

**President's Report
November 4, 2016**

Navigating Advertising's New World Order

By Randall Rothenberg

As we head into the last weeks of 2016, it has become abundantly clear that user experience is the grand opportunity that stands in front of us—and it is also the great crisis of our time in the marketing and media industries. Our unbridled infatuation with new technologies and our desire to drive costs as low as possible—regardless of the consequences—have contributed to a form of consumer abuse in digital advertising. By neglecting a founding mantra of the internet—“the consumer is in control”—we have contributed to making the very concept of advertising a pariah among the consumers we serve. Frustrated consumers have responded by adopting ad-blocking software at alarming rates.

Nowhere was this new tension more on display than at this year's IAB MIXX conference which featured some of the most powerful digital content we've seen in years—and highlighted the challenges and opportunities our industry faces. The theme of the MIXX event was “Advertising's New World Order,” acknowledging both the innovation and chaos seen on every platform, as well as consumers' demand for more original, personal, and provocative experiences.

We're confident there is a way forward that will keep us on the path toward opportunity. At IAB, our efforts on our members' behalf are all in support of navigating this new world order.

Among the biggest efforts underway, we announced and released for public comment a complete overhaul of the IAB Standard Ad Unit Portfolio. The new portfolio is completely responsive, allowing creative to scale to different sizes without losing its original messaging and impact. By incorporating our LEAN Principles—Light, Encrypted, Ad Choice Supported, Non-Invasive ads—we believe that consumer experience on ad-supported sites will greatly improve. Developed by the IAB Tech Lab, the portfolio is based on HTML5 technology and is comprised of flexible display, mobile, video, and native ads, and introduces guidelines for new content experiences like virtual reality and social messaging ads. Marketing put together a broad outreach strategy to launch the public comment phase of the IAB New Ad Portfolio. The team created a [microsite](#) on IAB.com to help the industry visualize the new ad units, and then leveraged the IAB MIXX Conference to drive maximum attention to it.

Another initiative that shed light on Advertising's New World Order was this year's Video Leadership Summit Tele://Vision. IAB convened chief executives, heads of programming from the top TV and broadcast powerhouses, as well as chief technology officers, and global leaders from blue chip advertising and technology companies to explore the economic, cultural, social and political implications of television's evolution. A series of roundtable discussions on content and creative, cross-platform planning, programmatic TV, and measurement challenges and opportunities including the digital GRP, provided a forum to address challenges that remain in digital video, and what steps need to be taken to continue with the impressive marketplace growth.

In addition, we continue to make significant investments in the IAB Mobile Marketing Center of Excellence, the IAB Education Foundation, and the IAB Data Center of Excellence, which has the goal of bringing expertise and smart guidance to a topic critical to the health of the industry. IAB also continues to respond in real time to marketplace challenges by advancing technical standards to combat fraud and piracy, and by providing the tools to implement these standards.

All of these investments are made in order to build capabilities for future industry growth, and as an affirmation of the rewarding relationships that advertisers are effectively building with consumers through meaningful digital content.

Table of Contents

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

- The Trustworthy Digital Marketing Supply Chain
- Making Measurement Make Sense (3MS)
- Publisher Transformation
- Building Brands Digitally
- Moving Mobile Mainstream

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

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

The Trustworthy Digital Marketing Supply Chain

As the Trustworthy Accountability Group (TAG) drives toward a more transparent and secure supply chain, IAB Tech Lab resources are integral to shipping necessary programs and tools to support those efforts.

Specifications to Fuel Transparency—and Growth

The foundational core competency of the IAB Tech Lab is the publication of specifications that facilitate the introduction and broad availability of new features and efficiencies in the industry. The release of the new [IAB Standard Ad Unit Portfolio](#) for public comment on September 26 aims to fundamentally change the conversation about ad units in a way that accounts for the amazingly dynamic nature of the user experience on the modern internet. The portfolio is open for comment until November 28, and we expect the new ad units to debut in early 2017. The portfolio incorporates [LEAN Principles](#) of lightweight, encrypted, ad choice supported, and non-invasive advertising within all of its display, mobile, video, and native ad formats. Each specification is based on HTML5 technology and informed by industry surveys, user research, and testing.

The [Podcast Ad Metrics Guidelines](#) released in September bring IAB Tech Lab expertise to an emerging field that faced a critical need for consistent conventions for measurement. Additionally, [IAB OpenDirect 1.5.1](#), an update to the protocol for the automated guaranteed method of buying, was released in September.

The Tech Lab's Header Tag Task Force developed a **Header Container Manager Outline** which provides the framework for header tag standards development. This was presented to the Tech Lab Board of Directors on September 14, when the board approved the development of a protocol which will detail how header managers should work with the Ad Server.

The [Dynamic Content Ad Standard](#), a structured system of metadata for defining creative components and their asset variations in an ad unit, was released in October. This standard is designed to help creative developers, ad content management systems, and ad servers build and serve real-time dynamic content in advertisements.

Industry Access to Essential Compliance Tools

A key effort underway by the IAB Tech Lab is the development of tools that provide consistent baseline utility to members and industry participants. A core offering is the [Ad Block Detection Code](#) that has witnessed iterative updates for better integration with analytics systems. Continuing our commitment to making viewability detection easier, the OpenVV code has been updated to handle HTML5 Intersection Observer functionality.

The IAB Tech Lab has created a platform for SaaS access to certain tools and utilities, like the [HTML5 Ad Validator](#). This offering lowers the technology threshold for members to use tools, and provides a centralized and trusted version. The platform has been updated to support OAUTH 2.0 specifications, with a front-end JavaScript framework for authentication.

This technology platform appears alongside the newly released [IAB Tech Lab](#) website, which streamlines access to specifications, tools, and compliance programs offered by the IAB Tech Lab, and blog, which features writing from Tech Lab staff and industry subject matter experts.

Streamlining Standards Compliance

The IAB Tech Lab completed a corporate pilot of the VAST/VPAID compliance testing with logobar. Corporate compliance verifies member implementations of IAB technologies, supporting the critical mission of making industry interoperation of technology more efficient. The Tech Lab has built out the VAST 4.0 Validator, updated the HTML5 validator, and created an OpenRTB Bid Validator in order to support the compliance program.

The Tech Lab also created a cross-industry convergence group with cable and broadcast engineering trade associations, including the Society of Cable Telecommunications Engineers (SCTE), the American Association of Advertising Agencies (4As), the Association of National Advertisers (ANA), and the North American Broadcasters Association (NABA). The ultimate goal is to ensure that digital video files work with commercial broadcast rules from production to delivery, which is essential as video ads are delivered over connected devices.

Making Progress on Speedy, Safe, and Agreeable Ads

Continuing our progress to help publishers and advertisers understand the dynamics of user ad blocking, IAB held a special, invitation-only thought leadership session in June. An **Ad Blocking Working Group** was formed out of these meetings, establishing foundational criteria which was released for public comment on November 7.

The IAB Tech Lab is also participating in the [Coalition for Better Ads](#). The Coalition was formed in response to the rise of ad blocking technology for digital devices, and is developing technology which will be released in the coming months.

The [TAG's Registration system](#) and proprietary verification process were developed through a Tech Lab and TAG partnership, along with the Payment ID protocol, and the Anti-Fraud Certification Program. The group's mission remains to embody the concept of speedy, safe, and agreeable advertising in an objective score, and expects to issue algorithmic scoring guidance in January 2017.

Making Measurement Make Sense

As part of the [Making Measurement Make Sense \(3MS\)](#) initiative, the [Media Rating Council \(MRC\)](#), together with IAB, MMA, and other 3MS members issued the final version of its [Mobile Viewable Advertising Impression Measurement Guidelines](#) in June 2016. The final version was updated based in part on cross-industry input received during a 30-day public comment period in April. The guidelines govern measurement of viewable impressions in Mobile Web and Mobile In-Application (In-App) environments and supersede all previous MRC guidance.

The final release of the Mobile Viewability Guidelines represents the last step in “Defining Impressions,” the first principle within Making Measurement Make Sense’s (3MS) five principles of digital measurement. With Viewable Impressions now clearly defined across desktop and mobile environments, the MRC and 3MS will move forward to address digital and cross-media audience currency. MRC is on schedule to release the drafts of Digital Audience Currency Guidelines and Location-Based Metrics Guidelines for public comment by the end of 2016.

Publisher Transformation

The **IAB Data Center of Excellence** partnered with the [Direct Marketing Association \(DMA\)](#) on a major piece of research conducted by the [Winterberry Group](#). The study, titled [The Data-Centric Organization: Transforming for the Next Generation of Audience Marketing](#), was released in September. The study surveyed over 200 advertisers, marketers, publishers, technology developers, and marketing service providers, revealing that only a third are “confident”—and just five percent are “extremely confident”—that their internal teams have the right skills and experience to support their data-driven initiatives. In addition, 59 percent of those surveyed agreed that dissolving organizational silos would represent the most important step their businesses could take to derive more value from their use of audience data.

In addition, the Data Center of Excellence released the IAB Data Maturity Model. This new benchmarking system enables brands, agencies, publishers, and data technology vendors to determine where they or their clients and prospects rank in data usage sophistication, guiding further investment, implementation, and strategy. The model is detailed in both a [whitepaper](#) entitled “**Data Maturity Model**” and a [companion website](#) that features four customized checklists for self-evaluation.

As the industry acclimates to the unprecedented control and precision that automated tools afford, progress continues to be a challenge in one important area: attribution. This is why the [IAB Performance Marketing Committee](#) has focused specifically on buy-side attribution guidance in 2016. The first step in the attribution agenda is to establish a common language

when discussing attribution tools, technologies, and methodologies. The Committee completely rebuilt and modernized the [Digital Attribution Primer 2.0](#) to account for the many developments in cross-screen measurement and data collection over the past five years. The rebuilt attribution primer modernizes IAB guidance to account for new cross-screen measurement approaches, and provides a foundation for practitioners to understand—and act on—corresponding data collection in our multi-screen world.

Building Brands Digitally

2016 has been an extraordinary year for Digital Video. According to the latest IAB [Internet Advertising Revenue Report](#), digital video, including mobile and desktop, rose to \$3.9 billion in the first half of 2016, up 51 percent from \$2.6 billion in the first half of 2015 with no signs of slowing. Video on smartphones and tablets alone reached \$1.6 billion in the first half of 2016, an impressive 178 percent rise from the same period in 2015.

With this as a backdrop, on July 11 and 12 IAB convened chief executives, heads of programming from the top TV and broadcast powerhouses, chief technology officers, and global leaders from blue chip advertising and technology companies for its [Video Leadership Summit Tele://Vision](#). Tele://Vision explored the economic, cultural, social, and political implications of television's evolution as it transitions from a broadcast news and entertainment medium distributed over public airwaves and regulated cable systems to a medium for widely distributed interactive communications based on Internet Protocol.

Despite its impressive growth over the last few years, monetization of video—especially on mobile—has lagged relative to the prevalence of video content. A key issue discussed at Tele://Vision was the lack of high quality, device-specific ad creative for the different video platforms, and potential ways IAB could help reduce friction in the marketplace through things like streamlined creative formats and standards. Other key questions and issues included:

- How to move from planning for video in silos to a true cross-platform approach
- What's required to make video planning and buying easier in a world of disparate metrics and marketplace friction?
- How do we create a digital GRP (or GRP+) that makes traditional TV buyers feel more comfortable in the digital space?
- How do we help educate more traditional TV buyers on the complexities of cross-platform buying and measurement?

While some of the more complex issues identified at the summit will take longer to solve, immediate next steps include:

- Working with key parties (including MRC and media measurement firms) to help accelerate development of relevant cross-platform metrics and measurement
- Partnering with other associations such as the Advertising Research Foundation (ARF) to develop industry education through a curriculum and a certification program for cross-platform buyers, planners, and salespeople
- Developing standardized taxonomies and creative IDs that will ultimately support TV convergence in terms of advertising and content discovery

As part of its continued effort to educate the advertising marketplace, on October 6 the IAB Video Center of Excellence released the [Video Landscape Report](#). This report will serve as a tool to distill current industry trends and will help to educate the advertising marketplace about the growth and value of video in reaching and engaging consumers. A compilation of existing industry research and analysis, the report was informed by interviews and feedback from industry practitioners and subject matter experts including broadcast, cable, ad tech, digital pure plays, agencies, and brands, as well as multiple stakeholders from the IAB Video Board and Video Buyer's Advisory Board. Updates to the landscape report will take place at least every six months.

In September, the **Native Advertising/Content Committee** was represented at the Content Marketing World conference in Cleveland with a panel titled [Great Content. Now What Are You Going to Do with It? Let's Talk Native Advertising](#). Moderated by Susan Borst, Senior Director of Industry Initiatives, IAB, the panel featured speakers from LinkedIn, Forbes, and TripleLift who exchanged viewpoints on various paid content distribution options.

The **Game Committee** held its first ever [Game Advertising Showcase](#). The event featured research from Nielsen and Unity, along with brand advertising case study presentations from Twitch, MediaBrix, TreSensa, Zynga and Absolut Labs. Over 350 participants attended the event, which was held at Tumblr headquarters in New York, with many buy-side executives present.

The **IAB Multicultural Council** hosted a Multicultural Day at Google and also launched the [IAB Multicultural Resource Hub](#), an initiative to establish best practices that will support our buy-side agency and brand partners in navigating multicultural advertising in the "New America." Council members wrote and published three "Best Practices" pieces to navigate challenges, develop authentic creative, and help marketers be more effective: Multicultural Search, LGBGQ Top 10, and Multicultural Programmatic.

In September, the **IAB Audio Committee** produced the 2016 [IAB Podcast Upfront](#), a one-day marketplace designed for advertisers and media buyers to preview the latest in innovative podcast programming from some of the biggest names in digital audio. The event aimed to educate and raise awareness around the power of podcasts as a valuable platform to reach consumers. The event was hosted at Time Inc.'s beautiful event space, featured leaders in the podcast space including keynotes from Questlove and Malcolm Gladwell, and included an after party sponsored by PodcastOne. More than 350 people attended, an increase of 64 percent from 2015. Key decision makers in the audience came from brands and agencies, including Apple, Audible, BBDO, Carat, GroupM, Omnicom Media Group, Wieden+Kennedy, and more. Strategic press outreach drove coverage in *Time*, *The Wall Street Journal*, *Advertising Age*, and *Adweek*. In partnership with Edison Research, the Audio Committee also released the [IAB-Edison Research Podcast Advertising Study](#) of nearly 1,000 podcast listeners, which found that 65 percent of consumers are more willing to consider purchasing products and services that they learn about during a podcast.

Moving Mobile Mainstream

The consumer march towards mobile continues unabated. As we all spend more time on our mobile devices, the way we shop and spend is undergoing rapid change. With the goal of

understanding mobile commerce at a global level, IAB commissioned an in-depth survey of mobile users and purchasers from 19 countries around the world. The resulting study, [Mobile Commerce: A Global Perspective](#), released at this year's MIXX conference finds that mobile shopping and purchasing have become the norm across the globe, with 75 percent of smartphone and tablet users indicating they have purchased a product or service on their smartphone or tablet in the past six months. The study also finds that mobile ads and social media play an increasingly important role, triggering purchase interest and aiding product discovery. And within the universe of mobile shoppers, mobile wallet users are the most active and engaged consumers, making more frequent purchases on their mobile devices.

Virtual Reality Market Snapshot Report

Recognizing that many of our members are increasing their participation and investment in the fast-moving VR and AR space, our Mobile Marketing and Digital Video Centers of Excellence published a report in September titled, [Is Virtual the New Reality?](#) The report offers observations and opinions from a distinguished panel of over two dozen industry-leading voices in publishing, advertising, VR software, and developer platforms. The report analyzed virtual reality's potential as an advertising and publishing medium, identifying Virtual Reality's key strengths and challenges. Increased development of 360-degree video was singled out as a likely first step in Virtual Reality's growth into a mainstream marketing channel. With VR being such a new platform, advertising capabilities are just now beginning to emerge. As our members increasingly engage with VR, IAB is committed to playing the appropriate role in the medium's evolution as an advertising platform.

Demystifying Mobile Terms

In October, the IAB Mobile Marketing Center of Excellence released the [Mobile App Marketing Glossary](#), providing a needed source of clear, concise definitions for commonly used terms in the rapidly growing app marketing industry. In 2015, mobile app-install ads alone made up 25 percent of total U.S. mobile ad revenue, according to BI Intelligence. Primary metrics in app marketing include app installs, user retention and engagement, and app monetization. The glossary provides a one-stop shop of information for app developers looking to promote and monetize their apps, while streamlining communication and enabling smoother transactions between buyers and sellers within the app marketing ecosystem.

Make Mobile Work for Marketers and Agencies

The IAB Mobile Center continued its [Make Mobile Work](#) initiative with a series of informative webinars aimed at providing marketers and agencies with practical, jargon-free advice on how to make mobile advertising work in a multi-screen world. Webinar topics included "Build Creatives that Work Across Devices," "Make Mobile Advertising Welcome by Consumers," and "Going Beyond the Download: Engage Your App Users." The Make Mobile Work webinar series garnered over 1,000 registrants over the course of 2016.

Mobile Location-Based Marketing for Publishers

With the goal of sharing publisher insights on ways to develop and grow their mobile location-based advertising offerings, the IAB Mobile Center hosted a town hall in July, drawing on best practices from the recently published [IAB Mobile Location Data Guide for Publishers](#). The town hall provided practical advice on how to leverage mobile location data to expand and refine existing targeting capabilities to a packed audience of publishers. The town hall also highlighted the opportunity for publishers to gain location-driven insights from their mobile audiences, to enhance mobile inventory, and provide online to offline sales attribution, illustrating how local mobile campaigns can drive foot traffic to physical stores.

IAB Operations: Expanding the Influence

IAB's influence across the advertising ecosystem, Washington, D.C., and the world is expanding through the following five strategic pillars:

Membership Services and Growth

With 52 new General Members and 13 new Associate Members joining IAB since January 1, 2016, our current total membership is 570 companies, excluding subsidiary members. With subsidiaries, the total membership includes 724 companies.

Notable new members in 2016 include Adelphic, BroadSign, Nestle Purina Pet Care, Playboy, Taco Bell, Unity Technologies, and Visa Advertising Solutions. The Long Tail Alliance—our body representing the smallest developers of original digital content, including bloggers and other sites with less than \$1 million in annual revenues and fewer than five full-time employees—now includes nearly 1,200 members.

Below is a comprehensive list of new members:

Acast	Jellyfish
AddNewer	LogoBar
Adelphic	MARU/VCR&C
Admiral Adblock	Media iQ
Publisher Solutions	Micro Cube
Adsidious	Nestlé Purina PetCare
Advertiser Perceptions	Orange142
ALC	Pixalate
Alphonso	Platform
American Public Media	Playboy
Bionic Advertising	Positive Mobile
Systems	Public Media Marketing
Blippar	Pumpt Advertising
BroadSign	Sekindo-Universal
Cadreon	McCann
Coalition for Innovative	Sensewhere
Media Measurement	SITO Mobile
(CIMM)	Skimlinks
Cognitiv	Sled Mobile
Connatix	Smithsonian Media
CrossChannel	Group
Eyeota	Sourcepoint
FastPay	Spark Business
Feature Forward	SQAD
Gruuv Interactive	StickyADS.tv
HookLogic	Taco Bell
InfoSpace	Teralytics
Instart Logic	The Mobile Majority
Interpolls	Tiller
iOPEX Technologies	Unacast

[Unity Technologies](#)
[Vertebrae](#)
[Verto Analytics](#)
[Vidillion](#)
[viisights](#)
[ViralGains](#)
[Yieldmo](#)

[Visa Advertising Solutions](#)
[VisualDNA](#)
[Wonderly](#)
[Wrap Media](#)

Public Policy

From our new, branded office space in Washington, D.C., the IAB public policy team continues to build influence and successfully represent the digital advertising industry before policymakers.

On September 9, Randall Rothenberg provided keynote remarks at the Media Institute's Communications Forum at the Willard InterContinental in Washington, D.C. The Media Institute is a research foundation focused on communications policy issues. Before a full room of senior representatives from the FCC, U.S. Congress, political press, and industry, the remarks addressed the growth of digital advertising, IAB involvement in current key policy debates, and how our industry must collectively address the threat of ad-block profiteers.

On October 17, IAB hosted Congressman Joseph P. Kennedy III (D-MA) at the IAB Ad Lab in New York. Since assuming office in 2013, Congressman Kennedy has been a rising star in Washington. As a member of the Energy and Commerce Committee since 2015, Kennedy has focused his attention on enacting smart telecommunications and consumer protection policy. IAB used the opportunity to discuss a range of pressing topics including online privacy, data security, and tax deductibility. In today's strident political environment, IAB welcomes opportunities like this for real, lucid debate on the policies impacting digital advertising. We thank Congressman Kennedy for his time and leadership.

Learning and Development

The IAB Certification program continues to grow in size and global recognition. So far this year, 1,200 new digital leaders participated in the Sales, Ad Operations, and Data programs across 41 countries, bringing the total number of participants to more than 9,500. This is up from 6,700 participants Q3 2016, a 41 percent increase in one year.

In September 2016, IAB Certification launched its newest program: [IAB Digital Media Buying and Planning Certification](#). The credential is designed specifically for media agencies and digital strategists, a new market segment for IAB. IAB partnered with the 4As in development of program training and marketing. Additionally, Google committed to the Certification, sponsoring a portion of the program development and underwriting a large group of its own agency reps to take the exam and training across the next twelve months.

IAB Education Foundation

The **IAB Education Foundation** is excited to announce the launch of its Digital Advertising Training and Certification program on the East Coast through a partnership with the Borough of

Manhattan Community College. The four-month intensive training includes a Digital Advertising Certification and prepares diverse constituents for internship-to-full time employment with leading digital media and technology companies in ad ops, sales support, data analytics, and marketing. The program is set to launch in 2017. Our inaugural program, which launched in August 2016 with the College of San Mateo in Silicon Valley, is preparing to place the graduates of the program in entry-level jobs in early 2017.

iDiverse, the diversity and inclusion initiative of the IAB Education Foundation, announced a goal of its own—200 digital companies and 10,000 jobs by 2020. We're doing our part to create a pipeline of diverse and skilled workers, and we hope our members will join us by pledging their commitment to the initiative.

Lastly, the Foundation launched the [iDiverse Non-Profit Directory](#) in August 2016. The Directory serves as the intermediary between non-profits and those in the industry looking to mentor, train, volunteer, and help build a diverse talent pool through engagement with the local community.

Research

In response to industry calls and in synch with the Tech Lab's LEAN and DEAL initiatives, IAB embarked on a large-scale multi-phase research study in which users reviewed thousands of ads across a range of sites—including video and mobile—in order to better understand what drives consumers to block ads and how they can be persuaded to stop. The IAB study [Who Blocks Ads, Why, and How to Win Them Back](#)—involving 100 in-depth interviews and in-lab eye-trackers followed by a survey of 1,300 consumers—revealed that while 27 percent of consumers block ads, about two-thirds of them can be persuaded to stop.

Top motivators to stop blocking ads are: Messaging that content will be blocked unless the ad blocker is turned off and assuring that ads do not auto-play, block content, contain malware/viruses, or slow browsing—in other words, implementing LEAN principles. Ad elements that consistently ranked high on consumer annoyance were the ones that LEAN and the new IAB Ad Portfolio put to pasture. In further testament to IAB and Tech Lab initiatives like DEAL, 20 percent of consumers surveyed said they had used ad blockers in the past, and the top reason they stopped blocking ads was due to sites blocking content. The research was presented both at the IAB Ad Blocking Summit and in a special Town Hall in the IAB Ad Lab that drew engaging conversations from the audience.

IAB International

IAB International builds its influence in support of our members' international agendas, leveraging the strength and collaboration of the **IAB Global Network**, encompassing 44 IAB organizations across 6 continents.

The annual [IAB Global Summit](#) 2016 welcomed industry leaders from around the world for an invitation-only event exploring the theme of "Putting Consumers First: Refocusing the Global Digital Advertising Industry." On September 28 and 29, over one hundred senior executives from global brands, media agencies, publishers, and ad technology companies—from 30 countries, spanning six continents—convened in New York City to discuss the salient issues that affect us locally and drive us globally. The two-day event included working session Town Halls on important industry subjects such as policy, ad fraud, and transparency; the ever-growing

importance of digital video; the IAB Tech Lab, LEAN scoring, and the new flexible Ad Portfolio; optimizing data usage; and training, talent, and diversity.

Joining presenters from the international IABs were such industry visionaries as Meredith Kopit Levien, Executive Vice President and CRO, The New York Times Company; Andrew Ross Sorkin, Financial Columnist, *The New York Times*; Meredith Verdone, Senior Vice President, Enterprise, Consumer & Global Wealth, and Investment Management Marketing Executive, Bank of America; Lisa Donohue, Global Brand President, Starcom Worldwide; Su Tong, Founder and CEO, Hylink Digital Solutions; Jessica Greenwood, Vice President, Content & Partnerships, R/GA; and Jim Norton, Global Head of Media Sales, AOL and Vice Chair, IAB Board of Directors. The largest IAB Global Summit yet, this year's event will undoubtedly set our common agenda well into the future.

The [IAB What Works & Why - Global Insight Report](#), the third in this series, was released at the IAB Global Summit. This report explores case studies from 24 award-winning campaigns from around the world and features expert commentary from 28 international digital marketing and media leaders. The report focused on boundary breaking campaigns in interactive advertising which spotlight three emergent topics within the industry: "Digital on the Streets," local executions expanding far beyond their physical limitations; "Super-Powered Advertising," shattering expectations through innovative use of cutting-edge technologies; and "The Video Effect," leveraging the power of digital video to connect with consumers.

IAB also released a report entitled [A Global Perspective on Mobile Commerce](#), an in-depth survey of mobile users from 19 countries, concluding that mobile shopping and purchasing have become the norm around the globe. The research showed mobile ads and social media can trigger purchase interest and aid product discovery.

In other enlightening research, IAB Europe and IHS revealed the **global figures for mobile advertising revenue**, underlining the continued growth of mobile advertising with a 68.2 percent increase to €37 billion (\$40.9) in 2015. IAB Europe also announced that the **programmatic display advertising market in Europe** jumped 70.3 percent to reach €5.7 billion (\$6.3 billion) in 2015.

Borders do not confine **ad blocking**, and the steps the industry is taking to improve the digital advertising experience for consumers are being seen across Europe. Publishers in countries such as France, Sweden, Germany, the Netherlands, and the U.K. are putting **DEAL** into action, actively engaging with their users. International companies—members of the IAB Global Network—continue to submit requests for the exclusive ad blocking detection script from the IAB Tech Lab.

The **IAB New Ad Portfolio** has been previewed with IAB Europe's Brand Advertising Committee, presented at an IAB Tech Lab event in London, and discussed with the representatives from the IAB Global Network at the IAB Global Summit. International IABs are now encouraging their members to participate in the public comment period, ensuring a global scope.

Events

The **IAB MIXX Conference** maintained its position as the top editorially-curated event during an ever-more crowded Advertising Week, with member feedback saying it was our best content in

years. Participants and sponsors alike commented on the higher level and quality of the MIXX audience versus the average Advertising Week crowd. Our audience was composed of 60 percent publishers, brands, and agencies; 38 percent VP and above; 11 percent C-suite.

Even with a powerful roster of speakers and our ability to gather an unsurpassed audience, there is still softness on all quantitative measures due to the massive increase in competition during the week, from all sides, both members and nonmembers, producing nonpaid events. Over 2015, attendance was down 20 percent, top line revenue was down 23 percent, and gross profit was down 40 percent. IAB will be reconsidering MIXX, likely to reshape it into a more high-level and lower-cost event during Advertising Week next year, possibly becoming invite-only.

The IAB MIXX Awards show was sold out again this year and the feedback from judges and attendees was overwhelmingly positive.

One of the most successful events of the past period was an emergency summit, convened with less than six weeks' lead time: the IAB Ad Blocking & User Experience Summit. An audience of 185 key senior executives (54 percent VP and above) from 109 companies (64 percent IAB member publishers) attended. To widen the impact of the event beyond those in the room, Marketing produced "[Seven Recommendations to Reduce the Impact of Ad Blocking: Insights from the IAB Ad Blocking and User Experience Summit](#)." The whitepaper included quotes and slides from top executives at The New York Times Company, *Washington Post*, CBS Interactive, Moat, and more. The report was well received by IAB members and the greater industry.

Marketing

Marketing continued to deliver the IAB point of view throughout the marketplace in 2016, while facilitating key collaborations and discussions among IAB members, senior brand executives, and agency leaders.

IAB Marketing leveraged three key events—the Cannes Festival of Creativity, dmexco, and the IAB MIXX Awards—to drive conversation and collaboration with senior executives from brands, agencies, and media companies. At Cannes, IAB hosted an exclusive VIP cocktail party featuring Ben Lerer, Managing Partner, Lerer Hippeau Ventures. Later during the festival, Randall Rothenberg moderated a main stage discussion on how to overcome ad blocking that featured Mark Thompson, President & CEO, The New York Times Company, and Jess Greenwood, VP, Content & Partnerships, R/GA. At dmexco, Randall Rothenberg and David Doty led sessions. The IAB MIXX Awards jury delivered robust information on driving creativity in digital with perspectives from a broad cross section of advertising leaders, including Maryam Banikarim, Global Chief Marketing Officer, Hyatt Hotel Corporation; Judy John, CEO & Chief Creative Officer, Leo Burnett Canada; Nick Law, Vice Chairman, Global Chief Creative Officer, R/GA; Matt Murphy, Partner, Executive Creative Director, 72andSunny; and Suzie Reider, Managing Director, Brand Solutions, Google~YouTube.

Marketing leveraged the IAB MIXX Conference as a platform to drive thought leadership and communicate the IAB point of view throughout the industry. The team produced 19 video highlight clips from the stage and interviewed 20 keynote speakers for [IABtv](#), including Andrew Bosworth, Vice President, Ads & Business Platform, Facebook; Nick Law, Vice Chairman, Global Chief Creative Officer, R/GA; and Lauren Wiener, President, Buyer Platforms, Tremor Video.

Financial Management

IAB finances continue to be in a solid position. According to financial results through August 2016, topline revenue of \$20 million was just slightly below this year's budget (7 percent); however, we are projecting to end the year around \$2 million, or 7 percent, above prior year results. The gap between recognized revenue and the budget through August was due to general weakness in programs across the board and approved Data Center of Excellence business development strategy.

Due to approved investments in the IAB Tech Lab and the Coalition of Better Advertising we expect to end the year with a \$100K deficit. We have also managed expenses, both our cost of services and expenses with their respective budgets, allowing IAB to deliver net income for the period ending August 2016 of \$.5 million. We feel confident that IAB is well-positioned financially to deliver on its ambitious agenda for 2016.

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

Respectfully submitted,

Randall Rothenberg
President and Chief Executive Officer