



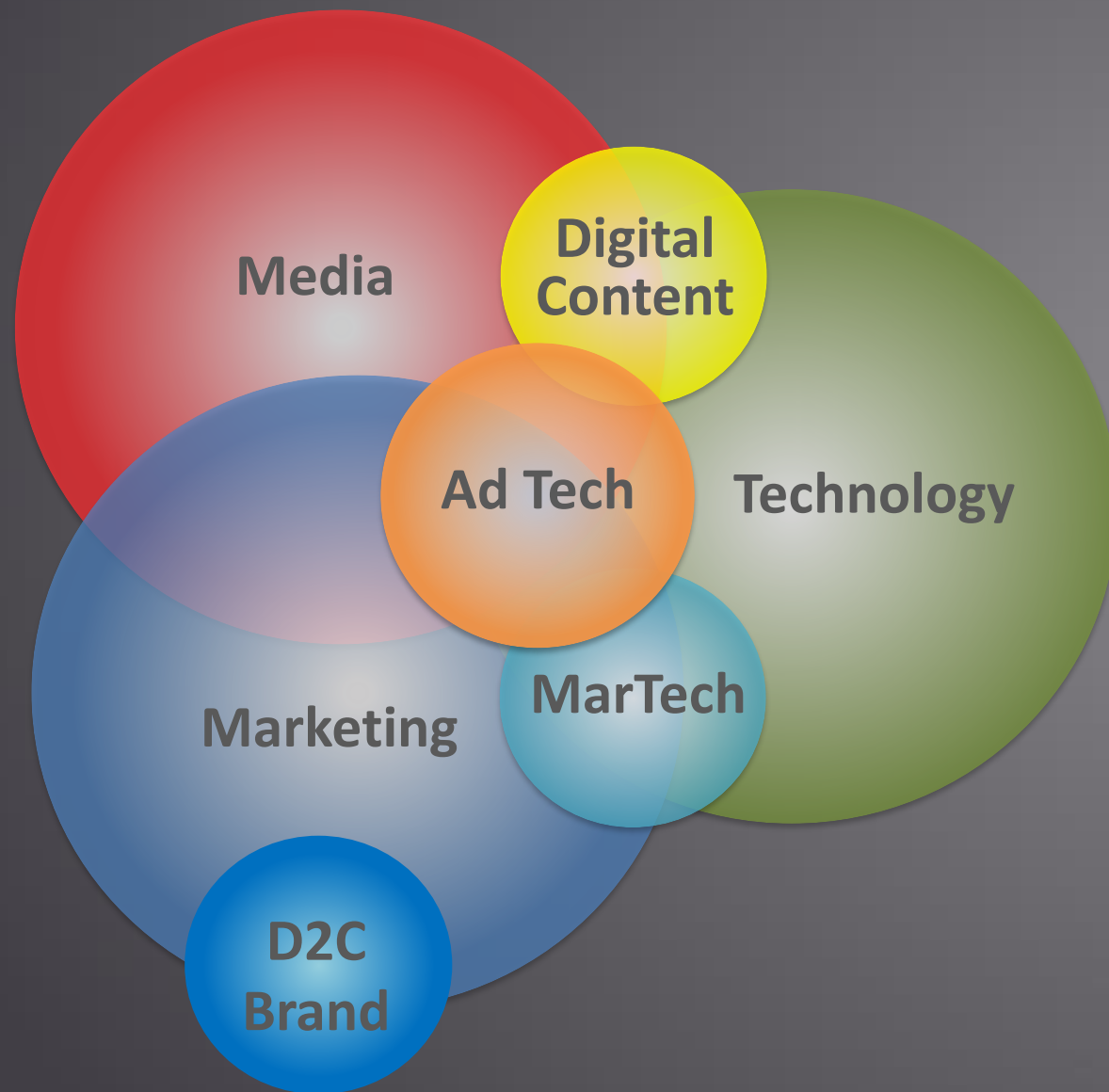
# Digital Brief 027

# Q1 2020

# Market Report

January							February							March						
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							1	1	2	3	4	5	6	7
5	6	7	8	9	10	11	2	3	4	5	6	7	8	8	9	10	11	12	13	14
12	13	14	15	16	17	18	9	10	11	12	13	14	15	15	16	17	18	19	20	21
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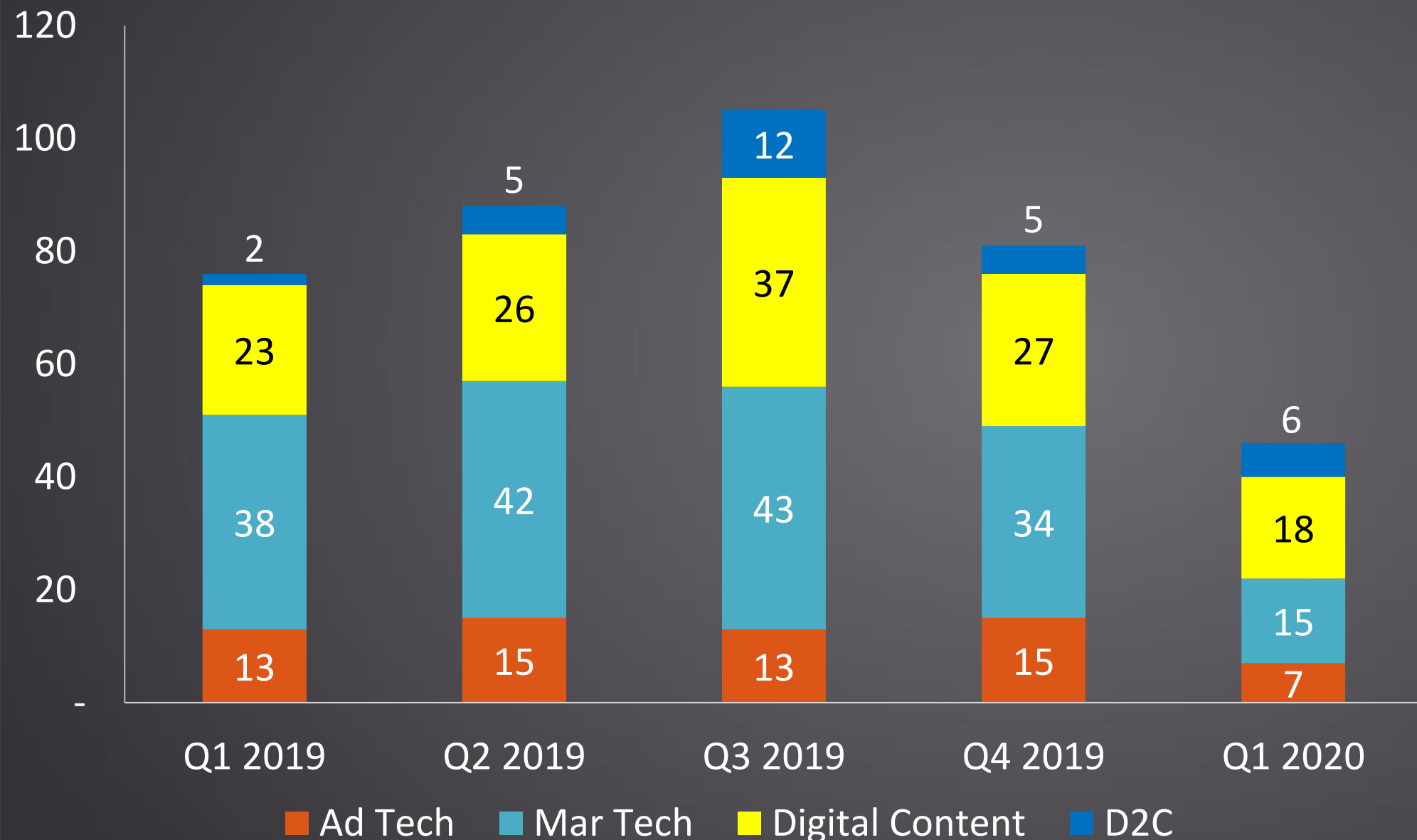
# LUMA's Focus on Digital Media & Marketing



- 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
- **The D2C Brand** sector is impacting the broader marketing industry and changing how marketers interact with and sell to customers

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

# of Transactions

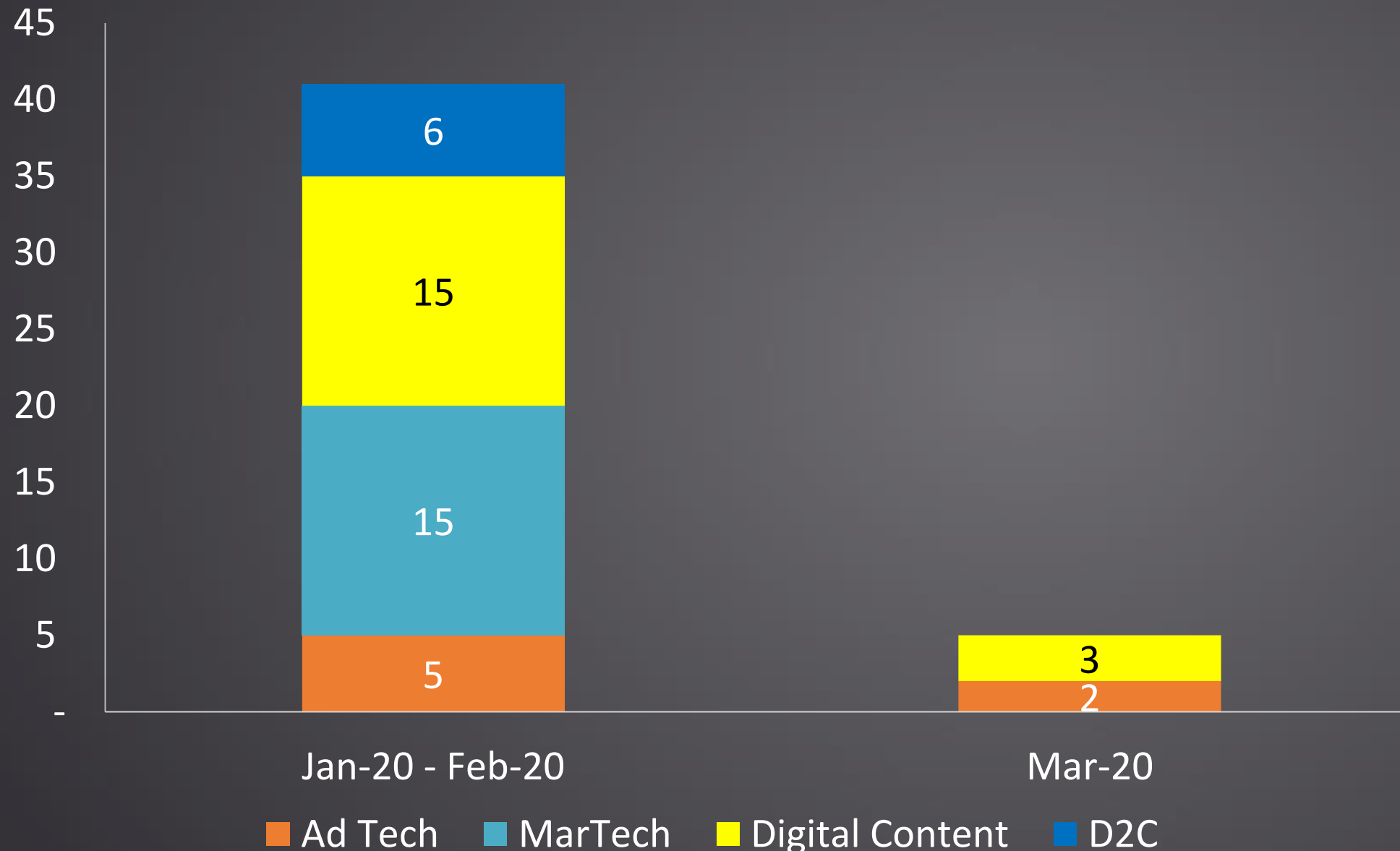


Commentary

- Q1 2020 was the slowest quarter for M&A since we started this report, with total deal count down nearly 40% from Q1 2019.
- Unsurprisingly, deal count fell off around March, as fallout from the COVID-19 pandemic impacted buyers' willingness to do deals.
  - M&A activity in the quarter was already pacing below prior quarters' levels, and activity further declined in March due to COVID-19.
- Despite this M&A market slow-down, several notable deals occurred in MarTech and Digital Content, with an emphasis on Identity and Convergent TV with deals such as Salesforce / Evergage and the sales of XUMO and Tubi.

# COVID-19 Impact – M&A

# of Transactions – Pre & Post March 2020

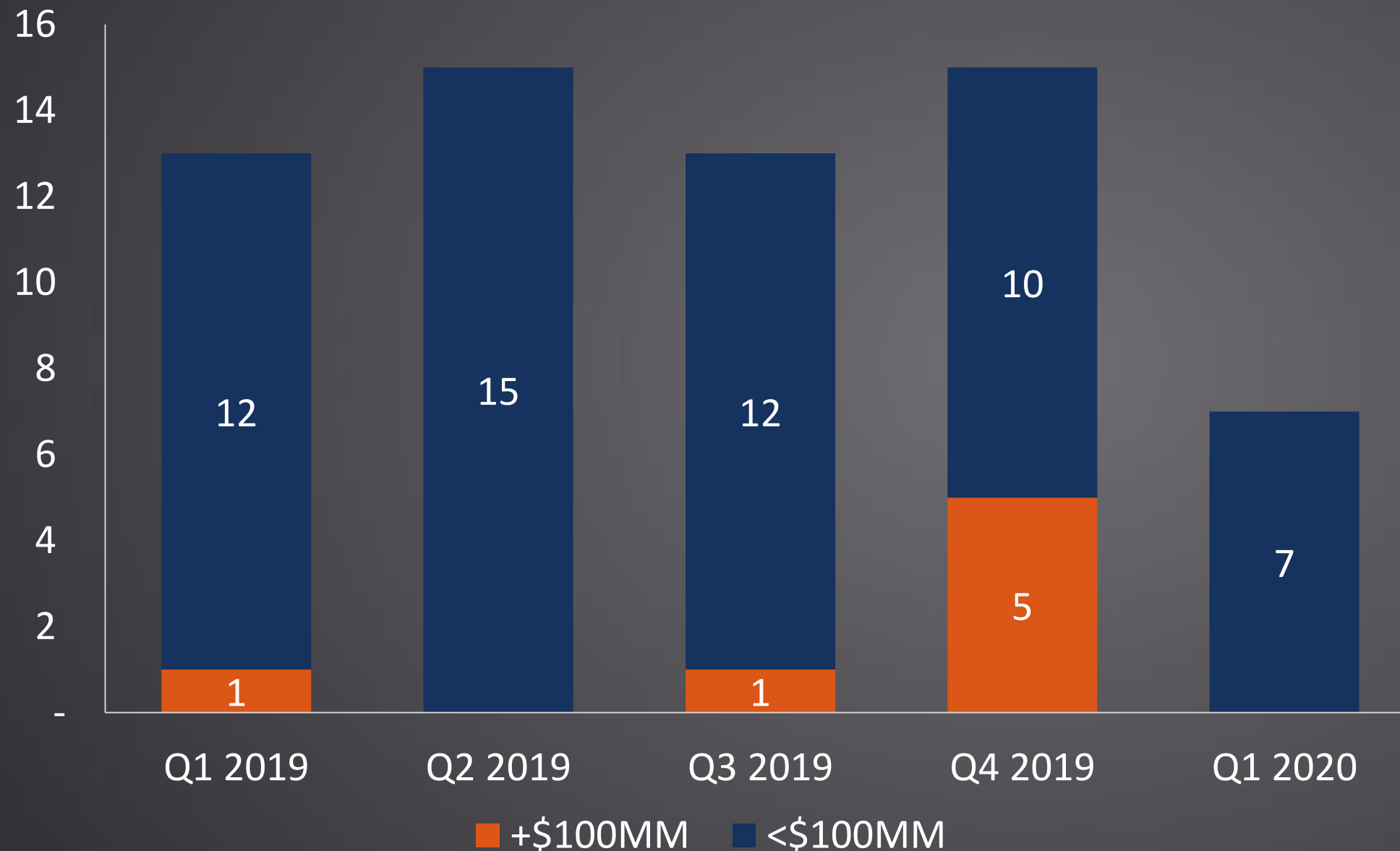


## Observations

- The growing global economic uncertainty and deterioration of the public markets caused an already slow M&A market to screech to a halt with only 5 transactions in March 2020, following ~20 in January and February, respectively.
- Even before the market downturn in late February / early March 2020, M&A across Ad Tech, MarTech, Digital Content, and D2C was on pace to be a relatively slow quarter of around 60 deals in total (compared to 81 in Q4 2019 and 76 in Q1 2019).

# Ad Tech M&A Activity

## # of Transactions









## Observations

- Q1 2020 Ad Tech deal-making tapered off from recent Q4 2019 highs, falling ~50% on both a quarter-over-quarter and year-over-year basis.
- Strategic M&A (deals +\$100MM) fell off completely in Q1 2020. This is after an extremely strong Q4 2019 in Ad Tech, during which five companies transacted at or above \$100MM.
- Instead of strategic deals, the preponderance of transactions in Q1 2020 were capitulation transactions from companies that had previously raised at strong valuations.

## Looking Ahead - Ad Spend

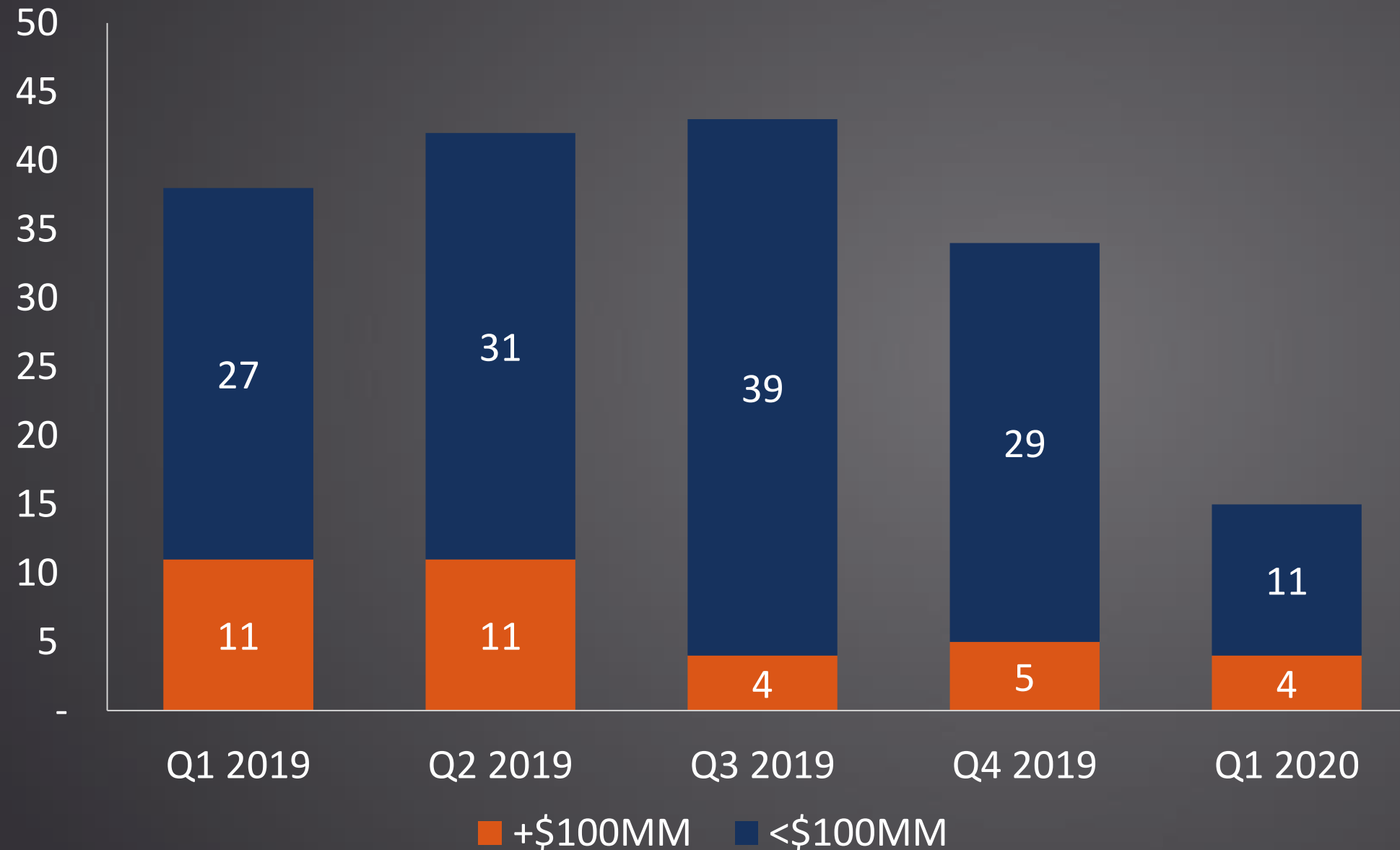
- The largest question mark for everyone in the market right now is the impact of COVID-19 on businesses writ-large. For Ad Tech, specifically, the most likely near-term effect on individual company performance and valuations will be the decrease in ad spend due to brands' cost saving measures. As an example, Twitter warned on 3/23 that its financial performance would fall off as the pandemic depresses advertising spending.
- It is possible that Ad Tech vendors will be in a cash crunch as ad spend falls and marketing budgets are cut. To that end, look out for a rise in capitulation deals for less-scaled players.

# Ad Tech – Q1 2020 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$76MM	ND	Cadent acquired CTV device-graph vendor 4INFO to help Cadent's buyer clients to better allocate spend across channels and platforms. Through 4INFO's partnerships with streaming publishers, Cadent will have access to the key OTT and CTV inventory that they did not prior.
		ND	\$19MM	Tremor International, the Ad Tech company borne out of the Tremor Video DSP spin-off, acquired Unruly, a programmatic video ad network, from its parent News Corp. The deal consideration was that of Tremor International and a minimum revenue guarantee for News Corp of ~\$35MM. The deal value, around \$19MM, was significantly less than the \$176MM News Corp paid for the asset in 2015.
		\$94MM	ND	Media and Games Invest (MGI) acquired the assets of Verve, a location-based mobile marketing platform that combines location intelligence and premium inventory with display and video advertising experiences. The acquisition expands MGI's product portfolio, customer base and sales organization and strengthens its position in the North American market, and is expected to generate synergies in combination with MGI's media and gaming companies.

# MarTech M&A Activity

## # of Transactions












## Observations

- MarTech deal-making, which was arguably the hottest M&A sector of 2019, fell off dramatically in Q1 2020 – down ~60% both quarter-over-quarter and year-over-year.
- There were, however, several notable deals that occurred related to Identity, Automation, and Personalization. Salesforce completed two transactions during Q1, the first being its acquisition of personalization and CDP company, Evergage, and the second being its \$1.3Bn acquisition of CRM tool developer Vlocity. Identity management and fraud prevention remain important sub-sectors of MarTech, evidenced by ZMC's acquisition of Identity-as-a-Service provider Simeio Solutions and LexisNexis' acquisition of email fraud prevention company Emailage for \$480MM.

## Looking Ahead – COVID-19

- Unlike Ad Tech, MarTech companies' revenues are less likely to dry up over night, as they are often SaaS-based versus tied directly to ad spend. What we're most looking to understand over the coming months will be the long term impact on growth and retention as the impacts of COVID-19 trickle through their customers.

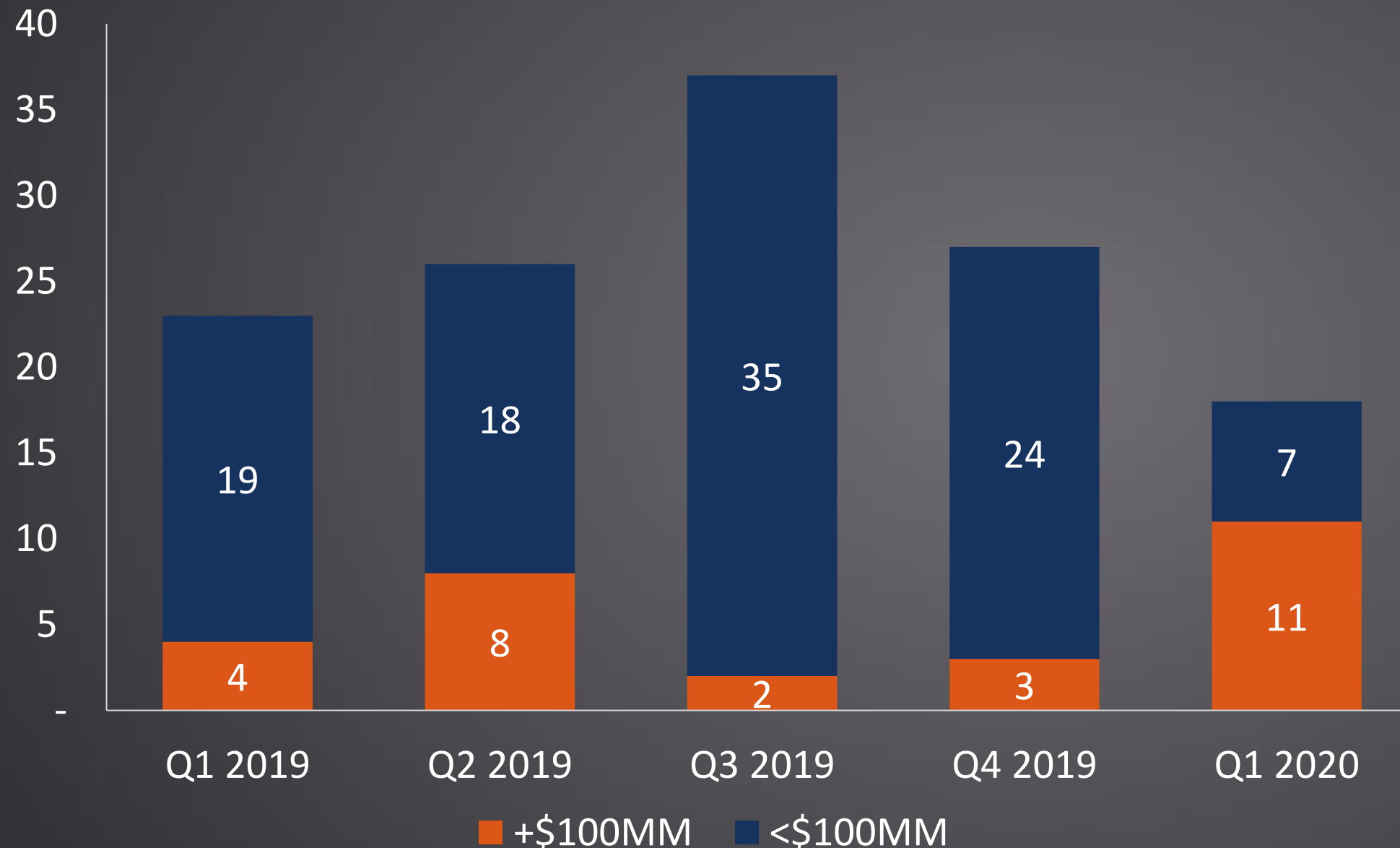
# MarTech – Q1 2020 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$311	ND	Centerfield, a marketing technology platform focused on customer acquisition, was acquired by Platinum Equity for an undisclosed sum. This marks Platinum Equity's second acquisition of a MarTech company in the past twelve months, following its take-private of Cision in Oct-19 for ~\$2.7Bn
		\$56	\$480	LexisNexis acquired Emailage, a company that predicts fraud associated with email addresses and online identities, in a deal that reportedly valued Emailage at \$480MM. This is the latest in a recent string of buyouts by LexisNexis' Risk Solutions group.
		\$28MM	ND	Evergage's real-time, cross channel personalization and machine learning capabilities will complement the Salesforce Marketing Cloud's robust customer data, audience segmentation and engagement platform, enabling companies to deliver more relevant experiences during moments of interaction across the customer journey.
		\$163MM	\$1,330MM	Vlocity, a company that builds industry-specific CRMs on top of Salesforce, was acquired by Salesforce in a \$1.33Bn all-cash deal.
		ND	ND	Identity-access management vendor Simeio was acquired by private-equity group Zelnick Media Capital for an undisclosed amount. The deal marks ZMC's first investment directly into the identity space.



# Digital Content M&A Activity

## # of Transactions

















## Observations

- While overall deal count fell double-digit percentage amounts in Q1 2020 from Q1 2019 and Q4 2019, there were double-digit scaled (+\$100MM), strategic transactions in the Digital Content space.
- In the digital publishing and audio spaces, popular sports and pop-culture publishers / podcast producers Barstool Sports and The Ringer were acquired by Penn National Gaming and Spotify for \$450MM and \$250MM, respectively.
- The Streaming Wars continued to wage on, as we witnessed two major moves into AVOD by large broadcast corporations, Comcast and FOX, via their acquisitions of XUMO and Tubi TV. Additionally, OTT vendor FuboTV announced a reverse-merger with the virtual entertainment company FaceBank.

## Looking Ahead – Streaming Wars

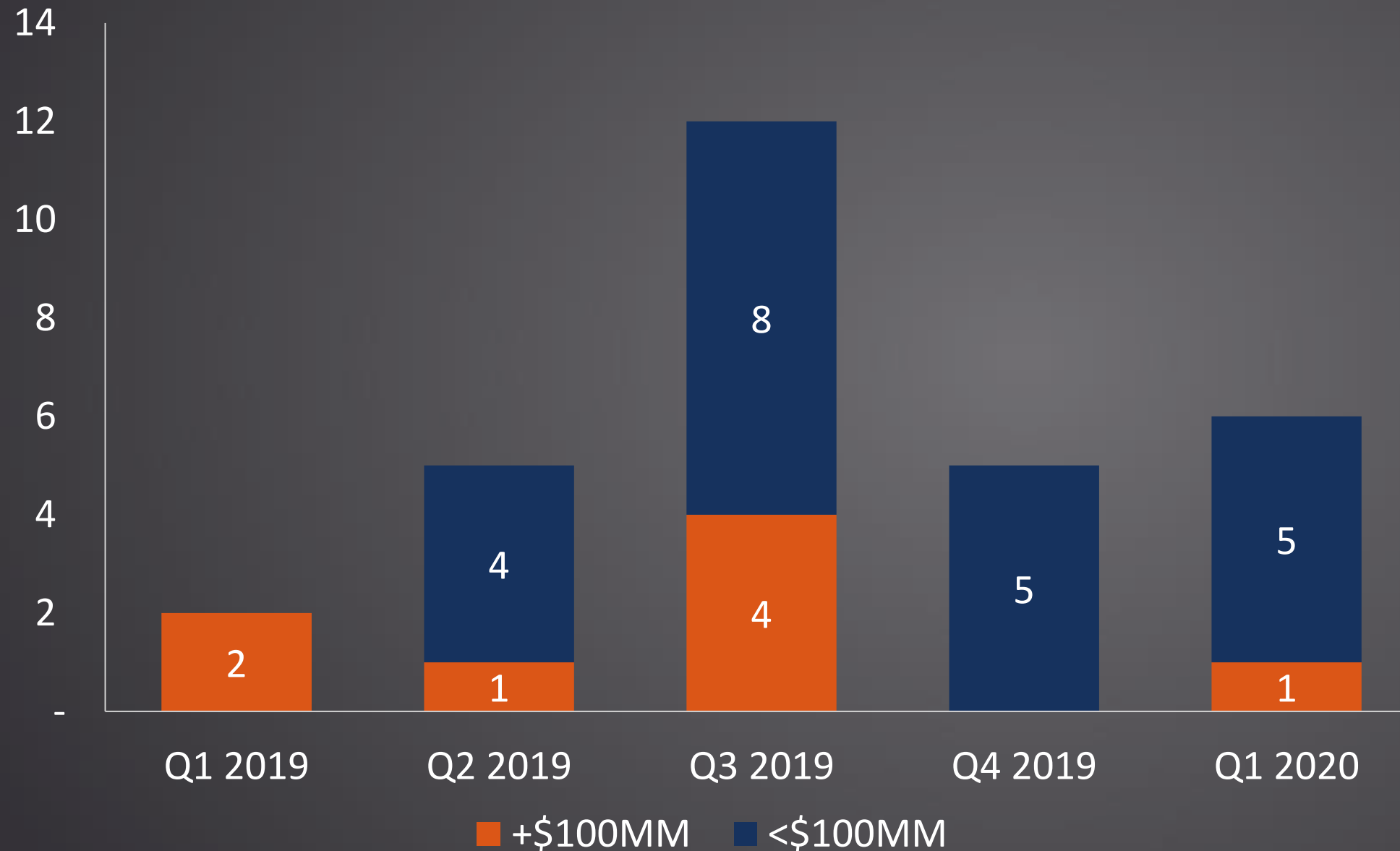
- With the number of independent OTT / AVOD companies shrinking and the majority of CTV strategics now having these capabilities, look out for these same acquirers to bolster their content and streaming assets with tech-enabled optimization and analytics capabilities

# Digital Content – Q1 2020 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
	<b>Snap Inc.</b>	ND	ND	Snap acquired AI Factory, creator of next generation Augmented Reality messaging products. AI Factory is powering Snapchat's recently launched Cameos, a new way for users to express themselves in the moment. Cameos make Snapchatters the star of their own short, looping videos they can share with friends in Chat. AI Factory was founded by Victor Shaburov, who previously started facial-recognition startup Lookserly, which Snap acquired in 2015 to power its animated-selfie Lenses.
	 <b>PENN NATIONAL GAMING, INC.</b>	\$15MM	\$450MM	Penn National Gaming increased its ownership stake in digital published Barstool Sports in a deal that valued Barstool at \$450MM. Penn National acquired first a 36% stake in the company for \$163MM in cash and stock, three years later, the casino company will pay another \$62MM to bring its stake to 50%, with the ability to buy a controlling stake.
	 <b>FACEBANK</b>	\$301	ND	In the first SPAC deal of the Streaming Wars, OTT provider FuboTV merged with the virtual entertainment company Facebank Group. Following the closer of the merger, FuboTV will become a wholly owned subsidiary of Facebank, and Facebank will be renamed FuboTV Inc.
	 <b>SCOPELY</b> SEIZE THE PLAY	NA	ND	FoxNext Games, the makers of mobile game "MARVEL Strike Force" and other titles, was sold to Scopely by Disney. These gaming studios were acquired by Disney in 2019 as part of its acquisition of 21 <sup>st</sup> Century Fox. "MARVEL Strike Force" was released in March 2018 and is reported to have generated \$150MM in its first year across iOS and Android devices.
	 <b>Spotify</b>	ND	\$250MM	After reporting a 200% growth in podcast listening, Spotify has further bolstered its content library by acquiring the popular sports podcast network The Ringer for \$250MM.
	<b>STILLFRONT GROUP</b>	ND	\$400MM	Stillfront Group acquired mobile gaming studio, Storm8, in what Stillfront calls one of the largest acquisitions in its history and is reported to value Storm8 at up to \$400MM. Storm8 is the developer of casual games, such as "Dragon Story", and also works on licensed games, such as "Property Brothers Home Design".
	 <b>FOX</b>	\$125MM	\$440MM	As the streaming wars continue to heat up, Fox acquired AVOD streaming platform Tubi TV for \$440MM to help expand its digital offering and provide more advertising opportunities. Tubi is currently available on over 25 digital platforms with 20,000 film and TV titles in its content library.
	 <b>COMCAST</b>	ND	>\$100MM	Comcast acquired XUMO, an advertising-supported free streaming service that comes pre-installed on smart televisions. It was reported that Comcast paid over \$100MM for the company, which has 55 employees and claims over 10MM monthly active users.

# D2C M&A Activity

## # of Transactions









## Observations

- D2C was the only sector covered in this report that experienced Q1 2020 deal-count growth from a quarter-over-quarter and year-over-year perspective.
- Perhaps the biggest news that came out of D2C in Q1 2020 was the FTC blocking Edgewell's acquisition of D2C razor company Harry's.
- Among the notable deals in Q1 2020 were P&G's acquisition of female razor company, Billie, and Colgate-Palmolive's acquisition of premium oral care company, Hello.
- We also note that the shuttering of CPG start-up, Brandless, is demonstrative of challenges related to applying the D2C model in a low-LTV vertical.

## Looking Ahead

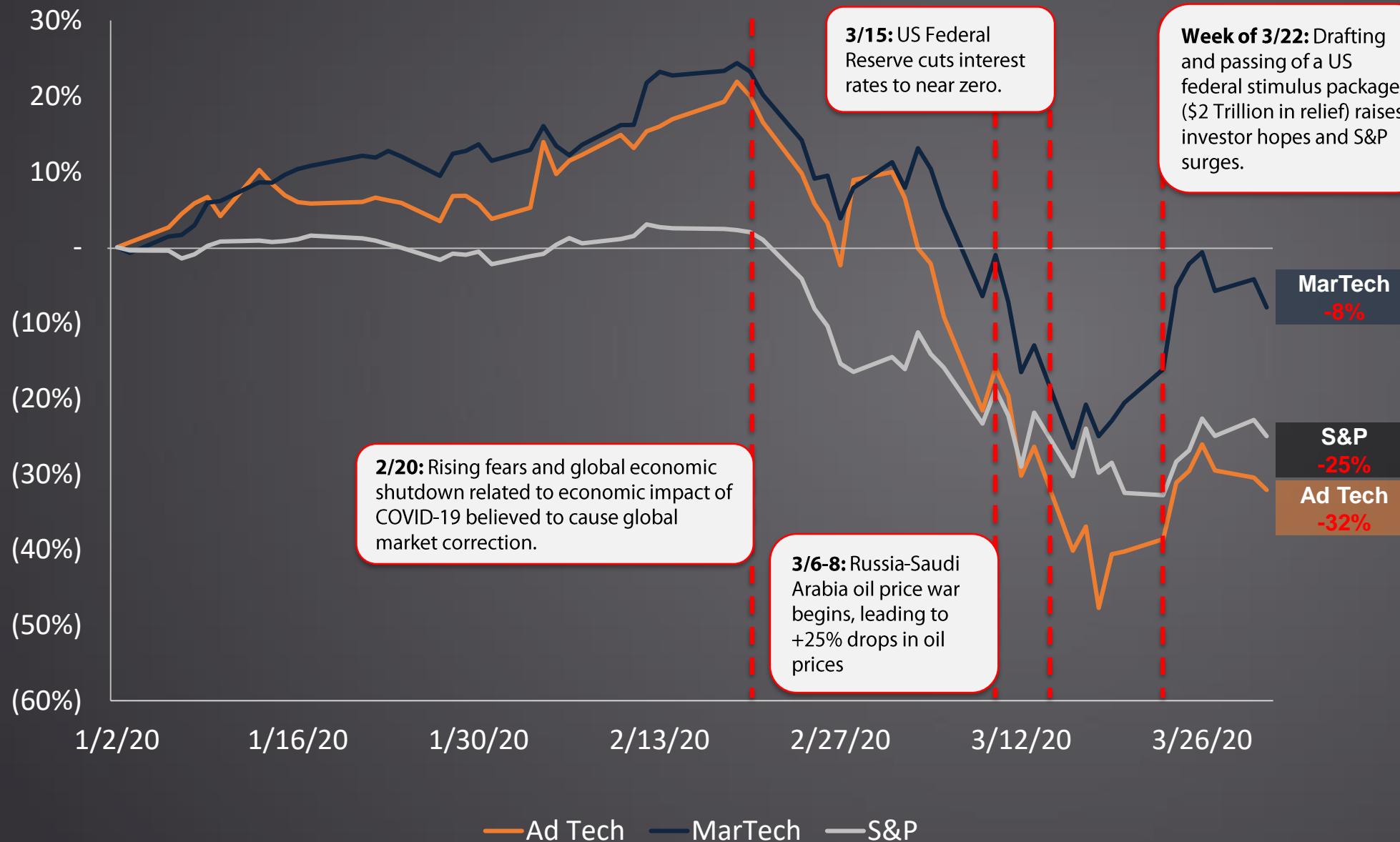
- D2C is in an interesting position, as COVID-19 is having a dramatic impact on the retail sector in general. D2C will most certainly be impacted by the pandemic from supply-chain & manufacturing challenges. Additionally, the rising unemployment rate is likely to drive down consumer spending on discretionary items.
- The silver lining in D2C could be that once consumers become more comfortable interacting and buying online through this crisis, D2C is positioned to gain market share from traditional brick-and-mortar retailers.

# D2C – Q1 2020 Notable Deals

	Acquirer	Capital Raised	Enterprise Value	Comments
		\$35MM	ND	As part of its broader strategy to build more direct connections with the consumer, P&G acquired D2C women's razor subscription company Billie to compliment its existing portfolio of women's grooming brands.
		\$6.4MM	ND	Hello Products, a premium oral care brand focused on natural products, has been acquired by Colgate-Palmolive to help expand into Hello's younger customer demographic.
		NA	~\$110MM	Italy based eyewear company Safilo Group has acquired a majority stake in celebrity endorsed eyewear brand Privé Revaux for \$68MM. Safilo plans to build on Privé Revaux's digital marketing strategy and leverage it's millennial focused consumer base.

# COVID-19 Impact – Public Sector

## Market Value % Change

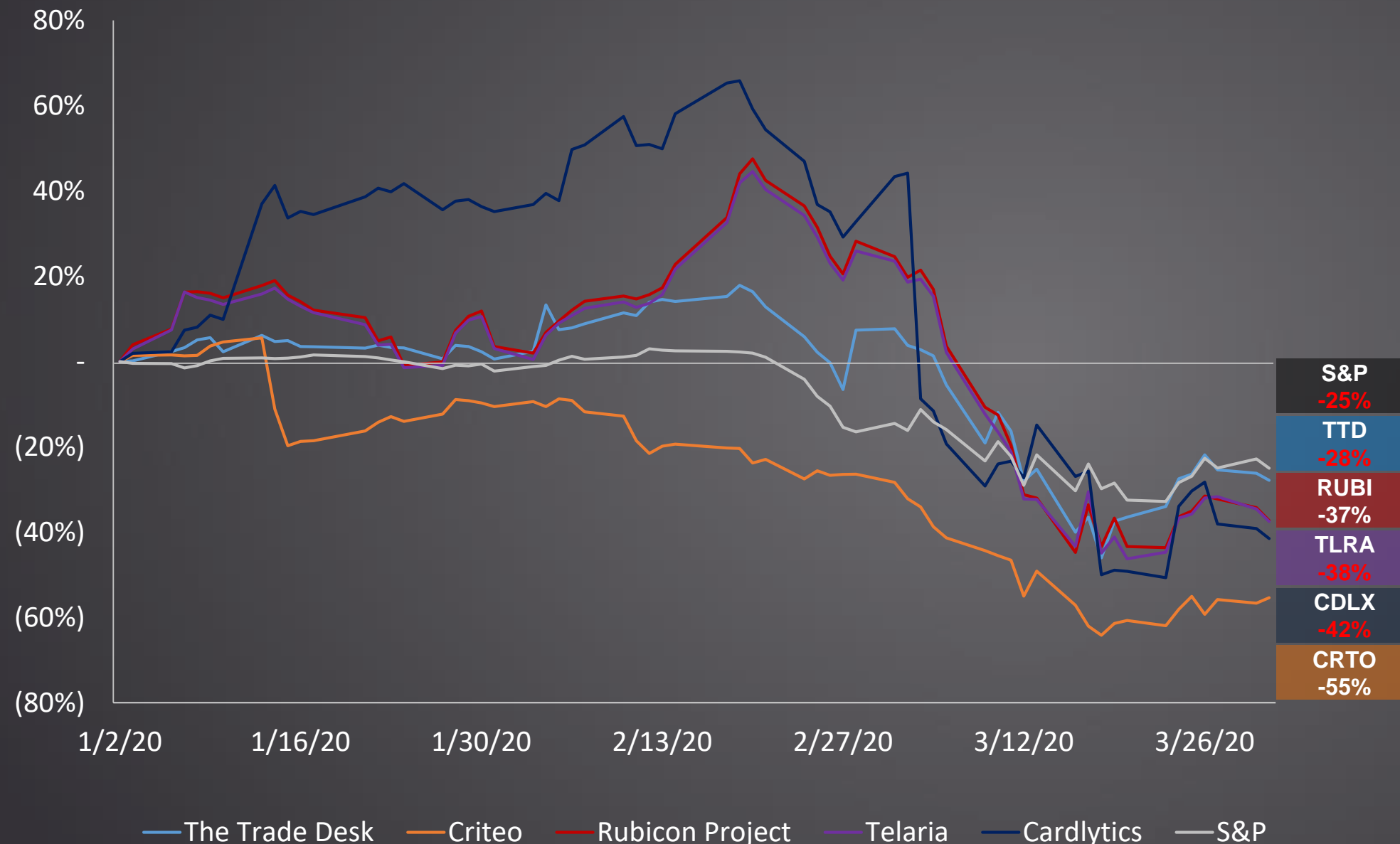


## Observations

- Leading up to February 20, 2020, the Ad Tech and MarTech sectors were up 22% and 24%, respectively
- The subsequent downturn in the market has been significantly more consequential for Ad Tech companies than MarTech companies – with the MarTech sector down 26% from 2/19/20 while Ad Tech is down 44% from that point

# Ad Tech – Q1 2020 Market Performance

Market Value % Change

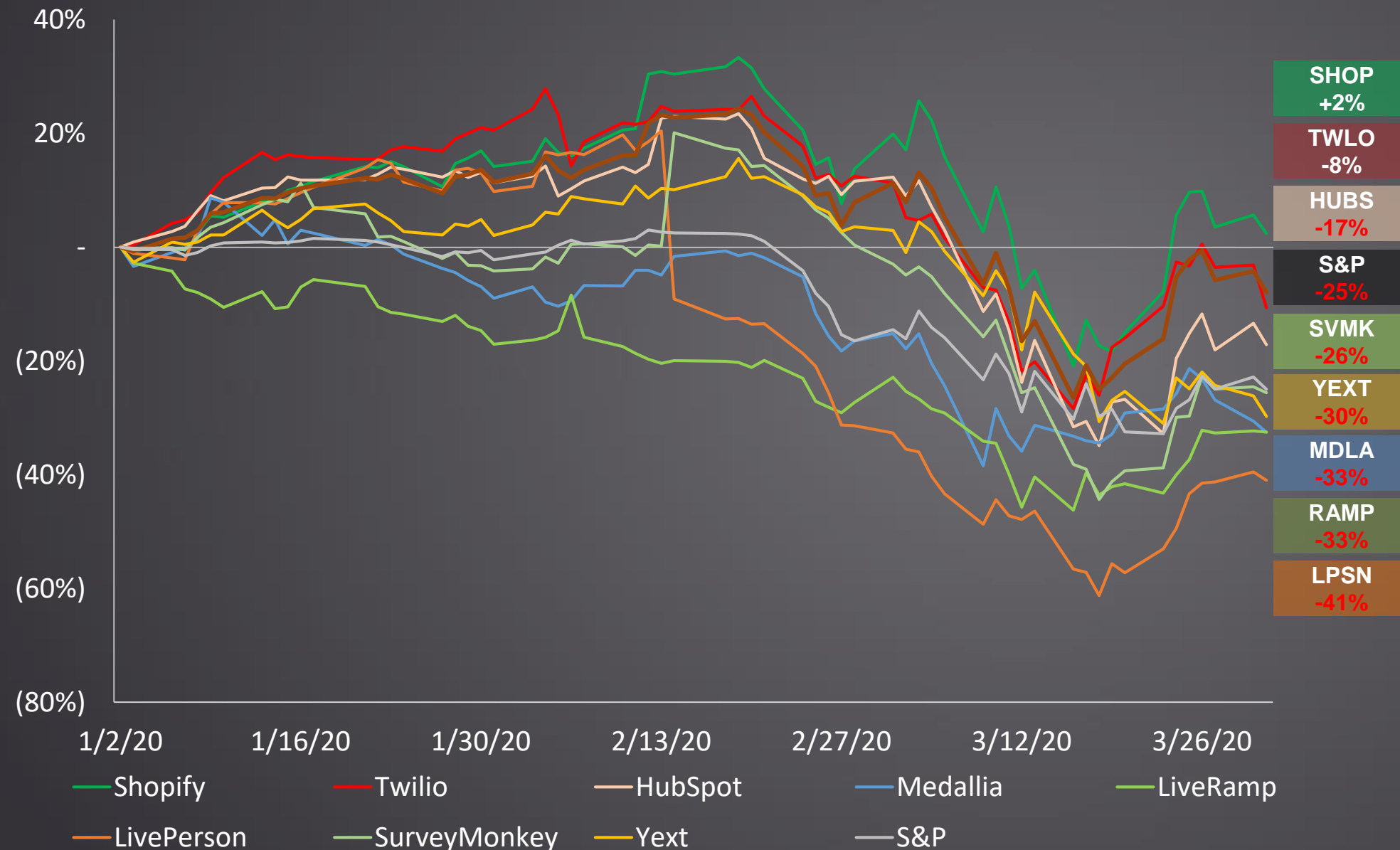


## Observations

- Prior to the massive COVID-19 sell-off, the performance of public Ad Tech companies was strong. Excitement around the merger of Rubicon Project and Telaria sent shares of both companies soaring up 40% from the beginning of the quarter, and at one point Cardlytics' market cap rose to over \$2.5Bn. Since then, however, the industry has not fared well, and is down 32% on the quarter.
- The heightened volatility in the public markets have not treated Ad Tech kindly. TTD, the largest company in the sector, has experienced declines in-line with the market, down 28%, while the to-be-merged Telaria and Rubicon Project have performed slightly below the market, both down ~37%.
- Stocks with higher volatility or that were already experiencing declines, such as Cardlytics and Criteo, have been hit the hardest during this uncertain time, falling 42% and 55%, respectively.

# MarTech – Q1 2020 Market Performance
















Market Value % Change



## Observations












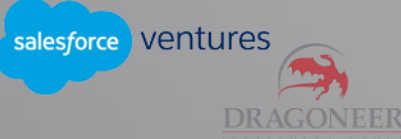


- In MarTech, the picture is slightly brighter than in Ad Tech, as the sector as a whole has outperformed the market, though is still down on the quarter roughly 8%.
- The main reason for the sector aggregate performance being above market is related to Shopify and Twilio's performance. While the S&P is down 25% on the quarter, Shopify and Twilio have managed to either grow or nearly maintain market value. Shopify is up 2% and Twilio is down just 11%, from the beginning of the quarter. Excluding those two companies, the sector is down 27%.
- Companies that have been most hard hit by the downturn include Medallia, LiveRamp, and LivePerson, which have declined 33%, 33%, and 41%, respectively, since the beginning of the quarter.

# Q1 2020 Key Financings – Ad Tech / MarTech (1/2)







	Lead Investor	Capital Raised	Valuation	Comments
		\$40MM	ND	6sense, an account-based orchestration platform that enables B2B sellers and marketers to more effectively & intelligently target new accounts, raised \$40MM from Insight Partners. This new round comes after a year in which the company reports it doubled its customer base.
		\$32MM	ND	As the CDP sector continues to attract significant investment, ActionIQ raised \$32MM in Series C funding to accelerate the expansion of sales and marketing.
ActiveCampaign >		\$100MM	ND	ActiveCampaign, the Chicago-based customer experience automation platform, raised \$100MM to continue to scale the platform and build out its in-house technology. ActiveCampaign, founded in 2003, is profitable and currently works with over 90,000 customers in 160 countries.
		\$210MM	\$1,600MM	Mobile ad attribution platform AppsFlyer raised \$210MM at a \$1.6BN valuation. AppsFlyer currently has over 12,000 customers and reported \$150MM ARR in 2019.
		\$70MM	ND	Just six months after raising \$40MM, personalized mobile messaging platform Attentive raised \$70MM as its client base has grown to over 750. Attentive is looking to expand beyond the US and Canada and grow its client base beyond e-commerce.
		\$50MM	ND	Just four months after raising a \$50MM Series C from Bessemer Ventures, BigID raised an additional \$50MM from Tiger Global Management. BigID develops a privacy platform that helps companies managed sensitive consumer data and maintain privacy law compliance.
		\$13MM	ND	Blueconic, developer of a customer data platform designed to offer cross-channel marketing services, raised \$13MM, bringing the total amount raised to \$25MM. In 2019, Blueconic enhanced its consent management capabilities to support consumer privacy issues and reported its ARR doubled in that timeframe.
		\$22MM	ND	GumGum, a contextual advertising platform, raised \$22MM from existing investors to pursue potential acquisitions after the business reported \$155MM in global revenue in 2019.








# Q1 2020 Key Financings – Ad Tech / MarTech (2/2)

	Lead Investor	Capital Raised	Valuation	Comments
		\$15MM	ND	Led by former Salesforce and Krux executives, Habu raised \$15MM in Series A funding to help deliver personalized messages to the consumer across all channels and at every stage of the customer journey.
		\$25MM	ND	MoEngage, a customer engagement and insights startup with offices in San Francisco and Bangalore, raised \$25 million in Series C funding. Eight Roads led, and was joined by F-Prime Capital, Matrix Partners India, and Ventureast.
		\$45MM	ND	Customer data platform mParticle raised \$45MM in funding to help build out new products, scale its global data infrastructure and pursue new partnerships. mParticle also announced a new partnership with LiveRamp to combine mParticle's first-party data assets with LiveRamp's third-party data.
		\$210MM	\$2,700MM	Global consumer privacy technology company OneTrust raised \$210MM at a \$2.7BN valuation. OneTrust currently works with over 5,000 customers to help solve for the consumer privacy challenges around GDPR, CCPA and other data regulations.
		\$12MM	ND	Placer.ai, a foot traffic & location data analytics company, raised a \$12MM Series A led by JBV Capital. The funding will be invested into R&D and expansion of operations within the US.
		\$479MM	\$12,400MM	Snowflake, a cloud-based data warehousing platform, raised \$479MM of Series G funding from Dragoneer Investment Group and Salesforce Ventures. The funding round raises Snowflake's valuation to \$12.4Bn and marks the formation of a new strategic partnership with Salesforce.
		\$17MM	ND	SuperAwesome, the advertising platform focused on delivering kid-friendly content, raised \$17MM in funding. SuperAwesome currently works with over 300 customers and is reportedly projecting \$80-90MM in revenue for 2020.

# Q1 2020 Key Financings – Digital Content

	Lead Investor	Capital Raised	Valuation	Comments
		\$40MM	\$500MM	Minute Media, a holding group that owns digital sports and entertainment websites like the Players' Tribune and the Big Lead, has raised \$40 million in fresh funding. The funding will be used to make continued investment in Players' Tribune and help fund acquisitions, global expansion, and tech improvements
	ND	\$400MM	ND	Quibi, the highly anticipated short-form mobile video streaming platform, has raised a total of \$1,150MM, with the most recent fundraising valuing the company at \$1,750MM. Quibi has already sold \$150MM in ad inventory prior to its launch in April 2020 and will use this funding for content and marketing.
	ND	\$750MM	\$1,750MM	
	ANDREESSEN HOROWITZ	\$150MM	\$4,000MM	Online gaming platform Roblox, which currently has 115 million monthly users, raised \$150MM at a \$4BN valuation to continue its international expansion and invest in its engineering talent and infrastructure.
		\$75MM	ND	Soundcloud raised \$75MM from Sirius XM in exchange for a minority stake and two board seats at the music and podcast streaming platform. The strategic round comes as the Company claims it is trending toward \$200M+ revenue in 2020.
THE ATHLETIC	BEDROCK	\$50MM	\$500MM	The subscription based digital sports media company The Athletic raised \$50MM at a reported \$500MM valuation. This funding will be used to expand its global business as the company approaches 1 million subscribers.

# Q1 2020 Key Financings – D2C

	Lead Investor	Capital Raised	Valuation	Comments
<i>allbirds</i>	 	\$75MM	ND	Allbirds, the D2C footwear company that focuses on using sustainable materials, has raised \$75MM to develop systems to further reduce its carbon footprint in the future.
<b>brooklinen</b>		\$50MM	ND	Brooklinen, the online bedding and linens retailer, raised \$50MM in funding for international expansion and growing its physical retail presence. Brooklinen reported a 40% increase to \$100MM in revenue for 2019.
MODA OPERANDI	 	\$100MM	//	Moda Operandi, an online marketplace that offers luxury fashion products from over 1,000 brands and designers, raised \$100MM to further invest in the client and designer experience.
<b>TECOVAS</b>	ND	\$15MM	ND	Tecovas, the D2C retailer for western style footwear, raised \$15MM in funding to help further expand into physical retail.



*presents*

# WFH Webinar Series



**Wednesdays  
at 2 pm ET**

*Hosted by* **Terry Kawaja**  
**LUMA Partners**

**#MustSeeTV**

**IT'S  
FREE**



**PANTS  
OPTIONAL**

# WFH Webinar Schedule

Stream Wars and the Future of TV .....	3/18*
Identity and Consumer Privacy .....	3/25*
Comedy in Business .....	4/1 (duh)
State of Industry Consolidation .....	4/8
Emerging Trends in Marketing .....	4/15
The Future of Direct to Consumer .....	4/22
Creative and the Consumer .....	4/29



*\*Available on YouTube*

# LUMA's Recent Deals

February 2020



has been acquired by



*The undersigned acted as exclusive financial advisor to Evergage, Inc.*




January 2020



has been acquired by



*The undersigned acted as exclusive financial advisor to AI Factory, Inc.*



December 2019




has agreed to merge with



*The undersigned acted as financial advisor to The Rubicon Project, Inc.*




November 2019




**nanigans**  
SOCIAL ADVERTISING BUSINESS


has been acquired by



*The undersigned acted as exclusive financial advisor to Nanigans, Inc.*




October 2019




has been acquired by




*The undersigned acted as exclusive financial advisor to clypd, Inc.*




July 2019




has been acquired by




*The undersigned acted as exclusive financial advisor to SafeDK Mobile Ltd.*




May 2019



has been acquired by



*The undersigned acted as exclusive financial advisor to Return Path, Inc.*

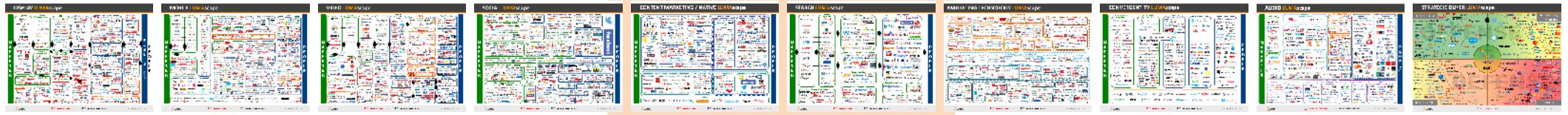


# LUMA's Differentiated Value Proposition



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

# LUMA's Content-Driven, Expert-Based Approach



DISPLAY MOBILE VIDEO SOCIAL NATIVE SEARCH MARTECH CTV AUDIO STRATEGIC BUYERS

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



**Publications**  
(over 4 million views)



**Digital Briefs**



**Conference Keynotes**



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