March 2016

CLIENT BRIEFING

2016 JEGI MEDIA & TECHNOLOGY CONFERENCE

JEGI hosted its 12th annual Media & Technology Conference on January 14 at the Time Warner Center in New York City. The 2016 Conference, our largest to date, brought together more than 400 senior executives and investors from across the global media, information, marketing, software and tech-enabled services sectors for an afternoon of highly relevant, actionable programming and peer networking.

Focused on "Transformational Growth through Innovation + Change", the event provided key insights from high-profile speakers across JEGI's core markets on how to stay relevant in today's fast-paced and rapidly evolving landscape.

JEGI is extremely grateful to the event's long-time sponsors for their support: Antares Capital; Boston Consulting Group; Koller Search Partners; Intralinks; and Morgan Lewis.

In addition, JEGI would also like to thank the A-list roster of speakers who contributed their time and effort to the Conference. Bios for all speakers, as well as the full program guide and select presentations, can be found at www.jegi.com/resources/conference.

On the following pages, we have provided excerpts from the Conference sessions.

JEGI Founder & CEO, Wilma Jordan, kicks off JEGI's 12th annual Media & Technology Conference.

IN THIS ISSUE

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DISRUPTION IN MEASUREMENT

Moderator:
John Rose, Senior Partner and Managing Director, BCG

Keynote:
David Calhoun, Executive Chairman, Nielsen

David Calhoun provides key insights on the evolving measurement industry and how Nielsen is navigating the constant change.

Rose: Many companies are obsessed with the data they can collect, and the value they're going to unlock from that data. In TV, return path data is a hot topic, and there's a huge difference between consumption and distribution.

Calhoun: The challenge in this big data world is the noise, which starts with distribution metrics vs. consumption metrics. Almost every data source that has attempted to disrupt Nielsen has been a distribution set.

The reduction of distribution data to consumption is massively complex and difficult. For example, due to audience biases, it's virtually impossible to combine one set of distribution data with another distribution source.

Rose: For households with multiple family members, the return path information tells you the TV set was on, but it doesn't tell you which individual was watching. Is there a solution to this?

Calhoun: Gradually, everyone will solve for this, and there are things that can accelerate it. For example, Nielsen measures household behaviors and devices that households are using. The challenge for Nielsen is to somehow unlock the data…not just be a ratings machine, but help inform other sets of big unstructured data.

"The challenge in this big data world is the noise, which starts with distribution metrics vs. consumption metrics. Almost every data source that has attempted to disrupt Nielsen has been a distribution set."

Rose: A lot of folks are looking for a disruptive change. To do that, they need to identify the individual viewer, so they can tie the return path data to the individual.

Calhoun: In effect, what we're talking about is how do you make an ad dollar more effective? These unstructured datasets inform that. They create behavioral pictures of households, but they have to ensure that there are eyeballs on the ad. We have to recapture the consumption side of it, and then it will begin to create big behavioral subsets of the audience, and those subsets are exactly what advertisers want.

Rose: We are now seeing that 50+% of primetime entertainment is being viewed in non-linear, such as VOD (Video On Demand) and OTT (Over the Top). This stream has almost no advertising. When does this change?

Calhoun: There's probably $150 billion of commerce in the center of this discussion. The cap on all of this is the consumer. When multiple subscriptions are needed to replace the cable offering, the economic limitations of consumers will become severe. The fees for Wi-Fi are moving towards $300/month.

Rose: Or stated differently, unless there is an ad model that supports OTT, it won't work.

Calhoun: Exactly. There are severe limits on paid models. As we approach those limits, advertising money will start to flow. Cord cutting is a small sliver of the world, which will likely accelerate, and then decelerate rapidly, because consumers are not going to be fulfilled by subscription content alone. And, as they add subscription content, the cost will become prohibitive.

Rose: If the country comprises approximately 85% connected households, what's the percentage of cord cutting over the next five to ten years?

Calhoun: The configuration, packaging, and pricing will change. So for me, it's a different economic model surrounding the cord, but I have a difficult time seeing it drop below 60%.

Rose: Let's say it gets to 60%; the implications of that amount of lost subscriber dollars and viewers of network programming is pretty profound. How big a problem do you think this is?

Calhoun: It depends over what time frame. It will take longer than most people figure, but there is no doubt that enterprise values will be adjusted severely in some cases. I will say the value of media is pretty amazing, and I don't think that's going to suffer in a big way.

Rose: When I joined the record business in 2001, people said the same thing about that industry.

Calhoun: I don't think TV is going to suffer anything like the music industry, where artists lost control. Content players will figure out how to play the distribution alternatives. Distributors that are smart enough to sign up the right content will see tremendous value from that.

"The challenge for Nielsen is to somehow unlock the data…not just be a ratings machine, but help inform other sets of big unstructured data."

Audience: The current TV networks have dual revenue streams – affiliate revenue and ad revenue. How can the alternative players make the economics work with a single revenue stream?

Calhoun: Once consumer spending on subscriptions is capped, eventually ad dollars will move in.

Audience: Do you see value in the implied presence from mobile phones, Siri, Apple TV, or the Amazon Echo?

Calhoun: There is a lot of value in the data, but I would still question if they really know who is watching.

Audience: What are your views on ad blocking?

Calhoun: Ad blockers will likely become subscription-based services. However, they will fall apart over time, because they are taking advantage of ad supported media and will have to pay real penalties at some point soon.

(from left) John Rose (BCG) and David Calhoun (Nielsen)

IBM'S DIGITAL TRANSFORMATION

Moderator:
Wilma Jordan, Founder & CEO, JEGI

Keynote:
Paul Papas, Global Leader,
IBM Interactive Experience

Paul Papas shares a look into IBM Interactive Experience and what to expect in digital and cognitive.

Papas: In 1996, IBM created a digital design capability called IBM Interactive. With the acquisition of PWC Consulting in 2002, IBM brought in world-class consulting and systems integration capabilities. Interactive Experience (iX) today is really a hybrid of three capabilities that have existed for many years at IBM: strategy consulting; creative and design capabilities; and global systems integrative capabilities. We have a really simple mission: to help clients solve complex problems in a multi-disciplinary way.

"Everyone here has their mobile phone. That didn't exist eight years ago, when the world fundamentally stopped and pivoted. It was the firing shot that started the race, and everyone is running as fast as they can. IBM is helping clients address that change."

Jordan: We have leaders from holding companies and consulting companies sitting in the audience. How do you compete with that established structure?

Papas: We are in a unique position, being a consulting and systems integrator that had design capabilities from the start. We listened to our clients and saw what they needed, which led us to bring this multi-disciplinary capability together.

Experience today is the new North Star – it guides everything our clients need to do. The last best experience anyone has becomes the minimum expectation for the experience they want everywhere.

Jordan: We were a little surprised to see that IBM bought the B2B digital assets of The Weather Channel. Talk a bit about how that will strengthen iX, and how IBM was thinking about those assets?

Papas: Weather data is another key input to help us solve client problems. For example, we are helping a large, multi-national retailer create tailored marketing offerings based on real-time weather patterns. We bring the data and analytics to deliver personalized and timely messages, but also reverse engineer that back into operations, so the client can fulfill the promise and have the products in the right place at the right time. So, we couple weather data with advanced analytics and cognitive capabilities to create the experience, as well as the operational integration.

Jordan: We learned that IBM has 100+ employees on the Apple campus and that you are developing apps for Apple. Talk a bit about that relationship.

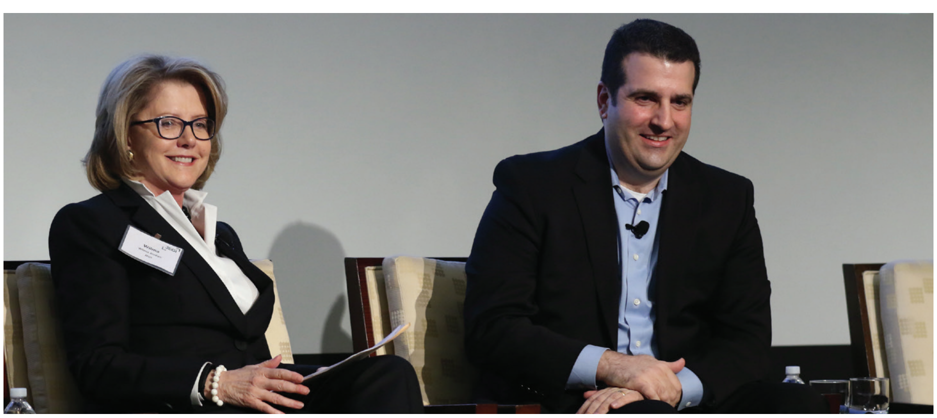
Papas: In 2014, we announced a partnership with Apple to bring mobile capabilities to the enterprise world. We committed to develop 100 business apps on the Apple platform. As of December 31, we delivered on that promise. It is singularly the most important service partnership we have.

Jordan: How does Watson interact with iX?

Papas: Watson is our cognitive capability. Cognitive is the future, and I like to say, "The future is now." When we bring the power of cognitive together with our strategy, design and technology capabilities, we are able to deliver experiences that are unimaginable.

Jordan: What's your biggest worry in looking at the phenomenal transformation in digital?

Papas: My biggest worry for my clients is that people don't move fast enough to address the disruption that's going on today. What we do every day is try to help them address those disruptions with speed, in a holistic way.



(from left) Wilma Jordan (JEGI) and Paul Papas (IBM Interactive Experience)

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business apps on the Apple platform.

Paul Papas
IBM Interactive Experience

"Experience today is the new North Star – it guides everything our clients need to do. The last best experience anyone has becomes the minimum expectation for the experience they want everywhere."

Paul Papas
IBM Interactive Experience

Everyone here has their mobile phone. That didn't exist eight years ago, when the world fundamentally stopped and pivoted. It was the firing shot that started the race, and everyone is running as fast as they can. IBM is helping clients address that change.

Audience: Could you give some examples of cognitive computing that are at scale?

Papas: Watson helped a group of oncologists with treatment protocols for cancer patients, and that has expanded to multiple hospitals. At CES, there were a number of announcements related to Watson working with Under Armour to measure health and sports performance metrics. And, we announced a partnership with Medtronic in managing diabetes.

Audience: Who are you dealing with in the C-suite – technical and marketing at the same time?

Papas: The CMO is one of our most prominent buyers, as the CMO role transforms to take on more digital and tech responsibilities. But we work across the C-suite, with a combination of CMO, Chief Customer Experience Officer, Chief Digital Officer, CIO, and even a step up to CEO, to help our clients digitally reinvent themselves. ■

JEGI SECTOR INSIGHTS

JEGI leaders, along with Paul Cooper from Clarity, JEGI's UK-based partner, discussed some key trends that we are seeing across the sectors we serve. Excerpts are below.

The full presentation is available at: www.jegi.com/resources/conference.

DATA TECH & MARKETING TECH

Amir Akhavan, *Managing Director*, JEGI
Joseph Sanborn, *Managing Director & Co-Head of Technology Banking*, JEGI

There's a collision occurring between data tech and marketing tech. This has transformed the areas of sales enablement, payments and loyalty, and personalization.

Sales enablement is getting more complicated, as organizations are driving more automation in their workflow. Companies like Microsoft are delivering smarter analytics across multiple data platforms to help sales professionals. We're also seeing companies employ an open data strategy, finding new ways to harness the different data feeds within their organization to drive sales.

In the area of payments and loyalty, companies are shifting to leverage their data to help the merchants create more engaging relationships with their customers. The battlefield in 2016 for payments and loyalty will center around mobility.

With personalization, it's all about the one-to-one relationship. The challenge is figuring out an automated, scalable way to build on that relationship. We are also seeing an emphasis on ambient user experience.

All this adds up to what JEGI expects to be a brisk M&A year, as big players look to acquire innovation and capture an advantage in a rapidly changing marketplace.

THE IMPORTANCE OF FACE-TO-FACE

Scott Peters, *Co-President*, JEGI
Sam Barthelme, *Director*, JEGI

Face-to-face is a massive and important market. A quarter, or roughly $14 billion, of all B2B spend happens in face-to-face events.

Aside from traditional trade shows and conferences, there are also innovative face-to-face models that address the consumer marketing funnel. We're seeing event companies tying back into the CRM of the customer and driving value up and down the marketing funnel. The next chapter will be in the event technology space, where companies will provide efficiencies, ROI and insights to create a better face-to-face experience.

We believe we will see a consolidation over the next few years: the larger face-to-face providers will continue to acquire point solutions to integrate into their offerings, and private equity firms will continue to buy innovative platforms on which to build, because the growth rates and fragmentation offer wonderful dynamics for investors and for strong returns.

GLOBAL M&A

Tolman Geffs, *Co-President*, JEGI
Paul Cooper, *Partner*, Clarity

Looking at economic performance in both the US and Europe, it's been a pretty volatile 20 years. What's interesting, though, is that it's countercyclical to a large extent. Layer China in as well, and you see a similar non-correlation between economic growth in these big three markets, with the exception of 2008 to 2009.

If you're thinking about selling your company, you need to consider prospective buyers from other parts of the world, as major strategics are striving to create balanced platforms globally, regardless whether they operate in marketing services, software, tech-enabled services, business information or media. We are also seeing strategics buying in adjacent sectors, both vertically and horizontally, especially as they digitize their businesses.

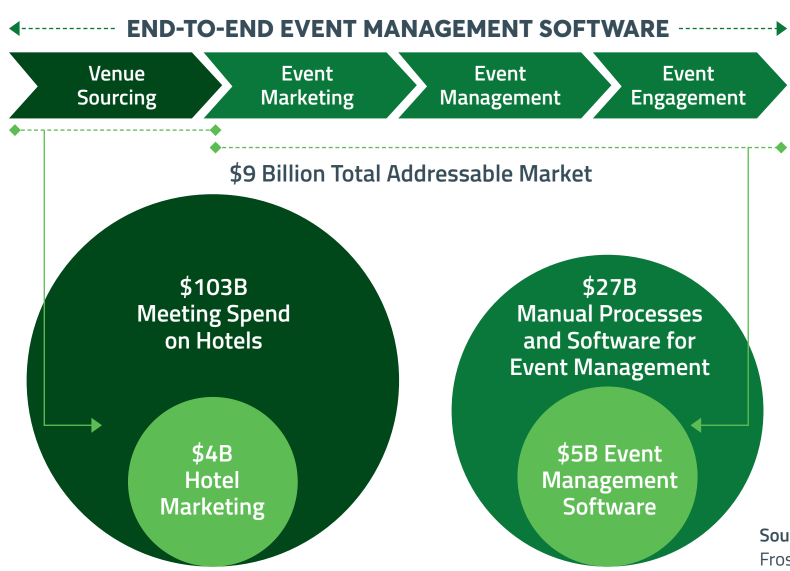
So, if you own a business that's a well-differentiated leader in its sector, take a look around. You'll find interest from buyers in other parts of the world, other sectors, or, very likely, both.

EVENT TECH ADDRESSING TWO MASSIVE MARKETS

Many emerging technology companies are beginning to take the power of events into their own hands. Companies are creating end-to-end solutions that range from venue sourcing to event engagement.

On the venue sourcing side, over $100 billion are spent annually on group meetings within hotels. On the event execution side, there is a $27 billion manual process that SaaS-based event software companies are trying to transform through technology.

Overall, this is a $9 billion addressable market, as shown in the accompanying chart.



Source: Frost & Sullivan

THE INTERSECTION OF DATA & SALES TECHNOLOGY:
DRIVING REVENUE ACROSS THE ENTERPRISE

Panelists discuss how data and technology are transforming and improving companies' traditional sales functions.

Moderator:
Amir Akhavan, Managing Director, JEGI

Panelists:
Umberto Milletti, Founder & CEO, InsideView
Steve Pogorzelski, CEO, Avention
Penry Price, VP of Global Sales, Marketing Solutions, LinkedIn
Andrew Yates, CEO, Artesian Solutions

Akhavan: Could each panelist briefly describe their company for the audience?

Milletti: InsideView brings market intelligence to sales and marketing to help them understand their market – the companies, people and relationships.

Pogorzelski: Avention is also in the sales marketing and research enablement areas, providing data as a service, as well as customer and master data management.

Price: At LinkedIn, I look after the marketing solutions business – the marketing tech stack, ad tech business and, recently, sales enablement solutions.

Yates: Artesian is a sales acceleration technology platform that helps B2B sellers target smart, connect and engage with customers, maximize revenue relationships, and measure and guide sales behavior.

Akhavan: Today we heard about the CRO meeting the CMO and CIO. What are you seeing in the market?

Pogorzelski: We're seeing a convergence between CRO and CSO. Marketing is going down the funnel, and sales is creeping up. There are enough software tools out there for salespeople to create their own targeted email campaigns. We're also seeing that the CRO and CMO now have a joint revenue goal.

Yates: I think 2016 is the year of the sales stack. After CRM and marketing automation, sales technology is the next layer to provide shareholder value.

Price: We see the merging of the qualified lead. Traditionally, there had been a separate sales qualified lead and marketing qualified lead, not agreed upon by both functions. Now there's a single opportunity that can be scored properly.

Milletti: What's driving this alignment is a desire for more effectiveness. The challenge is that historically marketing and sales have had two different views of the market, and they need a common view of customers, prospects and leads. That's where the CIO needs to come in and tie this information together.

Akhavan: So you've got the CMO and CRO helping each other, with the CIO bringing the data together. How does attribution work?

Milletti: We recently went through an exercise of putting together a dashboard for senior leadership and had the opportunity to work with a guy that just joined the business. Instead of having different buckets for various business functions, he asked us to address it from the customer's perspective. And when you think of it that way, the division between sales and marketing falls away.

Pogorzelski: How do you, in a weighted percentage model, take into account the typical sales behavior of cutting price or adding a free product? Sales wants to take credit for the booking, but it really takes the whole marketing spectrum.

Yates: The big challenge with the way we manage and motivate salespeople today is that it is largely based on the physical outcome. If we instead focus on the behavior that leads to the outcome, we'd be better off.

(from left) Penry Price (LinkedIn), Umberto Milletti (InsideView), Andrew Yates (Artesian Solutions), Steve Pogorzelski (Avention) and Amir Akhavan (JEGI)

Akhavan: How are you thinking about the end user who is actually using some sales enablement tools and figuring out that landscape? What can we expect to see from them?

Milletti: The salesperson is reacting to the fact that the customer is coming to the table with more knowledge than they did five years ago. The customer is lifting the bar on sales and marketing to understand enough about them and their business to offer something that's relevant and valuable.

Pogorzelski: We think in terms of sales capacity and productivity. The average inside sales rep only spends 33% of their time talking to a prospect and 50% of their time in administrative tasks and list building. If we automate sales activities and help them build better lists, we'll be able to increase the amount of time they spend with the customer or prospect.

"I think 2016 is the year of the sales stack. After CRM and marketing automation, sales technology is the next layer to provide shareholder value."

Yates: The hardest thing is establishing relevance and context to actually make your selling effort stick. Customers are better informed, better connected. Equipped with LinkedIn and a Google search engine, finding the who takes seconds; finding the what and when is the tricky part. So we need highly relevant, contextualized content to engage the customer.

Price: The magic that we think about is connecting the system of record and the data to systems of engagement, like Facebook, so you can see the true behaviors of the prospects in this next generation of sales enablement.

Akhavan: Describe what best-in-class social selling looks like.

Yates: We've benchmarked the daily behavior of 25,000 B2B professionals in terms of their ability to target, to connect with the right people at the right time with the right message, and to share. We've created a scoring system and provide salespeople with coaching to improve their score.

Milletti: Social selling to me means that you are making an investment into understanding the other person. We see success when companies force their organizations to have a message. I want to see a world where I'm only receiving email from people who have something that I really care about. Standardization of messages is not the answer, it's about tailoring.

Continued on page 11 >

THE CHANGING ROLE OF MEDIA VS. DATA

Panelists provide their views on how powerful data is reshaping the role of media and advertising.

Moderator:
Tolman Geffs, Co-President, JEGI

Panelists:
George Gallate, EVP & CMO, Merkle
Jay Habegger, CEO, OwnerIQ
John Nardone, CEO, Flashtalking
Rob Norman, Global Chief Digital Officer, GroupM

Geffs: Could each panelist briefly describe their company for the audience?

Gallate: Merkle is the largest privately-held performance marketing agency.

Habegger: OwnerIQ is the largest second-party data exchange in the retail ecosystem.

Nardone: Flashtalking is an ad-serving platform that uses data in real-time to personalize the creative experience.

Norman: GroupM is the media investment management arm of WPP.

Geffs: It's been an interesting couple of years in the data world – for both audience targeting data and the quest for perfect closed loop response data, where you know how people respond to advertising over time. Last year, Oracle spent well over a billion dollars to buy Datalogix, an aggregator of retail purchase data, and AddThis, which tracks users and builds profiles across the Web. In parallel, Google and Facebook have built and bought the ability to track users across devices and across time, and together they control about 40% of US digital display advertising. Is the game over for everyone besides Google, Facebook, and Oracle? And how is the power of all this data reshaping the importance and role of media?

"Once you figure out how to reach the person you want to talk to, you still have to decide what you want to say, or else all that targeting and data is wasted."

Norman: I call Google and Facebook the Large Hadron Colliders of media. They are accelerating data round closed loop systems in search of the God Particle, which for them is perfect attribution. Naturally, they take a rather one-sided view of what perfect attribution is. Like most who are suppliers of inventory, data, and also tech stacks, they tend to express value in a way that best suits their platform.

Habegger: We typically think in terms of how budgets get split between media and data. But, as media is awash in opportunity, especially programmatically, and with more and more datasets coming online, decisioning – meaning how you use the data, as well as the technology and software on which you base your decisions – has become a vitally important third portion of the budget. To me, that's where the trend is. How can I be smart about the media and data that I have access to, because that's where the value seems to be heading?

Nardone: I'd paint this slightly differently: once you figure out how to reach the person you want to talk to, you still have to decide what you want to say, or else all that targeting and data is wasted. So, the ability to actually use the data to create the right message that will resonate with that user is really the third leg of the stool.

Norman: A couple of years ago, when we started to talk about data-driven media, people were saying data is the new oil, and I can't help noticing what's happened to the price of oil. The oil industry is not a terrible parallel: when you take a barrel of crude out of the ground, it's the same all the way up the barrel. It's when you refine it and turn it into jet fuel at the top, and bunker fuel at the bottom, that equates to the enormous taxonomy within data.

Now, we're in the second stage of the data-driven media revolution, moving away from pure abstraction, toward a much more applied and focused valuation process.

Gallate: Yes, data is like the refinement of the oil. And data is changing the way that media is operating, both how we're buying it and the value that we think that media has, as well as creating new opportunities for the media platforms and how they connect with the consumers.

Habegger: If you look at media as it went programmatic, the bottom basically dropped out on the programmatic price of uninformed media, and because data was scarce, you could get ROI simply by applying data to media in a very simple application.

Now, the price of incremental data is also falling precipitously, and it's about how can you take cheap data and cheap media and combine them to create some really spectacular ROI.

Nardone: Using Rob's oil metaphor on the stratification of data – expensive, highly refined jet fuel at the top, and sludge at the bottom – that's where analytics comes in. Over the next few years, a lot of economic value will be created by the ability to take raw data that's very inexpensive, apply your own algorithms and analytics, and extract the value yourself. That's another way of jumping on the big data bandwagon; a lot of companies will need to essentially run their own refinery to make the economics work.

Gallate: Part of the challenge is whether what you are refining is actually oil or not. In the past year, we have had enormous supply chain integrity issues on the inventory side of things. We've been hoping that 2016 is the year in which the demand for bad inventory dries up.

Nardone: If you're a credible player, you have to invest in fraud detection and all of the technologies to get that garbage out, or else you really can't compete today.

The way we look at the world is that you must have data about the end user for targeting, but then you have to equally have as much data about the inventory itself, in order to make the equation work. We have been investing in acquiring more of the technologies to evaluate the quality of inventory that we're serving ads into, so that advertisers can have that unbiased view of "I targeted this person, but here's the inventory and the quality that I actually got," and be able to constantly optimize that.

Gallate: To take that point though, ultimately, I think the marketer that's going to win is the marketer that's able to control their own first-party data, and then combine it with everything you said. Because unless you are able to go from the top of the funnel down to a conversion, and measure and understand that, you're not going to be able to take advantage of the opportunity that the data changes and the media changes have provided. ■

(from left) Jay Habegger (OwnerIQ), John Nardone (Flashtalking), Rob Norman (GroupM), George Gallate (Merkle) and Tolman Geffs (JEGI)

MAJOR LEGAL TRENDS FOR 2016

At the JEGI Conference, Rob Dickey, a partner at Morgan Lewis, highlighted to the audience a few key legal trends and case studies to be aware of in 2016, including:

DISCLAIMERS OF RELIANCE
(Prairie Capital III, L.P. v. Double E Holding Corp.)

EARNOUT DISPUTES
(Lazard Technology Partners v. Qinetiq North America Operations LLC and Fortis Advisors LLC v. Dialog Semiconductor PLC)

MINORITY STOCKHOLDER SQUEEZEOUTS
(Dole Food Co., Inc. Stockholder Litigation)

Mr. Dickey also touched on the importance of advanced preparation for cyber security and data privacy, because as he put it, "It's almost a case of when you have a problem, not if." Companies must have legal policies in place, verify agreements are compliant, prepare investor and public relations staff for crisis response, and make sure technical staff is aware of how to handle a breach.

Another big development in data security and privacy is that the EU passed the General Data Protection Regulation and Data Protection Directive. The good news is that if you're doing business in Europe, you'll no longer have to comply with the separate laws of the 28 member states. However, the bad news is that the scope of the regulation is extremely broad with provisions that are vaguely worded, confusing and onerous. So, expect more guidance to follow.

For more information about the trends and case studies noted, Mr. Dickey's full presentation is available at: www.jegi.com/resources/conference.

COMPANY SPOTLIGHT: KYU

"16 Years In" – we are 16 years into this century, but the world of advertising and marketing has not changed. kyu, which is Japanese for the number 9 and is structured as a "collective", was launched to be a source of creativity, with a focus on design disciplines. Here are five topics pivotal to the future marketing and advertising world:

THE DESIGN OF PRODUCTS AND SERVICES

The winners in marketing will have the strategic abilities to advise clients on what they make, as much as on what they say. Companies manifest what they stand for in the products they create and services they provide. Few companies can afford to have brand campaigns independent of their products and services.

MEDIA AND CREATIVE

How is a client better served by creativity that has little or no responsibility for the appropriate methods of its dissemination? Creativity should be the practice of media buying teams, as well as creative teams.

TECHNOLOGY

Technology can be harnessed to change working practices. Most technology devices are created through a combination of numerous suppliers, but the advertising industry tends to guard its thinking. Technology can also be used to communicate better and monitor progress more efficiently between agencies and to link marketing messages and sales, especially in ecommerce.

UNDERSTANDING CLIENTS

Marketing and advertising agencies could do a better job of understanding their clients. For example, if a client is decentralized globally, then a marketing campaign has to be designed to work across all markets. New players, such as management consultancies and digital agencies, are likely to more deeply analyze and understand their clients.

GLOBAL SKILLS AND GLOBAL NETWORKS

Our industry has yet to figure out a better way of managing global networks than through the dots on maps approach. Clients demand global reach and need to understand the quality of the network provider in each market.

"As we move forward in this century, new providers will defy conventions, deliver new types of value and fuel creative problem solving.

The successful players will be those who change their approach significantly."

Speaker:
Michael Birkin, CEO, kyu (Hakuhodo)

INFOR'S CLOUD TRANSFORMATION

Stephan Scholl reveals how Infor was transformed into the world's largest industry cloud company in just five years.

Moderator:
Jeff Becker, Managing Director & Co-Head of Technology Banking, JEGI

Keynote:
Stephan Scholl, President, Infor

Becker: Infor has come a long way from its founding. Where does Infor sit today within the software industry?

Scholl: Five years ago, four of us took over the executive management of Infor and embarked on a $1.7 billion innovation strategy. Infor went from $1.8 billion in revenue to just north of $3 billion.

We saw a huge transformation, with mobile and just sheer technology capability, and we felt we could service the market better. We hired almost 4,000 new employees and now service over 73,000 companies.

Becker: How did you take a $1+ billion company and transform it into a SaaS company?

Scholl: It was probably the biggest enterprise software transformation in the world. We emerged from a clunky, on-premise software company to the world's largest industry cloud company.

Nearly $650 billion gets spent each year taking non-industry specific software and customizing it. However, moving to the cloud represents a big relationship shift between customer and technology provider, and it is happening across every industry. Why? Because software is no longer on CDs; we are going to run it for you in the cloud. Companies want us to run their business transformation vanilla, with no modifications. Without huge capital outlays, industry CEOs can rely on us to do what we do best – run a broad base of software.

"We've interwoven usability of software across our entire platform to increase usage. We have one of the largest design agencies in the world right here in NYC. Floors of designers, not engineers."

Amazon Web Services (AWS) is the fastest growing technology company in the world, because they're driving that huge transformation of commoditizing infrastructure. Infor attaches to AWS, builds out the application layer, and gets companies up and running in the cloud.

Becker: Infor talks about "beautiful applications". Why is that important?

Scholl: Historically, companies invested millions of dollars on enterprise software that employees weren't using, because it was ugly and hard to use.

Today, one in five people in the US have Amazon Prime, which is one of the fastest adoptions of technology. Why? Because it's so intuitive and easy to use. So that's what we've done with enterprise applications. We've interwoven usability of software across our entire platform to increase usage. We have one of the largest design agencies in the world right here in NYC. Floors of designers, not engineers.

"It was probably the biggest enterprise software transformation in the world. We emerged from a clunky, on-premise software company to the world's largest industry cloud company."

Becker: How does Infor view customer experience in software?

Scholl: B2B business models across all industries are being disrupted and becoming more consumer facing. And consumers are demanding more personalized products, whether you are selling shoes, iPhones or concert tickets.

One of the largest specialty sports retailers in the world, is moving completely away from brick and mortar stores and going all online. They want to create a truly unique experience for their customers where they can offer personalized equipment based on the customer's skill and provide advice on where and how to play.

Ultimately, companies want to get to know the end customers so that they can cross-sell them products. Regardless of industry, companies need a technology-pervasive platform to achieve this.

Becker: Infor is active in the human capital management space. Why?

Scholl: There's a war on talent; that's no secret. And there's also a cost to hiring the wrong people. There are 38 attributes that you can't measure in a 30-minute interview, but you can measure using talent software and big data.

Five years ago, four of us took over the executive management of Infor and embarked on a

US$ **1.7 BN**

innovation strategy.

Stephan Scholl
Infor

Also, companies must connect hiring, succession planning, competency management skills, tracking and training in one platform to get the most benefit from the data. We've built out a platform that is a full end-to-end suite of products, from hiring a person to their retiring and everything in between, as opposed to other segregated point solutions in the market.

Audience: Where are you seeing strong growth on the cloud?

Scholl: Infor's fastest growth area is the human capital management space. Because this industry has been typically serviced by point solutions, it is easy to commoditize cloud systems for HR, payroll, etc.

However, our biggest area of growth in terms of dollars is in healthcare. Hospitals are facing a lot of disruption from the Affordable Care Act; they've realized they can't do this on their own, and are rushing to the cloud. Infor now helps automate more than 70% of large hospitals in the US. ■

(from left) Jeff Becker (JEGI) and Stephan Scholl (Infor)

KEY TRENDS IN THE FINANCIAL MARKETS

Panelists share their 2016 predictions for private equity and venture capital investing, lending and M&A.

Moderator:
Scott Peters, Co-President, JEGI

Panelists:
Jacques Galante, Managing Director, Leeds Equity Partners
Matt Harris, Managing Director, Bain Capital Ventures
Matthew Lyness, Senior Managing Director, Antares Capital
Ryan Milligan, Partner, ParkerGale
Matt Porzio, VP of Strategy & Product Marketing, Intralinks

Peters: Could each panelist briefly describe their company for the audience?

Galante: Leeds Equity Partners is a traditional private equity firm managing approximately $1 billion in assets and focused on information services, education training and vertical application software.

Harris: Bain Capital Ventures invests about $400 million a year; up to half in venture, the rest in growth equity, usually minority deals.

Lyness: Antares Capital, a lender spun off from GE Capital last August, has around $10 billion in assets under management; exclusively focused on financial sponsors, acquisitions and LBOs.

Milligan: ParkerGale is a $200 million fund focused on small tech buyouts, as the first institutional capital coming into that deal.

Porzio: Intralinks is a leader in the collaborative technology and document sharing space and pioneer in virtual data rooms.

Peters: Talk a little bit about 2015 and your outlook for 2016.

Milligan: 2015 was a very strong year for private equity. A lot of deals were done; not quite 2007 levels, but close. On the debt side, everything was pretty robust and things got done. On a deal last September, it took two days to negotiate a credit agreement that typically takes up to three weeks; so, certainly a frothy market, which supported things very well on the financing side. The equity side was also very strong. I expect 2016 to be another good year, for sellers in particular.

Harris: We're split about 50/50 between infrastructure software and application software. Venture and growth equity have been booming for us and for the industry. Venture has been borderline insane for the past five years. We've all heard talk about unicorns; companies valued at $1+ billion. The number of unicorns is approaching 200 – in aggregate, they probably don't make a dollar of profit.

There's definitely a narrative around the level of disruptive change across a bunch of sectors – transportation and hospitality, for example, with companies like Uber and Airbnb – where major shifts are happening. The human tendency to overshoot, particularly in venture, has kicked in, which will lead to some hangover. Our reaction on the venture side has been to shift earlier, selling into the frothy upswing in Series B, C and D. In Q4, we saw a drop in the number and value of financings on the venture side. We see it becoming relatively hard for a money losing business to raise scale capital in 2016.

Galante: Over the past year, we have been experiencing a very robust sellers' market, so we've been taking advantage of robust valuations to exit. On the new capital deployment front, we did approximately four deals last year, with three themes underlying those investments:
(i) automation and the use of business intelligence;
(ii) regulatory/compliance solutions; and
(iii) certification and professional development.

In terms of fundamental business models, we invest in businesses that I would characterize as fairly a-cyclical, must-have solutions. So, as you think about the downside of a rough patch, economically speaking, you are more likely to get the same level of business, and recurring revenue models provide additional downside protection.

Harris: Twenty years ago, most of the tech businesses we looked at were license and maintenance revenue-driven software companies with way more embedded risk. Today, we're investing primarily in recurring revenue businesses, with lower risk characteristics. That fundamental change tends to get ignored when we talk about how crazy the multiples are.

(from left) Scott Peters (JEGI), Jacques Galante (Leeds Equity Partners), Matt Harris (Bain Capital Ventures), Matthew Lyness (Antares Capital), Ryan Milligan (ParkerGale) and Matt Porzio (Intralinks)

Porzio: Intralinks, which provides solutions for the due diligence process, typically sees deals coming to market six months before they are announced. So, we can predict global deal flow through the first half of the year, since we do about a third of the deals in the global marketplace.

We expect the number of deals in H1 2016 to grow around 5% compared to H1 2015. This is actually slower growth than in recent years. In Q2 2016, we're predicting heavy deal flow in healthcare (including healthcare technology), the real estate market, and both products and services in the consumer space.

Peters: A lot of M&A activity in these categories is fueled by availability and pricing around the debt market, so it would be great to get Antares' view on that.

Lyness: By almost any measure, whether you look at total issuance in the broad market, or issuance in the middle market, it was down pretty considerably in 2015. In Q4, we saw, in particular, a significant drop in issuance and tightening in spreads. The secondary markets in both the large cap market and the middle market dropped pretty substantially, which has an impact on yields. At the moment, there is a greater amount of uncertainty in the market, and investors are very focused on credit. They're doing more due diligence. They're also focused on yield.

The number of deals with over seven times leverage (the kind of leverage you need to pay 12x or 14x for businesses) dropped to a real trickle (there were zero 7x+ deals in Q4 2015). Covenant lite debt was harder to get – it has always been hard in the middle market and is becoming even more of a challenge. So, certain features – restricted payment baskets, incremental facilities – have tightened up.

There are a lot of people with a lot of money to put to work, but very credit focused and very yield focused. However, leveraged lending guidelines aren't going away, and that's probably the single biggest contributor to the reduction in leverage year over year, including in the middle market.

Galante: And, I would add there is a lot of liquidity in the market, with $1.3 trillion in dry powder globally across all private equity alternative assets. Global buyout dry powder totals $460 billion.

Continued on page 11 >

THE NEW MOGULS OF MEDIA DRIVING INNOVATION

Moderator:
Joe Ripp, Chairman & CEO, Time Inc.

Panelists:
Rebecca Darwin, President & CEO, Garden & Gun
Will Lee, Digital Editorial Director, People
Adam Sandow, Chairman & CEO, Sandow

Panelists discuss the evolution of consumer media and the renewed demand for quality content.

Ripp: How do you feel about 2016?

Darwin: I am bullish about 2016. We are somewhat of an anomaly, because we're very much a print-focused company. We had a 17% increase in newsstand sales last year, and our ad sales are still growing. We are certainly growing in digital, but our brand comes down to a very strong relationship with our engaged readers.

Sandow: I am very excited about 2016. Print is a big part of our business and growing strongly. I believe that when you get deep engagement from the right people, it's easy to monetize. We're focused on building next generation tools and services on top of our media platforms for growth.

"We will come full circle and return to genuine content curation and creation."

Ripp: Will, you came back to Time Inc. after we dropped to #9 in people and celebrity entertainment, and you got us back to #1 in nine months. How did you do that?

Lee: We had to transform from being a great magazine brand to the most prominent storytelling platform on every surface and screen. It starts with a fundamental change in metabolism, mentality and messaging.

In the past year, we have changed the metabolism by doing things faster, the mentality by not thinking of ourselves as just a magazine brand, and the messaging by telling our team how important it is to win.

Ripp: When I came back to Time Inc. a few years ago, it was defined as the magazine division of Time Warner and that was a very destructive definition. Rebecca, Garden & Gun is a magazine, but the company is other things as well. How do you think of Garden & Gun?

Darwin: I think of us as a lifestyle brand company, with the magazine at the center. Our Garden & Gun membership club is very successful, with many loyal readers. Also, we produce more than 40 targeted events per year. And, certainly there is online, but engaging our readers in other ways is good for our brand.

Ripp: At Time Inc., we do about 650 events per year. What I like about events is people engage with your brand in a memorable experience, and advertising messages get through there.

Adam, where do you think the luxury business is going, and how do you think the shift to digital will affect that space?

Sandow: Engagement is much harder digitally, so it is important to build the platform beyond that, and beyond print and events. For example, to expand our New Beauty brand, we created continuity sampling for beauty products. We want to own the verticals that we operate in.

Ripp: We are being bombarded with content. The average attention span of a human being is now less than that of a goldfish. As premium content publishers, how do we survive in a world where "Five Ways to Feed Your Gerbil" seems to be what people are interacting with?

Lee: The key is ubiquity. We want to create connectivity between all of the surfaces and screens that our consumers are interacting with – whether it's an iPad, a refrigerator, a car, or a watch – so that all day we are following them and learning about them in order to tailor our offerings.

Darwin: What sets us apart is our storytelling. Our readers feel like they can connect to the stories in the magazine.

Sandow: There are a lot of websites that have been very successful in "Five Ways to Feed Your Gerbil" content. Two years ago, it was exciting; a year ago, it got your attention. Today, it's the same message – ring the fire alarms, the world is ending – it's click bait. We will come full circle and return to genuine content curation and creation.

Ripp: When I came back to Time Inc., everyone told me I couldn't change the place, because it has such a strong culture, and culture trumps strategy every day of the week. Do you see cultural issues in transformation?

Lee: At Time Inc., one specific emblem of change was our move downtown, and that physical change has altered the culture. But, it comes down to the notion of changing the way people think and making it a habit.

"We had to transform from being a great magazine brand to the most prominent storytelling platform on every surface and screen. It starts with a fundamental change in metabolism, mentality and messaging."

Will Lee
People

For instance, when I returned, we weren't using human interest content online. I said just look at Facebook – people share and engage with human interest stories. So we did it online, and it exploded for us. You have to break what people have come to expect.

Sandow: We try to build unique spaces where our brands can cross-pollinate. We own very diverse businesses today...the largest materials consultancy business in the world is tied into our design businesses. We cross-pollinate our people across our brands, and that's been a key driver of creating a culture of entrepreneurship. The eclectic mix of businesses that we own, all under one roof, really defines our culture.

Darwin: We also have an entrepreneurial focus, including a brand development area, where we explore opportunities and encourage people to come forth with new ideas. We say, "Let's try them and see how they go."

Ripp: Time Inc. was the victim of being a subsidiary of a large corporation, where Time Inc. generated an awful lot of cash, but very little was invested back into the business.

Continued on page 11 >

(from left) Adam Sandow (Sandow), Rebecca Darwin (Garden & Gun), Will Lee (People) and Joe Ripp (Time Inc.)

I've been in the media business since the mid-70s, and I can tell you that it's always different. The reason media stocks are in flux is because everyone is trying to figure out the future. The companies that will be successful are the ones that look forward to change with excitement.

Lee: As our board member David Bell likes to say, "The tortoise only beats the hare in fairy tales." Our "spirit animal" at People this year is the hare, because it's all about speed and agility.

"Like a small private equity firm, I told our employees to think of themselves as entrepreneurs. Our founders built Time Inc. on an entrepreneurial spirit, so we're returning to our roots and trying to keep the excitement going with our brands."

Audience: What are the most important things you're doing at Time Inc. to rebuild and grow?

Ripp: We've got great assets at Time Inc., but they've been underinvested in. When the Internet came about, we didn't face it, because we were the magazine division, defined as that by Time Warner. So, only Turner did digital.

We've made substantial changes over the last two years. As Will mentioned, we moved offices, providing a great opportunity to change the culture and get people excited. We embraced the opportunity to go beyond magazines and to think of ourselves as a branded content company.

Like a small private equity firm, I told our employees to think of themselves as entrepreneurs. Our founders built Time Inc. on an entrepreneurial spirit, so we're returning to our roots and trying to keep the excitement going with our brands.

Audience: If you look at BuzzFeed, they see what stories are trending and write on that in real time. Has Time Inc. changed its editorial process?

Ripp: We are actually creating the original stories that people are talking about. In addition, our editors are much more closely aligned with the business side. When working with advertisers, we can write articles that attract the audience they are after – car buyers for example.

We deliver compelling content and attract the right audience and advertisers. We will never sell our soul. ■

THE INTERSECTION OF DATA & SALES TECHNOLOGY

Continued from page 5

Price: At LinkedIn, we have created a social selling index that is a predictor of attainment, in order to see the behaviors that actually matter and start to train on those behaviors. And engagement from your prospects is a key input, so mass mailing degrades the score.

Akhavan: How do sales professionals handle reporting with multiple software solutions?

Milletti: Our customers want us to tie all of their systems together to create an intelligent workflow. We are starting to see this in some interesting acquisitions by Oracle, Salesforce and LinkedIn – the realization that information and workflow need to come together.

Pogorzelski: I agree, it's all about workflow. Enterprise customers are worried about engagement more than anything else – to make the salespeople use the intelligence in a way that makes a difference.

Akhavan: LinkedIn recently made an interesting acquisition with Fliptop.

Price: Fliptop helps us with lead scoring, which is an important element for both members and enterprise partners.

The CEO of Fliptop is now running the product team for the sales solutions business, so that shows how important lead scoring and predictive models are for the business. ■

KEY TRENDS IN THE FINANCIAL MARKETS

Continued from page 9

Galante: Ultimately, we have an obligation to generate returns for our investors, so we're going to look to do deals. They may be priced differently, based on how 2016 and the economy looks. That's less about the election and more about what happens to the price of oil in China and how that impacts the rate of growth for businesses that we would typically consider.

Peters: On the geopolitical front, what are some of the trends you are seeing?

Porzio: In our quarterly deal flow predictor report, we asked 300 North American dealmakers what will impact M&A the most in 2016. Their top four responses, in descending order, were:
(i) fears around China;
(ii) general geopolitical instability;
(iii) oil prices; and
(iv) the US presidential election.

In terms of global dealmaking, the ton of dry powder is driving much of the H1 growth, and we see volume at an extremely healthy equivalent to the 2007 market of overall M&A deal activity.

In looking at the global market, there is a ton of dry powder in private equity, and corporates have to put their balance sheets to work. That's what is really driving a lot of the growth that we'll see into the first half of 2016. ■

Attendees: (from left) Keith Simmons (PrizeLogic), Sam Barthelme (JEGI), Chris Hering (NetSuite), Rahul Puri (NetSuite) and Peter Lambousis (Project: WorldWide)

JEGI

EXCEPTIONAL TRANSACTION EXPERIENCE

BLOOMBERG M&A LEAGUE TABLES, 2011-2015
Top Advisors Serving the Media, Marketing and Internet Sectors*

2015			2011-2015 (5-Year)		
Rank	Advisor	# of Deals	Rank	Advisor	# of Deals
1	JEGI	19	1	JEGI	82
2	Petsky Prunier	17	2	Petsky Prunier	76
3	Goldman Sachs	11	3	Goldman Sachs	44
3	RBC Capital Markets	11	4	Morgan Stanley	43
5	Citi	10	5	RBC Capital Markets	41
5	JP Morgan	10	6	JP Morgan	40
7	Rothschild	9	7	Moelis	39
8	Morgan Stanley	8	8	Evercore Partners	33
9	Barclays	7	9	BofA Merrill Lynch	31
9	Evercore Partners	7	10	Citi	27
9	PwC	7			

* Rankings by number of deals completed

RESOURCE AMMIRATI
HAS BEEN SOLD TO
IBM

Resource/Ammirati is a leading, US-based digital marketing and creative agency.

Stagnito + EDGELL
HAVE BEEN SOLD IN A PRE-PACKAGED MERGER TO
RFE

Stagnito (a portfolio company of Topspin Partners) and Edgell are leading B2B information, marketing and research providers.

instantly
HAS BEEN SOLD TO
SSI
A PORTFOLIO COMPANY OF
HGGC

Instantly is a leading provider of online and mobile audiences and insights technology tools.

FC Business Intelligence
HAS SOLD
Automotive
TO
Penton

FCBI's TU-Automotive is the global leader in the B2B automotive technology events and information sector.

50
A PORTFOLIO COMPANY OF
cgp Chicago Growth Partners
HAS BEEN SOLD TO
PAMLICO CAPITAL

World 50 is an exclusive, invite-only peer-to-peer network and knowledge exchange platform serving senior executives.

nielsen
HAS SOLD
nielsen nrg
TO
STAGWELL GROUP

Nielsen's National Research Group (NRG) provides research and analytics to the entertainment industry.

OPUS
HAS RECEIVED A SIGNIFICANT INVESTMENT FROM
Fan Creek Capital

Opus is a global corporate events and experiential marketing agency.

IMAGO TECHMEDIA
HAS BEEN SOLD TO
CLARION
A PORTFOLIO COMPANY OF
PROVIDENCE EQUITY

Imago Techmedia is a leading enterprise technology tradeshow organizer.

BriefingMedia
A PORTFOLIO COMPANY OF
KESTER CAPITAL
HAS BEEN SOLD TO
LYCEUM CAPITAL

Briefing Media is the leading provider of business information and marketing solutions to the UK agricultural sector.

selligent
HAS BEEN SOLD TO
HGGC

Selligent is an international marketing automation SaaS platform delivering omnichannel audience engagement.

THOMSON REUTERS
HAS SOLD ITS
FIDUCIARY SERVICES AND COMPETITIVE INTELLIGENCE BUSINESS
TO
Broadridge

Thomson Reuters' Lipper assets provide data on investment product classifications, pricing and benchmarking.

RKG
HAS BEEN SOLD TO
MERKLE
A Customer Relationship Marketing Agency

RKG is a leading tech-enabled search and digital marketing agency.

JEGI's client is mentioned first in each of the above transactions.

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