



HOULIHAN LOKEY

MARKETING SERVICES

INDUSTRY UPDATE | Winter 2019



Houlihan Lokey Marketing Services Update

Houlihan Lokey is pleased to present its Marketing Services industry update for Winter 2019.

We have included transaction announcements, a public markets overview and industry insights to help you stay ahead in our dynamic and constantly evolving industry. This quarter, we've chosen to shine the spotlight on data-driven marketing, and the multitude of ways that data is continuing to drive changes across the ecosystem.

We hope that you find this update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,



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Industry Sectors Covered



Data-Driven Marketing

Marketing Optimization



Healthcare/Pharmaceutical Marketing

CRM/Marketing Technology



Loyalty Marketing

Performance Marketing



Events and Trade Shows

Experiential Marketing



Marketing Services Experience

Houlihan Lokey is a leading investment banking advisor to the marketing services sector.

Data-Driven Marketing

Randall Reilly
a portfolio company of

INVESTCORP
has been acquired by

AURORA CAPITAL PARTNERS

Sellside Advisor

Digital Marketing

COURT SQUARE
has acquired

SYSTEM1
Senior Secured Credit Facility
Acquisition Financing

Exclusive Placement Agent

Marketing Services

IWCODIRECT
a portfolio company of

COURT SQUARE AVISTA CAPITAL PARTNERS
has been acquired by

ModusLink
GLOBAL SOLUTIONS
\$475,600,000

Financial Advisor

Digital Marketing

Q OLOGY DIRECT
a portfolio company of

FALCON
has been acquired by

centerfield
a portfolio company of

H I G GROWTH PARTNERS

Sellside Advisor

Experiential Marketing

wheelhouse solutions
Experts in Experience Marketing
has been acquired by

FREEMAN

Company Advisor

Marketing Services

innovairre™
innovate for good
ABL Revolver & Term Loans
Refinancing

Exclusive Placement Agent

Digital Marketing

EPISERVER
has been acquired by

ACCEL KKR

Sellside Advisor

Digital Marketing

INTELIUS
has been acquired by

H. I. G. CAPITAL

Sellside Advisor

Market Research

INTELLIRESPONSE
has been acquired by

[24]7

Sellside Advisor

Healthcare Marketing

The *Connect* business unit of

INFLUENCE HEALTH
Has been acquired by

APTEAN

Sellside Advisor

Healthcare Marketing

Healthline
has completed a control transaction with

SUMMIT PARTNERS

Financial Advisor

Digital Marketing

epr
a portfolio company of

AKKR
has been acquired by

INSIGHT VENTURE PARTNERS

Financial Advisor

Loyalty Marketing

Affinion GROUP
has successfully completed a \$2.0 billion recapitalization, including a new \$1.45 billion credit facility and \$557 million of New PIK Toggle Notes

Company Advisor

Digital Marketing

allconnect.
has been acquired by

RED VENTURES

Fairness Opinion

Print Marketing

IMAGINE
has been acquired by

OAK HILL CAPITAL PARTNERS

Sellside Advisor

Digital / Agency

BlueFocus
蓝色光标
has acquired

VISION7 INTERNATIONAL

Buyside Advisor



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

Corporate Finance

| 2018 M&A Advisory Rankings All U.S. Transactions | | |
|--|------------|--|
| Advisor | Deals | |
| 1 Houlihan Lokey | 207 | |
| 2 Goldman Sachs & Co | 197 | |
| 3 JP Morgan | 154 | |
| 4 Morgan Stanley | 135 | |
| 5 Jefferies LLC | 117 | |

Source: Thomson Reuters

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

| 2018 Global Distressed Debt & Bankruptcy Restructuring Rankings | | |
|---|-----------|--|
| Advisor | Deals | |
| 1 Houlihan Lokey | 63 | |
| 2 PJT Partners Inc. | 45 | |
| 3* Moelis & Co. | 36 | |
| 3* Lazard | 36 | |
| 3* Rothschild & Co. | 36 | |

Source: Thomson Reuters
* Denotes tie

No. 1 Global Investment Banking Restructuring Advisor

1,000+ Transactions Completed Valued at More Than \$2.5 Trillion Collectively

Financial Advisory

| 1999 to 2018 Global M&A Fairness Advisory Rankings | | |
|--|--------------|--|
| Advisor | Deals | |
| 1 Houlihan Lokey | 1,073 | |
| 2 JP Morgan | 971 | |
| 3 Duff & Phelps | 728 | |
| 4 Bank of America Merrill Lynch | 660 | |
| 5 Morgan Stanley | 659 | |

Source: Thomson Reuters. Announced or completed transactions.

No. 1 Global M&A Fairness Opinion Advisor Over the Past 20 Years

1,000+ Annual Valuation Engagements

North America

Atlanta Miami
Chicago Minneapolis
Dallas New York
Houston San Francisco
Los Angeles Washington, D.C.

Europe & Middle East

Amsterdam Madrid
Dubai Milan
Frankfurt Paris
London

Asia-Pacific

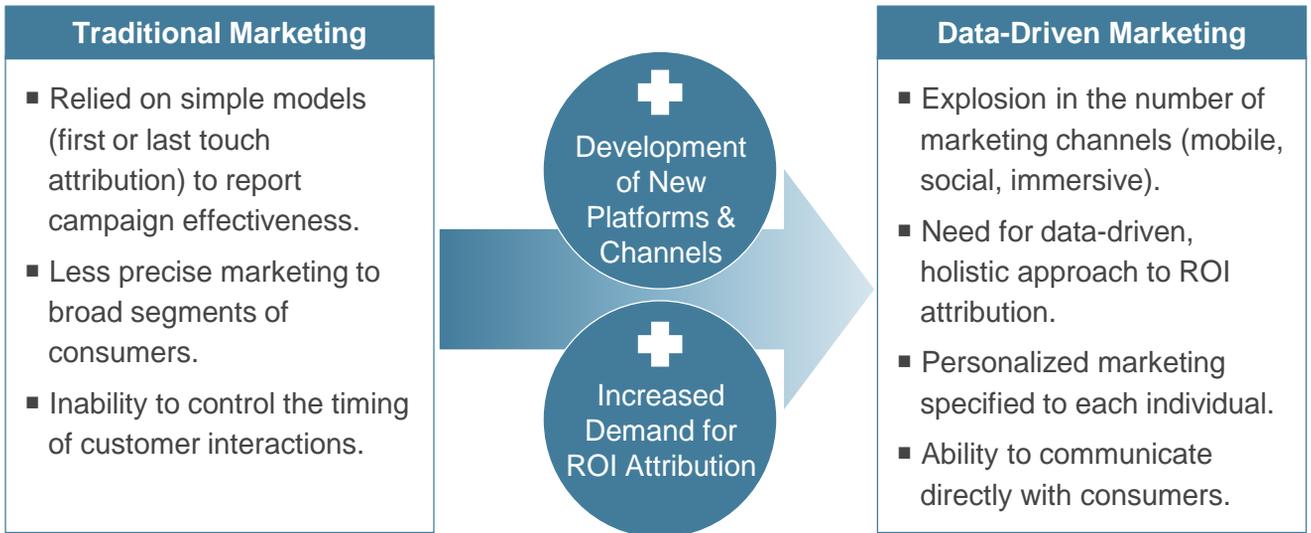
Beijing Sydney
Hong Kong Tokyo
Singapore

Houlihan Lokey holds an indirect minority stake in Leonardo & Co. S.p.A., an investment bank with an office in Milan.

Rise of Data-Driven Marketing

Recent advances in the application of data across the marketing ecosystem have continued to drive previously unavailable precision across consumer preferences, behavioral analysis, and ROI attribution.

Transition to Data-Driven Marketing



The concepts behind data-driven marketing have been around for decades but the ability to implement them effectively has grown in recent years due to:

1. **Advances in technology**
2. **Improvements in computing power**
3. **Better data collection processes**

Key Areas of Impact Within the Ecosystem

- | | |
|--|---|
|  Marketing & Sales Strategy – Hyper-targeted and increasingly effective marketing and advertising efforts |  Customer Relations & Sales – Improved understanding of customers' needs and issues |
|  Sales & Cross Selling – Improved understanding of customers and their price points |  Resource & Inventory Management – More reliable forecasts of resource turnover |
|  Revenue & Cost Management – Reduced marketing spend to more profitable customers |  Finance and Forecasting – More reliable sales and marketing estimates |

Evolution of Predictive Lead Scoring

Next generation predictive analytics help marketers identify the specific combination of behavior and fit to optimize customer lead pursuits, reducing much of the guesswork involved in traditional lead scoring methods.

Traditional vs. Predictive Model

Predictive lead scoring creates more reliable and detailed results than traditional lead scoring across most marketing-related tasks, particularly with determining buyer intent.

TRADITIONAL METHOD

- Leverages **static demographic and firmographic attributes** as well as behavioral actions to estimate propensity to convert an opportunity.
- This method **enhances sales productivity and helps determine the optimal time to contact prospects** to drive conversion.

PREDICTIVE METHOD

- Leverages **predictive data models** built upon data derived from CRM sources as well as **thousands of third-party data sources** to estimate propensity to buy scores.
- Generates **significant ROI increase**, with clients often reporting **more than 2x pipeline contribution** as a result.

Why Use Predictive Lead Scoring?



Select Best-Practices for Lead Scoring

- Leverage predictive lead scoring to **prioritize and filter large volumes of leads**
- Move the best leads out of nurture queues **and leverage the insights to improve the quality and value of initial sales interactions**
- **Continually refine the models and associated processes** to reflect more accurate data and refined modeling techniques

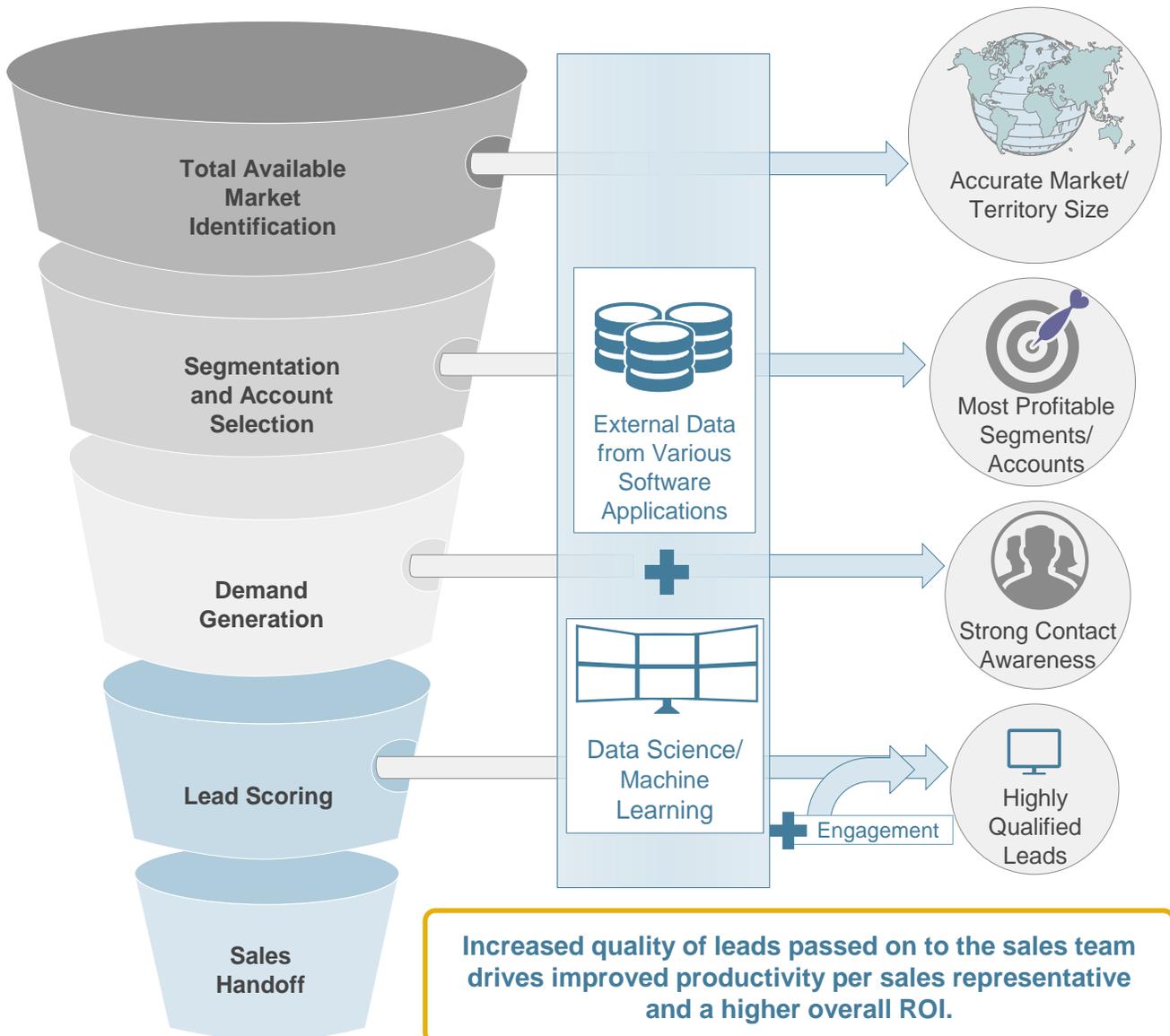
Optimizing the Sales Funnel With Data Analytics

Marketing departments that leverage predictive and prescriptive analytics to draw insights from a combination of internal and external data can enhance efficiency throughout the sales cycle.

- The sales cycle encompasses the entire process of identifying and converting prospective leads into loyal customers.
- Predictive/prescriptive analytics help leverage expansive data sets to create a significantly higher level of customer understanding and market segmentation.

Sales Cycle

Enhanced Results



Predictive Marketing Analytics Drives ROI

Predictive marketing analytics (PMA) drives ROI by allowing marketers to identify the real size and scope of a potential customer base and develop the most cost effective way to engage these customers.

Why Use Predictive Marketing Analytics?

Predictive marketing analytics drives enhanced efficiency across the consumer lifecycle, ultimately boosting ROI.

Prioritization

- Improve resource and strategy planning with enhanced forward-looking insights.
- Optimize resource allocation through identification of high-priority leads.
- Better understand the effectiveness of marketing channels and their ROIs.

Prospecting

- Advance account-based marketing by identifying customer fit and behavior.
- Improve focus of target customer list, reducing total required spend.
- Enhance understanding of client locations for territory planning.

Hyper-segmentation

- Identify key audience attributes to focus on.
- Improve relevance of sales dialogue.
- Better understand customer needs and behavior.
- Improve allocation of marketing channels to focus on target audience.

Key Near-Term Trends



Difficulty **verifying data accuracy, quality, and capability claims** will continue to remain a challenge for potential customers.



Growing **need for data-driven marketing agencies to provide model development capabilities** in addition to data aggregation/cleansing (the model has the highest impact on prediction accuracy second to data quality).



Shift from “the what” to “the how”—PMA providers will grow their ability to **give guidance on how to act as a result of the data/analytics provided.**

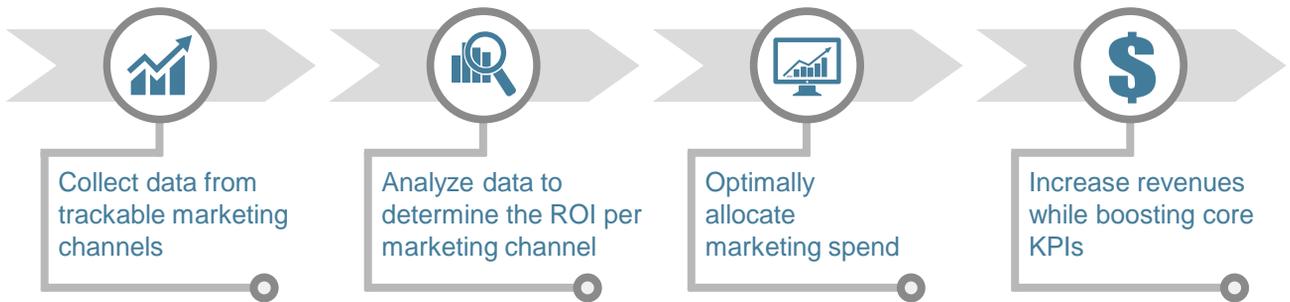
Improving Marketing Strategy With ROI Attribution

ROI attribution modeling helps marketers choose the marketing strategies that maximize their per dollar spend on marketing and is increasingly becoming a point of parity for marketing agencies.

What is ROI Attribution?

ROI attribution modeling involves using rule-based algorithms to allocate credit for converting customer interactions to sales between marketing channels (such as online ads, email campaigns, and search engine optimization).

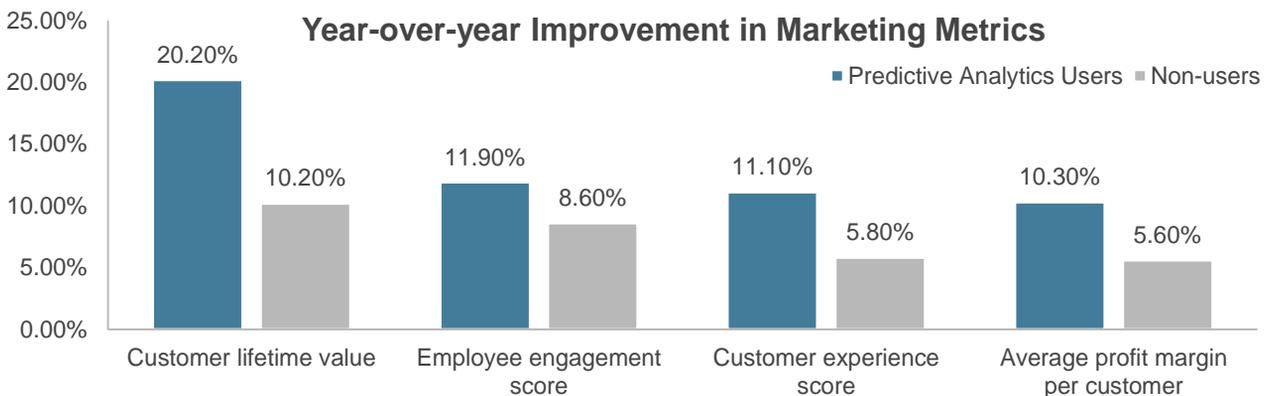
How Does Data Drive Efficiency?



The Benefits of Attribution Techniques

- Clear picture of the effectiveness of marketing channels for different consumer types.
- Information on how to alter marketing spending to maximize profits and minimize unnecessary advertising.
- Insights on the proper timing of marketing outreach to coordinate with a customer's likely purchase window.

Benefit Measurement: Predictive Analytics Vs. Other Methods



By better understanding customers' preferences and the most effective marketing strategies, companies can improve customer value and satisfaction.

Public Markets Overview

Daily TEV/LTM EBITDA



12 Months Indexed Stock Price Performance



Note: All data as of January 30, 2018. Outliers have been removed from data set.

Source: S&P Capital IQ

Digital Marketing includes: Cello Health, GoDaddy, Harte Hanks and Next Fifteen Communications Group

Diversified Marketing includes: Dentsu, Omnicom, Publicis Groupe, IPG, WPP, Cheil Worldwide, Experian, Aimia and Ascential plc

Recent Data-Driven Marketing M&A Activity

| (\$ in millions) | | | | Target | TEV / LTM | |
|------------------|--|------------------------------------|---|-----------------------|-----------|--------|
| Announced | Acquirer | Target | Target Description | TEV | Revenue | EBITDA |
| 01/11/19 | Next Fifteen Communications Group PLC | Planning-Inc Limited | Provider of predictive analytics and data marketing services | \$27.3 | - | - |
| 01/08/19 | Data Decisions Group, LLC | Reach Analytics LLC | Provider of cloud-based predictive data analytics solutions for B2C companies | - | - | - |
| 12/12/18 | Accenture PLC | Adaptly, Inc. | Enables brands to manage data-driven campaigns across advertising channels | - | - | - |
| 12/11/18 | Infutor Data Solutions, Inc. | Ruf Strategic Solutions | Database marketing company that delivers marketing intelligence solutions | - | - | - |
| 12/06/18 | Aberdeen | The Big Willow | Leader in buyer intent data science and intent-targeted digital advertising | - | - | - |
| 12/03/18 | CIP Capital | GlynnDevins, Inc. | Provider of marketing and advertising services for senior living communities | - | - | - |
| 12/03/18 | S4 Capital PLC | MightyHive, Inc. | Provider of programmatic advertising and data-driven marketing services | \$150.0 | 3.7x | 13.5x |
| 11/29/18 | Claritas, LLC | Barometric Holdings, LLC | Hosted service offering that tracks and organizes petabytes of data | - | - | - |
| 11/13/18 | Digital Media Solutions | Fosina Marketing Group Inc. | Data-driven marketing firm with customized direct-to-consumer subscription marketing solutions | - | - | - |
| 11/12/18 | Accenture PLC | Kaplan | Provider of data-driven customer relationship management (CRM) services | - | - | - |
| 11/01/18 | EPAM Systems, Inc. | Think Limited | Provides research and strategy services in the U.K. specifically using data to create a digital marketing strategy for brands | - | - | - |
| 11/01/18 | Ascential PLC | Flywheel Digital LLC | Online marketing services company specializing in organic and paid search for Amazon products | \$400.0 | - | - |
| 10/23/18 | Output Services Group, Inc. | Communis PLC | Provides integrated marketing services in the United Kingdom and internationally | \$225.0 | 0.4x | 6.8x |
| 09/27/18 | Huntsworth PLC | Navience Healthcare Solutions | Provider of payer advisory and marketing services for large biotech companies | \$70.0 ⁽¹⁾ | 10.9x | 18.4x |
| 09/24/18 | Wunderman Limited | Emark B.V. | Provider of marketing and advertising technology solutions to enable data-driven campaigning and personalized customer interaction | - | - | - |
| 08/20/18 | Merkle Inc. | Amicus Digital Ventures Pty. Ltd. | Provider of cloud consulting and technical marketing services | - | - | - |
| 08/15/18 | Clemenger BBDO Brisbane Pty. Ltd. | Levo group Pty Limited | Provider of marketing automation and e-commerce platforms | - | - | - |
| 08/01/18 | Inspired Thinking Group Limited | Connect Advertising & Marketing Lp | Provider of digital advertising using a data driven approach | - | - | - |
| 07/17/18 | Publicis Healthcare Communications Group | PayerSciences, LLC | Provider of data-and-analytics-driven health marketing services | - | - | - |
| 07/17/18 | Huntsworth PLC | Giant Creative/Strategy, LLC | Provider of multichannel marketing services to healthcare companies | \$80.0 | 2.5x | 11.4x |
| 07/02/18 | The Interpublic Group of Companies, Inc. | Axiom LLC | Provider of data-driven marketing solutions that enable personalized brand experiences across every consumer touchpoint | \$2,300.0 | - | - |
| 06/25/18 | AT&T Inc. | AppNexus Inc. | Provider of a digital advertising platform for publishers, agencies, and marketers | - | - | - |
| 06/15/18 | Ascential PLC | Warc Limited | U.K.-based provider of marketing intelligence services, insights and events | \$31.9 | 2.2x | 10.9x |
| 06/04/18 | Vista Equity Partners LLC | Integral Ad Science, Inc. | Provider of global measurement and analytics solutions to drive efficient advertising placement | - | - | - |
| 05/30/18 | Dept Holding B.V. | Factor-A | Provider of marketing services to companies using Amazon as a POS | - | - | - |
| 05/17/18 | Rackspace Hosting, Inc. | RelationEdge, LLC | Provider of lead generation services through the integration of Salesforce | - | - | - |
| 05/16/18 | Dunnhumby Limited | Aptaris LLC | Provider of marketing enterprise management software that focuses primarily on the promotional needs of retailers | - | - | - |
| 05/09/18 | Broadridge Financial Solutions, Inc. | FundAssist Limited | Provider of regulatory, marketing, and sales solutions to the global investments industry | - | - | - |
| 04/30/18 | Marketo, Inc. | Bizable, Inc. | Provider of marketing performance management software | - | - | - |
| 04/24/18 | Meltwater News US Inc. | Syomos Inc. | Provider of social analytics and engagement software that allows marketers to monitor a company's earned, owned, and paid media appearances | - | - | - |
| 04/24/18 | Oracle Corporation | Grapeshot Limited | Provider of a cloud application that discovers and categorizes new audiences, trends, and patterns from across the Web | \$454.0 | - | - |

(1) Includes potential \$40M payoff. Source: MergerMarket, CapIQ

Recent Data-Driven Marketing M&A Activity (cont.)

| (\$ in millions) | | | | Target | TEV / LTM | |
|------------------|---|--|--|---------|-------------|--------------|
| Announced | Acquirer | Target | Target Description | TEV | Revenue | EBITDA |
| 04/12/18 | Velocidi, LLC | ShiftForward, S.A. (nka:Velocidi Portugal) | Provider of data management solutions to digital advertising agencies | - | - | - |
| 03/19/18 | Meltwater News US Inc. | Datasift Inc. | Provider of "Human Data" sourced from social networks, blogs, and news sites | - | - | - |
| 02/28/18 | Phunware Inc. | Stellar Acquisition III Inc. | Offers a mobile app that provides services including mobile marketing automation, analytics, and business intelligence | \$301.0 | - | - |
| 02/28/18 | Reputation.com, Inc. | Sim Partners Inc. | Provider of location-based marketing technology | - | - | - |
| 02/27/18 | Clearview Capital | Mudlick Mail, LLC | Provider of data-driven direct mail services | - | - | - |
| 02/22/18 | Huntsworth PLC | AboveNation Media, LLC | Provider of digital marketing services using integrated advertising technology | \$2.3 | 1.8x | 4.7x |
| 02/15/18 | LiveRamp, Inc. | Pacific Data Partners LLC | Provider of data/intelligence to drive marketing, sales, and analytics | \$5.0 | - | - |
| 02/15/18 | AND Agency, LLC | Customer Experience Division Of Greenwich Associates | Provides customer experience programs | - | - | - |
| 02/13/18 | Nielsen Media Research Limited | Advertising Intelligence Division of Ebiquity PLC | Provides advertising analytics and intelligence for marketing campaigns | \$36.1 | 1.2x | - |
| 01/23/18 | GoDaddy Inc. | Main Street Hub, Inc. | Provider of full service marketing automation technology solutions | \$177.0 | - | - |
| 01/17/18 | Frontier Capital, LLC | MediaRadar, Inc | Provider of advertising intelligence solutions | - | - | - |
| 01/09/18 | Claritas, LLC | Geoscape | Provider of research and analytic services for companies targeting multicultural consumers | - | - | - |
| 01/09/18 | Northlane Capital Partners ⁽¹⁾ | List Partners, Inc. | Develops lead generation software solutions for the marketing and advertising industry | - | - | - |
| 01/03/18 | Terminus Software, LLC | BrightFunnel, Inc. | Provider of B2B marketing attribution and forecasting solutions | - | - | - |
| 12/22/17 | Ascential PLC | Clavis Technology Ltd. | Provider of actionable eCommerce intelligence solutions for manufacturers | \$219.0 | 16.8x | NM |
| 12/19/17 | Merkle Inc. | David Wood And Associates Inc. | Provider of search, social, and demand generation marketing solutions | - | - | - |
| | | Median: | | | 2.4x | 11.2x |
| | | Mean: | | | 5.0x | 11.0x |

(1) Northlane made a minority investment in List Partners. Source: MergerMarket, CapIQ

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Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), [valuation](#), and [strategic consulting](#). The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is [ranked](#) as the No. 1 M&A advisor for all U.S. transactions, the No. 1 global restructuring advisor, and the No. 1 global M&A fairness opinion advisor over the past 20 years, according to Thomson Reuters. For more information, please visit www.HL.com.

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| Los Angeles | | |
| Miami | Madrid | Sydney |
| Minneapolis | Milan | Tokyo |
| New York | Paris | |
| San Francisco | | |
| Washington, D.C. | | |

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NYSE

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- Strategic Consulting
- Private Funds Group

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