United States of America
v.
Bazaarvoice, Inc.
How Bazaarvoice Referred to PowerReviews

GX-315
It is worth considering. To take out the only competitor we have....
--- Then-CFO Stephen Collins, Mar 6, 2011

GX-316
Subject: CONFIDENTIAL – Reasons to consider PowerReviews... as our first acquisition.

* * *

Pros

Elimination of our primary competitor

--- Co-founder Brant Barton, Apr 21, 2011

GX-518
Potentially taking out our only competitor, who is both suppressing our price points (by as much as 15% according to Osborne)...could be a highly strategic move....
--- Brett Hurt, May 4, 2011

GX-521
Eliminate primary competitor, thereby reducing comparative pricing pressure....
--- Brant Barton, May 20, 2011
How Bazaarvoice Referred to PowerReviews

GX-507
Don’t know if you saw it, but last Thursday we announced the acquisition of PowerReviews, our primary competitor.
– Brant Barton, Jun 1, 2012

GX-907
Lead the acquisition strategy, diligence, and board recommendation to acquire #1 competitor, PowerReviews, for $169M (31M cash, the rest in stock)
– Mike Svatek, Jul 10, 2012

GX-1098
Went through the materials, and this is unfortunately not the right one for Bazaarvoice acquisition right now (they just made a pretty big acquisition of their key competitor PowerReviews...).
– Abhishek Agrawal, Jul 11, 2012
How Bazaarvoice Referred to PowerReviews

GX-321
[P]otential benefits from a combination:

1. No meaningful direct competitor.

   – Stephen Collins, Nov 15, 2011

GX-1181
We may have the opportunity to acquire our largest competitor PowerReviews.

   – Chris Pacitti, Dec 14, 2011

GX-1181
[T]hey are the only other credible player in the space.

   – Chris Pacitti, Dec 14, 2011

GX-948
This is a good long term acquisition as it eliminates the largest competitor for BV on the retail side and basically gives it complete control of most of the top 500 retailers....

   – Abhishek Agrawal, May 23, 2012
How Bazaarvoice Referred to PowerReviews

GX-334
When we need to have a special project to defeat our only meaningful competitor, that makes me uncomfortable.

- Stephen Collins, Sep 7, 2011

GX-883
When it comes to our only real current competitor, I want to help – but not be the lead.

- Brett Hurt, Sep 8, 2011

GX-320
1. Literally, no other competitors

GX-1093
They remain our fiercest competitor.
- Brett Hurt, Oct 25, 2011

GX-416
There are many options to grow, from acquiring our only real competitor (PowerReviews) to acquiring a small SMMS player.
- Brett Hurt, Nov 3, 2011
How PowerReviews Referred to Bazaarvoice

GX-636
We are the #2 company in a two-horse race (with BazaarVoice, out of Austin, TX)
– Nadim Hossain, April 19, 2011 (GX-636)

GX-636
...our #1 competitor, BazaarVoice
– Nadim Hossain, April 19, 2011

GX-644
Our #1 competitor, BazaarVoice, just IPO’d
– Nadim Hossain, May 3, 2012

GX-797
#1 Competitor (BV) recently IPO’d
– Ken Comee, May 3, 2012

GX-255
It’ll validate the space, and because it’s essentially a duopoly I think it’s a good thing.
– Pehr Luedtke, April 30, 2011

GX-254
Wide recognition as duopoly creates scarcity and demand for PowerReviews
– Pehr Luedtke, April 6, 2011

GX-610
Monopoly in the market
– Keith Adams, April 9, 2011
Bazaarvoice extinguished competition

- Bazaarvoice and PowerReviews were each other’s closest rivals
  - Feature competition
  - Price competition
- Bazaarvoice acquired PowerReviews to end the rivalry and insulate itself from future competition
- No other firm has replaced, or is likely to replace, the lost competition
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Ratings: ★★★★★

48 out of 54 (89%) customers would recommend this product to a friend.

- Daily therapy for dry hands
- Smoothes and softens skin with Honey, Jojoba Oil and Rosemary Extract

54 reviews

Write a review

Gift of love

July 17, 2013

I absolutely love this hand cream. I had never used it before. I received it as a gift set prior to my breast cancer surgery. Now I am hooked! I am glad I can find it on the internet because my local store doesn't have this particular product, only the gift set. I love the way it leaves my hand feeling so much more softer and nourished, and the smell is divine! I can't wait to try other products for Burt's Bees as well!
<table>
<thead>
<tr>
<th>Customer Reviews</th>
<th>How to Use It</th>
<th>Ingredients</th>
</tr>
</thead>
<tbody>
<tr>
<td>★★★★★ 1 out of 5</td>
<td>Awful Smell</td>
<td>June 12, 2013</td>
</tr>
<tr>
<td>From: New York, NY</td>
<td>Awful smell, not worth using it, if the smell alone make you want to wash it of immediately</td>
<td>Share this review: 📱)</td>
</tr>
<tr>
<td>Age: 25 - 34</td>
<td></td>
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<td>Skin Type: Combination</td>
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</tr>
<tr>
<td>★★★★★ 5 out of 5</td>
<td>Great Product</td>
<td>June 10, 2013</td>
</tr>
<tr>
<td>From: Sutter, CA</td>
<td>Smells delicious! Has a very creamy texture, and is great for everyday use. It doesn't leave hands oily, and it dries quickly. Leaves hands feeling very refreshed. Just got delivered today along with other products. It smells like fresh honey and mint. Awesome!!</td>
<td>Share this review: 📱)</td>
</tr>
<tr>
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<td></td>
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Bazaarvoice and PowerReviews were each other’s closest rivals

- Feature competition
- Price competition

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No other firm has replaced, or is likely to replace, the lost competition
“Moderation” Looks For...

- Inauthentic/fraudulent reviews
  - E.g. from a competitor or from the seller itself
- Irrelevant content
- Profane or vulgar content
- Infringing content
- Regulatory issues
- Safety issues
- Mentions of other merchants
- Mentions of prices
Horrible Smell
February 13, 2012
I really am searching hard for a hand cream that won't be sticky and will absorb well. This cream does all of that, however, the smell is repulsive. The girls in my office were talking and saying they smelled “pipe tobacco”... and then we realized they meant my hand cream. I would have given this product 5 stars if the smell wasn't so bad. I wish Burt's Bees could make this same formula without the smell, because it is great otherwise.

1 of 1 found this review helpful.

Softened Skin
January 25, 2009
Pros: Effective
I have been on hospital bedrest now for over 9 weeks. My skin on my upper arms became VERY rough and scaly. I used a high end body butter, and it did not work. I moved to using vaseline, but it did not work either. A friend brought in this product as a gift and I gave it a try. The rough and scaly skin was gone within only two days, and now it is as soft as ever! I am going to give the other Burt’s Bees products a try!

1 of 1 found this review helpful.
Gift of love
July 17, 2013
I absolutely love this hand cream. I had never used it before. I received it as a gift set prior to my breast cancer surgery. Now I am hooked! I am glad I can find it on the internet because my local store doesn't have this particular product, only the gift set. I love the way it leaves my hand feeling so much more softer and nourished, and the smell is divine! I can't wait to try other products for Burt's Bees as well!

Customer review from Burt's Bees.com

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Customer review from Burt's Bees website.
Abreva Syndicates Reviews to BV Retail Network

432 reviews on brand site
x multiple package variations
x multiple retail websites
= 3,888 of the 3,942 reviews across these retailers (98%)
were sourced from Abreva (9x scaling)
From: Brett Hurt

* * *

- Our syndication network is a competitive advantage today, but it can become a true competitive moat in the future.

– Brett Hurt, Mar 27, 2011
From: Sahinoglu Mert (Bosch)
To: Craig Monson (PowerReviews):

I do believe you have a superior product in comparison to Bazaar Voice. On the other hand, since the pricing structures are identical and the fact that we cannot syndicate your reviews to Home Depot, Lowe’s and Wal-Mart (our top three vendors) due to their agreement with Bazaar Voice, our directors have decided to stay with Bazaar Voice. I can assure you that this decision has to do with a monopoly of tool retail market rather than the superiority of your product line. If the situation changes about these vendors, I would love to talk with you again.

– Aug 11, 2011

Best Regards / Mit freundlichen Grüssen / 以此致意

Mert

Sahinoglu
Online Marketing Manager
Robert Bosch Tool Corporation
1800 West Central Road

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Four key focus areas

1. Flip Retailers to PowerReviews
2. Win Net New Brands

3. Syndicate BV Brands onto PowerReviews’ Retailers
4. Syndicate PR Brands onto PowerReviews’ Retailers

PowerReviews

Confidential, p. 26
Jon – we’re seeing new competitive pressure from PowerReviews. They are threatening our syndication network by offering to import P&G reviews as well as other major manufacturers into their major retailers like Drugstore.com and Staples. Attached is a thread between Brett, Heather, and I this evening to give you a sense of the urgency.

– Mike Svatek, Jun 8, 2011
... we are under full frontal assault from PR in Retail. They are successfully penetrating the exec ranks of our anchor clients and convincing them to evaluate alternatives, or at least, negotiate us to lower price points. It's happening at Best Buy, Expedia, Walmart, QVC, and will happen in future Q's at other clients (Charming Shops, AT&T, Sephora et al).

– Alan Godfrey, July 20, 2011
I'm heating this email up again due to continued pressure on the syndication front... and now in our core R&R business.

* * *

I really hate playing defense to these punks. And there's no defense like a good offense.

— Mike Svatek, Jul 20, 2011

How's the competitive assault going? Inquiring minds! I want to nuke those bastards – from space.

— Mike Svatek, Jul 25, 2011
From: Brett Hurt

... in short, PowerReviews is our biggest competitor, we have $10m in Social Merchandising revenue to protect, and we have been too slow here because of “other priorities”. When you are getting a direct frontal attack from your biggest competitor in the market segment that can be your biggest TAM and it takes all of us too long to hop on it, that is a problem worth discussing as an exec team.

– Brett Hurt, Jul 29, 2011
August 4, 2011

Menlogeddon
The PowerReviews Competitive Threat

» Aggressively going after our existing customer base
  » Open Syndication Network
  » Direct high-level calls from their CMO
  » Creating distraction and potential revenue erosion

» Disrupting our new client sales efforts
  » Slowing down sales
  » Lowering price floors
  » Have won a handful of deals that we wanted
What is different this time around?

» PR has had a recent infusion of investor cash
» They have hired a very aggressive CMO
» They significantly improved their sales execution
» They are launching a multi-pronged attack at us
  » SEO (still!)
  » Syndication
  » High level one-on-ones with our clients
» Their attack happens to be at a sensitive time for us
Take their customers and win new ones

» Proactively go after their top customers
  » Message our new strategic positioning
  » Arm sales team with specific side-by-side analyses and kill points
  » Create “zero switching costs” for them
  » Message case studies on clients that have left PR for Bazaarvoice
  » Go in high and offer CI, syndication even before they switch

» Establish clear and consistent sales process in the long tail
  » Know who we want
  » Know when to walk away
In Summary

» Establish impenetrable defenses around our key clients
» Proactively go after their top customers
» Establish clear and consistent sales process in the long tail
» Shake their confidence

» ...and nuke them to high heaven.
The BV Challenge – Guns, Lots of Guns!

» Take it to PowerReviews the same way they have been harassing us and our clients, except that we’ll bring

GUNS, LOTS OF GUNS!

2  Confidential and Proprietary. © 2011 Bazaarvoice, Inc.
Subject: PowerReviews full court press

Guys,

This is not good. PR is coming up a lot with High Tech right now. I have HP, LG, Epson, and Sony all causing concerns. PR is pushing all of these brands (and probably many more) to sign an MSA. . . . Epson and LG are getting pushed hard and I can only delay for so long. . . . I don't want to see more brands sign an MSA with PR and I definitely don't want these guys syndicating to Staples.

Brandon Miranda, Jan 18, 2012
Team,

As expected, Power Reviews is using their wins in the open syndication initiative to approach our clients about other services. Avery Dennison, who signed with PR to syndicate to Staples, just notified us PR made them an offer and that they’re considering termination with BV. Consider this an FYI in case you want to take additional steps to protect your portfolios against PR attack.

– Alex Dombroski, Dec 6, 2011
Bazaarvoice extinguished competition

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  - Feature competition
  - Price competition

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Subject: Re: Suffocate PR plan: PR Pricing Analysis/Recommendation

I can speak to the fact that PR has been VERY active in almost all of our deals from small to large. Net net - they are not specific to A1 space but have moved aggressively to the A2 and A3 space. In addition, it seems that they have taken a scorched earth approach to pricing.

As far as next steps in decision making, I would recommend the following:

This week:
1) Determine our stance on IN PLAY competitive deals (target list provided in the analysis)
2) Ecosystem impact determine productivity, market share, pre IPO metrics.
3) Determine our stance on proactive competitive unasked flank.
4) Ecosystem impact determine productivity, market share, pre IPO metrics.

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EXECUTIVE SUMMARY

Goals:
- Determine proactive competitive response strategy
- Determine competitive steal strategy
- Identify opportunities to improve and up level the retail selling process
- Proactively win more business

Summary Analysis
- We have 1,368 A2/A3s remaining
- They represent $117M of total wallet up for grabs
- Without any pricing pressure this is worth ~$32M - $117M+ for full suite
- PR pressures result in a reduction/ discounting ~77%
  - Resulting in $25M-$90M lost revenue
From: Paul Dodd  
To: Tony Casarone; Bill Farthing  
Subject: For PowerReviews Info in SPDC

Would you guys like to give some color commentary?

Cheers,
Paul Dodd
Vice President of Retail
National
m 512.551.6540
p 512.416.1183

From: Matt Curtin  
To: Lawson; Paul Dodd; Greg Brown
Subject: Re: PowerReviews Info in SPDC

Lawson,

In MANU we really only see FR when it comes to negotiating the deal. They are brought in as a price-pressure lever (especially for the larger accounts). For AIX they are likely a more credible threat. I do not believe that we flag anywhere in SPDC today any competitive pressure from FR. It is more actionable accounts by account basis if you need more.

MC

They are brought in as a price-pressure lever (especially for the larger accounts).

-- Matt Curtin, Dec 16, 2011
Subject: HTDWD: *******

Who: *******
Details:
  - Ratings & Reviews
  - $****** ASF

Why This Is Cool: This was a highly competitive PR deal, 1+ year sales cycle, 3 SD's worked this deal

   - Carrie Griffiths, Oct 18, 2011

Board,
...this is a great $***k ASF win over PowerReviews and another story of how persistence pays.

   - Brett Hurt, Oct 18, 2011
From: Mitchell Green
To: Brett Hurt

Did power reviews being there force us to have lower pricing?

From: Brett Hurt

Thanks Mitchell.

There is no doubt that PowerReviews brings our pricing down.

They are a thorn in our side, no doubt about it.

— Brett Hurt, Oct 18, 2011
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From: Brant Barton

Subject: CONFIDENTIAL - Reasons to consider PowerReviews...

...as our first acquisition.

---

Brant Barton, Apr 21, 2011
Pros

- Elimination of our primary competitor in both the US and Europe. An expected impact of this consolidation is relief from the price erosion that Sales experiences in 30-40% of deals, per Osborne, of up to 15-30%. In addition, the market will place a premium on us having such a dominant market position, which is a powerful competitive moat.

– Brant Barton, Apr 21, 2011
Reasons to Consider PowerReviews

**Pros**

* * *

- **Marquee customers.** Staples, REI, Toys 'R Us, Drugstore.com, Orbitz, Diapers.com, B&H, Ace Hardware, Radio Shack, RedCats, TicketsNow, Brookstone, etc. Currently, PR claims 4,700+ customers, most of which are SMB, but they still have some very big names.

* * *

- We could migrate their Tier 1 customers to our platform....

  — Brant Barton, Apr 21, 2011
Pros

* * *

- **Preemptive defensive strategy** that prevents them from being acquired by a larger competitor that could use their scale and reach to disrupt us (Salesforce.com, Adobe, Oracle, Lithium, etc.).

  * * *

- **Network.** They have several “lynchpin” nodes as clients, including Drugstore.com, Diapers.com, Staples, and REI, that we needed yesterday for clients like P&G, 3M. etc.

---

Brant Barton, Apr 21, 2011
PowerReviews Opportunity

---

**Power Reviews**

**Opportunity Summary**

Eliminate primary competitor, thereby reducing comparative pricing pressure, and acquire assets valuable to our network strategies:

- ~50 premium brands, including strategic nodes
- 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

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GX-521

Eliminate primary competitor, thereby reducing comparative pricing pressure....

- ~ 50 premium brands, including strategic nodes for syndication

- Brant Barton, May 20, 2011
From: Stephen Collins
To: Brant Barton; Brett Hurt; Mike Svatek

* * *

According to the Internet Retailer, PR has 78 IR 500 clients with combined retail sales of $17BB. We have 136 and $54BB in retail sales. The combination would produce a truly massive audience for us and would definitively tip the scales in our permanent favor on the network front. How long and how much money would it cost us to acquire 78 more IR 500 clients?

How much longer does it take us to win deals because they are out there and how much does the price competition impair our long-term value as a company? Just because we’ve won to date does not mean we cannot be outflanked by a hungry competitor who his forced to be more innovative....faster....and forced to develop a more compelling economic model...faster. Are we nimble enough? A smaller PR may be more agile....

1. Literally, no other competitors
2. Our share of the IR500 would move close to 50% in absolute terms and higher in retail sales coverage.

* * *
3. Pricing accretion due to combination.
4. Faster sales cycles.
5. Help us to focus 100% on our strategy without the whipsaw effect of reacting to a feisty competitor.

If PR continues their disruptive ways, they could do us even more harm once we’re public because it gets exponentially more painful to absorb a big competitive shock – such as losing one of our marquee accounts – as a public vs. private company. I also wouldn’t characterize them as a “lame” competitor. If they were, we wouldn’t spend so much time, across many functions and people, determining how to respond to their tactics.

— Brant Barton, Oct 17, 2011
Board,

A strong $**k ASF win at ********* – our first win there. And this was very competitive with PowerReviews – feels very good to see it come in.

Best,
Brett

– Brett Hurt, Oct 26, 2011
From: Mitchell Green
To: Brett Hurt

How much lower did you have to discount because of powerreviews?

"Brett Hurt" <Brett.Hurt@bazaarvoice.com> wrote:

discount and then we held the line there. Material, to be sure!  

From: Mitchell Green
To: Brett Hurt

You should share that with board. Just buy 'em ;-)  

From: Brett Hurt

I plan to when I build the case, timing is not right now
Chris, Neeraj, and Tom,

With the time we have this quarter, I wish to bring to your attention the acquisition plan to our two new ISD timing in February of 2012. To assist in developing the acquisition case, we will be working with our clients at Credit Suisse. Please note that his assistance will constitute a formal engagement for investment banking services only advisory efforts as part of Credit Suisse's role as a lead underwriter.

The case for this acquisition is based on the assertion that each and scale constitutes the most critical competitive advantage we can achieve and that known solutions are dependent on building the largest network possible with the greatest consumer reach. Client retention will be greatly enhanced as well if we have critical mass and significant share of reach. In other words, this is an auxiliary and data acquisition opportunity to drive long-term enterprise value not so much driven by the value of their existing business. It is my belief that we have a network reach-to-different business opportunity long-term and our greatest opportunity to create shareholder value can be derived from solutions that leverage these elements of our business and competitive advantage. Advertising only reach at scale and when network economics are in play often a winner-take-all outcome is the result. As an example, Facebook has a $50 billion multiple. They are not going to spend a huge amount of time and effort splitting their data between one social commerce player or another. They will identify the leader with the most reach and scale and probably the best solution overall and 100% of their spend will be allocated to the leader. Our threats then are not necessarily direct competitors but other options for the advertiser to achieve their objectives in a different way. Advertising value audiences and funds will flow to the providers who can deliver audience. Features and functionality of software without reach at scale will have diminished value to the advertiser.

PowerReviews, while consistently smaller than today in terms of reach, they could indeed be a significant challenge especially if acquired by a well-established solutions space. Thus, leaving them out there is significant for competing for dominant share because such is not to know this is not SaaS data, we know they have 78,920 clients that generate $179 million in retail sales. Combined, we would be approaching the 50% market share. If the 50 clients and 104 do not have any solution or are using a PowerReviews from these clients is surely a very big number. Are not having a direct competitor makes us a better company with a better service offering,垂直 this might be true but believe that the main reach at scale and if we can provide that same value as well as a higher product.

Also, I believe that a pre-MO transaction would be well-received by prop jobs, $1 billion to our market capitalization as a combined entity because network economics. Here is a list of other potential benefits from a combined organization.

1. No meaningful direct competitor.
2. Shortened sales cycle.
3. Dramatic increase in reach and overall market share will result in increased switching costs.
4. Our audience reach would increase to the point that we can leverage.
5. More data.
6. Different footprint with alternative brand if we want to go to.
7. Engineering talent and know-how, especially in the SaaS development area.
8. Help us to focus 100% on our strategy without the white noise of trying to displace a competitor that will only be focused on disrupting our lead position in the market is not likely to support two players.

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Combined, we would be approaching the 50% share point of the IR 500. There is no other US competitor with more than 10 clients and 104 do not have any solution or are using an in-house solution. The cost in time and money to displace PowerReviews from these clients is surely a very big number....

- Brett Hurt, Nov 17, 2011
[...]I believe that the marketplace does not desire the competition because they value reach at scale and if we can provide that in one place we will derive a financial benefit from providing the efficiency to the marketplace.

* * *

Here is a list of other potential benefits from a combination:

1. No meaningful direct competitor. Shortened sales cycles, less pricing dilution.
2. Dramatic increase in reach and overall market share making future competition extremely difficult and will increase switching costs.

* * *

7. Help us to focus 100% on our strategy without the whipsaw effect of reacting to a competitor that will only be focused on disrupting our lead position as the market is not likely to support two players.

— Brett Hurt, Nov 17, 2011
Economic advantages include:

- Peloton has 400 enterprise clients including approximately 80 of the IR 500 and then 1,500 SMB clients. We eliminate the cost in time and money to take those accounts and we, at least for a time, reduce our risk of account losses as Peloton competes for survival.

  - Stephen Collins, Dec 9, 2011
Deal Benefits:

* * *

- Accelerate our business particularly with regard to online retail by eliminating feature driven one-upmanship and tactical competition on retail...

* * *

- Creates significant competitive barriers to entry and protects our flank.

- Stephen Collins, Dec 9, 2011
Btw, post this combination, there is a network effect between the brands and the retailers that will be nearly impossible for someone to break.

– Ben Boyer, May 17, 2012
Additional Value Drivers as 1 company resulting in hiring multiple

- Monopoly in the market
- Additional products to upsell existing customers
- Additional products makes more defensible
  - They offered to buy 500 friends and looked at Revue
- Better Cogs today and future
- More predictable revenue growth (less competition)
- Better monetization w/o pricing pressure
- Bigger Story
- Faster sales cycle
- Faster Product dev
- Silicon Valley presence – ego and hiring
- Not having us in the hands of a competitor, especially one with deep packets and existing channels
- Less existing customer attrition
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No competition in the market

- The remaining “fringe” commercial providers do not constrain Bazaarvoice

- “In house” builds do not constrain Bazaarvoice for most customers

- Other “social commerce tools” are not in the market and do not constrain Bazaarvoice
Competitor Count in Bazaarvoice
“How the Deal was Done” Documents
Ratings and Reviews Deals Only

Source: GX1048
Redacted
From: Guy Giannini <poygiannini@reevoo.com>
Sent: Monday, January 28, 2013 2:32 PM
To: Gerard Lindberg <lindberg@us.ibm.com>
Subject: RE: Contact information

Gerard,

I am indeed: Reevoo hired me as their VP of Sales as they are just entering the US marketplace for their Ratings & Reviews Social Commerce Platform. When I left IBM I went to PowerReviews which was the #2 company in the US Ratings & Reviews marketplace but we were acquired by the #1 Company in the space, Bazaarvoice.

Today there really is no true #2 competitor in the US marketplace. While Reevoo is by far the most established B2B company outside of Bazaarvoice, we don’t have a lot of recognition in the US. Funny thing happened two weeks ago, the US Department of Justice sued Bazaarvoice over a violation of PowerReviews (tank out the competition).

We are working very closely with IBM and are looking forward to see our joint solution. Let us get you in to the CMO and VP or E-commerce with our IBM Joint venture.

See our recent IBM / Reevoo joint announcement.

http://news.

Have a great day,

Gary Giannini
VP of Sales, E-Commerce
Mobile: (770) 700-8000
Website: and
Shop: www.reevoo.com
Twitter: @garygiannini

From: Gary Giannini
Sent: Monday, January 28, 2013 2:32 PM
To: Gerard Lindberg

When I left IBM I went to PowerReviews which was the #2 company in the US Ratings & Reviews marketplace but we were acquired by the #1 Company in the space, Bazaarvoice.

Today there really is no true #2 competitor in the US marketplace.

– Gary Giannini, Jan 28, 2011
Redacted
Barriers to Entry GX 425

Who do you believe will be the most significant competitor from a long-term perspective, and how long until they have a material impact on the competitive landscape?

- We are certainly watching all competitors very carefully, especially those that come up in sales cycles, but we believe the barriers to entry are very high in our current market.

- BV’s ability to leverage the data from its over 700 in total customers, and many more client brands than that, is a key barrier of entry and any company entering the market would have to start from the beginning by securing all of the retail clients...but we already have many of the biggest and we continue to win new, high profile logos.

— Updated q/a, Feb 5, 2012
What are the most significant barriers to entry?

- Our network, connecting retailers and brands
- Our scale of data and reach
  * * *
- We believe it would be incredibly hard for a competitor to try to replicate what we have built – either organically or through M&A.

– Updated q/a, Feb 5, 2012
On top of all these, there is the power of the network. There is a huge first mover advantage because we have the blue chip retailers as clients...that attracts more brands/manufacturers.... and that in turn attracts more retailers....

– Updated q/a, Feb 5, 2012
How long would it take and how much would it cost for someone to develop a comparable suite of solutions?

- It took BV over 6 years to build our scalable, reliable technology platform and deliver our services at an enterprise level.

- It would be very difficult, and one could argue almost impossible, for a competitor to replicate our network of both retailers and brands given the lead we have and the value we are providing.

- Updated q/a, Feb 5, 2012
Reasons Firms Don’t Build It “In House”

- **Stagnation:**
  - In house ratings and review programs can’t keep up with innovation and new features

- **Costs:**
  - Administrative, production, development, implementation, software testing, debugging, deployment, maintenance, moderation
  - Diversion of resources from other IT projects

- **GX 678, GX 781**
Notes: IR500 retailers who list a provider that does not offer product ratings and reviews under Customer Reviews & Forums are counted as "Firms not using PRR." In general, providers are considered to offer PRR if their online content indicates they offer PRR services. When IR500 retailers list multiple providers, their counts are apportioned to each provider equally. Systemax reports ProfitCenter Software as its Customer Reviews & Forums vendor though ProfitCenter Software is a former subsidiary of Systemax and is thus counted as "In-house."
Q. Okay. Has Under Armour ever considered dropping ratings and reviews from its website?

A. No.

Q. Why not?

A. It's just table stakes for websites these days. We really believe we need to have them to have the customer experience we seek to provide.
THE WITNESS: . . . It was table stakes. You had to have it.

Q. When you say it was table stakes and they had to have it, what did you mean by that?

A. Means that you stood out if you didn't have it, as a — as a company.
Defendant’s Social Commerce Tools “Market”

facebook

Q & A

Google+

Blogs

janrain

Forums & Communities

twitter

Gamification

8th BRIDGE

Discussions

SocialAnnex

ONE STOP SOCIAL PLATFORM
Q. Okay. Why would a customer buy both a ratings-and-review product from Bazaarvoice and a question-and-answer product?

A. Because they are complementary forms of word of mouth.

Brett Hurt Deposition 331:17-332:2
Q. And as we sit here today, are you aware of any Bazaarvoice clients that have replaced the Bazaarvoice ratings and reviews product with the Q&A tool?

A. No, I'm not aware of that.

Chris Pacitti Deposition 15:18 – 15:21
Q. Are you aware of any Bazaarvoice clients that replaced the Bazaarvoice ratings and reviews product with a forum?

A. No.

Q. Are you aware of any Bazaarvoice client that has replaced the Bazaarvoice ratings and reviews product with some sort of communities application?

A. No.

Chris Pacitti Deposition 16:1-16:8
Social Networking is not a substitute

Q. Mr. Pacitti, sitting here today, are you aware of any Bazaarvoice client that has ever replaced the Bazaarvoice ratings and reviews product with the Facebook Like button?

* * *

A. No.

Q. Are you aware of any Bazaarvoice clients that have ever replaced the Bazaarvoice ratings and reviews product with a Facebook page?

A. No.

Chris Pacitti Deposition 15:13-15:17, 16:9-16:12
Discuss aspects of Facebook partnership, how important, and whether you see them becoming a long-term competitor to Bazaarmarket?

- We view Facebook as another channel for us to reach consumers; they are not competitive to our business model, we are actually very different and complementary.

- Facebook has clearly demonstrated the power of social networking and our relationship allows BV to extend our network to reach more consumers and provide more information for our brand clients.

— Updated q/a, Feb 5, 2012
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— Updated q/a, Feb 5, 2012
Discuss aspects of Google partnership, how important, and whether you see them becoming a long-term competitor to Bazaarvoice?

- We enjoy a partnership with Google; they are not competitive to our business model, we are actually very different and complementary.
Discuss aspects of Google partnership, how Important, and whether you see them becoming a long-term competitor to Bazaarvoice?

- We enjoy a partnership with Google; *they are not competitive to our business model*, we are actually very different and complementary.

- Updated q/a, Feb 5, 2012
...we are going to announce the Power Reviews acquisition tomorrow post close. This is a good long term acquisition as it eliminates the largest competitor for BV on the retail side and basically gives it complete control of most of the top 500 retailers....

— Abhishek Agrawal, May 23, 2012