



Marketing Services M&A Recap
Digital Media M&A Report – H2 2023

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Marketing Services M&A Recap for H2 2023

Recap of 2023: Deal Making Hits a Multi-Decade Trough

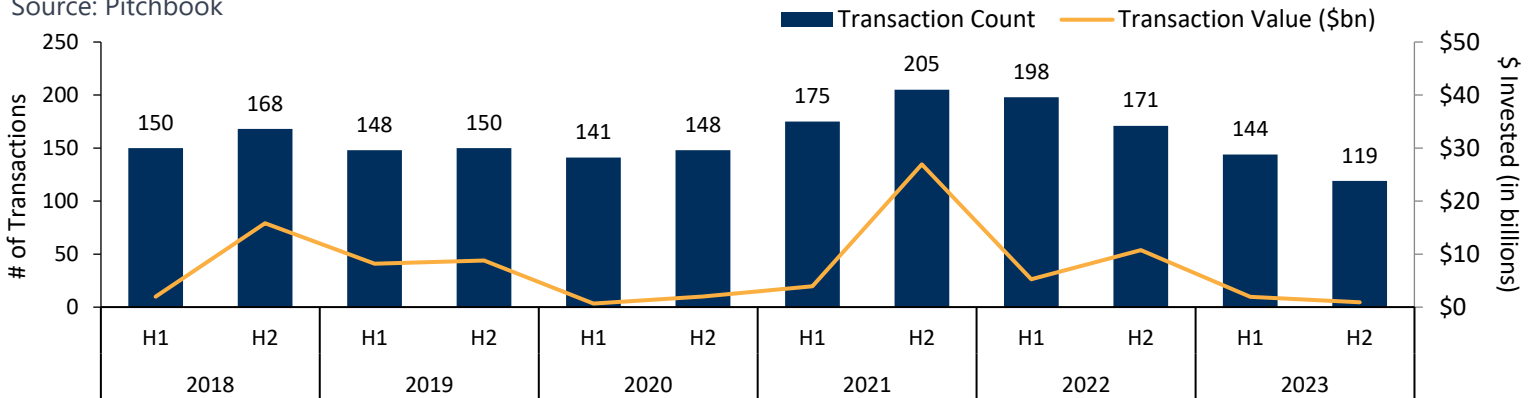
After the M&A frenzy in 2021 and early 2022, transaction volume began to decline in the back half of 2022 and continued to fall throughout 2023, hindered by rising interest rates, fears of recession and a pullback in global ad spend on an inflation-adjusted basis. Through the end of 2023, deal count fell nearly 30% and total transaction value declined an astonishing 80% relative to 2022. Private equity-backed platforms drove a substantial portion of activity through bite-size add-ons, often relying on management reinvestment, earn-outs and seller notes to bridge financing gaps caused by a tepid and expensive credit market.

Outlook for 2024: A Slow But Steady Return to Normal

While the recovery for M&A markets has been slower than expected, the fundamental drivers of activity remain intact. In the private equity community, dry powder has reached near record amounts, placing pressure on investors to deploy capital. At the same time, distributions from private equity firms to their limited partners have remained low in recent years, creating a backlog of demand for exits, debt dividends and other liquidity events. Strategic acquirors are also likely to return to the table after a painful 2023 caused many firms to pause M&A while they rightsized their cost structures to address slowing growth and rising rates. From a thematic perspective, the hunt for generative AI tools is likely to define the year, while upcoming major elections around the world are poised to drive unprecedented global advertising spend.

Marketing Services M&A Transactions (US & Canada)

Source: Pitchbook



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,

Greg Passani
 Director, Digital Media
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Cohere Capital Acquires Phaedon

In August, Cohere Capital, a Boston-based private equity firm, acquired the commercial marketing group of ICF Next (NASDAQ: ICFI), which it spun off into a new company called Phaedon. Phaedon offers a range of marketing services in Europe, including communication strategy and content creation. The company, with an estimated revenue of approximately \$70 million, counts Hyatt, Hilton, Molson Coors, PepsiCo, and UnitedHealthcare among its clients. Kris Tremaine, who was the head of ICF's commercial marketing group, will serve as Phaedon's CEO. Graycliff Partners provided unitranche debt and an equity co-investment to support the transaction.



PHAEDON

Best Lawyers Acquires Good2bSocial

Also in August, Best Lawyers, a portfolio company of Abry Partners, acquired Good2bSocial, a leading digital marketing agency that specializes in serving law firms, legal marketers, lawyers and organizations in the legal industry. Good2bSocial's services include digital marketing strategy, content marketing, social media, SEO, and website development. The acquisition expands Best Lawyers' customer roster while also augmenting its service offering. Good2bSocial's team, led by Guy Alvarez and Kevin Vermeulen, will join Best Lawyers as part of the acquisition and serve as Executive Vice Presidents of the business unit.

Best Lawyers



Hero Digital Acquires Avionos

Hero Digital, a digital marketing and e-commerce consultancy, acquired Avionos, a digital technology consultancy providing B2B commerce, B2B marketing services, managed services, and Salesforce/CRM solutions for SMBs and enterprise customers. The acquisition was supported by AEA Investors, which acquired Hero Digital in November 2021. By combining the firms, Hero Digital seeks to expand its B2B client roster and capabilities while forming a commerce powerhouse in the Salesforce and Adobe ecosystems. Following the transaction, Hero Digital is relocating its headquarters to Chicago, where Avionos is originally based.

Hero
DIGITAL



Simplicity Group Acquires Aptus Marketing

In October, Simplicity Group, backed by Lee Equity Partners, announced the acquisition of Aptus Marketing, an Ohio-based agency focused on annuity and life insurance sales. Simplicity Group is one of the nation's largest and fastest-growing financial product distribution companies, and the acquisition further augments its market share in North America. Simplicity maintains an aggressive acquisition growth strategy, having completed more than 10 acquisitions in 2023 alone. Jeff Hutchison, the CEO of Aptus, plans to remain with Simplicity as a Partner following the transaction.



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Omnicom Acquires Flywheel Digital

Omnicom (NYSE: OMC), announced its acquisition of Flywheel Digital, the digital commerce business of Ascential (LSE: ASCL.L), for a net cash purchase price of approximately \$835 million, reflecting valuation multiples of 3.3x LTM revenue and 35.5x LTM EBITDA. Through its advanced technology platform, Flywheel Commerce Cloud, the target delivers real-time insights to improve decision making and boost sales for more than 4,500 brands. Omnicom's CEO John Wren said of the acquisition, "Flywheel significantly broadens our reach and influence in the rapidly expanding digital commerce and retail media sectors." Flywheel will operate as a practice area within Omnicom and will continue to be led by Duncan Painter, who served as CEO of Ascential.

The Omnicom Group logo consists of the word "Omnicom" in red and "Group" in black, both in a sans-serif font.The flywheel logo features the word "flywheel" in a lowercase, blue, sans-serif font, with a blue circle around the "y" and "l".

EagleTree Capital Acquires MMGY Global

EagleTree Capital, a New York-based private equity firm, acquired MMGY Global, a marketing firm specializing in travel, tourism, and hospitality, from Peninsula Capital Partners. EagleTree has a history of investing in marketing and travel-related businesses, including Northstar Travel Group, the leading B2B marketing services company dedicated to global travel. The transaction provides MMGY with a partner that can help it further expand its geographic reach while developing additional innovative products. MMGY has a strong track-record of growth, having quadrupled in size since 2016 through a combination of organic growth and 11 add-on acquisitions.

The EagleTree Capital logo features a small tree icon to the left of the words "EAGLETREE" in red and "CAPITAL" in black, both in a sans-serif font.The MMGY Global logo features the letters "MMGY" in white on a red square background, with the word "Global" in black below it.

SEG Acquires Square 2 Marketing

In November, Sales Empowerment Group (SEG), backed by RFE Investment Partners, acquired Square 2 Marketing, a Philadelphia-based B2B marketing services agency. Square 2 Marketing has been a top HubSpot Partner since 2009 and offers a unique Accelerator Program that delivers six months of work in just 30 days. Mike Lieberman, CEO at Square 2, commented "SEG is the right company at the right time to marry our strategic lead generation methodology with sales teams that close business for our clients." RFE investment partners invested in SEG in July 2022.

The SEG logo features the letters "SEG" in a large, blue, sans-serif font, with the tagline "ACCELERATING GROWTH" in a smaller, black, sans-serif font below it.The Square 2 Marketing logo features the word "SQUARE" in black and "2" in a red square, both in a bold, sans-serif font.

Unlock Health Acquires SPM Group

Unlock Health, a healthcare technology and growth platform, acquired SPM Group from Corridor Capital in November. The acquisition follows the formation of Unlock Health through the acquisition and merger of Eruptr and DECODE in April 2023, which was facilitated by Amulet Capital Partners, a middle-market private equity investment firm focused exclusively on the healthcare sector. The acquisition of SPM Group increases Unlock Health's revenue to approximately \$100 million and expands its employee base to over 340, serving a customer base of 350+ healthcare clients.

The Unlock Health logo features the words "UNLOCK" in red and "HEALTH" in black, both in a bold, sans-serif font.The spm:group logo features the letters "spm" in black and "group" in a smaller, black, sans-serif font, with a red dot above the "i" in "group".

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TrueLink Capital Acquires Ansira from Advent International

In December, Los Angeles-based TrueLink Capital completed the acquisition of Ansira, a global provider of digital and traditional marketing services, from private equity firm Advent International. Ansira's service offering includes channel partner marketing, local websites and marketing, ad technology, and CRM and loyalty. The transaction represents the fourth investment for TrueLink, which was formed in 2022 by Todd Golditch and Luke Myers to focus on the technology-enabled services and industrials sectors.



Accenture Acquires Redkite

In December, Accenture (NYSE: ACN) acquired Redkite, a UK-headquartered data consultancy helping organizations accelerate performance with data-driven intelligence and AI tools. The acquisition represents another step by Accenture to strengthen its Data & AI Practice to which it has committed \$3 billion in investments over the next three years. Kayur Rughani, a managing director at Accenture remarked, "AI is a significant catalyst and opportunity for business transformation. The powerful combination of Accenture and Redkite's capabilities, expertise and services will help clients make the shift to scale AI investments, rapidly and responsibly."



Power Digital Marketing Acquires Endrock Growth and Analytics

Just before the end of the year, Power Digital, backed by Court Square Capital Partners, acquired Endrock Growth and Analytics, a firm specializing in conversion rate optimization and data analytics. With nearly 100 employees across the US and Central America, Endrock serves hundreds of clients including notable brands such as Blue Bottle Coffee, Calpak, and True Classic Tees. The acquisition builds on Power Digital's acquisition of Sproutward earlier in 2023 to further bolsters its data intelligence and analytics offering. Endrock's Founder, Ned MacPherson, will join Power Digital as Chief Growth Officer.



Perion Network Acquires Hivestack

Perion Network (NASDAQ: PERI) announced in December that it acquired Hivestack, a full-stack programmatic digital out of home (DOOH) advertising platform for \$100 million in cash at close, plus up to \$25 million through a three-year earnout. The earnout is contingent on achieving aggregate 3-year EBITDA and net revenue targets of \$56 million and \$212 million, respectively. The acquisition expands Perion's reach into the DOOH space and provides access to high-profile customers such as Uber, Doordash, The Trade Desk, Lamar, and InterContinental Hotel Group. Since stepping into the CEO role earlier in 2023, Tal Jacobson has placed a high priority on driving growth via strategic acquisitions with maintains more than \$500 million of cash to pursue additional deals.



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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



(HKG: 752)

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



Technology & Digital Media Focus Areas

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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 established middle market businesses. Our specialized investment banking team brings deep sector expertise across agency & marketing services, digital advertising, commerce enablement, entertainment & content, and marketing technology. We have developed a nuanced understanding of value drivers and valuation trends in these subsectors and maintain ongoing dialogue with investors and strategic acquirers targeting these verticals.

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