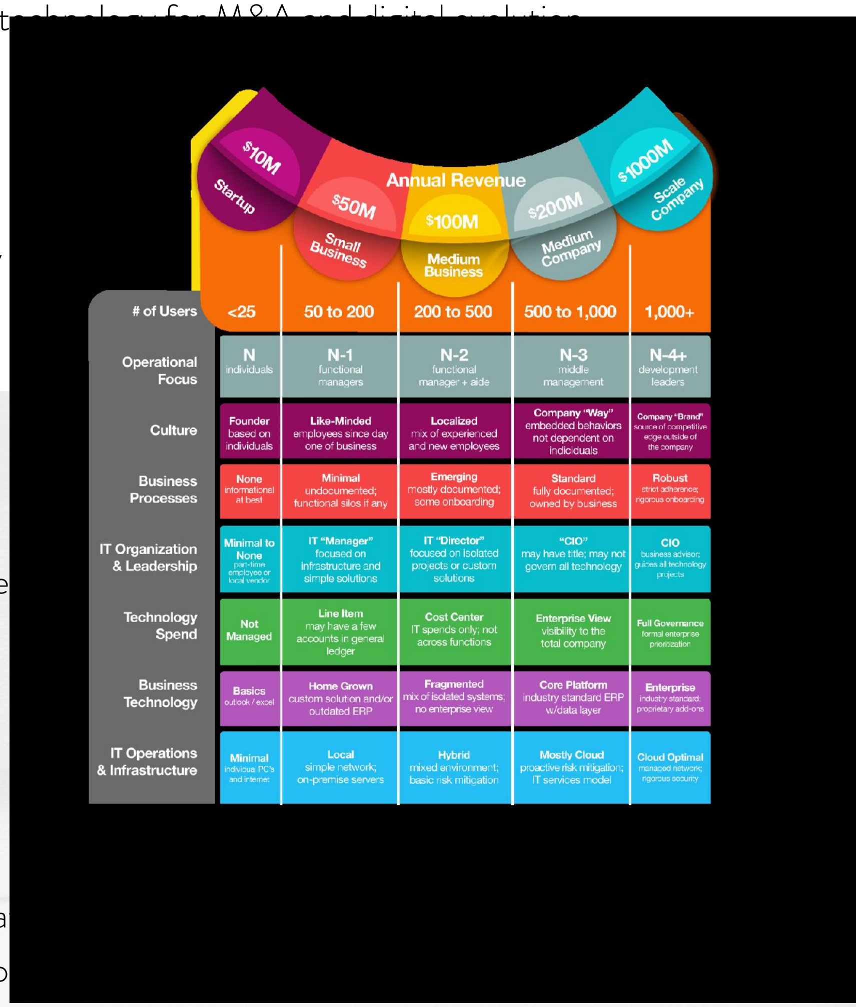
ABOUT PERPETUA ADVISORS

Who we are:

Perpetua Advisors is a business transformation and operating company, specializing in C-Level technology leadership and information technology services. We possess a unique operator mindset and approach to advise, transform, and operate t

What we do:

Perpetua brings experience as C-level technology executives in the up-market, a proven playbook, and vetted ecosystem of partners to accelerate value from business transactions. We specialize in privately held, private equity high-growth companies between $30M and $300M in annual revenue in the Manufacturing, CPG, Field Service and Logistics industries.



How we do it:

We view companies in a specific way. We help crea
simple grid. Our assessment includes important no
technology. Profitable growth requires increasing maturity across all aspects of a company, not just IT and systems.

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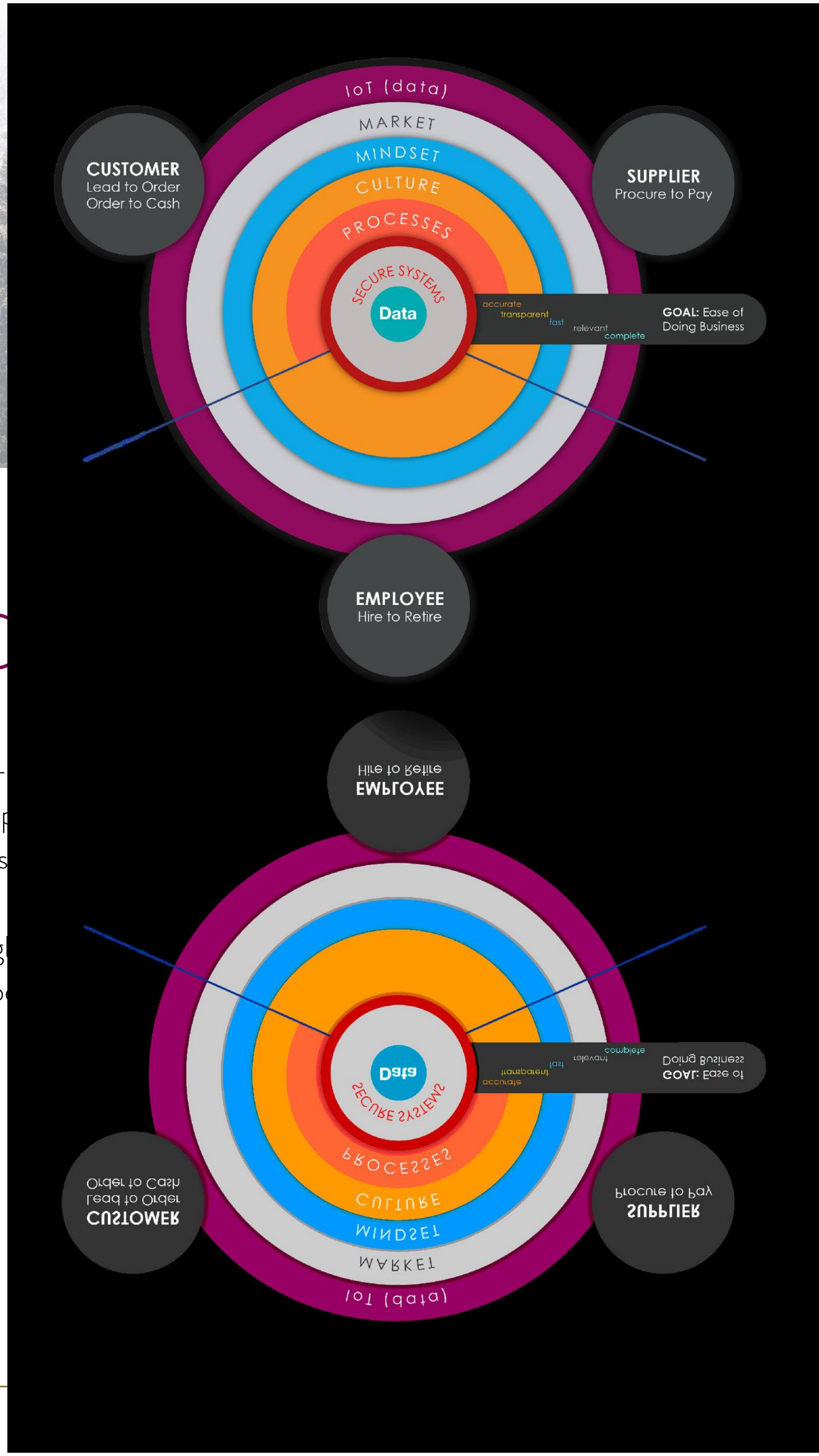


OUR APPRO

Our approach includes important non-
technology. We focus on this because p
across all aspects of a company, not jus

We find that most organizations struggl
what adoption success looks like long b
select and implement.

OUR PERSPECTIVE

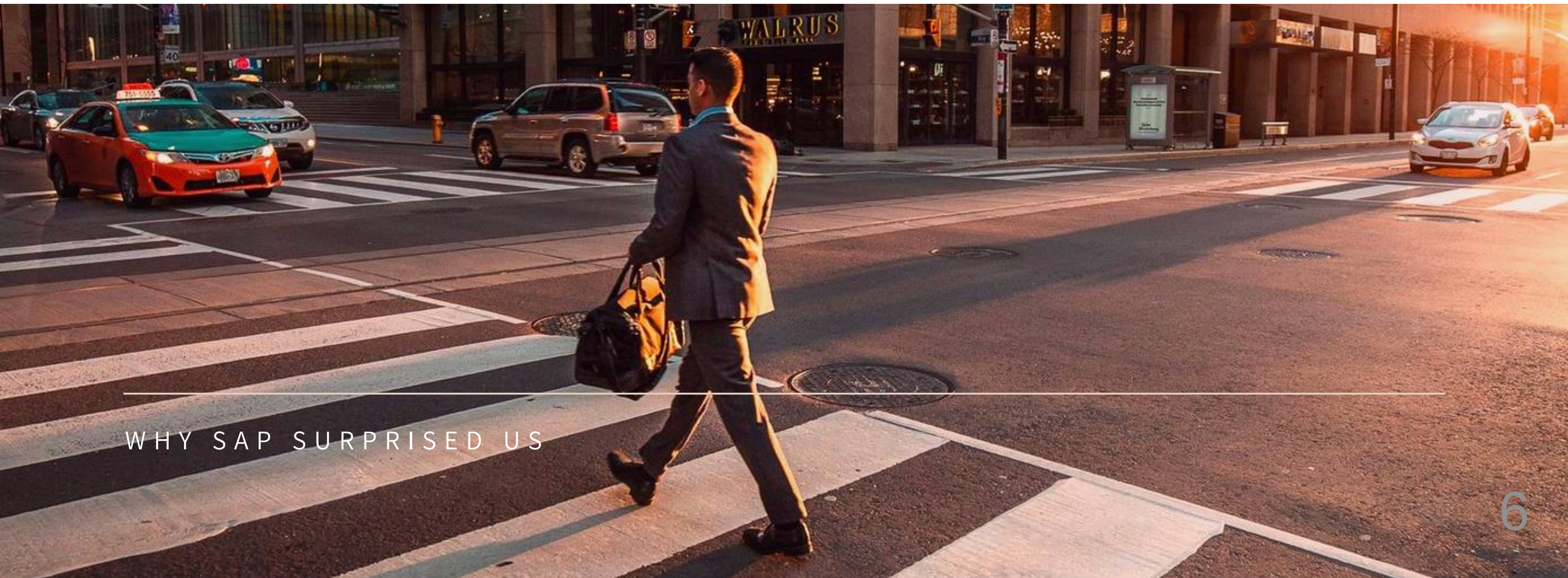
MIDMARKET CHALLENGES

When we evaluate software solutions for our customers – we evaluate them on their ability to solve more than just their technology requirements.

First, the solution should provide a competitive advantage by increasing speed, accuracy, and reliability of the data across the enterprise. It should enable the creating of a “digital twin” of the organization – a simplified data usage view from the most valuable, external interactions to the simplest, internal processes.

We also believe companies in the midmarket should focus on reversing the negative technology inertia by transitioning to owning their data and not their technology systems. This can be achieved by adopting the technology processes embedded in mature technology solutions and moving away from the “our way” mentality. Technology ownership has become exponentially more complex, and it’s cost prohibitive to do it well. Negative technology inertia must be overcome to digitize.

Point solutions, including traditional “ERP” providers who have grown through acquisition, have complicated the decision. At the same time, companies have invested in point solutions to solve separate, distinct “functional” challenges. Companies cannot afford the costs of “connecting” disparate point repositories of data in order to extend their internal data to the supply chain and contribute to data-driven decision-making.



MIDMARKET THEMES

	Midmarket Challenges	Requirements for a Midmarket Technology
1 STRATEGY	Don't consider tech a competitive advantage	Drive advantages in the market, end-to-end data
2 MINDSET	Primitive data-driven decision making	End-to-end data and process
3 CULTURE	"Our way" and tech spend inertia	Quick Adoption, minimal-to-no changes, investment is understood
4 PROCESS	Lack customer supplier digital engagement	Increase engagement, offloading internal operations to the outside
5 SYSTEMS	Technology is one-and-done, fragmented	Grows with the company, not limited to ERP, delivered as SaaS
6 DATA	Fragmented, difficult to use	Limited integration technologies, Artificial Intelligence (AI) ready

Very few software providers can satisfy these requirements for midmarket, high-growth companies.

WHAT ABOUT SAP?

Prior to engaging SAP for a recent midmarket company, we didn't consider SAP to be a provider in the midmarket, as we believed they struggle with the following:

1. CULTURE	2. PROCESS
○ Enabling quick adoption ○ Evolving to new demands ○ Being a clear, acceptable investment	○ Growing the company ○ Delivering as SaaS

Because it's SAP, right? Big, rigid, costly?

We recently engaged SAP as a digital capability option for a midmarket, high-growth CPG company. During the process we learned about "Grow with SAP" and discovered SAP, like Perpetua for C-Level technology services, also evolved its capability, delivery, and pricing for Industry 4.0 – Digitization, and the midmarket, high-growth company.

WHAT IS “GROW WITH SAP”?

Grow with SAP provides a complete offering of SAP Cloud ERP, SAP Business Technology Platform, adoption acceleration services, community support, and learning module, so any size company can successfully adopt SAP S/4HANA Cloud. SAP Cloud ERP covers a broad spectrum of business needs – from mission-critical operations to business model innovation. Whether customers are implementing an ERP for the first time or migrating from an existing ERP to the cloud, SAP Cloud ERP delivers a complete modular solution with the AI and analytics capabilities to move businesses forward. It delivers the depth of industry capabilities companies require and the cloud benefits they want, to help them take advantage of new opportunities in the Marketplace.

Includes proven best practices and business processes for your industry.

- Provides real-time and`personalized business insight available from anywhere.
- Enables intelligent automation across your end-to-end operational processes.
- Supports sustainability and regulatory requirements with company-wide controls and in-depth reporting to consistently reduce emissions, waste, and environmental impact.
- Built-in global standards for compliance and security help you stay always up to date.
- Scalable platform and a global network of partners, help you continuously bringing new value to your business.
- GROW with SAP is SAP’s cloud ERP solution optimized for the midmarket customer.

OUR EXPERIENCE

Grow with SAP at a high-growth, midmarket CPG company

SAP is a competitive advantage. We evaluate our ecosystem partners on the value they provide to our customers. SAP simplifies the technology footprint and provides a singular point of truth, a company's data – making it easier to optimize internally while simultaneously winning externally in the market with customers, suppliers, and employees.

- *Our customer needed SAP's "big" capability; a singular, enterprise capability to manage data. Perpetua worked with the SAP Midmarket Strategic Initiatives team to demonstrate SAP's investment value creation and capture to the customer's ownership and executive leadership.*

SAP fosters a digital mindset and engagement. Not just a business mindset or a technology mindset. Fast, reliable, accurate data to foster collaboration externally as well as, robust platforms to automate the movement and visibility of data internally. Both of these core tenants increase the accuracy of data-driven decision-making, a critical foundation element for Artificial Intelligence (AI).

- *Our customer values SAP's discipline and rigor, the layer of business analytics and ability to extend processes to the market. SAP's Midmarket Strategic Initiatives team outlined a focus on data, and how data-driven decision-making will occur with SAP. Finding resources and skills is challenging beyond choosing IT. You need a partner to manage IT to allow you to grow your business.*

Grow with SAP helps overcome tech inertia. Evolving a SaaS composite of business systems, including ERP, organically and through acquisition were only the starting point. Combining the technology with capabilities for rapid adoption, a SaaS deployment offering, an emphasis on digital learning and evolving the workforce, and a digital community for collaboration replace the old guard of big, heavy modules, capital net licensing and infrastructure investments, as well as the lengthy, disruptive implementations and instructor-led training.

- *Our customer could not succeed without SAPs investments in adoption, speed to benefits, and pricing model to make digitization affordable for midmarket, high-growth organizations. SAP's Merger & Acquisition Ambassador didn't rely on methodology, they provided clear line-of-sight to increase value through adoption. There is a danger in saying, I picked my software solution, now I can grow and scale. The technology is just one part, the process is just as important.*

WHAT WE LEARNED

Based on what we learned, Perpetua Advisors has made the decision to be part of the SAP Technical Advisory Program and will nominate SAP for consideration when advising our clients.

For midmarket, high-growth companies…SAP is now one of the few.

A NOTE
Chief Digital Officer

Mike Wind
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Perpetua Advisors

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