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Dun & Bradstreet Corp. (DNB)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, we're ready to begin our program. Please welcome to the stage Kathy Guinnessey, Dun & Bradstreet Treasurer and Chief Investor Relations Officer.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

Good afternoon and thank you so much for joining us today for our 2015 investor presentation, Delivering Sustainable Growth. Before we get started, I wanted to draw your attention to this slide, which I'm sure most of you are familiar with; I know I am.

There are two things that are important about this slide. First, during our presentation today, we'll be discussing certain non-GAAP financial measures; and in your presentation appendix on the handouts that you see, there will be an appendix to the GAAP measures. Secondly, we will be using forward-looking statements in the presentation. And, of course, there are always risk factors, internal and external, that could cause actual results to differ.

With that let's, get on with the events of the day. Now I've been at Dun & Bradstreet for about 10 years and I think I know most of you in the room personally. But today is a great opportunity for you to peek behind the curtain and get to meet the members of the team that are actually bringing our strategy to life. First, Bob Carrigan, our President and CEO will talk about the opportunities for Dun Bradstreet, our strategy for growth, and how we're doing against that strategy.

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As part of our strategic discussion, I'm really happy to say that Laura Kelly, our Global Head of Product and Data, is here to talk about our industry-leading data and analytics. After that, you'll hear how we've sustained growth over the long-term from the guys who are actually working with the customers every day: Jeff Stibel, who runs our newest division D&B Emerging Businesses; Mark Geneste, who runs our Global Direct Sales Force; and Mike Sabin, who runs Strategic Alliances.

Then Josh Peirez, our Chief Operating Officer, who will talk about our value proposition for customers; and then finally, Rich Veldran, our CFO, will bring it all together for you and show you how it maps to our financial results and how in order to drive sustainable growth for the long-term and drive shareholder value ultimately. Then after some brief closing remarks from Bob, we'll take your questions.

So with that, I hope you enjoy the day. I'm going to bring up Bob Carrigan.

Robert P. Carrigan

President, Chief Executive Officer & Director

Okay. Thank you, Kathy, for that introduction; and good afternoon, everyone. Welcome to Dun & Bradstreet's Investor Day. It's great to have you all here. I've really been looking forward to this day. I know I've met many of you over the last 20 months since I have become the CEO. But it's great to have you here today with key members of our team to give you the whole picture about how Dun & Bradstreet is delivering on sustainable growth.

Now I've spent my entire career at the intersection of technology and information; and when I think about that intersection today, we're at a very exciting time in the market. Now since joining Dun & Bradstreet, I have spent considerable time in the market with our employees, with our customers, our business partners; and, importantly, many of you, to get your ideas on how to get growth going.

And in 2013, when I was actually interviewing for this job and reflecting on the market opportunity, it occurred to me that the favorable conditions in the market would indicate that Dun & Bradstreet should be growing at a faster rate, yet the company had been revenue stagnant for many years. So since February of 2014, when we unveiled our five-point strategy for growth, we've been executing to take better advantage of the market opportunities. And as I stand here today, I feel really good about where we are, but really great about where we're headed. And those opportunities that I saw in the market, those key trends, have only picked up momentum since 2013.

So I always tell my employees, let's act from the outside in in everything that we do. Let the customer needs and the market opportunity inform our business strategy. And so, with that in mind, I'd like to share with you some of the secular and market conditions that are providing wind to our back these days at Dun & Bradstreet.

We are seeing businesses and business process transform from analog to digital; and this is resulting in the creation of so much data. Everything we touch today turns to data. Companies are leveraging data in new ways across the enterprise, from finance, HR, and technology, and sales, and risk management, and procurement.

Decision-making is becoming increasingly data driven in business. But here is the challenge, the volume and velocity of data is overwhelming. What should be creating fabulous insights for customers is actually creating a lot of chaos because the rate of new data being created each year in the business space is literally doubling, coming from a variety of sources of varying quality. So it's a great opportunity to leverage new insights, but companies are actually struggling to make sense of it all. How do you find that single source of truth among all of the data silos that are being created?

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Let me put it to you another way. I'll give you the analogy of an orchestra. Have you ever heard orchestra musicians all warming up before a song? They're all trying to get in tune, they're playing different nodes, and it's quite a chaotic sound; and then suddenly the maestro pulls them all together reading from the same score and you have a beautiful music.

So in this analogy, just think about those musicians as all the data silos that are being created. And, look, each musician has varying level of talents or quality and they have unique value on his or her own, but when that maestro, and think of Dun & Bradstreet in this regard as the maestro who pulls together all the musicians, when they come together and they play from that score, you have this beautiful harmony, beautiful music.

Let me give you another example, in an area that is going through tremendous revolution and innovation in data and digital strategies, the area of marketing. Marketing is rapidly moving, from art to science. How many of you saw the final episode of Mad Men – Mad Men, about the advertising agencies, right; what really is the end of Mad Men, because the Math Men are taking over.

Marketers are looking to use data and technology at scale in new ways to engage with customers to gain competitive advantage. They've lots of data about their customers, their customer's behavior. They have lots of third-party information. They're overwhelmed with data. But like the orchestra, if it's not pulled together in a unified score, you can't hear the symphony through the noise.

How do you really know what's accurate? What Dun & Bradstreet has been helping marketers in this area; and we're going to talk a lot more about this today, it's a key trend in our business. Another key trend in the market and an area of tremendous change and innovation is the growth of software-as-a-service, or SaaS. And that's changing the way people are doing business. It's all about powerful on-demand applications available on a subscription basis, available anytime, anywhere, on any device.

And while SaaS has been around for a while, its adoption is accelerating; and that's paving the way for data-as-a-service, or DaaS. And that's all about customers wanting robust data, preloaded and embedded in these powerful applications. So you have this merger of data-as-a-service and software-as-a-service, creating lots of new customer insight at the point with the customers' need it most, embedded in their workflows. And I'm really proud that Dun Bradstreet has been one of the leading innovators in the area of data-as-a-service.

Now all these trends, they're not just a U.S. phenomena. Now I talk to companies all day along and everybody is looking for growth these days. And increasingly, they're looking for growth beyond their home market. They're seeking to do business abroad. And they're trying to find ways to use data to connect with new partners, new customers, new distributors, new suppliers, especially relevant in the globalized world.

Again a great opportunity, but a challenge. Because if you're doing business with the wrong party, it could mean the end of your business; or if you don't act fast enough, you could be at a tremendous disadvantage. So again in all these cases, it's about the organizational structure, to connect all the disparate data sources and the foundational data to really understand who you're doing business with; again, especially appropriate for the global business.

You've all heard of the idea of the world is flat. Well, really it's data that's flattening the world. And Dun & Bradstreet data is enabling customers to find the most valuable new business relationships across borders. It's our data is opening doors for our customers on a global basis.

So what do all these trends mean in terms of the addressable market opportunity for Dun & Bradstreet? So, today, we primarily operate in an $8 billion market comprised of our traditional risk management business and our sales

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and marketing business. But the incredible trend in data and technology are creating new use cases and there's enormous room to grow in new markets; and then we barely tap the opportunities in data services, compliance, supplier relations, digital marketing; tremendous opportunities for us. And we've actually sized the addressable market at approximately $24 billion. And just about a year ago, we had the market peg to $20 billion, just indicative of the tremendous momentum in the digital space and the data space. New opportunities are created every day.

But to seize the opportunity, we had to make some changes. When I arrived at Dun & Bradstreet, I found a culture that was a bit to inward focused and focused a bit on the products that we had to sell, not as much in the products that our customers wanted to buy. We certainly weren't organized in a global fashion to help our large multi-national customers. And, look, we could continue to generate revenue. But to really get growth going, to get on that growth path, we needed a bold new strategy. And this can best be captured in our growth strategy statement, which I've been discussing with many of you since we unveiled it in February of 2014.

We will be one global company delivering indispensable content through modern channels to serve new customer needs. This is our growth strategy statement; it is our North Star at Dun Bradstreet. And, if you will, I'd like to just focus on some of the bolded words because they're really important. We will be global. We will offer global solutions and be easily to do business with on a global basis with globally consistent products serving large global multinational customers.

Content; and we talked about content. That's our data and analytics. That is indispensable, must have, can't live without, best-in-class, B2B data and analytics for our customers. Delivered through modern channels, leveraging all of the modern technologies available to us to deliver that content in a way that match the customer needs. And we are entirely focused around the customer, both driving new use cases within customers, but also new customers entirely. So this is our strategy statement. And we have a growing confidence that the strategy is working. As we've communicated last month on our earnings call, we are on track to deliver our 2015 guidance.

And looking ahead to 2016, we expect to accelerate to mid-single digit organic revenue growth; and overall growth including acquisition revenue will be in the high-single digits. And as we grow revenue, we see operating margins of flat to up in 2016. And we're pleased with the growth that we see ahead, but it's really only the beginning. We're continuing to execute on our strategy; and the goal is to sustain this momentum and to continue to accelerate our growth into the future.

Now, when we began implementing our strategy in February of 2014, we established five strategic pillars, and they are: modernizing the brand, creating a forward leaning culture, expanding our lead in data and analytics, modernizing the delivery of our data and analytics, and globalizing the business. And I'm just going to take a moment to update you on our progress against each of these key pillars, so that you'll see how we're going to sustain our momentum as we go forward.

Let's start with brand, because brand is so foundational to what we do here. Our brand is our crown jewel asset; and I've really come to understand that in the last 20 months in spending time with our customers, our brand is incredibly powerful and important to our customers. Yet, as the strategy emerged, we needed to modernize it. Why? Well, as I discussed, customers are struggling and overwhelmed with data; and there's lots of new ways to create new value for them and create new use cases for data.

And the Decide with Confidence monitor, which was our previous marketing statement, it was too narrow. And, frankly, our overall marketing approach was too narrow. It's certainly didn't map to the larger vision that we have at Dun & Bradstreet. And so under the work, the brand work led by Rishi Dave, who is here today, our first ever CMO, Chief Marketing Officer at Dun & Bradstreet, we found that helping companies grow the most valuable

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business relationships is really at the heart of what we do. And our overall purpose, Dun & Bradstreet grows the most valuable relationships in business by uncovering truth and meaning from data.

Now what do we mean by relationships. These are the relationships that our customers have with their prospects, their customers, their business partners, their distributors, their suppliers. Our goal is to use data to help unlock the maximum value and maximum potential in all those relationships. And value could be interpreted differently. For some people it's about managing risk, for some it's about maximizing revenue, or maximizing profitability, or finding the exact right partner. But in all these ways, our brand provides an umbrella about what we can do to help our customers grow the most valuable relationships.

Now we unveiled our brand modernization in March of this year, and the reception has been tremendous. And I hope you had the same feeling when you walked in here that I had when I walked in here to see our logo and our brand propose, and a much more modern look and feel to Dun & Bradstreet these days. Again, our customers are loving it. And I'm really pleased to show you a video now of how our employees, our partners and our customers feel about the modernized Dun & Bradstreet brand.

[Video Presentation] (17:33-19:18).

All right, what do you think? You can clap, come on. Okay, well, again we're really proud of the brand. And the most important thing is that our customers are loving it and they're loving the way that we're helping them across the enterprise with their data driven opportunities and challenges. So just as our former expression of our brand, that Decide with Confidence idea was a bit too narrow. Our culture also reflected a more traditional view.

As I mentioned earlier, when I came here I saw a culture that was a bit too inward focused, maybe more process driven, hierarchical and dare I say a little old fashioned; not necessarily the culture of a modern company with a very ambitious growth strategy. So in a few years if you do a Google search on Dun & Bradstreet, this is the word cloud that I'd love to see appear and I'm not going to read all of these words, but a culture that is authentically human, more agile, focused around innovation and growth. In short, a surprisingly cool place to work feels much more like the leading data and analytics company that we are.

Now transforming a culture is a multi-year process, but I've got to tell you the journey that we're on already is unleashing so much positive momentum and energy in the company. John Reid-Dodick, our Chief People Officer, who is here today is leading us on a fantastic transformational journey introducing a number of programs, everything from modifying the dress code, to wear clothes that are appropriate for your day, dress for your day, to leadership development programs, to modernizing some of our major office facilities, introducing new programs to enable our employees to be much more engaged in the social web. Again, a much more open approach to how we are engaging with our employees. And it's palpable in our hallways these days if you're at Dun & Bradstreet.

Definitely a much higher tempo. And actually we did an engagement study and we saw a 10-point improvement year-on-year among our employees in this engagement study; and John will tell you that a 5-point increase in any one year is a pretty significant increase. So really proud to see our engagement scores with our employees jumping up so high and responding so much to our strategy and all the progress that we're making. And I'm really proud of our employee base on a global basis and all they're doing to help make our strategy come to life.

So let's talk about the third pillar of our strategy, and this really gets to the heart of who we are for our customers. It's about strengthening our data and analytics. And I'm really pleased to introduce Laura Kelly, our Chief Product and Data Solutions Officer, who is going to tell you a lot more about what makes us unique for our customers.

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Laura G. Kelly
Chief Product & Data Solutions Officer

Thank you very much, Bob. This is such an extraordinary time to be at Dun & Bradstreet. It's a company that's been around for a very long time that is now being reborn, transformed, grounded in the most sweeping data resources of any company; but, more importantly, empowered by our unique ability to use that data to transform companies, to make sure that in every executive suite the best possible decisions can be made.

Money is lost when data overwhelms us; money is left on the table when data overwhelms us. That is the struggle of our businesses today; and that is what we can uniquely do for companies, we help them make sense out of the chaos. We help them win. Data without insight is worthless. We light up the rooms and the screens on their mobile devices and every other place where they can access data with more insight than any other company. We deliver truth and meaning from data.

I talk with customers all the time and one of the things that they tell me consistently is how difficult it is for them to make sense of the chaos of the data that they hold. Not only is there an unbelievably large amount of data, but that data is strewn across their enterprises in different systems with duplications and many inaccuracies. This makes it very difficult for companies to answer the most basic strategic questions: what products and services do I offer? What customers do I want to go after? What geographies do I serve? It is just very, very difficult. And if that's not tough enough, addressing these challenges is even more complicated for the companies that we serve.

There's a whole lot of reasons that is true, but let me give you just one specific example to punctuate the point. There are many languages in the world, but two of them that are the most polar opposite would be the Latin English alpha set and the Chinese symbolic set. Chinese is beautifully written language, but it's very, very different than the Latin American set. So if you have a company that is in both China and the United States, how on earth would you know that that's the same company? Well, Dun & Bradstreet has the secret decoder ring for that. We can figure that out. We can help our companies understand that that is in fact the same company.

Part of the reason that we're able to do that is the quantity and quality of our data is unparalleled; and let me give you some specific reasons that that's the case. We start out with over 12,000 trade credit relationships that we've had for nearly 40 years; information that's very much fundamental to our business and it's not public. Then we add on to that proprietary data. And a great example of that is our recent acquisition of NetProspex, which brings an additional level of not only the number of quality contacts, but a process by which we can keep those contacts fresh, which is absolutely critical.

And then we also leverage a number of public sources. Only about less than 1% of the companies in the world today are actually public companies, so those are available. We have 240 million records compared to 100,000 public companies, a much deeper and broader dataset. And many of you may say that public sources are free; and in fact they are not. Suits, liens, judgments, real estate transactions are all pieces of information, but they're not free and they're important to build out an entire set of data for our customers.

And I think one of our most unique and important and compelling resources is our worldwide network. Over 25 partners around the world that help us not only see locally what's happening in their markets, but also have the data and expertise so that we can serve our global customers. And if this is not enough, our quality metrics are unsurpassed in the industry today, 100,000 quality checks per year on this data because it's not just quantity that matters, it is quality that matters.

So very much like Bob talked about, assembling the orchestra. You can't really have an orchestra with just a cello and a flute; you need a wide number of data sources in order to be able to provide benefits to our customers. But

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we also have unique assets that no one else has; only Dun & Bradstreet has. The first one of those is the D-U-N-S Number. And I think probably most of you know what the D-U-N-S Number is, but it's absolutely critical because it is the organizing mechanism that many governments around the world use. Just like a Social Security number organizes personal data, the D-U-N-S Number organizes commercial data.

So it's large governments that leverage the D-U-N-S Number, as well as large companies such as Walmart. They use it as the organizing principle to key off of, so they can keep their data fresh and accurate.

Identity Resolution is another very significant capability that we have at Dun & Bradstreet. We can take pieces of data and actually make them into one company. We can take parts of information and understand which company those parts are talking about, really, really important to help our customers sift through the chaos of data.

And then there's Linkage; we call Linkage Family Tree. It's really the ability to see not only the company itself, but the sister companies and brothers and affiliates of that company; very important and probably something you all use in your day-to-day analysis on companies and their affiliates.

So let me give you just a very specific example about how Dun & Bradstreet not only helps create the symphony, but also some of the unique elements that we put together for our customers and then how those elements can be used to drive growth and manage risk.

So if you are a business, you likely have a website and you get lots of visits on that website per day, but you may not know who those visitors are. One of the things that Dun & Bradstreet can do is we can take the IP address of that visitor that's on your website and connect it to a D-U-N-S Number. That's really important, and it's really important because that D-U-N-S Number automatically feeds information on that business, how big that business is, what's the revenues, what's the employees, what's the geography, what's the industry, all sorts of information for you as a business so you can use that information to grow your business or manage risk.

So let's talk about some specific examples. Let's say, I'm getting a visit from a company that is at their trade credit limit, it's likely that that company might want to buy more things from me, perhaps I should change that trade credit limit for that company so that they can buy more things from me and help grow my company. Reach decision markers; with our NetProspex asset we have an unparalleled ability to reach not just the company that you're trying to reach from a sales and marketing perspective, but the actual human being that makes that decision, absolutely critical.

New business opportunities, this is really an illustration of our Family Tree product. Suppose you as a business have a very, very good relationship with one company and you don't even know that that company is related to other companies in the Family Tree. Now I can actually sell my products and services deeper into that company set and again drive growth.

Marketing campaigns, really understanding who is visiting my website, the information on them, then they can use or optimize our product, to help cleanse and match their data sets so they can target the right decision makers and the right companies. Digital advertising; very, very important, very efficient way to get advertising out. If I know who is coming to my website, I can then the next time they come serve up ads and information that's specific to that company and specific to what that company would be interested in.

And then there's signals. Suppose I'm getting an awful lot of traffic from one set of companies or one geography, now I can go into Dun & Bradstreet's Hoovers product, look at the social patterns that are going against that company or that geography and find out what might be driving that activity. So one website visit drives a number of opportunities for our companies.

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It really is about delivering truth and meaning in data and how we help our customers transform their businesses by leveraging our crown jewels: the data, analytics, and proprietary tools to help them to drive growth and manage risk. We help them make sense of the sheer chaos of the overwhelming amount of complexity for their data, getting them the right data and analytics, right on time, delivered in a modern way, so they can make critical decisions and they don't leave money on the table.

Now let me turn the podium back over to Bob, our CEO and leader, for Dun & Bradstreet's extraordinary journey to growth. Thank you, Bob.

Robert P. Carrigan

President, Chief Executive Officer & Director

Thanks. Thank you. Thank you, Laura. Well, as you can see, our data and analytics at Dun & Bradstreet really set us apart. And we're continuing to widen that competitive advantage that we have not just by what we have, but what we can do with it for our customers; things that nobody else, but Dun & Bradstreet can do.

So speaking of what we can do with our data and analytics, let's talk about the fourth pillar of our strategy around modernizing the way we deliver our content to our customers, because across the board we are modernizing our products for agility and ease of use and overall experience. In the past, the customers came more to us. Now, we go more to them, making delivery available through mobile, and cloud, and proprietary apps around the world; easy and available to them when and where they need it.

For example, we are innovating for more modern user interface to make that data much more powerful and useful. And here on the screen you can see an older version of supplier risk manager. You'll see it's very text-heavy and requires users to dig deep to uncover the most helpful data. While we updated the UI and put the data front and center to really help our customers, who in this case are largely procurement managers, supply managers, to help them more quickly and easily uncover, monitor and manage business risk within their complex supply chain; all at their fingertips, no need to dig deep.

We're also innovating our flagship product, DNBi. And Josh Peirez, our Chief Operating Officer, is going to talk to you a bit more around our plans and our timeline with DNBi. But we're very focused on improving the features and functionality of DNBi as we move it to the cloud to help credit managers better manage their entire global portfolio of risk.

So these are not just cosmetic changes, this is really focused on how do you make this data much more useful to our customers. And if you haven't had a chance yet, we've got demo stations set up outside and I would encourage you to go out and take a look at the products and see all the innovation that's happening at Dun & Bradstreet these days.

But it's not just about our own products, because modern delivery, this idea about modernizing delivery of our content is also about making our data available as a service in real time delivering to best-in-class cloud-based application providers. And we have many partners such as Salesforce and Oracle and NetSuite and Adobe, to get our data and analytics into their customers hands faster and more efficiently, deliver through these beautiful applications that those leading companies have developed. And we're working with top-notch companies in this area.

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But let me tell you, you need to be innovative and fast to be able to partner with these companies. So that's all about being modern at Dun & Bradstreet and fully part of our strategy. And Mike Sabin, who runs our Alliances and Partner group, is going to be up in a bit to talk much more about this exciting area of our business.

The last pillar of our growth strategy is around globalization. Now when I came to Dun & Bradstreet, we essentially had two companies within a company. We had an Americas company and an international business, and they were kind of operating in silo. And actually one of the first things I did was ban the word international from the lexicon at Dun & Bradstreet because we have to change the mindset to be much more global in the way we are thinking about serving our customers.

Look, we have great global assets, and we have had them for a while, a global data foot print, the worldwide network of 25 terrific partners. Right? We have, as Laura showed, global identity resolution capabilities across multiple languages. We just want leveraging the full potential of that, the full strength of our global footprint and our brand while it's reasonably well known, was not fully understood in all the markets in which we serve.

So since I've gotten here, we've made a lot of changes to help globalize our business. And Mark Geneste will be up in a bit to talk about what he is doing with our global sales force, very exciting and having a big impact. But I've globalized all of my direct reports and we've remapped about a third of our employees to global functional areas, so that it promotes better sharing, more efficient use of resources, helps add more consistency with our customers and all the markets we serve.

And we're embracing the worldwide network as a key competitive differentiator. Our network partners are now sharing in our global data roadmap and the investments we're making. We're bringing many more products into those partner markets. We have them working with us in our global accounts program. Some of them are listening today on this call, one of the things we also did with that, like these are, we have to treat all of our network partners like employees. I'm now inviting all of our accountholders each quarter, any event automatically I invite our partners, because that's the mindset we have to have. Because to our customers, it's got a feel like one global Dun & Bradstreet. And this really gets to the core of our global strategy, which is about serving our global customers, that is our North Star in this area. That's what makes us truly unique. It plays to our strength. It's what we can do, that no other company can do on a global basis.

So we've been up to a lot at Dun & Bradstreet in the last year and half. And let's talk a bit about how we face our customers, how we go to market. And there are essentially three ways we do that. First, through our global direct sales force led by Mark Geneste. And then our Alliances group, Mike Sabin, again, will be up in a bit, talking about our indirect sales, the relationships we have where we distribute through third parties, either embedded or through our network partners. And we've made investments in these areas, and they've had a big impact on our growth. Our direct sales is growing at 2% and Alliances is growing at 8% and that growth is accelerating.

But while those areas have been gaining traction, our North America inside sales for our small to medium business efforts have not been growing, have actually been declining since 2010. And I'm really pleased to say that we have a strategy now that turn around our efforts in the SMB area. A totally new approach, tailored to the unique customer needs of the small to medium business customer.

And as you know, we acquired Credibility Corporation, a company that was 100% focused on the needs of this vital audience. But this was more than an acquisition. We merged our Dun & Bradstreet's small to medium business assets into Credibility Corp, and we formed a new division called Emerging Businesses. So it's a much more transformational approach, a re-imagination of how we go to market in this space.

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And we're calling it Emerging Businesses to convey the idea that we have an integrated suite of offerings that's designed to help SMB customers to grow, to emerge. And this new division is run by Jeff Stibel, a tremendous business leader who has an incredible track record with his team in this area. And I'm delighted to have Jeff here today to tell you more about what we're doing in the area of Emerging Businesses. Jeff, come on up.

Jeffrey M. Stibel
Vice Chairman

Thank you, Bob. I couldn't be more excited to be here today, as we work to help all businesses both small and large succeed leveraging our data. What I'm going to focus on though are two key things. The first is give you a better understanding about the Credibility Corp business that I was running that we acquired recently. And then second, demonstrating the success we had and how we're going to able to leverage that success to be successful across this emerging channel that we've now created.

So at Credibility Corp, what we actually did was we sought out to create a new market. We realized a huge challenge that businesses were facing, small and large, where they couldn't make sense of data. And we realized very quickly that we have the right assets to deliver and help these businesses succeed. We knew that with data, businesses particularly small and medium size ones could become more credible if they push that data out through the internet, as well as through offline sources. And that was one of the reasons that back in 2010, we acquired the Dun & Bradstreet credit assets that we acquired. We use that as a fundamental building block that we saw all businesses would be able to leverage to start succeeding. So we went out, we built products and services around that core credit piece to sell into that base, and then over time, built a suite of products and services to up sell and cross sell customers.

So we started with the base that we knew all customers could be served with. And then over time, we leveraged that base to build up the suite of products once we had a large strong hold and relationship with these businesses. And the plan and execution worked and it worked incredibly well. We saw record growth quarter-after-quarter-after-quarter in revenues and saw revenues jump while increasing margins. We also saw exponential increases in our subscriber base. Despite the fact that we consistently in our pay user base drove up ARPU and reduced churn. More customers were coming to us and they were staying longer and longer. And it was because of the core assets that we accumulated, built and put out to these small and medium size businesses that we ultimately succeeded.

Now that said, the assets that we had at Credibility Corp pale in comparison to the assets that we have now with the merged combined business. However, the assets that we think of that are so valuable aren't the assets that you probably historically, traditionally think of as Dun & Bradstreet assets. And it's frankly not the assets that the business itself was thinking about as assets as well. And this is a typical problem with bigger businesses.

When you go into a new market, whether it's Creditability, a small, medium size business channel or otherwise, you first look inward and say what are the assets that we have and it's typically your products, your services, your solutions, I think, you're selling to the other channels. In this case, we took those assets that we thought we had and we applied it to the small base. We took DNBi and we shrunk it. We offered less value, less service and ultimately we receive less revenues.

We took something like Hoovers, a great tremendous product that we can leverage, but we created Hoovers light where we offered less value, less service and again ultimately we received less revenues and sort of shrugged our shoulders at why. When you step back and think about the assets that we have, it's what's on the board here. These assets are far more valuable. When you're talking about businesses, it's all about the relationship. And we have a stronger relationship, deeper depth and more breadth than just about any business on the planet. We have 75,000 conversations every week with small and medium size businesses.

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Businesses that are using our product and services today are interacting with us to the tune of about 400,000 touch points every single week. When you look at our customer base, it's grown now to just over 700,000 pain free customers. We've got 28 million more to capture and we will capture those. However, in order to do it and do it profitably, we've got one weak spot on this board, which is our revenue base. We've got $385 million in revenues, which has been largely stagnant, if you look at the two businesses on a combined basis.

What Bob said, with the previous DNB business was declining, we were growing. We're now largely flat, which is absolutely unacceptable. But if we retool and we think about the core assets that we have at our disposal, we can win and we will and it starts with listening and learning, because we already have those relationships. So what we've learned so far is a couple of key things that I think will help to drive this forward.

The first is there is no such thing as a small business. We tend to put in the same category, a pizza shop owner and a chiropractor, but these are fundamentally different companies with fundamentally different needs. Again, this is an inside-out view, what Bob consistently says, is the problem or has history been the problem with Dun & Bradstreet. We looked from inside and looked at our data and said they have the same number of revenues, they have the same number of employees. And we said, well, they must be the same. But these two businesses couldn't be more different. And in the small business category, where you've got 28 million businesses, you have to do a better job separating them.

The second – and this is probably more important and potentially more damaging than the first is we have to stop thinking of small businesses as small and we shouldn't dare call a small business owner small. In many cases, they are the biggest things to them and their community. Take Joe from Joe's Pizza, is a small business owner in [ph] Haverford (46:45), Texas. Joe has the biggest pizza shop in his local geography. When Joe goes and competes online on Google, he competes with the big boys, he competes with Domino's, with Pizza Hut, with Godfather's Pizza and more often than not, he wins. Joe may one day run for mayor. Yet we self-select and force him into a small business channel. We're insulting the very person we're trying to sell to by pushing them through something that is small, that is anathema to them.

Second to that, but equally important, we all of a sudden think myopically about Joe in this category. We think they're small. We should offer less value as I said. We're going to get less revenue, we should charge less. But the reality is Joe and his counterparts may have a bigger need for our products and services than in Domino's. Joe might have a greater need for access to capital, but no place to get that capital, and nowhere to go but us. He might be looking to franchise or grow his business. And if we think of Joe, not as a small business, but as a business that will emerge into something much bigger, we can offer products and services to help him succeed and ultimately help us grow our revenue line.

And that comes through the strategic positioning in our company and what we're going to do to actually execute and operationalize the learnings that we have and the touch points and the value that we have here at Dun & Bradstreet. There are four key pillars, but it starts with the underlying tentative technology. And I'm not going to be up here talking about buzz words, SaaS, cloud, et cetera. More often than not, this is owners who don't understand technology really well, think the technology is there to serve technology and it is there in and of itself, but the reality is technology is an underlying driver of success for businesses.

So I'll give you an example, our flagship at Credibility Corp on the credit side was CreditBuilder, where we help businesses manage and monitor their own credit. And when we acquired the Dun & Bradstreet business in 2010, we quickly built a SaaS platform, believing that that would serve our businesses better. We would have a real-time platform that someone could lock onto, get real-time data, operationalize, and go about their day leveraging that

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data footprint. The reality was businesses don't have the time to wherewithal or the inclination to leverage a SaaS platform.

Let alone Joe from Joe's Pizza, where you've got flour all over the shop, the last thing he's going to do is have a computer in his office. So we actually turn that around on his head. We use a SaaS platform not as a pull mechanism to pull our customers in, but as a push vehicle, so that we could actually do business where our businesses do business. Whether it's through mobile, through a voice drop, through e-mail, through text, we would get to businesses the data that they needed, where and when they needed that information, as opposed to push them to come to us. And we will do that and leverage that through all of the products and services that we have at our disposal. Whether it's Hoovers, DNBi or the next new product that we build, we're going to take the customers mindset and build products and solution and underlying technology to serve their needs.

Once we do that, we can really hit upon the business model and that there are three key parts. The first is, what we call microsegment it. And again, you heard a little bit about this. We need to figure out, whether we do this through geography or through category, how we can segment customers into their logical footprints. That could mean putting all the chiropractors together. Could mean putting all of the customers, the businesses in [ph] Haverford, (50:14) Texas together. Whatever it is, we have to microsegment to figure out what the right categories are. And then, once we have that, we can optimize based on the category.

What we're looking here to do is really two fundamental things. We're looking to effectively optimize, so that we can understand the needs of the customer, and then create products and services to serve those needs, increase the value curve. While at the same time figure out what the share of wallet is that we can command. What is the willingness and propensity to spend for each of these businesses within each category? Then we can match the value to price curve equation. And push each of these categories to their natural price point.

We did this at Credibility. It's exactly what we're going to do with Emerging. And whether that means through automatic renewals at higher prices, bringing in customers at new prices, cross-sell, up sell or otherwise, we're going to move people up the value curve, so that we can increase prices over time. And a funny thing happens when we do that. It's actually a paradox that most people don't realize. The higher the ARPU, if you're adding value, the higher the price and the lower the churn.

Customers see more value, they're willing to pay more, because they're receiving more in benefit, and that's exactly what we saw at Credibility. We increased ARPU, we increased our revenues while reducing churn sequentially. And we think, we can do the exact same thing here and we're going to leverage the great ecosystem that we have here at Dun & Bradstreet. And this is one of the things that's most exciting for me as I come into this company, because we have this wonderful ecosystem, where we have 90% of the Fortune 500, 70% of the Fortune 1000 that we can leverage in terms of the products and services, so that in many cases, we'll be able to build organic products and services and sell to our customers. But again, because we have that touch point in relationship, we don't want to lose a customer, we don't want to not solve a need just because it's not our core competency. And we can move towards partnerships, and it can be far more robust than what we did at Credibility Corp.

So whether it's our customers and partners such as Alibaba, Bank of America or LegalZoom or do we leverage the overall ecosystem here at Dun & Bradstreet, the goal is to take our organic products, bundle them with other products and services and move up that value chain, so that we can ultimately increase this business. And if we're successful as a company, if my team's successful, if I'm successful, ultimately, what we're going to be doing is we're going to be moving these small and medium businesses, helping them emerge from being small then medium, until they're eventually an enterprise customer, which at that point, we can move them up the value chain to the

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enterprise group that Mark runs. So well, with that, I'd love to introduce Mark, so we can talk a little about the enterprise channel. Thank you, very much.

Mark Geneste

Chief Sales Officer, Dun & Bradstreet Corp.

Thank you. Good afternoon. And building on Jeff's fantastic outlook on the Emerging Businesses, I'm very excited to be here and to meet you all today. I'm the Chief Sales Officer for Dun & Bradstreet. I joined in August 2013 in Europe after a 23-year sales career at Thomson Reuters, where I led several high performing sales organizations like consultative channels, global account sales, and even sales and sales and trading at Instinet.

One thing you need to know about me is that I'm all about growth, enterprise deals, and execution. I see a tremendous opportunity in our direct sales team. And I believe we have a great opportunity to further penetrate our customer base. I lead Dun & Bradstreet's sales and service organization of more than 2,000 members which is almost half of the company.

When I joined at Dun & Bradstreet, I've noticed that we have a great customer base. In fact 70% of our Fortune 1000 companies are customers today. But there's no reason we shouldn't have 100% of the Fortune 1000 companies as our customers. The other interesting fact about our customers is that more and more of them want to become truly global and want to be treated globally. But I've recognized that we at Dun & Bradstreet weren't truly global. But in fact, we're very siloed. We only did a few big enterprise deals.

I've learned that most of our customers also only bought one or two product segments from us, generally, risk and sales and marketing tools. I see a huge opportunity to cross-sell and up sell additional product segments. I also saw that we had a renewal culture. Our sales force were incented to protect our base business versus focusing our new incremental business that would drive our growth. Knowing that, I knew exactly what I needed to do.

So let me tell you about what we've done to change the business. So to capture the market, I've focused on three main areas: global accounts, strategic vertical markets, and national accounts. This organizational structure is not revolutionary, but it's definitely for Dun & Bradstreet. One new area of focus for us is the creation of a global accounts program.

I am building a team of 11 global business directors , and we have about half of them onboard today. They're focused on our most valuable accounts. I've identified the first 40 to become part of this program, which represents about $200 million, over 70% comes from within the United States.

I've created this team by hiring top talent from companies like SAP, HP, Oracle, Salesforce, and others. These are experienced sellers that know how to sell to the C-suite, and they know how to drive large enterprise deals. Regarding our strategic vertical market segment, we have targeted several key industries that we believe we can deliver a high growth. They are a high tech financial services, telco and government. And we expand into others if we identify the opportunity.

And to focus on our very important regional base customers, we have the national accounts sales teams that are designed to address customer unique needs. These customers want a field sales team based on huge costs and up-sell opportunity. We also created a global customer solutions organization, which employs industry experts and specialists. This team is exclusively focused on driving incremental sales.

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These sales teams are supported by a newly created global sales operations team, and finally, we also will be structuring our service and support organization. We're shifting support activities that were impacting our sales rep selling time over to our sales and support team.

Going forward, our service organization will pay a more proactive role in protecting our existing business, and be more involved in renewal and the existing businesses, along their traditional post sales activities. But organizational change alone is not enough. We're also changing our culture. We are creating a high performance sales culture, as part of this transformation, by rebuilding my sales leadership team, of which 80% are now new to Dun & Bradstreet.

Next, I shifted my focus to our field sales team, where it makes sense, we retained and promoted internal talent. And where we identified gaps, we hired senior external talent from fast growing companies. For key roles in sales, I've hired 50% new players from the outside. One thing should be clear, going forward, we will constantly be looking to improve our bench strength. A performance based culture must manage underperformers as well. One of the first decisions was to eliminate 140 low performers and despite all these changes associated with that decision, we're able to grow the business.

As I told you, I'm all about growth, and to grow the business, I knew that we had to change the behavior of our sales team. Key changes, a key to change to change that behavior was changing the compensation plan. With our new compensation plan, we're now incenting our teams more for new business and less on renewals. So we're changing our organization and the culture, but we're also changing the conversation we're having with our customers. So why are we changing the conversation with our customers? Let me explain to you, why.

We want to sell higher up the value chain and talk with our customers about their pain point. That is what interests them. Our goal is to be seen as trusted advisors and add value to customers on every meeting and every conversation. We'll constantly be looking for opportunities to grow their business with our business together. This is a model that is solution-based and leverages our domain expertise. It will allow our industry and products specialist to discover and address our customers' really pain points and at this designs to elevate the conversation to the C-suite.

To help with all these amazing transformation, we have our new world class marketing organization led by my good friend Rishi Dave. For the first time, sales and marketing are working together hand-in-glove. Our marketing team is creating training content and several hundreds of pieces of collateral, many of which address the pain points of the C-suite. We're also rolling out a global customer reference program to put on a spotlight on our customer success stories. And we're building solution-based return on investment calculators that prove out the value of our solutions.

We're creating certification program for our sales teams to ensure that we're able to be have meaningful conversations at the most senior levels at our customers. So what we've done is nothing short of a complete overhaul of our sales and service organization. So for the first time, our sales and service organization is truly global. For the first time, our sales team is truly motivated to grow our business. For the first time, in every conversation with every customer, we are truly focused on their return of investment. This is the new Dun & Bradstreet, ready for growth.

Speaking of growth, I would like to introduce Mike Sabin, who runs our alliances and partnership program to talk a little bit more about that.

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Mike Sabin

Executive Vice President and General Manager, Global Alliances and Partnerships, Dun & Bradstreet Corp.

All right. Thank you very much Mark. Good afternoon, everyone. As you just heard from Mark, he has driven an incredible amount of energy and focus into our direct sales organization. And I'm pleased to share with you that that same level of energy and excitement permeates the entire Alliances and Partnership team.

Now before we jump into, I think it's important that I define what we mean by alliances and partnership. All of our alliances present us the ability to broaden our distribution, reach into new spaces and do so at high margin. Now broadly, we categorize our partners into three buckets.

The first, our data partnerships, our worldwide network. So, through the worldwide network, we create a huge competitive advantage and the core component of our global strategy. There are some markets in which we've chosen to collect, manage and maintain the data. And then there is other markets which made more sense for us to partner with a market leader to be able to provide that local insight on a globally consistent basis. And so, through collaboration with the worldwide network, we've created the best-in-class, mostly truly global data asset and brand in the world.

The second category of partners are more traditional redistribution channels. These tend to be brokers and resellers, who take our solutions right off the shelf and sell as is typically into customers that we can't reach well directly. This is a stable area of the business, but not a source of growth and not a strategic focal point for us.

The third bucket and the focus of our conversation today are embedded data partnerships. Those relationships, in which we natively integrate our content into an alliance partner's application or platform to deliver truly new value to the marketplace. So, the reason we're focused on this category for today is, first, it's where the external trends are driving us. You heard Bob talk about many of the external trends clearly moving towards this type of a relationship.

Secondarily it's what customers are asking for. They're demanding this type of capability from us. And finally, it represents a huge market opportunity and a tremendous source of growth for us. So we're really excited about what we can do in this space by leveraging our content, integrated into our partner's applications. And so really this notion of an embedded data partnership seizes upon the opportunity created by the marriage of software-as-a-service and data-as-a-service.

And we talked about some of the trends earlier with respect to the technologies, and the access, and the tailored workflows. And this provides us the ability to put our content directly in there. So I'm particularly excited about this opportunity. I've been at Dun & Bradstreet for about 10 years now. And over the course of my time with the company, I've had the opportunity to work with many of our partners and interact with many of them. And I can tell you that, historically, we took a pretty narrow view of our partners. In an effort to minimize and mitigate any risk, we put barriers and obstacles in the way of our partners, and in so doing, we inadvertently stifled innovation and growth.

While I'm excited to tell you that has radically changed under Bob's and Josh's leadership, and under the umbrella of our new strategy, it's incredibly liberating to work with our partners in a far more open and collaborative way, focusing on innovation and growth, and taking advantage of these opportunities that SaaS and DaaS represent for us. The opportunity to take our insight and provide it at the fingertips of our customers in the workflows in which they've chosen to operate.

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But it's not just about embedding data into these applications. That's an important step and solves the integration problem, but in and of itself it's insufficient. It's about a movement towards intelligent applications. Applications that actually trigger actions or help drive decisions. And so let me give you an example of what I mean by intelligent applications by sharing one that is and one that isn't.

So you can see up on the screen an Excel spreadsheet and Excel is a wonderful tool, a lot of great capabilities, but by itself it's not an intelligent application. To make use of Excel, you need to load data into it. You need to manipulate the data in some way. You need to perform some action against the data. All of that user-initiated and user-driven, right, so not intelligent.

Compare and contrast that with Uber. Just out of curiosity, how many people here use Uber, use the Uber app? Okay, good, a lot. For those of you who don't, come see me afterwards, I'll help download it to your phone, it's awesome. But Uber is an intelligent application. It helps you get from point A to point B in the most effective way and it does so by leveraging data, multiple different data sources. Maps, Geocodes, your location, drivers' locations, the type of vehicle that you need, and it brings all that together to help you make a decision on how you're going to get to your next location.

It's also an intelligent application for the drivers, figuring out who they want to make themselves accessible to based upon the user reviews and figuring out whether or not they can fit that ride into their schedule based upon distance and traffic patterns, right. So an incredibly powerful tool that's an intelligent application. And for us, at Dun & Bradstreet, we're so excited about this trend because we know that our content and insight can be the fuel that makes these applications intelligent in the commercial space.

So while we're thrilled about the opportunity, we're also very thoughtful about who we wish to partner with. And for any potential partner, we evaluate them to ensure they do at least one of three things. The first is create new value in the marketplace; second, see if they can help bring new customers to Dun & Bradstreet; and finally, do they allow us to enter new markets. So let me give you an example of each of these.

On the first one, new value. So we're really excited earlier this year to announce a partnership with KPMG. Through this partnership with KPMG, we are addressing a new need that's been created in the market based upon some IRS regulations that require certain things of financial institutions, right, it's called FACA. With this partnership, we are providing the financial institutions a workflow tool, tax advisory expertise, a classification engine, and a document collection platform, a holistic capability that did not exist in the market before we launched this partnership.

In the second bucket, new customers. So through our partnership with salesforce.com over the course of that relationship, we have added over 10,000 new customers to Dun & Bradstreet, companies that did not do business with Dun & Bradstreet previously.

The third one, new markets. Bob talked earlier about the digital marketing space, and we're excited about the opportunity that working with partners provides us to get into this space. So digital marketing and more specifically programmatic advertising is really attempting to do in the online world what traditional marketing has always been trying to do in the offline world, reach the right person at the right time with the right message.

And up until now in the B2B space online, that's largely been done solely through behavioral data, right. I went to site A, and then I went to site B, therefore, I must be a senior finance professional at a technology firm. Well, now with the inclusion of Dun & Bradstreet data, you can actually offer a far more deterministic approach, because we can accurately identify those audiences so that if you want to reach a senior finance professional in a technology

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firm in the Fortune 1000, we can do that for you. And so, we're thrilled about moving into this space with partners like Oracle BlueKai and Adobe.

And so, in addition to evaluating each partner, we are also focused on very specific categories. Categories where we believe we can grow the fastest, based upon the size of those markets, the growth rate of those markets, and our right to play there. And by that I mean, our ability to add value. And so, I've highlighted four here on the screen that are important for us.

So, the first, governance, risk and compliance. I just talked about our partnership with KPMG in the FACA space, that's one example of this, a category that's growing at almost 14% a year. CRM, still growing at mid-teens and by the end of 2017, expected to be at $27 billion market. Programmatic advertising, we've now talked about it a few times, growing like a rocket ship, growing at almost 50% a year. And in particular, those two categories, CRM and programmatic, we're starting to see some of the largest tech firms combine those into marketing clouds, which will provide yet further opportunities for us.

And then finally, capital markets. Capital markets is an area where currently people are spending roughly $8 billion a year on data, and it's growing about 8% a year. So, an incremental $600 million every year being spent on data, and we are thrilled to be entering the space. We just launched and announced our first partner in the capital market space, a company called 1010data.

We have historically provided our insight to help make decisions around trade credit and marketing. We've now determined and assessed that we can add value to help make better decision making in the capital market space as well. So these are some of the categories where we're focused on. And as you can see from this slide, it's not just about the opportunity we see in front of us, we're also really excited about the progress we've made against this strategic initiative, right? So, you can see from when we first signed our first truly embedded data partnership with salesforce.com back in 2011, we have added many more partners. And importantly, the pace at which we're adding partners is accelerating.

There's a couple other key things I'd like everyone to take away from this slide. First, as you look at these brands, these are best-in-class brands in their categories, market leaders, leading innovators, thought leaders in their space, those are the companies that we want to partner with and who in turn have chosen to partner with us.

Secondly, as you can see from the array of brands, there is a portfolio of partners that we're working with because while we want every single partnership to be wildly successful, we recognize that that's not reality. And so there is some that will work well and others that won't, so we're taking a portfolio approach.

The last thing I wanted to comment on this slide is that as we're adding more partners, we're learning from these relationships. And we're figuring out how to not only accelerate the pace at which we bring on partners, but the pace at which we actually get into market and monetize these partnerships.

Now, there are some realities of things we need to do to create that pace, right. We have to actually build the partner with them, launch it, drive awareness and adoption, but we're taking our learnings from these relationships to drive that even faster. So we're thrilled about the opportunity that this represents for us and we're pleased with the progress we've made. For us to be successful, we have to continue to deliver on the underlying value for end-users.

And so with that I'm thrilled to turn it over to my friend and our COO, Josh Peirez, to talk about our value prop.

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Joshua L. Peirez
Chief Operating Officer

Thank you, Mike. Good afternoon, everyone. So far today, you've had a chance to hear about our strategy for growth and the five areas we're focused on executing against to get that growth. You also had a chance to hear about the trends we identified that allowed us to create that strategy in which we stay focused on everyday to make sure that we stay ahead of those trends and maximize the opportunity.

Laura laid out our unique data assets and the value that they provide to our customers, in particular with identity resolution at the core of creating the world-class insights that only Dun & Bradstreet can provide to our customers. And you heard about the investment that we've made to have the right information on the decision makers of companies so that we can help our customers get to the right people at the right time with the right products and services to grow their business and thereby grow our business.

And Bob talked about the improvements we're making to modernize the delivery of our products so that we have modern experiences for our customers in a secure environment, which is ever more important to them, so that they can access our content anywhere in the world. And when you heard from Jeff, Mark, and Mike about the channels to serve our customers whether it'd be the emerging businesses, our enterprise businesses or through our alliance partners so that we're providing new ways for our customers to use our information to grow and thereby for us to grow.

But in the end, our business is actually about our customers. Now we're a B2B company, and all of you know that, but our customers are not actually businesses. They are the people who work hard every day to run and grow those businesses. And we're focused on these people, and what they need from us to do their jobs better so that they can in turn grow their businesses and manage their risks as they do so. What they need from us is second to none information delivered in a modern way where and when they need it only Dun & Bradstreet can give that to them.

So I'm going to spend my time talking about these people, our customers. And you see four of these personas up here, they are the ones who buy our products. And then I'm going to turn it over to my friend Rich Veldran, so he can dimensionalize each of these categories for you into how you report to help you with your models. So let's talk about these four different customer personas, the jobs they have to do, how we help them today and how we're helping their emerging needs for our products and services.

So let's start with Lisa. Lisa is a Trade Credit Manager. She needs to make decisions right away every day to help grow her business and avoid large financial losses. She needs the freshest, most accurate data to make in the moment decisions. Now while she is on the phone with a sales person, who is sitting there with a customer, and if she is not able to give them an answer quickly, time is money. She misses the opportunity for that sale and her company's sales to grow.

Now, Lisa is a highly-satisfied DNBi customer in the United States today. But if she is outside the U.S., she is likely using one of our more transactional traditional products like our DBAI or Dnb.com products. Either way, she is getting best-in-class information from the established market leader in the trade credit information space, Dun & Bradstreet.

However, she is very excited that in the future, she can buy DNBi in the cloud with new features and functionality to help her do her job better. For example, she can link to CRM systems or ERP systems to work with other departments in her company so that she is able to work seamlessly and provide those real-time decisions to move the business forward. She is able to get globally consistent scores on the same product, which she cannot do today from any place in the world. She is also going to be able to work with her colleagues all over the globe, who today

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maybe on different systems to do the same job in trade credit management. She will be able now to have that globally consistent platform so she and her colleagues can use the same tools with that same information to drive decisions.

So as Bob said earlier, the acquisition of Credibility Corp has given us some great optionality. And as you heard from Jeff, the approach that he and his team take to sales, product, platform, they've all allowed us to reimagine our rollout of the DNBi in the cloud product to focus on this opportunity with the emerging businesses. So let me give you an update because I know it's one of your questions.

So, as we said, we plan a staged global rollout of DNBi in the cloud. However, given the opportunity that we see in this small and mid-size business area after this acquisition, in particular, the technology platform that it gives us and those 700,000 companies that Jeff and his are engaged with every year, we have the opportunity to grow DNBi in the U.S. in the emerging businesses space, which we didn't see before.

And based on that, we've made a change to our rollout plans to accelerate our rollout in the North American market and go there first. We're targeting to be there by the end of the year. We realize this is ambitious given that it's a only month since we closed the transaction and have been working together, but that is our goal. We expect to be in market by the end of the year or early in first quarter. And we remain committed to the global rollout of DNBi with other markets coming right on the heels of the North American rollout because we see that growth opportunity globally as squarely as we ever have for those users in other markets who today do not have that subscription product for the ability to migrate customers from transactional to subscription and to service the global clients that Mark talked about.

The acceleration in North America will help Jeff squarely and you saw that's our one big problem area, so we see that it's helping him to grow that business next year. We do expect it to start impacting results in 2016. It's baked into the guidance that Bob provided earlier and that Rich will provide more detail on in just a moment.

So let me move to Michael, our CFO. And as Mark told you, we're focused on selling up the value chain to the C-suite. So Michael his job gets harder every single day. When he wakes up, there could be some new regulatory challenge or security risk or macroeconomic force that's impacting his business in a substantial way. He needs to know who he is doing business with, with certainty whether they are customer, a vendor, a supplier. Because he needs to understand who they're in turn doing business with and who they are related to in their family tree, as Laura discussed, or how the market in which they operate are changing on an everyday basis. Because any day Michael's entire business may not be at risk when he gets up, but his quarterly or annual results most certainly are. He is also under tremendous pressure because he works directly for the CEO, and you all heard Bob, that CEO today is all about growth.

So, Michael can't just go shutting down everything that creates risk in his business. He needs to be able to pinpoint, identify the areas to invest his time and effort to manage that risk while driving for the growth in the business. What he needs is a global unified portfolio view of the companies that he is engaged with and the information that he needs to make smart capital allocation decisions like where to invest, which markets, which industries, where is that growth going to come from. In this case, growth means the opportunity to grow where the risk is not overwhelming.

Michael needs to be able to anticipate and respond to micro and macroeconomic forces before they occur. Because if a currency collapses or a business retracts, it's already too late for Michael and his business, and they've missed that opportunity to grow. So, Michael luckily has many solutions that he can only get from Dun & Bradstreet. He uses D&V Direct so that he can use our APIs to pipe our data into the financial systems he is already using to identify the emerging risks that his company is facing whether in a customer base or in his supplier base. Now,

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because any given day, there could be some new regulation and we all see that all the time in this environment, Michael uses our Compliance Solutions from the Dun & Bradstreet so that he is able to know with certainty how he has to react when he finds out that there is some new obligation on his company to manage who he is in business with.

And Michael will also partner with the Chief Procurement Officer for supply solutions to help manage the cost in his supply chain. And you can see outside a demo of our new releases Supplier Risk Manager, which is a product widely used by supply managers. It's been upgraded and is being rolled out globally consistent with our global strategy this year.

And finally, Michael was thrilled to hear about our new alliance partners like NetSuite, where he is able to take unnecessary cost out of his business using a system he is already paying for by automating processes like quote-to-cash and collections.

Now, the best place for Michael, whatever his risk, is Dun & Bradstreet. The only company that has the valuable insights on the risks in the company that he is doing business with to make sure that he is ahead of these macroeconomic challenges. Michael needs the identity resolution capability that we only can provide from Dun & Bradstreet. And in particular, this category of enterprise risk management will drive growth in our strategic and global accounts area that Mark runs, as well as in our alliances' area with the new partnerships that we've put in place.

So let's move to the other side of the house – because managing risk to grow is one thing, you actually have to sell the things to grow – and let's talk about John. John is a sales rep. John everyday has to make sure he hits and exceeds his numbers to pay the bills. John needs to know where to find the most promising prospects and what their business needs are before he picks up the phone or gets in the car to go make that sales call. John needs to know that the person he's calling, for example, just got a new bus, or if the business that John's working in has just announced a new initiative, or if there's new news that would change the concepts that he was going to bring forward in the sales call that he has scheduled a few weeks earlier.

In essence, John needs to know everything about the customer or prospect that he is engaging with; a 360-degree view of who that customer is and what they need. Luckily for John, he gets great solutions from Dun & Bradstreet, like Hoovers, which he can access on his mobile device or at his computer before he goes and makes that sales call. And John was ecstatic to hear that after our acquisition of NetProspex, he is able to get the absolute best information available on the people in the businesses that are his customers who are making the decisions, not just the traditional clients in his Rolodex, but the ones who actually have the ability to approve the funding and make the call so that he is not wasting his time or the client's time when he goes out and tries to make a pitch. John needs help every single day to focus his sales activities on the right prospects armed with the best business information possible.

Now, we expect growth in this category to be driven by refreshed Hoovers that Japanese team will be releasing on a global basis; and with the better data from NetProspex on the people who run the businesses, but also other new data sources like social data that we get from FirstRain and other partners, which will also help drive growth in the emerging businesses category in 2016.

Now, again, selling up the value chain, Michele is our Chief Marketing Officer. And while John was focused on particular sales, the marketing department has to get to the right customers at the right time through the right channel. So as we think about selling up the value chain to the CMO, they have a much broader set of needs for information services than a typical sales rep would have. And you heard earlier form Bob that the CMO is facing

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new challenges and opportunities. The shift towards digital and automated processes and as Bob said the end of the Mad Men era, where now it's more of a science and less of an art to make those marketing leads pop.

The new technology that Michele is buying in ever increasing dollars are providing her both headache and an opportunity for growth, because she needs to be efficient and use her money wisely. She needs to build relationships, not just identify, but build relationships with prospects and with existing customers.

Michele needs to be able to combine her internal data with external data to find the most likely to buy prospects to satisfy her ever eager sales force. Now, Michele needs to optimize her spend because the CEO and the CFO are constantly asking her where every dollar is going and what her ROI is on that spend.

She needs to ensure she is reaching those most valuable prospects, but with customized messages tailored to them and their needs because the day of marketing to many through broad-based television or radio campaigns is over. You need to be able in the B2B space to market one-to-one to the people you are actually selling to. So Michele is thrilled at the solution set that she is able to get from Dun & Bradstreet to help her meet these ever changing needs.

First, you can start with our Optimizer product, which allows her to keep her data fresh, but also to enhance that data, add valuable content to each record that you did not have before, and to improve the accuracy of the information that she has. And she was so happy when she found out that we now after enough prospects have Optimizer for contacts for her where she is able to do that same thing on the database she has of people at the businesses that offer clients, so she can cleanse and enrich the data on those people, to help her marketing and sales teams reach the right people with the right messages.

And Michele uses D&B Direct as well, because she's able to embed that great Dun & Bradstreet data right in those marketing systems that she's spending so much more money on; and Michele was also thrilled to hear that now she can meet her programmatic advertising needs through the audience solution suite from Dun & Bradstreet by getting that data and the great analytics about where to place her advertising and how to reach the audience she wants, right in the systems that she's already using like Oracle, BlueKai, or Adobe, simple, no need for massive work efforts. And we expect this to drive growth in both our Alliances area as well as through our strategic accounts as they continue to invest in these systems and the data that makes these systems have value.

So just a word on emerging businesses as well, just talked about the new approach we're taking to emerging businesses and the micro segmentation that we're doing, but it's also important when you talk about the emerging business owner to recognize that they are all of these personas that I just discussed and more. They are the CMO, the CFO, the sales rep, the trade credit manager. They have to manage all the risks and all the opportunities in their business by themselves at the same time every day.

Now, an emerging business, as Jeff said, has the same need for information as a Fortune 100 company would have, but they needed to solve differently. They need easy to use solutions in every category they're managing, but they need it with way fewer vendors than a Fortune 100 company could have, because they simply do not have the capacity to manage as many suppliers as a large company with a large staff would have. And only Dun & Bradstreet can help them across all their needs on the sales and marketing and risk management side of their business.

We can help them to present themselves in their best light through their credit and credibility services; and we can also help them to evaluate risk with our DNBi product and our DNBi in the cloud offering to come. We can help them find new leads with Hoovers and then to actually place their advertisements in a customized way to the right audiences using the audience solution suite that I just discussed. But importantly, for this emerging business

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owner who has so little time and so much to do, they can meet all these needs from one provider, Dun & Bradstreet.

So I hope I've given you a pretty good overview of how we think about the people and the customers we have; and how they do their jobs; and how we help them run their businesses every day; the data needs that they have; the products we provide; the go-to-market approach; and how we are so confident that that puts us at the mid-single digit organic growth level next year.

I also want to echo Bob's comments about the macro trends. They are really providing us a wind in our sails and the ability to think about these new opportunities very, very differently. It's an incredibly exciting time to be in in the information services space, but it's a particularly thrilling time to be at Dun & Bradstreet. And personally, I have an incredible amount of confidence that we're on the right path and have many, many more successes to come in both the near future and as we look out.

So with that, and to help you dimensionalize what that looks like, I'd like to introduce my good friend and one of the best CFOs you're ever going to find, Rich Veldran.

Richard H. Veldran

Chief Financial Officer & Senior Vice President

Thank you, buddy. Great. Okay, well, great. And thanks a lot Josh; and it is really great to be here today with all of you. Over the past hour-and-a-half you've heard a lot about the factors that give us high level of confidence in our ability to deliver mid-single digit organic growth on a sustainable basis.

What I'd like to do is put a little more specificity around the path that we see to getting to that growth; but importantly, to staying there. And I'll also show our plans around the other critical elements of value creation: profitability, cash generation and capital allocation, okay?

So let me first paint the revenue picture, and I'll start with risk management. Now, RMS represents about 60% of our revenue today and they clocked in at over $1 billion last year. And after several down years, risk turned the corner on growth in 2014 and strong demand for newer products, like supply, compliance and direct which are captured in our other enterprise risk category offset weakness in trade.

Now, going forward, our plan is to maintain this strong momentum in other enterprise risk, while turning the tide within trade to bring it back into the positive column. We believe we have the right tools in place now to make this happen. Now the improvement of trade is going to come from a couple of key drivers. The first is stemming that decline in small business that we've talked about. Now the Credibility acquisition gives us the tool to better serve that SMB customer and at the same time to help us crack the code on new customer acquisition. These are both proven success areas for Jeff and his team; and we're really excited about what they are bringing to the table.

Now, the second driver is bringing DNBi to the cloud, which will allow us to begin to turn the tide within the North America credit area, but also to expand our flagship product globally. Now, other enterprise risk was up 11% last year and we expect to maintain this strong momentum even as we gain scale. Now the biggest growth markets for us are in the space such as supply and compliance; and we've just begun to ramp in those areas.

Now the key here is our ability to cross-sell newer solutions across our base through the work that Mark is doing with the strategic vertical and the global accounts program. So we see a lot of growth coming from those areas. And there's lots of untapped opportunity in the alliance space as we gain traction with new alliances such as the

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recently announced deals with NetSuite and KPMG that didn't even exist a year ago when we had that strong growth.

Now taken together, we expect that turn in trade from a slight decliner to a low single-digit grower, together with continued momentum in other enterprise risk will allow us to bring RMS sustainably to low-single to mid-single digit growth.

So let's talk about sales and marketing. For us, that was a $600 million business last year. It was up 3%, and we see tremendous opportunity to accelerate this growth. But like risk, the fastest growth will come from the newest products which were captured in advanced marketing solutions where we've seen recent strength, but we also see lots of runway. At the same time, we are taking the steps needed to stabilize the Traditional Prospecting business.

Now, Traditional Prospecting has lagged in recent years due to weakness in Hoovers. We've really done little to reenergize that product line in the past few years. Now, we expect both the Credibility and the NetProspex acquisitions to make a difference in this space. If you think about it, the primary market for Hoovers is SMB; and Jeff and his team will now own product development and sales and service in this important space.

The combination of product enhancement and a more integrated approach to the customer will go a long way in bringing Hoovers back to growth. And at the same time, the NetProspex acquisition allows us to add more quality and quantity of professional contact to the Hoovers product improving value prop tremendously.

Now the biggest opportunity area though in sales and marketing is in advanced marketing solutions. We're well-positioned to take advantage of the macro trends in marketing that Bob talked about earlier. This business was up 6% last year and in many ways we're only getting started. But first, the market opportunity is enormous. We already have a very strong product, in Optimizer, and it will only get stronger with the addition of professional contact. And there's lots of runway for growth for new use cases like digital advertising that we talked about earlier we are well qualified to playing.

Now, we have a strong double barreled approach to go to market, which will really benefit us here. First, alliances are going to continue to fuel growth as newer relationships like Oracle and Adobe gain traction and add to the existing success that we have with relationships like data.com today. And we see significant opportunity to cross-sell these solutions to our strategic vertical and global accounts programs. So, together, taking prospecting from a low decliner to a low-single digit grower together with accelerating the growth rate and advanced marketing solutions will bring our S&MS business to a mid to high single digit grower going forward.

So just to kind of sum it up in terms of the revenue story, what we're expecting is low-single to mid-single digit growth in the risk management space together with mid-single digit to high-single digit growth in S&MS to bring D&B to sustainable mid-single digit organic growth for the foreseeable future.

Now, the beauty of a data business is that it brings with it the ability to expand your margins as your revenue grows. Bob already mentioned that in 2016, we see that as an inflection year, where we'll hit mid-single digit for the first time since the financial crisis and will deliver margins that are flat to up. Now, in 2017 and beyond, we're targeting to expand margins by 50 basis points a year while continuing to invest back into the business for growth, which is really the true virtuous circle. And the model here is pretty simple for us, as a data company, we're highly scalable, we throw of about $0.70 of incremental margin on growth.

We also have been and will remain cost efficient as a company. And as good stewards of company resources, we'd expect to find efficiencies of 2% to 3% of our cost base every year. It's just good financial hygiene and we will not lose that discipline. The combination of incremental contribution from growth and the cost savings will provide a

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pretty significant war chest every year to invest back into the business while at the same time allowing us to expand the margins.

I just thought I would dimensionalize this with an example while doing in a bit of round number form. Mid single digit growth on about a $1.8 billion of revenue would be about a $100 million of incremental revenue. Now on that with our margin profile, we would deliver about $70 million of contribution. So, add to that call it $20 million of cost savings by looking at our base that would provide about $90 million. We could easily invest half of that back into the business and at the same time drop the rest to the bottom line and expand margins. And we can do this every year while we're growing.

So, we already have an attractive business model, which we expect to only get better as growth kicks in and margins expand. And importantly along with this, we have low capital intensity. So, for example, we don't own our datacenters because the processing and storage of data is a commodity and it's better to rent a commodity than to build and maintain infrastructure to operate that.

So with that our capital spending has remained less than 5% over time and we expect this to continue even as we invest for future growth. Now with high profitability and low capital intensity, we've delivered very strong free cash flow year-after-year. And as you can see on the chart, even during periods of low growth and high investment, we still delivered between $250 million and $350 million of cash flow on an annual basis. Now with the sustained level of revenue growth and increasing margins, we expect free cash flow to accelerate.

Now, while we generate a lot of cash, equally importantly, we're very disciplined in the way that we use that cash and our priorities have not changed. First and foremost, we invest back into the business to try organic revenue growth. Second, we will invest in M&A if we can invent a strategy. And third, we do return excess cash to shareholders where we have a very strong track record.

Now, currently, our leverage is a bit higher than we'd like as a result of our recent acquisitions, and we're committed to maintaining an investment grade credit rating. So in the near term, after our dividend, we're going to use our free cash flow to reduce debt, to bring our gross debt-to-EBITDA to under 3X. Now, with our strong free cash flow, we can reduce our leverage by about a half a turn a year and we expect to reach the 3X target in the next couple of years. That will give us flexibility in the future for more M&A and repurchases while allowing us to remain investment grade.

Now, ultimately, to sum it up, our model for delivering shareholder value is pretty simple, but I would say it's pretty compelling at the same time. Our unique assets and a multi-channel go-to-market approach will allow us to deliver sustainable mid-single-digit organic growth. With a business model that's centered on data, we can expand margins by 50 basis points a year while continuing to invest. And with low capital acquirements we'll continue to generate very strong free cash flow and we will use that cash wisely.

Now, before I hand it over to Bob, I just want to make one personnel observation. I've been with D&B about 10 years. When I look at the market opportunity in front of us, and when I look at the strategy that we have in place to take advantage of that opportunity, I'm more bullish on the future for this great company than I'd ever been before. I think it's a great place to be, I'm excited to be here, and I hope you share our enthusiasm for the future of this great company.

And with that I wanted to hand it back over to Bob.

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Robert P. Carrigan
President, Chief Executive Officer & Director

Well, thank you, Rich, and thanks for those words. It's great to work with you and our team to execute on our strategy. And as you could see, we're making great progress. So I'm going to try to summarize this a bit because we've covered a lot of ground here today. But as you could see, we're up to a lot these days at Dun & Bradstreet with our bold strategies.

We are laser-focused on creating significant value for our shareholders. We have a clear path with market trends providing wind to our back, and only Dun & Bradstreet can deliver the type of insights that companies need, the data that they need, the foundational data, to help organize that data, and the insights derived from that data on a global basis. In a world that is increasingly data driven, only Dun & Bradstreet can do that. And we have a five-point strategy about getting our data and analytics more effectively into the hands of our customers because when we grow, I'm sorry, when they grow we grow. And this is all about sustainable revenue growth.

And I talked to many of you in our individual meetings about this virtuous cycle of growing revenue and given the high incremental margin that Rich talked about, it creates the capacity for us to invest in continued and sustained revenue growth while we expand margins. And that leads to growing cash flow and a more valuable Dun & Bradstreet. Again, I'm really proud of my team and everything that we're doing to execute on the strategy. And on behalf of all of my global team members who are here today and listening in around the world, I want to thank you for allowing us to share our strategy for growth. Thank you very much. Thank you.

Now, I know, you have questions for us and I'd like to ask the presenters to also come to the stage. And while they are doing that, I want to mention a few other noteworthy folks in the room. I mentioned our first ever Chief Marketing Officer, Rishi Dave, Rishi why don't you stand up and wave; and Chris Hill is our Chief Legal Officer, and John Reid-Dodick is our Chief People Officer. And I would encourage you to introduce yourself and ask any questions that you might have of those great executives. So why don't the rest of you guys come up on stage. And Kathy, I'll turn this back over to you.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

Okay. While everyone's getting seated, I'll just go over the rules. We have three people working mics through the room. So please just raise your hand if you have a question, I'll acknowledge you and then just wait for the microphone to get to you.

All right. Yes, Andrew.

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QUESTION AND ANSWER SECTION

Andrew C. Steinerman
JPMorgan Securities LLC
Q

So, Bob, you're going to recognize this question from before. I was wondering if there's any milestones that we, from the outside, can look for to get a sense that we're about to enter this period of sustained mid-single digit organic growth or is it really matter, we have to see it and count up the quarters?

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Yeah, well, I would focus on a lot of the new things that we're doing in our DaaS alliances, products like our Supplier Products, Compliance, some of the newer things we've talked about D&B Direct, but these are contributing about three points of growth. I would pay a lot of attention to those. Also pay attention to a lot of the new alliances; you see the pace of alliances that were driving. Those are things that I would keep a watch out on and overall revenue growth is obviously our primary focus.

Andrew C. Steinerman
JPMorgan Securities LLC
Q

If you let me, since you said alliances, do they always take a long time to contribute to growth or might you be figuring out alliances that contribute more quickly to growth?

Robert P. Carrigan
President, Chief Executive Officer & Director
A

I think as Mike said we have a lot of learnings from doing this for a bit now. And it is a portfolio of strategy, not every alliance is going to have the same growth rate, but I think we've learned from our experiences as we contemplate new alliances. How do we structure them in a way where we can get there faster and also the market trends are accelerating. We have more and more customers moving to the cloud, adopting cloud-based applications. Those are all very favorable mega trends for a company that has data-as-a-service solutions.

So we're riding that wave. We're also the leading company in this space. We've been in this for some time and we've developed a lot of great capabilities. And you see, you know, to work with big companies like – that are very successful technology future-forward companies, the Oracles, the NetSuites, these are I think that's testimony to the kind of dialogue that we can have with these kind of companies and to build successful relationships with them.

Andrew C. Steinerman
JPMorgan Securities LLC
Q

That makes sense. Thank you.

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Sure.

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Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

Questions? Peter?

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Hi, Peter.

Peter P. Appert
Piper Jaffray & Co (Broker)
Q

Oh, hi. So, Bob, one of the headwinds in recent years for the credit, the core credit business has been the competitive dynamics have been intense and have changed. You haven't really talked so much about that today. So, can you address how you see the competitive environment in terms of a pressure point that might make it more difficult to execute on your deal or on your ambitions?

And then unrelated to this, specifically on the alliances strategy, can you put – or maybe this is for Rich, can you put some scale around that, some numbers around that in terms of – we know what it is today based on the numbers you gave us, how big that could be and the implications around that for margins, because I'm thinking that might be higher margin revenue potentially?

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

Yeah, generally speaking, Bob, why don't you go first, and then I'll come...

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Yeah, I'll answer the first question Peter first and then – so around competition, just philosophically, as we are becoming more performance-driven and as Mark talked about the way we're building out our sales team, we're becoming much more competitive, sharpening the elbows a bit in the marketplace, and upping our overall sales execution. But a lot of the competition that we have seen has been in that small-to-medium North America inside sales area. And I hope you could see that we've kind of taken a completely different approach to how we are thinking about serving those customers. Things that we're doing that really make the competitive notion or something that's really within our control.

And actually, Jeff, maybe you could talk a little bit about your philosophy around competition as it relates to the emerging business category might shed a bigger light on how we're thinking about this.

Jeffrey M. Stibel
Vice Chairman
A

Yeah. Happy to – Bob and it's a great question, but the right answer is competition is an excuse and not much more. And I suspect this is a recurring question if you look back three years, four years, five years ago, the companies that you were talking about that were competing in this space, the Corteras of the world, et cetera, haven't made much of a dent. The reality was we invited the competition to come in because we weren't innovating, we weren't executing and we weren't focusing on selling and serving our customers. So I think the right answer to this is the ball is now in our hands and we need to deliver, we need to execute and we will. And I think that when you compare Dun & Bradstreet's assets to pretty much anyone else's assets on the planet, no one

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can compete with us outside of ourselves. So we need to have a clear strategy and then we've to go out and deliver. And I think that's what we're planning on doing.

Robert P. Carrigan
President, Chief Executive Officer & Director
A

So that area where we're seeing most of that competition we've now moved under Jeff and his team and we have a new go-to-market that is much more about how we serve those customers and applying the philosophies that worked so well for Jeff and his team. Regarding the alliances question?

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

Yeah. So on the alliance piece, first let me cover the margin piece first. So, yes, we do expect the newer alliances to carry with them a higher level of margin, which ultimately helps us and gives us a little more flexibility, right, as we think about the margin that will actually drop to the bottom line. That business we're expecting to be a pretty strong growth driver for us. Overall and in rough numbers they have alliances which includes the worldwide network as well as the more traditional ones as well as the newer embedded solutions that we talked about. It was about $200 million. And it was up about 8% even though the biggest part of that is not in the newer more embedded pieces. As those become much bigger chuck, we expect that growth rate to accelerate. And that's all factored in to the way we've thought about the future.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

All right, Andre?

Andre Benjamin
Goldman Sachs & Co.
Q

Sure. Thank you. Question for, I guess it would be, Josh, on the decision to change the strategy.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

One second, you got it.

Andre Benjamin
Goldman Sachs & Co.
Q

Are we hear now?

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

Yeah.

Andre Benjamin
Goldman Sachs & Co.
Q

Great. I guess this is a question of Joshua about the decision to accelerate in North America as opposed to rolling out globally, I guess a little bit more color on with that change what now needs to occur that's a little bit different than what you brought up than when last time we talked about it, and I guess how should we be thinking about the contribution since you're going after a bigger market this time?

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Joshua L. Peirez
Chief Operating Officer

A

Yeah. So, Andre, first let me just start by saying it's not a change in strategy or an either/or to us, right. So this is just about how we choose to roll out from an ordering perspective. And strategies are about choices and we made the choice to make the acquisition and create the emerging businesses division because we see the opportunity to improve our performance among that emerging business category, which has been the biggest drag. And we want to make sure we have the best opportunity to do that with the right products and services for that segment. And so, for us, being able to go after those 650,000-ish customers that Jeff's bringing along who don't buy products from us today and being able to squarely give them a simple cloud-based solution for DNBi that they can use makes great strategic sense. And we want to do that faster because we think that that helps to accelerate the growth from his segment quicker.

The global rollout from a strategic standpoint, however, remains a top priority of the company and remains something we're going to go do right on the heels of that. We just chose to really focus our efforts, make sure we do it well, go after the biggest most challenging market first. We didn't see that opportunity before the acquisition because we didn't think we had the model to actually get that new customer acquisition rolling in North America, but we do see that now. And so that's why we've made that pivot.

Andre Benjamin
Goldman Sachs & Co.

Q

I guess just in terms of just thinking through to Andrew's point what we should be watching for to think about you executing on that, should we just wait until the end of the year and then you're just kind of tell us it's out, or are there certain things that we should be watching for along the way or what should we be doing?

Joshua L. Peirez
Chief Operating Officer

A

The first thing you should do is right outside the door checkout the demo from our great product team there. We can walk you through how it's going to look and feel. And if you do want to see the current version of the product, we can obviously show that to you at a different time. But it really is a much lighter weight, better application. It allows for all these integrations that I've talked about and us to roll things out and innovate on the platform way more quickly. So, the first thing you should do is check that out.

The second thing is you're going to see us as we move into that fourth quarter selling cycle, selling ahead of the product. So we have the ability to work with customers and show them the prototype that you'll see and we expect to be in market selling against that as we get to the latter part of the year in the fourth quarter. Jeff and his team are very eager to get going on that, I can assure you, and you could talk to him about. So you should see us starting to do that selling. As you know the product is ratable, so you'll see the revenues showing up increasingly through next year.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

[ph] Greg (01:58:52), sorry.

Q

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[ph] Greg (01:58:54) from Barclays. Just wanted to ask on the Australia deal and maybe more broadly your decisions between going at market directly and maybe through your partnership strategy, and how we should think about this in light of the product strategy?

Robert P. Carrigan
President, Chief Executive Officer & Director

A

Sure, thanks for that question, because the Australia market was kind of a unique animal, because two-thirds of that business was consumer. And a great strategy is what you're going to do and what you're no longer going to do. And we're very focused on the B2B business, the commercial space. And the market in Australia is getting increasingly competitive and there are some regulatory changes et cetera and for us – in the consumer side of the business, and for us to continue to invest in the consumer business, which is not on strategy would obviously have a negative impact on our overall investment plans. So we want to make sure that we're investing against what's on strategy for us.

The good news is that, we have a very successful model in our partner model. We have 25 best-in-class partners in many markets around the world where we don't have boots on the ground that are part of our network that serve our customers and contribute to our global data assets. And so, we've turn the commercial part of that business into a partner opportunity and so our customers will have all of the benefit and Dun & Bradstreet branded solutions and data, everything they have today, they'll have through our partner in that market. But the decision around Australia, New Zealand was very specific given that, the predominant line of business there was consumer.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

Okay. Next question. Yeah, Bill, right here, [ph] push. There we go, Patty (02:00:56). Thank you.

William A. Warmington
Wells Fargo Securities LLC

Q

Thank you. Bill Warmington, Wells Fargo. So a couple of questions for you. First on the alliances side, I guess, I had to ask what you were doing for Uber since I saw the [indiscernible] (2:01:12). It wasn't mentioned, I thought I would ask that initially. And then also a question on the Credibility Corp, there was a description there of 700,000 paid and free customers. I was curious what the distinction was there, how that was used in the strategy? And then finally a question for Rich is, I was hoping for some help on the leverage calculation if we can try to do it, so that we can try to do it externally, I know, you have some pension, you have some credit for international?

Robert P. Carrigan
President, Chief Executive Officer & Director

A

Yeah. Sure. I can help you with that.

William A. Warmington
Wells Fargo Securities LLC

Q

Let me...

Robert P. Carrigan
President, Chief Executive Officer & Director

A

On the Uber piece, really just an example, right. So, primarily consumer focus and we're seeing far more of these intelligent applications in the consumer space, but we're seeing absolute trend towards in the commercial space as well, which is where we believe we can add whole lot of value.

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William A. Warmington
Wells Fargo Securities LLC
Q

Thank you.

Mark Geneste
Chief Sales Officer, Dun & Bradstreet Corp.
A

With regards to credibility and the pay versus free users, so we have about 120,000 pay users, that's direct pay users not through partnership. And then the vast majority of the remainder are free. We effectively have a premium model. So the idea here is to try to pull them in, have that as a catchment mechanism and the cost of acquisitions are lower. When you pull people in free and then you have that ongoing relationship with them, because this is a difficult sale from an educational standpoint. So we want to make sure that they get comfortable with the product and then we can position whatever package, promotion or service we want to offer them.

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

Okay. And on the leverage, I'll use round numbers because every unit does it differently, but think of it as sort of the end of this year about $2 billion of debt and a little over $500 million of EBITDA, so that push you up closer to $4 billion, and our goal is obviously to get back down towards $3 billion, which is while it take a couple of years. And the debt is broken out, if it's helpful, to about $1.350 billion in actual bonds right now as we sit here today and the rest is in the revolver.

William A. Warmington
Wells Fargo Securities LLC
Q

It's $1.350 billion?

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

In bonds and the rest is a revolver. So we just did a bond offering, that will be closing tonight actually, it's closed today. We'll now...

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

It's closed today, but then we have bonds coming off.

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

Yeah. They will come off and they will place it with the term loans, so net-net $2 billion end of this year.

William A. Warmington
Wells Fargo Securities LLC
Q

So, $2 billion is a net debt figure.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

No. That's gross.

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Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

That's gross. Yeah. We have cash – we have cash about $350 overseas. We'll obviously have more from Australia. You do get partial credit in the calculation from SMB for that, so you get 75% credit, but at the same time they will count the pension deficit. So they somewhat wash. So I think the easiest thing is look at it just under strict term as a couple of billion of debt and little over $500 in EBITDA that's your easiest bet.

....

William A. Warmington
Wells Fargo Securities LLC
Q

Thank you.

....

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer
A

Peter. [ph] Patty (02:04:04), right here. Thank you.

....

Peter P. Appert
Piper Jaffray & Co (Broker)
Q

Double dipping, I'm sorry. So, Bob, M&A hasn't been important part of the growth strategy, historically, you've done two fairly large transactions this year. So I wonder if just talk about how you're thinking about the portfolio whether there is some white spaces or missing parts you'd like to fill in as M&A is going to be relevant to the story going forward.

Secondly, on China, is it possible, Rich, to quantify what the risk to you guys might be there in terms of whether that might be a meaningful cash outflow at some point possibly this year. And then lastly, just sort of a housekeeping item, the 2016 preliminary numbers you talked about, how do we think about Australia in that. I'm assuming Australia is not reflected in those numbers?

....

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Yeah. So I'll go in a reverse order. So with Australia, we're actually going to treat that as a discontinued operation. So from a growth rate standpoint it comes out of all years and that's consistent with...

....

Peter P. Appert
Piper Jaffray & Co (Broker)
Q

The percentage growth rate you gave us...

....

Richard H. Veldran
Chief Financial Officer & Senior Vice President
A

That is correct. It remains the same because it comes out of all years. Okay. In terms of China, we obviously don't have an estimate. Otherwise, we would have disclosed an estimate, so we really can't come out with anything at that stage...

....

Robert P. Carrigan
President, Chief Executive Officer & Director
A

Yeah. And regarding your question round M&A, the lens through which we look at M&A is how does it enable the strategy, right? We weren't looking to when I was going to buy revenue. We're looking to focus on areas of the

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strategy. We talked about with the most recent acquisition that we have some challenges in the SMB area and it made perfect sense for us to bring Credibility back in, especially given how Jeff has improved that business. It was a decliner when he bought it. He's grown it tremendously and built an amazing company and that's why we are putting the entirety of our small business assets in North America under Jeff and the team. And so you could see how we did the acquisition to enable a specific area within our revenue growth strategy.

And that prospect was about bringing in business contacts where we're the world heavyweight champ in reaching businesses that's the majority of our dataset. We have not been as strong in information about the people in those businesses. And I'm not sure that – we talked about it a bit today, but it's actually a pretty significant strategy for us that we can now offer not just the largest database of businesses around the world but we can tell you about th e most important business decision makers and influencers within those businesses.

And if you're focused on the sales and marketing space, that's a area of growing opportunity for us. And as we talked to a lot of our customers, they said hey, can you help us do what you do say with optimizer – where you help us to clean our company data and fill in the blanks, and make that richer and better. Can you do that for our business context, because we're dealing with this chaotic situation where we don't have all the accurate information.

I had a client that I talked to a few weeks ago and they have like 100 instances of the same company they were dealing with and we're helping them to bring all that together into a single integrated view, both from a company point of view and then the contacts within those companies. So the acquisitions, we've done are really about areas of opportunity around the organic growth potential there. And you go through that calculation around build partner or buy and it made perfect sense for us in these areas to use our M&A capacity to be able to do this.

Now, of course, we have limitations. We want to – maintaining our investment grade rating is of paramount importance to us, we've talked about that. So we're very judicious about the acquisitions we make and while we have a pretty significant pipeline and it's great, because we're able to look at a lot of different companies. We do want to maintain that investment grade rating.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

Okay. Andre, another question?

Andre Benjamin
Goldman Sachs & Co.

Q

Few questions on Alliances actually. I guess, on the back of Peter's original question, when he asked you to size it, if we were to take a couple of years out view and just kind of dream bigger, how big do you think the Alliances would be as a percentage of the total? And I guess, similar to that on the back of that, if you thought about the sales and marketing versus the risk part of the business, for looking at what D&B wants to grow into, how should we think about those mix of businesses?

Robert P. Carrigan
President, Chief Executive Officer & Director

A

I'll start and you can chime in Josh and whoever. Obviously, we've got a higher growth rate with our Alliances and we see significant potential there. Our growth strategy addresses all of our channels and our biggest business are global direct sales channels where we have a lot of our effort as well. So obviously, over time, if we continue on our higher growth rate for our Alliances business over time, that will take up a higher percentage of revenue, but we're

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looking to grow all of our revenue, and we're seeing accelerating growth, not just in Alliances, but in our global direct sales channel as well.

Joshua L. Peirez
Chief Operating Officer

A

I guess Andre, the way to think about it is we are going where our customers are taking us. So when they want to buy those embedded solutions and they don't want to have to do the work with data themselves, they want those alliance solutions available to them. And so our strategy, however, as we showed you is to grow in global direct, grow in emerging and grow in the Alliances, so these guys can have a healthy competition on those rates, but we do expect the Alliances number to grow faster and to become a bigger part of the portfolio and we expect that to happen every year.

Andre Benjamin
Goldman Sachs & Co.

Q

Yes. Are you seeing any competitive response today from any of their well-known competitors? And I'll just let you to speak on that.

Mike Sabin
Executive Vice President and General Manager, Global Alliances and Partnerships, Dun & Bradstreet Corp.

A

Yeah. So I'll tackle that from an Alliances perspective. I think one of the things that makes us so excited about the opportunity in that space is we have a really critical first mover advantage. So when we first announced our relationship with Salesforce.com back in 2011, none of our competitors were really doing anything similar in the space. And the reason that's important is as we continue to proliferate our content in these key platforms and applications and the Dun's number becomes the unique identifier in those platforms, the ability for those platforms to interoperate and share data becomes hinged on that identifier, which is a huge competitive advantage for us.

The other thing I would just say is much as you saw on that screen the list of best-in-class brands that we want to work with, those organizations also want to work with us and have chosen to work with us, and so when I have the opportunity to engage with any of these Alliance partners or potential Alliance partners, it's about what could we do together, it's not about hey, I'm talking to you and these three other companies and it's a bake off, I'm trying to figure who I want to work with. We've really been able to capture that first mover advantage and build upon it.

Andre Benjamin
Goldman Sachs & Co.

Q

Thanks.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

Right down in front.

Q

Hi, Mark. Can you further describe the sales strategy. I think you said you're like halfway there. How many people do you think you'll have and what are the new incentives and how did you change some of the dynamics?

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Mark Geneste
Chief Sales Officer, Dun & Bradstreet Corp.

A

Well, so when I said that we are halfway owner sales force, that's more on the global accounts side. So we have these initial hire of over 11 global business directors who run the book-of-business of today $200 million and obviously we see – because we're investing heavily in that area that we have enormous growth opportunity there, multi-millions of dollars in each customer by just selling up value change and really selling integrated workflow solutions, which we haven't done in the past. The other question was on compensation?

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

No, the overall of them.

Mark Geneste
Chief Sales Officer, Dun & Bradstreet Corp.

A

Overall...

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

Where are you on the rest of the sales force?

Mark Geneste
Chief Sales Officer, Dun & Bradstreet Corp.

A

Yeah. So it's a – I'm not looking to hire more people within my organization. I have over 200,000 people in my organization already today. We're actually rotating low performers out on a regular basis. So we're – to avoid, let's say, gaps in pipeline build, all these kind of things, where we kind of have a strategy that we over hire and then get rid of the underperformers, while we haven't really been doing that in the past, which created all kind of issues.

So it's a constant process of finding new talent, build a better talent bench of people and even if we do not have open positions, I've asked our HR colleagues to constantly looking to optimize basically the sales force. It's not only sales of course, it's also the service organization, we're revamping and hiring people in customer care and customer service and more in post-sales, because we have seen a lot of work that the sales people actually took on in the past, which are actually not really sales activity, but more service activity. So we're shifting it over, so that free up time for the sales organization.

So we will focus on people who are able to not only run an existing book-of-business of customers, but as well able to grow that business. And that's sometimes needs another kind of set of talent within our organization. But I guess that one-third of our when I came in and they asked me about what about talent and how does it look like and how is it divided, it's kind of like every organization that has been working in a particular way for many years, that one-thirds of it gets it immediately, one-third will get there and 20% to 30% will over time rotate out of the organization.

But I'm definitely not looking for hiring more people, as maybe I have used it a couple of times internally, I have the 10, 6, 8, 9 rule, which is basically, you have 10 people today, you fire four, you hire two at a cost of nine. So it is kind of I understand – maybe you couldn't follow the math anymore there, but the answer today comes down to it's not the number of people you have, it's the quality of the people you have and we are looking for real sellers and not renewers.

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Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

A

And question over here?

Q

Given that you guys are in deleveraging mode. How should we think about share repurchases for the next couple of years. And then my second question is your 2016 revenue guidance calls for high single-digit growth, which includes M&A, can you talk about – does it include M&A that's already completed or you contemplating additional M&A that there is additional M&A? Can you maybe just talk about capital requirement, sort of what kind of capital it's going to take?

Richard H. Veldran
Chief Financial Officer & Senior Vice President

A

Yeah. So on the latter, it's not additional, it's the rest of the year of the Credibility acquisition. So roughly speaking, that's 2.5 points or so from that and that's the first thing. In terms of repurchase, we're really going to be – it's going to be – we are not doing a lot of repurchase over the next couple of years. We will buy back potentially just some shares to offset equity programs but other than that our focus is going to be on bringing the leverage back to the point we needed to be. We will obviously continue the dividend and as you know we have a strong record of increasing that, so that remains.

Kathleen M. Guinnessey
Treasurer and Investor Relations Officer

Okay. More questions? All right, well if that's it, I would like to thank everyone for your attention and for your interest in D&B. And also, we have left a survey at your seat. It would really be appreciative for us if you filled it out very quickly and left it behind, that would really helps us to make sure the next one brings the right information for you.

Okay. Thank you very much.

Richard H. Veldran
Chief Financial Officer & Senior Vice President

Thank you very much.

Robert P. Carrigan
President, Chief Executive Officer & Director

Thank you very much.

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