

TechTarget Inc  
Form 10-K  
March 13, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2018

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                                      04-3483216  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

275 Grove Street

Newton, Massachusetts 02466

(Address of principal executive offices) (zip code)

(617) 431-9200

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(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
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Common Stock, \$0.001 Par Value	Nasdaq Global Market
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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 every Interactive Data File required to be submitted 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 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 a smaller reporting company or an emerging growth company. See the definitions of the "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated Filer
Non-Accelerated Filer	Smaller reporting company
	Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.

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 \$516.1 million as of June 30, 2018 (based on a closing price of \$28.40 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 27,756,336 shares of Common Stock, \$0.001 par value per share, outstanding as of February 28, 2019.

#### 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 2019 annual meeting of stockholders, which the registrant intends to file pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2018.

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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 53.

## PART I

### Item 1. Business Overview

TechTarget, Inc. (“we” or “the Company”) is a Delaware corporation incorporated on September 14, 1999. Through continued innovation around our specialized online content for buyers of enterprise information technology (“IT”), we have become a global leader in purchase intent-driven marketing and sales services that deliver business impact for enterprise technology vendors. Our offerings enable technology vendors to better identify, reach and influence corporate IT decision makers actively researching specific IT purchases. We improve vendors’ ability to impact these audiences for business growth using advanced targeting, analytics and data services complemented with customized marketing programs that integrate demand generation and brand marketing and advertising techniques.

IT and business professionals have become increasingly specialized, and because each of the websites within our network of over 140 websites focuses on a specific IT sector such as storage, security, networking, or business applications. IT and business professionals rely on us for key decision support information tailored to their specific areas of responsibility.

We enable IT and business 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 and business professionals use to assist them in their pre-purchase research: independent content provided by our professionals, vendor-generated content provided by our customers and member-generated, or peer-to-peer, content. In addition to utilizing our independent editorial content, registered members appreciate the ability to deepen their pre-purchase research by accessing the extensive vendor supplied content available across our website network. Likewise, these members derive significant additional value from the ability our network provides to seamlessly interact with and contribute to information exchanges in a given field.

We had approximately 20.0 million and 19.1 million registered members – our “audiences” – as of December 31, 2018 and 2017, respectively. While the size of our registered member base does not provide direct insight into our customer numbers or our revenues, the value of our services sold to our customers is a direct result of the breadth and reach of this content footprint. This footprint creates the opportunity for our clients to gain business leverage by targeting our audiences through customized marketing programs. Likewise, the behavior exhibited by these audiences enables us to provide our customers with data products to improve their marketing and sales efforts. The targeted nature of our member base enables IT vendors to reach a specialized audience efficiently because our content is highly segmented and aligned with the IT vendors’ specific products. With it, we have developed a broad customer base and, in 2018, delivered marketing and sales services programs to approximately 1,300 customers.

Please refer to the section below titled “Our Strategy” regarding our longer-term expansion plans and 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 IT industry trends and foreign currency markets. Because most of our customers are IT vendors, the success of our business is intrinsically linked 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 ten major global customers’ revenues and marketing budgets are adversely impacted, which impacts our revenues. Conversely, when the U.S. dollar is weak against foreign currencies, revenues attributable to our largest customers can be positively impacted. Our mid-sized customers (our largest 100 customers, excluding those companies we consider our ten major global customers) and smaller customers (typically venture-backed start-ups) generally have less exposure to non-U.S. business. Thus, these customers, while still impacted by general IT industry trends, tend to be less impacted by foreign currency market trends, which generally results in less of an impact on their marketing budgets and, in turn, our revenues.

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## 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 a 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.

## Industry Background

IT and business 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, companies are increasingly using data to help them determine which prospective accounts 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”) in marketing and sales. Before the advent of internet-based marketing, there were limited tools for accurately measuring the results of such activities in a timely fashion. The internet has enabled IT vendors to track individual members and their responses to marketing. With the appropriate technology, vendors now have the ability to assess and benchmark the efficacy of their online programs cost-effectively and in real-time. We believe our offerings benefit as our customers continue to leverage the insights gained from this measurement, and that the data and related services we are providing will assist them as they look to optimize their marketing programs going forward.

## Corporate IT Purchasing

Over the past two decades, corporate IT purchases have grown in size and complexity. The corporate IT market comprises multiple large sectors such as storage, security and networking. Each of these sectors can be further divided into sub-sectors addressing more granular areas of specialization within 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 – and therefore the vendors – in each sub-sector may represent entirely independent markets. For example, the market around backup software for use in Windows® environments can be completely distinct from that addressing 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 (“CIO”). For these reasons and more, 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 and business 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 customers' needs for significant information support, requires substantial investment on the part of IT vendors. These realities drive the significant marketing expenditures observable in the corporate IT market. In addition, given the continued acceleration of technological change, at any given time, there are often multiple solution possibilities to any particular IT need. With each new product or product enhancement, IT vendors implement new marketing outreach, and as a result IT and business professionals are required to continuously engage in research to stay abreast of the latest developments that could benefit their companies.

## The Opportunity

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. Today, corporate IT and business professionals are demanding specialized online content tailored to the specialized sub-sectors of IT solutions that they must understand. As technology, vendors and IT and business professionals have all become much more specialized, the internet has become a preferred purchase research medium, which has dramatically increased research activity, accelerated information consumption and improved professional decision-making.

IT vendors seek high-ROI marketing opportunities that can provide them access to the specific sectors of IT buyers aligned with the solutions they sell. To be more efficient and effective, they need to distinguish these prospective buyers from accounts or individuals who are not yet ready to engage in the buying process. Thus, they look for assistance in identifying the specific accounts and individuals who are actively researching upcoming purchases. To more quickly and successfully position their respective solutions against alternatives being considered, they also seek assistance from marketing service providers to help influence these audiences by utilizing data driven insights to enable advanced demand-generating content marketing and targeted branding.

## Our Solutions

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

- **Large and Growing Community of Registered Members.** We had approximately 20.0 million registered members as of December 31, 2018. The targeted nature of our member 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 2018, we delivered marketing services programs for approximately 1,300 IT vendors who are our customers.

• **Substantial Experience in Online Content Creation and Marketing.** We have over 19 years of experience in developing our online information content, with a focus on providing targeted information to IT and business professionals and a highly refined audience to technology vendors. Our experience enables us to develop relevant new online properties rapidly and to acquire and efficiently integrate select properties to further serve IT and business 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™ analytical product platform, we collect information on millions of interactions that our members and visitors (and the companies, or accounts, that they are associated with) have with the content on our websites and that we send to them via email. 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 better prospects to them more efficiently. This analytics platform not only guides everything we do on our own properties, it is also available to our customers in a variety of forms to aid them in directly optimizing their efforts.

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

**Favorable Search Engine Rankings.** When members perform targeted searches on search engines such as Google™, TechTarget content routinely appears on the first page returned. This is due in part to our long history of using an exceptionally targeted approach toward online publishing and our network of websites that has produced a large repository of highly valued content. Furthermore, because of our success in attracting inbound traffic from search engines, we are able to continuously increase our registered membership as professionals find what they are looking for and therefore rely on us for what they need.

Our solutions increase efficiency and effectiveness for both IT and business professionals and IT vendors. We facilitate IT and business professionals' ability to find specific information related to their purchase decisions, and we enable IT vendors to reach IT buyers who are actively researching specific solutions related to vendors' products and services. Our solutions benefit IT and business professionals and IT vendors in the following ways:

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## Benefits to IT and Business Professionals

• **Provide Access to Integrated, Sector-Specific Content.** Our websites provide IT and business professionals with sector-specific content from the three fundamental sources they value when researching IT purchasing decisions: industry experts, peers and vendors. Our independent staff 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, depth, and accessibility of our content offerings enable IT and business professionals to make more informed purchases.

• **Increase Efficiency of Purchasing Decisions.** By accessing targeted and specialized information, IT and business 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 assimilating quality information. To support IT and business professionals' information consumption preferences, we provide this specialized, targeted content through a variety of media types matching the critical stages within the purchase decision process.

## Benefits to IT Vendors

• **Provide Unique Data about In-Market Prospects.** Our Activity Intelligence analytical product platform captures and interprets the content consumption behaviors of our large base of targeted IT and business professional members as they research technology needs. This allows us to provide IT vendors with powerful behavioral insight to help them more effectively identify and pursue 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.

• **Target Active Buyers Efficiently.** Our highly targeted content attracts specific, targeted audiences who are actively researching purchasing decisions. Using our database of registered members and information we collect about their product interests, we are able to accurately target those registered members most likely to be of value to IT vendors, and support vendor-customer's execution with scalable marketing services programs that help influence these prospective buyers.

• **Generate Measurable Results.** Our targeted online content offerings enable us to generate and collect valuable business information about each member and his or her technology preferences. As registered members access content, we are able to build a profile of their technology interests, and their companies' interests, as they evolve over time. Through experience, we have identified patterns that are indicative of purchase intent. We leverage this insight to improve ROI on the programs we execute for our clients by focusing specifically where active demand exists. We provide this intelligence directly to IT vendors for their own use. This helps them drive continuous improvement in their own marketing and sales workflows and outcomes, whether focused specifically on prospects we provide them or on those they have otherwise obtained, which our information enriches and makes more actionable.

• **Maximize Awareness.** 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 and business 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, IT and business professionals are more aware of and more knowledgeable about the vendor's specifications and product and therefore more likely to consider the vendor. Increased consideration of our vendor-customers' offerings combined with accurate purchase intent insight around those prospects who are actively researching a purchase significantly reduces vendor prospecting costs and time expended on inactive accounts.

## Our Strategy

Our goal is to deliver superior performance by continuously enhancing our position as a global leader in purchase intent-driven marketing and sales services that deliver business impact for enterprise technology vendors by strengthening our offerings in our three core capability areas – our specialized content that connects IT and business professionals with IT vendors in the sectors and sub-sectors that we serve, the purchasing intent insight analytics and data services our content and member traffic enables, and the marketing services we provide to clients to help meet their business growth objectives. 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 analytic product platform, consists of multiple recently developed products and services that provide IT vendors with data-enabled optimization solutions. We intend to further

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develop our existing product offerings with new features, and launch additional offerings that extend our capabilities based on our customer's requirements.

**Expand Long-term Contractual Relationships with Customers.** A number of our newly introduced data-enabled marketing products are being offered to our customers on a subscription basis, on multiple quarter, annual or longer agreements. We intend to expand the number of subscription contracts with our customers, which allows us to work more closely with them in achieving their marketing objectives over an extended period and provide us with stable revenue streams from the continued growth of these products and our successful renewal efforts.

**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 members in the United Kingdom, India, Spain, France, China, Australia, and Singapore, or by acquiring specific properties or companies with attractive properties. We previously 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 members 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, by making strategic acquisitions and investments in overseas entities. During 2018, approximately 32% of our revenues were derived from international geo-targeted programs, 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 \$1 million and \$5 million in annual revenues; and later stage revenue sites, typically generating greater than \$5 million in annual revenues. During 2018, we acquired substantially all the assets of a company with complimentary data skills for less than \$1 million. 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 specialized websites that serve the needs of IT and business professionals who are making corporate purchase decisions. At critical stages of the purchase decision process, these content offerings through different channels meet IT and business 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 table below provides a representation of the key market opportunities we address for the IT vendors who are our customers:

Audience: Market Segment Sites

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## Market Categories

Based upon the logical clustering of our members' respective job responsibilities and the marketing focus of the products being promoted by our customers, we currently categorize our content offerings to address the key market opportunities and audience extensions across a portfolio of distinct market categories. Each of these marketing categories services a wide range of IT vendor sectors and sub-sectors and is driven by the key areas of IT and business 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, 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.

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**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 (“SANs”) 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](#), and [SearchDisasterRecovery.com](#), address IT and business 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.

**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 and business 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 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 sites such as [SearchDataCenter.com](#), covering disaster recovery, power and cooling, mainframe and UNIX<sup>®</sup> servers, systems management, and server consolidation, 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. [SearchConvergedInfrastructure.com](#) covers converged and hyper-converged infrastructure solutions. [SearchITOperations.com](#) covers DevOps, the impact of Agile Development, containers, microservices and event-driven computing upon IT operations, as well as the deployment of hybrid cloud architectures and multi-cloud management.

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 and business professionals’ infrastructure responsibilities and purchasing focus. Our online properties in this sector include [SearchWindowsServer.com](#), covering servers, storage, and systems management; and [SearchDomino.com](#), each targeted toward senior management for distributed computing environments. This network of sites provides resources and advice to IT and business professionals pursuing solutions related to such topics as Windows backup and storage,

server consolidation, and upgrade planning. SearchEnterpriseDesktop.com focuses 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.

• **CIO/IT Strategy.** Our CIO/IT Strategy sites provide content targeted at 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

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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 category 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 IT infrastructure and strategy.

**Business Applications and Analytics.** Our Business Applications and Analytics market category 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 sites such as SearchCRM.com, SearchSalesforce.com, SearchOracle.com, SearchSAP.com, SearchHRSoftware.com, SearchSQLServer and SearchERP.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. 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 microservices. Application integration, application testing and security, as well as internet and mobile applications are also key areas of continuing focus for vendors and developers. Our online properties in this sector include sites such as TheServerSide.com, which hosts independent communities of developers and architects, SearchSoftwareQuality.com, which offers content focused on application testing and quality assurance, and SearchMicroservices.com, which serves Architects, IT Managers and Line of Business Executives who are interested in adapting existing architectures to meet the speed, scale and agility needs of today’s modern applications.

• **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 and business professionals have become more specialized, IT vendors have actively sought resellers with specific expertise in the vendors’ sub-sectors. Like IT and business 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 and 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.

#### Product and Service Offerings

We use our 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:

**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 insight 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: Priority Engine™.** Priority Engine is a subscription service powered by our Activity Intelligence platform, which integrates with customer relationship management and marketing automation platforms from salesforce.com, Marketo, Eloqua, Pardot, and Integrate. The service delivers information that enables marketers and sales personnel to identify and understand accounts and individuals actively researching new technology purchases and then to engage those active prospects within the organizations that are relevant to the purchase. We sell this service in approximately 200 technology-specific segments which our customers use for demand generation, account-based marketing and other marketing and sales activities. Priority Engine is also available with specific geographic focus, bringing the total available segments to over 300.

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 approximately 110 technology-specific segments.

IT Deal Alert: Deal Data™. Deal Data is a customized solution aimed at sales intelligence and data scientist functions within our customer organizations. It renders our Activity Intelligence data into one-time offerings directly consumable by the customer's internal applications.

- IT Deal Alert: TechTarget Research™. TechTarget Research is a product that sources proprietary information about purchase transactions from IT and business professionals who are making or have recently completed these purchases. The offering provides data on market trends, pricing dynamics and vendor win/loss and displacement trends in the form of on-demand quarterly, bi-annual, and annual reports.

Demand Solutions. Our 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. This allows IT vendors to maximize ROI by capturing sales leads from the distribution and promotion of content to our audience of IT and business professionals.

Our demand solutions offerings may 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 members 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 near 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 members 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 sales leads that are researching the topic.

Brand Solutions. Our suite of brand solutions offerings provides IT vendors exposure to targeted audiences of IT and business professionals actively researching information related to their products and services. We leverage our Activity Intelligence to enable significant segmentation and targeting of specific audiences that can be 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 and Related Formats.** 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 and business professionals with the content and brand messaging of the vendor.

Custom Content Creation. We will at times 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 both demand solutions and brand solutions programs.

## Customers

We market to IT vendors targeting specific audiences who are actively researching purchasing decisions. We maintain multiple points of contact with our customers in order to provide support throughout their organization and during critical stages of the sales cycle. As a result, individual customers often run multiple marketing programs with us in

order to reach discrete portions of our targeted audience. Our products and services are delivered under both short-term contracts that run for the length of a given marketing program, typically less than six months, and via integrated, longer-term contracts covering various client needs across approximately a year or longer. We have developed a broad customer base and delivered campaigns to approximately 1,300 companies in 2018. During 2018, 2017, and 2016, no single customer represented 10% or more of total revenues.

#### 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 and business professionals. We organize the sales force by the sector-

specific market categories that we operate and have a global accounts team that works with our largest customers. Additionally, we organize certain individuals into Customer Success Teams. Those teams facilitate the usage and renewal of certain of the Company's products. 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, 2018, our sales and marketing staff consisted of approximately 320 people. The majority of our sales staff and marketing staff are 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 sponsorships in media vehicles that reach technology marketers, as well as engaging in direct communications with the database of relevant 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 videocasts, blogs and white papers for technology marketers where we provide information on the latest best practices in the field of online business-to-business ("B2B") tech marketing.

Through our Analyst Relations, Press and Public Relations activities, we develop and maintain relationships with key analysts, publications and influencers covering B2B marketing and sales topics.

#### Online Member 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 from this, growing our membership. We also make 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.

#### 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 an online backup storage solution. The data is also copied to an off-site online 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 members and customers.

#### Competition



The market for IT vendor marketing 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 include media companies that produce content specifically for IT and business professionals, providers of technology-based point solutions for data analysis and other service providers. Our primary media competitors, each of which possesses substantial resources to compete, are J2 Global, Madison Logic, 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 and business professionals, and the quality and quantity of sales leads generated for IT vendors. We also compete for the members who comprise our target audiences primarily with the media companies that produce content specifically for IT and business professionals such as J2 Global, QuinStreet, International Data Group, and CBS Interactive/CNET. In the data-oriented businesses, we compete with providers of predictive analytics and internet-based analysis including companies like 6sense, Infer, Bombora and Aberdeen. In general marketing services, we compete with list and lead providers of various types. 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.

## Member 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 members 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 member can correct or change this information, including how a member can unsubscribe to our communications and those of our partners. Our privacy policy also explains the circumstances under which we share a member's information and with whom. Members 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 members, we impose constraints that are consistent with our privacy policy on the customers to whom we provide member data. Additionally, when we provide lists to third parties, including to our customers, it is under contractual terms that are generally consistent with our obligations to members 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 members.

**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 member'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 (“EU”) and its member states and Canada and California have laws, rules and/or regulations dealing with the collection and use of personal information obtained from their citizens. Regulations have focused on, among other things, 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, a name, or an IP address. Additionally, the EU 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.

### 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 in the U.S. with the U.S. Patent and Trademark Office and in select 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,” “www.knowledgestorm.com,” “www.bitpipe.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, 2018, we had 647 employees. Other than a small number of employees in the United Kingdom and France, none of our current employees are represented by a labor union or are 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 marketing activity in summer months. 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

#### Risks Relating to Our Business and Operations

The risks and uncertainties set forth below, as well as other risks and uncertainties described elsewhere in this Annual Report on Form 10-K including in our consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” or in other filings with the SEC, could materially and adversely affect our business, financial condition, operating results and the trading price of our common stock. Additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material may also harm our business operations and financial results. Because of the following risks and uncertainties, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

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

The primary source of our revenues is the sale and support of purchase intent driven advertising campaigns to our customers. Any reduction in advertising expenditures could have an adverse effect on the Company's revenues and operating results. 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. Some of these factors include:

- variations in expenditures by advertisers due to budgetary constraints;
- the cancellation or delay of projects by advertisers or by one or more significant customers;
- the cyclical and discretionary nature of advertising spending;
- the relocation of advertising expenditures to competitors or other media;
- general global economic conditions and the availability of capital, 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, acts of terrorism and international or domestic political and economic unrest.

Because most 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 most of our customers 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, frequent new product introductions and enhancements and evolving domestic and international laws and regulations, particularly with respect to data privacy and data protection. 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 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, reduce or reallocate any planned expenditures for our marketing and advertising service 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 marketing and advertising budgets of our customers may fluctuate as a result of:

- weakness in corporate IT spending, resulting in a decline in IT marketing and advertising spending, a trend that we have seen in the past and that may continue in the future;
- 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 marketing and advertising spend;
- reduced spending by combined entities following such consolidations, leading to volume and price compression and loss of revenue
- the timing of marketing and advertising campaigns around new product introductions and initiatives.

Our future growth will depend in large part on continued increased sales of our data driven product and service suite.

We sell a suite of data driven products and services called IT Deal Alert, which is based on our Activity Intelligence analytics. The IT Deal Alert suite consists primarily of Priority Engine, Qualified Sales Opportunities and Deal Data. Our increase in revenues in the year ended December 31, 2018, compared to the year ended December 31, 2017, was driven in part by an increase in sales of data driven products. We expect that IT Deal Alert, as well as the expansion of the features in our IT Deal Alert product offerings, will be major components of our future growth. The failure of our data driven products to meet anticipated sales levels, our inability to continue to expand successfully our IT Deal Alert suite, or the failure of our current or new IT Deal Alert products and services to achieve and then maintain widespread customer acceptance could have a material adverse effect on our business and financial results.

In addition, competitors may develop a service or application that is similar to our data driven product suite, which could also result in reduced sales for those product offerings.

Our revenues are primarily derived from short-term contracts that may not be renewed.

Our contracts are primarily short-term, typically six months or less, and are generally subject to termination without substantial penalty by the customer at any time, generally with minimal notice requirements. We cannot assure you that our current customers will fulfill their obligations under their existing contracts, continue to participate in our existing programs beyond the terms of their existing contracts or enter into any additional contracts for new programs that we offer. In addition, our efforts to enter into longer-term arrangements with customers for our IT Deal Alert products and services may not be successful. If a significant number of customers or a few large customers decided not to continue purchasing marketing and advertising services from us, then we could experience a rapid decline in our revenues over a relatively short period of time. Any factors that limit the amount our customers are willing to and do spend on marketing or advertising with us could have a material adverse effect on our business.

If we are unable to deliver content and services that attract and retain a critical mass of members, our ability to attract customers may be affected, which could in turn have an adverse effect on our revenues.

Our success depends on our continued ability to deliver original and compelling content and services to attract and retain members, as well as our ability to garner a critical mass of members of our websites. Our member base is primarily comprised of corporate IT and business professionals who demand specialized websites tailored to the sectors of the IT products for which they are responsible and that they purchase. Our content and services may not generate engagement with our websites or continue to attract and retain a critical mass of members necessary to attract customers and generate revenues consistent with our historical results and expectations of future results. We also may not develop new content or services in a timely or cost-effective manner. Our ability to develop and produce this specialized content successfully is subject to numerous uncertainties, including our ability to:

- anticipate and respond successfully to rapidly changing IT developments and preferences to ensure that our content remains timely and interesting to our members;
- attract and retain qualified editors, writers, freelancers and technical personnel;
- fund new development for our programs and other offerings;
  - successfully expand our content offerings into new platform and delivery mechanisms; and
- promote and strengthen the brands of our websites and our name.

If we are not successful in maintaining and growing our member base through the deployment of targeted and compelling content, our ability to retain and attract customers may be affected or we may be required to obtain licensed content which may not be at reasonable prices, which could in turn have an adverse effect on our revenues, and operating results.

We depend upon internet search engines to attract a significant portion of visitors to our websites. These visitors can become members, and if we were listed less prominently in search result listings as a result of changes in the search engines' algorithms or otherwise, our business and operating results could be harmed.

We derive a significant portion of our website traffic from users who search for IT research and editorial content through internet search engines. A critical factor in attracting members to our websites is whether we are prominently displayed in response to an internet search relating to IT content. Search result listings are determined and displayed in accordance with a set of formulas or algorithms developed by the particular internet search engine. The algorithms



determine the order of the listing of results in response to the user's internet search. From time to time, search engines revise their algorithms. In some instances, these modifications may be detrimental and cause our websites to be listed less prominently in unpaid search results or not at all, which will result in decreased traffic from search engine users to our websites. Our websites may also become listed less prominently in unpaid search results, for other reasons, such as search engine technical difficulties, search engine technical changes and changes we make to our websites. In addition, search engines have deemed the practices of some companies to be inconsistent with search engine guidelines and have decided not to list their websites in search result listings at all. Although we could mitigate certain algorithm changes affecting our traffic with increased marketing expenditures, if we are listed less prominently or not at all, in search result listings, traffic to our websites could decline, which could impact our operating results. Increased marketing spend to increase site traffic could also impact our operating results.

Further, we use search engine optimization, or SEO, to enhance the visibility of our websites and optimize ranking in search engine results. Our ability to successfully manage our SEO efforts across our owned and operated websites depends on our ability to

adapt and respond to changes in search engine algorithms and methodologies and changes in search query trends. If we fail to successfully manage our SEO strategy, our owned and operated websites may receive less favorable placement in organic or paid listings, which would reduce the number of visitors to our sites, decrease conversion rates and repeat business and have a detrimental effect our ability to generate revenue.

There are a number of risks associated with our international operations, as well as the expansion of those operations, that could adversely affect our business.

The Company derives a significant portion of its revenues from customers with billing addresses outside of the U.S (26%). For the year ended December 31, 2018 approximately 32% of our online revenues were derived from international geo-targeted campaigns, which are campaigns that are targeted at members who reside outside of North America. We have offices in the United Kingdom, France, Germany, Singapore and Australia. We also publish websites in Spanish, French, German, Portuguese and Chinese, targeting members worldwide who speak those languages.

In addition to many of the same challenges we face domestically, there are additional risks and costs to doing business in international markets, including:

- limitations on our activities in foreign countries where we have granted rights to existing business partners;
- the degree to which our foreign-based customers transition from print to online marketing and advertising;
- the adaptation of our websites and marketing and advertising programs to meet local needs;
- our foreign-based competitors having greater resources and more established relationships with local advertisers;
- more restrictive data privacy and data protection regulation, which may vary by country and for which there may be little conflicting or no guidance;
- more restrictive website licensing and hosting requirements, which may result in our websites being blocked, may require changes to how we operate our websites, or may involve regulatory or enforcement actions against us that could be harmful to our business;
- more extensive labor regulation, which may vary by country;
- difficulties in staffing and managing multinational operations;
- difficulties in finding appropriate foreign licensees or joint venture partners;
- difficulties following changes in local business operations or structure;
- distance, language and cultural differences in doing business with foreign entities;
- foreign (and domestic) political and economic uncertainty;
- less extensive adoption of the internet as an information source and increased restriction on the content of websites;
- currency exchange-rate fluctuations; and
- potential adverse tax requirements.

The United Kingdom's vote to withdraw from the EU in accordance with the national referendum held on June 23, 2016 ("Brexit") could adversely affect us. In particular, our European and Middle East operations are based out of the United Kingdom. We employ approximately 60% of our non-U.S. workforce in the United Kingdom (10% of our overall workforce), and we generate approximately 12% of our revenues from customers with billing addresses in the United Kingdom. Additionally, our United Kingdom office provides sales support to other European and Middle East regions, including our French and German operations, and there could be a material adverse impact on our ability to continue providing this support depending on the terms of the United Kingdom's withdrawal. In March 2017, the United Kingdom's government initiated the exit process under Article 50 of the Lisbon Treaty, commencing a period of up to two years for the United Kingdom and other EU member states to negotiate the terms of the withdrawal. The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to the European marketplace, either during a transitional period or more permanently. The measures could potentially disrupt our operations in the United Kingdom and the EU markets we serve and may cause us to lose customers and employees. Additionally, disruptions and uncertainty caused by Brexit may cause our customers to closely monitor their costs and reduce their spending budgets on our services. There can be no assurance that any or all of these events will not have a material adverse effect on our business operating results and financial condition.

As a result, we may face difficulties and unforeseen expenses in expanding our business internationally and, if we attempt to do so, we may be unsuccessful, which could harm our business, operating results and financial condition.

Competition for customers' marketing and advertising spending is intense, and we may not compete successfully, which could result in a material reduction in our market share, the number of our customers and our revenues.

We compete for potential customers with a number of different types of offerings and companies, including: broad based media outlets such as television, newspapers and business periodicals that are designed to reach a wide audience; general purpose portals and search engines; and offline and online offerings of media companies that produce content specifically for IT and business professionals, including International Data Group, J2 Global, QuinStreet, Madison Logic and CBS Interactive/CNet. Customers may choose our competitors over us not only because they prefer our competitors' online offerings to ours but also because customers prefer to utilize other forms of marketing and advertising services offered by our competitors that are not offered by us and/or to diversify their marketing and advertising expenditures. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we have. They may also offer different pricing than we do, which could be more attractive to customers. Competitors have historically responded, and may continue to respond, to market conditions by lowering prices to try to attract our customers. As a result, we could lose market share to our competitors in one or more of our businesses and our revenues could decline.

We may not innovate at a successful pace, which could harm our operating results.

Our industry is rapidly adopting new technologies and standards to create and satisfy the demands of users and advertisers. It is critical that we continue to innovate by anticipating and adapting to these changes to ensure that our content delivery, demand generation and data driven products and services remain effective and interesting to our members, customers and partners. In addition, we may need to make significant expenditures to achieve these goals. If we fail to accomplish these goals, we may lose members and the customers that seek to reach those members, which could harm our operating results. Existing and planned efforts to develop new products, including any subscription-based offerings, may be costly and ultimately not successful.

We may be unable to continue to build awareness of our brands, which could negatively impact our business and cause our revenues to decline.

Building and maintaining recognition of our brands is critical to attracting and retaining our member base. We intend to continue to build existing brands and introduce new brands that will resonate with our targeted audiences. In order to promote our brands, we may find it necessary to increase our marketing budget, hire additional marketing and public relations personnel or otherwise increase our financial commitment to creating and maintaining brand loyalty among our customers. If we fail to promote and maintain our brands effectively, or incur excessive expenses attempting to promote and maintain our brands, our business and financial results may suffer.

If we do not retain our key personnel, our ability to execute our business strategy will be adversely affected.

Our continued success depends to a significant extent upon the recruitment, retention and effective succession of our executive officers and key management. Our management team has significant industry experience and would be difficult to replace. These individuals possess sales, marketing, financial and administrative skills that are critical to the operation of our business. The competition for these employees is intense. The loss of the services of one or more of our key personnel could have a material adverse effect on our business and operating results.

We may not be able to attract, hire and retain qualified personnel cost-effectively, which could impact the quality of our content and services and the effectiveness and efficiency of our management, resulting in increased costs and losses in revenues.

Our success depends on our ability to attract, hire and retain qualified technical, editorial, sales and marketing, customer support, financial and accounting and other managerial personnel at commercially reasonable rates. The competition for personnel in the industries in which we operate is intense. Our personnel may terminate their employment at any time for any reason. Loss of personnel may also result in increased costs for replacement hiring and training. If we fail to attract and hire new personnel or retain and motivate our current personnel, we may not be able to operate our businesses effectively or efficiently, serve our customers properly or maintain the quality of our content and services. In particular, our success depends in significant part on maintaining and growing an effective sales and customer retentions force. This dependence involves a number of challenges, including the need to hire, integrate, motivate and retain additional sales and sales support personnel and train new sales personnel, many of whom lack sales experience when they are hired, as well as increased competition from other companies in hiring and retaining sales personnel.

We may fail to identify or successfully acquire and integrate businesses, products and technologies that would otherwise enhance our product and service offerings to our customers and members, and as a result our revenues may decline or fail to grow.

We have acquired, and in the future may acquire or invest in, complementary businesses, products or technologies. Acquisitions and investments involve numerous risks including:

- difficulty in assimilating the operations and personnel of acquired businesses;
- potential disruption of our ongoing businesses and distraction of our management and the management of acquired companies;
- difficulty in incorporating acquired technology and rights into our offerings and services, which could result in additional expenses and/or technical difficulties in delivering our product offerings;
- potential failure to achieve additional sales and enhance our customer base through cross-marketing of the combined company's products and services to new and existing customers;
- potential detrimental impact to our pricing based on the historical pricing of any acquired business with common customers and the market generally;
- potential litigation resulting from our business combinations or acquisition activities; and
- potential unknown liabilities associated with the acquired businesses.

Our inability to integrate any acquired business successfully, or the failure to achieve any expected synergies, could result in increased expenses and a reduction in expected revenues or revenue growth. As a result, our revenues, results of operations or stock price could fluctuate or decline. In addition, we may not be able to identify or successfully complete acquisitions, which could impact our ability to expand into complementary sectors in the future.

General domestic and global economic, business or industry conditions and financial market instability may adversely affect our business, as well as our ability to forecast financial results.

The U.S. and international economies have experienced inconsistent, unpredictable growth and a certain degree of instability, magnified at times by factors including changes in the availability of credit, volatile business and consumer confidence and unemployment. These and other macro economic conditions have contributed to unpredictable changes in the global economy and expectations of future global economic growth. If the economic climate in the U.S. and abroad deteriorates, our customers or potential customers could reduce or delay their purchases of our offerings, which

would adversely impact our revenues and our ability to sell our offerings, collect customer receivables and, ultimately, our profitability.

Because all components of our budgeting and forecasting are dependent upon estimates of growth or contraction in the economy generally, and in the IT market specifically, it can be difficult for us to accurately estimate future income and expenditures. We cannot predict the duration of current economic conditions or the duration or strength of an economic recovery in the U.S. or worldwide generally or in the IT industry or in any of its segments. Further adverse changes may occur as a result of global, domestic or regional economic conditions, changing consumer confidence, unemployment, tariffs, declines in stock markets, or other factors affecting economic conditions generally. These changes may negatively affect the sales of our offerings, increase exposure to losses from bad debts, increase the cost and decrease the availability of financing, or increase the risk of loss on investments. Any recent growth we have experienced internationally would be negatively affected by any future global downturn.

## Risks Related to Data Privacy, Security and Intellectual Property Rights

We may have limited protection of our intellectual property rights, which others could infringe.

Our success and ability to compete are dependent in part on the strength of our proprietary rights, on the goodwill associated with our trademarks, trade names and service marks, and on our ability to use U.S. and foreign laws to protect them. Our intellectual property includes, among other things, our original content, our editorial features, logos, brands, domain names, the technology that we use to deliver our services, the various databases of information that we maintain and make available by license, and the appearances of our websites. We claim common law protection on certain names and marks that we have used in connection with our business activities. Although we have applied for and obtained registration of some of our marks in the U.S. and other countries where we do business, we have not been able to obtain registration of all of our key marks in certain non-U.S. jurisdictions due to prior registration or use by third parties employing similar marks. In addition to U.S. and foreign laws and registration processes, we rely on confidentiality agreements with our employees and third parties and other protective contractual provisions to safeguard our intellectual property.

Policing our intellectual property rights and identifying infringers worldwide is a difficult task, and even if we are able to identify infringers, we may not be able to stop them from infringing our intellectual property. We cannot be certain that third-party licensees of our content will adequately protect our proprietary rights. Intellectual property laws and our agreements may not be sufficient to prevent others from copying or otherwise obtaining and using our content or technologies. In addition, others may develop non-infringing technologies that are similar or superior to ours. In seeking to protect our marks, copyrights, domain names and other proprietary rights, we could face costly litigation and the diversion of our management's attention and resources.

Furthermore, the relationship between regulations governing domain names and laws protecting trademarks and similar proprietary rights is still evolving. Therefore, we might be unable to prevent third parties from acquiring domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights. Any impairment in the value of these important assets could cause our stock price to decline.

We could be subject to claims from third parties based on the content on our websites created by us and third parties. These claims could result in costly litigation, the payment of damages or the need to revise the way we conduct our business.

We could be subject to infringement claims from third parties, which may or may not have merit. Due to the nature of content published on our online network, including content placed on our online network by third parties, and as a creator and distributor of original content and research, we face potential liability based on a variety of theories, including defamation, libel, negligence, copyright or trademark infringement, or other legal theories based on the nature, creation or distribution of this information. Such claims may also include, among others, claims that by providing hypertext links to websites operated by third parties, we are liable for wrongful actions by those third parties through these websites. Similar claims have been brought, and sometimes successfully asserted, against online services. It is also possible that our members could make claims against us for losses incurred in reliance on information provided on our networks. In addition, we could be exposed to liability in connection with material posted to our internet sites by third parties. For example, many of our sites offer members an opportunity to post comments and opinions that are not moderated. Some of this member-generated content may infringe on third-party intellectual property rights or privacy rights or may otherwise be subject to challenge under copyright laws. Such claims, whether brought in the U.S. or abroad, could divert management time and attention away from our business and result in significant cost to investigate and defend, regardless of the merit of these claims. In addition, if we become subject to

these types of claims and are not successful in our defense, we may be forced to pay substantial damages. These claims could also result in the need to develop alternative trademarks, content or technology or to enter into costly royalty or licensing agreements. Our insurance may not adequately protect us against these claims. The filing of these claims may also damage our reputation as a high quality provider of unbiased, timely analysis and result in customer cancellations or overall decreased demand for our services. We may not have, in all cases, conducted formal evaluations of our content, technology and services to determine whether they expose us to any liability of the sort described above. As a result, we cannot be certain that our technology, offerings, services or online content do not or will not infringe upon the intellectual property or other rights of third parties. If we were found to have infringed on a third party's intellectual property rights or otherwise found liable for damages as a result of such claims, the value of our brands and our business reputation could be impaired, and our business could suffer.

Changes in laws and standards relating to marketing, data collection and use, and the privacy of internet users could impact our ability to conduct our business and thereby decrease our marketing and advertising service revenues while imposing significant compliance costs on the Company.

We use e-mail as a significant means of communicating with our members. The laws and regulations governing the use of e-mail for marketing purposes continues to evolve, and the growth and development of the market for commerce over the internet may lead to the adoption of additional legislation and/or changes to existing laws. If new laws or regulations are adopted, or existing laws



and regulations are interpreted and/or amended or modified to impose additional restrictions on our ability to send e-mail to our members or potential members, we may not be able to communicate with them in a cost-effective manner. In addition to legal restrictions on the use of e-mail, internet service providers and others typically attempt to block the transmission of unsolicited e-mail, commonly known as “spam.” If an internet service provider or software program identifies e-mail from us as “spam,” we could be placed on a restricted list that would block our e-mail to members or potential members who maintain e-mail accounts with these internet service providers or who use these software programs. If we are unable to communicate by e-mail with our members and potential members as a result of legislation, blockage or otherwise, our business, operating results and financial condition could be harmed.

We collect information from our members who register on our websites, co-branded sites, or for services, respond to surveys or, in some cases, view our content. Subject to each member’s permission (or right to decline, which we refer to as an “opt-out”, a practice that may differ across our various websites, depending on the applicable needs and requirements of different countries’ laws), we may use this information to inform our members of services that they have indicated may be of interest to them. We may also share this information with our customers for members who have elected to receive additional promotional materials and have expressly or implicitly granted us permission to share their information with third parties. We also collect information on our members based on their activity on our sites. The U.S. federal government and certain states have adopted or proposed limitations on the collection, distribution and use of personal information of internet users.

Although, to date, our efforts to comply with applicable federal and state laws and regulations have not hurt our business, additional, more burdensome laws or regulations, including more restrictive consumer privacy and data security laws, such as the California Consumer Privacy Act, could be enacted or applied to us or our customers. Such laws or regulations could impair our ability to collect member information that helps us to provide more targeted content to our members and detailed lead data to our customers, thereby impairing our ability to maintain and grow our audience and maximize revenue from our customers. Additionally, 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 website content, comply with certain standards for notice, choice, security and access. Courts may also adopt these developing standards. In many cases, the specific limitations imposed by these standards are subject to interpretation by courts and other governmental authorities. A few states have also introduced legislation that, if enacted, would restrict or prohibit behavioral marketing and 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 marketing and advertising nationwide because of the difficulties behind implementing state-specific policies or identifying the location of a particular member. In the event of additional legislation in this area, our ability to effectively target our members may be limited. We believe that we are in compliance with applicable consumer protection laws, but a determination by a state or federal agency or court that any of our practices do not meet these laws and regulations could create liability to us, result in adverse publicity and affect negatively our businesses. New interpretations of these standards could also require us to incur additional costs and restrict our business operations.

In addition, the EU and its member states and Canada have regulations dealing with the collection and use of personal information obtained from their citizens. Regulations in these jurisdictions have focused on the collection, processing, transfer, use, disclosure and security of information that may be used to identify or that actually identifies an individual, such as a name, e-mail address or online identifier (IP address). The General Data Protection Regulation (“GDPR”) was approved by the EU Parliament on April 14, 2016 and became effective on May 25, 2018. GDPR replaces the 1995 Data Protection Directive and was designed to, among other things, harmonize disparate data privacy laws found across Europe. GDPR implemented more rigorous principles relating to the data privacy and data protection, including, among other things, enhanced disclosure requirements regarding how personal information is obtained, used, and shared, limitations on the purpose and storage of personal information, mandatory data breach

notification requirements and enhanced standards for data controllers to demonstrate that they have obtained valid consent for certain data processing activities. Its application and scope are extensive and penalties for non-compliance are significant, including fines of up to 20 million Euros or 4% of total worldwide revenue. In the event the Company is deemed not in compliance with GDPR, or fails to maintain compliance, then the Company would be exposed to material damages, costs and/or fines if an EU regulator or EU resident commenced an action. Failure to comply or maintain compliance could cause considerable harm to us and our reputation (including requiring notification to customers, regulators, and/or members), cause a loss of confidence in our services, and deter current and potential customers from using our services.

On September 20, 2018, the presidency of the council of the EU released a revised draft of the pending Proposal for Regulation on Privacy and Electronic Communications (“ePrivacy Regulation”) which will replace the ePrivacy Directive and is intended to align with the overall EU data privacy and protection framework, including GDPR. The ePrivacy Regulation could disrupt the Company’s ability to use or transfer data or to market and sell its products and services, which could have a material adverse effect on our business, financial condition, and operating results.

Further, our customers may implement compliance measures that do not align with our services, which could limit the scope and delivery of services we are able to provide. Our customers may also require us to take on additional privacy and security obligations, causing us to incur potential disruption and expense related to our business processes. If our policies and practices, or those of our customers, are, or are perceived to be, insufficient or if our members and customers have concerns regarding our data privacy and data protection practices, particularly with respect to GDPR or the pending ePrivacy Regulation, then we could be subject to enforcement actions or investigations by regulators or lawsuits by private parties, member engagement could decline and our business could be negatively impacted.

For certain data transfers and processing activities between the EU and the U.S., many companies previously relied on the Department of Commerce Safe Harbor Principles (“Safe Harbor”) and self-certification process in order to lawfully transfer and process the personal data of people in the EU in a manner that the EU deemed adequate to protect the security of such information. On October 6, 2015, the European Court of Justice declared that Safe Harbor was no longer valid. U.S. and EU lawmakers in February 2016 announced a replacement for Safe Harbor, called the EU-U.S. Privacy Shield Framework Principles (“the EU Privacy Shield”). On July 12, 2016, the European Commission deemed the EU Privacy Shield adequate to enable data transfers of personal data from the EU to the U.S. Similarly, a new Swiss-U.S. Privacy Shield (the “Swiss Privacy Shield”) was announced in January 2017, replacing the former Swiss-U.S. Safe Harbor, enabling data transfers of personal data from Switzerland to the U.S. The Company self-certified to the EU Privacy Shield and Swiss Privacy Shield on February 10, 2017 and April 2, 2018, respectively. In order to continue receiving personal data from the United Kingdom in reliance on the EU Privacy Shield following Brexit, the Company may be required to further update its EU Privacy Shield commitments.

U.S. and European lawmakers and regulators have recently expressed concern over the use of third-party cookies or web beacons for the purpose of online behavioral marketing and advertising, and efforts to address these uses may result in broader requirements that would apply to our research activities, including our efforts to understand our members’ internet usage. Such actions may have a chilling effect on businesses like ours that collect or use online usage information generally, or may substantially increase the cost of maintaining a business that collects or uses online usage information, increase regulatory scrutiny and increase the potential of class action lawsuits. In response to marketplace concerns about the usage of third-party cookies and web beacons to track user behaviors, the major browser applications have enabled features that allow the user to limit the collection of certain data. These developments could impair our ability to collect member information that helps us provide more targeted marketing content to our members. In addition, several browser applications, including Microsoft Internet Explorer, Mozilla Firefox, Google Chrome and Apple Safari, contain tracking protection features and options that allow users to opt out of ad-tracking cookies and in certain cases block behavioral tracking from specified websites. In the event members implement these tracking protection features and options, they have the potential to affect our business negatively.

We believe that we are in material compliance with all laws and regulations that are applicable to us. As referenced above, these regulations and laws may be modified and new laws may be enacted in the future that may apply to us and affect our business. Further, data protection authorities may interpret existing laws in new ways. We may deploy new products and services from time to time, which may also require us to change our compliance practices. Any such developments (or developments stemming from enactment or modification of other laws) or the failure to anticipate accurately the application or interpretation of these laws could create liability for us, result in adverse publicity, increase our future compliance costs, make our products and services less attractive to our members and customers, or cause us to change or limit our business practices, and materially affect our business and operating results. Further, any failure on our part to comply with any relevant laws or regulations may subject us to significant civil or criminal liabilities.

Increased exposure from loss of personal, confidential, and/or proprietary information due to our cybersecurity systems or the systems of our customers, vendors, or partners being breached could cause us to incur significant legal and financial exposure and liability, and materially adversely effect our business, operating results and reputation.

We currently retain personal confidential, and/or proprietary information relating to our members, employees, and customers in secure database servers. Although we observe security measures throughout our operations, we experience cyber-attacks targeting our database servers and information systems. Cyber-attacks may involve viruses, malware, distributed denial-of-service attacks, phishing or other forms of social engineering, and other methods seeking to gain unlawful access. We may not be able to prevent unauthorized access to these secure database servers, and information systems as a result of these third-party actions, including intentional misconduct by criminal organizations and hackers or as a result of employee error, malfeasance or otherwise. A security breach could result in intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, the misappropriation of personal, confidential and/or proprietary information, disruptions in our service, and in the unauthorized access to our customers' data or our data, including intellectual property, business opportunity, and other confidential business information. Additionally, third parties may attempt to fraudulently induce our employees, vendors, or customers into disclosing access credentials such as user names, passwords or keys in order to gain access to our database servers and information systems.

Our online networks could also be affected by cyber-attacks, and we could inadvertently transmit viruses across our networks to our members or other third parties. Providing unimpeded access to our online networks is critical to servicing our customers and providing superior customer service. Our inability to provide continuous access to our online networks could cause some of our customers to discontinue purchasing marketing and advertising programs and services and/or prevent or deter our members from accessing our networks.

We may be required to expend significant capital and other resources to protect cyber-attacks. Our online networks could also be affected by computer viruses or other similar disruptive problems, and we could inadvertently transmit viruses across our networks to our members or other third parties. Providing unimpeded access to our online networks is critical to servicing our customers and providing superior customer service. We cannot assure that contractual provisions attempting to limit our liability in these areas will be successful or enforceable, or that other parties will accept such contractual provisions as part of our agreements.

In addition, many states and foreign jurisdictions in which we operate have enacted regulations requiring us to notify customers and, in some cases, governmental authorities, in the event that certain customer information is accessed, or believed to have been accessed, without authorization. Certain regulations also require proscriptive policies to protect against such unauthorized access. Additionally, increasing regulatory demands are requiring us to provide heightened protection of personal information to prevent identity theft and the disclosure of sensitive information. Should we experience a loss of protected data, efforts to regain compliance and address penalties imposed by such regulatory regimes could increase our costs significantly.

Our business, which is dependent on centrally located communications and computer hardware systems, is vulnerable to natural disasters, telecommunication and systems failures, terrorism and other problems, as well as disruption due to maintenance or high volume, all of which could reduce traffic on our networks or websites and result in decreased capacity for marketing and advertising space.

Our operations are dependent on our communications systems and computer hardware, all of which are located in data centers operated by third parties. These systems could be damaged by natural disasters, power loss, telecommunication failures, viruses, hacking and similar events outside of our control. Our insurance policies have limited coverage levels for loss or damages in these events and may not adequately compensate us for any losses that may occur. In addition, terrorist acts or acts of war may cause harm to our employees or damage our facilities, our customers, our customers' customers and vendors which could adversely impact our revenues, costs and expenses and financial position. We are predominantly uninsured for losses and interruptions to our systems or cancellations of events caused by terrorist acts and acts of war.

Our ability to attract and maintain relationships with our members, customers and strategic partners depends on the satisfactory performance, reliability and availability of our internet infrastructure. Our internet marketing and advertising revenues relate directly to the number of advertisements and other marketing opportunities delivered to our members. System interruptions or delays that result in the unavailability of internet sites or slower response times for members would reduce the number of advertising impressions and leads delivered. This could reduce our revenues as the attractiveness of our sites to members and advertisers decreases. Our insurance policies provide only limited coverage for service interruptions and may not adequately compensate us for any losses that may occur due to any failures or interruptions in our systems. Further, we do not have multiple site capacity for all of our services in the event of any such occurrence.

In addition, our networks and websites must accommodate a high volume of traffic and deliver frequently updated information. They have experienced, and may experience in the future, slower response times due to higher than

expected traffic, or decreased traffic, for a variety of reasons. There have been instances where our online networks as a whole, or our websites individually, have been inaccessible. Also, slower response times, which have occurred more frequently, can result from general internet problems, routing and equipment problems involving third-party internet access providers, problems with third-party advertising servers, increased traffic to our servers, viruses and other security breaches that are out of our control. In addition, our members depend on internet service providers and online service providers for access to our online networks or websites. Those providers have experienced outages and delays in the past, and may experience outages or delays in the future. Moreover, our internet infrastructure might not be able to support continued growth of our online networks or websites. Any of these problems could result in less traffic to our networks or websites or harm the perception of our networks or websites as reliable sources of information. Less traffic on our networks and websites or periodic interruptions in service could have the effect of reducing demand for marketing and advertising on our networks or websites, thereby reducing our revenues.

Our business depends on continued and unimpeded access to the internet by us and our members. If government regulations relating to the internet change, internet access providers may be able to block, degrade, or charge for access to certain of our products and services, which could lead to additional expenses and the loss of customers.

Our products and services depend on the ability of our members to access the internet. Currently, this access is provided by companies that have significant market power in the broadband and internet access marketplace, including incumbent telephone companies, cable companies, mobile communications companies, and government-owned service providers. Some of these providers have taken, or have stated that they may take measures, including legal actions, that could degrade, disrupt, or increase the cost of member access to our advertisements or our third-party publishers' advertisements by restricting or prohibiting the use of infrastructure to support or facilitate our offerings, or by charging increased fees to us or our members to provide our offerings. On December 14, 2017, the Federal Communications Commission voted to repeal the net neutrality rules which were intended, in part, to prevent network operators from discriminating against legal traffic that traverses their networks. It is unclear whether or if such a repeal will be subject to challenge or preemption if the U.S. Congress passes new laws regarding net neutrality. In addition, as we expand internationally, government regulations concerning the internet, in particular net neutrality, may be nascent or non-existent. This regulatory environment, coupled with the potentially significant political and economic power of local network operators, could cause us to experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense, or otherwise negatively affect our business. Such interference could result in a loss of existing customers, and increased costs, and could impair our ability to attract new customers, thereby harming our revenues and growth.

#### Risks Related to Our Financial Statements and General Corporate Matters

If we do not maintain proper and effective disclosure controls and procedures and internal control over financial reporting, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, our ability to operate our business and investors' views of us.

Ensuring that we have adequate disclosure controls and procedures, including internal financial and accounting controls and procedures, in place to help ensure that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. On an ongoing basis, both we and our independent auditors document and test our internal controls and procedures in connection with the requirements of Section 404 of the Sarbanes-Oxley Act and, as part of that documentation and testing, identify areas for further attention and improvement. Implementing any appropriate changes to our internal controls may entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete; and distract our officers, directors and employees from the operation of our business. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and could materially impair our ability to operate our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements may seriously affect our stock price.

Our ability to raise capital in the future may be limited.

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds to expand our sales and marketing and service development efforts or to make acquisitions. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to fund the expansion of our sales and marketing and research and development efforts or take advantage of acquisition or other opportunities, which could seriously harm our business and operating

results. If we incur debt, the debt holders would have rights senior to common stockholders to make claims on our assets and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Any debt financing is likely to have financial and other covenants that could have an adverse impact on our business if we do not achieve our projected results. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

Restrictive covenants in certain of the agreements and instruments governing our indebtedness, including our term loan, may adversely affect our financial and operational flexibility.

In addition to financial covenants, other covenants in our loan and credit agreement and the other agreements governing term loan facility impose significant operating and financial restrictions on us and certain of our subsidiaries. Such covenants include, among other things, limitations on: (i) dispositions; (ii) mergers, consolidations and acquisitions; (iii) indebtedness; (iv) encumbrances; (v) dividends and other distributions, and stock repurchases; (vi) loans and other investments; (vii) transactions



with affiliates; (viii) subordinated debt; and (ix) capital expenditures. Future debt agreements we enter into may include similar provisions.

These Covenants may also make it more difficult or discourage a takeover of us, whether favored or opposed by our management and/or our Board of Directors.

Our ability to comply with these covenants may be affected by events beyond our control, and any material deviations from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing, or to reduce expenditures. We cannot guarantee that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to us.

A breach of any of the covenants or restrictions contained in these agreements could result in an event of default. Such a default could allow our debt holders to accelerate repayment of the related debt, and/or to declare all borrowings outstanding under these agreements to be due and payable. If our debt is accelerated, our assets may not be sufficient to repay such debt.

The impairment of a significant amount of goodwill and intangible assets on our balance sheet could result in a decrease in earnings and, as a result, our stock price could decline.

We have acquired assets and businesses over time, some of which have resulted in the recording of a significant amount of goodwill and/or intangible assets on our consolidated financial statements. We had \$93.7 million of goodwill and \$0.8 million of net intangible assets as of December 31, 2018. The goodwill was recorded because the fair value of the net tangible assets and/or intangible assets acquired was less than the purchase price. We may not realize the full value of the goodwill and/or intangible assets. As such, we evaluate goodwill and other intangible assets with indefinite useful lives for impairment on an annual basis or more frequently if events or circumstances suggest that the asset may be impaired. We did not have any intangible assets with indefinite lives as of December 31, 2018. We evaluate other intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. If goodwill or other intangible assets are determined to be impaired, we will write off the unrecoverable portion as a charge to our earnings. If we acquire new assets and businesses in the future, as we intend to do, we may record additional goodwill and/or intangible assets. The possible write-off of the goodwill and/or intangible assets could negatively impact our future earnings and, as a result, the market price of our common stock could decline.

The trading price of our common stock may be volatile and decline substantially.

The trading price of our common stock may be volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this Annual Report on Form 10-K, these factors include:

- our operating performance and the operating performance of similar companies;
- the overall performance of the equity markets;
- announcements by us or our competitors of acquisitions, business plans, commercial relationships or new product or service offerings;
- threatened or actual litigation;
- changes in laws or regulations relating to the provision of internet content;
- any change in our Board of Directors or management;
-

publication of research reports about us, our competitors or our industry, or positive or negative recommendations or withdrawal of research coverage by securities analysts;  
our sale of common stock or other securities in the future;  
large volumes of sales of our shares of common stock by existing stockholders; and  
general political and economic conditions.

In addition, the stock market in general, and historically the market for internet-related companies in particular, have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Securities class action litigation has often been instituted against companies following periods of volatility in the overall

market and in the market price of a company's securities. Such litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

Our full year and quarterly operating results are subject to fluctuations, and these fluctuations may adversely affect the trading price of our common stock.

We have experienced fluctuations in our full year and quarterly revenues and operating results. Our revenues and operating results may fluctuate from quarter to quarter due to a number of factors described in this Risk Factors section, many of which are outside of our control. Specifically, our results could be impacted quarter by quarter by changes in the spending priorities and marketing budget cycles of customers; the addition or loss of customers; the addition of new sites and services by us or our competitors; and seasonal fluctuations in marketing spending, based on product launch schedules, annual budget approval processes for our customers and the historical decrease in marketing spending in the summer months. Due to the foregoing as well as other risks described in this Risk Factors section, our results of operations in one or more quarters may fall below the expectations of investors and/or securities analysts. In such an event, the trading price of our common stock is likely to decline.

Provisions of our certificate of incorporation, bylaws and Delaware law could deter takeover attempts.

Various provisions in our certificate of incorporation and bylaws could delay, prevent or make more difficult a merger, tender offer, proxy contest or change of control. Our stockholders might view any transaction of this type as being in their best interest since the transaction could result in a higher stock price than the then-current market price for our common stock. Among other things, our certificate of incorporation and bylaws:

- authorize our Board of Directors to issue preferred stock with the terms of each series to be fixed by our Board of Directors, which could be used to institute a "poison pill" that would work to dilute the share ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board;
- divide our Board of Directors into three classes so that only approximately one-third of the total number of directors is elected each year;
- permit directors to be removed only for cause;
- prohibit action by written consent of our stockholders; and
- specify advance notice requirements for stockholder proposals and director nominations. In addition, with some exceptions, the Delaware General Corporation Law restricts or delays mergers and other business combinations between us and any stockholder that acquires 15% or more of our voting stock.

Future sales of shares of our common stock by existing stockholders could depress the market price of our common stock.

If our existing stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline significantly. A large portion of our outstanding shares of common stock is held by our officers, directors and significant stockholders. Our directors, executive officers and significant stockholders beneficially own approximately 11.7 million shares of our common stock, which represents 42% of our outstanding shares as of December 31, 2018. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our common stock could decline substantially.

A limited number of stockholders have the ability to influence the outcome of director elections and other matters requiring stockholder approval.

Our directors, executive officers and significant stockholders beneficially own approximately 42% of our outstanding common stock as of December 31, 2018. These stockholders, if they act together, could exert substantial influence over matters requiring approval by our stockholders, including the election of directors, the amendment of our certificate of incorporation and bylaws and the approval of mergers or other business combination transactions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company and might reduce our stock price. These actions may be taken even if they are opposed by other stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2018, we are leasing approximately 74,000 of office space for our global headquarters in Newton, Massachusetts, through December 31, 2029. The Company has an option to extend the term for an additional five-year period subject to certain terms and conditions. Additionally, we have smaller leased offices throughout Europe, North America, Asia and Australia.

Item 3. Legal Proceedings

We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened litigation against us that could have a material adverse effect on our business, operating results or financial condition.

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## PART II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the Nasdaq Global Market under the trading symbol "TTGT".

#### Holdings

As of February 28, 2019 there were 84 stockholders of record of our common stock based on the records of our transfer agent.

#### Dividends

We did not declare or pay any cash dividends on our common stock during the three most recent fiscal years. We currently intend to retain earnings, if any, to fund the development and growth of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future. Our payment of any future dividends, if any, will be at the sole discretion of our Board of Directors after taking into account various factors, including our financial condition, operating results, cash needs and growth plans.

#### Equity Compensation Plan Information

Information relating to compensation plans under which our equity securities are authorized for issuance is set forth under "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in Item 12 below.

#### Stock Performance Graph

The following graph compares the cumulative total return to stockholders of our common stock for the period from December 31, 2013 to December 31, 2018, to the cumulative total return of the Russell 2000 Index and the S&P 500 Media Industry Index for the same period. This graph assumes the investment of \$100.00 on December 31, 2013 in our common stock, the Russell 2000 Index and the S&P 500 Media Industry Index and assumes any dividends are reinvested.

## COMPARATIVE STOCK PERFORMANCE

Among TechTarget, Inc.,

the Russell 2000 Index and

S&P 500 Media Industry Index

	12/13	12/14	12/15	12/16	12/17	12/18
TechTarget Inc.	\$100.00	\$165.74	\$117.06	\$124.34	\$202.92	\$177.99
Russell 2000	\$100.00	\$104.89	\$100.26	\$121.63	\$139.44	\$124.09
S&P 500 Media Industry	\$100.00	\$109.54	\$110.41	\$122.64	\$139.65	\$142.51

The information included under the heading “Stock Performance Graph” in Item 5 of this Annual Report on Form 10-K is “furnished” and not “filed” and shall not be deemed to be “soliciting material” or subject to Regulation 14A, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

## Purchases of Equity Securities by the Issuer

The following table provides information about purchases by our company during the three months ended December 31, 2018 of equity securities that are registered by us pursuant to Section 12 of the Exchange Act.

## Purchases of Equity Securities by the Issuer

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of      Approximate Dollar Shares Purchased as      Value of Shares that Part of Publicly      May Yet Be Announced Plans or      Purchased Under the	
			Programs(1)	Plans or Programs
October 1, 2018 – October 31, 2018	—	\$ —	—	\$ —
November 1, 2018 – November 30, 2018	30,316	\$ 15.13	30,316	\$ 24,541,284
December 1, 2018 – December 31, 2018	213,109	\$ 12.49	213,109	\$ 21,880,140
Total	243,425	\$ 12.82	243,425	\$ 21,880,140

(1) In November 2018, we announced that the Board of Directors had approved a stock repurchase program, which authorized management to purchase up to \$25.0 million of shares of its common stock from time to time on the open market or in privately negotiated transactions. The stock repurchase program expires in December 2020.



## Item 6. Selected Financial Data

The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes thereto included in Item 8 of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below, (in thousands except per share data).

	Years Ended December 31,				
	2018	2017	2016	2015	2014
<b>Consolidated Results of Operations Data:</b>					
<b>Revenues:</b>					
Online	\$ 121,333	\$ 108,388	\$ 101,827	\$ 105,574	\$ 97,607
Events	—	168	4,798	6,252	8,596
Total revenues	121,333	108,556	106,625	111,826	106,203
<b>Cost of revenues:</b>					
Online <sup>(1)</sup>	28,959	28,295	27,545	26,962	24,629
Events <sup>(1)</sup>	—	41	2,672	2,941	3,418
Total cost of revenues	28,959	28,336	30,217	29,903	28,047
Gross profit	92,374	80,220	76,408	81,923	78,156
<b>Operating expenses:</b>					
Selling and marketing <sup>(1)</sup>	47,779	44,747	44,316	43,722	42,836
Product development <sup>(1)</sup>	8,869	8,215	8,038	7,680	7,161
General and administrative <sup>(1)</sup>	14,557	12,212	12,370	12,987	14,878
Depreciation and amortization	4,548	4,636	4,893	5,364	5,822
Total operating expenses	75,753	69,810	69,617	69,753	70,697
Operating income	16,621	10,410	6,791	12,170	7,459
Interest and other expense, net	(1,778 )	(693 )	(1,774 )	(249 )	(333 )
<b>Income before provision for income taxes</b>					
Income before provision for income taxes	14,843	9,717	5,017	11,921	7,126
Provision for income taxes	1,888	2,914	2,598	4,735	3,045
Net income	\$ 12,955	\$ 6,803	\$ 2,419	\$ 7,186	\$ 4,081
<b>Net income per common share<sup>(2)</sup>:</b>					
Basic	\$0.47	\$0.25	\$0.08	\$0.22	\$0.12
Diluted	\$0.45	\$0.24	\$0.08	\$0.21	\$0.12
<b>Weighted average common shares outstanding:</b>					
Basic	27,738	27,550	29,954	32,963	33,010
Diluted	28,653	28,271	30,774	34,476	34,641
<b>Other Data:</b>					
Adjusted EBITDA (unaudited) <sup>(3)</sup>	\$ 30,282	\$ 21,958	\$ 18,536	\$ 24,499	\$ 21,459
As of December 31,					
	2018	2017	2016	2015	2014
(in thousands)					
<b>Consolidated Balance Sheet Data:</b>					
Cash, cash equivalents and investments	\$ 35,173	\$ 34,112	\$ 37,274	\$ 34,691	\$ 38,183

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Total assets	\$ 176,463	\$ 173,169	\$ 170,077	\$ 177,859	\$ 177,484
Long-term liabilities	\$ 29,325	\$ 28,436	\$ 34,566	\$ 2,827	\$ 5,115
Total liabilities	\$ 43,878	\$ 52,422	\$ 52,514	\$ 17,858	\$ 21,638
Treasury stock	\$(177,905)	\$(170,816)	\$(162,731)	\$(113,949)	\$(98,851)
Total stockholders' equity	\$ 132,585	\$ 120,747	\$ 117,563	\$ 160,001	\$ 155,846

(1) Amounts include stock-based compensation expense as follows:

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	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Cost of online revenues	\$ 159	\$ 43	\$ 112	\$ 84	\$ 116
Cost of events revenues	—	—	—	—	8
Selling and marketing	4,899	4,120	4,119	3,530	3,287
Product development	200	112	159	111	129
General and administrative	3,855	2,637	2,462	2,899	3,792
Total	\$9,113	\$6,912	\$6,852	\$6,624	\$7,332

(2) Basic and diluted net income per common share is computed by dividing the net income applicable to common stockholders by the basic and diluted weighted-average number of common shares outstanding for the fiscal period. See Note 2 to our Consolidated Financial Statements.

(3) The following table reconciles net income to Adjusted EBITDA for the periods presented and is unaudited:

	Years Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands)				
Net income	\$12,955	\$6,803	\$2,419	\$7,186	\$4,081
Interest expense (income), net	1,300	1,272	918	(53 )	31
Provision for income taxes	1,888	2,914	2,598	4,735	3,045
Depreciation and amortization	4,548	4,636	4,893	5,364	5,822
Amortization of purchase price adjustment for earnouts	—	—	—	341	308
EBITDA	20,691	15,625	10,828	17,573	13,287
Stock-based compensation	9,113	6,912	6,852	6,624	7,332
Other (income) expense, net	478	(579 )	856	302	302
Secondary offering costs	—	—	—	—	538
Adjusted EBITDA	\$30,282	\$21,958	\$18,536	\$24,499	\$21,459

Earnings before interest, tax, depreciation, and amortization (“EBITDA”) is a non-GAAP financial measure used by management when reviewing our performance. EBITDA represents earnings before interest expense (income) net, provision for income taxes, and depreciation and amortization. Adjusted EBITDA represents EBITDA as further adjusted to exclude stock-based compensation, other (income) expense net, secondary offering costs and other one-time charges, if any. We present Adjusted EBITDA as a supplemental performance measure because we believe it facilitates operating performance comparisons from period to period by backing out potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and book depreciation of fixed assets (affecting relative depreciation expense), acquisition-related charges (such as amortization of intangible assets and earnouts) and the impact of non-cash stock-based compensation expense costs. Because Adjusted EBITDA facilitates internal comparisons of operating performance on a more consistent basis, we also use Adjusted EBITDA in connection with our compensation of our executive officers and senior management. Adjusted EBITDA is not a measurement of our financial performance under Generally Accepted Accounting Principles (“GAAP”) and should not be considered as an

alternative to net income (loss), operating income (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our profitability or liquidity. We understand that although Adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

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## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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, including those discussed below and elsewhere in this Annual Report on Form 10-K, particularly under the heading “Risk Factors.” Please refer to our “Forward-Looking Statements” section on page 52.

### Overview

#### Background

We are a Delaware corporation incorporated on September 14, 1999. Through continued innovation around our specialized online content for buyers of enterprise information technology (“IT”), we have become a global leader in purchase intent-driven marketing and sales services that deliver business impact for enterprise technology vendors. Our offerings enable technology vendors to better identify, reach and influence corporate IT decision makers actively researching specific IT purchases. We improve vendors’ ability to impact these audiences for business growth using advanced targeting, analytics and data services complemented with customized marketing programs that integrate demand generation and brand marketing and advertising techniques.

IT and business professionals have become increasingly specialized, and because each of the websites within our network of over 140 websites focuses on a specific IT sector such as storage, security, networking, or business applications, IT and business professionals rely on us for key decision support information tailored to their specific areas of responsibility.

We enable IT and business 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 and business professionals use to assist them in their pre-purchase research: independent content provided by our professionals, vendor-generated content provided by our customers and member-generated, or peer-to-peer, content. In addition to utilizing our independent editorial content, registered members appreciate the ability to deepen their pre-purchase research by accessing the extensive vendor supplied content available across our website network. Likewise, these members derive significant additional value from the ability our network provides to seamlessly interact with and contribute to information exchanges in a given field.

We had approximately 20.0 million and 19.1 million registered members – our “audiences” – as of December 31, 2018 and 2017, respectively. While the size of our registered member base does not provide direct insight into our customer numbers or our revenues, the value of our services sold to our customers is a direct result of the breadth and reach of this content footprint. This footprint creates the opportunity for our clients to gain business leverage by targeting our audiences through customized marketing programs. Likewise, the behavior exhibited by these audiences enables us to provide our customers with data products to improve their marketing and sales efforts. The targeted nature of our member base enables IT vendors to reach a specialized audience efficiently because our content is highly segmented and aligned with the IT vendors’ specific products. With it, we have developed a broad customer base and, in 2018, delivered marketing and sales services programs to approximately 1,300 customers.

### Executive Summary

Our total revenues for the year ended December 31, 2018 increased approximately \$12.8 million, to \$121.3 million, or 12% compared with the same period in 2017, driven by higher IT Deal Alert™ revenues. IT Deal Alert revenues were up 19% in 2018, compared to 2017. Revenues from our Priority Engine™ and Deal Data™ products increased 45% in 2018, compared to 2017.

We continue to have success selling longer-term deals and, in the fourth quarter of 2018, 33% of our online revenues were derived from longer-term contracts, compared to 24% in the fourth quarter of 2017. The amount of revenue that we derived from longer-term contracts in the fourth quarter of 2018 increased by approximately \$3.0 million, an increase of 40% compared to the amount that we recognized in the fourth quarter of 2017.

Online international geo-targeted revenues, where our target audience is outside North America (“International”), increased 10% for 2018, compared with the prior year, driven by International IT Deal Alert growth.

Gross profit percentage was 76% and 74% for 2018 and 2017, respectively. Online gross profit increased by \$12.3 million, primarily attributable to the increase in revenues as compared to the prior year. We announced in February 2017, that we phased out our events product line.

## Business Trends

The following discussion highlights key trends affecting our business.

**Macro-economic Conditions and Industry Trends.** Because most of our customers are IT vendors, the success of our business is intrinsically linked to the health, and subject to the market conditions, of the IT industry. Despite the current uncertainty in the economy, we feel that the right things are in place for positive IT spending over the next few years. There are several IT catalysts such as AI, security, data analytics, and cloud migrations, to name a few. This is coupled with the financial catalyst of the ability to expense 100% of capital improvements in the first year that was included in the 2017 tax reform bill. Importantly, the accelerated depreciation expires after 2022, giving companies a short window to invest in technology with favorable tax treatment. Our growth continues to be driven in large part by the return on the investments we made in our data analytics suite of products, IT Deal Alert, which continues to drive market share gains for us. While we will continue to invest in this growth area, management will also continue to carefully control discretionary spending such as travel and entertainment, and the filling of new and replacement positions, in an effort to maintain profit margins and cash flows.

**Brexit.** The announcement of the results of the United Kingdom's referendum in which voters approved an exit of the United Kingdom from the EU, commonly referred to as "Brexit", has resulted in significant general economic uncertainty as well as volatility in global stock markets and currency exchange rate fluctuations. In March 2017, the United Kingdom's government initiated the exit process under Article 50 of the Lisbon Treaty, commencing a period of up to two years for the United Kingdom and other EU member states to negotiate the terms of the withdrawal. While both parties have reported constructive progress with respect to the negotiations to date, continued uncertainty remains regarding the terms of the United Kingdom's new partnership with the European Union and its member states. The overall impact of Brexit may create further global economic uncertainty, which may cause a subset of our customers to more closely monitor their costs in the affected region. Our revenue generated from customers who have billing addresses within the United Kingdom was approximately 10% of our total revenues for each of the years ended December 31, 2018 and 2017.

**Customer Demographics.** In the year ended December 31, 2018, online revenues from our ten major global customers, which have significant international exposure, increased by approximately 2% compared to the prior year. Online revenues from our mid-sized customers (our largest 100 customers, excluding the ten major global customers described above, which generally have less exposure internationally) increased by approximately 15% compared to the prior year. Online revenues attributable to our smaller customers, which tend to be venture capital-backed start-ups that primarily operate in North America, increased by approximately 24% over the prior year.

Our key strategic initiatives include:

- **Geographic** – During 2018, approximately 32% of our online revenues were derived from International campaigns. We rolled out Priority Engine in Latin America in the first quarter of 2018.

**Product** – IT Deal Alert revenues were approximately \$59.0 million in the year ended December 31, 2018, up from approximately \$49.5 million in 2017. This includes International IT Deal Alert revenues of \$15.7 million, which is also included in International revenues as discussed above. In the fourth quarter of 2018, we had more than 690 active customers utilizing our IT Deal Alert products and services, up from more than 600 customers in the fourth quarter of 2017.

Our core online revenues were up 6% in 2018 compared to 2017, which was primarily driven by our medium and small customers. We have looked extensively at the dynamics between our IT Deal Alert and core online offerings and have evaluated whether our growth in IT Deal Alert customers is taking away from our core online revenues from those same accounts. The data, however indicates that this is not the case, and while it is certainly the case that our sales team is leading with IT Deal Alert, our sales team continues to emphasize the benefits of integration across both

IT Deal Alert and core online offerings.

As we disclosed on our earnings call on February 6, 2019 we will be reporting revenue as a single number beginning in 2019. We will disclose total revenue, revenue by geography (North America and International) and the percentage of long-term revenue generated in quarter. As our products leverage the purchase intent data in their delivery, the lines between them continue to blur resulting in less meaningful distinction between the two product lines.

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## Sources of Revenues

Revenue for the twelve month periods ended December 31, 2018, 2017 and 2016 by product and geo-target were as follows (in thousands):

	Twelve Months Ended December 31,						
	2018	2017	2018 vs. 2017 %		2016	2017 vs. 2016 %	
	2018	2017	change	%	2016	change	%
Total Online	\$121,333	\$108,388	12	%	\$101,827	6	%
Total Online by Geographic Area:							
North America:							
North America IT Deal Alert	\$43,342	\$36,622	18	%	\$25,743	42	%
North America Core Online	39,318	36,586	7	%	43,296	(15)	%
Total North America Online	82,660	73,208	13	%	69,039	6	%
International:							
International IT Deal Alert	15,707	12,907	22	%	5,661	128	%
International Core Online	22,966	22,273	3	%	27,127	(18)	%
Total International Online	38,673	35,180	10	%	32,788	7	%
Total Online by Product:							
IT Deal Alert:							
North America IT Deal Alert	43,342	36,622	18	%	25,743	42	%
International IT Deal Alert	15,707	12,907	22	%	5,661	128	%
Total IT Deal Alert	59,049	49,529	19	%	31,404	58	%
Core Online:							
North America Core Online	39,318	36,586	7	%	43,296	(15)	%
International Core Online	22,966	22,273	3	%	27,127	(18)	%
Total Core Online	62,284	58,859	6	%	70,423	(16)	%
Total Events	—	168	(100)	%	4,798	(96)	%
Total Revenues	\$121,333	\$108,556	12	%	\$106,625	2	%

We sell customized marketing programs to IT vendors targeting a specific audience within a particular IT or business sector or sub-sector. We maintain multiple points of contact with our customers to provide support throughout their organizations and their customers' IT sales cycles. As a result, our customers often run multiple advertising programs with us in order to target their desired audience of IT and business professionals more effectively. There are multiple factors that can impact our customers' marketing and advertising objectives and spending with us, including but not limited to, IT product launches, increases or decreases to their advertising budgets, the timing of key industry marketing events, responses to competitor activities and efforts to address specific marketing objectives such as creating brand awareness or generating sales leads. Our products and services are generally delivered under short-term contracts that run for the length of a given program, typically less than six months. In 2016, we began to enter into longer-term contracts with certain customers and, in the fourth quarter of 2018 and 2017 approximately 33% and 24% respectively of our online revenues were from longer-term contracts of approximately 12 months.

Online revenues represented 100%, 100%, and 96% of total revenues for the years ended December 31, 2018, 2017, and 2016, respectively. As previously disclosed, we phased out our events product line.

#### Product and Service Offerings

We use our online 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, which may be provided separately or combined as part of an integrated marketing campaign

IT Deal Alert: Priority Engine™. Priority Engine is a subscription service powered by our Activity Intelligence platform, which integrates with customer relationship management and marketing automation platforms from salesforce.com, Marketo, Eloqua, Pardot, and Integrate. The service delivers information that enables marketers and sales personnel to identify and understand accounts and individuals actively researching new technology purchases and then to engage those active prospects within the organizations that are relevant to the purchase. We sell this service in approximately 200 technology-specific

segments which our customers use for demand generation, account-based marketing and other marketing and sales activities. Priority Engine is also available with specific geographic focus, bringing the total available segments to over 300.

**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 approximately 110 technology-specific segments.

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

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

**Demand Solutions.** Our suite of demand solutions offerings allows IT vendors to maximize return on investment by capturing sales leads from the distribution and promotion of content to our audience of IT and business professionals. We leverage our Activity Intelligence framework to enable significant segmentation and targeting of specific audiences that can be accessed through these programs.

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 members 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 members 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 sales leads that are researching the topic.

**Brand Solutions.** Our suite of brand solutions offerings provides IT vendors exposure to targeted audiences of IT and business professionals actively researching information related to their products and services. We leverage our Activity Intelligence product framework to enable significant segmentation and targeting of specific audiences that can be 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 and Related Formats.** 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 and business professionals with the content and brand messaging of the vendor.

◆**Custom Content Creation.** We will at times 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 both demand solutions and brand solutions programs.

Events. Events revenues represented 0%, 0%, and 4% of total revenues for the years ended December 31, 2018, 2017, and 2016, respectively. Historically, we have operated a select number of face-to-face events, the majority of which were free to IT and business professionals and were sponsored by IT vendors. In 2017, we ceased to offer these services to our customers and instead focus our efforts on enhancing our data driven product offerings and working with our customers to gain the fullest advantage that our data-driven products can offer.

#### Cost of Revenues, Operating Expenses and Other

Expenses consist of cost of revenues, selling and marketing, product development, general and administrative, depreciation, amortization, and interest and other expense, net. Personnel-related costs are a significant component of each of these expense categories except for depreciation, amortization and interest and other expense, net.

Cost of Revenues. Cost of online revenues consists primarily of: salaries and related personnel costs; member acquisition expenses (primarily keyword purchases from leading internet search sites); Lead generation expenses; freelance writer expenses; website hosting costs; vendor expenses associated with the delivery of webcast; podcast, videocast and similar content; and other offerings; stock-based compensation expenses; facility expenses and other related overhead.

Selling and Marketing. Selling and marketing expenses consist primarily of: salaries and related personnel costs; sales commissions; travel-related expenses; stock-based compensation expenses; facility expenses and other related overhead. Sales commissions are recorded as expense when earned by the employee, based on recorded revenue.

Product Development. Product development includes the creation and maintenance of our network of websites, advertiser offerings and technical infrastructure. Product development expense consists primarily of salaries and related personnel costs; stock-based compensation expenses; facility expenses and other related overhead.

General and Administrative. General and administrative expenses consist primarily of: salaries and related personnel costs; facility expenses and related overhead; accounting, legal and other professional fees; and stock-based compensation expenses.

Depreciation. Depreciation expense consists of the depreciation of our property and equipment and other capitalized assets. Depreciation is calculated using the straight-line method over their estimated useful lives, ranging from three to ten years.

Amortization of Intangible Assets. Amortization of intangible assets expense consists of the amortization of intangible assets recorded in connection with our acquisitions. Separable intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives, which range from eighteen months to seventeen years, using methods that are expected to reflect the estimated pattern of economic use.

Interest and Other Expense, Net. Interest expense, net consists primarily of interest costs and the related amortization of deferred issuance costs on amounts borrowed under our Senior Secured Credit Facilities Credit Agreement for a term loan (“Term Loan Agreement”) and amortization of premiums on our investments, less any interest income earned on cash, cash equivalents and short-term and long-term investments. We historically have invested our cash in money market accounts, municipal bonds, government agency bonds, U.S. Treasury securities, and corporate bonds. Other, expense consists primarily of non-operating gains or losses, primarily related to realized and unrealized foreign currency gains and losses on trade assets and liabilities.

### Application of Critical Accounting Policies and Use of Estimates

The discussion of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to revenue, long-lived assets, goodwill, allowance for doubtful accounts, stock-based compensation, contingent liabilities, self-insurance accruals and income taxes. We based our estimates of the carrying value of certain assets and liabilities on historical experience and on various other assumptions that we believe to be reasonable. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Our actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments used in the preparation of our consolidated financial statements. See the notes to our consolidated financial statements for information about these critical accounting policies as well as a description of our other accounting policies.

## Revenue Recognition

We generate substantially all of our revenues from the sale of targeted marketing and advertising campaigns, which we deliver via our network of websites and data analytics solutions. We recognize revenue when performance obligations are satisfied by transferring promised goods and services to customers in an amount the company expects to receive in exchange for those goods or services. The Company enters into contracts that can include various combinations of its offerings which are generally capable of being distinct and accounted for as a separate performance obligation.

The Company's offerings consist of:

IT Deal Alert provides a suite of products that leverages detailed purchase intent data that we collect about end-user IT organizations. Through proprietary scoring methodologies, we use this insight to help our customers identify and prioritize accounts. We provide this insight primarily through Priority Engine™, TargetROI™, Qualified Sales Opportunités™ and Deal Data™. Revenue from Priority Engine allows customers access to purchase intent data through the life of the contract and is recognized ratably over the contract period. Target ROI contains Priority Engine as well as other duration based solutions, which are discussed below, and revenue from Target ROI is recognized ratably over the contract period using the same time-based measure of progress for each of the distinct performance obligations included within TargetROI. Revenue from Qualified Sales Opportunities, Deal Data and Research is recognized at the point in time when control is transferred to the customer, which occurs when the related reports are provided to the customer.

Core Online consists primarily of demand solutions, brand solutions, and custom content. Demand solutions offerings provide the Company's customers the opportunity to maximize return on investment by capturing sales leads from the distribution and promotion of content to its audience. Demand solutions may contain the following components: White Papers, Webcasts, Podcasts, Videocasts and Virtual Trade Shows, and Content Sponsorship, which the Company may utilize at its discretion. Brand Solutions provide the Company's customers to target audiences of IT and business professionals actively researching information related to their products and services. This can be accomplished through on-network or off-network branding as well as through the hosting of Microsites. The Company will at times create white papers, case studies, webcasts, or videos to our customers' specifications through its Custom Content team ("custom content").

Revenue from brand and demand solutions is primarily recognized when the transfer of control occurs. Certain of the contracts within brand and demand solutions are duration-based campaigns which, in the event of customer cancellation, provide the Company with an enforceable right to a proportional payment for the portion of the campaign based on services provided. Accordingly, revenue from duration-based campaigns are recognized using a time-based measure of progress, which the Company believes best depicts how it satisfies its performance obligations in these arrangements as control is continuously transferred throughout the contract period.. Revenue from Microsites is recognized ratably over the life of the contract. Revenue from custom content creation is recognized over the expected period of performance using a single measure of progress, typically based on hours incurred.

We recognized revenue from events in the period in which the event occurs. The majority of our events were free to qualified attendees; however, certain events were based on a paid attendee model. We recognized revenue for paid attendee events upon completion of the event. As previously disclosed, we have phased out our events product line.

## Long-Lived Assets

Our long-lived assets consist primarily of property and equipment, capitalized software, goodwill, and other intangible assets. Goodwill and other intangible assets have arisen principally from our acquisitions. The amount assigned to intangible assets is subjective and based on our estimates of the future benefit of the intangible assets using accepted valuation techniques, such as discounted cash flow and replacement cost models. Our long-lived assets, other than goodwill, are amortized over their estimated useful lives, which we determine based on the consideration of several factors including the period of time the asset is expected to remain in service. Intangible assets are amortized over their estimated useful lives, which range from eighteen months to seventeen years, using methods of amortization that are expected to reflect the estimated pattern of economic use. Consistent with our determination that we have only one reporting segment, we have determined that there is only one reporting unit and test goodwill for impairment at the entity level. We evaluate the carrying value and remaining useful lives of long-lived assets, other than goodwill, whenever indicators of impairment are present. We evaluate the carrying value of goodwill annually using the two-step process required by Accounting Standards Codification (“ASC”) 350, Intangibles – Goodwill and Other (“ASC 350”). The first step of the impairment test is to identify potential impairment by comparing the reporting unit’s fair value with its net book value (or carrying amount), including goodwill. The fair value is estimated based on a market value approach. If the fair value of the reporting unit exceeds its carrying amount, the reporting unit’s goodwill is not considered to be impaired and the second step of the impairment test is not performed. Whenever indicators of impairment are present, we would perform the second step and compare the implied fair value of the reporting unit’s goodwill, as defined by ASC 350, to its carrying value to determine the amount of the impairment loss, if



any. As of December 31, 2018, there were no indications of impairment based on our step one analysis, and our estimated fair value exceeded our carrying value by a significant margin.

#### Fair Value of Financial Instruments

Financial instruments consist of cash and cash equivalents, short-term and long-term investments, accounts receivable, accounts payable, contingent consideration and long-term debt. Due to their short-term nature and liquidity, the carrying value of these instruments with the exception of contingent consideration and long-term debt approximates their estimated fair values. The fair value of contingent consideration was estimated using a discounted cash flow method. Amounts outstanding under our long-term debt are subject to variable rates of interest based on current market rates, and as such, we believe the carrying amount of these obligations approximates fair value.

#### Allowance for Doubtful Accounts

We offset gross trade accounts receivable with an allowance for doubtful accounts. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We review our allowance for doubtful accounts on a regular basis, and all past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for doubtful accounts are recorded in general and administrative expense. If our historical collection experience does not reflect our future ability to collect outstanding accounts receivable, our future provision for doubtful accounts could be materially affected. To date, we have not incurred any write-offs of accounts receivable significantly different than the amounts reserved.

The allowance for doubtful accounts was \$2.1 million and \$1.8 million at December 31, 2018 and 2017, respectively.

#### Stock-Based Compensation

We measure stock-based compensation at the grant date based on the fair value of the award and recognize stock-based compensation in our results of operations using the straight-line method over the vesting period of the award. We use the Black-Scholes option pricing model to determine the fair value of stock option awards. We calculated the fair values of the options granted using the following estimated weighted average assumptions:

	Years Ended December					
	31,		2017		2016	
	2018		2017		2016	
Expected volatility	39	%	43	%	46	%
Expected term	6		6			
	6 years		years		years	
Risk-free interest rate	2.82	%	1.87	%	1.90	%
Expected dividend yield	—	%	—	%	—	%
Weighted-average grant date fair value per share	\$11.94		\$4.61		\$3.91	

The expected volatility of options granted in 2018, 2017, and 2016 was determined using a weighted average of the historical volatility of our stock for a period equal to the expected life of the option. The risk-free interest rate is based

on a zero coupon U.S. treasury instrument whose term is consistent with the expected life of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock; therefore, the expected dividend yield is assumed to be zero. We applied an estimated annual forfeiture rate based on historical averages in determining the expense recorded in each period.

#### Internal-Use Software and Website Development Costs

We capitalize costs of materials, consultants and compensation and related expenses of employees who devote time to the development of internal-use software and website applications. We begin to capitalize our costs to develop software and website applications when planning stage efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. Our judgment is required in determining the point at which various projects enter the state at which costs may be capitalized, in assessing the ongoing value of the capitalized costs and in determining the estimated useful lives over which the costs are amortized, which is generally four years. To the extent that we change the manner in which we develop and test new features and functionalities related to our internal use software and websites, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of internal use software and website development costs we capitalize and amortize in future periods would be impacted. We review capitalized internal-use software and website development costs for recoverability whenever events or changes in circumstances

indicate that the carrying amount of the asset may not be recoverable. We would recognize an impairment loss only if the carrying amount of the asset is not recoverable and exceeds its fair value. We capitalized internal-use software and website development costs of \$3.0 million, \$2.9 million, and \$2.8 million for the years ended December 31, 2018, 2017, and 2016, respectively.

#### Income Taxes

We are subject to income taxes in both U.S. and foreign jurisdictions, and we use estimates in determining our provision for income taxes. We recognize deferred tax assets and liabilities based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates expected to be in effect when such differences are settled.

Our net deferred tax liabilities are comprised primarily of book to tax differences on stock-based compensation and timing of deductions for deferred rent, accrued expenses, depreciation, and amortization. As of December 31, 2018, we had foreign net operating loss (“NOL”) carryforwards of \$0.2 million, which may be used to offset future taxable income in foreign jurisdictions and may be carried forward indefinitely. The deferred tax assets related to the foreign NOL carryforwards have been fully offset by a valuation allowance.

On December 22, 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (“the Act”) was signed into law making significant changes to the Internal Revenue Code of 1986, as amended. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017.

#### Net Income Per Share

We calculate basic earnings per share (“EPS”) by dividing earnings available to common stockholders for the period by the weighted average number of common shares and vested, undelivered restricted stock unit awards outstanding during the period. Because the holders of unvested restricted stock unit awards do not have non-forfeitable rights to dividends or dividend equivalents, we do not consider these awards to be participating securities that should be included in our computation of earnings per share under the two-class method. Diluted EPS is computed using the weighted average number of common shares and vested, undelivered restricted stock unit awards outstanding during the period, plus the dilutive effect of potential future issuances of common stock relating to stock option and restricted stock unit award programs using the treasury stock method. In calculating diluted EPS, the dilutive effect of stock options and restricted stock unit awards is computed using the average market price for the respective period. In addition, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options and restricted stock unit awards that are in-the-money. This results in the “assumed” buyback of additional shares, thereby reducing the dilutive impact of stock options and restricted stock unit awards.

## Results of Operations

The following table sets forth our results of operations for the periods indicated:

	Years Ended December 31,					
	2018		2017		2016	
	(\$ in thousands)					
<b>Revenues:</b>						
Online	\$121,333	100%	\$108,388	100%	\$101,827	96 %
Events	—	—	168	0	4,798	4 %
Total revenues	121,333	100	108,556	100	106,625	100
<b>Cost of revenues:</b>						
Online	28,959	24	28,295	26	27,545	26 %
Events	—	—	41	0	2,672	2
Total cost of revenues	28,959	24	28,336	26	30,217	28
Gross profit	92,374	76	80,220	74	76,408	72
<b>Operating expenses:</b>						
Selling and marketing	47,779	39	44,747	41	44,316	42
Product development	8,869	7	8,215	8	8,038	8
General and administrative	14,557	12	12,212	11	12,370	12
Depreciation and amortization	4,548	4	4,636	4	4,893	4
Total operating expenses	75,753	62	69,810	64	69,617	65
Operating income	16,621	14	10,410	10	6,791	6
Interest and other expense, net	(1,778 )	(2 )	(693 )	(1 )	(1,774 )	(2 )
Income before provision for income taxes	14,843	12	9,717	9	5,017	4
Provision for income taxes	1,888	1	2,914	3	2,598	2
Net income	\$12,955	11 %	\$6,803	6 %	\$2,419	2 %

## Comparison of Fiscal Years Ended December 31, 2018 and 2017

## Revenues

	Years Ended December 31,			
			Increase	Percent
	2018	2017	(Decrease)	Change
	(\$ in thousands)			
<b>Revenues:</b>				
Online	\$121,333	\$108,388	\$12,945	12 %
Events	—	168	(168 )	(100 )
Total revenues	\$121,333	\$108,556	\$12,777	12 %

Online. Online revenues for the year ended December 31, 2018 (“fiscal 2018”) increased by \$12.9 million over the year ended December 31, 2017 (“fiscal 2017”). This increase was driven by an increase of \$9.5 million in revenues from our IT Deal Alert product offerings as well as a \$3.4 million in our core online product offerings.

Events. As noted above, we ceased offering our events product line during 2017.

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## Cost of Revenues and Gross Profit

	Years Ended December 31,		Increase	Percent	
	2018	2017	(Decrease)	Change	
	(\$ in thousands)				
<b>Cost of revenues:</b>					
Online	\$28,959	\$28,295	\$ 664	2	%
Events	—	41	(41 )	(100 )	%
Total cost of revenues	\$28,959	\$28,336	\$ 623	2	%
Gross profit	\$92,374	\$80,220	\$ 12,154	15	%
Gross profit percentage	76 %	74 %			

Cost of Revenues. The increase in cost of revenues was primarily driven by the increase in variable costs attributable to contracted services costs related to fulfilling campaigns attributable to an increase of \$12.9 million in online revenues.

Cost of Events Revenues. We have phased out our events product line.

Gross Profit. Our gross profit is equal to the difference between our revenues and our cost of revenues for the period. Gross profit percentage for fiscal 2018 was 76% as compared to 74% for fiscal 2017. Gross profit increased in fiscal 2018 as compared to the same period in 2017, primarily attributable to the increase in revenues as compared to the same period a year ago. Because the majority of our costs are labor-related, we expect our gross profit to fluctuate from period to period depending on the total revenues for the period.

## Operating Expenses and Other

	Years Ended December 31,		Increase	Percent	
	2018	2017	(Decrease)	Change	
	(\$ in thousands)				
<b>Operating expenses:</b>					
Selling and marketing	\$47,779	\$44,747	\$ 3,032	7	%
Product development	8,869	8,215	654	8	
General and administrative	14,557	12,212	2,345	19	
Depreciation and amortization	4,548	4,636	(88 )	(2 )	
Total operating expenses	\$75,753	\$69,810	\$ 5,943	9	%
Interest and other expense, net	\$(1,778 )	\$(693 )	\$ (1,085 )	156	%
Provision for income taxes	\$1,888	\$2,914	\$ (1,026 )	(35 )	%

**Selling and Marketing.** Sales and marketing costs increased by \$3.0 million for the fiscal year ended December 31, 2018 as compared to the fiscal year ended December 31, 2017 primarily as a result of an increase in salaries and related costs (including an increase in stock compensation of \$0.8 million).

**Product Development.** Product development costs increased by \$0.7 million in fiscal year ended December 31, 2018 as compared to fiscal year ended December 31, 2017. Salaries and related costs (including an increase of stock compensation of \$0.1 million) increased by \$0.4 million. Contracted services, hosting expenses and hardware and software related cost increased by \$0.4 million which was partially offset by a \$0.1 million decrease in operating supplies.

**General and Administrative.** General and administrative costs increased by \$2.3 million in fiscal year ended December 31, 2018 as compared to fiscal year ended December 31, 2017 primarily as a result of an increase in salaries and related costs (including an increase in stock compensation of \$1.2 million) of \$1.5million. Additionally, non-income based taxes increased by \$0.4 million

**Depreciation and Amortization.** Depreciation expense in fiscal 2018 decreased slightly when compared to fiscal 2017 primarily due to prior year assets ending their depreciable lives and the mix of new additions and their depreciable lives.

Interest and Other Expense, Net. Interest expense, net in 2018 was flat compared to 2017. The \$1.1 million change was primarily due to foreign currency-related losses of \$0.5 million in 2018 compared to foreign currency-related gains of \$0.6 million in 2017. The foreign currency-related gains and losses were due to changes in exchange rates in countries where we record accounts receivable and accounts payable in the normal course of business, largely the United Kingdom and Australia.

Provision for Income Taxes. Our effective tax rate was 13% and 30% for the years ended December 31, 2018 and 2017, respectively. We have permanent differences that increase or decrease our tax expense on income or reduce or increase our tax benefit on loss; the lower rate in 2018 as compared to 2017 was primarily due to the reduction in the Federal Income Tax rate due to the Tax Cuts and Jobs Act of 2017 and excess deductions related to stock-based compensation. The effective tax rate differs from the statutory rate primarily due to these permanent differences of non-deductible expenses, state income taxes, and foreign income taxes.

#### Comparison of Fiscal Years Ended December 31, 2017 and 2016

##### Revenues

	Years Ended December 31,		Increase (Decrease)	Percent Change	
	2017	2016			
	(\$ in thousands)				
<b>Revenues:</b>					
Online	\$108,388	\$101,827	\$ 6,561	6	%
Events	168	4,798	(4,630 )	(96 )	
Total revenues	\$108,556	\$106,625	\$ 1,931	2	%

Online. Online revenues for the year ended December 31, 2017 (“fiscal 2017”) increased by \$6.6 million over the year ended December 31, 2016 (“fiscal 2016”). This increase was driven by an increase of \$18.1 million in revenues from our IT Deal Alert product offerings, partially offset by a decrease of \$11.6 million in our core online product offerings.

Events. The decrease in events revenues is primarily due to the cessation of events in 2017.

##### Cost of Revenues and Gross Profit

	Years Ended December 31,		Increase	Percent	Change
	2017	2016			
	(\$ in thousands)				
<b>Cost of revenues:</b>					
Online	\$28,295	\$27,545	\$ 750	3	%



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Events	41	2,672	(2,631 )	(98 )
Total cost of revenues	\$28,336	\$30,217	\$ (1,881 )	(6 )%
Gross profit	\$80,220	\$76,408	\$ 3,812	5 %
Gross profit percentage	74 %	72 %		

Cost of Online Revenues. The increase in cost of online revenues was primarily driven by the increase in variable costs attributable to the \$6.6 million increase in online revenues, as well as contracted services costs related fulfilling certain IT Deal Alert and demand generation campaigns.

Cost of Events Revenues. The decrease in cost of events revenues was due to the cessation of events in 2017.

Gross Profit. Our gross profit is equal to the difference between our revenues and our cost of revenues for the period. Gross profit percentage for fiscal 2017 was 74% as compared to 72% for fiscal 2016. Online gross profit increased \$5.8 million in fiscal 2017 as compared to the same period in 2016, primarily attributable to the increase in online revenues as compared to the same period in the prior year, offset in part by increased costs associated with our new products as well as the contracted services associated with fulfilling certain demand generation campaigns. Online gross profit percentage increased to 74% in fiscal 2017 from 73% in fiscal 2016. Events gross profit decreased by \$2.0 million in 2017, primarily as a result of phase out of events in 2017 compared to the same period in the prior year.

## Operating Expenses and Other

	Years Ended December 31,		Increase (Decrease)	Percent Change	
	2017	2016			
	(\$ in thousands)				
<b>Operating expenses:</b>					
Selling and marketing	\$44,747	\$44,316	\$ 431	1	%
Product development	8,215	8,038	177	2	
General and administrative	12,212	12,370	(158 )	(1 )	)
Depreciation and amortization	4,636	4,893	(257 )	(5 )	)
Total operating expenses	\$69,810	\$69,617	\$ 193	0	%
Interest and other expense, net	\$(693 )	\$(1,774 )	\$ 1,081	(61 )	)%
Provision for income taxes	\$2,914	\$2,598	\$ 316	12	%

**Selling and Marketing.** Selling and marketing expenses increased slightly year over year, primarily due to an increase in variable compensation-related expenses when compared to the prior year.

**Product Development.** Product development expenses remained relatively flat year over year.

**General and Administrative.** General and administrative expenses remained relatively flat year over year.

**Depreciation and Amortization.** Depreciation expense increased when compared to fiscal 2016 primarily due to additions of property and equipment. The decrease in amortization of intangible assets expense in 2017 was attributable to the timing with which the amortization expense for certain intangible assets is recorded.

**Interest and Other Expense, Net.** Interest expense, net in fiscal 2017 and 2016 was \$1.3 million and \$0.9 million respectively. The increase in interest expense was primarily due to an increase of \$0.3 million in interest expense associated with the term loan that we entered into during the second quarter of 2016. The 2017 change in other expense of \$1.4 million was primarily due to a \$0.6 million benefit in 2017 from foreign currency gains compared to \$0.9 million in foreign currency losses in 2016. The increase in foreign currency-related losses was due to changes in exchange rates in countries where we record accounts receivable and accounts payable in the normal course of business, largely the United Kingdom and Australia.

**Provision for Income Taxes.** Our effective tax rate was 30% and 52% for the years ended December 31, 2017 and 2016, respectively. We have permanent differences that increase our tax expense on income or reduce our tax benefit on loss; the lower rate in 2017 as compared to 2016 was primarily due to excess deductions related to stock-based compensation attributable to the adoption of ASU No.2016-09, Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (“ASU 2016-09”), research and development credits, and revaluation of our deferred tax liability. The effective tax rate differs from the statutory rate primarily due to the permanent differences of non-deductible expenses, state income taxes, and foreign income taxes.



## Selected Quarterly Results of Operations

The following table presents our unaudited quarterly consolidated results of operations for the eight quarters ended December 31, 2018. The unaudited quarterly consolidated information has been prepared on the same basis as our audited consolidated financial statements. You should read the following table presenting our quarterly consolidated results of operations in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

	For the Three Months Ended 2018				2017			
	March 31,	June 30,	September 30,	December 31,	March 31,	June 30,	September 30,	December 31,
	(in thousands, except per share data)							
<b>Revenues:</b>								
Online	\$27,299	\$31,472	\$ 30,742	\$ 31,820	\$23,409	\$26,664	\$ 28,012	\$ 30,303
Events	—	—	—	—	168	—	—	—
Total revenues	27,299	31,472	30,742	31,820	23,577	26,664	28,012	30,303
<b>Cost of revenues:</b>								
Online	6,725	7,124	7,445	7,665	6,895	7,085	6,951	7,364
Events	—	—	—	—	41	—	—	—
Total cost of								
revenues	6,725	7,124	7,445	7,665	6,936	7,085	6,951	7,364
Gross profit	20,574	24,348	23,297	24,155	16,641	19,579	21,061	22,939
<b>Operating</b>								
<b>expenses:</b>								
<b>Selling and</b>								
marketing	11,355	11,419	12,479	12,526	10,693	10,745	11,568	11,741
<b>Product</b>								
development	2,118	2,069	2,340	2,342	1,943	2,016	2,209	2,047
<b>General and</b>								
administrative	3,399	3,327	3,938	3,893	3,056	3,198	3,288	2,670
<b>Depreciation and</b>								
amortization	1,108	1,140	1,156	1,144	1,131	1,135	1,109	1,261
<b>Total operating</b>								
expenses	17,980	17,955	19,913	19,905	16,823	17,094	18,174	17,719
<b>Operating</b>								
income	2,594	6,393	3,384	4,250	(182 )	2,485	2,887	5,220

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Interest and other								
expense, net	(200 )	(644 )	(362 )	(572 )	(163 )	(94 )	(190 )	(246 )
Income (loss)								
before provision								
for (benefit from)								
income taxes	2,394	5,749	3,022	3,678	(345 )	2,391	2,697	4,974
(Benefit from)								
provision for								
income taxes	300	1,329	(747 )	1,006	(316 )	1,030	623	1,577
Net (loss)								
income	\$2,094	\$4,420	\$ 3,769	\$ 2,672	\$(29 )	\$1,361	\$ 2,074	\$ 3,397
Net (loss)								
income per								
share - basic	\$0.08	\$0.16	\$ 0.14	\$ 0.10	\$(0.00 )	\$0.05	\$ 0.08	\$ 0.12
Net (loss)								
income per								
share - diluted	\$0.07	\$0.15	\$ 0.13	\$ 0.09	\$(0.00 )	\$0.05	\$ 0.07	\$ 0.12

## 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 in summer months. 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.

## Liquidity and Capital Resources

### Resources

At December 31, 2018, our cash, cash equivalents and investments totaled \$35.2 million. Our cash, cash equivalents and investments increased by \$1.1 million during fiscal 2018, primarily due to the cash generated from operations and proceeds from the sales and maturities of investments and proceeds from the new term loan partially offset by the repurchase of shares under our stock repurchase plan and principal payments on our term loan. Additionally, we utilized cash for purchases of property and equipment and other capitalized assets. We believe that our existing cash, cash equivalents, and investments, and our cash flow from operating activities will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future working capital requirements will depend on many factors, including the operations of our existing business, our potential strategic expansion internationally, future acquisitions we might undertake, and the expansion into complementary businesses. To the extent that our cash and cash equivalents, investments and cash flow from operating activities are insufficient to fund our future activities, we may need to raise additional funds through bank credit arrangements or public or private equity or debt financings. We also may need to raise additional funds in the event we determine in the future to effect one or more additional acquisitions of businesses.

	As of December 31,		
	2018	2017	2016
	(in thousands)		
Cash, cash equivalents and investments	\$35,173	\$34,112	\$37,274
Accounts receivable, net	\$30,042	\$29,601	\$22,551

### Cash, Cash Equivalents and Investments

Our cash, cash equivalents and investments at December 31, 2018 were held for working capital purposes and were invested primarily in money market accounts and U.S. Treasury securities. We do not enter into investments for trading or speculative purposes.

### Accounts Receivable, Net

Our accounts receivable balance fluctuates from period to period, which affects our cash flows from operating activities. The fluctuations vary depending on the timing of our service delivery and billing activity, cash collections, and changes to our allowance for doubtful accounts. We use days sales outstanding (“DSO”) as a measurement of the quality and status of our receivables. We define DSO as net accounts receivable at quarter end divided by total revenues for the applicable period, multiplied by the number of days in the applicable period. DSO was 87 days at December 31, 2018, 90 days at December 31, 2017 and 78 days at December 31, 2016. The change in DSO year over year is primarily due to the timing of payments from all classes of customers.

#### Cash Flows

	Years Ended December 31,		
	2018	2017	2016
	(in thousands)		
Net cash provided by operating activities	\$23,877	\$18,649	\$18,345
Net cash provided by (used in) investing activities	\$1,692	\$6,263	\$(3,616)
Net cash used in financing activities	\$(16,778)	\$(17,386)	\$(11,112)

## Operating Activities

Cash provided by operating activities primarily consists of net income adjusted for certain non-cash items including depreciation and amortization, the provision for bad debt, stock-based compensation, deferred income taxes, and the effect of changes in working capital and other activities.

The increase in cash provided by operating activities in fiscal 2018 compared to fiscal 2017 was primarily a result of a \$6.2 million increase in net income offset in part by changes in operating assets and liabilities, primarily driven by increases in accounts receivable and contract liabilities of \$1.5 million and \$2.0 million, respectively, in 2018.

The increase in cash provided by operating activities in fiscal 2018 compared to fiscal 2017 was primarily a result of a \$4.4 million increase in net income as well as of changes in operating assets and liabilities, primarily driven by a \$2.7 million increase in income taxes payable and a \$3.2 million increase in other liabilities. The increase in other liabilities was primarily due changes in deferred rent related to a one-time cash allowance of \$3.3 million associated with a third amendment to the Newton lease. (see Note 10 to our Consolidated Financial Statements) This was partially offset by increases in accounts receivable, net of \$7.9 million in 2017, compared with decreases in accounts receivable, net of \$3.1 million in 2016.

## Investing Activities

Cash provided by investing activities in the year ended December 31, 2018 was \$1.7 million; \$7.6 million from the net sales and maturities of short-term and long-term investments, partially offset by \$5.5 million for the purchase of property and equipment and other capitalized assets, made up primarily of leasehold improvements, computer equipment and related software and internal-use development costs and \$0.4 million for cash used to acquire the operating assets of a business.

Cash provided by investing activities in the year ended December 31, 2018 was \$1.7 million; \$7.6 million from the net sales and maturities of short-term and long-term investments, partially offset by \$5.5 million for the purchase of property and equipment and other capitalized assets, made up primarily of website development costs, computer equipment and related software and internal-use development costs.

Cash used in investing activities in the year ended December 31, 2016 was \$3.6 million; \$4.4 million for the purchase of property and equipment and other capitalized assets, made up primarily of website development costs, computer equipment and related software and internal-use development costs, offset in part by \$0.8 million for the net sales of short-term investments.

Capital Expenditures. We have made capital expenditures primarily for computer equipment and related software needed to host our websites, internal-use software development costs, as well as for leasehold improvements and other general purposes to support our growth. Our capital expenditures totaled \$5.5 million, \$4.1 million, and \$4.4 million for the years ended December 31, 2018, 2017, and 2016, respectively. A majority of our capital expenditures in 2018, 2017, and 2016 were internal-use software and website development costs and, to a lesser extent, computer equipment and related software. Additionally during 2018, the Company expended funds relating to leasehold improvements at its corporate offices.

We expect to spend approximately \$5.2 million in capital expenditures in 2019, primarily for internal-use software and website development costs and computer equipment and related software. We are not currently party to any purchase contracts related to future capital expenditures. We believe we can fund these future additions through cash



generated from operations.

#### Financing Activities

We received proceeds from the exercise of stock options in the amounts of \$1.0 million, \$0.9 million and \$4.2 million in the years ended December 31, 2018, 2017, and 2016, respectively. These inflows were offset by \$7.1 million, \$8.1 million, and \$8.0 million used for the repurchase of shares under our stock repurchase programs in 2018, 2017, and 2016, respectively, as well as \$3.2 million, \$3.9 million, and \$4.4 million related to tax withholdings on net share settlements in 2018, 2017, and 2016, respectively.

On May 9, 2016, we entered into a Senior Secured Credit Facilities Credit Agreement for a term loan (the “Term Loan Agreement”). Under the Term Loan Agreement, we borrowed and received \$50.0 million in aggregate principal amount pursuant to a five-year term loan (the “Term Loan”). On June 8, 2016, we completed a tender offer, as described below in more detail, utilizing \$40.8 million to repurchase shares of our common stock. We repaid \$32.5 million, \$6.3 million and \$11.3 million of principal against the outstanding Term Loan during 2018, 2017 and 2016, respectively.

On December 24, 2018 the Company entered into a loan agreement with Western Alliance Bank (“Loan Agreement”). The Loan Agreement provides for a \$25.0 million term loan facility with a maturity date of December 10, 2023 in which the Company received \$25.0 million in cash.

#### Common Stock Repurchase Programs

In November 2018, we announced that our Board had authorized a \$25.0 million stock repurchase program( the “November 2018 Repurchase Program”) whereby we are authorized to repurchase our common stock from time to time on the open market or in privately negotiated transactions at prices and in the manner that may be determined by management. During the last quarter 2018 we repurchased 243,425 shares of common stock for an aggregate purchase price of approximately \$3.1 million pursuant to the (“November 2018 Repurchase Program”). As of December 31, 2018 approximately \$22.0 million remained authorized.

In June 2016, we announced that our Board had authorized a \$20.0 million stock repurchase program (the “June 2016 Repurchase Program”), whereby we are authorized to repurchase our common stock from time to time on the open market or in privately negotiated transactions at prices and in the manner that may be determined by our Board. During 2018, 2017 and 2016 we repurchased 211,729 , 749,437 and 980,329 shares of common stock, respectively, for an aggregate purchase price of \$3.9 million, \$8.1 million and \$8.0 million respectively, pursuant to the June 2016 Repurchase Program. On May 5, 2017, our Board reauthorized the common stock repurchase program to allow us to use the remaining balance of the unused authorization under the 2016 Repurchase Program after its original expiration in June 2017. The reauthorized program allowed us to repurchase our common stock from time to time on the open market or in privately negotiated transactions at prices and in the manner that may be determined by our management. The June 2016 Repurchase program expired in August 2018.

In the twelve months ended December 31, 2018 we repurchased a total of 455,154 shares for a total of \$7.0 million under the “June 2016 Repurchase Program” and the “November 2018 Repurchase Program.”

Repurchased shares were recorded under the cost method and are reflected as treasury stock in the accompanying Consolidated Balance Sheets. All repurchased shares were funded with cash on hand as well as proceeds from a term loan entered into in the second quarter of 2016 (see Note 9 to our Consolidated Financial Statements).

#### Tender Offer

On May 10, 2016, we commenced a tender offer to purchase up to 8.0 million shares of our common stock at a price of \$7.75 per share.

The tender offer expired on June 8, 2016. In accordance with the terms of the tender offer, we accepted for purchase 5,237,843 shares of our common stock for a total of \$40.8 million, which included approximately \$0.2 million in costs directly attributable to the tender offer. In connection with the tender offer, TCV V, L.P., TCV Member Fund, L.P. (along with TCV V, L.P., referred to as the “TCV Funds”) and TCV Management 2004, L.L.C. (“TCM 2004”), each a related party, collectively tendered 3,379,249 shares of our common stock in the aggregate. Jay Hoag, a member of our Board of Directors at the time of the Tender Offer, was also a member of the general partner of the TCV Funds and a member of TCM 2004, which at the time was estimated to hold more than 5% of our voting securities. Additionally, Rogram LLC, a related party, tendered 308,713 shares in connection with the Tender Offer. Roger Marino, a member of our Board of Directors, indirectly controls shares in Rogram LLC.

#### Term Loan

On May 9, 2016, we entered into the Term Loan Agreement, under which, we borrowed \$50.0 million in aggregate principal amount pursuant to a five-year term loan. The borrowings under the Term Loan Agreement were secured by a lien on substantially all of our assets, including a pledge of the stock of certain of our wholly-owned subsidiaries. The Term Loan was replaced by the Loan Agreement entered into with Western Alliance Bank in December, 2018, as more fully described below.

On December 24, 2018, TechTarget Inc. (the “Company”) entered into the Loan Agreement (the “Loan Agreement”) with Western Alliance Bank (“Western Alliance”) as the lender. The Loan Agreement provides for a \$25 million term loan facility with a maturity date of December 10, 2023 and replaces the Term Loan.

The borrowings under the Loan Agreement are secured by a lien on substantially all of the assets of the Company, including a pledge of the stock of certain of its wholly-owned subsidiaries (limited, in the case of the stock of certain foreign subsidiaries of the Company, to no more than 65% of the capital stock of such subsidiaries). The Loan Agreement must be repaid quarterly, with applicable interest paid monthly, in the following manner: 1.25% of the initial aggregate borrowings are due and payable each quarter

for the first two loan years, 1.88% of the initial aggregate borrowings are due and payable each quarter for the third loan year, and 2.50% of the initial aggregate borrowings are due and payable each quarter for the fourth and fifth loan years. At maturity, all outstanding amounts, including unpaid principal and accrued and unpaid interest, under the Loan Agreement will be due and payable.

The borrowings are subject to a leverage ratio, measured quarterly. The Loan Agreement also requires the Company to make representations and warranties and to comply with certain other covenants and agreements that are customary in loan agreements of this type. At December 31, 2018, we were in compliance with all covenants under the Loan Agreement.

The Loan Agreement will bear interest, on the outstanding daily balance thereof, at a floating per annum rate equal to one and three-eighths percent (1.375%) above the greater of (a) the one (1) month U.S. LIBOR rate reported in The Wall Street Journal as of such date or (b) two percent (2.00%).

The Loan Agreement required the Company to pay a one-time non-refundable facility fee of approximately \$25,000 on the closing date.

The Loan Agreement may be prepaid by the Company at its option without penalty, provided the Company complies with the notice provision of the document. The Loan Agreement also contains customary events of default, subject to grace periods in certain cases, which may cause repayment of the Loan Agreement to be accelerated.

#### Contractual Obligations and Commitments

As of December 31, 2018, our principal contractual commitments consist of obligations under leases for office space and borrowings under our Loan Agreement. The offices are leased under non-cancelable operating lease agreements that expire through 2029.

The following table sets forth our commitments to settle contractual obligations in cash as of December 31, 2018:

	Payments Due By Period (in thousands)				
	Total	Less			More
		than	1-3	3-5	than
Contractual Obligations		1 Year	Years	Years	5 Years
Term loan payable	\$25,000	\$1,250	\$3,125	\$20,625	\$—
Operating leases	39,591	4,180	7,350	6,794	21,267
<b>Total</b>	<b>\$64,591</b>	<b>\$5,430</b>	<b>\$10,475</b>	<b>\$27,419</b>	<b>\$21,267</b>

See Note 9 to our Consolidated Financial Statements for further information on our Term Loan Agreement, and Note 10 to our Consolidated Financial Statements for further information with respect to our operating leases.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

See Note 2 to our Consolidated Financial Statements for recent accounting pronouncements that could have an effect on us.

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## Forward Looking Statements

Certain information included in this Annual Report on Form 10-K may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or referenced in this Annual Report on Form 10-K that address activities, events or developments which we expect will or may occur in the future are forward-looking statements, including statements regarding the intent, belief or current expectations of the Company and members of our management team. The words “will,” “believe,” “intend,” “expect,” “anticipate,” “project,” “estimate,” “predict” and similar expressions are also used to identify forward-looking statements. Such statements may include those regarding guidance on our future financial results and other projections or measures of our future performance; our expectations concerning market opportunities and our ability to capitalize on them; and the amount and timing of the benefits expected from acquisitions, new products or services and other potential sources of additional revenues. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. These statements speak only as of the date of this Annual Report on Form 10-K and are based on our current plans and expectations, and they involve risks and uncertainties that could cause actual future events or results to be different than those described in or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, those relating to: market acceptance of our products and services, including continued increased sales of our IT Deal Alert offerings and continued increased international growth; relationships with customers, strategic partners and employees; difficulties in integrating acquired businesses; changes in economic or regulatory conditions or other trends affecting the internet, internet marketing and advertising and IT industries; and other matters included in our filings with the Securities and Exchange Commission, including those detailed under Part I, Item 1A, “Risk Factors” of this Annual Report on Form 10-K for the year ended December 31, 2018. Actual results may differ materially from those contemplated by the forward-looking statements. We undertake no obligation to update our forward-looking statements to reflect future events or circumstances.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign exchange rates and interest rates. We do not hold or issue financial instruments for trading purposes.

##### Foreign Currency Exchange Risk

We currently have subsidiaries in the United Kingdom, Hong Kong, Australia, Singapore, Germany and France. Approximately 26% of our revenues for the year ended December 31, 2018 were derived from customers with billing addresses outside of the United States and our foreign exchange gains/losses were not significant. Currently, our largest foreign currency exposures are the euro and British pound. We performed a sensitivity analysis on the impact of foreign exchange fluctuations on our operating income, based on our financial results for the year ended December 31, 2018. For the year ended December 31, 2018, we estimate that a 10% unfavorable movement in foreign currency exchange rates would have decreased operating income by approximately \$125, assuming that all currencies moved in the same direction at the same time and a constant ratio of non-U.S. dollar denominated revenue and expenses to U.S. dollar denominated revenue and expenses. Since a portion of our revenue is deferred revenue that is recorded at different foreign currency exchange rates, the impact to revenue of a change in foreign currency exchange rates is recognized over time, and the impact to expenses is more immediate, as expenses are recognized at the current foreign currency exchange rate in effect at the time the expense is incurred. We currently believe our exposure to foreign currency exchange rate fluctuations is financially immaterial and therefore have not entered into foreign currency hedging transactions.

We continue to review this issue and may consider hedging certain foreign exchange risks through the use of currency futures or options in the future. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. Our continued international expansion increases our exposure to exchange rate fluctuations and as a result such fluctuations could have a significant impact on our future results of operations.

##### Interest Rate Risk

At December 31, 2018, we had cash, cash equivalents and investments totaling \$35.2 million. These amounts were invested primarily in money market accounts and U.S. Treasury securities. The cash, cash equivalents and investments were held for working capital purposes. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Declines in interest rates, however, would reduce future investment income.

Our exposure to market risk also relates to interest expense on borrowings under the Loan Agreement. The borrowings under the Loan Agreement bear interest at an annual rate of 1.375% plus the higher of the one (1) month U.S. LIBOR rate reported in the Wall Street Journal or two percent (2.00%) (see Note 9 to our Consolidated Financial Statements). Based on the \$25.0 million of aggregate principal outstanding under the Loan Agreement as of December 31, 2018, a 200 basis point increase in interest rates would increase our annual interest expense under the Loan Agreement by approximately \$0.5 million.

Item 8. Financial Statements and Supplementary Data  
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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors

TechTarget, Inc.

Newton, Massachusetts

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of TechTarget, Inc. (the “Company”) and subsidiaries as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries at December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) and our report dated March 12, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2011.

Boston, Massachusetts

March 12, 2019

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TechTarget, Inc.

## Consolidated Balance Sheets

(in thousands, except share and per share data)

	December 31,	
	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$34,673	\$25,966
Short-term investments	500	7,650
Accounts receivable, net of allowance for doubtful accounts of \$2,099 and \$1,783 as of December 31, 2018 and 2017, respectively	30,042	29,601
Prepaid taxes	1,834	1,303
Prepaid expenses and other current assets	3,069	3,088
Total current assets	70,118	67,608
Property and equipment, net	10,901	9,786
Long-term investments	—	496
Goodwill	93,687	93,793
Intangible assets, net	849	506
Deferred tax assets	55	98
Other assets	853	882
Total assets	\$176,463	\$173,169
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$1,871	\$1,542
Current portion of term loan	1,241	9,888
Accrued expenses and other current liabilities	3,260	3,343
Accrued compensation expenses	2,432	1,397
Income taxes payable	176	218
Contract liabilities	5,573	7,598
Total current liabilities	14,553	23,986
Long-term liabilities:		
Long-term portion of term loan	23,714	22,339
Deferred rent	4,949	5,259
Deferred tax liabilities	662	838
Total liabilities	43,878	52,422
Commitments and contingencies (See Note 10)		
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.001 par value per share, 100,000,000 shares authorized;	54	53
54,117,325 shares issued and 27,791,045 shares outstanding at December 31, 2018;		

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53,338,297 shares issued and 27,483,115 shares outstanding at December 31, 2017  
 Treasury stock, 26,326,280 and 25,855,182 shares at December 31, 2018 and 2017,

respectively, at cost	(177,905)	(170,816)
Additional paid-in capital	307,014	300,763
Accumulated other comprehensive income (loss)	(215 )	65
Retained earnings (accumulated deficit)	3,637	(9,318 )
Total stockholders' equity	132,585	120,747
Total liabilities and stockholders' equity	\$176,463	\$173,169

See accompanying Notes to Consolidated Financial Statements.

TechTarget, Inc.

## Consolidated Statements of Income and Comprehensive Income

(in thousands, except per share data)

	For the Years Ended		
	December 31,		
	2018	2017	2016
<b>Revenues:</b>			
Online	\$ 121,333	\$ 108,388	\$ 101,827
Events	—	168	4,798
Total revenues	121,333	108,556	106,625
<b>Cost of revenues:</b>			
Online(1)	28,959	28,295	27,545
Events	—	41	2,672
Total cost of revenues	28,959	28,336	30,217
Gross profit	92,374	80,220	76,408
<b>Operating expenses:</b>			
Selling and marketing(1)	47,779	44,747	44,316
Product development(1)	8,869	8,215	8,038
General and administrative(1)	14,557	12,212	12,370
Depreciation and amortization	4,548	4,636	4,893
Total operating expenses	75,753	69,810	69,617
Operating income	16,621	10,410	6,791
Interest and other expense, net	(1,778 )	(693 )	(1,774 )
Income before provision for income taxes	14,843	9,717	5,017
Provision for income taxes	1,888	2,914	2,598
Net income	\$ 12,955	\$ 6,803	\$ 2,419
<b>Other comprehensive income (loss), net of tax:</b>			
Unrealized gain (loss) on investments (net of tax (provision) benefit of			
\$(11), \$(7), and \$6, respectively)	\$ 15	\$ 13	\$(10 )
Foreign currency translation adjustments	(295 )	300	84
Other comprehensive income (loss)	(280 )	313	74
Comprehensive income	\$ 12,675	\$ 7,116	\$ 2,493
<b>Net income per common share:</b>			
Basic	\$ 0.47	\$ 0.25	\$ 0.08
Diluted	\$ 0.45	\$ 0.24	\$ 0.08
<b>Weighted average common shares outstanding:</b>			
Basic	27,738	27,550	29,954
Diluted	28,653	28,271	30,774

(1) Amounts include stock-based compensation expense as follows:

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Cost of online revenues	159	\$43	\$112
Selling and marketing	4,899	\$4,120	\$4,119
Product development	200	\$112	\$159
General and administrative	3,855	\$2,637	\$2,462

See accompanying Notes to Consolidated Financial Statements.

TechTarget, Inc.

## Consolidated Statements of Stockholders' Equity

(in thousands, except share and per share data)

	Common Stock Number of Shares	Common Stock \$0.001 Par Value	Treasury Stock Number of Shares	Treasury Stock Cost	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity
Balance, December 31, 2015	50,927,426	\$ 51	18,887,573	\$(113,949)	\$293,003	\$ (322 )	\$ (18,782 )	\$ 160,001
Issuance of common stock from stock options and restricted stock units	1,673,858	1			4,191			4,192
Purchase of common stock through stock repurchase program			980,329	(7,988 )				(7,988 )
Purchase of common stock through tender offer (including \$0.2 in related costs)			5,237,843	(40,794 )				(40,794 )
Excess tax benefit and shortfalls — stock options					(2,747 )			(2,747 )
Stock-based compensation expense					6,852			6,852
Tax withholdings related to net share settlement of RSU's					(4,446 )			(4,446 )
Unrealized loss on investments (net of tax benefit of \$6)						(10 )		(10 )
Unrealized gain on foreign currency						84		84

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translation									
Net income								2,419	2,419
Balance, December 31, 2016	52,601,284	\$ 52	25,105,745	\$(162,731)	\$296,853	\$ (248 )		\$(16,363 )	\$ 117,563
Issuance of common stock from stock options and restricted stock units	737,013	1			941				942
Purchase of common stock through stock repurchase program			749,437	(8,085 )					(8,085 )
Shelf registration and other fees					(3 )				(3 )
Stock-based compensation expense					6,912				6,912
Tax withholdings related to net share settlement of RSU's					(3,940 )				(3,940 )
Unrealized gain on investments (net of tax provision of \$7)							13		13
Unrealized gain on foreign currency translation							300		300
Reclassification for adoption of ASU 2016-09								242	242
Net income								6,803	6,803
Balance, December 31, 2017	53,338,297	\$ 53	25,855,182	\$(170,816)	\$300,763	\$ 65		\$(9,318 )	\$ 120,747
Issuance of common stock from stock options and restricted stock units	779,028	1			1,004				1,005
Purchase of common stock through stock repurchase program			471,098	(7,089 )					(7,089 )
Stock-based compensation expense									