



Prezly

Prezly - Strategy Review

Leuven, 16th June 2017

Agenda

1. Prezly - Strategic Review

Current situation: Internal Analysis

Current situation: External Analysis

2. Prezly - Strategic Options: Key Issues Analysis & Strategic Recommendations

3. Business Plan & Vision (based on 'Strategic options')

4. Falk's Possible Contribution

5. How to bring it together?

Global PR Tech Market

- Global Media Intelligence & PR Info / Software industry grew 7% to \$3.2B in 2016 (about 10% of global Business Intelligence market):
 - Geographic distribution: 56% in NA, 34% in EMEA and 10% in Asia (2015);
 - Segment distribution: Distribution 33% (-), Monitoring 30% (-), Database 12% (+), Social Media Management 12% (++) and Media Measurement 10% (-);
 - Global 5-year CAGR across all segments: 5.72% (2016)
- Market will continue to grow by approx. 5-10% (regional differences) but susceptible to economic fluctuations;
- Cision, as market leader, expects to grow with an AVG CAGR 8% to \$861m by 2021 growing EBITDA margin from 35% in 2014 to 44% in 2021
- Generally, workflows are the same across geographies but user needs differ;
- Low degree of professionalisation offer opps for new entrants as does M&A activity - industry is ready for something new (company & product)
- Future growth also driven by shift in Marketing Tech from PAID to EARNED

PR Tech Market: Trends

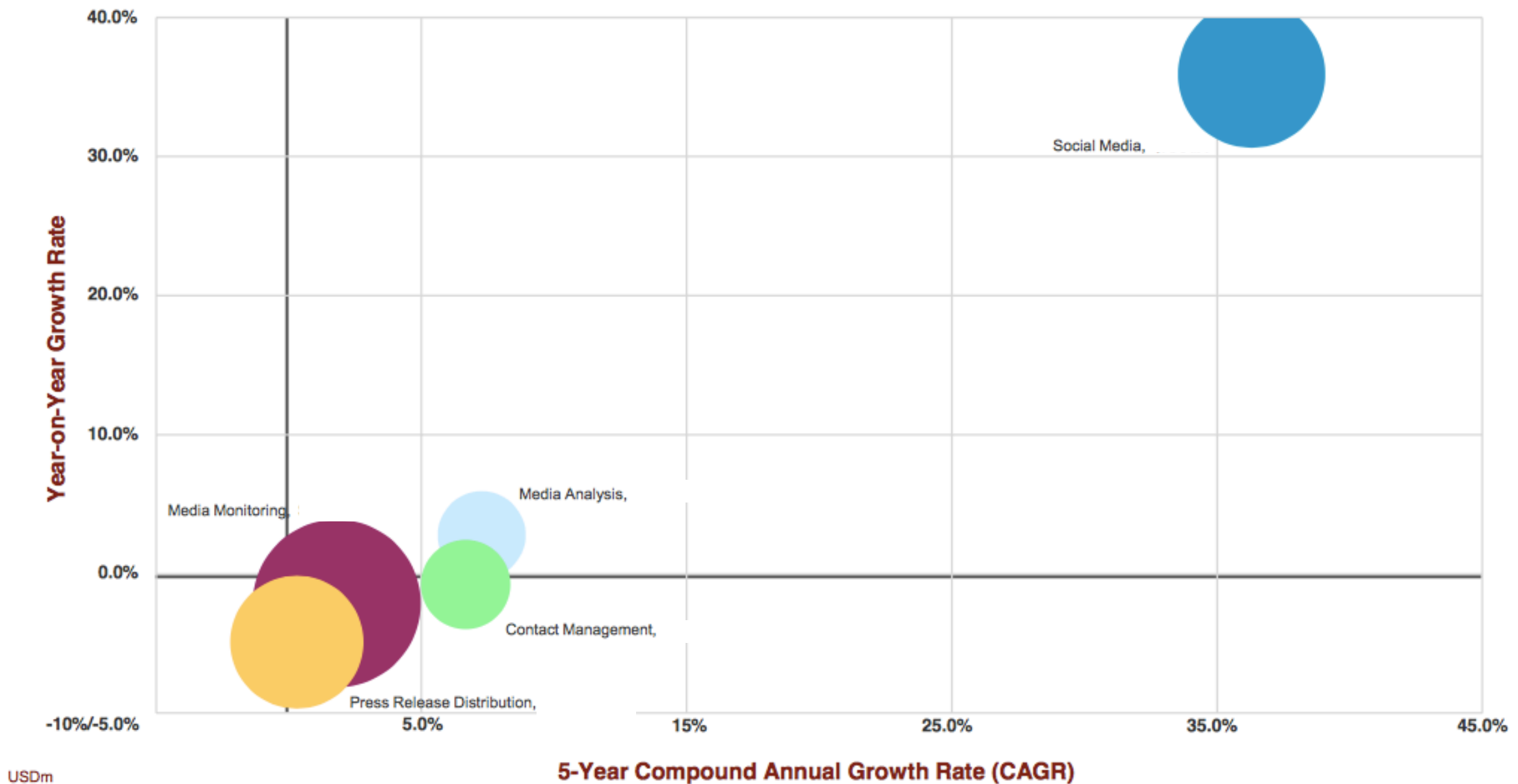
- Gains in Social Media and Contact Management augmented modest YoY growth in News Distribution and Media Measurement and offset a slight decline in Media Monitoring
- From a historical perspective, the market dipped in 2009 (due to the economic downturn) but has more than recovered, showing a strong CAGR of 6% for the period 2010-14
- With 20% market share, due to PRN acquisition, Cision is by far the leading player globally with BusinessWire & Meltwater forming a second-tier cluster of vendors, ahead of many smaller national or regional solution providers

PR Tech Segments: Overview

- Spend on Social Media Management is estimated to have risen more than 40% in 2015 and retains the front-of-mind position in the PR Information & Software space
- Contact Management grew by mid single digits, as PR professionals continued to seek out key influencers, both in traditional journalism and in new social media channels
- News Distribution continues to grow in low single digit figures helped by overall volume growth and product innovation
- Media Measurement growth remains flat with a very small growth
- Media Monitoring revenue remains flat with a negative trend - but the monitoring market started stabilising ever since the rise of newspaper Web site paywalls

PR Tech Segments: Overview

Global Media Intelligence/Public Relations Growth Rates – By Segment – *2011-15 Trending*



- Social Media, Media Databases (Contact Management) and analytics tools lead demand over the longer term with the highest five-year CAGR;
- Media Monitoring & Press Release Distribution show slower longer-term growth, though much more scale.

PR Tech Market: Trends

- Despite increased M&A activity (see recent Argus de la Presse acquisition), the market remains somewhat fragmented, with no single vendor showing strong presence across all geographies or sub-segments and with more consolidation yet to happen, as several mid-tier vendors remain in private or private-equity hands;
- As many established players are distracted integrating - Cision, Gorkana, PR N, Kantar Media, Nasdaq: GlobeNewswire & Marketwired, Agility & BusinessWire - new entrants offer alternatives;
- Competition is expected to further intensify with new entrants entering the market e.g. Hypefactors & Trendkite.

PR Tech Market: Trends

- Survey responses indicated **upside potential** for vendor **solutions** which improve **Contact Management, Press Release Distribution** and Media Measurement efficiency & effectiveness (**analytics**), as a sizeable minority of those surveyed continue to use internal tools to manage these work processes;
- While greater than 50% of survey respondents indicate they would “probably” or “definitely” use an **integrated PR tool**, they currently turn to multiple vendors to complete their PR tasks;
- When selecting a PR Information service or tool, survey respondents rate **accuracy** and **ease of use** at the top of their list of requirements, followed by timeliness and price, while vendor reputation, **customer support/account management**, availability of collaboration tools and breadth of local and global content are **less important**;
- Customer **satisfaction** with their current primary vendor is **highest** for users of **News Distribution services** but satisfaction levels are lowest with Contact Management providers.

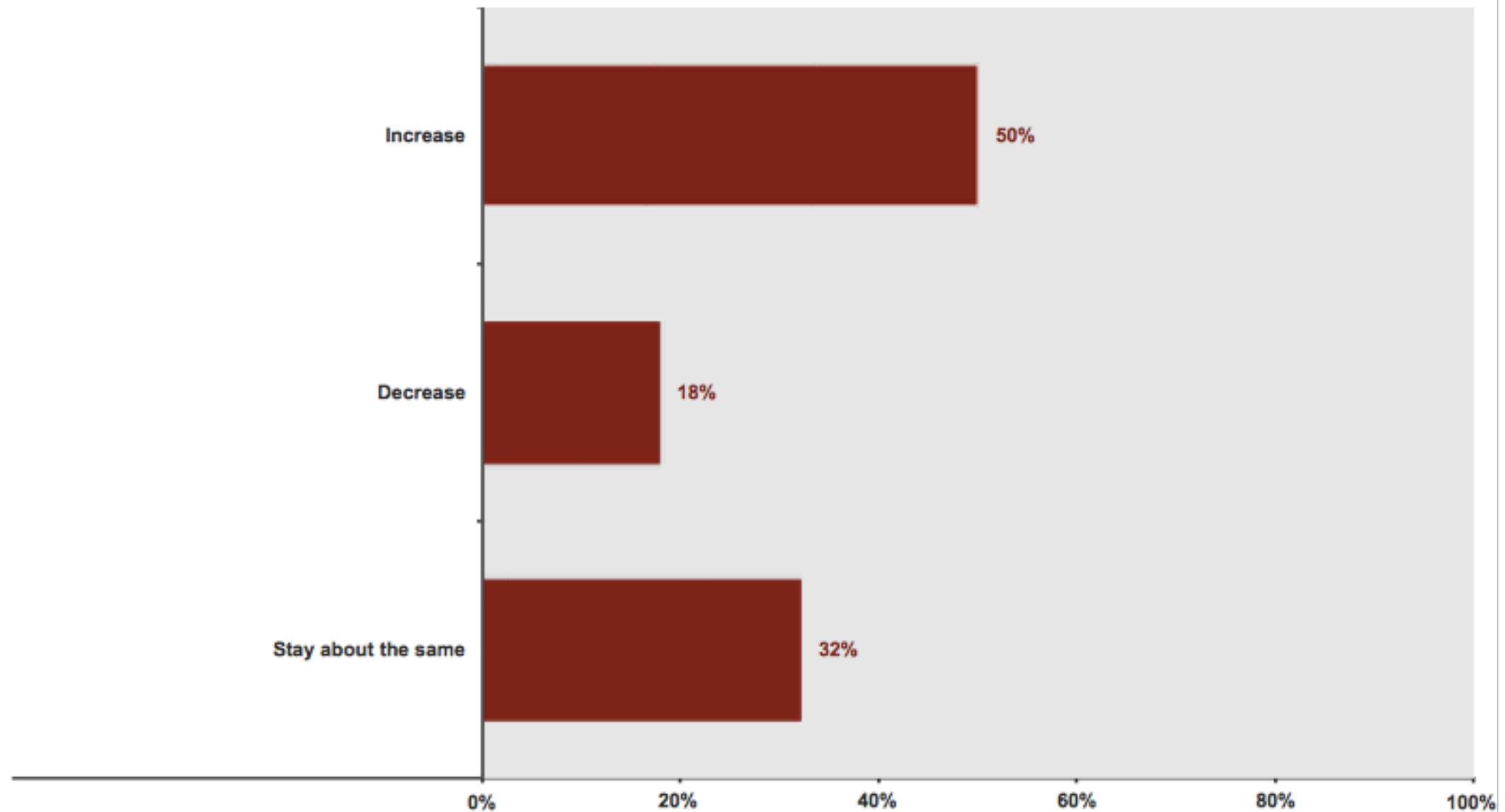
PR Tech Market: Trends

- PR pros in North America expect **budgets** for PR Info & Software services to **grow** at low to mid single digit rates, with highest increases in spend on social media tools;
- **Underlying market drivers remain strong** in the US as the number of PR professionals is expected to grow by 21% over the period 2010-20, bringing 68,300 new positions;
- The widely recognised **switch** from “paid” media and paid search **to** “owned” and “**earned**” media, especially via social channels, **fuels demand** for PR skills & solutions;
- Given the ongoing decline in traditional media revenues & employment, traditional media “refugees” will continue to start up PR-focused businesses, bringing innovation and disruption to the market.

Industry Profitability

Media Intelligence Market Growth Survey 2017 – Profitability Change – 2016

How did the profitability of your Media Intelligence business change in 2016, compared to the previous year? Did it:



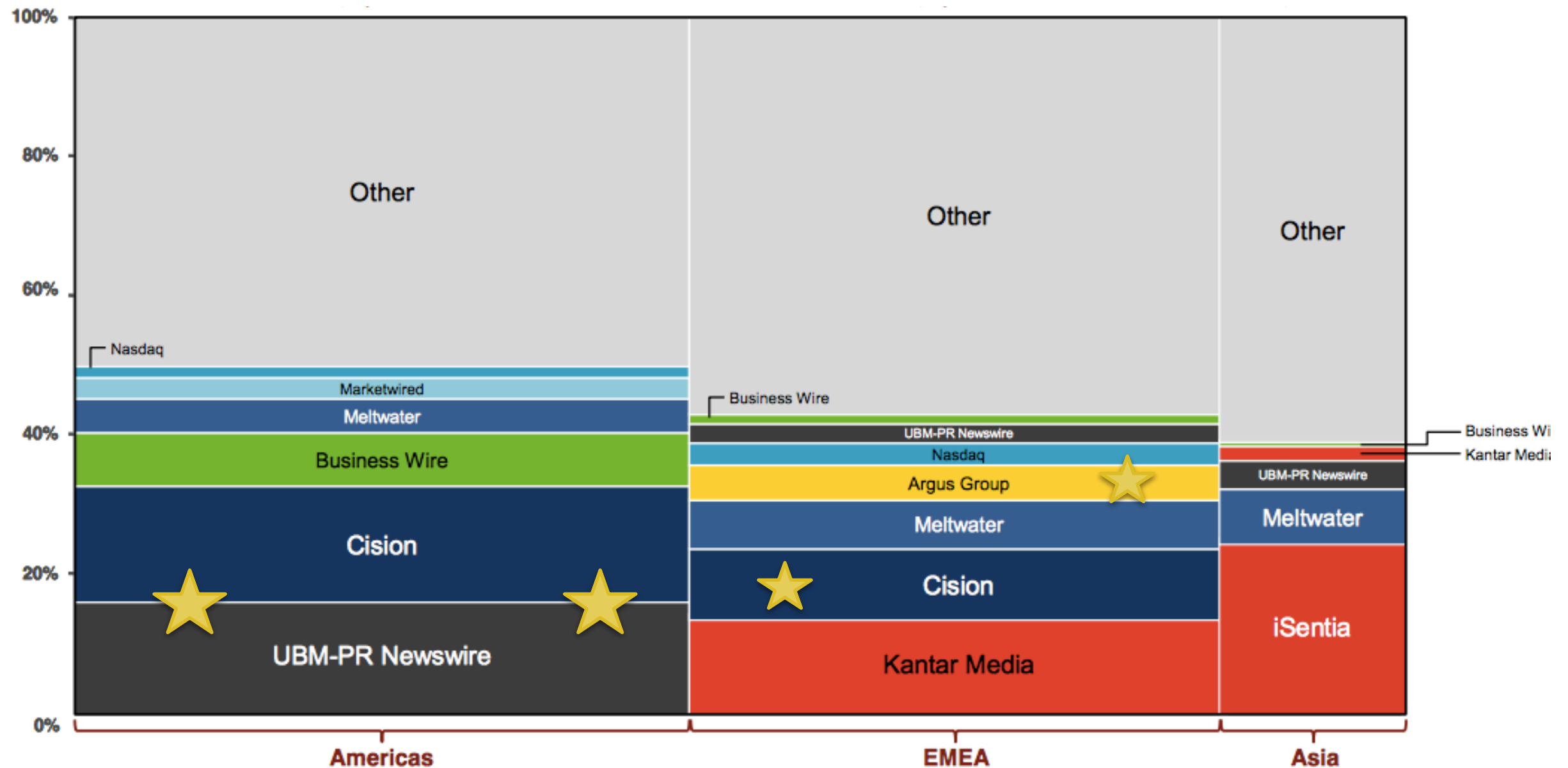
- Half of the vendors who responded to the survey said that the profitability of their Media Intelligence business had increased in 2016, compared to the previous year
- 32% said profitability had stayed about the same; 18% said it had decreased.

PR Tech Market: Trends

- By geography, Cision Group is by far the largest vendor in the Americas, Australia's ISentia leads in Asia, while UK-based Gorkana (Cision Group) was the largest single player in EMEA
- Several vendors, including Cision Group (PRN, Gorkana) & Meltwater are actively **generalising platforms** and go-to-market strategies across geographies, to increase growth and scale

PR Tech Market - Overview

Global Media Intelligence/Public Relations Spend – By Vendor – *exit 2015*

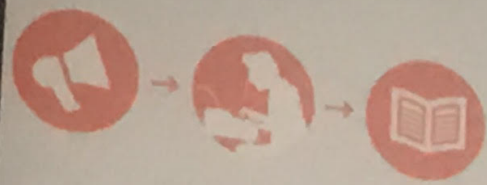


- The Media Intelligence market remains fragmented, especially in EMEA, and includes many small to medium-sized local or regional vendors;
- Cision/PRN has the largest share in North-America, Kantar in EMEA and iSentia in Asia.

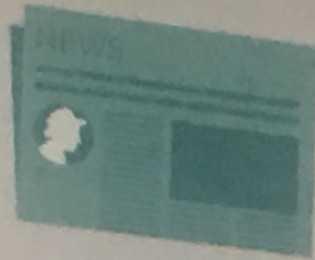
Cision Excursion



- CEO Kevin Akeroyd contextualises Cision's offering within a global shift in the communications model



LINEAR
PR CAMPAIGNS



KNOWN
INFLUENCERS

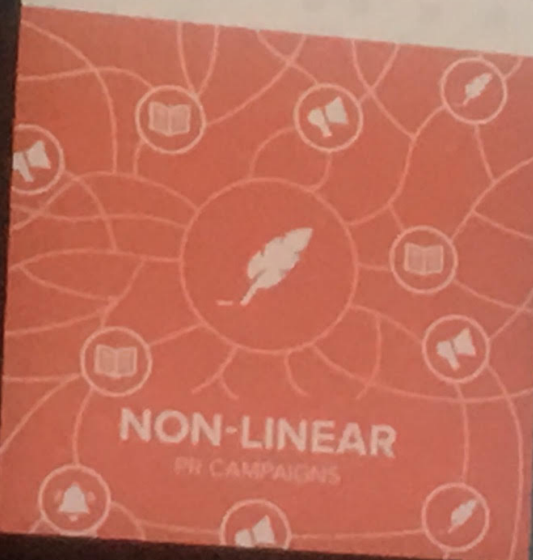


IMPLICIT
AUDIENCE IMPACTED

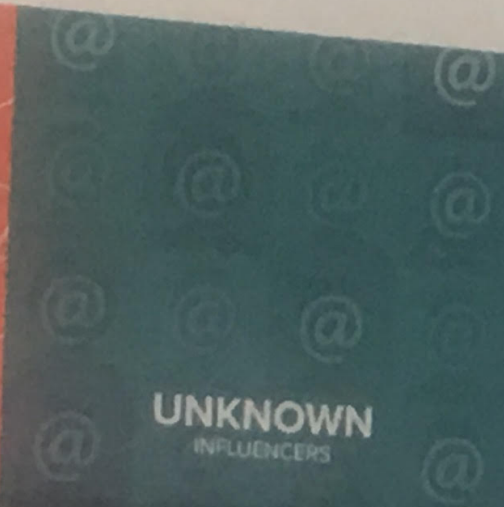


FINITE
SPHERE OF INFLUENCE

Shift in Media Landscape Flips Traditional Comms Model



NON-LINEAR
PR CAMPAIGNS



UNKNOWN
INFLUENCERS



EXPLICIT
AUDIENCE IMPACTED

INFINITE
SPHERE OF INFLUENCE

CISIO

Cision Excursion



- Cision CMO Chris Lynch aims to redefine the 5 traditional PR tech product groups

IDENTIFY INFLUENCE

INFLUENCER
DATABASE

INFLUENCER
GRAPH

AUDIENCE
DATA

LISTENING

CRAFT CAMPAIGNS

PRESS RELEASE DISTRIBUTION

CONTENT & EDITORIAL CALENDAR

NEWSROOMS

SOCIAL PUBLISHING

EMAIL COMMUNICATIONS

MULTI-MEDIA

ATTRIBUTE VALUE

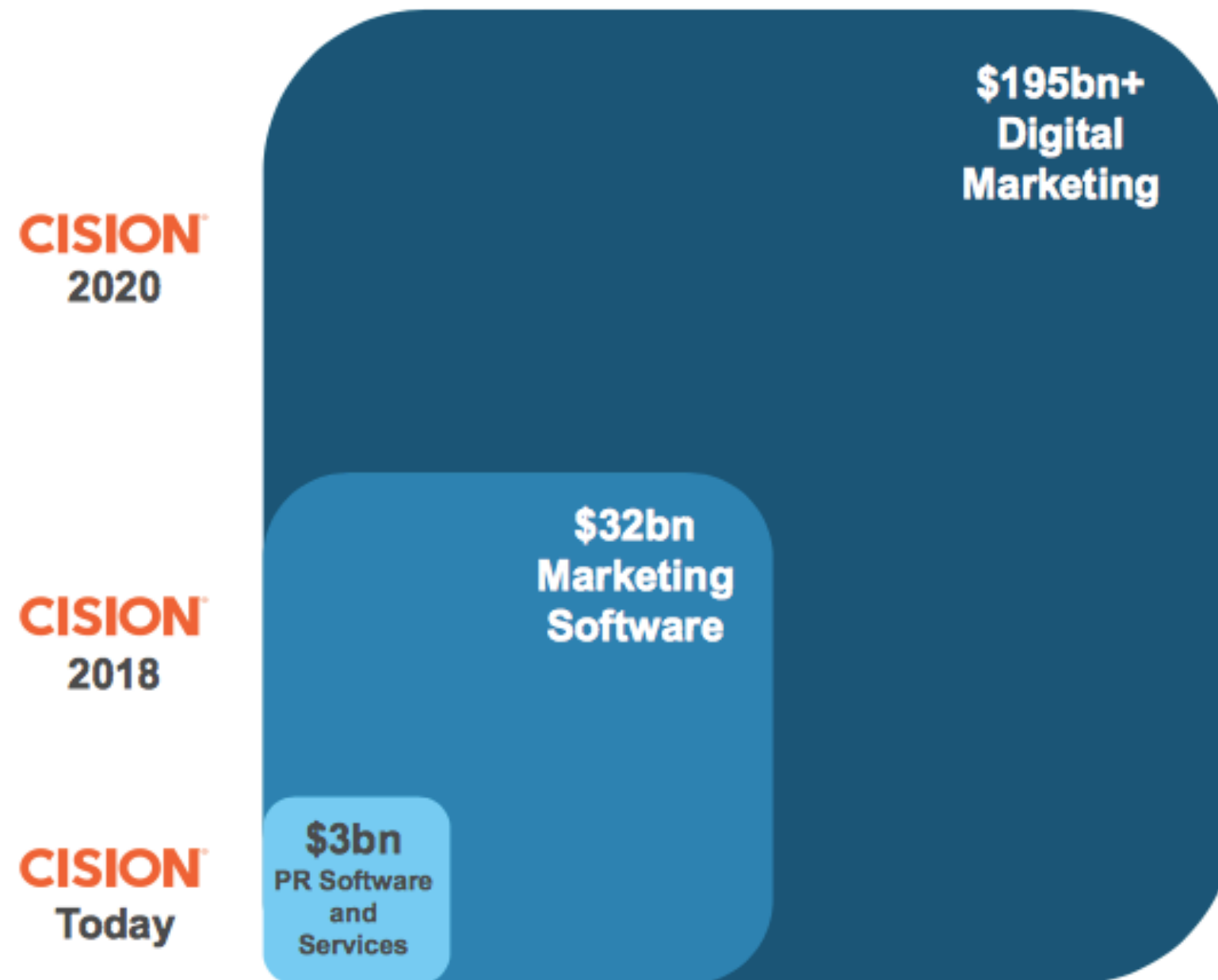
MONITORING

MEDIA INSIGHTS

AUDIENCE ANALYTICS

CONVERSION TRACKING

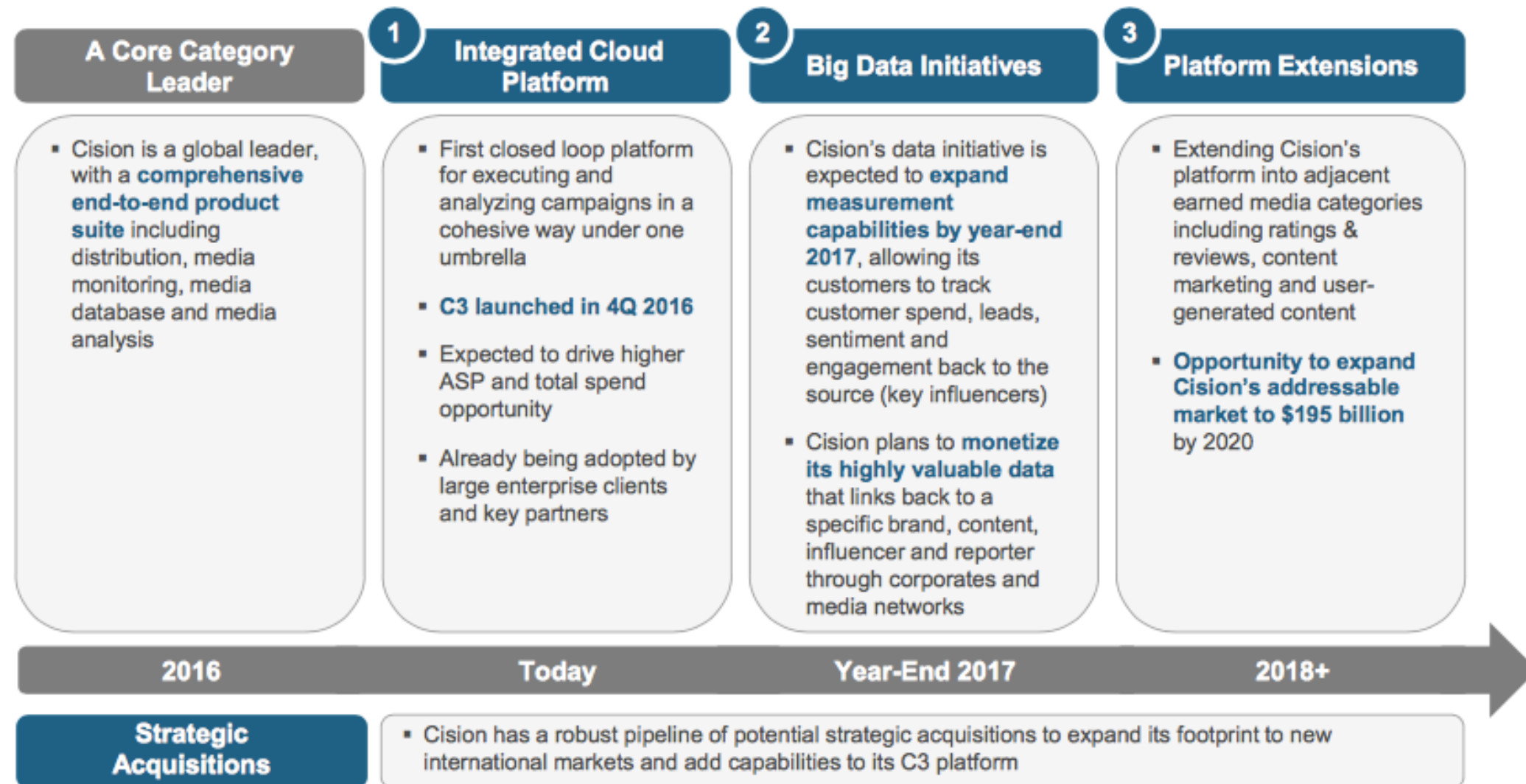
Cision Excursion



- Cision expands addressable market from PR core to MarTech & Digital Marketing / Data

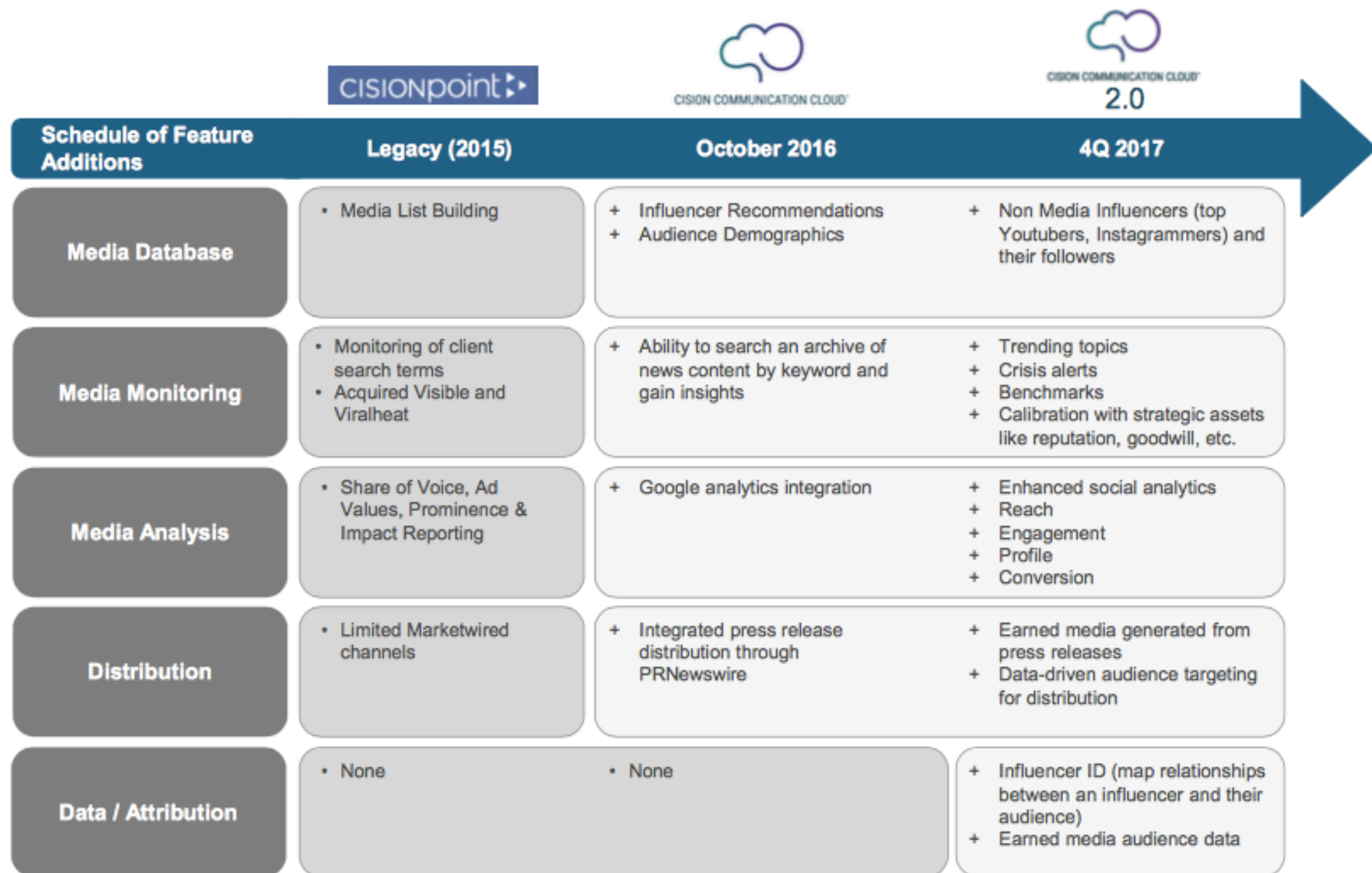
Cision Excursion

The Cision Communications Cloud™ is expected to transform the communications industry



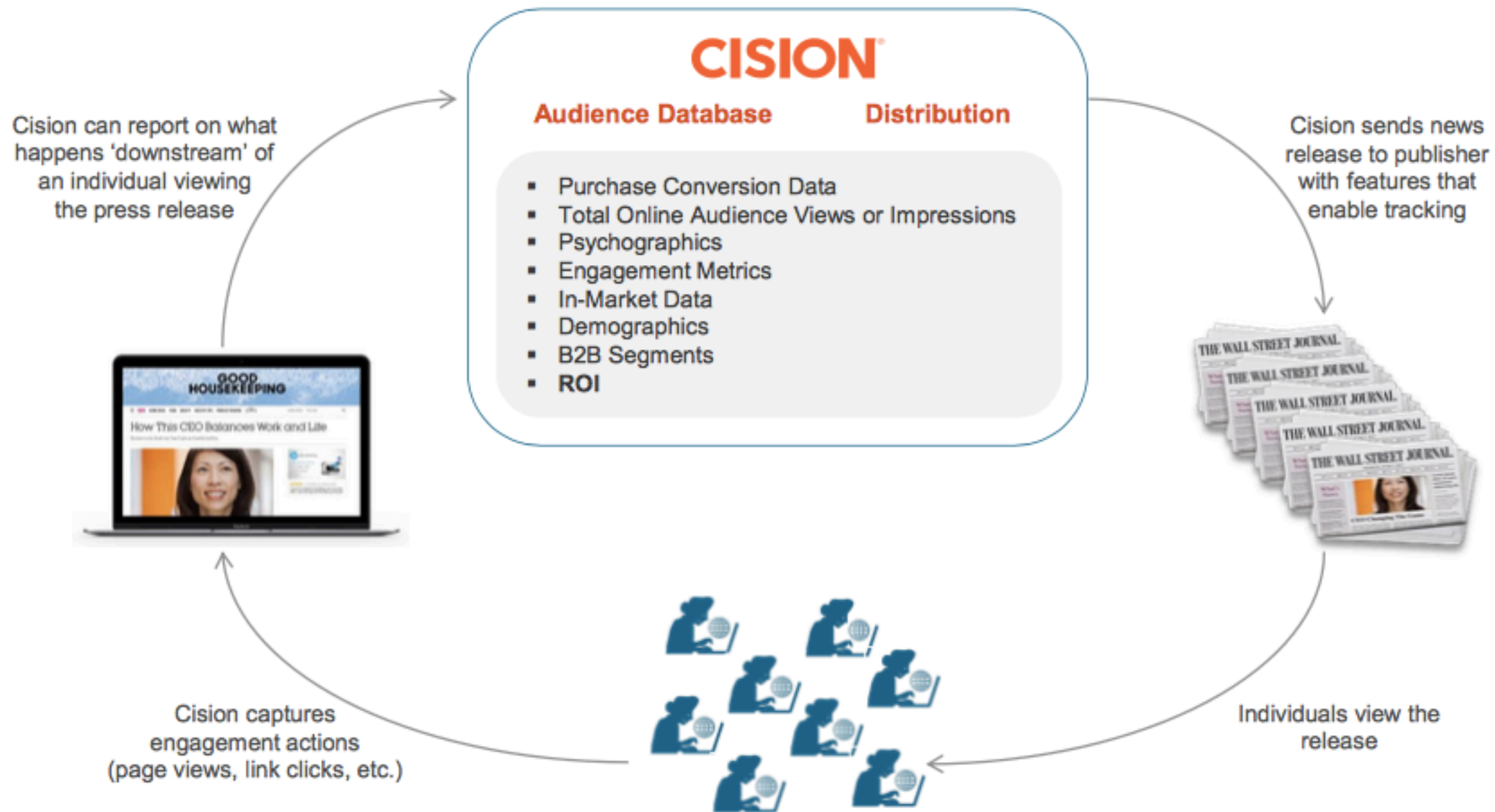
- C3 to fuel growth through integration, big data & earned-media product extensions

Cision Excursion



- Cision's historic & future product roadmap & features

Cision Excursion



- Cision to build 'holy grail' of PR, data-driven proof of campaign impact on individual level

Cision Excursion

CMO: Becoming the Largest Technology Buyer

Enterprise Technology Spend
as % of 2016 Revenue



Marketing technology spend is expected to exceed spend on core enterprise IT in 2017 and is growing at a much faster rate – 12% vs. 3%⁽¹⁾

Marketing Budgets Shifting to Earned Media

Earned media is free at the core with only investment applied to getting and monitoring it so ROI is high

60% of internet users have used an ad-blocker on their main computer

93% of marketers believe influencer marketing is effective in raising brand awareness

75% of marketers believe influencer marketing generates sales leads

CMOs Prefer Platforms over Point Solutions



PRs and CMOs prefer to invest in fully-integrated PR SaaS platforms with closed loop capabilities for campaign execution and analysis

Expanding Addressable Market



The launch of the C3 and future platform extensions will expand the total addressable market

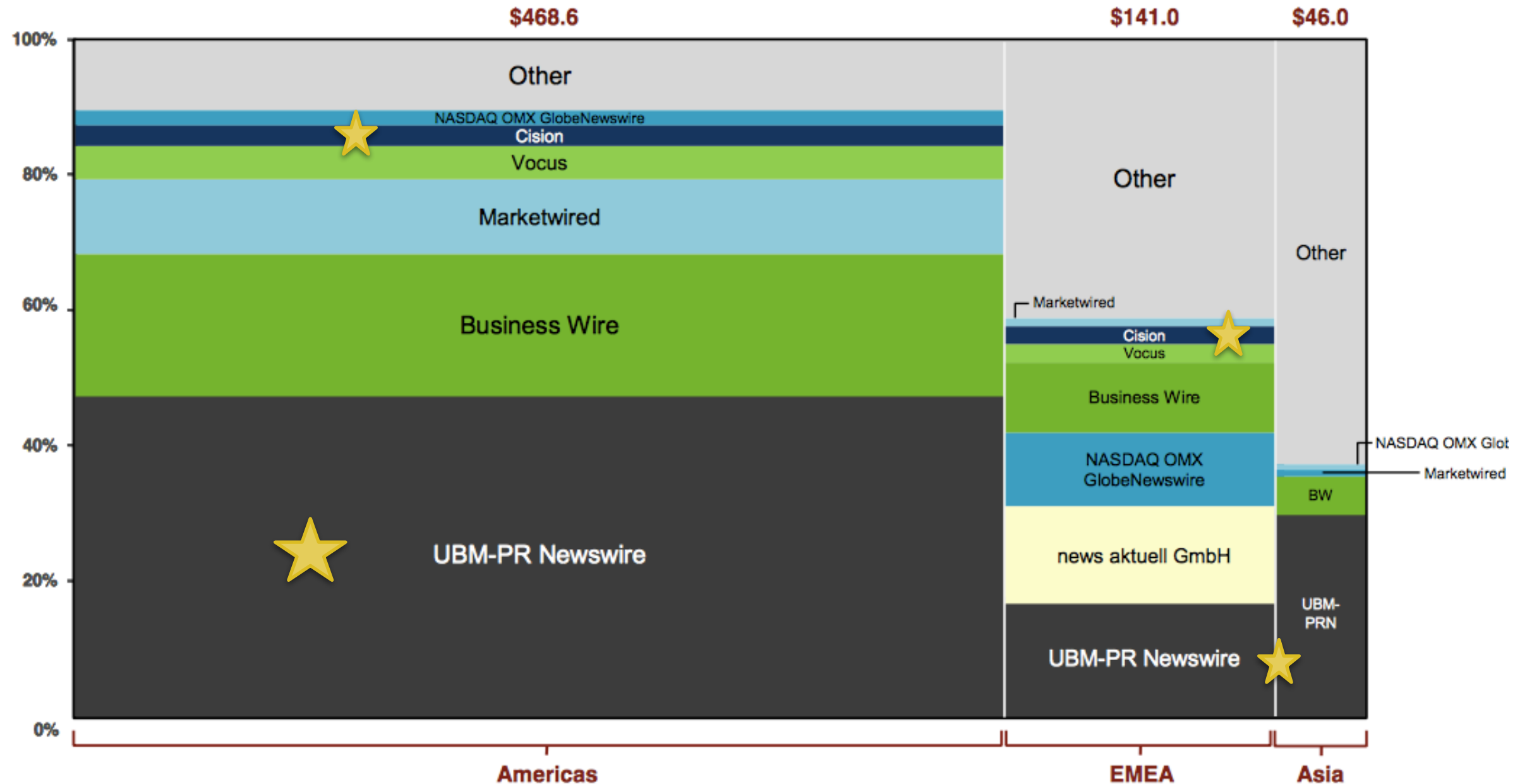
- Cision's key industry trends with “*Earned*” as the most trusted media category yet with the smallest allocation of CMO budgets i.e. the shift in marketing spend from paid to earned is a significant opportunity”

PR Tech Segments: Distribution

- Global market leader PR Newswire pursued revenue growth through regular product innovation and diversification, more subscription-based contracts in the US - now as a Cision company, its focus will be on integration;
- In North America, Business Wire generally shows less organic product diversification than Cision/PR Newswire and a smaller footprint beyond its US home territory which changed since it partnered with Agility;
- Although the main global players all have a presence in EMEA, local providers maintain strong share in several markets, including news aktuell GmbH in Germany and the London Stock Exchange-owned Regulatory News Service in the UK;
- In an Asia market estimated to be growing at roughly 20% CAGR, Cision/PR Newswire has a strong presence (most notably in China), Business Wire has a small but fast-growing operation, and there are several country-specific local vendors;
- There is a natural cross-over between the News Distribution space & Contact Management solutions, where the use of self-built solutions is high in both;
- The EMEA market is less consolidated; The Asia market is growing fast, but remains a small percentage of total spend;
- Survey respondents are very satisfied with the turnaround time and reputation of their primary News Distribution provider/service; They are not currently satisfied with the SEO optimisation features they are receiving;
- Nearly three-quarters of survey respondents anticipate they will continue using their primary Press Release Distribution provider as they do now and no respondents indicate they are planning to switch provider.

PR Tech Segments: Distribution

Global Press Release Distribution Spend – By Provider – **exit 2014**



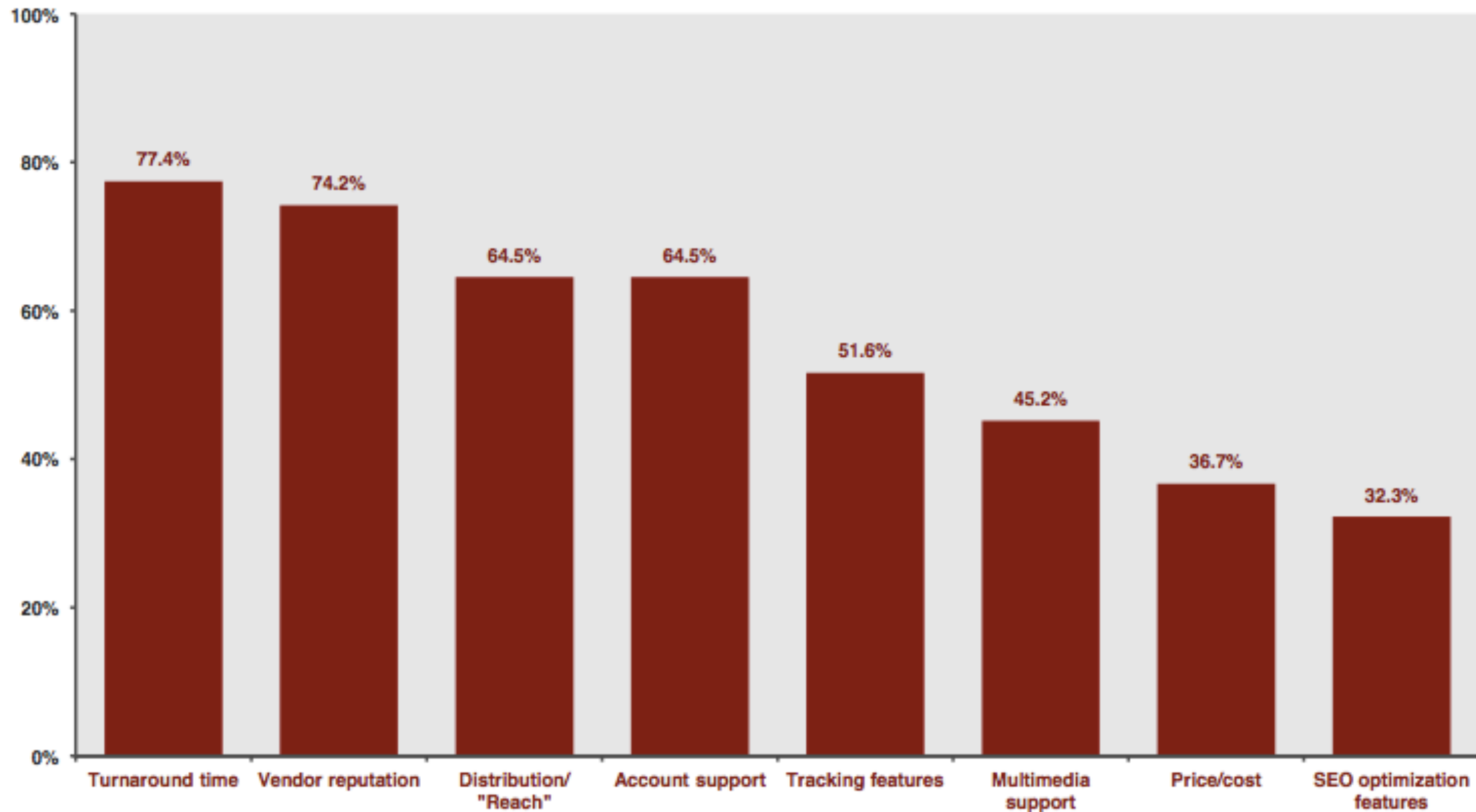
- Global Press Release Distribution spend in 2014 was at USD655.6m, up 1.17% from a year earlier;
- The overall shape of the market was broadly unchanged, with PR Newswire and Business Wire the major players in the US and EMEA and Asia markets less consolidated.

PR Tech Segments: Distribution

Satisfaction Levels –

- Extremely/Very Satisfied

For the following attributes, how satisfied are you with your Primary traditional news media monitoring provider?



PR Tech Segments: Monitoring

- **Spend on traditional Media Monitoring** continues to be relatively **constrained** as article volumes from traditional news outlets decline, as users turn to free or low-cost Web-based monitoring solutions and as PR professionals focus budget increases on social media;
- While no-one views traditional monitoring as a long-term global growth engine, the market has relatively stabilised, with the hand of traditional vendors strengthened by the rise of paywalls on newspaper publisher sites;
- In the Americas, the move from traditional clippings approaches to largely do-it-yourself digital solutions is well-advanced;
- Non-PR specialist companies LexisNexis (NB: NewsDesk with no NB sales) and Factiva continue to be used alongside Web solutions such as Meltwater and Cision but **Google is the PR monitoring solution of choice**;
- **In EMEA, monitoring remains a substantial market** with many nationally based providers, several of which are diversifying into integrated solutions;
- In Asia, while iSentia dominates in Australia/New Zealand, growth is viewed as constrained by low- cost alternatives, as use of Google alerts and self-service solutions is widespread.

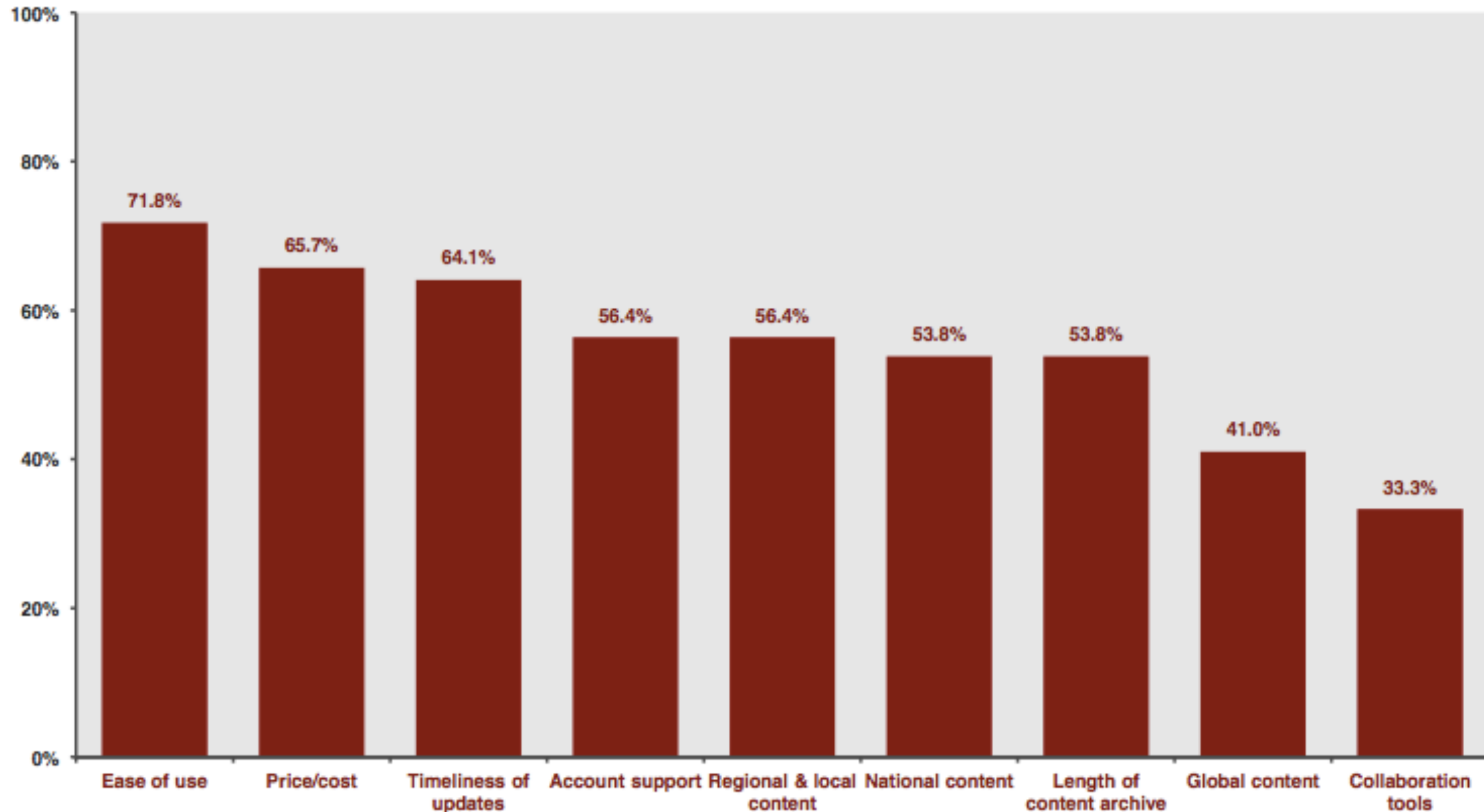
PR Tech Segments: Monitoring

- Survey respondents are most satisfied with ease of use, price/cost and timeliness of information updates for their primary traditional news monitoring provider;
- Three-quarters of survey respondents anticipate they will continue to use their current primary traditional news monitoring provider, while nearly 8% plan to change supplier;
- Respondents are least satisfied, by far, with the availability of collaboration tools.

PR Tech Segments: Monitoring

Satisfaction Levels – Traditional News Monitoring Provider – *Extremely/Very Satisfied*

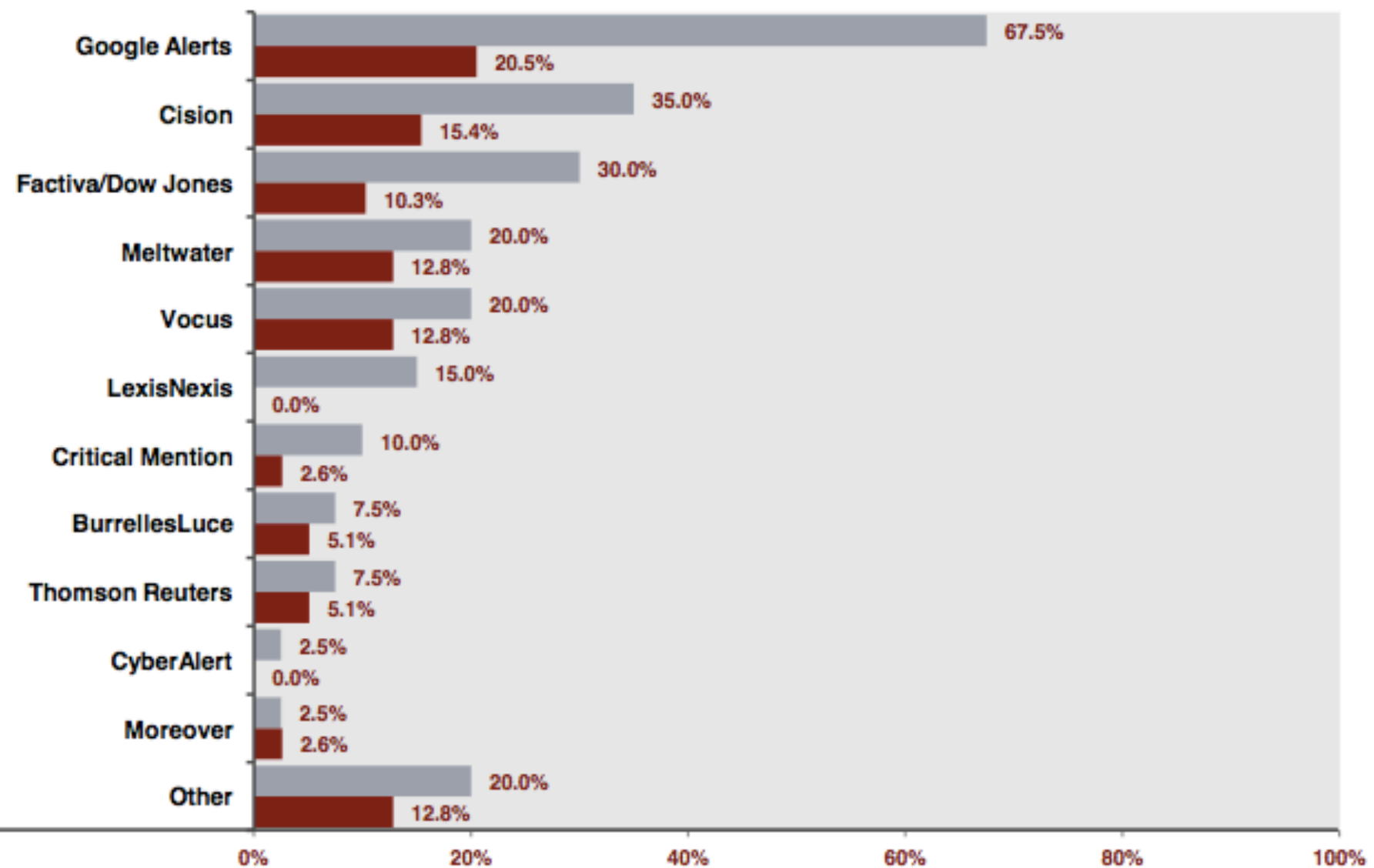
For the following attributes, how satisfied are you with your Primary traditional news media monitoring provider?



PR Tech Segments: Monitoring

Most Used – Traditional News Media Monitoring Sources/Tools – *Regularly Used/Primary*

Which of the following software services/providers do you regularly use for social media monitoring and which is your primary?



Sample size: 39

Regularly used Primary

PR Tech Segments: Measurement

- Media Measurement is the smallest segment of the market and the five-year growth trajectory is flat;
- The **Media Measurement space is** highly **fragmented**, with a mix of automated and manual solutions and no dominant vendor, though Meltwater is believed to be gaining ground through its automatic analysis solution;
- There are many nationally focused Media Monitoring vendors using primarily manual approaches and achieving only moderate scale, with revenues typically in the range USD5m-USD15m, including Gorkana's Metrica business and Echo Research in the UK, Unicepta in Germany, Medialogia in Russia and Reputation Institute in Spain;
- Software-based vendors typically offer automated measurement/analysis solutions (e.g. Meltwater, Cision/Gorkana) though some also offer a manual analysis option (e.g. Cision/Gorkana);
- Burton-Taylor survey results from North American PR pros indicate that nearly four in ten are using only internal systems and tools to measure and analyse media, rather than using an external provider;
- It is **not unusual** to find relatively small Media Measurement vendors supporting major blue-chip clients and it is not unusual **for customers to switch between measurement providers**;
- North American survey results indicate overall customer satisfaction with media measurement providers is lower than satisfaction levels in other segments.



PR Tech Segments: Contact Management

- **Contact management** continues to be a **growth segment** (higher single digit growth);
- Use of **do-it-yourself solutions remains widespread**, as almost half of respondents said they use only internal tools and systems to gather profiles or track contact information of journalists and bloggers;
- While users are expressing a desire for better profile coverage of influential social media commentators, the need for effective communications with traditional media remains important;
- There has been some consolidation in the Contact Management space since 2010 (France, Germany, UK, USA);
- Cision is the largest player in the Americas and EMEA;
- 2018's **EU GDPR will** be a big positive **push** for **traditional media databases**.



PR Tech Segments: Contact Management

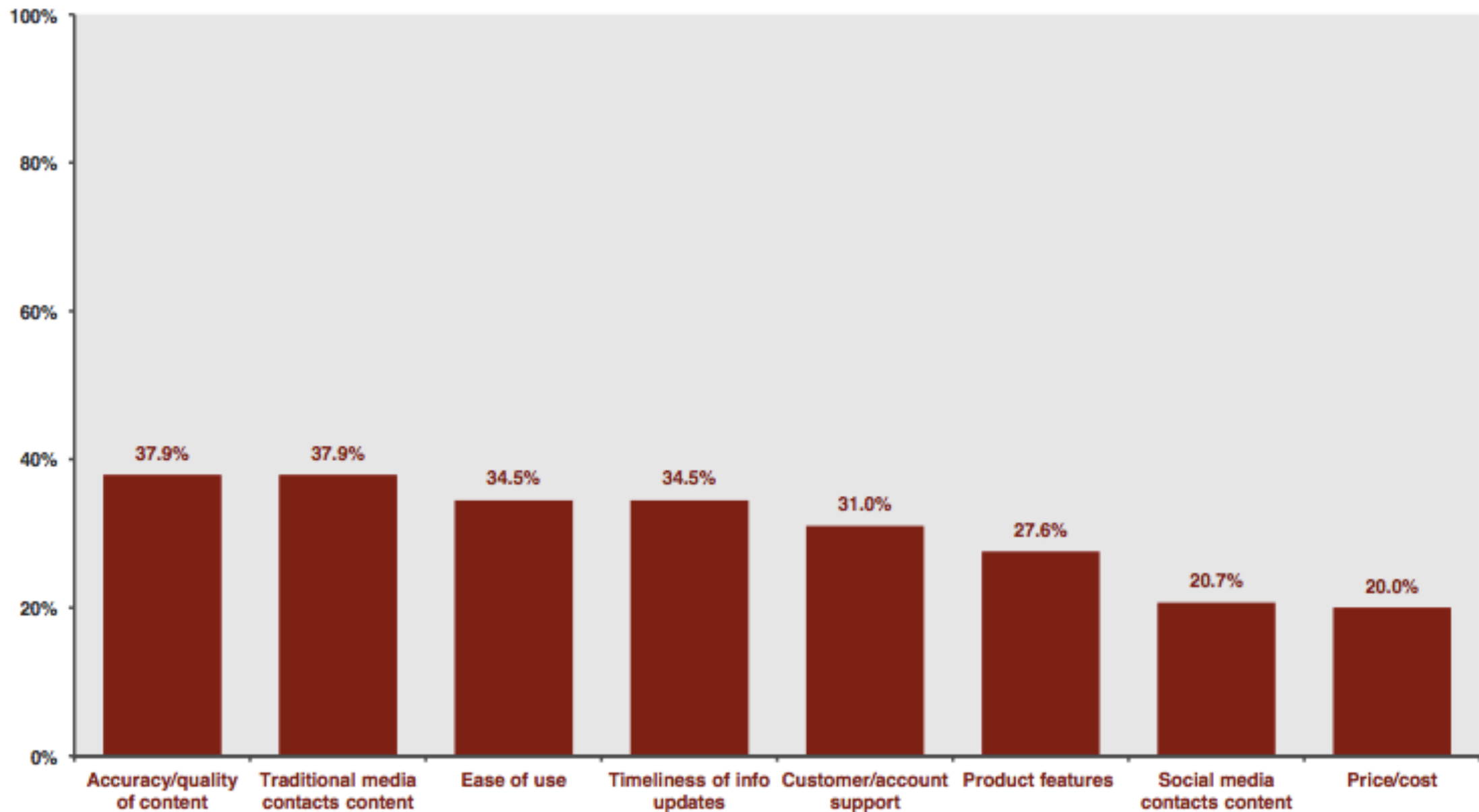
- **Satisfaction is low for** all attributes of media **Contact Management** services, with only around one-third of North American professionals giving top scores to their primary provider;
- Price and breadth/depth of content for social media contacts received especially low scores;
- While satisfaction with their primary Contact Management provider is low, most survey respondents anticipate they will continue using their provider as frequently in the future as they do now.



PR Tech Segments: Contact Management

Satisfaction Levels – Media Contact Management Provider – *Extremely/Very Satisfied*

For the following attributes, how satisfied are you with your Primary media contact management monitoring provider?

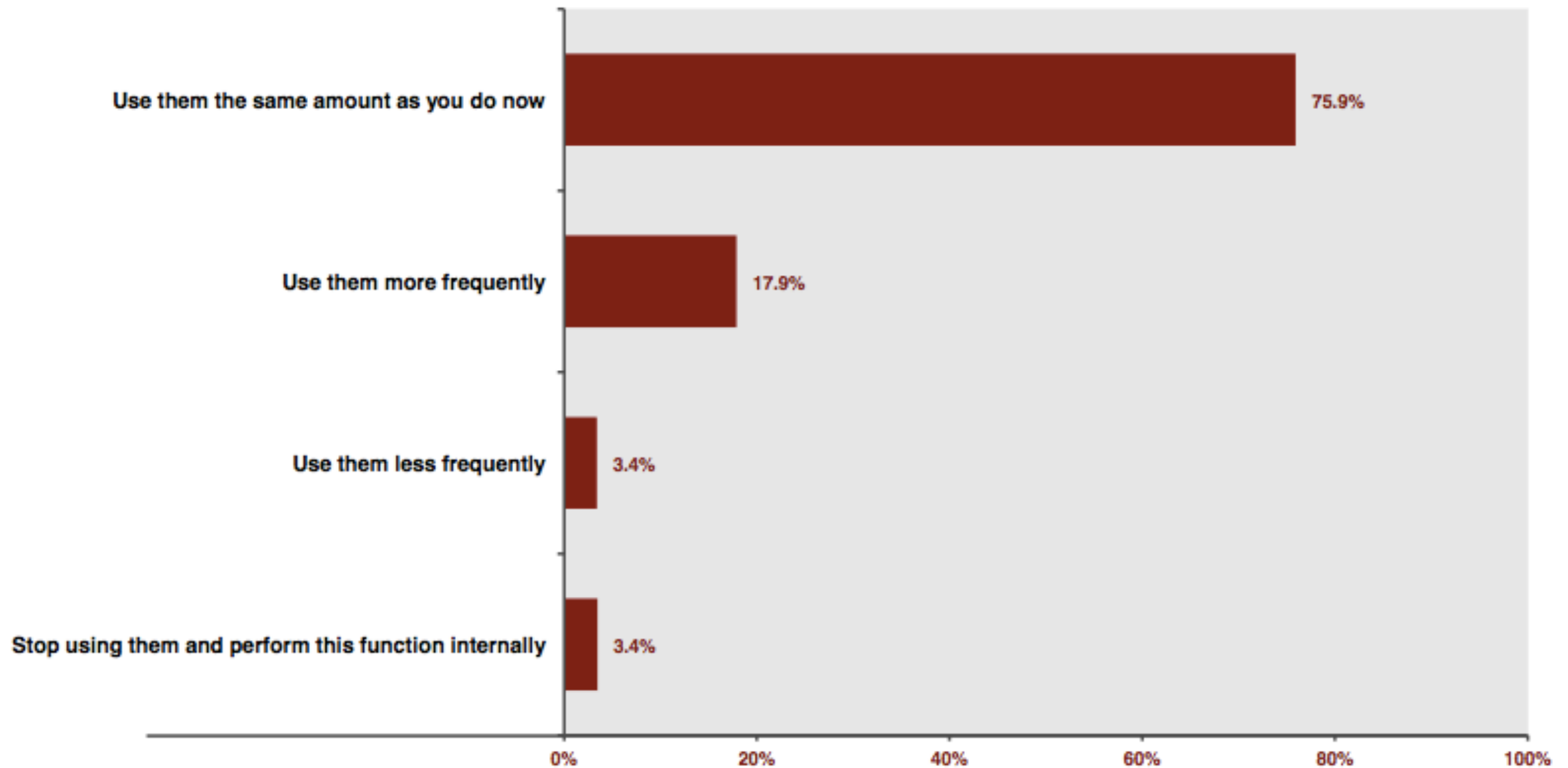




PR Tech Segments: Contact Management

Future Use – Primary Media Contact Management Provider

Which of the following best describes how you intend to use your primary provider in the next 12 months?



PR Tech Segments: Social Media

- **Social Media is the boom area** for spending. There are more than **250 providers** attacking the market in various ways, including numerous locally focused start-ups;
- Over 60% of vendor revenue is being generated in the Americas, but the major American vendors are only sporadically seen in other regions, where markets are much less developed;
- Radian6/SocialStudio and HootSuite, each with revenues in the tens of millions and claiming spectacular growth rates, are the stand-out vendors by size, however there is a second-tier group which includes Converseon, Engage121 and Networked Insights thought to have revenues in the range USD10m-USD20m each;
- According to a Social Media vendor interviewed, not all the headline growth can be attributed to PR buyers, as some vendors are concluding that there is more money to be made in other departments which are directly responsible for customer management: “**PR is not where the big money is.**”;
- PR survey respondents in North America are only moderately satisfied with their primary Social Media provider overall, with less than half giving top scores, but few expect to switch vendor in the coming year.

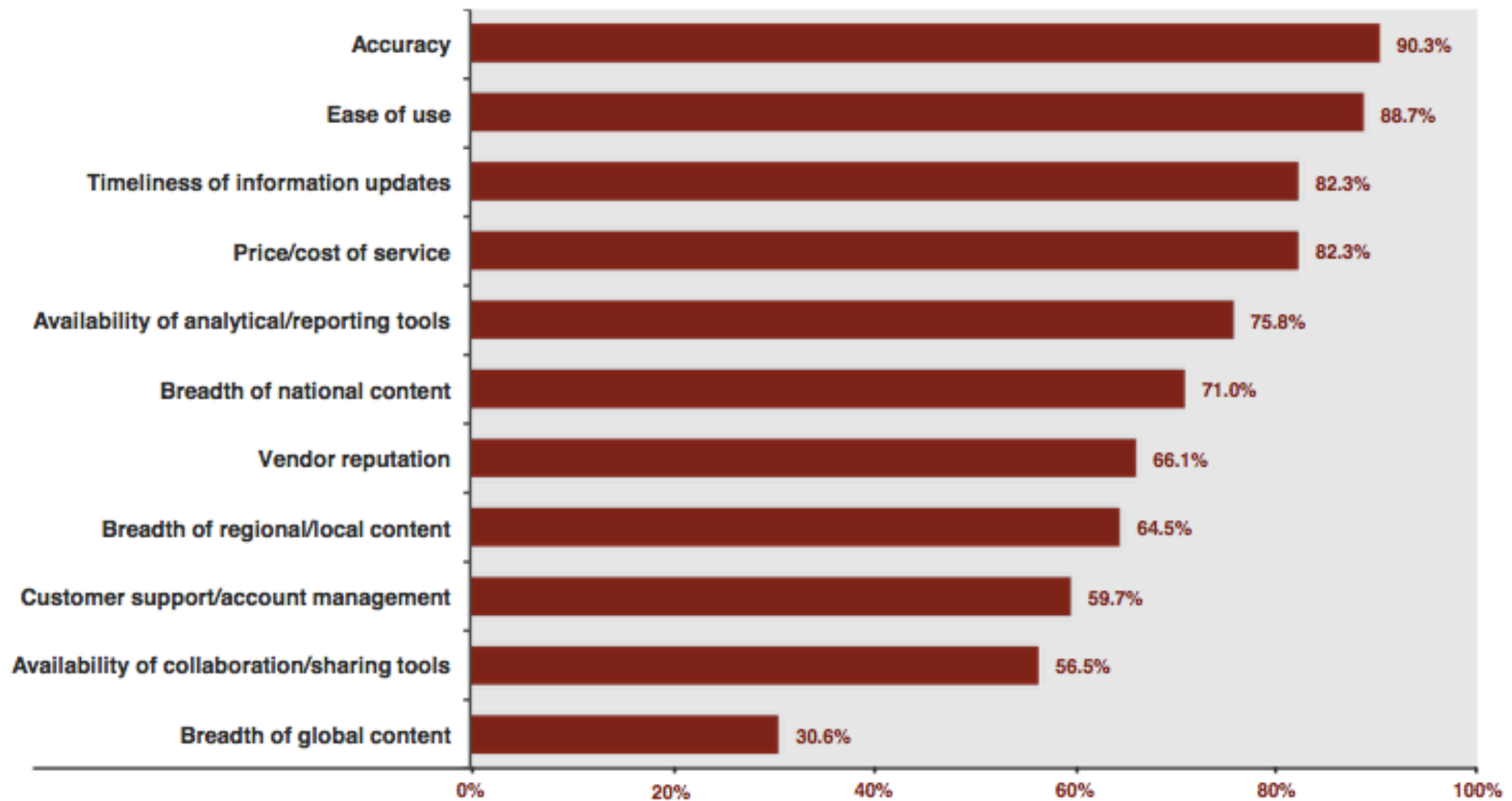
PR Tech Segments: Social Media

- The Social Media Distribution market is significantly more established in the Americas than elsewhere;
- Radian6/SocialStudio and HootSuite are the current runaway leaders, with combined share estimated approaching 40%;
- A survey results among North American PR professionals find that over half regularly use Google for Social Media monitoring;
- HootSuite is the most often mentioned primary vendor, followed by Radian6/SocialStudio;
- Survey respondents are moderately satisfied with the key attributes of their primary Social Media monitoring provider, with ease of use scoring highest and internal collaboration tools scoring the lowest;
- Despite moderate satisfaction scores, more than half of respondents anticipate they will continue using their primary Social Media provider the same amount they do now and almost one-third say they will use them more frequently in the next year, with very few intending to switch vendors.

Importance of Service Attributes (across all segments)

Why They Buy – PR/Corporate Communication Information Sources/Tools – *Extremely/Very Important*

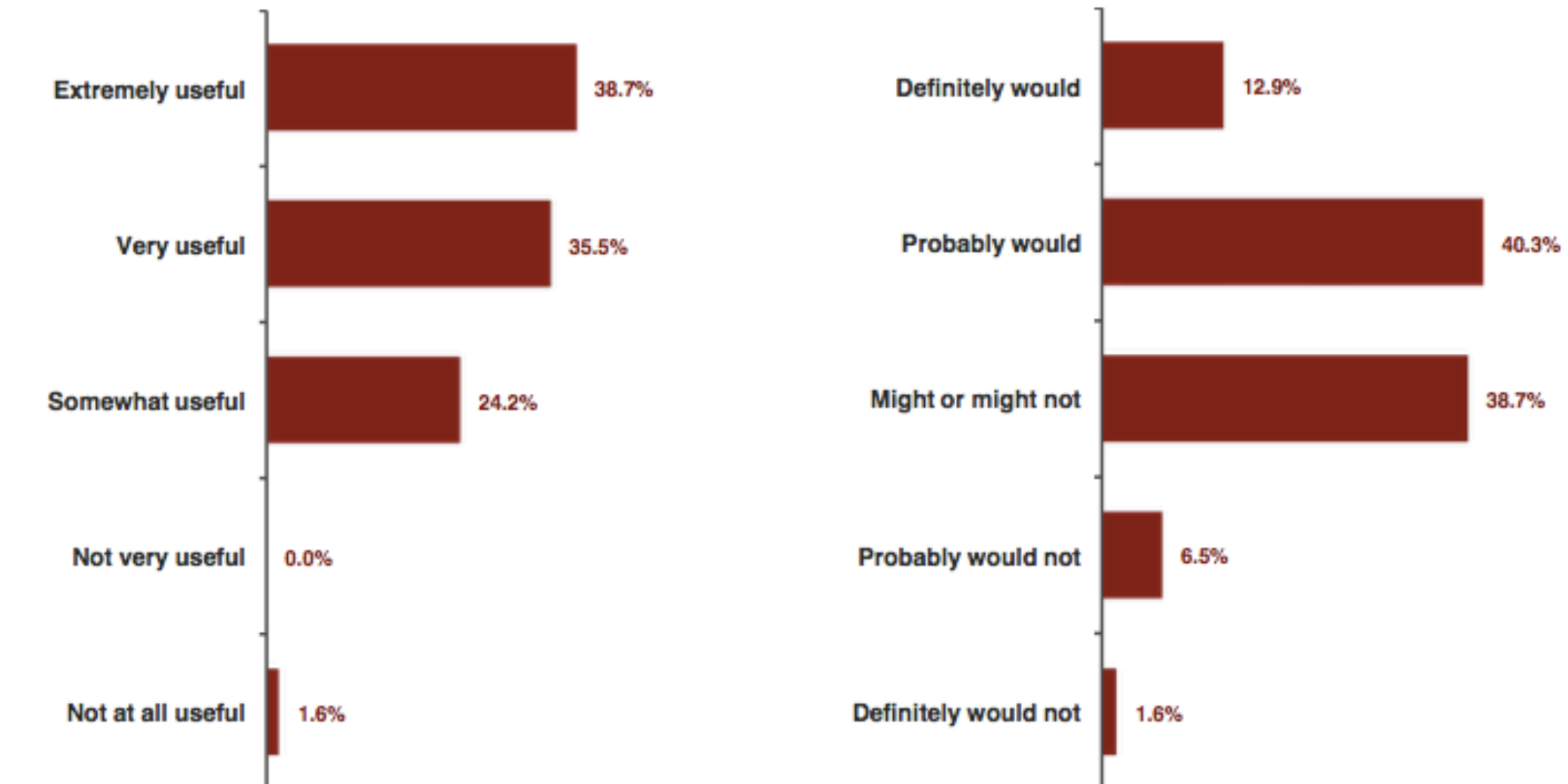
When choosing an information source or tool to do your job, how important to you are the following attributes?



Importance of Service Attributes (across all segments)

Integrated PR/Corporate Communications Product – *Usefulness/Likelihood to Use*

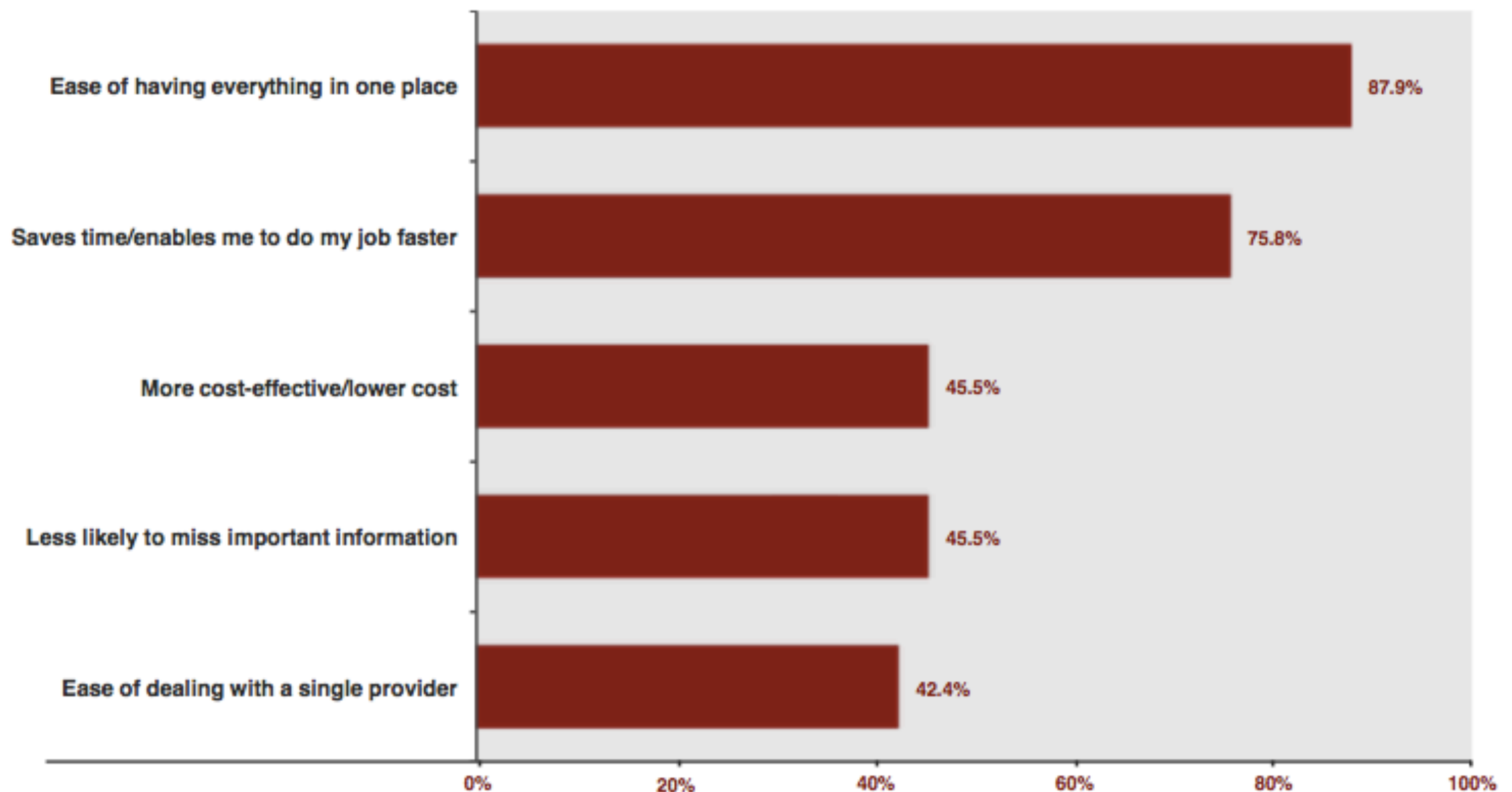
How useful would an integrated PR/Corporate Communications be to you/your department to do your job and how likely would you/your department be to use an integrated PR/Corporate Communications to do your job?



Importance of Service Attributes (across all segments)

Integrated PR/Corporate Communications Product – *Reasons Likely to Use*

Which of these are key reasons you would be likely to use an integrated PR/Corporate Communications?



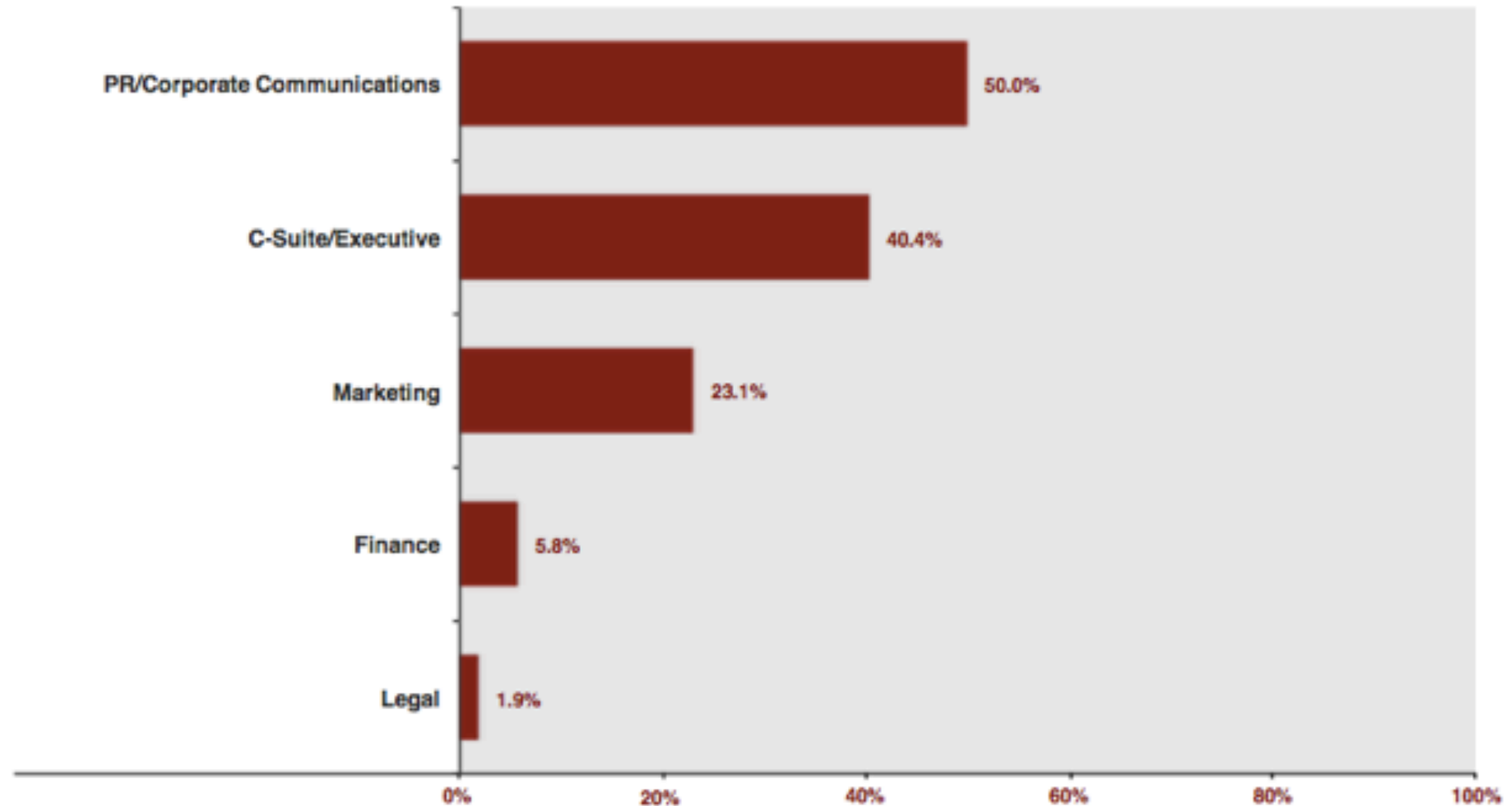
Integrated PR Solution

- **Three-quarters of** survey **respondents say** that **an integrated PR/Corporate Communications product would be extremely** or very useful to do their job and more than half of these professionals say that they definitely or probably would use such a product in their job;
- **Ease** of having everything in one place and **saving time** are the key reasons why these PR/Corporate Communications professionals would want to use an integrated PR/Corporate Communications product.

Budget Holders

PR/Corporate Communications Budget – *Department Held*

In which department is the PR/Corporate Communications budget held ? (select all that apply)



- Budgets are most often held in the PR/Corporate Communications department, while a good portion sits in the C-Suite and close to one-quarter reside in Marketing



Prezly

Competition & External Viewpoint

Leuven, 16th June 2017

Start-Up Triangle?



- [pr.co](#): Reduced staff from 14 to 7 (cost reduction, May); annual revenues of about €260K in 2017 with a negative trend; Buggy core news production & distribution product with NPD stalling (Match); No effective sales/marketing or partnering capabilities; Received private investment of €400K in January and government grant in Q3/17 of similar value;
- Prowly: About 20 FTEs & €1.5m annual revenues; CEO eyes aggressive global expansion through independent new business sales network (APAC & EMEA; burnt in NA), also driven by main Polish investor (€1.1m funding in Jan 2016) - Just employed a new CMO. Stable core product with some media database offering in development (completing Media Relations piece);
- Prezly product feedback: **Positive**: “Email distribution options superior to direct competitors” and “Good analytics concerning email distributions, especially the feature showing where and when the contact clicked on the email and if an image was downloaded or a video played” - **Negative**: “Hierarchical workflow options not as developed as some of the competitors (different user level, restricting actions that user might take is not as good as other competitors)” and “Lacks the features to run multiple newsroom, targeted at different markets, with a collaborative and yet centralised approach; no top-bottom nor bottom-up approach

Focus on Prezly: A one-stop-shop for brand content



Distinctive Features

- Media database (contacts, files, images, etc.)
- Cross-platform publishing
- Includes team editorial calendar
- Search engine optimization
- Real-time data analytics
- Custom brand newsroom website
- Social media integration
- Includes, stories, brand assets and press kits

RELEVANCE



Benchmark: All things considered

Features	Prowly	PR.CO*	Prezly	PressPage	CoSchedule
Global media library	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Editorial calendar	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Team workflow	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Custom newsroom website	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Contact management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Global VS Local team management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

*PR.CO most relevant

New Entrants: Hypefactors



- New market entrant - driven by Ex-PR Manager and a growing product and marketing team;
- Mainly media monitoring & analytics PR software with an all-in-one tool product roadmap - distribution and newsroom offering Hype.News to be launched this month) - easy to use tool;
- 20 clients to date (e.g. Diageo in U.K.) with aggressive global franchise-based expansion plans;
- Wants to be the '*new Cision*';
- Nordic culture, heritage, values and origin is a massive positive (messaging wise but also legally) versus Trendkite in particular but also others;
- No historic data (revenues or else).



Performance



Streams



Relations



Stories



Social



Files

GET YOUR STORIES PUBLISHED

Why not publish and distribute your media stories from your own smashing online news channel? This way you will control the content and make it a lot easier for journalists and other influencers to find your stories and share them with their readers.

A limited number of early birds get a FREE news channel – so register now and claim your right to a free media channel before it's too late.

Sign up and get exclusive free access to Hype.News

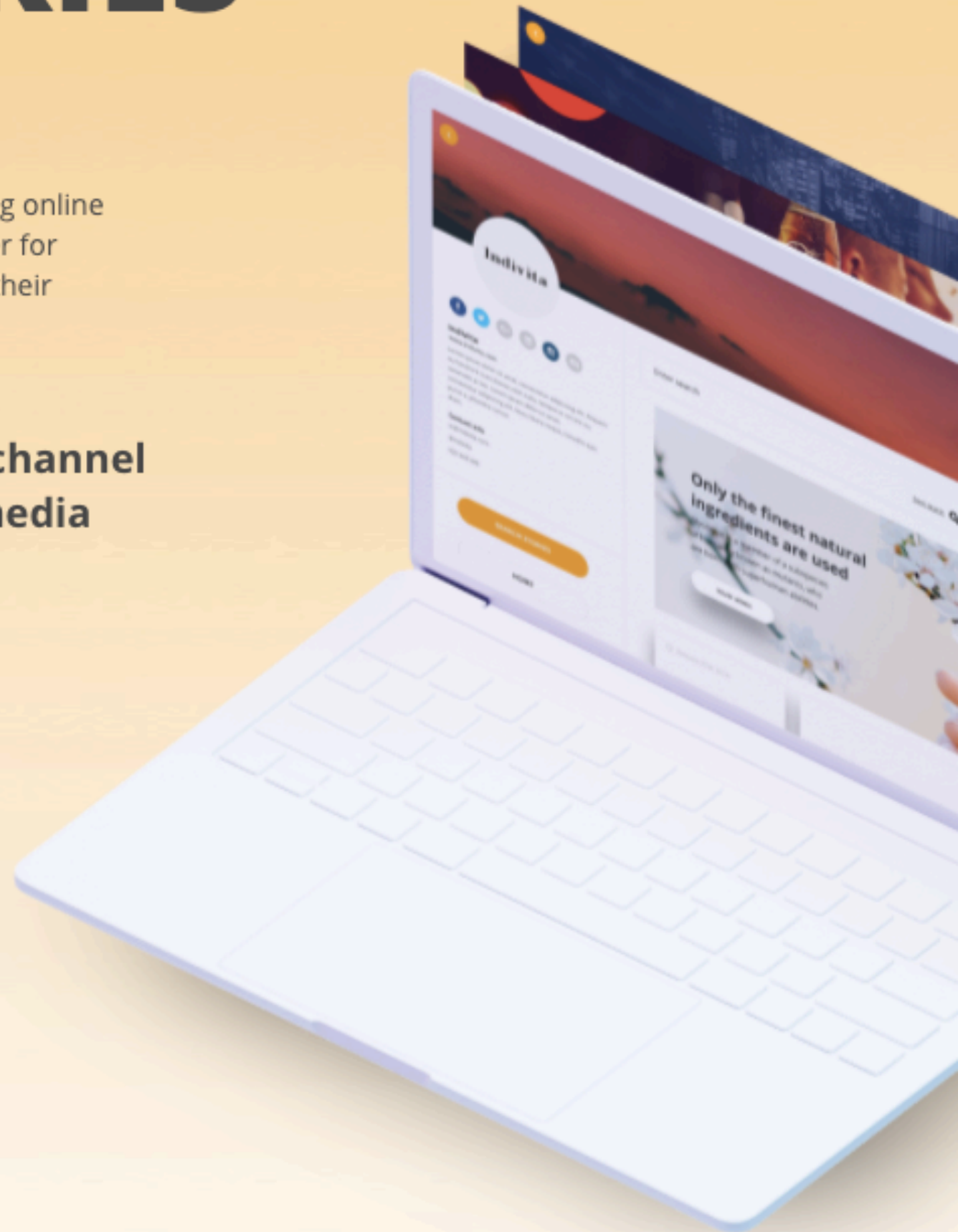
Email Address

Early bird code

Subscribe

Terms:

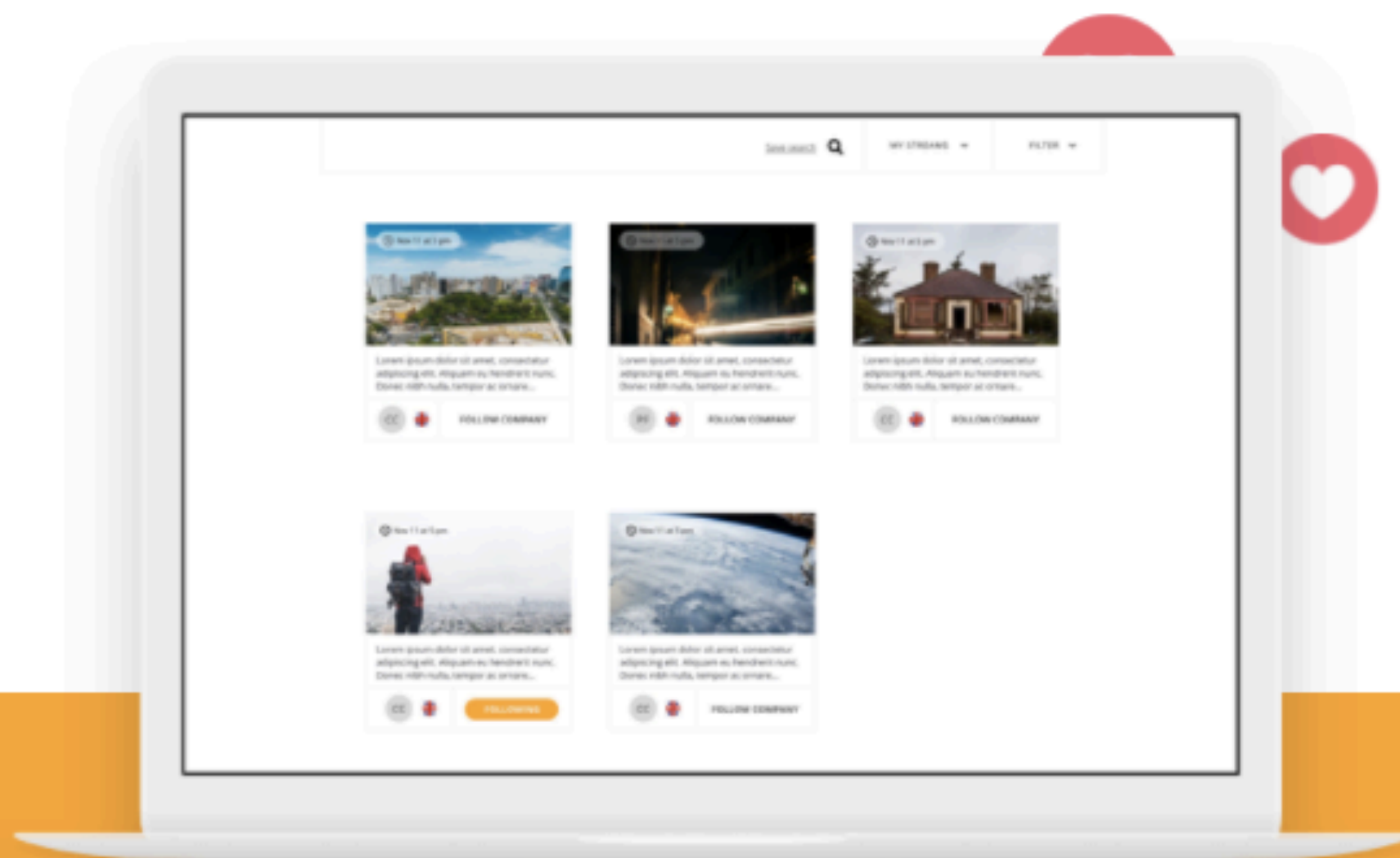
We will never share your information with any third party and we don't spam!



Love story:

Connect your stories with journalists, bloggers and other influencers

With Hype.News your organisation get a smashing branded and customized online news channel. You and only you decide which stories are told, how they appear and are prioritized. Journalists, bloggers and other influencers who are interested in your business or product now can search and find your stories and material, contact you for further comments – and then create a story for their readers.



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New Entrants: Hypefactors

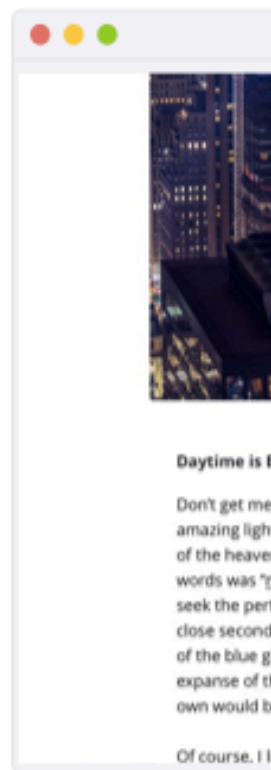


Step 4



Set
It w

Even
This
you



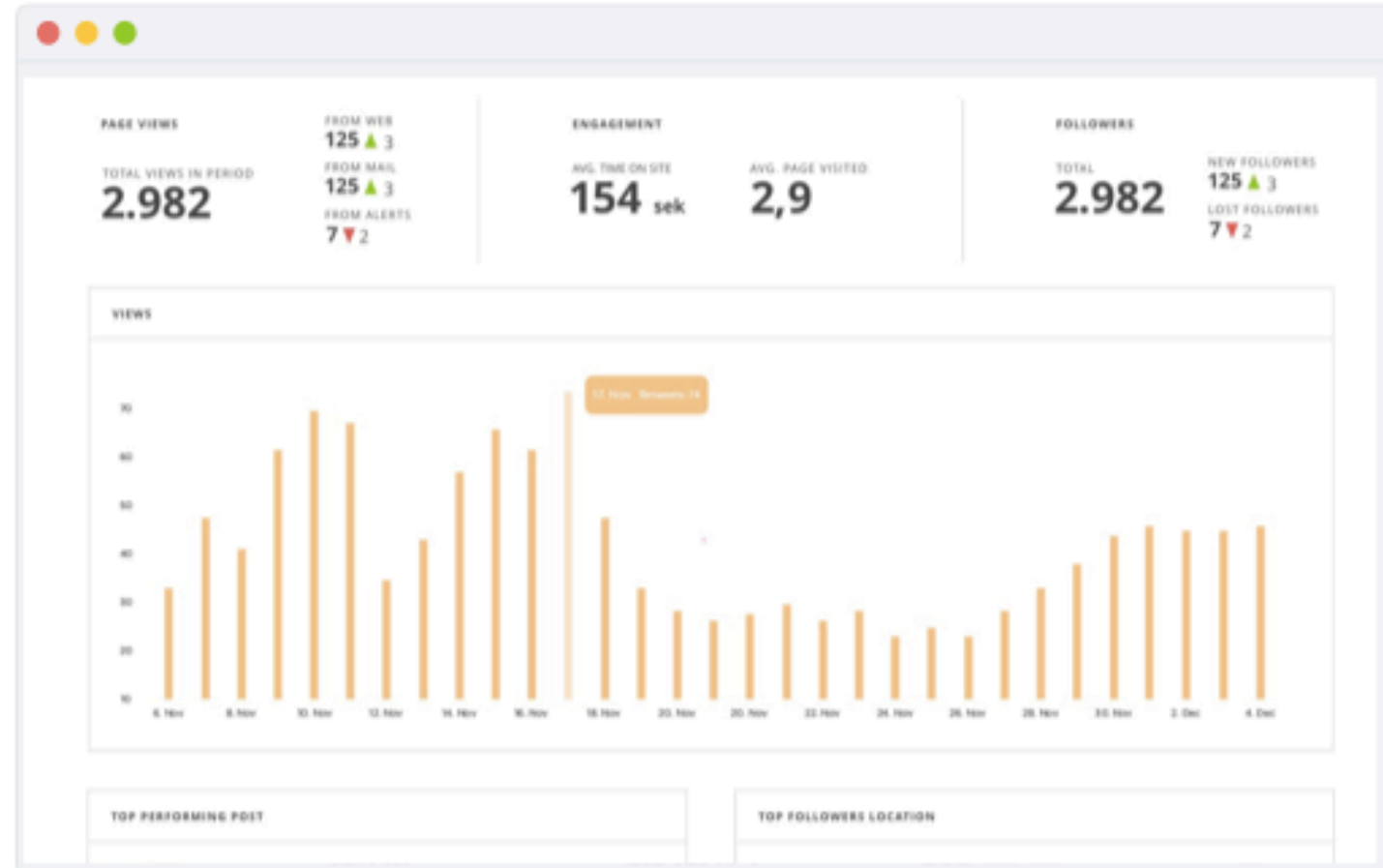
Write y
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Hype.Ne
prefer. E
contains
optimize



Journalis
an easy s

It's easy a
other infl
subscribe



Which content performs the best?
Get all precise insights from the built-in analytics page.

Analytics and statistics are included in Hype.News, so you can track and evaluate the performance of your media content. And improve over time.

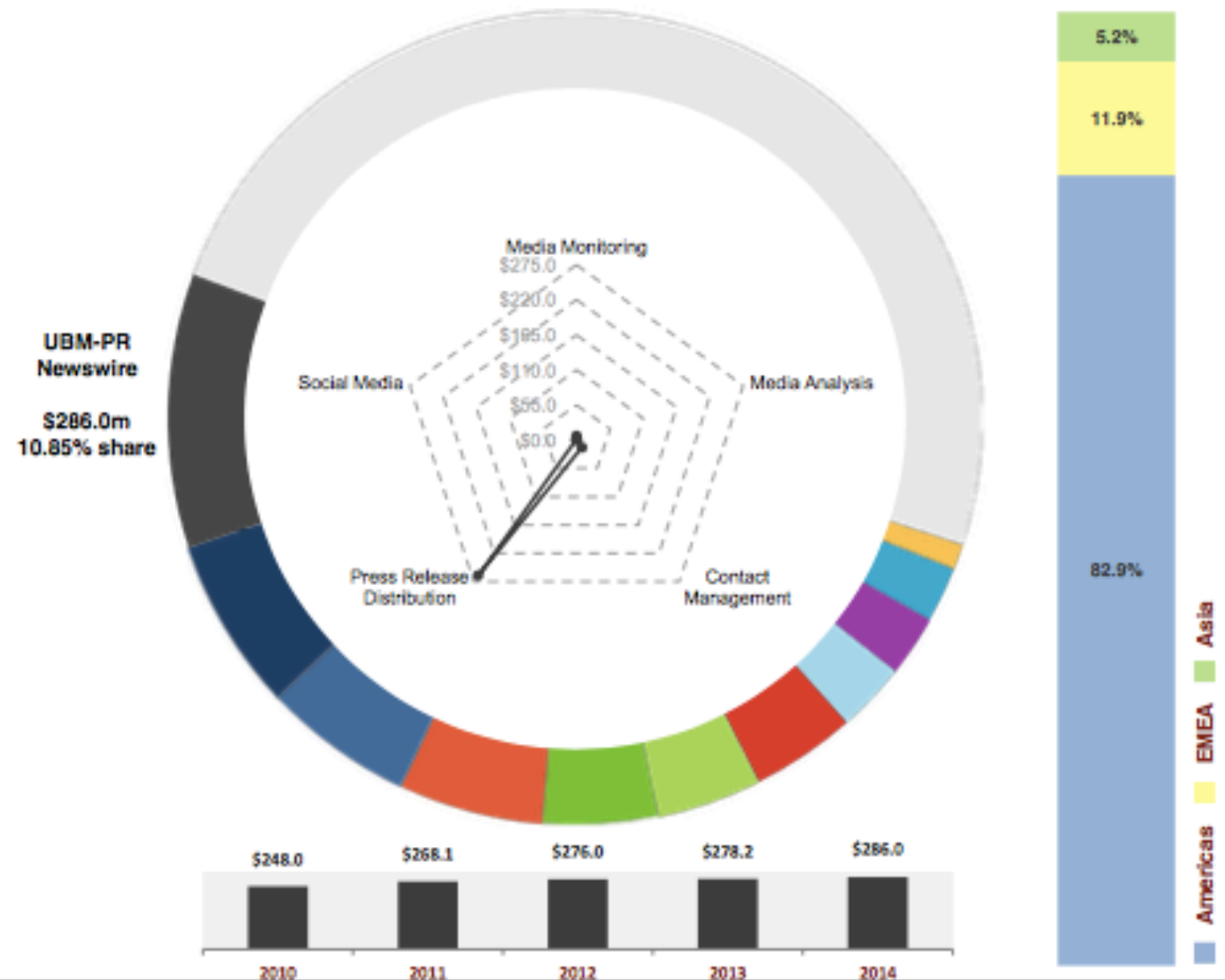
Product Expansion - Race to 'all-in-one'



- BusinessWire & Innodata's Agility joined forces by means of a strategic partnership (Dec 2016);
- The two companies now jointly offer “enhanced distribution, monitoring and media analytics capabilities”;
- Doesn't seem to offer a joint product platform but focus on connecting the offering via '*exceptional service*'.

PRN (Fact Sheet 2014)

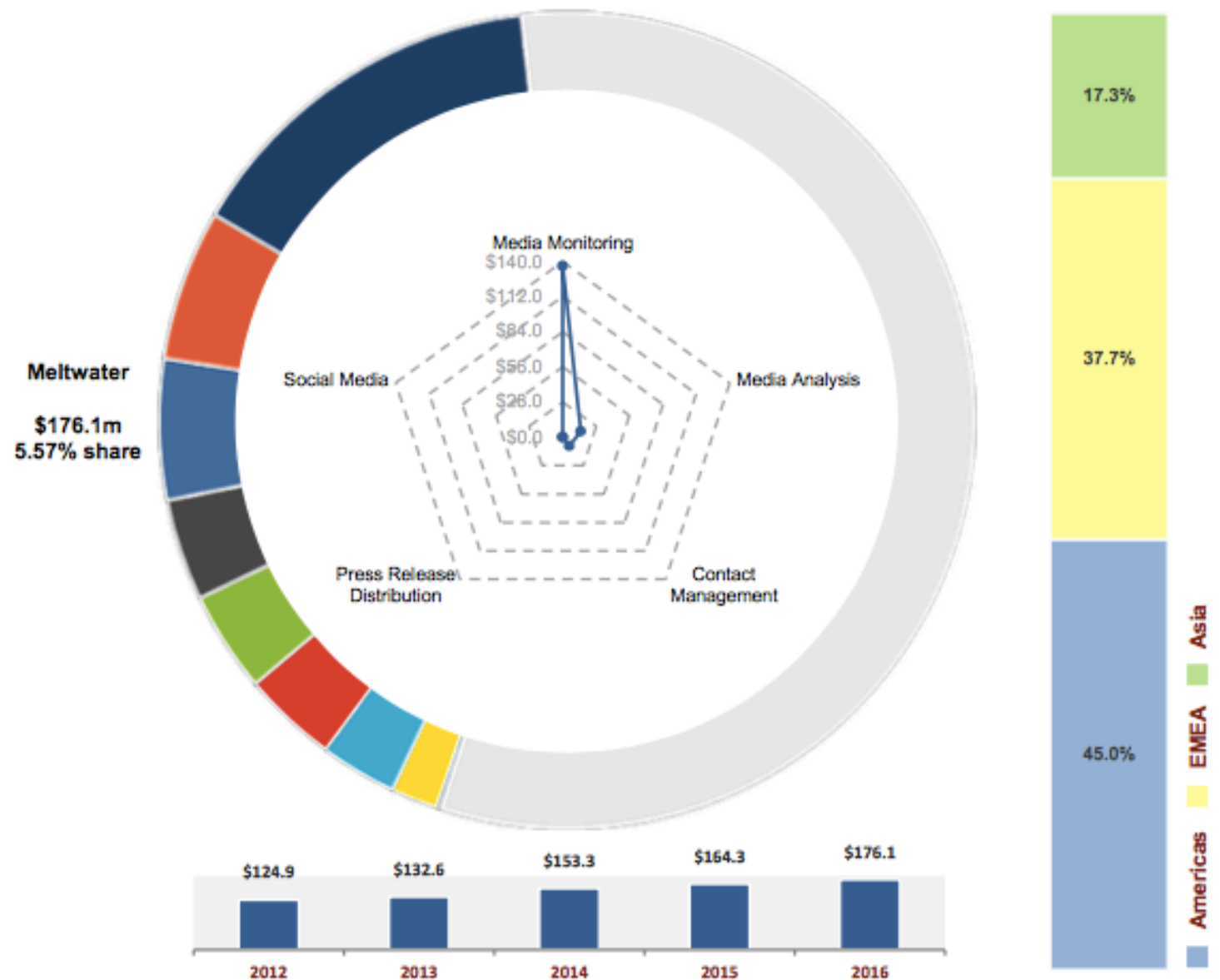
- **Profile:** Global press release distribution, financial disclosure, contact management, media monitoring and measurement business, founded 1954, division of UK-based UBM PLC
- **Performance:** PR Newswire 2014 revenue estimated at USD286.0 per annum (after excluding revenue from non-PR services); adjusted operating margin 22.9% (vs 22.6% for 2013)
- **Business mix:** ~92% distribution, 5% contact management, small amounts of monitoring/measurement and social media
- **Key capabilities:** PR Newswire press release distribution; Vintage disclosure and regulatory filings; Agility integrated contact database and distribution/monitoring/measurement and engagement dashboard
- **Global/Regional sales focus:** HQ in New York. 16 offices in Americas, 8 EMEA, 10 Asia
- **YoY Growth:** 2.77% in USD terms (down 3.0% as-reported but up 3.0 % underlying , improving from 1.9% underlying growth in 2013)
- **Five-year CAGR:** 5.01%



- Cision & PRN - 'Race about scale';
- Prior to the Cision acquisition, PRN retained its long-standing position as leading global PR (distribution) vendor;
- Underlying PRN revenue rose 3.00% and, at the time, the company stated to continue growing in line with US GDP.

Meltwater (Fact Sheet end 2016)

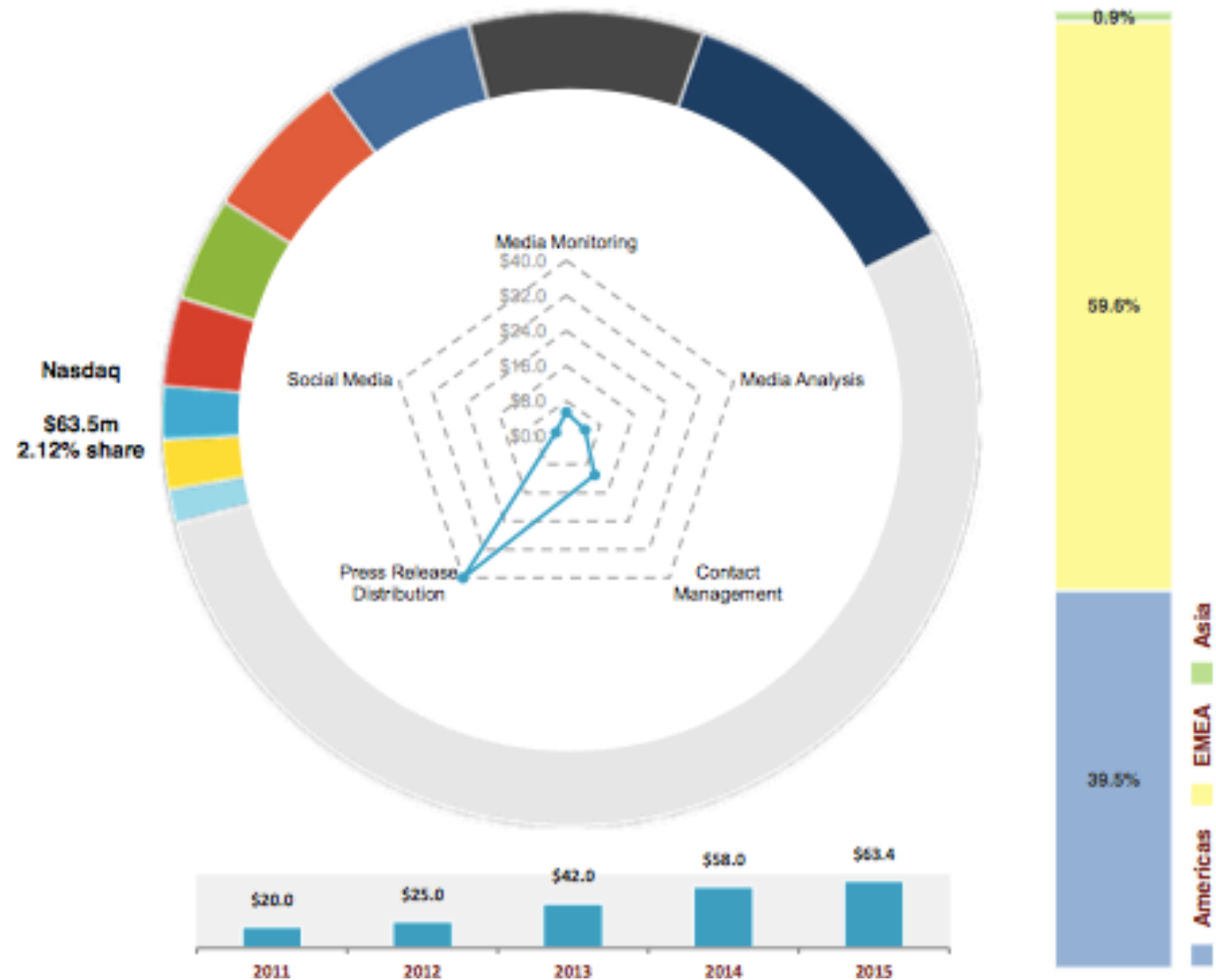
- **Profile:** Global provider of media monitoring, measurement, contact management and social media management solutions, founded in Norway 2001 as Magenta News, privately held
- **Performance:** Meltwater 2016 revenue is estimated at USD176.1m per annum; latest known operating margin, for 2015, was -5.7%
- **Business mix:** ~77% monitoring, 9% analysis, 9% social
- **Key capabilities:** Meltwater Media Intelligence Platform (launched March 2015)
- **Global/Regional sales focus:** HQ in San Francisco, 16 offices in the Americas, 24 in EMEA, 11 in Asia
- **YoY Growth:** 7.21%
- **Five-year CAGR:** 10.03%



- Meltwater was successful in grabbing marketshare from Cision in US and iSentia in APAC;
- Latest financial filings prove Meltwater is facing substantial financial challenges.

Nasdaq (Fact Sheet end 2015)

- **Profile:** US-based provider of press release distribution, disclosure filings, media database, media monitoring and analysis tools, sub-division of quoted Nasdaq
- **Performance:** Nasdaq PR-related revenue for 2014 is estimated at USD63.4m; wider business unit margin ~16%, targeting >20% within two to four years
- **Business mix:** ~63% press release distribution, remainder spread across other segments
- **Key capabilities:** GlobeNewswire press release distribution; media database, editorially managed press reviews, some monitoring and measurement services
- **Global/Regional sales focus:** HQ in New York, offices in UK, Denmark, Finland, Sweden and Norway
- **YoY Growth:** 9.25%
- **Five-year CAGR:** 28.54%



- Nasdaq PR-related revenues were \$63m (2015); current focus is on integrating businesses & platforms;
- Nasdaq's 2016 acquisition of Marketwired lifts annual revenues over the \$100m mark and places it just behind the second-largest press release distribution provider Business Wire.

Industry Analysis - Main takeaways?

Prezly & Falk -
How to bring it all together?

Falk & Prezly

We think your skills would be a great addition to our current current founders specialties

Do you see Falk & Prezly as a fit?

- ✓ Strategic
- ✓ Experienced
- ✓ PR software market is your home
- ✓ Ambitious

•

Do you still see it this way? :-)

Falk & Prezly

Things we'd like to clear out

- ✓ We have the bandwidth to get you on board, probably not the budget to give you a team. You will need to earn the team.
- ✓ We're pretty sure you have the experience and strategic thinking. But most of our work requires a lot of grinding, trial and error. There is no real startup experience. Are you willing to get your hands dirty?
- ✓ You can probably get a great C-level job at a big company. Why are you talking with a small company as ours? We just want to make sure you do it for the right reasons.

- Do these concerns still exist? Have new ones surfaced?



Falk & Prezly

Advisor

We realise it's not an immediate option, since you're looking for a full time commitment, but we still want to put it on the table. Because something that would always make sense.

- ✓ Monthly review on strategy, team and product
- ✓ Introductions
- ✓ You commit to spending X amount of time each month on Prezly
- ✓ An investor without the money bit.

A advisor role means equity options and cost covered.

- Interesting, but not an option for me since I look for a full-time commitment

Falk & Prezly

SO IT'S CLEAR TO US, IF IT'S A FULL TIME ROLE ...

It will be director role with an impact on all aspects of the company

- ✓ Growth
- ✓ Product
- ✓ Team and Culture

A director role means equity options next to a from that as well.

Take a country

By starting small, but with help off the HQ team we believe we can scale this quickly.

- ✓ Sales strategy is paramount
- ✓ Scaling according to growth, your own P&L

Head of partnerships

We never really explored partnerships, but we do believe we now have the size and credibility now to make this into a successful strategy.

- ✓ Market specific partnerships – resellers, local PR providers
- ✓ Product partnerships – partner with coverage trackers, clipping provider

for support in Service,
team and culture

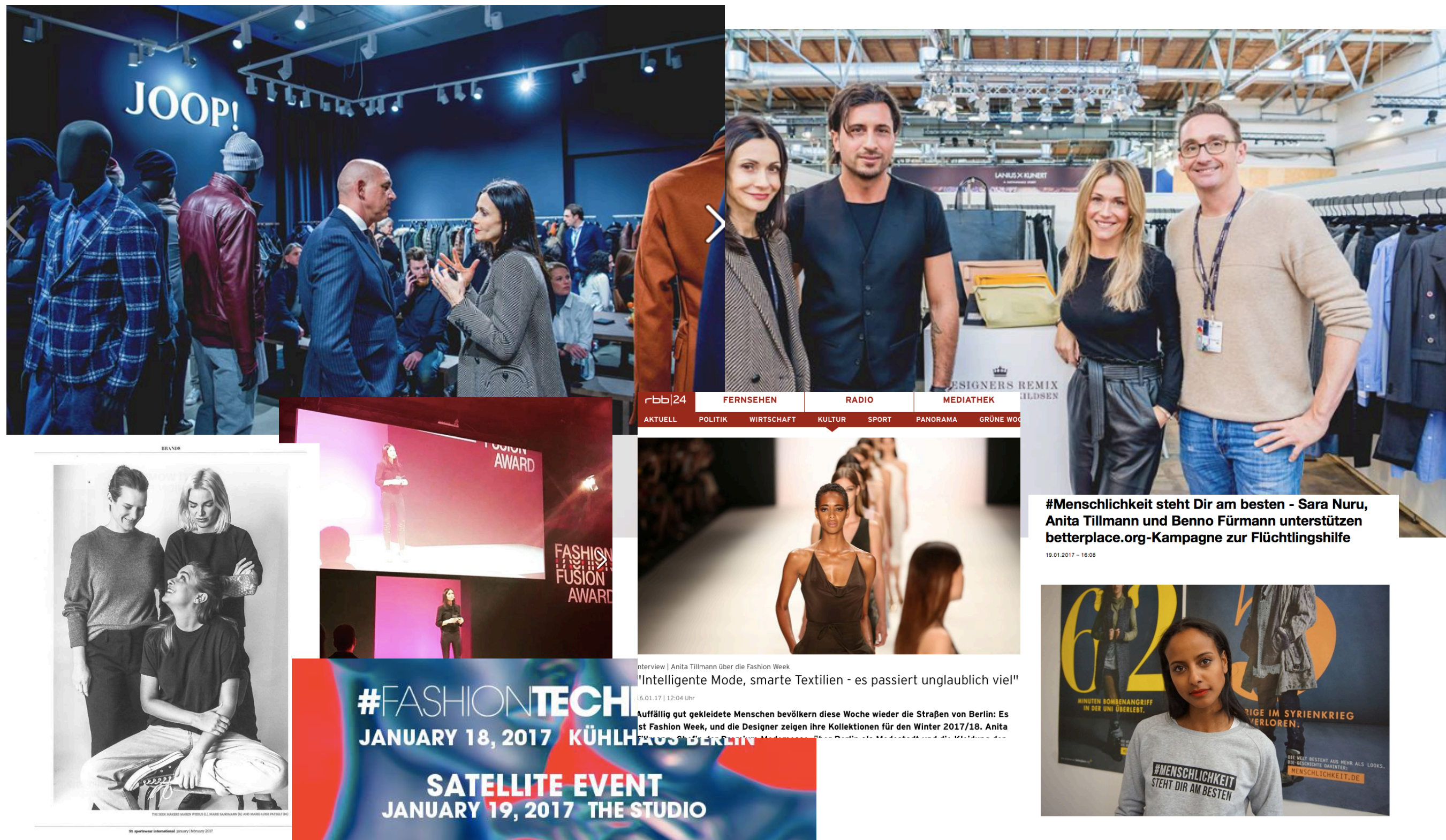
- Interesting points all of which can be combined ...

Driving Growth!

- VP or MD International with (sequential) geo focus (e.g. DACH, Nordics & Italy);
- Build traction, revenue and organisation starting e.g. in DACH;
- Proactive input to HQ also in terms of product, culture and organisation;
- Start Q3, 2017;
- August/September - spend some days per week in Leuven (commute from London); thereafter relocation to Berlin.

Tapping into existing Network

(Agencies, possible partners & brands)



Tapping into existing Network

(Agencies, possible partners & brands)

B2B Partners



Agencies



Brands



Sales Forecast DACH 2017/18

	2017					2018
	September	October	November	December	Summary	Summary
# of client wins (Type A -(SME & Corporate))	2	3	4	5	14	106
NB revenue Type A	€ 3.600,00	€ 5.400,00	€ 7.200,00	€ 9.000,00	€ 25.200,00	€ 213.200,00
# of client wins (Type B - Enterprise - Agency Plans)	0	1	1	2	4	47
NB revenue Type B	€ -	€ 6.000,00	€ 6.000,00	€ 12.000,00	€ 24.000,00	€ 282.000,00
Fin revenue (NB sales)		€ 300,00	€ 950,00	€ 1.100,00	€ 1.100,00	€ 283.500,00
Upsell bookings	€ -	€ -	€ 3.200,00	€ 3.200,00	€ 6.400,00	€ 89.600,00
Upsell fin revenue		€ -	€ -	€ 266,67	€ 266,67	€ 22.400,00
Renewal bookings (from 2018 on)	NA	NA	NA	NA	€ -	€ 41.340,00

- This is a scenario play and can be easily adjusted
- Mix of strategic accounts (enterprise) and smaller inbound leads-driven sales
- Total number of client wins is 171 over 2017/2018 with an average annual revenue of Type A - EUR 1800 (Basic) & Type B - EUR 6000 (enterprise) respectively; actual or planned numbers will vary depending on investment, sales strategy and region
- Total sales bookings over 2017/2018 is EUR 640,400
- Outbound sales numbers based on 2 FTEs; increased investment would yield higher sales (after learning phase);
- Sales team consist of 2 FTEs but time is also spend on marketing and admin

Reporting

T LOC

Subscription
Subscription Professional
Transactional
Transactional Professional
Other

Total Revenue

Direct Production Costs
Indirect Production Costs

Gross Profit

Gross Profit Margin

Sales & Marketing Costs

IT & Business Development Costs

Admin cost excl Group OH

Other & Eliminations

Cost excl depreciations and Group OH

EBITDA

EBITDA Margin

Depreciations

EBIT

EBIT Margin

NRI cost

EBIT after NRI

Number of FTEs

Sales Segmentation

Customers with an annual value of

501 KLOC >
251-500 KLOC
101-250 KLOC
51-100 KLOC
26-50 KLOC
11-25 KLOC
6-10KLOC
4-5 KLOC
0-3 KLOC

Operating cash flow
T LOC

Working Capital

Three Year Overview P&L - T LOC

Total Staff Cost

FTEs

Staff cost per FTE

Reporting

SALES

T LOC

Bookings perspective

New business bookings

Renewal bookings

Upsell bookings

Total bookings

Bookings growth, %

Number of customers per QCR

Bookings per QCR

Cost /Rol perspective

Cost of New biz sales function

Cost of Renewals sales function

Total cost of sales & marketing

Cost of sales & marketing, % of revenue

NB cost per new customer

Commisson cost, % of total bookings

FINANCIALS

T LOC

Revenue

of which Subscription revenue

Costs (excl Group OH)

EBITDA

EBITDA Margin

EBIT

EBIT Margin

Working Capital/12MR Revenue

Subscription revenue as % of total revenue

Organic Growth

CUSTOMERS

Total Customers

Subscription customers

Subscription customers as % of total customers

Net new subscription customers

- Regular progress reporting will be key;
- Monthly & quarterly progress calls with strategic, financial and operational updates;
- Financial comparisons on monthly & quarterly progress and YoY figs.

Decisions, next steps &
action items

Annex

- Legal Setup Germany / DACH
- Competitors:
 - Trendkite
 - Organisational comparison
 - Competitometer
 - Product feature comparison
- Tech company vs. female-driven PR industry:
 - Prospect Targeting - U.K. Learnings
- Topic-driven product messaging

Legal: Investing in Germany

- Foreign investors can open a subsidiary or a branch office - Criteria for decision-making - 1) Taxation; 2) Purpose of establishment; 3) Costs
- **Branch Offices** (Zweigniederlassungen) are ...
 - ... connected to parent company, don't own assets nor handle their own accounting;
 - ... allowed to conduct the same type of activities as head office. There is no obligation register with the Commercial Register;
 - ... to register with the local trade office;
 - ... considered part of the foreign company and subject to German taxation.

Legal: Investing in Germany

- **Subsidiaries** (Tochtergesellschaft) in Germany are ...
 - ... usually considered a limited liability company and must have its own share capital, management and accounting;
 - ... allowed to conduct business operations in name of the parent company;
 - ... required to register with the local commercial register and the trade office;
 - ... are subject to the German taxation system as any other local business.

Legal: Investing in Germany

- Comparison: “**Branch vs. Subsidiaries**”
 - Branch offices may find it more difficult to obtain a bank account & clients may be reluctant to entering a business with a branch office;
 - Both, subsidiaries and branch offices may need special certificates or licenses in order to conduct business;
 - Subsidiaries have limited liability and if any changes occur in the parent company these will not affect the subsidiary.

Legal & Finance

- Legal setup of a **branch office** (“dependent sales centre”) recommended as the fastest, easiest and least expensive way to set up shop;
- Prezly Belgium, as head office, in charge of central administration (accounting, financial reporting, payroll, invoicing, etc.);
- Additional items:
 - Corporate insurances - data breach, directors & officers insurance & general liability insurance recommended;
 - Corporate taxes - Municipal trade tax (Gewerbesteuer), VAT (Mehrwertsteuer), income tax, solidarity surcharge and possible church tax of your employees. May be subject to Corporate Tax (Körperschaftsteuer) if incorporated;
 - Terms & Conditions need to be possibly adjusted.

New Entrants: Trendkite



















































































- 5-year old Austin-HQ'd analytics vendor with USD6m annually revenues;
- European expansion in 2016, opened EMEA office in London and hired ex-Vocus & Cision Sales Manager;
- Mostly analytics and reporting with some minor monitoring capabilities;
- Aggressively revenue-growth focused.

Organisational Comparison

Competitors	Revenue (in EUR)	# of employees	# of clients	Country of origin	Year of foundation	Company's Marketing positioning	Product capability overview	Go-to-market approach	Competitive Edge over Prezly
BusinessWire	148M	490	?	USA	1961	"Leader" in press release distribution	PR/IR distributions through wires, analytics and website services; strong & customisable	Focuses on its wire capabilities although some more attention has been paid into creating/improving	Wire capabilities are BusinessWire main strength above its competitors
Gorkana / Cision / PRNewswire	600M	1700	100000	Sweden/UK/US	1892	Fully integrated PR/CM suite	Database, distribution / newsrooms, monitoring and analytics	Aggressive market share expansion plans to finance acquisitions	Integrated tool which also comprise a mediadatabase on top of the
Meltwater	177M	1550	25000	Norway / SF-USA	2001	Fully integrated PR suite	Integrated offerings, more popular for its digital monitoring capabilities	Aggressive Sales strategy and superior (but expensive) digital monitoring capabilities (\$25M product upgrade in 2015)	Digital monitoring to capture results of distribution activities
Hypefactors	0.2M	15	50	Denmark	2016	unified software for data-driven PR, social and content communication.	Integrated offerings, built upon data driven PR (digital monitoring and analysis) while bulking up media relations and	New player, so far semi succesful in Denmark, but with global ambitions	Recently launched a free newsroom placed alongside media relations and monitoring
Muck Rack	1M	20	250	USA	2009	Present itself as a trusted partner for journalists and	Database and distribution capabilities coupled with in depth reports of	Only active in the US so far, uses its relationship with	Dynamic database that auto updates

- Organisational comparison of 30+ competitors on various criteria (size, geography, positioning, etc)

Product Features Comparison

Newsroom / CRM / Distribution	PR.CO	Comments	BusinessWire	Comments	Cision (DIFM)	Comments	Cision / PRWEB (DIY)	Comments	PRNe
Digital Newsroom	 2	Yes	 2	Yes	 2	Yes	 0	No	
Publishing Module	 2	Yes	 2	Yes	 0	No	 2	Yes	
Social Media Integration & Distribution	 1	Twitter only	 2	Yes	 2	Yes	 2	Yes	
Press Release Distribution	 2	Yes	 2	Yes	 2	Yes	 2	Yes	
Infuencers database	 0	Not included yet (plan to)	 3	No	 2	Yes	 1	Limited; only a few bloggers incl. in wire	
Multimedia	 2	Yes	 2	Yes	 2	Yes	 2	Yes	
Press Kits (upload of media assets incl clippings)	 2	Yes	 2	Yes	 2	Yes	 1	Limited: some video/images capabilities	
Executive Biographies	 1	No dedicated field	 2	Yes	 2	Yes	 1	Limited: extra info field available but not dedicated to any specific	
Event Calendar	 0	Not included	 2	Yes	 0	No	 0	No	
Content Calendar / Planning	 2	Yes	 2	Yes	 2	Yes	 0	No	
Fact Sheets / Company Bio / Background & History / Brand Articles & Stories	 2	Yes	 2		 2	Yes	 1	Limited: extra field available but not dedicated to any specific information	
Reporting (Site Analytics, email, etc)	 1	Limited Reporting	 2	Yes	 2	Yes	 2	Yes	
Engagement Forms (Subscribe to newsroom, media requests, etc)	 0	Not included	 2	Yes	 1	Limited: only subscribe to newsroom functionality	 0	No	
Crisis Communications	 0	Not included	 2	Yes	 0	No	 0	No	
Email Database Management / CRM	 1	Limited: Client data	 2	Yes	 2	Yes	 0	No	
Website integration	 0	Not included	 1	Limited: not fully integrated	 2	Yes	 0	No	

- Product features-based comparison of 30+ competitors

Competitometer

Rank	Sum Points
Cision (DIFM)	54
BusinessWire	51
Meltwater	49
Vuelio	48
Hypefactors	42
MyNewsDesk	34
TekGroup	33
Launchmetrics	30
Prowly	29
Presspage	29
Cision / PRWeb (DIY)	29
Prezly	27
PR.CO	24
Isebox	24
newsaktuell	24
Kantar Media	22
Agility PR	22
PRDESQ	20
Trendkite	20
Pitchengine	17
PR Newswire	16
MarketWired	16

- Competitive ranking based on results of product features comparison

Prospect Targeting: U.K. Learnings

- The U.K.'s PR tech market is highly professionalised, intensely competitive and taking a lead in shaping other EMEA markets;
- Europe's 2nd largest economy faces high levels of Brexit-related economic uncertainties with a modest growth of about 1%; inflation to rise above 2% in 2017; unemployment will fall to 4.3%;
- The U.K.'s PR industry is valued at £12.9bn (€14.69bn) in 2016; a growth of £3bn over 2013 (up 34% from £9.62bn); Number of employees grew from 62,000 to 83,000 in the same period;
- Major Press Release Distribution & Media Monitoring vendors are more established, with roots tracing back several decades, but the newer-generation, software-focused challengers achieve most significant growth.

Prospect Targeting: U.K. Learnings

- Growth is driven by PR-SMEs forming international networks, continued trend to professionalize and streamline PR-workflows and continued convergence of PR & Marketing;
- Continued digitisation leads to an increased demand for Connect- and Content Marketing-services, social newsrooms, 'Smart Data' and growth in media-monitoring & media-analyses;
- U.K.-market offers huge growth potential; however, high level of risk and uncertainty due to the unknown BREXIT fall-out.
- **Demographics:**
 - The PR industry is a young industry (AVG age: 28) & female-led since 64% of its employees are women;
 - No diversity: 91% are white & 89% British - but, younger generations are more diverse;
 - 51% of industry members believe that PR is a profession; 40% see it as an industry.

Prospect Targeting: U.K. Learnings

- **Trends & tasks:**

- Senior members control strategy & reputation management; younger members handle media relations & writing;
- Technology & consumer services, media and marketing are the most important sectors for PR agencies;
- PR agencies are most likely to be made up of in between 11-50 people. In-house corporate teams are overwhelmingly made up of 2-5 people, regardless of organisational size.
- Sales promotion, media relations & writing articles, newsletters have most decreased in importance over the past two years;
- Leading duties are general media relations, media relations strategy planning, and digital and social media;
- The Barcelona Principles 2.0 are the leading form of PR evaluation, but AVEs remain the measurement format;
- Technology & health remain the most hotly-tipped sectors to increase investment in the coming years;
- Digital, SEO & online comms have most increased in importance over the last two years (and will continue to do so).

Topic-driven Product Messaging

- Reputation management matters even more & continued focus on storytelling
- Live video/streaming continues to grow but is audio the new video?
- Influencers become contributors & PR is shifting to Contributor Marketing as in 24/7 media cycles, everybody needs good and relevant content
- Executive Thought Leadership & Personal branding
- Influencer Marketing
- PR & SEO join forces

Topic-driven Product Messaging

- Media convergence - lines continue to blur
- PR measurement and purposeful analytics: Everything becomes measurable and is being measured - but how and what for? Data-driven PR
- Earned media continues to come first, followed by paid for amplification
- Books are now on the 'good PR' list vs Visual storytelling
- Following fake news, journalists are more cautious than ever resulting in a more difficult placement
- Workflow efficiency & communication automation