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Introduction

Global information companies are transforming into new and innovative enterprises. Today progressive media brands are becoming data companies. And content companies are now technology brands. All of these companies envision tomorrow, every day. They do this for one critical reason: they inform the companies and decision makers they serve to reimagine their own tomorrows, today. These are the companies that provide the essential information and services that are pivotal for millions of global businesses to make the right decisions to drive commerce.

Connectiv explored how member companies are managing their businesses as they plan for the future. We conducted a Business Information Survey to learn how companies identify themselves, how they are making money, and where they expect revenues to come from five years from now. As part of the investigation, member companies also shared what human capital plans they have in place to manage their evolving needs in the business information marketplace. The results of this survey are predictive of the transformation and evolution of the B2B information industry.

The Connectiv membership represents over 200 world-class business information companies that reach an audience of more than 100 million professionals. These companies drive more than $20 billion in annual revenues, and their collective industries represent a $400 billion global market.
Executive Summary

There has been an ongoing challenge in managing the transformation of business information platforms from print to digital. Many media observers have predicted the inevitable death of print media. Based on the voracious digital appetite of Millennials, this prediction would seem to be true. But not so fast. The story is more complex, and our study sheds new light on the future value of print, along with ways digital and other services are reshaping the industry.

The content mix developed by B2B information companies now includes data-based products and marketing services content, not to mention a robust events business, but revenues from print advertising still provide more revenue today than other sources (albeit with lower margins). In fact, companies are well diversified, and more than 80% of respondents say that their revenue is generated from five key categories.

But according to Connectiv members, the balance is going to change within the next five years. Although print will not be going away, print revenues will decline to the point that events are expected to generate the most revenue. Furthermore, paid content, data and information products will surpass print on the revenue-producing list. Digital is clearing becoming the essential ingredient, considering that nearly all respondents say they have digital revenue and nearly half are generating revenue from five digital categories.

Looking ahead, the majority of Connectiv members are expecting to redefine themselves as business information organizations within five years. Anticipating a shift towards more digital, analytical, and data-driven products, Connectiv members understand the power of data and are refocusing their workforce to include more data analysts and scientists; web developers, engineers, designers and programmers; content creators; and sales experts. Additionally, a portion of web design, audience development/circulation, and IT talent will be outsourced as early as next year.

Much has been written about how Millennials are a game-changing generation that will reshape the workplace. One can interpret the results of the Connectiv Survey and understand that the skillsets, mindsets, digital experience and training that Millennials and their younger Generation Z cohorts have will place them squarely in the driver’s seat to reimagine and re-engineer the future of the business information industry.

This study was conducted among 30 CEOs of leading B2B business media organizations, all members of the Connectiv association. It was fielded online by Readex Research, Inc. in October 2015. It is designed to identify the current sources of revenue from different product
lines and provide a forward look at how business information and media is expected to change over the next five years. More than a third (35%) of the Connectiv business information and media membership responded to the survey, representing information businesses of all sizes and with an average of $43.8 million in annual revenues. The typical business information company has 10 brands and derives revenues from five key business lines, including digital resources, paid content/data/information products, events/programs, marketing service products, and print resources.
What Business Are You In?  
And What Business Are You Becoming?

Connectiv members project a dramatic reframing of their core businesses over the next five years. By then they will no longer think of themselves primarily as "business media" companies (a 20% decline); rather, they will more likely describe themselves as "business solutions" and/or "technology solutions" providers.

![Diagram showing percentage changes in business descriptions]

What Comprises Your Business?

Most business information companies presently have large brand portfolios, with more than two in five (43%) Connectiv member companies having 15 or more brands (revenue-generating media assets). On average, brand portfolio size is 10.

Companies currently derive revenue from classic sources, including digital, paid content, data and information products, events, marketing services and print. Nearly two-thirds derive revenue from all five sources.
How Do You Make Money?

Companies report a broad range of revenue sizes, which reflects the diversity of Connectiv membership. Median gross revenues are $31.2 million. About one-in-20 members (6%) report revenues under $1 million while almost one in five (17%) have revenues of $100 million or more.

Business information revenues come principally from five areas: digital resources, paid content/data/information products, events/programs, marketing service products, and print resources. Notably, nearly all (90%) members currently derive revenues from all of these sources.
As the business information landscape evolves in the next five years, the ways in which money will be made will change considerably with respect to print resources: a projected decline by 10 percentage points by 2020. All of the other revenue areas are expected to increase proportionately from current levels.

Members almost unanimously (93%) measure their financial success in terms of expense as a percentage of revenue (margin), followed by revenue per sales employee (67%) and, to a lesser degree, revenue per employee (43%).
Print Revenue

With respect to print revenue, magazine advertising is presently the dominant source, by far (77%). Subscription revenue is the other principal revenue source (50%) for members. About a quarter (27%) indicate other print revenue sources including binder/training solutions, book products, research reports, maps, custom media, data products, marketing solutions, and newsletters.

On a per-page basis, the median revenue yield from print advertising is $5,000.

Mean: $5,600
Events Revenue

Events are often viewed as increasingly important in the business information sector with healthy margins. In fact, events are expected to become the highest revenue-producing center in 2020. Connectiv member companies produce a range of events/programs, with an average of 2.4 different types per company.

Nearly three-quarters (73%) of members indicate they will generate revenue from conferences in 2015. Trade shows and custom single-sponsor events are revenue-generators for about half of respondents.

The average number of different revenue producing events is slightly more than two.
In terms of revenue contribution for 2015, conferences and trade shows top the list, with 41% of those who have revenue-generating events/programs. Other types of events account for considerably less revenue.
**Digital Revenue**

B2B media and information companies are seeing digital revenue come from a variety of sources. While nearly all members see revenue from websites (90%) and e-newsletters (87%), nearly half of all respondents (47%) are also seeing revenue from mobile apps and mobile editions. A range of other digital products also contribute revenues, including custom media and webinars; digital events; mobile text marketing; and online directory, training and workflow solutions.

On average, respondents offer 3.8 different types of revenue-generating digital resources, with over half (53%) having at least three. Only 3% of members have no revenue producing digital products.
While some in the industry predicted the decline of their website as the primary digital product a few years ago, two-in-three members (66%) say websites will generate the most digital revenue in their portfolio for 2015. They believe the continued adoption of responsive design will keep their websites relevant even as mobile devices become the primary way that readers access information. E-newsletters, lead generation, and other sources account for significantly less revenue in 2015. Note that for the year, no members cite mobile as their largest digital revenue source.

In terms of digital benchmarking, the average open rate of the largest circulation e-newsletter is about 20%.

*Other: proprietary software, training, webinars, paid search placement in a product database
## Paid Content/Data/Information Products Revenue

Paid content is a relatively new source of revenue for traditional business information companies and about half of members say research, paid information services and content licensing account for the most revenue. Fewer members cite data-driven workflow/SaaS applications as revenue producers.

With seven different types of revenue-generating lines of business in this area, the average number is 2.4. One-in-ten member companies have no paid content products.
Less than a quarter of respondents (22%) indicate that paid data and information products will generate the most revenue and only 11% of respondents identify gated/metered website subscriptions and research as their biggest paid content revenue stream in 2015.

WHICH PAID DATA/CONTENT/INFORMATION PRODUCTS WILL GENERATE THE MOST REVENUE FOR YOUR COMPANY IN 2015?

- PAID INFORMATION SERVICES: 22%
- DATA-DRIVEN WORKFLOW/SAAS: 19%
- PAID NEWSLETTERS: 15%
- CONTENT LICENSING: 15%
- RESEARCH: 11%
- GATED/METERED WEBSITE SUBSCRIPTIONS: 11%
- OTHER*: 7%

*Other: downloadable paid content, training
Marketing Services Revenue

Marketing services have myriad product lines, ranging from content marketing and webinars to certification, licensing and white papers. Member companies at present have an average of almost six types of marketing service products driving revenues. Topping the list for 2015 are content marketing, custom content, and webinars.

[Diagram showing the percentage of companies using different marketing services.]

WHAT MARKETING SERVICE PRODUCTS WILL GENERATE REVENUE FOR YOUR COMPANY IN 2015?

- **CONTENT MARKETING**: 80%
- **WEBINARS**: 70%
- **CUSTOM CONTENT**: 70%
- **WHITE PAPERS**: 63%
- **LIST RENTALS**: 63%
- **REPRINTS**: 50%
- **EDUCATION/CERTIFICATION**: 47%
- **MICROSITES**: 43%
- **LICENSING**: 43%
- **ROYALTIES**: 23%
- **OTHER**: 10%

*Other: Agency of record for paid search on behalf of customers, digital services

Mean: 5.6
Content marketing, custom content, and webinars are also the three most likely to generate the highest revenues for their companies in 2015.

In terms of measuring success, the typical direct margin/fully loaded profit margin for their marketing service products is 27%.
Human Capital

Most companies have staff with key traditional and emerging (data analysis) skillsets, although data science and taxonomists are under-represented.

IN WHICH OF THE FOLLOWING AREAS DID (OR WILL) YOUR COMPANY HAVE STAFF IN 2015?

- Sales: 90%
- Content Creations: 90%
- Development/Programming: 87%
- Operations: 87%
- Events: 83%
- Marketing: 83%
- Digital Operations: 83%
- Web Design: 83%
- Finance: 80%
- HR: 77%
- Data Analysis: 67%
- Web Engineering: 63%
- Data Science: 23%
- Taxonomy: 23%
The trends in human capital mirror the evolving state of the business information sector. Millennials with expertise in data analysis, sales, development/programming, events, and marketing are the most likely to see greater career opportunities in the industry. There will also be opportunities in content creation, data science and web engineering.

The sharpest declines in job opportunities are expected in operations and finance.

The following table illustrates how companies see their headcount changing in each of the following areas in 2016.
43% of member companies expect to outsource web design in 2016, followed by audience development/circulation and IT.

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