



# H1 2022 Global M&A Review

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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.

# H1 2022 Global M&A Review

This report focuses on the global M&A activity in the technology, digital, media and marketing sectors in H1 2022 (January - June). 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, notable deals, and most active buyers this year to date.

The report has been prepared by 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 .

# Who we are



**Ciesco is a leading specialist M&A firm with a focus on the technology, digital, media and marketing sectors.**

Headquartered in London and operating 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.

## Bird & Bird

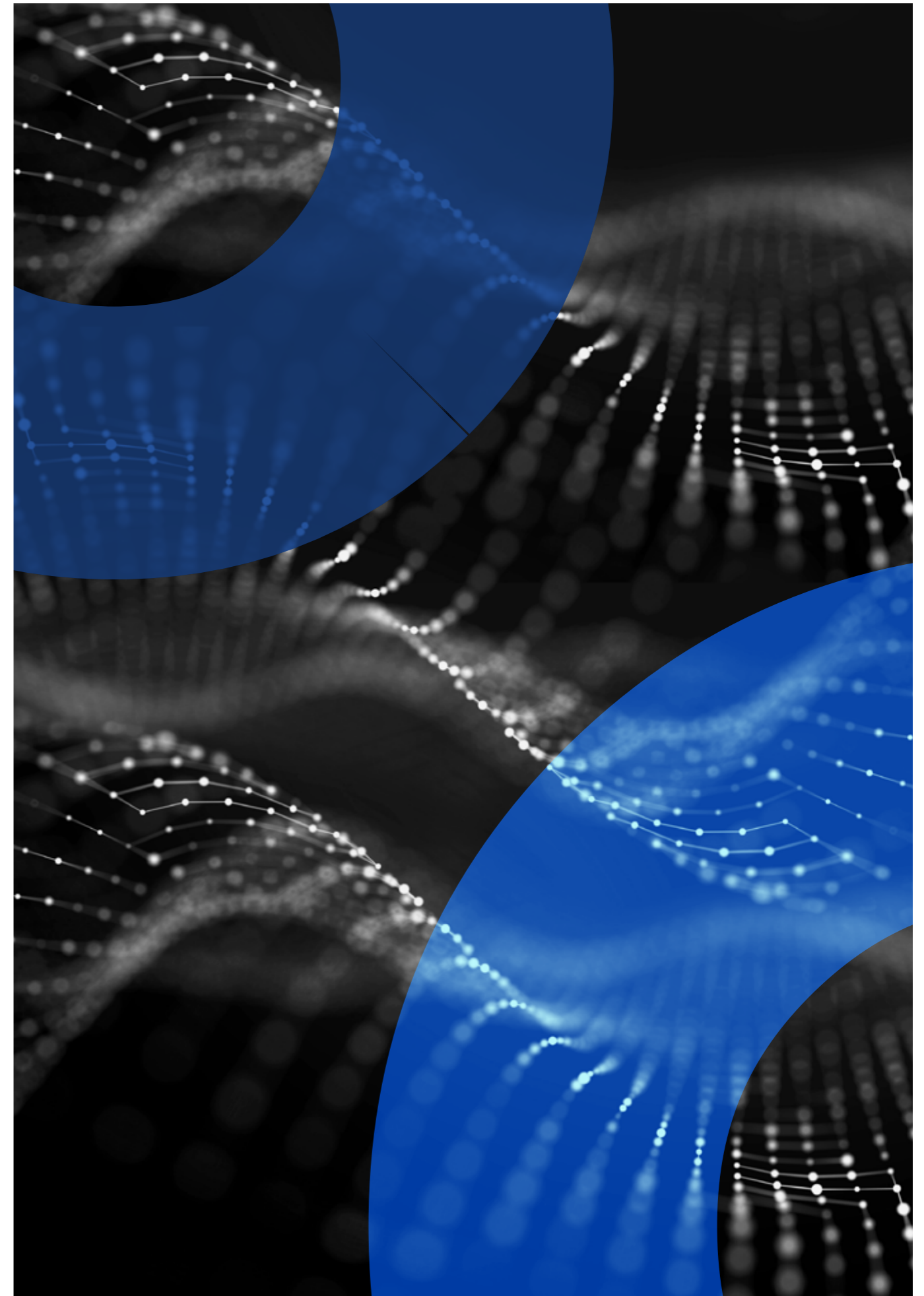
**Bird & Bird is an international law firm, with a focus on helping clients being changed by technology and the digital world.**

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.



**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 Introduction Page 8-15

Foreword | 10  
Executive Summary | 12  
Outlook | 14



## 2 Guest Editorials PAGES 16-25

David Forbes | 18  
Jillian Gibbs | 20  
Bill Kolb | 22  
Dagmara Szulce | 24  
Bill Scott | 26



18



20



22



24



26



3

Deal Statistics  
& Notable Deals  
PAGE 28

4

Buyers  
PAGE 36

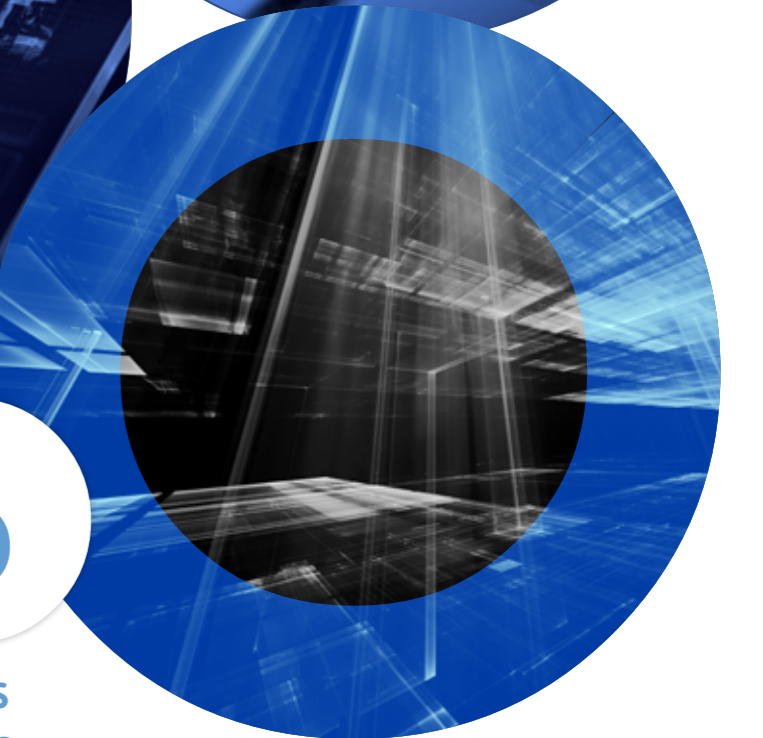


5

Geographic  
Overview  
PAGE 50

6

Sectors  
PAGE 56



Glossary of terms | PAGE 60

6

7



# 1

Introduction



**Chris Sahota**  
Founder & CEO

# Foreword

I am pleased to present the Ciesco H1 2022 Global M&A Review. Our Review details the M&A deal activity throughout the first half of 2022 (January to June) that has shaped the technology, digital, media and marketing sectors in the year to date.

**We entered 2022 on the back of a record year in 2021, during which our market intelligence team tracked a total of 1,747 M&A transactions within the sector, representing a year-on-year increase of 60% (2020:1,092) and a 30% increase over that of 2019 (1,345). 2021 saw digitisation, data and technology being at the forefront of an evolution, with M&A playing a key part of the transformation strategy for many companies.**

That evolution continues even as companies wrestle with new challenges that many new local and global situations have created, from a geopolitical, economic, and social sense.

2022 got off to a fast start from an M&A perspective, very much following on from the activities of 2021. At the 6-month stage of the year we can report that we have witnessed continued market buoyancy and buyer appetite, despite challenges rapidly emerging on many fronts. The 2021 record year for our sector in M&A has continued into 2022 to date with its first half showing 1,033 deals recorded, a 21% increase over the same period of 2021 (H1 2021: 855; H1 2020: 568).

However, the total global value of deals in H1 2022, with disclosed transaction values, was recorded at \$28.2bn - which was a sharp decrease of 68% over that same period of 2021 with a recorded value of \$89.3bn. Although many transactions do not disclose values, there is indication that potentially larger value deal activity did not materialise due to uncertainties developing to effect the second half of 2022 relating to inflation, higher retail prices and the potential of slipping into a recognised recession across many global markets.

2022 M&A ACTIVITY

**1,033**

M&A DEALS RECORDED IN H1 2022

**21%**

INCREASE ON H1 2021 (855)

**\$28.2bn**

TOTAL GLOBAL VALUE OF DEALS IN H1 2022

The figure excludes mega deals - those recorded over \$10bn, of which only two were transacted in H1 2022.

Within the buyer landscape, the trend of the past several years of the prominence of Private Equity as a positive and aggressive active buyer in the sector continues. We recorded a 15% increase in the number of PE-backed transactions in first half of 2022 compared to the same period in 2021. PE represented almost 43% of all global deal activity.



*Our sector seems to be more resilient in M&A terms than many others and we are optimistic for the remainder of 2022 in terms of deal activity presenting itself to the market.*



The estimated \$1.8tn of dry powder available to invest will continue to allow PE buyers to be extremely competitive in achieving their M&A strategies and objectives in 2022. This will involve additional backing of existing portfolio companies to bolster their position - a compelling strategy especially when economic conditions are volatile - as well as identifying new platform opportunities.

Prominent Buyers during this first half of the year were The Carlyle Group, Blackstone, Endeavour Business Media, Deloitte and ReWorld Media who together accumulated 30 acquisitions.

We expect that buoyant M&A in our sector will continue throughout the second half, despite clear macro challenges.

Geo-political conflict in the year to date has inevitably had a major impact on listed markets and created a knock-on effect on inflation, globally rising interest rates and the prospect of a recessionary environment - none of which was remotely visible at the start of the year, as the world seemingly regained confidence post-COVID.

Although GDP growth concerns have been around for a while, not least surrounding the real potential for post-COVID global recovery, these have now rapidly moved to the forefront. Food and oil prices are significantly affected by events in Ukraine; and damaging bottlenecks have been very evident in global supply chains, not least due to further COVID lockdowns across China, which whilst improving, will take some time to be fully resolved.

However, we see that the evolution of digital transformation for businesses in our sector through M&A will continue, driven by the pace of development of new technologies and opportunities for greater efficiency. There may well be some shifting patterns across the buyer landscape - for example, even greater penetration of PE buyers whilst IPO markets are in effect closed; and a growing thrust by the global networks to look to M&A in the path to digitalisation. Our sector seems to be more resilient in M&A terms than many others and we are optimistic for the remainder of 2022 in terms of deal activity presenting itself to the market.

We trust that you find the information in our H1 Ciesco review and report insightful and informative whether you are a potential investor, a strategic buyer or a stakeholder planning the future for your business. We would be delighted to hear from you and discuss aspects of the Ciesco review that are of a specific interest.

# Executive Summary

## DEAL STATISTICS & NOTABLE DEALS

The first half of 2022 saw positive M&A activity in deal volume in the technology, digital, media and marketing sectors, demonstrating a continued market buoyancy and buyer appetite. 2021 was a record year and 2022 to date in its first half has carried that forward with 1,033 deals recorded, a 21% increase over the same period of 2021. Previously, for the first half of the year, there were 855 deals recorded for 2021, and 568 recorded for 2020.

However, the total value of deals (excluding mega deals) in H1 2022 with disclosed transaction values globally was recorded at \$28.2bn, which was a sharp decrease of 68% over that same period of 2021, which had a recorded value of \$89.3bn.

The value of the Mega Deals was recorded at \$20.2bn. Above the \$1bn threshold, 7 acquisitions were recorded in H1 2022, which was a significant decrease on the 14 which were announced in 2021, and compares to the 5 in 2020.

There were two mega deals announced in the focus sector in 2022. The first took place in March, and saw Evergreen Coast Capital, an affiliate of Elliott Investment Management, lead a consortium to acquire American data and market measurement provider The Nielsen Company. The second was Permira, with its \$10.2bn acquisition of Zendesk, a provider of CRM software, in June.

## \$20.2BN

VALUE OF THE MEGA DEALS IN H1 2022  
[DEALS WITH A VALUE OF \$10BN+]

## Buyer Landscape

### HOLDING NETWORKS

All six Holding Networks made acquisitions in the first half of 2022. A total of 14 acquisitions were recorded with Havas being the most active with 4 deals completed. The majority were focused on strengthening digital capabilities across the group. There were notable acquisitions for the other Networks in the sub-sectors of healthcare strategy & communications – an ever-increasing focus – also digital, experiential and influencer marketing.

### CONSULTING & TECHNOLOGY

Only 8 acquisitions were made by the Consultancies in the first half of 2022 although this was a 33% increase over the same period of 2021. Deloitte after a considerable time of inactivity led the way with 5 acquisitions via its Deloitte Digital and Deloitte Consulting entities out of its markets of Australia, the US and South Korea in disciplines and capabilities including brand communications consulting, media technology, marketing automation and digital experience, and brand design and optimisation.

In Technology, Salesforce acquired two businesses: Traction on Demand in Canada – a consulting and cloud services – and Troops, a revenue communications platform. Others include CentralNic, which advanced its portfolio by acquiring German group VGL, an eCommerce content and review company, and Twitter, which acquired OpenBack, an engagement push notification software platform. Digital customer experience, digital transformation and the increasing focus on being customer-first continues to drive the M&A focus for these sub-sectors.

### MID-MARKET

Mid-market groups showed activity in the first half of the year as well. Stagwell acquired four companies in a mix of disciplines including eCommerce, media planning and buying, and full integrated services capabilities. S4 Capital made two acquisitions merging both 4 Mile Analytics and Theorem One with Media.Monks.

Next15 having acquired the Engine Group in March then had a seemingly successful £310m bid for M&C Saatchi rebuked, with discussions ongoing.

### PRIVATE EQUITY

Private Equity firms / buyers continue to acquire aggressively in the sector, making a total of 440 acquisitions which represented a 15% growth vs H1 2021 and was 43% of all sector activity. This continues the 2021 trend with M&A activity involving PE accounting for 45% of all deals, compared to just 13% five years ago. The published \$1.8tn of dry powder funding will continue to allow them to be extremely competitive in executing their M&A strategies in 2022.

### GEOGRAPHIC OVERVIEW

The markets of the USA and the UK remain the most active globally with 443 transactions respectively – a 20% increase for both markets over the activity in H1 2021. These were followed by France, Germany, Australia, Canada, and Italy. When combined these seven markets represent 76% of global deal activity.

### SECTORS

Digital Agency, Digital Media and MarTech sectors showed the highest deal volumes with 174, 142 and 127 deals respectively. Digital Agency showed a 66% spike from H1 2021; Digital Media experienced a decline of 19% while MarTech showed a rise of 6%. These sub-sectors, combined, represent 43% of all H1 activity in 2022. Whilst data shows that the majority of sectors recorded a higher number of deals compared to H1 2021, there were declines in the sectors of Traditional Media and Data Analytics, by 6% and 10% respectively.

# 1,033

THE TOTAL NUMBER OF DEALS IN  
OUR SECTOR GLOBALLY H1 2022.

# Outlook

It seems like a perfect storm has materialised at this mid-year point, one that was unexpected at the start of the year.

**No-one anticipated an outright, prolonged, war in central Europe; a surge in inflation towards 10%; a universal and significant rise in interest rates; a huge rise in cost of living creating a social as well as economic crisis; a sharp downward rating in stock markets and two key Euro-centric economies being in a leadership vacuum, the UK and Italy.**

The outlook for the second half is crafted in this uncertain environment. Across the board, expectations are now re-set for an upcoming recessionary environment, albeit potentially a short-lived one. Let's hope that this is the centre of the passing storm and the darkest point before dawn.

However, as we observe in this review, the M&A activity in the technology, digital, media and marketing sectors was very strong in the first half and there are good reasons to see a plentiful flow of deals in the second half and beyond - not least the driving forces of digital transformation and technology-enabled cost efficiencies, which provide attractive opportunities for private equity and corporate buyers; and a well-recognised surfeit of funds available to invest in the PE community. The move to digitalisation, like the challenges of climate change and the unmet needs of healthcare, are not going to go away - irrespective of the economic environment.

#### Specifically:

There will remain a sharp M&A focus on digital, data and technology as business leaders continue adapting their businesses to the new world requirements to drive business transformation through all parts of their organisation. Companies from medium-sized enterprises through to large corporates will be eyeing M&A as a vehicle for further data and digital capabilities to ensure that they are competitively effective and can create both resilience and indeed game changing opportunities.

Private Equity will continue to be the lead buyer group across the landscape, being actively aggressive in seeking out appropriate acquisition targets in the second half of 2022. Some of the best portfolio returns from PE deals have occurred when investment has continued through challenging environments - an example being in the 2008 financial crisis. With its massive fire power in place, a high level of PE activity can be expected to continue, especially whilst IPO markets lack confidence. We expect that their recorded 43% share of all deals in the first half of 2022 will be matched or surpassed in the period July to end of December.

The COVID year of 2020 created enormous challenges for the Brands at all levels of their organisations. Many moved into 2021 having rethought and reconstructed their strategies, their marketing budgets, and their internal marketing support teams and in addition began reviewing their marketing communication and advertising agencies - their appropriate service capabilities as all brands are seeking constant and appropriate channels and streams to engage with and hold their target audiences. This includes embracing sustainability issues to chime with consumer concerns. The high number of agency reviews where brands were considering change in 2021 has continued into 2022 and we expect this to continue throughout the second half of 2022 on a local, regional, and global level with media often being bundled into review scenarios to integrate capabilities offerings and help create economies of scale.

Issues relating to talent and what we have seen and experienced coming out of the pandemic in 2020 - termed The Great Resignation - with a record number of people at all levels having left their jobs to seek a better work/life balance, will continue to be challenging for employers throughout 2022 and into 2023.

Companies continue to wrestle with creating proactive retention strategies for their people and this is further challenged by an increased expectancy from employees relating to higher remuneration levels, especially given new inflationary pressures. Successful companies are likely to be those that navigate these issues with flexibility. Acquiring talent - either organically or through M&A - will remain a priority.

#### Consistent with our view in January, the following remain key focus areas in our sector:

The impact of the pandemic and the events of the early part of this year - including soaring gas prices - have done nothing to lessen, and rather have brought into sharp focus, the need for sustainable strategies addressing health, welfare, zero carbon targets, renewable energy and future proofing against climate change. Sustainability is now a critical business issue and here to stay. We expect a continued increasing focus on purposeful and sustainability at Board level of all corporations and mid-size companies to ensure that they are being seen to lay a tangible pathway to tackle these key issues and create good practice for future operations and reputation, against a backdrop of the continued need for value-creation.

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*The Life Sciences industry is vibrant, driven by evolving healthcare needs and digital transformation.*

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The Life Sciences industry is vibrant, driven by evolving healthcare needs and digital transformation. Major buyer groups in 2022 are focusing on the sector from an M&A perspective and continue to seek opportunities to acquire and invest in healthcare companies and their associated communication agencies that service them, particularly where there is a convergence of technology, machine learning, digitalisation and 3D modelling. Virtual Healthcare and its technology driven applications, which gained prominence throughout the pandemic, are a key asset focus for buyers as telehealth, telemedicine, and virtual healthcare allow patients and doctors to communicate remotely via video conferencing or mobile apps and this will accelerate in the marketplace.

The rise of Social Commerce continues to accelerate in 2022. Social media platforms are successfully emulating Amazon's 'one click, next day delivery' capabilities, a market reportedly worth an estimated \$352bn in China alone. Globally, TikTok and Instagram are paving the way allowing brands to sell directly through their platforms and help condense the purchase path whilst improving sales measurability. Of significance, Twitter has now also entered social commerce. Expect brands to significantly increase their budgets for social media advertising and look to further harness the power of Influencers to build brands and drive growth. Robust Influencer marketing agencies will be on the radar for M&A activity in this year and next year.

**\$352bn**

REPORTED VALUE OF THE SOCIAL COMMERCE - ONE CLICK NEXT DAY DELIVERY MARKET IN CHINA ALONE





# 2 Guest Editorials



**DAVID FORBES**  
PARTNER,  
VESPA CAPITAL

## A good investment is an investment in great people

The current situation in Ukraine, inflation fuelled cost-of-living crisis, increased socio-economic uncertainty and a fundamental shift in how people think about work and work-life balance is creating an interesting backdrop to private equity investing; however, what has not changed, and perhaps become even more prevalent, is the importance that private equity investors place on investing in exceptional management teams and supplementing these teams with experts to drive forward future growth.

Vespa Capital is a lower mid-market private equity fund with over £200 million of funds under management. We typically invest in profitable, UK-headquartered, niche, highly differentiated, strong-margin businesses in rapidly growing sectors. Our focus is on backing founders and owner managers and there are commonly two reasons why these shareholders wish to undertake a private equity transaction. The first driver of such transactions is often to tidy up the share capital structure so that key management is adequately incentivised.

This was the case with our recent investment in Cognite Communications, a medcomms and strategy agency operating in a complex niche within the life sciences sector. Pre Vespa Capital's investment the business was owned by five partners. However, two of the partners who had been essential to the formation and value growth were working part-time and the transaction enabled them to retire from the business. In addition, another partner wanted to reduce his time commitment to the business to prepare for retirement in a phased and controlled manner. Vespa Capital structured a transaction which met the objectives of all stakeholders whilst also providing a significant share of the business for both existing management and new hires to participate in the future growth in value of the business.

The second driver for founders and owner managers to work with private equity is to bring in a partner who can assist in scaling the company and assist in developing a more corporate governance structure which is less reliant on a few people.

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*Vespa Capital believe that, despite the challenging looking global economic outlook, the rationale for such transactions will remain and perhaps be of even more interest to founders and owner managers.*

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These transactions are complex and multifaceted, requiring a delicate balance to be struck between delivering a robust level of scalability and maturity whilst avoiding dilution of the core value proposition.

Again, our investment into Cognite provides a great example of this. The business's value proposition centres around the team's ability to distil sophisticated science into concise and compelling creative narratives. The challenge facing Cognite, then, is to deliver the required level of professionalisation whilst continuing to grow and protect their reputation for scientific excellence and engaging story telling. Investing in talent, providing opportunities for personal growth, and creating the platforms for staff to be creative and contribute new ideas is of critical importance to the retention of an innovative and dynamic culture within Cognite. The business intends to grow both its service offering and international reach in the coming years, and this could be achieved either organically or via M&A. Having a supportive partner who has experience in helping similar businesses face these challenges was critical to the management team.

As has been mentioned elsewhere in this report, 2021 and the first half of 2022 have seen significant increases in international deal activity. However, our experience is that, unlike in large corporate or public company M&A, market factors are often not the primary driver for SME, owner-manager transactions.

The choice of a private equity partner who has experience in transitioning a business from proprietorial to professionally led, whilst retaining the magic dust which has led to the company being so successful in its formative years, is an important inflection point on the journey of many corporates.

Vespa Capital believe that, despite the challenging looking global economic outlook, the rationale for such transactions will remain and perhaps be of even more interest to founders and owner managers.

Vespa Capital 



**JILLIAN GIBBS**  
FOUNDER AND  
GLOBAL CEO, APR



## Finding efficiencies in the creative & production ecosystem during a recession

The world economy is bearing the weight of inflation, and the advertising industry is not immune. With the rise in production costs, the need for more content, and an increasingly complex partner ecosystem, marketers are paying more attention to value than ever before. The need to validate the return on investment is forcing marketers to better understand their choices in creating assets and (re-) evaluate their creative and production suppliers. Marketers are also establishing governance models to prioritize their management of asset waste.

Sitting at the intersection of marketer, agency, and production company, APR has observed the following among our clients:

The global pandemic disrupted the industry and proved that you don't need 25,000+ sq ft in the center of Soho to build a successful creative studio that delivers Tier 1 creative work, making it easier to produce anywhere and for a lot less.

Established industry players are carrying legacy cost bases, physical scale, and hardware infrastructure built for a different era, making them costly and cumbersome.

The lines between creative and production are blurred, meaning there is opportunity to embrace change in the creative production ecosystem to drive further efficiencies in the combined media, creative and production spend.

While brands are required to produce more assets across more channels than ever, there is no corresponding increase in budget, requiring agility and efficiency without compromising quality.

Although versioning, adaptation, and localization have become increasingly commoditized in our industry, top-tier creative craft is usually siloed, with various parties working without valuable perspective on what's happening elsewhere in the brand's landscape. Ultimately, regardless of how many creative and production partners contribute to the process, there is only one budget.

Finding efficiencies in the creative production ecosystem will become increasingly important, and APR believes there are three key areas marketing organizations can address to insulate themselves against the strain of recession:

### 1. Review Creative Fees With Production Spend To Deliver More Efficient Results.

High-end creative cannot continue to exist in isolation. Reviewing both agency fees and production spend together across all tiers of production will derive tremendous efficiencies for a brand. This often results in better scoping and less duplication of effort or wasted money due to uncoordinated and siloed creative productions.

### 2. Define Collaboration Across The Companies In The Creative Production Ecosystem.

It is no secret that brands need more options today than ever before – challenger agencies, end-to-end content producers, the list is endless, and it seems a new content team is formed every other day. The pandemic has accelerated the viability of decentralization, supported by a more flexible remote working approach and the reliability of cloud-based tech, lowering entry cost and overheads, and providing cost-effective, rapid scalability. This makes it increasingly feasible for boutique studios to compete effectively with the "big fish." With many companies included in the creative production ecosystem, the key is achieving collaboration between the companies to support the brand fully.

### 3. Work Smarter And Use Creative Production Supply Chain Data Better.

Necessity is driving the need to collect and aggregate data from creative, media, and production to optimize budgets, shorten time to market, adapt content rapidly at scale, and welcome new ways of working. Taking the time to set up data collection to drive decisions is key to working smarter.

As marketers prepare for a "tightening of the belt," there is opportunity to approach things differently, and, perhaps, more effectively. APR believes that "the winners" will build a flexible framework to support the changing shape of content, allowing for many creative production resources to collaborate and thrive in spite of many challenges.



*While brands are required to produce more assets across more channels than ever, there is no corresponding increase in budget, requiring agility and efficiency without compromising quality.*





**BILL KOLB**  
CHAIRMAN AND  
CEO, MCCANN  
WORLDGROUP

## Powerful creative comes from healthy, empowered creatives

When tragedy struck, the agency world turned its creative lens inward to continue to serve clients with as little interruption as possible. As we emerge from tragedy and reimagine the workplace in a world forever changed by a global health pandemic, agencies and clients need to come together to be there for the people who were there for them.

COVID-19 spurred agencies to immediately get to work finding innovative ways of pivoting every facet of their business to a virtual environment – pitching, creative ideation, production...all of it. It was a Herculean effort and, by virtually any account, a resounding success. In the face of pandemic crosswinds, a business rooted deeply in real, 3D, shoulder-to-shoulder human interactions produced important and powerful work in 2D from our homes. As a result, the role brands play in people's lives elevated to a source of comfort and even information as confidence in government and other societal pillars declined.

With Spring comes a time of renewal, especially as we begin to recover from the pandemic. As agencies and brands seek to refresh and reinvigorate their creative, the first step will be to reimagine the workplace.

### Creativity starts with diversity

Traditionally, organisations have mostly, although not exclusively, given lip service to this need, but the hard truth is that we collectively have plenty of work still to do as an industry to make this a reality. According to our Truth About Diversity research, 60% of people globally say they sometimes have to put on a different persona to fit in at work, with that rising to 68% amongst self-identified minorities. This is not just a moral mandate but a business imperative as well... our Truth About

Diversity study revealed that 71% of people globally believe the best way to come up with a creative idea is to bring together a group of people who look and think differently.

For people to feel empowered to bring their authentic selves to the workplace, Diversity, Equity and Inclusion (D, E&I) must be endemic to the work culture and a constant area of focus and awareness – something we call “Conscious Inclusion.” This means going beyond recruitment and promotions to include the causes agencies and brands support and the values they espouse in everything they do. An ongoing commitment to D, E&I is crucial to unlocking powerful creative ideas that would otherwise never have seen the light of day, generating both internal and external connections with a multitude of coveted audiences.

### Re-establish the line between personal and work time

The ability to work from Home (WFH) has been a boon to employers and employees alike, especially in response to the realities set forth by the Covid pandemic. Unfortunately, having no office to go to has had the unintended consequence of taking the already blurring line between work and personal time and bringing it to the point of all but vanishing...and taking employee wellness with it.

It goes without saying that an overworked, under-vacationed mind will not produce the best work, yet agency, and, yes, client demands often ignore that fact. If we're going to re-draw those guardrails and breathe life into the creative spirit, leaders must practice what they preach. Commit to 12-hour email-less windows, no emails on weekends and take actual time off and away from work.

Otherwise, all the rhetoric around the importance of taking time off will be rendered moot the moment a team member receives an email from their boss and/or client. They'll understandably feel pressure to respond, not least because their higher-ups seemingly never disconnect – which sends an implicit and counterproductive message. Witness a number of recent stories about agencies imposing absurd work weeks and demanding that employees avoid time off at various points in the year...rather than generate powerful creative, it's spurred employee fatigue, resentment and exodus – and even public shame.



*The most impactful campaigns are the product of a combined effort by agencies and brands they serve – where both parties invest together and share in the risk and the reward.*



The best work comes from having clear time to not work at all. Intellectually most of us know this but now it's more important than ever to practice it. It starts from the top.

### To succeed, we must fail safely

The fact that the most valuable achievements are the product of multiple failures is one of the most enduring truths of the business world. Yet, too often, big ideas are crushed before they are even explored because the fear of failure takes over and the bravery that powerful creative requires takes a backseat.

The industry has spent untold resources trying to navigate around advertising skipping – a huge expense of time and treasure that would hardly be necessary if the core creative were compelling and relevant enough to render it useful and entertaining. The cost of failure is dramatically lower than the cost of mediocrity. Individual employees have to feel empowered to speak up when they have a big idea which can only happen when agencies and brands create a “fail safe” environment.

As vaccines are being administered at an increasing clip and the physical threat of COVID-19, whilst still quite significant, declines, our attention has moved to defining what the new agency workplace will look and feel like. Whether agencies go fully back to the office, become completely virtual or adopt a hybrid approach (that's where my money is), the work environment must be a healthy one.

The most impactful campaigns are the product of a combined effort by agencies and brands they serve – where both parties invest together and share in the risk and the reward. The campaign for creating a well workplace of the future that invests in employees will be the most important, and rewarding, co-created campaign of our time.



**DAGMARA SZULCE**  
MANAGING  
DIRECTOR,  
IAA GLOBAL



## Creating the new frontier of building high value brands

With the digital revolution opening new channels and a growing middle class creating new markets all over the world, corporations and governments that understand the value of owning leading global brands have a significant advantage. Brands are not only an emotion attached to a commodity but can be critical strategic assets for creating incremental value for consumers, corporations and governments.

When leveraged well, brands can significantly contribute to societies and economies by creating jobs and fueling economic growth. The most valuable brands in the world are global corporate giants. They generate billions in annual profit, hold enormous influence over public opinion and are recognisable around the world.

At the International Advertising Association, our mission is to serve as the GLOBAL COMPASS of the marketing communications industry, working with some of the most leading-edge industry players to point the industry to the new frontier of building high-value brands. The process of building brands has significantly evolved over the last 100 years. Today's global corporate giants move from individual product and service brands to a new era of Living Brand Ecosystems competing for an "always-on" brand loyalty. These living brand ecosystems disrupt and define new categories with new products, services, and experiences. They deliver hyper-personalised experiences by leveraging human empathy and tech-enabled intelligence. Marketers in charge of high value brands replace consistency with flexible strategies that are continuously tested and optimised to create constant relevancy and brand addiction.

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*IAA has been working with the leading-edge, industry experts to continuously help the industry navigate through the latest challenges. With every crisis comes an opportunity but it takes bravery and the right expert advice to act on it.*

”

Yet many industry stakeholders and governments fail to understand the value this new type of brand-building model can create for consumers, corporations, and governments.

Constant education and collaboration are needed to continuously reshape the business models of the marketing communications industry and a new regulatory process is required to allow for innovation and creativity to thrive and benefit all of the parties involved.

The COVID-19 pandemic has triggered an unprecedented global economic crisis which is having a profound impact on businesses and economies worldwide. Governments should consider brands as strategic tools in reviving economies. In the face of current economic challenges, brands do better in tough times compared to unbranded products. And they can contribute higher value to all of its stakeholders vs. private labels. No branding, no differentiation. No differentiation – no long-term profitability.

This ongoing pandemic represents an opportunity to revisit the operating model of all the industry sectors separately and as a whole. And consider mergers and acquisitions to fill and optimize lacking skills. IAA has been working with the leading-edge, industry experts to continuously help the industry navigate through the latest challenges. With every crisis comes an opportunity but it takes bravery and the right expert advice to act on it.



**BILL SCOTT,**  
CEO, DROGA5 LONDON  
& MANAGING DIRECTOR,  
ACCENTURE SONG

## Creativity is a force for growth and social good in tough times

Attending the 2022 Cannes Lions International Festival of Creativity was a polarising experience. On the one hand, it was great to join the 25,000 or so other attendees in real life to see the best work from around the world. On the other, taking place as it did during a time of war in Europe, amid soaring oil prices, inflation and a looming recession, the wider context made for a troubling backdrop. It was a timely reminder that, in the short-term, at least, forecasts and planning now underway are being done within the parameters of a shrinking economy, not growth.

But it wasn't all bleak. In fact, Procter & Gamble's Marc Pritchard sounded a note of optimism as he implored marketers to "double down" on their "core job" – using creativity to drive brand and business growth amid inflation and the rising cost of living to harness the "power of creativity for growth". His point was that as inflation continues to rise to record-breaking levels, marketing will likely face added scrutiny – increasing pressure on marketers arguing the case to their CEO and CFO that marketing creates value and is worth investing in. And he's right.

But what does doubling down in this context mean? And what can and should brand owners – and the agencies they work with – do to bring it about? To deliver growth through relevance for brands, there are three things we must prioritise.



Accenture Song

“

*World events, from ongoing pandemic-related supply chain issues to economic crises, have made the prospects for coming months look grim. But this just makes it more important than ever to keep investing in marketing creativity, both for growth, and for good.*

”

**The first is data.** We're only as good as the real-time data we use to unleash our creativity. The best brand communications work is the most effective, and the most effective work is engaging, meaningful, authentic, and relevant – all of which depends on live customer insight. At any time and, especially when a recession looms, data is crucial to unlocking our creativity, as was the case with Accenture Song's work with ANDI Columbia in the fight against COVID-19 in the country, where we created a real time analytics hub to identify behaviour change so that, through targeted communications, we could modify people's negative behaviour where and when it happened.

**The second imperative is to broaden our horizons for creativity beyond brand communications to add value for both businesses and customers.** The opportunity to be unlocked here is demonstrated by our 'Less Talk, More Bitcoin' work for Coinbase – at first glimpse an ad, yes, but not like any seen before with its minimalist QR code swimming around a black background for 60-seconds during Super Bowl 2022. When scanned, the QR image linked to a URL where viewers could sign up to Coinbase to redeem \$15-worth of free Bitcoin.

**The third is harnessing creativity to put positive value into the world.** Brands and the agencies they work with need to deliver better value for customers by driving more sustainable actions, propositions, and interactions. This means stepping up pressure on ourselves to use creativity not just as a force for growth but, also, good – as we did with our 'IKEA Cirkular' work for IKEA, which involved the launch of a circular exchange allowing people to sell their used IKEA furniture back to IKEA, timed to coincide with the Black Friday shopping frenzy.

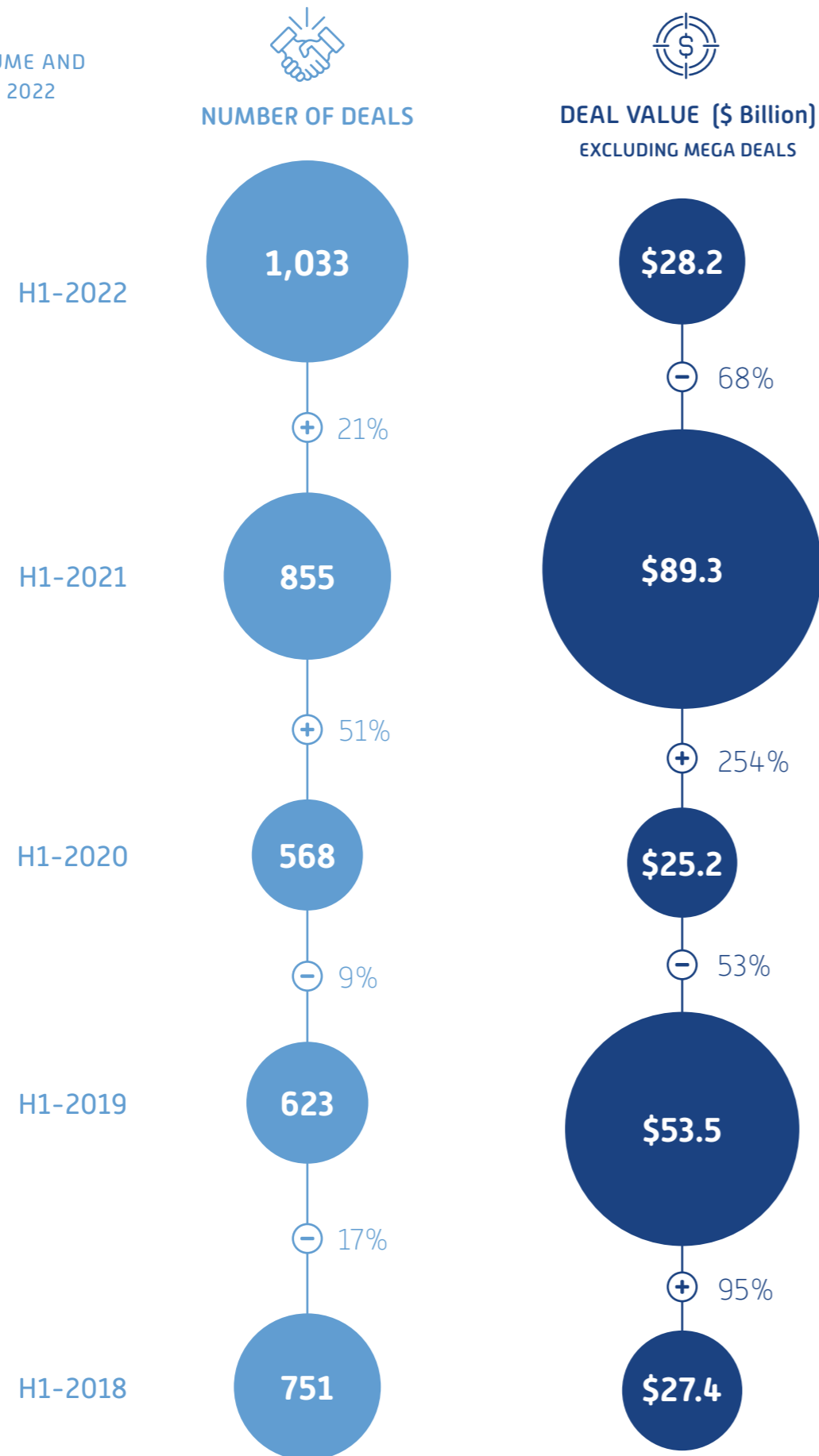
World events, from ongoing pandemic-related supply chain issues to economic crises, have made the prospects for coming months look grim. But this just makes it more important than ever to keep investing in marketing creativity, both for growth, and for good.

# 3

## Deal Statistics & Notable Deals



**FIGURE 1.**  
H1 DEAL VOLUME AND  
VALUE, 2018 - 2022



## Deal Statistics

H1 2022 has been a record year for M&A activity in the technology, digital, media and marketing sectors by deal volume. H1 2022 has trumped recent years by a sizeable margin, making it a record year for M&A deal volumes. When compared with 2020 and 2021, deal volume is up 82% and 21% respectively.

The increase in deal volumes from H1 2021 to H1 2022 has been muted by market and political headwinds, including the inflationary pressures and the war in Ukraine. However, the directional increase of 21% is encouraging. We observe an 18% CAGR increase in deal volumes, from a normalised base 2019, and a 35% CAGR increase from 2020 [a COVID-19 impacted year].

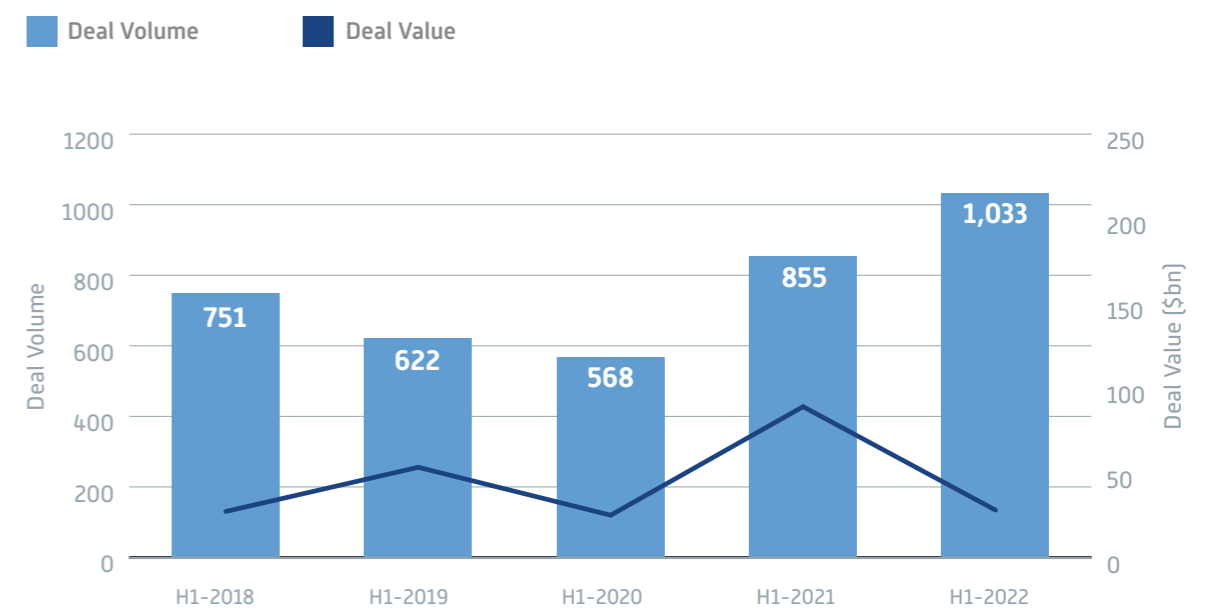
Record levels of private equity dry powder and pent-up buyer demand caused by the COVID-19 pandemic are the tailwinds driving the surge in deal activity in the sector.

In H1 2022, 1,033 deals were transacted marking a 21% rise on 2021, and 82% on 2020. The total value of deals with disclosed transaction values recorded in H1 2022 stood at \$28.2bn, not including the two mega deals which saw Evergreen Coast Capital acquire The Nielsen Company for \$16bn in March 2022 and Permira's acquisition of Zendesk in June 2022 for \$10.2bn.

It should be noted that the true total value of deals will be significantly higher than the figures quoted in this article, as the majority of M&A transaction values are not disclosed. Therefore, the more accurate annual comparison of sector M&A activity is deal volume.

H1 2022 saw a fall in the number of large transactions [defined as deals with a value of at least \$1.0bn].

**FIGURE 2.**  
H1 DEAL VOLUME AND VALUE, 2018 - 2022







There were seven large transactions completed in H1 2022, compared with 14 in H1 2021 but an increase on the 5 deals in H1 2020.

When analysing the past five years, 2020 can be considered an outlier in terms of deal activity. The overwhelming trend is that the appetite for businesses in the technology, digital, media and marketing sectors has grown significantly. H1 deal volumes in these sectors has grown by 85% over 5 years, with a CAGR of 13%.

In terms of quarterly deal volume, the year started off very strongly with a total of 509 M&A transactions recorded in Q1 compared with 426 in 2021 and 346 in 2020, marking a 19.5% and 47.1% rise, respectively. This was despite most major economies battling inflationary pressures that were exacerbated by the onset of the war in Ukraine in February 2022.

The strong momentum continued through to Q2 2022. Deal volume amounted to 524, which was the most deals recorded in any quarter in the last 7 years. A closer look at deal values, however, indicates a different story.

Q1 2022 total deal value amounted to \$14.9bn relative to \$22.8bn in Q1 2021, marking a decrease of 35%. Deal values in Q2 2022 decreased to \$13bn, representing a 45% decline on Q2 2021 deal values (\$23.7bn).

We note that there was an economic lead time between Russia's invasion of Ukraine in February 2022 and the ensuing impact on M&A [primarily felt in Q2].



*The strong momentum continued through to Q2 2022. Deal volume amounted to 524, which was the most deals recorded in any quarter in the last 7 years.*



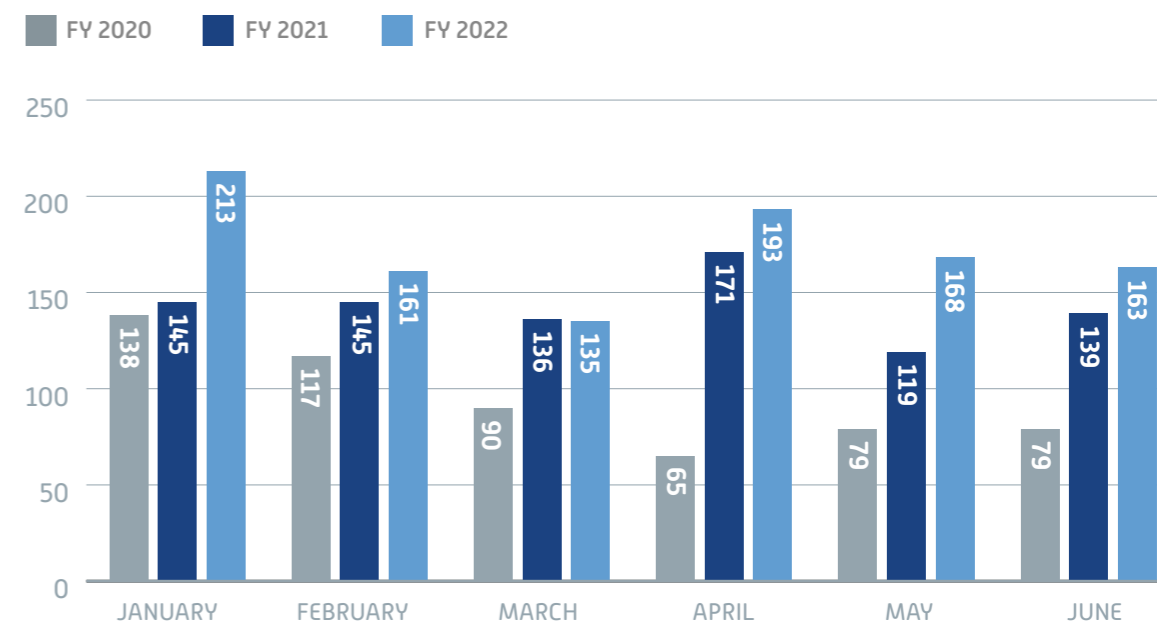
The increase in commodity prices was further exacerbated by the resultant inflationary pressures that materialised over the following months. As central banks increased borrowing rates, the increased cost of credit funding has resulted in corporate boards applying more caution to potential acquisitions and financial buyers being more discerning about acquisition risks.

Regulatory headwinds have also increased, as the Federal Trade Commission and the Department of Justice agreed to collaborate to update Horizontal Merger Guidelines in the US.

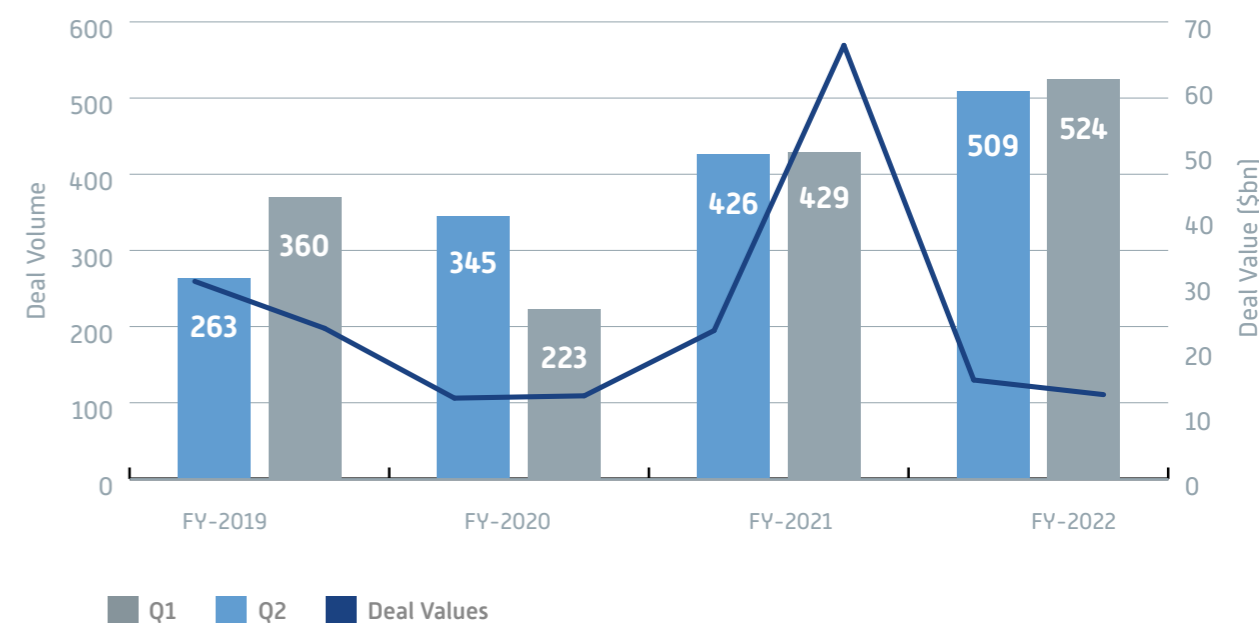
The European Commission has also stepped up its efforts in scrutinising large cross-boarder deals. Nevertheless, there is confidence that deal flow will continue to increase due to the record amounts of dry powder and the ever-increasing appetite of private equity groups. We observed a 15% increase in the number of deals by private equity groups compared to H1 2021.

Overall, H1 2022 emerged as a very strong first half-year in recent times in terms of M&A activity. We saw the highest volume in deals in every month [except March] when compared to the past five years.

**FIGURE 3.**  
MONTHLY DEAL VOLUME, 2020 - 2022



**FIGURE 4.**  
QUARTERLY DEAL VOLUME AND VALUE, 2019-2022



**524**

DEAL VOLUME Q2 2022 - THE MOST DEALS RECORDED IN ANY QUARTER IN THE LAST 7 YEARS

# Notable Deals

There were 7 acquisitions above the \$1bn threshold announced in H1 2022, which was a significant decrease on the 14 which were announced in 2021, and the 5 deals which occurred in 2020.

There were two mega deals (deals with values over \$10bn) announced in the focus sector in 2022 – Evergreen Coast Capital, an affiliate of Elliott Investment Management, led a consortium to acquire America data and market measurement company, Nielsen. The second was Permira, with its \$10.2bn acquisition of Zendesk, a provider of CRM software, in June.

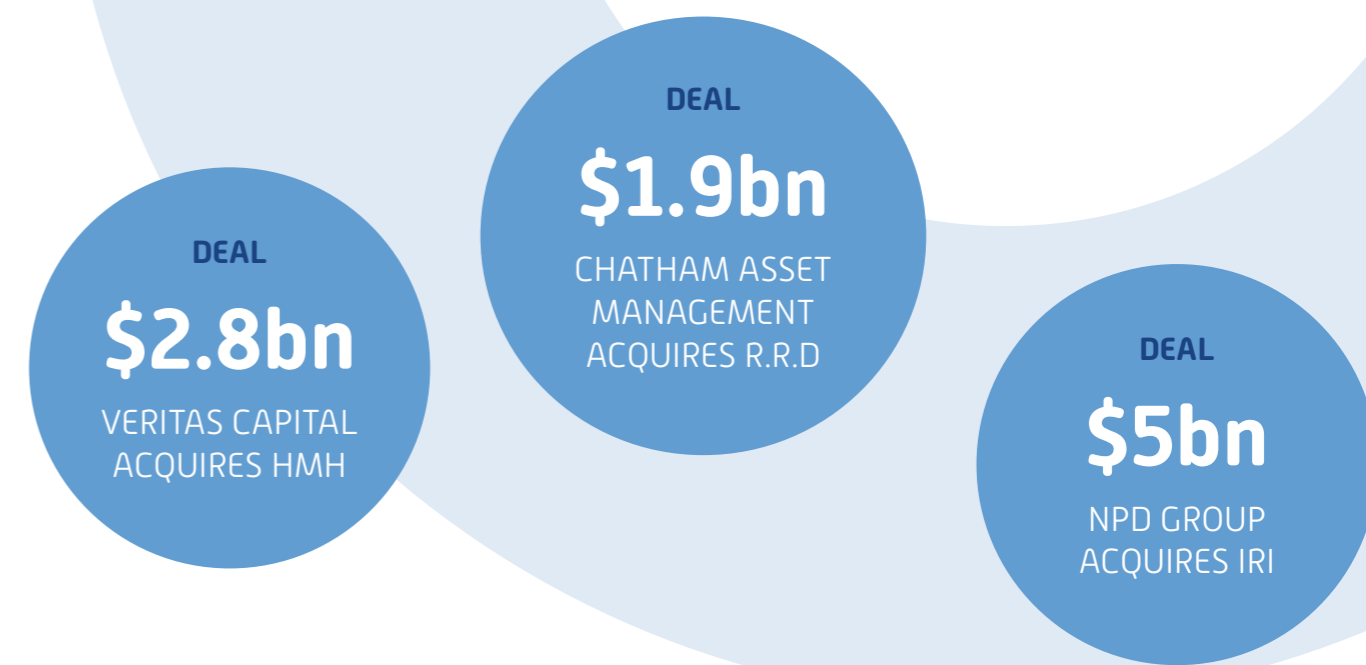
Private equity interest in the technology, digital, media and marketing sectors has steadily increased over the past few years. In H1 2022, 4 of the top 7 largest announced deals shown above were acquisitions made by private equity firms.

As well as the private equity consortia led by Evergreen Coast Capital and Permira, Veritas Capital made an appearance in the largest deals in the target sector, with its \$2.8bn acquisition of Houghton Mifflin Harcourt, technology publisher, in February.

Chatham Asset Management was responsible for the fifth largest deal with its acquisition of US-headquartered multichannel marketing and business services group R.R. Donnelley for \$1.9bn.

Other notable deals that occurred in H1 include The NPD Group, a leading provider of market research and predictive analytics services, and its acquisition of Information Resources, a provider of big data and predictive analytics for clients in the retail and healthcare industries, for \$5bn in April and AppLovin’s \$1bn acquisition of MoPub, a developer of a monetization platform for mobile app publishers, in January 2022.

The only notable deal in H1 to take place outside of the US, occurred in March, when Mobile Streams acquired UK-based data and analytics provider Krunch for \$1bn.



**FIGURE 5.**  
FIGURE 4. NOTABLE DEALS IN H1 2022

Bidder	Target	Month	Target description	Buyer description	Deal Value	EV / Revenue	EV / EBITDA
		March	Research & Intelligence	Private Equity	\$16bn	4.5x	11.5x
		June	CRM	Private Equity	\$10.2bn	6.37x	Loss making
		April	Data & Analytics	Research & Intelligence	\$5.0bn	n/a	n/a
		February	Traditional Media	Private Equity	\$2.8bn	2.2x	16.5x
		February	PR & Comms	Private Equity	\$1.9bn	0.4x	6.6x
		January	MarTech	Corporation	\$1.1bn	n/a	n/a
		March	Data & Analytics	Corporation	\$1.0bn	n/a	n/a

# 4

Buyers

# Buyer Landscape

## Media Owners & Publishing

## Holding Networks

## Technology & IT Services

## Social Media & Influencer Marketing

## Telecommunications

## Digital Media & Marketing

## Private Equity

## Mid-Market Groups

## Asian Buyers

## Consultancies

# Most Active Buyers

In the first half of 2022, the list of Top 10 most active acquirers includes PE firms (including PE-backed trade buyers), Media companies, Consultancies and Advertising networks, with PE firms dominating the list.

With a combined 49 deals in total, the Top 10 Most Active Buyers are behind just 4.6% of total transactions in the sector – exactly the same proportion of transactions the Top 10 buyers led in the full year 2021.

The list has changed considerably from what we saw at the end of last year, with the majority of previously active buyers - Waterland, Fremantle, S4 Capital, Accenture, Oaktree, KKR, Azerion and Pocket Outdoor Media dropping off the list.

The buyers that are maintaining their activity in the sector are Blackstone, with 7 transactions already completed in the first half of 2022 and Stagwell, with 4 transactions completed.

### Blackstone-backed acquisitions

All of Blackstone’s investments were bolt-on acquisitions – with the majority being done by Candle Media, Blackstone’s next-generation media company launched by former Disney executives. Candle Media acquired Faraway Road Productions (Israel-based global media and entertainment company – Faud, Hit and Run), Attn: (a gen Z social video company) and most recently Exile Content Studio (a Spanish-language content powerhouse), following last year’s acquisition of Reese Witherspoon’s media company, Hello Sunshine, and the investment into Will and Jada Pinkett Smith’s production firm, Westbrook. According to commentators, Candle has now spent \$4bn on deals.

### Carlyle-backed acquisitions

Similarly, all of Carlyle’s acquisitions in the space were bolt-on acquisitions to the existing platform business. 4 out of 7 identified transactions were led by DEPT, the global digital agency originally built via a buy & build strategy backed by Waterland, and subsequently acquired by Carlyle in 2020.

DEPT acquired 3 US-based firms: Raybeam (IT consulting and engineering firm), Hello Monday (a 50-person creative media agency), 3Q Digital (500-person digital marketing agency) and 1 firm in Belgium – Dogstudio (creative studio). Currently, DEPT has a team of c. 3,000 people, manages more than \$3bn in digital media spending and delivers more than \$300m in revenue annually.

Carlyle invested in Inova, a provider of cloud-based solutions for pharmaceutical companies, in 2021. In 2022 Inova acquired Labiotech, an independent news media covering European biotech innovation. Carlyle also formed Two Six Technologies in 2021 by combining IST Research (research) and Two Six Labs (cybersecurity) and in 2022 Two Six Technologies acquired Thresher Ventures, a software company with unique products that detect, analyse, and predict media manipulation by foreign governments..

The individual company makeup of the top 10 list is constantly evolving, especially with the rise of the Buy & Build strategy by PE firms.

**“***The buyers that are maintaining their activity in the sector are Blackstone, with 7 transactions already completed in the first half of 2022 and Stagwell, with 4 transactions completed.*



**FIGURE 6.**  
MOST ACTIVE BUYERS IN DEAL VOLUME IN H1 2022

Ultimate Buyer / Backer	Buyer	H1 2022
		7
		7
		6
		5
		5
		4
		4
		4
		3
		3



# Buyer Activity

## Consulting and Technology Buyers

# 73%

**CENTRALNIC** GROWTH RATE OVER THE LAST 7 YEARS (FROM \$4M TO \$411M).

The increasing focus on being customer-first is driving further M&A activity in the sector, in particular across digital customer experience (CX) and digital transformation.

**Accenture**, a recurring buyer on the top 10 most active list, has slowed down its buying spree in the sector.

Deloitte is the 4th most active buyer in the sector with 5 transactions in H1 2022. Notably, three acquisitions out of five were led by **Deloitte Digital in Australia** with the simultaneous acquisition of three digital experience consultancies – Blended Digital, New Republique and Venntifact – adding a team of 70 professionals to the Australian headcount. Currently, Deloitte Digital in Australia has over 1,100 consultants and technologists, making them one of the largest players in the digital transformation space. Deloitte also acquired a media and broadcast engineering firm in California, National TeleConsultants.

The growth of streaming and the increasing importance of direct-to-consumer content experiences has revolutionised the media business, driving the need for in-depth engineering across media and broadcast.

There was 1 acquisition each by Capgemini and PwC.

**Capgemini** acquired Rufus Leonard – a London-based award-winning brand design and experience agency, enhancing the group’s customer-first services in the UK.

**PwC** acquired Status360, a leading Canadian Salesforce Consulting Partner (Platinum Partner) providing implementations across the Salesforce Platform. The acquisition supports PwC’s strategy, The New Equation, which is rooted in investing in a human-led and tech-powered future.

Across the Tech buyer category, there was activity from **Salesforce**, which acquired 2 businesses – 1) Traction on Demand, the largest dedicated Salesforce consultancy in North America with 1,200 people – the deal signals an increasing focus of tech solutions companies on moving deeper into professional services; 2) and Troops (a developer of revenue communications platform) – to be folded into Slack.

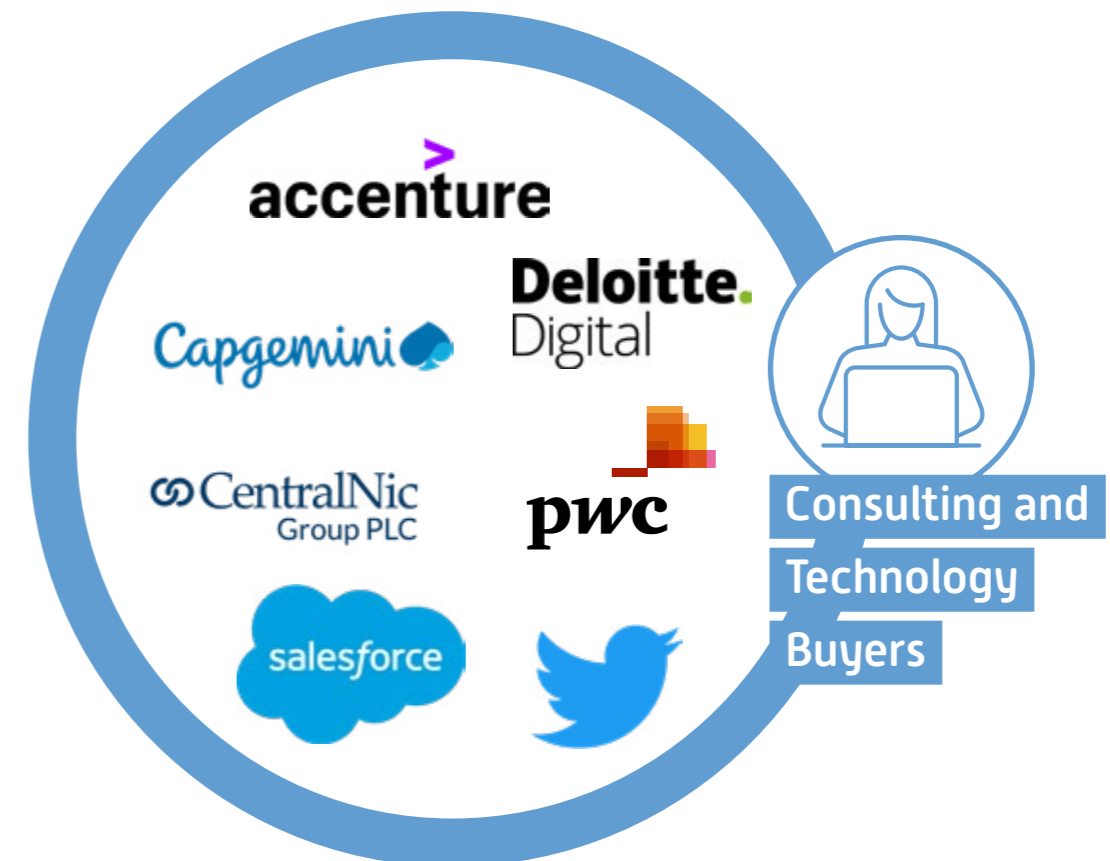
**CentralNic** acquired VGL, a German product review specialist. The transaction is a major milestone in CentralNic’s strategy to become a world-leading online services marketplace. Earlier this year, CentralNic was named in the top 50 fastest-growing technology companies in Europe list by FT, having a compound growth rate of 73% over the last 7 years (from \$4m to \$411m).

**Twitter** also made an acquisition in the space, acquiring a mobile engagement platform in Ireland – OpenBack. With this acquisition, Twitter plans to enhance its notifications experience so that it can connect people with relevant content at the right time.

“*Accenture, a recurring buyer on the top 10 most active list, has slowed down its buying spree in the sector.*”

# 1,100+

CONSULTANTS AND TECHNOLOGISTS AT **DELOITTE DIGITAL IN AUSTRALIA**, MAKING THEM ONE OF THE LARGEST PLAYERS IN THE DIGITAL TRANSFORMATION SPACE





# Buyer Activity

## Large-Cap and Mid-Market Marketing Networks

**The advertising networks have been active in M&A in the sector with acquisitions across the Digital Agency, Production, PR, Strategy, Research and Agency Services sectors. The core theme has been CX. As the world begins to transition out of the pandemic, CX continues to represent one of the biggest growth opportunities**

### Havas – most active among the networks

The Six largest advertising holding networks made 14 acquisitions in total. Havas was the most active with 4 deals completed in the first half of 2022. Most of these were focused on strengthening the digital capabilities across the group: - 1) Search Laboratory – a UK-based award-winning data-driven digital marketing agency (Havas Media); 2) Frontier Australia – a leading independent performance marketing agency that will be integrated into Havas Group’s Edge Performance Network; 3) Inviqa – a leading independent digital CX agency, which will be integrated into Havas Creative’s Havas CX. The fourth transaction was the acquisition of Tinkle, a PR and comms agency in Spain and Portugal that will become part of Havas’ global AMO network.

### Healthcare Strategy & Communications

There is a growing appetite from the buyers for companies in the healthcare strategy & communications space. Publicis Health acquired BBK Worldwide, a full-service R&D marketing firm and a global leader in clinical trial experience based in the US. Dentsu acquired Antibody Healthcare Communications in Canada and Omnicom acquired Propeller Communications, a healthcare-focused digital omnichannel engagement marketing agency.

### Experience, experience, experience

Among other deals by the networks are – Profitero, a global SaaS eCommerce intelligence platform acquired by Publicis; Ignition Point – a Japanese startup studio and consulting firm, acquired by Dentsu; TA Digital, a leading global digital experience consultancy & Adobe Platinum Partner, acquired by Omnicom; and The Famous Group, a fan experience tech company based in LA, acquired by IPG.

WPP also has 2 deals completed to date – the 150-people influencer marketing agency Village Marketing, which joined the Wunderman Thompson network; and Australian marketing technology leader Bower House Digital, which joined WPP AUNZ.

NEXT15 HAS ACQUIRED THE UK BUSINESS OF ENGINE GROUP [600 PEOPLE] FOR **\$100m**

### The mid-market groups

Stagwell led several significant transactions in the sector in a bid to rival the legacy holding companies. The group acquired Brand New Galaxy, a 600-people-strong leading provider of scaled commerce and marketplace solutions; GoodStuff Communications, a 130-people full-service media planning and buying agency; and Dyversity Communications, a Canadian multicultural full-service marketing agency.

S4 Capital’s Media.Monks also continued its active buying spree with acquisitions in the US: 4 Mile, a data & analytics platform, and TheoremOne, a software and tech consulting firm with 370 employees.

Next15 has acquired the UK business of Engine Group (600 people) for almost \$100m. The move is aimed at accelerating Next15’s business transformation ambitions, in particular, adding significant scale and bringing new capabilities in the public sector, as well as an experienced management team.

Next15 has also been in uncertain takeover discussions with M&C Saatchi, in which most recently the board of M&C Saatchi withdrew its recommendation of Next 15’s takeover offer. This resulted in the group’s share price falling by 10% since the deal was announced at the end of May.



“ There is a growing appetite from the buyers for companies in the healthcare strategy & communications space. ”



# Buyer Activity

## Active Corporate Acquirers

Corporate buyers have been active in M&A in the sector with acquisitions across Traditional Media, Digital Agency and Agency Services sectors. The underlying rationale has been the expansion of products and services, pointing to a clear consolidation life cycle that is all about building scale.



### LEADING THE CORPORATE BUYERS

Endeavor is the most active buyer among the Strategic, with six acquisitions in the first half of 2022. The US-based company delivers its content in the B2B markets in various multi-channel formats, enabling readers to stay knowledgeable and B2B advertisers to remain relevant.

Most of the acquisitions focused on expanding Endeavor's market reach. 10 Missions Media specialises in the transportation market, Construction Business Media in the lighting buildings and construction markets, Practical Communications in the fixed and mobile network space. Moreover, Putman Media and Stamats Communications complement Endeavor's manufacturing, processing and design engineering practice, while Microgrid Knowledge is aligned with Endeavor energy's brand proposition.



### FORAY INTO THE WORLD OF GAMING AND WELLBEING

ReWorld Media, the French leader in thematic media, acquired five companies in the first half of 2022. The acquisitions of two premium sites, Eclipsia, a website devoted to major e-sport competitions and multiplayer video games, and Jeux Video Live, a video game news site, will strengthen ReWorld Media's content and audience base in the gaming sector, a new area of activity for the group since the acquisition of Meltygroup at the end of 2021.

With the acquisitions of Psychologies and Sofeminine, ReWorld Media can now boast of the broadest audience on the market for topics related to health, well-being, fashion & beauty and personal development - a flagship theme for the company; these media assets strengthen the group's presence on these themes in terms of audience, content, products and services.

Moreover, ReWorld Media announced the acquisition from the TF1 Group (PAR: TFI) of the media assets and digital activities of UNIFY's Publishers division deployed in France and England. UNIFY Publishers are recognised for their expertise in content production and audience monetisation. UNIFY brings a skilled team of more than 300 employees and know-how in content production, monetisation, and "content to commerce".

## Together Group

### BUILDING A DIVERSE LUXURY-LIFESTYLE AGENCY GROUP

Together Group, the UK-based global collection of agencies focused on the luxury and lifestyle sectors, acquired four founder-led companies in the first half of 2022.

Purple is a comms agency specialising in fashion, beauty, and luxury. New York-based King & Partners provides strategy, branding, creative, marketing and e-commerce services for fashion, hospitality and lifestyle brands. Noë & Associates is a brand strategy, design, content, and production agency focusing on architecture, design and the built environment. Finally, female-led creative consultancy and agency Construct London specialises in branding, art-directed campaigns, graphic designing and content creation.



### EXPANDING DIGITAL PUBLISHING CAPABILITIES

Valnet is a Canadian leading digital content investment company that owns and operates a diversified portfolio of premier digital publishing assets across multiple verticals. The company made three acquisitions in the first half of 2022. The acquisition of DualShockers - an authoritative source for the gaming community - is highly complementary to Valnet's gaming portfolio.

At the same time, Busy Pixel Media, who is a trusted brand with high authority that has been a go-to reference for the online tech community, further solidifies Valnet's presence in the tech vertical, and the purchase of TopSpeed.com - a generational brand for car enthusiasts - allows the additional scale of highly authoritative coverage in this premier vertical.



# Private Equity

**The first half of 2022 has seen a dramatic negative shift in macro conditions and outlook, but a clear constant in M&A has been the major presence of Private Equity buyers – across the waterfront and specifically in our sector universe comprising technology, digital, media and marketing.**

The number of Private Equity backed deals we recorded globally, comprising both new platform investments and bolt-on acquisitions for existing portfolio companies, showed an increase of 15% in deal activity over the comparative period. PE buyers collectively maintained a high level of penetration accounting for 43% of deals in H1 2022 compared to 45% for the whole of 2021 – and to just 13% five years ago. With an upward trend in funds raised, PE buyers are likely to remain highly active, with an estimated \$1.8tn in unspent firepower, despite existential challenges at the macro level.

Not all transactions reveal the value of the deal, however our deal tracker shows that the total value of PE-backed deals (excluding mega deals: over \$10bn) recorded in H1 2022 was \$16.9bn versus \$13.2bn in H1 2021. The number of transactions recorded was 440 compared to 384 and notably the rate did not slow in Q2 which might have been expected, given the growing impact of military conflict and inflation that kicked in from February onwards. Indeed, May was one of the strongest months in the half year.

This level of activity took place over the same period that saw a huge movement in all key economic metrics – inflation in main economies rising towards 10%, several increases in global central bank lending rates from circa 0.5% to a current level nearer 1.5% and a commensurate knock on effect on commercial lending rates; a collapse of 20%+ in stock markets and an uncertain outlook on GDP growth rates – being re-assessed across the board for the next 12 to 18 months.

**“**  
*In terms of mega deals, the 2 that we noted in this half were both PE-backed*  
**”**

PE funding is therefore not without challenges and a more difficult economic environment will certainly test the strength of the business models in which investments have been made. In our sectors, the PE focus has been heavily on digital transformation with business models that have high levels of repeat and scalable revenues, sticky client retention, good cash flows and are based on technology-enabled or data-driven activities. The robustness of these business models will be key. Many PE deals introduce high levels of debt, so rising interest rates will have an impact.

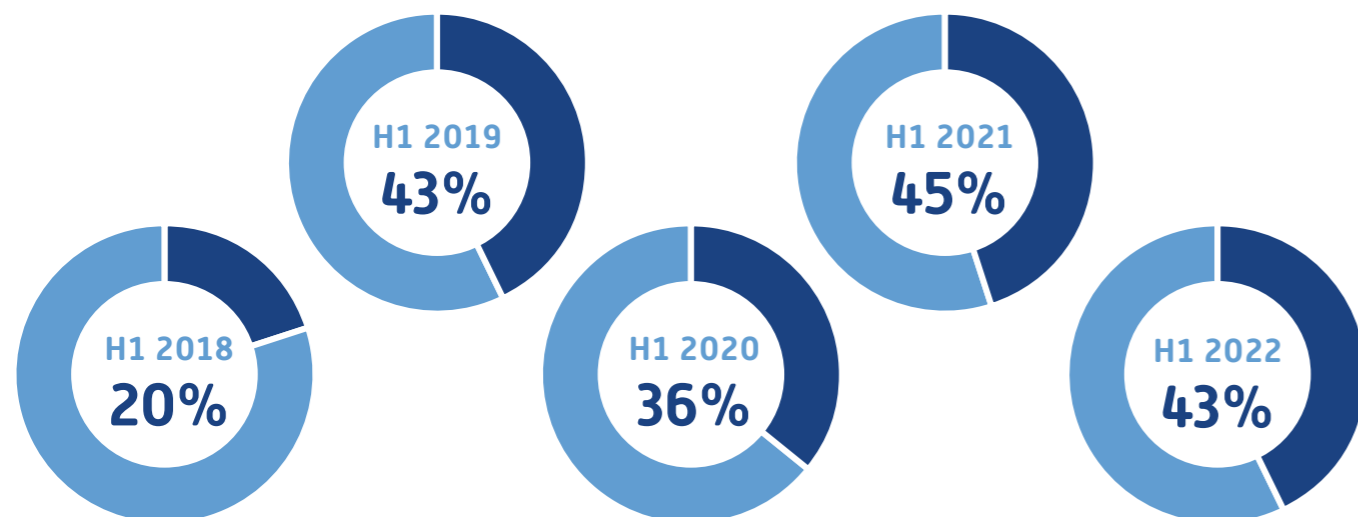
However, as many commentators have noted, some of the best portfolio returns from PE deals have occurred when investment has continued through challenging environments (e.g. the 2008 financial crisis). With the massive fire power in place, a high level of PE activity can be expected to continue, especially with IPO markets essentially ‘shut’.

The PE activity will involve additional backing of existing portfolio companies to bolster their position – a compelling strategy especially when economic conditions are volatile – as well as identifying new platform opportunities.

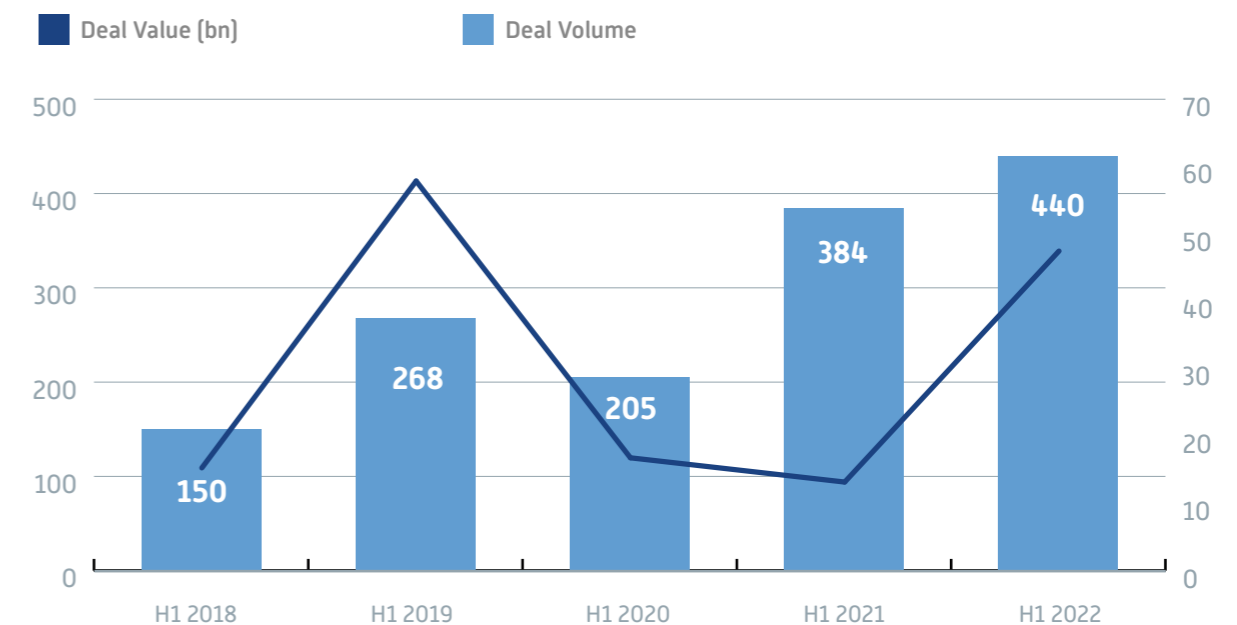
In terms of the sub-sectors we track, Digital Media, MarTech, Digital Agencies and CRM are the main categories of investment by PE buyers, representing 52% of deals done (2021: 56%). Tracking deals globally, our data shows that the geographic split of PE funding remains similar year-on-year with the USA accounting for 45% of deals, the UK 13% and mainland Europe 22%. The most active PE buyers in our sectors were Blackstone and The Carlyle Group.

In terms of mega deals, the 2 that we noted in this half were both PE-backed – the acquisition of Nielsen by Evergreen Coast Capital (and syndicate) for \$16bn and that of Zendesk by Permira for \$10bn.

**FIGURE 7.**  
 PERCENTAGE OF DEALS BY PE BUYERS H1 2018-2022



**FIGURE 8.**  
 PE DEALS VOLUME AND VALUE (INC. MEGA DEALS) 2018-2022



# 5

## Geographic Overview



# Geographic Overview

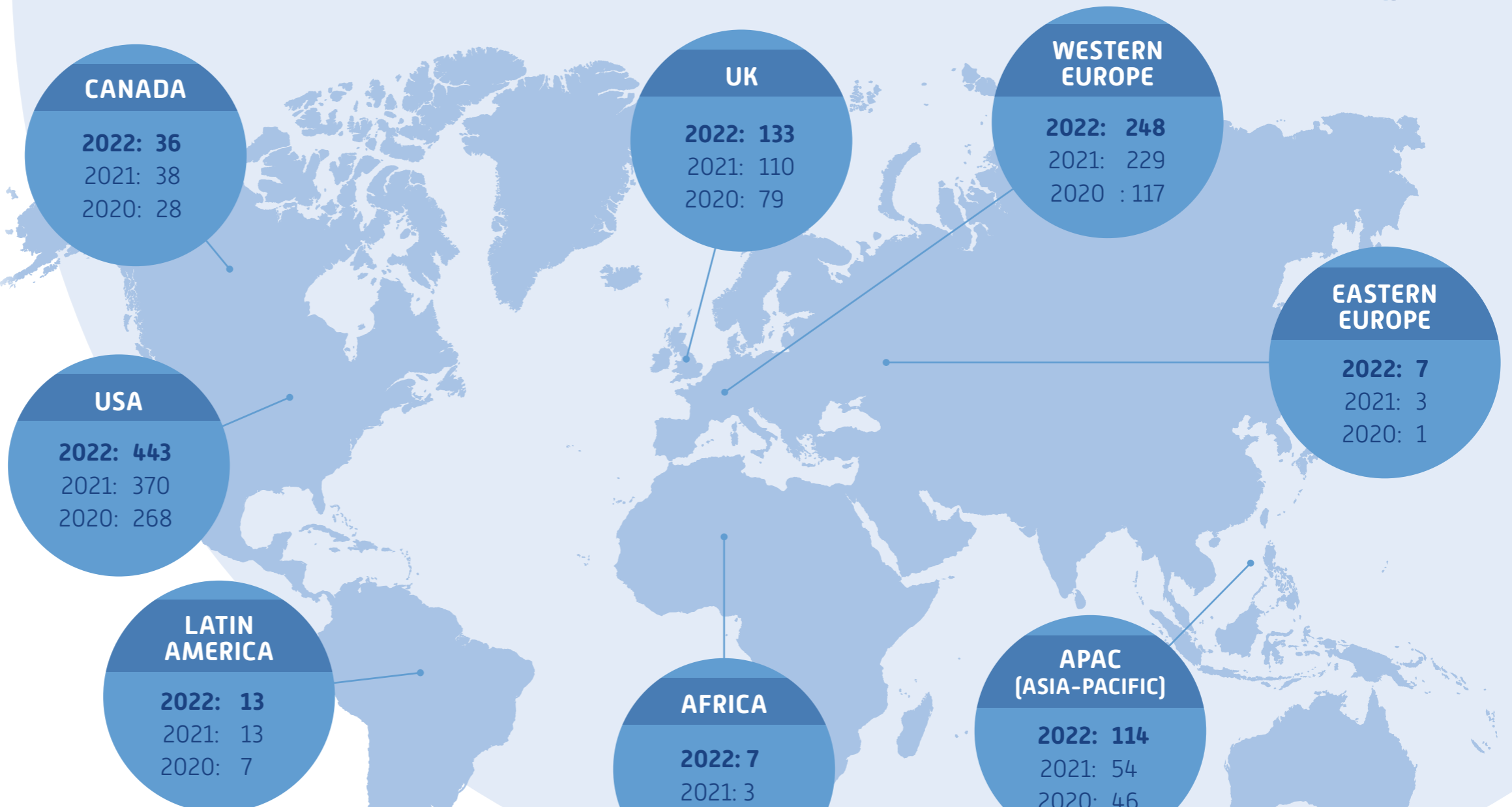
The USA and the UK kept their status as the most active M&A markets in H1 2022 – as in H1 2021 – with 443 and 133 deals respectively, followed by France, Germany, Australia and Canada. All these countries combined represent 76% of the global deal flow.

2021 was a year of global economic recovery, and it proved in many ways the resilience and buoyancy of M&A activity. While this is evidently so, 2022 activity has been witness to a fluctuation – according to Global Data, “activity clearly weakened in the first quarter of 2022, with total transaction value dropping to \$725 billion – almost 23% lower than Q4 2021.” We recorded a 21% increase in global deal volume over the course of H1 in our sector, although PwC analysis found that general M&A activity reset to pre-pandemic levels of approximately 25,000 deals.

## USA

The USA recorded the highest number of transactions, with 43% of the worldwide transactions involving a USA-based target – a 20% rise from H1 2021. Also, USA-based acquisitions made up 86% of the announced global deal value in H1 2022, with 83% of the transactions involving a domestic bidder.

The largest deal in the sector was the \$16bn acquisition of The Nielsen Company by Evergreen Coast Capital in March 2022. The buyer saw the full potential of Nielsen’s leadership position in the media industry and the unique value they deliver for clients worldwide; they were also assessed as continuing to be the gold standard for audience measurement and having an ongoing relevance to the global, digital-first media ecosystem. The second and only other mega deal in H1 was Zendesk’s sale to Permira for \$10.2bn in June 2022 – the transaction will help Permira accelerate product innovation and achieve its growth ambitions.



**FIGURE 9.**  
GLOBAL DEALS BY REGION  
H1 2020-2022

Houghton Mifflin Harcourt was acquired by Veritas Capital for \$2.8bn, which will deepen the company’s ability to bring the power of learning to even more teachers and their students, invest in its purpose-driven team and have a positive impact on the community it serves. Other notable deals include the sale of integrated communications company R.R. Donnelley & Sons to Chatham Asset Management for \$1.96bn, and the \$150mn acquisition of global marketing research and consulting company Phoenix Marketing International by MarketCast.

## UK

The UK saw a 21% increase in its deal activity, recording 23 more deals in H1 2022 than the previous year. With sterling remaining in the doldrums and UK equities continuing to trade at a discount to international peers, we continue to expect and witness the continued impetus to international buyers of UK listed assets (Norton Rose Fulbright Jan 2022).

One significant deal was the £360.18m acquisition of digital out-of-home advertising services company Ocean Outdoor UK by Atairos, which will further

the investment by the company into its people and technology

Other significant deals include Admix’s sale to Landvault, for \$300m which will enable Admix to become a go-to service provider for major intellectual property holders and brands, and the \$120m investment and partial acquisition of LoopMe by Mayfair Equity Partners. Proceeds from the latter transaction will be used to accelerate the company’s growth in its core markets such as the USA while expanding into new geographies, including Japan.



## Geographic Overview

### WESTERN EUROPE

Western European countries experienced an increase in deal activity in H1 2022, up 8% from H1 2021. France led the deal flow, followed by Germany, Italy and the Netherlands with 67, 46, 26 and 21 deals respectively. A notable transaction was the €800m acquisition of Italian content and data management services company Deltatre by Bain Capital and Nextalia.

Swedish product information management platform inRiver was acquired by Thomas H. Lee Partners for an estimated \$400m, helping support the former in its product innovation and go-to-market expansion in key markets of North America and Europe. Likewise, 1plusX entered into a definitive agreement to be acquired by TripleLift via its financial sponsor Vista Equity Partners through an \$150m LBO. The transaction allows both companies to speed up their roadmaps and bring new products to market.

### APAC

APAC's H1 deal activity was up 111% from the previous year, driven mainly by Australia, which announced 38 deals - 21 more than the previous year's H1. Highly acclaimed deals in this region include Matchmove's \$200m acquisition of Singaporean e-commerce platform Shopmatic, as well as the acquisition of sports and entertainment business Endeavor China by Endeavor for \$173m. Another interesting deal was announced in China, where we saw Yanhua Media acquired by American SaaS leader Vobile for \$127m.

### CANADA

Canada recorded a 5% decrease in its transactions volume in H1 2022 compared to H1 2021. Notable deals include Audiobooks.com being acquired by Storytel, a subsidiary of RBmedia, for \$135m in January. The acquisition will extend Storytel's trajectory of expansion and profitable growth to the largest English-language audio market in the world. Also, Brunswick News, a subsidiary of J D Irving, was acquired by Postmedia Network Canada for \$16.1m.

### EASTERN EUROPE

Transactions in the Eastern European region decreased by 11%. Highlight deals include the acquisition of Croatian television broadcasting services company RTL Hrvatska, a subsidiary of RTL Group, by CME Media Enterprises through a €50m LBO; and the acquisition of the Croatian Business unit of RTL Group by Central European Media Enterprises also through a €50m LBO. The latter will acquire 100% of the broadcaster and has secured the long-term rights to retain the use of the RTL brand in Croatia.

### LATAM

Latin America deal activity kept its place with 13 acquisitions in H1 2022, as in 2021, with 83% of the transactions concentrated in Brazil and Mexico. In Brazil, CRM platform Movidesk was acquired by Zenvia Mobile Serviços Digitais, a subsidiary of Syntonic Wireless, for BRL 296m. Likewise, Argentinian digital marketing agency Xona was acquired by Digital360 of Italy for €395,000. This latter acquisition allows Digital360 to enter a huge market with great potential for development, specifically within growth of digitization. It also launches an ambitious path of international expansion.

### MIDDLE EAST

In the Middle East we noted an increase of 100%, with 11 out of 20 deals being announced in Israel. Starz Play, a UAE-based provider of media streaming services, was acquired by ADQ and Emirates Integrated Telecommunications Company for \$239.4m. Also, Israel's marketing analytics tool developer Oribi was acquired by LinkedIn, subsidiary of Microsoft, for \$85m. The integration of the Israeli company's technology into LinkedIn's marketing solutions platform will help LinkedIn users benefit from enhanced digital campaigns and reach for professional audiences.

### AFRICA

Only 1 acquisition was made in Africa in H1 2022, down 67% from H1 2021. South Africa's digital marketing firm Omniado Agency was acquired by Steinreich Communications Group of the USA for an undisclosed amount on 1st March, 2022. The acquisition will help Steinreich Communications Group expand its operations in South Africa but will also aid the bolstering of its social media design, website development, video production, email marketing, special event support, and corporate identity branding capabilities for its clients.

FIGURE 10. GLOBAL DEAL VOLUME BY REGION H1 2022

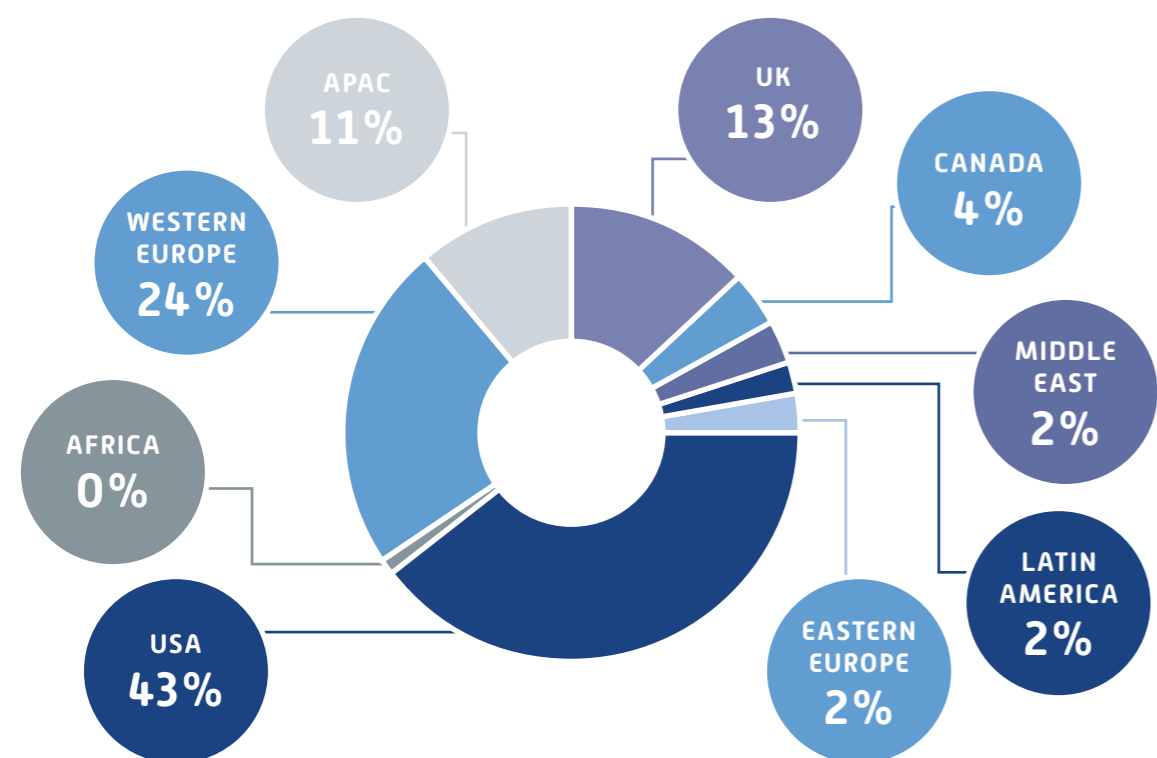
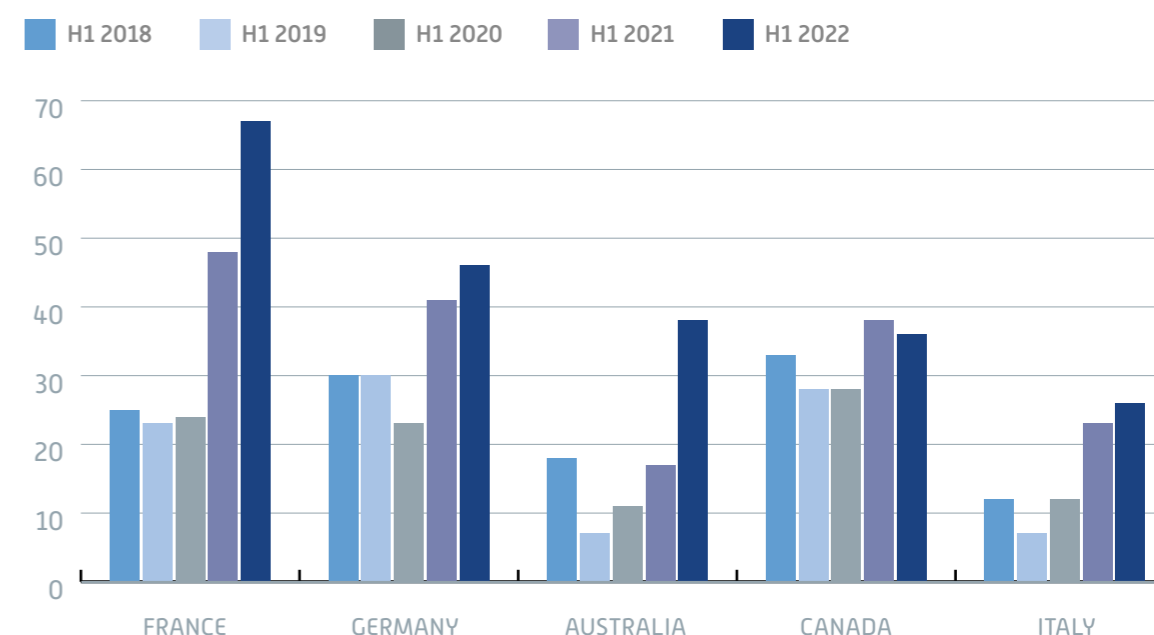


FIGURE 11. MOST ACTIVE MARKETS EXCLUDING USA AND UK



# 6

## Sectors

# Sectors

**135%**  
INCREASE IN DEAL VOLUME  
OVER H1 2021 LEVELS-  
STRATEGY SECTOR

**65%**  
INCREASE IN DEAL VOLUME  
OVER H1 2021 LEVELS-  
CRM SECTOR

The resilient M&A landscape of 2022 to date has been driven by increased activity in nearly all sectors tracked in this report. Significantly, the businesses with digitally-led propositions continue to witness the strongest level of interest from buyers across all categories - with Digital Agency and Digital Media seeing the highest deal volume.

Whilst all sectors in a record M&A year for 2021 recorded significant M&A activity, it was those with digital-led capabilities and services that created the major focus and attention for acquisition. Digital Media and MarTech had created the highest deal volume across 2021. This has unsurprisingly continued into 2022 as companies continue to seek and strengthen in all aspects of digital, acquiring new investments or bolt-ons to their existing assets

**Digital Agency, Digital Media and MarTech** are the sectors that showed the highest deal volume during the first half of 2022. When comparing to H1 2021, Digital Agency showed a 66% year-on-year increase, Digital Media showed a decrease of 19%, and MarTech experienced a rise of 6%. The combined number of transactions in the three sectors amounted to 43% of the deal activity in the sector.

The more traditional sectors - **Traditional Media** and **Agency Services** - showed a decrease of -6% with 102 deals announced and an increase of 39% with 106 deals announced, respectively.

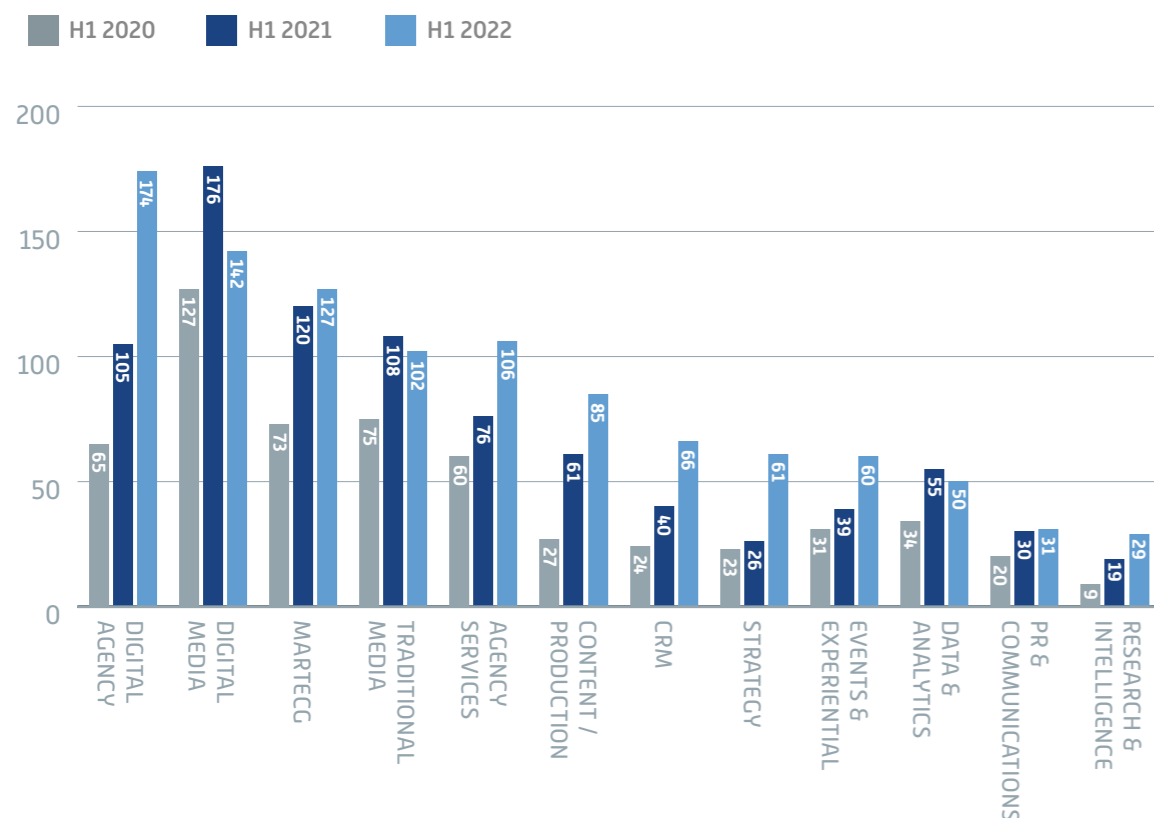
**All other sectors apart from Data & Analytics (-10%) experienced increases in deal volume over H1 2021 levels, with Strategy (135%) and CRM (65%) leading the surge.**

Increasingly, as global consumers take the opportunity to embrace digital first, they will be dictating via their preferences which brands will be winners and which ones will lose out. Digital is building and shaping quality customer experiences that provide value and meet consumer needs.

Those brands and companies that fail to embrace this will be challenged for survival in the economy of the future. The brands that will thrive and accelerate in the new digital economy will be those that are seen to build seamless experiences.

There will continue to be an M&A focus on companies that provide many and all aspects across the digitalisation spectrum.

**FIGURE 12.**  
H1 DEAL VOLUME BY SECTORS, 2020-2022



**FIGURE 13.**  
SECTORS HIGHLIGHT DEALS

Target Sector	Target	Target description	Target HQ	Buyer	Buyer category	Deal Value	EV / Revenue
Digital Agency	<b>oddiy.</b>	Digital experience & marketing agency	Germany	<b>WONGDOODY®</b>	Human experience company	\$69.8m	n.a.
Digital Media	<b>The Athletic</b>	Publisher of a subscription-based sports media platform	USA	<b>The New York Times</b>	American daily newspaper	\$741.5m	8.46x
Data & Analytics	<b>krunch</b>	Cloud-based data-translation tool	UK	<b>streams</b>	Content marketing, data intelligence & metaverse tech	\$1.0bn	n.a.
MarTech	<b>inriver</b>	Product information management platform	Sweden	<b>THL Thomas H. Lee Partners</b>	Private equity firm	\$400.0m	n.a.
CRM	<b>Shopmatic™</b>	E-Commerce platform	Singapore	<b>matchmove</b>	FinTech company	\$200.0m	n.a.

## Glossary

### 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 direct marketing, both agencies and CRM systems/software.

### 12. RESEARCH & INTELLIGENCE:

Companies providing industry-related quantitative and qualitative market research.

### 13. MEGA DEAL:

A deal with a value of \$10bn or above.

## H1 2022 Global M&A Review

The report provides an overview of global M&A deal activity in H1 2022 within 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, an overview of the evolving buyer landscape and 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 healthcare sectors, with coverage of Europe, Asia and North America.

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