

# PRESS RELEASE

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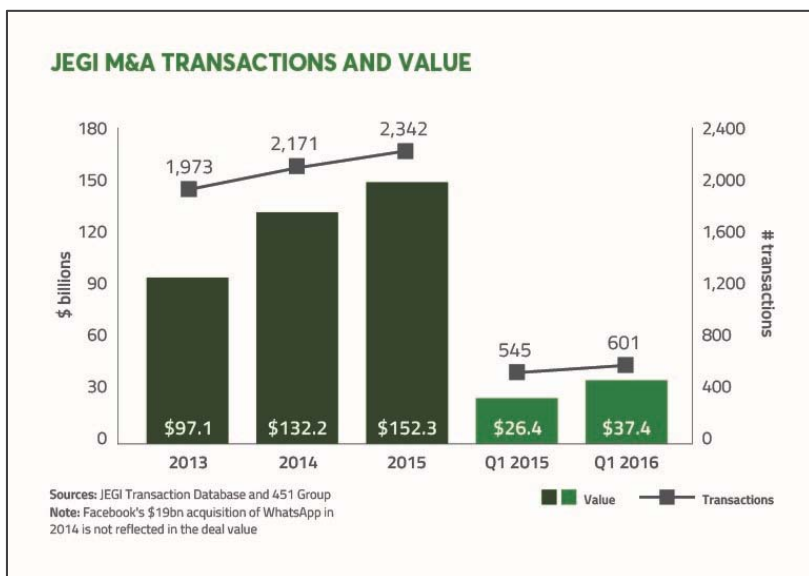


## JEGI Q1 2016 M&A OVERVIEW

### M&A Remains Active through First Quarter of the Year

Amid signs of a broader slowdown in the global M&A market this year, the media, information, marketing, software and tech-enabled services sectors continued to see robust merger and acquisition activity in the first quarter of 2016, with 601 transactions announced at a total value of \$37.4 billion.

Both deal activity and value across these sectors surpassed Q1 2015, which saw 545 transactions with a total value of \$26.4 billion, according to JEGI, the leading independent investment bank serving these core markets.



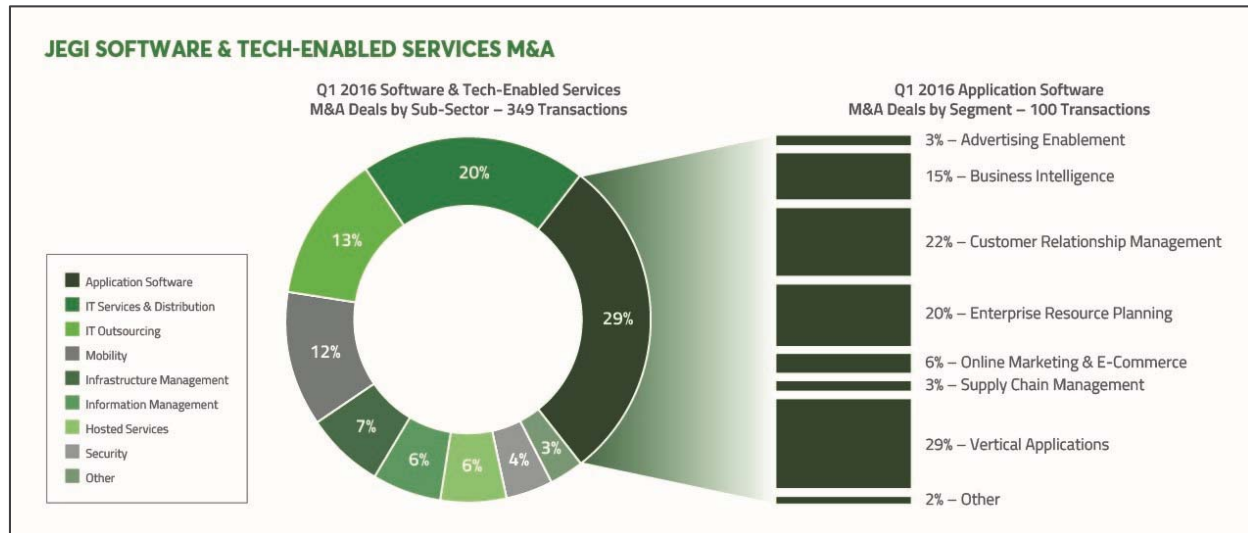
### Software & Tech-Enabled Services

Software & Tech-Enabled Services led by far in terms of deal volume and value, with 349 transactions valued at \$19.1 billion for the quarter. The chart below shows a breakdown of deal volume by sub-sector for this active sector.

Application software was the most active sub-sector, accounting for nearly one-third of deal volume. The most significant application software transaction in Q1 2016 was IBM Watson Health's announced acquisition of Truven Health Analytics, a provider of healthcare analytics SaaS and services, from Veritas Capital for \$3.6 billion. Other interesting application software transactions in the quarter included: H.I.G. Capital's acquisition of Intuit's Quicken business, which provides financial management software; Sterling InfoSystems' acquisition of TalentWise, a provider of employee background screening software; and Apple's acquisition of Emotient, a provider of facial recognition software and analytics.

The chart below shows a further breakdown of the segments within the application software sub-sector. Vertical applications saw the most deal volume (29%), followed by customer relationship management (22%), enterprise resource planning (20%) and business intelligence (15%).

Following application software, IT services and distribution was the second most active sub-sector in Software & Tech-Enabled Services (20%), followed by IT outsourcing (13%), which saw the TSYS \$2.4 billion announced acquisition of TransFirst, a provider of transaction processing services, from Vista Equity Partners.



### Marketing Services & Technology

Marketing Services & Technology was the second most active sector in both deal volume and value, with 187 transactions that generated \$8.1 billion of deal value in Q1 2016. More than half of the deal value was captured in the data & analytics sub-sector, which saw \$4.3 billion of value across 30 deals, most notably IBM's \$3.6 billion acquisition of Truven, which is also highlighted in the Software & Tech-Enabled Services sector above.

Digital agency transactions also accounted for significant deal volume and value, with 28 transactions totaling \$950 million, led by Web.com's acquisition of Yodle, a provider of online marketing services to local businesses, for \$342 million, and IBM's acquisition of three leading digital agencies: Resource/Ammirati (a JEGI transaction); ecx.io; and Aperto.

Also of note, marketing technology accounted for nearly 10% of deal value, led by Oracle's \$175 million acquisition of web sharing platform AddThis and Time Inc.'s acquisition of Viant Technology, a cloud-based platform that enables marketers to plan, execute and measure their digital media investments.

MARKETING SERVICES & TECHNOLOGY - M&A BY SUB-SECTOR			
Industry Sub-Sector	2016 January - March		
	No. of Deals	Value (millions)	% Total Value
Ad Agency	25	\$361	4.5%
Ad Network / Ad Tech	6	\$509	6.3%
Data & Analytics	30	\$4,259	52.7%
Digital Agency	28	\$950	11.8%
E-Commerce	4	\$47	0.6%
Experiential Marketing	5	\$31	0.4%
Healthcare Marketing	3	\$45	0.6%
Market Research/Consulting	13	\$119	1.5%
Marketing Technology	32	\$766	9.5%
Mobile Marketing	5	\$43	0.5%
Out-of-Home Marketing	9	\$615	7.6%
PR Agency	10	\$81	1.0%
Social Media Marketing	10	\$35	0.4%
Video Marketing	3	\$145	1.8%
Other	4	\$73	0.9%
<b>Total</b>	<b>187</b>	<b>\$8,080</b>	<b>100.0%</b>

Source: JEGI Transaction Database



### Looking Ahead

In response to a survey by virtual data room provider, Intralinks, which asked what will impact M&A the most in 2016, 300 North American dealmakers said their top four concerns, in descending order, were: (i) fears around China; (ii) general geopolitical instability; (iii) oil prices; and (iv) the US Presidential election. In early February, Intralinks, a sponsor of JEGI's 2016 Media & Technology Conference, predicted growth in the M&A market in 2016, as corporates continue to have strong balance sheets and access to capital, while private equity firms need to deploy record levels of dry powder.

Meanwhile, according to eMarketer, total US media ad spending is on the rise and is expected to reach \$192 billion in 2016, with a strong push in digital, which is expected to climb 15% in 2016 to \$69 billion. By 2020, digital ad spending is forecasted to hit \$105 billion and account for 45% of total media expenditures. With the upcoming Rio XXXI Summer Olympics and the last several TV-heavy months of the US Presidential race, we anticipate strong ad spending to continue in 2016 and, in turn, increased demand for associated production, optimization and delivery services.

Here at JEGI, we had a strong start to 2016 with four deal closings in Q1, including the sale of Resource/Ammirati, a leading, US-based, tech-enabled digital marketing and creative agency, to IBM Interactive Experience (IBM iX), marking IBM's first acquisition of a digital marketing and creative agency. JEGI also represented two leading b2b media companies – Stagnito Business Information (a Topspin Partners portfolio company) and Edgell Communications – in a pre-packaged merger and sale to RFE Investment Partners. And, JEGI represented Instantly, a leading provider of online and mobile audience and insights technology tools, to SSI, a portfolio company of HGGC.

### M&A Highlights for Q1 2016

The **b2b media and technology** sector saw 25 transactions in the first quarter of 2016, compared to 28 in Q1 2015. Deal value declined significantly to \$262 million, as Q1 2015 saw MacMillan Science and Education's mega acquisition of academic publisher Springer Science+Business Media from BC Partners. Notable transactions in Q1 2016 included: RFE Investment Partners' acquisition of Stagnito Business Information and Edgell Communications, as noted above; LinkedIn's acquisition of Connectifier, an online platform for discovering, qualifying, and connecting with job candidates, for \$100 million; and Zealot Networks' acquisition of AdRev, a multi-channel talent network that brings together YouTube creators from around the globe to share their knowledge, for approximately \$20 million.

The **consumer media and technology** sector dropped in deal value in Q1 2016, with \$939 million vs. Q1 2015's \$3.2 billion, while deal volume increased 23% to 54 transactions, vs. 44 in 2015. No Q1 deal this year matched Expedia's acquisition of three online travel sites – Orbitz, Travelocity and Decolar – for nearly \$2 billion in 2015. Notable transactions in the first quarter of 2016 included the: Hudson's Bay Company acquisition of luxury online retailer Gilt Groupe for \$250 million; Univision's acquisition of a 40% stake in humor news site The Onion, valued at nearly \$200 million; and DSW acquisition of Ebays, online shoe retailer, for \$118 million.

The **database and information services** sector remained relatively flat in number of transactions announced in Q1 2016, with 10 compared to 11 deals in Q1 2015. However, transaction value rose dramatically in 2016 to \$11.4 billion, due to the announced merger of global information company IHS and financial information services provider Markit, which has an estimated deal value of \$10.3 billion. Other notable Q1 deals included IHS's \$650 million acquisition of Oil Price Information Services from United Communications Group and



Thoma Bravo’s acquisition of Infogix, provider of data integrity and analytics solutions, from H.I.G. Capital Partners for a reported \$322 million.

The **exhibitions and conferences** sector saw a decline in both deal volume and value in the first quarter of 2016, with 19 transactions totaling \$206 million in 2016 vs. 24 deals and \$831 million in value in the same period of 2015. Q1 2015 saw several large transactions, including the Providence Equity Partners acquisition of Clarion Events and the purchase by Inflexion Private Equity Partners and NVM Private Equity of CloserStill. Notable deals in Q1 2016 included Sentinel Capital Partners’ acquisition of consumer show producer Marketplace Events from Five Points Capital and Stephens Capital Partners; Informa’s acquisition of Water & Wastewater Equipment, Treatment & Transport Show from Cole Publishing; and Vendome Group’s acquisition of Healthcare and Capital Markets Conference from Lincoln Healthcare.

JEGI M&A ACTIVITY BY SECTOR						
Sector	2015		2016		% Change	
	January - March		January - March		No. of Deals	Value
	No. of Deals	Value (millions)	No. of Deals	Value (millions)		
B2B Media & Technology	28	\$1,494	25	\$262	(11%)	(82%)
Consumer Media & Technology	44	\$3,223	54	\$939	23%	(71%)
Database & Information Services	11	\$3,205	10	\$11,401	(9%)	256%
Exhibitions & Conferences	24	\$831	19	\$206	(21%)	(75%)
Marketing Services & Technology	128	\$3,499	187	\$8,080	46%	131%
Mobile Media & Technology	54	\$2,011	40	\$1,095	(26%)	(46%)
Software & Tech-Enabled Services	346	\$12,973	349	\$19,100	1%	47%

Sources: JEGI Transaction Database and 451 Group

The **marketing services and technology** sector continues to be very active, with 187 transactions totaling \$8.1 billion in value for the first quarter of 2016, compared to Q1 2015’s \$3.5 billion for 128 deals. Several notable transactions are mentioned above in the Marketing Services & Technology segment. Other notable Q1 2016 deals included: Telenor’s acquisition of Tapad, a provider of cross-device retargeting solutions, for \$360 million; Sykes Enterprises’ acquisition of Clear Link Technologies, a provider of marketing campaign execution and optimization, from Pamlico Capital for \$207 million; IBM’s acquisition of Ustream, a provider of live and on-demand video solutions, for a reported \$130 million; and SSI’s acquisition of Instantly (a JEGI transaction).

M&A activity for the **mobile media and technology** sector declined in both deal volume and value in the first quarter of 2016, to 40 transactions and \$1.1 billion in value. Notable Q1 2016 deals included the: Microsoft acquisition of mobile application developer Xamarin for approximately \$400 million; Snapchat acquisition of Bitstrips, a mobile app allowing users to create avatars and personalized comics, for \$100 million; ASICS acquisition of Fitnesskeeper, a mobile app for tracking personal fitness, for \$85 million; and Zynga acquisition of Zindagi Games, a creator of mobile and PlayStation games, for \$75 million.



The **software and tech-enabled services** sector remained flat in deal volume with 349 transactions in Q1 2016 vs. 346 in Q1 2015. Deal value, however, increased by nearly 50% to \$19.1 billion, led by a few mega transactions, including those listed in the Software & Tech-Enabled Services segment above, as well as several others in the IT services sub-sector. Other notable 2016 transactions included: ResMed's acquisition of Brightree, a provider of medical billing SaaS, for \$800 million; Insight Venture Partners' acquisition of Diligent Corporation, a provider of confidential document collaboration software, for approximately \$624 million; and FinTech Acquisition Corp.'s acquisition of CardConnect, a provider of payment processing software and services, from FTV Capital for a reported \$350 million.

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#### **ABOUT JEGI**

JEGI has been the leading independent investment bank for the global media, information, marketing, software and tech-enabled services sectors for more than 28 years. Headquartered in New York, with offices in Boston and London (via its partnership with **Clarity**), JEGI has completed more than 600 high-profile M&A transactions, serving global corporations; middle-market and emerging companies; entrepreneurial owners and founders; and private equity and venture capital firms. For more information, visit [www.jegi.com](http://www.jegi.com).