

**DEAL NOTES** | M&A and Investments Review for the Marketing, Media, Technology and Service Industries

**2011 Transaction Activity in the Marketing, Media, Technology and Service Industries Up 187 Percent; Deal Value Up 152 Percent on a Year-Over-Year Basis**  
**2011 Review: 3,026 Transactions Totaling \$141.6 Billion**

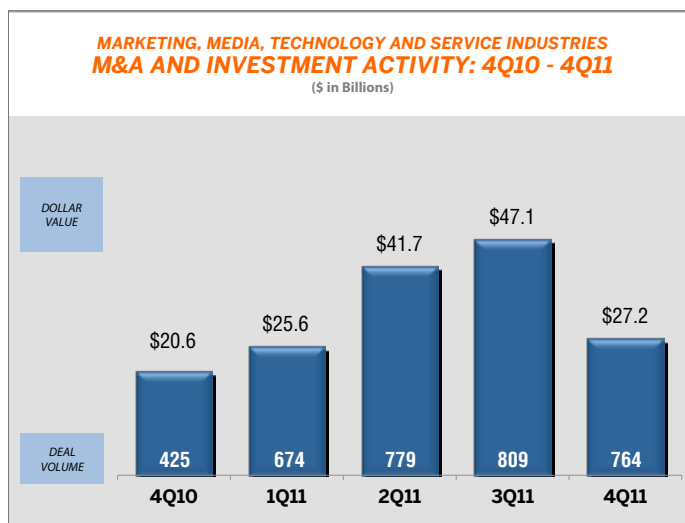
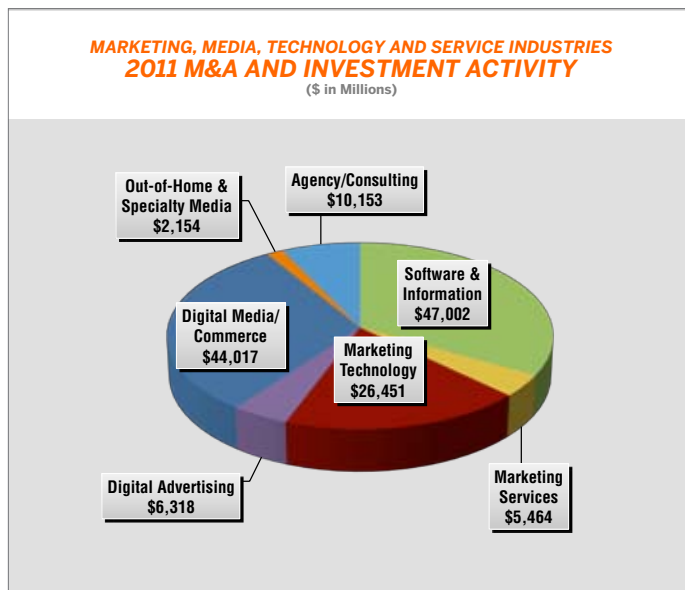
**Digital Media/Commerce the Most Active and Highest Value Segment in 2011 with 1,159 Transactions and \$44 Billion in Deal Value**

Mergers and acquisitions and investment activity in the Marketing, Media, Technology and Service industries grew 187 percent in 2011, while aggregate transaction value increased 152 percent, compared to 2010. During 2011, Petsky Prunier tracked 3,026 transactions for a total of \$141.6 billion across seven broad segments: Digital Advertising, Agency/Consulting, Marketing Technology, Digital Media/Commerce, Software & Information, Out-of-Home & Specialty Media and Marketing Services. Digital Media/Commerce was the most active and highest value segment with 1,159 transactions worth \$44 billion in deal value.

**M&A ACTIVITY**

For control transactions only, Digital Media/Commerce was the most active and highest value segment in 2011 with 470 transactions and \$28.3 billion in M&A deal value. The Social Media/Apps subsegment accounted for more than one-third of the segment's aggregate

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## Overview of 2011 M&A and Investment Activity *(continued from page 1)*

transaction value, while eCommerce represented 29 percent. Compared to 2010, M&A transaction volume in the Digital Media/Commerce segment nearly tripled, while aggregate transaction value increased by 289 percent. The segment accounted for one of the largest deals of 2011: Microsoft's \$8.5 billion acquisition of Skype at 9.9x revenue and 32.2x EBITDA.

The second most active M&A segment in 2011 was Marketing Technology with 338 transactions valued at \$21.9 billion. Marketing Technology deals accounted for three of the year's 10 highest value transactions across all segments, including:

- eBay's \$2.4 billion acquisition of GSI Commerce at 1.8x revenue and 23.1x EBITDA
- KKR's \$2.3 billion acquisition of Go Daddy Software at 2.4x revenue
- Oracle's \$1.5 billion acquisition of RightNow Technologies at 6.9x revenue and 66.4x EBITDA

Software & Information was the third most active M&A segment with activity and value increasing 111 percent and 156 percent, respectively, from 2010. There were 179 transactions worth approximately \$43.9 billion in 2011, of which five were among the year's highest value transactions:

- Hewlett-Packard's \$11.7 billion acquisition of Autonomy at 19.4x revenue and 43.9x EBITDA
- SAP's \$3.4 billion acquisition of SuccessFactors at 11.7x revenue
- Infor Global Solutions' \$2.1 billion acquisition of Lawson Software at 2.7x revenue and 15.4x EBITDA
- Datatel's \$1.8 billion acquisition of SunGard Higher Education at 0.4x revenue

- Providence Equity Partners' \$1.6 billion buyout of Blackboard at 3.5x revenue and 18.9x EBITDA

M&A activity in Digital Advertising in 2011 increased by 110 percent, with 151 deals announced for approximately \$4 billion. The Digital Video subsegment accounted for the highest aggregate transaction value with 24 deals announced for \$1.1 billion, a 338 percent increase in deal value compared to 2010.

Within the Agency/Consulting segment, the Digital Agency subsegment had the most significant year-over-year increase in activity, with 80 deals announced for \$2.2 billion versus 37 deals for \$1.3 billion in 2010. Transactions in the segment included:

- Bridgepoint Capital's \$852 million buyout of Infront Sports & Media at 1.0x revenue
- Publicis Groupe's \$575 million acquisition of Rosetta at 2.3x revenue and 12.5x EBITDA
- Epsilon's \$345 million acquisition of Aspen Marketing Services at 1.4x revenue and 8.6x EBITDA

### INVESTMENT ACTIVITY

There were 1,505 investments announced in 2011 worth approximately \$26.9 billion. Compared to 2010, investment activity grew in each segment, with the largest changes occurring in Software & Information and Digital Media/Commerce, where investment activity increased 464 percent and 320 percent, respectively. Within the Digital Media/Commerce segment, the Social Media/Apps, eCommerce, Mobile Content/Apps and Gaming subsegments accounted for 70 percent of all investments. Digital Media/Commerce

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2011 Most Active Strategic Buyers by Number of Transactions		
Buyer	Number of Transactions	Representative Targets
Google	29	AdMeld, Apture, BeatThatQuote, DealyDeal.de, Green Parrot Pictures, Moblyng, Next New Networks
Publicis	22	Big Fuel Communications, Dreams Communications, Chemistry Communications, Gomye, Rosetta, Wangfan
WPP	18	Commarco Holding, Global Market Insite, Glover Park Group, Impact Asia, Qais Consulting, Yindu Ogilvy
eBay	11	Appchee Applications, FigCard, Football Fanatics, GSI Commerce, Hunch, Magento, MissionFish, Where, Zong
Groupon	10	Campfire Labs, Crowdmass, Disdus, Grouper, Groupmore, OpenCal, Pelago, SoSasta.com, Twangoo
Facebook	9	Beluga, Digital Staircase, Friend.ly, Gowalla, Push Pop Press, Rel8tion, Sofa, Snaptu, WhoGlue
Gilt Groupe	8	BuyWithMe, DealADayOnline, Decorati, Edhance, Groop Swoop, LocalTwist, Scoop St., TownHog.com
Interpublic Group of Companies	8	Aaren Initiative Outdoor Advertising, AllofUs, Blue Barracuda, Meteorite Marketing, S2Publicom, SMART
Omnicom Group	8	Communispace, Jump!, Marina Maher Communications, Mudra Group, Sampark PR, The Modellers
Salesforce.com	8	6Consulting, Assistly, Box.net, DimDim, Manymoon, Model Metrics, Radian6 Technologies, Rypple, Vsee
Adobe Systems	7	Auditude, Context Optional, Demdex, Downstream Marketing, Efficient Frontier, Iridas, Nitobi Software
LivingSocial.com	7	Dealissime.com, DealKeren, Ensogo, GoNabIt, Let's Bonus, SocialMedia.com, TicketMonster
IBM	6	Algorithmics, Applied Intelligence Solutions, Cúram Software, DemandTec, Emptoris, M-Factor
inVentiv Health	6	Campbell Alliance Group, Haas & Health Partner Public Relations, Ingenix's i3 Clinical Development Business

## Navigating the Apps Ecosystem: New Media, but Same Tried and True Marketing Principles

Application marketing – the buttons, widgets and branded interactive games that increasingly populate Facebook, iPad, smartphone and BlackBerry screens – has created a burgeoning industry. Recent research from the University of Maryland estimates that the Facebook application ecosystem is responsible for 182,744 full-time jobs generating \$12.2 billion in U.S. wages and benefits in 2011. Mobile analytics firm Distimo recently found the majority of the top 100 brands (91%) now have a presence in at least one of the major mobile application stores, up from only half in early 2010.

But perhaps the best news for brand marketers is that success in the seemingly complex apps ecosystem is proving to be simpler than expected and remains based on traditional marketing principles. “Regardless of your product or the size of your business, the principles are all the same: provide relevant content for users’ newsfeeds and a reason for users to like you, such as a special offer or promotion,” says Jamie Tedford, founder and chief evangelism officer (CEO) at Brand Networks, a full-service social solutions company and Facebook preferred developer consultant with clients including American Express and Walmart, among others. “You’re always one click away from being ‘unliked’ or hidden in users’ newsfeeds. Your acquisition strategy needs to go hand-in-hand with your social CRM, or what we call a ‘storytelling’ plan.”

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*Jamie Tedford, CEO, Brand Networks*

“Once you decide you need a mobile app, it all comes down to making the four Ps into five Ps: product, placement, pricing, promotion – and now phone,” adds Eric Shapiro, CEO and co-founder of ArcTouch, a San Francisco-based mobile apps developer that has created more than 100 apps for clients such as Adidas, CBS and Merck, among others.

### PATHS THROUGH THE APPS ECOSYSTEM

The social app landscape offers several paths for brands entering the market. The first is the publishing software route, a big piece of the apps ecosystem, in which brands partner with CRM software companies, such as BuddyMedia, Vitruve or Efficient Frontier (now Adobe), to plan and publish app content through Facebook brand pages and fan newsfeeds.

Marketers can also work with traditional app developers, such as social game makers Zynga or Electronic Arts, to create traditional advertising within existing apps. A third option is a blend of off-the-shelf and custom app development to complement or become part of an existing marketing campaign.

*“Most apps that fail are not part of an overall brand strategy. The most successful integration gets consumers thinking about the brand no matter where they are or what device they are interacting with.”*

*Eric Shapiro, CEO, ArcTouch*

“App marketing is about using publishing effectively to invite deeper engagement,” Tedford adds. “While the goal used to be to persuade visitors to register and get their email addresses, now the goal is to gain the subscription, or the ‘like,’ so you can continue to re-message those users. It’s a paradigm shift for marketers to stop thinking like a destination and start thinking like a publisher.”

With 750 million users, half of whom use the platform every day, Facebook is still the first choice for social apps. While there is an app infrastructure that drives Twitter, it’s focused more on moderation and content scheduling – not building dynamic applications. One of the biggest choices for mobile apps marketers, on the other hand, is choosing an operating system from among Windows, iOS, BlackBerry and Android.

“Marketers should be thinking about who their audience is and create apps for the devices that reach those audiences,” explains Shapiro. “If you’re targeting

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## Salesforce.com Captures B2B CRM Market: Evolution From Sales Force Automation to Social Enterprise Makes Platform the Market Leader

The B2B sales environment is changing rapidly, as both marketing and sales organizations adapt to the increasing volume of digital data coming at them more quickly and from more channels than ever before. At the center of their efforts are highly integrated CRM platforms that collect and analyze the data to create relevant sales messages and offers that resonate with prospects and customers. While a handful of tech giants, including SAP, Microsoft and Oracle, have traditionally occupied the space, it's increasingly Salesforce.com that has a ubiquitous presence in sales organizations of all sizes around the globe.

"Everyone we talk to is either using Salesforce or thinking about using it," says Richard Eldh, managing director at SiriusDecisions, a leading source for B2B sales and marketing best practice research and data. "In the majority of CRM decisions today, Salesforce is in the mix."

"Salesforce has been very good about staying ahead of the curve and repositioning every couple of years, from sales force automation to CRM, from SaaS to cloud-based services, and now to the social enterprise," adds Joshua Yuster, CEO at BranchIt, which creates "relationship discovery" software solutions. "The company hires great people who keep their pulse on what's doing well on the consumer side and translate that to the business side of sales."

*"The top three sources of CRM data are email servers, phone logs and billing systems. These systems capture communication patterns, contacts and calendars – from how frequently employees correspond with prospects and customers to how recently they communicated with them. They can show you where you have strong prospect and customer relationships and where relationships need to be strengthened."*

*Joshua Yuster, CEO, BranchIt*

Companies such as BranchIt and InsideView, a sales intelligence application that aggregates and analyzes business information from more than 25,000 cloud-based sources, are part of Salesforce's growing ecosystem of business intelligence providers that enhance the core

platform. This seamless connection of software services resulted from Salesforce's decision in 2007 to open its platform and, essentially, outsource R&D to vendors who could create additional functionality. "Almost any platform that integrates with your primary customer database – accounting, email, campaign management, marketing automation – is all part of the Salesforce ecosystem," explains Eldh.

*"Quantitative data – revenue, company location, phone, names and titles of executives – don't drive productivity. The future is about providing relevant intelligence like what Radian6 does. It's much more analytical."*

*Umberto Milletti, CEO, InsideView*

### RELATIONSHIPS UNCOVERED IN EMAIL, PHONE AND BILLING SYSTEMS

Populating Salesforce with rich prospect and customer data has become an enterprise-wide venture moving well beyond data entry by sales and marketing folks and into automatic data capture across the company's email, accounting and even corporate phone systems. "The top three sources of CRM data are email servers, phone logs and billing systems," says BranchIt's Yuster. "These systems capture communication patterns, contacts and calendars – from how frequently employees correspond with prospects and customers to how recently they communicated with them. They can show you where you have strong prospect and customer relationships and where relationships need to be strengthened."

BranchIt, which has been called "LinkedIn for the enterprise," crawls through disparate data systems to auto-populate Salesforce with contact and relationship information. The product eliminates the need for manual data input and utilizes proprietary algorithms to score up to 36 factors for each relationship, creating intelligence meant to help sales organizations capitalize on existing connections within the enterprise. More than half of BranchIt's clients have integrated the tool into Salesforce, according to Yuster.

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## Distance No Obstacle: Leveraging Technology Resources Worldwide

The world keeps getting flatter, as technology has eliminated obstacles to information sharing and as talent has emerged around the globe with sophisticated skill sets. Companies are increasingly looking to leverage options for high quality, competitively-priced technology solutions, regardless of the time zone they work in. Notes Al DiGuido, founder of Zeta Interactive, “if you’re going to survive today, you can’t think about shores,” he says. “You have to look at the world as your opportunity in terms of resources.”

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*Al DiGuido, founder, Zeta Interactive*

Zeta Interactive, a New York-based digital marketing solutions company with more than 300 employees worldwide serving more than 200 clients, acquired Zustek, an email platform and online solutions provider based in Hyderabad, India, four years ago. While the acquisition was initially driven by Zeta’s interest in Zustek’s email product, Zeta’s management also realized the 240-person Zustek team offered a valuable resource to leverage for a broad range of client initiatives. “The team we acquired was focused on ESP and email campaign management and product development around email platforms,” explains DiGuido. “But, as we started to work with them, we realized their skill set was a lot deeper, and we started to lean on them for more than just email.” Today, Zeta Interactive uses the India-based Zustek team for product development, engineering, email campaign management, search campaign management and web development and encoding.

Argentina-based software developer Globant has leveraged its cost-effective talent base to grow a global practice focused on producing innovative software products. The firm specializes in seven areas it describes as high-performance computing, luminous gaming, consumer experience, business productivity, mobile engineering, cloud computing and infrastructure. Since its founding in 1993, the company has become one of the top 10 software development companies in

the world, and almost all of its work is with companies in the U.S. or Europe.

Globant has grown by emphasizing its technical strengths instead of focusing on the typical cost benefits of outsourcing. Notes Martin Umaran, Globant’s COO, “We don’t introduce our company as an outsourcing or offshore option. We try to show the value of our services. We are very good in usability and in socializing our applications. Our engineering is solid. We know about the kind of infrastructure a customer will need to make its applications alike. Our team can start being productive very fast. We know we bring a customer the same kind of quality that any good company around the world can, and our costs will be competitive against other companies that offer the same quality.”

### INNOVATION AND TALENT WITH 24-HOUR SERVICE

Umaran emphasizes that his firm is called upon for more than simple programming. “Clients look to us to present ideas. They’ll say, ‘I would like to hire you, because I see you as a partner that can bring fresh approaches to a different problem.’” Even for a business with a track record of innovation and extensive technology resources such as Google, Umaran says, “we can help them continually improve the kinds of products they are developing for their customers.”

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*Martin Umaran, COO, Globant*

Globant has been working with Google for more than five years on businesses including Google Checkout and YouTube. “We are the first company outside of Googleplex to develop software for them,” adds Umaran.

The innovative work Globant focuses on has helped both fuel the company’s business while also attracting top talent, further benefiting clients. “Usually, the kind of work you can find in companies not in America tends

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In 2011, there were 294 transactions announced (151 acquisitions and 143 investments) valued at approximately \$6.3 billion in the Digital Advertising segment. Transaction activity was flat in 4Q11 as compared to the previous quarter with 70 transactions, while aggregate deal value increased by 72 percent. At the end of 2011, valuations for publicly-traded Digital Advertising companies were at an adjusted weighted average EV/LTM EBITDA multiple of 12.5x, flat to valuations at the end of 2010.

Most Active Digital Advertising Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Digital Video	16	857	10	188	9	180	18	623	96%	263%
Mobile Marketing	23	324	19	204	20	268	18	298	150%	58%
Online Lead Generation	18	216	16	207	17	265	10	155	144%	-37%
Ad Networks/Exchanges	20	488	14	253	13	328	9	422	81%	242%
Search Marketing	3	44	4	75	5	88	7	484	138%	1629%
Affiliate/CPA Network	2	25	1	25	1	30	5	71	80%	18%
Game Advertising	0	0	2	74	1	4	2	16	67%	441%
Email Services	1	2	3	21	6	57	1	25	10%	-75%
<b>Total</b>	<b>83</b>	<b>1,957</b>	<b>69</b>	<b>1,048</b>	<b>72</b>	<b>1,220</b>	<b>70</b>	<b>2,094</b>	<b>109%</b>	<b>76%</b>

**M&A AND INVESTMENT ACTIVITY** As consumers became increasingly reliant on mobile sites and application developers and marketers have adjusted their marketing strategy to exploit these trends, Mobile Marketing continued to be the most active Digital Advertising subsegment in 2011. With 41 acquisitions worth approximately \$780 million and 39 investments worth \$314 million, Mobile Marketing deal activity increased 150 percent from 2010. Acquisitions in 2011 included:

- Motricity's \$93 million acquisition of Adenyo, a mobile marketing provider in the U.S., Canada and France
- Augme Technologies' \$45 million acquisition of Hipcricket, a mobile marketing and ad company
- Lenco Mobile's \$42 million acquisition of iLook Mobile, an interactive mobile marketing business

Mobile Marketing investment activity across 2011 was steady, but increased significantly from 2010 as both activity and value more than tripled. With the boom in the tablet market, mobile marketing companies have continued to enhance their technology offerings to exploit these and other devices. Venture and growth capital raises in this subsegment included:

- JumpTap's \$25 million raise from Alliance Bernstein
- Mojiva, which raised \$25 million from Shamrock Capital Advisors
- JiWire's \$20 million raise from Trident Capital

With investment activity up 53 percent from 2010, Digital Video companies raised the most capital among all Digital Advertising segments. There were 29 investments worth \$777 million announced in the segment in 2011, including:

- PPLive's \$250 million raise at a reported \$714 million valuation, from SoftBank Capital
- Dailymotion's \$80 million raise at a reported \$164 million valuation, from Orange SA

Digital Advertising Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	39	898	36	728	35	519	38	1,692	121%	96%
Private Equity - Buyout	0	0	0	0	1	20	2	164	-40%	-34%
Private Equity - VC/Growth Capital	44	1,058	33	320	36	681	30	237	107%	70%
<b>Total</b>	<b>83</b>	<b>1,957</b>	<b>69</b>	<b>1,048</b>	<b>72</b>	<b>1,220</b>	<b>70</b>	<b>2,094</b>	<b>188%</b>	<b>132%</b>

**BUYERS** Strategic buyers announced 148 transactions for \$3.8 billion in 2011. Venture and growth capital investment activity decreased in the second half of 2011 compared to the first half, with a total of 143 transactions announced for \$2.3 billion in the year. There were three private equity buyouts of Digital Advertising companies, all within 2H11.

Among agencies and consulting firms, Petsky Prunier tracked 308 transactions in 2011 (273 acquisitions and 35 investments), totaling \$10.2 billion. In comparison to 3Q11, while the total number of transactions and total deal value in the Agency/Consulting segment decreased 13 percent and 9 percent, respectively, for 4Q11, activity among certain segments, including Healthcare Agency and Public Relations, increased. At the end of 2011, publicly traded Agency/Consulting companies had an adjusted weighted average EV/LTM EBITDA multiple of 7.3x, down from 8.8x at the end of 2010.

Most Active Agency/Consulting Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Digital Agency	21	395	24	1,097	27	431	18	440	114%	75%
Public Relations	5	120	5	267	3	32	16	667	314%	1021%
Marketing Consulting	1	25	1	25	10	115	10	385	214%	326%
Other Consulting	8	249	9	1,336	9	151	9	334	775%	56%
Experiential Marketing	1	2	2	218	6	89	6	93	650%	928%
Healthcare Agency	6	127	2	55	2	25	5	107	25%	-77%
Social Agency	2	40	6	135	6	102	5	97	1800%	4171%
General Agency	11	118	4	65	11	192	3	85	107%	8%
Specialty Agency	2	23	1	1	3	869	3	42	80%	1339%
Design Agency	2	25	3	223	6	305	2	50	1200%	2913%
Media Planning/Buying	1	6	3	54	0	0	2	65	20%	-76%
Branded Communications	0	0	3	60	1	5	1	12	NM	NM
<b>Subtotal</b>	<b>60</b>	<b>1,129</b>	<b>63</b>	<b>3,535</b>	<b>84</b>	<b>2,316</b>	<b>80</b>	<b>2,377</b>	<b>179%</b>	<b>74%</b>
Other	3	55	4	375	11	335	3	31	250%	1132%
<b>Total</b>	<b>63</b>	<b>1,184</b>	<b>67</b>	<b>3,911</b>	<b>95</b>	<b>2,651</b>	<b>83</b>	<b>2,407</b>	<b>183%</b>	<b>87%</b>

Other subsegments include DM Agency, Ethnic/Multicultural Agency, Promotion Agency, B-to-B Agency and DR Media Buying

**M&A AND INVESTMENT ACTIVITY** The growth of social networking drove significant M&A activity among Social Agencies, with 19 deals announced in 2011 versus only one in 2010. Nearly half of Social Agency acquisitions in 2011 were completed by agency and consulting companies with specialties in other areas, including digital, media planning/buying and marketing. Transactions included:

- Dunnhumby’s \$60 million acquisition of BzzAgent at 3.0x revenue
- Publicis Groupe’s majority investment in Big Fuel Communications
- Mediabrands Worldwide’s acquisition of Spring Creek Group

In an effort to expand globally and address the challenges and complexities of today’s healthcare industry, 15 healthcare agencies were acquired in 2011. Transactions included:

- Publicis Healthcare Communications Group’s acquisition of China-based Dreams Communications and India-based Watermelon Healthcare Communications
- Dowden Health Media’s acquisition of Priority Integrated Marketing
- Remedy Health Media’s acquisition of Intelecare Compliance Solutions

Agency/Consulting Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	56	1,033	51	2,655	70	1,267	71	1,905	161%	75%
Private Equity - Buyout	3	61	8	1,153	8	1,139	6	347	400%	111%
Private Equity - VC/Growth Capital	4	91	8	103	17	245	6	156	289%	141%
<b>Total</b>	<b>63</b>	<b>1,184</b>	<b>67</b>	<b>3,911</b>	<b>95</b>	<b>2,651</b>	<b>83</b>	<b>2,407</b>	<b>850%</b>	<b>328%</b>

**BUYERS** Strategic buyers announced 248 transactions in 2011, with the second half of the year being the most active. Venture and growth capital investments in 4Q11 declined substantially from 3Q11 both in terms of activity and value, with six investments announced for \$156 million, falling 65 percent and 36 percent, respectively. The largest investment of the year was Mu Sigma’s \$108 million raise from General Atlantic and Sequoia Capital in December, following \$25 million raised by the company earlier in the year. There were a total of six buyouts in 2011.

In 2011, there were 733 transactions (338 acquisitions and 395 investments) in the Marketing Technology segment valued at approximately \$26.5 billion. Compared to 3Q11, transaction activity in the fourth quarter increased by 13 percent. Valuations for Marketing Technology companies traded at the end of 2011 at an adjusted weighted average EV/LTM EBITDA multiple of 13.1x, down from 22.4x at the end of 2010.

Most Active Marketing Technology Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Social Technology	30	685	20	249	29	981	42	596	612%	1021%
Mobile Technology	28	536	25	550	17	1,084	27	344	126%	100%
Content Management	11	106	21	498	23	298	22	421	133%	-24%
Commerce Management	14	2,762	19	703	14	394	21	385	172%	54%
Analytics & Reporting	12	662	16	147	20	336	18	656	340%	492%
CRM	4	48	9	165	8	145	14	1,938	192%	-5%
BI tools	1	169	2	20	9	422	12	288	500%	1824%
Search & Discovery	2	104	5	58	4	43	7	200	350%	565%
Website Creation/Hosting	4	59	3	100	8	3,196	7	88	450%	1736%
Online Targeting/Optimization	14	137	11	506	8	414	6	75	22%	207%
MRM/Workflow Management	3	35	6	67	4	95	5	65	260%	-77%
Teleservices/eServices	5	277	6	152	2	40	5	1,620	200%	2274%
<b>Subtotal</b>	<b>128</b>	<b>5,578</b>	<b>143</b>	<b>3,214</b>	<b>146</b>	<b>7,448</b>	<b>186</b>	<b>6,677</b>	<b>202%</b>	<b>116%</b>
Other	34	475	37	1,156	38	1,087	21	816	49%	176%
<b>Total</b>	<b>162</b>	<b>6,053</b>	<b>180</b>	<b>4,371</b>	<b>184</b>	<b>8,535</b>	<b>207</b>	<b>7,492</b>	<b>155%</b>	<b>122%</b>

Other subsegments include BI tools, Creative Production Platform, Data Quality, Internet Service Providers, Marketing Asset Management, Media Management System, Product/Price Software, Segmentation/Data Mining, SEM/SEO tools, SFA/Lead Management, Teleservices/eServices and Web to Print

**M&A AND INVESTMENT ACTIVITY** 2011 was another year of consolidation for Marketing Technology companies, as buyers within the segment expanded marketing channels and focused on efficiency gains through data integration. Acquisitions announced by the most prominent “complete-stack” vendors are a result of a rise in cloud computing, social media, data mining and analytics-driven marketing optimization solutions, including:

- HP’s acquisitions of Autonomy for \$11.1 billion, HIFLEX, Printelligent and Vertica Systems
- Microsoft’s acquisitions of Skype for \$8.5 billion, VideoSurf, ContentGuard for \$90 million, GroupMe, Prodiance and Toyota Media Service
- Oracle’s acquisitions of RightNow Technologies for \$1.5 billion, Endeca Technologies for \$1.1 billion, GoAhead Software, Inquire, FatWire, Skywire Software and Datanomic
- IBM’s acquisitions of DemandTec for \$440 million, Cúram Software, Emptoris, Platform Computing, Algorithmics and i2

Additionally, the spike in mobile apps usage in 2011 had a profound effect on the Mobile Technology and Social Technology subsegments. Location-based services have added heightened social and entertainment experiences to mobile apps that have caused consumers to spend more time on mobile apps than on the mobile web. As a result, Social Technology and Mobile Technology were the most active subsegments for investment activity within the Marketing Technology segment with a combined total of 131 investments worth \$1.8 billion.

Marketing Technology Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	66	5,249	76	3,160	77	3,857	97	4,850	177%	68%
Private Equity - Buyout	2	75	4	196	9	2,861	7	1,605	NM	NM
Private Equity - VC/Growth Capital	94	729	100	1,015	98	1,817	103	1,037	153%	199%
<b>Total</b>	<b>162</b>	<b>6,053</b>	<b>180</b>	<b>4,371</b>	<b>184</b>	<b>8,535</b>	<b>207</b>	<b>7,492</b>	<b>330%</b>	<b>267%</b>

**BUYERS** Strategic buyers announced 174 transactions for \$8.7 billion in value during the second half of 2011, compared to 142 transactions worth \$8.4 billion in 1H11. Venture and growth capital investors announced 201 transactions for approximately \$2.9 billion in value in 2H11, compared to 194 transactions worth \$1.7 billion in the first half of the year.

Digital Media/Commerce was the most active segment in 2011, with 1,159 transactions valued at approximately \$44 billion, including 470 acquisitions and 689 investments. Compared to the first half of the year, deal volume within the segment in 2H11 decreased five percent while deal value decreased 54 percent. At the end of 2011, Petsy Prunier's Digital Media/Commerce index traded at an adjusted weighted average of a 15.5x EV/LTM EBITDA, down from 17.7x at the end of 2010.

Most Active Digital Media/Commerce Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
eCommerce	43	4,146	63	4,526	67	3,648	64	1,647	427%	494%
Social Media/Apps	47	1,992	67	9,874	77	1,918	63	561	408%	1270%
Gaming	30	831	50	1,582	28	1,179	30	806	200%	75%
Mobile Content/Apps	38	438	26	362	37	268	29	167	1525%	626%
Niche Content	48	871	40	390	23	343	23	351	396%	25%
Classifieds/Auctions/P-to-P	7	1,403	23	287	12	195	18	297	650%	1823%
Digital Promotion/Coupon	25	920	43	1,468	30	820	16	609	256%	196%
Comparison Shopping	5	86	6	552	6	62	9	607	420%	1766%
Local Search	4	81	5	78	11	120	4	37	200%	93%
Vertical Search	8	55	2	25	4	47	4	61	100%	-49%
Web Search/Portals	6	120	0	0	4	77	3	60	117%	-1%
Domain Portfolio/Marketplace	2	23	7	23	2	5	0	0	NM	NM
Virtual Goods	0	0	0	0	0	0	0	0	NM	NM
<b>Total</b>	<b>263</b>	<b>10,965</b>	<b>332</b>	<b>19,166</b>	<b>301</b>	<b>8,682</b>	<b>263</b>	<b>5,204</b>	<b>375%</b>	<b>344%</b>

**M&A AND INVESTMENT ACTIVITY** Digital Media transaction activity boomed in 2011, with more than three-fourths of M&A activity occurring in the top five subsegments: Social Media/Apps, eCommerce, Gaming, Niche Content and Digital Promotion/Coupon. Transaction activity reflected growing consumer time spent on digital activities, including social media, shopping, entertainment, search and information. Acquisitions in Digital Media/Commerce included:

- Electronic Arts' \$750 million acquisition of PopCap Games
- Walgreens' \$429 million acquisition of Drugstore.com at 0.9x revenue and 55.0x EBITDA
- Match.com's \$363 million acquisition of Meetic at 1.7x revenue and 8.4x EBITDA
- America Online's acquisition of HuffingtonPost.com for \$315 million at 10.2x revenue and 31.5x EBITDA

Venture and growth capital investments accounted for nearly 60 percent of the total activity in 2011, with Social Media/Apps and eCommerce, combined, accounting for nearly half of the aggregate investment activity within Digital Media/Commerce. 2011 investments included:

- Digital Sky Technologies' \$1.5 billion investment in 360buy.com
- Facebook's \$1.7 billion raise as a result of five rounds of investments from Goldman Sachs, T. Rowe Price, Mail. Ru and GSV Capital
- Twitter's \$400 million raise from Digital Sky at an \$8 billion valuation

While there were 185 M&A and investment transactions in 2011 with value between \$100 million and \$1 billion, 90 percent of the deals in the Digital Media/Commerce segment were valued at less than \$50 million. Of these smaller deals, 62 percent were investments, with Social Media/Apps and eCommerce being the most active subsegments.

Digital Media/Commerce Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	116	5,472	123	12,906	124	4,270	90	2,628	196%	295%
Private Equity - Buyout	6	1,507	4	629	1	10	6	840	240%	244%
Private Equity - VC/Growth Capital	141	3,986	205	5,631	176	4,402	167	1,735	320%	411%
<b>Total</b>	<b>263</b>	<b>10,965</b>	<b>332</b>	<b>19,166</b>	<b>301</b>	<b>8,682</b>	<b>263</b>	<b>5,204</b>	<b>756%</b>	<b>950%</b>

**BUYERS** Activity among investors increased 320 percent compared to 2010, largely a result of an increase in the number of startups raising funding. The most active investor in the segment was Accel Partners with 21 investments, while Google was the most active strategic buyer with 21 acquisitions.

A total of 399 Software & Information transactions worth approximately \$47 billion were tracked by Petsy Prunier in 2011, including 179 acquisitions and 220 investments. Deal activity in the segment for the second half of the year outpaced the first half by more than 20 percent in activity and 136 percent in value. The number of deals valued at or more than \$1 billion was flat to 2010, with five of the six +\$1 billion announced transactions in 2011 occurring during the second half of the year. At the end of 2011, publicly traded Software & Information companies had an adjusted weighted average EV/LTM EBITDA multiple of 12.1x, down from 22.4x at the end of 2010.

Most Active Software & Information Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Market Research	11	454	16	224	23	1,444	12	124	114%	222%
ERP Software	10	310	14	4,151	20	15,647	15	1,031	490%	837%
Healthcare-Payers	0	0	2	147	0	0	0	0	NM	NM
Financial Software	7	351	9	1,437	8	1,464	7	706	182%	525%
HC-BioPharma Software	3	237	3	26	1	10	5	137	NM	NM
Credit/Risk Software	3	18	3	199	2	887	4	36	500%	1131%
Engineering Software	1	41	0	0	4	517	3	20	NM	NM
Geo-Demo Software	1	10	1	5	1	267	2	243	NM	NM
Credit/Risk Management	1	165	3	965	2	90	1	25	-13%	-58%
Engineering/Scientific/Tech	0	0	1	15	3	88	1	45	150%	394%
Financial	2	40	3	1,299	6	783	1	703	-14%	-34%
HC-Payers Software	0	0	3	148	0	0	1	250	33%	-74%
<b>Subtotal</b>	<b>39</b>	<b>1,626</b>	<b>58</b>	<b>8,615</b>	<b>70</b>	<b>21,197</b>	<b>52</b>	<b>3,318</b>	<b>188%</b>	<b>217%</b>
Other	33	878	50	2,878	44	2,728	53	5,763	757%	187%
<b>Total</b>	<b>72</b>	<b>2,504</b>	<b>108</b>	<b>11,493</b>	<b>114</b>	<b>23,924</b>	<b>105</b>	<b>9,081</b>	<b>311%</b>	<b>209%</b>

Other subsegments include Healthcare-BioPharma, Infrastructure Software, Product/Price, Geo-demographic, HC-Providers Software, Healthcare-Providers, HR, HR Software, IT, Legal, Legal Software, Marketing Data and Software NEC

**M&A AND INVESTMENT ACTIVITY** Transaction values and volume both remained high in 2011. Among software companies where transaction information was public, 97 acquisitions were announced in 2011 at a median EV/LTM revenue multiple of 2.3x and EV/LTM EBITDA multiple of 14.7x. Among control transactions, the most active and highest value Software segment was ERP Software with 27 transactions worth \$20.4 billion. The Healthcare Provider, Financial and HR Software segments were also active, with a total of 36 announced deals worth \$9.4 billion in 2011. Healthcare software transactions included:

- HMS Holdings’ \$400 million acquisition of HealthDataInsights at 4.7x revenue
- Computer Sciences’ \$188 million acquisition of iSOFT Group at 0.5x revenue
- Experian’s \$185 million acquisition of Medical Present Value

There were a total of 82 acquisitions of information companies announced in 2011. Among those for which public data was available, information company transactions were valued at a median EV/LTM revenue of 3.1x, up from 2.6x in 2010, and EV/LTM EBITDA multiple of 12.3x, up from 11.8x among the same segments in 2010. Deals included:

- Ipsos Group’s acquisition of Synovate for \$857 million at 1.1x revenue and 10.7x EBITDA
- Riverside Company’s acquisition of Avatar International for \$60 million at 3.8x revenue and 12.5x EBITDA

For venture and growth capital investments, the Infrastructure Software segment was the most active with 68 transactions worth \$941 million. Key investments included:

- Six Degrees’ raise of \$94 million from Penta Capital
- Box.net’s \$81 million raise from Salesforce.com at a \$500 million valuation

Software & Information Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	35	1,696	44	7,720	43	18,500	34	7,675	103%	243%
Private Equity - Buyout	3	301	6	3,219	11	4,625	3	152	188%	23%
Private Equity - VC/Growth Capital	34	506	58	555	60	800	68	1,254	464%	282%
<b>Total</b>	<b>72</b>	<b>2,504</b>	<b>108</b>	<b>11,493</b>	<b>114</b>	<b>23,924</b>	<b>105</b>	<b>9,081</b>	<b>754%</b>	<b>548%</b>

**BUYERS** M&A and investment activity from private equity buyers jumped 464 percent from 2010. With two acquisitions each, Apex Partners, Riverside Company and New Mountain Capital were the most active private equity buyers of Software & Information companies in 2011.

A total of 41 transactions were announced in the Out-of-Home & Specialty Media segment in 2011 for approximately \$2.2 billion. Compared to the first half of 2011, which had 13 deals for \$1.2 billion, deal volume during the second half of the year increased by 115 percent, while value decreased by 15.6 percent. Publically traded Out-of-Home & Specialty Media companies had a median EV/LTM EBITDA multiple of 7.9x at the end of the year, down from 11.4x at the end of 2010.

Most Active Out-of-Home & Specialty Media Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Traditional Outdoor	0	0	0	0	1	20	7	306	14%	128%
Digital Place-Based Media	4	70	5	49	9	135	5	151	130%	31%
B-to-B Media	2	14	0	0	1	174	2	90	400%	11025%
Yellow Pages	0	0	0	0	0	0	1	8	NM	NM
Entertainment Media	0	0	1	509	2	102	0	0	200%	292%
Shopper/Trader/Coupons	0	0	1	525	0	0	0	0	-67%	72%
<b>Total</b>	<b>6</b>	<b>84</b>	<b>7</b>	<b>1,084</b>	<b>13</b>	<b>431</b>	<b>15</b>	<b>555</b>	<b>86%</b>	<b>135%</b>

**M&A AND INVESTMENT ACTIVITY** The Digital Place-Based Media subsegment led the segment in 2011 in both volume and value with increases of 130 percent and 31 percent respectively, compared to 2010. Nearly two-thirds of those transactions were completed by other Digital Place-Based companies looking to extend their existing offerings to more locations, including at work, shops, doctors' offices, restaurants and airports, including:

- CLX Medical's acquisition of Doctors TV Network
- ClearOne Communications' acquisition of MagicBox
- YCD Multimedia's acquisition of C-nario
- Outcast Media's merger with PumpTopTV and Health Club Media Network financed by Parthenon Capital Partners, which also provided additional capital for future growth

There were nine venture and growth capital investments worth approximately \$191 million among Digital Place-Based Media companies. Select investments included:

- Prysm's \$100 million raise from Artiman Ventures to increase production of Laser Phosphor Display Technology, which brings large-scale displays to retail establishments, broadcast studios, sports venues and company boardrooms, among other segments
- TouchTunes Music, which raised \$45 million in a financing led by 3i Group to expand into Asia and Europe

Growth in the Digital Place-Based Media subsegment is expected to continue as companies integrate measurement and proof-of-performance tools into their offerings, allowing them to compete with digital and social advertising companies.

Out-of-Home & Specialty Media Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	4	69	3	38	7	115	13	289	125%	68%
Private Equity - Buyout	0	0	2	1,035	1	174	1	166	0%	172%
Private Equity - VC/Growth Capital	2	15	2	11	5	142	1	100	67%	151%
<b>Total</b>	<b>6</b>	<b>84</b>	<b>7</b>	<b>1,084</b>	<b>13</b>	<b>431</b>	<b>15</b>	<b>555</b>	<b>192%</b>	<b>391%</b>

**BUYERS** Strategic buyers were the most active in the Out-of-Home & Specialty Media segment, with a total of 27 transactions announced worth approximately \$511 million. Activity among private equity groups increased compared to 2010, with 16 deals announced in 2011 compared to only six in 2010.

A total of 92 transactions were announced in the Marketing Services segment in 2011 for approximately \$5.5 billion in value. Compared to 1H11, activity rose nearly 24 percent during the second half of the year. Publicly traded Marketing Services companies had a median adjusted EV/LTM EBITDA multiple of 5.9x at the end of the year, down from 7.7x at the end of 2010.

Most Active Marketing Services Subsegments										
Subsegment	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Printer	6	95	5	188	8	167	5	100	85%	-72%
Loyalty/Retention	2	13	3	17	4	137	4	70	30%	-74%
Lettershop	0	0	0	0	1	5	3	45	-43%	-64%
Database/Analytics	2	20	2	38	6	89	2	35	0%	-54%
Fulfillment	1	20	0	0	1	6	2	45	100%	109%
Logistics	3	56	0	0	5	622	2	13	900%	38%
Retail Services	3	2,376	1	15	1	30	2	35	250%	35%
Data Processing/Enhancement	1	17	1	35	0	0	1	18	-40%	34%
Ad Specialty/Premiums	3	25	1	25	0	0	0	0	300%	397%
Call Center	1	41	2	250	3	550	0	0	0%	249%
Channel Services	0	0	0	0	0	0	0	0	NM	NM
Collections	0	0	1	25	0	0	0	0	-50%	-17%
Subtotal	22	2,662	16	593	29	1,607	21	360	44%	8459%
Other	3	228	0	0	1	15	0	0	0%	5963%
<b>Total</b>	<b>25</b>	<b>2,889</b>	<b>16</b>	<b>593</b>	<b>30</b>	<b>1,622</b>	<b>21</b>	<b>360</b>	<b>42%</b>	<b>8306%</b>

Other subsegments include List Broker/Manager, Offline Lead Generation, Performance/Contract Sales and Printer-Transactional

**M&A & INVESTMENT ACTIVITY** Continuing a trend from 2010, Printer was the most active subsegment in 2011 with 24 announced acquisitions worth approximately \$550 million. In previous years, acquisitions were driven largely by the need to replace conventional print technology with digital; with much of the technology conversion completed, acquisitions in 2011 were motivated by production capacity and customer support expansion, including:

- Hewlett-Packard's acquisition of Printelligent
- Kelmscott's merger with Graphix Products
- Mimeo.com's acquisition of CLE Print

Database/Analytics was another active subsegment in 2011, with 12 announced acquisitions worth approximately \$182 million. The acquisitions were a result of marketing services companies and agencies attempting to optimize marketing spend across all channels. Transactions included:

- St. Ives' \$26 million acquisition of Response One
- Empower MediaMarketing's acquisition of Market Intelligence Group
- MEDSEEK's acquisition of Third Wave Research

Marketing Services Transactions by Type of Buyer										
	1Q11		2Q11		3Q11		4Q11		% Change from 2010	
	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value (\$ Millions)	# of Transactions	Deal Value
Strategic	16	318	10	233	20	987	15	213	90%	-52%
Private Equity - Buyout	4	2,422	4	358	6	565	4	88	157%	39%
Private Equity - VC/Growth Capital	5	150	2	2	4	70	2	60	86%	104%
<b>Total</b>	<b>25</b>	<b>2,889</b>	<b>16</b>	<b>593</b>	<b>30</b>	<b>1,622</b>	<b>21</b>	<b>360</b>	<b>3%</b>	<b>1%</b>

**BUYERS** Similar to the first half of 2011, strategic buyers accounted for the majority of transaction activity in 2H11 with 61 transactions valued at \$1.7 billion. In 2011, buyout firms announced 18 transactions, while 13 investments were announced.

## Overview of 2011 M&A and Investment Activity *(continued from page 2)*

investments included:

- Silver Lake Partners' \$1.6 billion investment in Alibaba Group at a reported \$32 billion valuation
- Digital Sky Technologies' \$1.5 billion investment in 360buy.com at a reported \$10 billion valuation
- Equity Partners Fund's \$682 million investment in Zfere Holdings

Investment activity in the Marketing Technology segment was up 153 percent compared to 2010. The Social Technology and Mobile Technology subsegments accounted for one-third of that segment's investments.

### BUYER & INVESTOR ACTIVITY

Strategic buyers accounted for approximately half of all control deals and 64 percent of transaction value in 2011, with 1,409 transactions for approximately \$90.9 billion. Compared to 2010, strategic deal volume increased 148 percent, while aggregate deal value increased 147 percent. Google and Publicis were the most active strategic buyers in 2011 with 29 and 22 transactions, respectively. WPP and eBay followed with 18 and 11 announced acquisitions, respectively.

Buyout firms announced 112 acquisitions for a total of \$23.7 billion, an increase in activity of 229 percent from 2010 and a 95 percent increase in deal value. Sizeable buyout transactions announced in 2011 included:

- Thomas H. Lee's \$1.1 billion buyout of inVentiv Health at 1.0x revenue and 8.3x EBITDA
- Apax Partners' \$959 million buyout of Activant Solutions at 2.6x revenue and 9.3x EBITDA

Venture and growth capital investors announced 1,505 transactions worth approximately \$26.9 billion. Compared to 2010, investment transaction volume and value increased by 234 percent and 270 percent, respectively. Accel Partners, Kleiner Perkins Caufield & Byers, Sequoia Capital, Google Ventures and Intel Corporation were the most active financial investors, announcing more than 20 investments each during 2011.

### IPO ACTIVITY

There were 25 IPOs in the Marketing, Media, Technology and Service industries in 2011. Reflecting continued market volatility, there were only seven IPOs in the second half of the year: Angie's List, Groupon, Jive Software, Nexon, Tudou Holdings, Zillow and Zynga, which all priced at the high end or above their initial filing ranges. With the exception of Nexon, Tudou Holdings and Zynga, which closed down two percent, 12 percent and five percent, respectively, the other four companies' shares closed up from final pricing at least 25 percent on the first day of trading. There are currently 20 companies with securities in registration from 2011 filings.

### 4Q11 M&A AND INVESTMENT SUMMARY

In 4Q11, Petsky Prunier tracked 764 M&A and investment transactions worth approximately \$27.2 billion. Compared to 3Q11, deal activity decreased by six percent, while aggregate deal value decreased by 42 percent. Digital Media/Commerce was the most active and highest value segment accounting for 34 percent of all deals announced and 19 percent of aggregate deal value. Venture and growth capital investments

*(Continued on page 14)*

2011 Most Active Investors by Number of Transactions		
Investor	Number of Transactions	Representative Targets
Accel Partners	26	99designs, Blue Jeans Network, Dealer.com, Lot18Holdings, RockMelt, Rovio Mobile
Kleiner Perkins Caufield & Byers	24	Awarepoint, eRecyclingCorps, Eryl.com, INRIX, Klout, Lezalzoom.com, Trendyol, Xiu.com
Sequoia Capital	23	Achievers, Color Labs, Evernote, Funzio, Hubspot, Mianoo.com, Mu Sigma, Stella & Dot
Google Ventures	23	Astrid, DNAnexus, Kabam, Rumble Entertainment, Shopobot, Trada, WhaleShark Media
Intel Corporation	21	[x+1], AlterGeo, CareCloud, CrowdStar, DeliveryAgent, Sepato.ru, Telmap, Yatra Online
Andreessen Horowitz Fund	20	Actifio, Airbnb, fab.com, FourSquare Labs, Groupon, ShoeDazzle.com, Pinterest
Benchmark Capital	17	1stdibs.com, Domo Technologies, Gemvara, HouseTrip, KupiVip.ru, NewBay Software
Spark Capital	16	Academia.edu, eToro, Group Commerce, OnSwipe, RunKeeper, Sincerely, txt eagle
Battery Ventures	15	ActivePath, Glassdoor.com, Kontagent, Marketo.com, Narrativ Science, Unami, Wayfair
Greylock Management	15	Coupons.com, Edmodo, Just-Eat.co.uk, Okta, One Kings Lane, Qwiki, Tumblr, Zenprise
Index Ventures	14	Big Switch Networks, iZettle, Kaggle, Outbrain, Stack Overflow Internet Services, Zuora
New Enterprise Associates	13	Care.com, Cvent, Hearsay Labs, ISGN, newBrandAnalytics, Sprout Social, TidalTV
Draper Fisher Jurvetson	12	AdXpose, Box.net, Do@, Hudong.com, OkBuy.com, Prosper Marketplace, Ranker, Z2Live
Redpoint Ventures	11	9flats.com, BetterWorks, BranchOut, FreeMonee, Intent MediaWorks, Kabam, Viajanet

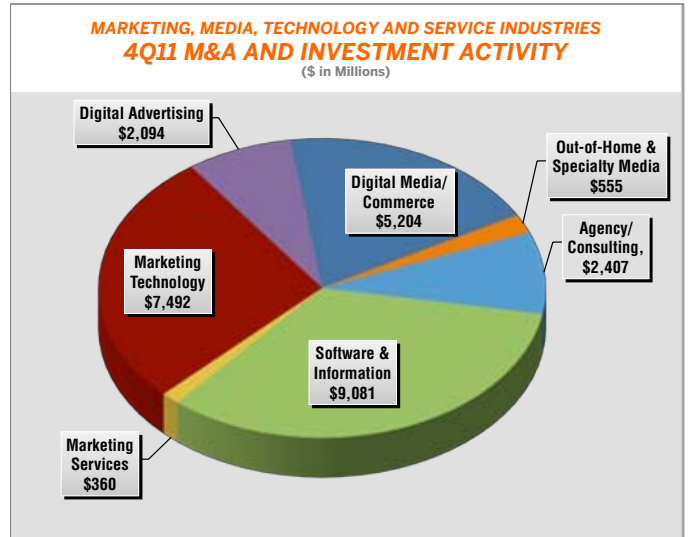
## Overview of 2011 M&A and Investment Activity *(continued from page 13)*

accounted for 49 percent of all transactions, while strategic buyers represented 47 percent and buyout firms just four percent. The largest acquisitions were:

- SAP's \$3.4 billion acquisition of SuccessFactors
- Oracle's \$1.5 billion acquisition of RightNow Technologies
- Permira Advisors' \$1.5 billion buyout of Genesys Telecommunications Laboratories.

The largest investment was a \$1.6 billion growth capital transaction with China-based Alibaba Group, led by Silver Lake Partners, at a reported \$32 billion valuation. ■

Note: Transaction values include only reported up-front cash payments and do not account for any potential future performance-based compensation.



## Navigating the Apps Ecosystem: New Media, but Same Tried and True Marketing Principles

(continued from page 3)

Wall Street or government, you build a BlackBerry app first. If you're targeting a younger market, you start with an iPhone app, and if you're targeting a more cost-conscious consumer, you go with the Android."

*"App marketing is about using publishing effectively to invite deeper engagement... It's a paradigm shift for marketers to stop thinking like a destination and start thinking like a publisher."*

*Jamie Tedford, CEO, Brand Networks*

ArcTouch provides marketers with an end-to-end app solution, from idea generation to design, development, testing and launch. "About half of our customers come to us directly; for example, an in-house marketer that decides the brand needs a mobile solution or app presence," Shapiro explains. "The other half comes through interactive marketing agencies or design firms."

A typical mobile app on one of the major operating systems will cost about \$75,000, which includes design, development and project management. More highly engaging apps that might include a custom UI can run as much as \$150,000. And, according to Shapiro, "top-of-the-line" apps that are well promoted by the operating system can cost \$250,000 or more.

### APP MARKETING 101

When it comes to designing, developing and launching a successful app – whether for the social or mobile market – the factors for success are virtually identical. "There are three factors that make a successful app, regardless of the device or media," says Shapiro. "First it needs to be useful and provide value to the user. Second, it needs to be engaging and fun, for example, using sound effects or animation. And third, it needs to be social and able to be shared with others."

Marketing and integrating the app into the brand's overall creative execution and messaging are also critical. With 400,000 apps in the Apple app store alone, brand managers need to have a marketing plan both to break through the noise and deliver return on the investment of keeping an app running in the store, which can be

costly. "Most apps that fail are not part of an overall brand strategy," Shapiro says. "The most successful integration gets consumers thinking about the brand no matter where they are or what device they are interacting with."

### FUTURE OPPORTUNITIES

With such explosive growth in the apps ecosystem, the question has become: where does the market go from here? Technology advances will drive innovation, as the next iteration of web coding – HTML 5 – breaks down the barriers between mobile operating systems, enabling brands to create apps that can be used across Facebook, iPhones, BlackBerrys and other devices.

"HTML 5 is the bridge to create dynamic mobile, social web experiences that are browser-based and not dependent on the individual operating systems," says Brand Networks' Tedford.

Localization will also provide tremendous opportunities for both small businesses and global brands to link consumers with neighborhood stores. "One of the most exciting things for our clients today is to connect their Facebook pages and application experiences to their retail locations," Tedford adds.

*"Marketers should be thinking about who their audience is and create apps for the devices that reach those audiences. If you're targeting Wall Street or government, you build a BlackBerry app first. If you're targeting a younger market, you start with an iPhone app, and if you're targeting a more cost-conscious consumer, you go with the Android."*

*Eric Shapiro, CEO, ArcTouch*

Even market saturation may lead to innovation, according to ArcTouch's Shapiro. "Eventually, everyone is going to have an app," he argues. "Once we all have them, it will be about making them better. The growth will come from having a great app." ■

## Salesforce.com Captures B2B CRM Market: Evolution From Sales Force Automation to Social Enterprise Makes Platform the Market Leader

(continued from page 4)

A critical piece of the process is turning all that data into actionable intelligence. “Quantitative data – revenue, company location, phone, names and titles of executives – don’t drive productivity,” says Umberto Milletti, CEO at InsideView. “The future is about providing relevant intelligence like what Radian6 does. It’s much more analytical.”

InsideView’s application sits within Salesforce’s dashboard to provide users with deeper intelligence on prospects or customers. The software identifies what Milletti calls “trigger events,” such as a new product launch, executive hire or office opening to

*“Data is dirty, and data is hard. The question today isn’t, ‘Do I have enough contacts?’ The question is ‘How do I maintain the data and create accuracy?’”*

*Richard Eldh, Managing Director,  
SiriusDecisions*

highlight sales or relationship-building opportunities. “Our technology identifies millions of trigger events each day to create immediacy,” he explains. “We put the right information at the right time into users’ hands, such as a prospect opening a new office in a rep’s territory or a company launching a new product in the user’s area of expertise.”

### SALESFORCE ADDS SOCIAL CAPABILITIES TO BECOME “THE SOCIAL ENTERPRISE”

Salesforce has evolved along with the market to respond to the growing influence of social media and the need to integrate data silos within the enterprise. On the heels of its April 2010 acquisition of Jigsaw, Salesforce acquired Radian6 in March 2011, a leading social media monitoring solution to add social media capabilities to its toolbox. “At the time [of the acquisition], we all scratched our heads,” says SiriusDecisions’ Eldh. “But it was a clue as to where Salesforce was going and the strategic importance of monitoring your brand’s standing in the social sphere.”

Rebranding itself as “The Social Enterprise,” Salesforce’s social capabilities also include Chatter, its home-grown

SaaS-based tool that allows its customers’ employees to share data and collaborate over private social networks. “Chatter is an example of how social media is transforming CRM in the area of collaboration,” explains InsideView’s Milletti. “There is so much information available through social networks that you can learn a lot about a prospect – such as what music or brands they like – before approaching them about business. It creates one-to-one analytics that help you understand who that person is.”

### DATA ACCURACY STILL A CHALLENGE

With so much data being integrated from so many sources, data accuracy continues to be a key challenge for B2B organizations. “Data is dirty, and data is hard,” says Eldh. “The question today isn’t, ‘Do I have enough contacts?’ The question is ‘How do I maintain the data and create accuracy?’”

In addition, organizational issues regarding data ownership and territory management still hamper data sharing across departments. “Statistics show that 81% of a company’s relationships never get entered into the CRM system,” says BranchIt’s Yuster. “We built our business on the premise that there are still tons of data silos in corporations that software can uncover for companies to monetize.”

SiriusDecisions has studied the impact of what it terms “closed loop capabilities” on an organization’s bottom line by interviewing hundreds of companies. “The closed loop view provides a clear line of sight from an inquiry to closed business,” Eldh explains. “The most successful enterprises are able to correlate spending-on-demand to actual sales through efficient data and workflow integration, as well as the use of tools that enable intelligence.” The result, he says, is that companies with closed loop capabilities tend to enjoy 5x faster revenue growth and a 7x faster increase in profitability. ■

## Distance No Obstacle: Leveraging Technology Resources Worldwide

(continued from page 5)

to be low-level, low-complexity work. But the kind of work we're doing for our clients is very edgy, so that makes us very attractive, allowing us to hire the best," explains Umaran. "Ninety-five percent of our work is performed for companies in America or Europe, so employees also have opportunities to travel to visit their customers, work with them there and meet with peer professionals. One hundred percent of our people are bilingual with a good level of English, so the opportunity is very attractive for our people. We're pretty unique in this area."

*"It's all about the skills, not the location."*

*Martin Umaran, COO, Globant*

An extended work day is another benefit from leveraging international resources. "We literally work 24/7," says DiGuido. "What's cool about it is we can be working on things in the daytime, we can hand them off to India, and when we wake up, they're finished, and we can pick them up again. We have a high-quality team working round the clock, which fuels our ability to turn jobs around very quickly at a price that's competitive. There is no trading off in terms of skill set or delivery time. In fact, just the opposite. We can get a lot more done more effectively."

### NO GEOGRAPHIC LIMITATIONS

Thanks to technology, distance isn't a deterrent to getting work done in a high-quality manner. From audio and video conferencing to file sharing and project management, "it's all about the skills, not the location," says Umaran. "We are in a constant closed loop with our customers. We have workforce management tools that our clients can access, and we have developed our own project management tools. We also maintain an internal database of the technologies each of our 2,300 people know, so we can determine who is the best fit for each project."

Every Zeta Interactive office is outfitted with Polycom systems, DiGuido says. "Through this technology, we don't

feel like they are 7,000 miles away, but rather, in the room next to us." Zeta Interactive also utilizes a proprietary project management system, as well as third-party tools, so everyone can be on the same page logistically. "If someone makes changes, everyone can see it. Our legacy comes from product development, and we're constantly looking at versions and tweaks and edits and enhancements, so keeping track is incredibly important."

Despite the ease of long-distance interaction, both companies feel it's important to have sales offices that are close to their clients and believe that a U.S. presence helps maintain client relationships and build new ones. Globant has offices in Boston, London, San Francisco and San Jose (CA) to supplement its Argentina headquarters and eight other South American offices, while Zeta Interactive has, in addition to its Hyderabad, India, location, offices in New York City, Manasquan (NJ), Boise (ID) and Pasadena and San Diego (CA).

*"We're trying to build global companies. There's money being made around the world in the services we provide, and there are workforces we can maximize. We have to start leveraging the unique aspects of those regions and countries."*

*Al DiGuido, founder, Zeta Interactive*

### THE FUTURE IS IN GLOBALIZATION

As brands continue to globalize to remain competitive, DiGuido encourages them to stop getting caught up in the nomenclature of nearshoring and offshoring. "We're trying to build global companies," he says. "There's money being made around the world in the services we provide, and there are workforces we can maximize." To remain competitive, he says, "we have to start leveraging the unique aspects of those regions and countries." ■

<p><b>Red Ant</b> a leading data management and audience optimization platform (DMP) company <i>has been sold to</i> <b>crossing</b> a global digital marketing agency a unit of <b>HEARST corporation</b> PetskyPrunier</p>	<p><b>SHOW MEDIA</b> a leading provider of taxi-based outdoor media <i>has been sold to</i> <b>Verifone</b> (NYSE: PAY) PetskyPrunier</p>	<p><b>BERINGER</b> <i>has sold</i> a leading marketing services and IPO company to <b>BLEND</b> PetskyPrunier</p>	<p><b>TRANZACT</b> <i>has sold</i> <b>TRANZACT</b> a leading provider of integrated data, technology and analytics solutions to <b>HALYARD CAPITAL</b> PetskyPrunier</p>	<p><b>tree.com</b> (Nasdaq: TREE) <i>has sold</i> <b>RealEstate.com</b> a leading online lead generation business to <b>market leader</b> (Nasdaq: MLEI) PetskyPrunier</p>
<p><b>alloy</b> <i>has sold</i> <b>alloy ACCESS</b> a leading urban and multicultural agency to <b>octagon</b> a subsidiary of <b>IPG</b> (NYSE: IPG) PetskyPrunier</p>	<p><b>alloy</b> <i>has sold its</i> Niche Market Media Buying Business a leading provider of media buying, out-of-home and sampling services in niche markets to <b>PROSPECT CAPITAL</b> (Nasdaq: PSEC) PetskyPrunier</p>	<p><b>adcloud</b> a leading advertising technology company <i>has been sold to</i> <b>Deutsche Post</b> (Xetra: DPW.DE) PetskyPrunier</p>	<p><b>alloy</b> <i>has sold</i> <b>amp</b> an integrated digital and promotional marketing agency in a management-led buyout PetskyPrunier</p>	<p><b>symphony</b> <i>has acquired</i> <b>ImpactRx</b> a pioneer in measuring the impact of promotion on physician prescribing behavior PetskyPrunier</p>
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