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THE JORDAN, EDMISTON GROUP, INC.

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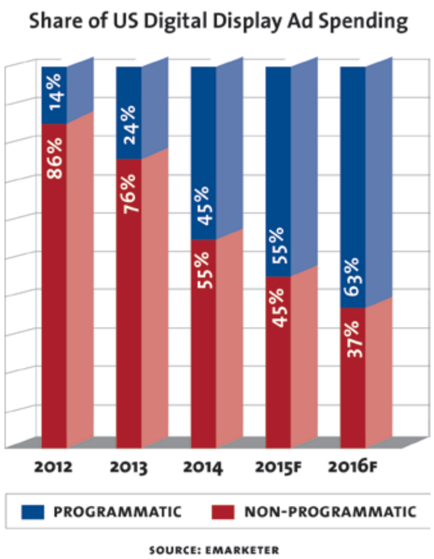
INDEPENDENT INVESTMENT BANKING FOR GLOBAL TECHNOLOGY, MEDIA, MARKETING & INFORMATION

Tech M&A Update – *Programmatic Advertising*

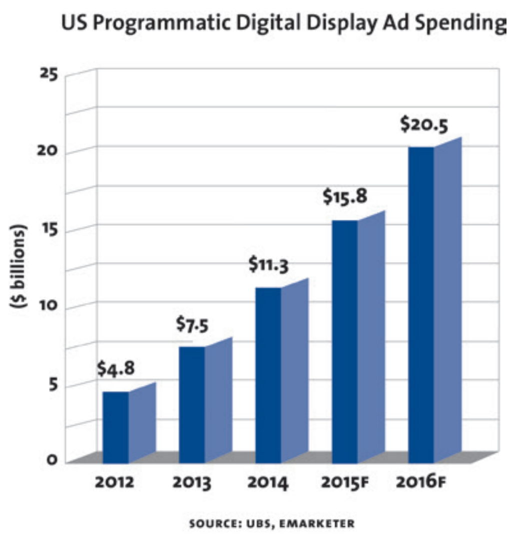
This month's letter is written by Tolman Geffs, Co-President, tolmang@jegi.com

Programmatic advertising has become the "plastics" of the media industry – the growth engine for digital and soon for other electronic media, especially TV. The shift has been remarkable, as programmatic swiftly moved from a channel for mainly remnant inventory to a mainstay and is expected to account for a majority of digital display sales this year. But, so what? Beyond the impressive stats and the flurry of VC-funded startups, where is real change happening? Are publishers and marketers seeing new efficiencies in selling and buying media? And will major new opportunities emerge? On the former question, "too soon to tell", reports are mixed. On the latter, the answer is an emphatic "yes".



"Programmatic" is the sale and purchase of electronic media via automated channels, based on decision rules set by buyers and sellers. Media buyers set audience targets and price and volume goals, while publishers provide corresponding data about their audiences at an individual level for each media impression. Computers match and execute buy and sell orders via these data parameters. The trade can be executed in real-time on a media exchange, or in a private machine-to-machine connection between buyer and seller. In theory, no human intervention is required or desired once the decision rules are set – the media is bought (or not bought) algorithmically.

Programmatic media sales are growing very rapidly – initially across desktop display media, and now expanding into mobile and video advertising. Programmatic originally appealed to publishers as a way to dispose of unsold inventory, and media buyers saw it as a source of cheap impressions. That has changed sharply; as the chart above indicates, eMarketer (a leading independent digital-focused market research firm) expects that a majority of display media sales this year will be transacted via programmatic channels.



Programmatic volume is still weighted toward direct response and performance-oriented advertising, and more complex or integrated advertising campaigns continue to be completed the old fashioned way. But, there is no question that many major brand advertisers have shifted to a programmatic-first approach.

One analog, for those old enough to recall, is when credit scoring swept the financial services industry. Banks and credit card companies learned – reluctantly at first but then enthusiastically – that a credit scoring algorithm could make credit decisions that were as good or better than a human lending officer, not to mention faster and cheaper. As a magazine publishing CFO early in my career, I looked at many well-padded expense reports and wondered, "Couldn't we find a way to sell media with fewer sales people and their expensive lunch habits?" I imagine that my counterparts at major brands wondered, "Couldn't we buy media regardless of who took our media buyers out to lunch last?" So, the interesting question is – to what extent are publishers and media buyers seeing real business gains via programmatic sales in terms of equal or better media yield or efficacy, with lower operating costs.

The answer is mixed. The yields and efficacy currently achieved by programmatic sales are indeed good, as measured by CPMs realized for publishers and by cost vs. media objectives for the marketers; efficacy has unleashed the massive growth of programmatic. But, the costs to implement the new approaches are high in terms of systems investment and training, and sales people remain an important part of the equation. One major media CEO told us, "The user interface for programmatic is not as self-service as it needs to be, so you need a sales interface." Another ad seller – who has shifted to 100% programmatic sales – was blunter: "We still have to entertain the programmatic buyers – when we take them out for a night on the town, their spend with us magically goes up."

The shift is unstoppable, and the new opportunities are getting interesting. Major marketing stack players, like Adobe, Oracle and IBM, are building software platforms to automate marketing planning and management across various channels. They are warily circling the last frontier, the automation of display media buying and soon television buying, where spend is still larger than digital. Adding programmatic media buying capabilities to these stacks – via investment or more likely acquisition – will help marketers to deploy data and drive precision marketing with new scale and efficiency. Continuing the "plastics" analogy, call these "refineries", operating at massive scale. This will in turn create opportunities for "oil companies" and "service stations".

The "oil companies" are the providers of data to feed algorithmic buying. Today the landscape is crowded with many data providers pitching wares that are difficult to distinguish one from the next, and most of which are operating at suboptimal scale. But, with these new "data refineries", this data will find new value, for those who can deliver consistent quality and volume at a competitive price. We expect to see significant investment and M&A to develop and link new sources of data at scale. Oracle's recent acquisition of Datalogix for a reported $1.2 billion is one example; Acxiom's acquisition of LiveRamp is another. These were larger transactions, a forerunner, we suspect, of consolidation among the many $50 million to $100 million revenue data players.

The "service stations" are specialized providers – such as Accordant Media (see spotlight on next page) – who help marketers manage their programmatic media programs. While ad agencies have pushed into this area aggressively, their programmatic service offerings often lag those of highly focused independents. These specialized services players will see tremendous opportunities, as brand marketers continue to embrace programmatic. And the major ad agencies will need to invest aggressively to hold share of media buying, especially as major players from other segments, such as Accenture, Merkle and Alliance Data Systems, seek to invade their media buying turf via investment and acquisition in programmatic. So we expect a busy summer and fall in this sector, which I guess makes us the service station attendant. Fill 'er up?

Private Company Spotlight – *Accordant Media*

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.

This month, our Private Company Spotlight centers on Accordant Media, an independent, programmatic media-buying and optimization company that makes audience targeting and biddable display media simpler and more effective for leading agencies and brand marketers. Based in New York City with offices in San Francisco, Chicago, and London, Accordant helps digital advertisers achieve targeted, efficient and scalable campaigns across paid display, video, mobile, social, email, in-stream audio and out-of-home channels.

We had the opportunity to sit down with Art Muldoon, Co-Founder & CEO of Accordant, to get his perspectives on the programmatic market and how Accordant differentiates itself in this complex and highly competitive market.

Accordant Media plays in a market full of buzz words, such as DSP, SSP, Agency Trading Desks, Programmatic Direct, etc. What is the "elevator pitch" for the main problem(s) you are trying to solve?

Accordant Media makes advertising investments more successful for marketers by unlocking the value of audience data. Accordant offers marketers more access, accountability, results and insights into their audience-targeted media investment than traditional digital agencies or SaaS-driven technology companies, through a managed services business model.

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

The programmatic marketing industry is already sizable globally. Its growth continues as multiple channels, including search, display, video, mobile, social, email, in-stream audio, digital out-of-home, native and addressable TV, "go programmatic". Accordant's opportunity is squarely focused on providing marketers with one-stop, cross-channel audience management and media activation solutions within this dynamic environment. Leading marketers, including Zipcar, Anthem, Grubhub Seamless and DeVry, have chosen to leverage Accordant's ATS System and expert services as an alternative to traditional agency and DSP options.

What "secret sauce" differentiates Accordant from other vendors, big and small, that proclaim similar messages?

Through a unique combination of sophisticated data management and proprietary activation technologies (Accordant ATS™), expert service and industry-leading transparency, we give marketers more insights and accountability to drive (cost) effective results at scale. We've integrated all the core tech components of programmatic success for a marketer, including data management, media activation, effectiveness measurements, and on-demand reporting and insights. We allow a marketer to go from 0 to 100 in programmatic with very little time and effort invested.

Can you give us a representative case study of why customers chose you and how you added value for them?

Working with Zipcar for over two years, Accordant converted a digital agency's ad banner buying activities into an audience-targeted, cross-channel media performance marketing strategy. Accordant started by organizing and segmenting Zipcar's own (first-party) audience data across 25 markets and three core products. Next, Accordant deployed a three-phased programmatic media strategy. Phase one included core retargeting, contextual/behavioral targeting media and audience analytics, utilizing Accordant's DMP, Audience Optics™. Phase two leveraged Accordant's custom algorithms and optimized new member acquisition tactics via AIM Analytics™. Phase three unlocked cross-channel scale efficiencies, including display, video, mobile and digital out-of-home media, as well as added CRM tactics. As a result, Zipcar credits Accordant with driving significantly improved new member acquisition volume and efficiency in addition to a series of audience performance insights that have informed their broader offline marketing strategies.

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

Accordant's growth has been fueled by both the rising tide of programmatic media, as well as marketers' desire to take a more hands-on approach to managing their media investments. We continue to believe that audience-targeted media represents a fundamental shift in media buying practices away from old-school buying ad placements as a proxy for audiences (and sales-rep dinners/entertaining) to buying specific audiences based on advanced use of data and technology (and insights/optimization discussions). We also believe that Accordant's growth is being fueled by the proliferation of point solutions across the ad-tech ecosystem that complicate and confuse marketer decisions. As an integrated one-stop solution, Accordant looks to continue to create value and efficiencies that it can pass on to marketers to make their media investments go further.

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

Accordant marked our five-year anniversary earlier this year. We launched Accordant on the premise that data and technology are changing the media industry. We have seen our industry explode from an RTB display tactical solution to a multi-channel, scalable discipline. As both the buy-side and sell-side of the industry continues to re-tool programmatically, we remain excited about Accordant's positioning as a full-service, fully transparent expert.

Hey, Did You See This?

Brainshark – June 9, 2015

Brainshark, delivering SaaS-based sales enablement solutions that close more deals, announced Brainshark Live, bringing powerful live presentation capabilities to the Brainshark Sales Accelerator. Based on Brainshark's SlideShark technology, Brainshark Live provides a comprehensive sales enablement platform that helps sales reps find and deliver the best presentation for every selling situation, directly from Salesforce on their desktops or mobile devices. This gives the reps the ability to prepare for meetings, prospect, present live and track content effectiveness, all within their CRM system.

Danal – June 17, 2015

Danal, a global leader in digital economy and mobile identity and authentication solutions, today announced the signing of a Mobile Identity Services Partnership Agreement with Paris-based Mobile Network Operator (MNO) Orange. Danal and Orange are partnering to address the growing demand for mobile identity service opportunities in Europe and beyond, providing services such as auto form-filling/check-out and registration, ID Check (matching score) and localization services. With this partnership, Danal is able to provide the first truly global solution to the enterprise marketplace.

Innography – July 6, 2015

Innography, a leading provider of intellectual property business intelligence solutions, has published detailed information about using semantic search as a key element in patent searching on its corporate blog. In the post it explains that using only keywords to search patents is highly risky – you may miss unusual keywords or phrases that generate relevant patents. Semantic search discovers the concepts behind the words in order to find relevant matching documents. Innography's semantic search uses advanced numerical algorithms to examine the word frequency, sequencing and patterns – independent of the specific words used – to detect the author's meaning and intent.

Mblox – June 2, 2015

Mblox, the global leader in application-to-person (A2P) text messaging, today announced Kokokusha is the latest company to join its Global Partner Program. The partnership will extend Mblox's SMS messaging services to brands and enterprises throughout Japan, and will provide Kokokusha's customers access to Mblox's A2P marketing platform. This partnership also expands Mblox's presence in Japan, following opening a Tokyo office in July 2014. As smartphone usage in the APAC region grows, Japan continues to lead the way with dramatic penetration. According to eMarketer, 79.9 percent of mobile users in Japan are expected to own a smartphone by 2017.

Olapic – June 4, 2015

Olapic, a leading visual marketing platform, announced it achieved a number of key milestones, accelerating growth for the first half of 2015. With strong momentum, Olapic closed one of its biggest fiscal quarters with key customer wins, from Anthropologie, Maybelline, and Omni Hotel & Resorts. Olapic was the first visual marketing technology to be recognized as the vendor of choice by major brand innovation teams and digital centers of excellence in organizations such as L'Oréal. Additionally, Olapic introduced the first solution for syndicating consumer photos.

PeopleMatter – May 16, 2015

PeopleMatter announced that its cutting-edge workforce management solutions are now being used by more than 33,000 restaurants to enhance recruiting processes, maximize employee performance, minimize turnover and build high-performing teams that lead to bottom-line growth. PeopleMatter's cloud-based platform enables companies to connect all of their people processes, across all locations, enabling them to run a more efficient, profitable restaurant business. Designed to address the challenges of the restaurant industry, such as hourly workers, various locations and thin margins, the company offers tools to help businesses hire and train staff, optimize scheduling and turn a profit.

Transactis – June 30, 2015

Transactis, a leading provider of electronic billing and payment solutions, and Blueflame Consulting, a research and advisory firm specializing in financial services, recently unveiled new market research on the number of billers in key verticals, and the total number of bills/statements generated annually. This research found there are 4.2 million billers in the US generating 25.5 billion bills annually. The research also found the financial services industry generates approximately one-third of all bills in the US (8.8 billion annually), and accounts for roughly three times as many bills as the next largest industries: healthcare (2.8 billion) and utilities (2.7 billion).

Selected June M&A Transactions in JEGI Tech Coverage

Buyer	Seller	Target Description	Enterprise Value ($mm)
Deals with Values (by size)			
Cox Automotive (Cox Enterprises)	DealerTrack Holdings	Automobile dealer management software	$4,500
Silver Lake Partners	Cast & Crew Entertainment Services (ZM Capital)	Entertainment accounting software & services	$700
Vista Equity Partners	Mediaocean	Advertising management SaaS	$700
Cisco Systems	OpenDNS	Network & BYOD security SaaS	$635
Vista Equity Partners	PowerSchool (Pearson)	Student information system software & services	$350
Blackhawk Network Holdings	Achievers	Employee rewards & incentives SaaS	$110
RealPage	Assets of ICIM Corporation	Automated call answering SaaS	$49
West Corporation	Intrafinity	School website management SaaS	$19
Deals without Announced Values (alphabetical by buyer)			
Accelerite	Convirture	Cloud systems management SaaS	
Accusoft	Vuzit	Document viewing & sharing SaaS	
Adobe Systems	Mixamo	3D graphic SaaS provider	
Applied Systems (Hellman & Friedman, JMI Equity)	SEMCAT Corporation	Insurance rate quotes SaaS	
Backstop Solutions Group	Cogency Software	Investor engagement software & SaaS	
BroadSoft	mPortal	Mobile & Web development services	
Cisco Systems	Piston Cloud Computing	OpenStack private cloud software	
Comcast	Visible World	Targeted TV advertising enablement SaaS	
DoxTek	Matrix Imaging, ECM Systems Division	Content management software integration	
Emerson Electric	Energy Solutions International (Inverness)	Energy pipeline management software	
Extreme Reach	Talent Partners (Carlyle Group)	Payroll & advertising branding services	
GI Partners	MRI Software (Vista Equity)	Real estate ERP software	
HelpSystems (Summit Partners)	SkyView Partners	Managed security services & software	

Buyer	Seller	Target Description	Enterprise Value ($mm)
IBM	Blue Box Group	OpenStack-based private cloud	
LogMeIn	Zamurai	iPad virtual whiteboard collaboration	
Microsoft	BlueStripe Software	Application staging & management software	
Norwest Equity Partners	Welocalize	Outsourced translation services	
Palo Media Group	Smart Ring Leads	Mobile marketing services provider	
Pivotal Software (EMC)	Quickstep Technologies	Database query processing software	
RingCentral	Glip	Enterprise collaboration SaaS	
SendGrid	Message Bus, Customer Base	Web & mobile email marketing SaaS	
SkyBitz (Telular)	GPS North America	GPS fleet tracking systems	
SkyBitz (Telular)	Reltima	GPS fleet tracking systems	
SunGard (Silver Lake Partners)	CRW Systems	Government administrative software & SaaS	
Transzap (Accel-KKR)	ADP, OpenInvoice Procure-to-Pay Assets	B2B invoicing & payments SaaS	
Twitter	Whetlab	Algorithm-enabled software testing SaaS	
Valid USA	Marketing Software Company	Database marketing services	
Vertafore (TPG Capital)	QQ Solutions	Insurance agency management SaaS	
Verve Mobile	Fosbury	Location-based mobile content distribution SaaS	

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 services and information sectors. Over the past 28 years, the firm has completed more than 500 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*

ecVision
a cloud-based provider of global sourcing and collaborative supply chain software solutions
has been sold
to
Amber Road POWERING GLOBAL TRADE

IronSolutions
a leading software and data provider to the agriculture market
has been sold
to
Trimble

ONPEAK
a leading event housing software and services provider
has been sold
to
GES Global Experience Specialists
a subsidiary of
VIAD

RKG
a leading tech-enabled search and digital marketing agency
has been sold
to
MERKLE

VirtaNet
a leading provider of mobile workforce management solutions for field service
has been sold
to
VERISAE
a portfolio company of
MARLIN EQUITY PARTNERS

DISTIMO
a leading mobile app market intelligence and analytics provider
has been sold
to
App Annie

Knowledge Advisors
a pioneer and leading SaaS provider of talent analytics to HR and C-level professionals
has been sold
to
CEB
for $52,000,000

Competitrack
a full service competitive advertising tracking firm
has been sold
to
MarketTrack The Power of Market Intelligence
a portfolio company of
AURORA CAPITAL GROUP

MWG MYWEBGROCER
a leading provider of shopping and shopper marketing software and services
has received
a significant investment
from
HGGC

infogroup
a portfolio company of
CCMP CAPITAL
has sold
OneSource
the leading provider of sales enablement and business intelligence SaaS solutions
to
CANNONDALE INVESTMENTS & **GTCR**

ePrize
a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web
has been sold
to
CATTERTON partners

CONVERSEN
a SaaS marketing platform (CRM) for real-time, multi-stage, and multi-channel marketing including social media, email, and mobile
has been sold
to
Experian

mspot
a pioneer and leader in mobile entertainment services
has been sold
to
SAMSUNG

The Retail Equation
the leading SaaS platform for retail transaction optimization solutions
has been sold
to
NVP NORWEST VENTURE PARTNERS

acerno
an online behavioral targeting network
has been sold
to
Akamai
for approximately $95,000,000

**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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