THE JORDAN EDMISTON GROUP, INC.

Since 1987

Enterprise Marketing Management

A Brief Overview

JEGI Sector Insights

Presented by
David Clark, Managing Director
Marketing Services

February 2013

150 East 52nd Street, 18th Floor, New York, NY 10022
www.jegi.com 212-754-0710

THE JORDAN, EDMISTON GROUP, INC.

"JEGI is uniquely positioned at the nexus of today's converging media, digital marketing, information and technology sectors."

Wilma H. Jordan
JEGI Founder & CEO

7th Consecutive Year as #1

Bloomberg M&A League Tables, 2008-2012

TOP ADVISORS SERVING THE US MEDIA, INTERNET AND MARKETING SECTORS**

2012			2010-2012 (3-YEAR)			2008-2012 (5-YEAR)		
Rank	Advisor	# Deals	Rank	Advisor	# Deals	Rank	Advisor	# Deals
1	**Jordan, Edmiston Group**	**12***	1	**Jordan, Edmiston Group**	**45**	1	**Jordan, Edmiston Group**	**77**
2	Morgan Stanley	8	2	Morgan Stanley	22	2	Morgan Stanley	31
3	Moelis & Co	7	2	Petsky Prunier	22	3	Goldman Sachs & Co	27
4	GCA Savvian	6	4	Goldman Sachs & Co	18	3	Petsky Prunier	27
4	JP Morgan	6	5	GCA Savvian	17	5	Ernst & Young	26
4	UBS	6	5	JP Morgan	17	6	JP Morgan	25
7	Petsky Prunier	5	7	Bank of America Merrill Lynch	14	7	GCA Savvian	22
7	Rothschild	5	7	Ernst & Young	14	8	UBS	21
9	Blackstone Group	4	9	Rothschild	13	9	Bank of America Merrill Lynch	20
9	Evercore Partners	4	9	UBS	13	9	Deutsche Bank	20
9	Goldman Sachs & Co	4				9	Rothschild	20

* JEGI COMPLETED 17 TRANSACTIONS IN 2012, BUT FOUR WERE ANNOUNCED IN JANUARY 2013 AND ONE FELL OUTSIDE THE SECTOR COVERAGE AREA.

** RANKINGS BY NUMBER OF DEALS COMPLETED AND INCLUDES ADVERTISING; E-MARKETING; INFORMATION; INTERNET CONTENT; MULTIMEDIA; AND PUBLISHING.

In 2012, we saw the continuing dramatic push of technology vendors into the marketing field, while the marketing technology sector underwent further consolidation.

Four Big Buyers Over the past three years, IBM, Oracle, Salesforce and Adobe have invested upwards of $20 billion in marketing technology M&A. Why? Because the rate of technology adoption by CMO's represents a market opportunity they simply can't ignore. It is the next mega opportunity in enterprise technology spending.

$20+ billion in M&A Value 2010-2012

What's Going On? Since the start of this bold M&A push by the Big Four, technology adoption within the marketing function has had a profound impact on providers of marketing services. In fact, their world has virtually turned upside down.

By way of example: here is what one industry executive we interviewed had to say on the topic.

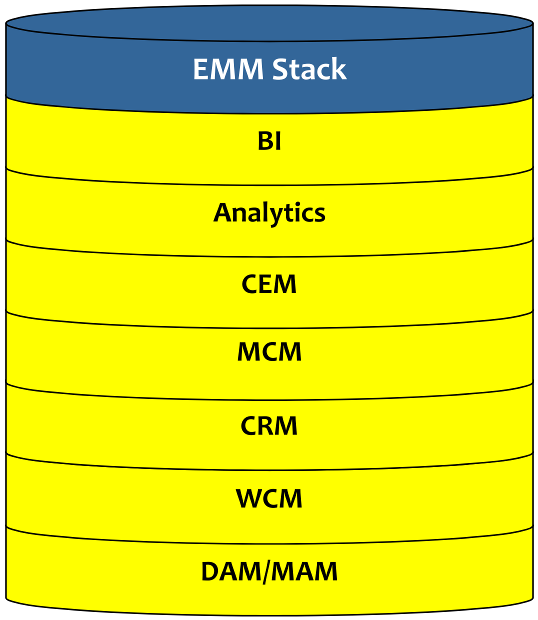
"…despite all of this technology at work, the most critical element in our evolving service mix is world class creative capabilities…."

You might think that this statement came from an executive of a creative services firm. Wrong: it was made by the Chief Marketing Officer of a leading IT services firm. We heard another executive state….

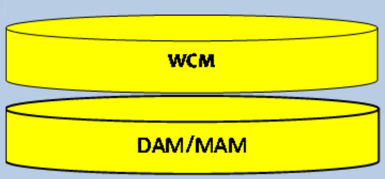
"Our role is to serve as a systems integrator for our clients…to help brands tell their stories via marketing technologies and Application Programming Interfaces (API's)…"

Surely, those are the words of an IT executive, right? Wrong again: that statement was made by the Chief Strategy Officer of a global agency group. So what is going on here, and why are agencies and IT firms describing themselves in each other's terms?

The EMM Stack If you were to analyze recent marketing technology M&A deals, you would see from these transactions the emergence of what we call the ***Enterprise Marketing Management Stack***. This Stack is playing a very central role in how large organizations think about marketing, marketing infrastructure, and spending on marketing services.

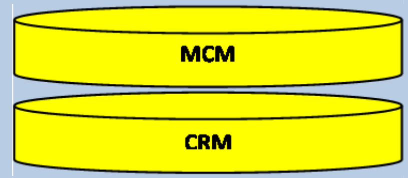


In very simple terms, the Stack is comprised of systems that help marketers manage and measure ongoing interactions with their customers.



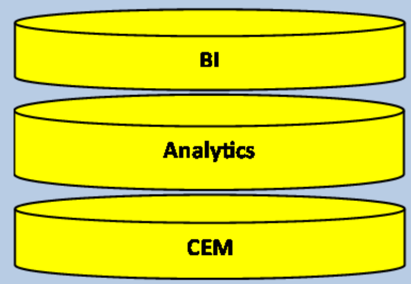
Web-Content Management Systems, Digital Asset/ Marketing Asset Management

These are smart repositories for web and marketing content; they ensure that brand assets are consistent, compliant, and easily versioned, in any channel and geography.



Multi-Channel Marketing Systems, Customer Relationship Management

These are sophisticated databases and campaign management platforms that automate the delivery of targeted ads and offers, and that capture response and conversion data.



Business Intelligence Systems, Analytics, Customer Experience Management

These take data from customer interactions and translate them into metrics that inform ongoing marketing decisions.

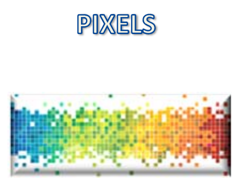
Granted, this description of the Stack, which continues to evolve, is decidedly simplistic. In fact, however, the process of building and integrating the EMM stack is a complicated and expensive undertaking, as new needs are uncovered and new capabilities surface, for every layer of the Stack. And, it is made even more challenging by the fact that the definition of a “customer interaction” continues to transform.

Customer interactions that really matter would, of course, include:

- Point-of-Sale (POS)
- Ecommerce
- Loyalty programs and customer care channels
- And all variety of “traditional” digital media (search, social, etc.).

However, in today’s world, where media has fragmented down to the level of JavaScript tags and pixels, “interactions that matter” also include:

Mobile ads…
Running in applications…
Across multiple ad networks…
In ad units built for a specific device.



These types of interactions are exploding in volume, and they rely upon very complex “plumbing” and an entirely separate group of applications, platforms, and application programming interfaces (API’s), which enable disparate software components to communicate with each other.

So, the Stack just keeps getting bigger, and the data exchanges continue to get more complicated. As a result, we anticipate that CMO’s will continue to spend heavily in the coming months on technology that accomplishes two things:

- First, to make these interactions work – from both a creative and technical perspective; and
- Second, to collect and analyze the marketing data that gets generated along the way.

What does this all mean? For one thing, providers of marketing services might feel somewhat threatened by the sudden appearance of the Stack and all the hoopla and spending being thrown against it.

However, as was the case with the emergence of Enterprise Resource Planning (ERP) software, a term first coined by Gartner over 20 years ago to define systems that integrate internal and external management information across an entire organization, the task of building and managing all of this marketing management infrastructure involves a lot complexity …and a lot of investment risk…and therefore will continue to create demand for an expanded array of ***highly-specialized marketing-related services…***

On the one hand, more technically advanced Agency and Creative Services; and…

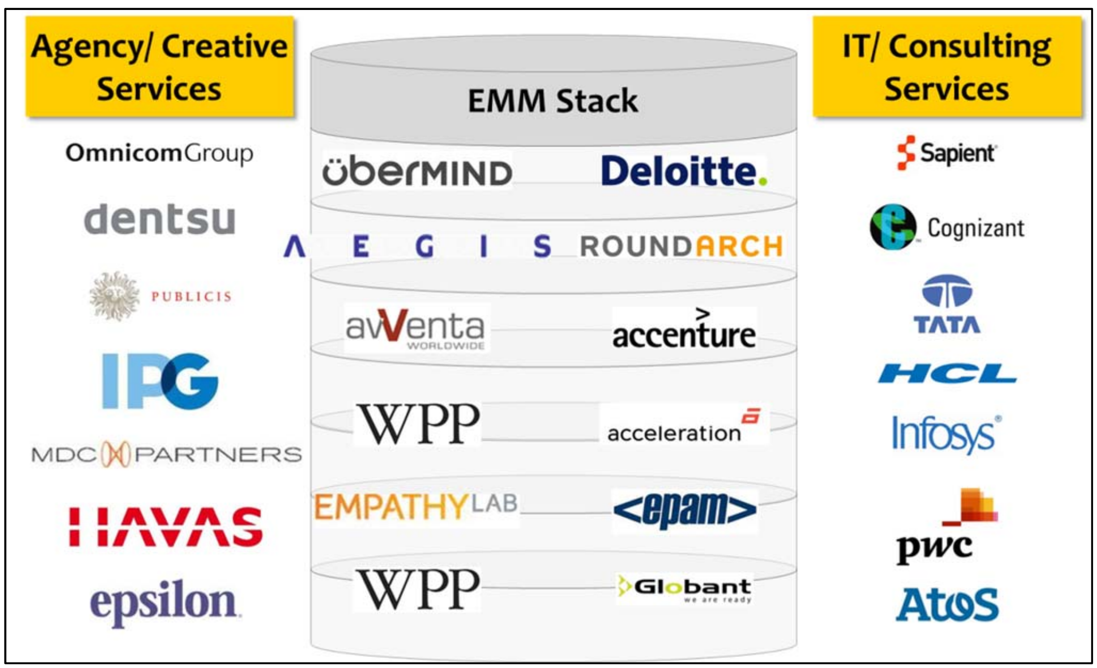
On the other, IT and Consulting Services that are useful to both the CMO and the IT department.

This explains why Agencies and IT Consultants are increasingly going to market with a shared vocabulary. This is about shifting budgets; a new, sizeable area of spending on technology driven marketing services, and the capabilities required to grab a share of that wallet.

What This Means for M&A Just as we've seen some very interesting M&A around technology consolidation, we're also seeing some very interesting M&A around marketing services convergence. Here are a few examples from 2012:

- Deloitte's acquisition of Ubermind – a consulting firm acquiring a User Experience design firm
- Aegis, a global agency, acquiring RoundArch, an IT consultancy
- Accenture, an IT services firm, acquiring avVenta, a display ad creative firm
- WPP's acquisition of Acceleration, a digital ad operations consulting firm
- EPAM, a software development firm acquiring Empathy Labs, an interactive agency
- And most recently, WPP investing in Globant, a software development outsourcing firm

If you populate a graphic with the leading players in each of these two service categories – Agency/Creative and IT/Consulting – you can appreciate how the marketing-related services sector has converged on technology skills. It is also easy to visualize how the marketing services ecosystem has begun to re-center on The Stack.



JEGI View on EMM M&A

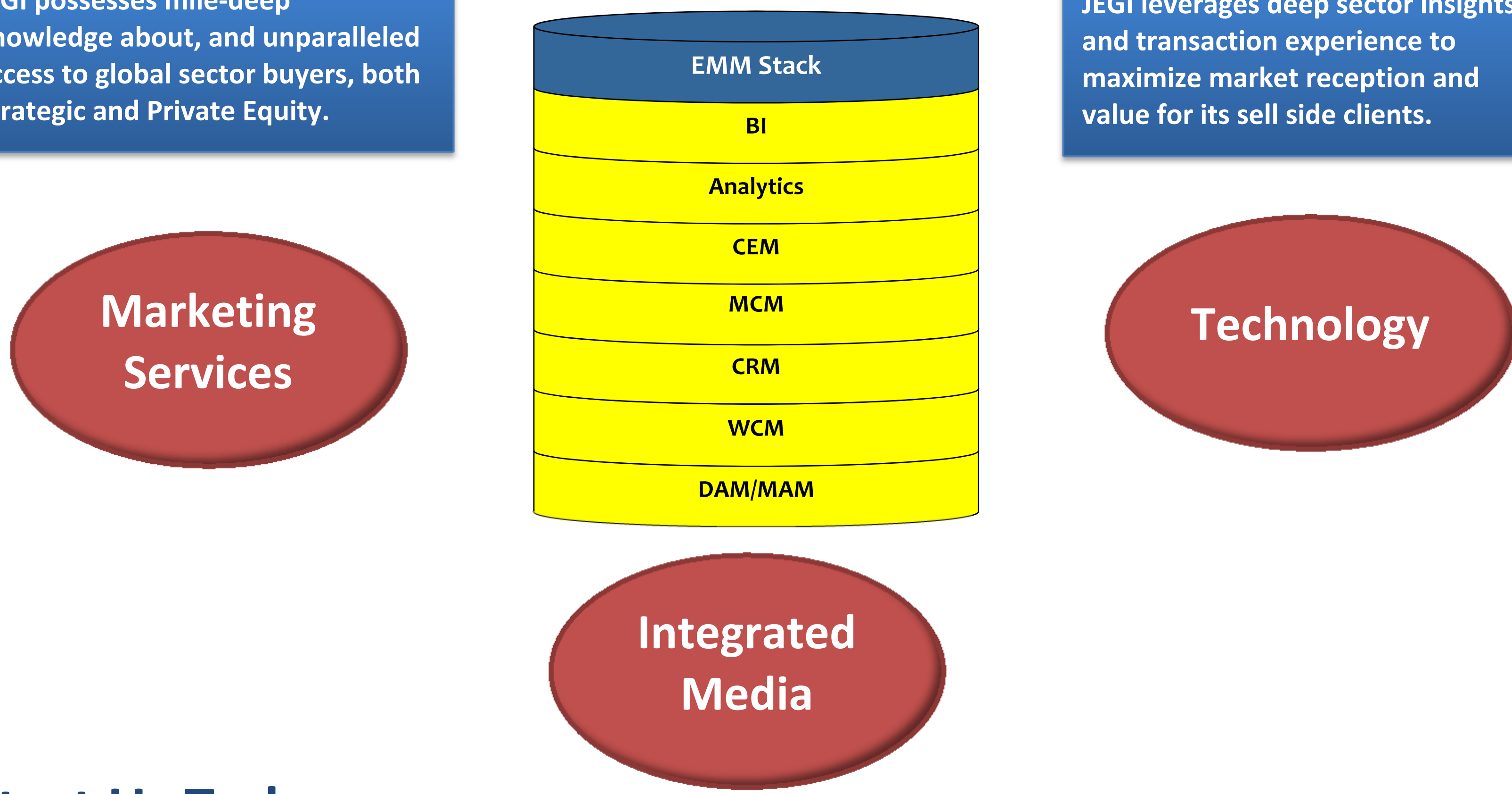
"The relationship between marketing technologies and specialist service providers will continue to evolve, and will do so, we believe, through continued, cross category M&A."

David Clark
January 2013

At JEGI, we've got The Stack surrounded!

JEGI possesses mile-deep knowledge about, and unparalleled access to global sector buyers, both Strategic and Private Equity.

JEGI leverages deep sector insights and transaction experience to maximize market reception and value for its sell side clients.



Contact Us Today…

Online/Digital Media	B2B/B2C Media/Info/ Marketing Services	Business Media & Information	Marketing Services	Healthcare & Healthcare IT	Technology & Software	Digital/Social Media
Tolman Geffs Co-President tolmang@jegi.com	Scott Peters Co-President scottp@jegi.com	Richard Mead Managing Director richardm@jegi.com	David Clark Managing Director davidc@jegi.com	Chris Calton Managing Director chrisc@jegi.com	Daniel Avrutsky Managing Director daniel@jegi.com	Amir Akhavan Director amira@jegi.com

THE JORDAN, EDMISTON GROUP, INC.

The Leading Independent Investment Bank for Media, Information, Marketing & Technology

More Marketing and Technology Transactions Than Any Other Advisor

McMURRY a leading full service content marketing firm has been sold to WICKS December 2012	tmg custom media a leading full service content marketing firm has been sold to WICKS December 2012	EMPATHYLAB a leading digital strategy and experience design firm focused on delivering e-commerce and broadband video solutions and a portfolio company of AE MAKE IT PERSONAL® has been sold to <epam> December 2012	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 October 2012
ePrize a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web has been sold to CATTERTON partners August 2012	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 May 2012	traVidia a leading developer of online shopping solutions for local media has been sold to a consortium of eight leading media and publishing companies: Advance Digital, A.H. Belo Corporation, Cox Media Group, Gannett Co. Inc., Hearst Corporation, MediaNews Group, The McClatchy Co., and The Washington Post November 2011	The Retail Equation the leading SaaS platform for retail transaction optimization solutions has been sold to NVP Norwest Venture Partners. October 2011
EmPower Research a leading provider of social media insights via search, monitoring and measurement has been sold to GENPACT September 2011	SeQuence personal a leading content personalization platform serving the publishing industry has been sold to RR DONNELLEY August 2011	adjug a leading European display ad exchange for premium unsold inventory majority owned by TOMORROW FOCUS has been sold to IGNITIONONE a unit of dentsu NETWORK ネットワーク August 2011	FOCUS a leading B2B lead generation provider for IT vendors has been sold to ZIFF DAVIS a portfolio company of GREAT HILL PARTNERS August 2011
BIG FUEL FROM CONTENT TO COMMERCE a leading global social media agency has been sold to vivaki a unit of PUBLICIS GROUPE July 2011	JOURNALISM ONLINE a leading provider of e-commerce solutions to publishers via PRESS+ has been sold to RR DONNELLEY March 2011	blue state digital a leading interactive marketing agency and CRM solutions provider has been sold to WPP Digital a divison of WPP December 2010	e-Behavior the leading provider of consumer shopping predictive targeting data has been sold to KBM GROUP a division of WPP November 2010

150 East 52nd Street, 18th Floor, New York, NY 10022

www.jegi.com 212-754-0710