

Tech M&A Update – *The Convergence of Data & Technology*

This month's letter is written by Amir Akhavan, Managing Director, amira@jegi.com

MARKETING BIG DATA MAKES AN INTELLIGENT TECHNOLOGY FRIEND

As marketing data grows exponentially, the marketing technology industry is undergoing a strong push to deliver sophisticated data-driven marketing by converging smarter data management and technology execution solutions, as evidenced by several recent mergers, acquisitions, investments and partnerships in this space.

Embracing the evolution of big data and data-driven marketing is a strategic initiative for every marketer. However, implementing systems and piecing together software is a major challenge, especially when dealing with disparate marketing technology providers and data technology solutions. In fact, strategic data and mar-tech investments typically come with the burden of massive time, cost, implementation and internal management investment. Stakes are high and missteps can be strategically painful. Ultimately, the winners will differentiate themselves by managing data and helping execute highly coordinated campaigns, while also offering data integration, enhancement, modeling and distribution, making every interaction more meaningful. Then, they will tie this data back to a transaction event for full circle ROI analytics.

HELP! I'M SINKING IN LOUSY DATA

Marketers are using data in more ways than ever to coordinate a customer experience across channels to improve engagement and ROI. According to IBM, there are 2.5 quintillion bytes of data being created every day. Data technology solutions need to be smarter and go beyond big data management, while also bringing intelligence to data, which is the foundation for sophisticated data-driven marketing efforts. The solutions drive data value by prioritizing accuracy and accessibility through a centralized data management, enrichment, and intelligence approach.

Increasingly, marketers are relying on third parties that offer a Data Cloud – an engine that manages, validates and enriches actionable marketing data on a unified platform. There is a shift in marketing, back to a combined data solution with actionable first and third party data to deliver the best client CRM and new customer engagement. Leveraging a Data Cloud solution and a DMP enables clients to move data through execution and marketing automation platforms, then tie results back to their CRM.

THE MARKETING & DATA TECH MONEY TREE – SHAKE IT!

According to eMarketer, US digital advertising spend is projected to grow to \$75 billion in 2017, with digital ad spend increasing across nearly every channel, including search, display, and mobile. Increased budgets, coupled with complex data management needs, are driving new investment in marketing technology.

IDC predicts that spending on marketing software will grow from \$20.2 billion in 2014 to \$32.4 billion in 2018, representing a CAGR of 12.5%. Marketers are increasingly seeking third party data solutions providers to manage their data, provide actionable audience

US Digital Ad Spending by Format

(\$ in billions)	2014	2015	2016	2017
Search	\$23.0	\$25.7	\$28.4	\$30.9
Display	\$22.2	\$27.1	\$32.4	\$37.4
Classifieds	\$3.0	\$3.2	\$3.4	\$3.6
Lead Gen	\$2.0	\$2.2	\$2.3	\$2.4
Mobile	\$0.2	\$0.2	\$0.3	\$0.3
Email	\$0.3	\$0.3	\$0.3	\$0.3
Total	\$50.7	\$58.7	\$67.1	\$74.9

Source: eMarketer

segments, and unify all data on one centrally accessible platform. This increased reliance is similarly reflected in the growth of the global marketing data and analytics software market, which is expected to grow at a 14% CAGR and reach approximately \$12 billion by 2018.

YOU NEED WHAT I'VE GOT

Increased marketing technology adoption has been driven by “large” companies with revenues of over \$500 million and the resources to install and launch complex marketing platforms. Conversely, the “small” and “mid-size” markets (\$5 to \$500 million in revenue) currently have very low marketing technology adoption rates of 5% and 10%, respectively.

Marketing Technology Penetration by Segment

Segment	Revenue	Companies	Penetration
Micro	<\$5 mm	1,000,000	3%
Small	\$5 - \$20 mm	220,000	5%
Mid-Size	\$20 - \$500 mm	90,000	10%
Large	>\$500+ mm	5,000	60%

Source: Raab Associates VEST, 2014

Compared to large companies, SMBs have limited budgets and cannot pay for numerous point solutions to address their marketing needs. They require a cost effective model that fits with their budgets, but does not sacrifice any functionality or effectiveness. There is a huge opportunity for competitively priced platforms to capture the mid-market. Meanwhile, existing enterprise clients will continue to increase their total spend and solutions providers will penetrate the 40% of the market not being served today.

IT'S GETTING FIGURED OUT

When Oracle acquired BlueKai in February 2014 for \$400 million, they gained blue-chip customer relationships across the digital media landscape, along with a massive cookie data pool. Soon after, as the industry turned to personalization, Oracle needed more than just cookies and acquired DataLogix in December 2014 for a whopping \$1.2 billion. Oracle gained access to DataLogix’s full customer profile data and incredibly rich transition data, along with powerful analytics, modeling and data enhancement capabilities to combine valuable data, technology, insights and analytics for marketing execution.

We have seen a few different trends emerge, as companies look to keep up with the changing tides, including mergers, acquisitions, investments and partnerships. Recent examples include:

- **Merging Data & Technology** Last week, DataMentors, a leader of data quality and integration, business intelligence and Data-as-a-Service, acquired Relevate, a leading marketing data and services provider. The merger combines the data assets and technology solutions of both companies, to provide an even more powerful platform for marketers.
- **Bringing together Traditional Media and Advertising with Data Tech** Advance/Newhouse (an affiliate of Advance Publications) announced the acquisition of 1010data for \$500 million. 1010Data provides big data discovery tools and a data sharing platform, combining cloud-based analytics with access to disruptive datasets on a single platform. Advance’s resources will allow 1010data to scale its platform faster and expand its reach, while enabling Advance to combine big data tools with advertising buys in its network.
- **Private Equity Investment in Marketing and Data Tech** In July, leading middle-market private equity firm HGGC made a significant investment in Selligent, an international SaaS platform providing marketing automation and data management. HGGC saw the opportunity to acquire a rapidly growing platform that could expand into new markets and broaden its technology and data offering with additional acquisitions. JEGI, along with our UK investment banking partner Clarity, advised Selligent on its sale.
- **Coopetition – Partnering to Win** Neustar, provider of real-time cloud-based information services and analytics, announced a partnership with MarketShare, a leading analytics technology provider for brand marketers. Neustar’s data management platform measures data on individual digital advertising campaigns, whereas MarketShare provides a bigger picture view on media and ad spend by channel. The two companies, which at times are competitors, realized that by partnering together and sharing data, they could combine the macro view and granular data to better analyze marketing campaign effectiveness for their clients.

MORE AHEAD...

The convergence of data and technology is still in the beginning stages, and JEGI is working with some of the leaders in the space. There is a massive market opportunity, and we expect to see a lot more investment and growth in data and marketing tech platforms. Feel free to reach out and discuss your business or your acquisition strategy – we are passionate about advising companies in this exciting converging market.

Private Company Spotlight – RedVision

Each issue, we spotlight one later-stage private company for our audience. As experienced tech investment bankers, we will point out the characteristics that enable these companies to be emerging market leaders and ultimately become compelling acquisition targets for strategic companies, as well as later-stage growth equity and private equity investors.

RED(VISION) This month, our Private Company Spotlight centers on RedVision, the fastest growing provider of title searches and real property data solutions in the nation. The Company creates strategic partnerships built on the combination of using technology and local expertise to deliver the highest quality real property information on the market today. RedVision is headquartered in Parsippany, NJ, with eight regional operation centers across the country.

We had the opportunity to sit down with RedVision’s CEO Brian Twibell and President Michael Carus to get their perspectives on the title and property information industry and how RedVision differentiates itself in this complex and highly competitive market.

What is the “elevator pitch” of the main problem(s) RedVision is trying to solve?

RedVision is the largest national provider of title and property research. With our innovative straight through processing (STP) and single source solutions, RedVision is transforming the industry’s procurement and processing of title information.

The title industry has been challenged by unpredictable market changes, increasing regulatory restrictions and the ability to deliver a consistent product in the most efficient way possible. RedVision is positioning itself as a single-source provider of the industry’s most innovative title solutions; by applying STP to our business, our customers will reap the benefits, including cost-savings, elimination of manual processes and compliance. These benefits not only create efficiencies for our clients, but also help them increase profit margins.

How do you define and size your market? How big of an opportunity is it for you?

Title insurance, default and foreclosure, and home equity and loan modifications are the principal transaction drivers requiring title and property reports. These reports average a cost of approximately \$50. Based on the average number of annual transactions from 2006 to 2014, the market for title and property research reports has ranged from \$900 million to \$1.4 billion annually. For the year ending 2015, we forecast this market to be \$1.1 billion.

What “secret sauce” differentiates RedVision from other vendors, big and small, that proclaim similar messages?

RedVision’s secret sauce is combining the STP approach with our technology and our people. The differentiator is not the delivery of our products, but ensuring the best possible customer experience. We want our customers to receive our products with confidence, so that our uniform reports are held to the highest standards of quality and industry-compliance. This then enables our customers to focus on their business and best serving their own customers.

We have long been impressed by the number and quality of customers you have been able to win, even early on in the Company’s life. Can you give us some insight into why they chose you and how you have added value for them?

Since its inception, RedVision has maintained a committed focus: title production and technology. With this in mind, we hired a third-party consulting firm to identify inefficiencies in title procurement and processing. The study focused on RedVision’s internal processes, as well as those of our largest customers. As a result of this study, we were able make changes in our proprietary technology to reduce manual intervention and create a more streamlined, digital process.

The results of this study are currently in rollout and integration phases with a few of our customers, and we are confident that our newest technology and STP changes will increase their operational efficiencies and cost savings.

Can you share with us some insight into the growth path of the Company in the past and looking forward?

Our growth goals remain consistent: we will continue investing in our people and our technology to remain an industry leader. RedVision's investments in data acquisition, technology advancements and best-practice standardization positions our clients to increase their focus on sustained growth and value-differentiation initiatives.

What excites you when you think about RedVision's future?

The opportunity to transform an industry where there has been resistance for change. RedVision STP® is transformative for the title industry, and the benefits are passed along not only to our customers, but to the industry as a whole. By combining our technology, supply chain efficiencies and best practice standards with an expert workforce, RedVision's STP approach is defining the industry standard.

Hey, Did You See This?

Embotics – July 28, 2015

Embotics, a cloud management platform company, announced its vCommander Release 5.5, which enables enterprises and service providers to deliver ITaaS across a private, public or hybrid environment without being locked into a platform. vCommander Release 5.5 is a no sales rep, self-service IT solution for the CMP industry that is focused on simple, cost-effective and fast cloud management platform enhancements.

Funambol – August 4, 2015

Funambol, a provider of white-label personal and business clouds, introduced a new personal cloud solution that debuts ‘one place for your everything’ digital. Consumers have an abundance of digital content that is difficult to manage. OneMediaHub v15.5 auto-centralizes user content from mobile devices, computers and third party clouds, and organizes the content into timelines for pictures, videos, music, etc. Users can further organize their personal clouds with playlists, sets and more, as well as use an advanced search feature to narrow results by attributes, to simplify mobile lives.

Infinisource – July 20, 2015

Infinisource’s iSolved, a unified human capital management platform for payroll, HR and benefits, now includes a robust time and attendance module. The new module eliminates the need for any importing, exporting, syncing or dual-data entry, and it will make time keeping simple, fast and efficient. Small- and mid-sized businesses now have one single database for all the core functionality required to manage their workforce, improving overall efficiency and accuracy, as well as compliance.

Sharethrough – July 21, 2015

Ad tech firm Sharethrough is launching “Continuous Campaigns” to allow advertisers to leverage native advertising on publisher sites in a scalable and dynamic way. Advertisers can upload an entire campaign of sponsored content into their “Continuous Campaigns” dashboard, including tweets, Instagram posts, Pinterest pins, RSS feeds, etc., and automatically turn it into in-feed native ads. An algorithm will continue to refresh the ad placements and will highlight the most engaging content more frequently in order to drive additional customer engagement.

Sprout Social – August 6, 2015

Sprout Social, a social media management platform that powers smart social communication for leading agencies and brands, recently deepened its partnership with Twitter to further technology solutions for social customer service. People increasingly turn to Twitter to ask for help, make buying decisions, lodge complaints and engage in dialogue with brands. Through this partnership, Sprout has access to both historical and real-time data to help expand its existing social care tools. Among the first to access this new data, Sprout will work with Twitter to help consumers and brands have a better customer service experience on the Twitter platform.

Steelwedge – July 23, 2015

Steelwedge, a provider of cloud collaborative planning solutions, announced that the nation’s leading wine and spirits distributor, Southern Wine and Spirits of America, Inc., has selected Steelwedge for its Sales & Operations Planning (S&OP). Steelwedge’s dynamic big data cloud platform is a valuable tool in transforming multi-source, diverse data into granular, actionable and tailored information to boost plan performance. With Steelwedge, Southern Wine and Spirits will have the added visibility and responsiveness needed for today’s consumer-driven marketplace.

Unified Social – August 4, 2015

Marketing technology firm Unified Social announced its integration with recently launched Instagram Ads API. The addition of the Instagram Ads API to the Unified Social Operating Platform allows marketers and their agencies to drive success via link ads, mobile app installs, or video advertising. With 300 million engaged users worldwide, Instagram offers a strong marketing opportunity for brands.

Selected July M&A Transactions in JEGI Tech Coverage

Buyer	Seller	Target Description	Enterprise Value (\$mm)
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Deals with Values (by size)

Sterling Partners, Longview, Permira	eBay Enterprise (eBay)	Online e-commerce BPO & SaaS	\$925
Emdeon (Blackstone)	Altegra Health (Parthenon Capital)	Healthplan benefit management SaaS	\$910
Solera Holdings	Identifix (Mobile Productivity)	Automotive diagnostics & repair SaaS	\$595
Splunk	Caspida	Security behavioral analytics software	\$190
Cisco Systems	MaintenanceNet	Contract renewal management SaaS	\$139
Zillow	DotLoop	Real estate document e-signature SaaS	\$108
DST Systems	Wealth Management Systems	Retirement benefit management software	\$64
MetaBank (Meta Financial)	Assets of Refund Advantage	Electronic tax refund SaaS	\$50
Frankly	WorldNow	Video content network & SaaS	\$45
Patriot National	Global HR Research	Pre-employment screening BPO & SaaS	\$42
Halyard Capital	Jun Group	Mobile video and branded content ad platform	\$28
Q2 Software	Centrix Solutions	Banking fraud prevention software	\$20
Descartes Systems	BearWare	SCM & retail collaboration SaaS	\$11
Code Rebel Corporation	ThinOps Resources	Systems integrator & staffing services	\$9
Carter Validus Mission Critical REIT	Eagan Data Center (Liberty Property Trust)	Datacenter colocation & hosted services	\$6
SITO Mobile	Assets of Hipcricket	Mobile marketing & SMS SaaS	\$4

Deals without Announced Values (alphabetical by buyer)

Amazon Web Services (Amazon.com)	AppThwack	Mobile app & device testing SaaS	
Autotask Corporation (Vista Equity)	Soonr	Team collaboration SaaS	<i>Confidential (JEGI deal)</i>
BlackBerry	AtHoc	Emergency alert delivery software & SaaS	
Blackboard (Providence Equity)	X-Ray Analytics	Education predictive analytics SaaS	
Bregal Sagemount	irth Solutions (Crane Group)	Field service management SaaS	

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Cloudability	RipFog	Big data analysis SaaS	
Dropbox	Clementine Labs	Mobile enterprise communications SaaS	
EPAM Systems	NavigationArts	Digital marketing & Web design services	<i>Confidential (JEGI deal)</i>
ExactBid (Spectrum Equity)	Narrative1 Holdings	Commercial appraisal software & SaaS	
Google	Pixate	Mobile application prototyping software	
HGGC	Selligent	Marketing automation & CRM SaaS	<i>Confidential (JEGI deal)</i>
IBM Corporation	Compose	Open source DBaaS	
Inmar (ABRY Partners)	Scanner Applications	CPG promotions BPO	
Ipreo (Blackstone, Goldman Sachs)	iLEVEL	Financial portfolio monitoring SaaS	
KPMG	HR Service Delivery Assets (Towers Watson)	Workday HR systems integration	
Maker Studios (Walt Disney)	Instafluence	Social media-focused online advertising	
Meredith Corporation	Grocery Server	Grocery & retail ad platform	
Microsoft	FieldOne Systems	Mobile field service software	
Mitrtech Holdings (Vista Equity)	Bridgeway Software	Legal operations management software	
Patriot National	CWIBenefits	Benefits administration SaaS & BPO	
SailPoint Technologies (Thoma Bravo)	Whitebox Security	Data governance software	
Sysomos	Expion	Social media marketing SaaS	
Time Inc.	iScore Sports	Sports score-keeping mobile app	
Time Inc.	League Athletics	Sports Web management SaaS	
Time Inc.	SportsSignup.com	Youth sports management SaaS	
Under Armour	Gritness	Mobile fitness-enthusiast application	
Zywave (Vista Equity)	Intygral	Insurance marketing automation SaaS	

Recent JEGI News

JEGI DEAL ANNOUNCEMENTS

July was a busy month here at JEGI. We announced six deal closings, including four tech-related transactions:

- The sale of **Soonr**, a leading provider of enterprise secure file sharing and collaboration services for IT business managers, to **Autotask Corporation**, the world's leading provider of hosted IT business management technology and a portfolio company of **Vista Equity Partners**;
- A significant investment in **Jun Group**, the leading mobile video and branded content advertising platform, from private equity firm **Halyard Capital**;
- The sale of **Selligent**, an international SaaS platform delivering omnichannel audience engagement, to leading middle market private equity firm **HGGC** (JEGI co-advised Selligent with Clarity, our UK investment banking partner); and
- The sale of **NavigationArts**, a digital strategy and experience design firm, to **EPAM Systems**, a leading global provider of product development and software engineering solutions.

UPCOMING EVENTS

2015 Digital Media Strategies USA Conference

JEGI is pleased to share that we will be a sponsor at Briefing Media's 2015 Digital Media Strategies USA Conference in New York City on September 8-10. The conference will bring together senior executives across the digital media ecosystem to engage with peers on the key strategic challenges and opportunities in today's world. Case studies and discussions will cover new business models and revenue streams, mobile monetization, digital video, programmatic and native advertising, advertising metrics, audience development, technology, data, organizational transformation, and more.

For more information, visit www.digital-media-strategies-usa.com. If you are interested in attending, register with JEGI's sponsor code **DMSUSJEGI** for 10% off.

2015 Outsell Signature Event

The 9th annual Outsell Signature Event, co-produced by JEGI, will be held September 30 to October 2 at the renowned Pinehurst Resort in the sandhills of North Carolina. The information industry is transforming, splintering and converging across all sectors. New competitors are emerging and we're entering the "Machine Age". Data, information, and analytics are now traded, consumed, and applied at lightning speed, forever changing decision-making and the way clients think.

This year's conference focuses on "Success in the Digital Machine Age". We live in an always-on, sensor world, and it's essential we make good, well thought out choices for our businesses – from having the right talent to preventing or creating disruption to developing partnerships to having the right operational models.

We cordially invite you to join us and more than 150 CEOs, COOs, Presidents, and Managing Directors across the global information industry at this highly exclusive, invitation-only event. It offers incredible networking, an A-list speaker lineup focused on the industry's most important topics, and case studies and how-tos you can take back to the office and apply. Keynote speakers include Sir Martin Sorrell (WPP), Michael Rhodin (IBM), Debra Walton (Thomson Reuters), David Williams (Merkle), John Ross, (Inmar), Raju Narasetti (News Corp), and many others.

Register now and get the special JEGI client rate: www.outsellinc.com/pinehurst2015_registration.

About The Jordan, Edmiston Group, Inc.

The Jordan, Edmiston Group, Inc. (JEGI) is the leading independent investment bank for the global software, tech-enabled services, media, marketing and information sectors. Over the past 28 years, the firm has completed nearly 600 M&A transactions, serving global corporations, private companies, entrepreneurs and founders, and private equity and venture capital firms.

JEGI's senior bankers average nearly 20 years of M&A experience and personally lead each client engagement. Through the firm's broad network of industry contacts and a deep understanding of the markets that its clients serve, JEGI helps technology companies find their optimal strategic paths via exit or growth capital. The firm often identifies and completes transactions with "outside the box" buyers for its clients by leveraging its unique perspective and extensive high-level relationships across diverse markets. For more information, visit www.jegi.com.

Select Recent JEGI Technology Transactions*

 <p>a leading provider of enterprise secure file sharing and collaboration services for IT business managers</p> <p>has been sold to</p>  <p>a portfolio company of</p>  <p>Vista Equity Partners</p>	 <p>a leading mobile video and branded content advertising platform</p> <p>has received a significant investment from</p> 	 <p>an international SaaS platform delivering omnichannel audience engagement</p> <p>has been sold to</p> 	 <p>a digital strategy and experience design firm</p> <p>has been sold to</p> 	 <p>a cloud-based provider of global sourcing and collaborative supply chain software solutions</p> <p>has been sold to</p>  <p>POWERING GLOBAL TRADE®</p>
 <p>a leading software and data provider to the agriculture market</p> <p>has been sold to</p> 	 <p>a leading event housing software and services provider</p> <p>has been sold to</p>  <p>Global Experience Specialists</p> <p>a subsidiary of</p> 	 <p>a leading tech-enabled search and digital marketing agency</p> <p>has been sold to</p> 	 <p>a leading provider of mobile workforce management solutions for field service</p> <p>has been sold to</p>  <p>a portfolio company of</p> 	 <p>a leading mobile app market intelligence and analytics provider</p> <p>has been sold to</p> 
 <p>a pioneer and leading SaaS provider of talent analytics to HR and C-level professionals</p> <p>has been sold to</p>  <p>for \$52,000,000</p>	 <p>a leading provider of shopping and shopper marketing software and services</p> <p>has received a significant investment from</p> 	 <p>a portfolio company of</p>  <p>has sold</p> <p>OneSource</p> <p>the leading provider of sales enablement and business intelligence SaaS solutions</p> <p>to</p> 	 <p>a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web</p> <p>has been sold to</p> 	 <p>a pioneer and leader in mobile entertainment services</p> <p>has been sold to</p> 

*Some of the transactions highlighted above were completed by JEGI Managing Directors Joseph Sanborn and Jeff Becker, prior to joining the firm.

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