



The Active Network, Inc.
Buy

ACTV: \$18.01
Price Target: \$23.00

Internet

ACTV: Initiate Coverage With A Buy Rating And \$23 Price Target

THINK ACTION:

We initiate coverage of Active Network (ACTV) with a Buy rating and a \$23 price target. Active is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. Our Buy rating is based on: 1) strong growth potential in an underpenetrated \$10B North American technology fee opportunity, 2) Active provides a strong value proposition to both organizations and consumers, 3) numerous growth drivers that should lead to mid-teens long-term growth, and 4) attractive financial characteristics with highly predictable revenues and high incremental EBITDA margins.

KEY POINTS:

Leadership Position in Underpenetrated Market. We believe Active is the clear leader today in providing Web-based reservations in the four key verticals it serves: sports, community activities, outdoors, and business events. As the market leader with most scale (70 million reservations in 2010), we believe Active is able to invest significantly more resources than competitors in both its technology and marketing to organizations and consumers. Furthermore, Active estimates a North American Technology Fee market opportunity of \$10B, indicating Active had less than 2.5% market share in 2010.

Strong Value Proposition for Organizations and Consumers. We believe Active Network provides a strong value proposition for both organizations as well as consumers. For organizations, Active Network has developed an automated Web-based platform to enable organizations to manage events and registrations more efficiently, thereby saving resources and enabling the organization to focus on its core competencies of running the event. Active's solutions also enable an organization to attract additional participants and improve conversion rates. For consumers, we believe the two key advantages of Active's platform are to discover new events through Active's directory and providing a fast Web-based solution for registering for events.

Multiple Growth Drivers Should Drive Mid-Teens Long-Term Revenue Growth. Growth drivers include: 1) growth in the number of customers (about 5% today of market); 2) growth in online penetration (in its most mature Triathlon market, Active has 36% online penetration vs. 2% online penetration in total); 3) introduction of additional modules to customers as well as marketing services solutions; 4) strategic acquisitions to bolster its market positions in current verticals, expand into new verticals, or add additional technology solutions; 5) expand internationally; and 6) increase eCommerce offerings (Active recently launched a Daily Deals site named Schwaggle).

Highly Scalable Model Should Lead to Significant EBITDA Margin Expansion and Growth. While EBITDA margins were just 9% in 2010, we believe margins can potentially reach 30% or higher longer term. We expect Active to be able to achieve scale efficiencies across most of its expense lines, particularly COGS and R&D. We believe R&D spend should be able to decline to a mid-teens rate (versus 22% in 2010) as Active rolls off its legacy platforms. We also expect significant leverage in COGS over time, benefiting from call center integration, Web hosting scale, and moving to a self-serve model.

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Changes	Current	Previous
Rating	Buy	--
Price Target	\$23.00	--
FY11E REV (M)	\$324.1E	--
FY12E REV (M)	\$373.6E	--
FY11E EPS	(\$0.39)E	--
FY12E EPS	(\$0.03)E	--

52-Week High:	\$19.89
52-Week Low:	\$14.75
Shares O/S-Diluted (M):	43.1
Market Cap (M):	\$776.2
Average Daily Volume:	NA
Short Interest:	2.2%
Debt/Total Cap:	0.0%
Net Cash Per Share:	\$2.08
P/E (12-month forward):	35.0x
Est. Long-Term EPS Growth:	35.0%
P/E/G:	100%
Fiscal Year-End:	Dec

REV (M) \$	2010A	2011E	2012E
Mar	63.2A	72.7A	NA
Jun	81.7A	95.0E	NA
Sep	73.1A	86.3E	NA
Dec	61.6A	70.1E	NA
FY	279.6A	324.1E	373.6E
CY	NA	NA	NA
FY P/S	2.8x	2.4x	2.1x
CY P/S	2.8x	2.4x	2.1x

EPS \$	2010A	2011E	2012E
Mar	(0.30) A	(0.25) A	NA
Jun	(0.05) A	0.05E	NA
Sep	(0.09) A	(0.03) E	NA
Dec	(0.22) A	(0.20) E	NA
FY	(1.33) A	(0.39) E	(0.03) E
CY	NA	NA	NA
FY P/E	NM	NM	NM
CY P/E	NM	NM	NM



Investment Thesis

Leadership Position in Underpenetrated Market. We believe Active is the clear leader today in providing Web-based reservations in the four key verticals it serves today: sports, community activities, outdoors, and business events. As the market leader with the most scale (70 million reservations in 2010), we believe Active is able to invest significantly more resources than competitors in both its technology and marketing to organizations and consumers. Furthermore, Active estimates a North American Technology Fee market opportunity of \$10B, indicating Active had less than 2.5% market share in 2010. Similarly, Active estimates it had approximately 5% of North American customers and 5% of total registrations in 2010. In total, we estimate that the market is approximately 10% penetrated online today. This compares to more mature markets in the United States, such as online travel reservations, which we estimate have over 50% online penetration.

Strong Value Proposition for Organizations and Consumers. We believe Active Network provides a strong value proposition for both organizations (its customers) as well as consumers. Historically, many organizations have relied on paper-based systems or simple spreadsheet applications to manage events and registrations. Additionally, organizations typically have taken reservations by phone or walk-up registrations. For organizations, Active Network has developed an automated Web-based platform to enable organizations to manage events and registrations more efficiently, thereby saving resources and enabling the organization to focus on its core competencies of running the event. Active's solutions also enable an organization to attract additional participants and improve conversion rates. For instance, Active estimates that for the New York City Triathlon, it delivered a 469% ROI through both cost savings and additional revenues. For consumers, we believe the two key advantages of Active's platform are to discover new events through Active's directory as well as providing a fast Web-based solution for registering for events.

Beneficiary of "Network Effect." We believe Active is a clear beneficiary of the network effect, which we believe will enable Active to enjoy scale efficiencies over smaller competitors. We believe the network effect occurs as 1) Active adds new organizations, 2) the additional organizations lead to more participants to book online at either the organizations website or through one of Active's sites, and 3) the growth of registrations attracts new potential customers.

Exhibit 1: Active "Network Effect"



Source: Active Network



Highly Predictable Revenue Model. In 2010, 85% of Active's revenues were technology based, for which the revenues are highly predictable. For its technology solutions, Active typically signs three-year contracts, and enjoys less than 5% annual registration revenue churn, which we believe is an indication of the high ROI it delivers to organizations. Additionally, while most revenues are transaction based, based on historical events, Active has strong insights into forward-booking trends.

Multiple Growth Drivers Should Drive Mid-Teens Long-Term Revenue Growth. We believe Active has numerous growth drivers that should lead to mid-teens long-term revenue growth, including the following: 1) growth in the number of customers (approximately 5% today of market); 2) growth in online penetration (in its most mature Triathlon market, Active has 36% online penetration with participants versus 2% online penetration in total; 3) the ability to provide additional modules to customers as well as marketing services solutions; 4) we expect Active to remain acquisitive, acquiring companies to bolster its market positions in current verticals, expand into additional verticals, or add additional technology solutions; 5) expand internationally—we believe the international opportunity should be at least as large as the U.S. market, although it represents less than 3% of revenues today; 6) increase eCommerce offerings (i.e., Active recently launched Daily Deals [Schwaggle] for which it plans to launch in 25 cities by the end of 2011).

Highly Scalable Model Should Lead to Significant EBITDA Margin Expansion and Growth. While EBITDA margins were just 9% in 2010, we believe margins can potentially reach 30% or higher longer term. We expect Active to be able to achieve scale efficiencies across most of its expense lines, particularly COGS and R&D. In particular, we note that approximately 35% of Active's 2010 R&D spend was spent on legacy platforms. We believe R&D spend should be able to decline to a mid-teens rate as Active rolls off its legacy platforms. We also expect significant leverage in COGS over time, benefiting from call center integration, Web hosting scale, and moving to a self-serve model.



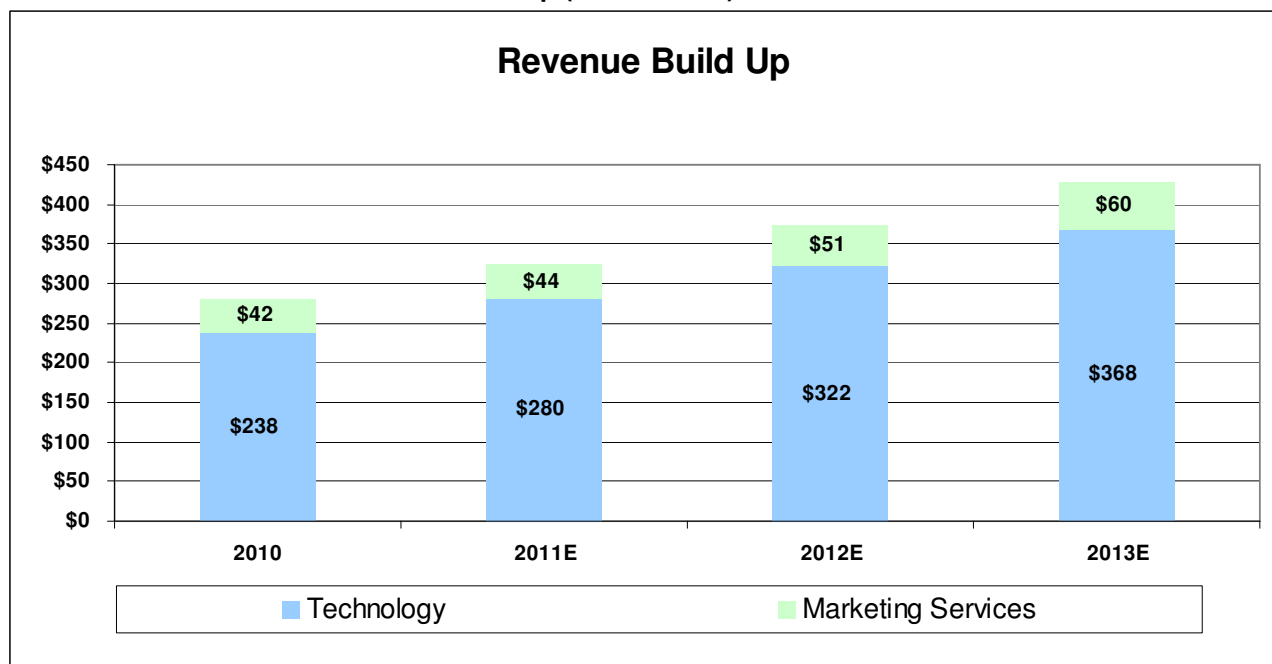
Company Description

Active Network was originally incorporated in California in October 1998 as Racegate.com and, in May 2001, the company changed its name to The Active Network. Active Network is a leading provider of cloud-based reservation and marketing solutions serving a variety of customer groups, including business events, community activities, outdoors, and sports. In 2010, Active Network had over 47,000 customer organizations and processed over 70 million consumer registrations. Headquartered in San Diego, California, the company has approximately 2,281 employees at the end of 2010, which included approximately 250 temporary employees and independent contractors.

Financial Overview

Revenues. We estimate total revenues of \$324.1M in 2011 and \$373.6M in 2012, 15.9% and 15.3% growth, respectively.

Exhibit 2: Active Network Revenue Build Up (\$ in millions)

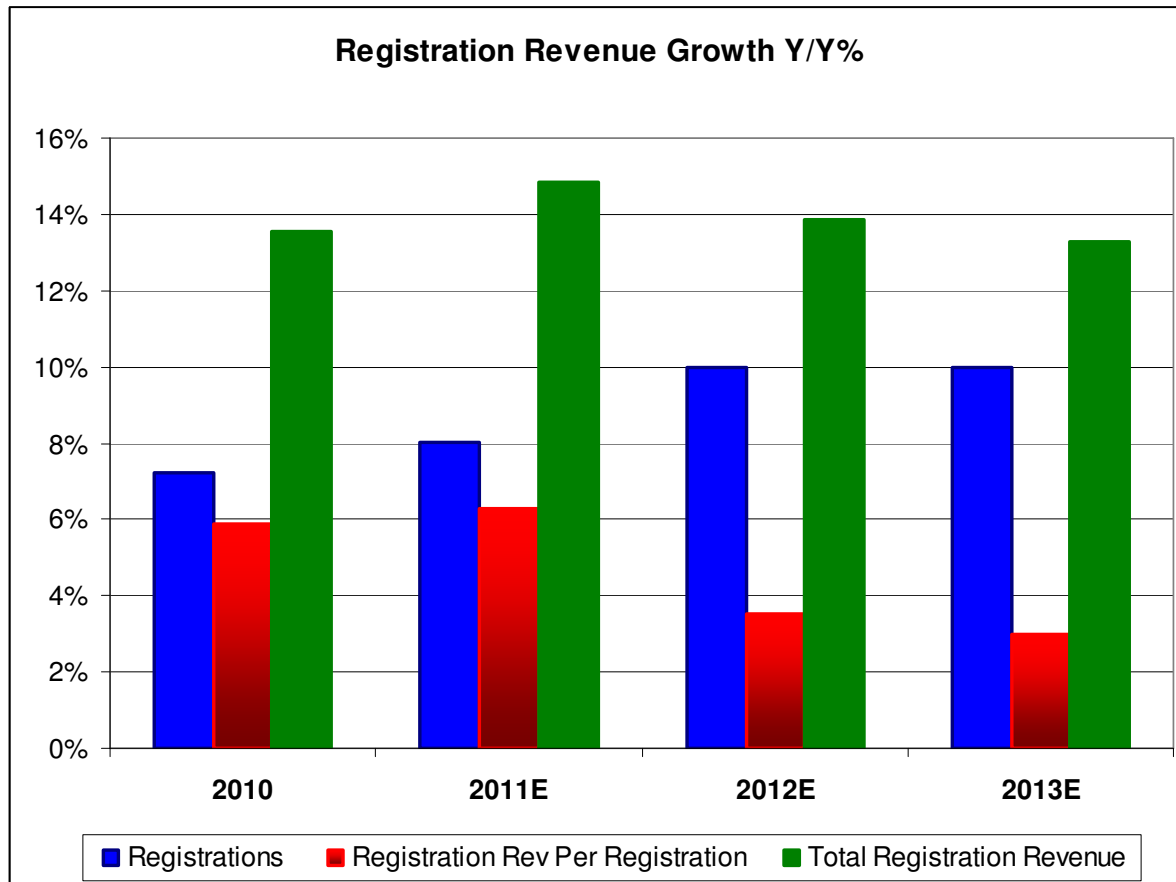


Source: Active Network and ThinkEquity LLC estimates

Technology Revenue. We estimate Technology revenues of \$280.2M in 2011 and \$322.3M in 2012, or growth of 17.9%, and 15.0%, respectively. Within the technology segment, we estimate registration revenues of \$226.9M in 2011 and \$258.3M in 2012, or growth of 14.8% and 13.9% respectively. For 2011, we estimate net registrations of 75,800 (8% Y/Y), and average registration revenue per registration of \$2.99 (6.3% Y/Y). Additionally, we estimate software revenues of \$53.3M in 2011 and \$63.9M in 2012, or growth of 32.8% and 20.0%, respectively.



Exhibit 3: Active Network Revenue Growth



Source: Active Network and ThinkEquity LLC estimates

Marketing Services Revenue. We estimate **Marketing Services Revenues of \$43.9M in 2011 and \$51.3M in 2012, growth of 4.7% and 17.0%, respectively.** The key drivers for marketing services include Online Services, Commerce, and Field Marketing. We expect Online Services to benefit from online advertising growth including email, search, and social. We expect Commerce to benefit from growth of membership programs, growth of registration platforms, and Daily Deals adoption (Schwaggle). We expect Field Services to benefit from the growth of access to events, activities, facilities, and consumers.

Gross Margins. Cost of revenues for Active consists of credit card processing fees, payroll and related costs, customer support and call center expenses, and amortization of capitalized software. We estimate gross margins of 57.4% in 2011 and 59.1% in 2012, versus 56.6% in 2010. We expect gross margins to expand in both 2011 and 2012 driven by call center integration, scale in Web hosting, and the rollout of self set up. We believe gross margins can expand to the low 60's longer term.

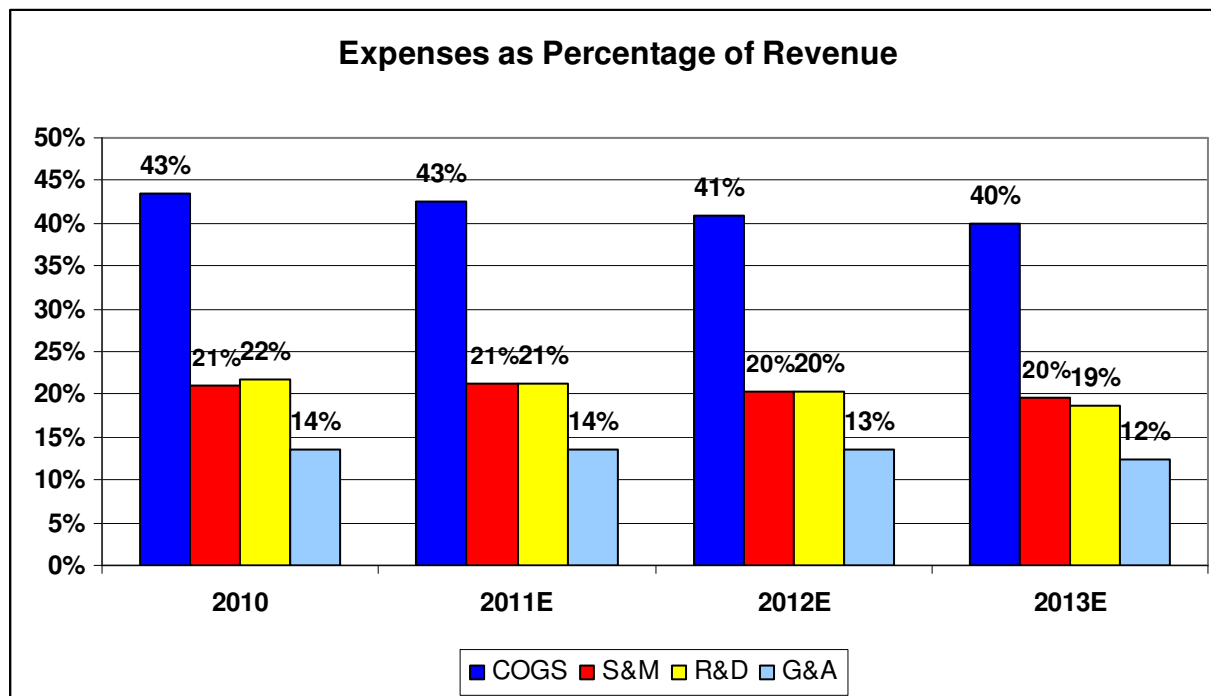
Operating Expenses. We expect total operating expense (excluding SBC) to remain relatively flat as a percentage of revenues in 2011 versus 2010 given public company costs and continued high levels of technology investments. We expect increased operating expense leverage in 2012 and beyond.

- **Sales and Marketing.** We expect Sales and Marketing expenses to account for 21.3% of revenue in 2011 and 20.3% in 2012 versus 20.9% in 2010. We expect Sales and Marketing to increase modestly as a percentage of revenue in 2011 given significant investments in headcount. Longer term, we expect S&M expenses in the high-teens as a percentage of revenues.



- **Research and Development.** We expect Research and Development expenses to account for 21.3% of revenue in 2011 and 20.3% in 2012, versus 21.8% in 2010. We expect modest leverage in R&D in 2011 and increased leverage in 2012 as the platform scales and investments in legacy platforms begins to decline. Longer term, we expect R&D to represent approximately 15% of revenues.
- **General and Administrative.** We expect General and Administrative expenses to account for 13.6% of revenue in 2011 and 13.5% in 2012, versus 13.6% in 2010. We expect G&A expenses to remain flat in 2011 despite increased public company costs and then to decline as a percentage of revenue in 2012 and to decline to the 10% range longer term.

Exhibit 4: Active Network Expenses as Percentage of Revenue

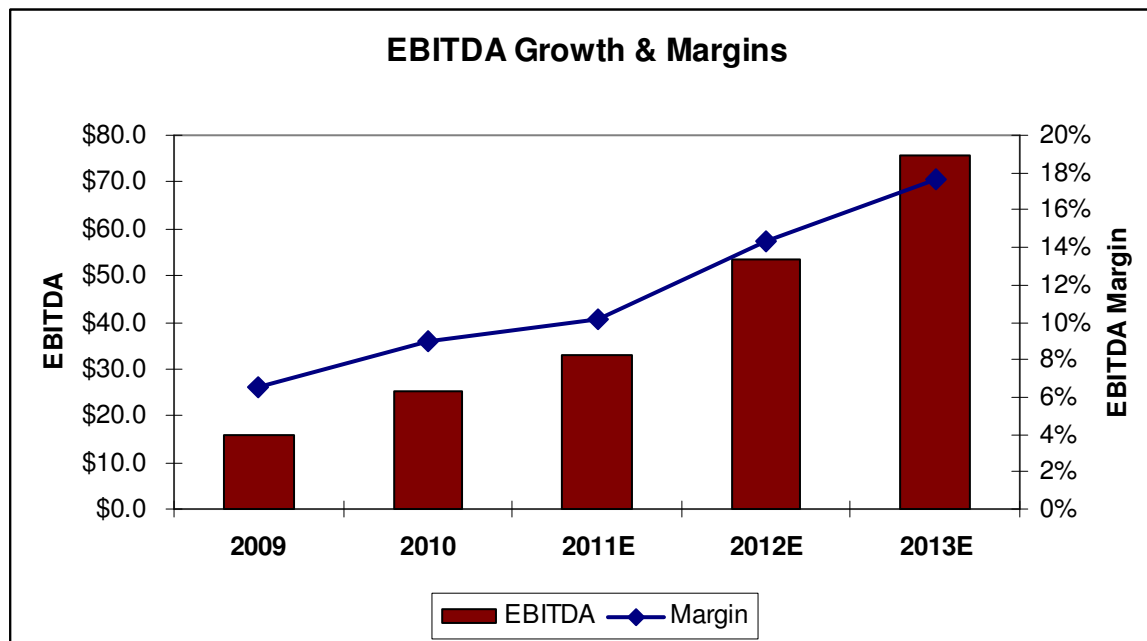


Source: Active Network and ThinkEquity LLC estimates

EBITDA. We expect EBITDA of \$32.8M in 2011 and \$53.5M in 2012, representing increases of 30.2% and 63.0%, respectively. We expect just modest EBITDA margin leverage in 2011 given increased public company costs, and investments in S&M and the ActiveWorks platform. And we expect increased EBITDA margin leverage in 2012 and beyond as Active benefits from scale efficiencies and legacy technology investments begin to decline.



Exhibit 5: Active Network EBITDA Growth and Margin (\$ in millions)



Source: Active Network and ThinkEquity LLC estimates

EPS. We estimate GAAP EPS of (\$0.39) in 2011 and (\$0.03) in 2012 versus (\$1.33) in 2010.



Valuation

We arrive at a \$23 per-share price target for Active based on 26x our 2012 EBITDA estimate of \$53.5M. We believe a 26x multiple is justified given our view for 35%-plus long-term EBITDA growth, and 30% and 63% EBITDA growth in 2011 and 2012, respectively. Our price target also equates to 22x our 2013 EBITDA estimate of \$75.7M, discounted back to 2012 at 12%.

Our \$23 price target is also justified by a DCF analysis. In our 10-year DCF analysis, we have assumed a revenue CAGR (2011-2020) of 14% and an EBITDA CAGR of 30%. Additionally, we estimate a FCF CAGR (2012-2020) of 41%. Furthermore, we have assume a weighted average cost of capital of 11.7%, FCF growth in perpetuity of 5%, and a terminal FCF multiple of 15x.

Exhibit 6: Active Discounted Cash Flow Analysis (\$in millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR (11-20)
Revenue	\$324	\$374	\$428	\$490	\$561	\$641	\$730	\$830	\$942	\$1,066	14.1%
Adjusted EBITDA	\$33	\$54	\$76	\$103	\$134	\$170	\$203	\$243	\$289	\$342	29.8%
Less: Cash Taxes	(\$4)	(\$7)	(\$10)	(\$12)	(\$17)	(\$39)	(\$54)	(\$68)	(\$85)	(\$104)	
Less: CapEx	(\$18)	(\$18)	(\$19)	(\$20)	(\$21)	(\$22)	(\$23)	(\$24)	(\$25)	(\$26)	
Less: Capitalized Software	(\$16)	(\$16)	(\$17)	(\$18)	(\$19)	(\$20)	(\$21)	(\$22)	(\$23)	(\$24)	
Free Cash Flow	(\$5)	\$12	\$30	\$53	\$77	\$89	\$105	\$129	\$156	\$188	40.6%
<i>Y/Y% Growth</i>		-335%	142%	77%	46%	15%	19%	22%	21%	20%	
DCF	(\$5)	\$10	\$21	\$34	\$44	\$46	\$49	\$53	\$58	\$63	

Source: ThinkEquity LLC estimates

Exhibit 7: Active DCF Sensitivity Analysis

Terminal Growth Rate	WACC				
	9.7%	10.7%	11.7%	12.7%	13.7%
3%	\$26	\$22	\$19	\$17	\$15
4%	\$29	\$24	\$21	\$18	\$16
5%	\$34	\$27	\$23	\$19	\$17
6%	\$41	\$32	\$26	\$21	\$18
7%	\$54	\$38	\$30	\$24	\$20

Source: ThinkEquity LLC estimates

Relative to shares of a peer group of leading eCommerce companies, Active shares trade at a 2012E EV/EBITDA multiple of **20x** versus 15x for the peer group. While Active shares trade at a premium, we believe the premium is justified given our higher long-term growth estimate for Active. We estimate Active's long-term earnings growth at approximately 35% versus the peer group at 22%, and, hence, Active shares trade at a 2012E EV/EBITDA/Growth multiple of 0.6x, in line with the peer group at 0.7x.



Exhibit 8: Comparable Company Analysis

(\$M, unless noted)											
Company Name	Price 7/1	Enterprise Value	EV/Rev		10-11 Growth	EV/EBITDA		EV/EBITDA/Growth		11-12 Growth	LT Growth
			CY11E	CY12E		CY11E	CY12E	CY11E	CY12E		
Amazon	\$209.49	\$86,301	1.9x	1.5x	36%	28.2x	21.7x	1.1x	0.9x	30%	25%
eBay	\$32.74	\$35,536	3.3x	2.9x	19%	9.5x	8.6x	0.9x	0.9x	11%	10%
Priceline	\$524.80	\$25,965	6.1x	4.9x	38%	18.5x	14.1x	1.0x	0.8x	31%	18%
Netflix	\$267.99	\$13,960	4.3x	3.2x	50%	28.7x	20.5x	1.1x	0.8x	40%	25%
Expedia	\$29.54	\$7,732	2.0x	1.8x	16%	7.6x	7.0x	0.8x	0.7x	10%	10%
MercadoLibre	\$81.55	\$3,446	11.8x	9.3x	35%	32.6x	24.4x	0.9x	0.7x	34%	35%
OpenTable	\$82.56	\$1,937	13.3x	10.4x	47%	34.8x	23.0x	nm	0.7x	51%	35%
Vistaprint	\$48.77	\$1,990	2.2x	1.9x	22%	11.1x	10.0x	0.6x	0.5x	11%	20%
Shutterfly	\$59.02	\$1,611	3.4x	2.7x	55%	17.8x	12.7x	0.7x	0.5x	39%	25%
Ancestry.com	\$41.00	\$1,811	4.6x	3.9x	32%	13.2x	11.1x	0.7x	0.6x	19%	20%
		Mean	5.4x	4.3x	35%	20.2x	15.3x	0.9x	0.7x	28%	22%
Active Network	\$18.01	\$1,050	3.2x	2.8x	16%	32.0x	19.6x	0.9x	0.6x	63%	35%

Source: Company reports and ThinkEquity LLC estimates for covered companies



Business Segments. Active Network reports revenues under Technology revenues as well as Marketing Services revenues. For 2010, Technology revenues represented 85% of the total while Marketing Services represented 15% of revenues.

- **Technology revenue.** Technology revenues consist of registration revenues (83% of Technology revenues in 2010) as well as software license, maintenance, and hosting revenues.
 - **Registration revenues.** Registration fees are typically based on a percentage of the total dollars processed for a registration and typically have both a fixed and variable component. Active Network's typical contract length for registration customers is three years. In 2010, Active processed 70.2 million transactions for 47,300 organizations totaling \$197.6 million in registration revenues or \$2.28 per registration.
 - **Licensed software, maintenance, hosting, and implementation revenues.** Licensed software, maintenance, hosting, and implementation fees accounted for 17% of technology revenues in 2010. We expect these revenues to decline as a percentage of revenues over time as the company transitions customers to transaction-based solutions.
- **Marketing Services revenues.** Marketing Services accounted for 15% of 2010 total revenues. The Marketing Services segment provides customers with 1) online services (e.g., email, targeted newsletter promotions); 2) field marketing (e.g., event promotions and sponsorships); 3) commerce revenue (e.g., membership programs, training programs, and websites). The contract length for Marketing Services customers is typically less than one year.

Acquisitions. Active Network has been pursuing growth through acquisition strategy to expand into new categories and geographies over the last several years. Below we list some of the company's major acquisitions.

- October 2004, Class Software Solutions, number one provider of software to communities and recreation.
- January 2007, Cool Running, a commercial site devoted to runners.
- August 2007, LaxPower.com, a site for high school and college lacrosse.
- August 2007, InfoSpherix, a provider park reservation services for government agencies; Active Network paid \$17M in cash.
- January 2008, Regonline, number one provider of event management software.
- January 2008, WingateWeb, a provider of event management software.
- January 2008, iPlayers, an online recruiting site for high school athletes and college recruiters.
- July 2008, HY-TEK Sports Software, a provider of services and tools for swimming and track and field clubs.
- October 2008, Automated License System and Central Bank's hunting and fishing division, number one hunting and fishing license and permit system provider; Active Network paid \$58.5M in cash plus stock valued at approximately \$0.5M and cancellation of a promissory note of \$3.0M.
- January 2009, ReserveAmerica, a provider of camping reservation and campground management solutions; Active Network paid convertible preferred stock valued at approximately \$47.7M.
- January 2010, Channel:1, a provider of onsite event management software solutions.
- February 2011, Fellowship Technologies, an online church management software provider.



Market Opportunity

North American Technology Market Opportunity. Active Network estimates that there are 800,000 potential customers in North America across its four key customer groups: sports, community, outdoors, and business events. Based on this, Active has approximately 5-6% market share of potential customers. Furthermore, Active Network estimates that its target market includes over 1.8 billion annual registrations in the United States (Active estimates it processes approximately 5% of registrations today), representing \$110 billion in registration spending. Assuming a 9% take rate, which we believe is reasonable, this would equate to a potential North American market of roughly \$10 billion in revenues.

Triathlon Market Shows Potential of Platform. Active Network's most developed segment is the triathlon market, which the company estimates that it works with 60% of the triathlon organizations and over 60% of those participants transacting online, suggesting Active registers 36% of triathlon participants in North America. In contrast, Active estimates that it processes just 2% of total registrations, suggesting a significant opportunity if Active can continue to increase its penetration rates in the less mature markets.

Marketing Services Opportunity. Active estimates that its North American Marketing Services opportunity is \$10 billion, equivalent to the size of its technology revenues. We note that in Active's most mature endurance vertical, nearly half of its revenues come from marketing services fees.

International Opportunity. While still small today (less than 5% of 2010 revenues), Active believes the longer-term opportunity for International (primarily Europe and APAC) should be as large as the North American market.

Growth Drivers

We believe Active Network's should benefit from numerous growth drivers, which we believe should enable Active to achieve mid-teens long-term revenue growth.

- **Increase number of organizations.** In 2010, Active worked with approximately 47,000 organizations, representing approximately 5% of its potential customer base. We believe that through increased sales and marketing, and continued adoption of Web-based solutions, the company should be able to significantly increase its organization count over the long term.
- **Increase Online Penetration.** Of the organizations that Active works with, approximately 20% transact online today. We expect this percentage to increase significantly longer term through increased training of its customer base, increased awareness of Active's websites, and emerging forms of marketing including social and mobile. We note that in the company's triathlon segment, approximately 60% of registrations are online today. We note that higher online penetration should also increase Active's revenue per customer.
- **International.** International represented less than 5% of revenues in 2010, though we believe Active has a significant opportunity to expand internationally, primarily Europe and APAC. We believe Active will focus on the endurance and corporate events categories initially.
- **Additional Vertical Markets.** We believe there is an opportunity to expand into other markets whereby its technology platform can deliver similar benefits to a specific market vertical. For example, Active recently entered the faith-based category through the acquisition of Fellowship Technologies, whereby it added 1,700 churches as clients.
- **Sell Additional Modules to Installed Base.** We expect Active to focus on cross-selling additional modules into its installed base, encompassing both technology and marketing solutions. We note that marketing services represent nearly 50% of endurance category revenues but only 15% of total revenues, and, hence, we believe there is an opportunity to further cross-sell these solutions into its other verticals. Additionally, we expect Active to cross-sell technology solutions such as call-center services and survey services.



- **Acquisitions.** We expect Active to remain acquisitive in order to gain further market share in its current categories, expand into additional categories, and expand internationally.
- **Daily Deals.** We expect Active to aggressively expand its group buying platform “Schwaggle” to additional geographies. Schwaggle offers deals on fitness-related products and services. Schwaggle is currently in four cities (San Francisco, New York, Los Angeles, and Chicago) though the company plans to roll out to a total of 25 cities by the end of 2011 and to select international markets in 2012. Schwaggle offers a variety of discounts from endurance sports, to spas, to magazine subscriptions, to golf lessons.

Exhibit 9: Example of Schwaggle Offer

The screenshot shows the Schwaggle website interface. At the top, there's a navigation bar with the Schwaggle logo, a location dropdown set to "Los Angeles", and a "Submit" button. Below the navigation bar, a green banner contains the text "Sign up for Great Deals:" followed by an email input field, a location dropdown set to "Los Angeles", and a "Submit" button. The main content area features a large blue banner with the text "\$18 for Group Fitness Package At Training Adventures (\$180 Value)". Below this banner, there's a social media sharing section with icons for Twitter, Facebook, and a "Like" button. To the left of the main content, there's a sidebar with a "\$18" price tag, a "See Deal" button, and a table showing the deal details: \$180 Value, 90% Discount, and \$162 You Save. Below the table, there's a timer showing "Time Left To Buy 4 days 8:22:32" and a red button indicating "80 Bought". At the bottom of the sidebar, there's a note about "Active Advantage" saving 15% more on Schwaggle. To the right of the sidebar, there's a photograph of people running on treadmills in a gym.

Source: Active Network





Product Description

Customers. In 2010, Active worked with 47,000 organizations that generated 70 million registrations in total in 2010. The four key verticals today include:

- **Sports:** 35,000 including 26,000 endurance, 600-plus golf courses, 8,000-plus leagues and clubs.
- **Community Activities:** 1,000-plus parks departments and community recreational centers; 600-plus schools including universities, K-12 districts, and specialty schools; 2,000-plus camps; 100-plus city and county governments; 1700-plus faith-based organizations.
- **Outdoors:** 75 outdoors contracts across 34 state campgrounds encompassing 4000-plus parks, 3,000-plus campgrounds, national parks, and 23 state hunting and fishing licenses, marinas.
- **Business Events:** 8,000-plus clients for conferences, conventions, association gatherings, meetings and seminars, and trade shows and expos.

ActiveWorks Platform. ActiveWorks is Active's back-office platform that provides its customers with various solutions, including participant management, reporting, volunteer management, and service and payment processing. The platform provides data on a real-time basis as well as providing historical comparisons to organizations.























Exhibit 10: ActiveWorks Platform Solutions

<u>Register</u>	<u>Operate</u>
 Online Registration	 Event & Activity Management
 Payment Processing	 Financial Management
 Point of Sale	 Membership Management
 Reservation & Ticketing	 Call Center Services
 Donations & Funding	 Facility & Resource Management
 Merchandise	 Customer Relationship Management
	 Volunteer & Staff Management
<u>Market</u>	<u>Analyze</u>
 Email Marketing & Tracking	 Reporting
 Email Advertising	 Customer Loyalty
 Social Media	 Surveys Pricing
 Event Syndication	 Optimization
 Websites	

Source: Active Network



Exhibit 11: ActiveWorks Platform Solutions

Sports	Communities	Outdoors	Business Events
 Endurance Events Race software for running, cycling, swimming, and multi-sport events.	 Parks & Recreation Parks and recreation software for city and county parks, rec departments, and more.	 Hunting & Fishing Hunting and fishing license management software for state wildlife and conservation agencies.	 Enterprise Corporations Conference management software used by large enterprise conferences and events.
 Team Sports & Tournaments League software used by teams and clubs including baseball, football, hockey, soccer, tennis, and many more.	 State & Local Government Government software for states, counties, cities, and districts.	 Campgrounds Campground reservation software for public park agencies and state and county campgrounds.	 Small to Mid-Size Businesses Meeting and event software for business events, workshops, and seminars.
 Golf Golf course software used to manage municipal, daily fee, semi-private, and private courses.	 Higher Education University management software for collegiate programs and private schools.	 Marinas Marina management software used by state and county-owned and operated marinas.	 Meeting Planners Meeting planning software for a variety of event and meeting types.
 Sports Facilities Facility management for sportsplexes, martial arts centers, field houses, ice rinks and community centers.	 K12 Schools School management software for accounting and fundraising in K12 schools and districts.	 Resorts Management software for resort spa, golf, and other activity operations.	 Associations Trade association event management software for industry trade groups and conferences.
 Camps & Clinics Parks and recreation software for city and county parks, rec departments, and more.	 Churches Church software to manage membership and facilities in faith-based organizations.	 Venues Venue management software for day-use facilities, aquariums, zoos, museums and tour sites.	
	 Camps & Retreat Centers Camp management software for camps and conferences.		
	 Youth & Education Programs Management software for YMCA/YWCAs, JCCs, Boys and Girls Clubs, and others.		
	 Charities Charity software to manage altruistic fundraising and donations.		

Source: Active Network

ActiveWorks Solutions for Organizations

- 1) **Marketing.** Active provides email marketing, websites, and social media solutions to drive additional traffic and registrations for clients. According to Active, for the Endurance vertical, the company generates 44% incremental registrations through Active.com, Social Media, search, and partner websites. Also, according to Active, its website draws 2.9 million visitors per month and sends event information to its subscriber base of over 6 million active consumers. Additionally, according to the company, over 475,000 Active searches are performed each month, which helps drive potential registrants to the Active website. Furthermore, Active.com's social media network size was over 500,000 fans at the end of May 2011 and has been growing by almost 50,000 fans and followers a month.



Exhibit 12: Active.com Website Activity Listings

Activities

Race Results

Training Plans

Articles

Refine Search

Keyword

sport, interest, etc.

Sport/Interest

Any

In & Around

San Francisco, CA, US

Within (mi):

50 miles

Date

all future dates

Activity Type

Any

Update Search

view by: Details | Map

sort by: Relevance | Date

Maya-Prof Computer Animation Camp @ Miller Creek

San Rafael, California

★★★★★

Be the first to review

Like

Learn Maya! This is a unique opportunity to learn professional computer modeling for animation. Build your own vehicle, add FX, and animate ...

Online Registration Available class

Summer Sports Camps

San Anselmo, California

★★★★★

Be the first to review

Like

class

Canon Tennis and Swim Camps

San Anselmo, California

★★★★★

Be the first to review

Like

class

Deer Valley Open

Antioch, CA


★★★★★

Be the first to review

Location: Deer Valley Tennis, Division: BG(18-10)s,SE, Notes: All Match Play starts June 4th Sat.

Source: Active Network

Exhibit 13: Active.com Partner Sites



The Official Online Community for Youth Basketball Brought to you by the NCAA and the NBA

Welcome to **iHoops.com**

Training Tools
Equipment Blogs, Blogs
Articles and Statistics
and much, much more!

PRACTICE TIME **TRAINING TOOLS** **CLASSROOM** **PROGRAMS** **LOCKER ROOM** **COMMUNITY**

Articles > Activities > Events

collaboro

SEARCH


Search Options

Conducting Type: Date Range (MM/DD/YYYY) Search Radius

Any from to 200 miles

1 - 10 of about 1200 results

05 Apr 2009 Sunday	High School T.E.S.E. CALIFORNIA - M... View Event Edit Page
04 Apr 2009 Saturday	High School T.E.S.E. CALIFORNIA - W... View Event Edit Page
01 Sep 2009 Tuesday	CLAREMONT YOUTH BASKETBALL View Event Edit Page
07 Dec 2008 Sunday	CLAREMONT YOUTH BASKETBALL View Event Edit Page
20 Mar 2008 Friday	2008 ROYAL Basketball Tournament Class... View Event Edit Page
13 Apr 2014 Tuesday	LA Sparks Make Practice Squad Tryouts View Event Edit Page



Welcome back, Activator!
[Profile](#) [Logout](#)

CAMPUS ROAR

YOUR SCHOOL. YOUR PASSION. YOUR WORLD.

Washington Running Report

The Runner's Source
Washington, DC's premier running & racing site

[Home](#) [News](#) [Resources](#) [Training](#) [Runners Bookings](#) [Community](#) [about/campus](#) [Event Data](#)

Friday, 01 Dec 2012 11:30 AM (GMT-5) News (0/0/0)

Race Details

Race Name	State	Start	End	Country	Search
City					

DC Area Events National Events Submit to Event

PREMIUM EVENT LISTINGS

Potomac Blue Trail 5K	02/24/12	
Columbia Hill Hovelland 5K	02/27/12	
Capital Running Series 5K	03/03/12	
Strawberry Dash 5K	04/08/12	
Strawberry Dash 5K	04/08/12	
Let Freedom Run 5K	05/04/12	

Each race event is a PREMIUM EVENT
100% is not a premium event
premium and again appears throughout
the calendar

DC Area Events - Running

Capital Running Company 5K, Patrick's Day 8K

Washington, DC's premier running & racing site offers a great downtown course, a deep and wide atmosphere, team competition & 10 kids run, 500+ running, refreshments, random prizes and much more. Bring the family for a day of fun and help support special olympics DC.

Event/Venue Location:
Near Freedom Plaza, 1201 Pennsylvania Ave

Distance:
5K, 10K Run 5K

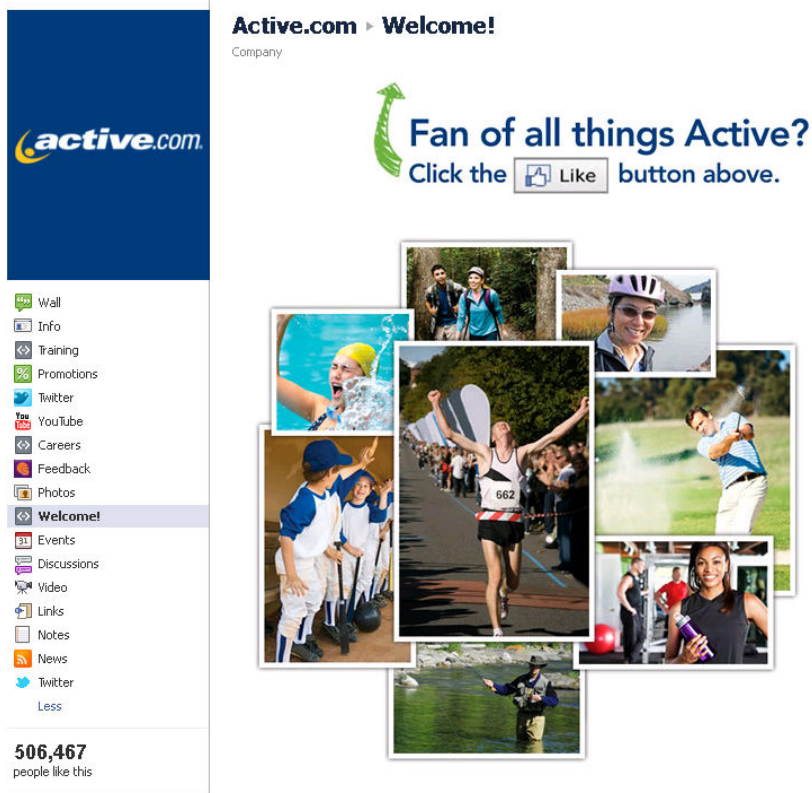
More Info:
Event Website:
Register Online
Event Email

Event Phone:
202-475-0600

Source: Active Network



Exhibit 14: Active.com Facebook Page



Source: Active Network

2) **Register.** Active provides online registration, reservations and ticketing, and payment processing solutions for customers.

Exhibit 15: Active.com Registration Page



Source: Active Network



- 3) **Operate.** Active provides event and activity management, facility and resource management, membership management, and call center services.

Exhibit 16: Example of Facility and Resource Planning Software

The screenshot displays the 'activeworks | outdoors' web application. The top navigation bar includes links for Home, Map, Availability, Open Cash Drawer, Search, Reservations, Reports, Admin, Financials, and Launch Pad. The main content area is titled 'Devils Fork' and shows the 'Current Park Status' as of 2010-12-02 14:07 EST. It lists various site types with their availability and booking options. A table on the right shows 'Totals for Today' with a total of 22 reservations. Below this, a table lists individual reservations with columns for Customer, Site Number, Loop, Reservation Number, Date, and Occupant. The bottom section contains 'Bullets' and 'Alerts' regarding park information and local news.

Site Type	Available	Type of Use	Make Booking
VILLA	20	OverNight	Walk-in
STANDARD SITE	50	OverNight	Walk-in
PICNIC SHELTER	2	Day	Walk-in
BOAT IN	13	OverNight	Walk-in
RUSTIC TENT SITE	30	OverNight	Walk-in

Customer	Site Number	Loop	Reservation Number	Date	Occupant
Mattison, Jeanette	V005	Villa Area	2-11831554	*11-24-2010	Mattison, Jeanette
Wessinger, Anita	V002	Villa Area	2-11023902	*11-24-2010	Wessinger, Anita
Whitlock, Kate	V010	Villa Area	2-11813160	*11-24-2010	Parker, Marri
Whitlock, Kate	V011	Villa Area	2-11813161	*11-24-2010	Seiffert, Debbie
Whitlock, Kate	V015	Villa Area	2-11012909	*11-24-2010	Clerk, Decky Jo
Whitlock, Kathryn	V012	Villa Area	2-11818531	*11-24-2010	Davis, Leeton
Whitlock, Kathryn	V013	Villa Area	2-11816051	*11-24-2010	Whitlock, Kathryn
Whitlock, Kathryn	V014	Villa Area	2-11813604	*11-24-2010	Roberts, Vicki
Whitlock, Kathryn	V016	Villa Area	2-11813605	*11-24-2010	Davis, Clifton Lee

Source: Active Network

- 4) **Analyze.** Active provides reporting analytics, customer loyalty, pricing optimization, and surveys for customers.

Exhibit 17: Example of Reporting Analytics Solution

The screenshot shows the 'Active Network' reporting analytics dashboard. The top navigation bar includes links for Setup, Users, Content, Exhibitors, Surveys, Reports, Help, Quick Links, and a Quick Search bar. The main content area is divided into several sections: 'Approved Exhibitors' with a bar chart, 'Session Search' and 'Participant Search' dropdowns, 'Percent Registrations By Primary Attendee Type' with a pie chart, 'Approved Sessions' with a table, and 'Session Enrollment' with a pie chart. The 'Approved Sessions' table lists sessions with columns for ID, Name, and Location. The 'Session Enrollment' pie chart shows the distribution of session enrollments across different categories.

ID	Name	Location
1001	Optical 101	Mike Bushman, Satish Baniya, Mike Whiting, Jared Erb, Clint Oaks, Travis Cushing, Spencer Neese, test test, Test Test
1099	Jon test	s.b
1431	CB Test Session	
1447	Session 1	Bruce Braithwaite
1448	Session 2	
1449	Session 3 test	test test
1504	Ryan's Test Title	Mike Whiting, Ryan Thompson

Source: Active Network

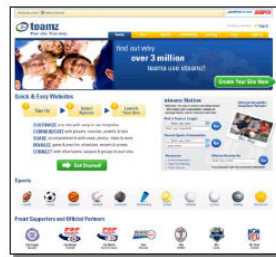


Consumer Facing Offerings. Active provides offerings to consumers both through an organization's website as well as through one of Active's websites. Active operates several leading websites, including the flagship Active.com (leading online participation site), eteamz.com (online community for teams and leagues), Cool Running (running community), LAXPower.com (high school and college lacrosse results/rankings), and ReserveAmerica.com (campground reservations).

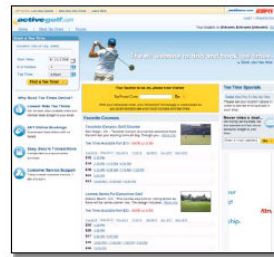
Exhibit 18: Active Network Websites



www.Active.com
Leading online participation site



www.eteamz.com
Online community for teams and leagues



www.ActiveGolf.com
Online info and tee times



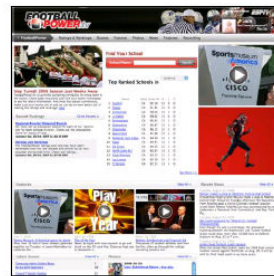
www.ActiveEurope.com
Searchable database of European athletic events



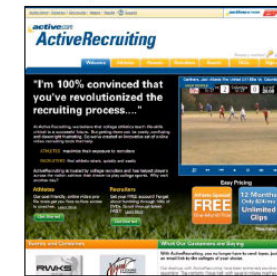
www.CoolRunning.com
Running community



www.LaxPower.com
High school and college results and rankings



www.FootballPower.tv
High school and college results and rankings



www.ActiveRecruiting.com
Recruiting resource for high school athletes and college recruiters

Source: Active Network

In total, Active Network ranks as the eleventh most popular sports website portfolio in the United States in terms of unique visitors. Active Network's portfolio of websites has experienced very strong unique user growth over the last few years. Year to date, Active Network (total), Active.com, and ReserveAmerica.com have seen unique user growth of 46% Y/Y, 96% Y/Y, and 66% Y/Y, respectively.

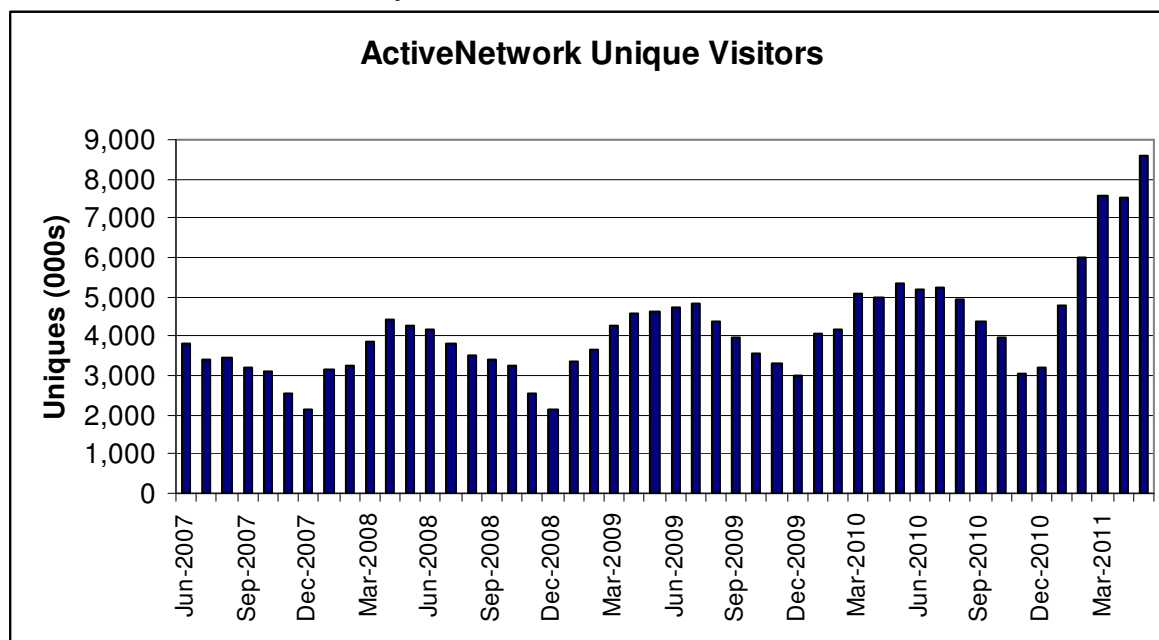


Exhibit 19: Sports Websites Unique Visitors Ranking

Sports Websites Unique Visitors - May 2011	
Yahoo! Sports	47,728
ESPN	38,141
FOXSports.com	27,770
Turner-SI Digital	26,186
Big Lead Sports	16,990
CBS Sports	11,653
NBC Sports	10,493
USA Today Sports Media Group	9,618
MLB.COM	9,061
BLEACHERREPORT.COM	8,645
Active.com Sites	8,571
Sporting News On AOL	8,017
NFL Internet Group	7,713
SB Nation	6,958
NHL Network	4,590
STACK Media	4,065
World Wrestling Entertainment (WWE)	3,528
JUMPTV Neulion	3,374
BNQT	2,893
MINORLEAGUEBASEBALL.COM	2,821
eHow Sports And Fitness (w/ history)	1,894
Demand Media Sports	1,739
Comcast.net Sports (w/ history)	1,648
RUNNERSWORLD.COM	1,425

Source: Active Network

Exhibit 20: Active Network Unique Visitors



Source: ComScore

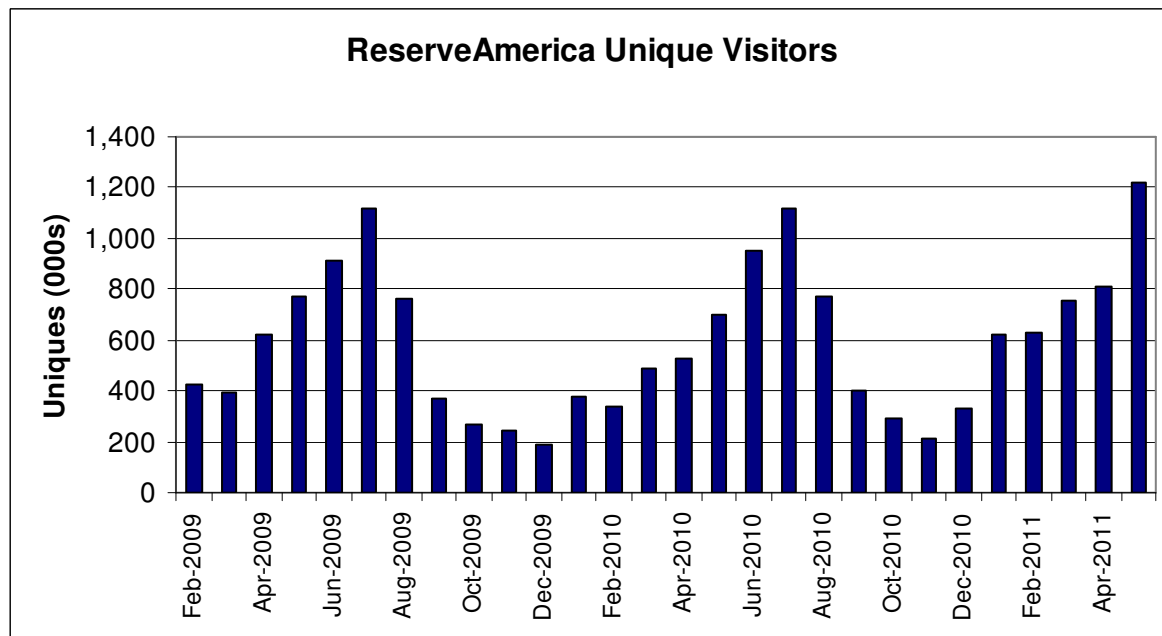


Exhibit 21: Active.com Unique Visitors



Source: ComScore.

Exhibit 22: Reserve America Unique Visitors



Source: ComScore



The Active platform provides consumers with the ability to:

- 1) **Find and Register.** The Active platform enables consumers to discover activities through search or a directory as well as targeted recommendations through its website, partner websites, or its mobile application. Active also offers discounts for events and products and services through its group buying discount platform, Schwaggle.

Exhibit 23: Active.com Website Activity Listings

Activities Race Results Training Plans Articles

view by: Details | Map sort by: Relevance | Date

Refine Search

Keyword
sport, interest, etc.

Sport/Interest
Any

In & Around
San Francisco, CA, US

Within (mi): 50 miles

Date
all future dates

Activity Type
Any

Update Search

Maya-Prof Computer Animation Camp @ Miller Creek Jun 27, 2011
San Rafael, California Monday
★★★★★ Be the first to review Like
Learn Maya! This is a unique opportunity to learn professional computer modeling for animation. Build your own vehicle, add FX, and animate ...
Online Registration Available class

Summer Sports Camps Jun 03, 2011
San Anselmo, California Friday
★★★★★ Be the first to review Like
class

Canon Tennis and Swim Camps Jun 03, 2011
San Anselmo, California Friday
★★★★★ Be the first to review Like
class

Deer Valley Open Jun 03, 2011 - Jun 05, 2011
Antioch, CA Friday
★★★★★ Be the first to review Like
Location: Deer Valley Tennis, Division: BG(18-10)s,SE, Notes: All Match Play starts June 4th Sat.

Source: Active Network

Exhibit 24: Active Mobile Offering



Source: Active Network



Exhibit 25: Schwaggle Discount for Marin County Half Marathon



Source: Active Network


- 2) Share and Prepare.** Active enables consumers to find articles, videos, and discounts on gear in order to prepare for events. Active's social integration with sites like Facebook can also drive incremental reservations for customers.



Exhibit 26: Examples of Cycling and Gear Tips

Racing Tips


[Find a Race](#)



- [Bike Racing 101](#)
- [Pre-Race Homework: Knowing is Half the Battle](#)
- [The Art of Improvising During a Bike Race](#)
- [Tips for Your First Crit](#)
- [Priming the Pump: The Week Before Your Race](#)
- [Your Post-race Homework Assignment](#)

Improve Your Climbing


[More Climbing Tips](#)



- [4 Tips for Cycling Uphill](#)
- [5 Ways to Become a Better Climber](#)
- [Defying Gravity: Climbing With the Pros](#)
- [7 Hill Cycling Tips for Flatlanders](#)
- [Preparing for a Hilly Century](#)
- [7 Tips for Climbing to the Top](#)

Bike to Work


[More Commuting Tips](#)



- [Bike to Work: Tips for Your First Commute](#)
- [Important Safety Tips for Commuting by Bike](#)
- [5 Quick Tips to Keep Your Bike Running Its Best](#)
- [Freedom From the Grind: Become a Bike Commuter](#)
- [How to Report Road Hazards](#)
- [Does Your Insurance Cover You on Your Bike?](#)

Cycling Gear

[More Gear Articles](#)

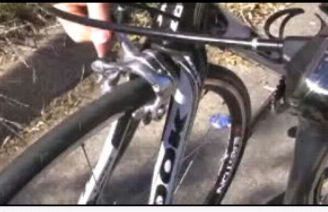


- [16 Bike Tools Every Cyclist Should Have](#)
- [What Is the Most Comfortable Frame Material?](#)
- [Tech Talk: When to Replace Your Chain](#)
- [BH Cristal Offers Pro-Level Riding for Women](#)
- [Can Carbon Fiber Frames Go Soft?](#)
- [How to Spray Down Your Bike](#)

San Francisco, California
Sat, Sep 17, 2011

[Find More >](#)

Cycling Videos



00:00 05:40

[Cycling Video Tips](#)

- [How to Change a Flat](#)
Active Expert Gale Bernhardt details how to change a flat tire on a bicycle.
- [Tubular vs. Clincher Tires](#)
Active Expert Gale Bernhardt explains the differences between tubular and clincher tires.
- [Using a CO2 Cartridge](#)
Active Expert Gale Bernhardt explains how to use a CO2 cartridge to inflate a bicycle tire.

Source: Active Network

3) **Participate and Commemorate.** Participants have access to results, photo sharing, and social media.

Exhibit 27: Race Results Page

active.com Race Results Win \$1,000 become a pro active lifestyle advisor

Join the club of Active.com +

Jolla Half Marathon - Le Jolla Half Marathon

Jul 25, 2010
Updated on July 24, 2010

1055 Finishers - 2007 M / 3028 F

Search

Last Name: First Name: Bk:

City: State: Age: Gender:

Top Finishes

Top 20:

Age Groups and Divisions

Show More Columns

Displaying 1 - 20 of 1055 records per page: 20

Rank	Name	Age	City	State	Sex	Age Grp	Time	Club	Time	Overall	Rank	Gender	Age Grp	%
7276	Sergio	34-39	San Diego	CA	M	34-39	1:09:48	1:09:48	1	1	1	M	34-39	38.8%
9200	Jessica	30-34	San Diego	CA	F	30-34	1:16:00	1:16:00	2	2	1	F	30-34	78.5%
6677	Hydra	35-39	San Diego	CA	M	35-39	1:16:38	1:16:38	3	3	2	M	35-39	76.5%
3246	Kevin	40-44	Del Mar	CA	M	40-44	1:16:38	1:16:38	4	4	1	M	40-44	8.3%
2048	Rock	35-39	El Cajon	CA	M	35-39	1:17:04	1:17:04	5	5	3	M	35-39	76.8%
4367	Karen	30-34	Enclave	CA	F	30-34	1:17:54	1:17:54	6	6	1	F	30-34	74.3%
1614	Karla	35-39	Los Angeles	CA	F	35-39	1:20:38	1:20:38	7	7	2	F	35-39	73.7%
4657	Rock	35-39	San Diego	CA	M	35-39	1:20:49	1:20:49	8	8	2	M	35-39	73.3%
9006	Alexander	40-44	San Diego	CA	M	40-44	1:21:26	1:21:26	9	9	1	M	40-44	7.7%
7691	Olivia	35-39	San Diego	CA	F	35-39	1:21:48	1:21:48	10	10	4	F	35-39	7.3%
3923	Kristen	35-39	San Diego	CA	F	35-39	1:21:48	1:21:48	11	11	1	F	35-39	72.4%
9	Mark	25-29	San Diego	CA	M	25-29	1:22:06	1:22:06	12	12	2	M	25-29	72.3%
3046	Artes	40-44	San Diego	CA	M	40-44	1:22:10	1:22:10	13	13	2	M	40-44	76.3%
977	Paul	35-39	San Diego	CA	M	35-39	1:26:17	1:26:17	14	14	3	M	35-39	70.1%

FREE RUNNING LOG

Easy Tools & Calculators!

[Get Started](#)

ActiveTrainer

Commemorate your great race with a

Source: Active Network



Management Overview

Dave Alberga, CEO. Mr. Alberga oversees the executive management team for all of Active Network's markets and leads the general managers in new business development. Prior to Active Network, Mr. Alberga headed operations for Ticketmaster Online-CitySearch Inc., a leading portal and transaction company. Additional experience includes senior management positions with Linear Technology Corporation, Silicon Valley Technology and consulting and brand management at the Boston Consulting Group and Procter & Gamble Company. Mr. Alberga holds a Master of Business Administration degree and a master's degree in arts from Stanford University. He earned a bachelor's degree in general engineering from the United States Military Academy at West Point.

Matt Landa, President. Mr. Landa heads all operations including strategy, sales, professional services, technology, and financial execution. Prior to Active Network, Mr. Landa was president and chief executive officer of Silicon Valley-based CMC Industries. Prior to CMC Industries, Mr. Landa was chief operating officer of Silicon Valley Technology (SVT), a high-volume manufacturer of electronics products. Additional experience includes serving as an associate of Monitor Company, a strategic consulting firm based in Cambridge, Mass. Mr. Landa holds a Master of Business Administration degree from Stanford University and a Bachelor of Science degree from Dartmouth College with concentrations in engineering and economics.

Scott Mendel, Chief Financial Officer. Mr. Mendel is responsible for Active Network's corporate finance, accounting, and investor relations functions. Prior to joining Active Network, Mr. Mendel worked in finance positions for General Electric (GE) for over 20 years. In his most recent position, chief financial officer for GE's Healthcare IT division, he led a 150-person global finance function and headed up the financial due diligence and integration of a \$1.2 billion acquisition in 2006. Mendel received his undergraduate degree in finance from Indiana University and his Master of Business Administration degree from Northwestern University, Kellogg School of Management.

John Belmonte, Chief Media Officer. Mr. Belmonte has served as chief media officer since February, 2011. He also served as chief operating officer from April 2000 to February 2011. Previous to Active Network, he was co-founder and president of LeagueLink, a Web-based service for administering recreational sports leagues. Active acquired LeagueLink in April 2000. Mr. Belmonte also worked as a strategy consultant for Boston Consulting Group. Mr. Belmonte has a B.S.E. from University of Pennsylvania's Wharton School of Business and a Master of Business Administration degree from Northwestern University, Kellogg School of Management.

Risks to Price Target

Acquisitions. Active has been highly acquisitive, with over 25 acquisitions over the past five years. Going forward, we believe the company will likely continue to be acquisitive to gain share and expand into new categories and geographies. While we believe the company's track in integrating acquisitions has been good thus far, acquisitions always create uncertainties and could be a distraction for management.

Competition. While we believe the market for Web-based reservations and activity-based software is highly fragmented, we believe the large and growing market opportunity is likely to attract additional entrants. Today, Active primarily competes with legacy registration methods such as pen and paper, mail, and phone-based reservations. Additionally, Active competes with internally developed software applications, off-the-shelf software (e.g., Microsoft Excel), as well as companies that offer Web-based solutions in one or more of its vertical areas.

Slower Adoption of Web-Based Reservation Systems. While online penetration for events and activities registration is still low today, which presents significant growth potential for the company, slower-than-expected online adoption from organizations and participants may limit Active Network's near-term growth potential.

Macroeconomic Environment. We believe the activities and events market is sensitive to consumer sentiment and the overall economic environment. For instance, the company experienced a significant slowdown in its business in the second half of 2008 due to the economic downturn. In addition, due to the company's exposure to the parks and recreation segment, governmental budgetary cuts could adversely impact the company's growth rates.



Transition to ActiveWorks Platform. While we believe the company's transition from its legacy platform to PaaS-based ActiveWorks should drive increased efficiencies and margin expansion, the transition is time consuming and requires significant investment. We note that in 2010, approximately 35% of Active's research and development spending was on the legacy platform. We currently expect Active to transition off the legacy platform by 2014. Delays in the transition (i.e., difficulties in convincing customers to migrate) would likely adversely impact Active's operating leverage.

Expand into New Businesses. While we believe the ActiveWorks platform should enable the company to expand into new verticals, new verticals may require significant incremental investment. Additionally, new businesses may require additional expertise that Active may not have, and as such Active would need to invest in additional personnel.

International Expansion. We expect Active to look to expand more internationally in the future, given the potentially large international market for Active's solutions. That said, differences in a specific country's culture and lack of international operational experience of Active could limit the company's success internationally. We believe it is likely that Active will look to a partner and acquisition strategy for international, which could create additional risks and uncertainties.

Environmental Impact. Active's business, especially the Outdoors vertical, could be negatively affected by environmental conditions. For instance, during the Gulf oil spill in the summer of 2010, Active's outdoor growth was negatively impacted.

Active Network Income Statement

Aaron Kessler (415) 249-6366

\$ in M, except per share data	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E
Registration			174.0	45.7	60.6	52.1	39.3	197.6	51.4	70.6	60.7	44.1	226.9	258.3	292.7
Software			36.5	9.3	10.6	10.3	9.9	40.1	11.7	13.3	14.5	13.9	53.3	63.9	75.1
Technology	78.5	145.8	210.5	54.9	71.2	62.4	49.2	237.7	63.1	83.9	75.2	58.0	280.2	322.3	367.8
Marketing Services	23.3	27.4	32.4	8.3	10.5	10.7	12.4	41.9	9.6	11.1	11.1	12.1	43.9	51.3	59.8
Net revenue	101.9	173.2	242.9	63.2	81.7	73.1	61.6	279.6	72.7	95.0	86.3	70.1	324.1	373.6	427.6
Cost of technology revenue		74.3	103.1	27.0	32.3	29.3	26.5	115.1	33.0	36.1	33.5	29.8	132.4	146.4	163.4
Cost of marketing services revenue		5.4	4.1	1.0	1.7	1.8	1.6	6.2	1.2	1.5	1.6	1.3	5.6	6.6	7.5
Cost of Revenue	41.1	79.7	107.2	28.1	34.1	31.1	28.1	121.4	34.2	37.7	35.1	31.1	138.0	152.9	170.9
Gross Profit	60.8	93.5	135.7	35.2	47.6	42.0	33.5	158.2	38.6	57.3	51.2	39.0	186.0	220.7	256.7
Operating Expenses															
Sales and marketing	31.0	48.4	49.8	14.5	15.0	14.9	14.1	58.5	16.8	17.9	17.6	16.8	69.0	75.9	84.3
Research and development	21.0	31.7	58.2	14.9	16.2	15.0	14.8	60.9	16.1	17.8	17.9	17.3	69.0	75.8	80.4
General and administrative	18.0	29.0	29.7	9.8	10.4	8.9	8.8	38.0	10.2	11.2	11.4	11.5	44.2	50.3	53.2
Amortization of intangibles	5.9	13.8	18.5	4.0	4.1	4.0	4.0	16.1	3.7	3.7	3.7	3.7	14.8	6.6	6.6
Stock Compensation	8.0	14.5	11.1	1.8	1.4	1.3	0.8	5.2	0.7	1.5	1.8	1.8	5.8	7.4	8.4
Total Operating Expenses	83.8	137.4	167.3	45.1	47.0	44.2	42.5	178.8	47.4	52.1	52.4	51.1	202.9	215.9	232.9
Operating income	(23.0)	(43.9)	(31.6)	(9.9)	0.6	(2.2)	(8.9)	(20.5)	(8.8)	5.3	(1.2)	(12.1)	(16.8)	4.7	23.9
Depreciation	4.2	7.9	12.6	3.9	4.6	5.0	5.8	19.2	5.6	5.9	6.3	6.7	24.5	29.8	31.8
Amortization	8.9	18.8	23.4	5.3	5.3	5.2	5.2	21.1	5.1	4.9	4.7	4.6	19.3	11.5	11.5
Depreciation and Amortization	13.1	26.7	36.1	9.2	9.9	10.2	11.0	40.3	10.7	10.8	11.0	11.3	43.8	41.3	43.3
SBC - COGS		0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.1
SBC -Operating Expenses	8.0	14.5	11.2	1.8	1.4	1.3	0.8	5.3	0.7	1.5	1.8	1.8	5.8	7.4	8.4
Adjusted EBITDA	(2.0)	(2.6)	15.9	1.1	11.9	9.4	2.9	25.2	\$2.6	\$17.6	\$11.6	\$1.0	32.8	53.5	\$75.7
Interest expense, net	0.6	(3.3)	(5.0)	(1.3)	(1.4)	(1.3)	(1.3)	(5.3)	(1.3)	(1.1)	0.1	0.1	(2.1)	0.6	0.8
Other (expense) income, net	0.2	(0.3)	1.2	(0.4)	(0.2)	0.8	0.3	0.5	(0.1)	0.0	0.0	0.0	(0.1)	0.0	0.0
Pre-tax income	(22.2)	(47.5)	(35.4)	(11.6)	(1.1)	(2.8)	(9.9)	(25.8)	(10.2)	4.2	(1.1)	(12.0)	(18.9)	5.3	24.7
Income taxes	2.6	1.5	2.4	0.9	0.9	1.1	(0.8)	1.9	0.8	1.0	1.0	1.0	3.8	7.2	9.9
GAAP Net Income	(24.8)	(49.0)	(37.9)	(12.4)	(1.9)	(4)	(9.1)	(27.3)	(10.9)	3.2	(2)	(13.0)	(22.8)	(1.9)	14.8
PF Net Income	(\$2.7)	(\$12.7)	\$1.6	(\$3.6)	\$6.4	\$4.9	(\$4.8)	\$2.9	(\$3.6)	\$11.6	\$6.4	(\$4.6)	\$9.9	\$31.4	\$54.4
GAAP EPS	(\$0.86)	(\$1.61)	(\$1.57)	(\$0.30)	(\$0.05)	(\$0.09)	(\$0.22)	(\$1.33)	(\$0.25)	\$0.05	(\$0.03)	(\$0.20)	(\$0.39)	(\$0.03)	\$0.22
PF EPS	(\$0.07)	(\$0.32)	\$0.04	(\$0.09)	\$0.15	\$0.12	(\$0.12)	\$0.07	(\$0.08)	\$0.19	\$0.10	(\$0.07)	\$0.17	\$0.47	\$0.80
PF EPS (fully taxed)	(\$0.08)	(\$0.21)	(\$0.01)	(\$0.06)	\$0.08	\$0.05	(\$0.06)	\$0.01	(\$0.06)	\$0.11	\$0.05	(\$0.05)	\$0.06	\$0.22	\$0.39
Basic Shares (mm)	38.7	40.1	40.5	41.7	41.7	41.7	41.7	41.7	43.1	60.1	65.9	66.2	58.9	67.0	68.3
Fully Diluted Shares (mm)	38.7	40.1	40.5	41.7	41.7	41.7	41.7	41.7	43.1	60.1	65.9	66.2	58.9	67.0	68.3
Y/Y% Change															
Registration				22.8%	10.9%	7.5%	16.3%	13.5%	12.6%	16.6%	16.6%	12.4%	14.8%	13.9%	13.6%
Software				27.8%	10.9%	6.4%	(0.3%)	10.0%	26.2%	25.0%	40.0%	40.0%	32.8%	20.0%	19.5%
Technology				23.6%	10.9%	7.3%	12.6%	12.9%	14.9%	17.9%	20.5%	17.9%	17.9%	15.0%	14.5%
Marketing Services				29.5%	36.3%	40.2%	16.5%	29.4%	15.9%	5.8%	3.9%	(3.0%)	4.7%	17.0%	16.5%
Net revenue	62.5%	70.0%	40.2%	24.3%	13.6%	11.1%	13.3%	15.1%	15.0%	16.3%	18.1%	13.7%	15.9%	15.3%	14.5%
Gross Profit	42.2%	53.8%	45.1%	32.1%	14.2%	10.8%	13.4%	16.6%	9.7%	20.5%	21.9%	16.2%	17.6%	18.6%	16.3%
Adjusted EBITDA	(49.9%)	31.0%	NA	NA	6.5%	6.2%	NA	59.0%	133.0%	48.4%	24.5%	(65.2%)	30.2%	63.0%	41.3%
Net Income	198.4%	97.6%	(22.7%)	nm	(28.3%)	(44.4%)	(35.4%)	(28.0%)	(11.8%)	(267.0%)	(45.8%)	43.1%	(16.4%)	(91.9%)	(897.2%)
PF EPS	(61.3%)	355.1%	NA	(42.5%)	(25.5%)	4.5%	(10.4%)	76.3%	(5.1%)	25.6%	(16.5%)	(39.5%)	144.3%	179.3%	69.6%
Expenses - % of Revenue															
Cost of Technology		51.0%	49.0%	49.2%	45.4%	47.0%	53.8%	48.4%	52.3%	43.0%	44.6%	51.4%	47.3%	45.4%	44.4%
Cost of Marketing Services		19.6%	12.5%	12.3%	16.5%	17.0%	13.2%	14.8%	12.1%	14.0%	14.5%	10.7%	12.8%	12.8%	12.6%
Cost of Revenue	40.3%	46.0%	44.1%	44.4%	41.7%	42.6%	45.6%	43.4%	47.0%	39.6%	40.7%	44.4%	42.6%	40.9%	40.0%
Sales and marketing	30.4%	27.9%	20.5%	23.0%	18.3%	20.4%	22.9%	20.9%	23.0%	18.8%	20.4%	23.9%	21.3%	20.3%	19.7%
Research and development	20.6%	18.3%	23.9%	23.6%	19.8%	20.6%	23.9%	21.8%	22.1%	18.7%	20.7%	24.7%	21.3%	20.3%	18.8%
General and administrative	17.7%	16.8%	12.2%	15.5%	12.8%	12.2%	14.3%	13.6%	14.0%	11.8%	13.2%	16.4%	13.6%	13.5%	12.5%
Total Operating Expenses (ex SBC)	68.6%	63.0%	56.7%	62.1%	50.9%	53.2%	61.2%	56.3%	59.1%	49.3%	54.3%	65.0%	56.2%	54.0%	50.9%
Tax rate	-11.7%	-3.2%	-6.9%	-7.4%	-78.5%	-38.4%	8.5%	-7.5%	-7.8%	9.4%	18.4%	-17.8%	-20.0%	134.7%	40.0%
Margins															
Gross Margin	59.7%	54.0%	55.9%	55.6%	58.3%	57.4%	54.4%	56.6%	53.0%	60.4%	59.3%	55.6%	57.4%	59.1%	60.0%
Operating Margin	-22.6%	-25.4%	-13.0%	-15.6%	0.7%	-3.1%	-14.5%	-7.3%	-12.2%	5.6%	-1.4%	-17.3%	-5.2%	1.3%	5.6%
Adj. EBITDA Margin	(2.0%)	(1.5%)	6.5%	1.8%	14.5%	12.8%	4.7%	9.0%	3.6%	18.5%	13.5%	1.4%	10.1%	14.3%	17.7%
Incremental EBITDA margin	5.1%	(0.9%)	26.5%	37.4%	7.4%	7.5%	47.6%	25.5%	15.6%	43.0%	17.3%	(22.4%)	17.1%	41.7%	41.0%
Net income margin	-24.3%	-28.3%	-15.6%	-19.6%	-2.4%	-5.2%	-14.8%	-9.8%	-15.0%	3.4%	-2.4%	-18.6%	-7.0%	-0.5%	3.5%

Source: Company reports and ThinkEquity LLC estimates



COMPANIES MENTIONED IN THIS REPORT:

Company	Exchange	Symbol	Price	Rating
Amazon.com, Inc.	NASDAQ	AMZN	\$209.49	Buy
Apple Inc.	NASDAQ	AAPL	\$343.26	Buy
comScore, Inc.	NASDAQ	SCOR	\$26.24	Buy
eBay Inc.	NASDAQ	EBAY	\$32.74	Buy
Expedia, Inc.	NASDAQ	EXPE	\$29.54	Hold
Linear Technology Corporation	NASDAQ	LLTC	\$33.43	Hold
MercadoLibre, Inc.	NASDAQ	MELI	\$81.55	Buy
Motorola Mobility Holdings, Inc.	NYSE	MMI	\$23.48	Buy
Netflix, Inc.	NASDAQ	NFLX	\$267.99	Buy
OpenTable, Inc.	NASDAQ	OPEN	\$82.56	Hold
priceline.com Incorporated	NASDAQ	PCLN	\$524.80	Buy
Shutterfly, Inc.	NASDAQ	SFLY	\$59.02	Hold
VistaPrint Ltd.	NASDAQ	VPRT	\$48.77	Hold
Yahoo!	NASDAQ	YHOO	\$15.45	Buy

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Sell: ThinkEquity expects the stock to generate negative risk-adjusted returns of more than 10% during the next 12 months. ThinkEquity recommends decreasing exposure to the stock.



Distribution of Ratings, Firmwide

ThinkEquity LLC

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [B]	147	69.00	20	13.61
HOLD [H]	64	30.00	4	6.25
SELL [S]	2	0.90	0	0.00

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