

Q4 2023 overview



The marketing services landscape in 2023 continued its dynamic shifts, characterized by strategic consolidations and a strong emphasis on digital transformation. Notably, the year was marred by a broader economic context, with many agencies content to settle for flat revenues. In tandem, Private Equity experienced a slowdown in deal-making and fundraising, presenting challenges for PE managers in a more intricate exit landscape.

Despite these challenges, certain trends persisted, particularly the heightened emphasis on data-driven solutions. Strategic acquisitions of firms specializing in advanced analytics and artificial intelligence were pivotal moves, enhancing companies' capabilities to deliver personalized marketing strategies aligned with evolving consumer behaviors.

Another significant trend in 2023 was the convergence of marketing technology (MarTech) and advertising technology (AdTech). Traditional marketing service providers strategically aligned with technology firms, resulting in comprehensive solutions seamlessly integrating marketing and advertising tools. This approach aimed to enhance efficiency and provide end-to-end solutions, addressing the evolving needs of digital-savvy consumers.

Cross-industry collaborations also gained traction, with marketing services companies partnering with firms in sectors such as e-commerce and entertainment. Recognizing the increasingly cross-functional nature of marketing, these collaborations aimed to deepen understanding of industry-specific nuances. The goal was to broaden expertise and offer more specialized, industry-specific services to clients seeking integrated marketing solutions.

In Conclusion 2023 was a year marked by relatively modest deal counts and a general lack of enthusiasm toward deal-making, largely attributed to the economic slowdown. Looking ahead to 2024, there are indications of a resurgence of M&A activity emanating from pent-up demand for getting deals done, especially if the Federal Reserve continues to ease rates.



Q4 2023 highlights

We tracked 94 relevant transactions during the fourth quarter of 2023, showing a slight decrease (-6%) compared to the same period last year.

Accenture finished 2023 with the most deals completed. Their 8 deals in Q4 included: Digital transformation consultancy, Incapulate; Cloud consultancy, Ocelot Consulting; Digital experience agency, Rabbit's Tale; Data & Al Consultancy, Red Kite; IT services provider, Solnet; Stagwell's Healthcare marketing firm, Concentriclife; Digital optimization firm, The Shelby Group; and Creative consultancy, The Storytellers.

Havas ended the year with a total of 20 deals, closing 4 in Q4: Communications consultancy, CV&A; Performance marketing firm, Eprofessional; Consultancy, Klareco Communications; and PR firm, PR Pundit.

Stagwell completed 3 deals: Digital agencies, Clarita and Left Field Labs; and social media agency, Movers+Shakers.

Major buyers completing 2 deals: **Omnicom:** Ascential's digital commerce division, **Flywheel**; and Digital marketing agency, **Barefoot**.

WPP: PR advisory firm, Longview Communications & Public Affairs; and the merger of their advertising agencies Wunderman Thompson and VMLY&R.

A single deal in Q4 was completed for major buyers:

Cognizant: ServiceNow partner, Thirdera Dentsu: Character engine: Theai, Inc. Finn Partners: B2B education agency, C. Blohm & Associates.

MAJOR BUYERS	04 2023	03 2023	First Half 2023	2022 Deals	2021 Deals
Accenture	8	5	11	15	40
Havas	4	3	3	9	3
Stagwell	3	1	0	7	4
Omnicom	2	6	1	3	6
WPP	2	0	6	8	5
Cognizant	1	0	1	3	4
Dentsu	1	1	3	4	2
Finn Partners	1	0	2	3	9
Acceleration Partners	0	0	0	3	2
Blackstone	0	0	2	0	23
Deloitte	0	0	1	3	4
EY	0	0	1	2	2
Fishawack Health	0	0	0	1	3
IBM	0	0	1	5	5
Publicis	0	0	5	4	5
Real Chemistry (W20)	0	0	1	1	2
S4	0	0	0	4	12



Q4 overview



Stories You May Have Missed

WPP Merging VMLY&R With Wunderman Thompson

Advertising holding company giant WPP is combining two of its major creative agencies, VMLY&R and Wunderman Thompson, as it seeks to further simplify its business for marketer clients. London-based WPP, which owns agencies including Ogilvy as well as media-buying giant GroupM, said the combined agency will be called VML and employ more than 30,000 people in 64 markets. More: Wall Street Journal, Oct. 17, 2023

'Disappointed Again': Ad Companies Suffer as Tech Firms Clip Spending

Some of the major advertising holding companies are still feeling the impact of lower spending from technology clients—with some hit harder than others. Recent quarterly results from Interpublic Group, Omnicom Group, WPP and Publicis Groupe showed that many of their units are seeing more caution from some advertisers, slower project work, delayed starts of new business or other signs of a pullback. It is a continuation of a trend agencies started to report earlier this year, when they said tech and telecom clients were spending less. More: Wall Street Journal, Oct. 27, 20223

Accenture Song restructures to 'deliver at the speed of opportunity'

Accenture Song is restructuring its eight global divisions into four practices. Speaking to Campaign UK after announcing the changes to staff, David Droga, chief executive of Accenture Song, said the new structure would allow the group, which grew revenues by 14% in its last financial year, to move with "more haste, more confidence and more impact". More: Campaign, Nov. 15, 2023

Agencies Fear Missing Al Adoption

Agencies refuse to be left behind in the artificial intelligence (AI) frenzy. Many expect the AI-driven savings to more than double year-over-year (YoY), increasing by 134% in 2024. About 25% of larger agencies with more than 100 employees expect more than \$25,000 in annual savings next year, which is ten times the number of agencies saying they saved a similar amount in 2023. The use of AI among digital agencies is still emerging, so current estimates are modest, measuring in the thousands of dollars per year. More: MediaPost, Dec. 6, 2023

Will Havas Become A Separate Public Company Again?

Entertainment conglomerate Vivendi, which owns Havas Group and is controlled by France's Bollore Group is considering a plan to split into three separate public companies. The rationale, according to the firm is that as a single conglomerate its shares are trading at a "discount," limiting its ability to execute its desired growth strategy. More: MediaPost, Dec. 14, 2023

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M&A 2023: Ad Tech Deals Were Muted, But That Could Be A Mark Of Maturity

Ad tech M&A in 2023 can only be described as "weak sauce." Although deal activity was up 78% in Q1 quarter over quarter, according to LUMA Partners, that isn't saying much, because 2022 was very sluggish. Deal activity in the ad tech sector last year was down 38%. Why so gloomy?

More: MediaPost, Dec. 27, 2023

M&C Saatchi Trims Down With Asset Disposals

M&C Saatchi is selling several agency subsidiaries in its global network to local managers. The London-based firm said the moves were in line with its strategy to "simplify its operating structure and improve efficiency across the group." The firm has struck deals with the managers of both its Swedish operation, M&C Saatchi AB (located in Stockholm), and its unit in Hong Kong, M&C Saatchi Spencer Hong Kong Ltd. More: MediaPost, Dec. 27, 2023

Why IPG Is Selling Hill Holliday and Deutsch NY

I was reminded earlier today after word that Interpublic announced the sale of Hill Holliday and Deutsch New York that all of the holding companies prune their portfolios from time to time to keep assets aligned with current growth strategies. That's essentially why IPG is selling. HH's and DNY's capabilities—good as they are—are duplicated at other shops within the company. More: MediaPost, Jan. 4, 2024

A Bit of Insider Information

... about Ronnie Cohen, one of our founding partners. She has just published her debut novel, *COVER STORY - Still Deadly After All These Years*, a thriller about a re-investigation into the assassination of JFK, particularly the role of Jack Ruby. It's available at bookstores and online (Kindle-too). And while we're happy for the book's reception, it means Ronnie will be spending more time pursuing her writing career, and less with McCracken Advisory Partners.

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

BUYER	TARGET	SECTOR (TARGET)	VALUATION
Accenture	Stagwell's Concentriclife	Accenture	\$245.0 Million
Accenture	The Storytellers	Accenture	
Арах	Kin & Carta	Apax	Private Equity Takeover
Atlassian	Loom	Atlassian	\$1.0 Billion
Billups	OOH Labs	Billups	
Brandwidth	Williams Commerce	Brandwidth	
CGI	Momentum Consulting Corp	CGI	
Cprime	Vincerion	Cprime	
Crisp	Atlas Technology Group	Crisp	
demandDrive	Digital Impulse	demandDrive	Partnership
<u>Dentsu</u>	Theai, Inc.	Dentsu	
Dolphin Entertainment	Special Projects	Dolphin Entertainment	
EagleTree Capital	MMGY Global	EagleTree Capital	
FGS Global	Prospero Latino	FGS Global	
FVLCRUM	Burrell Communications Group	FVLCRUM	
Gemspring Capital	Inflow Communications, LLC	Gemspring Capital	
<u>Havas</u>	CV&A	Havas	
HWP	Hybrid Healthcare Communications	HWP	
Jellysmack	Law&Crime Network	Jellysmack	
JPA Health	True North Solutions	JPA Health	
MERGE	Zee Jay Digital	MERGE	
Mod Op	Crenshaw Communications	Mod Op	
Mod Op	dPrism	Mod Op	
Morrow Sodali	Powerscut	Morrow Sodali	

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BUYER	TARGET	SECTOR (TARGET)	VALUATION
Motion	Rick Miller Communications (RMC)	Motion	
<u>Mphasis</u>	Silverline	Mphasis	
nClouds	Cloudnexa	nClouds	
Omnicom	Ascential's Flywheel	Omnicom	\$835.0 Million
PMG	Camelot	PMG	
RF Binder	Peaks Strategies	RF Binder	
<u>Stagwell</u>	Left Field Labs	Stagwell	
Sunwest Communications	Spaeth Communications	Sunwest Communications	
Tendo Communications	PointOne Digital	Tendo Communications	
WPP's Wunderman Thompson	WPP's VMLY&R	WPP's Wunderman Thompson	Merger
2X	Straightarrow	2X	
<u>Accenture</u>	Incapulate	Accenture	
Accenture	Ocelot Consulting	Accenture	
Accenture	Rabbit's Tale	Accenture	
Accenture	Solnet	Accenture	
Accenture	The Shelby Group	Accenture	
AmatoMartin	Valpak	AmatoMartin	
AppsFlyer	Devtodev	AppsFlyer	
Baazarvoice	Affable.ai	Baazarvoice	
BPD	IPG Weber Shandwick's Revive	BPD	
<u>Brandwidth</u>	Cloudify	Brandwidth	
Finn Partners	C. Blohm & Associates	B2B Education Agency	
Fusion92	TRAK Data	SaaS Data Modeling Platform	
Globant	GUT	Creative Agency	

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BUYER	TARGET	SECTOR (TARGET)	VALUATION
<u>Havas</u>	Klareco Communications	Consultancy	
<u>Havas</u>	PR Pundit	Public Relations	
Hubspot	Clearbit	B2B Intelligence	
lonic	SHIFT44	Marketing Platform	
<u>MediaRadar</u>	Kantar Group's Vivvix	Advertising Intelligence Provider	
Microsoft	Activision Blizzart	Video Game Franchises	
MiQ	Grasp	SaaS Compliance	
Omnicom's Precision Marketing Group	Barefoot	Digital Marketing and Experience	Merger
Prime	Aventine Consulting	Consultancy	
RTC Partners	fama PR	Marketing Services	Investment
RTC Partners	Intelisent	Marketing Services	Investment
RTC Partners	MarketBridge	Marketing Services	Investment
RTC Partners	Quarry	Marketing Services	Investment
Sales Empowerment Group	Square 2 Marketing	Empowerment Group	
Spectrum Science	CrowdPharm	Healthcare Advertising Company	
Spectrum Science	Hot Iron Health	Consultancy	
Stagwell	Clarita	Digital Agency	
Stagwell	Movers+Shakers	Social Media Agency	
TBA Worldwide	Joybyte	Influencer Marketing Agency	
Unlock Health	SPM Group	Healthcare Marketing Group Network	
WestView	Roko Labs	Software Developer	
WPP's FCS Global	Longview Communications & Public Affairs	PR Advisory Firm	
<u>Accenture</u>	Red Kite	Data & Al Consultancy	
Attivo Group	Interpublic's Deutsch New York	Advertising Agency	

Q4 2023 deals

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

BUYER	TARGET	SECTOR (TARGET)	VALUATION
Attivo Group	Interpublic's Hill Holliday	Advertising Agency	
Atypical	iFoundries Group	Digital Marketing Agency	
<u>Baazarvoice</u>	Granify	E-Commerce	
Bully Pulpit	Boldt	Consultancy	
Cognizant	Thirdera	ServiceNow Partner	
GlobalLogic	Mobiveil	Engineering Services Firm	
Havas	Eprofessional	Performance Marketing Firm	
Hawke Media LLC	Lone Fir Creative	Marketing Agency	
House 337	Vixen Labs	Al Voice Assistant Consultancy	
Ignite Visibility	Integrated Digital Strategies	Digital Marketing Agency	
IZEA	Hoozu	Influencer Marketing Agency	
IZEA	Zuberance	Marketing Software Platform	
Juice Media	Lumen Research's Avocet	Demand-side Platform	
Keywords Studios	Improbable World's The Multiplayer Group	Game Development Studio	\$97.10 Million
<u>Paritee</u>	Brands2Life	Advertising Agency	
Perion Network	Hivestack	Digital OOH Advertising Platform	\$100.0 Million
PMG	RocketMill	Digital Marketing Agency	
Power Digital	Endrock Growth & Analytics	Conversion Rate Optimization (CRO)	
SEI	Altigo	Technology Platform	2.30 Billion Euro
Snowflake	Samooha	Data Clean Room Startup	
The Bluebird Group	OneStone Solutions Group	eCommerce	
Truelink Capital	Ansira Partners, Inc.	Marketing Services	

Q4 Total = 94 Deals

[Contact]



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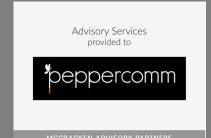
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McCracken AP Transactions



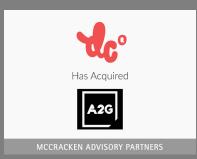




























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