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**IAB Board of Directors
President's Report
May 26, 2016**

**Spurring Innovation and Accelerating Growth
By Randall Rothenberg**

Popular media industry narrative, Homeric epics, has long been centered on the war between the young and the old, the new versus the established: radio against magazines, television against radio, cable versus broadcast. Video content, however, is rendering this storyline antiquated and simplistic. Video is bringing all media together, unified behind digitally-driven consumer behaviors. Now, it seems, it's not a question of distribution technologies duking it out for primacy. Everyone has a right to compete, and whomever produces the best content wins.

Digital video is the ultimate equalizer among all media, and 2016 is the year it is coming into its own. As we meet midway through the year, IAB has just concluded management of this year's successful two-week [Digital Content NewFronts](#), which highlighted many examples of this growth. Print media companies such as *The Economist* and incumbent television brands such as CNN presented digital video offerings alongside digital natives like AOL and Machinima. But wherever they came from, whatever their legacy, all the presenters were united around the dominant role of consumer choice.

At IAB, our efforts on members' behalf are all in support of this new world order – an order premised on consumer choice, diversity, quality, and access – and the promise it offers to publishers and our clients among marketers and agencies.

In the first half of 2016, we continued to make significant investments in the IAB Technology Lab, the IAB Digital Video Center of Excellence, the IAB Mobile Marketing Center of Excellence, the IAB Education Foundation, and our newest organization, 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.

We are also pressing on advances in technical standards to combat fraud and piracy, and advocating for education to ensure a healthy talent pipeline for our industry and supporting innovation in an ad product portfolio to keep pace with the needs of marketers and expectations of consumers. IAB also continues to respond in real time to marketplace challenges to guide the next phases of advertising technical standards and user experience for the global digital advertising supply chain.

All of these investments are in service of building capabilities for growth and an affirmation of the rewarding relationships that advertisers are effectively building with consumers through meaningful digital content.

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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
- Research
- International
- Events
- Marketing
- Financial Management

The Trustworthy Digital Marketing Supply Chain

Last fall, the Tech Lab released the LEAN Principles (Light, Encrypted, AdChoices-supporting, and Noninvasive) for advertising, a product of research and discussion with thought leaders who championed a clear path to better user experiences in advertising-supported digital media. Without the clever acronym, LEAN actually has been a focus of IAB's ad operations and ad technology teams for almost a decade. With the acronym, LEAN has proved a powerful mechanism to coalesce the industry to mitigate the actual and potential damages from ad blocking.

In the past few months, a growing number of companies have been developing their own take on what it means to be LEAN. After a great deal of research, we believe the best and fastest path to encourage universal adoption of the LEAN Principles is to introduce a public [LEAN-scoring system](#) that ranks publishers, advertisers, and by extension, agencies on their adherence to the principles.

By embodying the concept of speedy, safe, and agreeable advertising in an objective score, the industry will have a market mechanism that will drive continuous improvements in user experience.

The Tech Lab's plan to get the industry LEANer is to build consensus as to what constitutes LEAN by soliciting data, research, and input from subject matter experts and making use of these insights to develop clear, market-wide guidance. The [initial LEAN guidance](#) includes file size, ad load time, encryption, choice, skippable ads, and non-blocking script. During the rest of

the year, we will host public discussions about initial guidance, complete some initial user experience testing, and educate the market on our vision for LEAN. Through 2016, our goal is to build industrywide consensus around criteria for the individual components of LEAN and establish a simple-to-understand, context-appropriate scoring algorithm.

Making Measurement Make Sense

IAB aspires for all media to be allocated and valued using common metrics, empowering marketers to create powerful cross-screen branding campaigns based on educated decisions and accountable investments. Our goal has been to take the digital medium, which was forged as a medium primarily for direct-response and retail advertising, and make it at least equally relevant and successful brand marketers and their multiple goals. The Making Measurement Make Sense (3MS) initiative moves us closer to this ideal.

To continue supporting the tremendous progress made in viewable ad impressions in the marketplace, IAB distilled and outlined a range of successful tactics for improving ad viewability in the first “[Primer for Publishers on Improving Ad Viewability](#)” in March 2016. The purpose of the primer is to guide publishers in their endeavors to increase the viewability of display and video ads (not including mobile or native/in-stream ads) on their sites, thus improving the value of those ads for advertisers and marketers, while also delivering a better user experience. The primer identifies four primary levers that can drastically improve ad viewability: engaging editorial content, site redesign, latency improvements, and ad tech strategy and policy changes. IAB also hosted a [3MS Educational Forum](#) in March to present and discuss the primer and foster industrywide conversation on improving viewability.

On the mobile measurement front and in collaboration with the Mobile Marketing Association (MMA) and the Media Rating Council (MRC), IAB released the updates to the Measurement Guidelines for mobile web and mobile in-app advertising in the “[Mobile Web Advertising Measurement Guidelines” \(version 3.0\)](#) and “[Mobile Application Advertising Measurement Guidelines” \(version 2.0\)](#). These updates were issued in April 2016 independently of the draft version of “[Mobile Viewable Advertising Impression Measurement Guidelines](#)” released for public comment by the MRC on April 1. These mobile measurement updates are of fundamental importance to counting mobile web and mobile in-app served ad impressions. Accredited companies were given 30 days to update their systems in compliance with the new guidelines to retain their MRC accreditation.

Publisher Transformation

IAB’s **Digital Video Center of Excellence** continues its work to grow, streamline, and improve the buying and selling of video advertising on a number of fronts. The **Digital Content NewFronts** kicked off May 2 with IAB serving as the managing partner for the fourth year in a row. Interest this year was unprecedented, with 37 publisher-presenters (nine of which were new to the NewFronts), and many standing-room only events.

In conjunction with NewFronts, IAB released the [Digital Content NewFronts: Video Ad Spend Study 2016](#) highlighting a third year of increased budget allocations and a 114 percent increase in ad spending on original digital video programming since 2014. The study reinforces the

critical role the event has played in media-buying decisions. Eight out of 10 respondents said their attendance at the 2015 NewFronts resulted in increased spending on original digital video content in the 12 months that followed, with TV-first buyers more likely to commit more dollars up front and digital-first buyers to spend more throughout the year.

In May, IAB released the [2016 Original Digital Video Study](#) with the goal of highlighting original digital video viewing behaviors for people age 18 and older, compared with their other online video and regular TV consumption. The comprehensive survey of over 1,900 consumers, produced by GfK, revealed that the audience consuming original digital video programming at least once a month grew steadily from 45 million people in 2013 to approximately 63 million in early 2016 and represented a 9 percent increase in median household income year-over-year. In a clear sign of growing value for advertisers, the study revealed that 38 percent of the original digital video audience found advertising on this format to be more memorable versus 29 percent from just a year earlier. The 18- to 34-year-old cord-cutters, and “cord-nevers,” were even more likely to remember ads shown alongside original digital video content (48 percent today versus 27 percent a year ago).

One of our newest efforts is the **IAB Data Center of Excellence**, an independently funded and staffed unit within IAB. Founded to enhance existing IAB resources and to drive the “data agenda” for the digital media, marketing, and advertising industry, the Data Center’s mission is to help advertisers and marketers operationalize their data assets while maintaining quality, transparency, accountability, and consumer protection. The center released its first body of work this quarter, a study by the IAB and theWinterberry Group titled “[The Outlook for Data 2016: A Snapshot Into Digital Media and the Evolving Role of Audience Insight](#).” In the survey, 70 percent of responding marketers, media buyers, publishers, and digital advertising technology executives said that “cross-device audience recognition” will be a key area of focus and innovation this year. The report also found that 58 percent of respondents believe cross-channel measurement and attribution will command significant time and attention in 2016. In addition, the Data Center of Excellence held its first two board of directors meetings in February and May establishing its mission and developing its agenda.

The Industry Initiatives team, representing a diverse array of subject areas, has had a productive first quarter, with meetings of all of the nine committees and task forces that fall under this unit. The group is working closely with our counterparts in public policy, the Mobile and Video Centers, as well as the IAB Tech Lab to define projects that will raise awareness and drive growth.

The **Digital Out-of-Home (DOOH) Task Force** released the “[Digital Out-Of-Home Buyer's Guide](#)” in February, with an accompanying agency endorsement post on IAB.com contributed by Mike Gamaroff, Head of Innovation with Kinetic. The report highlighted the strong and steady growth of Digital Out-of-Home as well as opportunities for marketers who have considered investment in DOOH. To bring this accomplishment to life, the DOOH Task Force hosted a breakfast event at IAB’s AdLab in May to create a live discussion on the topic of [Blurred Lines Between Digital Out-of-Home and Mobile](#).

The **Programmatic Council** launched a [Programmatic Fee Transparency Calculator](#) in March. This interactive tool provides advertisers and publishers with a granular, partner-specific evaluation of their programmatic technology, service, and inventory costs as a percentage of

their effective CPM. Calculator users can enter their media plan channels and cost structures, and the calculator organizes and quantifies these investments based on different suppliers' roles in the supply chain. According to the 2014 IAB and PwC Programmatic Revenue Report, ad technology investments represent over half of programmatic expenditures. The calculator will reduce confusion about these fees, helping advertisers understand and control them.

We continue to build a strong IAB presence at SXSW. IAB held its fourth annual **SXSW Sunday Brunch** in Austin, Texas, on March 13 for IAB members and select invited industry guests. The event was co-hosted by eMarketer and SmartBrief. The IAB Games Committee held a [panel](#) with Twitch, Facebook, and Nielsen titled "[How All Brands Can Win With Game Advertising.](#)" More than 100 IAB member companies spoke at the event; highlights of these presentations are available at IAB.com in a series of spotlight [posts](#).

IAB also continues to make strides for our members in navigating the native advertising landscape. In March, the **Native Advertising/Content Committee**, in conjunction with the IAB Public Policy and Legal Affairs Counsels, was pleased to welcome Laura Sullivan from the Federal Trade Commission (FTC) Bureau of Consumer Protection, who for a second time joined us in New York to discuss the FTC Guidance documents in a fireside chat with IAB's Brad Weltman.

In other efforts, podcasts remain a subject of high interest and growth for publishers, with increasing agency and marketer attention. Building on the success of IAB's first [Podcast Upfront Showcase](#) event in 2015, IAB's Audio Committee and Events team are finalizing plans for an expanded Upfront event for September 2016, produced by IAB's Digital Audio lead Rena Unger.

In April, IAB brought digital to the main stage at the **Association of Hispanic Advertisers and Agencies (AHAA) Annual Conference** with a panel on private marketplaces supported by our Programmatic lead Benjamin Dick. IAB's Rena Unger, who leads our Multicultural Council, has been given a permanent seat on AHAA's Digital Committee, which will focus efforts to advance Hispanic digital advertising.

In February, the **Social Media Committee** was represented at Social Media Week to discuss the Media Rating Council (MRC) Social Media Measurement Guidelines. IAB Senior Director Susan Borst moderated a panel with representatives from MRC, 4A's, WOMMA and The Coca-Cola Company to discuss how the entire industry wins with these guidelines in place.

Following publication of a **B2B Committee** member crowdsourced [B2B 2016 Digital Predictions](#) piece, the committee met on February 17 and agreed to focus on B2B KPIs. Member thought-leadership submissions will be used to prepare a B2B KPI report.

Building Brands Digitally

A key initiative of the IAB Tech Lab over the past few months has been to develop the [HTML5 Ad Validator](#) to help evaluate ads against current guidelines and to further accelerate the rapid adoption of HTML5. The HTML5 Ad Validator is a first-of-its-kind online tool that allows for quick and easy testing of mobile and desktop ad creative against the IAB Display Ad Creative

Guidelines. It offers critical analysis to help ad designers, developers, and ad operations teams build ad creative that delivers a better user experience.

Additionally, the Tech Lab is also in the process of developing a new ad portfolio with cross screen capabilities and user experience in mind. The Flex Ads Working Group is focused on two major initiatives. Its first goal is to define new ad portfolio recommendations based on responsive and flexible aspect ratios that can scale ads across multiple device sizes as well as integrate well into the responsive designs adopted by publishers. The second objective is to implement the LEAN principles into the new ad formats and ad functionality for a better and faster-performing user experience. The working group is in the drafting stage of the new **Ad Product Portfolio**, which will redefine the IAB standard ad units, creative guidelines, and ad functionality. There is more to come throughout 2016, and we encourage all members to get involved in this process of new Flex Ads development, which answers the need of creators for responsive ways to deliver brand concept ads and the need of buyers and sellers for a single cross-screen ad equivalent on which to transact.

With the goal of understanding what it takes to make a video ad succeed on a smartphone or tablet, IAB partnered with Millward Brown Digital and Tremor Video to release the [Multiscreen Video Best Practices](#) report at the IAB Mobile Marketplace event. The report highlights which qualities of mobile video advertising are most important in terms of breaking through to audiences and how this varies depending on audience demographics and other factors. For instance, shorter mobile video ads were found to resonate more among millennials, while longer ads break through with consumers age 35–54. The study also recommended that advertisers take note of brand cues including logos and product images, which should be optimized and sized correctly to appear large enough on smaller mobile screens.

Moving Mobile Mainstream

The U.S. mobile marketplace continues to grow at a remarkable rate. Mobile advertising in the U.S. totaled \$20.7 billion during FY 2015 (a 66 percent increase from the prior year's total of \$12.5 billion) according to the "[IAB Internet Advertising Revenue Report 2015](#)," conducted by PricewaterhouseCoopers and released this April. With a mission of supporting this growth and integrating mobile into the activities and initiatives across the IAB, the **Mobile Marketing Center of Excellence** continues to help our members stay abreast of changes impacting and driving the mobile and cross-screen marketplace.

In February, the Mobile Center released the "[Mobile Location Data Guide for Publishers](#)", providing comprehensive information for publishers looking to tap into the power of geo-marketing. Offering practical advice for publishers on getting started using location data as well as how to expand and refine existing capabilities, the guide outlines key opportunities, such as gaining a better understanding of mobile audiences, enhancing mobile inventory, and providing online-to-offline sales attribution insights to advertisers.

At this year's Mobile World Congress in Barcelona, Spain, the most influential brands, agencies, publishers, and technology leaders joined IAB and dmexco on Feb. 23 at IAB's conference-within-the-Congress, [Turning Mobile into Mobility: Innovation without Borders](#). The exclusive daylong event, sponsored by Facebook, Google, and NASDAQ, explored how

publishers and brands are increasingly adopting integrated, 360-degree experiences that cross all screens. Participants came away with new approaches and strategies for engaging mobile consumers in the “micro moments” that matter. This exclusive all-day event, sponsored by Facebook, Google, and Nasdaq, featured speakers such as Steven Althaus, BMW Group; Luis Cantarell, Nestlé S.A.; Laura Desmond, Publicis Groupe and Starcom Mediavest Group; Jessica Federer, Bayer, David Morris, CBS Interactive; Sam Shrauger, Visa, Inc.; Caroline Taylor, IBM Europe; Alex Underwood, Spotify; and many more.

The second **IAB @ Mobile World Congress** conference was a hit, with 364 attendees, a 33 percent increase over last year. It drew a senior C-suite crowd and established IAB as a thought leader in the global market. We are working on additional events on a global scale.

In April, members of the Mobile Center of Excellence’s board of directors traveled to the nation’s capital for the **Fifth Annual Mobile Center Washington, D.C., Fly-In**. The two-day program included meetings with Congressmen, U.S. Senators, and key policy stakeholders. In their conversations with legislators, IAB representatives emphasized the collective role we play in self-regulation through industrywide initiatives, such as LEAN, that develop and promote guidelines for consumer-centric ad and content experiences. Members of the Mobile Board also participated in a well-received panel at the “State of Net” conference, where they addressed the key role of advertising within the larger digital media ecosystem.

IAB held its fifth **Mobile Marketplace [conference](#)** on April 11 at the Crown Plaza Hotel in New York. With a focus on the fast-growing mobile video space, the event was called **From Mobile to Mobility in the Age of the Liquid Consumer**. It began with a fireside chat with Lou Paskalis, Senior Vice President of Enterprise Media at Bank of America, who discussed the importance of maintaining brand relevance and resonance across multiple touch points. Lee Nadler, Marketing Communications Manager of BMW Mini, shared how, in a world of infinite distraction, the brand is leveraging virtual reality as a new, immersive means of storytelling. Twitter’s Head of Planning & Creative Agency Development Stacy Minero shared strategies and best practices for capturing attention by tapping consumer fan bases to build authentic and exciting ad experiences. The well-attended conference concluded with a series of town hall meetings on topics including local creative storytelling and how to bridge the gap between mobile and offline media.

IAB, MMA, and MRC also jointly issued an [update](#) to the **Mobile App and Mobile Web Served Impression Measurement Guidelines**. This important update eliminates “count on decision” as an option for reporting served impression counts. MRC staff members have been communicating the need for this change with measurement vendors ever since the initial release of the guidelines. Doing so now helps ensure that counting occurs only after an ad is actually delivered to a mobile app or browser.

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 37 new General Members and 6 new Associate Members joining since January 1, 2015, our current total membership is over 600 companies, without counting subsidiary members. With subsidiaries, the total membership includes 800 companies. Dues are estimated to reach another record of \$15 million for the 2016 membership year.

Notable new members since January include Playboy, Taco Bell and BroadSign. 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 more than 1,160 members. (Earlier this week, we hosted the Long Tail Alliance in its annual visit to Washington, D.C., including meetings with legislators and staff on Capitol Hill.)

Below is a comprehensive list of new members:

Organization Name	Member Type
Activision	General
Adelphic, Inc.	General
Adsidious Media	General
ALC	General
Alphonso Inc	General
Audio4cast.com	General
BroadSign	General
CrossChannel Inc	General
Eyeota	General
Feature Forward Ltd.	General
HookLogic, Inc.	General
InfoSpace	General
Media iQ Digital Ltd	General
Micro Cube Digital Limited	General
Minnesota Public Radio	General
Platform Inc	General
Playboy	General
Positive Mobile Holdings Ltd.	General
Smithsonian Media Group	General
Sociomantic	General
Southern California Public Radio	General
StickyADS.tv	General
Unity Technologies	General
Viant	General

Vidillion	General
VisualDNA	General
Coalition for Innovative Media Measurement (CIMM)	Associate
FastPay	Associate
Nestle Purina Pet Care	Associate
Sensewhere	Associate
Taco Bell	Associate
Teralytics	Associate
Acast Stories USA	Startup
Admiral	Startup
Cognitiv	Startup
Connatix Native Exchange, Inc.	Startup
FastPay	Startup
Gruuv Interactive, Inc.	Startup
Sensewhere	Startup
Sled, Inc.	Startup
Sourcepoint	Startup
Spark Business	Startup
Teralytics	Startup
Tiller	Startup
viisights solutions Ltd.	Startup
Wondery LLC	Startup
Wrap Media	Startup

Public Policy

On May 4, the IAB Public Policy team had a historic first, bringing a handful of the most senior staff from the House Energy and Commerce Committee to New York for a day and night at the Digital Content NewFronts. With the extreme restrictions put on these kinds of trips by Congressional ethics laws, outings of this nature are extremely rare, amplifying the incredible value they offer.

During the course of the day, staff members had the opportunity to see the power and growth of digital video, hear how traditional publishers have evolved into more diverse media companies, and learn more about the ad technology space. The trip provided an opportunity for IAB to deepen its Congressional relations, put an industry “face” on the often academic nature of policy discussions in Washington, and reinforce the IAB’s brand as a serious player in the nation’s capital. During the whirlwind day, the policy team shepherded the Congressional staffers to the Hulu and Hearst Newfronts presentation, and to discussions at Appnexus and Conde Nast (with lunch, as well, at the latter).

IAB has also become a leading voice in FCC privacy proceeding. The Public Policy team conducted IAB member calls and meetings to explain the nuances in the Federal Communications Commission's recently released Notice of Proposed Rulemaking (NPRM) on internet privacy and plans to file an official comment in the proceeding. The IAB Washington, D.C., team is viewed as a leading resource by FCC staff and IAB member companies and will continue to provide feedback and input to the commission as it undertakes its regulatory processing.

Learning and Development

The **IAB Education Foundation** is preparing for a launch of the first college-level training program for entry level jobs in ad ops, sales support, data analytics and marketing starts in August at the College of San Mateo in Silicon Valley. The four-month intensive training program, coupled with its own Digital Advertising Certification program, will prepare a diverse group of students for full-time jobs and internships with leading digital media and technology companies.

The fourth anniversary of the **IAB Certification** program this May provides a great opportunity to note how far the program has come in such a short time: Nearly 450 companies now participate in 35 countries; the Digital Media Sales Certification and Digital Ad Operations Certification has gained ANSI accreditation; the Digital Data Solutions Certification is nearing its first year; and a new Digital Buyer and Planner Certification program is preparing to launch in June.

Another 400 professionals joined the ranks of certification holders during the first quarter of 2016, bringing the total number of credentials earned so far to well over 5,300. The IAB Marketing Team deployed a strategic marketing and communications program to counter challenges in driving recertification. The program focuses messaging, automates reminders, and better captures participant data. As a result, we've generated 488 new recertifications this year. Last, the marketing team released 14 new videos in April to promote certification, development courses, exam prep classes, and corporate training.

Research

In sync with IAB NewFronts, a complete program of B2B and consumer research studies has been developed to advance the understanding of how original digital video is perceived, used, and bought by both consumers and advertisers. Two studies, each now in its fourth year, serve to benchmark the growth of the format (26 percent of U.S. adults now watch digital video monthly) and its impact on the overall media market (ad spend has more than doubled since 2014). Opening NewFronts, the [2016 IAB Digital Video Ad Spend Study](#) also revealed the NewFronts' direct impact on ad spend: eight in 10 attendees spend more than planned.

On May 11, over 100 senior buy side executives, industry leaders, and members of the press attended the 4th annual [IAB NewFronts Insights Luncheon](#) held at the IAB AdLab. Four presenting sponsors (YuMe, Unruly, Millward Brown, and ShareThrough) shared new findings on diverse studies ranging from video ad creative elements and how millennials respond to mobile video, addressable TV, and optimal ad lengths. The well-received event provided

insights into all aspects of digital video and advertisers walked away with actionable results on how to better integrate digital and mobile video into their media plans.

Earlier this year in January, as the 2016 U.S. presidential primary campaign began, IAB released "[The Race for the White House 2016: Registered Voters and Media and Information During the Primaries](#)." This report continues to be essential for IAB members looking to examine and understand the role of digital media in the election season as well as how all media are used to access information about candidates and issues. The study of 1,500 registered voters found that digital media and TV are at parity as voters' primary sources for information about candidates and issues.

IAB International

IAB International has grown more influential than ever in driving the interests of our members around the globe. The **IAB Global Network** now is made up of 44 organizations across six continents and exhibits an energetic, collaborative working relationship.

The **International Breakfast Session** at the IAB Annual Leadership Meeting has become a key gathering point for the network. This January, despite weather setbacks, close to 60 digital advertising leaders from 16 countries came together to tackle the pressing issues facing the industry and discuss how to work together globally to advance our common interests.

Ad blocking has become an important topic for the industry throughout the world. Following up on the discussion that began at the IAB Global Summit last September, IAB Europe has been leading the drafting of a charter to bring the industry together in a commitment to improve user experiences and digital advertising in general on a global scale. Along with **LEAN** and **DEAL** (Detect, Explain, Ask, and Lift restrictions or Limit access in response to consumer choice) publishers are advised to engage users on the value exchange made possible by the ad-supported business model. The charter will constitute an important part of the industry's serious focus on the user experience going forward. U.S. publishers as well as publishers in Europe—especially Germany, France, Sweden, and the U.K.—are already enacting DEAL to connect with ad blocking consumers. Since the IAB Tech Lab made its exclusive ad-blocking detection script available to all IAB and IAB Tech Lab members around the world, more than half of the requests received have been from companies outside the U.S.

To facilitate the growth of the IAB certification programs and help extend standards across the globe, IAB has recently restructured the international registration and payment process. Members of the IAB Global Network benefit from preferred rates for their country and will be able to apply and pay for IAB certifications online.

IAB International continues to foster the sharing of best practices across borders, along with open and frank discussions. IAB International [webinars](#) held in the first quarter of 2016 on digital video, ad blocking, and certifications have been well received by members, with participation from over 200 executives from two dozen countries.

Events

The **IAB Annual Leadership Meeting** in Palm Desert, California, in January generated its highest revenue yet: \$3.716 million, an 8.3 percent increase over last year. The meeting yielded a record gross profit of \$2.82 million, a 9.7 percent increase over 2015. The event saw a 21 percent drop in the number of attendees because of Snowstorm Jonas, but many loyal attendees still managed to make it from the Northeast to California, with some last-minute pass switches to West Coast colleagues. The audience remains a senior crowd with 68 percent at the vice-president level or above.

The **IAB Programmatic Marketplace** showed a 14.5 percent increase in attendance this year, although sponsorship revenue was down. IAB Events heard from sponsors and members that they are focusing their sponsorship spend on global tent pole events (CES, MWC, SxSW, Dmexco, etc.) so IAB has begun to position IAB events in global markets such as Mobile World Congress and dmexco as well to remain competitive.

Marketing

Marketing drove success for IAB initiatives across a number of key audiences, delivering strategic communications results.

In support of Building Brands Digitally, the marketing team produced [What Works & Why in Digital: IAB MIXX Awards 2016 Insights Report](#). The report's case studies and videos tap into expert analysis from the IAB MIXX Awards judging panel of creative luminaries, brand marketing powerhouses, and blue-chip publishers to present a master class of the best-of-the-best in digital marketing—campaigns and executions that captivated audiences and delivered meaningful, measureable results—which brands and agencies can apply to their creative thinking. To launch the report, some of advertising's most forward-thinking leaders, including Nick Law, Global Chief Creative Officer at R/GA, and Michael Lebowitz, Founder and Chief Executive Officer at Big Spaceship, shared their insights on creativity and the broad canvas of digital media at an invitation-only, intimate breakfast event in the IAB Ad Lab. Senior leaders from more than 50 brands and agencies were in attendance, including ABC, AIG, Christie's, Colgate Palmolive, Digitas, J.P. Morgan, McCann, Ogilvy, Publicis, Starcom, Unilever, and more. Marketing placed an [exclusive story](#) on the report in *Business Insider*.

Marketing developed and executed a robust communications strategy around **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, including an interactive NewFronts hub on *Adweek.com* with prominent placement on the publication's homepage. Marketing also produced six [NewFronts video reports](#) on partner presentations, with multiple shoots each day. The reports garnered more than 3,000 views. *IAB.com* featured a NewFronts Center consisting of videos, 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. As of May 17, the

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hashtag has garnered more than 70 million impressions from 479 social updates. In addition, IAB gained more than 550 new Twitter followers during its NewFronts coverage. For a full report on all NewFronts press coverage, please visit www.iab.com/events/digital-content-newfronts-2016/#newspress.

Marketing **advanced IAB work in the fight against ad blocking** through a robust communications plan to advance the DEAL method for engaging with consumers. Stories placed in *The Wall Street Journal*, *Ad Age*, *Adweek*, *Business Insider*, and *AdExchanger* among others. The team then built a [hub for DEAL](#) on IAB.com to showcase publishers who are deploying the method in the U.S. and abroad. This was backed up with a robust social strategy highlighting all news related to DEAL.

Financial Management

IAB finances continue to be in a strong position. According to first quarter financial results, topline revenue of \$9.9 million was just slightly below this year's budget (4 percent) but \$1.4 million, or 16 percent, above the same period in 2015. The gap between recognized revenue and the budget was largely due to the timing of the Video Center of Excellence revenues and approved Data Center of Excellence business development strategy.

Despite the epic snowstorm on the east coast during the weekend of ALM, the revenue associated with this event is projected to be on budget. Overall, we expect to achieve our budgeted revenue goals. We have also managed expenses, both our cost of services and expenses with their respective budgets, allowing IAB to deliver first quarter net income of \$1.4 million. We feel confident that IAB is well-positioned financially to deliver on its ambitious agenda for 2016.

I am pleased by our ability to continue to deliver value to our members and am grateful for all our progress this year. This success would not be possible without the commitment from our members, and especially from our board of directors. I humbly thank you for your support of this team and our efforts.

Respectfully submitted,

Randall Rothenberg
President and Chief Executive Officer