



# Digital Agency Market Overview

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# Key Trends Shaping 2026

AI-driven discovery and performance accountability are redefining where agencies create value



**AI is reshaping web traffic and discovery dynamics:** LLMs, AI search summaries, and zero-click experiences are reducing traditional search referral traffic, forcing agencies to rethink demand capture beyond Google-centric SEO



**Traditional creative agencies face structural risk:** Generative AI is commoditizing creative production and testing, enabling brands and platforms to internalize capabilities that were previously agency-led



**Performance-oriented agencies remain more defensible:** Channels with clear attribution, optimization, and ROI measurement continue to attract budget as advertisers prioritize accountability and efficiency



**SEO is evolving toward LLM and generative engine optimization (GEO):** As brands allocate fewer incremental dollars to classic SEO, focus is shifting toward influencing AI-generated answers, recommendations, and commerce discovery



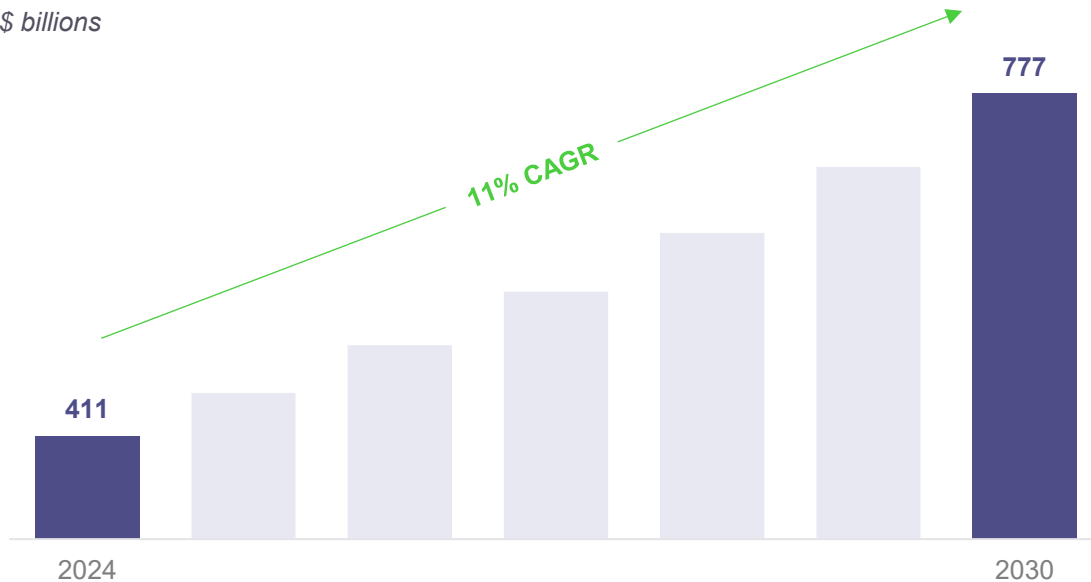
**Influencer and experiential marketing are gaining strategic importance:** Short-form video, creator driven content, and AI-amplified distribution increasingly shape purchasing decisions reinforcing demand for social-native and experiential capabilities

# AI-Driven Discovery and Performance Reshaping Digital Marketing Spend

Changes in consumer behavior, platform economics, and measurement expectations are driving sustained growth across MarTech and business software

## Global Digital Marketing Outlook

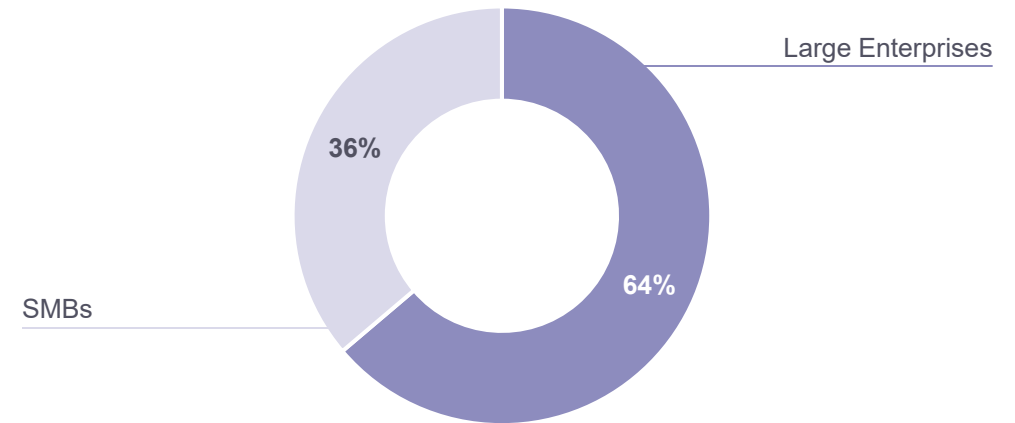
\$ billions



▶ Global digital marketing spend continues to expand at a double-digit CAGR as AI and automation increase the efficiency and scalability of digital channels

## Global Digital Spend by Organization Size

Share by Organization Size



▶ Digital spend is broadly distributed across organization sizes, reflecting cross-market adoption of data-driven and performance-oriented strategies

▶ As AI reshapes discovery, compresses creative production costs, and increases demand for measurable ROI, brands are reallocating budgets toward performance-oriented channels and integrated MarTech platforms – driving durable growth and accelerating category convergence ◀

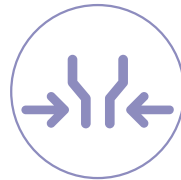
# AI is Rewiring How Brands are Discovered, Converted, and Evaluated

2026 Marks a Shift from “Ranked Links” to “AI Answers”, Pressuring Traditional Traffic Models While Creating a New Optimization and Measurement Layer

## Generative Engine Optimization (GEO) Emerging as Primary Discovery Strategy Amid Strengthening AI Adoption



Search behavior is fragmenting beyond open web as AI chat and assisted search siphon volume from traditional search workflows



Rising use of AI summaries reduces click-through, narrowing value of “ranked traffic” and forcing new playbooks for demand capture



GEO is emerging alongside SEO as agencies optimize for inclusion and / or inside generative answers

## Compelling Opportunity for Digital Marketing Agencies, and Significant Risk of Non-Adoption

### Impact

- **Open-web traffic under pressure:** “zero-click” experiences keep users in the assistant layer
- **Citation and authority-driven discovery:** generative engines often prioritize third-party / earned sources, changing how brands build visibility
- **Increasing platform power:** Google and other ecosystems shape what gets surfaced, cited, and clicked through (and what doesn’t)

### Opportunities

- ✓ **Incremental GEO and AI visibility agency product offerings** packaging AI-answer share-of-voice, citation tracking, and content engineering for LLM retrieval
- ✓ **Faster creative iteration at lower cost** via GenAI-led solutions
- ✓ **Competitive moat in differentiated measurement** as clients demand proof of incrementality when traffic signals get noisier

### Risks

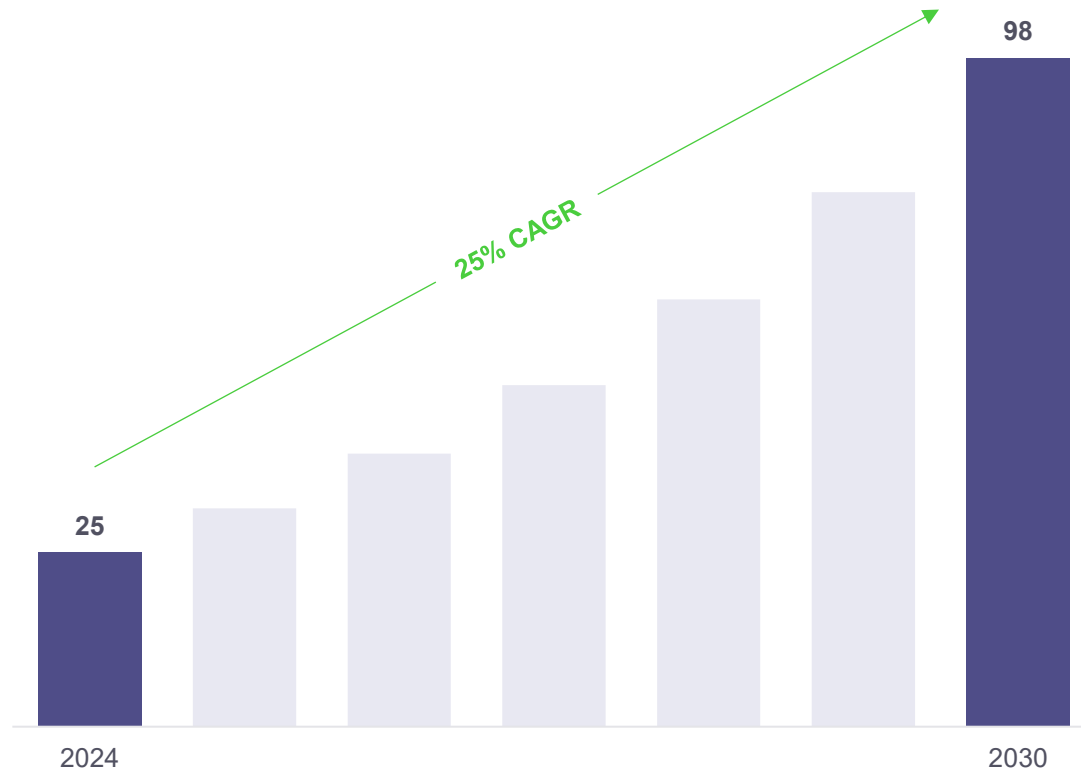
- X **SEO margin compression** amid AI-led open web traffic decline and weakened attribution
- X **Rising content and control conflict** as regulators and platforms debate publisher rights and opt-outs for AI features, adding uncertainty to distribution
- X **Rising reputational risk** in an AI-led citation ecosystem, leading to persisting brand safety and accuracy concerns in sensitive categories

# Influencer Marketing is Scaling into Core, Global Growth Channels

Creator-led engagement, platformization, and budget scale are reshaping how brands spend and access new audiences

## Influencer Marketing: Rapid Global Growth

Global Influencer Marketing Platform Market  
\$ billions



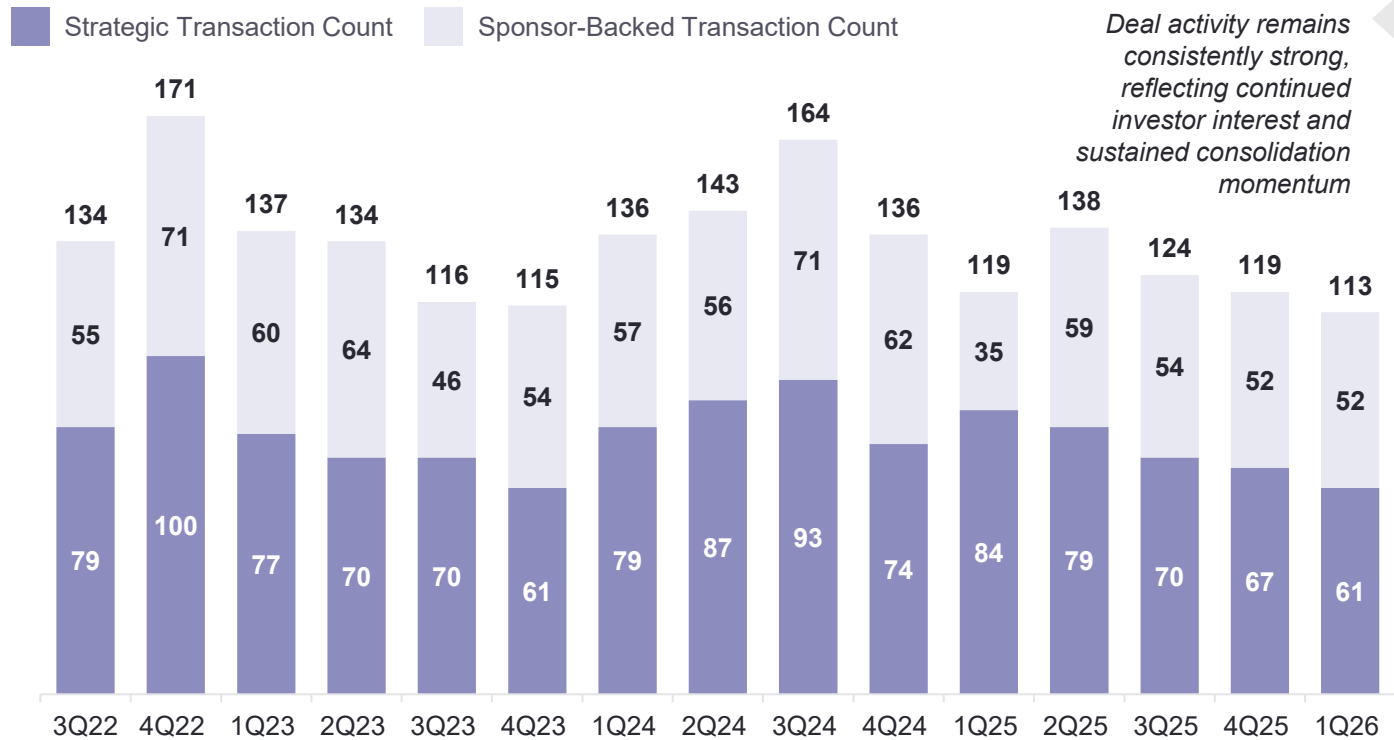
## Influencer Marketing Is Becoming a Core, Global Growth Channel

- ▶ **Market Expansion & Consumer Dynamics**
  - Creators enable brands to reach niche, interest-based, and international audiences beyond traditional media
  - Short-form, creator-led content increasingly shapes discovery and purchase decisions across digital and physical channels
- ▶ **Market Size & Agency Growth**
  - Influencer marketing has scaled into a \$30B+ global market with sustained double-digit growth
  - Agencies are expanding full-service capabilities, driving consolidation to support end-to-end execution at scale
- ▶ **Buying Motion: Direct vs. Managed**
  - As programs scale, brands are moving away from direct creator management due to operational and compliance complexity
  - Managed influencer models are gaining share as agencies and platforms become the system of record for performance and measurement

# Digital Marketing M&A Poised for Continued Strength Through 2026

M&A remains elevated as buyers pursue performance-driven platforms aligned with AI-enablement and accountable growth

## Global Digital Marketing M&A Deal Count <sup>(1)</sup>



## Why Consolidation Will Remain Strong in 2026



### Platform Expansion and Capability Convergence

Buyers are assembling full-funnel platforms that integrate performance marketing, data, media, and creative to deliver measurable outcomes and increase share of wallet



### AI-Enabled Differentiation and Data Advantage

Agencies and MarTech assets with proprietary data, automation, and AI-driven optimization are increasingly valued as clients seek smarter, more efficient growth



### Shift Toward Measurable ROI and Accountability

Advertisers continue reallocating budgets toward channels and partners with clear attribution, reinforcing demand for performance and analytics-led platforms



### Fragmentation Creates Roll-Up Opportunity

Despite consolidation, the market remains highly fragmented, creating sustained opportunity for buyers to build scaled leadership through disciplined M&A




































### Private Capital Focus on Durable Growth Assets

Sponsors and corporates are prioritizing scalable, tech-enabled platforms with recurring revenue characteristics, cross-sell potential, and margin expansion opportunities

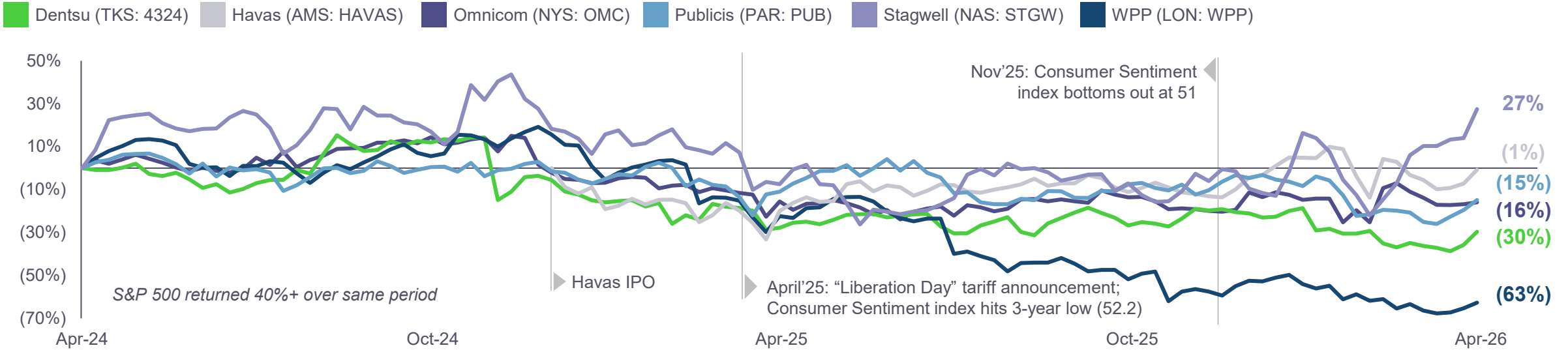
*Ongoing shifts toward performance accountability, AI-enabled demand capture, and integrated marketing platforms continue to support robust strategic and sponsor-backed M&A activity*

# Recent Ecosystem M&A Activity

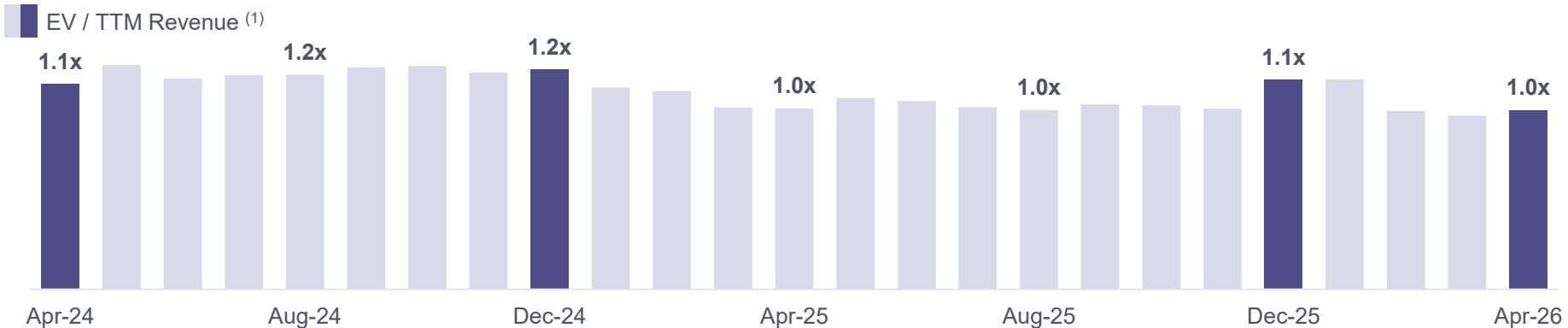
Date	Target	Acquirer	Commentary
Apr-2026	 Summit	 GLASS ATLAS	✓ Adds scaled performance marketing and product data capabilities to strengthen commerce solutions
Apr-2026	<b>160/90</b>	 PUBLICIS GROUPE	✓ Expands Publicis' sports and experiential marketing capabilities in high-growth verticals
Mar-2026	 OPTIMAL	Capstone Point Holdings	✓ Strengthens Capstone's programmatic media capabilities, enhancing data-driven optimization across digital channels
Feb-2026	 Phiture	 precis.	✓ Combines performance marketing and app growth expertise to enhance mobile capabilities
Feb-2026	<b>MUTINY</b>	 SHAMROCK CAPITAL	✓ Bolsters Shamrock's portfolio with an AI-powered personalization platform delivering conversion rate optimization
Feb-2026	<b>CATALINA</b>	 INFILLION KNOW BEYOND	✓ Enhances Infillion's media activation capabilities with shopper intelligence, creating a full-funnel retail media solution
Feb-2026	 AdAdvance	 PODEAN MARKETPLACE MARKETING	✓ Expands Podean's marketplace media management offerings with deepened commerce media expertise
Feb-2026	grapevine.ai	 NEW ENGEN	✓ Strengthens New Engen's commerce media and data activation capabilities via AI-driven retail and shopper insights
Jan-2026	<b>GRÖ</b>	 OuterBox	✓ Expands OuterBox's performance marketing and SEO footprint with enterprise-grade technical and content expertise
Jan-2026	 cardinal digital marketing	 Power	✓ Enhances Power's healthcare-focused digital platform, accelerating growth in regulated and provider-driven markets
Dec-2025	 DIGIZIK   <b>KAIMERA</b>	 HAVAS Media Network	✓ Bolsters Havas' data and analytics capabilities, strengthening its ability to deliver integrated, insight-led solutions
Nov-2025	 IPG	 OMG Omnimedia	✓ Creates a scaled global marketing services leader, unlocking cost synergies and expanding data and media breadth
Nov-2025	<b>GIANT SPOON</b>	 WPROMOTE	✓ Adds experiential and culturally driven brand marketing capabilities via high-impact creative and event-led activations
Nov-2025	 SEMRUSH	 Adobe	✓ Deepens Adobe's digital experience and content optimization stack, strengthening enterprise marketing workflows
Oct-2025	 Walker Sands	 MOUNTAINGATE CAPITAL	✓ Adds a differentiated B2B growth marketing platform to Mountaingate's portfolio
Sep-2025	 captify	 verve	✓ Enhances Verve's commerce and search intelligence offering via real-time intent data
May-2025	 captiv8	 PUBLICIS GROUPE	✓ Accelerates Publicis' influencer and creator commerce capabilities
Apr-2025	 INFOSUM	 WPP	✓ Strengthens WPP's privacy-safe data collaboration infrastructure, enabling more effective identity-based activation
Apr-2025	 LOTAME	 PUBLICIS GROUPE	✓ Expands Publicis' global identity and data spine, enhancing addressability, audience intelligence, and interoperability
Jan-2025	 STRATEGUS	 CIVC PARTNERS	✓ Strengthens CIVC's exposure to high-growth CTV and streaming advertising, and ongoing shift from linear to digital

# Public Digital Agency HoldCos Under Pressure

Macro and Structural Headwinds, Including Limited Growth, Open Web Exposure, and AI Disruption Driving Sustained Public Markets Underperformance



## Valuation Multiples Compressing in Proportional Fashion



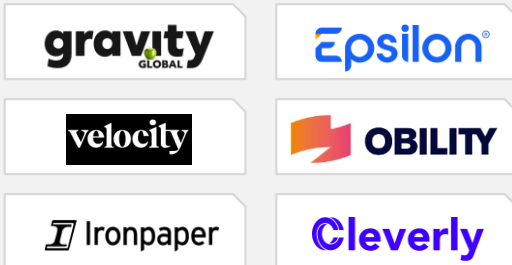
### Constituent Companies



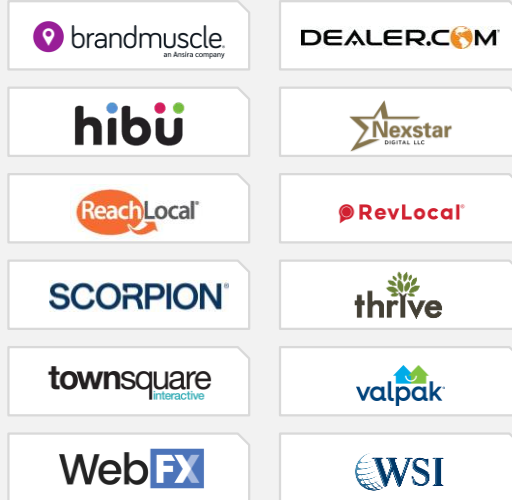
# Digital Media Agencies Market Map

Evolving agency landscape shaped by data-driven performance and creator-led media

## B2B



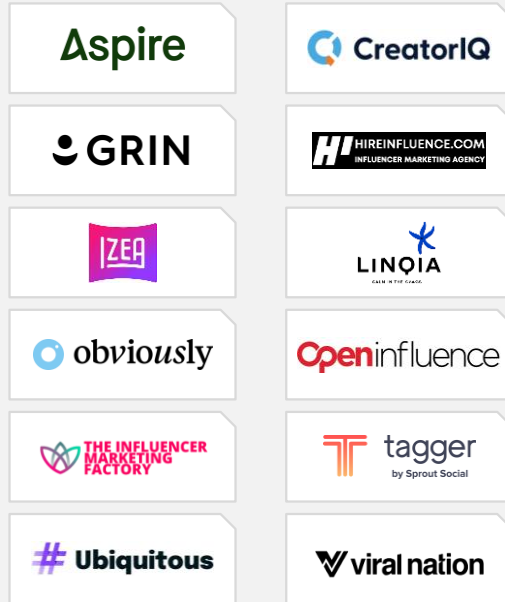
## SMB / Local



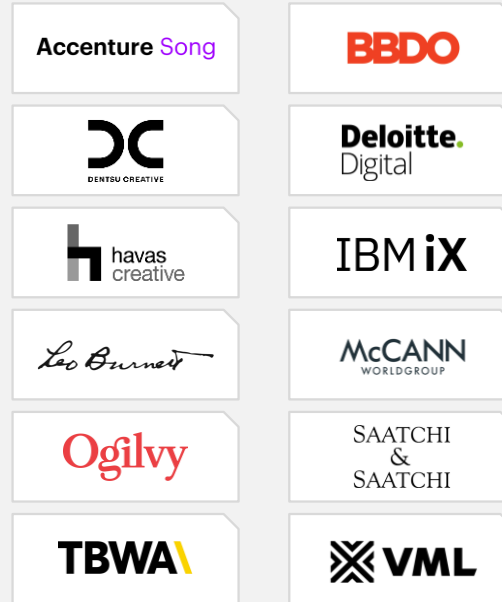
## HoldCo / Global Networks



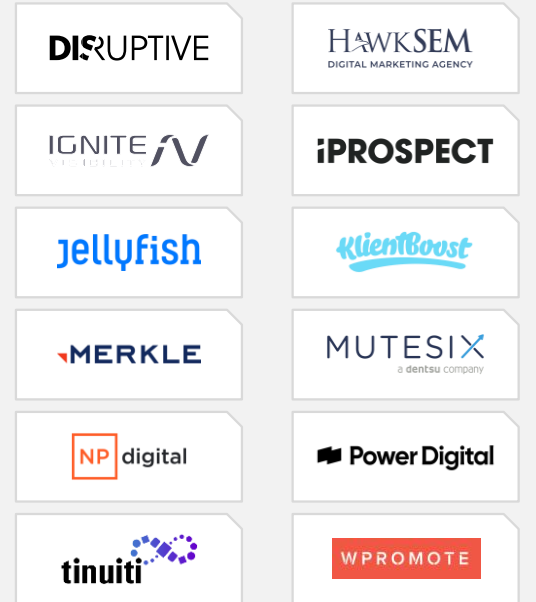
## Influencer Marketing



## Enterprise / Full-Service



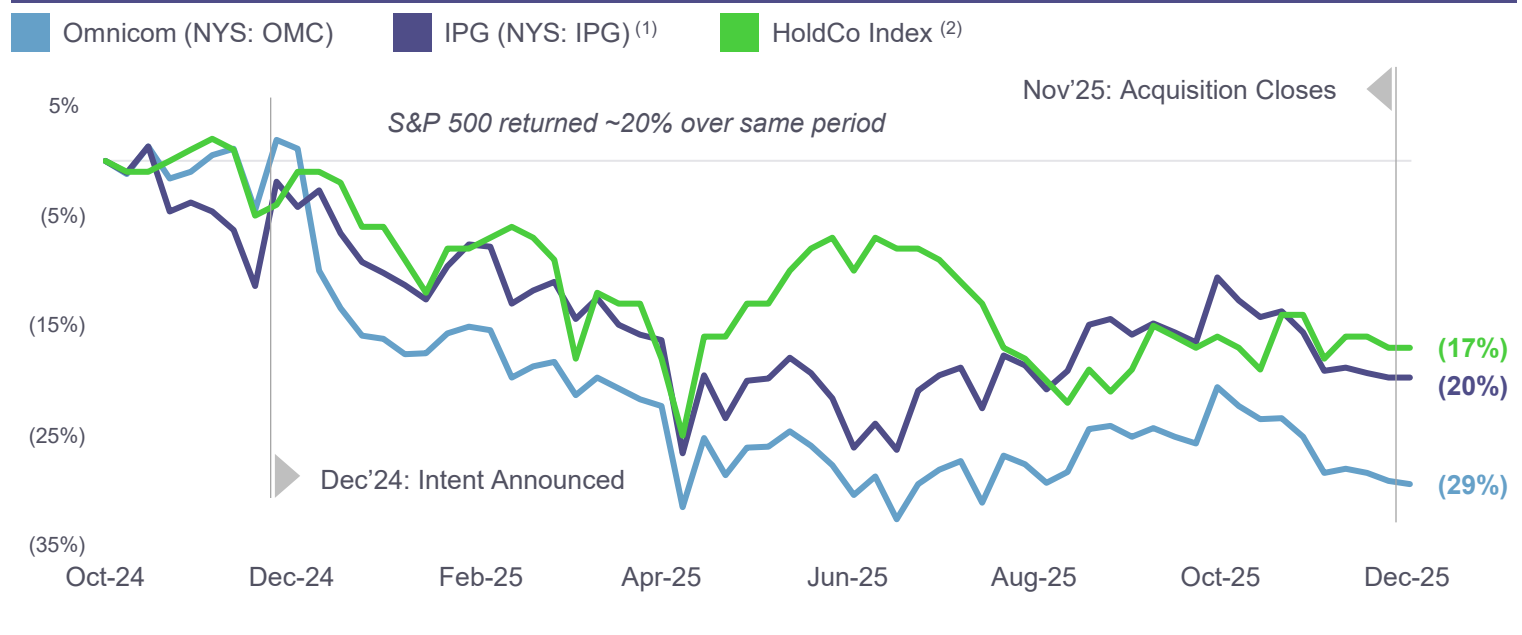
## Performance Marketing



# Omnicom Acquires IPG: A Defining Moment for Agency Consolidation

Market reaction, regulatory friction, and what scale means for global advertising industry

## Stock Performance Reflects Investor Skepticism Around Defensive, Scale-Driven Consolidation



## Compelling LMM M&A Opportunity Persists



**Consolidation pressure shifts up-market, not down-market:** Scale-driven M&A is a large-cap problem, not an LMM one, where consolidation remains choice-driven and thesis-led



**Niche specialists create incremental value that scale cannot:** AI, data fragmentation, and channel complexity have increased demand for vertical-specific expertise, channel depth, and performance accountability – all areas where focus beats scale



**Integration risk premium favors smaller acquisitions:** smaller, focused agencies offer modular integration — easier to absorb, easier to retain, and faster to scale across a platform



**Less pressured sellers lead to better outcomes:** unlike large agencies facing structural pressure, LMM founders have optionality, can time exits around growth inflection points, and are often selling to accelerate opportunity rather than avoid decline

## Market Reaction and Planned Integration Reinforces Strategic Necessity Narrative

- 1 Scale as a prerequisite**  
Top agency HoldCos already facing margin compression – M&A was the last viable path to relevance at scale
- 2 Transaction inevitability**  
IPG seen as running out of strategic degrees of freedom – conviction in merger or slow demise made transaction feel inevitable
- 3 Upside in deal failure**  
Some investors began to see deal failure as a relief valve for both companies, reinforcing share price weakness
- 4 Survival-driven narrative**  
Prevailed due to lack of credible organic alternatives at comparable scale and accelerating competitive pressure

1) Ceased trading on November 26, 2025  
2) Equal-weighted; constituent companies include Dentsu, Havas, Publicis, Stagwell, and WPP

# Select EIR Profiles

Digital marketing and HoldCo C-suite leaders positioned to deliver market and buyer insights from launch through close



**Amanda Richmond**  
*VP, Global Media Sales*  
Microsoft



**Ashwini Karandikar**  
*Former EVP*  
4A's



**Cory Treffiletti**  
*Chief Marketing & Digital Officer*  
Rembrand



**Dave Gensler**  
*Former SVP*  
Wpromote



**Domenic Venuto**  
*Chief Product & Data Officer*  
Horizon Media



**Frank Voris**  
*Former CEO*  
Publicis Re:Sources



**Heather Nichols**  
*CEO*  
LyraConnect



**Jeanne Meyer**  
*Communications Leader*  
Authentic Intelligence LLC



**Joelle Moroney**  
*SVP, Client & Creator*  
*Enablement*  
Publicis Groupe



**Jordi Chapdelaine**  
*CRO*  
Leviathan Core



**Julie Ginches**  
*CEO*  
The Purple Door



**Kyle Csik**  
*CEO*  
Adaly



**Marc Maleh**  
*Global CTO*  
Huge



**Michael Kahn**  
*Former CEO*  
Performics



**Mike Zacharski**  
*Former COO*  
CPXi (Digital Remedy)



# Appendix

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# Public Markets Analysis: Agency HoldCos

USD in millions, except per share data

Company	Ticker	Market Data			CY2025E Operating Metrics			Enterprise Value /				
		Share Price	% of 52-Week High	Equity Value	Enterprise Value	Revenue Growth %	EBITDA Margin %	Total Debt / EBITDA	CY2025 Revenue	CY2026 Revenue	CY2025 EBITDA	CY2026 EBITDA
<b>HoldCos / Global Networks</b>												
Publicis Groupe SA	PUB	91.16	79.3%	22,900	25,151	8.3%	19.6%	2.0x	1.4x	1.4x	7.4x	6.6x
Omnicom Group Inc.	OMC	76.82	88.1%	22,260	27,438	6.8%	16.4%	4.2x	1.7x	ND	10.7x	5.5x
Dentsu Group Inc.	4324	19.08	82.8%	4,954	6,399	0.3%	15.1%	2.1x	0.7x	0.7x	4.5x	4.6x
WPP PLC	WPP	3.52	42.9%	3,891	10,029	2.1%	13.4%	3.7x	0.5x	0.8x	4.0x	5.3x
Havas N.V.	HAVAS	18.90	89.1%	1,872	2,008	(0.3%)	14.6%	1.0x	0.6x	0.6x	4.4x	3.7x
Stagwell Inc.	STGW	6.51	86.5%	1,782	3,432	12.4%	21.3%	2.7x	1.2x	1.1x	5.7x	7.1x
3rd Quartile						7.9%	18.8%	3.4x	1.4x	1.1x	7.0x	6.3x
<b>Mean</b>						<b>4.9%</b>	<b>16.7%</b>	<b>2.6x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>6.1x</b>	<b>5.5x</b>
<b>Median</b>						<b>4.4%</b>	<b>15.8%</b>	<b>2.4x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>5.1x</b>	<b>5.4x</b>
1st Quartile						0.8%	14.7%	2.0x	0.7x	0.7x	4.5x	4.8x

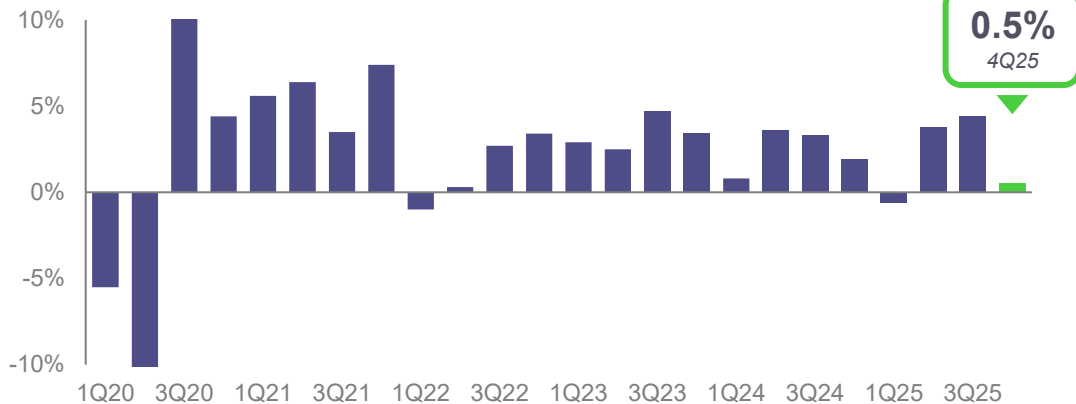
# Macro View: Earnings Growth and Effect of AI Driving Positive Momentum

Resilient economic momentum supports a constructive outlook for 2026, with improving visibility despite pockets of macro uncertainty



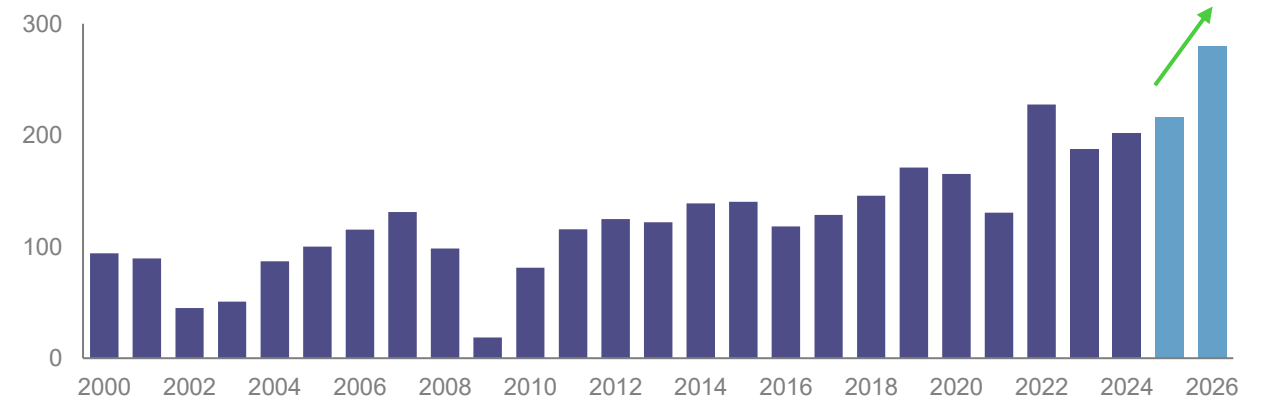
## U.S. Real GDP Remains Resilient Starting 2026 (1)

U.S. Real GDP, QoQ Change %



## Earnings Growth Continues to Offset Recession Risk (2)

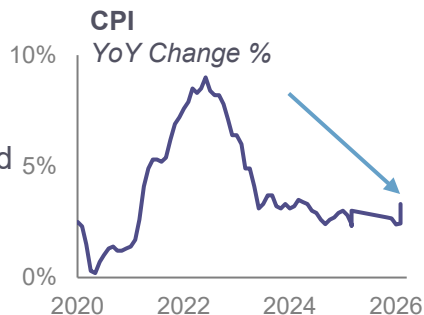
S&P 500 12-month Real EPS, inflation adjusted



## Split Signals from Factors Driving a Neutral Macro Picture (3)

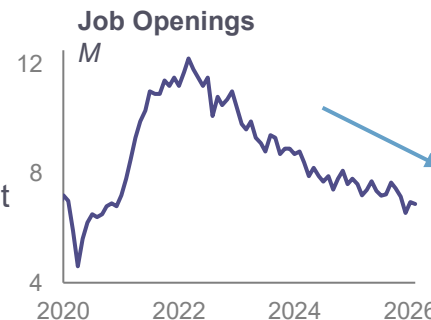
### Inflation:

Inflation remains a concern; oil shock pressures expected to weigh on the Fed, depending on their persistence



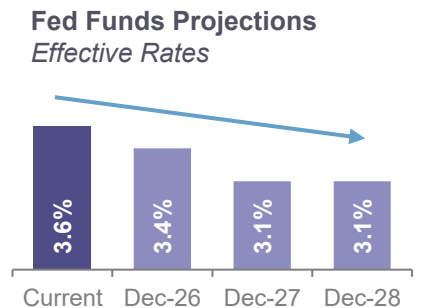
### Labor:

Labor is softening at the margin but remains healthy, with unemployment still in the low 4% range



### Interest Rates:

Fed expected to hold neutral, with potential cuts in 2026 contingent on how inflation evolves



# Deals Continue: Focus on “How Does the Current Environment Affect You?”

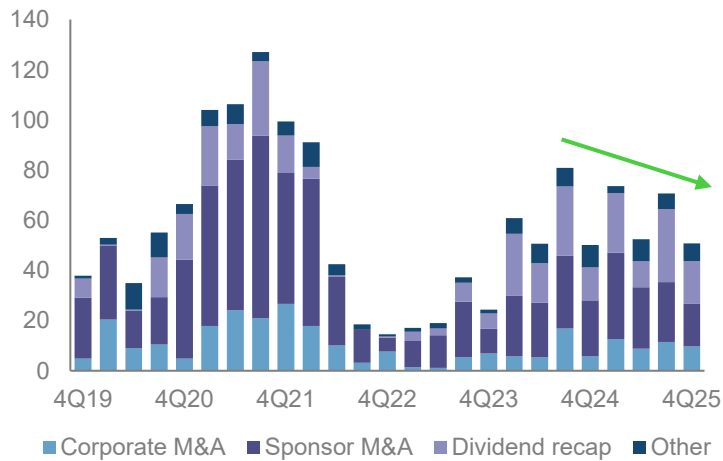
Amid macroeconomic volatility, deal activity remains active and increasingly focused on sectors with strong revenue durability and strategic fit



## Lending and Credit Activity

### U.S. Institutional Loan Volume (1)

\$B



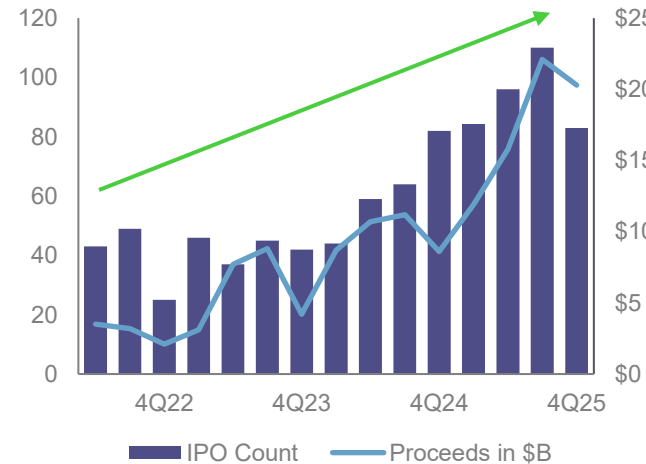
- Short-term increase in rates has slowed credit market
- However, default rates and spreads remain slow



## Capital Markets Activity

### IPO Market (2)

Number of IPOs and IPO proceeds in \$B



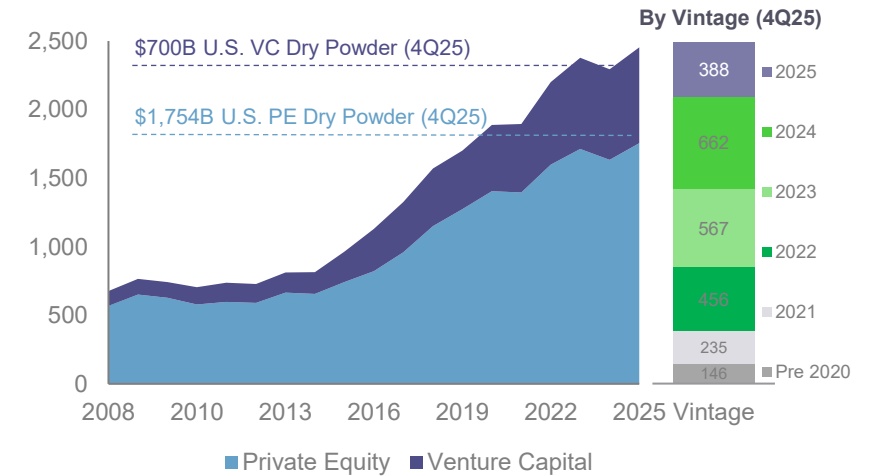
- Despite recent volatility, IPO activity rebounded in 2025, reaching its highest levels since 2022
- Deal flow has surged as markets reopened after 2022-2023 stagnation



## Capital Deployment Pressure

### Capital Overhang (1)

\$B



- Reduced exits and extended hold times
- Dry powder remains high
- Very real pressure to deploy

# Progress Overview



- Founded in 2002
- Full-service technology investment bank
- Managing Directors based in Boston, New York, and Washington, DC
- Services include sell-side/buy-side M&A and capital raising
- Over 100 transactions and \$10B in value



- \$35M Fund IV (2020)
- \$1-1.5M initial check with 2-3x reserved for follow-ons
- Areas of focus include data management, AI/ML, measurement/analytics, and media automation

Notable LPs



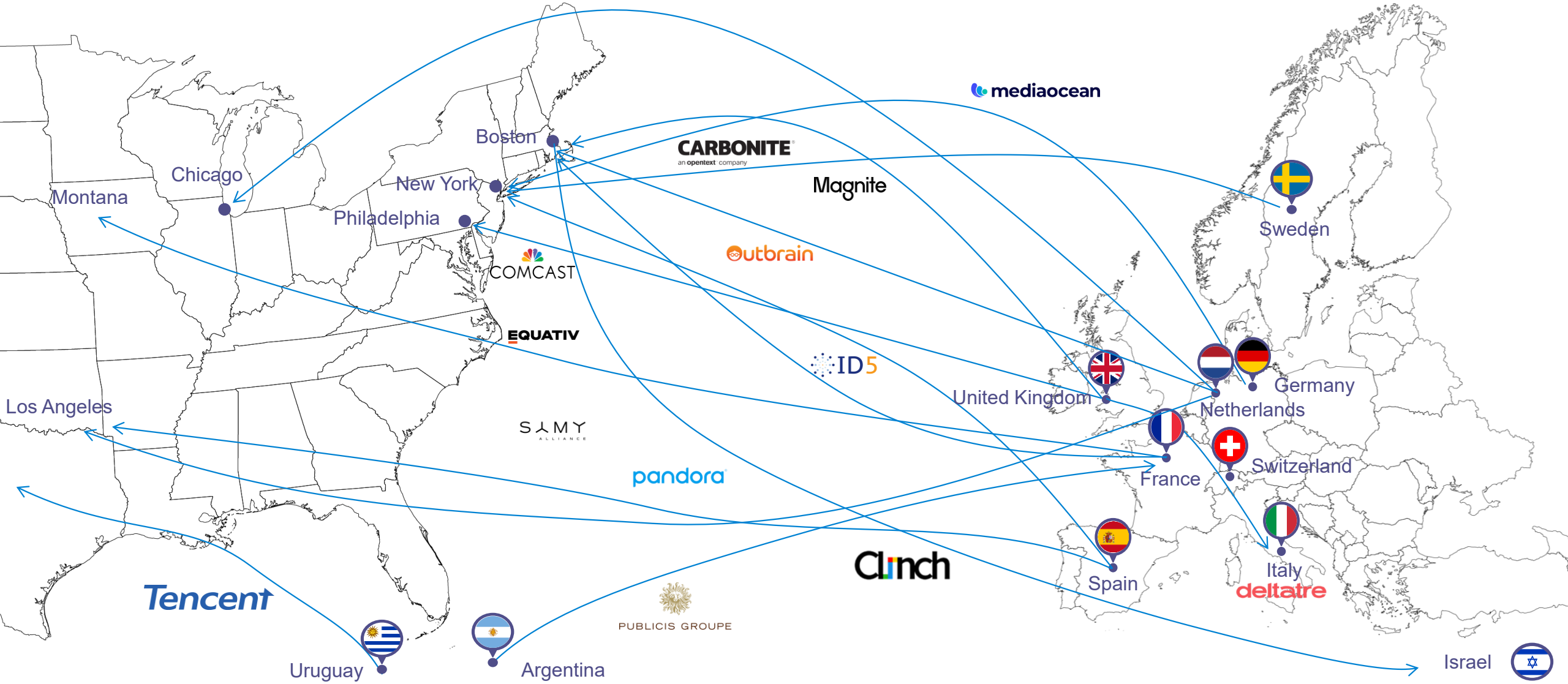
Notable Exits



150+ Executives in Residence

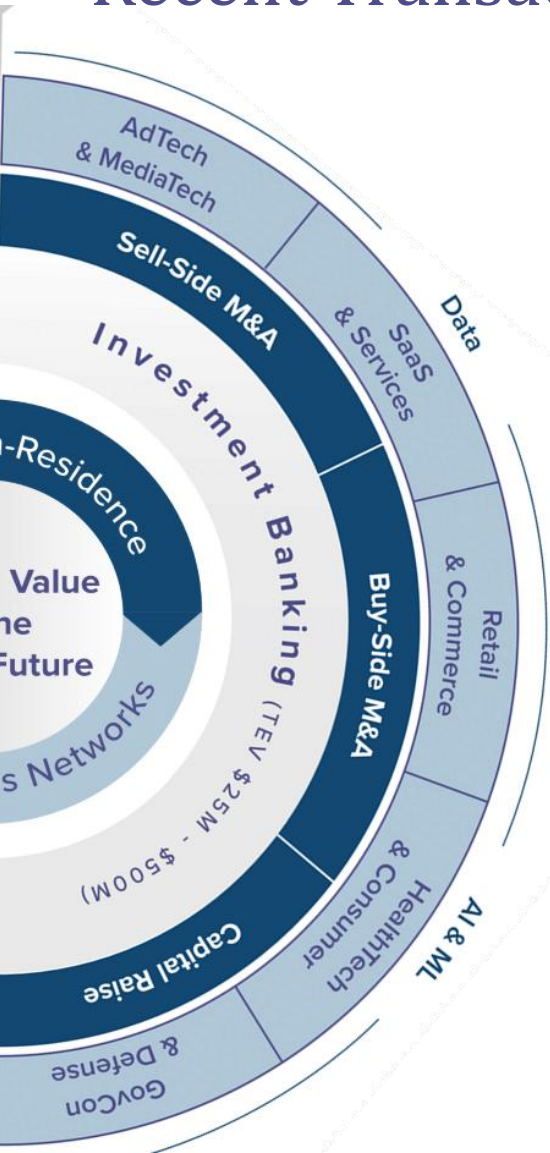


# A Focused Brand With Global Reach



# Recent Transactions

Collectively closed over 100 transactions worth \$10B+



 Has been acquired by  A principal of the undersigned served as exclusive financial advisor to mp in its acquisition of ONEDIGITAL. 	 Has been acquired by  A principal of the undersigned served as exclusive financial advisor to Rocket Lab in its acquisition of MIQ. 	 Has received Equity Financing from  A principal of the undersigned served as exclusive financial advisor to Keynes Digital in the development of the company's strategic plan. 	 Has received Debt Financing from  A principal of the undersigned served as exclusive financial advisor to CCRA and acted as co-facilitator in its acquisition of ABC Global Services. 	 Has been Acquired by  A principal of the undersigned served as exclusive financial advisor to TrueData in its sale to ID5. 	 Has been Acquired by  A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. 	 Has been Acquired by  A principal of the undersigned served as the exclusive financial advisor in the development of the company's strategic plan. 	 Has been Acquired by  A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. 	 Has been Acquired by  A principal of the undersigned in development of the company's strategic plan, served as exclusive financial advisor. 
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# Why Progress Partners



We are a full-service investment bank **building value in the digital future.**

Our significant transaction experience and diverse backgrounds inform our negotiations and, more importantly, what the conversations on the other side of the table look like.

We're bold partners with a future vision for the industries we cover and think creatively across our sectors to consistently deliver outsized value.

## Genuine Experts

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- We value entrepreneurial leadership and technology
- We understand the change for which entrepreneurial leaders and visionaries strive

## Nimble Partners

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- We can see around corners and proactively respond to the accelerated pace of innovation and change

## Trusted Relationships

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- In a world questioning trust and integrity, our deep and long-standing relationships unlock insights to generate more value

## Extensive Network

- Our EIR program connects us directly with accomplished professionals who have real world operational expertise
- This deepens our existing networks and provides unparalleled insights to directly benefit our clients



**Rory Berger**

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