LiveRamp Shows Signs of Stability Despite Pullbacks From Struggling Customers

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LiveRamp, which positions itself as the software company of choice for programmatic media trading, is confident it will weather the current economic storm, but it's also readying for the fallout by increasing its bad debt facility.

Despite the hardships companies in the media and advertising space are facing during the coronavirus pandemic, LiveRamp met its earnings projections for its 2020 fiscal year, which ended March 31. The company today reported full-year revenues of $381 million and fourth-quarter earnings of $106 million, which represent 33% and 35% year-over-year growth, respectively.

However, the company had to increase its bad debt by $3.5 million "in response to increased future collection risk" caused by the pandemic. It also made $4 million in concessions during the quarter ending March 31, as struggling clients looked to pause their deals with LiveRamp to save on cash.

"While we are obviously thrilled with the resiliency of our platform and the reception of our products, we would be the last to argue that our [business] isn't being impacted by the downturn," Warren Jenson, LiveRamp CFO, said during the company's earnings call. "We've seen pipeline pushouts. Make no mistake—we're still closing deals, but deal cycles are extending. Next, we expect our net-new customer adds to slow considerably as a result of higher churn and fewer new deals

closing in this environment.”

Warren said the concessions are generally 30- to 90-day pauses, which are usually added back at the end of a contract.

As a result, LiveRamp withdrew its full-year revenue guidance. The company is expecting to report approximately $88 million in revenue for the first quarter of 2021, or 7% in year-over-year growth.

LiveRamp’s subscription revenue for the year was $306 million, up 29% year over year, with the remainder of its revenue generated by “marketplace and other” activities. On its earnings call, leadership emphasized that LiveRamp should be seen as a software-as-a-service business with reliable, recurring revenues, not as an ad-tech company reliant on taking percentages of media spend.

“While peers in the ad-tech space are forecasting sharp year-over-year revenue declines, we are forecasting growth. LiveRamp is an enterprise SaaS, and we generate recurring sub revenue,” said Scott Howe, CEO of LiveRamp.

Howe added that 80% of the company’s revenue comes from subscription contracts, and more than 70% of committed revenue is tied to multiyear deals.

“This provides us more stability than most as we navigate this period,” he said.

LiveRamp is focusing its next phase of growth around its Authenticated Traffic Solution (ATS) and Safe Haven products as well as its advanced TV offerings. Television revenues increased 70% year over year, and Howe said the company expects “strong double-digit growth” in connected TV for the 2021 fiscal year.

The San Francisco-based company has 45 publishers in markets including the U.S., U.K., France and Japan using ATS, a

targeting product based on publishers’ first-party data.

LiveRamp introduced Safe Haven, a neutral “clean room” where stakeholders can develop data partnerships in a privacy-safe way, in early March. More than 35 companies are now using the product.

The company also reported that it has live or pending integrations with 18 SSPs and 35 DSPs for its IdentityLink product, a cookie-less identifier. LiveRamp is currently locked in a legal dispute with Kochava over the IdentityLink trademark.

LiveRamp posted record earnings last quarter of $102 million as investors and analysts pegged it as a beneficiary of Google’s announcement that it will remove third-party cookies from its Chrome browser by 2022.

https://www.adweek.com/programmatic/liveramp-shows-signs-of-stability-despite-pullbacks-from-struggling-customers/