

ExactTarget, Inc.  
Form S-1/A  
March 05, 2012  
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As filed with the Securities and Exchange Commission on March 5, 2012

Registration No. 333-178147

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Amendment No. 4**  
**to**  
**Form S-1**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**ExactTarget, Inc.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
Incorporation or organization)

7372  
(Primary Standard Industrial  
Classification Code Number)

20-1367351  
(I.R.S. Employer

20 North Meridian Street, Suite 200 Indianapolis, Indiana 46204 (317) 423-3928 (Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

Identification Number)

Scott D. Dorsey Chief Executive Officer 20 North Meridian Street, Suite 200 Indianapolis, Indiana 46204 (317) 423-3928 (Name, address, including zip  
code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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You should rely only on the information contained in this prospectus or any free writing prospectus filed with the Securities and Exchange Commission (the "SEC"). Neither we nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the SEC. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus or a free writing prospectus is accurate only as of its date, regardless of its time of delivery, or of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

*Through and including [redacted], 2012 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.*

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside the United States.

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**PROSPECTUS SUMMARY**

*The following summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read the entire prospectus, including the consolidated financial statements and the related notes included in this prospectus and the information set forth under the headings Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations. Unless the context requires otherwise, the words ExactTarget, we, company, us and our refer to ExactTarget, Inc. and its wholly-owned subsidiaries.*

*Upon completion of this offering, our directors, executive officers and holders of more than 5% of our common stock, together with their affiliates, will beneficially own, in the aggregate, approximately % of our outstanding common stock. See Risk Factors Our directors, executive officers and principal stockholders will collectively own approximately % of our outstanding common stock after this offering and will continue to have substantial control over the company.*

**Our Business**

We are a leading global provider of cross-channel, interactive marketing software-as-a-service ( SaaS ) solutions that empower organizations of all sizes to communicate with their customers through the interactive channels they use most email, mobile, social media and websites. Our solutions provide marketers with a broad and powerful suite of integrated applications to plan, automate, deliver and optimize data-driven interactive marketing campaigns and real-time communications to drive customer engagement, increase sales and improve their return on marketing investment.

Our suite of cross-channel, interactive marketing applications, which include email, mobile, social media and sites, is built on our highly-scalable and flexible multi-tenant SaaS platform. These channel applications are integrated with our campaign management, calendaring, real-time dashboard, integrated reporting, marketing automation and data management tools to provide marketers with a comprehensive, yet easy-to-use, solution to manage, automate and engage in real-time interactive marketing. In addition, our cloud-based platform's robust integration framework enables clients to integrate data from virtually any relevant source and leverage productized integrations with leading third-party CRM, web analytics and e-commerce providers to further enhance the relevance of their interactive communications. We also provide open application programming interfaces ( APIs ) and developer tools that allow third parties to embed our technology into their solutions and build applications on our platform.

Our global sales organization is focused on adding new clients and expanding relationships with existing clients. We believe our team is the largest sales organization devoted to selling interactive marketing SaaS solutions, with over 290 sales professionals located on four continents. Our field sales team sells into the large business, or enterprise market, while our inside sales team sells to small and medium-sized organizations primarily via telesales. In addition to these new business teams, we have a relationship management sales team that focuses on strengthening client relationships, driving contract renewals and selling additional applications to existing clients. We also extend our sales distribution through relationships with more than 500 marketing service providers that resell our solutions to their customers.

Our direct client base consisted of over 4,700 organizations as of December 31, 2011, ranging from enterprises to small businesses in numerous industries, including retail and e-commerce, media and entertainment, travel and hospitality, financial services and insurance, technology, daily-deal and



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flash-sale and marketing service providers. Among our direct clients are U.S.-based companies such as Ally Financial, Inc., Angie's List, Inc., CareerBuilder, LLC, Groupon, Inc., Microsoft Corporation, Nationwide Mutual Insurance Company, Oakley, Inc., OneAmerica Financial Partners, Inc., One King's Lane, Inc., Papa John's International, Inc., priceline.com Incorporated, The Scotts Miracle-Gro Company, Tommy Hilfiger Group, WellPoint, Inc. and Zappos.com, Inc., and companies headquartered outside the United States such as Abril Group (Brazil), Fairfax Media Limited (Australia), Icelandair Group (Iceland) and Telegraph Media Group Limited (United Kingdom). Several thousand additional organizations utilize our SaaS solutions through their relationships with our marketing service provider clients. Our client base is diverse, and no single client represented more than 5% of our overall revenue for each of the years ended December 31, 2009, 2010 and 2011.

We provide our solutions primarily through annual and multi-year subscriptions based on volume of contracted utilization, level of functionality, number of interactive marketing channels, number of users and level of customer support. We have achieved 44 consecutive quarters of revenue growth and annual dollar-based subscription revenue renewal rates of over 100% in each of the years ended December 31, 2009, 2010 and 2011. For the years ended December 31, 2009, 2010 and 2011, our revenue was \$95.4 million, \$134.3 million and \$207.5 million, representing period-over-period growth of 32%, 41% and 55%, respectively.

### **Industry Overview**

Changes in media consumption, real-time engagement through social media and pervasive mobile connectivity have challenged marketers ability to deliver relevant, meaningful and timely communications. Organizations require a cross-channel view of their customers to drive real-time, relevant engagement and positive return on marketing investment.

### ***Market Opportunity for Interactive Marketing***

Consumers are increasingly using email, mobile, social media and websites to access information and interact with brands. Media consumption is shifting from offline channels to interactive channels, driving marketers to increase the percentage of advertising spending on interactive marketing. According to Forrester Research, Inc. ( Forrester ), U.S. marketers plan to increase spending on interactive channels (defined as display, search, email, mobile and social media) as a percentage of total advertising spending from 16% in 2011 to 26% in 2016, creating a projected \$77 billion market in the United States by 2016, of which email, mobile and social media marketing spending is expected to grow from approximately \$4.8 billion in 2011 to nearly \$15.7 billion by 2016, representing a compound annual growth rate of 27%.<sup>(1)</sup> We believe the addressable market outside the United States presents an even greater opportunity.

### ***Market Challenges***

Organizations often lack the technology, infrastructure and expertise needed to plan, automate, deliver and optimize data-driven interactive marketing campaigns and real-time communications across interactive channels. Marketers considering the adoption or expansion of email and cross-channel, interactive marketing programs face many challenges, including the following:

difficulty in integrating data to create a single, unified view of each consumer;

complexity in effectively engaging consumers across multiple channels;

(1) Forrester, *US Interactive Marketing Forecast, 2011 To 2016*, August 24, 2011, as updated September 7, 2011.

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inability of disparate point solutions to address marketers' emerging needs;

complex security and infrastructure requirements; and

changing deliverability and regulatory standards.

### **Our Solutions**

Our suite of cross-channel, interactive marketing applications enables organizations to plan, automate, deliver and optimize data-driven interactive marketing campaigns and critical, real-time communications to enhance customer engagement and improve their return on marketing investment. Key benefits of our solutions include:

***Cross-channel campaign management and engagement capabilities powered by a unified view of each consumer.*** Our suite includes email, mobile, social media and sites applications that are integrated with campaign management, calendaring, marketing automation and data management tools to provide marketers with the ability to develop a unified view of each consumer and engage in real-time, cross-channel marketing.

***Automation of marketing campaigns and real-time communications.*** Our solutions enable clients to automate processes required to deliver sophisticated, multi-stage marketing campaigns and personalized real-time communications such as order confirmations, e-statements, alerts, abandoned shopping cart reminders and many others.

***Highly-scalable and modular SaaS architecture to meet clients' evolving needs.*** Our SaaS technology infrastructure supports large transaction volumes and allows our clients to store large amounts of data while maintaining high application availability. Clients can easily add new channels and functionality as they expand their interactive marketing programs.

***Open and flexible cloud-based platform.*** Our cloud-based platform's robust integration framework enables clients to integrate data from virtually any relevant source and leverage productized integrations with leading third-party applications. We also provide open APIs and developer tools that allow third parties to embed our technology into their solutions and build applications on our cloud-based platform.

***Compliance with complex deliverability and regulatory standards.*** We solve challenging issues associated with deliverability of our clients' interactive communications and enable our clients to meet legal and regulatory compliance requirements.

### **Our Competitive Strengths**

Our vision is to inspire and enable organizations of all sizes to leverage interactive marketing technologies to achieve phenomenal business results. We have established a leadership position in interactive marketing as evidenced by our global size, scale and growth, which we believe results in several key competitive strengths including:

***Leadership driven by vision and focus on innovation.*** Our vision, focus on innovation and significant investments have fueled our growth and enabled us to deliver interactive marketing solutions that solve marketers' complex challenges. Forrester placed ExactTarget in the Leader category in its *Forrester Wave™ Email Marketing Vendors, Q1 2012*, January 20, 2012. We have extended our leadership position beyond email marketing through the integration of our social media platform, CoTweet, Inc. ( CoTweet ), the creation of our Social Media Lab and the launch of the Interactive Marketing Hub, our integrated, cross-channel interactive marketing solution.



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***Market-leading size and scale and strong business momentum.*** With over 1,100 employees located on four continents and \$41.4 million of research and development investment in 2011, we enable marketers around the globe to improve returns from their interactive marketing programs. Our substantial investments have led to strong business momentum, resulting in \$207.5 million in revenue for the year ended December 31, 2011, an increase of 55% compared to the year ended December 31, 2010. These substantial investments contributed to an operating loss of \$23.6 million for the year ended December 31, 2011.

***Serving clients of all sizes, in many industries and geographies, from a single platform.*** Our highly-scalable SaaS architecture and modular product offerings enable us to serve large, distributed enterprises with complex interactive marketing requirements, as well as small and medium-sized organizations. Our direct client base consists of over 4,700 organizations, across numerous industries and many geographies. Several thousand additional organizations utilize our SaaS solutions through their relationships with our marketing service provider clients.

***Large direct and indirect sales organization with global reach.*** We believe our team is the largest sales organization devoted to selling interactive marketing SaaS solutions to new and existing clients, with over 290 sales professionals located on four continents. We also extend our global sales distribution through relationships with more than 500 marketing service providers.

***Corporate culture committed to client success.*** Named for our primary brand color, our Orange culture reflects our employees energy, passion and focus on client success. Our culture is widely regarded as one of our greatest assets and is consistently cited as a key differentiator by clients, partners, prospective clients and employees.

### **Our Growth Strategy**

We intend to leverage our vision, our focus on innovation, the breadth of our solutions and our interactive marketing expertise to extend our market leadership and continue to fuel our growth. Key elements of our growth strategy include:

continue to innovate and enhance our leading interactive marketing solutions;

win new clients by expanding direct and indirect sales;

increase revenue from our existing clients;

continue to expand our global presence; and

selectively pursue acquisitions.

### **Selected Risks Associated with Our Business**

Our business is subject to numerous risks and uncertainties, including those highlighted here and described in further detail in Risk Factors immediately following this Prospectus Summary. You should carefully read Risk Factors beginning on page 9 for a detailed explanation of these risks before investing in our common stock. Some of these risks include:

we have a recent history of losses, and we may not return to or sustain profitability in the future;

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we have experienced rapid growth in recent periods, and if we fail to manage our domestic and international growth effectively, our financial performance may be adversely affected;

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our operating results and revenue will be adversely affected if we are not able to attract new clients, retain existing clients or sell additional functionality and services to existing clients;

defects or errors in our SaaS solutions or compromises of security measures could harm our reputation, result in significant costs to us and impair our ability to sell our solutions;

we have been dependent on our clients' use of email as a channel for interactive marketing, and any decrease in the use of email for this purpose would harm our business, growth prospects, operating results and financial condition;

the market for cross-channel, interactive marketing SaaS solutions is relatively new and emerging. If the market develops more slowly or differently than we expect, our business, growth prospects and financial condition would be adversely affected;

evolving domestic and international data privacy regulations may restrict our clients' ability to solicit, collect, process, disclose and use personal information or may increase the costs of doing so, which could harm our business;

failures of the third-party hardware, software and infrastructure on which we rely, including third-party data center hosting facilities, could impair the delivery of our solutions and adversely affect our business;

the markets in which we participate are highly competitive, and pricing pressure or other competitive dynamics, which could include clients developing their own solutions, could adversely affect our business and operating results;

we rely on our management team and other key employees, and the loss of one or more key employees could harm our business; and

our directors, executive officers and principal stockholders will continue to have substantial control over the company after this offering.

**Corporate Information**

We began our operations in December 2000 as ExactTarget, LLC, an Indiana limited liability company. In July 2004, ExactTarget, LLC merged into ExactTarget, Inc., a Delaware corporation. Our principal executive offices are located at 20 North Meridian Street, Suite 200, Indianapolis, Indiana 46204. Our main telephone number is (317) 423-3928, and our website address is [www.exacttarget.com](http://www.exacttarget.com). Information contained on our website is not a part of, and is not incorporated into, this prospectus.

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**The Offering**

Common stock offered by us	shares
Over-allotment option	shares
Common stock to be outstanding after this offering	shares, or shares if the underwriters exercise their option to purchase additional shares in full.

Use of proceeds We intend to use the net proceeds from this offering primarily for general corporate purposes, such as expanding our sales and marketing teams, international operations, product development efforts and general and administrative functions, as well as for working capital. We may also use the net proceeds to repay our term loan and revolving line of credit or for acquisitions. See Use of Proceeds.

Exchange listing Our common stock has been approved for listing on the New York Stock Exchange ( NYSE ) under the symbol ET.

Concurrent with or prior to the effectiveness of the registration statement of which this prospectus forms a part, the number of authorized shares of our common stock will be increased to 74,000,000 shares, the par value per share of our common stock will be decreased to \$0.0005, and each share of common stock then outstanding will be split into two shares by way of a forward stock split. As a result of the stock split, (i) the conversion price of each series of our preferred stock will be appropriately decreased so that two shares of common stock are issuable upon conversion of each share of preferred stock of such series, and (ii) appropriate adjustments will be made to the exercise prices of, and number of shares subject to, all outstanding stock options. Unless we specifically state otherwise, the information in this prospectus reflects the increase in the authorized number of shares of our common stock, the decrease in par value per share of our common stock, the two-for-one forward stock split of our outstanding common stock and the adjustments to the conversion prices of our preferred stock and the exercise prices of, and number of shares subject to, our outstanding stock options.

The number of shares of our common stock to be outstanding after this offering is based on 55,976,784 shares of common stock outstanding as of December 31, 2011 and excludes:

11,323,492 shares of common stock issuable upon the exercise of options outstanding as of December 31, 2011 granted under our 2008 equity incentive plan and 2004 stock option plan, having a weighted average exercise price of \$5.23 per share; and

103,244 shares of unvested restricted common stock outstanding as of December 31, 2011.

Unless otherwise stated, information in this prospectus reflects and assumes the following:

the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the completion of this offering;

the automatic conversion of all of our outstanding preferred stock as of December 31, 2011 into an aggregate of 46,934,438 shares of our common stock immediately prior to the completion of this offering; and

no exercise of the underwriters' option to purchase additional shares.



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The following tables summarize the consolidated financial data for our business. You should read this summary consolidated financial data in conjunction with Selected Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes, all included elsewhere in this prospectus.

We derived the summary consolidated statements of operations data for the years ended December 31, 2009, 2010 and 2011 and the consolidated balance sheet data as of December 31, 2011 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of our future results.

	<b>Year Ended December 31,</b>		
	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>(in thousands, except share and per share data)</b>		
<b>Consolidated Statements of Operations Data:</b>			
Revenue	\$ 95,443	\$ 134,267	\$ 207,493
Cost of revenue(1)	30,772	43,894	70,195
<b>Gross profit</b>	<b>64,671</b>	<b>90,373</b>	<b>137,298</b>
Operating expenses:			
Sales and marketing(1)	39,276	63,978	93,559
Research and development(1)	14,845	27,400	41,390
General and administrative(1)	13,397	17,159	25,985
<b>Total operating expenses</b>	<b>67,518</b>	<b>108,537</b>	<b>160,934</b>
Operating loss	(2,847)	(18,164)	(23,636)
Other income (expense), net	75	(53)	(1,001)
<b>Loss before taxes</b>	<b>(2,772)</b>	<b>(18,217)</b>	<b>(24,637)</b>
Income tax expense (benefit)	(777)	(6,127)	10,798
<b>Net loss</b>	<b>(1,995)</b>	<b>(12,090)</b>	<b>(35,435)</b>
Adjustment for redemption of preferred stock	(58,601)		
Preferred stock dividend	(490)		
<b>Net loss available to common stockholders</b>	<b>\$ (61,086)</b>	<b>\$ (12,090)</b>	<b>\$ (35,435)</b>
Net loss per common share:			
Basic	\$ (5.86)	\$ (1.52)	\$ (4.05)
Diluted	\$ (5.86)	\$ (1.52)	\$ (4.05)
Weighted average number of common shares outstanding basic	10,417,392	7,978,304	8,750,540
Weighted average number of common shares outstanding diluted	10,417,392	7,978,304	8,750,540
Pro forma (unaudited)(2):			
Net loss per common share:			
Basic		\$ (0.26)	\$ (0.69)
Diluted		\$ (0.26)	\$ (0.69)
Weighted average number of common shares outstanding basic		46,893,638	51,279,056
Weighted average number of common shares outstanding diluted		46,893,638	51,279,056
<b>Other Financial Data:</b>			
Adjusted EBITDA(3)	\$ 7,723	\$ (2,769)	\$ (59)



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(1) Cost of revenue and operating expenses include the following amounts related to stock-based compensation:

&nb