



## NAB 2022 Transcript

### Advanced Advertising: The Evolving Ecosystem

**Peri:** We have some great panel members today who we're going to share their cutting-edge insights. I'll let each one of them introduce themselves, and then we'll jump right in.

**Jeremy:** Hi, good morning, everyone. Thanks for joining us. Jeremy Straight, SVP of business development and in Innovid. Innovid for those of you do not know is an independent advertising platform and measurement platform. We've been around since 2007 and have started to make a larger push into measurement. And that becomes a critical focus of our customers. Our customers very much align on the demand side of the house. So these are brands agencies looking for ways to distribute their messages to their potential customers.

**Julian:** Hello, everybody. I speak loud so I don't have to carry a mic. Okay. So Julian Zilberbrand, EVP in advanced media at Paramount. So yes, if you don't know, we do television, we do film, we do content. You can probably watch us, and hopefully you watch us because I'd like to eat. So, what I do is I oversee our addressable practice as well as customer reporting solutions and a little bit of identity within our organization. I'm really excited to have a good conversation today, and hopefully, you guys will learn a little something.

**Peri:** Great. Well, thanks so much guys. And I am going to hold the mic close so that you can all hear me. So, this has been a very interesting and exciting couple of years for addressable. The explosion of OTT platforms has been a big growth driver for addressable advertising so much so that since the pre-pandemic we had below \$2 billion in revenue from addressable, and then folks pandemic they're forecasting that numbered double by the end of 2023. So while it's still a small portion of total television advertising, it's an incredibly impactful one. And we know that because we're seeing not only the impact of addressable on the revenue piece of television advertising, but we're also seeing it calling into question mainstays of television ad buying like measurement. And so, Julian I wondered if you could talk to us a little bit about some of the trends you're seeing in addressable, some of the cutting-edge trends and also the impact it's having on measurement.

**Julian:** Sure, so I think three things, the first is one, collaboration. I think it's really, really important from an industry perspective to have collaboration across both your competitors, so to speak or your frenemies, whatever you want to call them, but collaborating between you and your distributors, if you're a programmer, it's really, really important. And so that discussion that you guys can have to align on what is going to make sense and what's going to work is the first step to innovation.

Next is we're seeing a lot of commitment to measurement, which it leads on the collaboration point that I just made. Because there's collaboration, we are now talking about enhancement and measurement when it comes to this, how do we fundamentally digitize? What is a linear infrastructure? And that's ultimately where

this is going to go, eventually everything will be, I think delivered and everything will be over IP. But in the meantime, there's a whole infrastructure built out over a number of years, that's not simply just going to go away, but we need to find ways to start moving it into a new space. And that innovation is starting with measurement. That means that we are now working with multiple partners not only for measurement in terms of tracking and reaching frequency, but measurement in terms of attributable value and things of that nature.

And then the last thing, measurement is, what was my last point? Last thing beyond measurement is now making sure that you can move this in a digital manner. So the first step once you get measurement in place and you get collaboration in place is to find ways to surface this inventory in a digital manner so that you create more demand, digital demand. So you have traditional linear buyers, in some cases are uncomfortable using data. And that's like a new trend in this space over the last several years. But as was mentioned, that's still basic, and coming in there's a lot more opportunities for data to be used directionally, and brought in to one-to-one communication with data is where the environment's going to go, everything will be addressable at some point. So it's really important that we set an infrastructure in place, a measurement in place, we have collaboration across the industry such that we can drive things forward.

**Peri:** Yeah, Julian, I totally I agree. In fact, we've seen quite a bit of that in Accenture. We have a number of television clients who have come to us recently asking us specifically, how should we be rethinking measurement for the linear space, not even the addressable space, given the learnings from addressable and what does that mean for our buyers as we go away through the upfront.

Jeremy, I know you guys bought TVSpot...

**Jeremy:** TVSquared.

**Peri:** ... TVSquared. And that was a way for Innovid to get into the measurement space. I thought maybe you could talk a little bit about how you're thinking about TVSquare is getting you into that space and how you guys are thinking about measurement.

**Jeremy:** Yeah, absolutely. Very much as Julian alluded to. We see this industry as highly and quickly evolving. Obviously, historically there's been one essential measurement provider in this space. We all know who that is, it's Nielsen. I think as people and brands start to think about where they want to allocate their media budgets, it's not just in linear, it's not just addressable, it's not just connected television, mobile desktop, it's all of those. And you need to have a way to go omni-channel and measure these types of campaigns so you have a real vision on what is working with your marketing dollars and how you can deploy that.

And for Innovid, we had a really nice footprint on the digital side of the house as we're delivery system for brands, delivering into connected devices, delivering into mobile and desktop, and what TVSquared offers us is the linear component of that. So now we can bring in the linear, exposure data, we can couple that with the "digital data," although as Julian alluded to, it's all going to be IP delivered at some point here in the industry. And we can give our marketers, our brand customers, a really complete look at their investments across media partners that they're investing in, and then give them outcomes.

So, not only did you reach this age, this demographic but what did those folks do? Did they visit a website? Did they did they go in store? Did they actually purchase? And again, it's bringing in data from various sources that are available out there and really honing in on the KPIs of that particular brand or marketer to figure out what they want to accomplish, what the medium mix is going to be, and then providing the measurement back so that they can deem those campaigns successful. And if not reallocating budgets differently in the future utilizing some of this data in the analytics that we provide.

**Peri:** That really is the secret source that companies have been talking about for almost a decade now, is how to track the consumer, even outside of the television, and that's where you're able to start to keep.

**Jeremy:** Yeah, absolutely. And back up a little bit, not to pick up Nielsen because Nielsen does a great job, they've been around forever. I think what we're seeing in the ecosystem today is an evolution. I don't necessarily know that there's going to be one core currency, so to speak. I think it'll probably be a multitude of different options that brands and marketers can use to decide the effectiveness of their campaigns, and I think we're seeing that today. I don't think it's going to be hundreds or thousands, I think it'll be four or five and they'll all offer something different, and depending on the goals of the particular marketer, they'll find one that works for them and their needs.

**Julian:** Yeah, I think that's one of the trend lines that you're start to see, so it's been talked about concept of using alternate currencies we talked about. We are actually doing it. We're in market today using both currency which is new. Not having Nielsen be the currency in the market is new, but it is the trend line. It's where it's going. And you're right, Jeremy, of course, it's not going to be dozens of them, it's impossible to execute on that level, but there are going to be 2, 3, 4 different companies that are buying two or three currencies. Right now VideoWeb. We're doing more currency deals with them today. Highspot is talking to NBC and talking to partner and so on and so forth. So, we know that this is the trend line. We know that this is where it's going and we're incredibly not all supportive about it, we are one of the ones driving it. We feel that Nielsen has flaws and has been the only game in town. And there are some opportunities for others to come in and present themselves as alternates for the marketers. And what you see are marketers being really engaged with that scenario and really starting to see horizon, which is a major independent agency, saying 15% of their investment in the upfront is going to be against all currency. Things like that are really between the market.

**Peri:** Actually, I was going to go a little bit off script, but that you're going somewhere where I'm really interested, which is, do you think it'll impact this year's upfront? Or you think it's a couple years out?

**Julian:** No, no, it's absolutely this year's upfront. As I said, prior to this year's upfront, we are doing pulled currency deals now. We are probably the only ones who are effectively doing now, although many are talking about it. But the ones that are talking about it, plan on doing it through the upfront. And we know obviously that we're moving in that direction as well. We have a bunch of different discussions with

lots of different mobile companies and alternate currency is absolutely on the table in this year.

**Peri:** Which raises some amazing questions around the buy, the nature of make goods and commitments and all of that. So, I think it's going to be a very interesting couple of years as we go through the upfront and see these new currencies stay whole. And then what that means as the year plays out and that advertisement is delivered. So that brings us to ecosystem, a topic that's part of the headline of this talk. Advanced advertising ecosystem has become so complicated, and so many players, I always say could have alum escape all on its own. What are you seeing the trends in the ecosystem? Do you see it consolidating major players? What are your thoughts on that?

**Julian:** Eventually everything consolidates realistically. So, you're not going to have 500 different players involved. I think the reality is that there's more than likely going to be two or three or four players. But when you're talking about the ecosystem it's two or three or four players, depending on what part of the ecosystem you're talking about. So, if you're talking about moving data from point A to point B, so that it can be leveraged for advanced advertising, there are two or three players that are relevant in that space, whether it would be Live Brand, Blockgraph, companies of that nature. If we're talking about measurement, as I talked about whether it's VideoWeb or ISBA or CommsCo or whoever moving in that space. So when you talk about consortiums, you have what was called Project No, which would not be called CTV1, which ultimately will be at the glass linear, a trust order, right?

**Peri:** And of course, OpenAP.

**Jeremy:** And OpenAP. My next thing, OpenAP, as a consortium that allows for an advertiser to go and see reaching frequency across a TV landscape. So, we understand as TV publishers that we're better and stronger together. And we're not necessarily scared about the idea that advertisers would be able to understand breaching frequency because we understand that's what makes the difference and that's how advertisers invest. And OpenAP is an incredibly relevant solution that currently allows for advanced advertising to scale to multiple partners and will continue to grow over the course of time. So, these kind of trend lines where we have a few players, whether it's consortium guys or whether you have specific functions within the advanced advertising space, will consolidate to one, two or three players, and then that will allow the ecosystem to just grow faster.

**Peri:** But then the challenge comes in stitching that together, right?

**Julian:** Sure.

**Peri:** As you multiply the number of players, you need to get your ads to the destination, and then bill for it. It's not a small.

**Julian:** No, it's complicated today. If you want to do an advanced advertising campaign, it's a two-month project survey, and that needs to be narrowed down to a day or two days. So, for example, when you have something like Blockgraph, which will allow that process to go from in weeks to minutes. And that changeable speed makes a huge difference for an advertiser. And now we got to solve for the creative part of the equation, so the operational part of the equation.

**Peri:** That's really the foundation of the ability to scale.

**Julian:** 100%.

**Peri:** You can't scale if you can't speed it up.

**Julian:** You can't scale without speed.

**Peri:** Jeremy, you did mention you guys have been around since 2007, so you've had a front seat all along to this changing ecosystem. Where do you see, where are you guys placing your bets?

**Jeremy:** Yeah, I don't think we're all going to work for Amazon or Apple or anything like that.

**Peri:** Actually, that's not a small statement because every single digital media space has ended up the very consolidated infrastructure. So that's actually a big statement to say, we think it's going to stay relatively federated model.

**Jeremy:** Yeah, here's a perspective that we have. We've seen and we are continuing to see collaboration with consortiums like the OpenAP which we're proud to say we help to cover the digital piece of that. But we also see emerging concepts that are coming out. You look at the OEMs, like Samsung and Visio that are building ad businesses within the technology panel, and guarding their data around that.

So, I don't think someone comes in and consolidates everything, I think with new ways to buy and execute media, there's going to be a lot of opportunity. And if you had said five years ago that Samsung would have a media business for their selling and the upfronts, I think people would've said you're crazy, and they do now. And we're going to see that obviously jokingly, we will see it from Amazon, I can see it. They've mentioned they did 30.1 billion in revenue in the advertising side of the business. So, they're no small fee with the amount data that they had.

But that being said, you're going to need independent players out there. You're going to need independent folks like us on the technology side to do things like measurement. Brands and marketers will not let platforms grade their own homework. You're going to need content that goes across different channels of mediums. And then you have to also look what the consumer's doing. We're talking to means of advertisement, we haven't touched on gaming. I hate to say metaverse because that's the buzzword, but you look at things like Web 3, you look at where people are spending their time, and it would be nearly impossible to consolidate all of that. And I think there's going to be companies like Paramount and others that are doing very smart things and smart investments in those areas, that'll keep them

in the business. And we're seeing it firsthand just based on where the media dollars are going.

**Peri:** That's definitely the best I think for the television market. Because the last thing we want is for there to be one player that owns distribution.

**Jeremy:** Yeah, and there might be some blockbuster stuff we see. Netflix is getting beat up right now so, someone can come in and buy Netflix, and probably who has an amazing distribution platform. So, there's going to be some kind of validation around that part of the ecosystem. But honestly, I don't think it's a new thing.

**Peri:** Great. So that brings us naturally to the subject of team programmatic. A topic that's very closely tied to advanced advertising, but is in many ways still very ill defined. Julian, I wonder if you could share your thinking around the programmatic television market, how is it defined? How do you see it evolving?

**Julian:** Yeah, first, you define television, what is television? Right? If I'm watching long-form high-quality premium programming on my phone, is that television? It is, really, right? So, how do you define television is important when you're thinking about how do you... So the theory you're moving television programmatically, it's dense right? Whether that's an OTT, CTV, et etcetera. We have a fast product, Pluto, and that does a billion dollars of business today and within the construct of that, so it's important to recognize that.

I think when you look at like something like Pluto, it will show that one-to-one addressability scenario is really, really important. What was the question again? I lost my train of thought. Programmatic, sorry. So, when we define television and we call it long-form premium programming, that is a question of how do you move the linear part of television into programmatic space? And that's stuff we're starting to do today. How do you start with working with an Innovid and maybe tracking it via beacon just so an advertiser understands, "Hey, I know I delivered something in that space," that measurement space? From there, how do you think about surfacing that kind of inventory so that it can be moved with your other digital demand?

So, there's an active, aggressive push from a number of partners including ourselves to move TV into a programmatic environment. But TV is a legacy environment, and that is not simply going to move quickly in terms of the backend. So when we think about programmatic, it's a question of, can I make the inventory available? Not necessarily can I move it digital or trade it in some real time bidding scenario, that's unlikely to happen in a TV environment because you have a limited supply as we talked about.

So, when you think about that limited supply, it's important to construct a programmatic experience that makes sense for you as a business. And then for the advertisers, that's more likely to be something programmatic guaranteed or even like a PMP at the low end. And that again is moving swiftly now. So, the idea of digitizing your linear part, you brought up as an example, Samsung. So, there's a consortium, was it project or CTV1? And that's all about linear replacement at the plus, right? Without 'the set top box.' There's lots of business realities to work through some of that, but realistically, that's going to be another environment which you create addressability. And that naturally is a digitized environment. Therefore, once you enable it, in theory, it can be moved in a programmatic fashion.

So, understanding the definition of television and then understanding the complexities of what the market presents from a legacy perspective, and then moving as an industry to everybody moving and swimming in the same direction to drive to a digital experience so that you could drive more demand, "the 2 billion number would go into 4 billion," that's fundamentally like a CTV investment. When we start thinking about how do we get the digital demand here? How do we get the DDCs and others? It's about creating a digital experience for them. And that's moving in programmatically. And it's more about the actual surfacing of the inventory versus the backend operation of it. Programmatic is supposed to speed up an operational experience.

**Peri:** And so, I was going to say, so you think of TV programmatic more as a delivery and experience as opposed to a sale vehicle, is that right?

**Julian:** Yes, I think that programmatic is fundamentally about operational efficiency. And making a sale available is a factor and a function of that operational infrastructure, but it's not the main function of it. And then when people think programmatic, they often think bidding. Everybody's going to bid on everything and it's not necessarily the case. That's not the case with law form inventory, that's just never going to happen.

**Peri:** I agree totally. Jeremy, how is Innovid thinking about the television programmatic landscape of where it fits in?

**Jeremy:** Yeah, I very much agree with Julian. Me personally coming from a digital background, when I think about TV programmatic, it is about bringing efficiencies that we've seen born in digital and bringing them to the way that people are transacting across any TV buyers. Actually, it's whether is TV right? That's still evolving. It used to be a broadcast, right? It's a one-to-many, and that was like linear television. So that's hard to do programmatically. You don't have the backend infrastructure for that type of thing. Whereas digital is a census space, it's a one-to-one. I'm looking at this program on this device at this time and there's maids and idea phase and all this other really cool stuff that we can do to auction it off and tell you about this person in real time. Even some of that's evolving and I think we'll go away based on legislation and other things.

I do think that we get to a point where the efficiencies of being able to buy media through a console and being able to measure that across the board continue to refine and evolve. I think having technology in place to make transacting across different mediums continues to evolve and get better and that's how I look at a programmatic television. And maybe there's a way to do upfronts through a UI. I don't know. There could be a number of things that people start to look at. But I agree. I don't think it's going to be, "Oh, I'm going to bid \$50 CPM on this spot on CBS at 7:03, because I know it's this particular user." I don't think we get there.

**Peri:** I'm waiting for the metaverse up front. I have to say from the work that we do with our clients, I'm super excited about when the cross platform buy really becomes a reality, because think of what it raises in terms of placement and ad inventory management and pricing. But it all has to be enabled first, right?

**Julian:** At some level it's happening today. When we move in advanced advertising, we're moving one-to-one, moving digital, we're moving data driven linear. So, these kinds of things are happening today, but as Jeremy pointed out, there's still work to be done on the measurement side of the equation to make that more effective for advertisers. And how do we make it more operationally efficient? So that's where the programmatic piece comes in is, how does an agency simply go into a DSP, make their buy, or place their buy so to speak, and then at some point get the results then back into that environment. And our job is to find ways to enable that by keeping the value of our businesses.

**Peri:** I love it, really, really future-focused. So, we're going to wrap up talking about the consumer, because ultimately that's what this is about, making a much more gratifying consumer experience around advertising. And I'll say I have, like we all do, many OTT platforms, and one of my OTT platforms is trying to serve me advanced advertising, and it serves me, first comes the ad up, it says, "Which ad do you want?" And you're supposed to pick which ad you want. And then it runs the ad. So when I don't pick, it means I watch which ad do you want for 15 seconds, 30 seconds, then I watch the ad, so it's actually adding to my ad time. So, how do you see this evolving for the consumer experience so that if we actually fulfill that goal of it being a better consumer experience?

**Jeremy:** Yeah, that's an unfortunate experience that you had to deal with, I have to say.

**Julian:** Not on Paramount.

**Peri:** It was not on Paramount Plus.

**Jeremy:** Well, you want to talk about where it was?

**Peri:** You noticed I intentionally did not say where it was.

**Julian:** I know where it was.

**Jeremy:** To your point, there's a lot of experimentation going on right now with different types of creative, different types of ad units. Obviously, the goal of a marketer is not to annoy the end consumer, it's to get in front of the right person or household at the right time to do what the message is intended to do; sell cars, sell laundry detergent, whatever it might be. I do think that with a lot of content being IP delivered, there's a lot of unique experiences that we can offer customers. The choice is an amazing ad experience. If you think about it, to be able to choose what I want to see before I have to go content, if I'm forced to watch an ad, why not make it relevant to me?

We're doing some really interesting things around interactive creative on the connected television device. So, think of a movie trailer that you're really interested in digging into more character profiles and you can do that using your Roku or Apple TV remote. There's a lot of people experimenting with different types of more



engaging creative environments. We also power what we call dynamic content optimization.

So looking at data to tailor the message. So, if you're in the Northeast region of the US, as opposed to Southwest, you might see a different dealer location or even a different APR in a car on a Toyota advertising team. And we're not limited to just overlays and things like that, we can actually change the video creative. And really, it's personalizing that message for that household at that time. And I do think in the long run, as a consumer, you're giving your time for something. You're giving your time to watch great content on Paramount for that Paramount has to sell some of that time to Toyota. And it's an exchange. And if we can make that exchange of time better for the consumer, then I think everyone wins in the long run.

**Peri:** Agreed.

**Julian:** Yeah, I think there's only so much innovation you can do to a 30-second spot or a 10-second spot or a 6-second spot, if that's the innovation. Again, this is my opinion, not necessarily that Paramount, but I see a scenario where we go back to how it was in the 1950s, where more brand integrations. And Jeremy pointed out, when you have brand integrations, then how do I create behaviors and teach the consumer to engage with the ad via a remote or your phone or whatever it is? So, some of it is understanding what the behavior pattern's going to be for consumers. And then some of that is how do you create that behavior pattern through innovation via the ad? But they do see a world where you're going to have less units, less 30-second spots because that's not the best consumer experience, and a lot more integration into the actual content itself where then you can engage with the ad, and then you can check off, so to speak. Everybody has a large speed TV at this point. A 65-inch TV is like \$35 these days or whatever it is. So, ultimately, you will be able to have enough screen space, so to speak, on the big screen, to have an engaged experience. And now it's a question of what material you're using as a consumer guide, follow whatever it is.

**Peri:** Well, and there's been lots of documentation that people multitask while watching TV, what a great way to multitask since they will interact with your ad. I think Jeremy's got one point he wants in.

**Jeremy:** Yeah, we have seen over the past 12 months an uptick in QR codes and QR code on the screen because it allows the person to, when done correctly, I will say, on a tiny little...

**Peri:** Isn't one of the super role ads just in QR codes?

**Jeremy:** Yeah, that was very interesting, creative super smart. But if the QR code is done correctly and a size that's large enough that someone's sitting back on their couch and they can snap, you literally can do shoppable QR right from the TV screen, which is something you could never imagine 10 years ago. And people are so comfortable shopping from their phones now and it makes sense

**Peri:** And talk about valuable data, then you're going from the screen to the data, and you can track.

**Jeremy:** Absolutely.

**Peri:** It's great.

**Julian:** Absolutely. That behavior for that QR code was created by the pandemic.

**Peri:** Exactly.

**Julian:** Like QR codes were a joke three years ago. It was like QR code. All of a sudden, we get into a pandemic and now it makes sense. You go to a restaurant, use it for a menu. Now it's easy, the behavior has been created, so when you run it on television during a super bowl spot, I think they got 20 million people downloading it. That's really significant.

**Peri:** Yeah. Great. Well, we are out of time. I hope you guys all feel you can come up and ask questions. Lots of value for learning and thank you both for your time. Thank you all for listening.

**Julian:** Thank you for having us.

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