

Q3 2024 Earnings Call Script

Tejal

Good afternoon and welcome to DoubleVerify's third-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:

Thanks, Tejal, and thank you all for joining us today. In the third quarter, we drove robust expansion, scaling our solutions across a wide range of social, CTV, and retail media platforms, alongside recording our largest-ever global market share wins in a single quarter. Our solid execution this quarter sets the foundation for DV's long-term growth while momentum in our core business continues to build.

In the third quarter, we grew revenue by **18%**, up from **17%** in Q2, with double-digit growth across all three revenue lines —activation, measurement, and supply-side. We achieved a standout **83%** gross margin and a **35%** adjusted EBITDA margin, with the latter marking our highest profitability for any Q3 on record. And we grew our net cash from operating activities by over **50%** to **\$55** million in the third quarter, underscoring the strength and efficiency of our operations. We continue to show robust growth and are exceptionally profitable, all while setting the stage for a stronger market share position in the years ahead.

We've driven strong revenue growth despite facing several headwinds this year. To recap, **six** large customers scaled back on ad spend that had our most premium products attached to it. In addition, we saw ad dollars incrementally shift from open exchange programmatic to walled gardens, where our activation solutions aren't yet available. And, although we have positive momentum around launching a number of social activation tools in 2025 —notably across Meta's newsfeed— the timing of when pre-bid social solutions will launch to connect with our measurement solutions has created a near-term impact on overall social growth expectations. Additionally, the industry has seen brand spending soften ahead of the election as political dollars crowd out ad spend and there is uncertainty around how quickly traditional ad spending rebounds after the elections.

We have tackled these challenges head-on. We've zeroed in on signing and scaling major new advertiser wins like Pepsi, Haleon, Uber, and General Motors, We upsold Scibids AI to nearly **50** DV customers, and expanded this powerful differentiator into entirely new channels like social. We drove the adoption of our core solutions across fast-growing environments such as retail media and CTV and fueled diversified growth across all three revenue lines. Simply put, we adapted and are continuing to do so. We're staying laser-focused on market dynamics to

proactively position DV for future growth opportunities, building for where the market is headed, not just where it is today.

When Oracle announced the shutdown of Moat and Grapeshot by September 30th this year, we seized the opportunity. Our team mobilized, and we locked in key wins with industry giants like **P&G** and category leaders such as **BlackRock**, **Charter Communications**, **Kellogg**, and **Dish Network**, ultimately winning **70%** of the RFPs we pursued from former Moat advertisers over the second, third, and fourth quarter to date.

In addition to advertisers, we also won critical platform and publisher deals, positioning DV's tech to become essential across the entire ad ecosystem and generating significant new and recurring revenue from our supply-side business. We secured strategic partnerships with platforms including **Criteo**, **The Trade Desk**, **Magnite**, and **PubMatic** alongside top-tier publishers, including **Activision Blizzard**, **Telegraph**, **Euronews**, **The Economist**, and **The NY Times**.

These partnerships, along with numerous other key wins this quarter —such as significant wins from non-Oracle competitors, including **Microsoft** and a leading consumer health brand— serve as explicit endorsements of our leadership and innovation, positioning DV as the industry's gold standard and the essential currency across its most influential players. Our overall Q3 win rate remained above **80%**, with **38%** of wins being competitive steals and **62%** being greenfield wins.

For each of these leading brands, platforms, and publishers, selecting DV wasn't just about filling a gap; it was about setting a new standard. DV wins because we don't just sell products—we are trusted to solve real challenges. Our powerful combination of measurement, activation, and optimization, powered by Scibids AI, is breaking new ground in media effectiveness and aligns perfectly with where performance-driven advertisers are headed. Our innovation leadership, strength in social activation —from YouTube pre-bid to the upcoming Meta solutions— and our programmatic expertise are all reasons why the ecosystem chooses DV. And, as the trusted partner delivering results at scale and fueling future success, our recent slate of wins will only strengthen DV's leadership across the board.

In the third quarter, we accelerated growth in ABS and Activation through new customer ramp-ups and strategic upsells to our existing customers. In addition, we expanded our measurement and activation solutions across social, CTV, and retail media platforms, strategically closing gaps where platforms were ready for our technology. Let's dive into the progress we've made across all key media environments—Social, CTV, Retail Media Networks, and the Open Web.

Beginning with Social, we grew our social measurement revenue by **21%** year-over-year in Q3. Since launching our brand safety and suitability measurement solution on Meta earlier this year, we've achieved significant traction, onboarding approximately **60** new advertisers, including **9** Top 100 advertisers, who had not previously activated DV on Meta—a promising start. However, we have much more room to grow. While suitability scores offer a valuable benchmark across platforms, the true power of measurement data lies in its ability to drive smarter, more strategic decisions before a campaign even launches. As I noted previously, advertisers are looking for pre-bid activation solutions on social platforms to unlock the full potential of their measurement data and drive maximum performance—and that's precisely where we're headed.

I am excited to announce the early 2025 launch of our content-level, pre-bid avoidance on Meta Feeds and Reels. This will better empower advertisers to prevent ads from appearing alongside unsuitable content in real-time. In addition, it integrates DV's pre-bid controls with our post-bid measurement tools, delivering a seamless, closed-loop solution that optimizes media performance. With pre-bid avoidance, advertisers gain unparalleled control over where their ads appear, safeguarding brand integrity and driving better media outcomes across dynamic social media platforms such as Facebook and Instagram.

We've also introduced a new Video Exclusion List solution on TikTok, allowing advertisers to tailor exclusions based on vertical sensitivity and specific brand needs. We expect this activation solution to be available to all advertisers by the first half of 2025.

On social measurement, we've expanded our post-bid brand suitability measurement on Meta and TikTok by adding reporting on Inflammatory Politics & News. Powered by our DV Universal Content Intelligence™, this enhancement addresses unreliable or unsubstantiated information, deepfakes, and inflammatory political rhetoric. Additionally, we've expanded brand safety and suitability measurement on Meta to include five new languages, increasing our coverage to over 100 countries. We also have continued to expand our measurement coverage on TikTok, now supporting Profile, Following, and Search Feeds, as well as TikTok Lite, alongside existing coverage on the For You Page and expanded language coverage to Arabic and Tagalog-speaking markets.

Building on the momentum from our successful launch of brand safety and suitability solutions on Reddit and Pinterest last quarter, we've announced expanding our brand safety and suitability measurement to Snap, further strengthening our presence across all major social platforms. Our independent social measurement solutions ensure that campaigns are brand-safe, viewable, and fraud-free, with comprehensive safety and suitability coverage now available across the entire social media landscape.

We're thrilled to announce the expansion of our viewability and fraud measurement solutions to LinkedIn's owned and operated video inventory, now available across all markets. The expansion of DoubleVerify solutions on LinkedIn provides advertisers with enhanced capabilities and unique insights. This expanded collaboration validates our leadership in media quality and reinforces our commitment to ensuring advertisers can trust the integrity of their campaigns

Gaming, audio and retail media were also expansion wins for DV as we announced a partnership with Roblox to build 3D in-experience viewability and invalid traffic measurement in an integration that will cover immersive ads across both image and video formats and we extended our viewability and fraud measurement solutions to Spotify's video campaigns through Spotify Ads Manager and Instacart's display and shoppable display ads.

Speaking of Retail Media Networks, our supply-side Retail Media solution grew nearly **40%** year-over-year, contributing to our overall supply-side growth rate of **30%** year-over-year. Led by our partnerships with leading retail media platforms, our global reach and connectivity in retail media continues to expand. DV's measurement tags are now accepted on **112** key global retail media networks and sites, including **15** of the top retail media platforms and **97** major retailers.

Shifting to CTV, we grew our Q3 CTV measurement volumes by nearly **60%** year-over-year, driven by YouTube CTV, Amazon, and Roku. DV's growth potential in CTV is massive because fraud and transparency remain critical challenges for advertisers. Fraud, in particular, is a growing challenge—the number of CTV fraud schemes and variants surged by **58%** last year, and have nearly quadrupled since 2020. We are protecting CTV ad spend and ensuring verified CTV platforms are not ensnared in fraud schemes that attack direct deals.

On the transparency front, many CTV impressions—especially from OTT suppliers—lack app-level data. Compared to the clear visibility in Linear TV and other digital platforms, the contrast is striking. And just like with fraud, direct CTV buys aren't immune to suitability risks. Many publishers use extension networks, pushing campaigns beyond their own inventory and into open marketplaces with minimal protections. While this may help scale or reduce costs, it often results in ads being placed on unsafe or inappropriate content.

We're expanding our fraud and viewability measurement across CTV buys, including Netflix's programmatic channels, providing transparency across all their buying platforms globally. In addition, we are pioneering content-level transparency on a major CTV platform, where our direct CTV impressions grew **90%** year-over-year in Q3—driven by the robust demand for our upcoming, differentiated solution.

Finally, looking at the open web, we're seeing growth across all our activation solutions, including ABS. We believe that the future of open web programmatic will be shaped by customers seeking to optimize both protection and performance, like one of our leading CPG brands, which recently leveraged DV's fraud and viewability solutions in combination with Scibids to double its unique reach and improve its qCPM—its proxy for ROAS—by **52%**. As of today, **15** of DV's top 100 customers are already leveraging Scibids, and since the acquisition, we've successfully upsold Scibids to nearly **50** DV customers. With this strong momentum, we're on pace to deliver **\$100** million in revenue from Scibids by 2028.

Turning to open web measurement, DV Authentic Attention increased measurement impression volumes by approximately **300%** year over year in the third quarter, with more than **300** advertisers using DV Authentic Attention this year.

Across all media environments, including the open web, advertisers are focused on reaching the right audiences to drive performance—and news platforms consistently attract those valuable, engaged audiences. We're committed to building solutions that offer both full brand protection and a strong ROI, enabling advertisers to leverage the unique strengths of news environments confidently and effectively. In October, we launched the DoubleVerify News Accelerator, the industry's only broad-scale effort to address the growing need for advertisers to connect with engaged news audiences while avoiding brand suitability risks tied to unpredictable content. As part of the initiative, we have launched new contextual news products, built the sector's most advanced suitability and sentiment controls, and created enhanced analytics tools to enable advertisers to optimize settings to ensure they can invest in brand-suitable news. DV's News Accelerator is a true commitment to supporting a vibrant open web that empowers brands to reach relevant audiences effectively in an ever-evolving news landscape.

Before I close, let's take a moment to look ahead at DV's future. Over the last few years, we've been evolving DV from a company known for protection to one that drives both protection and

performance—a shift reflected in our focus on delivering new performance solutions like DV Authentic Attention and Scibids AI. These innovations highlight our commitment to build solutions that go beyond verification alone, empowering advertisers with tools and data that deliver quality results. We believe we're uniquely positioned to help advertisers both protect and perform, and we aim to unlock even greater value for our customers as we expand our performance solutions in the coming quarters.

This year, the industry's shift toward outcome-driven platforms, especially social media, has accelerated the demand for performance-based solutions. Make no mistake: real performance starts with protection. Without it, ad spend is wasted on fraudulent, non-viewable impressions or placements that don't align with brand objectives. DV is uniquely positioned to integrate protection and media quality requirements with performance and media efficacy objectives, creating powerful solutions that today's advertisers demand. While this transition may have a near-term impact on core growth as we unify protection with performance on social media, our innovative solutions, including DV Authentic Attention and Scibids AI, continue to gain momentum to support long term growth. We're at the forefront of delivering both media quality and measurable impact, setting the stage for DV's continued growth and leadership in an outcomes-focused future.

DV's focus remains on solving the most pressing brand protection and performance challenges in the digital ad ecosystem. Whether it's leading in social activation with innovations like Meta's pre-bid avoidance and TikTok's Video Exclusion List or attacking fraud and transparency issues in CTV, DV is setting the standard for the future of digital advertising. Our core value proposition resonates with the largest advertisers on the planet and they have entrusted us with ensuring their ad spend delivers quality results. Our proven ability to take on the industry's biggest issues with the industry's biggest marketers makes DV a compelling long-term growth business that is well-positioned to drive sustained shareholder value for years to come.

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

Nicola

Thank you, Mark, and good afternoon, everyone. Our third-quarter results reflect sustained momentum, marked by strong revenue growth, solid profitability, and robust cash flow from operations. We delivered double-digit growth across all three revenue lines - **activation, measurement, and supply side** - underscoring the strength of DV's value proposition to advertisers, platforms, and publishers.

In the third quarter, we delivered total revenue of approximately **\$170** million, reflecting an **18%** year-over-year increase, up from **17%** revenue growth in Q2. Year-to-date revenue through the third quarter grew **16%**. Our slow-starting group of retail and CPG advertisers performed in line with our expectations in the third quarter, and our outlook for this cohort remains stable and unchanged.

Advertiser revenue grew **17%** in the third quarter, driven by increased volumes. Media Transactions Measured, or MTMs, rose **22%** year over year, while Measured Transaction Fees, or MTFs, declined **4%** year over year driven by product and geographic mix.. Looking ahead, we expect MTFs to reflect the continued impact of a greater shift towards measurement and

international impressions as we expand globally, as well as the near term impact of major new global brand wins, in particular Oracle accounts, which were initially closed at competitive rates.

Activation revenue grew **18%** compared to the prior year. All four activation solution groupings - ABS, Core Programmatic, Social Activation, and Scibids - contributed to third-quarter growth. ABS, which accounted for **53%** of activation revenue, grew **14%** year-over-year, driven by new logo activations, upsells to existing customers, and expanded usage among current users. Moreover, **68%** of our Top 500 customers have now activated ABS in Q3, up from **65%** in Q2, demonstrating the continued adoption of this premium product. Core programmatic solutions, Scibids AI, and social activation solutions also delivered solid year-over-year gains.

Turning to Measurement, revenue grew **14%**, primarily driven by a **21%** increase in social measurement revenue, which accounted for **48%** of total measurement revenue in the third quarter. International measurement revenue rose **16%**, driven by new and existing customers expanding across Social, CTV, and the open web. Overall, international revenue accounted for **29%** of total measurement revenue in the third quarter.

Finally, Supply-side revenue grew **30%** in the third quarter, driven by growth on existing platforms - particularly retail media platforms such as Amazon - and new platform partnerships, with limited revenue contribution in the quarter from the recently won Oracle platform and publisher partnerships.

Moving to expenses, cost of revenue grew **11%**, primarily due to growth in Activation revenue, which increased partner costs from revenue-sharing arrangements. These were partially offset by cost savings from continued improved efficiencies in video classification. In Q3, we achieved an **83%** margin on revenue less cost of sales - in Q4, we expect to sustain this margin toward the higher end of our projected **80%** to **82%** range.

Research and development expenses increased driven by ongoing investments in AI and machine learning engineering talent - a direct investment in DV's future growth and innovation. Sales and Marketing expenses increased driven by continued investments in technical programmatic analysts to support new product launches, such as Scibids. General and administrative expenses were in line sequentially and compared to the prior year as we effectively leveraged our growing scale.

Adjusted EBITDA of **\$60** million in the third quarter represented a **35%** margin and was ahead of expectations due to higher efficiencies in cost of revenue and lower operating expenses. We delivered net cash from operations of approximately **\$55** million in the quarter, up from **\$36** million in Q3 2023, primarily due to solid cash collections. Capital expenditures were approximately **\$6** million in the quarter as compared to approximately **\$5** million in Q3 2023.

In the third quarter, we repurchased **1.3** million shares of DV common stock for **\$25** million. This follows a repurchase of **1.4** million shares for **\$25** million in the second quarter. After the third quarter ended, we repurchased an additional **1.5** million shares for **\$25** million, bringing total repurchases to **4.1** million shares for **75.0** million through November 6. As of November 6, **\$75** million is available and authorized under the initial Repurchase Program.

Today, we are announcing a new **\$200** million authorization for further share repurchases, providing a total of **\$275** million currently authorized and available for share repurchases. Our share repurchase program demonstrates our confidence in DV's long-term growth prospects. Our strategic approach to further share repurchases considers economic cost, general business and market conditions, and other capital priorities, including investing in our core business for sustained long-term growth, and pursuing acquisitions that accelerate our product roadmap and market expansion.

In the first nine months of 2024, we delivered net cash from operations of approximately **\$122** million compared to approximately **\$68** million in the same period in the prior year. Capital expenditures were approximately **\$20** million compared to approximately **\$12** million in the first nine months of 2023.

We ended the third quarter with approximately **\$363** million in cash and short-term investments. Finally, in August, we secured a new **\$200** million senior secured revolving credit facility with a five-year term, replacing the previous facility.

Now, turning to guidance, we are updating our Q4 outlook to reflect a few key market dynamics this quarter. First, brand spending has softened in the lead-up to the elections as political dollars have crowded out traditional ad spend. For the remainder of this quarter, there is uncertainty around how quickly brand spending rebounds after the elections. Additionally, while the adoption of our measurement solutions on Meta's platforms is progressing, it is ramping at a more gradual pace than we anticipated, with some advertisers now awaiting the rollout of our pre-bid capabilities to adopt both measurement and activation.

As a result, we expect fourth-quarter revenue to range between **\$194** and **\$200** million, representing a **14%** revenue growth at the midpoint. We expect fourth-quarter adjusted EBITDA to range between **\$73** and **\$79** million, reflecting a **39%** margin at the midpoint and demonstrating the strong operating leverage in our business despite some revenue friction in the quarter. For the fourth quarter, we expect stock-based compensation to range between **\$22** and **\$25** million and weighted-average diluted shares outstanding to range between **169** and **173** million shares.

For full-year 2024, we expect revenue to range between **\$660** and **\$666** million, which represents a **16%** year-over-year growth at the midpoint. We expect Adjusted EBITDA to range between **\$218** and **\$224** million, which represents a **33%** margin at the midpoint, up from the previous **31%**.

While we are not providing guidance for 2025 today, we are navigating several dynamics that will shape our outlook for the year ahead. The anticipated launch of our pre-bid social solutions in the first half of next year is a key development that we expect will drive increased adoption of social measurement and activation on Meta. Until the adoption of this new solution ramps, we expect moderate social measurement revenue growth, especially given the strong **47%** growth rate we achieved in the first half of 2024. Additionally, with this year's performance from the cohort of six retail and CPG advertisers meeting our lowered expectations, we anticipate limited year-over-year growth from this group, which is likely to weigh on our total 2025 growth rate. Finally, Oracle's exit was a unique opportunity to secure a major enterprise client like P&G for the long term. While we won these clients on the strength of our solutions and technology, we also had to remain competitive on price. As a result, the full revenue impact of these opportunities will materialize

over a longer period of time, typically between one to three years of onboarding, through our ability to upsell our social and activation solutions.

The digital ad ecosystem continues to evolve and we're evolving too. We are building new partnerships in high-growth sectors where ad dollars are shifting, and we are expanding our solutions from protection to a combined focus on protection and performance. During this transition period, we expect to maintain a double-digit revenue growth rate, with next year serving as a pivotal stage in our business as we continue to strategically invest in areas to re-accelerate DV's long-term growth.

To conclude, we delivered solid third-quarter and year-to-date revenue growth and profitability and have made significant progress across our business. DV's financial profile is both compelling and resilient. DV is highly profitable, maintaining gross margins above 80% and adjusted EBITDA margins above 30%. We continue to generate significant cash, with \$122 million in net operating cash generated in the first nine months of 2024. And our balance sheet is in excellent shape, with \$363 million in cash and short-term investments and zero long-term debt.

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 that 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 the handset before pressing the star keys. One moment please while we poll 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, for taking the questions. I have two, so can you maybe expand a little more on the more gradual ramp in measurements in Q3 and Q4? I think in your prepared remarks, Nicola, I think you said within measurement, social was up 21%, international was up 16%, overall measurement was up 14%. So, some things did not grow as nearly as you guys had expected, so maybe can you flesh that out a little bit for us?

And then related to that and to the upcoming pre-bid avoidance products for Meta, can you share any additional insight that you guys have in terms of maybe timing for testing? I know your competitor is already, I think, scheduled to be testing it by the end of the year, especially that you said that the prospects for 2025 will be dependent on how quickly you guys can roll that out, so any visibility you guys have that you can help us or you can share on that topic. Thank you.

Nicola Allais

Yeah, Youseff. I'll take the first one around the gradual measurement, the more gradual growth in measurement. So--and this is through Q3. Your question is through Q3. So, look, the number that you quoted yourself is 21% growth in social as opposed to what we saw in the first half of the year, which was 47%. So there is a more gradual growth of the social measurement line.

We've said all along through the year that we were being cautious on the ramp and adoption of our product on Meta with the brand safety tool now being available. And that is what we've seen already starting in Q3. We're still very excited about the opportunity. The testings are still ongoing. And we actually--we saw more of our top 100 signing up for the product.

But there is a more gradual sign-up for the product, and in part it's related to, I think, a little bit of the second part of your question, which is the launch of prescreen tool on Meta, is giving the advertisers a view of what measurement plus activation would look like. And while they are still testing, they now know that that product is coming in the first half of next year. So there is a bit more of a gradual ramp as we wait for that second leg of that stool.

Mark Zagorski

Yeah. And just to add, so on timing for the prescreen solution, so what we're looking at now is some time in Q1 the launch, at least the alpha launch of that prescreen solution on Meta. And as Nicola noted, the, interesting here, the give and take is that advertisers now who were interested in really kind of digging into the measurement side have said, hey, let's wait until we can activate this data, until we really get rolling. So the prescreen opportunity came a bit earlier than we expected, which is great. But it did impact a bit of uptake on the measurement side. But net-net, we're looking at a prescreen alpha or initial rollout sometime in Q1 of next year.

Youssef Squali

Thank you both.

Nicola Allais

Of course.

Operator

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

Frank Surace

Hi. This is Frank on for Raimo. Thanks for taking the question. I want to see if we could get more detail on the opportunity with Oracle exiting the market. Are there any products or customer cohorts that have trended better or worse than expected?

Mark Zagorski

Yeah, that's a great question, Frank. So we, as we noted in the call, really laid into the Oracle opportunity. And our team did an amazing job. We closed about 70% of the available RFPs that we participated in. And they were really across the board, folks from BlackRock to DISH to Charter to P&G and others, big wins for us, for sure, so no real kind of concentration in type of client. One thing we did note, though, is Moat had a pretty basic product, right, so think of probably the most basic of verification solutions out there.

And DV sells the Cadillac of verification. It's a very premium product. It comes with the authentic ad, which not just verifies fraud and viewability but also things like suitability, safety, et cetera. So we delivered these clients a really premium product where they've been used to buying a pretty

basic product. So at some levels, we were trying to upsell them a bit into something a bit bigger, but had to come down to their level, at least to build the initial relationship.

So the wins were big, not concentrated in any one area. As Nicola noted in the prepared remarks, where the real growth comes from is the upsell down the road of those clients because we know that once we get a customer, the average tenure of our top 25 is over seven years. These were, for the most part, all entirely new customers to DV. And now we've got a nice long track, or long road ahead of kind of building relationships with them and upselling them over time.

Frank Surace

Very helpful. Thank you.

Operator

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

Matthew Swanson

Yeah. Thank you so much for taking my questions. Maybe the first one, kind of following up on Frank's line of question, with Oracle being kind of the low-cost player in the market, how does that affect kind of long-term pricing dynamics, not having to compete with a floor in the market anymore?

Mark Zagorski

It's a great question, Matt. So I think there's definitely been puts and takes to Moat leaving. A three-legged stool always has balance, right? But now we're looking at a pretty-- a much more limited kind of marketplace, which means that every customer becomes that much more valuable. But what the lower-end product allowed us to do, or lower-end entry, it allows us to get into some markets and some advertisers who hadn't considered DV before because maybe they didn't want to go into premium products.

But now we can build a relationship with them on a very different foot. So we look at this as a land and expand opportunity. We were pretty aggressive in going after those deals, and rightly so, because again the brands that we got out of this were pretty significant. And I think over time, the pricing dynamics--we have always been a company that's focused on mix, right? How many solutions can we sell an advertiser?

And I think over time, it's about getting in at an entry level with some of these advertisers and then building them up as we upsell them ABS and upsell them Attention, upsell them Social Measurement, areas which Moat didn't have solutions for. They had no ABS, they have no Attention Solution, and they didn't have any social coverage. So these are areas where we're going to try to force, or not force, but work with those customers to grow them over time.

Matthew Swanson

Yeah, that's really helpful, Mark. And then, Nicola, really impressive adjusted EBITDA strength, both in the quarter and the guidance, especially with some of the revenue headwinds. A lot of interesting things, though, too, with the social and the market share wins. So as revenue hopefully starts to reaccelerate at some point, how should we think about the durability of the adjusted EBITDA margin expansion?

Nicola Allais

Yeah. I think I'm going to answer it two ways. One is obviously our business is extremely scalable. You can see that now very clearly if you look at the G&A line, which is essentially flat to last year and even to last quarter. So we're getting the obvious benefits of scale there. You're also seeing an exit rate on sales and marketing that's going to be lower than where we were at the beginning of the year. And we called that out, right?

We invested this year a little bit to go after the new product. It's actually Scibids. But if you look at the year-on-year growth versus sales and marketing, the third quarter is definitely lower than it was in the first half. We have a very good gross margin, and it's sustainable at those levels, which is well above 80%.

So what's left in R&D and our decisions to continue to invest for the business and the future of the business, it's a very variable piece of the business, right? We can decide the speed at which we invest or not. You've heard us say this before, right? We do want to invest. That is how we've achieved such high growth. And we've created, you know, market share gains. But to go back to the beginning of your statement, we're now at a scale where there are obviously economies of scale that are benefiting the bottom line.

Matthew Swanson

Thank you.

Operator

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

Maria Ripps

Great. Thanks so much for taking my questions. I wanted to follow up on the launch of your social activation features on Meta. Can you maybe talk about how you would expect that offering to scale relative to how it has been scaling on the OpenWeb? And I guess what are some differences and similarities there?

And then secondly, sort of recognizing that your visibility into this may be somewhat limited, is there any additional color that you can share sort of on the timing for launching these features across more platforms?

Mark Zagorski

Thanks, Maria. So with regard to kind of the scaling of the activation solution, the good thing about being--working with partners like Meta is that the scale of the advertising and the integrations, they are just massive, right? So the number of impressions that we see on those platforms is very large, so that we know when we get a customer onboard to measure and then start to activate, the scales of those customers will be big.

The challenge sometimes is in getting those customers to actually start to integrate and to move faster and to test. In the OpenWeb, it's pretty seamless, so our activation solutions go through DSPs. They are already doing their buying through DSPs. It's a click a button and test and roll. On the social platforms, there's a bit more of a rollout period. There's measurement learnings

that they're doing. So we don't see the activation on social being as fast, for example, as we saw the ABS growth over the last several years.

But once it starts rolling, one thing we do know is that virtuous cycle is pretty powerful, right? Once we're optimizing, once the measurement starts feeding into the activation aspect of the tool, which is exactly what the Meta tool will do, it will feed measurement information into the activation part of it, we know that is a virtuous cycle that allows us to then start expanding across multiple brands. So it's a long way of saying I think the testing cycle is longer than what we've seen on the OpenWeb, but the scale becomes considerably larger over time.

And then the second part of your question was regarding--

Maria Ripps

--pre-bid across all social platforms.

Mark Zagorski

Oh, pre-bid across all social platforms. So the one thing we noted in the prepared remarks is that we're planning on an early 2024 launch across TikTok, I'm sorry 2025 launch across TikTok, which is in our top three social networks that we're covering on measurement right now. So I think that will be an interesting opportunity. We do have a prescreen solution on YouTube. So rolling into the end of next year, we'll be in a position where we have both pre-bid and post-bid solutions across our three top social measurement platforms.

Maria Ripps

Got it. Thank you so much for the color.

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 the questions. Mark, I wanted to ask on a bigger picture question, we talked earlier about the transition to performance. Can you step back and say, hey, what is DoubleVerify missing? Or what else do you guys need to do to execute on a broader performance opportunity?

And then another bigger picture question, as I think about the evolution of digital advertising that's kind of taking place over the last few years, really coming out of COVID, it's really been the shift to video. Is that what you guys are seeing? Is there any headwinds or tailwinds as we think about the evolution of digital advertising formats that you guys face? And how do we think about that transition of video impacting MTM and MTF for DoubleVerify? Thanks so much.

Mark Zagorski

Sure, Andrew. So first of all, talking about kind of how the business is evolving to protection and performance of digital media spend, the performance aspect, think of it having two main branches

for DV, where we're putting investment. The first is think of performance metrics. So these are things beyond just base verification, saying something is good or high quality. These are metrics like attention, which allow an advertiser to start to look at ROI based on an entirely new currency.

So attention is something we've been talking about for years. It's starting to slowly gain steam. We had, you know, really a 300% year-over-year revenue jump this quarter, which I think is substantial, of very small numbers, but it's getting there. So I think on the measurement and metric side, we've got probably the hottest kind of alternative performance metric right now, inattention that everyone is talking about. So I think we're good there. We're going to continue to invest.

The other branch of performance investments is really around optimization. And that is where Scibids comes into play. We talked about it in our Investor Day over a year ago, how we saw Scibids is growing and driving revenue for us as we're able to enter different types of discussions with different types of advertisers.

Where that's expanded now is as a core part of all of our solutions in this kind of measure, activate, optimize pyramid. And where we're seeing that now is our ability to drive higher performance for better media quality. And what that means is lowering the cost of media that sometimes going after higher quality media drives up.

So Scibids is really the core investment that we have on the performance aspect of our business that we're going to be starting to lean into pushing into other parts of our business, including social and social optimization. We've done some pretty amazing performance tests across social that we're excited about. And we're going to be expanding there. So I think we're in good shape. We're just going to continue to lean in, invest, and grow on those two areas.

The second part of your question around video, I think it's a tale of two opportunities for DV> the first is short-form video, right? And I think we've done incredibly well in both building applications for that space for folks like TikTok and Meta as well as seeing our measurement growth across there. So I think social video is still going to be a continued driver of growth over the next several quarters, and years, as consumer behavior eats that stuff up. And I think we're well prepared for that.

The one area that we continue to talk about, which is growing for us nicely in our relationship with folks like Netflix who are a testament to that, is connected television. And I think we've seen nice volume growth there. Our relationships continue to just get strengthened across that ecosystem. But I still think we're under-penetrated when it comes to the actual revenue opportunity on CTV. And for us, when we've talked about this before, driving transparency, getting to the show level when it comes to things like brand safety and suitability, are going to be the key to unlocking the real value in CTV.

Andrew Boone

Thank you.

Mark Zagorski

For sure.

Operator

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

Justin Patterson

Great. Thanks, two if I can. Sticking with Scibids, would love to hear how this is trending versus your expectations. I know you said you're well on track for the long-term goal. But would love a little more detail of just how that's been contributing year-to-date with customers.

And then secondly, I just wanted to go back to margins, 33% healthy performance for the full year here. I know you historically like to operate that close to 30%. So curious if that's just more indicative of outperformance this year, and we should expect some incremental investment going into 2025, or if that's now kind of you showing a little more margin, going forward. Thank you.

Nicola Allais

Yeah, Justin. I'll start on Scibids. So we already kind of had talked a little bit about this on the last quarter call. Scibids is pacing ahead of our expectations right now, so we gave that 15% to 17%. We are at that \$17 million number expectation for the year. That's a 40% year-on-year growth. So it is pacing towards the high end of that range. And that's a 40% growth.

And yes, as you said, we did put out that number of \$100 million by 2028, and we feel good about it. There are other metrics that we discussed in our prepared remarks. Fifteen of our top 100 clients are using it now. It's a critical differentiator for us as we get into the activation side of our business. So it's on track and actually performing on the top end of our expectations.

And then on margin, I'll go back a little bit to how I answered a prior question, which is very profitable. And at some point, that falls to the bottom line.

As we think about 2025 and forward, we are still intending to invest in the business, right? Our capital allocation decision will be around organic growth, M&A, and buybacks, which we announced additional buybacks today, additional \$275 million total available for share repurchases. But we are going to continue to invest against that. As you can see in the numbers, I think the business, as you know, is just profitable and just inherently profitable. So you will see some of those EBITDA margins continue to grow.

Operator

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

David Lustberg

Thank you. This is David Lustberg on for Brian. I wanted to ask about CTV. I believe you guys said CTV measurement volume was up 90% year-over-year, which marks a pretty strong acceleration from the 45% and 55% growth in 1Q and 2Q. Can you talk a little bit about the drivers behind that? Is it primarily what was CPMs across CTVs? You could kind of parse out any details, that would be helpful. Thank you.

Mark Zagorski

Yeah. So just one quick note there. We saw overall CTV volume go up around 60%. It was a single client that we've been working with on some transparency and initiatives that we saw, 90%

volume growth. But 60% is nothing to sneeze at. I think what we're seeing driving that is our continued expansion of solutions across those partners. So we mentioned that we're expanding across Netflix network to cover more impressions there.

So, I think, A, we're just covering more and working with those partners in bigger and broader ways. And, B, we're benefiting from the number of dollars that are going into that space. As I've noted in the past, though, we're still not benefiting at the full level that others have, just due to the fact that our fixed fee model, for the most part, on CTV doesn't take advantage of those really high CPMs that you see out there.

So other platforms that take a percentage of media on CTV are getting a bigger kick there. I think we've talked about this in the past. As we expand our value prop to advertisers, and that really lays in driving more transparency, getting brand suitability at the program level, I think we have an opportunity to look at prices that are more in line with what the CPMs are on those platforms.

David Lustberg

Got it. That's helpful. And maybe just as a quick second question on the Oracle RFP win rate of 70%, it sounds like you guys are winning more than your fair share there. Can you just talk a little bit about you having to be a little more competitive on these contracts, or are you really just winning on performance? Thanks.

Mark Zagorski

Yeah, so I think as we mentioned in the call, you're going to win these deals based on the best technology platform. That being said, this was no normal RFP process. RFPs can take three, six months, sometimes even longer. And there's usually a very big deep dive into technology, testing processes, all that kind of stuff. This was six weeks. So in many cases, it was very aggressive technical due diligence plus getting your best price out there.

So these were competitive, and we won them based on technology. But we knew we had to be really, really forward on our pricing. And we were. Because we know that the real opportunity here is not day one. The real opportunity is two, three years from when we've built relationships with these folks and now are -- just signed a measurement. And we're working with them on things like Attention and, or on Scibids, or on social measurement, all things that Moat was never able to deliver to them.

Operator

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

Mark Kelley

Thank you very much. I wanted to stick with the Oracle note topic really quick. Can you maybe frame for us, they had some pretty large, sophisticated clients. Kind of surprising to hear that they're using only the basic products. I guess, is it a case they were using Moat for the basic stuff and then kind of piecemealing some of the other more advanced technologies from kind of a point solution competitor of yours, and that's the kind of business you're going to go after they've been onboarded? Or is, that's like totally greenfield, things like attention and other products like that. That's my first then I've got a second question afterwards.

Mark Zagorski

Yeah. So Mark, I think you pretty much nailed it there, which is the business that we went after was the business that was the immediate need, right? Which was, hey, we did X with Moat. Moat didn't do social. Moat didn't have a very robust, dynamic, pre-bid suitability product. We need to fill in whatever gaps we can, really on measurement, and let's go from there. Advertisers were using kind of a piece part solution at that point. And now we've got an opportunity to consolidate all of those kind of solutions into a single platform.

And that's exactly the vision that we pitched them on and that we sold them. And day one, they're not starting with all those solutions, but they know what's available. Now we have the opportunity to move those other players out and deliver them a cohesive platform. And you're exactly right. These are sophisticated advertisers. They're big spenders. And I think there's a big opportunity for us down the road.

Mark Kelley

Okay. Perfect. That's right. And then second one, just on the Meta pre-bid opportunity. I guess how do you think about the dynamics of the ramp after that product is, goes GA? It sounds like maybe it will be a quicker adoption curve relative to what we saw on the branch safety and suitability stuff, given the comments you made about some folks waiting for that to be available. But would love to get any more color there if possible. Thank you.

Mark Zagorski

Yeah. So I don't know if I would say it would be quicker. I think the scaling within a single customer would be a bit faster because you've got that fly wheel going between measurement and activation. I think the challenge is to feed that activation. You need to have some base level of measurement and some learnings around that. So there is a trial period, a scaling up period, that will take place. So, and part of this is measurement. So this only works with measurement in place. It's one key thing to note.

So you cannot activate the Meta solution without having DVD measurement also in place. So the same kind of up-cycle time that it takes to get measurement going and people to understand what those results are, it's still going to take place, even what the activation is. Were we see the (inaudible) happening is once those two things start working together, hopefully it allow us to expand faster within those customers

Mark Kelley

Okay. Thank you, Mark.

Mark Zagorski

Sure.

Operator

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

Arti Vula

Hey, this is Arti on for Mark. Thanks for taking the question. You mentioned during the call that there was some uncertainty around how quickly traditional ad spending rebounds after the

election. Could you just double click on that and maybe explain why that dynamic might be, why might persist after the election is over? Thanks.

Nicola Allais

Yeah. So I'll take that. So it's known--we mentioned it in our remarks that grant spending softened up to the elections, right, because the political dollars had crowded out the traditional ad spend. The uncertainty that's coming after is more about how quickly we will see those dollars come back and flow back into the ecosystem. We definitely expect it, but there is some uncertainty as to how quickly that will happen. It is a busy fourth quarter, especially for our large brand advertisers. And so it's an uncertainty in the environment, but it's also an uncertainty as to how quickly those dollars will come back.

Mark Zagorski

I don't think, and just to add a little color, we've kind of never seen this before, right? And that's what we're kind of, what we're waiting on, which is so many dollars. I mean, more dollars were spent in this election cycle than ever, obviously in the history of political ad spending. And a vast majority of it was digital, right, going into social, going into, even if it's programmatic, in CTV. I mean, this was the CTV election.

So it did crowd a lot of brands, and a lot of brands sat on the sidelines. They just decided not to spend, period. We heard this directly from some of our customers. So how quickly they say, all right, it's safe to get back in the water, is yet to be seen. But we're obviously here and ready to rip when they are.

Mark Kelley

That's great context. Thank you.

Operator

Thank you. There are no further questions at this time. I would now like to hand the floor back over to Mark Zagorski for any closing remarks.

Mark Zagorski

Thank you all for your time today. We are laser focused on executing against our protection and performance plan and remain excited about the significant opportunities that lie ahead. We look forward to seeing many of you at the conferences in the coming months.

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.