

TechTarget Inc  
Form 10-K  
March 11, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2015**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number: 1-33472**

**TechTarget, Inc.**

**(Exact name of Registrant as Specified in Its Charter)**

**Delaware**  
**(State or Other Jurisdiction of**

**Incorporation or Organization)**

**04-3483216**  
**(I.R.S. Employer**

**Identification No.)**

**275 Grove Street**  
**Newton, Massachusetts**  
**(Address of Principal Executive Offices)**

**02466**  
**(Zip Code)**

**Registrant's telephone number, including area code: (617) 431-9200**

**Securities registered pursuant to Section 12(b) of the Exchange Act:**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
<b>Common Stock, \$0.001 Par Value</b>	<b>Nasdaq Global Market</b>

**Securities registered pursuant to Section 12(g) of the Exchange Act:**

**None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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. (Check One):

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>
Non-Accelerated Filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$172.2 million as of June 30, 2015 (based on a closing price of \$8.93 per share as quoted by the Nasdaq Global Market as of such date). In determining the market value of non-affiliate common stock, shares of the registrant's common stock beneficially owned by officers, directors and affiliates have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The registrant had 32,219,287 shares of Common Stock, \$0.001 par value per share, outstanding as of February 29, 2016.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for the 2016 annual meeting of shareholders, which the registrant intends to file pursuant to

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Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2015.

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*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors. Please refer to our Forward-Looking Statements section on page 49.*

## **PART I**

### **Item 1. Business**

#### **Overview**

TechTarget, Inc. ( we or the Company ) is a Delaware corporation incorporated on September 14, 1999. We are a leading provider of specialized online content that helps buyers of corporate information technology ( IT ) products and services, and a leading provider of marketing services for the sellers of those solutions. Our offerings enable IT vendors to identify, reach and influence corporate IT decision makers who are actively researching specific IT purchases. We do this through customized marketing programs that include data analytics-driven intelligence solutions, demand generation, and brand advertising.

IT professionals have become increasingly specialized, and rely on our network of over 150 websites, each of which focuses on a specific IT sector such as storage, security or networking, for key decision support information tailored to their specific areas of responsibility. We complement our online offerings with targeted in-person events that enable advertisers to engage buyers directly at critical stages of their decision-making process for IT purchases. The majority of our revenues for 2015, 2014 and 2013 were associated with demand generation advertising, branding campaigns and IT Deal Alert .

We enable IT professionals to navigate the complex and rapidly-changing IT landscape where purchasing decisions can have significant financial and operational consequences. Our content strategy includes three primary sources which IT professionals use to assist them in their pre-purchase research: independent content provided by our professionals, vendor-generated content provided by our customers and user-generated, or peer-to-peer, content. In addition to utilizing our independent content, registered members are able to conduct their pre-purchase research by accessing extensive vendor content across our network of websites. Our network of websites also allows users to seamlessly interact and contribute content, which is highly valued by IT professionals during their research process. As of December 31, 2015, we employed over 150 full-time editors who create original content tailored for specific audiences, which we complement with content through our association with outside industry experts.

We had approximately 16.9 million and 15.3 million registered members as of December 31, 2015 and 2014, respectively. The size of our registered user base does not provide direct insight into the number of our customers or our revenues but it does provide context as to the breadth and reach of our content footprint, which our customers leverage through customized marketing programs. The targeted nature of our user base enables IT vendors to reach a specialized audience efficiently because our content is highly segmented and aligned with the IT vendors' specific products. We have developed a broad customer base, and delivered advertising campaigns to approximately 1,400 customers in 2015.

Please refer to Item 6, Selected Financial Data, for detailed information about our revenues, net income, total assets and other financial results.

**Business Trends**

Our business is impacted by macro-economic conditions, including foreign currency markets, and IT industry trends. Because most of our customers are IT vendors, the success of our business is intrinsically linked

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to the health, and subject to the market conditions, of the IT industry. The performance of the United States ( U.S. ) dollar against foreign currencies impacts our results because our largest customers derive a significant amount of revenue from outside the U.S. In years when the U.S. dollar is strong and foreign currencies are relatively weak, our top 12 largest customers' revenues and marketing budgets are impacted, which impacts our revenues. Conversely, when the U.S. dollar is weak against foreign currencies, revenues attributable to our largest customers can increase. Our mid-sized customers (comprised of our next largest 100 customers) and smaller customers (typically venture-backed start-ups) generally have less exposure to non-U.S. business. Thus, these customers tend to be less impacted by these trends, which generally results in less of an impact on their marketing budgets and, in turn, our revenues.

## **Available Information**

Our website address is [www.techtarget.com](http://www.techtarget.com). We make our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, available free of charge through our website as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission ( SEC ). The SEC maintains an Internet website, at [www.sec.gov](http://www.sec.gov), that contains reports, proxy and information statements and other information regarding issuers that are filed electronically. Our Code of Business Conduct and Ethics, and any amendments to our Code of Business Conduct and Ethics, Corporate Governance Guidelines and Board Committee Charters, are also available on our website. We are not including the information contained on our website as part of, or incorporating it by reference into, this Annual Report on Form 10-K. The public may read and copy any materials that we file with the SEC at the SEC's Public Reading Reference Room at 100 F Street NE, Washington, DC 20549, and the public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

## **Industry Background**

IT professionals' reliance on online content to research major purchase decisions, and the transition by IT vendors of marketing expenditures from offline to online channels, have been consistent trends that have benefitted us. Going forward, there are some important related trends that we believe our business strategy is well positioned to benefit from:

***Technology Marketers and Sales Organizations are Increasingly Using Audience Data to Drive Decisions.*** In the business technology market in particular, advertisers are in the early stages of making use of data to help them determine prospective accounts that should be prioritized for marketing or sales follow-up. We believe we are uniquely positioned to provide data around the purchase intent of specific prospective accounts and potential buyers because of the nature of the content we create and our product focus in these data-driven areas.

***There is an Increasing Focus on the Ability to Measure and Improve Return on Investment.*** Our customers are increasingly focused on measuring and improving their return on investment ( ROI ). Before the advent of Internet-based marketing, there were limited tools for accurately measuring the results of marketing campaigns in a timely fashion. The Internet has enabled IT vendors to track individual users and their responses to their marketing programs. With the appropriate technology, vendors now have the ability to assess and benchmark the efficacy of their online advertising campaigns cost-effectively and in real-time. We believe our offerings will benefit as our customers become more adept at this measurement, and that the

data we are providing will assist in this effort.

**Corporate IT Purchasing**

Over the past two decades, corporate IT purchases have grown in size and complexity. The corporate IT market is comprised of multiple, large sectors, such as storage, security and networking. Each of these sectors can, in turn, be further divided into sub-sectors that contain products addressing the areas of specialization within



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an enterprise's IT environment. For example, within the multi-billion dollar storage sector, there are numerous sub-sectors such as storage area networks, storage management software and backup software. Furthermore, the products in each sub-sector may service entirely independent markets. For example, backup software for use in Windows® environments can be distinct from that designed for use in Linux® environments.

In view of the complexities, high cost and importance of IT decision-making, corporate IT purchasing decisions are increasingly being researched by teams of functional experts with specialized knowledge in their particular areas, rather than by one central IT professional, such as a chief information officer. The corporate IT purchasing process typically requires a lengthy sales cycle. The sales cycle is the sequence of stages that a typical customer goes through when deciding to purchase a product or service from a particular vendor. Key stages of a sales cycle typically consist of a customer recognizing or identifying a need; identifying possible solutions and vendors through research and evaluation; and finally, making a decision to purchase the product or service. Through various stages of this sales cycle, IT professionals rely upon multiple inputs from independent experts, peers and IT vendors. Although there is a vast amount of information available, the aggregation and validation of these inputs from various sources can be difficult and time-consuming.

The long sales cycle for corporate IT purchases, as well as the need for information support, requires substantial investment on the part of IT vendors, which drives the significant marketing expenditures in the corporate IT market. In addition, technology changes at an accelerated pace and there are often multiple solutions to a particular IT need. With each new product or product enhancement, IT vendors implement new advertising campaigns and IT professionals must research new technologies.

## **The Opportunity**

Corporate IT professionals are demanding specialized websites and events tailored to the sub-sectors of IT solutions that they purchase. Prior to widespread Internet adoption, corporate IT buyers researching purchases relied largely on traditional IT media, consisting of broad print publications and large industry trade shows. As technology, vendors and IT professionals have all become much more specialized, the Internet has emerged as a preferred purchase research medium, a fact which has drastically reduced and improved research time.

IT vendors seek high-ROI marketing platforms that provide access to the specific sectors of IT buyers that are aligned with the solutions they seek to sell. They look for assistance in identifying accounts and individuals who are actively researching upcoming purchases, and distinguishing these prospective buyers from accounts or individuals who are not yet ready to engage in the buying process. IT vendors also need assistance in influencing these prospective buyers, through content marketing programs or brand advertising, in order to improve their ability to successfully position their respective solutions against alternatives being considered.

## **Our Solution**

Our specialized content strategy enables IT vendors to identify, reach and influence corporate IT professionals who are actively researching purchases in specific IT sectors. IT professionals rely on our platform for decision support information tailored to their specific purchasing needs. Our solution benefits from the following competitive advantages:

*Large and Growing Community of Registered Members.* We had approximately 16.9 million registered members as of December 31, 2015. The targeted nature of our user base enables IT vendors to reach a

specialized audience efficiently because our content is highly segmented and aligned with the IT vendors specific products and services.

*Strong Customer Relationships.* We have developed a broad customer base. During 2015, we delivered marketing services programs for approximately 1,400 customers.

*Substantial Experience in Online Content Creation and Marketing.* We have over 16 years of experience in developing our online media content, with a focus on providing targeted information to

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IT professionals and a targeted audience to vendors. Our experience enables us to develop new online properties rapidly and to acquire and efficiently integrate select properties that further serve IT professionals. We have also developed an expertise in implementing integrated, targeted marketing campaigns designed to maximize the measurability of, and improvement in, ROI.

*Proprietary Data on the Research Behavior of our Registered Members and Site Visitors.* Through our Activity Intelligence product platform, we collect information on millions of interactions that our members and visitors, and the companies that they are associated with, have with the content on our websites and in our e-mails. Collection and analysis of this information allows us to increase the relevance of our informational offerings to our members and improves our customers' ROI by allowing us to deliver more qualified prospects.

*Significant Brand Recognition Among IT Vendors and IT Professionals.* Our brand is well-recognized by IT vendors who value our integrated marketing capabilities and high-ROI advertising programs. At the same time, our sector-specific websites command brand recognition among IT professionals, who rely on these websites because of their specificity and depth of content.

*Favorable Search Engine Rankings.* Due to our long history of using a targeted approach toward online publishing, our network of websites has produced a large repository of archived content that allows us to appear on search result pages when users perform targeted searches on search engines such as Google. We are successful in attracting traffic from search engines, which, in turn, increases our registered membership. Our solutions increase efficiency for both IT professionals and IT vendors, which facilitates the ability of IT professionals to find specific information related to their purchase decisions, while enabling IT vendors to reach IT buyers who are actively researching specific solutions related to vendors' products and services. Our solutions benefit IT professionals and IT vendors in the following ways:

### ***Benefits to IT Professionals***

*Provides Access to Integrated, Sector-Specific Content.* Our websites provide IT professionals with sector-specific content from the three fundamental sources they value in researching IT purchasing decisions: industry experts, peers and vendors. Our independent staff of editors creates content specific to the sectors we serve and the key sub-sectors within them. This content is integrated with other content generated by our network of third-party industry experts, member-generated content and content from IT vendors. The reliability, breadth and depth, and accessibility of our content offerings enable IT professionals to make more informed purchases.

*Increases Efficiency of Purchasing Decisions.* By accessing targeted and specialized information, IT professionals are able to research important purchasing decisions more effectively. Our integrated content offering minimizes the time spent searching for and evaluating content and maximizes the time available for consuming quality information. Furthermore, we provide this specialized, targeted content through a variety of media that together address critical stages of the purchase decision process.

### ***Benefits to IT Vendors***

*Provides Unique Data about In-Market Prospects.* Our Activity Intelligence product platform leverages our unique purchase-support content and large base of targeted IT professional users to provide IT vendors with data to help them more effectively identify prospective buyers. Vendors who are increasingly making use of data to drive their marketing and sales strategies make use of our offerings as a key input to driving their progress against this objective.

*Targets Active Buyers Efficiently.* Our highly targeted content attracts specific, targeted audiences that are actively researching purchasing decisions. Using our registered member database and information

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we collect about their product interests, we are able to target further those registered members most likely to be of value to IT vendors, and offer marketing services programs that help influence these prospective buyers.

*Generates Measurable, High ROI.* Our targeted online content offerings enable us to generate and collect valuable business information about each user and his or her technology preferences. As registered users access content, we are able to build a profile of their technology interests, and that of their company. We leverage this data to provide IT vendors with intelligence that helps them follow up with prospects more effectively and efficiently, improving their ROI on their marketing expenditures with us.

*Maximizes Awareness and Shortens the Sales Cycle.* As a leading distributor of vendor-provided IT white papers, webcasts, videocasts, virtual events and podcasts, we offer IT vendors the opportunity to educate IT professionals during the research process, prior to any direct interaction with vendor salespeople. By distributing proprietary content and reaching their target audiences via our platform, IT vendors can educate audiences, demonstrate much of their product capabilities and proactively brand themselves as specific product leaders. As a result, an IT professional is more knowledgeable about the vendor's specifications and product by the time he or she engages with the vendor. This reduces sales time and cost that would have been otherwise expended by the vendor's direct sales force.

*Reaches IT Professionals at Critical Stages of the Purchase Decision Process.* Because our content platform includes both online and event offerings, IT vendors can market to IT professionals at critical stages of the purchase decision process through multiple touch points. In addition to targeting IT professionals as they conduct purchase research on our website, IT vendors can have face-to-face interactions with qualified buyers seeking to finalize purchase decisions at our in-person events.

## **Our Strategy**

Our goal is to deliver superior performance by enhancing our position as a leading provider of specialized content that connects IT professionals with IT vendors in the sectors and sub-sectors that we serve. In order to achieve this goal, we intend to:

*Continue to Innovate in the Area of Data-Enabled Marketing Services.* We believe our ability to leverage our content and audience to identify in-market prospective buyers is a core competency and a key driver of our future growth. Our IT Deal Alert suite of offerings, built on our Activity Intelligence product platform, consists of multiple recently developed products and services that provide IT vendors with data-enabled solutions. We intend to further develop our existing product offerings with new features, and launch additional offerings that extend our capabilities for our customers.

*Expand into Complementary Sectors.* We intend to complement our current offerings and content by continuing to expand our business in order to capitalize on strategic opportunities in existing, adjacent, or new sectors that we believe to be well-suited to our business model and core competencies. Based on our experience, we believe we are able to capitalize rapidly and cost-effectively on new market opportunities.

*Continue to Expand Our International Presence.* We intend to continue to expand our reach into our addressable market by increasing our presence in countries outside the U.S. We have pursued this strategy by launching our own websites directed at users in the United Kingdom, India, Spain, France, China, Australia, and Singapore, or by acquiring properties or companies with properties. We further expanded by acquiring the Computer Weekly and MicroScope online properties in the United Kingdom and E-Magine Médias SAS, which we call LeMagIT, in France. More recently, we launched German and Portuguese language websites as well as websites directed towards users in Latin America. We expect to further penetrate foreign markets by directly launching additional sector specific websites directed at these foreign locales and at additional international markets and, if deemed appropriate, making strategic acquisitions and investments in overseas entities. During 2015, approximately 32% of

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our total revenues were derived from international geo-targeted campaigns, where our target audience is outside North America. We believe that our integrated product offering across regions continues to resonate with international marketers and is contributing to our successful results. We plan on continuing to invest in these capabilities as we seek opportunities to increase our global reach.

*Selectively Acquire or Partner with Complementary Businesses.* We have used acquisitions in the past as a means of expanding our content and product and service offerings, web traffic and registered members. Our acquisitions to date can be classified into three categories: content-rich blogs or other individually published sites, typically generating less than one million dollars in annual revenues; early stage revenue sites, typically generating between one and five million dollars in annual revenues; and later stage revenue sites, typically generating greater than five million dollars in annual revenues. We intend to continue to pursue selected acquisition or partnership opportunities in our core markets and in adjacent markets for products with similar characteristics.

**Platform and Content**

Our integrated content platform consists of a network of websites that we complement with targeted in-person events. At critical stages of the purchase decision process, these content offerings meet IT professionals' needs for expert, peer and IT vendor information and provide a platform on which IT vendors can launch targeted marketing campaigns that generate measurable, high ROI.

The diagram below provides a representation of the key market opportunities we address for our advertisers:

**The TechTarget Universe: where serious technology buyers decide**

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### *Media Groups*

Based upon the logical clustering of our users' respective job responsibilities and the marketing focus of the products being advertised by our customers, we currently categorize our content offerings to address the key market opportunities and audience extensions across nine distinct media groups. Each of these media groups services a wide range of IT vendor sectors and sub-sectors and is driven by the key areas of IT professionals' interests described below:

*Security.* Every aspect of enterprise computing now depends on secure connectivity, data and applications. The security sector is constantly growing to adapt to new forms of threats and to secure new technologies such as mobile devices, wireless networks and virtualized systems and cloud computing solutions. Compliance regulations, cloud computing adoption, and highly publicized identity and intellectual property thefts are driving interest and investment in increasingly sophisticated security solutions that supplement common perimeter security solutions such as firewalls and antivirus software. Our online properties in this sector, which include SearchSecurity.com, SearchCloudSecurity.com, SearchFinancialSecurity.com, and SearchMidMarketSecurity.com, offer navigable and structured guides on IT vendor and technology solutions in key sub-sectors such as network security, intrusion defense, identity management and authentication, data and application security, security-as-a-service, cloud security and security information management software.

*Networking.* Broadly defined, the networking market includes the hardware, software and services involved in the infrastructure and management of both Enterprise and Carrier voice and data networks. As new sub-sectors of networking have emerged and grown in importance, IT networking professionals have increasingly focused their investments in such technologies as VoIP, wireless and mobile computing, social networking and collaboration, application performance, data center fabrics, convergence, software-defined networking ( SDN ) and providing cloud services. Our online properties in this sector, which include SearchNetworking.com, SearchEnterpriseWAN.com, SearchUnifiedCommunications.com, SearchSDN.com and SearchTelecom.com, aim to address the specialized needs of these IT networking professionals by offering content targeted specifically to these emerging growth areas.

*Storage.* The storage sector consists of the market for disk storage systems and tape hardware and software that store and manage data. Growth is fueled by trends inherent in the industry, such as the ongoing need to maintain and supplement data stores, and by external factors, such as expanded compliance regulations and increased focus on disaster recovery solutions. Recent trends reflect an increased emphasis on solid state storage and cloud storage. At the same time, established storage sub-sectors, such as backup and Storage Area Networks ( SAN s ) have been invigorated by new technologies such as disk-based backup, continuous data protection, data deduplication and storage virtualization. Our online properties in this sector, which include SearchStorage.com, SearchDataBackup.com, SearchSMBStorage.com, SearchDisasterRecovery.com, SearchVirtualStorage.com, SearchCloudStorage.com, and SearchSolidStateStorage.com, address IT professionals seeking solutions in key sub-sectors such as fibre channel SANs, solid state storage, virtualization IP & iSCSI SANs, Network Attached Storage ( NAS ), backup hardware and software, and storage management software. The audience at our in-person Storage Decisions conference is comprised almost exclusively of storage decision makers from within IT organizations. This event is supplemented by regional seminars on storage topics.



*Data Center and Virtualization Technologies.* Data centers house the systems and components, such as servers, storage devices, routers and switches, utilized in large-scale, mission-critical computing environments. A variety of trends and new technologies have reinvigorated the data center as a priority among IT professionals. Technologies, such as blade servers, server virtualization, converged infrastructure and cloud computing, have driven renewed investment in data center-class computing solutions. Server consolidation is a focus, driven by the decline in large-scale computing prices relative to distributed computing models. These trends have put pressure on existing data center infrastructure and are driving demand for solutions that address this. For example, the deployment of high-density

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servers has led to increased heat output and energy consumption in data centers. Power and cooling have thus become a significant cost in IT budgets, making data center energy efficiency a priority. Our key online properties in this sector provide targeted information on the IT vendors, technologies and solutions that serve these sub-sectors. Our properties in this sector include SearchDataCenter.com, covering disaster recovery, power and cooling, mainframe and UNIX® servers, systems management, and server consolidation; SearchEnterpriseLinux.com, focused on Linux migration and infrastructures; Search400.com, covering mid-range computing and SearchCloudComputing.com and SearchAWS.com which cover private, public and hybrid cloud infrastructure. SearchServerVirtualization.com covers the decision points and alternatives for implementing server virtualization, while SearchVMware.com focuses on managing and building out virtual environments on the most widely-installed server virtualization platform. SearchConvergedIT.com covers converged and hyper-converged infrastructure solutions.

We also cover servers, application and desktop solutions deployed in distributed computing environments. The dominant platform, Windows, no longer represents an offering of discrete operating systems but rather a diverse computing environment with its own areas of specialization around IT. As Windows servers have become more stable and scalable, they have taken share in data centers and currently represent one of the largest server sub-sectors. Given the breadth of the Windows market, we have segmented our Windows-focused media based on IT professionals infrastructure responsibilities and purchasing focus. Our online properties in this sector include SearchWindowsServer.com, covering servers, storage, and systems management; SearchDomino.com and SearchExchange.com, each targeted toward senior management for distributed computing environments. This network of sites provides resources and advice to IT professionals pursuing solutions related to such topics as Windows backup and storage, server consolidation, and upgrade planning. SearchEnterpriseDesktop.com and LabMice.net focus on the deployment and management of end-user computing environments. SearchMobileComputing.com covers the IT management issues surrounding the increasing deployment of personal technologies such as tablets and smartphones in the workplace. Combined with our two properties that focus on server virtualization, SearchVirtualDesktop.com and BrianMadden.com, each focusing on desktop virtualization, gives us a comprehensive offering addressing the fast-growing area of virtualization technologies. Our online offerings in this sector are supplemented by in-person regional seminars. Our BriForum conferences focus on desktop virtualization and related technologies.

*CIO/IT Strategy.* Our CIO/IT Strategy media group provides content targeted at Chief Information Officers ( CIOs ), and senior IT executives, enabling them to make informed IT purchases throughout the critical stages of the purchase decision process. CIOs' areas of interest generally align with the major sectors of the IT market; however, CIOs increasingly are focused on the alignment between IT and their businesses operations. Data center consolidation, compliance, ITIL/IT service management, disaster recovery/business continuity, risk management and outsourcing as well as including Software as a Service ( SaaS ) and cloud computing have all drawn the attention of IT executives who need to understand the operational and strategic implications of these issues and technologies on their businesses. Accordingly, our targeted information resources for senior IT executives focus on ROI, implementation strategies, best practices and comparative assessment of vendor solutions related to these initiatives. Our online properties in this sector include SearchCIO.com, which provides CIOs in large enterprises with strategic information focused on critical purchasing decisions; and SearchCompliance.com, which provides advice on IT-focused regulations and standards to IT and business executives and other senior IT managers. The CIO/IT Strategy media group also includes online resources and events targeted to IT decision makers in prominent vertical industries. SearchHealthIT.com provides strategic IT purchasing information and advice to senior IT and clinical professionals in hospitals, medical centers, university health centers and other care delivery organizations, as well as organizations in the life sciences sector. InternetofThingsAgenda.com covers the implications of the emergence of the Internet of Things upon information technology infrastructure and strategy.



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*Business Applications and Analytics.* Our Business Applications and Analytics media group focuses on mission critical software such as enterprise resource planning ( ERP ), databases and business intelligence, content management enterprise resource planning, and customer facing applications such as customer relationship management ( CRM ) software for mid-sized and large companies. Because these applications are critical to the overall success of the businesses that use them, there is a high demand for specialized information by IT and business professionals involved in their purchase, implementation, and ongoing support. Our applications-focused properties in this sector include SearchCRM.com, SearchSalesforce.com, SearchOracle.com, SearchSAP.com, SearchFinancialApplications.com, SearchSQLServer and SearchManufacturingERP.com. These sites are leading online resources that provide this specialized information to support mission critical business applications such as CRM, sales force automation, databases and ERP software. The information produced by these applications is seen as a corporate asset that is essential for gaining competitive advantage through informed, data-driven decisions that can help improve operational efficiency, enable business agility, and improve sales effectiveness and customer service. As a result, business intelligence and analytics have become pervasive as various organizations increasingly rely on mission critical information to optimize their businesses. Our sites BeyeNETWORK.com, SearchBusinessAnalytics.com, SearchDataManagement.com and SearchContentManagement.com, cover the business intelligence, data management, content management, and collaboration disciplines associated with such initiatives. SearchCloudApplications.com focuses on cloud-based or SaaS deployments of key business applications.

*Application Architecture and Development.* The application architecture and development sector is comprised of a broad landscape of tools and languages that enable developers, architects and project managers to build, customize and integrate software for their businesses. Our application architecture and development online properties focus on development in enterprise environments, the underlying languages such as .NET, Java and XML as well as related application development tools and integrated development environments ( IDEs ). Several trends have had a profound impact on this sector and are driving growth. The desire for business agility with more flexible and interoperable applications architecture continues to propel interest in Service-Oriented Architecture ( SOA ) and Business Process Management ( BPM ). Application integration, application testing and security, as well as AJAX and rich Internet applications are also key areas of continuing focus for vendors and developers. Our online properties in this sector include TheServerSide.com, which hosts independent communities of developers and architects; Ajaxian.com, which serves web developers of rich Internet applications and SearchWinDevelopment.com, which serves Windows developers who use the .Net platform. SearchSoftwareQuality.com offers content focused on application testing and quality assurance while SearchSOA.com and eBizQ.net serve Architects, IT Managers and Line of Business Executives who are interested in building out service oriented architectures, BPM and working with related technologies.

*Channel.* Our Channel sites address the information needs of channel professionals which we have classified as resellers, value added resellers, solution providers, systems integrators, service providers, managed service providers, and consultants in the IT market. As IT professionals have become more specialized, IT vendors have actively sought resellers with specific expertise in the vendors sub-sectors. Like IT professionals, channel professionals require more focused technical content in order to operate successful businesses in the markets in which they compete. The resulting dynamics in the IT channel are well-suited to our integrated, targeted content strategy. Our online properties in this sector include SearchITChannel.com and SearchCloudProvider.com. In addition to these websites, TechTarget channel media is able to profile channel professionals accessing information on any website within the TechTarget Network. As channel

professionals resell, service and support hardware, software and services from vendors in a particular IT sector, the key areas of focus tend to parallel those for the sub-sectors addressed by our IT-focused properties: for storage, backup, storage virtualization and network storage solutions such as fibre channel SANs, NAS, IP SANs; for security, intrusion defense, compliance and identity management; for networking, wireless, network security and VoIP; for systems, consolidation, cloud, converged infrastructure and server virtualization.

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*TechnologyGuide.com.* We operate a portfolio of Internet content sites that provide product reviews, price comparisons and user forums for technology products such as laptops, desktops and smartphones. Sites include NotebookReview.com , Brighthand.com (covering smartphones), TabletPCReview.com , PrinterComparison.com, DesktopReview.com, DigitalCameraReview.com and TechnologyGuide.com, which covers the personal technology segment as a whole. These sites represent an ideal complement to our enterprise-IT-focused TechTarget sites because IT professionals purchase a large volume of laptops, desktops, smartphones and mobile computing devices. Thus, these sites offer additional, complementary, in-depth content for our IT audience, as well as access for our advertisers to the broader audiences that visit these sites for information.

### ***Product Offerings***

We use online and a select number of face-to-face event offerings to provide IT vendors with numerous touch points to identify, reach and influence key IT decision makers. The following is a description of the products and services we offer:

### **Online Offerings**

**IT Deal Alert.** IT Deal Alert is a suite of products and services for IT vendors that leverages the detailed purchase intent data that we collect about end-user IT organizations. Through proprietary scoring methodologies, we use this data to help our customers identify and prioritize accounts whose content consumption around specific IT topics indicates that they are in-market for a particular product or service. We also use the data directly to identify and further profile accounts upcoming purchase plans.

*IT Deal Alert: Qualified Sales Opportunities* . Qualified Sales Opportunities is a product that profiles specific in-progress purchase projects, including information on scope and purchase considerations in over 100 technology-specific segments.

*IT Deal Alert: Priority Engine* . Priority Engine is a subscription service powered by our Activity Intelligence platform, which integrates with salesforce.com. The service delivers information to allow marketers and sales personnel to identify accounts actively researching new technology purchases, and to reach active prospects within those organizations that are relevant to the purchase. We sell this service in approximately 300 technology-specific segments.

*IT Deal Alert: Deal Data* . Deal Data is a customized solution aimed at sales intelligence and data scientist functions within our customers that makes our Activity Intelligence data directly consumable by the customer's internal applications.

*IT Deal Alert: TechTarget Research* . TechTarget Research is a newly launched subscription product that sources proprietary information about purchase transactions from IT professionals who are making and have recently completed these purchases. The offering provides data on market trends, pricing dynamics and vendor win/loss and displacement trends.

**Core Online.** Our core online offerings enable our customers to reach and influence prospective buyers through content marketing programs designed to generate demand for their solutions, and through display advertising and

other brand programs that influence consideration by prospective buyers.

***Demand Solutions.*** Our suite of demand solutions offerings allows IT vendors to maximize ROI by capturing qualified sales leads from the distribution and promotion of content to our audience of IT professionals. All of our demand solutions campaigns offer the Activity Intelligence Dashboard, a technology platform that gives our customers marketers and sales representatives a real-time view of their prospects, which includes insights on the research activities of technology buying teams, including at an account level. Demand solutions offerings may also include an additional service, TechTarget Re-Engage , which helps both technology marketers and their sales teams to identify highly active prospects, detect emerging projects, retarget interested buying teams, and accelerate engagement with specific accounts.

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Our demand solutions offerings may also include the following program components:

*White Papers.* White papers are technical documents created by IT vendors to describe business or technical problems which are addressed by the vendors' products or services. In a program that includes demand solutions, we post white papers on our relevant websites and our users receive targeted promotions about these content assets. Prior to viewing white papers, our registered members and visitors supply their corporate contact information and agree to receive further information from the vendor. The corporate contact and other qualification information for these leads are supplied to the vendor in real time through our proprietary lead management software.

*Webcasts, Podcasts, Videocasts and Virtual Trade Shows.* Webcasts, podcasts, videocasts, virtual trade shows and similar content bring informational sessions directly to attendees' desktops and mobile devices. As is the case with white papers, our users supply their corporate contact and qualification information to the webcast, podcast, videocast or virtual trade show sponsor when they view or download the content. Sponsorship includes access to the registrant information and visibility before, during and after the event.

*Content Sponsorships.* IT vendors, or groups of vendors, pay us to sponsor independent editorially created content vehicles on specific technology topics where the registrant information is then provided to all participating sponsors. In some cases, these vehicles are supported by multiple sponsors in a single segment, with the registrant information provided to all participating sponsors. Because these offerings are editorially driven, our customers get the benefit of association with independently created content as well as access to qualified sales leads that are researching the topic.

**Brand Solutions.** Our suite of brand solutions offerings provides IT vendors exposure to targeted audiences of IT professionals actively researching information related to their products and services. We leverage our Activity Intelligence product framework to allow for significant segmentation and targeting of audiences that are accessed through these programs. Components of brand programs may include:

*On-Network Branding.* These offerings enable our customers to influence prospective buyers through display advertising purchased on the websites we operate. Programs may include specific sites, or audience segments across our sites.

*Off-Network Branding.* Our Off-Network offerings allow our customers to influence prospective buyers through display advertising when they are visiting other websites on the Internet. We identify audience segments that can be targeted based on their activity and demonstrated interests against our content and websites, and offer an array of audience extension and retargeting solutions that leverage Activity Intelligence.

*Microsites.* We have a range of solutions that create stand-alone websites for IT vendors, or embedded websites that exist within the context of our existing websites, to enable a more immersive experience for IT professionals with the content and brand messaging of the vendor.



***Custom Content Creation.*** We will sometimes create white papers, case studies, webcasts or videos to our customers specifications through our Custom Content team. These customized content assets are then promoted to our audience within a demand solutions program.

### **Events**

We operate a select number of face-to-face events, the majority of which are free to IT professionals and are sponsored by IT vendors. Attendees are pre-screened based on event-specific criteria such as sector-specific budget size, company size, or job title. We offer three types of events: multi-day conferences, single-day seminars and custom events. Multi-day conferences provide independent content provided by our professionals to our attendees and allow vendors to purchase exhibit space and other sponsorship offerings that enable interaction with the attendees. We also hold single-day seminars on various topics in major cities. These seminars

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provide independent content provided by our professionals on key sub-topics in the sectors we serve, are free to qualified attendees, and offer multiple vendors the ability to interact with specific, targeted audiences actively focused on buying decisions. Our custom events differ from our seminars in that they are exclusively sponsored by a single IT vendor and the content is driven primarily by the sole sponsor.

### **Customers**

We market to IT vendors targeting a specific audience within an IT sector or sub-sector. We maintain multiple points of contact with our customers in order to provide support throughout a given organization and during critical stages of the sales cycle. As a result, individual customers often run multiple advertising programs with us in order to reach discrete portions of our targeted audience. Our products and services are generally delivered under short-term contracts that run for the length of a given advertising program, typically less than six months. We have developed a broad customer base and delivered campaigns to approximately 1,400 active advertisers in 2015. During 2015, no single customer represented 10% or more of total revenues.

See Note 13 Segment Information in the accompanying Notes to Consolidated Financial Statements for geographic data related to our revenues and long-lived assets.

### **Sales and Marketing**

We have an internal direct sales department that works closely with existing and potential customers to develop customized marketing programs that provide highly targeted access to IT professionals. We organize the sales force by the sector-specific media groups that we operate and have a global accounts team that works with our largest advertisers. We believe that our sector-specific sales organization and integrated approach to our product and service offerings allows our sales personnel to develop a high level of expertise in the specific sectors they cover and to create effective marketing programs tailored to the customer's specific objectives. As of December 31, 2015, our sales and marketing staff consisted of approximately 320 people. The majority of our sales staff is located in our Newton, Massachusetts headquarters and our offices in San Francisco, California and London, England.

We pursue a variety of marketing initiatives designed to support our sales activities by building awareness of our brand to IT vendors and positioning ourselves as a thought leader in ROI-based marketing. These initiatives include purchasing online and event sponsorships in media vehicles that target the technology advertising market, as well as engaging in direct communications with the database of advertising contacts we have built since inception. Examples of our direct communications include selected e-mail updates on new product launches and initiatives. We also produce in-person events, videocasts and white papers for technology marketers where we provide information on the latest best practices in the field of online marketing. Additionally, we publish a blog for marketers which we use as a thought leadership vehicle to promote our ideas and viewpoints on a myriad of online subjects.

### ***Online User Acquisition***

Our primary source of traffic to our websites is through non-paid traffic sources, such as our existing registered member base and organic search engine traffic. Organic search engine traffic is also the primary source of new registered members for our sites. Because our sites focus on specific sectors of the IT market, our content is highly targeted and is an effective means for attracting search engine traffic and resulting members. We also make user-focused marketing expenditures designed to supplement our non-paid traffic and registered members. We employ a variety of online marketing vehicles such as keyword advertising on the major search engines and targeted list rentals of opt-in e-mail subscribers from a variety of targeted media sources.



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### **Technological Infrastructure**

We have developed an expandable operations infrastructure using hardware and software systems from established IT vendors to maintain our websites and online offerings. Our system hardware is co-located at an offsite data center. All of the critical components of the system are redundant, allowing us to withstand unexpected component failure and to undergo maintenance and upgrades. Our infrastructure is scalable, enabling us to make additions that fit into the existing environment as our system requirements grow based on traffic and member growth. Our critical data is copied daily to backup tapes, which are sent to an off-site storage facility. We maintain a quality assurance process to constantly monitor our servers, processes and network connectivity. We have implemented these various redundancies and backup systems in order to minimize the risk associated with damage from fire, power loss, telecommunications failure, break-ins, computer viruses and other events beyond our control. We believe that continued development of our technological infrastructure is critical to our success. We have made, and expect to continue to make, technological improvements in this infrastructure to improve our ability to service our users and customers.

### **Competition**

The market for IT vendor spend is highly competitive, and in each of the sectors we serve as well as across the products and services we offer, our primary competitors are media companies that produce content specifically for IT professionals. Our primary competitors, each of which possess substantial resources to compete, are United Business Media, QuinStreet, International Data Group, and CBS Interactive/CNet. In the online market we generally compete on the basis of target audience, quality and uniqueness of information content, ease of use of our websites for IT professionals, and the quality and quantity of sales leads generated for IT vendors. Our events generally compete on the basis of the quality and integrity of our content offerings, the quality of our attendees, and the ability to provide events that meet the needs of particular sector segments. We also compete for the users who comprise our target audiences primarily with the media companies that produce content specifically for IT professionals such as United Business Media, QuinStreet, International Data Group, and CBS Interactive/CNet. As we continue to expand internationally, we expect to compete with many of the competitors mentioned above, as well as with established media companies based in particular countries or geographical regions.

### **User Privacy**

We gather in-depth business information about our registered members who consent to provide us such information through one or more of the online registration forms displayed on our websites. We also gather information about users of certain content on our websites by tracking their content consumption or the content consumption of the companies they work for. We post our privacy policy on our websites so that our users can access and understand the terms and conditions applicable to the collection and use of their information. Our privacy policy discloses the types of information we gather, how we use it, and how a user can correct or change this information, including how a user can unsubscribe to our communications and those of our partners. Our privacy policy also explains the circumstances under which we share a user's information and with whom. Users who register for our websites have the option of indicating specific areas of interest in which they are willing to receive offers via e-mail or postal mail; these offers contain content created either by us or our third-party IT vendor customers. To protect our obligations to our users, we impose constraints that are consistent with our privacy policy on the customers to whom we provide user data. Additionally, when we provide lists to third parties, including to our advertiser customers, it is under contractual terms that are generally consistent with our obligations to users set forth in our privacy policy, as well as in compliance with applicable laws and regulations.

### **Consumer Protection Regulation**

*General.* Advertising and promotional activities presented to visitors on our websites are subject to federal and state consumer protection laws that regulate unfair and deceptive practices. We are also subject to various other federal and state consumer protection laws, including the ones described below. With respect to our non-U.S. business, we are also subject to the laws and regulations of various other jurisdictions in which we target users.

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*CAN-SPAM Act.* The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the CAN-SPAM Act ) regulates commercial e-mails and provides a right on the part of the recipient to request the sender to stop sending messages, and establishes penalties for the sending of e-mail messages that are intended to deceive the recipient as to source or content. Under the CAN-SPAM Act, senders of commercial e-mails (and other persons who initiate those e-mails) are required to make sure that those e-mails do not contain false or misleading transmission information. Commercial e-mails are required to include a valid return e-mail address and other subject heading information so that the sender and the Internet location from which the message has been sent are accurately identified. Recipients must be furnished with an electronic method of informing the sender of the recipient's decision not to receive further commercial e-mails. In addition, the e-mail must include a postal address of the sender and notice that the e-mail is an advertisement. The CAN-SPAM Act may apply to the e-newsletters that our websites distribute to registered members and to some of our other commercial e-mail communications. The U.S. Federal Trade Commission (the FTC ) has issued regulations related to the CAN-SPAM Act, including interpretations of such act that indicate that e-newsletters, such as those we distribute to our registered members, will be exempt from most of the provisions of the CAN-SPAM Act. At this time, we are applying the applicable CAN-SPAM requirements to e-newsletters and all other e-mail communications, and believe that our e-mail practices comply with the requirements of the CAN-SPAM Act.

*Other Consumer Protection Regulation.* The FTC and many state attorneys general are applying federal and state consumer protection laws to require that the online collection, use and dissemination of data, and the presentation of web site content, comply with certain standards for notice, choice, security and access. In many cases, the specific limitations imposed by these standards are subject to interpretation by courts and other governmental authorities, and courts may adopt these developments as law. In addition, the FTC has published principles to address consumer privacy issues that may arise from so-called behavioral targeting (i.e. the tracking of a user's online activities in order to deliver advertising tailored to his or her interests) and to encourage industry self-regulation for public content. Although the FTC excluded from the principles both first-party behavioral advertising and contextual advertising (each being the types of behavioral targeting activities in which we are currently primarily engaged), with respect to other types of behavioral targeting that include the storage of more, and potentially sensitive, data or that collects information outside of the traditional Web site context (such as through a mobile device or by an ISP), the FTC has stated that it will continue to evaluate self-regulatory programs. Further, the FTC has indicated that it is considering regulations regarding behavioral targeting which may include implementation of a more rigorous opt-in regime. An opt-in policy would prohibit businesses from collecting and using information obtained through behavioral targeting activities from individuals who have not voluntarily consented. The FTC has also issued further clarifying guidance regarding consumer privacy and data collection with a particular focus on the mobile environment. A few states have also introduced legislation that, if enacted, would restrict or prohibit behavioral advertising within the state. In the absence of a federal law pre-empting their enforcement, such state legislation would likely have the practical effect of regulating behavioral advertising nationwide because of the difficulties behind implementing state-specific policies or identifying the location of a particular consumer.

*Privacy.* In addition, the European Union and its member states and Canada have regulations dealing with the collection and use of personal information obtained from their citizens, some of which we may be subject to as a result of the expansion of our business internationally. Regulations in these countries have focused on the collection, use, disclosure and security of information that may be used to identify or that actually identifies an individual, such as an e-mail address or a name. Further, within the European Union, certain member state data protection authorities regard IP addresses as personal information, and legislation adopted recently in the European Union requires informed consent for the placement of a cookie on a user device.

We believe that we are operating our business in compliance with the regulations that apply to us. However, such laws may be modified or subject to interpretation by governmental agencies or the courts, or, new laws may be enacted in

the future, all of which could impact our business and results of operations.

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### **Intellectual Property**

We regard our copyrights, domain names, trademarks, trade secrets and similar intellectual property as important to our success, and we rely upon copyright, trademark and trade secrets laws, as well as confidentiality agreements with our employees and others, and protective contractual provisions, to protect the proprietary technologies and content that we have developed. We pursue the registration of our material trademarks in the U.S. and elsewhere. Currently, our TechTarget trademark and logo, as well as certain other marks and logos, are registered federally in the U.S. and selected foreign jurisdictions and we have applied for U.S. and foreign registrations for various other marks. In addition, we have registered over 1,600 domain names that are or may be relevant to our business, including [www.techtarget.com](http://www.techtarget.com), [www.knowledgestorm.com](http://www.knowledgestorm.com), [www.bitpipe.com](http://www.bitpipe.com), [www.technologyguide.com](http://www.technologyguide.com) and those leveraging the search prefix used in the branding of many of our websites. We also incorporate a number of third-party software products into our technology platform pursuant to relevant licenses. We use third-party software to maintain and enhance, among other things, the content generation and delivery, and support our technology infrastructure. We are not substantially dependent upon these third-party software licenses, and we believe the licensed software is generally replaceable, by either licensing or purchasing similar software from another vendor or building the software functions ourselves.

### **Employees**

As of December 31, 2015, we had 696 employees. Other than a small number of employees in the United Kingdom and France, none of our current employees is represented by a labor union or is the subject of a collective bargaining agreement.

### **Seasonality**

The timing of our revenues is affected by seasonal factors. Our revenues are seasonal primarily as a result of the annual budget approval process of many of our customers, the normal timing at which our customers introduce new products, and the historical decrease in advertising and events activity in summer months. Events revenues also may vary depending on which quarters we produce the event, which may vary when compared to previous periods. The timing of revenues in relation to our expenses, much of which do not vary directly with revenues, has an impact on the cost of online revenues, selling and marketing, product development, and general and administrative expenses as a percentage of revenues in each calendar quarter during the year.

The majority of our expenses are personnel-related and include salaries, stock-based compensation, benefits and incentive-based compensation plan expenses. As a result, we have not experienced significant seasonal fluctuations in the timing of our expenses period to period.

### **Item 1A. Risk Factors**

Our business is subject to various risks and uncertainties which may affect our business, our operating results and our share price, among other things. Any of the following risks or uncertainties could adversely impact our business, financial condition and operating results, among other things.

#### **Risks Relating to Our Business and Operations**

*Because we depend on our ability to generate revenues from the sale of advertising campaigns, fluctuations in advertising spending could have an adverse effect on our operating results.*



The primary source of our revenues is the sale of advertising campaigns to our customers. Our advertising revenues accounted for substantially all of our total revenues for the twelve months ended December 31, 2015. We believe that advertising spending on the Internet, as in traditional media, fluctuates significantly as a result of a variety of factors, many of which are outside of our control. These factors include:

variations in expenditures by advertisers due to budgetary constraints;

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the cancellation or delay of projects by advertisers;

the cyclical and discretionary nature of advertising spending;

general economic conditions, as well as economic conditions specific to the Internet and online and offline media industry; and

the occurrence of extraordinary events, such as natural disasters and international or domestic political and economic unrest.

***Because all of our customers are in the IT industry, our revenues are subject to characteristics of the IT industry that can affect advertising spending by IT vendors.***

Because all of our clients are in the IT industry, the success of our business is closely linked to the health, and subject to market conditions, of the IT industry. The IT industry is characterized by, among other things, volatile quarterly results, uneven sales patterns, short product life cycles, rapid technological developments and frequent new product introductions and enhancements. As a result, our customers' advertising budgets, which are often viewed as discretionary expenditures, may increase or decrease significantly over a short period of time. Many of our customers have reassessed and will, for the foreseeable future, be likely to continue to scrutinize their spending on advertising campaigns. Prior market downturns in the IT industry have resulted in declines in advertising spending, which can cause longer sales cycles, deferral or delay of purchases by IT vendors and generally reduced expenditures for advertising and related services. Our revenues and profitability depend on the overall demand for advertising services from our customers. We believe that demand for our offerings has been in the past, and could be in the future, disproportionately affected by fluctuations, disruptions, instability or downturns in the IT industry, which may cause customers and potential customers to exit the industry or delay, cancel or reduce any planned expenditures for our advertising offerings. Any slowdown in the formation of new IT companies, or decline in the growth of existing IT companies, may cause a decline in demand for our offerings.

In addition, the advertising budgets of our customers may fluctuate as a result of:

weakness in corporate IT spending, resulting in a decline in IT advertising spending, a continued trend that we have seen and that may continue;

increased concentration in the IT industry as a result of consolidations, leading to a decrease in the number of current and prospective customers, as well as an overall reduction in advertising;

reduced spending by combined entities following such consolidations; and

the timing of advertising campaigns around new product introductions and initiatives.

***Our future growth will depend in large part on continued increased sales of our IT Deal Alert product and service suite.***

We sell a suite of products and services called IT Deal Alert, which is based on our Activity Intelligence analytics. The IT Deal Alert suite currently consists primarily of Priority Engine, TechTarget Research, Qualified Sales Opportunities and Deal Data. Our increase in revenues in the year ended December 31, 2015, compared to the comparable period of 2014, was, in part, attributable to sales of IT Deal Alert products. We expect that IT Deal Alert, as well as the expansion of our IT Deal Alert product offerings, will be major components of our future growth. The failure of our IT Deal Alert products to meet anticipated sales levels, our inability to continue to expand successfully our IT Deal Alert suite, or the failure of our current