From:	Brant Barton
Sent:	Friday, May 20, 2011 6:02 PM
To:	Brett Hurt
Cc:	Stephen Collins; Mike Svatek
Subject:	Board M&A update

Brett,

Attached, please let me know your feedback. I have 90 minutes but knowing how our Board discussions typically run, I've tried to strike a balance between high-level context setting and "need to know" details. I think we may end up spending most of our time discussing the specific opportunities – PowerReviews and Involver. In the interest of time, I didn't add a third opportunity for debate (although I had candidates in mind), but that's also because we aren't engaged yet in a genuine exploratory discussion with anyone beyond Involver at this point.

Stephen & Mike, I would appreciate your input as well.

In addition to any changes you guys suggest, I may have further updates once I get some additional information back from Rahim at Involver.

Thanks,
Brant

1

Discussion Topics

» **Strategic context**
» **Opportunity landscape**
» **Specific opportunities**

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Strategic Context*

Drivers
» Products
» Customers
» Team
» Competitive

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Not an exhaustive list, but these are all related. No single independent reason to acquire.

Products
- Plays to the strength of our Sales & CS teams and existing channel
- Augments our organic ability to stay best-in-class in an incredibly fast-moving market space
- This includes TECHNOLOGY that is critical for product development, but we'd lean towards GA products that we can start selling immediately

Customers
- This includes actual customers and ACCESS to new sets of customers & markets
- Example of access: We currently do not have a strong agency channel, but the right offering could immediately open this up
- This also includes acquiring a product that is already in use by a large % of our customers so that we can claim a greater % of their social wallet (>51%)
- Includes vertical and geography-driven acquisitions

Team
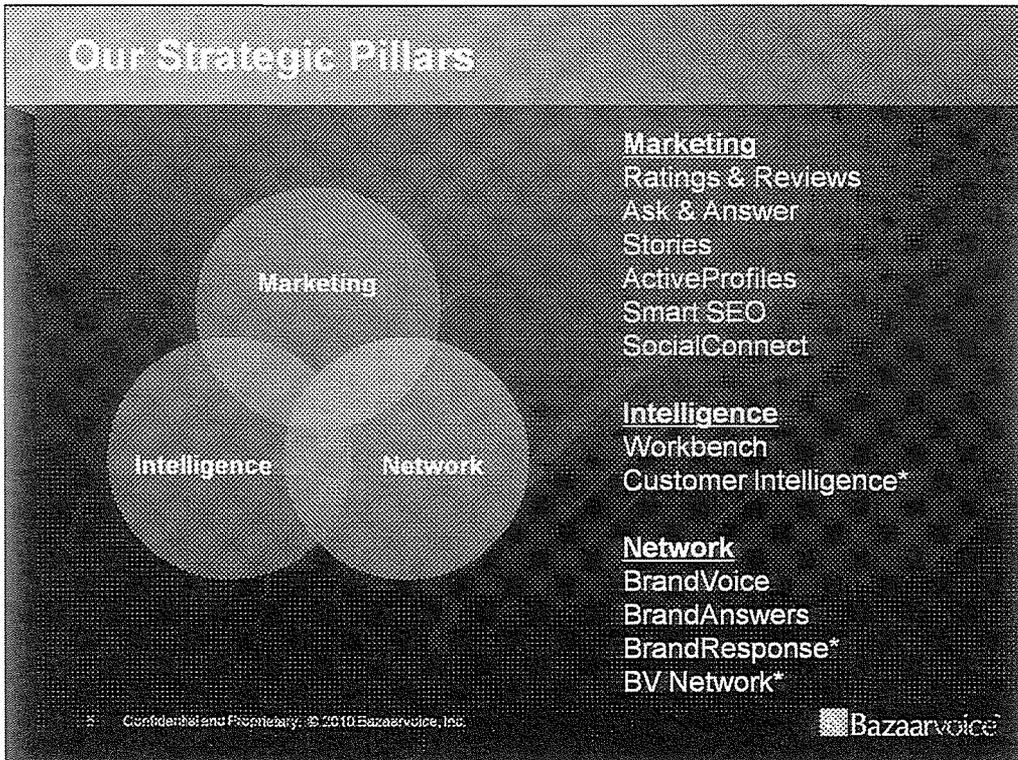
AKA, "profit from the core" concept

Marketing

Deliver best-in-class social marketing capabilities and innovation to clients to drive measurable customer acquisition, conversion & retention.

» Our historical focus.

» High demand for additional products.

» Opportunity to consolidate account control and spend.

» Most aligned with core competencies and expertise.

» Inherent market risk, due to immaturity, speed of innovation, and concentration of power in Facebook & Twitter.

» Social _____ is hot, so expectations are high.

Bazaarvoice

Intelligence

Enable customer insight-driven decision making for clients by enhancing the value of their social data

» Our next big opportunity

» Highly positive response to Customer Intelligence.

» High account lock-in potential through data integration and value of intelligence.

» Moderately aligned with core competencies and expertise — acquisition could fill critical gaps and rapidly accelerate progress.

» Large market opportunity and potential for disruption.

Bazaarvoice

Network

Monetize client network, online real estate, and UGC data assets through social advertising and other forms of brand-to-consumer engagement.

» Our next frontier.

» Key competitive differentiator.

» Potential to tap massive advertising and acquisition budgets.

» Least aligned with current core competencies and expertise - high bar for acquisitions, which could be transformative.

» Dynamic market, close 2nd to social.

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Challenges

» Impact to IPO timeline
» Diversity of needs & opportunities
» First-time integration risks
» Organizational inertia
» Cultural impact
» Value

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Opportunity Landscape

Current Status

» 150+ companies and growing

» Screening database in progress

» Populating primarily via outbound efforts but inbound is picking up

» Hiring dedicated resource to manage research & screening

» Current active discussions are opportunistic, not the result of our targeting

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Paradox of Choice

Marketing

Social Media Marketing Systems	Involver, Spredfast, Shoutlet
Social Marketing (on-site & off-site applications)	Involver, Sociable Labs
Social Loyalty ("gamification")	Badgeville, Bunchball
Social Sharing (focus on customer acquisition)	Meteor Solutions, 500friends, Spinback*
Social Commerce ("F-commerce")	8thBridge, Aggregate Markets
Community Platforms	Lithium, Jive

Intelligence

Social Media Monitoring & Analytics	MututalMind, Claritics, Spinback*
Social Identity & Reputation	Klout, Rapleaf, PeerIndex
Text & Sentiment Analysis	Clarabridge, OpenAmplify, Attensity
Customer Feedback Management	Vovici, Medallia, Confirmit, VisionCritical
Data Management & Integration (product matching, CRM integration, etc.)	Mercent, others TBD (more research required)

Network

Shopper Marketing	Searchandise, SellPoint
Advertising Networks (specifically re-marketing)	Criteo, Dotomi, TellApart
Social Ad Targeting	Media6Degrees, others TBD

BazaarVoice

Screening Factors

Factors	1	2	3
Time to Impact *integration complexity, implementation effort, time to customer roi, time to cash*	high complexity/effort delayed business impact	mixed	low complexity/effort rapid business impact
Customer Alignment *customer overlap, demand, relevance*	low overlap, demand, relevance	mixed	high overlap, demand, relevance
Sales & Services Fit *relevance to sales & services approach*	requires new approach	moderate adaptation required	strongly complements existing approach
Margin Impact *impact to gross margin trend*	low (below 65%)	moderate (65-80%)	high (80%+)
Data Value *generates or enhances data asset size, value and/or ability to take action*	no or minimal impact	mixed	high impact
Network Effect *enhances or exploits network effect*	no or minimal impact	Mixed	high impact

Company-Specific Screening Factors: Team Size, R&D Density, Market Perception, Technology Architecture, Channel Maturity, Location, Funding

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Bazaarvoice

Specific Opportunities

Power Reviews

Opportunity Summary

Eliminate primary competitor, thereby reducing comparative pricing pressure, and acquire assets valuable to our Marketing, Intelligence & Network strategies.

» ~50 premium brands, including strategic nodes for syndication

» 15+ million reviews, increasing 750K per month

» Product data matching IP and other patents

» Self-service R&R solution for SMB (in use on over 4700 websites)

» Established reseller partnerships in Europe & Japan

» 20-person R&D team (90 total employees)

» $10 million cash

15   Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Power Reviews

Financial Summary

SaaS	2009	2010	2011 EST
	millions		
US	$1.4	$4.7	$10.5
EU	$0.2	$0.9	$0.9
SaaS Total	$1.6	$5.6	$11.4
Buzzillions	$1.2	$2.2	$2.2
Grand Total	$2.8	$7.8	$13.6

» Average selling price trending to $30K per year by end of 2011

» Monthly recurring revenue was $580K in May-11 but will get close to $1 million in Dec-11

» GM was 65% in Q1-11 but targeting 80% long-term

» 280 "enterprise" clients growing to 400 by end of 2011

» Series C raised $10m at $85m post, up from $75m Series B roughly 2 years ago ($37m raised to date)
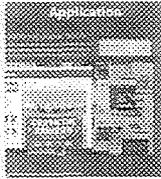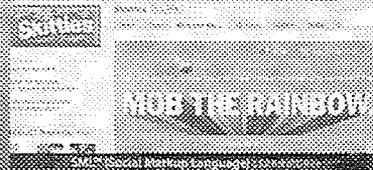
Bazaarvoice

Power Reviews

Key Conclusions

» Shared POV on market direction and company mission

» Strong capabilities in product matching and catalog management, due to Buzzillions' review aggregation

» Also investing in on-site Facebook integration and Social Intelligence ("Bloomberg of Products" concept)

» Buzzillions performance hampered by Google Panda, likely to divest

» Significant gap in valuation expectations

» Seeking exit opportunities, so may revisit in the future

Confidential and Proprietary. © 2010 Bazaarvoice, Inc.

Bazaarvoice

Involver

Company Background

» Social Marketing application platform & SMMS

» Competitor to Buddy Media, Vitrue, Context Optional, and others

» Development partner for SocialApps (R&R for Facebook, etc.)

Case for Acquisition

» Dependence on SocialApps (~15% of Q4 gross bookings)

» Client demand for Facebook integration, on-site and off-site

» Client demand for SMMS

» Potential competition long-term from Buddy Media

» Involver decision: Raise $ to build out large sales force to take on Buddy Media or join forces with strategic partner with mature channel

20   Confidential and Proprietary. © 2010 Bazaarvoice, Inc.   ■Bazaarvoice

Involver

Financial Summary

» Raised $11m total ($8m Series C in October)

» Projecting $7.7m revenue in 2011 at 73% GM

» Projecting EBITDA positive in Q2-2012

» Projecting 80%+ GM in 2012

» Ending 2011 cash <$1m (currently modeling additional $5m financing in Q4-2011)

» 75% software revenue, 25% services (customization via SML)

» "Enterprise" clients: average deal size of $42K per year

» 9% of revenue from outside US with no S&M investment or presence

Bazaarvoice

Involver

Pros

» Enhanced Facebook product offering

» SMMS product (bolt-on to Customer Intelligence)

» Rapid deployment (<1 week) with minimal services & support required

» 100% inbound sales and short deal cycle (2-8 weeks)

» Strong agency channel (40% of business)

» 20-person R&D team

» Facebook relationship

» SML complementary to Platform and self-service strategies

» Industry perception

Bazaarvoice

Involver

Cons

» Inherent risk of dependence on Facebook platform and potential for Facebook to compete directly in the future

» Immature market, subject to big shifts as social media platforms evolve and brands test social media marketing efficacy

» Long-tail customer base using "freemium" Facebook apps (650K apps in use across 310+ fan pages)

» Initiates direct competition with Buddy Media, Vitrue, and several other minor players that have toeholds in our client base

» No significant overlap with existing client base (<15%)*

Bazaarvoice

Appendix

Relevant Transactions

Company	Acquisition	Description
Lithium	Scout Labs (~$20MM)	Social media monitoring
Jive	Filtrbox	Social media monitoring
	Proximal Labs	Social network analytics, Big Data expertise
Salesforce.com*	Radian6 ($326MM)	Social media monitoring, Social CRM
	Kenlet, now Salesforce Ideas	Customer innovation community (Dell IdeaStorm, Starbucks Ideas)
	Seesmic (strategic investment)	Social media marketing
RightNow	HiveLive ($6MM)	Community platform, social media monitoring
Walmart	Kosmix ($300MM)	Social media analytics & curation
Buddy Media	Spinback ($10MM)	Social sharing & analytics
Efficient Frontier	Context Optional ($50MM) (involver competitor)	Social media marketing
Experian	Techlighenment (majority stake)	Social media marketing & analytics

Bazaarvoice

Bazaarvoice™

May 2011

Board Update – M&A

Discussion Topics

» **Strategic context**

» **Opportunity landscape**

» **Specific opportunities**

Bazaarvoice™

Bazaarvoice™

Strategic Context*

Drivers

» **Products**

» **Customers**

» **Team**

» **Competitive**

Bazaarvoice™

Our Strategic Pillars

Marketing
Ratings & Reviews
Ask & Answer
Stories
ActiveProfiles
Smart SEO
SocialConnect

Intelligence
Workbench
Customer Intelligence*

Network
BrandVoice
BrandAnswers
BrandResponse*
BV Network*

Bazaarvoice™

Marketing

Deliver best-in-class social marketing capabilities and innovation to clients to drive measurable customer acquisition, conversion & retention.

» Our historical focus.

» High demand for additional products.

» Opportunity to consolidate account control and spend.

» Most aligned with core competencies and expertise.

» Inherent market risk, due to immaturity, speed of innovation, and concentration of power in Facebook & Twitter.

» Social _____ is hot, so expectations are high.

Bazaarvoice™

Intelligence

Enable customer insight-driven decision making for clients by enhancing the value of their social data.

» Our next big opportunity.

» Highly positive response to Customer Intelligence.

» High account lock-in potential through data integration and value of intelligence.

» Moderately aligned with core competencies and expertise – acquisition could fill critical gaps and rapidly accelerate progress.

» Large market opportunity and potential for disruption.

Bazaarvoice

Network

Monetize client network, online real estate, and UGC data assets through social advertising and other forms of brand-to-consumer engagement.

» Our next frontier.

» Key competitive differentiator.

» Potential to tap massive advertising and acquisition budgets.

» Least aligned with current core competencies and expertise - high bar for acquisitions, which could be transformative.

» Dynamic market, close 2nd to social.

Bazaarvoice ™

Challenges

» Impact to IPO timeline

» Diversity of needs & opportunities

» First-time integration risks

» Organizational inertia

» Cultural impact

» Value

Bazaarvoice™

Opportunity Landscape

Current Status

» 150+ companies and growing

» Screening database in progress

» Populating primarily via outbound efforts but inbound is picking up

» Hiring dedicated resource to manage research & screening

» Current active discussions are opportunistic, not the result of our targeting

Bazaarvoice™

Paradox of Choice

Marketing	
Social Media Marketing Systems	Involver, Spredfast, Shoutlet
Social Marketing (on-site & off-site applications)	Involver, Sociable Labs
Social Loyalty ("gamification")	Badgeville, Bunchball
Social Sharing (focus on customer acquisition)	Meteor Solutions, 500friends, Spinback*
Social Commerce ("F-commerce")	8thBridge, Adgregate Markets
Community Platforms	Lithium, Jive
Intelligence	
Social Media Monitoring & Analytics	MututalMind, Claritics, Spinback*
Social Identity & Reputation	Klout, Rapleaf, PeerIndex
Text & Sentiment Analysis	Clarabridge, OpenAmplify, Attensity
Customer Feedback Management	Vovici, Medallia, Confirmit, VisionCritical
Data Management & Integration (product matching, CRM integration, etc.)	Mercent, others TBD (more research required)
Network	
Shopper Marketing	Searchandise, SellPoint
Advertising Networks (specifically re-marketing)	Criteo, Dotomi, TellApart
Social Ad Targeting	Media6Degrees, others TBD

Screening Factors

Factors	1	2	3
Time to Impact *integration complexity, implementation effort, time to customer roi, time to cash*	high complexity/effort delayed business impact	mixed	low complexity/effort rapid business impact
Customer Alignment *customer overlap, demand, relevance*	low overlap, demand, relevance	mixed	high overlap, demand, relevance
Sales & Services Fit *relevance to sales & services approach*	requires new approach	moderate adaptation required	strongly complements existing approach
Margin Impact *impact to gross margin trend*	low (below 65%)	moderate (65-80%)	high (80%+)
Data Value *generates or enhances data asset size, value and/or ability to take action*	no or minimal impact	mixed	high impact
Network Effect *enhances or exploits network effect*	no or minimal impact	Mixed	high impact

Company-Specific Screening Factors: Team Size, R&D Density, Market Perception, Technology Architecture, Channel Maturity, Location, Funding

Bazaarvoice™

Power Reviews

Opportunity Summary

Eliminate primary competitor, thereby reducing comparative pricing pressure, and acquire assets valuable to our Marketing, Intelligence & Network strategies:

» ~50 premium brands, including strategic nodes for syndication

» 15+ million reviews, increasing 750K per month

» Product data matching IP and other patents

» Self-service R&R solution for SMB (in use on over 4700 websites)

» Established reseller partnerships in Europe & Japan

» 20-person R&D team (90 total employees)

» $10 million cash

Bazaarvoice™

Power Reviews

Power Reviews

Financial Summary

	2009	2010	2011 EST
SaaS	*millions*		
US	$1.4	$4.7	$10.5
EU	$0.2	$0.9	$0.9
SaaS Total	**$1.6**	**$5.6**	**$11.4**
Buzzillions	$1.2	$2.2	$2.2
Grand Total	**$2.8**	**$7.8**	**$13.6**

» Average selling price trending to $30K per year by end of 2011

» Monthly recurring revenue was $580K in May-11 but will get close to $1 million in Dec-11

» GM was 65% in Q1-11 but targeting 80% long-term

» 280 "enterprise" clients growing to 400 by end of 2011

» Series C raised $10m at $85m post, up from $75m Series B roughly 2 years ago ($37m raised to date)

Bazaarvoice™

Power Reviews

Key Conclusions

» Shared POV on market direction and company mission

» Strong capabilities in product matching and catalog management, due to Buzzillions' review aggregation

» Also investing in on-site Facebook integration and Social Intelligence ("Bloomberg of Products" concept)

» Buzzillions performance hampered by Google Panda, likely to divest

» Significant gap in valuation expectations

» Seeking exit opportunities, so may revisit in the future

Bazaarvoice™

involver™

Everything you need to build and scale customized social marketing experiences with speed and pixel perfect quality.

Get Apps

Skittles 👍 Like
Wall   Info   Mob the Rai...   Skittles   Video   Polls   »

f SHARE   t FOLLOW SKITTLES

MILLIONS OF FANS STRONG. THE INTERWEBS IS OUR PLAYGROUND. LETS CAUSE SOME FUN.

MOB THE RAINBOW.

GAME PLAN   COUNT ME IN   PROGRESS   DONE & DONE

‹ste the Rainbow.
llow the Rainbow:
p://twitter.com/skittles
perience the Rainbow:
p://skittles.com/

,021,713 People Like This

SML™ (Social Markup Language) LEARN MORE ▸

Application

Get Started

MOB THE RAINBOW.
CRASH THE RAINBOW

Static HTML For Pages

This new application from Involver offers the easiest way to render HTML in a Facebook iFrame and configure your fan page in just minutes. Customize your tab name and use it as a fan gate to drive Facebook Likes.

Learn More

Product

Introducing SML™: The World's First Markup Language For Social

Brand marketers and their agencies have been looking for a simple way to build immersive, customized experiences to engage audiences on social media platforms.

Learn More

| BRANDS ENABLED | 333,887 |
| AUDIENCE SERVED | 1,132,060,164 |

Brands using Involver apps

COMEDY CENTRAL   CARFAX   HEARST media services

RCA   WHITE HOUSE Commission on Remembrance

VIKING   SPIKE   facebook

Quotes

RCA
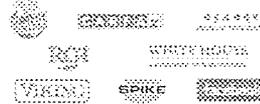
"The Involver platform gives us top-notch social tools in which to optimize engagement and discovery...Bottom line is that we didn't just serve our core fan base; we doubled it."

— Jen Fowler, RCA Records

Involver

Company Background

» Social Marketing application platform & SMMS

» Competitor to Buddy Media, Vitrue, Context Optional, and others

» Development partner for SocialApps (R&R for Facebook, etc.)

Case for Acquisition

» Dependence on SocialApps (~15% of Q4 gross bookings)

» Client demand for Facebook integration, on-site and off-site

» Client demand for SMMS

» Potential competition long-term from Buddy Media

» Involver decision: Raise $ to build out large sales force to take on Buddy Media or join forces with strategic partner with mature channel

Bazaarvoice™

Involver

Financial Summary

» Raised $11m total ($8m Series C in October)

» Projecting $7.7m revenue in 2011 at 73% GM

» Projecting EBITDA positive in Q2-2012

» Projecting 80%+ GM in 2012

» Ending 2011 cash <$1m (currently modeling additional $5m financing in Q4-2011)

» 75% software revenue, 25% services (customization via SML)

» "Enterprise" clients: average deal size of $42K per year

» 9% of revenue from outside US with no S&M investment or presence

Bazaarvoice™

Involver

Which plan is right for you?

	Enterprise	Business	Professional	Basic
	The Leading Social Platform Solution	**Fully Customizable Social Experiences**	**The Turnkey Solution For Social Apps**	**Getting Started with Social**
	Enables brands & agencies to create multi-faceted campaigns across the open web.	Technology to achieve far-reaching success in social media	The fastest way for brands to create effective social marketing campaigns	Powerful, no-cost way to begin your brand on Facebook.
	Contact Us	**Contact Us**	**Contact Us**	**Get Started**
Applications	24 available	14 available	12 available	7 available
Publishing	40 outlets+	20 outlets+	10 outlets+	None
Monitoring	Advanced	Standard	Basic	None
Analytics	Advanced	Advanced	None	None
Users	10 users+	5 users+	2 users+	1 user+
Support	Gold	Silver	Bronze	Community
	Contact Us Starting at 2,749/mo	**Contact Us** Starting at 999/mo	**Contact Us** Starting at 99/mo	**Get Started** for FREE

Bazaarvoice™

Involver

Pros

- » Enhanced Facebook product offering

- » SMMS product (bolt-on to Customer Intelligence)

- » Rapid deployment (<1 week) with minimal services & support required

- » 100% inbound sales and short deal cycle (2-8 weeks)

- » Strong agency channel (40% of business)

- » 20-person R&D team

- » Facebook relationship

- » SML complementary to Platform and self-service strategies

- » Industry perception

Bazaarvoice™

Involver

Cons

» Inherent risk of dependence on Facebook platform and potential for Facebook to compete directly in the future

» Immature market, subject to big shifts as social media platforms evolve and brands test social media marketing efficacy

» Long-tail customer base using "freemium" Facebook apps (650K apps in use across 310+ fan pages)

» Initiates direct competition with Buddy Media, Vitrue, and several other minor players that have toeholds in our client base

» No significant overlap with existing client base (<15%)*

Bazaarvoice™

Appendix

Relevant Transactions

Company	Acquisition	Description
Lithium	Scout Labs (~$20MM)	Social media monitoring
Jive	Filtrbox	Social media monitoring
	Proximal Labs	Social network analytics, Big Data expertise
Salesforce.com*	Radian6 ($326MM)	Social media monitoring, Social CRM
	Kenlet, now Salesforce Ideas	Customer innovation community (Dell IdeaStorm, Starbucks Ideas)
	Seesmic (strategic investment)	Social media marketing
RightNow	HiveLive ($6MM)	Community platform, social media monitoring
Walmart	Kosmix ($300MM)	Social media analytics & curation
Buddy Media	Spinback ($10MM)	Social sharing & analytics
Efficient Frontier	Context Optional ($50MM) (Involver competitor)	Social media marketing
Experian	Techlightenment (majority stake)	Social media marketing & analytics

Bazaarvoice™