

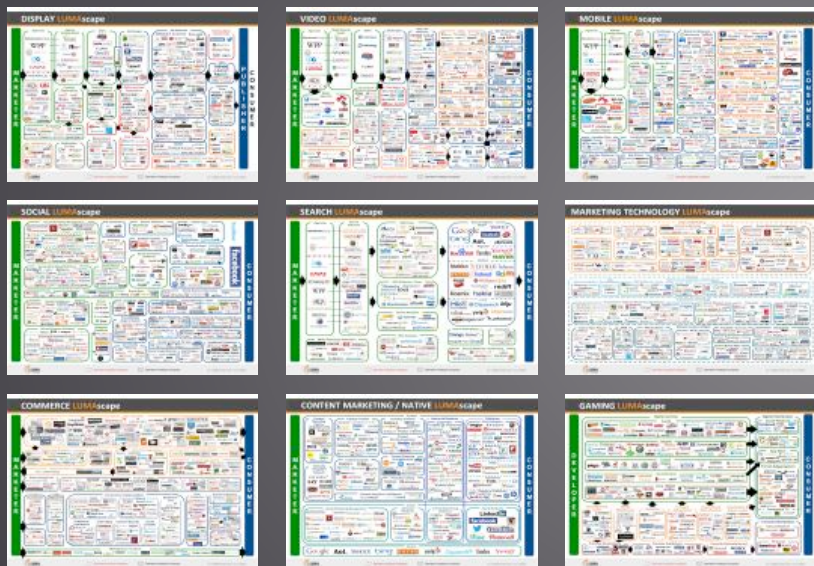


Digital Brief 001

**The Good, the Bad & the Ugly
of Digital Advertising**

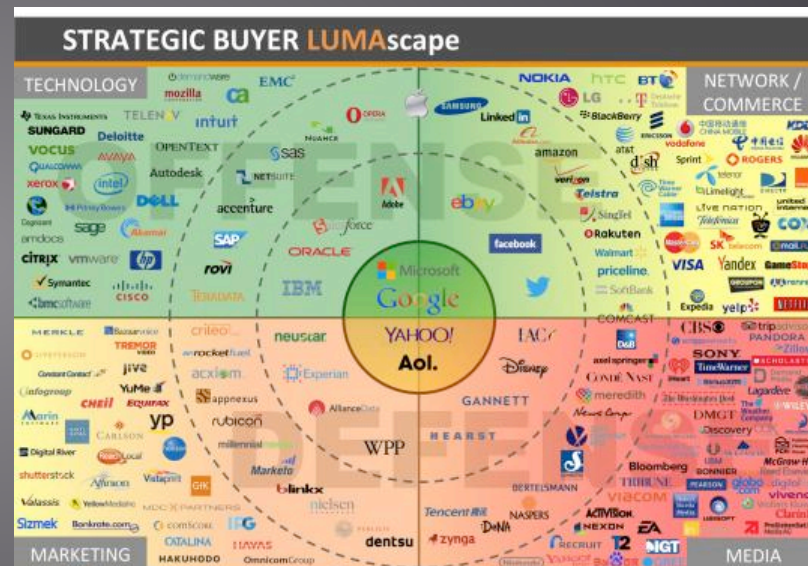
BAD: Digital Supply / Demand Imbalance

SUPPLY



2,500 companies

DEMAND



200 companies

UGLY: Digital Supply / Demand Imbalance

SUPPLY

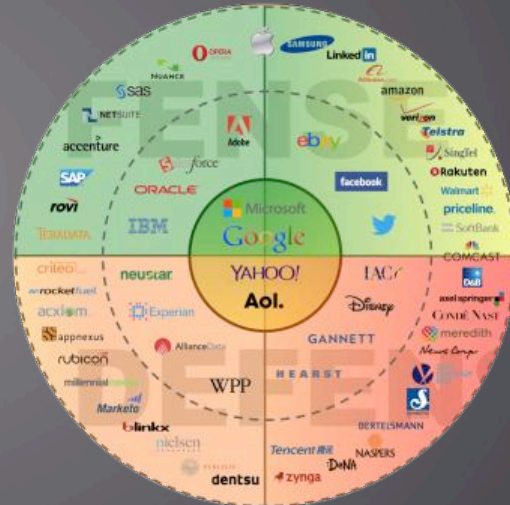
90+% FAILURE RATE



2,500 companies

150 prioritized

DEMAND



200 companies

50 prioritized



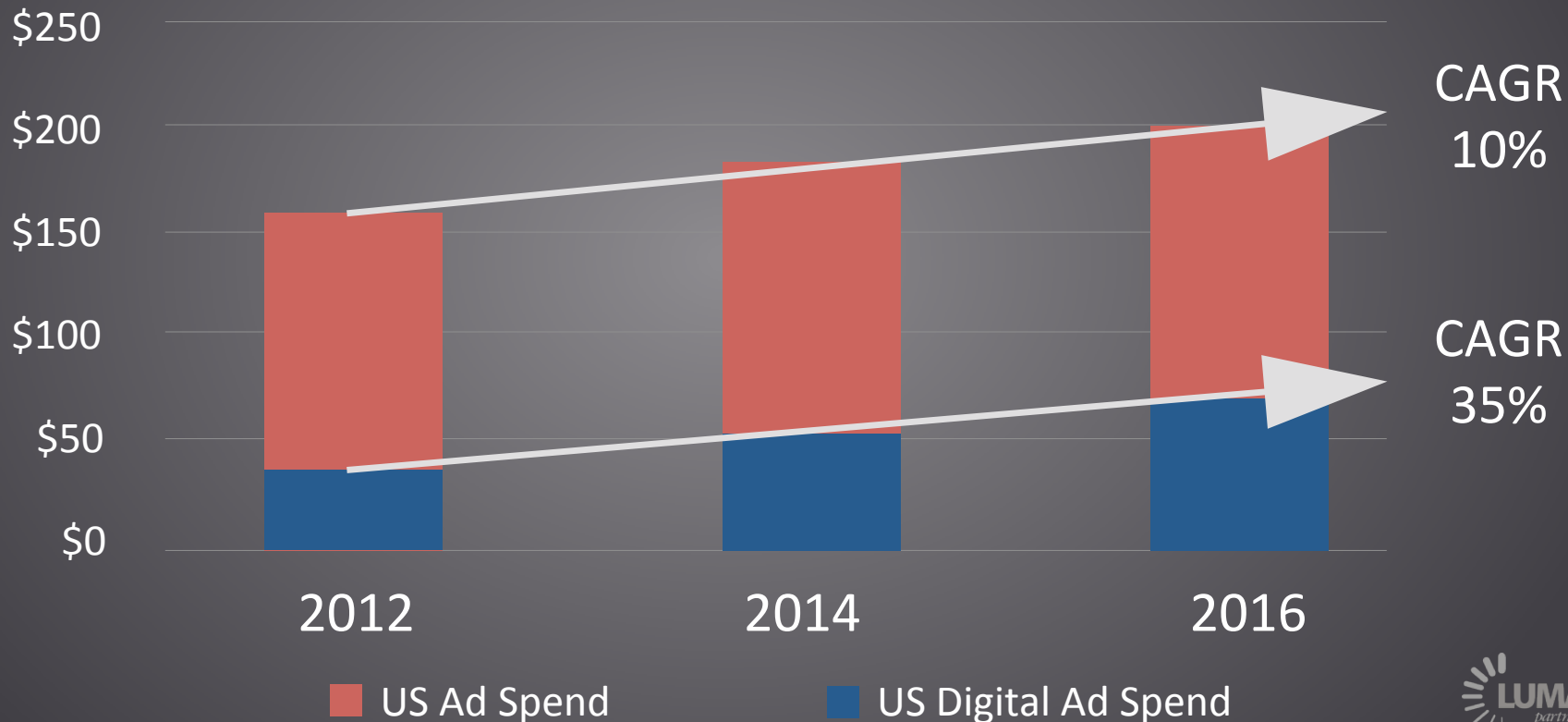
What's the Good News?

3 Things:

1. Secular Organic Growth
2. Changing Business Models
3. Scaled Exits

GOOD: Significant Growth in Digital Market

(\$ in billions)



GOOD: Exceptional Growth in Programmatic

(\$ in billions)

\$50

\$40

\$30

\$20

\$10

\$0

2012

2014

2016

Programmatic

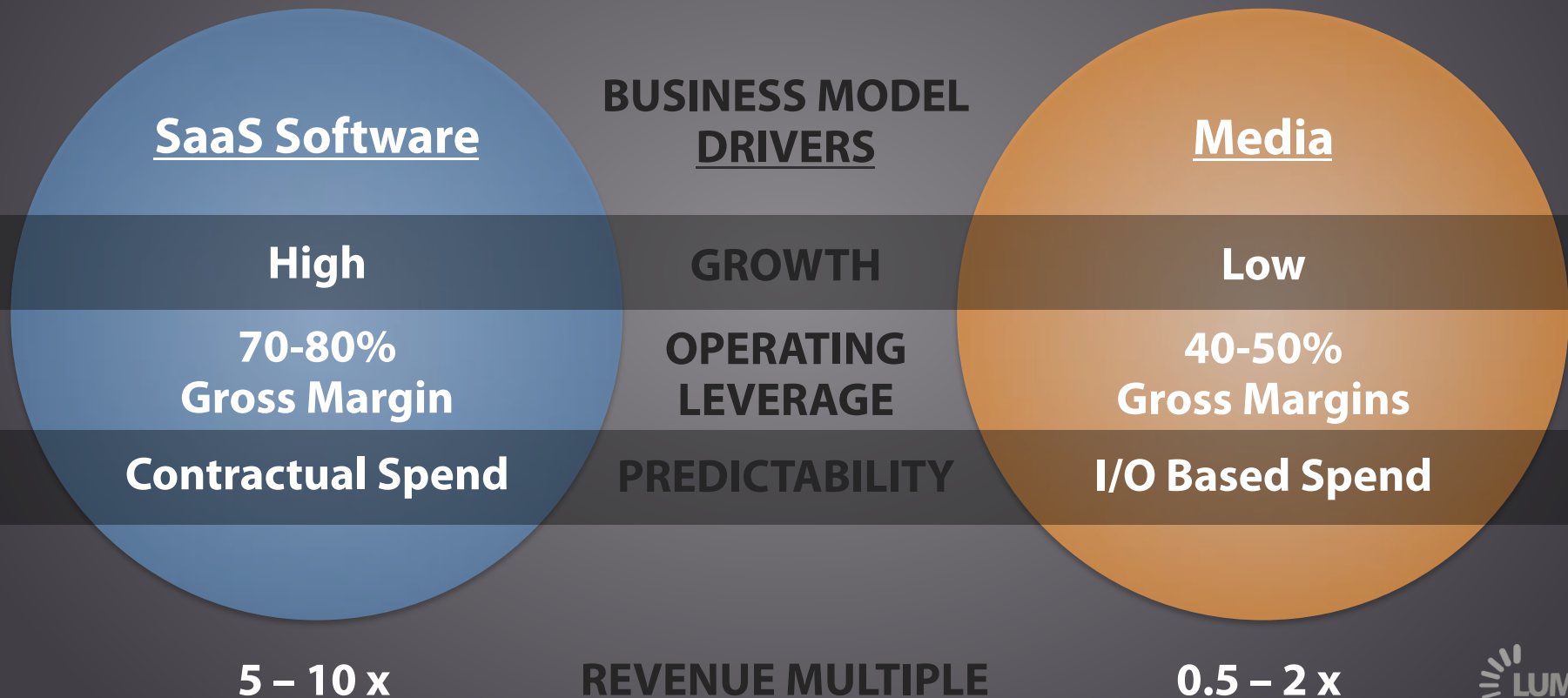
US Digital Ad Spend

CAGR
53%

CAGR
216%



Programmatic as a Business Model



Programmatic Changes the Media Business Model

Programmatic

High Growth

70-80%
Gross Margin

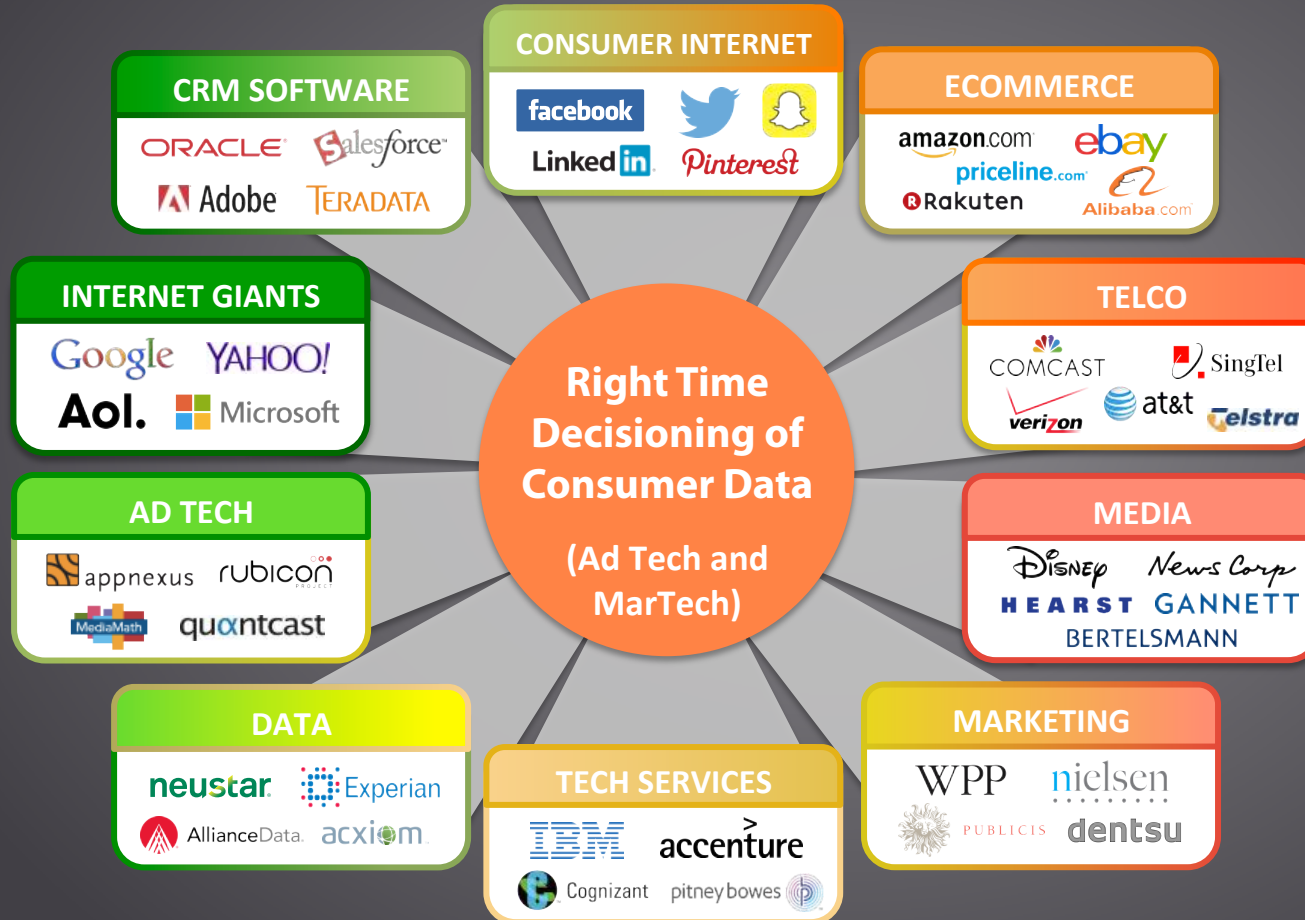
Predictable Spend

4 – 8 x

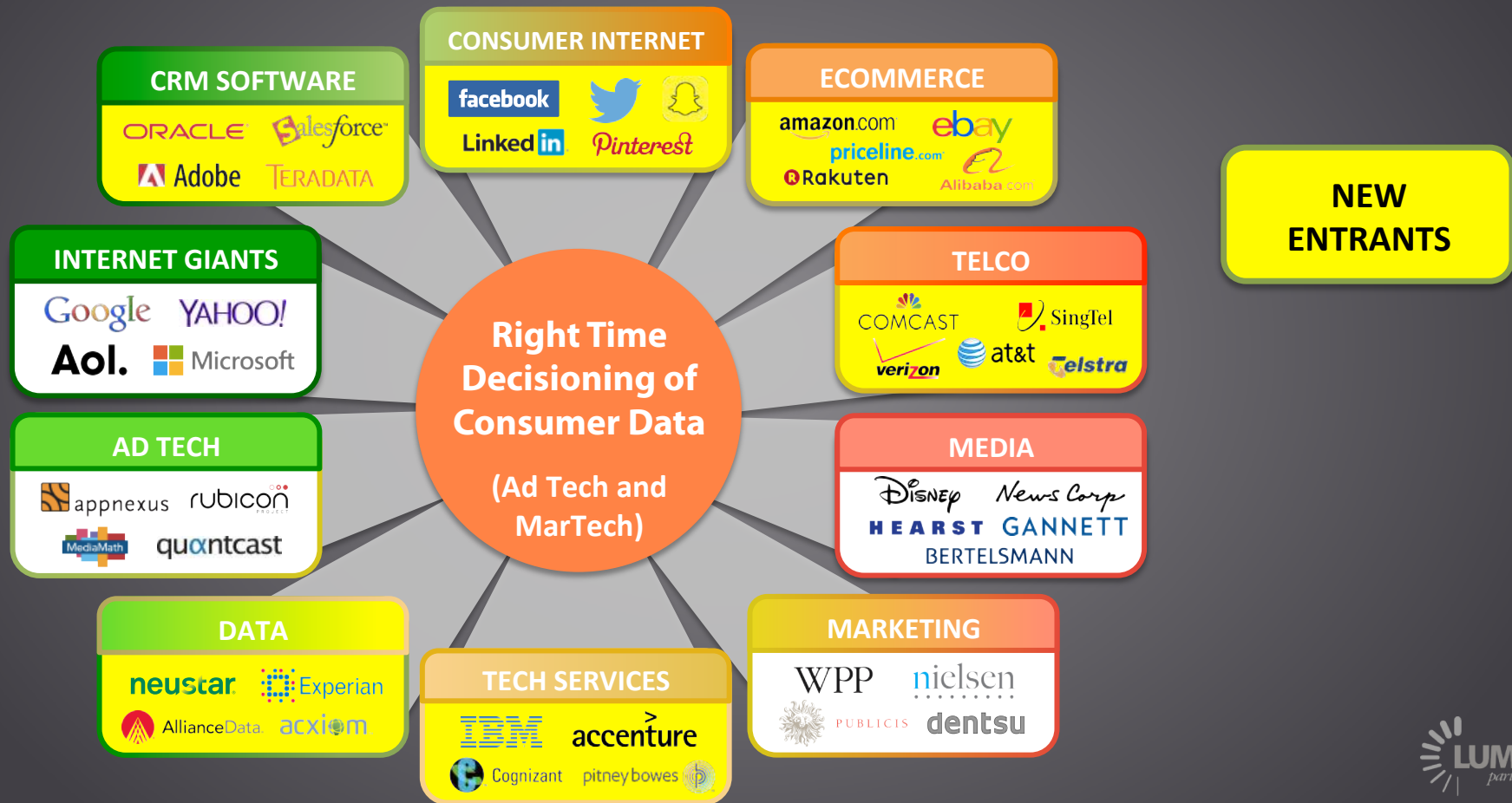
WARNING: LUMA Decks Usually Call for More M&A



REALLY GOOD: A Growing Pool of Strategic Buyers



REALLY GOOD: A Growing Pool of Strategic Buyers





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