



Evolve  
Capital Partners

## CommerceHub, Inc.

July 2016

### Summary of Initial Public Offering



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THE INTERSECTION OF FINANCE & TECHNOLOGY**

# CommerceHub IPO – Executive Summary

## Initial Public Offering Overview



**NASDAQ: CHUB.K**



### Description








CommerceHub, Inc. is a cloud-based e-commerce fulfilment and marketing software platform of integrated supply, demand and delivery solutions for large retailers, online marketplaces and digital marketing channels, as well as consumer brands, manufacturers, distributors and other market participants.



### Use of Proceeds

CommerceHub was spun out of Liberty Interactive Corporation on July 22, 2016. It began trading as a separate company on Nasdaq on July 25, 2016. The company intended to operate as a separate independent entity. CommerceHub planned to use the funds to support their growth plans.

Source(s): Company website, CommerceHub S1

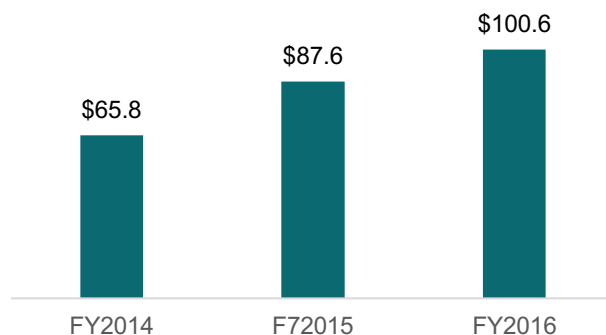
	<b>Headquarters</b>	Albany, New York
	<b>Founded</b>	1991
	<b>Employees</b>	345
	<b>Listing Date</b>	7/22/2016
	<b>Lead Underwriter</b>	J.P.Morgan
	<b>Issue Price</b>	\$12.00
	<b>Shares Offered</b>	30 million shares

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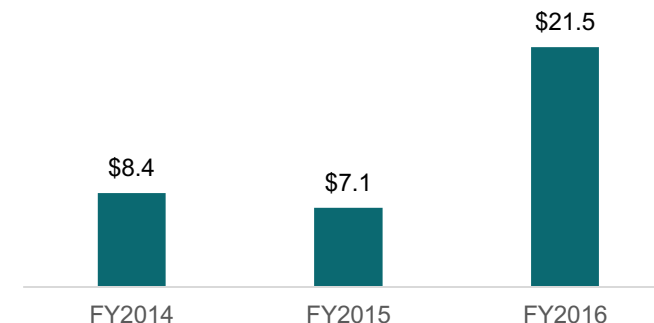
## Key Metrics – IPO

Shares Offered at the time of IPO	30 million
Issue Price	\$12.00
Total Shares Outstanding after IPO*	125 million
Market Value at Issue Price**	\$1.5 billion
Enterprise Value at Issue Price#	\$1.6 billion
EV / 2016 Revenue	15.7x
Listing Date	07/22/16
Listing Price	\$12.00

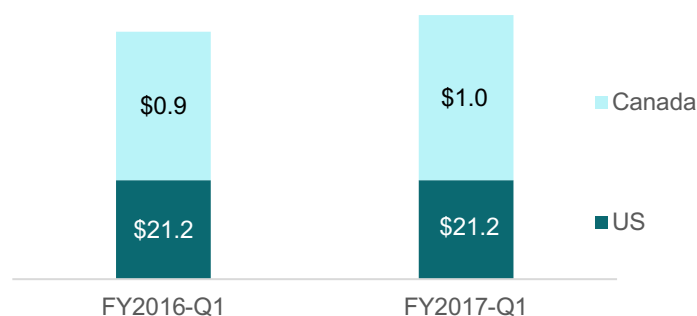
### Total Revenue (\$mm)



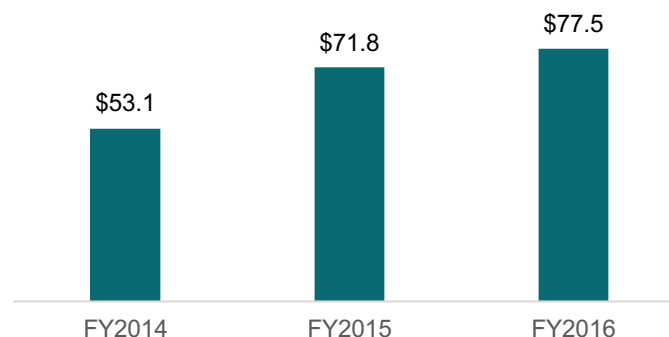
### EBITDA (\$mm)



### Revenue by Geography (\$mm)-Quarterly



### Gross Profit (\$mm)



### Financing History (\$mm)

<b>\$4.65 million</b>	Investment received by CommerceHub from Interactive Technology Holdings on December 12, 2001.
<b>\$740.84 million</b>	Deal Amount for spin off of CommerceHub out of its parent company Liberty Ventures on July 22, 2016

Source(s): Capital IQ, Pitchbook

\*\* Market Value is based on shares outstanding as on 22<sup>nd</sup> July, 2016 and IPO issue price of \$12.0;

# Enterprise Value is calculated by adding Net Debt to Market Value at Issue Price as on 31<sup>st</sup> March, 2016

# CommerceHub IPO – Executive Summary

## Company Overview

*CommerceHub's solutions unite supply, demand and delivery and provide its customers with a single platform to source and market the products consumers desire and have those products delivered more rapidly to the consumer's doorstep.*

- CommerceHub's solutions directly address the most important issues facing companies that are selling online today.
- Retailers and brands that sell direct-to-consumer face a challenging market environment characterized by flat to declining retail store sales, more demanding consumer expectations in terms of product availability and delivery, and the proliferation of emerging search and social e-commerce channels to convert sales. The Company's platform and solutions enable the customers to meet these market challenges and more efficiently grow their online sales as a percentage of their overall business.
- Collectively, the company's trading partner customers constitute a vibrant network of the largest retailers, marketplaces and brands in North America, including QVC, Inc., Wal-Mart Stores, Inc., Costco Wholesale Corporation, Dell Inc. (Dell) and many others that use its platform to interact with one another to more efficiently manage and orchestrate sophisticated supply-chain strategies across thousands of trading partners and physical distribution centres.

Source(s): Company Website, S-1/A

## Key Offerings

Beyond the cloud-based software required to build and operate successful e-commerce strategies, solutions are provided to the Company's customers with highly targeted services that help them rapidly adopt the solutions and maximize the utility they achieve. Its solutions are:

**Supply solutions** - The core solution used by retailer customers allows them to communicate electronically with their drop-ship suppliers through a single, integrated connection.

**Demand solutions** – CommerceHub's consumer demand generation solutions allow sellers (retailers and consumer brands) to upload their entire product catalogue to CommerceHub's platform, and then transform and syndicate that product catalogue to hundreds of e-commerce marketing channels.

**Delivery solutions** – CommerceHub's solutions for enhanced delivery experience help retailers and suppliers improve the efficiency of their consumer delivery networks through the application of algorithms that optimize shipping decisions and more effectively allocate physical product inventory across fulfilment locations.

## Clients and Partners





# CommerceHub IPO – Executive Summary

## Customer Case Studies

### Forever 21

#### FOREVER 21

- Forever 21 is the leading fashion retailer offering the latest trends and seasonal styles at affordable prices.
- They were challenged with scaling their e-commerce game across the channels that resonate most with their target demographic. But with no streamlined solution in place, Forever 21 realized that to grow profitably they would need a central point of control and aggregate reporting.
- With scaled, multi-channel workflows, complete operational transparency, and reporting down to the level of individual SKUs, CommerceHub's suite of enterprise-ready tools gave Forever 21 what it needed to more effectively promote its large product catalogue.
- The merchants also benefit greatly from CommerceHub's team of dedicated performance marketing experts. The team works diligently to improve Forever 21's data quality, keeping more products live on channels and making each listing more compelling.
- They also work to optimize campaigns on Google Shopping and other channels, improving return on ad spend (ROAS) and helping in augmenting revenue on Forever 21's marketing channels. In the first quarter of 2015, Forever 21's Google Shopping program, (managed through CommerceHub), grew 93% year-over-year, while ad spend only increased 13%.

Source(s): Company Website

### QVC



- A world leader in electronic retailing, QVC reaches approximately 96% of all U.S. cable homes, as well as nearly 21.5 million satellite homes. Meanwhile, the retailer's online commerce arm, QVC.com, is one of the largest and most profitable general merchandisers on the Web.
- QVC was well positioned to leverage the convergence of e-commerce and television-based selling, but was experiencing difficulty managing the sheer volume of its large universe of suppliers. The benefits of drop shipping were clear to QVC, but the processes to support it were manual, unauditible, and unscalable. QVC.com realized that its manual system needed to be upgraded to an enterprise, exception-based platform that would provide better integration and more efficient communication with its suppliers.
- CommerceHub provided integration and fulfillment management solutions with a single platform for the retailers who worked with QVC. The following results were observed:
  - Reduction in time required to on-board suppliers from 120 days to less than 7
  - Reduced average time to confirm orders by 33%
  - Reduced shipping time to the customer by 48 hours
  - Improved orders shipped on time to 96% and reduced backorders by 78%
  - Expanded drop-ship business and doubled overall business in less than three years
  - Growth in transactions by more than more than 300%
  - Increased efficiency of operations staff by 26%

# CommerceHub IPO – Executive Summary

## Market Opportunity

E-commerce has grown significantly over the last several years as consumers have increasingly shifted their retail purchases from traditional "brick-and-mortar" stores to online stores and marketplaces.

This growth has been due to a number of factors, including:

- The availability of a broader selection of merchandise online
- Consumer convenience and ease of use
- More competitive and transparent pricing
- Increased functionality and reliability of e-commerce websites
- The emergence of mobile-connected devices and specialized websites
- The proliferation of online distribution channels

Although these e-commerce growth drivers create a significant opportunity for retailers and brand manufacturers, they also create challenges. Retailers and brand manufacturers seeking new avenues to expand their online sales must manage product data, transactions and delivery promises across multiple fragmented online channels. These channels have different requirements for conducting business, varying data attributes, evolving business models and competitive pressure to increase the pace of innovation.

15%	CAGR of e-commerce spending from 2010 to 2015 while total non-inflation adjusted retail sales, offline and online, grew at a compounded annual rate of 4.2%.
\$5.3 billion	Amount of e-commerce spending in 2015. This was 7.3% of all retail sales.

**E-commerce Fulfilment:** As familiarity and acceptance of cloud-based services continues to accelerate, companies are expected to continue to turn to cloud-based solutions such as CommerceHub's for their supply chain integration needs, as opposed to traditional on-premise software deployment.


**Expansion of Product Assortments:** the ability to offer massive numbers of products for sale online has put more pressure on retailers to invest in additional warehouse and distribution operations and to increase financial capital investments to purchase and maintain larger inventories of goods for sale. With drop-shipping, a retailer or online marketplace seller is able to take a consumer's order and provide it to a supplier that then delivers the product directly to the consumer.

**Driving Demand:** E-commerce is an increasingly complex and fragmented market due to the hundreds of channels available to retailers and manufacturers and the rapid pace of change and innovation across those channels. The fragmentation and increasing complexity of e-commerce channels is placing greater demands on retailers and consumer brands that seek to grow their online sales. These retailers and brands need omnichannel solutions that enable them to easily integrate their product offerings and inventory across multiple online channels.

Source(s): Company Website, S-1/A

# CommerceHub IPO – Executive Summary

## Financing History

Date	Series/Type	Amount (\$mm)	Lead Investor	Transaction Notes
22/6/16	IPO/Spin-Off	\$740.84	NA	CommerceHub was spun out of Liberty Interactive through an initial public offering on the NASDAQ stock exchange on July 22, 2016. CommerceHub started trading as a separate entity on Nasdaq from July 25, 2016. The company planned to use the proceeds to support their growth plans.
12/12/01	Corporate	\$4.65		CommerceHub received a \$4.65 mm investment from Interactive Technology Holdings LLC, a joint venture of Comcast Corp. and QVC on December 12, 2001. Following this, an agreement was signed between CommerceHub and QVC, where it was decided that QVC's core TV business would use the platform of the former to manage its drop-ship fulfillment program.

Source(s): Pitchbook

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