

REDEFINING RESEARCH

The marketing research industry is in flux. At some \$40 billion globally, it's a sizable market that enjoys broad adoption by marketers across all product categories. It relies upon established methodologies and currencies that often embed in a client's marketing function. As a result, research almost always has a seat at the marketing table, and often sits with the CMO. It is also an industry that is wildly fragmented and peopled by creative and technical pros, making it ripe for innovation. Indeed, the industry captures its fair share of venture capital and private equity investments. However, despite its solid base and potential for innovation, industry growth has stalled...at a time when other marketing categories are enjoying explosive growth.

What gives? And how can the industry can take advantage of its "tenure" with clients and real expertise (consumer insights, sector knowledge, data science, C-suite consulting, etc.) to more fully participate in digital growth. For some firms, the question is existential. For others, a spur to action. Within both camps, we're seeing sizable flows of venture and private equity capital seeking to either fortify the role of "traditional" survey research or build a bridge between research and digital marketing. It's early, but already there are signs of a converged and redefined market taking hold, where "Insight and Analytics," "Customer Experience" and "Marketing Intelligence" are displacing "research" as the working terms of art.

What is/was marketing research?

"Traditional" marketing research provides data and expert advice to help companies measure and understand:

- Brand awareness and perception
- Consumer and audience segmentation
- Attitude, usage and purchase intent
- Advertising/media effectiveness
- Product mix/product consumption
- Concept testing/new product introductions
- Satisfaction, loyalty and customer growth, etc.

Any explanation as to why research is often referred to as "traditional" would have to include the fact that this basic set of research objectives has persisted for

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REDEFINING RESEARCH (CONTINUED)

decades, largely unchanged...as well as its reliance on surveys as a primary source of data.

Regardless, the current challenge facing research is not a dearth of product innovation from within; it is product encroachment from without. Specifically, there are multiple digital marketing and media technologies that are directly competitive with research, not by design, nor in function, but competitive in that they generate high fidelity operating data that's directly responsive to research questions and needs.

For example...

- Media companies like Google, Twitter and Netflix generate proprietary data around product search, topical trending and content consumption that is 100% relevant to purchase intent, product awareness and media effectiveness.
- Marketing automation systems generate behavioral data that directly touches ad effectiveness, A/B testing and customer journey.
- Ecommerce merchants and platforms generate massive stores of transactional and CRM data that inform offer management and customer growth strategies.
- Ad tech systems (DMPs) generate real-time media pricing and consumption data that provides deep insights into consumer and audience segmentation.

This is just heat off the digital marketing engine, and there is more coming.

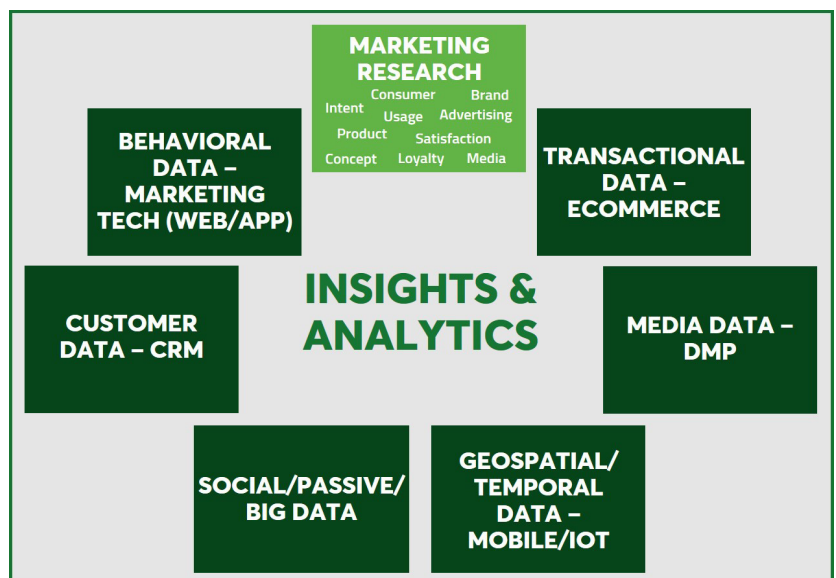
Geo and temporal data from beacon-based networks and consumer IoT will be equally abundant, and rich. Research will have to compete with refrigerators!

Okay, that's a bit dramatic. But traditional research, which used to operate somewhat independently in the marketing mix, now finds itself completely surrounded by digital data. And, while these new sources of data don't replace marketing research, ballooning investments in digital marketing systems are displacing research spending and growth.

Competing for Digital Growth

The good news is that the industry has already begun building the technology, models and mindset to better compete for digital growth.

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REDEFINING RESEARCH (CONTINUED)

- Research data suppliers like Survey Sampling, Lucid, Toluna and Critical Mix have built technology that enables exchange-based, on-demand sample and addressable panel.
- Research software providers like Conformat and Cint have broadened their offers to include customer experience and audience management solutions sold direct to end-user clients, not just research firms.
- Digital research specialists like innovators like VisionCritical, GutCheck, InContext, ZappiStore and Infoscout have built subscription-based products for social research, agile-research, virtual reality, API-based automated research, and true mobile shopper intelligence (respectively).
- And tech leaders like Survey Monkey, Qualtrics and Medalia (who would prefer you not use the term “research” to describe them) have built research platforms on “pure play SaaS” revenue and delivery models.
- Lastly, in the mindset category...ResearchNow, the largest independent provider of research data and solutions, recently hired a new CEO, whose most recent gig was Chief Data Officer at Wunderman, a digital marketing powerhouse.

Interesting Note #1: With few exceptions, all of the companies referenced above have some form of survey response operating at their core, reaffirming that good old-fashioned survey data still has a central role to play.

Interesting Note #2: 100% of the companies referenced above have venture or private equity backing, all of it fresh. And, if you include just a few other recent PE deals, like Bain/MacroMill, EQT/Focus Vision, Tailwind/LRW, XIO/JD Power and EQT/Press Ganey, total recent VC/PE funding exceeds \$7 billion. That’s a sizable, hard dollar bet on industry growth.

The next two to three years will be critical in determining the winners and new contenders in the converged and expanded “Insights and Analytics” marketplace. One thing’s for sure: we expect to see a lot of investment capital moving around in the interim. And talent, too. Deloitte and KPMG recently completed deals in the CEM space (LRA and Nunwood), reminding us that this is a talent play, as much as a tech play.

To highlight how unpredictable the outcomes may be, as of this writing, Gfk, a full-service research poster child, is rumored to be for sale, suffering from anemic growth. Not digital enough. And, SAP just invested in Vivanda, “a context-sensitive research platform for the food and beverage industry, based on a digitized food and flavor genome.” Hmmm...maybe that’s too digital? We’ll see.

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PRIVATE COMPANY SPOTLIGHT: INMARKET

Each issue, we spotlight an interesting emerging growth company for our audience. As experienced tech bankers, we highlight the characteristics that we see enabling these companies to grow into market leaders and ultimately attract the interest of investors and major strategic partners.

This month, our Private Company Spotlight shines on **inMarket**, a leading beacon proximity and location intelligence company, reaching 46 million app users per month in thousands of US retail locations.

The Company uses first party proximity tech, including beacons and GPS, to create personalized, contextual mobile experiences for shoppers. inMarket programs drive incremental visits and spending for retailers, while increasing purchase intent, brand awareness and sales for brand partners.

inMarket was founded in 2010 by award-winning tech entrepreneurs and is headquartered in Venice, CA, with offices in NYC and Chicago. We interviewed Co-Founder & CEO Todd Dipaola for his view on how the Company is growing and differentiating itself in the proximity marketing landscape.

What is the “elevator pitch” of the main problem(s) inMarket is trying to solve?

inMarket solves two major problems for offline commerce, where over 90% of GDP is transacted. First, inMarket allows brands and retailers to influence shoppers when and where it matters. We reach shoppers on their mobile devices when they are most receptive, while they are shopping in-store. Previous generation methods, such as circulars or POP displays, are becoming more ineffective each year as consumers evolve. inMarket gives brands and retailers a turnkey solution that reaches shoppers as they’re making purchase decisions.

Secondly, to take full advantage of this proximity marketing opportunity brands need retail partnerships, as well as app user scale. inMarket solves this by combining retailer partnerships with third party apps, giving brands the ability to reach large audiences across a number of retailers. This was not possible before inMarket.

What are the biggest misconceptions about the market and needs you serve – what have pundits (or your competitors) gotten wrong?

The biggest misconception we see is that all location platforms are equal. The most data centric marketers understand that quality is king. There is an enormous difference between first party device-level data and programmatic data, so brands and retailers need to pay strict attention. Studies reveal that 86% of programmatic location data is inaccurate, so finding first party data companies like inMarket is key to driving sales lift.

Another misconception is that beacons never made it into the marketplace. Beacons saw a lot of hype a few years ago, but many retailers struggled to implement them correctly. The reality is that inMarket has large scale beacon deployments that are successfully reaching shoppers in-store. inMarket gave brands and retailers the proper scale and reach to implement a

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PRIVATE COMPANY SPOTLIGHT: INMARKET (CONTINUED)

successful beacon strategy through our platform.

What does inMarket do better than its competitors, big and small?

Our primary advantage is that by utilizing retail partnerships and an app network of over 46 million monthly active users, inMarket reaches shoppers in-store, with a full-screen native engagement. This is something no other company is capable of doing.

inMarket's app network also provides access to device-level data, which is far more accurate than the programmatic data widely used throughout the rest of the industry. This data gives meaningful insights about who's shopping, when and where, allowing brands to reach specific audiences when they are most likely to be planning their next shopping trip, as well as while in-store.

What are a couple examples of successful customer engagements – what did you actually do and why did they think inMarket did a great job relative to other options?

A great example is from a recent campaign with a large discount retailer. inMarket reached the target audience with mobile ads that enticed users to visit the store. The specialized creative let users enter their zip code to find a store near them, enabling the retailer to reach shoppers when they are most receptive to receiving a marketing message. The retailer saw an increase in foot traffic of 53% - this client was ecstatic about the ability to reach their audience during key moments.

Another example is Johnsonville. Shoppers received a customized message that showcased the quality of Johnsonville sausage. During the campaign, Johnsonville saw a verified

sales lift of 24% for their products compared to a control group, providing Johnsonville with a strong ROI.

How fast is your business growing and what is driving that growth?

inMarket has grown organically based on positive cash flow for six years. We are orders of magnitude larger than competitors that have raised significant funding, due to the fact that we use lean startup practices with continuous innovation. Our founders have experience building large technology companies profitably and capital efficiently.

We have worked with hundreds of brands and continue to deploy tens of thousands of beacons to our partners throughout the country, giving us unprecedented first party data. This track record of success and the continued growth of our platform has led inMarket to extraordinary success in the retail location space.

What excites you when you think about inMarket's future?

The exciting part is that as our platform continues to grow in scale, brands and partners receive greater insights and marketing capabilities for their shoppers. The location data that inMarket receives from our app platform will continue to provide deeper insight into behaviors and patterns, allowing brands to develop deeper relationships with their customers.

As inMarket continues to expand its footprint with beacon deployments, we are showcasing the ability to use proven online technology to lift sales in the offline world. The future is bright for ambient intelligence and IoT technology within the retail space, and inMarket is on the forefront as the market leader.

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HEY, DID YOU SEE THIS?

CASHSTAR

August 24, 2016

CashStar, a provider of prepaid commerce solutions, has been recognized for their work with Sephora and Starbuck's mobile gifting experiences, due to their streamlined in-app purchasing experiences and wide range of payment options.

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COLLIBRA

August 22, 2016

Collibra, a provider of data governance software solutions for business users, has announced it has been named a "Leader" in the August 2016 Gartner Magic Quadrant for Metadata Management Solutions.

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CONTENTLY

July 22, 2016

Contently, a content marketing company, released a measuring tool that adds predictive recommendations and tracks engagement rates for downloadable content, such as case studies, white papers or sales presentations.

[Read Article](#)



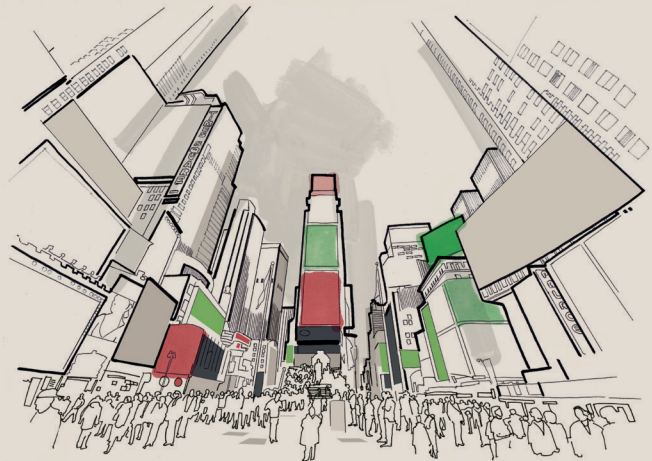
HEY, DID YOU SEE THIS? (CONTINUED)

FUNAMBOL

August 4, 2016

Funambol, a provider of white-label cloud services, has debuted a major new version of its OneMediaHub personal cloud with a fully redesigned user experience (UX). The new release includes all-new mobile and web apps with a next-generation look and feel.

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INFINISOURCE

September 6, 2016

Infinisource, a provider of benefits administration, has spun off its HCM tech business unit as iSolved HCM, allowing the separate units to leverage their critical competencies and enhance how they serve their respective customers.

[Read Article](#)

ORBITAL INSIGHT

June 13, 2016

Orbital Insight, a geospatial big data company, has announced its expanded product coverage in the retail and energy verticals. The Company has made a number of enhancements to its US Retail Traffic offerings, which expands its geographical and sector coverage.

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SELECTED AUGUST M&A TRANSACTIONS IN JEGI TECH COVERAGE

Deals with Values (by size)

BUYER	SELLER	TARGET DESCRIPTION	ENTERPRISE VALUE (\$MM)
Apollo Global Management	Rackspace US	Hosted services provider	\$4,343
Xylem	Sensus	Smart metering systems & services	\$1,700
Genesys (Permira Funds)	Interactive Intelligence	Unified communications software & SaaS	\$1,400
salesforce.com	Quip	Team collaboration & document management SaaS	\$410
Vector Capital	Sizmek	Targeted marketing & advertising SaaS	\$122
John Wiley & Sons	Atypen Systems	Content management SaaS & services	\$120
salesforce.com	BeyondCore	Predictive & big data analytics SaaS	\$110
Penn National Gaming	Rocket Games	Social game software development	\$60
Echo (HealthStream)	Morrissey Associates	Healthcare management SaaS	\$48
Zeta Interactive	Acxiom	Customer data management & marketing	\$22

Deals without Announced Values (alphabetical by buyer)

BUYER	SELLER	TARGET DESCRIPTION
84.51°	Market6	Retail & CPG customer analytics SaaS
Apple	Gliimpse	EHR management & collaboration SaaS
Apple	Turi	Big data analytics machine learning software
athenahealth	Filament Labs	Healthcare management SaaS & mobile application
Battery Ventures	Bluepoint Solutions	Financial electronic document management
Benefit Express (LLR Partners)	Transcend Technologies Group	Cloud-based ERP SaaS
Cisco Systems	ContainerX	Docker-based application container management software
CompuCom (Thomas H. Lee)	Extensys (IoT business)	IoT systems design & integration
Corel Corporation (Vector Capital)	Spigit (Mindjet)	Idea mapping collaboration SaaS
Edgenuity (Weld North)	CompassLearning (Marlin Equity)	K-12 educational SaaS
FullContact	Aireum	Email & social media analytics SaaS
GE Transportation	ShipXpress	Rail freight SCM SaaS
Google	Orbitera	Software E-Commerce SaaS
H.I.G. Capital	Symplicity Corporation	Campus SaaS & systems integration
Intel Corporation	Nervana Systems	Deep learning SaaS & processors
JWT (WPP)	iStrategyLabs	Digital marketing services

SELECTED AUGUST M&A TRANSACTIONS IN JEGI TECH COVERAGE (CONTINUED)

Deals without Announced Values (alphabetical by buyer)

BUYER	SELLER	TARGET DESCRIPTION
Kohlberg Kravis Roberts	Calabrio	Contact center workforce management SaaS
LexisNexis (Reed Elsevier)	Appriss (Bain/JMI) (Crash and Project business group)	Crash data management software
Medium	Embed.ly	Embed & video placement SaaS
Microsoft Corporation	Genee	Mobile scheduling SaaS
New York Times Company	Fake Love	Digital AR & VR advertising services
Pinterest	Instapaper (Betaworks)	Web content aggregation service
PlanetRisk (iMapData)	Analytic Strategies	Data analytics & management services
Planview (Insight Venture Partners)	Innotas	Project & portfolio management SaaS
Plex Systems (Francisco Partners)	Cadent Resources	Manufacturing ERP & SCM SaaS
Snapchat	Verbify	Mobile search application
Stagwell Media	PMX Agency	Online digital marketing services
Sumeru Equity Partners	Telesoft	Billing SaaS & services
Thompson Street Capital Partners	Complus Data Innovations	Parking & ticketing software & devices
TripAdvisor	CityMaps	Social mobile mapping application
TRUNO Retail Technology Solutions	Resolution Systems	Workforce management SaaS
Vista Equity	Granicus (K1 Investment Management)	Streaming media SaaS
X.commerce (Zeta Interactive)	RJMetrics	Enterprise big data analytics SaaS
Zillow	Bridge Interactive Group	MLS listing management software

ABOUT JEGI

JEGI has been the leading independent investment bank for the global software, tech-enabled services, media, marketing and information 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.

We provide clients with a global network of prospective buyers and senior decision-makers, as well as vast industry knowledge, perspective and intelligence. This affords our clients seamless access to deep market insights and a wealth of M&A experience, enabling us to deliver the highest closing rate in our industry and drive strong valuations.

For more information, visit www.jegi.com.

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SELECT RECENT JEGI TECHNOLOGY TRANSACTIONS

HAS RECEIVED A SIGNIFICANT INVESTMENT FROM

CARCO is a leading provider of tech-enabled and compliance-driven HCM and risk management solutions.

HAS BEEN SOLD TO

Accordant is a leading data-driven, full-service programmatic advertising company and technology solution provider.

HAS RECEIVED A SIGNIFICANT INVESTMENT FROM

PrizeLogic is a leader in digital engagement programs for major brands and retailers.

HAS RECEIVED AN INVESTMENT FROM

AN UNDISCLOSED INVESTOR

Wiland is a leading data-driven marketing technology and intelligence platform.

HAS BEEN SOLD TO

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

HAS BEEN SOLD TO

A PORTFOLIO COMPANY OF

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

HAS BEEN SOLD TO

A PORTFOLIO COMPANY OF

Soonr is a leading provider of enterprise secure file sharing and collaboration services for IT business managers.

HAS RECEIVED A SIGNIFICANT INVESTMENT FROM

Jun Group is a leading mobile video and branded content advertising platform.

HAS BEEN SOLD TO

Selligent is an international SaaS platform delivering omnichannel audience engagement.

HAS RECEIVED A SIGNIFICANT INVESTMENT FROM

erecruit is a leader in enterprise staffing software and vendor management systems for large staffing firms.

HAS BEEN SOLD TO

POWERING GLOBAL TRADE

ecVision is a cloud-based provider of global sourcing and collaborative supply chain software solutions.

HAS BEEN SOLD TO

Iron Solutions is a leading software and data provider to the agriculture market.

HAS BEEN SOLD TO

A SUBSIDIARY OF

onPeak is a leading event housing software and services provider.

HAS BEEN SOLD TO

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

HAS BEEN SOLD TO

A PORTFOLIO COMPANY OF

ViryaNet is a leading provider of mobile workforce management solutions for field service.

HAS BEEN SOLD TO

Distimo is a leading mobile app market intelligence and analytics provider.

HAS BEEN SOLD TO

FOR \$52,000,000

Knowledge Advisors is a pioneer and leading SaaS provider of talent analytics to HR and C-level professionals.

HAS RECEIVED A SIGNIFICANT INVESTMENT FROM

MyWebGrocer is a leading provider of shopping and shopper marketing software and services.

Note: Some of the transactions highlighted above were completed by JEGI Managing Directors Joseph Sanborn and Jeff Becker, prior to joining the firm.

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