

As Ad Sector Focuses on Data, Lots of Deals Get Done

Big vendors are making big money

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Ross Benes

This summer has been hot for ad tech deals.

After a few rough years where many of the biggest ad tech companies saw their valuations crater, a handful of recent deals among some of the industry's largest players anecdotally indicate that investor confidence is rising. Pivotal analyst Brian Wieser just started covering his first ad tech stocks after noticing that they're trading more frequently, which implies there is more investor interest. The past month and a half have been busy for ad tech investors.

"Thematically, we are seeing in ad and martech the progression from overinflated expectations to the trough of disillusionment and now in the slope of enlightenment," said Elgin Thompson, managing director of investment bank Digital Capital Advisors.

The big deals

- MediaMath, which operates a demand-side platform (DSP) and data management platform (DMP), just raised \$225 million from Searchlight Capital Partners, bringing its total amount of raised capital to more than \$500 million.
- Private equity firm Vista Equity acquired a majority stake in ad measurement company Integral Ad Science (IAS) that reportedly puts

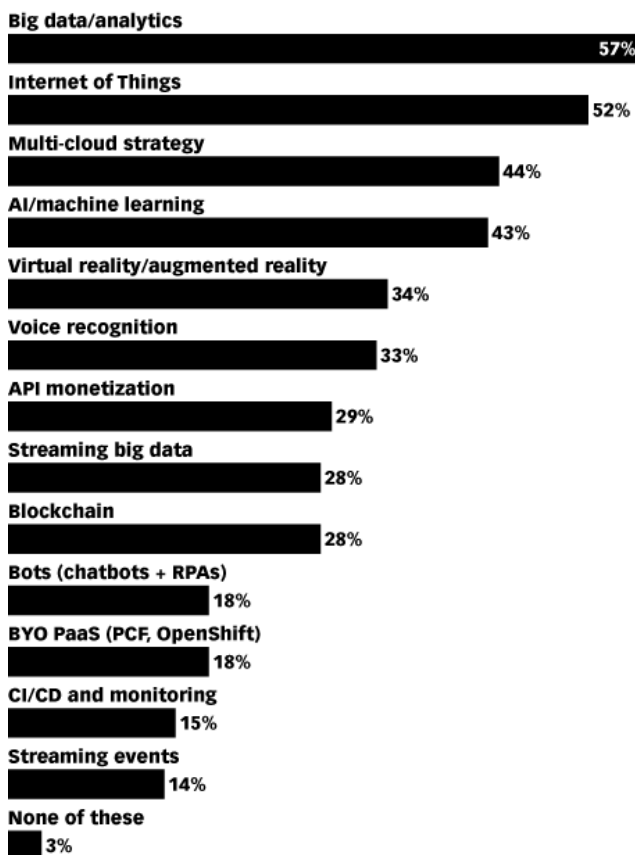
IAS' valuation at \$850 million.

- AT&T, which is beefing up its tech stack under the guidance of former GroupM exec Brian Lesser, **acquired AppNexus** for a reported \$1.6 billion.
- Data aggregator Acxiom's marketing division was **purchased by agency holding company Interpublic Group** for \$2.3 billion. The sale did not include Acxiom's data onboarding firm LiveRamp, which is **still up for grabs**.

Data is a popular commodity these days. A December 2017 survey of 650 IT decision-makers worldwide by **MuleSoft** showed that most said their companies are investing in big data and analytics.

Leading Technologies in Which Their Companies Are Investing According to IT Decision-Makers Worldwide*, Dec 2017

% of respondents



Note: current or planned investments; *Australia, China, Germany, Netherlands, Singapore, the UK and the US
Source: MuleSoft, "Connectivity Benchmark Report 2018" conducted by Vanson Bourne, Feb 21, 2018

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What it means

Each of these companies occupies a different part of the Lumascape and their investments vary from funding rounds to acquisitions, so there are no hard and fast trends to draw from this activity. What's worth noting is that these firms are some of the most recognizable names in ad tech and are headed by industry power players. For instance, the CEOs of **MediaMath** and **AppNexus** have invested in over a dozen other tech firms combined.

"The only commonality is that these companies are at scale," Thompson said. "There is an entire swatch of middle market ad tech and martech companies praying for a trickle-down effect. We'll see if that unlocks in a meaningful way."