



IAB BOARD OF DIRECTORS

**President's Report
June 8, 2017**

Building Trust and Accelerating Capabilities for Monetization and Growth
By Randall Rothenberg

What a year—and we're barely six months into 2017. In the [IAB 2016 Full Year Internet Advertising Revenue Report](#) conducted by PwC US, mobile ads account for more than half of digital ad spending. This shift has significant and profound implications for the future of our industry: mobile ads have surpassed desktop ads.

All told, digital ad revenue in the U.S. hit a record \$72.5 billion in 2016, up from \$59.6 billion in 2015. Mobile ads were responsible for more than half, \$36.6 billion to be specific – a 77 percent year-over-year gain. This increasing commitment to mobile is a reflection of brands' ongoing marketing shift from 'mobile-first' to 'mobile-only', in order to keep pace with today's on-the-go consumers. While all this is good news for the digital economy generally, not everybody is benefiting equally: 73 percent of revenues in Q4 were reported by the top 10 digital companies.

So how do we share the wealth and ensure the sustained success and growth of our industry? Below, I outline some of the most significant initiatives that IAB has undertaken since the last IAB Board of Directors Meeting in January.

Mobility was a major theme at this year's [Digital Content NewFronts](#), the industry's upfront marketplace for original digital video content, which was held during the first two weeks of May, gathering digital publishers, media buyers, and sellers. We saw, for example, a striking increase in the number of NewFronts presenters offering live programming – for "live" is the lure for the mobile millennial. Another significant observation from the [33 NewFronts presentations](#) is that **Over-the-Top Television (OTT) is morphing into a mainstream marketing medium**. OTT video consumption in the living room is attracting all ages and demographics, creating equivalencies between upstarts and incumbent video brands, especially as younger consumers use their mobile phones as their set-top boxes and remotes, consuming digital native video, longstanding networks, and "casted" videos promiscuously in single viewing sessions.

Digital video is a limitless medium that can lift all boats, and small mobile screens have become a mainstream entertainment consumption experience. The whole world is watching, and cord-cutting is accelerating. At the same time, mobile is the main way that millennials consume digital video and is the primary driver of digital video ad growth. According to the same [IAB 2016 Full Year Internet Advertising Revenue Report](#) released in May, digital video advertising surged to a record \$9.1 billion – a 53 percent year-over-year rise from 2015 – making it one of the fastest-growing ad media in the U.S. On mobile devices, the increase in video revenue is even more remarkable – up 145 percent year over year to \$4.2 billion – and the growth shows no signs of slowing.

With a goal of providing best practices and advice on "all things video," the [IAB Video Center of Excellence](#) and its members have developed a **Guide to Digital Video Advertising** that is currently in review and will offer tools, tips, and guidance for publishers, marketers, and brands to understand video in its multiple current and emerging forms. The Video Center began taking this presentation to members (combined with a presentation on "Lessons from the 2017 Newfronts") during the second quarter.



IAB has been aggressively promoting our expertise as a technical standard-setter, research organization, and best practices provider for mobile media and marketers. To that end, IAB and dmexco – the European digital conference organization – teamed for a second year to create [IAB@MWC](#), a mini-conference for several hundred participants at the giant Mobile World Congress exposition in Barcelona, the world’s largest gathering for the mobile industry. Among the central takeaways from the event were that even 15 seconds on mobile is a luxury, and success comes when we put consumers—not the tools, platforms, or technologies—at the center. As a follow-up, in two weeks at the Cannes Lions Festival in France, IAB is hosting a session titled [“Mobile-only Pioneers: What’s Next?”](#) Thought leaders and practice leaders from around the world – including Torsten Wingenter, Head of Digital Innovations at Lufthansa, Maureen Traynor, Global Director, Creative Solutions at Spotify, and Emi Cal, CEO of Teads – will explore emerging trends and technologies, from chatbots and AI to dynamic creative and sentiment analysis of mobile video ads, to the latest in VR and physical-virtual-mobile experiences. (If you’re planning to be at Cannes Lions on June 18, I hope you’ll join us.)

Yet another NewFronts observation was that advertisers, agencies, and media see an increasing equivalency between premium content providers and trusted spaces. This aligns to another set of activities that IAB has been emphasizing this year, and particularly since our last Board meeting: **Brand safety and transparency – critical components of sustained growth for publishers and their technology suppliers.** Fake news, bot fraud, measurement chaos, and other examples of supply chain failure are no longer considered expected hiccups in a dynamic industry, but are viewed by our customers and consumers as unacceptable aberrations that must be eliminated by serious companies.

Brand safety and consumer trust were key themes during the NewFronts presentations. Then in late May, IAB welcomed more than 300 senior executives from across our industry to an [IAB Programmatic Symposium](#) on the theme, [“Be Clear Now: Transparency, Brand Safety, and Growth in an Automated Era.”](#) The message of the event – held for the first time in a new space designed for robust conversation – was that the digital media industry is in a [“post-programmatic” era](#), in which the majority of digital advertising media buys are automated in increasingly complex ways, requiring all participants to create a fully trustworthy supply chain. At the symposium, the [IAB Tech Lab](#) launched an [assault on illicit advertising inventory](#) by releasing an important new tool as part of OpenRTB (real-time bidding), called [ads.txt](#), allowing publishers to easily share their lists of [Authorized Digital Sellers](#). While its mission is simple—to increase transparency in the programmatic advertising ecosystem—it will have an oversized impact on reducing ad fraud across the ecosystem.

In April, IAB announced that all its member publishers and technology companies will be [required to register with the Trustworthy Accountability Group \(TAG\)](#), the digital ad industry’s program to fight fraud and other criminal activity, to remain eligible for continued membership in the industry’s leading trade association.

Consumer trust also is essential to creating a Universal cross-device ID, which many marketers and media consider core to the continued growth of brands. Over the next decade, everything will be connected; and to understand that connection across people, places, and things, the industry needs an authoritative identity, or Universal ID. One of the hurdles of creating a Universal ID centers around trust. With much more sensitive consumer information being used and shared, the industry needs a leader to create the rule sets and guardrails that will ensure innovation and growth. The [IAB Data Center of Excellence](#) has the mission to define boundaries and to increase value along the data chain, for consumers, marketers, and the digital ecosystem that supports them, as well as to help the industry grow revenue and speed the adoption of Universal ID in the marketplace. To help buy-side practitioners navigate the political and operational challenges of transitioning away from last-touch attribution strategies, IAB released a new [Attribution Hub](#), which was developed to provide a centralized resource that consolidates and organizes all attribution related guidance IAB has developed across its various



verticals and working groups.

As a corner stone of our policy and research effort, IAB released the third iteration of our ground-breaking study: [The Economic Value of the Advertising-Supported Internet Ecosystem](#). The research found that digital advertising propelled \$1.1 trillion into the U.S. economy in 2016, and is responsible for 10.4 million jobs in the U.S., accounting for 7.3 percent of the country's total nonfarm employment.

To help fill the talent gap, the IAB Education Foundation, following up on the commitment the organization made to diversity and inclusion three years ago, has added [qualified diverse talent](#) to the industry's employment pipeline through its [iDiverse initiative](#). We are thrilled to expand our entry-level digital advertising program from California, with the College of San Mateo in the Silicon Valley, to the New York area through our partnership with the Borough of Manhattan Community College (BMCC) where classes are about to start this June.

IAB, on behalf of our members, is well-positioned to rally the industry around guidelines and best practices to build efficiencies in creating compelling user experiences, as well as to educate the industry and government regulators and push through major initiatives in support of consumer privacy, data security, supply chain safety, advertising taxation, and other major regulatory and legislative issues.

Finally, I want to highlight a new service offering for members about **Content Studios and their role in reshaping advertising's creative landscape**, developed over the past several months, which will go live at Cannes and be realized more fully in a fall event. Marketers are recognizing the power of branded content in reaching audiences digitally. In response, IAB is producing the first-ever marketplace for content studio publishers to showcase new brand storytelling opportunities. This marketplace, designed for an audience of advertisers, will feature examples of branded content solutions from some of the biggest names in digital advertising. The invitation-only event, which will be held on October 16 in New York City at *The New York Times* offices, has been developed in direct response to the dramatic impact content studios are making in the ad industry: allowing brands to directly leverage publishers' insights and creative talents to tell meaningful stories through native content. The event will feature presentations from Partner Studio by AOL, CNN's Courageous, Condé Nast's 23 Stories, Disney Co/Op, and Hearst Digital Media's Custom Content, among others.

We're humbled and honored that IAB continues to be the leading convening force for digital to bring publishers, platforms, brands and more together to solve industry challenges, and to build standards and guidelines that support brand safety and marketplace trust. All of our efforts are in service of building capabilities for growth, for our members, and our industry.

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 and how IAB initiatives benefit our members. 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 some of IAB key activities, including:

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

The Trustworthy Digital Marketing Supply Chain

As mentioned, [IAB making TAG membership registration mandatory](#) will make our digital supply chain safer and allow our advertising to flourish as we [go clear, fight fraud, and put consumer safety first](#). In addition to the already mentioned [Ads.txt program](#), IAB Tech Lab saw the need for a standard that would increase the fluidity of ad formats and allow for a more content driven model where an ad simply becomes a real-time rendering of several pieces of content (e.g. an image, a line of copy, an animation, etc.). That need was fulfilled with the release of the [IAB Dynamic Content Ad Standard V. 1.0](#), a system of meta-data for defining creative components and their asset variations in an ad unit. This standard is designed to help creative developers, ad content management systems, and ad servers build and serve real-time dynamic content in advertisements based on audience data.

The Tech Lab is also working on the final version of the [Open RTB Native 1.2](#), which was in public review until May 17. Major enhancements include support for third party ad serving, privacy flags, and new event tracking options. Dynamic creative optimization (DCO) is an important feature of digital advertising, and is especially well-suited to native since the creative is already decomposed into elements like headlines and thumbnails.

IAB has also been participating in the [Coalition for Better Ads](#), a workforce of leading international trade associations and companies involved in online media to improve consumers' experience with advertising. In March, IAB supported the Coalition's recommendation that brands, ad agencies, and publishers in North America and Europe voluntarily retire six desktop and 12 mobile advertising formats that fall beneath the threshold of consumer acceptability, and which correlate highly to consumers' willingness to block ads. As an industry, our common goal should be to make great advertising and content that really engage users with the best possible experience.

Making Measurement Make Sense (3MS)

IAB continues to engage with MRC (Media Rating Council), ANA (Association of National Advertisers), and 4A's (American Association of Advertising Agencies) to move the 3MS initiative beyond viewability as it focuses on the next 3MS goal of creating common audience currency across media channels.

As part of this effort, MRC together with IAB, ANA and 4A's issued a draft version of its new [Digital Audience-Based Measurement Standards](#) document on May 16 for a 60-day public comment period. These standards build on MRC's prior work on viewable impression measurement and the effective filtration of invalid traffic, and provide a set of recommended practices for the collection and processing of information used in the assignment of audience characteristics to impression-level data. Once finalized, they will set the stage for the creation of additional standards to allow for comparable measurement of audiences across media channels.



With ad measurement and performance under more scrutiny than ever, the Media Rating Council (MRC) issued the final version of its [Location-Based Advertising Measurement Guidelines](#) in March, a collaborative effort between MRC, MMA, and IAB. These measurement guidelines, which previously were issued in draft form for a 30-day public comment period in November 2016, are formally in place to serve as industry guidance for the measurement of digital location-based advertising. The guidelines provide key definitions for location-based measurement terms, as well as recommended research practices and disclosures concerning the assignment of device, or user location for use in digital advertising measurements. They serve as a benchmark that companies and agencies can use if they choose to have their services voluntarily validated through an independent third-party auditing process.

Publisher Transformation

At the [2017 IAB Programmatic Symposium](#) themed “Be Clear Now: Transparency, Brand Safety, and Growth in an Automated Era,” IAB released [An Evolving Framework for Advertising Automation](#) to help clarify how the use of technology and data are affecting digital media buying and selling. The framework describes the distinct processes within the supply chain that can or cannot be automated, and encourages a movement away from the non-specific term “programmatic” to describe a diverse group of platforms, services, and capabilities. It suggests that “automation” would be a better term to describe the wide range of data, software, and execution-oriented processes that practitioners use for informed evaluation, negotiation, and activation surrounding platforms and tools.

To help media buyers navigate the political and operational challenges of transitioning away from last-touch attribution strategies, IAB released a new [Attribution Hub](#), which was developed to provide a centralized resource that consolidates and organizes all attribution-related guidance IAB has developed across its various verticals and working groups. Approaching the process as a function of “change management,” it provides an overview of the key features and functionality that [multi-touch attribution \(MTA\) solutions](#) provide, the types of data that need to be incorporated into MTA solutions to assemble a complete view of user-level path to conversion, and key questions to ask MTA providers in order to vet their ability to meet a brands measurement and optimization objectives.

The [IAB Data Center of Excellence](#) Board voted to approve work on identity standards and services, as well as data market sizing. An Identity Standards and Services Working Group will be formed to define best practices around user-level identity sourcing and normalization—a central step to addressing measurement, attribution, and consumer privacy needs. These “standards” can be a foundation for technical services, which then enable improved identity solutions across the industry. The data market sizing project will be developed with partners DMA and Winterberry Group, and is intended to provide the first-ever market sizing benchmarks for data-related investment across classes and types.

Building Brands Digitally

With the impressive fast growth of digital **video advertising** and **mobile advertising** mentioned above as key trends from the [IAB 2016 Full Year Internet Advertising Revenue Report](#), the opportunity and urgency for publishers to effectively monetize consumer’s seemingly insatiable appetite for video, especially on mobile, is just beginning to be tapped.

The [IAB Digital Video Center of Excellence](#) released two studies in May, in tandem with the [2017 Digital Content NewFronts](#). First, the fourth annual “[Digital Content NewFronts: Video Ad Spend Study](#)” showed original digital video is gaining a greater share of total digital video budgets, reaching 47 percent in 2017, double from 2015. And native advertising continues to be a key part in these original digital video buys,

accounting for 42 percent of investment. The second report, [The Changing TV Experience Study](#), showed that the majority of time Americans watch TV is spent streaming video. The “big screen” video experience is changing rapidly as 56 percent of consumers’ TVs are now IP-connected, and 54 percent of those viewers are now spending more time watching non-linear content, including digital video. And on the small screen, as the “march towards mobile continues,” there’s exciting growth and advertiser demand, but also plenty of challenges as media companies and brands seek to fully leverage the mobile opportunity. The key message for “big screen” video advertisers is that you need to be in OTT if you’re going to stay visible and relevant with on-demand, cord cutting/cord shaving consumers.

As part of our continued effort to simplify video and educate the advertising marketplace about the growth and value of video, the IAB Video Center of Excellence released the second iteration of the [Video Landscape Report](#), a collection of industry research and analysis highlighting key trends, challenges and opportunities related to addressable TV, connected TV/OTT, virtual reality (VR), vertical video, live video, eSports, interactive and shoppable video, “skinny bundles,” and native formats. The report is updated twice a year to provide a snapshot of the current state of the video advertising ecosystem.

For mobile video advertisers, knowing how to execute and scale compelling device and platform-specific creative and content including vertical and native formats, is now table stakes. With a goal of providing best practices and advice on “all things video,” the Video Center and its members have developed a [Guide to Digital Video Advertising](#), which is currently in open review until June 16 to offer tools, tips, and guidance for publishers, marketers, and brands for understanding video in its multiple current and emerging forms.

Two new initiatives are in motion for **native advertising** and **influencer marketing** as part of the newly formed [Social Media/Native/Content Committee](#), which consists of over 500 members and met on April 20 at Unruly’s offices in New York City. Because there is confusion and complexity in the marketplace, a working group will prepare a document about native advertising buying that will provide a framework for defining and thinking about the various native advertising options from publisher-direct, to more automated offerings. Another working group is being formed to prepare documents that outline how publishers are increasingly using influencer marketing tactics to both build their editorial brand, and engage the right audience on their platforms.

For the first time, **digital audio** reached the point where it can be measured reliably by IAB/PwC – achieving revenues of \$1.1 billion in 2016. This is why the [IAB 2016 Full Year Internet Advertising Revenue Report](#) now breaks out this digital audio revenue. Given the growing importance of digital audio, the IAB Audio Committee once again hosted an [Audio Day](#) in early February with the goal of spurring interest in this growing advertising medium. Over 200 brand and agency marketers attended the event, which was held at WNYC’s The Green Space in New York City. The event featured four hours of informative programming on digital audio’s value proposition for marketers. Invited speakers included several high-level agency and programmatic executives. In March, the Committee also hosted a webinar titled “[Digital Audio’s Value Proposition](#).” Four committee members presented key points from the Digital Audio Buyer’s Guide that had been released last November. Over 200 industry executives registered for the webinar including many agency and brand marketers.

To help fill the **digital talent gap** and our members’ need for qualified digital advertising professionals, the [IAB Education Foundation](#)’s diversity initiative, [iDiverse](#), is proud to announce that the second class of the iDiverse Digital Advertising Program with the College of San Mateo (CA) has just finished its four-month program and will soon take their certification. The iDiverse Digital Advertising Program provides participants with entry-level, fundamental knowledge of the digital advertising ecosystem. Upon passing the course, students are eligible to sit for the Digital Advertising Foundations Certification (DAFC). From the first cohort that graduated this past January, 92 percent who sat for the DAFC passed, giving them the credentials needed for future career advancement. [These graduates](#) are ready to make an impact on



the industry and we hope you'll consider hiring them. The IAB Education Foundation is also launching its first East Coast iDiverse Digital Advertising Program this month with the [Borough of Manhattan Community College \(BMCC\)](#) in New York City. And the Foundation's Diversity & Inclusion Task Force is fielding a survey to gather information on current recruiting and retention practices at IAB member companies. The data provided from the survey will help the Task Force shape best practices in these areas for greater industry adoption.

Moving Mobile Mainstream

As mentioned earlier, mobile now represents more than half of the digital advertising dollars, per the [IAB 2016 Full Year Internet Advertising Revenue Report](#) by PwC US. Location-targeted mobile ad spending is forecasted to grow from \$9.8 billion in 2015 to \$29.5 billion by 2020, per the [IAB Mobile Location Playbook for Retail Marketers](#), which was published by IAB in April. This playbook encapsulates best practices for retailers to leverage location data for marketing and customer service throughout the consumer purchase journey.

In addition to IAB's involvement with the [Mobile World Congress](#), and the mobile messaging at the [2017 Digital Content NewFronts](#), IAB will be hosting a [Mobile Symposium](#) next week (on Tuesday, June 13), in New York City, as part of our new symposium series. I invite you to join us. We will unveil a white paper about mobile identity that the Mobile and Video Centers have collaborated on, with an eye to a converged future. We also encourage you to participate in the lively discussions and town halls at the symposium around the theme of "**Always-On: Surviving and Thriving in a Mobile World.**"

IAB's Activities: Expanding the Influence

Many IAB capabilities support the above 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

IAB, with a particular focus on the top 75 members, has been scheduling senior team meetings to share our knowledge such as key learnings from the 2017 Digital Content NewFronts, and infuse our activities with their needs.

The current total IAB membership includes 681 companies. Notable new members include Dentsu Aegis, Engine Media, NASCAR Digital Media, OMD, Panasonic Avionics, Parrable and Shazam. 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:

Audio Network
Botworx.ai
Castaclip Americas
Cielo24
Cinematique, Inc.
Cuebiq
Dentsu Aegis
DMD Marketing Corp.
DMG DSNR Media Group



Engine Media
GenerationIM
Genius Monkey
LiquidSky Software
Market Enginuity
MightyHive
Mortgage Solutions of Colorado, LLC
NASCAR Digital Media
NGL Media
OMD
Panasonic Avionics
Parrable
Premion
Reveal Mobile, Inc.
Shazam
Tique

Public Policy

In the U.S. and around the world, policymakers are considering legislation and regulations that could affect the digital advertising industry. In response, IAB's Public Policy team is in full swing to ensure the continued growth of the industry.

In March, IAB hosted a congressional luncheon for the launch of the IAB's research on the [Economic Value of the Advertising-Supported Internet Ecosystem](#). In attendance at this standing-room only event were key congressional staff, administration officials, and industry stakeholders. The luncheon opened with remarks from Congressman Fred Upton (MI-6) on the importance of the internet ecosystem to the U.S. economy. Harvard Business School Professor John Deighton, author of the economic value research, next presented an overview of his findings, highlighting the scale and geographic diversity of the jobs created by the ad-supported internet. The event concluded with a fireside chat with me and Professor John Deighton.

In April, IAB hosted an industry roundtable discussion on the recently proposed [EU ePrivacy Regulation](#). Introduced in January, this regulation would replace the current "cookie directive" with new and potentially burdensome requirements on how the digital advertising industry uses cookies and similar technologies for advertising, measurement, and analytics. IAB was joined by a representative from the European Commission, and members of IAB's Legal Affairs and Public Policy Councils for this off-the-record discussion on the impact of the proposal and IAB's response.

Learning and Development

As the digital media and advertising industry has grown, IAB members have asked for more training programs to grow the talent pool by improving skills in the digital media and advertising industries, and expand certification programs in sales, data solutions, and ad operations. To that end, IAB launched the Industry Learning and Development Research Study, the results of which will be fielded later this year. IAB also launched the Learning and Certification Committee, which is currently developing a whitepaper focused on best practices for training and development for the industry. Finally, IAB also launched a new training program called [Programmatic 360: Automation Decoded](#), an exclusive, comprehensive training for buyers and sellers that provides in-depth knowledge of programmatic technologies. This course will be highly interactive with live discussions and demos from industry experts, providing technical know-how and best practices for buyers and sellers for 2017 and beyond.



The [IAB Certification Program](#) continues to grow in size and global recognition. In 2017, digital leaders have taken part in the Sales, Ad Operations, and Data programs across 41 countries, bringing the total number of people who have advanced to more than 10,000.

Research

In an effort to understand the contribution of the digital advertising industry to employment and GDP at the national, state and congressional district levels, IAB published the third iteration of the [Economic Value of Advertising Supported Internet Ecosystem](#) in March. The study found that the ad-supported internet ecosystem generated \$1.121 trillion for the U.S. economy in 2016, more than doubling the contribution it made in 2012. It is responsible for 10.4 million jobs in the U.S. It's worth noting that 86 percent of the ad-supported internet economy's direct employment and value lie outside the conventional centers of internet industry concentration. The study was conducted by a team of researchers led by Harvard Business School professor John Deighton. Following the release, IAB hosted a webinar to further socialize and discuss the study findings and public policy implications with members in April.

In April, IAB released the [IAB Internet Ad Revenue Report](#), conducted by PwC US, which revealed that internet ad revenue in the U.S. has grown by 22 percent to \$72.5 billion. At \$36.6 billion, mobile now accounts for over half (51 percent) of all internet ad revenue, up from 35 percent of the total a year ago. Mobile advertising revenue is now 10 times larger than it was in 2012. As ad revenue shifts to reflect consumer usage patterns, total video is also up by 53 percent to \$9.1 billion, of which \$4.2 billion is mobile video. And, as mentioned earlier, digital audio is now large enough to be reported as a standalone format for the first time, at \$1.1 billion.

IAB Research also released three key studies surrounding the NewFronts, culminating in the [NewFronts Insights Luncheon](#). The studies explored various aspects of the digital video ecosystem and provided insights highlighting how consumers find out about video ([Video Content Discovery](#)), how they actually view video in today's fast-shifting video marketplace ([The Changing TV Experience](#)), how ad buyers react to new trends and video formats, and where they're spending video ad dollars ([2017 Video Ad Spend Study](#)). Key takeaways: 8 in 10 viewers say ads influence their video viewing choices; most consumers (57 percent) now own a connected TV and spend more time streaming video to it; and original digital video budgets are up to an average of \$4.4 million in 2017, 42 percent of which will go to native advertising.

IAB International

IAB International has kicked off the year with a renewed focus, driving the interests of our members around the globe through the harmonization of global technical standards and the growth in participation from international companies in the [IAB Tech Lab](#), and leadership in public policy. The [IAB Global Network](#) is now 45 organizations strong, spanning six continents.

The annual [International Breakfast Session](#) at the [2017 IAB Annual Leadership Meeting](#) brought together nearly 70 digital advertising thought leaders from 23 countries spanning from Argentina to Canada, and from Norway to Japan, making it one of the largest gatherings since its start four years ago. The International Breakfast Session is a unique opportunity to gather together our board and corporate members, along with the heads of international IABs and their members, to build stronger international relations, and to discuss the challenges and opportunities facing the global market.

To better align with the growth of the industry and maturity of many markets, as well as the structure of IAB membership and dues, and the value of the IAB brand, IAB is **restructuring the IAB international**

licenses. The new fee structure was communicated to all the international licensees at the end of March and will be implemented in 2018.

Events

In February, the [IAB Annual Leadership Meeting](#), themed “Platforms & Publishers: What’s Next,” gathered 975 industry leaders, representing 283 member companies, and a senior crowd with 73 percent of attendees at VP level and above. The highlight of the Annual Leadership Meeting was P&G Marc Pritchard’s call to action to create better advertising to drive growth, enabled by media transparency toward a clean and productive media supply chain. The conference generated \$3.395 million in revenue and yielded its second highest gross profit: \$2.57 million.

Also in February, the third [IAB @ Mobile World Congress](#) conference was a hit in Barcelona with 375 brands, agencies, publishers and tech companies – its largest audience yet and a 3% increase over 2016. The event gathered a very senior crowd (43 percent VP and above), and IAB brought together digital leaders on the cutting-edge of mobile advertising including Sophie Blum, P&G; Andreas Gall, Red Bull Media House; Christina Miller, Cartoon Network; Christine Pantoya, NBA; Leonid Sudakov, Mars Petcare; Dr. Torsten Wingenter, Lufthansa Airlines, and many more. The event took a deep dive into surviving in a mobile-only marketplace as these top marketers and publishers talked about their latest strategies to connect with consumers in this increasingly mobile-only world. One interesting highlight that came from a number of marketers was their tactics for using mobile as a direct-to-consumer pathway, which could potentially disrupt the entire media-advertising supply chain. The conference generated its highest revenue and gross profit yet.

Marketing

The [2017 Digital Content NewFronts](#) marked the fifth year that IAB has acted as Managing Partner of this real marketplace, which has become the biggest digital video event of the year and a critical component in media planning for thousands of marketers and their agency-side strategists, media buyers, and planners. IAB’s marketing team developed and executed a robust communications strategy, which included partnerships with [Adweek](#) and [Beet.TV](#), to build excitement and awareness around the events’ series. My [op-ed in Adweek](#) outlined the incredible growth of the market for ad-supported digital video content, while shedding light on where the future of video content is headed through [five key trends](#). Anna Bager, Senior Vice President and General Manager, Mobile and Video, IAB, also sat down with [Adweek](#) alongside executives from Astronauts Wanted, Bleacher Report, PopSugar Studios, Time Inc., and Twitter, for a [roundtable discussion on the challenges and questions](#) around the future of measurement, viewability and distribution, as well as the opportunities of data-informed storytelling, social, and next-gen platforms like VR and AI.

Our IAB PR team worked with all the NewFronts presenters, as well as dozens of media outlets to generate [extended media coverage of the 2017 NewFronts](#), including some highlights in [Adweek’s special NewFronts channel](#), and in our IAB SmartBrief email newsletters. Marketing also coordinated the production of [over 60 video interviews with Beet.TV](#) to capture insights from participating brands, agencies, media buyers, and publishers. Those videos were shared and amplified on IAB social media channels and [via Beet.TV](#), contributing to the original video content promotion throughout the weeks in between the NewFronts and Upfront season. Using the hashtag #NewFronts, our team live tweeted from all 33 NewFronts presentations, amplified presenters’ messages, and created a groundswell of social media conversation around the NewFronts. The [IAB NewFronts website](#), app, and social media platforms provided all NewFronts details, including Astronauts Wanted, BBC, Business Insider, Entrepreneur, LittleThings, NLG Media, and Twitter, who all presented their first NewFront this year.

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IAB's PR team garnered significant placements for the aforementioned [IAB 2016 Full Year Advertising Revenue Report](#), prepared by PwC US, and released in April for the 20th consecutive year, including coverage in [The Wall Street Journal](#), [Adweek](#), [Ad Age](#), [AdExchanger](#), [Financial Times](#), [GeoMarketing](#), [Marketing Land](#), [MediaPost](#), [TechCrunch](#), [The Drum](#), and more.

Marketing also focused on amplifying the IAB message of brand safety, transparency, and trust in the industry with the announcement that all IAB members must become [TAG Registered](#) by June 2018, in a major effort to help close the loophole on unnecessary ad fraud and promote a cleaner supply chain for the digital ad industry. News of the mandate was featured in [MarketingDive](#), [MediaPost](#), [AdExchanger](#), my interview in [Ad Age](#); and I was further quoted by [Bloomberg](#) in a piece related to the recent news surrounding Google's plans for potential updates Chrome.

In conjunction with the inaugural IAB Programmatic Symposium, Marketing secured significant news coverage for the IAB Tech Lab announcement of the ads.txt launch in [AdExchanger](#), [MarketingDive](#), [The Drum](#), [MediaPost](#), and [The Wall Street Journal CMO Today newsletter](#).

Finally, earlier this year Marketing shared results of the first IAB member knowledge and satisfaction survey. The survey builds on Board of Directors' interviews and other member input to gain additional quantitative data on member knowledge and satisfaction. This data will be used to inform IAB leadership and staff, and help shape strategic objectives. Going forward, IAB will leverage the 2017 survey to set benchmarks to better understand our members' perceptions and what influences them.

Financial Management

Financial results through the first quarter 2017 show overall revenue of \$9.9 million, slightly below budget by \$178,000, or two percent. While IAB revenue is \$628,000 above budget for the quarter, it is offset by shortfalls in the IAB Tech Lab and IAB Education Foundation revenue.

Throughout all companies, we are managing expenses closely, both in the cost of services and overall expenses regardless of revenue performance and are reflecting a savings of \$1.5 million combined, or 18 percent below budget year-to-date, and 21 percent below prior year. Net income year-to-date is \$1.2 million better than prior year. Our goal this year is to deliver savings on the board approved budget of \$0 net income.

We feel confident that IAB is well-positioned financially to deliver on its ambitious agenda for 2017.

I am inspired by our progress and pleased by our ability to continue to deliver value to our members. This success would not be possible without the commitment from our esteemed board of directors and our members. Thank you for your ongoing support of this team and our efforts.

Respectfully,

Randall Rothenberg
President & Chief Executive Officer