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THE JORDAN,  
EDMISTON  
GROUP, INC.

January 2014

INDEPENDENT INVESTMENT BANKING FOR MEDIA,  
INFORMATION, MARKETING & TECHNOLOGY

## Tech M&A Update

The pace of technology M&A accelerated in December, as compared with the prior month and, arguably, with the rest of the oh-so-quiet 2013. We believe this might be more than just a year-end rush to get deals signed and announced and, actually, an early and positive indicator of things to come in 2014. Both the US economy and CEO sentiment in the tech sector appear to be improving.

The number of deals nearly doubled from November, to 51, and we are seeing some fairly sizable transactions again, including two 10-digit-sized acquisitions: Oracle's announced purchase of Responsys for \$1.5 billion and Dealertrack's purchase of Dealer.com for \$1 billion. There were other notable transactions during the month, values of which were not always disclosed.

In particular, one transaction that caught our attention was the merger of Elance and oDesk, two leading freelance marketplaces with combined billings of nearly \$750 million in 2013. On the surface, the transaction appears to fit neatly into the consolidation trend among various new age C2C (or SMB-2-C) "commodity" marketplaces, often with winner-take-all outcomes: eBay in consumer goods, Airbnb in underutilized residential real estate, Uber in car services, etc. In fact, the merger establishes a category leader in temp labor matchmaking and services; even so, the space remains competitive and fragmented.

What's different, however, about the freelance segment from the other categories mentioned above is that, in the brick-and-mortar world, it tends to be more enterprise B2B than C2C. In fact, large enterprises, not SMBs, continue to be the principal employers of temporary workers. Serving the needs of enterprise clients requires an incremental set of competencies that are currently lacking among the web-based freelance players. As a result, corporates will be slow to adopt such marketplaces until much tighter integration into the existing human capital management workflow is enabled.

oDesk has already started moving toward the enterprise with its Enterprise Services solution, and we expect the combined Elance/oDesk and other players in the space to start building (and more likely acquiring) HR platform competencies to enable seamless large employer-employee collaboration beyond the point of hire. Existing platform companies, such as Work Market, will likely find themselves in the sweet spot of this trend.

Of course, no month goes by without a number of transactions in the big data space, and in December, a technology consultant SIM acquired an analytics company Claritics, and KPMG picked up intra-enterprise big data technology provider Link Analytics. We are not surprised to see the convergence of consulting and technology players in big data, given the need for a solution-based approach in this sometimes-overwhelming category. Going beyond the "generic" big data analytics, we expect to start seeing more specialized players emerging as well. Spectral Capital's investment in Monitr (financial services analytics) and the S3i Digital merger with Circle Media (fan experience management around sports and entertainment) are prime examples of this trend.

And then, there is the much buzzed-about acquisition of social media data provider Topsy by Apple for a reported \$200 million. A hefty price tag, indeed, for a young and not yet profitable company, highlighting the value of privileged access to the Twitter data fire hose – one billion posts every two days. We believe the battle for access to

cleansed and organized social data will intensify over the coming months (not years), with data integration providers (think IBM, Oracle, Informatica, etc.) likely jumping into the ring. Good news for the remaining data fire hose partners.

Big data aside, the acquisition that dwarfed all the other tech deals in December was Oracle’s announced acquisition of the leading marketing automation player, Responsys. David Clark, a JEGI Managing Director, who focuses on marketing and technology, commented, “In the past 24 months, Oracle has spent approximately \$7 billion on marketing technology and e-commerce software companies, rapidly building out a marketing stack and cloud services platform that credibly squares off against Salesforce.com, IBM, and Adobe. In fact, Oracle’s acquisitions of Endeca, Fatwire and Compendium took it deep into Adobe’s core content management market space, and its acquisition of Eloqua happened in direct response to IBM’s purchase of Unica in the marketing automation arena.”

“That said, Oracle’s most recent acquisitions appear to be aimed at strengthening its hand vis-à-vis its biggest archrival, Salesforce.com. Oracle continues to build out its CRM lineup, acquiring Rightnow Technologies and recently picking up BigMachines for additional sales automation functionality. To counter Salesforce.com’s acquisitions of Radian 6 and Buddy Media in the social media marketing space, Oracle acquired Vitruve and Involver. And, one can view Oracle’s most recent acquisition of Responsys as a direct reaction to Salesforce.com’s acquisition of ExactTarget, both being leading vendors in the email marketing technology sector.”

“It’s an arms race, and Oracle is playing to win (or tie at worst).”

I would agree with David’s view and just add that another archrival, SAP, might not be far behind Oracle in this arms race. I would expect M&A announcements from them sooner rather than later.

These are our brief highlights for January. Stay tuned for the next issue, and please don’t hesitate to reach out to us to discuss any topics related to the “JEGI Tech Coverage” or your company’s M&A strategy.

| FIGURE 1 – JEGI Tech Coverage – Content-Centric Software  |  |   |
|---|--|---|
| <p><b>“Big Data”</b><br/><i>(monitoring, analytics, management)</i><br/>• E-Commerce • Social • Marketing</p> | <p><b>Marketing Technology</b><br/><i>(adtech, analytics, automation, resource management)</i></p> | <p><b>Vertical Software</b><br/><i>(media, healthcare, fintech, energy, retail, government, compliance)</i></p> |
| <p><b>Content Management</b><br/><i>(DAM, MDM, document, product)</i></p>                                     | <p><b>Enterprise Applications</b><br/><i>(CRM, CEM, ERP, SCM, PLM)</i></p>                         | <p><b>Business Intelligence</b></p>   |
| <p><b>E-Learning/Online Education</b></p>   | <p><b>Mobile Applications</b></p>  | <p><b>SaaS-Enabled Reference Data</b></p>   |

Happy New Year from the JEGI technology team!

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## December M&A Transactions in JEGI Tech Coverage

| Buyer                                    | Seller                                 | Target Description  | Enterprise Value (\$mm) |
|--|--|---|-------------------------|
| <i>Deals with Values</i>                 |  |   |                         |
| Oracle                                   | Responsys                              | A marketing automation firm that enables clients to coordinate their online marketing.  | \$1,589.2*              |
| Dealertrack Technologies                 | Dealer.com                             | Provides marketing and operations software and services for the automotive industry.  | \$994.3                 |
| Verizon Digital Media Services           | EdgeCast Networks                      | A content delivery network.   | \$350.0                 |
| Apple                                    | Topsy Labs                             | A social media analytics company that provides real-time search and analytics.  | \$200.0                 |
| Tribune Company                          | Gracenote (Sony)                       | Offers online music recognition technology solutions.   | \$170.0                 |
| blinkx                                   | Rhythm NewMedia                        | A leading premium mobile video advertising technology platform focused exclusively on smartphones and tablets.                  | \$65.0                  |
| LifeLock                                 | Lemon                                  | An open mobile wallet platform that supports multiple branded payment cards, loyalty cards, and coupons.                        | \$42.6                  |
| E. W. Scripps                            | Newsy                                  | A digital video news platform where ad supported videos are delivered to web, mobile, tablet and connected TV platforms.        | \$35.0                  |
| LDC (Lloyds Banking Group)               | GMG Property Services (Guardian Media) | Operates as a supplier of software and media solutions to the property industry.  | \$29.2                  |
| Rosetta Stone                            | Tell Me More                           | Publishes learning language software for corporations, government agencies, academic institutions, libraries, etc.              | \$28.6                  |
| News Corp                                | Storyful                               | A video news source that specializes in verifying and clearing user generated video, so news organizations can use clips.       | \$24.6                  |
| Splunk                                   | Cloudmeter                             | Provides a real-user monitoring as a service based solution to monitor apps in the public cloud, private cloud and datacenters. | \$21.0                  |
| Marketo                                  | Insightera                             | Provides a SaaS marketing platform that accelerates B2B customer acquisition.   | \$20.0                  |
| Logibe Groupe Informatique (OMERS)       | QHC, Enterprise Management Solutions   | Develops management software for integrated payroll, staff scheduling and human resource software.                              | \$18.8                  |
| Upland Software                          | Clickability (Limelight Networks)      | Provides SaaS solutions for web content management and other website marketing.   | \$12.7                  |
| OpenTable                                | Quickcue                               | A mobile restaurant waitlist, reservation, text message notification and table management system.                               | \$11.5                  |
| Software Technology (SCP/Selway Capital) | Chalkable                              | Provides educational application tools for students, teachers, administrators and parents.                                      | \$10.0                  |
| Yahoo                                    | Ptch                                   | A social media app enabling users to make short videos and share them with the Ptch network and other social media avenues.     | \$6.5                   |
|  |  |   | <i>*Announced</i>       |
| <i>Deals without Announced Values</i>    |  |   |                         |
| 24/7 Media (WPP)                         | Crystal Semantics (Ad Pepper Media)    | Develops technology enabling advertising targeted to individuals, based on the relevance of content they browse.                |                         |
| Cisco Systems                            | Collaborate.com                        | A developer of collaborative software applications for mobile devices.  |                         |
| Dailymotion (Orange)                     | Jilion                                 | A video platform that allows users to distribute web videos with customized features.   |                         |

| Buyer  | Seller                                | Target Description  | Enterprise Value (\$mm) |
|--|---------------------------------------|---|-------------------------|
| DoubleBeam                                     | GoPago                                | A mobile app for consumers to pre-pay for goods before picking them up at a store.  |                         |
| E lance  | oDesk                                 | Operates an online employment platform that enables employers to hire, manage, and pay a flexible online workforce.         |                         |
| Envision Pharmaceutical Holdings (TPG Capital) | Laker Software                        | A software solutions company that offers claims processing software and support for prescription drug benefit programs.     |                         |
| Fuse Powered                                   | AppHero                               | Uses technology from recommending mobile apps to improve ad placements on mobile devices.                                   |                         |
| Health Elements (Thorne Research)              | WellnessFX                            | Provides an online service that allows people to understand and improve their health.                                       |                         |
| HealthPort (ABRY)                              | CM Information Specialists            | A medical health records IT company offering a variety of services to hospitals, clinics and other medical facilities.      |                         |
| Hearst Corporation                             | Homecare Homebase                     | A healthcare software company that provides solutions for the homecare and hospice industry.                                |                         |
| IMS Health                                     | Pygargus                              | A life sciences advisory and analytics company.   |                         |
| Kantar Media (WPP)                             | FishEye Analytics                     | Uses technology to collect and analyze online social media discussions in 67 languages.                                     |                         |
| KPMG   | Link Analytics                        | An analytical technology company that develops big data analytics solutions for Fortune 1000 companies.                     |                         |
| Ledra Capital                                  | Westonian Group                       | Offers collaborative SaaS tools to institutions of higher education.  |                         |
| Medium Entertainment                           | Kontagent                             | Provides a hosted and on-demand viral analytics platform for social network application developers.                         |                         |
| NewLeaf Symbiotics                             | Intuitive Genomics                    | Develops bioinformatics solutions to analyze genome-scale datasets.   |                         |
| PayPay (eBay)                                  | StackMob                              | Provides back-end technology stack for mobile applications with hosted and managed platform for mobile developers.          |                         |
| Publicis Healthcare Communications             | Verilogue                             | Provides a technology system to capture information and enable physicians to digitally record patient conversations.        |                         |
| RetailNext                                     | Nearbuy Systems                       | Provides multi-channel shopper analytics and micro-location products for in-store mobile shopping.                          |                         |
| S3i Digital (GSV Asset Management)             | Circle Media                          | Data platform that intelligently aggregates and analyzes social, consumer and transaction data at scale.                    |                         |
| Salient Imaging                                | Medipattern (Sprott Asset Management) | Develops and commercializes medical imaging software in Canada and internationally.   |                         |
| Slyce  | Mocial.Media                          | Enables users to search for products, using images or photographs posted online, and find retailers offering similar items. |                         |
| Spectral Capital Corporation                   | Monitr                                | A semantic processing and data analytics platform for the financial services sector.  |                         |
| Spectrio (Main Street Capital/SCP/SJ Partners) | Vericom Corporation                   | Provides audio and visual communications solutions for hospitals, health systems, managed care and physician practices.     |                         |
| Sportrader (EQT Partners)                      | SportsData                            | A sports data company that delivers real-time data and content of various professional sports, leagues and events.          |                         |
| Square   | Viewfinder                            | A New York-based photo-sharing app.   |                         |
| Square   | Evenly                                | A mobile payments app.  |                         |

| Buyer                     | Seller                                     | Target Description   | Enterprise Value (\$mm) |
|---------------------------|--|--|-------------------------|
| Systems In Motion         | Claritics                                  | A suite of social analytics apps that deliver real-time data and actionable insights for social gaming and commerce companies.   |                         |
| WestView Capital Partners | APEX Print Technologies (Tonka Bay Equity) | Develops document and payment solutions for healthcare and financial institutions in the US.                                     |                         |
| Yahoo                     | EvtLive                                    | Operates an online concert venue for live and on-demand shows.   |                         |
| Yahoo                     | PeerCDN                                    | A content delivery network.  |                         |
| Yahoo                     | SkyPhrase                                  | Provides natural language processing services and designs a technology in which computers understand the human language.         |                         |
| Yahoo                     | Quik.io                                    | An application that streams or sends videos, music, pictures and documents to the iPad, without syncing or converting the files. |                         |

## About Daniel Avrutsky



Daniel Avrutsky, Managing Director and Global Head of Technology at JEGI, joined the firm in February 2013 to lead its M&A advisory practice in technology and software, focused on the US, Europe and Israel.

Mr. Avrutsky has 17 years of experience in global technology M&A. Prior to joining JEGI, he was Founder and Managing Partner of Avrika Group, where he provided cross-border advisory services to US-based and European clients seeking technology investments and M&A opportunities in Eastern Europe. Mr. Avrutsky continues to be an independent member of the Grant Committee of the Skolkovo Foundation, Russia's largest technology development agency. For the prior five years, Mr. Avrutsky was with Perella Weinberg Partners in New York, most recently as a Managing Director in the firm's technology practice. He started his career at JP Morgan and held various positions at Salomon Brothers, Bank of America and Warburg Pincus.

Mr. Avrutsky holds a BA with cum laude in Mathematics and Economics from Duke University and an MBA from Stanford University Graduate School of Business. He also studied Mathematical Economics and Computer Science at Moscow State University.

## About The Jordan, Edmiston Group, Inc.

The Jordan, Edmiston Group, Inc. (JEGI) of New York has been the leading independent investment bank for the media, information, marketing and technology sectors for more than 26 years. The firm has completed over 500 high-profile M&A transactions for global corporations; middle-market and emerging companies; entrepreneurial owners; and private equity and venture capital firms. For more information, visit [www.jegi.com](http://www.jegi.com).

## Select Recent JEGI Technology Transactions

|   |   |  |   |  |
|---|---|--|---|--|
| <p><b>Competitrack</b><br/>a full service competitive advertising tracking firm<br/>has been sold to<br/><b>MarketTrack</b><br/>The Power of Market Intelligence<br/>a portfolio company of<br/><b>AURORA CAPITAL GROUP</b></p> | <p><b>MWG</b><br/>MYWEBGROCER<br/>a leading provider of shopping and shopper marketing software and services<br/>has received a significant investment from<br/><b>HGGC</b></p> | <p><b>infogroup</b><br/>a portfolio company of<br/><b>CCMP CAPITAL</b><br/>has sold<br/><b>OneSource</b><br/>the leading provider of sales enablement and business intelligence SaaS solutions<br/>to<br/><b>CANNONDALE INVESTMENTS &amp; GTCR</b></p> | <p><b>My MEDIABOX™</b><br/>SaaS-based applications for the consumer products licensing industry<br/>has been sold to<br/><b>JONAS</b><br/>Software for Life</p>                             | <p><b>ePrize</b><br/>a global leader in digital engagement specializing in promotions and loyalty campaigns across mobile, social and web<br/>has been sold to<br/><b>CATTERTON   partners</b></p> |
| <p><b>CONVERSEN</b><br/>a SaaS marketing platform (CRM) for real-time, multi-stage, and multi-channel marketing including social media, email, and mobile<br/>has been sold to<br/><b>Experian™</b></p>                         | <p><b>The Retail Equation</b><br/>the leading SaaS platform for retail transaction optimization solutions<br/>has been sold to<br/><b>NVP</b><br/>NORWEST VENTURE PARTNERS.</p> | <p><b>Behavior™</b><br/>the leading provider of consumer shopping predictive targeting data<br/>has been sold to<br/><b>KBM GROUP</b><br/>a division of<br/><b>WPP</b></p>   | <p><b>Accela COMMUNICATIONS</b><br/>a leading marketing technology company providing interactive video communications<br/>has been sold to<br/><b>kitdigital</b><br/>made of the future</p> | <p><b>acerno</b><br/>an online behavioral targeting network<br/>has been sold to<br/><b>Akamai</b><br/>for approximately \$95,000,000</p>  |

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