

# Market Update

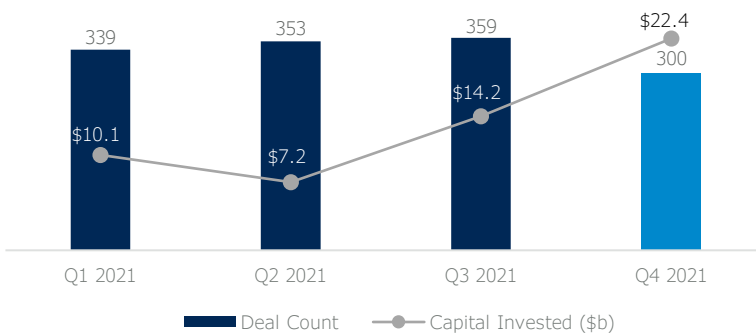
## Digital Marketing & E-commerce

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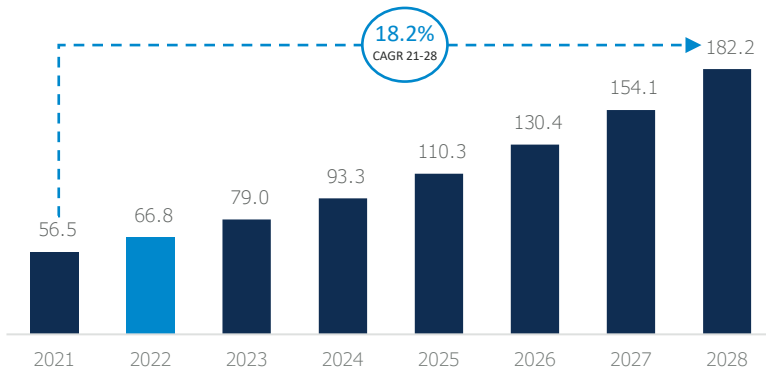
The 2021 Digital Marketing & E-commerce fourth quarter closed the year with a drop of 19.7% in deal volume compared to the previous quarter but recorded a robust 42.8% YoY annual growth. Similarly, the M&A transaction value accelerated at an 8.8% 10-year CAGR accumulating 1,350 completed deals in 2021 establishing a new all-time record.

Sellers were also motivated by higher multiples and strong optimism in the market as strategic and financial buyers continue to seek organic and inorganic growth through the acquisition of Digital Marketing & E-commerce providers, especially those with strong cloud and data analytics partnerships.

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

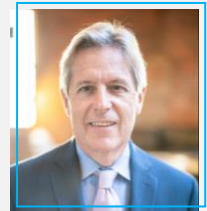


Global Digital Marketing Market Value (\$B)

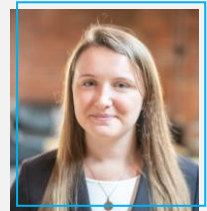


7MA has completed numerous M&A transactions for companies with digital marketing and E-commerce service providers. 7MA has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please get in touch with Mark Landry,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

### Sector Coverage Team



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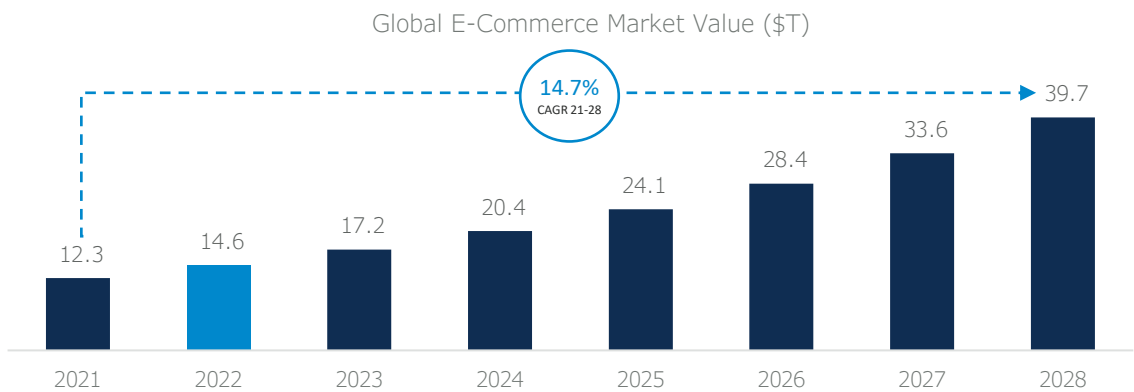


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### Digital Marketing & E-Commerce in 2022 – A Snapshot

Although the E-commerce industry remains strong and online shopping is robust, the fourth quarter was characterized by the fading of YoY growth rates caused by the global supply chain and bottleneck constraints, labor challenges, and the surge of the Omicron variant. The increase in scarce price products and the reroute of packages over longer and costlier distances to facilities with enough staff on hand to process orders has caused E-commerce leaders such as Amazon to spend “several billion dollars” in extra costs as CEO Andy Jassy mentions. These macroeconomic factors should remain temporary and powered by top cloud E-commerce partnerships such as AWS, GCP, and Azure, the global E-commerce market will reach \$40t by 2028, growing at a 14.5% CAGR.

The Digital Advertising sector remains unstoppable. Strategic buyers dominated Q4 with a 61.7% of deals compared to PEG’s taking advantage of the low interest rate environment prior to the forecasted increase in interested rates and worldwide economic inflation. The \$2t in excess savings that Americans racked up throughout the pandemic combined with a growing job market and increasing salaries have led to a shopping spree allowing for digital agency and marketing firms to reach the 80% of the American population that shop online. This sector is estimated to grow at a 18.2% CAGR until 2028 due to the constant increase of allocated dollars, digital transformation environment, and continued top cloud partnerships such as Salesforce.



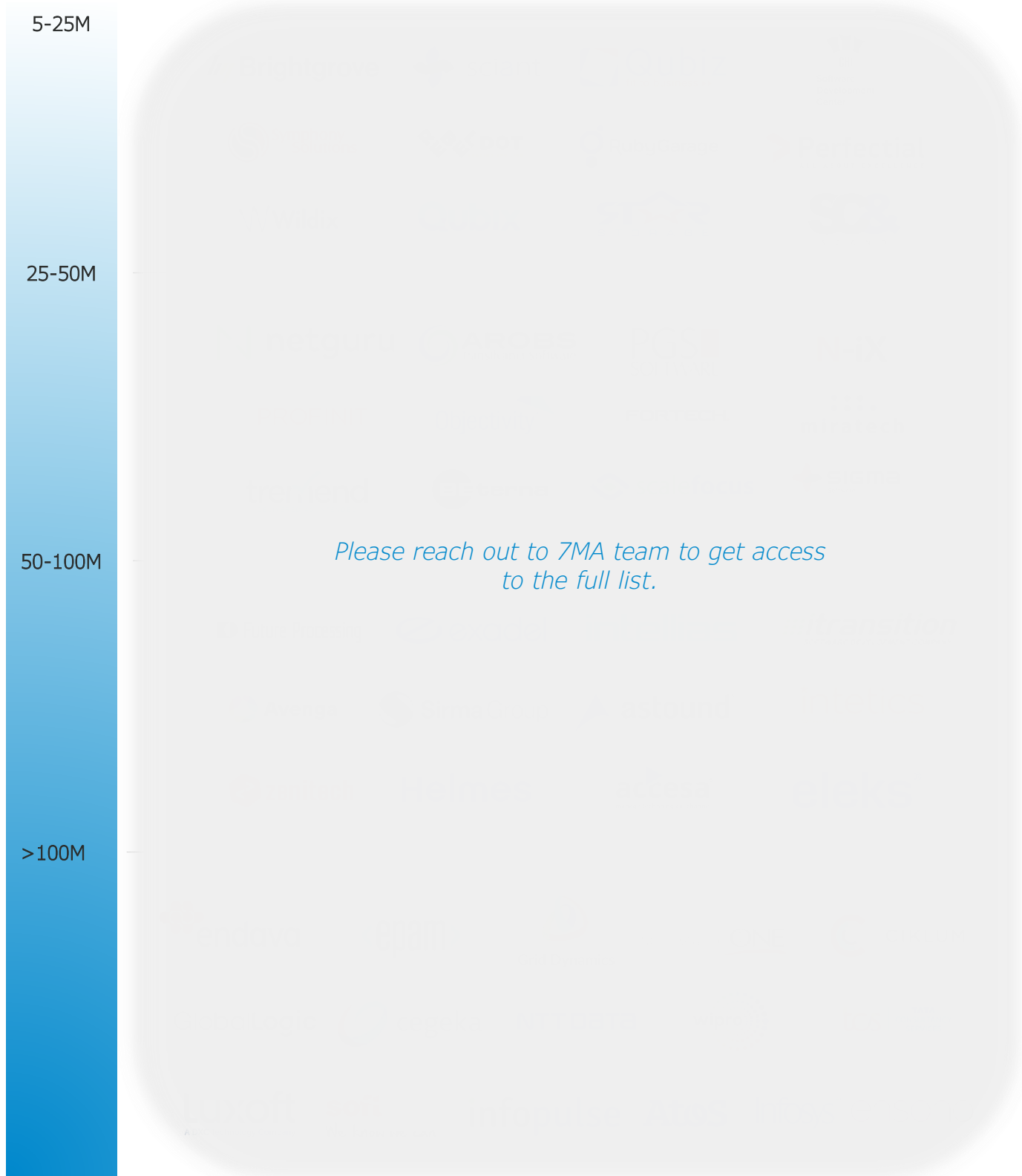
### Notable Digital Marketing & E-Commerce Acquirers in Q4 2021 (M&A and PE)



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



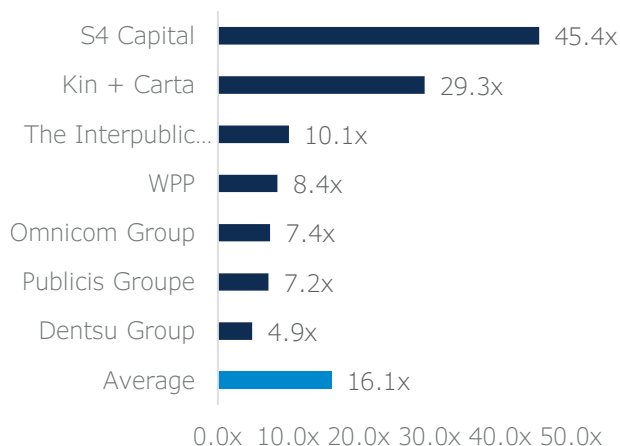
## Annual Revenue, USD



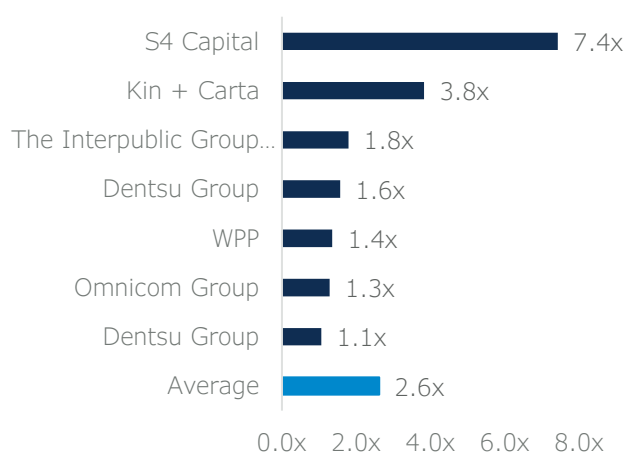
## Publicly-traded Digital Marketing & E-commerce Companies – Q4 2021

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
WPP	22,902	2,711	16,878	-9%	17%	16%	1.4x	8.4x	102,822	22
Omnicom Group	18,299	2,468	14,191	-12%	20%	17%	1.3x	7.4x	64,100	29
Publicis Groupe	20,575	2,874	13,116	-2%	29%	22%	1.6x	7.2x	82,592	25
The Interpublic Group of Companies	17,716	1,757	9,859	-11%	19%	18%	1.8x	10.1x	54,600	32
Dentsu Group	10,256	2,108	9,650	-10%	90%	22%	1.1x	4.9x	8,701	118
S4 Capital	4,799	106	646	59%	85%	16%	7.4x	45.4x	3,247	148
Kin + Carta	734	25	192	13%	46%	13%	3.8x	29.3x	1,423	52
<b>Average</b>	<b>13,612</b>	<b>1,721</b>	<b>9,219</b>	<b>4%</b>	<b>44%</b>	<b>18%</b>	<b>2.6x</b>	<b>16.1x</b>	<b>45,355</b>	<b>61</b>
<b>Median</b>	<b>17,716</b>	<b>2,108</b>	<b>9,859</b>	<b>-9%</b>	<b>29%</b>	<b>17%</b>	<b>1.6x</b>	<b>8.4x</b>	<b>54,600</b>	<b>32</b>

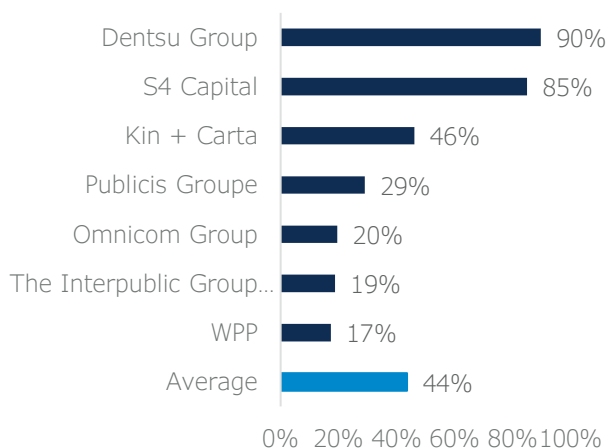
### TEV / EBITDA X



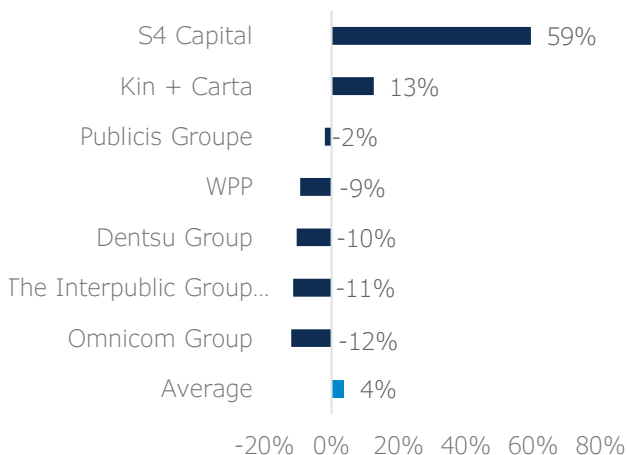
### TEV / Rev X












### Gross Margin %



### Rev Growth YoY



## Q4 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
21 Dec, 2021	 <b>INTOUCH GROUP™</b>	 <b>EVERSANA™</b>	<ul style="list-style-type: none"> <li>Provider of marketing and advertising services intended to serve the pharmaceutical industry. The company's services include business consulting, marketing integration, marketing automation, systems integration, digital transformation and various other prototyping services, thereby enabling clients to transform their products and increase their outreach among consumers.</li> </ul>
Dec 09, 2021		 <b>SEVEN OAKS</b> <small>ACQUISITION CORP</small>	<ul style="list-style-type: none"> <li>Boxed Inc is an e-commerce platform selling bulk, high-repeat consumables to consumers and businesses. It offers wholesale products such as groceries, household products, and health supplies.</li> </ul>
Dec 06, 2021	<b>MADE THOUGHT</b>		<ul style="list-style-type: none"> <li>Operator of a digital designing agency intended to focus on design-driven marketing. The company is a like-minded collective of strategists, writers, thinkers, inventors, makers, dreamers, mavericks, rebels, connectors, instigators and igniters, enabling brands to broaden their thinking using creativity to forge an ambitious future.</li> </ul>
Nov 30, 2021	 <b>wevo</b>	 <b>Audax</b> <b>Group</b>	<ul style="list-style-type: none"> <li>Operator of an enterprise integration Platform as a Service (iPaaS) that orchestrates data integration and APIs. The company's platform assists to integrate cloud and on-premise systems, create custom integrations, manage integrations automatically with reduced implementation and execution costs, enabling businesses to facilitate communication between the different systems in the organization turning it into digitally automated and integrated processes.</li> </ul>
Oct 18, 2021	 <small>CUSTOMER EXPERIENCE GROUP</small>	 <b>accenture</b>	<ul style="list-style-type: none"> <li>Provider of consulting services intended to implement customer relationship management solutions. The company's services include retail execution and monitoring, e-commerce, marketing automation, customer relationship management, trade marketing as well as support services for leading cloud-based platforms, thereby helping companies to develop a CX and digital transformation strategy to exponentially improve their interactions with the customers.</li> </ul>

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](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions

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