



First Quarter 2025 Earnings Call Script

Tejal Engman, SVP of IR:

Good afternoon and welcome to DoubleVerify's first quarter 2025 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 annual report on 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. DV is off to a strong start in 2025 with momentum building across the business, fueled by deeper expansion with existing customers and faster scaling by newly signed enterprise clients.

Our solid performance in Q1 was driven by three key trends:

First, our existing customers attached DV's core verification solutions across more of their spend, added Scibids AI to additional campaigns, and showed encouraging early momentum in social activation on Meta.

Second, we saw rapid scaling by new customers, who are attaching DV measurement to their open web and CTV spend and adopting our core and premium programmatic activation solutions, including Authentic Brand Suitability.

And third, our supply-side business maintained its strong growth profile, fueled by a record influx of platform and publisher customers in the second half of 2024 and rising demand from retail media platforms.

Together, these three drivers have expanded our platform usage, deepened our customer relationships, and positioned DV to execute with strength and confidence throughout the rest of 2025. Encouragingly, business momentum remained steady through April, with no evidence of macroeconomic pressure affecting customer demand.

Our strong growth so far this year reflects increasing demand for DV's solutions and the value we are delivering to advertisers across channels. At the same time, we remain focused on executing our long-term vision: building a unified platform that enables advertisers to verify, optimize, and measure media outcomes that drive brand success. We believe this integrated approach will drive broader customer adoption, deeper partner engagement, and faster scaling that will continue to accelerate our momentum over time.

With that context, let's turn to our first quarter financial results. We delivered total revenue of \$165 million, an increase of 17% year-over-year, reflecting a strong re-acceleration that exceeded expectations across all three revenue lines.

We delivered a 27% adjusted EBITDA margin and grew net cash from operating activities by 19%, underscoring both the quality of our growth and the efficiency of our operations. Our Advertiser business grew 16%, driven by 20% growth in Activation, while our Supply-side business delivered 35% year-over-year growth. These results reflect solid and sustained demand for DV's solutions and show that our core business is scaling efficiently, setting us up to drive even greater impact for our customers.

Robust advertiser demand for our solutions continued to fuel both new customer wins and expanded product expansions this quarter. We won numerous global engagements with iconic brands, including Pinterest, Chipotle, Levi Strauss, Natura/Avon, Rivian Auto, Valvoline, Nexus Nordics, and INEOS Grenadier. We also grew existing relationships in North America, including significant expansions with Nike and Kia. We're driving growth through both competitive steals and greenfield wins, and our 'land and expand' strategy continues to deliver: the number of advertiser customers generating over \$200,000 in annual revenue grew 14% year-over-year to 337. Even with this strong expansion progress, we continue to have substantial opportunity to grow. As of the end of 2024, approximately half of our top 700 customers were still using fewer than half of our core products, highlighting a clear path to deeper penetration and expansion across our customer base. And, with the strategic acquisition of Rockerbox, our newly expanded offering unlocks even greater opportunity to grow and scale our customer engagements.

Now, let's dive into our first-quarter performance across three of our key growth areas: social media, CTV, and the open web.

Starting with social media, we launched our content-level, pre-bid avoidance solution on Meta's Facebook and Instagram Feeds and Reels in late February this year. At launch, we highlighted a robust sales pipeline of nearly 200 advertiser opportunities for our Meta activation solution. In a little over two months, we've already activated 20 customers, including major brands like Nike and AARP, with numerous other top 100 clients preparing to go live soon. And they are seeing great results. Two early adopters saw brand suitability rates improve by 9 percentage points, a strong indication of impact. This early traction highlights the opportunity ahead as advertisers place greater focus on brand safety and suitability in social environments. Also highlighting the growth potential for our social activation solutions, this quarter, we brought

TikTok's Video Exclusion List Solution into general availability, giving advertisers the power to avoid unsuitable content pre-bid, helping elevate media quality and supporting brand success.

On the social measurement front, we expanded viewability and IVT measurement to Instagram Reels, giving advertisers consistent transparency across all Reels ad formats on both Facebook and Instagram. And, as TikTok grows its ad offerings, DV continues to lead in providing the protection and performance our clients rely on. We recently expanded our safety and suitability measurement on TikTok to include Post-Roll ads and Smart+ campaigns—new formats that broaden how advertisers engage on the platform.

Finally, in the first quarter, we also partnered with Roblox to launch the industry's first 3D in-experience measurement solution for immersive ads.

Shifting to CTV, we grew our first quarter CTV measurement volumes by nearly 43% year-over-year, with notable strength across YouTube CTV and Netflix. DV's growth potential in CTV remains large because fraud and transparency are still critical challenges for advertisers, and the threat is only getting bigger. Sophisticated bot fraud now accounts for 65% of all CTV fraud, about 14% higher than in any other environment, and remains the dominant threat. At its peak, DV identified 3.9 million infected CTV devices that generated extreme levels of invalid traffic every day, with just one bot variant we discovered driving potential losses of more than \$7.5 million per month.

We are seeing these risks play out clearly in our data. In 2024, DV's Video Filtering Rate for CTV jumped 55% year-over-year, and fraud and SIVT filtering more than doubled, up 110%. Viewability challenges also continue to persist in CTV as well. Our measurement data from the second half of 2024 showed that 7.4% of CTV video impressions ran on apps that serve ads even when the TV is off, leading to wasted spend and diminished campaign performance. DV's leadership in uncovering these issues and driving greater transparency in CTV has made us an essential solution in fueling its continued growth.

As we head into the Upfront and NewFront season, we're investing in content-level scoring to improve brand suitability, expanding coverage to native CTV ad formats across three major publishers, and deepening partnerships with innovators like EDO to connect measurement with outcomes using Scibids AI.

Turning to the open web, we are seeing strong growth across all of our activation solutions, including Authentic Brand Suitability. In the first quarter, ABS revenue grew 16%, while non-ABS activation solutions, including Core Programmatic, Scibids AI, and Social Activation, collectively grew 24% year-over-year. DV is also leading the industry in independent, cross-platform AI media optimization solutions. Since acquiring Scibids in August 2023, we have successfully upsold Scibids AI campaign optimization to over 200 DV customers. Notably, over 50 of our Top 100 clients now use Scibids AI to optimize campaigns, up from 40 last quarter. With this steady momentum, we remain solidly on track to deliver \$100 million in Scibids revenue by 2028.

In addition, we've announced the launch of DV's pre-screen brand safety and suitability solution for Google's Search Partner Network (SPN). This launch gives advertisers additional control when extending their campaign reach on SPN inventory.

We are also continuing to expand our global retail media footprint. DV's measurement tags are now accepted across 129 key retail media networks and sites, including 16 of the top platforms and 113 major retailers, with close to half supporting DV measurement on owned and operated properties. At the same time, first-quarter retail media supply-side revenue grew 35% year-over-year, underscoring strong platform demand.

As we continue to execute across our key growth areas, we remain mindful of the broader macroeconomic environment and the need to stay focused and disciplined. We will continue to prudently invest in innovation, with an eye to operational efficiency, and ensure that we take advantage of the cost benefits that leveraging AI can deliver.

In a time where brands are facing economic uncertainty, one thing is certain: advertisers are not standing still. They are looking for smarter, faster, and more accountable ways to invest across an increasingly complex media landscape to get the most out of their ad spend. This environment demands more from marketers, and it demands more from the partners whom they trust. DV is in a unique position to meet these demands, moving beyond verification to also deliver the intelligence and tools our customers need to drive performance for smarter, faster, and better outcomes. Our recent acquisition of Rockerbox is well aligned with these increasing advertiser demands to have greater clarity in how their ad spend is performing on any platform, from social to CTV.

Over the past five years, DV has strategically expanded its protection and performance suite across more platforms, formats, and markets, positioning us to thrive even in volatile macro environments. We delivered strong growth through both 2020 and 2022, when uncertainty reshaped the ad market, thanks to the resilience of our revenue model and the essential nature of our solutions. In times like these, when ad spend shifts to scaled platforms and marketers double down on ROI, DV's value proposition becomes even more critical.

To that end, DV is building a groundbreaking unified intelligence platform for advertising, integrating a suite of tools and Agentic AI features that enable advertisers to gain a deep understanding of where ads run, how they are optimized, and the bottom-line results they deliver in one seamless solution. Our platform powers solutions to help advertisers make smarter decisions, drive greater impact, and maximize the value of every media dollar. DV's value proposition has moved beyond verification and now fuels real brand success. We are leveraging AI to deliver these results in a way that no one else can —by extracting the highest value from our deep proprietary data, building models on our nearly two decades of institutional intelligence, and learning from the broadest group of advertisers on any platform. No other company has the unique set of assets, intelligence, and scale that DV does to take advantage of an AI-enabled advertising future.

We look forward to sharing more at DV's Innovation Day on Wednesday, June 11, where our executive leadership team and industry experts will showcase how DV is leading the future of media verification, optimization, and outcomes measurement. The event will be hosted live at the New York Stock Exchange and webcast for the broader investment community.

In closing, we are energized by our strong start to 2025 and the opportunities ahead. With continued strong demand for our trusted measurement, optimization, and outcomes solutions, and our relentless drive to efficiently innovate, DV is positioned to lead across the channels and platforms where advertisers are investing the most. We are focused, we are executing, and we are confident in our long-term strategy to drive durable, diversified growth.

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

Nicola Allais, CFO:

Thanks, Mark, and good afternoon, everyone. We are pleased to report strong first-quarter results, with revenue and adjusted EBITDA ahead of expectations, reflecting steady expansion from existing customers and accelerated scaling from large new enterprise clients.

Total revenue grew 17% in the first quarter to \$165 million, driven by 16% growth in Advertiser revenue. Advertiser growth reflected a 22% increase in volume, or MTM, and a 6% decrease in price, or MTF, both excluding the impact of an introductory fixed-fee deal for one large customer onboarded from Moat. MTF will vary with product and geographic mix, and, in the near term will be impacted by Moat wins that were brought in at competitive rates. Our focus remains on driving volume through multi-product adoption and upsell opportunities across DV's platform.

Activation revenue grew 20% compared to the prior year, with both ABS and non-ABS activation solutions contributing to growth. ABS, which accounted for 54% of activation revenue, grew 16% year-over-year, led by new logo activations, with additional contributions from upsells to existing customers and expanded usage among current users. Nearly 70% of our Top 500 customers have now activated ABS in Q1, up from over 60% in Q1 last year, demonstrating the continued adoption of this premium product.

Turning to measurement, revenue grew 8%, driven by new customer activations on open web and stable growth from existing customers. Measurement also includes revenue from the Rockerbox acquisition, which closed on March 13th. Social as well as international revenue growth was softer this quarter, primarily due to the impact of a large customer pausing spend due to higher commodity costs that we discussed on the last call. International revenue accounted for 26% of total measurement revenue this quarter. Supply-side revenue grew 35%, driven primarily by increased revenue from existing and new platform and publisher customers.

Shifting to expenses, cost of revenue increased by approximately \$4 million, driven by higher revenue-sharing costs with programmatic partners tied to the growth in programmatic revenue, and increased cloud services expenses. Revenue less cost of sales was 81% in the

quarter, and is expected to remain stable as we continue infrastructure investments to support future growth.

Product development expenses increased, driven by investments in engineering talent as well as software and services to support product development initiatives, including advancements in our AI capabilities. Sales and marketing expenses grew at a slower rate than revenue, reflecting operating leverage, while G&A expenses included acquisition-related costs for Rockerbox. As discussed on our last call, we expect hiring to slow this year as we continue to prioritize investment in product innovation, reallocate resources toward growth initiatives, and actively optimize the organization.

Adjusted EBITDA of approximately \$45 million in the first quarter represented a 27% margin and was ahead of plan due to higher revenues and continued cost discipline.

Net operating cash flow was \$38 million in the first quarter, driven by strong cash collections. During the quarter, we repurchased 5.2 million shares for \$82 million. As of March 31st, \$140 million remained available and authorized under the New Repurchase program. We also completed the acquisition of Rockerbox on March 13th, for \$83 million, net of cash acquired and subject to customary post-closing adjustments. We ended the quarter with approximately \$175 million in cash and short-term investments, and continued to have zero debt, which provides us with the flexibility necessary to navigate a more uncertain macroeconomic environment.

Turning to guidance, we expect second-quarter revenue to range between \$169 and \$173 million, representing a 10% year-over-year growth at the midpoint. We expect second-quarter adjusted EBITDA to range between \$48 and \$52 million, representing a 29% margin at the midpoint.

For the second quarter, we expect stock-based compensation to range between \$26 and \$29 million, and weighted average diluted shares outstanding to range between 165 and 167 million shares. Stock-based compensation expense growth is decelerating, and we continue to expect annual growth to stabilize in the high teens for full year 2025, down from 2024 levels.

Shifting to full year guidance, as we outlined last quarter, we set 2025 guidance to reflect a transition year, based on a prudent outlook on three longer-term opportunities: social activation, upselling recently signed large new customers, and expanding Rockerbox adoption among existing DV clients.

We exceeded expectations in Q1, are pacing ahead on social activation and upselling large new customers, and so far have not seen evidence of macroeconomic weakening. However, in light of increasing macro uncertainty, we are leaving our full-year 2025 guidance unchanged at 10% revenue growth and 32% adjusted EBITDA margins. While we remain confident in DV's continued solid performance, our guidance reflects a prudent view of the operating environment for the remainder of the year.

To close, we delivered a strong first quarter and remain focused on executing our plan for the rest of the year while positioning DV for sustained growth well beyond 2025.

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. [Operator Instructions] Our first question comes from the line of Matt Swanson with RBC Capital Markets. Please proceed with your question.

Matthew Swanson

Great. Thank you. And congratulations, guys, on such a strong start to the year. So maybe thinking about that strong start, and then, the upside to guidance, with the thought process around maintaining the full year, it does feel like a time to be prudent around the macro? But if you could maybe talk us through a little bit what you saw in 2022 and 2020 and about that resiliency and how you're kind of factoring that in with the uncertainty that we all have around the macroenvironment right now?

Mark Zagorski

Thanks, Matt, for the question. Yeah, look, I think every macro uncertainty that we've had over the last few years has created advertisers that are a bit more agile, but also are kind of getting used to these systematic changes. What we saw in those two years was some initial – obviously initial slowdown. But when advertisers start focusing on things that matter, like driving performance and protecting their brand, we've seen our stickiness really shine through, right.

And the fact that so much of our revenue now is on the activation side, which is very much performance-driven, very much programmatic, I think that bodes well for us being resilient through any kind of challenging times that could be coming ahead.

As we noted, we've not seen any real impact from some of the kind of global macro shocks yet this year. I think that's a good sign for us. And if anything, we've seen a greater focus on our performance solutions, some faster uptake of those solutions that have driven in our activation numbers, and advertisers really doubling-down on the fact that this is the time where they want to lean in to protect their brands, and they want to lean into ensuring that they're using tools that are driving real ROI. And DV is one set of tools that does that.

Matthew Swanson

Yeah, maybe building on that point, Mark, you talked a lot about the ROI but it's kind of the core of what you're offering your customers is optimizing those numbers. So, coming off a

quarter where you saw the strong upselling for large customers and the better pace in activation, better quarter for Scibids. Does a tighter spending environment ever end up being a benefit for DV from the expansion side of people trying to get more – basically more performance with a tighter budget?

Mark Zagorski

Yeah. I mean, look, there's probably two aspects of this. One is a product aspect, which is what you noted that our solutions that help drive greater transparency and better performance, people lean into them more, right? They're less willing to deal with issues of fraud. They're less willing to pay a higher CPM when they can compress it using Scibids, right. And now with Rockerbox, the ability for them to actually show attribution and be able to look at their media mix modeling is another asset that we have when they're looking at ensuring every dollar hits its mark.

There's another aspect, too, which is just the business model aspect. If there's supply and demand imbalance in which CPMs – global CPMs start going down for digital media, that means volumes go up. And if you remember, we are a volume-based business. We charge a fixed CPM for most of our products. So that dynamic actually starts to play out as well. So we get a little bit of a tailwind there, too. So, yes, performance solutions become the focus. And we also get a slight tailwind if CPMs start to compress a bit.

Matthew Swanson

Thank you.

Operator

Thank you. Our next question comes from the line of Maria Ripps with Canaccord Genuity. Please proceed with your question.

Maria Ripps

Great. Thanks so much for taking my questions and congrats on the strong quarter here. First, can you maybe help us understand a little bit better what contributed to your revenue outperformance in the quarter sort of relative to your guidance? And then, in February, was it driven by maybe more Moat customers coming on or anything else that was sort of one-time?

Mark Zagorski

I think the – one of the main drivers was we saw some of our new clients actually grow and accelerate their scaling a little bit ahead of our expectations, which was one key thing. And I think the second also was our current customer expansion. I mean, that's always the biggest growth driver for us, which is our large enterprise clients and their adoption of new tools. And we saw strong adoption of additional solutions.

I mean, ABS had its best quarter since 2023, and we saw increasingly interest – increasing interest in the tools like Scibids, right, which are our performance tools. So, I think the combination of core client growth into new solutions and some scaling of our new onboarded big brands, folks like Kenvue and others, I think, was the main drivers of our exceeding expectations.

Maria Ripps

That's very helpful. And then, I just wanted to ask about sort of your thoughts on expanding into a little bit deeper into direct response budgets. And, Mark, you talked about sort of performance solutions this quarter sort of being strong, so with Scibids and now Rockerbox, you've been expanding your functionality. But maybe talk about sort of the opportunity there on the direct side a little bit more broadly and sort of your strategy there?

Mark Zagorski

Yeah. In today's environment, we're seeing this convergence between brand and performance objectives, right. I'm going to steal a term from a fellow CEO, showed me the other day this idea of brand performance, right, where advertisers want to protect their brand, right, but they also need to drive better results. And those results can be things like taking fraud out of the ecosystem, but they also can be compressing prices like Scibids is able to do.

I think we're able to do both. And one of the few companies that can actually protect brand, pull garbage out of the system and also drive CPMs down. Scibids has been a great asset for us. 50 of our top 100 customers have now used it, up from 40 last quarter. And I think we talked about Rockerbox, Rockerbox starts playing into this equation as well. When they want to look at actually what's working, what's performing, who they should be attributing the success of their campaigns to, Rockerbox plays into that equation.

So, yes, performance advertisers are considered middle – kind of middle funnel or bottom funnel advertisers, have now become a more important part of our mix. But I would say, all of our advertisers are now part of this kind of brand performance universe where brand is important, but the cost of those impressions and the impact to those impressions is just as important.

Maria Ripps

Got it. That's very helpful. Thank you.

Mark Zagorski

Sure.

Operator

Thank you. Our next question comes from the line of Andrew Marok with Raymond James. Please proceed with your question.

Andrew Marok

Hi. Thanks for taking my question. Just one for me. So, you talked about in your social growth, the impact of the customer who slowed their spend recently. But I guess, if we could take a step back and just think of with the shift to activation, with the varying kind of ramp and scale phases of your different partnerships and platform relationships, how should we think about that social measurement growth here in the near term in the context of your guide?

Mark Zagorski

Yeah, I mean, we've got – we had some pretty significant comps last year on the social front on a year-over-year in 2024, we had 50% growth. Q2 was 44% growth last year. And so we're kind of lapping some very big numbers where we expanded across more impressions.

That being said, we're leaning in very hard into social activation. The new Meta pre-bid solutions are gaining traction. And the beauty of that solution is that you have to use social measurement for it to be enabled. So, we see – again, we're going to see social growth across the board. It'll be stronger in activation, social activation, than it will be in measurement. But we've got social activation launching in Meta, we got social activation, launching TikTok. So social is going to be a key part of our future moving ahead. And I think those two solutions on the measurement side and on the pre-bid side will show growth, because they're going to grow hand-in-hand.

Andrew Marok

Thank you.

Operator

Thank you. Our next question comes from the line of Andrew Boone with Citizens JMP. Please proceed with your question.

Andrew Boone

Thanks so much for taking the question. Mark, I wanted to go with a big picture question across all of kind of programmatic at large. You're seeing more curation from DSPs and SSPs. Can you just speak to that trend across programmatic? And how does DV fit into that, given your historic kind of brand safety product set and everything else that you're offering?

Mark Zagorski

Yeah. I think curation starts with data, and at our core, data at DV is a data business. So, we lean into ensuring our data can be anywhere where a buyer needs it. And that's why we recently announced that we are launching and developing curation solutions with Google, Microsoft, Index Exchange, Criteo, and we'll announce a few others. And for us, it's about ensuring our advertiser partners, no matter how they want to buy, if they want to buy directly from an SSP, if they want to buy a direct package, that's been packaged up into a PMP, that they can apply our data to those curated packages. And we're doing it.

So, we see it just as another opportunity for us to get highly specialized data in the hands of our advertiser customers. And again, whether they buy it through a DSP, directly through an SSP, or they want to create a custom-curated segment, it's someplace where we're applying our data.

Andrew Boone

And then, Mark, I'd love to double-click on international. You guys highlighted weakness in the prepared remarks. Is there anything you can expand upon in terms of call-outs of why that is? And then, how do you guys turn that around? Thanks so much.

Mark Zagorski

Yeah, I mean, I think, we had some pretty substantial growth last year across the globe after a couple of slow years. So, we're lapping some pretty big numbers. That being said, the one customer that we have that pulled back their spend considerably that we announced in the last call, they were big global customers. So that had an impact as well.

I think this is momentary blip on the international side. We continue to lean in there. And some of our biggest customer closes that we had coming into the year are global customers that will start to scale outside the US over the next few quarters. So, we see that as some place where we'll continue to grow. We're not overly concerned about the slowdown there. And I think it's not endemic to anything else – any bigger story.

Andrew Boone

Great. Thank you.

Mark Zagorski

Sure.

Operator

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

Brian J. Pitz

Thanks for the questions. Maybe quick two. With the rise of agents in AI, how do those agents potentially make solutions from DV around viewability and maybe invalid traffic more important, is this coming up more with customers as they think about their future needs? And then, separately, on categories, any changes in CPG over the quarter, can you give us some more fine-tuned points on that? Are you seeing potentially a more meaningful recovery in that vertical longer term? Thanks.

Mark Zagorski

Yeah. Brian, I'll take the first part and Nicola will talk about category growth. On the agentic AI front, we see agents as being useful tools for us to help us employ our data in a more granular and more custom way for our customers, right. And I think we're very excited about leaning into that. Part of our vision for the integrated platform where we can measure, optimize and improve the effectiveness of ad spend is having an agent, which actually not only creates custom measurement but also can create custom allocations based on how well certain segments are delivering, how well certain platforms are delivering.

So, I think agents as part of our overall AI strategy will play a key role in the same way AI is playing a role in the ability for us to classify massive amounts of content faster, its ability – our ability to get product to market in a quicker way, and do so in a super efficient way. As Nicola noted, we've been able to manage our expenses and costs this year and we'll continue to do so based on some of the efficiencies that we're seeing coming out of AI.

So, I think AI is an umbrella for us. It's a key part of efficiency, it's a key part of our ability to scale. And it obviously is driving innovation in areas such as classification as well as agentic AI and being able to create much more custom engagements with our customers.

Nicola Allais

And I think in terms of industry, our beat in Q1 and our performance versus expectations was very broad across a lot of our existing clients plus expansions in new. And that was the same in terms of the industry view. We didn't have any specific verticals that led the way. It was very broad across those as well. There was nothing material on CPG.

Brian J. Pitz

Great. Thank you

Nicola Allais

Yeah.

Operator

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

Mark Kelley

Great. Thank you very much. I wanted to ask two quick ones, just the first one on Meta. Appreciated the comments at the outset about the pre-bid solution. I know you had talked in the past about post-bid was likely to see more adoption once the pre-bid solution rolled out. So would love to get maybe an update on how those conversations are going and that they're playing out the way you thought they would.

And then, the second one, some of the stats you gave on CTV fraud, I thought was interesting. I guess, I'm curious are the trends in CTV similar to other ad formats when they were at a similar stage in digital? Or is CTV kind of a totally different animal just from a fraud perspective? Thank you.

Mark Zagorski

Thanks, Mark. So, with regards to kind of Meta measurement, we're definitely – there's definitely a halo effect of the pre-screen, right? We've got 8 of our – 8 of the 20, our top 100 customers of the folks that we're launching. So, we're getting bigger customers who are launching pre-screen. And to launch pre-screen, you have to have post bid measurement. So, we expect there to be this kind of virtuous cycle of adding post-bid, upselling pre-bid, and then, getting folks who never really considered post-bid at all to sign up for pre-bid and post-bid together.

So, it's definitely opening more doors for us. We're getting discussions with customers who really have not entertained the post-bid measurement without the pre-bid kind of opportunity. And I think it's going to be – we're well ahead of our pre-bid expectations at this point so far this year, and we think it'll be really impactful going into next year.

With regard to the kind of CTV fraud numbers, yeah, I mean, look, I think that in some ways, it's – history repeats itself. We've seen fraud focus on mobile, when it first came out; we saw fraud – tried to attack social when it started gaining steam. This CTV has shown a lot of resiliency in the fraud area just because the fact that the CPMs are so high. And if you're going to rob a bank, do you want to rob a bank with dollar bills inside or with \$100 bills inside.

And I think that's why there's so much focus on CTV. It's still a relatively concentrated universe where the demand is outstripping supply. So when you have those dynamics together, it makes a ripe target for fraud. And I think the beauty of where we sit is the partners and the platforms have come to us, knowing that the more work they can do with us, the cleaner the ecosystem, the supply chain can be, the more dollars will continue to flow to the right players versus the wrong ones.

Operator

Thank you. Our next question comes from the line of Justin Patterson with KeyBanc Capital Markets. Please proceed with your question.

Jacob Armstrong

Hi. This is Jacob on for Justin. Can you expand on what you're seeing on the macro currently and your decision to kind of embed that in the full year guide despite not seeing any impact yet? And I guess, further [indiscernible] (00:41:23) this macro kind of leads to pricing deflationary market, do you believe that the business can remain a bit more resilient there? Thank you.

Nicola Allais

Yeah. So let me start with saying we outperformed in Q1 consistently month-on-month, and that has continued in April. And so the unchanged guidance is really not because of anything we're seeing yet, but it's just because of just prudence based on the macro uncertainty. So, this is really just a position we're taking based on the uncertainty in the macro rather than what we're actually seeing or what we saw evidence in the first quarter into April and even it's very early May, but even what we're seeing for the first week of May. So the approach was to keep it unchanged based on the macros.

In terms of resiliency, I mean, Mark spoke about it a bit earlier. The shift of our clients towards products that are based on performance is one way that we feel strongly that our model will sustain larger displacements in the macroenvironments. We feel very good about the new

initiatives that we launched, social activation being a large one and upselling our new clients. Those are opportunities that continue despite the macroenvironment.

Thank you.

Operator

Thank you. Our next question comes from the line of Omar Dessouky with Bank of America Securities. Please proceed with your question. And, Omar, is your line on mute?

Omar Dessouky

Yes, it is. Sorry about that. Hello, team. Thanks for taking my questions. There's been some noise recently about increased competition in the DSP space and potentially price-based competition. How, if at all, does that affect DoubleVerify and your activation segments – or your measurement segment? Then I have a follow-up question on CTV.

Mark Zagorski

Yeah, Omar, thanks for the question. So on the DSP space, we're widely distributed across all the DSPs. So although volume concentration tends to be to the big guys, virtually, all of our activation solutions are available on any DSP that matters. And pricing remains consistent across all of them – it's customer base.

So we're relatively indifferent to where an advertiser spends on a DSP. It's probably not the worst thing for us if concentration becomes a bit less concentrated just due to the fact that we want to not have one platform, have too much leverage. But ultimately, we go where our advertisers go. Our data follows where they spend. So DSP competition doesn't have much of an impact on us. And since we're such a small part, our fee is such a small part of the overall transaction fee. Even if there's competition on their pricing, it doesn't really impact us much.

Omar Dessouky

Okay. So just since a lot of us are non-technical people when it comes to AdTech, different DSPs have slightly different functionality at times, some of which may be more or less complimentary to the verification or activation product offering. Is there any difference in propensity to use DoubleVerify for either of those depending on kind of that feature set for the DSP? Or is it pretty standard across the like, let's say, the Big 4 DSPs?

Mark Zagorski

Yeah. I mean, look, some DSPs – there are larger DSPs, for example, like Google that have embedded products that compete against us. So if dollars are moving out of those platforms into other platforms that don't have embedded products, it provides a better opportunity for us to sell through for sure. But, I think, the reality of it is, since we're selling directly to the brands, the brands are moving our data and our functionality to whatever DSP they choose. And I think that with the exception of maybe optimization, which goes outside of core verification, there's relatively little difference from platform to platform with regard to how our solutions might be employed.

Omar Dessouky

Okay. And if I could just ask one more question. So...

Mark Zagorski

Yeah.

Omar Dessouky

You guys are early – you're early in your CTV ramp here. It looks like you've had several quarters of like kind of 40%, 50%, 60% growth. Are you seeing kind of the addressable advertiser market, like, kind of expand down market at all this early? Is the CTV space going to become something – especially verification, is it going to become something that more middle market advertisers are eventually going to be interested in based on what you see so far, like, what are your predictions?

Mark Zagorski

Yeah, Omar, it's a great take. I mean, as creative tools for CTV become more ubiquitous and easier to use, and as the buying platforms become more self-serve and open to middle market, you're seeing an influx of customers that two years ago would never consider buying CTV. So I think that helps us, right. It may be taking dollars away, for example, from regional television or regional linear television that we've never had access to, as well as maybe some even performance advertisers that were very focused on search or other capabilities that start moving into CTV.

So it opens up our addressable market. As you look at shoppable ads and shoppable CTV that helps as well. So dollars moving into CTV definitely are an asset to us. And as we noted in the call, we're improving our CTV value prop to customers by launching more transparency assets in our CTV measurement and partner with companies like EDO, who are doing performance-based and outcomes-based measurement, which we can implement tools like Scibids against to optimize that spend. So even when performance advertisers are looking to get CTV, we're going to play a bigger role in that as well.

Omar Dessouky

Okay, thanks. I'll ask some additional questions in the callbacks. Appreciate it.

Mark Zagorski

Great.

Operator

Thank you. Our next question comes from the line of Alinda Li with William Blair & Company. Please proceed with your question.

Alinda Li

Perfect. Thank you. Mark, can you expand more on customer feedback so far on Meta activation? And I have a follow-up after.

Mark Zagorski

Yeah, the feedback on Meta activation has been really good. I mean, we've seen, as we noted in the call, some pretty significant improvements in brand suitability anywhere up to 9 points in positive movement. And I think it's a great result for us and our customers and a great result for Meta, too. It helps customers feel much more comfortable in advertising on social. The feedback has been solid. It's a premium priced product, which is great for us.

Again, getting another activation product out there into the marketplace at a multiple of what we're getting paid for measurement is a very good thing for us. So across the board, we remain excited. And as I noted before, we're actually ahead of where we expected to be on the uptake of that product and the revenue we're generating.

Alinda Li

Awesome. And so 20 customers already activated so far on Meta activation. What is the activation speed that we can expect moving forward?

Mark Zagorski

It's a great question. I mean, I think a lot of folks that that jumped on, we had primed early. We had mentioned, I think, in our last quarterly call that we had pushed to get some folks into measurement at the end of last year, because we knew it had to be a Meta measurement customer to be an activation customer. So we had a really good pipeline starting up. I think we

closed a lot of folks pretty early in the game. Do I think we're going to pace at that level? Potentially. I mean, things look good and we've got a great pipeline. I think the nice part for us now is we've got some really big top 20 customers of ours who are testing today, and I think hopefully, we'll be launching in the next quarter or so. Stay tuned for that. It was a great initial start. I think we've got good momentum behind it and some very large customers testing it out right now, which could be impactful for the rest of the year.

Alinda Li

Perfect. That's helpful. Thank you.

Mark Zagorski

Sure.

Operator

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

Mark Zagorski

Okay. Thank you all for joining us today on this very busy afternoon of earnings reports. We appreciate your interest and support and look forward to seeing you at our upcoming Innovation Day in June. Thank you.

Operator

Thank you. This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.