

PE Hub

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PE DEALS

Vista's Gnosis Freight aims to navigate the supply chain ecosystem

Vista is betting on companies like Gnosis and Resilinc that combine unique data sets with workflow application software, explains Rachel Arnold.

Vista Equity Partners in September made a growth investment in Gnosis Freight, a provider of enterprise software aimed at managing shipping containers, vital components of the global supply chain. The Charleston, South Carolina-based company says it monitors more than 95 percent of global ocean commerce, offering logistics specialists visibility over their supply chains.

Vista's investment in Gnosis was made by the firm's Endeavor Fund, which provides growth capital and strategic support to market-leading, high-growth enterprise software, data and technology-enabled companies that have achieved at least \$10 million in recurring revenue. PE Hub discussed the deal with Rachel Arnold, co-head of Endeavor Fund and a senior managing director at Vista.

The conversation covered a range of topics, including Vista's strategy for identifying proprietary investment opportunities. Below are edited excerpts from the conversation.

What does Gnosis Freight do?

Shipping containers are the atomic units of an \$8 trillion global supply chain, but managing and tracking their movement on an hourly or even daily basis remains an extraordinarily complex and difficult task. On average, a container changes hands 20 times from source to delivery, with most global importers and logistics teams still



Rachel Arnold, Vista Equity Partners

relying on heavily manual processes and spreadsheets to manage their state and status.

Gnosis Freight's Container Lifecycle Management platform is a proprietary supply chain software operating system that accurately tracks the location and status of shipping containers – from procurement, to transit, to return. It helps their customers save time, money, and better collaborate with their partners throughout the supply chain ecosystem.

How did the investment come together?

Vista's Endeavor strategy focuses on the small cap universe of the enterprise software sector, which means a significant

portion of our deal flow comes from our team going out and pounding the pavement to cultivate proprietary investment opportunities outside of traditional sales or fundraising processes. What that means in practice is we often start developing relationships with founders well before we make an initial investment.

Gnosis is a terrific example of this sourcing engine at work. We began working with the Gnosis team about two and a half years ago when we built our thematic supply chain investment strategy and first connected with Austin McCombs, CEO & co-founder, Jake Hoffman, Michael Rentz and Hudson Joyner at their Charleston headquarters. Over the ensuing years, we stayed in close touch with the management team as we sought ways to demonstrate value and network through industry conferences and tradeshows. Building this relationship enabled us to move quickly to invest the moment the team was ready to partner.

How is Vista planning to help the company grow?

Gnosis's proprietary data platform and ever-growing suite of workflow application software are what we ultimately believe will help them expand their reach and scale as a business. The platform draws data from all ocean and rail carriers, terminals and trucking companies, as well as AIS satellite, US Customs and other

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sources. The data model then normalizes – and analyzes – the data to provide a complete and accurate picture of each container’s lifecycle.

Most software businesses start out with the idea of applying data and technology to solve a specific a problem or need. The challenge is often scaling that solution and building a strong business around it. That’s where the power of Vista and our \$100 billion enterprise software investment ecosystem come into play. With Gnosis, we intend to empower the management team to do more of what’s made the company successful to date – namely by leveraging the strength of the Vista network to unlock key relationships and partnerships, surrounding the business with A+ talent to support the team, and utilizing best practices to help the company continue to deliver exceptional value to its customer base as it scales.

Vulnerabilities in the global supply chain have emerged over the last

several years and have had a big impact on a lot of businesses. What can PE investors do to smooth things out for the future?

One thing that really stood out as part of our diligence with Gnosis is how relentlessly customer-focused their team is – and how their products were borne out of the idea to solve for specific pain points in the supply chain process. For example, the visibility and functionality of Gnosis products help their customers reduce demurrage and detention fees, which are the often hefty charges for using a shipping container beyond the allotted time.

How does Gnosis fit into Vista’s portfolio?

We’ve been studying supply chain solutions for some time now as a thematic vertical with strong digitalization tailwinds, and we feel the opportunities for mission-critical software extend beyond operations and resource planning products. For example, Resilinc’s software

is a risk management tool that enables its customers to manage issues related to natural disasters, geopolitical incidents and other disruptions to minimize operational impact. Like Gnosis, Resilinc features a powerful, unique data set at its core that enables it to deliver highly differentiated value to its customer base with workflow application software to drive efficiencies and unique insights.

What does the future hold for Gnosis?

Our focus right now is jumping in with the Gnosis team to help them build upon their strong recent momentum and amplify the core strengths that their customers so clearly value. When we pitch ourselves to founders, we talk about building enduring business value that will extend well beyond our hold period. That’s what truly resonates, and that’s how we feel we can be the most successful in building great businesses and achieving the best outcomes for our investors.