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LiveRamp Holdings, Inc. (RAMP)

Q3 2022 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen, and welcome to LiveRamp's Fiscal Third Quarter 2022 Earnings Conference Call. Your attendee lines will be muted during today's conference. After the speakers' remarks, we will have a question-and-answer session. [Operator Instructions] As a reminder, today's call is being recorded.

Now, I would like to turn the call over to Senior Vice President of Finance and Investor Relations, Lauren Dillard. Lauren?

Lauren Russi Dillard

Chief Communications Officer & Head-Investor Relations, LiveRamp Holdings, Inc.

Thank you, operator. Good afternoon and welcome. Thank you for joining us to discuss our fiscal 2022 third quarter results. With me today are Scott Howe, our CEO; and Warren Jenson, President and CFO.

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'll be referring to the slide deck posted on our website. At this time, I'll turn the call over to Scott.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

Thank you, Lauren, and thanks to all of you for joining us today. We delivered another great quarter, highlighted by an acceleration in ARR growth, strong enterprise momentum and continued operating efficiency. The market trends we discussed last quarter continue to play out and our results in Q3 are a strong validation of the critical value we deliver to our customers.

I'll begin today by sharing some highlights from the quarter and then discuss the strength of our position going forward.

Third quarter performance, Q3 was another strong quarter and we again exceeded our guidance across all metrics. Total revenue grew 17% and subscription revenue was up 19%. Normalizing for the wholesale contraction, total revenue grew 26% and subscription revenue was up 30%. Exiting ARR was up 26%, excluding wholesale.

Our land and expand selling motion continues to underpin our top line progress. In the quarter, we added 20 net new logos. And I remain impressed with the size and caliber of the customers we are adding to our roster.

Notably, we are seeing particular strength in our large enterprise customer segment as a result of increased Safe Haven adoption. Our \$500,000 to \$1 million customer count was up more than 30% and our \$1 million-plus customer count grew to 86, an increase of 30% compared to prior year.

Safe Haven also continues to be a big driver of the count expansion. Given the breadth of use cases enabled by the platform, Safe Haven customers have higher ACVs and upgrade at higher price points. They currently account for roughly 20% of ARR, up from 12% a year ago. As we continue to upgrade our customer base to Safe Haven, our enterprise platform, we expect the average length and size of our contracts to continue to increase and churn and contraction to remain lower than what we have typically seen.

Our subscription net retention in the quarter was 110% or 120% normalized for wholesale. Beneath the top line, our gross margin expanded to 77% and we remain profitable with operating margin again in the double digits. This performance is a reflection of the leverage in our model and demonstrates our continued ability to drive profitable growth at scale.

Strategic position, this time of year often brings with it reflection. And as I reflect on our progress so far in FY 2022 across almost any dimension, I believe our position continues to grow stronger. Specifically, I would highlight two themes that give us great confidence for the future. First, as the world around us evolves, our importance to the ecosystem is increasing. Second, the investments we've made over the past several years are starting to pay off and our opportunity is only growing larger.

First, our importance to the ecosystem is increasing. LiveRamp's role in the marketplace has never been more important. The global pandemic has significantly accelerated digital transformation timelines and forced organizations to rethink how they engage their customers.

At the same time, consumer behavior and expectations have shifted, and the days of one to many engagement are fading quickly. Personalization with privacy at its core is going to drive future business growth, and brands that can deliver on this expectation will be the new winners in the digital economy.

Critical to this imperative is a strong first-party data strategy. And while some brands have been able to gain a competitive edge from their investments in first-party data, most still have not. According to the Boston Consulting Group, only about 30% of companies are creating a single customer view across channels, and just 1% to 2% are using data to deliver a full cross-channel experience for their customers.

With the rise of first party data, LiveRamp's platform has become an essential buy for sophisticated companies. This megatrend has been a key driver of our recent success and the runway here is long.

Further, when customers and partners are faced with complexity, whether it be regulatory or ecosystem-related, what we do becomes even more important. GDPR spurred the development of Safe Haven. CCPA drove a six-quarter plus period of elevated quarterly bookings, and recent changes to the identity landscape have significantly deepened our strategic and competitive advantage.

For example, cookie deprecation drove our development of ATS and gave the industry a much better technology than what it is replacing. It has also opened up new markets internationally. ATS is the only scaled solution in the market today. It was architected to meet the more exacting requirements of GDPR; and again, is the only solution available to multinational companies that operate across the world.

To-date, over 500 publishers, representing more than 11,000 deployed domains, have integrated ATS worldwide, including Microsoft, CafeMedia and Leaf Group. I'm very excited to share that Amazon Publisher Services has now joined this prestigious group. So what does this mean? It's a big deal. Tens of thousands of publishers who use Amazon can now leverage ATS to connect their authenticated inventory to global advertiser demand. Obviously, this meaningfully extends our global reach.

Our identity momentum continues to be a strategic differentiator and key driver of recent wins. For example, in the quarter we signed a new deal with a major multinational transportation and logistics company that is transforming its first-party data strategy. They selected LiveRamp in part because of our leadership with ATS. This enterprise is leveraging LiveRamp to integrate its first-party data with different advertising tools: display, social, search; as well as customer support and e-commerce enablement applications.

Their vision is to power the entire customer experience with data and we are a key partner in helping them achieve this. This is a great example of where we are going. Advertising becomes a first step to a much broader array of data-driven use cases. Second, the investments we have been making over the past several years are translating into real results, and our market opportunity is only growing larger. The growing need for first-party data and the new use cases we have introduced over the last few years, are fueling the growth of our enterprise platform and opening up entirely new markets for us.

In less than two years, Safe Haven customers represent more than 20% of our ARR and generate more than 2 times higher ARR than non-Safe Haven customers. And we believe we have the opportunity to upgrade our entire customer base to this enterprise platform over time. Safe Haven has also opened up entirely new addressable markets for LiveRamp, with retail and packaged goods being the most notable over the past year.

In an effort to [ph] out Amazon, Amazon (00:10:39) retail media networks took off in 2021. Retail media spend is poised to grow over 30% this year to \$41 billion. While retail media is but one data collaboration use case enabled by our platform, it has been a big catalyst of our recent growth in this space. For safe collaboration, it is critical retailers and their partners leverage a neutral infrastructure and technology that protects their data, restricts its movement and governs access.

To date, we serve more than 60% of big box retail in the US. And in the third quarter, I am excited to share that we added Walmart and JD.com as Safe Haven customers. Our success is not limited to retail and we are seeing emerging demand in industries like healthcare and financial services that regularly manage highly sensitive data.

For example, in the quarter we signed a seven-figure expansion deal with a major financial services provider, who is standing up a joint solution with a top health insurer. These organizations are leveraging our platform to understand the overlap of their respective customer bases, build new audience models, better engage existing and prospective members and measure the effectiveness of their co-marketing efforts across all touch points. These are two organizations that take data privacy and security very seriously. And they selected LiveRamp because of our leadership and privacy as well as our best-in-class identity and collaboration tools.

A recent question we've received from many of you is how Safe Haven differs from other clean room tech out there. Paraphrasing what one of our major financial services clients recently told us, there are other clean rooms out there, but we would be forced to work with a separate identity provider. With LiveRamp, we get the gold standard: data privacy, identity and collaboration.

We're succeeding across industries and we also intend to succeed across geographies. International produced record bookings in Q3, and the global scale and reach of Safe Haven, combined with ATS, has driven an acceleration in global deals. For example, in Q3, we signed a six-figure new deal with a major multinational hospitality group across five global markets.

This organization selected LiveRamp to help better leverage and integrate its first-party loyalty data within its media buying platforms, display, search and social. They intend to win back loyal customers ahead of what they believe will be a rebound year for travel.

And another example, last quarter, we also closed a large expansion deal with a multinational B2B technology company that spans five international markets. These aren't one-offs. On an earnings call earlier this fiscal year, Diego, our Chief Commercial Officer, shared a goal of 20 global deals in FY 2022. Today, we are at more than 30 with additional opportunities in Q4. New use cases and capabilities, industry expansion, global scope, our opportunity is growing.

With that, thank you again for joining us today. And a special thanks to our exceptional customers, partners and to all LiveRampers across the globe for their ongoing hard work and support. Fueled by them, we delivered another strong quarter in Q3 and have our sights set on a strong finish to FY 2202.

With that, I will now turn the call over to Warren.

Warren C. Jenson

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

Thanks, Scott, and good afternoon, everyone. As you listen to my remarks, hopefully, you will hear three themes emerge. First, durability and consistency. Amidst a sea of industry change, there is one constant and that's that we have delivered. Next, we are moving from application to enterprise and playing with competitive advantage. And finally, our enterprise platform, Safe Haven, is showing up in our numbers in a big way and is opening up entirely new markets for LiveRamp.

Q3 highlights. Please turn to slide 4. First, performance. We posted another solid quarter. Revenue of \$141 million was up 17%, subscription revenue up 19%, while ARR increased 16%. Our net new customer count increased by 20 this quarter and our brand average ACV was up 16%. Our \$1 million customer count is now 86,

up 6 sequentially and up 30% year-over-year. Net retention was 110% and platform net retention 109%, driven by an acceleration in Safe Haven adoption. CRPO was up 25% and marketplace was up 12% in line with our expectations.

As expected, our results continue to be negatively impacted by wholesale contraction, as shown on slide 22. We continue to expect this impact to be \$30 million for the year, and it was \$8 million for the quarter. Excluding this, total revenue increased 26% and international up 29%.

Subscription revenue was up 30% and ARR up 28%, and net retention would have been 120% and platform net retention 117%. In short, while we don't discount the impact of wholesale contraction, our numbers remain solid.

Operationally, we again demonstrated leverage. Gross margin was 77%, up 330 basis points. This was our seventh consecutive quarter of profitability. Our operating margin was 10% and EBITDA margin 14%. And most importantly, operating cash flow was \$25 million and year-to-date positive \$19 million.

Lastly, we repurchased \$5 million of stock in Q3. In addition, we have taken advantage of recent market conditions and repurchased an incremental \$9 million so far in Q4. Year-to-date, we have repurchased approximately \$58 million.

Next, our trended performance. Please turn to slide 5. On this slide, we have presented a set of trended metrics. All comparisons are done on a trailing 12-month basis. Since LiveRamp emerged as a public company, amidst a sea of industry change, there is one constant we have delivered. We've delivered growth, significant expansion of our \$1 million customer count, gross margin expansion, incredible EBITDA growth and meaningful capital return to our shareowners.

Again, while we by no means claim perfection, one thing is for certain, we have delivered on our commitments through thick and thin. That's durability and consistency.

From application to enterprise, I look at Safe Haven, our enterprise platform. I said this on our last call, but it bears repeating. Our opportunity just keeps getting bigger. The market is embracing our platform. Today, I'd like to highlight three things. First, why we are winning and what's our competitive advantage? Next, international as a growth lever. And finally, highlight the global adoption of Safe Haven as our enterprise platform. As I said, it's now showing up in our numbers, big time.

So why are we winning? What's our competitive advantage? Please turn to slide 16. Here's what makes our Safe Haven platform important, unique and enterprise grade, when it seems there are countless clean room technologies. The answer is simple. Our Safe Haven platform brings together things others can't or they are just learning about.

Neutrality, we don't buy or sell media. We are cross-cloud and enable our Safe Haven clients to collaborate with anyone, regardless of their data infrastructure.

Privacy, we are the leader in global privacy and privacy-enhancing technology. The sophistication and importance of our DataFleets acquisition cannot be overstated.

Identity, federation and activation. Our approach and the scale of our integrations are a hallmark of LiveRamp. Next, future-proof. With ATS, we are helping global brands future-proof their approach to identity and allowing them to do this consistently across all geographies.

And finally, scale. We are setting the pace with permission-based collaboration technology. Remember, we created the category and have been building and testing our Safe Haven platform for more than five years.

So what does this mean to a brand? Please turn to slide 17. These are but a few of the use cases our platform is enabling for a typical retailer. Safe Haven is not a single application, rather a real enterprise offering that provides our clients seamless data connectivity. It creates common identity across their internal datasets and further leverages identity to then connect their data to their advertising, marketing and customer service applications.

And finally, it provides a platform for collaboration with our partner ecosystem. This is why we are winning and why LiveRamp, Safe Haven is becoming essential data infrastructure. No one can do what we can do.

Safe Haven and international, a new growth level is taking shape. Our Safe Haven platform coupled with ATS has opened the world to LiveRamp. Let me share an example of a recent win, JD.com. Please turn to slide 18. JD.com is the second largest e-commerce platform in the world and is now using our Safe Haven platform to collaborate with their CPG partners.

Our solution will be hosted on the JD Cloud and available through their marketplace offering, again evidencing our multi-cloud capability. JD.com will be using ATS and RampID to make this possible. Like with other international brands, including Carrefour, Boots, Orange, Indeed.com, Unilever, P&G, Kellogg's and our other Safe Haven customers, this opens up a world of possibilities for JD.com.

Using the JD Cloud platform, leading global CPGs can leverage their first-party data on JD, keep it secure and private using RampID, link on and online activities, and access the Safe Haven environment for data collaboration. Internationally, this is now showing up in our numbers. Safe Haven now represents over 50% of our international ARR. Our international ARR is up 17% this quarter, 35% ex-wholesale. And international bookings on a trailing 12-month basis are up close to 100%.

In summary, international is fast becoming an important long-term growth lever for LiveRamp. Global Safe Haven adoption. Next, Safe Haven adoption is not just showing up internationally, but also in our overall numbers, too. Please turn to slide 19. In a very short period, Safe Haven is working its way into our installed base. It's the data enablement platform of the future. And as Scott mentioned, we're thrilled to welcome Walmart as a Safe Haven customer.

Consider the following: Safe Haven now represents approximately 20% of our ARR. Our average customer ARR is over \$1 million. And now, in the US we have over 60% share of big box retail. This is particularly important given the explosion in retail media. And perhaps most importantly, we are benefiting from a strong global network effect. Again, no one can do what we can do. We are playing with competitive advantage and we are enterprise grade.

Now, on the guidance, please turn to slides 13 and 14. For the full year, we are raising our guidance. We now expect revenue of approximately \$526 million or roughly 19% growth, and non-GAAP operating income of approximately \$41 million. For Q4, this would imply revenue of approximately \$139 million and non-GAAP operating income of roughly \$2 million.

A few other call-outs for Q4. Subscription net retention to be roughly 106%, give or take. The sequential decline is being driven by an expected lower relative contribution from usage-based revenue. In Q4, we expect wholesale

contraction to impact this metric by roughly 8 points. Gross margin to be roughly 75%. And finally, as you model Q4, the sequential increase in OpEx is largely being driven by one-time seasonal items.

Now, let me conclude with a couple final thoughts. First, make no mistake, the trends are clear amidst a ton of industry change over the last several years LiveRamp has delivered. And finally, this was another powerful quarter. Amazon now joins Microsoft and 500 other publishers using ATS. Walmart and JD.com are now Safe Haven customers. In the exploding world of retail media networks and data collaboration, our Safe Haven enterprise platform is the global standard.

On behalf of all my LiveRamp colleagues, thanks to our customers and to you, our shareowners. Operator, we will now open the call to questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question is going to come from the line of Brian Fitzgerald with Wells Fargo.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Thanks, guys. Congrats on a good quarter. As some of the walled gardens have experienced declining addressability due to Apple's ATT, we'd imagine your customers are seeing a corresponding decline in match rates in those walled garden environments. Can you correct us if we're wrong on that point?

And then, assuming that's the case and assuming match rates are going down, are you seeing any customers showing sensitivity to that in terms of saying, hey, we don't want to pay to light up this segment in Facebook or Instagram given what the match rates are, or, hey, we continue [ph] to do (00:27:26) some benefit from addressability that we still have, but we don't want to pay the same amount given the decline in the match rates? And then, maybe last point, is that forcing them into other environments outside the walled gardens where they can match better? Thanks.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

A

Yeah. There's a lot to unpack in that question, Brian, and this is Scott. What I would tell you on your second question of, are we seeing anybody pull back spend, the answer to that is an emphatic no. In fact, what we're seeing is that addressability matters now more than ever, and dollars will flow to destinations that facilitate addressability. Personalization with privacy at the core is the key to the future.

We support literally hundreds of destinations. And if we really drilled into them, I'm sure we would see underlying mix shifts and be able to tell you who the winners and who the losers were, but that's not something we're going to do. Rather in aggregate, I would tell you we're simply not seeing any notable aggregate trends other than a constant increase in volume as more and more media becomes addressable.

And you can see that in our usage rates. They've remained remarkably consistent over time, which, coupled with the macro trend of everything becoming addressable, gives me a lot of confidence that despite industry winners or losers, our strategy of focusing on neutral addressability is a winner.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Got it. And maybe one quick follow-on, if I could, just on the 20% ARR from Safe Haven. That's an impressive number to us, seemed to happen pretty quickly as well. When you think of the array of growth opportunities in front of you, how big can Safe Haven be as a percentage of either ARR or total revenue maybe within three years' time?

Warren C. Jenson

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

A

I mean, that's a great question again, Brian. This is Warren. We're not going to put a stake in the ground today, but we would tell you there is no reason that Safe Haven – Safe Haven is applicable to our entire customer base. So it is not simply limited to retail and CPG and others. We're already starting to see penetration in other industries. And again, looking at our entire customer base, it has global applicability.

Brian Fitzgerald

Analyst, Wells Fargo Securities LLC

Q

Got it. Thanks, Scott. Thanks, Warren. Sorry.

Warren C. Jenson

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

A

Go ahead.

Operator: And our next question is going to come from the line of Shyam Patil with Susquehanna.

Shyam Patil

Analyst, Susquehanna International Group, LLP

Q

Hey, guys. Congrats on the quarter and the outlook. I had a couple of questions. On Safe Haven, as you guys talked about on the call, you guys are seeing very impressive momentum. Can you talk a little bit more about the significance of some of the deals you guys have won, JD, the Walmart relationship, 60% share in big box retail, in relation to kind of how you kind of called it the explosion of retail media networks?

And then second question, we've gotten this a lot from investors hoping you just address it. On Google Topics, can you just talk about how this change impacts you guys? And how you're seeing conversations evolve with clients as that was announced? Thank you.

Warren C. Jenson

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

A

Great. Well, thank you. Let me go ahead and take the first part, and I know Scott will weigh into the second. Let me start with the trend toward retail media and retail media networks. Obviously, this is explosive. This is what a \$30 billion to \$40 billion market today and growing.

If you ask yourself, well, what's at the center of this explosion? Well, it's retail data. And who is the global gold standard for managing that retail data? It's LiveRamp Safe Haven. So we would, in short, say that we are at the epicenter of a massive trend because it all starts with retail data.

Now if you extend that, the big deal is that's the center of the flywheel. So retail extends to CPG penetration. Retail and CPG penetration extends to TV. And then if you extend it further, retail plus CPG plus ATS means this is not a regional opportunity, but a global opportunity.

So in short, you see that in our numbers, whether it's customers in China, whether it's customers in Europe, in Australia, the US, 60% big box retail share in the US. This just puts us at the center of a massive global trend.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

A

And Shyam, to your second question about Google Topics, you might be surprised, I mean, we really haven't had a lot of client conversations. Rather, what our clients absolutely know to be true and they've seen it in their numbers is that addressability is king. You've heard us through some of our ATS case studies show that ATS adopters are getting 50% or more lift in their ROI vis-à-vis cookies, which are also addressable relative to untargetable, unaddressable inventory, the lift is even far greater.

So advertisers, first and foremost, if they are building their own first-party CRM file, which most sophisticated advertisers are, are looking for ways to make their spend even more addressable. Publishers, on the other hand, super interested in contextual advertising options, because they recognize not every member of their audience is ever going to be addressable.

And so to the extent that new ways to target contextually emerge that can generate even incremental lift, that's going to be interesting to them. But again, it's just not a conversation that we've fielded a lot of questions about on either the advertiser or the publisher side yet.

Shyam Patil

Analyst, Susquehanna International Group, LLP

Q

Great. Thank you, guys.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

A

Thank you.

Operator: And our next question is going to come from the line of Stan Zlotsky with Morgan Stanley.

Stan Zlotsky

Analyst, Morgan Stanley & Co. LLC

Q

Perfect. Thank you so much, guys.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

A

Hey Stan.

Stan Zlotsky

Analyst, Morgan Stanley & Co. LLC

Q

Hey. And congratulations on a really nice results here. Just staying with the Safe Haven discussion. With somebody the size of and heft of Walmart joining, what does that do as far as referenceability and kind of showing

the opportunity for others from a product like Safe Haven? Does it start up some kind of a – almost like an ecosystem flywheel effect to get other entities to join the platform? And then I have a quick follow-up.

Warren C. Jenson

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

A

I mean, the short answer is yes, but I'd ask everybody to kind of back up a little bit is, this is not our only reference client. We have 60% big box share in the US. So we have major retailers well beyond Walmart that are using our Safe Haven platform. The second thing that's important to note is that we're global. So it's not simply Walmart or another US retailer. It's also somebody like Carrefour or JD.com in China, or our launch customers in Australia, as an example.

So what that does is it gives us a global presence, which is exactly what every CPG wants. So all of the major CPGs probably operate in 80, 90, 100 different countries in the world and they want to do things the same way with every single retailer in every single market using a common standard and that's ATS.

So the short answer is we are well down the path to referenceability with many customers; two, it is absolutely a flywheel. And third, I'll repeat something that I said in my prepared remarks is we are playing with competitive advantage. All the things that LiveRamp has done over the last 10 years have prepared us for today: neutrality, privacy, identity and federation, future-proof with ATS and global scale.

Stan Zlotsky

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Got it. And then, I just wanted to go back to the comments about the potential impact to Q4 from lower usage. Can you unpack that for me a little bit? What do you expect to cause the lower usage, especially on the subscription side of the business? That's it for me. Thank you.

Warren C. Jenson

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

A

Yeah, and I'll take that one, too, Stan, is I would just say it's actually being a little bit conservative. This is just something we're not going to forecast because it's usage-based. So when we're putting out our guidance, we felt it appropriate to just bring that down a little bit, make sure we weren't at risk of the usage coming in lower than, say, it did in Q3. But, overall, we haven't seen anything in our business per se, which would cause this to be zero. But again, in setting our guidance, we felt that was the way to go.

Stan Zlotsky

Analyst, Morgan Stanley & Co. LLC

Q

Got it. Thank you.

Operator: And our next question is going to come from the line of Kirk Materne with Evercore ISI.

Kirk Materne

Analyst, Evercore ISI

Q

Yeah. Thanks very much and congrats on the quarter. Warren, it seem that the Safe Haven business should be a positive or have a positive impact on sort of NRR over time. I mean, is it fair to assume, it seems like that's one of the, like, classic land and expand stories? And I was also wondering if you could just talk about some of these

new lands. I assume they're landing pretty small, but opportunities with Walmart, JD can grow pretty well and should help that metric over time?

Warren C. Jenson

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

A

The answer is yes. So if you look at our net retention, for example, for the quarter, upsell, we had – really – it was a great story in terms of net retention in every respect this quarter. Upsell was up strong, and that upsell was driven by Safe Haven. Two, usage was up, and we had lower contraction.

So, all of those things – many of those things are really facilitated by the strength of Safe Haven. So there's no reason, as we look into the future, that we shouldn't continue to see benefit.

I would also say, exactly to your point, is we're really at the beginning of this whole world of retail – I'm going to call it retail-based media, but it extends well beyond retail. So we're only really starting with the use cases. Most of the use cases today are honestly focused around the retail media portion of it, but really haven't gotten into collaboration in a big way. So we like you see a world of use cases starting to open up.

In our slide deck, we highlighted a few of those things in retail. So if we were sitting here talking even a year ago, maybe 18 months ago, half of those use cases wouldn't have been on the page. But today, it seems like every day we wake up, there's a new use case and a new application.

Kirk Materne

Analyst, Evercore ISI

Q

And one just more follow-up. I think you mentioned it in your prepared remarks sort of moving from application to enterprise. Can you just talk a little bit about how that's maybe changing who you're talking to from a buyer perspective? Are you starting to land in the office – of the C-suite more often at this point in time with some of these larger opportunities, clearly had showing up in the number of \$1 million deals? So I was just wondering if you start to see that transition happen in terms of who you're talking to from a buyer perspective.

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

A

Sure, Kirk. It's Scott. I would tell you, that is absolutely the case. Three specific levers. Number one, I would say, yes, we are seeing a higher point of entry. Typically, a member of the C-suite. Oftentimes, the CMO, sometimes the COO, and increasingly, the CEO is aware of who LiveRamp is. Second thing we're seeing is higher ACV. When we go in with the enterprise sale, it tends to be a much higher price point and also higher opportunity for upsell. So, higher dollar-based net retention.

And we didn't talk a whole lot about our new logo wins over the quarter, but I think they bear that out. So, I mentioned 20 net new adds in the quarter. Yes, there's a lot of retail in there, but there's also one of the largest logistics companies in the world, one of the largest financial services companies in the world, one of the largest QSRs in the United States, one of the largest hotel chains in the world, and another one of the largest banks in the world.

So, if you looked at the client roster, the new adds, you would recognize them. They are some of the most sophisticated companies on the planet and we're on their radar screen now.

Kirk Materne

Analyst, Evercore ISI

Great. Thanks, guys.



Operator: [Operator Instructions] And our next question is going to come from the line of Jason Kreyer with Craig-Hallum.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Great. Thanks, guys. So, you've got roughly 10% of subscription customers are now \$1 million customers and you've really been increasing the penetration rate there. My expectation is, Safe Haven's probably a big part of that. But wondering if you could just talk about what component of that is usage base or what other specific services are layering into that figure?



Warren C. Jenson

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

We could have some ins and outs depending upon usage. So, that can affect the number of \$1 million-plus customers. But I would say, you really highlighted I think the answer to the question is that, as Safe Haven becomes a bigger part of the installed base, our ACVs are going up and it's also opening up new use cases. So, the short answer – that's the answer to the question. Safe Haven is enabling the trend that you're speaking of usage at the margin.



Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

And then the success that you're seeing in Safe Haven, just maybe talk about your ability to land new customers to LiveRamp with Safe Haven versus how much you're cross-selling into that existing base with success there?



Warren C. Jenson

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

And Scott, you may want to jump in here. I would tell you, it's both. So we're landing new logos, but we're also upselling a lot of existing customers, too. So, it's really both. And I think this kind of comes back to the question of, who are we talking to? Well, if we were to go to the top 100 or 500 companies in the world, we would probably find two words in virtually every one of their three-year strategic plans, and those would be the words digital transformation.



And when you think of the Safe Haven platform, again neutrality, privacy, identity, collaboration at scale, it's the platform that is helping companies really with their digital transformation. So, not only are we at the epicenter of the massive trends in retail media, we're really at the epicenter of a even much larger trend and that's called digital transformation. So, we see ourselves as being a core enabler of that transformation for our customers.

Jason Michael Kreyer

Analyst, Craig-Hallum Capital Group LLC

Thanks, Warren. Appreciate it.



Warren C. Jenson

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

Thank you.

A

Operator: And our next question is going to come from the line of Daniel Salmon with BMO Capital Markets.

Daniel Salmon

Analyst, BMO Capital Markets Corp.

Good afternoon, everyone.

Q

Warren C. Jenson

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

Hey, Dan.

A

Daniel Salmon

Analyst, BMO Capital Markets Corp.

Hey, Warren. So I've got a few questions about the partnership with Google Cloud that, I think, you expanded on this time last month. And maybe just firstly, how impactful can that be to revenue over the next fiscal year? Second, how relevant is the integration with Google Marketing Platform to that partnership? And lastly, is that partnership something that can be an advantage for LiveRamp, as Chrome and Android evolve their cookie and data policies? I'd love to hear about that as well.

Q

Scott E. Howe

Director & Chief Executive Officer, LiveRamp Holdings, Inc.

Sure, Dan. I would tell you at the core of our strategy is ubiquity. What we found is that our most sophisticated clients, they have a lot of different needs. They want to activate in a variety of different use cases, open web, DSPs, [indiscernible] (00:45:23) Facebook, Microsoft. They want to extend across multiple geographies. And increasingly, when we go in and talk to them, they are asking that we, in some cases, integrate with any number of CDPs, and increasingly, any number of different marketing cloud providers.

A

And so it's been a real advantage, our historical kind of neutrality being agnostic and being flexible because it's now serving us increasingly well. I think it's a tremendous advantage that we have great integrations on the O&O side of Google as well as the cloud side of Google, but the advantage is to our partners because it gives them two sides of what they're looking for and gives them flexibility.

I would say we're in the early stages of kind of building out these partner channels, and GCP, because they've been one of our historical technology partners, was the easiest one to get up and running, but next up will be AWS. And over time, we want to be able to say yes, regardless of who a client wants to use for storage and compute. That is going to be a big thing for us over really not just the next 12 months, but really the next 24 months in our product and engineering efforts.

Daniel Salmon

Analyst, BMO Capital Markets Corp.

Thank you.

Q

Operator: Thank You. And with that, we will conclude the Q&A portion of today's call. I would like to turn the call over to Mr. Warren Jenson for his closing comments.

Warren C. Jenson

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

Great. Well, thank you, operator, and thanks, everybody, as usual, for joining us today. I'd like to conclude with maybe just three quick thoughts and then a final reminder about RampUp.

First of all, highlight number one is, this was a solid performance again in the quarter. But more importantly, this is one quarter and a trend. Revenue up 17%, gross margin 77%, our seventh consecutive quarter of profitability. So, again, as I said in the prepared remarks, there's been a lot of change in this industry, but through all that change, there is one constant, and that is we have delivered.

Second meta point is our enterprise platform, Safe Haven, is rolling. 20% of ARR, greater than 120% net retention, now 60% US big box retail share, global presence, Walmart, JD.com. And we are in the sweet spot and right at the epicenter of this massive trend in retail media.

And then third, our global opportunity is really now starting to take shape. It's pretty interesting, we've sat down ahead of this call, and a year ago, we would have said through LiveRamp, you can reach consumers in 12 countries. Today, you can, through LiveRamp, reach consumers in over 40 countries. ATS is enabling that kind of opportunity, and we're pleased to have great participants and tens of thousands of publishers now enabled, but today, most notably, calling out Microsoft and also calling out Amazon.

And then, finally, I guess, a reminder for everybody. We're thrilled to be hosting our Annual Event, RampUp, on February 28 and March 1 at the Fairmont. We intend for this to be an in-person event, although we will be streaming. So we'll pretty much have a hybrid platform. But we would love to have all of you join us. We're going to have a great lineup of thought leadership, fireside chats, probably talk about a lot of the stuff we've talked about today on the call from the best and the brightest in the industry and beyond.

So please reach out to us. We would love to have you join us. It's going to be a great event.

And with that, operator, thanks to all of you for joining us today and spending a few minutes.

Operator: Thank you. Once again, we'd like to thank you for participating in today's LiveRamp conference call. You may now disconnect.

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