08-Feb-2021

LiveRamp Holdings, Inc. (RAMP)

Q3 2021 Earnings Call

CORPORATE PARTICIPANTS

Lauren Dillard
Chief Communications Officer, LiveRamp Holdings, Inc.

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

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

Anneka Gupta
President & Head-Products and Platforms, LiveRamp Holdings, Inc.

OTHER PARTICIPANTS

Shyam Patil
Analyst, Susquehanna Financial Group LLLP

Kirk Materne
Analyst, Evercore ISI

Brian Fitzgerald
Analyst, Wells Fargo Securities LLC

Stan Zlotsky
Analyst, Morgan Stanley & Co. LLC

Jack Andrews
Analyst, Needham & Co. LLC

Kyle Evans
Analyst, Stephens, Inc.

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

Jason Michael Kreyer
Analyst, Craig-Hallum Capital Group LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to the LiveRamp's Fiscal 2021 Third Quarter Earnings Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to turn the call over to your host, Lauren Dillard, Chief Communications Officer.

Lauren Dillard
Chief Communications Officer, LiveRamp Holdings, Inc.

Thank you, operator. Good afternoon and welcome. Thank you for joining us to discuss our fiscal 2021 third quarter results. With me today are Scott Howe, our CEO; and Warren Jenson, President and CFO. Anneka Gupta, President and Head of Platforms and Products, will join for the Q&A portion of the call.

Today's press release and this call may contain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For a detailed description of these risks, please read the Risk Factors section of our public filings and the press release. A copy of our press release and financial schedules including any reconciliation to non-GAAP financial measures is available at liveramp.com. Also during the call today, we will be referring to the slide deck posted on our website.

At this time, I'll turn the call over to Scott.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Thank you, Lauren. Good afternoon, and thanks for joining us today. I hope that you and your families have managed to stay safe and healthy since the last time we spoke. It's always a challenge to summarize an entire quarter into a short call and that's particularly true today given how much progress we've made and potential we see. We've got a lot to talk about and too little time.

So above all else, I would share three thoughts with you: one, our business continues to show strength in an unprecedented macro environment; two, while we entered our fiscal year with some uncertainty stemming from the pandemic and an industry transition away from third-party cookies, the past 12 months have definitively proven how important data is to our clients and how much they rely on us, as a result, while most companies aren't providing longer-term guidance, we feel well-positioned to share some very early thoughts about next year with you today; and three, the innovations we have introduced to the market have been well-received and position us for sustained revenue and profitability growth well beyond next year.

Let me start by talking about the past quarter. We delivered another strong quarter in Q3 highlighted by solid top line growth, impressive operating profit performance and continued progress against a handful of key strategic imperatives. Total revenue was up 17% and subscription revenue up 15%. ARR exiting the quarter was up 17%. Marketplace & Other growth accelerated to 27% driven by Data Marketplace which was up 60% and benefited from a strong recovery in digital advertising spend during the holiday season and the expansion of several large platform relationships. We also closed a record bookings quarter with total growth bookings up 35% compared to the same period last year.

Our land, expand, and extend motion continues to underpin our success. Upsell bookings in particular were very strong as we continue to make good progress, upselling our existing customer base to new and more advanced use cases like Measurement, Safe Haven and CTV. In fact, the average ACV of brand deals won in Q3 was up nearly 30%. The continued growth in larger $1 million-plus customers also reflects this trend.

The total number of $1 million-plus customers now stands at 65, an increase of 30% year-over-year. And importantly, the strength of our model was again on display in Q3, scaling our business efficiently remains a top priority, and I am pleased to report our first ever double-digit operating margin, an important milestone toward our long-term targets.

The past quarter and indeed the entire year has really validated how important LiveRamp is to our direct customers all of whom use data to power better marketing effectiveness and more valuable customer experiences. Historically third-party cookies have been an important enabler of data-driven audience targeting and personalized messaging, but as we all know, the industry is transitioning away from cookies.

Recognizing this transition was likely several years ago, we moved quickly to develop even better alternatives for the good of anyone and everyone in the ecosystem. A top priority throughout the year has been to evangelize the adoption of our Authenticated Traffic Solution, ATS, across every major publisher, brand, and tech platform, and we made great progress again in the third quarter.

To-date more than 325 publishers worldwide, up from 215 last quarter, have adopted ATS in the US, UK, France, Italy, Spain, Germany, Australia, and Japan, including 65% of the US Comscore Top 50. We more than tripled the number of ATS-enabled campaigns in Q3 relative to the prior quarter and expect continued explosive campaign growth in Q4 as well.

ATS is comprehensive, agile, and built-to-scale, and can be used anywhere and individual logs in or authenticates its multi-channel and supports customer journey engagement across display, on mobile and desktop, as well as mobile apps and connected TV. This means that brands have the means to buy media using LiveRamp's people-based identifier cross-channel and know that they can reach and measure individuals, not just devices, with consistency and accuracy.

Our market momentum is being fueled by these factors along with our interoperability, neutrality, and unmatched global scale. Most importantly, ATS simply works better. It works better than what it is replacing. I recently wrote a blog on the transition from third-party cookies to ATS which can be found on our website, and that contains useful detail that I hope you'll have a chance to peruse. Also I addressed the exceptional results we're seeing on our last call, but it bears repeating.

ATS helps publishers make more money, marketers generate higher ROI, and consumers maintain greater choice and control over their data. In recent years, impressions flowing through browsers like Safari, Firefox, and Edge, which together comprise 40% of US Internet traffic, haven't been addressable with third party cookies. ATS makes these impressions available and addressable, enabling publishers to monetize more people-based inventory and marketers reach more of their target audience. We've seen publishers generate 350% greater yields on Safari and marketers are experiencing greater unique reach and at least two times higher return on ad spend.

In fact, in a campaign with Goodway Group and Index Exchange, a national retail client saw three times higher reach with consistent performance when transacting on LiveRamp's people-based identifier compared to third party cookies. Marketers are taking notice and taking action. For example, recognizing the significance of these results, one of our agency partners, Goodway Group, has subsequently pledged to migrate all of their first-party LiveRamp audiences to bid on our identifier via The Trade Desk by the end of the month. Their commitment underscores the sheer scale and proven performance of ATS and mirrors the larger industries movement towards buying sustainable people-based inventory. In short, ATS is transformational and we must ensure every publisher, brand, and tech partner is using ATS to drive results and real value. Evangelizing ATS remains a top priority in Q4 and beyond. While we believe the transition away from third-party cookies will be a long-term positive for LiveRamp, the transition will also have several financial implications for us.

So I want to provide a bit of detail here as we finalize our budget and expectations for FY 2022. First, our customers' and partners' success with ATS equates to our success, and we continue to believe that ATS will help fuel our growth over the medium to long term. In addition to becoming a channel for new logo acquisition, ATS should drive greater adoption and usage of our platform globally as it catalyzes and pulls through use cases like Measurement, Safe Haven, and Data Marketplace. This gives us confidence in our direct subscription value proposition and corresponding direct client growth rates for FY 2022 and beyond. This revenue represents the majority of our subscription base and will drive continued company growth.

Second, we'll also be sunsetting a portion of our current revenue. We've historically licensed cookie-based components of our digital identity graph to a few technology platforms and plan to either exit or reimagine these relationships over the next 12 months. These relationships have been slower growth in recent years, and the overall revenue impact could be up to $30 million in FY 2022.

And third, as cookies are eliminated a portion of the data cost associated with maintaining our digital graph will be recouped, a $15 million to $20 million cost of goods sold savings which we likely won't fully see until FY 2023. As I mentioned earlier, given the predictability and stability in our business, we think we're in a good position to at least give some early guidance for FY 2022 today, and these three trends are factored into our forecasts, Warren will go into a bit more detail shortly.

As our importance to our direct customers continues to increase with the changes in addressability, changing regulatory environment, and the heightened importance of data collaboration, we're broadening our core subscription offering with new features and new use cases.

LiveRamp is uniquely positioned to help our customers connect data within and beyond their four walls to power the entire customer experience. And in order to capture this opportunity, we must continue to evolve our platform in three important areas, each of which creates even greater value for our customers and partners.

First, we're introducing an even broader array of use cases that drive value for our clients. Connected television represents one example of this effort. This business was up 35% in Q3 and our bookings trends remain strong. We're also seeing significant client demand for our Safe Haven offering. Safe Haven is transforming the relationship between retailers and their CPG partners, packaged goods partners. And there is a powerful two-sided network to be unlocked here: one that will catalyze both our new logo and upsell efforts. As we successfully work with our major retail clients, they introduce us to their partners, fueling our recent growth in the CPG vertical, a vertical in which we hardly participated just a year ago.

For example, in Q3 we signed a Safe Haven upsell deal with a major multinational personal care company to help power their digital transformation. Initially an onboarding customer, this company is leveraging LiveRamp's Safe Haven to power its offline to online data and identity infrastructure. ATS and our network of retail collaboration partners were key drivers in winning this deal. Another recent upsell example was with a major global pharmaceutical company that was an early adopter of the Safe Haven platform. Leveraging Safe Haven as the foundation for its consumer data management strategy, this customer expanded its relationship with LiveRamp to be able to leverage additional second- and third-party datasets inside of Safe Haven to optimize its digital media and television investments.

Similar to ATS, the retail and CPG network we are building with Safe Haven is also pulling through opportunities across our larger product portfolio. For example, during the quarter, we closed a new activation deal with Unilever after working indirectly with them through one of our Safe Haven partners. Our Safe Haven momentum this past year has simply been remarkable.

Our pipeline, bookings, and revenue have all been growing at rates in excess of 150%. We've already established a beachhead of over $15 million in ARR and expect this number to continue to grow rapidly in coming quarters. Looking ahead, we must lock in this incredible flywheel by ensuring our launch customers are successful as they scale their platforms across partners and geographies.

Second, we must continue to expand our data protection capabilities to unlock greater data access and control for our customers. We hear and see this all the time from many of the world's largest companies this is particularly true in industries that utilize more sensitive data such as healthcare and financial services, but nearly every company considers their own proprietary data is highly confidential. They know that data utilization can improve their results, but they need absolute control over data flows, permissions, and security.

Facilitating data collaboration without allowing data movement is one of the most technologically complex problems in the software world. This is why I am very excited to share that earlier today we announced that we entered into an agreement to acquire DataFleets, a cloud-based data platform that unifies data silos without moving data or compromising privacy. With DataFleets, customers gain access to a powerful set of privacy preserving technologies that can be configured based on business needs. DataFleets' approach centers on two primary capabilities: federated learning and advanced privacy protections.

Leveraging machine learning techniques, DataFleets allows insights to be derived across multiple datasets without requiring any underlying data movement. It then applies multiple advanced privacy technologies to ensure the underlying data and insights can never be re-identified, thus ensuring privacy and security. That makes it possible to analyze data across borders, across silos in fragmented architectures as if they were in one data environment.

While other solutions take a point solution or one-size-fits-all approach to privacy, DataFleets has built a configurable approach ensuring customers can apply the right approach and level of privacy protection to their data without having to compromise utility.

This is complicated technology, so let me describe a few hypothetical scenarios. Consider, for instance, a European company that cannot allow its data to cross borders under GDPR or perhaps doesn't even want their data to leave their own facilities for security reasons.

This problem is solved by DataFleets technology. Consider a major content provider, could be an online publisher or television content creator who knows their inventory value is predicated on audience level characteristics but they also want to preserve anonymity, this problem is solved by DataFleets technology. Or consider any client who is worried about using their data given the constantly changing and confusing regulations in place. This problem is solved by DataFleets technology. Ultimately we think every client is going to want to use this technology, and through this acquisition we are now the only company that can deliver on this type of configurable data privacy.

We believe that this deal will significantly accelerate the adoption of data collaboration and analytics use cases through Safe Haven and open up new addressable markets like healthcare and financial services. We expect DataFleets to be integrated in Safe Haven and commercially available to our customers by mid-FY 2022. On behalf of all my colleagues, we are thrilled, thrilled to welcome the DataFleets team to LiveRamp.

A third important shift is the way we deliver our products and capabilities. We are migrating to an API-first modular approach in the way we build and deploy our technology to deliver customers maximum flexibility, control, and extensibility. We want to deploy our technology wherever our customers' data lives, whether that be in the cloud, in multiple clouds, on-prem, or on device. Not only does this provide greater flexibility to customers, but it also opens up an entirely new sales channel.

As we've sunset providing private label identity inputs into a small set of marketing hubs, we can instead embed our full array of capabilities directly into the infrastructure of a much broader array of potential technology partners. For example, we recently formed a strategic partnership with Google Cloud to deliver our identity products directly in the core of our customers' cloud data environments. As part of this partnership, customers can access LiveRamp's identity capabilities via API through the Google Cloud Marketplace to build a unified customer view inside their data warehouse.

As customers increasingly look to the cloud as a scalable, secure, and modern way to manage and take action on their data, we believe our capabilities are key to unlocking the full value of their cloud data environments. We are in discussions with all, all of the major cloud providers, and hope to have more to share in this area in the coming months. Importantly, we think our opportunity to build a more sophisticated partner and reseller channel will, over time, prove to be far more meaningful than the wholesale cookie licensing relationships we intend to sunset in the coming year.

Our current Chief Commercial Officer, James Arra, is equally excited about this opportunity, so much so that he's volunteered to lead the effort. This means that James will transition away from his role as Chief Commercial Officer in order to fully focus on the success of our cloud strategy. While James has simply taken on a new role within LiveRamp, this does give me a chance to talk about him a little bit.

James joined LiveRamp as its first Chief Revenue Officer in 2013, and over the course of the last eight years, has helped grow LiveRamp from a $10 million ARR niche startup to a category creating and leading public company with approximately $330 million in ARR. Simply put, James has been a brilliant leader, teammate, and partner on this journey. And I am so excited. I am just so excited to put his energy and focus behind building out our cloud partnership strategy. We are working with an executive search firm to find James's CCO successor and are interviewing both internal and external candidates, prioritizing deep enterprise SaaS expertise and proven ability to scale a fast-growing commercial team. The search is going well, and we hope to have something to announce in the coming months. As I mentioned, James will remain in his current role through the end of our fiscal, before turning his full attention to the new role, so I think we will be well-positioned for a smooth seamless transition.

I also want to announce a notable upcoming departure from LiveRamp's board of directors. After two decades of service, Bill Henderson has announced his decision to leave the LiveRamp board at the end of his current term this summer. Bill has been an incredible friend and mentor to me over the past decade. He was among my first interviewers when I was originally being considered for the Acxiom CEO role, and he and I have spent hundreds of hours since then, discussing the business, brainstorming ideas, and even talking about things just far outside the digital realm.

In addition to serving on our board since 2001, Bill previously served as postmaster general and the COO of Netflix. Bill thinks he is going to slow down and invest even more time in some of his lifelong passions, like photography. But I'm probably still going to call him frequently to ask for his wisdom. In the coming months, we'll launch a search for Bill's replacement on the LiveRamp board. We will surely find someone terrific, who will have big, big shoes to fill.

With that, thank you again for joining us today and a big thank you to our exceptional customers, partners, and employees for their ongoing support and hard work. We delivered another solid growth quarter in Q3. We feel that despite an uncertain macroeconomic environment, we're positioned for continued growth, and our efforts to introduce new innovations and new use cases to our clients give us even greater long-term optimism. We look forward to updating you on our continued progress in the quarters ahead. And I'll now turn the call over to Warren.

Warren C. Jenson

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

Well, thanks, Scott, and good afternoon, everyone, and thanks for joining us today. We're pleased to have delivered another strong quarter, and even happier to report that our key long-term growth initiatives are performing extremely well. As we have said before, we increasingly find LiveRamp's technology to be core to our customers' most important long-term strategies and initiatives. We are fast becoming critical infrastructure. Today, I'd like to focus my remarks in three areas: first, give an update on Q3 and recent business trends, highlighting the continued strength and durability of our model; next, provide full-year guidance; and finally, a few high-level observations for FY 2022.

Q3 results, please turn to slide 4. We are durable SaaS, and our position of neutrality continues to pay dividends. Total revenue was up 17%, and subscription revenue increased 15%. The variable portion of subscription revenue was approximately 13%. Overall Marketplace was up 27%. Data Marketplace, which represents roughly 75% of ongoing Marketplace & other revenue, was up a strong 60%. As expected, where we felt pressure was in the transactional portion of our linear TV business. Customer counts were again up. In the quarter, we added 15 net new subscription customers, and we had a record bookings quarter. Current RPO, or our next 12-month backlog, was up 15%. As a reminder, the timing and contract length of renewals can and will cause volatility in this metric. ARR ended the quarter up 17%, and net retention was 105%, while platform net retention was 110%.

Next, our long-term growth levers are in place and thriving. Today I'd like to focus my attention on Safe Haven. Safe Haven had another standout quarter. Revenue, bookings, and ARR were all up more than 150%. Safe Haven is fast becoming the foundational platform for global brands, retailers, and their partners to establish a deep understanding of their customers, increase customer engagement, and drive sales. Global retailers such as Carrefour trust Safe Haven to safely connect their data with their CPG partners, expanding the breadth and depth of available use cases, from local retail media and marketing activation to sales analytics and category management. The results have been transformational. CPGs are seeing triple-digit improvement in campaign performance and double-digit sales lift. Traditional supplier relationships are being transformed, and new and significant high-margin revenue streams are being created.

Finally, we are proud to be judged by the company we keep. Our Safe Haven...

[Technical Difficulty] (00:31:12-00:31:55)

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

I think we lost Warren. So what I will do – this is Lauren – I'm just going to resume with reading his prepared remarks, and when he joins, we'll have him hop back in.

So finally, we're proud to be judged by the company we keep. Our Safe Haven technology is now being used by more than 40 customers worldwide, including three of the top 10 largest retailers in the US and four of the top 10 retailers in Europe. And we expect to exit our first full year with ARR of more than $20 million.

Next, DataFleets, as Scott mentioned, we're excited about the acquisition of DataFleets and what it means for both our near and long-term Safe Haven prospects. With the acquisition of DataFleets, we are firmly cementing our position as the leader in privacy preserving enterprise data collaboration, extending our position as the trusted neutral platform for enterprise identity and data management. For our Safe Haven customers, this means access to a powerful set of cutting-edge privacy preserving tech that can be configured based on business needs. More specifically, this ensures that our clients can apply the right approach and level of privacy protection to their data, wherever that data may live, whether within LiveRamp or within their own cloud environment. And finally, not only does this technology benefit our existing customers; the combined offering opens up new addressable markets and powerful use cases, such as healthcare and financial services. Add it all up and we see an even bigger opportunity for Safe Haven.

Now, a few specifics on the deal, the purchase price was $68 million in cash, plus some assumed equity and additional retention incentives. We expect the deal to close this quarter. Given the size, there is no HSR filing requirement. We do not expect the deal to have any material impact in the current fiscal year. In terms of next year, we expect these added capabilities to benefit growth across all areas of our business, and any modest solution will be included in our FY 2022 guidance. And finally, our business model is working, and trend lines point to the validity of our long-term performance objectives. Gross margin improved 400 basis points to 73%, again, another record for standalone LiveRamp. Productivity was driven by continued identity graph and hosting optimizations.

We were profitable again in Q3, marking our third consecutive quarter of profitability. In the quarter, we estimate COVID-related savings to then roughly $6 million. Our operating margin for the first time was in the double digits, and our EBITDA margin was 12%. Operating cash flow was $15 million, and free cash flow was positive $14 million. And finally, our balance sheet continues to be in great shape. Our cash balance is $663 million, a slight increase from the end of September.

In summary, the strength of our business performance is a reflection of who we are as a company. We are Switzerland an agnostic provider of critical technology.

Now, onto guidance for FY 2021, please turn to slide 12. For the fourth quarter, we expect revenue of up to $116 million, and non-GAAP operating income to be slightly positive. For the full year, we expect revenue of up to $440 million, and non-GAAP operating income of up to $16 million. Please keep in mind, this guidance excludes intangible amortization, stock-based compensation...

Warren C. Jenson

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

As you model Q4, please note, of the expected increase in OpEx, we expect roughly half of it to be recurring. The remaining increase is being driven...

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Hey, Warren. Warren?

Warren C. Jenson

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

Yes?

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

We lost you for almost your entire earnings stuff, and you just rejoined. So, Lauren, where should he start reading again?

Lauren Dillard

Chief Communications Officer, LiveRamp Holdings, Inc.

Yeah, Warren, do you mind starting to read at a few other callouts for Q4?

Warren C. Jenson

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

Sure. I apologize, everyone.

Scott E. Howe

Chief Executive Officer & Director, LiveRamp Holdings, Inc.

Hey, that's the real world implications of the Zoom world in which we live.

Warren C. Jenson

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

All right. Well, here we go. A few other callouts for Q4, we expect subscription net retention to be roughly 100%, and platform net retention to be between 100% and 105%. Our retention metrics and Q4 growth rates are being pressured by anticipated contraction from a few platform relationships. This contraction is being driven by the sunsetting of certain cookie-based licensing relationships. We expect gross margin to be roughly 73%.

As you model Q4, please note, of the expected increase in OpEx, we expect roughly half of it to be recurring. The remaining increase is being driven by payroll tax seasonality and one-time project costs. We are exploring certain tax strategies that could generate a meaningful cash tax benefit. These tax strategies may result in an incremental non-cash stock charge during the quarter. Other guidance-related items can be found on slide 14.

With that, let me spend a couple of minutes and talk about FY 2022 and share a few high-level observations. This past year has been challenging but one of accomplishment, too. We, like others, faced the daunting challenge of COVID, and as a result, a rapidly changing business environment. But through all that disruption and change, the following held true. The strength of our business model was clear. We're having a strong growth year in both our subscription business and Marketplace, too. We have been profitable in every quarter and expect to be profitable for the year. And perhaps most importantly, we have the products and technology that people want to use and buy: ATS, Connected TV, and Safe Haven.

As we look ahead to FY 2022, we are confident in our prospects. Our business is healthy, getting stronger every day, and our growth initiatives continue to build momentum. However, as the industry moves away from third-party cookies and device identifiers to more durable solutions like ATS, we do expect some continued downward pressure on a few platform relationships during this period of transition. This could represent as much as a $30 million headwind next year. As a reminder, as we've said before, as cookies go away, so will the costs associated with the cookie-based components of our graph.

Adding up the positives and the challenges, our ongoing business remains strong, and as a result we expect top-line growth of up to 15% in FY 2022. Factoring for the $30 million headwind, this implies underlying growth is accelerating and should be in excess of 20%. In FY 2022, as I mentioned on our last call, we will be stepping up our R&D investment to take advantage of our global strength in TV and Safe Haven, but at the same time, we again expect to be profitable. Finally, as always, we ask that you be conservative with your estimate for FY 2022. Much uncertainty remains.

Before opening the call to questions, I'll close with a few final thoughts. First, thank you to all our customers and employees. It's you who make this company great. And to our new colleagues at DataFleets, welcome to our team. Next, we are SaaS, and our model is demonstrating its durability and leverage. And finally, it's a fabulous time to be at LiveRamp. Our products and technology sit at the center of a strong secular growth trend, and our global role has never been more important.

Operator, we'll now open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from the line of Shyam Patil from Susquehanna Financial. Your line is open.

Shyam Patil
Analyst, Susquehanna Financial Group LLLP

Q

Hey, guys. Congrats on the results and the DataFleets acquisition.

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

A

Hey, Shyam. Thank you. And sorry...

Shyam Patil
Analyst, Susquehanna Financial Group LLLP

Q

Thank you.

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

A

...again to you and everybody else out there for our Zoom fiasco there. Hopefully when you piece together the script, it makes sense to you, but we're happy to spend time addressing anything that might have gotten muddled in all that.

Shyam Patil
Analyst, Susquehanna Financial Group LLLP

Q

Great. Yeah, just from our perspective, everything came in pretty clear with Lauren taking over and then Warren coming back, for what that's worth. I had a couple of questions, one for you Scott, and then one for Lauren. On the DataFleets acquisition, could you guys talk about just kind of where they were in terms of commercialization, any marquee relationships to call out there, and how you guys are just thinking through how it could benefit or even accelerate the Safe Haven opportunity? And then, Warren, thank you for the early fiscal 2022 commentary. I was just curious, the 15% year-over-year growth, is there just a framework for how we could – we should think about subscription growth versus Marketplace growth for the next fiscal year?

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

A

So, Shyam, it's Scott. But I'll tell you what, we announced at the start of this call that Anneka was joining us for the Q&A, and everybody knows that Anneka is our President and Chief Products and Engineering Officer as well. I mean, she is so deeply involved in all our technology. So I'm going to handball your question on DataFleets over to her, because she's done a ton of technical due diligence on this acquisition.

Anneka Gupta
President & Head-Products and Platforms, LiveRamp Holdings, Inc.

A

Yeah. Thanks, Scott, happy to jump in here. So when we went to look for some assets that could help accelerate our position within – by offering privacy preserving analytics and collaboration, we evaluated a lot of different companies in the space, and frankly like the technology and the advancements that are being made here are early. But what really impressed us about DataFleets is the product and the team are really strong. And we did a POC early on in evaluating the company, and what that brought us to believe is that we can launch DataFleets technology within Safe Haven by mid-FY 2022 and offer the ability for our customers to take data assets that are sitting in different data silos, and without actually moving the data, enable you to do complex analytics and measurement on top of that data.

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

A

And then let me address the second question. We're not going to give too much any additional detail about FY 2022 on this call. So obviously we'll be giving more detailed guidance on our call in May. I would simply reiterate a couple of things that I said in my prepared remarks, and that is, we expect to have a strong year in FY 2022. Underneath the 15% growth is a business that is growing quite rapidly. Again excluding the $30 million, our growth should be up in excess of 20%, and we expect to have a strong year in both Marketplace and in subscription.

Shyam Patil
Analyst, Susquehanna Financial Group LLLP

Q

Great. Thank you, guys.

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

A

Thank you.

Operator: Your next question comes from the line of Kirk Materne from Evercore ISI. Your line is open.

Kirk Materne
Analyst, Evercore ISI

Q

Yeah, thanks very much. I guess, Warren or Scott, can you just run through the platform relationships? I mean, maybe I missed something, but it's kind of the first time I think most of us are hearing about that sort of headwind on your business and why – I think your bookings growth looks great this quarter. I'm just – can you just walk through why that's dropping off, why – I guess just there's going to be some questions about why this is kind of coming up now. So if you can just kind of walk through that a little bit, that would be helpful, and then I have just one follow-up.

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

A

Kirk, why don't I go ahead and jump in, and then Scott may want to add to what I'm going to say. First of all, we have a handful of platform relationships, and in those relationships, we license component parts of our digital identity graph. And it's that revenue that we expect to sunset. If you think back to the last year, I mean, it's been a really remarkable year. We started off with the ATS, and the great news is that as we're rounding out FY 2021, ATS is in a very strong position, not only for LiveRamp but for the entire industry. And also throughout the year, there's been a lot of cookies going away, cookies not going away, and a lot of different kinds of speculation. We've obviously also been having discussions with our partners throughout the year. And then as we came to really doing our budgeting for FY 2022 and over the last few weeks, it became clear that we had some clarity around what, if any, exposure we would have, and that is the $30 million headwind that we talked about.

Kirk Materne
Analyst, Evercore ISI

Q

Okay. That's helpful. Thanks. Thanks, Warren. And then I guess just on the quarter itself, obviously bookings were up nicely this quarter. Can you just talk about the macro backdrop? You seem more upbeat than last quarter in terms of I'd assume what your pipelines are looking like in areas like Safe Haven, ATS, can you just talk about sort of what you're seeing just in terms of customer conversations, customers' willingness to spend, and just kind of how the tone is maybe today versus three months ago. Thanks.

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

A

Yeah. Kirk, it's Scott. So I think a couple things have been consistent throughout the year and give us a lot more confidence in the strength of our business and the importance of what we do to our customers. But more specifically this past quarter, I think we saw a little bit of the continued improvement of the macro economy. Despite concerns about COVID, we really didn't see kind of the national shutdowns. Rather, what we're seeing with our clients is a real bias towards action, a real recognition that data is increasingly important in delivering great experiences to their consumers, and delivering better results for their bottom line, and I think an increased appreciation that the playing field is a little bit tilted right now, and that to compete with the walled gardens, most companies have to get a lot more sophisticated about the ingestion and utilization of their data.

That in turn has helped spur a lot of interest in Safe Haven and in measurement, and that's been great for our core subscription business and our upsells. And then in addition in my prepared remarks, I talked about the explosion of ATS adoption that we've seen, not only on the publisher side, but increasingly on the advertiser side, where they've discovered that it has scale, they're increasing their reach, and they're generating far better results. And so, those two secular trends of clients knowing that they have to be more sophisticated about their data and also recognizing that it's time to migrate off of cookie solutions to authenticated, consumer-friendly solutions really has given us some fuel in this quarter. And quite frankly, it's a big reason that we're comfortable giving forward guidance at a time that most companies in the world just simply aren't able to do.

Kirk Materne
Analyst, Evercore ISI

Q

Thanks, Scott.

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

A

Scott, I might just add a couple of things that came to mind as you were talking, and I'd just add the word global. The one thing that's happening is ATS is a global solution, as is Safe Haven, as is our TV offering in Europe as example. To give you a good example of the growth, our bookings in Europe this quarter were up 85% year-over-year, and we had a strong double-digit performance globally. So, I would also say that our products are not only working in the US, but they're global, too, and it's opening up a global TAM for us.

Kirk Materne
Analyst, Evercore ISI

Q

Thank you.

Operator: Your next question comes from the line of Brian Fitzgerald from Wells Fargo. Your line is open.

Brian Fitzgerald
Analyst, Wells Fargo Securities LLC

Q

Thanks, guys. And I want to hit this maybe a little differently as well, and thanks for the breakout on Marketplace versus Other. Marketplace reaccelerated pretty strongly in the quarter, and it looked like you had a plan there in terms of Marketplace & Other revenue as well, and maybe even new customer subscription revenue. So, at a high level, can you say anything about where you saw unexpected pockets of strength in the quarter? Was it – you highlighted CPG. Were there other areas as well in terms of it beating what you expected? And then a sense of how that meters intra-quarter as we get out of the holiday season and more into your points on a global basis, too, how we should think about for the quarter and for the first half of the year.

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

A

I would say, I'm just trying to go through the breadth of our performance during the quarter, and really the strength was across the board. We had an exceptionally strong upsell quarter. Two, if you look at our bookings for – whether it's for measurement, whether it was for Safe Haven, whether it was for TV, we had a very strong bookings performance. And as I mentioned, internationally, we saw strength, too. In terms of the numbers in Q3, the usage portion of our subscription revenue was strong. That came in perhaps a little stronger than expected. And then on top of that, we had also strength in Marketplace generally, so pretty much across the board a very strong performance. And as we mentioned, I think the thing that really bodes well for us is the strength of our booking performance in Q3, and we expect to have another solid booking performance in Q4 as well.

Brian Fitzgerald
Analyst, Wells Fargo Securities LLC

Q

Got it. And maybe one quick follow-up on the cookie-based relationships that roll off in 2022. Do those definitively go away even if Google kicks back the depreciation – or deprecation of third-party cookies if that gets delayed? Can you talk about the phasing of that impact?

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

A

I would not expect any incremental upside beyond that which we've talked about for next year. We think it's just prudent to plan for the $30 million that we'd mentioned. The second thing that I would like to say, however, is we will have ongoing relationships with these platforms, which you think ahead to James's new role for example, we're really bullish on the opportunities we have with all of the cloud providers and what's ahead for us. So, I would not factor any incremental upside. We think the $30 million risk is real. That said, if anything changes, we'll of course let you know.

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

A

Yeah, and I'll...

Brian Fitzgerald
Analyst, Wells Fargo Securities LLC

Q

Good.

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

A

...just add to that. I mean, I want to be definitive on this. It doesn't matter what Google does. Cookies are going away. They're already gone away, and Safari and Firefox and Edge, and together that represents 40%-plus of US inventory, and then a much bigger chunk of non-US inventory. What we're also seeing is that authenticated identifiers like ATS, it just works better than what it's replacing. And so quite frankly, even if somehow Google had about-faced on their decision, which I don't see happening, given the fact that authenticated ATS-type solutions are far more consumer-friendly and privacy-compliant, even if Google had about change of face though, we would still encourage clients and publishers to make the transition.

Brian Fitzgerald
Analyst, Wells Fargo Securities LLC

Q

Yeah. Great. Thanks, guys. Appreciate it.

Operator: Your next question comes from the line of Stan Zlotsky from Morgan Stanley. Your line is open.

Stan Zlotsky
Analyst, Morgan Stanley & Co. LLC

Q

Hey, guys. Good afternoon and thank you for taking our questions.

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

A

Hey, Stan.

Stan Zlotsky
Analyst, Morgan Stanley & Co. LLC

Q

A couple from my end – can you hear me?

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

A

Yeah.

Stan Zlotsky
Analyst, Morgan Stanley & Co. LLC

Q

Oh, awesome. All right, perfect. Trying to minimize the Zoom errors on my end as well. So just on the 20% core growth that you're looking for for 2022 – or fiscal 2022 rather, when you think about the components of that 20% growth, is it uptick maybe in pace of customer acquisition? Is it strength of an existing? And is it – which product areas are you thinking are going to be the main drivers of that? And I have a quick follow-up for Scott – rather Warren.

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

A

Yeah, I would tell you, and Warren, hop in here, but as we sit looking forward, we think that there's going to be a few drivers. Number one is, this year, we've really relied a lot on upsell. And in part, the one casualty of COVID world is face-to-face meetings, where you're building trust and rapport, and that absolutely hamstrings new logo prospecting. That said, ATS is one of the greatest new logo opportunities that we've seen, as it succeeds a whole legion of clients that haven't previously dipped their toe into programmatic with LiveRamp, can really take advantage of our services across both the programmatic channels and the walled gardens to which they're probably already advertising. So I think that's an opportunity.

The second thing that we're going to benefit from is Safe Haven and really the flywheel there. It's a incredible business inasmuch as, as we win any single retail client, they in turn introduce us to all of their packaged goods partners and encourage those packaged goods partners to become clients as well. We've often said that many of our partners have been our best sources of leads over the last decade. I think that's going to continue and even accelerate in the coming years, because these Safe Haven clients are going to be introducing us to their partners and we'll benefit from that.

And then the final driver is – and one of the things that gives us a lot of confidence right now is we've now seen a couple quarters of ATS performance. We know it works really well, and so we can go out and show the case studies, share client testimonials to new and existing clients and they get really excited about the opportunity to generate more reach and better results at the same time. So there's no one single thing. It's a whole lot of elements of our business working together. And I think that's why you hear a lot of enthusiasm in our voices today.

Stan Zlotsky Q
Analyst, Morgan Stanley & Co. LLC

Got it. That's perfect. And then a quick follow-up for Warren, the 100% net revenue retention guide for Q4, is some of that cookie-based relationship deprecation with partners that if it's going to be $30 million for next year, is that already some of it's starting in Q4, is that some of the pressure that you're going to be seeing?

Warren C. Jenson A
President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

Great, great, great question, Stan. Yes, the entire decline from 105% to 100% is directly associated with that in the fourth quarter.

Stan Zlotsky Q
Analyst, Morgan Stanley & Co. LLC

Got it. Okay. Perfect. And just the 105% in the current quarter, was any of that dynamic impacting Q3 at all?

Warren C. Jenson A
President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

No, nothing material.

Stan Zlotsky Q
Analyst, Morgan Stanley & Co. LLC

Got it. All right. Thank you so much, guys.

Warren C. Jenson A
President, Chief Financial Officer & Executive Managing Director-International, LiveRamp Holdings, Inc.

Thank you.

Operator: Your next question comes from the line of Jack Andrews from Needham. Your line is open.

Jack Andrews
Analyst, Needham & Co. LLC

Q

Good afternoon, and thanks for taking my question. I wanted to drill down on the remarkable ATS progress you achieved. Could you just share, was there a specific catalyst that really drove this jump in people on this platform or is it just you think that the message you've been saying for the last several quarters is finally kicking in all of a sudden? Any color on what really drove that the jump in adoption would be super helpful

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

A

Yeah. I am not even sure I'd characterize it as this incredible jump quarter-over-quarter. Yes, the stats are meaningful but it's really then a step-by-step journey for us really over the past year. And it really is a flywheel business. So as we sign up more and more publishers, now we have 325 direct publishers, that represents tens of thousands of individual websites. And I think I said last quarter that we now believe in the US for instance, we have the capability to reach 95%-plus of US households.

So the reach is there. But then that coupled with the results that folks are seeing, I mean, the biggest barrier that we've had in ATS is 20 years of inertia, 20 years of folks building all of their processes and all of their workflows around cookies. Well, we're proving that these new technologies work better. And now I would expect that as we get out of the holiday quarter and cookie deprecation is now officially on the clock, it's happening in less than a year, we're going to see the adoption just continue to increase. Lot of excitement around advertisers when they hear the case studies. And for publishers who are starved for yield, there is no better message than being able to go to them and say, hey, your yield will go up by 3x.

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

A

Jack, I might also just weigh in, I'm going to again emphasize the word global. ATS is a global solution. So, if you're a multinational CPG and you're looking to have a consistent approach across all geographies, ATS is the solution. So, again this is opening up a wonderful set of global opportunities for the company and also doing some terrific things for our customers globally.

Jack Andrews
Analyst, Needham & Co. LLC

Q

Appreciate the color around that. Just a quick follow-up question, on the DataFleets acquisition, could you just talk about how you're planning on I guess monetizing this? Is this something that you're going to be directly charging customers for? Is this going to be part of the broader value proposition around LiveRamp in your platform?

Anneka Gupta
President & Head-Products and Platforms, LiveRamp Holdings, Inc.

A

Hey, this is Anneka. I can jump in here. Our approach with DataFleets is that it's going to be foundational technology that's embedded in the platform. And what we think the way that this is going to get monetized is as part of our Safe Haven solution and as part of our broader product suite. What we anticipate in our planning for is that this is going to open up new TAM and new opportunities in verticals like healthcare and financial services where we have low penetration today. So we're really excited about that potential but it is something that's not going to be a separate product but rather embedded into the platform.

Jack Andrews
Analyst, Needham & Co. LLC

Q

Got it. That's helpful. Thanks for taking my questions.

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

A

Thank you.

Operator: Your next question comes from the line of Kyle Evans from Stephens. Your line is open.

Kyle Evans
Analyst, Stephens, Inc.

Q

Hi. Thanks. I'm going to beat the reseller question to death here. Is the $30 million exposure – is that a single relationship or is that all of your reseller relationships?

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

A

Kyle, it's across a number – think about a handful of relationships, and again these relationships are not going away – they're just going to change in their nature.

Kyle Evans
Analyst, Stephens, Inc.

Q

Okay. So that's your total reseller business within subscription, that $30 million.

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

A

Yeah, I think the way we would put it is this is where we've licensed component parts of our identity graph to a handful of platform partners.

Kyle Evans
Analyst, Stephens, Inc.

Q

And why wouldn't the handful of partners simply replace the cookie-based components with the new ATS-based components?

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

A

So the short answer to that is in a world where you require dual authentication on both the publisher and advertiser side, it's more difficult for them to materially add-value. We think that there is an opportunity – all of their clients will be using ATS – but in terms of them being the private label identity solution themselves really doesn't make a lot of sense. Over time, we think that there is an opportunity to actually extend the relationship not just on identity but by ensuring that our Measurement, Safe Haven capabilities are built in on top of their cloud offerings. And so I think that quite frankly long term that's going to be a bigger TAM than what it replaces. But short term it just doesn't make sense to continue to license them cookies when cookies are going away.

Kyle Evans
Analyst, Stephens, Inc.

Q

Got it. And then, Warren, you warned us pretty specifically of the linear transactional TV headwinds. Did those play out as you expected and when do you expect to lap those tougher comps?

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

A

Let me take the last part of the question first. I'd say mid-year next year we should start to lap these trends. And then also we're working our way through some legacy revenues that are holdovers even going back to Acxiom. The trend definitely held through this quarter. We had an exceptionally strong quarter in Data Marketplace. It was up over 60% year-over-year where total Marketplace & Other was up 27%. So we definitely felt it this quarter. I might add that we'll feel it also next quarter. We expect to have again in Q4 a very strong performance, solid double-digit growth in Data Marketplace but some headwinds in the linear TV and again this small set of legacy revenues.

Kyle Evans
Analyst, Stephens, Inc.

Q

Good segue to my last question. It sounded like you had some new relationships on the Marketplace side that maybe helped to drive some of that performance in the period. Are any of those [indiscernible] (01:05:57) you could comment on?

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

A

Kyle, you cut out for just a second there. Could you repeat that question?

Kyle Evans
Analyst, Stephens, Inc.

Q

Yeah, it sounded like your Marketplace business benefited from some new relationships. Is there anything which you could comment publicly on there?

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

A

Yeah, I would tell you that, I'm not sure I can comment. Can I comment? So one of the big new destinations is Amazon, and that was just activated, I think we've hinted at in the past quarters, but we think it's going to be a really exciting way for all of our clients to activate data on the Amazon platform.

Kyle Evans
Analyst, Stephens, Inc.

Q

Great. Thank you.

Operator: Your next question comes from the line of Tim Nollen from Macquarie. Your line is open.

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

Q

Thanks very much. Sorry, I've got another question about the $30 million, and that is simply – I actually appreciate you giving that number because we can now quantify what the cookie duplication impact can be next year. But is it possible to quantify what the upside would be from ATS and other things that would offset that – probably not next year, but in the subsequent years? I assume you're going to say that that can more than make up for the $30 million loss beyond fiscal 2022. But if you could comment on that, it would be great.

And secondly and somewhat relatedly, we haven't talked about IDFAs on this call at all. I know it doesn't affect you in the way that third-party cookie does, but maybe, Scott, any thoughts on what near-term disruption might be in the market when the IDFAs officially supposedly do go away in the next few weeks or months?

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

A

Well, I'll start with the IDFA question, Tim. I actually think that could be a catalyst for us. I think when posed with real dates and real migration, it makes the change real. And so ATS from the get go was architected to work on both display as well as mobile. And so we're ready to go with solutions. In fact, most of the publishers that we've signed up will deploy on both display and on mobile as well. We're recommending to them that they follow the Apple procedures about obtaining the authentication on the actual device itself as opposed to simply on the app. But again, we think that's a real opportunity for us, and just the fact that it's becoming real is going to force change in the industry, and I think that's good.

In terms of your question on the subs, Warren mentioned aside from that $30 million that we're going to sunset that our subs business is growing at 20% expected next year. And we think continued strong growth is something that we're pretty optimistic about. I don't want to get into specifics around what that could look like in 2023 or 2024, but we think just as cookies set some players up for two decades of growth, so, two, do we think more people-based authentication set us up to really help the ecosystem for the next 10 or 20 years.

The other thing that we haven't factored in at all is while the cookie graph goes away and we'll save some money in our cost structure there, there is an opportunity as DMPs are replaced in mass by CDPs, for us to really license our PII identity graph, AbiliTec, and that's part of the opportunity that James is going to lead the charge on. We're pretty optimistic about that but we have always, always been a show company as opposed to a tell company. So we'll start to forecast that revenue when it actually becomes real. Right now we know that we're going to sunset a portion of the revenue and we have plans to broaden the relationships, but those aren't real contracts yet, so we won't build those into the forecasts.

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

Q

Thanks, Scott.

Operator: Your next question comes from the line of Jason Kreyer from Craig-Hallum. Your line is open.

Jason Michael Kreyer
Analyst, Craig-Hallum Capital Group LLC

Q

Thanks, guys. One from me on Safe Haven. It seems like you're identifying more use cases there. Just thinking through the existing customer base, can you give any context on what the mix or what percentage of the opportunity for Safe Haven you'd have across your existing customers.

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

A

Scott, maybe I can jump in and I'll kick off and then you can jump in. We're really seeing demand both across our existing customer base and new logos and in particular as we build out new use cases and add new features and functionality, those use cases just expand. DataFleets will without a doubt increase use cases for both our existing customers and for new customers as well and should also open up a whole new TAM for us, specifically thinking about financial services and also in healthcare. Another market which is really opening up to us, as Scott mentioned and I did too, is really CPG. The flywheel between retailers and CPG, how supplier relationships are being transformed is really taking place right in front of us right now. So it's incredibly exciting. I would look at this as an opportunity both for upsell to existing customers as well as new logos with whom where we're able to forge new relationships.

Jason Michael Kreyer
Analyst, Craig-Hallum Capital Group LLC

Q

Thanks, Warren.

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

A

You're welcome.

Operator: There are no further questions at this time. I turn the call back over to Warren Jenson for closing remarks.

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

Well, again, thank you, everyone, for joining us today. And again we apologize for the technical glitch. We want to thank you for joining us. We want to thank our customers and our employees. As I mentioned earlier, it's you who make this company great. To the team at DataFleets, a hearty welcome. We really look forward to working with you and I know our customers are going to love your technology as well. We believe our model is solid. It's demonstrating its durability and its leverage. And we just couldn't think of a better time to be at LiveRamp. Our products and technology do sit at the center of a very powerful secular growth trend, and our global role has truly never been more important. With that, thank you so much for joining us today.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.