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IAB Board of Directors CEO's Report

June 6, 2023

By David Cohen

Our business is one of people and ideas, technology and persuasion, reach and frequency, data and innovation. But it all takes place within an overall economic context.

And while the U.S. debt ceiling is not specifically advertising and marketing related, its effects are inescapable. It has dominated Washington, our news, and the financial markets over the past several weeks.

Mark Zandi, Chief Economist of Moody's Analytics, [predicted](#) that even with a brief default, a "crisis, characterized by spiking interest rates and plunging equity prices, would be ignited. Short-term funding markets, which are essential to the flow of credit that helps finance the economy's day-to-day activities, likely would shut down as well."

As I write this note, the U.S. debt crisis appears to be a step away from being averted.

A deal has been negotiated between President Joe Biden and House Speaker Kevin McCarthy to increase the nation's debt ceiling. The House and Senate have now passed that bill and it is currently in the hands of the President to sign. The tension and drama leading up to this point encapsulate the challenges of our current political environment, and will likely be the norm as we move into an election year.

This is the backdrop as we prepare for our Board "Washington Meeting". Data privacy remains one of our most pressing issues. There are no less than ten state privacy laws in place with many more on the docket awaiting the signatures of state Governors. The FTC continues their assault on our industry, overstepping their role and filling the gap left by Congress's inaction. At IAB, our efforts in Washington will continue unabated and we will continue to press for a comprehensive and pre-emptive national data policy that works for consumers, regulators, and industry. Optimism is hard to come by in Washington right now, but we believe that persistent and determined education can bring about positive change.

In fact, change is where I see genuine reason for optimism. In this recent upfronts and NewFronts season, the consensus I heard everywhere was that there has never been a time where there has been so much change in play at one time. The streaming revolution continues to evolve, expanding where we can watch and listen. The debates around currency measurement will dictate how we will buy, and how we will measure success. Undoubtedly, the writer's strike will heavily influence how new programs will be created. These changes have the



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potential to destabilize or to accelerate positive change. To reach a positive outcome we need to focus on the fundamentals.

Abraham Maslow, who knew something about what people need, said that “in any given moment we have two options: to step forward into growth or step back into safety.”

No matter what happens in Washington or Hollywood or elsewhere, that’s where our focus should remain. *Let’s step forward, and let’s do it together.*

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

The Evolution of Digital Media

During this “Fronts” season, IAB hosted three marketplace events as opportunities for publishers and media companies to present their latest digital media capabilities and offerings to brand marketers and agencies in the IAB PlayFronts, NewFronts, and IAB Podcast UpFront.

Initiative	Overview
IAB PlayFronts March 8-9, 2023	IAB PlayFronts is the annual marketplace dedicated to showcasing advertising and partnership opportunities in the gaming industry. For the 2nd year, IAB welcomed brands, agencies, marketers to meet with gaming companies, streaming platforms, and ad tech partners to showcase new consumer insights and the latest innovative opportunities and ad experiences for brands in the gaming space. This blog post from our Experience Center VP, Zoe Soon , looks back at the 2023 PlayFronts experience while looking ahead at what 2024 has in store.
Research: Finding Success with In-Game Advertising March 8, 2023	An IAB study of over forty brands, agencies, ad tech companies, game developers, and publishers conducted in partnership with MediaScience, reveals that investments in gaming are not nearly at the levels they should be due to five lingering misperceptions . IAB also hosted a discussion about the research on April 26 to provide insight on how these misperceptions are being addressed from a programmatic point of view featuring Andrew Cassin, Senior Director of Agency & Enterprise Partnerships at Equativ, and Aditi Ramesh, Director of Programmatic US at Anzu.io. The video is available on demand here .



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<p>Internet Advertising Revenue Report: Full Year 2022 Results <i>April 12, 2023</i></p>	<p>After record-breaking growth in 2021, internet advertising revenue has slowed but still delivered double-digit growth in 2022 according to the newly released IAB Internet Advertising Revenue Report: Full Year 2022, conducted by PwC. Between 2021 and 2022, internet advertising revenues grew 10.8% year-over-year (YoY) totaling \$209.7 billion and overall revenues increased \$20.4 billion year-over-year. Q1 saw the highest growth of 21.1% followed by Q2 at 11.8%, resulting in ad revenues for the first half of the year surpassing \$100 billion for the first time. Revenues slowed in Q3 (8.4%) and Q4 (4.4%). Read more key findings and download the full report here.</p>
<p>2023 IAB NewFronts <i>May 1-4, 2023</i></p>	<p>The sold-out 2023 IAB NewFronts demonstrated how the velocity of change is increasing alongside revenue growth across the landscape of CTV and digital video. Throughout the week there were presentations in NYC as well as live streamed on IAB.com, starting with YouTube, Vizio, and Amazon on Day 1, then Samsung Ads, Snap Inc., NBCU's Peacock, Roku, and Yahoo on Day 2, and Condé Nast, Meta, Vevo and TikTok on the last day. On Day 3, the IAB Stage provided an insights-packed, rapid-fire series of presentations from publishers such as BBC, Raptive, Crackle Connex, Estrella Media, REVRV, LG Ad Solutions, Canela Media, LATV, GSTV, and Americano Media. The IAB Inclusion Institute also presented some minority-owned media showcases from Blavity Inc., Cocina, and iOne Digital. And research insights and solutions were shared by Innovid, Comscore, DIRECTV Advertising, TransUnion, Samba TV and Teads.</p>
<p>2022 Video Ad Spend & 2023 Outlook: Defining the Next Generation <i>May 3, 2023</i></p>	<p>Released at the 2023 IAB NewFronts, in conjunction with Standard Media Index (SMI) and Advertiser Perceptions, this IAB Video Ad Spend report provides a lens into trends and qualified advertising estimates for 2020 through 2022 and projected for 2023. Over 300 video buyers were surveyed across agencies and brands to understand the digital video marketplace which is the fastest growing and complex media channels.</p>
<p>2023 IAB Podcast Upfront <i>May 11, 2023</i></p>	<p>The IAB Podcast Upfront, now in its eighth year, provides a marketplace for brands, agencies, and media buyers to preview the latest in innovative podcast programming. This year's event took place at Convene in midtown New York and virtually on IAB.com highlighting content and insights from a dynamic slate of returning and brand-new publishers and ad tech partners. Presenters showcased the medium's continued growth (podcasting is the fastest-growing digital media channel for the second year in a row) while offering examples of reach, robust</p>



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	<p>measurement and growing programmatic sophistication as well as capacity to drive ROI at scale for both direct response and brand awareness advertisers.</p>
<p>U.S. Podcast Advertising 2022 Revenue & 2023-2025 Growth Projections <i>May 11, 2023</i></p>	<p>Released at the IAB Podcast Upfront and prepared for IAB by PwC, the report shares podcasting’s resilience by growing at a higher percentage than the total internet market. A quantitative, online survey was sent to leading podcast industry experts in February to understand 2022 podcast advertising revenue, revenues by industry category and content genre, as well as forecast revenue growth for the next three years.</p>
<p>IAB There: How 5G and AI Will Accelerate XR Adoption <i>Feb 1, 2023</i></p>	<p>A discussion about the promise of 5G technology and how it will transform extended reality (XR) and our overall digital experience featuring Jason Yim, Founder and CEO at Trigger XR and Niko Chauls, XR Partnerships, Product Innovation at Verizon.</p>
<p>Video Board Meetings <i>March 1 and April 25</i></p>	<p>The Q1 video board meeting “Superbowl Edition” touched on the current state of the video marketplace and offered creative takeaways from the Big Game. Discussions focused on the push-pull between attention metrics and content/creative quality and the potential impact of the new landscape of metrics on currencies. The April meeting offered a preview of the NewFronts agenda and the Video Ad Spend report. Discussions focused on the evolving nature of audience-addressable inventory and buyers’ expectations for leveraging multiple currencies and measurement solutions to inform their negotiations.</p>
<p>Games Committee and Gaming 360 Working Group Launch <i>May 2023</i></p>	<p>The mission of the IAB Games Committee is to bring together learners and leaders who share a passion for video games and are committed to driving advertising innovation and growth in the biggest entertainment channel. The Gaming 360 Working Group will develop a curriculum that will inform the industry about all things gaming as it relates to advertising.</p>
<p>Creative Standards & Best Practices in Gaming Task Force Launch <i>May 17, 2023</i></p>	<p>This new task force is developing creative standards and best practices for ad formats in gaming.</p>
<p>AR Measurement Metrics Task Force Launch <i>June 5, 2023</i></p>	<p>This new task force is devoted to identifying and standardizing common metrics that more effectively capture the impact of AR campaigns and define a measurement that is inclusive of AR’s interactive and immersive format.</p>



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Privacy and Addressability

Initiative	Overview
<p><u>State of Data 2023: Data Clean Rooms & the Democratization of Data in the Privacy-Centric Ecosystem</u> January 24, 2023</p>	<p>As the digital ad industry continues to suffer from signal loss and the evolution of state-level privacy legislation, the demand for privacy-preserving technology that enables critical, data-driven advertising has never been greater. As part of our <u>sixth annual State of Data initiative</u>, IAB commissioned Ipsos to examine how data clean rooms (DCRs) and other privacy-preserving technology, including customer data platforms (CDPs), consent management platforms (CMPs), data management platforms (DMPs), and identity solutions are being managed and activated. A survey of 200 data decision-makers at brands, agencies, and publishers, and 20 in-depth interviews reveal that although some companies leverage the capabilities that DCRs offer beyond privacy, most are not using the advanced measurement capabilities. <u>Download the report here.</u></p>
<p><u>State of Data Town Hall: Data Clean Rooms</u> March 22, 2023</p>	<p>The first session of the State of Data series featured experts across publishers, agencies, and technology companies to discuss the findings in the “<u>State of Data: Data Clean Rooms and the Democratization of Data in a Privacy Centric Ecosystem.</u>” Moderated by IAB, we discussed the findings of the paper with experts in the data clean rooms space who shared further insights and offered recommendations on how companies should approach data clean rooms and identify outcomes. You can <u>watch the VOD here.</u></p>
<p>Publication of <u>Advertiser’s Guide to the MSPA</u> March 22, 2023</p>	<p>The <u>IAB Multi-State Privacy Agreement (MSPA)</u> which launched in December now has 1,100 signatories. To continue this important work for the industry and help advertisers navigate implementing the MSA, in March IAB published and Advertiser’s Guide to the MSPA.</p>
<p><u>IAB Public Policy & Legal Summit 2023</u> April 3, 2023</p>	<p>With new regulations, including five state privacy laws taking effect this year, and more changes in the digital media landscape, members need to be ready for all the legal, policy, and technical challenges affecting your businesses. The annual <u>IAB Public Policy & Legal Summit</u> brought together leaders in advertising, media, technology, and from the government to address how to continue building a sustainable consumer-centric media and marketing ecosystem. Key topics included:</p>



	<ul style="list-style-type: none"> • Privacy issues in CTV advertising • What to expect from the FTC • Navigating the state privacy compliance and legislative landscape • Trends in the enforcement of federal privacy laws
IAB There: Evolution of Data Driven Advertising – Past, Present, and Future <i>February 14, 2023</i>	Angelina Eng, VP, Measurement, Addressability, and Data Center, and Amy Benicewicz, President, LBDigital discussed the changes in data-driven advertising and how marketers can best use quality data to run better-performing campaigns.
IAB There: The New Addressability Landscape <i>April 11, 2023</i>	IAB convened a broadcast to discuss the outcomes of IAB’s 2023 Annual Leadership Meeting as well as important industry topics including data connectivity solutions and the future of measurement and addressability. The discussion was led by Angelina Eng, VP, Measurement, Attribution and Data Center at IAB and Alex Theriault, GM of Lotame’s Spherical.
Project Crosswalk 2.0: Connected TV Compliance in a New Privacy Law Era <i>April 3, 2023</i>	This white paper builds on the 2021 Project Crosswalk report by identifying new challenges and best practices posed by the shifting state and federal privacy law landscape, as well as changes in technology and methodology for providing consumers with privacy choices. In particular, Project Crosswalk 2.0 covers what makes CTV unique for consumer transparency and choice, how personal information is processed in CTV ads and considerations for state law compliance, and how a “blockbuster” era law (VPPA) is snarling CTV advertising.

Next-Generation Measurement

Initiative	Overview
IAB There: Retail Media Online to In-Store Attribution <i>March 1, 2023</i>	Retail media’s capability to provide closed-loop measurement makes it a competitive and alluring opportunity for brands. This session discussed the existing challenges of offline sales attribution of data, how retailers are solving for the integration of online and offline attribution, and how brands are leveraging innovations in measurement and attribution to close the loop with in-store for a complete picture.



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<p>Retail Media Working Group Launch and Measurement Guide <i>April 2023</i></p>	<p>The Retail Media Working Group launched on April 27 with participation from CPGs, retailers, and agencies to identify existing MRC standards and business requirements to ensure consistent measurement across retail media networks. The guide is in the works now and will be open for public comment on September 13 during the upcoming IAB Connected Commerce Summit: Retail Reimagined.</p>
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Talent Development and DEI

Initiative	Overview
<p>Introduction to Retail Media Course <i>April 13 and June 8, 2023</i></p>	<p>The exponential rise in media investment across retail media networks means that advertisers can't afford to ignore this new channel when developing their media strategy and planning. IAB's three-hour Introduction to Retail Media course was held in person at IAB's Ad Lab in New York City to learn how to approach spending on retail media networks. The training also included a panel discussion of leading players in the retail media space.</p>
<p>Inclusion Institute – Minority Owned Media <i>May 2023</i></p>	<p>Part of the IAB Inclusion Institute's mission to promote minority-owned media, IAB invited Blavity, iOne, and Cocina to speak at the 2023 IAB Newfronts to share the impact and importance of minority stories.</p>

Public Policy and Legal Affairs

- IAB Executive Vice President of Public Policy, Lartease Tiffith, spoke at the [American Bar Association's Antitrust Law Section Consumer Protection and Data Privacy Conference](#). The other speakers included Chris Olsen, formerly of the FTC's Consumer Protection Bureau, California Attorney General Bob Bonta, FTC Northwest Regional Director Charles Harwood, former FTC Bureau Director Andrew Smith, former FTC Deputy Bureau Director Andrew Stivers, DOJ Chief Privacy and Civil Liberties Officer Peter Winn, and the Honorable Yvonne Gonzales Rogers. They covered topics like state and federal privacy legislation, dark patterns, health privacy, consumer financial protection, and AI.
- Following President Biden's State of the Union address, IAB's Executive Vice President, Lartease Tiffith issued a [response](#) highlighting IAB's commitment to protecting data privacy and kids online, our continued desire for a national data privacy standard, and the need to consider the ad-supported online economy, especially small businesses, as a whole, when crafting legislation.



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- On March 6, IAB filed [comments](#) in response to the National Telecommunications and Information Administration's (NTIA) [request for public comments](#) addressing issues at the intersection of privacy, equity and civil rights. The comment letter noted that reasonable uses of data in support of data-driven advertising are critical to ensuring that all individuals—including those from marginalized or underprivileged communities—have the opportunity to meaningfully engage in the digital ecosystem.
- On April 3, the IAB Legal Affairs Team and IAB Public Policy Team hosted the [2023 IAB Public Policy and Legal Summit](#) in Washington D.C. The event hosted nearly 200 attendees and 34 speakers on eight panel discussions that covered topics like Connected TV Advertising, activity at the Federal Trade Commission, State Privacy Compliance, Cross-Border Data Flows, and the New Congress. Panelists included industry leaders and regulators, including Federal Trade Commission Rebecca Slaughter.
- On May 4, IAB released a [Statement](#) in opposition to the FTC's prohibition which would prevent Facebook from monetizing youth data.
- On May 10, Internet for Growth hosted a [Fly-In](#) in which 18 small businesses from throughout the United States met with their respective Members of Congress to discuss the importance of federal privacy law, maintaining Section 230 of the Communications Decency Act, and not breaking up the tools they use to promote their small businesses online. The group had 25 meetings throughout the day, including Member meetings with Senator Bennet (D-CO), Representative Crow (D-CO), Representative Pettersen (D-CO), Representative Balderson (R-OH), Senator Brown (D-OH), and Representative Morelle (D-NY).
- Finally, the IAB Public Policy team organized meetings with IAB Tech Lab CEO, Tony Katsur and the offices of Congressman Bilirakis (R-FL), Congressman Jordan (R-OH), Senator Graham (R-SC), Senator Durban (D-IL), Senator Cantwell (D-WA), and Congressman Latta (R-OH). The meetings focused on the need to pass a federal privacy law, to protect Section 230 of the Communications Decency Act, protect children online, and oppose the AMERICA Act.

IAB Tech Lab and Global Engagement

- Early this year, IAB Tech Lab announced a multi-year [Green Initiative](#) to reduce the carbon impact of digital ads. This group is committed to producing guidance and initiatives that help companies minimize the volume of bids they are processing, or the volume of data contained within them.
- In February, the Tech Lab announced the launch of a portfolio of [Data Clean Room \(DCR\) Standards](#). The announcement included a first release of specifications for public comment including DCR guidance and recommended practices, the Open Private Join & Activation (OPJA). The DCR Guidance & Recommended Practices includes guidance on the use cases of DCRs for advertising purposes and best practices for securing data when using a DCR. The OPJA is the first in the series of DCR interoperability standards that outline the specifications required for data matching between two, or more, DCR providers.
- Tech Lab launched an update to OpenRTB and highlights include ways to describe instream and outstream video inventory; added support for the signaling of ad refreshes and more. Full details of the updates can be found [here](#). Following a period of public comment, the update to OpenRTB is now ready for industry adoption.



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- IAB Tech Lab and the IAB Legal Affairs Council have joined forces to establish a [Privacy Task Force](#) dedicated to addressing privacy implementation and accountability challenges. The task force aims to facilitate collaboration among industry stakeholders to develop practical solutions for the evolving privacy landscape.
- In partnership with IAB Europe, the Tech Lab is committed to continuous improvement and development of the Transparency and Consent Framework (TCF) to meet the needs of users and regulators. As such, the TCF is being [updated](#) to reflect the evolution of case law and Data Protection Authorities guidelines.
- The Global Privacy Platform (GPP) was introduced to establish a technical standard for communicating user preferences throughout the digital supply chain. In May, the Tech Lab [published an update](#) to the GPP specification for public feedback. The updates reflect feedback from the industry around the areas of improvement that were identified by users of the framework.

Learning & Development

- IAB Learning & Development released an updated version of the Digital Fundamentals training course with new modules on the implications of third-party cookie deprecation, identity solutions, and new marketing opportunities in gaming, extended reality (XR), blockchain, non-fungible tokens (NFT), and Web3.
- Seven public training courses were offered across topics including Privacy Law Essentials, Legal Issues in Influencer Marketing, Commercial Contracting, Measurement & Attribution, and Introduction to Retail Media.

Financial Management

In a year of economic uncertainty, IAB is managing costs carefully to offset shortfalls in revenue against our original budget. From a membership dues perspective, we have lowered our goal by \$200,000. While we lost one of our biggest members earlier this year, we have also signed over 40 new members, which offsets that loss. We are keeping an eye on at-risk members and diligently working to ensure their membership continues.

Our events revenue remains flat compared to the original budget despite some revenue loss on the IAB Annual Leadership Summit, Podcast Upfront, and PlayFronts. We achieved this with the addition of a new “IAB Connect Commerce Summit: Retail Reimagined” event planned for September and more revenue than expected on the NewFronts and IAB Public Policy and Legal Summit events.

The 2023 IAB Public Policy and Legal Summit was held in Washington, D.C. for the first time this year with great success and enthusiasm. The IAB Centers of Excellence revenue, driven by paid board seats, is down \$342,000 vs. budget as our members struggle to support both dues and separate board seats. Research revenue is down \$350,000 or 66% due to the cancellation of a public policy study that was intended to be sponsored by one of our members. Revenue overall is under budget by \$1 million or 3% for our 2023 projections.



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From a cost of goods sold (COGS) perspective we are showing savings of \$318,000 or 5% vs. the original budget. This is due to our ability to lower event costs when we don't sell out our revenue inventory. The events business continues to be a challenge as member companies are cutting back on their travel and marketing budgets allocated to employees attending and/or sponsoring events. Hybrid events are much more costly to produce which has lowered the net profit we recognize from our events in the last few years.

We have saved \$1 million on expenses to date due to open positions, not awarding merit or salary increases as planned, and savings resulting from 2022 write-offs. This has allowed us to increase the bonus pool funding by \$396,000, bringing the pool to 45% while keeping our net income of \$22,000 flat to the original budget. We will continue to monitor all revenues and expenses for the remainder of the year to ensure fiscal stability while continuing to deliver best-in-class member benefits and experiences.

New Members

Since the end of January, the following 42 new members have joined IAB. All members have access to join the inner workings of IAB—including voting board membership, Center of Excellence leadership, and access to legal and public policy resources.

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| AdArcade | GlassView | Newsbreak |
| Alpha Precision Media | Grocery TV | NewsGuard Technologies, Inc. |
| Amagi | ICON International INC. | Nomology |
| Amperity | Koddi | Ogury |
| Aqfer | Law Offices of Susan | Seedtag Advertising US |
| ArtsAI | Israel LLC | Shopify |
| Audiomob LTD | LTN Global | Smart Media Technologies |
| AutoZone | Making Science | Sounds Profitable |
| Channel99 Inc. | Matterkind -- | Spill |
| CMX | Matterkind/Chicago | The Daily Wire |
| Crealytics INC | Mayer Brown | The Mars Agency |
| Crossmedia | Mediavine | The Mixx |
| DeepAR.ai | Mindprober Lab | Topsort |
| Digo Hispanic Media | Mirror Digital | Xperi |
| Future Today | MRI-Simmons | |

Thank you for your ongoing support. Together we look forward to continuing our efforts to provide leadership and guidance to the industry, while ensuring our collective and continued growth.

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