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IAB Board of Directors CEO's Report

November 17, 2022

By David Cohen

As we approach the end of the year, significant change is in the air. Some of it exciting, some of it sobering, but all of it demands our collective attention.

The first half of this year was when the world started to feel like — at long last — things started getting back to normal.

Buyers and sellers were back together. Our colleagues at the office were back too.

That excitement is now being tempered by greater uncertainty. Member companies are finding themselves under pressure - some from hyper growth that slowed, and some from increasing uncertainty about the year ahead. The war in Ukraine, even now, continues to put pressure on global supply chains. Political polarization remains at dangerously high levels, even after the largely peaceful and uncontested midterm elections.

Through it all, we have remained focused on doing the work that helps advance the industry. As an example, the [IAB State of Data 2022](#) pointed out how changes in privacy legislation, the deprecation of third-party cookies and identifiers, and platform policies are affecting data collection, addressability, measurement, and optimization. IAB commissioned a qualitative research study on how brands, agencies, and publishers are meeting those challenges.

Amidst all the challenges, there are new opportunities. October's IAB [Brand Disruption Report](#) and Summit highlighted how hybrid, multichannel retail and retail media networks are changing the game. The Creator Economy continues to challenge the Hollywood Economy — Forbes' Top 50 Creators have a combined 1.9 billion followers while total Primetime viewership of the top 50 most-watched TV networks in 2021 is just 52.3MM.

It's estimated that the metaverse could generate \$2.5-3 trillion e-commerce revenue annually by 2030.

The progress we make in the coming year will demand resiliency, focus, and — no matter what comes — a stubborn insistence on creating the best possible future. With every change that comes, there are new opportunities to reinvent and reinvigorate our businesses.

As famed inventor Charles Kettering once wrote, "My interest is in the future because I am going to spend the rest of my life there."



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Let's invent the kind of future we want.

P.S. If you haven't seen [IAB Members: In their Words](#) yet, please take a moment to watch it. It's a useful look into how members are getting involved and why it matters.

The following represents the most significant work we have accomplished since our June Board Meeting in several key areas:

Privacy and Addressability

Initiative	Overview
Internet for Growth <i>July 2022 Update</i>	National privacy legislation could simplify a growing patchwork of state laws that make it difficult for businesses of every size to comply. Unfortunately, the American Data Privacy and Protection Act in Congress would severely restrict reasonable data use for almost any purpose, going further in some cases than even the European Union's General Data Protection Regulation (GDPR), which has slowed innovation and hampered growth. Internet for Growth, which is supported by IAB and its members and which represents hundreds of small businesses in all 50 states, wrote the bill's sponsors that it could be devastating to coalition members, offering their perspective to improve the bill. "It's difficult to predict the ways this sweeping legislation could affect technologies that have become ubiquitous, including websites, marketing systems, email platforms, social media and more," wrote the coalition's Executive Director to House Energy & Commerce Committee leaders.
FTC "Commercial Surveillance" Rulemaking <i>August 2022</i>	This summer, IAB responded to the Federal Trade Commission's "Advanced Notice of Proposed Rulemaking for Commercial Surveillance and Data Security," a process to regulate the ad-supported internet that has been flawed from the start. "Small businesses increasingly reliant on data and digital advertising could be hardest hit," responded IAB Executive Vice President of Public Policy Lartese Tiffith, and IAB is currently preparing an official filing with the agency as part of a public comment period.



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<p><u>IAB Audience Connect</u> <i>September 13-14, 2022</i></p>	<p>IAB Audience Connect was held at Convene on Liberty Street in New York City. This year's theme, "Find. Engage. Measure. Optimize," centered content on agency strategists, buyers, planners, and marketers eager to successfully engage consumers, measure, and optimize media campaigns in a privacy-compliant manner within a rapidly changing advertising ecosystem.</p>
<p><u>State of Data 2022 (Part II): Preparing for The New Addressability Landscape</u> <i>September 2022</i></p>	<p>The IAB State of Data 2022 (Part II) report marks the fifth year and sixth installment of the IAB State of Data research, which examines how changes in privacy legislation, the deprecation of third-party cookies and identifiers, and platform policies are affecting data collection, addressability, measurement, and optimization. Among the findings: Senior data decision-makers agree consumer trust is paramount, but what's lacking is a more effective and transparent way to communicate the data value. Additionally, data clean rooms and identity solutions were identified as key solutions for data collection and enrichment. The report also provides recommendations for brands, publishers/platforms, agencies, and ad tech companies on how to embrace and address the evolving privacy landscape.</p>
<p><u>State of Data Town Hall: The New Privacy Landscape</u> <i>October 18, 2022</i></p>	<p>After the release of the 2022 IAB State of Data Report, IAB hosted a State of Data Town Halls series with IAB experts and industry thought leaders to discuss more in-depth the new addressability landscape, privacy legislation and compliance changes, and financial impact on businesses. The first town hall in this series, sponsored by OneTrust and Neustar, focused on The New Privacy Landscape.</p>
<p>Congressional Meetings <i>October</i></p>	<p>IAB and IAB Tech Lab took to Capitol Hill in October to meet with congressional offices overseeing digital advertising, media, and technology policy. With Tech Lab CEO Tony Katsur in town, the IAB public policy team in Washington, D.C. guided policy makers through our industry's most important issues, including data privacy and protection, promoting international trade, and fostering competition. Senators Maria Cantwell and Roger Wicker, as well as Representatives Cathy McMorris Rodgers and Frank Pallone, all heavily involved in crafting federal privacy legislation, now better understand the potential in Congress to help or hurt jobs and economic growth in the U.S., because of IAB advocacy work.</p>



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<p><u>Addressability & Measurement Committee Meeting</u> <i>October 26, 2022</i></p>	<p>IAB partners in residence, Davis & Gilbert LLP and BakerHostetler LLP, as well as Michael Hahn, IAB Executive Vice President and General Counsel, presented updates on U.S. privacy legislation and how that affects addressability and measurement. Shailley Singh and Jill Wittkopp also discussed Tech Lab initiatives and solutions like Open Measurement, Seller Defined Audiences, and Global Privacy Platform.</p>
<p><u>State of Data Town Hall: Data Collection & Addressability</u> <i>November 15, 2022</i></p>	<p>As part of the State of Data Town Hall Series, IAB experts and industry thought leaders discussed privacy-first approaches to data collection, first-party data, and addressability in this second town hall. There was an in-depth discussion on the findings from the latest IAB State of Data 2022 Part II: Preparing for the New Addressability Landscape report, which examines how changes in privacy legislation, the deprecation of third-party cookies and identifiers, and platform policies are affecting data collection, addressability, measurement, and optimization.</p>

Next-Generation Measurement

Initiative	Overview
<p><u>Intrinsic In-Game (IIG) Measurement Guidelines</u> <i>August 2022</i></p>	<p>The IAB Experience Center in collaboration with IAB Tech Lab and the Media Rating Council (MRC) released the Intrinsic In-Game (IIG) Measurement Guidelines in August. The IIG measurement guidelines is an update to the 2009 in-game ad measurement standards and addresses viewability, measurement, inactivity, and fraud with intrinsic in-game ads. These updates put the IIG standards on par with the rest of digital media. Since its release, the measurement guidelines have received 5,500 views.</p>
<p><u>Measurement & Attribution Workshop</u> <i>September 28, 2022</i></p>	<p>In partnership with Prohaska Consulting, IAB hosted a full-day in-person workshop, where attendees learned about the current strategy and methodologies for measurement across channels, holistic and multi-channel attribution approaches, applied measurement, and discussed hot topics in the space. Additionally, attendees heard directly from leading providers in the industry about the tools and solutions they've developed to solve common measurement and attribution needs.</p>



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Trust and Transparency

Initiative	Overview
Influencer Guidelines <i>September 2022</i>	When the Securities Exchange Commission (SEC) fined influencer Kim Kardashian for failing to properly disclose payment for a crypto endorsement on social media, influencer marketing became a hot topic in trade and mainstream news coverage . In September, IAB submitted its comments to the FTC underscoring not only the growing importance of influencer marketing in a changing media environment, but also the need to improve federal guidance. Namely, the FTC should clarify its proposed “unavoidable” disclosure standard, which could deter internet users from enjoying content, and look to platform-provided transparency tools for more user-friendly solutions.
Children’s Advertising <i>October 2022</i>	IAB Public Policy Executive Vice President, Lartease Tiffith joined “ Protecting Kids from Stealth Advertising in Digital Media ,” a virtual event in October, hosted by the FTC. Appearing with a panel of experts from consumer and industry groups, Tiffith explained the careful steps digital advertisers take to distinguish advertising from entertainment for children. He also made clear that advertising supports free and low-cost content and services for kids, and that FTC efforts to ban it—as the agency has attempted in the past—would jeopardize premium content for all ages. “We strive to provide [IAB] members with the best available guidance and to ensure that internet-enabled education, mental health, and emotional support services remain available for millions of young people who may not otherwise have access,” said Tiffith in a statement.
Retail Media Network Buyer’s Guide Workshop <i>October 13, 2022</i>	The Retail Media Network Committee met in person at the PubMatic office in midtown Manhattan and worked together to develop the IAB Retail Media Network Buyer’s Guide, expected to be released in Q1 2022.



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<p>Q4 Publisher Council "Mid-Terms Runup Rundown" <i>November 2022</i></p>	<p>Mid-term political ad spend was a huge driver of revenue across all of media this year, reaching over \$9.7 billion and making it the most expensive midterm on record. Connected TV garnered 13% of that overall spend, illustrating how advanced targeting and attribution available via CTV are now core to the political advertising playbook. In our November Publisher Council discussion that included Keith Norman, Head of Political Sales from Premion, and Wil Danielson, SVP Sales with NextStar, the group explored how CTV inventory is performing and scaling in the context of campaign advertising, how campaigns are tracking ROI and attribution for these buys, and what brand safety and suitability checks and balances look like for political advertising.</p>
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The Evolution of Digital Media

Initiative	Overview
<p><u>IAB Video Leadership Summit</u> <i>July 10-11, 2022</i> <i>Santa Monica, CA</i></p>	<p>The seventh annual IAB Video Leadership Summit (VLS) was held in Santa Monica this year. This is an agenda-setting event for leaders across the converging TV and digital video ecosystem, convening over 100 senior industry stakeholders across the marketer, media, agency, and technology industries to generate actionable ideas for the industry. This year's summit illustrated that nearly every assumption for what the streaming and advanced TV space will become is up for grabs as new streaming services and platforms, omnichannel behaviors, privacy, and e-commerce imperatives are disrupting the equilibrium.</p>
<p><u>2022 Flash Bulletin: U.S. Ad Investment Projections within the Current Macroeconomic Climate</u> <i>July 28, 2022</i></p>	<p>To understand U.S. ad investment projections within the current macroeconomic climate, IAB surveyed 250 buy-side decision-makers on their second half of 2022 ad spending versus their original plans, as well as their outlook for 2023. The report found that contrary to the prevailing market economic sentiment, 2022 ad spending is projected to be up versus original plans. Additionally, while most buyers think the U.S. is now or likely to experience a slowing economy that will decrease ad spending within the next year, buyers still expect 2023 ad spending to be up versus 2022.</p>



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<p>Retail Media Day of Learning <i>August 11, 2022</i> <i>New York, NY</i></p>	<p>Over the past two years, retail media networks (RMN) have seen significant growth in the U.S.—53.4% year-over-year growth in 2021—bringing total spending to over \$31.49 billion, which will increase to \$52 billion by 2023. IAB hosted a Retail Media Day of Learning where attendees heard from leaders from the various sides of the retail media network industry and learned how they can make the most of RMNs to increase the effectiveness of their media budgets.</p>
<p>IAB Executive Education Series featuring dentsu <i>August 2022</i></p>	<p>The IAB Experience Center hosted an IAB Executive Education Series featuring dentsu to bring attention to the ever-growing gaming and metaverse markets. The series featured member organizations that are making a meaningful impact in these emerging spaces. dentsu shared just how ubiquitous gaming is and how it is affecting every aspect of entertainment from music to movies. Epic Games' SuperAwesome highlighted the importance of safety compliance in gaming (brand imprinting can start as early as age five years of age). Intrinsic advertising platform, Frameplay shared how powerful intrinsic in-game advertising can be, sharing data from their Lumen's Eyesquare study. And Landvault shared how brands can engage consumers in the metaverse.</p>
<p><u>IAB Brand Disruption Summit</u> <i>October 11-12, 2022</i> <i>New York, NY</i></p>	<p>The fifth annual IAB Brand Disruption Summit shed light on the best-in-class strategies developed by executives from the world's most innovative brands, agencies, media companies, and investment firms, along with experts in commerce and consumer trends. This two-day event, held in person in Manhattan, was an inside look at how forward-thinking brands are reevaluating their media strategies for the privacy-driven digital ecosystem, engaging the post-COVID consumer, making investments in emerging tech, and fostering talent—both human and automated.</p>



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<p><u>Brand Disruption 2023: Four Key Disruptions Challenging Brands, Retailers, and the Digital Ecosystem</u> <i>October 11, 2022</i></p>	<p>Each year, IAB releases a seminal brand report at the Brand Disruption Summit that explores how brands and retailers are innovating to address the market disruption driven by the rise of digital B2B platforms, changing media consumption habits, omnichannel shopping, and ongoing privacy legislation—disruptions that have been largely and dramatically accelerated by the pandemic. This year’s report, our sixth annual study, identified four key disruptions challenging brands and retailers that the digital ecosystem should be aware of and embrace including H-commerce (a combination of instore and online or hybrid commerce), the explosion of the creator economy, commerce in the metaverse and the privacy priority and its real-world repercussions.</p>
<p>IAB at Advertising Week NY <i>October 17-20, 2022 New York, NY</i></p>	<p>Zoe Soon, Vice President of the Experience Center represented IAB on two panels during Advertising Week NY: How Brands are Making the Real World Metaverse a Reality and How to Defend Games from Ad Fraud.</p>
<p><u>Audio Leadership Gathering</u> <i>October 20, 2022</i></p>	<p>While video and TV have consumed the lion’s share of recent ad spend, audio is now in its second Golden Age, thanks to digital distribution and everywhere listening. Audiences are spending nearly 30% of their time-consuming audio content, but brand investment in the space is still a fraction of that. The Audio Leadership Gathering succeeded in identifying the most important trends and exploring the implications of the changing content, technology, and measurement landscape.</p>

Talent Development and DEI

Initiative	Overview
<p>IAB Inclusive Leadership Training <i>September 28</i></p>	<p>IAB capped off its Inclusive Leadership Training throughout the year with an in-person session at Meta’s Hudson Yards offices. Attendees shared their progress and outlined continued steps and strategies to foster inclusion in their teams.</p>
<p>IAB Accelerate: Digital Media Apprenticeship</p>	<p>IAB launched its first digital advertising operations cohort in partnership with NBCUniversal.</p>



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Public Policy and Legal Affairs

- In June, the public policy team and the Experience Center hosted the **Virtual DC Fly-In**. This invitation-only event provided senior executives with the opportunity to hear directly from key government stakeholders, decision makers, and thought leaders about the legislative and political challenges and solutions that are important to the digital media and marketing ecosystem. Industry themes discussed during this virtual event included: the impact of the mid-term elections; how the patchwork of state laws will create compliance and legal challenges; what we should expect from federal regulators and what risks we will face from a more aggressive FTC and FCC; and will Europe continue to create disruption and uncertainty in the digital advertising and media marketplace and will this set a trend.
- Searching for revenue, or to score political points, state legislators across the country have been proposing new **digital advertising taxes** that unfairly target the digital advertising industry, would double-tax business income, and increase advertising and other costs for businesses and consumers, forcing more content and services behind paywalls. Working with its industry partners, IAB has argued that a first-of-its-kind law in Maryland violates federal law and the Constitution, which prevent states from discriminating against digital activity or regulating interstate commerce. In a victory for jobs and the economy, a Maryland state circuit judge recently agreed and struck down the law, sending a message that similar bills will face substantial legal challenges.
- In October, the IAB legal team released the [Multi-State Privacy Agreement](#) (MSPA) for public comment and held [several](#) large-scale [industry briefings](#) on the MSPA. To help prepare for the five new state laws that will take effect next year, we just released some MSPA explainers for the various actors in the industry. And IAB will hold a [webinar](#) on December 1st to provide more information.
- Through our **Legal Insight Series publications** and webinars, the IAB legal team also educated members on critical legal issues and spoke on several panels at the [IAPP Privacy Security & Risk \(PSR\) Conference](#): *Consumer Privacy Preferences and the Global Privacy Patchwork*; *Connected and Smart TVs: New Data, New Digital Advertising, and New Risks*.
- The legal team also convened the **IAB Legal Affairs Council** for a special meeting to interview Sephora's legal counsel regarding the California Attorney General's enforcement action and participated in an event covering the Sephora case.
- Through Q3 and early Q4 IAB hosted several legal training sessions to educate nearly 300 industry professionals on critical legal and privacy updates in the digital media industry. Topics included **Commercial Contracting, Influencer Marketing, Privacy Law Essentials, and Practical Guidance for European Privacy Laws** and were sponsored by IAB members including Didomi, Fieldfisher, Lowenstein Sandler, and Orrick.

IAB Tech Lab and Global Engagement

To accelerate industry innovation and growth, the IAB Tech Lab is producing and helping companies implement global technical standards and solutions for digital media and advertising.



Among the key accomplishments since June:

- In August, the Tech Lab [launched](#) the latest update to **ads.txt**, version 1.1, this version of ads.txt introduces two new additional fields to the specification, 'ownerdomain' and 'managerdomain'. Both of these work together to bring more transparency to the sellers involved in any transaction.
- The **Global Privacy Platform (GPP)** enables user consent signals to be communicated throughout the digital ad supply chain and has been developed to help companies to address the increasingly complex challenges of global privacy. The GPP was finalized and [launched in September](#) and is now ready for industry adoption. The solution currently supports the US Privacy, US State Signals, IAB Europe Transparency Consent Framework (TCF), and IAB Canada TCF consent strings.
- The **US State Signals** are a set of [specifications for privacy strings](#) for multiple U.S. states that should be used in conjunction with the Global Privacy Platform (GPP). Currently, specifications have been developed to support privacy signals from five U.S. states (California, Virginia, Colorado, Utah, and Connecticut). US State Signals will supersede the US Privacy Framework which has been used to date to manage consent signals from California, with respect to the CCPA.
- IAB Tech Lab hosted part 2 of 3 of the **Privacy Enhancing Technologies** educational event series in September. This [overview and whitepaper](#) explore the main themes and content from this event and serves as an educational guide on these technologies.
- The **Open Measurement SDK (OM SDK)** is one of the most widely adopted industry solutions. It gives advertisers flexibility and choice in the verification solutions from their preferred providers by making it easier for publishers to integrate one SDK and enable ad verification with all verification vendors. In October, we [launched](#) the latest version of the OM SDK which expands the scope of the OM SDK to bring consistent video viewability measurement signals to CTV environments.
- Finally, the Tech Lab has also put together a [useful guide](#) for companies about **industry standards** that will be essential in the year ahead.

In addition, IAB Tech Lab hosted several events to accelerate industry standards implementation:

- [IAB Tech Lab Transparency Center Webinar](#) (July 20) – This summer, the Tech Lab released the [Transparency Center](#), metadata about participants in the digital advertising ecosystem designed to help buy and sell side partners transact with confidence.
- [Open Measurement Enters CTV Webinar](#) (August 3) – With its success in mobile app and web video, the IAB Tech Lab continues to work towards cross-platform measurement with OM SDK for Connected TV. The CTV expansion will bring the same consistent impression.
- [Global Privacy Platform Webinar](#) (August 24) – The digital advertising industry needs a way to comply with new and changing privacy regulations as they continue to be signed into law. This webinar offered an in-depth look at the Global Privacy Platform (GPP), a singular schema and set of tools to communicate consumers' privacy preferences through the ad supply chain that's adaptable and channel-agnostic.
- [Privacy Enhancing Technologies Evolution Series \(PETs\) Part 2](#) (September 22, NYC) – This second in a series of event explored how PETs work, what are the different



technology components and what the techniques are to operationalize PETs for different use cases.

- [Advanced Television: The Quest for Universal Addressability](#) (November 10, NYC) – The Tech Lab has been in deep review with the industry about the TV and video landscape in developing a strategy for addressing the challenges of advanced television for buyers and publishers of TV content. This event was an opportunity to learn about the Tech Lab’s roadmap and plans for advanced television and cross-media video.

Financial Management

IAB financials remain strong for the second half of 2022. Member dues are expected to finish the year at \$1.1 million or 7% better than originally projected. This increase is a direct result of the Board decision in 2021 to allow agencies to become general members. A total of 20 agencies have joined this year and accounted for 59% of the overall gains. The remaining dues increase is attributed to several retail media networks that joined as members as well. Additionally, IAB Events brought in \$369,000 more than originally budgeted.

This upside in dues and events revenue was offset by a softening in our Learning and Development revenue and sponsored research. The cost of goods and services (COGs) were up 3% overall this year due to the increased cost of running events that are both in-person and hybrid. Significant savings were recognized over the course of the year from open headcount and managing all expenses closely, which allowed us to increase the bonus pool from 25% at the beginning of the year to fully funded by year-end. Expenses overall are up just 2% or \$418,000 and we are happy to report that the net income for the year is projected to be flat to the original budget at \$53,000.

New Members

Last December, IAB [expanded general membership](#) to include all advertising agencies, with the same voting rights and privileges as every other industry participant—and IAB added retail members in 2022 as well. These constituents now have equal access to join the inner workings of the IAB—including voting board membership, Center of Excellence leadership, and access to legal and public policy resources.

Since June, the following 32 new members have joined IAB:

Added.tv	Harper College	PwC
Barometer	INVIDI Technologies	Scuti
Bidmind	Lightbox	Stingray Advertising
Blockgraph	lockr	Sycamore Entertainment Group
Bonafide	Lowe's	Synchrony
Clue Digital	MNTN	The Home Depot
DeepPod	Netflix	Ulta Beauty
DIRECTV Advertising	Nordstrom	VidCrunch
EDO	Odeeo	Vindex
FullThrottle	Perkins Coie LLP	YouGov
Harmelin Media	Pixability	



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As 2023 approaches, we're confident that we're well-positioned to execute on our ambitious goals for the next year and beyond. We have never needed your collaboration more, and thank you for your ongoing engagement and guidance.

Together we look forward to continuing our efforts to help brands connect with audiences and ensure the industry's collective and continued growth.

Thank you for your ongoing support.

Respectfully,

A handwritten signature in blue ink that reads "David A. Cohen". The signature is fluid and cursive, with a long horizontal stroke at the end.

David Cohen
Chief Executive Officer, IAB