

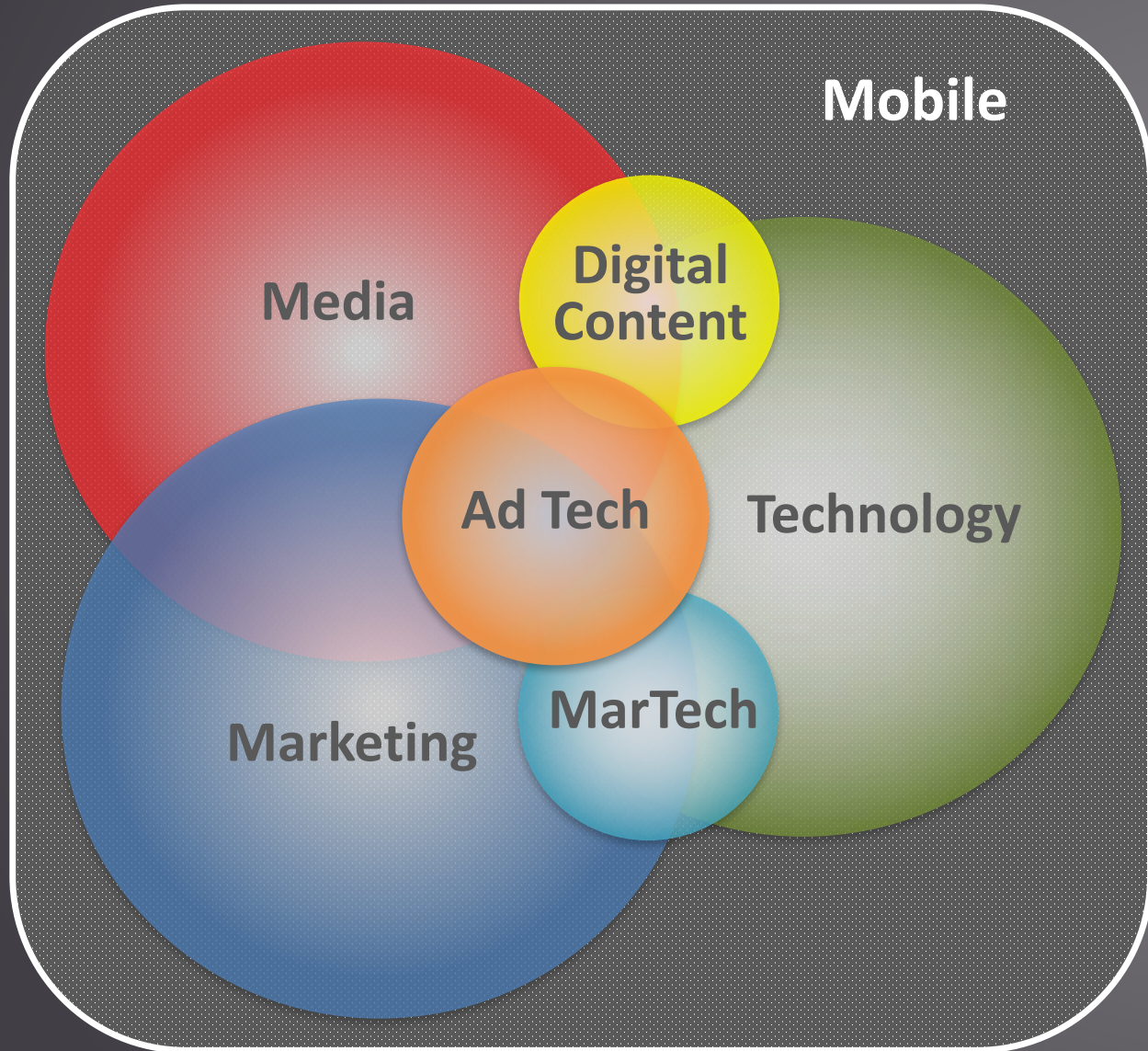


Digital Brief 003

Q2 2015 Market Report

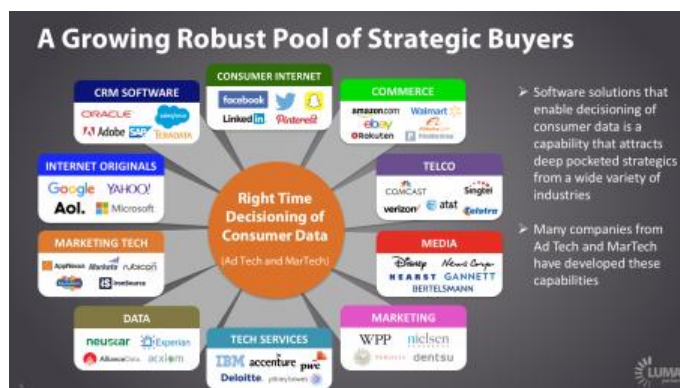
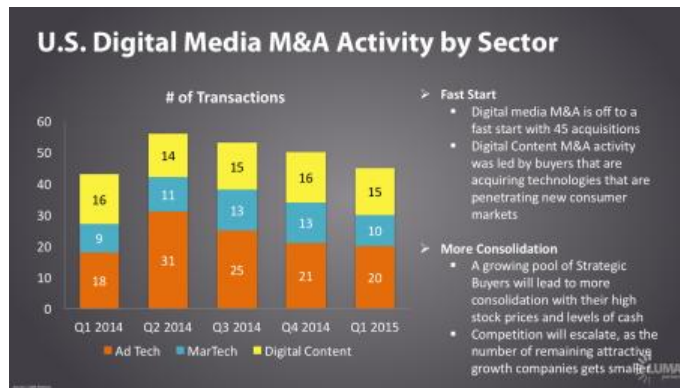
April							May							June						
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LUMA's Singular Focus on Digital Media



- LUMA's expertise is at the intersection of Media, Marketing and Technology
- At this intersection exists:
 - **Digital Content:** content sites, MCNs, game publishers, aggregators
 - **Ad Tech:** display, search, video, mobile, social, content marketing/native, connected TV
 - **MarTech:** data, analytics, sales and marketing automation, email, predictive tools, commerce technology, shopper marketing, payments
- **Mobile** proliferation has a major impact on these markets and LUMA is deeply knowledgeable on mobile

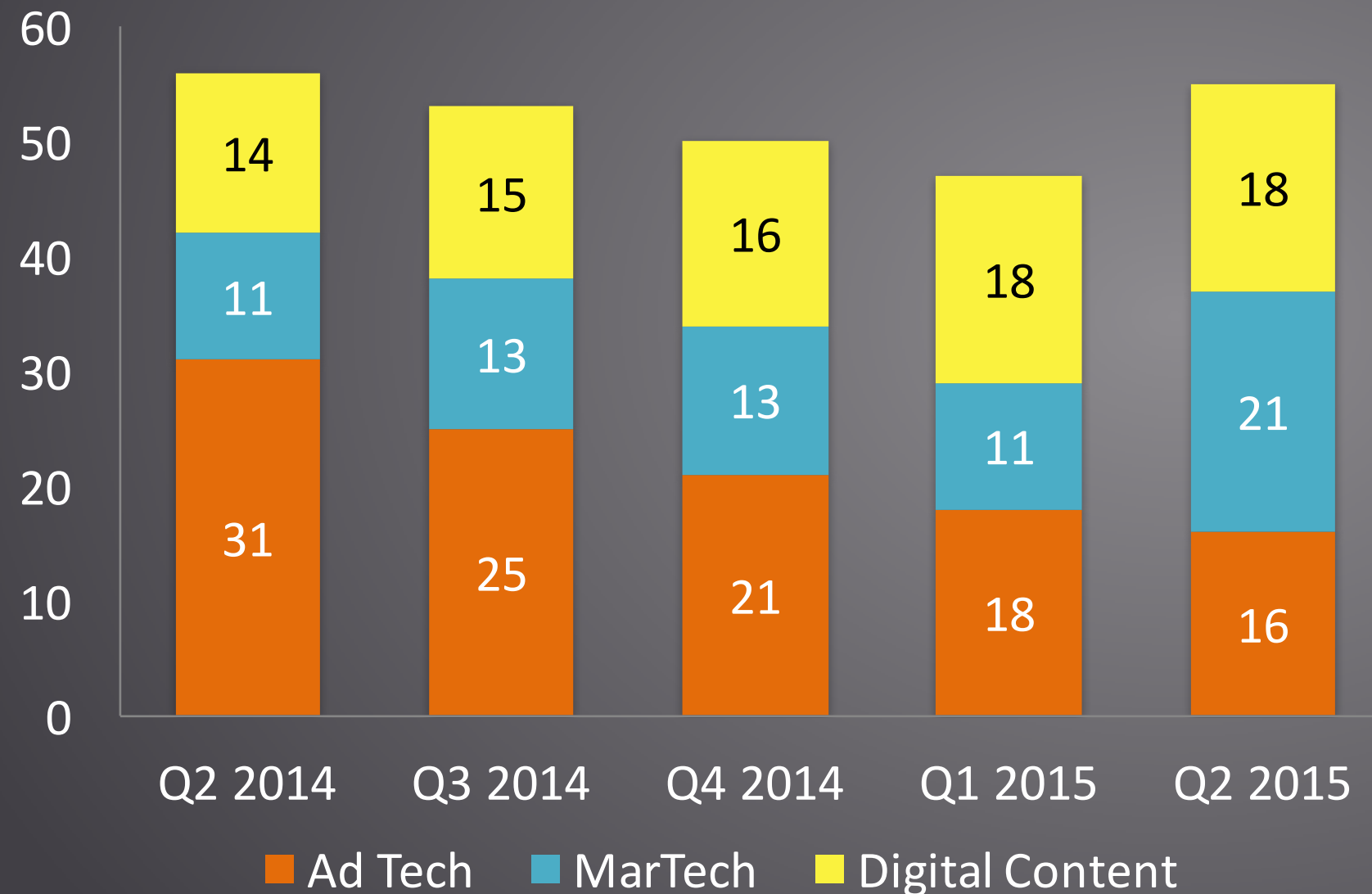
Overall Commentary on Consolidation



- In our first **Market Update** (click here <http://bit.ly/1Hqqbqd>), we reported 47 acquisitions in digital media, highlighted by strategic buyers in Commerce, Ad Tech and Consumer Internet
- The deals we track in this report fall into one of four categories:
 - Large (over \$500 mm)
 - Medium (\$100 – \$500 mm)
 - Small (\$20 – \$100 mm)
 - Sub \$20 mm exits are considered tech and team deals, capitulations, or undisclosed

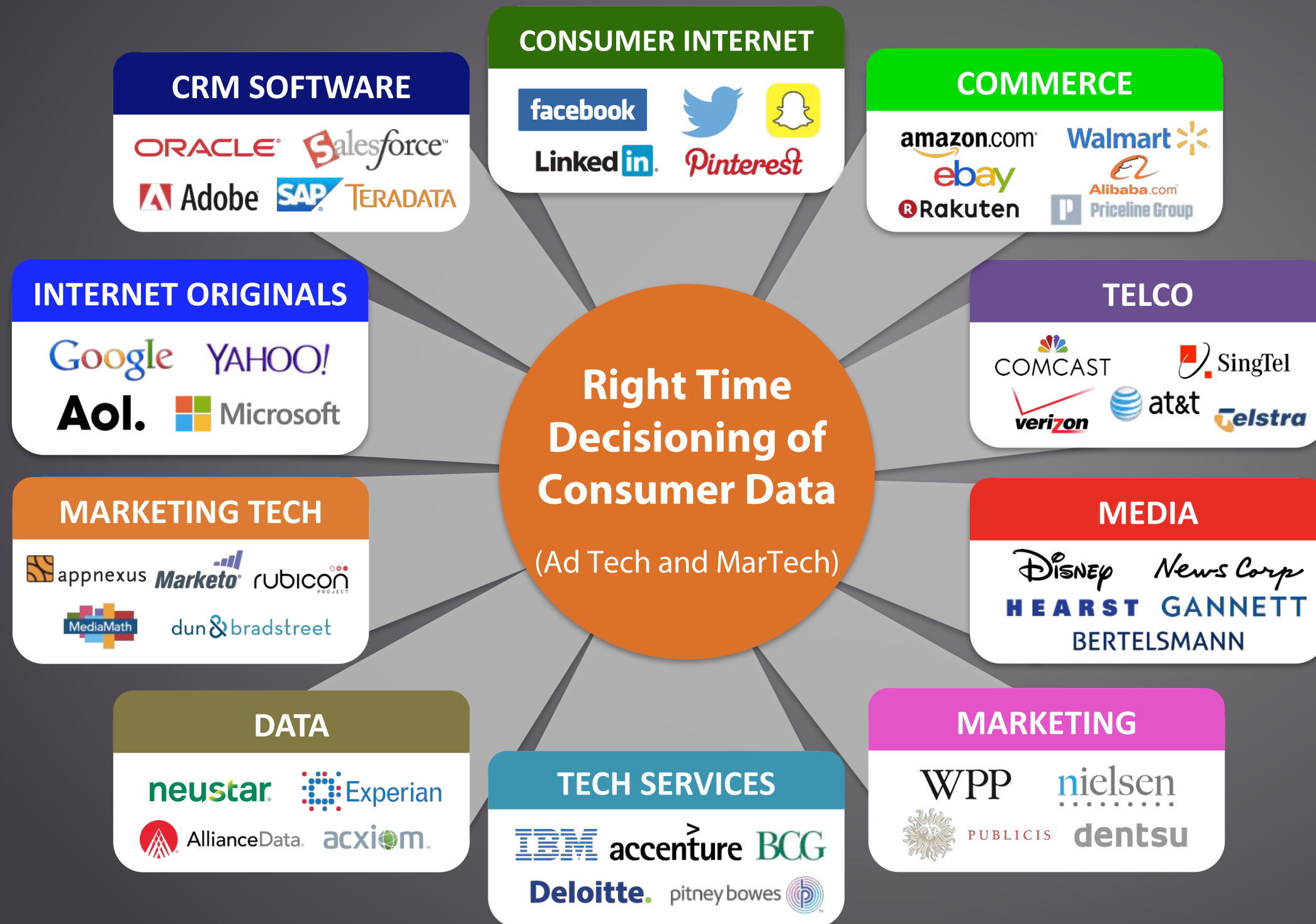
U.S. Digital Media M&A Activity by Sector

of Transactions



➤ Digital media M&A picked up this quarter with 8 more acquisitions from last quarter but 1 fewer compared to the same period last year

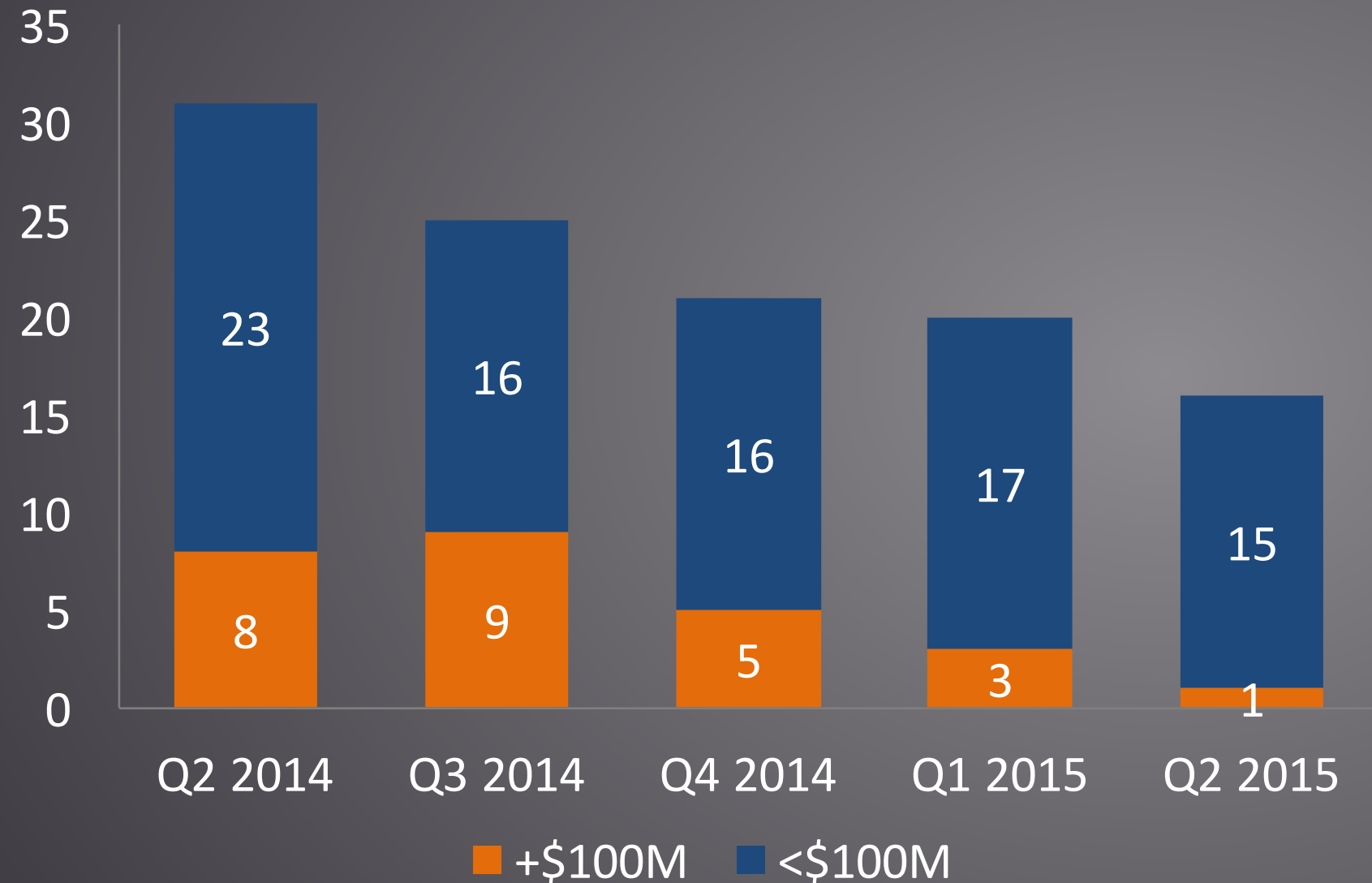
A Growing Robust Pool of Strategic Buyers



- Software solutions that enable decisioning of consumer data is a capability that attracts deep pocketed strategics from a wide variety of industries
- Many companies from Ad Tech and MarTech have developed these capabilities

Ad Tech M&A Activity

of Transactions








➤ Observations

- Ad Tech M&A continued with 16 acquisitions this quarter
- Of the 16 deals, a third involved mobile advertising and app marketing

➤ Looking Ahead – Location Tech

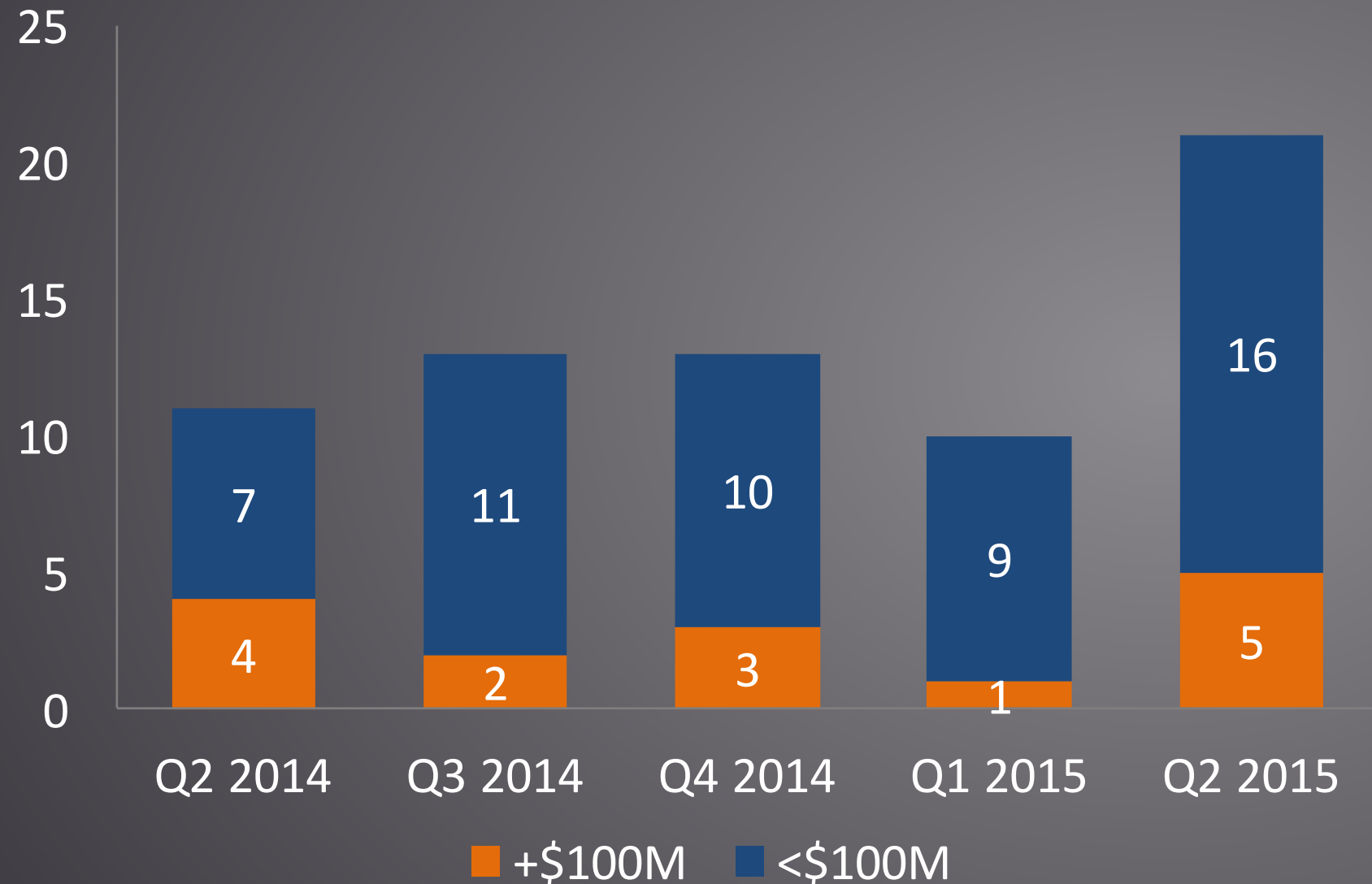
- With the proliferation of mobile devices, marketers are trying to find a reliable identifier to target consumers across devices
- We expect to see consolidation focused on location data which serves as the mobile equivalent to the web cookie that enables rich mobile targeting

Ad Tech – Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
	WPP	\$33M	N/A	The acquisition of mobile ad serving and measurement company Medialets represents WPP and the agency world's mission to provide more technology services to marketers
	Vista Equity Partners	\$40M	\$720M	Vista Equity Partners acquired MediaOcean, a leading workflow and planning automation company, to further develop its digital video and TV products
	ComScore	\$10M	N/A	By acquiring analytics company Proximic, ComScore now has pre-bid solutions that offer greater transparency in programmatic advertising
	Twitter	\$18M	\$533M	Twitter's mobile ad capabilities will become more sophisticated after integrating with TellApart's retailer-focused retargeting technology
	Comcast	\$33M	N/A	Comcast's acquisition of Visible World marks the company's early investments in addressable and programmatic TV

MarTech M&A Activity

of Transactions














➤ Observations

- Social “LUMAcorn” Sprinklr continued its M&A tear with three transactions (NewBrand, Scup, GetSatisfaction)
- NetSuite entered digital marketing with acquisition of ESP Bronto

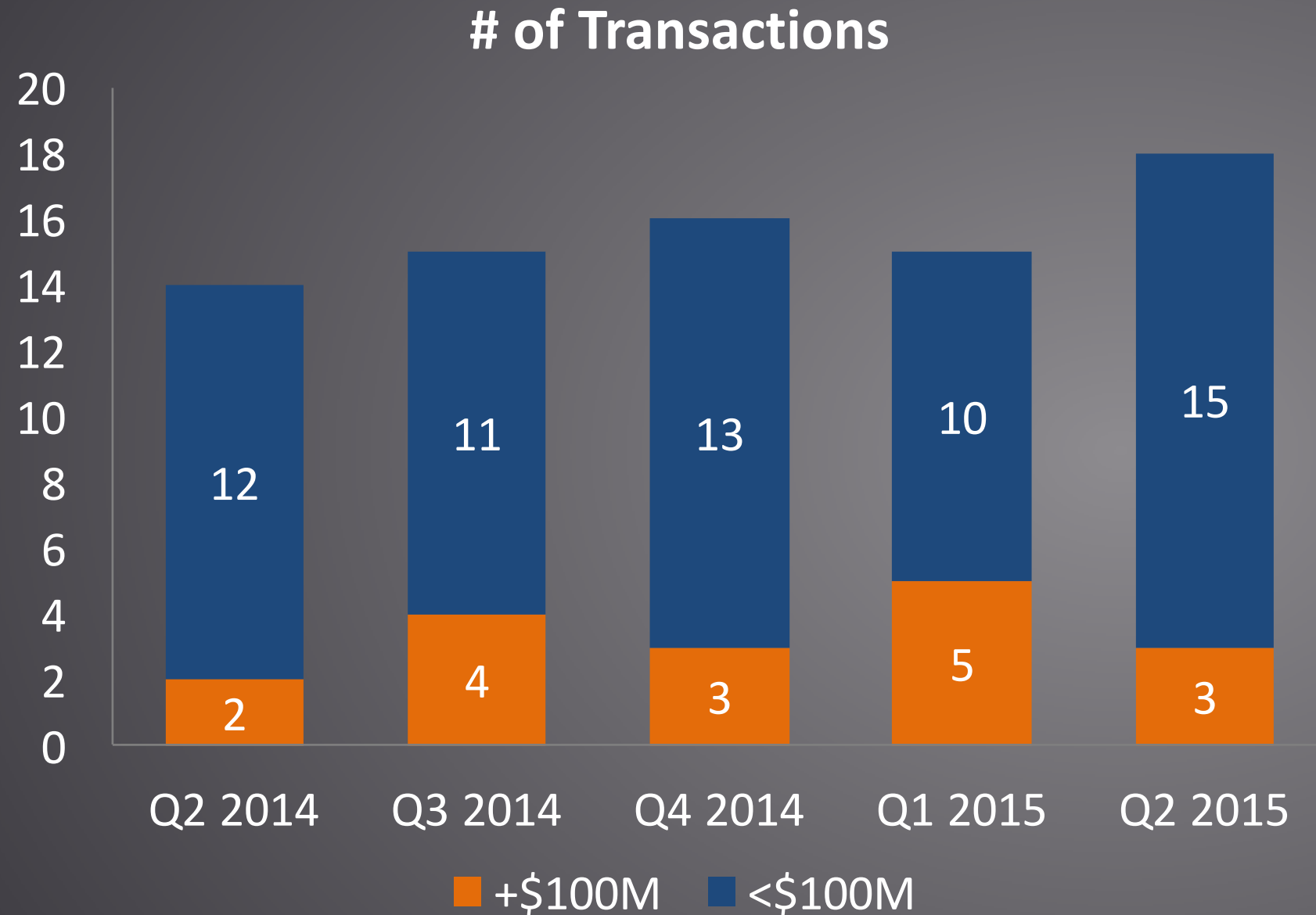
➤ Looking Ahead – Predictive Tech

- Predictive analytics deals ramped up in Q2 (C9, Applied Predictive Technologies, Coldlight, Splitforce)
- We expect predictive analytics to be a hot area across tech verticals – including sales & marketing

MarTech – Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$154M	\$600M	MasterCard acquired Applied Predictive Technologies which offers cloud-based predictive analytics that are used for marketing and pricing strategies
	pitney bowes 	N/A	\$465M	The acquisition of Borderfree provides Pitney Bowes with marketing and international e-commerce technology as the company expands into digital commerce services
		N/A	\$200M	NetSuite will integrate Bronto's marketing automation system with its SuiteCommerce technology, a cloud-based omni-channel commerce platform
		\$36M	N/A	InsideSales.com will combine its cloud technology with C9's predictive analytics to create the first predictive cloud solution that addresses the entire sales funnel
		N/A	\$4B	The acquisition of Dealertrack and its digital marketing services for dealerships will enable Cox Automotive to create a broader suite of tools for the automotive industry
MYBUYS		\$37M	N/A	The merged company Magnetic will combine first and third-party data to give clients a complete view of their marketing campaigns throughout the customer life-cycle

Digital Content M&A Activity







➤ Observations

- Technology is transforming publishing from an art to a science, driven by data
- There were 5 deals involving publishers acquiring new verticals and technology

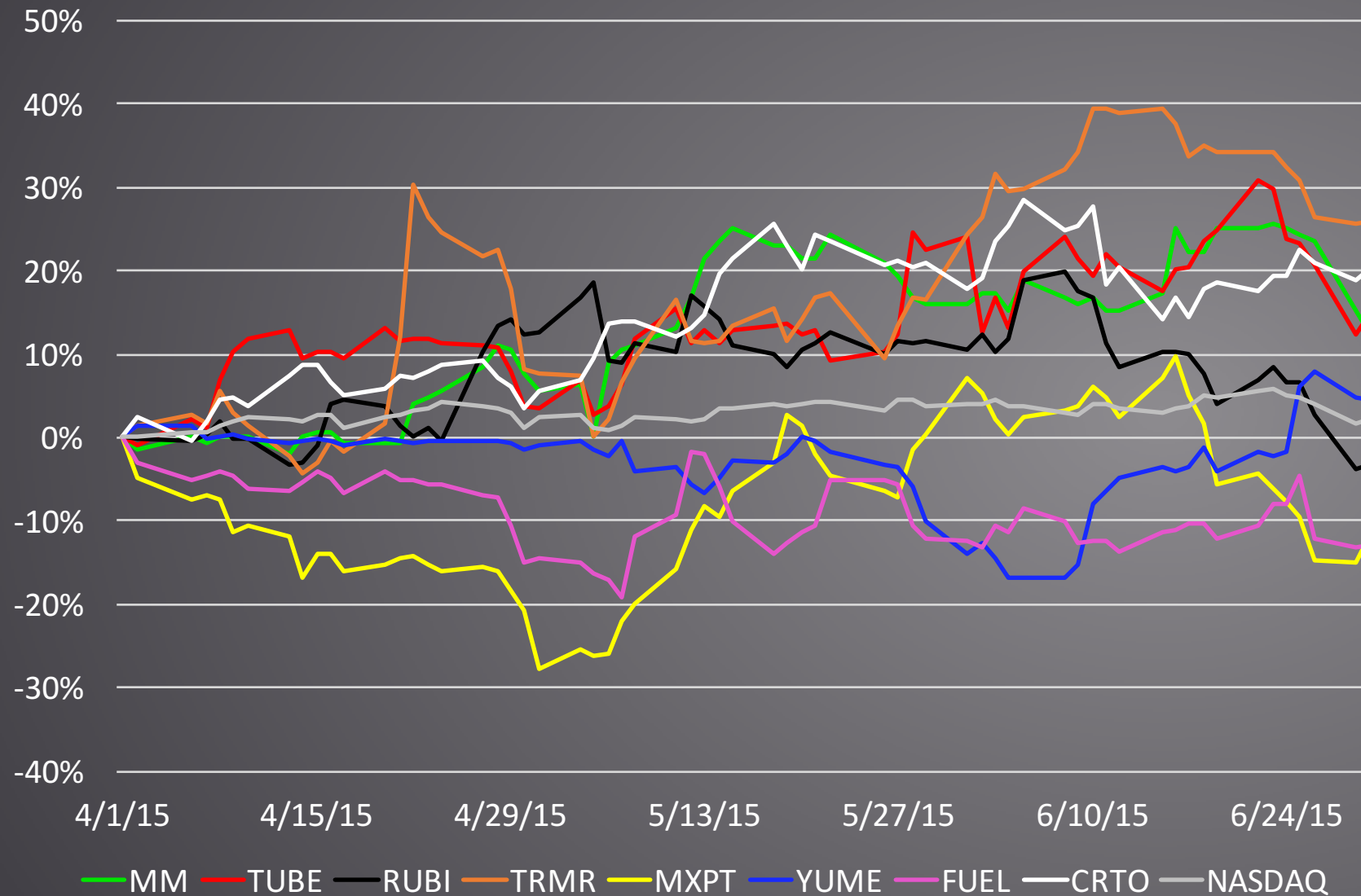
➤ Looking Ahead – Deep Linking

- Google and Apple will debut deep linking in their next major OS releases to enable seamless user experiences across apps
- Deep linking will have a transformative impact on distribution and monetization of apps and digital content

Digital Content – Notable Deals

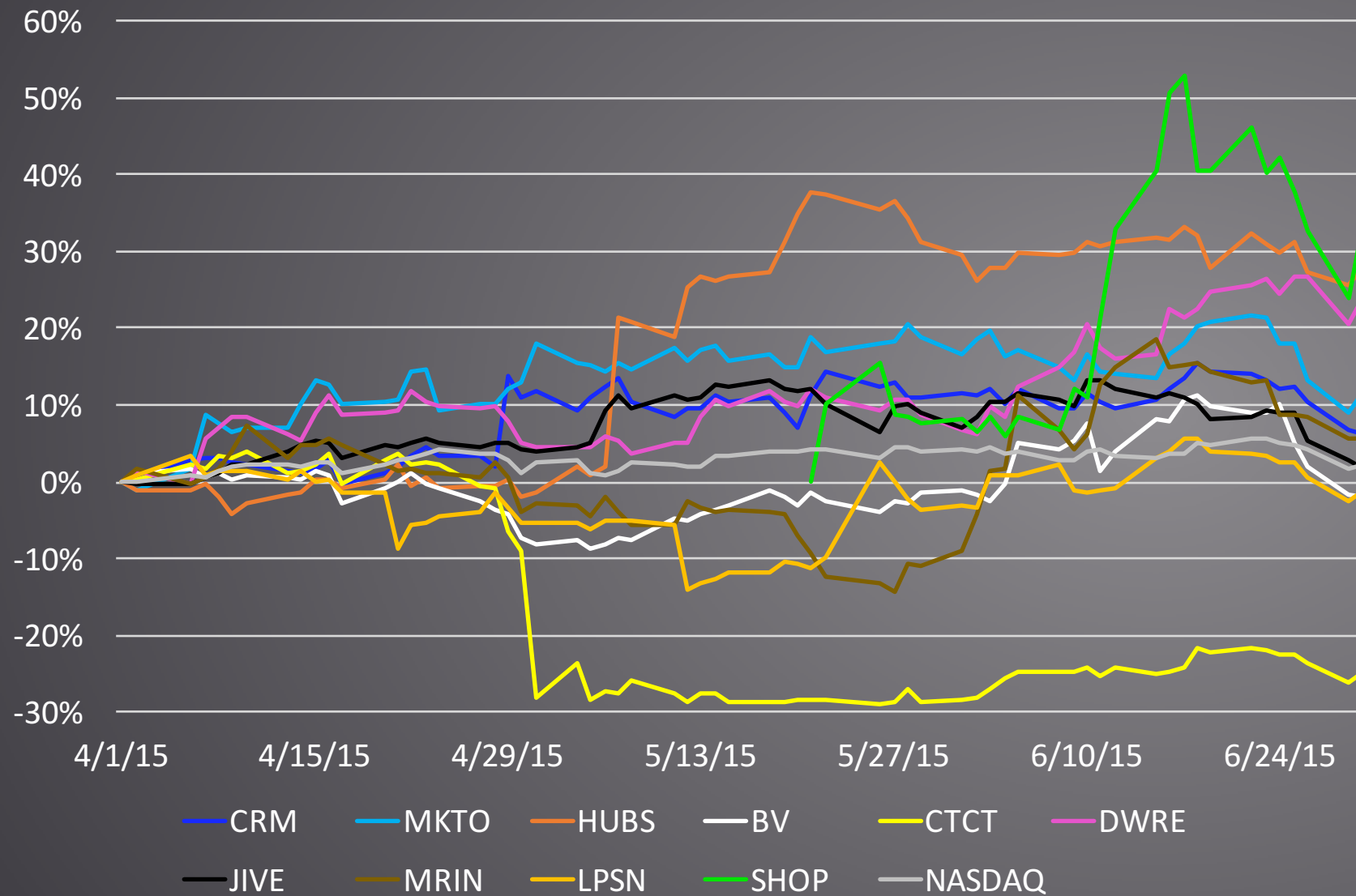
	Acquirer	Capital Raised	Enterprise Value	Comments
Aol.		N/A	\$4.2B	Verizon has agreed to acquire AOL in order to expand the telecom giant's content and advertising business
lynda.com 	Linkedin 	\$289M	\$1.5B	By buying online learning company Lynda.com, LinkedIn is adding education to its core business of connecting job seekers with new opportunities
6wunderkinder	 Microsoft	\$24M	~\$100M	Microsoft has acquired 6Wunderkinder, the maker of to-do list app Wunderlist, to add another popular app and team to its growing portfolio of consumer focused products

Q2 2015 Stocks Performance – Ad Tech



- **Ad Tech Enjoys Positive Quarter**
 - Investors may have finally warmed up to the sector. The sector gained 11% in market value by the end of the quarter
 - Only three stocks are trading down after only three stocks traded up in Q1
- **The Verizon-AOL Ripple Effect**
 - Verizon's acquisition of AOL and its programmatic advertising technology is expected to have a positive ripple effect on the sector

Q2 2015 Stocks Performance – MarTech














➤ MarTech Rebounds

- MarTech stocks climbed by nearly 10% in market value this quarter and on average grew by 9% after falling by the same amount in value in the prior quarter

➤ Highlights

- Marketing and sales automation companies (CRM, MKTO, HUBS) continue to lead the sector
- SHOP had a successful IPO, pricing above the range at \$17 per share and has soared 34% since going public

Key Startup Financings to Watch

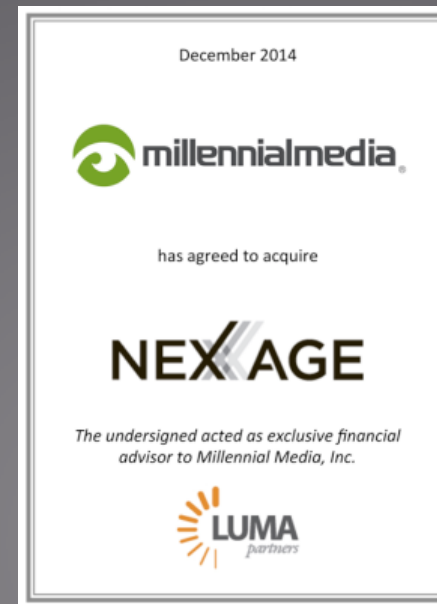
	Lead Investor	Capital Raised	Valuation	Comments
 appnexus	N/A	\$63M	\$1.2B	AppNexus' latest round of funding will aid its expansion into the fast-growing programmatic video market
 banjo	 SoftBank Capital	\$100M	N/A	Banjo is ramping up its enterprise-class, real-time data products after successfully transitioning from its consumer-facing origins
 DOMO	BLACKROCK®	\$210M	\$2B	Business management company Domo, which lets users connect and visualize data, came out of stealth in April with a run-rate of \$100 million and 1,000 customers
 Pinterest	 Goldman Sachs	\$186M	\$11B	Pinterest is rolling out its highly anticipated "buy button" to enable users to directly purchase products from the social bookmarking site
 RETAILNEXT	ACTIVANT CAPITAL	\$125M	N/A	RetailNext, a retail analytics company that collects data from in-store cameras, smartphones, and POS systems, plans to expand internationally
 slack	ANDREESSEN HOROWITZ	\$160M	\$2.8B	In just two years, popular workplace messaging app Slack has over one million daily active users and is growing 5% every week
 Spotify	 TeliaSonera	\$526M	\$8.5B	Spotify closed another large round of funding amid increased competition and as it plans to expand into digital video for the first time
 twilio	N/A	\$100M	\$1B	Twilio, a provider of cloud communications infrastructure, surpassed a \$100 million run rate last year and works with over 500,000 developers

Introducing the LUMAcorns

What do you call a startup on the LUMAscapes that makes it to the \$1 billion valuation mark?



LUMA's Recent M&A Deals



➤ LUMA Activity

- LUMA announced the MyBuys merger with Magnetic, following the Yieldex sale to AppNexus

➤ A Look Ahead

- We have never been busier and anticipate a rise in the number of deals coupled with an increase in the size of deals as industry consolidation continues or even accelerates



LUMA's Differentiated Value Proposition

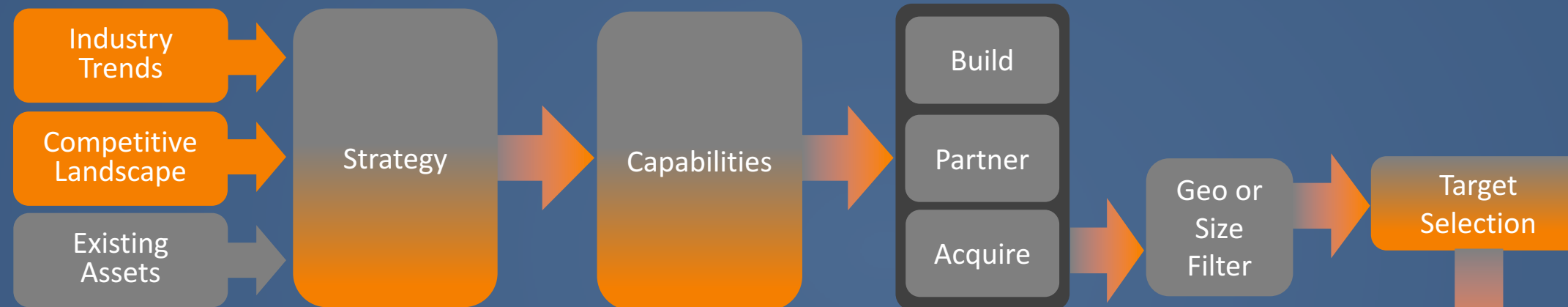


- LUMA has developed a differentiated value proposition based on:
 - Focus
 - Expertise
 - Objective Credibility
 - Trust
 - Performance
- LUMA has built a differentiated global brand
- We leverage our brand to optimize financial and strategic objectives of select quality clients

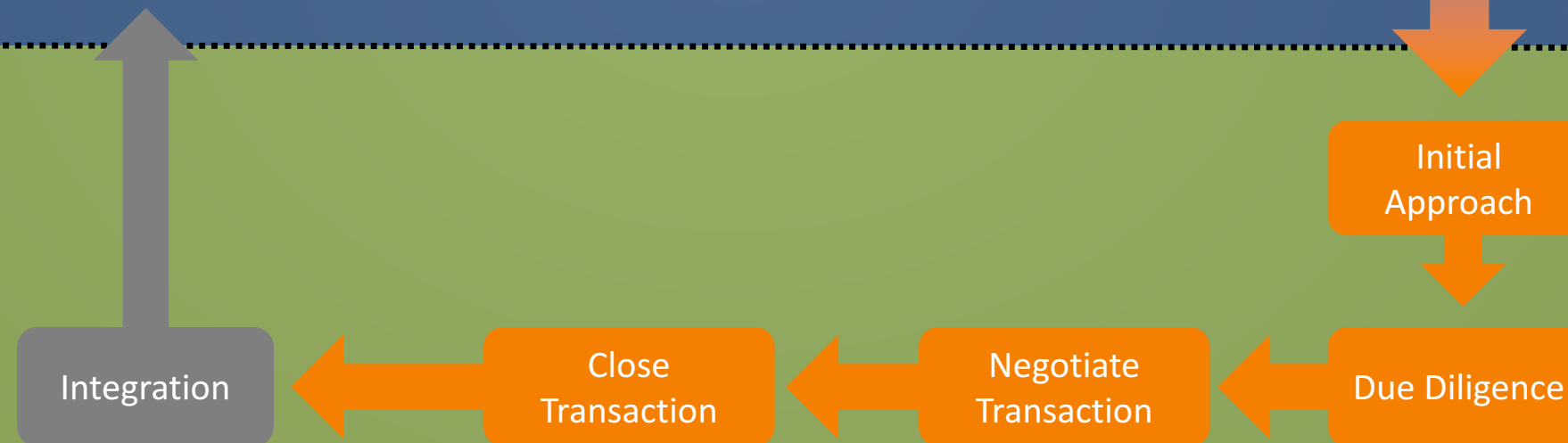
LUMA's Differentiated Strategic Approach

- Rather than pitch inventory, LUMA optimizes outcomes for quality growth companies by making matches with strategic buyers

STRATEGIC



TARGET



Acts as
consultant to
strategic
decision makers

Acts as
banker to
target
company

- This approach makes LUMA an excellent choice if companies receive inbound interest



LUMA's Content-Driven, Expert-Based Approach

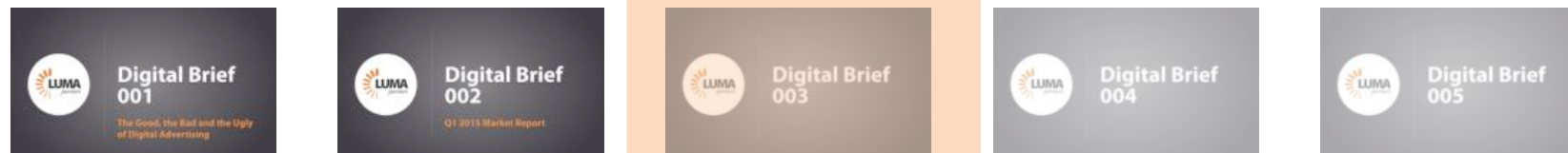


DISPLAY MOBILE VIDEO SOCIAL NATIVE SEARCH MARTECH COMMERCE GAMING STRATEGIC BUYERS

LUMAscapes
(over 3 million views
from 175 countries)



Publications
(over 750,000 views)



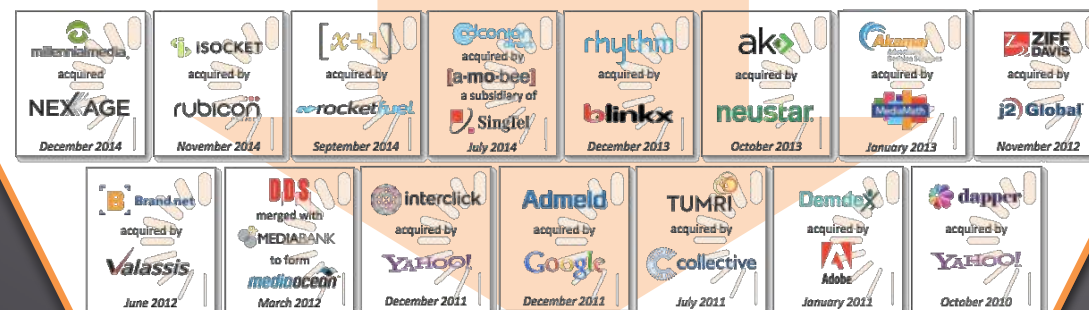
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