



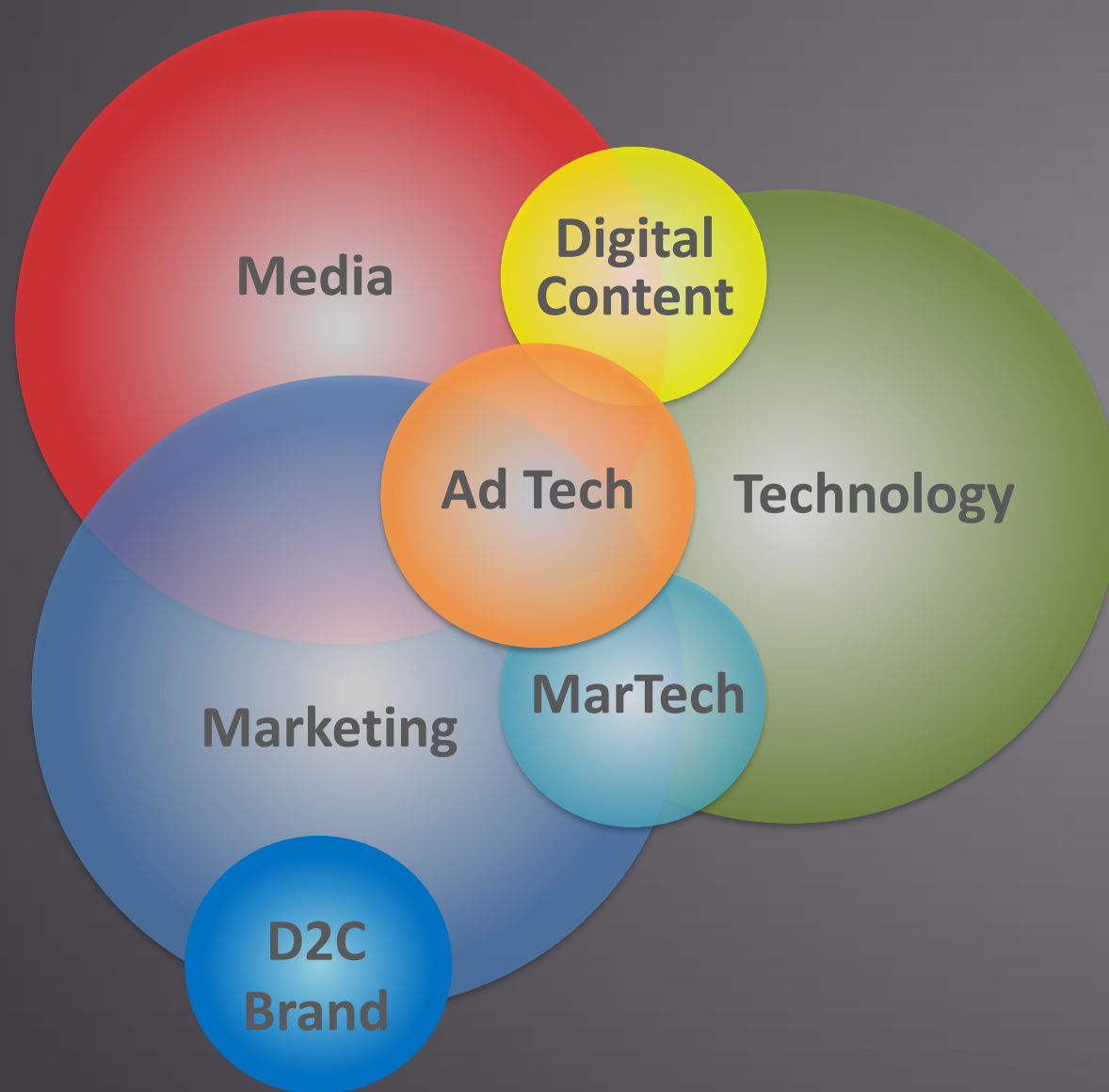
# Digital Brief 024

# Q2 2019

# Market Report

April							May							June						
Su	M	Tu	W	Th.	F	Sa	Su	M	Tu	W	Th.	F	Sa	Su	M	Tu	W	Th.	F	Sa
	1	2	3	4	5	6				1	2	3	4							1
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
														30						

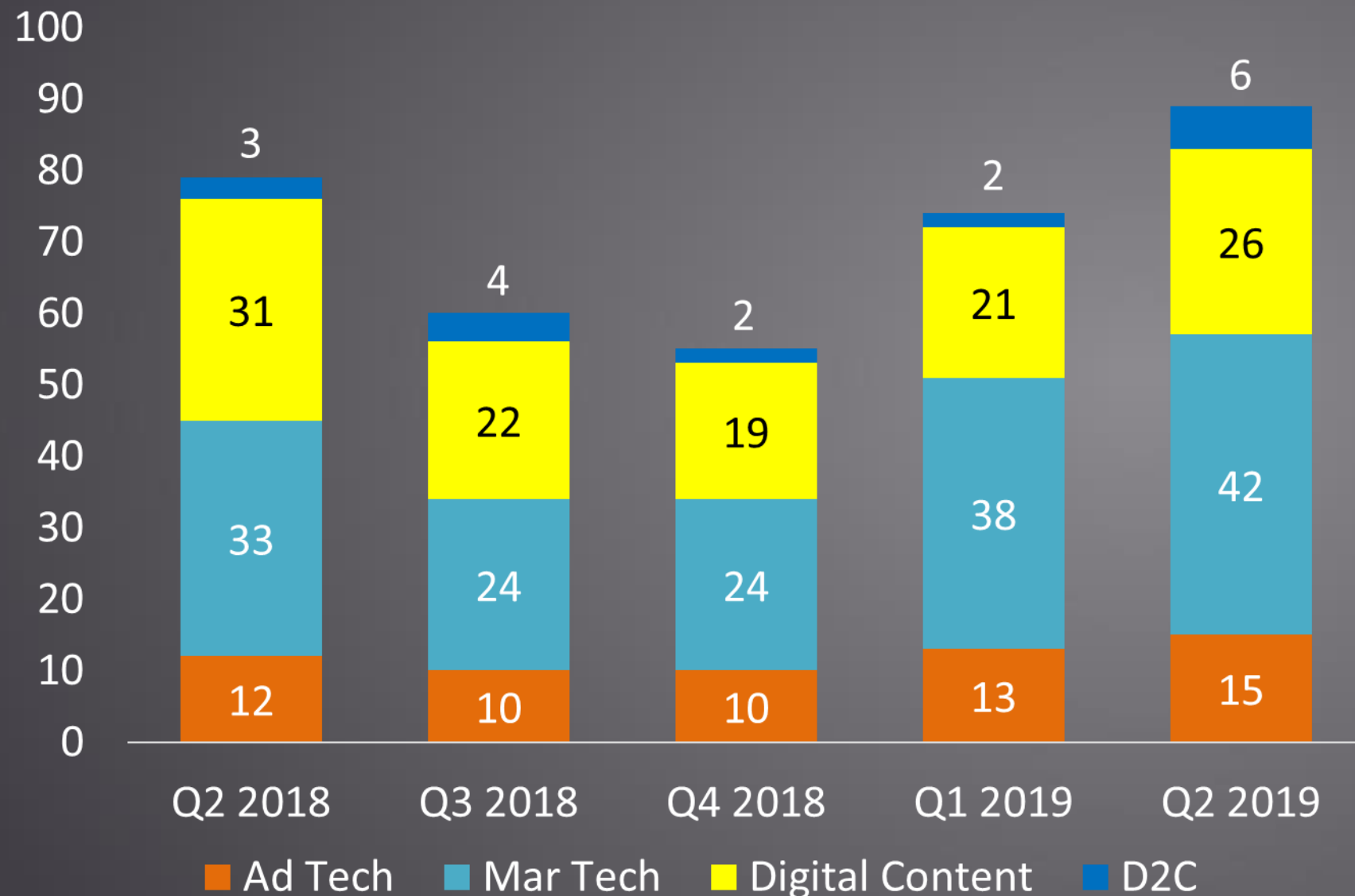
# LUMA's Focus on Digital Media & Marketing



- LUMA's expertise is at the intersection of Media, Marketing and Technology
- At this intersection exists:
  - **MarTech**
  - **Digital Content**
  - **Ad Tech**
- These companies employ a variety of business models including services, media, data, commerce and software
- This quarter marks our first report with a fully featured overview of activity within the **D2C Brand** industry

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

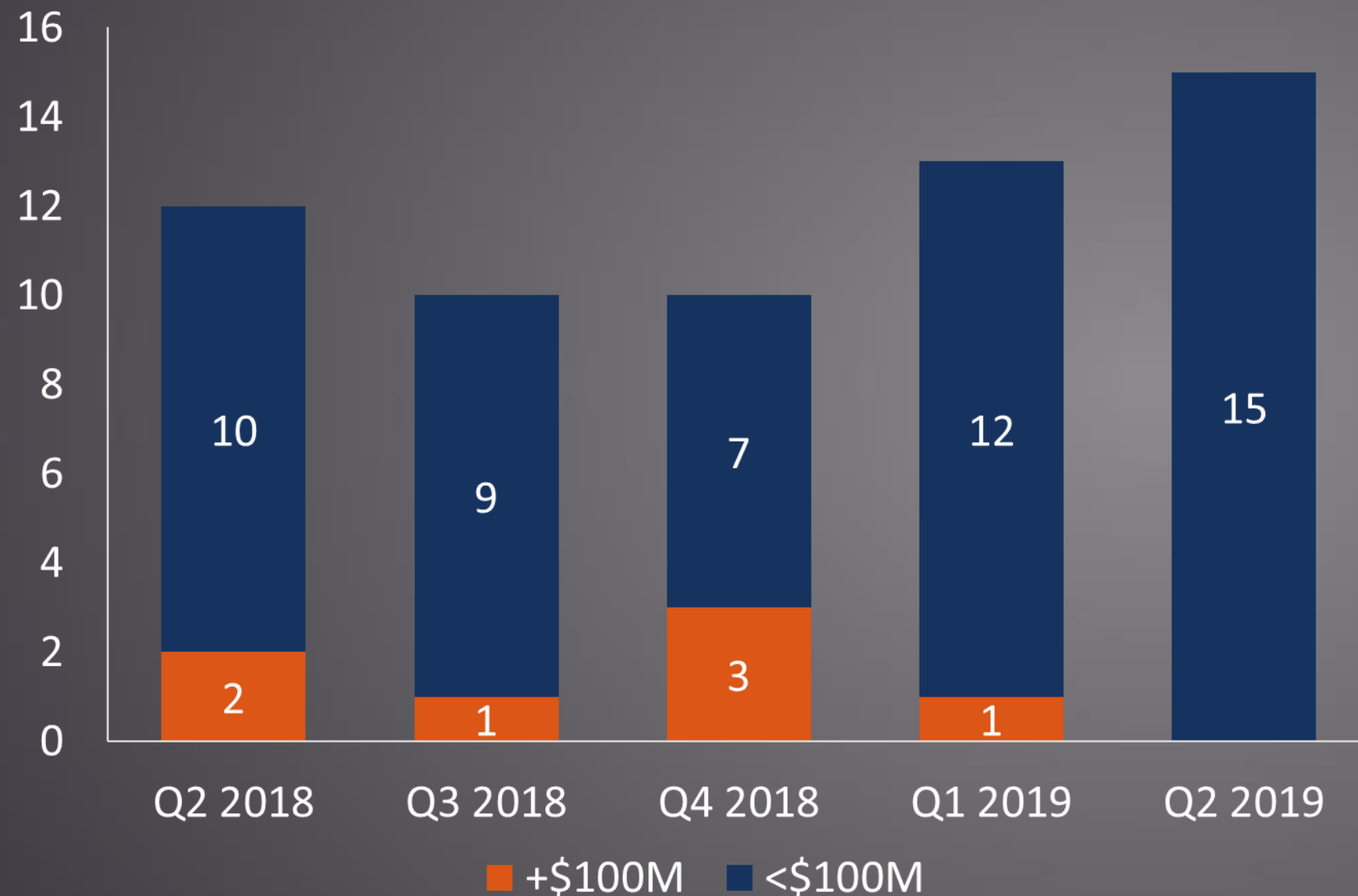
# of Transactions



- Q2 2019 saw the most M&A activity of any quarter over the last year, with increases across all categories
- Customer data and analytics were key drivers of many of the most scaled transactions, a trend we expect to continue
- Notable deals included Salesforce's acquisition of Tableau for ~\$15B, Google's acquisition of Looker for ~\$2B, Alliance Data's sale of Epsilon to Publicis Groupe for ~4.4B, Edgewell's \$1.4B acquisition of Harry's Razors, LinkedIn's acquisition of Drawbridge for a rumored ~\$300MM, and LiveRamp's acquisition of Data Plus Math for \$150MM

# Ad Tech M&A Activity

## # of Transactions











### ➤ Observations

- While 2Q 2019 saw the greatest number of deals over the last year, it was the only quarter without any scaled transactions (deals over \$100MM)
- Despite the lack of scale, there were significant strategic acquisitions, particularly by traditionally commerce focused companies
- Amazon acquired Sizmek's DCO and ad serving assets, placing it second only to Google Ad Manager in market share of ad serving globally, and Walmart made it's first ad tech acquisition since the formation of Walmart Media Group, with the acquisition of Polymorph Labs

### ➤ Looking Ahead – Platforms Losing Favor

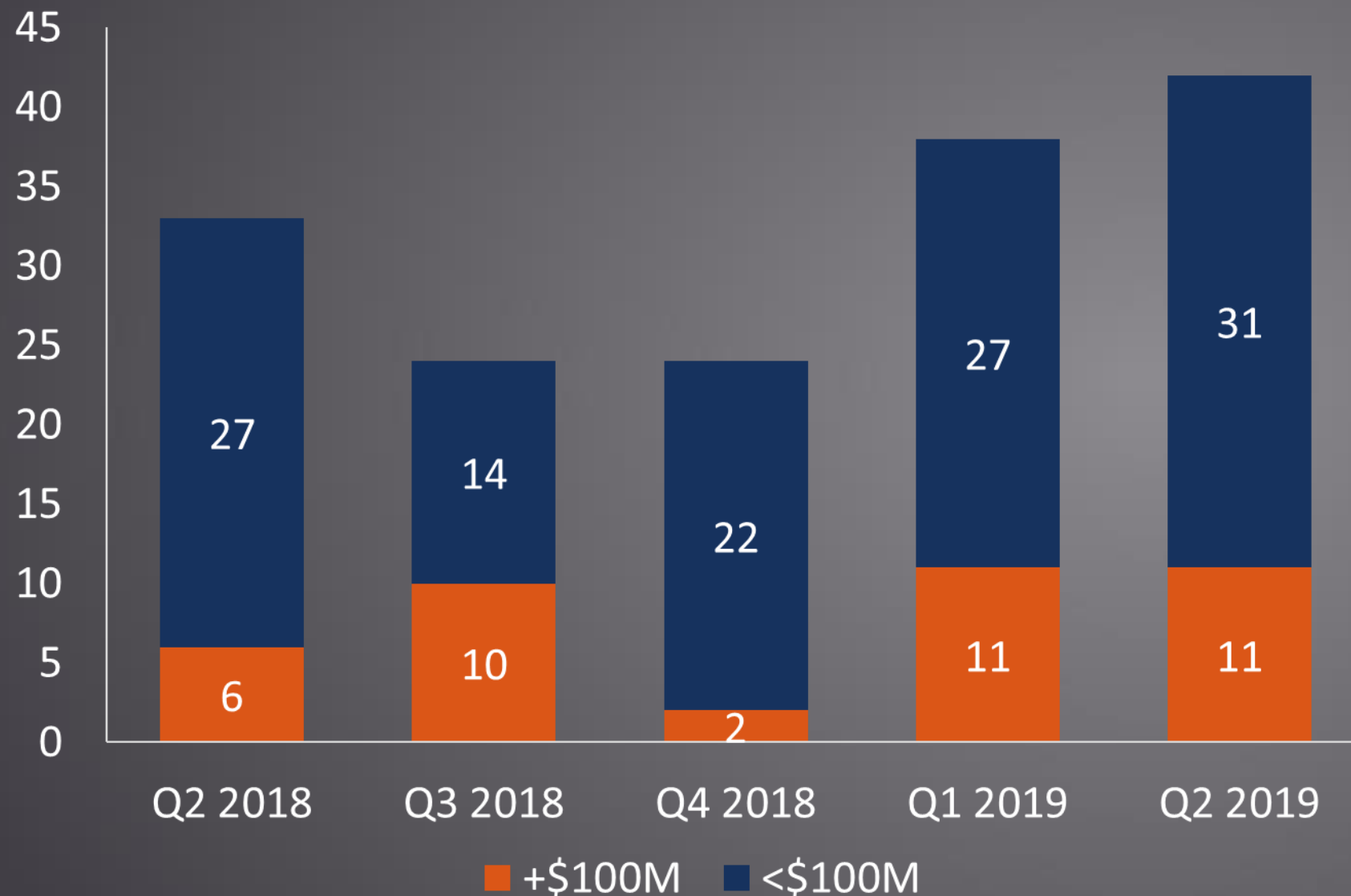
- With Google and Amazon now owning the largest global ad serving footprints, marketers options for independent ad serving have dwindled. Look for existing independents to fill the void via new offerings and acquisitions, as well as some marketers looking to make acquisitions themselves

# Ad Tech – 2Q19 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		NA	NA	Germany-based Media and Games Invest (MGI), owner of gamigo AG, acquired mobile performance network AppLift. As part of the deal, MGI also acquired all assets of PubNative, an operator of a mobile SSP / ad exchange. The combined company is looking to drive growth across multiple geographies through MGI / gamigo's global gaming publisher relationships.
		\$11MM	NA	Walmart Media Group (WMG), the retailer's ad tech arm, acquired the technology and assets of Polymorph for an undisclosed price. Per WMG, the acquisition will complement its existing ad tech investments and allow it to later expand into RTB auctions across multiple pricing models.
		NA	NA	Amid 34% ad revenue growth in its most recent quarter, Amazon acquired Sizmek's ad serving and DCO business out of the former PE-backed Sizmek's bankruptcy. This deal puts Amazon directly in competition with Google as the now second-largest global ad serving footprint to Ad Manager.
		NA	\$36MM	Zeta Global, a CRM data vendor and marketing platform, acquired the DSP & DMP businesses of Sizmek out of bankruptcy for a reported \$36MM. Zeta reportedly intends to begin offering its prior core product, data segments, for free and charge agencies for DSP usage instead.

# MarTech M&A Activity

## # of Transactions



### ➤ Observations













- Within a two-week span, Google and Salesforce each made big bets on data integration & analytics technologies, with Google acquiring Looker for \$2B and Salesforce's acquiring Tableau for ~\$15B
- Publicis acquired Epsilon for \$4.4B, becoming the 3<sup>rd</sup> major agency to acquire a customer data & identity company
- Identity was also a key theme, with LinkedIn acquiring Drawbridge for ~\$300MM and LiveRamp acquiring Data Plus Math for \$150MM

### ➤ Looking Ahead – Data-Centric M&A















- We expect robust M&A activity to continue from strategic and PE buyers, with particular interest in data-centric assets from buyers in a variety of categories



# MarTech – 2Q19 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
Data Plus Math		\$7.5MM	\$150MM	In one of the first Convergent TV identity / data acquisitions, LiveRamp filled an important gap in their capabilities by purchasing Data Plus Math, a cross-screen ad measurement company, for \$150MM. The acquisition is expected to deliver \$5MM in revenue for FY20 (YE March).
drawbridge		\$69MM	~\$300MM <sup>1</sup>	LinkedIn acquired Drawbridge to bolster its identity resolution / targeting capabilities within its marketing suite. The deal highlights continued strategic importance of LinkedIn's marketing business, which is growing almost 2x the company average rate. <sup>2</sup>
		NA	\$4,400MM	Publicis acquired Epsilon for \$4.4B, making it among the largest acquisition by an agency since Dentsu's acquisition of Aegis in 2013 (\$4.9B). The deal gives Publicis significant data assets / identity resolution capabilities that it had previously lacked.
		\$24MM	<\$100MM	E-commerce platform Shopify purchased wholesale e-commerce platform Handshake for a reported value below \$100MM. This purchase represents Shopify's entrance into the ~\$1 trillion B2B e-commerce market.
		NA	~\$500MM	IBM divested its Watson marketing solutions to Centerbridge, as it seeks to shift focus from marketing tech to supply chain management. The carved-out division will become a standalone company with a new name, and it will retain selected ex-IBM executives.
		\$80MM	NA	THL-backed Dun & Bradstreet acquired Lattice Engines, giving it new CDP capabilities including advanced analytics and data management. In addition to broadening D&B's offering, Lattice's access to D&B data is expected to improve the value of its solutions.
		\$281MM	\$2,600MM	Google acquired Looker for \$2.6bn, representing a substantial ~26x multiple to 2018 Revenue (per PitchBook). Looker's offering is expected to bolster Google's business intelligence for companies utilizing multiple cloud vendors (including Azure and AWS).

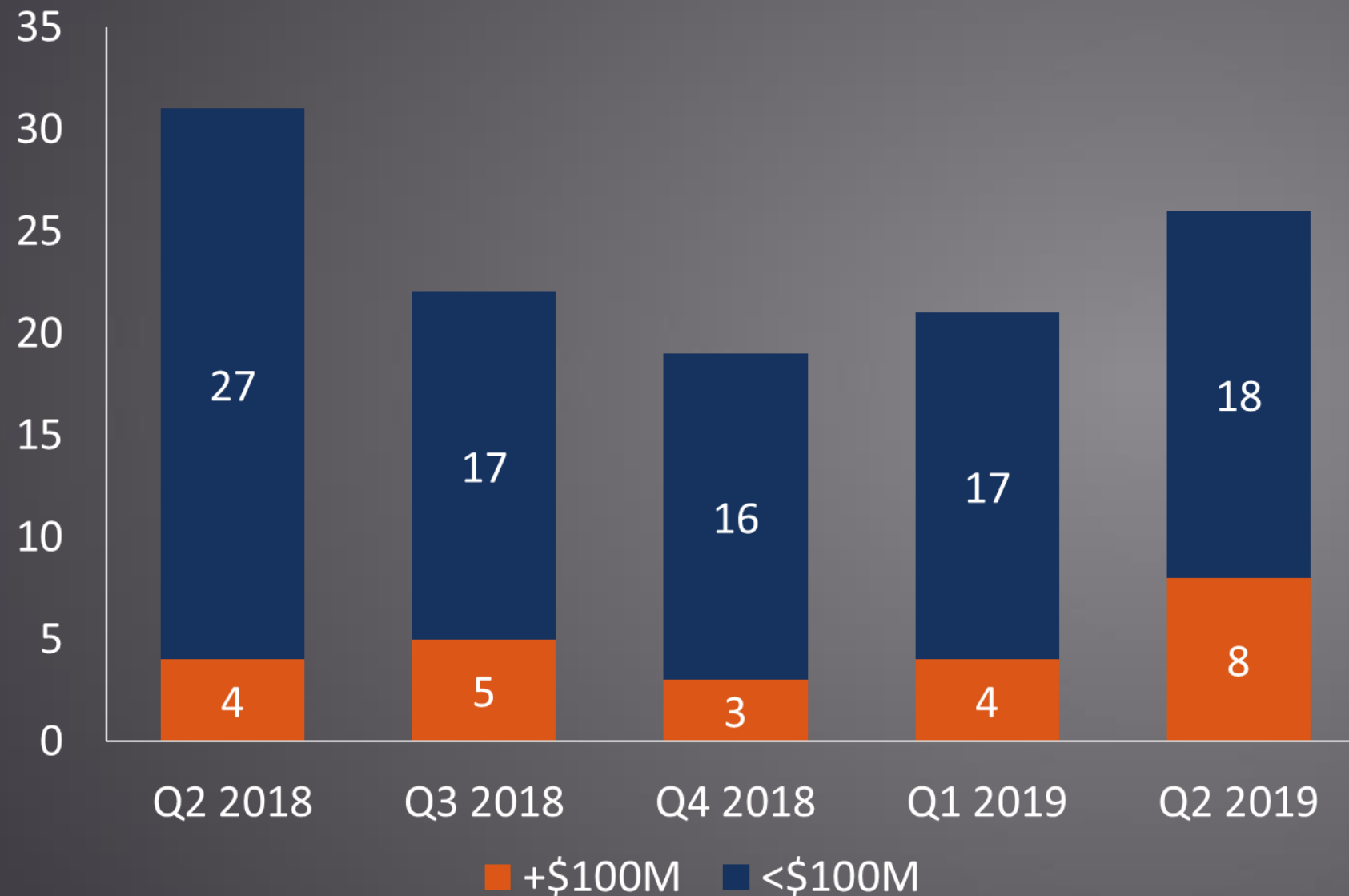
# MarTech – 2Q19 Notable Deals (cont.)

	Acquirer	Capital Raised	Enterprise Value	Comments
		NA	NA	Thoma Bravo made a majority growth investment in Mailgun, a provider of e-mail infrastructure and API delivery services. Mailgun is reported to have over 150,000 customers using its APIs, and is expected to continue its developer-centric strategy.
		\$36MM	~\$100MM	Periscope Data, a data analytics company enabling advanced analytics and data science in the cloud, was acquired by the analytics app builder Sisense in a deal that was rumored to be ~\$100MM and creating a combined company with >\$100MM ARR.
		NA	NA	After being acquired by Snap for \$135MM in 2017, Placed was divested to Foursquare in a deal that gives the location tech company a larger location data attribution footprint. This comes following a \$150MM investment in Foursquare from Raine Group.
		\$155MM	NA	ReturnPath, an email deliverability software provider, was acquired by Validity, a customer data quality vendor, in a deal that was backed by existing investor, Silversmith Capital, and new investor, Providence Equity.
		\$16MM	NA	Accel-KKR backed SugarCRM acquired Salesfusion in May in a deal that will allow the business to add a key automation piece to its core CRM offering as it looks to compete against larger platforms such as Salesforce and Oracle.
		NA	~\$14,700MM	Salesforce announced its all-stock acquisition of data analytics & visualization company Tableau Software, valuing the company's equity at ~\$15.6B – a 42% premium to Tableau's prior closing share price. The deal diversifies the CRM giant further into data analytics.
		\$5MM	NA	Credit bureau TransUnion acquired people-based MarTech platform TruSignal to begin automating look-alike audience creation and expand beyond 1 <sup>st</sup> party targeting.



# Digital Content M&A Activity

## # of Transactions


















### ➤ Observations

- On the heels of the Viacom <> Pluto.TV deal, Altice's \$200MM purchase of Cheddar TV grew the list of linear inventory owners building out OTT / digital video content and distribution via acquisition
- Both Epic Games, the maker of Fortnite, and Amazon-owned Twitch, made acquisitions focused on social interactivity around gaming / e-sports with their acquisitions of Houseparty and Bebo, respectively














### ➤ Looking Ahead – Premium Streaming Video

- Look for continued focus on streaming video content and distribution. Both traditional long form video content, as well as an increased focus on gaming video content, as eSports global revenue surpasses \$1BN

# Digital Content – 2Q19 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		NA	~\$25MM	Twitch, Amazon's game streaming platform, acquired the eSports events and social platform Bebo for a reported \$25MM in an effort to bolster eSports content offerings.
		NA	NA	AppOnBoard, a provider of "non-code" development tools for mobile apps, acquired Buildbox, a company providing similar tools specifically for game development.
		\$55MM	\$200MM	Cheddar, the digitally-native news network, was acquired by Altice USA for \$200MM in cash, representing a rare positive outcome for a digital media startup.
		NA	NA	Microsoft announced its purchase of Double Fine Productions, the creator of several popular adventure games, further enriching the Xbox game catalogue.
		NA	~\$621MM	JPJ Group acquired software developer Gamesys in an effort to reduce its reliance on 3 <sup>rd</sup> party technology platforms and tap into Gamesys' brands to expand internationally
 		NA	NA	Private equity firm Great Hill Partners acquired Gizmodo Media Group and The Onion from Univision in a deal reported to be much less than the \$135MM Univision paid for Gizmodo in 2016. The two digital publishers will be combined and a new company, G/O Media Inc. will be formed and led by former Forbes CEO James Spanfeller.
		\$70MM	NA	Houseparty, the social video app popular with Millennials and Gen-Z'ers, was acquired by Epic Games after the "Fortnite" creator raised \$1.25B in October 2018.

# Digital Content – 2Q19 Notable Deals (cont.)

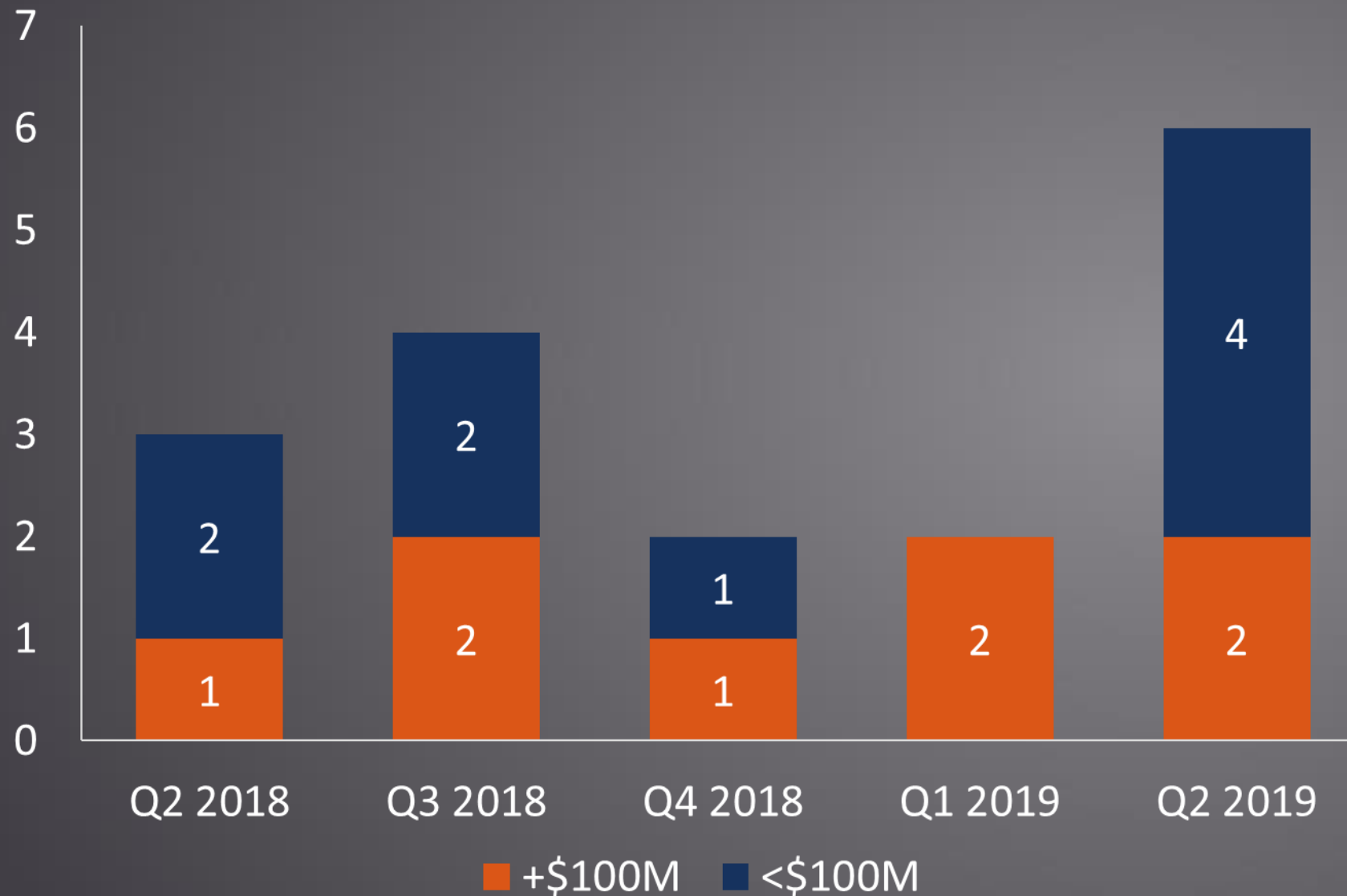
	Acquirer	Capital Raised	Enterprise Value	Comments
 Infinite eSports & Entertainment		NA	\$100MM	Immortals Gaming Club acquired Infinite Esports & Entertainment for \$100MM in what the companies claim is the largest ownership change in eSports history.
		\$45MM	\$120MM <sup>1</sup>	Stillfront Group, a Sweden-based developer of free-to-play online games, acquired online strategy game publisher KIXEYE for \$120MM.
		\$23MM	\$200MM	IAC-owned Vimeo acquired Israel-based Magisto, a provider of tools for creating and editing short-form videos, for \$200MM.
		NA	~\$215MM	Four years after selling to Sequential Brands Group for \$353MM, Martha Stewart Omnimedia was acquired by Marquee Brands for a reported \$215MM.
 		NA	~\$2,800MM	Apollo Global Management announced in June its acquisition and combination of Shutterfly and Snapfish to form a digital and print photo retail and storage platform company. Shutterfly was reportedly valued at ~\$2,500MM including ~\$900MM of debt, while Snapfish was valued at ~\$300MM. The closing of the Snapfish acquisition is contingent upon the closing of the Shutterfly deal.
		NA	~\$34MM	TheStreet, the financial news and information outlet, announced an agreement to be acquired by TheMaven, who has made several recent strategic moves in publishing including a ten-year licensing agreement with Sports Illustrated.

Note: (1) Deal consideration included US\$90MM in cash and US\$30MM in earn-out

Sources: LUMA, Pitchbook, Company Announcements, TechCrunch, VentureBeat, The Wall Street Journal, Business Insider, Reuters, Polygon, BC Technology

# D2C M&A Activity

## # of Transactions









### ➤ Observations

- Edgewell, owner of Schick, acquired Harry's Razors for ~\$1.4B, the second \$1BN+ exit for a razor maker in the D2C sector. This represents a continued strategy evolution for legacy consumer products companies as they look to compete with the increasing popularity of D2C brands

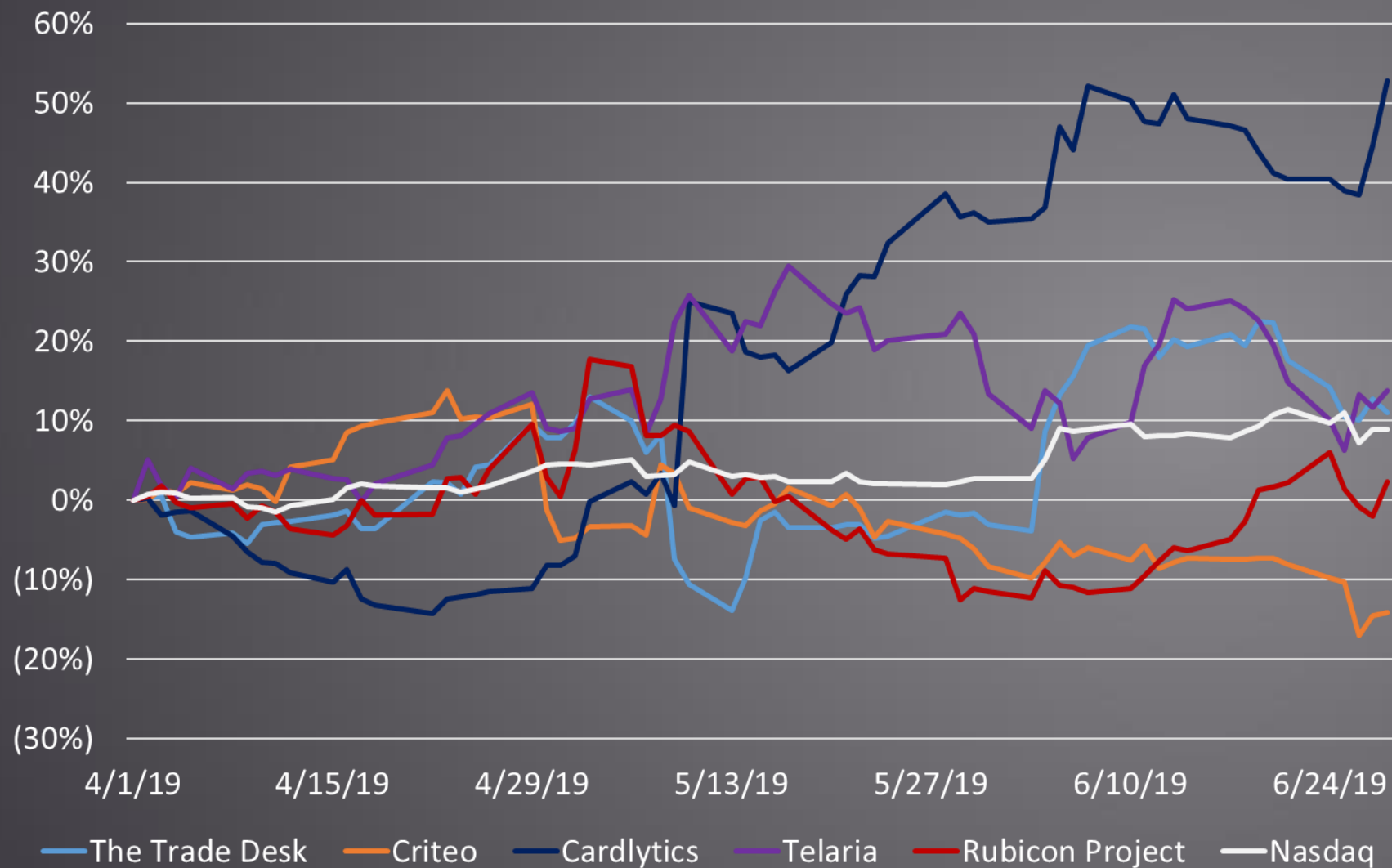
### ➤ Looking Ahead – Legacy Brands Acquire into D2C

- Look for more legacy brands to acquire their way into the D2C space
- We expect these brands to focus on consumer experience, rather than economic scale, by making strategic acquisitions to strengthen their presence in specific consumer markets or sectors

# D2C – 2Q19 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$461MM	\$1,375MM	In its first D2C investment, Schick-owner Edgewell buys Harry's, a move to increase its investment in customer experience and keep pace with P&G and Unilever's acquisitions within the D2C Grooming & Wellness space.
		NA	\$100MM	In June, Vera Bradley announced it had acquired a 75% stake in Pura Vida, an online seller of handmade bracelets, for \$75MM, with the option to purchase the remaining 25% over the next five years. Pura Vida reportedly recorded 2018 revenues of \$68.3MM and net income of \$3.8MM.
		\$45MM	NA	American Express continues its spree of acquisitions to improve its customers travel experience by buying restaurant business intelligence and dinner reservation marketplace company Resy.

# Ad Tech – 2Q19 Stock Performance



## ➤ Observations

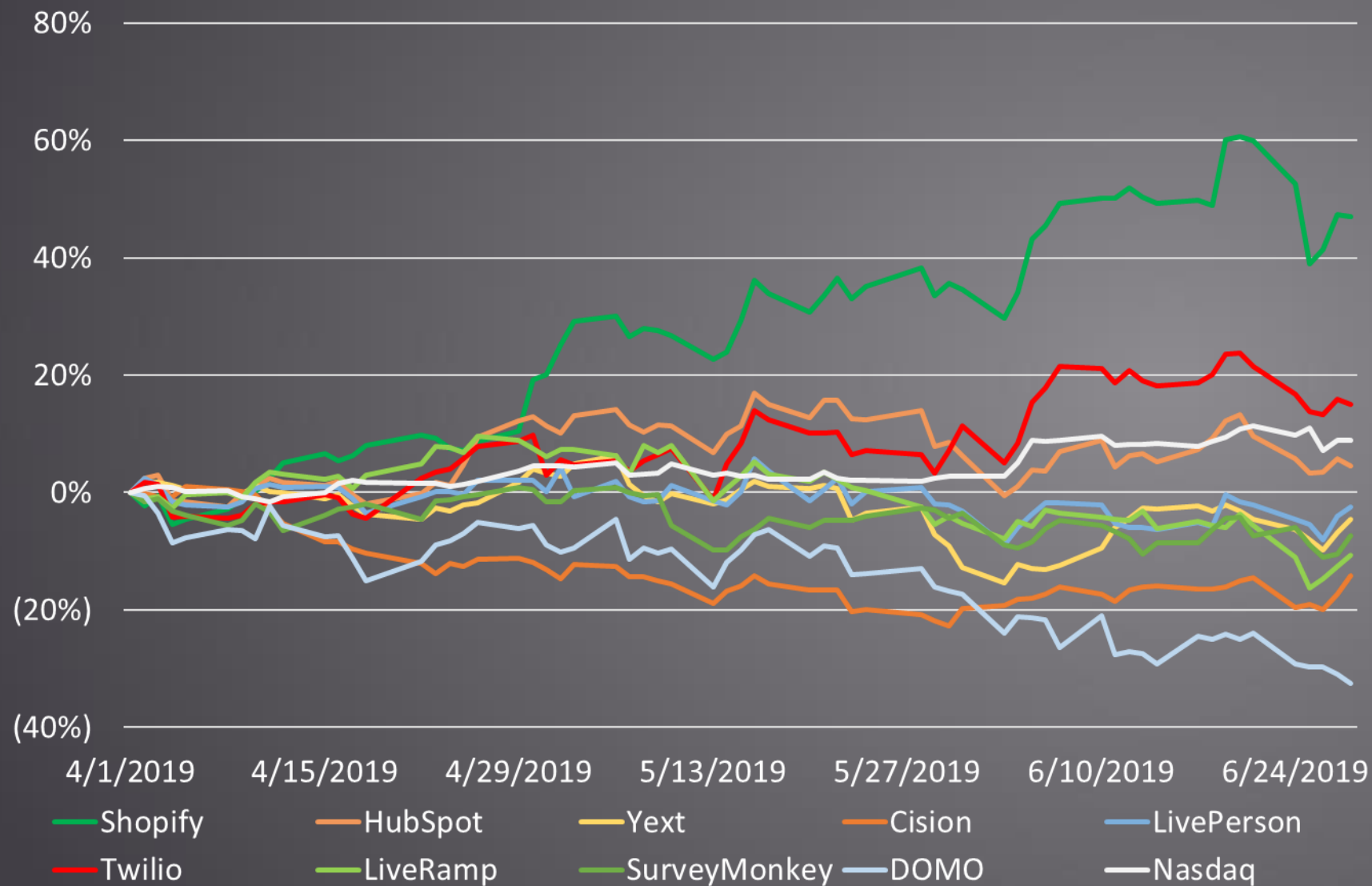
- Similar to last quarter, Ad Tech public stocks traded up, with all companies in our index in the green except for Criteo
- The sector was up ~9% overall in Q2 – although this is largely skewed to The Trade Desk, which accounts for 81% of the aggregate Ad Tech market cap
- Excluding TTD, Ad Tech grew 3%, dragged down by Criteo’s negative market growth

## ➤ Highlights

- After tumbling (~14%) in May, TTD rebounded in early June, at several points topping an \$11B Market Cap, and ended the quarter up 11%
- Cardlytics traded up 53% in Q2 following a strong Q1 – reaching over 100MM MAUs and providing 2019 revenue guidance ahead of prior consensus estimates and expectations to reach 150MM MAUs by year-end



# MarTech – 2Q19 Stock Performance






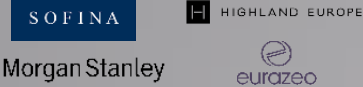














## ➤ Observations

- The MarTech sector grew ~20% in the public markets in Q2 despite negative market cap growth for six of the nine companies included in our index
- Though more evenly weighted than the Ad Tech sector, there remains concentration in the market size of the companies included, with Shopify and Twilio accounting for nearly 75% of MarTech's aggregate market cap





















## ➤ Highlights

- Shopify continues to outperform the market by a sizable margin – growing market value 46.9% on the quarter
- Cision, meanwhile, has lost nearly 15% of its market value following March rumors that the company was exploring a sale

















# Q2 2019 Key Financings – Ad Tech / MarTech (1/2)

	Lead Investor	Capital Raised	Valuation	Comments
		\$27MM	NA	6Sense, a marketing technology company that allows clients to utilize big data to predict product-level buying behaviors, raised \$27MM in a round led by Industry Ventures, bring total raised to \$63MM.
		\$227MM	NA	Berlin-based ad measurement and anti-fraud tool provider Adjust raised a \$227MM round from European investors amid reported 80% average annual revenue growth and sustained profitability.
		\$15MM	\$75MM	AI customer engagement and SMB omnichannel marketing company Blueshift raised \$15MM in Series B funding from Softbank to help accelerate their product distribution to larger businesses.
		\$30MM <sup>1</sup>	\$225MM	Button, a mobile platform provider that enables revenue generation through commerce transactions rather than advertisements, raised \$30MM from a group of investors led by Icon Ventures.
		\$26MM	\$130MM	B2B Analytics-as-a-software company CleverTap raised \$26MM in Series B funding after reported YoY revenue growth of 250%.
		\$20MM	\$150MM	Out- of- Home advertising company Firefly raised \$20MM to begin rolling out its ride hailing advertising platform that works directly with drivers to put ads on top of their cars.
		\$150MM	NA	Location data and analytics company Foursquare raised \$150MM from Raine Group to fund its acquisition of Placed and refine its products.
		\$12MM	\$55MM	Jebbit provides a mobile-centric first-party data enablement platform that helps marketers create better personalized user experiences. The company raised \$12MM at a \$55MM post-money value.
		\$150MM	NA	Smart email marketing company Klaviyo raised \$150MM from Summit Partners after previously bootstrapping the business.







# Q2 2019 Key Financings – Ad Tech / MarTech (2/2)

	Lead Investor	Capital Raised	Valuation	Comments
 KUSTOMER	 TIGERGLOBAL	\$40MM	NA	Customer management company Kustomer raised \$40MM amid reported 500% year-over-year revenue growth.
 MERITDIRECT HIGHER GROUND	 MOUNTAINGATE CAPITAL	\$78MM	NA	Mountaingate Capital recapitalized MeritDirect, a multi-channel B2B database solutions company, in order to stabilize the company's capital structure and focus on growth.
 Optimizely	 accenture	\$50MM	\$600MM	Website feature testing platform Optimizely raised \$50MM from Accenture to continue developing its A/B testing to ensure customers have all the necessary tools for improving their websites.
 Segment	  Accel	\$175MM	\$1,500MM	Customer data organization startup Segment raised \$175MM to improve its software that streamlines and organizes customer data platforms for businesses that rely on CRM.
 SendBird	 TIGERGLOBAL  ICONIQ	\$102MM	NA	Developer tool kit creator SendBird raised \$102MM in Series B funding to expand its popular messenger API into more applications.
 SIMULMEDIA	 USV Union Square Ventures	\$29MM	NA	Targeted TV advertising company Simulmedia raised \$29MM in Series E funding in coincidence with a former Turner Broadcasting executive joining its board.
 TEALIUM	 SILVERLAKE	\$55MM	\$850MM	Real-time customer data orchestration software company Tealium raised \$55MM to improve its data compliance and governance service in anticipation of increased privacy regulation over big data.
 TRUOPTIK°	 MITHERA CAPITAL	\$10MM	NA	OTT measurement company Tru Optik raised \$10MM to improve its marketing and reach larger markets.
 videoamp	 RAINE	\$70MM	\$235MM	Multi channel advertising optimizer VideoAmp raised \$70MM at a \$235MM valuation from Raine Group on reports that revenue has increased 700% over the past two years.

# Q2 2019 Key Financings – Digital Content

	Lead Investor	Capital Raised	Valuation	Comments
		\$50MM	\$300MM <sup>1</sup>	Cameo, the company that sells personalized video messages from celebrities, influencers, athletes, and thought-leaders, raised \$50MM from Kleiner Perkins at a reported \$300MM valuation.
		\$20MM	\$180MM	Imgur, an online image sharing community that serves as the back-bone for meme creation, raised \$20MM from Coil, a micropayment tool for creators that Imgur has built into its service.
		\$50MM	NA	MobiTV, a steaming TV platform enabling app-based Pay TV services for linear TV suppliers and MVPDs raised \$50MM to fuel international expansion.
		\$123MM	\$2,100MM <sup>2</sup>	Neighborhood social network Nextdoor raised \$123MM at a \$2.1B valuation to invest in recruitment and expand globally.
		\$60MM	\$2,000MM	Legacy question and answer startup Quora raised \$60MM from Valor Equity at a \$2B valuation signaling a potential revitalization of the ten year-old business.
		\$25MM	NA	Commenting and user generated content platform Spot.IM raised \$25MM to begin to transform its platform into a community content generation forum.
THE ATHLETIC	Existing Investors	\$22MM	\$329MM	Digital subscription-based sports journaling and news company The Athletic raised \$22MM at a \$329MM valuation from existing investors.
		\$73MM	NA	Great Hill Partners invested \$73MM in TodayTix, a mobile ticketing company allowing consumers to buy tickets to live performances at more affordable prices.
		\$25MM	NA	Vidmob's freelance mobile advertising content marketing platform raised \$25MM from Build Group to improve its suite of advertising analytics and distribution tools.

# Q2 2019 Key Financings – D2C

	Lead Investor	Capital Raised	Valuation	Comments
	WELLINGTON MANAGEMENT <sup>®</sup>	\$100MM	\$1,450MM	Travel accessory company Away raised \$100MM in Series D funding from European investors to fuel expansion of their physical store presence.
	Darsana Capital Partners	\$600MM	\$12,600MM	Popular food-delivery startup DoorDash raised \$600MM in late stage venture as it looks to increase its industry leading market share and expand to international markets.
	FIRSTMARK 	\$85MM	\$500MM	D2C online pharmacy Ro, known for its men's health brand Roman, raised \$85 million from FirstMark Capital at a \$500MM valuation. The funding will support its third personalized health brand, Rory, which is geared to women's health products.
		\$30MM	\$559MM	On-demand healthy eating service provider Sun Basket raised \$30MM at a \$559MM valuation to fund rollout of new menu items, an AI-powered digital user experience, and target strategic partnerships to drive user acquisition and brand awareness.

# 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 AUDIO STRATEGIC BUYERS

**LUMAscapes**  
(over 8 million views from 200+ countries)



**Publications**  
(over 4 million views)



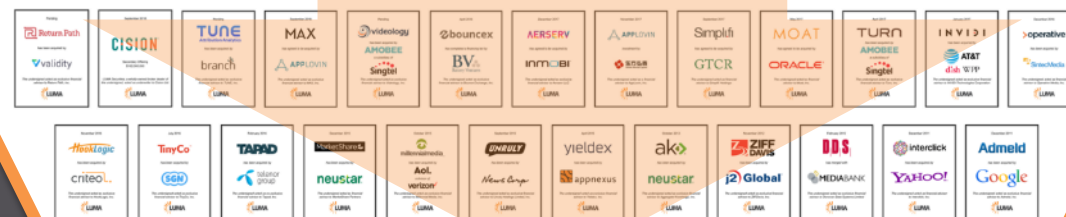
**Digital Briefs**



**Conference Keynotes**



**Corporate Teach-ins**



**Completed Deals at Premium Valuations**





**Investment Banking. Evolved.**

New York | Palo Alto