



Digital Brief 015

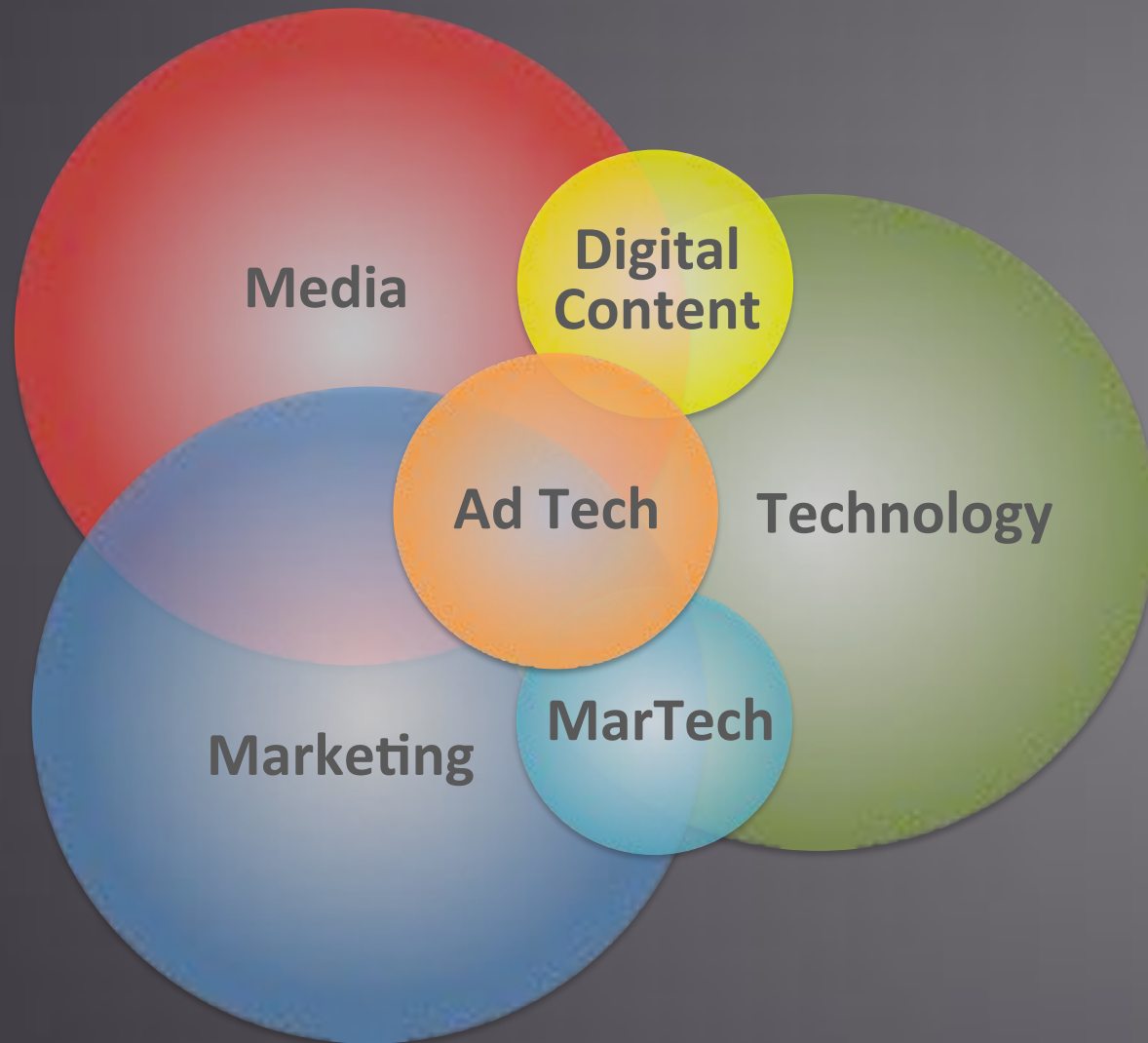
Q2 2017 Market Report

April							
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May							
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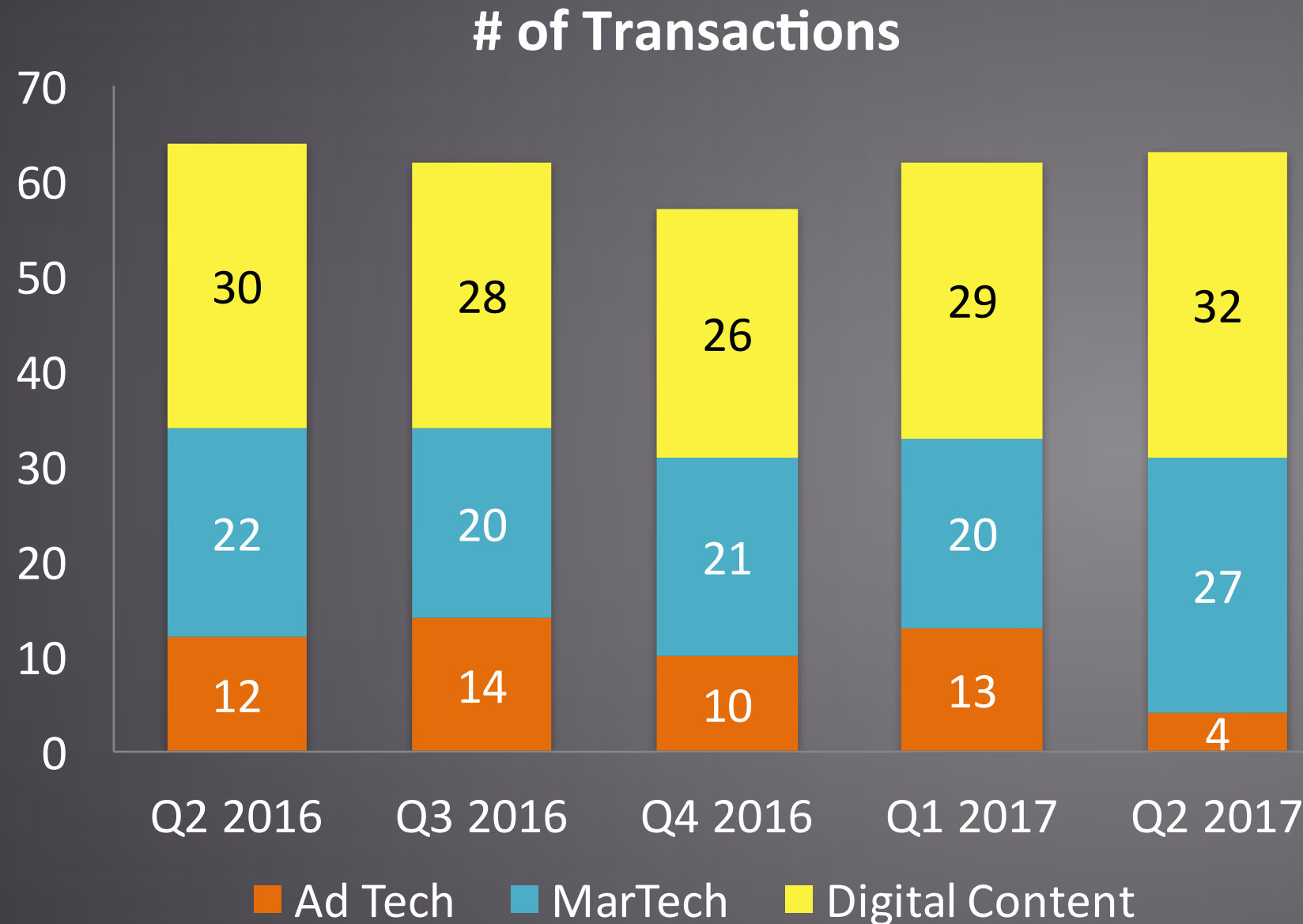
June							
S	M	T	W	T	F	S	
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25	26	27	28	29	30		

LUMA's Singular Focus on Digital Media



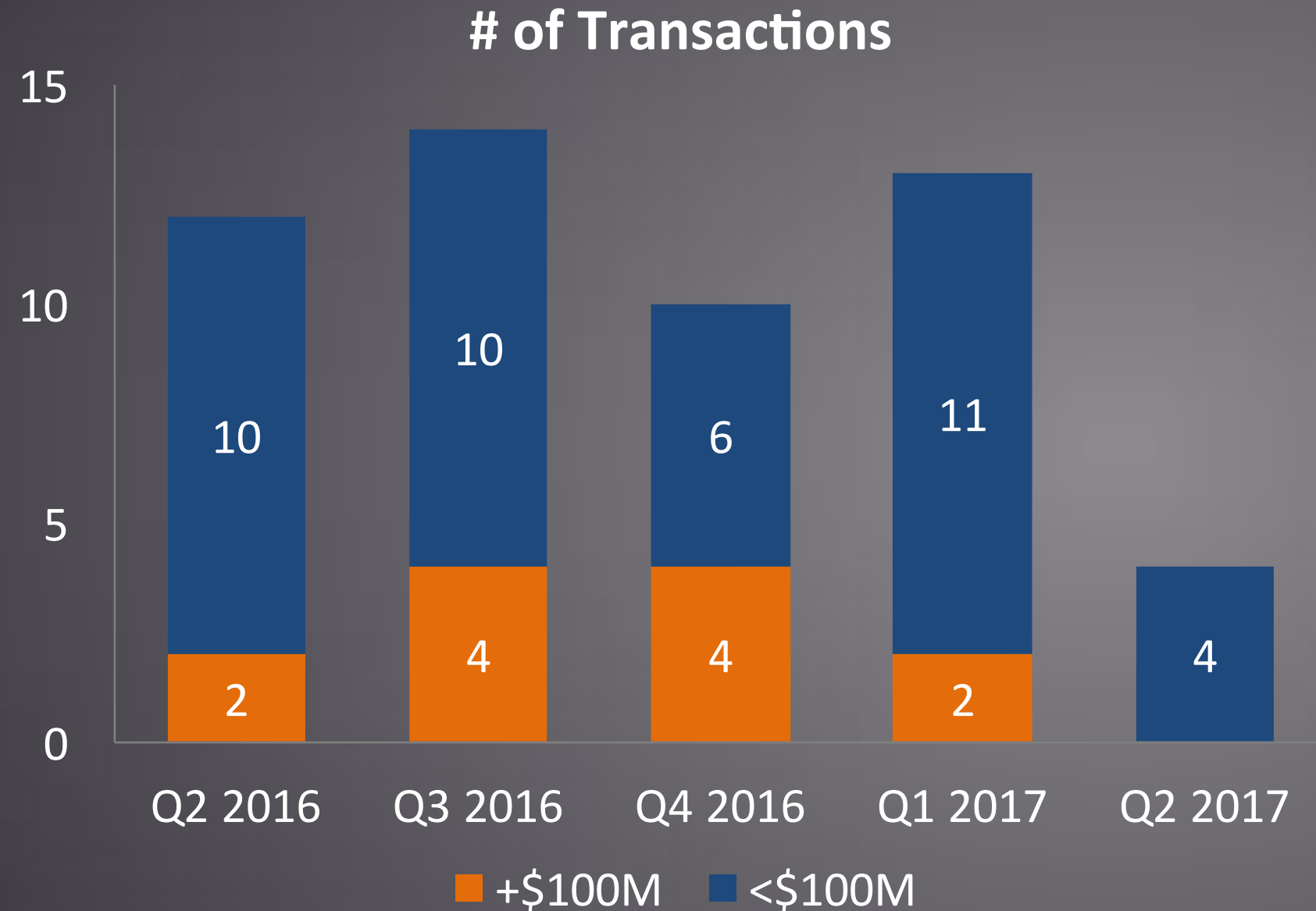
- LUMA's expertise is at the intersection of Media, Marketing and Technology
- At this intersection exists:
 - **Digital Content:** content sites, MCNs, game publishers, aggregators
 - **Ad Tech:** display, search, video, mobile, social, content marketing/native, connected TV
 - **MarTech:** data, analytics,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

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



- Private equity activity was the major headline in Q2 with ESW Capital, Vector Capital and Vista Equity Partners acquiring MarTech assets
- Snap Inc. was busy with two multi-hundred million dollar acquisitions in Digital Content and MarTech in its first full quarter as a public company
- Oracle acquired Moat, the leading measurement and analytics company, to broaden its advertising capabilities under the Oracle Data Cloud

Ad Tech M&A Activity



➤ Observations



- Ad Tech M&A activity slowed down dramatically with no transactions above \$100M
- While some consider Snapchat's acquisition of Placed within Ad Tech, LUMA categorizes it as MarTech given Placed's SaaS business

➤ Looking Ahead – Location

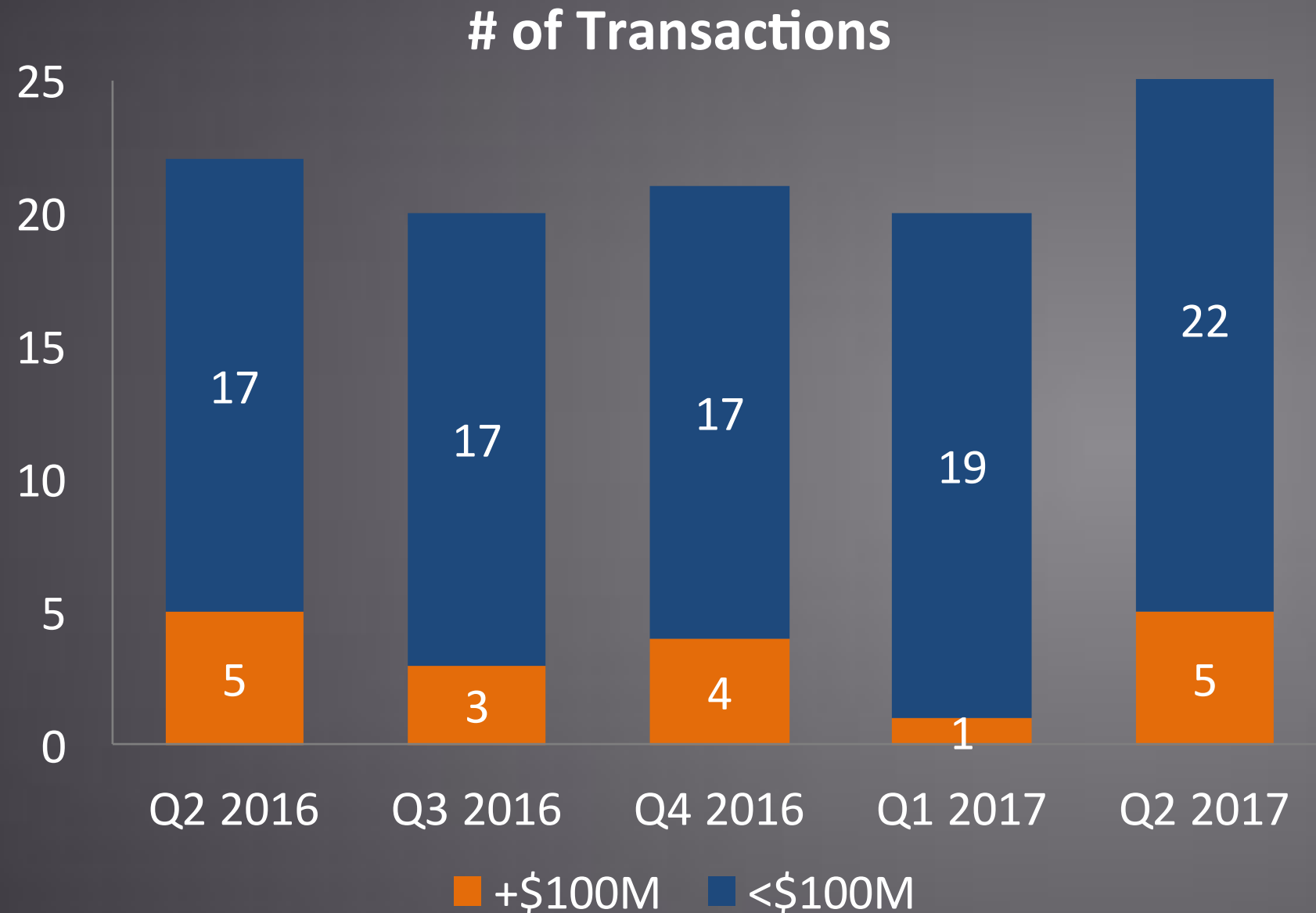
- Following the acquisition of Placed, we may see Ad Tech M&A activity begin to pick up in location tech
- Location Ad Tech companies utilize a variety of business models from data to media-centric models



Ad Tech – Q2 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$87.5M	\$26M	Ad Tech firm RhythmOne has acquired assets of RadiumOne for its customer insights, audience segmentation and targeting technology

MarTech M&A Activity
















➤ Observations

- The acquisitions of Experian's Cross-Channel Marketing business, Jive Software and Moat were the main highlights of the second quarter
- Private equity was very active in Q2 with ESW Capital, Vector Capital and Vista Equity Partners making acquisitions

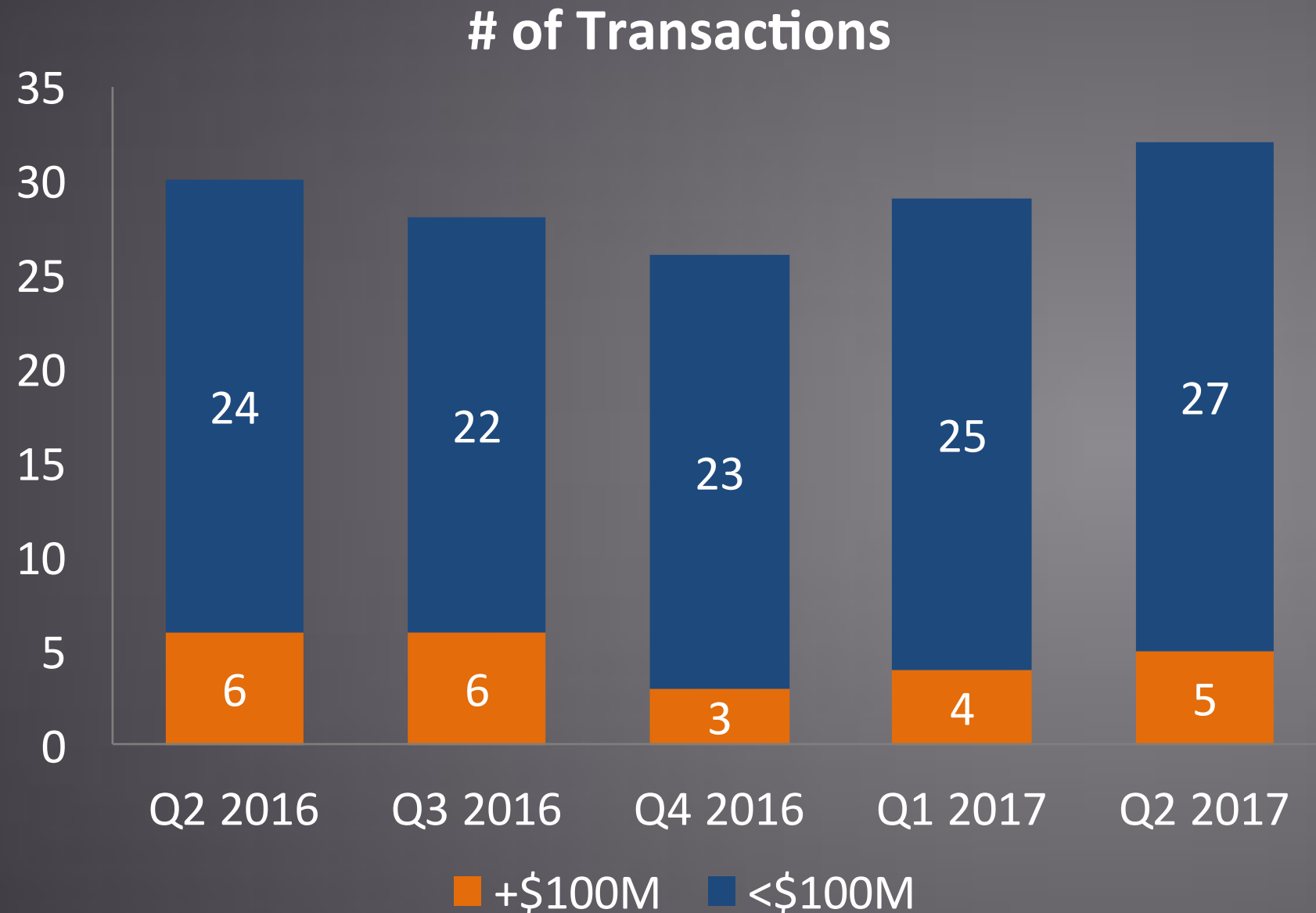
➤ Looking Ahead – The “CDP”

- The “customer data platform” is an emerging category to watch
- CDPs collect, analyze and segment data to coordinate messaging across execution channels, becoming the hub of multi-channel marketing

MarTech – Q2 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$129M	~\$100M	Infor, an enterprise software company, has acquired Birst, a business intelligence platform, to expand broader into analytics and data visualization
		LON	\$400M	Vector Capital has acquired a majority stake in Experian's Cross Channel Marketing business and has rebranded the company as Cheetah Digital
	ESW CAPITAL	NASDAQ	\$341M	Private equity firm ESW Capital has acquired Jive Software through its affiliate Wave Systems and will integrate Jive Software into Aurea's family of companies
		\$201.7M	N/A	Vista Equity Partners has acquired Lithium Technologies, a social media management company, continuing its buying spree of digital marketing businesses
		N/A	N/A	Vista Equity Partners has acquired Market Track, a market intelligence solutions firm, from Aurora Capital Group, which had majority ownership
		\$67.5M	N/A	Software giant Oracle has acquired Moat, a measurement and analytics platform, will integrate the company into Oracle Data Cloud
		\$13.4M	\$200M	Snap Inc. has acquired location data company Placed to boost measurement and attribution of advertising on Snapchat and beyond

Digital Content M&A Activity













➤ Observations

- Food and DIY was a trend in Q2 with NBCUniversal and Jo-Ann Stores acquiring DIY video sites, and Whirlpool and Scripps Networks acquiring food media sites
- Casino gaming M&A remains robust with Double Down Interactive being acquired for \$825M

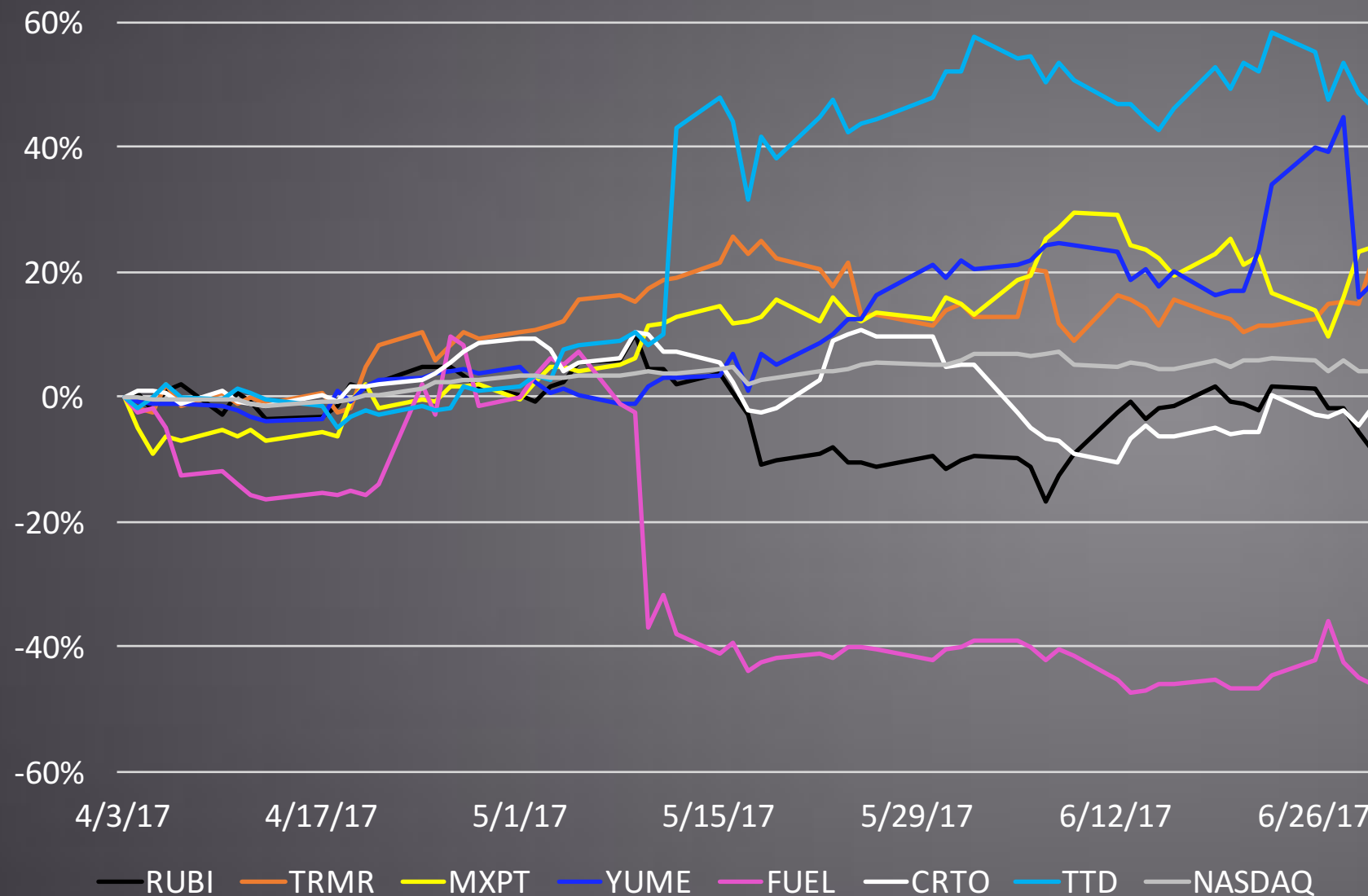
➤ Looking Ahead – Augmented Reality

- During Q2, Apple, Facebook and Google all announced new AR developer tools
- Anticipate AR gathering more momentum from gaming, social experiences, to productivity tools

Digital Content – Q2 2017 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
	NBCUniversal	\$106M	\$225M	NBCUniversal has acquired Craftsy, a Denver-based crafts tutorials and e-commerce site, to expand the company's entertainment content and reach
		N/A	\$825M	IGT has sold Double Down Interactive, a social casino gaming company, to South Korean game developer DoubleU Games
		N/A	\$103M	2U has acquired Getsmarter, an online education company focused on higher education content based out of South Africa
		NASDAQ	\$468M	RetailMeNot, the coupon discount site, has been acquired by Harland Clarke, a subsidiary of parent company MacAndrews & Forbes and owner of Valassis
		\$14.4M	\$90M	Supercell has acquired a majority stake in London-based game studio Space Ape, the maker of Samurai Siege, Rival Kingdoms and Transformers: Earth Wars, for \$56 million
	Snap Inc.	\$35.1M	\$200M	Snap Inc. has acquired Zenly, a social location app, and will adopt Zenly's core product into "Snap Maps" while Zenly continues to operate

Ad Tech – Q2 2017 Stocks Performance



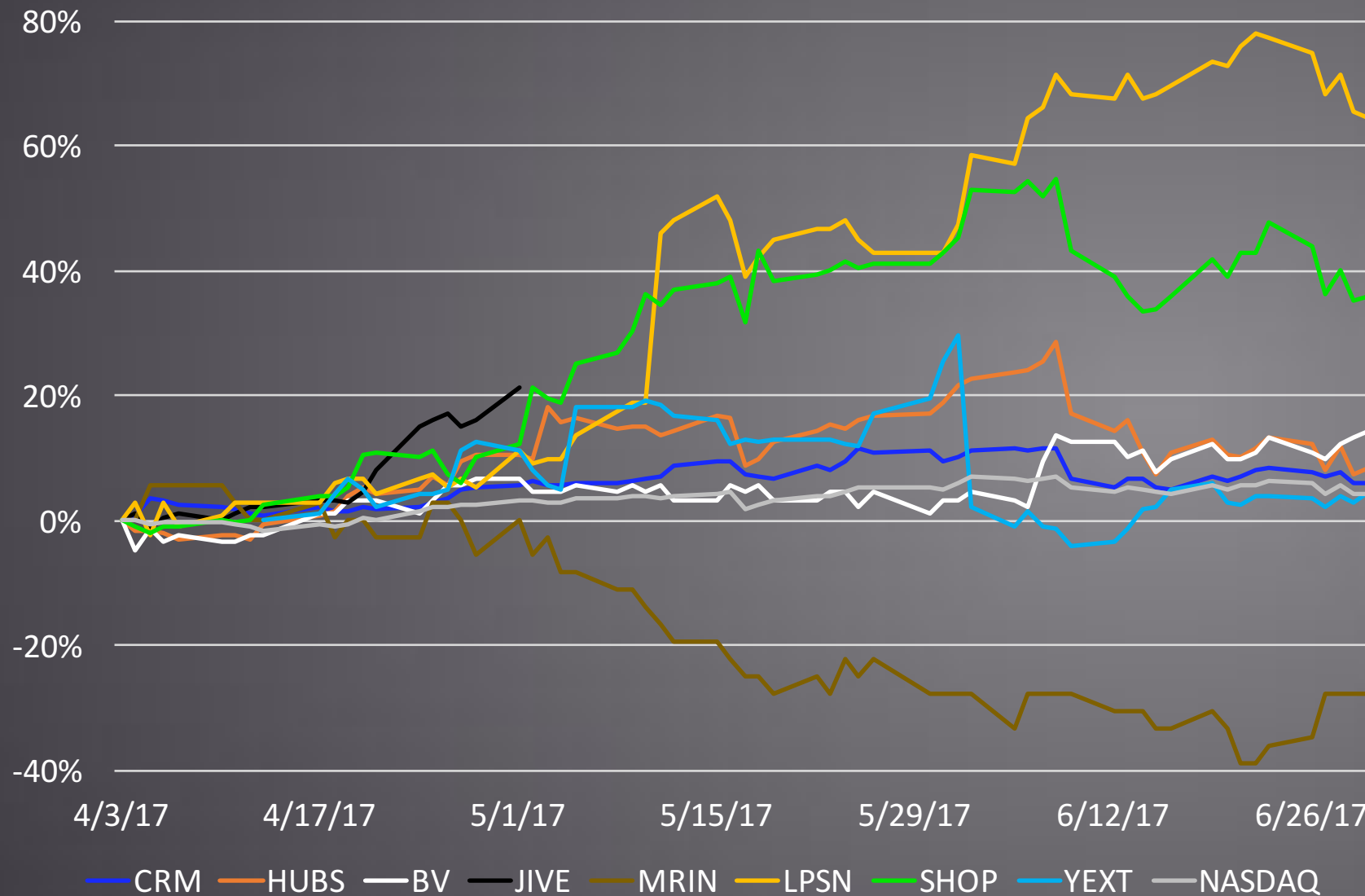
➤ Observations

- In Q2, the Ad Tech sector grew by 10% led by TTD, which grew by over 40%
- Video ad networks TRMR and YUME each rose over 15%, with TRMR rebounding from a sharp decline of 20% in the last quarter

➤ Highlights

- TTD continues to flourish as a public company, beating analyst estimates for Q1, raising guidance and announcing its new client and partnership with Procter & Gamble

MarTech – Q2 2017 Stocks Performance


















➤ Observations

- In Q2, MarTech stocks climbed nearly 10% collectively, with LPSN soaring approximately 65%
- JIVE was acquired by private equity firm ESW Capital for \$5.25 a share

➤ Highlights

- YEXT had a successful IPO during Q2 and is trading over 20% above its IPO price
- LPSN has surged nearly 50% since the start of the year with the company raising revenue guidance and investors' optimism continuing to grow

Q2 2017 Key Startup Financings to Watch

	Lead Investor	Capital Raised	Valuation	Comments
		\$60M	N/A	Branch has developed a mobile app growth and engagement platform that powers deep-linking for over 2 billion monthly users and 2,300 brands
	GENERAL  CATALYST	\$110M	N/A	Grammarly, a grammar checking software company founded in Ukraine, has raised its first round of venture funding to grow its “freemium” business
		\$400M	\$4,000M	Home design company Houzz, now with 40 million monthly users and 1.5 million listed professionals, has doubled its valuation from its last financing
		\$502M	\$1,000M	Improbable, a gaming development platform, has raised over half a billion dollars to build out its SpatialOS operating system and developer ecosystem
	 	\$85M	\$1,800M	Q&A platform Quora is expanding internationally with its new Spanish and French versions and growing its new advertising business
		\$450M	\$5,700M	Vice Media has raised a new round of funding to launch new initiatives into OTT and subscriptions and Vice Studios ahead of its anticipated IPO
		\$140M	\$1,300M	Marketing technology company Zeta Global raised \$140 million (\$25 million of debt financing) with a potential IPO on the horizon

LUMA's Recent Deals

Pending

flashstock™

has agreed to be acquired by

shutterstock

The undersigned acted as exclusive financial advisor to Flashstock Technology, Inc.



May 2017

MOAT

has agreed to be acquired by

ORACLE®

The undersigned acted as financial advisor to Moat, Inc.



April 2017

TURN


has been acquired by

AMOBEE

a subsidiary of

Singtel

The undersigned acted as exclusive financial advisor to Turn, Inc.



LUMA's Differentiated Value Proposition



1. Peerless Industry Knowledge
2. Strategic Approach
3. Execution Excellence

LUMA's Content-Driven, Expert-Based Approach



DISPLAY MOBILE VIDEO SOCIAL NATIVE SEARCH MARTECH COMMERCE GAMING STRATEGIC BUYERS

LUMAscapes
(over 6 million views
from 211 countries)



Publications
(over 3 million views)



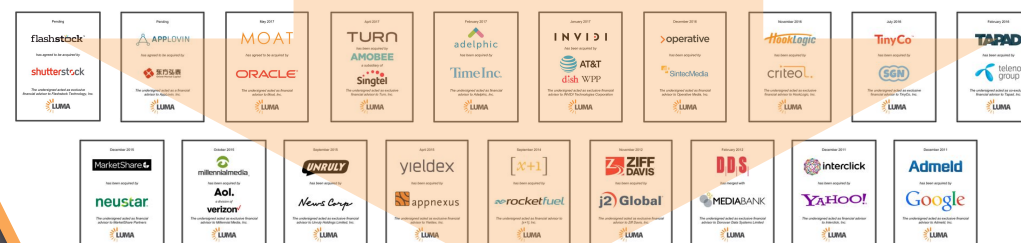
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Completed Deals





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