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LiveRamp Holdings, Inc. (RAMP)

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Thanks, everybody. It's Brian Fitzgerald from the Internet research team at Wells Fargo. We're very happy to have with us Scott Howe and Lauren Dillard, CEO and CFO respectively of LiveRamp. I got a lot of stuff I want to run through, so I want to jump right into it.

QUESTION AND ANSWER SECTION

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

So, first of all, Scott, thanks for being here. And more and more people, we think, are getting very familiar with the story, but maybe for those who may be new to it, could you, could you give us a quick, high-level intro, give you the opportunity to give us an intro to Ramp, to RampID, why an advertiser would use you guys instead of directly uploading customer IDs to one of a host of activation platforms that Google, Facebook, Trade Desk, [indiscernible] (00:00:58), like why would they pick you guys?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Yeah. I think one of the big megatrends that we all see in business is sophisticated companies want to utilize data. And the challenge is although they all say that actually utilizing data is very difficult. Most sophisticated advertisers are probably trying to activate their data, at least a couple hundred destinations on their media plan. So there's just a lot of fragmentation.

LiveRamp is a data collaboration platform. Think of us as middleware, the easy button that makes data ingestion, activation, utilization easy. 80% of our revenue is subscription and we fulfill four primary functions. One is for companies that are trying to connect with the data that matters, we provide turnkey activations to hundreds, if not thousands, of different data partners. We provide foundational identity, which enables companies who have two different data silos to marry them together and allows a common key across those data silos so that information can be co-mingled.

Third is activation at the moments that matter. So again, turnkey activations with all the different destinations, and then finally, importantly, the whole concept of data governance or permissions management. All of these things are best done at scale when you have all these different sources and uses and permission requirements for data. And so rather than a company going out and having a separate conversation with Facebook or Google and doing that 200 times over and having this big bespoke Frankenstein maths, they can just work with us and we make it easy.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Got it. So part of that collaboration work has to do with clean rooms and with cloud and so I wanted to delve into that a little bit. But we're seeing more and more across the ecosystem Amazon, Pinterest, Google, the list goes on and on, people who have started and are utilizing clean rooms.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Yeah.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Could you talk about the trend you're seeing right now in clean room adoption, and how do you see that driving your business over the next couple of years?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Well, I think you're right, it is both clean rooms and clouds. It's interesting. Brian, we had a client advisory board a couple of – month-and-a-half ago in DC and we had 20 clients, all companies you would know. And we asked the question, how many of you are using clouds. Every hand in the room went up.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

And then we said, how many of you are using multiple clouds. Every hand in the room went up. And it's just a requirement of modern day companies that they want to share information with a number of different partners. And so they're using different cloud providers, and they need to have this what's called a clean room that fits between different sets of data owned by different people such that the data can be anonymized, encrypted and controlled. And we sit right underneath that. And so, it's a real nice wind at our back.

A

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

And as clients adopt these data collaboration and clean room solutions, what kind of ACV uplift are you typically seeing? Does the revenue model differ versus your classic minimum usage plus – minimum plus usage formula?

Q

Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

Yeah. And I think this is actually one of the real benefits of packaging some of our solutions into a single platform. It really lends itself to the land, expand, extend motion that's been driving the customer expansion we've seen over the last few quarters. So, it's typically the case that a new customer will work with us to enable a basic activation use case, so onboard their data to a Facebook – Meta or Google or Trade Desk, and that would be call it a solid six figure deal. I think our typical starting ACV is somewhere in the \$200,000 range.

A

Identity and then collaboration which you just mentioned are very complementary to that selling motion. And so to the extent that a customer then wants to leverage identity to perform measurement or attribution or to build the foundational identity within their own enterprise, you could see the ACV double.

To your point on collaboration, so as soon as a customer starts leveraging collaboration to connect and share data between their partner ecosystem, that ACV could be in the seven-figure range. And we were just looking at kind of this progression with one of our large automotive customers. We talked about this customer a couple of earnings calls ago. They started with us two or three years ago on that basic activation use case, a few hundred K. Today, their ACV is well north of \$5 million as they've layered on collaboration use cases that are allowing them to collaborate with their dealer advertising network partners and individual dealers to share and use data together. So, again, I think the packaging of these use cases really does lend itself to the expansion opportunity that we see in front us.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

And when you guys – when you talk about the packaging of these – the clean room products and then the identity layer, the identity layer is also being utilized on these hyperscaler cloud platforms like you're partnering with Snowflake. Can you – and you just talked how one side kind of feeds the other. Are you agnostic in terms of how they come at you, how they engage with you because ultimately, you get to cross-sell and get them up in a hyperscale situation anyways?

Scott E. Howe*Chief Executive Officer & Director, LiveRamp Holdings, Inc.*

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Well, we're certainly agnostic, but I will tell you, we love those cloud partners and vice versa. This morning, I don't know if you saw it, Brian, but we were named AWS' cloud partner of the year.

Brian Fitzgerald*Analyst, Wells Fargo Securities LLC*

Q

Oh, wow.

Scott E. Howe*Chief Executive Officer & Director, LiveRamp Holdings, Inc.*

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And this was, I would say, two months after we were named – we got the same honor from GCP. And so, it's really cool, like we look at those partners. We know that when we go in alongside one of those giants, we really do nice things for their business because as companies start to use more data, they obviously have more storage and [indiscernible] (00:08:12).

Brian Fitzgerald*Analyst, Wells Fargo Securities LLC*

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Right.

Scott E. Howe*Chief Executive Officer & Director, LiveRamp Holdings, Inc.*

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So, it's a great opportunity for us because Snowflake, AWS, GCP, they will walk us into their opportunities knowing that we will help drive storage and compute for them. That obviously is a great thing for our business because it makes it easier for us to go win clients.

Brian Fitzgerald*Analyst, Wells Fargo Securities LLC*

Q

Got it. And just to play devil's advocate, do you think you're sometimes competing with your cloud partners for data collaboration in clean room deals or how do you differentiate there?

Scott E. Howe*Chief Executive Officer & Director, LiveRamp Holdings, Inc.*

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Yeah. I mean, in a world of collaboration, you move into a world where everybody's a Venn diagram, and so there's a little bit overlap between everything. But the way I always talk about it to customers, CTOs in particular, who are thinking about their technology stack, if they want to spin up a clean room or a cloud data warehouse, there are a handful of key elements that they need for that to be successful. Obviously, storage and compute. But we don't do that.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

And that's all AWS and Snowflake. And that's what they think about because that's how they make their money.

A

Now the second piece, along with storage and compute, maybe the third, is a user interface, some form of segmentation to manipulate the data which is workflow. We don't care who owns that. Like, we can do it, they can do it. Doesn't matter to us. But for it to really be effective, you need it to be stitched together with the rest of the ecosystem. So, the turnkey data integration, the foundational identity, the activation layer and the permission [indiscernible] (00:09:58) those four things which comprise our subscription, those are all best done at scale provided to everybody in the industry ubiquitously, neutrally, agnostically. And so, that's what we bring. And those four pieces are what we feel like we're always differentiated in.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

The other three, we don't care.

A

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Okay. I want to shift over to maybe the macro and the demand environment a little bit. You've seen a really nice uptick in new logos last quarter. Can you unpack the trends there you're seeing and maybe tease apart the impact of improved sales motion and execution versus broader demand catalysts? Are some of these new logo deals a sign that customers are beginning to take cookie deprecation seriously and trying to get ahead of it because I think you've been talking about this for a while, even at ad week and ad industry conferences?

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Yeah. I think there's a couple things going on. One is it's easier for us to sell because we don't have to go originate all the deals. And so, I mentioned earlier about these cloud partners when a snowflake or an AWS or a GCP walks us in, we have immediate credibility and they have a strong incentive because their business is going to be better if we're alongside them. I think I mentioned at our last earnings call a few weeks ago, we have over a hundred Snowflake opportunities, for instance, in our pipeline right now. If you look at our cloud business, last year to \$10 million, this year to be \$20 million, still off a small base.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah.

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Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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But relative to most SaaS companies, partner selling is a pretty small piece for us that should grow explosively in the coming years.

The second big trend that's in our favor is this whole concept of data collaboration and retail media networks, really commerce media networks. And when I talk about data collaboration, let's be clear about what I'm talking about. Like, if Target wants to make utilization of their data, well, the best way to do that is for them to partner with Coca-Cola, Pepsi, Unilever, and P&G. When that happens, we sit underneath that to ensure that that data coordination happens in a secure, anonymized way. And so, if you want to work with Target, then they'll say, hey, you got to work with LiveRamp. And so, they've walked us into P&G, they've walked us into Coke. And then once we work with P&G, they say, hey, we want you to work with the 50 other retailers that matter to us.

And it's not just retail and packaged goods. It's financial services, it's travel companies and major airlines who have all their travel partners. It is connected cars. It is just every company in the world right now thinks they're competing against Amazon and Google, and maybe they are. And what they're realizing is the way they can compete effectively is by collaborating, which pulls us in.

And I will also say, I think we're just executing more effectively. Like a lot of companies, we got hurt by this great resignation and we've talked about this self-inflicted wound. You can't sell as effectively if you don't have as many sales reps. So, we really made recruiting, onboarding new people a priority. We've rebuilt our sales capacity. And we've actually built it better to folks who have real vertical expertise, who can go in to companies you've heard of and immediately be credible with their CMO or CTO.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Okay. I want to – I'm going to put a pin in retail media networks because I want to get back to that and CTV. Maybe just one more on macro and demand. And that's – you've said and I love the way you phrase this, you say one of the challenges for Ramp has been the complexity of the platform and throwing smaller or less sophisticated companies or customers the keys to the Porsche and without even teaching them how to drive stick. Can you talk to us about how you're addressing these issues?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Yeah, it's a great question. I mean, I think you and I have talked about this before and I brought out the acronym. We talked about like the Ps in marketing. Well...

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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...these are the three Ps we think about. The way you make things simpler, it starts with process. So, we built a professional services arm that can go in, kind of parachute in the clients and train them. We've also vastly expanded our network of collateral case studies, made our own website a little bit simpler. Like if anything that I

say sounds confusing, go to our website, there's a zillion case studies and educational documents on there. And if you're interested in LiveRamp, have a look at those stories, have a look at the companies that work with us.

The second is partners.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

We don't need to tell the story all the time because Azure and AWS, Snowflake can tell the story for us. And quite frankly, they have bigger sales forces than we do, and so we should leverage their footprint in the industry.

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And then the third is product. The challenge for us is for us to really scale over time and really over the next 20 years, there's a incredible opportunity for us. We have to make our product simple and intuitive. We invented a category, but that category needs to be so user-friendly. It needs to feel as simple as opening an iPhone out of the box.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

You just know what to do. And RUIs and our educational materials just have to be simple.

A

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

And are you seeing now that services business, is it impacting client retention? Is it impacting or changing how they engage with you? Are you getting some learnings about best-of-breed driving customer success type of understanding?

Q

Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

Yeah. No, absolutely. And I think, while it's still relatively early days for our professional services function, we launched it, call it, two, three years ago. We're very encouraged by the direct growth we're seeing as well as the ancillary benefits in the form of higher retention and better customer satisfaction. So, customers who leverage professional services oftentimes have NRR, net retention rates, well north of 110%. Again, off a relatively small customer base but encouraging especially if we can continue to maintain those trends as we scale the business. So, I think we're feeling very good about that investment.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Okay. And then last one on macro and demand international. Can you unpack what you're seeing on the international side of things, maybe particularly around China and how you see that panning out?

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Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Well, I'll tell you, like a lot of companies, we think China has changed.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

And so last quarter, I just – the geopolitical environment there has changed so dramatically over the last decade. We want to be where our clients want us to be. And so there's 10 markets that matter and we're in all of them.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

When you work with P&G, when you work with Coca-Cola, when you work with Walmart, they want you to have a global footprint and they'll walk us into opportunities. What we've heard from a lot of our clients is China is not as important to them anymore. So we're a [indiscernible] (00:18:47) company. We're always thinking about our top line, but we're also really thinking about our margins. And we just realized, like, China didn't make as much sense. We've rightsized that position. We won't exit entirely, Brian, because I kind of view it as a lottery ticket if there is a turn back towards capitalism, we'll get right back in. Once you exit China, I think you have like 17 or 18 business licenses. It would take 10 years to get back in.

A

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

So we'll stay in. But we don't – we're not in business to lose money.

A

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

Q

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

And so when we see an opportunity to improve our profitability that our clients don't care about, we'll do that. That's what we did here.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Okay. So – go ahead.

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Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

No, maybe just to add to it, I think our international performance over the last couple of quarters has been a bit of a tale of two regions where, as Scott mentioned, we've seen some pressure in APAC, in China specifically. Our Europe business is growing quite nicely and that's being fueled by the collaboration use case that we've talked about but specifically, with some of the largest European retailers in their network of packaged goods partners.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

I wanted to drill down on something you just mentioned, Scott, and that was the Rule of 40 and margins. You've talked about the path to the Rule of 40-plus. You guys were close to Rule of 30 last quarter. Could you guys talk about the path to that Rule of 40 and what gets you there?

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Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

Yeah, I'm happy to. So, we've talked about our aspiration to be a Rule of 40 company. For LiveRamp, we believe that will be comprised of 10% to 15% top line growth, 25% to 30% operating margins over the long term. Our guidance puts us squarely in Rule of 20 territory this year so, obviously, we've got some work to do.

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On the top line, I would kind of bucket the levers in two – to two buckets. First, near-term tactical levers, which we've spoken about now in the last few earnings calls, so maintaining sales capacity and continuing to improve productivity, investing behind customer experience and customer support to reduce down-sell and churn, and then, finally, as Scott mentioned, really scaling and expanding our channel partner efforts.

The second bucket which, we believe, will sustain this type of growth over the medium to long-term are riding some of the big megatrends that we've touched on today a few of at least. So, the rise of CTV, the shift to cloud computing, the rise of retail media and, more broadly, commerce networks, all of which require access to data, the ability to collaborate and activate data securely and with permissions in doing that at scale. So, we think that obviously lends itself very nicely to our value proposition.

On the margin side, I would call out two near to medium-term levers. The first is going to be improved top line growth and getting the top line back to 10% plus. Kind of given the model and the inherent kind of strong incremental margins in the model, we think the prize in doing so on the margin side is pretty meaningful. Second, we've talked about this now a couple of quarters. We've kicked off a offshoring initiative and specifically talked about [indiscernible] (00:22:39) up an office in India and shifting roles over there over the next two to three years. There's some upfront investment and work required this year to set that initiative up for success. But we believe over the next year to three years, it should have a very positive impact on our overall cost structure and be a pretty nice lever for margin as well.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Got it. Scott, I'd mentioned – you were talking about retail media networks and I want to circle back to that. But both that and CTV, so maybe let's talk about CTV too. Continue to seem like they're going to be big opportunities,

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early days, but there's also fragmentation there and maybe that can be a challenge. You've noted before 50% of marketers are using five or more retail media networks.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Yeah.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

16 are using 10. There seems to be a different – or differing views of how that plays out, buying the retailer data versus using a retailer's DSP or a white label DSP that's enriched with retailer data. I mean, there's so much data and so many options. How do you think that plays out for you? And does LiveRamp have a key role to play in simplifying this ecosystem for marketers?

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Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Yeah. Well, I will tell you, CTV and retail media networks, I mean, they're really the same thing because – and actually, here's a really interesting stat. Drew and I were talking about this – Head of Investor Relations this morning. If you look at our biggest destinations, like, five years ago, it was all like Facebook, Trade Desk [ph] standard display (00:24:22) in social media. Now, 22 of our 50 largest destinations where people use their data are CTV providers or platforms. 22 of them.

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Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Wow.

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Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

So it suggests it's really fragmented. But it's happening. The trend here is the same as retail media networks. So, this collaboration driver that is behind retail media is the same thing that's behind CTV. So, every single major CTV provider says I have really deep data. And for last 30 years, no one's cared about my data because all they cared about was Nielsen.

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But if I have really detailed viewing information and customers are authenticating on, say, Netflix, why aren't I collaborating with my advertiser partner because, together, we can create something truly amazing? Well, that's great. But on the other side, you have the advertisers who are saying, 22, I can't have 22 different custom integrations, so LiveRamp, can you just standardize this. So I can do this once and then hit Hulu and Disney+ and Netflix and Paramount and whoever else, all 22 of them. And so these are just more and more accentuating the fact that for this to work, someone like us has to be in the center, neutral, agnostic, serving anyone and everyone in the industry so that everyone can extract the power of their data collaboration efforts.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yeah. And in the context of that discussion, your data marketplace has seen really nice growth over the last few quarters. But you've wanted to remain kind of cautious there due to, I guess, the inherent variability around the ad market. But when we take a step back, are there bigger trends at work there? Marketers getting more comfortable

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with attaching third-party data or getting more value out of – from the data they're using, our marketers increasingly using machine learning and tapping into third-party data, layering on top of their first-party data. I'm trying to get the trends behind what's driving your data marketplace.

Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

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Yeah. Well, I think the macro trend is clear, and that's that platforms that can attach data for better targeting and importantly on the other side of measurement are gaining share. And this macro trend has certainly fueled the growth in our data marketplace business fiscal year to date. So, the last couple of quarters, I think our data marketplace has grown high teens, which is ahead of the growth in overall digital ad spend. And I think in part, it is due to our exposure to some of the faster growing areas of the [audio gap] (00:27:19) including CTV and including retail media.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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Okay. Scott, couldn't have a discussion with you without talking about cookies and the deprecation of those. And so when we talk to investors about LiveRamp, we still get questions about exposure to cookies. Could you give us an update on how much of the business is still tied to cookies in one way or the other and your confidence that those volumes shift pretty seamlessly to ATS, Authenticated Traffic Solution...

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Yeah.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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...or PAIR or UID 2.0 or whatever alternative client wants?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Hey, those will support cookies as long as they exist. I think there are better ways. And quite frankly, the industry has – regardless of what Google decides to do, has just moved on. And I'd say that, like, already I've looked at the stats earlier, over 70%, like 75% approximately of time spent online we support through bifurcated authentication.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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And more specifically and let me just unpack what that means. If you go back five years ago and you looked at the 50 largest publishing destinations online, only a handful of them had some kind of sign-in paywall process, authentication process. Today, all 50 of the 50 largest publishers have some form of authentication. Some of them might be a sign-in. Some of them might get that authentication because you subscribed to their email list and when you open their emails, you're giving them that authentication, 50 of 50.

And so like when we work with Facebook, it's not on cookies. It's authentication. Directly with Google outside of their DSP, it's a direct integration. Every CTV provider, it's a direct integration. And we have a line of sight, I want to say, by this time next year, we'll be north of 90% of time spent online will be directly authenticated, and it's just a better way to do it.

Now, again, we don't really care if the world doesn't go that way because we also support cookies. But, I think, Google will deprecate cookies next year. They've very quietly been doing stuff internally, like a few weeks ago. Google Drive, [indiscernible] (00:30:05) Google Drive, they re-architected it, so it no longer uses cookies. They don't make a big deal about that, but that tells you internally they're preparing for what they've announced externally as well. And if they do go forward with it, it could be a real nice tailwind for us because they're replacing cookies with something they call PAIR and that stands for – it's a clean room – but it stands for Publisher Advertiser Identity Reconciliation. So, in a nutshell, they need consent on the publisher side, they need consent on the advertiser side, and they need a clean room, like LiveRamp, to sit in the middle. Well, they chose three launch partners. We're by far the biggest. We're the only launch partner that's live. And the results so far with both publishers and advertisers are really, really good.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

So, if they do go forward with it, it is a nice inflection point that maybe tilt some additional demand to us, but we'll see. I mean, all that rolls out next year.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

And I assume that would just equate to a tailwind for some of the non-brand business, the smaller ACV customers, as cookies eventually do get deprecated?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Yeah. I mean, you know, Brian, that our sweet spot has always been really sophisticated advertisers. They have higher ACV with us. They have much higher upsell. I mean, they're great. But we also recognize we're leaving an opportunity on the table by not serving those small companies. And so potentially as cookies are deprecated, the companies that have worked directly with Google to do targeted advertising off the cookie, maybe there's an opportunity for us to pick up some of that. To do it, we have to have more self-service in our products because we don't want to win the revenue but blow out our cost structure.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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We are Rule of 40. We want the revenue and the improvement in operating margins.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Okay. I have a couple minutes left. I have a bunch more questions. I want to open up the floor in case anybody has any. And if not, I want to continue rifting along cookies, and as you see, they're replaced by alternatives. We'd imagine that would play out as changes to the match rates and maybe you've experienced something similar within the walled gardens post [indiscernible] (00:32:51). Could you talk about how your brand and agency clients respond to those changes in match rates?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Yeah. Well, I would tell you authenticated, consent-driven solutions are just better.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Who has the highest match rates? Well, Facebook because you sign in there every day, right? And so as more and more destinations, CTV and others follow suit, you're going to be able to do more interesting things at those destinations.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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So I think it unlocks a ton of value on both the advertiser and publisher side.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Okay. Last one from us is there's been a lot of focus on what the industry is going to lose in the process of cookie deprecation. But we think there's been less focus on how alternative or replacement IDs are actually providing visibility where we haven't had it before in years. Safari browser has been...

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

A

Sure.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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...cookieless for years. Could you talk about the addressability gain in places like Safari or Firefox and how that compares to addressability loss you're anticipating in Chrome because it may not be as drastic as people think.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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Oh, it's not at all. I mean, it's phenomenal. And so, I think we've published a case study with Microsoft on this when we started doing consented traffic with them. When you have consumer permission, you don't need to worry about [indiscernible] (00:34:32) given you, they would want to do it. And so, the lift that they saw really was upward of 40% versus untargeted. And all of a sudden, advertisers can reach Safari users that they haven't been seen for the last three years other than at a very broadcast generic basis.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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So, just a tremendous opportunity there. And I do think there's a big shift coming industrywide. And whether it's regulation or cookie deprecation, like, this is one we can all rejoice in because the power is swinging to all of us as individual consumers to control the content that we want to see and we can see it. Like, retailers and companies are getting more sophisticated about explaining the value exchange, building loyalty programs that build better relationships with you. And so that's a really good thing. The losers in all this are going to be the long tail, like the clickbait publishers, there's no room for them. So we see it in our distribution. Like, the winners are CTV, retail media networks, one of the fastest growing things, companies that are sophisticated and are honoring their consumers through loyalty programs and giving value back. The losers is the Wild West, some of that adtech platforms that you probably never heard of, you certainly don't want to invest in. And those clickbait long tail websites for they've driven a lot of programmatic, they've lost.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

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Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

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And that will play out. But it'll be good for all of us as consumers. And it'll be good for big business at the expense of small businesses you've never heard of.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Okay. Well, we're out of time. I think that's a great place to leave it. Scott, Lauren, thank you. Appreciate it.

Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

Thank you. Yeah.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Always a pleasure.

Lauren Russi Dillard

Chief Financial Officer & Senior Vice President-Finance & Investor Relations, LiveRamp Holdings, Inc.

Thank you.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Yes.

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