

16-Nov-2020

LiveRamp Holdings, Inc. (RAMP)

Stephens NASH Investment Conference

CORPORATE PARTICIPANTS

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

OTHER PARTICIPANTS

Kyle Evans

Analyst, Stephens, Inc.

MANAGEMENT DISCUSSION SECTION

Kyle Evans

Analyst, Stephens, Inc.

Okay. I think we're live this morning. Thanks everybody for joining for the LiveRamp fireside chat today. Pleased to introduce Warren Jenson, President, CFO and Executive Managing Director as well as Lauren Dillard, Chief Communications Officer which includes Investor Relations and all external communications.

We'll just jump right in. Warren, if you would please kick it off with a run through on revenue, top line including the key components of your Subscription and Marketplace & Other segments. Then dive down into some of the trends that you're seeing with those sub-segments?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

That's great. Well thank you, Kyle, it's a real treat for us to be here with you this morning. I thought maybe before I jump in and I'll ask Lauren in a minute just to put up a quick slide that I think can give the walk through that you just asked to maybe set a little bit of a stage for folks that might be a little bit new to our story. And I was thinking about how to maybe introduce this session today. And what I'd just like to say to people that are new to our story is that as you think about LiveRamp, think about us as a category creator in really three important global categories.

Number one, data onboarding and activation; two, people-based identity which enables a true single view of the customer, and then third I think the most important category which we are really opening up today is global, people-based identity without cookies. And I'm sure we'll talk about ATS us in a moment but we think this is a big deal and pretty foundational. We work – and this will lead right into the revenue question, Kyle. We have really four ways that we work with our customers today.

The first is around people-based identity, the second is activation and measurement. And in activation – think of activation as data activation and taking first-party data in or combinations of data and then sending it to different

places throughout our connected ecosystem. Inside of this category, Connected TV is really the fastest-growing opportunity for LiveRamp. The third thing is Safe Haven, which is our platform for permission-based data collaboration, and then finally, data marketplace.

So with that as a little bit of a backdrop, Lauren, maybe we could put up a quick slide for everyone that I think will be helpful in talking about our revenue. The first thing that I would say, I guess, is big picture is if you think about the mix between subscription and variable, it can vary by basis points quarter-to-quarter, but pretty much 80% subscription revenue and 20% variable. Kyle – like one of the questions I know we were asked and I'm sure you have too has been the question of, well, geez, look at media. What we would tell folks is we're not a media company. We are a SaaS subscription business where 80% of our revenues are highly recurring.

So if you look at the growth on Subscription revenue, you'll see when more transactional media-driven companies had a drop during the June quarter, again we're on a fiscal March 31 year-end, so our June quarter is our first quarter which ended June 30, our Subscription revenue was up 21% in the face of more media, again driven companies which had a down quarter.

The second part of our business is Marketplace. This is, for the most part, more sensitive to media. And one of the things that we thought would be helpful to do and we talked a little bit about it on our call is to break out a couple of things and you'll see we've split our Marketplace & Other revenue on this chart into two categories: Data Marketplace and Other revenue. Other revenue, for us, is just a couple of cats and dogs. The first it represents some legacy revenues that we're bleeding off from even going back to the Acxiom days. Sometimes you think these things are going to end sooner than they do but they just keep going and it's great cash flow but it's also something that we think will bleed off over time.

And then the second piece is where we've seen some weakness, which is in TV and data-driven linear. And the reason why we thought this was important is to show that for literally 70% or so of our revenues, we've actually – and Marketplace has been growing very nicely. Last year, in Q3 and Q4, big numbers obviously; Q1, we are incredibly proud of this accomplishment in the face of really the global pandemic and when the world was really adjusting hard, we were still up 21% and in our most recent quarter we were up 27%.

So, all told, we feel very fortunate to be a company that has really held its own during the course of the pandemic and there's a pretty good breakdown of our growth – of our business and our revenue and our growth.

QUESTION AND ANSWER SECTION

Kyle Evans

Analyst, Stephens, Inc.

Q

Could you talk about or maybe put some rough brackets around the relative contribution from revenue that comes from direct clients within Subscription, the annual clients or annual contracts and then maybe frame that up against the larger reseller agreements that you have that are multiyear in nature?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I would say and I won't give exact numbers because we really don't break that out but the lion's share of our revenue comes from our multiple clients as opposed to resellers. Now, we do have a portion of our business that – it is – works with some of the large marketing clouds. And typically those arrangements Kyle can be one of two or three flavors: One, they can just simply white-label our identity graph. And then, let's say, the second major flavor is they might use component parts of our identity graph in order to create their own and it's an important part of our business. Again, the majority of our revenues do come though directly from what you would call more direct brand, data supplier technology platform relationships.

Kyle Evans

Analyst, Stephens, Inc.

Q

Got it. Your top line held up very well early on. It slowed slower than the other more transactional businesses that I follow in [ph] Europe (00:06:49) and adjacent end markets. But the growth did slow and then I think the March consensus numbers for high-single digit percentage growth. What are the biggest hurdles in front of you and what gives you the confidence that you can get back to the impressive growth rates you guys were putting up in fiscal 2019 and 2020?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

I'd start and again we're not trying to forecast exact where growth rates will go and where they won't go into the future. But I always say when I'm talking to people when I'm – about career growth, I always say go surf where there's a tide because it's really hard to surf where there are no waves. In other words, find really great secular growth trend and I'd start right at the top. We are in the middle of a very powerful secular growth trend that is number one global, which I'm sure we'll talk about in a moment with ATS and Safe Haven. Number two, just this widespread trend toward addressability and measurability and we think that's a big deal. And I'd say, the third thing that gives us confidence is as we think about Kyle, ATS and Safe Haven together, it's really data collaboration not just with other second parties if you're – or with other parties, but it's also within the enterprise. So we're really connecting the data silos that are both inside the enterprise and outside the enterprise which is really a pretty big deal when you think about the opportunity going forward.

So I guess if I had to summarize in short, we are in the middle of a very powerful secular growth trend. We believe that what we bring to the table is extremely unique. And it goes without saying that one of the most important things is that we're Switzerland. We don't buy and sell media. We are neutral and that gives us a powerful position to do what we do.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. I do want to get to Safe Haven and ATS but before we get there, maybe a little bit more color on what you're seeing in this core Subscription business, maybe highlight some pockets of strength and weakness in terms of geo and product placement?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I would – I'd say go back to a little bit of our talk track from the earnings call, our growth products speak, specifically our ATS is really a foundational capability as opposed to a core revenue generator. But we're seeing tremendous strength across Safe Haven and also across Connected TV. We had again a strong 75%-plus growth quarter in Connected TV.

When we talk about Safe Haven, it's really pretty interesting when you look at the pipeline up over 100%. In fact, our pipeline is up in multiples of 100%, bookings up over 100% and again TV also add similarly a strong quarter. Now, in fairness, it goes without saying and I think we've been pretty consistent about this all the way along; we're not immune from the pandemic. And I look at it as, if the tide is here, the tides is a little bit lower. And in Q3 and Q4, that has pressured our – or in Q3 rather as we've talked about in our guidance, it is pressuring our growth rate.

The other one which I should also mention is really variable revenue – variable Subscription revenue. And when we talk about variable, there's a usage component to our Subscription revenue. In the past, if I were to go back to pre-pandemic, Subscription revenue as a percentage of revenue was typically between 10% to 15%. The first two quarters, it has been 9%. We think that's actually a really good news story. I think we were all a little bit worried going into the pandemic that the Subscription, variable portion of Subscription would really fall away. And it came in at 9% which we think is, yes, down from where it was a year ago but we're in a different world than we were a year ago. So that's the second piece that is really pressuring our Subscription growth.

Kyle Evans

Analyst, Stephens, Inc.

Q

Yeah. So impressive CTV, impressive Safe Haven. I'm just trying to get a sense for what in the core base business where you might be seeing some churn and down sales; travel and leisure, is it a certain geo that's a little bit softer than it was a year ago? I'm just looking for a little bit of color on...

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah.

Kyle Evans

Analyst, Stephens, Inc.

Q

...how to think CTV and Safe Haven up to kind of slowing top line?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I think we've...

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

Oh.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Lauren, go ahead.

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

I just I think an important point I'd want to make Kyle is I would not think necessarily of CTV or of ATS as completely distinct and separate from our core business.

It's – again, ATS, as Warren mentioned, is foundational to enabling our customers to activate and measure their data. It becomes more important obviously in a post-cookie, post-device identifier world. But that is a foundational capability that sits underneath every use case we enable for our clients.

Similarly, CTV isn't unique and distinct as a product, it's a new channel for which our customers can activate and measure data and we've broken it out separately for that reason. But I wouldn't think about it as separate from the core onboarding business. It's the application of onboarding for activation and measurement inside of CTV platforms.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

And I would say, Kyle, coming back to your question, I don't know that I'm going to give a better answer than you talk about just kind of the overall lowering of the water level because each of our lines of business when I talk about our four sources of revenue, each we think for the environment we're in really performed pretty well.

So I guess I – again, I'd just talk about the water level has dropped somewhat given COVID. Geographically, we are feeling pressure in international. As we've talked about again on our investor calls, we are transitioning away from cookies to ATS more quickly. Scott talked about a big Australian retailer, for example, which is pretty fascinating. They built their entire workflows based off of ATS which is incredibly exciting. So they're not even messing with cookies, which is a pretty interesting sort of data point in the world of transition.

The one thing I would say though given the success we've had with Safe Haven internationally, our Subscription revenue actually in Q2 internationally was up double-digits. So, that's really showing some – again, beginnings of the strength I mean – as we work through this transition to ATS.

Kyle Evans

Analyst, Stephens, Inc.

Q

Got it. You've alluded to this a little bit in your prior answer, but I think investors were particularly spooked by the 105% Subscription retention number that you – it wasn't a guide, but call it whatever you will, but it was down 600 basis points from...

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah.

Kyle Evans

Analyst, Stephens, Inc.

Q

...last quarter. You alluded to usage as a driver there. I don't have any way to kind of sync the usage up to that 105% mathematically. Can you help us a little bit more there; get comfortable with – that we're not going to see a similar 600-basis-point decline next quarter?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. Well, again, I'm not going to give guidance for next quarter, but what I tell you is the math gets really pretty simple. It's really all driven by variable. So that is – that's the driver.

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

And just to put a little bit more color around that. Variable, as we showed on the slide a moment ago, as a percentage of total Subscription revenue in Q3 of last year, was roughly 15%. In Q2, our most recent quarter, it was at 9%. And for purposes of our modeling and kind of internal outlook, we've extended sort of that 9% or high single-digit percentage as a percent of total subscription revenue that assumption through to Q3.

Kyle Evans

Analyst, Stephens, Inc.

Q

Got it. So, I'm going to give one last crack at this and I'll ask it as high-level as I possibly can. When a client leaves, why do they leave? When a client shrinks with you, what are some common reasons? Then we'll move on.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I would say we think we made progress on our contraction numbers. We still think we have ways to go and opportunity. And it really boils down to I'd just say ease-of-use and usability of our product. And a lot of times, clients may not be sophisticated enough internally. They'll sign-up, they'll start talking about their data-driven marketing strategies but then internally they may not have the knowledge in order to use our product as effectively as they otherwise could.

And that boils down to our ability to make our product really easy to use. It boils down to self-service. And then a third element which hopefully as we look out into FY 2022 and beyond we've recently launched the Service business, and part of the mandate of the Service business is really providing for clients really this assistance and helping them build up their own sophistication in order that we can avoid churn.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. Okay. Onto Safe Haven and ATS, I've been holding back, these look like very compelling products at just the right time in my eyes. Could you talk a little bit – I understand that ATS is more foundational, doesn't have a revenue model associated with it necessarily today but the publishers that I talked to definitely see it as a toll down the road which could mean revenue for you. So, if and when do you think that's going to happen, I'd be interested to hear that.

And then what does the Safe Haven revenue model look like? And then when can we start to think about these as being significant movers in the income statement?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah, let me talk about ATS; ATS from our perspective is we're signing free perpetual licenses. And the reason why we think this is important is really having – and boy, I – it's not just us. I would tell you it's our customers that think this is really important. They want a consistent standard everywhere they work.

So, if you're a global publisher, which obviously many of the largest publishers are global, they're not simply in a given geographical area they don't want one approach to identity without cookies in the United States and a different one in Taiwan and you had a different one in Belgium. They want a common approach. So that is a huge, huge deal.

Similarly, if you're a global CPG that operates in, let's call it, 80 to 90 countries around the world or maybe even more, same thing. You want a common approach. So we believe that the right thing for the industry here is to make this available without charge. So that's how we think about it and how we operate.

So, with that as a foundation, let me chat a little bit about Safe Haven. When we think about Safe Haven, kind of question number one is sort of what is it? Now, let me take – and then I'm going to come down to what makes this unique. Safe Haven is a scalable platform for data collaboration within and outside the enterprise. So scalable is key, permission-based platform is key and then collaboration both within and outside the enterprise.

What really makes us unique is I'm going to highlight three things, Kyle: The first thing that makes us really unique is our approach to privacy. So privacy is at the core and very central to everything we do. But it's also very central to Safe Haven. We're grounded in decades of privacy experience, dating back to the Acxiom days.

And then the second thing, the Safe Haven platform was really – it's not brand-new. We kicked this off in Europe probably about, pretty close to 3.5 years ago. And it's not lost on probably any one, that 3.5 years ago was really when GDPR, a rough timeframe, when GDPR came about.

So this platform was really born embracing GDPR. And then since that time, we've really embraced all the standards of whether it's CCPA, whether it's – the iterations of GDPR that have taken place after that. All that we've learned from different countries like Australia which has yet a different standard. So privacy and our approach to privacy is really core.

Secondly is identity. So it's kind of when you think of data collaboration, this isn't the first thing that comes to mind for folks but it's really unique. And what makes Safe Haven incredibly powerful. So inside the platform, a brand, whether you're a brand, whether you're a publisher or whether you're a data supplier, you can create a single view of the customer across any number of data sources. So that is a huge deal. This isn't about just dumping a bunch of data and spitting it out later. It's about identity, coupled with multipolar and a number of datasets coming together.

And then finally, it's about permission-based collaboration at scale. One of the things that I mentioned on the earnings call I believe or at least in the callbacks to folks is people have shared data for decades. I'll go back to part of my career past when I was the CFO of Delta Airlines. Well, we did a lot of codeshare, with Delta with Air

France for example, and others. If you were United; it might have Lufthansa and JAL but that was all about permission-based data sharing.

One of the things that makes us really, really unique though in this platform unique is that you're able to do this scale and it's not just a one-off service partnership. Because many of those instances that I'll talk about are all about custom integrations and about more of a service-driven approach. So, with data collaboration, we're – really what sales force meant to CRM, we've developed a standard platform that can scale with a brand and with the brand's partners. And I'll give one final example of this to make it real.

If you're a retailer, you don't have one CPG partner. You have thousands. And if you're a CPG and you want to have your own Safe Haven platform which many do, they want to work with hundreds, if not more, retailers. And they want to bring in their online transactional information too. So those are some things that make us pretty unique in the marketplace and I think one of the reasons why we're so excited but I guess more importantly why we're finding brands so excited too.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. So just – I kind of let off there with publisher concern. I think the publishers have been mistreated so consistently by Google and Facebook and have had very little help, the likes of which you're trying to provide them that they're super – still very skeptical because these were not..

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah.

Kyle Evans

Analyst, Stephens, Inc.

Q

These are people that are in pre-bid. They're in the Chrome Privacy Sandbox and they're scared.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

I think that's right. I mean again I'll come back – one of the core principles of LiveRamp is we are Switzerland and we are neutral. We don't buy and sell media. That's not our deal. And I'd leave any – if any publishers are listening to this call for whatever reason, there are three – I'm trying to add up the number of words in this sentence, you make more money with ATS. So that's all you have to remember. It is free and you make more money if you use it.

Kyle Evans

Analyst, Stephens, Inc.

Q

Yeah.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

So that's really powerful.

Kyle Evans

Analyst, Stephens, Inc.

Q

The [indiscernible] (00:24:13) numbers that Scott gave on the call were pretty...

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

Yeah.

Kyle Evans

Analyst, Stephens, Inc.

Q

...eye-popping, so...

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

Kyle, they're proving that, to Warren's point, ATS not only kind of protects existing business models but it allows them to generate significantly higher yields given a good chunk, 30% to 40% of existing traffic today is unaddressable inside of Safari. It's now opening that up. So it can be bid on in a people-based way, measured in a people-based way. And that again drives incredible value for our publisher partners.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. And I'll put some of the math behind that. Just some of the case study work that we've done publishers are seeing a 50% improvement in yields on Chrome traffic and in some cases 300% improvement on Safari traffic. So is a huge, huge deal.

Anyway, I'm sure we'll talk more about ATS but you'd probably make a couple of other interesting points too.

Kyle Evans

Analyst, Stephens, Inc.

Q

Yeah. So we'll move on to the next question. I find a lot of clients have a really tough time sizing your TAM and I noticed that you guys put a Safe Haven TAM on your call we'll double-back to that. And they tend to – they worry about threats from the top of the marketing stack from the DSPs et cetera. There were about threats from the bottom of the stack who are a lot of your reseller partners that are white-labeling your IdentityLink tech. It feels like with The Trade Desk UID 2.0 deal that the risk from the top is now very well understood and very, very limited.

First off, do you agree with that? And second off could you give us an update kind of from the people below, anybody that you see kind of moving around, shifting, trying to get at your Swiss neutral kind of middleware play in the market?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I'd always – I guess – I've got too much CFO in the – to say there's a never risk. Of course, there is risk. But I think to your point at the top as you call it, I think we have firmly established our position. I mean one of the cool things I think – again if we're going to write down a couple of things from our call that Scott mentioned was we've reached a point of critical mass inside of ATS. Now, that's a big statement. If you go back even – and then look how fast that's happened.

I guess I can't remember when we first started talking about ATS but it's probably been over – well over a year ago. We were and we are way ahead of the rest of the industry to – we're really getting to the point where we're at critical mass is really important. And obviously we're thrilled with The Trade Desk partnership. We think that's a big deal for everybody and we're glad to bring our capabilities to Trade Desk too. So, number one, I would agree with your statement.

When we think about from the bottom of the stack, our – what we do is very unique and what we – if I were to go back to the origins of LiveRamp then I'd give really the founders of LiveRamp really a nod here, is the whole principle was to be neutral and to be agnostic. And I'll never forget, Scott and I were talking with the Acxiom team about buying the LiveRamp, and then of course everybody out selling unique service deals instead of marketing solutions all wanted to just grab a hold of it and make that proprietary.

But – and basically we went with the LiveRamp approach of being neutral and being agnostic. So, we wanted – we do and we want to work with everyone. We work very hard to never give anyone a reason for wanting to do this themselves. That has been our approach. It's worked well and we expect it will work well going in the future.

And then I'd say one other thing that I think is also really important for everyone to know, our technology has not stood still. When I was going through really the notion of being a category creator, well, if we were talking, I don't know four years ago, we would have only talked about being the category creator in data onboarding and activation.

Now, today I can sit here and say, you know what, not only that, but guess what, we're now the global category – we're the category creator in global people-based identity without cookies. And that's pretty unique. So just think about it, our feature functionality and our value prop does not remain the same. It's actually just continues to get better and as we add more and more capabilities, more and more global scale, it's in – at least in my estimation, one of the reasons why we're able to hold on to those partnerships the way we are.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. I want to make sure that I open up some time for Q&A. I'm getting some questions here in my inbox along with some very smart commentary about my office.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. We're trying to look at those stock picks that are on the whiteboard behind you.

Kyle Evans

Analyst, Stephens, Inc.

Q

So here's some of the stuff that's coming through. Are there seasonal spikes in renewals or do those flow in the annual Subscription-based business, are those flow fairly evenly across the year?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

There are some seasonal spikes. Q4 is always our biggest quarter. It always has been and I suspect that it always will be. So – but again, for everybody, let me just remind everyone that the bulk of our businesses are 12-month contracts. Now, for some of our comments on RPO in the call, we do have some large multi-year renewals.

And in the last year of that renewal, it puts pressure on – especially the current portion of RPO and RPO in total, so we see some variation. But for the most part, we have – they're spread throughout the year, although I would say, in direct answer to your question, Q4 has been and we suspect will be our heaviest quarter.

Kyle Evans

Analyst, Stephens, Inc.

Q

Where are you in the renewal cycles? And I'm not asking for specific renewal partner – reseller partners but generally speaking where are you in the cycle with your resellers?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

I would never comment on the timing of any given renewal. Just – period. The size or timing or anything. I'd like to think Kyle that we're constantly in renewal as these are partners that we don't just work with at the end of their contract term. We're working with them throughout the cycle. So with many of those partners, for example we've been in active dialogue specifically as it relates to ATS.

And then one of the other really important things which hopefully there'd be some interesting things to talk about going forward is a lot of people are really interested in our Safe Haven technology.

Kyle Evans

Analyst, Stephens, Inc.

Q

Got it. I've got one person asking me to double-back on the Service business. Is that – do you guys rely heavily on systems integrators? Are you – is that disintermediating those third-party service integrators and where will that revenue get recognized?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

I don't think we're – part of our TAM is never to go after the system integrator business. We sold that business with Acxiom in effect and...

Kyle Evans

Analyst, Stephens, Inc.

Q

I think that's why they're asking.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. And so we would never expect this. Just think of this as – it will be an interesting source of revenue for us but it's not going to become our business. Our business is going to stay Subscription. And I looked at it. I've gone through obviously over the course of my career some really big system integrations. And a lot of times, what the – call it, your SaaS or your platform provider will do is they've got some really good, highly technical resources that can come in very early on and help steer things. But then they work actually hat in hand with the system integrators and actually coming in to perform the bulk of the service work. And I would venture to say if we fast-forward 24 months from today, that's how you'll see our Service business provide.

Kyle Evans

Analyst, Stephens, Inc.

Q

Is it something that you would break out like you do over at [indiscernible] (00:33:28) to kind of be rolled into Subscription?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

TBD. I mean, we're not going to – it's obviously not Subscription revenue so it's not going into Subscription revenue. So, the exact categorization, in effect, will be broken out because it's not Subscription revenue.

Kyle Evans

Analyst, Stephens, Inc.

Q

Lauren, did you want to add something or did he...

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

No. That's exactly where I was going. I said it will likely show up either in Marketplace & other or as its own line. And certainly, when it gets to a certain scale we would break it out separately as a Services revenue stream.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. Could you talk a little bit about the strength you've seen in data marketplace, where that's come from and help maybe frame up the competitive landscape in that piece of the business?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

It's pretty interesting. I'd say there is a global trend toward high-quality second- and third-party data that is most pronounced, I'd say, in Europe where the entire market has moved away from third-party data to high-quality second- and third-party data so – or high-quality second-party and then really high-quality third-party data sources.

In the wake of the past, call it, the CCPA in the US, there's a flight to quality. So, when we think about Marketplace, it's the place you'd go for high-quality permission third-party data. And that flight to quality has served us well and hopefully will continue to serve us well into the future.

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

And I think if you're either a brand or a technology partner or platform who consumes our data, one of the big benefits of working through our Marketplace is you don't have to go out and strike several kind of individual one-off data procurement relationships and ensure that that provider has been accredited and collect out of stations. I mean you can do that all through a single UI and source data from over 150 different data providers. So I think kind of the ease of data sourcing and use is a really – has been a big driver even pre-CCPA and GDPR and it continues to be a driver moving forward as well.

Kyle Evans

Analyst, Stephens, Inc.

Q

Are there large CRM players in the marketplace that have your scale and credibility in second-party and third-party data that we should be thinking about as potential competitors or do they mostly make their living with first-party and using your IDL to kind of help match across the enterprise?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I wouldn't qualify or try to talk about each of their businesses and how – where they generate their revenue. There are marketing clouds that do have a data marketplace. But at the same time, our approach is why do it yourself when you can use LiveRamp? And some may use LiveRamp, others may not. But again I'll come back to we do what we do to be very good at doing what we do.

And so we think our – again, our place of understanding privacy, our approach of working agnostically with hundreds of brands and hundreds of data suppliers and now increasingly publishers will serve us well in this business.

Kyle Evans

Analyst, Stephens, Inc.

Q

Could you update us on the comScore relationship? And I have a specific question from a viewer that's asking how that expands your privacy focus?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Lauren, do you want to jump in on comScore?

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

Yeah. I'm happy to. So Kyle we're really excited as of the beginning of October. The comScore relationship has been kind of fully integrated and now live. Meaning, if you're a brand or if you're a technology partner and you want to buy a comScore data through our data marketplace, you can do that. At the same time, it's also sitting inside of our Data Plus Math platform.

So if you're a brand leveraging Data Plus Math, for cross-screen TV measurement or outcome-based measurement, you can layer on Comcast viewership data to perform more comprehensive and accurate cross-screen measurement.

I think the final piece of the partnership which I also think what kind of leads into your question around privacy Kyle that isn't live yet today is the Safe Haven integration of comScore data.

And I don't know Warren if there's anything you would add to that but we're excited with where the partnership sits today. There's a really good joint kind of go-to-market motion taking place, and we think this partnership is going to add a lot of value to our joint customers.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. I would just add on the last point that Lauren mentioned, one of the things I know many of our customers are really excited about is the integration of viewership data into Safe Haven. So using retail as the example, a

combination of retail point-of-sale transaction data plus viewership data is really a big deal and really a big deal around measurability and addressability associated with what are obviously gigantic steps on their part.

Kyle Evans

Analyst, Stephens, Inc.

Q

Yeah.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Hey, Kyle. One of the thing – while Laura was talking, if I can go back to your other CRM question that I think I want to go back to it just for one second because I didn't use one word which is actually probably the most important and that's interoperability. For our customers, they want interoperability. They want to stay flexible. It's probably most pronounced in the agency world where there's a lot of obviously turnover between agencies. Our brands and whether it's a brand, whether it's a data supplier or whether it's a publisher, they want interoperability. And when you're Switzerland, you become interoperable. And so that's what we do.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. And you both kind of put glancing blows on the last two questions I have in front of me here and that is an update on the Data Plus Math deal and I'll let you guys take that one first, and I got one more.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Lauren, why don't you – you've chatted a little bit about comScore. Go ahead and...

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

A

Yeah. No, I'm happy to. I think we've been really pleased with Data Plus Math deal, the contribution to revenue it's captured inside of the CTV revenue numbers which we report and we're up again 75%-plus in the most recent quarter.

And I think we've – if you look at kind of some of the new logos we've added both in Q2 and actually looking back at Q1, they're really big marquee brands and TV spenders, so some of the largest CPGs, retailers, financial services companies in the world. And so again we've just been incredibly pleased with the integration and what Data Plus Math has been able to bring to our portfolio so far.

Kyle Evans

Analyst, Stephens, Inc.

Q

Great. And those – your last two answers are perfect segue to the \$6 billion TAM number that you guys gave for Safe Haven on the call. People are interested how they could kind of build a bottoms-up to get to where you got?

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

A

Yeah. It's pretty interesting when you look at just the overall market for data and utilization of just everything that's addressable. And we would probably categorize that to be roughly a \$60 billion to \$70 billion TAM. And when we

think about our addressability, we think we can be 10% of that. So that's how we got to the – roughly the \$6 billion.

What's kind of more interesting for me is it's almost every day that TAM gets bigger, and when you think of being able to connect data silos inside the enterprise, that's a given TAM. When you think about being able to connect data outside of the enterprise scale, that's a whole other TAM. When you think about being able to do that across every geography in the world for a global enterprise, that's another enormous TAM.

It's easy for us in Safe Haven to talk about retail as being the example. A couple of things that I mentioned sort of softly in when talking about Safe Haven Kyle is it's not just about brands in retail. It's about multiple industries and brands but it's also about publishers. Many publishers want to have their own Safe Haven. It's a unique capability. It's about data suppliers, so this is hardly a small niche.

And then I'd say finally on that point which hopefully the TAM just gets bigger from here, one of the really powerful use cases which is just getting cracked today is really the entire world of retail trade. So if you think the shopper dollars that are exchanged between retail and CPG, all you have to do is you have to think about, first of all, I've got to be globally competitive and my competition is Amazon. So how do I go about creating really this networking, my sphere of influence to develop a single view of the customer across my entire set of partners? That's enough of an [indiscernible] (00:44:14). Forget the money and the revenue upside that brands and in the case of retail, they need to go to anybody else for that matter.

Then secondly, think about this enormous pool; tens, if not, hundreds of billions of dollars that are exchanged between parties. Retail being the easiest example of these shopper trade dollars between CPG and retail. And then to add a third onto a really – the whole TV – set of TV budgets, well, there's hundreds of billions. So we think we're just getting started.

Kyle Evans

Analyst, Stephens, Inc.

Great. I think we're at the end of our time. I don't know if you want to make any closing remarks but I really appreciate you guys spending time with us here today.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

Well, I'll just say a couple of very quick things on behalf of both Lauren and I. First Kyle, thank you. We're thrilled to be a part of this conference and really appreciative of the time that others have taken to join us. We feel very fortunate to be the company we are. We're certainly not immune to the pressures of a tough overall economic environment and the pressures of COVID but we're fortunate that we have continued to grow through this pandemic.

When we look at the long-term, as Scott said, we're really optimistic. I think, in my words, I would tell everyone and this is a point-backed, take-it-to-the-bank statement, LiveRamp today is more relevant than it's ever been. We are a part of transformational discussions in becoming core, critical global infrastructure for companies.

So, from time-to-time, growth is never linear. We'll feel some pressure as we are right now, given the pressures of pandemic that we believe for the long-term we are in the middle of a very powerful secular growth trend with the right capabilities and the right strengths. And again, fundamental to that is we're Switzerland. So, thank you. It's great to be here.

Kyle Evans

Analyst, Stephens, Inc.

Thank you. Fingers-crossed, Nashville, in-person next year.

Warren C. Jenson

President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

Okay. Nashville.

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

Thanks, Kyle.

Kyle Evans

Analyst, Stephens, Inc.

Okay, guys. Thank you.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2020 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.