

M&A in Advertising, Marketing Services & Marketing Technologies

[Q4 2017]



McCracken
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Staying the Course

2017 turned out to be another healthy year for M&A activity in the Marcom sector, marked by a small uptick in total transactions by companies we track. M&A activity grew 12% overall – there were 318 transactions versus 283 transactions in 2016. In the 4th Quarter however, transactions were down slightly, we tracked 81 deals vs. 88 deals that closed in Q4 of 2016.

WPP reclaimed the lead position for total deals closed in 2017 with 29 transactions; 3 were completed in Q4 including digital media shop – **Fatherly**; e-commerce specialist – **Enext**; and digital consultancy – **ARBA**.

Dentsu surrendered the top spot but still turned in an impressive 26 transactions (vs. 34 in 2016) – however it lead the way in Q4 closing 7 deals including media agency – **People & Screens**; advertising agency – **FoxP2**; performance marketing agencies – **Oxyma Group** and **Valuklik**; digital performance marketing agency – **PT Valuklik**; digital agency – **Swirl**; and media agency – **David Wood Associates (DWA)**.

Accenture closed another 4 deals to bring its full year total to 18. Their Q4 acquisitions embraced strategy consulting shop – **IBB Consulting**; digital commerce agency – **Altima**; software developer – **Paxata**; and creative agency – **Rothco**.

HAVAS scooped up 3 agencies in Q4 to bring its total to 9 transactions for the year. They included creative and consulting agency – **Ganfood**; media agency – **HVS**; and digital advertising agency – **Immerse**.















Other multiple acquirers in Q4 were:

Cognizant with digital agency – **Zone**; and digital experience agency – **Netcentric**.

IPG acquired digital marketing agency – **Resolute Digital**; and data science shop – **Bomoda**.

The Stagwell Group with the acquisitions of digital agency – **Locaris**; and performance marketing agency – **Forward3D**.

Major Buyers

Company	Q4 2017 Deals	Q3 2017 Deals	2017 Deals	2016 Deals	2015 Deals
 WPP	3	11	29	29	40
 dentsu	7	4	26	34	26
 accenture	4	6	18	4	7
 HAVAS	3	3	9	4	9
 THE STAGWELL GROUP	2	2	9	1	-
 publicis WORLDWIDE	2	2	8	4	19
 IPG	2	2	5	4	-
 BlueFocus	0	3	3	-	-
CONDÉ NAST	0	0	3	-	-
 Deloitte	1	1	3	3	4
 Cognizant	2	-	3	-	-
 United COLLECTIVE	0	0	2	-	-
 VISTA EQUITY PARTNERS	1	0	2	2	7
 BERINGER CAPITAL	1	0	1	3	-
FREEMAN	1	0	1	2	-
 IBM	1	0	1	5	-

[Q4 2017 overview]

Tales of Woe for the Holdco's

Q4 was a tough period for many of the Advertising Networks with 3rd quarterly reports confirming low growth across the board due to a myriad of factors including flat-to-declining client ad spends with those diminishing ad revenues spread across an ever-increasing spectrum of solution providers. Here are a few related stories you may have missed in the trade press.

WPP net sales tumble 1.1% as it talks of 'a changing industry'

WPP's net sales fell 1.1% in the third quarter, better than the previous three months, but there was no sign of improvement as it expects annual sales will be "broadly flat" and reduced its profit margin target.

[More...](#) Source: Campaign, October 31, 2017

Dentsu organic growth falls 1% for the first nine months

Dentsu reported a revenue gain but a drop in profit for the first nine months of the year. Revenue was up 11.7% to 657,143,000,000 Japanese yen, or nearly \$5.8 billion at today's exchange rate.

[More...](#) Source: MediaPost November 14, 2017

Omnicom revenue down, profit up in Q3

For the second straight quarter, Omnicom reported a drop in revenue — this time, a decline of 1.9% to \$3.79 billion. [More...](#) Source MediaPost October 17, 2017

IPG reports soft Q3 as clients move away from AOR relationships

IPG took a hit in revenue last quarter as cost-cutting clients opted to forego agency-of-record (AOR) relationships in favor of working project by project.

[More...](#) Source: Ad Exchanger October 24, 2017

Havas posts flat third-quarter growth

The French advertising group's U.K. organic revenue fell by 10.9% for the three months to the end of September, while its North American business. [More...](#) Source: PR Week November 16, 2017

Not so much...

It's evident that the news has been better on some other fronts. MDC is enjoying impressive organic growth, Accenture continues to impress and there was decent news for owners of digital marketing agencies from Mark Penn at the Stagwell group who sees them as generally undervalued.

MDC Partners Q3 organic growth reaches nearly 8%

MDC Partners' third quarter revenue increased 7.6% to \$375.8 million beating Wall Street estimates by nearly \$4 million. Organic revenue grew 7.8%. Adjusted EBITDA increased 16.4% to \$53.8 million, with margins of 14.3%. [More...](#) Source: MediaPost October 30, 2017

Accenture Interactive: Adland's fastest-growing holding company

Accenture Interactive reported it had \$4.4 billion in revenue last year, which is about the size of a small Adland holding company. And its year-to-year growth was more than 50%. No wonder the 4As is considering extending membership to the consultant community. Why not? [More...](#) Source MediaPost October 22, 2017

Stagwell's Penn says digital marketing agencies are 'undervalued' as he eyes more M&A

The founder of Stagwell has claimed digital marketing agencies are undervalued because investors still fail to appreciate how much digital communications and e-commerce are going to transform the economy. [More...](#)

Source: Campaign Live January 11, 2018

See Below for the Full List of Q4 2017 Deals.

Q4 2017 deals

For more information about individual transactions, click on the buyer's name.

OCTOBER	BUYER	TARGET	SECTOR (TARGET)	VALUATION
	Accenture	IBB Consulting	Strategy Consulting	
	Accenture	Altima	Digital Commerce Agency	
	Bain Capital	Asatsu	Advertising Agency	\$1.4 Billion
	Belgian Post Group (bpost)	Radial	Fulfillment Provider	\$820 Million
	Cognizant	Zone	Digital Agency	
	Cognizant	Netcentric	Digital Experience Agency	
	DAX	AudioHQ	Digital Audio Sales	
	Dentsu Aegis	People & Screens	Media Agency	
	Dentsu Aegis	FoxP2	Advertising Agency	Majority Stake
	Digital Media Solutions	Mocade	Digital Media	
	Eastport Holdings	Bluetext	Digital Marketing	
	Fastpay	AnchorOps	Media Financial Solutions	
	Havas Group	Ganfood	Creative & Consultancy Agency	49% Stake
	Havas Group	HVS	Media Agency	49% Stake
	Hearst	Rodale (Global Content Business)	Magazine Publishing	
	Hero Digital	Beyond Vigilant	Marketing Technology	
	IBM	Vivant Digital	Digital Consultancy	
	Inmar	I Influence	Shopper Influence	
	Investis	ZOG Digital	Digital Marketing	
	KYU's Sid Lee Paris	Yard	Advertising Agency	
	Lagardere Sports & Entertainment	Brave	Creative Agency	
	Microsoft	AltspaceVR	Social Virtual Reality	
	Next15	Charterhouse	Market Research Consultancy	2.75 Million
	O'Keefe Reinhard & Paul (OKRP)	Juice Interactive	Digital Agency	
	Partners & Napier	Roberts Communications	Advertising Agency	
	Sandbox	ymarketing	Digital Marketing Agency	
	The Trade Desk	Adbrain	Cross Device Identity Company	
	TIBCO Software	Cisco Information Server	Data Visualization	
	Vista Equity Partners	jamf	Apple Device Management	Majority Investment
	Wipro Digital	Cooper Software, Inc.	Design Consultancy	\$8.5 Million
	WPP	Fatherly	Digital Media	Minority Stake
	WPP's J. Walter Thompson	Enext	e-commerce specialist	Majority Stake
	You & Mr. Jones	Pinterest	Web Application	\$20 M Investment

Continued »

Q4 2017 deals

For more information about individual transactions, click on the buyer's name.

	BUYER	TARGET	SECTOR (TARGET)	VALUATION
NOVEMBER	Accenture	Paxata	Software Developer	Minority stake
	Allant Group	Riverpoint Solutions Group	Campaign Management	
	Altran	Aricent	Design & Engineering Services	\$2 Million
	Be Heard Group	The Corner	Digital Marketing	£12m
	Beringer Capital	Brandshop	Digital Commerce Agency	
	DEG	Moku Collective	Digital Commerce Agency	
	Dentsu Aegis' Merkle	Oxyma Group	Performance Marketing	
	Elite SEM	OrionCKB	Advertising Agency	
	Freeman	Helios Interactive	Design Studio	
	Gladstone Investment Corporation	Imageworks Display and Marketing Group	POP Display Provider	
	Havas Group	Immerse	Digital Advertising	
	Innovid	Taxkey	Ad Server	
	Madison Square Garden Company	Obscura Digital	Digital Agency	
	Marlin Equity Partners	Baazarvoice, Inc.	Content Agency	Definitive Agreement
	MB Growth Advisors	NKP Medical Marketing	Digital Marketing	
	Meredith Corporation	Time, Inc.	Publishing	2.8 Billion
	Millwright Holdings	Warner Communications	Public Relations	
	PNC Bank	The Trout Group	Healthcare Communications	
	Publicis Group's Publicis Health	Plowshare Group	Communications Agency	
	Publicis Groupe	Harbor Picture Company	Production Studio	
	RFIBinder	The Siren Agency	Social Impact Firm	
	Rightpoint	Raizlabs	Mobile App Development	
	Teall Investments	Riddle & Bloom	Advertising Agency	
	TeleTech	Motif	Knowledge Process Outsourcing	
	Ziff-Davis	Mashable	Digital Media Outlet	\$50 Million
DECEMBER	Accenture	Rothco	Creative Agency	
	Apple	Vrvana	Augmented Reality Startup	\$30 Million
	Deloitte	Well Placed Cactus	Software Development Agency	
	Dentsu's iProspect	Valuklik	Performance Marketing	100% Stake
	Dentsu's iProspect	PT Valuklik	Digital Performance Marketing	100% Stake
	Dentsu's McGarreyBowen	Swirl	Digital Agency	
	Dentsu's Merkle	David Wood Associates (DWA)	Media Agency	
	GlobalData	Ascential's MEED Media FZ	Business Information Content	\$17.5 Million
	Growth Catalyst Partners & PSP Capital	Beachfront Media	Mobile Video Monetization	Majority Stake

Continued »

Q4 2017 deals

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DECEMBER

BUYER	TARGET	SECTOR (TARGET)	VALUATION
HS2 Solutions	LunaMetrics	Analytics Agency	
ICF's Olson	The Future Customer	Loyalty Marketing	
Innocean	David & Goliath	Advertising Agency	
IPG's Weber Shandwick	Resolute Digital	Digital Marketing	
IPG's Weber Shandwick	Bomoda	Data Science	
ModusLink	IWCO Direct	Direct Marketing	\$476 Million
Nextstar Media Group	LKQD Technologies	Media Video Platform	\$90 Million
Sprout Social	Simply Measured	Social Media Management	
The Stagwell Group	Locaria	Digital Agency	
The Stagwell Group	Forward3D	Performance Marketing	
Ward6	IPG's McCann Health	Healthcare Advertising	
WPP's Ogilvy & Mather	ARBA	Digital Consultancy	
Zeta Global	Disqus	Web Engagement Platform	

Q4 Total = 81 deals

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McCracken AP Transactions

 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Strategic Consulting</p> <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Advised on Management Buyout</p> <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>
 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired a majority interest in</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>
 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>
 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>	 <p>Acquired by</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>
 <p>Acquired</p>  <p>MCCRACKEN ADVISORY PARTNERS</p>			