29-Feb-2024

LiveRamp Holdings, Inc. (RAMP)

Investor Meeting

Total Pages: 18

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MANAGEMENT DISCUSSION SECTION

Andrew M. Borst
Vice President & Head-Investor Relations, LiveRamp Holdings, Inc.

Hello, everyone. Thank you so much for making it to RampUp 2024. I'm Andrew Borst, Head of Investor Relations. I know this is a very busy time of year for all of you. There's a lot of earnings going on and many of you traveled from the East Coast and even farther. So again, thank you so much for making time to come and see us.

The format of today is going to be, we're going to flip through a few slides. Our first speaker will be our CEO, Scott Howe, who'll kind of run through some of the key themes of this year's RampUp and what he's hearing from customers. That'll be followed by a presentation from Vihan Sharma who is our Chief Revenue Officer, and he'll be joined by Matt Kilmartin, who is Co-Founder of Habu and now SVP of Partnerships with us at LiveRamp.

And then the final presentation, final slides, will come from Travis Clinger, our Chief Connectivity & Ecosystem Officer. He'll speak about some of our partnerships, including Google PAIR which you've heard a lot from us about, but he'll give some more details on that. So after that, it'll probably take maybe 15 minutes. We're going to open it up to sort of open Q&A and we'll be done by 8:45, so everyone can get to the sessions that start at 9 and hopefully you have time to spend the day with us.

So with that, I'm going to hand it over to Scott Howe.

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

All right. And let me give a plug for the sessions at 9 because I actually think that two most interesting sessions today. I mean, I think the most interesting sessions, quite frankly, are always when clients and partners are on stage talking as opposed to LiveRamp. But there's two really interesting ones that I'm going through today. One is at 9 am. We brought in an industry expert on AI and I've seen him speak before. He's super provocative.

And so I think it will arm you with a lot of questions for your coverage universe, your investor universe for some of your other companies. And then at 9:30, you've heard LiveRamp talk about Google PAIR and authentication. At 9:30, you'll actually hear Google talk about it. So, we have an innovation panel, and on it is Stephen Yap from Google. He runs a big chunk of their commercial sales organization. He's responsible for evangelizing PAIR. They're really starting to lean in, and so Travis is going to be on stage interviewing Stephen, amongst others. And

so, you'll just see kind of their perspective on timing, commitment, to actually seeing it through what they think of LiveRamp. So, could be interesting.

In terms of key themes, I'm going to quick. Spirit of full disclosure, like, this is my favorite time of year at LiveRamp because we bring in – we have a couple thousand clients and partners in attendance, tend to be a lot of C-level executives. And what's really fun for me is, like, my day is non-stop. So by the time I went to bed last night, I could barely talk.

So, I won't be long winded today because, quite frankly, you'll hear enough for me anyway. And you'd probably hear – like to hear more from our colleagues. But three big themes that we're trying to emphasize this year at RampUp. Number one is, like, this is a crazy time in the data and adtech space. And there's crazy bad and crazy good and I think it's crazy good, because change is opportunity.

And in the 30 years that I've been in the media and adtech space, I literally have never seen a year with this kind of existential change. You have signal loss with Google retiring their Chrome cookies. You have regulatory change both in the EU and here in the United States, where many states are embracing much tighter, heightened privacy regulations.

You have tipping from linear television to CTV, which unlocks a wealth of opportunities for advertisers to work with CTV providers and collaborate with them on the rich data that those CTV providers have in terms of viewing information, demographic information, all of it authenticated because you can't use CTV if you don't sign in. And data collaboration; huge trend because as third-party data, you look at it, it's maybe less useful than second-party data. Second party data is someone else's CRM data, authenticated consented CRM data.

And so, so much of the conversations we're seeing here at RampUp this year are around Delta Airlines talking to their travel partners. United Airlines is here. Albertsons Media Cooperative (sic) [Collective] (00:05:27) is here. Like, I was talking to Kristi Argyilan yesterday and like her dance card is completely full, just meeting after meeting after meeting, with packaged goods partners who are lining up to work with Albertsons.

So, in some respects, RampUp is always about LiveRamp's role as a matchmaker because the innovation doesn't necessarily come from us; it comes from our partners who are using our technology to do interesting things together. Never more true than this year, because the industry sees those existential trends that I've been talking about and saying, hey, how do I turn this into a huge win? How do I tilt these circumstances in my favor?

The second thing that we're really emphasizing this year is how to take advantage of the changing addressability environment. So for 30 years, our industry has been built on cookies as the foundational infrastructure for targeting and measurement, and they're deeply flawed. A big chunk of Americans turn off their cookies daily. Already, Safari and Firefox have turned off cookies. And so, only about half of the inventory is addressable in programmatic anyway, and that's the remaining stuff going through Chrome.

That goes away this year. The good news is it gets replaced by something better. And so, we really have been making a push to educate, to evangelize, to calm people's fears that the future is far better than the last 30 years. So yesterday when I got on stage, I talked about three case studies, all of which are public domain published. One we released a couple of weeks ago. That was with Google PAIR for Omni Hotels.

Omni found that when they advertised to the consented audience, the addressable audience, through our authenticated traffic solution and PAIR, they got 4x lift over the same segments advertised on cookies. So, that's like big news in the industry. Quite frankly, we knew it was going to be better because the authenticated audience

is more persistent and enduring. You don't have signal loss. You can attract additional users that were lost on other browsers. So, all that's good, but 4x I think is at the upper range of what we expected. I think most advertisers would be pretty satisfied with 10% lift. And so, this was, I think, a wake-up call for a lot of folks in the industry.

The second one we talked about was, hey, it's better for advertisers, also better for publishers. And we referred back to a published case study we did with Microsoft last year that showed 40% lift for Microsoft as a publisher on their yields. And then we also talked about, hey, it's not this transition from cookies to authentication; right now, it's an and. And so, people shouldn't wait until the last minute. They should start doing it now. And the reason they should start doing it now is that by stacking them on top of each other, you actually get 11% greater reach. So, you just get more volume because the techniques actually allow you to reach different people.

So we're really, with Google's help, trying to spur people to act now, as opposed to waiting until the last day before cookies go away. And I think the good news, quite frankly is – and you'll see this if you go to the 9:30 – for a long time when Google was talking about cookie deprecation, it was the talk track was coming out of their product team. Increasingly now it's their sales team that is recognizing it's time to evangelize. We have a – they have 40% share with DV360. And so, they are the giant in the space. So, when they put their sales reps against this, it starts to draw attention in the industry.

And that the last thing we talked about is that you can't really do a lot of the data collaboration. You can't work across all the clouds where the data lives without having great cloud interoperability and clean room capabilities. And that really gets to, hey, why did we decide that we should get married with Habu, and our friend Matt Kilmartin, down at the other end of the row here, we feel like it's a great marriage of LiveRamp's scale with Habu's simplicity.

Everything that Habu has built is designed to be simple and intuitive. And so, some of the capabilities that they've immediately brought us allow us to connect with any clean room, build a clean room with any cloud just with a couple clicks, allow us to do measurement with walled gardens with just a couple clicks. And importantly, allow us to launch PAIR campaigns with just a couple of clicks.

So it made something that was challenging, difficult operationally, into something that's easy. And we think that's a real key. It's kind of a gating factor for LiveRamp's future growth. If we can make things easier, we can attract a far bigger TAM than just the thousands sophisticated clients we have today.

So, with that, I'll even skip the next slide and just, Vihan, take it away.

Vihan Sharma
Chief Revenue Officer, LiveRamp Holdings, Inc.

Yeah. Thank you, Scott. So I think you have seen a version of this slide in some form. What we are trying to show here is advertisers need to connect their data within their own internal environments and externally to map the full customer journey. And this exercise is going to get harder as we go across the years. So, if you go to the next slide, please. We know that consumer today expects advertisers to deliver a personalized experience at every touchpoint. However, at the same time, they want privacy; and regulation is making it harder for advertisers to leverage consumer data in the right way.

We are seeing the customer journey is increasingly fragmented because of the number of devices, apps that consumers use today. And our customers, the advertiser, are increasingly sending their data into the clouds,

which is making this whole ecosystem much more complicated if you're a marketer to deliver incremental value to your consumers, or drive additional incremental value for your own company.

Adding to that, the loss of third-party cookies make this year a pretty difficult year if you're a marketer because you want to be able to communicate better with your customers. However, signals are gone, your data is sitting in the cloud, and consumer is still expecting the same personalized experiences they were getting previously. So, together with Habu, we think we are here to solve this problem in itself.

And if you go to the next slide, we believe in order to connect or map the customer journey, you need both sides of the equation that you get from Live Ramp and Habu today. So, you need the best identity, because without identity you can't really understand who your customer is. You need connectivity. So, everything Travis is doing for our company is increasingly important for our marketers. Because what is the point of collaborating if you can't really activate those insights for a meaningful outcome.

And today, if you look at different industry types, different customers, they have their own data policies. So, they need incredible flexibility when it comes to data collaboration. There are some companies who might want to collaborate only on aggregated levels of data. There are some others who want to mask the individual level insights that they have available. And for that, you need privacy-enhancing technology, which together with Habu, we bring to the table. As Scott mentioned, we are connected to the clouds, we are connected to the walled gardens.

I think since – it's only been five weeks, but in the very beginning, the first day we had about 160 different customer calls, and every single call was really positive and there was a lot of excitement because every customer spends money on Facebook, Google – or Meta, Google, and Amazon, and they really want to be able to have a unified view of understanding what their marketing spend is delivering. And Habu [ph] actually (00:14:51) provides this capability with a click of a button.

So, that's a unique value proposition. Along with that, today, you hear a lot about clean rooms and majority of the clean room discussions, you'll hear, oh, I needed a data engineer, I need a data analyst, I need some technical capability to make my data available for collaboration. That takes between 48 to 72 hours of an engineering resource to make something happen. What Habu has done has very simply standardized the way collaboration happens across the different cloud clean rooms, making it very simple and easy for our customers to leverage their own data for new insights, new outcomes that they have been working towards with their partners.

And finally, I think if you think about any industry which scales or any solution which scales, you need standards. And without a simple UI for marketers, it is very difficult to build standards for the entire ecosystem. And what we are seeing is customers coming in and saying, hey, I want to templatize the outcomes I want to deliver. So, I want to run a measurement campaign, I want to have a simple template that I can apply not to one single partner, but to the hundreds of partners I work with. And that is what Habu simplifies for our customers, which leads to scaling collaboration. And we expect in the next year, two years, to see the network that both our companies bring together to be stronger, much larger than it is today, and delivering better outcomes for our customers.

Matt, I'll leave it to you.

Matt Kilmartin
Senior Vice President-Habu & Partnerships, LiveRamp Holdings, Inc.

I have like 20 points I want to make. So why don't I start just by backing up to maybe just the beginning of Habu, just to set some context for you guys. So, I was working at Salesforce, my last company. Crocs, got acquired by

Salesforce in 2016. It was a good outcome. We had built a good company at Crocs and it was great to be part of Salesforce. I worked at Salesforce for three years. But what happened during that time, I saw what was happening in the industry and everything Vihan just said, it's kind of like what people say about VCs: they're not that smart; they're just better pattern match.

All I was doing was pattern-matching with customers of what was happening, right? What was happening was the cookies were going away. So, they couldn't get that signal. The walled gardens were restricting access to data. Okay. I just heard it from customers and said, so I went to Salesforce, I said, hey, here's what we need to do, here's what we need to do. Now, in Salesforce's defense, they're a are massive company; multibillion dollar businesses. We were just like a little product inside of marketing cloud, so it didn't hit like a top priority.

So, I ended up deciding to leave and I remember I – and, listen, when you're a fiery entrepreneur like me, you get all sort of lathered up and worked up. And I remember talking to this seasoned executive and I had a coffee with him. I live in [indiscernible] (00:18:04) Boston in Waltham. He's like, why are you so worked up? He goes, this is the cycle of innovation. He said, change happens. You innovate. Big company comes along. Change happens again. They can't move quick enough. So, like, why are you so worked up?

So I'm trying not to get as worked up now. But long story short, it's incredibly validating to be sitting here today as LiveRamp and I couldn't be more excited for what's ahead because while I'm very proud of what we accomplished at Habu, and it's great financial outcome but honestly what's more rewarding is the idea and, like, all those early calls, we had no idea what you're talking about, and then to actually get real customers and then get acquired.

And so, we had three offers as a company and we ultimately chose LiveRamp because this is just a continuation. Like Dave Eisenberg, who's Chief Strategy Officer at LiveRamp, like, he had a line where he said like, hey, this isn't – like, you don't think about this is the end. This isn't crossing the finish line. Like, you're just changing ownership now and that's the way our teams thinks about it. So, it was really cool. 100% of the employees got offers. They all came over. 100% of our customers who had signed contracts over, signed them, came over. And probably one of the most rewarding – or not rewarding, validating.

So, I talked about a global CPG yesterday. They sell soda and water and snacks and stuff like that. And when we go through our call-down list, we called this one customer. And by the way, this customer for them they've been on this journey for three years. They were a LiveRamp customer, Habu customer I think they might have been testing two other venture-backed collaboration companies. They had settled on two companies, Habu and LiveRamp because they needed both of us, right, because of our own unique strengths.

This customer – and it's a CEO level initiative at this company because the amount of money they're saving is just consequential by taking measurement in-house. To be able to reach into a retailer and get transaction data to reach into Disney, Netflix, and get that data; to reach into the NBA and get that data, it's unbelievable, right. It's so much better than before. You don't have to rely on Nielsen or any sort of middleman, right.

This person's reaction – he's here. I'd love for you to talk to him. He's like, yes, I'm so glad this happened. This is going make my life so much easier. I was hoping for an outcome like this for you guys. Congratulations. And so, that's the stuff that I think is just super validating. And I don't know if you were on the panel yesterday with Target and Microsoft. The guy from Target who runs product for their Roundel business, which is their retail media business, they don't disclose the numbers, but it's massive. And if you look at Walmart Connect, I think they disclose their numbers, they're going like 30%. And the retailers love it because it's just pure margin to their bottom line, right.

That guy's ex-Amazon. Now, he runs product for Target and we have Microsoft on there as well. And these guys were talking about where it's going. Honestly, that's the most exciting. So, I'm happy – like, I don't know who's next. Happy to answer questions, but that's a little bit of like the Habu journey. And actually one of you – I don't know who – asked me a question yesterday in the hallway, which I thought was a good question, but I'd love to address it for all of you. The question was, hey, them buying you guys, isn't that sort of them admitting their product's behind? I thought about the question for a minute and I said, it's a fair question. No. And here's why.

If you look at, like, our respective strengths, right. Habu's strength is multi-cloud. Habu's strength was the no-code, right, for the analyst. [indiscernible] (00:21:45) data scientist to play with data for them. It was the no-code UI and the multi-cloud if we just break it down. What Vihan just talked about was identity. He talked about the network, right. Our strategy as a company – and, by the way, we work with all the clouds. It was a decision day one. No one wants to copy and move their data to us. Snowflake Ventures was an investor in us, but we partner with all the hyperscalers, Databricks as well. And we had one salesperson for two years, and then we had four salespeople when we got acquired. Our strategy's like product, product, product; best product to win in time.

One of the corp dev people from one of the big clouds said to me, never in my career have I seen a company with such a small company, 48 employees, with such an impressive customer list. If you look at like all the retailers, all the media companies, and that was like the core thesis of the partnership was because we had such data gravity. And that's why all the clouds are fighting in the clean room space because they all – everyone wants data gravity.

But if you have LinkedIn as a customer and Walmart as a customer and Target as a customer and Disney as a customer, those people have data gravity and that's who Habu had as customers. And so, now you bring it together with 1,000 marketers, you have a network. So, there's a technology moat, and then there's also a moat of a network where there will not be – mark my words – well, I shouldn't say this.

In my opinion, they're training me here. I'm not joking. It's working. Where's [ph] Jeff (00:23:21)? In my opinion, there will not be another local maximum for startups in this space. So, like, for every venture-backed data collaboration company, I don't believe – I think the moat is too big, right. And so that's my perspective. And I can comment on the clouds, too, but I think I should turn over to Travis because I'm long-winded now, so.

Travis Clinger
Chief Connectivity & Ecosystem Officer, LiveRamp Holdings, Inc.

All right. Good morning. So, talking a little bit about signal loss. So it's been a busy first couple of months of the year. I think you cannot open the trade magazines without reading about the end of signal Chrome on January 4, went to 1% of the cookies gone. So, for the first time ever, over 50% of the Internet is now cookieless. Chrome has almost exactly 50%. So, when they took that 1%, we now have more cookieless Internet than cookie-able Internet.

And that test has been going well. A bunch of publishers have been kind of reporting what they are seeing. Essentially, the Chrome CPMs look very similar to the Safari CPMs. So, as you would expect, the world is moving more cookieless. Now, what does the next kind of rest of the year look like with Chrome? We know that they're going to run this 1% test until the end of June. At that point, they will enter a standstill period with the Competition Management Authority in the United Kingdom, and then they will have two months where they still keep 1%, and then they will go to 100% after that. So, we are looking at a September to October timeframe for the end of third-party cookies completely.

And so that is on the cookie side. On the in-app side, obviously, we had Apple's ATT. This was announced back in 2020. It took a couple of years to take effect and for them to roll it out by limiting addressable on the IDFA.

Google announced last year they will eliminate the Android ID. So, for mobile and app, there will be no IDs, no third-party IDs on the Android side. That's going to be likely later this year or early 2025.

And then even looking at the IP address, already in markets like the EU, we do not use IP address. It's just not available there. And then coming over here in the US, if you guys all have iPhones which I'm guessing this room has some iPhones in here, you may have noticed that when you connect to Wi-Fi, it now says your browsing is protected and your IP address is hidden. That is a new Safari technology blocking IP address. Chrome, rolling out IP tracking protection in early 2025.

So, what this means is the idea of third-party signal is gone. Within about 18 months here, there will be no third-party signal remaining across IP, across mobile and app, or across cookies. And we see this as an incredible opportunity because if you go back even 25 years ago, this was the glue that built the Internet. The entire early-2000s was defined by the third-party cookie. And now we have to move to a new network, and LiveRamp is that network.

We are the world's leader in authenticated scale. We are up in 22 markets. We're the only leader live in all of those markets and our scale is more than double our nearest other network that is up there. So, it's pretty exciting for us. It's been a journey. If you've been here or following us, you've heard us talk about ATS for, we're going on five years now, but it's pretty exciting where we've gotten to.

So, I'll give a couple stats of where we are. So, as a quick reminder, ATS, or Authenticated Traffic Solution, is our way of connecting any kind of consumer experience, whether that's connected TV, mobile and app, or digital display to a consumer; and then enabling that to be addressable for a marketer. And we have repiped the entire programmatic ecosystem. So, over 160 DSPs and SSPs transact on our identity.

When you talk to most other identities, it's a single DSP transacting on it. For us, it's Google DV360, it's the Trade Desk, it's Xander, it's Amazon, and soon Yahoo as well. So, every major DSP, every major supply path works on identity. So, we are now the plumbing that fuels the authenticated Internet. And then when you look on the publisher side, 18,000-plus domains live in over 22 countries. If we translate that into time spent online, today in the US, over 92% of time spent online is running on our authenticated network. So, 92% of the time that you guys will spend online, you are available to LiveRamp customers to be addressable and to be measurable.

So, everything that Vihan and Matt talked about, about collaboration and measurement, this network is available to all of those customers. So, we're super excited about that. We're going to be continuing to expand that. In about an hour here, we'll be on stage of Google and NBC. We're going to have some pretty exciting news to share on stage there about some partnerships we're announcing. So, definitely if you can come to that. CTV's a huge focus for us. We now have Paramount Plus live and running on ATS. We have Disney+ coming up on ATS shortly. And then we've also been really focused on our PAIR initiative.

So, oh, yeah, we can skip this one in the interest of time. So, here, as you may recall, we announced in October of 2022 and this is a Google/LiveRamp collaboration. And what we did is Google created a protocol, the PAIR protocol, and it enables marketers and advertisers to connect their data. It's very similar to ATS. We immediately saw an opportunity to supercharge PAIR and to add it to every ATS publisher. So we went out to market with Google. We now have PAIR live on over 5,500 domains. So, already about a quarter of our ATS network is up and running on PAIR.

We are seeing, just on one quarter of the ATS network, match rates averaging 28% for our marketers. What that means is today our marketers benchmark a PAIR metric around 60% to 65%. That's where they want to go That's

what you get with cookies. We're at 28% today and we only have one quarter of ATS network. And we're going to increase our ATS network by another 50%.

What that means for PAIR and ATS match rates, so looking at 75-plus-percent match rates. So we're going to be 10 points higher than we were on cookies. So, our marketers will actually have a better experience post-signal than pre-signal. And this case study, which we just released last month, is kind of the first to reflect this.

So Omni Hotels compared their cookie-based campaigns versus PAIR campaigns, and they were able to increase conversions by 4 times. So conversions being going to the Omni Hotel site. And the reason they were able to do this is they were able to reach valuable users in Safari, Firefox, Microsoft Edge, users with more purchasing power potentially, and users who are not typically marketed to. And they were able to connect to them and show them the personalized advertising and then bring them to the Omni site.

This is one of many case studies. As Scott mentioned, he had a couple on stage yesterday. We have some more in the works. I can tell you we're looking at other conversion data. This is not an outlier. Each of the brands who are comparing and doing AB testing are looking like this. Some are even a little better than this. So, we're excited to have some new case studies over the coming month.

And I think I turn it over to Drew now.

Andrew M. Borst
Vice President & Head-Investor Relations, LiveRamp Holdings, Inc.

Yeah. Great. Great. Excellent job. Thank you all. So now we're going to move to Q&A. I'll do the mic running. And so, I don't know if anybody has any questions. Sure. Great. Ones out front.

QUESTION AND ANSWER SECTION

Q

So I'll start. Scott, you pulled the audience yesterday and it popped up again in David Cohen's speed round at the connected TV session. And the question was, do you think this cookie deprecation is – when's it coming, is it going to get delayed, or is it even going to happen? And I think the response was kind of – I think you were surprised by it, too. Maybe you weren't. But it was, I think, 50% of the audience was like, this is either not going to happen or it should definitely get delayed.

And so, when we look at the early feedback that's going back and forth between the IAB's Tech Labs and the CMA, it definitely seems like there's a lot of debate about whether Google's toolsets are there and when they're going to get there. Because I think the overwhelming opinion right now is this is not working. And maybe it's a, hey, you've got to rip the Band-Aid off and do some testing, and you even brought that up.

But what's your opinion on how quickly Google can iterate these toolsets to bring it up to par, and the initial response from people in the sandbox, because it doesn't seem like it's – this is going to happen by year-end.

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

A

Yeah, I'll start. And Travis is so much better versed in this than me. I think he probably talks to Google every day. And I would start by reiterating what I've said before. So, if you go back four years, this was a science project within Google. It was all product and engineering. And we're talking about something that is a standard for the entire industry. Only within the last couple of months has it reached the mainstream commercial organization. They started to evangelize it. I'm reminded, I was talking to some of the folks at Google yesterday, and we were – they were long-termers, and we were talking about the early days of Search.

And in 2002, no one knew how to use Search. They had this great product, but no one understood how to set their bids and how much incremental volume that they would get. And they went out and they hired a guy named Torrence Boone, who's still with Google. And they put him in charge of evangelization. And what he found was that you just go through and you teach every client how to do it once, and then they figure out.

But they had to overcome the natural resistance of people just didn't know; it was a new thing; and so they had to learn it. And we're seeing that here. And oh, by the way, I talk about Google Search from 20 years ago, but I could just as easily point out Y2K or GDPR implementation. It is just the case that there is a natural inertia in business, and folks will wait until the last minute and then they will panic.

The key is, if the timeline happens, we got to be ready to go reassure all the panicked folks and get them set up really quickly. And that's going to be the amazing opportunity. And if the timeline gets delayed, that's fine, too; because we can serve cookies, we can serve authenticated solution. Like, we think we win – the landscape tilts towards a little bit in the post-cookie world, but quite frankly, we're agnostic. And so, we don't really have skin in the game in terms of the timing. That's for Google, Apple, and others to figure out. Oh, you know more about this than me.

Travis Clinger
Chief Connectivity & Ecosystem Officer, LiveRamp Holdings, Inc.   A

Yeah, I would agree. Maybe I'd add just maybe three things. I think, one, definitely around coming on to CMA, it's hard to speculate what they would do. I think if you look at their report – they've been writing those for about two years now since February of 2022 – their report is roughly in line with what they've written previously. An important quote I saw in the report, I think, is kind of telling is, their goal is not to protect adtech or media companies; their goal is to ensure competition while protecting the consumer. And I think sometimes the industry conflates those two, and they specifically called that out.

And then I think on the second part, I think when you talk to Google on Privacy Sandbox and the IAB Tech Lab (sic) [Labs] (00:35:49) it's interesting, there is no Safari privacy sandbox; there is no Microsoft Edge privacy sandbox; there's no Firefox privacy sandbox. One day the cookies were there, one day the cookies weren't; and the industry just had to deal with it. And arguably when you add those up, they're just the same size as Google.

And so I think Google's efforts in Privacy Sandbox are an effort to offer the industry an opportunity, but it's not to replace the third-party cookie, and they've been super clear about that. In their response to the IAB, they said 90% of the IAB's questions are actually already addressed. And then the remaining questions and use cases, there was some good feedback and they were like, okay, we'll take and improve them. But a lot of it, they said, was actually use cases we don't want.

For example, the IAB asked do to individual-level retargeting like a cookie, and Google is like, that's actually part of why we're getting rid of the cookie as a response. So, I think there's a natural tension there. Obviously, IAB is the industry body representing adtech. Google wants to get Chrome done.

But I think the thing I would kind of end with is we will know this summer, come probably July, if the cookie timeline is holding to September. But when our customers are talking to us, they don't care about Chrome display anymore. Chrome display is interesting, it's an opportunity, and we're getting better reach already. But what they really care about is Safari. They care about connected TV, they care about mobile and app. They're starting to think of the Internet of Things. They're thinking about retailer sites, they're thinking about planes on TVs.

And all of those are all inherently cookieless. So when you look at as we scale the ATS network, you'll see some additional display sites go live over the coming months. We still have some. But you're really going to see a focus on this next wave of inventory. And that inventory performance is better and it's always been cookieless. So, in some ways, the cookie may end up being like 3G. I think it existed a couple years longer than anyone used it as we all upgraded to 5G, and it was just an entirely better network. And that's kind of what I see ATS as versus the cookie.

Q

Thank you. Travis, you talked about how Chrome users, deprecated users, the CPMs are tracking towards what you're seeing in Safari. So I'm just curious if there's any way to analyze the durability of how CPMs would track if you're using a RampID, if you're using a Habu clean room. And I know you talked about the white paper on Omni and you're talking about 4x conversion. Does that somehow map out to what the CPM dislocation would be?

Travis Clinger
Chief Connectivity & Ecosystem Officer, LiveRamp Holdings, Inc.

A

Yeah, great question. So, we do track kind of – we're obviously not in the media business. So, we don't see the CPMs directly, but we do track them for our publishers participating in ATS. If you think of a impression [indiscernible] (00:38:35) for $1 when it has a cookie. When it has a RampID on it, when it's with ATS, it's selling for $1.40. So, 40% boost on the CPM. And when there is no cookie, it sells for $0.60. But here's the really cool thing. If you take that $0.60 impression and you put a RampID on it through ATS, you don't go to $1, you go to $1.40.

So you're going up quite a bit. So, what that allows us to tell publishers is, hey, not all of your inventory is going to be authenticated. Like, we will not get to 100% authentication, but the 20% to 30% that will be authenticated, that's going to be your gold standard, that's going to perform the best and you get to charge more. And the reason the publishers get that 40% boost in CPM is because the brands and the bidders see the value.

When DV360 bidder sees that it's driving a 4 times conversion rate on PAIR versus cookies, it funnels more money into PAIR. The bidder goes where performance goes. And when a marketer sees that, when Omni sees that, they are now calling us and saying, hey, we want to do PAIR on connected TV. We want to do another PAIR case study. So, the two fuel each other.

And so I think we are excited that – we expect like when Chrome went cookieless, it should look like everything else cookieless, and publishers told us that is roughly true. But then you still see that improved performance on ATS. So for us again, it's kind of these two different networks [indiscernible] (00:39:58) at 140% and then everyone – cookieless is going to be close to that 60%.

Matt Kilmartin
Senior Vice President-Habu & Partnerships, LiveRamp Holdings, Inc.

A

And if I could add one thing. Back to pattern matching, if you go back to a category which is now gone, I think we've data driven advertising, right, the two categories that were wiped out because of some of these changes were DMPs, which we could argue if it's a category or not, and attribution, multi-touch attribution, right. And so if you just pattern-match on DMP market, which I know because that's the company, Crocs, that I joined in 2011. Adobe bought this company called Demdex, Oracle bought this company called BlueKai, Salesforce bought this company called Crocs.

What Travis just said around the economics was exactly the same then, right. If you can attach a signal around an impression in data, you're going to be able to charge more. And that's exactly what DMPs did, and that's why Adobe, Oracle, and Salesforce all bought companies.

What happened, though, and it's interesting just to have like a front row seat at this change happening. I literally could see this happening in 2018, right, and probably LiveRamp did, too; and that's why they're so far ahead of everyone. And so, it's just – and I'm sure Scott could go back to his Microsoft days with Atlas and whatnot, right, in terms of when like all this stuff started. So, long-winded way of saying, like, it's just, looking at history, the data supports that when you can attach a data signal to something, you're going to get higher CPM.

Q

Can I ask a couple questions on a similar topic, which is about use of common IDs. We hear about the RampID and UID2 and all the other common IDs, and there seem to be a lot of them, which I guess is fine as long as you're interoperable. But my understanding is the actual penetration rate of these IDs on actual transactions is still very low. And I wonder if you could help me understand better, because I think they're prevalent, but I guess not necessarily being activated in the transactions themselves. Can you just maybe explain what's up with that? And I have a second question after that.

Travis Clinger
Chief Connectivity & Ecosystem Officer, LiveRamp Holdings, Inc.

A

Sure. Absolutely. So as you mentioned, UID2/RampID, interoperable. We just announced we're interoperable with Yahoo ID at Adweek last year. That actually goes live in about two weeks here and then also Google PAIR. So, when you look at RampID, if you think about the big DSPs, Amazon DSP bidding on RampID; Google using PAIR, powered by RampID; Trade Desk UID2, interoperable with RampID. But also the other ID that Trade Desk bids on is RampID. You'll see us referencing on the earnings deck. And now Yahoo will transact on RampID in addition to their ConnectID.

And so, I think when you say – it's a good question. So, the IDs are out there. Are people actually buying on them? Over 80% of LiveRamp brands are buying on these IDs today. So we still have some brands that we have to upgrade. Those are mostly DV360 clients who haven't upgraded to PAIR yet. So, we have about one-third now of our DV360 brands testing on PAIR. We're going to get that to 100% over the coming months and DV360 is helping us aggressively with that.

So, those brands they're buying on RampID today. They are buying ATS inventory. Now, as Scott mentioned, they're also buying cookie-based inventory. They buy both today. But we are seeing the ATS inventory take up more and more percentage of their buy. And when we look at kind of just total scale of addressable impressions, what you can buy out there, ATS is on a path to have about 110% of the scale of our previous cookie graph.

So more transactions will happen a year from now on ATS than were happening a year ago on third-party cookies for us. That's going to be different by IDs. I can't speculate on where other IDs are, but that's a little bit of background on where the RampID is.

Vihan Sharma
Chief Revenue Officer, LiveRamp Holdings, Inc.

A

I think, [ph] Tim (00:43:52), one thing which is important is when you talk about the IDs are not surfacing, a lot of the media purchase is not happening through programmatic. So, a RampID is connected to all the social platforms where every single brand we work with leverages RampID to deliver their advertisement, which is not really captured in the stats you see because the other IDs are only on the programmatic side.

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

A

One other thing I'd add, because I think it's important is I would not focus on a common ID. I think that is a myth. In fact, we are seeing the exact opposite. There is a proliferation of IDs and that is a great thing. Whenever you hear about fragmentation, that is LiveRamp's friend; whether it's fragmentation of potential data sources, fragmentation of destinations, or fragmentation of the ID space. And the ID space is exploding right now.

So, Amazon, they got something there; Meta; Google; everybody's got something. But, importantly, most of our clients are developing things as well. So, United will have their United ID, Citi has their ID, Nike has their ID, and that's great. Everyone should, we think, someday have their own proprietary ID to drive their own algorithmic logic. But we are the Rosetta Stone that can connect them all together. We don't think our role is to supersede any of them or replace them; rather, our goal is to make them all interoperable. And so, we think that the trends actually are a tailwind in our favor.

Q

Can I ask one more on the topic, which is there's a whispers in the investing community at least over the potential that the EU doesn't like the hashed login on all these common IDs and may at some point turn their attention to it. And I don't know if I should worry about this or not. Could you help me not worry about it?

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

A

We would love it if that happened, by the way.

Travis Clinger
Chief Connectivity & Ecosystem Officer, LiveRamp Holdings, Inc.

A

Yeah. I think when we look at it, so [indiscernible] (00:46:22) the EU and I spend a lot of time over there talking with publishers and the folks there. I think when you look at that community, the regulation actually leans in our favor. I think if you think about it, GDPR requires consent. The Digital Market Act is going in effect next week on March 6, requires even a deeper level of consent. What is the biggest consent you can give, you can type in your email address.

And so, there's this idea of affirmative signal versus passive signal. Passive signal being third-party cookies, IP addresses, mobile and apps, other signals that you give off without knowing it. That is all going away and you see that both in the regulations in the EU and in the browser changes. But then you see both the regulators and the

browsers are saying, if you have affirmative signal, that's where you have the permission from the user, that's where you can show the user the terms and conditions.

It's also really easy to do the opt-out. It's hard to opt someone out if you're building a probabilistic ID on them. It's really easy to opt someone out if you have the email on them. We can receive and process those opt-outs. So I think when you look at the EU regulations and I should call out, like, anything can change. So, putting that out there. But when you look at what's in market today, it actually creates a great environment for us.

And the reason, the proof for this is, if you go over to the EU and you ask which IDs are operating over there, there's only two big ones; it's us and the Trade Desk EUID, and we're helping deploy the EUID in the EU because we've leaned into this privacy wave. I think you've got a lot of folks who are saying they're going to resist the privacy wave. We took an early decision five years ago to lean in, and that's paying off today with the browsers here in the States but and also in the EU. Yeah.

Matt Kilmartin
Senior Vice President-Habu & Partnerships, LiveRamp Holdings, Inc.

No, I think you covered it, Travis. I just want to add one thing in Scott's point, because I thought that was a good point that I hadn't thought of before when he said fragmentation is our friend. That was 100% Habu's story, right. Like, we were on – Snowflake invested in us because – and I know a lot of the execs at Snowflake and in their words, we really – one of the execs there said to me, he's a friend. He said, if you think what our clean room product actually is, it's like, hey, jump on my pickup truck next to me. Let's drive around behind the hardware store. I'm going to show you all the wood and [indiscernible] (00:48:34) you can build a clean room. That's really what these clouds are doing, right? They're just giving primitives, raw materials, to build a service, build a clean room.

And so what Habu did and Snowflake realized and they saw that their customers were struggling; struggling to scale their clean rooms. Sure, if you wanted to, like, partner with two people, you could get the data engineers to make the connections, and then data scientists to do the outcome, do the thing. But the second you get to [indiscernible] (00:48:59) two hands, it doesn't scale, right. And so that's why Snowflake invested in us.

If you fast forward what happened and it isn't what happened with us, it's sort of what happened in the marketplace was people saw all the success Snowflake was having, right. And for me, there's like the global CPG who I talked about who's been at it for three years, which is like the gold standard. The other gold standard for us is Disney. And the reason I can talk about is because Disney at CES this year talked about they're launching with AWS Clean Rooms. They're already live with Google clean rooms and Snowflake. And what happened with Disney was one of the top five retailers came to them and said, I would like – let's collaborate. We do a lot of business together.

And Disney said, cool. We're on Snowflake. You guys can put it in a Snowflake. And the retailer's, like, 80x-percent of snowflake runs on top of AWS. Like, I'm not putting my data in Snowflake. And my data is in Google Cloud. And interestingly enough, we all know [indiscernible] (00:50:04) a data warehouse layer on top of storage. Well, Disney's underlying data was in Google Cloud also. And so this large retailer said to Disney, well, why can't we just Google Cloud to Google Cloud, right. And so that – they said, okay, why not? That was kind of BigQuery clean room.

And as a small little startup, we were fortunate enough to have one of the largest retailers in the world and one of the large media companies in the world, say, hey, Habu, same thing you did on Snowflake, can you do that on Google BigQuery? And that was really the catalyst. And Snowflake didn't like it, right. I mean, Snowflake – the

reason why Snowflake is building their data cloud is because this whole industry is getting re-platformed. And the whole industry originally was built on AWS, because they used to be the only show in town. Now there's all the hyperscalers and you have Databricks and Snowflake. So everyone's like going after this industry because they know there's just a ton of compute, right.

And so that's why – and Snowflake is a great partner and we still run a bunch of our customers on us, but the world's multi-cloud and we know it. And at the end of the day, when two companies are collaborating, it's not like they're like, hey, what data warehouse are you on? I'm on the [indiscernible] (00:51:18) warehouse. Hey, maybe we can collaborate. It's like, no, we have a joint business outcome and how do we abstract away the cloud infrastructure to drive to that outcome.

So, fragmentation was Habu's friend as well. We didn't realize it at the time, right. But we were fortunate to have world-class customers who sort of pushed us to go multi-cloud when one of our investors didn't love it.

Q

So, wanted to ask about sort of revenue lift associated with the expansion of addressability that you talked about, Travis, as you as you move to sort of ATS becoming operational. And then, Scott, when you look at the proliferation of IDs and I assume that there's going to be some sort of onboarding, as with [ph] Galileo (00:51:58) that's attached to that, is that a minimum viable product; or do you anticipate as with PAIR that there could be thousands of customers who need something like PAIR? Essentially, why are we seeing the proliferation if people could just go into a clean room with Habu relatively easily?

Lauren Russi Dillard
Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

Sure. I'm happy to take the first and I think we're not going to quantify that today. But I think if I were to focus you in two areas, first would be incremental usage of our platform, which over time we would expect to translate into higher subscription revenue from existing customers. So as Travis mentioned, PAIR is available to existing customers today. To the extent that it continues to perform at the levels it's performing, we would expect incremental usage of a use case like that and other authenticated use cases which drives usage of our platform and, over time, higher subscription revenue for LiveRamp.

The other area, which I think we're really excited about, is with respect to new logo. So, Travis can share the exact number, thousands of companies leverage PAIR today. We do not work with all of those companies. And so we think this is a really interesting way to attract a new cohort of customers to LiveRamp. But actually, Matt stepped away, but this was part of the deal thesis for acquiring Habu as well is it gives us a path to better address, maybe not the long tail but the torso customer, whereas historically we've been very focused on enterprise.

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

A

And then in terms of the ID question, I would say that if you were to go talk to 100 major consumer brands and said what is your most valuable asset, you would bet 100% that the first answer would be, it's our customer base. And so, given the fact that everyone believes owning their customers and that customer data is so important, it is natural that all of them say, I would never allow myself to be disintermediated by standardizing on some kind of common ID.

And given the fact that there is such attention on monetizing those data assets and those experiences, it's natural that the Citis, the Uniteds of the world are saying, hey, we don't want to buy that; we need to own that. We're going to spin up our own ID solution. We kind of view live LiveRamp's is to not create the single identity a la our legacy AbiliTec solution, but rather our role as identity infrastructure will help those companies build their own ID, which powers their algorithms, which powers how someone can connect with their data. But we also control kind of the power grid, the railway system that allows them to connect with other entities; and the translation key that allows two separate identities to communicate with one another.

What we're actually seeing with some of the other common IDs, so many of them also have like a leg in the media camp, for instance. And if you're providing identity but also powering media, well then advertisers are going to be skeptical of sharing information because they're like, I've seen this play out before, and someone disintermediated us and scraped the profits. And so now, there's a real reluctance to allow those companies to control the decision. No one wants to port all their data. When two companies collaborate on data, one says, yeah, let's collaborate, send me the data. Well, I mean, that should scare the heck out of you. And so, what in fact is happening is the non-movement of data and the focus on just the interoperability and the connectivity really plays to our strength.

Andrew M. Borst
Vice President & Head-Investor Relations, LiveRamp Holdings, Inc.

A

We're going to squeeze in one more question, then I got to get these folks out of here.

Q

Awesome, thanks. So, you guys have such a great customer list particularly at the high end. And one of the pushbacks we get from investors is often, look, they're already so saturated with some of those big customers, like what else is there to go out and get? So I think, Lauren, your comment on being able to address this torso of other customers is really important. And now that you have kind of the product there, do you guys have to change anything as it relates to addressing those customers from a marketing, kind of, go-to market perspective? You just refreshed a lot of the go to market recently. So, is there any incremental investment there?

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

A

[ph] Elizabeth (00:57:00), I think there's a few different flavors of your questions. So number one is, if you just look at DV360 and PAIR, they have what, 40% market share of DSPs. There are tens of thousands, if not hundreds of thousands, of customers that utilize DV360. It is on every major plan. We have, what, 800 direct brands. So, there is a big delta between 800 and 100,000. To actually capture any meaningful portion of that share though, we cannot operate the way that LiveRamp historically has operated.

We are too complicated. There is too much setup. It has to be drop dead simple for someone to launch a PAIR campaign. So yesterday, you saw me demo the two-click distribution to PAIR, and that's a start. But like we envision, sign your legal agreement all online and you get two choices. You can either sign it or not, but there will be no red lines. And so, we just have to make it simple to expand the TAM.

The second piece is, yeah, we do have these 800 or 1,000 real big enterprise customers, but there is these amazing opportunities to connect them all with one another. And every time we make one of those connections and create – turn a main tenant into a sub-tenant. Every time we connect Walmart to P&G, to Kraft, to fill in the blank of your packaged goods partner, there is additional share of wallet upside for us because we get a usage

fee or subscription fee on that incremental volume. And right now, we're in the very early stages of those network connections.

And then the final piece is measurement, and we talked a little bit about this on stage yesterday. But, like, let's take CTV. The really important, interesting things from a measurement perspective aren't whether someone viewed the ad. Who cares about that? It's how long they engaged with it. Did they actually go to the store, make a purchase there? What happened after they made a purchase? Some industries, the initial purchase is just the start of a much longer journey.

And so, we think that there's just amazing opportunity there. And that kind of measurement, well, it requires the same kind of collaboration that the clean room does. I mean, maybe technically not quite, but it's very collaborative. We want the retailers who have the point-of-sale information to be partnering and collaborating with where the original marketing message was displayed.

So it's all about filling in more nodes of the network and making the connections between them all. It's not all that different from the early days of cell phone. They used to show the coverage maps. Well, we kind of have the same thing with our destination maps. And the thing we want to do is light up more calls between all the users on the network. In our vernacular, it's really lighting up more usage between all the partners, more collaboration.

Lauren Russi Dillard
Executive Vice President & Chief Financial Officer, LiveRamp Holdings, Inc.

A

I was just going to add, I think, structurally, I think one of the things you'll see us continue to invest behind is our partner channel strategy, because we do believe this is a way to make those connection points and also attract, call it, more of the mid-market. And I don't know if Matt or Vihan...

Matt Kilmartin
Senior Vice President-Habu & Partnerships, LiveRamp Holdings, Inc.

A

[indiscernible] (01:01:12) give a real example. It's in the process of going live and Disney again. They announced this at CES this year. The other big announcement, in addition to being live on AWS Clean Rooms [indiscernible] (01:01:23) in addition to Snowflake was they announced the Disney portal, where Disney, obviously, they have Disney+, they have ABC, they have Hulu. And there's a lot of different types of local advertisers.

And if you think about collaboration, like, it needs to be push-button simple. So, what Disney actually announced was they their clean room is a product called Disney Select. They announced the Disney portal, which effectively is built on top of Habu. All the clouds are sort of working underneath. And it's basically it's – it's the legal templates are built in there. So, it's like click button to automate the legal process as well. And so, that's going to let Disney go from 100 collaborations to thousands of collaborations.

And that motion – and what's cool about Disney is our services team doesn't touch it. I mean, there was a day [indiscernible] (01:02:16) 30 clean rooms. We don't even touch it. So, as they start – and that is that's [ph] PLG (01:02:21) right. And so with their Disney portal, we don't touch anything. Legal's in there as well. Their customers can [ph] show up (01:02:30), get the outcomes they need. Has it scaled yet? No, but they're rolling there. So that's an interesting example, I think.

Vihan Sharma
Chief Revenue Officer, LiveRamp Holdings, Inc.

A

And one last thing I would say is when you look at our customers, most of them are global companies. And today, if a customer came to us and said, hey, I want to work with LiveRamp in 80 countries. It's almost an impossible task for us to do. But with the new capabilities that we have with Habu, we are able to support key use cases across many, many markets, which clearly increases the opportunity we have with our current customers, but also allows us to go after customers where we traditionally have not played.

Andrew M. Borst
Vice President & Head-Investor Relations, LiveRamp Holdings, Inc.

Okay. Well, we're about at the top of the hour. Again, I want to thank everyone for making the trip out and spending some time with us. I also want to thank our executives for making time. It's a very busy week for them. And, yeah, enjoy the rest of the conference. Thank you.