



Technology enabled Media & Marketing Sectors
2015 GLOBAL M&A REVIEW
January 2016

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2015 Global M&A Review

As a corporate finance advisory firm, Ciesco Group specialises in advising on mergers & acquisitions in the media, marketing, digital and related technology sector and our analysts track relevant global deals in this space.

This report focuses on the 2015 global M&A transactions in the technology enabled media and marketing sectors. This includes all the sub-niches 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 activity, excluding venture capital investments and IPOs.

Providing an overview of deal activity, with statistical analysis of overall global deals by volume and disclosed value, 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 buyer landscape, along with our outlook for the sector.

We are pleased to be working in collaboration with Experian, the data services provider, and their specialist team of M&A analysts at MarketIQ, to co-publish the findings of the review.

The report was launched at an exclusive event held in London, sponsored by Lewis Silkin, a leading corporate law firm that specialise on the marcomms, media & technology sectors. The 2015 Global M&A Review follows on from Ciesco's 2014 full year report published in February 2015.

About Ciesco

Ciesco is a boutique corporate finance advisory firm, specialising in the digital, media, marketing and technology sectors. Ciesco provides owners and managers of businesses with independent advisory services. We advise clients on mergers & acquisitions, sell-side and buy-side mandates, business strategy and executive search. We also advise on corporate divestments, MBOs/MBIs, and work with private equity firms on their portfolio businesses.

About Experian

Experian MarketIQ is a business intelligence market platform for organisations and professionals involved in mergers & acquisitions, requiring direct access to comprehensive and high quality business and financial data. Experian MarketIQ reveals new layers of market insight by combining Corpin's global M&A database with comprehensive Companies House data and Experian's market leading business, financial and risk databases – all on a single platform.

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EXECUTIVE SUMMARY



Executive summary

Deal statistics

2015 was a phenomenal year for mergers & acquisitions in the technology enabled media and marketing sectors, with global deal activity at record highs. Our analysts tracked 1,105 transactions in 2015, an increase of 7.5 percent on the previous year. The total disclosed value of transactions was \$60.7bn, up 16.3 percent from 2014's \$52.2bn¹. In total, there were 14 transactions with disclosed values over \$1bn.

Notable deals

Notable deals included the \$5.9bn acquisition of King Digital Entertainment, the games developer behind the successful Candy Crush game, by Activision Blizzard; Verizon's \$4.4bn acquisition of AOL, the online digital media giant; the \$1.2bn acquisition of Swiss-based Infront Sports & Media, the world's second largest sports marketing agency, by Chinese conglomerate Dalian Wanda Group, and the \$1.1bn acquisition of email marketing firm Constant Contact by Endurance International.

Buyer landscape

WPP was once again, by far, the most prolific acquirer with a total of 40 deals in 2015 (compared to 52 in 2014). Dentsu moved up the rankings to take second place with 26 deals (18 in 2014), pushing Publicis, which tallied 19 deals (23 in 2014), into third place.

Gravity4, the US-based adtech firm was amongst the top 10 most active buyers, with 10 deals. Founded in mid-2014, Gravity4 has completed a number of acquisitions, demonstrating the company's strategy of growth via acquisitions. Other buyers that ranked within the top 10 include Havas and Omnicom, each with nine deals; consultancy firm Accenture continued to make further inroads into the sector with seven deals, building on a series of recent acquisitions over the past few years. Chinese conglomerate LEO Group emerged as a new 'one-to-watch' Asian buyer, spending over \$700m across seven deals in their domestic market.

Mid-market independent marketing communications groups have also made select acquisitions, including deals by BlueFocus (three), Next15 (three), Creston (two), Oliver (two), Serviceplan (two), Merkle (two), St Ives (one) and Chime (one).

Consultancies and technology firms continued to be active buyers in 2015. Along with Accenture's seven acquisitions, there were deals announced by Deloitte Digital (four), McKinsey & Company (three), EY (two) and KPMG (one). Amongst the technology firms there were deals by Twitter (six), Microsoft (six), Alibaba (five), Google (three) and Facebook (two).

M&A activity in 2015 highlighted a number of emerging new market entrants, including LEO Group, Be Heard Group, Teneo, You & Mr Jones, Gravity4 and Wipro.

Private equity

Private equity (PE) investors were involved in 98 deals, either as a buyer or seller of portfolio businesses, down 22 percent from 126 in 2014. Deals by private equity firms accounted for nine percent of all deals in 2015. The total disclosed value of the 98 deals that involved PE was \$9.9bn, accounting for 16 percent of the total disclosed value of all deals announced.

Vista Equity Partners, the San Francisco-based private equity firm that focuses on the software and tech-enabled industry, raised \$5.8bn in their latest fund raise, their largest to-date. They were the most active private equity investor in the sector in 2015, with seven acquisitions. All seven deals were of US-based companies, including the \$720m acquisition of Mediaocean, a media buying and selling software company.

Geographic overview

The US continued to be the most active country, with 516 deals recorded, almost half of all transactions in 2015 – 47 percent of all deals in 2015 involved a target company based in the US.

The UK was broadly level with 149 deals in 2015 compared to the 151 tracked in the previous year. Western Europe, Latin America (LatAm) and Eastern Europe were all up slightly from the previous year, with 157, 27 and 26 deals, respectively.

Africa, the Middle East and Canada all had marginally fewer deals in 2015 compared to the previous year.

The largest variance was seen in the Asia Pacific (APAC) region, where the number of deals increased 26 percent, from 136 in 2014 to 172 in 2015. This significant increase in activity means that APAC has now overtaken both the UK and Western Europe to become the second most active region, behind the US. The increase in deal activity shows that the recent concern around growth in China, the world's second largest economy, has not dampened M&A activity in the Asian markets.

Sectors

Marketing Technology was the most active of all sectors in 2015 with 116 deals, a fractional increase from 2014 when 113 deals were announced. The Mobile sector, last year's most active sector, took second place in 2015, with the 102 deals down by 12 from the previous year. Digital Media was the third most active sector with 70 deals, a significant increase from 2014's 51 deals.

In the Advertising sector, 58 target companies were acquired in 2015, a notable increase from 45 in the previous year – this increase was largely due to a number of domestic Chinese deals.

The number of deals in the Data & Analytics, eCRM, and Website Design & Build sectors remained fairly constant, whilst there was a fall in the number of deals in the Public Relations, Social Media and eCommerce sectors.

1. Facebook's \$22bn acquisition of WhatsApp has been excluded from the aggregate disclosed value for 2014 to limit comparative distortion.

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DEAL STATISTICS

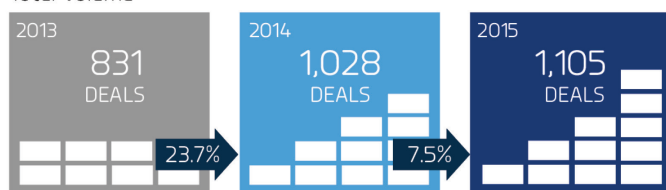


Deal statistics

In 2015 our analysts tracked 1,105 transactions in the digital, media, marketing and related technology sectors, with target companies spanning 52 different countries and buyers originating from 44 countries. The 1,105 announced deals is up 7.5 percent from 2014's record-breaking 1,028, and up 33 percent from 2013's 831 deals.

The aggregate deal value in 2015 is \$60.7bn, up 16.3 percent from 2014's \$52.2bn¹ and up 139 percent from 2013's \$25.4bn. In total there were 14 deals with a disclosed value exceeding \$1bn in 2015. It should be noted that as not all values of M&A transactions are disclosed, the true total value of deals will be significantly higher.

Total volume



Total disclosed value

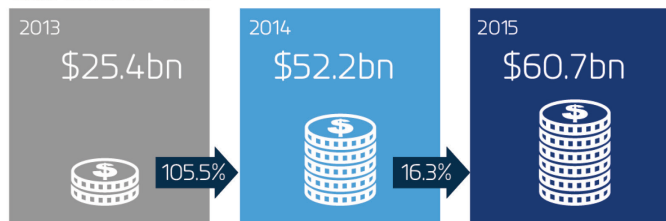
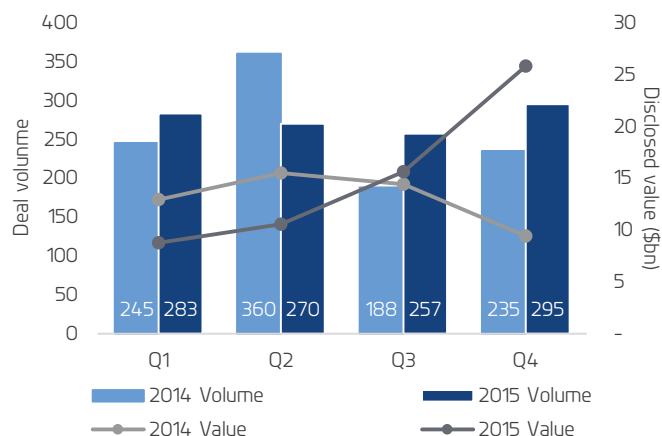


Figure 1. Quarterly deal volume and value 2014 - 2015

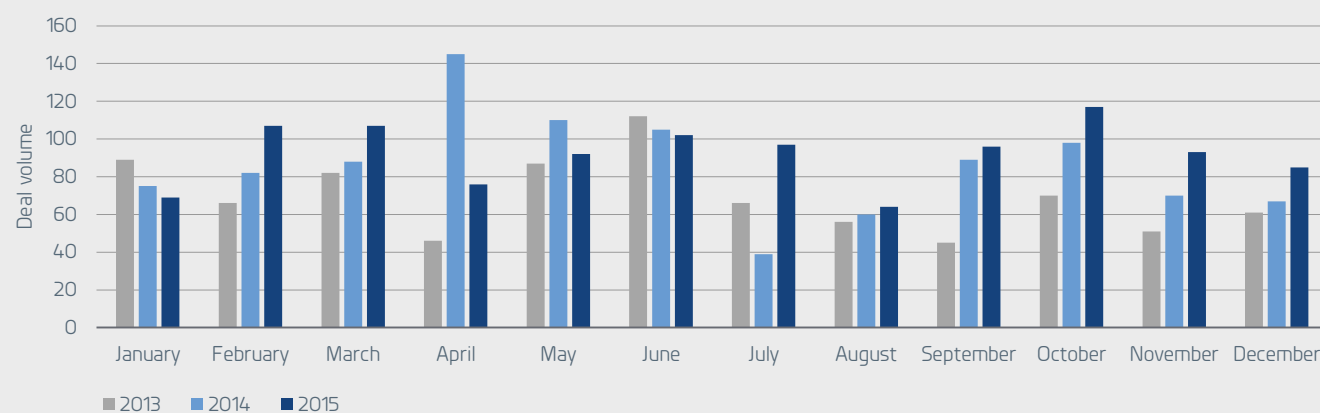


Source: Ciesco Market Intelligence & MarketIQ

On a quarterly basis, 2015 saw a steadier flow of deals, with between 250 and 300 each quarter, compared to 2014. The final quarter of 2015 witnessed the most activity with 295 deals and the highest aggregate deal value with \$25.7bn – the highest in the two year period and higher than the total disclosed value for 2013 as a whole. This highlights that the 2015 stock market crash in China has not had a negative impact on deal activity in the second half of the year.

From a monthly perspective, eight of the 12 months in 2015 registered a higher number of deals than the previous year. October had the highest number of deals announced with 117.

Figure 2. Monthly deal volume 2013-2015



Source: Ciesco Market Intelligence & MarketIQ

1. Facebook's \$22bn acquisition of WhatsApp has been excluded from the aggregate disclosed value for 2014 to limit comparative distortion.

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NOTABLE DEALS



Notable deals


Figure 3. Notable deals

Bidder	Target	Target description	Deal value (as reported)	EV/ Revenue	EV/ EBITDA
		Social gaming for web and mobile	\$5,900m	2.1x	5.0x
		Digital media and advertising technology company	\$4,400m	1.5x	9.6x
		Online video operator	\$4,400m	7.5x	58.4x
		Publisher of the Financial Times, a business newspaper	\$1,300m	n.a.	n.a.
		World's second largest sports marketing agency	\$1,200m	n.a.	n.a.
		Email and social marketing SaaS provider	\$1,100m	2.7x	20.2x
		Content measurement and analytics services to entertainment industry	\$732m	7.3x	523.7x
		Marketing communications and sports marketing	\$577m	1.1x	15.4x
		Customer data analytics and predictive marketing technology	\$533m	n.a.	n.a.
		Online business news website	\$434m	n.a.	n.a.

Source: Ciesco Market Intelligence & MarketIQ

In November, the games developer behind Call of Duty, **Activision Blizzard**, highlighted the magnitude of the mobile gaming industry with the \$5.9bn acquisition of **King Digital Entertainment**. King is widely known as the maker of mobile games such as Candy Crush, which boasted 474m monthly active users in Q3 2015. The \$5.9bn paid for King will be funded by \$3.4bn in cash and \$2.3bn debt and represents a EV/Revenue value of 2.1x and EV/EBITDA of 5.0x. This deal was the largest transaction in the tech-enabled media and marketing sector in 2015.

The second largest deal of 2015 was announced in May, when **Verizon Communications**, the US-based telecoms and broadband provider announced the \$4.4bn acquisition of **AOL**. As a leading online media giant and owner of websites such as TechCrunch and the Huffington Post, AOL places a large emphasis on the advanced technology it has developed for selling ads and delivering high-quality web video – which many industry commentators have suggested lies at the heart of Verizon's bid. Although the deal is one of the biggest in the sector in 2015, it is a long way off from the \$166bn valuation placed on **AOL** when it merged with **Time Warner** at the height of the dot-com bubble in 2000. Verizon's acquisition of AOL represents a 1.5x EV/Revenue and 9.6x EV/EBITDA valuation.



In July, Nikkei, the Japanese financial media giant, surprised the market with the \$1.3bn acquisition of FT Group, publisher of the 127-year-old newspaper The Financial Times (FT), beating German publisher Axel Springer in a hotly contested battle for the FT - sold by publisher Pearson, who bought the business in 1957.

The Nikkei/FT deal was not the only big publishing deal in 2015. In October, London-listed **Trinity Mirror Group** acquired **Local News**, a UK publisher that owns more than 100 regional titles, for \$337m. The deal increases the number of titles owned by Trinity Mirror to over 200, making them the UK's largest regional news outlet. In the digital media space, German publisher **Axel Springer**, who were in the running to acquire the FT Group, acquired popular online business news publisher **Business Insider** for \$434m.

In February, **Dalian Wanda Group**, the Chinese property and entertainment conglomerate, acquired **Infront Sports & Media**, the world's second largest sports marketing agency, for \$1.2bn. The acquisition of Swiss-based Infront Sports & Media provided an exit for the European private equity firm **Bridgepoint Capital**, which had acquired the business in 2011. Sports marketing featured strongly in 2015 with a total of 13 deals, including **Providence Equity Partners'** \$577m acquisition of **Chime**, the sports marketing communications group.

Endurance International, one of the world's largest web hosting companies, looked to expand their offering of online marketing services with the \$1.1bn acquisition of email marketing firm **Constant Contact** in November. The deal represents a 2.7x EV/Revenue and 20.2x EV/EBITDA valuation for Constant Contact shareholders.

One of the biggest deals announced in 2015 in the media sector continues to develop in the US. **Media General** agreed to acquire **Meredith Corp** for an approximate \$2.4bn in September. However, late in the year **Nextstar Broadcasting** entered the picture, attempting to disrupt the transaction and acquire **Media General** for around \$2.3bn. It is still unknown what will happen with these three, but it highlights the appetite for mergers and acquisitions of such media conglomerates within the media space.



BUYER LANDSCAPE



Buyer landscape

Emerging Buyers



Adtech



Consultancies



Mid-market Groups



Asian Buyers



Media & Publishers



Networks



Social Media



IT Services



Private Equity













Technology



Source: Cisco Market Intelligence

Most active buyers

Figure 4. Top 10 active buyers by number of deals

Company	2015	2014
 WPP	40	52
 dentsu	26	18
 PUBLICIS	19	23
 GRAVITY 4	10	1
 HAVAS	9	5
 Omnicom	9	10
 <small>High performance. Delivered.</small>	7	1
 LEO	7	-
 Vista Equity Partners	7	2
 twitter	6	6

Source: Ciesco Market Intelligence & MarketIQ

The top 10 most active buyers in 2015 included five of the big six global marketing communications holding networks – UK-based **WPP**, Japan's **Dentsu**, France-based **Publicis** and **Havas** and US-based **Omnicom**.

Established in mid-2014, **Gravity4**, the San Francisco-based adtech firm, has demonstrated their strategy of acquisitive growth by announcing 10 deals in 2015.

Accenture, the consultancy firm, made significant in-roads into the sector with seven deals, building on acquisitions in previous years including Acquity Group, Fjord and Reactive Media.

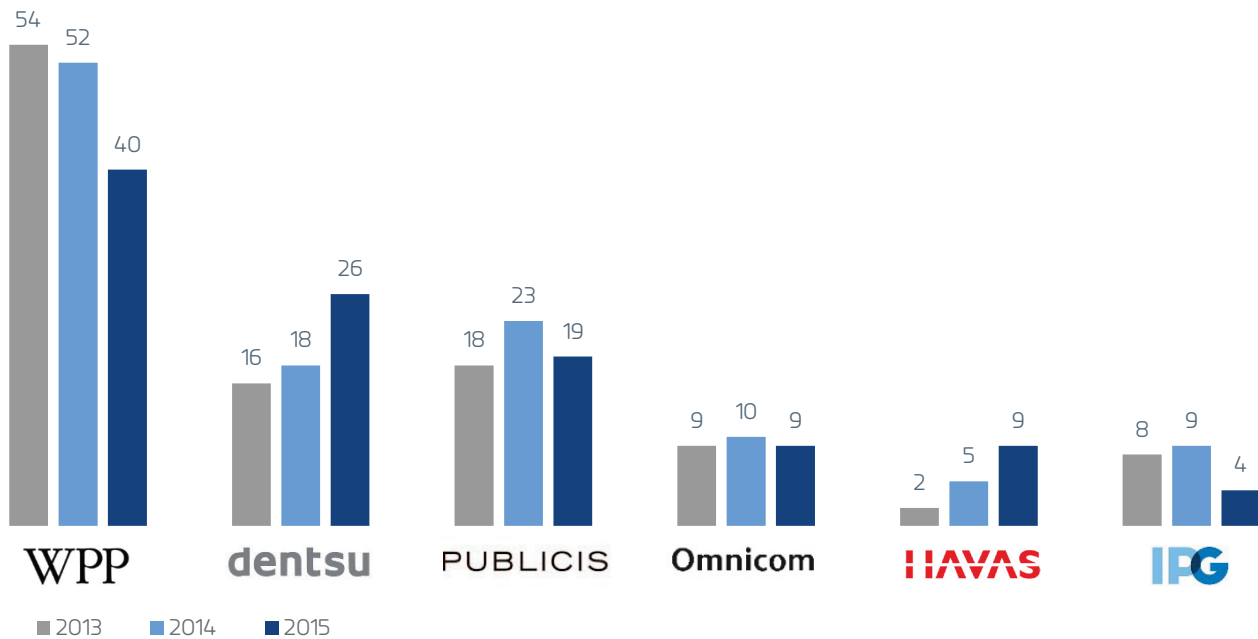
LEO Group, a Shenzhen-listed manufacturer, emerged as a new buyer in Asia. In 2014 they launched **LEO Digital Network**, which has over 700 employees and counts global brands such as Coca-Cola as clients. They invested over \$700m in 2015 across seven deals, all within their domestic market, in line with their strategy to seek new profit growth by diversifying into the digital industry.

Private equity firm **Vista Equity Partners** announced seven deals, investing in the marketing technology, eCommerce and eCRM sectors. They were also the most active private equity investor in 2015.

Twitter remained an active buyer in 2015 with six acquisitions in the space, the same number as in the previous year.

Global holding networks

Figure 5. Global holding networks' three-year deal volume trend



Source: Ciesco Market Intelligence & MarketIQ

The big six global marketing communications networks – WPP, Omnicom, Publicis, IPG, Dentsu and Havas – continued to play a significant role in shaping the technology enabled media and marketing landscape through their M&A activity.

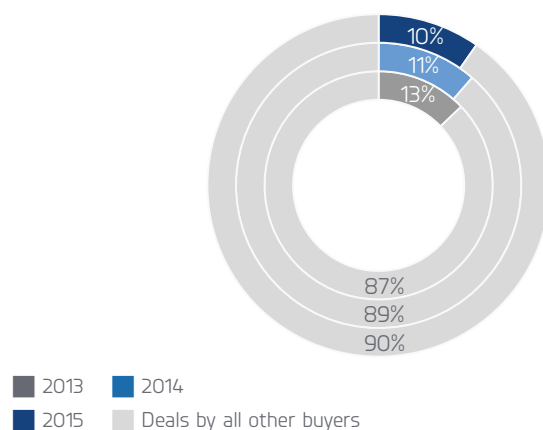
A look back at the data over the past three years, as illustrated in Figure 5., shows that although WPP continued to be consistently the most active acquirer by a significant margin, the number of transactions they announced in 2015 has decreased compared to the volume witnessed in 2013 at the height of the much-hyped POG (Publicis and Omnicom) merger that failed to materialise.

Conversely, the number of deals by Havas was up from five in 2014 to nine in 2015. H1 2015 witnessed a flurry of deals by Dentsu when they jointly tied with WPP at the half-year mark in terms of the number of deals announced. Since their acquisition of Aegis in 2012, over the same three-year period, Dentsu have steadily increased the number of acquisitions made. In 2015 they announced 26 deals, up from 16 in 2013, positioning Dentsu as the second most active buyer, taking over from Publicis, which announced 19 deals in 2015, down from 23 in 2014.

In the US, consistent with previous years, Omnicom announced nine deals in 2015, down from 10 in 2014. Having not announced any deals in H1 2015, IPG had a relevantly busy H2, announcing four acquisitions across Canada, Russia, UK and China, as well as three divestments.

The combined number of deals announced by the big six global holding networks was 107 in 2015, accounting for approximately 10 percent of the total deals announced in 2015. This is down from the 117 deals announced in 2014, and is largely due to the lower deal count for WPP.

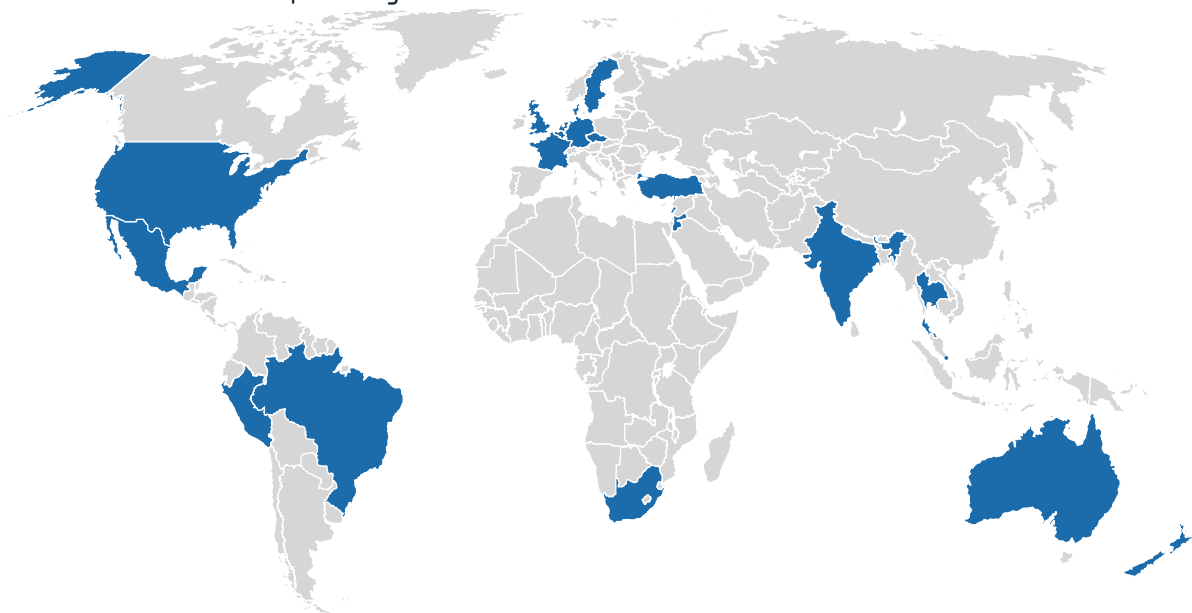
Figure 6. Global network deals as a percentage of all deals



Source: Ciesco Market Intelligence & MarketIQ

WPP

Figure 7. Countries in which WPP acquired targets in 2015



Source: Ciesco Market Intelligence & MarketIQ

WPP retained its title as the most prolific acquirer in 2015 by announcing 40 deals.

Although the total deal count is down from 52 in 2014 and 54 in 2013, WPP is still ahead by a significant margin in terms number of deals announced.

They continued with the dual approach of investing both in core and fast growing markets, allocating between \$450m-\$600m for acquisitions, as part of their strategy to secure their position in core markets, whilst investing in fast growing economies. Notwithstanding the significant amount of capital allocated for acquisitions, it is notably less than the amounts invested by some of the emerging buyers mentioned in this report.

In their core markets, WPP announced eight deals the US, five in the UK and nine in Western Europe.

In line with their strategy of making sustainable acquisitions or investments in territories ripe for growth, WPP acquired five targets in LatAm, seven in APAC and one each in Czech Republic, Lebanon, Israel and South Africa, and two targets in Turkey.

China was a notable absence for WPP deal activity in 2015, albeit Sir Martin Sorrell has continued to be an advocate for China as the biggest driver of the world economy and publically stated that China's economic growth was fundamental to the company's future.

WPP invested across a wide range of sectors including mobile, data & analytics, eCRM, creative, design, public relations, healthcare, full-service digital, digital media, marketing technology, sports marketing and media planning & buying.

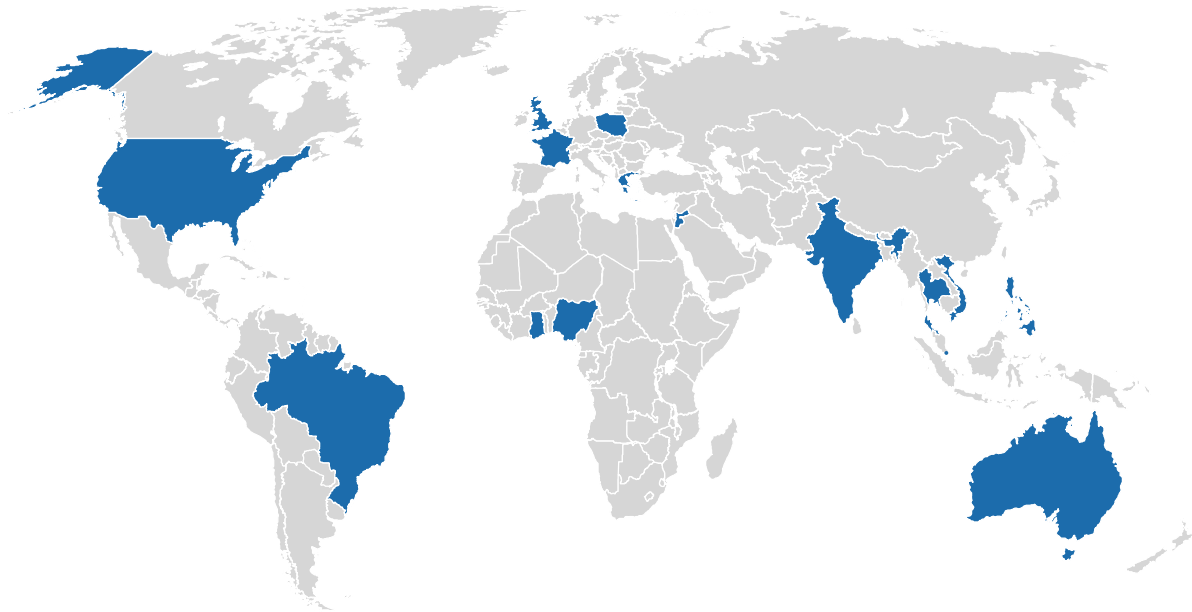
In June, WPP's **J. Walter Thompson Worldwide (JWT)** acquired a significant minority stake in **Hirschen Group**, an independent agency in Germany. With revenues of \$41m last year, the group provides advertising, public affairs, consulting and strategy services. Hirschen Group employs more than 500 people in nine offices and is a significant boost to JWT's German operation, already with 150 employees across three offices in Frankfurt, Dusseldorf and Stuttgart. In the same month, **Commarco**, WPP's German-based marketing services network, acquired a majority interest in **Nicole Weber**, a German public relations agency. The stake was acquired from **Golin**, part of **IPG**.

Germany is WPP's fourth largest market after the US, UK and China and generates revenues of \$1.4bn for the network.

In November, **GroupM**, WPP's global media investment management division, acquired the highly sought-after agency **Essence**. Essence are the largest independent buyer of digital ads, spending more than \$700m on digital media annually. With 500 employees, the London-based agency operates from offices in New York, San Francisco, Seattle, Singapore and Tokyo. Essence will continue to operate as an independent brand within WPP and GroupM.

dentsu

Figure 8. Countries in which Dentsu acquired targets in 2015



Source: Ciesco Market Intelligence & MarketIQ

Dentsu announced 26 deals in 2015, an increase of eight from the previous year, ranking them as the second most active buyer in 2015, up from third place in 2014 and overtaking Publicis.

Dentsu's investments were spread out geographically and included the major global regions of Asia Pacific, the UK, USA, Western and Eastern Europe, Latin America, Africa and the Middle East.

Dentsu Aegis Network (DAN) has continued the company's acquisitive streak, demonstrating the boldness of CEO Jerry Buhlmann, who continues to maintain shareholder confidence three years on from Dentsu's \$5bn acquisition of Aegis Group.

In H1 2015, Dentsu increased their presence overseas. All 13 deals took place outside of the holding company's home territory of Japan, with target companies based in the USA (two), the UK (two), Australia (two), Greece, Poland, Thailand, Vietnam, Israel, India and Nigeria.

Dentsu ranked joint first with WPP in Ciesco's half-yearly report, published in the summer of 2015.

In May, Dentsu Aegis Network announced the acquisition of **John Brown Media**. This came as a surprise to industry practitioners as John Brown Media, a content marketing agency. Dentsu Aegis Network strengthened their brand commerce and multi-channel capabilities with the acquisition of **eCommera**, a business in which **WPP** had previously acquired a minority stake. Other acquisitions in the first half of the year included US-based market research and consultancy firm **Forbes Consulting**, and Israeli-based SEO, PPC and search marketing agency **abaGada**.

Dentsu announced a further 13 deals in the second half of the year, with two in each of the following markets; UK, Singapore, Brazil, France, Ghana, and the Philippines. In October they announced their second investment in India in 2015, with the \$46m acquisition of **Fountainhead Entertainment**, an events and experiential marketing agency. This follows on from the \$29m acquisition they announced in January of **WATMedia**, an Indian social media agency.



PUBLICIS GROUPE

Publicis was the third most active acquirer in 2015, with a total of 19 deals, down from 23.

In the first half of the year Publicis announced eight deals, with acquisitions including South African PR agency **Epic Communications** by **MSLGroup**, Czech digital agency **B2B Group** by **Perfomics**, UK-based shopper marketing agency **Vivid Brand** by **Publicis Worldwide** and the NY-based digital agency **Domani Studios** by **BBH NY**.

In February 2015, the French holding network completed the \$3.7bn all-cash acquisition of Boston-based digital network **Sapient Corp**. The deal gives Publicis a competitive edge over its competitors in pursuing significant technology-led assignments and also positions them well against consultancies such as **Deloitte Digital**, **Accenture Interactive**, **McKinsey & Company**, **Capterra** and **Boston Consulting Group (BCG)** – making inroads into work usually assigned to them. It also demonstrates to Publicis' investors that Maurice Lévy, CEO of Publicis, is on course to realising the group's stated aim of increasing its percentage of revenues derived from digital.

Publicis announced a further 11 deals in the second half of 2015 including the \$15.3m acquisition of **August**, the UK-based content marketing agency by **Publicis Worldwide**. They made their second South African investment with the acquisition with **The Creative Counsel Group**, an integrated agency.

Publicis Healthcare announced three deals in the healthcare marketing space – the acquisition of **Tardis Medical Consultancy**, a UK-based clinical and medical affairs outsourcing consultancy; the acquisition of UK-based healthcare advertising agency **Langland Advertising Design & Marketing** and the \$26m acquisition of the commercial services operations / healthcare unit from **PCI, Inc.**, the healthcare sales and marketing business.

In order to break down silos, Maurice Lévy also announced a reorganisation of the Publicis group in December, bringing agencies together under four hubs centred around creative, media, digital and healthcare. This sends a strong signal about Publicis's future and lines up potential successors for Lévy. Industry commentators and investors will be waiting to see whether the reorganisation will be enough to revive the company's growth.

OmnicomGroup

Omnicom announced nine deals in 2015, down from 10 in 2014 but on-par with 2013.

Omnicom acquired businesses across a wide range of sectors including marketing technology, eCRM, digital transformation, digital media, data & analytics, public relations, healthcare, advertising and media planning & buying. Regionally, Omnicom acquired targets in Germany (two), France (two), Belgium (one), Turkey (one), USA (one), Australia (one) and Brazil (one).

In the first half of the year they acquired two German agencies – digital consulting and transformation agency, **TLGG** and data analytics agency, **Trakken Web Services**.

Omnicom's largest deal of the year was the \$270m acquisition Grupo ABC

In Belgium, Omnicom acquired **Semetis**, a digital advertising and business intelligence agency, and in Australia they acquired **Lifelounge Group**, a digital media and entertainment company.

Omnicom announced their largest deal of the year in November – in Brazil, **DDB Worldwide** acquired **Grupo ABC de Comunicacao**, a São Paulo-based group providing a diversified range of marketing and communications services, for a reported \$270m.



Paris-based Havas announced nine transactions in 2015, almost doubling the deal count from the five announced in 2014.

Havas announced their largest deal in 15 years

Four out of the nine acquisitions were in their domestic market of France. They also acquired businesses in the UK, Germany, USA, Canada and Vietnam. Havas made acquisitions across a range of sectors including advertising, mobile, public relations, eCRM, full-service digital, research, events and healthcare.

In September, Havas announced their largest deal in 15 years, the \$75m acquisition of fellow French digital communications agency **FullSix International**, representing an exit for the private equity firm **Motion Equity Partners**.



Interpublic Group (IPG) announced four deals in 2015, down from nine in 2014.

Futurebrand acquired **Hugo & Cat**, a London-based digital brand engagement agency. **IPG Mediabrands** acquired Canadian media services business, **Media Expert**. **Golin** acquired **Magic Group**, a public relations agency in China.

In December, IPG announced that it had acquired a majority stake in the Russian affiliates of the company's three global creative networks, **McCann**, **Mullen Lowe** and **FCB**, from **ADV**, its long-term partner in the country. The transaction represents a milestone in the two-decade operating history of Interpublic's agency brands in Russia by establishing the company's direct ownership and control in a market that is important to global clients. Russia had been the only one of the ten largest countries by GDP where IPG did not have an ownership position in its global creative agencies.

Furthermore, IPG also divested two assets. **Golin** sold **Nicole Weber**, the German public relations business to WPP's **Commarco** and in the UK, **McCann London** divested **AllofUs**, a design studio, to the management team.

Mid-market groups

BlueFocus

蓝色光标

BlueFocus Communications, one of China's largest marketing communications agencies, spent \$637m across three transactions in 2015, all within its domestic market, demonstrating BlueFocus' appetite for acquisitions and availability of capital to compete with the likes of WPP for best-in-class businesses.

In June they announced two deals: the \$289m acquisition of **Domob**, a Chinese smartphone advertising platform with over 300 employees and headquartered in Beijing; and the \$71m acquisition of **Madhouse**, a business headquartered in Shanghai with over 240 employees that provides mobile advertising and optimisation services to developers in Chinese and Indian markets. In November, BlueFocus acquired **Lanhan (Shanghai) Technology**, a Shanghai-headquartered company engaged in internet projects, system development and web design, for \$277m.

NEXT15

Next15 spent \$9m across three deals in 2015. In April, Next15 bought **Encore Digital Media**, a small London-based programmatic advertising technology business, for \$1m; spent \$2.5m for the acquisition of **IncrediBull World**, a London-based brand marketing agency, and acquired London-based independent creative agency **ODD Communications** for \$5.6m. Through a share issue, Next15 raised a further \$2.7m for acquisitions and investments.

Creston...

In April 2015, **Creston** acquired a 51 percent stake in London-based digital design and development consultancy **How Splendid** for \$23.5m. Additionally, Creston also acquired a 27 percent minority stake in London-based creative agency, **18 Feet & Rising** for \$1.6m. These transactions mark the first signs of M&A activity by Creston since their sale of **DLKW** to **Lowe Worldwide** (part of **IPG**) in 2010.

OLIVER

Oliver, the UK-based B2B creative marketing agency with a global presence that specialises in providing clients with on-site agency support, made two acquisitions in 2015. In February they acquired **Dare Digital**, a UK-based interactive marketing agency from **EDC UK** and in October they acquired **Aylesworth Fleming**, a Bournemouth-based integrated advertising and marketing agency.

serviceplan

Germany-based **Serviceplan**, one of Europe's largest independent communications agency, announced two deals in 2015. They acquired **Louder** in February, a 50 employee strong Moscow-based agency specialising in events, marketing communications, PR and trend marketing in both traditional and digital. In September they broadened their presence in China with a second office by acquiring the high profile digital agency, **Aquarius Asia** based in Shanghai.

MERKLE

Merkle, the privately-owned performance-marketing agency based in Maryland, USA, has earmarked circa \$1bn in capital to spend on acquisitions over the next five years, according to CEO David Williams. Merkle made two acquisitions in 2015. In April they acquired Seattle-based digital analytics consultancy **Pointmarc** and in the following month they acquired London-based digital conversion specialist **Periscopix**.

St Ives Group

In March, **St Ives** announced their acquisition of **Solstice Consulting**, a Chicago-based digital consultancy specialising in mobile-first digital product design and engineering services, for \$37m with a further consideration of up to \$38m dependent on incremental profit performance. The deal represented a 1.5x EV/Revenue and 2.7x EV/EBITDA valuation.

The transaction is St Ives' first significant overseas acquisition and the deal highlights their strategy to achieve further growth by international expansion and continued select acquisitions across their identified three specialist high-growth areas: data, digital and consulting. This transaction is also the first under the new leadership of Matt Armitage who took over as CEO in July 2014. In addition to expanding via acquisitions, St Ives is also aiming to achieve organic growth through greater collaboration between existing group companies, a marked difference from their previous strategy.

CHIME™

Chime Communications, who themselves were taken private in 2015 by **Providence Equity Partners**, acquired independent performance-driven media planning and buying agency **Adconneciton** in November through its media arm, **VCCP Media**. The two businesses will be fully merged under the VCCP Media brand to create a partnership that will reunite media buying with creative, social, PR and all other disciplines under one roof.

Consultancies

Figure 9. Acquisitions by consultancy firms¹



Source: Ciesco Market Intelligence & MarketIQ

Global consultancy firms – including Accenture, McKinsey & Company, Capgemini and Boston Consulting Group – set the trend a few years ago making in-roads into the tech-enabled media and marketing landscape by either developing teams in-house or by bringing in external skills by way of acquisitions.

Similarly, the big four global professional services firms – PwC, Deloitte, KPMG and EY – have also entered the foray. The consultancies and professional services firms have been approaching brands with a 'business solutions-led' proposition, aiming to compete head-on with the likes of AQKA (part of WPP), DigitasLbi and SapientNitro (both part of Publicis).

Following this trend, others such as specialist technology consultancy IBM have set-up shop, too. According to AdAge, IBM Interactive Experience is now the largest digital agency worldwide, followed by Deloitte Digital and Accenture Interactive.

1. With regards to deals by consultancy firms, the report only tracked those transactions that are relevant and related to the technology enabled media & marketing sectors.



Building on the momentum created with high profile acquisitions over the past couple of years, Accenture announced seven deals in 2015, making acquisitions in the US (two), UK (two), and one each in China, Brazil and Sweden. Accenture invested across a range of areas that included mobile, eCommerce, full-service digital, healthcare and Salesforce & cloud implementation.

Accenture acquired **Javelin Group** in May, a highly sought-after UK-based eCommerce/retail strategy consulting and digital transformation services provider, to expand their strategy capabilities in the retail industry.

In June, Accenture acquired Swedish-based **Brightstep**, a digital consulting business, with 60 people and strong capabilities in digital strategy, commerce, content and interactive marketing.

In July, Accenture strengthened their digital marketing and commerce capabilities in Asia with the acquisition of **PacificLink Group**, a 240-employee-strong group of full-service digital agencies based in Hong Kong. The deal will boost their digital design, marketing, content and commerce service offering, enabling them to provide end-to-end services to brands and organisations across Greater China and the Asia Pacific region.

Deloitte. Digital

Deloitte Digital looked to increase their market share in the sector and announced four deals in 2015, with acquisitions in the US, Sweden and two in Poland.

They bolstered their presence in the Nordic region in May with the acquisition of Swedish agency **Mobiento**. Based in Stockholm and Gothenburg, Mobiento is a 40-person, mobile-focused digital transformation agency whose clients include P&G, H&M and Samsung.

In October, Deloitte Digital launched operations in Central Europe with the acquisition of one of the most experienced digital agencies in Poland, **Digital One**. With around 100 employees, the acquisition gives Deloitte Digital an immediate presence in the region and a wide service offering including innovation and strategy, creative and design, mobile and web, eCommerce and analytics. In Poland, Deloitte Digital also acquired Stratosfera, a marketing strategy consultancy.

Deloitte Digital acquired North American customer experience (CX) measurement services firm **LRA Worldwide** in June to allow it to provide enhanced brand and reputation risk measurement services.

McKinsey&Company

McKinsey & Company announced three acquisitions in the sector in 2015.

They bought **LUNAR**, a US-based design consultancy in May, in order to enable them to provide their clients with design execution.

In September, its subsidiary, **Periscope™**, a **McKinsey Solution**, acquired **4tree**, a big data solutions company based in Münster, Germany, that provides retail data analytics and customer insights.

Towards the close of the year, McKinsey & Company acquired **QuantumBlack**, the London-based data consultancy firm that helps crunch the petabytes of data behind Formula One racing and other clients in an effort to help companies get their own edge when it comes to real-time data mining.



EY announced the acquisition of **Seren** in August, a London-based customer experience digital design consultancy with 60 employees. Ben Langdon (former CEO of **Digital Marketing Group** and European CEO of **McCann Erickson**) will continue as chief executive of **EY Seren** and as an EY partner in the UK. The transaction builds on EY's acquisition of Redrock, a North American-based boutique service design consultancy, in 2014.

In November, EY bolstered their US market share with the acquisition of **NorthPoint Digital**, a New York-based design and digital solutions agency, with over 90 employees.



KPMG acquired **Nunwood** in May, a UK-based independent consultancy specialising in customer experience (CX) management and feedback technology. The acquisition enables KPMG to offer a full-service customer management programme to its clients, from mapping the customer journey to measuring on-going feedback.

Technology

Figure 10. Acquisitions by technology companies¹

Buyer	Acquisition/ target	Buyer	Acquisition/ target	Buyer	Acquisition/ target	Buyer	Acquisition/ target	Buyer	Acquisition/ target
twitter	zipdial niche periscope TellApart W fastlane	Microsoft	Revolution Analytics DataZen Fantasy Games VoloMetrix adxstudio talko	Alibaba.com*	youku 优酷 tudou.com 易传媒 AdChina.com 光线传媒* ENLIGHT MEDIA Paytm* SCMP SCMP Group*	Google	toro Pulse.io jibe	facebook	THE FIND teehan+lax

Source: Ciesco Market Intelligence & MarketIQ

* denotes a minority stake investment

Twitter, one of the top acquirers in the sector for the past two years, continued to invest heavily with six acquisitions in 2015. This included their largest deal to-date with the \$533m acquisition of retail retargeter TellApart. They also acquired ZipDial, an Indian-based mobile marketing startup and Niche Project, a New York-based social media startup, each for an estimated \$30m.

2015 was the year live-streaming apps such as **Periscope** and **Meerkat** were born. Meerkat quickly took-off as the first mainstream live-streaming app in March, but its fame was somewhat short-lived after Twitter, whom it relied on for its user base, blocked access and acquired their own live-streaming app, Periscope, for \$86m. This is part of Twitter's strategy to grow their user base, a KPI target that has challenged the business. In October, returning co-founder Jack Dorsey was made permanent CEO to help the company access a wider audience.

Computer software giant **Microsoft** announced a number of deals to improve their CRM and business intelligence capabilities - including **Datazen**, a provider of mobile business intelligence and data visualisation; **Adexstudio**, an eCRM business, and analytics startup **Volometrix**. Microsoft also acquired mobile messaging firm **Talko**, which it plans to integrate with Skype.

1. With regards to deals by technology companies, the report only tracked those transactions that are relevant and related to the technology enabled media & marketing sectors.

Alibaba, the world's largest eCommerce company, made five acquisitions in the sector in 2015, the largest by far being their \$4.4bn acquisition of **Youku Toudu**. Youku Toudu, in which Alibaba previously owned an 18 percent stake, is known as China's answer to YouTube, and gives Alibaba a huge share of China's growing online video market. Alibaba also invested further in the entertainment industry with a \$383m minority stake in **Beijing Enlight Entertainment**, the Chinese TV programme producer. In January, Alibaba acquired a majority stake in one of China's largest independent digital advertising platforms, **AdChina**, for an undisclosed sum. Other Alibaba deals include the \$266m acquisition of the **South China Morning Post** and other media assets of **SCMP Group**. They also made an investment in **Paytm**, the Indian eCommerce site.

Google announced three acquisitions in the sector – firstly with **Toro** (also known as Red Hot Labs), a Facebook marketing app, followed by mobile-app performance startup, **Pulse.io** in May. In September they acquired **Jibe Mobile**, a messaging startup that specialises in helping carriers build support for native video messaging into their services. All three companies are based in the US.

In March, **Facebook** acquired **TheFind**, a shopping search engine that offers consumers a personalised experience based on their social profile and the way they shop, allowing Facebook to further enhance their advertising. In January, Facebook 'acqui-hired' the senior management of **Teehan+Lax**, a highly respected Canadian design firm.

A few years ago, both **Google** and **Facebook** set up internal creative agencies to help SMBs that do not have advertising agencies. Google's in-house agency is known as **The Zoo** and Facebook has **Creative Shop**. These have since developed to offer the kind of creative expertise found within the large global network agency groups. Google and Facebook are seeking to transform the way brands think about their platforms to tell the story of their business online. Facebook's Creative Shop has developed tools that can help brands improve the quality of their ads on the Facebook platform.

Emerging buyers

Select new entrants



The rise in the adoption of digital technology has had a significant impact on consumer behaviour, resulting in the need for businesses to transform the way they engage with the consumer.

The fast pace of technological development continues, presenting ever-evolving new opportunities that are dramatically reshaping the technology enabled media and marketing communications sectors. The new and uncharted opportunities to explore growth continue to feed the explosion of new emerging entrants in the market from a wide range of industries and markets.

Spotting a new opportunity, **LEO Group**, a Chinese-listed manufacturer, not the most obvious of acquirers of digital marketing agencies, launched **LEO Digital Network** in 2014 and has been making some significant ground in the marketing space, investing over \$700m across seven businesses in 2015. Rather than selling to the global holding companies, some of China's hottest digital agencies have chosen to join **LEO Digital Network** as it is giving the agencies freedom with cash, meaning more money for acquisitions, hiring and projects – an opportunity to create a Chinese network with digital marketing services ranging from media to creative to eCommerce to mobile and the smart TV sector.

LEO Digital Network began its acquisitive streak in the first half of 2015, spending \$540m on four acquisitions – the significant acquisition of **Jiangsu Wansheng Weiye Network** for \$338m, a digital agency based in Nanjing, valuing the business at 4.5x revenue; followed by **Beijing Miage Advertising Co.**, for \$139m, representing a 2.6x revenue valuation. LEO also acquired a minority stake in **Shanghai Manku Advertising**, for \$56m and acquired a 27 percent stake in **Hangzhou Bicheng Internet Technology** for £6.5m.

In the second half of 2015, LEO made three further acquisitions – Shanghai-based **Arkr Digital**, a digital agency for \$32m; Beijing-based **Amber Communication**, a digital agency for \$27.5m; and in December it acquired **Shanghai Zhiqu Advertisement**, a mobile game marketing services business for \$117m.

Be Heard Group plc is one of the latest groups to emerge, aiming to create a new network of digital businesses spanning the marketing services, data and eCommerce sectors through acquiring complementary agencies in the UK, US and Europe. The UK-based AIM-listed group, led by Peter Scott, former chairman & CEO of **Engine Group**, believes that the current state of the digital advertising and marketing sector presents a significant opportunity to develop a new digitally-centric network. Be Heard announced their first deal in October – the acquisition of **Agenda21**, a digital media and analytics company for an initial \$5m with an additional performance based three year earn-out of up to \$12.6m.

Other notable emerging new entrants include Wipro, the Indian IT services provider, which acquired **Designit**, a Danish UX and product design agency. Teneo, a US-based corporate communications advisory firm, announced the acquisitions of **Blue Rubicon** and **StockWell** in July, two leading London-based strategic communications consultancies. The deals doubled Teneo's global headcount to more than 500 employees, and created one of the largest strategic communications businesses in Europe. Teneo received backing from private equity investor **BC Partners** in January and hired Charles Watson, former group Chairman at **Karma Communications**, as Chairman. In October they also acquired Pendor, a financial and corporate communications agency, adding a further seven people.

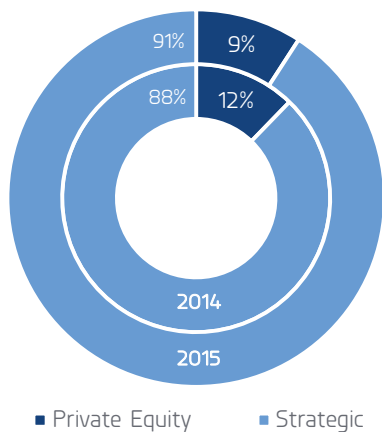
Additionally, there are a number of new funds that have been, or are being, created – led by former business leaders from the industry with the backing of financial investors. These funds are seeking to build out a new generation of business models to challenge the modus operandi. The investor thesis they apply is to seek disruptive models and a new approach to marketing, given the fragmented media channels and new technologies, providing greater reach more effectively. All are challenging the status quo. We have also noted some of these new funds showing a big interest in high growth areas such as marketing technology, data & analytics and mobile.

Most recently, David Jones, ex-CEO of **Havas**, joined this group of investors with the launch of **You & Mr Jones**, reportedly raising \$350m. Their stated objective is to invest around 90 percent of the capital in majority stakes in established businesses, and 10 percent as early stage investments. You & Mr Jones are looking at six key verticals: user and machine generated content; brand creative & content strategy; social media marketing; programmatic buying; multichannel networks; and data analytics.

Private equity

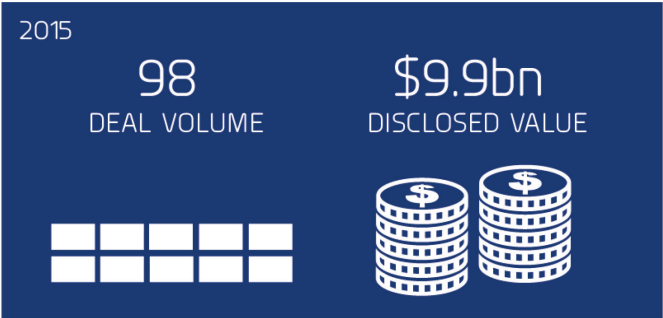
In 2015, private equity (PE) investors were involved in 98 deals, either in their capacity as a buyer or seller of portfolio businesses, down 22 percent from 126 in 2014.

Figure 11. Deal volume by private equity vs strategic



Source: Ciesco Market Intelligence & MarketIQ

Deals by private equity firms accounted for nine percent of all deals in 2015, down from 12 percent in 2014. The total disclosed value of the 98 deals that involved PE was \$9.9bn, accounting for 16 percent of the total disclosed value of all deals. The total number of PE exits from portfolio businesses in 2015 was 17.



Providence Equity Partners' \$577m acquisition of Chime Communications was one of the biggest deals of 2015 – taking the London-based sports marketing and communications group private and de-listing it from the London Stock Exchange.

Chime, which owns agencies such as **VCCP**, has over 2,000 employees and a presence in 20 countries. **WPP** will maintain its 20 percent stake in Chime. As PE firms typically hold investments for three to five years, it will be interesting to see if WPP seek to take a majority stake when Providence looks to exit.

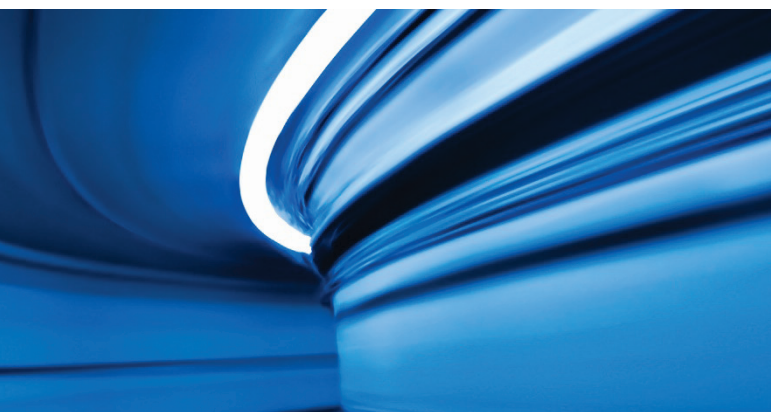
Cision, a Swedish provider of PR software and analytics – backed by Chicago-based PE, **GTCR** (the most active PE buyer in 2014) announced the acquisition of **PR Newswire**, a news-release distribution service that was previously owned by UK-based events company **UBM**, for a reported \$810m in cash and \$31m of preferred equity.

In 2015, San Francisco-based private equity firm **Vista Equity Partners** was the most active PE investor in the sector, with seven acquisitions. Vista Equity Partners, which focuses on the software and tech-enabled industry, raised \$5.8bn in their latest fund raising, their largest to-date. All seven deals were of US-based companies, including the acquisition of **Mediaocean**, a media buying and selling software company for \$720m.

Figure 12. 2015 deals by Vista Equity Partners

Date	Bidder	Target	Country	Description
January	 DealerSocket*	 DEALER FIRE*	Wisconsin, USA	Web design & digital marketing
February	 STATS	 ai AUTOMATED INSIGHTS	North Carolina, USA	Data & analytics
April	 ZYWAVE	 INTYGRAL	Rhode Island, USA	Marketing automation
June	 Vista Equity Partners	 mediaocean	North Carolina, USA	Marketing automation
November	 Vista Equity Partners	 marketlive	California, USA	eCommerce SaaS
November	 Vista Equity Partners	 Shopatron	California, USA	eCommerce SaaS
December	 ACTIVE network	 Virtual event bags	North Carolina, USA	Event sponsorship SaaS

Source: Ciesco Market Intelligence & MarketIQ



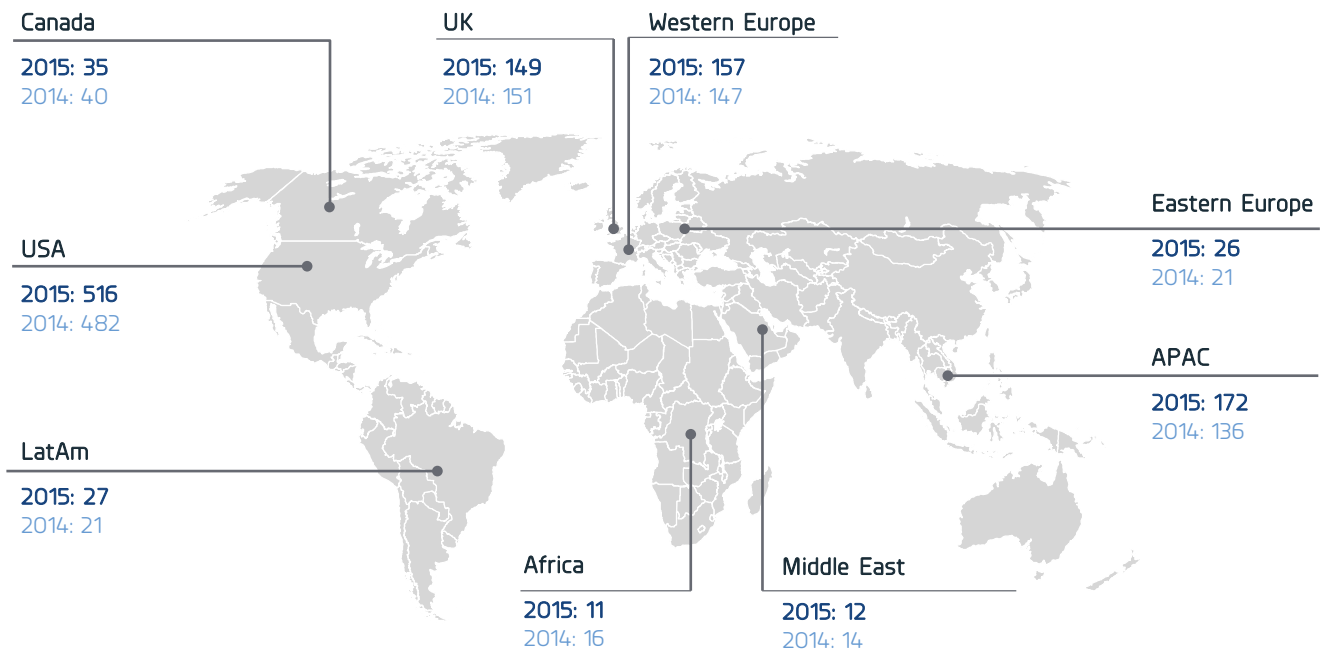
PE exits in 2015 included **Bridgepoint's** exit from **Infront Sports & Media**, the sports marketing business which Bridgepoint acquired in 2011, to **Dalian Wanda** for \$1.2bn. Bridgepoint also exited their investment in content publisher **John Brown Media**, which they sold to **Dentsu Aegis Network** in April. European PE firm **Motion Equity Partners** sold **FullSix International** to **Havas** in September. Motion Equity Partners had held a majority stake in FullSix since 2008.

GEOGRAPHIC OVERVIEW



Geographic overview

Figure 13. Global deals by region 2014–2015



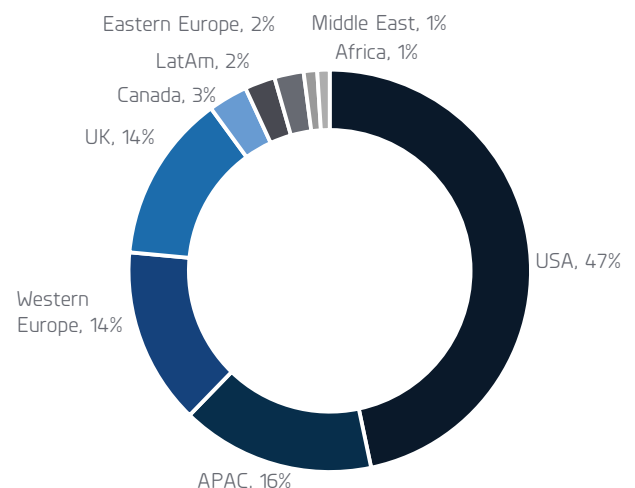
Source: Ciesco Market Intelligence & MarketIQ

As always, the US was by far the most active region, with 516 deals in 2015, up 7 percent from the previous year.

Almost half of the deals in 2015 (47 percent) involved a target company based in the US. Activity in the UK was broadly level with 149 deals tracked in 2015 compared to 151 in the previous year.

Western Europe, Eastern Europe and Latin America (LatAm) were all up slightly from the previous year, with 157, 26 and 27 deals, respectively. Africa, the Middle East, and Canada all had marginally fewer deals in 2015 compared to the previous year. The largest variance was seen in Asia Pacific (APAC), where the number of deals increased 26 percent to 172 in 2015, from 136 in 2014. This significant increase in activity means that APAC has now overtaken both the UK and Western Europe to become the second most active region behind the US.

Figure 14. 2015 global deals by region



Source: Ciesco Market Intelligence & MarketIQ

By far the largest increase in 2015 deal activity has been in the APAC region.

This is largely due to a surge of deals in the world's second largest economy, China. In 2014 China accounted for just four percent of global deal activity with 38 deals, while in 2015 they accounted for seven percent, with 74 deals.

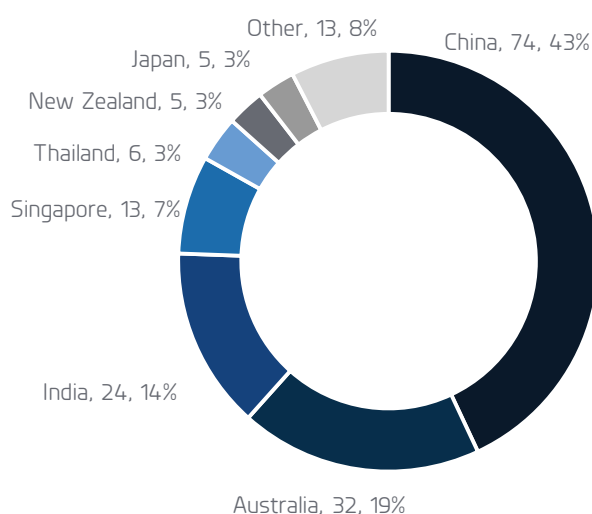
The vast majority of Chinese deals were by domestic buyers, with 86 percent of targets being acquired by a Chinese buyer.

Worries about the slowing growth of China's economy dominated the headlines in the second half of 2015 and caused turmoil in the markets. However, the increase in deal activity demonstrates that the recent stock market crash in China has not dampened M&A activity in the Asian markets.

Australia remained the second most active region within APAC, with 32 deals, and India remained third with 24.

Singapore saw a sharp rise in deal activity with 13 deals in 2015, up from five in the previous year, as did Thailand with six deals, up from two.

Figure 15. Deals in Asia Pacific



Source: Ciesco Market Intelligence & MarketIQ

France overtook Germany as the most active country in Western Europe, excluding the UK.

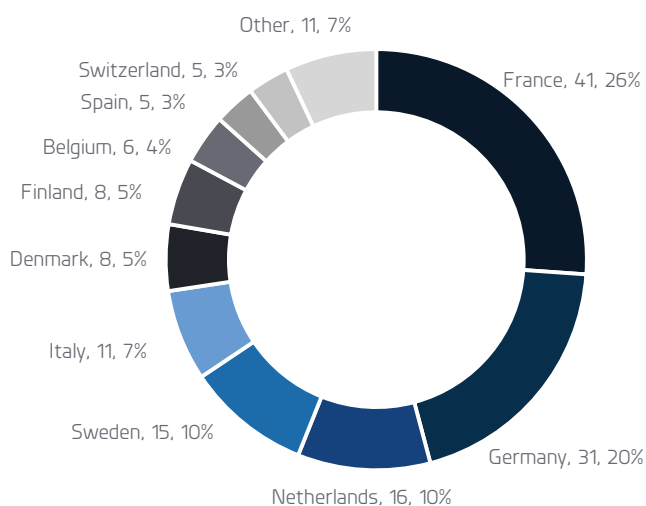
41 French targets were acquired in 2015, a significant increase from the 30 in the previous year. Germany experienced weaker deal activity with 31 deals, down from 39 in 2014.

The Netherlands witnessed a surge in deal activity, with 16 up from 11 in the previous year, as did Italy with 11, up from six.

The Nordic region continued to be a popular target for M&A, with Sweden, Norway, Denmark and Finland accounting for a combined 34 deals in 2015, up from 28 in the previous year. Denmark was home to eight targets in 2015, up from three in the previous year.

Spain and Ireland accounted for noticeably fewer deals in 2015, with Spain down to five from 15 in 2014, and Ireland with three, down from seven.

Figure 16. Deals in Western Europe (excluding the UK)



Source: Ciesco Market Intelligence & MarketIQ

In LatAm, with 18 deals Brazil accounted for two thirds of all deals in the region, up from 13 in 2014. In Africa, South Africa was significantly less active than in 2014 with seven deals down from 16. Poland was the most active country in Eastern Europe, with eight deals compared to three in the previous year. Israel's dynamic tech startup scene is no secret and in 2015 it accounted for 10 deals, including the \$25m acquisition of **Optimatic**, a programmatic video advertising company by the UK-listed performance advertising group, **Matomy Media**.

Cross-border

In 2015, 358 transactions were announced where the buyer's home country was different to that of the target's, representing 32 percent of deals. In 2014, 373 cross-border deals were announced, representing 36 percent of deals.

The aggregate disclosed deal value for cross-border transactions was \$18.4bn, up from \$11.7bn in the previous year, although this increase is largely due to **Activision Blizzard's** \$5.9bn acquisition of **King** in November.

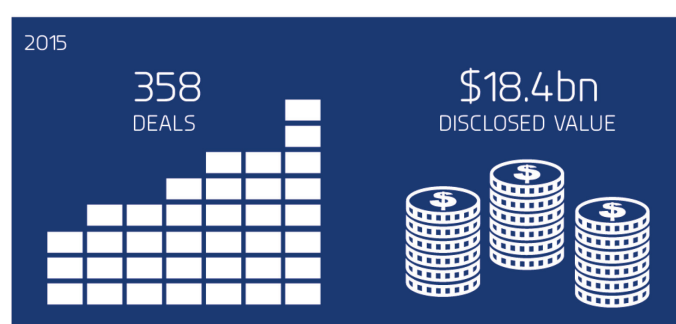


Figure 18. Illustrative cross-border transactions

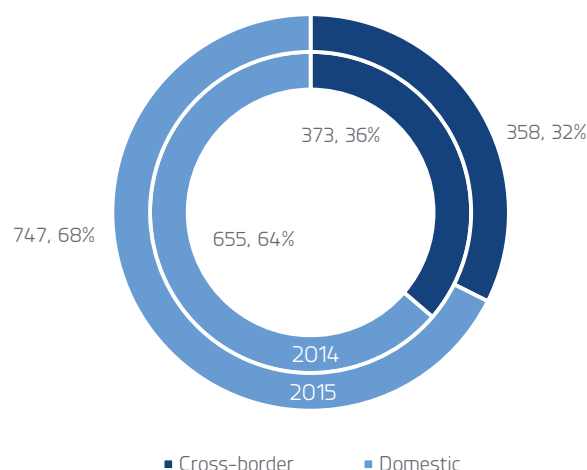
Date	Bidder	Country	Target	Country	Sector
February	万达集团 WANDA GROUP	China	infront SPORTS & MEDIA	Switzerland	Sports marketing
March	cheetahmobile	China	MobPartner	France	Mobile
July	NIKKEI	Japan	FT FINANCIAL TIMES	UK	Publisher
September	dentsu	Japan	MEDIA FUSE	Nigeria	Full-service digital
October	WIPRO Transforming Thought	India	Designit®	Denmark	Design
November	Omnicom	USA	grupo abc,	Brazil	Advertising
December	NºA	Norway	Nansen	USA	Full-service digital

Source: Ciesco Market Intelligence & MarketIQ

The year saw a number of notable cross-border transactions as companies looked to strengthen their service offering outside of their home markets. Out of **WPP's** 40 acquisitions in 2015, targets were from 20 different countries and similarly, out of **Dentsu's** 26 transactions, targets were from 15 different countries.

Omnicom's **DDB Worldwide** announced the acquisition of Grupo ABC in November for a reported \$270m. Headquartered in São Paulo, **Grupo ABC** is Brazil's largest independent ad agency and has over 2,000 employees, with clients such as P&G, Heinz, and Telefonica. The acquisition is also timed well for Omnicom with Brazil being the host nation of the Rio 2016 Summer Olympics, an event that always boosts adspend.

Figure 17. Cross-border deals 2014-2015



Source: Ciesco Market Intelligence & MarketIQ

Cheetah Mobile, a leading Chinese mobile internet company that claims to have 65 percent of its users based outside of China, acquired **MobPartner** for \$58m. Paris-based MobPartner, who recently featured in Deloitte's Technology Fast 50 Companies in France, offers performance-based mobile marketing products.

Wipro, the Indian IT consultancy, acquired **Designit**, a Danish UX and product design agency with over 300 employees.

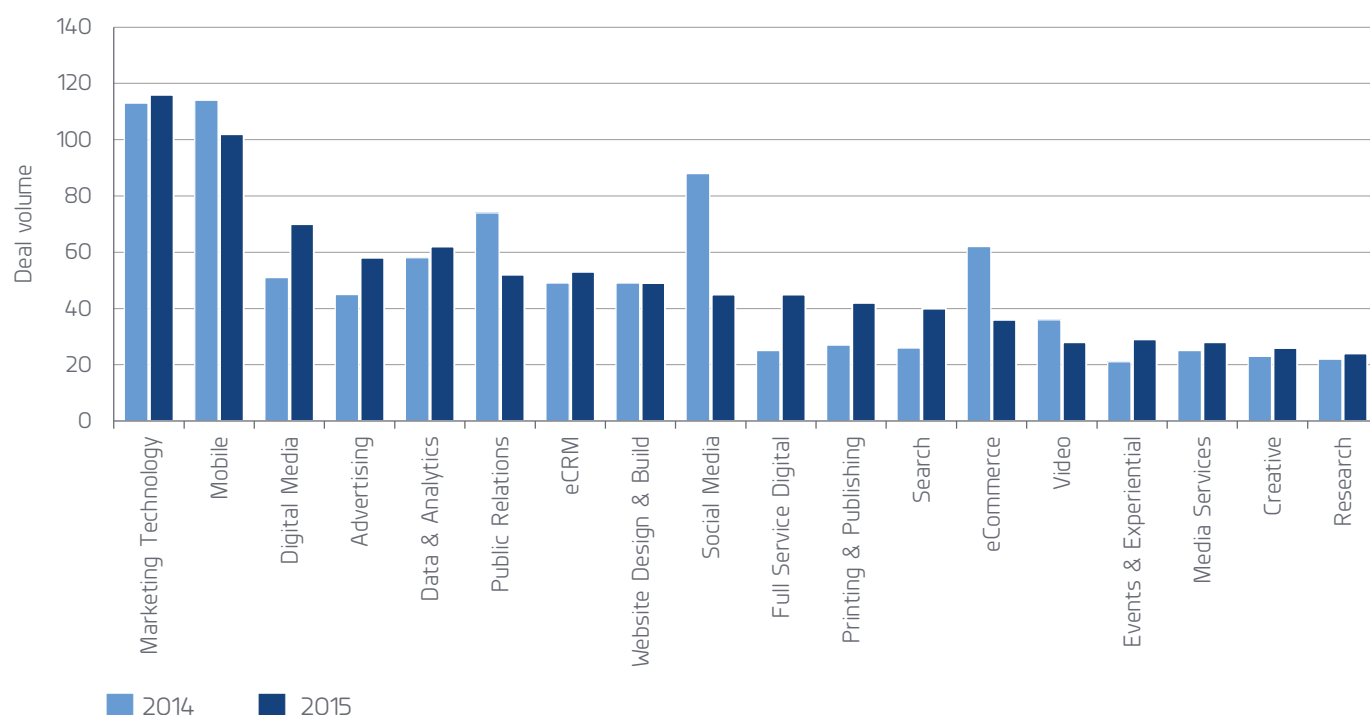
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SECTORS



Sectors

Figure 19. Deal volumes by most active sectors 2014-2015



Source: Ciesco Market Intelligence & MarketIQ

Marketing Technology was the most active of all sectors in 2015 with 116 deals, a fractional increase from 2014 when 113 deals were announced. The Mobile sector, last year's most active, took second place in 2015, with 102 deals, down by 12 from the previous year.

Digital Media was the third most active sector with 70 deals, a significant increase from 2014's 51 deals. Deals in the Digital Media sector include **Verizon's** \$4.4bn acquisition of **AOL** and **Axel Springer's** \$434m acquisition of **Business Insider**.

In the Advertising sector, 58 target companies were acquired in 2015, a notable increase from 45 in the previous year - this increase was largely due to a number of domestic Chinese deals by companies such as **Keda Group** and **LEO Group**, and deals by the global holding networks and mid-market groups.

The number of deals in the Data & Analytics, eCRM, and Website Design & Build sectors remained fairly constant, whilst there was a fall in the number of deals in the Public Relations, Social Media and eCommerce sectors.

Sports Marketing accounted for 13 deals, up from 10 in the previous year, including some very large and noteworthy deals such as the \$1.2bn acquisition of Swiss-based Infront Sports & Media, the world's second largest sports marketing agency, by Chinese property and entertainment conglomerate **Dalian Wanda Group**; **Providence Equity Partners'** \$577m acquisition of **Chime Communications**, the sport marketing communications group; and the \$250m investment funding round, led by **WPP** into **Bruin Sports Capital**.

Marketing Technology



Marketing Technology was the most active sector in 2015 with 116 acquisitions, or just over 10 percent of all deals.

The US again proved that it is by far the number one country for marketing technology firms with 68 deals, or 59 percent of M&A activity in this sector. The UK and Canada were joint second, with seven targets each.

TellApart, a Californian retail retargeting ad platform, was acquired by **Twitter** for \$533m in an all-stock deal, their largest acquisition to date (exceeding their \$350m acquisition of **MoPub** in 2013). According to CEO Josh McFarland, TellApart's strengths in personalisation, dynamic product ads, commerce data and retail advertisers are strong complements to Twitter's deep experience in mobile, understanding users and the app ecosystem.

AppNexus acquired rival firm **Yieldex** in a cash-and-stock transaction worth an estimated \$100m. Yieldex provides digital ad forecasting, analytic pricing and trading tools for publishers to help them maximise the monetisation of their inventory. AppNexus, in which **WPP** owns a 15 percent stake, have over 900 employees across 23 offices and are widely rumoured to be the next billion-dollar adtech "unicorn" to go public.

Social is one of the fastest growing segments of the Marketing Technology sector and 2015 saw a number of social adtech deals. **Marin Software**, the cross-channel performance advertising platform, acquired **SocialMoov**, a French social ad platform for \$19m, with \$8m cash and \$11m in stock.

In February, **Perion Network**, an Israeli performance-based media and internet company, acquired **MakeMeReach**, a SaaS-based mobile advertising management and optimisation company. In December, Perion Network acquired ad platform **Undertone** in a deal worth \$180m (including Undertone's \$50m long-term debt). The acquisition of Undertone, a leader in high-impact, cross-screen advertising solutions, will spearhead Perion Network's expansion into the US market.

Rupert Murdoch's **News Corp** surprised the market in September when they announced the acquisition of programmatic video advertising platform **Unruly**. Founded in London in 2006, Unruly positions itself at the intersection of video, social, native & mobile, and helps brands better target their video ads, as well as predicting the potential for video advertisements to go viral based on historical behaviour. News Corp paid \$86m in cash for Unruly, with a further future consideration of up to \$89m. The deal will increase the publisher's share of the much sought-after online video advertising market, as well as giving them access to technologies enabling them to increase their own advertising revenue by improving user engagement and targeting.

MediaMath, a demand-side platform (DSP), expanded operations into Germany, Austria and Switzerland with the acquisition of Berlin-based programmatic advertising company **Spree7** for an undisclosed amount.

Other notable Marketing Technology deals include **Alibaba's** majority stake acquisition in **AdChina**, one of China's largest independent digital advertising platforms, and **Rubicon Project's** acquisition of Toronto-based search and website retargeting firm **Chango**, in a \$122m cash-and-stock transaction.

Mobile



The Mobile sector may have been displaced by Marketing Technology as the most active sector in 2015, but Mobile still witnessed significant deal activity, with 102 deals and an aggregate disclosed value of \$7.2bn. There are a number of key drivers behind the activity in the Mobile sector. The technological advancement of smartphones, faster internet access, improved geo-location services, and more robust processing power, all mean that consumers now are spending less time on their desktops and more time on their mobile devices.

The Mobile buyer landscape in 2015 include the global holding networks, mid-market groups and consultancy firms.

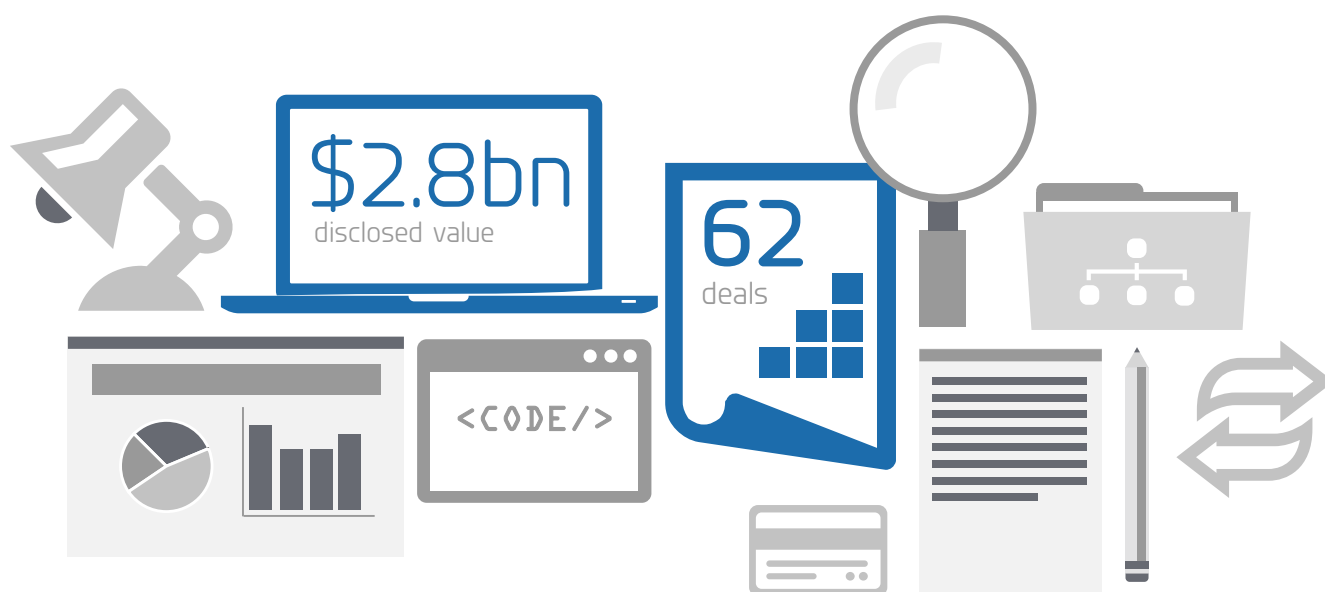
Unsurprisingly, technology giants continued to invest in Mobile – **Google, Twitter, Microsoft, Salesforce,** and **AOL** all made acquisitions in the sector in 2015.

Figure 20. Illustrative deals in the Mobile sector

Bidder	Target	Target description	Deal value (as reported)	EV/ Revenue	EV/ EBITDA
ACTIVISION BLIZZARD	King	European-based social gaming for web and mobile	\$5,900m	2.4x	6.4x
BlueFocus 蓝色光标	DOMOB多盟	Chinese mobile ad network	\$289m	n.a	n.a
Aol.	millennialmedia	US-based mobile ad platform	\$238m	n.a	n.a
Cheetahmobile	MobPartner	French performance-based mobile marketing agency	\$58m	n.a	n.a
HAVAS	plastic	Canadian mobile commerce app developer	Undisclosed	n.a	n.a

Source: Cisco Market Intelligence & MarketIQ

Data & Analytics



Data & Analytics saw strong demand and interest in 2015 as it enables brands to gain insights on consumer trends. We continue to see the trend of marketers moving their adspend budgets towards more digital and technology-based approaches, as they look for greater and more measurable ROI for their marketing and advertising budgets.

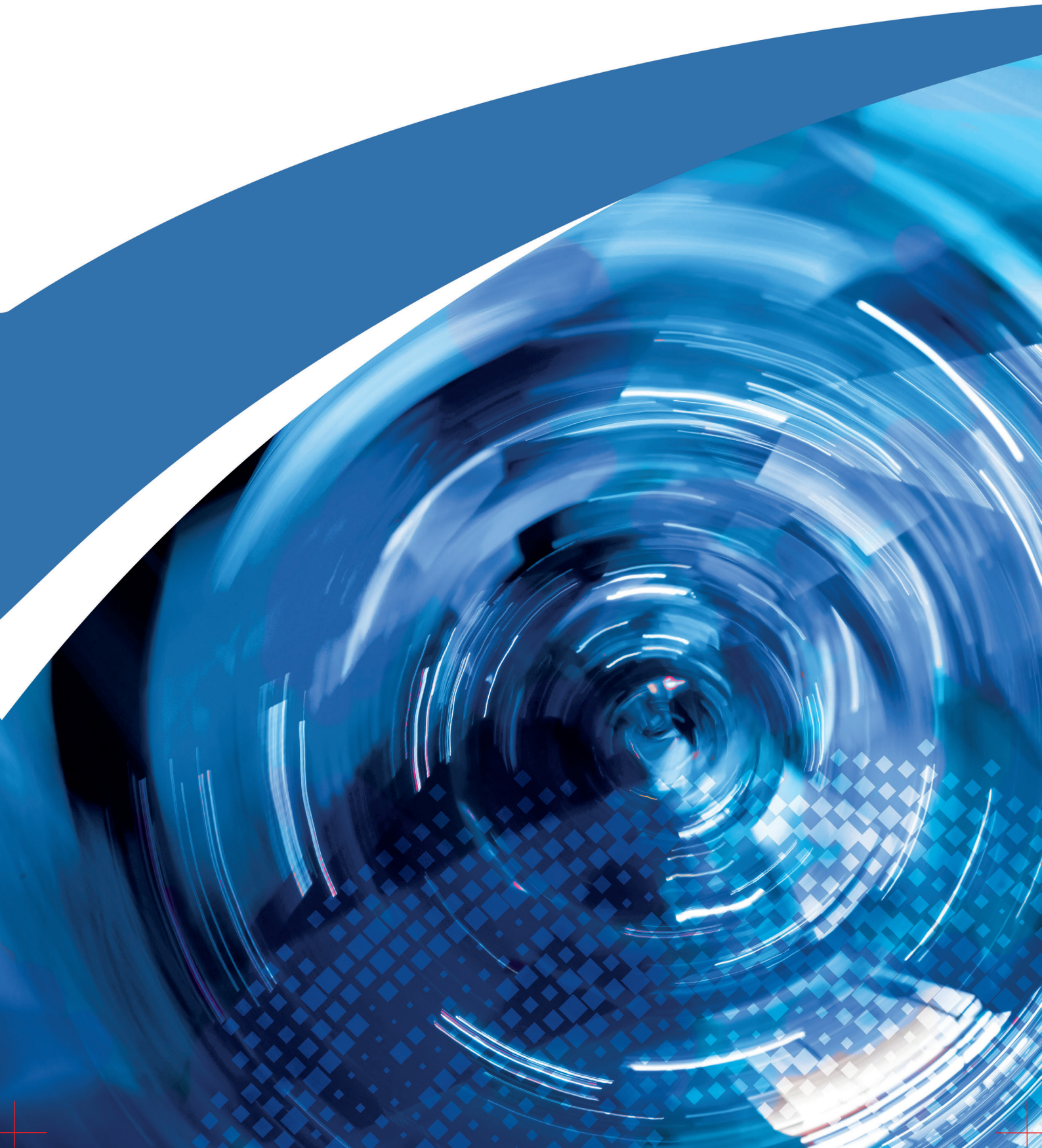
Figure 21. Illustrative deals in the Data & Analytics sector

Bidder	Target	Target description	Deal value (as reported)	EV/ Revenue	EV/ EBITDA
comSCORE	RENTRAK	Content measurement and analytics services to entertainment industry	\$732m	7.3x	523.7x
IDI	Fluent	US-based digital marketing and customer acquisition company	\$225m	1.8x	11x
nielsen	exelate	US-based data management technology platform	\$200m	n.a	n.a
tyco	FootFall	UK-based retail data analysis company	\$60m	7.9x	18.7x
McKinsey&Company	QUANTUMBLACK	UK-based data analytics consultancy	Undisclosed	n.a	n.a

Source: Cisco Market Intelligence & MarketIQ

7

CIESCO OUTLOOK



Ciesco outlook

1

New technology entrants, fragmented media channels and more sophisticated use of data has transformed how brands are seeking to engage with consumers. Savvy clients are aware of specialist agencies with expertise in niche disciplines and are increasingly willing to buy their services direct bypassing traditional agency routes. We expect this trend to continue as increasing number of clients seek bespoke solutions.

2

Brands are faced with the challenge of needing to digitally transform their business including their services and products. To engage with the consumer the emphasis is on customer experience (CX) design and this will become the new key battle ground with consultancies, marketing groups and technology firms all competing against each other. There have been a number of deals in this space - KPMG's acquisition of Nunwood, Deloitte Digital's acquisition of LRA Worldwide and EY's acquisition of Seren - all these transactions highlight that CX design is firmly on the agenda.

3

With the increasing use of enriched data, the need for real-time content and marketing automation in channel delivery and measurement, brands recognise the need for a new agency model in the developing marketing landscape. We have witnessed embryonic stages of these new agency models and expect to see the further development of such new models, powered by sophisticated data, that fuses high quality creative content with integrated media solutions for delivery and measurement through the new media channels allowing further optimisation.

4

We also expect to see more hybrid business models emerging with a mix of agency-technology-consultancy providing brands with new integrated business solutions.

5

The large holding company agency brands are recognising the changing landscape and the needs of their regional and global clients. Marketing automation is commoditising standard communications allowing the arrival of both consultancies and technology providers (and agency-consultancy hybrids) into this space, which in turn provides clients with infrastructure to be more agency independent. In order to protect their client relationships, we expect the global holding networks to re-focus on their core markets to round-off their service offerings within these markets through M&A and 'acqui-hires'.



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Ciesco outlook

6

We expect the global holding networks to continue making more acquisitions of technology businesses and conversely the consultancies and technology firms to make further in-roads into the marketing services sector. We have seen this unfold in 2015 with Dentsu's acquisition of eCommera and Accenture's acquisition of Brightstep. As this trend continues in the near term, data and analytic centric businesses are a core focus for all the players in the industry.

7

As growth rates in emerging markets slow down and as global brands no longer require their marketing and advertising agencies to have a footprint across every geography, we expect to see the global holding networks, which have been aggressively acquiring globally in the past decade, divest operations in some regions. We also expect a number of management buyouts of businesses from the holding networks within the coming year where businesses are orphaned within these groups but carry strong potential if they were standalone businesses.

8

The fast pace of change in the sector continues to feed the explosion of new emerging entrants in the market from a wide range of industries and markets and this will continue. Additionally, with new buyers emerging in parts of Asia, such as Dalian Wanda Group, LEO Group, Wipro, HCL, Cheetah Mobile and Yello Mobile we expect to see a continuation of Asian buyers acquiring further businesses outside their domestic markets as they look for partners that can help them access a wider global consumer base.

9

Brands are seeking to implement their own tools around media and data analytics, thus reducing their reliance on agencies. Large media companies with a traditional bias will begin to reposition themselves with a more consultative approach. More agile organisations will seek to combine media and content to deliver a better integrated solution to clients.

10

A number of significant quadrennial events take place in 2016 – the UEFA Euro 2016 Football Championship in France (June-July); the Rio 2016 Summer Olympics in Brazil (August); and the US presidential election culminating towards the end of the year in November. Typically these events give a substantial boost to investment in advertising and marketing services with both Global and Local brands continuing their association with these opportunities. Also, expect 2016 to be a good year for sports marketing, events and experiential marketing, as brands commit seriously to engaging with customers, channel partners and stakeholders – brand activation, live events and engagement programmes will feature prominently in the channel mix.



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2015 Global M&A Review

The report provides an overview of global M&A deal activity in 2015 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 data that is available via Experian's MarketIQ M&A database.

Ciesco is a boutique corporate finance advisory firm, specialising in the digital, media, and marketing and technology sectors. We advise our clients on mergers & acquisitions, business strategy and executive search.

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