Tegus Transcript

Zeta Global Holdings Corp - Senior Leadership Team at Zeta Global

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Tegus and Zeta Global have partnered to answer commonly asked questions from investors. The conversation is moderated by Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global, and all questions are answered by Chris Greiner, Chief Financial Officer at Zeta Global, Neej Gore, Chief Data Officer at Zeta Global, and Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global.

This call is a one-on-one conversation with a company's management team, facilitated as part of Tegus' corporate access program. The contents have been reviewed by the company and any material information is publicly available.

Zeta Disclosure:

Before we begin, I would like to refer everyone to Zeta’s investor relations website at investors.zetaglobal.com where you will find links to the company’s SEC filings, along with other information about Zeta.

I'd also like to remind everyone that statements made on this call may contain forward looking statements regarding our financial outlook, business plans and objectives, and other future events and developments, including statements about the market potential of our products, potential competition, and revenues of our products and our goals and strategies.

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Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Hello. I'm Scott Schmitz, Senior Vice President of Investor Relations at Zeta. The purpose of today's call is to dive deeper into Zeta's proprietary AI, which is native to the Zeta marketing platform or ZMP, as well as the impact of generative AI in the marketing technology landscape.

Joining me on this call to provide those insights are Chris Greiner, Zeta's Chief Financial Officer; Chris Monberg, Zeta's Chief Technology Officer and Head of Product; and Neej Gore, Zeta's Chief Data Officer. Thank you all for joining me today. To start and before we get into the AI details, Chris Greiner, I thought it would be helpful if you could first provide a brief overview of Zeta. What problem does the company solve? And what's really the competitive differentiation?

Chris Greiner, Chief Financial Officer at Zeta Global

Super. Thank you, Scott. Happy to do so. First, Zeta's primary customer is the Chief Marketing Officer. If you put yourself in the shoes of the CMO, what's going through their head each day is who do I want to reach? How am I going to reach them? And then once I do, how do we get them to engage with my brand? And now more than ever, which digital channels are those end consumers on.

And they execute those questions through 3 different use cases. How do I acquire new customers? How do I keep my existing customers or retain them, and then how do I grow and further monetize them? These are the same use cases that Zeta's platform offers its customers to build and execute their marketing plans.

To do this, though, is expensive and very complex for the marketer, and they need to piece together in very much a nonintegrated way three broad areas of technology - data partners, audience creation and orchestration partners, and activation partners in an ecosystem. All of these are part of Zeta's marketing

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platform. We have an all-in-one solution that brings to our customers a single platform, a single digital console that allows them to have access to one of the largest proprietary data sets, leading software and AI that helps them build deterministic audiences and then our own activation channels native to Zeta's platform that we own and operate. This includes one of the largest e-mail services platforms and one of the most scaled demand-side platforms, giving us the ability to deliver programmatic, display video and CTV channels to name a few.

By bringing our customers a single platform that unifies data, audience creation and orchestration and activation, we significantly lower our customers' total cost of ownership. We also are allowing them to build deterministic audiences, because you start with an identity, and leveraging Zeta's Data Cloud, you can build an omnichannel journey that starts with connected TV and then targets someone through programmatic display or video, then further engage that same person digitally through e-mail -- you never lose that chain of identity.

And that chain of identity allows the marketing brand to be able to follow their spend from introduction and brand engagement all the way through the decision made by that consumer so that they're able to measure ROI in the platform.

In fact, there was an independent study done by Forrester that found that marketers generated a 50% better ROI using the ZMP. So it's this combination of being able to replace multiple point solutions with a single platform, lowering total cost of ownership and generating a better ROI that differentiates Zeta from our competition.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Thank you for the great overview. So I'm going to jump around a little bit to keep everyone on their toes. Neej, I want to go to you next, because I want to dive in first on the data piece. As we're aware data is fundamental to any AI model. But before we get into those specifics, can you give us an overview of Zeta's Data Cloud? How is that comprised? And what would make it difficult to replicate?

Neej Gore, Chief Data Officer at Zeta Global

Sure, Scott. So Zeta's Data Cloud is a strategic asset owned and operated by Zeta. There are really 3 components to the Data Cloud. We see about 235 million-plus U.S. adults in our cloud every month, and they're performing different activities across the online and offline world. On those same people, we connect signals and those signals help us to understand intent and interest.

And those same individuals are reachable through identifiers, so we can access them through a variety of channels. All of those signals and identities get synthesized into intelligence. And that intelligence generally helps customers either acquire, grow or retain their customers with higher efficacy. The nature of the data cloud is that it's completely built into our platform. We do not just intermediate the data from the actual technology itself.

So when you're operating in the platform, you're getting access to the rich Data Cloud and all of the intelligence that comes with it in a very streamlined manner. And it's going to be very hard to replicate for any competitor. We're one of only a few companies in the world that has its own proprietary social network, and we have a number of publisher networks that we run that roll up into essentially a social network.

We also have our own ESP. We have our own DSP, all operating off of one centralized identity and signal graph, and that's taken years to cultivate and even more time to then convert into actionable intelligence that can be used by our enterprise customers.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

So building on that -- Chris Monberg, I want to jump over to you. Neej talked about the intelligence in the platform that's been native to the platform since it was introduced. Can you expand upon how you've built AI into the platform? And then part 2 of the question would be that we recently put out a press release announcing some of our generative AI capabilities. Can you expand on what those are, how customers are using them and then how we're starting to think about layering generative AI into the platform?

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Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

Yes. So Zeta set out many years ago on refactoring the foundation of a Marketing Cloud with a thought towards AI and data access patterns so that machine learning and optimizations can be used everywhere on the jobs to be done. That work culminated in 2019, which is when we released ZMP.

As Neej said, data and technology aren't disintermediated. So to begin with, data access patterns had to be solved for, getting all data in one place with the right access, combined with proprietary data. It's not just our customers' data, but it's new data that can help them garner intelligence. That takes years and years to build and becomes a big moat because database architecture is not only expensive, it tends to be very intertwined into legacy platforms.

Second, we needed to make an investment in MLOps, machine learning ops, which is broadly a category that allows us to monitor and deploy different models, test them quickly and see how well they're fitting the needs of big business outcomes. We knew that there were giants in the industry, Google, Meta, OpenAI.

We wanted to stand on their shoulders and ensure that the great work being done in academia and institutions like Google was available on our platform. So it was imperative that our MLOps platform could integrate and make the most from those research projects. These tools have been used for predictive intelligence, personalization, bid optimization, and real-time insights for years at Zeta.

But generative AI represents more than just another use case. It represents a big paradigm shift in the market. It's predicated on what I mentioned earlier that data access and MLOps being available everywhere in the jobs to be done. It enables that gap between intelligence and opportunities and to activation, which is actually reaching out to consumers. That gap narrows and it becomes one continuous fabric for the marketers that are using it.

So you asked a second question about the announcement we made about ZOE. ZOE has been in our mind's eye since 2019, which is when we unveiled the first prototype for ZOE. It was large language model, but it was the fluidity of interacting with a conversational interface that was missing.

Now that we've been able to sew those same conversational interfaces into the bedrock of our platform. We've been able to create new experiences inside of the Zeta marketing platform for intelligence, discovering new opportunities, generating creatives, and many others.

So for many, ZOE means both intelligence but also efficiency. Marketers no longer have to hunt for opportunities or have someone present them, they can ask through plain text and interact through a chatbot-type interface. We're also expanding ZOE's capabilities to generate creative.

Neej Gore, Chief Data Officer at Zeta Global

I'm going add one thing to that, Chris. If you think of generative AI as a broader area of study, our focus has really been on 3 things, which we think is going to change the paradigm for marketing forever. So there's this notion of workflow. Marketers really struggle with moving data and just implementing workflows that are not basic.

And more and more, as marketing has become more sophisticated, you require workflows that can really action off of channels and action off of different data sets. Generative AI is going to change the landscape of how you can actually provide those kinds of instructions to the system to take action.

The second area is around access to intelligence. So instead of having a large team of business analysts and data scientists that might be needed to process an answer or figure out an answer, you can now do this much more quickly by using large language models to ask the right questions and then get the right answers back in context.

And then the third area is around experiences. So personalization has been a core focus for digital marketing for at least 20 years now and the ability to actually deliver a one-to-one experience that's in context for the actual consumer that's having the experience is going to be taken to an entirely new height based on where it's been previously. And this is all based on more dynamic conversational type of communication that can happen between a marketing system and the consumer that it's serving.

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Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

So one question were getting is what AI models are we using, what tools are being used to develop all of this? And how do we plug into LLMs or other AI models? Or can you give us a little bit more details on the kind of the technical specs of what we're using for AI?

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

Thanks. I'll go first and Neej, you can add. We've got an entire team dedicated to exploring the new tools that come out each week. And their goal is to ascertain what's unique about these technologies, what's just marketing and ultimately, what's valuable to our end users. So like many, we're using OpenAI tools, ChatGPT 3.5, 4 and the others to come. And we're also experimenting with other LLMs like MPT7, LLaMA, Alpaca and others.

There's a whole slew of organizations like LangChain and Amazon's Bedrock that's coming out. It's making it easier for organizations like ours to build these models. That's assuming that all of the data is in the right place. Our primary focus as an organization is to apply the power of these LLMs to marketing challenges. This includes integrating with the big titans of industry, but it all needs to result in Zeta specific workflows around the jobs to be done.

I think a good parallel to this would be Tesla partnered with Panasonic for batteries. They built amazing cars, but it was the system of a Tesla that made magic. And Tesla will get into its own battery manufacturing as well. But it's an integrated system that creates value, not any of the parts individually, and we really embraced that same thought as an organization.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

So speaking of integration, Neej how does Zeta connect large language models to our own Data Cloud?

Neej Gore, Chief Data Officer at Zeta Global

So I think the main concept to think about here is the notion of adding context to a consumer experience or even a marketer experience. And the idea is that the LLMs have been trained on lots and lots of public knowledge, right? So if you ask the LLM to give you a good itinerary for a trip in France, it's going to give you probably 5 or 6 great suggestions on trips you can take.

What Zeta Data does is it amplifies that response to take advantage of our knowledge of the consumer. So maybe we know you like rustic experiences and you're a wine drinker, maybe we know that you really enjoy traveling by bicycle. So all of those kinds of things are actually what gave the LLM context on how to make the appropriate response. And that makes the consumer experience tailored and so much better than it would be if it was just generic.

The context also helps to prevent things like misperceptions, right? So having generalized data sometimes can lead you down the wrong path. If you have context on the user, you can give a much more specific answer and one that's actually based in some factual credibility along what the user is trying to do.

Similar goes for the marketer experience. The marketer has a number of jobs to be done. If you can put their job into context, for example, when they're asking a question about business intelligence, you can arrive at an answer that's much more purpose-built for their needs. So it's really around context and it's really around providing context around the personalized experience and workflow someone would participate in.

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

Quickly, Scott, I'd add that Zeta for a long time has understood signal and intent really well from consumer behaviors; being able to pass that signal and context as Neej was saying, as a pre-step allows us to have great authority over that domain.

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The next part of having authority of that domain is built to do something with it, and that becomes the automation piece. A lot of tooling has gone into not just passing context but also be able to pass in actions that go along with that context so that we are able to take intelligence and move it forward into action. And this in mass creates an automation solution for our customers.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

One of the major concerns for AI is around privacy. So how does Zeta think about approaching data governance and privacy on behalf of a customer in a generative AI-type situation?

Neej Gore, Chief Data Officer at Zeta Global

So I don't think our approach to privacy has changed actually. We've always been interested in privacy by design and designed for the customer. So one of the core fundamental thesis of Zeta and ethos here is that customer data will never enrich Zeta's data set, but we are able to enrich a customer data set. Customer data is always siloed.

And even in this case, where you're introducing new models like generative AI into the mix, you can think of the data being accessed through a mesh and the right service is requesting the right format of that data at the right time. And that mesh will include tools and capabilities around governance, observability, FinOps to give transparency and controls around how data can be used.

So this is just an extension of the work we've done historically when we work with customer data and we work with many of the largest enterprises in the world, currently in a similar manner, that would just be extended further into the AI capabilities that we're launching.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Got it. Pivoting a little, Neej, earlier you talked about experiences, workflow and intelligence. So how would you characterize the opportunity -- maybe it's near-term vs long-term or perhaps size -- what's the opportunity to use generative AI to help create content and enrich the experience versus improve workflow and automation?

Neej Gore, Chief Data Officer at Zeta Global

So I'll start. I think they're both tremendous opportunities. One changes the way marketing organizations work forever, and that's on the automation and the access to intelligence side. And one changes the way that consumers receive and understand that content from their favorite brands. It's getting harder and harder to reach consumers that you want to reach. Their inboxes and their digital devices are more cluttered than ever.

So being able to create better experiences and cut through the noise has never been more important than it is today. And marketing teams are consistently asked to do more with less and to generate higher ROIs and the tools that get embedded through generative AI really give them superpowers to action on their jobs.

So both are very important. I think both are going to be needed, and they actually work hand-in-hand. I don't think that you need to necessarily prioritize one over the other. I think they're both going to be part of the new marketing ecosystem as it comes into fruition.

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

Yes. We've developed a do-more framework. Neej spoke a lot about marketers getting more value out of generative AI. So do more starts with knowing more. That's making intelligence shine followed by predict more. Once you know something you can predict to see if it's going to work well and forecast the outcomes, followed by create more, automate more and then learn more from what's actually happened.

These are all critical components of the jobs to be done by marketers. And while Zeta is making investment

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in all of them and the tools around them, it is inadequate to have just a brilliant creative tool if you can't get that creative into the right person's hand. It's inadequate to have the right audience prediction engine if you are putting the right creative in front of that audience.

So all of these tools need to stick together really well. And I believe it's the glue and how they work together that's going to make the magic of Gen AI more prevalent and more easily accessible by marketers.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

It's still early days for Gen AI adoption. So are there any major limiting factors to adoption? Are there enough compute resources? Is it cost prohibitive to create all this personalized content?

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

We're engineering with the tools we have. So while OpenAI was able to go spend millions and millions of dollars creating ChatGPT 3, 3.5, 4 and so on. We don't necessarily have to do that. There're new tools available that allow us to send much smaller sets of data in the large language models that's more catered to Zeta's existence.

So the way I look at the market right now is if there's a proliferation of tools, not all of them are appropriate for all use cases. The best companies out there are going to be honing their craft and building the perfect tool set and the business challenges they are solving.

We're certainly in early innings for all of this. Generalized intelligence has taken a step forward with conversational interfaces. But in business, general intelligence doesn't trump all. We actually want to chip away at the marble until you find a structure that's perfect for you and your customers.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Okay. Got it. But can you help me a little bit more on the cost side? Is there a way we can help investors think about the cost of using generative AI tools? Is it feasible today? Or is it cost prohibitive?

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

That is very feasible today, especially when you bring the automation into the fold. So when you automate away workload and time and people, you have a much more efficient system and a lower total cost of ownership overall. This will move costs around in your stack from one service to another. And there will be incremental costs associated with generative AI. But I believe the impact to real business outcomes and ROI will negate a lot of that incremental investment.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

So I think that's a good transition, Chris Greiner, back over to you. How do we think about the impact of AI on Zeta's business model and our ability to monetize these investments?

Chris Greiner, Chief Financial Officer at Zeta Global

It's a good question. The simplest way to think about it is the more intelligence Zeta serves up to its customers. And as customers are able to explore through our Data Cloud, it ultimately drives more usage on the platform, and you can see that through our 3 straight years of accelerating top-line revenue growth. A big part of that is driven by their consumption and insights they get from the platform.

Also key to the platform is its ease of use, the discoverability of insights, the ability and the ease with which our customers can build and create deterministic audiences and the fact that they can stay on the platform and build activation journeys using our own native channels like e-mail and demand-side platforms like programmatic display and video and connected TV.

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Overall, as we think about usage and its expansion of ARPU, it will translate into more and more use cases and channels being deployed. So leveraging the AI and the generative capabilities to bridge from the acquisition use case, for example, into our grow-and-retain use cases and obviously, the ability to build even more omnichannel journeys.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

I understand that usage is the most common path today, but could there be a separate SKU down the road?

Chris Greiner, Chief Financial Officer at Zeta Global

I think over the long term, we'll see how the model evolves. But certainly, in the short and the midterm, our view is that we want to continue to help our customers leverage the platform by using our generative AI capabilities to drive more consumption through the platform and better ROI for their end marketing campaigns.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Okay. And then how do we think about the pricing power associated with generative AI? As we added more capabilities and functionality to the platform, how does that affect pricing within the ZMP?

Chris Greiner, Chief Financial Officer at Zeta Global

Zeta prices for value today. So we have different price points whether you use e-mail or programmatic or CTV or messaging or audio through podcasting, each of those have a different value-based pricing strategy. We also value base price on the use case, whether it's acquired, grow, retain and even within industry verticals, for example, the cost to acquire a new automotive customer for a brand is very different than the cost of that auto insurance provider to acquire a new policy owner. So we also value base price there.

But surely, when the ROI is present and presumably, the generative AI is going to create an even better and stronger ROI than we already offer to our customers. As that ROI is achieved, we have greater pricing power with our customers.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Switching maybe a little bit on the cost side of the equation, how does Zeta think about allocating R&D resources to the AI tools and the platform?

Chris Greiner, Chief Financial Officer at Zeta Global

Core to Zeta's 2025 plan, which is to achieve at least $1 billion in revenue by 2025, at least $200 million or at least 20% adjusted EBITDA margins by 2025 and at least $110 million of free cash flow, is being able to continue to grow at a 20%-plus growth rate consistently while also achieving adjusted EBITDA and free cash flow margin expansion.

And you can do that by investing in more and more of your go-to-market. And you've seen Zeta do that through increased number of quota carriers, through more sophisticated marketing and demand generation capabilities and other go-to-market functions that we have in place today, and we'll continue to invest in, but also continuing to invest in a better product, in more engineers and more data science and data capabilities.

At Zeta, we think of it as investing closer to the customer and closer to the code, which means that everything else in the middle whether that's the G&A structure of the company, how we serve our customers internally from an implementation process, all of that we're looking to automate. So that creates the ability to both invest, get more efficient in the middle around G&A, but without having to do so at the cost of a slower growth rate.

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Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Great. Transitioning back to Chris and Neej, let's focus on competition for a little bit. So clearly, a lot of hype in the industry, a lot of announcements from competitors. How do you look at the competitive environment? What separates Zeta?

Neej Gore, Chief Data Officer at Zeta Global

So I think the key takeaway here is that cutting through the noise as to which companies are treating generative AI as a buzzword or they're actually thinking of it as a paradigm shift. Our view is that -- and what we've been preparing for, for many years is how AI is going to change every industry it touches from the inside out. So our platform and the ZMP has been built to align with that thinking.

This isn't like a feature function add-on, like a dynamic subject line creator or just a content creator. We're really thinking of the way that the marketer's job is going to change, and we've embraced that. And our approach to AI has been very much aligned with that since the beginning.

So we feel very good about our standing. We have a single platform. And through that platform, you can achieve many, many outcomes across the consumer life cycle. There's a single AI capability set that lives within that platform and is operated by a consistent MLOps infrastructure. So we're going to see efficiencies from that way of thinking and the way we've conducted our business and put it together. And we expect ourselves to see acceleration versus competitors because of that alignment we've created.

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

That's right. And for all the different vectors of generative AI, we will see leaders in certain spaces. Adobe's creative products are quite strong. Adobe has always had a strong offering with Photoshop and others. They will invest and become leaders in that.

We'll see similar things happen with business process automation and manufacturing. We'll see things happening in vision and security. The competitive set that has the right fundamentals will be able to perform well in this space, and those fundamentals need to be rooted in being a data and technology company first.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

If I push a little further on the competitive side, though, when I think about a marketer's job and the ability of AI to simplify a marketer's job and drive incremental productivity. Is there a scenario where AI becomes more of a threat to Zeta's business?

Neej Gore, Chief Data Officer at Zeta Global

I can start and take that one first. So our goal has always been to make marketing departments more self-sufficient. So the AI capabilities we've seen launched recently are big accelerants in our mission to be able to accomplish that. It's through the tool sets, it's through data. Again, it comes back to the notion of automation, workflow and experience.

And we fully realize that the medium-term view and the short-term view are going to be very small kind of additive features, like things like subject-line optimization or things like content or image generation. But we are set up and we want to make marketing departments better.

And we realize that this fundamental view of combining our proprietary data with the new AI capabilities, with the industry's leading platform, in our opinion, is the same formula that's going to take us forward to help us do that to make marketing departments more sufficient. So we don't view it as a threat, we view it very much as a bonus and as an additive component that helps us accelerate to get where we've been trying to go.

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

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And perhaps even a continuum of where we've been. So we know sophisticated marketers have to use dozens of tools to just get the outcomes that they expect, frankly. And so we've always used AI to make sophisticated marketing simple and it's the integration of those tools that create simplicity so that you're not logging into 10 different systems and seeing 10 different views of an individual.

So I don't see these AI tools being a threat to our business, as Neej said, a massive accelerant. What I'm most excited about is the opportunity to fully embrace this paradigm shift to not just be some add-ons, but really change the way marketers live and breathe inside of a unified software tool.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Got it. On our most recent earnings call, we talked a little bit more about our partnerships with agencies. How do you think AI will impact an agency's business model going forward?

Neej Gore, Chief Data Officer at Zeta Global

Well, agencies need the same things that enterprises do. They need access to intelligence. They need better workflow, and they need to be able to deliver better experiences. So we do a lot of business with agencies, and we think that these same capabilities are kind of becoming blurry between enterprises and agencies because both types of organizations stand to benefit from these in their delivery of value to customers.

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

And not only just choosing the same creative agencies, there are mid-tier agencies, there are large HoldCo agencies. Each of them will need a different set of tools to accomplish the goal that they have in front of them. I believe Zeta has a great opportunity to package up our capabilities and cater offerings to each of those unique agency types.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Two last questions for me. And I know you touched on this first one a little bit. So Chris Monberg, what's the long-term vision for AI? How do we think about any changes in the product road map as it relates to AI?

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

Well, generative AI, as we all know, has been a market shift in the way that we look at technology, just like the Internet was, just like mobile phones were and there are other examples. We were very quick to regroup as an organization with a thorough understanding of what marketers need to do and see how it can be done better when fueled by generative AI.

More medium term, we see an opportunity to really transform our business, I'm talking about data and technology, if you're talking about intelligence and outcomes. And it gets back to that one fabric I spoke about earlier. If you have a platform that can anticipate your needs, automate your workflows and be self-directed by the user where their co-offering experience they want to have in real time. That's a new paradigm. That technology doesn't exist today.

Sci-fi writers and movie producers have written and directed about it. We think that, that is not just a distant horizon, but you're starting to see the trailer for that work right now. So our team, our product managers, our designers, our engineers, our business analysts have never been more excited about the opportunity in front of us, because they finally have all the technology they need to answer the most burdening questions that we're getting from our customers and prospects today.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Great. And so the last question for me. Maybe each of you can give an answer or at least your point of view. What advice would you give investors looking to identify real, long-term winners in AI? How do they cut

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through the noise and all of the hype around it? What are the long-term characteristics investors should be focused on?

Chris Monberg, Chief Technology Officer and Head of Product at Zeta Global

I'll take a stab, twofold. First, generative AI and a lot of AI systems are incredible, but the one thing they need, they can't do on their own is create real data, data that's born from individuals to what's happening in the world. So to start with, find platforms that enable AI to be successful. And that requires tooling and data access.

The second piece is applied AI. AI in a box is no good. We've experimented with this before as an industry, and it's failed many times. So you need to take these generative AI tools and put them against real business challenges. And then bring in a question, like, does it work?

So you need to see evidence in analytics and multivariate testing, because there can't be magic with AI and automation anymore. It has to work. And for that to happen, you're going to have to find teams that have been around it for a while and understand the genesis of what's prevented AI from being successful in the past.

Neej Gore, Chief Data Officer at Zeta Global

Yes, I'll go second. So just picking up where Chris left off there. I think it's become very in vogue to use the term AI or generative AI in your earnings call or your press release. And what investors should do, in my opinion, is look back at the histories of companies to see what they've done in the past, because when AI was considered to be more bleeding edge, which companies were adopting it, how are they set up to use it, how effectively did they deploy it? And what actual impact did it make on their business?

If you were set up well in those regards, you're going to be set up even better going into the future. And that goes well beyond a press release or mentioned in an earnings call. So I think the data is out there. And I think investors can see which companies have invested and adopted historically and brought those benefits to the business in meaningful ways. And if you have a capability for that internally, then you can certainly continue and double down on that now.

Chris Greiner, Chief Financial Officer at Zeta Global

I think that's so well said by Chris and Neej. And what I was going to add was investors should look and see is AI core to your revenue model and to your business model. Back to how I started describing how Zeta's customers use our platform and benefit from it, we make them more efficient and we make them more effective.

The AI inside our platform that leverages one of the largest proprietary data sets in the world is what makes that possible. And the more effective and the more advanced our AI is, the more efficient and the higher return on investment we deliver for our customers. That is perhaps the best measuring stick for AI.

Scott Schmitz, Senior Vice President of Investor Relations at Zeta Global

Perfect. Well, I think that's a great place to stop. Thank you all very much for your time. I hope all of the readers found this informative. Please reach out to me at ir@zetaglobal.com if you have any follow-up questions. Otherwise, have a great day.

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