

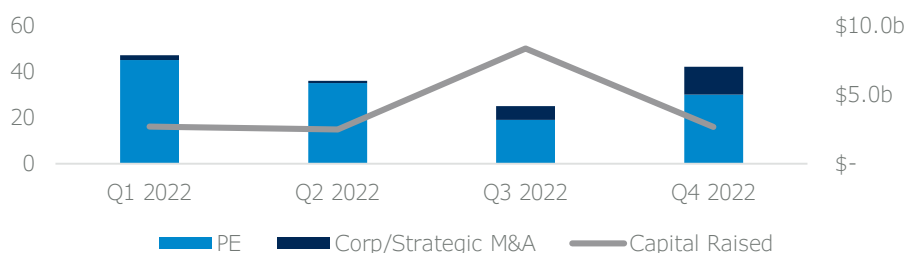
Market Update Digital Marketing & E-commerce

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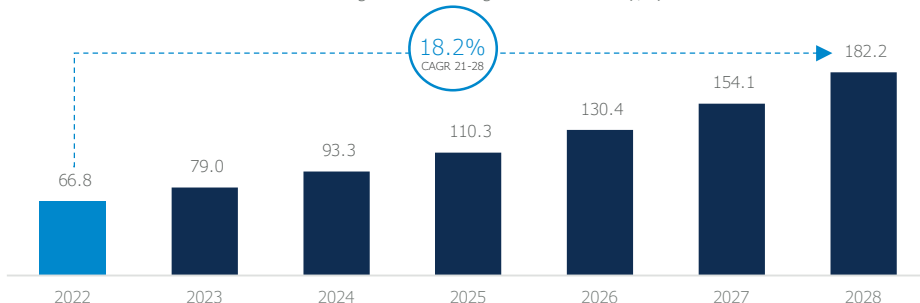
2022, for many industries, was a year characterized by economic and financial challenges. Macroeconomic turmoil, robust interest rate hikes, and uncertainty throughout Eastern Europe led to the worst public market performance since 2008. This resulted in many businesses slowing growth initiatives, or pausing M&A altogether. Despite this cooling economic environment, in Q4 2022, the Digital Marketing and E-commerce sector experienced growth, with a 68.0% quarter-over-quarter uptick in deal volume count.

The rationale for this positive divergence away from the broader market selloff can be largely attributed to this sector's persistence in innovation. Some marquee drivers of growth include the adoption of Composable Commerce and the transition away from the legacy monolithic technologies (among many other innovations) – an effort that has recently been championed by Shopify. These transformative commerce trends have proven to be an essential madidate for platforms looking to compete in an increasingly competitive marketplace. As stated by Gartner, “by 2023, organizations that have adopted a Composable Commerce approach will outpace the competition by 80% in the speed of new feature implementation.”

of M&A Deals in Digital Marketing & E-Commerce



Global Digital Marketing Market Value (\$B)

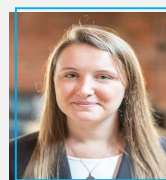


7MA has completed numerous M&A transactions for companies with Digital Marketing & E-commerce service providers. 7MA has developed unparalleled deal expertise and knowledge of the industry, valuation trends, and most active strategic and financial buyers. Please get in touch with Mark Landry, Sydney Scadden, or Iliia Ulianchuk if you would like to learn more about Digital Marketing & E-commerce.

Sector Coverage Team



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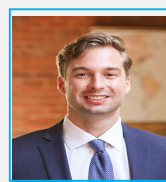
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Sector Snapshot

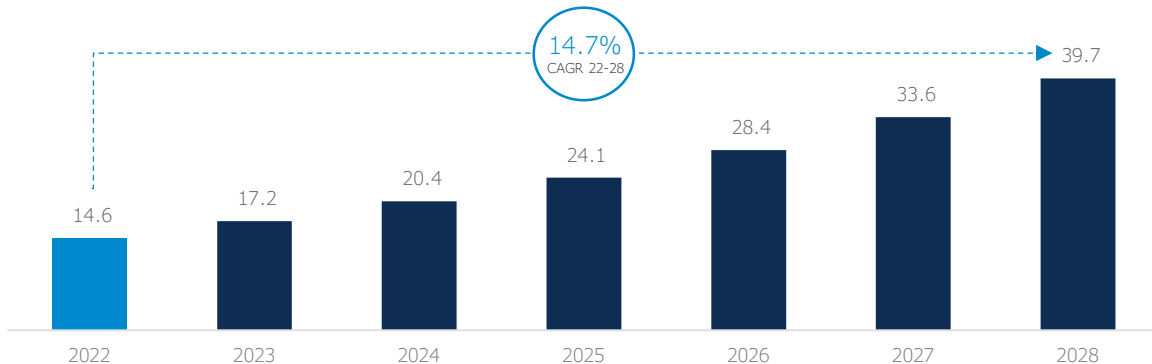
Digital Marketing & E-commerce in 2022 – A Snapshot

Entering Q1 2023 with strong momentum is key in a fast-paced world where trends come and go in the blink of an eye. To maintain this accelerated position, 85% of agency marketers believe that providing ROI to clients will be the key to growth in 2023, while 80% say keeping their MarTech updated is essential to the marketing agency's survival. The top goal according to a survey conducted to 600+ agencies is to invest in new tools/technologies followed by, business development, partnerships, client retention, outsourcing, and hiring. Finally, marketing technology in 2023 will be more than ever consumer-led and collaborative. To enhance and optimize this collaboration, marketing automation will move beyond being a convenient tool and become a core part of most marketer's repertoire.

As Composable Commerce disrupts the industry, Shopify, a global industry E-commerce leader launched Commerce Components by Shopify (CCS). This product gives large E-commerce retailers direct access to its component infrastructure becoming Shopify's composable stack for enterprise retail. The all-new back-office management designed for enterprise will give retailers the speed and flexibility needed to build for the future.

In addition, Shopify announced a global alliance with EY to build a new market for regulated products and deliver enterprise-ready E-commerce services helping enterprise merchants get to market faster, at scale, increase revenue potential, improve cost efficiencies, reduce tax risk, and provide customized experiences.

Global E-commerce Market Value (\$t)



Notable Digital Marketing & E-commerce Acquirers in Q4 2022 (M&A and PE)



Most Active M&A Subsectors in Digital Marketing & E-commerce

E- Commerce

Marketing Tech

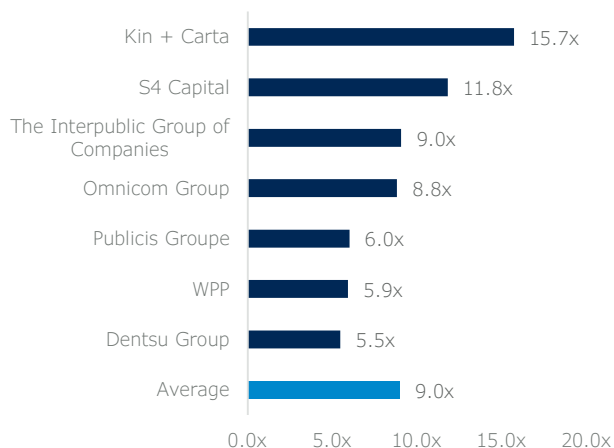
SaaS

AdTech

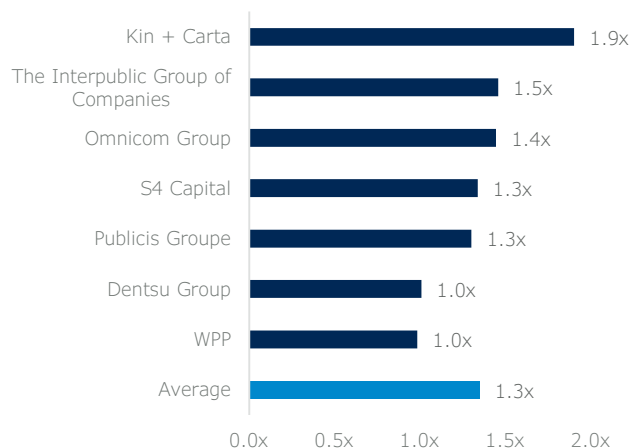
Publicly-traded Digital Marketing & E-commerce Companies – Q4 2022

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
Omnicom Group	20,613	2,342	14,277	1%	19%	16%	1.4x	8.8x	71,700	287
Publicis Groupe	18,727	3,123	14,406	16%	18%	22%	1.3x	6.0x	41,457	452
WPP	17,555	2,967	17,850	7%	17%	17%	1.0x	5.9x	79,004	222
The Interpublic Group of Companies	15,841	1,753	10,874	10%	16%	16%	1.5x	9.0x	26,244	604
Dentsu Group	9,683	1,775	9,613	15%	90%	18%	1.0x	5.5x	64,832	149
S4 Capital	1,517	129	1,135	78%	82%	11%	1.3x	11.8x	9,100	167
Kin + Carta	475	30	250	48%	45%	12%	1.9x	15.7x	1,766	269
Average	12,059	1,731	9,772	25%	41%	16%	1.3x	9.0x	42,015	307
Median	15,841	1,775	10,874	15%	19%	16%	1.3x	8.8x	41,457	269

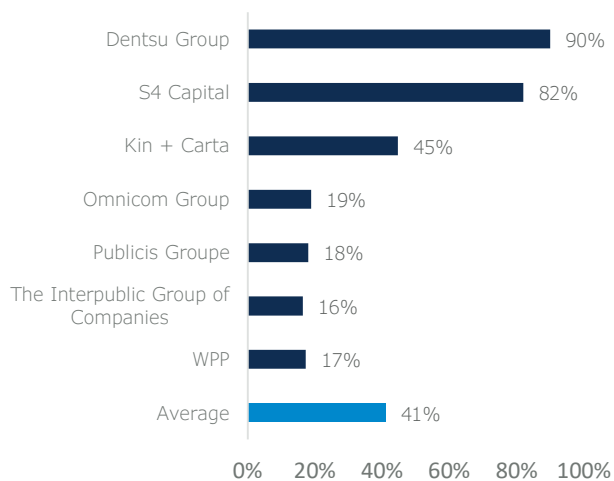
TEV / EBITDA X



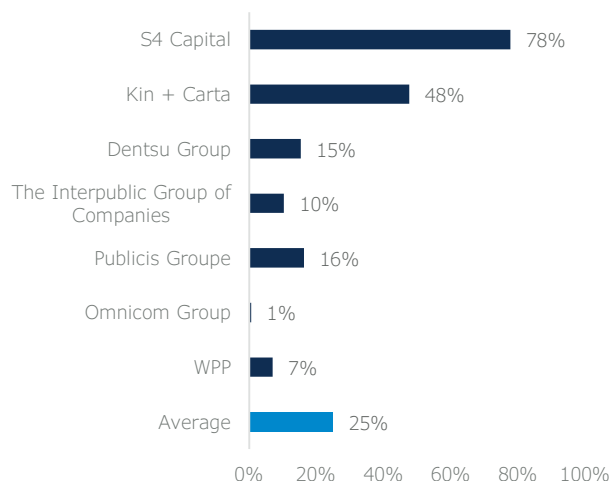
TEV / Rev X



Gross Margin %



Rev Growth YoY



Q4 2022 M&A Transactions

Date	Target	Buyer / Investor	Target Description
Dec 2022			<ul style="list-style-type: none"> Developer of an account-based marketing and data management platform providing business-to-business digital marketing services.
Dec 2022			<ul style="list-style-type: none"> Operator of a digital technology agency intended to serve e-commerce platforms (primarily Salesforce) to mid-market and large enterprises. The company specializes in design and digital performance, as well as services to support growth strategies including international expansion and omnichannel initiatives, thereby enabling clients to sustain value.
Dec 2022			<ul style="list-style-type: none"> Diff is an award-winning developer of tailor-made commerce solutions with specialized capabilities that address the rapidly growing Shopify commerce ecosystem. As one of the leading Shopify Plus Partners with more than 115 dedicated employees, Diff is a trusted agency to large enterprises and high-growth D2C brands, including Giant Tiger, Kith and Sakara Life, among others.
Nov 2022		 <small>GLOBAL ALTERNATIVE ASSET MANAGEMENT</small>	<ul style="list-style-type: none"> Operator of a digital marketing agency intended for businesses to take advantage of the digital landscape. The company is primarily engaged in providing online display ads, advertorials, newsletters, video, interaction and performance campaign services focusing on expanding its services and products across the entire customer journey and giving clients back control over their data, customers and actions.
Nov 2022			<ul style="list-style-type: none"> Provider of digital marketing services intended to develop strategy and execution of omnichannel programs targeted to specific consumer segments. The company offers digital cross-channel media, deliver transparent reporting and leverages proprietary algorithms and unique data sets to optimize marketing placement and audiences, thereby generating a return on advertising spend for its clients.
Nov 2022			<ul style="list-style-type: none"> Operator of a digital transformation agency intended to help organizations thrive in the new experience-driven digital landscape. The company's services include consulting, customer research, competitor and market research, business case analysis, product and pricing strategy, unified commerce, content strategy, service design, campaign management, UX design, UI design, content management, and other related services.
Oct 2022			<ul style="list-style-type: none"> Union is an operator of a digital marketing agency intended to serve travel and tourism, health and wellness and food and beverage brands. The company creates omnichannel campaigns, unleashing creativity in a data-driven world, thereby helping brands produce memorable, measurable and repeatable results.

About 7 Mile Advisors

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions


Union
valtech.


Absolunet.
valtech.


DEMANDGEN
BDO


UV | We accelerate businesses.
argano
a portfolio company of
TRINITY HUNT


ZILKER TECHNOLOGY
EY


SD Something Digital
genpact

