

From: Pehr Luedtke <pehr@powerreviews.com>
Sent: Friday, April 06, 2012 4:07 AM
Subject: happy to talk through

I've intentionally left out a couple of points.

[REDACTED]

-pehr

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

TRIAL EXHIBIT **GX0254**

13-CV-0133-WHO

Date Entered _____

By _____ (Deputy Clerk)

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To: Ken Comee <kcomee@powerreviews.com>

CC:

BCC:

Combination benefits

- Unprecedented scale:
 - Unique access to data deepens network effects and improves analytics capabilities
 - Significant upsell opportunities and access to both advertising and ecommerce budgets
- Unique trust, credibility, and scope in emerging social software category:
 - "The undisputed leader in the new generation of software"
 - Provides authority to move into new verticals
 - Barrier to entry for sub-scale firms
 - Faster access to emerging customer needs
- De facto standard for customer conversation platform on the web:
 - Standard platform and UI benefits consumers through consistency of product and creates barrier to entry for new firms
 - Eliminates need for feature wars in core ratings and reviews products
- Top line acceleration (both absolute and relative) and margin leverage (gross and EBITDA):
 - Marketing, sales, moderation, back office can be shared
 - Avoidance of costs: EV does not invest in platform, PR does not invest in marketing
 - Frees up capital for R&D towards innovation
 - Reduced sales cycles improve cash flow and CAC ratio
 - Continued questions from analysts during due diligence (with PR and EV) about combination validates market receptiveness
 - Combination creates scarcity that compels a large strategic to enter with premium pricing
- International scope and domestic coverage:
 - EV: Austin, NYC, EU, and Asia
 - PR: SF (proximity to large social and software companies)

But it's not just these two companies. PowerReviews expertise is developed over six years across 5500 brands, and our integrated suite enables our customers to outperform their competition.



Combination benefits

- **Unprecedented scale:**
 - Unique access to data deepens network effects and improves analytics capabilities
 - Significant upsell opportunities and access to both advertising and ecommerce budgets
- **Unique trust, credibility, and scope in emerging social software category:**
 - “The undisputed leader in the new generation of software”
 - Provides authority to move into new verticals
 - Barrier to entry for sub-scale firms
 - Faster access to emerging customer needs
- **Defacto standard for customer conversation platform on the web:**
 - Standard platform and UI benefits consumers through consistency of product and creates barrier to entry for new firms
 - Eliminates need for feature wars in core ratings and reviews products
- **Top line acceleration (both absolute and relative) and margin leverage (gross and EBITDA):**
 - Marketing, sales, moderation, back office can be shared
 - Avoidance of costs: BV does not invest in platform, PR does not invest in marketing
 - Frees up capital for R&D towards innovation
 - Reduced sales cycles improve cash flow and CAC ratio
 - Continued questions from analysts during due diligence (with PR and BV) about combination validates market receptiveness
 - Combination creates scarcity that compels a large strategic to enter with premium pricing
- **International scope and domestic coverage:**
 - BV: Austin, NYC, EU, and Asia
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PowerReviews assets

- Large installed base, including major brands and smaller retailers -> credibility
- True-cloud multi-tenant platform -> faster innovation and higher gross margins
- Strong team, particularly in technology; making bets on sales, marketing, and channel -> continued innovation and forward leaning
- Essential Social Suite -> THE social platform for the web
- Bay Area presence -> access to eng talent and proximity to hub of social
- Unified catalog at the product level -> facilitates brand / retailer sharing at minimal cost
- 1,500 category levels review forms -> consistently higher levels of content creation



The downside for BV

- **Highly successful IPO for BV has validated market**
- **Wide recognition as duopoly creates scarcity and demand for PowerReviews**
- **Recognition among large strategics that a combination between BV and PR is possible (analyst conversations reflect this); consolidation of market eliminates access to #1 social tool without need to overpay for combined entity**
- **Hiring of Ken validates Board commitment to building a BIG software business, particularly increasing marketing voice, sales effectiveness, and channel relevance**
 - **Meanwhile, every VC wants to put in money**
- **In a takeout of PowerReviews by global player, BV's competitive advantages in brand and customer list go away**
 - **Google gives the product away for free to add to its advertising suite and become more "social"**
 - **Salesforce incorporates ESS into Social Enterprise strategy**
- **In a merger with an adjacent private (e.g. Buddy Media), unique access to advertising budgets through agencies goes away, and another social player accelerates access to public markets**
- **Cloud and Social are two of the most important investment themes -> we solve two of them**