



President's Report

February 8, 2015

A Year of Accelerating Interactive Growth

By Randall Rothenberg

2015 is a year of tremendous opportunity for the interactive advertising ecosystem—and for IAB. According to figures released in December 2014 by IAB and PwC in the “Internet Advertising Revenue Report,” U.S. internet advertising revenues were \$35.49 billion for the first three quarters of 2014, which is up by \$4.82 billion, or 16 percent, from the first three quarters of 2013. Overall, U.S. internet advertising revenues are on track to best 2013’s record of \$42 billion.

Like the industry it represents, the financial health of IAB is also strong. According to unaudited 2014 financial statements, IAB is projected to finish the year with topline revenue of \$23.2 million, up from the record \$20.3 million in 2013 and 6.85 percent more than budgeted. Projected dues revenue reached a record high of \$11.2 million for 2014, approximately \$615,000 more than budgeted.

Organizationally in 2014, IAB laid important groundwork for the year ahead: We evolved our membership criteria, organization structure, and key processes to recognize and help drive dramatic changes in the digital marketing and media sectors. We also directed funding toward developing the cross-screen marketplace, including mobile marketing and digital video advertising; developing a seamless global network for interactive advertising; forging innovations in advertising technology; and producing valuable insights into brand-building digitally. In short, we made some of the most dramatic changes in the history of IAB.

In 2015, we are now leaning into those changes to fulfill on the expanded mission of IAB to empower media and marketing industries to thrive in the digital economy.

Our efforts are all in service of the **Five-Year Plan to Digital Dominance**, which outlines five key challenges that must be resolved for the long-term health of the industry:

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

Table of Contents

This IAB President's Report is meant to serve as a continuing record of the association's activities. This report is structured according to the five priorities in our five-year plan. Following these priorities is a section on IAB operations. This section includes:

- Membership Services and Growth
- Public Policy
- Learning and Development
- Research
- International
- Events
- Marketing
- Financial Management

Trustworthy Digital Marketing Supply Chain

The digital advertising industry needs a transparent, liquid, and safe marketplace for digital advertising and marketing transactions if it is to thrive in the long-term. The activities described in this section support the Trustworthy Digital Supply Chain Initiative, formally launched in June 2014, and move us closer to this goal.

This endeavor encompasses four distinct objectives:

- Promote Brand Safety through Transparency and Accountability
- Eliminate Fraudulent Traffic
- Combat Malware
- Fight Internet Piracy

Technical Standards for Rapid Implementation

Last year IAB announced the formation of the **IAB Technology Lab**, a nonprofit research and development consortium. Charged with producing and helping companies implement global industry technical standards and solutions, the goal of the consortium is to simplify and reduce the costs associated with the digital advertising and marketing supply chain while contributing to the safe growth of the industry.

The first projects to emerge from IAB Tech Lab are already underway. The **OpenDirect V1** technical spec was finalized and released in early January 2015 after a public comment period in November. Originally developed by a working group consisting of technical analysts, product managers, and system architects from AOL, Microsoft, Yahoo, and Yieldex (the group eventually expanded to include representatives from Bionic, IAB, and MediaMath), an IAB cross-industry **Digital Advertising Automation Task Force** is now responsible for future versions of the spec, beginning with the prioritization of a product road map and the development of supporting material for OpenDirect V1. In addition, we are monitoring marketplace implementation of the

spec—the original authors, including Bionic Advertising Systems, have committed resources for implementation in Q1, as have other IAB member companies.

The **OpenRTB 2.3** specification and an addendum to address native advertising scenarios have also cleared public comment. OpenRTB is released on an annual cadence, and the addendum has been released as a separate document to allow more frequent iterations in the evolving environment.

Building Trust and Accountability

Too many marketers and agencies do not fully understand the inner workings of the digital advertising supply chain. The path an ad travels today, from insertion order to the screens of a target group of consumers, is labyrinthine and far too opaque to the buyer. Unchecked, this lack of transparency deters brand spending in our ecosystem.

Last fall, we announced the foundation of the **Trustworthy Accountability Group (TAG)**, an independent industrywide accountability program, which we established with the American Association of Advertising Agencies (4A's) and the Association of National Advertisers (ANA). This new accountability organization is developing an active monitoring system to detect noncompliance with the principles around ad fraud, theft, and malware, and increased marketplace transparency. Only then will we be able to ensure that we are providing a truly trusted digital ad supply chain.

TAG was officially incorporated in December, and we have already built an aggressive business plan with six top CMOs committed to join the TAG Board of Directors.

Eliminate Fraudulent Traffic

No economic model in which a significant percentage of goods sold is fraudulent is sustainable. We must identify bot-generated, nonhuman traffic and remove it from the supply chain. In September, we took the first step by publishing a common taxonomy titled **IAB Anti-Fraud Principles and Proposed Taxonomy**, so the entire ecosystem can speak the same language when talking about “transacting in only human traffic.” This

taxonomy was accompanied by a set of principles, operational and technical in nature, to help guide sellers of inventory in the identification and filtering of fraudulent activity. We are now focusing on adoption and accountability across the entire industry.

Combat Malware

Eliminating fraudulent traffic and combatting malware are two sides of the same coin. Malware is the malicious software downloaded onto consumers' devices as they browse the web, download apps, or click on an infected link or advertisement. By decreasing the proliferation of malware, the industry will create a safer, more enjoyable experience for consumers and will help thwart the creation of botnets, which in turn create fraudulent traffic. To organize the industry's efforts on this front, IAB established a new **Anti-Malware Working Group** over the summer. This group has met several times to map out a business plan to create a set of security principles to aid companies detection of malware attacks on their sites as well as to help define technological baselines for companies to deploy against criminal activity. Malware attacks are constantly evolving. Thus, this group will also serve as an information-sharing platform in which one company can share the latest intelligence on malware threats with other companies.

The Anti-Malware Working Group met recently with the U.S. Department of Justice and Federal Bureau of Investigation to form a partnership with these federal law enforcement agencies to help them more effectively investigate and prosecute criminal activity. This collaboration is the first of its kind for our industry and will help us take the fight directly to the organized crime syndicates that are attacking businesses.

Fight Internet Theft

Advertising revenue should never flow to criminals who steal copyrighted material and place it on "pirate" sites. IAB and many of its members have already made strides toward this imperative through the Quality Assurance Guidelines, which include a prohibition on the sale of advertising on sites dedicated to copyright infringement. The Quality Assurance Guidelines program has also recently established a complaint system, whereby

rights holders can notify networks and exchanges about potential pirate sites. However, the process must be simpler, detection more accurate, and participation ubiquitous, which is something we hope to achieve with the new Trustworthy Accountability Group.

In addition, we are leveraging the Standard Terms and Conditions process from IAB and the 4A's to encourage marketers and agencies to build on their own commitment not to purchase inventory on pirate sites by including this language in their contracts for every advertising campaign.

Making Measurement Make Sense

IAB aspires for all media to be allocated and valued using common metrics, empowering marketers to create powerful cross-screen branding campaigns based on educated decisions and accountable investments. Progress made in the Making Measurement Make Sense (3MS) initiative moves us closer to this goal.

The currency change to viewable impressions, the first step to measurement transformation, has brought with it implementation challenges. Members of this board formed a subcommittee that worked closely and diligently on the IAB position paper titled, **State of Viewability Transaction 2015**. Released in December, this paper fundamentally altered the marketplace conversation around viewability. The noise is being replaced by signal. Strident demands made publicly have stopped. The attention is now focused on how to overcome technical and measurement challenges so that viewability measurement can be consistent and reliable and ad campaigns can be 100 percent viewable.

Spearheaded by Sherrill Mane, Senior Vice President of Research, Analytics and Measurement for IAB, and Peter Minnium, Head of Brand Initiatives for IAB, and with support from the Board of Directors subcommittee, IAB member leadership groups focused on measurement and data convene regularly. Across the three groups, we have managed to steer measurement transformation back to cross-ecosystem collaboration to improve viewability measurement so that the bigger vision of cross-platform

comparability in metrics can be achieved. To facilitate greater knowledge of how viewability transactions should proceed as we march toward 100 percent viewability, Mane and Minnium have published articles in media newsletters that highlight the key messages. They have also briefed the IAB Sales Executive Council on the position paper, and there are ongoing efforts to share the knowledge as broadly as possible with our members.

The MRC needs data to complete the work of reconciling vendor differences and bringing them into the range of plus or minus 10 percent. Publishers need this to happen so that site forecasting and redesign can yield optimal revenue and consumer experiences with content and ads. The 4A's, the ANA, and IAB are jointly reaffirming our commitment to transform measurement. Viewability is now the currency, and with MRC oversight, data collection to improve viewability measurement will permit us all to move forward in unison.

Of course, 3MS is about much more than viewability: The initiative is about defining metrics to make cross-media planning, buying, and evaluating comparable so that brand dollars can flow to digital media. Viewability paves the way for the work that needs to be done to make mobile measurement make sense as well.

Publisher Transformation

The value of publishers' audiences must be realized and diversified publisher revenue streams must become commonplace. These goals require publishers to continue to adjust to new technologies, new business processes, and new economics. The wide range of activities and initiatives described below aim to enable publishers that specialize in the creation and distribution of original content, particularly but not limited to ad-supported content, to gain the knowledge and tools they need to transform.

Recognizing Excellence in Video Programming

In response to digital video's skyrocketing growth, last year IAB announced the launch of the **Digital Video Center of Excellence**, devoted to promoting the development of the digital video medium within the marketing, advertising, and media ecosystem. It will produce research projects, digital video advertising case studies, technical standards, creative showcases, and best practice identification in the burgeoning arena of digital video.

While continuing to supervise the IAB Mobile Marketing Center of Excellence, IAB Video Center leader Anna Bager will focus on tying together various IAB video activities—including Advanced TV, Digital Video, and the Digital Content NewFronts—to provide a one-stop shop for thought leadership, innovation, research, and guidance for the burgeoning digital video industry. The IAB Video Center will take over stewardship of the **Digital Content NewFronts**, which will next take place over two weeks in late April and early May 2015 and feature three dozen different presentations—the largest ever.

Guiding Native Advertising and Content Marketing

Building on the informative research with Edelman Berland, which gauged end users' perspectives on Native Advertising, the **Content Marketing and Native Advertising Task Force groups** focused their attention on disclosures to consumers. At the Native Advertising Disclosure Workshop in December, more than a dozen companies shared how they are evolving their disclosure practices to ensure that consumers understand where the content on the page ends and the advertisement begins. Laura Sullivan, Senior Staff Attorney, Division of Advertising Practices at the Federal Trade Commission, provided her insights during a fireside chat with Mike Zaneis, Executive Vice President of Public Policy and General Counsel at IAB. As evidenced by the more than 200 participants, this topic is important to the industry, and we will continue to be proactive. Based on speculation that the FTC has plans to provide guidance for native advertising,

IAB issued a blog post in January featuring Zaneis, who gave some perspective on what FTC guidance for native advertising might entail.

The **Social Media Committee** published the Social Media Buyer's Guide in late December. The guide is a one-stop resource on how to advertise on the seven leading social media platforms: Facebook, Foursquare, Instagram, LinkedIn, Pinterest, Tumblr, and Twitter. Each social platform provided what they felt was the most important strategic and up-to-date ad product information. This guide is a useful resource for agencies and marketers to navigate the rapidly evolving paid social media space.

Demystifying Programmatic

The newly formed **Programmatic Council** continued to focus on education and on geographic expansion. The highlight was the first successful half-day Programmatic Summit, with thinkLA in Los Angeles, which was attended by over 500 market participants focused on learning more about programmatic and its impact on their businesses. We followed this event up with a thought leadership blog post titled "Top 10 Things You Need to Know about Programmatic but Were Too Afraid to Ask." IAB also presented and moderated a panel with Amnet, Cadreon, and DataXu, in collaboration with 313 Digital in Detroit at a Programmatic networking event with over 150 attendees. This geographic expansion was important in helping IAB extend activities into markets where many members are clamoring for more opportunities to learn and engage in dialogue on the future of our industry.

Working in partnership with IAB's learning and development team, the one-day training program for direct sellers on programmatic was expanded to include buyers and ran again to a sold-out audience in New York in January with subsequent dates announced for Los Angeles, Detroit, Boston, and Washington, D.C. In addition, IAB released a Digital Simplified Video in October called **Understanding Programmatic Digital Advertising**, which was one of our most viewed videos by the end of the year. This combination of in-person training across the country and online training materials ensures that all IAB

members have the opportunity to learn more about this critical area impacting how the whole industry is trading digital ad inventory.

At the end of 2014, the Data Council released a major study, **Marketing Data Technology: Cutting Through the Complexity**. This study, conducted with the Winterberry Group and supported by LiveRamp, Signal, and Turn, features insights from more than 50 executive-level thought leaders, representing all segments of the advertising, marketing, media, and technology industries. The study clarifies how marketers are navigating their use of consumer data technology to support advertising and marketing functions. These stakeholders agree that the rapid rise of programmatic advertising has created additional pressure on marketers to make audience data actionable, compelling them to leverage numerous marketing automation solutions while they search for the ideal mix.

Leading the Way on Emerging Platforms

In a continuing attempt to promote games as an advertising medium driven by engaging content and cross-platform solutions, the Games Committee published the **Games Advertising Ecosystem Guide** in late December with an accompanying blog post. This guide helps marketers and agencies understand today's gameplay, the core game types, and advertising categories to reach consumers. Marketers increasingly embrace gaming as a powerful form of media consumption that reaches a broad target audience with impressive scale and engagement. Ad-supported gaming revenues are projected to grow 87 percent in the next three years on mobile alone.

The **Digital Audio Committee** revised and released the final Digital Audio Ad Serving Template (DAAST), a vital ad delivery standard that allows audio ads to be served across an array of players, in environments that include mobile devices and in-car radios where access to a web browser is limited or doesn't exist.

In January, the newly formed Digital Out of Home Task Force published its first post on the IAB blog—**Top 5 Trends in Digital Out of Home**. The task force aims to help IAB

members understand and be part of the emerging outdoor and place-based media opportunities and better integrate them with mobile, local, and video efforts. It brings together more than 20 companies, including AT&T, Intel, Live Nation, and NBCUniversal. The post has so far received more than 400 shares across IAB social channels and continues to drive interest from a variety of players in the digital out-of-home space.

Building Brands Digitally

The **Ad Products Advisory Board**, made up of buy- and sell-side executives who drive meaningful ad experiences as heads of ad products or ad content at member companies and agencies, is committed to an IAB standard ad product portfolio that enables ad experiences as natural and meaningful as the content experiences consumers expect and enjoy in the digital realm. This group established a clear product road map for 2015, which will be accomplished in close partnership with the IAB Tech Lab:

- **Create Flex Ad Standards.** This answers the need of creators for responsive ways to deliver brand concept ads and that of buyers and sellers for a single cross-screen ad equivalent to transact on. IAB Full Page Flex is one early example of a Flex standard, and this likely will be joined in a suite.
- **Develop Dynamic Content Ad Standards.** While no native ad standards will be developed, these guidelines will enable native advertising and all forms of content advertising at scale. This will include a structured system of metadata for ad assets and a standard feed structure to feed creative assets into ads.
- **Cull the Existing Portfolio.** Downgrading existing ineffective or outdated standards among the 33 that exist today will allow focus on the remaining ad units.

Moving the agenda forward, a **Flex Ad Standards Workshop**, attended by 50 experts from across the ecosystem, was held in the fourth quarter and a work plan was created for the development of these standards in 2015.

Moving Mobile Mainstream

As of December 2014, the Mobile Marketing Center of Excellence had 21 board members and 30 supporting members, maintaining a strong and diverse set of companies that define the association's mobile agenda and ensure that mobile is an integral part of all IAB initiatives. We want to highlight two notable accomplishments from the past few months: the completion of the 2014 Make Mobile Work initiative and new research on apps and mobile web.

Make Mobile Work

In November, the Mobile Center team successfully wrapped the first year of our brand marketer **Make Mobile Work** program. Officially launched at the 2014 Annual Leadership Meeting, Make Mobile Work started as an initiative whose aim was to foster adoption of HTML5 and cross-screen creative, but it quickly became the Mobile Center's linchpin marketer outreach vehicle as the year and interest in the program accelerated.

To date, the program has included press coverage, member blog pieces, viral YouTube videos, member case studies, research releases, market education one sheets, presentations, and a robust webinar series focused on bringing more brands to the mobile advertising table. The webinar series has covered topics such as mobile creative, responsive design, cross-screen advertising, mobile targeting and inventory, mobile video, and the tough and timely issue of mobile measurement.

There has been support from both the IAB and Mobile Center boards, the 4A's and the ANA in promoting this initiative, which has brought hundreds of marketers to IAB as the definitive source for information on how to Make Mobile Work.

We've had specific member participation from AOL, Celtra, Conversant Inc., Foursquare, Google, Millennial Media, Time Inc., Tremor Video, and many others. Member and marketer interest continues to be so high that we are now actively planning to grow this super-successful campaign into 2015 as we continue to reach out to marketers and significantly grow mobile budgets.

Apps and Mobile Web

The Mobile Center released several research pieces between November and January, including an examination of mobile's role in holiday shopping, the importance of mobile in the lives of U.S. Hispanic millennials, and an important piece comparing mobile consumer behavior in the U.S. and China. However, the most significant piece of research examined mobile internet users' perceptions of apps and the mobile web.

Measurement data from vendors such as comScore generally indicates that in terms of internet time spent, mobile apps far outpace the mobile web. Too often this contrast is portrayed in terms of "apps versus mobile web," as though apps have won a winner-take-all battle.

In December, IAB released an important research paper, **Apps and Mobile Web: Understanding the Two Sides of the Mobile Coin**, that explores how mobile consumers experience content. The research shows that mobile internet users' perceptions of app and mobile web time do not align with the measurement vendors' data. By contrast, most mobile internet users believe they spend roughly equal amounts of time in apps and mobile web, a mismatch between perception and measurement reality that the report seeks to explain. In fact, consumers move fluidly back and forth between apps and mobile web, and mobile marketers must similarly take a pragmatic view in their media plans: Think about the audience for an ad campaign, and follow that audience across apps and websites, rather than blindly going down the app path.

A second key finding of the study underscored the importance of apps in general—and search, social media apps, and word-of-mouth in particular—as important ways mobile



users find the websites they access. Both media companies and marketers alike need to align their mobile strategies with the reality that their “front door” on mobile web is generally not their front page.

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 media ecosystem, Washington, D.C., and the world.

Membership Services and Growth

With 21 new General Members and five new Associate Members joining since Nov. 1, 2014, our current total membership is 620, without counting company subsidiary members.

Notable new members since November include Brandscreen, G/O Digital, PureClick, RebelMouse, SheKnows, and TiVo. The Long Tail Alliance now includes more than 1,145 members.

Below is a comprehensive list of new members:

Organization Name	Member Type
Adform	General
Adomik	General
Avant Digital Media	General
AXS Digital	General
Brandscreen	General
C1 Exchange	General
ElectedFace	General
G/O Digital	General
Kinetic Social	General
Kochava Inc.	General



Libsyn	General
MeritDirect, LLC	General
Pubnative	General
Quaero	General
RawVoice	General
RebelMouse	General
Shareablee, Inc.	General
She Knows	General
TiVo	General
Tubular Labs	General
WideOrbit	General
Ace Metrix	Associate
Kinetic Active	Associate
PureClick	Associate
RiskIQ	Associate
Teradata	Associate

Public Policy

With Washington, D.C., in reelection mode in the fall, the IAB Political Action Committee enjoyed success at the polls during the November mid-term elections. We continue actively working with our reelected congressional champions and establishing direct connections with new members of Congress.

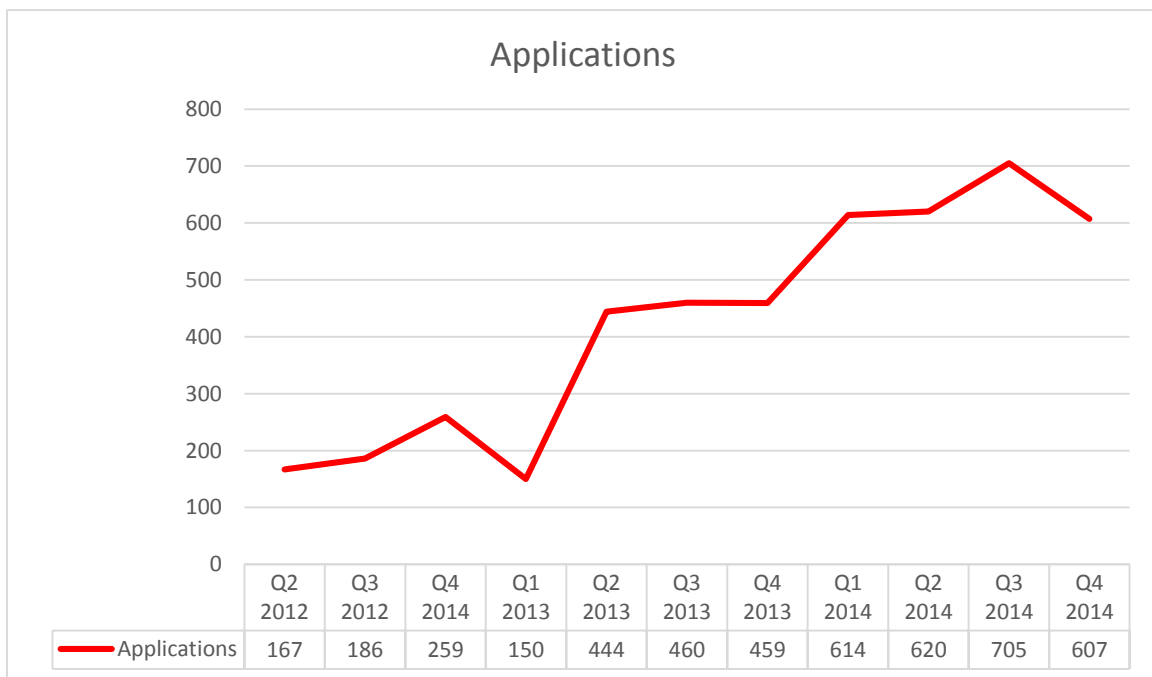
Since the opening of the IAB San Francisco office last spring, we have been working not only to create new learning and growth opportunities for members but also to elevate our visibility and profile in the public policy sphere. California is always out front in proposing new regulations and legislation that could negatively affect our industry, so we have been hard at work making inroads with key influencers and working to educate stakeholders about the value of our industry.



The IAB Public Policy Office has also continued to expand its international agenda as more of the policies affecting the future of the internet and the digital advertising industry originate in foreign legislative bodies and intergovernmental agencies. One important example of this work has been IAB involvement in the renegotiation of the U.S.-EU Safe Harbor Framework. Today, the Safe Harbor framework helps over 100 IAB members operate in Europe. However, increasing pressure in the EU has threatened to derail the agreement. In response, IAB and IAB Europe partnered to develop the industry’s first consensus policy position on data governance issues, which has served as guidance for U.S. and EU Safe Harbor negotiators.

IAB is also supporting the modernization of international trade agreements to serve the needs of our industry. Current trade agreements fail to adequately protect the digital ecosystem from anti-competitive policies. IAB has been working with lawmakers to include language in future trade agreements that would prevent unfair legal environments intended to penalize foreign businesses.

Learning and Development



Certification applications during the 4th quarter of 2014 recorded their fourth consecutive period of over 600 applications. The year ended with more than 5,000 applications for the Sales and Ad Operations exams and more than 3,200 total certifications awarded.

Work began on two additional certification programs: the Digital Data Solutions Certification and the Digital Media Fundamentals Certification program. The latter certification will be offered in conjunction with the entry-level ad operations and sales support curriculum the IAB Education Foundation is developing with the Year Up nonprofit.

The IAB Education Foundation launched its **Voices United** series of diversity workshops in December, with a New York event hosted by AOL and a second event in Washington, D.C., hosted by Microsoft in January. Randall Rothenberg and Foundation Board Chairman Tim Armstrong discussed the hiring and recruitment challenges in the diversity space that all companies are experiencing.

The foundation also secured a partnership with City University of New York (CUNY) to develop an entry-level ad ops curriculum for students as well as a certification examination.

Research

Under the leadership of Sherrill Mane, Senior Vice President of Research, Analytics and Measurement, and Kristina Sruoginis, Research Director, the IAB is releasing a groundbreaking study, **IAB Display Rising Stars Brand Lift**, at the Annual Leadership Meeting in February. IAB has been working with media and advertising research firm C3 Research on a large-scale, multiphase research study using innovative qualitative and quantitative approaches to definitively answer the recurring question: Are IAB Display Rising Stars ads more effective than legacy Universal Ad Package (UAP) format ads?

The research, which included in-lab eye tracking, qualitative interviews, in-lab surveys, server metrics of roughly 100 respondents, and a quantitative survey of 1,200 consumers representing the U.S. population, found that consumers had nearly three times higher

brand recall after exposure to an IAB Display Rising Star ad than after exposure to a legacy UAP ad.

For the first time, large-scale research definitively proves that Display Rising Star ads improve brand lift. The additional findings based on the in-lab qualitative phase of the research support and enhance results of earlier IAB research on display Rising Stars ad interaction. Moreover, the research provides both data and in-depth consumer reactions that greatly enhance our understanding of how and why Rising Stars have greater ad and brand impact.

International

The **IAB Global Network**, which includes 43 countries across six continents, is led by David Doty, Executive Vice President and Chief Marketing Officer, and Alexandra Salomon, Senior Director of International.

The year started off with the launch of IAB Portugal. The new association helmed by Bernardo Rodo, Managing Director of OMD Portugal, will promote the growth and development of the interactive marketing and media industry through events, research, education, public policy initiatives, the development of best practices and technical guidelines, and more. Headquartered in Lisbon, IAB Portugal kicked off in January with its Leadership Conference opening up industrywide discussion and debate on the current digital media landscape.

The event was hosted in partnership with the country's leading business newspaper, *Jornal de Negócios*, with the support of major members such as Google and Microsoft, as well as major Portuguese publishers and global agencies including GroupM, OMD, and others. Doty was present as keynote speaker, and nearly 300 people participated. The conference also received significant coverage in the local business press and was simulcast on the website of a leading Portuguese business site.

As the IAB brand gains value globally, we are working closely with the **Japan Internet Advertising Association (JIAA)** to strengthen the ties between the Japanese digital

marketing community and the worldwide interactive ecosystem. Ryuhei Akiyama, Chairman of JIAA, came to New York in November to discuss with IAB executives the challenges they face in the digital ad market in Japan, guidelines for privacy and fraud protection, new ad formats, standards and measurement, and the opportunity in mobile advertising.

The centrifugal force of IAB International grows stronger as we pursue a consistent calendar of education and best practices exchanges. The international webinar series, which has proved to be an enduringly valuable program for opening meaningful debate and discussion on key industry issues affecting the global digital community, is but one aspect of that effort. The most recent webinar in December focused on mobile and global research initiatives.

Events

IAB events continue to be a convening platform for industry thought leadership as well as a healthy revenue source for the organization.

In 2014, the IAB events business generated \$7.21 million in revenue (9.7 percent over plan) and \$3.3 million in gross profit (7.56 percent over plan). The business delivered \$1.96 million in net profit (10.68 percent over goal) to the organization's bottom line, an 11.68 percent increase over 2013. This is the highest net profit ever for the events business, which indicates that it is still in growth mode.

To take some IAB events out of the saturated New York City market, IAB held a very successful inaugural Programmatic Summit in Los Angeles, in partnership with thinkLA. The October conference allowed IAB to reach a new audience of almost 500 local attendees.

The event exceeded its financial goals and generated \$198K in revenue and \$118K in gross profit. After revenue share and T&E expenses, the event contributed \$48K to the IAB events business.

Marketing

Under the leadership of Executive Vice President and Chief Marketing Officer David Doty, Marketing Senior Director Chris Glushko, and Public Relations Consultant Laura Goldberg, Marketing drove success for IAB initiatives across a number of key audiences.

Over the past three months, the marketing team **secured a great deal of media attention for IAB initiatives in top-tier press outlets**. Major placements included “The State of Viewability Transaction 2015” coverage in *The Wall Street Journal*, *Ad Age*, *Adweek*, *MediaPost*, and *Digiday*; the IAB perspective on President Obama’s State of the Union in *Ad Age*, *MediaPost*, and *The Drum*; and a strategically placed exclusive in *The Wall Street Journal* on IAB research that counters industry perception that consumers spend more time on mobile apps than the mobile web.

The marketing team made **helping IAB members transact under new viewable guidelines a top priority**. To get the word out about the IAB seven principles for viewable transacting in 2015, the team produced an emergency all-member teleconference on Dec. 16. At the conference, Marketing launched a viewability hub on IAB.net, providing IAB members a one-stop shop for resources to help manage the transition to viewable transacting. In addition, Marketing produced a short video to illustrate the seven principles. To date, the video has been viewed more than 4,200 times.

In November, on its mission to **encourage and influence leading agency creatives, media professionals, and brand marketers to engage with publishers, technologists, and venture capital firms**, Marketing brought 26 brand marketers and IAB Agency Advisory Board members on a tour of New York City’s Silicon Alley. During the trip, the group met with Betaworks, BuzzFeed, Lerer Hippeau Ventures, Moat, NowThisNews, and RebelMouse. The tour also featured a special dinner and conversation with **Bob Pittman**, serial entrepreneur and angel investor and iHeartMedia Chairman and CEO. Learnings from this tour as well as March’s Madison Avenue trip to Silicon Valley will be released later this year in a white paper that aims to bridge the gap between technology and advertising.

Since the launch of the IAB Education Foundation in September 2014, Marketing has placed emphasis on supporting its growth and visibility. At the end of 2014, Marketing worked to create a communication vehicle for learning and development programs, resources, and achievements and launched the first edition of IAB.U newsletter. The quarterly publication currently reaches nearly 5,000 active members and interested nonmembers. In early 2015, to grow IAB Certification programs, Marketing designed and began to execute a strategic full-year marketing plan that combines efforts in paid and owned media, public relations, and content marketing. The program will involve many member companies that have certified employees, supporting efforts to establish IAB Certification as the industry benchmark.

Financial Management

Under the financial leadership of Executive Vice President and Chief Operating Officer Patrick Dolan, IAB finances finished 2014 and started 2015 in a strong position.

According to unaudited 2014 financial statements, IAB is projected to finish the year with topline revenue of \$23.2 million, up from the record \$20.3 million in 2013 and nearly 7 percent more than budgeted.

Projected dues revenue reached a record high of \$11.2 million for 2014, approximately \$615,000 more than budgeted. IAB also saw growth in events, projected to bring in \$7.2 million or \$640,000 more than budgeted, largely because of the tremendous growth in the IAB Annual Leadership Meeting in Palm Desert last February. We expect similar returns from this year's sold out Annual Leadership Meeting in Phoenix. In a positive sign for the relevance of our mobile efforts, the IAB Mobile Center is projected to see \$1.3 million in revenue in 2014 or 5 percent more than originally budgeted.

Another bright spot in IAB revenue growth was the IAB Certification Programs. In just two years, these programs have already exceeded \$1 million in revenue. The rapid growth of the certification programs is a validation of how important the industry views certifications and training.

RANDALL ROTHENBERG

President & CEO
Interactive Advertising Bureau
116 E. 27th St. 7th Floor
New York, NY 10016
212.380.4717



I am pleased by the relative strength and stability of IAB, and our ability to continue to deliver the value to our members. This would not be possible without the commitment from these companies, and especially from our Board of Directors. I again thank you for your support of this team and our efforts.

Respectfully submitted,

Randall Rothenberg

President & Chief Executive Officer