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## Insights

### **Competitive Response: D&B Acquires a Strong Strategic Position with Avention**

*Dun & Bradstreet's acquisition of Avention positions D&B for the transformation of the Company and Contact Information market into the business of Sales Acceleration.*

### Important Details

Dun & Bradstreet is buying Avention for \$150 million.

Avention is an established seller of company and contact information and services. Avention's revenue was \$60 million in 2016. It offers a cloud platform and services that include master data management, data cleansing, and merging with third-party data. Avention aggregates company, industry, and financial information from sources such as D&B, news, websites, regulatory filings, and more. Private equity firm GTCR bought Avention, then known as OneSource, from Infogroup in October 2012. Under CEO Steve Pogorzelski, the company reinvested in the technology for optimizing company and contact information services.

D&B is the leader in the Company, Contact, and Personal Information space, with \$655 million in annual sales. LinkedIn followed it with \$437 million, and Infogroup followed with \$280 million in 2016. The deal adds software, information management, and distribution capabilities to D&B's information products and services for this space, and together, will be north of \$715 million in 2017, extending their market share leadership from the No. 2 and 3 players.

The price paid for Avention is in line with Outsell's valuation model, which values the company at 2.5 times revenue, based on the company's revenue, growth, and margins within the Company, Contact, and Personal Information segment. Avention consolidates D&B's leadership position by increasing its revenue and its opportunities for growing faster than the Company and Contact Information market as a whole.

## Why This Matters

In Outsell's opinion, acquiring Avention is a critical strategic move for D&B.

B2B sales and marketing's job is to turn information into relationships. Sales Acceleration refines information to increase the yield and improve productivity, by making the information more current, connecting it with buying signals, and providing relevant context. This market is evolving quickly from static company and contact data into information enhanced by software and technology.

As we've demonstrated over the years, players have commoditized basic company and contact info. Outsell's research on this subject goes back to [Sales Performance Solutions Are CRM's Missing Link](#), [Sales Performance Solutions II Model Creates Path to ROI Selling](#), and [Escaping Commoditization in Company Information](#) reports. Cloud software stacks, improvements in web scraping, improved information parsing, and the emergence of standards had threatened D&B's core business. With Avention, the firm bolsters key capabilities to move itself into market leadership position and address key customer demands.

Users now rely on software tools to understand and filter information. Predictive and prescriptive analytics are becoming table stakes for information companies across the board, particularly in this space. Companies like Versium are [using sophisticated analytics to refine information and are taking advantage of sales and marketing platforms to deliver it](#). Avention helps D&B address this trend with its platform, software capabilities, and distribution.

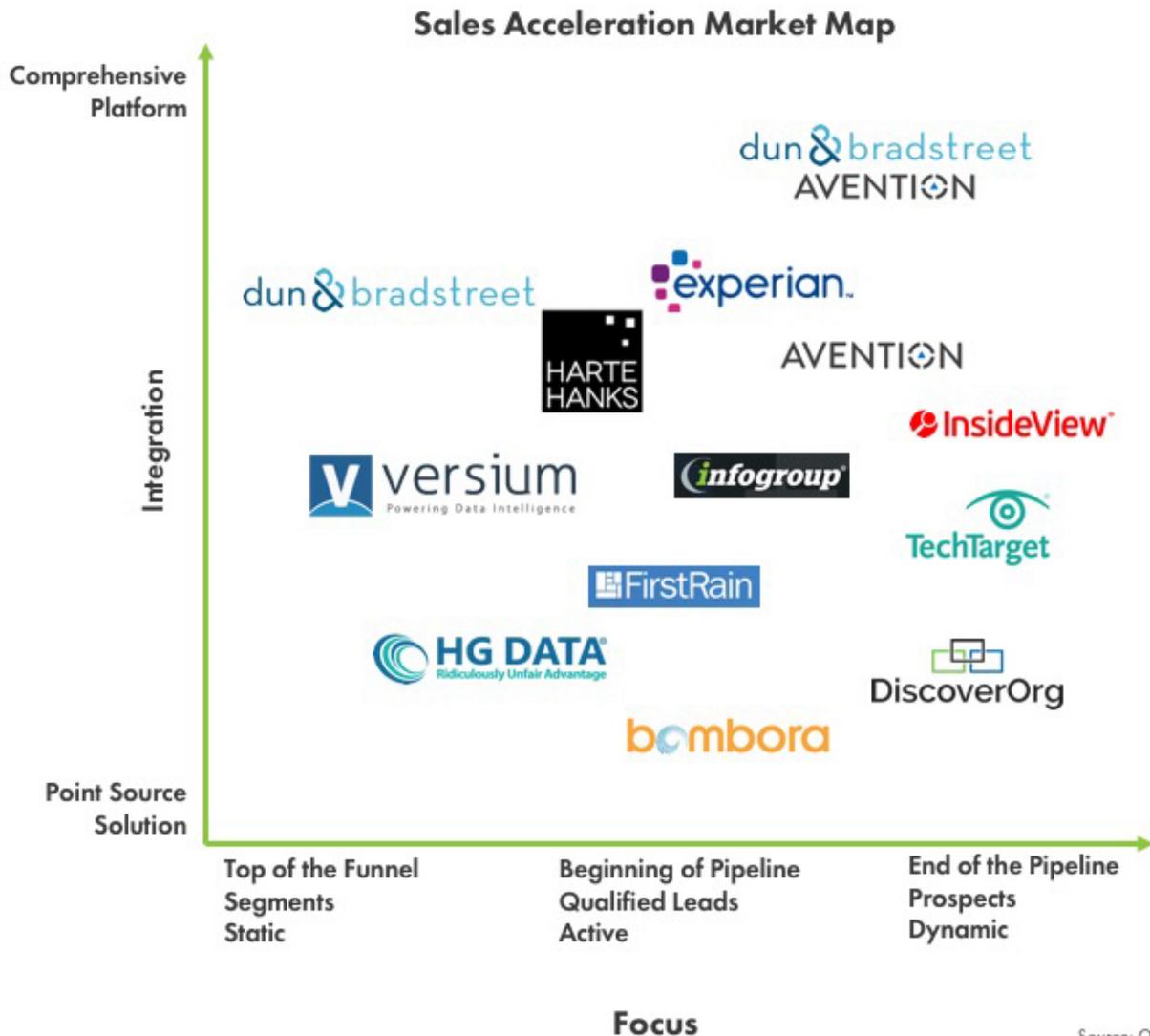
Sales and marketing now rely on third-party information such as intent, firmographics, sales triggers, and breaking news. With Avention, D&B acquires additional capabilities in merging, normalizing, and reconciling information. The deal improves D&B's ability to enhance its traditional strength in information about *Who?* in the B2B equation with better information about *How?*, *What?*, and *When?* (see Report, [Commoditization of Company Information, Revisited](#), December 4, 2015).

[Marketing and sales have begun to assimilate analytical tools](#). They now have the ability and the appetite to use more information than ever — and are demanding more and better self-service tools. The ability to create useful interfaces to information is essential and strategic. With Avention, D&B enhances its ability to deliver information to end users in the way they want it.

Meanwhile, the big sales and marketing platforms have become a key distribution channel for information. The major platforms are [enhancing their offerings with artificial intelligence, their own information sources, analytics, and other capabilities](#). They're also enabling users to buy advertising and perform account-based marketing. They have an incentive to commoditize information, to increase the value of their platforms, and encourage competition among suppliers. Avention helps D&B evolve to a more comprehensive platform with more direct customer relationships in direct response.

## Competitive Response and Impact

Outsell's Sales Acceleration Market Map shows the two axes of value creation in the Sales Acceleration space as it has evolved.



Single point solutions, selected by users and marketing service providers with data skills, dominated the market in its early stages. As comprehensive platforms lower the data skill threshold, marketers will use more types of data. And we expect more marketers to choose comprehensive platforms for their simplicity, support, and selection of third party data sources. The addition of Avention put D&B in a market leadership position in Sales Acceleration — a dynamic and fast-moving segment.

D&B and Avention are both strong on the Integration axis. We expect more price competition loss of direct customer relationships in this space, which could force information providers such as Versium, HG Data, First Rain, Bombora, and DiscoverOrg to merge among themselves or be acquired. While Outsell doesn't expect D&B to acquire more point source solutions right away, they're in a position to do so if one of these companies is targeted for acquisition.

On the Focus axis, Avention's skill set and client relationships moves D&B to the right, extending its reach beyond the commoditized sector that it dominates.

Media companies with strong information services, such as TechTarget, have the advantage that their information is more difficult to commoditize, but they are at a disadvantage due to limited options — either make acquisitions or face acquisition by other information companies. They're more likely to remain independent or to merge with other media companies given their highly vertical focus.

Companies that rely on marketing and data services revenue, such as Infogroup and Harte Hanks, will be under greater pressure from this deal and other major sales and marketing platforms, which enable sales and marketing teams to do more of their own work and buy their own data.

Company and Contact Information is on a collision course with B2B media, as it increases the quality, breadth, depth, and timeliness of its data. At the same time, B2B media are increasing the quality of the marketing services they offer to clients. Meanwhile, marketers are assimilating a broader range of tools and marketing opportunities. The result will be a scramble for a share of relatively static marketing budgets.

### **Customer Response and Impact**

In Outsell's opinion, sales and marketing customers in the future will no longer be interested in basic company and contact information. They want information that is:

- Current: Accurate and updated within the week, day, or even sooner
- Connected: Includes all relevant information, regardless of source
- Insightful: Informed about the subject's current needs and mindset
- Customized: Designed to meet the needs of the user
- Accessible: Embedded and available when, where, and how it's needed — via CRM, Marketing Automation, or API
- Actionable: Usable for phone calls, email, social media, digital advertising, and more

The Holy Grail for sales and marketing is a platform that can meet all these requirements. Because the Sales Acceleration market is still crowded and dynamic, marketers will continue to have a broad range of choices.

In Outsell's opinion, by combining D&B's company and contact information with Avention's software platform, D&B takes market leadership position with the ability to deliver current information that is enhanced with third-party data, meets the needs of end users, and is delivered in the formats customers need, while creating a foundation for additional value-add over time. It's a strong move in a dynamic and competitive market. D&B will have to decide what they do with their brands. Avention never had time to gel in the market. OneSource, while strong, was diminished with the Avention name. We expect full integration with a strong name under the D&B banner.

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