



President's Report

November 7, 2014

Rebuilding the IAB

By Randall Rothenberg

The digital media and marketing industry thrives in a state of continual transformation. We succeed both in spite of this constant change and because of it. The ever-evolving environment challenges us to push beyond our comfort zones and leave the constructs that have served us so well in the past, only to hang on to new solutions. We march forward guided by our increasing accumulation of experience and hope. While we may occasionally misstep, in the overall, we—the IAB and the industry we serve—have excelled.

The most apparent measure of our excellence is the continued growth in Internet advertising revenues. In the first half of 2014, revenues again hit a landmark high, reaching \$23.1 billion in this period—a 15% rise over 2013. Mobile is becoming an essential part of the marketing mix with revenues up 76%, to \$5.3 billion—nearly a quarter of the total. Programmatic buying and selling is revolutionizing how the industry does business by providing a powerful combination on efficiency and effectiveness. Digital media are experiencing a renaissance in creativity. Publishers and brands are connecting with consumers deeply, through emotion.

Over the years, IAB has consistently adjusted the use of its resources and its influence to best support the growth of this expansive market. However, since our last meeting, we have made some of the most dramatic changes in the history of this organization.

First and foremost, IAB has widened its criteria for full-voting, General membership, empowering a greater swath of industry leaders to serve on the IAB Board of Directors and chair IAB Committees and Councils. For many years, this privilege was available only to “sellers of interactive advertising inventory.” We are excited to now welcome all “companies that sell, distribute, or optimize digital advertising or marketing programs.” Many of these companies had



been active in the IAB, as nonvoting, or “Associate” member companies. This momentous shift acknowledges important changes to the structure, processes, and relationships that comprise the digital advertising industry:

- Data is, at the least, as important a source and perhaps a greater source of value in the marketing-media value chain as advertising inventory.
- The strict wall that once separated “buyers” from “sellers” in the value chain is becoming more porous, with many companies going to market as sellers, buyers, and packagers of inventory and data, with technology companies playing vital roles serving both interests.

Giving full voice to the many companies contributing to these enormous changes seemed entirely appropriate at this point in IAB’s history.

As our own Chairman, Vivek Shah, CEO of Ziff Davis, said, “This shift in membership structure will give many of the key businesses that facilitate and power the interactive advertising industry an increased role in setting the vision and strategy of the IAB.”

In addition to these benefits, the dues generated by the conversion of applicable nonvoting members to voting members will serve to help IAB undergo developments essential to the health and growth of the industry.

The IAB Tech Lab is one of these critical advancements. At the end of September, IAB announced the formation of the IAB Technical Laboratories, a nonprofit research and development consortium charged with producing and helping companies implement global industry technical standards and solutions. The goal of this consortium is to simplify and reduce the costs associated with the digital advertising and marketing supply chain, through a better and more informed dialogue between business leadership and technical leadership. It will be governed by an independent Board of Directors and Executive Committee which will oversee its agenda and funds allocation. IAB Vice President for Ad Technology Scott Cunningham is overseeing the launch of the Tech Lab.



Another achievement is the launch of the Digital Video Marketing Center of Excellence. Similar to the Mobile Marketing Center of Excellence, it will be an independently staffed unit inside the IAB. The Center will be devoted to promoting the development of the digital video medium within the marketing, advertising and media ecosystem. Digital video is on the ascendance, attracting \$1.5 billion in revenue in the first half of the year, a 13% increase over the same period in 2013. This figure is expected to continue to grow, supported in part by the new viewability standard for video. Anna Bager, who has done such a remarkable job launching and running the IAB Mobile Center, will now lead both the Mobile Center and the new Video Center, as Senior Vice President for Mobile and Video.

We are also proud to launch the IAB Education Foundation, a new nonprofit organization dedicated to increasing racial, ethnic, gender, and economic diversity and improve peoples' skills in the digital media and advertising industries. The platform for the Education Foundation is the IAB's successful certification programs. These programs—initially the Digital Advertising Sales Certification Program and the Digital Ad Ops Certification Program—have, in the space of just a few years, taught and credentialed thousands of experienced professionals. Now we will be able to help an even larger number of people from diverse backgrounds obtain similar credentials and qualify for entry-level positions in one of the fastest-growing industries in the world. Tim Armstrong, the Chairman and Chief Executive Officer of AOL Inc., will lead this organization as Chairman of the Board, working with IAB Vice President for Education and Learning Michael Theodore.

In a grand step toward building a more trustworthy supply chain, the American Association of Advertising Agencies and the Association of National Advertisers have joined with IAB to create a first-of-its-kind, cross industry accountability program designed to fight ad fraud, malware and the piracy of intellectual property, while also increasing marketplace transparency. Entitled the Trustworthy Accountability Group, or TAG, this organization will be led by Linda Woolley as president and CEO.

These five historic developments are all in service of the “Five-Year Plan to Digital Dominance” which outline five key challenges that must be resolved for the long-term health of the industry:



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

IAB is making serious advances in its governance and capabilities so that the industry can continue to flourish in the next five years and beyond. We are well-positioned today for a prosperous tomorrow.

Table of Contents

The 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 enumerated 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

The 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 and initiatives described below support the Trustworthy Digital Supply Chain Initiative, formally launched in June, which move us closer to this goal.

This endeavor is encompasses four distinct objectives:

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

Promote Brand Safety through Transparency 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. As I said earlier this year, “Even if you know that your own suppliers are reliable, you can’t tell whether your suppliers’ suppliers are secure.” Unchecked, this lack of transparency deters brand spending in our ecosystem.

Transparency and accountability were principal goals of the IAB Quality Assurance Guidelines program, which was established in 2011 as a self-regulatory program by which networks and exchanges could attest to their brand safety. Companies continue to join this program. In fact, twenty-two new companies having joined since May, bringing the total number of companies in the program to 58. New members include such key technology players as Rubicon Project, tubeMogul, LiveRail, Chango, DataXu, Quantcast, Tapad and top publishers like Time Warner Cable Media and Ziff Davis. In addition the first company, Dstillery, has met the requirements of

the “independent validation” tier of certification in Quality Assurance Guidelines 2.0 (as opposed to self-certification) which significantly strengthens accountability under the program.

The Quality Assurance Guidelines (QAG) program will now be the foundation of the Trustworthy Accountability Group (TAG), an independent industry-wide accountability program, which we are establishing with the American Association of Advertising Agencies and the Association of National Advertisers. This new accountability organization will develop an active monitoring system to detect non-compliance with the principles around fraud, piracy, malware, and transparency. Ultimately, companies will be able to apply for a “Good Housekeeping Seal of Approval” in these areas, with serious consequences for non-compliance. Only then will we be able to ensure we are providing a truly trusted digital ad supply chain.

Eliminate Fraudulent Traffic

No economic model in which a significant percentage of the goods sold are fraudulent is sustainable. We must identify bot-generated, non-human traffic and remove it from the supply chain. In September we took the first step by publishing a common taxonomy entitled “**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 industry's efforts on this front, IAB established a new **Anti-Malware Working Group** over the summer. This group has met several times and mapped out a business plan to create a set of security principles to help companies detect 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 Investigations 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 your businesses.

Fight Internet Piracy

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 against 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 TAG. In addition, we are leveraging the IAB/American Association of Advertising Agencies Standard Terms and Conditions process to encourage marketers and agencies to build upon 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

By 2018, 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.

On June 30, the Media Rating Council (MRC) issued final Viewable Impression Guidelines and the gating period on the Advisory for Video Ads expired, giving the advertising ecosystem the green light to transact on the viewable impression for video ads for the first time.

Like display, the video viewability standard has a pixel and a duration minimum. The standard requires that a measurer determine that an ad meets the pixel requirement first: a minimum of 50% of ad pixels on an in-focus browser on the viewable space of the browser page. This minimum of 50% of ad pixels must be in view for a minimum of two continuous seconds. The required time is not necessarily the first two seconds of the video ad. Any unduplicated ad content comprising two continuous seconds qualifies. The industry arrived at this standard through quantitative testing. MRC tested assumptions about the duration requirement with data from billions of impressions. More than 80% of impressions that were viewable for two continuous seconds were viewable through video ad completion.

As of July 2014, there are 13 MRC-Accredited Viewable Impression Measurers for Display Impressions and approximately 10 others were in process of becoming accredited. In addition, there are three MRC-Accredited Viewable Impression Measurers for Video Impressions and approximately six more are in process of becoming accredited. More measurers are expected to become accredited as viewability is adapted and integrated throughout the advertising ecosystem.

In order to foster knowledge-sharing about measurement change and support the implementation of viewability, IAB has been hosting a Making Measurement Make Sense (3MS) educational forum once a month. More than 600 people have attended these sessions since their launch. Some of the educational forums include “3MS Educational Forum on Display Viewability: Early Learnings and Optimization” on May 28, “Webinar: Making Measurement Make Sense Update

& Implications” on July 1, “3MS Educational Forum” on July 17, and “3MS Educational Forum: MRC Viewability Implementation Considerations” on November 5.

In addition, at the July 2014 Research Council meeting, David Gunzerath, SVP and Associate Director, MRC, gave an update on viewability and answered questions from the digital advertising research community. Many of these questions have also been answered in the Metrics Insider MediaPost columns authored by Sherrill Mane, SVP Research, Analytics and Measurement, IAB. Since the last board meeting, Sherrill has written four columns:

- “Hearing Viewability” on June 12, highlighting the upcoming greenlight for transacting on viewable impressions in video.
- “Video Viewability: What You Don’t Know” on July 8, reinforcing the basics of viewable impressions for video.
- “Getting Clear on Viewability” on August 7, which as the title implies provided additional clarity on viewability.
- “Prêt-à-Mesure” on September 11, drawing attention to the report “Fashion on Phones: Mobile Readiness of the Women’s Wear Daily Top 100 Brands.”

Through all these educational forums and columns, IAB has pressed the following points:

- A non-viewable impression does not equal a fraudulent impression.
- Minimums for measurement are a starting point; it is up to the marketplace to determine how the measurement standards are deployed for transactions.
- Viewability is part of the evaluation process at most large agencies, which have been testing multiple viewability measurement vendors and are incorporating viewability in their planning and buying processes. Billable guarantees are not happening yet, since billing systems are still not integrated with measurement systems.
- Duration is part of the viewability standard because the marketing and advertising industry needs standards-based interactive advertising metrics that are comparable to

legacy media. Only then can GRPs accurately reflect unduplicated audience reach and frequency for an ad campaign across screens.

- As the transition to viewable impression currency continues, measurement will improve. The end result will be a decreasing pool of non-measured impressions. One way to hasten that improvement is to deploy SafeFrame.

For all of the progress publishers, agencies, marketers, and tech companies are making toward implementing viewability, there also is a drumbeat of confusion. To remedy the confusion and arm IAB members with the best information to remain competitive, we have taken several additional steps.

First, we formed an IAB Measurement Leadership Advisory Board, composed of sales leaders from our member companies, including several Board members. This group is charged with advising IAB leadership on measurement issues that are affecting their businesses, which we can rally the rest of the 3MS leadership to address. The MRC, which has assumed the leadership role in standards development, also reconvened its own 3MS steering committee, the so-called 3MS Blue Ribbon Task Force, so that agency, marketer and publisher leaders can discuss pressing issues together.

Second, we actively lobbied 3MS leadership to address the demands some agencies are making on publishers for 100% viewability guarantees and the expensive use of proprietary viewability vendors. The result was the issuance, on October 16, of an MRC summary of considerations for implementation of viewable impression measurement, to assist advertisers, agencies, and publishers as they move to transition from a digital advertising currency based on served impressions to one based on viewable impression measurement. Among other things, the MRC declared that 100% viewability is an “unreasonable” request. The complete set of considerations is available on the IAB website, measurementnow.net, and the MRC website. In addition, ANA and 4A’s informed their memberships and posted it to their sites.

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.

As mentioned, on September 29, IAB announced the formation of the **IAB Technical Laboratories**, a non-profit 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 IAB Tech Lab will spearhead the development of technical standards, create a code library to assist in rapid, cost-effective implementation of IAB standards, and establish a test platform for companies to evaluate the compatibility of their technology solutions with IAB standards, which for 18 years have been the foundation for interoperability and profitable growth in the digital advertising supply chain. Other objectives include:

- Saving time and money for member companies through certification programs that increase clarity for the interpretation of standards while reducing friction in the supply chain
- Driving industry standards in emerging areas such as “The Internet of Things.”

At the core of the IAB Tech Lab is the **CodeBank**, an Open Source code repository that contains the resources needed to implement the specifications and guidelines that the IAB currently produces. These materials include templates, implementation guidelines, code examples, tutorials, quick start guides, unit testing harnesses, and validation tools. The CodeBank already has two candidates for inclusion, a template that supports the Digital Audio Ad Serving Template (DAAST) and materials to aid in the adoption of SafeFrame.



Another opportunity for the IAB Tech Lab is to drive efficiency by identifying a common set of features that exists across all IAB products. This set of features can be used to create a single code base that supports all existing and future technologies. The goal is for developers to “code once and reuse.” Additionally, the IAB Tech Lab will be operationalizing a product lifecycle for standards. This lifecycle operates in four phases: Discovery, Definition, Drafting, and Distribution. The identification of this process will lead to greater transparency for members regarding the development of a standard.

The IAB Tech Lab will also nurture OpenDirect, a common set of API specifications for direct programmatic ad sales that will allow buyers who want to access guaranteed inventory via automated processes to avoid multiple, costly, custom integrations. Executives from AOL, Microsoft, Yahoo!, YieldEx, Bionic, MediaMath, and IAB are working on this initiative. The OpenDirect 1.0 technical spec was released for public comment at the IAB Ad Operations Summit on November 3, 2014.

In response to digital video’s skyrocketing growth, IAB announced the launch of the **Digital Video Marketing Center of Excellence**, an independently funded and staffed unit inside the IAB, 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, Video Center leader Anna Bager will focus on tying together various IAB video activities—including Advanced TV, Digital Video, and the Digital Content Newfronts—providing a one-stop shop for thought leadership, innovation, research, and guidance for the burgeoning digital video industry. The 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. Already, over 20 video content producers have confirmed participation, including the NewFronts founding partners AOL, Google/YouTube, Hulu, Microsoft, Yahoo!, and DigitasLBi. Assisting Anna and helping to run

the Video Center and the Newfronts is former advertising executive and management consultant Elaine Boxer, who joined IAB in September.

The **Digital Video Committee** held a successful joint meeting with the **Advanced TV Advisory Board** on October 16. Nearly 70 attendees from over 50 companies came together in the IAB Ad Lab to review recently completed and in-progress digital video initiatives at the IAB and to begin to set direction for initiatives in 2015. Digital Video Committee co-chairs Joey Trotz of Turner Broadcasting and Suzie Reider of Google shared results from an IAB survey aimed at surfacing Digital Video Committee priorities from members. Areas of focus included measurement and metrics, programmatic video, mobile video, creative best practices, ad serving compliance and standards, and marketplace/buyer research and education. Advanced TV Advisory Board co-chairs Adam Lowy of DISH and Chris Falkner of NBCU shared the Advanced TV Advisory Board's top 5 priorities for 2015 to help raise the profile and volume of "television" content and advertising that is bought, sold, and served in digital environments. These priorities include an industry primer, measurement standards, buyer perception research, data protocol standards to facilitate programmatic buying, and iterating VAST and VPAID for environments across TV screens. This expansion of the IAB Video Suite, including VAST, VPAID, and VMAP, will require revisions to the technical specs. As such, use-cases are being considered and technical challenges are being prioritized. Primary areas in need of immediate focus are server-side implementations, causes for latency, supporting interactive video across devices, and viewability issues.

In other digital video achievements, the Ad Technology group, in partnership with the Digital Advertising Alliance, launched the **DAA AdChoices In-Stream Video Icon Working Group** whose mandate is to offer readers with a consistent "opt-out" experience of the DAA Icon, as well as consistency across corresponding texts and links to policies and preference centers. The intention is for the consumer to have a privacy experience in video advertising similar to that which they enjoy for display and mobile. The first meeting took place earlier this month.

This summer IAB partnered with Edelman Berland, part of the Edelman Worldwide global public relations company, to produce research exploring the end user's perspectives on Native

Advertising. The resulting study “**Getting In-Feed Sponsored Content Right: The Consumer View**” was presented to a packed audience at Edelman Berland. The study shows that Native Advertising needs to be relevant, authoritative, and trustworthy in both the brand and the surrounding content in order to appeal to consumers. Relevancy is the top factor that drives consumer interest in reading in-feed sponsored content while the consumer’s view of the brand itself determines the success of this type of native advertising. Brand familiarity and trust, as well as subject matter expertise, were identified as critical in driving news reading consumers’ interest in sponsored content.

The next Native Advertising Town Hall will be held on December 4 at the IAB Ad Lab, on the topic of native advertising disclosure. We will bring back many of the executives who spoke at the Federal Trade Commission’s Town Hall on native advertising, many of them IAB members, to discuss, one year later, what’s changed, what’s stayed the same, and some projections for 2015.

Also in September, the IAB Native Advertising Task Force was featured on a panel at Content Marketing World in Cleveland. IAB’s Susan Borst introduced the panel titled “The Hottest Thing in Content Marketing: Native Advertising” which featured Brant McLean of Tumblr, Stacy Martinet of Mashable, and David Spiegel of BuzzFeed.

On October 21, the **Content Marketing Task Force**, in conjunction with the Social Media and Native Advertising groups, held a User Generated Content Town Hall at the IAB Ad Lab to discuss the various ways publishers, marketers and agencies are deploying user-generated content (UGC) in their marketing efforts and addressing some important legal considerations when executing UGC marketing efforts. A working group led by Rahul Chopra from Storyful and Eryn Ivey from Izea developed the strategic direction for the event, which included case studies and best practice advice from Canon USA, Crowdtap, Discus, The Hershey Company, Izea, Klout, Time Out North America, and TripAdvisor. Others on the working group included Unilever, Polar and Twitch.

Led by co-chairs Carine Roman of LinkedIn and Christine Cuoco of Twitter, the **Social Media Committee** is putting the finishing touches on the “**IAB Social Media Buyer’s Guide**,” which will be published this month. This guide will provide the industry with a framework for buying advertising on the leading social media platforms: Facebook, Foursquare, Instagram, LinkedIn, Pinterest, Tumblr, and Twitter. This “one-stop” resource is intended for agencies, marketers and any company seeking to advertise on one or more of the major social media networks. This document, prepared by an IAB Social Media Committee working group led by Raman Kia of Condé Nast, with direct input from each social media platform, will be updated twice yearly or as necessary based on changes in the social platforms. It will serve as the basis of future initiatives to help educate the industry on the social media ecosystem.

The **CFO Council** held a special meeting to discuss Advertising Technology tax risks. State and local tax authorities are targeting smaller technology companies and attempting to classify revenues associated with their advertising exchange services as “software” and therefore taxable. The theory is that by pursuing smaller, less-resourced companies, tax authorities will be able to establish a precedent they can use to pursue larger companies. Given the significant impact of this issue on IAB members, the IAB assembled a handpicked subset of the CFO Council which consisted of ad technology companies classified as DSP, SSPs and exchanges, to share experiences and develop a plan of action to ensure that member companies can continue to classify their revenue as “advertising” or “advertising services.” We had Stephanie Csan, Director Taxation at Deloitte, and Brad Weltman, Senior Director of Public Policy at IAB, join the conversation to share insights and technical observations.

The newly formed **Programmatic Council** focused on bringing together publishers, buyers, and ad technology providers to discuss the major business issues in the evolving programmatic marketplace. The Council developed a one-day training program for direct sellers on programmatic, which was convened in New York, Chicago, and San Francisco. The course includes practical training on how to integrate programmatic into the sales cycle, as well as a platform demo and buyer interview. In addition, the Programmatic Council worked with the Data Council to host a Town Hall in July on “Using Data & Programmatic to Go Global & Build

Brands,” which featured speakers from Experian Marketing Services, Google, Magna Global, Merkle, SAS Institute, and Viacom. The Council also held an International Webinar in June involving IAB members from across the globe to update them on activities in the U.S. and areas for cross-border collaboration.

The **Multicultural Council** continued its focus on two objectives: making the case for the value of multicultural audiences for publishers and brands to the wider digital community, and promoting IAB's digital agenda to traditional multicultural publishers and brands. To achieve these aims, the council has opened dialogue between publishers and key measurement vendors, with the goal of understanding the vendors’ approach in measuring multicultural audiences and giving publishers the opportunity to provide feedback and suggestions for improving their methodologies. In addition, members of the council are helping to establish a multicultural research library on IAB.net, which will serve as an industry resource for data, research, and content that fall under the multicultural category.

The **Games Committee**, which is dedicated to showing the value and scale of gaming as an advertising medium because of its engaging content and cross-platform solutions, is putting the finishing touches on a “Games Advertising Ecosystem Guide” to be published this month. Sandro Camarao of MediaBrix chaired the working group that created this guide, under leadership from the Games Committee co-chairs, Kym Nelson of Twitch and Jack Koch from Electronic Arts. Targeted to marketers and agencies, this guide will provide a concise overview of today’s gamers, core game types, and advertising options. This guide, along with the winning MIXX award winners in the Games category, will be the basis of an IAB panel at SXSW 2015 conference in Austin. It will be the third consecutive year that the committee has been represented on stage at this influential event. Speakers for SXSW 2015 are being provided to IAB by Twitch, MediaBrix, Nielsen, and the agency MR.Y.

In September, the **Digital Audio Committee** released the 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 addition to DAAST, the Audio Committee is working with



key committee members such as Spotify, Pandora, Triton, ABC News, iHeartMedia, and others to build awareness of digital audio’s potential for impact on marketing objectives through an industry-focused Buyers’ Guide, an educational events series, and a working group looking to explore the technical and business opportunities within podcast advertising.

Building Brands Digitally

The ad product portfolio must continue to keep pace with the expectations of consumers. Ad experiences must be as natural and meaningful as the content experiences consumers expect and enjoy in the digital realm. **Rising Stars NEXT** is working to solve this new challenge. Leading this effort is the **Ad Products Advisory Board**, comprised of buy- and sell-side executives who drive meaningful ad experiences as heads of ad products and/or ad content at member companies and agencies. Digital leaders from WPP, IPG, GroupM, and Publicis are active partners.

The process began with a discovery phase that included interviews with over 150 major marketers, agencies, and publishers. This effort yielded key insights on the requirements of next-generation ad standards:

- They must work fluidly across screens and dynamically within ads, while also being flexible enough to adapt to continuous change.
- They must accommodate a future which is likely to see a trifurcation of ad types loosely aligned with strategic intent: concept ads, content ads, and commerce ads.

Concept Ads are carefully designed and produced “finished files” meant to express a creative idea, served in a fixed manner, and have the upper funnel goals of generating brand and attribute awareness along with favorability and intent to purchase. The IAB Rising Stars, in particular the Full Page Flex and Billboard, are often used for concept ads.

Content Ads are collections of brand assets that often have no fixed rules about compilation and rendering. They usually have the mid funnel goal of enhancing consumer understanding of a brand or product and accomplish this by providing high-quality content with which the viewer

can engage. Content ads frequently are delivered as a stream of assets in a vertical ad format (e.g., IAB Filmstrip, Portrait, or Half Page) or in a stream of content (e.g., Facebook or Twitter in-feed ads). What is currently being called native advertising is the dominant form of content advertising.

Commerce Ads with a single, typically bottom-funnel goal and linear rendering still dominate digital ad volume and will continue to play an important role into the future, as marketers' ability to create more distinct commercial options and creative assets catches up with ad tech's ability to target and deliver them.

Moving Mobile Mainstream

Since May, **the IAB Mobile Marketing Center of Excellence**, under the leadership of Anna Bager, has continued its steady membership growth and achieved a milestone: a full 20 Board of Directors members.

The **IAB Mobile Roadshow for Agencies & Brands, Spotlight on Location Data** kicked off this summer in Chicago and made stops in Austin, New York and San Francisco in order to reach the local agency and marketer communities. Each show featured an all-star lineup of mobile location presenters. Participants such as Foursquare, The Weather Company, AOL, LIN Mobile, PlaceIQ, Thinknear, SessionM, Mondelez, Optimedia, Placed, Cars.com, and NinthDecimal walked attendees through branded case studies of mobile location campaigns before hosting roundtable discussions fueled by questions from the participants. With 50 to 65 buyer attendees at each stop, the major shops such as Starcom, Digitas, Initiative, Leo Burnett, UMW, AKQA, R/GA, Razorfish were represented, as were great brands such as Potbelly Sandwich Shops, Williams-Sonoma, Golfsmith, Nestle, and many more.

The Mobile Center played a starring role in the IAB presence at the **Cannes Lions Festival** this year. At the event, "**The IAB Digital Mixology Playbook**," a report on digital and mobile advertising for the alcoholic beverages industry, was released, providing a potent cocktail of advice for beverage marketers. In addition, Christine Cook, Head of Ad Partnerships, Flipboard,



and David Doty, EVP & CMO, IAB, presented “Art & Advertising—Small Size, Big Impact: When Beautiful Creative Meets Mobile Screens” to a packed house.

The Mobile Center’s MRAID Working Group finalized the IAB suite of official **MRAID v2 Compliance Test Ads**. These five ads, hosted on IAB.net, offer an objective yardstick for vendors to test to verify that their MRAID implementations are correct.

In July, the **Location Data Working Group** released a new **Location Data Buyer’s Guide** which offers buyers a dozen questions to ask partners and vendors in order to successfully understand and navigate the landscape of location services.

In time for New York Fashion Week, the Mobile Center released “**Fashion on Phones**,” a mobile readiness audit of the *Women’s Wear Daily* Top 100 Fashion Brands. IAB examined each brand to determine whether it had a mobile-optimized website, and whether it offered a number of specific features, like mobile-optimized search, tap-to-dial phone numbers, and links to relevant mobile apps. The report also looked at prevalence of responsive design in fashion sites. The audit gained front-page mention in *Women’s Wear Daily* during Fashion Week, exposing the IAB brand and our capabilities to a new and very stylish audience.

The Mobile Center continued to bolster the IAB as a global organization in these ways:

- The release of a comprehensive look at mobile’s role in the **2014 FIFA World Cup**. The report examined mobile’s role helping soccer fans keep up with and share their excitement about the games across 11 countries.
- Working with IAB Europe and IHS, the Mobile Center published the third annual **analysis of global mobile ad revenue**, finding that on a global basis mobile advertising yielded \$19.3 billion in 2013.
- The Mobile Center published “**The State of the Mobile World**,” the largest-ever annual anthology of global perspectives from the network of global IABs, looking at the state of development, market opportunities, and needs in a total of 30 countries.

Brad Weltman joined the Washington office at the end of August, as Senior Director Public Policy, to serve as the chief lobbyist for the IAB, with a special focus on mobile advertising and media.

IAB Operations: Expanding the Influence

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

Membership Services and Growth

With 23 new General and 28 new Associate Members joining since June, our current total General and Associate Membership is 637 strong, without counting company subsidiary members. Notable new members include Refinery29, Outfront Media (formerly CBS Outdoor), Pfizer, IPGMedia Brands, Titan Outdoor, and DirecTV. The Long Tail Alliance now includes more than 1,146 members. Here is a comprehensive list of new members:

Organization Name	Member Type
DIRECTV	General
MobileFuse	General
Advance Digital Media Group	General
X-Web Inc.	General
Thinknear by Telenav	General
Blue Ant Media	General
MobPartner	General



Titan Outdoor	General
MGID	General
Heyzap	General
SmartyAds	General
Utah.com	General
AdFormics	General
Tego Media	General
CBS Outdoor	General
PK4 Media	General
Aniview	General
Mezzobit	General
my6sense	General
EyeSee	General
Audience Entertainment	General
Refinery29	General
Ketchum	Associate
Sticky	Associate
Crowdtap	Associate
Videoplaza	Associate



RTBTECH	Associate
Bonzai	Associate
Zocalo Group	Associate
DWA Media	Associate
MediaAdx	Associate
Rokkan Media LLC	Associate
VideoAmp	Associate
Carambola	Associate
Media Thirst	Associate
Fuisz Media	Associate
ADLOOX	Associate
IPG Mediabrands	Associate
Pfizer	Associate
Hitokuse	Associate
GroupFMG	Associate
Clearstream.TV	Associate
AerServ	Associate
Outsourced Ad Ops	Associate
zVelo	Associate



GET IT Mobile	Associate
Billups	Associate
INVISION Inc.	Associate
ONEcount	Associate
GeoEdge	Associate

To bolster support for our membership services, two existing IAB executives are transitioning to new roles.

Lisa Milgram, who has overseen the IAB conference portfolio for the last five years, most recently as Vice President of Events, has accepted the position of Senior Vice President of Membership Programs. In leading events—and in paying special attention to programming—she has been significantly involved in working with IAB member companies, understanding their interests, ultimately building a successful business unit that meets their objectives alongside those of the trade organization. In her new role, she will leverage that expertise, supervising the requirements of the IAB’s more than 650 member companies, and organizing the organization’s work to fill those interests and fulfill those needs with a close eye on the programs the bureau develops for its members.

Carl Kalapesi, who has been central to shepherding IAB’s work in programmatic, data, and the Quality Assurance Guidelines over the past two years as Senior Director, Industry Initiatives, will take on a broader role to supervise the work and output of the majority of the IAB Committees and Councils. As Vice President for Industry Initiatives, he will manage the inner workings of these critical industry groups and ensure the high quality of their deliverables, whether in the form of research, best practices development, thought leadership seminars, whitepapers, or other activities.

Public Policy

With Washington D.C. on recess during much of the summer and in reelection mode this fall, the IAB Public Policy Office had some breathing room to turn its attention to other, more active venues. While the IAB advocacy work continues and the Political Action Committee is in full swing, we took this opportunity to double down on investments to grow capabilities internationally and in key state capitals.

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 IAB's 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. We hosted "**Digital 101 Training Sessions**" in San Francisco and Los Angeles to give attendees an opportunity to get a first-hand look at how they can use the latest digital tools and platforms in their own messaging efforts.

Starting in San Francisco, attendees representing various labor unions from the Bay Area were invited to come learn more about how to reach potential supporters and voters in local campaigns and elections. In Los Angeles, attendees representing diverse groups such as environmental causes, women's groups, minority voting, and local Chambers of Commerce were invited to come learn more about how to use digital tools and platforms in their own membership drives, issue advocacy campaigns, and voter turnout efforts. In both events, attendees not only were able to gain a ground-level, tactical view of how digital advertising tools can work for them, but also to learn more about some of the challenge our industry faces in California.

The IAB Public Policy Office has 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 the IAB's 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 anticompetitive 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.

To help IAB members navigate the complex global legal environment and more easily comply with international laws, the IAB Global Network developed a **web portal of international legal environments** that outlines local regulatory structure, recent legal developments, and contact information for international IABs that can provide further assistance to those seeking to expand business in new markets.

Learning and Development

The IAB Education Foundation formally launched at the IAB MIXX Conference. As mentioned prior, the Foundation's mission is to increase racial, ethnic, gender, and economic diversity and improve peoples' skills in the digital media and advertising industries. The Foundation is being incorporated as a 501(c)(3) nonprofit corporation, which will enable it to take tax-deductible contributions from individuals and companies. It will develop curricula and certification programs in fast-growing areas of employment within digital media and advertising companies, including digital advertising sales, advertising operations and data analytics, and then provide the courses at little or no cost to qualified training partners, such as community colleges and workforce development programs. The foundation will be funded from a variety of sources, including corporate and individual supporters, foundation donations, workforce development grants, and the IAB itself.

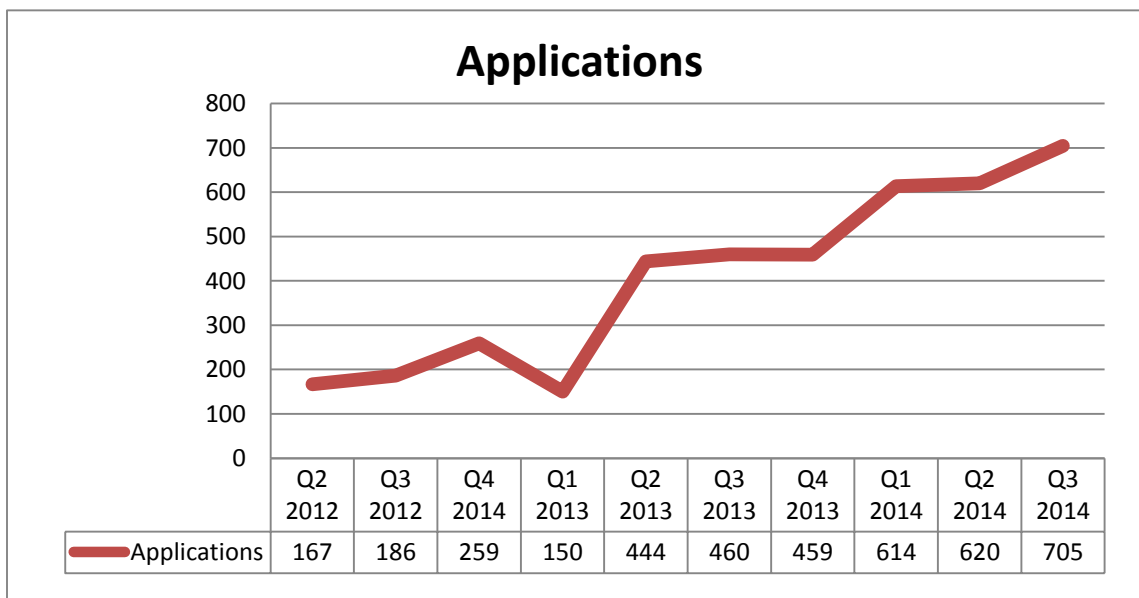


The foundation’s first partner is the Year Up program, a national nonprofit organization that provides skills training to disadvantaged young adults and places them in Fortune 500 companies. Year Up will work with the IAB Education Foundation to develop an entry-level ad operations training program.

IAB Education Foundation will also serve as a professional society open to the hundreds of thousands of men and women now employed in the digital media and advertising industry in the United States.

The foundation kicks off with a cross-country town hall tour starting in New York in December to listen to the diverse constituencies inside the digital advertising and media industry, learn from their experiences, and gain their insights about how to unleash the power of diversity in digital media, marketing and advertising.

The **IAB Certification programs in Sales and Ad Operations** continue to show solid growth. The third quarter of 2014 registered the highest number of applicants yet for the Digital Media Sales and Digital Ad Operations Certification programs, with 705 candidates applying to take the exams. The number of certification holders is now nearly 2,800, with 2,324 Sales certificants and 450 Ad Ops certification holders. With the November testing window, the total number of certificants for 2014 will surpass 3,000.





Planning for the next certification program is underway. A three-day Job/Task Analysis is scheduled for early December to begin mapping out the Data Certification program. The new exam, designed for both digital media and data professionals, will launch Q2 2015.

Recertification is now a top priority, as credential holders are nearing the end of their original certification. There are two paths towards recertification: re-taking the exam or earning 24 Continuing Education Credits that demonstrate on-going learning. A goal of 80% retention has been adopted, which follows industry best practices.

The “**Train the Trainer**” program has expanded, offering both a two-day digital media fundamentals class as well as its original sales certification one-day preparatory class. Companies that have participated in the training program to date include Condé Nast, Rodale, Wall Street Journal, New York Times, Meredith, and American City Business Journals.

Other opportunities for learning have grown as well, with an eye towards expanding beyond the usual New York-based audience. A first-ever fee-based, multi-part, live webcast on Native Advertising launched this summer. An archived version of the class is also available for streaming. The IAB also took its successful Advanced Programmatic training program on the road, playing to packed classrooms in Chicago and San Francisco.

Research

IAB released research following the **Digital Content NewFronts** demonstrating that the two-week selling event is effective in driving digital video ad spending. This research found:

- 87% of marketer and agency attendees reported picking up a new opportunity at the NewFronts
- 86% said they expect a dollar shift from TV to digital video
- 74% expect to spend at least as much as they did last year on digital video, and 44% expect to spend more.



IAB Research has partnered with Vision Critical to provide IAB with access to **a large scale panel of consumers that is representative of the U.S. population**. This partnership brings the opportunity to conduct quick consumer reads on topics of interest to our members that are reflective of mainstream U.S. opinions and typical consumer usage patterns. The first study conducted with Vision Critical focused on ad blocking. While those who use ad blockers tend to have less tolerance for advertising, they also state that their top motivator for installing an ad blocker was discovering that it existed, followed by the belief that they got a virus from an ad. On a positive note, 60% state that they turn off their ad blockers when asked, in order to view content.

The IAB released a study on mobile gamers based on an IAB analysis of data from Prosper Insights. Titled “**Mobile Gamers: Who They Are, How They Shop, and How to Reach Them**,” the research indicated that 37% of the U.S. adult population plays mobile games, making mobile gaming apps the most popular app type. The study takes a closer look at who these mobile gamers are and reveals that they are young, female, professional, and purchase influencers with higher incomes. Female mobile gamers are more likely to be shopping for clothing and planning a vacation, while male mobile gamers are more likely to be shopping for electronics and a new mobile phone. Both male and female mobile gamers are heavy digital and mobile media users who are planning to make large scale purchases like a car.

International

Under the leadership of David Doty, EVP & CMO, and Alexandra Salomon, Senior Director of International, the **IAB Global Network** is stronger than ever, comprised of 43 countries, across 6 continents.

This year's annual IAB Global Summit on October 1-2, 2014, at the IAB Ad Lab in New York City, brought together over 100 participants from 33 countries for a global town hall. IAB leaders and influential members from creative agencies, ad tech companies, publishers and media agencies from China to Europe, the Americas and beyond converged for two days of discussions



and idea-sharing on growing businesses in the age of disruption. Joining presenters from the international IABs were such industry visionaries as Nick Law, Global Chief Creative Officer, R/GA; Amanda Richman, President of Investment and Activation, Starcom USA; and investment banker Linda Gridley, Partner & Co-Head of Digital Media Group, AGC Partners.

Several significant releases were made at the IAB Global Summit. The “**IAB: What Works & Why – Global Insight Report**,” second in the series of “What Works & Why” whitepapers that IAB launched last year, provides insider perspectives from 20 top interactive creatives, marketers and publishers and 17 advertising campaign case studies from 14 countries, spotlighting lessons on marketing and brand building in the digital world, whether the programs focus on specific target markets or are global in scope.

We also released the **IAB Global Legal Summaries**, with information about regulatory and policy updates from countries around the world. The first online resource of its kind, this overview is intended to be a resource for companies interested in doing business in other markets. IAB believes the Global Legal Summaries will be a helpful tool to connect companies with all of the international IABs and vice versa.

The third announcement was the publication of **2014 IAB State of the Mobile World** report, with participation from 30 countries—more than double our previous editions—providing a qualitative picture of the mobile diversity country to country.

At the end of July, IAB, in partnership with Winterberry Group, published a survey and white paper titled “**Going Global: Programmatic Audience Development Around the World**.” The global research finds that there is an international growth opportunity for companies with expertise in building programmatic advertising programs, and details the priorities of U.S. and global companies seeking to expand beyond their traditional geographic borders.

IAB Europe has broadened and deepened its policy engagement to address heightened regulatory scrutiny on privacy, including a broad reform of the EU’s data protection rules expected to be completed in the next 6 months, and opened up a new work track on intellectual property protection (IP) issues. The IAB Europe team has also deepened its working



relationships with like-minded industry associations, including the World Federation of Advertisers and EU-level agency association EACA on ad misplacement, the Industry Coalition for Data Protection (ICDP) on the current data protection reform, and the European Publishers' Council and magazine and newspaper publishing associations on ad blockers and OBA self-regulation. In July, a **transatlantic policy issues taskforce**, led by IAB and IAB France, and including IAB Europe and various national IABs in the European network, was launched. It kicked off with the drafting of common principles on data transfer and how these could usefully be applied in the updating of the "Safe Harbor" regime.

As the IAB brand continues gain value globally, we are actively exploring the establishment of an IAB presence in strategic markets such as Japan, South Korea, India, and the Middle East. In August, IAB entered into a working collaboration with the **Japan Internet Advertising Association** (JIAA) to strengthen the ties between the Japanese digital marketing community and the worldwide interactive ecosystem. This cooperation will extend to exchanges on self-regulation, public policy and privacy, as well as IAB ad format and technical standards. It will also open the door to cobranded research projects and discussion on a thought leadership event in Tokyo.

Events

IAB Events continue to be a convening platform for industry thought leadership as well as a healthy revenue source for the organization. We project that our 2014 events will generate \$3.1 million in gross profit, a 6.9% increase over 2013. The business is on track to deliver \$1.7 million in net profit to the organization. The conference portfolio as it exists, aside from the **IAB Annual Leadership Meeting**, has reached maturity, and we're seeing flatness on sponsorships and slight softness on the attendees. This is being attributed to the competitive event landscape and marketplace pricing pressure in New York where most IAB events are held. To combat this in 2015, IAB is planning to expand the business into new geographies outside New York, including markets in the Midwest and West Coast, as well as launch an international event. Many of the domestic events will be developed in partnership with local Interactive Marketing

Associations (IMAs) and an inaugural test event in 2014 with ThinkLA is on track to deliver \$30-40K in gross profit, and allowed IAB to reach a new audience of 500 local attendees.

Advertising Week continues to be chaotic, fragmented and very competitive for mind share and dollars spent. However this year the **IAB MIXX Conference** saw an upswing in sponsorship of the event, after two years of declining revenue, showing a 15.6% increase in YOY sponsorship – the second highest sponsorship revenue in the history of IAB MIXX – as well as a 4% increase in attendees over 2013. While sponsorship is in re-growth mode, delegate revenue was down by 2.5%.

From the heavy hitting speaker lineup that included Sheryl Sandberg, Katie Couric, Maurice Levy, Bob Pittman, Kevin Spacey, and Jared Leto, to the quality audience it is clear the IAB MIXX Conference holds a dominant position within Advertising Week from a thought leadership perspective. An investment in 2014 to secure Kevin Spacey as closing keynote impacted the bottom line, but we feel this will pay dividends in the future. However, IAB MIXX can no longer be seen solely as the revenue-generating event it used to be but as an event that gives us a strong thought leadership foothold during Advertising Week.

The future of IAB's conference business lies in expanded geographies, and new events attached to the IAB Tech Lab which will reach a new audience and open new streams of sponsorship revenue as well as international expansion. The team also needs to wrestle with finding strategic ways to ensure IAB MIXX and the IAB MIXX Awards maintain their brand leadership and steer into growth mode.

Virginia Rollet Moore has accepted the role of Vice President, Events. Previous to this promotion, Virginia was Head of Events and has long been essential to the growth and profitability of the events business. She has also helped to turn the IAB Ad Lab into a well-known, well-branded thought leadership center for the industry. In her new position, she will take on an even greater management role overseeing events for the trade organization.

Marketing

Under the leadership of EVP & CMO 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. The team delivered a multidimensional communications strategy around the Digital Content NewFronts to promote IAB leadership in video. They showcased IAB's leadership in mobile and its creativity on a global scale by delivering unique marketing opportunities in Cannes. They made education a top priority by developing new marketing plans around IAB Certification programs. Together, these and other efforts delivered deliberate communications results for key IAB objectives.

As an example, Marketing developed and executed a robust communications strategy around the **Digital Content NewFronts** to build excitement and awareness around the event, drive attention to NewFronts presentations, and increase the value of the digital video medium in the eyes of brands and agencies. As part of the strategy, Marketing negotiated a multidimensional partnership with *Adweek* that included both print and digital coverage. There was significant support from *Adweek*'s editorial team and an interactive NewFronts hub on *Adweek.com* with prominent placement on the publication's homepage. New this year, Marketing produced 11 NewFronts video reports on partner presentations, with multiple shoots each day. The reports garnered more than 1,500 views. *IAB.net* featured a NewFronts Center consisting of photos, press coverage, and a real-time social media conversation tracker. Traffic to the center was driven through a coordinated social strategy focused on the hashtag #NewFronts. To date, the #NewFronts hashtag has garnered more than 23 million impressions from 10,472 social updates. In addition, IAB gained more than 500 new Twitter followers during its NewFronts coverage.

The team's press strategy around the NewFronts sparked major coverage starting with two curtain-raisers: an op-ed from Randall Rothenberg in *Adweek*, and an exclusive on the IAB Video Ad Spending Study in *Variety*. The study then went on to secure further buzz with pick-ups in *MediaPost*, *ClickZ*, *Streaming Media*, *TubeFilter*, and more. In addition, Rothenberg was interviewed for a feature about the NewFronts in *Fast Company*, and Julie Van Ullen was quoted in the *New York Business Journal* and *Cynopsis*. Rounding it out, *The New York Times*

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and others covered the IAB Digital Video Research luncheon. For a full report on all NewFronts press coverage, please visit http://www.iab.net/events_training/2014/newfronts#news.

Another example is how Marketing made the **IAB Mobile Marketing Center of Excellence** a top priority, driving visibility for the Mobile Center’s work through press, social media, infographics, and live events. A key component of the strategy centered on reaching the world’s leading creatives at the **Cannes Lions International Festival of Creativity**. The team conceived, marketed, and sold out the forum session “Art & Advertising—Small Size, Big Impact: When Beautiful Creative Meets Mobile Screens” featuring Christine Cook, Head of Ad Partnerships, Flipboard, and David Doty, EVP & CMO, IAB. The session placed IAB at the center of a discussion with creative agency thought leaders. In addition to the panel, Marketing secured the first-ever three-day moderating slot for IAB in the Palais workshops, with Anna Bager hosting sessions on mobile for three of the five festival days.

ART & ADVERTISING

SMALL SIZE, **BIG IMPACT:**

WHEN BEAUTIFUL CREATIVE MEETS MOBILE SCREENS

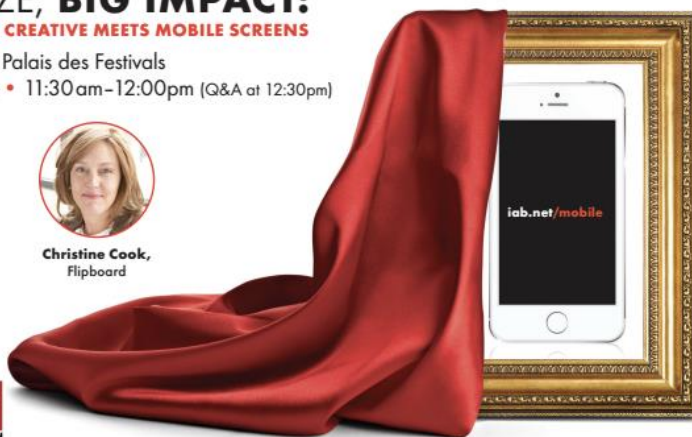
Audi A, 3rd Floor, Palais des Festivals
Thursday, 19 June • 11:30 am–12:00pm (Q&A at 12:30pm)



David Doty,
IAB



Christine Cook,
Flipboard



To raise the profile of IAB committees and councils and increase thought leadership on the IABlog, Marketing partnered with PulsePoint to test a **new content marketing program**. The result was **record-setting traffic to the blog** with 14,707 average unique views per month in Q2

and Q3, an 84% increase compared to the same period last year. The most read posts were “The 6 Percent: What Winning Apps Do Right” with 5,300 unique page views and Sherrill Mane’s “Viewability Has Arrived” with 11,200 unique page views.

Overall, IAB.net average monthly unique visitors were up 23% in Q2 and Q3 at 141,374, compared to 113,686 during the same period in 2013. Additionally, average monthly page views were up 18% in Q2 and Q3 at 412,209, compared to 347,207 during the same period in 2013.

Marketing continued to test and refine **IAB newsletters and email communications**. The team began to leverage dynamic content and geo-targeting to drive higher engagement metrics. The average open rate for the Upcoming@IAB member newsletter reached 24% in Q2 and Q3, up from 18% during the same period in 2013. Total subscribers reached 16,000 at the end of Q3, up 18% from the previous year. The IAB Informer newsletter received a full redesign. Open rates surged to 20% in Q2 and Q3, up from 9% during the same period in 2013.

To refine email marketing practices even further, Marketing partnered with the Membership team to launch **the company’s first member email preference center** in July 2014. This program allows members and other IAB contacts to select the type of IAB content they would like to receive as well as the geographic regions where they attend events. This data collection allows IAB to be more efficient in its email marketing, leveraging dynamic content and eliminating overwhelming volumes of email communications. In the first two months of launch more than 1,000 individuals came into the preference center to update their interests, generating more than 9,000 new data points. Additionally, the program migrated the email unsubscribe process from a global opt-out to having users select the type of content from which they wish to unsubscribe. This process has already lowered the unsubscribe rate by 22% for members and 10% for marketers and agencies.

Average press stories per month for Q2 and Q3 closed out at 1,700, a 10% increase over Q1. April set a record high for press coverage with 2,673 stories. The team leveraged close relationships with influential reporters in top-tier press outlets to achieve greater impact through well-placed exclusives.



Marketing's social media strategy drove record engagement across a number of platforms. Twitter followers are at 59,120, up 44% from September 2013. Facebook Likes are at 29,167, up 53% from September 2013. LinkedIn continues to be a strong channel with group members at 7,086, up 14% from September 2013, and company followers at 14,972, up 93% from September 2013.

Financial Management

Under the leadership of EVP & COO Patrick Dolan IAB finances started the year strong. According to financial results through August, **topline revenue of \$7.3 million** was \$218,000 ahead of budget and \$868,000 or 14% more than the same period in 2013. This was mainly due to the growth of dues revenues year-over-year and the record performance the IAB Annual Leadership Meeting in Palm Desert in February. Other programs, such as the Digital Sales and Ad Operations Certification and the Quality Assurance Guidelines program have all performed either on or above budget. We have also managed expenses, allowing the IAB to deliver net income for the first eight months of 2014 of \$974,000. We are expecting to spend more in the last 2 quarters of the year; however, we feel confident that the IAB is well positioned financially to deliver on its ambitious agenda for 2014.

Amid a media trade association landscape that continues to face challenges, I am pleased by IAB's relative strength and stability, 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.