

Fragmentation vs. Consolidation in the Programmatic Technology Ecosystem

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In association with 

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EXECUTIVE SUMMARY

Marketing is a USD\$1+ trillion industry, and over the last 10 years it has changed from a creative-led to a technology-led discipline.

IDC predicts that by 2018 [the worldwide spend for marketing software will be USD\\$32.3 billion](#), almost 50% more than in 2015.

The growth of ad tech & martech has been fueled by vast amounts of private equity and venture capital investment. In many ways, the number of vendors is a barometer of the industry's evolution.

The growth of technology is not limited to the advertising and marketing sectors — there has been an explosion of fintech, legal tech and HR tech vendors over the past few years. Given that cloud technology and services enable relatively cheap, and rapid set-up and delivery of enterprise solutions, the current trend for fragmentation may be the new normal in software.

The findings from this research support our hypothesis that the mature US and UK markets have better, streamlined processes in place to evaluate, select and implement programmatic technology partners.

In many areas we found that a global view persists, however, we also exposed many regional differences in opinion as to whether fragmentation is helping or hindering programmatic publishers and advertisers; whether we will see continued fragmentation over the next three years and the benefits of consolidation.

We predict that acquisitions will continue to drive consolidation but we will also continue to see new companies emerge as entrepreneurs continue to drive innovation in pursuit of becoming the next Mark Zuckerberg.



Rebecca Muir

Head of Research and Analysis, ExchangeWire Research

FOREWORD BY BIDSWITCH

As a company, BidSwitch is focused on simplifying connectivity for the global programmatic ecosystem; trying to ensure much greater technical efficiency in how programmatic platforms connect and trade at scale. We are a kind of technical middle-man, an infrastructure layer if you will — working hard behind the scenes to try to plug it all together and make it work.

This puts us in an interesting position to see the growth and constant evolution of the programmatic industry from a technology standpoint. As the programmatic revolution continues its march to transform advertising, we are constantly surprised to discover more and more programmatic technology platforms coming to market.

The market forces and thought leadership around this are varied and complex. In mature markets, display appears to be consolidating behind the bigger platforms; while programmatic continues to expand across media channels and new ad formats such as native, audio, TV and DOOH ensure a constant procession of new entrants. Large media companies, enterprise players, telco's and tech-advertisers are also entering the fray, increasingly through M&A.

International markets such as Japan and China are starting to open-up their mature local ecosystems internationally; while broader European and emerging markets such as Singapore and Hong Kong, continue to evolve more local specialist players. Underpinning it all is the continued, rampant innovation, disruption and consolidation of business models and technologies that is simply innate to our industry.

With more than 250 platforms already connected globally across display, mobile, video, TV and native formats and hundreds of other companies in progress, BidSwitch still has a lot more work to do, in an industry that is constantly evolving.

This prompted us to ask several questions — how long can this continue and what does the future hold? How does the industry view the on-going potential for programmatic growth and consolidation? What are the key drivers and challenges for programmatic technology adoption and how does it differ regionally?

In doing so, we are excited to have the opportunity to partner with ExchangeWire to present this research and take the pulse on the evolving programmatic future. As-ever, in a globally connected, constantly innovating and changing world — the answers are complicated, varied and subjective.



Scott Neville

General Manager, BidSwitch

INTRODUCTION

Over the last five years, the programmatic technology industry has experienced hyper-fragmentation; there are more than 250 platforms that are connected to BidSwitch and this number is growing rapidly.

The purpose of this research was to discover whether media professionals think fragmentation is having a positive effect on the industry or whether they would welcome consolidation.

Key questions asked:

- Do you think there are too many programmatic advertising technology companies today?
- What effect do you think the number of partners you have today is having on your business?
- If you could, would you decrease the number of vendors you partner with?
- What effect do you think vendor consolidation would have on your business?
- How long does it take to establish a partnership and how many people are typically involved?
- What factors do you consider when evaluating potential vendor partners?
- Do you predict further fragmentation or consolidation in the next three years?

Sample and Methodology

This report is based on a survey of 125 digital marketing professionals from around the world. Information about the survey was emailed to ExchangeWire's subscriber base of digital technology and marketing professionals, and promoted online via the ExchangeWire website, Twitter, and LinkedIn, during May & June 2016. BidSwitch also distributed the survey to their clients and prospects around the world. Furthermore, ExchangeWire Research interviewed 5 senior marketing and technology professionals to get their unique insights and in-market perspectives on the findings.

If you have any questions about this report, please contact Rebecca Muir, Head of Research at ExchangeWire via email to becca@exchangewire.com.

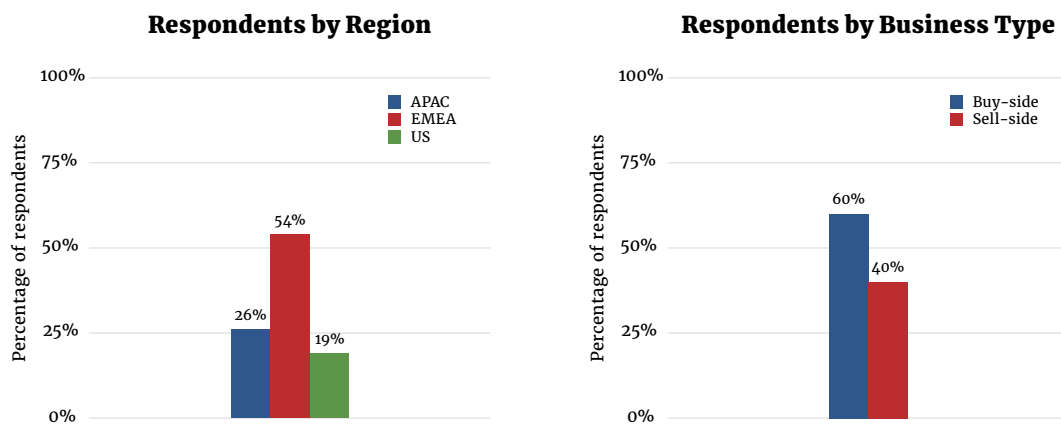
ExchangeWire and BidSwitch would like to thank all those who took the time to complete the survey and our thought leaders whose opinions can be found throughout the report.

Thought Leaders

- **Gavin Merwood**, Director of Business Development APAC, Teads
- **James Prudhomme**, MD EMEA, Index Exchange
- **Adam Schenkel**, Vice President, Programmatic, GumGum
- **Gavin Stirrat**, Global MD, Voluum
- **Ruth Stubbs**, CEO, iProspect Asia Pacific

Distribution of Respondents

Survey respondents were asked to report the region in which they work and to categorise the company for which they work which we then translated into buy-side and sell-side.



For the purposes of data analysis we divided respondents by region, and organisation type i.e. buy side and sell-side.

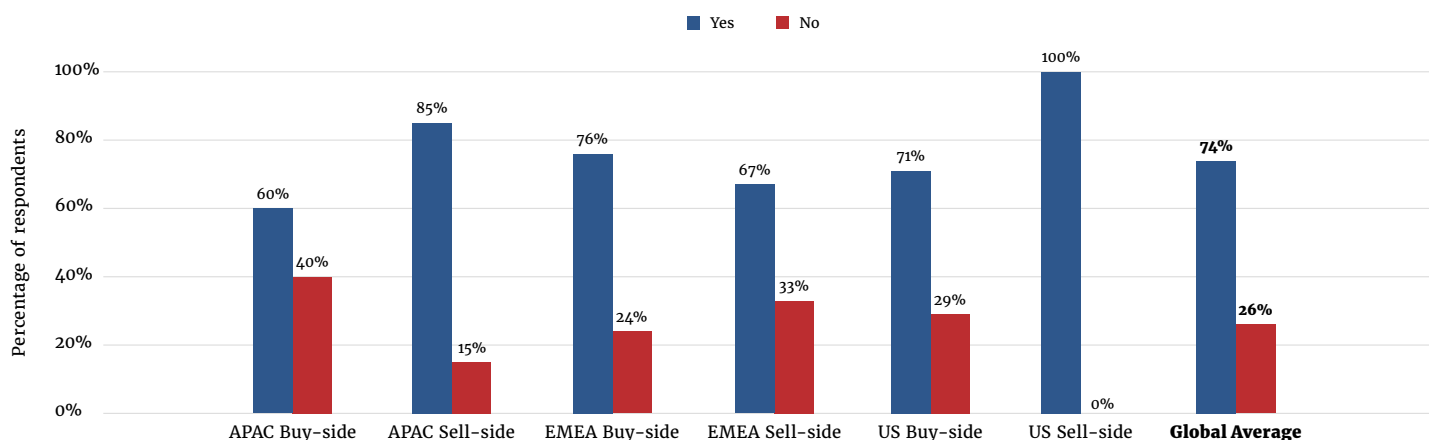
FINDINGS

Are there too many programmatic technology companies today?

Overall, three quarters (74%) of all respondents say that there are too many programmatic advertising technology companies today.

Variations greater than 10 percentage points from the average are apparent in the following segments: APAC buy-side, APAC sell-side and US sell-side.

Do you think there are too many programmatic technology companies today?



In agreement with the majority of respondents, Adam Schenkel, Vice President, Programmatic, GumGum explained: *“As programmatic is the future, and very lucrative for many ad tech companies, vendors are popping up rapidly to grab a piece of the ever growing fortune. While there is a need for a variety of vendors per category in programmatic advertising technology (viewability, brand safety, analytics, fraud etc.), too many vendors will cause deep confusion throughout the industry. With each new vendor, comes new technology and implementation struggles, which then turns into time wasted for publishers, trading desks and advertisers; thus, leading to a sense of frustration across the industry.”*

James Prudhomme, MD EMEA, Index Exchange holds a different view, he believes that with fragmentation comes greater choice and, ultimately a better partnership. He said: *“I do not think that there are too many ad tech companies in the ecosystem today. Selecting technology vendors and associated service providers is a very serious consideration for any company. This is especially true for actors on both the buy-side and sell-side of the programmatic ecosystem. These decisions can have long-term implications on revenue and impact a number of internal processes and stakeholders. Sales, marketing, operations, finance, tech-dev... all are impacted and all should be involved in important technology decisions. Our experience at Index Exchange has shown us that media-owners who take a methodical approach, develop a detailed RFP and have a clear sense of their requirements are often the easiest to work with and typically end up making the correct decision in the end.”*

Respondents from the APAC (85%) and US sell-side (100%) are more inclined to think there are too many companies, whereas, just 60% of respondents from the APAC buy-side agree.

“In APAC there is a big disconnect between the buy- and sell-side tech companies” said Ruth Stubbs, CEO of iProspect Asia Pacific offering an explanation as to what driving this difference of opinion. “Sell-side publishers face challenges of monetising online content, and so anything that indicates increased complexity isn’t viewed favourably. Repeated attempts to put publisher consortiums in place are indicative of this. Unfortunately, despite a desire to consolidate, we’ve yet to see this managed successfully. On the buy-side, however, a rise in the volume of time spent online and a broadening of consumer media choices is creating an opportunity for more vendors to step in and specialise in specific areas. So they are less concerned about the volume of vendors in the space. As an agency, however, I’d urge both the buy- and sell-side to focus on the quality of tech and functionalities, rather than the quantity, as this is what will further mature the market.”

Talking about the disconnect between the buy-side and the sell-side in APAC, Gavin Merwood, Director of Business Development APAC, Teads said: “Programmatic is still in its infancy in APAC and the buy-side is interested in driving programmatic forward so are open to discussion with as many vendors as possible to understand the breadth of opportunity being utilised by other markets more advanced in the space. The sell-side is less incentivised than buy-side to adopt programmatic so they will think too many vendors are calling on them.”

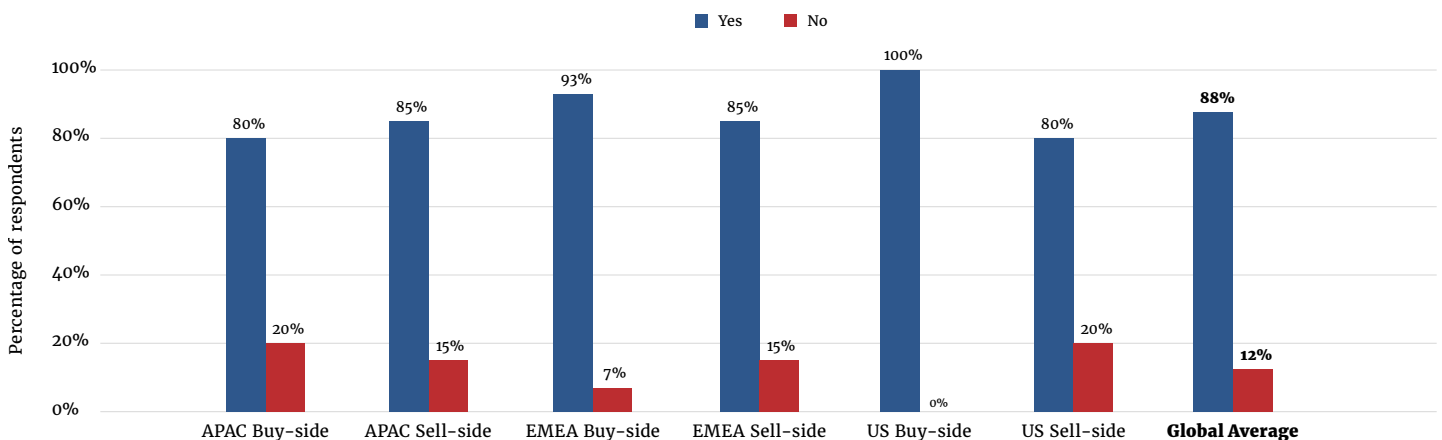
What is the impact of having many vendor partners?

Having multiple partnerships has positive as well as negative effects on businesses. Buyers and sellers see performance and differentiation as the main benefits of having many vendor partners. The most reported negatives are higher operating costs and reduced efficiency/productivity.

Are buyers of programmatic advertising technology in favour of reducing the number of partners?

Despite respondents’ declaration that multiple partnerships brings improved performance and differentiation (typically in features and capabilities, meaning a closer fit to client objectives), there is a universal desire to reduce the number of programmatic technology partners within an organisation (nine in every 10, less than 10 percentage point difference in all segments; assuming performance and revenue were not compromised).

If you could decrease the number of programmatic technology partners/vendors you worked with, without negatively affecting performance/revenue, would you do it?



Would consolidation have a positive effect?

When asked whether the consolidation of 2–3 of their partners would have a positive or negative effect on their business we saw variations in opinion emerge across regions and on the buy- and sell-side.

In every segment, except the APAC sell-side, we see a belief that consolidation would have a positive effect.

The APAC sell-side is 12 percentage points behind the global average — only half of respondents believe consolidation will have a positive effect. However, if the negative effect could be avoided, 85% say they welcome consolidation.

Merwood said: *“I would suggest that [APAC sell-side vendors] are simply concerned that consolidation may affect their business. Fewer players in APAC means those that stay wield more power.”*

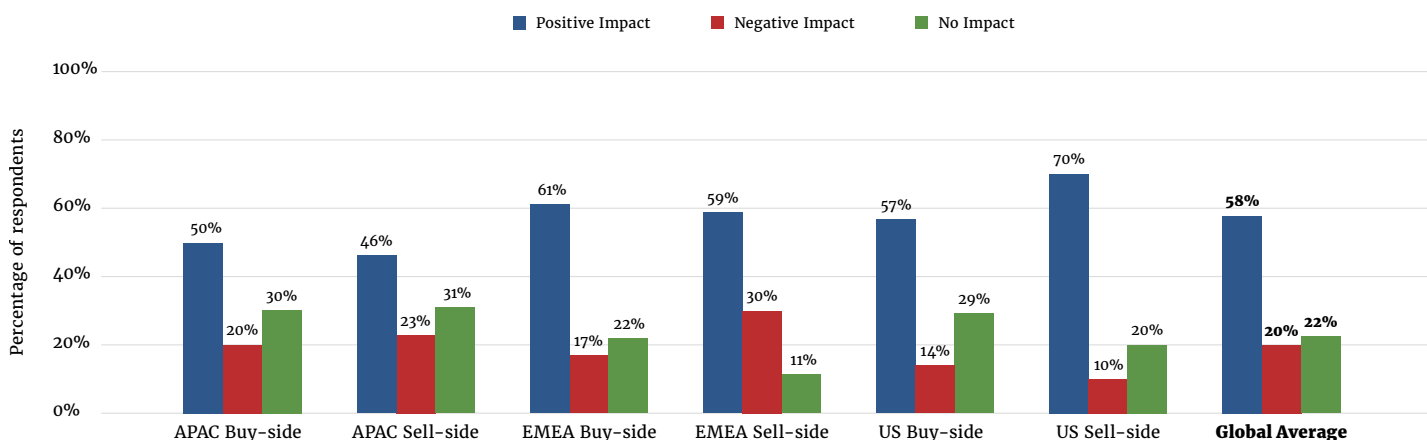
Stubbs said: *“Publisher consortiums create a big buzz but seem to fizzle out very fast as the control tends to stay with the top tier publishers, instead of being evenly distributed amongst all parties. Unless this gap is bridged, it’s unlikely that a favourable set-up will reveal itself — and the results of this report show us that the market thinks that is quite a way off.”*

The most optimistic segment is the US sell-side — almost three quarters (70%) think consolidation will have a positive effect. A further 10% in this segment say they would consolidate 2–3 vendors if they could do so without negative effect. Given that the majority of ad tech companies originate in the US (before migrating to EMEA and APAC) the market can be considered somewhat more ‘mature’. Therefore, US respondents’ desire for consolidation may be an indicator that given time, clear ‘winners’ emerge which removes the need for variety. Furthermore, this trend could be indicative of a realisation that multiple integrations is not a cost effective strategy.

There were no other segments where the positive effect contingent was more than 10 percentage points higher than the global average.

Time is money, according to Schenkel who supports consolidation, he said: *“Time is valuable when running programmatic campaigns, and considering that programmatic is built around efficiency, the time wasted dealing with so many partners creates inefficiency and frustration. A big factor for the sell side in working with many vendors is different agencies have different “preferred” partners that they need to use, and therefore the sell side needs to be set up to work with all of them.”*

If 2–3 of your existing tech partners/vendors merged/consolidated, do you think that would have a positive, negative or no impact on your business?



How long does it take to establish a new programmatic technology partnership?

One of the risks of having multiple partners is the time and resources required to select and integrate new vendors.

The majority of respondents (83%) report that their organisation needs up to six months to establish a new programmatic technology partnership from initial consultation to completed implementation. The number of people involved in decision making and implementation can exceed 16 which may somewhat explain why it takes so long to form a new partnership.

One ad tech vendor we spoke to anonymously said that more often than not, it is the implementation that takes the longest, and the sales cycle is relatively fast because RFPs are so detailed these days. When it comes to implementation clients are put in a queue behind other onboarding projects and changes that are required to existing client set-ups. The fact is, most technology companies do not have the resource to onboard/revise integrations as quickly as they would like to and clients have come to expect relatively lengthy implementations so they do not complain.

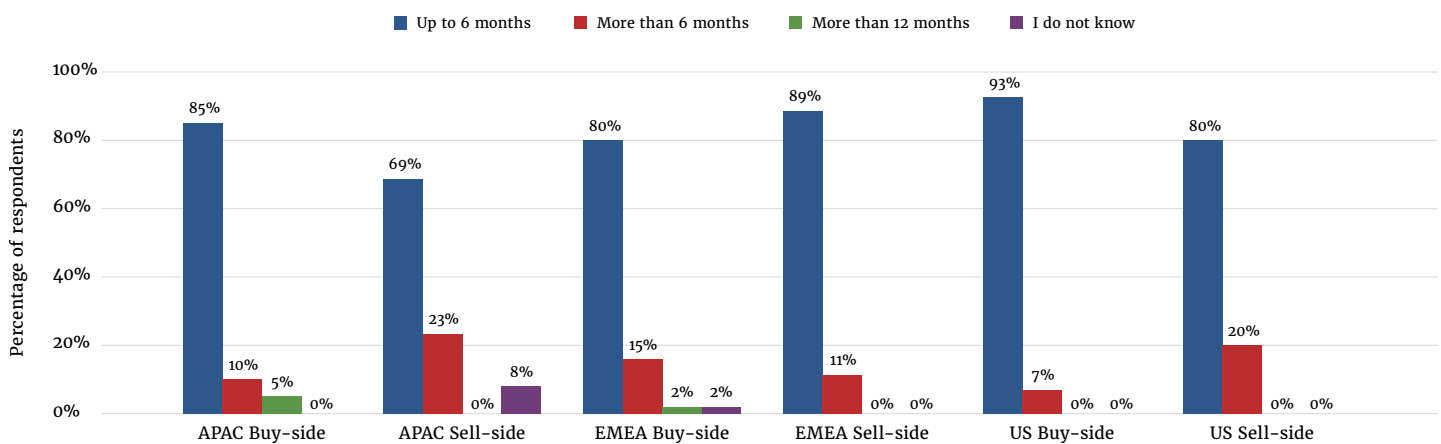
In the APAC sell-side segment we see the largest group of respondents globally (23%) report that it takes six to 12 months to establish a partnership. In contrast, only 15% of APAC buy-side respondents report establishing a technology partnership taking more than six months.

With demand (spend) growing two to three times faster than supply (inventory) in APAC, we conclude that this region’s digital publishers are slower to adopt programmatic technology than its demand-side counterparts and digital publishers in other regions.

In the more mature US market only 7% of the buy-side segment — the lowest figure globally — say they need more than six months to establish a new partnership supporting the hypothesis that the more mature markets have streamlined processes.

All other segments reflect the global trend.

How long does it take, on average, to establish a new programmatic technology partnership, from initial consultation to completed implementation?



How many people are involved in getting a new programmatic technology vendor on board?

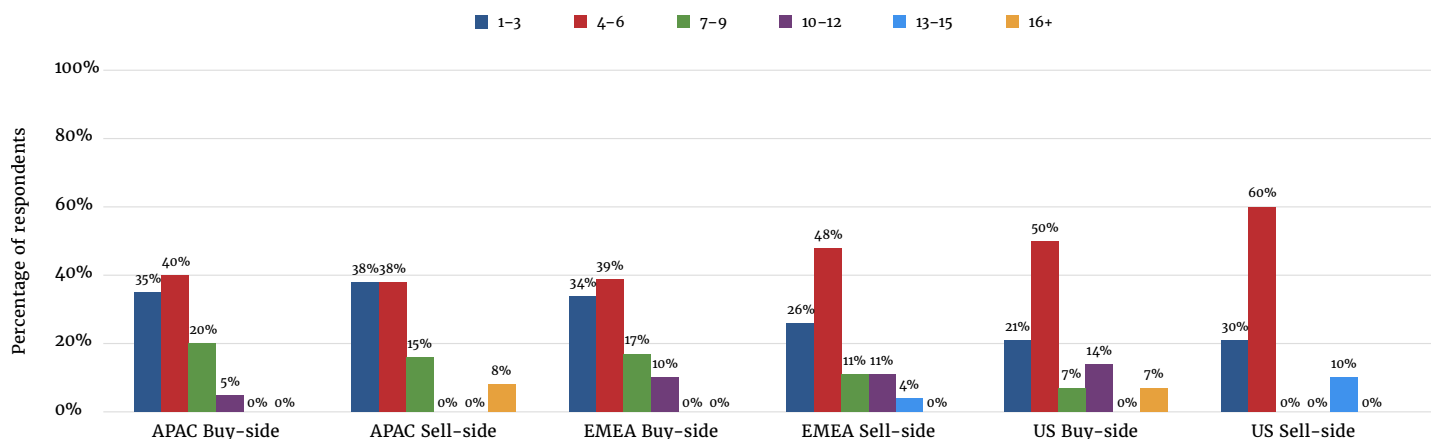
A quarter of respondents say their organisation involves more than six people when bringing a new programmatic technology vendor on board.

8% of APAC sell-side and 7% of US buy-side involve more than 16 people, compared to global average of 2%.

According to Stubbs, the number of people involved in the decision making process varies considerably, she said: *“With many tech products being upgraded every month, and new products regularly entering the market, it’s important to stay on top of these changes, and have specialists on hand to help analyse and test the best performing tech. The number of resources will vary from company to company, and also the candidate’s expertise in the area. There’s not one rule for selecting technology vendors, as the type, and quantity, of KPIs and business goals the brand is driving towards will impact the number of specialists required to ensure all bases are properly serviced.”*

Answering the question whether the APAC sell-side are guilty of involving too many people, Merwood said: *“Not at all. There is a thirst for new technology and for key personnel to understand and grow their knowledge-base so the more people involved the more widespread the adoption of programmatic. When you look at the likes of US and the UK, there has been a clear shift in roles and businesses to become programmatic-first, and this is what’s happening in the APAC region at the moment. In other regions, there’s been a growing understanding that programmatic has moved on. It isn’t remnant inventory anymore but premium ad space on premium publishers’ sites and we’re beginning to see that understanding replicated in APAC.”*

Approximately how many people within your organisation are typically involved in getting a new programmatic technology vendor on board?



Perhaps it is the involvement of so many people that is driving the lengthy process?

Gavin Stirrat, Global MD, Voluum offers a number of explanations as to why so many people are involved and why the process of selection and implementation is so drawn out, he said: *“As with any significant business purchase decision, there is always a wide group of stakeholders involved in technology provisioning. This invariably increases when deciding on technology partners as this usually involves being added to a Preferred Supplier List, which will not be frequently updated. With programmatic technology also being relatively new for many buy-side partners, this increases the complexity of the purchase decision-making process, which invariably results in the inclusion of more decision-makers in the process.”*

“Unfortunately, technology decisions are not always made on the efficacy of the tech, but are influenced heavily by commercial forces. As the tech and commercial leads often have differing opinions and operate in different silos this can cause some challenges, for both the buy and sell side. Finally, there are the issues of expertise and accountability. Who in the organisation has the skill set to make technology decisions — and are they accountable and empowered to make them? Decisions by committee offer safety in numbers.”

Schenkel speaks about how agencies can help advertisers reduce the time and resource invested into making a technology vendor decision, he said: *“I believe the selection of technology vendors needs to be centralised among companies which in turn should help with consolidation. However, you still will have agencies that press to use their “preferred” partners. Ideally, the process of selection and implementation becomes centralized for agencies, and the focus is on the best of the best which then equates to less technology vendors that supply sources need to support, rather than being completely agnostic and supporting any vendor in a category.”*

What do decision makers look for in technology partners?

The top three things that are evaluated when looking for a new technology partner are: features, cost and people (cited as ‘very important’ by 86%, 55% and 53% of global respondents respectively). There is no significant variation in the segments we analysed. The inclusion of ‘people’ in the top three criteria for selection gives a nod towards the lack of true self-service platforms and the support that vendors need to provide their clients with.

The functional requirements for most programmatic advertising technology platforms are unique to every business, and the requirements are dictated by overall strategy and business goals, e.g. increase brand awareness in the 24–34 year old age group or improve ROI by 10%. This is why ‘features’ is the most important consideration cited by respondents.

In many cases features required relate to the vertical sector the company operates in (e.g. travel companies need to understand how multiple product lines perform, finance companies want to understand lifetime value and retailers need to be able to account for returns). However, according to one vendor we spoke to the number of clients with ‘unique’ requirements is increasing as businesses seek to out-perform their competitors.

Will the number of programmatic technology companies grow or shrink over the next 3 years?

Typically, industry professionals forecast consolidation, a view likely driven by the media who regularly cover acquisitions but view technology launches as less newsworthy. However, we observed variation in opinion across different segments.

Predicting Consolidation

The following segments predict consolidation: APAC sell-side, US sell-side and US buy-side.

Almost three quarters (70%) of US sell-side respondents think there will be fewer programmatic technology companies in three years time, 25 percentage points above the global average and 48 percentage points above the EMEA sell-side.

Schenkel has a straight-forward view as to what will drive consolidation, he said: *“You cannot have a plethora of vendors offering the same thing. I think over the next three years we will see mergers and acquisitions, and some companies will disappear. To me, having ten viewability vendors or ten fraud detection platforms doesn’t seem like a long term solution. The best of the best will survive by acquiring their competitors, while the others will die off.”*

Stirrat believes it is the maturity of the US market that is driving respondents to predict consolidation, he said: *“The US market is at the vanguard of technology development as well as being intimately exposed to the vagaries of the venture capital and investment sector. It is a more mature market and there are a larger number of technology players who are yet to make it to these shores, compared to the flow from Europe to the US. As a result, this will give US executives a more acute view on the level of competition, the capital both necessary and available to compete, and the companies less likely to survive the ebb and flow of this dynamic industry.”*

Sharing the US sell-side’s optimism that consolidation is likely is the US buy-side and APAC sell-side.

Talking about APAC Stubbs said: *“With big tech and product companies like Google and Facebook taking offerings in-house (e.g. YouTube inventory), the sell-side tech giants see consolidation of ad tech on the horizon — with less inventory available to sell, we’ll naturally see less SSPs. However, for advertisers, a single view of media continues to be out of reach, with this instead becoming increasingly fragmented.”*

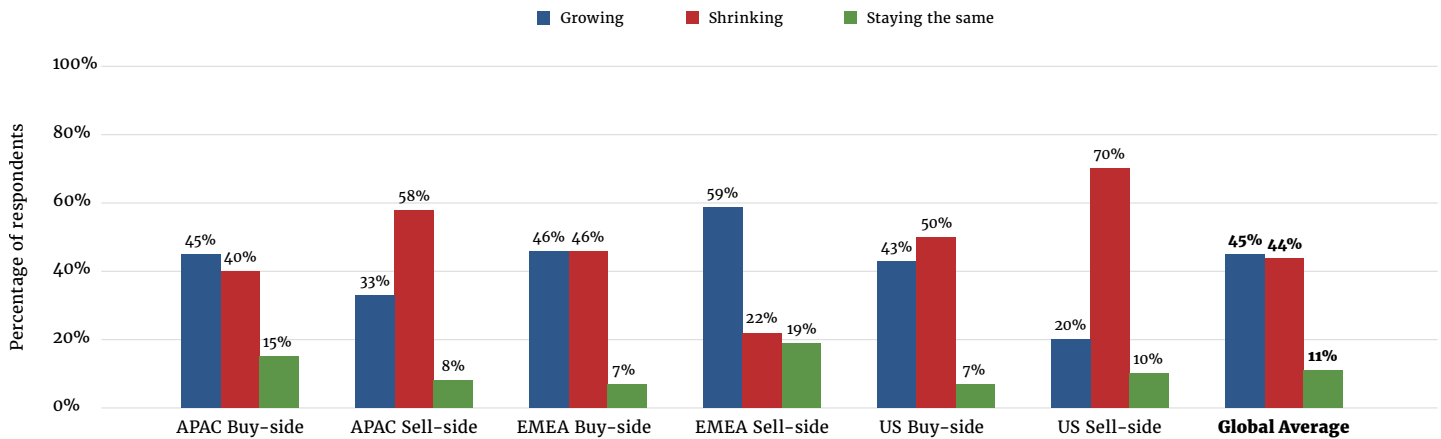
Sharing a global view, Prudhomme said: *“The US market is large and quite monolithic. There is a common currency, a unified regulatory environment and only two primary languages. Publishers in the US tend to have tremendous scale, and there is a much higher degree of consolidation on the buy-side when compared to other markets.*

“On the other hand EMEA, APAC, and other regions are the exact opposite of the US. Buyers and sellers have to manage their way across multiple currencies, disparate regulatory regimes, unique languages and distinct cultures. Even seemingly insignificant things like date formats can have an impact on user-experience. Media owners in EMEA tend to have smaller scale in their home market and as a result have been quite successful at building global audiences. This has meant that they have had to apply more effort and diligence to monetising those international users and have tended to rely on a broader set of programmatic partners. In that context I can understand why they would expect further fragmentation of ad-tech vendors.”

Predicting Fragmentation

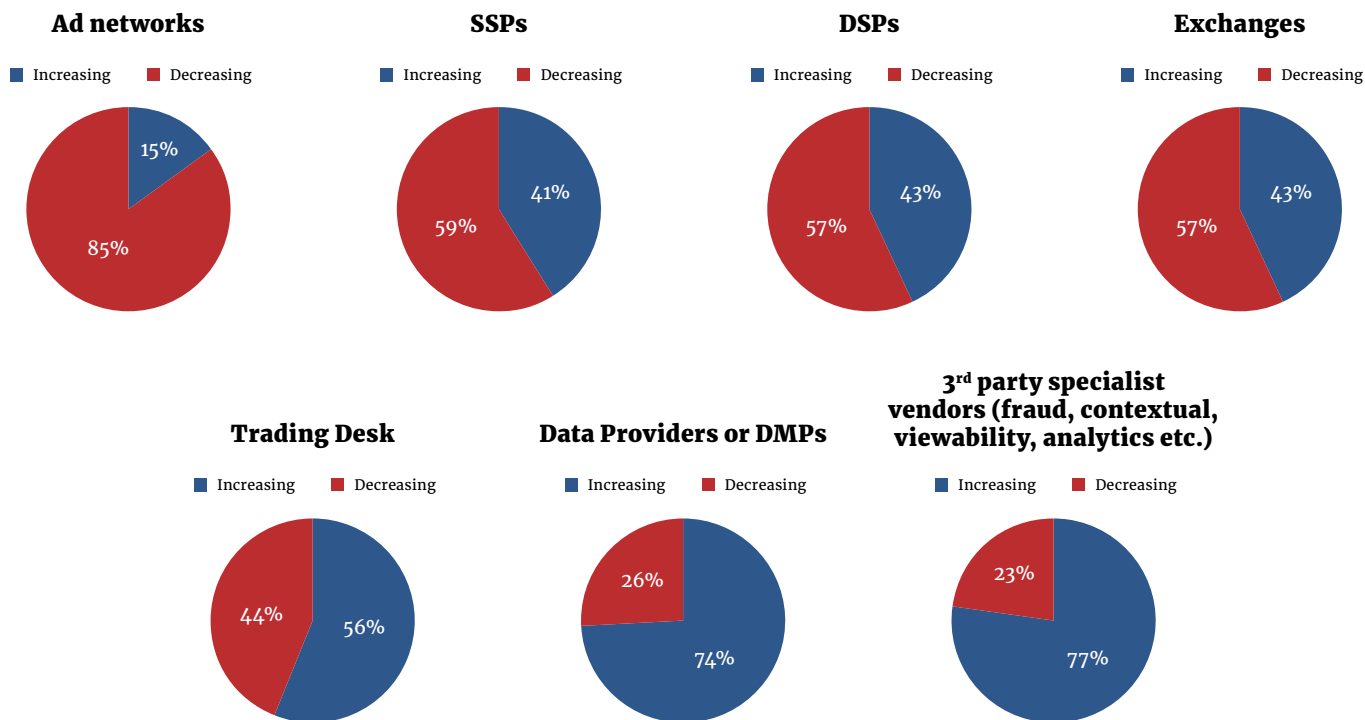
Mirroring the EMEA sell-side view that fragmentation is more likely is the APAC buy-side.

Do you see the number of programmatic technology companies growing, shrinking or staying the same in the next 3 years?



Referring to the relative immaturity of the APAC sell-side, Merwood offers the following explanation as to why the APAC sell-side predict fragmentation, he said; *“Maybe the buy-side sees growth into programmatic channels and therefore expect more players to enter the region creating fragmentation. There are many buy-side companies with little to no presence in Asia but, as programmatic grows fuelled by the adoption of mobile, it’ll become more attractive for other firms to set up in APAC.”*

Globally, respondents believe that consolidation will occur in the following industry sectors: Ad networks, SSPs, DSPs and ad exchanges. However, there is a global belief that there will be fragmentation in the trading desk, data provider/DMP and third party specialist vendor sectors.



There is no variation in opinion, compared to the global average in the following categories: SSPs, exchanges, DMPs and third-party specialist vendors.

However, we observed the following differences:

- The majority (100%) of US sell-side professionals think ad networks will increase in number
- The majority of APAC sell-side (62%) and EMEA sell-side (56%) professionals think DSPs will increase in number
- The majority of EMEA sell-side (52%), US buy-side (57%) and sell-side (60%) professionals think trading desks will decrease in number

Offering additional insight, our thought leaders commented:

Prudhomme: *“The sell-side, buy-side and tools (e.g. verification) have been impacted differently but fragmentation-consolidation is driven by the same forces: transparency, margin compression and commoditisation (of technology as opposed to services).*

“On the buy-side, transparency and margin compression have had the effect of taking the oxygen away from traditional arbitrage models and we’ve seen the effect this has had on ad-networks. Up to now commoditisation has meant that a relatively small number of DSPs have achieved scale while trading desks and managed-service providers seem to be building increasingly attractive businesses by helping brands sort out the complexity and helping them harness the value of their data.

“Other providers, e.g. verification tools, privacy tools, thrive in a transparent eco-system and consolidation here will be driven less by commoditisation and more by adoption. In other words those who can acquire and retain clients will remain sticky. For example, it will become increasingly difficult to swap out your viewability vendor when the majority of your clients and partners rely on the same vendor.”

“On the sell-side things look different. In the past two years transparency and the evolution away from the waterfall have disrupted the traditional SSP model whilst margin compression and commoditisation has meant that a limited number of ad-exchanges have flourished and continue to see triple-digit growth. Scale matters on the sell-side, scale comes from efficiency and vendors who have traditionally relied on large teams of sales and service people have been forced to quickly restructure around the new realities of the market. In my view this disruption will continue and we will see massive consolidation of exchanges on the sell-side.”

Stirrat believes M&A activity will continue to shape the market; he said: *“With Results International, the specialist M&A advisor, announcing Q1 of 2016 as the third highest on record for adtech/martech deal activity, with 108 deals amounting to \$2.4bn, it is clear that this shake-out will continue for some time. Additionally, the recent disappearance of an established player like Byyd from the UK market, and further acquisitions such as the purchase of Opera by a Chinese consortium and Forensiq by Impact Radius, demonstrate that consolidation can come from anywhere.”*

Schenkel believes fragmentation will continue to be ubiquitous; he said: *“I think all of them will see fragmentation with some sectors enjoying more consolidation than others. Ad networks will get eaten up, and DSPs will only be able to tout their “proprietary algorithms” for so long. For DSPs to separate themselves from their competition, they will need to focus on what unique inventory is available and the ease of their UI moving forward.*”

“Historically, the major adtech and martech acquirers have been the tech giants — Google, Facebook, Twitter — and agency holding groups, most notably WPP. However we are now starting to see a more diversified range of buyers, including telcos (Verizon/AOL) and traditional media giants (News International/Unruly). With reports that raising further rounds of VC funding is starting to become more difficult, this trend is set to continue.”

“Given time, the programmatic ad tech industry, like many industries before it, will no doubt settle around the Boston Consultancy Group’s theory of The Rule of Three, with three generalists commanding significant market share, alongside a number of specialist players. Whilst this process will be unsettling for many, it will create a clearer environment for media buyers looking to invest in marketing technology.”

Stubbs said: *“We’re likely to see consolidation within the sell-side, namely SSPs, ad exchanges, ad networks and 3rd party specialist data platforms. Fragmentation may continue to happen on the buy-side, but as the market matures and the tech giants continue to buy, this is likely to slow.”*

Merwood said: *“There are too many companies in the ad tech space so consolidation is inevitable. We’re already seeing ad tech companies playing in both the SSP and DSP space concurrently so consolidation will be most felt here. We’ve also seen DMP’s getting consolidated into marketing technology companies.”*

SUMMARY AND CONCLUSION

Whilst there are benefits to fragmentation such as, product differentiation, specialised service and improved performance, for many, the gains do not seem sufficient to offset the cost and time it takes to continually implement and integrate multiple solutions. Based on our findings, certain aspects of the industry will consolidate, while other areas will grow and mature. Overall we predict a balancing effect that will result in steady growth and innovation across the global programmatic ecosystem.

“Too many” programmatic technology players today

- Three-quarters (74%) of respondents feel that there are currently too many programmatic technology companies
- However, it appears that opinions on whether or not there are “too many” players in programmatic vary based on factors like maturity of market and buy-side versus sell-side perspectives
- Less mature markets like APAC view more players favourably—as this implies more specialisation
- In an ecosystem where there appears to be more demand than supply, it is likely that sell-side players perceive more players less favourably, as they are overwhelmed with the demand and pressure to monetise content

Consolidation is expected with continued fragmentation, dependent on regional drivers and new channel opportunities

This report finds 44% of all respondents expect that consolidation will occur in the next three years. However, a startlingly similar proportion (45%) feel the number of programmatic technology companies will continue to grow.

- Consolidation
 - Globally, respondents believe that consolidation will occur in the following industry sectors: Ad networks, SSPs, DSPs and ad exchanges
 - Figures released by specialist technology M&A advisor Results International reveal that the global market for ad tech and martech is strong
 - The overall volume of combined deals completed is up by 9.5% on the same period in 2015, rising from 199 deals in H1 2015 to 218 in the first half of this year
 - The disclosed value of those deals, based on total consideration, is also up, rising to USD\$11.5bn in H1 2016 from USD\$9.2bn in H1 2015
 - APAC remains a strong region for ad tech and martech M&A. Ad tech deals there accounted for 18.3% of the global market in the first half of this year, while martech amount to 9% of global deal volume
 - Internet penetration in APAC is predicted to grow by 2.3% between 2015 and 2016, whereas in the US growth is predicted to be just 1% and will have stagnated by 2019 when APAC will be growing at a rate of 3%. Therefore it isn't surprising, that buy-side suppliers are looking for new ways take advantage of this trend
 - The trend for Asian acquirers to buy into overseas territories continues: deals of note in adtech include Miteno's acquisition of Media.net for over \$900m; publicly traded Chinese integrated marketing group

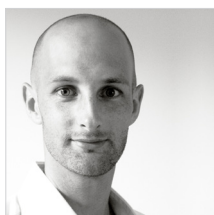
Spearhead buying the US and EU markets via Smaato; and Canadian DSP AdGear being acquired by South Korean giant Samsung

- North America remains the most active market for adtech and martech M&A. Over half (53.7%) of all martech/adtech deals were completed in the US and Canada in the first half of this year, reflecting the maturity of the market. It is hard to say whether this trend is being driven by the desire for consolidation shown by users (100% of all US sell side respondents are in favour of consolidation) or whether external macroeconomic factors are the driving force. Perhaps it is a combination of the two?
 - There is clearly a valuable M&A market for differentiated businesses that are able to scale. This is particularly apparent in areas such as mobile, video, data and cross-device tracking
- Fragmentation
- Based on this research, there is a global belief that the number of trading desks, data provider/DMP and third party specialist vendor sectors will increase
 - As programmatic technology becomes more ubiquitous and emerging markets continue to mature the way EMEA and US have, newer more specialised technology and service offerings will grow
 - While increased transparency and commoditisation is creating consolidation with respect to DSPs and ad networks, trading desks, data, and managed service providers are becoming increasingly more attractive to businesses and brands who not only need help sorting out the complexity in the existing ecosystem, but also need more customized solutions to fully harness the value of programmatic technology. This trend will add to the rise in big advertisers bringing programmatic tech services in-house, essentially becoming new 'programmatic players' in their own right

Fragmentation through Consolidation

- 88% of our respondents would prefer to work with less technology partners if it did not impact performance/revenue; only 58% believe that the consolidation/merging of 2–3 of their existing partners would have a positive impact on their business
- While big tech companies like Facebook and Google continue expand their offering via acquisition, now less traditional big buyers like telcos and media giants are also adding to the consolidation trend. This leads to less transparency, less available inventory, and a more fragmented and narrowing holistic view of media for the advertiser
- Perhaps in order to combat this fragmentation through consolidation, the industry will see continued growth in specialised technology, data, and managed service players, in addition to advertisers building their own specialised technology and eventually making the term 'programmatic player' so widespread, it becomes obsolete
- Programmatic buyers and sellers want the best of both worlds — the efficiency and cost-savings associated with having less, more consolidated partners, but also the transparency, access and single media view across the ecosystem enabled by a more fragmented, multi-player world

ABOUT OUR CONTRIBUTORS



Gavin Merwood, Director of Business Development APAC, Teads

Gavin Merwood is a global ad-tech business development specialist with key focus on the Australia and New Zealand, and Asia regions. He has 16 years' experience in the industry and has worked with Teads for nearly five years with a focus on increasing local publishers' revenues through innovation. Since graduating from Canterbury Christ Church University, Gavin has held several key positions including head of sales at Fairfax Media, Australia's leading news publisher. In his spare time Gavin can be found cycling around Sydney and spending time with his young family.



James Prudhomme, MD, EMEA, Index Exchange

James is a visionary technologist with more than 15 years of experience in leadership roles in the digital media industry. Currently James is Managing Director EMEA for Index Exchange, a fully transparent supply-side platform and premium media-exchange which provides a real-time programmatic advertising platform to premium digital publishers.

Prior to joining the leadership team at Index Exchange James was the CEO of Datacratic, a machine-learning and AI software start up. While at Datacratic he built an international business+engineering team and oversaw the development of machine learning products which provide optimization and decisioning for real-time advertising platforms, data management platforms and e-commerce web sites.



Adam Schenkel, Vice President, Programmatic, GumGum

Adam is the Vice President of Programmatic Partnerships at GumGum, with responsibility for programmatic integrations, agency trading desk relationships, and supporting GumGum's global sales team in selling its custom formats programmatically. He has been with GumGum since 2013, founded the Programmatic Department at GumGum, and has been a member of IAB's Programmatic Council since 2014. Adam also developed the first custom in-image programmatic offering to be transacted at scale through real-time bidding.

Previous to GumGum, Adam graduated from Arizona State University in 2010 with a business degree, and then spent three years working at United Talent Agency where he worked on reality television and celebrity licensing and endorsement deals. Adam currently lives in Encino, California and is an avid sports fan who enjoys playing golf and traveling when he is not working.



Gavin Stirrat, Global MD, Voluum

Gavin has spent almost 20 years in senior leadership positions for advertising technology companies, including StrikeAd, Millennial Media and Advertising.com. He is currently the Global Managing Director of Voluum, a technology platform offering a suite of marketing tools, including a second generation mobile demand side platform (DSP). In this role, Gavin is responsible for DSP revenue and the ongoing development of the platform. Prior to Voluum, Gavin was COO at StrikeAd and led its international business prior to its sale to Sizmek. Gavin sits on the IAB Mobile Steering Committee, provides frequent insight and opinion for a wide range of trade titles, and regularly presents at conferences around the world. He is married with two children and holds a BA in Business Studies and Marketing.



Ruth Stubbs, CEO of iProspect Asia Pacific

Ruth joined Aegis Media in 2011 to oversee iProspect’s search and performance marketing services for the Asia Pacific region and accelerate the digital media capabilities across the group. Prior to joining, Ruth had leadership roles with Mediabrands Asia Pacific and GroupM Interaction Asia Pacific in the capacity of founding CEO. Before moving back to Asia in 2004, Ruth spent 10 years with Euro RSCG Worldwide heading its digital media operations in New York, Hong Kong and Sydney. With 25 years’ experience in Media and Digital Marketing, Ruth also sits on several high profile boards and juries in the region.

ABOUT BIDSWITCH

Engineered by IPONWEB, BidSwitch is focused on helping programmatic technology companies overcome increasing marketplace complexity, technical inefficiencies and connectivity at scale. Whether partners are interested in new geographies, new media types or simply do not have the bandwidth and time to do direct one-to-one integrations, BidSwitch offers a solution to many of the challenges hindering innovation and growth in the programmatic ecosystem today.

Operating as an infrastructure-level “Switch”, BidSwitch provides an efficient and transparent way for partners to gain access to a multitude of supply and demand partners globally all via a single technical integration. By integrating with BidSwitch, partners can instantly enable access to hundreds of platforms through normalised protocols. The unique myBidSwitch UI makes maintaining and customizing relationships between supply and demand fast and easy. Simply turn-on, test and start buying or selling immediately — saving both time and money.

Today, BidSwitch facilitates more than 250 supply and demand technology partners globally to connect and trade media across the display, mobile, native, video and TV ecosystems — all via a single standardised integration.

ABOUT EXCHANGEWIRE AND EXCHANGEWIRE RESEARCH

ExchangeWire tracks global data-driven and programmatic advertising, media buying trends, and then ad tech and mar tech sectors. Delving deep into the business of automated media trading and the technology that underpins it across multi-channels (online display, video, mobile and social), the site aims to keep readers up to data on all the latest news and developments.

ExchangeWire provides opinion and analysis on the following sector companies: specialist media buyers, ad traders, ad networks, media agencies, publishers, data exchanges, ad exchanges and specialist ad tech providers in the video, mobile and online display markets.

Reflecting the growing prominence of programmatic advertising, in 2014 ExchangeWire launched a new company division — ExchangeWire Research — to help marketers better understand how it fits into the wider marketing mix.

Conceived by Ciaran O’Kane, CEO of ExchangeWire and Rachel Smith, COO of ExchangeWire, ExchangeWire Research is headed up by Rebecca Muir, Head of Research and Analysis. The unit uses its proprietary technology and unique industry data sets to offer global data and insight on the marketing technology, advertising technology and programmatic advertising sectors.