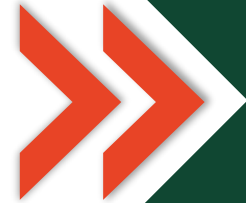


# Sector Insights

## Digital Transformation in Marketing



## Pharmaceutical Marketing



## Performance-Based Consumer Marketing



## Software



## Legal & Compliance



# Sector Insights: Digital Transformation in Marketing



**Hugh Boston**



# » Digital transformation in marketing for brands is being driven by challenges and opportunities . . .

## It is the worst of times . . .

### Brands are facing numerous challenges



Increasing consumer expectations



Complex tech and media landscapes



Decreasing brand loyalty



Changes in data rules

## It is the best of times . . .

### Never before have brands had the opportunity for



Two-way engagement



Personalization at scale



Immediate feedback



Campaign automation



Numerous customer touchpoints

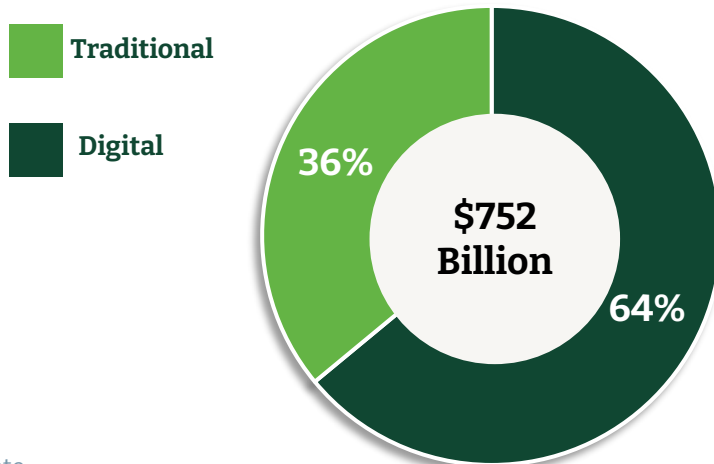
**There is a great opportunity for brands that “get it right”**

## »... leading to a large opportunity for agencies and consultancies

### Commentary

- These challenges and opportunities are driving continued increase in digital spend
- They are also presenting agencies and consultancies with a large, new addressable market

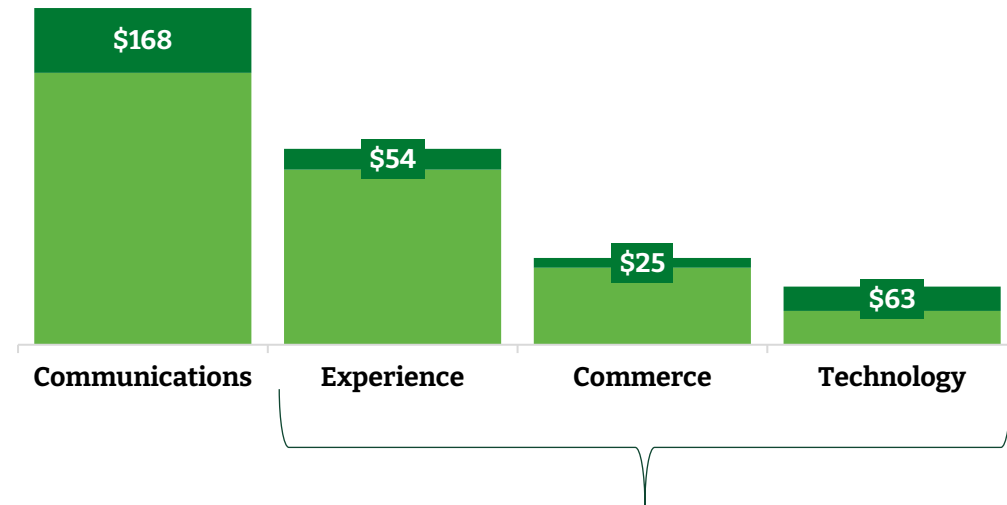
### 2021 Global Advertising Spend By Media



### Global Marketing Expenditure

(\$ billions)

■ Non-Addressable ■ Addressable



**~\$150BN in new addressable opportunity**

Note:

- Source for addressable spend all IDC, apart from Communications ( GroupM / WPP)
- Sources for nonaddressable spend: Communications GroupM ; Experience IDC CX Spending Guide 2019; Commerce estimate based on Experience ratios; Technology WARC / BDO " Martech 2020 and beyond" (October 2019)

# » The next generation of marketing agencies are focused on four key pillars

1

Strategy / Consulting

2

Creative Development



Brand

Advertising

Content

3

Delivery



Media

Data

4

Digital Platform Implementation



Experience

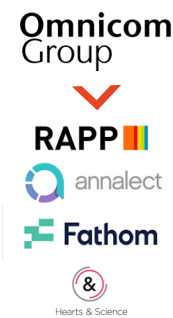
Commerce

Products

**Personalization is key**

## » Many groups are embracing the market

### Traditional Holdcos



### JEGI CLARITY Select Activity

#### Creative / Content



#### Digital Marketing



#### Digital Platform Implementation



### "Digital Native" Groups

DEPT / CARLYLE



### Consulting / IT Services



## » Five key areas of brand focus in 2022

**1 Customer experience and personalization**

---

**2 E-commerce and related retail media**

---

**3 Data and identity strategies in response to cookie deprecation**

---

**4 Marketing technology stacks**

---

**5 Emergence of the Metaverse**

# Sector Insights: Pharmaceutical Marketing



**Adam Gross**





# » Pharma / life sciences marketing: A unique and attractive vertical

## Three customers, not one

Payers



Doctors



Patients

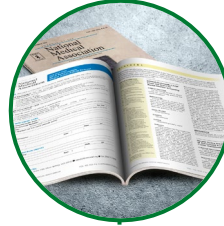


## Highly technical comms

Sales  
Reps



Medical  
Journals



Medical  
Seminars



Regulation



## High stakes game

**10 Years**

To take a drug from the lab to commercialization

**<12% Chance**

That a drug entering clinical testing will be approved

**\$2.6 Billion**

Average R&D cost for each successful drug

**1/3**

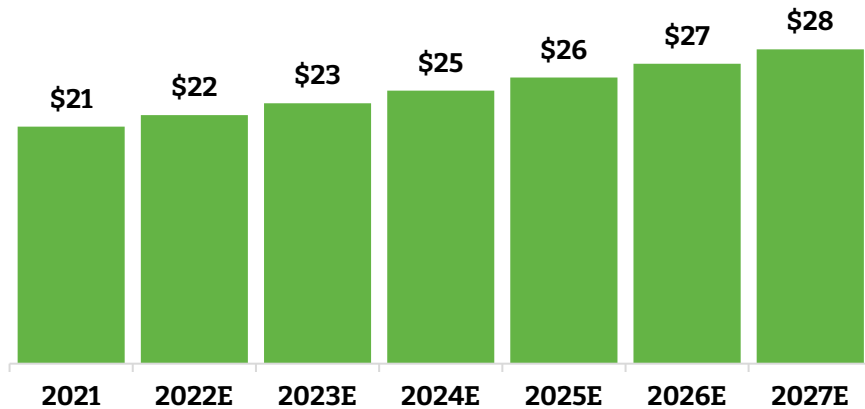
Of new drugs underperform in the first year following launch, and will never catch up

Agencies in this vertical are highly specialized and in high demand

## » Trends support continued growth in the pharma sector

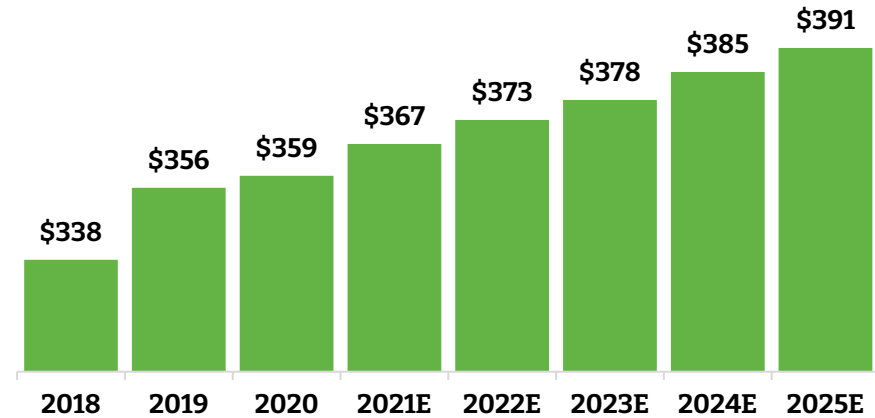
### US Pharma Marketing Spend

(\$ billions)



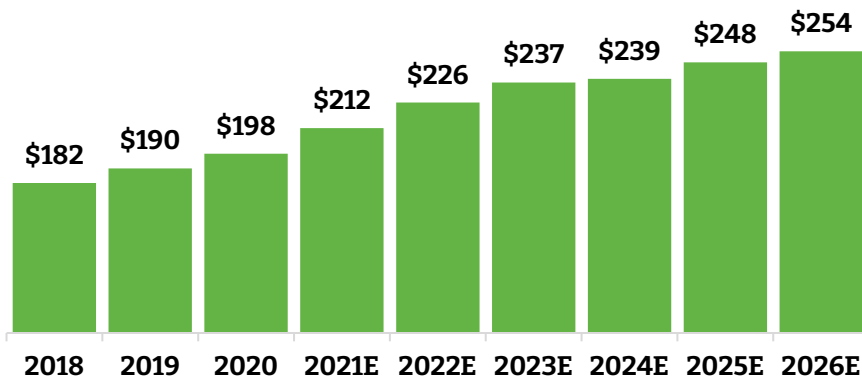
### US Medicine Spending

(\$ billions)



### Pharma R&D Spend

(\$ billions)

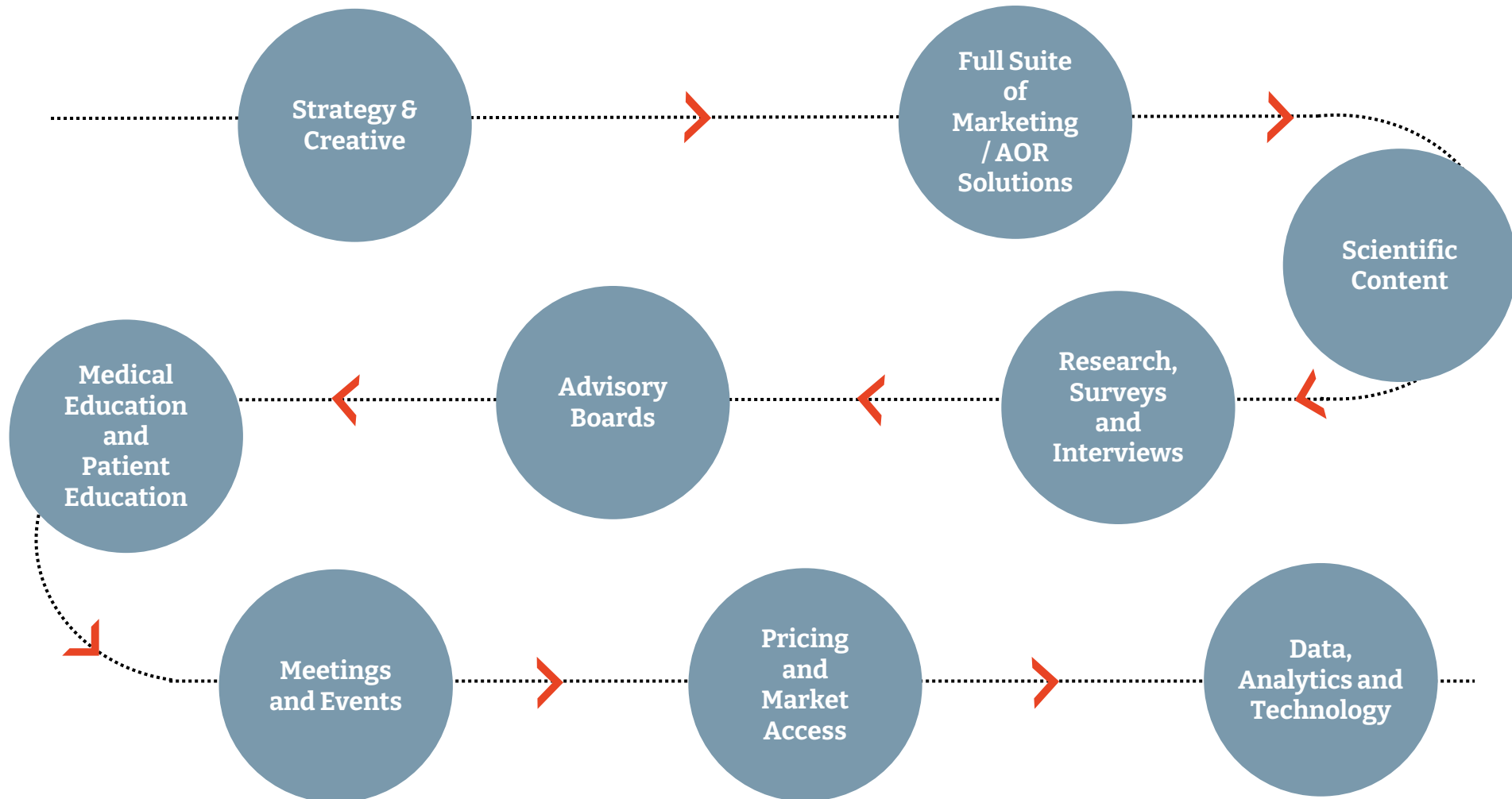


### Commentary

- Need for awareness and engagement with doctors and consumers is driving pharma marketing spend
- Aging demographics driving global prescription sales to more than \$1 Trillion
- Pharma companies constantly need to fill the drug pipeline, searching for next \$1 Billion+ product

## » Pharma marketing continuum

Pharma Marketing uses an array of services to raise awareness of a new drug, educating doctors about the uses and benefits of the drug, and targeting the right patients that would benefit most



## » Digital marketing technology

4 phases of digital tech adoption to align with the healthcare customer journey



## » Significant M&A activity continues in the sector

Date	Acquiror	Target	Date	Acquiror	Target
April 2022			November 2021		
March 2022			October 2021		
March 2022			October 2021		
February 2022			October 2021	RLH Equity Partners	
January 2022			September 2021		
January 2022			July 2021		
January 2022			May 2021		
December 2021			December 2020		
December 2021			November 2020		
December 2021			September 2020		

### JEGI CLARITY Select Activity

▼ HAS BEEN SOLD TO ▼

RLH Equity Partners

A PORTFOLIO COMPANY OF

**PROVIDENCE**EQUITY

HAS SOLD

▼ TO ▼

A SUBSIDIARY OF

▼ HAS ACQUIRED ▼

A SUBSIDIARY OF

▼ HAS ACQUIRED ▼

Note: Includes transactions completed by leaders prior to JEGI CLARITY

## » Case study: Building a pharma marketing powerhouse through M&A

**REAL CHEMISTRY**

13 Acquisitions Since 2016

- Real Chemistry (formerly W20) was founded in 2001; acquired by Mountaingate in 2016 and by New Mountain in 2019
- Areas of focus for acquisitions include communications, big data, AI, digital marketing, strategy and creative and social intelligence

### Acquisitions under Mountaingate



December 2016



November 2016



September 2016

### Acquisitions under New Mountain Capital

conversation  
HEALTH

April 2022

ipm.ai

January 2021

swoop

January 2021

starpower

September 2020

DISCERN  
HEALTH

July 2020

SYMPLUR

April 2020

21GRAMS

January 2020

RADIUS  
DIGITAL SCIENCE

November 2019

ISO.

November 2019

arcus  
global

October 2019

## » Five key trends in pharma marketing

- 1 The Why** – using surveys and interviews to unpack patient behavior
- 2 Scientific Content** – teaming with scientists to create authentic content across therapies
- 3 Move Away from AOR** – hiring the best companies that do the best work
- 4 Global** – groups that can service pharma products globally
- 5 Real-World Data** – utilize data from connected devices to target and engage patients

# Sector Insights: Performance-Based Consumer Marketing



**Michael Hirsch**



**Robert Bernstein**





## » Performance marketing overview and trends

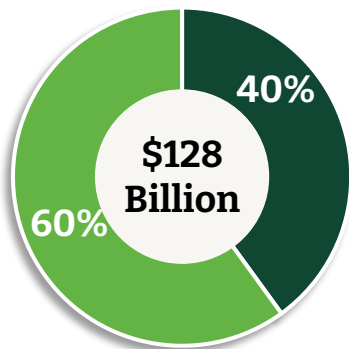
US Performance Marketing  
Digital Ad Market



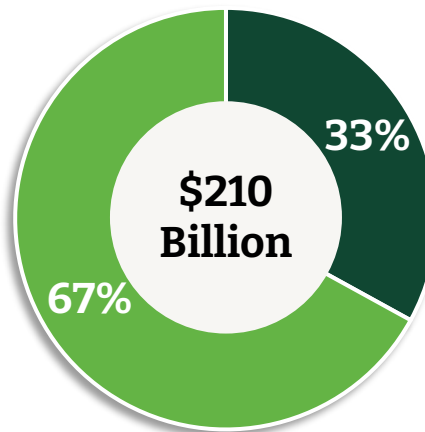
US Other  
Digital Ad Market



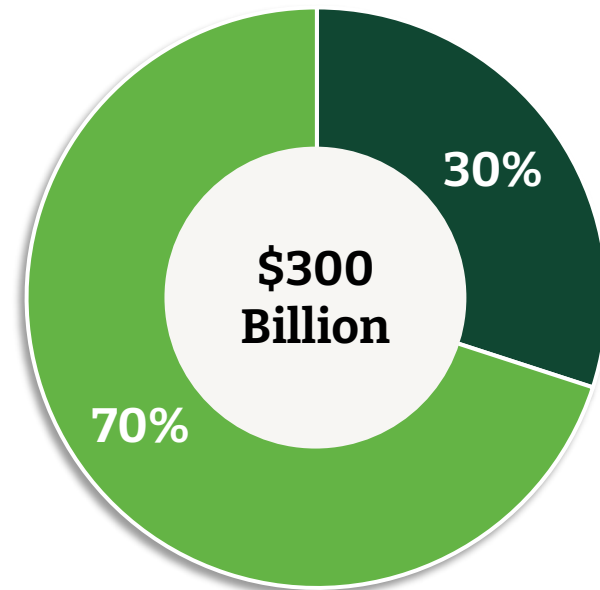
2015



2021



2025E



- Provides measurable ROAS
- Taking share in a massive, fast-growing US digital ad market
- Technology and analytics capabilities facilitate delivering new, high-intent consumers

## » Scaled performance marketing platforms creating significant value

**SYSTEM1**

**Foley-Backed SPAC Reaches Merger Deal With System1**

Jun-2021

**Ziff Davis**

**consensus**  
Cloud Solutions

**J2 Global CEO says Consensus spinoff will unlock value in cloud fax and digital media businesses**

May-2021

**IAC** / **Dotdash**

**meredith**

**Meredith to Be Acquired by IAC's Dotdash in \$2.7 Billion Deal**

Oct-2021

**clearlink.**

**Sitel Group® and Clarke Capital Partners Announce Partnership to Drive Growth of Clearlink**

Jan-2022

**BuzzFeed**  
**COMPLEX**

**BuzzFeed in SPAC Deal to Go Public, Will Acquire Complex Networks for \$300 Million**

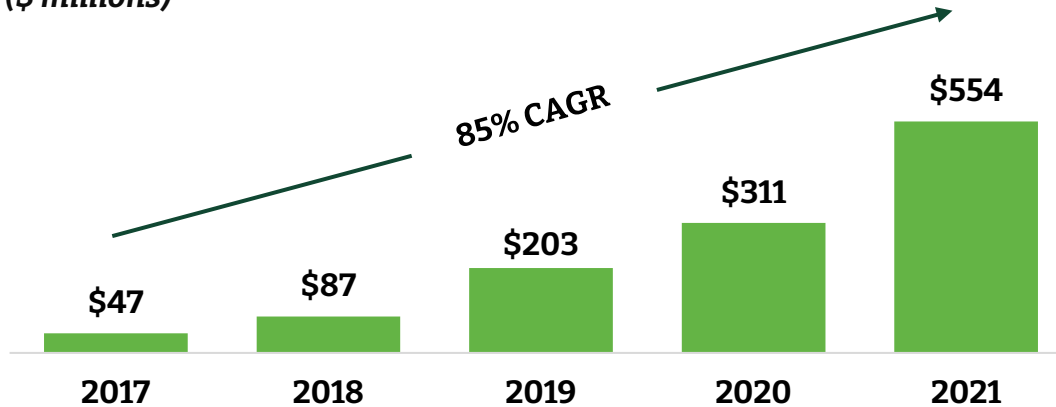
Jun-2021

## » Case study: Future plc



## Total Media Revenue

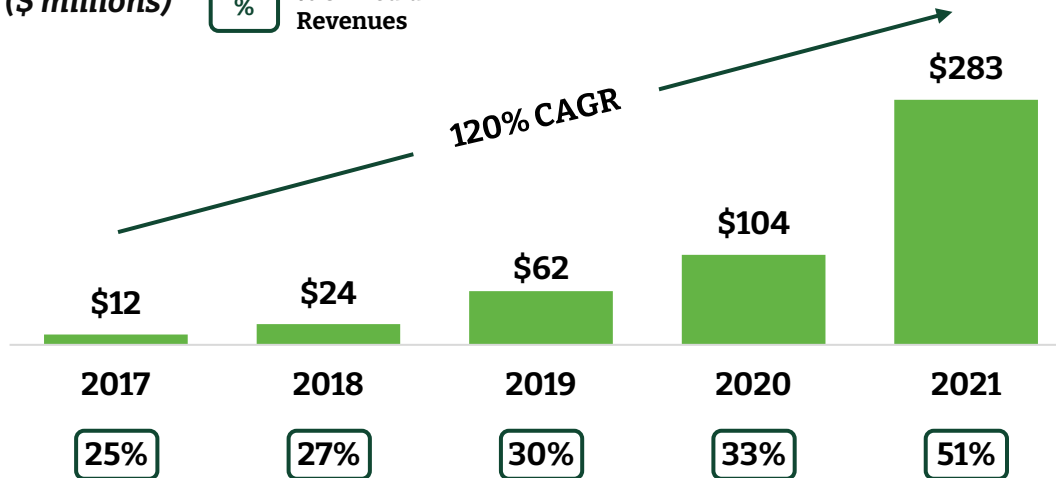
(\$ millions)



## E-Commerce Revenue

(\$ millions)

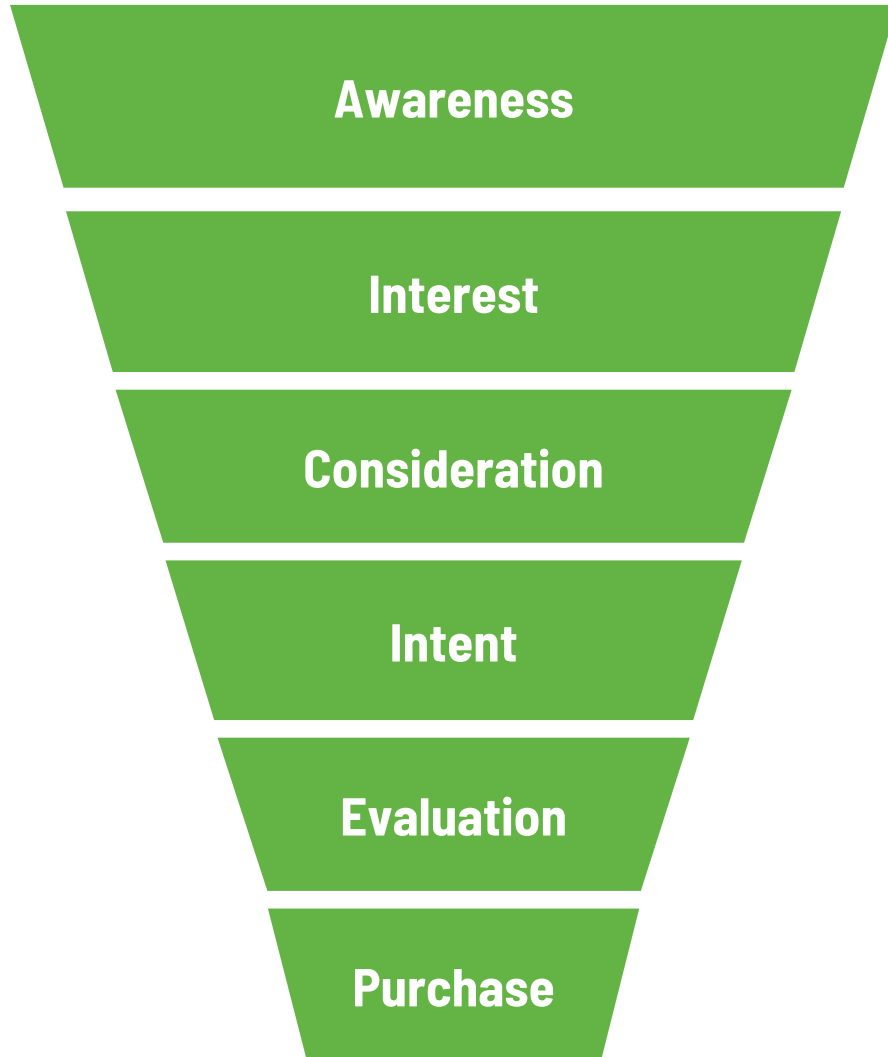
%

 % Of Media Revenues

## Innovative Business Model

- 250 digital media brands; 11 verticals
- Proprietary Hawk tech platform
  - Automatically identifies marketers
  - Embeds article links
  - Collects first-party data
  - Facilitates consumer journey
  - Drives conversion rates higher

» **Opportunities remain at top of the funnel:  
proactively engaging consumers through first party data**



- **Attract consumers to owned digital media properties**
- **Engage with surveys and polls**
  - **Learn about their lifestyles, preferences and purchasing histories**
- **Omnichannel conversion**

**Reaching high intent consumers  
before they raise their hand**

## » Selling owned subscription offerings benefiting from proprietary marketing channels (convergence)

- Performance marketers are applying their marketing prowess to acquire and monetize subscribers for their owned offerings

 Protected

- Leading developer of security and privacy subscription products with over two million paying subscribers

SYSTEM1

- System1 merged with Protected to further diversify its business model

**Ziff  
Davis**

*Humble Bundle*

OOKLA

**VIPRE®**

Mosaic  
Group



DAILY  BURN

 iTranslate



**RoboKiller**

IAC 

# » Significant appetite from strategics and private equity for distinct channels of high intent consumers

## Diversified Consolidators



## Pure Play Platforms



## Challengers



## JEGI CLARITY Select Activity

Ad Practitioners > Money



World Sync / Battery > Cnet Content Solutions / RED VENTURES



Nexstar Media Group, Inc. > BESTREVIEWS THE HILL



## » Outlook for the market / what to watch in 2022

Key trends across the Performance Marketing landscape, in the quest to deliver more high-intent consumers to brands

1

**Owned & Operated Sites** – performance marketing companies acquiring content sites

---

2

**Influencer Marketing** – moving towards higher consideration categories

- TikTok gaining prominence for lower in the funnel marketing

---

3

**Multi-Channel** – growing use of multi-channel is critical to right place / right time capture of consumer

- Call center and direct mail have a significant role to play

---

4

**Vertical Integration** – brands are buying content sites to own the customer journey start to finish

---

5

**Consumer First** – Greater awareness that the consumer experience and the best / most useful content are keys to success

# Sector Insights: Software

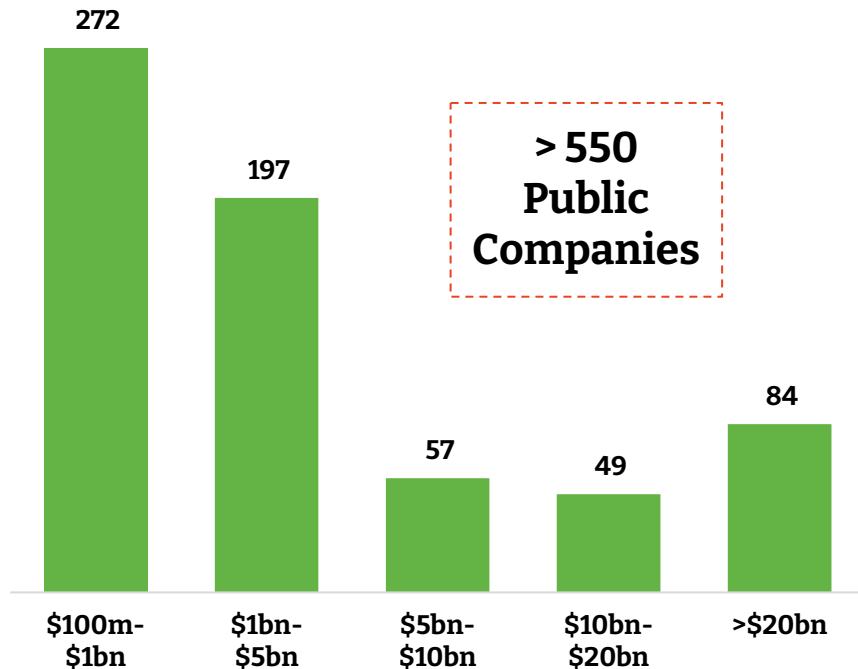


**Kevin Moore**



# » Public software and private company VC markets are both huge

## 2021 Total Number of Public Software Companies (by Market Cap)



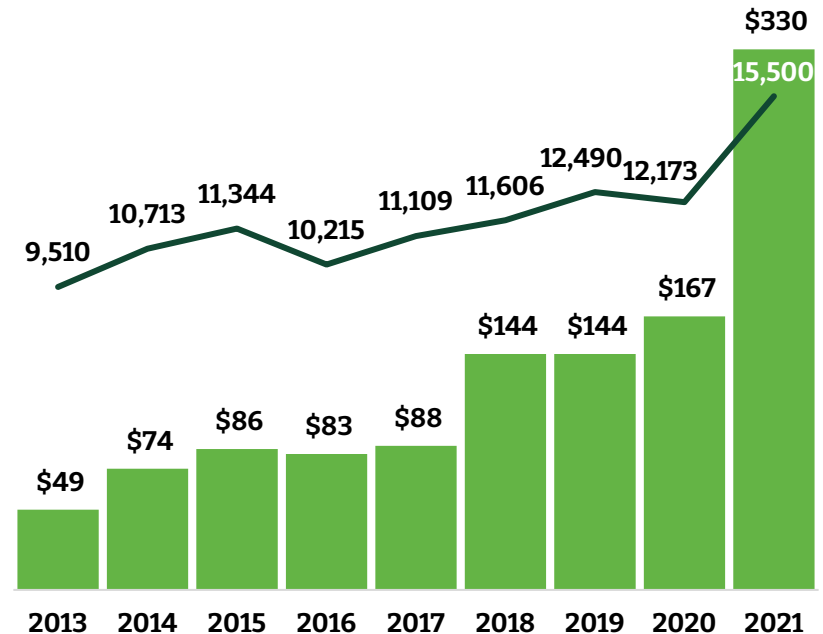
### IPOs and SPACs

- Longer time to IPO at much larger scale than in the past
- 2021 IPOs up 3x YoY from 2020, incl 25 SPAC IPOs, but significant cooling off in 2022

## US Venture Investment and Number of Deals

(\$ billions)

Investment Deal Count



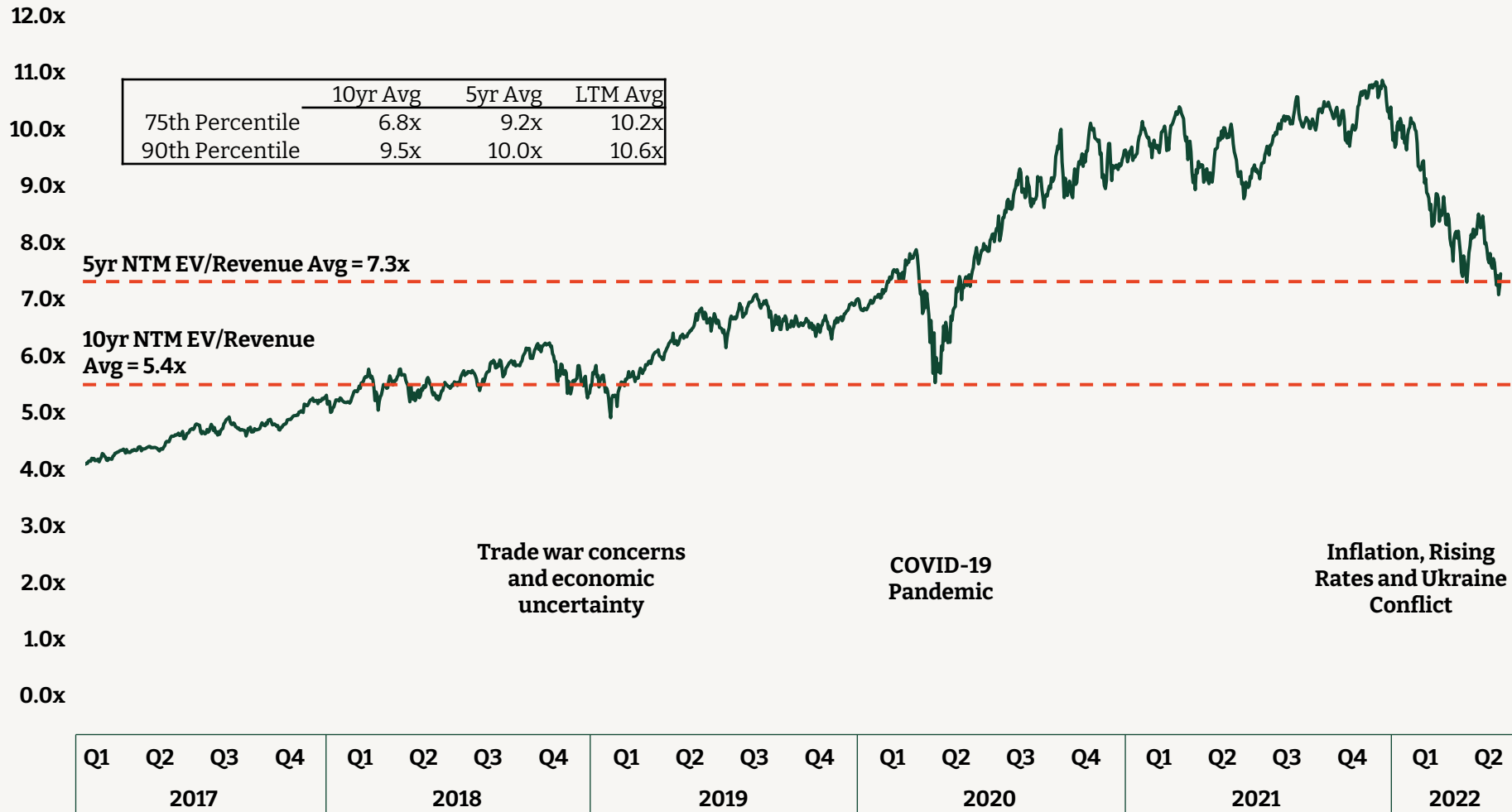
### Key Drivers

- Strong recent VC returns, leading to larger deal values across early to late stage and higher volumes
- ~75% from “hot” money (hedge funds, PE, corporate and sovereign wealth) rather than traditional VC in 2021

# » Recent public market SaaS multiples have adjusted significantly

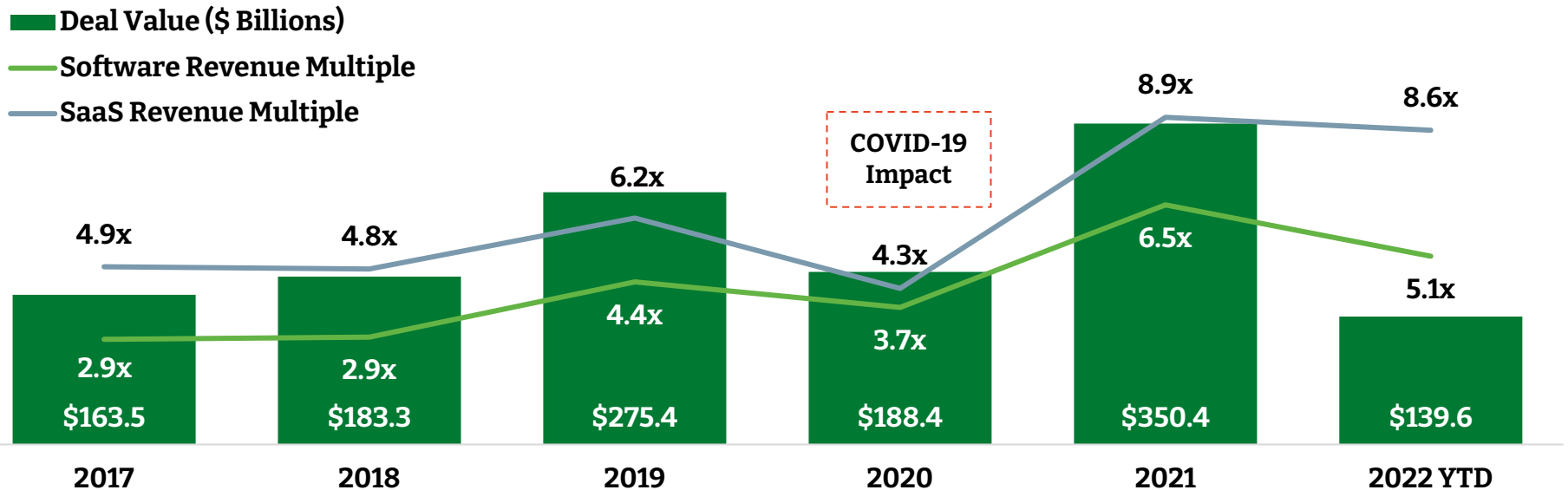
## Public Company NTM EV/Revenue Multiples of Top 100 SaaS Companies

— SaaS NTM EV/Revenue



## » M&A volume remains high with SaaS valuations at a premium

### US Software & SaaS M&A Transactions



- Reported software deal volume and values are at an all-time high
- SaaS continues to trade at a meaningful premium to overall software transactions with the largest gap in recent history
- Certain mega deals over \$20BN in Q1 announced and pending

### Deal Count










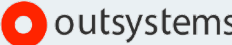





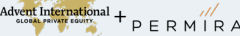




#### Software

2,326	3,368	828
-------	-------	-----

#### SaaS

647	1,066	227
-----	-------	-----

## » Key themes in the current software market

1	Data Wrangling	>	 TREASURE DATA \$234m Financing	 snowflake \$3.5BN IPO	 segment  twilio \$3BN Acquisition
2	Personalization	>	 Optimizely  INSIGHT PARTNERS + WCAS \$1.2BN Acquisition	 dynamic yield  mastercard \$320m Acquisition	 braze \$520m IPO
3	Low Code / No Code	>	 outsystems \$150m Financing	 quickbase  VISTA EQUITY PARTNERS \$1BN Acquisition	
4	Privacy and Security	>	 SailPoint®  THOMABRAVO \$7BN Acquisition	 McAfee®  Advent International GLOBAL PRIVATE EQUITY + PERMIRA \$14BN Acquisition	 1Password \$620m Financing
5	Blockchain	>	 andreessen. horowitz	 APTOS \$200m Financing	 r3. \$122m Financing

# Sector Insights: Legal & Compliance



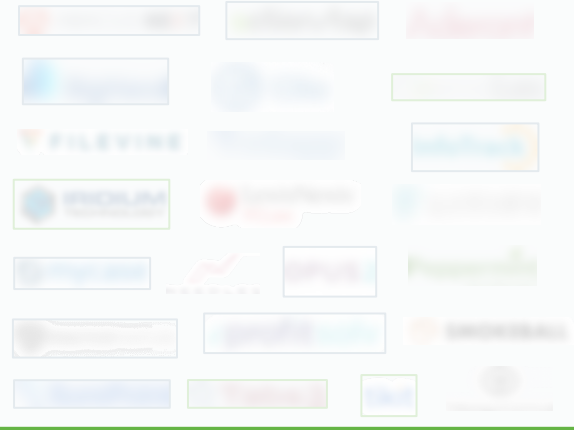
**Scott Mozarsky**



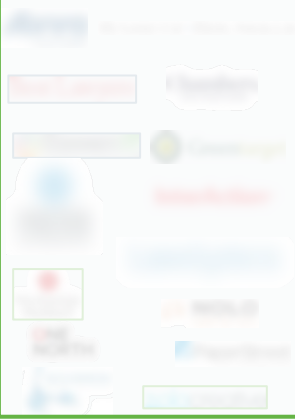
# » B2B legal tech market map

## Law Firm Management Suite

### Practice Management Platforms

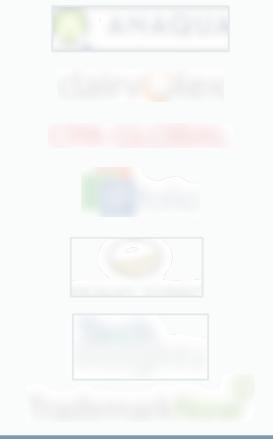


### Marketing / BD Solutions

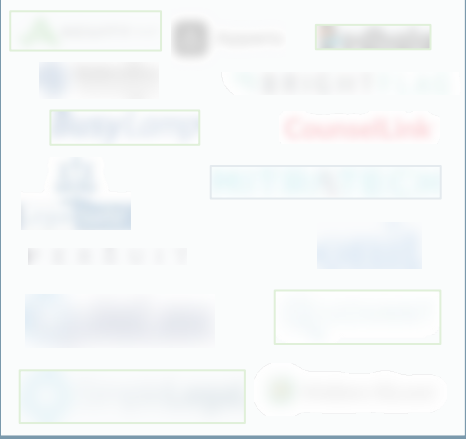


## Enterprise Legal Suite

### IP Management



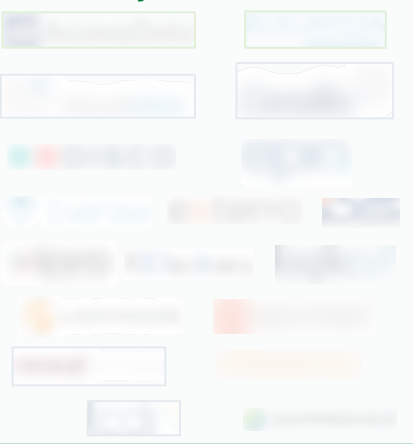
### Enterprise Legal Management



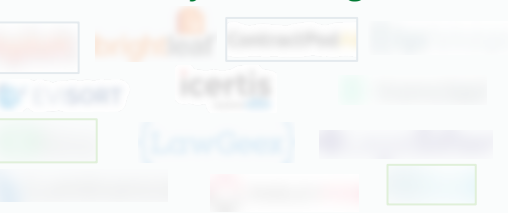
## Attorney Suite

# Market Map Available Upon Request

### eDiscovery



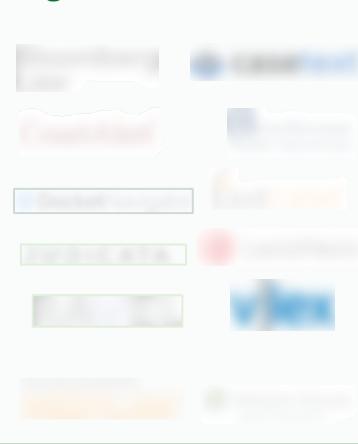
### Contract Analytics & Management



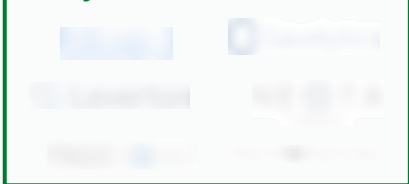
### Workflow, Doc Mgt. and Collaboration



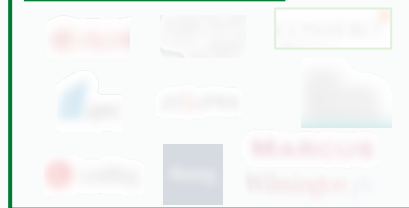
### Legal Research



### Analytics & Automation



### Media & Information



## » Legal market services and legal finance market map

### Tech Enabled Legal Services

### Alternative Legal Services Provider

### Litigation Support Services

### Consulting, Services and BPO

**Market Map Available Upon Request**


### Litigation Finance - Consumer

### Litigation Finance - Commercial

# » Companies raising record levels of capital; record levels of M&A driven by PE and growing pool of strategics

## Capital Raise

### 2021








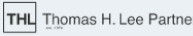
 \$25m Series C	 \$110m Series E	 \$115m Series C
 \$35m Series B	 \$80m Series F	 \$130m Series D

### 2020











 \$45m Growth Equity	 \$60m Series F	 \$78m Series C
 \$100m Series D	 \$20m Series D	 \$44m Series C

## M&A

### 2021

 Aderant	 AQUILINE	 WARBURG PINCUS
 onit	 	 

### 2020

 	 Apax PARTNERS	 
 	 DocuSign	 

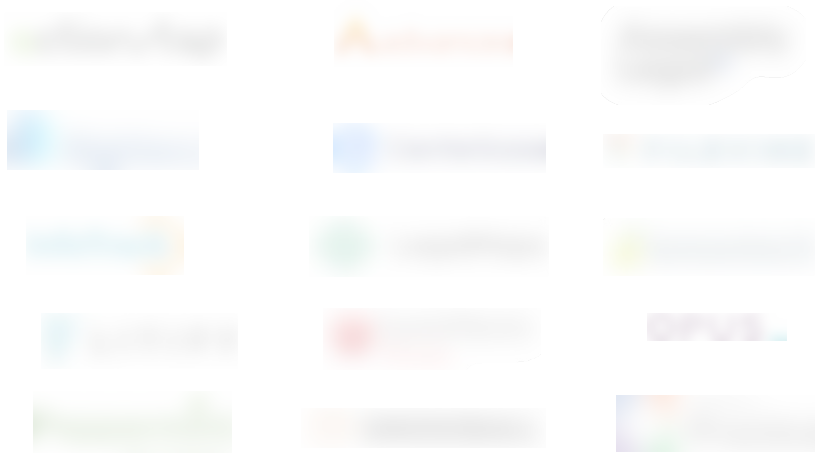


# » Private equity aggressively pursuing platform companies and bolt-ons: legal practice management

Rapidly accelerating customer and investor interest in LPM market



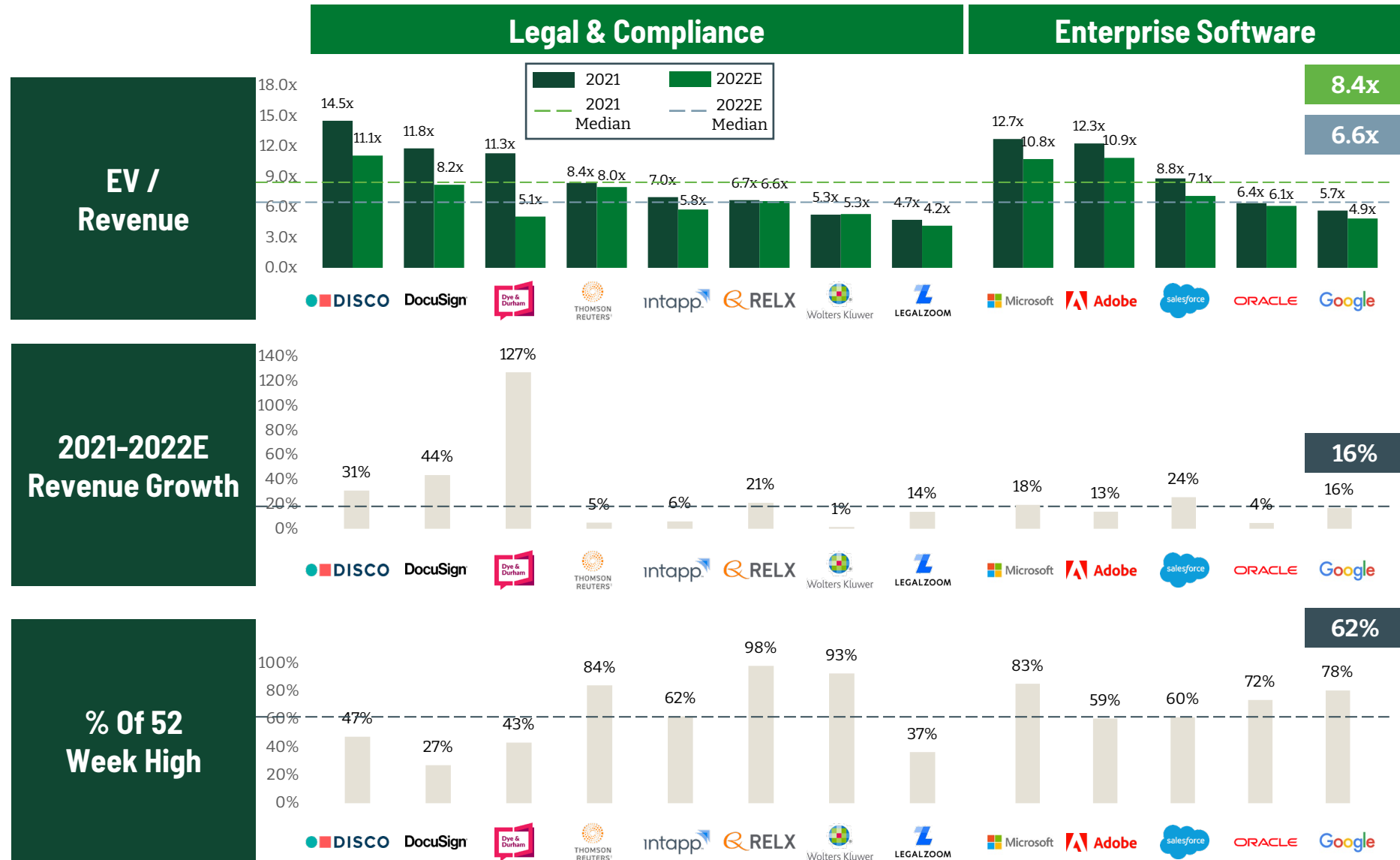
## Other PE Backed & Bootstrapped Companies



## Key Themes

- Crowded LPM space continues to grow
- More consolidation inevitable
- Multiple bolt-ons of Payments solutions
- Opportunity to offer complimentary services
- Integration with other platforms and apps
- New focus on bridging gap between LPM and ELM for firm and client collaboration
- Tech solutions migrating from on-prem to cloud

# » Performance and valuation of comparable public companies



# » Why is there so much activity around legal and compliance software investments and M&A?

## Legal Market Investments

- Large growing global market
- Increased commoditization
- Law firms managing organizations in more sophisticated manner
- Buyside of the market (clients) demanding law firms leverage technology
- Liberalization of relevant regulations
- Explosion of legal tech startups; over 1,100 on AngelList vs. 5 in 2000

- Explosion of PE-backed strategics, all of whom have inorganic growth plans
- Acquisitive strategics no longer limited to the four large research / content providers
- More private equity groups looking for platforms
- Sellers recognize riskier world than they thought it was prior to the pandemic
- Providers finding a riskier world than they envisioned pre-pandemic

## Legal Market M&A

## » Outlook for the market / what to watch in 2022

- 1 Continued strong interest from buyers and investors
- 2 Growing number of acquisitions by PE-backed platforms
- 3 Accelerating consolidation in Contracts Analytics / CLM
- 4 SaaS and cloud migration in all law firm segments
- 5 Legal services and legal tech combinations