



## **Q3 2021 Earnings Call Transcript**

**Tuesday November 9<sup>th</sup> 2021**

### **Presenters:**

Tejal Engman, Senior Vice President Investor Relations  
Mark Zagorski, Chief Executive Officer  
Nicola Allais, Chief Financial Officer

### **Q&A Participants:**

Arjun Bhatia - William Blair  
Nick Cronin - Truist Securities  
Michael Graham - Canaccord  
Matt Hedberg - RBC Capital Markets  
Andrew Boone - JMP Securities  
Justin Patterson - KeyBanc  
Pendulum – JPMorgan

### **Tejal Engman, Investor Relations:**

Good afternoon and welcome to DoubleVerify's third quarter 2021 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 S-1 registration statement.

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](http://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 good afternoon everyone. We're excited to share with you our third quarter results, expectations for the full year and additional detail on recent strategic investments we've made. We grew third quarter revenue by 36% to \$83.1 million, achieving the top end of our revenue guidance range. We grew third quarter adjusted EBITDA by 82% to \$26.4 million, representing 32% EBITDA margins, and exceeding the top end of our guidance range.

Advertiser Programmatic, Advertiser Direct and Supply Side revenue all delivered double digit year-over-year growth. Our core revenue growth continues to be driven by our product success in fast-growing sectors such as Programmatic, Social and CTV and a global expansion strategy that's winning large, enterprise clients in a growing number of international markets.

We've had a great year so far. Revenue in the first nine months of 2021 grew 37% year-over-year. Adjusted EBITDA grew 52% year-over-year. We were not impacted by Apple's App Tracking Transparency changes because our measurement and pre-bid targeting solutions do not rely on cookies or individual identifiers. Additionally, because we verify, target and measure nearly everywhere that digital ad dollars are spent, we are largely insulated from platform specific supply and demand fluctuations. Our fixed fee solutions follow the spend.

In addition to generating strong core revenue growth, we are focused on investing in long-term strategic initiatives that expand our product leadership and deepen our coverage in fast-growing sectors. In doing so, we not only increase our potential TAM and create broader upsell opportunities with current clients, but we also further enhance our ability to optimize their advertising outcomes. On that front, we are excited to announce our second strategic investment of the year, the acquisition of OpenSlate, having just completed our acquisition of Meetrics in the third quarter. I would like to spend a few minutes on how both of these transactions enhance DV's customer value proposition and cement our market leadership.

Acquiring Open Slate will help us drive better outcomes for advertisers by providing pre-campaign targeting and brand suitability solutions that integrate with our measurement tools and increase our total coverage across key CTV and social platforms.

OpenSlate's pre-campaign solutions perfectly complement DV's post-campaign measurement capabilities on CTV and Social platforms such as YouTube, Facebook and TikTok. Integrating the two provides advertisers with unparalleled end-to-end brand safety, suitability and contextual optimization. No other company will be able to deliver a fully owned and integrated solution across these leading social and CTV walled gardens.

We've seen the power of integrating pre-bid and post-bid solutions on the open internet with the success of DV's programmatic tools, including Authentic Brand Suitability. The efficacy in driving powerful outcomes by connecting pre-bid and post bid capabilities has driven stickier client relationships and expanded our revenue opportunities.

Today, nearly all of our Top 100 customers use DV for both pre-bid programmatic targeting and post-bid quality measurement for their media buys on the open internet. And half of our total revenue now comes from our pre-bid solutions.

We expect that the acquisition of OpenSlate will help expand our existing Social and CTV coverage and customer base. OpenSlate has the most sophisticated contextual targeting technology and the widest coverage across YouTube and TikTok in the industry.

DV has achieved exponential growth in Social and CTV revenue since 2018 with our post-bid measurement solutions. Our YouTube revenues have increased more than six-fold while our Facebook revenues have increased five-fold over the last four years. YouTube and Facebook are expected to represent nearly 15% of our total 2021 revenue on a combined basis. Adding pre-campaign targeting via OpenSlate only increases our revenue growth potential from these and other fast-growing CTV and Social platforms.

OpenSlate has won the trust of the leading agency holding companies and over 200 large global brands including Procter & Gamble, Coca-Cola, Kimberly-Clark, Nestle, Unilever and Volkswagen. We see significant revenue opportunities to cross-sell OpenSlate and DV's solutions across our combined customer base, offering advertisers a unique, integrated solution that drives better advertising outcomes.

Open Slate also aligns with DV's core value of providing unbiased, objective third-party measurement that is independent of the media transaction. Additionally, neither company relies on persistent tracking technologies, such as third-party cookies or mobile device IDs like Apple's IDFA.

These shared principles, market-leading technology and deep social and CTV coverage make OpenSlate a strong strategic fit for DV. We are excited to unlock meaningful, new growth opportunities that will be created by bringing the businesses together.

Our other recent strategic investment was the acquisition of Meetrics, a leading European ad verification company. Meetrics provides DoubleVerify with a strong operating platform and experienced sales, product and engineering teams as well as the opportunity to scale existing customer relationships through access to DV's global capabilities. Global revenue growth continues to be a focus for DV as we see ample opportunities for market share expansion outside of the Americas.

As we continued to execute our global expansion strategy, we grew third quarter EMEA revenues by 44% year-over-year and APAC revenues by 96% year-over-year.

In the third quarter, we won the global business mandates of key European advertisers including Burberry, Patek Philippe and HRA Pharma as we continue to see our investments in international markets deliver results. Other key expansions and new logo wins include Facebook, now known as Meta, Disney Studios, TJX, American Family Insurance, Dropbox, Afterpay ANZ and Peloton Global. This exceptional number of Q3 deals further positions us for growth into 2022. The addressable market for DV's solutions remains significant and approximately 64% of the new enterprise logos that we won in Q3 were greenfield.

Direct revenue outside of the Americas grew 60% year-over-year in the third quarter, representing approximately 25% of direct revenue and exemplifying the expanding opportunity for our solutions in markets around the globe.

The market penetration of our Social solutions remained a highlight for DV in the third quarter as we grew Social volume by 83% year-over-year. A recent milestone in our Social coverage was the launch of our partnership with TikTok to measure viewability, fraud and in-geo impressions across the TikTok platform. This development combined with the new solutions we gain through the acquisition of OpenSlate, will position DV as the only company to offer brand safety controls and comprehensive quality measurement coverage across TikTok. We believe there is significant growth potential for our solutions as advertisers continue to invest on the TikTok platform, which is expected to expand beyond 1 billion users each month.

Turning to CTV, our products continue to gain traction in one of the fastest-growing segments of the advertising market. DoubleVerify grew third quarter CTV volumes by 41% year over year driven by DV Video Complete, which remains the only solution that allows brands to effectively block brand suitability and fraud violations on CTV. DV remains the most MRC accredited verification platform for CTV.

As the cost per advertising impression remains high on CTV compared to other formats, it is increasingly attracting fraud - a challenge to the industry, and an area we are committed to addressing. In August, our fraud lab uncovered and neutralized 'SmokeScreen' an advertising fraud scheme which caused screensavers to hijack CTV devices and generate ad impressions, even when the screen was off. While DV neutralized SmokeScreen for our clients and partners — helping them avoid wasted investment, the scheme remains active on unprotected CTV platforms, generating up to 10 million fraudulent requests per day and costing unprotected advertisers millions of dollars per month.

Switching our focus to programmatic revenue growth, Authentic Brand Suitability or ABS, grew 64% year-over-year driven by its continued adoption on major buying platforms - most notably Google's DV360 and The Trade Desk.

And, although still nascent, our newest programmatic pre-bid solution, DV Custom Contextual, saw a 60% sequential increase in the number of advertisers using the product since last quarter. We are encouraged by its early growth trajectory and continued adoption on platforms like The Trade Desk and Amazon.

In summary, Q3 was another strong quarter for DV. Our core revenue growth continues to be driven by advertiser demand to solve the fundamental challenge of optimizing ad spend while protecting brand integrity in an increasingly complex digital ad ecosystem. DoubleVerify supports this imperative across the fastest growing channels, geographies and platforms. The acquisitions of Meetrics and OpenSlate will expand our ability to drive better advertising outcomes on a broader global and sector scale, differentiating our platform and making DoubleVerify solutions even more essential for our customers. We couldn't be more excited about the growth opportunities ahead.

With that I'll turn it over to Nicola.

**Nicola Allais, CFO:**

Thank you, Mark and good afternoon everyone. Let me begin with a review of our quarterly performance before discussing our 2021 outlook and providing additional color on the OpenSlate acquisition.

Our revenue performance in the third quarter reflects continued broad based strength in advertiser, platform and publisher demand for DV products. Each revenue type grew sequentially from the second to the third quarter, which is seasonally weaker. For the third quarter, our revenues were \$83.1 million, up \$22.1 million or 36% year over year. On a sequential basis, third quarter revenue grew nearly 9% and outperformed the 7% sequential growth we delivered in 2019. Revenue was driven by strong volume or MTM growth for both direct and programmatic. Gross revenue retention remained above 95%.

Advertiser Programmatic revenue grew 49% in the third quarter year over year primarily driven by continued ABS adoption, particularly on DV360. As Mark mentioned, ABS delivered 64% year over year revenue growth in the quarter and now represents over 50% of programmatic revenue. To date, we have been successful at upselling this premium product to our existing customers, and we are now focused on making ABS the cornerstone of every RFP for prospective enterprise clients as well.

Advertiser Direct revenue grew 23% year over year driven in part by large existing enterprise clients, including Unilever and Amazon, expanding DV's coverage to international markets. We also benefited from newly signed clients, including Airbnb and Target ramping up their business with us.

On the Supply-side, we recognized new revenue from MoPub, Taboola and Tremor in the third quarter as we continue to expand partnerships with key platforms and publishers.

Shifting to expenses, our cost of revenue increased by 4.4 million dollars year over year in the third quarter, primarily due to an increase in costs from revenue-sharing arrangements with our Programmatic partners as Programmatic Revenue grew as a percentage of total revenue. In addition, we continue, and intend to accelerate, our investments in cloud-based hosting solutions to provide the scale and flexibility necessary to support our geographic expansion.

Our product development costs increased by \$3.3 million while sales, marketing and customer support expenses increased by \$2.8 million year over year in the third quarter. Following a period of strong organic hiring and investments in the first part of the year, we are now focused on integrating engineering, product and sales talent from our recently completed acquisition of Meetrics and from our pending acquisition of OpenSlate. While we anticipate realizing synergies by eliminating duplicative costs over time, we expect operating expenses to trend higher in the fourth quarter, which is reflected in our fourth quarter EBITDA guidance.

Third quarter 2021 adjusted EBITDA was \$26.4 million, up 82% year over year and representing a 32% adjusted EBITDA margin. Excluding the impact of 1.4 million dollars of bad debt recoveries in the quarter, adjusted EBITDA would have been \$25 million, representing a 30% margin. Finally, we delivered 7.9 million dollars of net income, up 37% year over year.

In terms of cash flow and balance sheet, we generated \$58.4 million in cash from operating activities through the third quarter of 2021, as compared to \$17.8 million through the third quarter of 2020. We had approximately \$320 million of cash at the end of the quarter even after paying for the Meetrics acquisition in cash, and we continue to have zero debt on the balance sheet. We are acquiring OpenSlate debt-free, and expect to fund the \$125 million cash portion of the acquisition with cash on hand.

Now, turning to guidance. We expect fourth quarter revenue in the range of \$98 to \$103 million, which at the midpoint implies revenues of \$100.5 million and growth of 28% year-over-year. We expect fourth quarter adjusted EBITDA in the range of \$34 to \$36 million, which at the midpoint implies an increase of 27% year-over-year, and an adjusted EBITDA margin of 35%. The prudence in our fourth quarter outlook reflects the supply chain uncertainty - and its impact on ad spend - that some of our large CPG and auto customers have shared with us.

Following our strong year-to-date performance, we are reiterating our full year 2021 revenue guidance range of \$325 to \$330 million dollars, a year-over-year increase of 34% at the midpoint. We also continue to expect adjusted EBITDA in the range of \$103 to \$105 million, a year-over-year increase of 42%, and an adjusted EBITDA margin of 32% at the midpoint.

Finally, we expect our fourth quarter weighted average diluted shares outstanding to range between 166 and 169 million shares.

Turning to OpenSlate, as the acquisition has not yet closed, we do not expect OpenSlate to have a material financial impact on our 2021 results.

While we are not providing 2022 guidance here, we currently expect OpenSlate to contribute between \$15 and \$18 million of revenue in 2022. The Company is near break-even today and we expect to streamline operational costs over time by integrating the smaller-scale operation into our broader global infrastructure.

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

## **Q&A**

## **Arjun Bhatia**

Yes, thank you very much. I want to start with the OpenSlate acquisition, can you just give us a sense for maybe the customer overlap that you have with OpenSlate? Obviously, the technologies seem complementary, but can quantify the number of joint customers? And then I would love to hear maybe just some commentary on the build versus buy--why did the acquisition make sense and what's difficult about the technology itself that made this acquisition attractive? Thank you.

## **Mark Zagorski**

Yeah, thanks. Thanks, Arjun. Great, great question. I mean, it's pretty clear that we're super excited about the OpenSlate acquisition. You know, it is a differentiator in the market that allows us to be the only platform with end to end, pre-bid and post-bid measurement and verification across platforms like TikTok and YouTube. You know, it really does expand our coverage footprint to give us unrivaled coverage across the hottest platforms that are out there today.

And, it allows us to further live our story of the single platform through which advertisers can come to and be confident that their investments are going to be protected and that will be delivered across a brand suitable and verified environment. Specifically, around customers, that's where we can get more excited. Whereas the OpenSlate technology is really awesome, they've had a relatively subscale company, their ability to sell to a lot of enterprise clients, it's just been, you know, it's been a long time coming.

Right now, we have about client overlap of around 60 customers. And when you think about, you know, DoubleVerify working with over 1,000 brands worldwide, the way I look at it as we got 940 more customers to sell to, which is a pretty awesome opportunity for us. So, you know, there's some customer overlap, but it's really minimal and for us, it's all about upselling. We've had a really solid track record of upselling new solutions to current clients. So, A, that's super exciting.

On the aspect of build versus buy, there's obviously a lot of considerations here and one of which is time to market and, you know, with specific types of market, timeliness to market. And we know that platforms like TikTok and YouTube are, you know, are just booming and since the pandemic started, you know, the engagement on those platforms has only gotten greater.

So the ability to move very quickly with a solution that complements our post-bid measurement solution and helps optimize those outcomes for advertisers and do that without having to go through a build and wait for a time to build over, you know, while those platforms scale, I think that was the real selling point for us, which was moving

quickly into markets, take advantage of those growth, getting stickier with our current clients, when they're going to be making those decisions and starting to leverage and use some of that dry powder that we have in a way that can really grow it exponentially over time.

**Arjun Bhatia**

Awesome. That's great to hear. And that's very helpful color, Mark. One more question. If I can just on TikTok. Obviously, there's a lot of exciting things happening there. You have the new partnership. Now you have OpenSlate that gives you kind of a unique way to capture share there. Just given a sense for how you're positioned to grow in the TikTok opportunity and if there's any way you can help us frame the potential contribution, over the next year or so, now that you have some of these pieces in place to really attack that opportunity. That would be super helpful.

**Mark Zagorski**

Yeah, so if you think about kind of the way that the, you know, the products are lining up, we recently announced the launch of our viewability and fraud solutions across TikTok. OpenSlate was one of the first partners in on brand safety. So, we've kind of got all the bases covered there with regard to pre-bid brand safety and post-bid measurement and verification on the viewability side. So, when we look at the completeness of solution, it's really exciting there.

When we think about that platform in particular, and if you just can do some back of the envelope math, you figure it's about a third the size of Facebook now in terms of active users in the Americas. Right now, between Facebook and YouTube, they make up about 15% of our total revenue. So, take half of that or so for Facebook, gives you about seven and a half percent, if you say they're a third of Facebook, you know, you could see potentially this business being anywhere from you know, three to 4% of our total revenue after time. So, I think when we look at the opportunity on that specific platform, you know, we think there's a comparable opportunity that we've seen with platforms like Facebook or YouTube, just based on the scale of user engagement. And the demand that we're seeing from our advertisers.

**Arjun Bhatia**

Very helpful. Thank you very much, and congrats on the acquisition and the quarter.

**Mark Zagorski**

Great, thanks.

**Operator**



And our next question comes from Andrew Boone from JMP Securities. Go(PH) Andrew.

**Andrew Boone**

Hi, good afternoon, and thanks for taking the questions. So, question number one, first on custom contextual customers growing 60% quarter over quarter. That seems like a very good omen for 2022. So, can you talk a little about the drivers behind the ads and how do you move those customers more test budgets into something that's more persistent or is it more persistent today?

**Mark Zagorski**

Yeah, thanks Andrew for the question. We like the traction the product's getting and like all of our pre-bid or pre-filtering products. So, ABS on the programmatic side, what we've just done with OpenSlate, and now you know, contextual--custom contextual. It ties really nicely to our post bid measurement, building this kind of optimization cycle over time. So, we know that once people start using those pre-bid solutions, it helps fortify in leverage. There are post-bid solutions as well so it creates this virtuous cycle.

On the contextual side, we've seen a lot of client uptake. We know that first is the uptake and then the volume after that. As we see a number of clients using increase, as we saw last quarter, 60% sequentially, we know that puts us in a good position for 2022. As now, dollars start rolling off other solutions to our solution. The nice part about, you know, a lot of these, call again, pre-bid solutions that are on programmatic platforms so ABS and contextual, is that the ability to move dollars to those solutions is pretty fluid. So, the stickiness comes with the post-bid measurement afterwards. But the fluidity of adoption in dollar flow into contextual on the pre-bid side is, you know, pretty loose. And what that means is we feel good about next year and Contextual's contribution to our growth next year as part of our overall pre-bid performance suite.

**Andrew Boone**

That Makes sense. And my second question is around international. I think you talked about 60% growth in the quarter. Can you just provide a little bit more detail on just to go to market whether that's more international kind of customers that are expanding into new markets, or whether these are local wins? Just kind of help us understand the strength of international where you guys are planning for success? Thank you so much.

**Mark Zagorski**

Yeah. We've been pretty, you know, upfront about saying that we think there's a good amount of whitespace in the international markets. You know it was one of the reasons why we acquired Meetrics. 55% of our new hires so far this year are outside of the U.S.

and 40% of our headcount is outside of the U.S. right now. So, it's a commitment we've made and the reason why we've done so is for both of the reasons that you notice. Our global clients are getting bigger. And by that meaning, you know, they're moving towards enterprise single platform solutions, and they want those solutions to work wherever they are.

So whether it's Unilever, or Mondelez, you know, they're looking for a solution that can be leveraged in every market where they buy and sell advertising. Our ability to have people on the ground, to have support, and to have resources that can help optimize their spend in those markets is really critical. So as we look at our international investments, it's to continue to further support our enterprise clients, but we get this nice residual impact as well as we put those people on the ground. What we're able to do is sell through a significant number of local brands as well.

We get both prongs. We cover the global clients through a team that we call g-cap, which is focused on enterprise clients around the world. And then we attack the local clients through the teams on the ground and in market. And if you think about some of the names that we mentioned in the call, you know, that they're the big guys that are international, so the, you know, the Facebook's and the Disney Studios, etc. But then there's folks that are like, you know, that are local, so Patek Phillippe, Afterpay ANZ which is in New Zealand and Australia - you know, we look at local brands as being an offshoot of what our enterprise client relationships enable us to do in those local markets.

**Andrew Boone**

Great, thanks Mark.

**Operator**

And our next question Justin Patterson from KeyBanc. Go ahead, Justin.

**Justin Patterson**

Great. Thank you very much. Very impressive growth out of ABS. I needed to note the DSP additions during the quarter. Would love to hear more about just about ABS' growth opportunity configured and just where you are in terms of client adoption from that product. That's question number one. Then question number two, there's a lot of changes in the measurement ecosystem right now. I understand that IOS isn't necessarily a headwind for your business, but I'm curious what's going on with measurements, then we have MRC is creating opportunities for the business. Thank you.

## Mark Zagorski

Great questions, Justin. As we take on the ABS one first. You know, I think that kind of put this in a baseball analogy. What inning are we in with ABS? I think in the Americas as far as platform adoption, we're probably like in the seventh inning, right. We've got the big guys, we've got Google. We've got, you know, Trade Desk and Amazon all signed up with ABS. So, I think in the Americas, we're probably, you know, on the platform side, well into the game.

On the scale side however, there's a significant amount of upside still be made out of ABS just by volume and new client adoption on those platforms. So, we've kind of got the showrooms open, and now we're filling it with, you know, with cars and people coming into the showroom. I think, you know, we're probably still well into the early part of the game as far as how much big volume to get on this platform.

And one of the considerations too, is, you know, our next level of penetration on ABS from a platform perspective, ties into the question, Andrew just laid out which is on a global perspective, we've got local DSPs that are--we would call them local here, but they're pretty dominant in the markets that they're in. And whether that's an APAC or parts of Eastern Europe, or the Middle East, there are significant platforms in those areas that that we still need to get distribution across I think they can help those local clients too. So that's still early going. So net--net. We think there's a good amount of growth for ABS, both in a volume perspective, and then outside of the U.S. from a platform distribution perspective.

In regards to your second question, I mean, how much time do we have? Because we can--we would love to talk all day about this. I mean, I think that you bring up some great points around what's going on in the measurement space and everything from, you know, the decline of efficacy in panels to the, you know, the loss of accreditation on, you know, major platforms to, they're questioning of whether or not you know, single platform antiquated currencies have a future.

I mean, all of those things have kinda thrown the measurement and performance market, you know, up for grabs. We think we're in a really good place to take advantage of that. Because at the end of the day, what advertisers are looking for is a proxy for an outcome. Right? And they've always used reach and frequency for that, you know, in the olden days of linear television. They're looking for new proxies that can help them drive those outcomes. DoubleVerify supplies those proxies, whether we start with a base of evaluating media quality, and saying, hey, this is actually a safe place for you to be. That's the first part of actually delivering a result, which is saying, let's take the crap off the table and let's leave with good the media out there, you can buy again.

To them moving up, you know, upstream to doing things like ensuring that they're targeting against the right contextual elements. Moving into new metrics, like the watch for authentic attention solution. You're gonna hear a lot about attention over the next few quarters, because advertisers are waking up to say, what are those other proxies that we want to have besides just knowing that this is a male? And there's 50,000 males watching my show? I want to know how engaged they are, and how that relates to selling a product.

I think that this all comes back down to is what are those things that I can measure where those indicators of performance that will help me drive the outcome of selling a product. And if you can't tell yet, like we are super enthusiastic about the role that we can play. We think there is a huge amount of the market that's up for grabs and our investments in companies like OpenSlate and our continued investments in products like Authentic Attention, which will launch in CTV early next year, are places where we think we're going to take a bigger piece of that pie.

**Justin Patterson**

Great, thank you.

**Operator**

And our next question comes from Michael Graham from Canaccord. Go ahead, Michael.

**Michael Graham**

Thank you. OpenSlate sounds exciting. Just a comment maybe on how long you think it'll take to integrate that into, you know, into the product set and then, you know, Mark just on the guidance, and, you know, sort of the impact from supply chain with some of the, you know, CPG advertisers. Do you think this is coming at a time, you know, sort of towards the end of the year when we're setting budgets for next year like, are you, you know, are you worried about that for budgets for next year. Are you hearing from the advertisers that, you know, they think a lot of this will be behind them by the time we sort of get into the new calendar year? Just any high-level comments you have there would be helpful.

**Mark Zagorski**

Sure. Thanks for the questions, Michael. So, on the on the integration process, for OpenSlate. The nice part about the acquisition is that there's really no redundant functionality. So, we don't have to rip anything out or rebuild anything that we've already created to work with OpenSlate. So we look at that, you know, integration will probably

be over the next year or so, different levels of platform functionality integration, a light integration first, UIs will probably be shared and, you know, clients will be engaged with together from an operational perspective, but, you know, you're probably looking at a year for full systems integration. And I think, you know, over that time, we'll be working with our customers to ensure that, you know, the product that we put together between pre and post is something that actually helps them drive better results. So more to come there on that front.

With regard to the guide and I'll talk about this from a qualitative perspective and maybe Nicola can jump in on a quantitative perspective, but we have a good roster of CPG clients; they make up a decent chunk of our client base. But as we've said before, we don't have a heavy concentration in any one area. And we had talked, I think, a few quarters ago about travel and leisure and entertainment. The nice part is we've seen those industries all come back in Q3, Q4. We've provided some caution around whether or not they'd come back. We've seen a nice balance back there.

CPG is the latest poster child for post pandemic challenges. But the reality of it is, you bring up a great point, is we think this is pretty short lived. As a matter of fact, we know it shortlist, the indications that we're getting is early next year. They think they're going to shake off the supply chain issues and we'll be ready to move on. So, we don't see this as an ongoing drag in any way. He saw it as a you know, a relatively light temporal issue that we want to be cognizant of. And we're not over concerned about it, but we want to certainly be aware of and make sure that we're updating everybody around that. Nicola, anything to add?

**Nicola Allais**

Michael, the only thing I would add is, you know, what Mark said is reflecting what we did, which is you know, we took a modest change to the fourth quarter revenue guidance, just to be cautious based on what we heard from our customers, right. So, this is not just a macro consideration, it really is what the CPG customers are telling us and we're seeing it happening in October a little bit and, you know, the guidance that we've put out there through assumes that that will continue, not deteriorate for the rest of the quarter. And as Mark said, we were not hearing or anticipating this to continue to 2022.

**Michael Graham**

Okay. Thank you, guys.

**Mark Zagorski**

Thanks.

**Operator**

Thank you. And our next question comes from Matt Hedberg from RBC Capital Markets. Go ahead, Matt.

**Matt Hedberg**

Sure. Thanks for taking my question. Congrats on the results. Mark, I have a question for you in terms of, you know, I'm thinking more like reopening and people getting out and traveling and whatnot. Do you think that has an impact? I'm thinking from like your sales perspective, you know, building pipeline perhaps on the new customers, you guys have obviously done a good job on new customers throughout the pandemic, but sort of curious on your views as we think about 2022 and a bit more of a reopening phase.

**Mark Zagorski**

Yeah. It's a great question. Thanks, Matt, and it's one that we live every day. You know, one of the things that we noted in the script is that, Q3 we closed more new logos than we have any time in the year. Right? And a lot of those closures are still being done remotely. Right? These are brand new clients, many of which we've never met before in person and we're still closing deals. So, A, it's interesting how quickly the industry has adopted to buying and selling virtually because they'd held know spend is only increasing digitally so they need to have that security and they need to have that performance drivers.

So, I think when we look at the market opening up a bit, not that we need that to happen to drive pipeline because we don't obviously, you know, this year, we've closed 108 so far, 108 new logos this year, brand new. And that's pretty exceptional for our client. And, you know, I think that when we look at next year, we certainly want to do better, and we think we have the opportunity to do better with having people on the road. But we'll see. I don't think that's going to be the deciding factor. We're going into 2022 with a really strong pipeline. We're super happy with where we sit today. I would say I've only been here less than 18 months, but it's the best pipeline I've ever seen going into a new year. So that is that that is an absolute statement I can make and we feel good about it.

**Matt Hedberg**

That is great. You can hear it in your voice, and congrats from me on OpenSlate, seems like a really, really nice complement to what is obviously a very, very diverse platform already. Thanks-- congrats again.

**Operator**

Thank you. And our next question comes from Mark Murphy from JP Morgan. Go ahead Mark.

**Pinjalim:**

Thank you. Hey, this is Pinjalim sitting in for Mark. Congrats on the quarter. Most of my questions have been answered. But, one quick question on competition. DoubleVerify is obviously strengthening its position with some of these acquisitions with OpenSlate and Meetrics and whatnot. But I would love to hear what are you seeing with respect to the competitive dynamics, how are they--how are your competitors' kind of reciprocating or looking at you kind of becoming the leader in the market?

**Mark Zagorski**

Yeah, it's great question. We are laser focused on having the broadest verification across the most platforms in the most markets across most media. The acquisition of OpenSlate continues down that journey. And, you know, our focus on being independent, free of the media transaction and ensuring that we're the company that not only is the largest, but the least encumbered by any biases is a big deal for us.

And I think we're well on that way. And that's resonating with the people that we're talking to with our current clients and new clients, that when we look at the competitive takeaways, that we've been able to do, it's been pretty extraordinary, right. I think we've shared some stats in the past about, you know, the last 18 months, I think we've won something like over 80% of our competitive tenders.

We will look at some of the names we mentioned on this call. So, TD Bank, Disney Studios and American Family Insurance and Dropbox and Merck and these are all competitive sales, they're competitive takeaways. So, I think from a competition perspective, we know that we haven't lost a top 100 clients in the last 12 months. We continue to take clients away from our competitors. And we continue to live that mission of having an unbiased, independent take with the most complete--most complete coverage across the most platforms of any other plan or, you know--any other system out there. So we feel good about where we stand against competition. And it's not just about feeling good. It's about delivering results and we're delivering results.

**Pinjalim:**

That's great to hear. Nicola one quick clarification. I think you said \$16 to \$18 million from OpenSlate next year. Is there any contribution from OpenSlate or even Meetrics in Q4 at all?

**Mark Zagorski**

For 2021? No, we haven't even closed the OpenSlate acquisition so we're not banking on that at all. And Meetrics is not material.

**Pinjalim:**

Got it. Thank you.

**Operator**

Our next question comes from Youssef Squali from Truist Securities. Go ahead.

**Nick Cronin**

Yeah. Hi, this is Nick Cronin on for Youssef. Thanks for taking the question. So, volume has been the primary driver of growth for you. And as you look at pricing particularly as media's trends toward higher priced CTV and other formats, how should we think about your ability to charge more per validated impression?

**Nicola Allais**

So, you're right. You know, MTM has been the main driver of our growth. Volume is what's been the main driver of our revenue generation. The fee part of our business, we have up until now, looked to stay on a 16(PH) model, because that allows our customers to not think of us as part of their decision of where to verify or not. And that has allowed us to basically continue to grow with the volume.

Now on the upsell opportunity, we are able to upcharge when we have premium products, which is what we were able to do with ABS and that overall has an impact that increases the MTF, our media transaction fee, that we that we charge. Your point around CPMs being higher and lower, or our ability to charge more on a higher CPM. That opportunity remains, we know it's available and we obviously track it, but at this point, you know, we are still focused on being able to measure more and more of the volume.

The opportunity will remain there as more impressions moved to higher CPM based opportunities. The upsell opportunity for us is still really large, right as Mark, mentioned, being able to upsell to ABS which is a premium priced product. That opportunity is still large; custom contextual will behave the same way. Now with the acquisition of OpenSlate and we will be able to add on more services to the same impression that we measure. So, we see a lot of opportunity, that way to increase the MTF.

**Nick Cronin**

Got it. That's helpful. Thank you.



**Operator**

And there are no further questions. I would now like to turn the floor back over to CEO, Mark Zagorski for closing remarks.

**Mark Zagorski**

Thanks everybody for your questions. If you can't tell, the team here at DV is extremely enthusiastic about what the future holds for us. We've continued to deliver strong revenue growth and profitability while executing key strategic initiatives, expand product leadership, deepen our coverage in fast growing sectors, and growing our global footprint. We expect to fuel our long-term growth trajectory and deliver better business outcomes for DV customers by driving media quality and performance everywhere. We appreciate your time and attention today. I look forward to updating you all on future calls.