

DIGITAL
MEDIA

2023 H1 Marketing Services Recap

Marketing Services M&A Poised for Rebound

 Intrepid

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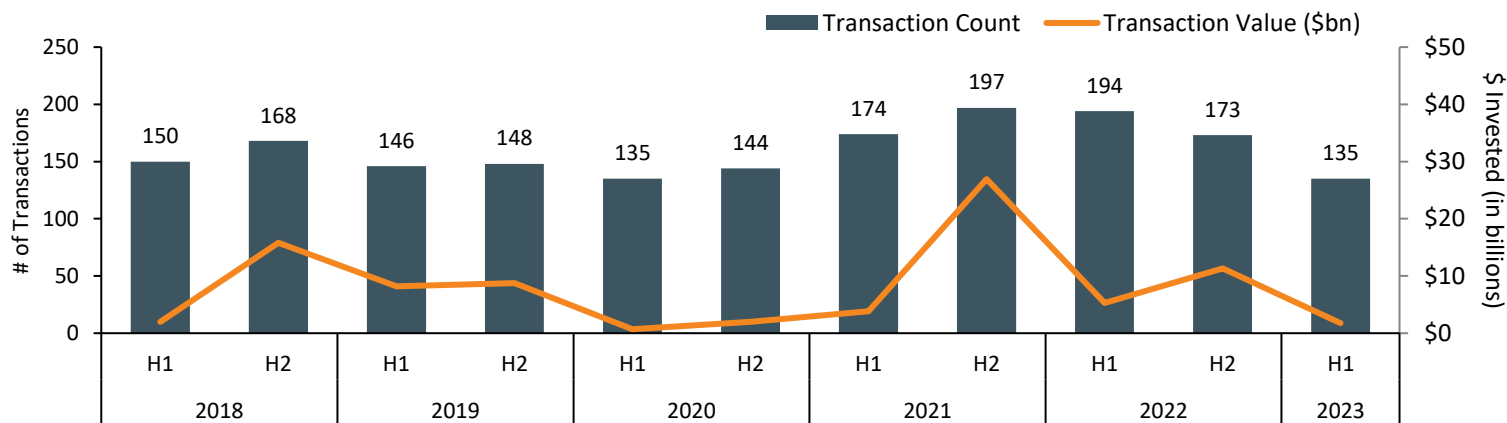
The marketing services sector experienced a significant contraction in M&A transaction activity in the first half of 2023, with deal volumes falling to the lowest levels seen since the COVID-induced slowdown of early 2020. Consistent with global M&A trends across industries, valuations saw an even greater decline due to the rising cost of capital and lower growth rates among service providers as clients paused technology investments and advertisers tempered media budgets.

Intrepid believes activity is likely to rise in the second half of 2023 and further increase in 2024 based on the backlog of sellers preparing for market entry, increasing global advertising expenditures and normalization of interest rates. According to GroupM, a subsidiary of WPP, U.S. ad spend is expected to grow 5.9% in 2023 to \$874.5 billion, excluding political advertising.

Drivers of M&A in the first half of 2023 include:

- Sustained appetite from private equity backed platforms continuing to seek scale through buy-and-build strategies
- Demand for tech-enabled solutions, including data analytics, attribution tools, and digital engineering capabilities
- Focus on verticalized specialists in recession resistant sectors such as healthcare

Marketing Services M&A Transactions



We hope that this report serves as a useful tool for your business. As you evaluate opportunities, feel free to contact us for more pointed insight.

Thank you,



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Optimad Media Acquires Treasure

In January, Optimal Media (formerly known as Optimad Media), a portfolio company of Orix Capital Partners, finalized its acquisition of Treasure, an Amazon-centric marketing technology and data analytics firm. Treasure has managed hundreds of millions in ecommerce revenue, working with notable clients such as Liquid Death, Giggle, Hydrapak, Organic India, Bitsbox, and Espirit. Optimal Media plans to retain Treasure's workforce and invest in future growth while seeking to integrate Treasure's proprietary data analytics tools with Optimal's advertising technology platform.



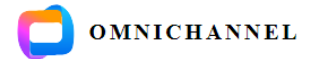
OPTIMAL



Hero Digital Acquires Omnichannel

In January, Hero Digital, a portfolio company of AEA Investors and a leading digital consulting firm, completed the acquisition of Omnichannel, a digital consultancy focused on delivering cross-cloud solutions in ecommerce, order, and subscription management for high-growth brands and enterprise clients. The transaction strengthens Hero Digital's capabilities in the Salesforce ecosystem and expands its reach to an attractive client base, including MCM, Cartier, MGM Grand, Universal, and Billabong. CEO Jay Dettling remarked, "this addition of Omnichannel Commerce to our team, as well as the new leadership of commerce industry veteran Rich Lyons, is great for our clients who are looking to accelerate their commerce programs."

Hero
DIGITAL



Power Digital Acquires Sproutward

In February, Power Digital, a leading digital marketing company backed by Court Square, acquired Sproutward, a boutique marketing consultancy with approximately 30 employees. Sproutward is well-known for its proprietary Polaric platform that integrates data across systems to create a single customer-facing view of revenue and marketing spending. Power Digital plans to integrate Polaric into the company's Nova platform, a machine-learning marketing analytics tool that uses first-party data for marketing investment planning and M&A diligence. The acquisition of Sproutward reflects Power Digital's fifth transaction since 2020, bringing its total headcount to nearly 600.



SPROUTWARD

Amulet Capital Forms Unlock Health

In February, Amulet Capital, in conjunction with Athyrium Capital, formed Unlock Health through the acquisition and merger of healthcare-focused agencies Eruptr and DECODE. Prior to the merger, Eruptr acted as the largest healthcare-focused digital media and Health Risk Assessment (HRA) company in the industry, serving more than 200 provider clients, while DECODE acted as national, award-winning, full-service digital agency focused on the healthcare vertical. The combined platform is expected to manage over \$500 million in annual healthcare marketing budgets with a staff of more than 120 people.

**UN
LOCK**

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DECODE

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MJH Life Sciences Acquires Mesmerize

In February, MJH Life Sciences, a portfolio company of BDT & Company, completed the acquisition of Mesmerize, an out-of-home and point-of-care media company specializing in patient education and engagement. Headquartered in New Jersey, MJH is the largest medical media company in North America with 5 domestic and 1 international office and more than 900 employees. The combination of MJH Life Sciences' deep industry knowledge and Mesmerize's extensive out-of-home media capabilities creates a powerful platform for healthcare marketers to engage with target audiences effectively. The transaction reflects MJH's fourth completed transaction in the past 3 years.



Trinity Hunt Partners Acquires Supreme Optimization

In March, Trinity Hunt Partners, a growth-oriented private equity firm based in Dallas, acquired Supreme Optimization, a digital marketing agency focused exclusively on the life sciences vertical. Supreme has built a strong team of digital marketing strategists with experience in the life sciences vertical, including more than 25 PhDs on staff. Following the transaction, Trinity Hunt plans to partner with management to implement an aggressive value creation plan designed to scale offerings with add-on acquisition targets in the life sciences space. Balance Point Capital provided financing for the transaction, with additional capacity in place to support future add-on acquisitions.



Merkle Acquires Shift7 Digital from RLH Equity Partners

In March, Merkle, a subsidiary of Dentsu Group, completed the acquisition of Shift7, a leading digital commerce agency in the Salesforce ecosystem, from private equity firm RLH Equity Partners. Shift7 adds strong B2B Salesforce multi-cloud capabilities, including approximately 130 certifications, to Dentsu's team of 2,500 certified employees. Dentsu also gains access to Shift7's talented team of professionals and further advances its multi-year goal of generating 50% of net revenue through its Customer Transformation and Technology Group. Dentsu Group is currently valued at more than \$8 billion, and this transaction represents its fourth completed acquisition in the first half of 2023.



The Independents Acquires Project and Raises \$400 Million

In March, The Independents, a luxury marketing and communications group, completed the acquisition of Probject, an events agency known for organizing the Met Gala. Through the acquisition, The Independents gains access to Probject's extensive client base, which includes Burberry, Dior, Met Gala, LACMA, Cartier, Savage X Fenty, Prada, Ralph Lauren, Gucci, and many others. In June, The Independents raised \$400 million in a round led by TowerBrook Capital Partners and FL Entertainment to further fuel its aggressive M&A strategy with a goal of doubling in size by 2025. In 2022, the business generated approximately \$350 million in revenue, reflecting 50% year-over-year growth from 2021.



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WB Marketing Acquires Meridian Group

In March, WB Marketing, a full-service marketing agency that provides advertising, video production, and SEO services, along with financing support from its sponsor Five Hill Capital, acquired The Meridian Group, a marketing and sales support agency. WB acquired a majority interest from the founder Joe Takach who is now retired but will serve as a consultant to the combined business. Meridian Group brings 40+ years of experience serving 25+ clients including the City of Virginia Beach, The Breeden Company, The Chrysler Museum of Art, and Hilton Norfolk the MAIN.



Trinity Hunt Partners Acquires REQ

Less than 3 months following its acquisition of Supreme Optimization, Trinity Hunt announced the acquisition of REQ, a leading digital marketing and brand management company serving clients across the technology, healthcare, real estate, hospitality, retail, and finance industries. REQ will join with Trinity Hunt's other portfolio companies, Exclusive Concepts and Highnoon, to create a full-service, data-driven marketing platform that will rebrand and go to market as a unified organization. Trinity Hunt has more than \$1.7 billion of assets under management and is focused on building leading business, healthcare, and consumer services companies.



Neptune Retail Solutions Acquires Quotient

In June, Neptune Retail Solutions, a subsidiary of Charlesbank Capital Partners, completed the acquisition of Quotient Technology for an aggregate value of ~\$430 million. Each Quotient shareholder received \$4.00 per share in cash at a premium of 36% to the 30-day volume weighted average price as of June 16th. The combination brings together Quotient's proprietary platform, expansive promotions network, and data with Neptune's broad in-store network and deep data-drive shopper marketing insights across in-store and print media. In 2022, Quotient generated ~\$289 million in revenue with a gross profit margin of 46%.



Hawke Media Acquires Tribute Media


In June, Hawke Media completed the acquisition of Tribute Media, a web marketing agency headquartered in Idaho that has built more than 700 websites and provided Hubspot and CRM integrations for companies all around the world. Hawke Media is self-valued at ~\$150 million and expects to leverage this acquisition to further accelerate its growth trajectory through new product lines while continuing to deliver its broad set of marketing solutions including SEO, paid advertising, content marketing, and social media management. This transaction represents Hawke Media's second acquisition in the first half of 2023.



Select Intrepid Marketing Services Transactions



has been acquired by



(NYSE: WPP)

Commerce Agency in
Shopify Plus Ecosystem



a portfolio company of



has received an investment from



Full-Service Digital
Marketing Agency



has completed a majority
recapitalization with



Pharmaceuticals Meeting
Solutions Platform



has received a strategic
investment from and
partnered with



End-to-end Content
Management Platform



a portfolio company of



has been acquired by



Gamification and Sales
Enablement Platform



has received structured
growth capital from



Pharmaceuticals Meeting
Solutions Platform



has completed a majority
recapitalization with




Data-Driven Performance
Marketing Agency




has received an
investment from



Integrated Experiential
Marketing Agency




has completed a
recapitalization and
growth financing with




Digital Marketing Solutions
for Healthcare Professionals



a portfolio company of



has completed a
refinancing with



Performance
Marketing Agency



has been acquired by



a portfolio company of




Consumer Insights
& Strategy Firm




has been acquired by




Digital Advertising and
Marketing Solutions




has been acquired by



Full-Service Digital
Marketing Agency



has completed a growth
financing with



Integrated Performance
Advertising Solutions



has obtained a majority
investment from



Global Data-Driven
Marketing Services Firm

Dedicated Marketing Services and Digital Media Coverage



Greg Passani

Vice President
Digital Media

Additional Members of Technology Team

Agency & Marketing Services | Commerce Enablement | Digital Advertising | Marketing Technology | Vertical SaaS | Compliance Technology |
Human Capital Management | Data & Analytics | Payments & Fintech | Cybersecurity | HCIT | Commercial & Consumer Technology |



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Managing Director
Software & Services



Jeff Becker

Managing Director
Software & Services



Josh Moses

Managing Director
Software & Services



Gary Rabishaw

Managing Director
Commercial & Consumer Tech



Ryan Makis

Vice President
Software & Services



Alex Chien

Vice President
Software & Services

About Intrepid's Digital Media Practice

Intrepid's [Digital Media](#) practice provides M&A advisory and capital raising services throughout the value chain, from emerging growth concepts to more established models to mature public companies. Our specialized investment banking team brings deep sector expertise across agency & marketing services, digital advertising, ecommerce & marketplaces, entertainment & content, events & B2B marketing, marketing technology, and traditional & online publishing. We provide clients with robust industry insight and experience as well as a strong network of prospective buyers, decision-makers, and access to key investors.

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