

graphic arts/digital imaging
healthcare marketing and communications
instore design
interactive marketing

sales support
search engine marketing
shopper marketing
social media marketing
sports and event marketing

Certain business trends had positively impacted our business and industry. These trends include clients increasingly expanding the focus of their brand strategies from national markets to pan-regional and global markets and integrating traditional and non-traditional marketing channels, as well as utilizing new communications technologies and emerging digital platforms. As clients increase their demands for marketing effectiveness and efficiency, they continue to consolidate their business within one or a small number of service providers in the pursuit of a single engagement covering all consumer touch points. We have structured our business around these trends. We believe that our key client matrix organization structure approach to collaboration and integration of our services and solutions provides a competitive advantage to our business in the past and we expect this to continue over the medium and long term. Our key client matrix organization structure facilitates superior client management and allows for greater integration of the services required by the world's largest brands. Our overarching strategy is to continue to use our virtual client networks to grow our business relationships with our largest clients by serving them across our networks, disciplines and geographies.

In 2020, the COVID-19 pandemic negatively impacted our business and results of operations. Efforts to mitigate the impact of the pandemic, including government actions to restrict travel, limit public gatherings, shelter-in-place orders and mandatory closures of businesses, resulted in many of our clients reducing or suspending their spending for our advertising, marketing and corporate communication services. As a result, for the year ended December 31, 2020, revenue decreased 11.9%, compared to 2019, primarily due to the impact of the COVID-19 pandemic. We anticipate that the negative impact from the pandemic on our revenue will continue through the first quarter of 2021 as compared to the prior year period. However, we expect organic revenue growth for the first half of 2021. The impact of the COVID-19 pandemic on our revenue has been, and may continue to be, material, depending on several factors, including the potential for prolonged or additional governmental actions to mitigate the effects of the pandemic. It is possible that the COVID-19 pandemic will accelerate certain trends that began pre-pandemic, particularly those relating to online commerce, brand building and how we deploy our personnel. We expect that some of these trends will benefit our agencies and provide revenue growth opportunities, as well as increasing flexibility with respect to our use of physical locations and our cost structure, but some trends may negatively affect us including potential disruption by new participants and technologies (see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," or MD&A, of this report).

We continually evaluate our portfolio of businesses to identify areas for investment and acquisition opportunities, as well as to identify non-strategic or underperforming businesses for disposition. For information about our acquisitions and dispositions, see MD&A - *Acquisitions and Goodwill* and Notes 5 and 13, respectively, to the consolidated financial statements. None of our acquisitions or dispositions, individually or in the aggregate, was material to our results of operations or financial position in the three years ended December 31, 2020.

The various components of our business, including revenue by discipline and geographic area, and material factors that affected us in 2020 are discussed in the MD&A.

Our Clients

Our clients operate in virtually every sector of the global economy. In many cases, multiple agencies or networks serve different brands, product groups or both within the same client. For example, in 2020 our largest client represented 3.4% of revenue and was served by more than 110 of our agencies. Our 100 largest clients, many of which represent the largest global marketers, represented approximately 54% of revenue and were each served, on average, by more than 50 of our agencies.

Government Regulations

We are subject to various local, state and federal laws and regulations in the countries in which we conduct business. Compliance with these laws and regulations in the normal course of business did not have a material effect on our business, results of operations or financial position. Additional information regarding the impact of government regulations on our business is included in Item 1A. Risk Factors under the heading Regulatory Risks.

Human Capital Resources

Our employees are our most important assets. We believe a critical component to our success depends on the ability to attract, develop and retain key personnel. The skill sets of our workforce across our agencies and within each discipline are similar. Common to all is the ability to understand a client's brand or product and its selling proposition and to develop a unique message to communicate the value of the brand or product to the client's target audience, whether through traditional channels or emerging digital platforms. Recognizing the importance of this core competency, we support and develop our employees through training and development programs that build and strengthen employees' leadership and professional skills.