

President's Report November 6, 2015

A Year of Landmark Growth By Randall Rothenberg

These are invigorating times for the interactive industry. Internet ad revenues in the United States reached a landmark high of \$27.5 billion in the first half of 2015, according to the IAB Internet Advertising Revenue Report released this October and prepared by PwC U.S. This marks a 19 percent rise over the \$23.1 billion in ad revenues for the first half of 2014.

The mobile marketplace also continues to grow at an unprecedented rate, with revenues climbing 54 percent from HY 2014 to \$8.2 billion in HY 2015. Meanwhile, digital video, a component of display-related advertising, reached \$2 billion in the first half of 2015, a 35 percent year-over-year jump in the first half of 2014. This steady growth continues to be an affirmation of the rewarding relationships advertisers are effectively building with consumers through meaningful digital content, and reflects a seismic shift in consumer behavior to the always-on, liquid consumer.

As we meet in the second to last month of 2015, IAB has concluded management of a successful IAB MIXX featuring a powerful roster of top industry leaders. On the standards front, our publisher-centric messaging and practical training on viewability have overtaken the hype that dominated earlier this year. We are well on our way to a world where a viewable ad impression is the backbone of a new era of digital, with a marketplace structured around cross-platform media measurement and viewability.

Despite these successes, many challenges remain. Ad blocking emerged as a dominant issue as a result of growing consumer adoption. Thanks to excellent engagement of thought leaders in the IAB Board of Directors, the IAB Tech Lab, and other leadership groups, IAB is well positioned to lead the emerging conversation this year, but there is much work ahead.

We also continue to press on advances in technical standards to combat fraud and piracy, support for education and diversity to ensure a healthy talent pipeline for our industry, and innovation in an ad product portfolio to keep pace with consumers' expectations.

Overall, IAB continues to make investments to fulfill our expanded mission: to empower the media and marketing industries to thrive in the digital economy. These investments continue to pay dividends.

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The format of this President's Report follows the five-year plan the Board and our industry embraced in 2014. The plan outlines five challenges that must be resolved for the long-term health of the interactive advertising industry. These five enduring priorities are:

- Creating the Trustworthy Digital Marketing Supply Chain
- Making Measurement Make Sense
- Publisher Transformation
- Building Brands Digitally
- Moving Mobile Mainstream

Following these priorities is a section on IAB operations. This section includes:

- Membership Services and Growth
- The IAB Tech Lab
- Public Policy
- Learning and Development
- Research
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The Trustworthy Digital Marketing Supply Chain

Recognizing Emerging Business and Technical Obstacles

Ad blocking emerged as a dominant issue following a few years of growing consumer adoption. Thanks to excellent engagement of thought leaders in IAB boards and other leadership groups, IAB was well positioned to lead the emerging conversation. With stewardship by IAB Tech Lab leader Scott Cunningham and his

team, IAB hosted a vendor summit to highlight currently available options for dealing with lost inventory, released the **LEAN Ads Principles**, seated a working group on the issue, and developed open source code for detection of ad blocking. In the coming months, we'll continue to participate in the conversation publicly, will remain available to discuss the landscape privately, and will be moving forward on both strategic and tactical efforts.

It was a busy summer for the Trustworthy Accountability Group (TAG), which was formed as a joint venture between IAB, the ANA, and the 4As. Under CEO Mike Zaneis (who announced his departure from IAB in order to lead our sister organization), TAG has developed and released two major anti-fraud tools—the Fraud Threat List and the Data Center IP List. Now in pilot programs to finalize their widespread implementation, these tools will form the foundation for an industry-wide anti-fraud program that will more effectively identify non-human traffic and remove it from the legitimate supply chain. TAG also launched its Leadership Council, a governance body comprised of 20 leading companies that will help guide the organization's strategy and implementation priorities. In the fall, TAG will formally launch its Registration and Payment ID system, which will bring greater transparency to the digital supply chain and keep money from flowing to criminal entities.

Making Measurement Make Sense

There has been much progress regarding viewability, the current stage in the process of making measurement make sense. Under the leadership of SVP Sherrill Mane, publisher-centric messaging and practical training on viewability have overtaken the hype that dominated earlier this year. With the assistance of the Media Ratings Council and our 3MS partners, the ANA and the 4As, the IAB has focused on four key areas:

- **Education** to strengthen understanding of viewability as the “opportunity to see,” and boost acceptance of the empirical science behind the standard.
- **Completion and communication** of the results of the MRC reconciliation analysis, which identified the causes of discrepancies across viewability measurement vendors.
- **Follow up with the MRC** on the progress vendors are making adopting the updated viewability measurement standards. (Version 2.0 was released in August 2015, and incorporates guidance from the reconciliation work).
- **Moving forward with development** and writing of a standard for mobile viewable impressions, both web and in-app, while on a parallel path,

developing a broader framework for prosecuting a complete mobile measurement agenda.

This last item is critically important to Making Measurement Make Sense, as mobile usage and ad revenue climb. The biggest source of variance across vendor viewable impression data at a campaign level was the combining of desktop and mobile viewable impression counts in one line item.

As part of the IAB 3MS Educational Forum, a series on the whys and hows of viewability implementation, the IAB hosted the release of the findings of the MRC reconciliation study on July 8. The session featured MRC head George Ivie, whose presentation covered data and implications as well as the timeline for vendor improvements to occur. On the heels of the publication of the findings, IAB released a statement supporting the work of the MRC and used it as an opportunity to communicate a message about the importance of rapid improvement of viewability measurement. Further, the statement highlighted the substantiation of the IAB assertions that 100 percent viewability was not yet feasible. In October, the 3MS Educational Forum did a deep dive on a successful case study of viewability implementation by one publisher, PGA Tour Digital.

At the request of the 3MS leadership team, the 4As hosted a Measurement Town Hall on September 11. The session covered viewability as well as the distinction between fraud and viewability, and the work being done on improving measurement through identification and filtration of invalid traffic from impression counting.

As 2015 draws to a close, the IAB Board of Directors Sub Committee on Viewability discussed how to communicate to the market the progress that has been made and where there are still hurdles. IAB began the year with a clearly formulated set of principles for viewability transactions in 2015, a year of transition. As we move to close the year, the consensus of the group was that viewability is settling into a marketplace norm that does not require issuing new public positions.

The sub-committee has also broadened its purview to cover ad blocking as well and is being renamed the IAB Board of Directors Sub Committee on Revenue Strategy.

Publisher Transformation

Since its inception, the **IAB Digital Video Center of Excellence** and the members of the Video Center Board of Directors, along with the Video Buyers Advisory Board, have worked to identify and prosecute industry initiatives that include research

projects, digital video advertising case studies, technical standards, creative showcases, and best practices. The board met in October to discuss a wide array of industry topics spanning from key video research to mobile updates related to the new Apple iOS9 operating system. But the topic that yielded the most interest was ad blocking. Following suit, the Digital Video Committee met this quarter to review and discuss ad blocking within the video marketplace.

The Digital Video Center of Excellence, in cooperation with the global IAB network, produced a document that captures country-specific digital video ad revenues, wireless, and broadband availabilities, inherent opportunities and challenges, and the perceived importance of formats, platforms, and monetization strategies. The global video anthology, titled *State of the Digital Video World*, tapped into the expertise of 19 IABs and other related organizations around the globe to identify global opportunities, challenges, and examine how perceptions of video vary across countries and regions.

The Digital Video Center of Excellence also published an *Advanced TV Industry Primer* that provides a framework for both buyers and sellers that defines what Advanced TV is. IAB followed that in September with a research piece titled *Advanced TV: Ad Buyer Perceptions Study*. Reflecting the increasing importance of advanced TV, the Digital Video Center of Excellence has evolved our existing Advanced TV Advisory Board into a fully-fledged IAB committee. The Advanced TV Committee will be having its first committee meeting before the end of the year.

IAB also continued our prodigious efforts to guide the social media, native advertising, and content marketing discussions in our industry. In July, a working group of 30 **Native Advertising Task Force** members published a [Deep Dive on In-Feed Ad Units](#), a supplement to the [Native Advertising Playbook](#). This paper examined different permutations of in-feed ads, highlighting the need for advertisers to ensure that the ad type and the ad experience fit within a given publisher's environment/UX to meet the advertiser's goals. This piece has achieved significant press coverage.

In August, [Disclosure, Disclosed: How Leading Web Properties Disclose In-Feed Ads](#) was published. This snapshot view of the comScore Top 100 Most Visited Web Properties (desktop only) showed that leading web properties appear to be paying attention to helping consumers understand when they are viewing in-feed ads, using language and other visual disclosure cues to distinguish between surrounding publisher editorial content.

IAB formed the **MRC Social Media Measurement Guidelines Working Group** to work with the MRC, in association with the 4As and WOMMA, to develop comprehensive guidelines intended to help brands measure the impact of their social media investments. The MRC released the Guidelines for 30-Day public comment on September 15.

The **Programmatic Council** continued to focus on education, mobile, and on working to make private marketplaces work better. In partnership with IAB's Learning and Development team, the one-day training program for direct sellers and buyers continued its roll-out across the country with training sessions held in Washington DC, New York, San Francisco, and Chicago.

Among the Programmatic Council's particular emphases was an initiative entitled "Making Private Marketplaces Work Better." The council released a [Private Marketplace Checklist](#) with the goal of ensuring that buyers and sellers are aligned about what they are trying to achieve from their Private Marketplace and that they appropriately assess (before moving ahead) whether it is the right channel to transact through. The checklist provides a list of issues that buyers and sellers need to discuss and agree to ensure ROI from their private marketplaces. The work is seeing widespread adoption in the marketplace.

Expanding on the release of the *A Digital Audio Buyer's Guide* in April, the **Digital Audio Committee** brought this valuable resource to life at two Digital Audio Days, first in Los Angeles at Spotify West Hollywood in May and second in Dallas at the Dallas Entrepreneur Center on August 5th. Each event independently reached more than 100 marketers, media executives, and content providers, who heard from industry leaders, examined research supporting the growing digital audio market, learned from creative campaign best practices, and gained insights on rising and developing trends in digital audio. This show continues with our third Digital Audio Day in Chicago on November 10.

IAB also launched its first-ever [Podcast Upfront Showcase](#) in September in New York. Presenting sponsors AdLarge, CBS, ESPN, Midroll, NPR, Panoply, Podtrac, and WNYC promoted their unique offerings to a packed house of over 120 advertising and marketing executives, and previewed the latest in innovative podcast programming. Both veterans and newcomers to the space shared similar messages—intimate entertainment experience, listener loyalty, niche targeting, imaginative programming and non-blockable native advertising, establishing podcasting as a truly viable and mainstream medium worthy of brands' attention. In true upfront fashion, the stage was set with the hottest podcast talent, from mainstream celebrities like actor and director Michael Rapaport, to highly regarded

public radio hosts and journalists like Slate’s editor in chief Julia Turner, who opened the event as our keynote speaker. Ad Age recognized our efforts as [Podcasting’s Renaissance Celebrated](#) and Adweek shared [How IAB’s First Podcast Upfront Was Such a Hot Event for Marketers](#). IAB certainly plans to build from the success created from this initiative.

The **Game Advertising Committee** has been taking its show on the road to communicate the value and scale of gaming as an advertising medium. In May, Susan Borst, Director of Industry Initiatives, moderated a panel titled *Game Advertising for Brands: Now’s the Time to Re-Frame the Conversation* with EA, Microsoft, and Twitch at the LA Games Conference. The committee was also represented at the New York Media Festival on October 8, with a panel comprised of Aerserv, Hypermx, IronSource, MediaBrix, and Tresensa. An article entitled [Five Ways to Get More Brands in the Game Advertising Game](#) was released following the event to spread the word about the premium nature of games and the opportunities for brands.

The **B2B Committee** has been busy of late with two Town Halls at the IAB AdLab. On June 15, the Native Advertising Task Force held a town hall titled *Winning Strategies for B2B & Native*. Speakers from 6Sense, Adobe, Adweek, DemandBase, Exelate, Forbes, IBM, Nativo, Polar, and SmartBrief took to the stage to discuss pain-points such as targeting, data and distribution as well as unique opportunities for engagement and lead-gen/sales. On October 19, partnering with the Mobile Center of Excellence, DemandBase, Haymarket Media, Inc. & Fast Company, LinkedIn, Madison Logic, Medialets, Polar, and Sharablee provided deep insights and concrete examples of the role and importance of mobile for B2B marketers.

On October 28th, the **Data Council** released a major study, *Data as Competitive Advantage*. This study, conducted with the Winterberry Group and supported by Accordant Media, AddThis, Dunn & Bradstreet, Oracle Marketing Cloud, Alliant, Connexity, and SAS, features insights from more than 100 executive-level thought leaders, representing all segments of the advertising, marketing, media, and technology industries. The study explores how data add value across various “traditional,” “digital” and “omnichannel” use cases. The study included special emphases on the methods sophisticated companies are applying to extract meaningful competitive advantage from their first-and third-party data assets as well as what best practices data users uphold as they seek to elevate data’s contribution to the marketing enterprise.

Finally, the **CFO Council** also hosted an Ad Blocking Town Hall in October to educate the financial community on IAB efforts to combat the white-hot topic of ad blocking and how industry experts are addressing the problem.

Building Brands Digitally

Ad experiences must be as natural and meaningful as the content consumers expect and enjoy in the digital realm. To that end, the IAB Tech Lab worked to update **the IAB creative display guidelines** to fully embrace HTML5 technology. This followed extensive testing for performance and time to display as well as exhaustive working group consideration for guidelines unique to HTML5 ad creatives. Key changes recommended include defining HTML5 specific guidelines for number of requests to server, shared libraries, video display, and animation for both desktop and mobile display ads. To support the transition, the HTML5 guide for ad designers has been revised and is in public comment as well as a HTML5 Ad Validator tool version 1 that can validate the ad creative package for hard guidelines is ready for beta release. A long-term roadmap for Ad Validator tool has also been defined.

IAB also released an in-depth report this quarter that offered key guidance to ad creatives. The [*IAB What Works & Why – Global Insight Report*](#) is the second in a series that explores case studies from 24 award-winning ad campaigns from around the world and features expert commentary from 28 international digital marketing and media leaders. It highlights both the art and science necessary to create authentic digital marketing that resonates with audiences around the world and is a valuable tool for agencies and marketers for learning how best to leverage the opportunities publishers present to them.

In September IAB concluded management of a successful **IAB MIXX** featuring a powerful roster of top industry leaders including Michael Roth, Chairman and CEO, Interpublic Group; Daniel Ek, CEO and Co-Founder, Spotify; Marissa Mayer, CEO, Yahoo; Seth Meyers, Host, *Late Night with Seth Meyers*; Ben Silbermann, CEO and Co-Founder, Pinterest; Susan Wojcicki, CEO, YouTube; Wendy Clark, President, Sparkling Brands & Strategic Marketing, Coca-Cola North America; and Ira Glass, Creator and Host, *This American Life*.

Michael Lebowitz, Founder and CEO of Big Spaceship, served as the 2015 **IAB MIXX Awards** jury chair, leading a [*cross-industry panel of 38 judges*](#) consisting of creative luminaries, brand marketing powerhouses, and blue-chip publishers in the selection process. This year's most sought-after IAB MIXX Award – the Best-in-Show prize – went to the ALS Association for “The ALS Ice Bucket Challenge” and the feedback from judges and attendees for the sold-out event was overwhelmingly positive.

Moving Mobile Mainstream

The global mobile marketplace is growing at an unprecedented rate. Mobile advertising accounted for almost \$31.9 billion in 2014 global advertising revenue, compared to \$19.3 billion in 2013 —65 percent year-on-year growth, according to *Global Mobile Advertising Revenue 2014: The State of Mobile Advertising Around the World*, a report prepared for IAB by IHS Technology and released in August.

The **Mobile Marketing Center of Excellence** continues to foster the mobile advertising industry's growth on a number of fronts. In June, IAB released *Mobile Video Usage: A Global Perspective*, a comprehensive survey of consumers from 24 countries around the world who watch smartphone video. Contrary to popular opinion, mobile screens are regularly being tapped for streaming longer-form video: 36 percent of total respondents said they watch videos that are 5-minutes or longer on their phones daily or more frequently, with smartphone video viewers in Turkey, Finland, China, Russia, and Singapore being particularly frequent viewers of such videos. The study also examined popular video content genres, locations, and times of day when people watch videos, and attitudes towards advertising in the context of mobile video content.

In July, IAB's Mobile Center relaunched the **Make Mobile Work Initiative** with another series of webinars aimed at providing marketers and agencies with practical, jargon-free advice on how to make mobile advertising work for them in the increasingly omni-screen world. The first two webinars were a great success, attracting around 300 attendees each to learn about how to succeed with mobile video and cross-device measurement. The last webinar in this series is on tactics for app promotion Campaigns in December.

The Mobile Center published a [*Local Buyer's Guide: Practical Advice for Advertising Targeted to Digital Local Audiences*](#). This aims to be the definitive industry guide for anyone who wants to learn about using digital to advertise to local audiences and looking to understand local digital media's growth, evolution, sophistication, and burgeoning opportunities. This includes large national brands, small and medium businesses, as well as regional-to-global ad agencies.

Finally, the Mobile Center published a "Digital Simplified" document that explains [*Mobile Ad Engagement Metrics*](#). This piece builds on the groundbreaking "Defining and Measuring Digital Ad Engagement in a Cross-Platform World," released in February 2014 by highlighting and reinforcing mobile-specific engagement metrics, as well as indicating ways that measuring engagement on smartphones and tablets diverges from the desktop. This document helps bring order and clarity to industry conversations about understanding consumer engagement on mobile screens.



IAB Operations: Expanding the Influence

Many IAB capabilities support these five strategic pillars as well as members and the industry itself by increasing the influence of IAB across the ecosystem, Washington, D.C., and the world.

Membership Services and Growth

With 69 new General Members and 17 new Associate Members joining since January 1, 2015, our current total membership is over 600 companies, without counting subsidiary members. Counting subsidiaries raises total membership to more than 800 companies.

Notable new members since January include WebMD, Snapchat, the National Football League, *The Onion*, Oracle, Netflix, and Dell. The Long Tail Alliance now includes more than 1,186 members.

Below is a comprehensive list of new members:

Organization Name	Member Type
Adadyn	General
Adbrain	General
Adform	General
Adtile	General
Alliant	General
BlogTalkRadio	General
C1 Exchange	General
Cable One Advertising	General
Clear Channel Outdoor	General
Click Video	General
Coull Ltd	General
DashBid	General
DGital Media	General
Emogi	General
F#	General
Fluent	General
Genesis Media	General
Gimbal Inc.	General



Haymarket Media	General
Inneractive LTD	General
InstaBrand	General
IronSource	General
JUICE Mobile	General
Kiosked	General
Kochava Inc.	General
Legacy.com	General
LittleThings.com	General
LotLinx	General
Madison Logic	General
MeritDirect, LLC	General
National Football League (NFL)	General
NeoReach	General
Netflix	General
NovoRoll	General
Oracle	General
Phluid Media	General
Placester, Inc.	General
PubNative GmbH	General
PushSpring	General
Qriously	General
Quixey	General
RADS Media	General
RebelMouse	General
Reelz	General
RevJet	General
RockYou!	General
Shareablee, Inc.	General
She Knows	General
Site Tour	General
Skyhook Wireless	General
SnapChat	General
SteelHouse	General
Sublime Skinz	General
Sunday Sky	General
Tavant Technologies	General
The Guardian	General



The Mobile Majority	General
The Onion	General
Trivver, Inc	General
Ve Interactive	General
ViralGains, Inc.	General
WebbMason, Inc.	General
WebMD	General
Wibbitz	General
Woven Digital	General
Yavli	General
Yieldmo	General
Zefr	General
Zemanta	General
6Sense	Associate
Acquia	Associate
Authenticated Digital	Associate
Avant Digital Media	Associate
Ayuda Media Systems, Inc.	Associate
Brandtale	Associate
ClarityAd	Associate
Dell Inc.	Associate
First Haven Media	Associate
Glassnetic	Associate
Ipsos	Associate
Management Science Associates	Associate
Pebblepost	Associate
Redbooks	Associate
RiskIQ	Associate
Secret Media	Associate
TiVo Research	Associate

IAB Technology Lab

Under the leadership of Scott Cunningham, Senior Vice President, Technology and Ad Operations, and General Manager of the IAB Tech Lab, **the IAB Tech Lab** has contributed to the advancement of IAB and its members across a number of dimensions. The Tech Lab has been a central capability for cross-industry initiatives,

such as the Digital Advertising Alliance and the new Trustworthy Accountability Group.

Responsible for developing tools, standards, and best practices that simplify and reduce costs associated with the digital advertising and marketing supply chain, the IAB Tech Lab has become an international center for leaders in the industry. The Board of Directors is chaired by David Moore of Xaxis. The Executive Committee includes Jonathan Bellack, Google; Anand Das, PubMatic; Kelly Petersen, Tremor Video; Tom Shields, AppNexus; Michael Smith, Hearst, and Srin Venkatesan, Yahoo. The Board is rounded out by David Adam, Condé Nast; Krishan Bhatia, NBCUniversal; Andrew Casale, Index Exchange; Martin Gilliard, Experian; David Jakubowaski, Facebook; Tian Lim, Hulu; Erin Petersen, Time Inc; Robin Petersen, Mashable; Jason Richman, Spotify; Neal Richter, The Rubicon Project; Bill Simmons, DataXu; Peter Sirota, Quantcast; and Eoin Townsend, Collective.

The work output from the IAB Tech Lab has been prodigious. Just since May, it has produced:

- Tools and Best Practices for Reducing Risk of Traffic Fraud (in support of TAG)
- OpenRTB Dynamic Native Addendum
- MRAID/VPAID Video Addendum
- IAB Digital Video In-Stream Metric Definitions
- Updated “IAB Display & Mobile Creative Guidelines – for HTML5”
- IAB HTML5 for Digital Advertising v2.0: Guidance for Ad Designers and Creative Technologists
- IAB Digital Video In-Stream Ad Format Guidelines

These multiple achievements were realized even as the IAB Tech Lab took the lead on one of the biggest issues of the day: ad blocking. Nearly immediately, Cunningham coalesced the industry around a variety of potential solutions that included:

- A detection script for publishers to identify ad blocking software
- A variety of post-detection best practices such as detection, notification, choice, constraint
- LEAN Ad Principles

Scott authored a blog post entitled [Getting LEAN with Digital Ad UX](#), in which he commented on the industry’s responsibilities for solving the ad blocking problems we are facing, and outlined the LEAN Ad Principles:

- L Light
- E Encrypted
- A Ad-choices supported
- N Non-invasive ads

These principles resonated with the professional community and captured the attention of the press, including *The Wall Street Journal*, *Ad Age*, *The Atlantic*, *Washington Post*, *Wired*, *Vice*, *The New York Times*, and many more.

Public Policy

The international policy arena has exploded recently with a series of top issues moving forward. The IAB Public Policy Office has coordinated a global policy strategy with our international counterparts to more effectively advocate for the digital advertising industry before foreign governmental agencies. These efforts bore fruit recently when U.S. negotiators were able to finalize language with 11 of their Trans-Pacific trading partners on an agreement to expand the flow of goods (including digital goods and advertising) across international borders. This agreement still faces several legislative hurdles and IAB will be lobbying the Congress for swift approval of this agreement.

Also on the international front, a European Union court recently invalidated **the Safe Harbor Program**, which has provided protections for thousands of U.S. companies that transact business in the EU and pass data across these international boundaries. The decision leaves our multinational members in legal limbo. In anticipation of this possible development, IAB has been working with the United States Trade Representatives on a new framework to strengthen the Safe Harbor program. These negotiations are more important than ever as the European court has told companies that they will begin to enforce the data sharing restrictions as early as January 2016.

IAB also convened a search committee of several of our members' most senior Washington policy executives, to help identify a candidate to replace Mike Zaneis, the IAB's Executive Vice President for Policy and head of our Washington Office. After nine years at IAB, Mike is leaving to helm TAG, our sister organization. We expect to announce a new Washington office leader in November.

Learning and Development

The **IAB Certification** program recently posted its best quarter ever; in Q3 2015 more than 1,000 candidates applied for the Sales, Ad Ops, and Data Solutions certification examinations. That brings the three-year total of candidates to certficants and candidates for certification to more than 11,000 men and women.

Meanwhile, the American National Standards Institute (ANSI) has recognized the programs' rigorous adherence to operational and ethical standards by awarding accreditation to both the Digital Media Sales Certification and the Digital Ad Operations Certification programs. Only about 10 percent of all the U.S. certification programs earn this prestigious achievement.

On the professional development front, the IAB launched two major initiatives last month. The **Digital Leadership Program**, a three-day intensive workshop that focuses on mid-level professionals and the knowledge necessary to be successful digital managers, sold out in its debut, with candidates from Time Warner Cable Media, Bloomberg, Twitter, and Time Inc. The **IAB Online Learning Program** is a partnership with Bisk Education, a nationally recognized e-learning provider, and is offering specially-designed programs to IAB members and non-members alike. The first offering is the IAB Sales Certification Prep course; Fundamentals of Digital Advertising will launch in early 2016, followed by courses on Ad Operations and Programmatic Selling.



In September, the **IAB Education Foundation** released a report called [*The Diversity Dividend and the Looming Skills Gap in the Interactive Media Industry*](#) that encapsulates the learnings from the Voices United multi-city listening tour, and

established the iDiverse initiative to forestall the imminent threat of lagging diversity in the digital media workforce. The iDiverse logo will be used for branding purposes and to identify corporate supporters of the initiative. With industry support, the IAB Education Foundation will be well positioned to deliver a customized program that provides trained, tested, and vetted entry-level employees for ad ops, marketing, and sales support positions. The Foundation will also offer recruiting, interviewing and placement services, as well as ongoing training and mentoring.

The IAB Education Foundation also has two new training partners that will be developing curriculum for entry-level positions in sales support, ad ops, data analytics and marketing. University Now is an accredited online higher education provider based in Oakland, California and will be offering several classes on digital

ad fundamentals. Finally, the IAB Education Foundation is also partnering with the New Jersey Community College Consortium to establish entry- and mid-level training programs in data management.

Research

Under the leadership of Sherrill Mane, Senior Vice President of Research, Analytics and Measurement, and Kristina Sruoginis, Research Director, IAB research has advanced the industry and the organization through a number of initiatives. IAB research on consumer usage and attitudes toward ad blocking, which had been conducted discreetly for two years, served as a foundation for the larger IAB perspective on the topic and the LEAN Principles.

In addition to the efforts on ad blocking, since our last report, three studies were released.

The IAB Programmatic Revenue Report, built on the “gold standard” measurement of revenues in digital, which has been conducted by PWC for more than 20 years, provided the first-ever independently researched revenue figures on programmatic advertising, showing that it generated \$10.1 billion in 2014, comprising 20% of the total of all internet ad revenue in 2014. The study also found that ad tech companies received about 55% of programmatic revenues, with publishers garnering only 45%. This finding substantiated the rationale for the creation of the **IAB Programmatic Fee Transparency project** to develop best practices around fee disclosure. In July, the IAB hosted a well-attended Town Hall covering this groundbreaking independent research and its implications for the market.

The *Advanced TV: Ad Buyer Perceptions Study*, referenced in the Digital Video Center of Excellence section, included interviews with the most senior agencies and brand marketers as well as a quantitative survey of a broader population of buyers. Mean spend is estimated to be \$1.4M. Most important, there is great optimism about the promise of advanced TV, despite the current “wait and see” attitude toward spending and confusion surrounding the term “advanced TV.” Seventy percent plan to spend more on advanced TV over the next year with funding primarily coming from TV and experimental budgets.

The *Digital Influence on Home Improvement Plans*, a custom IAB analysis of Prosper Insights data, also contained a look at digital influence on Hispanic consumers planning home improvement. The report found that Hispanic Americans are mobile-first and are even more likely to be influenced by mobile and digital ads.

International

Under the leadership of David Doty, Executive Vice President and Chief Marketing Officer, and Alexandra Salomon, Senior Director of International, IAB International has grown more influential than ever in driving the interests of our members around the globe. The **IAB Global Network** now is made up of 44 organizations across 6 continents and exhibits an energetic, collaborative working relationship.

As a confirmation of that evolution in influence and cooperation, more than 100 participants from 35 countries converged at this year's annual **IAB Global Summit** on September 30 and October 1, 2015, at the IAB Ad Lab in New York City. Joining the gathered IAB leaders were members of our own Board of Directors as well as members of IABs across the globe, including publishers, ad tech companies, and creative agencies. Over the two days, spirited Town Hall discussions focused on ways the global network can work in partnership on solutions and find new inspiration and ideas.

The three top takeaways were:

- As a global network, we are much more adept than ever at collaboration, across borders and initiatives.
- We can improve how we share information multi-directionally, between International IABs and IAB (U.S.), and among the IABs themselves.
- Different IABs are now willing to take on driving substantive advances.

Adding inspiration and insights to the days were outside presentations from such industry visionaries as Sophie Kelly, Chief Executive Officer, the Barbarian Group; Frank Cooper, Chief Marketing and Chief Creative Officer, BuzzFeed; and Elizabeth Bailey Weil, Partner, Andreessen Horowitz.

The IAB Global Summit provided an excellent platform for the release of several important initiatives, such as the [IAB What Works & Why – Global Insight Report](#) mentioned earlier. IAB also published the [IAB State of the Digital Video World](#), a first of its kind report examining the important role that mobile and programmatic play on that platform in 19 markets from around the globe.

Helping to guide members that want to keep up with the different regulatory and policy updates in various countries and regions where they might wish to do

business, the *IAB Global Legal Summaries* was refreshed to include over 25 countries, adding this time Germany, Japan, and Uruguay.

As the IAB brand continues to gain value globally, we renewed the working collaboration with the Japan Internet Advertising Association (JIAA) to strengthen ties between the Japanese digital marketing community, the IAB, and the worldwide interactive ecosystem. Among the many opportunities this cooperation presents is the encouragement for Japanese companies to join the IAB Tech Lab. IAB is also broadening discussions with JIAA to include a cobranded thought leadership event that could potentially take place in Tokyo, likely on the topic of Measurement.

IAB International has also been working closely with the IAB Certifications and Training Programs, which have seen more than 300 percent growth internationally since the beginning of the year with applicants from over 40 countries. New Zealand and Canada have also recently offered the Digital Media Sales Certification and the Digital Ad Operations Certification prep courses, further extending our training across the globe.

Events

IAB events, led by VP Virginia Rollet Moore, continue to be a convening platform for industry thought leadership as well as a healthy revenue source for the organization.

IAB conferences are holding strong as a central gathering place for top-level speakers and attendees, even amidst a competitive trade industry event landscape. The same held true for the IAB MIXX Conference. As Advertising Week becomes more crowded and chaotic, IAB MIXX maintained arguably the top editorially curated content of the week, and a powerful roster of top industry leaders.

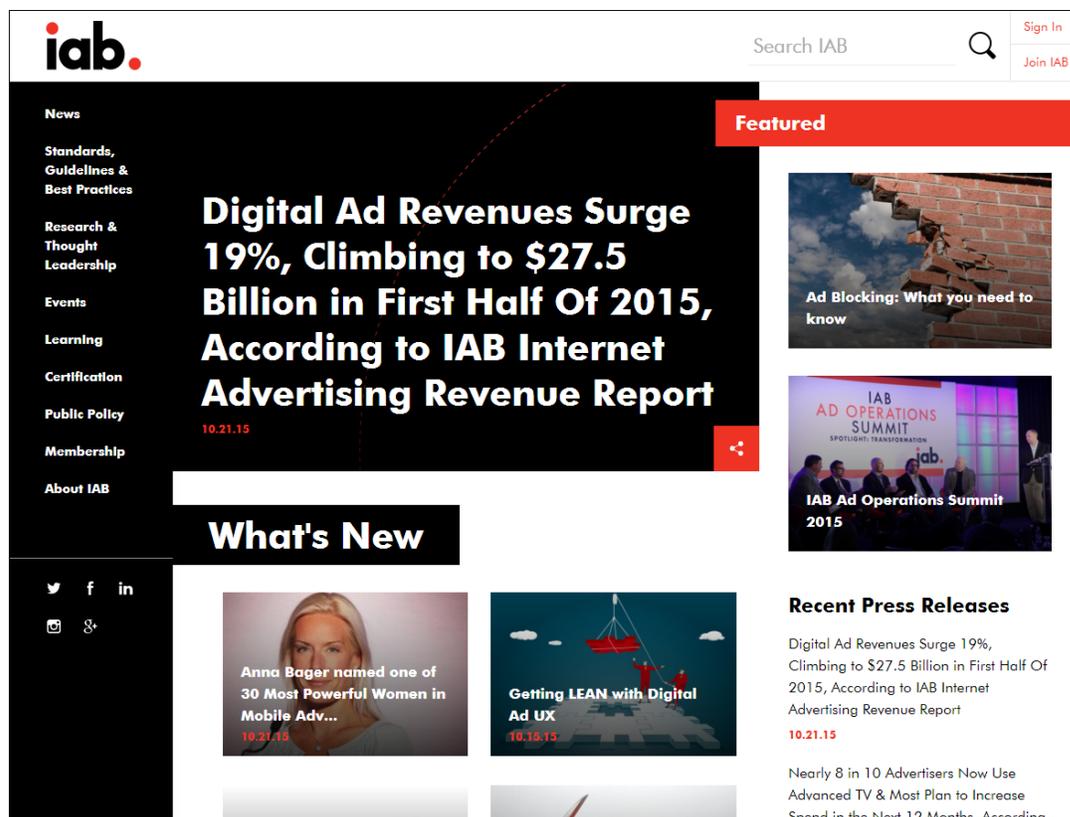
We continue to elevate the IAB MIXX Awards experience to make it more in line with a top tier program and event. The show was sold out and the feedback from judges and attendees was overwhelmingly positive. This year's success will impact our ability to grow revenue in the future.

Events like the Annual Leadership Meeting and the Programmatic Summit, in partnership with ThinkLA, in Los Angeles still allow the business to show a forecasted growth of 5 percent over last year.

Marketing

Under the leadership of Executive Vice President and Chief Marketing Officer David Doty and Marketing Senior Director Chris Glushko, marketing built new platforms for growth and delivered strategic communications results.

On October 14, marketing launched **IAB.com**, a new website for IAB under a new domain. IAB.com is the first full redesign of the IAB website since 2007. Built from the ground up, IAB.com provides a better, more robust platform for delivering not just the resources IAB members and the broader industry have grown to depend on, but also the thought leadership and knowledge of IAB committees and councils, IAB staff, and other industry leaders and key stakeholders. The new site has many enhancements, including more news and information about the most pressing topics in digital, more intuitive navigation, and a fully responsive design to support tablet and mobile browsing.



Marketing delivered the IAB point of view on ad blocking to the industry through a multidimensional communications strategy that leveraged the press, live events, member communications, social media, and the IAB website. Top-tier press highlights include the placement of Randall Rothenberg's byline "[Ad Blocking: The](#)

[Unnecessary Internet Apocalypse](#)” in *Ad Age* with additional coverage in the *Wall Street Journal*, *Fast Company*, *New York Post*, *TechCrunch*, and more.

The team reached out to several small publishers from the IAB Long Tail Alliance to get them to speak out against ad blocking through short videos. Videos from Elfster.com, JoyOfBaking.com, and MomLifeTV.com were shown at the IAB MIXX Conference to show how ad blocking impacts small businesses. To drive this message further, marketing organized a press conference at MIXX featuring the small publishers and Scott Cunningham. The packed-house event was attended by reporters from *The New York Times*, *Wall Street Journal*, *CNBC*, *Reuters*, *MediaPost*, *Adweek*, and more—resulting in additional coverage on the small business impact of ad blocking.

On the IAB website, marketing built an ad blocking hub to provide key news, information, and support to IAB members seeking guidance on the issue. The team promoted the hub to IAB members through various channels, including email newsletters and a persistent social media campaign.

Financial Management

Under the financial leadership of Executive Vice President and Chief Operating Officer Patrick Dolan, IAB finances remain strong. According to financial results through August, consolidated topline revenue of \$18.1 million was \$1 million ahead of budget and \$3.2 million or 21 percent more than the same period in 2014. This was mainly due to the growth of dues revenues from the continuing reclassification of former associate member and another record performance of the **IAB Annual Leadership Meeting** in Phoenix in February.

Other programs, such as the Digital Sales and Ad Operations Certification, the Mobile Center, and the Tech Lab programs have all performed either on or above budget. We have also managed expenses, allowing the IAB to deliver net income for the first eight months of 2015 of \$1.4 million. We are expecting to spend more in the last 2 quarters of the year; however, we feel confident that the IAB is well positioned financially to deliver on its ambitious agenda for 2015.

RANDALL ROTHENBERG

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I am pleased by our ability to continue to deliver value to our members and am grateful for all our progress this quarter. This would not be possible without the commitment from our members, and especially from our Board of Directors. I thank you for your support of this team and our efforts.

Respectfully submitted,

Randall Rothenberg
President & Chief Executive Officer