



SURVIVING MOBILE'S ROLLER COASTER FUTURE

Terence Kawaja



Why Are You Listening to an Investment Banker?

The Google logo is displayed in its characteristic multi-colored font.

investment bankers are

investment bankers are **boring**

investment bankers are **douchebags**

investment bankers are **evil**

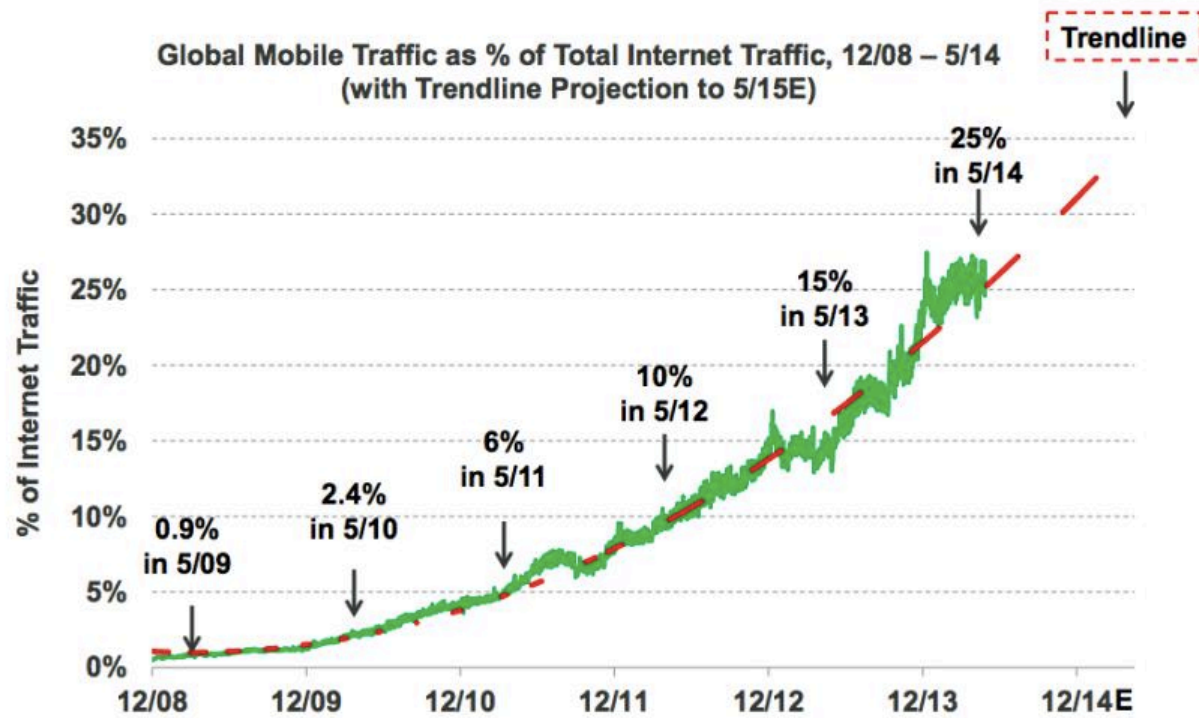
investment bankers are **scum**

Unlearning What They Teach You on Wall Street

**THE
RED SUIT
RULE**



Mobile Becomes a Greater Part of Everyday Life

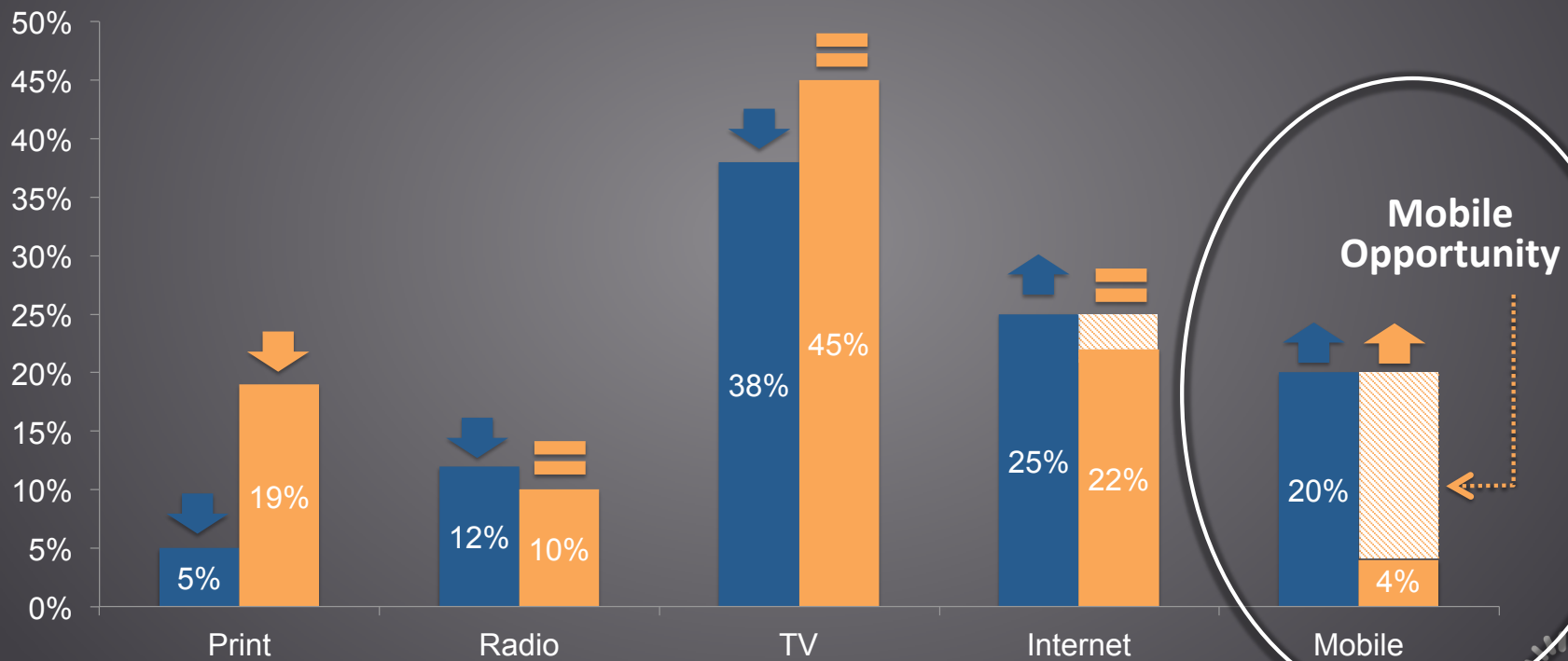


Source: KPCB

Greatest Advertising Opportunity is Mobile...

Dollars vs. Time Spent in US

■ Time Spent ■ Ad Spend

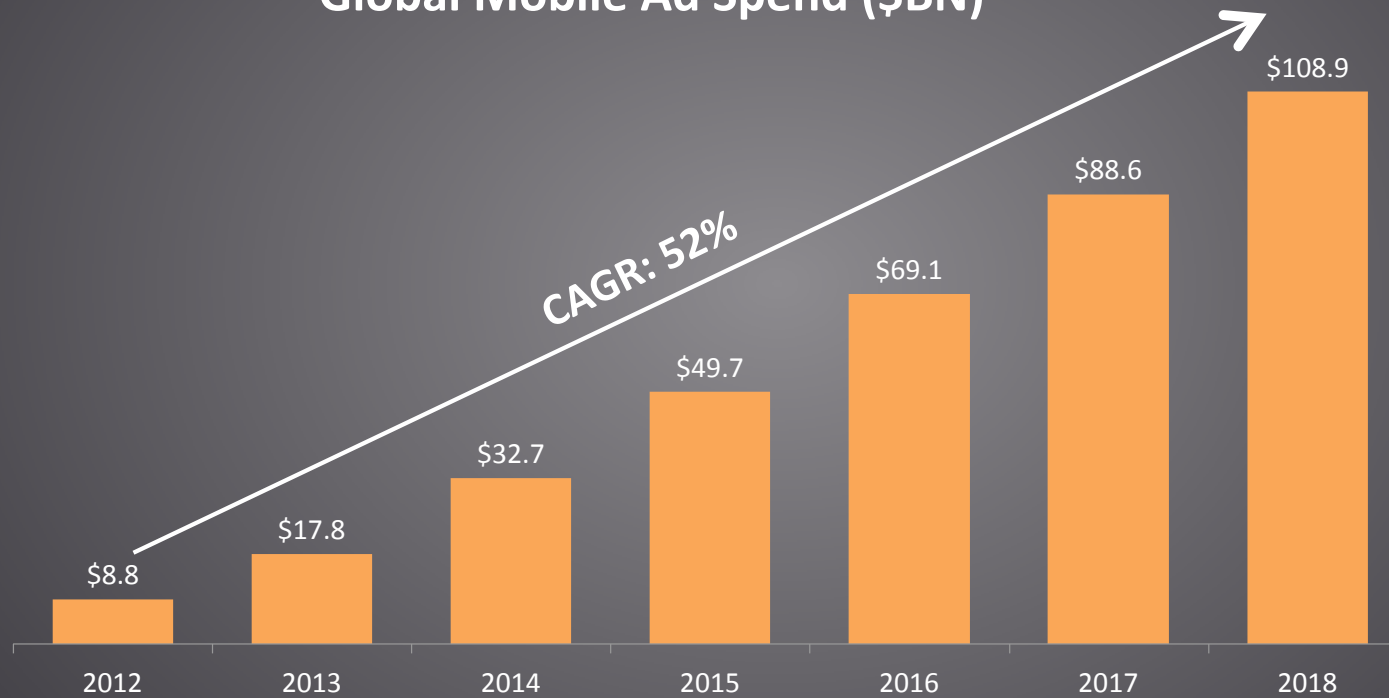


Source: KPCB



...And Spend Continues to Increase

Global Mobile Ad Spend (\$BN)



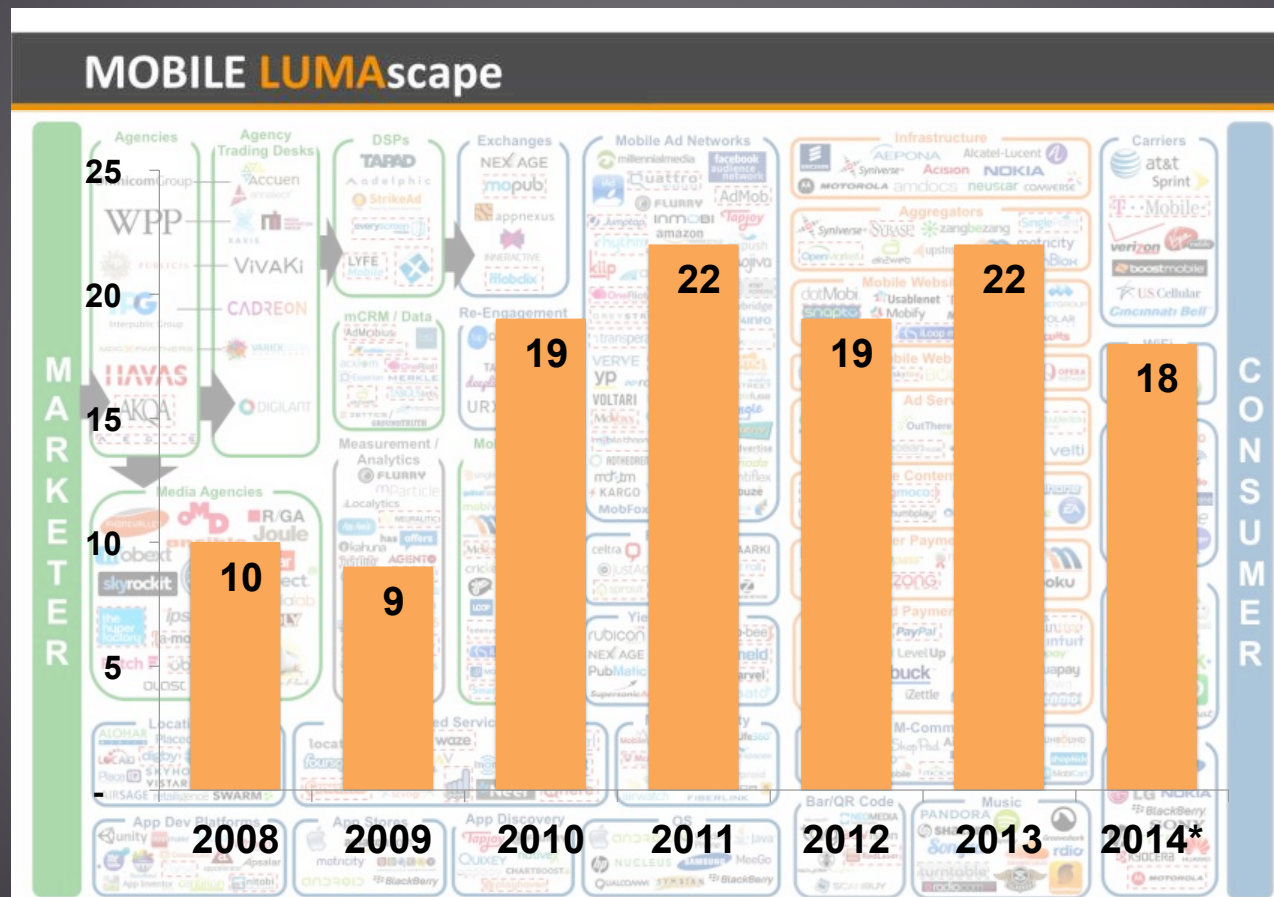
Source: KPCB





**This is going to
be awesome!**

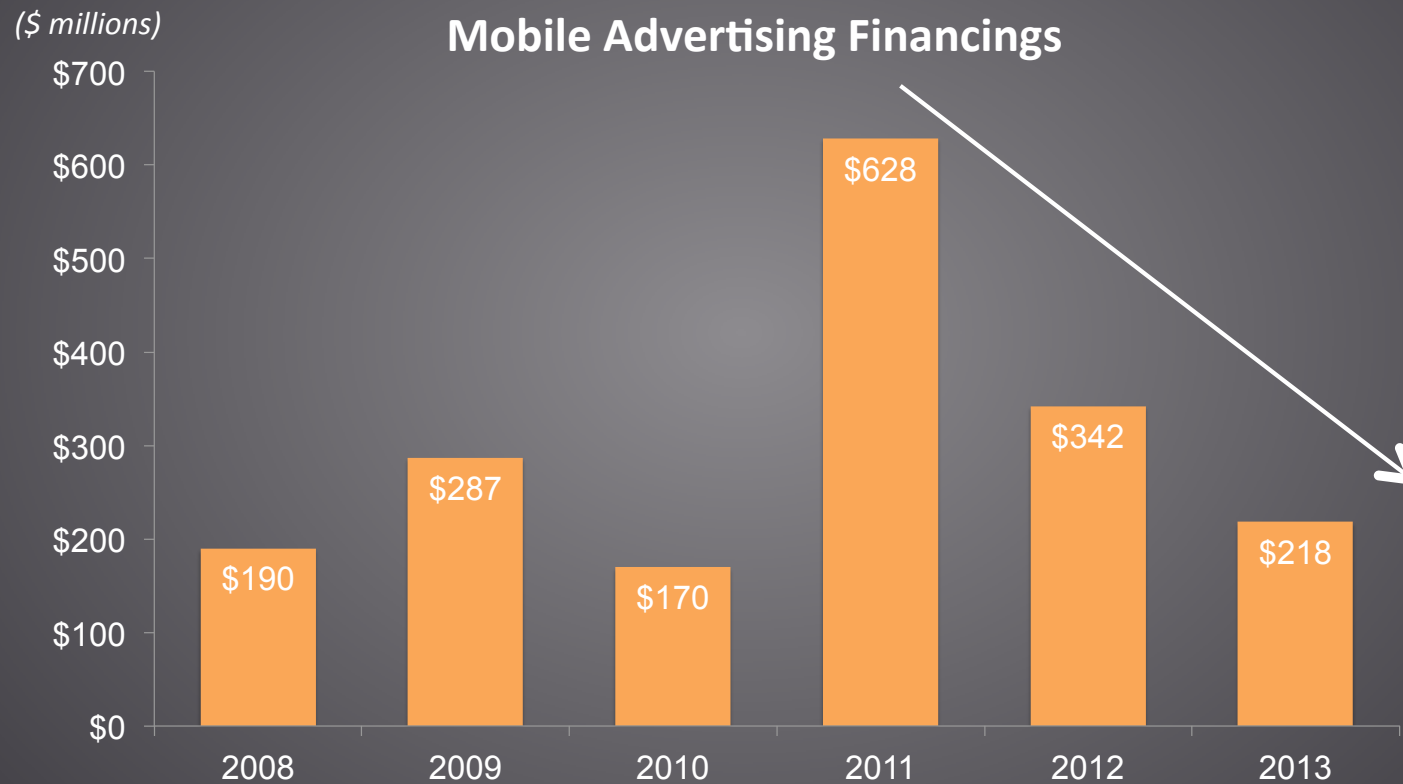
Mobile M&A Deals Are Up



Mobile M&A Deals Are Up, But Few Scaled Exits



Mobile Ad Tech Funding Continues to Decrease



Source: BI Intelligence.



Layer Not a Channel



Digital Marketing Channels

Search

Google

Display

YAHOO!
ESPN

Social

facebook.


Video

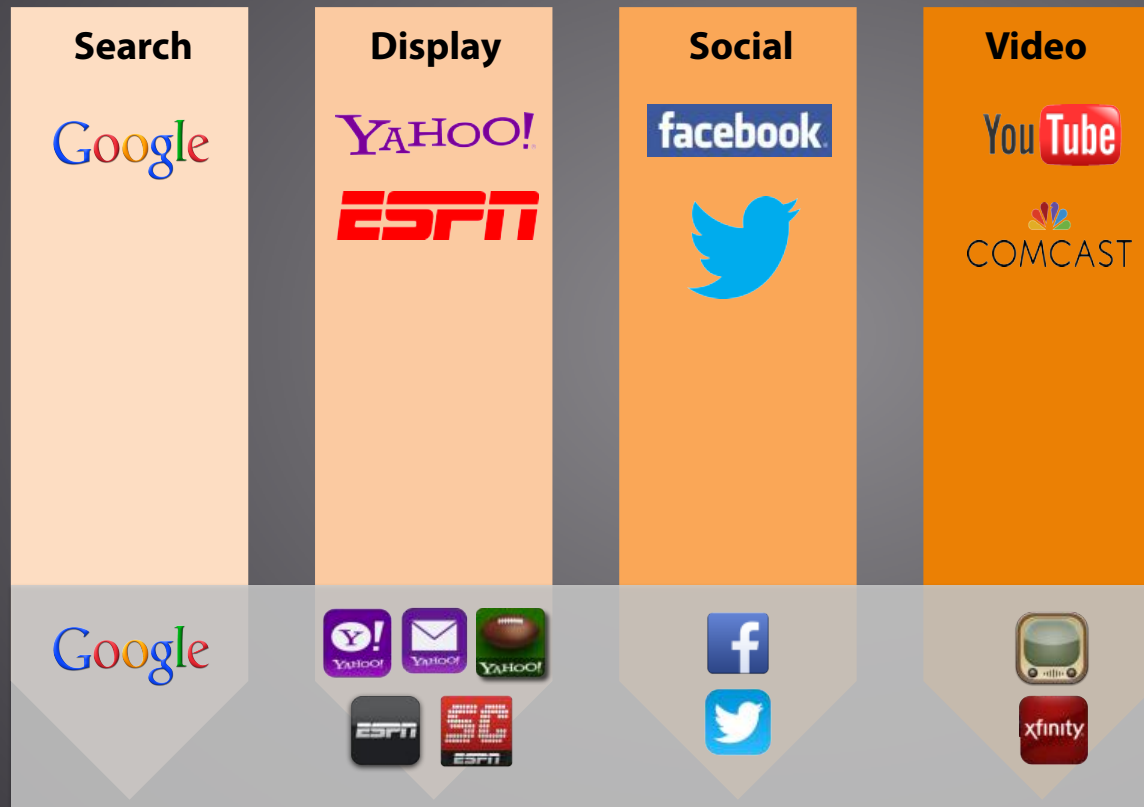
You Tube

COMCAST

Mobile

?

Mobile is a Layer, Not a Channel



A black and white photograph of a roller coaster track forming a vertical loop. A train is visible on the track, moving through the loop. The sky is cloudy. An orange rectangular box is overlaid on the center of the loop.

Data Collection

The Cookie-less World of Mobile

A blue, furry Cookie Monster is shown from the chest up, holding a black smartphone in its right hand. It has large white eyes and an open mouth.

No
Cookies?!

A clear glass cookie jar with a lid, which is empty. The words "DEVICE ID" are printed in bold black letters on the front of the jar.

**DEVICE
ID**

Cross-Screen is Now a Marketing Imperative

Types of Device Matching

Perfect Knowledge



Logged in individuals

Deterministic Matching



MYBUYS



Direct match of devices to people

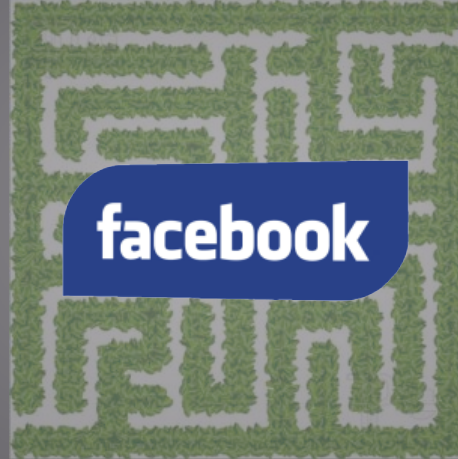
Probabilistic Matching



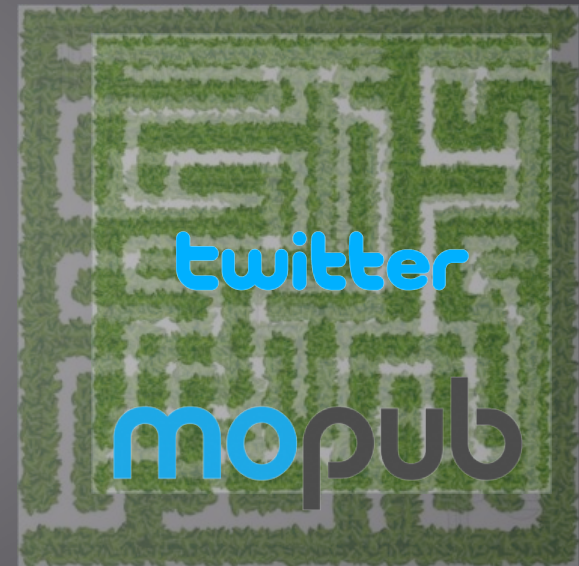
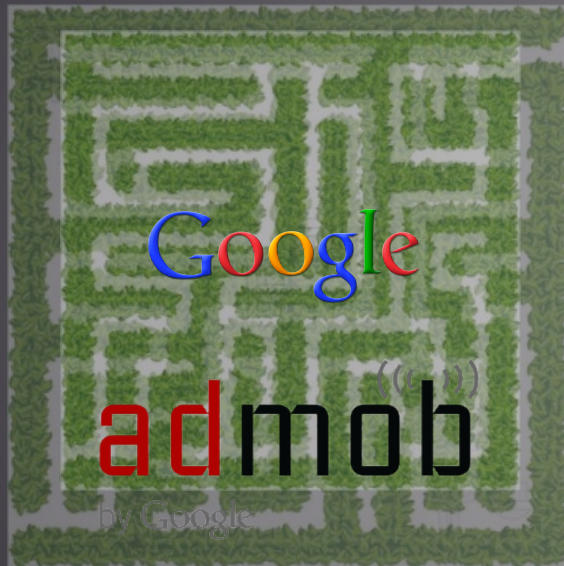
Algorithmic match



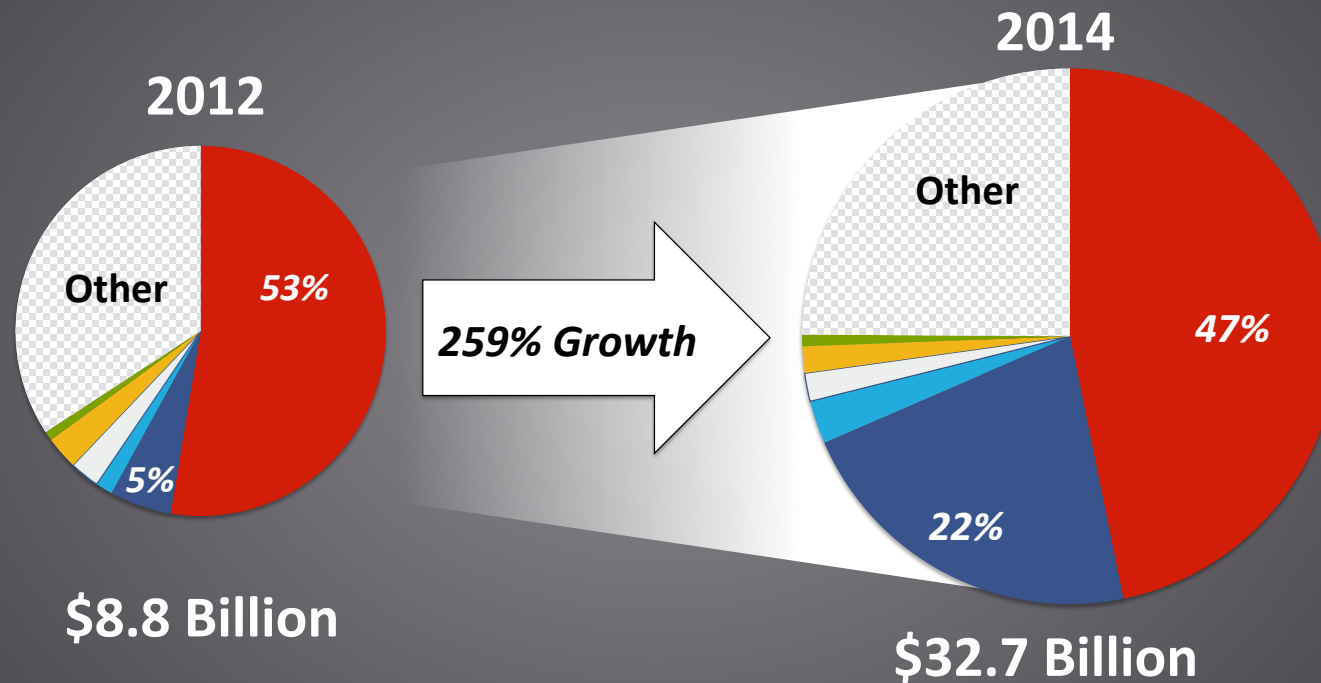
Creates “Walled Gardens” of First Party Data...



...Continue Expansion Through 3rd-Party Networks



Mobile Advertising is Concentrating



millennialmedia



Large Digital Players Are In-Sourcing Ad Tech

Marketers

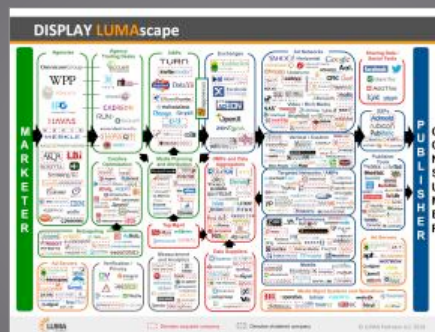


Kellogg's

King

SUPERCELL

The "Ad Tech Squeeze"



Publishers

Google

facebook

twitter

PANDORA

COMCAST

Aol.

YAHOO!

Pinterest

Commerce

amazon.com

Walmart

ebay

Rakuten

Alibaba.com



Bifurcated Market



The Two Worlds of Mobile Advertising

App on App



CPI for LTV

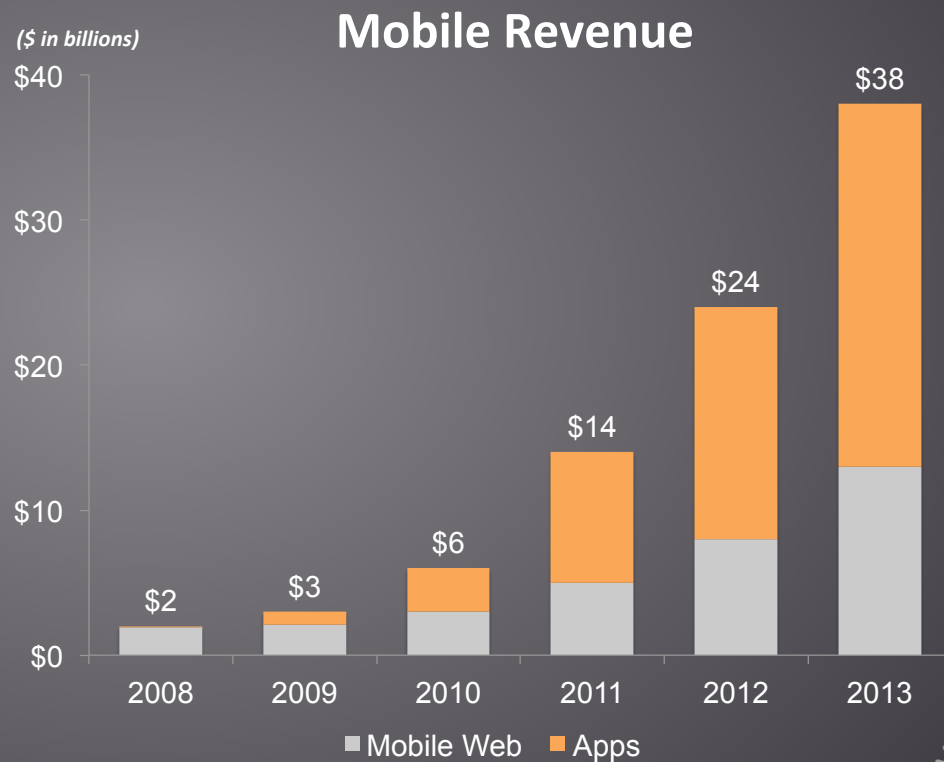
General Marketers



CPM / CPA

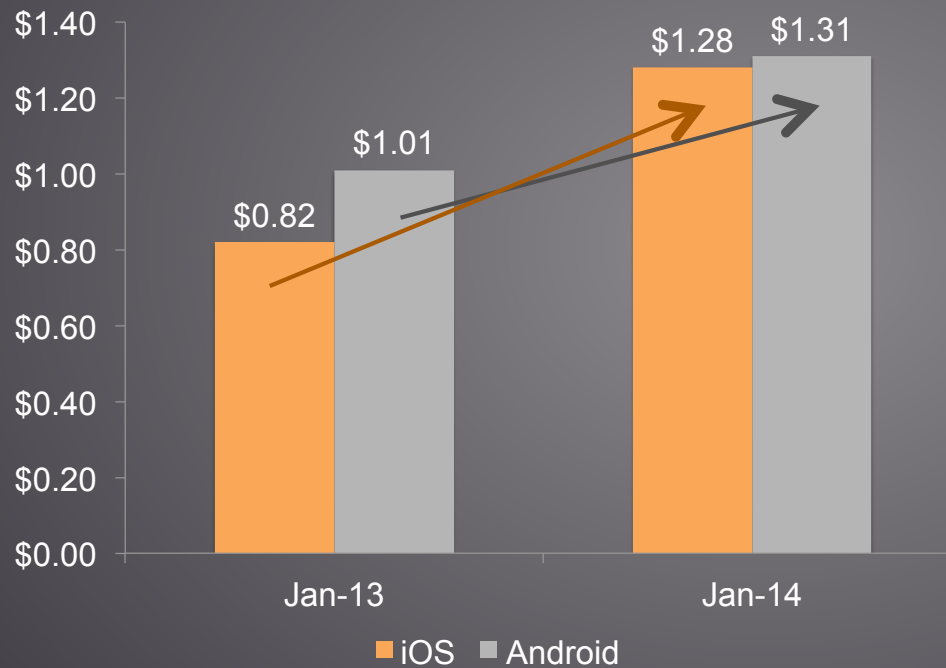
Apps Continue To Dominate Time and Revenue

APPS
ACCOUNT FOR
86%
OF
TIME SPENT
ON MOBILE



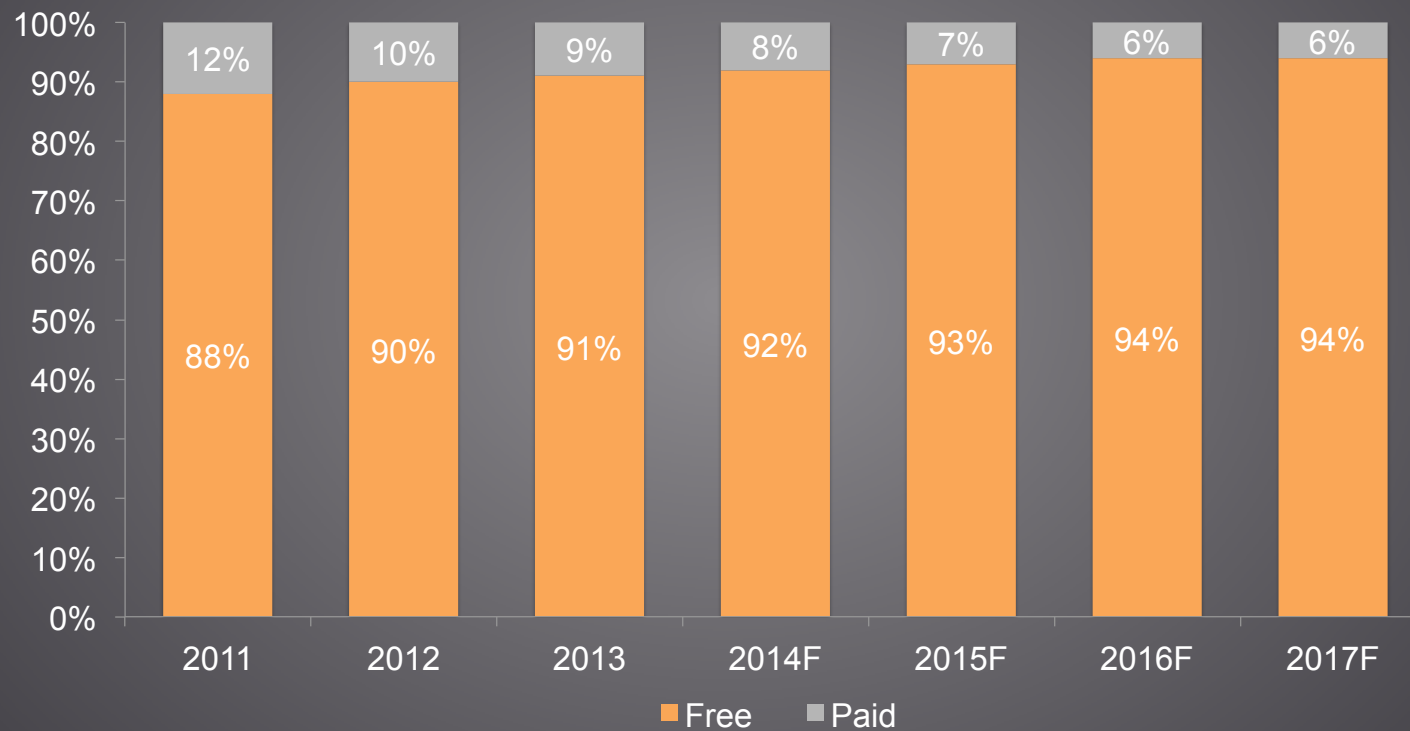
Increasingly More Expensive to Acquire Loyal Users

Fiksu Cost Per Install Index



34%
INCREASE IN
COST PER
LOYAL USER
OVER LAST
YEAR

Freemium Apps Continue to Gain Traction



Source: KPCB



The Two Worlds of Mobile Advertising

App on App



Cost per Re-engagement
~~CPI~~ for LTV

General Marketers



CPM / CPA

The Two Worlds of Mobile Advertising

App on App



CPI for LTV

General Marketers



CPM / CPA

Inventing New Formats



The Two Worlds of Mobile Advertising

App on App



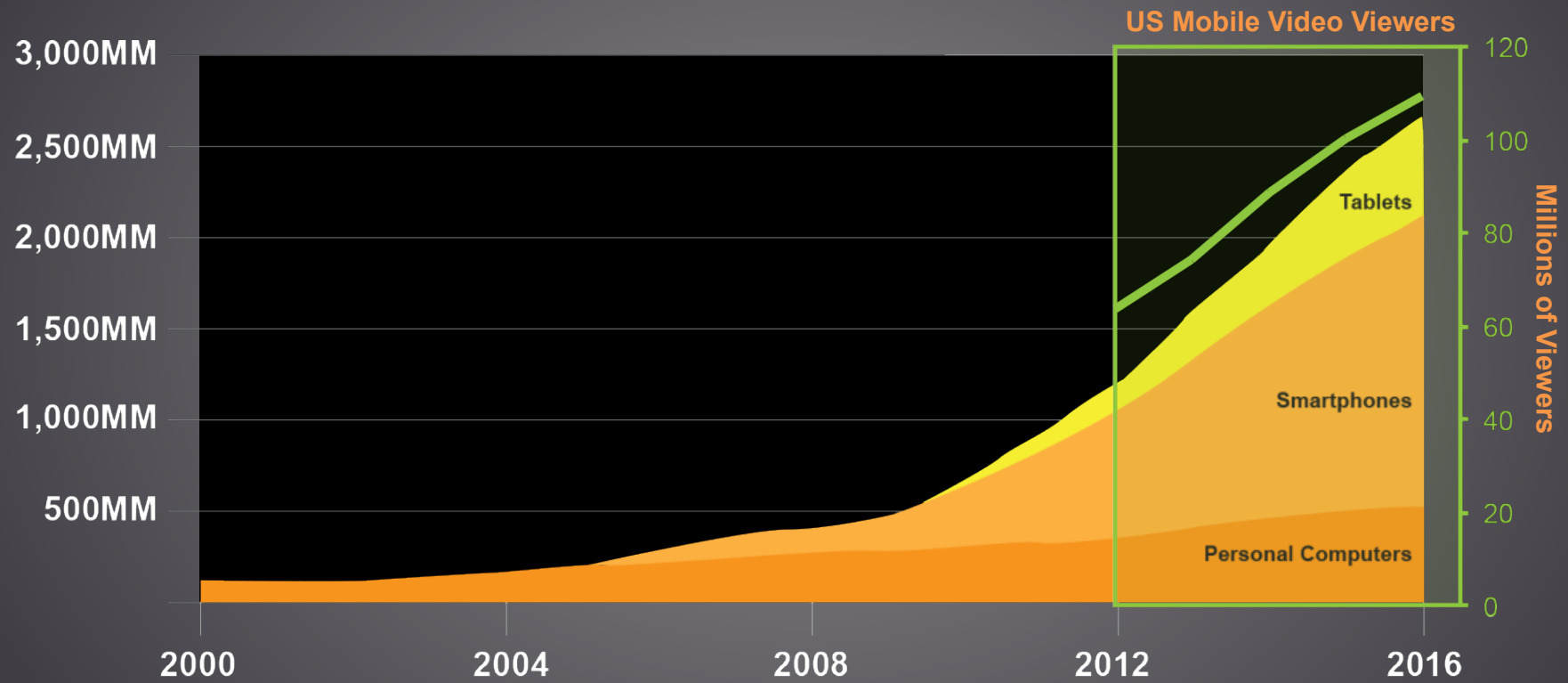
CPI for LTV

General Marketers



CPM / CPA

Mobile Video Explosion



Source: Gartner, IDC, Strategy Analytics, Company Filings, BI Intelligence estimates, eMarkter



Consumer Modality Matters



Entertainment



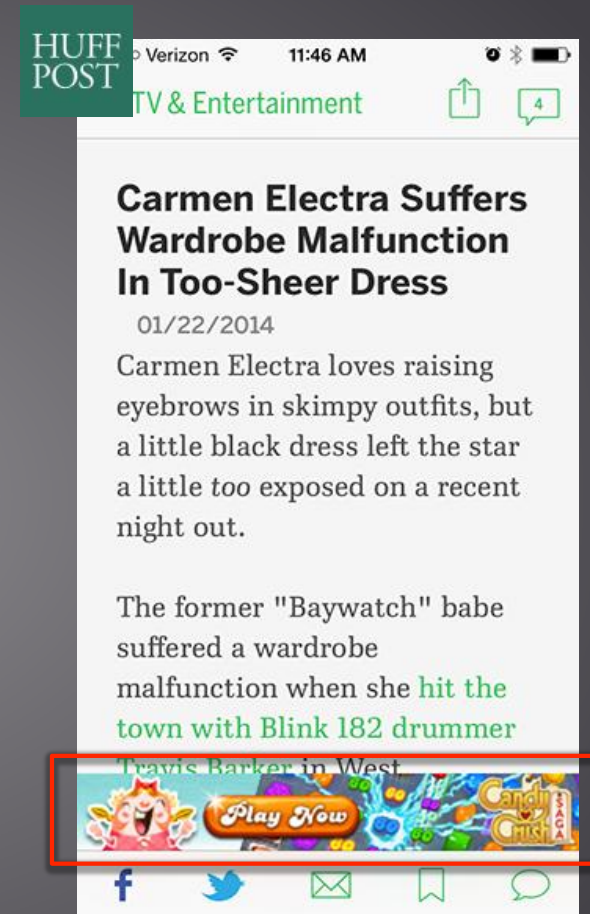
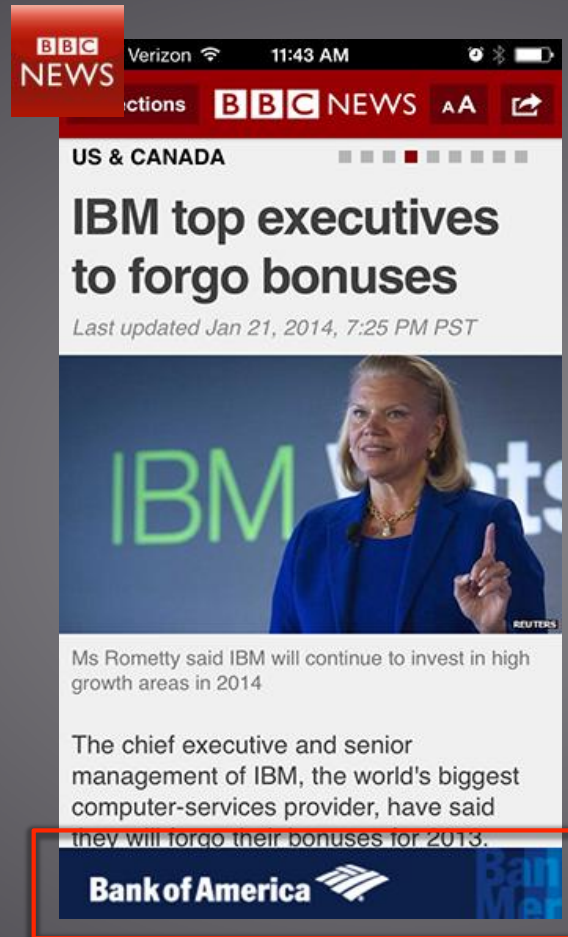
Productivity



Connectivity

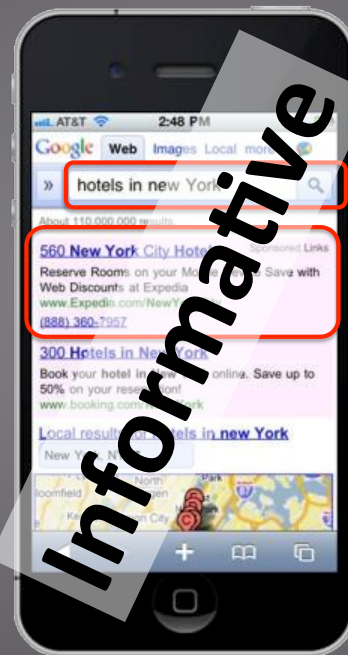


Mobile
banner ads
are
ineffective



...and
disruptive
ads annoy
the
consumer

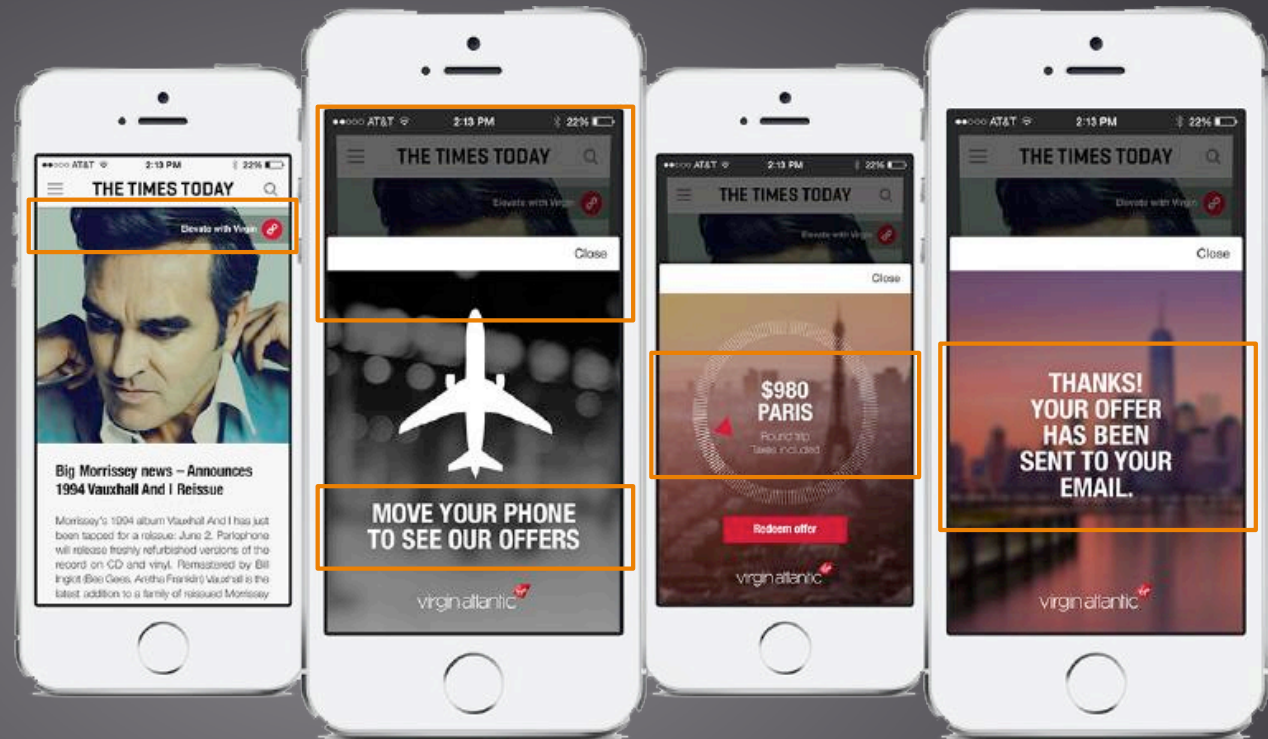
FACILITATIVE



INTERRUPTIVE



Mobile-first native formats are better for marketer and consumer



Consumer in
control –
unobtrusive ad

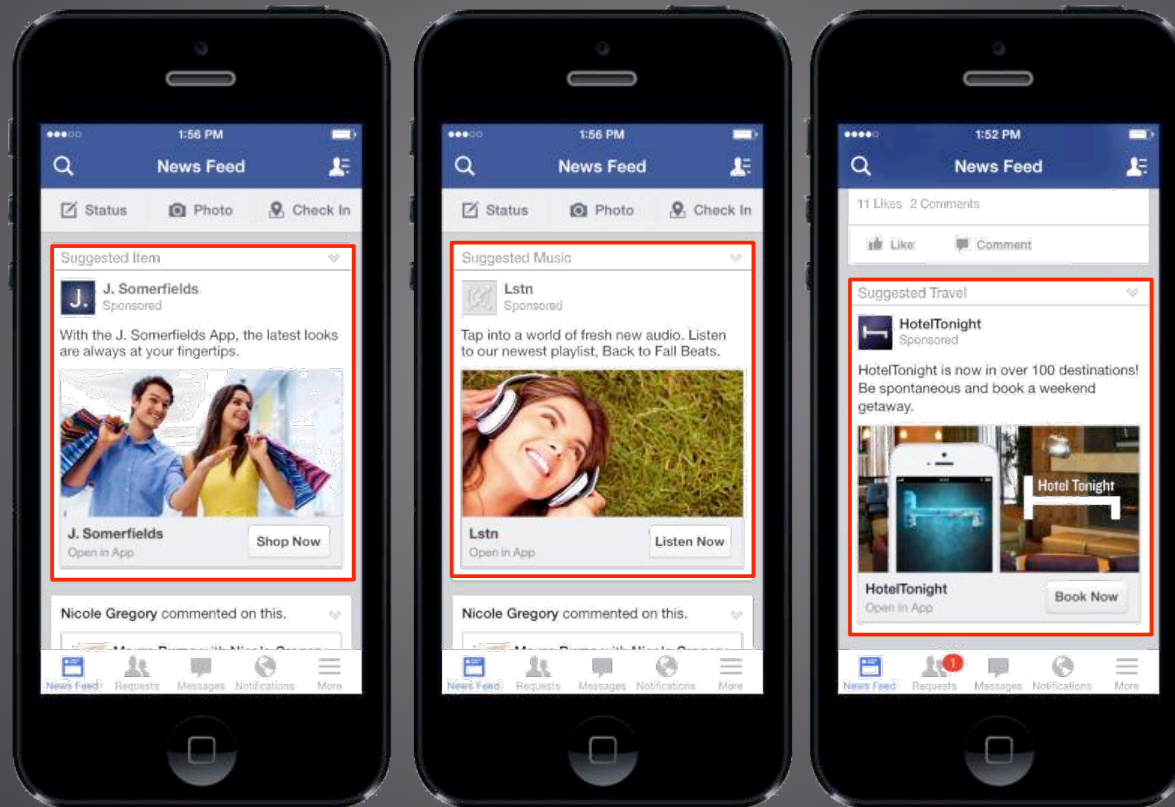
Experience
within page;
Engages the
consumer

Leverages data
to effectively
target

Connects
through various
touch points

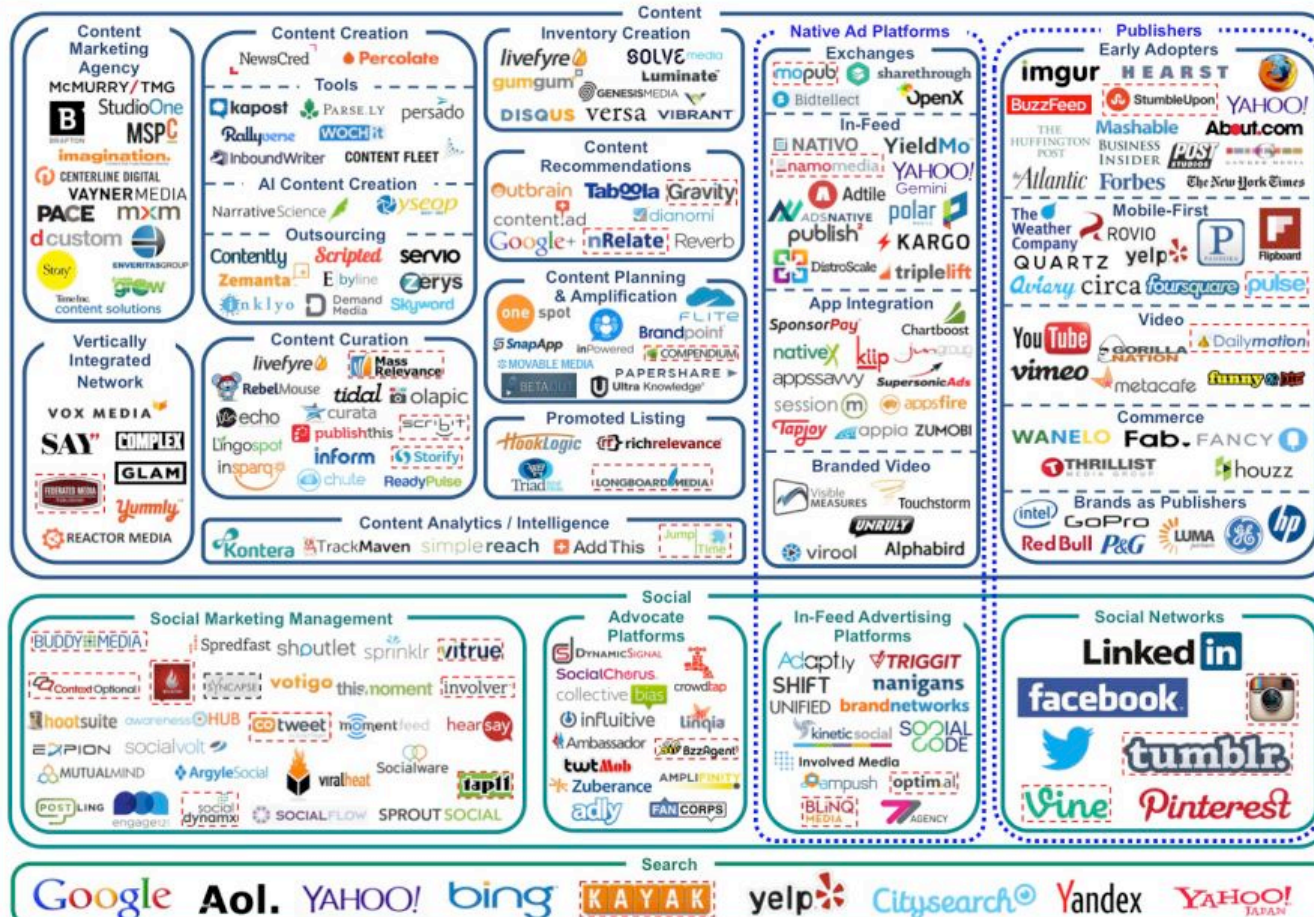


Content Is Critical to Branding



CONTENT MARKETING / NATIVE LUMAscape

MARKETER



CONSUMER



Bridges Physical and Digital Worlds

The Two Worlds of Mobile Advertising

App on App



CPI for LTV

General Marketers



CPM / CPA

Mobile Bridges the Physical & Digital Worlds



...and Facilitates the Path to Purchase

Location

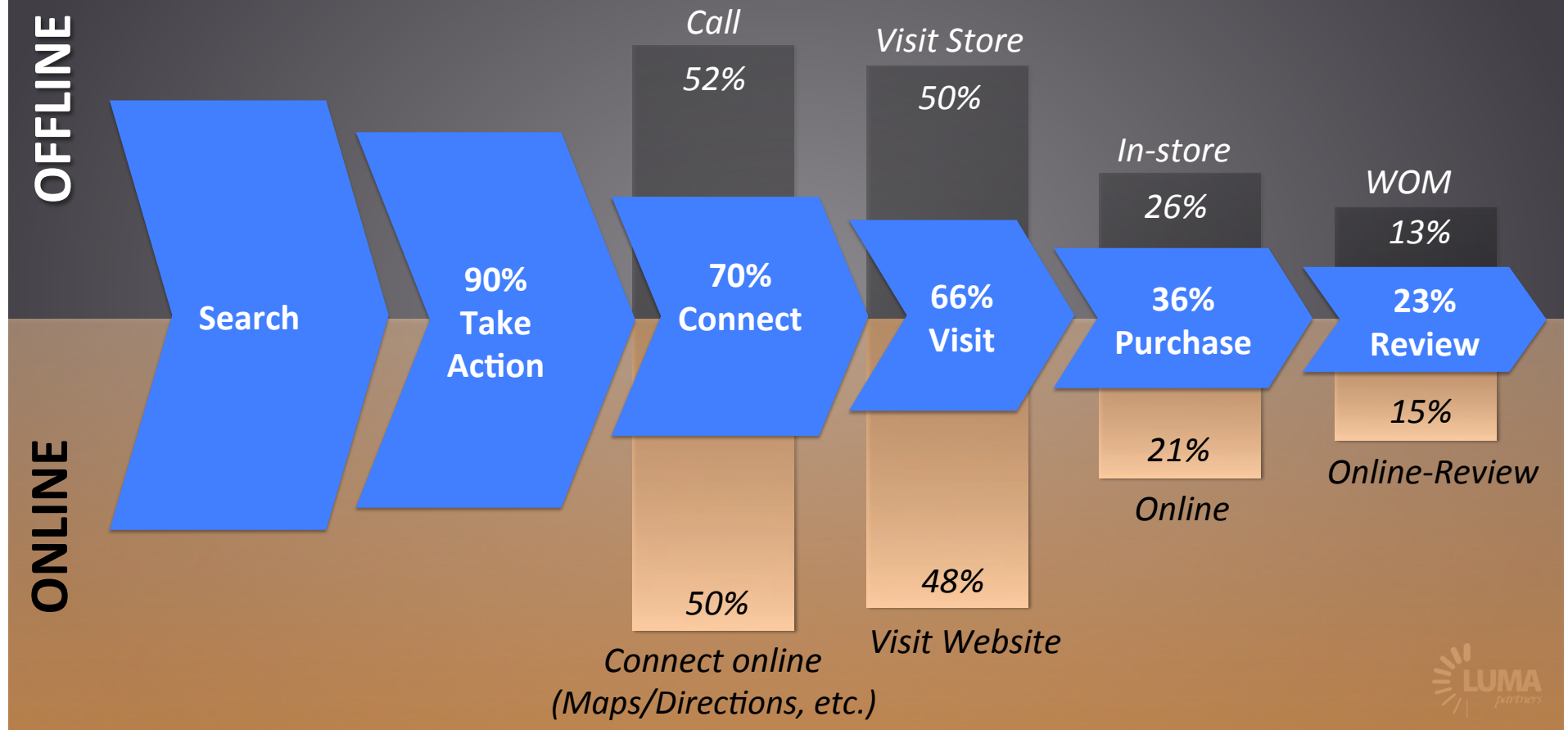
Personalization

Facilitation

Source: BIA/Kelsey



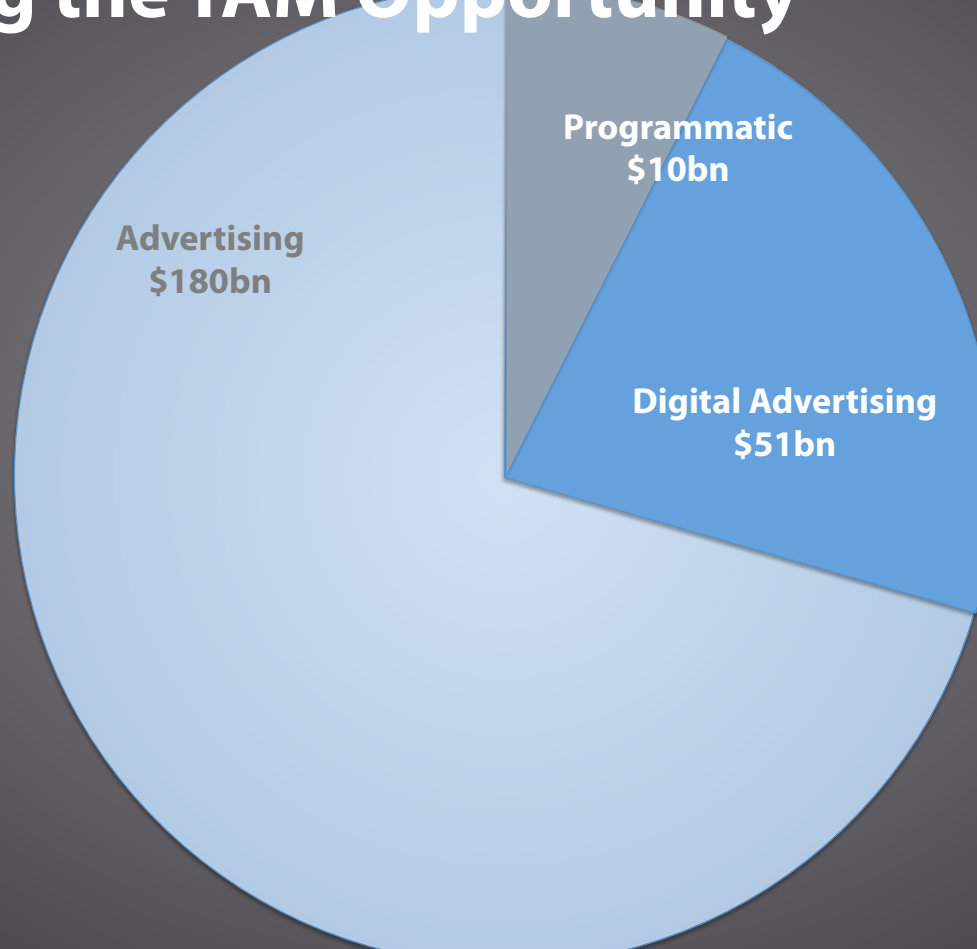
Mobile Flattens the Purchase Funnel



Opportunity Ahead



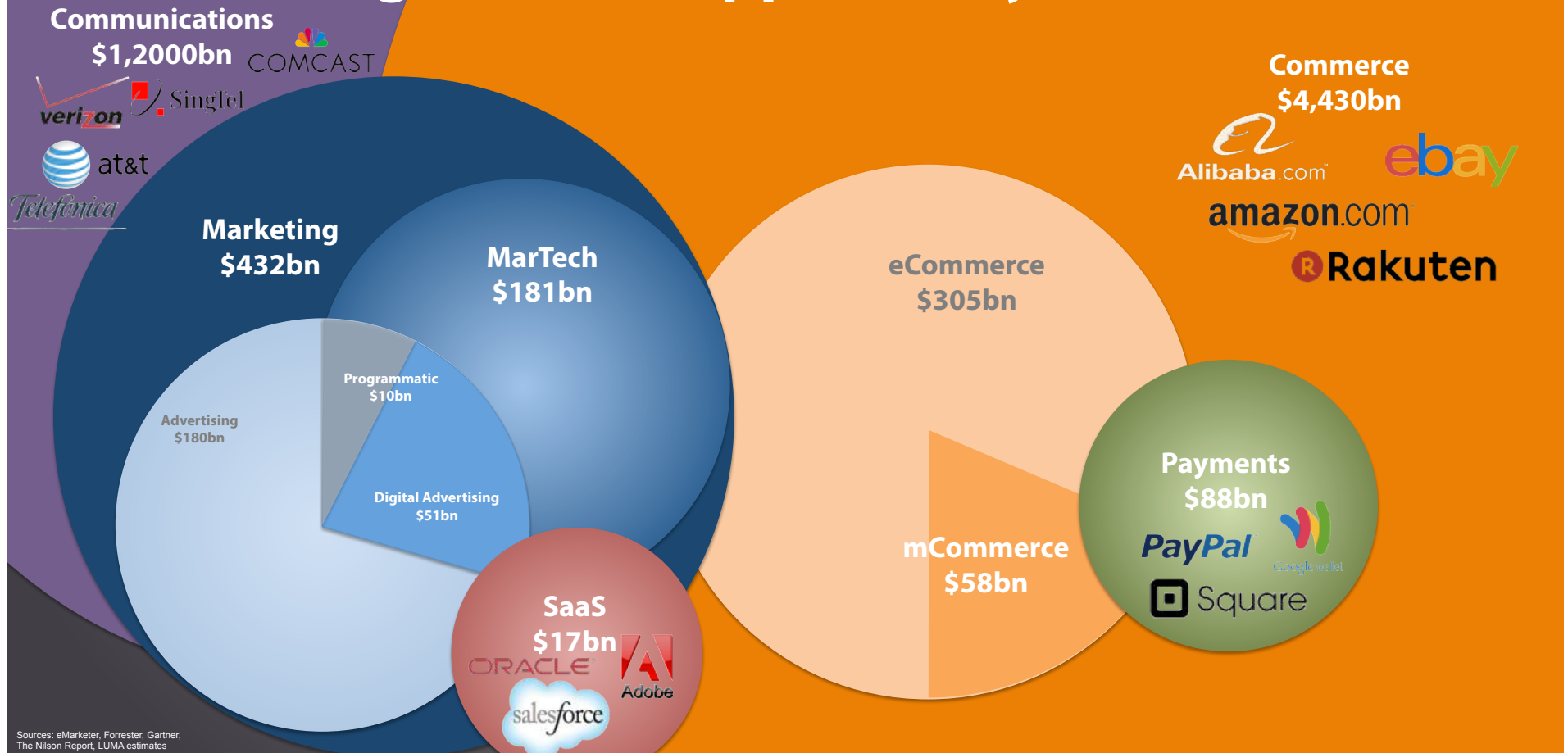
Reorienting the TAM Opportunity



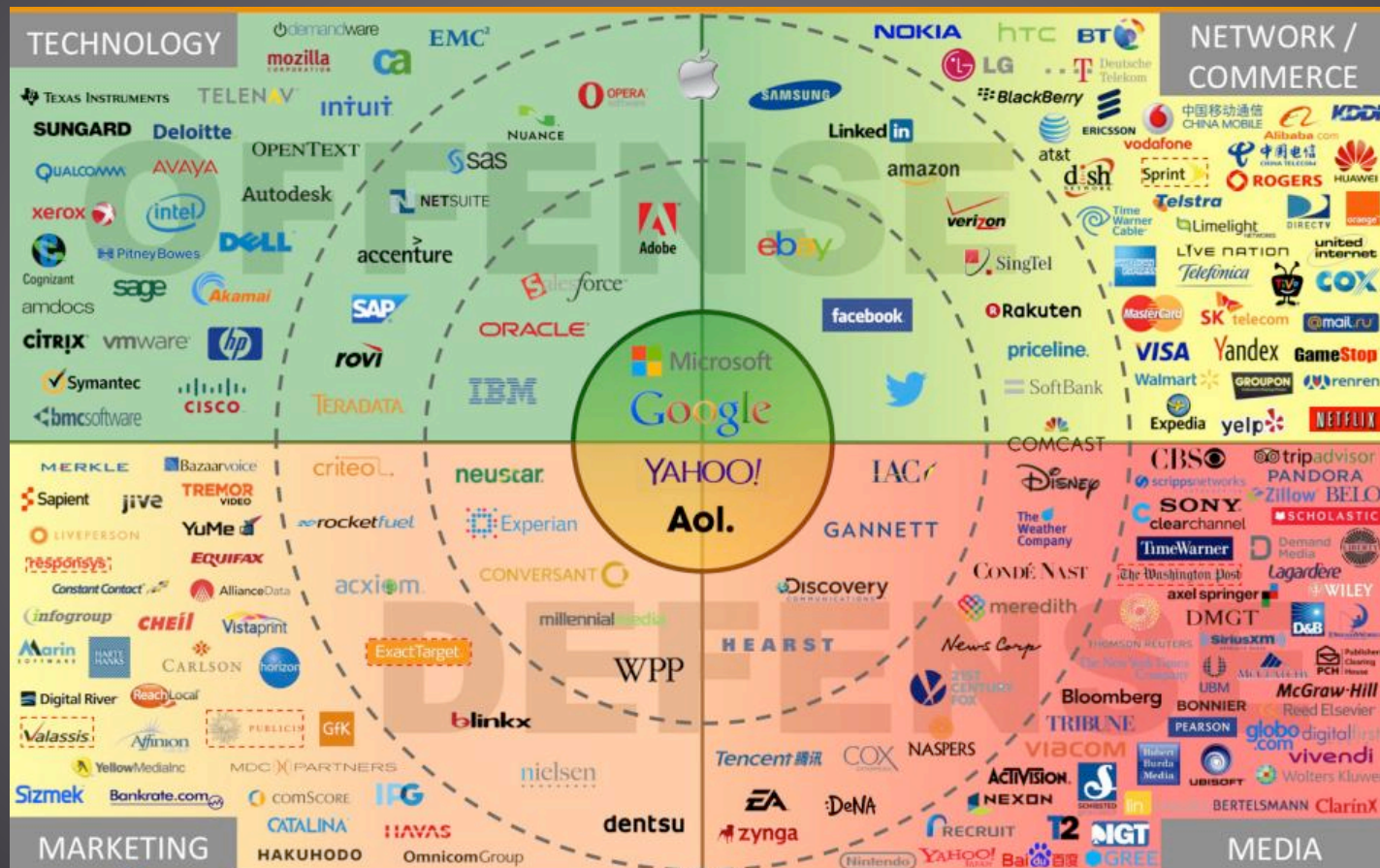
Sources: eMarketer, Forrester, Gartner,
The Nilson Report, LUMA estimates



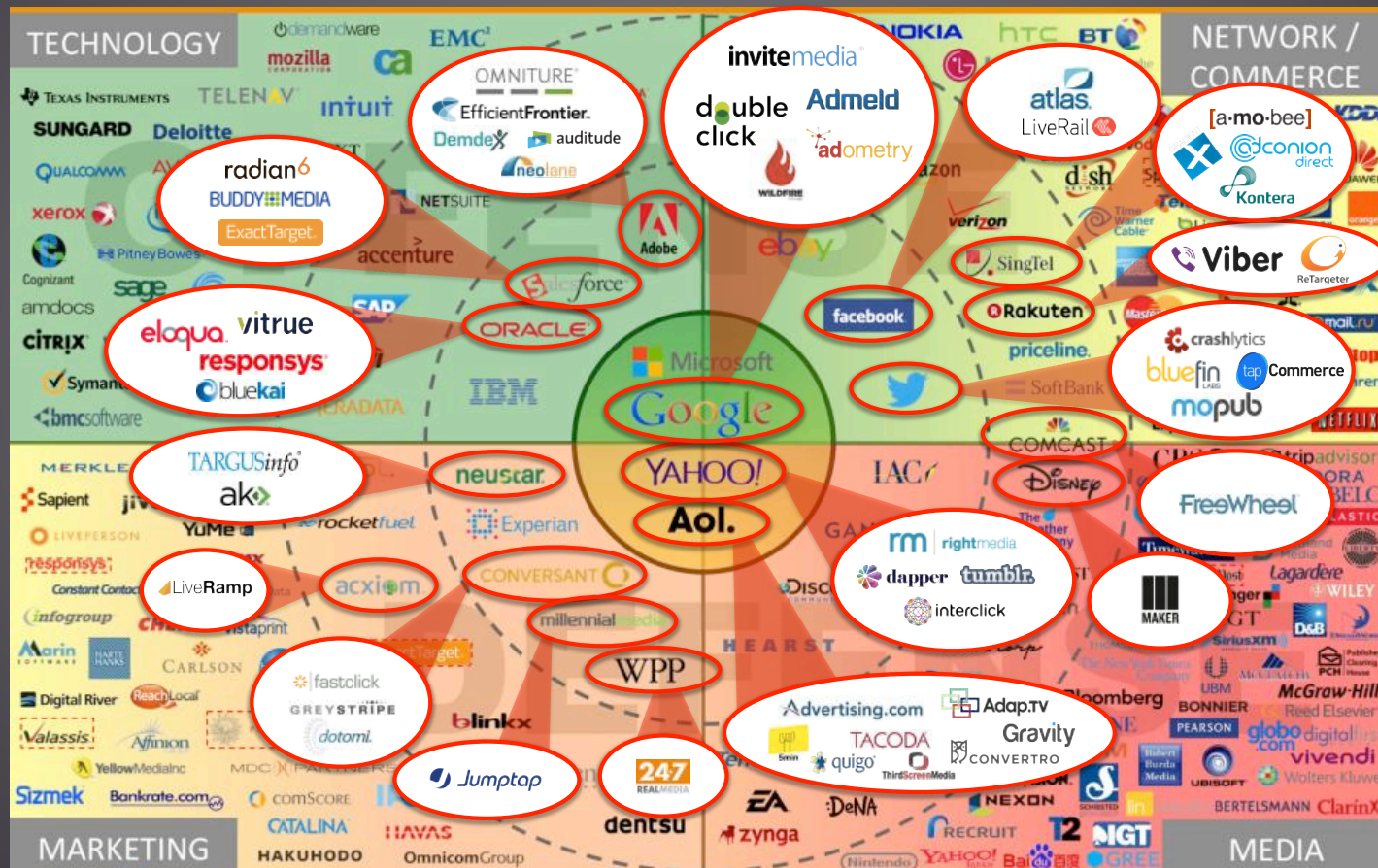
Reorienting the TAM Opportunity



Strategic Buyer LUMAscape



Significant Recent Digital M&A Activity



LUMA's Content Strategy: Substance and Fun!



Over 300,000 views!

Thank you.



Investment Banking. Evolved.

New York — Palo Alto
lumapartners.com

