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PRESENTATION

Operator

Well, hello, everyone, and welcome to Viant's Q4 2021 Earnings Call. My name is Kelson, and I'll be your operator today. Before I hand the call over to the Viant team, I'd like to go over just a few housekeeping notes for the program. As a reminder, this webinar is being recorded. (Operator Instructions) And I will now turn things over to Brad Samson.

Brad Samson ***Viant Technology Inc. - VP of IR***

Thank you. On the call today are Tim Vanderhook, Co-Founder and Chief Executive Officer; Chris Vanderhook, Co-Founder and Chief Operating Officer; and Larry Madden, Chief Financial Officer.

On our call today, we will make forward-looking statements that are based on assumptions and subject to future events, risks and uncertainties that could cause actual results to differ materially from those projected. Such statements may include our financial outlook, our industry or economic conditions. We undertake no obligation to update those statements except as required by law. For more information about factors that may cause actual results to differ materially from our forward-looking statements, please refer to the press release issued today as well as to the risks and uncertainties described in our annual report on Form 10-K and other filings with the SEC.

During today's call, we will discuss GAAP and non-GAAP financial measures and some operational metrics. Additional definitions and disclosures regarding these non-GAAP measures and operational metrics, including reconciliation of GAAP to non-GAAP measures are included in the press release we issued today and in our filings with the SEC.

Let me turn the call over to Tim Vanderhook, Chief Executive Officer of Viant.

Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

Good afternoon, and welcome everyone. We had a fantastic fourth quarter of 2021 to cap off a terrific first year as a public company. I am incredibly proud of our team and the accomplishments we achieved together this last year. As the leader of our team, there is no better feeling in the world than to challenge your team and watch them deliver.

One foundational principle that I have witnessed in my life is that the Internet continues to expand its reach every single year. Chris and I have witnessed its commercialization on desktop computers, the expansion to laptops, the smartphone revolution and now it has once again expanded to our TV. Our company has managed to identify those substantial expansions and accelerate our R&D investments in advance to translate those visions by being focused on answering the question of what this all means for advertisers.

In 2015, we started sounding the alarm on identifiers that were given to us from big tech, and we introduced an entirely brand-new way to transact digital advertising called the people-based approach. It was created with the thinking that the Internet does not belong to any one company, but it belongs to all of us. Our people-based DSP takes away the number you are assigned from big tech companies and replaces it with information that consumer owns and controls, like your name, address, phone number and email.

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This moves our entire industry from an opt-out model of cookies to a more privacy-friendly opt-in model using real consumer data that puts the power back in the control of the consumer. In 2018, we transformed our Adelphic software to operate on a newly rebuilt foundation based on data consumers control. The shift away from cookie-based DSPs to the Adelphic people-based DSP is enabling our customers to create unified consumer experiences across not just their website and mobile app, but also expands their ability to include their physical retail stores, and they can do this across any channel, not just where cookies exist. This is the biggest advantage marketers gain when moving on to the Adelphic software platform and joining the new open web.

Our team's early creation and evangelism over the past 7 years has catapulted Viant into a leadership position today, and it's now been fully realized by most of our industry. We have grown the advertiser spend in 11 out of the last 12 quarters. It is the past 3 years of back to back to back growth in our advertiser spend that gives me unwavering confidence that Viant is emerging as the leader of the new open web, and we are gaining market share across all of our customer segments.

Based on all of those advantages, I believe we are positioned very well to further accelerate our growth in 2022. Since our IPO in February of last year, despite some market challenges, we outperformed on all our financial targets. At the IPO, we guided to $197 million in revenue. We finished 2021 at $224 million. We guided to $23.5 million in adjusted EBITDA, and we finished the year at $37 million. CTV continued to be a significant growth driver for the year, with contribution ex-TAC from CTV up 68% in 2021. This channel is growing strongly overall and has become our largest channel.

2021's financial achievements confirm what we have always known. Our business model is strong, correct and leverages the industry's strongest tailwinds. The role of the DSP is becoming more important as our addressable market continues to expand with new customer verticals. I'm talking about the growth in legalized gambling, direct-to-consumer companies and cryptocurrencies just as examples. These are huge new advertiser verticals with strong demand for customer acquisition and engagement.

In addition to these exciting new customer verticals, we have seen an acceleration of retail media networks, as retailers are moving their shelf space revenue models into digital advertising businesses by looking for ways to monetize their transaction data for consumers and the products they are buying. But it's not just retailers who are building new advertising businesses. It is premium content owners, connected television hardware manufacturers, telecommunications companies, consumer delivery apps, the list goes on and on.

It seems like every day, we read about another new advertising business being created from all the first-party data these companies have and they are looking for a DSP partner to power that business. But to address this explosion of new customer opportunities, it also requires a critical identity management platform, robust measurement capabilities and transparent data lakes or clean rooms to build a viable digital ad business. These are all huge opportunities for us as a DSP as this dramatically increases our total addressable market.

I can remember a time not too long ago when the only users of DSPs resided in ad agencies. The best software platforms will win business. Looking further ahead, we see an opportunity to accelerate our investments in artificial intelligence, machine learning and blockchain technologies to make digital advertising fully autonomous. That's where the industry needs to go, eliminating the strain on programmatic traders and making digital advertising autonomous, we want to lead right there.

As we endeavor to deliver on our vision, we will be investing in 5 key pillars of our strategic roadmap, which include, developing best-in-class technology, deploying our customer success model throughout the org, designing company's infrastructure to scale, elevating our brand presence and expanding our strategic partnerships. Chris is going to provide more color on those key pillars in his remarks.

In wrapping up, I want to emphasize that this is already a big market. But as I just talked about, it's getting a whole lot bigger. There will be multiple winners, and I think our progress in 2021 proved Viant will be one of them. I trust our investors are increasingly understanding that our story is about something much more sustainable than just cookies going away. The takeaways from the 2021 results are, we have further proven our business model and shown that we can grow and grow profitably. We entered 2022 in a stronger market position with the strategy and assets to further accelerate our growth.

At this point, I want to hand it off to Chris to talk about our strategic roadmap for 2022.

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Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

Tim focused on our success last year and the tremendous opportunity still ahead. I want to talk this afternoon a little bit more about the how. Companies don't just grow into the future because they exist in their sector for another year or because they've grown in the past. Growth is not linear by simply adding more headcount or investing more money. Our team has thought a lot about our next phase as a company, where we need to invest and what it will take in order to build a company that will last for 100 years. We're nearly a quarter of a way through that time period, and our next phase will be supported by these 5 key pillars.

Developing best-in-class technology is the first pillar in the strategic roadmap. To compete effectively, we strive to make our Adelphic software the easiest to use, the most powerful in delivering effective campaigns and the most robust in measuring the return on customers' ad spend. Our platform should be as easy to use as eTrade, Venmo or Amazon is for consumers. If we can achieve that, our software can be used by millions of businesses. That's already one of the distinguishing benefits of our Adelphic software, but we are going to take it much further.

Tim touched on our plan for autonomous advertising in the future, leading to investments in new technologies to enable that. Tim and I have been working in this space for over 20 years. We pioneered behavioral advertising in the early 2000s, built for CTV in 2011, developed for today's identity challenge back in 2015. And it's because of that early start that the Viant Household ID now covers 85% of U.S. households, and it is available on over 80% of our bidding opportunities.

I tell you all of that because we have a track record of delivering innovation, and we're excited to build towards our vision for the future of autonomous advertising. Developing best-in-class technology doesn't happen without great people. So investment in this strategic pillar will require continued investment in our engineering and product teams in 2022, augmented by potential buy versus build opportunities for accelerating development.

The second pillar of our strategic roadmap is our customer success model. We launched that in 2021 and we'll expand it in 2022. It is primarily a cultural and organizational process for Viant, operationalizing our mission to make it easy to buy an ad anywhere and help brands measure the impact of their ad spending. This is driving organizational changes in our customer-facing teams that is ultimately focused on making customers successful on our platform, but it also provides the infrastructure to truly scale our customer base.

We think our new customer success model is not only going to be a key differentiator felt by our clients, but it's also going to make our clients talk about buying at the dinner table. In coordination with embracing the customer success model, we are scaling the company's infrastructure, meaning people, systems and processes to handle our growth and support our team members.

Another key pillar in our roadmap is elevating our brand presence. This is one of the key hurdles we need to overcome in the market. Today, we can point mid-market agencies to many success stories with their peers. But to drive faster into holding companies, we need to drive higher awareness among major brands so that they become interested in seeing how we can improve their returns.

The new open web campaign that we launched in 2021 is driving greater awareness and will continue in 2022. In addition to educating prospective customers, the company's marketing programs last year drove a 72% increase in hand raisers looking to engage with us, while also driving a nearly 50% increase in customer MSAs in 2021. Last year, we increased our sales team by approximately 25%. But because of the tight labor market, we didn't get all the way to our plan, and we will continue to add towards our plan this year. In the first quarter, we've already increased the sales team by another 15%.

The final key pillar is expanding our strategic partnerships. Tim earlier mentioned the examples of all the new and exciting customer verticals and digital ad businesses being built who now need technology partners to enable their new revenue streams. Many of these opportunities require a different approach than we bring to our agency and brand partners.

Viant already has over 100 partners supporting many aspects of our business, such as third-party data measurement and supply. Traditionally, many of these are driven by customers requesting these entities to potentially use as a data set in their ad campaigns. But for 2022, we are making a concerted investment in resources to more rapidly expand our strategic partnerships with some new team

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members and a more proactive focus of driving revenue from these new customer segments. With our unique market position with our Household ID-powered platform, we believe we have a lot to offer a partner.

Those are the key pillars in our strategic roadmap for the company's next phase of growth; developing best-in-class technology, deploying our customer success model throughout the organization, designing company infrastructure to scale, elevating our brand presence and expanding our strategic partnerships.

I also want to extend my personal thanks to our teams, our customers and partners for making 2021 such a great success and a lot of fun. Tim and I are happy to delve more into detail in the Q&A, but I want to give our CFO, Larry Madden, an opportunity to provide some key financial color and commentary.

Lawrence J. Madden ***Viant Technology Inc. - CFO***

Thanks, Chris, and thank you everyone for joining us today. Before I begin, I'd like to remind everyone that we have posted supplemental financial slides to our Investor Relations website to accompany today's presentation.

As Tim mentioned, we are pleased to report that once again we exceeded our previously issued guidance for revenue and EBITDA in Q4. That represents the fourth consecutive quarter that we have exceeded our expectations since we went public in February of last year. We are also seeing an acceleration in spending across our platform going into Q1 2022, which we expect will continue throughout the year, which is a testament to the increasing customer adoption of our platform. This afternoon, I will be discussing some of the highlights of our Q4 and full year 2021 performance as well as our current expectations for 2022 and our longer term expectations for the business.

With that, let me discuss some key financial and operational highlights for the quarter and the full year 2021. In 2021, Viant's business continued to scale and performance accelerated, yielding record results, and we finished the year on a very strong financial footing. We continued to see the benefits of our recent WWC software release with customer adoption increasing across all channels where cookies or device identifiers do not exist or are limited, such as connected TV, mobile, streaming audio and digital out-of-home.

Further investment in our team and technology has also paid dividends, as evidenced by the significant increase in the number of active customers and the average contribution ex-TAC per active customer over the last year. We also benefited from the cohort effect of customers ramping spend the longer they are on the platform, and that trend is expected to continue.

In terms of top-line metrics, for the fourth quarter, total advertiser spend across our platform increased 26%. Revenue for the quarter was $82.7 million, an increase of 46% over the prior year period. And contribution ex-TAC for the quarter was $48.5 million, an increase of 24% over the prior year. For the full year 2021, total advertiser spend across our platform increased 29%. Revenue for the year was $224.1 million, an increase of 36% over the prior year. And contribution ex-TAC for the year was $141.5 million, an increase of 28%.

Our recent WWC software release continues to drive an increase in omnichannel adoption by our customers as they can now leverage our unique Household ID to seamlessly buy and measure their ad spend across all digital channels. Currently, half of all advertisers are using WWC and our Household ID for targeting and measurement on the Adelphic platform, and we expect that number to increase as we move through 2022.

One of the biggest drivers of our growth in both Q4 and the full year is our continued momentum in CTV. Contribution ex-TAC from CTV has nearly tripled over the last 2 years and now represents nearly half of our overall mix. In 2021, 74% of customers invested -- of our customers invested in CTV on our platform. Contribution ex-TAC from CTV grew 66% in Q4 and represented 45% of total contribution ex-TAC during the quarter, far outpacing market growth rates for this segment of digital advertising.

For the full year, contribution ex-TAC from CTV grew 68% and represented 41% of the total. We also saw solid growth in the quarter across mobile, streaming audio and digital out-of-home channels. We expect these trends to continue as our people-based targeting approach, along with the performance and measurement capabilities of our software platform are uniquely suited to drive return on ad spend for our customers in these channels.

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On the customer front, the number of active customers and the average contribution ex-TAC per active customer continued to show strong momentum in the quarter. At the end of Q4, we had 309 active customers versus 264 in the prior year period, representing an increase of 45 customers in the year, up 17% year-over-year. The biggest driver of new customer additions is our continued success with mid-market agencies, which represented approximately 2/3 of the customer additions over the period.

Despite strong additions and new customers in Q4, 9 political and auto customers from last year did not spend at all in 2021, and therefore, fell out of our customer count in Q4. The roll-off of political customers is due to the lack of an election cycle in 2021 and the roll-off of auto customers is tied to the supply chain issues we discussed. With the exception of the loss of these 9 customers, our addition of new active customers in Q4 is in line with the growth we saw in Q2 and Q3.

Average contribution ex-TAC per active customer at the end of Q4 totaled $458,000 versus $419,000 at the end of 2020, representing a year-over-year increase of 9%. As we continue to ramp sales, marketing and technology investment in 2022 and beyond, we expect continued momentum around new customer acquisitions and average contribution ex-TAC per active customer.

In Q4, we also continued to see the benefit of customers increasing spend the longer they are on the platform, what we call the cohort effect. In 2021, our top 50 customers that have been on the platform for at least 1 year, increased spending by nearly 50%. The number of active customers spending at least $1 million per year also increased by 52% in 2021. Growth in the number of new customers and increased spending from existing customers, coupled with 90% plus customer retention rates, positions us extremely well for an acceleration of growth going forward and affirms that the capabilities and performance of our software platform are resonating with marketers and their agencies in this fast-growing programmatic advertising landscape.

Turning now to operating expenses. Adjusted cash operating expenses, which represents the difference between contribution ex-TAC and adjusted EBITDA, totaled $31.1 million in the quarter and $104.4 million for the full year, representing year-over-year increases of 32% and 33% respectively. The increases for both the quarter and the full year are primarily attributable to the planned investments we made across the organization with a particular emphasis on ramping our sales, marketing and technology infrastructure.

In 2021, we increased our total headcount by approximately 20%. We continued to attract extremely qualified candidates and added many incredibly experienced new members to our team in 2021. I will talk more about this in a minute, but we intend to continue growing the team in '22 to further accelerate growth in advertiser spend across the platform to drive market share increases. Despite our underinvestment in 2021 relative to plan, we far exceeded our original estimates for revenue, contribution ex-TAC and new customer wins, which speaks to the increased momentum we are seeing across the platform.

Adjusted EBITDA for the quarter was $17.4 million, and our adjusted EBITDA margin as a percent of contribution ex-TAC was 36% for the quarter. For the full year, adjusted EBITDA was $37.1 million, and our adjusted EBITDA margin was 26%. For the quarter, non-GAAP net income, which excludes stock-based comp, totaled $13.4 million, and non-GAAP earnings per Class A share totaled $0.17 for the quarter. For the full year, non-GAAP net income totaled $23.9 million and non-GAAP earnings per Class A share totaled $0.30.

From a cash flow perspective, we generated $28.7 million of net cash from operating activities in 2021, an increase of 52% over 2020. And we ended the year with $238 million in cash or approximately $4 per share outstanding. We expect to put some of this cash to work in the future, opportunistically using M&A to deepen and expand our capabilities for our customers. That being said, we do recognize the current capital market environment and plan to be judicious in the use of our cash. We also ended the year with a modest amount of debt totaling $17.5 million and significant availability under our line of credit. We believe that our growth profile and healthy balance sheet position us extremely well to take advantage of the rapidly growing market opportunity in front of us.

In terms of share count, we ended the year with 13.7 million Class A common shares outstanding and 60.8 million total shares outstanding. By the end of 2022, we expect the Class A common share count to increase to approximately 15.6 million and total shares outstanding to increase to approximately 62.3 million. We expect that increases are primarily the result of vesting activity under our long-term incentive plan.

Before I discuss our guidance for 2022, I do want to point out that we have simplified the metrics for which we are giving guidance this

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quarter. We are eliminating guidance for contribution ex-TAC, focusing on what we believe to be the 2 most important metrics by which we should be measured going forward, revenue and adjusted EBITDA. Given that our percent of spend pricing option is expected to drive most of our growth going forward, contribution ex-TAC will become less important over time. We will, however, continue to report periodically on contribution ex-TAC going forward. For modeling purposes, we expect growth rates for contribution ex-TAC to be similar to growth rates for revenue in 2022.

With that, I'll now turn to our guidance for Q1 and full year 2022 as well as our long-term outlook. As Tim discussed, we feel great about our strength and positioning. We are in the very early stages of capitalizing on the fast-growing market opportunity for programmatic advertising. For the first quarter, we expect advertiser spend across our platform to further accelerate with growth of at least 35% compared to 9% in Q1 of 2021, and most recently, 26% in Q4 of 2021. Q4 is obviously our biggest quarter of the year.

We expect revenue in the range of $42 million to $44 million, which represents year-over-year growth of approximately 5% to 10% and negative adjusted EBITDA in the range of $4 million to $5 million as Q1 is our industry's seasonally lowest volume quarter. And for the full year 2022, we expect advertiser spend across our platform to further accelerate with growth of at least 35% compared to 29% in 2021. We expect revenue in the range of $260 million to $270 million, which represents year-over-year growth of approximately 16% to 20% and adjusted EBITDA in the range of $25 million to $35 million.

We have also included longer term targets in our earnings release today. These targets represent what we expect to achieve by 2025. By 2025, we expect revenue of at least $500 million, which represents a 4 year CAGR of at least 22%. We expect adjusted EBITDA margins as a percentage of contribution ex-TAC of at least 35%.

Before concluding, I would like to make a few points relative to our guidance and the investments we are making. First, in terms of Q1 and full year 2022 guidance, as I said, we expect to continue to gain market share in Q1 as advertiser spend on the platform is expected to accelerate from Q4 levels and increase by at least 35%, well in excess of the overall growth rates expected for the U.S. programmatic market.

We are seeing a faster than expected acceleration of growth across our percent of spend pricing option, which is far outpacing growth from fixed price. An increasing number of new customers are now going straight to percent of spend and existing percent of spend customers are growing their spend at increasing rates, which we believe will provide for continued outside growth in spend across the platform going forward.

As we've said before, the lifetime value of a customer using our percent of spend pricing option is significantly greater than that of a fixed price customer as a percent of spend customers ramp spend more significantly over time and have higher retention rates. On a short-term basis, as we increase our market share by attracting more customer spend on our platform in our percent of spend pricing option, this dynamic is putting a drag on our revenue growth rates in Q1 and full year 2022 for that matter, as revenue from percent of spend is recorded after traffic acquisition costs, whereas fixed price revenue is recorded before deducting TAC.

Percent of spend clients have higher retention rates, spend significantly more over time and require less sales efforts to drive growth once fully ramped on the platform versus a fixed price customer. Ultimately, percent of spend is a more consistent and predictable growth driver given the cohort effect we've spoken of. Our fixed price pricing option, while more profitable than percentage of spend, is more meant as an option for customers to test our software before transitioning to a longer term agreement with us. While this creates some short-term pain in terms of revenue growth rates, we believe it better positions us for long-term value creation and market share gains.

Given the lower revenue base in Q1 due to seasonality, this trend is especially magnified in terms of revenue growth rates in the quarter. We expect revenue growth rates to improve beginning in Q2 as overall spend levels grow from Q1 levels. As a reminder, in Q1 of last year, we grew revenue by 5% in the first quarter and finished the year with total revenue growth of 36%.

In terms of planned investments and the impact on 2022 expected results, as Tim mentioned, we plan to continue investing in critical areas of our business in 2022 to further accelerate growth in advertiser spend across our platform and drive market share. The wide

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range of EBITDA guidance for 2022 is in part based on the fact that our level of investment in '22 will ultimately be determined based on market conditions and other factors that we will closely monitor as the year unfolds.

So in terms of investment for 2022, we expect adjusted cash operating expenses to increase approximately 29% to 33% in 2022. Roughly 2/3 of the expense increase will come on the personnel side with half coming from the annualization of 2021 headcount additions and half coming from new headcount investment in 2022. We expect to increase our headcount in 2022 by approximately 20%, which would put us north of 400 heads by the end of the year. Increased cloud costs supporting the growth in advertiser spend is also expected to increase total expense in 2022.

We expect to ramp up our investment in automation initiatives as well as to further build upon the ease of use of our software, which is critical to scaling customer spend. We will also be investing in marketing partnership initiatives in '22 to further increase the awareness of our solution in the marketplace. We believe these incremental investments, although impacting EBITDA in the short-term will further accelerate our growth and market share gains going forward. Beyond 2022, we expect investment to become more normalized as we charge towards our target of 35% EBITDA margins by 2025.

In closing, our focus is on building a sustainable and profitable business for the future. As part of that, we will continue to make investments to increase our scale so we can capture a meaningful share of this fast-growing market. We have the utmost confidence that we can consistently grow our market share going forward as our solution is increasingly resonating with marketers. As cookies and device IDs continue to become less and less prevalent, we believe that we are positioned for outside growth for many years to come.

Our conviction is centered around how marketers and agencies are responding to our solution today as evidenced by the acceleration in advertiser spend that we are seeing across the platform going into 2022. Our total addressable market is massive, and we firmly believe that our solution uniquely and effectively addresses many of the challenges that marketers are facing in today's dynamic digital landscape.

That concludes our prepared remarks today. And with that, I will now turn it back over to the operator to open the line to questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And we will hear first from Maria Ripps with Canaccord.

Maria Ripps ***Canaccord Genuity Corp., Research Division - Analyst***

I just wanted to go back to sort of your guidance for the first quarter and this dynamic between revenue growth and client spend on the platform. Can you just talk about why sort of -- why we see this sort of disparity between different pricing sort of models, especially in Q1? Can you just maybe talk about that? And then related to that, is there anything you've seen from sort of Easter being shifted to a little bit later this year? Is there anything you're seeing in terms of campaigns sort of being shifted from Q1 into Q2 this year? And then I have a quick follow-up.

Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

Just on the head on your first question, and Larry can fill in on some of these comments. We're seeing explosive growth in our percentage of spend pricing option. Clients are scaling like crazy where -- as based on the guide for spend, definitely increasing market share at much higher levels than we saw last year. So that's incredible. We are also seeing customers even new ones go straight to our percentage of spend pricing options. So that's also adding to a little bit of a disparity. It is a little bit of short-term pain on the revenue growth line item, but we think it will normalize throughout the year. But we're winning a ton of market share right now if you watch through the percentage of spend side and our total advertising spend. And your other one around...

Lawrence J. Madden ***Viant Technology Inc. - CFO***

Shifted Q1 to Q2.

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Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

Just around Easter. I don't have any real firm graph on the commentary around that right now around Easter specifically.

Maria Ripps ***Canaccord Genuity Corp., Research Division - Analyst***

And my second question. You talked a little bit about sort of strength in mobile, and I think it's the second quarter that you highlighted strength in mobile here for you. So as Google rolls out new privacy restrictions across apps on Android, can you maybe just talk about what that means for your platform? And maybe if you could put that in the context of the iOS changes that the industry has been going through, that would be very helpful?

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

I think what you're referring to is the Android ID being potentially deprecated in the future, similar to what Apple has done. We saw when Apple pulled that move of IDFA, what that caused was mobile app marketers were looking for new alternative ways away from social networks, which became less cost-effective and were trying new digital advertising platforms. I think as Google does the same to Android and their ID, again, that's going to put more money back into the market.

When you look at most mobile app marketers, when Apple made that change of deleting IDFA, you saw their response to that was shift money to Android and try new digital advertising providers. So now that Android is going to make a similar change, I would expect that's more money back up in the market looking for cost-effective ways to drive app installs because those -- the traditional ways are no longer there.

So we view it as a brand-new market opportunity of money that was spoken for previously that needs to find a new home in the most cost-efficient way. And I believe we're going to win our fair share of that as we've proven, given the Household ID, its use across mobile apps and that entire ecosystem and not relying on the IDFA or Android ID. So for us, I think it's a big opportunity and we'll see how marketers react.

Operator

We will now move on to Laura Martin with Needham.

Laura Anne Martin ***Needham & Company, LLC, Research Division - Senior Research Analyst***

So I'm going to start with EBITDA, because as you said, you over-delivered your 2021 EBITDA promise by 50%, strong over-delivery in Q4, and now you're guiding us to a much lower EBITDA than our models suggested for '22. And it's not just you, like every one of these ad tech companies other than Trade Desk has taken down our 2022 EBITDA. So I would love an explanation, because I've got this massive market that's growing 5x faster than all ad tech companies. I don't understand why we all have margin pressure as you over-delivered revenue. So the scale got bigger and yet you're going to under deliver the margin, and like I said, the entire industry. What is going on, please?

Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

I think number one, I think if you look at us when we went public, so last year in '21, we were increasing our investments. We're going to continue that, as Larry stated, this year, probably much higher to the tune than, let's say, a little bit more mature business. We are looking to continue to invest in gaining market share. That's really where we're at. And I think we've heard that from investors pretty significantly. They want to see more market share gains, and we're going to go after that. So I think our level of investment, definitely, we are stepping up that level of investment, but we did give a pretty wide range on the guidance. So we are -- and we're basically going to play that by year in the second half of the year.

And Larry, do you want to add more color?

Lawrence J. Madden ***Viant Technology Inc. - CFO***

Yes, I was going to say one other factor. I mean, we mentioned that we did under invest in '21. Certainly, the labor challenges, the overall market labor challenges. So some of that money is now coming back into 2022. So we probably under invested about $5 million in 2021, which was part of our EBITDA beat. So that's coming back into 2022, plus the full annualization of the hires in 2022, which is another

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$10 million, plus new investment. We're investing additional heads of about $10 million. So plus all of the strategic pillars we talk, we're putting money behind some of those initiatives -- all of those initiatives as well in 2022. So it is creating a short-term dropping of our EBITDA relative to the prior year.

Laura Anne Martin ***Needham & Company, LLC, Research Division - Senior Research Analyst***

I want to talk about political and auto. So you said that you didn't have political this year like in '21, but we get it back in '22. In autos, there's no chips, so there's no supply, I get that. How much does political give you like for sure because you had it 2 years ago? How much upside does that give us single-digit percent of revenue? And then if autos come back, how much is it down, thanks to the chip shortage, and we don't know when it's going to come back. But like how much of those 2 verticals of your revenue that sort of will come back in '22?

Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

I'll let Larry take it?

Lawrence J. Madden ***Viant Technology Inc. - CFO***

I mean, if you look at Q1, our growth guidance for Q1, auto was 10% of revenue in Q1 of 2021. We think auto is going to be about 2% of revenue in Q1 this year. So that certainly is impacting our Q1 given this kind of smaller revenue base to begin with. We have not assumed a significant uptick in auto. I mean, as we reported each quarter, it has been down significantly for us. I believe it's less than 5% of revenue in Q4. We think that will further deteriorate in Q1. We haven't kind of planned to have a significant uptick in that. Obviously, that would be upside, and we're hoping that a lot of these supply chain issues do get resolved in the year. But for now, we're not assuming that that's coming back in '22, significantly at least.

Laura Anne Martin ***Needham & Company, LLC, Research Division - Senior Research Analyst***

My last one, I'll ask for the founders here. Supply path optimization, right? Jeff Green, all the rage, supply path optimization. Could you give us your thoughts on supply path optimization and how it affects DSP?

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

I mean, I'm assuming you're referring to the Trade Desk launch of Open Path and going direct with publishers. I would say that in connected television, a huge chunk of our integrations are direct to the major media companies in that same realm. So we didn't have a formalized product, but that's kind of how connected television works is some of them run their own yield management and are very good at it.

So I do believe there's going to be a bifurcation, there's going to be publishers or inventory owners that want to provide yield management on their own and we partner with them and deliver them bids directly to them today. So I would say CTV is kind of a little bit more organically built that way, but certainly, SSPs play an important role for the rest of the open web that need them to provide yield management and the electronic integration to many DSPs out there. So I see a bit of a bifurcation. I think the bigger companies do it more themselves and the smaller companies rely on a third-party through yield management. That's kind of our take. And we see that bifurcation currently with our integrations today.

Would you add anything?

Tim Vanderhook ***Viant Technology Inc. - Co-Founder, Chairman & CEO***

I mean, look, SPO is being used differently by different parties, but ultimately, supply path optimization is need from a marketer to want to make sure that their dollars -- most of their dollars are going to the content owner. That's really where they're securing those ad spots. They don't want to see a lot of middlemen changing the inventory -- changing hands with the inventory before it gets to the DSP. That's what we hear from our customers. We have developed that for well over a year about making sure that there's really only -- they are as direct as possible to that content owner. Sometimes the content owner is going to use an SSP, and that is clearly very transparent in our platform. So that's how marketers really think about SPO. And to be honest, that's the real spirit of SPO is that.

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Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

Transparency of the dollar, how much went to the content owner. And I think the whole industry is going to never let this go until that's fully transparent.

Operator

And JMP's Andrew Boone has the next question.

Andrew M. Boone ***JMP Securities LLC, Research Division - Director & Equity Research Analyst***

I'll start off with the 2025 guide and just the implication of revenue acceleration beyond this year. Can you guys just talk about your confidence there and just the key drivers of why you guys believe that you can re-accelerate revenue?

Lawrence J. Madden ***Viant Technology Inc. - CFO***

I mean, for me, I look at the cohort effect that we talked to, the number of customers that we've brought on, the number of additions we're adding, and we've had more consistency and history and seeing how we perform and then areas where we're seeing gains in market share and where we think we can push further there. So I would say it's the past 3 years. I mentioned we've grown advertiser spend in 11 out of 12 quarters. The only one being the initial COVID impact where we had the deceleration.

So it's the confidence factor of when you offer a self-service DSP, the customers are trained and they're busy pushing all of their campaigns live themselves, that leads to that cohort effect where they get comfortable on your platform and the ad spend consolidates in that platform. I think we've made great strides in the mid-market in that area, and we've made big advancements towards the holdcos in 2021, and we're seeing that pay dividends in the future years. So to us, I think it's the cohort effect, the number of customers and the cadence that our company is executing at gives us confidence.

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

Just to add on to that, Andrew, just can you take a look, just very succinctly, watch the trajectory of our platform spend that ultimately leads to market share. The revenue growth, as Larry had talked about, there's a little bit of a hiccup here in Q1, but we really believe that normalizes over the course of really just this year. But the platform spend, the advertisers' spend on the platform, as long as that continues to accelerate the way that it is, we have -- we know that those are right in line with that long-term guidance that we gave.

Other things I'll give you, as Tim talked about, time on platform, these aged cohorts of customers. They continue to spend more and more. We highlighted a lot of the focus that we've put on the larger customers that we're going after, predominantly Fortune 500 brands and holdcos. We're having a lot of good success there. And if you remember, we have talked about, we've put an entire team focused on that. In '21, we hired a whole team on that. We're seeing great success there.

The customer growth, yes, definitely in later years is going to continue to add more as they age in the cohort. But as Tim talked about, we have a big focus on new customer segments and customer types that maybe aren't brands direct and maybe aren't agencies, but we see an explosion of new customer types, whether it be retail media networks, whether it be telecom companies, whether it be content owners looking to build media networks, it seems like, and this was in our commentary, it truly seems like every day you read there are these new advertising businesses being built and they need a DSP. That's the core technology that they're after. And we think that we have a lot to offer there. And we have a team that we're investing in this year that's concerted to go after those dollars.

Andrew M. Boone ***JMP Securities LLC, Research Division - Director & Equity Research Analyst***

This may just be a little bit mundane, but I think it kind of ties to Maria's question on what you were talking about. But as I just relate gross revenue to spend, so the 46% of revenue versus the 26% of spend, can you just help me understand the difference there of why they're not more closely aligned? And what that implies in terms of adoption of the platform?

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Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

So we had a couple of customers that were in fixed price that are moving to our percentage of spend pricing option, they're transferring that and in Q4 they were going to scale their spend there. And we give them discounts as if they were a percentage of spend customer, that's the disparity there. The good news is that those are the customers we're talking about, those are holdco customers, they are on percentage of spend. We expect them to continue to accelerate their spending in '22.

Lawrence J. Madden ***Viant Technology Inc. - CFO***

So that -- and this really was a bit of an anomaly in Q4, Andrew. We don't expect that disparity to continue going forward.

Andrew M. Boone ***JMP Securities LLC, Research Division - Director & Equity Research Analyst***

So just to crystal clear, so take rate, not take rates, but revenue ex-TAC margin comes back to kind of what we saw in prior quarters. Is that a right way to read that?

Lawrence J. Madden ***Viant Technology Inc. - CFO***

Correct.

Andrew M. Boone ***JMP Securities LLC, Research Division - Director & Equity Research Analyst***

Last question is just on the building of brand awareness with your potential clients. That has been a focus in 2021 and you talked about that continuing in 2022. Can you talk just big picture about how you think about brand spend and just building awareness going forward? And just where are you on the process? Like I don't know if there are any survey metrics you can share, but any help there would be great?

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

So that was one of our key pillars that we had talked about, so elevating kind of our brand presence. Part of that is sales force and feet on the street. As we've previously talked about, the additions we made in our sales force, this wasn't just feet on the street. We made a concerted effort in our investments. The first one was elevating our brand presence and buying within the holding companies. We have a whole team focused on that. We have great professionals we've hired from Google and other large brands. So we feel really confident about the progress that we're making there.

The other was on the enterprise. A lot of what we hear from our agency customers is that they want to move on to the platform. They need client buy-in or what we call the client mandate for the brand directly themselves. So that's kind of our enterprise group that we've built in '21 and we'll continue to expand in '22. Those are vertical experts in big categories that really talk to the clients in conjunction with their agencies. So that's going to have a really outsized impact.

And then outside of that is really around our marketing. We did a good job of elevating that in '21. We'll continue that in '22 with our new open web ad campaign out there, our thought leadership that we've pushed out. All those things are going to raise our level of awareness and buying ultimately on to the platform. But where we're at in that journey? I mean, in terms of DSPs and level of awareness, that we do track it from service. I don't have those specific numbers, but we can follow-up off line with you on where we're at there. But Andrew, I would point to where we're at in that. If we have accelerating advertiser spend on the platform, that's a really good spot.

Operator

Moving on to Andrew Marok with Raymond James.

Andrew Jordan Marok ***Raymond James & Associates, Inc., Research Division - Analyst***

I wanted to talk about the acceleration in CTV growth from 3Q in 4Q. I guess, are there any specific drivers on that, that you would point to, to get that 20 point acceleration? And then on your new sales force hires, I know there's a bit of a ramp period as they come on to the platform. But is there any productivity metrics or deltas that you can share for the new hires in the sales force?

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Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

So just acceleration in CTV, really, I'll point to a big one, which is our WWC rollout. That has done really well. As Larry had said, approximately 50% advertisers have adopted that. If you look at the stats that we gave around CTV, it's squarely focused in CTV and other ID less or cookieless channels, but definitely in CTV. So we've previously talked about this, but just to reiterate, clients are seeing increased performance when using our Household ID and CTV. When they see increased performance, we're also seeing them accelerate their spending. So that's just very dead on. That's a big reason that's driving growth in CTV and the acceleration on our platform.

Andrew Jordan Marok ***Raymond James & Associates, Inc., Research Division - Analyst***

And on the new sales force hires?

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

Could you ask that question again, Andrew?

Andrew Jordan Marok ***Raymond James & Associates, Inc., Research Division - Analyst***

Just I know there's a ramp period as new sales people come on to the platform. But any productivity metrics you can share for some of your new sales force hires?

Chris Vanderhook ***Viant Technology Inc. - Co-Founder, COO & Director***

So as I've said, we increased about 25% in 2021. We have seen contribution from them. We expect that the large majority of their contribution will hit in Q2 and beyond. But I think we're going to see a big impact from them in Q2. I can tell you the pipelines are strong and we feel really good about where we've hired. We did -- I will say, we didn't -- as I mentioned, we didn't meet all the way to our goal last year, but we've already made tremendous uptick on bringing in new team members, increased another 15% already in the first quarter. So I think that's going to make -- we're going to have a really robust second half.

Operator

And everyone, that is all the time that we have today for questions. We thank you all so much for joining us today. This does conclude our earnings conference. We thank you again for your participation. You may now disconnect.

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