DoubleVerify Q1'24 Earnings Call Prepared Remarks

Tejal Engman, Investor Relations:

Good afternoon and welcome to DoubleVerify's first quarter 2024 earnings conference call. With us today are Mark Zagorski, CEO, and Nicola Allais, CFO. Today's press release and this call may contain forward-looking statements that are subject to inherent risks, uncertainties, and changes, and reflect our current expectations and information currently available to us, and our actual results could differ materially. For more information, please refer to the risk factors in our recent SEC filings, including our Form 10-Q and our annual report or Form 10-K. In addition, our discussion today will include references to certain supplemental non-GAAP financial measures and should be considered in addition to, and not as a substitute for, our GAAP results. Reconciliations to the most comparable GAAP measures are available in today's earnings press release, which is available on our investor relations website at ir.doubleverify.com. Also, during the call today, we'll be referring to the slide deck posted on our website. With that, I'll turn it over to Mark.

Mark Zagorski, CEO:

Thanks, Tejal, and thank you all for joining us today. I am excited to discuss our solid first-quarter performance and to share the substantial product and business development progress we've achieved so far this year, setting a robust foundation for our future growth and success. From scaling our independently accredited core verification solutions across leading Social and CTV environments to increasing customer adoption of our key performance solutions, Scibids and Authentic Attention, DV is excelling across multiple growth vectors. And in the process, we are evolving our core value proposition to include protection and performance of media spend, solidifying our market leadership, and driving sustained business growth.

In the first quarter, we exceeded the top end of our guidance ranges on revenue and adjusted EBITDA, achieving solid revenue growth, profitability, and cash flow. We grew first-quarter revenue by **15%** year-over-year to **$141** million, with double-digit revenue growth across both activation and measurement. We delivered **$38** million of adjusted EBITDA, representing a **27%** margin, and grew net cash from operating activities by nearly **50%** year-over-year to **$32** million.

I'd like to begin my comments today by highlighting an evolving trend that has become increasingly prominent in recent months: the role that digital video is playing in driving ad impression growth. More specifically, we are seeing ad spend increase in social video and CTV, which are two of DV's fastest-growing media environments. Advertisers, particularly DV's large brand advertisers, value these environments for their audience addressability, expansive scale across the purchase funnel, and measurable performance outcomes.

We're at a pivotal point where the ongoing increase in digital video has emerged as a key catalyst for digital advertising growth. As reported by Magna Global, although global programmatic ad spend grew **10%** in 2023, this growth rate would have been **5%** if you excluded CTV. Similarly, the Magna data highlights that video comprised nearly **70%** of social content in 2023, and the IAB expects social video to grow by **20%** year-over-year, faster than any other type of media.

DV is primed to capitalize on this trend in social media, where video comprised **81%** of our social measurement impression volumes in Q1. Our AI-powered Universal Content Intelligence technology excels in measuring video content with unmatched efficiency and accuracy and underpins our strong growth trajectory across all video environments. Today, social media is the leading driver of DV's impression volume and revenue growth. Our newly launched brand safety and suitability measurement capabilities on platforms like Meta, YouTube, and TikTok are accelerating this growth trajectory, particularly in international markets where our brand suitability language footprint continues to grow.

We grew our social measurement revenue by **51%** year over year in the first quarter, following **48%** growth in full year 2023. Most of our social media revenue growth was driven by existing DV advertisers who

increased their usage of our social measurement solutions. In addition, we increased the number of Top 100 customers leveraging our solutions across Meta, YouTube, TikTok, Pinterest, and Snap compared to last year.

We're especially enthusiastic about the increase in ad spend on social media platforms, given DV's strong competitive advantage in this media environment. In contrast to the open web, social platforms have limited partnerships with verification and measurement companies. In addition, the technical integrations required by social platforms are complex and demand substantial infrastructure and expertise to handle efficiently. DV distinguishes itself by providing the most comprehensive, independently accredited solutions across social platforms while simultaneously supporting the largest scale across the entire internet, spanning both social media platforms and the open web.

We see multiple layers of growth in our social media business, starting with measurement and increasingly extending to activation. In measurement, there is ample opportunity to grow our social revenue by expanding our verification and performance products across new geographies and driving existing customer adoption. Let me take a moment to outline some recent developments in social measurement.

On Meta, we currently have over **40** DV advertisers testing our recently expanded brand safety and suitability measurement solutions, including **nine** of DV's Top 100 customers who have never activated us on Meta. Our Meta volumes have expanded across large advertisers as we grow our scale and enhance our measurement capabilities across the Meta platform.

We launched DV's brand safety and suitability measurement on Facebook and Instagram Feeds and Reels in **seven** languages in January, and expanded to **18** more languages later in the quarter. Together, these **25** languages cover markets representing over **90%** of global digital ad spend ex-China. Furthermore, we expanded our viewability and fraud measurement coverage to include Explore on Instagram, an area within the Instagram app that is dedicated to content discovery. We offer media quality measurement across key areas on Facebook and Instagram and are continually improving our coverage across some of the most engaging user-generated content environments in the world.

On TikTok, where nearly **half** of our first-quarter revenue came from EMEA and APAC markets, we're scaling our solutions across the platform by expanding our brand safety and suitability measurement capabilities to additional languages and markets. This year, we've already introduced brand safety and suitability measurement in key TikTok markets like Japan and Brazil and broadened our Spanish coverage to include four Central American countries where TikTok has launched. As a result, we now provide brand safety and suitability solutions on TikTok in **36** markets, representing over **90%** of total digital ad spend ex-China and India. Moreover, we've introduced **16** new brand safety and suitability categories to complement TikTok's latest inventory filters, Vertical Sensitivity and Category Exclusion. With our expanded coverage and solutions on TikTok, advertisers can confidently verify and protect their ad spend allocation across all regions.

While our social media revenue is currently driven by measurement, the progress we've made in extending our industry-leading pre-screen activation and optimization solutions across social platforms points to a substantial opportunity to monetize our social impression volumes further. This trajectory mirrors DV's business evolution on the open web **15** years ago, where we started enabling measurement solutions and progressively introduced premium-priced activation solutions. Measurement data feeds our activation solutions, enabling advertisers to optimize media spend effectively. We are excited to continue to build upon our robust social media measurement data foundation, which, when coupled with our activation capabilities, will establish closed-loop verification and optimization that's tailored for the expansive social media market.

Shifting focus to CTV, the IAB predicts CTV advertising to grow by **12%** in 2024 to **$22.7** billion, outpacing total media growth by **32%**. DV's CTV measurement growth continues to outperform the market, with CTV impression volumes growing by **45%** year-over-year in the first quarter.

In activation, we see a significant portion of programmatic spend growth being driven by CTV and online video. However, our attachment rate to CTV activation impression volumes has room to grow because this premium-priced inventory is largely acquired through private marketplaces or within programmatic guarantees and programmatic direct deals, where DV's solutions are implemented more selectively.

To take advantage of this dynamic, DV is focused on increasing the attachment rate of our solutions to programmatic CTV impressions at scale and maximizing their monetization potential.

We have been working on enhancing our value proposition for CTV by driving greater transparency for key DV data sets - brand safety, suitability, viewability, and fraud at the show level. Show-level transparency has been limited in programmatic CTV purchases, both in direct deals and, to a greater extent, in programmatic auctions, until now. Driven by advertiser demands, streaming publishers are warming up to selectively providing the more granular data and transparency needed to satisfy advertisers and significantly amplify DV's value in this premium-priced media landscape.

As we mentioned on our last call, we have partnered with a leading streaming network to introduce a pioneering program-level measurement solution for advertisers on OTT devices, including CTV. This groundbreaking development in streaming verification will empower advertisers to measure **and optimize for** brand safety and suitability, as well as content performance at the granular program level. This is a win-win for all involved. Advertisers gain invaluable transparency and insights, DV's CTV and OTT solutions see broader attachment rates, and the streaming companies receive increased, more premium budget allocations. As major streaming companies adopt this level of transparency, it will catalyze others to follow suit swiftly. We believe that achieving content transparency at scale will not only drive widespread adoption of brand suitability measurement on CTV and the broader OTT market, which spans all devices but will also fuel our CTV and OTT activation volumes.

Ultimately, this progress will also enable DV to better align our fees for CTV activation and measurement with the higher value of CTV impressions.

Today, DV leads the market with its premier CTV activation and measurement solutions. We've achieved MRC accreditation for video viewability in CTV and broadened accreditations for our CTV pre-bid data segments to include property-level brand suitability, contextual and fully on-screen segments. Moreover, DV has the widest CTV coverage, including media quality authentication on Amazon's owned and operated ad-supported OTT and CTV inventory. Brands can leverage DV's fraud detection, in-geo measurement, and app-level suitability across devices, including desktop, mobile, and CTV. Additionally, DV enables marketers to gauge viewability and attention on Amazon's owned and operated ad-supported CTV inventory.

Finally, we continue to innovate rapidly in CTV, where attention measurement is gaining traction. Recognizing its value, platforms are leveraging attention data as a selling point, similar to how ratings are used to sell TV inventory. With DV's Authentic Attention metrics, platforms can emphasize not only impression-level verification and attention data but also exposure and engagement across content. This approach highlights high-attention shows, maximizing the efficacy of TV inventory. Recently, DV partnered with Netflix to deliver a CTV Attention Measurement Report, using DV's CTV Authentic Attention to compare Netflix to other AVOD apps and FAST channels. This exciting development is just the beginning of DV Authentic Attention's pioneering advancements, which fueled a **tripling** of attention revenue and advertiser adoption in the first quarter compared to Q1 last year. We are gaining solid momentum with this differentiated measurement offering and look forward to updating you on our ongoing progress.

We see significant potential for unlocking value with DV's solutions in the CTV space. By expanding our solutions at the show level, we expect higher attach rates and a more rewarding value proposition for DV in an underpenetrated segment that accounts for a large share of programmatic revenue growth.

Moving on to the topic of accelerating customer wins, we won numerous RFPs in the first quarter and have a robust new customer acquisition pipeline. DV boasts an impressive list of blue-chip clients, working with **nearly half of the top 1000** advertisers in the world. In addition to our previously announced first quarter wins, which included the global advertising business of **Pepsi** and **Haleon**, we closed additional new logos in the first quarter, including **McAfee**, **Mars**, **Heineken**, **Levi Strauss,** and **Dolce & Gabana** in the United States, **Carlsberg** in Europe and **Softbank**, **New Balance**, and **Aeon Financial** in Japan. We have also signed meaningful expansions with existing clients, including **Vodafone**, **Audible by Amazon**, **Pepsi,** and **Bacardi** adopting ABS across multiple global markets, as well as **Sanofi** and **Beiersdorf** scaling our social solutions. Our win rate across all opportunities remains **above 80%**, with **62%** of our first quarter wins being 'greenfield,' which we define as wins where the advertiser wasn't using third-party tools for the business that DV won. New client wins play into our successful 'land and expand' strategy through which we grew the number of advertiser customers generating more than **$200,000** over the last 12 months by **12%** in the first quarter. With **nearly 60%** of our top 700 customers using **less than half** of our seven core products, the opportunity to expand within our existing customer base remains significant.

Having covered social and CTV, let's move to the open web and touch upon retail media and Scibids AI. Our global scale and connectivity across retail media environments continues to expand. DV's measurement tags are now accepted on **82** of the key global retail media networks and sites, including **15** of the top retail media platforms and **67** major retailers. Approximately **half** support DV measurement on their owned and operated sites, while **two-thirds** support DV measurement on their offsite networks. As a result, we grew our first-quarter retail media measurement revenue by more than **45%** year over year.

Finally, on **Scibids AI**, we're at an exciting inflection point where the adoption of custom bidding solutions to drive scalability and performance in optimizing programmatic advertising campaigns is gaining significant traction. Since acquiring ScibidsAI, we have successfully sold the solution to **19** DV customers, of which **8** are among DV's Top 100 advertisers. Moreover, we've engaged numerous large advertisers who, until now, weren't DV customers. Currently, we are in discussions with most DV customers and global prospects, leveraging our global sales team to cross-sell this powerful solution that can utilize DV's core verification data assets. This early success is rooted in DV Scibids AI's ability to consistently deliver strong advertising returns, with an average return on investment of **$4** for every **$1** invested in Scibids. Moreover, it delivers an average media cost savings of nearly **40%**. It's also worth noting that marketers currently spend **nearly a quarter of their time** manually optimizing campaigns, a task that Scibids AI can significantly streamline and improve, thereby enhancing overall marketing efficiency and effectiveness. Like Authentic Attention, DV Scibids represents another important step in DV's evolution to expand our client engagements to not only protect their media spend, but help it to perform as well.

To conclude, we are witnessing strong growth in digital video. Including CTV, social video, and online video, the IAB projects that digital video will be the fastest-growing channel in all media, growing nearly **80%** faster than total media overall in 2024. We see this growth characterized by increasing ad spend on social video and CTV, which is primarily acquired through private marketplaces or programmatic guaranteed and direct deals. For advertisers, this has meant navigating through more closed ecosystems, leading to greater fragmentation, complexity, and challenges in implementing scalable strategies, interpreting data, evaluating performance, and establishing trust across various networks. Strong, independent verification of closed ecosystems is essential to maintaining accountability and sustaining buyer confidence. DV has extensive experience in harnessing the power of AI, machine learning, and data science, as well as building trusted, scalable solutions integrated across all platforms, whether open or closed. We measure data that correlates with the business outcomes advertisers aim to achieve, and we can activate that measurement data to help advertisers drive better outcomes.

All of this leaves DV well-positioned to play a pivotal role in shaping the evolving future of digital advertising. Our growth drivers of product upsell, channel expansion, customer acquisition and growth, and international expansion remain intact, and we continue to see a large, growing business opportunity for our expanding set of verification and performance solutions across new markets, platforms, and customers.

With that, let me hand the call over to Nicola.

Nicola Allais, CFO:

Thanks, Mark, and good afternoon everyone. Our first quarter results exceeded the top-end of our revenue and adjusted EBITDA guidance ranges, driven by all three of our revenue lines —activation, measurement, and supply-side — gaining momentum in March.

Total revenue grew **15%** in the first quarter to **$141** million, primarily driven by **16%** advertiser revenue growth, which continues to be volume-led. In the first quarter, media transactions measured, or MTMs, increased **18%** year over year. Measured transaction fees, or MTFs, declined **2%** year over year primarily due to product mix, as activation revenue, which is premium-priced to measurement, represented a smaller share of total revenue relative to the prior-year period. We anticipated this mix shift given the strength in social and international revenue and the impact of reduced programmatic spending by the handful of large retail and CPG advertisers we referenced last quarter. While we expect MTFs on a per-product basis to remain stable, we expect total MTFs to continue to reflect the impact of a mix shift towards measurement relative to more premium-priced activation.

Activation revenue increased **13%** compared to the prior year, and ABS, which represented **55%** of activation revenue in the quarter, increased **12%** year-over-year. **85%** of ABS's growth in the quarter was driven by new advertiser spend and by upselling ABS to existing DV customers. ABS is activated by **over 90%** of our Top 100 advertisers and by **over 60**% of our Top 500 advertisers. Moving forward, we are focused on new advertiser spend and on upselling ABS to existing DV customers as the primary driver of ABS's growth. Scibids continues to build momentum with existing customers and prospects and continues to meet our performance expectations.

Turning to measurement, revenue increased **19%** versus the prior year, primarily driven by existing customer expansion on social. Social revenue increased **51%** year-over-year and represented **49%** of Measurement revenue in the quarter. Social measurement growth continued to be led by Meta and YouTube, which together accounted for approximately **80%** of our first-quarter social measurement revenue, with TikTok being a distant third. As Mark mentioned, **nearly half** of our first quarter TikTok revenue was sourced from EMEA and APAC markets.

Growth in social drove international measurement revenue, which increased **40%** compared to the prior year and now represents **31%** of total measurement revenue, up from **26%** in the first quarter of 2023.

Finally, supply-side revenue grew **8%** in the first quarter, driven by the early signing of new platform deals.

Shifting to expenses, cost of revenue increased by approximately **$3** million, primarily due to an increase in cloud service costs as we further invest in scaling the infrastructure required to support our growth, followed by an increase in costs from revenue-sharing arrangements with programmatic partners tied to higher programmatic revenue. Revenue less cost of sales of **81%** in Q1 24 was in line with our expectations.

Research and development expenses increased due to investments in AI and machine learning engineering resources. Sales and marketing expenses increased as we invested in additional resources to promote and sell our most recent product launches, including Scibids, around the globe. G&A expenses remained relatively stable year-over-year as our growing scale drives leverage on this operating expense line.

Adjusted EBITDA of **$38** million in the first quarter represented a **27%** margin and was ahead of plan primarily due to higher revenues.

We delivered net cash from operations of approximately **$32** million compared to **$21** million in the same period in the prior year. Capital expenditures were approximately **$6** million compared to approximately **$4** million in the first quarter of 2023.

We ended the quarter with **$302** million in cash on hand. In addition, we invested in the quarter approximately **$32** million in treasury bills with maturities over three months to capitalize on favorable interest rates. This short-term investment is reflected as a use of cash and included in investing activities in the cash flow statement. Including this investment, cash, and short-term investments were **$334** million at quarter end.

Turning to guidance, we are lowering our full-year guidance primarily due to uneven spending patterns by the select large retail and CPG advertisers that we mentioned last quarter. These customers are heavy users of our activation solutions, including ABS. Our lowered revenue expectation from this cohort accounts for most of the change in our full-year guidance.

Additionally, we expect more of our existing and new customers' ad spend to be allocated to social media and CTV. While we earn a lower fee in social media measurement today, we see a significant opportunity to upsell our social activation and optimization capabilities going forward. As for CTV, Mark mentioned that we have been working on enhancing our solutions by providing show-level transparency, which will increase the attach rate to CTV impressions.

We expect second-quarter revenue in the range of **$152** to **$156** million, which implies year-over-year growth of **15%** at the midpoint. We expect second-quarter adjusted EBITDA in the range of **$41** to **$45** million, which represents a **28%** margin at the midpoint.

For the second quarter, we expect stock-based compensation to range between **$23** and **$26** million, and weighted average diluted shares outstanding to range between **175** and **177** million shares.

For full-year 2024 guidance, we expect revenue in the range of **$663** to **$675** million, which implies year-over-year growth of **17%** at the midpoint. We expect adjusted EBITDA in the range of **$199** to **$211** million, which represents a **31%** margin at the midpoint.

Our full-year guidance reflects the following key assumptions.

1. First, we anticipate more moderate growth throughout the year from the select retail and CPG advertisers we identified as slow-starting at the beginning of the year. While we saw an improvement in March, April's performance showed slower pacing. As a result of this variability, we assume these select advertisers will spend unevenly for the rest of the year.

2. Second, we expect a moderation in overall growth as we see current and new customers allocating more of their budgets to social and CTV.

3. Third, the newly onboarded large global advertisers we mentioned last quarter are now performing in line with our expectations. We expect their continued ramp-up in the second half of the year to contribute to a sequential acceleration in our year-over-year growth in the second half of the year.

4. Overall, we expect the second half of the year to contribute approximately **56%** of our total revenue, broadly in-line with last year.

5. Finally, as in prior years, we expect the fourth quarter to deliver the highest quarterly share of total revenue, ranging between **30** and **32%**.

We remain measured in our full-year revenue expectations from the following opportunities:

- Adoption by existing advertisers of our measurement solution on Meta which now includes Brand Safety.
- Accelerated revenue growth from the expansion of TikTok into non-English speaking markets.

- Accelerated revenue growth from Scibids, Authentic Attention, and on CTV.

In conclusion, we delivered a solid first quarter with **double-digit revenue growth**, robust profits, and substantial cash flow, ending the quarter with zero debt and **$302** million of cash on hand. Our focus remains on driving execution to build growth momentum throughout the remainder of the year.

And with that, we will open the line for questions. Operator, please go ahead.

Matthew Swanson
Yeah. Thank you so much for taking my question. We had a lot of good metrics in the quarter, right? Attention tripled, social up 51, CTV 45, retail media 45, and international 40. Could you just maybe go a little bit more into the parts of the business that didn't perform as well? Obviously, those numbers are all quite a bit higher than overall revenue growth, so maybe drilling down a little deeper beyond those handful of CPG and retail companies.

Mark Zagorski
Yeah, Matt, thanks for the question. In addition to that, we obviously saw great growth outside of the U.S. that was really positive. And so, we did some bright spots. Now obviously, where we saw some challenges was in our activation business, which has been such a powerhouse over the last several quarters. And I think a lot of that was driven by those core customers who were heavily leaned into our activation solutions, including ABS.

So, I think there was definitely some drag on the activation side of our business, as we noted, considering this is the first quarter that I can remember in which activation actually grew slower than measurement. And I think that's obviously in very large part due to those customers who--we saw them drag in Q1. We're projecting it to remain relatively uneven through the year.

And the second is, obviously a good amount of spend is starting to head towards social, in which we've got a lower attach rate at this stage for some of our previous solutions, although we're seeing pretty big measurement upswing. So, the bright spots continue to be social, international, and some of the areas on that side of the business. Where we saw the drag was pretty heavily in activation, which--again, those core customers who did slow down, and we expect them to be uneven for the year, have a high concentration of spend.

Matthew Swanson
Yeah, that's really helpful. And then, I think it might just be helpful to kind of go over two of the things that were investor focuses coming out last quarter. And one, it didn't show up at all, obviously in measurement. But just any commentary around the pricing environment competitively. And then, maybe on the second, like you said the same companies as before, but just that there hasn't been any contagion of spreading out beyond kind of those retail and CPG customers we identified.

Nicola Allais
Yeah, I'll take that one. So, I'll start with the second one. The answer to that is no. It is the same cohort of advertisers where we're seeing uneven patterns of spend. They actually saw nothing in March but was seen in April, and so we feel it's the right thing to do to take our numbers down. We expect them to remain fairly uneven for the year as a cohort. So, this is not a growing number of advertisers.

On the first question for MTF, what we saw this quarter as an overall decline on the MTF because the mix has shifted towards measurement. And as we've always said, activation commands higher premium-priced products. And so, as more volume is shifting to measurement, we will feel on the MTF the impact of lower price points on social and lower price points on international in general. Third, product pricing has remained

stable. And that's really the part that we control. The MTF mix shift is a byproduct of where the advertisers are spending.

Thank you. And our next question comes from Andrew Boone with JMP Securities. Please state your question.

Andrew Boone
Thanks so much for taking my questions. Mark, can you talk about the early learnings from Meta brand safety and what advertiser conversations are like currently in terms of adoption and demand for the product?

Mark Zagorski
Yeah, thanks, Andrew. We've got--we're engaged with just about every one of our top customers on the Meta brand safety solution. On the last call, we talked to something like 40 to 45 folks are testing it. We're starting to wrap those tests now and activate some of those clients, so we've got a handful of folks who are now running. A bunch of them are new. And the feedback has been really positive.

They like the fact now that we've got the full sweep across all the solutions. As we noted in the call, we've now even extended some new aspects of Instagram as well. So, I think it's pacing as we expected. We talked about starting to really pick up on the second half of this year. And as Nicola noted in his guidance comments, we still are planning for a moderated impact on the business based on that.

But, net-net, good traction, exactly what we wanted to do and expected to do. And Meta as a partner has really leaned into it, as represented by the fact we started the year and launched with a handful of languages. And we expanded to over 20 languages by the end of the quarter, which is a great sign that they think this is important, and they want to continue to work with us on this front.

Andrew Boone
And then, Mark, just as a follow-up to that to help us maybe try to quantify the qualification of strong demand on Meta, is there anything you guys are seeing in terms of violation rates or anything else, again, that you can discuss maybe in broad strokes that suggest that, hey, advertisers need to be implementing a brand safety tool within the social media, UGC environments?

Mark Zagorski
I can't speak to Meta specifically, but we know that all social environments have a sense of brand safety and suitability challenges, that we ensure that they can--these tools are made for, right? And I think that the interest in demand around them is based on the fact that the reality is that there's lots of growth in dollars flowing into social networks, as we've seen. And advertisers want to have comfort in those environments.

So, net-net, I think the solutions are doing what they need to do, which is provide greater transparency, not just on brand safety and suitability but on viewability, on ensuring there's not invalid traffic, et cetera. And I think they are playing that role. And as exemplified is the growth that we saw in the quarter of over 50 percent growth in social, and I think there's still going to people leaning on those.

Andrew Boone
Thank you.

Operator
Our next question comes from Arjun Bhatia with William Blair. Please state your question.

Arjun Bhatia
Yes. Thank you. Maybe for Mark to start. It seems like obviously social is a little bit of a headwind here. But, when you think about getting more attached with pre-bid, I guess, how is products parity for DV solution

on what you have in social from a pre-bid perspective versus what you have with ABS and programmatic?

And then, just help us understand maybe what tools you have at your disposal to actually increase those attach rates on the social side. And maybe chop away at some of these headwinds that might be impacting you.

Mark Zagorski
Yeah, it's a great question, Arjun. So, we--in the slides, we showed some level of prescreen controls across a handful of social networks, so certainly not as broad across activation as we have across measurement. And the depths and types of those tools are different. So, prescreen, social heavily leans on--YouTube and TikTok right now are the main drivers of application. I think there is opportunity for us to expand on both of those platforms, and we are, as well as look at rolling out some of the things we're doing on optimization and activation.

So, we've got some work to do. Right now, most of that work is around selling, not on product development. Less than 20 percent of our top 700 customers are using us on social prescreen. So, I think we've got an opportunity to upsell there. We also have some product and coverage work to do, but I do think we have an opportunity to continue to grow that.

Arjun Bhatia
Okay. And then, maybe sticking on that theme, certainly, I think we see it across the advertising landscape that more and more spend is getting allocated to video, whether it's social or CTV. And I think you have implemented some price--some premium price on some video solutions. But, as you look ahead, I think those--when you look at advertising CPMs, I think there's a pretty wide discrepancy. So, like how do you think about price as a lever on some of those more premium impressions? Because I think there's still quite a bit of a gap there between what the ad spend is and what you see on those?

Mark Zagorski
Yeah, we've talked about this in prior calls, and it's a great point. I think we are still leaving money on the table based on the pricing structure that we have on video. And I think it becomes a bigger factor as more dollars move there, so I think we've got an opportunity to drive pricing at the level our value is, that we're not taking advantage of. But, I do think there is an opportunity for us to do that.

We've done it a bit, as we said, in some of our activation solutions when we bifurcated between displaying video on some of the platforms. I think we have an opportunity as well to look at both activation and measurement pricing as those CPMs and video become higher and the demand for video becomes greater, pushing them up.

Arjun Bhatia
Okay, appreciate it. Thank you.

Operator
Thank you. And our next question comes from Raimo Lenschow with Barclays. Please state your question.

Frank Surace
Hi. This is Frank on for Raimo. Thanks for taking the question. Despite the trim guidance, it still implies a step-up in the growth rate throughout the year. With that, what's giving you the most confidence there? And within this, how much does Meta ramping factor in, especially relative to your Q4 view?

Nicola Allais
Yeah, I'll take that question, Frank. So, if you just step back and look at what we're expecting in the second half versus the first half of the year, we expect the second half to contribute about 56 percent of total revenue, which is in line with what we saw last year. So, there is always more revenue in the second half of the year, as there is in the first half. So, that's one way to look at the numbers.

We have assumed a continued ramp-up in the second half. Part of that is based on the ramping that we're seeing from the new large global advertisers that we had already mentioned last quarter. They are now performing in line with our expectations, that they are slow starts. So, that is one of the parts of the equation.

The other part I would say related to that is additional new advertisers are large global enterprise advertisers that are likely to take our premium-priced products, which will have an impact on activation off of what we saw in the first quarter. Those are the two large ones. I think if you think about the question the other way, we felt it was the right thing to do to take down the contribution from the cohort of advertisers just to be on the safe side, based on the volatility of their spend.

What is not yet in the second half, and we spoke about this on the prepared remarks, we have not assumed a meaningful contribution from the Meta brand safety solution. That has not changed. It's always been our view that it will take time for that to provide a meaningful contribution to our numbers, but that could go faster than we expected based on the stats that Mark shared in terms of the pickup on that solution.

TikTok is also now available in a lot of non-English languages. It is providing some growth, but again, it could go faster than we have expected. And Scibids is performing to expectation, and that is proving to be very successful in terms of testing. So, there are factors that are not included in what we've shown in the second half guidance. But overall, it's 56 percent of the full-year revenue, which is similar to what we did last year.

Frank Surace
Okay, thank you.

Operator
Our next question comes from Tim Nollen with Macquarie. Please state your question.

Tim Nollen, Macquarie
Hi. Thanks very much. Mark, I'd like to pick up on your comments on the opportunity in CTV. I thought it was very interesting discussing how a majority of CTV deals are still done on insertion orders, not through private marketplaces, but that that is changing. And actually, the role that DV can play in helping bring about that change to CTV, I just wonder if you could expand a bit more on that. Is this comments and efforts you're getting from your advertiser base to move toward that, that you can offer more attribution tools that can help move that market to be more biddable, programmatically driven? I just think it's a very interesting concept. I'd love to hear some color on that, please.

Mark Zagorski
Yeah, thanks for the question. I think this is something I've been personally banging the drum on for a while, which is the lack of transparency in CTV buying, which has led towards basically an old-school way of purchasing, which is private PG, or programmatic guaranteed buys, which are not very innovative, don't apply any data, and don't really take advantage of the programmatic pipes and the elegance of the programmatic pipes that people like Trade Desk and others have.

I think where we see an opportunity there is to provide the same level of granular transparency and safety and suitability performance applications that we see on a page level on the open Internet. I think we've started to be able to crack that with some partners out there on the publisher side to be able to get what we call show-level data, so that we can provide measurement and granular measurement for advertisers, so they have a greater sense of transparency and a greater sense of opportunity to buy in more healthy ways.

And I think that we're just at the start of that. Like if I'd say we are the first to kind of get into that space in a real way, it provides an opportunity down the road for us, and the granular aspect of the data, I think, can open that up a bit. And the nice part is we're not blowing our own horn. We think it's good for everybody. It's good for the publishers because it allows for better, safer buying at a more premium level. It's good for

the platforms because they want to use the tools that they have to enhance those buys. And obviously, it helps us, too, as we get a higher attach rate.

The one other aspect that I'd say, beyond that, which is really interesting, and we mentioned in the script, is the opportunity for attention in CTV. We've seen this not with just now some of the solutions that we've launched but we mentioned Netflix running a study with us on attention across their solutions--or across their platform. I think CTV is looking for new ways to measure and sell their impressions. The region frequency play is something that doesn't really resonate in the digital world the way it did in the linear world.

So, I think things like attention, where we've shown some great promise, and year-over-year, we've tripled our business, even though it's small, I think provide a really interesting opportunity in CTV and OTT applications that I think we're at the early stages of taking advantage of.

Tim Nollen
Great. Very, very interesting. Thank you.

Mark Zagorski
Thanks.

Operator
And our next question comes from Eric Sheridan with Goldman Sachs. Please state your question.

Eric Sheridan
Thanks so much for taking the question. Maybe two, if I can. In terms of the components of the advertising dynamic that is leading you to lower the guide for this year, can maybe you unpack a little bit of how much of that trajectory you now see as sort of a permanent downtick? Or it's just delayed or deferred, and there could be elements where some of that on the category side come back as we go through the year? That would be question one.

And then, as you look toward the back part of the year, and you frame it against what you typically talk about in terms of your long-term growth drivers, can you give us a little bit more sense of how your visibility continues to evolve into those long-term growth drivers returning the company, either the exit velocity in Q4 or the exit velocity as an indicator towards 2025, in terms of compounded growth higher than the levels you're talking about tonight? Thank you.

Nicola Allais
Yeah, Eric, I'll start. On the--for the impact that we're seeing from this cohort of advertisers, let me just be clear. No one has turned off the service. This is really based on advertiser spending patterns at the client level, and it's tied to a specific issue as a client. So, we don't see that as a permanent downshift. We're just seeing it as more of an uneven spending pattern, which is why it is going to impact the rest of the year and which is why it's having an impact on the guide.

It is--as an aside, this is the largest component of the impact to the changed guidance that we quoted today, the impact of the uneven spend. And our view is we're just going to take it down. So, that is for the step. So, that is not a situation. And as I said, no one has turned off their solution. They're just (inaudible).

In terms of exit and growth rates going into next year, obviously, we're seeing very solid growth rates in social, in international, and those are bound to continue. I mean, on social, what we're seeing today in terms of growth, growth rate is 51 percent growth in the quarter versus 48 percent last year. That is still basically a de minimis impact from the launch of brand safety of Meta. And that, as we've talked in the past, is a very large opportunity.

The social growth, we expect that to continue at a healthy clip. International within that, obviously will be helped by social. This is the first time international is over 30 percent of measurement revenue. And as

we note, international spend as a percent of total is well above 31 percent, right, so we still have a gap there to fill. And that will continue and will certainly still be in the exit rate.

I think what we will see at the end of this year that we may not be seeing the first quarter is the combined impact of the lower advertising spend and the fact that more dollars are moved to source and the ABS as part of the activation is lower, right? It's 12 percent growth rate in the quarter. This is a premium-priced product. It is a successful product. It is the only one on the market. As we sign new deals, we do anticipate that growth rate to increase as well.

Mark Zagorski
Yeah. And just to throw one another factor here, is for the second half of the year and the trajectory we see kind of running out of the year, we do--we had a really nice slate of customer wins. And those will start hitting and rolling in the second half as well as a robust pipeline, as we mentioned in the call. We still have a great win ratio of opportunities that stayed stable.

And again, we saw almost two-thirds of those wins coming from what we call greenfield customers, so those things, I think, will start to lean in and fill some of the gaps that those large customers who have the uneven spend have created in the second half of the year.

Operator
Thank you. And our next question comes from Omar Dessouky with Bank of America. Please state your question.

Omar Dessouky
Hey, thanks a lot for taking my question. So, I'm hearing a couple of things. I'm hearing, first of all, that your large select advertisers that you called out last quarter was one reason for the lowered outlook for the back half of this year. I wanted to just double-check like how many of them were there, and could you remind us which verticals they were in? And then, I have a question about CTV as a follow-up.

Nicola Allais
Yeah, so said it's a handful of advertisers. They are all in our top 100. Just to give you a sense of scale, the average spend on the top 100 is over $3 million, and these are advertisers that are towards the top of the top 100 for us. They are in the retail and CPG space. As we said in the first quarter and we'll repeat it here, these are spending patterns that are tied to specific issues at the advertiser. This is not tied to the segments of our product. These clients are going through their own issues that have led them to do some belt tightening around advertising spend.

Omar Dessouky
So, sorry, I apologize. But, I did--I thought that I heard after the last quarter that one of the advertisers was in the healthcare area. Is that--are you able to comment on that at all because that doesn't sound like either CPG or retail. Correct me if I'm wrong.

Nicola Allais
I think we quoted retail and CPG. These are retail and CPG clients, not healthcare.

Omar Dessouky
Okay, got it. Okay, thanks. And then, just a question on CTV now, I'm getting a little bit of a sense that there is a shift in ad spending towards CTV. It's a market that I think is fairly small for you at the moment. Does the product market fit within CTV differ for advertisers as compared to the markets that you've traditionally focused on? Also, how is the competitive environment different among CTV verification firms as compared to your bread and butter, if at all?

Mark Zagorski

Yeah, so on the latter half, the competitive set isn't any different. Actually, it's even more limited because the ability to verify and measure within CTV is a pretty heavy lift, and like any walled garden or kind of closed environment, partners only--platforms only work with a handful of folks. So, for example, Netflix, when they rolled out, they worked with two verification partners and one measurement partner when they launched, right? So, I think a competitive set is even more limited than it is on the open web.

With regard to product market share, I think that's something that we were kind of alluding to in the comments, but really, it's--there's two aspect to it. The first is current product market fits with the way most CTV is being bought and sold, which is through programmatic guarantees and through limited kind of direct buying. That provides a lower attach rate for us just due to the fact that it's really a one-to-one buy in many cases, and there's not data or targeting or verification applied.

Where we see that evolving, however, is where the opportunity lies, which is as CTV inventory becomes much more prevalent, and the balance goes from limited CTV inventory to over limits of inventory in the same we saw it in the open web, the same we saw it in mobile, I think there's a change in the dynamics of how CTV will be bought and sold. More of it will be programmatic. More of it will open market or more open PMPs, or private marketplace packages, in which there's a better product market for us and a better attach rate for us.

That will be enhanced as we get more granular, our ability to measure on a show level. So, I think the opportunities there go from being a relatively small opportunity today as far as overall volume and percentage of revenue to one which is greater and commensurate with the percentage that CTV is taking of the overall ad market.

So again, I think there's some evolution of how CTV is bought and sold. That will be a positive attach rate driver to our product. And then, there's some evolution in the actual product and measurement products that we're building to be able to do so on a show-level basis in the same way we do in the open web.

Omar Dessouky
Okay. I appreciate you going through that again. Thank you.

Mark Zagorski
Yeah, you got it.

Operator
Our next question comes from Michael Graham with Canaccord. Please state your question.

Michael Graham
Yeah, thank you. You've covered this a few times, but it sounds like the softness from those retail CPG advertisers is really just a function of their overall ad spend as opposed to any migration away from your products or any competitive pressure. But, I wanted do just ask about the competitive landscape and if you're seeing any changes there.

And then separately, you were able--despite the lower revenue guide, you were able to keep your EBITDA margin guidance pretty consistent, so I just wanted to ask what dynamics you're seeing that are enabling you to kind of keep your profitability levels up?

Mark Zagorski
Thanks, Michael. So, I'll take the first part. Nicola will take the second. On the competitive dynamics, I mean, I think, as we mentioned last quarter, we have been with a lot of the same competitors for over a decade, and that dynamic remains as it always has been, which is robust, but certainly has not devolved into any type of pricing competition or pricing war.

We were very clear about that in the first quarter. We remain steadfast in our position that there's nothing happening that hasn't happened in the past, which is great products, win customers. Great service keeps customers, and we always are very competitive with the folks out there. So, they have not played a role in the slowness and not even in those core customers that we saw.

So, they're not taking--our competitors haven't taken chunks of that business or our competitors haven't caused that slowness to happen. So, the environment remains as it always has been. We've not, as Nicola noted, seen degradation on per-product pricing between activation and measurement. So, those dynamics remain the same.

Nicola Allais
Yeah, and on the second question, we--our business is very profitable, right? So--and you can even see it on the cost of sales being 1 percent of revenue. The dynamics we are seeing are the same as we saw at the beginning of the year, which is we are starting to see some benefits from the use of AI and machine learning around the cost that it takes us to innovate.

We are continuing to innovate. We're also benefiting from the fact that we are seeing the economies of scale around G&A in general. So, the benefit of our model is basically contributing to us to be able to continue to manage our 31 percent margin, even though we're continuing to invest in the business.

Michael Graham
Okay, thank you.

Nicola Allais
Yeah.

Operator
And our next question comes from Mark Kelley with Stifel. Please state your question.

Mark Kelley
Great. Thank you very much. I wanted to ask a question just about bigger picture, just guidance philosophy, win rate above 80 percent. It sounds like the RFP pipeline is pretty robust. You mentioned 40-plus advertisers kind of evaluating Meta brand safety. I guess, when you take a look at all of the visibility that you do have to any of those, I guess what's the right for us to think about how you embed that into the full-year guide? That's my first question.

And then, the second one is just more of a clarification. The commentary about slower pacing in April, I just want to make sure that that is a comment that's focused on the retail and CPG clients and not a broader statement about what you're seeing at the corporate level. Thank you.

Nicola Allais
Yeah, so, Mark, I'll start with the second question. You're correct. That statement was related to this cohort of advertisers, which is why we've chosen to take a year down based on the volatility that we've seen around that cohort. And again, they are within the top 100, and they're material clients for us. The--I think this goes a little bit into the philosophy that we took around guidance, which is not unlike what we've done in prior quarters, which is probably close to--depends based on what we see at the time that we are issuing guidance.

So, it felt like the right thing to do to take the impact of these advertisers into the guidance. You're correct that there are lots of positive momentum around pockets of the business that we anticipate will continue, so it is a measured view of the second half of the year. But, the reality around this cohort of advertisers as a material impact on what we're guiding to today is a vast majority of the impact that we took on today's guide.

Mark Kelley
Okay. Thank you very much.

Operator
Our next question comes from Justin Patterson with KeyBanc Capital Markets. Please state your question.

Justin Patterson
Great. Thank you. I was hoping you could elaborate a little bit more on just the spending from large customers. I appreciate that there's some uneven spending there, a few large ones in retail and CPG cutting, but it's also a pretty robust brand advertising market. You started some nice trends around social within there, so just trying to get a better understanding of how macro is playing in this and perhaps if there might be a little bit of crowding out from the more price inflationary versus impression-heavy market. Thank you.

Nicola Allais
Yeah, I think, Justin, we're going to say again what we said in the first quarter because it remains consistent, which is we are seeing issues that are specific to these clients. We talked about this in the first quarter. Some of these clients are going through corporate restructuring and have other items that are leading them to tighten their ad spend.

So, we're not seeing this--we're not saying that this is a broader macro factor. And, as I answered to a prior question, we haven't seen this spread to other clients at all. So, we're not factoring this as a macro component at all. This is really specific to these advertisers.

Justin Patterson
Got it, which I think contributes to some of the confusion of it's still a pretty solid brand advertising market in there. So, is there any other factors that you're watching? Perhaps it's just less visibility because activations become a larger piece of revenue that's kind of driving the outlook here.

Nicola Allais
Yeah, I think we did--we added a factor, which is creating some questions around moderated growth, which is the shift to spend to social from open web and from Internet. And by the shift to spend, I mean the shift of the growth, right? A lot of the growth that we're seeing in our business, as we noted, is coming in social. Now, that business is not as rich for us as our activation business is. So, we are seeing some of that impact as we see dollars go to CTV or see dollars go to social.

And we mentioned CTV a lot in the call because we think there's a big opportunity there. But, as you and a lot of analysts have noted, we're still underpriced in that space, right? And I think that's something that we need to start to work on, getting our value prop aligned and our value aligned with the price of those impressions. So, it's something that I think we talked about in the past. I think it will be a focus of ours, moving forward.

Justin Patterson
All right, thank you.

Operator
And our next question comes from Matthew Cost with Morgan Stanley. Please state your question.

Matthew Cost
Hi, everybody. Thanks for taking the question. I have two. I'll start with one just on the large customers. I guess, last quarter, you articulated kind of the same headwinds and uneven spend that you saw from the NIM that you're talking about now. I guess, how are you getting confident at this point, now that three months later, it's a little bit worse than you thought it was when you guided last time?

How are you getting confident that it won't keep getting worse for these large customers? Like why should we be confident that this is appropriately derisked in the second half, given that you have the same mix of revenue the second half that you had last year, but you don't have this drag that could get worse over the course of the year? And I have a follow-up.

Nicola Allais
Yeah, I think, look, we're getting--we are feeling it's the right thing to take the number down for the patterns that we're seeing in the first four months, right? So, there actually was a good--there was a pickup in spend in March, but April is now uneven again. And so, we are taking the impact of all of that into the second half. It is--it feels--it certainly feels like the right thing to do for the second half of the year.

So, I think if you back into that, then the question is really how to think about the second half and what is happening there. And the sequential growth from new customers is one of the factors that is going to help us deliver sequential revenue percentage growth in the second half of the year versus the first half of the year, along with other opportunities. And we do think that, from what we can see now, the right thing to do for the average was to take it down in the second half.

Matthew Cost
Got it. Thank you. And then, you mentioned some of the new dollars coming in sort of being more focused on social and CTV rather than open web. Is that a structural issue that maybe gets worse when cookies go away at some point in the future? And if it's not, I assume it's because eventually, you'll launch the full suite of products that you have on open web on social and CTV.

But, how long does it take for that to unfold? And could there be a mismatch in how quickly dollars shift next year onto social and CTV versus your road map of launching all your products on those verticals?

Mark Zagorski
Yeah, it's a great insight. And I want to be clear on one thing, is that we don't need to wait to launch new products to take advantage of this growth, right? So we--our expansion already across Meta and TikTok has borne a significant amount of fruit, based on the solutions that we have in place.

So, we are experiencing that growth, and that will continue to be a factor in our trajectory, moving forward. So, I think, we certainly are not banking our ability to grow in CTV or social on new products. I think they will enhance our opportunities there and kind of give us even more fuel to continue to grow at the trajectory we want.

With regards to cookies and the role they will play there, I mean, this is something where I think it's probably less about cookie deprecation than it is about performance. And as advertisers push for more granularity, more transparency, and more performance, both on social and CTV, that will be the biggest deciding factor on how it works.

And performance is directly tied not just, remember, to like closing a loop but what the CPMs are of those platforms. So, if demand on those platforms starts to be so much that it exceeds the value or the ROI of spending on those platforms, then dollars will shift to where it's cheaper, whether there's cookies or not.

And we actually saw this earlier this year with some of the social platforms and the people complaining that prices that were being bid up by a lot of Asian reselling companies that advertised on the Super Bowl were driving CPMs up and lowering ROI for advertisers, which means they fled some of those platforms. So, we've seen this before. So, I think it's going to be a balance, a dollar shift plus ROI in those dollar shifts, that will impact where spend goes. So, I don't think--what I'm getting at is it's not game over yet for the cookie-based or noncookie-based environment. It's going to be a story of return ROI and CPMs.

Matthew Cost
Great. Thank you.

Operator
Thank you. And our next question comes from Youssef Squali with Truist Securities. Please state your question.

Robert Zeller
Hi. This is Robert Zeller. Thank you for taking the questions. I just wanted to ask a clarifying question on the uneven spending pattern as well. Do you think advertisers are pulling back on ABS like product specifically, or the programmatic space altogether? And if an advertiser shifts more spend to social, I'm just curious why DV shouldn't see a greater tailwind in that channel. Thank you.

Nicola Allais
Yeah, I'll take the first one. The spend unevenness is across their entire spend. This is not specific to a product. It's overall lower spend. And as we said earlier in the call, we're not seeing any of these advertisers turn off the product. They're just overall spending less. In terms of the shift to social, yes, it is--I mean, it's ultimately a positive for us, right, because it is part of the ecosystem where we do have products and they are continuing to evolve.

And if you think about the evolution here is we can get those social measurements going, and then we are developing the products that will allow us to do a solid activation offering for social.
So, it is a positive overall, for sure. In the short term, the activation products are premium-priced. And so, as more volume of growth goes to social, we will have an impact there in terms of the revenue that we can extract. But over time, it is a positive for us in the industry.

Robert Zeller
Okay. Thank you.

Operator
And our next question comes from Vasily Karasyov with Cannonball Research. Please state your question.

Vasily Karasyov
Thank you. Good afternoon. Wanted to ask you if you are already having conversations with big connected TV platforms, apps, and publishers, and so on, and also with advertisers who use CTV through the open programmatic channels? And how far along are you in those conversations in terms of the growth opportunity you outlined?

And connected to that question is when--how long would it take for you to sort of get into that market and make that revenue stream sizeable enough to return to growth in the--can we even say that, when all is said and done, we will be growing at 25 percent again? Or do you think it's just a few percentage points growth a year? Thank you.

Mark Zagorski
Thanks, Vasily. So, on your first question on CTV, I mean, yes, we're in dialogue with many of the top 10 publishers out there. Last month, we announced that we were working with NBC Universal on this front. And there's a string of others which we hope to announce over the next several months. So, that momentum is there. And we're pretty excited about it.

With regard to growth, I mean, look, CTV is going to be part of the growth story. As we noted, we've got lots of growth levers we're still pressing on. Social still is driving a big chunk of growth. Global is still driving growth. Our activation solutions and optimization solutions, Scibids, is still a small but nice contributor.

So, we are optimistic about continuing to look at a strong growth profile in the future about getting our pipeline deals closed to drive the additional growth that we think that is out there.

And again, the dynamics of our penetration in the market haven't changed. We mentioned in the call that less than half of our customers use four or more of our solutions. So, we've got lots of upselling to still do.

And I think the ball is in our court right now, so what we don't want to say is this is all product development opportunity, or it's all new solutions that are going to continue to drive growth. It's continuing to lean in in places outside the U.S., continuing to lean in on upselling solutions to our current clients, and continuing to expand coverage across the platforms where we already have relationships. Those things which drove our growth in the past are going to continue to drive our growth in the future.

Vasily Karasyov
So, would it be fair to say that, judging by your guidance, you're not expecting this pivot to yield results until next year? Or is it further out than that?

Nicola Allais
Yeah, I think this will take longer than a few quarters to play out, for sure.

Vasily Karasyov
Thank you.

Operator
Thank you. And our next question comes from Robert Coolbrith with Wells Fargo. Please state your question.

Robert Coolbrith
Great. Thank you for taking our questions. If we go back to the Meta brand safety evaluations going on right now, could you perhaps expand on the early advertiser response to, or adoption of, Meta's own platform safety tools? Essentially, how many among your customer base are sort of prepared to layer on your verification tools at this point, and anything you could say about the early response to the verification tools as well. And then finally, as we think about industry changes that we may see in 2025, wondering if you might be willing to give us a sense of TikTok U.S. scale in terms of your exposure and how that's been contributing to growth. Thank you.

Mark Zagorski
Yeah. On the Meta question, we mentioned that we're working--we're in active tests with over 40 of our customers, and many of them are some of our top 100 customers. The feedback has been solid. Many--we've closed a number of activation deals after the test. And it's pacing on the schedule and at the rate at which we expect it to.

The nice part about that is getting into social, the number of impressions that we see across those platforms is pretty massive, right? It's--the dollars spent, the impressions that are going across the news feed are big. So, when we close a deal with a customer, these are not small deals. They're pretty big deals. And I think the pacing of that, the testing of that, is going as planned.

And again, we mentioned over 40 customers with a number of them already closing, and we'll start activating in the second half of the year. So, that's going well. With regard to TikTok, I think we mentioned almost 50 percent of our TikTok revenue is outside the U.S. And I think that's significant to note because we just started expanding the language footprint on TikTok the second half of last year and rolling into the first half of this year.

So, as we move into more language, as we move into more markets, that--the balance between U.S. and the world will continue to shift probably towards more to world than the U.S., considering where we sit today. So, I think it's--TikTok is a good growth driver. We still think there's legs there. And we're not going to sit here and try to prognosticate on what happens to them in the U.S., but net-net, they are growing their footprint outside the U.S. with us, which provides opportunity.

And also, to put that in scale, Facebook and YouTube are still by far our largest social platforms. I think we may have mentioned they are over 80 percent of our social revenue. So, they are still the big dogs in this game.

Robert Coolbrith
Got it. Thank you.

Operator
Thank you. And there are no further questions at this time. I would like to turn the floor back to Mark Zagorski for closing comments.

Mark Zagorski
All right. Thank you all for your time today. We remain excited about the significant opportunities that lie ahead in social, CTV, and retail media channels as we grow the value proposition with our customers around the world.