



Digital Innovators' Summit 2011

4th Digital Magazine Media Conference hosted by FIPP, VDZ and emediaSF



Valuing Digital Businesses

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Introduction to Balderton

Increasing pace of disruption

Trends that we see in the market

Valuations

- Venture Capital investor in the **Tech / Media** sector
- Invest **\$0.5m - \$20m** as a minority equity stake in companies with **\$B potential** – high risk, high return
- **\$1.9B** of committed funds from institutional LPs
- Have made over **100** investments in the last decade, across Europe, North America & Asia
- **55** companies currently in portfolio, totaling **\$3B** of revenues in 2010

Who we are



Rob Moffat
Google
BAIN & COMPANY



Bernard Liautaud
Founder & CEO,
Business Objects



Barry Maloney
CEO Esat Digifone



Mark Evans
CEO Bridgespan



Dharmash Mistry
MD, Emap Consumer
(acq. by Bauer)



Roberto Bonanzinga
CEO Jambaz
Jaiku



Tim Bunting
Global head of equity,
Goldman Sachs



Jerome Misso
Nabarro



Harry Briggs
Firefly Tonics
McKinsey

Some of our successful investments



£1400m IPO



>\$250m sale to Amazon



\$850m sale to AOL



€480m IPO



\$2000m IPO



\$1000m sale to Sun



\$180m sale to Cisco

Our current portfolio

Media



Gaming



eCommerce & payments



Mobile



Enterprise & Software



Semi / Cleantech / Health



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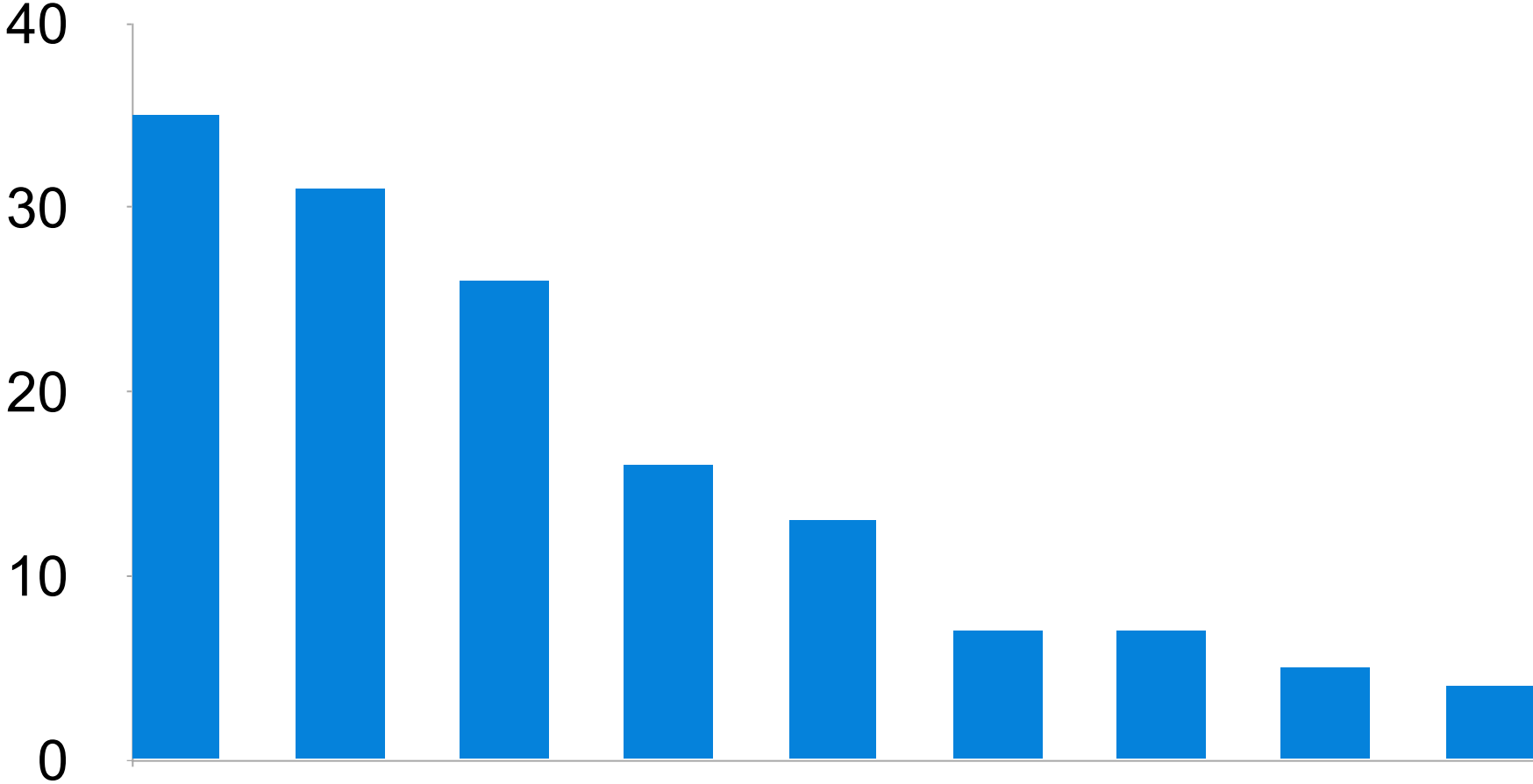
Valuations

“We foresee a total market size of fewer than 1 million subscribers to mobile devices by the year 2000”

McKinsey & Co. report to AT&T, 1981

Adoption curves are accelerating

Years until use by 25% of US Population



Value lost since 2000 (\$bn)



Value gained since 2000 (\$bn)



As of October 2010

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1. **Media as a service**

2. **Product as marketing** *“Back to the Future” trends*

3. **Personalisation**

4. **Deals** – reinventing the reader offer

5. **New platforms:**

- Mobile & tablet
- Facebook
- Connected TV

6. **Reducing cost & friction:**

- Low cost & user-generated content
- Data-as-a-service
- Alternative payments

1. Media as a Service

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1. Media as a Service

All you can eat online subscriptions



Film

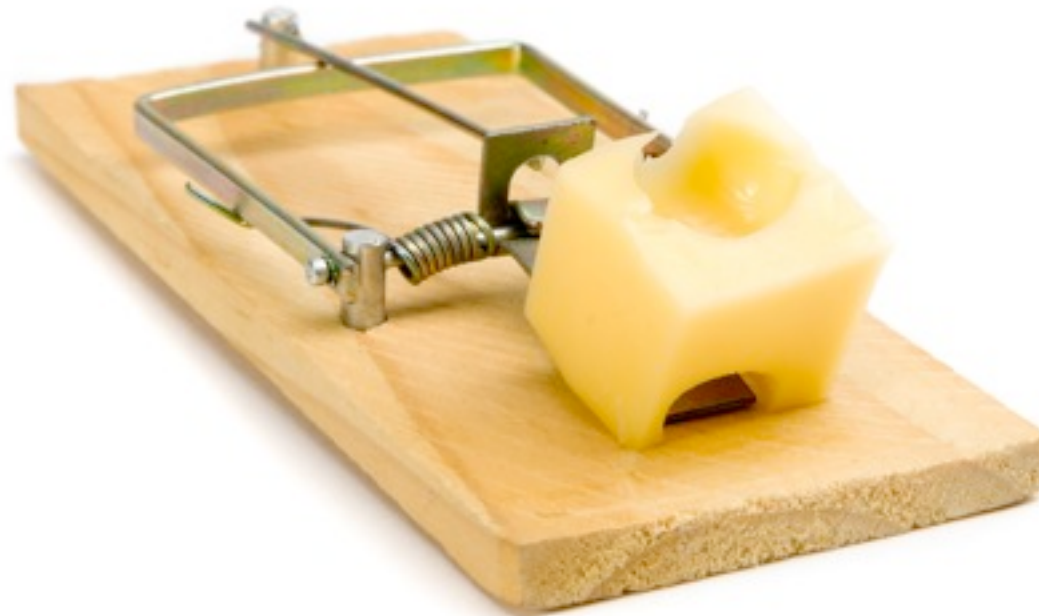
Gaming

Music

Print



**If a man could build a better mousetrap,
though he live alone in the woods,
men would beat a path to his door**



2. Product as Marketing – supported by new social & geo-location channels



18 million
Monthly Active
Users, <\$1m
marketing
spend



 **cristianobunte**
I love Dropbox because it help work in the office, at home and anywhere I need to be. It's safe, it's practical.
<http://db.tt/q7mzHPH>

10 million
users,
adding >1m
a month



+2 **No Carb Left Behind**
Every word in Italian is like a truffle... a magic trick. Tell us your favorite Italian word or your favorite dish on the menu.
**EAT
PRAY
LOVE**
 Answer

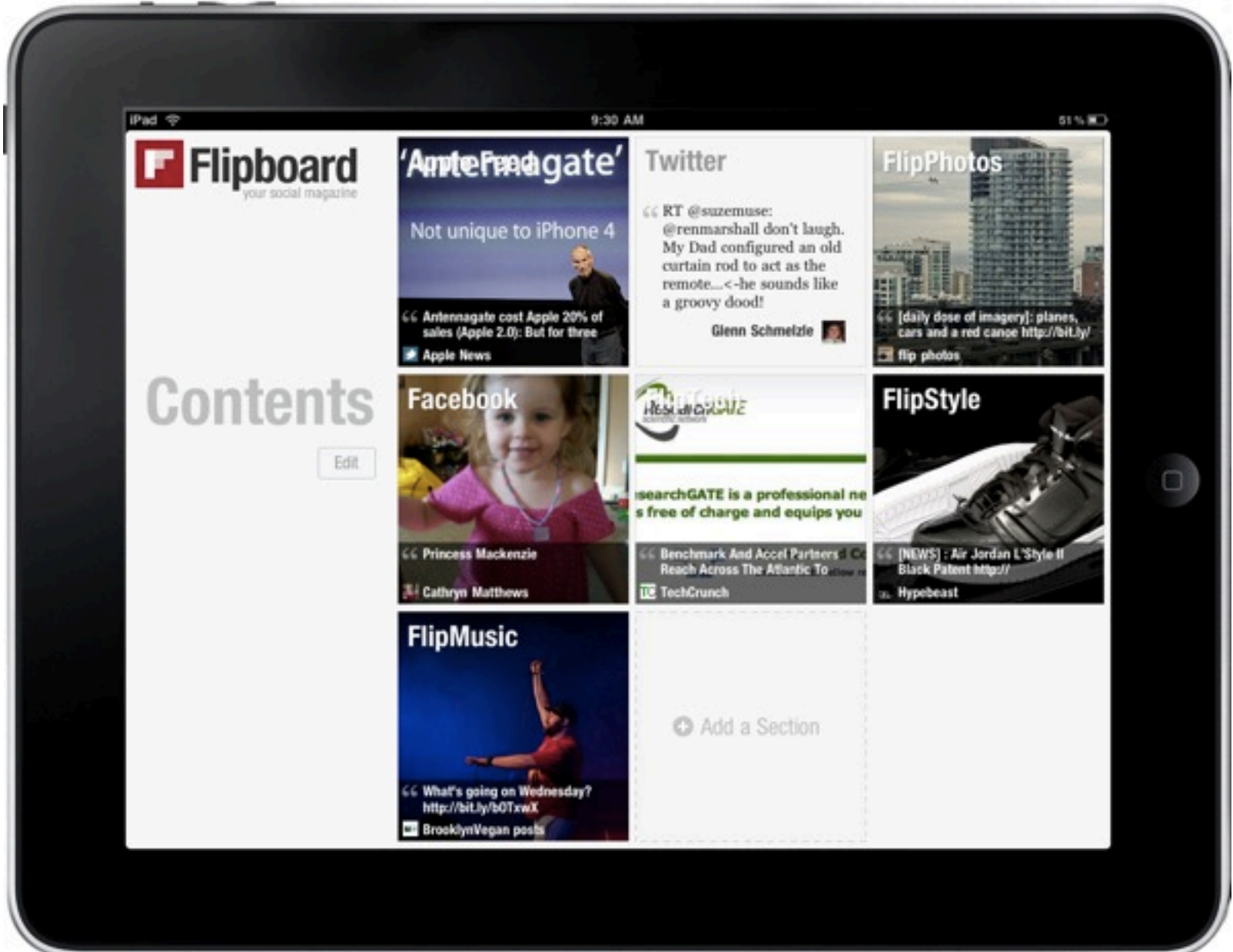
1m users, 8
months after
launch

3. Personalisation



3. Personalisation

Personalised media



3. Personalisation

Personalised goods



Customize Your Ring

Discard Changes

Stones Metals Summary

[Share](#) [Tweet](#) [Add to Wish List](#)



Show Size Comparison

Center Stone

Blue Topaz



Blue Topaz

The beautiful blue of a summer sky sparkles in every blue topaz. Fresh, versatile, and surprisingly affordable, blue topaz is a December birthstone and the 4th anniversary gem.

Retail Value: ~~\$263.00~~
Price: **\$171.00**

[Save & Close](#) [Add to Cart](#)

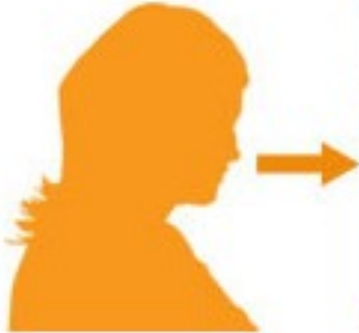
3. Personalisation

Personalised marketing

- User Data
- Social graph
- Browsing history
- Retailer data
- Demo-graphics
- Weather
- Time of day
- Search keywords

A prospect browses products on your site

...then leaves to browse other websites



Criteo displays a personalized ad to this prospect



One click brings them back directly to your purchase page



4. Deals – reinventing the reader offer

Classic Tootal men's pyjamas

Only £19.99
Inc p&p

TOOTAL

Sleep comfortably in these smart and classically cut men's pyjamas. Manufactured by leading British manufacturer, Tootal, the pyjamas are generously sized and feature an elasticated waist for maximum comfort, open fly-trousers and button front jackets.

Designed to last, they are made from an easy-care blend of cotton and polyester (35 per cent / 65 per cent) and are fully machine washable.

The Tootal pyjamas are available in two smart colours - blue or green - and feature contrasting navy piping on the collar, cuffs and breast pocket. They come in five sizes - small, medium, large, a large and xx large - (see coupon for sizes).

Order a pair today for only £19.99

Plans	Size	Colour	Price	Blue	Green	Qty	Total
1 pair	S	36-38in	£19.99				
1 pair	M	38-40in	£19.99				
1 pair	L	42-44in	£19.99				
1 pair	XL	46-47in	£19.99				
1 pair	XXL	48-50in	£19.99				
Grand total							

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Signature Date

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Choose from the best selling Verbena, Lavender or Rose soaps and enjoy a classic taste of Provence in your own home. Made with a pure plant base, in the Marseille tradition of soap-making and blended with mineral pigments, these soaps cleanse, soften and protect your skin.

TO REDEEM THIS EXCLUSIVE OFFER:

Select your chosen soap below and go through to check out, where you will be required to enter the promo code shown in today's Daily Mail advert. Once the code has been accepted you will only be required to pay £1.99 for the postage & packaging.

*Offer valid from Thursday 17th - Friday 18th February 2011 only and while stocks last. Only one soap per person, not to be combined with other promotions or discounts.

4. Deals – reinventing the reader offer

GROUPON MyCityDeal Choose Your City: **London** Register now at

Today's Deal Previous Deals How it works MyGroupon

Recommend this deal: Facebook Twitter eMail

Today's deal: Three Courses of Authentic South African Cuisine and Cocktail for £19.95 at Shaka Zulu (Value £52)

Buy Now!

Amount: £19.95	
Discount 62%	You save £32.05

Buy it for a friend!

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someone else's computer **Login**

Forgot your password?

- 15 new stocks every day
- Shops exclusive brands
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- Delivery across Russia and Belarus

vente-privee.com

4. Deals- blending eCommerce & content

my everyday luxury
wardrobe.com

CUSTOMER SERVICES CURRENCY: \$ € £ LOGIN MY-AC

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The Fash Pack's Guide to Paris

Grazia's fashion editor-at-large Mel Rickey on the city's hottest hangouts and what really happened at the shows

HOTEL
The Plaza Paris Vendome. We stay here every season.
Plaza Paris Vendome, 4 Rue du Mont Thabor, Paris, Île-de-France, 75001

SHOP
Colette is THE place to check out. 338 from March 1 to 1

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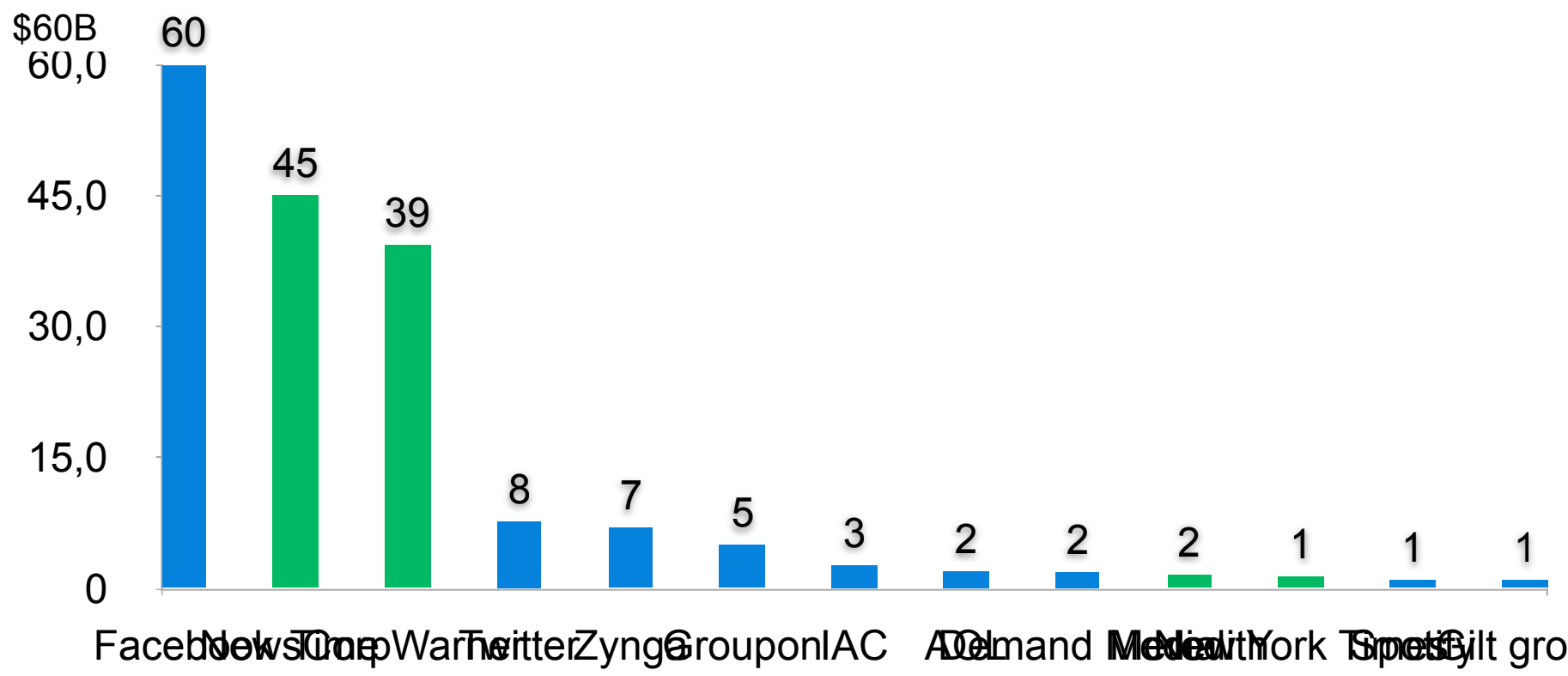
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Valuations of online / media businesses



Revenue multiple:	32	1.4	1.5	51	12	7	1.7	0.8	7.6	1.1	0.6	n/a	2.9
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Business fundamentals

- Growth
- Defensible competitive advantage (Network effects or Brand)
- Contribution margin

People

- Talent
- Track record

Competitive tension

- Other bidders
- Market excitement

Valuation techniques

- Multiples (of revenue / EBITDA)
- Potential exit value
- % ownership



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