

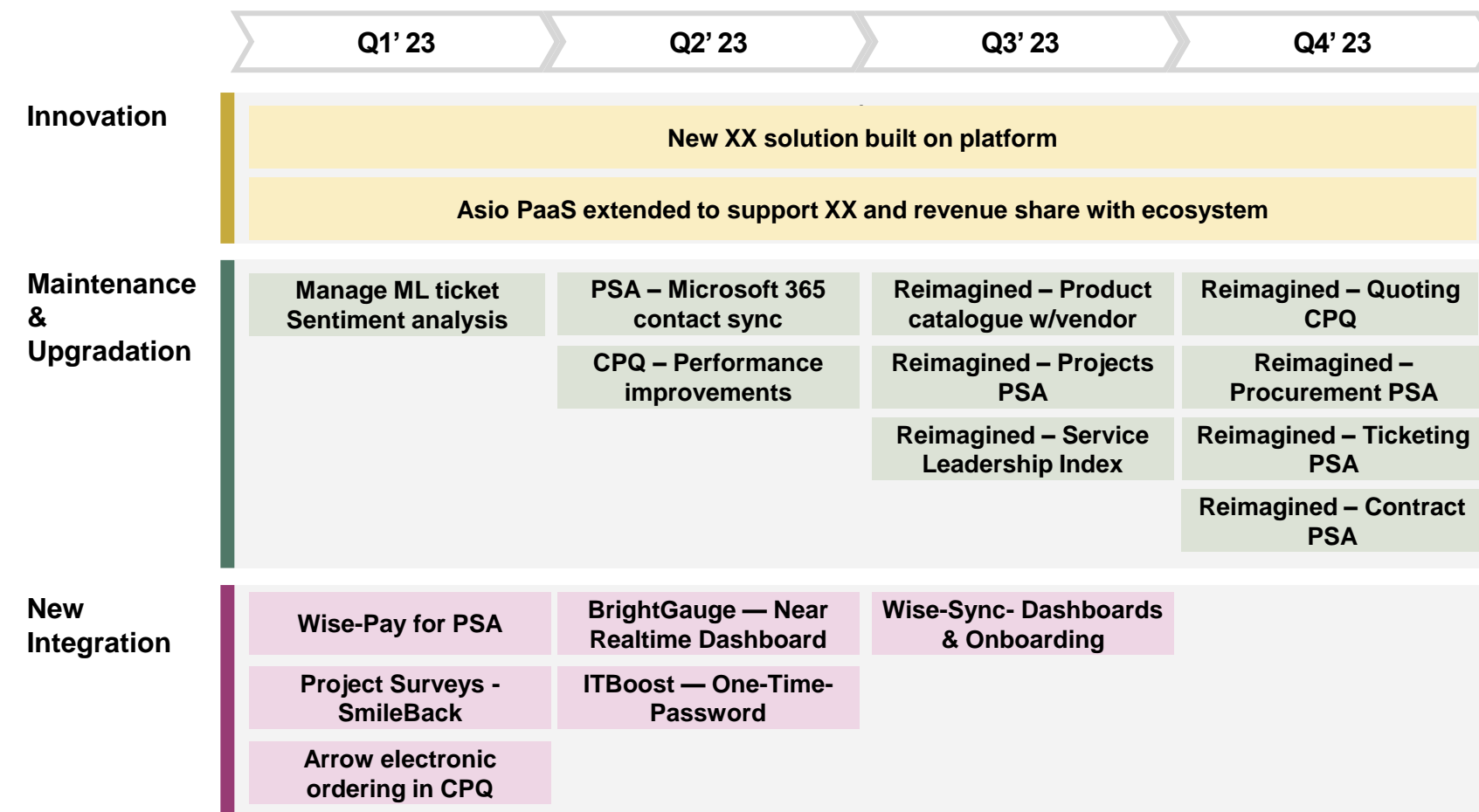
Target aims to strengthen its platform by building new XX solution along with upgrading and integrating multiple capabilities in 2023

BUSINESS MANAGEMENT

ROADMAP

Roadmap

2020-2023 roadmap



Commentary

• Innovation

- Launched unified platform in late 2021. Now in 2023 advancing to build XX solution on the same unified platform
- Target's **platform** introduced first MSP PaaS solution in 2022
- Plan for additional offering of New platform ticketing and service in 2023

• Upgradation

- During 2023, Target plans to upgrade almost all its capabilities under XX solution - Manage (PSA), Sell (CPQ), Service Leadership and Sync (Payments) etc.

• Acquisitions

- After acquiring multiple companies in years 2020-2022 (IT Boost, Service Leadership and Sync), Target in 2023 is aiming to integrate all the services offered by those players into its own eco-system

Unlike most of its peers, Target has formed partnerships with third-party vendors across broad range of cybersecurity products and services












CYBERSECURITY

VENDOR OFFERINGS

Competitive Benchmarking

Vendors' inhouse IP vs. leveraged 3rd party software

3rd party software Inhouse IP No offering Via acquisition

	Products							Services	
	SIEM	EDR/MDR	Cloud app security	Vulnerability management	Identity management	Endpoint policy management	Secure access	SOC	Incident response
Target		 							
Kaseya									
N-ABLE									
blackpoint									
HUNTRESS									
ARCTIC WOLF									
WEBROOT <small>an opentext company</small>									
SOPHOS						Offers via partnering with Carbonite, under its same parent company			

Source: Project Target; Bain Analysis

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UI/UX: [Target] performs good overall, especially on products & solutions pages; [comp] also has a good interface (1/2)

WEBSITE

USER EXPERIENCE

● Better than peers ● Similar to peers ● Lagging peers

UI / UX

Arrival

1

Metric

Page load time

11.6s

3.5s

14.7s

3.2s

3.5s

7.2s

Home page

Clean & well-designed layout with use of pictures; well-organized with brand messaging and offerings

Short page with limited information; pictures used; brand messaging and offerings present

Well-designed page with good use of pictures & icons; well organized with brand messaging and offerings

Well-structured short page; limited use of pictures with more focus on product graphics; brand messaging and offerings present

Well-structured page; pictures used but are of low quality; brand messaging and offerings present

Well laid-out, but short page; limited use of pictures; limited brand messaging; offerings mentioned

Search & Navigation

3

Main Menu

Standard hoverable menu bar with category information and icons; lack of sub-menu options and images

Standard menu ribbon; limited sub-menu options and menu not hoverable

Standard menu bar; sub-menus available, but no details and icons; menu hoverable

Comprehensive menu bar; sub-menu available, but no details or icons; menu hoverable

Standard menu bar; sub-menus available, but no details and icons; menu hoverable

Comprehensive menu bar with graphics and extensive categorization present in sub-menu; menu hoverable

4

Master Search

Available but is not predictive

Not available

Predictive search available

Available but is not predictive

Available but is not predictive

Predictive search available

Products & Solutions

5

Ease of booking a demo

Option available on the top-right of the home page; form requires just the basic details

Option available on the top-right of the home page; form requires additional details like company size

Option not available directly on the homepage; accessible through 'contact us' page, form requires basic details

No demo-request option (can contact sales team through a form on contact us page)

Demo-request option not present on home page; accessible through solutions pages and requires basic details

Option available on the top-right of the home page; form requires additional details like company revenue

6

Products & solutions layout

Well laid-out, easy-to-follow solutions page with a clean design; provides short descriptions, links to learn more or book demo, value propositions present; customer team names mentioned with photos

Well laid-out, easy-to-follow solutions page with a clean design; provides short descriptions, links to learn more and a common link to book demo

Well laid-out page with scrollable menu and collapsible topics; verbose descriptions, links to learn more and a common link to book demo

Short page with limited overview on solutions & products; value proposition mentioned

Well laid-out, detailed, and easy-to-follow solutions page with a clean design; provides short descriptions, links to learn more present

No overall solutions overview page available; on solutions pages by business need, information is well laid-out with links to explore products; no direct link to book demo

Note: Page load time determined on webpagetest.org with test location in Virginia and connection set to FIOS (20/5 Mbps) | Source: Company websites as on 9th Sep'21, Bain Analysis

Target has a sizable R&D organization totaling 127 FTEs and ~50 contractors; recent hiring strategies have increased amount of both remote and offshore resources

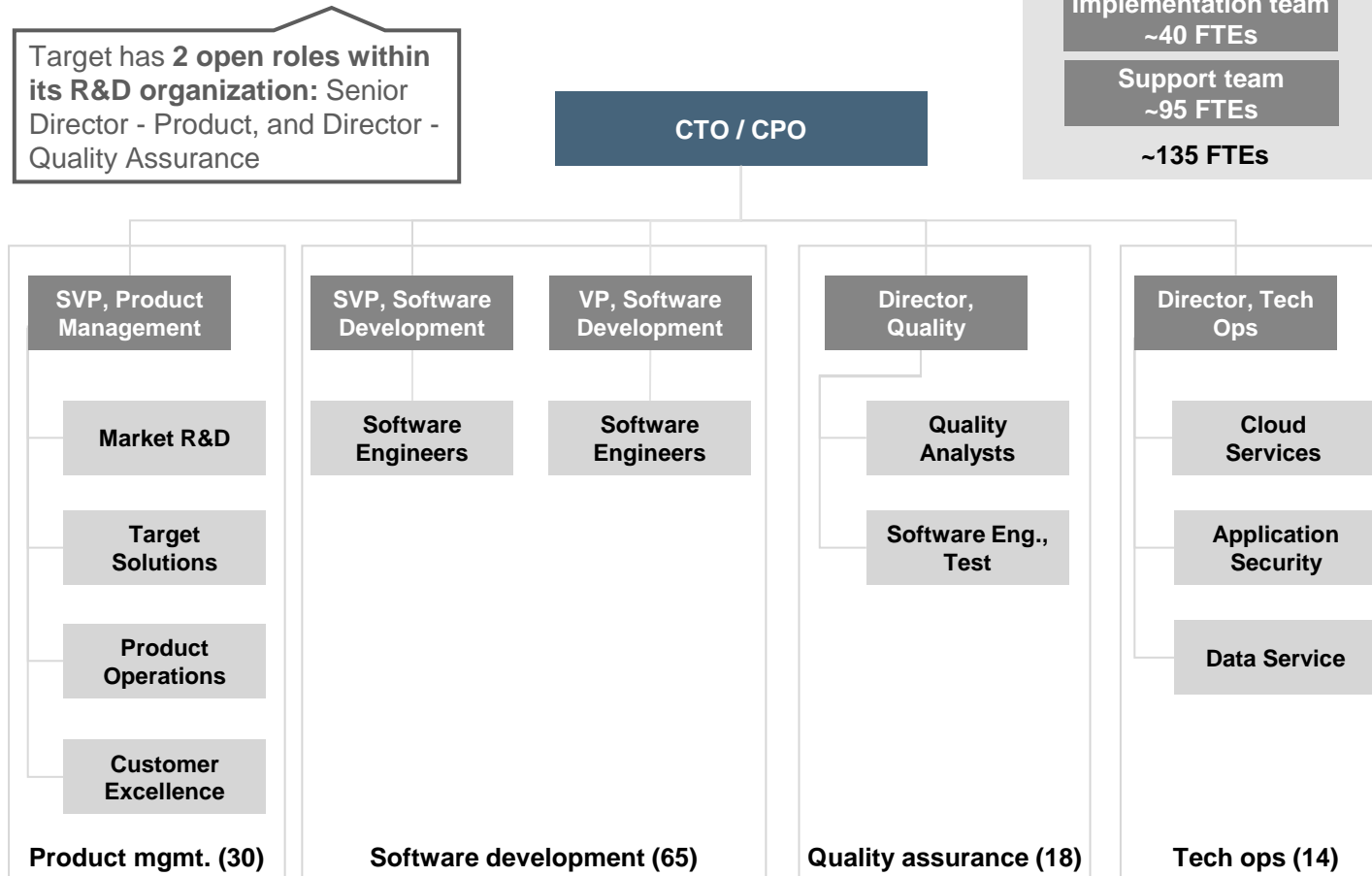
R & D TEAM AND PROCESS

ORGANIZATION CHART

Organization Chart

Target R&D organization

Total R&D resources: 127 FTEs (and ~50 offshore FTEs)



Key takeaways

- Target's technology organization **consists of cross-functional teams, comprised of product engineering and QA**, which report to the CPTO
- Target is **primarily based in the US**, with nine resources located in Canada. While **most resources are in-house**, **Target outsources** certain functions, particularly software engineering and QA
- In recent years, Target has **invested in scaling its organization** by expanding the **offshore FTE** count and increased utilization of **remote employees**. The R&D organization consists of **~40% remote and offshore FTEs** with the remaining 60% in-person/hybrid in Tampa, FL
 - Within the past 2 years, Target has hired remote FTEs from the US and Canada. Greater adoption of remote workers allows Target to access more experienced talent
- The company has **~135 resources dedicated to the Support and Implementation teams**, primarily consisting of Product Support Specialists, Project Managers/Specialists, and Implementation Specialists
 - The **Implementation team** is responsible for customer migrations

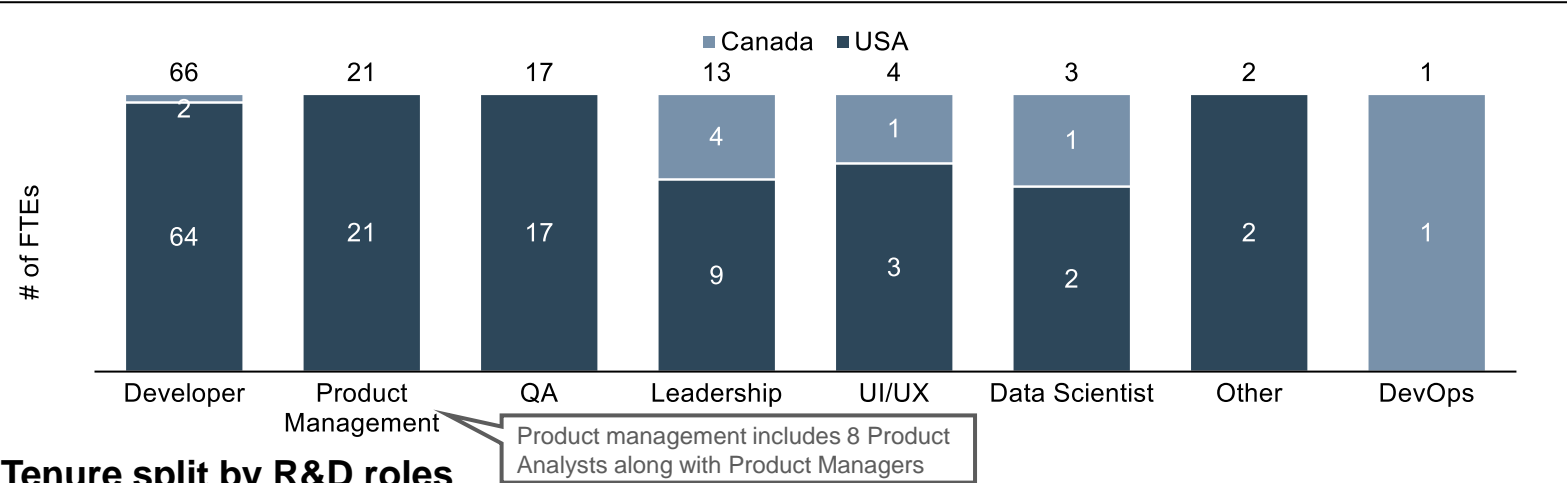
*"The people that work there now, they have an **outstanding understanding of what their market is**, what their **solution is**, and who their **clients** are. So, you have people there that are **deeply expert in those areas**. They are **really dedicated**, you'll see a lot of **long tenure** in the people that are on staff there. And so, the knowledge is there."*

Former Executive #4, Target

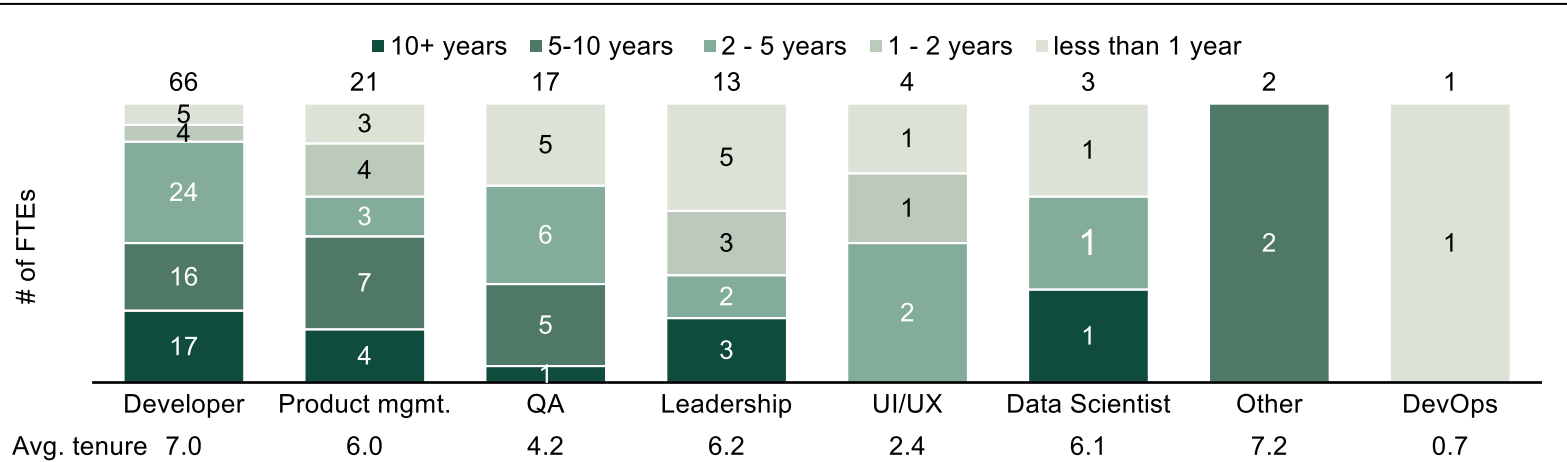
Note: CTO- Chief Technology Officer, CPO- Chief Product Officer
Source: Target VDD deck; Target disclosure; Bain analysis

Internal team: A majority of Target's R&D organization is based in the US (93%), with recent hiring in Canada (~7% of headcount)

Geography split by R&D roles



Tenure split by R&D roles



Key takeaways

- As expected, majority of Target's total R&D headcount is dedicated to **Engineering** (~52%), **Product** (~16%), and **QA** roles (~14%)
- Most of the R&D FTEs are in the US, with a **growing presence in Canada** (~7% of R&D FTEs) due to **recent hiring**, including **4 leadership roles**
- Target's R&D team has an **average tenure of 6.2 years**. ~44% of the team has been in the company for more than 5 years
- Six out of the thirteen current R&D leaders** (4 Directors, 1 SVP - Product Management, and the CTPO) **were hired within the past 14 months**
- Target's tech team has a **balanced Developer to QA ratio** whereas Developer to PM / Leadership ratios are slightly low (Target has more PMs/ leadership than expected)
 - Developers include **7 Team Managers** and **3 Senior Managers**

	Dev. to QA	Dev. to PM ¹	Dev. to Leadership ²
Overall	3.9	5.1	5.1
US	3.8	4.9	7.1
Canada	-	-	0.5

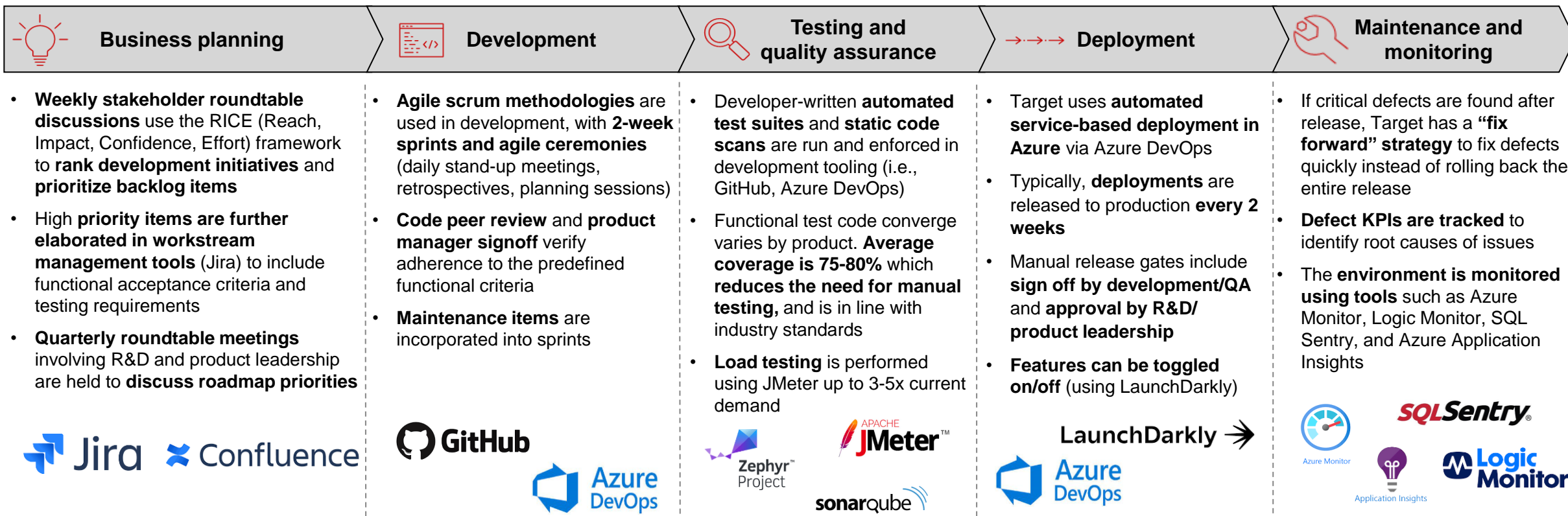
Note: 1) Ratio based on PMs (excludes Product Analysts) 2) Leadership includes C suite, Directors and VPs; Others include two Application Support Analysts
Source: Target disclosure; Bain analysis

Target uses industry-standard agile scrum SDLC methodologies with adequate tooling deployed at each stage



Assessment: Negative Positive

SDLC



Expert commentary

*"We **documented the processes**, we have **clarity around the vocabulary** that we use, we have **standard ceremonies**. I think the experience I've had so far has been pretty good."*

Former Executive #2, Target

*"It's pretty Scrum-based. So you have the **standard ceremonies across those teams.** Backlog, grooming, planning sprints, 2- week sprints, sprint reviews, sprint retros. So all the ceremonies. We did try to empower the teams to work completely by themselves. They have a **product manager assigned to the team, developers, and DevOps part of the team.**"*

Former Executive #3, Target

SDLC process maturity

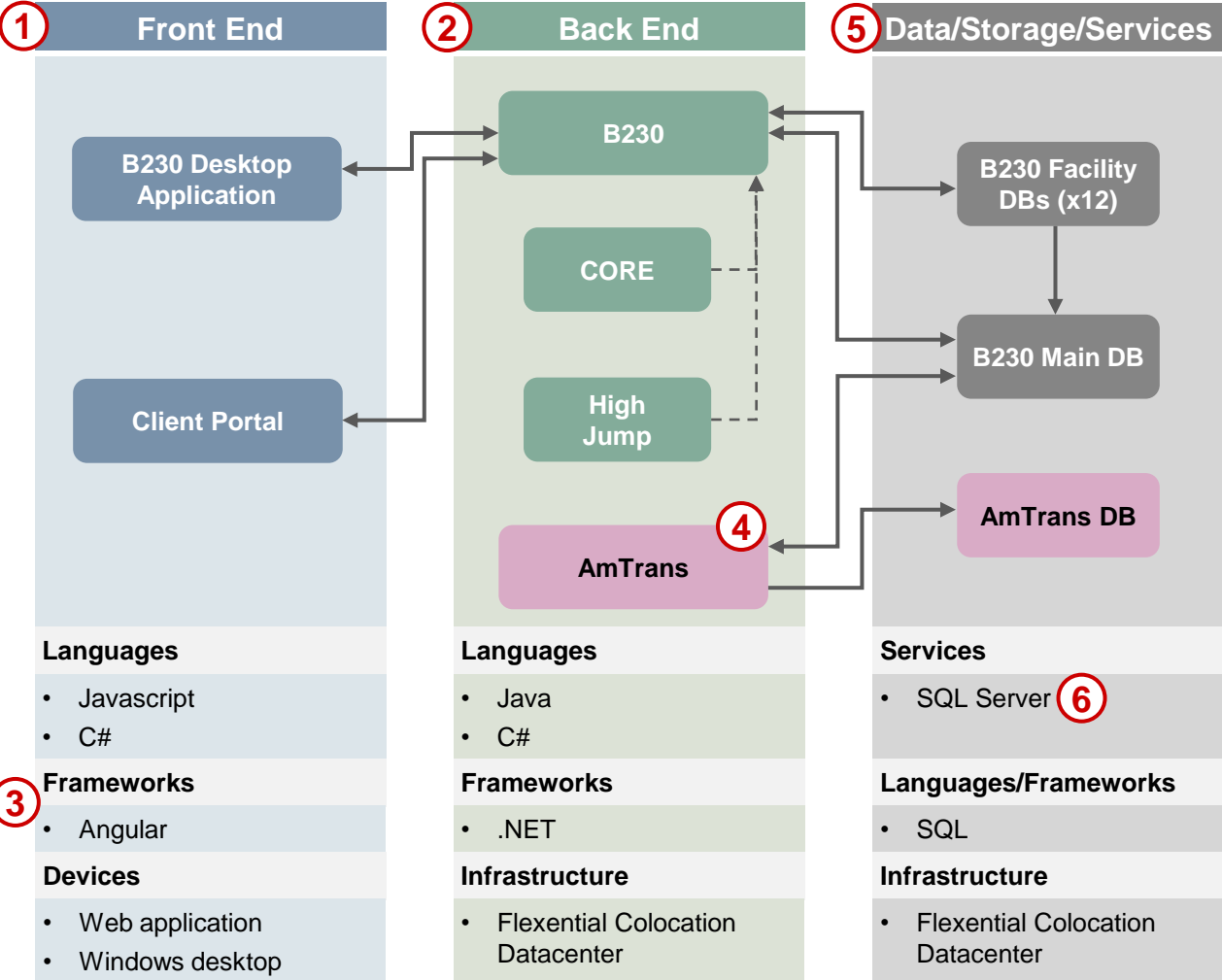


- A**
- B**

TECH ARCHITECTURE

Tech Architecture

Architecture diagram and tech stack

















Key takeaways

- ① For order-related tasks such as viewing status, submitting orders, and creating new SKUs, customers use B230, and for accessing invoices, they use AmTrans. Due to insufficient information, Bain cannot evaluate the technology and architecture of such portals that are directly facing the clients
- ② Target is managing their warehouse operations utilizing the B230, CORE, and High Jump WMSs. Management was aiming to move all High Jump accounts to B230 by Jan'23 and all CORE accounts by the end of 2023. At the time of diligence meetings, A8 confirmed the timelines have been extended
- ③ B230 and STrak are desktop applications built on a .NET architecture, and their internal user Middleware application is web-based. However, the variety of .NET versions potentially adds to the technical debt leading to security risks and maintainability concerns
- ④ AmTrans, being a third-party app, poses operational risks as Target lacks ownership or the ability to make changes, and connects directly to B230 production database, which may require future maintenance work
- ⑤ For each warehouse, B230 operations depend on their own transactional database, with batch updates being sent to a central consolidated database. However, the organization is moving towards a consolidated database strategy, which is expected to streamline data flow and minimize technical debt.
- ⑥ For data management, Target relies on MS SQL 2008 (which reached end of life in 2019), exposing the company to extended outages and security risks

Legend ---> *To-be phased out and migrated to B230 in 2023*

 WMS platforms  Third-party application

Target leverages older, well-established tech such as the C++ MFC framework; which may present a maintainability risk

TECHNOLOGY & ARCHITECTURE		TECHNOLOGY STACK		Tech Stack
Application		Description	Assessment	
<div><div></div><div>Frontend Technologies</div></div>	<div><div></div><div></div></div>	<ul style="list-style-type: none">C++ is an older, but well established and maintainable, programming languageWhile still used for certain UI applications where speed of execution is important, it is an older frontend choice for this type of applicationTarget is using BCGSoft to refresh the UI of its desktop tools; BCGSoft is a UI wrapper that can be used on top of C++ MFC applications, such as Versasec's CMSWhile BCGSoft may provide a somewhat more modern UX, the UI will still appear relatively dated compared to industry standards	<div><div>-  +</div><div>Target uses well established technologies that do not present an immediate maintainability risk; however, the age of these technologies results in a more dated UI/UX, which compares poorly with modern interfaces</div></div>	
	<div><div></div><div>Backend Technologies</div></div>	<div><div></div><div></div><div></div></div>		<ul style="list-style-type: none">C++ is an older, but well established and maintainable, general-purpose programming language; sourcing C++ developers in the next 5+ years may become increasingly challengingTarget leverages the .NET framework. The company plans to migrate to .NET Core, which is the most modern iteration of the frameworkNewer modules with business logic have been written in C#, a very widely adopted programming language for developing .NET applications
<div><div></div><div>Database Technologies</div></div>	<div><div></div><div></div><div></div><div></div></div>	<ul style="list-style-type: none">Target is provided with SQLite, a fast and simple database, as the default internal databaseTarget also supports MariaDB, MySQL and MS SQL as external databases; these are relatively older but well-established databases that do not present maintainability risks		<div>Assessment  Negative Positive</div>