DoubleVerify Q2'24 Earnings Transcript

Tejal Engman, SVP IR:

Good afternoon and welcome to DoubleVerify's second 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.

The second quarter was pivotal for DV, as we reaccelerated our revenue growth trajectory fueled by ongoing momentum in social and CTV measurement and a sustainable upswing in our supply-side platform business, driven in large part by the burgeoning retail media sector.

We achieved the high end of our revenue guidance and significantly exceeded our profitability and cash flow expectations. We grew second-quarter revenue by **17%** year-over-year to $**156** million, with double-digit revenue growth across all three revenue lines: activation, measurement, and supply-side. By increasing revenue and reducing our cost of sales year-over-year through the implementation of our Universal Content Intelligence tool —a proprietary AI-powered video classification solution — and other investments in technological efficiencies, we achieved an **83%** gross margin and $**47** million of adjusted EBITDA, representing a **30%** adjusted EBITDA margin. Additionally, our net cash from operating activities grew significantly, totaling $**36** million for the second quarter.

We are at an inflection point in our ongoing evolution as the industry's leading media quality and performance solutions platform. For the first time in DV's history, **we measured more measurement video impressions than display impressions** and **more measurement impressions outside North America than within**. These milestones highlight the success of our "verify everywhere" strategy, enabling us to verify every digital ad impression across all channels, formats, and geographies worldwide.

As video content, whether short-form, long-form, or CTV, becomes the primary way that consumers engage with the internet and advertisers reach consumers, DV has developed the industry's most effective and cost-efficient solutions to verify that those video ad interactions are viewable, secure, and suitable, positioning us perfectly to continue to further capitalize on this trend. Moreover, with digital ad spend outside the United States **growing at nearly double the rate of domestic growth** per Magna Global, DV has invested in more global resources than any other company in our sector, positioning us to take full advantage of this trend.

Building on these achievements, our accelerating momentum is evident in the numerous RFPs we won in the first half of the year and in an enterprise deal pipeline that has never been stronger, with greenfield and competitive opportunities set to fuel our resurgent measurement and leading activation businesses for the next several quarters.

Key expansions and new logo wins in the second quarter include Philip Morris and Bacardi across multiple geographies worldwide, Panera in the United States, Anheuser-Busch InBev and British Petroleum in LatAm, Universal Pictures and Subway in EMEA, and Amazon Books, Dyson, Honda Mobility, JTI and Ajinomoto in APAC. Additionally, first-quarter wins such as Haleon and Pepsi have signed up to use key DV products, including ABS and Scibids, in additional geographies, which will help bolster our Activation growth in the future. Our win rate across all opportunities remains **above 80%**, with **70%** of our second quarter wins being 'greenfield,' which we define as wins where the advertiser wasn't using third-party tools for the business that DV won. These new client wins bolster 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 **16%** in the second quarter.

Based on our unmatched scale and differentiated solution set, we are also seizing a prime opportunity to gain market share and extend our industry leadership. With Oracle shutting down operations of Moat and Grapeshot on September 30th, we've already attracted interest from many of their advertiser and platform customers who recognize DoubleVerify's differentiated best-in-class capabilities across social activation, Scibids, CTV, and retail media. While we anticipate closing many of these opportunities by year-end, the revenue impact will really kick in in early 2025 due to the time required for onboarding and ramp-up. Moreover, we expect these customers to grow well beyond 2025 as we typically upsell from measurement to activation between the first to the third year of new contracts.

Let's now turn to the progress we've made across all key media environments: Social, CTV, Retail Media Networks, and the Open Web. Our achievements in each environment are the result of DV's growing scale and connectivity and market-defining innovation, all of which are driven by our advancements in AI and automation.

We grew our social measurement revenue by **44%** year-over-year in the second quarter of 2024, up from **32%** in the second quarter of 2023, driven by growth in short-form video on TikTok, Meta Reels, and YouTube Shorts. Our independent verification of social feeds has become increasingly important to our enterprise partners navigating the high-value, high-engagement, yet sometimes challenging content in social media.

Since launching our brand safety and suitability measurement solution on Meta early this year, we have successfully sold our measurement solution to over **30** advertisers who had never activated DV on Meta before. We're excited to build on this upsell momentum over the coming months and quarters.

On **YouTube**, we now provide comprehensive brand safety and suitability reporting for Google's latest high-performance ad solutions. With our expanded coverage, advertisers can now measure Performance Max, an AI-powered campaign tool that optimizes in real-time to maximize conversions and budget efficiency. Additionally, our reporting includes Demand Gen, a new Google Ads solution designed to attract and convert consumers through visually engaging and relevant campaigns.

Our partnerships with **Pinterest** and **Reddit** are also growing, and we've launched global brand safety and suitability measurement across both platforms in multiple languages. Using DV's AI-powered

Universal Content Intelligence, we integrate advanced image, audio, and text analysis to provide accurate media quality measurement and robust brand protection.

These strategic expansions and technological advancements across **Meta, YouTube, Pinterest, and Reddit** highlight our commitment to grow and scale our social media offerings. And we are just at the start of our growth in social measurement. In 2023, DV measured **less than 5%** of all US social impressions, according to our analysis of eMarketer data, highlighting the vast opportunity to expand our measurement footprint in a rapidly growing media environment that accounts for **over 60%** of global digital ad spend, ex Search.

Moreover, we are increasingly excited about the potential for **social pre-screen activation** applications in the social media sector. Although we are in the early stages of pre-screen activation growth on social platforms, we believe this area could become a significant growth driver for DV, similar to how activation solutions like ABS have driven our growth in the open web. A great indicator of the potential for pre-bid solutions in social is our pre-screen solution for YouTube. With close to **100** customers, including nearly **30** of our Top 100 customers, this solution drove **30%** year-over-year growth in social activation revenue in the second quarter.

Currently, we are the only verification platform capable of "closing the loop" for advertisers on social media with aligned pre- and post-bid solutions, and our coverage is just beginning. We are actively developing ABS-like pre-bid applications across three additional major social platforms where we see an activation opportunity potentially as large as what we have achieved in the Open Web.

Shifting to CTV, we grew our second-quarter CTV measurement impression volumes by **55%** year-over-year. We partnered with a leading streaming network to launch a groundbreaking program-level measurement solution for advertisers on OTT devices, including CTV. Our initial test of this solution with Cox Automotive via OMG showcased granular program-level insights, for the first time providing invaluable transparency in the often opaque world of CTV advertising. We plan to expand this offering to more advertisers and streaming publishers in the coming months. Similar to our status in social, we are also in the early stages of our growth in CTV verification and have much room to expand. In 2023, DV advertiser engagements measured **less than 20%** of all US CTV impressions, based on our analysis of eMarketer data, revealing another significant opportunity to expand our measurement volumes and build our CTV market position.

In addition to CTV verification, we are also now in market with a pioneering CTV attention measurement solution in partnership with TVision. Advertisers can drive ROI by measuring attention in CTV to better understand ad placement and effectiveness. According to the IAB, only **30%** of advertisers have full transparency of CTV ad placements, and only **34%** of CTV ads receive more than two seconds of active, eyes-on-screen attention. DV's Authentic Attention solution, powered by impression-level DV data and TVision viewer engagement data, enhances visibility into ad performance across CTV publishers and apps, enabling strategic optimizations and preventing wasted ad spending.

Reflecting the growing importance of attention metrics, DV Authentic Attention increased measurement impression volumes by approximately **300%** year over year in the second quarter, with **over 200 advertisers** using DV Authentic Attention this year. Although the scale of our Attention business remains relatively small, its impact on our ability to differentiate our platform en route to closing and expanding enterprise deals has been significant. With the Oracle-fueled expansion of RFP opportunities currently in play, having differentiators like Authentic Attention will play an important part in driving a highly favorable win ratio.

Moving to Retail Media Networks, our retail media supply-side solution delivered over **50%** revenue growth, significantly contributing to our overall supply-side growth rate of **26%** year-over-year. We provide comprehensive solutions to retail media platforms, ensuring platform-wide fraud protection and brand safety standards. Additionally, we empower platforms to make real-time and long-term viewability optimizations across all inventory with insights based on our MRC-accredited measurement. Furthermore, we enable platforms to leverage DV's contextual classifications to curate premium contextual segments of inventory.

Led by our partnerships with leading retail media platforms such as **Amazon** and **Walmart,** our global reach and connectivity in retail media continue to expand. DV's measurement tags are now accepted on over **100** key global retail media networks and sites, including **15** of the top retail media platforms and **88** major retailers. **More than one-third** of these partners support DV measurement on their owned and operated, as well as offsite inventory.

Within Supply-Side, we also signed **DailyMotion**, an online video-sharing platform, as well as several high-profile publisher customers such as **Ziff Davis**, **Complex Networks** and **The Independent**.

Finally, turning to our open web activation products, several factors give us confidence in a stronger growth trajectory. First, our measurement momentum and the historical subsequent activation upsell motion indicates renewed strength in our activation business in the future. Second, we expect ABS's growth to improve in the second half as new customers ramp up on activation and ABS. From a long-term growth perspective, while over **90** of our **Top 100** customers use ABS, close to **40%** of their business lines have yet to adopt it, and there is even greater potential for growth among our **Top 500** customers. Third, given the strong interest from advertisers and agencies, we anticipate Scibids AI will exceed our expectations in the second half of the year and beyond.

Expansion of our activation and measurement solutions across the open web remains a key part of our "verify everywhere" strategy as advertisers continue to lean into the efficient performance opportunities that the open web entails, particularly in light of the recent change in position from Google regarding cookies. We believe that Google's announcement to step back from blocking 3rd party cookies by default on Chrome will instill confidence in buyers to spend across programmatic channels and create additional growth opportunities for our advertiser, platform, and publisher customers. We also see the open web as a beneficiary of the expected increase in political spending in the latter half of the year, and we plan to support that via our recently launched Authentic News initiative, which is an investment in market education and product development that will create a more flexible, transparent way for advertisers to support open web news content while still protecting brand equity.

In conclusion, the second quarter was an important positive inflection point for DoubleVerify, marked by accelerated revenue growth and significant expansion milestones. We won numerous RFPs, strengthened our enterprise pipeline, and continued to innovate across social, CTV, and retail media networks. With vast opportunities in social and CTV measurement, anticipated improvement in activation and ABS, and strong momentum for Scibids AI, we are confident in our near and long-term growth prospects. We remain committed to delivering unparalleled value and driving sustained growth for all our stakeholders and look forward to updating you on our ongoing progress and achievements.

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

Nicola Allais, CFO:

Thanks, Mark, and good afternoon everyone.

Our second quarter results achieved the high end of our revenue guidance and exceeded our adjusted EBITDA expectations, driven by **double-digit growth** across all three of our revenue lines —activation, measurement, and supply-side.

Total revenue grew **17%** in the second quarter to $**156** million.

Advertiser revenue increased **16%** in the second quarter**,** driven by higher volumes. Media transactions measured, or MTMs, increased **22%** year over year while measured transaction fees, or MTFs, declined **5%** year over year due to product and geographic mix. As expected, premium-priced activation represented a smaller portion of total revenue compared to the prior year period. More significantly, as Mark mentioned, the second quarter of 2024 marked the first time DV impressions outside North America represented just over half of DV's total measurement impressions, with measurement impressions within North America growing over **20%,** and measurement impressions outside North America growing over **50%**.

While we expect MTFs to remain stable on a per-product basis, we anticipate overall MTFs to reflect the impact of a greater shift towards measurement impression volumes. Within measurement, we foresee a continued increase in international impressions driven by DV's global client expansion and international market share gains.

Our profitability and margins remain robust, and we continue to be strategically focused on volume-led revenue growth. DV has significant potential to continue to expand across international markets and particularly on social media platforms. By initially engaging customers through measurement, we can upsell our premium-priced activation solutions. Measurement data feeds into our activation solutions, helping advertisers optimize their media spend effectively. We aim to capitalize on this opportunity in social media, where pre-screen MTFs are **nearly triple** the price of measurement MTFs.

Activation revenue increased by **12%** compared to the prior year. All four activation solution groupings - ABS, Core Programmatic, Social Activation, and Scibids - contributed to our second-quarter growth.

ABS, which accounted for **53%** of activation revenue this quarter, grew **7%** year-over-year. Similar to the first quarter, the group of slow-starting retail and CPG advertisers, who are heavy users of ABS, delivered an uneven spend pattern that continued to impact ABS growth in the second quarter.

We achieved solid ABS upsell momentum, with **65%** of our Top 500 customers activating the product in the second quarter, up from nearly **60%** a year ago. Additionally, new advertisers such as Haleon and Pepsi have activated ABS and are expected to expand their use of the product. Scibids continued to perform in line with plan in the second quarter. Based on customer usage and adoption patterns, we anticipate an accelerated growth trajectory for Scibids in the second half of the year. Lastly, our pre-screen social activation solutions achieved a robust **30%** year-over-year growth rate in the second quarter.

Turning to measurement, revenue increased **22%** year-over-year, primarily driven by existing customer expansion on social. Social revenue increased **44%** year-over-year and represented **49%** of Measurement revenue in the quarter. Growth in social measurement continued to be led by Meta and

YouTube, which combined accounted for approximately **80%** of our second-quarter social measurement revenue, with TikTok being a distant third.

Global expansion of new deals and growth in social media measurement drove international measurement revenue, which increased **29%** compared to the prior year and represented **29%** of total measurement revenue, up from **28%** in the second quarter of 2023.

Finally, supply-side revenue grew **26%** in the second quarter, driven primarily by greater usage of DV's solutions on retail media platforms such as Amazon.

Shifting to expenses, cost of revenue decreased by less than **1%** year-over-year in the second quarter, due to savings resulting from the Company's migration to cloud services, and to efficiencies gained from video classification costs. These cost reductions were partially offset by the growth in Activation revenue, which led to increased partner costs from revenue-sharing arrangements.

Revenue less cost of sales reached **83%** in the second quarter, exceeding our expectations of **80%** to **82%.** For the second half of the year, we anticipate maintaining revenue less cost of sales at the higher end of the **80%** to **82%** range.

Research and development expenses increased due to continued investments in AI and machine learning engineering resources. As mentioned last quarter, we also invested in additional sales and marketing resources, including technical programmatic analysts, to promote and sell our latest product launches, such as Scibids. These investments will contribute to sales and marketing expense growth throughout the year. General and administrative expenses remained relatively stable year-over-year, as our growing scale helps leverage this operating expense line effectively.

Adjusted EBITDA of $**47** million in the second quarter represented a **30%** margin and was ahead of expectations due to both higher revenues and lower cost of revenue. We delivered net cash from operations of approximately $**36** million, up from $**11** million in Q2 2023, primarily due to strong cash collections. Capital expenditures were approximately $**7** million compared to approximately $**3.5** million in Q2 2023.

We ended the quarter with approximately $**256** million of cash on hand. Including investments in treasury bills with maturities over three months, total cash and short-term investments were $**339** million.

In the second quarter, we repurchased **1.4** million shares of common stock for $**25** million. Following the quarter's end, we repurchased an additional **1.3** million shares for an additional $**25** million. As of July 30th, we had $**100** million authorized and available for further repurchases. Our approach to share repurchases will remain balanced, taking into account market conditions and other capital priorities, including investing in our core business for sustained long-term growth and in acquisitions that can accelerate our product roadmap and our market expansion.

Turning to guidance, **we are raising the mid-points of our full-year guidance** based on our second-quarter performance and remain confident in our anticipated growth reacceleration in the second half of the year.

We expect third-quarter revenue to range between $**167** and $**171** million, which represents **17%** year-over-year growth at the midpoint. We expect third-quarter adjusted EBITDA to range between $**49** and $**53** million, which represents a **30%** margin at the midpoint.

For the third quarter, we expect stock-based compensation to range between $**23** and $**26** million and weighted average diluted shares outstanding to range between **172** and **175** million shares.

For full-year 2024 guidance, we expect revenue to range between $**667** and $**675** million which represents a **17%** year-over-year growth at the midpoint, and we expect adjusted EBITDA to range between $**206** and $**214** million, which represents a **31%** margin at the midpoint.

We expect the second half of the year to contribute approximately **56%** of full year revenue, broadly in line with last year's second-half performance. Our outlook for the second half reflects an acceleration to **18%** revenue growth, up from **16%** achieved in the first half. This is driven by multiple growth vectors, including sustained social revenue growth, accelerating momentum in Scibids, successful conversion of our high-confidence pipeline into wins, and continued growth in Supply-Side, particularly within retail media platforms.

We have not changed our outlook or expected impact from the cohort of six large retail and CPG advertisers that we previously mentioned as having uneven spend patterns in this year. As noted last quarter, the reduced spending from these advertisers is due to specific issues within each company. Other retail and CPG advertisers are performing at or above expectations.

Finally, our second-half guidance does not factor in meaningful incremental revenue from increased adoption of our measurement solution on Meta, nor does it assume increased contribution from former Moat advertisers and platform customers, to account for the given the time required to onboard and ramp up. We expect these two opportunities to be contributors in 2025 and beyond.

In conclusion, we achieved a strong second quarter **with double-digit revenue growth** across all three revenue lines, robust profits, and substantial cash flow. We ended the quarter with zero debt and **$339** million in cash on hand and short-term investments, and are focused on executing to drive strong growth momentum for the second half of the year.

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

Operator

Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we pull for your questions,

Our first questions come from the line of Youssef Squali with Truist Securities. Please proceed with your questions.

Youssef Squali

Great. Thank you, guys and congrats on a nice print (ph). Two questions, if I may. With the -- you touched on this a little bit, but with Moat exiting the market, how much of their business do you think is still up for

grabs? How many of the new logos you added came from them? I only saw one that recognized Anheuser-Busch, but maybe there are more.

And then can you talk about the level of adoption of brand safety and suitability within the Meta news feed? I think last time you talked about having about 40 customers testing it. And do you just have any estimates for the level of contribution for the second half, Nicola? Thank you.

Mark Zagorski
Thanks for the questions, Youssef. So, let me take the first part of this. So, with regard to the Moat kind of clients, we've already, you know, earlier this year made some pretty good traction against many of their customers, including folks like Pepsi, Ulta, AB InBev, etc., but there's still a good number of customers in play. Some of the -- some pretty big brands and a decent amount of revenue.

So, we are knee deep in those RFP processes, and those include both advertiser opportunities and platform opportunities. And we see those coming together in Q4 with, as Nicola noted, the real impact is those businesses begin to scale up into 2025.

One of the nice things about this entry point is Moat was a relatively simple product set. They didn't have a lot of bells and whistles on what they're able to do so we can go in with a pretty basic offering, but really have a great opportunity to upsell over time, which I think is going to be the unique -- real unique opportunity across those customers.

And then for your second question, the adoption of Meta across some key advertisers. So, so far this year, we've added a bunch. So, folks like AB InBev, Best Buy, Ulta Beauty, Choice Hotel, Helion, J&J. Greater than 30 new advertisers who had not worked with us on Meta before. So, we've got some great traction there.

Again, those need to scale up over time. But it's following the pattern and the plan that we had, which is we're going to go after folks internally who are current customers at DV who haven't used us across Meta, go after them first. And then as we onboard new partners, folks like Helion and others, we'll start to upsell them over time.

Nicola Allais
Yes. And, Youssef, for the last part of your question, I think we've been very consistent on just having a very measured contribution from the Meta upsells into our number for the fiscal year, and we haven't changed our approach or our guidance for the second half. The second half of this year is all about adoption, testing, contracting with the future contribution being 2025.

Youssef Squali
Got it. Okay. Thank you both.

Mark Zagorski

Sure.

Operator
Thank you. Our next questions come from the line of Eric Sheridan with Goldman Sachs. Please proceed with your questions.

Eric Sheridan
Thanks so much for taking the question. Maybe building on Youssef's question. Just in terms of thinking out through the remainder of this year and beyond, how do you think about the building momentum around the revenue as you execute against some of the elements of partnerships that you brought into the ecosystem over the last 12 to 18 months? And can you couple that also with how much of the path forward is about execution, it's the opportunity versus some of the investments that still need to be made to set you up for the long-term growth opportunity. Thanks so much.

Mark Zagorski
Thanks for the question, Eric. So we've talked incessantly about the numerous growth drivers we have in the business, everything from social, which continues to be really strong to our Scibids business, which has been really a nice accelerator for us. And I think when we look at building momentum into the second half of this year and into next year, it's those plus our business outside the US now, which we've measured more impressions outside the US. It's the continued growth in CTV. And all of those were investments that we've made in the past, right? We've invested in CTV solutions. We invested in our social footprint by not just building new tools across places like Meta and YouTube, but expanding the number of platforms we work with, folks like Reddit.

So, we've got a lot of arrows in our quiver already that we're using right now that we're building momentum against. And as we close new customers, so whether they're Moat customers or those greenfield customers, of which 70% of our new closers were greenfield, we're going to use all those investments to build against that growth profile.

So, we've done a lot of that already. It doesn't mean we're stopping and we're continuing to lean into things like our AI technology to recognize challenging content across video at scale and do so super efficiently, which has allowed us to drive an industry-leading gross margin. And I think we'll continue to lean into those tools. But a lot of the momentum that we've built already is based on investments that we've made in people and technology over the last several quarters.

Operator
Thank you. Our next questions come from the line of Laura Martin with Needham & Company. Please proceed with your questions.

Laura Martin

Thank you. I also have two. Could we drill down on Scibids. I think the original idea was we were going to try to get an upsell there as a percent of ad revenue. And I know it's been helping you get new business, but that's what I'm interested in. What's the conversion right then after they try it? Are you still getting paid as a percent of ad revenue rather than a fixed fee? And have you been able to actually get an upsell or is it becoming just part of the core product? That's my first question.

My second question is on your cost philosophy. Your costs this year we're projecting are going to grow faster than your revenue, whereas, for the past two years, your total operating expense has grown about half as fast as your revenue. So, could you talk about your cost philosophy as the revenue has sort of slowed here to the 17% level for the year? Thank you.

Mark Zagorski

Thanks, Laura. I'll take the Scibids question, and Nicola will talk about costs. So with regard to Scibids, I mean, it is an absolutely additive upsell that we are still selling as a percentage of media. We've not bundled it into our solution yet. We've connected it. So we've connected it, for example, to our attention data to make some pretty unique solutions. But ultimately, we see this as additive. It's part of our activation business and part of our activation line that continues to grow. And it's an optimization tool that I think is incremental to our core business, not something I think we need to bundle at this stage as part of that.

And the reason why we're seeing traction and what we believe in that that is we've seen traction outside of the customers who don't even work with us on our core bundle. And I think that's been an interesting opportunity for us to get discussions going with large brands that may work with our competitors. And to do that, you have to have a product that you can sell separately, that can act separately, and that will monetize separately.

Nicola Allais

Yeah. And on the cost philosophy, really, it's an investment philosophy towards areas where we think we can accelerate our market share in the market, which is what we've been able to accomplish over the last few years. So if we find ways to invest that allow us to grow at a faster clip, we will continue to do so. But we're still achieving margins that are above 30%.

This quarter, we see our guidance expectation on EBITDA. We're particularly focused on having achieved higher gross margins, which are really the result of us having invested for several quarters into that line, and now we are able to show a higher gross margin. So where we see opportunities to invest within the range of our EBITDA guidance, which is just over 30%. So we will continue to do that because we believe that that's how we're gaining share in the market.

Laura Martin

Thank you. Appreciate it.

Mark Zagorski

Thanks, Laura.

Operator
Thank you. Our next questions come from the line of Matt Swanson with RBC Capital Markets. Please proceed with your questions.

Matt Swanson
Yes. Thank you so much for the time and taking my questions. Mark, you mentioned that this quarter that video impressions grew faster -- or sorry, more video impressions than display. And this is kind of a common occurrence in calls with investors. I'm wondering about does increasing video even though it's a higher fee impact volume to the point where it might have a net negative impact? I was just curious the dynamics that you're seeing around there where you're still seeing strong results as video is ramping up.

Mark Zagorski
Yeah. So it's a great question, Matt. And there's a bunch of different dynamics going on here. So you've got a whole ton of new inventory flooding into the market, right? And what that's doing is adding opportunities for measurement, particularly across platforms like Amazon and Amazon Prime. It's also suppressing CPMs a bit. So you're seeing lower CPMs across CTV, which means significantly higher volumes.

So I think that dynamic that there may have been some concern about for businesses like ours, where we're a volume-driven business, has started to shift, which is more volume, slightly lower CPMs, and then just incremental players coming into the market that add -- allow for measurement opportunities. And that's why we saw CTV growth in the 50% plus zone, 55% plus over the quarter.

So video and particularly CTV, I think, is going to be a nice driver for us moving ahead. Those CPMs are starting to slip a bit as more and more inventory comes into the market, creating a bigger opportunity for volume-based businesses like ours.

Matt Swanson
Yeah. That’s really helpful color. And then one more maybe on kind of the positive surprise we got from the supply side business. You mentioned that you feel like this is repeatable. Can you just give us maybe a sense of the scale of that retail media network opportunity or if there's anything else that you think drives that line in the future? Just a little more color there.

Mark Zagorski
Yes. So our supply side business had a nice pop. And the reason why we look at this as sustainable. It's very much like a pure SaaS software type application, where once you get a deal set in, they're pretty safe and pretty structured. So you're going to see that for several quarters moving ahead that that increase year-over-year is going to sit there. So it's sustainable, plus, that's not even accounting for some of the potential upside we would get from Moat clients.

So we feel pretty good about the supply side part of our business continuing to grow, especially due to the fact that a big chunk of that is being driven by retail media networks. So if you look at our supply side, Retail Media Network business grew 50% year-over-year last quarter. So you've got a bunch of different drivers playing out there, the retail media network aspect of it, some Moat clients that will eventually roll through at the tail end of the year. And the fact that those tend to be very sticky, non-volume-based deals that when you lap them over the next few quarters, they'll continue to show that same level of growth.

Matt Swanson
Thank you.

Mark Zagorski
For sure.

Operator
Thank you. Our next questions come from the line of Andrew Boone with JMP Securities. Please proceed with your questions.

Andrew Boone
Thanks so much for taking my questions. Mark, I wanted to ask about ABS further slowing in 2Q. It was 12% 1Q and then slowed to 7% in 2Q. Is there any additional pressure or anything else to call out about kind of those five points?

And then secondly, if I look at activation overall and its faster growth, it appears that non-ABS revenue was very healthy in 2Q. Is that Scibids? Or is there any other explanation that you want to highlight as we think about that aspect of revenue. Thanks so much.

Mark Zagorski
Yeah. So on the -- I'll take the second part first. When we look at non-ABS programmatic, it did grow pretty nicely over the quarter. And that does include Scibids, but it also includes Core Programmatic. So I think of the basic non-ABS solutions pre-bid brand safety, pre-bid viewability, etc. So we saw a pretty decent activation strength in the sector.

When it comes to ABS, and we said, look, I think we were going to see some softness driven by that cohort of six players, and they were heavy ABS spenders. That has stabilized a bit, and we've got some pretty interesting existing user expansions that have occurred with Home Depot, Southwest, Pfizer, Mondelēz, and some upsells and activations with GM, Altice, Pepsi, Allstate, and others that we believe are going to put a little fire under that ABS growth number moving ahead.

So obviously, we would love to see that number be bigger. The great part about our activation business is we've got lots of other aspects of it as well. Prescreen social, which we've talked about, which grew well, that non-ABS number that you called out also are helping our activation business grow double digits.

Andrew Boone
Thank you.

Operator
Thank you. Our next questions come from the line of Michael Graham with Canaccord Genuity. Please proceed with your questions.

Michael Graham
Hi. Thanks a lot. Just two questions. The first, I just wanted to ask on the competitive landscape, how much has the Moat withdrawal really impacted things? And just are you seeing any changes to the competitive landscape relative to the first part of the year?

And I wanted to ask also on the guidance, I believe that you mentioned that you hadn't changed your expectations regarding the handful of CPG and retail customers that you had taken out of guidance previously. I just wanted to ask if you're seeing any progress or evolution from that group. And just the -- if there are any major puts and takes to the second half guidance that we should keep in mind as we're thinking about sensitivity.

Mark Zagorski
Well, thanks for the question, Mike. I'll take the first part. I mean, with regard to the competitive landscape, it's always an interesting dynamic when a competitor just literally drops off the map the way Oracle did with Moat. The interesting thing though is if you look at the deals in play, our sales team is the best in the business, and they had already been on top of all of those customers even before Moat went out of business. So the dynamic was the fact that it just kind of accelerated some of the discussions, I think, that have already been going on. But it certainly made this a much more pressing decision for both advertisers and the platform customers out there. So competitive dynamics changed, got faster.

We're in the midst of literally dozens of RFPs right now. And I think that's probably the biggest change. And it did open the door to some smaller competitors coming in and taking a shot where they may have not had the opportunity before. But I think it's a good thing for the space. It shows where a broad-based differentiated solution set like DV has is going to win because a lot of these clients, there's a good number of enterprise clients that will have to find solutions, both on the platform side and on the advertiser side.

Nicola Allais
Yeah. On the guidance question, Michael, for the cohort of six they did perform in line with our expectations that we already baked into our conversations from last quarter. So we have not adjusted guidance either up or down for that cohort.

The puts and takes for the second half the year, we are feeling like we have multiple growth factors that are going to help in the second half, including continued social growth. There is -- we are seeing some accelerated momentum in Scibids and then the continued growth in supply side, which is what Mark was already mentioning.

We do have some large clients that are in the pipeline that we expect to close. And then on the take side, we do not assume material upside from either Moat clients given the time it might take to integrate and ramp them and we've been very consistent on not having a large contribution from a Meta brands safety either this fiscal year.

Michael Graham
Perfect. Thanks a lot guys.

Operator
Thank you. Our next questions come from the line of Raimo Lenschow with Barclays. Please proceed with your questions.

Raimo Lenschow
Perfect. Thanks for squeezing me in. I actually wanted to stay on both of those subjects. So on the Moat side, can you speak about like how much extra resources you need to kind of get those guys ramped and ramped in a timely manner? And what does that mean for investment horizon?

And then on the CPG customers, I mean if you look at the at the earnings season on the CPG segment, at the moment, it doesn't really look good. Does that kind of -- is there kind of a concern it might feed into you and kind of is that that something that is factored into your guidance? Thank you.

Mark Zagorski
Hey, Raimo. So on the potential Moat customers, I mean, we're pretty well staffed to handle those roll-ups. I mean depending how quickly we need to ramp them up, we may need to add a small amount of incremental headcount. But nothing significant, nothing that would be outside of what we had really planned anyways for the year and maybe just accelerate them a bit. So we don't see a significant amount of additional expenses against the Moat up ramp.

With regards to CPG, we have not seen any degradation or any kind of predictions from our partners that they're going to be reducing spend over the second half of the year. As a matter of fact, our CPG and many of our retail customers outside of the cohort that we've already identified are actually doing well and our plan is now slightly ahead of plan of what we expected.

So we haven't seen any spend reductions yet, haven't heard of any. And for the most part, we're pretty well in line with the fact that the macro is going to be pretty stable for the rest of the year.

Raimo Lenschow
Okay. Perfect. Thank you.

Operator

Thank you. Our next questions come from line of Tim Nollen with Macquarie Asset Management. Please proceed with your questions.

Tim Nollen

Hi. It's Tim from Macquarie Capital. Could you please -- I'm running out of questions here because you covered a lot in the presentation, so that's great. Could you please give a point of clarification though. On the global expansion, I think you've seen you grew two times the rate of the US. Was that primarily greenfield? You gave us 70% of wins being greenfield. I wasn't sure if that was relating to international growth or not. So that's really what the question is, was it kind of white space new opportunities? Or was it competitive win?

And then following on that, how well penetrated was or is Moat internationally? Is that a particular opportunity internationally? Or is Moat more of a US opportunity? Thanks.

Mark Zagorski

Yeah, Tim. So in the second half of your question, Moat was definitely stronger outside of the US over the last few years than they were in the US. A lot of it had to do with the fact that they had a relatively basic tool set and a pretty competitive pricing on that that tool set, which allowed them to kind of distribute pretty cheaply in some markets that were much lower margin. So that being said, I think we do see some growth opportunities in our international business as a result of the Moat deprecation.

And with regard to the 70% wins, those are greenfield across all markets, so not just international, includes US as well. And that's been consistent with us. If you remember, with the exception, I think, for one quarter over the last several years, a majority of our deals have been greenfield. And those are deals in which the advertiser did not use our product or any competitive or similar products, which, again, is a testament to the fact that we've got lots of room to grow. And we've got lots of room to grow not just in North America, but outside the US with advertisers who still are being introduced to our products, and that gives us a really solid TAM opportunity over the next several years.

Tim Nollen

Great. Thank you.

Mark Zagorski

For sure.

Operator

Thank you. Our next questions come from the line of Brian Pitz with BMO Capital Markets. Please proceed with your questions.

Brian Pitz

Thanks for the question. Maybe quickly on political, obviously, topical here, especially around inflammatory content and misinformation. How much of a tailwind do you think the election can be to your business? And what have you seen? I know it's early on in the campaign cycle, that's point one.

Point two, any negative CTV industry impact from things like the Euro Cup or Copa America over that kind of month-long period across June and July? Any sense that that could have pulled folks away from CTV? Thanks.

Mark Zagorski
Yes, thanks, Brian, for the question. So with regards to political, I think we've kind of already said we're not a huge direct beneficiary of political dollars just due to the fact that we've got relatively sophisticated solutions that need to be employed over a long period of time. There's learnings, etc. But we do kind think there's a little bit of a tailwind that comes from, for example, a broader engagement across social as people get more and more involved in elections, you see social volumes go up.

Open web news, engagement increases over time. So we'll see volumes on open web platforms, which is one of the reasons why we're investing in our authentic news initiative to continue to support advertisers who want to place dollars across news properties, but still are concerned about kind of incendiary news topics. So I think we will see some benefits to us. It's certainly not a headwind, but I don't think it's -- we see the direct kind of monetizable tailwind that some others in the space do.

On the CTV side, we didn't see much friction at all from the other -- the events that you noted. The addition of Netflix growing ad tier, which -- who we work with as well as Amazon introducing inventory into the market, whom we work with, helped really fuel that 55% growth rate that we saw in the quarter for CTV impressions. It's still relatively small compared to our overall volume. But as part of our video impression pool, it's growing, and we think that's, again, a catalyst for us moving ahead.

Brian Pitz
Great. Thanks.

Mark Zagorski
You got it.

Operator
Thank you. Our next questions come from the line of Mark Kelley with Stifel. Please proceed with your question.

Mark Kelley
Great. Thank you very much. Two quick ones. Sorry to go back to Moat. But curious if you think there's like an $80 million total opportunity number kind of floating out there. Does that seem right to you, not necessarily where think you can win? And then maybe as part of that, any way to think about the split between advertiser and publisher exposure that Moat had?

And the second one is just going back to the political component, I think there's a lot of brands that are kind of just avoiding news content altogether around the election, not necessarily because of your products, but just trying to avoid potential negative news flow. Does that impact you either way, if that's the case, just around November? Thank you.

Mark Zagorski
Yes. So regarding to the Moat number, I think there's been numbers kicked around in that zone. Again, I think there is a significant opportunity there, both on the platform and advertiser side. A chunk of that is longer tail, which I think some of it may drop off, may just not be interesting for companies like DV to go after because it's just too small to manage. But there's a good chunk out there. And I think you're looking at tens of millions of dollars of opportunities against that Moat business.

The breakdown between platform and advertiser, I think, probably roughly 50/50 if you're looking at it, it would be my guess. But there's still a good chunk of business out there to go after. But as I noted before, a lot of their bigger brands we already had in play. So we took Pepsi from them, Ulta, AB InBev earlier this year and some of the other discussions that we've had with some of the big advertisers have been going on since well before that business went out. So we think there's good opportunity there.

With regard to political, I think that's exactly what we're trying to lean into with the authentic news initiative, which is helping advertisers better navigate news content without just turning it off. We think there's a whole lot of value in advertisers being part of the dialogue, but doing so in a safe and suitable way. And we've always prided ourselves on the fact that we can give them the tools, the scalpel as opposed to the meat cleaver to say, look, rather than just cut off news, let's try to navigate our way through this in a way that allows us to be part of the discussion without part of the problem.

So I think we do see that as an opportunity for us. And those dollars, even if they do move away from news, ultimately, they're going to be spent somewhere. And if they get spent on social, we're on social, if they get spent on CTV, we're on CTV. So verifying every strategy that we have is really all about dealing with the ebbs and flows of dollars across different platforms.

Mark Kelley
Got it. Thank you, Mark.

Mark Zagorski
You got it.

Operator
Thank you. Our next question comes from the line of Vasily Karasyov with Cannonball Research. Please proceed with your questions.

Vasily Karasyov

Thank you. Good afternoon. Wanted to ask you about retail media revenue. If I'm reading the slide correctly here, 62% of retail media revenue was in activation. So that is programmatic. And we know that the majority of retail media revenue is not programmatic at this point. So my question is, A, is this the breakdown between the different revenue lines that you report that you expect sort of to see going forward? Or do you think it will be changing?

And the other question is can you tell us what kind of gating factors there are that prevent you from growing this revenue stream, retail media, faster because for some other companies that is definitely a much bigger contributor? Thank you.

Mark Zagorski
Thanks, Vasily, for the question. So regarding the activation aspect of our retail media network business, think of that as the audience and extension part of retail media network. When they buy off-site, that off-site buys many of them are transacted through DSPs, and those DSPs engage DV tools through the retail media networks to actually help ensure that those off-site buys are safe and secure. So that's where our activation portion of that business really exists.

And then with regard to what this business looks like moving ahead, I do think supply side is going to continue to grow as we see our engagements with folks like Amazon, Walmart, and others grow on the supply side.

And then measurement, I think, stays probably the third in that tier just due to the fact that the way that measurement gets engaged is many times through a supply side implementation, right? So we provide a base level of measurement, base level of security on that supply side platform. So the growth we'll see will come really to the activation and supply side lines on that business.

With regard to growing retail media business faster, I think we saw a pretty significant growth rate of 50% plus on the supply side. And I think that if that's going to be the fastest-growing part of that retail media network business, I think it's a pretty good clip. If there's any friction anywhere, it was just due to the fact that if the advertisers start looking at more efficient spend to other places, right? I don't think there's any really market conditions or market barriers for us growing that other than the dollars flowing into RMN if they get shifted back to social or to other networks that performed just as well.

Vasily Karasyov
Thank you.

Operator
Thank you. Our next questions come from the line of Yun Kim with Loop Capital Markets. Please proceed with your questions.

Yun Kim

Thank you. First, quickly on Scibids. Can you update us on where we are in regard to the Scibids integration? Are we still like somewhat 12 to 18 months away from the full integration?

Mark Zagorski
Yeah. So we're on path with integration. So we've integrated sales and sales organizations. We've integrated a good amount of their technology and platform into our operational structure. The overhead teams, so marketing and finance and legal and all those, have been fully integrated. So we're well on our way to integrating those teams.

We do see an advantage of operating that business very similar to almost how YouTube is operated by Google. So we have teams that kind of are able to execute and run on their own to innovate. We loved the innovation that was coming out of the data science teams in Paris. They want to keep them running hard on that. So not get them encumbered in some of the bigger company overhead that we're involved in.

So I think integration-wise, we're pretty far down the path. We still have some work to do on UIs and some data set integrations. But for the most part, we're well on schedule, and we've seen the benefits in that business continuing to grow.

Yun Kim
Okay. Great. And Mark, also, over the next year or two, can you share your view on the pricing dynamics on social, especially, on short video and CTVs, obviously, CPM rates on these formal channels are -- seem to be changing?

Mark Zagorski
Yes. I guess from our perspective, social pricing and in social business, the dynamics there have been pretty consistent over the years. So I think video, social video we charge more or less the same as we do across any other video. Social displays is, again, similar type of measurement and charge the same amount there.

Those CPMs -- look, I think CPMs broadly speaking, are really going to be driven by performance, right? Number one, the media performance. Our CPMs, I think, on cross social and including social video are going to be continuing to enhance as we can move more towards social activation solutions. So currently, our social activation solutions are priced about three times our social measurement. So as we are able to expand into activation more broadly across social platforms, I think we have an opportunity to get a more significant bump in MTF across social than we have today.

Yun Kim
Okay. Great. Thank you so much.

Mark Zagorski
Sure.

Operator
Thank you. Our next questions come from the line of Arjun Bhatia with William Blair. Please proceed with your questions.

Chris
Hi. Thanks. This is Chris on for Arjun. I wanted to circle back to a comment you made about launching some ABS-like capabilities on social. I just kind of wanted to get a sense of what the time line looks like for that and whether it will be very similar in terms of functionality and pricing as ABS?

Mark Zagorski
Yes, it's a great question. So right now, we're in the midst of kind of negotiations and development across multiple different social platforms to look at the implementation of these types of tools. We know that social prescreen like we've seen on YouTube has real value and has gotten really strong traction across our top 100 customers, and we can charge a premium for, right?

So pricing-wise, our social activation tools, we charge about three times what we charge for social measurement. And that's a positive thing. So we do see a similar kind of potential when it comes to social prescreen or activation tools as we saw on the open web. That's what gets us excited is that we think that there's a pretty significant business there.

Now it's going to take -- again, this is not something we launch overnight. It takes negotiations, it takes development work. But as we look into the next several quarters, we think there's opportunities for us to continue to get traction there. And as we look at 2025 and beyond, I think social activation is going to be a much bigger part of our business than it is today.

Chris
Got it. That makes sense. And then just one last question on Moat. For these customers, they've already been using a similar product with another platform. Is there any difference in the amount of time that you expect them to ramp on average?

Mark Zagorski
Look, there's still some of the similar testing that the advertisers want to take to ensure that they are understanding how to implement the solutions, that they can understand the data that they get out of the tools, how they implement it, particularly if it's a pre and post bid connection.

So, there is ramping. There's no other way to put it. Advertisers are under probably the most pressure to close the deals. And that's what we've seen is that the deal pressure has been around closing and moving faster there, faster than we've ever seen. But the ramping still is a ramping process, right? It's implementation in markets. In some cases, whether it's mandated or an option that takes part of it. So, there'll be some ramping. I think the faster part of the process has been in the sales. Ramping will still occur very similar that we've seen in the past.

Chris
Got it. Thank you.

Mark Zagorski
Sure.

Operator
Thank you. Our next questions come from the line of Mark Murphy with JP Morgan.

Artie
Hi, this is Artie (ph) on for Mark Murphy. Congrats on the quarter and thanks for squeezing me in. Just wanted to ask about the remarks you made about Scibids and the expectation that they'd exceed in the second half. Be great to double click on that and hear kind of what's giving you that confidence? Is there a particular aspect, attach rate pipeline, pipeline conversion, or any other aspects you think might be worth calling out there? Thanks.

Mark Zagorski
Yes, it's a great question. So, what we're seeing is, A, a strong pipeline and a strong pipeline of conversions that we're able to close the first half of the year that are starting to ramp in the second half of the year. And then volumes, volumes in CPM. So the customers that were closed earlier this year are starting to scale, as I noted. And since we're a percentage of media business, CPMs have been pretty healthy, if not growing. So, I think those factors give us confidence that we're able to continue to grow that business in a way that is slightly ahead of our plans and expectations.

Artie
Thanks. And then Nicola, just when we're looking at the share repo program, any insight as kind of what motivated that for the here and now? And is there any kind of framework we can think about like going forward or the cadence of buyback? Thank you.

Nicola Allais
Yeah. So, the -- I think in terms of where we are with the company and the capital structure of the company and usage of our funds, we're now at a point where it becomes one of many priorities that we have around how to use capital. So our view on it is it's going to be a balanced approach around repurchases so that we can continue to also invest in the business and we get a potential acquisition. Obviously, the stock price was at a point that made it attractive for us to begin a program that's going to be on a fairly balanced basis quarter-after-quarter.

Artie
Perfect. Thank you. That’s encouraging.

Operator

Thank you. Our next questions come from the line of Omar Dessouky with Bank of America. Please proceed with your questions.

Omar Dessouky
Hey, thanks. A couple of questions on social and then a question on the supply. So, it looks like you broke out what your growth rate was for social activation. And I was wondering if you could also tell us what the mix of social activation within activation was?

Mark Zagorski
Sure. So social activation we noted grew about 30%. A lot of that is prescreened. So it's the prescreen on YouTube and that's a pretty small percentage of overall activation, maybe around 5%, our total activation business. So small, continue to grow. But as we noted in our remarks, it's a premium priced just the way activation is premium priced versus measurement on the open web. And we think there's a lot of solid potential there as well.

Omar Dessouky
Got it. And then last quarter, I think you said that there were nine of your top 100 customers that turned on Meta for the first time. This quarter, you've said that there are 30, but you didn't say whether they're within the top 100 or not. I was more interested in the top 100 specifically. Like how many of your top 100 customers are now -- have turned on Meta, since you launched brand suitability?

Mark Zagorski
Yeah. So we had nine of our top 100 that were testing it in the first half. We converted a few of those. The rest of them are still kind of testing and looking at whether or not they want to turn it on to scale. So we're still engaged with a significant amount of our top 100 customers.

We did close 30 new Meta partners since the beginning of the year. Some of those may have not fallen into the top 100, but I think they're big brands and they will become some of our bigger -- they will fall into the top 100 over the year.

So a handful of the nine have converted. The rest are still testing. I think we've got opportunities. As we noted, some brands here like Best Buy, AB InBev, Expedia, J&J, Helion, these are all guys that closed with us on Meta in the first half of the year. Some of them are top 100, but I think some of them could be potentially top 100 moving forward.

Omar Dessouky
Thank you. And just the last question now. So your commentary on supply side, obviously pretty strong, I was wondering whether the margin structure of the supply side business differs from your demand side businesses, especially on like gross margin and operating costs. If you could give me any color there?

Mark Zagorski

Yeah, Omar, as you know, the supply side business is truly a SaaS type business. So the gross margin profile is different there. And there is also new rev share and it is at a higher gross margin, yeah.

Omar Dessouky
And the operating costs, any difference there?

Mark Zagorski
No. This is the same data set that we use for all of our revenue lines now.

Omar Dessouky
Okay. Thank you.

Mark Zagorski
For sure.

Operator
Thank you. We have reached the end of our question and answer session. I would now like to turn the floor back over to CEO, Mark Zagorski, for closing remarks.

Mark Zagorski
Thank you all for your time today. We remain excited about the significant opportunities that lie ahead. And we definitely look forward to seeing many of you at our upcoming conferences in the coming months. Have a great evening.

Operator
Thank you. This does conclude today's teleconference. We appreciate your participation. You may disconnect your lines at this time. Enjoy the rest of your day.