

RANDALL ROTHENBERG

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



**President's Report**  
**"Breaking the \$30 Billion Barrier"**  
**June 14, 2012**

The Annual Leadership Meeting in February gave us a strong start to planning what is proving to be a year of dramatic growth. With interactive advertising spending at record levels, we are bolstering our initiatives under the 2012 Operating Agenda, with the support and guidance from the IAB Board of Directors.

According to the 2011 full year results of the **IAB Internet Advertising Revenue Report**, the industry has soared to new levels. As predicted, we have cracked the \$30 billion barrier, and **in 2011, advertisers spent a landmark high of \$31 billion on interactive advertising in the United States**. That milestone represents a 22 percent increase over 2010's full year number, which itself had been a record-breaker at \$26 billion. The report also unveiled that fourth quarter revenues for 2011 hit a best-ever at \$9 billion, marking a 15 percent increase over the third quarter 2011, which came in at \$7.8 billion, and a 20 percent growth year-over-year in comparison to 2010's \$7.4 billion.

Other report highlights show that mobile experienced the fastest growth of all categories—up 149 percent to \$1.6 billion in full-year 2011 from \$0.6 billion in 2010. Digital video, a component of display-related advertising, saw a significant uptick of 29 percent year-over-year, bringing in \$1.8 billion in revenue in 2011 compared to \$1.4 billion in 2010. Search revenues in 2011 totaled \$14.8 billion, up almost 27 percent from \$11.7 billion in 2010. Display-related advertising revenues in 2011 totaled \$11.1 billion, or 35 percent of 2011 revenues, up 15 percent from \$9.6 billion in 2010. Finally, retail advertisers continue to represent the largest category of Internet ad spending, accounting for 22 percent in 2011, or \$7.1 billion, up from 21 percent (\$5.5 billion) reported in 2010.

**IAB Finances**

Under the direction of EVP & COO Patrick Dolan, IAB finances are stronger than ever. The IAB began 2012 in a very firm financial position. This robust financial footing has allowed the IAB to make investments in major industry initiatives such as Making Measurement Make Sense (3MS) and Building Brands Digitally.

**RANDALL ROTHENBERG**

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



Among the financial highlights, dues collections at mid-year total exceed our budgeted dues projection for the full year. Non-renewals have been minimal, a very positive indicator of exceptional results for the year as a whole. Meanwhile, we continue to recruit new members to IAB. Revenue from IAB events has continued to exceed our expectations. As of April, we were at \$2,226,000 in gross revenue, 11 percent above what we'd planned. Gross profit is at \$1,101,000, 10 percent above plan. The IAB cash position at the end of April also remains strong, primarily from the continued strength in dues collections and greater-than-planned events revenues.

## **Measurement**

Bain & Company have completed their work on Phase II of **Making Measurement Make Sense (3MS)**, and the initiative is now transitioning from stewardship by the 3MS team (Bain and IAB, ANA, and 4A's) to leadership from the Media Rating Council (MRC). The Blue Ribbon Task Force (BRTF), the steering committee for 3MS, will for now remain an ongoing advisory group for measurement standardization. For 3MS to continue to be successful under its new stewardship, IAB must support the MRC's growth to accommodate its new responsibilities. We are still determining what funding options will support the future of the initiative, although one option we will certainly promote is to support MRC through increased and engaged membership.

Since the end of February, three measurement solutions advocated by 3MS have made dramatic progress: (1) the move to a viewable impression, (2) the development of standards for online demographic reach and frequency and gross ratings points (GRPs), and (3) the creation of an ad classification taxonomy.

Viewable impression pilot testing has shown that it is feasible to measure viewability. This first phase of testing was completed with a small group of publishers and used a total of 10 million impressions on run-of-site (ROS) schedules through participating sites. To participate in the test, MRC defined 17 technical requirements for ad servers. Through the testing, we've found that the proposed minimum requirement for viewable ad impressions, 50 percent in-view for a minimum of one second, is in the right ballpark. We are also learning about how the size of ads and their placements may affect viewability. We are notably seeing that IAB leadership of an industry-wide solution regarding nested iFrames will be a vital component of measurement solutions. The next phase of viewable impression pilot testing will use real campaigns. This second phase of the tests is being referred to as the "agency pilots," and includes some of the best-known national brands.

To define a GRP for the industry, we are recommending rapidly moving toward a cross-media platform universe estimate of all persons, rather than TV households. While viewability and GRP metrics will transition to the MRC, the IAB, 4A's, and ANA will continue to jointly lead the ad classification taxonomy advisory group. This group

RANDALL ROTHENBERG

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



will continue testing how adequately the proposed taxonomy facilitates the selling and buying of digital advertising. We should be prepared to build on the ad formats created for the Rising Stars initiative and move beyond it. We also need the capacity to develop tear sheets to include with I/O and the identification and resolution of potential supply chain friction in the taxonomy.

Sherrill Mane of IAB continues to lead 3MS on our behalf, and publicly advocates for better measurement through writing and speaking. Among her work in this regard, her monthly MediaPost columns give 3MS a consistent presence in trade press. She has also helped our colleagues understand the initiative through presentations at the IAB Digital Video Marketplace and the IAB Digital Video Agency Day.

We have been marketing the initiative through a comprehensive 3MS Unified Marketing Plan, taking a lead role with ANA and the 4A's to develop an in-depth communications and adoption strategy to be rolled out in second half of 2012. The 3MS website will also launch on June 13.

## Research

IAB and Ad Council have partnered to develop **research on the value of social media**. In addition to their vast experience with pro-social campaigns, Ad Council has the ability to use real campaigns in ad effectiveness research. Reaching out through the IAB Social Media Committee, we have recruited academics and research vendors for a project advisory group that launched on April 19. IAB Research Director Kristina Srugonis and SVP Sherrill Mane are leading this work, along with a number of senior executives from Ad Council.

**HearWatchSay (HWS)**, our online community of media-forward consumers, has grown to more than 5,000 members, thanks to the ongoing partnership between IAB and Ipsos MediaCT. HearWatchSay has produced two new studies. The first looked at the relationships between hype around new devices and real consumer behaviors, specifically tablets, which were identified by CES for the second year in a row as the hot digital device. Advertising on tablets show relatively high appeal among consumers. In addition, connected TVs, ultrabooks, and OLED (organic light emitting diode) TVs show potential for consumer uptake and advertising growth, despite the generally low awareness.

The second HearWatchSay study, supplemented by other Ipsos MediaCT research data, debuted at IAB Innovation Days conference during Internet Week. "Screens(n): What People are Doing and Why" found that multitasking, driven largely by media multitasking, continues to divide our attentions among various digital



devices. Two-thirds of the HearWatchSay community told us that they watched TV and used another screen when watching. Most activities around the screens are not related to TV content being watched, and the dominant second screen is the smartphone. TV genres that involved TV-related multitasking activities are extremely broad, with news being consistently ranked in the top three.

**The IAB Insights Center, powered by BIGinsight**, is now open to all IAB members. Members now have the opportunity to use portions of the BIGinsight research database free of charge. In addition, our partnership with BIGinsight has produced the first in a series of studies on consumer purchasing behavior. The first one explored how media influences the path to purchase of consumer electronics, and found that Internet advertising plays a large role.

### **Building Brands Online**

IAB continues to revamp ad standards to offer brand marketers irresistible canvasses across screens. These efforts moved to a new level of impact in the first quarter of 2012, fueled by the Rising Stars program. The **Display Rising Stars**, anointed as a cornerstone of the new IAB Standard Ad Unit Portfolio in February, appear to have reached a tipping point, with inbound inquiries to IAB exceeding outbound adoption calls. Anecdotal evidence from members and agencies suggest that 20 percent of brand RFPs specifically include the new units. In-market effectiveness research is underway with Microsoft, Google, Yahoo!, and AOL. Five clients, and millions of impressions will be unveiled at an Ad Lab event in June, followed by an Ad Lab Town Hall highlighting winning sales cases from our major members. Adoption is over 50 percent of the comScore top 50 and 100 Leading National Advertisers, and a survey is underway to confirm precisely where we stand.

The **Mobile Rising Stars**, announced at the IAB Annual Meeting, are in the build-out phase, with 12 member companies collaborating in five working groups to create detailed specs that will ease rapid adoption. After more than 60 Mobile Rising Stars submissions were evaluated in January by industry experts, judging generated a short list from which the Mobile Rising Stars will be named after a third and final evaluation. Phase one of IAB research on Rising Stars is now available online.

The **Digital Video Risings Stars** program, launched at the IAB Digital Video Marketplace event, shot out of the gate, and we are currently projecting surpassing the six dozen entries for the mobile competition, with perhaps more than 100.

To support the Rising Stars initiative, IAB's Marketing Team formed a **strategic partnership with Adweek**. The partnership helped promote the new IAB Ad Unit Portfolio, with a poster featured in the February 27 print edition of Adweek. In addition, IAB marketing developed an ad using the new "Filmstrip" format that ran online through Adweek.



## Marketing

Marketing has been aggressively reaching out to agencies, so IAB can better serve as the bridge between agencies, marketers, and publishers in the digital world. In the first quarter 2012, David Doty and Peter Minnium **met with six key agencies in New York City and Chicago** to discuss “The Brand Moment”: BBDO, JWT, Cramer-Krasselt, Draftfcb, Leo Burnett, and Starcom MediaVest.

To enhance IAB events, marketing produced **the first suite of mobile apps for IAB tentpole events**, the Annual Leadership Meeting, Innovation Days, and the MIXX Conference & Expo. The app for the Annual Leadership Meeting received 1,036 downloads, and users downloaded 571 documents through the app (mostly VPAID v2.0 and AD IQ Survey). Marketing also generated more thought leadership pieces from the conferences. At the Annual Leadership Meeting alone, marketing produced 21 onstage video clips, and 28 video interviews. Digests of the most compelling parts of the conference were posted each day and blasted via email to our larger membership.

**IAB.net traffic broke new records.** In April 2012, unique visitors increased 107% to 180,496, the highest month on record, up from 87,141 in April 2011. In addition, IABlog shattered its record for views, up 155% to 12,637 in April 2012, from 4,953 in April 2011. The help boost its value to users even further, the Marketing Team is working on an interim redesign of the site, scheduled to launch in June. The interim site will feature a new look for the home page, and a site navigation that better reflects the top objectives of IAB.

IAB continues to broaden its reach through a number of social platforms. **IAB Twitter followers grew 87 percent** to 24,481 in April 2012. IAB **Facebook fans broke the 14,000-fan mark**, up 30 percent from 10,806 in April 2011. LinkedIn group members increased 82 percent to 4,258 in April 2012, up from 2,342 in April 2011. Klout currently scores IAB at 56 as of April 2012, making it the highest score for any major marketing and media trade association.

Press efforts continue to be a strong vehicle for promoting IAB news, and have focused on pitching more exclusive stories to generate more pickup in top-tier outlets. Around the Annual Leadership Meeting (ALM), IAB placed the event’s first scene-setters, including a video scene-setter with Randall Rothenberg in Beet.tv, picked up by Huffington Post, and an op-ed bylined by David Doty in *Advertising Age*. The team sent out eight press releases at the event, and secured wrap-up stories in both *Adweek* and *Advertising Age*.

RANDALL ROTHENBERG

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



IAB marketing secured placement for the IAB Video Suite and Rising Stars Digital Video contest news in *Advertising Age*, *Adweek*, *MediaPost*, *WebProNews*, *BtoB*, and *StreamingMedia*. The *Adweek* piece was consistently the #3 or #4 most popular story on their site for the week.

For the release of the full year IAB Internet Advertising Report 2011, marketing secured major coverage in mainstream and trade outlets, including *New York Times*, *Los Angeles Times*, *TechCrunch*, *PandoDaily*, *Mashable*, *PaidContent*, and *ClickZ*. The Associated Press ran the story about the report, which was then picked up by *USA Today*, *The Houston Chronicle*, *Bloomberg BusinessWeek*, *Seattle Times*, and *SiliconValley.com*. Reuters and IDG News Service also covered the report and generated pick-up of their stories in other outlets.

Throughout the past few months, marketing continued to aggressively push IAB news to press. Total monthly stories are strong at 1,192 in April 2012, with more exclusives and more placements in priority outlets. Among the highlights, the team secured a scene-setter for the Digital Video Marketplace in TVExchanger with commentary from Peter Blacker, Univision, and Seneca Mudd of IAB. We also leveraged the press buzz around the NewFronts to have Seneca Mudd quoted in *Streaming Media* regarding the IAB Ad Lab event, "Headlines & Humor" and the growth of digital video. 3MS was also featured in two *Advertising Age* pieces, and Sherrill Mane now pens a regular monthly *MediaPost* "Metrics Insider" column.

## Events

IAB events continue to be a top-tier platform for groundbreaking industry thought leadership, as well a vibrant marketplace for networking and deal making. In February, the 2012 IAB Annual Leadership Meeting (ALM) in Miami Beach convened **the largest ALM in IAB history, with 812 senior leaders attending**, 67 percent at the VP level or above, and 27 percent at the C-level. In March, the IAB Case Study Road Show brought 20 member companies, including Amazon, Federated Media, and Time Inc. to San Francisco, Los Angeles, and Detroit, along with their clients from brands including XBOX, L'Oréal and Buick, to present best-in-class digital marketing campaigns to 250 advertisers and publishers.

IAB events also remain a major contributor to the financial health of the organization, in **Q1 generating \$2.2 million in revenue, up 12 percent from 2011**, and \$1.1 million in gross profit, up 10 percent from 2011.

**The IAB Ad Lab** continues to evolve as the convening hub of the digital industry in New York City. In the first quarter of 2012, **1,257 attendees came to 51 events**. We continue to house innovative events, including the "Humor and Headlines" event as part of the digital video NewFronts, featuring previews of new content

RANDALL ROTHENBERG

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



from The Onion, The Daily, and Funny or Die. In addition, famed technology writer Steven Levy inaugurated the IAB Author Series, showcasing published thought leaders in the field. Marketing worked with IAB Member Services to program and promote the crowded social TV town hall, "Social TV: Storytelling on the Second Screen." Rentals of the Ad Lab have also been increasing steadily, with nearly 20 booked in the first half of 2012, creating an additional source of revenue to support the operation of the busy space.

### **Mobile Marketing Center of Excellence**

The IAB Mobile Marketing Center of Excellence continues to show its market influence, leading the digital industry in research, standard-setting, best practice identification, and other activities central to the growth of the mobile advertising and marketing industry.

At IAB Innovation Days @ Internet Week, the Mobile Center released "**The IAB Mobile Phone Shopping Diaries**," a new primary research study that reveals how mobile advertising is a key driver of smartphone and feature phone shopping. This study was conducted by On Device Research, gathering a panel of over 250 U.S. smartphone and feature phone users who created detailed "day in the life" diaries of their mobile phone shopping behavior, complemented by participation in an in-depth follow-up survey. Among other eye-opening findings, 47 percent of mobile shopping transactions recorded in this study took place at home, and 53 percent of mobile commerce users in the study said they had abandoned an in-store purchase as a result of information gained through their mobile phones.

Continuing our series of research pieces highlighting mobile's role in consumers lives and major national events, IAB partnered with Mobile Center Board member Millennial Media to take a look at consumers' use of mobile during the NCAA Basketball Playoffs, resulting in new research—"Mobile March Madness." The IAB-Millennial research showed that 69 percent of U.S. adults watching the basketball playoffs on TV this year used a mobile device while watching.

To help brands and agencies better understand mobile creative opportunities, the Mobile Center has launched a site showcasing great creative executions on smartphones. It complements our existing site highlighting excellent and inspirational tablet creative. We are actively seeking further submissions for both the **Smartphone and Tablet Creative Showcases**.

The Mobile Center has worked to build and maintain relationships with other IABs around the world, leading to greater coordination of the different global IAB efforts around mobile. This Mobile Committee-Global

developed a document that combines submissions from a dozen IABs along with key data from third-party research vendors. This first-ever **IAB Global Mobile Anthology: Worldwide Perspectives on Mobile Media** was released in early June, and highlights similarities and differences between countries around mobile usage and adoption, and will serve as a template for future collaborative efforts between international IABs.

On Mobile Rich-media Ad Interface Definitions (MRAID), the Mobile Center launched a **self-certification compliance process for MRAID 1.0**, with a compliance seal and listing of MRAID-compliant mobile rich media vendors on the IAB website. We continue to work to establish a set of objective testing criteria to further strengthen the compliance program for MRAID 1.0 and beyond. The MRAID working group is in the final stages of the draft for **MRAID 2.0**, which is expected to go to public comment in June. Version 2.0 includes more sophisticated controls for ads that change size, as well as standardizing access to device functionality. As HTML5 has evolved, the working group has opted to defer to that open standard where it is able to provide a capability.

The IAB Local Committee, managed by the Mobile Center, is finalizing a new **IAB Local Mobile Buyers Guide**, an overview of local interactive advertising opportunities unlocked by the proliferation of smartphones and tablets. This guide, which was released on June 7, will help buyers understand the techniques and technologies that enable delivery of locally relevant ads, and will make buyers more adept at adding mobile advertising to their local media plans.

Supporting IAB self-regulation and public policy work, the **Mobile Center Board of Directors** held its March meeting in Washington, D.C. Following the meeting, in-person attendees had a series of meetings on Capitol Hill with Congressman Marsha Blackburn (R-TN), the staff of Congressman Brett Guthrie (R-KY), Congressman Cliff Stearns (R-FL), and Congressman John Barrow (D-GA), as well as with Federal Trade Commission staffers. The DAA working group introduced a draft of **mobile self-regulatory principles** to the full DAA coalition and Board in May, and targeted late June for a public announcement of the final mobile self-regulatory principles document.

Last week, the Mobile Center launched its **“Tap Into Mobile”** initiative, a directory service that will enable marketers and advertisers learn the importance of mobile landing pages to their businesses, and to easily locate suppliers to help them go mobile. The program assumes responsibility, ownership, and management of an initiative originally launched by Google.



RANDALL ROTHENBERG

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



Since February, the Mobile Center has welcomed one new Board of Directors-level member company (inMobi), and three new supporting members. In addition to promoting the Mobile Center through ongoing speaking opportunities at conferences and industry events, Anna Bager, Vice President and GM, Mobile Marketing Center of Excellence, and Senior Director Joe Laszlo have started writing a monthly column on mobile media for ClickZ. The Mobile Center's round table discussion series on smartphone and tablet topics has held five events so far in 2012, at the IAB Ad Lab in New York as well as in San Francisco, Chicago, and Los Angeles.

### **Advertising Technology**

Over the past six months, the IAB Ad Technology team has grown to eight, with four full-time employees, three contractors, and one temp. This growth has responded to the need for a more mature approach to the creation of guidelines and other documents that, through industry adoption, become the standards for the advertising industry. The new team manages IAB projects such as measurement guidelines (including impression and click measurement, as well as ad verification), technical protocols (such as VAST, VPAID, and VMAP), and technical best practices. Internal projects include strategies and best practices around communication and collaboration with other trade associations, as well as international IABs. The team now has a dedicated liaison to the Digital Advertising Alliance (DAA), so it can work with them as a technical resource. This new team structure is being documented and will be shared to provide transparency in creating a sustainable operating infrastructure for the department.

The Ad Technology team is now responsible for both the IAB Ad Operations Council and **Ad Technology Council**. Like Ad Ops, the Ad Technology Council uses an advisory board to set the direction of the council. However, unlike Ad Ops, this advisory board and council are meant to give IAB representation primarily to associate members of the IAB who represent the ad technology sector and are not sellers of premium inventory (i.e., publishers). Under the leadership of its co-chairs, Jonathan Bellack (Google/DoubleClick) and Jay Sears (Rubicon Project), the Ad Tech Advisory Board, the leadership body overseeing ad technology strategy for the IAB, has now met twice and is in the process of establishing governance and potential initiatives for the group.

The Ad Operations Council, under the relatively new leadership of co-chairs Zach Putnam (ABC) and Dan Foehner (Facebook), is continuing to push toward the completion of some valuable and high profile initiatives, in particular work that supports the 3MS initiative.

The **Impression Exchange Solution (IES)** helps mitigate discrepancies in impression counts between publisher ad servers and agency servers. The transparency this affords the publisher is even more important as the industry moves towards viewable impressions as a currency. To support this initiative, the Ad Technology team continues to push for widespread adoption of IES through direct communication with agency ad servers as they go through the process of implementing IES functionality. In the next six months, the Ad Technology team will be convening the IES working group to make specification updates to support 3MS and incorporate feedback from companies who have recently implemented them.

The IAB **Safe Frame Initiative** is another project of great relevance to the adoption of 3MS. It will result in an open-source code base that will allow for communication between the publisher's page and the ad running in a cross-domain iFrame without the need for a vendor specific pub-side file. Adoption of this code base will solve many problems for the digital advertising industry. It will unlock the ability to accept rich media ads on pages that today are off limits to any ad that requires access to page level information. This will also enable communication of Online Behavioral Advertising (OBA) metadata between the page and the ad within the iFrame. The initiative will prevent negative impact on page performance as a result of coding errors in rich media ads, and provide a mechanism by which every ad can determine its viewable state, regardless of whether or not it is inside a cross-domain iFrame.

The **Ad Load Performance** Working Group made great strides in the development of an in-ad survey that will be used to quantify the real impact of slow-loading ads on a consumer's browsing experience. The Ad Technology team is building viewable technology into the survey. A survey ad has now been adapted to measure its viewability, which will allow it to demonstrate the functionality of the new Safe Frame technology.

With technology work completed on the important infrastructure elements for the **eBusiness** initiative, such as the IAB Registry and the eBusiness emulator, the team is focusing on developing a standard **Digital Advertising Industry Invoice**. The Ad Tech team recently completed the first final version of the invoice format, the result of an unprecedented cross-industry collaboration between IAB members, the 4A's, MediaOcean, and Operative. Now that we have a final document, the team will work on next steps.

IAB is modernizing its 2008 **Campaign Best Practices Guidelines** to help streamline the process of buying and selling digital advertising. The recently convened cross-industry **Digital Advertising Workflow Best Practices** working group will focus on updating workflow stages, as well as planning for new

technologies that will impact the digital advertising workflow. It will also develop standardized nomenclature and best practices to each stage of the workflow. The resulting document will provide an accurate description of the complex workflow involved in executing a digital advertising campaign, provide best practice guidelines to enhance efficiency and productivity for both the buy and sell side.

The **Data Council** continued its work on demystifying data by launching the **Data Driven Advertising website**. The goal of this site is to walk users step-by-step through the complex data ecosystem with easily understandable examples. This site also aggregates all of IAB data-related work products, such as the IAB Data Primer and Data Lexicon. To help promote better understanding and use of best practices in data, the **Data Council hosted its Data Demystification Day at the IAB Ad Lab during Internet Week**. This event consisted of two identical three-hour sessions, where participants learned the basics of data-driven advertising.

This spring, the Ad Tech team and the Digital Video Committee also released the long-anticipated revisions of the VAST and VPAID specifications, and introduced a new spec: VMAP. Now known the **IAB Video Suite**, this set of technical specifications and protocols for in-stream video ad formats allow compliant ads to play seamlessly across multiple compliant publisher sites.

### Committees and Councils

The **CFO Council** continued to focus on industry benchmarking and knowledge sharing. The council released its **quarterly industry A/R survey**, forwarded work on its compensation survey, and launched a new initiative on interactive revenue recognition. The **Sales Executive Council** hosted a well-attended town hall at the IAB Ad Lab to discuss **how automatic buying and trading desks impact publishers' businesses**.

IAB committees have been active in keeping their members—and agencies and marketers—informed of the developments. The **Digital Video Committee held its annual Agency Day** at Google's New York offices in late March, attracting more than 100 representatives of digital video publishers and technology companies, agencies, and marketers. With a focus on some of the thorniest issues facing digital video—measurement, creativity, and the role of digital video in media planning—the highlight of the afternoon was the Creative Showcase, with leading creative executions from Droga5, HUGE, M ssnng P eces, Anomaly, and Blast Radius. The emphasis on creativity and content continued in the IAB Ad Lab in April, with IAB playing host to **Digital Content NewFronts** presentations. With an afternoon of presentations of original online content

RANDALL ROTHENBERG

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



called “Headlines & Humor,” IAB members The Onion, Funny or Die, and The Daily proved to the agencies that original digital video content represents a natural evolution of this burgeoning digital platform.

Working with the Digital Video Committee, Social Media Committee, and Mobile Marketing Center of Excellence, the **Interactive TV Committee** provided its own take on one of the hottest topics in the ITV world—Social TV. In the **May town hall, “Social TV: Storytelling and the Second Screen,”** speakers from Trendrr, Viggie, HUGE, M ssg P eces, and Theatrics.com explored the diversity of interactions viewers can have with their first screen (TV) and second, third, and even fourth screens.

The **Digital Audio Committee** built on the success of last fall’s **Agency Day** and brought it to Los Angeles. At a packed gathering at the **Soho House in West Hollywood**, panels and presenters offered trend studies, research, and case studies to more than 100 agency and brand representatives. The Audio Committee is now developing future Agency Days for Chicago and San Francisco, and is working on an overview of the podcast advertising marketplace and a study on adapting IAB Video Suite specs for audio ads.

The **Social Media Committee** held its first meeting of the year **at SXSW**. In addition to collaborating with the Digital Video and Interactive TV Committees, the committee is also working with the Word of Mouth Marketing Association (WOMMA) to develop social media measurement guidelines through the Media Ratings Council (MRC). The committee is also working with investment bankers Jordan Edmiston Inc. to create a structural overview of the social media landscape, and has already conducted dozens of interviews with industry thought leaders.

## Public Policy

The global policy focus on our industry is at an all-time high. While we have achieved great success through our self-regulatory work, including recent endorsements from the Obama Administration for our consumer privacy program, and a new effort to protect content from piracy, **regulatory threats abound**, from the Governor’s office in New York State, to the Halls of Congress, within the Federal Trade Commission (FTC), and throughout the European Union. IAB continues to lead the digital advertising industry’s advocacy efforts.

In February, IAB and the **Digital Advertising Alliance** (DAA) participated in a White House press

RANDALL ROTHENBERG

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



conference releasing the Administration's Privacy Report. At this event, the DAA consumer privacy self-regulatory program was endorsed by both the Obama Administration and the FTC, further validating years of work to establish a strong program that balances consumer protections with innovation and economic growth. Today, the DAA program covers more than 90 percent of the digital advertising ecosystem, with more than 100 companies participating in the consumer choice page. The AdChoices icon program is **delivering more than one trillion icons to U.S. consumers each month**, and we have more than 350 companies licensing the icon today (over 3,000 companies if you include small publishers). IAB marketing secured over **2 billion impressions for DAA's "Your AdChoices"** consumer education campaign, plus a Google search component valued at \$500,000. Some of these impressions came out of the call during the Annual Leadership Meeting, and we are grateful to all the members who have agreed to give this campaign its needed visibility. In addition, marketing secured ADTECH/AOL as the pro bono campaign ad server, and UM as the pro bono campaign media planner.

IAB continues to support self-regulatory programs that deliver positive results for consumers and our industry. On May 3, IAB joined with the 4A's and ANA to announce a **new cross-industry effort to combat digital piracy**. In a post-SOPA world, IAB remains committed to finding workable solutions to protect original content owners, and through our expanding Networks and Exchanges Quality Assurance Guidelines program, we believe content owners can work productively with ad networks to ensure interactive advertising is not supporting the illegal actions of pirate websites. This announcement was supported by the Administration's Intellectual Property Czar and key members of Congress.

The legislative landscape continues to evolve. Several proposals in the U.S. Congress are being considered that would restrict the industry's ability to collect and use data for even the most basic business operations on online and mobile platforms. On March 29, **Mike Zaneis, IAB SVP for Public Policy and General Counsel, testified before the House Energy & Commerce Committee** about the potential for harm if these proposals advance. To further educate Congress about the potential harms of these proposals, we held **our fourth annual Small Publisher DC Fly-In** earlier this month. The Fly-In assembled 50 IAB Long Tail Alliance publishers from 18 states 45 meetings on Capitol Hill. In addition, IAB provided a day of learning and networking to develop best practices for growing their businesses. The Policy team and Marketing also held the first Twitter Privacy Tweet Chat in March, featuring Mike Zaneis of IAB, which generated over 780,000 impressions.

Mobile policy issues continue to be a focal point in Washington, DC. On March 21, the IAB Mobile Marketing

RANDALL ROTHENBERG

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



Center of Excellence Board of Directors assembled in Washington, DC, to meet with U.S. Representatives and the FTC. IAB is focusing on the need to develop and grow the mobile platform, free of burdensome government regulations. We carried that message to policymakers, as speakers at the Congressional Internet Caucus's State of the Mobile Net Conference and the recent FTC workshop entitled "Dot Com Disclosures."

Finally, we understand that the policy work does not occur in a vacuum. IAB has worked hard to establish a complementary consumer privacy self-regulatory program throughout the European Union. **The European counterpart to the DAA, the European Digital Advertising Alliance (EDAA), was formally established** last month. We continue to work with our international partners to ensure the global digital marketplace continues to grow and prosper.

### **Training & Development**

Setting a new standard for knowledge in the digital world, **the IAB Digital Media Sales Certification launched May 16**. Registration is currently open and the first testing window is running June 11 – 17 in local markets throughout the U.S. and selected global markets, with the testing taking place at Pearson VUE centers. Jennifer Deutsch, Director of Professional Development, and Michael Theodore, VP of Member Services, are recruiting publishers to have their sales teams take the test. The certification program responds to the industry's need to develop a baseline standard for knowledge and skills in a rapidly changing field. IAB has conducted extensive research into the knowledge gaps in the field, conducting the IAB Ad IQ Survey and a series of in-depth interviews with sales professionals. The results show that many professionals on both the sell-side and buy-side are uncomfortable with emerging technology.

The resulting certification will create, curate, and test against a standardized body of knowledge, helping prepare employers, academic institutions, and companies for what today's digital salesperson needs to know. The certification will allow companies to develop the best workforces, and will help raise the level of professionalism in the digital field by allowing salespeople to demonstrate their level of foundational knowledge of the industry. Businesses benefit by ensuring—and demonstrating—that they have the most competent sales teams possible. The certification will also provide current job holders and job seekers a "score card" to prove their knowledge of the most important concepts, guidelines, and best practices in interactive advertising.

The certification examination is designed for salespeople with at least two years of experience in the digital industry. However, relevant education or training may serve as a substitute for direct work experience. Subject matter experts across a spectrum of interactive platforms—all members of the IAB—have developed the exam content in conjunction with the IAB and the fully accredited test development company Professional Testing Inc.



The Digital Media Sales Certification is governed by the Founding Commission on Certification, an independently appointed body with sole responsibility for the initial governance of the certification program and related certification decisions.

Founding Commission Members include:

<b>Company</b>	<b>Representative</b>	<b>Title</b>
NBCUniversal	Scott Schiller (Chair)	EVP Digital Media Sales
Univision Interactive Media	Charlie Echeverry	EVP, Sales
24/7 Media, Inc.	David Moore	Chairman and CEO
Time, Inc.	Paul Caine	Chief Revenue Officer
Mojiva	Tony Nethercutt	General Manager, North America
Microsoft Advertising	Rick Song	General Manager, Eastern U.S.
Triad Retail Media	Brian Quinn	Chief Revenue Officer
Yahoo!	Wayne Powers	Head of North America Sales

### **Membership**

Membership has grown steadily since our last meeting in February 2012, **surpassing the 550-member mark** with 12 new General and 18 new Associate members. Notable new members include Zynga, Blip Networks, Cablevision Media Sales, and Verizon Wireless.

#### **New Members: February 25–May 21, 2012**

<b>Company</b>	<b>Member Type</b>
Zynga	General

**RANDALL ROTHENBERG**

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



Valassis	General
InteractiveTV Today	General
Cablevision Media Sales	General
Trulia	General
Ad4Game	General
Blip Networks, Inc.	General
Bestofmedia Group	General
Red Loop Media	General
Slacker	General
Summit Business Media	General
Greystripe	General
BuzzFeed	General
Belo Corp.	General
Cognitive Match	Associate
The Howard-Sloan-Koller Group	Associate
AdRoll	Associate
Huawei Technologies, Ltd	Associate
Screen Dreams Publishing	Associate
Yext	Associate
Social Media Link	Associate
X+1 Solutions, Inc.	Associate
C3 Metrics	Associate





Localytics	Associate
Zenovia Digital Exchange, Corp.	Associate
Verizon Wireless Communications	Associate
Mirror Image Internet	Associate
AcuityAds Inc.	Associate
Iponweb Limited	Associate
NetSuite	Associate
AdGent Digital Inc.	Associate
Signalray	Associate
Jingit, LLC	Startup
LocalResponse, Inc.	Startup
Affine	Startup
Samsung Electronics	Startup
Hyperlocal Industries DBA Street Fight	Startup
RUN DSP	Startup

In the continued pursuit of adding new members to the IAB Long Tail Alliance, we have partnered with Advertising.com, Burst Media, and Google to promote the program to their clients, growing the Long Tail by an additional 30 members since the last board meeting, giving IAB **555 total Long Tail members**.

We continue to ensure our member database is accurate and that we are cultivating meaningful reporting based on our members' involvement in IAB initiatives, both on a company and on an individual level. This vigilant support for member participation and engagement has contributed to very high member retention rates and to the collecting of over 84 percent of invoiced dues before the close of Q1 2012.

**The New Class**

**RANDALL ROTHENBERG**

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



IAB continues to grow our staff to accommodate the breadth of our widening scope of work. Since the last President's Report, we have added several new staffers. The new members of IAB include Nicole Horsford, Senior Manager, Member Services; Jessica Anderson, Manager, Advertising Technology; and Andy Kao, Manager, Finance and Human Resources. In addition, Chuck Jones and Yolanda Brown, who both consulted with the events team for the better part of 2011, have been brought on board full time as Manager, Events, and Coordinator, IAB Mobile Marketing Center of Excellence, respectively.

As always, we thank the Board for your support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randall Rothenberg". The signature is written in a cursive, flowing style.

Randall Rothenberg  
President and CEO