



An AdTech
NEW PARADIGM

WHITE PAPER



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Ilium Partners Vision for the AdTech industry

Thirty Years of Digital Advertising

Digital advertising just turned thirty years: According to some sources, the first clickable ad on the web was delivered in October 1993, while others would consider 1994 as the launch of the market. Regardless of the date, what is certain is that during these past three decades, the industry has been through multiple innovations cycles, impacting all aspects of the industry. From the birth of new formats such as sponsored links, audio-video ads, outstream ads, and native ads, to the advancements in mobile devices and advanced TV, to the explosion of social media and retail media, how we connect with potential customers and each other has been revolutionized.

With the launch of new transaction models with real time bidding, the ever increasing capabilities in targeting and retargeting, and the usage of additional metrics like visibility, attribution, and attention, the digital advertising space is robust and rife with opportunities for both entrepreneurs and investors in the advertising technology (AdTech) field.

The development of the digital advertising market has exceeded expectations and now represents more than all other media combined with over US\$600 billions annually worldwide.(source: eMarketer, march 2023)

In parallel, Ad Tech has taken an ever increasing share of the ad spend, with the introduction of programmatic ad platforms and more sophisticated targeting.

Google and Meta: A Duopole?

The market is dominated by US companies like Google and Meta, and increasingly Amazon, who have built “walled gardens” to maintain control of the eco-system and customer data, combining target audience and proprietary technology that limits third-party access by external AdTech providers. This has led to a relative disappointment in the potential for European companies to scale and succeed internationally. It will be interesting to follow the impact on the AdTech industry of Google's antitrust trial.

The French AdTech excellence

Despite the challenges stemming from walled gardens, France has developed a unique strength in the AdTech and marketing technology (MarTech) industries, thanks to the strength of its engineering capabilities and Artificial Intelligence (AI) community. The growth of the French AdTech ecosystem is led by Criteo, Equative, and Teads. The StickyAds acquisition by FreeWheel/Comcast in 2016 and the recent acquisition of SciBids by DoubleVerify in 2023, demonstrate the attractiveness and potential of French AdTech companies to the international community.

New opportunities

A new AdTech innovation cycle has started, as demonstrated by recent investments, acquisitions, and leveraged buyouts (LBO), and we believe that French and other European companies are well-positioned to benefit from what's on the horizon. We believe three AdTech areas are particularly promising and worth further exploration and analysis:

- A Post-cookie Era
- From TV to Advanced TV
- Beyond Expectations with Retail Media

Bonne lecture!

A Post-cookie Era

Digital advertising technology relies largely on data to create value, and for decades this has been third-party cookies (placed on a device from a domain that is different from the one the user is browsing) to generate and share user data. This dependency has increased with the introduction of programmatic advertising and the usage of sell-side and buy-side platforms. This reliance is particularly strong for some business models such as retargeting, or on some measurement capabilities like attribution which help companies optimize ad interactions and conversion journeys.

Cookies-based analytics are based on a user's behavior in a browser, but with our use of multiple browsers across various devices, companies have a cross-device attribution issue, leading to ineffective targeting and low ROI. In addition to the effects of customer behavior on the efficacy of cookies technology, the ability to effectively access user data depends on regulations and the policies of some major players, both of which are in flux.



CHANGES IN REGULATIONS

Legislators play a central role by defining the security and privacy rules and the advertising industry has organized itself to propose frameworks adapted to European and US regulations (California and Virginia), and now to Canada, Brazil, South Africa, and an ever-increasing list of countries. These frameworks propose specific rules on user consent and the collection, storage, and sharing of user data. There is a need for the development of new advertising solutions to implement full privacy in complex environments and within the field of data sharing and data collaboration.



CHANGES IN POLICY

Browsers like Apple's Safari have implemented a new restrictive policy regarding third-party cookies, with an immediate effect on the availability of user data. Google is planning a similar change in Chrome's policy which will be so impactful on the market that they have postponed the implementation of this change multiple times and the company is expected to propose an alternative.

To effectively respond to this combination of tech limitations, changes in government regulations, the policies of some lead players' policies, and the desire for more accurate user behavior tracking, new ways of targeting users and measuring the effectiveness of digital marketing spend are necessary.



NEW IDENTITY SOLUTIONS

The first alternative to third-party cookies is user ID analytics. Companies like The Trade Desk and ID5 are providing those types of solutions. User IDs are unique identifiers assigned to people and their logins, rather than a device or a browser, thus ensuring more accurate data collection and enabling more effective targeting.



SELLER DEFINED AUDIENCE

Another approach is to let the media owner share user data in real time with the buyer in the form of user groups and seller-defined audiences (SDA). This solution represents a shift in responsibility: the data is now owned by the publisher, data management platform (DMP), and data providers to scale first-party data, not rely on deprecated user ID, and better protect against leakage.



CONTEXTUAL TARGETING

It is possible to extract more actionable user data through the use of contextual targeting, which simply means the placement of ads on web pages that are relevant to that content, from a broad category to keywords, all the way to advanced semantic contextual targeting that utilizes machine learning (ML). This is different from more traditional behavioral ad targeting based on a user and their historical data, rather than where the user is currently browsing.



A CHALLENGE TO BE SOLVED BY ADTECHNOLOGY PROVIDERS

Although mobile and CTV applications do not rely on cookies but instead on a device advertising ID, a similar change is to be expected as well. This ID is controlled by the operating system, and changes in the policies of Apple iOS, Google Android, and Samsung Tizen (for CTV) will have comparable impacts. Although challenging, the redefinition of the data ecosystem is an opportunity for the media seller to better control the usage of the data of their users.

A WORD WITH THE EXPERT



CEO & CO-FOUNDER - ID5

Mathieu Roche

- **THE DISAPPEARANCE OF THIRD-PARTY COOKIES IS ONE OF THE MOST TRANSFORMATIVE EVENTS IN THE ADTECH INDUSTRY. IN YOUR OPINION, WHAT ARE THE CHALLENGES AND OPPORTUNITIES OF THIS CHANGE?**

Digital advertising offers better targeting and measurement capabilities than traditional advertising due to the ability to recognize devices and users. That ability is historically based on the usage of third-party cookies, which are the fundamental elements that support the ecosystem. When you take them away, the entire infrastructure crumbles and that's why it's such a challenge for everyone to have to deal with a world without them. That said, this is also a massive opportunity.

Third-party cookies are available for a limited audience. There are three big universes of digital advertising: the web world, the app world on mobile devices and tablets, and the CTV world. Of those three, cookies are only used on the web and only by about 60% of users. Those are the people who have Chrome as their main browser and who *enable cookies by default*, representing an opportunity to increase ad reach by using an alternative.

Additionally, cookies are imperfect due to a mechanism that is very difficult to control.

Those cookies are dropped by third parties - as the name suggests - and so every web server that has indirect access to the user's device can recognize it without asking for permission, leading to massive uncontrolled access to people's private data.

There's a phenomenon called *data leakage* by which AdTech companies listen in on web calls to their servers, collect information, and then use that information elsewhere. So as a media owner, you'll have a lot of contextual intelligence about what a user is interested in, but with cookies, everybody else knows that as well and can use that information without compensating the media owner. This has a detrimental effect on the ability of publishers to monetize because it's made their audience available to anyone without appropriate control.

In addition, there is an opportunity to build something a lot more controllable so that you can protect a user's personal data and the publisher's audience. Privacy regulation has been passed in Europe but also more and more in the USA, which has raised the bar of the level of control, we need to implement. With the deprecation of cookies, we have an opportunity to build a better infrastructure, that is more controlled and secure, and with a wider reach, thus leading to better monetization.

- **WHICH POST-COOKIE APPROACH IS BEST APPLIED TO VARIOUS USE CASES? DO YOU BELIEVE MORE IN COHABITATION, COLLABORATION, OR COMPETITION?**

There are a lot of alternative ways to do targeting, frequency capping, and measurement. But for the seller and the buyer to recognize users, you need to have a unique identifier. If you don't have it, you can do contextual targeting but it's not as effective. You can do frequency capping at the site level, but it's not as good. You can do panel measurements, but it's not as good. Many capabilities have been built to work without user identifiers, but they're not as good, so we shouldn't accept that as the new standard.

It's not like "in the land of the blind, the one-eyed man is king;" we don't have to be blind.

There are ways to recognize users and devices with other forms of user identification that are more privacy-compliant, and more respectful of users' data and publishers' audiences. The true alternative, the true replacement for cookie IDs is what we call “next-generation identifiers.” They're not a feature or service in themselves, but an enabler of the features that brands and publishers care about, which are audience segmentation, targeting, frequency capping, and performance measurement.

We should build a better infrastructure to support all those capabilities. Seller-defined audience and data clean rooms will be part of that, but they still need you to be able to recognize users at some point.

- **WHAT IS THE POSITIONING OF ID5? WHAT ARE YOUR KEY DIFFERENTIATORS? WOULD YOU DEFINE THESE AS ESSENTIALLY TECHNOLOGICAL, OR MORE RELATED TO YOUR BUSINESS APPROACH?**

ID5 is an identity company. When you look at the ecosystem, companies building alternative identity mechanisms are generally data or media companies. We're not trading data or media, we're just providing identity as an infrastructure.

On the technical side, the approach we use to recognize devices also makes us different, because we've taken a very open-minded approach. There's this debate between deterministic and probabilistic approaches in the market. Provided we have user consent, we consider all signals publishers send us as a means to recognize the device. Any signal is a good signal as long as it allows us to perform our mission, which is to help our client recognize the device such as email address, IP address, device's user agents, publisher, etc. That makes us very different because most companies have a siloed approach, probabilistic or deterministic. For us, everything is algorithmic.

As a result, we have very high penetration levels: we can recognize with an ID5 ID between 50 and 60% of the population in France, between 40 and 50% across Europe, and between 20 and 30% in the US.

We're already at a scale that's comparable to third-party cookies. We've already built something that is a better replacement technically and in terms of reach, and that is very different from other companies that focus on email only because the ability to recognize users using just their email is very limited.

What makes us different is our positioning as a neutral identity infrastructure provider and our technical approach to maximizing device recognition.

- ***BEYOND TARGETING, WHAT ARE THE DIFFERENT USE CASES ENABLED BY YOUR SOLUTION?***

As an industry, we've been very focused on the disappearance of third-party cookies and the objective of targeting users, but I think it is important to broaden that perspective. Targeting is just one of the use cases.

We also need to seriously consider rebuilding measurement and optimization capabilities without third-party cookies. Frequency capping is also an important use case that in today's world is almost entirely dependent on them.

If you can target the right audience but you can't measure the performance of your campaign, it's useless. Contextual targeting can be a very effective way of targeting a campaign, but without performance measurement, it's useless. Measurement is at least as important if not more than targeting, especially for brands.

ID5 has no interest in having its infrastructure used for targeting, measurement, or attribution. For us, it's all using the infrastructure. This is not the case for a lot of other players in this space, because data trading is the core business for most other companies, who are therefore very interested in fixing targeting. I think we have more of a holistic view and I believe it's important to push the market into solving all use cases.

- **ID5 HAS ANNOUNCED A PARTNERSHIP WITH THE TRADE DESK, ONE OF THE MAJOR DEMAND-SIDE PLATFORMS IN THE INDUSTRY. WHAT WAS THE GOAL OF THIS AGREEMENT, AND MORE GENERALLY WHAT IS YOUR VISION FOR THE FUTURE OF ID5?**

We announced in June that The Trade Desk is now using ID5 in its distribution engine and we're now part of the infrastructure it uses to identify customers. So campaigns can be targeted to ID5 IDs as one of the means to recognize users, apply data on top of those users, and do frequency capping and measurements. We've also announced a collaboration on the distribution of EUID, which is The Trade Desk's email-based identifier.

We believe that you'll have a small number of globally accepted and scaled ID solutions to trade media and data between buyers and sellers; ID5 will be one of them, The Trade Desk EUID / UID2 will be one of them, and maybe a couple of others.

But the goal is to build interoperability between those globally-scaled ID solutions and that's exactly what we're doing by creating a connection between ID5 and The Trade Desk IDs. So, it's the first step of consolidation in the market. It's great that we've been able to reach this agreement and build something together that in the end supports the open web and the publishers' advertising business model.

- **TODAY THE FOCUS SEEMS TO BE ON THE DISAPPEARANCE OF THIRD-PARTY COOKIES, WHICH ONLY IMPACT THE WEB. DO YOU FORESEE SIMILAR CHANGES IN THE APPLICATION AND CTV WORLDS, AS DEVICE IDS AND DEVICE IPS BECOME LESS AND LESS AVAILABLE?**

Identity is not just a third-party cookie challenge, it's a digital advertising challenge. The technical headwinds that ID5 is facing are caused by platforms - mainly Google and Apple - removing device identifiers, whether they're based on cookies or mobile identifiers like Apple or Android Device IDs. The regulation says the collection of personal data has to change, whether they're based on cookies or device identifiers.

The disappearance is more acute and visible on the web because cookies are disappearing, but Apple Device IDs have already technically disappeared for a lot of users, and the use of IP addresses on CTV is very challenged by some platforms and regulators. The same trajectory that we've gone through on the web with cookies, we're also going through on mobile apps and CTV platforms.

With only a little delay, ID5 has integrated into mobile apps and CTV, and our IDs are very prevalent on the web as a means to identify browsers, mobile devices, TV, and TV households. ID5 provides an identity solution for digital advertising across all channels and is not just a solution for the replacement of third-party cookies.

From TV to Advanced TV

For over twenty years the undisputed advertising market's leader is TV. With the ability to reach a large share of a dedicated target audience, through a limited number of advertising networks, the growing impact of the video format, and its advantageous pricing model, traditional TV remains an efficient way for advertisers to achieve their communication and sales objectives.

In terms of ad spend, TV has been challenged, and now surpassed, by digital. One factor is related to the change of habits in consumer behavior and usage, with more time spent on mobile devices and social media, in addition to the success of video-on-demand (VOD) services through subscription service providers like Netflix and Amazon Prime.

However, the reduction in TV advertising spend is not entirely due to this relative shift of audience attention from traditional TV to digital platforms. TV advertising is generally limited to those with large budgets and often focuses on awareness building, while on the other hand, digital advertising offers improved targeting capabilities, richer campaign statistics - including visibility, attention, and attributions metrics - and provides a variety of formats adapted to all budgets and goals.

THE REINVENTION OF TELEVISION

TV is no longer limited to broadcasts in the home's living room; it is redefined to include premium video streaming services on any devices and nonlinear services like VOD and recording platforms like ReplayTV.

Regardless of its definition, the key factor for advertising in our new digital world, is that most TV consumption is now from a web-connected device, whether through a set-top box (AKA cable box), a smart TV, or on other devices, allowing digital-like capabilities for TV advertisers.

FAST CHANNELS

FAST channels (free ad-supported streaming television) rely on the internet for the delivery of content through a web-connected TV or mobile application, often provided by a smart TV or set-top box through manufacturers like Samsung, LG, Sony, and Roku. The technology behind FAST channels gives the possibility to build and distribute channels globally at a fraction of the cost compared to traditional broadcast TV. The business model includes an advertising revenue share or an inventory share between the distribution platform and the channel, and consumers find low or no-cost 24/7 access a great alternative to traditional TV. Personalization of ad breaks (ads that appear before or during long-form videos) is the key to optimizing the profit equation of this new sector.

ADDRESSABLE TV

Broadcast TV delivered digitally through set-top boxes or in analog form over the air provides the same ad to all viewers. In contrast, addressable TV offers targeted ads and uses sophisticated data analytics and digital tech to segment the audience and deliver more relevant ads that are more effective. The data might be provided by the Internet Service Provider (ISP) or other data providers and is then sold by the channel or its partners. For over-the-air (OTA) software updates and ad replacement, TV manufacturers still need to implement new norms with their smart TV devices, while enriched ad formats are already possible in most markets.

ADVERTISING VIDEO ON DEMAND (AVOD)

AVOD from premium video content is another rapidly growing segment. Leading VOD subscription services including Netflix and Disney+ recently launched a version with advertising for a reduced subscription fee. On the other hand, TV channels are actively working to improve the monetization of their replay services, which are distributed through their application or partners.

A TIME FOR INNOVATION, COLLABORATION, AND AD MEASUREMENT

In this era of premium video, fragmentation in distribution, and the continued expansion of channels and content providers, the key to success is collaboration between distribution platforms, data owners, and media owners, thus allowing user data to be protected while enabling advanced format and measurement. Innovation in AdTech will play a central role in the success of this reinvented TV.

A WORD WITH THE EXPERT



VP, NATIONAL ADVANCED TV, AMPERSAND

Brian Morse

- *CAN YOU LET US KNOW ABOUT YOUR BACKGROUND AND HOW YOU BECAME INVOLVED IN ADDRESSABLE TV?*

I started my career in TV advertising about twenty years ago at NBC Universal. In 2014, I moved over to Comcast, owner of NBC Universal and I was at the right place at the right time, as Comcast launched addressable TV for its VOD platform. Four years later I moved to NCC - now Ampersand - with Comcast, Charter, and COX as our majority stakeholders.

- **CAN YOU LET US KNOW ABOUT AMPERSAND AND ITS UNIQUE POSITIONING IN THE US ADVERTISING MARKET?**

In Europe, television networks own 100% of the advertising inventory. In the US, although the television networks own the majority of the inventory, a share of this inventory goes to the distributor or multichannel video programming distributor (MVPD). In one hour of programming on traditional linear TV, with fourteen minutes of ads, twelve would go to the network and two would go to the distributor. We represent Comcast, Charter, COX, Altice, and Verizon for this inventory - the MVPD inventory - on a national basis, for a total of 65 million addressable households.

The relationship between the television network and the distributor is that the allocation of advertising inventory spans across all screens.

In addition to the two minutes per hour of local inventory on linear TV, around 20% of all VOD ad impressions on set-top boxes and around 30% of the streaming advertising inventory (for both linear and VOD through several different devices) are made available to the distributor. We insert ads on all those environments, offering the potential to reach 116 million multiscreen TV households.

- **IS THE TREND OF “CORD CUTTING,” SWITCHING FROM A PAID TV SUBSCRIPTION LIKE CABLE OR SATELLITE TO AN INTERNET-BASED STREAMING SERVICE IMPACTING YOUR POSITIONING?**

Some households just have video subscriptions, some just have internet subscriptions, and some have both. Over the past year, we have added the capability of not only reaching video subscribers but also internet-only subscribers.

Even for internet-only subscribers, we can match the household with first and third-party identifiers, in a privacy-compliant manner. And now we can run ads on inventory in that CTV landscape, including Pluto TV, Tubi, Xumo, Xfinity, Spectrum, etc. This became our go-to market strategy which is unique in the marketplace, as we can reach households with or without a video cable subscription.

Right now, it is around a 50/50 split for total time spent between watching paid TV and streaming TV; with streaming TV, only half of that is ad-supported. A lot of people are watching, but you can't reach them. So today, linear TV still presents a great way to reach households that have the opportunity to be reached.

- **WHAT IS THE AMPERSAND BUSINESS MODEL? HOW DO YOU OPERATE CAMPAIGNS?**

Distributors/MVPDs have inventory partnerships with television networks, and we represent that advertising inventory. We don't buy and resell inventory, and we do not execute deals programmatically. Everything we do is through direct insertion orders (IOs), which are agreements between a publisher and an advertiser to run a campaign.

We harmonize the advertising inventory from all the distributors/MVPDs we represent and make this inventory available in one buy, one impression goal, and one cost per thousand ad impressions (CPM), all rolled up for the benefit of our clients.

Measurement is a big part of what we offer. Throughout the run of the ad flight, we provide a weekly pacing report with ad impressions, and post-campaign, one aggregated campaign success report showing an increase in leads, increase in sales, increase in web visitation, increase in foot traffic, etc.

- **AMPERSAND IS A PIONEER IN ADDRESSABLE TV WHICH LEVERAGES TARGETED ADS TO DYNAMICALLY REACH INDIVIDUAL HOUSEHOLDS USING AUDIENCE SEGMENTATION. WHAT ARE YOUR USE CASES FOR ADDRESSABLE TV? WHICH TYPE OF TARGETING DO YOU USE?**

Incremental reach is a big thing in the marketplace. The objective is to reach more of the audience incrementally of what was done nationally. National ad campaigns do a great job driving unique reach in the first four to six weeks of a campaign, and then you reach a plateau driving frequency only. It is at that point that you can introduce addressable TV into the mix, perhaps in week three, to find those unexposed audiences from linear TV.

Now that we have access to viewership data from all the MVPDs we represent, we can show our clients both the reach from linear TV campaigns and addressable TV campaigns and then propose audience targeting dedicated to increasing the reach.

In terms of targeting, one advertiser will have a light TV viewer approach (thirty minutes or more per day), using simple demographics like ages 35 to 64, while removing heavy TV viewers (four or more hours). Another advertiser will start with its strategic audience using first and third-party data and will target the underexposed audience to a particular campaign on linear TV.

- **CHANGES RELATED TO PRIVACY REGULATIONS HAVE BEEN IMPORTANT IN EUROPE, BUT ARE ALSO IMPACTING SOME STATES IN THE US. HOW MUCH DOES THOSE CHANGES AFFECT THE ECOSYSTEM AND YOUR OFFERING?**

A few states including California have set up laws like the California Consumer Privacy Act to restrict the use of sensitive datasets, like health data, which would exclude those states from a pharmaceutical campaign that uses such data. Today, there are just a few states with such regulations, although things are changing.

- **THE DATA YOU OWN TODAY BELONGS TO THE DISTRIBUTORS/MVPDs. DO YOU HAVE ANY PLAN - AND DOES IT EVEN MAKE SENSE FOR YOU - TO WORK WITH NATIONAL TELEVISION NETWORK INVENTORY?**

We have tested it out successfully, but from an operational perspective, it is almost like an additional distributor/MVPD. When you include national inventory from a television network together with distributor inventory, you need to implement solutions to avoid double spotting (placing two or more commercials for a brand in a program), to measure unique reach on the back end. So you need more technology, on top of the technology that was set up for the distributors/MVPDs inventory. It is part of the roadmap, but there is not yet a need for us in terms of inventory.

- **WHAT'S YOUR NEXT PRIORITY FOR INNOVATION?**

CTV has stormed the market because of its speed, its seeming ease of use, and its more attractive price. We need to tell our clients the story of how their campaign performs in terms of reach, and its brand impact, faster. The question for us now is how the platform that we sit on today can be transformed to provide clients with more real-time reporting and be a source of real insight. I would love for technology to help us there, and that's where my focus is for the next year.

Beyond Expectations with Retail Media

A SOLUTION FOR BRANDS WITHIN A SHOPPING CONTEXT

Retail media refers to advertising solutions that brands use to engage existing and potential customers closer to the point of purchase and leverage first-party retailer-owned data, thus supporting inventory management, and ultimately boosting sales. When advertisers have access to more targeted data they can improve ad spend ROI and gain valuable insights into customer needs and wants, while their retailer counterparts can enhance their customer engagement and overall experience. The main retail media formats include on-site ads like sponsored product listings, sponsored brand banner ads, and display ads, on e-commerce websites and applications. Beyond that are in-store digital ads, and off-site display ads that leverage partnerships. AdTech companies help retailers use the rich data they collect to further target audiences, and more accurately attribute marketing efforts, closing the loop on effectiveness.

THE RISE OF RETAIL MEDIA

With the fall of third-party cookies, there is a rise in interest in retail media, converging e-commerce with traditional retail advertising. Retail media responds to the increasing demand for brands to be more visible on e-commerce platforms and provides an additional revenue source for retailers. The relevance of retail media ads can lead to stronger, measurable conversion rates, compared to other forms of digital advertising.

OPPORTUNITIES FOR INVESTORS AND ENTREPRENEURS

Amazon and Google are already strong players in the retail media industry, and Criteo has structured its transformation around its e-commerce platform. However, the ecosystem is fragmented and open to opportunities for AdTech providers to create new platforms or tools that make retail media more efficient, accessible, measurable, and effective, for both brands and retailers.

A WORD WITH THE EXPERT



CEO - Proxistore

Bruno Van Boucq

- **IN 1995 YOU CREATED BEWEB, ONE OF THE FIRST DIGITAL ADVERTISING COMPANIES. HOW DID BEWEB LEAD TO THE LAUNCH OF PROXISTORE?**

Beweb is a Belgian success story that started following my studies in computer science and literature. After its creation, we rapidly attracted partners such as Bertelsman, Rossel, and IPM, and established collaborations with all of the major domestic Belgian publishers and with those international publishers with Belgian audiences. Proxistore, which I manage today, was born in 2013 from the split of Beweb and its initial technological assets. This is a story that has lasted continuously for twenty-eight years.

- **PROXISTORE RECENTLY JOINED FORCES WITH SIRDATA AND ANNOUNCED THE OBJECTIVE TO CREATE A EUROPEAN LEADER TO HELP ADVERTISERS SOLVE ISSUES RELATED TO BRANDING, DRIVE-TO-STORE, AND RETAIL MEDIA. HOW WOULD YOU DESCRIBE PROXISTORE'S PRIMARY OFFERING AND POSITIONING?**

Proxistore is a group based on three pillars, and the first is our technology. Our geolocation technologies are integrated directly into our demand-side platform (DSP) which is connected to publishers, either in pre-bid mode or in Google-authorized buyer mode.

Following our battles with Google, we gained access to all of their publishers which has allowed us to launch campaigns that leverage our tech stack on most sites in the world, at market prices. We have a view of the price of the won auction, but also of the requested bids. This gives us a much higher level of view than through Google tools like DV 360, which allows you to create campaigns but without any view of the publishers' market. Our technology is based on patents that are recognized in more than forty countries.

The second pillar is data. At the beginning of 2023, we took a majority stake in Sirdata, an incredible company with a consent management platform (CMP) installed on over 2,000 sites.

Sirdata also provides more than 6,000 affinity segments constructed through a scoring algorithm so that we can identify people interested in immediate purchases of a brand. We also work using modeling on Kantar data, contextual targeting, and probabilistic algorithms, in universes with or without cookies, with or without consent. All those capacities are incorporated within our AdTech.

Our commercial strategy represents the third pillar. Our efforts are supported through our multi-local Book Ads platform that was initially made available to large brands and their franchises, and then later to any franchisee open to local advertising.

Compared to what exists in the market today, one innovation we have is the ability to provide information on the store's catchment area both in terms of audience and in terms of websites consulted by this audience. We then provide our customers with a list of the most visited sites per catchment area, from which they can purchase advertising. We also provide information helping our customers characterize their audience thanks to bid listening and bid analysis, even before the advertising auctions are purchased.

- **RETAIL MEDIA SEEMS TO BE ONE OF THE MOST DYNAMIC SEGMENTS IN THE INDUSTRY. WITH PROXISTORE'S ONGOING RELATIONSHIPS WITH RETAILERS, WHAT IS YOUR VISION OF THE MARKET?**

Retail media has been familiar to many retailers for a long time. Carrefour has had an agency for more than twenty years I believe, to monetize point of sale (POS) placement, paper prospectuses, etc. Those advertising opportunities were offered to all industry players, especially those in fast-moving consumer goods (FMCG). Retail media already existed at Beweb, with the successful development of the Retail Box in 2005, which offers promotions made in rotating banners.

Above all, retail media today allows retailers to monetize their various proprietary channels, including its application for Leclerc, its website for Cora, and the POS for Auchan or Carrefour Paid media, on the other hand, is where retailers and their brands can reach their audience through the acquisition of media.

- **WHAT ARE THE OPPORTUNITIES FOR ADTECH AND SERVICE PROVIDERS IN RETAIL MEDIA TO GET IN FRONT OF AMAZON, GOOGLE, AND META?**

Today the big networks are indeed the big winners and these players operate at a global level. That said, I am convinced that there is a place for players with local advertising expertise. Almost a third of advertising investments in France (€10 billion) are made at the local level, of which €2.5 billion are by 3,000 listed major brands and €7.5 billion by 60,000 local brands.

With Book Ads, our commercial strategy is to establish ourselves as such. We are confident that we can provide advertisers with quality audiences, allowing them to evaluate national and local advertising targets.

Working with local actors is not limited to local publishers; we also take into account national sources of inventory that have a local impact and audience. With this vision, Proxistore is one of fifteen members of the non-profit organization “Les Relocalisateurs,” along with JCDecaux, France Télévision, Publicis, Dentsu, CoSpirit, and Radio France, among others. Together, we advocate real local advertising investment.

We can help retailers work with brands like Procter & Gamble, Unilever, and Danone to monetize their media or implement advanced advertising solutions that leverage our local expertise on paid media.

- **THE ADTECH MARKET SEEMS TO BE AT A TURNING POINT, WITH A NEED FOR SOLUTIONS COMPATIBLE WITH THE LATEST REGULATIONS FOR A POST-COOKIES ENVIRONMENT. IN YOUR OPINION, WHAT IS THE CHALLENGE AS IT RELATES TO LOCAL ADVERTISING AND RETAIL MEDIA?**

Third-party cookies did not exist as an advertising solution when Beweb began its activities in 1995 and only appeared around 2002-2003. For our first seven years, the lack of cookies did not prevent us from selling advertising or buying space to major publishers, while mastering frequency capping. All of this can be done without cookies.

With the information we receive in the bid request with our geolocation technologies, including where the request comes from, the site that it sends it to us, the level and type of consent, etc., we can locate or relocate the bid request in real time without storing information anywhere. Combined with Sirdata, we can identify in real time a person's position and intentions.

- **WOULD YOU SHARE WITH US ONE OF YOUR NEXT INNOVATIONS?**

Today our Book Ad platform presents several marketing levers: localized display advertising from Proxystore, SMS with Tenfold, and digital out-of-home (DOOH) connected for example with JCDecaux and Clear Channel. The fourth lever that will come into play soon is CTV, in the France Télévisions platform.

- **WITH YOUR CLEAR PASSION FOR ALMOST THIRTY YEARS, WHAT'S BEHIND YOUR CONTINUOUS WILL TO INNOVATE AND DISRUPT THE MARKET?**

At a time when extremes are on the rise, there is a need to correctly inform populations who no longer buy newspapers. For this, we must share the advertising value with publishers in the most consistent and fair way possible.

We are developing solutions that allow us to pay a publisher more, by displaying consistent advertising. We guarantee to the advertiser the position, the user intent, the content quality with which its advertising will be displayed, and its duration. For example, with our solutions, the ad lasts seven to fifteen seconds, compared with only one second on Facebook advertising must participate in a truly balanced ecosystem; this is where we find meaning in our profession.

A WORD WITH THE EXPERT



CO-FOUNDER & GENERAL PARTNER - BlackSheep

Marco Caradonna

- *CAN YOU LET US KNOW ABOUT YOUR BACKGROUND AND WHAT HAS LED YOU TO CREATE BLACKSHEEP?*

I was lucky enough to be passionate about the internet when it started around 1994-1995. At that time, I was at university studying economics and marketing. It was the beginning of the digital wave and I decided to dedicate my thesis to digital advertising. My career began in 1998 when I started working for a company that then became Full Six and was part of the WPP group. While we became the digital arm of WPP in Italy, I specialized in performance marketing.

In 2008 we created Simple Agency, a spin-off of our agency. It was the subprime crisis which is always the best period to start. Despite the timing, we became the biggest agency in Italy, growing to 200 employees.

In 2013-2014, major communication groups contacted us because they lacked digital advertising and digital marketing expertise, and we therefore decided to sell Simple Agency to Dentsu. Three years later we were asked by Dentsu to take over the Dentsu Italia group, thereby, I became the CEO of Carat Italy, while Umberto Bottesini, Chief Digital & Data Officer at Dentsu, and Sandro Moretti took over the M&A.

From 2017 to 2020, we won all possible pitches and became the most innovative advertising group in Italy. At that time, our role was no longer limited to digital advertising, but it encompassed the digitalization of advertising for all media, enabled by the adoption of a digital media approach, including TV, radio, and so on.

▪ **BLACKSHEEP VENTURE IS UNIQUE IN ITS POSITIONING AS AN ADTECH/MARTECH FUND. WHAT LED YOU TO CREATE BLACKSHEEP?**

Just before COVID-19 restrictions and Brexit's implementation, we started working on the idea of creating BlackSheep. Two decades ago, creating profit through media groups and agencies was easy with programmatic advertising, data extraction, rebates, etc. Gradually the margins decreased and the competition increased, most notably from consultancy firms such as Accenture.

It soon became clear that it was not possible to carry on in the same way, relying on manual labor. At that time my team consisted of close to a thousand people, and the most advanced software we used was Microsoft Excel and simple “cut and paste” functions.

At the same time, as digital-savvy guys, we thought that innovations in AdTech were stagnant and that everything had been invented. But in actuality, it was just the beginning, and what we've seen up to this point is just the tip of the iceberg. A lot has been written about using the power of data to target the right person at the right time with the right message. Everyone studied this from books in university, but to date, that's a missed promise.

What we need are tools to identify the right person, solve the problem of privacy (AKA “identity resolution”), create personalized messages in real time, and streamline the management of all the media from one single point of entrance through an orchestrator.

In this era of automation, the use of algorithms and AI represents a tremendous opportunity to take what we've seen on the tip of the iceberg for digital and trickle down that approach to all the other digitalized media like TV, radio, cinema, and OOH advertising.

Initially, we intended to create a company to provide technological solutions, but we soon realized that the level of complexity it requires might take too much time to produce. Thus, we decided to create the BlackSheep fund to provide the necessary capacity faster. The wish was to create a vertical fund, bringing together our expertise and our experience narrowing in on exactly what the media agency and advertiser wants, together with our large professional network.

- **SO THIS VISION IS GUIDING YOUR INVESTMENT STRATEGY AND THIS EXPLAINS YOUR PORTFOLIO?**

This vertical fund objective is to accelerate this movement by selecting pieces of technology that ensure advertisers and agencies will operate from one single dashboard where they can set their budget, upload the creatives or generate them through AI, and ask the technology to orchestrate that budget to achieve the selected objective. Challenges are not essentially technological but are mostly related to problems of a different nature including privacy, political situations, and commercial philosophies.

Currently, we are investing in pieces of this puzzle with the idea that either they could be built together and then listed, or they could be of interest to US or Asian AdTech companies. This explains what happened with SciBid's exit with DoubleVerify, a listed US company that entered Europe; SciBids offered a fully privacy-compliant algorithm for optimization.

- ***HOW WOULD YOU DIFFERENTIATE BETWEEN ADTECH AND MARTECH OPPORTUNITIES?***

Concerning data, it's no longer about AdTech or MarTech; it's what we call “MadTech,” which combines marketing and advertising technology. As an advertiser, you have two targets: the actual customers and the prospective ones. Customers are typically managed by the person in charge of the CRM, and the prospective ones are managed by the person in charge of the media. Both resemble architects and engineers, thinking differently and using different technological tools, rendering communication very difficult.

On the media side, you have the data management platform (DMP), which typically works with cookies; on the CRM you have the customer data platform (CDP) which normally operates with first-party data, and each works with completely different channels. On the CRM, the most important channels are email, SMS, and WhatsApp, and the CRM manager doesn't always realize that we can use mass media like CTV and addressable TV as a CRM channel. Of course, it's not one by one; it's a completely different communication but it's personalized. This is where MadTech solves the issues, with one single technology that links the data and provides automation, eliminating extra manual work.

- **WHAT CAN YOU SHARE ABOUT BLACKSHEEP'S NEXT STEPS?**

BlackSheep is one of the only European venture capital funds that has already done two exits since September 2021. We started two years ago and are now closing a fundraising round of €50 million. We have eleven companies in our portfolio, soon to be twelve, and we have already invested more than 70% of our funds. At this stage, we are investing in series A, and sometimes in series B, from €1-5 million as we believe that the opportunities for automation and the merger of AdTech and MarTech is now. We have to deploy rapidly select the remaining pieces of the puzzle we are still looking for, and keep providing our unique service to many more companies.

A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2023

France

 DoubleVerify



July 2023
\$125m

 Scibids

 TRITON



June 2023
€6m

 Manadge

 CRITEO



March 2023
n.d.

 brandcrush!

 proxistore
web-to-store



March 2023
n.d.

 Sivdata

United -States

 SIMPLIFI



February 2023
n.d.

 Bidtellect
POWERING SMARTER ADVERTISING

A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2022

France



A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2022

U.S.

 **TREMOR
INTERNATIONAL**



July 2022
\$239m

 **AMOBEE**

 **VERVE
GROUP**



July 2022
n.d.

 **DATASEAT**

 **HUMAN**



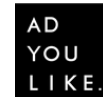
July 2022
n.d.

 **perimeterx**

 **OpenWeb**



April 2022
\$100m

 **AD
YOU
LIKE.**

 **videoamp**



April 2022
n.d.

 **Elsy**

 **tatari**



March 2022
n.d.

 **theviewpoint**

 **INNOVD**



March 2022
\$100m cash
\$12.5m stocks

 **tvSquared**

A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2022

U.S.



March 2022
\$150m



March 2022
\$430m



March 2022
n.d.



February 2022
€83m



February 2022
n.d.



January 2022
n.d.



March 2022
€88.55m

A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2022

U.S.

Magnite



January 2022
n.d.

nth
party

MAYFAIR
EQUITY PARTNERS



January 2022
\$120m

loopMe™

 mntn



January 2022
n.d.

QuickFrame

2021

France

 PUBLICIS
GROUPE



July 2021
n.d.

 CitrusAd

A renewed appetite for AdTech Investment and M&A

Selection of notable recent M&A deals

2021

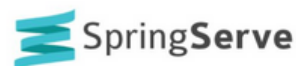
U.S.



October 2021
\$1billion



August 2021
\$220m



July 2021
\$31m



February 2021
\$1.14billion

A renewed appetite for AdTech Investment and M&A

Fundraising transactions

2023



Participants: Spring Invest, French Founders, Motier Ventures and Famille C

Announcement date: October 2023

Transaction amount: €5 million



Participants: Elaia Partners , Famille C Participations

Announcement date: June 2023

Transaction amount: €1.6million



Participants: Its own shareholders, wallonie entrepreneur, la sofinex, imbc

Date annonce: February 2023

Transaction amount: €7.9million

A renewed appetite for AdTech Investment and M&A

Fundraising transactions

2022



Participants: Founders Futurs, Elevation Capital, Financière Arbevel, business angels

Announcement date: November 2022

Transaction amount: €6 million



Participants: ISAI, Go Capital

Announcement date: March 2022

Transaction amount: \$6million



Participants: Innovacom et Ankaa Ventures

Date annonce: September 2022

Transaction amount: €6million

A renewed appetite for AdTech Investment and M&A

Fundraising transactions

2022



Participants: Advent International

Announcement date: July 2022

Transaction amount: €250 million

2021



Participants: Alliance Entrepreneurs, Progress Ventures, 360 Capital Partners

Announcement date: March 2021

Transaction amount: \$6million



DIDOMI

Participants: Elephant, Breega

Date announce: July 2021

Transaction amount: €34million

A renewed appetite for AdTech Investment and M&A

Fundraising transactions

2021



Participants: Finple, A Plus Finance, BPI Pays de la Loire, CIC

Date annonce: July 2021

Transaction amount: €2.2million

Methodology & Authors

This report has been built using Ilium expertise together with its experts network and is based on a detailed analysis of the AdTech industry state and trends in mid-2023. This white paper's results and insights are the result of extensive research aimed at examining the main trends in the AdTech sector, as well as notable M&A deals that have occurred there. We used a multifaceted research technique, including market analysis, primary research, data analysis, and case studies to assure the accuracy and dependability of the material presented here.

This white paper is the result of the collaboration of a group of professionals committed to illuminating the current state of the AdTech business. Our contributors contribute a lot of knowledge and proficiency in a variety of fields, including data analytics, technology, and finance.



Geoffroy Guena
Co-founder at Viznet.tv

Diplômé de l'Université de Paris Sud et d'HEC Paris, Geoffroy est un entrepreneur AdTech avec plus de 25 ans d'expérience en Europe et aux États-Unis, avec une expertise de base en innovation produit et en stratégie. Geoffroy est le co-fondateur de Viznet.tv, une société française spécialisée en TV Adressable.



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Managing Partner

Diplômé de l'École Navale, ESADE et Harvard business school, Valentin dispose d'une expérience approfondie de plus de 10 ans dans le secteur du M&A et du conseil en investissement privé pour des family office.



Nour Amine
M&A Analyst

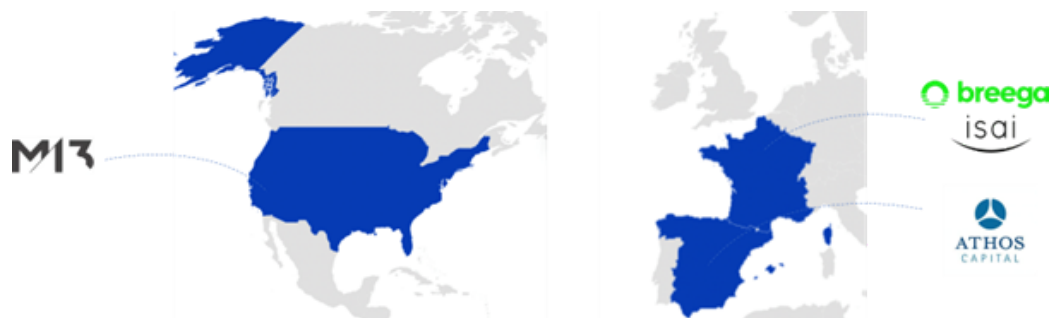
Après avoir obtenu son diplôme d'ingénieur en mathématiques appliquées à l'INSA de Toulouse, Nour a décidé de poursuivre ses études en finance à l'ESCP Business School. Elle a ensuite travaillé en banque d'investissement chez BNP Paribas en Equity Capital Markets, avant de rejoindre Ilium Partners en tant qu'analyste.



ABOUT ILIUM PARTNERS

Ilium Partners is a full-service financial and legal advisory firm specializing in advising and investing in technology companies. Founded in 2019, Ilium Partners's headquarters is located in Paris and is now expanding its services to the United States, Spain, and Latin America.

For more information, please visit www.ilium-partners.com.



Its competitive advantage is built on the synergies between its business line. The complementarity between the three business lines allows Ilium Partners to generate deal flow and advisory mandates.



Glossary



General Terms

Advertising Technology (AdTech): Umbrella term for Software and Technology used by Advertisers, Agencies and Publishers to manage their Digital Advertising Campaigns (delivery, targeting, analytics, ...).

Marketing Technology (MarTech): Umbrella term for Software and Technology used by Marketers to streamline and automate marketing tasks and workflows.

Campaign Types

Direct Campaigns: Advertising Campaigns purchased directly from a publisher through an Advertising Insertion Order.

Programmatic Campaigns: Advertising campaigns purchased through Sell Side and Demand Side Advertising Platforms that may involve Real-Time Bidding (RTB) or pre-agreed Deals.

Real-Time Bidding (RTB): Transaction mode allowing the purchase of Digital Advertising Inventory one Impression at a time through Real-Time Auctions.

Data Management

Consent Management Platform (CMP): Platform used by WebSites and Applications to manage User Consent.

Data Management Platform (DMP): Platform used by Advertisers and Publishers to manage Audience Data (Data Collection, Organization, and Activation).

Customer Relationship Management Platform (CRM Platform): Platform managing relationships with Prospects and Clients.

Glossary



Customer Data Platform (CDP): Platform that integrates Customer data from multiple sources (Off Line & On Line Data, First & Third party Data, ...).

Seller Defined Audiences (SDA): Framework allowing publishers to segment and sell their audiences based on first-party data, improving privacy and Seller control over targeting.

Ad Technology Platforms

AdServer: Advertising Platform managing the Ad decision, the Ad delivery and tracking of Digital Ads.

Supply-Side Platform (SSP): Platform enabling Publishers and Ad Network to sell Advertising Space in Programmatic, in relationship with DSP.

Demand Side Platform (DSP): Platform enabling Advertisers and Agencies to buy Advertising Space in Programmatic, in relationship with SSP.

Television and Streaming

Linear TV: Television with scheduled programming on specific channels.

Video On Demand (VOD): Distribution system that allows users to select and watch video content on demand, available via business models such as AVOD (Advertising-Based Video On Demand), SVOD (Subscription-Based Video On Demand) and TVOD (Transactional Video On Demand).

Connected TV (CTV): Televisions connected to the internet either directly (Smart TVs) or via Streaming devices (Roku, Chromecast, Apple TV, etc).

Addressable TV: Technology that enables the delivery of different ads to different audience segments watching the same TV program in different households.

Glossary

Advanced TV: Umbrella term that encompasses any television solutions beyond traditional linear TV delivery, including CTV, Addressable TV and VOD.

FAST Channels (Free Ad-Supported Streaming Television): Streaming services that offer free Linear TV content supported by advertisements.

Multichannel Video Programming Distributor (MVPD): Service provider that delivers multiple television channels, including cable and satellite providers.

Virtual Multichannel Video Programming Distributor (vMVPD): Service provider that delivers multiple television channels over the internet through an Application or a WebSite, without traditional cable or satellite services (Hulu, Fubo, Sling, Molotov, ...).

Sources

Web site of VideoRunRun

Web site of Magnite

Web site of Didomi

Web site of AppLovin

Web site of Publicis

Web site of Seedtag

Web site of Triton digital

Web site of Carrefour

Web site of Smartly.io

Web site of IAS

Web site of Spotify

Web site of Iponweb

L'Usine Digitale

Ratecard

L'ADN Data

Les Echos

FrenchWeb

Infonet

Martechseries

BrandEquity

Adweek

Techcrunch

Cdpinstitute

The Wall Street Journal

The Drum

CF news

Businesswire

Adexchanger



Disclaimer



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The AdTech industry is prone to quick advances and changes, thus the data in this white paper might become stale in the future. The writers make no promises regarding the accuracy or enduring usefulness of the data they have provided.

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