




Digital, Media, Marketing and Related Technology

2019 Global M&A Review & 2020 OUTLOOK

#NavigateTheFuture

In partnership with:  PitchBook Bird & Bird

2019 Global M&A Review & 2020 Outlook



As a specialist M&A advisory firm, Ciesco focuses on the digital, media, marketing and related technology sectors and our analysts track relevant deals on a global basis in this space.

This report focuses on 2019's global M&A activity in the digital, media, marketing and related technology sectors. This includes all the sub-sectors at the complex intersections of where these worlds meet. For the purposes of this report, our analysts have only tracked deals that are relevant to the media, marketing, digital and related technology sectors. The review focuses on M&A transactions in these sectors, excluding seed capital investments and IPOs.

In addition to our deal activity analysis by volume, disclosed values, geographical regions and sectors, the report provides insights and trend analysis of private equity-backed activity, along with an overview of the buyer landscape and our outlook for the sector in 2020 and beyond.

We are pleased to be working again in collaboration with PitchBook, the data services provider, as a co-publisher of the findings of this review.

This report was launched at an exclusive event held in London in January 2020 in association with Bird & Bird, a leading law firm known for its strength in the Technology, Media and Communications sector. The 2019 Global M&A Review & 2020 Outlook follows on from Ciesco's 2018 report published in January 2019.

About Ciesco

Ciesco is a sector specialist M&A firm with a focus on the digital, media, marketing and related technology sectors. With offices in London (HQ), Germany and France, we operate globally, advising numerous clients that range from independent, owner-managed companies to well-known multinational network agencies and holding companies, as well as private equity firms looking for growth or exit opportunities for their portfolio companies. We are unique in that we offer a combination of senior level industry practitioners and sector specialist investment bankers. We have an extensive network of contacts and strong relationships that reach into organisations worldwide at C-suite sponsor levels. We are well regarded in the market for our specialist advice derived from our deep understanding of the sector, industry insights of the competitor and buyer landscape, and execution expertise.



About Pitchbook

PitchBook is a financial data and software company with offices in London, New York, San Francisco and Seattle. Serving clients in 19 languages, they provide thousands of global business professionals with comprehensive data on the private and public markets - including companies, investors, funds, investments, exits and people, providing users with the tools they need to discover better opportunities, work more efficiently and make more informed decisions.

About Bird & Bird

Bird & Bird is an international law firm, with a focus on helping clients being changed by technology and the digital world. Through their 1,300 lawyers, across 30 offices globally, they take a single-minded approach to advising clients, helping them succeed by thinking innovatively. The firm is well-known for its intellectual property work.

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Foreword

I am pleased to present Ciesco's Annual Global M&A Review, the 2019 edition. Our Review details the M&A deal activity throughout 2019 that has shaped the digital, media, marketing and related technology sectors.

Despite major political uncertainty being witnessed on a global scale and the ever-changing environment that brings with it many business opportunities and challenges, corporates continue to see M&A as a strategic tool to drive growth, acquire talent and capabilities.

2019 remains an exciting and dynamic year for M&A, as evidenced by the 1,345 M&A transactions tracked by the Ciesco market intelligence team. Despite a slight drop year-on-year in overall deal volume, the announced deals with disclosed values on an adjusted basis (to exclude the mega-deals) totalled \$112.4bn, representing a healthy increase of 314% over the previous year's \$85.6bn level.

Digital continues to drive business transformation across all markets and sectors, and we saw Digital Media become the most acquired sector in 2019, with 232 deals overall, a significant growth of 85% year-on-year. Martech, Agency Services and Digital Agency sectors remained popular with corporate buyers, along with Data & Analytics & Strategy, where deal flow increased year-on-year.

The buyer landscape continues to change and expand, with consultancies, tech firms and private equity buyers vying for attractive assets in the space, alongside the established holding networks and smaller mid-market groups. With the US and the UK remaining at the top of most active countries (66% of all deal volume originating from these two markets), the geographic landscape remains stable. Cross-border deals also remain consistent with previous years, representing 38% of the total.

Whether you are a potential investor, a strategic buyer or a stakeholder planning the future for your business, we hope you find the information in this review report insightful and informative. All reported data on deal activity is overlaid with our perspectives and insights, reflecting our substantial knowledge and understanding of the overall industry. Ciesco Outlook, in particular, reflects our deep roots and experience of being practitioners in the sector and having managed and strategically led companies throughout the various disciplines and geographies.

This year you will note a new, improved format of our report. We are also pleased to include two guest editorials, one from an investment banking perspective on lessons learnt from the UK stock market performance in 2019, and the other highlighting the importance of purpose and sustainability in the relationship between consumers, brands and society.

I would be delighted to hear from you to discuss any of the findings and aspects within our review that are of specific interest to you and your business.



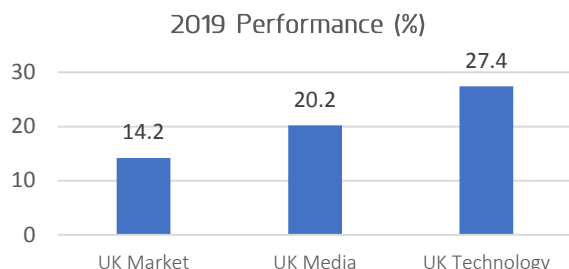
Chris Sahota - CEO, Ciesco



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Guest
Editorials

Lessons from 2019 – a UK stock market snapshot



Source: Panmure Gordon

The strongest performing stock in the UK Media sector in 2019 was [Future plc](#), with the share price more than tripling in the year. Across the UK main market, it was the second strongest performer and the top performer amongst the top 350.

Are there some positive lessons to be learned from this, or is it just an unjustified valuation with little substance behind it?

In this case, we think [Future plc](#) has earned the valuation it has been given by investors and that there are some significant factors worth reflecting on.

First of all, [Future plc](#) is a content publisher (mostly Consumer) that derives its revenues across a range of interest sectors and through a variety of products (everything from online advertising, e-commerce and data through to complementary physical events and magazines). The content is also leveraged through multiple geographic markets. With content, there is scope to generate a high incremental gross margin, which means strong profit growth from a modest investment.

Investors like IP, operational leverage and businesses exposed to secular growth trends such as online.

Over the last year, [Future plc](#) has seen the benefits of business mix change with results reflecting strategic acquisitions that have pivoted the business mix decisively to online growth that boosts long-term prospects and the valuation multiple such assets are given.

This was not achieved overnight. Not so long-ago [Future plc](#) was barely profitable, consuming cash and untrusted by almost all stakeholders. An aggressive reorganisation and commercial focus on key content and products by a proven online media team has turned the business around and flipped investor sentiment.

Management are open, direct, don't make promises they can't meet (and beat) and the valuation has benefitted accordingly. They approach staff management the same way, and consequently, the process of building a strong evolving management team has been made easier.

The high valuation multiple provides a clear advantage when making accretive acquisitions. The bottom line is that trusted management have established a scalable growth model that is delivering a great financial return and are constantly seeking to improve their businesses products and market position.

Any business looking to grow its value would be wise to recognise many of these attributes and ask itself:

- Do we have a good business model which can consistently generate good returns and reasonable growth? Are we strategically heading in the right direction?
- Is the quality of our business getting better or worse? Do we have clear plans to keep improving our business mix?

I am now going to turn to a long-term success story that has had a very tough time recently, but has acted to get itself back on its feet. Mistakes are made and problems do arise, that's the real world of business even for the best businesses.

Few readers of this article will need an introduction to [M&C Saatchi](#). Earlier this year, the Company went through what was expected to be a standard periodic CFO change process. It is not uncommon to see incoming CFOs take different views to predecessors and they are often a positive sign for companies as they bring renewed rigour and test ingrained assumptions.

In the [M&C Saatchi](#) case, some relatively modest accounting errors were uncovered. Unfortunately, investors reacted harshly, most likely out of uncertainty, and significantly de-rated the valuation of this previously well-regarded business. The Company decided to have an independent accounting review carried out to be deep and rigorous. Arguably, little else has come to light, and any adjustments to initial impact estimates are also arguably of the "kitchen sinking" variety.

From an objective standpoint it must be recognised that the right things are being done, new auditors have been appointed, the review process has been completed, the non-executive directors sitting on the audit committee have resigned and replacements are being actively sought and internal processes and systems are being overhauled to get them up to standard and to position the company for the future.

It has been a volatile period, but already the benefits of acting positively to re-build confidence and ensure a stronger footing have been seen as the valuation has increased 30% from the low point.

It is often darkest before the dawn, but keeping focus on strategy and good management practices can turn around situations that to some seem lost.



Johnathan Barrett, is a media sector research analyst with Panmure Gordon and is a former fund manager with 25 years of equity capital markets experience. He has covered all areas of the Media sector and related technology areas. Panmure Gordon offers finance and advisory services for private and public companies and those seeking to list on public markets.

The Tipping Point For Purpose is Now

For years, Purpose and Corporate Social Responsibility (CSR) initiatives have largely been viewed by boards and C-suite executives as nice-to-have but nonessential elements of business. Window dressing. Maybe a social-good effort would get attention after a business crisis or a national disaster. Perhaps a consumer activist shared an impactful viral video they stumbled upon in their social streams. But as soon as the news cycle moved on, it was back to reviewing quarterly earnings.

Those days are over.

A new voice has entered the conversation; and this one is the world's largest shareholder – Larry Fink, Chief Executive Officer of BlackRock.

Fink's recent letter to CEOs of publicly traded companies demands that businesses publicly commit to a social purpose, and adopt a shareholder-driven approach to management, strategy and governance as an essential element to long-term viability.

As a board member of a publicly-traded company, as the owner of a small business, as a career marketing professional, as a citizen, as a millennial and as a father, I couldn't agree more.

Never have all the hats I wear been so aligned and so incentivized towards the same thing. And the opportunities presented by purpose have never been so big. As we know, change is never easy.

Some will capitalize on the opportunity to put purpose at the centre of their business, probably the same companies who succeeded at putting digital at the centre of their businesses.

Some will struggle with this disruption, much like business struggled with digital disruption.

But the challenge brings opportunities for marketers willing to assert themselves in C-suites and boardrooms.

The convergence of demand from consumers and shareholders for a purpose-driven approach to business and brand value brings a moment for marketers to step up and be the expert visionaries able to help businesses capitalize on the movement.

The opportunity around Purpose is now as big and powerful as being the digital guru was 10 years ago.

Madison Avenue, this is the moment to use our collective might to help our clients achieve the market's new mandate. We are the experts who bill ourselves as the consumer whisperers. We insist we understand their voice. Time to use it. We have the expertise to serve as the active, engaged agents needed to guide companies down the path of shared value. It's on us to drive profit through purpose.

And much like digital, it's not enough to talk the talk to our clients, we ourselves must become purpose-driven as an industry.

We need to invest in training, diversity and human development. Employees are not short-term disposable assets. Treat talent like the humans they are, not like interchangeable parts. That's not how you treat stakeholders.

Let's also treat our audience well.

Enough brand campaigns that feed the forces of anxiety and compulsive consumption.

Stop objectifying women in ads, and in the office.

Stop working for brands whose existence does more harm than good.

We have been complicit in helping brands cause many societal problems, and we can't be any longer. There is a model for businesses thriving in moments of disruption – digital.

We need to make purpose the new digital, so that we can redirect billions in brand spending towards social good and a fundamental change in the relationship between consumers, brands and societies.

And like digital, we must take purpose beyond the marketing department and into the core of the operation. To do that, we need to understand how to measure its impact on the entire organisation's ecosystem.



Drew Train is President & Co-Founder of New York-based OBERLAND – Creating Brands With Higher Purpose.

After racking up more than a dozen national and global awards for cause marketing and driving social change through traditional, digital, social and mobile campaigns, Drew Train set up shop as Co-Founder/President of OBERLAND, along with his business partner, Bill Oberlander, Co-Founder/Executive Creative Director. By leading an integrated team at OBERLAND, Drew leverages the potential of advertising to create positive, lasting change. Before launching OBERLAND, Drew started the social good practice at J. Walter Thompson New York, called JWT Ethos. Prior to opening JWT Ethos and OBERLAND, Drew learned his craft through extensive work on global, corporate brands like HSBC, Verizon, UPS, Puma, Lufthansa and Tiffany & Co. in the US and Shanghai.





2 | Executive Summary

Executive summary

Deal statistics

With a total of 1,345 transactions, the overall deal volume in 2019 fell slightly when compared to previous year, a 3.4% decline from the record high of 2018 when 1,392 deals were recorded. Similarly, the total value of deals with disclosed values reached \$140.4bn, a much lower value than the record high of \$304bn seen in 2018. If the total value is adjusted to exclude any mega-deals (deals with values over \$10bn), then the total value of deals with disclosed values in 2019 stood at \$112.4bn, surpassing the previously record high of \$85.6bn reached in 2018, or a 31.4% increase over the 2018 levels.

Notable deals

This year saw the completion of a number of notable deals in the sector, in particular CBS merging with Viacom in a \$12bn transaction, whilst KKR acquired Axel Springer in a deal valuing the company at \$7.6bn.

We also witnessed the \$15.7bn acquisition by Salesforce, the No 1 CRM leader, of Tableau Software, the No 1 data analytics platform, whilst Publicis acquired Epsilon, the data-driven marketing solutions provider, in a \$4.4bn deal. Furthermore, private equity powerhouse Bain Capital acquired Kantar, the UK-based global data, research, consulting and analytics firm in a deal valuing the company at \$4bn.

Buyer landscape

Holding networks

The global marketing holding networks were again subject to a year of turbulent share prices and poor financial performance, both of which had an impact on their M&A appetite. The six largest holding companies showed a further decline in deal volume, completing only 26 deals in 2019, down 50% from 2018's total of 52, and a 62% reduction on the 69 deals recorded in 2017. The decline in deal volume from the six largest holding companies, compounded by an increase in deal activity driven by players from the consultancy, tech and private equity world, meant the percentage of total deals completed by holding networks is now only 2%, down from 4% in 2018 and 11% in 2014. Only Dentsu, Havas, and Publicis counted as most active holding network buyers by deal volume, with Havas managing to increase its deal count to 6 deals, two more than in previous year. Both Dentsu and Publicis experienced relative declines in their deal volume year-on-year, with 13 and 5 transactions respectively (compared to 19 and 7 deals in the previous year). IPG was the only network of the Big Six to see no M&A activity at all in 2019, whilst WPP and Omnicom recorded only one transaction each.

Consultancies

Consultancies continued to have a strong presence in the market, broadening their range of capabilities, as well as building on their now established digital and marketing services offerings. Accenture in particular was again at the forefront of this activity, making 16 acquisitions in 2019, up slightly from their 15 deal count recorded in 2018.

Technology

Technology firms continued their M&A activity in the sector, with a particular push towards data & analytics and content &

production spaces. In particular, Salesforce acquisition of Tableau Software is expected to supercharge their customer's digital transformations by enabling them to get rapid insights and make impactful, data-driven decisions.

Mid-market

Mid-market groups remained active acquirers in the sector, with Stagwell Group representative of this category. The US firm, which entered the market in 2017 as a major emerging buyer, continued to add to its acquisition spree, recording eight deals in 2019.

Emerging buyers

2019 again saw a number of new entrants into the marketplace, ranging from established tech buyers to new bespoke funds. Most notably S4 Capital, the acquisition vehicle established by Sir Martin Sorrell in 2018, has consolidated its position in 2019 by completing eight acquisitions, four times more than its 2018 deal count.

Private equity

The accumulation of large pools of capital from previous years meant that 2019 continued to be among extraordinary years for private equity firms in the sector. Deal transactions involving a private equity buyer accounted for 42% of all deals, compared to 22% the year before. These deals were either acquisitions by the PE funds themselves, or via their existing portfolio companies looking to grow through M&A.

KKR emerged as the most active PE buyer, with 10 deals completed in 2019 either directly or via portfolio companies.

Geographic overview

The US and UK remained the two largest markets in terms of deal volume, with targets from these countries accounting for 50% and 16% respectively, of overall deal volume. Both UK and North America experienced growth in deal activity in 2019, whilst previously strong performing regions, like LatAm, APAC and Africa, all saw significant declines. In Western Europe, Spain and Netherlands witnessed the highest increase in deal volume year-on-year (with 180% and 95% increases respectively). The proportion of cross-border deals also increased year-on-year, now representing 38% (compared to 29% in 2018).

Sectors

Digital Media and Traditional Media emerged as 2019's most popular sectors, with 232 and 209 deals respectively. Combined these two sectors represented a third of all deal activity throughout. They were also the only sectors witnessing deal activity increases, a massive 85% increase for Digital Media in particular. Data & Analytics (104 deals) and Strategy (82 deals) also experienced considerable increases in their deal activity.

The MarTech sector, with its 156 deal count, came in third place, recording a 22% decline from 2018 levels. This was closely followed by Agency Services (153 deals) and Digital Agency (148 deals), both sectors experiencing deal volume declines year-on-year as well.

The combined total of 898 deals across these Top 5 sectors represented 66.8% of all deal activity in 2019.



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Ciesco
Outlook

Ciesco outlook

1

Businesses can expect more complex, global marketing challenges within the further emergence of China as a super power and super economy, with their consumer confidence on the rise, despite a slight slowdown in economic growth compared to recent highs. India and other Asian markets will also accelerate. The United States under its current leadership will continue to adopt a more US-centric approach, rather than as a global influencer, both politically and economically. The US will continue to power ahead with its economy with continued job increases and resulting further reductions in unemployment. Brexit will undoubtedly cause UK and European disruption, and will also effect other international markets' position and perspectives, with an outcome still difficult to predict.

2

Pervasive social media will continue to make headlines. Companies and their brands will strengthen their guard to best ensure that their messaging is not manipulated and misrepresented. Influencers will have still stronger voices, and governments, corporations and individuals will continue to be on their guard against influential damaging fake news from third-party sources and disrupters.

3

The holding networks will awake from their recent M&A slumber and be back on the acquisition trail, trying to capture tech and content related specialist companies to both fill gaps in their service offering and to ensure that they can defend against outside advances to their client sets and income, and also to be more roundly competitive in new business situations. Networks will also continue to review their operations region by region and will divest where companies and markets are not demonstrating competitive service capabilities, growth and profit.

4

In-housing will remain high in discussion at board level with brands wrestling with the concept and opportunity to deliver potentially more effectively and efficiently with specific in-house services, against the necessary and inevitable high set up and recruitment costs. Media planning and buying will lead the way, with end content production inevitably considered to be brought in-house. This cycle of in-agency or in-house, or a combination, will swing back and forth across the next few years. Agencies need to be able to roll with it and constructively help and partner their brand clients in any potential transformation.

5

Artificial intelligence (AI) will continue to accelerate and be utilised to improve the customer experience, driving business operations efficiency. However, designing and creating original and proprietary AI-based systems will remain an expensive budget consideration for most businesses. Consequently, AI applications will continue to be executed through providers of as-a-service platform, allowing simple feed into a company or brand's data, and a pay-per-use mechanism relating to data segmentation, algorithms or resource computing. These are services currently successfully provided by the likes of Amazon, Google, and Microsoft.

Ciesco outlook

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5G and the 5th generation of mobile internet connectivity will start to create an influence in 2020. Phenomenal super-fast download and upload speeds, as well as more stable connections via the mobile networks, will see 5G mobile data become extended and even more content rich, with affordable data plans in place, and will support serious consideration within multi-channel communication media planning for brands and companies.

7

We will still be operating in a low interest rate environment which is good for new investment plans, gives low threshold for returns on capital, positive backdrop for expansion initiatives, and it is positive for stock markets, the bellwethers for investment. Private equity will continue to focus on the MarTech and AdTech sectors as it seeks acquisition opportunities with considerable accumulated war chests.

8

Blockchain will extend beyond the domain of the major corporates like FedEx, IBM, Walmart and Mastercard in 2020. Their investment has demonstrated positive results and the technology is being recognised and will reach down to and be adopted by smaller players, consequently beginning to play a prominent role day-to-day in encrypted, digital ledger transactions.

9

The Ageing Population situation had somewhat slipped from the radar but the 'Over 65s' globally essentially expect to double in number between 2020 and 2050. In the context of a far smaller overall growth in the global population, it will begin to resurface again in 2020 with governments, institutions and welfare groups. The percentage increases are much more marked in the developing Asian, African and South American countries, albeit there is still a 50% increase in UK and Europe. China specifically has a huge challenge, due to the one-child policy, as the number of workers vs retirees shifts from 10 in 2000 to 2 in 2050. Working habits, leisure habits and economic performance will all be effected by this trend in all territories, creating complexity and challenges in global marketing initiatives and new product innovation.

10

Expect to see further growth of digital advertising expenditure, paired with a paradigm change with regards to traditional TV that is continuing to lose shares to digital video, mobile and social. Netflix (highest number of nominations at the Oscar 2020) and Amazon are well set, new Disney+ closed 2019 with 30 million downloads of its App. With Apple TV+, we see another player participating in the upcoming Streaming Wars in 2020. And watch Quibi (Jeffrey Katzenberg), innovating the use of device technology (smartphone). Existing players like YouTube, Linear TV, Sony catalogue, Lionsgate, and Universal. Gaming, E-Sport, Sport – all will continue to be a focus in a merged experience on the screens of the 5G future. Brands that had relied on big TV advertising reach will need to examine their strategies to be successful in the new "Total Video" ecosystem.

Ciesco outlook

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Content marketing and importantly, content delivery will be further high profile in 2020. Delivery channels and capabilities continue to expand. Consumers expect and anticipate new, regular, rich content for their favourite brands, products and services. Agencies that can create relevant strategy, and then efficiently integrate content creation, production, delivery and importantly, data capture and analysis, will gain even more significant budget dollars in 2020. The ability to continue to invest and further develop the technology platform will be key to an agency's and brand's successes. Expect brands to view opportunities of acquiring agencies with these appropriate services to deliver for them from an in-house perspective in 2020.

12

Chatbots will continue to be an important part of digital marketing in 2020. Accelerated AI-based technology using instant messaging to chat in real-time, on a constant 24-hour basis with consumers and on-site visitors, will increase and improve in its technical capability and uptake. Chatbots are expected to power 85% of customer service by the end of 2020 and will be integral, becoming the norm for brand and service interface online.

13

Expect to see an M&A rise in the interest and activity in robust, sizeable B2B agencies in 2020. Long under the radar compared with more traditional B2C and brand agencies in M&A, the B2B sector has substantially grown over the past decade and built, in many cases, unique capabilities and experience in key assets of technology, data capture and interpretation, eCommerce and a thorough understanding of the B2B customer journey. Many B2B agencies are also moving into, and adding, B2C as part of their capabilities and armoury. Expect this to increase in 2020, with particularly the consultancy groups on the search within the M&A field for scalable international companies operating in the B2B space.

14

Brands will need to listen to millennials' perspectives and opinions, and will look to drive brand positioning and communication aligned to aspects of Sustainability. Brands will expect their agency partners to strategically platform "Purposeful" opportunities throughout their businesses, from internal communication programmes to consumer-facing campaigns. Agencies will be expected to deliver in areas of corporate responsibility, with Purposeful at the forefront of many brands' endeavours.

15

A number of quadrennial events occur throughout 2020, highlighted by the XXXII Olympics and Paralympic Games in Tokyo and the US presidential elections in November. Expect to see significant spikes in ad expenditure across multi-channels during the relevant periods, together with prominent experiential marketing, brand activation and live events and engagement programmes, resulting in a high consumer consumption of TV, press, radio and social media. Expect brands to maximise this increased exposure and align opportunities both strategically and tactically.



4

Deal Statistics

Deal statistics

2019 saw a slight decline in deal volume for mergers and acquisitions in the digital, media, marketing and related technology sectors. With 1,345 transactions recorded in 2019, the sector experienced a 3.4% decrease over 2018 levels. Interestingly, this represents the first decline in deal activity since 2013, and it has been largely driven by changing dynamics in the composition of deals – in terms of buyers, sectors and geography.

Despite the slight decrease in deal volume in 2019, deal activity remains truly global throughout the year – with buyers based in 48 countries acquiring targets from 56 different countries. Particularly noteworthy is that the sector's five-year compound annual growth rate now stands at 5.5%.

The total value of deals with disclosed values recorded in 2019 stood at \$140.4bn, approximately 54% lower than the record high of \$304bn seen in 2018. If in the previous year, there were four multi-billion-dollar mega-deals (defined as deals over \$10bn) that accounted for 72% of total deal value, in 2019

there were only two mega-deals, which made approx. 20% of the total deal value number. These included the \$15.7bn acquisition of Tableau Software by Salesforce and the \$12bn acquisition of Viacom by CBS.

Excluding these two mega-deals deals, the total disclosed deal value in 2019 was \$112.4bn, a 31.4% increase on 2018, and a staggering 62% increase on 2017 levels. It should be noted that the true total value of deals will be significantly higher than the figure quoted above, as not all values of M&A transactions are disclosed.

2019 also saw an increase in the number of large transactions (defined as deals with a value of at least \$1bn). This number rose to 28 from 26 deals in 2018. One notable deal in this category was KKR's buyout of a minority stake in Axel Springer – Europe's largest digital media publishing house that operates various newspapers, tabloids, and lifestyle magazines, for a company valuation of \$7.6bn.

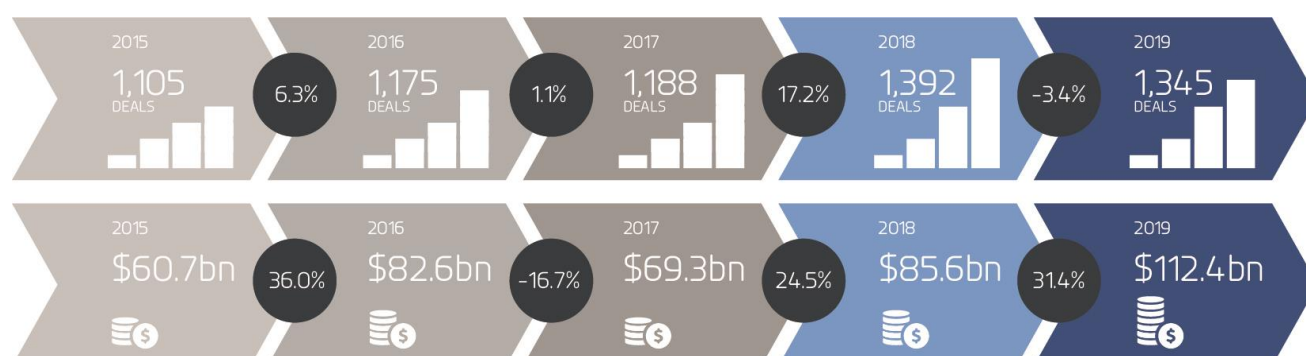


Figure 1. Annual deal volume and value, 2015 - 2019

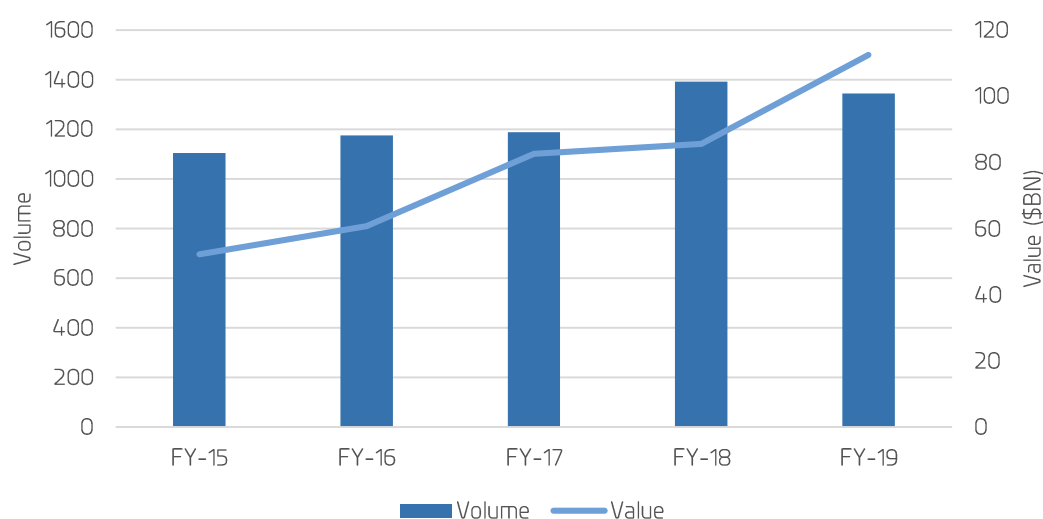
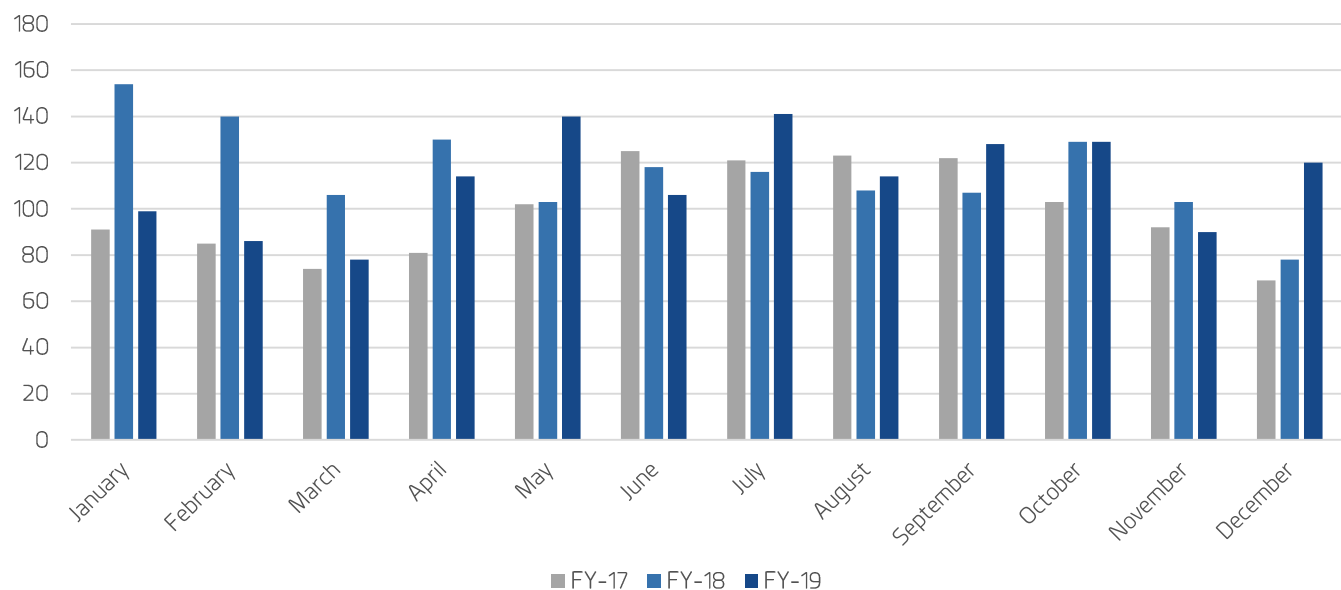


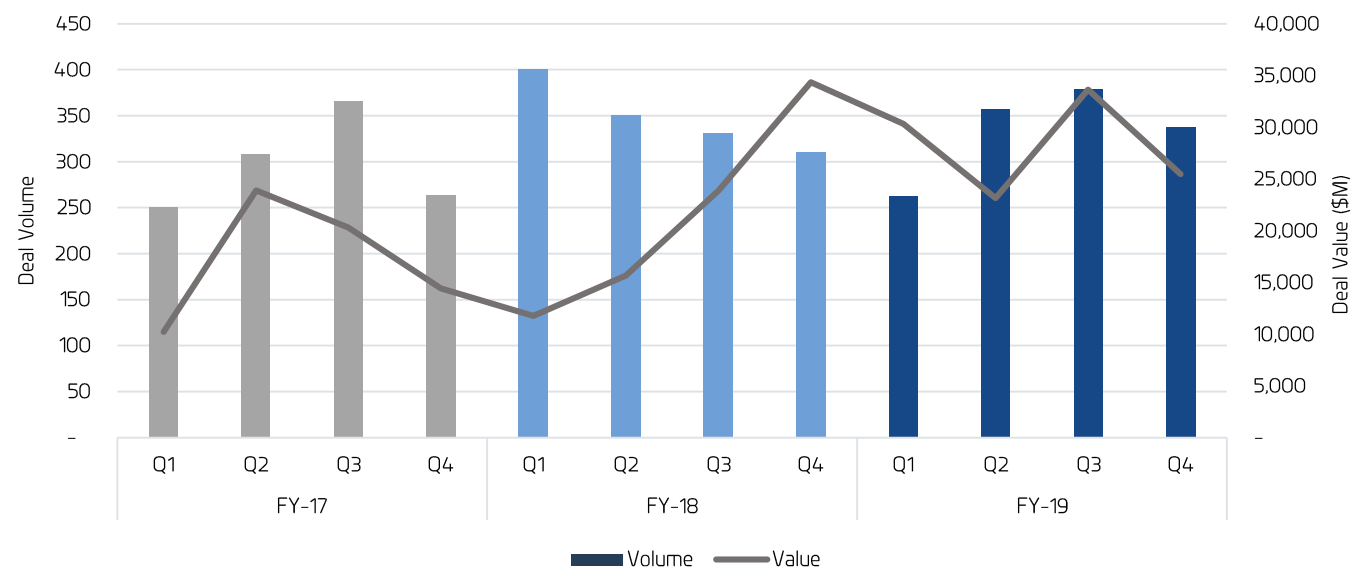
Figure 2. Monthly deal volume, 2017 - 2019



In terms of deal volume, 2019 experienced a slow start to the year – Q1 was 34% down when compared to the same period in 2018 (263 versus 400 deals, respectively). During Q2, the market managed to slightly bounce back, with May recording a new high in terms of deal volume at 140 transactions announced, up 36% from both 2018 and 2017 levels.

M&A activity levels were somewhat better in the second half of the year, with both Q3 and Q4 experiencing an increase (14.5% and 8.7% respectively). The end of the year was also unusually busy, with December – for the first time in recent years – experiencing a 53% increase in the total number of deals announced when compared to last year.

Figure 3. Quarterly deal volume and value, 2017 - 2019



















5

Notable
Deals

Notable deals – over \$1bn

Figure 4. Notable deals over \$1bn in 2019

Bidder	Target	Target description	Deal Value (in \$m)	EV/ Revenue	EV/ EBITDA
		US data visualisation provider	15,700	11.9x	n.m.
		US global media & entertainment group	12,000	0.8x	15x
		German digital media publishing group	7,600	2.4x	10.8x
		US provider of data-driven marketing technologies and services	4,400	4.2x	9.1x
		UK global data, research, consulting and analytics business	4,000	1.2x	8.2x
		US TV broadcasting group	3,900	3.1x	7.8x
		US provider of cloud-based business intelligence software & data analytics	2,600	26x	n.a.

In 2019, 29 acquisitions above the \$1bn threshold were announced, a modest yet healthy 11% increase from the previous year. This indicates that companies and investors continue to have an appetite for large deals, driven by the need to better capitalise on the increasing demand for data analytics and digital transformation capabilities, as well as securing the tools to better compete for shifting advertising budgets in the areas of digital and traditional media.

Two mega-deals were completed last year. One saw [Salesforce](#), the global leader in CRM, acquiring [Tableau Software](#), the No. 1 data analytics platform, in a \$15.7bn transaction, a combination that is expected to supercharge the customers' digital transformations by enabling them to get rapid insights and make impactful, data-driven decisions.

The other one was the long-planned merger between two media conglomerates [CBS Corporation](#) and [Viacom Inc.](#) to create a premium content powerhouse with global scale across the US, Europe, LatAm and Asia. The new company, ViacomCBS will be well-equipped to maximise the value of its premium assets for its own suite of advertising and subscription-based platforms and for others, as it meets the growing global demand for third-party premium content.

Several notable deals were in the areas of data analytics and data-driven marketing as advertisers are keen to amass customer data and the tools to analyse them. By leveraging [Epsilon's](#) huge database of customer insights, [Publicis](#) hopes

this will give it an edge over not only direct rival holding companies (such as Dentsu, WPP, Omnicom or IPG), but also over the consulting firms and marketing clouds (like Adobe and Salesforce) who are encroaching on the holding companies' turf by positioning themselves as "one-stop shops" for brands.

Similarly, [Google's](#) acquisition of [Looker Data Sciences](#) is a testament to the data analytics revolution – capitalising on the Big Data trend and the need for fast, scalable, easy to deploy data infrastructure. The aim is to provide customers with an end-to-end multi-cloud analytics platform that connects, collects, analyses and visualises data across Google Cloud, Azure, AWS, on-premises databases and applications, etc.

A substantial interest from private equity buyers has been a constant feature throughout 2019 – two notable transactions highlight this trend, with [KKR](#) becoming [Axel Springer's](#) biggest shareholder (43.5%) and [Bain](#) acquiring a majority stake in [Kantar](#) (60%). These deals are reflective of the growth opportunities that private equity buyers see in the space, with plans afoot to make new investments in people, products, content, technology and brands, building on the **continued demand for media consumption and data-driven consumer insights delivered at scale.**

Notable deals – under \$1bn

Figure 5. Notable deals under \$1bn in 2019

Bidder	Target	Target description	Deal Value (in \$m) – estimated	EV/ Revenue	EV/ EBITDA
 Vista Equity Partners		US provider of cloud-based content management and digital experience	966	n.a.	n.a.
		US brand development, marketing and entertainment company	875	n.a.	n.a.
		US digital native adtech publisher	850	n.a.	n.a.
		US mobile performance marketing platform for in-app video advertising	750	n.a.	n.a.
Waterstones		US retailer of books, digital media, and educational products	683	0.2x	5.8x
		US award-winning creative agency	450	n.a.	n.a.
		US women-focused lifestyle publisher	400	n.a.	n.a.
		US digital marketing agency	150	n.a.	n.a.
		US-based digital content and production agency	96	n.a.	n.a.

The steady interest from private equity buyers in the martech/digital experience software space has continued in 2019 as well, pushing Private Equity investments since 2016 over the \$5bn mark. The acquisition of **Acquia**, a US open digital experience company, by **Vista Equity Partners** follows similar investments in the space such as Sitecore/EQT (\$1.14bn), Episerver/Insight Venture Partners (\$1.16bn), and Marketo/Vista Equity Partners (\$1.8bn, later sold to Adobe). This reflects a strong market validation for the martech/digital experience space, which helps marketers orchestrate customer journeys across multiple channels, whilst managing the complete customer lifecycle through the website (CMS), marketing automation, social media, and CRM.

Continued consolidation in the advertising space has been seen. In a deal valued at \$850m, **Taboola** and **Outbrain**, rivals that both operate advertising-based content recommendation engines for publishers, merged to form a single company in a bid to increase audience reach, allowing them to compete better against the likes of Facebook and Google and giving advertisers a more meaningful choice. Similarly, **VICE Media Group** acquiring **Refinery29** is another example of the consolidation trend in the industry, with two independent players in the digital media sector combining in a bid to build a scaled global and diversified media company. The deal follows Vox Media's combination with New York Magazine and Group Nine Media's acquisition of Pop Sugar and comes as established digital players continue to streamline and optimise

their businesses in order to capitalise on more diverse revenue streams and compete with Google and Facebook for ad dollars.

Reflecting the industry's rapidly changing competitive landscape, major consultancies continue to make inroads into the space as they increasingly take on more ambitious consumer experience projects. One notable deal is the acquisition of **Droga5**, the US award-winning creative agency, by the consultancy giant **Accenture**. Over the last few years, Accenture has already snapped up other creative agencies such as Karmarama in the UK, Kolle Rebbe in Germany, UK design agency Fjord and Irish creative agency Rothco. When combined with Accenture's technology, data, experience design, commerce and programmatic capabilities, the Droga5 acquisition is expected to help move Accenture one step closer to providing CMOs and marketers with the integrated, end-to-end creative solutions they require.

Continuing its plans to create a digital global advertising powerhouse, Sir Martin Sorrell's holding company **S4 Capital** has been steadily gaining scale. Its latest acquisition, **Firewood Marketing**, Silicon Valley's largest independent digital marketing agency, for \$150m, builds upon its previous purchases to date, digital production firm Media Monks and programmatic advertising firm MightyHive (both acquired in 2018), in a move aimed to further deliver a "purely digital, first-party data-driven, faster, better and cheaper content and programmatic offer". With currently over 1,800 employees in 23 countries, S4 Capital plans to double in scale by 2021.



6

Buyer
Landscape

Buyer Landscape

Emerging Buyers



MarTech/AdTech



Social Media



Media & Publishing



Mid-Market Groups



Consultancies



Private Equity



Asian Buyers



IT Services



Telecommunications



Technology



Networks



As in previous years, the Top 10 of most active acquirers in terms of the number of acquisitions in the digital, media, marketing and related technology sector (i.e. based on at least five transactions completed) consists of a mix of the large holding companies, consultancies, tech companies, private equity firms and mid-market groups. With a combined 84 deals in total, the Top 10 of Most Active Buyers in 2019 stands at just 6.2% of total transactions in the sector. Compared to the 99 acquisitions completed by the 2018 Top 10 buyers, this year's 84 deal count shows a 15% decline, partly driven by reduced M&A activity from Dentsu and WPP, which were among the top three most active buyers in 2018.

The consultancy giant Accenture emerged as the No 1 Most Active buyer in the sector, stealing the crown from the previous M&A winner, Dentsu. In 2019, Accenture made 16 acquisitions, a slight increase in their deal count year-on-year - this reiterates the interest from consultancies to acquire specific capabilities and skills to serve their clients' full digital transformation and customer experience needs.

Against lower volumes of deal activity, only three of the Big Six global holding companies feature this year in the top 10 of most active buyers. Only Dentsu, Havas, and Publicis counted as most active holding network buyers by deal volume, with Havas managing to increase its deal count to 6 deals, two more than in previous year, whilst all the other networks demonstrated a diminished appetite for acquisitions. IPG was the only network which did not engage in any M&A activity in 2019.











As in previous years, Private Equity firms feature prominently in the top most active buyers. KKR, the global investment firm, emerged among the most active Private Equity buyers in the sector in 2019, with 10 deals, up from three in 2017, followed by The Carlyle Group and Aquiline Capital Partners, with seven and six acquisitions respectively.

Among the most active mid-market groups, The Stagwell Group and S4 Capital continued their expansion plans, with a tally of eight acquisitions each. With over 9,000 employees operating in more than 25 offices around the world, Stagwell Group is an independent, fully-integrated organization of size & scale servicing global brands across the continuum of marketing services. Similarly, S4 Capital, the acquisition vehicle of Sir Martin Sorrell (WPP's former CEO), has ambitions of becoming a digital global advertising powerhouse. Currently, the group has over 1,800 employees in 23 countries, with plans to double in scale by 2021.

The only technology firm to feature in the Top 10 most active buyers in 2019 is Amazon, which completed five acquisitions. This is reflective of Amazon's bid to challenge Google and Facebook's hold on the digital ad market, with its search advertising business becoming a growing threat to their digital duopoly.

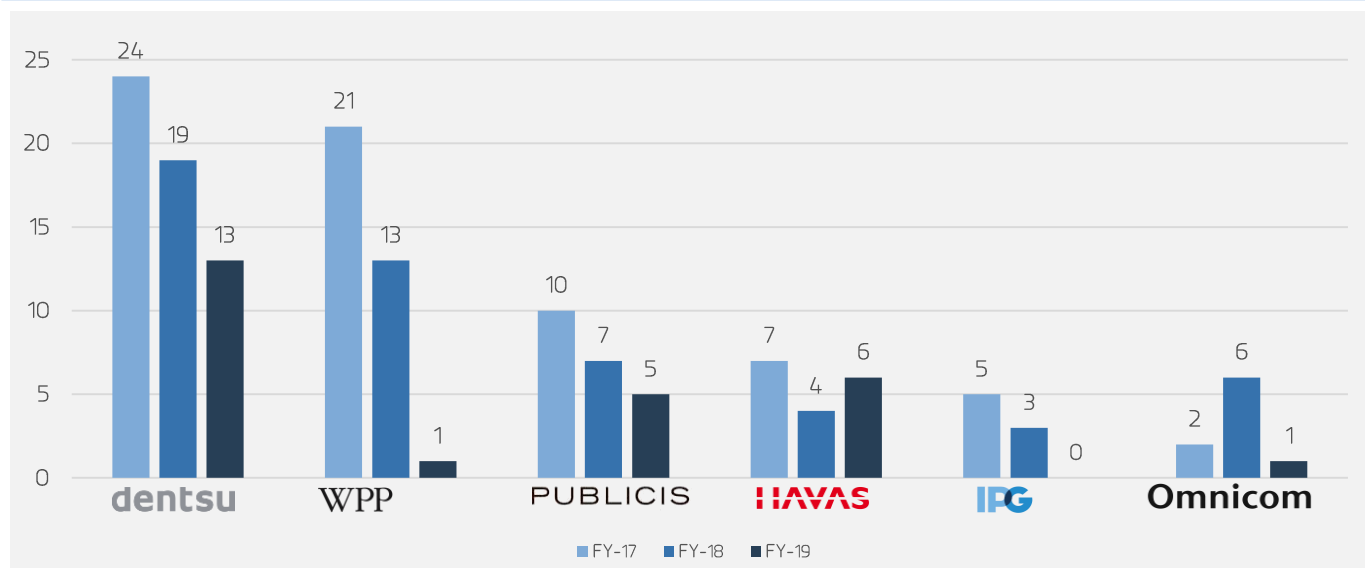
Most active buyers

Figure 6. Most active buyers by deal volume in 2019

Company	2019	2018	2017
 accenture	16	15	13
 dentsu	13	19	24
 KKR	10	7	3
 THE STAGWELL GROUP	8	3	6
 S4 CAPITAL	8	2	0
 THE CARLYLE GROUP	7	6	1
 HAVAS	6	4	7
 AQUILINE CAPITAL PARTNERS LLC	6	5	0
 PUBLICIS	5	7	10
 amazon	5	1	3

Global holding networks

Figure 7. Global holding networks' three-year deal volume 2017-2019



Throughout 2019 the global holding networks continued to pursue their ongoing objective of evaluating their services and offerings, their geographical presence and needs, and the review and relevant build in terms of future-proofing their businesses. This follows previous year's global holding networks' activity, which saw company and divisions' mass mergers, extensive management changes and a significant amount of regional and global client reviews and pitches from major brands. For many, their M&A initiatives were again firmly placed on the back burner. If in 2018 the M&A activity dramatically declined by 25% for the six largest holding networks, this decrease was even greater in 2019 – a reduction of 48% compared with the weak year of 2018, making the reduction in 2019 even more significant. Unsurprisingly, with such a decrease in activities, the holding networks' acquisitions contributed to a very small percentage of all activity – but very few expected it to be as low as the recorded 2% of the entire category (it represented 4% in 2018). Overall, the Big Six made a total of 26 acquisitions across 2019, compared with 52 in 2018.

The overall decrease in M&A activity in this specific sector or vertical is highlighted in comparison to the acquisition aggression and activity from the likes of the Consultancy groups, the Tech companies and Private Equity firms. Additionally, the mid-market groups have acquired significantly over the previous four years – and the domain of what was always the Global Holding Networks is no longer.

The larger of the Big Six holding networks demonstrated very little appetite for acquisitions. WPP only recorded one activity, in July with a majority stake in Italian technology-driven creative agency [Aquest](#), with 70+ people, to be able to build on their UX and UI design, production, consumer experience and activations capabilities. Mark Read, having now completed his first 12 months as CEO mainly executing a series

of divestments and orchestrating huge internal restructuring, has now promised to set WPP sights back into the acquisition arena. Stating that the process of offloading companies was now "substantially complete" with no large disposals further planned, Read will consider making acquisitions to bolster its capabilities in faster-growing segments such as technology. Read was quoted "*We have the ability to grow organically, there's also the opportunity to invest and acquire attractive businesses to reposition the portfolio.*" he told an audience of investors at the Morgan Stanley's Technology, Media and Telecoms conference in Barcelona. "*Now we have the Kantar situation nearly behind us, we can start to think more tactically – not go crazy – about how acquisitions can add to what we are doing in those areas.*"

In December, WPP announced that its sale of 60% of global data, research, consulting and analytics business, [Kantar](#), to [Bain Capital Private Equity](#) has been completed. WPP said it would return to investors about 40% of the net proceeds from the sale.

Figure 8. Global holding networks' deals as a percentage of all deals

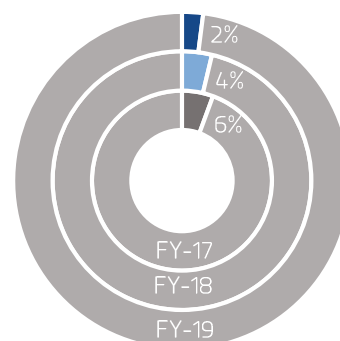
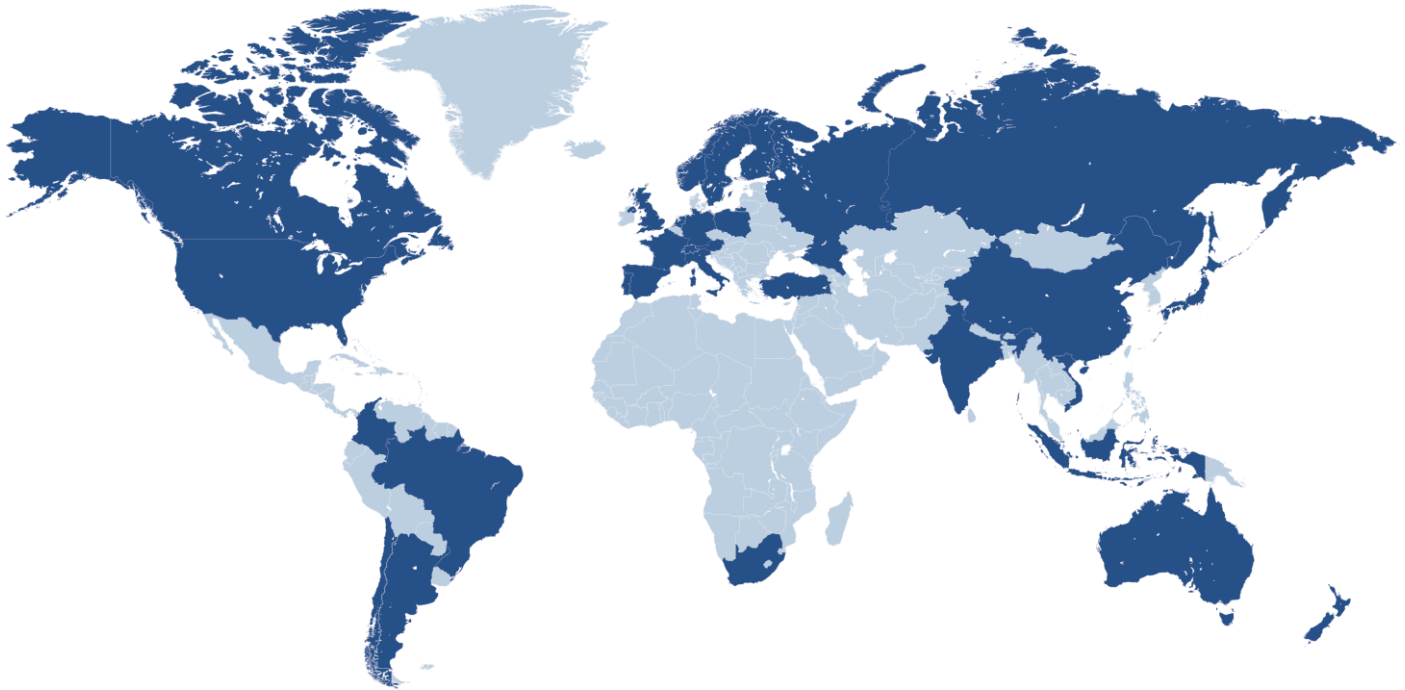


Figure 9. Countries in which the six largest holding companies acquired targets in 2019



Two of the Big Six, IPG and Omnicom, followed a slim acquisition year in 2018, with even less activity in 2019.

IPG kept its powder completely dry and indulged in zero activity, a stark distance from its \$2bn acquisition of Acxiom, the data marketing services company in October 2018.

Omnicom made only one acquisition, in September, when its CRM subsidiary, Omnicom Precision Marketing Group (OPMG), acquired a majority stake in Germany-based **Smart Digital GmbH**, which specialises in customised online customer interaction technology designed to boost brand presence and increase customer loyalty. Omnicom's overall growth was organic – specifically, in its advertising and healthcare sectors.

Publicis Groupe made a total of five acquisitions, among which the acquisition of **Epsilon**, “the first-party data company” for \$4.4bn in July, was arguably the stand-out deal of the year.. All aspects of the Publicis Groupe’s services – Publicis Communications, Publicis Media, Publicis Sapient and Publicis Health – are expected to be able to tap into Epsilon’s capabilities and insights.

Havas made six acquisitions, two more than their number in 2018. Acquisitions included three in India with **Langoor**, **Think Design** and **Shobiz**. With the Indian ad market expected to have grown at around 14% in 2019 with further growth anticipated in 2020 (according to GroupM’s predictions), Havas Group Chairman & CEO Yannick Bolloré was quoted: “*Digital business is booming in India and bringing Langoor on board is an important new step to further strengthening our digital skills locally. Through their unique blend of data, creativity and technology, Langoor enables brands to engage their customers meaningfully and drive growth. Earlier this year, we acquired the leader in user experience and digital design in*

India, Think Design, making Langoor our second acquisition in the country in 2019.” After the acquisition of Shobiz in December, Bolloré said: “India has increasingly become a priority for Havas, and even more so over the past 12 months. With the acquisition of Shobiz we have delivered on our ambitious growth plan to triple our footprint in India. We can now significantly boost our activation and experiential offer on the rapidly growing events market in India.” Additionally, in April, Havas announced the acquisition of a 51% stake in **Buzzman**, the most awarded French independent creative advertising agency.

Dentsu Aegis Network, who announced in July that it would drop the “Aegis” from their brand name in 2020, again was aggressive on the acquisition trail in 2019 and outperformed all the other global networks in its acquisition appetite – retaining its position as the most active acquirer in this vertical for the fourth consecutive year with 13 acquisitions. Dentsu nevertheless reduced its activity by almost 32% in 2019 in comparison to the previous year. For more details on Dentsu’s acquisitions, please refer to the “Buyer Spotlight” later in this section.

All the Big Six recognise that rich content and data-driven marketing solutions will increasingly be the key to a brand’s success. Without these critical service elements and capabilities, the global holding networks will not be able to compete effectively and robustly in both domestic and international markets. Expect further major acquisitions in this vertical throughout 2020.

BUYER SPOTLIGHT

dentsu

Dentsu acquired a cross section of companies in several countries to continue to boost its capabilities, but notably in data technology, CRM and performance marketing. Dentsu got on the acquisition trail in February with the acquisition of **BJL Group**, the northern powerhouse agency group in the UK. BJJ's team of 75 strategists, planners, creative producers and digital employees offer integrated services that incorporate digital technology into a wide range of business fields ranging from brand strategy formulation to creative production, content development, CRM, PR and social media development.

Dentsu then acquired **Redder**, a digital creative agency in Vietnam in March.

In June, Dentsu acquired Newcastle-based production company **re:production**. Founded in 2010, reproduction employs 12 people and delivers production solutions for radio, TV commercials, animation and idents.

Dentsu also acquired **MuteSix**, a performance marketing agency specializing in Facebook advertising and Google Adwords, based in Santa Monica, CA. Post-acquisition MuteSix will join iProspect and be rebranded "MuteSix, an iProspect Company." The agency's addition will extend iProspect's suite of performance marketing solutions for both enterprise and DTC marketers and is well-aligned with the Dentsu Group's continued growth strategy for the US.

In July, Dentsu's **Merkle** added further analytics muscle with the majority stake acquisition of **Ugam**, an India-based global analytics company with more than 1,800 employees in India, the US and Australia. Ugam represents one of Merkle's biggest deals, and its name will now be followed by the moniker "a Merkle Company." It will continue to be led by Sunil Mirani, co-founder and CEO of the firm. He will report to Craig Dempster, president of Merkle Americas. Commenting, Mirani stated: *"We have found the perfect partner in Merkle. We complement each other's strengths, with Ugam bringing advanced analytics capabilities at scale and Merkle bringing a diverse client base with a largely in-country presence. Most importantly, the cultural fit was evident from day one, and the effects will be immensely positive for all our stakeholders—customers, employees and shareholders."*

Dentsu Aegis Network had acquired a majority stake in Merkle in 2016, and since then Merkle has grown via a number of acquisitions. In the past year alone, Merkle has acquired digital marketing agency **Happy Marketer**, experience design firm **Filter**, full-service digital shop **Namics**, and **Amicus Digital**, an Australian company that helps businesses use Salesforce Marketing Cloud. Craig Dempster stated: *"Ugam is vital to the execution of Merkle's multi-year analytics strategy of creating a scaled on - and offshore shared analytics service across Dentsu Aegis Network. Their focus on the US market and Fortune 500 companies will create many synergies and strengthen our existing relationships, opening opportunities for each of our client portfolios."*

In July, Dentsu announced the acquisition of digital media agency **Ambient Digital Vietnam**, headquartered in Ho Chi Minh City. Founded in 2010, Ambient Digital Vietnam is one of the largest independent digital media agencies in Vietnam. With a team of 95 digital experts, the agency offers services that focus on digital planning and buying, as well as complementary creative and social solutions to their clients. The deal specifically launched iProspect in Vietnam. Ambient Digital Vietnam's data led solutions coupled with iProspect's international performance and search capabilities is aiming to generate highly competitive capabilities as well as add scale to the Dentsu Group's full-service offerings throughout the South East Asian market. Following the acquisition, Ambient Digital Vietnam is rebranded as iProspect Vietnam.

In October, Dentsu strengthened its eCommerce solutions with the 100% acquisition in China of **EBP Internet Technology Co. Ltd.**, headquartered in Shanghai. Established in 2012, EBP has grown rapidly to become one of China's leading e-commerce solutions providers. The company works closely with brands across China's leading e-commerce platforms to deliver world-class integrated marketing services. With 82 employees, EBP provides brand e-commerce consulting, go-to-market strategy, integrated marketing campaigns, online store operation, user experience optimization, and brand data bank solutions to its clients in the Chinese market. Post the acquisition EBP will join iProspect and be rebranded "EBP, an iProspect Company." Its addition will advance the Dentsu's development of capabilities in e-commerce solutions offering in China, which is the world's largest e-commerce market.

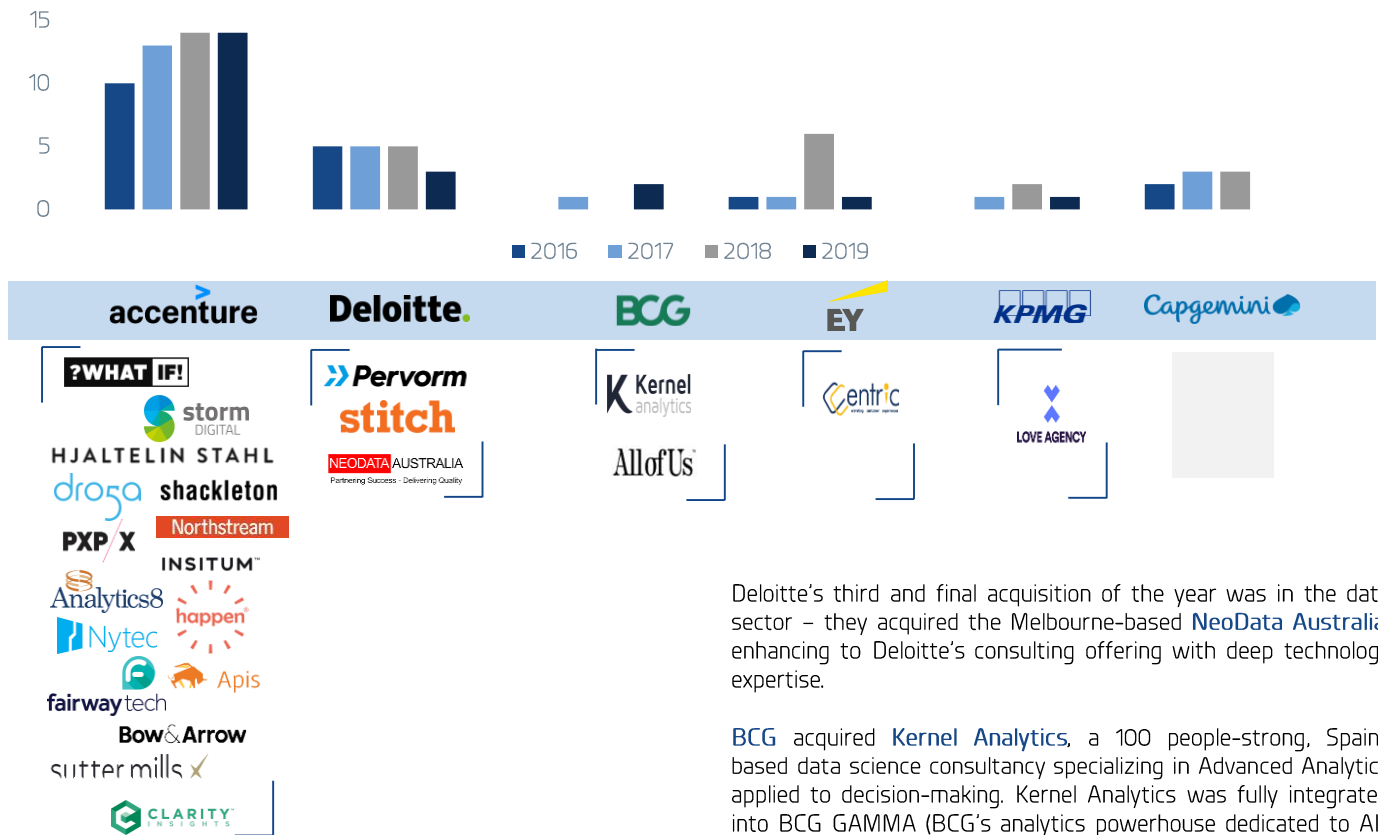
Also, in July, Dentsu announced the acquisition of **Davanti**. Headquartered in Auckland with an office in Australia, Davanti is one of New Zealand's leading digital transformation consultancies. Established in 2007, now with 125 people, the company provides integrated solutions through Salesforce Cloud business and technology consulting services for strategic planning and implementation of digital transformation to its clients in New Zealand and Australia.

Finally, in December, Dentsu acquired **Chef Smart Marketing Mix** in Colombia, the third largest digital agency in the country. Chef will join Isobar and be rebranded "Chef, an Isobar Company." The addition is aimed to solidify the Dentsu Group's positioning within the creative, technology, and digital domains in the Colombian market and to add scale and enhanced capabilities to the Group's Latin American operations.

In its International business, and in order to future-proof its overall business and serve clients more effectively, Dentsu continues to streamline and consolidate offerings around three lines of business: Creative, Media and CRM. These lines of business are clearly being designed around client needs and outcomes specifically with data-driven, tech-enabled and ideas-led solutions for its clients. 2020 will see Dentsu further shape its operations under these three lines of business to be truly integrated by design.

Consultancies

Figure 10. Acquisitions¹ by top consultancy firms in 2016-2019



The rise of consultancy firms in the marcomms industry has been one of the biggest stories over the past few years. Accenture, Deloitte, EY, and Capgemini have been among the most acquisitive ones, with just under 90 M&A deals completed among them in the last four years (of which 53 involved Accenture as the buyer). KPMG, PwC and BCG have also had periods of M&A activity in the space, however to a much lesser extent.

In 2019, the M&A activity of the major consulting firms indicated a continuation of their interest in the space and further development of capabilities, in particular in the digital, UX, data and analytics space.

Accenture continued its journey as the most acquisitive firm among the consultancies, and one of the top buyers globally. In 2019 Accenture completed 16 deals, one deal more than in the previous year. For more details on Accenture's acquisition spree, please refer to the "Buyer Spotlight" later in this section.

Deloitte, with its three deals, showed the lowest interest that the company has demonstrated in M&A in the sector in the past five years. In 2019, the firm acquired **Pervorm**, Amsterdam-based digital marketing agency, adding 50 people to Deloitte Digital team in the Netherlands, and aiding the consultancy's ambition to ramp up their capabilities in search, social and programmatic. In June, the company acquired **Stitch Communications**, a Bristol-based internal communications agency.

Deloitte's third and final acquisition of the year was in the data sector – they acquired the Melbourne-based **NeoData Australia**, enhancing to Deloitte's consulting offering with deep technology expertise.

BCG acquired **Kernel Analytics**, a 100 people-strong, Spain-based data science consultancy specializing in Advanced Analytics applied to decision-making. Kernel Analytics was fully integrated into BCG GAMMA (BCG's analytics powerhouse dedicated to AI). BCG also acquired a London-based design consultancy, **AllofUs**. The acquisition was driven by BCG's clients' demand for high-value design and engineering capability. AllofUs became part of BCG Platinion (an integrated part of DigitalBCG offering technology capabilities).

If in 2018 **EY** had a very active year, with six acquisitions completed all over the globe, which in itself was an unprecedented number of acquisitions in this space for the company, in 2019 EY made only one acquisition – when they acquired the India-based provider of CRM solutions, **C-Centric**, enhancing EY's ability to provide an end-to-end digital experience. EY and C-Centric have successfully implemented complex digital transformation projects together, prior to this acquisition.

KPMG made one acquisition in 2019 as well – also acquiring the company they had collaborated with before – Australia-based **Love Agency**, a 40 people, UX, web and mobile app technology firm. KPMG management commented that the acquisition is driven by an increasing demand from clients to "re-invent" themselves. Love Agency has become part of KPMG Digital Delta, the digital transformation arm of the consulting firm.

Capgemini, who acquired eight companies in the marcomms space in the last four years, and merged these and their consulting, digital and creative businesses into the 6,000 people Capgemini Invent last year, did not make any more acquisitions in 2019 in this space. It is certainly worth mentioning Capgemini's acquisition of Altran, a leading provider of Engineering and R&D services, for \$5.6bn – which is a massive step to becoming a leader in the digital transformation of industrial and tech companies.

BUYER SPOTLIGHT



Accenture acquired 16 companies in the media, marketing and related technology space. These have helped strengthen multiple Accenture divisions – Interactive, Industry X.O., Applied intelligence, CMT and Product & Platform Engineering, with an emphasis on innovation, digital and creative capabilities.

Geographically, the acquisitions took place across:

- **UK** – 150 people-strong innovation firm **What If!** was Accenture's first acquisition in 2019. What If!'s main areas of focus are brand and customer engagement, product and enterprise innovation.

Bow & Arrow, 90 people, UK-based digital consultancy was acquired by Accenture in October. It helps clients identify and create new digital products and services that fulfil unmet customer needs ("white space" identification).

In the same month, Accenture acquired **Happen**, also a data-driven innovation firm that helps clients generate new ideas, products and services that drive business growth. Interestingly, unlike Bow & Arrow, whose team joined Interactive, What If! and Happen's employees joined the Industry X.O. team.

"The acquisition of Happen underscores our commitment to innovation. We continue to invest in the UK and Europe to grow our talent, creating new opportunities to work on transformative and disruptive projects and to help our clients apply the latest digital technologies to drive their product innovation and growth agendas."

– Matt Prebble, a managing director at Accenture and head of its Products practice in the UK.

- **US** – the acquisition of the New York-based **Droga5**, one of the most innovative and influential creative agencies with almost 600 employees, \$185m in revenues, and a very strong client list, was one of the groundbreaking deals in the sector in 2019. Accenture called the acquisition "an evolution in Accenture Interactive's journey to build a new agency model – one with the power to engineer transformative brand experiences and infuse those experiences with the emotional and inspirational power of brand thinking and creativity."

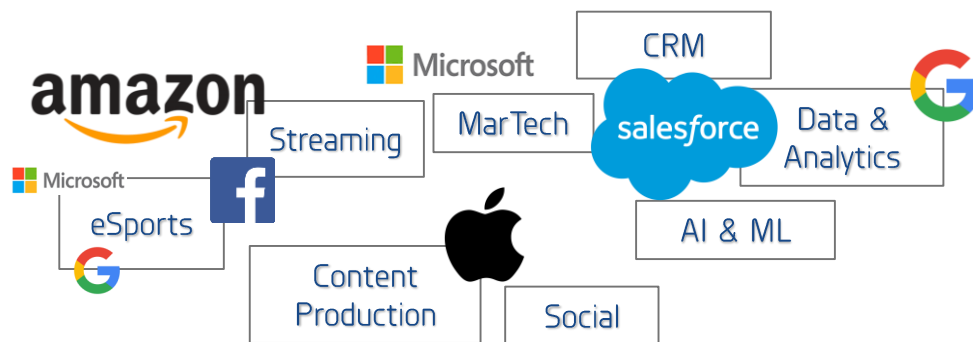
"[This acquisition] cements a renewed emphasis on creativity in marketing. Combined with Accenture Interactive's technology, data, experience design, commerce and programmatic capabilities, the addition of Droga and [other acquisitions] helps move them one step closer to providing CMOs and marketer the integrated, scaled marketing solutions they require."

– Jay Pattisall, a principal analyst at Forrester

In the US, Accenture's push in the innovation space was by the acquisition of 250 people strong **Nytec**, an award-winning product innovation and engineering company, that added deep expertise in software platform engineering to Industry X.O. and of **Fairway Technologies**, a team of 80 people providing engineering services. Together, Accenture Product and Platform Engineering Services practice and Fairway helped organizations maximize platform value by scaling and enhancing digital platforms that introduce new business models. Accenture also acquired Chicago-based **Clarity Insights** – US based data consultancy with 350 employees, and deep expertise in AI and machine-learning.

- **Nordics** – **Hjaltelin Stahl**, 150 people award-winning Copenhagen-based creative agency, boosting Accenture Interactive capabilities as an Experience Agency in Nordics, and **Northstream**, a consultancy to communications service providers (CSPs) and networking services vendors, bolstering the firm's CMT capabilities in the region. Accenture already has a strong foothold in the Nordics, in particular, with previous year's acquisitions of the creative talent from World Loves and of the data-driven CX agency Kaplan.
- **Europe** – in the Netherlands, Accenture acquired **Storm Digital**, a 90 people full-service digital marketing agency, enhancing Accenture's offering in the Dutch marketing by injecting a great level of data-driven media experiences. The acquisition follows the 2016 acquisition of Amsterdam-based mobile specialist Mobgen. In Austria, Accenture acquired **PXP/X**, a leading digital agency in the country, strengthening Accenture Interactive's portfolio in Austria in the area of digital CX. The key driver behind the acquisition was Matthias Schrader, MD of Accenture DACH. In Spain, the acquisition of an award-winning, 180-people brand communications agency **Shackleton** bolstered Accenture Interactive's creative capabilities and its Experience Agency offering in Spain and Latin America. Finally, in Paris, Accenture acquired **Sutter Mills**, a data-driven marketing firm with a team of 90 people. Expanding its capabilities in data-driven marketing strategy, AdTech and MarTech strengthens Accenture Interactive's ability to help brands deliver relevant experiences at scale.
- **Australia** – in August, Accenture made a push in big data and analytics space by acquiring Australia-based 70 people-strong **Analytics8**, which uses AI – powered data, automation and analytics to help clients transform their businesses. In December, they acquired a Canberra-based, 120 people consultancy, **Apis Group**, a company with deep expertise in strategic advisory and digital design.
- **Central and Latin America** – another acquisition in August was of 200 people-strong **INSITUM**, a service design and strategic research firm focused on innovation through human-centred approach. The idea behind the acquisition is to strengthen Accenture Interactive's position as a leading Experience Agency in the region by expanding the world-class services of its design and innovation unit, Fjord, in Latin America and beyond.

Technology



Technology firms continued their M&A activity in the digital, media, marketing and technology sectors. In particular, most of the acquisitions were made in the data & analytics and content & production spaces.

Amazon was the most acquisitive tech firm in 2019, with five acquisitions in the space. For more details on their acquisition spree, please refer to the “Buyer Spotlight” later in this section.

Apple made four acquisitions in the sector in 2019. The company acquired two UK-based content/ production companies – **iKinema** and **Spectral Edge**, the latter being a Cambridge-based photography tech start-up. Apple acquired another start-up, **Fashwell** in August last year. Fashwell is a Zurich-based machine learning company focused on image understanding – it is a provider of visual search platform designed to bridge the gap between content and eCommerce. Apple also acquired **Laserlike**, also a machine-learning start-up, provider of an online content search engine platform designed to deliver high-quality information and diverse perspectives on any topic from around the entire web.

Twitter also made four acquisitions in the space – **Highly**, **Fabula AI**, **Hullabalu** and **Aiden**. AI/Machine learning plays a key role in powering Twitter, and the company leverages machine learning across a multitude of its product surface areas. The acquisition of **Fabula AI**, a London based start-up that applies machine learning to analyse vast and complex datasets describing relations and interactions, is a large step in Twitter’s efforts to help users feel safe and see relevant content.

In similar efforts to make the conversations on Twitter safer, Twitter announced the acqui-hires of the teams behind **Highly**, a highlight-sharing app, and **Lightwell**, an app creation engine developed by storytelling start-up Hullabalu, that will focus on Twitter’s conversations initiative. Finally, in November, Twitter acquired **Aiden**, a London-based AI-powered marketing platform whose machine learning-powered software provides recommendations for social media advertisers and content creators, detecting anomalies in cost per acquisition and automatically allocating budget.

A Big Four Tech company, **Facebook**, expanded its efforts in the gaming sector with the acquisition of a Czech Republic-based video game studio **Beat Games** and strengthened its ecommerce offering (Marketplace) with the acquisition of **Packagd** in December. Packagd, a video-shopping start-up will help build a live shopping feature inside the company’s marketplace product.

Salesforce made fewer acquisitions in quantity but certainly not value. Its most notable acquisition in 2019 – **Tableau Software** – for \$15.7bn, created a new enterprise tech force. This alliance will accelerate Salesforce’s ability to help organisations with digital transformation and will escalate the competition between Salesforce and Microsoft (which competes with Tableau through its Power BI data visualisation).

“Data is the foundation of every digital transformation, and that’s why we’ve never been more committed to delivering powerful analytics to every user...Tableau will make Salesforce Customer 360, including Salesforce’s analytics capabilities, stronger than ever.”

– Keith Block, co-CEO, Salesforce

Google also acquired a unified platform for business intelligence, data applications, and embedded analytics, **Looker Data Sciences**. Looker will join Google Cloud.

Salesforce made two other acquisitions in the space in 2019, aimed at improving its clients’ customer relationships. It acquired **roundCorner**, a CRM software provider focused on non-profits, and **Bonobo** for \$45m, Israeli conversational AI company that will enhance the power of Salesforce Sales Cloud by leveraging conversational intelligence within the Salesforce Platform, allowing companies to utilize one of their most valuable sources of data – customer interactions.

Oracle and **Microsoft**, each completed two deals in the space each. Oracle acquired **CrowdTwist**, a US-based cloud-based loyalty platform, that leverages AI and predictive analytics to deepen customer relationships, and **Speak AI**, a UK-based developer of speech-driven communication intelligence software.

Microsoft acquired two US-based companies – **Promote IQ**, a platform that allows sponsored products to appear on the digital shelf within retail search. The deal allows Microsoft to give retailers an alternative tech provider (outside traditional search engines) to (re)negotiate with.

Following the purchase of six studios and gaming developers in 2018, Microsoft acquired one more in 2019 – **Double Fine Productions**, continuing its efforts to expand its stable of first-party games. **Google** (via its parent Alphabet) also acquired a gaming studio, Canada-based **Typhoon Studios**.

BUYER SPOTLIGHT



For a few years, [Amazon](#), one of the Big Four Tech companies, has been challenging Google and Facebook's hold on the digital ad market. It has not broken up the digital duopoly yet; however, its search advertising business is a growing threat. In May 2019, Amazon announced its plans to acquire some assets of a 20-year-old New York-based advertising technology company, [Sizmek](#), that filed for bankruptcy earlier in the year, – a deal that signalled Amazon's intentions in the space still dominated by Facebook and Google. Despite its financial woes, Sizmek's open ecosystem and its unified platform have been widely regarded as a leading independent ad serving business behind Google and Facebook.

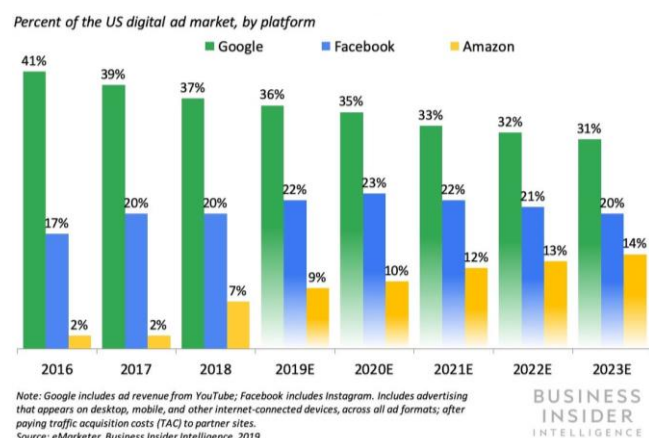
Amazon acquired [Sizmek's AdServer](#) – a direct competitor for Google Marketing Platform (once known as DoubleClick). AdServer will enable Amazon to better optimise and measure their online ad placements.

Amazon also acquired [Sizmek's Dynamic Creative Optimisation \(DCO\)](#) platform, that allows brands to create hundreds of individual ads tailored for specific audiences – Sizmek leverages AI to ensure the right ad is delivered to a target market.

With these acquisitions, Amazon will collectively deliver ads to selected inventory while hosting ad assets and rich data. Amazon already owns a DSP for programmatic advertising, but the Sizmek deal will give Amazon the ability to deliver ads through a third-party ad server using its own data management platform (DMP).

Once the acquisition is complete, advertisers will be able to use Amazon's rich data from searches and purchases to target audiences on platforms beyond its own properties and network.

Figure 11. Amazon share of US Digital Advertising vs Duopoly



Amazon is hoping to challenge Google's and Facebook's share of the digital ad pie in the coming years, but it will not overtake either player in the near to medium term. According to some estimates, by 2023 Amazon could take as much as 14% of total US digital ad sales, up from 9% in 2019. Advertising on Amazon remains highly valuable among brands that sell products on the e-commerce platform, when it comes to driving sales and acquiring new customers.

Amazon has been continuously investing in expanding its ad business beyond display ads on its e-commerce platform and mobile shopping app, yielding both powerful opportunities for brands and rising threats to incumbents. Although Amazon ad revenue growth has decelerated in recent quarters, it could meaningfully resurge as Amazon develops new offerings around its owned-and-operated platforms and devices.

Those include its ad-supported video service Freeview under IMDb, planned ad-supported channels for Fire TV, live NFL games on Amazon Prime Video and live-streaming video platform Twitch, and a new ad-supported tier of Amazon Music for Echo and Alexa-enabled devices.

In August, Amazon acquired part of [Yankees Entertainment and Sports Network](#) (along with other investors –The New York Yankees, Sinclair Broadcast Group and other partners). Amazon has invested heavily in streaming media for several years via its Prime Video arm but has also shown a recent interest in sports. It paid the NFL millions to acquire the streaming rights for Thursday Night Football and inked a similar deal for Premier League Football in 2018. The YES Network purchase is another big step into the sports field.

More than five years ago, Amazon paid nearly \$1bn for a live-streaming video service Twitch. Twitch is part of Amazon's efforts to diversify its business beyond ecommerce. It also underpins Amazon's bigger media and entertainment ambitions, which include its Prime Video streaming service. But unlike the more traditional television shows and movies offered on Prime, Twitch is more closely intertwined with internet culture. It emphasizes live streaming, often by individuals playing video games like Fortnite and Call of Duty.

In September last year, Twitch acquired Sweden-based [8 Dudes in a Garage](#), the company behind Internet Games Database (IGDB.com), the world's largest database for computer games.

In efforts to further build out its esports business, Twitch also acquired [Bebo](#), a social networking platform based in San Francisco. The 10-people team and IP were acquired by Amazon-owned Twitch for nearly \$25m according to sources close to the matter.

Chat rooms that run alongside the videos provide a way for spectators to communicate in real time with each other and with "streamers," the people who broadcast their gameplay. Some of the Twitch streamers with the largest followings are professional gamers, part of the burgeoning esports field. Since January 2019, there have been reports that Amazon is working on a new game streaming service (just like Apple, Google and others), which likely will not be out until 2020. While there is no news on that as of the date of this report, it can be seen that expanding the variety and breadth of content on Twitch by way of esports leagues and tournaments fits in with a wider effort to bring more regular, engaged users into the Amazon fold, using this as one of the big draws.

Mid-market groups



Stagwell Group, the digital marketing investment group founded by Mark Penn, a former Microsoft chief strategy officer and Clinton adviser, continues to position itself as a meaningful alternative to the holding networks, with a spree of acquisitions throughout 2019. Please see “Buyer Spotlight” later in this section.

Building on their track record from the previous three years, **Next15** continued its acquisitive pace, with three deals completed in 2019. In January, they acquired predictive analytics and data marketing specialist **Planning-Inc** for \$8m upfront with the potential consideration rising to \$19m by 2023 subject to performance over the intervening years. During its earnout, Planning-Inc is expected to operate as a standalone brand within Next15 with senior management remaining in post to ensure continuity and stability for clients such as M&S, Argos, and Sony.

Over the summer, Next15 completed its second acquisition – i.e. **Market Making Limited**, a London-based full-service social media agency that trades under two brands: Mighty Social and agency:2. Total deal consideration remained undisclosed. In early October, the company also announced it had acquired health consultancy and communications agency **Health Unlimited** in a \$27.7m deal.

After slipping under the radar last year, the South Korea-based group **Innocean Worldwide** resumed its international expansion in 2019. Following their \$72m acquisition of LA-based creative agency David & Goliath in 2017, the company returned to the market in August with the acquisition of **Wellcom Group Limited** – a digital marketing solutions group headquartered in Melbourne, Australia. Post-acquisition, Innocean expands its network to 19 countries, 28 operations and over 2,700 employees.

Unlimited Group (formerly Creston plc), the medium-sized London-based marketing services group, was another company to be particularly active in the sector, completing two acquisitions in 2019. These acquisitions occurred in March, and they are: data and analytics consultancy **Model Citizens** – now rebranded to Realise Unlimited, and **DirectionGroup** – a sixty-

person agency, with expertise in brand creative, content, conversion and consulting for clients including Microsoft, Fujitsu, and Tata Communications. Both target companies are UK based, and no financial terms were disclosed.

After several tumultuous years, **RYVL** (formerly The Marketing Group), the global network created to lend scale to indie agencies, fell into administration in August. This was rather a surprising development following a two-year restructuring programme ended in 2018. Important to note that in February 2019, RYVL had acquired **Blockchain Nordic** for \$5.3m to bolster its output in the burgeoning space. Following that move, chief executive Adam Graham resigned and was replaced by Jesper Øhlenschläger, boss of the blockchain firm.

M&C Saatchi, the AIM-listed advertising agency network, made no acquisitions in 2019, in sharp contrast to their three deals announced last year. In fact, 2019 was a particularly tough year for them – with the company losing almost half its stock market value following disclosure of accounting irregularities amounting to an approx. \$8m one-off charge. In December, industry rumours that the company was up for sale were vehemently denied by its Board management.

BUYER SPOTLIGHT

THE STAGWELL GROUP

Stagwell Group has been building on a portfolio of circa 20 digital-first investments, including digital media, market reach and public relations firms since its 2015 inception by Mark Penn, the former Chief Strategy Officer of Microsoft, WPP executive and marketing advisor to Bill Clinton, offering a substitute model to the traditional holding networks. The companies are known to operate separately, attaining scale across all agencies.

Six further deals were announced in 2019 leveraging the war chest of their \$260m capital raise from the previous year and an increase in revenues from \$275m to \$400m.

In January, **Finn Partners**, with Stagwell acting as its financial sponsor, acquired **CatchOn**, a Hong Kong-based integrated marketing firm. This transaction served Finn Partners' intention to enhance its global presence by entering the Asian market. Likewise, the group merged two of its representatives, **PMX Agency** and **Forward3D** to form a global brand performance marketing agency called **ForwardPMX**, employing over 700 people across 20 offices.

Another significant acquisition of Finn Partners was **Moorgate Communications**, a London-based 16-person public relations firm, which provides tailored campaigns for the financial services sector, representing clients such as Deutsche Bank and S&P Global. The deal would extend Finn's reach in the sector, assisting their clients in the principal financial centres in Europe, especially in London, which they refer to as a 'a top priority'.

Similarly, Finn Partners acquired Small Army, a Boston-headquartered advertising agency, expanding Finn's capabilities in CSR, tech, and travel sectors.

"Small Army's expertise in marketing boosts our digital capabilities globally, gives us a firm foothold in Boston and

reaches into the region's innovation sectors."
Peter Finn, founder of Finn Partners, Feb 2019

In April, Stagwell made its first ever move into the growing B2B digital marketing space with the acquisition of **MultiView**, which numbers 400 employees across the US and Canada and over 1 million B2B advertising campaigns. The transaction allows Stagwell to benefit from MultiView's expertise in products, data and insights for B2B buyers and move into programmatic advertising, a small but rapidly growing part of the B2B advertising mix.

Also, Finn Partners' acquisition of **Lazar Partners**, exploited the firms' capabilities in the digital health sector, making Finn one of the most prestigious health agencies. The purchase of **ZPR** continued to expand Finn's presence in the consumer and lifestyle sectors, producing online and offline sales through its campaigns.

In March, ad agency network **MDC Partners** received a \$100m equity investment from the Stagwell Group. Following the transaction, Mark Penn joined MDC as chief executive officer and a member of its board of directors, whilst continuing to manage Stagwell Media LP fund's investments. The deal was considered to help the company "*selectively invest behind our world-class talent and focus on high-priority growth areas*", according to Irwin Simon, director of MDC.

During the same month, MDC announced the acquisition of **This Also**, a 14 people digital brand and product innovation studio in Brooklyn, for an undisclosed amount. Since its 2013 launch, the studio had quietly picked up an impressive roster of clients, including Spotify, Google, Nike, and Tumblr. The deal was led by **Instrument**, a Portland-based MDC majority-owned agency.



Emerging buyers



The pool of companies acquiring targets in the digital, media, marketing and related technology sectors continues to grow and evolve each year. Emerging buyers, defined in this report, are either newly created companies or individuals seeking to disrupt the market and gain market share, or companies from other industries, looking to enhance their current offering through expansion into these sectors.

Each year, Ciesco's global deal tracking and M&A reviews draw attention to a number of these emerging buyers that have entered the market, ranging from bespoke funds such as You & Mr Jones and more recently, S4 Capital, to established companies moving into this space, such as Fimalac Group.

S4 Capital, the London-headquartered bespoke fund set up in May 2018 by former WPP Chief Executive Sir Martin Sorrell, has continued its expansion plans with a spree of acquisitions throughout 2019. Please see "Buyer Spotlight" later in this section.

You & Mr Jones, the world's first "brand-tech" holding company, founded in June 2015 by former Havas CEO, David Jones, continues to keep its promise of rolling up technology firms in the advertising industry through both minority and majority stakes. In early January 2019, You & Mr Jones acquired a majority stake in **Inside Ideas Group**, a London-based company that helps brands build their own internal marketing capabilities. Oliver, an in-house content specialist, is the best-known and largest of Inside Ideas Group's subsidiaries, which also include digital agency Dare, digital content agency Adjust Your Set and local marketing specialist Aylesworth Fleming. According to Pitchbook, total deal consideration was estimated to be around \$200m. You & Mr Jones now owns majority stakes in six companies, such as data specialist 55 and mobile marketing firm Mobkoi, and minority stakes in over 30 other companies, including video platform VidMob and ad-tech firm Beeswax. Interestingly, at the end of 2019, \$200m series B funds were raised serving You & Mr Jones' intention to expand into the APAC region.

Quad/Graphics, a major US printing solutions company that went through a series of transformations in 2018 by successfully launching its marketing solutions business, started off 2019 with the completion of US-based ad

agency **Periscope** for \$133m in an all-cash deal in January. However, despite the scheme of a \$14bn merger with **LSC Communications**, the second-largest provider of print solutions in the US, the deal was abandoned in July following a US antitrust suit filed by the US Justice Department, resulting in Quad/Graphics facing a \$45m reverse termination fee.

Bauer Media, known as one of the largest European privately-owned multi-media conglomerates, conducted a series of acquisitions in 2019, targeting the SME market for the digital marketing and sales sector. This is consistent with its business strategies to maintain its edge within the new digital business models and enlarge its reach in the UK. The top-class German conglomerate saw a busy first quarter with its acquisitions of **Wireless** local stations, **Celador Radio** and **Lincs FM Group**, followed by **UKRD** group, the radio station operators which were to add millions of UK listeners to the Bauer Group. The latter received attention from the Competitions and Market Authority showing concern over the competition. In the second half of the year, it announced the purchases of **Camilo**, a Tel Aviv-based marketing and customer engagement platform and **Mono Solutions**, a Danish SaaS-based marketing developer, for undisclosed sums.

Future is a British magazine well-known for videogames, technology, sports and photography publishing. It displayed a high deal volume in 2019 as part of its aggressive expansion strategy to own and lead over 220 brands all over the world. It initiated its series of acquisitions with **Cycling News**, a publisher of cycling and racing articles in the UK for \$180.5m, succeeded by **Mobile Nations**, a Florida-based consumer electronics digital platform for a \$120m consideration paid \$55m in cash, \$60m through earnouts and \$6m through shares. In the third quarter of 2019, Future indicated its intention to purchase the data-driven online publishing platform **SmartBrief** in the US for a sum of \$65m which will be paid \$32.2m in cash, \$12.8m in shares and \$20m due when pre-determined financial targets are reached. Likewise, Future bought **TI Media**, a British Digital magazine for \$180.6m and **Barcroft Studios**, the UK-based digital news distributor for \$30.9m consideration.

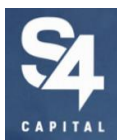
Despite the overall M&A activity in the APAC region experiencing a slowdown in 2019 as demonstrated by continuous withdrawals of investments in the sector, a few buyers stood out. **Tech Mahindra** announced three acquisitions in North America namely the Toronto-based IT solutions developer, **Objective Consulting Group** for \$2.5m with the intention to gain strong capacity in utilizing the Pega Software, the US-based strategic design consultancy **Mad*Pow Media Solutions** for \$16.4m, and the US digital and video services firm **BORN Group** for \$95m.

Likewise, Hong Kong-based **Animoca Brands** made five acquisitions within the digital media sector. In the US, it acquired the mobile applications developer **Leaders**, the non-gaming online trader of collectables **Quidd** for \$7.3m and the multiplayer gaming platform **nWay**. Further, Animoca brands purchased the mobile games application **Skytree Digital** in Hong Kong and the gaming platform **Stryking Entertainment** in Germany.

Bastion Collective, the Australian provider of communication and marketing services exhibited their plans to expand their offerings in the US through a series of acquisitions in Southern California, including the digital marketing agency **Rare Branding**, and the web and mobile applications developer **Digital Brand Group**. These acquisitions serve as anchors for a newly formed US division called Bastion Rare. In November, Bastion Collective also acquired the strategy and consumer insights strategy consultancy **db5**, which was renamed as Bastion db5.

Interestingly, **Fimalac**, the French controlling group of the global media and technology company **Webedia**, initiated their plan to create a strong competitor to S4 Capital, through acquiring a majority stake in the leading London-based digital advertising agency **Jellyfish**. Likewise, Webedia SA Group, a subsidiary of Fimalac will invest a majority stake in the Paris-based **Elephant Production Company** to enhance its series and documentaries production, and **SeelkSAS** to strengthen its ecommerce service.

BUYER SPOTLIGHT



The London-HQ bespoke company **S4 Capital Group** emerged in May 2018 with the aim to provide marketing and advertising services for the new digital era. Founded by former WPP Chief Executive Sir Martin Sorrell, the company collaborates with the largest regional clients and multinational brands worldwide, including P&G, Nestlé, Coca-Cola and Google.

The new venture's digital business model, 'faster, better, cheaper' is centred around acquiring small digital agencies and merging them with either one of its two branches, one focused on content production and the other on online ads. This resonates with Martin's views that WPP's holding model was unsuccessful in keeping to date with the advertising industry disruptions, fuelled by the emerging data-driven advertising platforms.

"Traditional advertising agencies are paranoid about incumbent relationships. They want to maintain status quo while their clients want to change it", said Sir Martin Sorrell, Founder of S4 Capital, in April 2019.

S4 Capital continued its expansion plans with a spree of acquisitions throughout 2019 to strengthen their position in Latin America and Western Europe. The company which operates in 26 countries across the US, Europe, Latin America, the Middle East and APAC, reported a 39% increase in billings for the first half of 2019 with \$7.24m in gross profit. In addition, it increased its staff by 60% in the first half of 2019.

"We look for top-line growth; we look for margin; we talk to people and listen to what people have to say. We talk to them about where might be the best places to buy."
Sir Martin Sorrell, Founder of S4 Capital, October 2019.

In April, S4 Capital bought the Brazilian media consultancy **ProgMedia** for a consideration of \$6.5m, through its MightyHive entity, which was previously acquired in 2018.

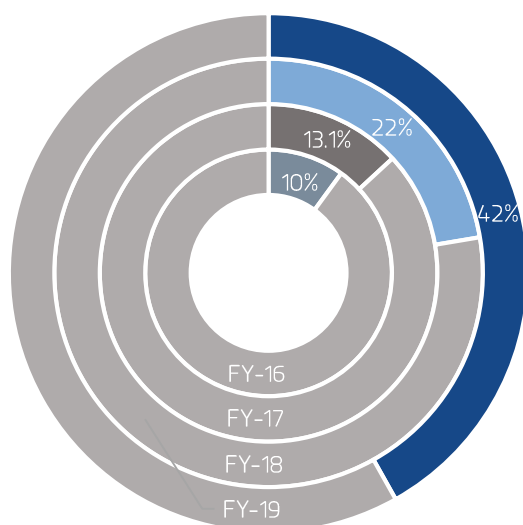
In addition, S4 Capital also completed a number of transactions under the MediaMonks brand - for which he bid and won against his former company WPP in 2018 - such as the acquisition of the Dutch film production studio **Caramel Pictures**, followed by the purchase of three marketing agencies, the Australian **BizTech**, the Amsterdam-based influencer marketing company **IMA** for an amount of \$10.8m, and **Firewood Marketing** in the US for \$150m which was financed through a share sale worth \$128m.

Also, the group purchased the UK digital analytics firms **ConversionWorks** and South Korean **Datalicious Korea**, showcasing the importance that Sorrell attributes to data analytics. The two firms are expected to merge with MightyHive, which now operates in 15 countries.

Towards the end of 2019, S4 made another cross-border move, acquiring **WhiteBalance**, an Indian content production firm for an undisclosed consideration.

Private equity

Figure 12. Percentage of deals by PE buyers 2016-2019



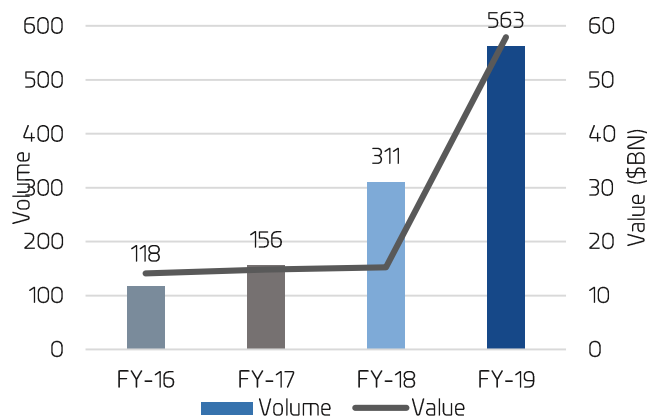
The striking upswing of involvement of private equity in the broader digital, media, marketing and related technology sectors that started in 2016, continues unabated in 2019 as well. Our analysis indicates that 42% of deal transactions involved a private equity buyer – compared to 22% in 2018 and 10% in 2016. We recorded 563 private equity-backed deals in 2019, compared to 311 in 2018, which is a staggering 80% increase.

There are several reasons behind this trend:

- the funds raised by private equity as one of the best returning asset classes over the last five years, and the commensurate requirement to deploy this capital;
- the relative retrenchment in buying terms of the big corporate networks, as business models and strategies are revisited;
- the low interest rate environment that encourages investment in new and growth businesses because lower risk investments offer diminutive returns; and
- the reluctance of key listed markets to welcome new listings, albeit the indices of existing stocks performed well in 2019 after a poor 2018 as the FTSE All World index showed a 20% increase.

Finally and most importantly, the business models of companies in the sector incorporate continually increasing levels of technology with greater sophistication. This encourages recurring revenues, client retention, scalability, margin enhancement, regular cash flows and buy & build expansion opportunities – all major positives for private equity investment criteria. Creative skills are of course important – but technology gives protection against ‘assets leaving the building each evening’, from a PE perspective. We see no

Figure 13. PE deals volume and value 2016-2019



reason for these support factors to alter in 2020 and expect private equity involvement to continue to expand in this arena.

Whilst the volume of transactions demonstrates the increasing interest of private equity, the size of deals is relevant, but of course many deal values are not disclosed. Our data on disclosed deal values, which involved private equity, shows that the overall total value in 2019 was \$58bn compared to \$15bn in 2018 and \$14bn in 2017.

Deal sizes are likely to increase given the quantum of funds raised by private equity houses across the globe. This fundraising has continued in 2019, driven by more participants raising funds, as well as existing established PE firms raising ever-larger follow-on funds. At the end of 2019, the PE industry reputedly has \$145 trillion waiting to invest, which is a record level (compared to \$11 trillion in 2018). [Blackstone](#) has recently raised a \$26bn buy out fund and [Vista Equity Partners](#), the technology-focused private equity player consistently ranked in Top 10 most active buyers in the sector, has also closed a \$16bn fund.

Transactions took place in 34 countries, showing an increasingly broad spread compared to previous years. The US and the UK led the way accounting for 54% and 15% of private equity-backed deals respectively, with Germany and Canada next with 5% each. Our data shows 288 deals in the US compared to 200 in 2018, reflecting confidence in strong economic growth in the region and the high level of PE funds raised.

The most popular sub-sectors for PE investment in 2019 were Digital Media and Marketing Technology, respectively 16% and 14% of transactions recording 88 and 76 deals. This volume shows a 40% increase in these two areas compared to 2018. This is followed by an even spread between Traditional Media, Digital Agencies, Agency Services, Data Analytics and Events & Experiential, each accounting for around 10% of deals done.

The most noteworthy deal of 2019 involving a private equity buyer was the leveraged buyout of **Axel Springer's** minority shareholders by **KKR**, valuing the company at \$7.6bn in June 2019. KKR, with its tally of ten transactions completed in 2019, was the most active private equity player of the year. Please see "Buyer Spotlight" later in this section.



Another notable transaction was the 80% sale of **Disney's** share in **YES Network** to a private equity investor group formed by **Yankee Global Enterprises** and **Sinclair Broadcast group** with investments from Blackstone Group, Redbird Capital Partners and Mubadala Capital for \$3.5bn. The 118 Emmy Awards winner is known as the most-watched sports and entertainment television network in the US. The newly formed partnership between Sinclair and Yankee Global Enterprises, with 26% and 20% stakes respectively, will provide them with access to 23 US-based sports network brands and 21 RSN brands, previously acquired by Disney, in addition to enhanced sports content distribution over the country. Blackstone has expressed its support in enhancing the future success of this association.

Likewise, **Bain Capital's** 60% leverage buyout of **Kantar**, a market research company formerly owned by the multinational media company WPP, in a deal value at \$4bn was considered of interest. The rationale for the deal was the scale of investments in people and technology, particularly small firms disrupting the market, that Bain has promised to deliver. Kantar is considered to have an edge given that it provides data-based insights which are at the very core of business solutions.

Moreover, several transactions were announced by the American multinational investment firm **The Carlyle Group** (\$223bn AUM), in the digital agency, strategy, data analytics and research & intelligence sectors. The \$1.7bn LBO of the UK-based financial information provider **Acuris**, through ION Group was the most noteworthy deal. Other acquisitions include the provider of IT maintenance **ROER International**, the digital marketing agencies **Gamma Partners**, **Connective DX** and **Dept Agency**, as well as the API provider **Vanick Digital** and the data analytics firm **Yotabites**.

Similarly, **Aquiline Capital Partners** stood out with six deals announcements in 2019. The US-based private equity firm, which is known for investments in the financial services, expanded its portfolio with purchases in the Digital Agency, CRM and MarTech sectors. The transactions include the LBOs of the customer relationship managers **Silverbear**, **Protech Computer System** and **Trillium System**, in addition to the event management software developer **Circdata**, the online digital communications provider **NetXtra** and the national insurance marketing operator **PFG Marketing Group**.

Figure 14. Notable PE deals in 2019

Bidder	Country	Target	Country	Deal value	Target description
	US		Germany	\$7.6bn	Digital publishing group
	US		UK	\$4bn	Market research provider
  	US		US	\$3.5bn	Sports and entertainment television network
	US		UK	\$1.7bn	Global financial information provider
	US		UK	n.a.	Customer relationship management software

BUYER SPOTLIGHT

KKR

Kohlberg Kravis Roberts (KKR), a leading global investment firm based in the US with \$148bn assets under management, stood out as the most active private equity buyer in the 2019 M&A activity in the digital, media, marketing and related technology sectors.

KKR completed 10 transactions across Western Europe, North America and the Middle East.

- **Germany** – KKR acquired a minority stake in **Axel Springer** in a deal valuing the whole company at \$7.6bn, thus making it one of the most notable deals of 2019. The tender offer, \$71 per share in cash, reflected a 40% premium and committed to a hold period of at least five years. Headquartered in Germany, Axel Springer is the most influential digital publishing house in Europe, operating a large portfolio of brands including Bild, Die Welt, Fakt and Business Insider, generating 71% of its revenue from digital ventures. The deal resonates with Axel Springer's long-term strategic investment needs, underscored after a 23% revenue decline in the second quarter compared to one year before, and KKR's ethos to act as a true partner to its portfolio companies and support their growth journey and international expansion with strong financial resources and an international expert network.

"In light of the fast pace of change in the media sector, Axel Springer now needs continued organic investments and successful execution of its strategy".

– Philipp Freise, Head of European Technology, Media & Telecommunications Industry at KKR, June 2019

The Axel Springer deal adds to the previous acquisitions by KKR in Germany. In February, they acquired **Tele München Gruppe**, a leading audio-visual media content platform, followed by three more acquisitions of more traditional media companies, namely the cinematic films producer **Universum Film** and the film production operators **i&u TV** and **Wiedemann & Berg**.

Together, these companies cover all parts of the value chain in the TV and film industry: they buy and produce feature films, series as well as TV shows and distribute this content to cinemas, TV channels, digital services, and home entertainment. At the same time, the companies own market-leading license libraries, which allows them to provide premium content to all customers – from digital streaming providers such as Netflix or Amazon Prime to public and private TV channels.

- **UK** – KKR backed **KnowBe4**, the US provider of security awareness training, in its acquisition of the British provider of entertainment-based campaigns **Twist & Shout Media**, the firm behind "The Inside Man" awareness series. The acquisition will serve KnowBe4's purpose to increase the amount of content available for educating their employees in trainings, adding 'comedy' to their compliance guidance.
- **US** – KKR completed the acquisition of two US-based targets, the agency services **4Front** and the CRM company **Mechanic Net**. The sports and entertainment operator 4Front was recently acquired by the PE-backed Global Sports Commerce (GSC), a sports technology firm which serves FIFA, English Premier League, Formula 1 and many more top-notch clients. The Singaporean-based company, intends to extend its presence in the North American market. Moreover, the domestic leveraged buyout of the customer relationship management and retention services provider MechanicNet, through Epicor Software, the industry-specific enterprise software producer, aimed to combine their innovative investment skills with MechanicNet's business growth solutions to enhance their services.
- **Canada** – The international PE fund acquired the Canadian packaged home and offices software developer **Corel** for an undisclosed amount, rumoured to be \$1bn. Corel is famous for its CorelDRAW, ClearSlide and MindManager programmes and is known to have conducted a series of acquisitions to fuel its growth.

"Corel has differentiated itself by offering an impressive portfolio of essential tools and services for connected knowledge workers – across devices, operating systems, and a range of fast-growing industries."

– John Park, KKR member, July 2019
- **Israel** – **AppLovin**, the US-based mobile gaming marketing backed by KKR, announced the purchase of Israel-based mobile SDK management platform **SafeDK**. As a result, AppLovin will be opening their first office in Israel. SafeDK is expected to benefit from AppLovin's extensive network of mobile game studios that continue to support mobile gamers creators in growing their business.



7

Geographic
Overview

Geographic overview

The US and the UK continued to be the most active countries for M&A activity in 2019, accounting for two-thirds of global deal flow. UK deal announcements saw an increase of 14% to 224 deals, whereas US deal announcements dropped by 9% to 664 deals.

White House politics, the tit-for-tat tariffs of US-China trade war and the upcoming US elections were expected to cause geopolitical threats to global markets and add to the uncertainty, eventually affecting cross-border M&A activity in the US. Nevertheless, almost 50% of the worldwide deal activity involved US-based targets.

The UK retained once more its position as the second most active country for M&A targets, with cross-border deals accounting for 52% of UK targets deal volume. Interestingly, financial investors were prominent in the market, being involved in 35% of all transactions of UK-based companies. Western Europe experienced a 26% increase in transactions – from 219 announced deals in 2018 to 277 in 2019. Germany and France led the deal activity, whereas Spain and Netherlands experienced significant growths, 180% and 95% respectively. Notable deals include KKR's \$7.6bn LBO of [Axel Springer](#) and [Hellman & Friedman's](#) \$6.7bn LBO of [Scout24](#).

Transaction capacity in the APAC region continued to drop significantly, recording 54 transactions in 2019, a 51% drop from 2018, principally as a result of the 88% decline in the Chinese deal volume, followed by the 60% decline in Australian transactions.

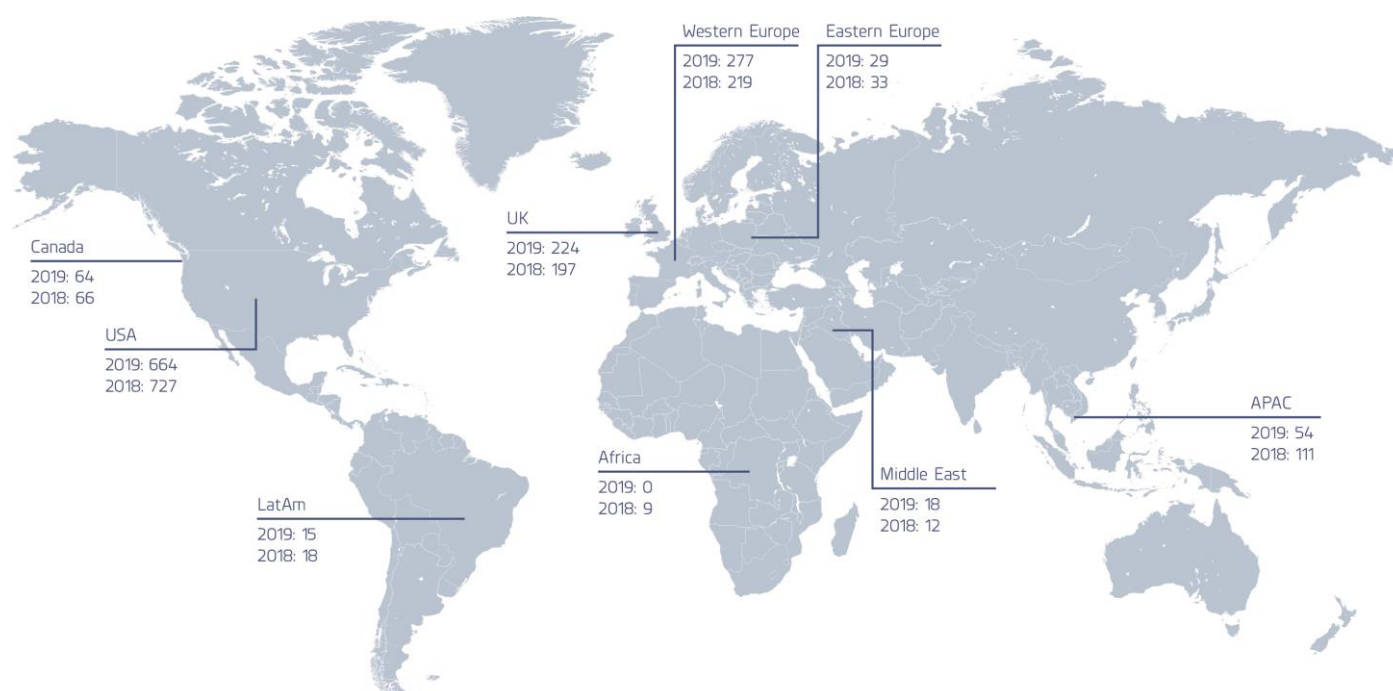
Despite the uncertainty surrounding the implementation of the United States-Mexico-Canada Agreement to replace the North American Free Trade Agreement and the Canadian presidential elections, the number of deals in Canada remained relatively stable with 64 deals recorded, with the most prominent being the \$6.3bn acquisition of the mobile gaming company [Stars Group](#) by the software company [Flutter](#). At the same time, activity in the Middle East spiked, recording a 50% increase in M&A activity, announcing 18 deals in 2019. The basis for the increase was the 75% growth in deals announcements in Israel, including the \$3.1bn acquisition of the car booking platform [Careem](#) by [Uber](#).

Eastern Europe experienced a slight drop of 12% in transaction volume in 2019, with 29 deals completed, when compared to the two-fold increase recorded in 2018. Russia accounted for 31% of the total deal flow across the region. The most noteworthy transactions were the acquisition of the Bulgarian television services [Nova Televizia](#) by [Advance Properties](#) for \$196m and the acquisition of the Russian content distributor [United Media Agency](#) by [Mail.Ru Group](#) for \$97m.

Likewise, LatAm experienced a drop of 17% in M&A activity, completing only 15 deals in 2019 compared to the 18 deals in 2018. Approximately 80% of total deals were cross-border, with 33% of the buyers originating from the US. Significant transactions included the \$482m acquisition of the entertainment live shows provider [OCESA](#) by [Live Nation Entertainment](#), and [S4 Capital's](#) acquisition of online marketing consultancy [ProgMedia](#).

Interestingly, Africa recorded no transactions in 2019, as opposed to 9 deal announcements made in 2018.

Figure 15. Global deals by region 2018–2019



US

In 2019 the US remained the most active country in its M&A activity, despite a slight drop of 9% from the previous year. 664 deals were completed in total, the most active sector being Digital Media with 115 deals, succeeded by MarTech and Agency Services with 94 and 83 deals respectively. Domestic buyers dominated, comprising 83% of the total transactions.

2019 saw plenty of momentous deals announced by US-based bidders such as [Salesforce's](#) acquisition of [Tableau Software](#) for \$15.7bn and [ViacomCBS's](#) purchase of the global media company [Viacom](#) for \$11.3bn. Likewise, [SAP's](#) acquisition of survey software maker [Qualtrics](#) for \$8.0bn which completed in 2019 and [Publicis Groupe's](#) \$4.4bn acquisition of [Epsilon Data Management](#), a Texas-based provider of data-driven marketing technologies and services, were the most prominent cross border deals of the year.

The ongoing success of M&A deals involving US-based companies is driven by the strength of the US economy in comparison to its peers, combined with a robust labour market and the ease of securing financing. Private Equity buyers continued to drive domestic M&A activity for US-based companies with 45% of the domestic deals, being PE-backed.

Despite Donald Trump's policy of "Americanism, not Globalism" and escalated trade tensions with China, cross-border transactions remained at a stable level, a trend that is expected to continue over the coming years. With the upcoming US Elections, uncertainty is anticipated regarding the international buyers' appetite for US-based companies, due to the potential of unfolding tariff impacts affecting future profits, combined with the threat of a global economic slowdown.

UK

Despite continuous uncertain economic conditions surrounding Brexit and the UK elections in 2019, the M&A market in the digital, media, marketing, and technology sectors continued to grow – 224 transactions announced throughout the year, a 13% increase from 2018 levels. UK-headquartered targets remained attractive for inbound investors, with the majority coming from the US.

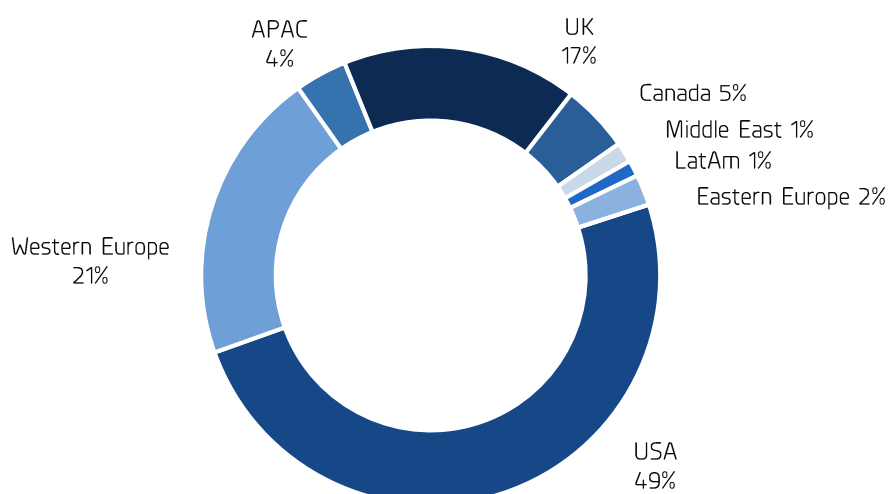
Cross-border acquisitions comprised 52% of the total UK transactions, as opposed to 2018, when domestic buyers dominated. Approx. 30% of inbound deals were targeted at Digital Media and Agency Services sector. US-based companies continued to dominate, being responsible for 54% of the total UK acquisitions. The most noteworthy acquisitions were [Bain Capital's](#) \$4bn leveraged buyout of market research firm [Kantar](#) and the industrial company [Roper Technologies'](#) acquisition of content creation software developer [Foundry](#) for \$544m.

Other foreign investors include buyers from Canada, France, Ireland with 8, 7 and 5 acquisitions respectively, in addition to investors from 21 other countries. The largest deal values involving foreign investors (other than US) were seen in the acquisition of the music and publishing company [Audio Network](#) by Toronto-based [Entertainment One](#) for \$206.1m, followed by the \$77.6m acquisition of the publishing and media company [Tiso Blackstar Holdings](#) by the South African [Lebashe Investment Group](#).

Likewise, among domestic acquisitions, Agency Services and Digital Media sectors dominated with 19 and 12 deals respectively, followed by Digital Agencies and Data Analytics. The most significant deal was the \$1.7bn acquisition of the financial news and data firm [Acuris](#) by the software company [ION Group](#), backed by the PE [Carlyle Group](#).

As in 2018, the Brexit ongoing negotiations, UK elections and scepticism surrounding the UK economy did not impact the UK M&A market, which remained resilient, as investors viewed the business climate as more stable than its political framework. It is also worth noting that a relatively weaker value of the British Pound encouraged overseas investors to acquire UK-based companies.

Figure 16. Global deals by region 2019



Western Europe

Western Europe saw a 26% increase in deal volume – 277 announced deals in 2019 as opposed to 219 in 2018.

Germany appears to be once more at the forefront of the region with 51 deals, close to 2018 levels, whereas France ranks second in Western Europe, reporting 49 transactions, or a 20% increase from 2018 levels. Cross-border transactions dominated again in the region, showing the same levels as in 2018, 58% by comparison to 42% domestic transactions, with Digital Media/Agencies being responsible for almost a quarter of the targets. Also, active private equity funds supported increasing deal volumes, jumping to 102 deals in 2019 as compared to 54 deals in 2018. In Germany, leveraged buyouts accounted for 41% of the deal capacity, with the most sizable transactions among those with a disclosed value, being the leveraged buyout of **Axel Springer** by **Kohlberg Kravis Roberts (KKR)** in a deal valued at \$7.6bn and that of **Scout24** by **Hellman & Friedman** for a company valuation of \$6.7bn. In France, the highest deal values were recorded by the leveraged buyout of the **CRM** company **Webhelp** by **Groupe Bruxelles Lambert** for \$2.7bn and the acquisition of the digital media **Lagardère Group** by **Metropole Television** for \$242m.

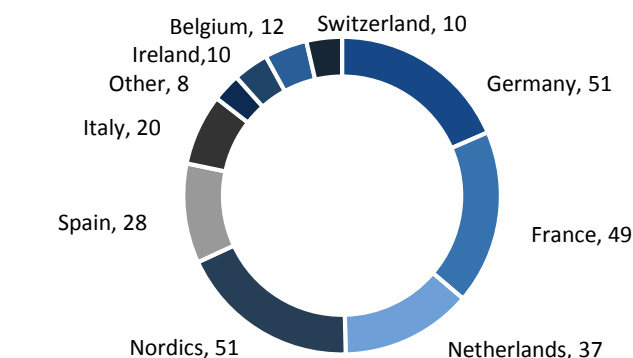
Interestingly, Spain and the Netherlands are the two geographies with the highest increase in the number of deals year-on-year – 180% increase (or 28 deals) and 95% increase (or 37 deals) respectively. In Spain, the most significant transactions in term of value disclosed were the acquisition of sports management and marketing company operator **Dorna Sports** for \$3.3bn and the leveraged buyout of online sports betting operator **Sportium Apuestas Deportivas** for \$79m. Likewise, the Netherlands recorded the acquisition of **Sanoma Media Netherlands** by the Belgian publishing firm **DPG Media** for \$518m and the acquisition of the entertainment platform **Endemol Shine Group** by the French production and distribution company, **Banijay Group** for \$2.2bn.

The most substantial deal among the Nordic Countries was the \$224m leveraged buyout of the Finnish SaaS automated marketing platform **Smartly.io** by **Providence Equity Partners**, followed by the acquisition of the Swedish-based game development studio operator **Embark Studios** by **Nexon** for \$95m. The overall deal value increased by almost 6% as compared to 2018 levels, with 20 deals completed in Sweden, 11 in Finland, 13 in Denmark and 7 in Norway. Also, Accenture continued to expand their Nordic operations with two acquisitions, including the Danish digital Agency **Hjaltelin Stahl** and the Swedish strategy consultancy **Northstream**.

Italy recorded increased deal volumes as well, with 20 deals in 2019, or a 33% increase from 2018 levels. Notable deals included **THQ Nordic's** acquisition of game developer **Milestone S.r.l** for \$125m.

Additionally, Belgium saw a 50% increase in deal volume, recording 12 deals – notable deals included the \$9m acquisition of the fashion analytics platform **Retviews** by **Lectra**, the French software company.

Figure 17. Deal volume in Western Europe (excluding the UK), 2019



APAC

Asia Pacific region was subject to shrinking deal volumes, with only 54 companies being acquired, a 51% decrease compared to 2018.

This outcome, critically driven by an 88% decline in Chinese transactions, was considered the aftermath of US-China trade and technology wars and the elevated Chinese government restrictions on outbound investments. The only two transactions completed in China were the acquisition of the online video advertiser **Yooya** by **Regent Pacific Group** for \$14.3m and the acquisition of the analytics platform **DappReview** by the biggest cryptocurrency exchange **Binance** for an undisclosed sum.

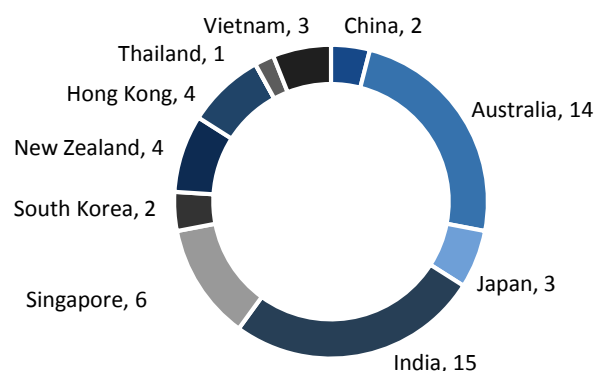
Similarly, Australia saw a sharp decline of 53%, which primarily originated from the decline in domestic activity. US companies led the inbound deal activity, followed by the UK ones. Notable acquisitions included the \$1.3bn leveraged buyout of the events and experiential company **TEG Live** by **Silver Lake Management** and the acquisition of the agency services **Medical Media** by the digital entertainment system **Swift Networks Group** from \$18m.

Japan continued to experience a sluggish deal market, decreasing another 40% from 2018, with the most noted acquisition being that of the mobile game developer in **Wizcorp** by the Irish video game leader **Keyword Studios**. Similarly, transaction volume in Singapore experienced a 25% decline, in which all six deals announced were cross-border, with 50% of the buyers coming from the US, such as the California-based **SugarCRM** software which acquired the sales communication platform **Collabspot**.

The M&A activity in India consisted only of cross border acquisitions in 2019; this comes in stark contrast to 2018 when it was dominated by domestic buyers. Companies like **Havas Group**, **S4 Capital** and **RCG Global Services** expanded their offering with acquisitions in the Digital Agency sector. Overall, transaction volume in India declined by 38%, with only 15 deals recorded in 2019.

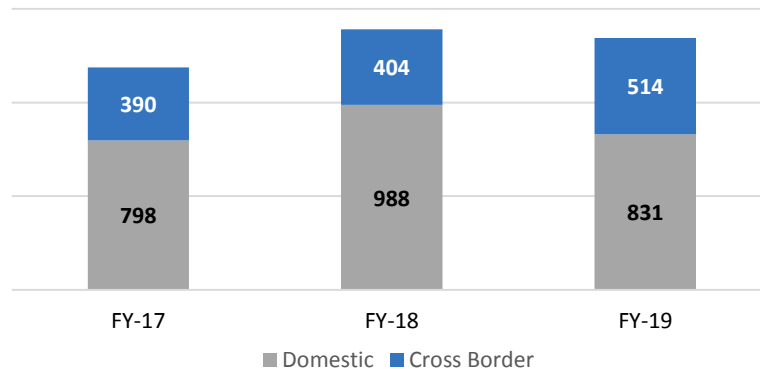
Interestingly, Malaysia did not report any M&A announcements in 2019, after having completed eight deals in 2018. South Korea suffered a 50% decrease in deal volume, where the only two acquirers were the US firms **MightyHive** and **PeerMusic**. New Zealand completed only four deals, as compared to nine last year, with the majority being cross-border, including the \$5.5m acquisition of the sports consulting firm **Halo Sport** by **Dentsu**. Additionally, Hong Kong shows a 20% drop in its activity, announcing one deal less than in 2018.

Figure 18. Deal volume in APAC, 2019



Cross-border

Figure 19. Number of cross-border deals, 2017-2019



In 2019, the number of cross-border M&A deals increased both in volume (514 from 404 in 2018) and as a percentage of total deals (rising from 29% to 38%). When compared to the last two years, the impact of US trade tensions with China and the West had a somewhat reduced impact on cross-border activity levels. There were 14 large cross-border transactions (over \$1bn in value), almost triple the number in the previous year – one noteworthy deal was **Publicis Group's** \$4.4bn acquisition of **Epsilon Data Management**, a US-based provider of data-driven marketing technologies and services.

Some regions were of more interest than others to overseas buyers. Top destination continued to be Western Europe (excluding the UK), where approx. 67% of transactions involved non-domestic buyers, of which 32% were US-based buyers. Notable among these was **KKR's** \$7.6bn acquisition of German digital media publishing group **Axel Springer** and **Havas Group's** acquisition of Paris-based creative agency **Buzzman**. The latter transaction came as Havas continued to

position itself as an agency partner at the intersection of marketing and entertainment.

Similarly to 2018 and 2017, a few UK-based companies looked yet again beyond their borders to strengthen their service offering as part of their strategic response to Brexit, with a total of 70 cross-border deals being completed by UK buyers in 2019. The US and Western Europe were the geographic areas of focus, with 22 deals and 37 deals, respectively.

Financial buyers accounted for 41% of the total cross-border deal flow. In July, research agency **Kantar** was acquired by **Bain Capital** in an LBO transaction valued at \$4bn.

In 2019 the Big Six (**WPP**, **Omnicom**, **Publicis Group**, **Dentsu**, and **Havas**) have between them acquired 26 companies, 50% below the 52 they notched up in 2018. Of the total number of transactions completed, only 22 were cross-border.

Figure 20. Notable cross-border deals in 2019

Date	Bidder	Country	Target	Country	Sector
January		USA		UK	Digital Agency
May		USA	BONOBO	Israel	MarTech
June	KKR	USA	axel springer	Germany	Digital Media
July		France		USA	Data & Analytics
September	HAVAS GROUP	USA		France	Agency Services
October		UK	Firewood	USA	Agency Services
December	PROVIDENCEEQUITY	USA		Finland	MarTech

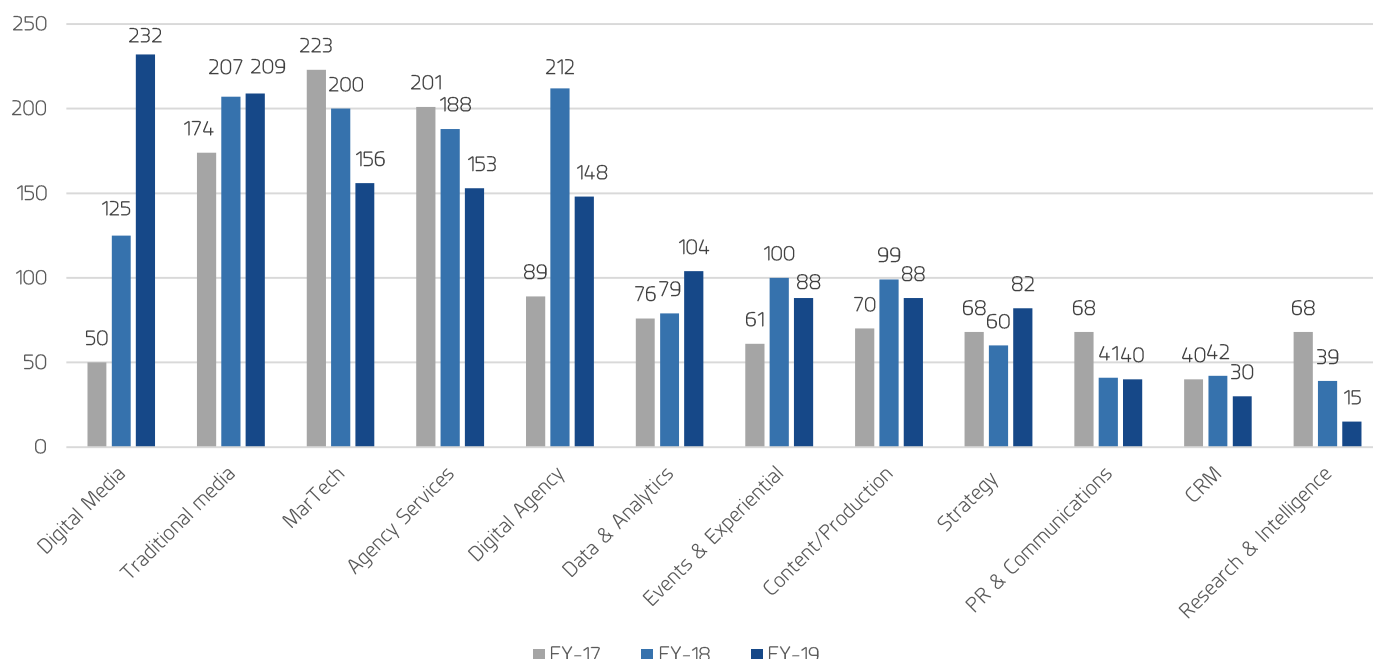


8

Sectors

Sectors

Figure 21. Most active sectors, 2017-2019



The overall digital, marketing, media and related technology industry saw a decrease in activity by 3.4% in the actual number of deals in 2019, recording 1,345 M&A transactions, compared with the 1,392 deals tracked in 2018.

Digital Media was the most active sector in 2019, with a total of 232 deals, a massive 85% increase over the levels of 2018. This shows that digital marketing continues to become not only the staple of any business model, but the key driver to a brand's success in reaching and engaging with a wider audience, be it via websites, social media, or digital ads. **Traditional Media** was not far behind, with a recorded total of 209 deals. Combined the two sectors represented a third, almost 33% of all deal activity throughout. They were followed by **MarTech** at 11.5% of activity, **Agency Services** at 11.3%, and **Digital Agency** acquisitions as 11%. The combined total of 898 deals across these leading five sectors represented 66.8% of all activity across the broader sector.

In **Digital Media**, private equity firm **Hellman & Friedman** acquired **Scout24**, a German diversified classifieds digital portal. **Gimbal Inc.** acquired the media unit business of **UberMedia**, the California-based mobile analytics company. UberMedia delivers dynamic advertising solutions for Fortune 500 companies across retail, automotive, entertainment and consumer markets. Recognised as a pioneer in targeted mobile advertising, UberMedia was listed as one of Fast Company's

"50 Most Innovative Companies" and The Wall Street Journal's "Top 50 Start-ups". The acquisition will seek to further expand Gimbal's footprint through access to new markets. With access to active campaigns, Gimbal will be able to apply its "identity plus location" solution that has been significantly outperforming industry benchmarks since the company's acquisition of Drawbridge's ads business in May 2018.

Vietnam-based **Yeah1 Group**, one of Southeast Asia's largest media conglomerates, operating across traditional, digital, and social media platforms in over 20 countries and the first media company to be listed on the Ho Chi Minh Stock Exchange acquired **ScaleLab**, one of the world's top-ranked YouTube multi-channel networks. ScaleLab, a five-year-old company was recently recognised as the #1 fastest-growing media company in the US by Inc. Magazine (Inc. 5000 List, September 2018).

The stand-out deal in **Traditional Media** materialised in August when after years of on-again, off-again merger talks, the broadcast giant **CBS Corp.** and its corporate sibling **Viacom Inc.** finally agreed to reunite in a nearly \$12bn deal that brought together such well-known brands as CBS, MTV, Nickelodeon and Showtime. CBS, which is the larger of the two companies and worth \$18.5bn, is set to absorb the smaller Viacom, which owns such assets as BET, Comedy Central and the Paramount Pictures movie studio in Hollywood. The new company will be called ViacomCBS Inc.

1. Digital Media: internet media companies, online publishers, and online marketplaces, mobile apps, gaming, and web services. Also includes social media companies.

2. Traditional Media: TV, film, and radio broadcasters, entertainment and media conglomerates. Also includes Printing & Publishing - newspapers, magazines, books, catalogues, etc.

3. MarTech includes MarTech tools that manage the marketing processes (workflows, digital content, customer analytics); also includes AdTech (programmatic ad buying & selling, ad networks, DMP and DSP) and Mobile marketing agencies

4. Agency Services: agencies that offer the creating, planning and managing all aspects of a client's advertising. Includes creative, branding, media planning & buying, and traditional marketing

5. Digital Agency: digital marketing specialist agencies - generally offering a combination of digital strategy, design, SEO, SEM, PPC, email marketing, website design & build, and social. Also includes website build and UX.

6. Data & Analytics: companies providing data collection, management and analysis for marketing purposes (e.g. audience analytics, intent modelling, data segmentation, predictive analytics, attribution modelling, impact measurement, etc.)

7. Events & Experiential: agencies specialising in managing events, exhibitions, conferences, and experiential marketing ("brand experiences")

8. Content: companies providing the creation and development of visual assets, such as images, videos, commercials, etc. and marketing implementation providers. Also includes Influencer Marketing companies

9. Strategy: strategy consultants with a specialism relating to marketing or media, e.g. retail, branding.

10. PR & Communications: agencies that promote clients via earned media (free, non-purchased means) - e.g. content appearing in news outlets, magazines, websites, TV, etc. Also includes public affairs and lobbying groups

11. CRM: practices, strategies and technologies that companies use to manage and analyse customer interactions and data throughout the customer lifecycle. Also includes CRM, eCRM and systems/software

12. Research & Intelligence: companies providing industry-related quantitative and qualitative market research

DIGITAL MEDIA



Another huge and significant deal materialised in September with the \$4.1bn takeover of **Tribune Media** by Texas-based **Nexstar**, paving the way for Nexstar to become the largest owner of US television stations with more than 200 outlets serving a wide swath of the country. Tribune Media, one of the country's largest media companies, reaches more than 80% of US households, and is the only media organisation with newspapers, TV stations, and Web sites in the US's top three markets. Tribune's newspapers include the Los Angeles Times, Chicago Tribune, and Newsday. Its broadcasting group operates more than 20 US television stations, superstation WGN on national cable, an AM radio station, and the Chicago Cubs baseball team. Nexstar's agreement to buy Tribune came a few months after Tribune's own deal with Sinclair Broadcast Group fell apart over regulatory concerns. The FCC commissioners voted 3-2 to approve the merger on account of Nexstar's previously announced plan to divest 21 stations in markets where Tribune assets would put the company over regulatory ownership limits.

TRADITIONAL MEDIA



In August, **Blackstone Group** acquired **Yankees Entertainment and Sports Network (YES)**, the provider of a sports and entertainment television network featuring the 26-time World Champion New York Yankees Major League Baseball team. The company broadcasts Yankees games and other professional and collegiate sports teams, as well as classic sports footage 24-hours-a-day, 7-days-a-week. It also broadcasts biography, interview and magazine programs. It broadcasts its programs in New York, Connecticut, New Jersey and Pennsylvania and on DirectTV nationally. The New York Yankees, Sinclair Broadcast Group, Amazon, and other partners acquired the 80% stake of the YES Network not already owned by the Yankees. The total enterprise value of the deal was reported at \$3.47bn.

MARTECH



In **MarTech**, the leading and stand-out deal came from **Salesforce**, the global leader in CRM, announcing in August its \$15.7bn acquisition of **Tableau Software**, consequently bringing together the world's No1 CRM with the world's No 1 analytics platform to be able to supercharge customer's digital transformations.

"Tableau is an extraordinary company, with an amazing product and team and an incredibly passionate community," said Marc Benioff, Chairman and co-CEO, Salesforce. *"Together we can transform the way people understand not only their customers, but their whole world—delivering powerful AI-driven insights across all types of data and use cases for people of every skill level."* Tableau will make Salesforce Customer 360, including Salesforce's analytics capabilities, stronger than ever, enabling customers to accelerate innovation and make smarter decisions across every part of their business. With Tableau, Salesforce will be positioned to play a greater role in driving digital transformation, enabling companies around the world to tap into data across their entire business and surface deeper insights to make smarter decisions, drive intelligent, connected customer experiences and accelerate innovation.

International Data Corporation research (IDC) projects worldwide spending on technologies and services that will enable digital transformation to reach

\$1.8 trillion in 2022

Also in the **MarTech** space in February, **RTL Group** acquired **Yospace** for \$33m. Yospace is a provider of content distribution services intended to deliver a seamless mid-roll experience that is consistent across the web. Yospace has developed technologies for Server-Side Dynamic Ad Insertion (SSDAI) which allows the replacement of existing commercials from a broadcast stream with more targeted, personalised advertising. SSDAI is expected to become the de facto standard to seamlessly serve advertising spots in premium streaming environments. The Yospace technology currently serves major media owners throughout Europe, the United States and Asia. Customers include BT Sport, TV4, ITV, and Seven West Media. Yospace focuses on the premium streaming segment, which is also the fastest-growing and most significant market for RTL Group's global ad-tech company SpotX. This market segment includes video on demand (VOD) and live video that is streamed to any internet-connected device. As a result, the acquisition of Yospace complements RTL Group's ad-tech stack by ensuring a key technology that can win, retain and scale premium media clients, including RTL Group's broadcasters and streaming services.

Medialogia was acquired by **VTB Capital Developer**. The company's software contains a media database and an automated analytical module, enabling customers to search and analyse quantitative and qualitative parameters for any period of time.

In January **SmartSheet**, the project management and collaboration tool that went public the year before, acquired Seattle-based **TernPro, Inc.**, makers of Slope, a collaboration tool designed for sharing creative assets. The company's platform features management of tasks, projects, creative proofing tools and overview dashboards in the one place from start to finish, enabling marketing and creative teams to manage work requests, plan projects and collaborate on content.

Also in January **Blackbaud** acquired **Yourcause**, a Plano (TX)-based developer of a cause-focused social networking site created to raise charity for a social cause. The company's SaaS-based platform offers a customised web presence, objective tracking eligibility for daily donations, reliable fundraising capabilities and grant management feature, enabling corporations to indulge in corporate social responsibility activities. YourCause stands out as an innovative, flexible and scalable software provider with a diverse customer portfolio, including Fortune 500 companies and small businesses. Eight million people currently engage with YourCause's solution, which processes more than \$245,000 in donations every business hour and has coordinated, tracked and rewarded more than 30 million volunteer hours for its customers.

Within **Agency Services**:

CatchOn, a provider of marketing services intended to elevate customer experiences was acquired by **FINN Partners**. CatchOn offers brand development, marketing communications, market research and public relations management for its clients mainly in the travel, hospitality, wellness, food and beverage and architecture sector. The acquisition, completed in January, will see CatchOn be known as CatchOn, a Finn Partners Company. The acquisition reinforces the commitment of FINN's global growth. The move followed their 2018 acquisition of Missy Farren Associates, a New York-based agency focused on travel and consumer, with special expertise in sports, and of The Brighter Group, a travel and tourism firm in London which was acquired in 2017. With the addition of CatchOn, the company now have 100 team members focused on the travel and lifestyle sector, and over 70 in the ever-growing Asia Pacific region.

In January, **Planning-Inc Limited** was acquired by **Next15 Communications Group plc**, the UK-based marketing, data and technology agency in a deal valued at \$19m. Following the acquisition, Planning-Inc is set to continue to operate as an independent brand as part of the Next15 Network. The company announced that the initial consideration for the acquisition was approximately \$8m, which will be settled in cash and the issue of new ordinary shares in Next15.

In January, **Vivaldi** acquired **Gravity Thinking**. The purchase of Gravity Thinking is part of Vivaldi's growth strategy and adds social and digital marketing skills to its business, brand strategy and data analytics services. The two companies were previously working together on clients in the enterprise software, tourism and retail sectors.

Accenture acquired UK-based innovation agency **?What If!**, enhancing their ability to help clients reinvent themselves with experimentation-led approaches. The acquisition will further expand Accenture's front-end innovation capabilities that help clients rapidly ideate, prototype and scale innovative products and services for the digital economy.

Activity within **Digital Agencies** was highlighted with **The Karcher Group (TKG)**, a marketing and web design company in the US acquiring **Pole Position Marketing (PPM)**, a digital marketing agency. The move bolsters TKG's capabilities in search engine optimization, pay-per-click advertising and content marketing. TKG has grown its business and capabilities through acquisition. In 2016, the company acquired Canton's Vertex CrossMedia, which specialized in video and motion graphics, and in 2015, TKG acquired Ossa Technology Solutions LLC, a managed services provider.

influenZia were acquired by **Hello Media Group** in Spain, the operator of marketing agency intended to provide digital marketing services. The company's services are specialized in connecting bloggers and influencers with brands and organizations through unique experiences, enabling client companies to succeed in global marketing and communication strategy.

In January **Cision Group** acquired **Falcon.io** - a leading social media company with offices in New York, Copenhagen, Sofia, Berlin, Melbourne and Budapest. Falcon.io provides brands with insights into their global content strategy and the management of comprehensive social media marketing programs through publishing, engagement, listening, advertising and measurement. The addition of Falcon.io further solidifies Cision's market leadership in driving the future of earned media management, moving beyond the tactical nature of PR point solutions. Falcon.io will continue to be offered as a stand-alone social media platform for marketers, advertisers, and customer experience professionals, it will also be integrated with the Cision Communications Cloud® to expand social media capabilities to earned media and communications professionals.

In January, **SourceLink** (a portfolio company of Aterian Investment Partners) acquired **Path Interactive**, a provider of digital customer engagement services based in Espoo, Finland. The company offers a range of customer service and integrated communication systems through a variety of mediums like social media, web-chat and e-mail, enabling customers, employees and partners to make their operations more efficient.



2019 Global M&A Review & 2020 Outlook

The report provides an overview of global M&A deal activity in 2019 within the media, marketing, digital and related technology sectors – with statistical analysis of overall global deals by volumes and disclosed values, as well as by geographic region and sectors. The report also provides insights and trend analysis of private equity related activity and an overview of the evolving buyer landscape, along with an outlook for the sector.

The report has been prepared by analysts at Ciesco's Market Intelligence team using various data points and sources including data that is available via Pitchbook's M&A database.

Ciesco is a London-based M&A advisory firm specialising in the digital, media, marketing and technology sectors, with coverage of Europe, Asia and North America.

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