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INDEPENDENT INVESTMENT BANKING FOR MEDIA,
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Tech M&A Update – *The Impact of Technology on the Global Events Industry*

This month's letter is written by Richard Mead, Managing Director (see bio below)

INTRODUCTION

Until recently, the Global Events industry has been focused almost entirely on the value of local, short term in-person interaction. Now, technology is transforming events and all those involved in bringing buyers and sellers together to transact business. That means year-round engagement on a global scale, for Business to Business (“B2B”) events. These are exciting and challenging times, as technology provides the driver to create more efficient marketing channels.

Over the past ten years, B2B events have moved to the center of B2B marketing and have attracted much attention from the investment community, which sees events as having good visibility on future revenues, high margins, strong cash flow and high cash conversion.

The value proposition for event companies is now being re-examined, as both buyers and sellers demand more efficiency and ROI in the way they conduct business.



RECENT EVENT M&A TRANSACTIONS

In January 2014, **Emerald Expositions**, which is owned by Onex, a Canadian based private equity firm, acquired GLM from Providence Equity for \$335 million, kicking off a year of exuberant M&A activity for the event industry in the US. The combination of Emerald and GLM, with their leading consumer sector-facing B2B events, provides a strong platform for developing the brand marketing and transactional aspect of those events through technology.

In the second half of 2014, **Informa** and **UBM**, two UK-based global B2B event-focused companies, agreed to acquire three sizeable US-based event businesses – Hanley-Wood and Virgo for Informa, and Advanstar for UBM. Each will have a significant strategic impact on their acquirers, consistent with their respective recent strategy announcements. Events for Informa and UBM are central to delivering future growth, and these three event businesses were acquired from PE owners for TTM EBITDA multiples of approximately 11x. This implies expected organic growth, but also growth from new revenue streams, leveraging off the current event portfolio platform.

TECHNOLOGY DRIVING GROWTH FOR EVENTS

Technology has played an important role in helping event operators sustain EBITDA margins by making events more cost efficient, as well as helping to build buyer/seller loyalty through improving the event experience. These efforts were necessary, but not sufficient in themselves, to deliver the future revenue and EBITDA growth levels implied in recent valuations paid.

There are multiple revenue growth options available to event operators – event extensions, global geo-cloning and year round E-engagement via the Internet. The latter is perhaps the most intriguing in terms of scaling up and transforming a traditional events business quickly.

A 2013 CEIR (Center of Exhibition Industry Research) report on Social and Digital Marketing for the event industry concluded that brand marketers see social and digital interaction as creating “a thirst for the face-to-face experience, where the product can be brought to life.” This succinctly sets out the rationale for the event industry today...the potential **revenue** opportunity that technology could facilitate through **year round engagement with 100% of the business communities served** compared with the current event model which involves short term engagement with typically less than 20% of the business community.

In terms of customer participation, it is also worth pointing out that the total costs incurred by brand marketers to participate in live events are much broader than the cost of renting show floor space from the event organizer. As a rough estimate, 80% of total spend by brand marketers on live events goes to event services, technology and other providers... not to the event operators, even though they share the same customer base. Is there scope for the larger event operators to broaden their services and technology offerings to event participants so as to share in the broader marketing budget?

INCREASING INVESTOR APPRECIATION OF EVENTS SERVICES AND TECHNOLOGY COMPANIES

In August 2013, Insight Venture Partners took **Cvent** public. Cvent provides event planning software to a global industry that spends \$565 billion annually on meetings and events, of which Cvent’s addressable market for software is estimated at \$7 billion (by Cvent). Now that is scale!

“Our mission is to transform the events and meetings industry.” Reggie Aggarwal, Founder, CEO and Chairman, Cvent

Cvent is trading (as of 12/12/14) at an enterprise valuation of approximately \$964 million on revenue and adjusted EBITDA of around \$134 million (7.2x) and \$17 million (56.7x), respectively – multiples based on expectations for stellar growth. Contrast this with the combined values paid by Informa and UBM for Hanley-Wood, Virgo and Advanstar of approximately \$1.5 billion, on combined revenues and EBITDA of \$419 million (3.5x) and \$137 million (10.7x), respectively. The message from investors appears to be that Events are good but Events plus Technology are even better.

Two other sizeable 2014 transactions also underscore the impact of technology on the events industry. In January, 2014 Goldman Sachs and Olympus Partners teamed to acquire **PSAV** for an estimated \$950 million. PSAV supplies audiovisual and other tech services to the event industry in what is a highly competitive sector. Our presumption here is that the new owners see PSAV as having the potential to play a much broader role in the event industry through its technology background and relationships with event operators and event participants.

The second transaction involved **VIAD** and GES, VIAD’s Marketing and Events Group, a major global supplier of event contracting services. In October, 2014 VIAD acquired onPeak and Travel Planners in a move that should transform GES from a hardware business, with high CapEx and low margins, towards a software business with SaaS characteristics. In recent months, VIAD also acquired two UK based businesses – Blitz and N200 – that deepen their event registration and data intelligence services. With VIAD’s relationships throughout the global event industry, it is now well placed to expand its technology-based product range at a faster pace than its traditional event contracting business.

And in a similar way, privately owned **Freeman**, through its event services technology platform, has also transformed itself and now offers a broader range of technology based services to its traditional event participants.

THE EVENTS INDUSTRY AND ALIBABA

Although not in-person event-driven, **Alibaba** is clearly at the heart of commerce through its technology platform. The Alibaba IPO this year was Google-esque in its size, valuation parameters and implied growth, with its only similarity to the event industry being its 60% EBITDA margin. Currently China-focused, Alibaba has the resources and technology to expand its global online footprint.

According to Alibaba’s mission statement, “We operate leading online and mobile marketplaces in retail and wholesale trade, as well as cloud computing and other services. We provide technology and services to enable consumers, merchants, and other participants to conduct commerce in our ecosystem.”

Alibaba has a familiarity with the in-person events concept, and it has the resources to enter the trade show industry in a serious way through acquisitions.

CONCLUSION

As with most industry sectors, the future of the event industry will be transformed by technology and the Internet, but it is early days still. The opportunity is there for event operators to expand their reach into their served communities and generate new revenue streams beyond their current event focus.

The same opportunity is also there for the established sizeable event services companies that have business relationships within the same communities. And then there are the pure-play e-commerce channels that bring buyers and sellers together online and in real time year round.

From our perspective as M&A advisors to the broad events and marketing services sectors, we expect the land grab for these marketing related businesses to thrive as long as the supply of quality targets continues. We also believe that current valuation multiples will be sustained, even enhanced, by the prospect of new revenue streams reaching a broader global customer base through the application of technology.

Some questions:

- Who will become leaders in the global event technology industry or should it be better described as the Global Marketing Technology industry?
- Will Cvent, Freeman, PSAV or VIAD, to name a few with the requisite capital, broaden their reach into providing more technology related services to the event industry, and deepen their relationships within the global buyer/seller communities?
- Will Alibaba stray into the in-person events business to supplement their online delivery?
- How will social media in a B2B context impact the traditional in-person buyer/seller interaction?
- What does all of this imply for the role of the traditional event operators over the next five years? How will they evolve to embrace technology?
- And who will be marginalized by technology and competition from new sources?

These are our brief highlights for December. Please stay tuned for the next issue of our Tech M&A Update, and don't hesitate to contact us to discuss any topics related to JEGI's Tech Coverage or your company's M&A strategy.

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November M&A Transactions in JEGI Tech Coverage

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

Publicis Groupe	Sapient	Provides strategy, marketing and technology services for clients to improve business performance.	\$3,376
Churchill Downs	Big Fish Games (Salmon River Capital)	Develops casual games for PCs and mobile devices worldwide.	\$835
Yahoo	BrightRoll	Provides digital video advertising solutions for web, mobile and connected TV.	\$640
Cox Automotive (Cox Enterprises)	Xtime	Provides hosted web scheduling and customer relationship management solutions for automotive service departments.	\$325
Emdeon (Blackstone, Hellman & Friedman)	Change Healthcare	Provides healthcare cost transparency and consumer engagement solutions for health plans, employees and strategic partners.	\$185
Digital Turbine (Mandalay Digital)	Appia	Offers a mobile user acquisition platform that provides advertising solutions, management tools and analytics.	\$75
Pluralsight	Smarterer	Offers a skill ranking platform that scores and validates technical skills using crowd-sourced test design and an algorithm.	\$75
Speed Commerce	Fifth Gear (Lexton Group)	Designs and implements order management and warehouse management solutions for direct-to-consumer retail.	\$75
LivePerson	ContactAtOnce! (Fulcrum Equity)	Provides website chat software that enables online shoppers to connect and chat.	\$70
Rubicon Project	isocket	Operates an API-based platform for publishers and advertisers for order fulfillment, campaign management, payments and billing.	\$22
Shutterfly	GrooveBook (Dot Graphics)	Provides a mobile app that prints photos from mobile phones and creates a photobook.	\$15
West Corporation	GroupCast	Provides SaaS-based mass notification and custom interactive voice response solutions.	\$14
8K Miles Software Services	SERJ Solutions	Provides epic electronic health record consulting, custom app development and support solutions for the healthcare market.	\$3
QHR Corporation	Medeo Corporation	Owns and operates a platform that provides secure video conference services for doctors and patients.	\$3

Deals without Announced Values (alphabetical by buyer)

24/7 (Sequoia Capital)	IntelliResponse Systems	Provides a web self-service and virtual assistant platform for customers to ask questions online.
American Medical Alert (Tunstall Group)	Mountain Home Medical	Designs, manufactures and supplies medical alarms and medication management tools for the healthcare market.
Ansira (Fifth Street Capital, KRG Capital)	Co-Optimum	Creates and manages premium Co-Op advertising programs to connect retailers with clients.
AppDirect	Leftronic	Develops web-based visualization software for large screen displays.
AppMakr (Infinite Monkeys)	Appifier Technology	Operates a do-it-yourself mobile app creation and publishing platform.
Appriss (Insight Venture Partners)	NARxCHECK	Provides prescription drug abuse assessment and management tools for hospitals, pharmacies and urgent care clinics.
Blackboard	ParentLink (Parlant Technology)	Provides mobile apps for K-12 school districts to engage parents in the community.

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Copyright Clearance Center	Infotrieve	Provides enterprise SaaS software and business services for scientific, technical and medical published content.	
DataBank IMX	Alpha Systems	Provides data and document management solutions for hospitals.	
Elappse	Engineroom360	Offers a recommendation engine for online retailers to create online promotions and improve product discoverability.	
ERT (Fifth Street Capital, Genstar)	eClincial Insights	Provides cloud-based clinical trial management software.	
exocad	STI Holdings	Provides CAD/CAM solutions for partial framework design for the dental industry.	
Global Healthcare Exchange (Thoma Bravo)	Vendormate	Provides vendor credentialing and compliance monitoring solutions.	
Google	Relative Wave	Develops an app that enables software developers to see what their apps will look like and act like on smart phones before rollout.	
Groupon	Swarm Solutions	Provides online CRM tools for offline retail stores, including business intelligence tools, analytics, point of sale insights, etc.	
HealthPort (New Mountain Capital)	Supna Technologies	Provides solutions to manage the operational tasks at healthcare facilities.	
Imaging Advantage (Brightwood Capital)	BRIT Systems	Provides solutions for picture archival and communication systems (PaCS), radiology information systems (RIS) and teleradiology.	
Jackson Clinic	eRAD Image Medical (RadNet)	Provides web-centric radiology image and data management solutions.	
Kik Interactive	Relay	Develops an animated visual messaging app.	
Liaison International (Warburg Pincus, Polaris)	Spectrum Edu Solutions	Provides a cloud-based CRM platform, higher ed enrollment software and integrated marketing platforms for colleges.	
Maritz Research (Maritz Holdings)	Allegiance	Develops cloud-based Enterprise Feedback Management solutions, including email, web, print and web-based SaaS data.	
MasterCard Advisors (MasterCard)	5one Marketing (Lafayette Services LaSer)	Provides services, analysis and software for retailers for loyalty programs, segmentation, omnichannel engagement plans, etc.	
MedeAnalytics	ONFocus Healthcare	Offers enterprise performance management software and support services for healthcare companies.	
MediaMath	Rare Crowds	Operates an advertising platform that automates the buying and selling of digital media.	
Merkle (Technology Crossover Ventures)	50ofriends	Develops a cloud-based suite of loyalty marketing products for retailers to connect with customers.	
PDR Network (Lee Equity Partners)	LDM Group	Provides behavior-based prescription management programs for patients, manufacturers, pharmacies and physicians.	
Phoenix Strategy Investments	PI Worldwide	Provides science-driven insights that help optimize the performance and potential of individuals, teams and organizations.	
Return Path	Motley Bunch	Develops an app that allows users to access online purchases in one place.	
Sharecare	QualityHealth	Provides a patient identification and engagement platform for the healthcare industry.	
SocialRadar	Gridskippr	Operates as a targeted mobile advertising company.	
T2 Systems	CASE Parking	Provides cloud-based wireless communication and data collection apps for the exchange and control of parking information.	

Buyer	Seller	Target Description	Enterprise Value (\$mm)
Target	PoweredAnalytics	Offers analytics solutions online, including a cloud-based platform that enable companies to make predictions from big data.	
VigLink	LinkSmart	Offers analytics and keyword insight, traffic management and link optimization solutions to promote content.	
WebPT	WebOutcomes	Provides an online outcomes tracking tool for physical and occupational therapists to use with insurance carriers.	
Yahoo	Cooliris	Develops mobile apps for photo viewing and sharing.	

About Richard Mead



Richard Mead, a Managing Director with JEGI, represents B2B media, exhibitions and conferences, and information companies in an M&A advisory capacity. He has overseen the successful completion of over 100 JEGI transactions, including both M&A and financing assignments, playing an instrumental role in helping the firm become the leading investment bank in the marketplace. Since joining JEGI in 1997, Mr. Mead has overseen a number of the firm's signature transactions.

Educated and trained as a Chartered Accountant in the UK, Mr. Mead offers clients a broad cross-section of experience as buyer, seller and advisor to public and private companies. He has participated in more than 300 transactions of all sizes and complexities since moving to the US in 1983.

Previously, Mr. Mead served as senior vice president at Dow Jones/Teleres, a commercial real estate database business. His publishing and financial industry experience includes serving as president and chief executive officer of Black's Guide, Inc., vice president of finance of Advanstar Communications and an international M&A partner at Ernst & Young in New York and KPMG in New York and London.

Mr. Mead earned a BA Honors in Economics and Accounting from the University of Bristol, UK and a Master of Science in Management Science and Operational Research from the University of Warwick, UK. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Liveryman of the Worshipful Company of Barber-Surgeons in the City of London. Mr. Mead is a member of the International Committee of American Business Media.

About The Jordan, Edmiston Group, Inc.

The Jordan, Edmiston Group, Inc. (JEGI) has been the leading independent investment bank for the global media, information, marketing and technology sectors for nearly 27 years. Headquartered in New York, with offices in Boston and Atlanta, as well as affiliates in London and India, JEGI has completed over 500 high-profile M&A transactions, serving global corporations; middle-market and emerging companies; entrepreneurial owners; and private equity and venture capital firms. For more information, visit www.jegi.com.

Select Recent JEGI Technology Transactions*

<p>ONPEAK a leading event housing software and services provider</p> <p>has been sold to</p> <p>GES Global Experience Specialists a subsidiary of</p> <p>VIAD</p>	<p>TRAVEL PLANNERS a leading event housing software and services provider</p> <p>has been sold to</p> <p>GES Global Experience Specialists a subsidiary of</p> <p>VIAD</p>	<p>RKG a leading tech-enabled search and digital marketing agency</p> <p>has been sold to</p> <p>MERKLE</p>	<p>VIRVANEET a leading provider of mobile workforce management solutions for field service</p> <p>has been sold to</p> <p>VERISAE a portfolio company of</p> <p>MARLIN EQUITY PARTNERS</p>	<p>DISTIMO a leading mobile app market intelligence and analytics provider</p> <p>has been sold to</p> <p>App Annie</p>
<p>Knowledge Advisors a pioneer and leading SaaS provider of talent analytics to HR and C-level professionals</p> <p>has been sold to</p> <p>CEB for \$52,000,000</p>	<p>Competitrack a full service competitive advertising tracking firm</p> <p>has been sold to</p> <p>MarketTrack The Power of Market Intelligence a portfolio company of</p> <p>AURORA CAPITAL GROUP</p>	<p>MWG MYWEBGROCER a leading provider of shopping and shopper marketing software and services</p> <p>has received a significant investment from</p> <p>HGGC</p>	<p>MEDIABOX SaaS-based applications for the consumer products licensing industry</p> <p>has been sold to</p> <p>Jonas Software for Life</p>	<p>infogroup a portfolio company of</p> <p>CCMP</p> <p>has sold</p> <p>OneSource the leading provider of sales enablement and business intelligence SaaS solutions</p> <p>to</p> <p>CANNONDALE INVESTMENTS & GTCR</p>
<p>ePrize 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>CATTERTON partners</p>	<p>CONVERSEN a SaaS marketing platform (CRM) for real-time, multi-stage, and multi-channel marketing including social media, email, and mobile</p> <p>has been sold to</p> <p>Experian</p>	<p>mspot a pioneer and leader in mobile entertainment services</p> <p>has been sold to</p> <p>SAMSUNG</p>	<p>The Retail Equation the leading SaaS platform for retail transaction optimization solutions</p> <p>has been sold to</p> <p>NVP NORWEST VENTURE PARTNERS.</p>	<p>acerno an online behavioral targeting network</p> <p>has been sold to</p> <p>Akamai for approximately \$95,000,000</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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