



Technology, Digital, Media and Marketing

2020 GLOBAL M&A REVIEW & 2021 OUTLOOK

#NavigateTheFuture

In partnership with:

Bird & Bird  PitchBook



2020 Global M&A Review & 2021 Outlook

As a specialist M&A advisory firm, Ciesco focuses on the technology, digital, media and marketing sectors and our analysts track relevant deals on a global basis in this space.

This report focuses on the global M&A activity in the technology, digital, media and marketing sectors in 2020. This includes all the sub-sectors at the complex intersections of where these worlds meet. For the purposes of this report, our analysts have only tracked deals that are relevant to the technology, digital, media and marketing sectors. The review focuses on M&A transactions in these sectors, excluding seed capital investments and IPOs.

In addition to our deal activity analysis by volume, disclosed values, geographical regions and sectors, the report provides insights and trend analysis of Private Equity-backed activity, along with an overview of the buyer landscape and our outlook for the sector in 2021 and beyond.

The report has been prepared by the Ciesco's Market Intelligence team using various data points and sources including data that is available via Pitchbook's M&A database.

We are pleased to be publishing this report in cooperation with Bird&Bird, a leading international law firm in business sectors where technology plays a key role .

About Ciesco

Ciesco is a leading specialist M&A firm with a focus on the technology, digital, media and marketing sectors. Headquartered in London, we have offices in Germany and France and operate globally. Ciesco offers a unique combination at partnership level, of senior level industry practitioners and sector specialist investment bankers. This enables an extensive network of contacts and strong relationships that reach into organisations worldwide at C-suite sponsor levels.

We are well-regarded in the market for our specialist advice derived from our deep understanding of the sector, industry and buyer landscape insights, and execution expertise.

About Bird & Bird

Bird&Bird is an international law firm, with a focus on helping clients being changed by technology and the digital world. Through their 1,300 lawyers across 30 offices globally, they take a single-minded approach to advising clients, helping them succeed and by thinking innovatively. The firm is well-known for its intellectual property work

About Pitchbook

PitchBook is a financial data and software company with offices in London, New York, San Francisco and Seattle. Serving clients in 19 languages, they provide thousands of global business professionals with comprehensive data on the private and public markets - including companies, investors, funds, investments, exits and people, providing users with the tools they need to discover better opportunities, work more efficiently and make more informed decisions.

Contents

1	Guest Editorials	04
	Private equity partnership will be key to unlocking growth for tech firms in 2021, LDC	
	2021: Driving the transformation of customer experiences to the top of the business agenda, Merkle	
	A view from America, Pereira O'Dell	
	From 2020 to 2021 – a move towards the Business of Experience, Accenture Interactive	
2	Executive Summary	10
3	Ciesco Outlook	12
4	Deal Statistics	15
5	Buyer Landscape	19
6	Geographic Overview	32
7	Sectors	35

Foreword

I am pleased to present Ciesco's Annual Global M&A Review which details the M&A deal activity throughout 2020 that has shaped the technology, digital, media and marketing sectors. We also present our outlook for the sector in 2021.

As dealmakers, we are accustomed to facing uncertainty, but the scale and speed of COVID-19 pandemic sent shockwaves through the global economy and the M&A markets. The 2020 year started with unprecedented highs in deal volume in Q1 compared to prior year. Q2 saw a steep decline as the impact of COVID-19 took effect. Companies focused their management teams to protect revenues and bottom line as trading declined. In the second half of the year, we saw signs of improvement and the rebound of deal making activity in the sector.

Ciesco market intelligence teams tracked 1,091 transactions in 2020 relating to the technology, digital, media and marketing sector. This represents a 19% decline on prior year 2019 levels. The total of announced deal values, excluding mega-deals (defined as deals over \$10bn), was \$55.9bn, a 50% decline on 2019 levels. The number of announced deals with values above \$1bn dropped from 28 deals in 2019 to 13 in 2020.

The USA and UK were the most active M&A markets with 505 and 143 deals respectively, followed by France (54), Germany (51), Canada (43) and Netherlands (33). These countries combined account for 76% of deal activity in the sector. Year on year comparisons showed the following declines: USA 24%; UK 36%; whilst APAC region saw an increase of 39% driven by China with 18 deals, 16 more than the previous year.

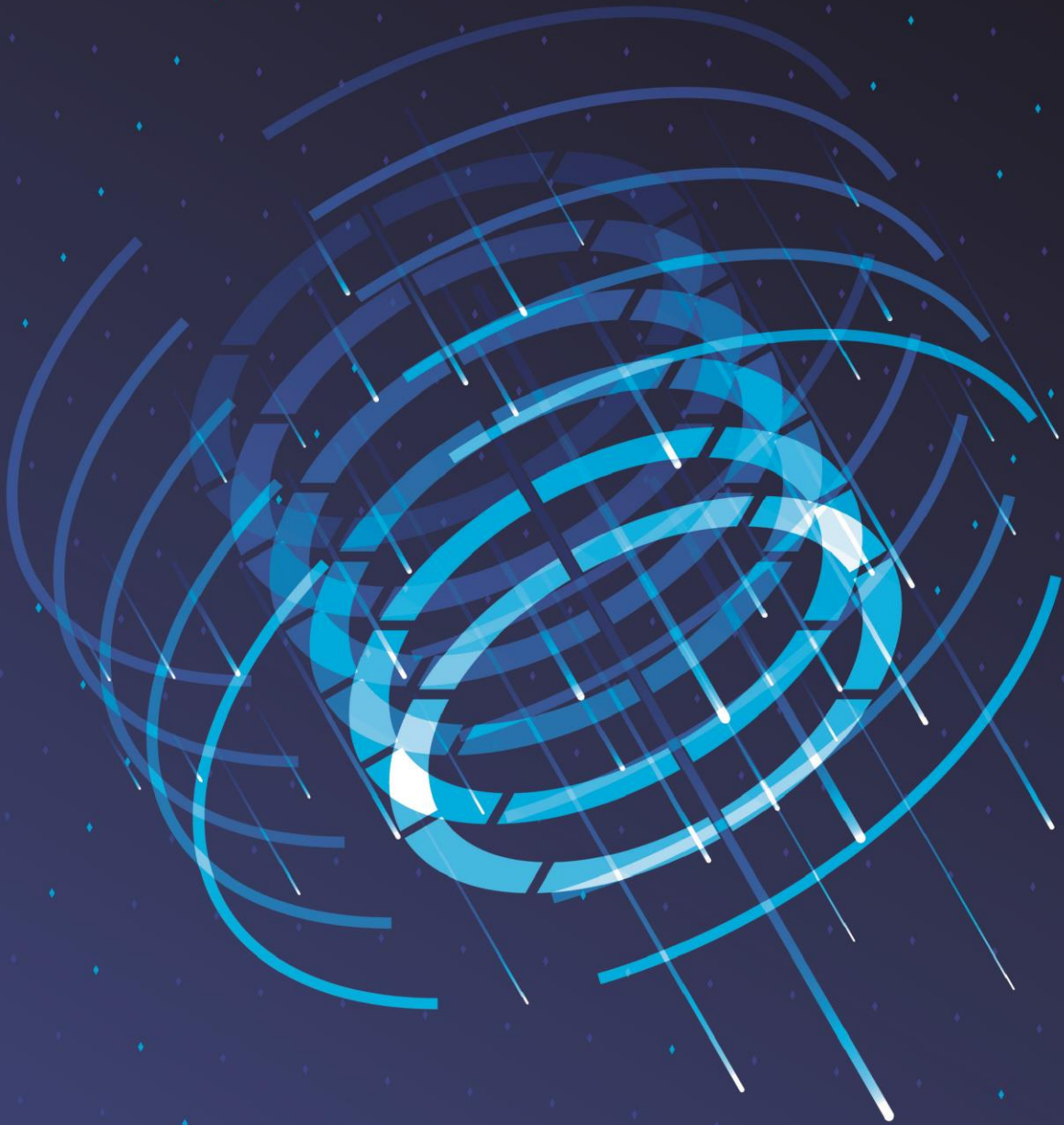
The top 10 active buyers in the sector was dominated by Private Equity firms. The list also features a mix of consultancies, technology companies and the global holding networks. These companies collectively acquired 66 target companies versus 84 acquisitions by the top 10 last year. PE continues to be a growing force behind M&A in the sector. PE investors collectively proved resilient, representing 37% of overall deal volume in 2020. Whilst this is a decline from the 42% of 2019, notably it is still much higher than the levels of 13% in 2017 and 22% in 2018 and demonstrates the attractiveness of data and technology-driven business models to financial investors. Our data showed that Digital and Martech companies remained among the most attractive disciplines for buyers.

Whilst 2020 was a challenging business environment globally, there have been a lot of learnings through the year. Smart business leaders have learnt a lot about their companies and their customers, and many will include "How to future proof the business" on the agenda for future board meetings. We expect to see a drive towards business transformation across the whole organisation, from product innovation to marketing, to sales to supply chain procurement, and data and technology will play a big part in that.

As a result of challenges in 2020, the year 2021 will bring with it great opportunities and we have seen there is strong interest from investors to fund great business models. Whether you are a potential investor, a strategic buyer or a stakeholder planning the future for your business, we hope you find the information in this report insightful and informative. We would be delighted to hear from you and share experiences.



Chris Sahota Founder & CEO



1

Guest
Editorials

Guest Editorials

Private equity partnership will be key to unlocking growth for tech firms in 2021



David Andrews

Director at LDC
Specialist in the technology, media and digital sectors



While COVID-19 has created new challenges to overcome in every sector, on the whole, technology has remained resilient throughout, with new opportunities emerging.

The pandemic has demonstrated that we are more reliant on technology and digital services than ever. Technology has become synonymous with agile working, and new tools designed to boost productivity, collaboration and engagement are now key investment priorities for many.

Companies across the sector have a big opportunity to tap into this rapidly increasing demand for digitisation and tech solutions as we move into 2021 – and the support of a dedicated private equity partner can be key to maximising growth and success.

Growing in partnership

LDC has a strong track record of partnering with technology firms to drive growth. Across the UK, we have supported more than 130 technology and digital businesses with over £1billion of capital and we have invested £550million in the sector in the last five years alone.

A recent example is Beekman Associates. In September 2020, we invested more than £17million to help the team enhance its software-as-a-service (SaaS) offering and expand overseas, championing its industry-leading software platform RightSpend.

And in July 2020, we supported the merger of DoubleEdge Professional Services, Foehn and Metaphor IT to form Kerv, a next-generation managed cloud services provider. Using our £30million funding package, the team is now embarking on an ambitious buy-and-build strategy to grow its reputation for customer service excellence in IT managed services, security, compliance and unified communications.

Championing expansion

But it's not just about the up-front investment. Our backing can help management teams target international expansion, grow through acquisition, and roll out new products and services – and the successes of our portfolio speak for themselves.

Take Texthelp, the leading global provider of literacy and numeracy assistive technologies. Over an 18-month partnership, we helped Texthelp expand its footprint across North America, shift its marketing strategy from nearly 100% events focused to 100% digital, revamp its pricing and discounting strategies and launch its new cloud-based writing assessment tool WriQ, all whilst growing revenues by 40 per cent. This led to a highly successful onward sale transaction for all parties to a secondary PE Buyer, Five Arrows Principal Investments in December 2020, where Texthelp plans to continue its global expansion as well as its new product development pipeline.

We also completed a partial exit of Babble, the communications and cyber security specialist, in November 2020. The deal valued the company at £90million, and followed a three-year partnership that saw Babble make a total of six acquisitions, helping it to grow revenues by 230%.

While 2021 is set to be another turbulent year for businesses, it's clear that with the right support, technology firms have an opportunity to lead the charge when it comes to adapting to the new world created by the pandemic.

With £1.2bn to invest over the next three years, we are committed to backing the UK's most ambitious management teams, and are actively looking to partner with growing technology companies to help accelerate their growth plans. It will be exciting to see what new digital technology innovation we can look forward to in the year ahead.

David Andrews is a director at LDC in London. A specialist in the technology, media and digital sectors, since joining LDC in 2011 he has supported a number of the firm's high-profile partnerships including Beekman Associates, Croud, Blue Rubicon and uSwitch.

Guest Editorials

2021: Driving the transformation of customer experiences to the top of the business agenda



Margaret Wagner

President EMEA at Merkle



No single 12-month period has brought about more alterations to consumer behaviour and expectations than 2020. It was a year that revealed how few businesses truly knew their individual customers, as well as throwing into sharp relief digital gaps in brands' ways of working. This has created two high-profile trends for businesses that will transcend this pandemic: one will manifest as a drive in D2C focus for most brands to get closer to their customers, and the second is the development of adaptive behaviours, a.k.a. transformation – how the business works and responds to change.

Shifting the business narrative to doing the right things for customers to meet individual needs requires the linking of experiences across marketing, commerce, sales, service and any part of the business that touches the consumer. Delivering this customer experience transformation should be framed through the realisation of hyper-personalised moments; deploying data, technology, and analytics to inform each interaction, through every channel. To accomplish this, businesses must have a plan for how to grow, administer, and deliver a customer-centric approach.

For most organisations, we see this transformation as consisting of three major elements. Firstly, the keystone of customer experience transformation is to be found in data transformation. This means becoming proficient in measurement and rapidly changing approaches to the acquisition, management, and mining of valuable data. This data must be effectively leveraged to inform individual customer experiences – in real time and in a privacy-compliant manner. (The importance of trust in the customer equation was clearly highlighted during 2020, with many businesses learning hard lessons by not managing the balance between taking opportunities for growth and looking after their existing base of loyal customers.)

Secondly, digital transformation will be a trend that sees a real resurgence after its initial peak a few years back. It is essential to understand the ways your company must think, plan, and deliver unique personal conversations. The best brands will excel through their design and implementation of customer-centric digital marketing, commerce, and service experiences – experiences that are contextually relevant and personally informed. Thirdly, organisations will succeed in 2021 through their ability to embody adaptability in how they are operating. Marketing, sales, commerce, and service should no longer be working separately but in unison, fostering a culture of innovation, agility, and shared goals.

One final trend to consider is the increased focus on social good for all businesses. The events of last summer's BLM protests shone an intense light on our duty to fairly represent the populations we are employing and serving as brands. Additionally, as the beneficial impact of reduced human activity on the environment during the lockdown months became clear, the much-discussed role of sustainability has rapidly shifted from that of a supporting narrative in the business story to become a fundamental driver of customer engagement and loyalty. This is no longer limited to a narrow set of demographics; through the pandemic a push for sustainability is now represented across a far wider community of customers.

For example, Google Trends data shows that through the coronavirus crisis in the 'food' category people were increasingly searching for 'sustainable', 'local food', and 'veganism'. According to a 2020 Global Euromonitor report, 53% of people now feel that they can make an impact on the globe with their purchases, while 47% consciously try to make a positive difference to their environment through everyday actions. Both equity of representation and sustainability are driving cultural change and impacting how consumers perceive and engage with brands. It's incumbent on us to respond authentically to these growing concerns – they matter to our customers, our colleagues, humanity and our planet alike.

2020 may have been a year of immense change, but 2021 represents a year of great opportunities in consequence – and the best brands will hone a laser focus on customer experiences and priorities to seize these.

Guest Editorials

A view from America



Andrew O'Dell

CEO at Pereira O'Dell

**Pereira
O'Dell** SF
NY

In 2020, it wasn't pretty. Stuffing a decade's worth of crisis and events into 12 insane months is difficult to comprehend and almost impossible to imagine. As unbelievable as it was, 2020 did happen, and the America that started the year is a much different country as we start 2021.

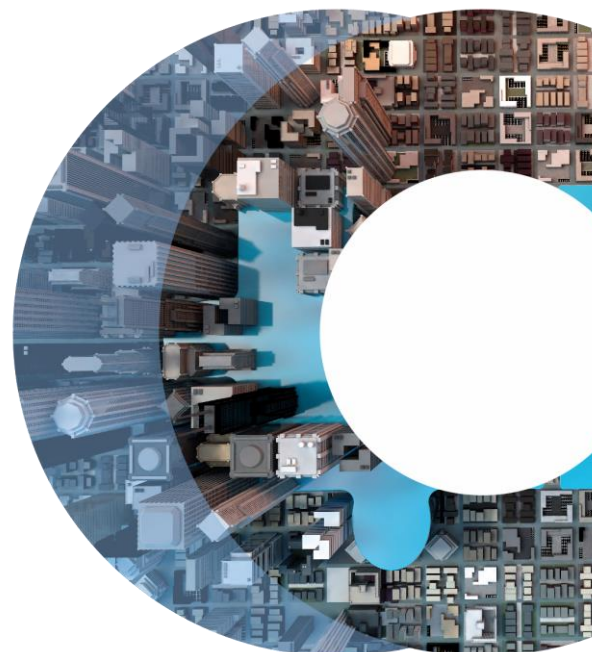
As the CEO of Pereira O'Dell (a U.S. based digital creative agency), I started 2020 with high hopes for our company and country. The economy was booming and our business was strong and growing. Optimizing quickly turned in concern and then outright fear as the pandemic reach our shores. On March 13th we left our offices in NYC and San Francisco (they remain empty) and marched into the unknown. Our first priority was to protect health and well-being of our staff and stabilize the business. Our leadership team immediately developed an operating plan with one primary goal, protect as many jobs as possible. We were very transparent with our staff and asked everyone to commit to this common goal.

Fortunately, we also have great client partners who stuck with us during the most difficult of times. Adversity and the shared experience has created deeper client relationships and because of them we were able to keep all our staff. We will be forever grateful.

The pandemic forced us to adapt to remote work, but the murder of George Floyd on May 25th cut far deeper into the soul of the country and our company. The pervasive emotions were outrage and sadness and as a team, we had many honest yet difficult conversations around race and diversity. It was time to listen and learn and we quickly made the decision to engage a DEI (diversity, equity, and inclusion) consultant to guide us over the next 2 years. Based on the feedback from our team, it's the best decision we've ever made.

Despite the chaos and challenges, 2020 was a good year for our company. I believe we became stronger and more resilient as a team. We also managed to complete a minority investment with our new partners, Serviceplan Group. Thanks Ciesco!

As for 2021... after the events of January 6th we are hurting and divided as a nation, but I'm hopeful brighter days are ahead of us all.



Guest Editorials

From 2020 to 2021 – a move towards the Business of Experience



Pritesh Gadhia

Managing Director, Lead UK and Ireland,
Accenture Interactive



It is difficult to overstate quite how transformative 2020 was. In a matter of weeks, almost everything that we do – how people buy, how they work, how they interact with others – was turned on its head.

In many respects, 2020 only accelerated trends that were developing long before the onset of COVID-19; businesses have always looked for new ways to remain relevant, build followings, and matter to people.

But the pandemic amplified demand for new approaches. Our research found that 77% of CEOs now believe they will have to fundamentally rethink how they interact and engage with their customers.

Far from being temporary, we expect this appetite will only increase as we move into 2021 and firms move away from thinking in terms of Customer Experience and embrace a mindset we've identified as the Business of Experience.

Brands are fundamentally built through experience. Today, it's less about interrupting people's lives with paid-for media and more about being relevant within their lives with a clear sense of purpose.

The true experience champions don't just focus on incremental improvements to the customer interface; they align all aspects of their business with the customer.

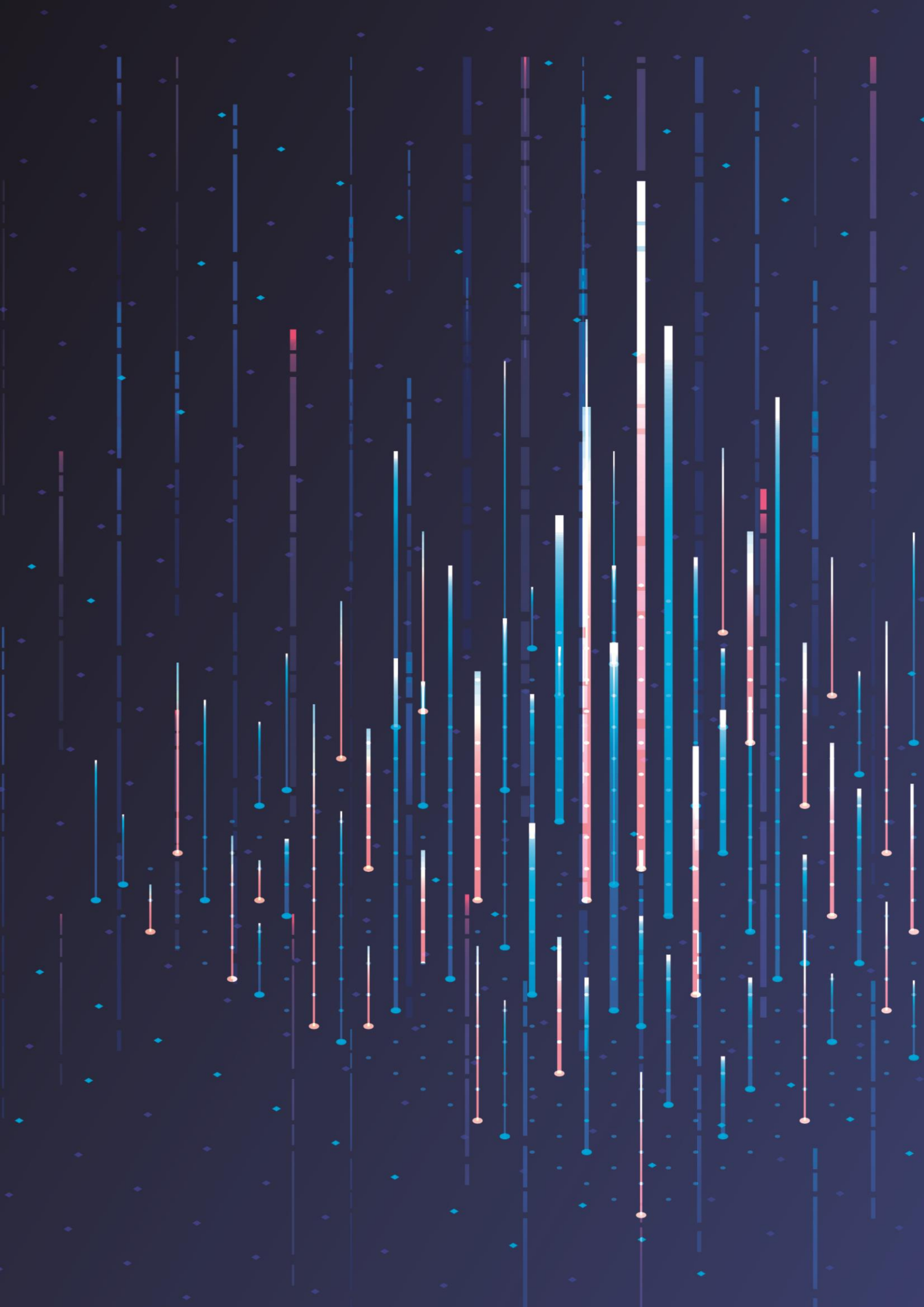
The Business of Experience involves embedding this thinking throughout your business and restructuring it around delivering exceptional experiences for your customers. It's a new way of working that requires a business to stop thinking of Customer Experience as a workstream for the CMO.

It's a shift away from making people want things, to making things people want; from focusing on the product the company wants to sell, to focusing on the outcome the customer wants. This shapes everything from how you talk to your customers and staff, to the platforms they experience and the products they use.

And it's an approach that is helping businesses pivot back to growth. Our research found that firms built around a Business-of-Experience mindset outperform their peers six times in year-on-year profitability.

In the months ahead, companies across all industries will be looking to find new ways to grow. We believe the Business of Experience is going to be an incredible engine for meaningful disruption, market differentiation and customer satisfaction.







2

Executive Summary

Executive Summary

Deal statistics

2020 saw a significant decline in the deal volume for mergers and acquisitions in the technology, digital, media and marketing sectors. With 1,091 transactions recorded in 2020, the sector experienced a 19% drop over 2019 levels, well below the average 1,241 deals per annum recorded over the last 5-years' period. This has largely been driven by the COVID-19 impact on buyer confidence and general lack of visibility in trading. This was compounded by the need to adjust to the "new normal" and significant changes in consumer behaviour. The total value of deals, excluding mega-deals (defined as deals over \$10bn), was \$55.9bn, a 50% decline on 2019 levels.

Notable deals

This year saw the completion of a number of notable deals in the sector, in particular the acquisition of **Slack** by **Salesforce**, the number one provider of CRM software solutions in a \$27.7bn deal which enhances Salesforce's enterprise software offering.

Only 13 acquisitions above the \$1bn threshold were announced in 2020, a significant decrease from the 28 announced in the previous year. These included several transactions in the e-gaming space, such as the acquisition of **The Stars Group** by **Flutter**, the company behind the well-known video gaming providers PaddyPower, Betfair, Sportsbet, TGV and FanDuel, the acquisition of Turkey-based game developer **Peak** by the San Francisco-based social games pioneer **Zynga**, and **Microsoft's** acquisition of **ZeniMax Media** with its game publishing arm Bethesda Softworks for \$7.5bn in cash.

Buyer landscape

Holding networks

After sluggish activity in 2019 it was expected that the global holding networks would pick up the pace in 2020. However, given the events of the year and the networks' focus on restructuring, and consolidation, the six largest holding companies showed a further decline in deal volume, completing only 15 deals in 2020, down 42% from 2019's total of 26, and a 71% reduction on the total 52 deals recorded in 2018. This decline is even more dramatic against the networks' halcyon days of 2016 when a total of 95 deals were completed by the Big Six.

Dentsu was once again the most acquisitive among the holding networks, a mantle they have held for the past three years, and the only holding network in the Top 10 active buyers list, with six transactions conducted via three of its operating companies – Merkle, Voyage Group and Cmer TV.

WPP completed four acquisitions (vs only one in the year prior). **IPG** acquired two companies, whereas **Publicis**, **Havas** and **Omnicom** announced one transaction each.

Consultancies

Consultancies suffered a 30% decline, following years of strong activity in the market. The market frictions caused by national lockdowns, resulted in major client projects being postponed. Nevertheless, **Accenture** was again at the forefront of this activity, making 12 acquisitions in 2020. **Capgemini** and **EY** also showed some M&A activity, with four completed transactions combined between them.

Technology

Technology firms continued their M&A activity in the sector, with a stronger focus on digital media, video gaming, cloud-based solutions and ecommerce. The category's most active buyer was **Cognizant**, followed by **Twitter** (including acquisitions made via ShareChat) and **Tencent**. There was some activity by GAFA (Google, Amazon, Facebook and Apple) as well, however at a smaller rate than other players and than in previous years – a result of COVID-19 but also ongoing regulatory hearings into allegedly anti-competitive market behaviour of these companies.

Mid-market

Mid-market groups remained active acquirers in the sector. **Hakuhodo**, the 11th largest agency group worldwide, after several years of acquisition slumber, made five acquisitions which placed the company in the 2020 Top 10 Most active buyers list. Sir Martin Sorrell's **S4 Capital** also completed five transactions in the sector and prepared the market for its upcoming more aggressive M&A activity, now that there is greater certainty around Brexit.

Emerging buyers

There were new active buyers in the sector, ranging from established tech companies to new bespoke funds. **Intracto**, a 1,300-people company, made seven acquisitions that, combined, added 670 people to the group. Other notable buyers in this category include Berlin-based **Social Chain**, France-based **Fimalac** and California-based **W2O**.

Private equity

In light of a significant overall reduction in global deal volumes compared to 2019, it is not surprising that the number of private equity deals in this universe declined by 29%. However, private equity investors collectively proved resilient in these sectors, representing 37% of all buyers in 2020.

Waterland emerged as the most active PE buyer, with 8 deals completed in 2020. Majority of these were done via Intracto, Waterland's portfolio company. **Providence Equity**, on the other hand, was the most active PE buyer in direct transactions in 2020 M&A activity.

Geographic overview

The USA and the UK remained the most active M&A markets in 2020, with 505 and 143 deals respectively, followed by France, Germany, Canada and Netherlands. All these countries combined represent 76% of the global deal flow.

Western European countries experienced a small year-on-year decline of 8%. There was a significant decline in Canada's M&A activity as well.

On the contrary, APAC, LatAm and Middle East experienced growth in deal activity, and in the Eastern European region, the deal activity remained flat. The proportion of cross-border deals slightly decreased year-on-year, now representing 36%.

Sectors

Digital Media, Traditional Media and MarTech remained the most popular sectors, with 234, 180 and 143 deals respectively. That combined represent 51% of 2020 deal activity.

CRM was the only sector which saw a year-on-year increase – up 30% from 2019.



3

Cisco
Outlook

Ciesco Outlook

1

The COVID-19 pandemic has transformed working from home practices, and this has changed the dynamic between employees and employers' expectations. The past year has also brought structural change in relationships between businesses and their clients with regards to virtual working. Now that this model has been proven it is likely here to stay, with most companies adopting hybrid work practices in future utilising new digital communication and collaboration tools and processes. This will also mean a recalibration of their company cultures.

2

2021 will begin a period of re-invention for many companies. Responsible business leaders will look at the bruising events of 2020 and ask the question: "How can we better future proof our business"? Technology and data will be at the forefront of that evolution. Smart use of data drives informed decisions across all parts of the organisation, from product innovation to sales to marketing and to supply chain management. Brands will want to get closer to their customers and creative use of technology will be the other key enabler.

3

The global holding networks spent a major part of 2020 restructuring their operations in face of declining revenues. They also took the opportunity to divest legacy under-performing assets. It allowed them to bury the cost of these restructurings into a year where all normal performance metrics became meaningless. The narrative for the coming year from their leadership is a strong appetite for M&A to strengthen their capabilities in specific services and disciplines, and geographies. We see strong interest in data, tech, ecommerce, and CRM enabled capabilities. In terms of geography, focus is on the USA, UK, Germany, and China. Amsterdam is also among their priorities as a regional hub, especially considering Brexit.

4

The Ciesco 2020 Review shows Private Equity represented 37% of all deal activity in the technology, digital, media and marketing sector across the year. With an often-reported financial war chest globally of over US\$1.7 trillion of dry-powder, PE firms continue to have a very strong appetite for deal opportunities to back strong management teams with growth capital. Given a lower deal count in 2020 most firms are keen to deploy their investment funds in 2021. This will drive competitive bids and higher valuations as investors compete for the limited quality acquisition opportunities. The PE route has become an attractive exit/ partial exit opportunity for business owners.

5

The year 2020 has exposed rigid business models and their inability to adapt to changes in the environment. Those companies that showed resilience throughout the past year were those that had been digital and tech savvy. Business leaders will want to drive business transformation across all parts of their organisation – marketing, sales, customer service and supply chain procurement. Digital transformation will accelerate at super-speed in 2021. Consultancies are well positioned to benefit as well as those Agencies that can combine digital, tech and design capabilities to deliver connected customer experiences. We are seeing strong M&A interest in this area and expect that to increase further in 2021.

Ciesco Outlook

6

Ecommerce will continue to thrive and drive future retail in 2021, with further pressure being put on brick-and-mortar only companies and brands. COVID-19 created an acceleration and tipping point for Ecommerce by introducing great swathes of new consumers, and on a global basis, to online purchasing. That trend will not reverse with an anticipated further increase in purchasing online and via different devices as more brands also drive towards D2C. Companies involved throughout the E commerce chain will prosper and specialist Ecommerce creative, content and media agencies with capabilities particularly in delivering Amazon and Amazon Marketplace programmes will see further revenue increase from existing clients and new business opportunities.

7

The efficiencies of Programmatic buying and with it the increased capability to apply data in reaching specific audience segments and the enormous benefits for brands that this creates will accelerate further. Programmatic buying and measurement will become more effective in 2021. The partnership of both the sell and buy sides will be able to thoroughly evaluate supply and demand to create greater optimisation requirements. Expect more brands to embrace Programmatic opportunities with tech enhancements in 2021 with many more developing in-house capabilities.

8

2020 was the year that brands really started to react and realign having listened to consumers in general regarding issues relating to social, environmental, and ethical responsibility. They are cognisant of the need to be in step strategically and relevantly to social issues and movements on a worldwide basis. In 2021 we expect many brands to further change or enhance their approach to be a better all-round ethical business and to embrace purpose, social and environmental sustainability. Agencies that successfully demonstrate that they operate off a purposeful platform will benefit, and we expect acquisition activity within this communication sector.

9

Special Purpose Acquisition Companies ("SPACs") have been around as a concept for years on listed markets, albeit with varying levels of activity - and recently are very much back in fashion. The concept is straightforward: a highly experienced and well recognised management team raises significant funds, from institutional investors, in a listed vehicle termed a SPAC to identify, acquire, develop and grow a business group in their chosen area of expertise. In the right circumstances, the SPAC funding mechanism can be an efficient and attractive route for all parties. SPAC fundraisings totalled over \$80bn in 2020. We see good opportunities for continued SPAC activity in 2021 on both sides of the Atlantic.

10

Competition in the sector will accelerate in the coming year and we expect to see some game changing moves in the sector. The traditional holding companies like WPP, Publicis, Omnicom, IPG, Havas and Dentsu will emphasise the value of creativity and leverage their strong media capabilities. The Consultancies will build on their data, digital and delivery capabilities and importantly make further advances in gaining credentials in managing global campaigns. Strong financial backing for the sector will see advances in Private Equity funded builds as will the use of SPACs and the further developments of the emerging funds such as Stagwell Group, S4 Capital and You&Mr Jones.



4

Deal
Statistics

Deal Statistics

2020 saw a significant decline in the deal volume for M&A in the technology, digital, media, and marketing sectors. With 1,091 transactions recorded in 2020, the sector experienced a 19% drop over 2019 levels, well below the average 1,241 deals per annum recorded over the last 5 years' period. This has largely been driven by the COVID-19 impact on buyer confidence and lack of visibility of future trading, subsequently impacting valuations and financing issues. This was compounded by the need to adjust to the "new normal" and significant changes in consumer behaviour.

Despite the business uncertainty caused by the coronavirus crisis, 2020 was a more eventful year for the M&A activity than may have been expected. Deal activity remained global throughout the year – with buyers acquiring targets from 84 different countries.

The total value of deals with disclosed values recorded in 2020 stood at \$83.7bn, approximately 40% lower than the value recorded in the previous year. \$27.7bn, or almost 33% of this total number, represents the value of the Salesforce acquisition of Slack, in a multi-billion-dollar mega-deal (defined as deals over \$10bn).

Excluding this mega-deal, the total disclosed deal value in 2020 was \$55.9bn, a 50% decline on 2019 levels. It should be noted that the true total value of deals will be significantly higher than the figures quoted above, as majority of the M&A transaction values do not get disclosed.

2020 also saw a decrease in the number of large transactions (defined as deals with a value of at least \$1bn). This number dropped to only 13 deals from 28 deals in 2019. One notable deal in this category was the acquisition of ticketing software StubHub by Viagogo, for \$4.1bn. The company, which was previously owned by eBay, will complement Viagogo's marketplace reaching fans in 70 countries.

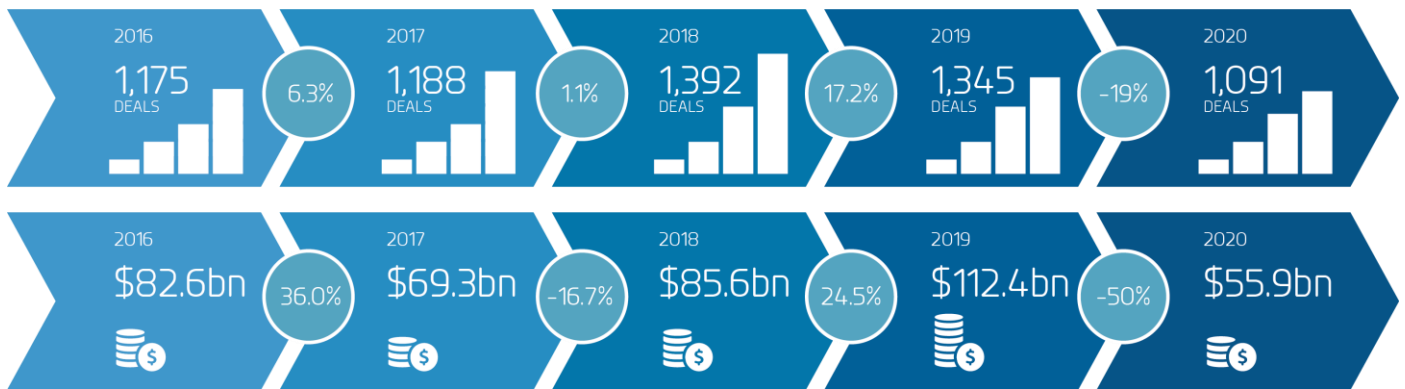


Figure 1. Annual deal volume and value, 2015 - 2020

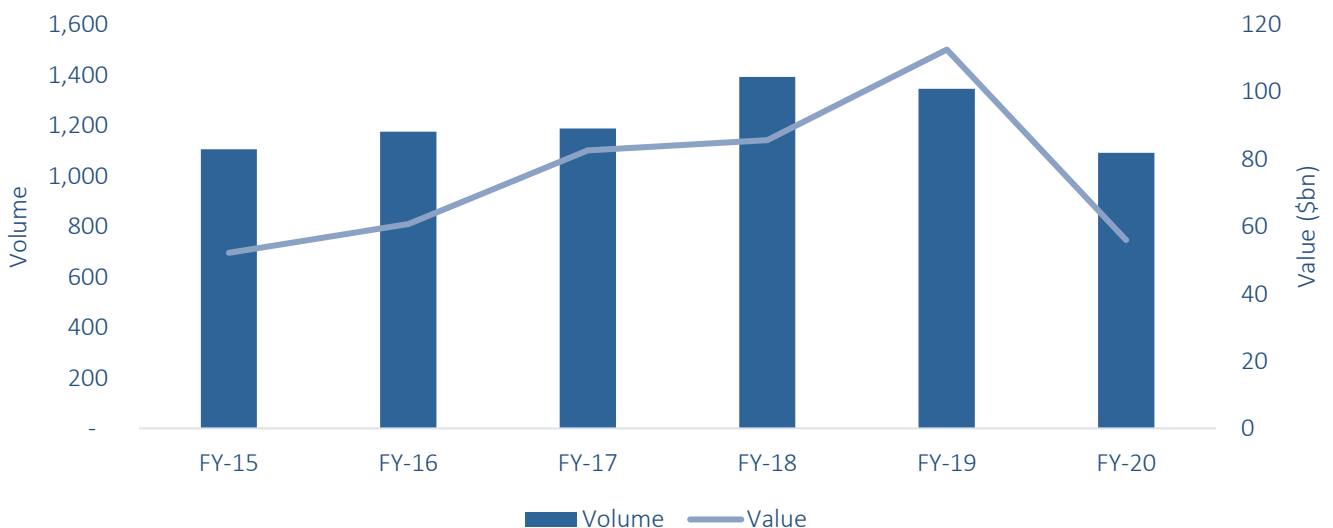
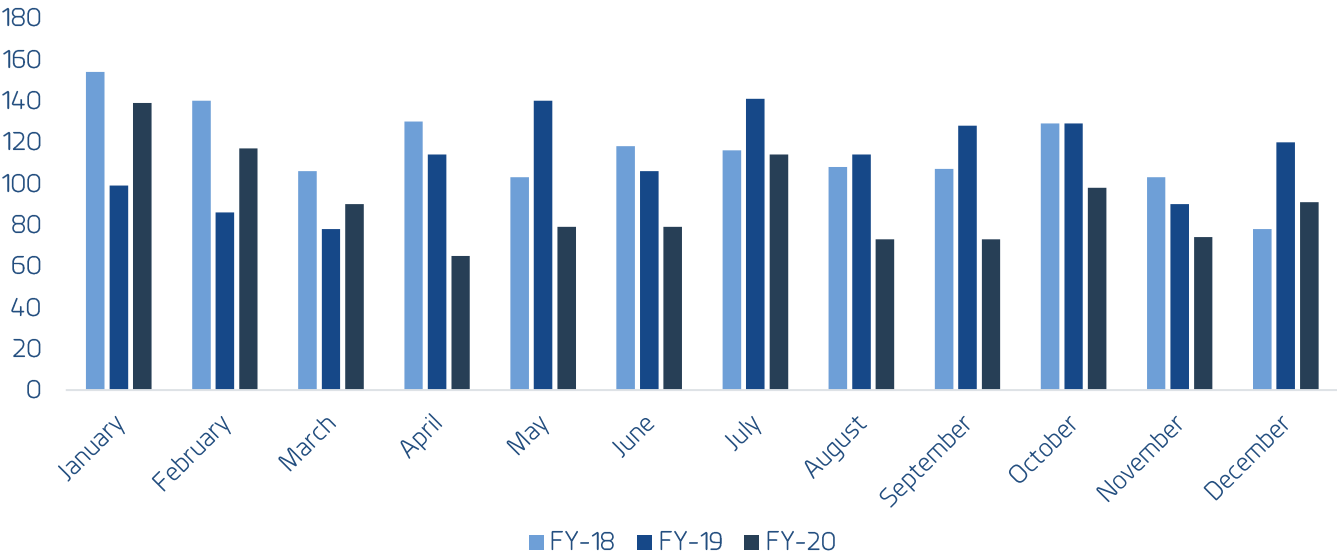


Figure 2. Monthly deal volume, 2018 - 2020

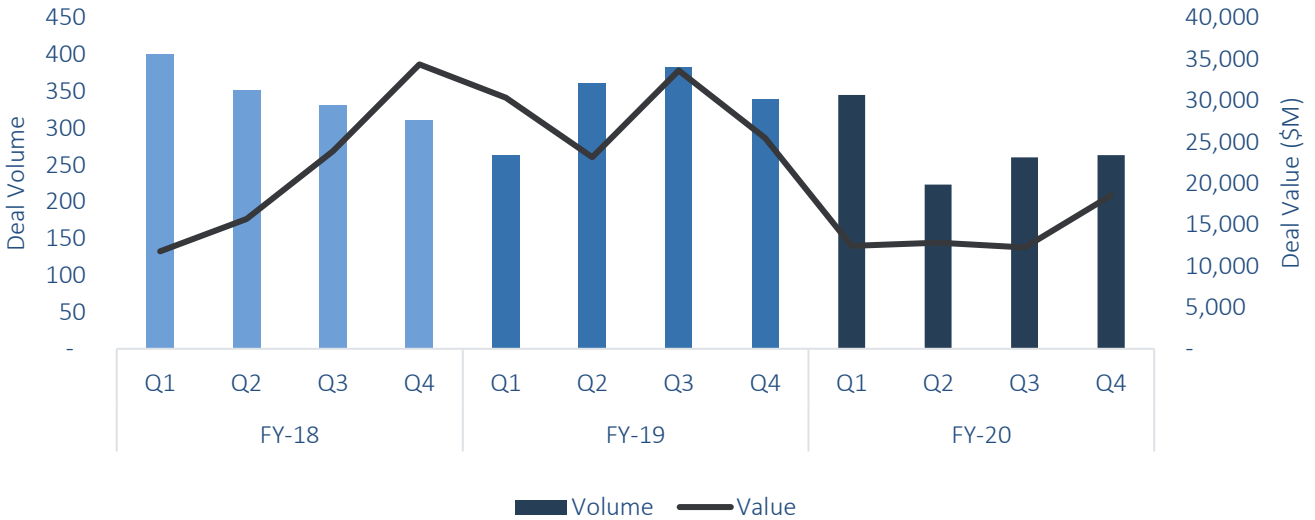


In terms of the deal volume, the year started off strongly - a total of 345 M&A transactions were recorded in Q1 2020 versus 263 in Q1 2019, representing a 31% increase in the M&A activity compared to the same period in 2019. This was mainly as a result of solid macroeconomic conditions, high equity prices and buoyant financing conditions, prior to the pandemic turmoil. However, the second half of Q1 2020 saw increasing concerns over the impact of the pandemic on business models and future earnings heightened. Without reliable financial projections, it is very hard to price a deal, doubts over valuations grew and corporates mainly focused on cash preservation. Some acquisitions and divestitures still completed, mostly between companies within the same sector and facing similar economic impacts. In some instances, the deals process was even accelerated to get ahead of further pandemic fallout.

The impact of COVID-19 became evident in Q2 2020, when we saw significant drops in deal volume in April and May (43% and 45% respectively, compared to the same period in the previous year). Some planned deals were either put on hold or cancelled outright, others were turned into long-term collaborations or supply arrangements.

During Q3 and Q4 2020, the market showed signs of bouncing back, but deal volumes remained significantly lower than the ones recorded in 2019. As the year came to an end, we saw a positive shift in economic sentiment on the market and expect that the companies that have showed resilience and performed well over the last several months will continue to grow and become more valuable.

Figure 3. Quarterly deal volume and value, 2018 - 2020

















Notable Deals

Only 13 acquisitions above the \$1bn threshold were announced in 2020, a significant decrease from the 28 announced in the previous year. There was one mega deal (deals with values over \$10bn) announced in the focus sector in 2020 - **Salesforce**, the number one provider of CRM software solutions and enterprise cloud computing globally, acquired **Slack**, in a \$27.7bn deal which enhances Salesforce enterprise software offering, at a time when digitalization and the ability to work remotely is key.

This transaction will create strong synergies for both organisations increasing agility and reducing complexity.

Last year, there were two notable deals - the acquisition of the MarTech platform Tableau Software, by Salesforce for \$15.9bn, and the acquisition of the international media conglomerate Viacom by CBS for \$11.2bn.

Figure 4. Notable deals in 2020

Bidder	Target	Month	Target description	Buyer description	Deal Value	EV/ Revenue	EV/ EBITDA
		Jan-20	Media communication technology and analytics company (USA)	Private Equity investment firm (USA)	\$2.7bn	1.9x	7.1x
		Feb-20	Ticketing software and solutions (USA; subsidiary of eBay)	Global entertainment ticketing platform (USA)	\$4.0bn	n.a.	n.a.
		May-20	Online betting games provider (Canada)	Global sports betting and gaming, provider (Ireland)	\$12.0bn	2.1x	7.0x
		Jun-20	Social video game developer (USA)	Mobile gaming company (Turkey)	\$1.8bn	n.a.	n.a.
 DE AGOSTINI		Jul-20	Production and distribution company (Netherlands)	Independent content creation group for television and multimedia platforms (France)	\$2.2bn	n.a.	n.a.
		Sep-20	Video game holding company (USA)	Multinational technology company (USA)	\$7.5bn	n.a.	n.a.
		Dec-20	Channel-based messaging platform (USA)	#1 customer relationship management provider (USA)	\$27.7bn	26.0x	n.a.

The steady interest from private equity buyers in the MarTech/digital experience software space has continued in 2020 as well, pushing Private Equity investments since 2016 over the \$118.9bn mark.

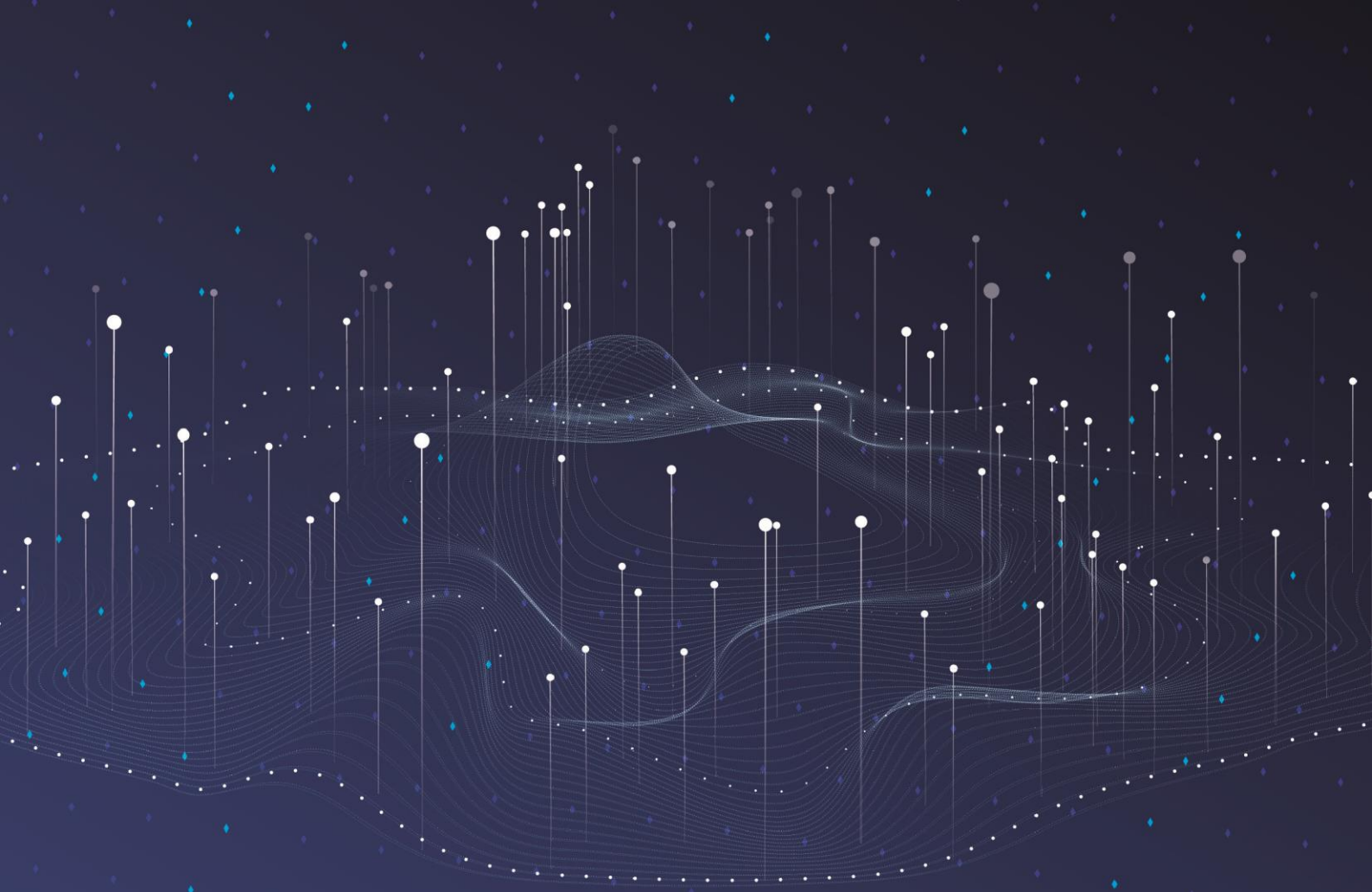
We saw **Dentsu** complete its purchase of the remaining 34% of Merkle in April, ahead of the original 2021 buyout date. Since being bought by Dentsu, originally a 66% stake in August 2016, Merkle has maintained its own growth agenda and acquirer brand.

However, as a major restructuring programme moves it closer to the integrated "One Dentsu" approach, it will be interesting to see how Merkle maintains its appeal as a home for independent agency leaders - especially in light of the recently announced Dentsu International restructuring.

The video-gaming industry saw some of the highest-value deals of 2020. One of the most significant deals was the acquisition of **The Stars Group** by **Flutter**, the company behind the well-known video gaming providers PaddyPower, Betfair, Sportsbet, TGV, FanDuel etc. The transaction will benefit the combined organisations' international presence, strengthening the company during this uncertain year.

Likewise, the acquisition of Turkey-based game developer **Peak**, which has launched several successful mobile games including Toon Blast and Toy Blast, by the San Francisco-based social games pioneer **Zynga**, supports the comeback of the latter, which went through a few turbulent years after its IPO in 2011.

Also, **Microsoft** acquired **ZeniMax Media** with its game publishing arm Bethesda Softworks, adding to its creative studio portfolio, Bethesda's successful cloud-gaming services, in light of the Peak in the gaming industry.



5

Buyer
Landscape

Most Active Buyers

In 2020, the list of Top 10 most active acquirers in terms of the number of their acquisitions in the focus sector, is dominated by Private Equity firms, and features a mix of consultancies, tech companies, holding networks and mid-market groups. With a combined 66 deals in total, the Top 10 Most Active Buyers in 2020 stand at just 6.3% of total transactions in the sector. Compared to the 84 acquisitions completed by the 2019 Top 10 buyers, this year's 66 deal count shows a 21% decline, amid the turbulent market conditions in 2020.

This decline also represents a flattening buyer activity. The number of deals per buyer in this list ranges from 5 to 12, and just three years ago this spread was between 4 and 24.

Accenture remains the most active buyer in the sector, despite a 25% year-on-year reduction in the number of transactions from 2019. The consultancy giant is renowned for its strong service offering, innovative business model and long-term relationship building. The acquisitions are a part of its strategy to acquire specific capabilities and skills to enhance innovation, transformation, cloud computing, data and AI expertise for their clients.

Only one of the Big Six global holding companies, Dentsu, features this year in the Top 10 most active buyers category, with its six completed deals – albeit this represents a 54% decline on its 2019 activity. The rest of the holding networks demonstrated a diminished appetite for acquisitions in 2020, apart from WPP, which completed four transactions, after only one acquisition in 2019. Interestingly, IPG completed its first acquisition since 2018.

Following the trend of the past few years, Private Equity firms feature even more prominently in the top most active buyers. Waterland, the Netherlands-based global private equity firm, emerged as the most active Private Equity buyer in the sector in 2020, with eight deals, up from only one deal in 2019. Seven of these acquisitions have formed part of building the Belgium-based Intracto digital agency group, in which Waterland invested in 2018. Other active PE buyers were USA-based Providence Equity with six deals, and Ardian and KKR with five acquisitions each. Private Equity houses proved their resilience once again, accounting for 37% of the deals in the sector.

Twitter and Cognizant are two of the most active technology buyers in 2020, with seven acquisitions each. Twitter's focus on the digital media and MarTech, and Cognizant's interest in data, analytics and strategy are reflective of tech giants' commitment to increase their business scope with future proof business segments and capabilities.

Among the most active mid-market groups, 2020 saw the re-emergence of the Japanese marketing and PR giant Hakuhodo, acquiring five companies in 2020, most of these acquisitions were driven by Hakuhodo's kyu, a collective of strategically curated creative organizations. Also, S4 Capital, the acquisition vehicle of Sir Martin Sorrell, made a few headlines in 2020, with its continued expansion plans, and five acquisitions announced. Currently, the group has over 1,800 employees in 23 countries, with plans to double in scale by 2021. In July 2020, Sorrell raised \$126m to fund further M&A and indicated plans to accelerate its deal-making activity as there is now less uncertainty over Brexit.

Figure 5. Most active buyers by deal volume in 2020

Company	2020	2019	2018
 accenture	12	16	15
 WATERLAND PRIVATE EQUITY INVESTMENTS	8	1	3
 Cognizant	7	0	4
	7	4	0
 dentsu	6	13	19
 PROVIDENCEEQUITY	6	1	6
 ARDIAN	5	0	0
 HakuhodoDY holdings	5	0	0
 KKR	5	10	2
	5	8	2

Buyer Landscape

MarTech/AdTech

Emerging Buyers

Facebook, Amazon, Criteo, NextRoll, Adform, Taboola, Captify, theTradeDesk, Xandr, Google

valtech., intracto, SOCIAL CHAIN, REPLY, Future, Fimalac, AVEDON, SQLI DIGITAL EXPERIENCE, W2O, Tencent 腾讯

Social Media & Influencer marketing

Twitter, Pinterest, ShareChat, LinkedIn, Instagram, Facebook, Twitch, YouTube, VIRAL NATION, TikTok

Media Owners & Publishing

VIACOMCBS, ASCENTIAL, meredith, Disney, NETFLIX, axel springer, zynga, VICE, BAUER MEDIA GROUP

Mid-Market Groups

SERVICEPLAN, INNOCEAN WORLDWIDE, NEXT15, S4 CAPITAL, YOU & MR JONES, DEPT, THE STAGWELLGROUP, Hakuhodo DY holdings, BlueFocus

Consultancies



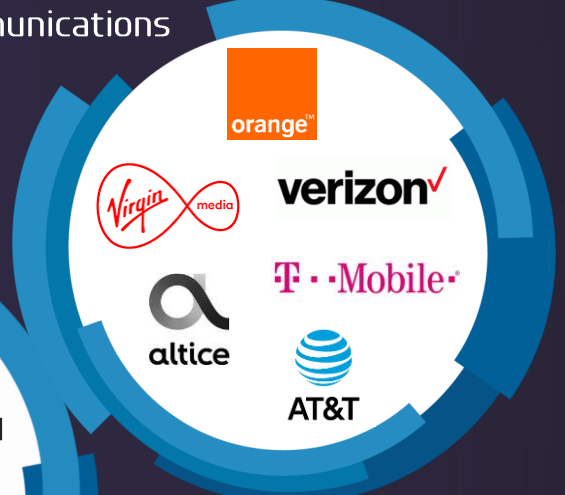
Private Equity



Asian Buyers



Telecommunications



Technology and IT services



Media agencies

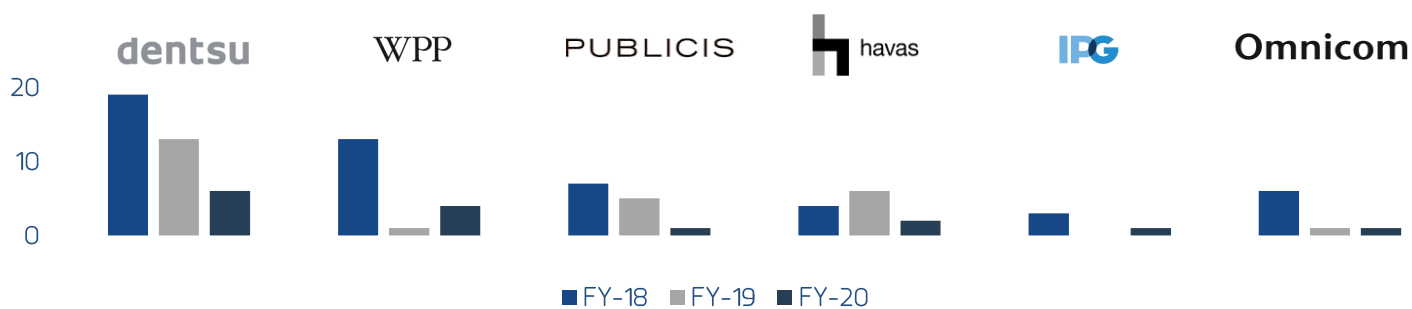


Holding networks



Global Holding Networks

Figure 6. Global holding networks' three-year deal volume 2018-2020



After sluggish activity in 2019 it was expected that the global holding networks would pick up the pace in 2020 but again their emphasis was on putting their houses in order in terms of restructuring, consolidation, and senior management changes across many of their network agencies – with continued announcements of a series of considered internal company mergers. With priorities elsewhere, not least repercussions from the COVID-19 pandemic, it was then unsurprising that only a total of 15 acquisitions were completed during the year, a marked decrease of 42% versus 2019.

There has been a dramatic decrease from the halcyon days of 2016 when 95 deals were completed by the Big Six holding networks representing 8% of all activity that year. Their acquisition strategy and direction has changed over the past four years with digital, data and technology overall playing a major part of their focus and needs as they continue to be able to future proof their businesses, capabilities, and offerings – and at scale across multiple geographies. The competitive set, notably from the Consultancies, has made that more challenging as they are no longer the first or natural choice for the would-be seller in the market within the overall Buyer landscape.

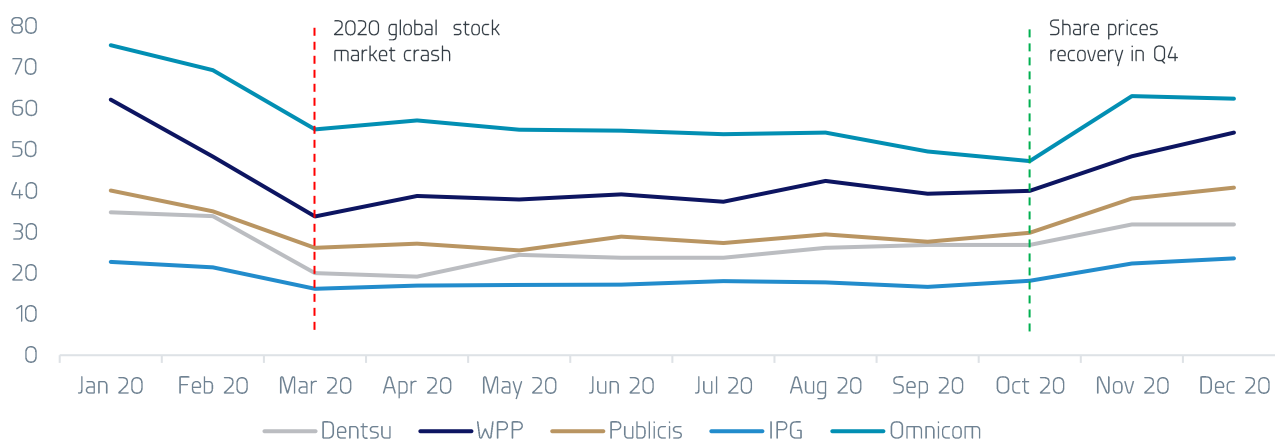
Dentsu was once again the most acquisitive, a mantle they have held for the past three years, with 6 transactions conducted via three of their operating companies – Merkle, Voyage Group and Cmer TV – across the USA and Japan markets. This was against

a back-drop of the announcement that that the current Dentsu Inc will shift to a "pure holding company structure" in January and its trade name will be changed to Dentsu Group Inc. A new in-house company, Dentsu Japan Network, will also be established to run the group's overall operations in Japan. In parallel, Dentsu Aegis Network will run international operations. In combination, Dentsu also announced plans to reduce agency brands from 160 to just 6 with MCGarrybowen the first to see impact from this restructuring.

WPP was back on the radar with four acquisitions across NZ, the USA and UK. WPP continued to review their multiple global agency network operations and following their previous mergers in forming new entities in VMLY&R and Wunderman Thompson, Finsbury Glover Hering, they surprised the industry further in November by merging AKQ with Grey, which was founded in 1917, to create what they have positioned as an "industry powerhouse" that fuses Grey's "creative storytelling" with AKQA's "world-class innovation". The new entity is to be called AKQA Group. Additionally, Mark Read reinforced his belief in the vibrant future of ecommerce business, further enhanced by aggressive online sales throughout the pandemic, by announcing the merger of Geometry into VMLY&R, to create VMLY&R Commerce.

Havas made two acquisitions, respectively in the UK and Australia, with Publicis, IPG and Omnicom each recording a single acquisition.













Figure 7. Global holding networks' share price movements during 2020* (\$)



*Havas is not included in the graph as it is not a publicly traded company.

Notable Deals By The Holding Networks

Figure 8. Select deals by the global holding networks

Bidder	Bidder Operating Company	Target	Target Description	Target HQ	HC
dentsu	 CARDINALPATH		Global digital analytics and marketing optimization consulting	USA	45
	 MERKLE.		Customer acknowledgment platform designed to increase revenues	USA	50
	 MERKLE.		Marketing automation and related digital marketing technologies	USA	50
	 MERKLE.		Ad campaigns, planning and execution of media strategies	USA	167
WPP	 WUNDERMAN THOMPSON		Software and services to manage, deliver, and optimise experiences	USA	60
	 groupm		Data science specialising modelling human behaviour	UK	15
havas		Dominion	Martech agency recognised for its Adobe Experience Manager development	New Zealand	n.a.
			Management consulting firm focused on implementing data-driven strategies	UK	58
IPG			Integrated media agency	Australia	18
			Internal communications and employee engagement agency	UK	40
Omnicom & Publicis Groupe			Boutique integrated media agency	Australia	n.a.
			Management consultancy with capabilities across strategy and design	Australia	65

Deal activity from the global Holding Networks once again reflected and reinforced their desire and need to build and scale further in key disciplines that are creating and driving critical platforms of engagement – most notably in digital, Ecommerce, data & analytics, and experiential – but also in creative and media communication.

Some highlights in 2020 included Dentsu acquiring Santa Clara based E-Nor, a pioneer in the Google Analytics platform, to further reinforce its market position following the acquisition of marketing analytics consulting arm Cardinal Path, in 2016. The combination sees services and capabilities on marketing analytics with advanced digital data capabilities and partnerships including Adobe, Google - including as a leading reseller of Google Analytics 360 - Salesforce, Tableau, Tealium, and others. With this acquisition the Dentsu network now claims to house the largest Google Analytics 360 reseller and services business in the world. Dentsu also acquired Albany, NY based 4Cite Marketing, a leading people-based identification, and data services technology company. 4Cite will come under the Merkle umbrella. Dentsu also acquired Digital Pi, Dallas-based, an agency focused on marketing automation consulting services in the B2B sector. Digital Pi will also join Merkle, their data-driven performance marketing agency, as an extension of its B2B business and an expansion of Merkle's omnichannel engagement solutions through Digital Pi's capabilities in marketing automation, campaign operations and Adobe Marketo. Dentsu also acquired Media Storm, with offices in New York City, Los Angeles, and Norwalk, Connecticut, one of the largest

independent data-driven audience planning and targeting agencies. The company will provide Merkle with expanded capabilities across key verticals having deep roots in the media and entertainment industries, helping networks, cable, apps, and theatrical companies grow ratings, subscriptions, box office, and brand awareness.

WPP through Wunderman Thompson acquired XumaK, Miami headquartered, a premier marketing technology consultancy and a recognised expert in implementing performance-driven commerce solutions. XumaK is a leading provider of Adobe Experience Manager (AEM) software and services, and manages, delivers, and optimises experiences across digital touchpoints to help brands digitally transform their businesses. WPP announced that GroupM acquired Sandtable, the London based data science company that specialises in behavioural analytics and advanced simulations - pioneering the use of simulations to understand human behaviour, explore future scenarios and support better strategic decision making. The acquisition aligns to WPP's strategy to deepen its technology offer by further strengthening its investment and innovation in data science.

Havas announced the acquisition of Cicero Group with offices in London, Brussels, and Dublin. Havas will integrate Cicero into AMO, Havas Group's global strategic advisory network, and will rebrand the company as Cicero/AMO. Cicero/AMO is a full-service communications and market research agency, specialising in corporate PR, public affairs, market research and digital communications.

Consultancies

Figure 9. Acquisitions¹ by most active consultancy firms in 2020

Acquirers	Targets
  	               

In recent years, there has been a consolidation between the global consulting firms – Accenture, Capgemini, Deloitte, PwC and EY – and creative firms. Boosting their capabilities with digital, data, technology and industry-specific marketing strategy, through 95 deals completed in total over 4 years, the top consultancies have produced unique, future-proof business models.

Data shows that there was a 30% decline in the 2020 M&A activity of the largest consulting firms. The uncertainty caused by the slowdown of global economies, temporarily paused many deal plans globally.

Despite the 2020 turbulent market, **Accenture** ranked again as the most active consultancy and buyer in the space. Its strength lies in long-term relationship building and the innovative nature of service offering. Accenture’s full 2020 M&A activity can be viewed in Figure 10 below.

Capgemini acquired **Purpose**, a USA-based social impact agency, with a global presence. The team of strategy, technology, creative and campaigning experts, will continue to operate independently, while adding significant value to Capgemini C-level consulting. Capgemini also acquired **Advectas**, a 200+ people Swedish data science and business intelligence company, which will increase Capgemini’s presence in the Nordics market. Further, its most recent acquisition of Australia-based **WhiteSky Labs**, one of the largest cloud-based independent consultancy firms, will enhance its public and private sector digital transformation expertise. The announcements came after a very low deal activity in 2019.

EY completed only one acquisition – digital design and customer experience agency **Doberman**. With a 100+ people team in Sweden and New York, Doberman shows strong capabilities in the product & services design, and business transformation space, which will become exceptional assets for EY in the Nordic region.

Figure 10. Accenture Acquisitions in 2020

Target Name	Description	HC	HQ	Buy-side driver
Mainiro	CX & customer management consultancy	160		Innovation & transformation
Icon Integration	Technology consultancy - SAP supply chain & BI solutions	70		Technology & SAP capabilities
VanBerlo	Strategy & creative award-winning agency offering	90		Physical products & digital services
AlphaBeta Advisors	Data & insights consultancy for businesses and governments	35		Analytics-based strategy
Mudano	Financial services-focused advanced data & ML agency	80		Financial sector data & analytics
Kates Kesler	Organisations design consultancy - technical & people	15		Organizational design solutions
Byte Prophecy	Advanced insights & big data analytics company	35		AI & digital analytics
Sentelis	Independent data & engineering consultancy	50		Industry specific - data & AI
N3	B2B sales company strong in AI & ML offering	2,200		B2B sales interactions
Yesler	B2B marketing automation, strategy & creativity	400		B2B marketing services
iTrigger	End-to-end digital marketing services	n/a		Cloud computing long-term scaling
Creative Drive	World class tech-driven production studio	700		Digital commerce enhancement

1. With regards to deals by consultancy companies, the report only tracks those transactions that are relevant and related to the technology enabled media & marketing sectors.

Technology Buyers

Figure 11. Acquisitions by most active technology firms in 2020

Acquirers	Targets
Cognizant	COLLABORATIVE SOLUTIONS, EI-TECHNOLOGIES, NEWSIGNATURE, {X} 10 th MAGNITUDE, tin roof, Lev., Bright Wolf
Twitter, ShareChat	CROSSINSTALL, Squad, Elanic, HPF
Tencent 腾讯	iflix, ilyon, EightPixelsSquare, HYPIXEL STUDIOS
Salesforce	slack, Vlocity, evergage, THE CMO CLUB, Mobify
Google	ShareChat, Pointy, AppSheet, actifio, dataform
Facebook	Kustomer, GIPHY, SANZARU

Global technology firms have been active buyers in the space for the last few years. In 2019 their focus was on data and content production-focused companies, whereas in 2020, unsurprisingly, we saw the shift to digital media, video gaming, cloud-based solutions and online marketplaces.

Cognizant, USA-based IT services giant, focused on four growth areas in its acquisition strategy in 2020: **IoT, Cloud, AI and Analytics and software product engineering**. With seven relevant acquisitions, the company was the most acquisitive tech firm in this space in 2020.

“ I believe we are in the early stages of digital and that COVID-19 has accelerated digital adoption. Digital creates an enormous opportunity for Cognizant, and we intend to capture this. We have complemented organic investments with a targeted M&A strategy focused 100% on digital. ”

- Brian Humphries, CEO of Cognizant

In February, Cognizant acquired EI-Technologies, France-based leading European Salesforce platform specialist and in March - Lev, a digital marketing consultancy that helps businesses modernize their marketing campaigns with data-driven insights.

On par with Cognizant, **Twitter** also acquired seven companies - three via Twitter and four via ShareChat, a Twitter-backed India-based social media platform. Twitter's M&A efforts showed focus on developing its capabilities in performance advertising (CrossInstall - 70-people mobile-only DSP (Demand-side platform) provider); its creative tools (Chroma Labs); and most recently, its interactive AV-communications capabilities, with the acquisition of Squad, an app that is considered a more "fun" alternative to Zoom. ShareChat has been benefiting from India's ban of Chinese apps, including the massively popular TikTok, and has focused its M&A efforts on bolstering its content (HPF Films), media (Circle Internet), peer-to-peer communication (Memer) and peer-to-peer ecommerce (Elanic) capabilities. There are rumours in the market that ShareChat is in talks to be acquired by Google.

Tencent Holdings, a Chinese multinational tech conglomerate and the world's largest games publisher, made six acquisitions in the videogaming space. Tencent also expressed that it will invest \$70bn in cloud computing, AI and cybersecurity over the next five years.

Salesforce, which has been one of tech's biggest acquirers in recent years, was active in the cloud space. Its largest deal of 2020 was the acquisition of Slack Technologies for \$27.7bn. The deal is the largest in the cloud software-as-a-service industry, even eclipsing Microsoft's \$26.2bn splurge on LinkedIn in 2016. Salesforce also made acquisitions in Commerce experiences space (Mobify), CDP (Evergage), media & publication (The CMO Club), and in June 2020 it acquired Vlocity, cloud and mobile software provider built natively on Salesforce platform, for \$1.38bn.

This year, we saw that once niche products and applications have become more popular and seen surging demand, leading to inflated stock prices on the public market and increased investment from venture firms on the private side.

For years, Google parent **Alphabet** was on a deal-making spree to grow through billions of dollars in startup acquisitions and investments through its VC arms. This year, with government antitrust regulators bearing down, the company's buying spree has slowed, with just five acquisitions completed in the areas of data, mobile app development and commerce. The recent government lawsuit claims that Google uses anticompetitive behaviour to preserve a monopoly for its search engine and suffocate the competition from smaller rivals.

Facebook is facing similar significant challenges to Alphabet, as the government is preparing antitrust suits against the company. Moreover, it is facing additional allegations over deals for Instagram and Whatsapp, that brought top social media companies globally under Facebook's control. Amongst Facebook's acquisitions were Giphy, a hugely popular moving-image app and Kustomer, an e-commerce app.

Some other notable deals of 2020 by tech acquirers were **SAP's** acquisition of Emarsys, an omnichannel customer engagement leader; **Wix.com's** acquisition of Websplanet, broadening Wix's SMB offering; and **Nielsen's** acquisition of Precima, an industry leading, SaaS-based provider of powerful retail and customer data applications and analytics.

Mid-market Buyers

Figure 12. Acquisitions by most active mid-market firms in 2020

Acquirers	Targets				
HakuhodoDY holdings	Godfrey Dadich.	DENIZEN	INFECTIOUS MEDIA	GROWWWW	agl
S4 CAPITAL	digodat	ORCAPACIFIC	brightblue	DARE · WIN	ORCA
THE STAGWELLGROUP	SLOANE & COMPANY	//HEADLINERLABS	seward square		
DEPT		S/H	Basic		
NEXT15	nectar COMMUNICATIONS	future thinking	THECRAFT		
YOU & MR JONES	collectively				
SERVICEPLAN	mediaxplain*	Pereira O'Dell			

Data, platforms, digital experiences, advanced analytics, and speed are now the global foundations for modern marketing. This has driven advertisers to rethink their operating models, approach to tech, and role within the marketing value chain. In turn, they have turned to a new breed of marketing services firms that go beyond traditional media approaches to offer deep expertise on technology best practices, in-house team design and technical implementation, advanced measurement, and privacy. This trend only accelerated as COVID-19 made brands even more reliant on e-commerce and data-driven marketing. The companies that were in a position to ride this wave have grown in 2020 while less technologically advanced groups declined.

Hakuhodo was the most active acquirer among the mid-market buyers category, with five majority and one minority acquisition completed in 2020. Its first acquisition in 2020 was its first M&A deal in India – Adglobal360, the fastest growing MarTech Company (ranked by Deloitte, 2019). The acquisition was quickly followed by another one in APAC – Growwww Media Co, a Taiwanese agency group.

Hakuhodo’s kyu collective was responsible for the rest of the acquisitions, including a US communications firm Gofrey Dadich Partners; and later kyu’s Canadian subsidiary Sid Lee acquired the LA-based social media agency Denizen. In December 2020, kyu’s Kepler acquired Infectious Media, a leading digital media specialist with offices in London and Singapore. Together, the group will have nearly 400 people globally. Hakuhodo also acquired a minority 25% stake in another UK-based company - a digital transformation consultancy Public Digital, with the option to increase to a majority interest in the future.

S4 also completed five acquisitions in 2020. In the first half of the year, S4 acquired a Mexico-based digital marketing agency Circus Marketing and the Argentina-based Digodat, a data & analytics consultant (bolt-on to MightyHive). In July, S4 raised an additional \$100m to explore larger deals. Its following acquisitions were “bolt-on”s to its existing portfolio companies – MightyHive and Mediamonks. These included a 25-people Lens10 Pty, an Australian digital strategy and analytics consultancy; Orca Pacific, a 40-people USA-based Amazon specialist agency, and BrightBlue Consulting, a 25-people UK-based provider of data analytics and measurement consultancy services. All three of the above were merged with MightyHive. S4’s latest acquisition – a 80-people France-based digital creative agency Dare.Win, will be merged with Mediamonks, expanding its presence in France, Europe’s third largest advertising market.

All of Bauer Media’s acquisitions were in the media and publishing space, across Australia, Germany and the UK.

The Stagwell Group made three acquisitions via its subsidiary firm. ForwardsPMX, Stagwell’s performance marketing agency, acquired Headliner Labs, an ecommerce start-up; and SKDKnickerbocker, Stagwell’s public affairs and consulting firm, acquired Sloane & Company and Seward Square (both companies specializing in politics-related public affairs). In December 2020, it was announced that Stagwell and MDC merged, providing integrated solutions that include creativity, communications, scaled media, data and insights capabilities, technology development, innovation and digital transformation.

Carlyle Group-backed Dept continued building its digital capabilities with the acquisition of Hinderling Volkart, a leading Swiss digital agency (60 people), Sorthvid, a Copenhagen-based strategic digital design agency (100 people), and most recently the company’s first acquisition in the USA – a San Diego-based branding and digital design agency BASIC (120 people).




















Next15 also finished the year with three acquisitions - Nectar Communications, Craft Consulting and Future Thinking Group (via its data & insights group Savanta).

Brandtech firm You & Mr Jones raised a \$200 million funding round in late 2019, giving it a valuation of \$1.3 billion. Its revenues rose 27% in organic terms in the first half of 2020 as COVID-19 increased the need for brands to accelerate their digital transformation. In August, it acquired Collectively, a USA-based influencer marketing company, that it will combine with Amplify, with an aim of building “the world’s number-one genuinely global influencer capability”. You & Mr Jones also continued to focus on AI technology by announcing \$4m investment in the AI Foundation and in a IoT company Evrythng.

Throughout the last financial year, ending on 30 June 2020, the Serviceplan Group, Europe’s largest independent agency group, has maintained market stability despite the unprecedented COVID-19 pandemic. At €448m, global agency fees saw an increase on those of the previous year. In July, Serviceplan acquired one of the Netherlands’ leading media and digital marketing agencies – Mediaplain, that is now the foundation of the Netherlands House of Communications. Later in the year, Serviceplan acquired a shareholding in the San Francisco- and New York-based Pereira O’Dell, a highly regarded digital creative agency, bolstering significantly the group’s creative capability in its USA House of Communications.

Emerging Buyers

Figure 13. Acquisitions by most active emerging buyers in 2020

Acquirers	Targets
   	      
	  
	  
	 

Emerging buyers, defined in this report, are either newly created companies or individuals seeking to disrupt the market and gain market share, entities that are showing increased M&A appetite for this space, or companies from other industries, looking to enhance their current offering through expansion into these sectors.

Waterland-backed **Intracto** had a very active year in terms of M&A activity, with seven deals completed and over 670 people joining the group through these acquisitions. Today, Intracto is over 1,300 people-strong and has a total turnover of €170m. Intracto’s goal is to become a technology-driven service agency that can serve customers end-to-end. Its acquisitions in 2020 included Booming (25 people, NL), One Shoe (45 people, NL), iValue (25 people, BE), Bake & Company (12 people, BE), Burst (50 people, NL) and two of its largest acquisitions of the year – ISAAC, Dutch digital agency with 110 specialists, and We are you, the Netherlands-based agency group with over 400 people.

At the start of the year, the Manchester-based group **Social Chain** outlined its “acquisition offensive” with an “aggressive scaling” of its international growth. Right at the beginning of the year, Social Chain took a majority stake in **conteam**, one of Germany’s largest owner-operated digital marketing agencies, and **drtv.agency**, a performance-based TV ad agency. In May 2020, the group made its biggest acquisition to date, acquiring 51% in a 40-people **A4D** with an annual turnover in excess of \$35m. A4D is a Southern California-based digital performance marketing agency. The goal of the management is to grow via acquisitions to over \$300m in revenue.

W2O, a San Francisco based Ardian-backed data-driven marketing group, with a focus on health and wellness, has also been showing strong appetite for deal making since its backing from New Mountain Capital. At the start of the year, W2O acquired a Sweden-based healthcare advertising and medical education firm **21 Grams**, and later, a healthcare industry-focused social media analytics platform **Symplur**. Its most recent acquisition was in the influencer space – **Starpower**. Starpower is a 40-people strong influencer marketing agency that has carved itself a niche in the healthcare space.

Fimalac was highlighted as an emerging buyer in 2019 report and in 2020 it has continued its activity with two bolt-on acquisitions for **Jellyfish – Reamp** and **San Pancho**, Latin American digital media companies, further expanding its presence in the region.

Horizon Capital-backed global marketing and customer analytics consultancy **Strat7**, that was formed in 2019 through the merger of **ResearchBods**, **Bonamy Finch** and **LiFE**, acquired a London-based cultural insights and strategy firm **Crowd DNA**. The acquisition will further strengthen **STRAT7**’s ability to accelerate customer-centric growth and transformation for global brands.

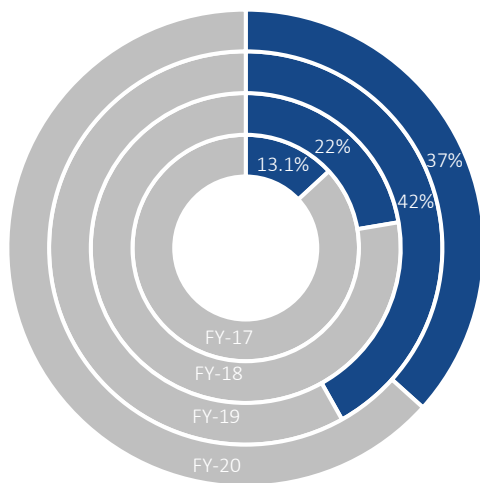
SQLI, a France-based digital experience agency group, has been demonstrating appetite for growth through acquisitions after several “quiet” years. In March 2020, SLI acquired 60% of the UK-based **Redbox Digital**, a digital commerce and design consultancy and one of the top Magento partners globally. The acquisition will see the company become part of the **SQLI Commerce and Experience** centre’s digital agency network. The centre features more than 600 experts in 11 European countries.

Valtech, a global digital agency focused on business transformation, acquired **Headways Media**, a 120-people Mexico-based digital agency. By acquiring **Headways Media**, Valtech strengthens its Digital Marketing Services capability in LatAm, a service area that is seeing growth across industries seeking to personalize brand experiences and drive conversion in all digital channels.

A European information technology consultancy and services company, **Sopra Steria**, has experienced a challenging few years in the UK and looked to invest in a rapidly expanding element of the consulting market: design services. As clients turn to consultants to provide holistic design and consulting services, Sopra Steria has acquired experience design consultancy **cxpartners**. Based in London and Bristol, **cxpartners** employs over 50 designers and is renowned for delivering award winning customer centric solutions for both the public and private sectors.

Private Equity

Figure 14. Percentage of deals by PE buyers 2017-2020



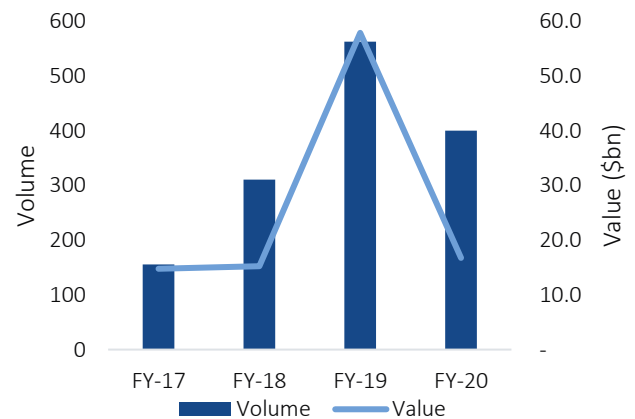
In the context of a year in which our technology, digital, media and marketing sectors showed a significant overall reduction in global deal volumes compared to 2019, it is not surprising that the number of private equity deals in this universe declined by 29%. However private equity investors collectively proved resilient in these sectors, representing 37% of all buyers in 2020 compared to 42% in 2019. Notably that is still much higher than the levels of 13% in 2017 and 22% in 2018, and demonstrates the attractiveness to financial backers of technology-driven business models in the digital world.

Whilst deal values are often not disclosed in PE transactions, our research suggests that the value of PE funded deals in this arena declined by around 70% in 2020, a dramatic reduction and of course directly attributable to the pandemic environment.

The value and volume numbers therefore indicate that a greater number of smaller deals were done by PE funds. Notably no deals of over \$4bn value occurred in 2020 compared to 2 or 3 in each of the preceding years. The focus was primarily on bolstering existing portfolio companies and far away from seeking new blockbuster investments. Having said that it is well recognised that in the 2008 and 2009 financial crisis, PE funds made some of their best subsequent returns from continuing to invest in that period. This is likely to prove the same again for 2020 and 2021.

We estimate the total value of PE backed deals in our universe in 2020 to be \$17bn. Whilst that compares negatively to \$57bn the year before, it is comfortably ahead of the figures for 2016, 2017 and 2018. The 2019 number is the outlier due to a number of mega deals. The digital economy remains one of the most vibrant across the waterfront with significant opportunities for value creation.

Figure 15. PE deals volume and value 2017-2020



In our view, the key factors that shaped 2020 for PE funds in a globally locked down environment are:

- Initial requirement to focus investment on existing portfolio companies' operating activities. This mirrored quoted markets where in the first half of the year there was a huge volume of funds raised for established listed businesses to secure their balance sheets.
- A general move then to a focus on backing M&A activity for existing portfolio companies to strengthen market positions and future-proof the businesses. Inevitably follow-on funding points to relatively smaller deals than new investments, but nevertheless a healthy volume of deals.
- A reduction in pure cross border M&A due to travel restrictions and a greater focus on local opportunities – again pointing to more modest deal sizes.
- A major drive to online activities for consumers, businesses and governments spurred by the physical restrictions of COVID-19, providing a raft of value creation opportunities in the technology, digital, media and marketing sectors.
- All businesses needing to increase efficiencies and seek cost effective modes of operation, in the light of external pressures on revenue growth, meaning that companies providing information monitoring and analysis, data analytics, CRM and digital media solutions represent very attractive investment areas for PE.
- A scarcity of investable companies coming forward, preferring to wait for a better economic environment, meaning that fewer investment opportunities have been available – conversely a sellers' market for those companies that did come forward.

Notable Private Equity Deals

The continued high level of participation of PE in 2020 is not surprising given that 2019 was a record year for fund raising by private equity funds globally, which collectively entered 2020 with unspent firepower of \$1.45tn, an all-time high. So there is plenty of funding available for the right opportunities as we move into 2021.

The most popular sub-sectors for PE investment in 2020 were Digital Media, MarTech, Data Analytics and Digital Agencies – together representing 55% of inward investment across over 200 deals. The business models in these sub-sectors comprise activities such as systems for data collection, data management, analysis including predictive analysis; technology platforms for managing marketing processes including AdTech platforms for programmatic buying and selling of advertising; online media market places and social media digital strategies. The key features of these business models are recurring revenues, client retention, regular cash flows and scalability – all core factors for PE investment.

Transactions took place in 34 countries, the same as 2019, measured by location of the target company. The USA represented 50% of transactions, the UK 12% and mainland Europe collectively 23%. This shows a marginal shift from 2019 where the figures were respectively 55%, 15% and 19%. Our data shows 200 deals in the USA compared to 300 in 2019.







Notable PE transactions in 2020 include a \$2.74bn deal in January, when Platinum Equity funded the buyout of Cision from public shareholders on the New York Stock Exchange. Platinum Equity intends to fund the expansion of the company globally including new product development. Cision is a global provider of earned media software to public relations and marketing communications businesses. Its software allows users to identify key influencers, craft and distribute strategic content, and through data analytics, measure meaningful impact. The group has over 4,800 employees with offices in 24 countries throughout the Americas, EMEA, and APAC.

Platinum Equity specialises in mergers, acquisitions and operations – acquiring and operating companies in a broad range of business markets, including media and entertainment, technology, telecommunications and other industries. Founded in 1995 by serial investment entrepreneur Tom Gores, Platinum Equity is a USA headquartered, global investment firm with more than \$19bn of assets under management and a portfolio of approximately 40 operating companies that serve customers around the world. The firm is currently investing from Platinum Equity Capital Partners V, a \$10 billion global buyout fund, and Platinum Equity Small Cap Fund, a \$1.5 billion buyout fund focused on investment opportunities in the lower middle market. Over the past 25 years Platinum Equity has completed more than 250 acquisitions.

In May 2020, USA based private equity firm Clayton, Dubilier & Rice completed the take-private of **Huntsworth** off the London Stock Exchange in a deal valuing the group at \$737m. Huntsworth is primarily a provider of specialty services that help pharmaceutical and biotech companies commercialise new therapies and support the life cycle of drug innovation. The group's range of activities include Medical Affairs, Market Access, and Marketing services to clients comprising mainly pharmaceutical and biotechnology companies in the U.S. and Europe. Over the last 10 years, the business has transformed from a traditional communications agency, with its health division now accounting for 85% of profits.

The buyer CD&R has significant operating experience in healthcare, as well as specific expertise with similar channels and hybrid healthcare business models. It intends to support Huntworth's growth both organically and by acquisition, on a global scale, in a sector that is seen as both high growth and defensive.

Figure 16. Notable PE deals in 2020

Bidder	Country	Target	Country	Deal value	Target description
	USA		USA	\$4.0bn	Ticketing software and solutions
	USA		USA	\$2.7bn	Media communication technology and analytics
 	Netherlands		France	\$2.2bn	Multi-platform entertainment production and distribution house
	UK		USA	\$737m	Healthcare communication and PR
 	USA		Germany	\$500m	Interactive livestreaming solutions provider

Buyer Spotlight:

PROVIDENCE EQUITY

Providence Equity is a leading global investment firm based in the USA, with over \$49bn in aggregate capital commitments. It stood out as the most active private equity buyer in direct transactions in 2020. M&A activity in our analysis of the technology, digital, media, and marketing sectors. The firm operates a sector-focused approach to private equity investing with the vision 'that a dedicated team of industry experts can build exceptional companies of enduring value'. Since the firm's inception in 1989, Providence has invested in more than 200 companies and has a strong focus on the media, communications, education and information industries. Providence is headquartered in Boston, MA, with offices in London, Kansas City and New York. Here are a sample of deals.

GrowTix - Providence Equity-backed Patron Technology, a software development company, in its acquisition of the Salt Lake City-based ticketing and registration company, GrowTix.

The company was acquired for an undisclosed amount and will serve Patron Technology's purpose to

“strengthen the fan experience, enhance ticket sales, and streamline operations for convention and fandom event organisers around the world.”
- Marc Jenkins, Patron Technology CEO

250ok - The firm reached a binding deal to be acquired by Validity Software, through the financial sponsorship of Providence Equity and Silversmith Capital in February 2020. Acquiring 250ok, a developer of email management software that tracks all of the signals critical to an email program and helps customers to gather advanced insights into email deliverability, sender reputation, fraud protection and consumer engagement - broadens Validity Software's optimisation capabilities across the global ecosystem of email service providers.

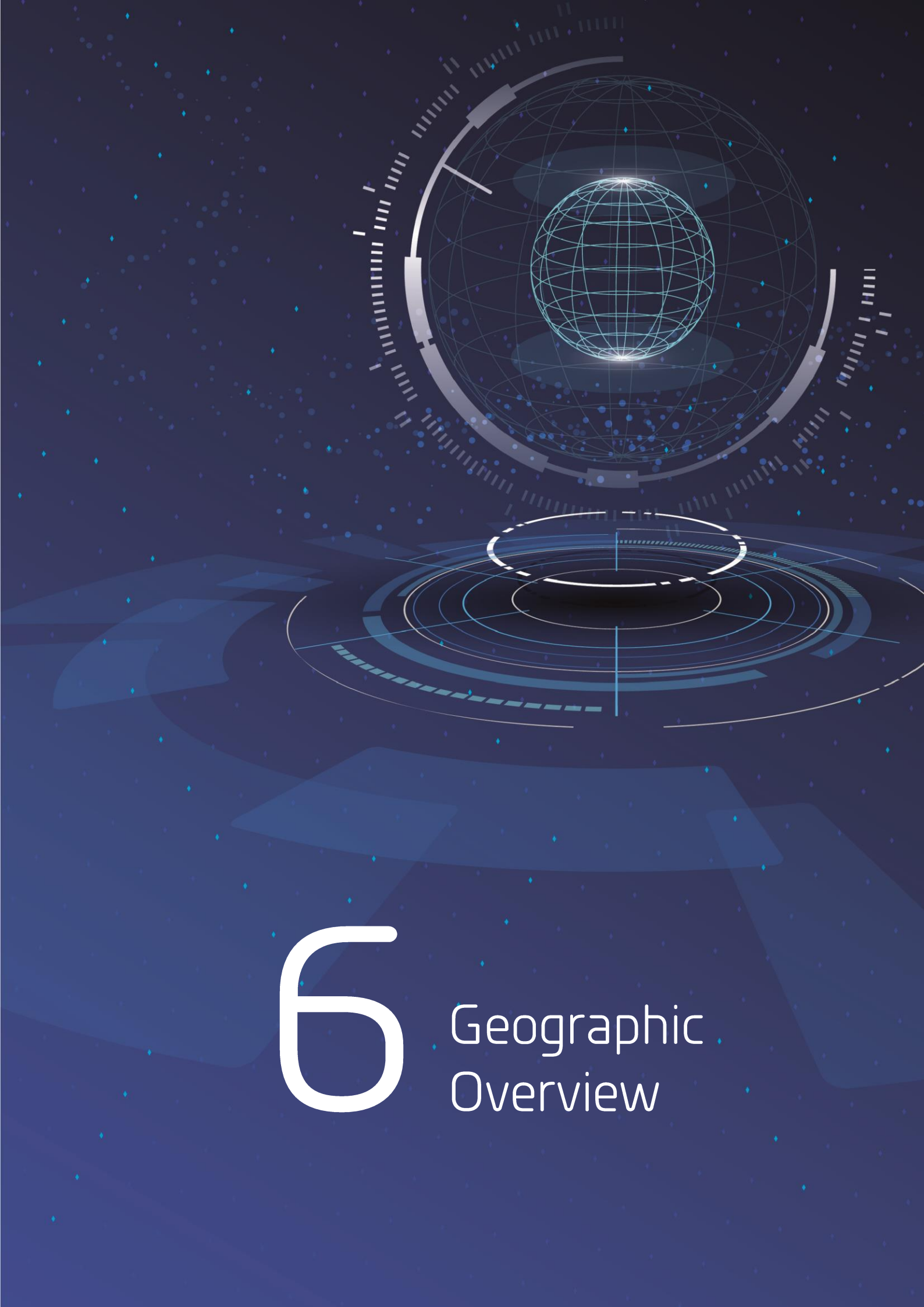
“Customer data is the lifeblood of any business, and Validity's unique approach of aggressively pulling together the leading solutions in the market was something we simply had to be part of. We look forward to partnering with Mark and the leadership team to accelerate the company's vision and growth.”
- Tom Reardon, Managing Director, Providence Strategic Growth

Assembly/ Refersion - Providence Equity invested in Assembly, the E-commerce service provider in May 2020 to enable its rapid growth organically and by acquisition, including the purchase of Refersion. Assembly is focused on acquiring and building industry-leading software and services that empower e-commerce merchants to more effectively run their businesses. Refersion software integrates e-commerce platform, helps in tracking the digital sale of affiliate referrals, view clicks and conversions in real-time, generate performance reports as well as manage, track and grow channels and advertisements, enabling clients to track sales driven by promoters, influencers and affiliates to generate revenues.

“Our goal is to provide best-in-class software so merchants can focus on what they do best: creating great products.”
- Sandeep Kella, co-founder and CEO of Assembly

Activate (New York) - In August 2020, Activate, a provider of an influencer marketing technology platform for brands and influencers and a subsidiary of 'Bloglovin' was acquired by Impact Tech, funded by the investment of Providence Equity and Silversmith Capital, for an undisclosed amount. The business comprises an end-to-end platform for influencer discovery, campaign management including collaborations across all major social platforms and reporting, and an opt-in network of over 175,000 qualified and verified influencers. Impact Tech projects that the influencer market will grow exponentially, and the acquisition enables an increase in opportunity to work with over a thousand of the largest and fastest growing brands around the world.

“While many in our industry focus mostly on servicing traditional coupon and loyalty partnerships, Impact is serving the demand of our clients looking for growth from all partnership types.”
- David A. Yovanno, Chief Executive.



6

Geographic Overview

Geographic Overview

The USA and the UK were once again the most active M&A markets in 2020, with 505 and 143 deals respectively, followed by France, Germany, Canada and Netherlands. All these countries combined represent 76% of the global deal flow.

After a volatile 2019, which saw the USA-China trade war, uncertainty concerning UK elections and Brexit deal negotiations, 2020 started on a high note with stock indices reaching their all-time highs, economic growth on a track of 3.3%, and higher global asset prices as a result of loose monetary policies. Deal activity followed with an increase of 31% in the first quarter. Soon after, the entire world would face the COVID-19 pandemic, an unprecedented geopolitical threat, which halted the M&A activity worldwide, caused stock markets to suffer their lowest drops in history and oil prices to crash, becoming negative for the first time.

USA

USA recorded the highest number of transactions, with 46% of the worldwide transactions involving a USA-based target, despite a 19% decline in transaction volume from 2019. Also, USA-based acquisitions consisted of 70% of the global deal value in 2020. 81% of the transactions involved a domestic bidder, similar to 2019.

One of the highlight deals in the USA was ViacomCBS' \$2.1bn sale of its **Simon & Schuster** subsidiary to the German media group **Bertelsmann** through its Penguin Random House division. Partnering with the third largest publisher in the USA, home to Dan Brown, Hillary Clinton and Stephen King, was another step towards Bertelsmann's consolidation plans.

Also, **Facebook** announced the acquisition of the customer services start-up **Kustomer** for \$1bn, which will serve its strategic plans to double the B2B customer service offering. Other notable deals include the \$27.7bn sale of the SaaS platform **Slack** to **Salesforce**, the \$650m acquisition of premium hospitality company **On Location Experiences** by **Fidelity International's** portfolio company **Endeavor**, as well as the purchase of the 3D gaming developer **Saber Interactive** by **Embracer Group**, which has been one of the top active buyers of 2020.

UK

UK saw a 36% year-on-year drop in its deal activity, recording 81 less deals than the previous year. The uncertainty triggered by the pandemic, and the scepticism around the hard Brexit possibility, resulted in corporate development plans being put off - our data shows a 11.5% decline in the number of cross-border deals from 2019.

Huntsworth, a 1500+ people leading PR & Communications firm for the pharmaceutical and biotech companies, was recently acquired by **Clayton, Dubilier & Rice (CD&R)**, through a \$737m LBO. CD&R will benefit from Huntworth's attractive markets, which indicate long-term growth potential. Likewise, the health advisory firm **Cello Health** was sold to **Arsenal Capital Partners**, a PE house focused on healthcare investments for \$238m. The acquisition will complement the capabilities of their portfolio company **Pharma Value Demonstration**.

Further significant deals include the \$956m acquisition of the video game developer **Codemasters** by **Take-Two Interactive Software** and the \$174m sale of the publishing company **TI Media** to **Future Media**.

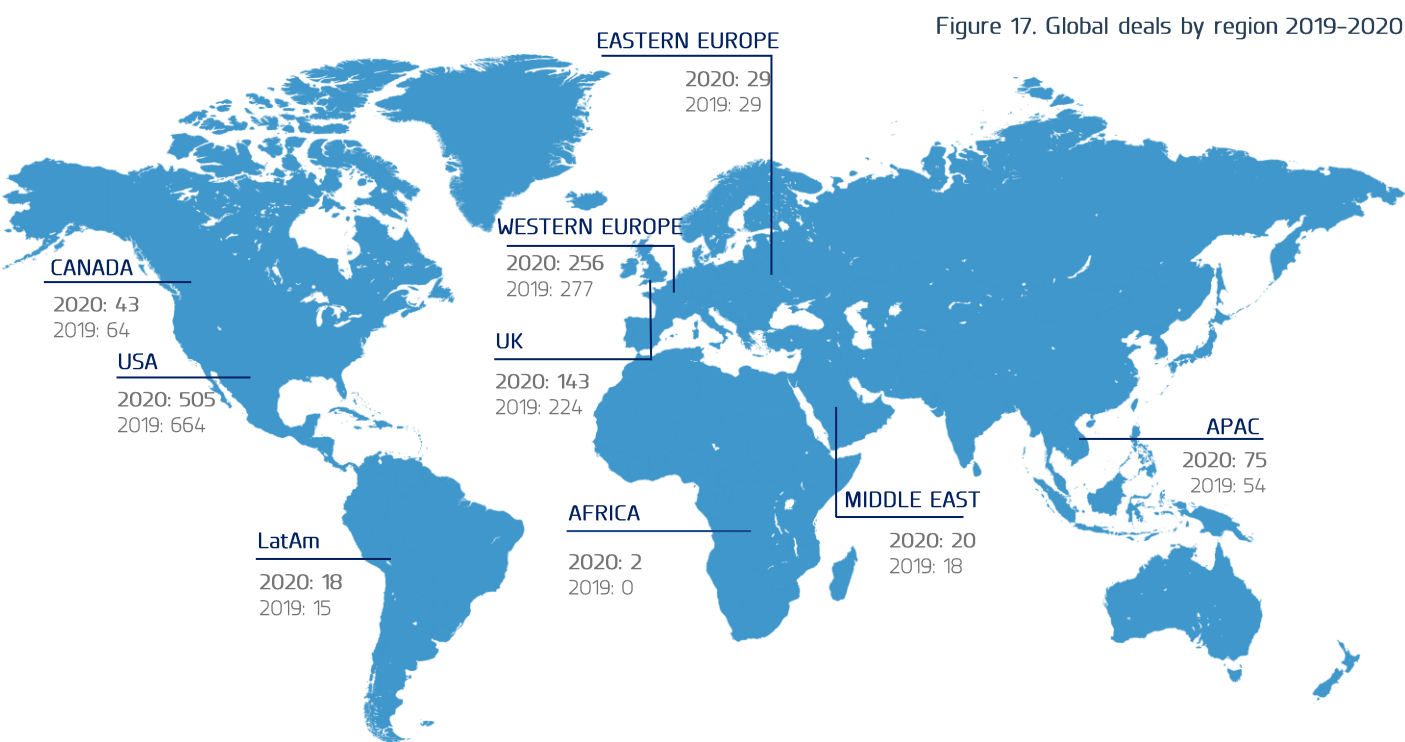


Figure 17. Global deals by region 2019-2020

Figure 18. Global deal volume by region 2020

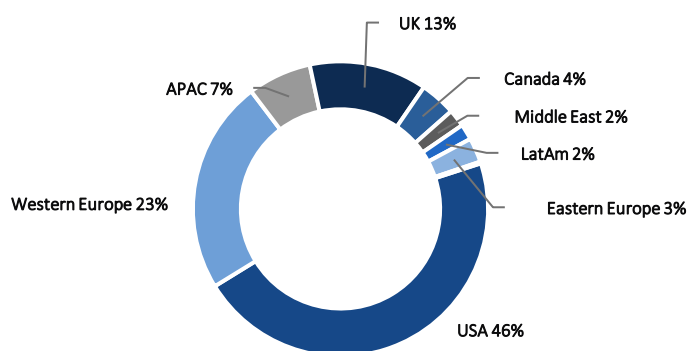
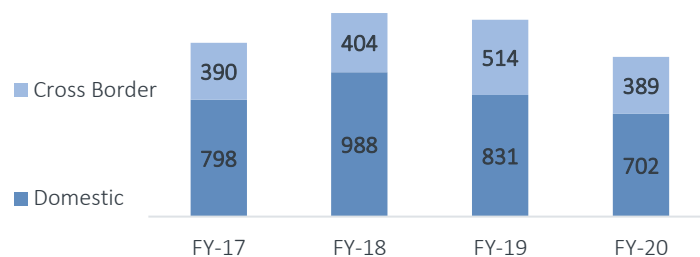


Figure 19. Domestic vs Cross Border - Deal Volume



Western Europe

Western European Countries experienced a slight **year-on-year decline of 8%**, with France leading the deal flow, followed by Germany and Netherlands with 54, 51 and 33 deals respectively, representing 54% of the regional activity. A remarkable transaction was the acquisition of the audio-visual content specialist, **Lagardère Studios** by the French media conglomerate **Mediawan** for \$112m. The transaction will allow Lagardère to focus entirely on its publishing and travel retail divisions. In Germany, the Frankfurt-based 60-people game developer **Deck13**.

Interactive, which has developed more than 20 successful games, was sold for \$7.9m to **Focus Home Interactive**, a transaction which will strengthen Focus Home Interactive's business model. Likewise, the Dutch cloud-based digital conversation platform **CX Company** was acquired by **CM.com**, serving their goal to become a one-stop-shop for Conversational Commerce.

APAC

APAC was the **region with the highest growth – 39%** from the previous year, driven by China, which announced 18 transactions from only 2 in 2019. Highly acclaimed deals include **Baidu's** \$3.6bn acquisition of the live streaming platform **JOYY**, which will mark its entrance in the digital streaming market, as well as **Tencent Holdings'** acquisition of the digital marketing agency **Bitauto Holdings** for \$1.1bn. Another interesting deal was the \$287m LBO of the Australia-based outdoor media company **QMS Media** by **Quadrant Private Equity**. In India, we saw **Alphabet** entering discussions to acquire **ShareChat**, a social media application designed for vernacular audiences for \$1bn.

Canada

Canada recorded a **33% year-on-year drop** in its transactions volume. In May, **Flutter Entertainment** purchased **Stars Group**, a mobile gaming company for \$1bn, expecting to leverage Stars Groups' insights of the Canadian market. Again, the game developer studio **Phoenix Labs** was acquired by **Gare**, the game division of **Sea** for \$150m, grasping their synergies of producing successful games.

Eastern Europe

The deal **activity remained flat** in the Eastern European region. Highlight deals include the MBO of **Bauer Media Group (Russian Division)** and, the acquisition of the optimization and analytics platform **K50** by **Yandex**.

LatAm

The Latin America deal activity indicated a **20% increase** from 2019, with 83% of the transactions concentrated in Brazil and Mexico. In Brazil, **H.I.G Capital** acquired **Elemidia**, to complement their existing portfolio company **Elektromidia**. Likewise, **Jellyfish** acquired programmatic marketing leader **Reap**, in Brazil and digital marketing & analytics agency **San Pancho in Mexico**, expanding further in the Latin America market.

Middle East

In the Middle East we noted a slight **increase of 11%** in the last 12 months - 11 out of 20 deals being announced in Israel. **Ilyon Games**, an Israel-based mobile gaming developer was sold to **Miniclip**, a subsidiary of **Tencent Holdings** for \$100m, as part of a series of acquisitions Miniclip has announced in the past year. Also, **Imgn**, a platform which builds and tracks social media content was acquired for \$85m by Access Industries-owned **Warner Music Group**, which has a track record of buying start-ups for its strategic purposes.

Africa

Only 2 acquisitions were completed in Africa: Cape Town-based **Sheer Music Publishing** sold to **SilverHaze Partners'** portfolio company **Downtown Music Publishing** and online bookmaker platform **Bet.co.za** sold to Tsogo Sun. No transactions were recorded in Africa during 2019.

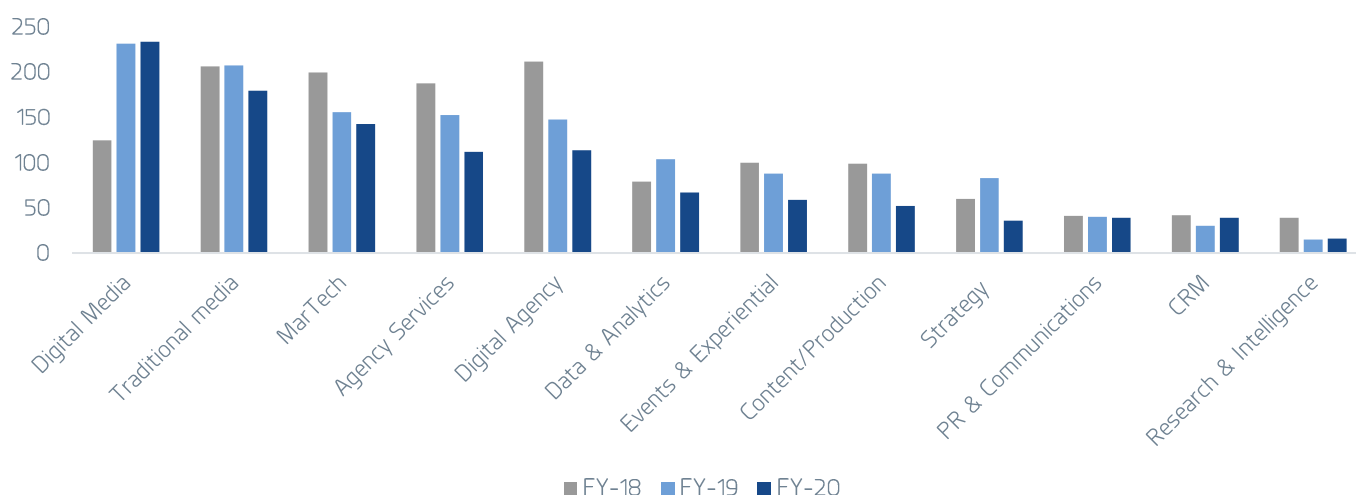


7

Sectors

Sectors

Figure 20. Most active sectors by deal volume, 2018-2020



The overall technology, digital, marketing and media industry saw a decrease in activity by 19% in the actual number of deals in 2020, recording 1,091 M&A transactions, compared with the 1,342 deals tracked in 2019.

In light of the uncertainty caused by unprecedented national lockdowns announcements, companies shifted their interests to short-term liquidity and cost minimisation. Marketing budgets were cut 50.7% on average to prepare for what was believed to become the worst recession since World War 2.

Digital Media, Traditional Media and MarTech remained the most active sectors - Digital Media showed no change from 2019 whereas Traditional Media and MarTech experienced declines of 13% and 8% respectively, from 2019. The combined number of transactions in the three sectors, amounted to 51% of the deal activity in the sector. Likewise, Agency Services and

Digital Agency sectors followed, with 112 and 114 deals announced. Please refer to the "Sector Spotlight" section in the next page, for more information on Digital Media activity.

CRM is the only sector which saw an annual increase, 30% from 2019. The largest software market globally, which is expected to reach \$80bn revenue by 2025, can be accessed from any device, including mobile phones as of 2020. The trend of 'remote working' demanded more than ever flexible mobile and cloud solutions to deliver personalized experience for their customers.

On the other hand, Strategy suffered the steepest decline. Only 32 deals were announced, 57% less than in 2019. Consultancies have taken a hit globally as a result of delays or cancellations in clients projects.

Figure 21. Sectors Highlights Deals

Target Sector	Target	Target Description	Target HQ	Buyer	Buyer Category	Deal Value	EV/ Revenue	EV/ EBITDA
Traditional Media		Tv channels operator	Bermuda		Investment group	\$1.1bn	1.6x	2.3x
MarTech		Communication tech	USA		PE fund	\$2.7bn	1.9x	6.4x
Agency Services		Sports & marketing	France		PE fund	\$147m	5.0x	n.a.
Digital Agency		Digital & CX	Norway		Digital consultancy	\$17m	n.a.	n.a.
CRM		CRM Software	Norway		PE fund	\$120m	2.5x	14.0x
Data & analytics		Tech, intelligence & optimisation	USA		Advertising software	\$250m	n.a.	n.a.

1. Digital Media: internet media companies, online publishers, and online marketplaces, mobile apps, gaming, and web services. Also includes social media companies.
 2. Traditional Media: TV, film, and radio broadcasters, entertainment and media conglomerates. Also includes Printing & Publishing - newspapers, magazines, books, catalogues, etc.
 3. MarTech: includes MarTech tools that manage the marketing processes (workflows, digital content, customer analytics); also includes AdTech (programmatic ad buying & selling, ad networks, DMP and DSP) and Mobile marketing agencies
 4. Agency Services: agencies that offer the creating, planning and managing all aspects of a client's advertising. Includes creative, branding, media planning & buying, and traditional marketing
 5. Digital Agency: digital marketing specialist agencies - generally offering a combination of digital strategy, design, SEO, SEM, PPC, email marketing, website design & build, and social. Also includes website build and UX.
 6. Data & Analytics: companies providing data collection, management and analysis for marketing purposes (e.g. audience analytics, intent modelling, data segmentation, predictive analytics, attribution modelling, impact measurement, etc.)
 7. Events & Experiential: agencies specialising in managing events, exhibitions, conferences, and experiential marketing ("brand experiences")
 8. Content: companies providing the creation and development of visual assets, such as images, videos, commercials, etc. and marketing implementation providers. Also includes Influencer Marketing companies
 9. Strategy: strategy consultants with a specialism relating to marketing or media, e.g. retail, branding
 10. PR & Communications: agencies that promote clients via earned media (free, non-purchased means) - e.g. content appearing in news outlets, magazines, websites, TV, etc. Also includes public affairs and lobbying groups
 11. CRM: practices, strategies and technologies that companies use to manage and analyse customer interactions and data throughout the customer lifecycle. Also includes CRM, eCRM and systems/software
 12. Research & Intelligence: companies providing industry-related quantitative and qualitative market research

Sector Spotlight

Digital Media

Digital Media remains the most active sector in 2020, with a total of 234 deals completed, 2 more deals than in 2019. The long-discussed trend of introducing digital capabilities into agencies' business models, was accelerated further when market frictions demanded a high differentiation among the competition.

Housebound consumers worldwide started to shift their daily habits - outside dining was replaced with delivery apps, in person business meetings were substituted with virtual conferences, whereas traditional shopping with ecommerce platforms. The closing of main entertainment hubs such as the theatres and cinemas resulted in a **surge of online streaming**.



The Machine Zone, the \$5bn revenue company which created 'Game of War', was purchased by **AppLovin**, a portfolio company of KKR for \$500m. This is the largest deal that AppLovin, the well-recognised gaming studios partnership has completed to date. Also, Stockholm-based global group of mobile gaming studios **Stillfront Group** purchased the mobile game developer **Storm8**, for \$300m in cash, in addition to an earn-out consideration. Likewise, the cancellation of several global sporting events, including the "2020 Summer Olympics" in Tokyo, was a key driver in the e-sport platforms boom.

“ People in the UK spend 40% of their day watching TV and online video services. An estimated 12 million people adopted a new video streaming service during lockdown ”

- Ofcom's Third Annual Media Nations Report, 2020

One of the key transactions involving a streaming service was **Fox Corporation's** acquisition of the USA-based free streaming service **Tubi TV** for \$440m. With 25 million monthly viewers, Tubi will provide Fox's advertising partners with the opportunity to reach larger audiences.

44% of the digital media targets acquired, focus on online gaming. The multi billion-dollar subsector has become one of the most profitable in the world, challenging more traditional entertainment activities. This breakthrough can be explained with the recent increase in popularity of subscription models, In-app purchases, rewards and loyalty systems.

“ A post lockdown e-sports market is likely to attract increased levels of investment and commercial partners. Some will be new to the industry and desperate to get involved. ”

- PwC, 2020

A noteworthy deal was the acquisition of the leading e-sports tournaments organizer **Glory4Gamers**, by **Nicecactus**. The highly experienced team of 70, will utilize their combined expertise to expand internationally, providing online and offline sports tournaments for its 1 million users.

“ Unlike any other medium, games empower people to engage in creativity, strategic thinking and teamwork. ”

- Microsoft, 2020

Table 22. Digital Media Highlights Deals

Bidder	Country	Target	Country	Deal value	Target description
Microsoft	USA	ZeniMax [®] MEDIA INC.	USA	\$7.5bn	Video Game Holding
Baidu	China	Jooy	China	\$3.6bn	Live Streaming Platform
zynga	USA	peak	Turkey	\$1.8bn	Mobile Gaming Company
CODEMASTERS	UK	T2	USA	\$956m	Video Game Developer
Spotify	Sweden	Megaphone	USA	\$235m	Podcast Hosting Platform

Ciesco Team

Practitioners from the Industry and specialist Investment Bankers



Chris Sahota
Founder & CEO



Zoja Paskaljevic
Partner



Colin Wheeler
Partner



Alan Matthews
Partner



David McDonagh
Partner



Adriana Roman-Holly
Director



Aika Kussimova
Associate Director



Stefan Dorin
Associate



Eliza Haxhinasto
Analyst



Maximilian Puchta
Analyst



Sarah Atkins
Associate Partner



Gordon Montgomery
Associate Partner

Cisco Select Deals of 2020

SERVICEPLAN

acquired a
shareholding in



Cisco advised Serviceplan, Europe's largest independent agency group, based in Germany, on its acquisition of Pereira O'Dell, a leading US-based digital creative agency, from Omnicom Group's Grupo ABC, based in Brazil.

October 2020

Right Spend

sold to



Cisco advised RightSpend, an industry leading software platform for marketing procurement, on its sale to LDC, a private equity arm of Lloyds Banking Group.

September 2020

mediaxplain*

sold to

SERVICEPLAN

Cisco advised Mediexplain, a full-service media agency – the leading independent in the Netherlands, on its sale to Serviceplan, Europe's largest independent agency group.

July 2020

EST 2009 MAVENS of LONDON

sold to

KANTAR

part of  BainCapital

Cisco advised Mavens of London, a leading data & analytics digital marketing firm, on its sale to Kantar, the world's leading data, insights and consulting company and part of Bain Capital, a US-based private investment firm.

March 2020

McCANN AUSTRALIA

sold to

Ben Lilley

Cisco advised McCann Worldgroup on the sale of its Australian operations to Ben Lilley.

February 2020

2020 Global M&A Review & 2021 Outlook

The report provides an overview of global M&A deal activity in 2020 within the technology, digital, media and marketing – with statistical analysis of overall global deals by volumes and disclosed values, as well as by geographic region and sectors. The report also provides insights and trend analysis of private equity related activity and an overview of the evolving buyer landscape, along with an outlook for the sector.

The report has been prepared by analysts at Ciesco's Market Intelligence team using various data points and sources including data that is available via Pitchbook and several other M&A database.

Ciesco is a London-based M&A advisory firm specialising in the technology, digital, media and marketing sectors, with coverage of Europe, Asia and North America.

If you would like to discuss any of the findings in this report, please contact:

Chris Sahota
CEO
+44 (0) 20 3771 3173
chris.sahota@ciesco.com

Colin Wheeler
Partner
+44 (0) 20 3771 3177
colin.wheeler@ciesco.com

Aika Kussimova
Associate Director
+44 (0) 20 3771 3174
aika.kussimova@ciesco.com

Eliza Haxhinasto
Analyst
+44 (0) 20 3771 3176
eliza.haxhinasto@ciesco.com

Ciesco
156-158 Buckingham Palace
Road
London, SW1W 9TR
United Kingdom

www.ciesco.com

@CiescoGroup

The intellectual property rights to the research and data provided herein is owned by Ciesco Limited ("Ciesco" or Ciesco). Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Ciesco's prior consent. Ciesco do not accept or assume any liability or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

While this publication has been carefully prepared, it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact Ciesco to discuss these matters in the context of your particular circumstances. In no event shall Ciesco, its partners, employees and agents be liable for any special, incidental, or consequential damages or for any loss arising out of the use of the data.

Ciesco Limited is registered in England and Wales under no. 0724319. Our registered office is based at 156-158 Buckingham Palace Road, London SW1W 9TR, United Kingdom.

© January 2021 Ciesco Limited. All rights reserved.



#NavigateTheFuture