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President's Report

"The Global Stage"

February 24, 2013

Since our Board of Directors last convened in November, the Interactive Advertising Bureau finished another record year – which is no surprise, because the industry we represent finished another record year. Digital advertising revenues continued to climb, with the IAB Internet Advertising Revenue Report prepared by PWC showing ad revenues in the U.S. reaching \$9.26 billion for the third quarter of 2012, making the quarter the biggest on record, with an 18 percent climb year-over-year. These historic investments in interactive point to the strong results that marketers are receiving from digital marketing; it is a highly effective medium for interacting and engaging consumers. Digital ad spend for the first 3 quarters of 2012 was \$26.3B

Thanks to the growth of our members' business, the increase in the number of members, and our member companies' involvement in IAB activities, our trade association finished 2012 with revenues of nearly \$18 million. This has enabled the IAB to invest in several key initiatives that are reshaping our industry, and preparing the way for even greater growth. Most of that growth, we believe, will come from the transition of brand advertising spend to digital environments, hence the IAB's focus in recent years on brand marketers and their needs from digital media.

International

Importantly, we now see that in order for that to happen, IAB has to be able to think globally and act "glocally" more than we ever have before. Increasingly, our members and their customers are asking for technical standards, operating guidelines, and best practices that transcend national borders. Although the concept of "global marketing" has been around since the late Harvard Professor Ted Levitt wrote his seminal paper on *The Globalization of Markets* in 1983, the concept was honored only in the breach by marketers until the advent of the Internet Era. With a medium able to reach promiscuously across borders to deliver entertainment, news, and marketing communications, and extract insights into how consumers interact with content, has come calls for reducing complexity in digital media and marketing quickly and universally. So IAB is working hard to take what has been a loose network of 37 international licensees and turn them into a more formally collaborative

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group dedicated to the development and implementation of digital advertising solutions globally.

As evidence of IAB's steadfast commitment to international markets, in December the IAB appointed a **new Senior Director of international, Alexandra Salomon**, a veteran in online marketing, global advertising, digital publishing/media, and international business operations.

Under Alexandra's stewardship, and in the spirit of "think global, act global," we kicked off this year with our new **International Webinar Series**. These webinars will each cover a topic of global relevance and import, and include presenters who are leaders, influencers and experts on the subject at hand. During the first session, we covered highlights of "the Global Entertainment and Media outlook 2012-2016" with distinguished guest Marcel Fenez, Global Leader Entertainment and Media Practice at PwC in Hong Kong, and discussed the structure and value of the IAB Internet Advertising Revenue Report. This webinar was met with great interest and active participation, and deemed a real success.

Our support and dedication to international is further demonstrated in the work we are doing with the Worldwide Web Consortium and European Digital Advertising Alliance, to assure strong public policy alignment between the US, Europe, and elsewhere around the globe; in the uptake and implementation of self-regulation to enhance transparency and user control over behavioral advertising; and the MRAID project given the global implications of the App market.

Further to our announcement at the last IAB Global Summit and underlining new ways of collaboration with our **international IABs, we are in the process of** developing the new membership category in the United States for **International Members**. Alexandra Salomon is also coordinating with the IAB professional development team to find solutions to extend the IAB Digital Media Sales Certification program to other countries.

The incredible international attendance at IAB events continues with 11 countries represented at the Annual Leadership Meeting as we extend complimentary tickets to our International IABs and discounted ticket prices to strategic leaders from their countries.

With IAB representation in 37 countries and one regional in Europe, the IAB is a powerful global brand. This has resulted in an increase in requests from organizations looking to set up IAB in their country. We are reviewing applications for each of these potential new IABs with careful consideration.

Making Measurement Make Sense (3MS)

Central to IAB's activities is the "Making Measurement Make Sense" initiative, a joint endeavor with the Association of National Advertising Agencies and the 4As, now in its third year, to gain consensus on how audiences and effects in digital advertising should be measured.

The first major agreement among 3MS participants is that digital audience currency should be the viewable impression. Industry is now working toward agreement on how to **define the viewable impression and assure consistent implementation of viewability**.

Progress on those fronts has been rapid, with the Media Rating Council leading the way, with IAB aiding on the ad technology front. Pilot tests of viewability, including one test using more than 3 billion ad impressions across multiple brands and agencies, showed that in too many cases, the proportion of impressions that could not be measured at all was equal to or greater than that of impressions that could be counted as viewable. A central finding was that a strikingly high percentage of the unmeasurable impressions were inside iFrames. To make iFrames impressions measurable, IAB is urging all our general members to adopt the SafeFrames solution and test, test, test. MRC and IAB are jointly developing a test plan for SafeFrames; we anticipate that rollout will begin in March. Viewability measurement issues for larger ads, including the Rising Stars display ads, must be resolved, as well, so the MRC is devising further tests.

The issues do not alter the timeline for adoption of the viewability standard, which we expect will be developed and published by the end of 2013.

3MS teams also are in the early stages of drafting **standards for the application of gross ratings points to digital media**, a particularly important issue as cross-screen video planning, buying, and optimization becomes of greater interest to marketers, agencies, and media. We are continuing to work with the MRC and major companies in the value chain on writing standards for digital and cross-platform reach and frequency/ GRPs. In addition, Senior Vice President Sherrill, Research Director Kristina Sruoginis, and the chairs of the Research Council, together with executives from Nielsen, are preparing an educational module for research and ad ops executives on how Reach and Frequency/GRP's are measured and used in media planning and buying.

3MS's Ad Classification and Taxonomy Advisory Group, lead by the 4A's, the ANA and the IAB, has completed development of the key features of display ads, both video and banner. The group also approved

parallel paths for in market testing. In-market testing will include vetting among creative directors at agencies, with the 4A's leading in recruitment of this group of advisors. In addition, the plan calls for testing the comprehensibility and workflow of the schema among sellers and buyers during the IO process.

Research

Under Sherrill's and Kristina's leadership, IAB is gaining new prestige as a research organization. Already receiving both praise and volunteers to continue the ongoing work it outlines, **the IAB whitepaper *Digital Ad Engagement: An Industry Overview and Reconceptualization***, addresses the problem of too many digital engagement metrics and too little understanding of what they are, what they really measure, and how to use them. The paper posits that today, the multiplicity of metrics actually refers to three distinct constructs: ad engagement, content engagement and audience engagement. Further, the paper also puts forth a new framework for defining and refining what engagement is by looking at cognitive effects - that is, awareness, interest and intention; physical or user-initiated interactions; and emotional dimensions of engagement. Within this conceptualization, the industry can develop standard definitions and describe the plethora of methods in use so that engagement can resonate as a quantifiable element of the value of interactive advertising. The work that will emanate from this paper will ultimately feed into the broader 3MS goal of standardizing the interactivity metrics that matter to brands

As we prepared for the holiday season, Sherrill published the findings of a new study of holiday movie going in her monthly blog in MediaPost. **The study showed the centrality of digital media in building awareness of movies titles** and facilitating the planning phase of going to the movies using both HearWatchSay, our 500 person online community of media forward people and TMX, one of the largest syndicated studies of moviegoers, a biannual national survey of more than 1200 respondents. The piece concluded that the evidence is overwhelming that movie advertising and promotion must live in multiple media. Being released at ALM, **the IAB's first large study of how TV advertising schedules perform when budgets are shifted to online media benchmarks reallocations of 5%, 10%, and 15% of budgets across 18 real TV only schedules**. The schedules span multiple verticals and include CPG, retail, financial services, telecom, technology and automotive. Using Nielsen data, the study shows gains in reach, reductions in costs per reach point and CPM that vary, as expected for CPG and non CPG

schedules. The findings illustrate that when online ad exposure occurs prior to TV, the effectiveness increases by significant margins. The implication of that finding for media planning is that digital should be layered in first for cross-platform schedules to have the greatest effectiveness. In addition, the study shows a solid video ad completions rate of 87% overall, with a surprising 99% completion rate for mid-roll ads in short form and 89% in long form content.

Being released at ALM, is a new in depth study of consumer electronics shopping habits that **demonstrates how showrooming is changing the retail experience**. The study marks two milestones. For one, it is a big payout in our vision of partnering with a research vendor, in this case IPSOS Media Ct, to create a community of community and build a research tool of the future that we can access readily on our members' behalf. That research tool, also known as HearWatchSay (HWS) is now 5000 respondents strong and yields both quantitative and qualitative results. The showrooming study elicited 224 responses on discussion boards alone in addition to nearly 500 survey questionnaire takers. The typical work using discussion boards at IPSOS yields 100 or so comments. The second milestone is that this is the first collaborative study of 2012 for the IAB Research and Mobile teams - many thanks to Kristina and Joe! The findings show that showrooming is likely here to stay. Mobile plays a key role in showrooming and showroomers actually spend more on consumer electronics both on and offline.

Building Brands Digitally

IAB activities to help marketers and agencies build brands online span the spectrum of our organization's initiatives. 2013 will see these joined behind the birth of a new advertising category: Digital Brand Advertising. IAB activities in support of brands over the past several years have now created an environment whereby digital brand advertising can stand on its own. These include the work undertaken to enable engaging creative experiences (e.g., Rising Stars), measure the brand building effect (e.g., 3MS), lubricate and simplify the supply chain (e.g., the V-Suite video standards and the Impressions Exchange Solution), protect consumer privacy, demystify data, enable cross-screen campaigns via the IAB Mobile Marketing Center of Excellence, and ensure that we have the best people in the business via professional development and the IAB Digital Media Sales Certification.

The lead initiative in our brand advertising story continues to be **the Rising Stars program, designed to offer brand marketers irresistible canvasses across screens that enable creativity at scale** and led by Head of Brand Initiative Peter Minnium. With the announcement of the Digital Video Rising Stars winners at the Annual Leadership Meeting, 70% of the IAB Standard Ad Unit portfolio will be new Rising Stars. These new units extend the portfolio across screens and have real interactivity on the page as a core element. The Display Rising Stars paved the way for the new mobile and digital video units with the learning curve for agencies considerably shortened for these latter media. Now that awareness and acceptance of the display units is high, our adoption efforts will focus on ease of creation, serving, and tracking in addition to a third piece of effectiveness research to complement the two interaction pieces completed to date.

The **Mobile Rising Stars**, announced at the IAB Annual Leadership Meeting in 2012, are in-market with publishers and agencies at various stages of adoption. Unlike Display Rising Stars, the mobile ad standards are entering an ecosystem where the cement is still being poured. The setting process is likely to be lengthy and arduous, with Mobile Rising Stars both facilitating and benefiting from advancements. Given this, we have extended the in-market phase of the process until the IAB Mobile Marketplace in April, when some or all of the units will become part of the official IAB Standard Ad Unit Portfolio. In the meantime, we will field an extensive consumer study looking at all five Mobile Rising Stars across handhelds and tablets with three national brands. Early adopters aren't waiting for the official announcement and we continue to see leading brands and publishers using the units.

The **Digital Video Rising Stars** winners will be announced at the 2013 Annual Leadership Meeting. The seven dozen entries underwent two tough reviews, the first by an ad ops panel, a subset of the IAB Ad Ops Council, and the second by an agency working group, consisting of 36+ companies that represent over 80% of the buy-side volume. The submissions of a dozen companies made the final cut, and the agency working group clustered these into five winning Digital Video Rising Stars. The winning companies will now join with members of the agency working group to turn these concepts into ad products, with deployment specifications for the cross screen world.

Mobile Marketing Center of Excellence

The IAB Mobile Marketing Center of Excellence, under Vice President for Mobile Anna Bager, had a great year in 2012, finishing the year with 37 member companies. It continues to execute strongly on its agenda and its commitments to the Mobile Center Board of Directors.

Since the last President's Report, the Mobile Center released a number of industry guidelines and research reports, conducted a Town Hall on the subject of mobile discrepancies, furthered an important industry project called "The Future of the Cookie" to address issues of digital tracking in a post-cookie world, and reached consensus on a strong agenda for 2013.

A significant Mobile Center accomplishment in late 2012 and early 2013 was the release for public comment of two important measurement guidelines: an update to the **Mobile Web Ad Measurement Guidelines**, **and the industry's first In-Application Ad Measurement Guidelines**. We organized an important industry-wide Town Hall discussion on mobile ad discrepancies, getting ad operations and business-side experts together in the same room to talk about the sources of the problem and steps taken to address discrepancies when they arise. In addition, we published eye-opening research on the role that mobile video plays in people's lives, showing that for many consumers mobile video is a planned, sought-after experience that consumers access even more often at home than on-the-go.

The Mobile Center also **released a set of mobile creative guidelines** for public comment. These detailed specifications will incorporate mobile-specific ad sizes into the IAB creative standards for the first time. And we released two smaller pieces of research, one updating our 2011 study on mobile shopping, and the other looking at the role the mobile internet plays when people order food for takeout and delivery.

In 2013 the Mobile Center will dedicate its efforts and resources to seven key initiatives:

- **Grow mobile video:** Work with the IAB Digital Video Committee to promote mobile video advertising by creating common definitions for the industry and reducing friction in the marketplace.
- **Promote richer mobile ad experiences/creative:** Continue our focus on technical solutions like HTML5 and responsive design for mobile devices and across platforms through case studies and best practices. Track trends in smartphone and tablet advertising, drive adoption of IAB Mobile Rising

Stars as well as MRAID, and develop a Mobile Ad Creators' Guide, describing how to leverage standards and best practices to build excellent, scalable creative.

- **Improve understanding of mobile for buyers and sellers:** Complete the IAB's "XSOS" cross-media ad effectiveness research. Promote better understanding of B-to-B mobile marketing and corporations' view of "mobile first." Continue the Mobile Center's international focus with a second edition of its Global Mobile Anthology. Advance efforts to increase the mobile web presence of American companies through the "Tap Into Mobile" initiative.
- **Create greater buyer trust in and reliability of mobile metrics:** Help the industry clarify and improve all aspects of mobile measurement, including engagement, audience, and ad effectiveness metrics.
- **Improve audience insights and data for ad relevancy:** Demystify mobile realtime bidding and programmatic buying and show how they fit into the larger scheme of direct and indirect ad buys.
- **Promote consumer trust and fend off adverse regulation:** Release the Digital Advertising Alliance (DAA) Self-Regulatory Principles for Mobile Advertising and related code of conduct. Hold a second annual Washington, DC fly-in of Mobile Center Board Members to educate regulators and members of Congress about our industry. Promote adoption of and adherence to the Mobile Self-Regulatory Principles.
- **Demonstrate mobile's value at driving transactions, both on device and in store:** Continue our work on the intersection of mobile and local advertising. Undertake research on mobile advertising's ability to drive people to in-store transactions, as well as on the phenomenon of "showrooming" (consumers' use of the mobile internet in-store to make smarter purchase decisions).

Building on the success of our educational efforts in 2012 (when **Mobile Center staff spoke at over 60 events**), we are putting together an ambitious calendar that will have us onstage at a wide variety of events, across the US and abroad. We are planning a series of round table conversations in New York, the Bay Area, and Los Angeles.

Finally, the Mobile Center is looking forward to continuing **and intensifying our global work through the Mobile Committee-Global**. The Mobile Center plans to conduct a number of joint research and other

projects with fellow IABs around the world, and assist them with implementing and promoting guidelines that we create in the US.

Advertising Technology

The IAB Ad Technology team, under the leadership of Vice President for Ad Technology Steve Sullivan and his team, is responsible for two influential IAB councils, Advertising Technology and Ad Operations. Between the two councils there are a large number of technology projects under management. For this reason the group has decided on a communications strategy that focusses on 4 specific and high priority initiatives: SafeFrame, eBusiness, Data and OpenRTB.

Having successfully release specification for public comment at the 2012 IAB Ad Operations Summit on November 19th the **IAB SafeFrame Initiative** is now on track to release the final version of the spec at the IAB Annual Leadership Meeting in Phoenix. Broad industry adoption of SafeFrame is critical to the success of the 3MS initiative, as it offers a solution to the issue of not being able to measure viewability through cross-domain iFrames. In order to achieve this goal the IAB and MRC need companies to come forward to participate in testing the SafeFrame reference implementation. We need publishers to install the host component code provided in the open source project managed by the IAB ad technology staff, and we need viewability vendors to partner with those publishers for the purpose of testing the external component. Through all of this, it is important for publishers to remember that there are additional benefits to the adoption of SafeFrame, such as:

- **Publisher control:** SafeFrame provides isolation between publisher content and ad code, which allows publishers to maintain control of page layout, limiting interference from ads that have not been properly formatted for the site, or do not perform well in terms of load time and/or on page errors. Using the SafeFrame API, publishers also have the ability to decide what website information (if any) should be exposed to which advertisers.
- **End-user safety:** Ads shown from un-vetted sources (i.e. third-party rotations) would not be able to access the content of the surrounding page and capture sensitive user information displayed on the webpage (i.e. PII, email, banking information, etc.)
- **New Publisher Revenues:** With SafeFrame enabled, publishers will be able to sell “rich media” placements without the need for publisher side files and the vendor agreements that come with them.

This also applies to pages that have been previously off-limits because of the consumer safety threat of allowing ad code direct access to page content.

- **AdChoices Metadata:** The SafeFrame protocol will enable the passing of AdChoices metadata, which will be rendered for consumers when they click on the AdChoices icon in the upper right of the ad. For the first time, the functionality behind the industry’s self-regulation solution will be able to present cross-party data about how that ad was served and what data was collected while doing so.

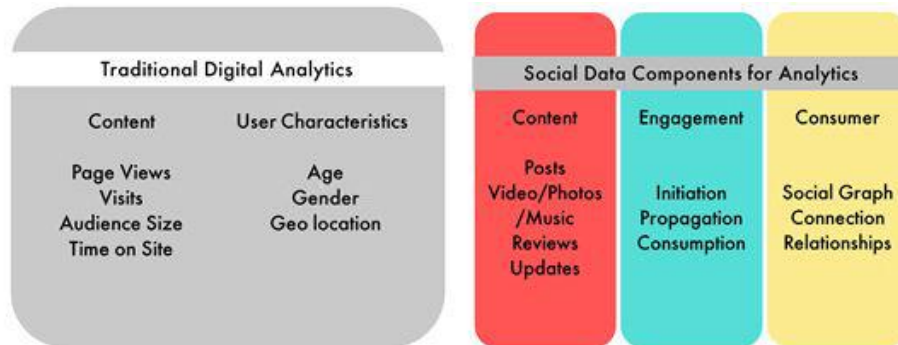
After many years of effort it appears that 2013 will see significant, conclusive achievements in the area of **eBusiness**. eBusiness is the long sought dream of efficiency in the buying and selling of premium digital inventory through the electronic delivery of business documents such as the RFP, IO and Invoice. This optimism springs from recent movement on the part of major vendors in the field as well as at least one strategic partnership between a large publisher and agency holding company.

Leadership of the IAB Ad Operations Council recently identified **data ownership and management** as a critical area of focus for 2013. It is expected that this group will join forces with the Data Council (led by EVP and COO Patrick Dolan) to create and manage a working group focused on best practices around the management of third party tags. This group will then follow up with an effort to define industry standard terms and conditions around the ownership and control of data gathered by third parties on publisher sites.

In 2013, Under the leadership of DataXu and The Rubicon Project, the Real Time Bidding (RTB) working group will continue making quarterly updates to the standard **OpenRTB** protocol developed to support efficient real-time communication between DSPs and SSPs and available on the IAB site. In addition, the group will expand its focus to include a method for programmatically describing inventory so buyers can be more informed about that upon which they bid.

The **Data Council** released several market-making studies and whitepapers over the past few months. The council’s **“Site Tagging Best Practice” whitepaper** opened for public comment in November was officially released in early February. In January the council rolled out **a new report—“Social Data: Demystification & Best Practice”**—that gives companies and marketers a sturdier starting point for understanding and making better use of this growing mass of information and its power to positively influence

millions of people through social amplification.



The council was able to present the contents of this new white paper at OMMA’s Data Driven Advertising conference. Other projects for 2013 include updating the seminal “Data Primer” and exploring how big data combined with multiple internet enabled devices is changing the face of marketing through omni-channel marketing. The IAB has commissioned the Winterberry Group to look into this emerging trend in marketing. IAB’s **Quality Assurance Guidelines** (QAG) initiative, initially created solely for Networks and Exchanges, promotes the growth of the industry by ensuring brand safety through self-regulation has been expanded. As the industry has evolved and brand safety needs continue to grow, so must transparency in order to facilitate it. To accomplish this goal, the IAB, has convened the QAG Evolution team. The team is comprised of leaders from 24 companies representing both buyers and sellers. The team has been tasked with updating and broadening the scope of the guidelines to ensure they remain relevant in today’s market. QAG 2.0 specs are expected to enter public comment in the next few weeks and launch in April 2013. The new section of the IAB Site iab.net/qaginitiative will give you a deeper view of the latest updates.

Committees and Councils

Thousands of executives from IAB member companies participate in our Committees and Councils, which are overseen by Vice President for Member Services Julie Van Ullen and her team. Their activities are critical to improvements in our industry, as well as to the creation of a sense of community and purpose within the fast-moving digital ad industry.

The **CFO Council** continued to focus on industry benchmarking and knowledge sharing. The council completed its 2012 Salary Survey in November and released its quarterly industry A/R survey.

With guidance from a working group of the **Sales Executive Council** and under the leadership of Sherrill Mane, the IAB has released the **Online Media Sales Kit**. The kit is a living, breathing testament to the value of digital media, with a sweeping narrative that tells the story of the human face of digital media. Every platform on which our members sell inventory is included in the narrative and throughout the kit. The central story is that digital media in their various platforms and channels fulfill every one of Maslow's human needs. In turn, those needs fulfillment propositions translate into marketer opportunities on specific platforms. The kit is visually stunning and extremely user friendly, making it possible for any salesperson to go seamlessly from the broad narrative key elements of the kit to customized sales presentations. Two groups of sales and sales marketing exec's have been trained in the use of the kit and in each group, the enthusiasm was palpable. The sales media kit is available to IAB General Members only and to our knowledge, we are the first media trade organization to provide such a tool to members.

Once again, the IAB partnered with Advertiser Perceptions, Inc to survey the agency and marketer community to empirically arrive at the honorees for awards. At the behest of the working group of the Sales Executive Council, shepherded by Sherrill Mane, **a new award was created, Leadership Through Mentoring**, designed to honor the an individual who is widely seen as training and developing the sales leaders of the future. The awards ceremony takes place during the opening session of the ALM.

The **Digital Video Committee**, in conjunction with Mobile Committee, launched the Mobile Video Taskforce to investigate the cross-platform challenges posed by this hybrid format and work toward clarity of standards and best practices for this ongoing initiative.

In late 2012 the IAB became managing partner of the **Digital Content NewFronts** (April 29 to May 3, 2013), a weeklong series of presentations from digital content powerhouses that promises to entice marketing and ad agency executives to view the latest opportunities available for brands to expand their consumer reach on digital platforms. The Digital Content NewFronts' six founding media partners – AOL, Digitas, Google, Hulu, Microsoft Advertising and Yahoo! – will host events that feature native digital video content, alongside 12 other leading online publishers. Top ad-supported digital video publishers were invited to present at the event based on a survey conducted by the IAB among the top 200 ad agency media buyers.

The **Multicultural Council**, in its charge to advocate for continued revenue visibility within the general

market, **became a member of the #InTheBlack consortium of African-American media organizations.** The consortium initiated a series of meetings with leading CMOs in the retail sector. The IAB plays a leading role on digital matters for the consortium. The Council also concluded **the African-American Audience Measurement Project**, a market survey in conjunction with a leading measurement firm to accurately gauge Black audience composition on African-American themed sites. The survey's confidential results confirmed participating publishers' original thesis of the under-counting of Black users in wide-spread syndicated service reporting. The Council continues its work to upgrade the digital skill-set of multicultural agencies through our work with the Association of Hispanic Advertising Agencies (AHAA) and the recruitment of agencies into IAB associate member status.

The **Networks & Exchanges Committee** moved forward on the Network Audience Reach Definition Project to encourage leading measurement firms to arrive at consensus on mutual definition and testing methodologies. The Committee also launched the Image-based Advertising Taskforce to develop capabilities and communication for the burgeoning marketing channel of in-image advertising solutions.

The **iTV Committee** pressed forward with programming to address the TV Everywhere movement that has revolutionized television consumption on connected devices, a central question for MSOs and OTT providers. The committee held a December Town Hall in conjunction with our event partner, TV of Tomorrow, to investigate industry responses to recent changes.

Continuing its focus on social at the intersection of the Paid, Owned & Earned media equation, **the Social Media Committee partnered with The Jordan Edmiston Group, Inc. (JEGI) to take a look at how the social media ecosystem has evolved**, bringing brands and users together across a complex paid, owned and earned landscape. Covered in the report was the rise of operating systems, social intelligence, and user control as well as a view of how social companies are retooling organically and through M&A to tackle the complex social environment.

In January, the Social Media Committee was represented at New Media Expo, a conference presented by Blogworld. Committee shepherd, Susan Borst was on a Forbes-moderated panel with Klout and the Senior Manager of New Media and Analytics from Cirque du Soleil to discuss the hot topic of "Social Influence...Why

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Brands Care.” Also at the beginning of this year, the IAB became, for the first time, an official Media Sponsor for Social Media Week New York. The IAB is hosting two sessions during SMW-NY in February.

Under the leadership of Michael Friedenber, President & CEO at IDG Enterprise, and Bob Felsenthal, Publisher at BtoB Magazine, the small but focused **B2B Committee** met in January to set the 2013 agenda. Look for this committee to release a Best Practices guide to help B2B marketers/agencies broken out by SMB, Mid-Market and Large Enterprise that will address key questions such as “Where do I start? What is the Process? What are the different types of partner options? How to best utilize data? How to handle programmatic buying and address the quality vs. quantity issue? How to assess ROI/measure brand vs. conversion ratios?

This year the **Games Committee** will look to address the significant changes that have occurred over the past few years that are impacting game play and advertising on games across all platforms. The Games Committee will be represented at SxSWi in Austin, TX in March with an approved panel titled “Games. Anyone. Anywhere. Anytime.” IAB committee shepherd Susan Borst will moderate this session with co-chairs Joy Taylor from EA and Kym Nelson from IGN.

New in 2013 is the **Content Marketing Congress**. A members-only inaugural Content Marketing Town Hall was conducted on January 24 to assess member interest in this topic. Five case studies were shown by companies including The New York Times, Mindshare, Thomson Reuters, Forbes Media, SAP, StudioOne, Sears Holdings and Martini Media. Kontera and Swoop led a discussion on Reducing Content Marketing Complexity while Joe Pulizzi, founder of the Content Marketing Institute moderated a panel on The Importance of Social Sharing for Content Marketing with AddThis, BuzzFeed and Unruly Media. An Advisory Board and Task Force is now being formed with the first order of business being a Platform Status Report on “Content Marketing Safety for Publishers & Brands.”

Public Policy

The IAB public policy office has shifted its efforts from campaign mode to full blown advocacy following the November elections. Each new Congress brings change and this year is no different. The House and Senate

swore in new Chairs for their respective consumer protection subcommittees and IAB welcomed Congressman Lee Terry and Senator Mark Pryor recently when Randall Rothenberg sat down with each to discuss the digital ad industry's legislative priorities face-to-face. We will continue this high level of engagement as we plan the Mobile Marketing Center of Excellence Board Fly In and IAB's Long Tail Alliance DC Fly In this Spring. But while the 113th Congress contains many new faces, we expect the agenda to remain much the same, with attacks on digital advertising on both the tax deductibility and consumer privacy fronts. A renewed vigilance is necessary if we are to protect and expand on our past successes.

The threats to our industry continue to spread beyond Washington, DC, to state legislatures, international governments, and NGOs. IAB continues to press for a global self-regulatory program that advances consumer privacy protections without stalling the immense growth and innovation in the Internet. We have helped launch or expand programs in Europe, Canada, Brazil, and Australia recently. We remain engaged in the **World Wide Consortium's Do Not Track** efforts to ensure anti-business advocates do not gain a global foothold in this unelected standards body. And we were able to defeat several onerous legislative proposals at the end of the 2012 state legislative sessions, including convincing the Governor of New York not to introduce and endorse a past online privacy bill. Our 2013 public policy strategy will be a multi-faceted approach to protecting the industry.

Training and Development

The IAB Digital Media Sales Certification program, under VP Training Michael Theodore, continues to make strides as the only industry-created and industry-accepted standardized examination that helps companies develop and maintain professional sales teams and provides them with a tool for hiring and evaluating employees.

The three testing windows since June 2012 have produced 423 successful certificants. Another 200 candidates are slated to take the examination in April and July. While the majority of testing has occurred—for obvious reasons—in New York, there are also significant numbers of certificants in San Francisco, Chicago, Los Angeles, and Boston. There have been some international test-takers as well, with certificants in Canada, England, Costa Rica and Morocco.

Working with The 614 Group, the IAB is rapidly transforming the DMSC into a full-service consultative program

that helps companies develop a customized approach towards their internal learning and development needs. The new corporate program includes assessment tools and education programs in addition to the certification test itself. The program also helps companies develop a customized approach towards learning and development and includes a corporate discount for the certification exam.

The Certification program is already having an impact in the market. **Four leading media companies—24/7 Media, About.com, Triad Retail Media and Univision—are supporting its importance by formally committing to a sales hiring preference for those that have taken and passed the exam.** Moving forward, all four organizations will be citing this recruitment preference in their job listings and incorporating it within their human resources hiring procedures.

The success and rapid adoption of the DMSC has created inquiries about the program from other sectors in interactive advertising. As a result, the IAB will soon begin work on a Digital Ad Operation Certification program that includes Ad Ops specialists from both the sell-side and the buy-side.

Marketing

Under the leadership of **EVP & CMO David Doty**, Marketing Director Chris Glushko, and Public Relations Consultant Laura Goldberg, Marketing placed a focus on creativity and relationships to drive exposure for IAB initiatives and thought leadership across a number of key audiences. The team developed innovative ideas such as a political cartoon to communicate the downfalls of new FTC regulations, built more strategic relationships with agencies through an on-going agency tour that brings our member's top clients our view in the marketplace, helped shape research from our Mobile Center to create new press opportunities, and carried our message far and wide through a robust social strategy. Together, these efforts delivered deliberate communications results for key IAB objectives.

In response to the FTC's proposed changes to COPPA, Marketing devised a strategy to use a political cartoon to communicate the potential downfalls of new regulations. An IAB first, "Don't Let the FTC Steal Christmas" made waves in Washington and gained coverage across industry trades including *Adweek* and *Business Insider*.



To build exposure for the Digital Content NewFronts, Marketing negotiated a multidimensional robust partnership with *Adweek*. Coverage will include print and digital elements, including significant support from *Adweek's* editorial team and an interactive NewFronts hub on *Adweek.com* with prominent placement on the publications homepage. Earlier this month, Marketing pushed out the NewFronts schedule through a broad channel strategy, driving coverage in *Adweek*, *Media Life Magazine*, *MediaPost*, and *Radio & Television Business Report*.

Building deeper, direct relationships with many agencies remains a top priority. From November through January alone, David Doty and Head of Brand Initiatives Peter Minnum presented key IAB messages to seven top agencies— *Draftfcb*, *GroupM*, *OMD*, *Razorfish*, *Redfuse*, *VML*, and *Y&R*. Doty and Minnum have now reached hundreds of leaders at 28 agencies.

Mobile was top priority as Marketing used creativity to elevate the IAB Mobile Marketing Center of Excellence. The Mobile Center was mentioned in places such as *CNBC*, *Fast Casual*, *Fox News* and *Serious Eats*.

Average press stories per month from November through January jumped 19% to 1,299, up from 1,096 during the same three-month period in 2011-2012. In addition, November had the most press stories of any November on record with 1,324. The team leveraged close relationships with influential reporters in top-tier press outlets to achieve greater impact through well-placed exclusives. Major press wins included important coverage in *Adweek*, *MediaPost*, *New York Times* (Digital Content NewFronts); *Adweek*, *Business Insider* and *MediaPost* (IAB Political Cartoon on FTC's potential changes to COPPA); *CNBC*, *Fox*

News Edge, Crain's (Mobile Shoppers Report) AdExchanger, ClickZ, Fast Casual, Mobile Commerce Daily, Pizza Marketplace, Serious Eats (Mealtime Goes Mobile); Ad Age (Site-Tagging Best Practices); and Adweek, MediaPost, and Venturebeat (Mobile Video Diaries).

Marketing's social media strategy drove a record amount of engagement across a number of platforms. Twitter followers are at 31,311, up 29% compared to January 2012. In January alone, 85 tweets from IAB garnered nearly 3 million impressions across all followers' networks, showing that our followers are engaged with our content and spreading it further. Facebook fans are at 16,968, up 21% compared to January 2012. During the same time period, engagement rates increased almost six times to 3%, compared to .56% in January 2012. The team is also leveraging LinkedIn more, and it is paying dividends. Company followers are at 5,288, up 32% compared to January 2012.

Marketing's strategy to make the IAB Blog as source of thought leadership content resulted in an increase in readership. Traffic to the IAB Blog from November to January averaged 7,918 page views per month, up 4% from the same period in 2011-2012. The team sourced content from across the IAB spectrum with highly read posts penned by IAB subject matter experts Patrick Dolan, Mike Zaneis, and Sarah Hudgins. Red Door Interactive Creative Director Jeannie Fratoni also delivered on insider's perspective into the Rising Stars selection process

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 2012 over 6000 executives attended 12 conferences and 16 leadership dinners in 5 cities across the US. The business generated \$6.2 million in gross revenue and made a \$1.7 million net contribution to IAB with a net margin of 29%.

The 2013 Annual Meeting, themed "Big Data & Big Ideas: Friends, Enemies or Frenemies?" has attracted a record 860 attendees and generated over \$2.1 million in revenue - 14% ahead of plan and a 25% growth over 2012.

After seeing slight softness on sponsorship in 2012 a combination of new events and inventory has led to increased sales activity with 2013 YTD sponsorship sales at \$2.76 million, which is 40% ahead of sales at this time in 2012.



Membership

Both General and Associate Membership numbers have held up nicely going into the 2013 membership year, with non-renewals at a minimum. New additions to IAB Membership since our last meeting in November 2012 are listed below. With **16 new General and 19 new Associate Members**, our current total General and Associate Membership is 529 strong. Notable new members include News Corporation, About, Inc. (under new ownership), Studio One, Opera MediaWorks, Dieste, Picalate and PlacelQ.

Organization Name	Member Type
News Corporation	General
About, Inc.	General
Mevio, Inc.	General
Flurry Inc.	General
Studio One	General
Dominion Digital Media	General
Hipcricket, Inc	General
MEDULA NETWORK LLC	General
Shiny Ads	General
Spafax Networks	General
Targetwise	General
The Christian Post	General
UberMedia	General
YTM LLC	General
Opera MediaWorks	General
Swoop	General
Adswizz Inc	Associate
Affinity Express	Associate
Dealer.com	Associate



Dieste Inc.	Associate
House Party	Associate
Research Now	Associate
UBL Interactive, Inc.	Associate
UBM Tech	Associate
1000mercis Inc	Associate
ActionX	Associate
AdsPromotion	Associate
Dennoo	Associate
Gaian Solutions	Associate
Pixalate	Associate
PlacelQ	Associate
ScreenShot Digital, Inc.	Associate
Tealium	Associate
IPS	Associate
Lijit Networks	Associate

The **IAB's Long Tail Alliance**, now in excess of 1000 members, looks forward to another successful Washington, DC Fly-In in June of this year. With the recent growth and heightened interest of this small publisher member class, the IAB has begun to roll out specialized benefits to the Long Tail Alliance, including online professional development, specialized email content, and networking events in high concentration areas. In light of the great success of last year's inaugural "**Member Champion Breakfast**", where we invited key contacts within member companies to come get a crash course on IAB initiatives and how to get involved, we are planning another for April of this year in New York and yet another later in the year in San Francisco. In addition, early this year we will launch a revamped member webinar series and Member Digital Trivia Nights, all in the interest of keeping our membership community highly engaged.

Near the end of last year we pilot tested a **Member Ambassador Program** in Southern California, where we partnered with members who volunteered to help build a local community for networking. So far, this has

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proven to be a great success and we will look to assemble additional local ambassador groups this year.

IAB Finances

Under the leadership of EVP & COO Patrick Dolan IAB finances reached record levels. In 2012 dues revenue came in at an historic high, nearly \$1 million over budget through lower than expected member attrition as well as a surge of new members. Our events business, which attracts a wide variety of top industry experts and sold-out crowds, leveled out after five years of fast-paced growth. We raised additional revenue through initiatives including the production of sponsored research, establishing the Advertising Technology Board and Council, and other fundraising programs. Overall, topline revenue came in at a record of \$17.8 million, 9 percent over budget.

IAB invested more in programs than ever before, dedicating the difference between budgeted revenue and actual revenue to the extensive interests of our membership. We spent \$1.43 million beyond our budget, a sum that funded new staff hires, the Making Measurement Make Sense initiative, the Mobile Marketing Center of Excellence's Tap into Mobile Initiative, prominence at the Cannes Lions International Festival of Creativity, greater influence on the international landscape, more strides in advertising technology, more research than ever before, and support for the burgeoning industry of digital video. While we broke even for the year, as projected, we want to assure the Board and the membership that we are committed to prudent spending and stewardship of the IAB.

Respectfully submitted,

A handwritten signature in black ink that reads "Randall Rothenberg". The signature is written in a cursive, flowing style.

Randall Rothenberg
President and CEO