Digital Transformation from Marketing Services to Solutions.

Situation Recap

While the business services industry is experiencing single digit growth for traditional services[1]; the mandate for "***Digital Transformation***" has created 4X service opportunities for every dollar of additional tech/tools investment as well as increased demand for recurring solutions beyond implementation. Agencies and consulting firms are acquiring[2] digital tech capabilities to take advantage.

Acquisitions to support the digital demand

Strategic Buyer	Digital Services	Media and Demand	Sales	Tech
	Global Consulting Firms			

Accenture

(NYSE: ACN)

Accenture has acquired agencies and solution providers to be able to offer end-to-end digital across:

- Media
- Creative
- Digital BI & Interactive
- Apps
- UX and CX
- Global agencies

Digital Acquisitions Q4 2016 to Q1 2018

Date	Country	Service Provider	Digital Acquisition	Acquisition Type
Aug-17	US	Accenture	Search Technologies	Big Data and Analytics
Jun-17	US	Accenture	Phase One	Cloud Services
Sep-17	US	Accenture	MATTER	Design Thinking
Oct-16	Ireland	Accenture	Allen International	Digital Consulting
Feb-17	US	Accenture	InvestTech	Digital Consulting
Mar-17	Europe	Accenture	OCTO Tech	Digital Consulting
Jun-17	US	Accenture	LabAnswer	Digital Consulting
Jun-17	US	Accenture	Solutions IQ	Digital Consulting
Nov-16	UK	Accenture	Karmarama	Digital Media
Jan-17	US	Accenture	Altitude	Digital Media
Feb-17	Germany	Accenture	SinnerSchrader AG	Digital Media
Apr-17	Europe	Accenture	Kuntsmaan	Digital Media
May-17	Australia	Accenture	Monkeys & Maud	Digital Media
May-17	US	Accenture	MediaHive	Digital Media
Jul-17	US	Accenture	Clearhead	Digital Media
Jul-17	US	Accenture	Intrepid	Digital Media
Aug-17	US	Accenture	Brand Learning	Digital Media
Aug-17	US	Accenture	Wire Stone	Digital Media
Oct-17	France	Accenture	Altima	Digital Media
Dec-17	Ireland	Accenture	Rothco	Digital Media
Jan-18	Germany	Accenture	Mackevision	Digital Media
Mar-18	US	Accenture	Meredith Xcelerated Marketing	Digital Media
Nov-16	Canada	Accenture	Nashco Consulting Ltd.	Intelligent Automation
Jan-17	Europe	Accenture	Solid-serVision	Intelligent Automation
Mar-17	Europe	Accenture	Focus Group	Intelligent Automation
Apr-17	US	Accenture	Genfour	Intelligent Automation

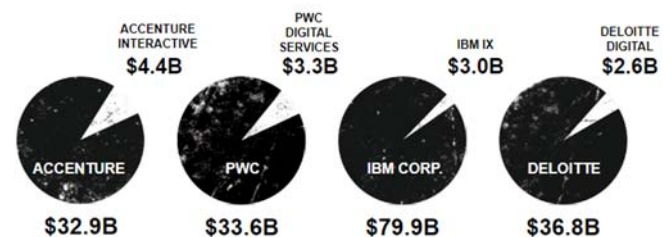→ More than $1b spent on the Accenture digital Interactive division.

— "We need new clients within existing clients."

— The 'Experience Agency of record.'

— "We are embracing culture and **buying skills** across a range of range of capabilities across design, user experience, data analytics, CRM, ecommerce, content, advertising, and programmatic."

— "We want to partner with our clients and become the custodian of the brand experience."

THE BIG FOUR IN WORLDWIDE REVENUE

ACCENTURE INTERACTIVE	PWC DIGITAL SERVICES	IBM IX	DELOITTE DIGITAL
$4.4B	$3.3B	$3.0B	$2.6B
ACCENTURE	PWC	IBM CORP.	DELOITTE
$32.9B	$33.6B	$79.9B	$36.8B

SOURCE: Ad Age Datacenter analysis of 2016 worldwide revenue.
ACCENTURE: Net revenue for fiscal year ended August 2016.
DELOITTE: Deloitte Digital revenue for calendar 2016; Deloitte revenue for fiscal year ended May 2016.
IBM CORP.: IBM iX revenue estimated by Ad Age Datacenter for calendar 2016; IBM Corp. stated revenue for calendar 2016.
PWC: PwC Digital Services revenue for calendar 2016; PwC net revenue for fiscal year ended June 2016.

	Global Agencies			

Digital Marketing Acquisition Trends and Drivers Commentary

- **Add digital capabilities.** In 2017, consulting firms Accenture, Deloitte, IBM, KPMG, and McKinsey spent $1.2b on agency acquisitions[3]. The ability to design and manage customer experiences is the next stage for service business.

- **Emerging technologies are the key to growth.** The rise of digital as-a-service is changing the traditional value-propositions. Services deliver as cloud-based **solutions** are changing the game.

	Agency companies Worldwide revenue, 2016 ($USb)		% change
1	WPP (London)	19.38	+3.7
2	Omnicom Group (NY)	15.42	+1.9
3	Publicis Groupe (Paris)	10.77	+1.1
4	Interpublic Group of Cos (NY)	7.85	+3.1
5	Dentsu Inc (Tokyo)	7.25	+15.1
6	Accenture Interactive (NY/London)	4.41	+50.9
7	PwC's PwC Digital Services (New York)	3.27	+62.8
8	IBM Corp.'s IBM iX (Armonk, NY)	2.95	+39.0
9	Deloitte's Deloitte Digital (New York)	2.58	+22.6
10	Havas (Puteaux)	1.52	+3.7

Source: Advertising Age

MarTech Acquisition Deal Recap

- 2018 – More than 50 CRM implementation firms acquired over the past **36** months.
- 2017 – Hubspot 10+ M&A acquisitions to date.
- 2017 – Proliferation of new digital sales models, digital ecosystems, marketplaces, & communities
- 2017 – More than 500 service providers greater than $1m on cloud-SaaS modern solutions
- 2016 – Vista Equity Partners, private equity firm, acquires Marketo, marketing automation software in in LBO for $1.8B.
- 2016 – Netsuite acquired by Oracle for $9.3B.
- 2015 – Hubspot acquires Rekindle [Google Ventures]. Contact graph technology. Undisclosed.
- 2015 – Proliferation of hundreds of venture funded industry solutions
- 2014 – Hubspot IPO: NYSE: HUBS
- 2013 – Launch of SaaS "FAO as a Service" , "Data as a Service", "Marketing as a Service" , etc.
- 2012 – Pardot acquired by ExactTarget for $95.5m. ExactTarget acquired by SalesForce.com NYSE: CRM in 2013 for $2.5B.
- 2012 – Oracle buys marketing automation platform Eloqua for $871m based on Eloqua $90m revenue run-rate.
- 2010 - IBM acquires Unica (enterprise marketing management) for $480m.
- 2006 - Hubspot launches and with it the Inbound marketing automation revolution.