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Crestview Positions JMP as Consolidator in Automation

BY DEMITRI DIAKANTONIS

The combination of e-commerce sales soaring from the pandemic and labor shortages has created problems in logistics and accelerated the need for automation. Now, PE firms such as Crestview Partners are eyeing deals in the sector. Crestview recently backed automation systems integrator JMP Solutions. Alex Rose, co-president and partner at Crestview, spoke to us about automation trends in this Q&A.

Why are investors attracted to automation?

Automation is a large and fast growing part of the economy as industrial, consumer and distribution customers in both developed and developing economies alike seek to improve quality, combat labor shortages and create efficiencies.

Why do businesses need automation?

Most businesses are still in their early stages of adopting automated manufacturing or warehouse operations, but all are dealing with labor shortages and the need for more consistent quality and throughput. The combination of these needs, coupled with advancements in technology that provide the ability to create smart and flexible systems to automate processes that were not possible only a few years ago, creates significant, durable tailwinds for the adoption of automation in the marketplace today.

How has the pandemic changed the industry?

The pandemic has only served to accelerate these adoption trends as the need to automate has become more acute due to the realization that many

manufacturing and supply chain strategies were vulnerable. The need for smart, flexible and resilient manufacturing systems logistically proximate to core customers will drive increased adoption of automated solutions in the coming years.

What challenges does the industry currently face?

The automation systems integration market is highly fragmented with few companies able to service their customers on a global basis or to create sustained technological differentiation. One of the core tenants of our investment in **JMP Solutions** is to build another scale and globally diversified player in this fragmented space that can better service our global customer base.

What will drive deals?

This highly fragmented industry will consolidate over time and scale players will begin to emerge. As customers begin to demand global fulfillment and the highest level of service from this supply base, consolidation will naturally occur. Our plan with our investment in JMP is to be on the front end of that wave of consolidation.