AdTech Consolidation

Observations & Discussions

Executive Summary

Strong Focus on Mobility

Brands pursue customers through a mix of mobile, video, display and social media advertising, with a strong focus on the current mobile space. The mobile advertising industry will reach $50B in 2015

Automatic Buying and Targeting

Real-time bidding platforms account for more than 50% of the US digital display market. The heart of AdTech lays in the connection between DSPs and DMPs to effectively serve the right ad at the right place

Increasing Control of Ad Quality

Advertisers are complaining about the poor quality of online advertising and its opaque practices. As a consequence, publicly traded AdTech firms are challenged by the market, and venture capital funding for advertising technology networks has been drying up since 2011

M&A Considerations

– Consolidation in the space began several years ago and even though acquisitions in the space will continue into the future, the nature of what buyers need has changed. The major acquirers have little appetite for small-scale businesses. The lack of funding in the space will push for further consolidation

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AGENDA

I. LANDSCAPE OBSERVATIONS

II. BUYERS SEGMENTATION

III. SUPPORTING VALUATION DATA

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Section I

LANDSCAPE OBSERVATIONS

AdTech Consolidation Will Continue

AdTech's Ongoing Consolidation Fueled by Mobile Advertising

Source: 451 research

Consolidation will continue as long as the space remains crowded

- The AdTech ecosystem is fragmented around 1,000 companies, many of them provide overlapping services
- 2014 marked a record 94 deals, vs. 45 deals in 2013. 2015 is off to a strong start in AdTech M&A activity, with already 28 deals sealed since January 1st

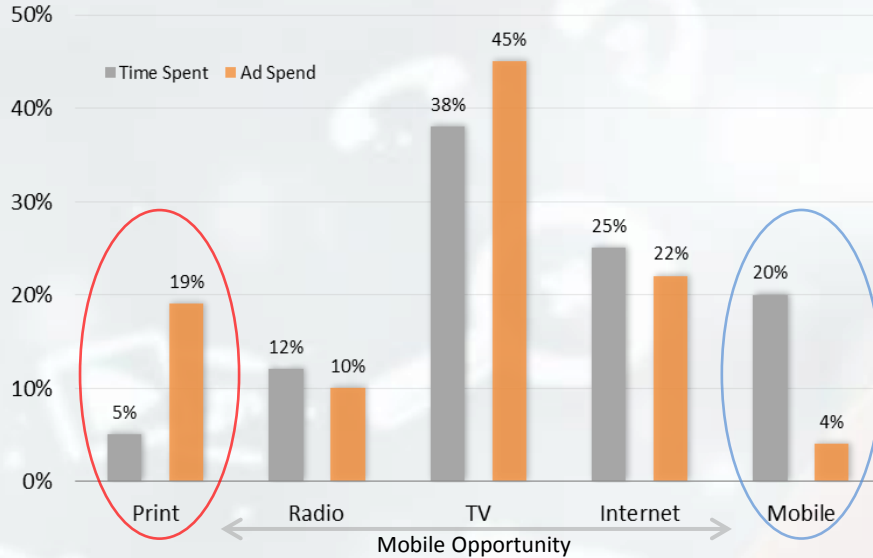### Increasing concentration in Mobile Advertising

- Google and Facebook combined mobile ad market share reached 70% in 2014 vs. 58% in 2012
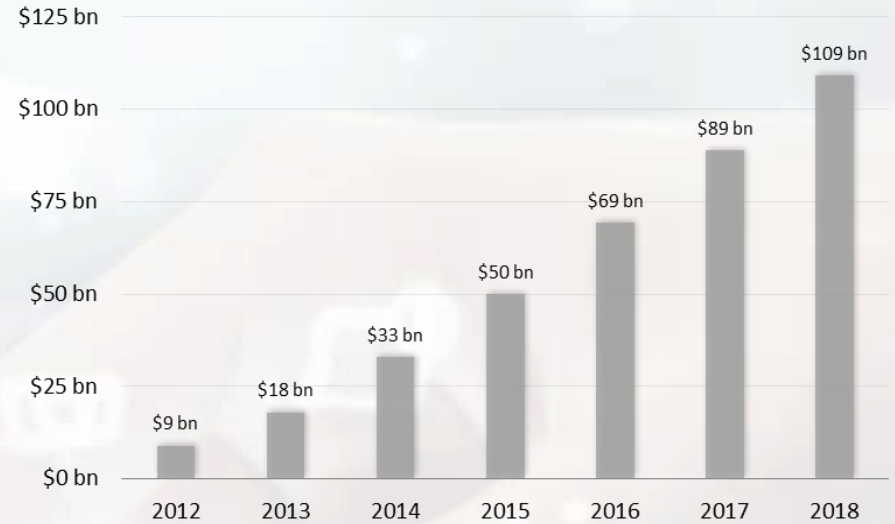- 43 mobile advertising M&A deals in 2014 vs. 21 in 2013

MOBILE REPRESENTS THE GREATEST ADVERTISING OPPORTUNITY

DOLLAR VS. TIME SPENT IN THE U.S.

Legend: ■ Time Spent ■ Ad Spend

Category	Time Spent	Ad Spend
Print	5%	19%
Radio	12%	10%
TV	38%	45%
Internet	25%	22%
Mobile	20%	4%

Mobile Opportunity

MOBILE AD SPEND CONTINUES TO INCREASE

Year	Mobile Ad Spend
2012	$9 bn
2013	$18 bn
2014	$33 bn
2015	$50 bn
2016	$69 bn
2017	$89 bn
2018	$109 bn

Source: eMarketer

MOBILE-FIRST NATIVE FORMATS ARE BETTER FOR MARKETERS & CONSUMERS

– Consumer in control: unobtrusive ads
– Leverages data to effectively target
– Connects through various touch points (from in-app purchase to email follow-ups)

MOBILE IS PROJECTED TO SURPASS DESKTOP AS EARLY AS 2015

– Mobile app usage exploded, on its way to becoming the majority of all digital media activity
– Approximately 31 percent of all traffic to the top 10 digital properties was exclusively via mobile users

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KEY MARKET DRIVERS - INCREASED APP USAGE

SMARTPHONE ADOPTION

75% of the US population use a smartphone in 2015. Will grow to 82% in 2018

LARGER SCREENS' SUCCESS

Smartphones with larger screens enhance user experience.
71.5M Iphones 6 shipped in Q4 2014

ENGAGING TECHNOLOGIES

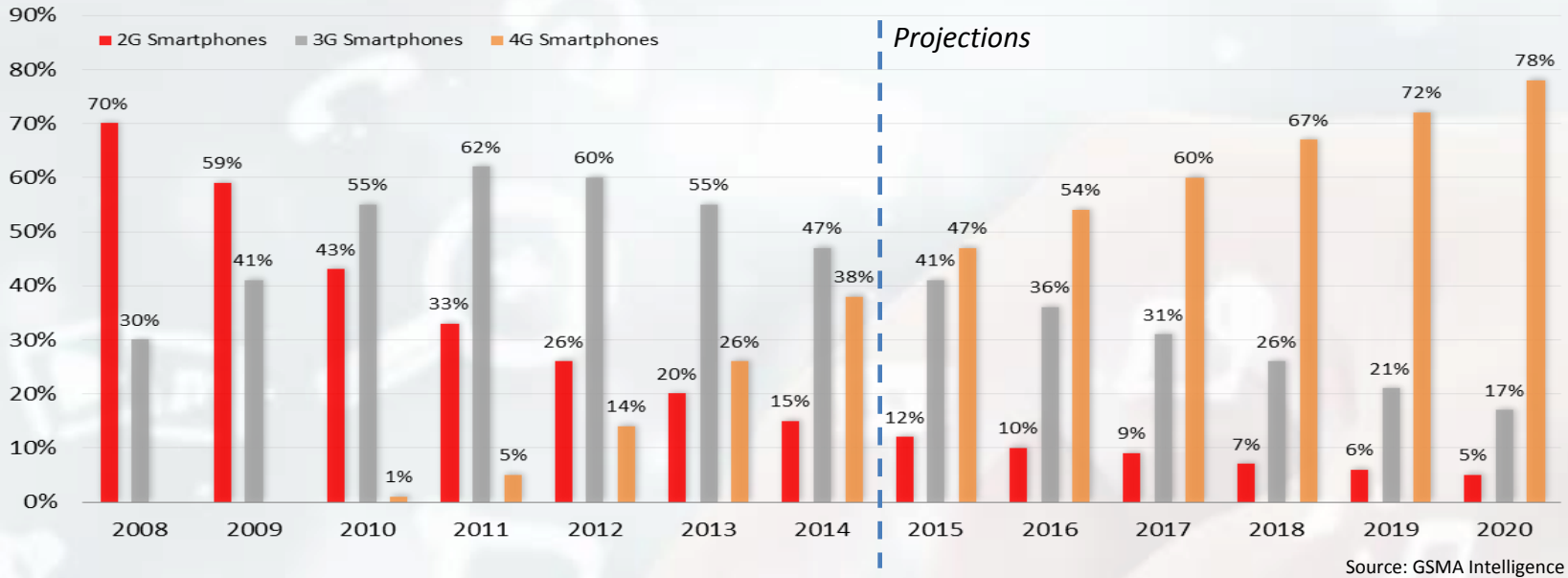New technologies make apps more engaging. 16% of all transactions at Starbucks occur through their mobile app

IMPLICATIONS

– Over 72% of the US mobile advertising spending occurs in-app. In-app advertisement already represents a $20B industry in 2015, and is expected to grow at $30B in 2016 according to eMarketer. As a consequence, in-app advertising providers will be highly demanded.

KEY MARKET DRIVERS - 4G COVERAGE DEVELOPMENT

MARKET SHARE OF 2G/3G/4G SMARTPHONES: 2008-2020

Projections

Legend: 2G Smartphones, 3G Smartphones, 4G Smartphones

Year	2G	3G	4G
2008	70%	30%	
2009	59%	41%	
2010	43%	55%	1%
2011	33%	62%	5%
2012	26%	60%	14%
2013	20%	55%	26%
2014	15%	47%	38%
2015	12%	41%	47%
2016	10%	36%	54%
2017	9%	31%	60%
2018	7%	26%	67%
2019	6%	21%	72%
2020	5%	17%	78%

Source: GSMA Intelligence

CONSUMERS ARE BECOMING ACCUSTOMED TO CONNECTING THEIR SMARTPHONES TO WI-FI WHENEVER POSSIBLE

– At home, at work, at family members' homes, at restaurants, at retail stores…
– As a result, tolerance for old 2G and 3G wireless connections is fading
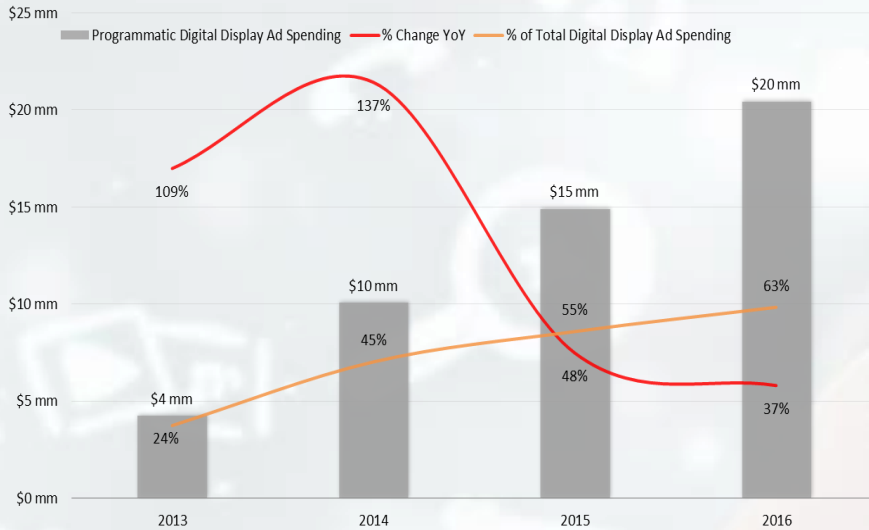
FAST DATA CONNECTIVITY SUITS RICH CONTENT FORMATS

– Rich content formats include gamification, videos, and other engaging contents
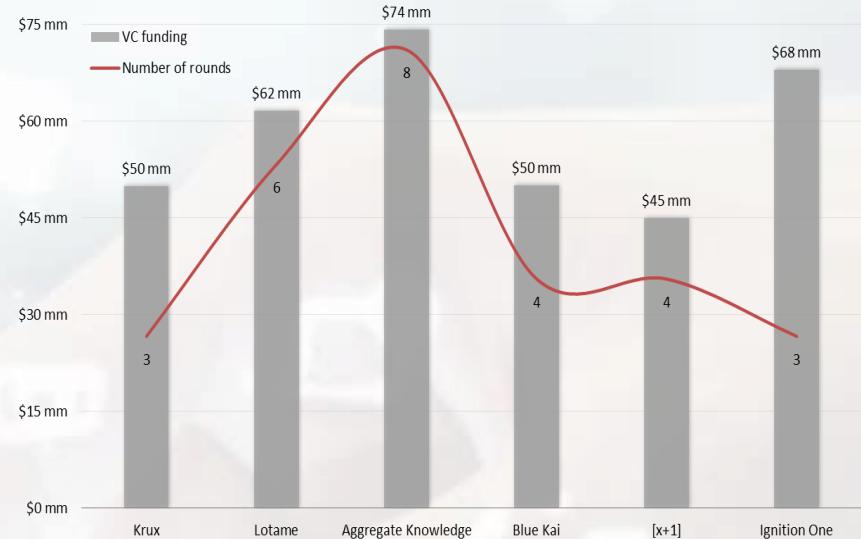– Such contents are obtrusive if they can't be viewed or loaded properly

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DSPs & DMPs Integration Allow Brands to Automatically Serve the Right Ad at the Right Place

US Programmatic Digital Display Ad Spending

Legend:
- Programmatic Digital Display Ad Spending
- % Change YoY
- % of Total Digital Display Ad Spending

Data points:
- 2013: $4 mm, 109%, 24%
- 2014: $10 mm, 137%, 45%
- 2015: $15 mm, 55%, 48%
- 2016: $20 mm, 63%, 37%

Leading Data Management Platforms Funding

Legend:
- VC funding
- Number of rounds

Data points:
- Krux: $50 mm, 3
- Lotame: $62 mm, 6
- Aggregate Knowledge: $74 mm, 8
- Blue Kai: $50 mm, 4
- [x+1]: $45 mm, 4
- Ignition One: $68 mm, 3

Source: eMarketer and Crunchbase

PROGRAMMATIC BUYING IS BECOMING THE NORM

– Voted "Word of the Year" by the Association of National Advertisers
– Automated ads will account for nearly 50% of US digital display market in 2014 - US Programmatic Ad Spend Tops $10B in 2014, to double by 2016. The expected programmatic 50% YoY growth in 2015 is over 3x higher than the 14% growth of digital advertising in general

DATA MANAGEMENT PLATFORMS MAKE PROGRAMMATIC BUYING RELEVANT

– DMPs are the most important tool in the process of automated ad-buying. By aggregating data from different campaigns, they allow an efficient targeting based on the user OS, gender, location browsing habits...
– DMPs differentiate ad promotion from obtrusive spamming

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AD TECH HAS A BUSINESS MODEL PROBLEM : POOR QUALITY, FRAUD, LOW REACH AND WASTE

53%

Of all US ad impressions were non-viewable. Mostly due to Non-Human Traffic (NHT), known as bots. ComScore's latest benchmarks indicate that only 46% of U.S. display ads are viewable

$6.3B

Will be lost in 2015 by global advertisers. Real-time bidding platforms increase the risk of serving fraudulent impressions.
Video ads are also deeply impacted: 23% are served to bots

NEW CURRENCY

"Viewability" will progressively become the new currency for online adverting. Advertisers will insist on paying only for inventory that actually reaches their desired audience

IMPLICATIONS

– As the AdTech companies tackle these sensitive issues, they'll gain back the trust of both their partners and investors. 2015 will see an increasing number of industry norms and practices to ensure sustainable future growth

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Major Trends in Ad Tech : What's Next?

Wearables

- Shipments are likely to register triple-digit growth this year
- Mobile-marketing firm TapSense announced the release of an Apple Watch ad-buying service. The service will provide a first glimpse of how businesses can serve up ads on the watch

Programmatic will move beyond digital display

- Smart TVs will be playing a bigger role in harnessing consumer data to not only make ads more accurate, but also for measuring the performance of ads in both the online and offline worlds
- Emergence of TV Data Management Platforms (DMP). The first programmatic TV ad was served during the 2015 Superbowl

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Section II

AdTech Buyers

ADVERTISING AGENCIES ARE EXPANDING THEIR ADTECH FOOTPRINT

LARGE AGENCIES ARE EXPECTED TO LEAD THE CONSOLIDATION TREND IN ADTECH THROUGH THEIR DIGITAL BRANDS

– Digital revenues of WPP reached 35%, consolidating Xaxis leadership. Digital revenues will represent 40-45% by 2020
– Digital advertising represents 40% of Publicis Revenues through Vivaki

AGENCIES HAVE TO PROTECT THEIR MARKET SHARE

– Forced to develop new digital capabilities to reach consumers on different platforms
– New business models such as system integrators and app developers are now emerging as serious competitor to agencies

MUST TRANSFORM INTO A "ONE-STOP-SHOP" SOLUTION

– Offer transparency and simplicity to advertisers
– Opportunity to regain control of the advertising supply chain as advertising agencies have so far opted to be customers, rather than owners, of the technology that executes digital media buying

LEADING DIGITAL AGENCIES

IPG

- Revenue: $20,033M
- Latest Ad Tech transaction : Optatros (Digital Consulting, Dec 2014)
- Investing behind tools that allow to harness big data to understand, target and engage consumers across digital channels

WPP

- Revenue: $18,106M
- Latest Ad Tech transaction : 15-20% stake in ComScore (Feb 2015) and a 14% stake in Appnexus (Sep 2014)
- Increase focus on impact of digital inventory trading compared to traditional media buying

OmnicomGroup

- Revenue: $15,181M
- Ad Tech transaction: Media Interactive SA (Apr 2014)
- Continue to identify acquisition opportunities intended to build upon the core capabilities of the strategic business platforms

PUBLICIS

- Revenue: $7,920M
- Acquired Monkees, an online marketing agency (Jan 2015)
- Acquired Run, an ad-bidding SaaS for $60M (Oct 2014) and Mobfox, a mobile advertising platform for $17M (Oct 2014)

HAVAS

- Revenue: $2,051M
- Ad Tech transaction : Bird & Schulte Ad (Jan 2015)
- Creating a simplified agency structure that means one-stop shopping for all the services and offerings the clients need
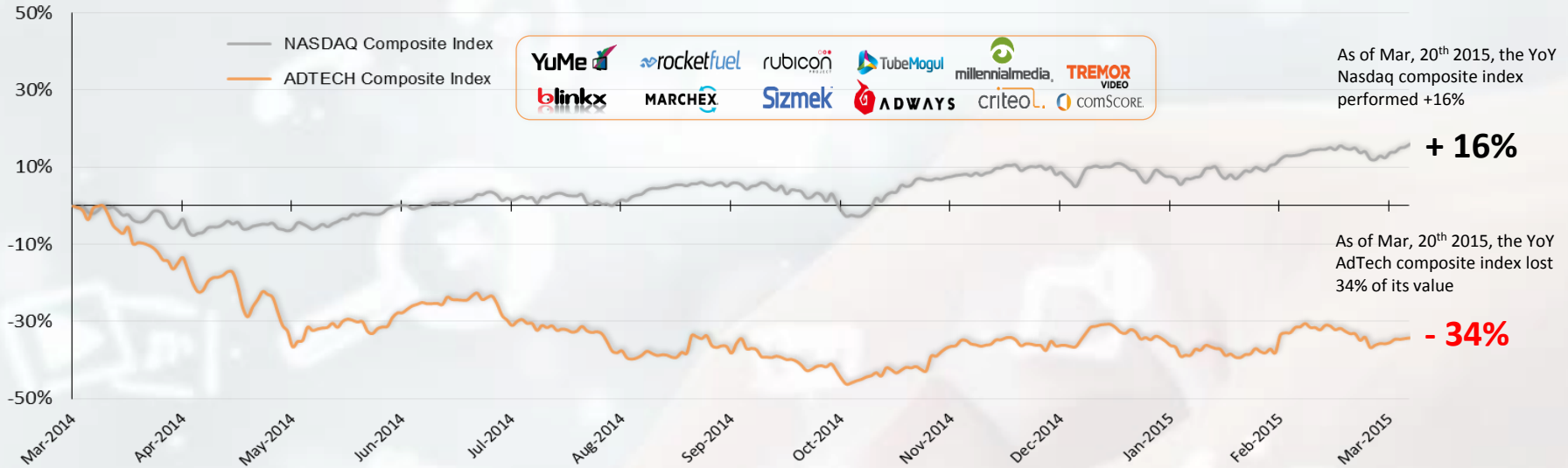
MDC Partners
Where Great Talent Lives

- Revenue: $1,206M
- Ad Tech transaction : Albion (Aug 2014)
- Acquiring, growing and developing firms specializing in social media strategy and innovative marketing

Revenue as reported at year end 2014
Source: Capital IQ – March 2015

PUBLIC ADTECH COMPANIES' STOCKS ARE UNDERPERFORMING

ADTECH PERFORMANCE VS NASDAQ DISCOURAGE IPO EXITS

As of Mar, 20th 2015, the YoY Nasdaq composite index performed +16%

+ 16%

As of Mar, 20th 2015, the YoY AdTech composite index lost 34% of its value

- 34%

Source: Capital IQ

CHALLENGED BY THE MARKET
– Most of the public AdTech companies are trading below their IPO prices
– Investors have increasing doubts on their market valuation due to the high impact of fraud in the industry

MAINTAIN A LEVERAGE OVER PRIVATE COMPETITORS
– Despite their limited access to capital, they still have leverage to acquire competitors at premium prices
– Rocketfuel and Millennalmedia acquisitions of [x+1] for $256M and Nexage for $124M

PUBLICALLY TRADED ADTECH COMPANIES

criteo

- Revenue: $812M
- Total Enterprise Value: $2,210M
- TEV/Rev: 2.8x
- 4 Acquisitions – Last: DataPop, a DMP (Feb 2015)

rocketfuel

- Revenue: $409M
- Total Enterprise Value: $376M
- TEV/Rev: 0.9x
- 1 Acquisition – [x+1] a DMP for $236M (Sep 2014)

comScore.

- Revenue: $316M
- Total Enterprise Value: $1,386M
- TEV/Rev: 4.4x
- 7 Acquisitions - Last: MdotLabs, an advertising campaign protection and optimization provider (Aug 2014)

millennialmedia

- Revenue: $296M
- Total Enterprise Value: $157M
- TEV/Rev: 0.5x
- 5 Acquisitions - Last: Nexage, a programmatic platform - $124M (Sep 2014)

ADWAYS

- Revenue: $296M
- Total Enterprise Value: $244M
- TEV/Rev: 0.8x
- 9 Acquisitions - Last: Gumi, a social game producer (Feb 2014)

blinkx

- Revenue: $242M
- Total Enterprise Value: $68M
- TEV/Rev: 0.2x
- 6 Acquisitions - Last: AdKarma, a mobility-based video supply side platform for $20M (Dec 2014)

Revenue reported at year end 2014, Total Enterprise Value calculated using close price as of March 26, 2015
Source: Capital IQ - March 2015

MARCHEX

- Revenue: $183M
- Total Enterprise Value: $102M
- TEV/Rev: 0.6x
- 11 Acquisitions - Last: Jingle Networks, an ad-supported directory assistance service for $68M (Apr 2011)

YuMe

- Revenue: $178M
- Total Enterprise Value: $112M
- TEV/Rev: 0.6x
- 2 Acquisition – Last: Crowd Science, a DMP for $4.4M (Jan 2013)

Sizmek

- Revenue: $171M
- Total Enterprise Value: $131M
- TEV/Rev: 0.8x
- 3 Acquisitions – last: Aerify Media, a DMP for $6.25M (Aug 2014)

TREMOR VIDEO

- Revenue: $160M
- Total Enterprise Value: $49M
- TEV/Rev: 0.3x
- 3 Acquisitions - Last: InPlay Technologies, a digital provider (Jan 2012)

rubicon PROJECT

- Revenue: $125M
- Total Enterprise Value: $569M
- TEV/Rev: 4.5x
- Rubicon Project has recently expanded into mobile and video
- 13.7% equity stake acquired by NewsCorp

TubeMogul

- Revenue: $114M
- Total Enterprise Value: $345M
- TEV/Rev: 3.0x
- 1 Acquisition – Illumenix, an analytics provider (Oct 2008)

Revenue reported at year end 2014, Total Enterprise Value calculated using close price as of March 26, 2015
Source: Capital IQ - March 2015

VENTURE-BACKED PRIVATE ADTECH COMPANIES

THE ADTECH SPACE ATTRACTED LARGE VENTURE INVESTMENTS

- Pinterest raised over $1bn and is now valued at $11bn
- InMobi and Sprinklr joined the "unicorn" club: Tech companies with a $1bn valuation
- Pressure from investors to pursue tremendous growth in order to maximize value in a likely IPO or eventual big exit

AS THE SPACE IS APPROACHING SATURATION, VC MONEY HAS BECAME SCARCE

- Venture funding peaked in 2011
- Funding will focus on late-stage rounds, making it harder for limited scale companies to attract capital

EXIT THROUGH M&A RATHER THAN IPOS

- Probably concerned by the public reaction to the initial offerings of AdTech companies, the private leaders will probably chose not to enlist. The most successful will manage to raise late stage VC funds, but most of them would pursue an M&A exit. This is specially true for smaller incumbents

Venture-Backed Private AdTech Companies – Cont'd

appnexus

- Venture funding: $311M
- Employees Est.: 800
- 3 Acquisitions – Last: Yieldex, an inventory management platform for $100M (Mar 2015)
- WPP (Xaxis) purchased a 15% stake of Appnexus

INMOBI

- Venture funding: $221M
- Employees Est.: 928
- 5 Acquisitions - Last: Overlay Media, a targeting solution (Jan 2013)
- Recently joined the unicorn club (valuation over $1B)

MediaMath

- Venture funding: $208M
- Employees Est.: 515
- 7 Acquisitions - Last: Rare Crowds, who provides digital marketing services for publishers and advertising networks (Nov 2014)

TURN

- Venture funding: $138M +
- Employees: 471
- Preference for organic growth
- No acquisitions thus far

videology

- Venture funding: $134M
- Employees: 353
- 2 Acquisitions – LucidMedia, an advertising platform (Oct 2012) and Collider Media , Business Intelligence provider (Aug 2012)

sprinklr
turn it on.

- Venture funding: $124M
- Employees Est.: 688
- 4 Acquisitions – Last: Pluck, a social media solution (Feb 2015)
- Last round of funding in Mar 31st 2015, valuating the company over $1B

VENTURE-BACKED PRIVATE ADTECH COMPANIES – CONT'D

Outbrain

- Venture funding: $99M
- Employees Est.: 455
- 3 Acquisitions - Last: Visual Revenue, a real-time predictive analytics platform (Mar 2013)

AdRoll

- Venture funding: $81M
- Employees Est.: 659
- 2 Acquisitions – Last: Userfox, an email service platform (Jan 2014)

collective
the audience engine

- Venture funding: $86 M
- Employees: 455
- 3 Acquisitions – Last: Tumri, an advertising platform (Jul 2011)

OpenX

- Venture funding: $78M
- Employees Est.: 385
- 2 Acquisitions - Last: JumpTime, an online content analytics SaaS (Oct 2012)

PubMatic

- Venture funding: 73M
- Employees Est.: 597
- 3 Acquisitions – Last: Mocean ,a mobile advertising software for $15.5M (Feb 2014)

quantcast

- Venture funding: $61M
- Employees Est.: 665
- 2 Acquisitions – Last: Struq, a marketing personalization SaaS (Oct 2014)

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IT CONGLOMERATES ARE GETTING TO KNOW SOCIAL ADVERTISING

FLUSHED WITH LARGE CAPITALIZATIONS AND STRONG CASH POSITIONS
- IT Conglomerates are developing in-house capabilities through intensive acquisition programs
- Ability to integrate online advertising to their business models

SOCIAL MEDIA PLAYERS IMPROVE THE ADVERTISING EXPERIENCE FOR BRANDS ON MOBILE:
- Investing in ways to better target and measure campaigns through data collection and analysis
- They want to help brands measure online to offline sales conversions

M&A CONSIDERATIONS
- Despite a clear interest for digital marketing companies, large IT conglomerates are reluctant to buy businesses with low margins (media vendors, online advertising…). The current consolidation process will create a handful of contenders with strong financial positions. IT giants should positively react and place large bets on the industry

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USUAL TECH BUYERS – LARGE IT CONGLOMERATES

Apple

- Apple launched New iAds and aggressively enter the mobile advertising industry
- Partnerships with AdRoll and the Rubicon Project
- Acquired Burstly, a mobile marketing solution (Feb 2014)

Microsoft

- Recent interest in AdTech. Increasing involvement through the acquisition of emerging industry participants
- Acquired Capptain, who allows marketers to send push notifications to mobile devices (May 2014)

Google

- The leader in online advertising is playing a central role in the AdTech ecosystem
- Acquired DoubleClick for $3B (2007) and AdMob for $681M (2009)
- Acquired mDialog , an ad-insertion technology (Jun 2014)

Yahoo!

- One of the most acquisitive companies in the AdTech industry
- Illuminate, an in-image advertising SaaS represented their 45th acquisition in the space
- Acquired Ad tech giants Flurry for $270M (Jul 2014) and Brightroll for 640M (Nov 2014)

Adobe

- Might move further into AdTech, with the addition of a sophisticated analytics platform
- Acqui-hired Ideacodes, a web & app design firm (May 2013)
- Acquired Efficient Frontier, an advertisement measurement SaaS (Nov 2011)

AOL

- AdTech is a top priority for AOL, with an increased focus on video advertising
- Acquired Adap.tv, a video ad platform for $405M (Aug 2013) and Vidible (Dec 2014)
- Gravity, a web personalization app for $91M (Jan 2014)

Source: Capital IQ, 451 research – March 2015

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Usual Tech Buyers – SaaS & Analytics

SILVERPOP — An IBM Company

- Revenue (IBM): 92,793M
- IBM acquired Silverpop, an email marketing SaaS (Apr 2014)
- Silverpop brings other analytics capabilities as it previously acquired Core Motives (Mar 2012) and PlacePunch (Oct 2011)

acxiom

- Revenue: $1,067M
- Wants to push its marketing data business further into the digital world
- Acquired LiveRamp, a CRM data integration SaaS for $310M (May 2014)

neustar

- Revenue: $964M
- Neustar PlatformOne provides customer and media Intelligence as well as activation and targeting
- Acquired Aggregate Knowledge, a marketing intelligence SaaS provider for $120M (Oct 2013)

OPERA software

- Revenue: $481M
- 7 Acquisitions in the AdTech space
- AdColony, a video advertising & monetization platform for $350M (Jul 2014)
- Advine, a mobile advertising provider (Dec 2014)

Marin SOFTWARE

- Revenue: $99M
- Acquired SocialMoov, a social media platform for agencies and advertisers, for $19M (Feb 2015)
- Acquired NowSpots, who builds, serves, and sells display ads for developers, publishers, and advertisers, for $23M (Jun 2014)

App Annie

- Revenue: NA
- Raised $94M in venture capital led by Sequoia Capital
- Works with 90% of the TOP 100 publishers
- Acquired Distimo, a mobile application store analytics company (May 2014)

Revenue as reported at year end 2014
Source: Capital IQ, 451 research – March 2015

Usual Tech Buyers – Social Media

facebook.

- Revenue: $12,466M
- Facebook built its own trading desk: Facebook Exchange and will focus on the monetization of Instagram & WhatsApp
- Acquisition of Live Rail, a video monetization platform for $500M (Jul 2014)

LinkedIn

- Revenue: $2,219M
- Acquired Bizo for $175M to increase its digital marketing capabilities
- Acquisitions of SlideShare for $72M (May 2012), BrightMedia for $120M (Jul 2014) and Pulse.me for $100M (Apr 2013)

twitter

- Revenue: $1,403M
- Twitter tries to prove its ROI for advertisers
- Acquisition of MoPub for $350M in 2013
- Acquisitions of ZipDial (Jan 2015), Adrenaline Mobility (Jan 2015) and Niche for $30M (Feb 2015)

Pinterest

- Venture funding: $1,100M
- Employees Est.: 564
- 6 Acquisitions - Last: Kosei, mobile advertisement (Jan 2015)
- Aggressively moving into AdTech and the ability to serve the right ad at the right place

snapchat

- Venture Funding: $848M
- Launch of the Discover platform in association with major media to increase monetization
- Acquisition of Vergence labs, a web design platform for $15M and Scan, a QR code app developer for $50M (Dec 2014)

kik.

- Venture Funding: $66M
- Kik Claims Higher Engagement Than Snapchat As It Hits 200M Registered Users
- Acquisition of Relay, to enhance its media content capabilities
- Wants to emerge as the "We Chat" of the West

Revenue as reported at year end 2014
Source: Capital IQ, 451 research – March 2015

ADVERTISERS / PUBLISHERS SEEKING TO DEVELOP IN-HOUSE ADTECH CAPABILITIES

Advertiser

Agency	CRM/RM	Analytics
Creative	Ad Serving	Tag-Management
DSP	DMP	SSP

Publisher
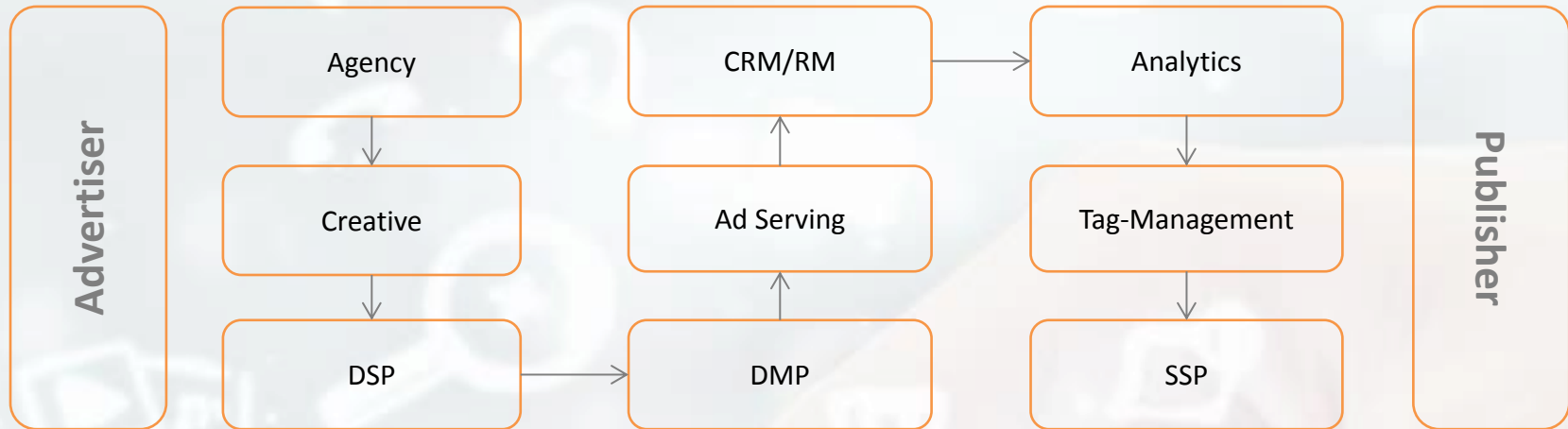
76% Of the fee is lost to intermediaries

– AdTech is known for its chaotic business model, fragmented around more than 1,000 incumbents
– Many companies are providing services that in many cases overlap

DEVELOPING AN IN-HOUSE ADTECH SOLUTION ALLOWS ADVERTISERS AND PUBLISHERS TO CUT-OFF INTERMEDIARY MARGINS

– Netflix and Kellogg are amongst some of the brands that have recently decided to take advantage of what benefits taking programmatic in-house can offer

REDUCE THEIR DEPENDENCE TO THE TRADING DESKS' OPAQUE PRACTICES

– Advertisers and Publishers are concerned about the trading desks practices, resulting in a 15% decline in the use of agency trading desks in 2014

ADVERTISERS AND PUBLISHERS – MEDIA & ENTERTAINMENT

The Walt Disney Company

- Revenue: $48,813M
- Disney teams with Techstars to launch an accelerator program for media and entertainment startups
- Acquisition of Maker studios, an advertising creative company for $950M (May 2014)

21st Century Fox

- Revenue: $32,693M
- Acquired ad tech company True[X] Media in Dec 2014 for a deal estimated at $200M
- True[X] is a better option than banner ads and other more generic ad types that lower the perceived value of AdTech

TimeWarner

- Revenue: $30,772M
- Invested $5M on iSocket, a programmatic platform in 2014
- Time Warner Invested In TV Advertising Technology Company BlackArrow back in 2011

CBS

- Rev: $14,975M
- CBS interactive provides advertisers with a list of third party companies authorized to buy inventory on its display, video and mobile solutions
- Integration of Clicker, an online television platform in 2011

News Corp
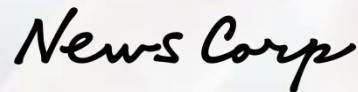
- Rev: $8,652M
- Launched their own private ad exchange to lock-out third-party ad networks and exchanges
- 13.7% stake in the Rubicon Project

dmg::media

- Rev: $1,200M
- First Media to invest in Ad Tech, acquired Ad:Tech (2005)
- Launched the "DailyMail.com Programmatic Match Program" (Jan 2015)

Revenue as reported at year end 2014
Source: Capital IQ, 451 research – March 2015

ADVERTISERS AND PUBLISHERS – RETAIL & TELCOS

Walmart

- Walmart's efforts in programmatic have created some of the most interesting developments in the industry
- Look out for more acquisitions of talent and technology as Walmart moves into ads

amazon

- Amazon started placing product ads on its own site in 2007
- Today, Amazon has one of the largest in-house ad tech solution
- Announced a partnership with VivaKi (Publicis) in 2014 to buy ads on Amazon's new self-service display tool

ebay

- Ebay is sharing its data with brands again since 2014
- Ebay previously used ad exchange Appnexus for its own real-time display buys but recently has inquired with some ad tech firms about licensing their technology

at&t

- Acquired FullScreen, a video marketing & development service provider (Sep 2014)
- Acquired CreativeBug, an online craft & art video instruction platform for $10M (Jul 2014)
- Acquisition id DirectTV for $49B to quadruple TV subscribers (May 2014)

verizon

- Verizon Warms to AOL as Time Warner Deal Memory Fades
- Particularly interested by acquiring AOL for its ad tech capabilities
- $6.25M private placement in AdStage, an advertising platform

Comcast

- Comcast bought video ad tech firm FreeWheel to integrate ad operations across TV and the web (Mar 2014)
- Comcast paid $360 million in cash, with an additional $15M in potential payouts

Source: Capital IQ, 451 research – March 2015

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INCREASING INTEREST FROM EMERGING MARKETS

CHINA SMARTPHONE USERS ARE INCREASING

- # Smartphone Users (Million)
- % of Population

Year	# Smartphone Users (Million)	% of Population
2014	520	38%
2015	574	42%
2016	625	46%
2017	672	49%
2018	704	51%

CHINA'S MOBILE APP REACH

- Unique Visitors (Million)
- YoY Growth Rate

Category	Unique Visitors (Million)	YoY Growth Rate
Instant Messaging	310	50%
Music & Video	270	49%
Games	190	40%
Social Services	190	32%
News	120	71%
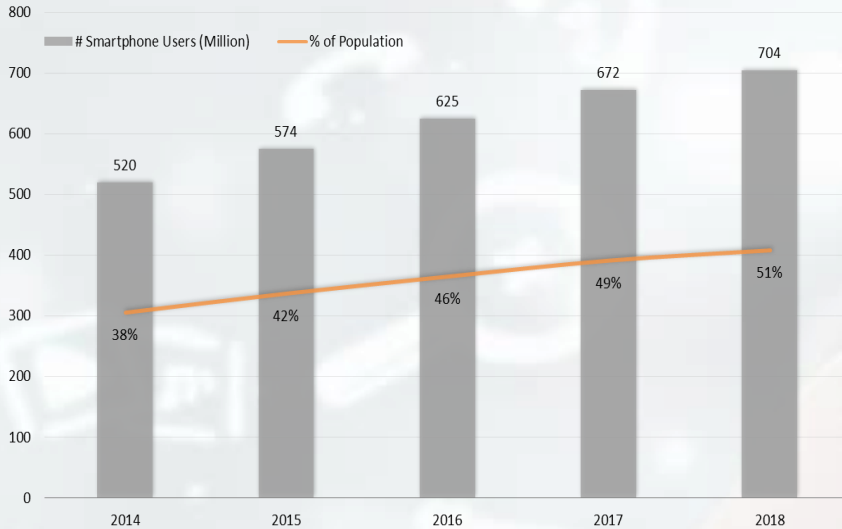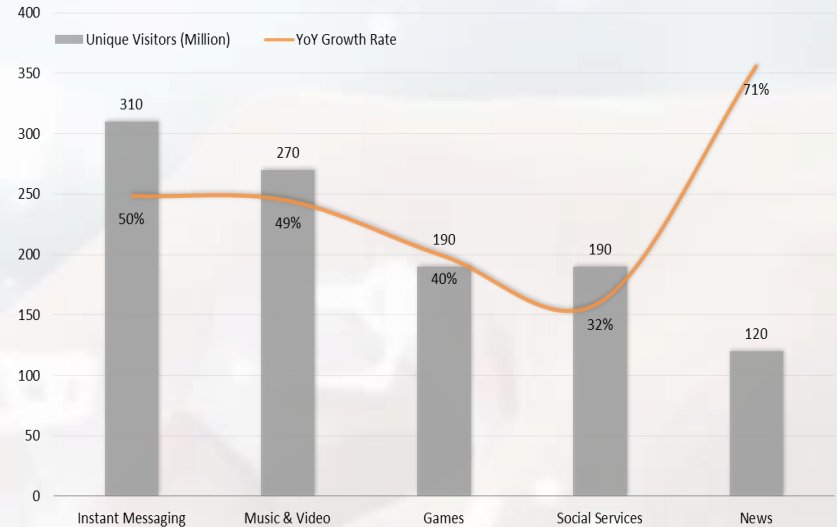
Source: China Internet Watch (CIW)

EMERGING MARKETS ARE CATCHING UP

- Overseas market are said to be a year or two behind the US/Europe in some regards
- Now is the right time for emerging countries' larger companies to join the AdTech consolidation trend

GOVERNMENTS WILL FAVOR THE EMERGENCE OF LOCAL GIANTS

- Barriers for western companies to conduct business in China or India: Google and Facebook are totally or partially blocked In China
- China's leading ad sellers Baidu and Alibaba will take an impressive 10% of the worldwide digital market alone this year, ahead of US giants Yahoo and Microsoft

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EMERGING MARKET BUYERS

WeChat
The new way to connect

- WeChat is part of the Chinese internet giant Tencent
- WeChat is the ubiquitous all-in-one Chinese social app that is a stand-in for WhatsApp, Fb, Skype and Instagram. 468M active users
- Testing ads on its newsfeed

SingTel

- SingTel acquired Amobee for $321M and expanded its ad tech footprint (Mar 2012)
- Acquired Adconion for $229M (Jun 2014)
- Acquired Gradient X for $15M (Sep 2013)

Alibaba.com

- Mobile Gross Merchandise Volume (GMV) now accounts for 42 percent of online revenue
- Acquired AdChina, an online advertising solution (Jan 2015)
- Launched its Tango DSP in 2013

Baidu 百度

- Commands about two-thirds of the booming Chinese search market
- With Google, Facebook blocked In China, advertisers Turn To Baidu, Alibaba
- Launched its own ad exchange

axiata

- Axiata, a Telco company, has more than two billion users in the APAC region
- Teamed up with Adknowledge to get into ad tech business
- Other foreign Telco to follow, such as Telstra, who acquired Videoplaza, a video ad platform

cheetah mobile

- Cheetah Mobile Inc. operates a platform that offer mission critical applications
- Acquired MobPartner, a user acquisition and app monetization solution, for $58M (Mar 2015)

Source: Capital IQ, 451 research – March 2015

FINANCIAL BUYERS

ANDREESSEN HOROWITZ

- High interest in the Online Video Industry
- Invests in seed rounds as well as late stages, up to $100M in equity
- Formed in 2009 and based in Menlo Park

COMVEST PARTNERS

- Current Equity Investment in:
  - Cartera Commerce, a marketing and loyalty solutions provider
  - Tekelec a mobile data traffic measurement company
- Equity investments between $2M and $70M

Serent CAPITAL

- Current Equity Investment in:
  - Astonish (digital marketing and lead solutions)
  - Knowland group (Analytics)
- Equity investments between $10M and $50M

skyviewcapital
Strategic Mergers & Acquisitions

- Current Equity Investment in:
  - Tekelec (Mobile messaging provider)
  - Interact (Telecom Solutions)
- Investing revenue range between $10M and $4,000M

WestView Capital Partners®

- Current Equity Investment in:
  - Resource Interactive (Ad tech)
  - Interact (Telecom Solutions)
- Investing revenue range between $10M and $4,000M

TVC CAPITAL

- Current Equity Investment in:
  - Levels Beyond (Streamlined media management)
  - Anametrix (past Inv – Marketing Analytics)
- Software companies and software-enabled service firms generating $2.5 million to $10 million in revenues

Source: Capital IQ, companies' websites – March 2015

Section III
SUPPORTING DATA

Trading AdTech Comps

($ in millions, except share prices) Company	Ticker	Share Price as of 03/31/15	% of 52 Week High	Market Value [a]	Total Enterprise Value	TEV / Revenue [b] [c]		TEV / EBITDA [b] [c]		2yr Growth Estimate [d]
						LTM	CY2015E	LTM	CY2015E	
Selected AdTech Public Comps										
TubeMogul, Inc.	TUBE	$ 13.82	58.0 %	$ 412.4	$ 368.5	3.2 x	2.5 x	nm	nm	30.9 %
Millennial Media Inc.	MM	1.40	19.6	194.6	146.3	0.5	0.5	nm	nm	14.9
Tremor Video, Inc.	TRMR	2.39	48.0	122.8	45.0	0.3	0.2	nm	nm	21.3
YuMe, Inc.	YUME	5.14	69.0	171.3	133.3	0.7	0.7	nm	nm	11.8
Rocket Fuel Inc.	FUEL	9.19	21.0	386.9	366.7	0.9	0.7	nm	nm	26.7
Sizmek Inc.	SZMK	7.35	61.5	217.1	126.5	0.7	0.7	7.6 x	4.9 x	6.7
Adways Inc.	TSE:2489	8.14	45.1	338.5	337.5	1.1	1.1	32.8	26.4	12.2
Criteo SA	CRTO	39.47	84.9	2,408.0	2,073.5	2.3	4.3	28.0	16.9	36.4
Blinkx plc	BLNX	0.44	25.8	176.2	61.6	0.3	0.3	4.8	3.6	(2.7)
Marchex, Inc.	MCHX	4.11	33.1	172.8	92.8	0.5	0.7	10.6	8.1	(10.2)
comScore, Inc.	SCOR	51.31	92.6	1,754.2	1,737.6	5.3	4.6	nm	19.1	14.9
The Rubicon Project, Inc.	RUBI	18.00	77.6	679.5	582.4	4.6	3.3	nm	27.7	34.6
Mean			53.0 %			1.7 x	1.6 x	16.7 x	15.2 x	16.4 %
Median			53.0			0.8	0.7	nm	16.9	14.9
High			92.6			5.3	4.6	32.8	27.7	36.4
Low			19.6			0.3	0.2	4.8	3.6	(10.2)

Source: Capital IQ

[a] Based on primary shares outstanding

[b] Projections per Capital IQ

[c] EBITDA multiples over 40.0x are considered not meaningful (nm)

[d] Represents forward 2-year rev Street estimates

OPERATING ADTECH COMPS

($ in millions) Company	Ticker	Last Twelve Months			Margins (as % of Revenue)				Balance Sheet Data	
		Revenue	EBITDA [a]	N.I. [a][b]	Gross	EBITDA	EBIT	N.I.	Cash	Debt
Selected AdTech Public Comps										
TubeMogul, Inc.	TUBE	$ 114.2	$ (0.7)	$ (4.4)	70.3 %	nm	nm %	nm	$ 45.2	$ 1.4
Millennial Media Inc.	MM	296.2	(35.8)	(149.1)	39.3	nm	nm %	nm	49.5	1.1
Tremor Video, Inc.	TRMR	159.5	(16.5)	(23.5)	36.2	nm	nm %	nm	77.8	-
YuMe, Inc.	YUME	177.8	(4.6)	(8.7)	47.6	nm	nm %	nm	38.1	-
Rocket Fuel Inc.	FUEL	408.6	(37.6)	(64.3)	45.7	nm	nm %	nm	107.1	86.9
Sizmek Inc.	SZMK	170.8	16.7	(114.3)	64.8	9.8 %	nm %	nm	90.7	-
Adways Inc.	TSE:2489	294.5	10.3	6.0	18.7	3.5	3.1 %	2.0 %	89.0	88.0
Criteo SA	CRTO	901.9	74.1	41.6	35.9	8.2	5.5 %	4.6	350.8	16.2
Blinkx plc	BLNX	241.7	12.7	(7.5)	48.6	5.3	1.9 %	nm	114.6	-
Marchex, Inc.	MCHX	182.6	8.8	(19.2)	37.3	4.8	2.7 %	nm	80.0	-
comScore, Inc.	SCOR	329.2	22.9	(9.9)	70.4	6.9 %	nm	nm	43.0	26.4
The Rubicon Project, Inc.	RUBI	125.3	(11.0)	(19.8)	83.4	nm	nm	nm	97.2	0.1
Mean					49.8 %	6.4 %	3.3 %	3.3 %	$ 98.6	$ 18.3
Median					46.6	6.1	2.9	3.3	84.5	0.6
High					83.4	9.8	5.5	4.6	350.8	88.0
Low					18.7	3.5	1.9	2.0	38.1	-

Source: Capital IQ

[a] Financials adjusted to exclude non-recurring items, impairments, and goodwill amortization

[b] Excludes discontinued operations; taxes calculated as a percentage of earnings before taxes

PRECEDENT ACQUISITIONS

Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
3/30/2015	XAXIS	Action X	ActionX provides a cross-screen mobile advertising application, enabling digital marketers and mobile operators to display targeted advertising to consumers on multiple devices based on their browsing behavior online.	NA	NA	NA
3/25/2015	sellpoints	ReTargeter	ReTargeter provides advertisement retargeting SaaS and services for businesses. Products enable web, social and mobile ad network tracking	NA	NA	NA
3/24/2015	Waterfall	TETHERBALL	The mobile marketing and service provider assets of Tetherball, which provides mobile loyalty and coupon marketing services and related CRM analysis for businesses in the retail and restaurant markets in the US	NA	NA	NA
3/20/2015	6D Global Technologies	SwellPath	SwellPath provides digital marketing services such as customer analytics, search engine optimization (SEO), social media advertising and paid search	$5.6	NA	NA
3/20/2015	GRAVITY4 Make Your Brand Limitless.™	TRIGGIT	Triggit provides native retargeting demand-side advertising SaaS, enabling marketers to create, execute and optimize marketing campaigns on social networks and on websites through one user interface	NA	NA	NA
3/19/2015	Rakuten	DeepForest Media	Deep Forest Media provides a mobile advertising and marketing analytics SaaS and app, including banner, video and native advertising, as well as ad buying across ad exchanges, targeted marketing and retargeting	NA	NA	NA
3/18/2015	appnexus	Yieldex REVENUE REALIZED	Yieldex provides both buy and sell-side inventory and revenue management software for media companies and digital advertisers, enabling the analytics-based forecasting, pricing and direct purchasing of programmatic online marketing space	100.0	NA	NA
3/16/2015	CAPITA	33	ThirtyThree LLP provides branding and employee recruitment digital marketing services, including social media and mobile marketing, and mobile advertising application development	NA	NA	NA
3/16/2015	cheetahmobile	MobPartner Global Mobile Performance Network	MobPartner SA operates a mobile affiliate network that connects advertisers with their audience worldwide	58.0	$30.0	1.9x

Source: CapIQ and 451 Research

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Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
2/12/2015	twitter	niche	Niche helps advertisers work with influencers on Vine and other platforms	$30.0	NA	NA
2/12/2015	insightpool	next principles	Next Principles provides a social media measurement solution for marketing campaigns, customer and industry events, and trade shows and conference programs	NA	NA	NA
2/11/2015	Perion	mmr makemereach	Makemereach engages in advertising and marketing on Facebook and other social networks for application publishers and agencies in France and internationally	12.5	NA	NA
2/10/2015	MNG MOBILE NETWORK GROUP	appsfire	Appsfire provides mobile advertising application development, discovery, distribution, customer analytics and retention SaaS and services for developers and publishers globally	30.0	NA	NA
2/5/2015	Marin SOFTWARE	SocialMoov	Social Moov is a Facebook marketing platform that allows users to optimize their Facebook ads in self-service or managed service	18.8	NA	NA
1/30/2015	Monotype Imaging	swyft	Swyft provides mobile in-app advertising and branded content distribution services for businesses	28.5	NA	NA
1/26/2015	sito	hipcricket	The assets of HipCricket, which provides targeted mobile marketing and advertising SMS-focused SaaS and services to enable automated CRM, sales and loyalty programs for marketers and businesses	4.5	NA	NA
1/20/2015	twitter	zipdial	Zipdial provides click-to-call mobile marketing and analytics SaaS for advertisers. Software enables companies to have consumers dial toll-free numbers and begin receiving inbound marketing content through text, voice and push notifications	NA	NA	NA
12/17/2014	TERADATA	Appoxee	Appoxee provides mobile marketing automation and targeted advertising SaaS for marketers, Web publishers and businesses globally	NA	NA	NA

Source: CapIQ and 451 Research

PRECEDENT ACQUISITIONS – CONT'D

Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
1/12/2015	Fractal	mobius	Mobius provides a mobile context awareness advertising application to enable businesses to create campaigns, send offers and promotions, and create recommendations via analysis of geolocation and social media data	NA	NA	NA
1/9/2015	berry	crossboard mobile	The small business ad lead assets of Crossboard Mobile, which provides mobile application signup and cost-per-lead advertising software for businesses in the retail, travel, food and restaurant, media and professional services industries. Transaction was reported by techcrunch.com on 1/9/15	NA	NA	NA
1/9/2015	flatiron media	crossboard mobile	The large brand advertising business of Crossboard Mobile, which provides mobile application signup and cost-per-lead advertising software for businesses in the retail, travel, food and restaurant, media and professional services industries. Transaction was reported by techcrunch.com on 1/9/15	NA	NA	NA
12/19/2014	SOCIAL REALITY	FIVE DELTA TEST. BUY. OPTIMIZE	Five Delta provides a social media mobile marketing and advertising SaaS, as well as related marketing testing and analytics SaaS, to enable buying and selling of mobile Facebook ad space on iOS and Android devices for businesses	$0.8	NA	NA
12/10/2014	pch.com PUBLISHERS CLEARING HOUSE	PLETHORA MOBILE	Plethora provides mobile advertising SaaS, ad buying exchange and services, including banner ads, ad integration, tracking and analytics, for marketers and businesses	NA	NA	NA
11/18/2014	soprano	sitmobile	Sitmobile provides mobile text advertising messaging services, including SMS, instant messaging and mobile email, for advertisers in Spain	NA	NA	NA
10/28/2014	MATOMY MEDIA GROUP	MobFox Mobile Advertising. Simplified.	MobFox operates as a mobile advertising exchange for advertisers and publishers at www.mobfox.com	16.7	NA	NA
10/28/2014	PUBLICIS GROUPE	R>	Run provides mobile-focused programmatic demand-side real-time bidding (RTB) and data management SaaS for online marketers. Software enables advertisers to bid for targeted ad space based on consumer data aggregated by telecommunications carriers and ISPs	60.0	$7.0	8.6x
10/17/2014	PRETIO INTERACTIVE	Tap for Tap	Tap for Tap provides a cross-promotion mobile advertising app network of over 18,000 applications and application usage tracking and analytics SaaS for Android and iOS software developers	NA	NA	NA

Source: CapIQ and 451 Research

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PRECEDENT ACQUISITIONS – CONT'D

Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
10/10/2014	Waterfall	ARCHER	The mobile marketing services division of Archer, which provides mobile marketing and marketing automation CRM services for businesses	$2.9	NA	NA
10/9/2014	AppLovin	moboqo	Moboqo provides mobile game application advertising and in-app monetization services for game app developers, mobile advertisers and businesses	NA	NA	NA
10/1/2014	Audience Partners	beringmedia	Beringmedia provides online and mobile advertising distribution services for Internet service providers and mobile network operators	NA	NA	NA
9/25/2014	CLEARSTREAM	ENGAGE HD	Engage HD provides a mobile video advertising application to enable targeted Hi-definition mobile video ad delivery and related audience analytics, for marketers, Web publishers and businesses	NA	NA	NA
9/24/2014	SCIENCE	playhaven	Playhaven provides mobile game advertising and marketing SaaS to enable game app monetization for game developers, marketers and businesses	NA	NA	NA
12/4/2014	millennialmedia	X	Nexage operates a mobile advertising exchange for marketers, advertisers, publishers and app and mobile game developers to buy and sell mobile advertising space through www.nexage.com. Also provides targeted marketing analytics SaaS	107.5	$8.1	13.3x
8/25/2014	YAHOO!	FLURRY from YAHOO!	Flurry provides a mobile ad network and software and application usage tracking and analytics SaaS for mobile software developers	270.0	50.0	5.4
7/24/2014	OPERA software	AdCOLONY	AdColony provides mobile video advertising and application monetization software development kit (SDK) to enable video ad placement in mobile applications for app developers, businesses and marketers	75.0	53.0	1.4
5/28/2014	App Annie	DISTIMO AN App Annie COMPANY	Distimo provides mobile application store analytics and mobile advertising SaaS for app developers and businesses globally	NA	NA	NA

Source: CapIQ and 451 Research

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PRECEDENT ACQUISITIONS – CONT'D

Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
5/28/2014	Microsoft	capptain	Capptain provides mobile application marketing software for mobile application owners that uses application usage analytics to target push notifications and in-app advertisements	NA	NA	NA
5/6/2014	AOL	CONVERTRO	Converto operates as a cross-channel marketing optimization and media attribution engine	$101.0	$11.0	9.2x
5/1/2014	blinkx	LYFE MOBILE	Lyfe Mobile provides a platform that combines advanced GPS and audience targeting features with a suite of intuitive campaign management tools. Its platform's actionable reporting interface allows advertisers to optimize campaign performance using real time data	3.7	NA	NA
3/18/2014	LOTAME	AdMobius	AdMobiud develops a mobile audience management platform that enables publishers and advertisers to discover and target relevant audiences at scale	NA	NA	NA
2/21/2014	Apple	burstly	Burstly provides a platform for mobile developers to maximize their marketing and revenue opportunities	NA	NA	NA
2/21/2014	Google	spider.io	Spider.io designs and develops online products to weed out fraudulent clicks around online ads	NA	NA	NA
12/12/2013	blinkx	rhythm NEWMEDIA	Rhythm provides mobile video advertising solutions. It executes mobile campaigns across mobile apps and websites	34.5	7.1	4.9
11/6/2013	millennialmedia	Jumptap	Jumptap operates a mobile audience targeting platform that provides audience-centric advertising solutions to reach mobile users	244.7	63.6	3.8
11/4/2013	centro	sitescout	Sitescout provides a self-serve advertising platform for marketing professionals and agencies	40.0	NA	NA

Source: CapIQ and 451 Research

Announced	Acquirer	Target	Target Description	TEV ($M)	LTM Rev. ($M)	TEV/LTM Rev.
10/28/2013	twitter	mopub	MoPub, Inc. is an ad serving platform for mobile app publishers to manage their ad inventory on iOS and Android devices	$350.0	$2.7	nm
9/10/2013	[a·mo·bee]	GradientX	GradientX develops a technology platform for performance-based advertising in mobile media space for marketers	15.0	NA	NA
9/5/2013	AOL	Adap.TV	Adap.TV builds technology to connect video advertising buyers to sellers on a single platform	405.0	NA	NA
6/30/2013	dstillery	everyscreen media	Everyscreen Media operates as a mobile targeted digital advertising company. It provides digital campaigns on various IP connected devices, such as smartphones and tablets, as well as mobile apps and mobile websites globally	NA	NA	NA
4/1/2013	millennialmedia	metaresolver	Metaresolver provides a platform that analyzes volumes of data from real-time mobile bidding exchanges to help brands and agencies optimize their buy and deliver relevant promotions	15.2	0.4	nm
12/28/2012	PHUNWARE	tapit!	Tapit maximizes mobile monetization through a comprehensive advertising product suite inclusive of self-service media buying, real-time bidding, publisher mediation and yield optimization, cross-platform ad creation and dynamic ad serving	23.0	NA	NA
5/31/2012	FLURRY	TRESTLE	Trestle offers mobile application analytics, acquisition, and monetization services to mobile application developers on iOS and Android mobile platforms	NA	NA	NA
2/16/2012	OPERA software	mobile theory	Mobile Theory operates a mobile advertising network that provides technology, solutions, and services to deliver advertising campaigns for brands, publishers/app developers, advertisers, and end users	50.0	NA	NA
Mean				$77.9	$23.3	$6.1
Median				30.0	9.5	5.1
High				405.0	63.6	13.3
Low				0.8	0.4	1.4
Mean excl High and Low				67.9	21.1	5.6

Source: CapIQ and 451 Research

Thank You

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