



# State of the State in Digital Media 2013

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Brian Andersen



# Contents

**1. Markets**

2. Top 5 Trends





# facebook

Digital Media's Most Anticipated Event of 2012



PARISIAN



# 2013 IPO Pipeline

Form S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**GLAM**    **TREMOR**  
VIDEO    **YuMe**

## In The Pipe?

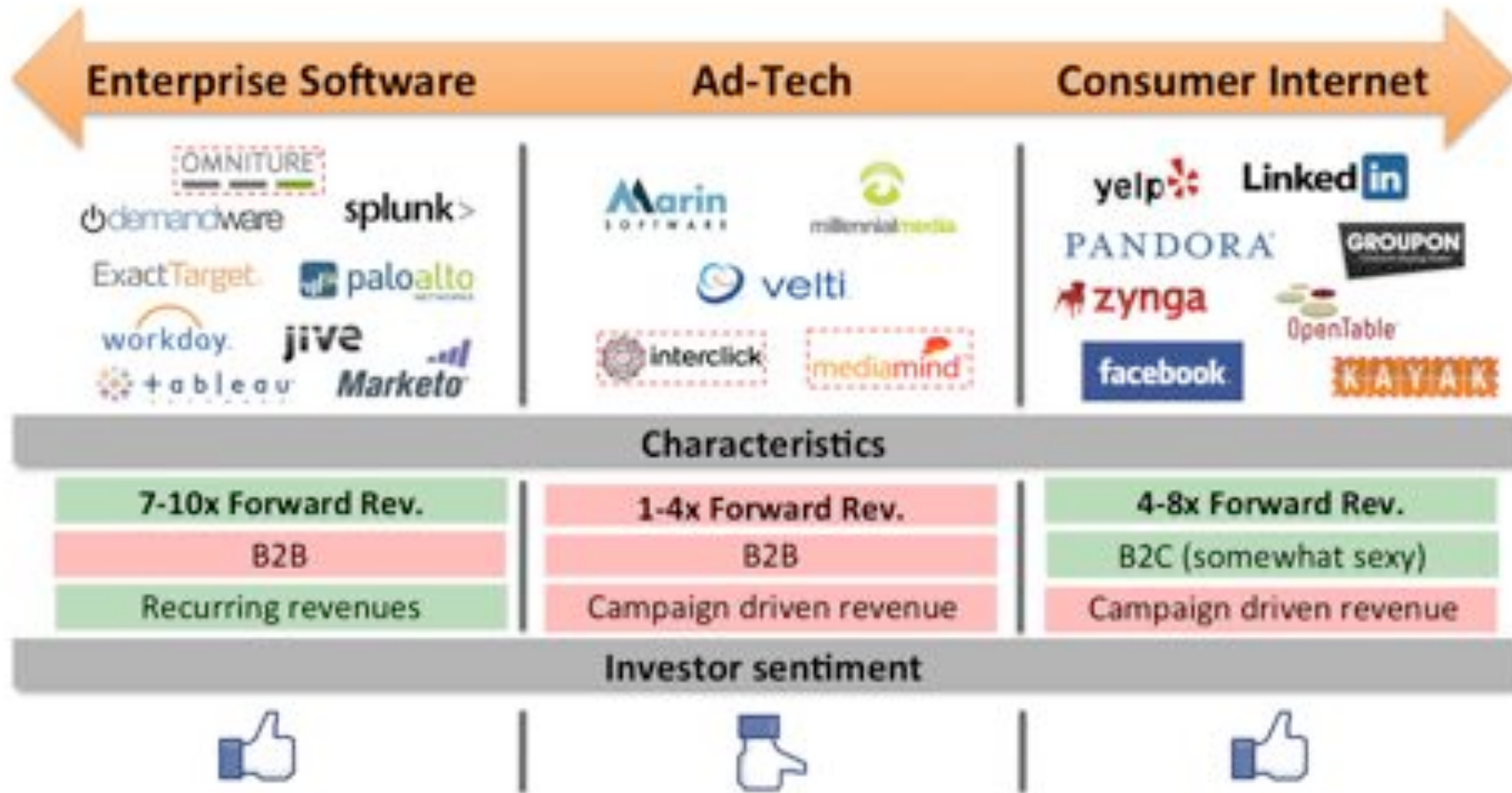
 Adap.TV     appnexus     collective     criteoL.

 exponential     inMOBI     KENSHOO     MediaMath

 rocketfuel     rubicon     TURN



# Ad Tech IPOs: The Challenge to Overcome





## Many Hot Companies Remaining Private



*Pinterest*

box



U B E R



Spotify®



Dropbox

Etsy



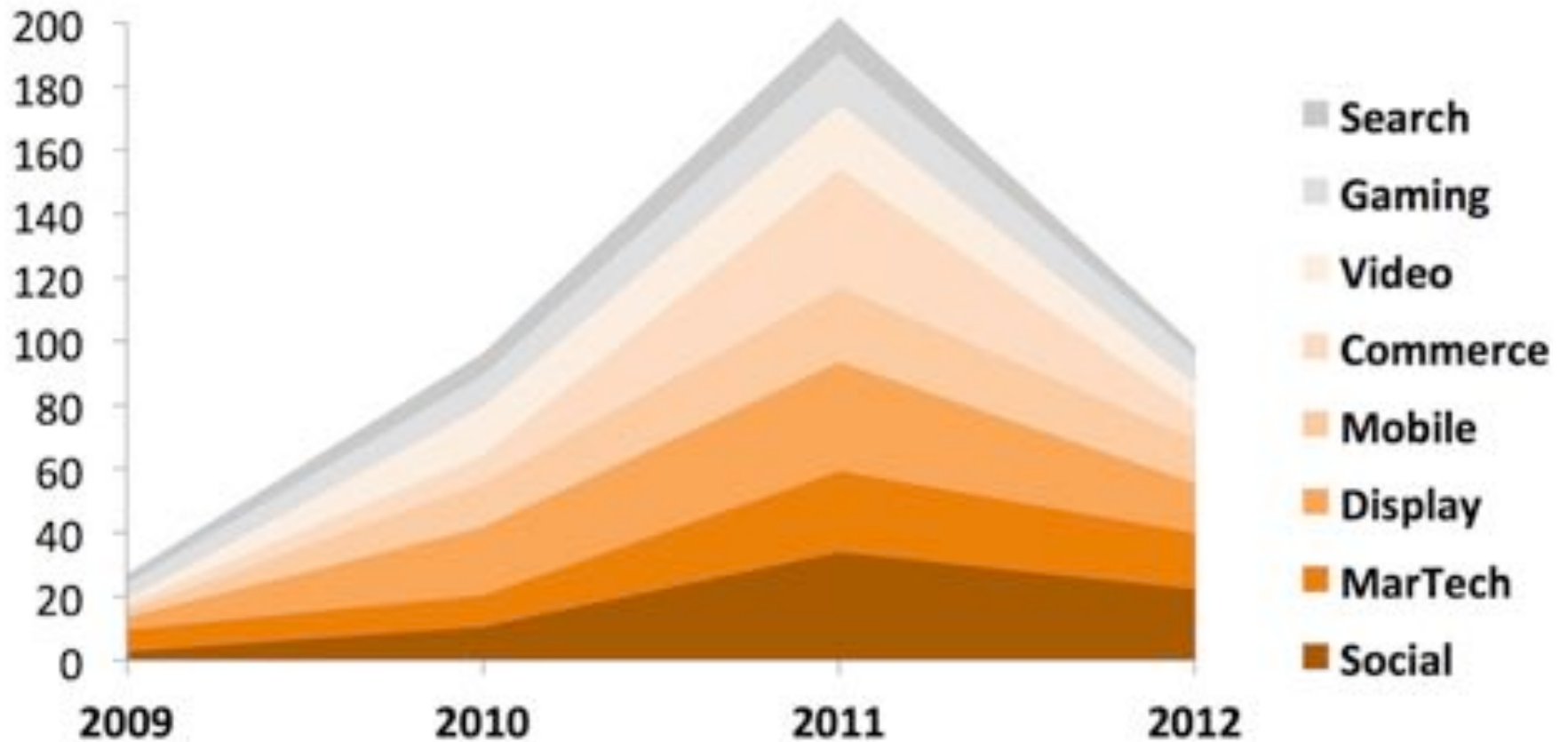
Square

*airbnb*

hulu

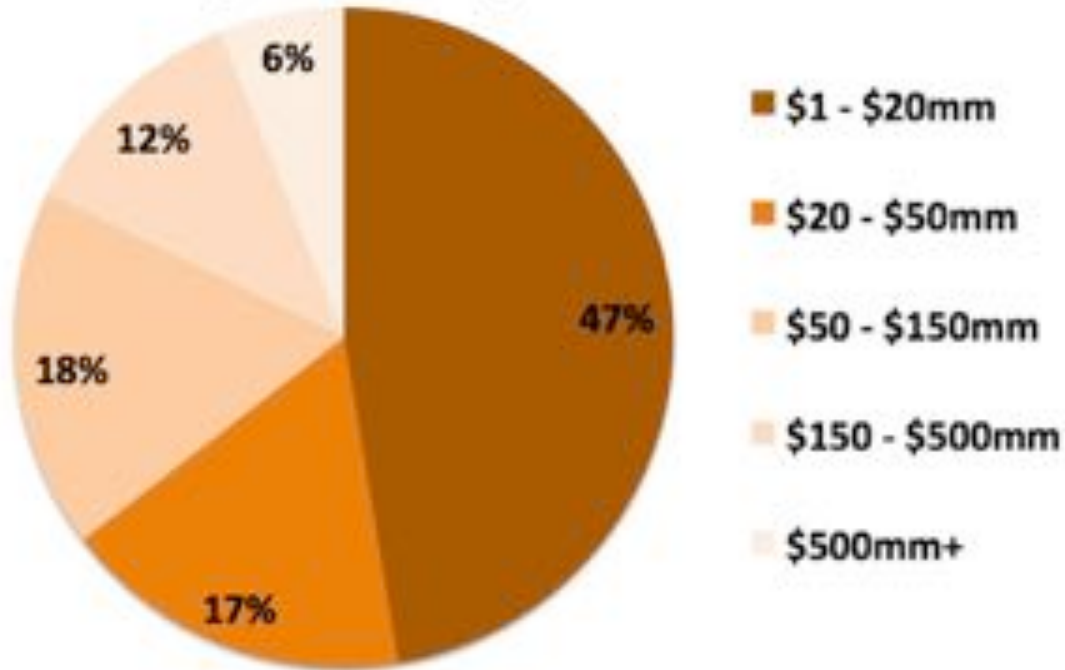


# Digital Media M&A by LUMAscape



# Large M&A Deals Are Few and Far Between

Digital Media Exits by Deal Size  
(2008 – Present)



- 82% of all digital media exits since 2008 were at < \$150 million
- About half are “tech and team” deals under \$20 million





# Conditions Necessary for M&A Activity

- 
1. Stable economy
  2. Vibrant stock market
  3. Low interest rates
  4. High cash balances
  5. Strong corporate earnings
  6. Healthy sector growth
  7. Recognition of opportunity
  8. Realization of capability gap
  9. Lack of timely organic solution
  10. Availability of targets



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**SO WHERE'S THE CONSOLIDATION?**





# There is Some Activity





# Consolidation via M&A



2010 Independent Companies	204
<i>less: Acquisitions</i>	<b>53</b>
Sub Total	151
<i>plus: New Additions</i>	<b>74</b>
2012 Independent Companies	225



# Consolidation via Failure



January



February



March



April



## This Week's Big News: Yahoo / Tumblr




- **Great deal**
- **Love the attitude**
  - Karp: "Fuck yeah"
  - Mayer: "We promise not to screw it up"
- **Welcome to NYC Yahoo!**
- **This is just the beginning**





# This Week's Big News: A "Get Cool" Deal

All Things 

5/19/13

**Yahoo Tumblrs for Cool: Board Approves  
\$1.1 Billion Deal as Expected**

# YAHOO !



## Other "Get Cool" Deals

**CHRYSLER**



## Other "Get Cool" Deals





## Other "Get Cool" Deals



## Other "Get Cool" Deals



at&twitter



# Contents

1. Markets

2. Top 5 Trends





# Top 5 Trends

1. Automation
2. Multi-Channel
3. Content + Commerce
4. Mobile Everything
5. TV > Digital Video



# Top 5 Trends

**1. Automation**

**2. Multi-Channel**

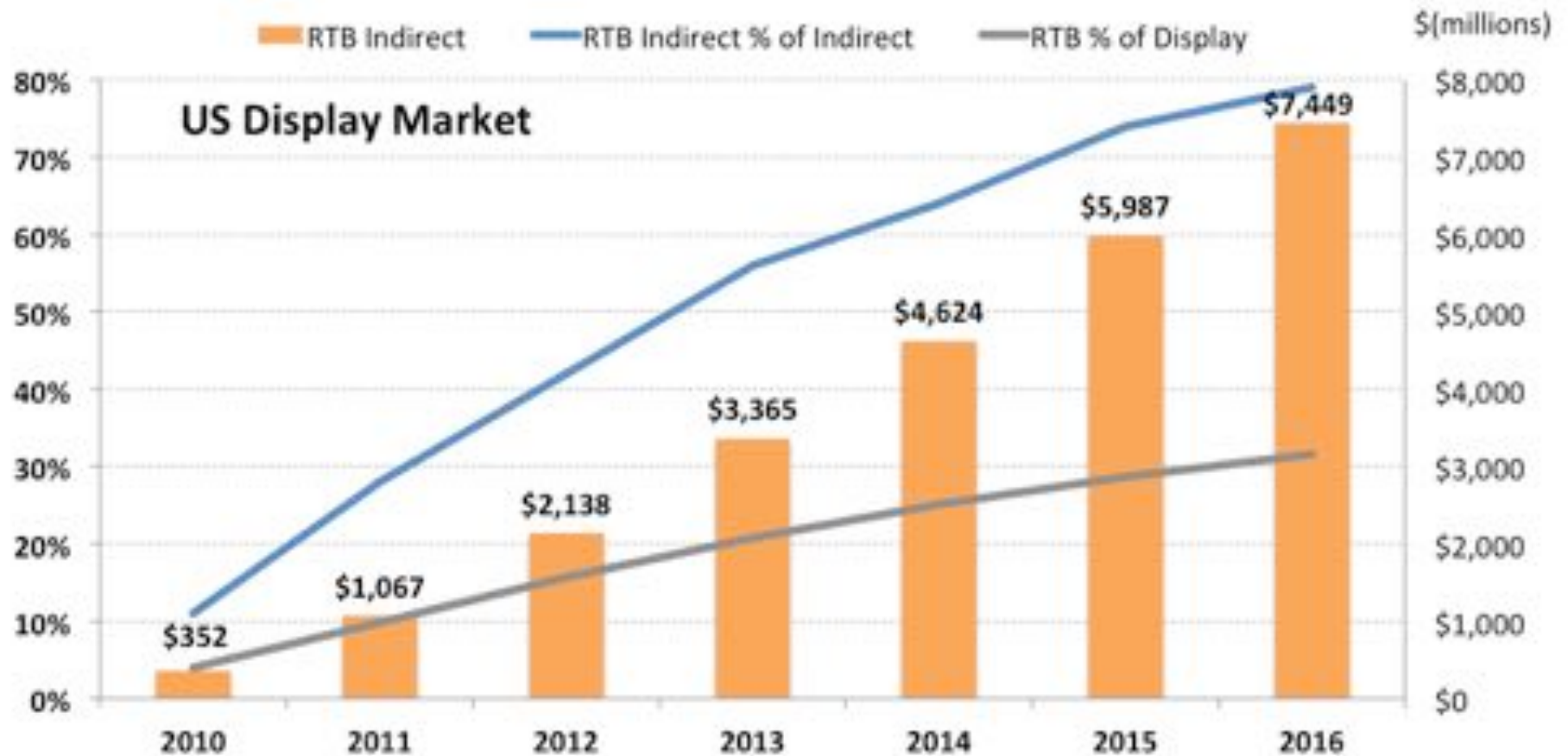
**3. Content + Commerce**

**4. Mobile Everything**

**5. TV > Digital Video**

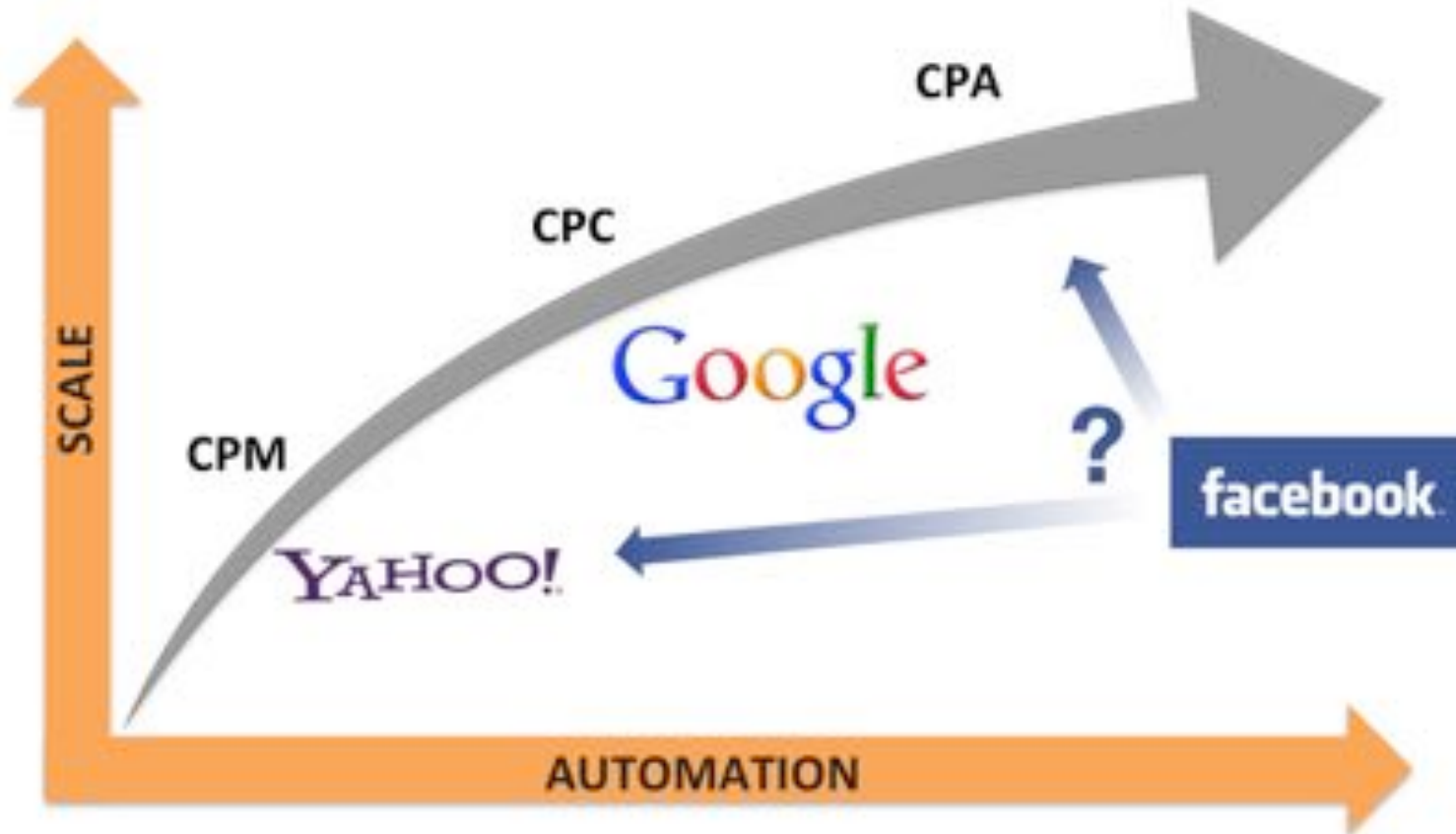


# Real Time Bidding Taking Over Media Buying






# Performance Models Scale with Automation



# Reclassifying Advertising Expense

<u>INCOME STATEMENT</u>	
Revenue	\$1,000
COGS	<u>\$550</u>
Gross Margin	\$450
Expenses	<u>\$250</u>
Pre Tax Profit	<u><u>\$200</u></u>



- Automated performance advertising at scale ceases to be a *discretionary expense*
- Like search!



# The Future of Digital Advertising





# The Future of Digital Advertising

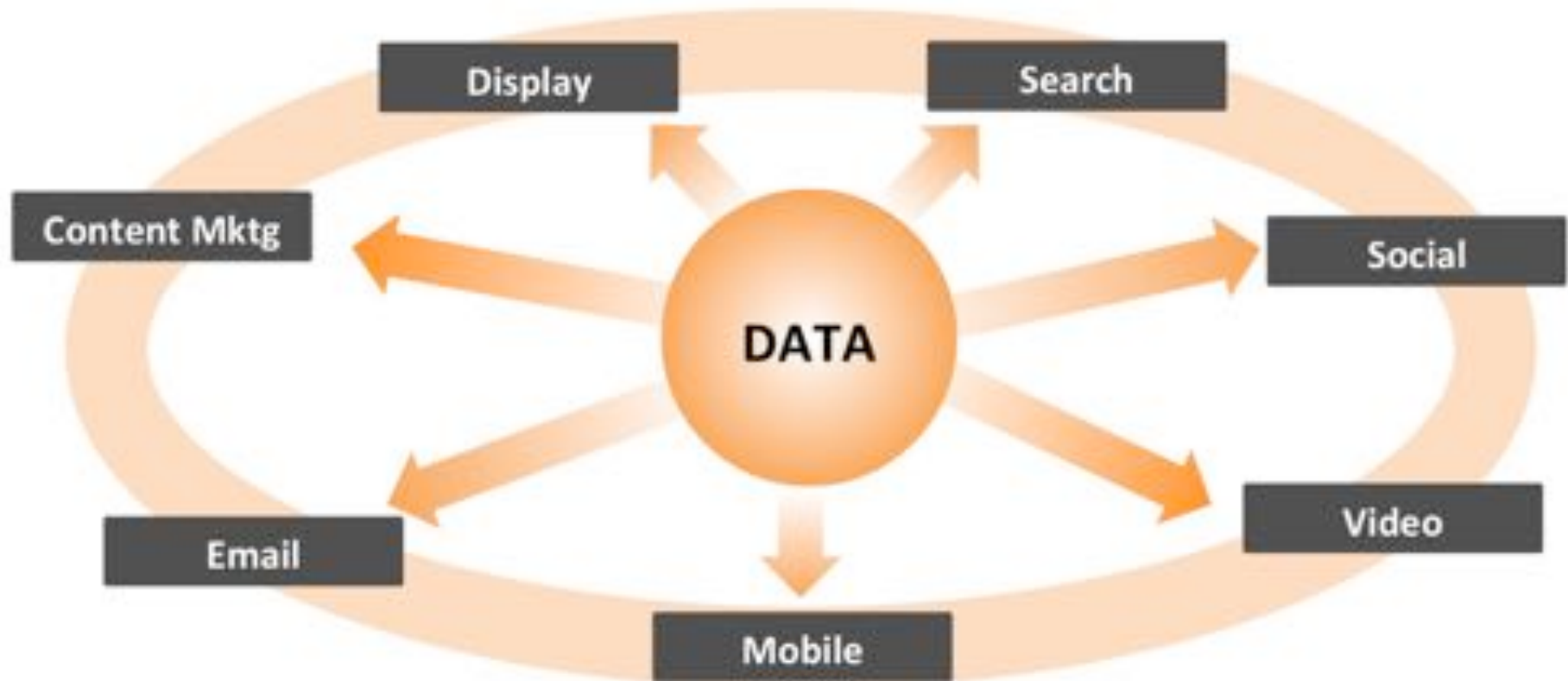


# Top 5 Trends

1. Automation
2. Multi-Channel
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# Data is Enabling Cross-Channel Advertising...



## ... And is Integrating the Customer Touch Points





# Data: Down the Purchase Funnel and Back



# Data: Down the Purchase Funnel and Back



# Data: Down the Purchase Funnel and Back





# MARKETING TECHNOLOGY LUMAscape

The LUMAscape grid is organized into several functional categories:

- Sales & Marketing:** Includes sub-categories like Email Distribution, Integrated Mktg Mgmt, Marketing Modeling, CRM Mgt, Social Marketing Management, Email Service Providers, Sales Automation, Visualization, Sales Mktg BI, CRM's, Social Publishing Platforms, Social Promotion Platforms, and Marketing Data.
- Website:** Includes Website Personalization & Optimization, Chat, and Responsive.
- E-Commerce Technology:** Includes E-Commerce Platforms/Storefront (Enterprise), Social Retailer, Merchandising, Payments, and M-Commerce.
- Other Categories:** Web Analytics, Website Creation & Mgmt, Feedback / Surveys, Community, Social Content & Forums, Site Perf/Opt, WCM, Mobile Mktg, Social Login/Sharing, and Gamification.

A large orange circular sticker with the word "NEW" in white is positioned over the bottom-left corner of the grid.



Devices acquired company

© LUMA Partners LLC 2013





# Top 5 Trends

1. Automation
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# Consumer Modality Matters



Entertainment

Productivity

Connectivity



# Interruptive Media Isn't "Native" to Digital



# Interruptive Media Isn't "Native" to Digital





# Annoying 2003 Pop-up = 2013 "Welcome Screen"



# And There's Banner Blindness



# Publishers Are Moving Beyond Impressions



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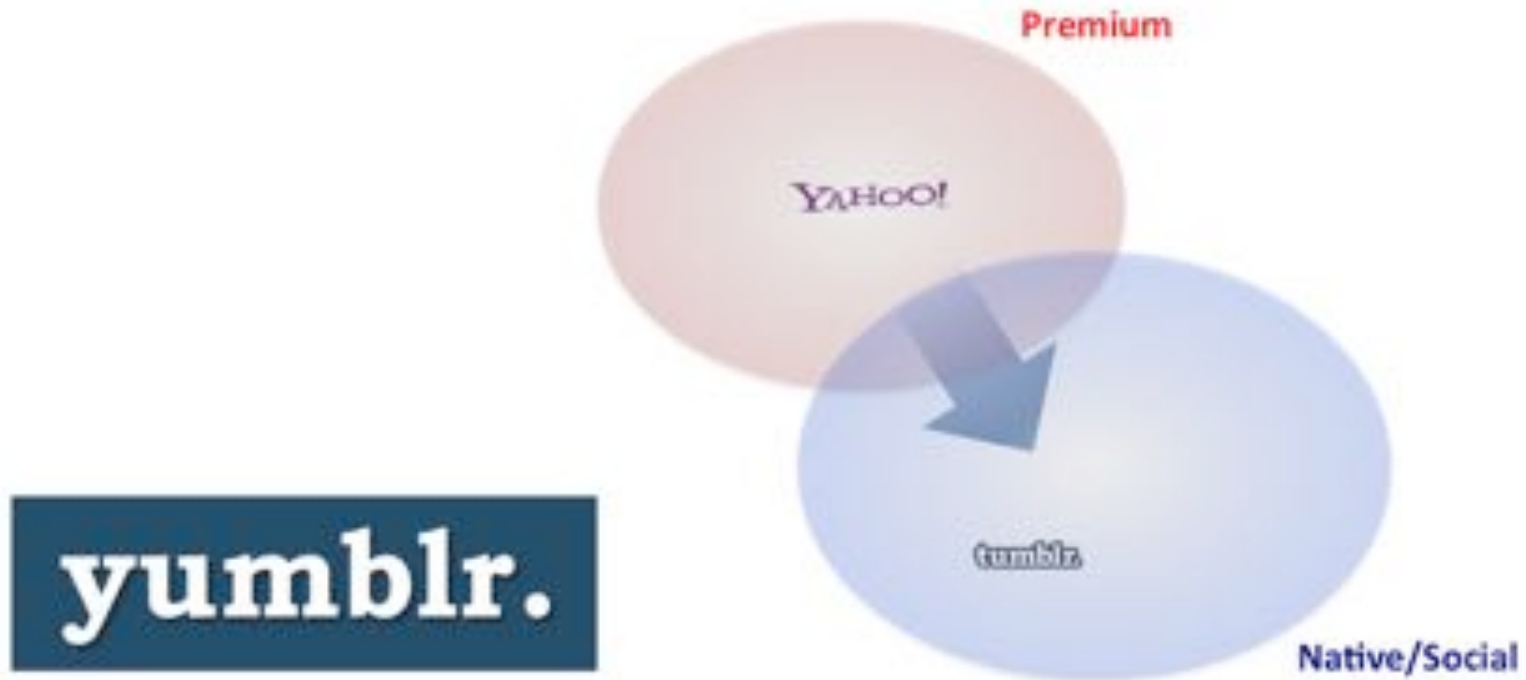




# The Future of Digital Advertising



# The Future of Digital Advertising

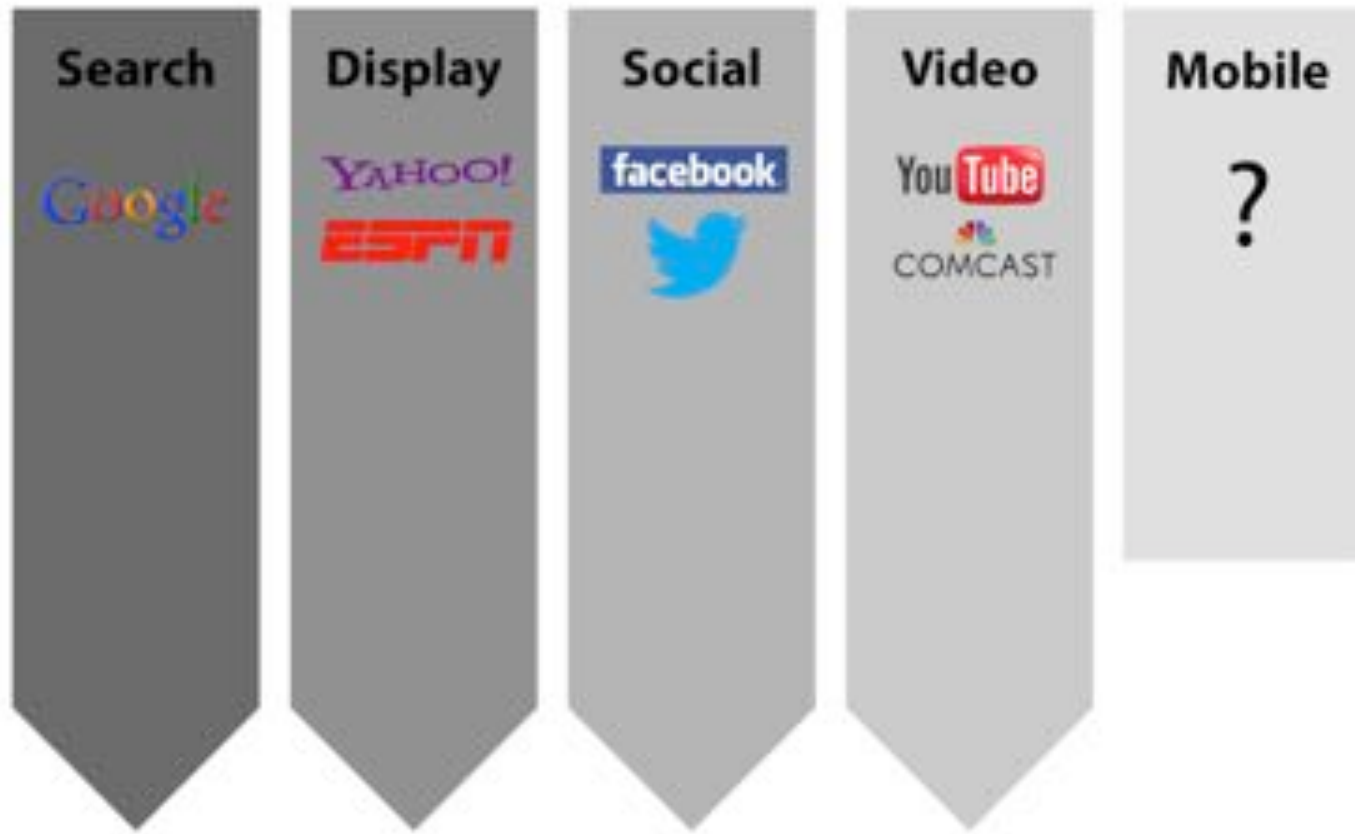


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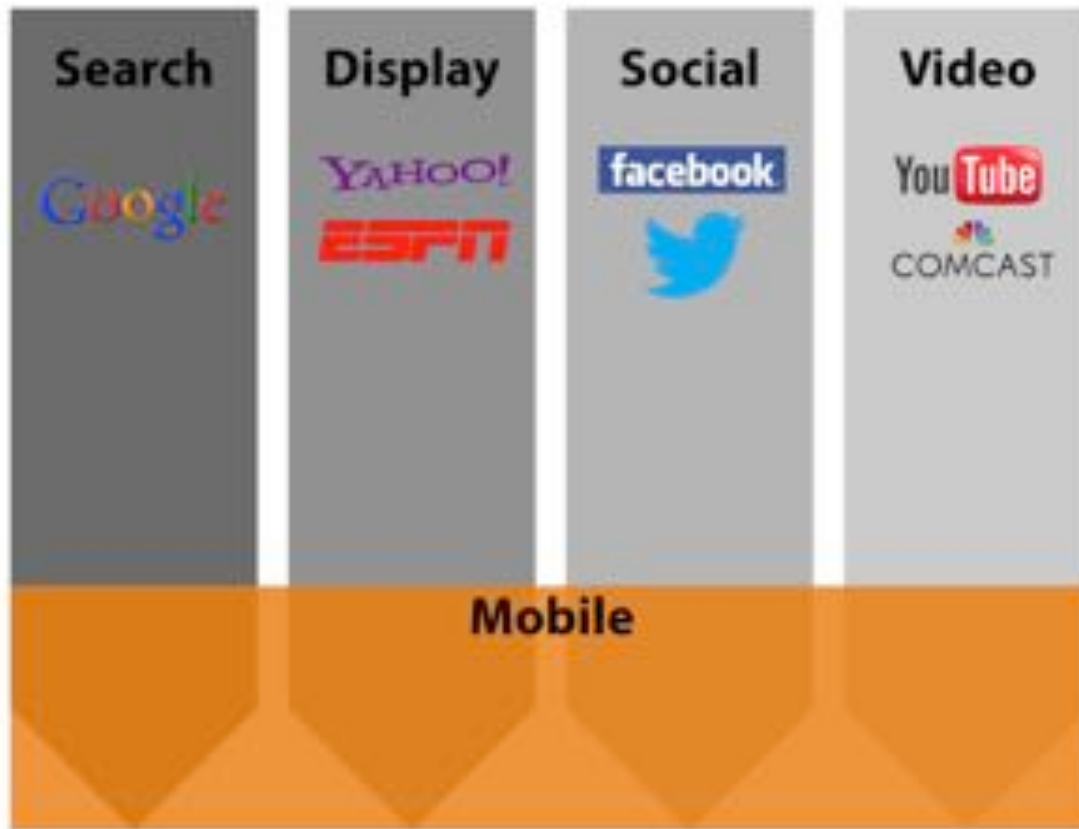


# Digital Marketing Channels





# Digital Marketing Channels



# Mobile Everything



# Mobile Search



# Mobile Display



**YAHOO!**

**ESPN**

“...we’re building everything from a mobile-first perspective, and then we apply that globally.”

- Ryan Spoon, SVP, Digital Product Development, ESPN





# Mobile Social



## Mobile Revenue Share

Q1 2012



Q1 2013



2012



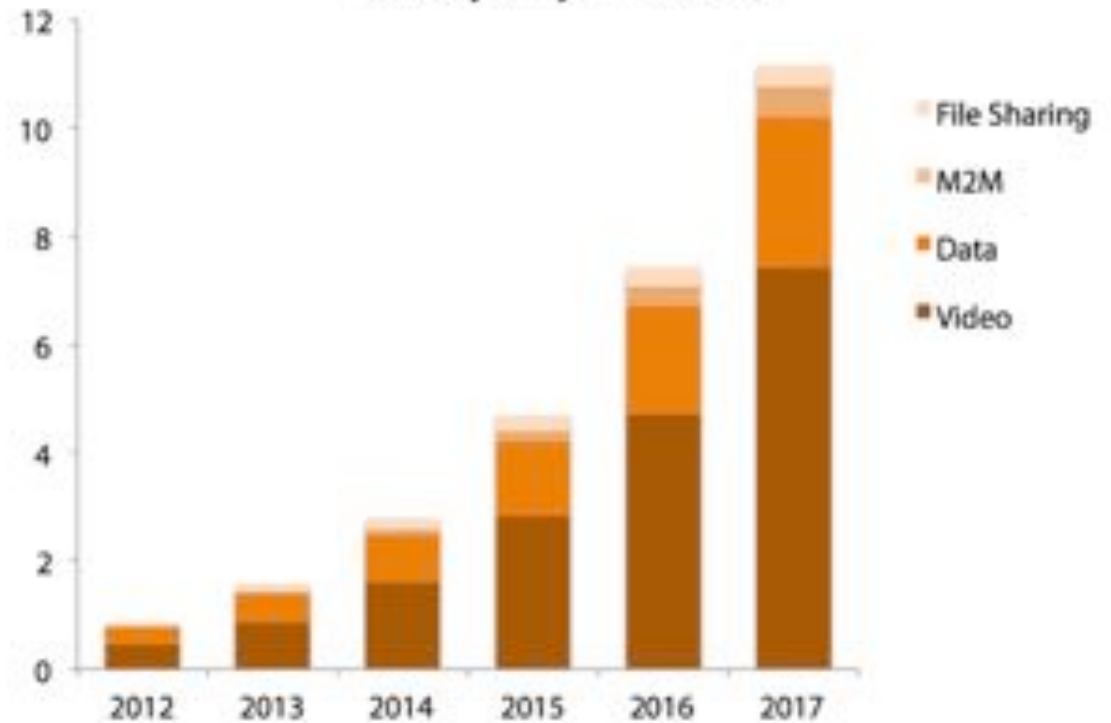
2015



# Mobile Video



## Mobile Traffic (Exabytes per month)



# Top 5 Trends

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# VIDEO LUMAScape



Devices acquired company

Devices shuttered company

© LUMA Partners, LLC 2011

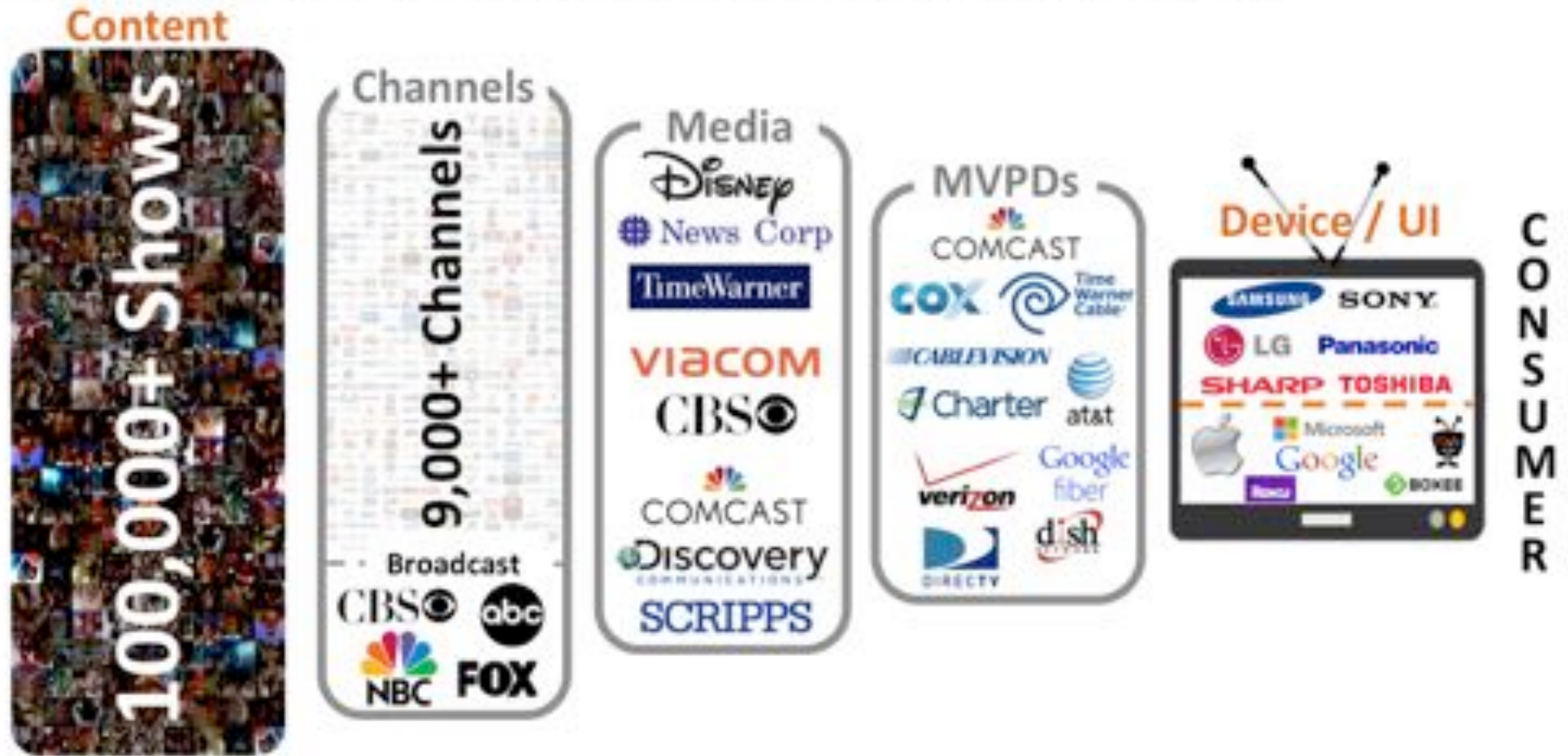




# TV VIDEO LUMAScape

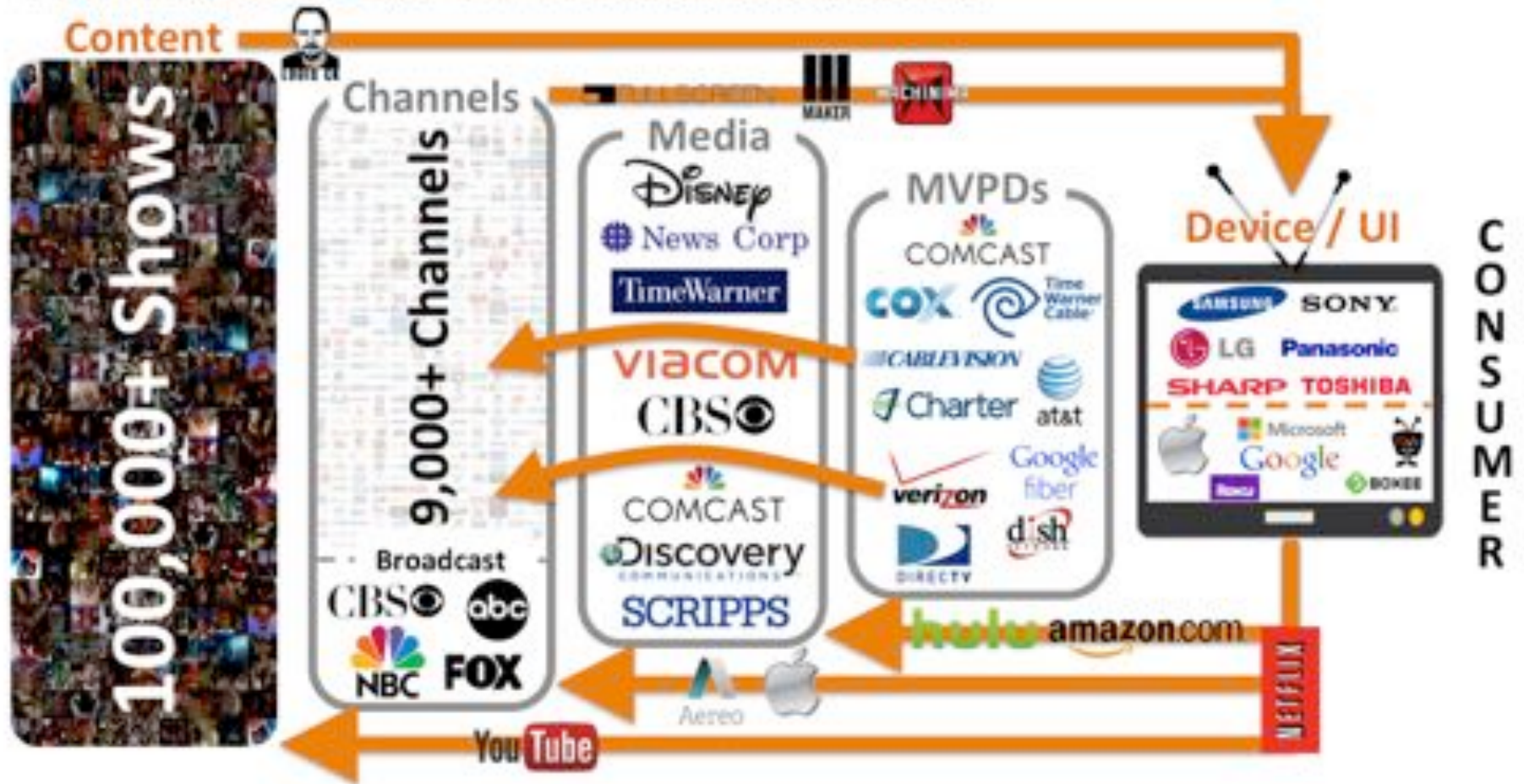


# The Traditional TV Players are Consolidated

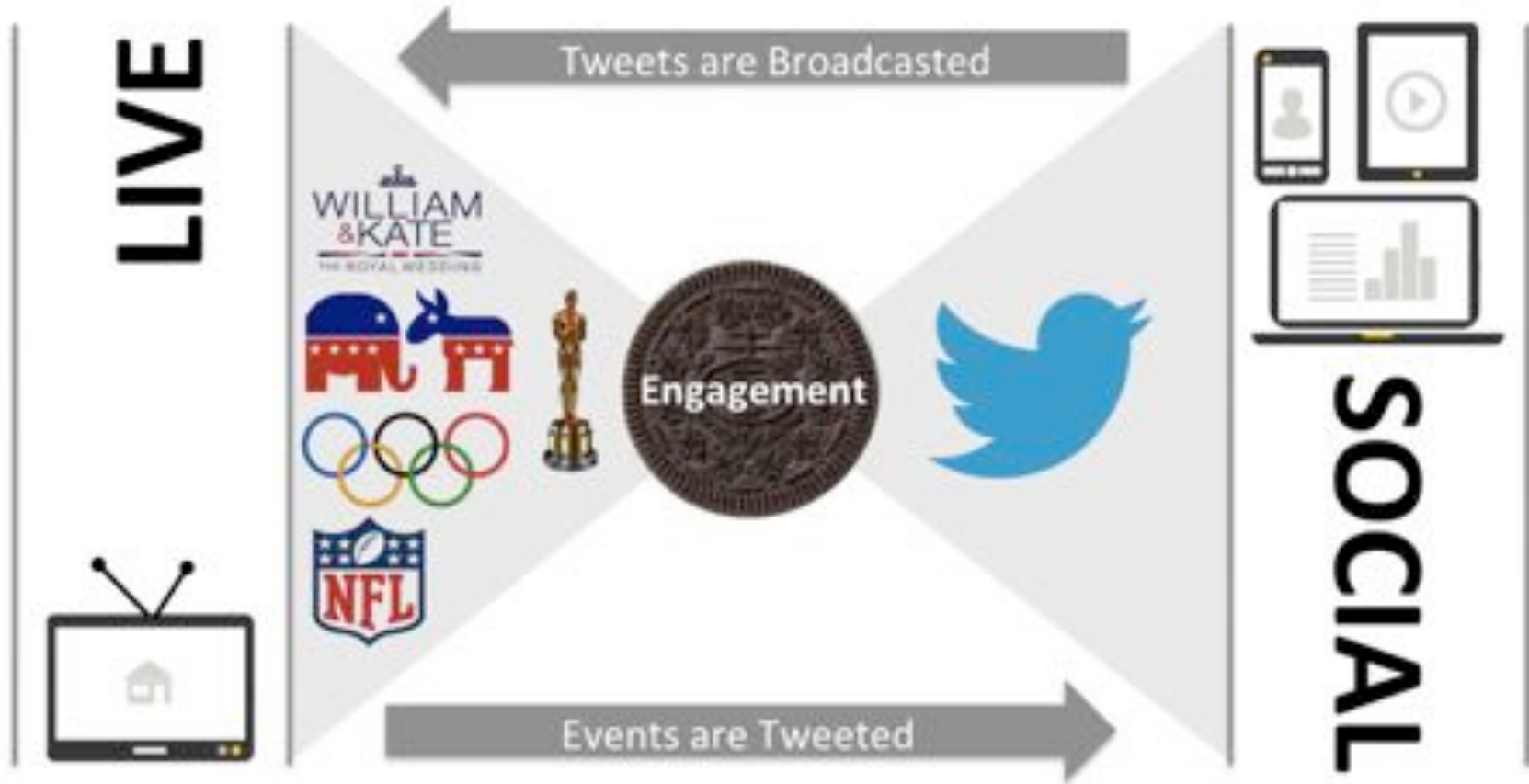




# The Traditional TV Model is at Risk

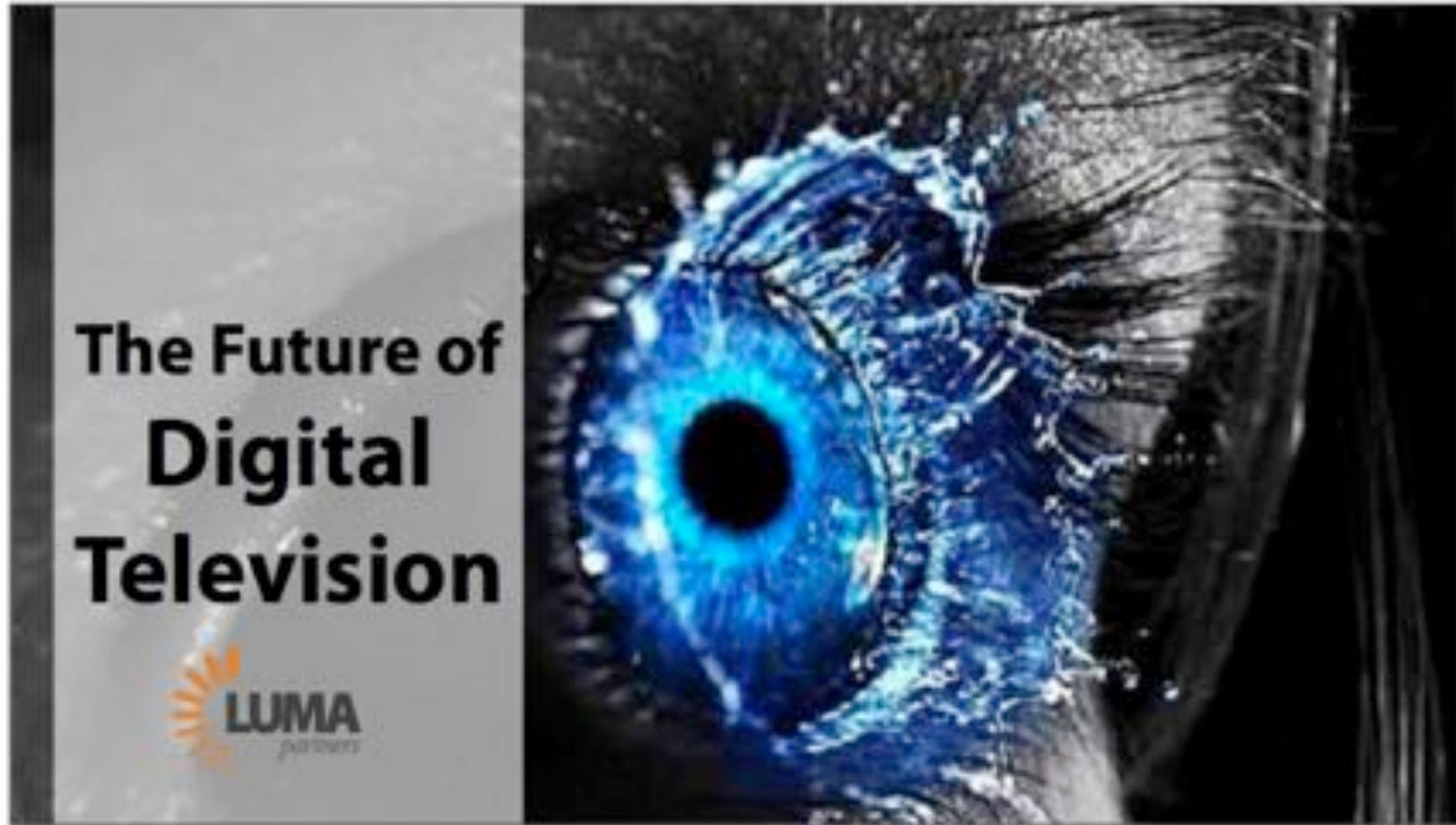


# Second Screen Phenomenon

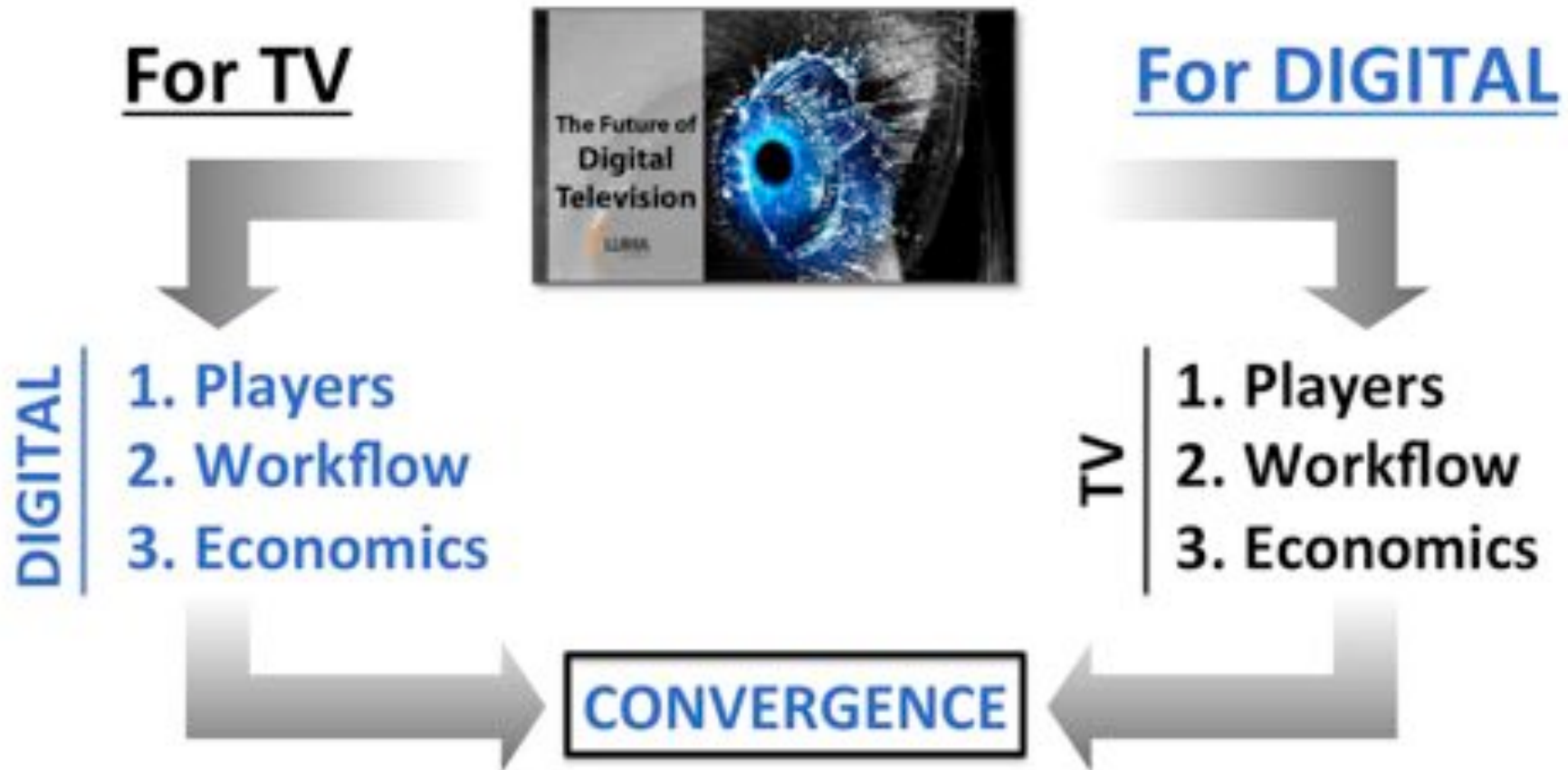




# Coming Soon: LUMA's TV / Digital Roadshow



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# We Want Your Collaboration

