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## **IAB BOARD OF DIRECTORS**

### **President's Report**

**February 9, 2020**

By Patrick Dolan

As we start a new decade, we are faced with many challenges and opportunities. Digital media is now the most extensive channel for communication in the world. With this leadership position comes enormous responsibility. This industry was built on data; therefore, as the industry matures, the use of data must also mature. We need to develop processes into our supply chain that allow our customers to feel confident that their data is secure and will not be used without their consent. Through our work on the direct brand economy, we have seen that the proper use of data leads to positive relationships with consumers and drives economic growth. Given all the regulatory measures in the offing, such as the California Consumer Privacy Act (CCPA), restrictive browser settings, and the potential of a patchwork of state legislation, we need to come together to rethink our processes, develop a sustainable solution, and prepare a better future for the web.

IAB supports reasonable federal consumer data privacy legislation. IAB has joined the American Association of Advertising Agencies (4A's), the Association of National Advertisers (ANA), and a coalition of other industry trade associations to form Privacy for America (P4A). P4A is working to support the enactment of comprehensive federal regulations to supersede the emerging patchwork of state rules, which cause significant harm to our industry. The current legislation in Nevada and California were hastily drafted with unclear compliance rules and penalties for non-compliance. This has already hurt our members. IAB and IAB Tech Lab have been working hard to help counter these poorly written regulations as well as develop standards and protocols to reduce the cost of compliance for our members. The newly created IAB Policy and Compliance Unit collaborated with hundreds of member companies to build the [IAB CCPA Compliance Framework](#). Over 200 companies have already signed the accompanying Limited Service Provider Agreement, and, we encourage all IAB member companies to implement the Framework and sign the Agreement.

As IAB Chief Executive Officer, Randall Rothenberg, put it in [AdExchanger](#) (following Google Chrome's announcement that it will end support of third-party cookies), we must come to consensus and develop a solution so that the consumer and business benefits of personalization can be maintained and extended, without the attendant anxieties that make the current digital marketing supply chain unsustainable. IAB, IAB Tech Lab, and major industry trade associations have done this several times before with the antifraud mechanism Trustworthy Accountability Group (TAG), the privacy initiative Digital Advertising Alliance (DAA), and soon with [Privacy for America](#), for a national privacy law. To establish a vibrant growing digital economy, it is critical to understand developments in data usage and the emergence of new business models based on it. IAB's recent inclusion of brands into our membership roster has allowed us to build on our direct brand research. By establishing direct relationships with brands, we can better understand their challenges and the opportunities and apply these insights to our work. The success of the **IAB Direct Brand Summit** and its **Brand Academy** proved that there is keen interest in learning digital marketing techniques and the latest thinking on data usage.



As digital advertising revenue continues to smash records – reaching a landmark \$57.9 billion in revenue in the first half of 2019 (2019 Half Year IAB Internet Advertising Revenue Report by PwC US), up 17% from last year, and on track to crest over \$120 billion by the end of 2019 – we also face a crisis of confidence in our industry that threatens to stall growth and innovation. The combination of government regulation, consumer wariness, use of digital platforms to spread disinformation, and brand jitters is propelling marketing and advertising back to the future — toward first-party relationships, contextual relationships, and permission-based data. It is critical that we come together to embrace transparency about what data we’re collecting and why, and to develop standards and best practices in order to be good stewards of how we use and protect data.

The following initiatives represent IAB's most significant work since our last board meeting in November:

- Release of the [IAB CCPA Compliance Framework for Publishers & Technology Companies](#)
- Release of the in-depth [Direct Brands: Media & Customer Acquisition Study](#) and updated [Disruptor Brands: Founders Benchmark Study](#) at the second annual IAB Direct Brand Summit
- Release of the third [IAB Data-Centric Organization Report](#)

A complete list of IAB efforts is provided in a comprehensive appendix included at the end of this report.

### **Release of the IAB CCPA Compliance Framework for Publishers & Technology Companies**

2019 was an historic year for the digital advertising industry, as policymakers in the U.S., Europe, and around the world arduously examined industry practices with the goal of passing new data privacy regulation. With the creation of the IAB Policy and Compliance Unit, IAB was able to combine its technical expertise, industry research, and legal and policy acumen, to play a unique role in helping policymakers craft new rules of the road.

To help businesses comply with the complex California legislation, and to promote the principles of transparency, accountability, and choice that are the basis of the California Consumer Privacy Act, IAB released the [IAB CCPA Compliance Framework for Publishers & Technology Companies](#) in 2019 to help them get ready before the January 1, 2020 deadline. Publishers, web and app owners, and ad tech companies can implement the CCPA Compliance Framework along with the Limited Service Provider Agreement, and the [tech specs from the IAB Tech Lab](#) to comply with CCPA.

In January, the 4A's, American Advertising Federation (AAF), ANA, IAB, and Network Advertising Initiative (NAI) have sent a [letter to the California Attorney General](#) encouraging delayed enforcement of CCPA given that businesses will not have sufficient time to implement regulations before the July 1 enforcement date, and due to the extraordinary complexity of the law. IAB will continue to push for this delay in enforcement in the months ahead as the California AG has not provided his comments on the regulations yet. As further proof of the relevance of these efforts, Google has [adopted the Tech Lab's technical specs for compliance](#) with CCPA. The specs were live within AdSense, AdMob, Google Ad Manager, and DV360 in time for the CCPA effective date on January 1, 2020.

Finally, IAB celebrated [International Data Privacy Day](#) with our colleagues in the advertising and privacy communities on January 28, 2020. IAB has been working to promote trust through privacy mechanisms



such as the Digital Advertising Alliance’s YourAdChoices program, the IAB Europe Transparency & Consent Framework, and the IAB CCPA Compliance Framework for over 20 years. IAB believes that a strong federal privacy law is a critical component to providing citizens with the protections they expect. As a founding member of [Privacy for America](#), IAB has helped outline a bold new paradigm for a national law that would make personal data less vulnerable to breach or misuse and set forth clear, enforceable, and nationwide consumer privacy protections for the first time.

### **Release of the in-depth Direct Brands: Media & Customer Acquisition Study and updated Disruptor Brands: Founders Benchmark Study at the second annual IAB Direct Brand Summit**

Over the past few years, we have witnessed a record rise of direct brands — companies that create value through low-barrier, capital-flexible, leased or rented supply chains, with value creation accomplished primarily through the direct relationships between the company and its end consumers. There are now thousands of these innovative companies emerging, taking share from incumbent brands while contributing to the evolution of business models and marketing tactics.

In November, IAB convened over 1,000 attendees at the [IAB Direct Brand Summit](#), the world’s largest gathering of direct brands, to continue to help our members thrive in this new direct brand landscape by providing actionable advice and proven strategies focused on creating exceptional consumer experiences both on and offline.

At the Summit, IAB revealed some surprising findings from the new in-depth [Direct Brands: Media & Customer Acquisition Study](#). In sharp contrast to the popular belief that direct brands focus their marketing around social, the data shows that they are most driven by customer satisfaction. Direct brands are leveraging *all* media, including display, social, video, digital out-of-home (DOOH), and audio, and their offline media spend is bigger than most would think.

IAB also released a second equally revealing report during the Summit called [Disruptor Brands: Founders Benchmark Study](#). The study reveals that in contrast to the most recent wave of high-valuation startups, direct brands are focusing on profitability and customer satisfaction ahead of market share. In fact, 90% of direct-to-consumer brands report that they are already profitable.

### **Release of the third IAB Data Centric-Organization Report**

Data is the lifeblood of direct-to-consumer brands and the digital economy. All companies and brands need to deepen 1:1 relationships with consumers, leverage the capabilities of the digital ecosystem to become more nimble, and create data-enriched interactions. They also need to be ruthlessly vigilant when it comes to brand safety and consumer safety — all our reputations will rest, in no small part, on our trustworthiness with consumer data, balancing consumer needs for transparency and privacy while also using that data to create benefits and joy for consumers.

To understand the transformation that is well underway, IAB and Winterberry released the [IAB 2020 Data-Centric Organization](#), which explores how U.S. companies are evolving their business practices and functional priorities to better leverage data across their advertising, marketing, and other audience engagement efforts.



As data continues to proliferate (and as consumers become aware of the implications of data-centric business practices), these are particularly important themes for enterprises to champion as they consider their future investments and business priorities. Data-centric marketing and advertising can and should be all about building trust — by honoring the preferences, needs, and welfare of people (whether they’re customers, prospects, anonymous visitors, employees, or business partners). Keeping a laser focus on the interest of these stakeholders will help ensure that data remains a force for performance, innovation, and the greater good.

### IAB Organizational Snapshot

#### **Financial Management**

According to unaudited 2019 financial statements, IAB is projected to finish 2019 with a net income of \$446,000. Revenue is projected to be a record breaking \$30.3M, 8% growth over 2018. We have effectively managed the cost of goods and services and expenses to over \$2.2M below budget. A large portion of our expense savings is due to managing headcount, and costs in our events businesses. IAB invested the revenues received toward helping member businesses grow and excel. Funding was directed toward producing valuable third-party industry research and tools for building brands in digital media. We have also made significant investments in our Learning & Development curriculum, and our events, and increased investment in our public policy efforts on behalf of our members. We are poised and structured for a successful 2020 and look forward to connecting at a deeper level with all of our members.

#### **Membership**

Recruiting new members is essential to IAB’s value to the digital economy and we’re delighted to welcome veteran digital industry sales leader Rick Berger to the role of Vice President, Member Engagement & Development. Reporting to Sheryl Goldstein, Senior Vice President, Marketing and Member Engagement & Development at IAB, he will be responsible for increasing member engagement and satisfaction, developing IAB strategic partnership programs, and helping member companies meet their business objectives. Since our last meeting, IAB added 109 new members with an emphasis on companies that reflect emerging market opportunities and growth sectors for the interactive industry, as well as a focus on brands. We now have over 120 brands as IAB members. Below is a comprehensive list of members added since the last IAB Board Meeting in November (brands appear in bold):

#### **3 Day Blinds**

Ad Results Media

#### **Allstar Innovations**

Arkadium

#### **Artsy**

#### **BauBax**

#### **BD (Becton, Dickinson and Co.)**

#### **Beau Ties**

#### **Beliv**

#### **Bhang Inc**

#### **Brooklyn Roasting Company**

Canoe Ventures

#### **Capital One**

#### **Caskata**

#### **Chandanni**

#### **Colgate-Palmolive**

#### **Commonwealth Joe Coffee**

#### **Roasters**

Davis & Gilbert LLP

#### **Dermstore**

#### **DIG Labs**

#### **Dormify**

#### **Eargo**

#### **Flywheel Sports**

#### **Fred Segal**

Freestar

#### **Freshly**

#### **General Motors Company**

#### **Gray Line Worldwide**

GreenPark Sports

#### **GRESSO**

H Code Media

#### **Haerfest**

#### **Hiscox**

#### **HMETE**

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**Hobo**  
Infolinks  
**INOVA**  
**Julianna Rae**  
**Kabbage**  
**Kroger**  
**Leatherman Tool Group**  
**LendingTree**  
**LIVELY**  
Loeb & Loeb  
Loeffler Randall  
**Made In Cookware**  
**Mattress Firm**  
Media Monitors  
**Meryl Diamond Ltd**  
Method Media Intelligence  
**Mezzetta Foods**  
**Monster**  
**Monster Energy**  
**Montclair State University**  
**MOOP**  
**Museum of the City of New York**  
**Nectar**  
**NorCal Cannabis Company**  
**Nutrafol**

OAREX Capital Markets, Inc.  
**Ocean Spray Cranberries Inc.**  
**Ori Apparel Inc.**  
**Peach Goods**  
**Penn State University**  
**Plantation Products**  
**Procter & Gamble**  
Pubfinity  
**RB Health**  
**Rutgers University**  
**RXBAR**  
**SC Johnson**  
**Scholl's Wellness Company**  
**Scotts Miracle-Gro**  
Slickdeals  
**SmileDirectClub**  
**Solo Stove**  
Sony Music Entertainment  
**Starwood Retail Partners**  
Strategy Source LLC  
Survata  
**Sustainable Snacks**  
**T-Mobile Marketing Solutions**  
**TB12 Sports**  
**TD Ameritrade**

**The Coca-Cola Company**  
**The Man Company**  
**The Wolf Project**  
TheViewPoint  
**ThirdLove**  
**Tiege Hanley**  
**TomboyX**  
Trinity Audio  
Tru Optik  
Truthset  
Tubi TV  
**TULA Skincare**  
**TUSHY**  
**VCC Brands**  
**Veestro**  
VIZIO Ads  
**Walmart**  
**Weiman Products**  
**WellWell**  
**Winc**  
**Wrench**  
X-Mode  
**Zeel**  
**ZippyPaws Inc.**  
**ZipRecruiter Inc.**

Finally, as many of you know, these are my last few months as President of IAB. My priorities between now and June will be to set IAB on a path to continued success and growth, to refocus the NewFronts marketplace to be more inclusive of streaming and audio – and to expand the IAB conversation to measurement and distribution in these essential emerging formats. I will also be working on an exciting new initiative to engage marketing practitioners at a new event in May, called [madconNYC](#), and taking IAB thought leadership on the road beyond New York and San Francisco. It's been an honor and a privilege to be part of IAB for the last 13 years and I look forward to making the next few months count at the start of this new decade.

The continued success of IAB would not be possible without the commitment from our IAB Board of Directors and our members. Thank you for your ongoing support, and we look forward to connecting at a deeper level with all of our members in 2020.

Respectfully,

Patrick Dolan  
President, IAB

## APPENDIX

### Research and Resources

#### [Disruptor Brands: Founders Benchmark Study](#)

An overwhelming majority of direct-to-consumer (DTC) disruptors report they are profitable, looking to expand globally, and using diversified media channels — including online and print display ads, direct mail, and television — in pursuit of their next waves of growth. To help our members understand this dynamic new landscape, IAB conducted the largest study ever of disruptor brand founders and leadership teams on their strategies, capabilities, and goals.

#### [Direct Brands: Media & Customer Acquisition](#)

In contrast to the popular belief that direct brands center their marketing around social media, the respondents of this survey report that they are building diversified, multichannel media strategies online and off. Released in November, this study is the largest research ever undertaken on direct-to-consumer brands' media and customer acquisition strategies.

#### [Recommendations for Marketers in a Screenless World](#)

Screenless devices are seeing exponential growth across households throughout the U.S. This growth not only disrupts how brands approach their typical marketing plans, it provokes them to take action to capitalize on the emerging market. For marketers to make the most effective investments, it is essential to understand what these emerging devices are, how they are used, and what their benefits are across the consumer experience, activating campaigns, creative formats, and measurement criteria. IAB's Audio Committee convened to take a deeper look at opportunities for marketers, and to make recommendations for investing in this rapidly growing segment.

#### [Digital Out-Of-Home \(DOOH\) Case Studies](#)

More than ever, brands are taking advantage of digital out-of-home (DOOH) as a powerful component of their broader media mix. To showcase the power of DOOH to accomplish specific KPIs, while adding value to marketing efforts, IAB developed 19 DOOH Case Studies across a series of diverse advertising categories including automotive, business, entertainment, finance, food & beverage, retail, and social responsibility.

#### [OTT Streaming Video Playbook for Advanced Marketers](#)

Designed to educate brands on the fast-moving over-the-top (OTT) streaming video landscape this playbook examines the technologies, key terms and definitions, use cases, industry data, and practical advice on how to leverage the power of OTT, which brings interactivity, data, and targeting long associated with digital media, to the television ecosystem. Along with the playbook, IAB released [video interviews](#) with industry experts on how they are thinking about the OTT streaming video space in terms of measurement, audience, and creative capabilities. The playbook was met with great industry enthusiasm: Gregg Rogers, Director, Medix Media called it a much needed "TV with Benefits" playbook, and Eden Gorcey, SVP Enterprise Strategy, Condé Nast asked to have the findings presented to their video sales team and key leaders.



### [Navigating COPPA \(Children’s Online Privacy Protection Act\)](#)

The digital media industry spent much of 2019 trying to understand and prepare for the impact of GDPR and CCPA. In conjunction with IAB Public Policy, the Data Center of Excellence published an in-depth look at how the online advertising community engages children, making recommendations to publishers, brands, and other participants in the advertising supply chain for compliance in an increasingly regulated media environment.

### [IAB Data-Centric Organization Report](#)

U.S. companies are evolving their business practices and functional priorities to better leverage data across their advertising, marketing, and other audience engagement efforts. Released in January, this third installation of the report is a survey of business leaders across the industry and reveals how organizations are evolving concerning four key operational pillars (People, Platforms, Partners, and Processes) that collectively reflect how those companies use data—and enable true “data-centricity”—in everyday practice. This year, the study focuses attention on a “fifth P” organizational priority: Privacy.

### [The Essential Guide to Marketing Mix Modeling and Multi-Touch Attribution](#)

As the digital ecosystem rapidly evolves, Multi-Touch Attribution (MTA) is gaining noticeable traction among forward-thinking digital players in our industry. Using a combination of industry research, interviews and expert panel discussions, the Data Center of Excellence released an in-depth review of these advertising effectiveness techniques.

### [Artificial Intelligence in Marketing](#)

The advertising landscape has transformed dramatically in the last two years and a huge part of that transformation is related to developments in artificial intelligence (AI) and machine learning. This guide, released in December, is designed to help brand marketers and their agencies identify the opportunities that AI and machine learning present, the range of options available, and some recent best practices for applying AI to marketing.

### [Blockchain Application in Ad Tech](#)

Imagine a world where the challenges of digital advertising operations fade into a chain of collaborative record keeping, and full transparency removes the need for out-of-band reconciliation. This is the promise of blockchain, but the technology is far from ready for primetime in the digital media ecosystem. This guide to blockchain technology and its application in ad tech offers an informed starting point for exploring and using solutions.

### [Legal Guide for Direct Brands](#)

To offer a concise overview of legal issues often confronted by companies, particularly direct brands, IAB released this guide to help them navigate the legal implications of direct connections to consumers. The guide covers such thorny issues as why founder and equity agreements are vital for direct brands, including the documents necessary for such investment transactions, how commercial and intellectual property issues and privacy policies and terms can ensure companies retain all rights in the intellectual property of their businesses, and the essentials of privacy, advertising, and marketing law for direct brands and companies that compete with them.



## Events

### [IAB Women Visionaries Town Hall](#) | December 11, 2019 | New York, NY

This IAB Women Visionaries event was dedicated to women supporting women as they build a network of advocates and allies who will take a vested interest in their success. In this interactive, hands-on workshop led by Wet Cement Founder and CEO, Jennifer Willey, executives learned how to strategically map out a ‘personal board of directors’ to help them personally grow and selflessly give back. This provided a tremendous opportunity to make new contacts, network with like-minded leaders, and develop a professional plan to accelerate growth.

### [Direct Brand Summit 2019](#) | November 19-21, 2019 | New York, NY

The Direct Brand Summit is the world’s largest gathering of direct brands, with over 1,000 attendees. This second annual meeting was a unique opportunity to experience many points of view from the people who are building and leading the direct brand economy. This year’s theme was “*The Second Wave – The Experience Experience*,” which focused on how to create exceptional consumer experiences both on and offline, and drive results. Susan Hogan, Senior Vice President of Research & Measurement at IAB, revealed some surprising findings from her in-depth [Direct Brands: Media & Customer Acquisition Study](#). For publishers, agencies, and media measurement and research vendors, understanding disruptor decisions and perceptions is critical to brand success — and critical to the choices they make in media, messaging, measurement, insights, and delivery partners.

### [CCPA Compliance Framework Technical Webinar](#) | November 13, 2019

One of IAB and IAB Tech Lab’s top priorities has been and continues to be preparing the media and marketing industries for the rollout of CCPA. IAB has been working with our member companies to learn what they need to comply with such a broad, comprehensive new regulatory regime. The webinar addressed a primarily technical audience and explained how to implement the IAB Tech Lab CCPA Compliance tech solution to communicate consumer privacy.

## Standards and Protocols

### [IAB CCPA Compliance Framework for Publishers and Technology Companies](#)

To support CCPA compliance for website and app owners and the digital ad tech ecosystem, the IAB Privacy & Compliance Unit, gathering legal, public policy, and tech experts from IAB, IAB Tech Lab, and member companies representing the digital advertising, marketing, and media ecosystem, have developed the [IAB CCPA Compliance Framework for Publishers and Technology Companies](#), which was released in December, along with the accompanying Limited Service Provider Agreement. As part of the CCPA Compliance Framework, the IAB Tech Lab had also released [v1.0 of the U.S. Privacy Technical Specifications](#) in November so that companies could start implementing the Framework.

### [The Next Milestone for Open Measurement: OM SDK Version 1.3](#)

In the not-so-distant past, independent viewability measurement presented one of the most complex challenges faced by mobile advertising. The Open Measurement Software Development Kit (OM SDK) has eliminated the need for multiple vendor integrations by supporting all of the major providers and





the new OM SDK Version 1.3, released in December, is even easier to integrate, easier to activate, and better-aligned with MRC guidelines. You can read about the full update [here](#).

### **[Guidelines for CTV/OTT Device and App Identification](#)**

With the growth of connected TVs (CTV), set-top boxes, and other over-the-top (OTT) devices, and the explosion in streaming video services, the OTT space is fast becoming one of the most important segments of video advertising. With this growth comes many technical challenges, such as how verification should work on OTT devices and updates to the Advertising Common Object Model ([AdCOM](#)) to better support video/OTT inventory. The Tech Lab welcomes everyone to join the working group and add to these conversations.

## **Learning & Development**

### **[Sales Leadership Training](#)**

With over 30% of digital media sales certification participants in a manager-level position or higher, IAB developed an intensive workshop geared toward those who are not only in a management position, but also those on the path to sales leadership. The highly interactive course featured live discussions with industry experts and peer networking opportunities, while focusing on revenue-driving tactics and leadership skills.

### **[Privacy Essentials](#)**

To address the need for business professionals in the industry to gain a better understanding of the new privacy rules and how they affect our industry, IAB delivered this first in-person training solution in November. The class was delivered to professionals ranging from associate level to C-Suite and provided an in-depth introduction to the most comprehensive EU and U.S. privacy laws and how they affect your business. The next Privacy Essentials courses are scheduled for [February 27](#) and [May 14, 2020](#).

### **[Brand Building Academy](#)**

Taking place the day before the IAB Direct Brand Summit, this exclusive hands-on training day gave brand attendees first-hand knowledge from thought-provoking industry experts on how to position their brand for upcoming trends and rapidly evolving customer behaviors.

## **Scalable Global Training Solutions**

In January 2020, IAB released e-learning versions of the [Privacy Essentials](#) and [Audio 360](#) courses. IAB is placing a heavier focus on the development of training solutions that can reach learners wherever they are and turning our first-in-class education programs into an engaging online experience.

## **Public Policy**

### **Comments to the California Attorney General on CCPA Regulations**

In December, IAB submitted comments to the California Office of the Attorney General (AG) in response to the AG's proposed California Consumer Privacy Act (CCPA) regulations. In particular, IAB highlighted specific provisions of the proposed regulations that should be updated or clarified to further consumer



choice and privacy and enable businesses to comply with the law. IAB looks forward to working with the AG on developing final regulations to interpret the CCPA. Highlights from IAB's comments include:

- A request for additional clarity on the concept of "household" and a request for instructions on how businesses can reasonably comply with household data requests.
- A request that the AG remove the requirement for businesses to honor browser plugins or settings.
- A request that the AG update the proposed service provider limitations to conform with the permissible business purposes enumerated in the text of the CCPA.
- A request that the AG remove the requirement to treat deletion requests as requests to opt-out of the sale of personal information if a requestor's identity cannot be verified.
- A request that businesses may rely on signed attestations that a consumer was given notice of personal information sale and an opportunity to opt-out only, and need not obtain samples of the notices that were provided to consumers, retain them, or make them available to consumers upon request.

#### **Advocacy Across the States**

In 2019, IAB prioritized its state advocacy efforts, helping educate local lawmakers on the intricacies of data privacy legislation to craft effective laws that differentiate between good and bad data practices but avoid unintentionally inhibiting legitimate and privacy-minded digital advertising practices. We will continue these efforts in 2020 as we proactively drive toward a federal regulatory framework around privacy that will protect consumers and avoid the risk of a patchwork of conflicting and damaging state laws.

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