

Ciesco



Ciesco's annual publication analysing deal activity in the digital, media, marketing and technology sectors



Chris Sahota, Founder and CEO of Ciesco

Founded by CEO Chris Sahota in 2011, Ciesco is a mergers and acquisitions advisory firm specialising in the digital, media, marketing and technology sectors. It delivers creative, independent and high-quality advice tailored to its clients' needs, based on a deep understanding of the relevant sectors, strong transactional expertise and an extensive network of senior-level contacts. Chris explains how Ciesco delivers high-end support, award-winning deals and windows of opportunity.

Ciesco connects entrepreneurs, business owners, managers, multinational network agencies and financial and strategic investors around the globe, creating innovative partnerships that form platforms for growth and build better businesses for the future.

We work on mergers and acquisitions, buy side and sell side mandates and corporate divestments, as well as working with private equity firms on portfolio development. Many of our clients work with us year in, year out, and we value positive, professional relationships, often acting as a confidential sounding board for our contacts.

We deliver hands-on support daily throughout the strategic planning and deal transaction process, advising on sector dynamics, valuation and how best to position a business for sale, acquisition or investment, leading the approach to, and negotiations with, potential buyers, sellers and investors, managing the due diligence process and co-ordinating completion mechanics.

FACTS ABOUT CIESCO

- » Founder and CEO: Chris Sahota
- » Started trading in 2011
- » Headquartered in London with local office presence in Germany and France
- » Services: Specialist mergers and acquisitions corporate adviser in the digital, media, marketing and technology sectors
- » No. of employees: 12
- » Awards include European Deal of the Year 2016, Boutique Business of the Year 2016, Deal Team of the Year 2017 and Deal Maker of the Year 2017
- » www.ciesco.com

“Ciesco considers itself to be well positioned as the navigator of choice in the digital, media, marketing and technology arena”

This approach, combined with our unique blend of senior-level industry practitioners and sector-specialist investment bankers, has enabled the Ciesco team to architect award-winning deals across the globe and gain recognition for our deep industry knowledge and thought leadership.

Our leadership team has extensive experience gained in industry-leading multinationals such as McCann Worldgroup, WPP, Dentsu and Apple, as well as investment banking experience in transactions and fundraising. Through our analysts, we track relevant global deals and analyse key market trends, which provides data to support our annual flagship conference event together with a range of specialist topic networking events throughout the year, as well as supporting our deal flow.

Market overview

The global digital, media, marketing and technology sectors have never been busier in terms of ongoing convergence between the media and technology sectors. While the convergence trend started at least 20 years ago, there is no sign that it is abating; if anything, it is speeding

up in breadth and intensity of corporate activity.

This is driven by new technology developments, including internet connectivity, speed of communications, big data capture and analytics, the role of AI and the proliferation of social media. Each of these provides opportunities for new entrants, and for those players embracing change, but threatens those incumbents that abide by the status quo. The sectors function on a global basis and are fast moving. Successful participants not only need to navigate sector trends, but also economic winds of change. Ciesco considers itself to be well positioned as the navigator of choice in this arena.

Accenture, one of the largest professional services groups, not only in the UK, but in the world, has emerged as one of the most prolific buyers of digital and creative media assets. At the same time, the UK's global multinational network agency, WPP, has been realigning its portfolio of businesses to provide a more integrated approach across its creative operations and its digital and data assets.

A significant recent trend has been the much greater involvement of private equity firms in the sector, as technology assets have given a more secure balance of risk, complementing or circumventing traditional creative “human” assets. Our deal analysis shows that private equity quantum of deals has increased for 2019 to represent 40 per cent of all deals, compared to 22 per cent in 2018.

Opportunities and challenges in the medium term

There are several key high-level potential opportunities and challenges over the medium term. Technology developments, including 5G mobile connectivity, AI and blockchain

Ciesco's events attract experienced industry professionals – Karen Boswell, Chief Experience Officer EMEA, VMYL&R, pictured



evolution, will all drive more process automation, big data collection, data analytics and better information flows and will therefore be required components of digital media offerings.

Increasingly, pervasive social media will impact the way in which companies, governments and individuals interact to improve market positioning and avoid misrepresentation. Furthermore, content marketing and content delivery will increasingly take centre stage as delivery channels continue to expand and fragment. Yet, at the same time, services will need to meet increasing expectations of consumers and B2B customers regarding fresh content and effective delivery, meaning investment in technology platforms by agencies.

Big advertisers will continue to consider in-housing, possibly buying agencies, or bringing skills in-house, to achieve a perceived improvement in performance and margins, a two-way discussion at board level.

On the macroeconomic front, change is afoot. The further emergence of China as a superpower and superconsumer, with other Asian countries not far behind, creates a continued shift in balance of power between the East and West. In addition, over-65s are expected to double globally as a percentage in the next 30 years, creating a potential slowdown in the world economy. The USA currently powers ahead, however, and the continuance of a low interest rate environment gives a good backdrop to investment plans, including M&A.

The upshot is that we expect the healthy environment for entrepreneurs and independent business operators in the digital, media, marketing and technology sectors to continue, with good opportunities to identify and attract corporate and strategic partners or investment funding. But windows of opportunity can change rapidly.



Panel discussion at Cisco's 2019 global M&A review evening

Windows of opportunity and our future

One of our key mantras at Ciesco is for clients to focus on windows of opportunity, which need to be assessed for longevity or brevity. There are two types of windows of opportunity: the window that relates to the opportunity for the product or service; and the window that relates to maximising the value of the business.

Both need to be taken into account in corporate development planning. It may be tempting to wait to maximise revenues and profits before considering an M&A or investment event, but the window to maximise the value of the business may be earlier. By waiting, the uniqueness of the proposition evaporates, economic conditions may change, competition may increase and interested buyers look elsewhere in the meantime.

Ciesco has many years of collective experience advising on these issues and all those above. In a wholly challenging sector space, navigating the future is more important than ever.

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