

MARIN SOFTWARE INC  
Form 424B4  
March 22, 2013  
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Filed pursuant to Rule 424(b)(4)  
Registration Nos. 333-186669 and 333-187438

7,500,000 Shares

## Common Stock

This is an initial public offering of shares of common stock of Marin Software Incorporated.

Marin Software is offering all of the shares to be sold in the offering.

Prior to this offering, there has been no public market for the common stock. The initial public offering price per share is \$14.00. Our common stock has been approved for listing on the New York Stock Exchange under the symbol MRIN.

*We are an emerging growth company as defined under federal securities laws. See Risk Factors on page 11 to read about factors you should consider before buying shares of the common stock.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Initial public offering price	\$ 14.00	\$ 105,000,000
Underwriting discounts and commissions	\$ 0.98	\$ 7,350,000
Proceeds, before expenses, to Marin Software <sup>(1)</sup>	\$ 13.02	\$ 97,650,000

<sup>(1)</sup> See Underwriting.

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To the extent that the underwriters sell more than 7,500,000 shares of common stock, the underwriters have the option to purchase up to an additional 1,125,000 shares from Marin Software at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares against payment in New York, New York on March 27, 2013.

**Goldman, Sachs & Co.**

**UBS Investment Bank**

**Deutsche Bank Securities**

**Stifel**

**Wells Fargo Securities**

Prospectus dated March 21, 2013

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We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Through and including April 15, 2013 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

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### **PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. Before deciding to invest in shares of our common stock, you should read this summary together with the more detailed information, including our consolidated financial statements and the related notes, provided elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk Factors, our consolidated financial statements and the related notes, and Management's Discussion and Analysis of Financial Condition and Results of Operations, in each case included elsewhere in this prospectus.*

### **Marin Software Incorporated**

#### ***Our Business***

We provide a leading cloud-based digital advertising management platform that enables advertisers and agencies to improve financial performance, realize efficiencies and time savings, and make better business decisions. Our Revenue Acquisition Management platform is a software-as-a-service, or SaaS, analytics, workflow, and optimization solution for marketing professionals, enabling them to effectively manage their digital advertising spend across search, display, social and mobile advertising channels. Our software solution is designed to help our customers:

measure the effectiveness of their advertising campaigns through our proprietary reporting and analytics capabilities;

manage and execute campaigns through our intuitive user interface and underlying technology that streamlines and automates key functions, such as ad creation and bidding, across multiple publishers and channels; and

optimize campaigns across multiple publishers and channels in real time based on market and business data to achieve desired revenue outcomes using our predictive bid management technology.

Advertisers are increasingly focused on performance-based marketing and are seeking ways to gather, analyze and leverage data about the effectiveness of digital advertising to run more impactful and targeted campaigns. Our robust and flexible platform integrates with leading publishers, such as Baidu, Bing, Facebook, Google, Yahoo! and Yahoo! Japan, as well as leading web analytics and ad-serving solutions, and key enterprise applications to enable marketers to measure the return on investment of their marketing programs.

Our software platform serves as a system-of-record for advertising performance, revenue and conversion data and allows advertisers to correlate advertising spend to subsequent revenue outcomes or business events. Through a single, intuitive interface, designed to meet the daily workflow requirements of online marketers, we enable our customers to simultaneously run large-scale digital advertising campaigns across multiple publishers and channels, making it easy for marketers to create, publish, modify and optimize campaigns in real time. Our predictive bid management and optimization technology also allows advertisers to forecast outcomes and optimize campaigns across multiple publishers and channels to achieve their business goals. Our optimization technology enables advertisers to easily and rapidly increase spend on those campaigns, publishers and channels that are performing while reducing investment in those that are not.

In December 2012, our customers collectively managed \$4.7 billion in annualized advertising spend on our platform and for the quarter ended December 31, 2012, we had 531 active advertisers using our

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solution globally across a wide range of industries. We define an active advertiser as an advertiser from whom we recognized revenues in excess of \$2,000 in at least one month in a period. We market and sell our solutions to advertisers directly and through leading advertising agencies. We generate revenues from subscription contracts under which we charge fees generally based upon the amount of advertising spend that our customers manage through our platform. We have achieved 15 consecutive quarters of revenue growth. For 2010, 2011 and 2012, our revenues were \$19.0 million, \$36.1 million and \$59.6 million, representing period-over-period growth of 152%, 90% and 65%, respectively. We had net losses of \$10.9 million in 2010, \$17.4 million in 2011 and \$26.5 million in 2012.

### ***Industry Overview***

As audiences have increased their time spent online, the ability to acquire revenue through digital channels has emerged as a strategic priority for marketers. A growing number of consumers and businesses worldwide are relying on the Internet, social media and mobile devices to research products and services and make purchases. These trends are causing an ongoing shift in advertising budgets to digital channels as enterprises increasingly compete to acquire customers and revenues online. This competition for revenue acquisition is driving a need for a new category of enterprise software to help advertisers effectively measure, manage and optimize their digital advertising spend.

Global spend on advertising is expected to grow from \$480 billion in 2012 to \$619 billion in 2017, according to Magna Global. Rapid growth in online activity and engagement is resulting in a significant and ongoing shift in advertising spend to digital channels with global spend on digital advertising expected to grow from \$98 billion in 2012 to \$174 billion in 2017, according to Magna Global.

The evolution of a multi-channel and multi-device digital advertising ecosystem creates opportunities for advertisers to more effectively target and reach specific audiences to optimize revenue acquisition and other desired business results. However, as digital advertising becomes increasingly competitive and complex, digital advertisers are faced with several key challenges, such as the need to quickly and efficiently respond to changing market conditions and consistently deliver desired business results across multiple channels, publishers and devices. Existing approaches to digital advertising management are limited in scope and effectiveness. These approaches include: publisher tools, which only manage workflow on a particular publisher platform; spreadsheets, which are not scalable; proprietary internal systems, which are increasingly complex and expensive to build and maintain; and bid management tools, which lack end-to-end workflow and analytics capabilities.

The inadequacy of these existing approaches, coupled with a growing shift in budgets to digital advertising and demand for performance-based marketing, has created the need for a new category of enterprise-class digital advertising management solutions. This category of solutions, which we refer to as Revenue Acquisition Management, enables businesses to intelligently and efficiently measure, manage, and optimize their digital advertising spend to achieve desired business results. We believe there is significant demand for Revenue Acquisition Management solutions among advertisers worldwide.

### ***Our Solution***

We believe our Revenue Acquisition Management platform enables advertisers to significantly improve their ability to acquire revenue through digital advertising campaigns.

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### ***Business Benefits***

*Financial lift.* As a result of optimization of advertising spend, efficiencies in workflow and better decision making, our customers are able to create and execute successful campaigns that lead to increased revenue and other desired business outcomes. Based on our internal customer surveys, we believe that our customers typically realize financial lift from using our platform through a variety of means such as increased volumes of revenues or leads, higher profits, improved advertising return on investment, and lower costs of customer acquisition.

*Efficiencies and time savings.* Utilizing our software solution, customers are able to automate manual and time-intensive tasks such as reporting, analysis, campaign creation and bidding, allowing advertisers to focus on campaign strategy, expansion and optimization. In June 2012, we conducted an internal survey of employees of our customers that had used our platform at least four times in the last 365 days (equal to approximately 5,710 users). Of the 250 responses, representing 149 unique customers, half of the respondents reported time savings of 25% or greater from using our solution. However, as a result of the voluntary nature of the data gathering process, including that customers that recognized significant time savings may have been more favorably inclined to respond to the survey, and other limitations and uncertainties inherent in any statistical survey, we caution you not to give undue weight to the results of this survey.

*Better business decision making.* Our Revenue Acquisition Management platform enables advertisers to manage campaigns to their business objectives by identifying campaign elements for segmentation and analysis in order to easily categorize, filter and compare data sets that are important to their business. In addition, through our proprietary recommendation engine, we are able to proactively suggest modifications to optimize marketing campaigns.

### ***Key Strengths***

*Robust and flexible integration.* Our platform is architected to enable our customers to aggregate and analyze key data from their digital advertising campaigns and business information systems, creating a system-of-record that marketers can use to attribute revenue to specific marketing spend, gain visibility into the path to purchase, and assess customer lifetime value.

*Big data analytics.* Our software provides sophisticated analytics functionality that can parse through massive and growing data sets to enable advertisers to understand their return on advertising investment, easily identify outliers and trends, and take appropriate action.

*Real-time, cross-publisher campaign management.* Our software solution enables customers to simultaneously run large-scale digital advertising campaigns across multiple publishers and channels, making it easy for marketers to create, publish, modify and optimize campaigns in real time using a single interface.

*Predictive bid management and optimization.* Our bid management technology allows marketers to optimize campaigns across multiple publishers and channels to achieve their business goals, such as increasing revenues or decreasing the cost per lead or cost per customer acquired. Advertisers can also forecast and adjust outcomes using our predictive bidding technology.

*Intuitive interface offering visibility and control.* Our intuitive interface is designed to simplify the daily workflow requirements of online marketers, including managing multiple campaigns, performing real-time analytics and collaborating with multi-user teams.



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*Experienced team committed to customer success.* We have a global team experienced in the areas of digital advertising and enterprise software, which enables us to provide effective onboarding, best-practice advice and reliable and responsive technology support to our customers.

*Highly-scalable and extensible cloud-based architecture.* We deliver our cloud-based platform using a purpose-built technology foundation designed to support enterprise-scale data sets and transaction volumes. Our technology allows customers to aggregate, store and process large amounts of data while maintaining high application availability and responsiveness.

### ***Our Growth Strategy***

Our goal is to extend our lead in and grow the Revenue Acquisition Management category. Key elements of our growth strategy include:

*Enhancing our leadership position by innovating and expanding our platform.* We intend to continue to enhance the value of our platform by developing new functionality, optimizing our feature set and platform capabilities, and expanding support for additional publishers and data sources.

*Acquiring new advertisers.* We intend to continue to make investments to acquire new advertisers. We intend to expand our sales organization by adding sales executives globally and plan to continue to market our platform to new advertisers and agencies.

*Expanding within our existing advertiser base.* We believe that we can capture additional advertising spend on our platform from our existing advertiser base by expanding our current capabilities as well as offering new features and functionality, providing best practices support and demonstrating our ability to help our advertisers obtain financial lift, time savings and better business results.

*Further penetrating display, social and mobile opportunities.* We believe that we can increase advertising spend on our platform as mobile, social and display channels grow in scale and complexity. We intend to continue to optimize our solution to handle unique complexities associated with display, social and mobile advertising channels.

*Continuing to expand internationally.* We plan to continue to grow our international business by supporting additional regional publishers, expanding our global sales team and working with leading agencies and advertisers worldwide.

*Growing our partner ecosystem and selectively pursuing acquisitions.* We intend to further develop our partner ecosystem with leading publishers, technology partners, advertising agencies, and other sales channel partners. In addition, we intend to selectively pursue acquisitions of complementary businesses and technologies.

### ***Selected Risks Associated with Our Business***

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled **Risk Factors** immediately following this prospectus summary. Some of these risks include:

We have a history of losses and we may not achieve or sustain profitability in the future.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

Our usage-based pricing model makes it difficult to accurately forecast revenues.

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The market for digital advertising management solutions is relatively new and dependent on growth in digital advertising channels. If this market develops more slowly or differently than we expect, our business, growth prospects and financial condition would be adversely affected.

If we are unable to maintain our relationships with, and access to, publishers, our business will suffer.

Our growth depends in part on the success of our relationships with advertising agencies.

We may not be able to compete successfully against current and future competitors.

Our business depends on our customers' continued willingness to manage advertising spend on our platform.

We incur upfront costs associated with onboarding advertisers to our platform and may not recoup our investment if we do not maintain the advertiser relationship over time.

Our directors, executive officers and principal stockholders will continue to have substantial control over us after this offering and could delay or prevent a change in corporate control. After this offering, our directors, executive officers and holders of more than 5% of our common stock, together with their affiliates, will beneficially own, in the aggregate, 46.6% of our outstanding common stock.

***Corporate Information***

We were incorporated in the State of Delaware in March 2006. Our principal executive offices are located at 123 Mission Street, 25<sup>th</sup> Floor, San Francisco, California 94105, and our telephone number is (415) 399-2580. Our website address is [www.marinsoftware.com](http://www.marinsoftware.com). The information contained on, or that can be accessed through, our website is not a part of this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock.

Unless the context indicates otherwise, as used in this prospectus, the terms "Company," "Marin Software," "we," "us" and "our" refer to Marin Software Incorporated, a Delaware corporation, and its subsidiaries taken as a whole, unless otherwise noted.

We have registered the trademark "Marin" in the European Union and have a pending trademark application for the trademark "Marin" pending with the United States Patent and Trademark Office. The Marin Software logo and all product names are our common law trademarks. All other service marks, trademarks and tradenames appearing in this prospectus are the property of their respective owners.

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**THE OFFERING**

Shares of common stock offered by us	7,500,000 shares
Over-allotment option to be offered by us	1,125,000 shares
Shares of common stock to be outstanding immediately after this offering	30,911,322 shares (32,036,322 shares if the over-allotment option is exercised in full)
Use of proceeds	We intend to use the net proceeds to us for working capital and other general corporate purposes. We may use a portion of the proceeds to acquire complementary businesses or technologies. See Use of Proceeds.
Risk factors	You should read the Risk Factors section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
New York Stock Exchange symbol	MRIN
The number of shares of our common stock to be outstanding following this offering is based on 23,411,322 shares of our common stock outstanding as of December 31, 2012 and excludes:	

4,314,381 shares of common stock issuable upon the exercise of options outstanding as of December 31, 2012, with a weighted average exercise price of \$4.17 per share;

1,022,089 shares of common stock issuable upon the exercise of options granted between January 1, 2013 and March 11, 2013, with an exercise price of \$12.15 per share;

114,205 shares of our common stock issuable upon the exercise of warrants outstanding as of December 31, 2012, with a weighted average exercise price of \$4.92 per share;

283,867 shares of our common stock that are issued but were subject to a right of repurchase by us as of December 31, 2012 and therefore are not included in stockholders' (deficit) equity; and

6,223,549 shares of our common stock reserved for future issuance under our equity compensation plans, consisting of (a) 723,549 shares of our common stock that were reserved for issuance under our 2006 Equity Incentive Plan as of December 31, 2012, (b) 4,500,000 shares of our common stock reserved for issuance under our 2013 Equity Incentive Plan, and (c) 1,000,000 shares of our common stock reserved for issuance under our 2013 Employee Stock Purchase Plan. On the date immediately prior to the date of this prospectus, any remaining shares available for issuance under our 2006 Equity Incentive Plan were added to the shares reserved under our 2013 Equity Incentive Plan and we ceased granting awards under the 2006 Equity Incentive Plan. Our 2013 Equity Incentive Plan and 2013 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved thereunder, as more fully described in Executive Compensation Employee Benefit Plans.

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Unless otherwise noted, the information in this prospectus reflects and assumes the following:

the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 18,752,943 shares of our common stock effective immediately prior to the completion of this offering;

the automatic conversion of outstanding warrants to purchase 50,792 shares of our convertible preferred stock to warrants to purchase 50,792 shares of our common stock;

the filing of our restated certificate of incorporation and the effectiveness of our restated bylaws, which will occur upon the completion of this offering;

no exercise of outstanding options or warrants; and

no exercise by the underwriters of their option to purchase up to an additional 1,125,000 shares of our common stock from us in this offering.

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The following tables present our summary historical financial data. You should read this information in conjunction with Selected Consolidated Financial Information, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements, related notes and other financial information included elsewhere in this prospectus.

We derived the summary consolidated statements of operations data for 2010, 2011 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results to be expected in the future.

	Years Ended December 31,		
	2010	2011	2012
(in thousands, except per share data)			
<b>Consolidated Statements of Operations Data:</b>			
Revenues	\$ 19,005	\$ 36,121	\$ 59,558
Cost of revenues(1)	11,040	18,691	24,764
Gross profit	7,965	17,430	34,794
Operating expenses:			
Sales and marketing(1)	8,884	20,357	32,633
Research and development(1)	4,568	7,071	14,014
General and administrative(1)	5,195	6,679	13,432
Total operating expenses	18,647	34,107	60,079
Loss from operations	(10,682)	(16,677)	(25,285)
Interest expense, net	(230)	(378)	(520)
Other income (expenses), net	78	(229)	(456)
Loss before provision for income taxes	(10,834)	(17,284)	(26,261)
Provision for income taxes	(23)	(139)	(221)
Net loss	\$ (10,857)	\$ (17,423)	(26,482)
Redemption of preferred stock in connection with the Series D financing and deemed dividend	(1,033)		
Net loss available to common stockholders	\$ (11,890)	\$ (17,423)	\$ (26,482)
Net loss per share available to common stockholders (basic and diluted)(2)	\$ (3.27)	\$ (4.29)	\$ (6.00)
Weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted(2)	3,639	4,058	4,417
Pro forma net loss per share available to common stockholders, basic and diluted(2)			\$ (1.21)
Weighted average pro forma shares used to compute pro forma net loss per share attributable to common stockholders, basic and diluted(2)			21,645
<b>Other Financial Data:</b>			
Adjusted EBITDA(3)	\$ (8,715)	\$ (15,208)	\$ (18,913)

*(footnotes on next page)*



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- (1) Stock-based compensation included in the consolidated statements of operations data above was allocated as follows:

	Years Ended December 31,		
	2010	2011	2012
	(in thousands)		
Cost of revenues	\$ 90	\$ 165	\$ 439
Sales and marketing	66	226	1,005
Research and development	58	163	831
General and administrative	1,172	143	2,673
	\$ 1,386	\$ 697	\$ 4,948

- (2) See Note 12 of consolidated financial statements included elsewhere in this prospectus for an explanation of the calculations of basic and diluted net loss per share available to common stockholders and pro forma net loss per share available to common stockholders.
- (3) We define Adjusted EBITDA as net loss, adjusted for stock-based compensation expense, depreciation and amortization, capitalized internal-use software development costs, interest expense, net, provision for income taxes and other income (expenses), net. Adjusted EBITDA is a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (GAAP).

	As of December 31, 2012		
	Actual	Pro Forma(1) (in thousands)	Pro Forma As Adjusted(2)
<b>Consolidated Balance Sheet Data:</b>			
Cash and cash equivalents	\$ 31,540	\$ 31,540	\$ 126,397
Property and equipment, net	9,224	9,224	9,224
Total assets			