

AUGUST 2010

GLOBAL EXCELLENCE IN CORPORATE FINANCE REPORTING

fi

MONTHLY

www.finance-monthly.com

Meredith buys The Hyperfactory

ADVISORY FIRM MADISON ALLEY
CEO MICHAEL SEIDLER SPEAKS
ON THE DEAL

THIS ISSUE:

- CA IMMOBILIEN ANLAGEN
- DLA MATOUK BASSIOUNY
- GÖRG
- MADISON ALLEY
- GALLENALLIANCE

Based in New York City and San Francisco, *Madison Alley Global Ventures* is a team of seasoned and highly-specialised advisors of global digital marketing, media, and technology companies. The firm advised The Hyperfactory on its acquisition by Meredith Corporation, well-known for its publications such as *Better Homes and Gardens*, *Parents*, and *Family Circle*. Madison Alley's chief executive officer Michael C. Seidler speaks on what the deal's success means to his firm and gives an insight into its highly-successful 'investor-style approach' methodology.

Madison Alley – the perfect ally in digital marketing, media and technology

Michael Seidler began his career in digital media 15 years ago at industry pioneers, CompuServe and America Online. Prior to joining Madison Alley, he managed the global investment portfolio of The Interpublic Group (NYSE: IPG), one of the world's largest holding companies of marketing and advertising agencies. These experiences have enabled Seidler to have an insider's view into the marketing and digital media business.

Seidler and his team – which includes Robert Pickering, former CEO of LBi International (the digital marketing and technology firm with over \$200 million in revenue), and Keith Metzger, former head of global M&A for Razorfish – brought their unique viewpoint and distinct 'investor-style approach' to complete The Hyperfactory's acquisition by Meredith Corporation. Madison Alley was the exclusive advisor to The Hyperfactory in this transaction.

Speaking on the deal, Seidler recalls: "Our relationship with The Hyperfactory began in late 2008. In the midst of the financial crisis, capital was scarce, even for our client, a leading provider of mobile marketing services and technology solutions. The company was growing well, but was not yet profitable and it required capital. Even in this growth sector, the volume of M&A transactions had substantially slowed. Valuations had fallen in private sectors in line with the public markets. Strategic options, market valuations and time were not favourable."

Seidler says that to overcome these difficulties his firm devised and followed a tactical plan to raise portions of capital from various sources. "We funded the Company with bank financing; a promissory note (subordinated debt) from advisors and principals of Madison Alley; and strategic investment.

"We're intimately familiar with the strategic buyers in digital marketing, media and technology. We reached out to Meredith Corporation, a top media and publishing company, knowing that it was expanding its strategic capabilities in emerging digital marketing sectors such as mobile." The rest as they say is history.



Michael C Seidler

Meredith proved to be an ideal match. Following the successful match-up, Meredith has referred new strategic business resulting in over 25% incremental revenue for the Company. For Meredith, the acquisition further enhances the capabilities of Meredith Integrated Marketing, its business-to-business unit, which provides major corporations and brands with custom marketing solutions.

So what makes Madison Alley the perfect ally? "Our leaders combine expertise in strategic

capital transactions with our deep roots in digital marketing, media and technology," says Seidler. "We apply an investor-style approach to enhance and realise premium value. This approach, which is similar to one used by investors, involves identifying, positioning, enhancing and realising premium value for category-leading digital marketing, media and technology companies. As we strategically advise clients, we ensure value is enhanced by precisely executing the transactions ourselves in a market where we specialise.

"Our clients are prominent category leaders in this sector. Since we are former strategic M&A and corporate finance executives from prominent digital marketing, media and technology leaders, we understand our clients' needs and requirements. Our case examples illustrate the value-addition we bring to our clients. Indeed, we've substantially enhanced and realised shareholder value for clients."

For 2010, besides The Hyperfactory deal, Madison Alley also advised EyeWonder, a leading provider of rich media ad solutions, on its sale for over \$125 million to strategic partner Limelight Networks (NASDAQ: LLNW). The deal closed in May. "For EyeWonder, we also substantially enhanced its value by assisting with technology bank financing, strategic buy-side M&A, and private equity buyers until advising on its sale to Limelight at a premium value," says Seidler.

Regarding future plans, Seidler points out: "We will further our position as the preeminent global strategic advisory and investment firm for digital marketing, media and technology companies. We expect more prominent case studies and will expose the substantial value that clients gain from our breakthrough investor-style approach. We also have serious plans to expand into Western Europe and beyond."

Knowing Madison Alley's investor-style approach to its business, this deal too would be sealed soon. **fi**