



M&A in Advertising, Marketing Services & Marketing Technologies

[Q1 2020]

McCracken
ADVISORY PARTNERS

mccrackenap.com
New York - Minneapolis - Sao Paulo

[Q1 2020 overview]

False Positive in Q1 2020

We tracked 93 relevant transactions in Q1 of 2020, a deal count which given the onslaught of Covid-19 is surprising since its more or less even with the deal count in Q1 for both 2018 and 2019. But we should remember that transactions announced in Q1 were likely initiated six or more months prior when the economy was buzzing along; so, we're in a lag period giving us a temporary and inaccurate picture of what's really ahead – a perhaps dramatic fall off in M&A in Marcomm that may not fully reveal itself until Q3 or even Q4.

Now is the time for agencies to press the pause button on M&A to prioritize employee welfare and operational management. At McCracken, current sell-side and buy-side mandates are moving along but at a slower pace. Not surprisingly, new mandates are on hold but, much as we experienced during the 2007-2009 depression, we saw that deals still got done, especially with the most attractive targets. We expect our pipeline of M&A mandates to kick into gear by the end of the year, perhaps as soon as Q3.

Here are some highlights from Q1














Accenture leads the major buyers for four consecutive quarters, with 5 acquisitions in Q1 2020 up from the 4 deals completed during the same period last year.

Accenture's Q1 deals included data consultancy, **Clarity Insights**; German customer experience consultancy, **maihiro**; consultancy **Sierra-Cedar, Inc.'s Workday, Salesforce, and U.S. MuleSoft**; and E-commerce platform, **Ideoclick**.

Dentsu Aegis continued it's active streak with 4 deals including E-commerce specialist, **4Cite Marketing**; consultancy, **E-Nor**; and **Merkel's** acquisitions of automation consultancy, **Digital Pi**; and digital media monitoring firm, **Digital Decisions**.

WPP completed 2 transactions, matching the whole of last years' total, with data science firm, **Sandtable**; and **Wunderman Thompson's** acquisition of marketing tech consultancy, **XumaK**.

Major Buyers

Company	Q1 2020 Deals	2019 Deals	2018 Deals	2017 Deals
 accenture	5	18	14	18
 dentsu	4	11	18	29
 WPP	2	2	11	30
 HAVAS	1	6	4	10
 publicis WORLDWIDE	1	4	5	10
 IPG	0	0	3	6
Omnicom	0	0	4	1
 S4 CAPITAL	1	7	1	-
 Deloitte.	0	1	1	5
 Cognizant	1	1	2	3
FREEMAN	0	2	2	1
 THE STAGWELL GROUP	0	3	4	9
 VISTA EQUITY PARTNERS	0	9	4	2
 W2O	1	3	-	-
 LRW	0	5	-	-

Ad Tech Hit Harder

Ad Tech M&A Fell Off A Cliff In Q1 – And Not Just Because Of COVID-19

It was a chilly Q1 for ad tech deal-making, and you can expect more of the same in the second quarter. But you can't blame it all on COVID-19 – at least not entirely. The ongoing health crisis is only accelerating trends that were already rolling, said Terry Kawaja, CEO and founder of investment bank LUMA Partners, which released its Q1 2020 market report on Tuesday. [More:](#) AdExchanger, April 2, 2020

The Coronavirus Pandemic Is Putting Pressure On Ad Tech

The economic volatility caused by the coronavirus pandemic will stress ad tech and accelerate consolidation. Companies that aren't financially sound won't be able to handle decreased cash flow caused by a contraction in advertising spend. They'll also be affected by delayed payments from upstream companies. "There's going to be a culling. This will expose ad tech companies that haven't been prepared, mission critical or don't have a strong value proposition," said Steven Wolfe Pereira, CEO of media company Encantos and the former CMO at Quantcast, Neustar and Datalogix. The duration of the coronavirus pandemic will also affect the severity of the effect on ad tech. [More:](#) AdExchanger, April 1, 2020

The Pandemic May Pressure Many Smaller Ad Tech Firms to Seek Buyers

The pandemic may pressure many smaller ad-tech firms to seek buyers or face insolvency as advertisers pull back or cancel their marketing plans during Q2. Last year, the [deal value of mergers and acquisitions](#) (M&A) among advertising and marketing companies fell 15% to \$27.7 billion amid a pullback in buyouts of ad-tech firms, according to a study by consulting firm R3. Major ad holding companies slashed the number of M&A deals by more than half while their dollar value rose 8% to \$6.53 billion. This year's [drop in asset prices may create more opportunities](#) for deal making, especially among private equity firms that are more opportunistic, CNBC reported. [More:](#) Marketing Dive, CNBC April 6, 2020

Some closing thoughts

We've spent many hours in recent weeks checking in with our clients and friends in the agency world. We've heard sometimes scary and sometimes encouraging stories about client budgets that have been cut; others that have grown (sometimes within the same agency); and how worrying the uncertainty is for everyone. But most often, we've heard stories about how well that working from home is being adopted, how the best is coming out in people, and perhaps most reassuring a growing confidence that we will get through this – together.

Q1 2020 deals

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

JANUARY

BUYER	TARGET	SECTOR (TARGET)	VALUATION
Accenture	Clarity Insights	Data Consultancy	
Accenture	maihiro	Customer Experience Consulting	
Accenture	Sierra-Cedar, Inc.'s Workday, Salesforce, and U.S. MuleSoft	Consultants	
Accenture Interactive	Ideoclick	e-commerce Platform	Investment
Advantage Solutions	Quantum Networks	E-commerce Retailer	
APCO	Tembo	Social Impact Firm	
Bain Capital's ADK	VietBuzzAd	Digital Marketing Agency	
Cadent	4INFO	Ad Tech Company	
CGI	Meti	Tech Consultancy	
Dentsu Aegis	4Cite Marketing	E-commerce Specialist	
Dentsu Aegis	E-Nor	Consultancy	
Dentsu Aegis' Merkel	Digital Pi	Automation Consultancy	
Ebiquity	Digital Decisions	Digital Media Monitoring Firm	initial consideration of €0.7 million
Endeavor	On Location Experiences	Premium Hospitality Company	Majority Stake
Erie Street	Performance Improvement Partners	IT Solutions	
Fingerpaint	1798 Consultants	Advisory Firm	
Hawke Media	Trident Growth Partners	Marketing Agency	
ICF	Inventive Technology Group	Digital Transformation Services	\$225.0 Million
LeadingResponse	LeadRival	Digital Marketing Agency	
Minute Media	Meredith Corporation's FanSided	Platform	
Nielsen	Precima	Analytics Solutions	
Penn National Gaming	Barstool Sports	Online Gaming	\$450.0 Million
Perion	Content IQ	Digital Publishing	
Platinum Equity	Centerfield	Tech-Driven Marketing Agency	
Platinum Equity's Centerfield	Digital Ventures	Marketing Agency	

Q1 2020

McCracken Advisory Partners - M&A in Advertising, Marketing Services & Marketing Technologies

Q1 2020 deals

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JANUARY

BUYER	TARGET	SECTOR (TARGET)	VALUATION
S4 Capital	Circus Marketing	Integrated Digital Agency	
Sid Lee	Haigo	Hybrid Agency Consultancy	
SPM Marketing & Communications	Centrotek	Digital Agency	
Supermetrics	Da Vinci Tools	Google Marketing Platform	
Teneo	Hatley Strategy Advisors	Public Affairs Firm	
The Specialist Works (TSW)	Exact Media's Connections Unit	Platform	

FEBRUARY

Tremor	News Corp.'s Unruly	Programmatic News Platform	\$20.0 Million
Visa	Plaid	Financial Technology Company	\$5.3 Billion
W2O	21Grams	Creative Agency	
Yotpo	SMSBump	SMS Marketing Solutions	
Accenture	VanBerlo	Innovation Agency	
Ansira	CDK Global	Digital Marketing Business	
Bounteous	The Archer Group	Design and Digital Strategy	
Brainlabs	Distilled	SEO Agency	
Brainlabs	Hanapin	Digital Agency	
Cards Against Humanity	G/O Media's ClickHole.com	Website	
Comcast	Xumo	Streaming Service	
Dentsu Aegis' Merkel	Media Storm	Media Agency	
Dotdash	Mother Nature Network	Online Sustainability Content Destination	
Dotdash	Treehugger	Publisher	
Google Cloud	Cornerstone	Mainframe Migrations Service	
H.I.G. Capital	Lagardere Sports	Sports and Entertainment Agency	
Ipsos	Maritz Group	Mystery Shopping Business	
Medallia	LivingLens	Video Feedback Platform	
Salesforce	Evergage	Platform	

Q1 2020 deals

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FEBRUARY

BUYER	TARGET	SECTOR (TARGET)	VALUATION
Savanta	Future Thinking	Market Research and Data Analytics	
Schireson Associates	Blackbird	Creative Agency	
Schireson Associates	Stun Creative	Creative Agency	
Search Discovery	Analytics Cloud Consulting	Consultancy	
Searchlight Capital Partners and ForgeLight	Univision	Spanish-language broadcast network	Majority Stake
Spotify	The Ringer	Podcast	
Stadiumred	Creative Riff	Experiential Agency	
Tech Mahindra	Zen3 Infosolutions	AI Company	\$64.0 Million
The Liquid Agency	Vignette	Experience Design	
Twitter	Chroma Labs	Video and Photo Creation Tools	
Unlimited Group's TMW Unlimited	Direction Group Unlimited	B2B Business	Merger
Unlimited Group's TMW Unlimited	Prophecy Unlimited	CRM Company	Merger

MARCH

Upland Software	Localytics	Mobile App Personalization	
Vested	Goldman Communications	Financial PR Shop	
Wipro Digital	Rational Interaction	Digital Customer Experience Agency	
Work & Co.	Acknowledge Digital	Digital Data & Analytics	
WPP's Wunderman Thompson	XumaK	Marketing Tech Consultancy	
Capgemini	Whitesky Labs	Mulesoft Specialist	
CIP Capital	3Pillar Global	Digital Product Developer	Strategic Investment
Clayton, Dubilier & Rice (CD&R)	Huntsworth	Holdings Group	£400.0 Million
Cognizant	Lev	Salesforce Marketing Specialist	
Eruptr	HealthAware	Healthcare Assessment Solutions	
FaceBank Group	FuboTV	Cable TV Replacement Service	Merger
Firstlight Media	AT&T's Quickplay	Video Distribution	
Fox Corporation	Tubi	Streaming Platform	\$440.0 Million
Growth Catalyst Partners	Government Executive Media Group	Business Media	

Q1 2020

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

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[Contact]





































McCracken Advisory Partners
mccrackenap.com

Keith McCracken
Minneapolis
CEO & Co-Founder
+1 952 922 8140 or;
+1 612 203 6003
keith@mccrackenap.com

Ronnie Cohen
New York
Co-Founder
+1 908 347 1012
ronnie@mccrackenap.com

Rogerio Campos
Sao Paulo
Regional Partner, Brazil
+55 11 984667000
rogerio@mccrackenap.com

McCracken AP Transactions

 Acquired by  MCCracken Advisory Partners	 Acquired by twoxfour MCCracken Advisory Partners	 Has Acquired  MCCracken Advisory Partners	 Has Acquired  MCCracken Advisory Partners
Advisory Services provided to  MCCracken Advisory Partners	VISION7 INTERNATIONAL Acquired  MCCracken Advisory Partners	PERISCOPE® Acquired  MCCracken Advisory Partners	 Strategic Consulting MCCracken Advisory Partners
 Advised on Management Buyout MCCracken Advisory Partners	 Acquired  MCCracken Advisory Partners	 Acquired by HAVAS MCCracken Advisory Partners	 Acquired  MCCracken Advisory Partners
 Acquired a majority interest in  MCCracken Advisory Partners	 Acquired  MCCracken Advisory Partners	 Acquired purestone. MCCracken Advisory Partners	AtomicPR Acquired by HUNTSWORTH MCCracken Advisory Partners
 Acquired by  MCCracken Advisory Partners	 Acquired  MCCracken Advisory Partners	 Acquired LEADS UNITED Communication with an edge MCCracken Advisory Partners	 Acquired by  MCCracken Advisory Partners
 Acquired by  MCCracken Advisory Partners	 Acquired by J W T MCCracken Advisory Partners	 Acquired  dmg. MCCracken Advisory Partners	