



M&A in Advertising, Marketing Services & Marketing Technologies

[Q3 2023]

McCracken
ADVISORY PARTNERS

mccrackenap.com
New York - Minneapolis - Sao Paulo

Continued slow going. The economy isn't helping.

The Federal Reserve has been managing inflation through interest rate hikes for six consecutive quarters, resulting in a decrease in inflation; however, spending by marketers, especially in the tech sector, has also declined, prompting agencies to cautiously assess their next steps amid the uncertain economic climate. The actions taken by the Federal Reserve have likely impacted deal counts as well. Private equity, typically the most active buying group, continues to face the rising cost of capital; it's resulted in fewer PE-backed deals and a greater reliance on seller financing. Many of the multi-nationals and major Strategics have also slowed their acquisition pace, although, and to the contrary, Omnicom and Accenture have surged back in 2023 with a combined total of 11 acquisitions in Q3, and 23 deals year-to-date.

Is remote work having an impact?

Adding to the economic challenges for agencies and their clients is the significant and persistent shift to remote work. While it offers flexibility, it also raises questions about productivity, collaboration, and the ability to create and maintain a cohesive agency culture. Agencies, from global networks to independents, are now carefully considering their options: continue with remote work, return fully to the office, or adopt a hybrid model. Early adopters of a 3 or 4-day office regime may be better equipped to handle the prevailing economic challenges but doing so has dampened the short-lived benefits many agencies enjoyed by recruiting talent from afar.

Net, net:

Deals are still happening, but buyers, sellers, and their employees have become more fastidious. Finding a commercial and a cultural fit has never been more important. In this newsletter, we have captured 91 relevant transactions, marking a 22% decrease from the same period a year ago. Notably, only three deals involved AI capabilities – surely just the beginning of a new trend that we'll keep an eye on in future bulletins. Equally intriguing is that fully one-third of recorded transactions were related to digital transformation, innovation, ad-tech, media-tech, and software development agencies.

[Q3 2023 highlights]

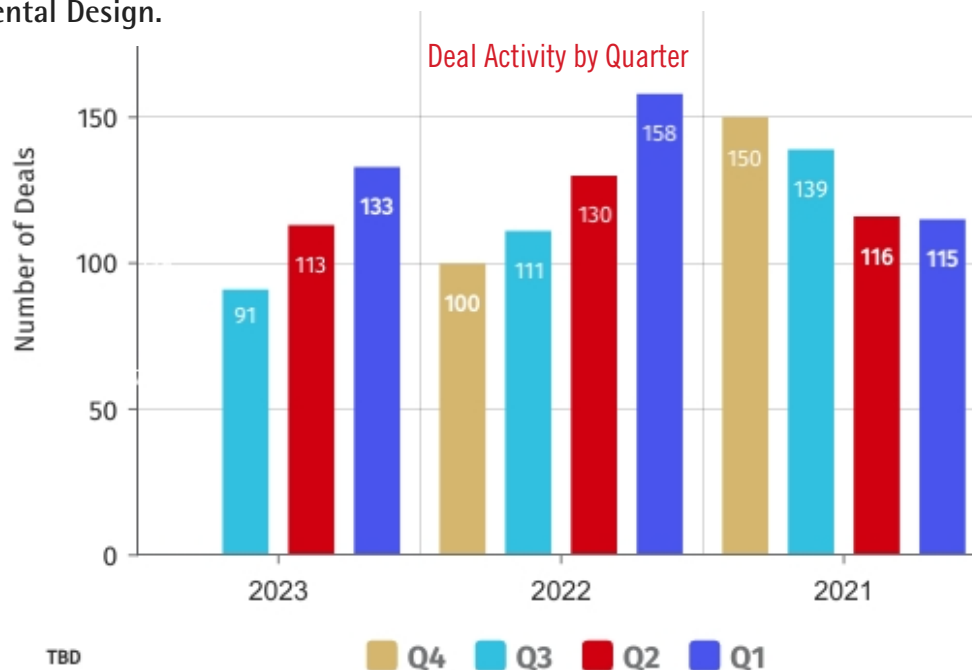
Omnicom tops the list of major buyers in Q3, completing 6 acquisitions: Media agency, **Ptarmigan**; Political consultancy, **FP1 Strategies**; Retail media firm, **Global Shopper**; Creative Agency, **Grabarz & Partner**; E-commerce firm, **Outpromo**; and Public affairs agency, **PLUS Communications**.

Accenture completed 5 deals: Digital healthcare consultancy, **Nautilus Consulting**; Marketing firm, **SIGNAL**, IT strategy firm, **Strongbow Consulting**; Space technology company, **Open Cosmos**; and Generative AI firm, **Writer**.

Havas completed 3 deals in Q3: Strategic communications agency, **Australian Public Affairs (APA)**; Public affairs agency, **H/Advisors**; and Creative agency, **Uncommon**.

Major buyers with a single Q3 acquisition: **Dentsu**: Creative agency, **RCKT**; **Stagwell**: Marketing & design studio, **Tinsel Experimental Design**.

MAJOR BUYERS	Q3 2023	First Half 2023	2022 Deals	2021 Deals
Omnicom	6	1	3	6
Accenture	5	11	15	40
Havas	3	3	9	3
Dentsu	1	3	4	2
Stagwell	1	0	7	4
Acceleration Partners	0	0	3	2
Blackstone	0	2	0	23
Cognizant	0	1	3	4
Deloitte	0	1	3	4
EY	0	1	2	2
Finn Partners	0	2	3	9
Fishawack Health	0	0	1	3
IBM	0	1	5	5
Publicis	0	5	4	5
Real Chemistry (W20)	0	1	1	2
S4	0	0	4	12
WPP	0	6	8	5



Stories You May Have Missed

Will There Be An End To Ad Tech's M&A Dry Spell?

Ad tech M&A has had a case of the Mondays since ... late 2021. After the blistering pace of M&A during the height of the pandemic, deal activity in the ad tech sector slowed to a trickle in 2022 and has remained sluggish this year. According to LUMA's most recent market report, released last week, ad tech deal volume was down 35% in Q2 compared with the previous quarter. [More:](#) AdExchanger, July 13, 2023

Worldwide Partners Bolsters Capabilities With 3 New Agencies

Denver-based Worldwide Partners, the global consortium of independent agencies, has added three new partners to its network. Delve -- a technology-focused digital agency based in Boulder, Colorado -- brings the group capabilities in analytics. Delve's clients include AT&T, Experian, Capital One, Orange, Trek, and Wynn Resorts. Doable -- the recently formed creative agency and the first to be founded and staffed by talent with disabilities -- brings the network a unique perspective and performance capabilities in a misunderstood consumer market. [More:](#) MediaPost, July 17, 2023

Unimpressed With Q2 Holding Company Results, Wall Street Pushes The Sector Down

Three of the four major ad holding companies reported Q2 earnings last week with mixed results. And Wall Street remains disappointed. Shares of Interpublic, which reported losing ground from an organic growth standpoint for the second straight quarter, are down 20% over the last five days. Omnicom Group reported some growth but slower than expected. Its shares are down 15% over the last five days. [More:](#) MediaPost, July 24, 2023

International agency tells U.S. employees to return to office three days a week

More agencies are returning to in-person several days a week, if not the full week, reports Agency Spy. Publicis is the latest to ask its employees to return to the office, starting after Labor Day, for all U.S. marketing services employees, adds Agency Spy. MSL, part of the Paris-based agency, has an office in Arlington, VA. A memo and email obtained by Adweek states that all employees must establish time in the office three days a week, which includes traveling for business and meeting on client sites, and there will be consequences for those who don't comply. [More:](#) Capitol Communicator, August 7, 2023

Stories You May Have Missed

Agencies Seen As Lucrative M&A Targets

Mergers and acquisitions (M&As) of digital agencies has been one of the biggest interests across the business model of FE International, a M&A advisory firm specializing in the tech industry.

Unlike many businesses in the digital media sector, agencies are the least affected by fluctuations in rankings by Google, artificial intelligence (AI) and other externalities, according to the report.

[More:](#) MediaPost, August 17, 2023

Sir Martin Sorrell's S4 Capital cuts 500 jobs as tech clients rein in ad spending

The veteran advertising boss Sir Martin Sorrell's digital marketing group S4 Capital has cut 500 jobs in the face of a plunge in spending from clients fearful of an impending recession.

Shares in the company, founded after his acrimonious departure from the advertising company WPP in 2018, fell by 30% to a record low after it said it expected revenues to shrink and profit margins to narrow, although those losses later eased and it closed about 21% down, stripping about £120m off its market value. [More:](#) The Guardian, September 18, 2023

Q3 Trends: Independent Agencies Flat While Holding Groups Should Improve

With companies poised to issue 3rd quarter results in the next couple of weeks, media and marketing analyst Brian Wieser issued an agency preview note today projecting little to no growth for the large independent agency sector. The major holding companies may fare a little better given easing comparables versus Q3 2022. [More:](#) MediaPost, October 2, 2023

Q3 2023 deals

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

	BUYER	TARGET	SECTOR (TARGET)	VALUATION
JULY	A-B	Avalanche Insights	Polling & Civic Research	
	Accenture	Strongbow Consulting	IT Strategy Firm	
	Affinity	Opinary	Media Tech	
	Aleph One	Some Growth Agency (SGA)	Marketing Agency	
	Appcast	Bayard Advertising	Recruitment Marketing	
	Blattner Tech	DevDigital	Digital Transformation Consultancy	
	DoubleVerify	Scibids	Digital Campaign Optimizing Firm	\$1.25 Million
	Endeavor's 160over90	XYZ	Creative & Experience Agency	
	GlobalLogic	Sidero	Software Engineering	
	Havas	Uncommon	Creative Agency	\$129.0 Million
	Kearney	Silicon Foundry	Advisory Firm	
	Mastek	BizAnalytica	Data Cloud	
	Metova	Central Standard Talent	Digital Consulting & Design	Merger
	Omnicom	Ptarmigan	Media Agency	
	Omnicom Groupe	FP1 Strategies	Political Consultant	
	Omnicom Groupe	Global Shopper	Retail Media	
	Omnicom Groupe	Grabarz & Partner	Creative Agency	
	Omnicom Groupe	Outpromo	E-Commerce	
	Stagwell's Constellation Network	Tinsel Experiential Design	Marketing & Design Studio	
	Stone-Goff Partners	BigScoots	Hosting Service Provider	Investment
Teradata	Stema	Data Catalog Solution		
Tietoenvy	MentorMate	Digital Transformation		
Vista Credit Partners	RapidAI	AI	\$75.0 Investment	
Wasserman	CSM Sport & Entertainment	Sport Marketing Agency		

Q3 2023 deals

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

	BUYER	TARGET	SECTOR (TARGET)	VALUATION
AUGUST	ALTEN	Accord Global Technology Solutions	Digital Innovation	
	Arlington Capital Partners	Integrated Data Services, Inc.	Software & Technology Support	
	Ascension	Nitor Infotech	Software Product Engineering	
	Ascential plc	Contagious Communications	Communications Publisher	
	Blue Torch Finance	AgileThought	Digital Transformation	Financial Restructuring
	BlueAlly	Strata Consulting	IT Consultancy	
	Canto	MerlinOne	Digital Asset Management Company	
	Cendyn	WIHP	Digital Marketing	
	Clari	Grove	Sales Engagement Suite	
	Cohere Capital	ICF Next's Commercial PR & Marketing Group	Loyalty Marketing	Relaunch
	Dentsu	RCKT	Creative Agency	
	Francisco Partners	The Weather Company assets from IBM	Digital Properties	
	Freeman	Sparks	Brand Experience Agency	
	Hero Digital	AVIONOS	Digital Technology Company	
	Infillion	MediaMath	Demand-side Platform	\$22.0 Million
	InMobi	Quantcast's Consent Management Platform	Consent Management Platform	
	La Visual	At Play Creative	Design Studio	
	Level Agency	Becker Media	Digital Marketing Firm	
	Markettiers4DC	Sassy Create	Creative Content Production	
	MikMak	ChannelAdvisor's Product Lines	Media & Brand Analytics	
Novacap	Cadent	Ad-Tech Platform		
OpenAI	Global Illumination	AI Start-up		
Plus Company	Munvo	MarTech Consulting		

Q3 2023 deals

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

	BUYER	TARGET	SECTOR (TARGET)	VALUATION
AUGUST	Saksoft	Solveda	Software Design & Development	
	SpringML	Egen	Platform Engineering	Merger
	T72 Club	Nickelytics	Ad Tech Firm	
	UST	MobileComm	Telecomm Engineering Firm	
	Westbridge	Tryzens	Digital Commerce	Management Buyout
	Xalient	Integral Partners	Cybersecurity Consultancy	
	3Pillar Global	Chenoa Information Services	Digital Engineering Firm	
SEPTEMBER	Accenture	Nautilus Consulting	Digital Healthcare Consultancy	
	Accenture	SIGNAL	Marketing Firm	
	Accenture Ventures	Open Cosmos	Space Technology Company	Investment
	Accenture Ventures	Writer	Generative AI	Investment
	Alaris Equity Partners	The Shipyard	Marketing Agency	\$59.5 Million Investment
	Avenue Z Network	Designzillas	Digital Marketing	
	Berlin Rosen	Message Lab	Content	
	BGB Group	Kx Advisors	Healthcare Strategy Consultancy	
	Big Rock	Fish Consulting	Communications Firm	
	Claritas	ArtsAI	Marketing Automation	
	Contentsquare	Heap	Product Analytics Platform	
	Common Interest	TwentyFirstCenturyBrand	Marketing Consultancy	
	Falfurrias Capital Partners	Brainlabs	Full Service Media Agency	
	FROM	Algoworks	Software Engineering	
	Grant Avenue	CREO	Healthcare Consultancy	
	Gravity Global	9thWonder	Marketing Agency	
	Growth Acceleration Partners	Mission Data	Data Development	

Q3 2023 deals

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

	BUYER	TARGET	SECTOR (TARGET)	VALUATION
SEPTEMBER	GXO	PFSweb	eCommerce Order Fulfillment	
	H.I.G. Capital	Signpost	Marketing Technology Platform	
	Havas	Australian Public Affairs (APA)	Strategic Communications	
	Havas	H/Advisors	Public Affairs Agency	
	ICR	Consilium Strategic Communications	Healthcare Communications	
	Ispot	605	TV Measurement	
	Mitel	Unify	Communication Solutions	
	MMGY Global	Lieb Management	PR & Marketing Firm	
	Omnicom PR Group	PLUS Communications	Public Affairs Agency	
	Praecipio	Gurnet Consulting	Consultancy	
	Rallyday Partners	Livefront	Digital Consultancy	Investment
	The Bloc	Serviceplan Group	Advertising Agency	
	The Bloc	Thenewway	Health Communications Agency	
	The Bloc	X-Ray	Health Creative Agency	
	The Orogen Group	Brillio	Digital Transformation	Investment
	Tomorrow	Half Helix	Shopify Partners	Merger
	Tyto	It's A Rep	PR & Integrated Communications	
	Valsoft Corporation	DemandBridge	Marketing Automation	
	Virtusa	Factor Creative	Creative Agency	
	Vista Credit Partners	VideoAmp	Adtech Company	\$150.0 Million Investment

Q3 Total = 91 Deals

[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

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

[View previous bulletins here](#)

McCracken AP Transactions

STONEARCH



Acquired by

FISHAWACK HEALTH



MCCRACKEN ADVISORY PARTNERS

JUST global



Acquired

enigma



MCCRACKEN ADVISORY PARTNERS

SunSpeed



Acquired by

ADVANTAGE SOLUTIONS



MCCRACKEN ADVISORY PARTNERS

Marshall




Acquired by

twoxfour




MCCRACKEN ADVISORY PARTNERS

dc°



Has Acquired

A2G



MCCRACKEN ADVISORY PARTNERS

IRIS



Has Acquired

89DEGREES



Enabling Customer Engagement

MCCRACKEN ADVISORY PARTNERS

Advisory Services provided to

peppercomm



MCCRACKEN ADVISORY PARTNERS

VISION7



INTERNATIONAL

Acquired

11



Eleven

MCCRACKEN ADVISORY PARTNERS

PERISCOPE®



Acquired

anthem



marketing solutions™

MCCRACKEN ADVISORY PARTNERS

LeadDog



MARKETING GROUP

Strategic Consulting

MCCRACKEN ADVISORY PARTNERS

ZAMBEZI



Advised on Management Buyout

MCCRACKEN ADVISORY PARTNERS

LEWIS^{PR}



Acquired

PISTON



COMMERCE CULTURE TECHNOLOGY

MCCRACKEN ADVISORY PARTNERS

plastic



Acquired by

HAVAS



MCCRACKEN ADVISORY PARTNERS

RESOURCE



Acquired

AMMIRATI



MCCRACKEN ADVISORY PARTNERS

iris





Acquired a majority interest in


router



MCCRACKEN ADVISORY PARTNERS

McCracken AP Transactions


Acquired

MCCRACKEN ADVISORY PARTNERS


Acquired
purestone.
MCCRACKEN ADVISORY PARTNERS




Acquired by
HUNTSWORTH
MCCRACKEN ADVISORY PARTNERS




Acquired by

MCCRACKEN ADVISORY PARTNERS


Acquired

MCCRACKEN ADVISORY PARTNERS


Acquired

MCCRACKEN ADVISORY PARTNERS




Acquired by

MCCRACKEN ADVISORY PARTNERS


Acquired by

MCCRACKEN ADVISORY PARTNERS


Acquired by

MCCRACKEN ADVISORY PARTNERS


Acquired

MCCRACKEN ADVISORY PARTNERS