TechTarget Inc. (NASDAQ:TTGT)

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INVESTA INSIGHTS

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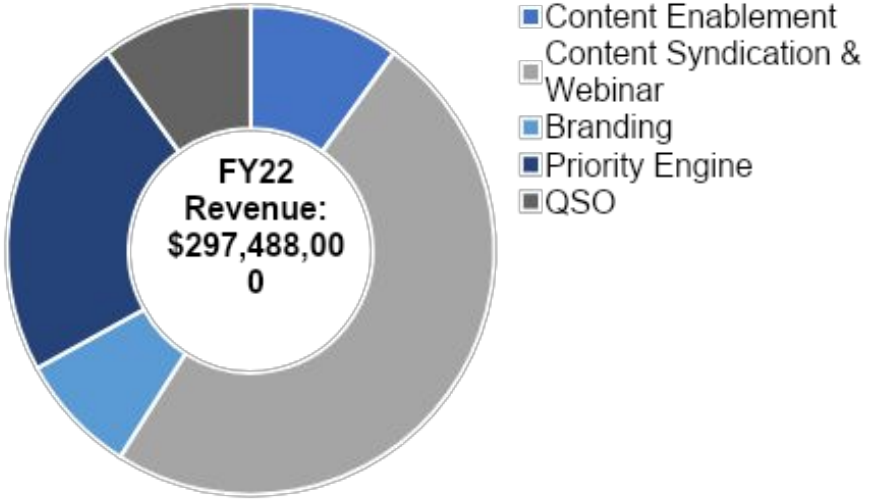
Value Proposition & Product Offerings

Business Description

- TechTarget provides free, in-depth information on technology through its network of websites, driving purchasing decisions for a registered userbase of 30M+ business professionals
- Technology vendors pay TechTarget for intent data and marketing campaigns directed at the registered userbase
- The content syndication and webinar business involves republishing vendor content and distributing it to the registered userbase, increasing product/service awareness (49% Sales)
- User engagement on TechTarget's websites can be tracked and analysed, which fuels their intent-based sales solutions (Priority Engine, Qualified Sales Opportunities, representing ~33% Sales)
- Content Enablement involves the assembly of white papers and other marketing materials (10% Sales)
- Branding involves on-network banner advertising and digital sponsorships (~8% Sales)

Tech Target Revenue Split Estimate FY22

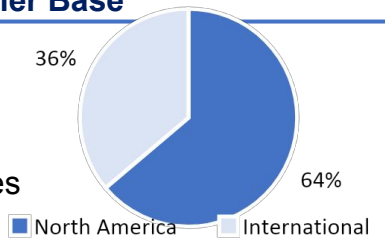


Management Overview

Name	Greg Strakosch	Don Hawk	Micheal Cotoia	Daniel Noreck
Position	Co-Founder	Co-Founder	CEO	CFO
Experience	24 Years	24 Years	21 Years	7 Years
Ownership	0.8% S.O	0.5% S.O	0.6% S.O	0.1% S.O

Geographic Breakdown & Customer Base

- 3411 customers (18% TAM)
  - 447 spending $100k+
  - 49 spending $1mm+
- No customer represents 10%+ sales



Established Global Technology Companies

hp, Symantec, ORACLE, cisco, Hewlett Packard Enterprise, DELL EMC, IBM, intel, Microsoft, SAP, vmware, BROADCOM

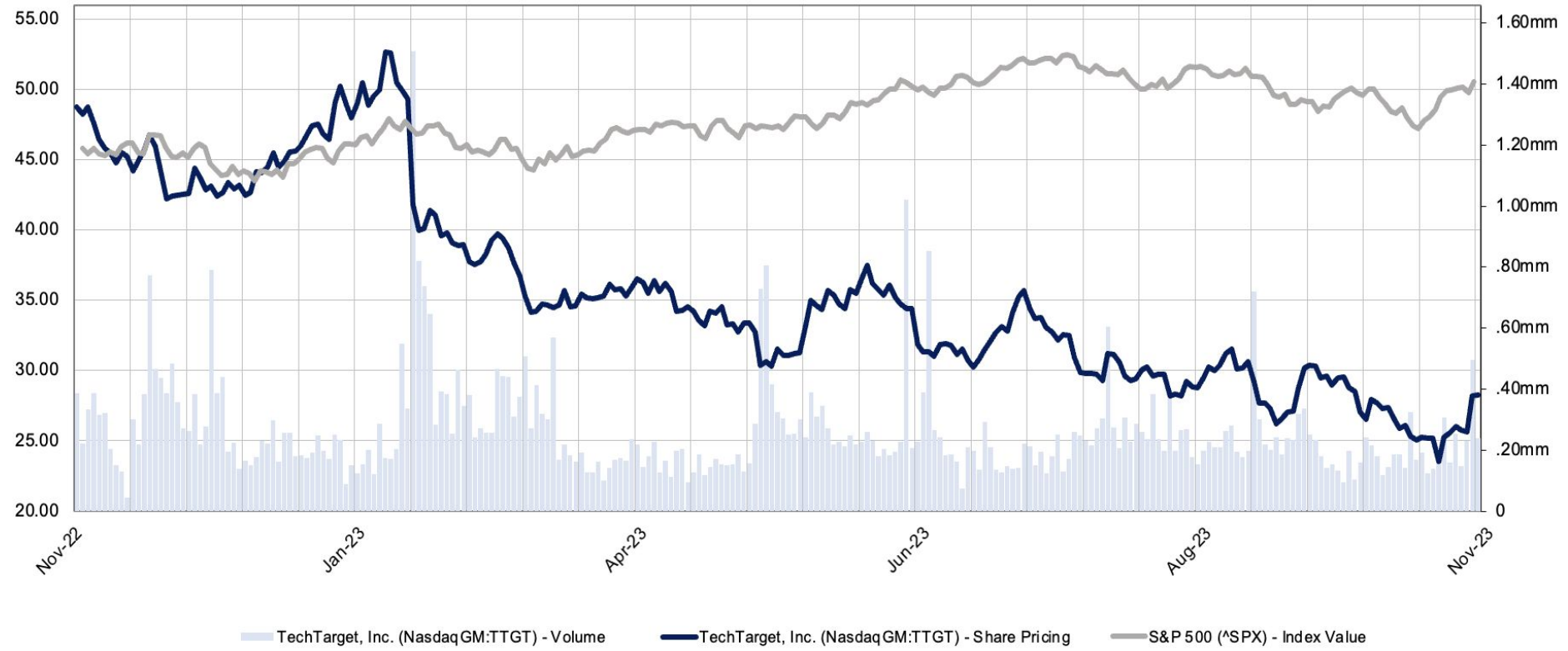
Key Technology Leaders

Google, servicenow, paloalto, zoom, aws, box, veeam, Red Hat, RingCentral, NVIDIA

Source(s): JPMorgan, Needham Sellside, Investor Presentation, Company Filings

Financial Information

TechTarget (NYSE: TTGT)



Valuation Measures

Stock Price $28.42	**S/O** 27.8M	**Market Cap** 714.2M	**Trailing P/E** 31.04x
Forward P/E 19.23x	**TTM Price/Sales** 3.06x	**Beta** 0.99	**Ent. Value** 836.2

Market Ratios

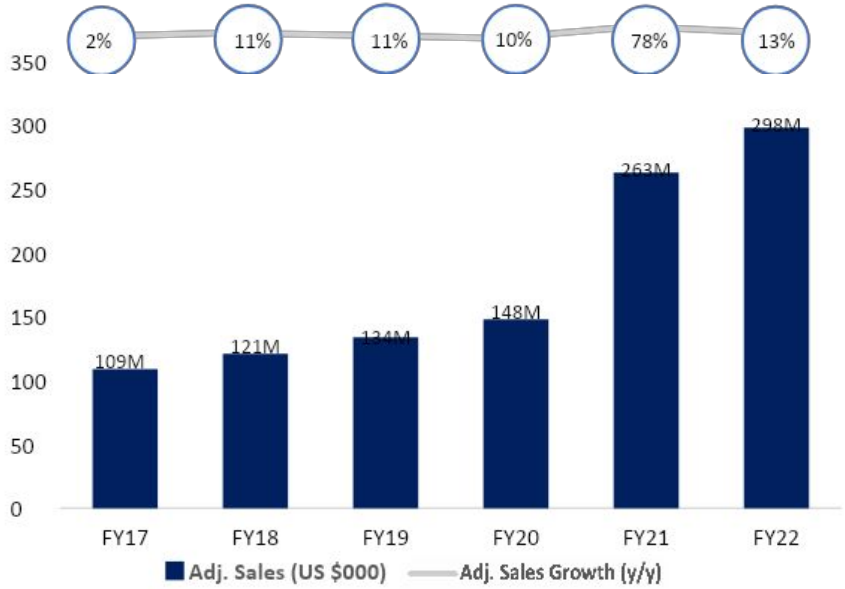
TTM Revenue 245.7M	**TTM EBITDA** 32.7M	**TTM EBIT** 14.9M	**Unlevered FCF** 9.0M
TTM ROA 2.68%	**TTM ROE** 11.96%	**SI Float** 7.33%	**TTM EPS** 0.90

Source(s): S&P CapitalIQ

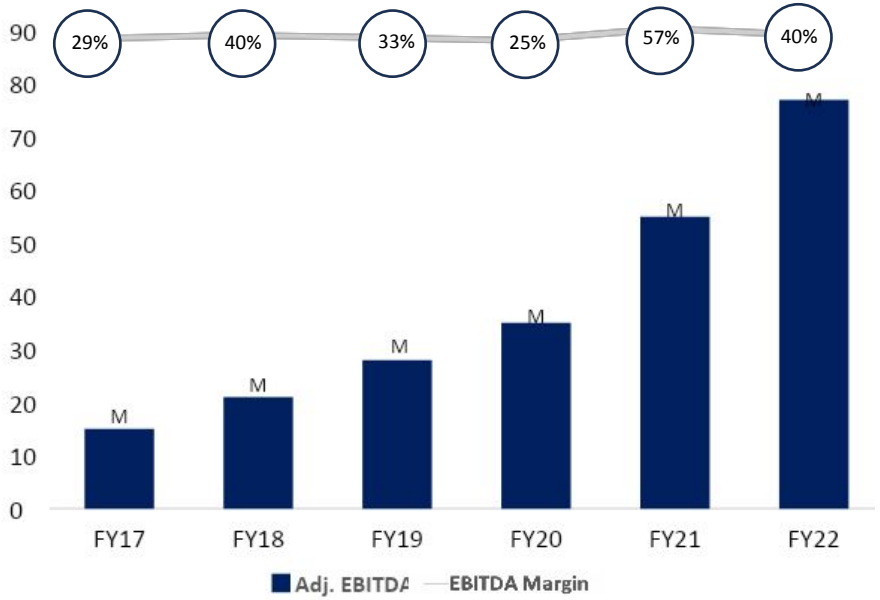
Operating Performance

TechTarget (NYSE: TTGT)

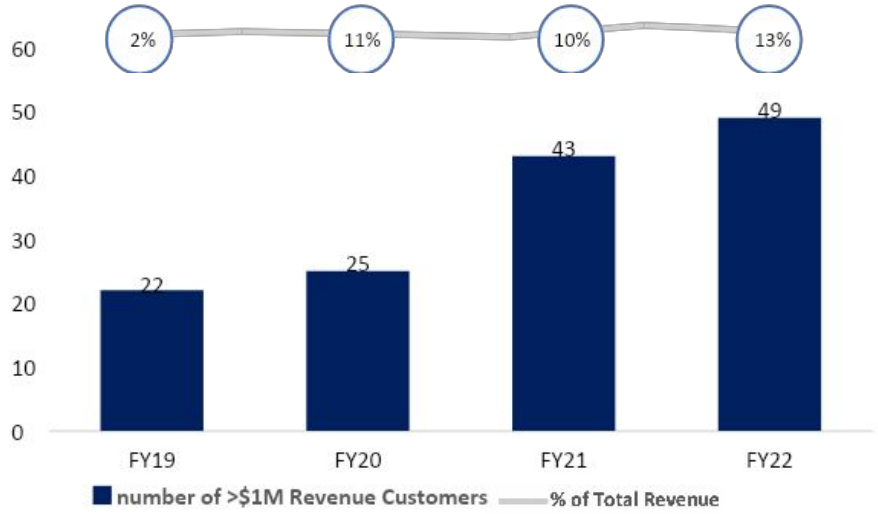
Topline Performance



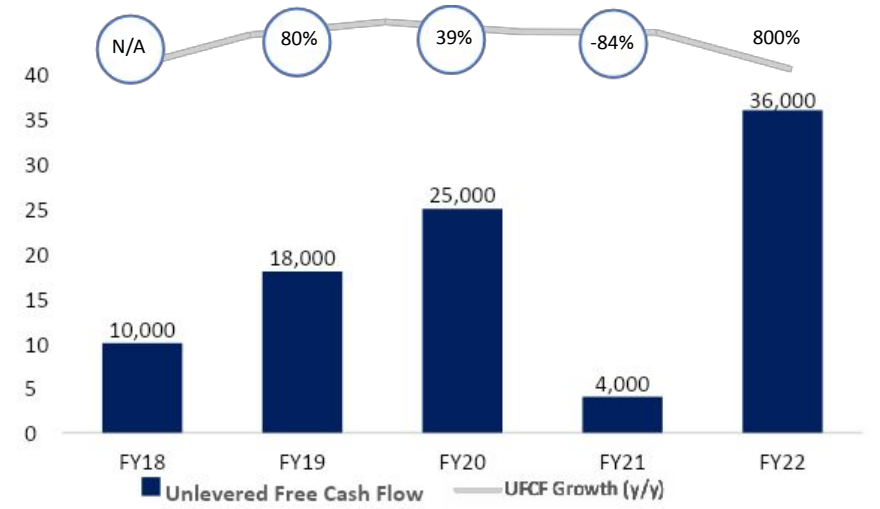
EBITDA Margin



> $1M Revenue Customers



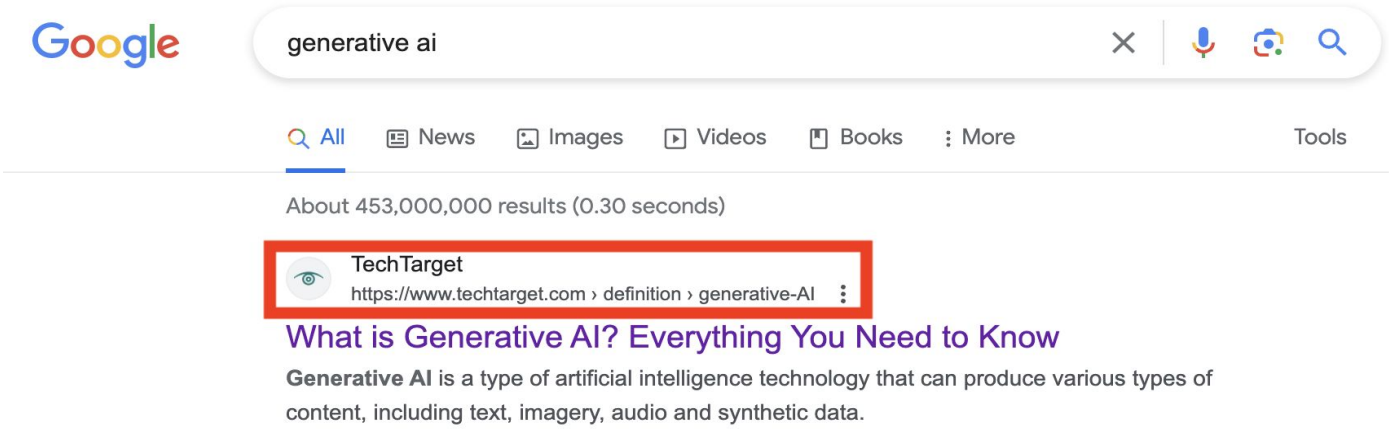
Unlevered Free Cash Flows

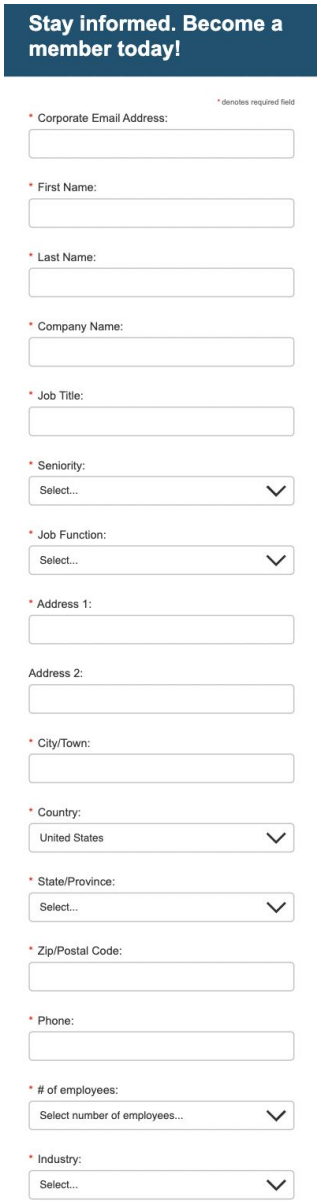


Source(s): S&P CapitalIQ

Company Overview

How TechTarget Gathers Information





Userbase Formation

- People conducting research will see TechTarget's websites on Google's search page
- Once on the website, users can only read a sample of the webpage before being prompted to enter their corporate email to continue reading
- Users can also register for free, which provides access to TechTarget's library of whitepapers and other information, in exchange for their business information
- Users that provide an email agree to receive marketing emails from TechTarget's customers

Data Collection Process

- If a newly registered member is deemed a viable prospect, TechTarget will call them to confirm their phone number and business information
- TechTarget tracks user engagement across its platforms, such as total time spent on their websites, type of content viewed, and downloaded materials
  - This determines eligibility to be involved in marketing campaigns or the Priority Engine service

Source(s): JPMorgan, Needham Sellside, Investor Presentation, Company Filings

Company Description

Economic Moat

Web Traffic

- 150+ different websites featuring 5k+ topics and provide 75k+ fresh pieces of content annually
- 95% of website visits are the result of organic search (a TechTarget site came up on google search results)
- 1.2M page one rankings on Google, meaning users see TechTarget's sites before competitors
- Management estimates that it would cost $66M monthly to generate similar traffic through Google AdWords

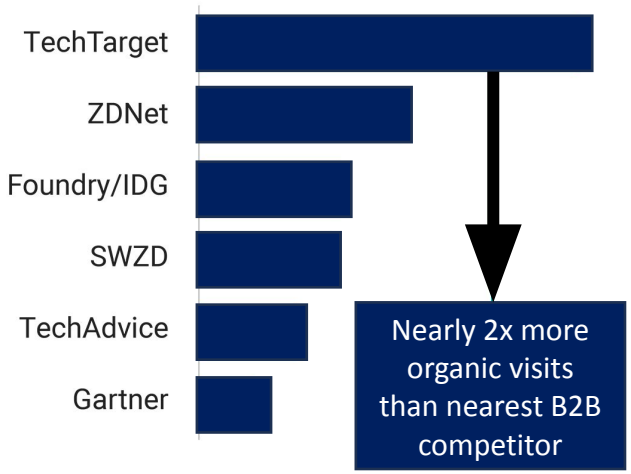
It would be difficult for competitors to displace TechTarget's lead in organic visits due to Google's algorithm prioritising their content.

First Party Data

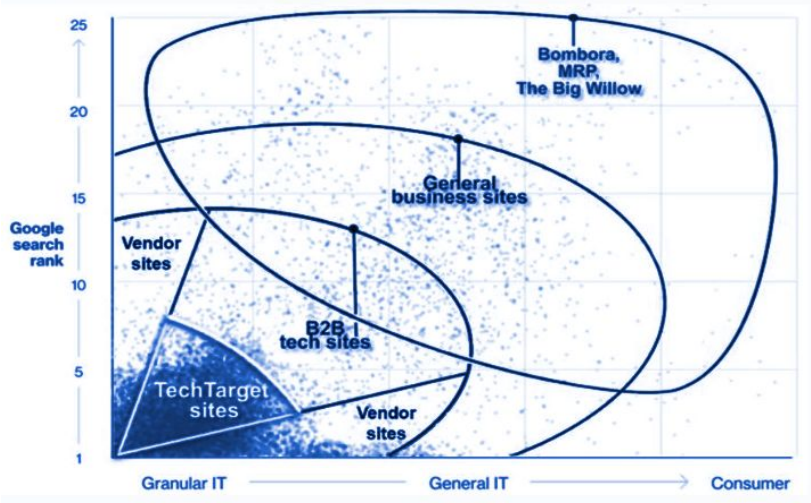
- Protects TechTarget from Google's expected third party cookie ban and regulatory concerns
- Able to target leads at the prospect (individual) level opposed to the account (company) level
- Data is proprietary, meaning it is unique and there is no overlap between other data providers
- TechTarget will engage with its users to determine willingness to buy, enriching leads

TechTarget's first party data is superior to other providers, generally providing 8-10x ROI for consumers.

Organic Visits



Niche Focus on Granular IT



Source(s): JPMorgan, Needham Sellside, Investor Presentation, Company Filings

Industry Overview

Data-Driven Marketing/Sales has a Strong Value Proposition, Yet is Cyclical

What is Intent-Based Marketing & Intent-Driven Data?

- Intent-Based Marketing means directing marketing campaigns at accounts whose online behaviour shows purchase intentions, driven by intent data (i.e. data from which intent to make a purchase is either known or derived)
- Intent data can be first party (collected from owned digital properties), second party (sourced from the first party data of another organization) or third party (intent signals usually purchased from data conglomerates)

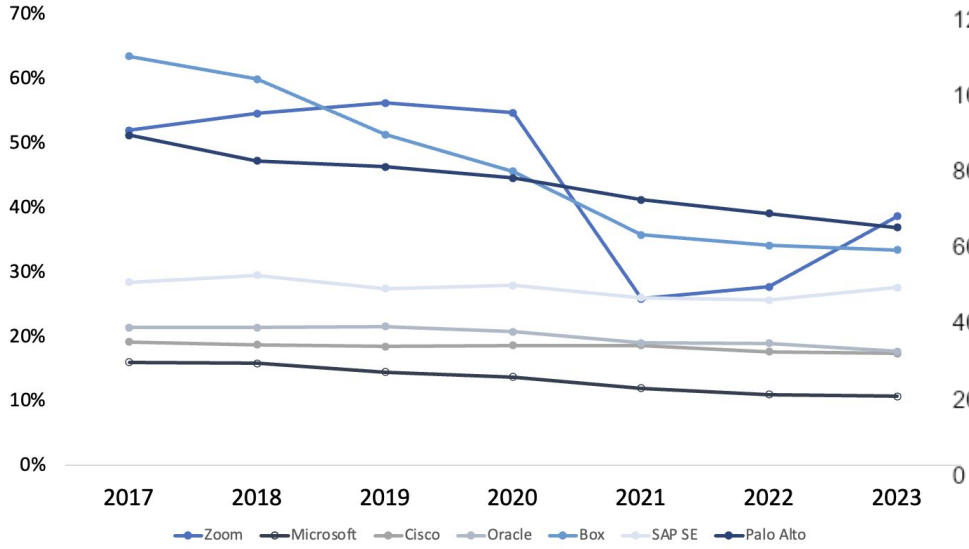
Competitive advantages in intent-driven data are primarily derived from a) data quality and b) data sourcing.

Regulation Jeopardizes 3rd Party Data

TechTarget's first party, consent-based data collection shields them from the end of cookies on Chrome and reduces regulatory risk.

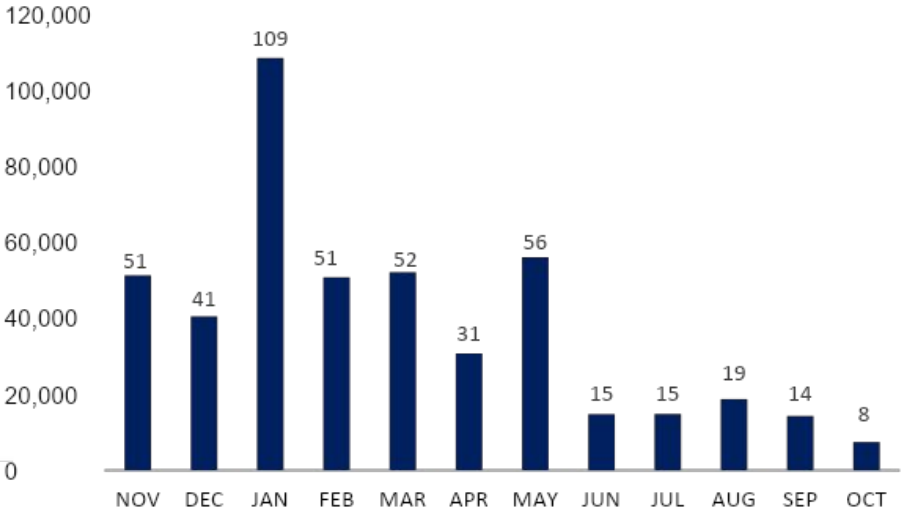
Corporate Marketing & IT Spending are Major Drivers

Marketing Spend as a Percentage of Revenue of Select TechTarget Client Companies



Tech Layoffs have Cooled, Indicating the Worst Has Passed

US Tech Layoffs by Month (NOV '22 – OCT '23), 000s



Source(s): Marklectic, The Guardian, Bloomberg, TechTarget, S&P CapitalIQ

Competitive Environment

TechTarget Experiences Competition from Similar Niche Data Providers and Big Tech

Competitor Analysis

Intent Data Competitors ($mm)

zoominfo	Most similar comp to TTGT in scope and functionality. Larger than TTGT.	**Mkt Cap**: $5,566.1 **EV**: $6,303.4 **LTM Rev**: $1,224.7
dun & bradstreet	Largest public comp by EV. More generalist data analytics (vs more pure-play intent data).	**Mkt Cap**: $4,468.6 **EV**: $7,865.5 **LTM Rev**: $2,278.6
Ziff Davis	Data-based marketing is only a small portion of the company's total revenue mix.	**Mkt Cap**: $3,007.4 **EV**: $3,317.7 **LTM Rev**: $1,370.8
bombora	Private intent data company headquartered in New York.	**N/A**
6sense	Similar private intent data company headquartered in San Francisco.	**N/A**

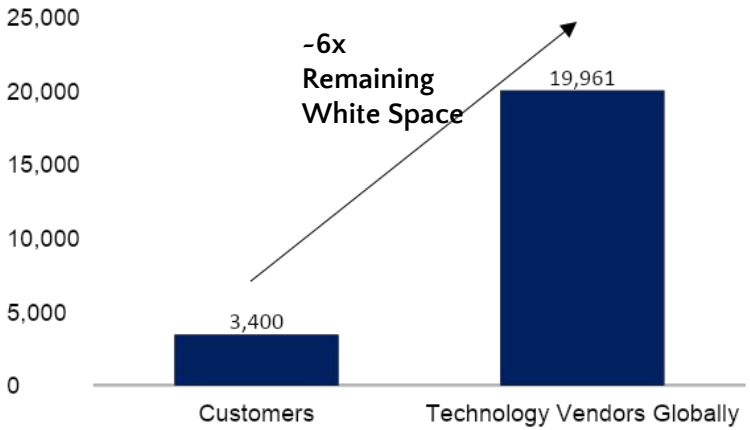
Big Data Competitors ($bln)

Google Ads	Tech & data giant but relative lack of specialization; business model at risk from privacy regulations.	**Mkt Cap**: $1,742.1 **EV**: $1,633.3 **LTM Rev**: $297
LinkedIn ads	Big tech, but not as big as Google. Somewhat more specific, but far from the granularity of TTGT.	**N/A**

Porter's 5 Forces Analysis

Supplier Power	Threat of New Entrants	*Competitive Landscape*	Threat of Substitutes	Buyer Power
N/A – major players source their own data (& 3rd parties will face legal headwinds)	*Low* threat due to robust moats	*Moderate* given competition between existing players, but lack of serious external risk	*Low/Moderate*; customers can switch to other sales strategies, but will struggle to replicate the strengths of intent data	*Low* because of buyer fragmentation and price-taking

Development of the SMB Account Market Increases TAM



TechTarget broadly competes with a) niche intent data companies and b) big data. The industry is considered moderately competitive.

The launch of SMB accounts will increase TechTarget's TAM, expanding existing runway.

Source(s): S&P CapitalIQ IBISWorld, MarketLine

Investment Thesis I

Pricing Power with Priority Engine

Priority Engine Overview

- Priority Engine is a subscription service that tracks user activity and provides insight into the buyers' acquisition process life cycle
  - Costs ~$130k for 20k exported contacts and sells additional seats at an estimate of $1,000/user
- User growth from 2020-2022, driven by:
  - Update allowing users to target leads at the prospect level
  - Budget option targeting businesses with <100 employees

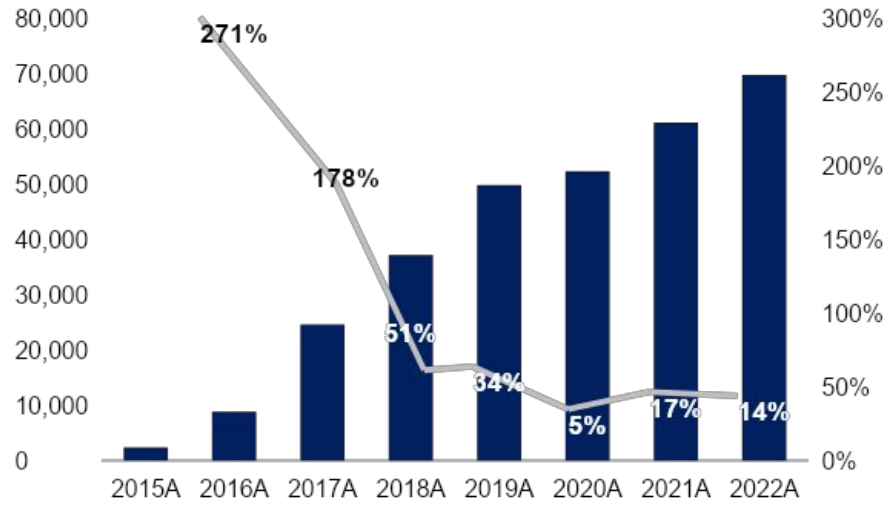
We believe the recent updates have significantly increased the usability of Priority Engine and will drive long-term growth.

Sustainability of Annual Price Increases

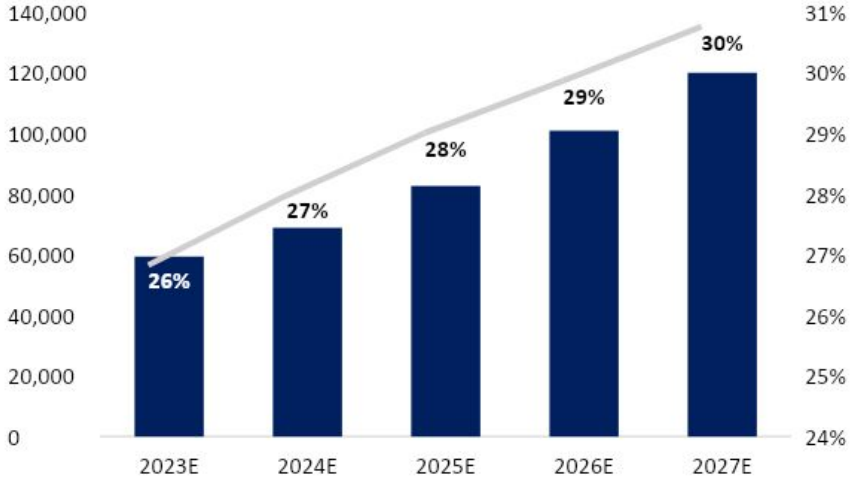
- Historically received an annual DD% price increase
- We believe a price increase of ~10% is sustainable over the next 5 years due to:
  - High ROI (8-10x in some cases) for Priority Engine users
  - Higher quality leads vs competitors
  - Exclusivity of data
- Priority Engine should drive topline growth by 2-3% annually through price increases alone

We expect Priority Engine to outgrow other offerings and become a larger portion of the revenue split.

Priority Engine Historical Revenue Growth



Priority Engine % Total Sales Estimates



Source(s): Needham Sellside, Company Filings

Investment Thesis II

Volume Growth Through Innovation & Organic Search

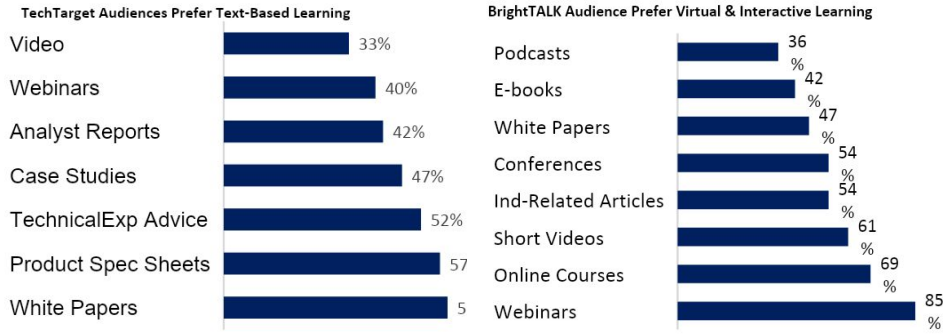
BrightTalk Acquisition Fuels Priority Engine Growth

- BightTALK customer data integrated into priority engine
  - Enhanced data quality and insights
  - Increased customer retention and opportunity to expand customer base into priority engine
  - Cross selling opportunity
- BrightTALK – generate over 65% of their web traffic via direct searches. This suggests stronger brand awareness, in our view, versus seeing a higher proportion of web traffic generated via paid searches (<1% for the cohort) or display ads (<1%).

Organic Search Growth will Drive Future Revenue Growth

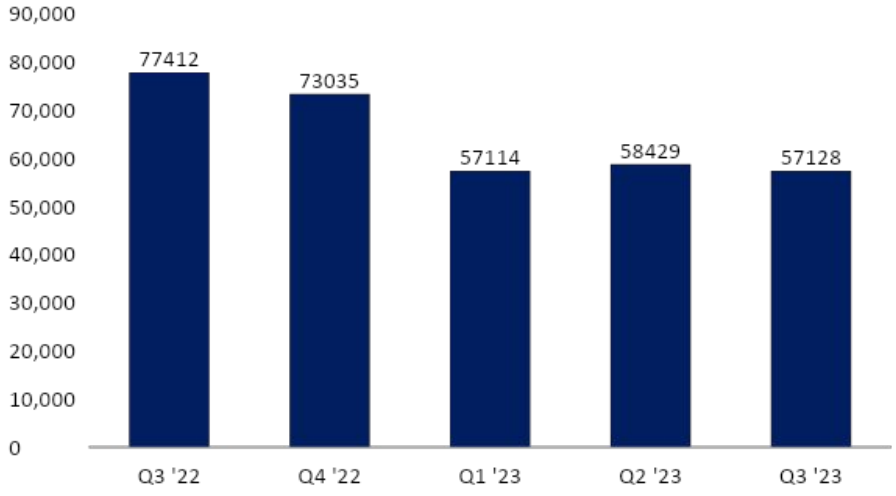
- Despite a reduction of spending on TechTarget's platform, organic search has continued to grow
  - 50% y/y in '22, 50% Q/Q in Q1 '23, 18% Q/Q in Q2 '23
- Organic search growth on TechTarget's websites will lead to increased marketing opportunities and Priority Engine leads
- Large companies will exhaust all potential leads on TechTarget
  - We expect the additional search volume will lead to increased account growth under normalized spending conditions
- We also believe the organic search growth is a strong indicator for the strength of their economic moat

Comparing Content Preferences: TechTarget vs. BrightTALK



The synergy between the two platforms generates value for both content creators and users, which increases the volume of high-quality content and, consequently, generating more purchase intent data.

Quarterly Sequential Revenue



Source(s): Trueup.io

Investment Thesis III

Big Data Threat Minimized through Lack of Granular Data and the Prescence of Specialized Markets

Google

- Experts say that Google Ads is mostly used since it's the basis in sales and marketing
  - Basis due to familiarity and budget pivoting
- Without intent data organic searches are much lower (~40%)
- TechTarget is proven to cost less for a QSO, (Qualified Sales Opportunity) compared to Google Ads

Search Engine Marketing Prices for QSOs

Microsoft and LinkedIn

- Significant player due to LinkedIn's vast user-generated content and expansive network growth
- Microsoft has yet to monetise their intent data
  - The key question is whether TechTarget might have already progressed before their monetization begins
- LinkedIn is mainly focused on business data rather than intent data on niche IT topics

Addressing Big Data by Comparing Scopes

TechTarget
- Granular intent data for tech vendors on niche IT topics

Google Ads
- Displays ads for products or services, helping reach target audiences

LinkedIn ads
- Targets business growth through precise targeting and engagement within the platform's network

Key Takeaways

- Experts mention that TechTarget consistently performed well for demand generation in specialized markets
- Marketing and sales teams always need to double check their data, so they use multiple companies (TechTarget, LinkedIn, etc.)
- Each company only has so many leads so once there are no more fish in the pond, customers move to other companies to fill their lead quota with their current marketing budget that would otherwise expire
- Organic growth will attract more quality names and thus leads for TechTarget to disperse to their customers

Source(s): Tegus

Catalysts

TechTarget

Market Recession Risk

- Markets were already fragile and precarious. The demand for TechTarget's services may decline if it's customers in the IT and tech sectors cut back on spending due to tighter budgets
- As macro improves, critical mass of 1st party audience and purchase intent insights is both perceptional advantage as budgets come back

Acquisition

- Will continue to search for add-ons like BrightTALK and ESG that add to product capabilities. This will enhance their offerings and potentially increasing their competitive advantage in the market.
- Abundant, high-quality editorial content across more than 150 highly targeted technology-specific websites and 1,100+ channels
- Strong increase in website traffic with Q1 organic search-based visits up 50% and another 18% Q2 YoY basis

Emerging Technologies

- IT Catalysts such as AI, security, data analytics and cloud migration
- Growth continues to be driven in large part by the ROI made in data analytics suite of products, drives market share
- Provide the security, storage capacity and computing power to support cloud infrastructure for TTGT
- Utilizing cloud services could improve TechTarget's operational efficiency, reducing costs and increasing scalability

Source(s): Shareholder Letters, 10-K Report, Tegus Report

Risks and Mitigations

Strategic Risk Mitigation: Filling Business Gaps for Future Growth

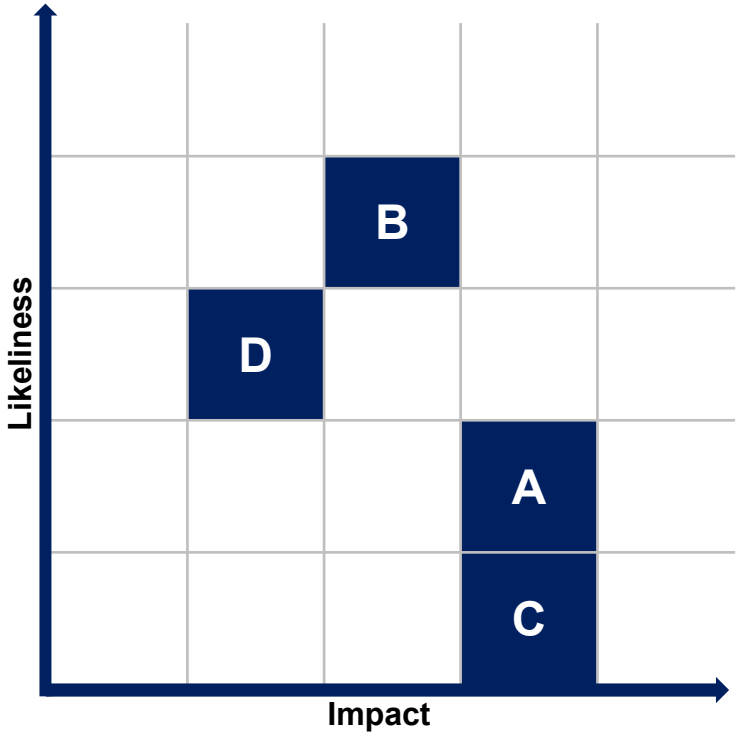
Risks

Reliance on Short Term Contracts - (A)
- Revenue is mostly from short-term contracts, which makes the company more susceptible to cuts in marketing budgets

Closely Tied to Cyclicality of the IT Industry - (B)
- Reliant on marketing spend from IT companies; in the current economy TTGT's customers have cut back on spending with the company

Dependent on Internet Search Engines - (C)
- Reduced visibility in search engine listings due to algorithm changes or failure to meet compliances could negatively impact business operations

Lack of Vertical Diversification - (D)
- Lack of diversification in other segments implies relatively more vulnerability to macro and tech industry volatility



A) Reliance on Short Term Contracts
B) Closely Tied to Cyclicality from Tech Industry
C) Dependent on Internet Search Engines
D) Lack of Vertical Diversification

Mitigating Factors

LT Subscription Based Revenue Plan - (A)
- Management is planning on increasing subscription revenue from 41% YOY 2022, to 65%, by optimizing each segments strategy

Website Audits - (C)
- Conduct regular website audits to ensure compliance with search engine guidelines

Tech Industry Growth Catalysts - (B)
- Positive IT spending is expected due to catalysts such as AI, security, data analytics, and cloud migrations

Space to Expand within IT Vertical - (D)
- 18% penetration of the addressable IT vendor customer base (3411/18300), defined as companies with >$50m revenue LTM

Source(s): Tegus, SEC Filings, JPMorgan, Needham

Comparable Companies Analysis

TechTarget (NASDAQ:TTGT)

- TechTarget looks moderately expensive relative to closest peers; However, we believe this is justified when considering historical growth rates, and the fact that they were the most affected from the technology layoffs.
- TechTarget screens cheaply compared to broader technology companies.

		Market Data					Financials			Valuation	
Company	Ticker	Share Price	Shares Outstanding	Equity Value	Net Debt	Enterprise Value	Revenue	EBITDA	Net Income	EV/Revenue	EV/EBITDA
Intent Data Marketing											
TechTarget	TTGT	29.91	28.4	849.4	115.4	964.9	245.7	32.6	13.3	3.9x	29.6x
Ziff Davis	ZD	66.00	46.0	3,036.0	310.3	3,346.3	1,370.8	427.8	45.6	2.4x	7.8x
Dunne & Bradstreet	DNB	10.00	429.0	4,290.0	3,385.5	7,675.5	2,278.6	613.9	(25.90)	3.4x	12.5x
ZoomInfo	ZI	13.98	389.8	5,449.4	737.3	6,186.7	1,224.7	294.3	136.0	5.1x	21.0x
Other Comps											
BlackLine, Inc.	BL	56.01	61.3	3,433.4	247.9	3,681.3	574.2	21.10	42.10	6.4x	174.5x
SPS Commerce, Inc.	SPSC	172.06	36.7	6,314.6	(224.3)	6,090.3	514.0	106.70	62.70	11.8x	57.1x
Ceridian HCM Holding Inc.	CDAY	68.44	154.2	10,553.4	735.4	11,288.8	1,450.1	210.70	4.00	7.8x	53.6x
Aspen Technology, Inc.	AZPN	183.86	63.7	11,711.9	(26.6)	11,685.3	1,042.7	300.00	(131.00)	11.2x	39.0x
Manhattan Associates, Inc.	MANH	223.29	61.6	13,754.7	(166.1)	13,588.6	888.6	201.50	165.70	15.3x	67.4x
Tyler Technologies, Inc.	TYL	411.04	42.1	17,304.8	645.7	17,950.5	1,923.0	320.20	158.10	9.3x	56.1x
Salesforce, Inc.	CRM	224.32	973.0	218,263.4	1,504.0	219,767.4	33,071.0	7,704.00	1,578.00	6.6x	28.5x
High										15.3x	174.5x
75th Percentile										10.7x	56.8x
Average (Excl. High/Low)										**7.7x**	**41.9x**
Median										**7.2x**	**46.3x**
25th Percentile										5.4x	22.9x
Low										2.4x	7.8x

EBITDA	Multiple				
	31.9x	36.9x	41.9x	46.9x	51.9x
22.60	720.9	833.9	946.9	1059.9	1172.9
27.60	880.4	1018.4	1156.4	1294.4	1432.4
32.60	1039.9	1202.9	1365.9	1528.9	1691.9
37.60	1199.4	1387.4	1575.4	1763.4	1951.4
42.60	1358.9	1571.9	1784.9	1997.9	2210.9

Upside/Downside to Current EV/EBITDA Price				
-25.3%	-13.6%	-1.9%	9.9%	21.6%
-8.8%	5.6%	19.9%	34.2%	48.5%
7.8%	24.7%	41.6%	58.5%	75.4%
24.3%	43.8%	63.3%	82.8%	102.2%
40.8%	62.9%	85.0%	107.1%	129.1%

Source(s): Company Financials, S&P CapitalIQ
Note: All dollar amounts in USD $mms

Intrinsic Valuation: Discounted Cashflow Analysis

TechTarget (NASDAQ:TTGT)

- Discounted cash flow analysis with a standard assumed WACC of 10% and a fiscal year-end of December 31, 2023.
- Terminal growth rate is 2%, resulting in a conservative 8.2x EV/EBITDA multiple. We believe a higher multiple is appropriate.
- Stock price before November 8th earnings release was $25.34, implying a 20.4% upside (when we built the model).

Cash Flow Summary	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total Revenue	263,427.0	297,488.0	227,180.6	246,622.0	276,506.0	317,044.0	355,993.1	394,281.9	431,052.2	466,848.5	501,817.2	535,263.7
Revenue Growth %	*77.5%*	*12.9%*	*-23.6%*	*8.6%*	*12.1%*	*14.7%*	*12.3%*	*10.8%*	*9.3%*	*8.3%*	*7.5%*	*6.7%*
Gross Margin %	*74.1%*	*74.5%*	*70.0%*	*73.0%*	*75.0%*	*76.0%*	*76.5%*	*77.0%*	*77.5%*	*78.0%*	*78.5%*	*79.0%*
EBITDA	54,804.0	81,060.0	25,963.3	49,097.5	66,188.8	84,866.2	100,354.2	115,789.9	130,777.6	145,527.8	160,082.6	174,103.6
EBITDA Growth %	*84.2%*	*47.9%*	*-68.0%*	*89.1%*	*34.8%*	*28.2%*	*18.2%*	*15.4%*	*12.9%*	*11.3%*	*10.0%*	*8.8%*
EBITDA Margin %	*20.8%*	*27.2%*	*11.4%*	*19.9%*	*23.9%*	*26.8%*	*28.2%*	*29.4%*	*30.3%*	*31.2%*	*31.9%*	*32.5%*
EBIT	34,354.0	62,712.0	7,431.8	30,380.7	47,284.9	65,773.2	81,070.3	96,313.2	111,106.0	125,659.6	140,015.6	153,836.0
% Growth	*50.5%*	*82.5%*	*-88.1%*	*308.8%*	*55.6%*	*39.1%*	*23.3%*	*18.8%*	*15.4%*	*13.1%*	*11.4%*	*9.9%*
% Margin	*13.0%*	*21.1%*	*3.3%*	*12.3%*	*17.1%*	*20.7%*	*22.8%*	*24.4%*	*25.8%*	*26.9%*	*27.9%*	*28.7%*
Less: Cash Taxes	(31,399.6)	(17,371.2)	(1,858.0)	(7,595.2)	(11,821.2)	(16,443.3)	(20,268)	(24,078)	(27,777)	(31,415)	(35,004)	(38,459)
NOPAT	2,954.4	45,340.8	5,573.9	22,785.5	35,463.6	49,329.9	60,802.7	72,234.9	83,329.5	94,244.7	105,011.7	115,377.0
Add: D&A	20,450.0	18,348.0	18,531.5	18,716.8	18,904.0	19,093.0	19,283.9	19,476.8	19,671.5	19,868.3	20,066.9	20,267.6
Less: Change in NWC	(6,292.0)	(13,881.0)	8,785.3	(1,907.6)	(2,932.3)	(3,977.7)	(3,821.8)	(3,757.0)	(3,608.0)	(3,512.5)	(3,431.2)	(3,281.9)
Less: Capital Expenditures	(12,631.0)	(14,028.0)	(14,168.3)	(14,735.0)	(15,324.4)	(15,937.4)	(16,574.9)	(17,237.9)	(17,927.4)	(18,644.5)	(19,390.3)	(20,165.9)
Unlevered FCF	4,481.4	35,779.8	18,722.4	24,859.7	36,110.9	48,507.8	59,689.9	70,716.7	81,465.6	91,956.0	102,257.2	112,196.9
	-81.9%	698.4%	-47.7%	32.8%	45.3%	34.3%	23.1%	18.5%	15.2%	12.9%	11.2%	9.7%
WACC			10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Discount Periods			0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25
Discount Factor			0.98	0.89	0.81	0.73	0.67	0.61	0.55	0.50	0.46	0.41
PV of Unlevered FCF			18,281.5	22,067.6	29,141.0	35,586.5	39,809.1	42,875.6	44,902.5	46,076.9	46,580.5	46,462.1

Terminal & Implied Share Price - Bear Case		
LT Terminal Growth Rate		2.0%
Years until LT Growth		10
WACC		10%
Terminal Value	$	1,430,510.1
Implied Terminal LTM EBITDA Multiple		8.2x
Discount Factor		0.41
PV of Terminal Value	$	592,391.2
PV of FCFF		371,783
Implied TEV	$	964,174.4
(+) Cash + ST Investments		364,733
(-) Debt (Incl. Leases)		(480,164)
Implied Equity Value	$	848,743.44
Fully Diluted Shares Outstanding		27,820
Current Share Price		25.34
Implied Share Price	$	30.51
Implied Margin of Safety		*20.4%*

Implied Share Price Sensitivity

WACC \ Long Term Growth Rate	1.6%	1.8%	2.0%	2.2%	2.4%
11.0%	27.2	27.6	28.2	28.7	29.3
10.5%	28.3	28.8	29.3	29.9	30.5
10.0%	29.4	29.9	**30.5**	31.1	31.7
9.5%	30.6	31.2	31.8	32.4	33.0
9.0%	31.9	32.5	33.1	33.7	34.4

Target Prices at Various Terminal EV/EBITDA Multiples

FY32E EBITDA \ Terminal EV/EBITDA Multiple	6.0x	8.2x	9.6x	11.0x	15.0x
144,104	22.1	26.8	29.8	32.8	41.4
159,104	23.4	28.7	32.0	35.3	44.7
174,104	24.8	30.5	**34.1**	37.7	48.1
189,104	26.1	32.3	36.3	40.2	51.4
204,104	27.4	34.2	38.4	42.6	54.8

Source(s): Company Financials, S&P CapitalIQ
Note: All dollar amounts in USD$ 000s

Recommendation Summary & Q3 Earnings Recap

Long TechTarget (NASDAQ:TTGT)

TechTarget

Thesis 1

- Priority Engine will drive topline growth through their demonstrated ability to pass on annual price increases

Thesis 2

- Fully integrated BrightTalk acquisition & growing organic traffic will drive long term growth for Priority Engine

Thesis 3

- Big Data is not a threat. TechTarget generates a better ROI and leverages its own proprietary data

Price Target $34.10

- **34.6% upside pre-Q3 earnings**
  - From $25.34
- **14.1% upside post-Q3 earnings**
  - From $29.89 (reported on November 8th)

Analyst Consensus

RAYMOND JAMES®	UBS	Needham	Goldman Sachs	J.P.Morgan
$31.00 ▲	$31.00 ●	$40.00 ▲	$30.00 ▼	$32.00 ▼

Source(s): Equity Research Reports

Appendix

Appendix 1: Subscription Revenue Runway

Significant Runway to Drive Subscription Revenue Growth

Subscription - Based

	Current	Long-term Budget	% Revenue that is subscription based: Current	% Revenue that is subscription based: Long-term Budget
Priority Engine	Primarily subscription – based with exception of "grandfathered" large spenders and exception cases for budget approval purposes		83%	83%
Online Events	Material component under long-term contracts from BrightTALK channel is purchased annually, and Demand Generation is purchased over channel duration.		68%	79%
Content Syndication	Primarily purchased against quarterly budgets to maintain flexibility	Link with customer-wide use of Priority Engine "command center" to drive purchase behavior	14%	65%
QSO	Primarily purchased against quarterly budgets like content syndication to maintain flexibility	More effectively integrate into priority engine	8%	65%
Brand Solutions	Primarily driven by campaign-based customer initiatives – product rollouts/blitzes, competitive conquesting	Activate on-network and off-network brand purchases in Priority Engine	22%	30%
Content Enablement	Primarily driven by individual customer strategic initiatives that have content marketing implications	Change selling focus and customer interactions to content-led integrated deals	26%	35%
Total			41%	65%

Campaign - Based

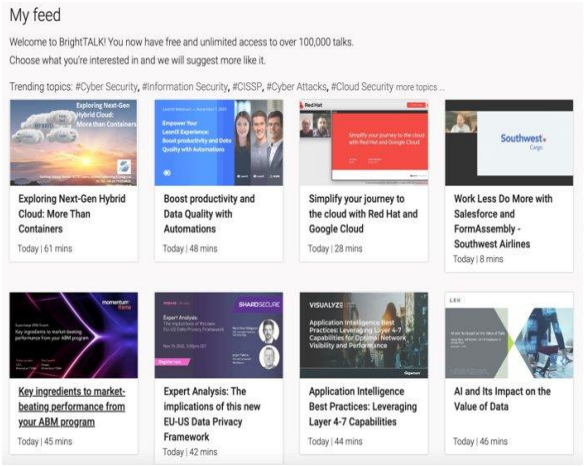
Source(s): Investment Presentation

Appendix 2: BrightTALK Acquisition

BrightTALK Strategic Acquisition and Impact on 2021 Growth

Value Proposition

- Differentiated content surrounding tech, niche and indepth tech topics
- TTGT acquired BrightTALK where they can increase their database because what they've already got in place, especially in terms of how they drive their information
- Scalable and vendor-centric, enable B2B tech companies to identify, reach and influence key enterprise technology decision markers faster and with higher efficacy
- Allows for cross-sell unlike Youtube or other platforms.



70% Revenue growth (2021)

- BrightTALK – generate over 65% of their web traffic via direct searches. This suggests stronger brand awareness, in our view, versus seeing a higher proportion of web traffic generated via paid searches (<1% for the cohort) or display ads (<1%).
- 95% of TechTargets traffic is unpaid and claims to have over 1.2 million page one rankings on Google. Serves as competitive advantages and barriers to entry as competitors spend >$60M in monthly investments to purchase similar traffic through Google AdWords.
- They accounted for 35% of revenue in the most recent quarter.
- The primary driver of total revenue growth and long-term agreements is Priority Engine.
  - The only other component of long-term agreements prior to the BrightTALK acquisition is content syndication deals tied to contracts for Priority Engine.
- Content engagement is high, with average viewing time of nearly 20 minutes per event. The company had $50mm in 2020 revenue that was growing at 30%.

Source(s): BrightTALK, Tegus Report, Shareholder Letters

Appendix 3: Management Team

Name	Cotoia, Michael	Kitchens, Rebecca	Hawk, Don	Noreck CPA, Daniel T.
Position	CEO & Director	President	Co-Founder & Executive Director of Product Innovation	CFO & Treasurer
Experience Yrs.	20+	20+	20+	20+
Market Value of Shareholdings	$6,813,450	$1,619,880	$4,287,150	$1,236,390

Appendix 4: Recent Positive Sentiment for TechTarget

November 8th - Current

Q3 2023 Earnings

- **EPS Normalized:** $0.43 (Beat by $0.07)
- **Revenue: $**57.13M (Beat by $1.18M)
- Maintained FY guidance for 2023
- Demand and visibility are yet to improve for TechTarget, but results were better than expected in comparison to sentiment around shares

Macro

- Challenging, yet stabilizing, demand environment for those that are levered in S&M
- Confident that customer emphasis on quality and ROI, combined with TechTarget's sustained investment capabilities through downturns, will position it to gain market share and capitalize on upside potential in the long run as macro conditions improve
  - For example the company is planning to continue to invest into Priority Engine in 2024

AI

- Announced IntentMail AI, a new feature within its Priority Engine platform, utilizing AI to automate sales and marketing follow up
  - While the company does not expect direct monetization initially, they believe the product will enhance the value of the platform and improve overall retention
  - So far, customer feedback to recent product releases, including IntentMail AI, has been positive

Management

- Optimistic about purchasing behaviour coming back for tech companies
- Weakened macro continues to depress top line growth, management comments sales cycle feel near bottom
- Management believes that once the macro turns for the better, the R&D investments they conducted over the past two years will pay off

Appendix 5: Financial Model Assumptions

Model Assumptions

Cash Flow Summary	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assumptions															
Priority Engine Revenue	$37,240	$49,900	$52,400	$61,200	$69,800	$59,330	$67,636	$79,134	$94,170	$110,179	$125,604	$140,048	$154,053	$167,148	$178,848
% Growth		34%	5%	17%	14%	-15%	14%	17%	19%	17%	14%	12%	10%	9%	7%
Price						0.0%	10.0%	10.0%	10.0%	10.0%	8.0%	6.0%	5.0%	4.0%	3.0%
Volume						-15.0%	4.0%	7.0%	9.0%	7.0%	6.0%	5.5%	5.0%	4.5%	4.0%
% Revenue Mix	31%	37%	35%	23%	23%	26%	27%	29%	30%	31%	32%	32%	33%	33%	33%
Content Syndication & Marketing					$145,769	$106,411	$113,860	$126,385	$144,079	$159,927	$175,920	$191,753	$207,093	$222,625	$238,209
% Growth						-27%	7%	11%	14%	11%	10%	9%	8%	8%	7%
Price						0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Volume						-27.0%	5.0%	9.0%	12.0%	9.0%	8.0%	7.0%	6.0%	5.5%	5.0%
% Revenue Mix					49%	47%	46%	46%	45%	45%	45%	44%	44%	44%	45%
Other Revenue	$84,093	$84,057	$95,976	$202,227	$81,919	$61,439	$65,126	$70,987	$78,795	$85,887	$92,758	$99,251	$105,702	$112,044	$118,207
% Growth		0%	14%	111%	-59%	-25%	6%	9%	11%	9%	8%	7%	7%	6%	6%
Price						0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Volume						-25.0%	4.0%	7.0%	9.0%	7.0%	6.0%	5.0%	4.5%	4.0%	3.5%
% Revenue Mix	69%	63%	65%	77%	77%	74%	73%	71%	70%	69%	68%	68%	67%	67%	67%
Revenue	**$121,333**	**$133,957**	**$148,376**	**$263,427**	**$297,488**	**$227,181**	**$246,622**	**$276,506**	**$317,044**	**$355,993**	**$394,282**	**$431,052**	**$466,849**	**$501,817**	**$535,264**
% Growth		10.4%	10.8%	77.5%	12.9%	-23.6%	8.6%	12.1%	14.7%	12.3%	10.8%	9.3%	8.3%	7.5%	6.7%
COGS % Revenue	23.9%	23.8%	25.2%	25.9%	25.5%	30.0%	27.0%	25.0%	24.0%	23.5%	23.0%	22.5%	22.0%	21.5%	21.0%
S&M % Revenue	39.4%	39.2%	37.4%	36.4%	33.9%	40.0%	35.0%	34.0%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%	33.5%
G&A Growth Rate		-3.2%	34.7%	84.2%	-8.8%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
R&D Growth Rate		-8.6%	-3.5%	48.7%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
D&A Growth Rate (IS)		3.4%	26.4%	212.0%	-24.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
D&A Growth Rate (CFS)		9.9%	38.8%	194.8%	-10.3%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Tax Rate	12.7%	23.5%	24.2%	91.4%	27.7%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
DSO	90.4	73.8	98.8	70.8	74.1	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6	81.6
DPO	5.63	5.55	10.59	5.24	4.05	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Prepaid Expenses % Revenue	2.5%	1.4%	2.8%	2.0%	1.9%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Contract Liability % Revenue	4.6%	3.2%	10.6%	11.6%	9.1%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%	7.8%
Accrued Expenses & Other % Revenue	2.7%	1.8%	11.1%	6.3%	3.7%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Capex Growth Rate		14.4%	5.1%	89.7%	11.1%	1.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

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