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LiveRamp Holdings, Inc. (RAMP)

Macquarie Ad Tech C-Suite Virtual Day

CORPORATE PARTICIPANTS

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

OTHER PARTICIPANTS

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

MANAGEMENT DISCUSSION SECTION

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Let's get going. So here we are. This is session five already of Macquarie's Ad Tech Virtual C-Suite Day. We are thrilled to have with us LiveRamp's CEO, Scott Howe. We also have Head of IR, Drew Borst. I am Tim Nollen, the media tech analyst here at Macquarie. And I've got a long list of questions that I'll be talking through here for the next 45 minutes. I encourage you all, please do drop questions into the Q&A chat. I will read them off anonymously. You can also email them to me if you prefer. My email address is tim.nollen@macquarie.com. And I can work those and again anonymously.

QUESTION AND ANSWER SECTION

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

So, with that Scott and Drew, thanks again. Welcome. And, Scott, if I could just kick off if you could kick off, please, with just a minute or two describing what LiveRamp really does and what your key operating priorities are now.

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

Sure, our mission hasn't changed. We make it safe and easy for companies to use data, and that's a theme that applies to nearly every company in the world these days. We sometimes may be called the biggest company you've never heard of because we're infrastructure. We play behind the scenes, but importantly, we have deep moats. We're woven into the very fabric of the industry through things that really matter and make data safe and easy to use. So, identity, which helps companies merge together disparate data sets, access to all the world's data through turnkey integrations, and then importantly, turnkey activations, which allow companies to use data at all the destinations that really matter to them.

From a business perspective, we're kind of at an inflection point as we stare into the face of what could be a recession. I would tell you short term, Tim, I think, we're resilient. But we have a lot of room for operating margin improvement, and that's really going to be the focus for us in the coming months. We can do it through offshoring, an effort that got postponed during the pandemic. But we're pursuing now and through things like product and client simplification. Longer-term, I would tell you, LiveRamp, I think is very relevant for most of the macro trends that you're hearing about the industry. We play right in the middle of retail media. We play right in the middle of connected television. We sit underneath search, we sit underneath programmatic. And so while our short-term revenue has slowed, our growth has slowed, I think that's a blip as we go into the recession. And I think coming out of it, we have decades of growth and huge ability in front of us.

So I like where we're positioned, but – and given the fact that our revenue has slowed from the highs that we've seen over the last few years, might be a really interesting inflection point for investors.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

Oh, let's talk numbers a little bit before we get into more of the fundamentals, the structural drivers. It's been an interesting last couple of quarters. You talked about some of the cyclical effects maybe two quarters ago, I think, starting to weigh, basically the slowdown in the ad market that's starting to affect you. You then came in last quarter with a number that was just ahead of your guidance as you often do. And you actually raised your full year guidance target. So maybe could you talk with us about what's going on in the top line for you right now and then also how you're managing to really boost your operating income even in this current fiscal year?

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

Yeah. But we've always thought of ourselves as a Rule of 40 company. And when one lever becomes harder to pull, then you naturally focus on the other. And it's funny you mentioned our guidance from a couple of quarters ago. I think we were out in front of predicting that there might be a recession on the horizon, and we really got vilified for that by a lot of investors today.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

I remember.

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

A

We don't see anybody else talking about this. But we talk to companies. Our clients are the world's biggest companies. So we're talking to them all the time. And our destinations are the world's largest media companies. It's Google, it's Facebook, it's all the CTV providers. It's Disney, it's Microsoft. And so we tend to see things pretty early. And what we heard and saw was people getting a little bit skittish about potential fairly serious recession on the horizon. Now, you that's the one thing that we saw, I would tell you. We kind of see three megatrends that are impacting our top line.

Number one is just recession skittishness. What we've found in past is the first thing a CEO does in a recession is they turn to their CMO and they say, hey, I think we're spending too much on marketing. How can you prove that it all works? And so the first thing that a CMO does is they cut. And then the next thing they do is they say, how do I make sure that I prove everything works? Well, we're the way that you make sure that you prove everything works because we're the mechanism that actually allows for address, ability and advertising and measurement of the advertising.

So, short term you feel the gut punch. And then long term, we always talk internally about, hey, our whole message to clients should be win the recession. How do you win the recession? Well, you show that the things that you're doing are accountable and that they actually work. They deliver high ROI. The second thing that we saw is kind of a self-inflicted wound, and I think you're going to ask me some questions on this later, but it's just our own sales capacity.

We lost some of our good sellers in this kind of great resignation. We found that our best people were getting hired away at 30% to 40% comp increases. And it just made no sense for us to match that. We have too much financial discipline to do that, but it hurt us for sure. It hurt us. And then the third thing that we're hearing from clients is right now they're focused on choosing their storage compute, their public cloud solution or their CDP. And so we're not their priority right now. And those are all short-term things.

I think long term we feel really good winning the recession. That's our message to the clients. We've already fixed our sales capacity. And so I think the payoff for that starts to come next year. And in terms of the public clouds and CDPs, for us, we look at that as a huge opportunity. We make those things better. And so we see a huge channel partnership opportunity with the Snowflake's, the West, GCP, certainly Azure. We think that's all greenfield for us. So feel really Azure, we think that's all greenfield for us. So we feel really good about where we're positioned now.

Now, short term, to your other point, when recessions come, great companies manage what they can. And so we can't necessarily control what all of our clients are going to do with their budgets. What we can control is what we do with our spending. And so at the same time, six months ago, we were talking about, hey, maybe a recession's on the horizon. We went to work and rolled up the sleeves and said, how are we spending our money and are we happy, do we think that we're efficient in every area of our business. I think great companies look in the mirror and never like what they see. And when we look in the mirror, we see all kinds of ways that we can improve our profitability. We've always talked about target operating margins of 20% to 25% and we're not even halfway there.

So we have aggressive plans to improve that over the next 12 to 24 months. And I think you'll see a lot more progress near-term on margins, because that's really a focus for us. And the top line will, I think will get a little bit of softness from this recession. Long term, I feel really good about where we are at.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Can we pick on the on the staffing issue, because you had this situation, a lot of companies had it during COVID where you just had to prioritize what you were working on and it was hard to hire people, in a lockdown environment. Then you came back and started doing some catch up on that this year, maybe first part of the question is, where are you on that effort right now with rebuilding your salesforce? And then secondly, you mentioned losing some staff, getting hired away at big premiums, but now we're hearing about tech companies all over the place laying people off. So are you finding new opportunities to rehire or hire people again at more reasonable wages?

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

A

Yeah, it's interesting. I mean, I think at the height of the pandemic, our attrition was running in the high-20%. And that's really, really crazy high. We'd like to see that in the teens. And that's where we are now. And the teens allows you to – you want some people to leave and go to bigger opportunities. They tend to hire us back. They end up at clients and hire us. Then we also want to have the ability to just performance manage people. So, kind of mid-teens is where we like to run. It's where we've always run kind of the five years before the pandemic. And then we saw a big spike up.

So we're back to normal. And I think that the pendulum has started to swing back. I mean, there's good talent for the first time in a few years they are free agents in the marketplace. Now, we'll be really surgical and selective about who we hire becausewe are trying to generate efficiencies in all parts of our business.

But, Tim, more broadly, I would echo something that Marc Benioff always used to say. He used to talk about as the Salesforce sales team goes, so does Salesforce.com. Because he recognizes that when you were managing a sizable company sales his math. You need to have X of pipeline and Y of leads that turn into Z of closed business. And it should be very predictable.

And all of a sudden, if you don't have enough sales reps, then the math doesn't work. And we saw that our top sales reps still are performing at the top of their game. But we can't expect if we lose 20% of our sales force through them being hired away, that everyone's just going to generate 20% or 30% more business. So our top people are still doing well. We've replaced the folks who have wealth, but we recognize that it takes six months for them to come up to speed and not all of them will be successful. And when they're not, we need performance, manage them out and replace them with new talent who have a higher chance for success.

So from a staffing perspective, we're where we were a 1.5 years ago. And before I start adding, I want to see the people that we have hired really hit the ground running. That said, I like what I see so far. We're seeing our new hires start to contribute. We haven't baked that into our forecast for the back half of this year. We've I think we've been appropriately conservative on that. But as they get up to speed, I'm hopeful that we'll start to see our top line pick up going into next year and particularly the back half of next year.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

And you mentioned partnerships and a good question is coming here in this regard, which I'll read off here. I would love to better understand the path forward regarding partnerships with large data infrastructure players like us. I think you mentioned Snowflake, Scott. What are the bottlenecks to them introducing live RAM to their clients? It seems like it would help the data players enable their clients to increase compute and storage.

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

A

Yeah, I think this is the other part of your salesforce question. Great SaaS companies and that's what we aspire to be. They don't sell everything that helps. If you look at our client roster, it's a who's who of the most important companies in the world. And if you're a sophisticated, large company, you're probably using LiveRamp to make your data safe and easy to transport to where you want to be.

But there are a lot of clients that we don't serve, and they tend to be the SMBs. And for them, the biggest check they're ever going to write is on their public cloud. It's storage and compute, or it may be they're choosing their CDP. Well, what we know is when someone uses us in concert with their cloud solution, we drive more storage and compute.

If they use us alongside their CDP, we make that CDP more effective. And so think about the public clouds as the engine, We're the fuel, we make it work. And so we have a really good story to tell. And it's no different if I think about LiveRamp's history over the last 10 years, LiveRamp really got started off the backs of the CRM databases. And LiveRamp has got started off the backs of the CRM databases. And if you were going to buy Acxiom or Experian or an Epsilon and you really wanted it to work, then you needed to use LiveRamp to connect that data to all the places that matter. And then it really started to take off over the last decade. There were these things called DMPs, data management platforms. And if you chose a DMP, it was just functionality in a can, unless it was connected to LiveRamp, which allow the data in your DMP to reach all the destinations that mattered.

And the same is true for CDPs and storage and compute, many of which are owned by the same companies that used to own the DMPs. So we have a really good complementary story. We got to go ensure that we're telling that story not only alongside the CDPs or the public cloud providers, but oftentimes have their sales reps tell the story. And we'll do that through a bunch of different ways. This is a new initiative for us.

But I'm really excited about this. It's really been growing like gangbusters, I would say. I think our public cloud revenue will be kind of $10 million this year, though it's probably up from nothing a year ago. And I would be really disappointed if it wasn't several times that a year from now, because they are generating so much revenue. So there's a new effort for us and I think we can reach those SMB clients far more efficiently. And so all the major public cloud providers we're in partnership with we're in partnership with, you see that whether it's Salesforce Genie with their CDP, they announced as the launch partner; Snowflake, we're integrating and embedding into and they're talking about us; A.W. as we have things going on with GC is our own storage compute partner. They see a tremendous opportunity with us. That's an easy one because we're already so closely integrated and there are so many things we can do together.

So, I think there's a lot of opportunity here. We got to build an area of our salesforce on general partnerships. We got to refine our story. But as we do those things, I expect that this is going to be a big lever of growth for us.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Cool. So that's maybe on the on the customer add side, if that's the right way to think about it for you. You've also announced very recently major partnerships with Google and with Meta. That's maybe a bit more on the – I don't know the way to put this – but the revenue growth side, the business growth side. So could you talk maybe first about Google what the PAIR partnership is published. Try to write this down publisher advertiser, identity, reconciliation.

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

A

Yeah.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

What is that...

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

A

Exciting. This is a big deal, Tim. And just to put things in perspective, if I go back a few years, Google announced several years ago that they were going to deprecate cookies. And cookies are the backbone of how everybody use data, at least in the online digital and programmatic spaces. And then they started to kind of hem and haw about what the timeline would be for that deprecation, how committed they would be to it. And so about two months ago, they announced this concept called PAIR. That is their solution to cookies. And it looks a lot like what LiveRamp has been building for a long time and so, so much so that when they announced it, they announced us as one of their foundational launch partners.

In essence, if you want to work with Google programmatically in future and everybody who's spending works with Google. Everybody uses Google's capability. It's called DV360. It used to be called double click. Now it's called DV360. Display Video 360 is the acronym it stands for. And if you want to use them in future and you want to do addressable advertising, you need to have a clean room. You need to be able to collect consents from an advertiser and marry them up with the permissions that the publisher has such that you can do with the audience batch in a consent consumer-friendly way.

It is awesome for us because it's going to force everybody to start to get smart about this clean room technology in a consent-driven way to do addressable advertising and use your data. And what you do with Google and DV360 can be the same approach that you then take over to Trade Desk or to Facebook or to the Open Web. And so I look at this as the tipping point for how we moved from cookies, which have driven the industry for 30 years to this new and better way, which really benefits companies like LiveRamp.

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

A

And you're one of the only companies that really can genuinely say you work with Google, with Facebook, with Amazon, with anybody. I mean, what other company but LiveRamp has all of these relationships in place?

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

A

Yeah. And Tim, I'd tell you, I think that's the overlooked piece of LiveRamp. I mean, we really are ubiquitous and sometimes it's so confusing because Trade Desk is out there and they're talking about their unified UID 2.0 and people say, oh, does that compete with LiveRamp or they hear about Facebook and what they're doing with identity and they say, oh, does that compete with LiveRamp? And the answer is no. All those things sit on top of live rent by kind of oftentimes you've heard me talk about it, but each one of those is a swim line.

And UID is essential for trade desks because they need to have a way to manage their advertising decisions. It powers their algorithms. Facebook needs that to power their algorithms. Google need something to power their algorithms, but we make all those things interoperable. So, if each of those is the swim lane, we're the entire pool, we're the entire pool. And so if you want to work with Google and Facebook and Trade Desk and then you also want to work with like all the world's largest publishers, we're 80% of the ComScore 100. Well, you got to work with LiveRamp because in many of those cases, we're the only ones to work with some of those partners, and we're certainly the only ones who work across all of those partners.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Yeah. So what about the, the Meta partnership that you recently announced? This is with ATS. Could you explain about how that – what you're doing with Facebook's conversions API and again, why LiveRamp? Why can't someone else do that directly with Facebook? Why do they need you?

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

A

Yeah. Well, I mean, the answer is someone can always go direct. And for smaller advertisers, it makes sense to do that. For larger advertisers, they don't want to set up a campaign in Facebook set up another campaign in Google set up another campaign in Trade Desk by working with LiveRamp, they can do it one time and then activate across all those destinations. And with Facebook, this is a really neat deal, because it solves a problem for Facebook. It also solves a problem for advertisers, and that is around measurement and attribution. So Facebook is getting consents on their side. Advertisers have their own CRM data and they want to connect it.

And we can sit in the middle and make that connection and do it in a really great way because we have so much more robust information than either side does on their own that we can make a much better match and generate better reach. We can immediately secure and anonymize the connections such that there is no chance of any data leakage or security violation because immediately we encrypt it. So even if someone were to like gain the files, all that would come back was be complete gibberish. It wouldn't be usable to anybody trying to do something with data.

And so the benefit for an advertiser here is they can figure out, did their advertising actually work on Facebook, did it drive not only online conversion, but in many cases in-store conversion. Did someone go to the store and actually buy a physical product? And so you can tie that back to was an ad seen or was the conversation head on Facebook that somehow impacted that downstream?

So this is this is kind of a win-win because by us playing this role, everybody wins. Facebook demonstrates that it performs for advertisers, and advertisers ensure that all of their media is accountable. It solves that problem that we were talking about earlier, where the CMO can turn around to their CEO and say, My advertising works and here are the numbers to prove it.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Yeah. I've got a few questions coming in that I want to try to work in. One, look, I want to get on to Safe Haven because there's a few questions about that. But just to go back to the issue of the discussion of partnerships and see pieces – going to read off a question that has come in, which is how do you measure CDP uplift in terms of effectiveness, and mechanically how does the workflow work between LiveRamp and the CDP?

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

A

Yeah. This is a great question. And I would say whether it's CDP or clean rooms or public clouds, there are kind of six things that really matter when you're trying to use your data. And the first two are areas that we don't plan, storage and compute would be number one. That's the domain of the public clouds. And then segmentation is number two, the ability to manipulate data into individual discrete segments and refine it into your ideal customer profile. Those are the things that I think there's going to be some blurring between where storage and compute stops the public cloud stop and where the CDP has begun but we don't play there. We make those things better. And the way we make it better is the other four capabilities that you need.

And think about those as just plugging into a clean room or a CD player. We provide foundational identity. Identity allows you to marry together to two datasets and two different files and say, Oh, this is the same person because they have a common identity key. And so I can combine the files that makes the data usable. We provide turnkey access to all of the data in the world. Some of those are third-party data providers. Increasingly, though, it's second-party data. It's two companies that want to share their data together by virtue of using gas and both having pipes into us, they can more easily share their information with one another.

We provide the turnkey connectivity. So, once you figure out your ideal customer profile. Well, that's great. But it's sitting in a can, sitting in a silo at the client in their CDP, and it only becomes actionable, if you can use that inside at Facebook, you can use it at Google, you could use it a trade desk can use it when you're on Netflix, when you're serving a connected television app. And so those things we provide because we have these integrations with virtually every company in the world and in every country in the world.

And then the final thing is permissioning and security that as soon as you allow your data to be utilized off premise, you need to control how it's going to be stored, who can see it, under what conditions, and so we provide those things. Those four capabilities are best done at scale. It really is a public utility kind of business. Everyone benefits from utilizing the same provider at scale for the common good of everyone. So you won't see us get into storage compute, nor will you hear us talk extensively about kind of the segmentation and data manipulation. That's about the UI. That's about the workflow. We're going to focus on those four kind of utility functions that make the CDPs that make the public clouds perform more effectively.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Okay. I want to read off a few questions that have come in by e-mail. Getting toward the Safe Haven discussion, but first, a lot is just kind of a general LiveRamp kind of a question. What has been the authentication rates of users in the Safari/Edge environment where publishers are asking users to identify themselves?

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

A

Oh, this has been one of the real – I love this question. We had a publisher summit last week and this was one of the topics we discussed. And I would tell you, without exception and these were major publishers, there was real enthusiasm for the progress that they've all made over the last couple of years. Both in Safari, but also in Apple's environment, where in their mobile environment, where you have a screen that basically allows you to convey what is the value exchange and why should you give us your e-mail address or mobile phone number to authenticate.

Both publishers and companies themselves have gotten a lot more sophisticated about articulating what that value exchange is. And so with really large publishers, not just Google and Facebook, the authentication rates are in excess of 90% because the site isn't very usable if you don't sign in and get your very custom content. I mean, Tim, my guess is you're an ESPN user like I am.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

Sure.

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

If you sign into ESPN, well, you're going to get more articles about your favorite teams. You're going to get access to your fantasy leagues, and it's just a better experience. And so you authenticate. The losers in this are the publishers that quite frankly we don't work with. It's not the COMSCORE 100. It is the clickbait kind of websites where you and I wouldn't give our authentication details to because the content is not that good and they're a little bit nefarious about how they use the information. But top publishers are getting great authentication rates.

And importantly and even an authentication rate of 20%, the economics [indiscernible] (33:02) more favorably to cookies because at 15%, 20% kind of authentication rates, you have such a persistent identifier and such granularity that the yields, the yield lift that you get is pretty significant. We saw that Microsoft published a case study with us and they talked about 40% yield lifts by moving away from cookies to authentication. It just works better. It works better for everyone, the advertiser, the publisher and the consumer, too, because it's so much more friendly to consumers.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

Now let's get to Safe Haven. I had one and there's a couple have come in here as well. Let me start with mine – and how am I going to work this all in? There's a lot of questions to bring forth here. I guess you.

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

Do you want to talk – should we talk real quickly about the LiveRamp percentage of cookie coverage versus UID?

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.
Q

Sure.

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

Because that was a question that was asked. I would tell you it's kind of a false question because whenever you hear UID talk about their coverage, they're incorporating all our stats. They're built on our infrastructure. And so, you know, particularly like in Europe and stuff, they don't have coverage without LiveRamp. And so we're significantly higher but it's not an it's not a race because they are one of 400 identifiers that float on top of our infrastructure. And so when they win, we win too. It's great.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

And UID, which I think is what you're referencing is LiveRamp and the Trade Desk, right?

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

A

Yeah.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Yeah. Okay. On Safe Haven, I guess there are clean rooms basically everywhere. So maybe explain to us what is it that makes Safe Haven better than any clean room experience you would get if you use TransUnion or you use Snowflake or you use Disney's own clean room. What makes LiveRamp better?

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

A

Yeah. I'll tell you, Tim, what I don't want to do is get into a head to head comparison because I actually don't think that's what it's all about. It goes back to the six things I talked about earlier. And depending on how someone's defining a clean room, we'll park right alongside anybody else's clean room solution. We don't care – we're not in the storage and compute business. We're not in the CDP business.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Yeah.

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

A

Anybody else can have that. Where we think we're unique is in those four kind of natural scale components that make a clean room work. And so our whole goal here isn't to say we're a better clean room than those other solutions, rather, our goal is to say it doesn't matter who someone chooses. Our message to a client should be great choice and now we can make that better for you. And it doesn't matter whether it's a clean room. It doesn't matter whether it's a CDP. It didn't matter whether it was a DMP a decade ago. It didn't matter whether it was a CRM database. Our ability is to go in and say, we're glad you're coming so sophisticated about what you're doing and we can make it better for you.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Let me ask a couple of Safe Haven related questions that are coming by e-mail. Go with this one first. Does your Safe Haven product allow customers to collaborate data across different cloud environments?

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

A

It will. Yes. And this is a super important thing, because what we found is that even within a single client, they often are using multiple cloud providers. And so multiple cloud providers. And so you take a company like Disney, for instance, there are so many different departments, it is so decentralized that they making a lot of different technology selections.

But then when you say, well, the future of data utilization truly is cross-cloud, because any single company like a major bank, they're going to want to collaborate with their biggest partners. Maybe it's a travel provider, maybe it's an entertainment provider. It is absolutely the case that they are going to use different cloud providers. I don't look at storage and compute as a commodity. And everybody's going to choose whichever provider delivers the set of features that they're looking for most efficiently.

And unless the entire world concentrates on AWS or GCP or Snowflake, I see a world where there's probably at least a half a dozen major players that are competing with one another for business. And in that world, it lends itself to the world we've always been in. Because if you want to work with multiple destinations, you've got to work with LiveRamp. If you want to ingest from multiple data sources, you got to work with LiveRamp. And increasingly in the future, if you want to work cross-clouds, well, we hope that folks will see the importance of working with LiveRamp.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Same concept. So another related question on Safe Haven is what are the other vertical opportunities for the Safe Haven product beyond retail, CPG? Can these be as sizable in the near future?

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

A

Yeah, I think so. I mean, to me, it really comes down to how are we going to prioritize the opportunities because you really want to get critical mass in a vertical. We started with retail because there's just such a need for data utilization and it could make such a difference in a cutthroat business. Other businesses that have the same characteristics, travel, financial services, and media and entertainment particularly amongst major publishers where data utilization can really influence the ad packages they create and delivered to their customers. So I think those four areas will be next up for us.

But ultimately I don't see an industry that shouldn't be doing some form of data collaboration. And for that, case in point, look at the major packaged goods companies. They've never been very good data. But with the advent of retail media networks, all of a sudden the Procter & Gambles and Unilevers and Pepsis of the world can do really interesting things with data. And so if it's applicable for companies that have such broad, traditionally non-addressable data expertise and all of a sudden they're finding religion, I think we're going to see it over time spread that to everything.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Yeah. Scott, we're just about out of time, but I want to get at least a couple more in. This whole cloud compute question seems to be predominant here. Another question, just come in we'll track back to this before we come back to what I want to get to on retail media just finishing where you just left off. But one of the questions to track back is who do you compete with when it comes to cross-cloud data transfer?

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

A

Yes, it's so early on that. I would tell you the companies that we really have our eye on tend to be a lot smaller than us. And they're doing pretty interesting things from an innovation perspective. There's a company called Infosim based out of the UK. They're small. They're sub-$20 billion in revenue probably. But there's some stuff they're doing that is pretty interesting from a non movement data perspective.

Another company called Habbo, which was announced as one of PAIR's launch partners, again, pretty small. But I think in the tech world, you're well-served by thinking about the Giants and always worrying about them but also who are the innovators, the future disruptors. So we always have one eye on both camps. And I worry probably a lot more about the disruptors in this market than I do about the Giants. The giants in this case are going to be our partners, and we got to make sure that we never get out innovated by the future disruptors.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

Let's end up with one more, which is let's go back to the retail media discussion for a minute, because you mentioned at the beginning it's come through a couple of times here. It's a huge market. I mean, for what it's worth, I got numbers from I think it was Groupm that that released their ad forecast outlook this year.

Along saying CTV would be up 18% globally this year, which is the fastest of any media. They also said that retail media is already a $110 billion market. That's not e-commerce. That's retail media and growing 10% 12% in 2023 after, I forget the number 13% or 15% this year. Maybe talk with us about how important this is to you and what you're doing to help: A, a company like Trade Desk or Criteo with all of the efforts that they're doing in that space; and B, all of your clients to basically understand who the consumers are and how to target them?

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

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Yeah. How we monetize the opportunity is really different than, say, an agency or a Trade Desk, which are really much more a take rate businesses. Agencies tend to be [indiscernible] (44:07) of media spend or a professional services fee. Trade Desk is a straight take rate kind of model. I mean, we're a subscription, but we think that there's an important role for us to play underneath all that. I mean, we think it can be a driver for decades for our business.

And as I think through the conversation that we've had, Tim, today, I mean, one of the disconnects is, I'm really bullish on the future. But if you look at our growth rate last quarter, 16%, and our bookings slowdown, it doesn't necessarily match with that.

So again it goes back to long term. I think we're going to be sitting right underneath all those opportunities and chances are whenever you read about something interesting Trade Desk is doing or something interesting, Carrefour is doing, we're a piece of that and we're along for the ride. But short term, I would just remind everybody we're sailing into a recession here and so our focus really is going to be on improving our margins. And so the economics underneath some of these opportunities don't match the hype yet. And we're going off a small base and I think it's probably going to be 12 to 24 months before you really start seeing these businesses take off.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Q

All right. Well, it was it two years ago, two fiscal years ago, I forgot already, when you crossed into positive operating income and you had said for two or three years before that you would get there in two or three years, and you did. And now you're well into positive earnings. You had a nice pop in your guidance in terms of earnings. Is this what picks your stock up off the ground and gets them moving again?

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

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Well, I think so. I hope so because I think we are resilient. And I think in today's market, higher interest rates, I mean, tech stocks have really taken a beating. We can't just focus on non-GAAP operating profit. That has to be real operating profit.

And so our journey is far from over. We're not going to be satisfied by talking about 20% non-GAAP operating profit margins. They need to be 20% real GAAP operating profit margins. And we're still ways off that. But we have line of sight to do that in the next 24 months are really going to be a great chance for us to execute against all of our initiatives. There's not a part of our business that doesn't have efficiency we can capture.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Your enthusiasm is palpable. Thanks, Scott. Really appreciate it. Great session. Great talking to you again.

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

Thank you, Tim. Appreciate your time.

Tim Nollen
Analyst, Macquarie Capital (USA), Inc.

Thanks, everyone, for listening in. Bye now.