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Sizmek to Sell Ad Marketplace in \$36 Million Deal

Bankrupt advertising tech company to sell assets to Zeta Global Holdings



Advertising technology service Sizmek Inc. is seeking bankruptcy-court approval to sell its digital-ad marketplace to Zeta Global Holdings Corp. for up to \$36 million, the first such asset sale since Sizmek [filed for chapter 11](#).

Sizmek said it needs to sell its demand-side platform and its data-management platform “on an urgent, expedited basis” to avoid the collapse of their value as going concerns, according to papers filed Friday in the U.S. Bankruptcy Court in New York.

Zeta is offering an estimated \$33 million to \$36 million, made up of \$10 million in cash, \$5 million in preferred stock and a share of whatever is collected on certain accounts receivable.

The company is proposing a private sale with no competitive bidding, saying that expediting the transaction would deliver more value than a lengthier court-supervised auction. Most asset sales by companies under chapter 11 protection take place through an auction to ensure the highest price.

Zeta is a marketing-technology and cloud-software company co-founded by former Apple Inc. Chief Executive John Sculley, a marketing veteran also known for his work at Pepsi-Cola. It provides machine learning-powered customer relationship management software for marketers.

It is [the third company](#) he founded with former Sterling Cellular Chief Executive Officer David Steinberg after wireless retailer Wirefly and InPhonic, a seller of mobile phones and services that was acquired by [Walmart](#) Inc. in 2014.

If approved, the deal for Sizmek's marketplace would significantly expand Zeta's business, which has traditionally focused on customer relationship marketing, social media and video, Mr. Steinberg said. "This is the first time that we will have ever integrated a DSP," he said, referring to demand-side platforms, which ad buyers use to find and purchase inventory.

Sizmek, an ad-tech vendor that buckled under the weight of \$172 million in debt, is owned 90% by Vector Capital and 10% by lender Cerberus Capital Management LP. The company offers marketers and ad-buying agencies tools to purchase digital ad space on millions of websites world-wide.

The platform promised marketers transparency into the cost of the ads they are buying, responding to frustration over what the marketers viewed as hidden fees and a lack of clarity around where on the web their advertisements actually appear.

After Sizmek filed for bankruptcy last month, advertising-inventory supply into the platform began "declining precipitously," pushing customers to competitors, the company said Friday. Sizmek said selling the assets promptly will maintain threshold levels of advertising to support its customers and to save jobs.

If the sale doesn't go through, Zeta would be entitled to a breakup fee of up to \$250,000 and reimbursement of up to \$500,000 in expenses, according to the court filing. Such fees are a common feature in bankruptcy to encourage bidders to set a floor price on the assets on the block. Sizmek asked for a hearing to consider the request on May 6.

—*Nat Ives contributed to this article.*