
Stockpicker interviews MGIs CEO Remco Westermann

Stockpicker publishes their latest interview with Remco Westermann, CEO of MGI. This is a short version. The full interview can be found at <https://www.stockpicker.se/>.

You recently announced the planned renaming of MGI to Verve, as the conclusion of a transformation process to become a media company. Could you describe again what MGI or Verve does today and why exactly this renaming?

– MGI or Verve is a leading marketplace for in-app advertising in North America and Europe. Powered by Artificial Intelligence, we enable advertisers and publishers to buy and sell advertising space in mobile apps, connected TV, and other emerging channels in a fully automated way.

We are particularly good at enhancing this process with additional, privacy-compatible information and data so that advertisers can better assess the relevance of the app user to whom the ad is displayed, resulting in a higher willingness to pay and thus higher revenues for the publisher. Today, we generate over 80% of our revenue from this business. We have a global footprint, with North America accounting for the majority at almost 65%.

The name change reflects this development. Our operational media business has been running under the Verve brand for some time. We have now decided to rename the listed holding company as well. We want to make clear that we have become a media company, as many capital market participants still associate the name MGI primarily with the games sector.

Unifying all under one brand also creates synergies between the listed holding company and the operating business in the area of marketing. With our pivot away from a games company, we are no longer dependent on the hit-driven character of the games market but are able to show continuous organic growth. Although we still have a games portfolio, which plays an important role in our advertising business, our clear focus is on the advertising business, which is growing strongly organically and is much more predictable and scalable.

You recently published your Q1 report. Can you give us an update on how business is going at MGI?

– We are doing exceptionally well. We kicked off 2024 at full speed, achieving the best first quarter in our company's history with a remarkable pure organic growth of 21%. We substantially increased the number of large software clients, which has risen by 30%, as well as the spending from our existing clients, which was up by 10%.

Our innovative AI-driven solutions for ID-less targeting are resonating with the market, generating growing demand. Additionally, the industry has taken notice, and we have received several prestigious awards in recent months, further enhancing our reputation and driving our momentum.

Exciting developments have recently taken place in the advertising market. Following Apple, Google also announced at the beginning of the year that it wanted to restrict the use of advertising identifiers such as cookies. A few months later, they took a step back and postponed this until 2025. Can you tell us what the consequences of restricting advertising identifiers will be for the industry and for MGI / Verve?

– Advertising identifiers such as cookies for the browser and IDFA (Apple's identifier for Advertisers) or GAID (Google Advertising ID) for apps are technologies that are used to track and identify users on the Internet. Cookies are small text files that are stored on a user's computer by websites in order to store their behavior and preferences.

IDFA and GAID are unique identifiers provided by mobile operating systems (iOS and Android) to track user behavior in apps and enable targeted advertising. Apple has already restricted the use of its identifier. Now, publishers on iOS devices must actively ask users for their consent to use identifiers for advertising tracking before using the app. As a result, around 75% do not do this. For these 75%, no information is available that could be used to display targeted advertising, which has far-reaching consequences for the entire advertising industry, advertisers, publishers and advertising companies.

While at first glance this seems to make total sense from a privacy perspective, this approach is also heavily criticized by walled gardens such as Apple and Google, not only by the advertising industry, but also by competition regulators. Because what happens is that the walled gardens continue to have considerable data at their disposal and can use it for advertising purposes while excluding others. In this way, they increase their market power, further close the walled gardens and force publishers to cooperate with the walled gardens. In doing so, they weaken competition, which has a negative impact on efficiency in the advertising market.

This is also the reason why Google, after heavy criticism, has postponed the implementation until 2025. Overall, there is however the trend towards more and better privacy, also driven by the consumers as well as the regulators.

While those identifier and cookie changes pose a threat to the market, they also present a big opportunity. We at MGI/Verve have started early to invest in products that do not require the use of identifiers and personal data or use them in a way that they don't leave the user's device, which is in line with the wish for privacy as well as regulations. The former, for example, is our Moments. AI product, which relies entirely on the use of contextual data.

This data does not allow any direct conclusions to be drawn about the individual and is therefore completely harmless from a privacy perspective. At the same time, however, it can be used by a well-trained AI to categorize end users into specific categories with certain confidence values, which advertisers can then use to decide how valuable this user is. Our product ATOM 3.0, which is an on-device AI, belongs to the second category.

It means that the entire process takes place directly on the end user's device. No data leaves the device, which is why the use of data is once again in line with Apple's guidelines, for example. As we started investing in this area at a very early stage, we are now far ahead in the industry, which is reflected in numerous awards and a strong increase in demand for these products.

This is a short version.

The full interview can be found at the direct link <https://www.stockpicker.se/home/intervjuer/stockpicker-intervjuar-mgj> and at <https://www.stockpicker.se/>

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Attachments

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