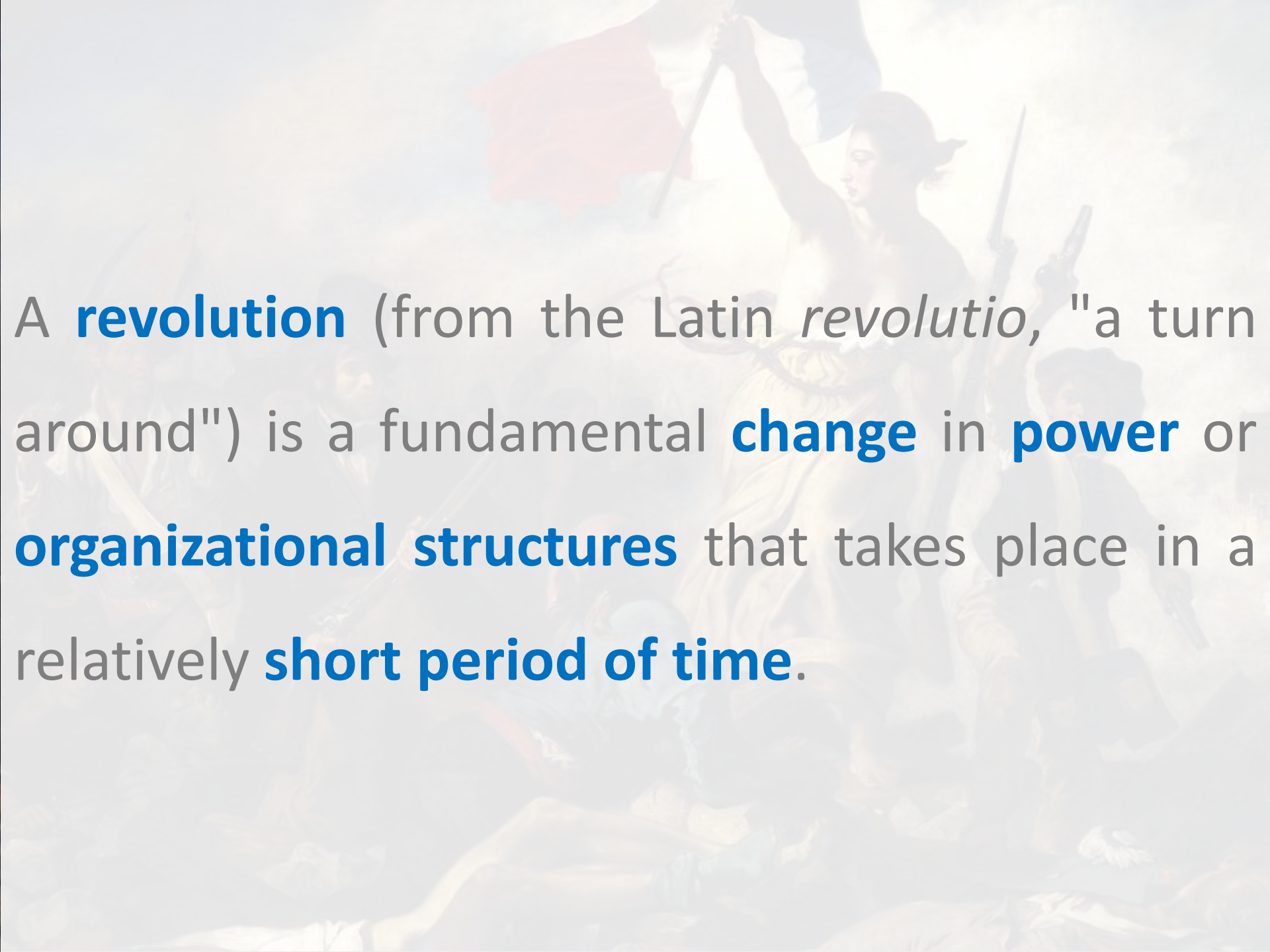
The Programmatic (R)evolution

Causes, Effects & a Framework to thrive in it!

tailwind
Business Fast Forward



A **revolution** (from the Latin *revolutio*, "a turn around") is a fundamental **change** in **power** or **organizational structures** that takes place in a relatively **short period of time**.

The Digital Advertising Paradox

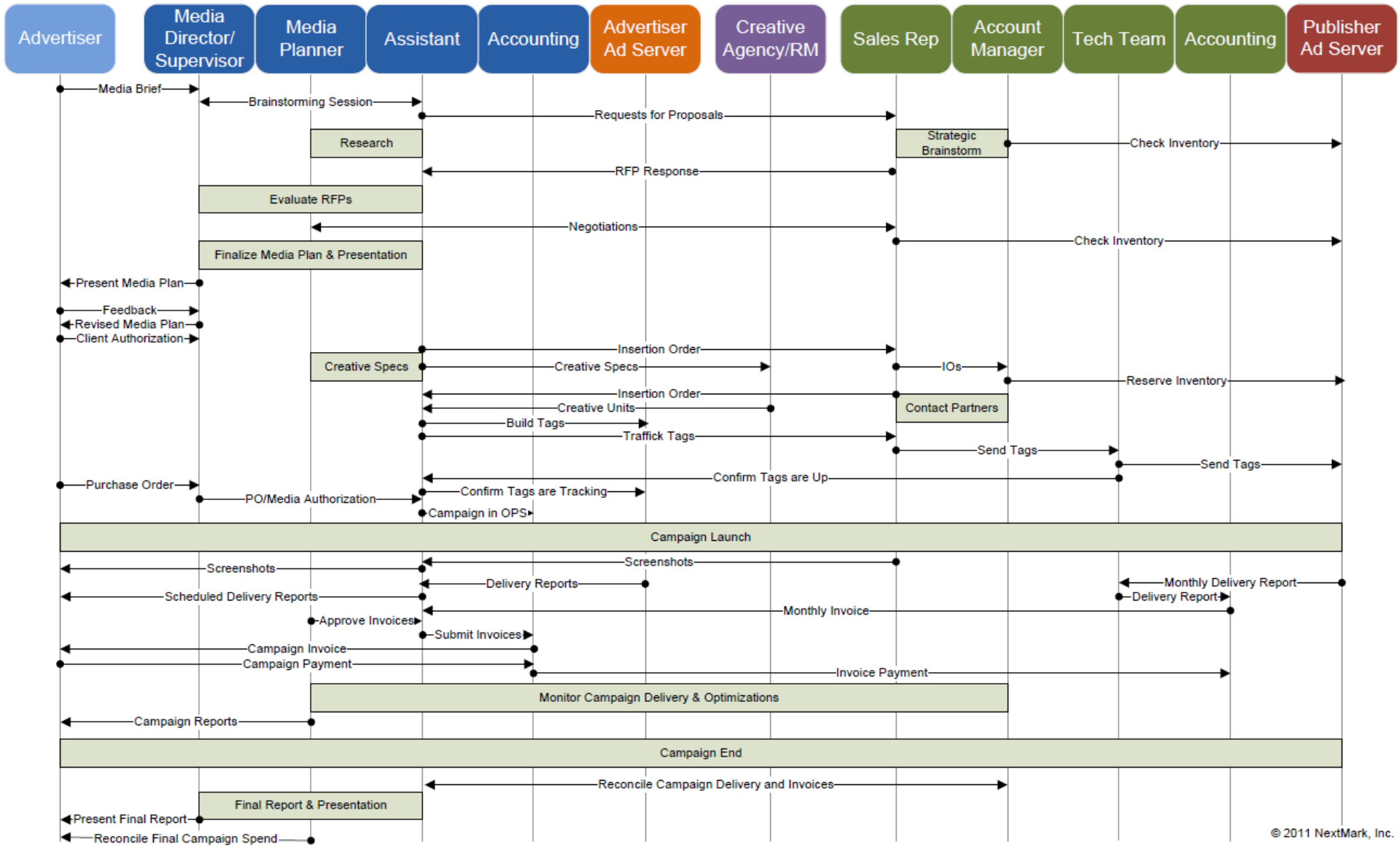
TV

Traditional Media

Digital
Media

Same method of Advertising trading

Typical Online Display Media Order Process



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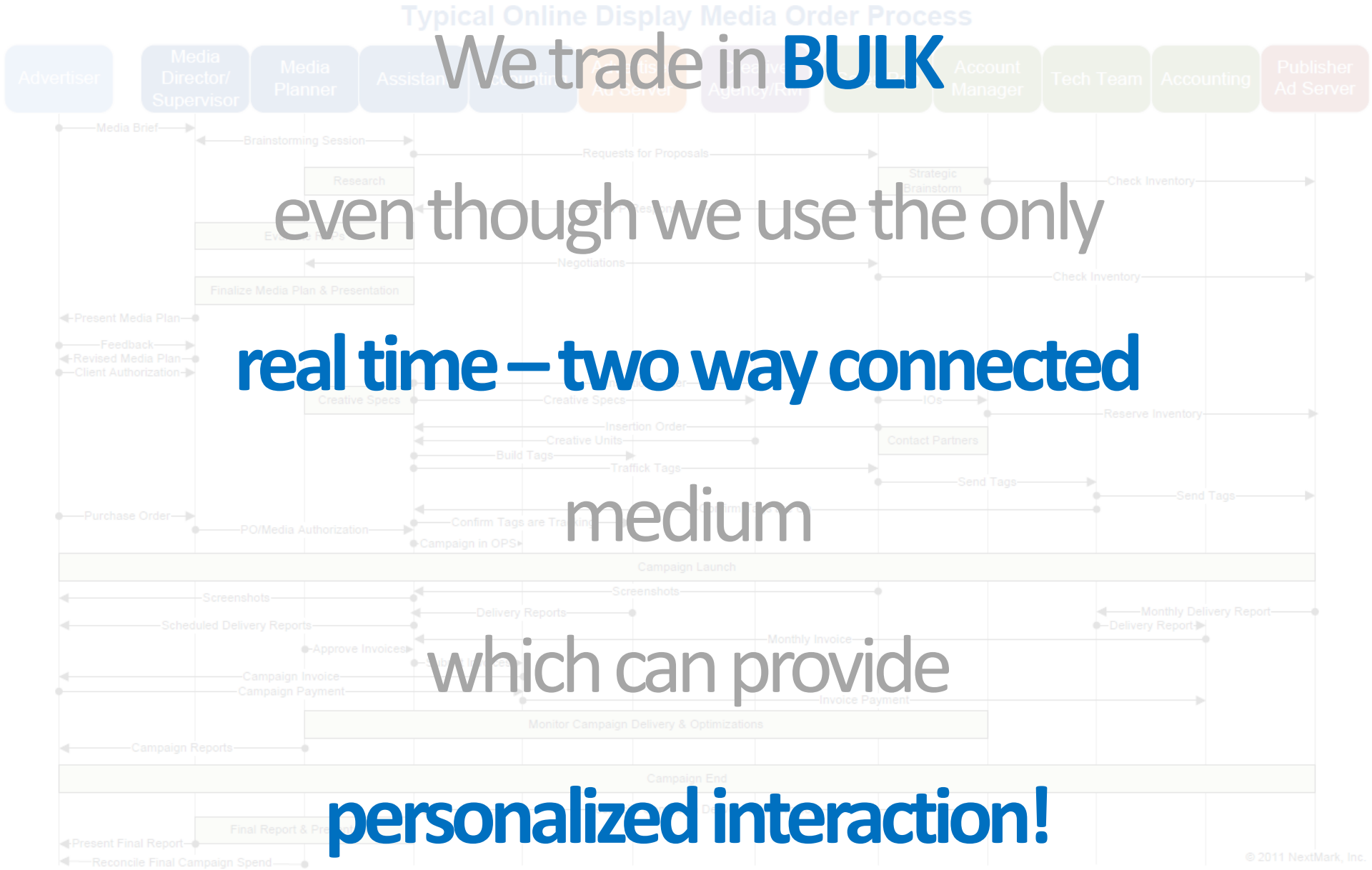

We trade in **BULK**

even though we use the only

real time – two way connected

medium

which can provide

personalized interaction!

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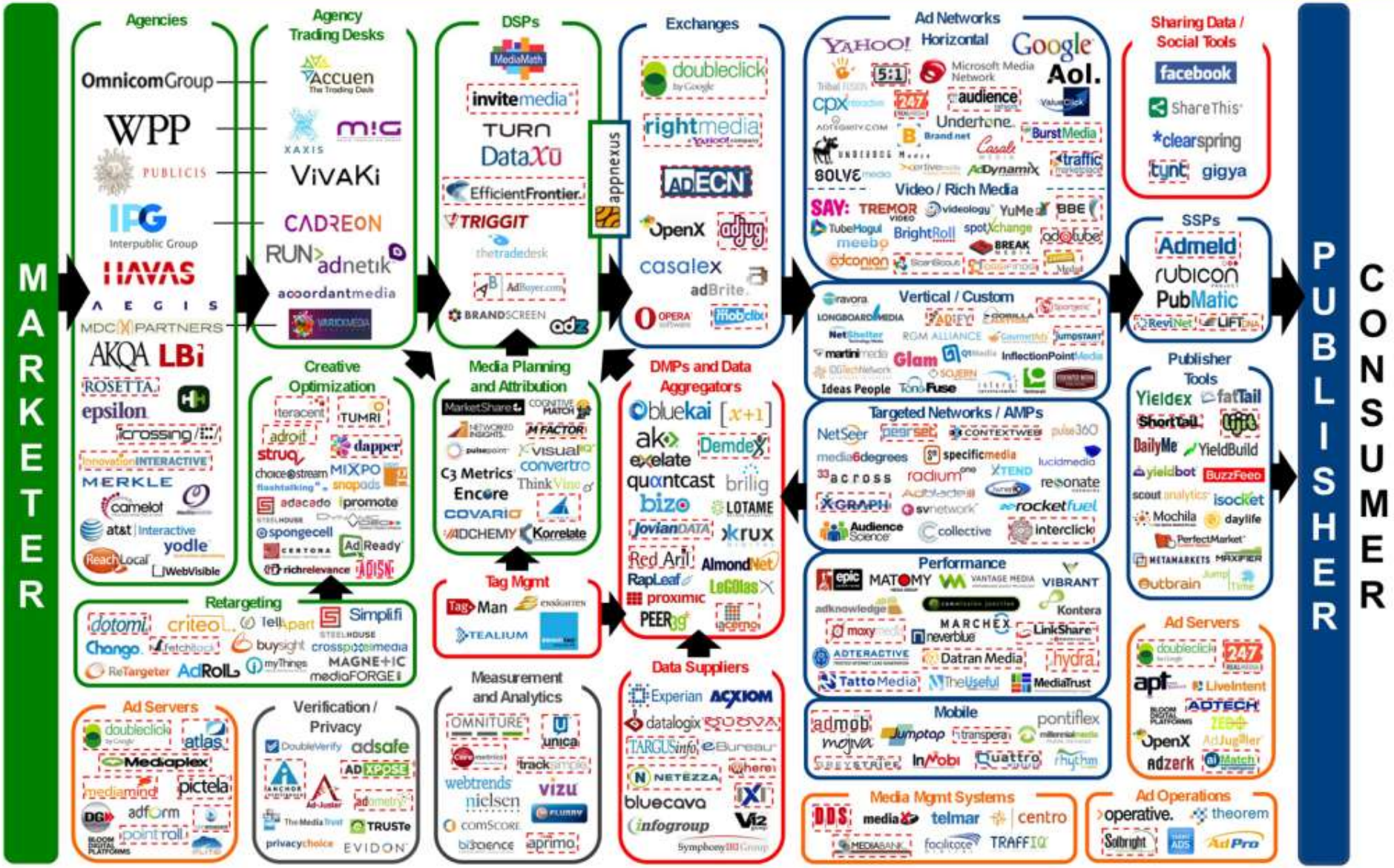
Top level view the ecosystem

DISPLAY LUMAscape



Denotes acquired company

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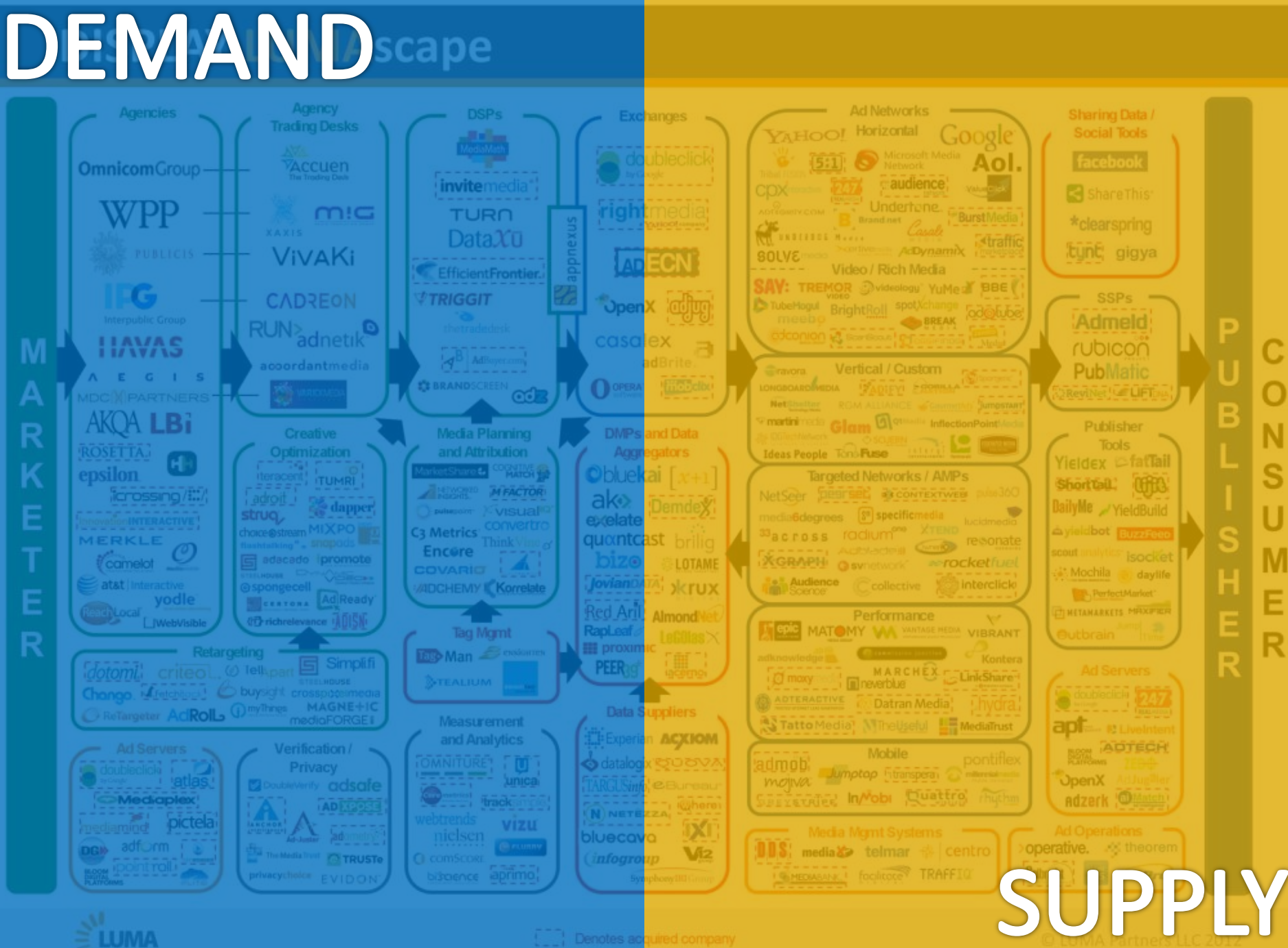
DEMAND


MARKETER
Agencies
OmnicomGroup
WPP
PUBLICIS
IPG
Interpublic Group
HAVAS
AEGIS
MDC PARTNERS
AKQA
LBi
ROSETTA
epsilon
iCrossing
MERKLE
camelot
at&t Interactive
yodle
WebVisible
Agency Trading Desks
Accuen
MEC
VIVAKI
CADREON
RUN
adnetik
acoordantmedia
DSPs
MediaMath
invitemedia
TURN
DataXu
EfficientFrontier
TRIGGIT
appnexus
BRANDSCREEN
Exchanges
doubleclick
rightmedia
ADECN
OpenX
adjug
casalex
Creative Optimization
TUMRI
adroit
struq
dapper
MIXPO
adcado
promote
spongecell
Ad Ready
richrelevance
Media Planning and Attribution
MarketShare
C3 Metrics
Encore
COVARIO
VIDCHEMY
Korrelate
Tag Mgmt
TAGMan
TEALIUM
DMPs and Data Aggregators
bluekai
exelate
quantcast
brilig
Demdex
LOTAME
krux
AlmondNet
LeadAlliance
PEER39
Retargeting
dotomi
criteo
Simplifi
Chango
buysight
MAGNETIC
mediaFORGE
ReTargeter
AdRoll
Ad Servers
doubleclick
atlas
Mediaplex
mediamind
pictela
adform
pointroll
Verification / Privacy
DoubleVerify
adsafe
Ad-Juster
TRUSTe
privacychoice
EVIDON
Measurement and Analytics
OMNITURE
unica
webtrends
nielsen
comScore
vizu
aprimo
Data Suppliers
Experian
ACXIOM
datalogix
eBureau
BlueKai
NETEZZA
bluecava
Vi2
infogroup
Ad Networks
Horizontal
YAHOO!
Google
Aol.
Microsoft Media Network
5:1
audience
cpx
Undertone
BurstMedia
Casale
AdDynamix
traffic
SOLVE
Video / Rich Media
SAY:
TREMOR VIDEO
videology
YuMe
BBE
TubeHogul
BrightRoll
spotXchange
BREAK
Vertical / Custom
ravora
LONGBOARD MEDIA
ADBRITE
ROM ALLIANCE
JUMPSTART
martini media
Glam
InflectionPoint
Ideas People
TonoFuse
Targeted Networks / AMPs
NetSeer
CONTEXTWEB
media6degrees
specificmedia
lucidmedia
33across
radium one
XTEND
resonate
XGRAPH
rocketfuel
Audience Science
collective
interclick
Performance
cpx
MATOMY
VANTAGE MEDIA
VIBRANT
Kontera
adknowledge
MARCHEX
LinkShare
moxy
neverblue
ADTERACTIVE
Datran Media
hydra
TattoMedia
MediaTrust
Mobile
admob
pontiflex
mojiva
Jumptap
transpera
InMobi
Quattro
Media Mgmt Systems
DDS
media6degrees
telmar
centro
MEDIAMIND
TRAFFIQ
Sharing Data / Social Tools
facebook
ShareThis
clearspring
tynt
gigya
SSPs
Admeld
rubicon
PubMatic
LIFT
Publisher Tools
Yieldex
fatTail
ShortTail
DailyMe
YieldBuild
yieldbot
BuzzFeed
scout analytics
Mochila
daylife
PerfectMarket
METAMARKETS
outbrain
Ad Servers
doubleclick
247
apt
LiveIntent
ADTECH
OpenX
adzerk
Ad Operations
operative.
theorem
PUBLISHER
CONSUMER
SUPPLY
LUMA
Denotes acquired company
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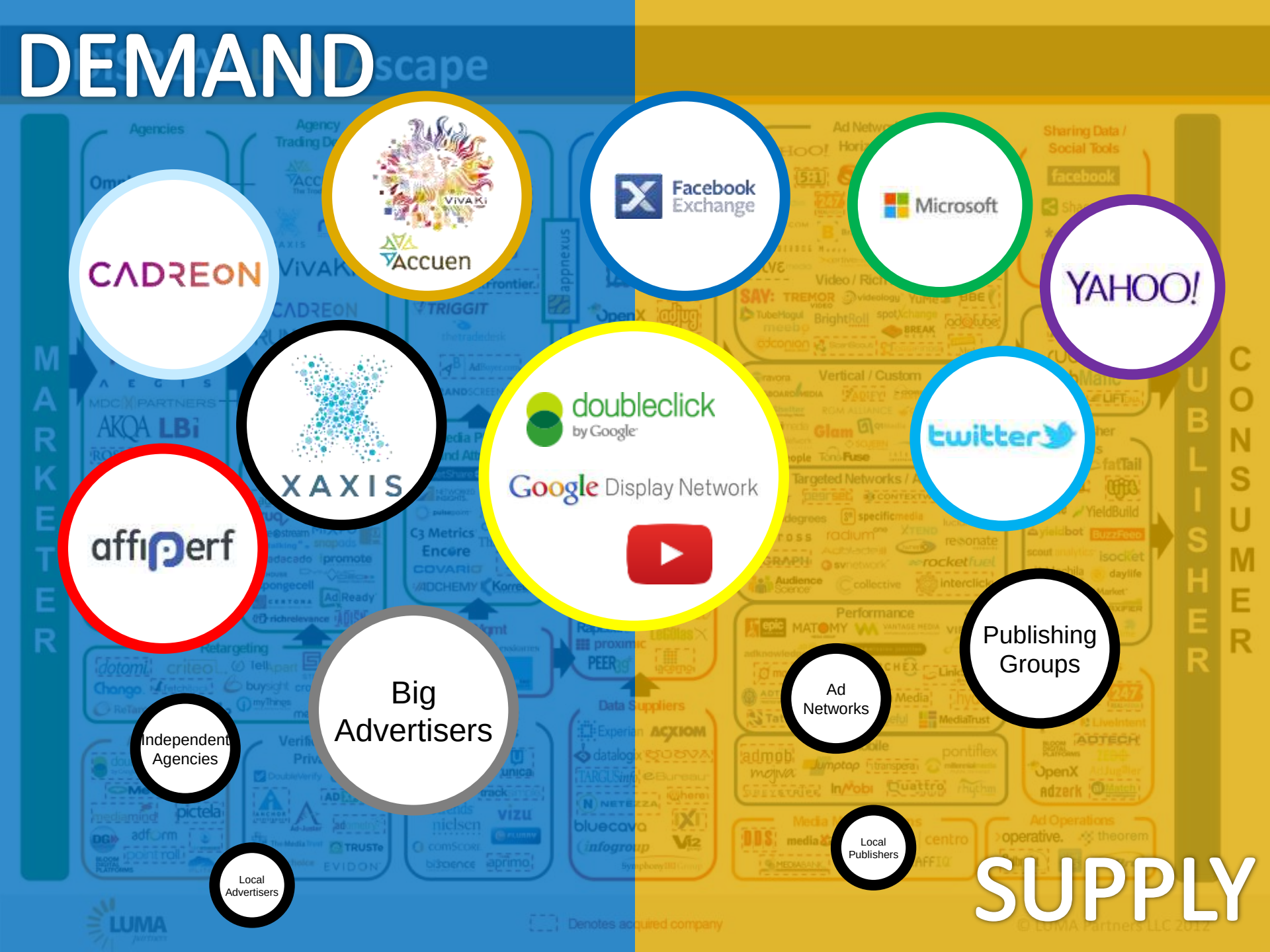
The market stakeholders

- Large **international players** have emerged
  - Global Internet media companies
  - Global Advertising Agency Groups
- These international entities are **ideal trading partners** because of their **size** and **offer** and have **disrupted local** traditional media companies
- Emergence of smaller agencies & publishers increases **fragmentation**
- **Display** advertising budgets are **on the rise** globally although not still commanding the proper share based on Display SOV
- But local publishers don't necessarily follow this trend

DEMAND
IPG
PUBLICIS OMNICOM GROUP
Microsoft
YAHOO!
groupm
WPP
dentsu AEGIS network
Google
twitter
HAVAS
Big Advertisers
Independent Agencies
Local Advertisers
Ad Networks
Publishing Groups
Local Publishers
SUPPLY
Denotes acquired company

The technology evolution

- New technologies coming of age
  - **RTB**
  - **Big Data**
  - Viewability / Visibility
- Global **technology & infrastructure providers** have emerged
- **Programmatic trading** is rapidly growing globally
  - Adopted by large global media companies
  - Embraced by medium – small advertisers
  - Strategically selected by big agency groups
- All the major global players are building **centralized technology capabilities**
- The digitization of traditional media (TV, radio, outdoor) has already begun


DEMAND
MARKETER
CADREON
ViVAKi
Accuen
Facebook Exchange
Microsoft
YAHOO!
XAXIS
doubleclick by Google
Google Display Network
twitter
affiperf
Big Advertisers
Independent Agencies
Local Advertisers
Ad Networks
Publishing Groups
Local Publishers
PUBLISHER
CONSUMER
SUPPLY
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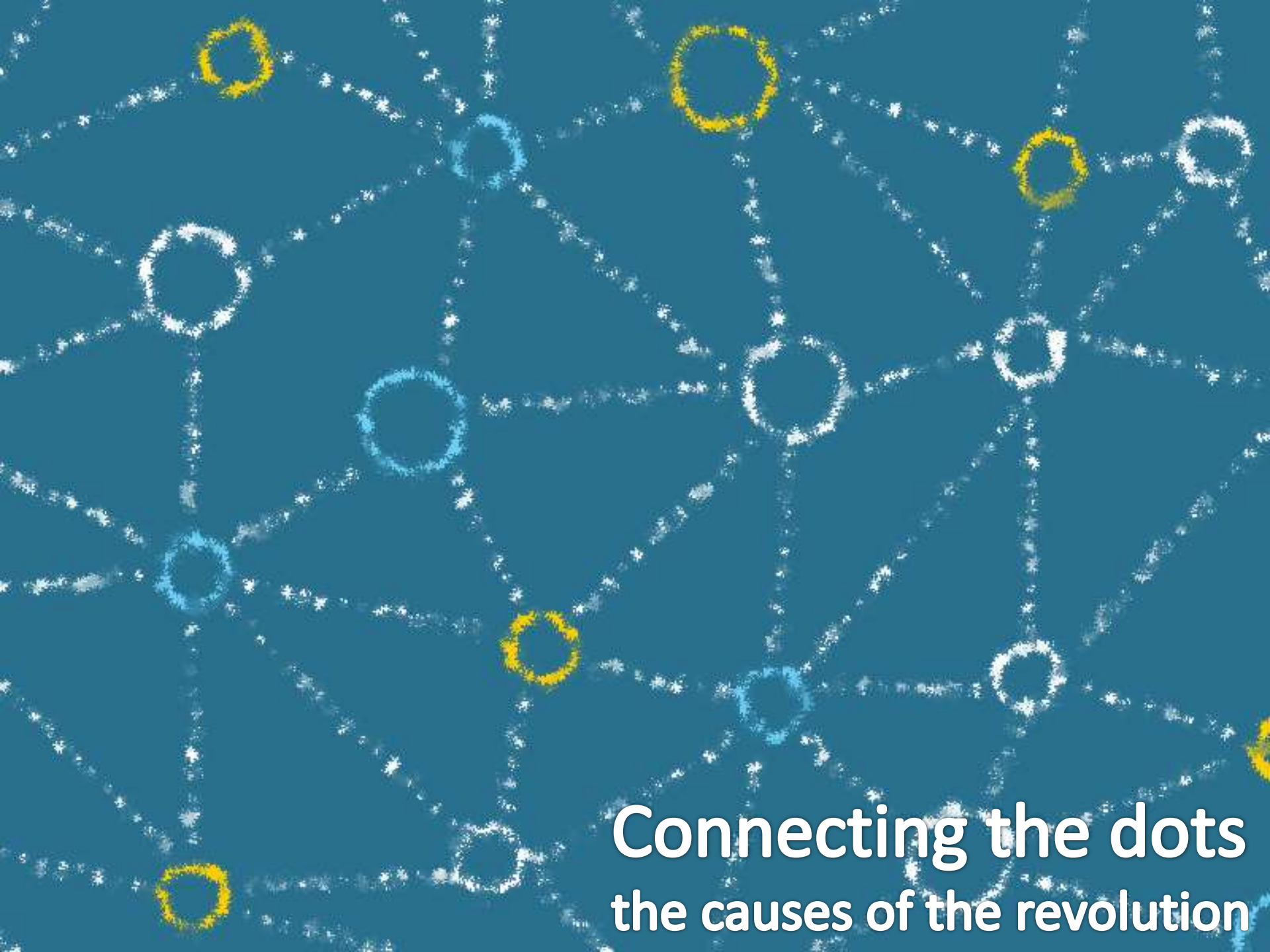
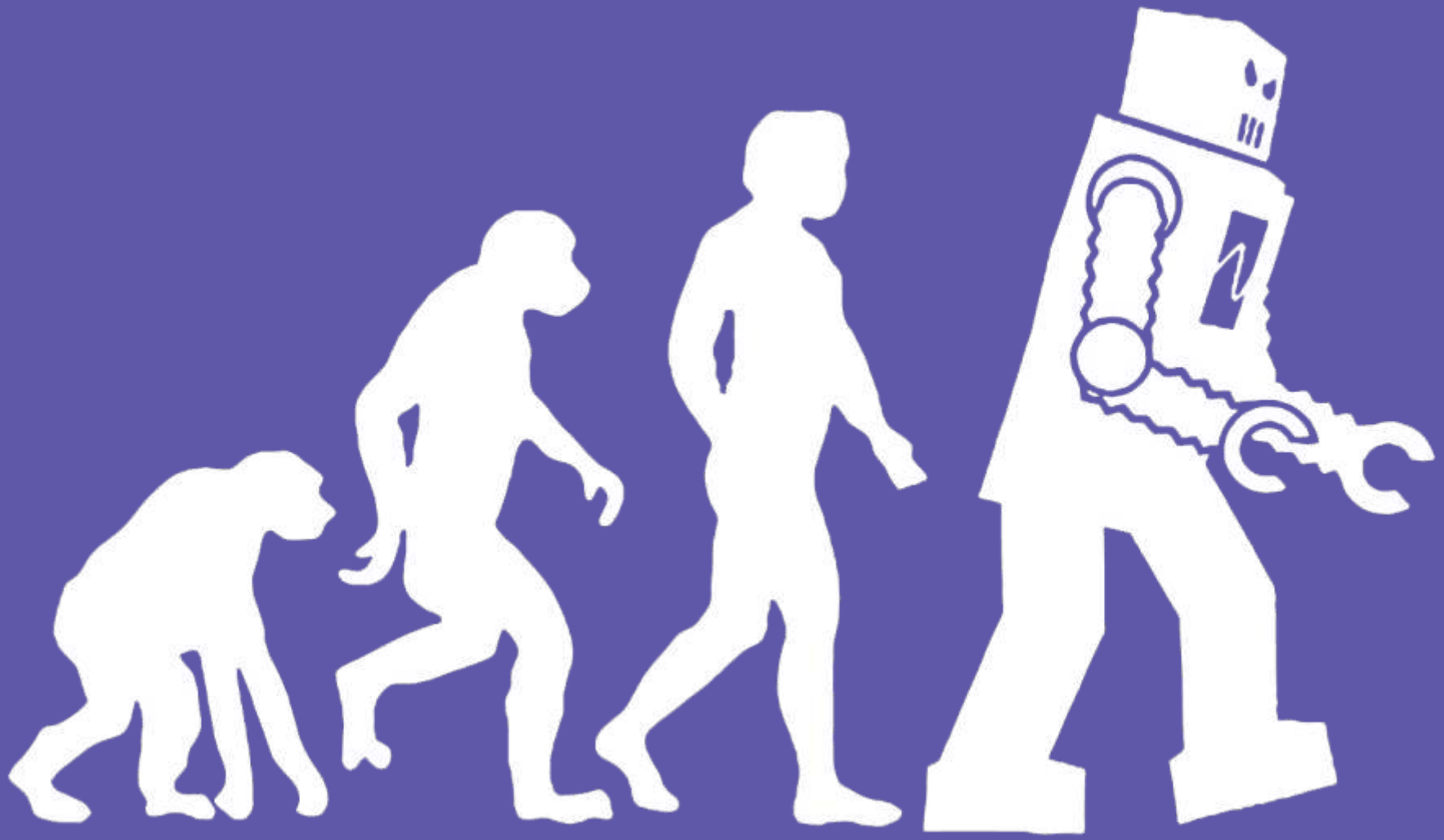

Connecting the dots
the causes of the revolution

Ingredients for a (R)evolution

- **Technology**!!!
  - Globalization of Digital Marketing ecosystem
  - Fully connected – two way communication
  - Capacity for personalized messaging
  - Potential for Automation
- **Data Data Data** (aka Big Data)
- Emergence of **Global Internet Media Giants**
- Global consolidation of **Agency groups**
- Lower barriers to entry – smaller players
- A disruption – **programmatic Ad trading**

Vive la (R)evolution!

Programmatic clarified & explained…



Let's start with a definition

"Programmatic buying is the **process** of executing **media buys** in an **automated** fashion through **digital platforms** such as: exchanges, trading desks, demand-side platforms (DSPs) and supply-side platforms (SSPs).

This method replaces the traditional use of manual RFPs [Requests For Proposal], negotiations and insertion orders to purchase digital media."

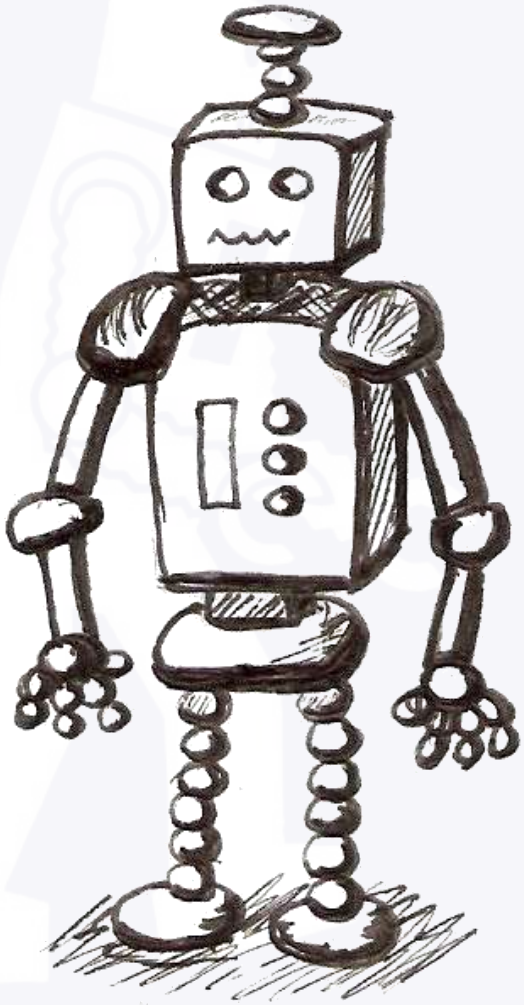
(Business Insider, September 2012)

The Core Revolution:

Automation

of media buying and selling

(through technology)

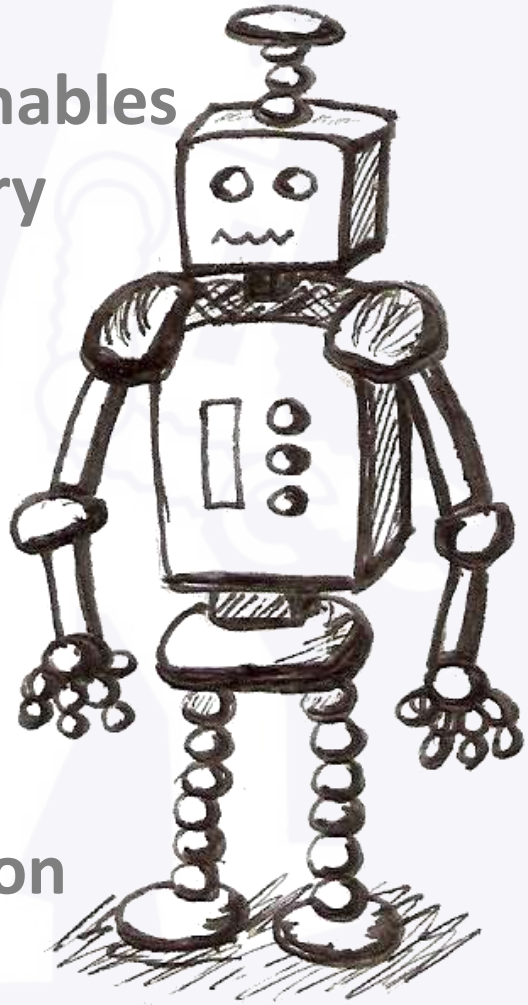


The protocol for automation is called

RTB = Real Time Bidding

An online advertising technology that enables you to trade display advertising inventory

- **impression-by-impression**
- **in real-time**
- **on an auction basis**



& Data

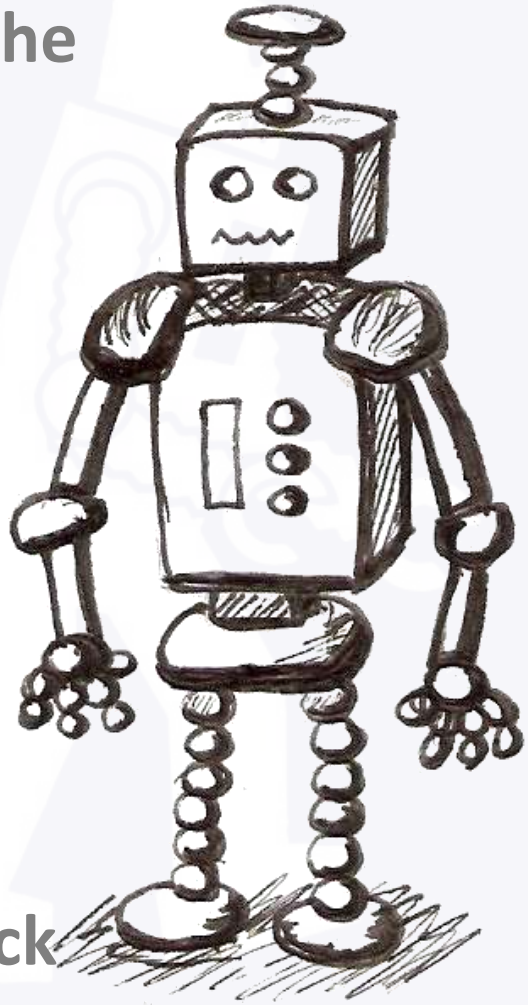
Affecting the valuation of each impression

The underlying evolution

From Media Planning

Attempt to reach the right person with the right message at the right time

- **Using historical information**
- **Buying in bulk**
- **Post Campaign Evaluation**

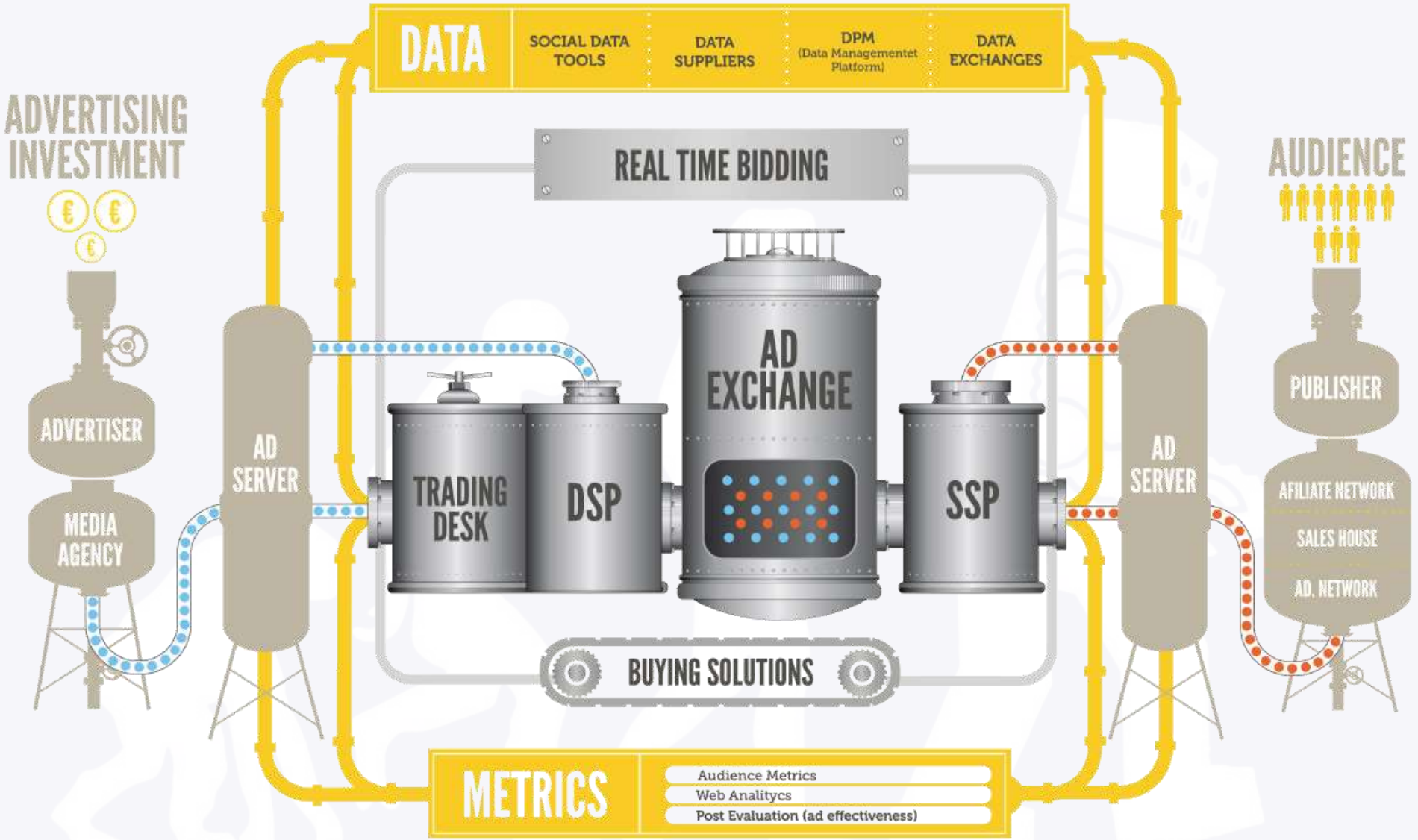


To Audience Planning

Evaluate each impression in real time against the desired audience profile

- **Using real time information**
- **Post impression evaluation & feedback**

PROGRAMMATIC BUYING ECOSYSTEMS



Source: IAB Spain 2014

Definitions

- AdExchange = Online automated marketplace that facilitates the buying and selling of inventory across multiple SSPs and DSPs

- Demand Side Platform (DSP) = An advertising technology platform which allows marketers to manage their online media campaigns by facilitating the automated buying of display media and audience data across multiple inventory and data suppliers in a centralized management platform.

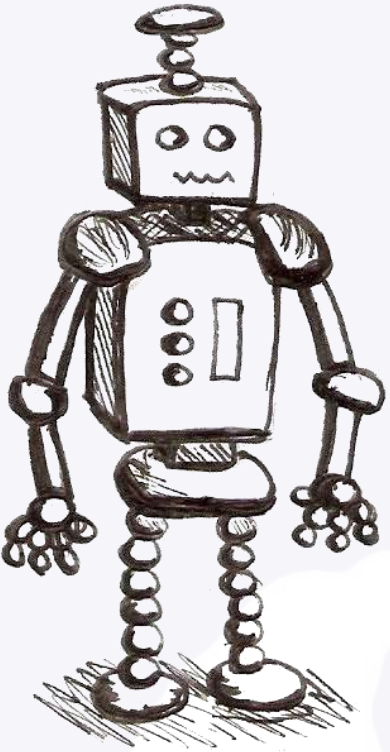
- Supply Side Platform (SSP) = An advertising technology platform which enables the suppliers of online ads (Publishers) to offer their inventory through AdExchange(s)

- Real Time Bidding (RTB) = It's a technology protocol facilitating one of the possible automated trading mechanisms – a real time auction. For the time being it's the prevailing mechanism to accomplish automated trading and as such it's commonly used in place of the more general term Programmatic. In reality RTB is part of Programmatic.

- Data Management Platform (DMP) = a unified technology platform that intakes disparate first-, second-, and third-party data sets, provides normalization and segmentation on that data, and allows a user to push the resulting segmentation into live interactive channel environments for private use and / or monetization.

One to One

Non RTB
Automates Traditional Direct Sales
Longer Commitments
Audience Buying

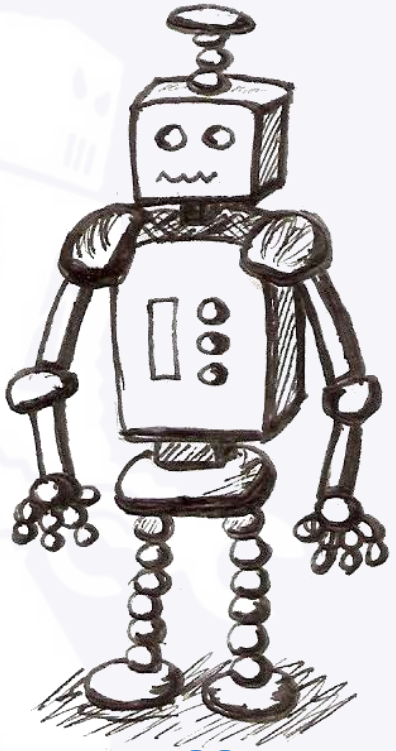


Few to Few

Known as **Private Marketplace**
Non RTB & RTB
Both parties know each other
Extension of Traditional Direct Sales
Automated Trading
Audience Buying

Many to Many

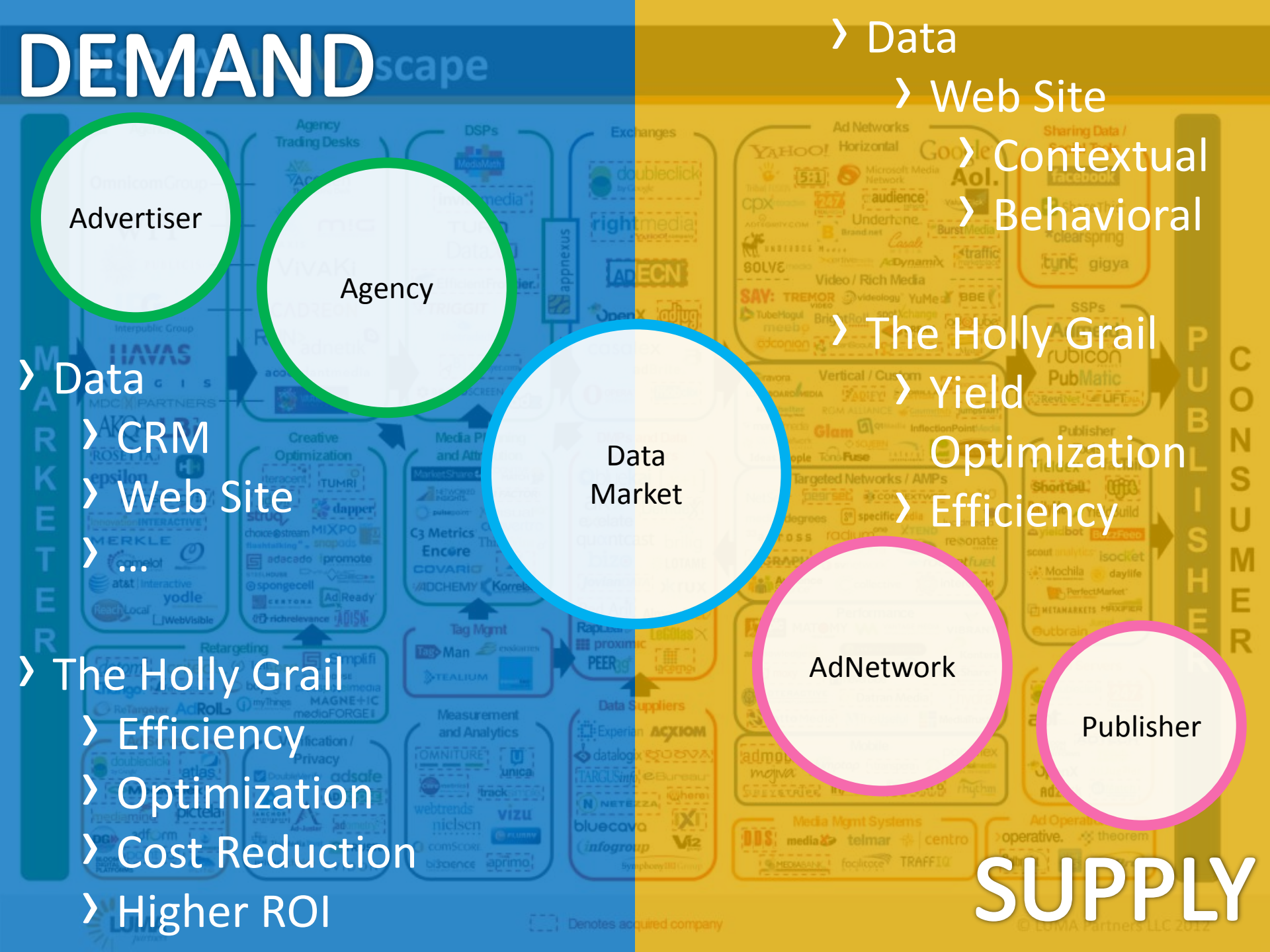
Known as **Open Ad Exchange**
RTB
Parties don't necessarily know each other
Automated Trading
Audience Buying



Buyer

Seller

More than an open bidding exchange…


DEMAND
Advertiser
Agency
Data Market
Data
CRM
Web Site
…
The Holly Grail
Efficiency
Optimization
Cost Reduction
Higher ROI
Data
Web Site
Contextual
Behavioral
The Holly Grail
Yield Optimization
Efficiency
AdNetwork
Publisher
SUPPLY
MARKETER
PUBLISHER
CONSUMER

(R)evolution effects
The wind of Change

The (R)evolution effects

New Business Opportunities

- Re-evaluate current business models & **enhance** them with automation & Data
- Introduce **new business models** (e.g. private marketplace, audience extension)
- More monetization channels available – must work together and not against each other
- **Local Publisher Alliances** – an answer to the global market dynamics

Organizational challenges

- Re structure according to the evolving skillsets needed
- Select your **technology partners**

The Data conundrum

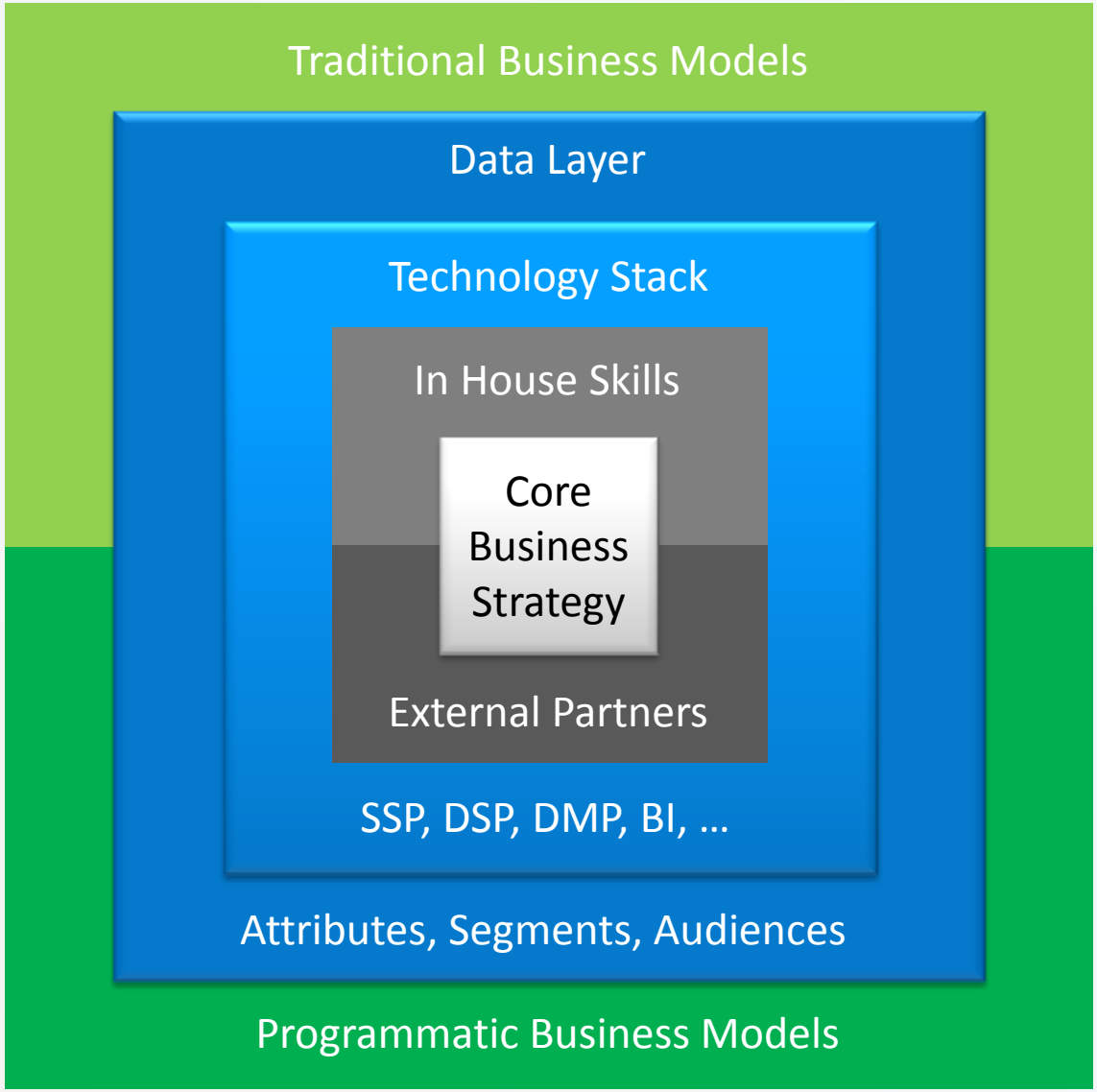
- What data do I own / can collect?
- How do I use them?

Change & Evolve

- It's never easy
- It's unavoidable
- It's not replacing everything

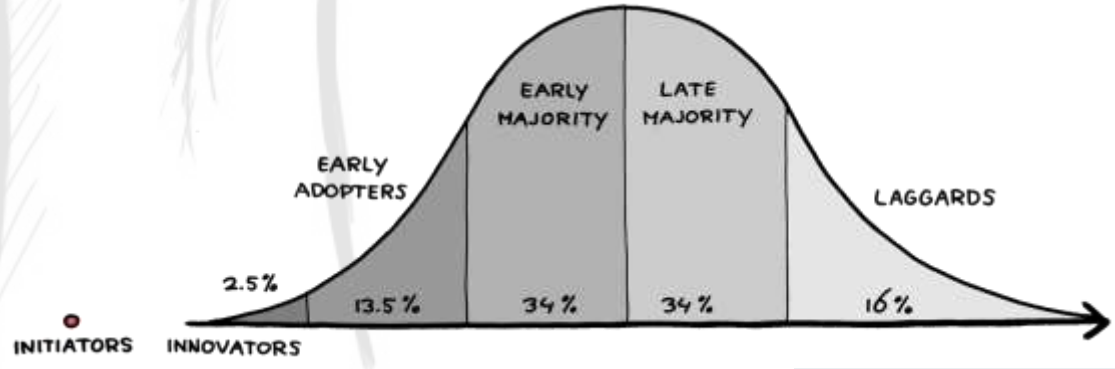
A Structured Framework

for the Programmatic (R)evolution


Traditional Business Models
Data Layer
Technology Stack
In House Skills
Core Business Strategy
External Partners
SSP, DSP, DMP, BI, …
Attributes, Segments, Audiences
Programmatic Business Models

Final thoughts

- The **Programmatic (R)evolution** is already here & you can't afford to let it continue without you!
- It's **technology disrupting** our **traditional business models** as has happened before in other domains (e.g. airlines, hotels etc.)
- It's **not making humans redundant**, it's automating trivial tasks freeing up more time for **creativity**
- Use the **framework** to structure your approach
- **Don't reinvent the wheel** – use it to build value
- Be an active player!



Thank You!

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eliasg@tailwindemea.net

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