

Bazaarvoice, Inc. (NasdaqGS:BV)

Special Call Transcript

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Call Participants

Executives

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Co-Founder and Vice Chairman of the Board

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Analysts

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Morgan Stanley, Research Division

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Operator

Thank you for joining the Bazaarvoice Conference Call. Please remember that certain statements made during this call, including those concerning the business outlook, growth plan, innovation and opportunities, and the ability to capitalize on opportunities are forward-looking statements. These statements are subject to a number of risks, uncertainties and assumptions described in the Bazaarvoice's SEC filings. Should any of the risks or uncertainties materialize, or should any of the assumptions prove to be incorrect, actual accompanying results could differ materially and adversely from those anticipated in these forward-looking statements. These statements are also based on currently available information, and Bazaarvoice undertakes no duty to update this information, except as required by law. Cautionary statements regarding these forward-looking statements are further described in today's press release. All numbers and other information related to PowerReviews' business, whether alone or combined with the Bazaarvoice business, were derived from information provided to Bazaarvoice by PowerReviews, and Bazaarvoice has not independently verified or audited any such numbers or information. In addition, some of the numbers during the call will be presented on a non-GAAP basis, and calculation of these non-GAAP financial measures are explained in Bazaarvoice's SEC filings. As a reminder, today's conference is being recorded. I would now like to turn the call over to Mr. Brett Hurt, CEO of Bazaarvoice. Please go ahead, sir.

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Thank you, and good afternoon. I would like to thank everyone for joining our call today on short notice. I have some very exciting news to share with you before our first public earnings call on June 6. To get right to the point, I am extremely proud to announce that Bazaarvoice and PowerReviews has entered into a definitive agreement for Bazaarvoice to acquire PowerReviews. I'll tell you why we're so excited about this combination. And then, I'll have Stephen Collins, our CFO and CIO, walk you through some of the financial details including our fourth fiscal quarter revenue results and guidance for our fiscal year 2013.

We believe the strategic rationale for this acquisition is compelling because of the positive impact it will have on our client base and our network, which is measured by the audience reach that our brand clients need. We also expect that value will be created by the enhancement of our technology platform and the joining of our great teams of people. Bazaarvoice's success has been driven by our ability to realize tremendous return on investment for our clients from using our technology platform as well as leveraging our network. So in contemplating this combination, we asked the question whether or not the combination would enable us to increase our ability to deliver more value, more ROI, to the marketplace and to our clients. We believe the answer to that question is a resounding yes. We want our clients to achieve windfall results in terms of ROI, and together with PowerReviews, we believe that we can better realize our vision of changing the world one authentic conversation at a time and build a very valuable and long-term business as a result.

It is important to keep in mind that our marketplace is highly dynamic, and it is changing very rapidly due to multiple disruptive forces, including social, mobile, cloud and big data. Our market is really quite new. It is like online advertising back in 1997, when that market was \$1 billion versus the over \$70 billion it is today. We believe our market is just beginning a long period of increasing spend, as marketing continues to experience the effects of these disruptive forces. Our clients are looking to us to help them navigate this challenging environment. By bringing our clients together with PowerReviews' clients, we believe that we can create even more value for retailers, brands and consumers by expanding our network reach to collect and distribute more authentic word-of-mouth content to more consumers around the world.

We believe that building a leading portfolio of global retail client is one of our key strategic initiatives, because it drives the network effect that attracts the brands to our technology platform. Simply put, the more retailers that are live on the Bazaarvoice network, the more we attract the brands. And the more brands that are live on it, the more we attract the retailers. The larger the network, the more it positively impacts all participants: brands, retailers and consumers.

As you can imagine, innovation is critical in our ability to grow and to grow profitably over time. By bringing together our technology platform, which we've oriented more to large retailers and global brands with the PowerReviews technology platform, which they've oriented more to midsized and smaller retailers, we can efficiently serve all segments of the retail and brand marketplace. We can create a turnkey, self-service and low cost of ownership technology platform in PowerReviews Express product, and that will give us more options to expand quickly, such as in emerging markets around the world.

Now I'd like to highlight some of the key metrics that we think are important. Please keep in mind that the transaction isn't closed, and these numbers were provided by PowerReviews and are subject to further review prior to closing. Post closing, the Bazaarvoice client base will increase from our 737 live clients that we reported as of January 31, 2012, to over 1,800 clients around the world. PowerReviews' client base consist of more than 1,100 clients, and

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approximately 350 of their clients are on their enterprise-level platform, and approximately 800 of their smaller clients are on their self-service platform, what PowerReviews calls Express. At PowerReviews enterprise-level clients, approximately 80 of those are included in the Internet Retailer 500 ranking of the top U.S. online retailers. From here on out on this call, I'll refer to the Internet Retailer 500 ranking as the IR 500 for brevity.

As we last reported in our S-1, we had 154 IR 500 retailers as of January 31, 2012. So together, we will be serving close to 1/2 of the largest online retailers in the U.S. Some of PowerReviews' top clients include Gap, REI, Staples and Toys"R"Us. And they will be absolutely fantastic additions to the Bazaarvoice client family, which includes Best Buy, OfficeMax, Walmart, and Walgreens.

As I mentioned earlier, a very strategic -- a very important strategic aspect of this combination is that we significantly expand our consumer reach through the Bazaarvoice network. I want to take some time to discuss this in detail, because it's really important. Brands spend \$550 billion on market research, advertising and promotion to reach consumers in the \$12 trillion retail channel, globally. In other words, brands represent a huge portion of our total available market opportunity. In 2011, our combined IR 500 clients had approximately 1.8 billion visits per month and nearly 100 billion in online retail sales, which is approximately 1/2 of all the retail sales online in the U.S. Of course, these figures do not include our clients outside of the U.S., or our many clients in other market verticals, such as American Express in financial services, Starwood in hotels and P&G in consumer packaged goods. Another way to think about this is to think about the massive offline impact that online word-of-mouth offers. Many of our U.S. retail clients on the IR 500 do the majority of their sales in their stores, and increasingly, the authentic content we collect is being used to make purchase decisions, no matter where that consumer is shopping, either mobile, kiosks, in-store displays and other means.

Our brand clients who sell through those retailers get tremendous value by using our technology platform to collect authentic word-of-mouth content and then distribute that content to their consumers through the Bazaarvoice network. A brand such as 3M, that sells through Staples, who is a PowerReviews client, as well as OfficeMax, who is a Bazaarvoice client, can now more efficiently distribute content and interact with their consumers using our solutions. For the PowerReviews retail clients, we can now bring them more authentic word-of-mouth content to help their consumers and drive more sales for both the brands and the retailers. The bottom line is that our clients, and by that, I mean, both Bazaarvoice and PowerReviews, want us to deliver consumer reach at the greatest scale possible. They want us to amplify that content to the greatest number of consumers globally through content syndication to our retail clients. Independent research shows how much consumers trust this content, and they want as much as -- as much of the content as possible to help them in their purchase decisions no matter where they shop.

Both the management teams of Bazaarvoice and PowerReviews see a much greater opportunity to create value for the marketplace through our combination. Our clients expect us to lead the way and help them constantly innovate in this very disruptive and nascent space, which is the -- which is at the intersection of so many important trends and offers so many opportunities for all. We believe that by working together, we can do that even better and more quickly. I want to conclude by welcoming all the employees of PowerReviews to the Bazaarvoice family. Culture is incredibly important to our success and our ability to serve clients at the level of performance that they expect. We definitely share the same cultural values and commitment to building an exceptional company for the long-term, and everyone is extremely excited about our future together. Together, we will change the world one authentic conversation at a time. Together, we will drive more value for our clients, consumers and the marketplace, overall.

I'm now going to turn the call over to Stephen Collins to discuss our preliminary financial results and the details of the transaction.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

Thanks, Brett. Brett has covered the strategic rationale for the acquisition, so I'm going to focus my time on the financial details. Then, I will provide information about our preliminary fourth fiscal quarter revenue results, fiscal year 2013 revenue guidance and some directional comments about the impact of the PowerReviews acquisition on fiscal year 2013's non-GAAP operating results. So under the terms of the definitive agreement that we signed today, PowerReviews shareholders will receive up to approximately \$31 million in cash and 6.4 million shares of Bazaarvoice common stock. At yesterday's closing share price of \$15.12, the consideration in cash and stock is valued at approximately \$128 million. These shares are subject to a 180-day lockup that begins upon closing.

In addition, we will assume vested and unvested options to purchase the common stock of PowerReviews that are equivalent to 1.6 million options to purchase the common stock of Bazaarvoice. Including the vested and unvested options, the total consideration then is approximately \$152 million, excluding the potential cash proceeds that may arise from the exercise of these assumed options, which would total up to approximately \$4.7 million. The transaction is structured as a reverse triangular merger. The definitive agreement contains customary representations and warranties and covenants of Bazaarvoice and PowerReviews, as well as indemnification obligations by the

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PowerReviews equity holders. The completion of the acquisition is subject to certain conditions and may be terminated by either party under specified circumstances, including if the merger is not consummated by July 24, 2012. Accordingly, we anticipate that the transaction will be completed and closed during the current fiscal quarter ending on July 31, 2012.

From a financial perspective, PowerReviews generated \$11.5 million in revenue for the 2011 calendar year while operating at a non-GAAP loss. For comparative purposes, we will use our 12-month period ended January 31, 2012, as an approximation of calendar year 2011 results. During that period, our revenues were \$94.0 million. On a combined basis, pro forma calendar year 2011 revenue was \$105.5 million, with PowerReviews revenue constituting approximately 11% of the total. The 6.4 million shares of common stock that will be issued at closing to current equity holders of PowerReviews will represent approximately 9.9% of the pro forma basic outstanding shares of Bazaarvoice. And giving effect to the assumed 1.3 million vested options, if those shares were exercised upon closing as well, the equity consideration would represent 11.7% of the pro forma outstanding shares of Bazaarvoice.

As Brett described, we believe that this combination has significant long-term value, because one of our key strategic objectives is to be the leader in online word-of-mouth technology solutions for retailers. Now all future innovation for retailers can be readily marketed to a much larger client base across all market segments, thereby increasing the return on our R&D investment. Furthermore, we are significantly increasing the consumer reach of the Bazaarvoice network. What's important and very valuable about the increase in consumer reach is that we can deliver more value to our brand clients by helping them collect more online word-of-mouth content and then increase the number of consumers who use that content.

Now considering the proximity of our PowerReviews announcement to our financial results conference call scheduled for June 6, we felt that it would be appropriate to share our anticipated quarterly revenue results at this time. Please note that these results are preliminary and subject to completion of our audit. Further, since this our first conference call as a public company and we have not previously communicated guidance, for your reference and convenience, we will compare our results and guidance to current analyst consensus estimates.

For the fiscal fourth quarter ended April 30, 2012, we expect to report revenue between \$31 million and \$31.5 million, representing a year-over-year growth rate of approximately 61% to 63%. This result compares to the analyst consensus estimate of \$28.2 million. Looking to our current 2013 fiscal year beginning this quarter and ending April 30, 2013, we expect revenue to be between \$137 million and \$139 million as compared to the analyst consensus estimate of \$131.2 million. For our current fiscal quarter ending July 31, 2012, we expect revenue now to be between \$32.5 million and \$33 million as compared to the analyst consensus estimate of \$29.7 million.

Please note that this revenue guidance excludes the impact of the acquisition of PowerReviews. We will update our guidance to include PowerReviews revenue after the transaction closes.

Before I leave the subject of fiscal 2013 guidance, I'd like to make a point about the impact of PowerReviews on our non-GAAP operating loss. As it's typical, we expect to incur some onetime transaction costs that will primarily be recognized in the first fiscal quarter, and to some extent, in the second fiscal quarter. But otherwise, we expect the acquisition to be neutral to our expectations for our non-GAAP operating loss in fiscal 2013. Currently, the analyst consensus estimate for our fiscal 2013 non-GAAP operating loss stands at \$23.7 million. While we will get into all the details of our fiscal 2012 fourth quarter results and fiscal 2013 guidance on June 6, what I can tell you at this time is that we expect our fourth quarter fiscal -- our fourth fiscal quarter non-GAAP operating loss to be at least consistent with or better than the current analyst consensus estimate, and that we also expect that our full-year fiscal 2013 non-GAAP operating loss will at least be consistent with the current analyst consensus estimate, inclusive of PowerReviews' ongoing operations but excluding the impact of onetime transaction costs.

So with that, we will now open the call for questions. Thank you.

Question and Answer

Operator

[Operator Instructions] We'll go first to Karl Keirstead from BMO Capital Markets.

Karl Keirstead

BMO Capital Markets U.S.

I've got 2 questions. One is, Bazaarvoice today is on its journey to re-architect your core product to ease the deployment and customization burden. My understanding that PowerReviews actually already has a product that is quite easy to deploy, and hence, my first question is whether the acquisition of PowerReviews can hasten your own efforts to make your core product more self-deployed?

Stephen R. Collins

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Chief Executive Officer, President, Chief Financial Officer and Director

Karl, this is Stephen. The short answer to that is yes, we think it will hasten those efforts. And here's how that will occur: Number one, the PowerReviews Express product is completely turnkey, low cost of ownership, primarily targeted at what we'll call network clients. So that's a really great technology asset that we are adding to our portfolio. Second, we're combining our engineering teams. PowerReviews has an outstanding team of technology professionals. They -- because they focus on competing in the mid-market and the smaller market in terms of the size of online retailers, they've taken a different approach to meeting those clients needs that really requires more self-service. So they've been thinking about this challenge for quite a bit longer. And we think by bringing our teams together, that we can take advantage of that fact and hasten our development efforts. So to conclude, we really have 2 advantages: a, we immediately have a low cost of ownership platform for smaller retailers; and b, we've combined our technology teams to really focus outwardly on adding value to the marketplace.

Karl Keirstead

BMO Capital Markets U.S.

Terrific. And then my second question just has to do with the fact that you're effectively taking out your most significant competitor and one that was consistently underbidding Bazaarvoice in terms of price, at least that's my understanding, and I'm wondering whether the -- that fact will give you a little bit more room maybe to lift up your pricing levels.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

Well, we really aren't thinking about the transaction that way. I mean, the reality is that we were focused on larger retailers, and very importantly, brands, whereas PowerReviews was really looking at things differently, not so much on the brand side and focus more on the midsized and smaller retailers. The key here is if you look at the overall competitive landscape, there are dozens and dozens of companies competing for share of wallet -- marketing share of wallet around social, and reach at scale is incredibly important to be in terms of providing value and creating an efficient marketplace. Our brands want to distribute the content that we collect for them on PowerReviews clients and vice versa. So our brands were really telling us, "Listen, we want to reach all our consumers. We don't care about the difference between you 2 guys in that respect." Now if you look at technology capabilities, a client like Walmart or Procter & Gamble, they have completely different expectations, and that's what Bazaarvoice technology was focused on delivering. So I think these are very complementary, and most importantly, it will allow us to unlock a tremendous amount of value and drive ROI for our clients. And that's how we make our business grow, it's by unlocking value.

Operator

We'll take the next question from Stephen Ju from Credit Suisse.

Stephen Ju

Crédit Suisse AG, Research Division

Just 2 quick questions. Is there any brand advertiser client overlap with PowerReviews? And what does the mix between retailer and advertiser client look like? And near term, I guess most if not all of your engineering resources will be going toward this acquisition and integration, how long do you think this process will take in terms of platform and data integration?

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Sure. So let me start out with the first one. The reality, Steven, is that there's very little overlap in terms of any brand clients. There, of course, are great retail clients that they have that will attract more brands, as well as provide value for the brands that we already have on the Bazaarvoice platform and on the Bazaarvoice network to be able to syndicate their content out to those retailers. And our brand clients have been asking for that. But PowerReviews didn't really have a brand business focus. As Stephen mentioned just a second ago, they're really focused more on the small and midsized retailers. Of course, they have some great Internet Retailer 500 clients. As I mentioned, they have around 80, including Gap, REI, Staples and Toys"R"Us. And our brands have been clamoring to syndicate content through the Bazaarvoice network to them, so that they'll drive more channel sales, reach more consumers, and therefore, provide more value out there in the marketplace.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

Stephen, this is Stephen. Let me answer your second question. Our first priority is to really focus on the clients and reaching out to them and understanding their needs and going from there. That's job number one. On the technology migration front, our first priority there really focuses on the content and the data, and to distribute that content across our mutual retailers now in behalf of brands, we believe that we can do this very quickly. As far as actually migrating the clients from the PowerReviews technology platform, that's not our focus right now. A lot of those clients are very

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happy with the technology they have, and we want to honor that. And I think innovation on both platforms is going to be important, but ultimately over some period of time, we're going to bring the best of both together as we evolve our platform. And as you know, we're investing a significant amount in R&D to do just that, to enable so many new capabilities from personalization and gamification and many other opportunities for us. So that continues to pace, and this snaps right into that process. From our point of view, it's not a drag.

Operator

[Operator Instructions] We'll go to Adam Holt from Morgan Stanley.

Jennifer A. Swanson

Morgan Stanley, Research Division

This is actually Jennifer Swanson Lowe, calling on Adam's behalf. I wanted to drill in on, again, on that point of how the 2 platforms come together, particularly in the enterprise segment. And I always think of 2 of Bazaarvoice's greatest strengths being the moderation services and the meta-data tagging that happens there and then also the syndication network. So on those 2 points, firstly, is there or will there be an effort to look at the PowerReviews base of user generated content and get that into the meta-tagging system and moderation services that Bazaarvoice's had with your own content historically. And then secondly, how quickly or how easy or difficult will it be to start getting some of those PowerReviews content into your network and syndicate that to both of the customers?

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Yes, Jen, this is Brett. I appreciate you pointing out our moderation capabilities and the way that we actually tag the data to create structured data. I always talk about the fact that there's a sea of social data out there, but most of it is unstructured, and therefore, not really usable in a commerce context. And the data we have is codified by product IDs, by retailer IDs, by brand IDs, and increasingly, by consumer IDs. We found that the way the PowerReviews operates in this area is very consistent with our practices. We already have a plan put in place, as Stephen talked about, in terms of integration. And we found that their clients are quite happy with their platform in terms of their enterprise clients. We have certainly tried to get Gap and REI and Staples on board for a while. We did get a large Fortune 500 retailer to switch a while back, and we found bringing them on board and moderating their content that it was a very easy and smooth transition. We also found that we were able to bring to that retailer more than 4x as much content than they had built organically on the PowerReviews platform because of the brand syndicating content in. So it's very important for these retailers to get that brand content. It increases their overall base of content, and therefore, drives more sales for them, driving decreases of returns, driving increases of customer acquisition, and everybody benefits from the intelligence that you gather from this data. It makes the marketplace a lot more efficient for consumers, as well as for people designing products and people that are coming out with new versions of those products. New colors, for example, in apparel.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

And Brett that's a really important point. One of our key strategies is to build robust APIs to allow people to develop on our platform. And so now, those third-party developers have the ability to really impact the industry much more quickly. So that's another important synergy here.

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Yes, absolutely. And we'll be able to open up that platform as well to the whole ecosystem, including to PowerReviews' enterprise clients as well.

Operator

[Operator Instructions] We'll move next to Thomas Ernst from Deutsche Bank.

Nandan Amladi

Deutsche Bank AG, Research Division

This is Nandan on behalf of Tom. Question is on the rationale behind this acquisition. Clearly, the #2 competitor behind you. How much of it was driven by the technology capability PowerReviews has versus their customer base?

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

So I think -- this was a really interesting opportunity for both companies, because there's so many valuable strategic levers here. Obviously, the client base, the significant expansion in consumer reach, the technology itself and the technology teams, and then the entire teams combined. So really, clients, network, technology, people. That's what drove the value here. And each had its own unique set of synergies, let's say, and all really around driving client ROI,

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and ultimately, growth for the market and for us. So I would say, in many ways, it was balanced. I mean, obviously, you pick up a lot of great retailers, that's fantastic. And I think the benefits are easily understood. So technology, too, was great. It allows us to really focus our combined efforts on innovating on behalf of the marketplace and moving quickly as this dynamic space evolves, because there are lots and lots of companies that are trying to figure out ways to add value and leverage social. We've proven that we can do it for our clients very well already, and I think our growth today is a testament to that fact. And this just increases our capabilities to continue in that range.

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

I think it's also important to point out, and I know I mentioned this upfront, but it's really important for investors to realize that we are in a network effect business. That the more retailers we win, the more it's going to attract the brands, and the more brands we get live, the more it's going to attract the retailers. So that's a really important aspect of this acquisition. We want to constantly drive more value for our clients, bring more value to the network, and that will provide increasing rates of returns in the form of ROI for all participants in the network, even including the consumers we mentioned earlier, because the consumer is in a mindset where they're spending those hard-earned dollars, and they want to spend them very wisely. So the more data they can ultimately benefit across the network, the more everybody wins, the brands, the retailers and the consumer.

Nandan Amladi

Deutsche Bank AG, Research Division

And a quick follow-up, if I might. Any thoughts on international expansion? Both companies are mostly U.S.-centric at the moment.

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Sure. So as you know, we're in 23 international languages today, and we have approximately 8 offices. This will now add an office in San Francisco. And we found in serving large Fortune 500 clients that it's very important to serve them from a local presence. People want to deal with each other from that local presence, and we are educating and helping them transform their businesses. One really important aspect of this is that PowerReviews is actually in Japan today. They have a reseller arrangement where they have clients coming in through that reseller. That was something that we we're looking at ourselves, so expect that to add value as well to our sales force.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

Yes. And just in terms of how we allocate our sales resources globally, we think this combination is going to allow us to make some adjustments and actually put more resources behind global expansion in developed and emerging markets. And here again, interestingly enough, the PowerReviews technology, particularly the Express platform, may give us an interesting new advantage as we think about developing in emerging markets where we can bring a more turnkey, more network, low cost of ownership solution. So I think this opens up a lot of interesting opportunities for us and allows us to focus much more.

Operator

And we'll go next to Mark Murphy from Piper Jaffray.

Mark R. Murphy

Piper Jaffray Companies, Research Division

Stephen, I wanted to ask you, is there a collar or a band for the sort of stock issuance, for the transaction. In other words, if Bazaarvoice shares were to move materially higher or lower before the transaction close, is there an adjustment to the number of shares that will be issued?

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

No. At this point, the consideration is set. As I described in my remarks, these 2 businesses are highly analogous. When you think about adjacencies, it doesn't get more adjacent than this. And so we think we'll be able to integrate with speed and do so very effectively. And so in that regard, we really look at the 2 companies on a combined revenue basis and decided that, that was a fair way to think about valuation in the right way. As a reminder also, we're at the very early innings of growth in our industry, and so having combined these clients into a single portfolio to build our network allows us just to move more quickly and enjoy the benefits of the growth in our space over time. So once we were able to do our work, we just agreed to the terms as they are.

Mark R. Murphy

Piper Jaffray Companies, Research Division

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Okay, great. And then, Brett or Stephen, is there anything you can share in terms of at what rate was PowerReviews growing? Was their rate off of a small base? Was their rate on par with the Bazaarvoice? Or for instance, can you share how much revenue PowerReviews had in 2010?

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

That's -- the last couple of years are going to be pro forma in our SEC filings, and the deal isn't closed yet, so we're going to defer more detailed discussions of that until after closing. A couple of things I'll mention, as you know earlier on in their -- in the evolution of their business, they took some different approaches. Brett can articulate that better than I, but they were focused on their bazillions property and other things. They've been more focused on their SaaS business recently. So the businesses have become more similar. And even though they were focused on different aspects of the market, they're certainly growing, and we think they'll snap in very nicely. And we'll get into all the details of that after we close, hopefully, in short order.

Mark R. Murphy

Piper Jaffray Companies, Research Division

Okay. Then one last one. How did PowerReviews price? Was it also value-based? Or what -- did they have something that was more structured based upon -- articulated clearly based upon volume of reviews. And also, just what was their approach on the moderation side, if any?

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Yes. So let's talk about the 2 different segments. So they both have the enterprise segments, their enterprise solutions. And they were pricing that similar to Bazaarvoice, where they're going out educating the market on what kind of value they're going to drive, an increase of sales, a reduction in returns, an increase of customer acquisition, all of the intelligence that you get out of this data to transform your business. This being the first time in history where word-of-mouth is a digitally archived asset, and you can hear it all and listen, and actually change your business as a result. So they would go out and educate on what kind of ROI they're going to generate and price accordingly, similar to the way we do. That's their enterprise segment. On the Express segment, it was -- well, it is turnkey. It's completely self-service. It's credit card swipe. You install it in a very short period of time, in a self-install type of way. And that does have a specific price list out there, which you can see on their website. So that is -- yes, the Express product is specifically a set price.

Mark R. Murphy

Piper Jaffray Companies, Research Division

Okay, great. And on the moderation side, Brett?

Benjamin A. Hurt

Co-Founder and Vice Chairman of the Board

Yes. So on the moderation side, Express tended to be more self-service on the moderation. It's a complete self-service product. On the enterprise side, they actually moderate very similar to the way that Bazaarvoice moderates. So there's no substantial differences there. I would say that we had a bit more on the meta-tagging side, so we codified the data a bit more for our client base, because of the fact that we have that interaction with the brands, and that we provide those connections where the brands syndicate content in. So we do a bit more of that data, that meta-tagging, and basically, creating more context for the social web data. But that's not something that we envision will be difficult to transition PowerReviews to.

Stephen R. Collins

Chief Executive Officer, President, Chief Financial Officer and Director

Yes. And I think on that last point, we've developed such a significant level of scale and efficiency around our method and technology to manage moderation and do meta-tagging. We're very good at that. And so we think we're going to be able to leverage our competencies in that area to bring more efficiencies to the PowerReviews process and help increase the level of content for all clients. But it's important to note, as Brett mentioned, we have similar philosophies. But as a company, just because of the size of our client base and things, we just have, I think, a more evolved system but because we share the same methods, or, let's say, values and approach. We think we'll be able to do this very well and bring us synergy to the table here.

Operator

[Operator Instructions] And we have no further questions at this time. I'd like to turn the conference back to our speakers for any additional or closing remarks.

Benjamin A. Hurt

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Co-Founder and Vice Chairman of the Board

Great. Thank you very much. I appreciate everybody again joining us in such short order. We are very excited about this acquisition. We think it's incredibly strategic, and most importantly, we know that our clients are going to applaud loudly, and they're going to get a significant amount of value from this, being part of now a much bigger network to drive value for brands, retailers and consumers. So we're just thrilled about it. And thank you again very much for the time that you've given us today.

Operator

That does conclude today's presentation. Thank you for your participation.

Bazaarvoice, Inc. - Special Call

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