

**LBO DEAL OF MONTH: Rasmussen Is A Perfect Fit, In Noson Lawen's Opinion**

By Rimin Dutt

9/1/2009 -- In a rough environment for media companies, Noson Lawen Partners has finally found a company it can get behind in online public opinion data provider Rasmussen Reports LLC.

Noson Lawen, a lower middle-market investor focused on the media industry, has seen few deals it likes in recent times, and in fact has done only two since it closed its debut fund at \$45 million last year.

The firm sees an increasing disconnect between media companies and the consumers who use media, resulting in business models that it believes are untenable. As a result, it's walked away from quite a few potential deals over the past couple of years.

"That's where the rubber meets the road," said Noson Lawen Managing Director Ted Carroll. "We didn't like the way things were stacking up."

At the same time, Rasmussen Reports wasn't having the easiest time finding someone willing to invest. The deal had been shopped around by an intermediary, Boxwood Partners LLC, for nearly six months before Noson Lawen came into the picture. "The company was having a difficult time" finding an investor, said Carroll, adding that the company is "too small" for bigger firms to bother with. "They were a bit frustrated."

Noson Lawen, however, thought Rasmussen Reports was the perfect fit. The firm looks to invest between \$2 million and \$10 million per deal. This all-equity, growth capital deal fell roughly in the middle of that range, Carroll said.

"[Chief Executive Scott Rasmussen] was looking for growth...I was delighted," said Carroll.

In Rasmussen Reports, the firm believes it has landed a company that not only has name recognition - it had heard Rasmussen data cited several times on TV - but growing revenue and profits. That's an unusual feat in this economy, particularly in the media industry, Carroll said.

Asbury Park, N.J.-based Rasmussen Reports, founded in 2001, conducts online polls and publishes commentary on such topics as political issues and what movie will be the blockbuster this summer. For instance, headlines featured on its Web site in August included "79% know someone out of work and looking for employment" and "This summer, cookouts were hot, concerts were not."

The Web site saw 6.2 million hits in June, company founder and President Scott Rasmussen said. Page views can vary widely depending on what sort of issues are top-of-mind in the U.S., but the company is trying to reduce that variability by expanding into a wider range of topics. Doing so will help it to compete better with larger polling companies like Gallup Inc., Rasmussen said.

Rasmussen currently derives a majority of its revenue from advertising such as from sponsored polls, like the Discover U.S. Spending Monitor, and the rest from individual subscriptions. The company's premium subscribers get deeper insight into trends and analysis and an advance look at certain data such as its presidential tracking poll. Noson Lawen plans to help the company increase its sponsor relationships, to hire new marketing and sales staff, and to implement new research methods.

Carroll believes Rasmussen stands out from its competitors in part because of its ideological neutrality, a characteristic he believes is essential to long-term survival in the polling industry. During due diligence, "We spoke with some of the most partisan, most successful political operators on both the right and the left," he said. "Both sides use it. Both sides criticize it, but they still believe it."



#### The Company

Asbury Park, N.J.-based Rasmussen Reports, founded in 2001, publishes polling data such as a monthly employment index. The company also makes predictions on popular topics in the news such as who will win an Emmy, or whether Timothy Geithner will still be treasury secretary at year-end.

#### The Investment

Noson Lawen Partners, a small, media-focused buyout firm, invested somewhere in the vicinity of \$6 million in the company, which it likes because of its name recognition and continued growth even in a down economy. Noson Lawen Managing Director Ted Carroll, who worked as a producer for the MacNeil/Lehrer Newshour in the 1980s, also emphasized the company's ideological neutrality.

#### The Firm

This is the first deal in 17 months for Noson Lawen. As it looks for other deals, it is considering leveraged media companies whose lenders have foreclosed on them. "We're spending time talking to lenders and their agents looking for small properties unknown and unloved by their new lender owners," said Carroll. "Some of these, with a little work, should produce excellent future returns."

<http://www.nosonlawenpartners.com/>

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