David Cohen
Chief Executive Officer
Interactive Advertising Bureau
116 E. 27th Street, 7th Floor
New York. NY 10016
212-380-4704

IAB Board of Directors CEO's Report
February 7, 2022

By David Cohen

In many ways, if we look around, we might see cause to celebrate.

The pandemic shows signs of retreating at long last. Digital is booming. Streaming is booming. The latest IAB study, "The Economic Value of the Advertising-Supported Internet Ecosystem," created in collaboration with Professor John Deighton of Harvard Business School, points out the transformative contribution of the commercial internet. To quote Professor Deighton: "In earlier studies, the internet was seen as a way to do marketing. In this study, it emerges as a force that makes markets. And not just for corporations. It allows individuals to make markets for their creative talents."

But if we shift our sights in a slightly different direction, the pressure for our industry to unite has never been more urgent.

In Washington, our industry faces an existential threat.

Legislators in Washington—completely ignoring the fact that more than 17.6 million Americans owe their jobs to the commercial internet—have introduced the Banning Surveillance Advertising Act (BSAA). It would outright prohibit advertisers from targeting ads to consumers with only a few exceptions, like contextual targeting or broad geotargeting. In the process it would eliminate 140 years of direct-marketing practice, cripple American retailing, and stop all direct-to-consumer brand development dead in its tracks.

Even if this bill doesn't make it far—the misguided premise is a sign of things to come. It's a sign of the challenges we will face as an industry and the clarion call we should all hear loud and clear.

IAB is making major efforts to respond, with significant hires to represent us in Washington and a new always-on educational initiative, called Internet for Growth. But only a truly unified industry can make a difference. All of us can tell our story louder and more clearly than any one of us alone. Instead of a cacophony of voices, we need to speak with one voice and make our case convincingly.

Around the rest of the industry, the future continues racing ahead of the industry's willingness to innovate. We can't allow this to continue, and we won't. We're pushing the industry harder and speaking more frankly, demanding impatience. We've added advertising agencies as full members of IAB, and we should all hope that new voices and new opinions will drive renewed energy and renewed progress.

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The good news is that no matter what happens, the status quo in the years directly ahead will not resemble the status quo from five or ten years ago. It simply can't.

What the future looks like—whether it's wide open to opportunity or cluttered with roadblocks—depends on what we do right here, right now.

Now more than ever, fast and positive decisions are what we need.

The following represents the most significant work we have accomplished since our November Board Meeting:

Joint project across all Centers of Excellence:

- At a joint gathering of the Centers of Excellence Boards and the Research Council in December, IAB announced plans for a new **IAB Cross-Channel Measurement Council**. Responding to advertisers' need for a more omnichannel view of media that breaks down buying channels and better reflects how consumers engage with media, IAB will be convening a cross-section of the business community to define market requirements and build on technology that already exists, the Open Measurement Framework.

Programmatic + Data Center: Future of Addressability, Measurement Imperative, and Privacy Now

- Artificial intelligence (AI) and machine learning (ML) are now an essential part of a modern marketer's toolkit. A follow-up to the Artificial Intelligence Use Cases and Best Practices for Marketing guide released in March 2021, in November the Programmatic + Data Center released an in-depth guide to **Understanding Bias in AI for Marketing.** It is crucial now more than ever to define best practices to minimize bias in AI-driven solutions while continuing to expand on diversity, equity, and inclusion across our practices. The guide's unique insights are derived from conversations about real-world challenges faced daily by top-tier companies.
- In December, the third session of the **New Rules for Digital Media** town hall series featured experts from top-tier companies discussing how advertisers and publishers can continue to market to users more efficiently and effectively in years to come and innovative ways to target and measure audiences that do not rely on cookies. This session about addressability and measurement is available on demand.

The Media Center: Audio Everywhere and Living the Stream (Tele://Vision)

- On December 14th, the Video Center brought together leaders of its Advanced TV and Digital Video Committees to discuss the "**State of local advertising in the converging TV-digital landscape**". The discussion included trends for monetizing local inventory (audience vs. contextual, etc.), how particular verticals are tapping the opportunity for audience-addressable media and how buyers and sellers are responding to challenges in local supply chains and scaling opportunities in a (hopefully soon) post-pandemic media landscape.

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- To help companies serving the connected TV (CTV) and over-the-top (OTT) digital advertising supply chain prepare to comply with current and future legislation, the Media Center has been working with IAB's Legal Affairs Council to survey companies (including publishers, platforms, and measurement providers focused on CTV) about their application of the California Consumer Privacy Act (CCPA) definitions and corresponding compliance obligations. The **Project Crosswalk** survey and white paper (released in November) serve as a basis to develop recommendations for how CPRA opt-outs might work under the new law. The **Project Crosswalk: Addressing CCPA Compliance within the CTV/OTT Marketplace** white paper examines stakeholders within the CTV/OTT marketplace, what friction points exist when addressing CCPA compliance, and potential solutions deserving further exploration.

Public Policy

- In statehouses across the U.S. and the nation's capital, debate around data privacy is swirling. IAB is advocating for federal legislation that sets basic ground rules to simplify a patchwork of state laws, and would protect consumers, as well as small business' access to crucial data and technology that has transformed Main Street's economy. In January, IAB issued an impassioned defense of the advertising and marketing industry against attacks on data-driven, customized advertising that powers the modern commercial internet, including millions of internet-related jobs and trillions of dollars of annual economic growth, according to IAB's Economic Impact of the Market-Making Internet Report.
- In a powerful response highlighting the benefits of data-driven advertising, IAB fired back at a recent petition to the Federal Trade Commission (FTC) to ban "surveillance advertising." IAB notes that the organization behind the FTC petition fails to disclose its funders who may have commercial motives for demanding anti-competitive regulations from the agency, and Congress never intended for the FTC's petition process to be used by companies as a weapon to harm their industry competitors.
- Additionally, nearly 300 small businesses and creators have joined **Internet for Growth**, a coalition that launched in January to promote the personal stories of innovators and entrepreneurs developing new products, reaching more customers, and building thriving enterprises, thanks to the ad-supported internet. The launch received exclusive coverage in Axios and favorable press and social media mentions, and will continue in five target states this February.
- In December, Lartease Tiffith was named Executive Vice President, Public Policy. Tiffith will advocate for IAB's more than 700 members on complex issues, including consumer privacy, data security, global trade, international data transfer rules, and more. He joins IAB from Amazon, where he was a Senior Manager for public policy issues related to advertising, privacy, security, data governance, cross-border data flows, and consumer protection issues. Brendan Thomas has also joined IAB as Vice President, Policy Communications. He previously directed communications for a major trade association and members of Congress.

Learning & Development and DEI

- As companies continue to struggle to recruit and retain employees, IAB is proactively creating industry-wide solutions to help organizations with their talent needs. IAB announced the launch of the first-ever digital media apprenticeship program in the U.S. called **IAB Accelerate: Digital Media**

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Apprenticeship. Formed in partnership with American Apprenticeships Work (AAW), the program will address diversity in the workforce across the industry and empower employers to hire qualified talent in ad tech, digital media, and marketing. The program kicked off in January 2022 with Experian and Media Two Interactive as the first participating companies offering apprenticeships for data analyst positions.

- Additionally, in December, IAB has hired Jessalin Lam as VP, Member Development and Diversity, to work closely with internal stakeholders, members, and vendors to deliver public and enterprise IAB programs that address the professional development needs and DEI challenges of the industry.

IAB Tech Lab and Global Engagement

- To continue to improve real-time buying and selling of connected TV (CTV) ad inventory, the Tech Lab released **OpenRTB 2.6** for public comment until February 7, 2022. The flagship feature of OpenRTB 2.6 is that it enables seamless buying of multiple ad slots with one bid request for Connected TV (CTV) inventory by introducing structured, dynamic, and hybrid ad pods.
- To further transparency in data, IAB Tech Lab **Transparency Center** now supports data label for **audience segment metadata**. Buyers can now view and compare audience segments and their provenance from multiple data providers in one place. This is in addition to supply chain data about ads.txt, app-ads.txt, and sellers.json aggregation of over four million websites and apps.
- To explore the technical challenges and opportunities the industry will face as we chart a course towards responsible addressability backed by technical accountability and consumer privacy, the Tech Lab hosted the final **Addressability Road Show** in December (U.S.) and January (EMEA). Business and technology leaders outlined the details of what each specification proposes, how it affects various businesses and the broader ecosystem, and how to plug in and help shape these important initiatives.
- With the growth of streaming, CTV has firmly established itself as a critical component of the digital media landscape. To dive into the standards and technology solutions for brand safe and viewable ads on CTV, the Tech Lab hosted in January its second virtual event called **CTV & Video Advertising: Growing with Standards**, which covered ad sales and delivery, ad fraud, brand safety, measurement, privacy, and interactivity in CTV advertising, and the surrounding landscape.
- In January, the **ads.cert 2.0 standard** was released publicly to enhance security in the digital advertising ecosystem by using industry-standard cryptographic security protocols. In particular, the protocols secure buying and selling of programmatic CTV ad inventory. Developed by the IAB Tech Lab's Cryptographic Security Foundations Working Group, it establishes a common framework and guidelines for safe and transparent transactions across ad buying and selling.

2022 Events

To help the industry and our members understand consumers' post-pandemic consumption behaviors that matter most to marketers, IAB events announced an ambitious events lineup for 2022. Kicking off the year from February 7-10, **IAB's 2022 ALM** convenes leaders from across the entire ecosystem for a mix of in-person, live-streamed, and virtual programming. The theme for 2022, "Vision and Decisions," calls upon industry leaders to commit to action, collaborate on a vision for the future, and make the decisions that are required to bring that vision to life for the entire advertising industry. The rest of the

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lineup for the first half of 2022 includes **IAB NewFronts** and **IAB Podcast Upfront**. Additionally, for the first time, IAB is introducing the **IAB PlayFronts**, a one-of-a-kind marketplace that will define the gaming landscape, elevate the effectiveness of gaming, and demonstrate creative opportunities for brands.

Financial Management

According to unaudited financials, IAB finished 2021 with $3.7 million net income versus the projected budget loss of $148,000—an incredible achievement and a show of resilience for both IAB and the IAB Tech Lab.

Despite another year of tremendous pandemic uncertainty, we were able to support the industry and deliver positive net income well above and beyond what we had planned. Membership dues revenue is projected to be $16 million for 2021, versus $15.7 million in 2020. Events at IAB in 2021 are expected to bring in $4.9 million, much higher than budgeted, despite most events being largely virtual for the second year in a row. And the IAB Tech Lab is expected to bring in a healthy $7.4 million in its sixth year of operation, compared to $6.4 million in 2020, due to growth in membership and the Tech Lab Summit event.

Overall, IAB managed expenses closely in 2021, which are projected to total $26 million and closed the year with $3.7 million and is very well positioned for an ambitious and fiscally sound 2022.

New Members

In December, IAB expanded general membership to include all advertising agencies, with the same voting rights and privileges as every other industry participant. IAB has long served as the industry's only big tent where stakeholders across the entire digital ecosystem gather and agencies will now have equal access to join the inner workings of the IAB—including voting board membership, Center of Excellence leadership, as well as legal and public policy resources.

Since November, the following 29 new members have joined IAB, including brands such as Gap and advertising agencies such as Canvas Worldwide, Dentsu Holdings USA, Helen & Gertrude, Havas, Horizon Media, IPG Mediabrands, Labelium US, Mediahub, Omnicom Media Group, PIVnet, Publicis USA, Quigley, RPA, and WPP US (incl. GroupM).

AdCellerant	**Horizon Media**	**PIVnet**
Canvas Worldwide	iMDS	Plex
CatapultX	**IPG Mediabrands**	**Publicis USA**
Data Axle	**Labelium US**	**Quigley**
Dentsu Holdings USA	LATV	Redbox
Enthusiast Gaming	Marketing Architects	**RPA**
Gap	**Mediahub**	Simulmedia
GoWit	Mirriad	Spotter
Havas	**Omnicom Media Group**	**WPP US (incl. GroupM)**
Helen & Gertrude	Peapod Digital Labs	

I am enormously optimistic about 2022—but we still have much work to do.

Together we will address the seismic shifts in our industry as we look to clear the path for brands to connect with audiences and ensure the industry's collective and continued growth.

Thank you for your ongoing support.

Respectfully,

David Cohen
Chief Executive Officer, IAB