

The Programmatic Odyssey: An Automated Future

The Future is Calling and It's Asking
About Your 2016 Programmatic Plan

About Rubicon Project

Founded in 2007, Rubicon Project's mission is to keep the Internet free and open and fuel its growth by making it easy and safe to buy and sell advertising. Rubicon Project pioneered advertising automation technology to enable the world's leading brands, content creators and application developers to trade and protect trillions of advertising requests each month and to improve the advertising experiences of consumers. Rubicon Project is a publicly traded company (NYSE: RUBI) headquartered in Los Angeles, California.

2-Minute Summary of What You Should Have in Your Programmatic Jetpack

It's the future. You've got your jet-pack on, you wave goodbye to the family and you're off to work. However, your jetpack isn't the only fancy new technology you'll be working with today. Programmatic strategies have developed at breakneck speeds and here are some things you'll want to be sure are part of your future marketing campaign - right now. Global programmatic has given brands and companies the ability to traverse the world in search of the right audiences by creating a network of premium inventory that is all automated. And now you can execute buys and deliver creative at scale on desktops, mobile-devices and even television. By harnessing intent data and applying it to your strategy, your marketing dollars can do things that would have been impossible five years ago. Fly safe on your jetpack and we'll see you at the futuristic world of automated ad-tech.

- Automated buys are fast and powerful, making tedious manual processes a thing of the past.
- Premium content from premium publishers means you'll get premium automated ad buying and selling possibilities. This includes opening up international markets at scale.
- Programmatic television is opening up to become a new world of automated possibilities. The \$70 billion industry is poised to be a major step forward in programmatic growth.
- Mobile is getting bigger and better. Everything people used to do on their computers they now do on their mobile devices. Don't be afraid to ride the wave of mobile automation into the future.
- Location-based mobile data can be used to create more relevant ads and build brand effectiveness.
- Offer better mobile creative with mobile video. This is the chance to create amazing new mobile creative that will inspire your audience.

Step Into the Future

Technology evolves so quickly nowadays that sometimes we forget how far our technical progress has come. The future always seems to be right around the corner but in some cases, it is already here. Hoverboards? Check. Jetpacks? Got 'em. Private flights to outer space? Houston, we have those, too.

Of course, that isn't where the revolutionary technology ends. Right now, the advertising industry is in the midst of a transformation that can only be described as futuristic.

Media buying is evolving from a manual process completely reliant on a human workforce, to an automated system built on user data and driven by valuable consumer insight. Studies estimate that programmatic ad spending in the US will surpass \$15 billion before the end of 2015.¹ Cross-channel creative, real-time bidding, hyperlocal targeting, and optimization when it matters most are the earmarks of all future ad campaigns.

And they're already here.

A World of Automated Ads

What do you get when you combine premium content with international audiences and contextually-relevant ads? Global programmatic solutions and unprecedented access to a world of coveted consumers. Global audience data, and the means to leverage it, is allowing global brands to cross geographic borders. That said, while data-driven marketing and programmatic technology are well-developed in North America (72 percent of US-based publishers are already pursuing programmatic in non-US markets), it hasn't been as openly accepted overseas. Even in Europe and Asia many are focused exclusively on their own regions and are still subject to strict privacy laws.

Premium Content, Premium Ads

In 2015, something happened that kicked global programmatic into high gear: the Pangea Alliance was formed. The Pangea Alliance is a collaboration between The Guardian, CNN International, the Financial Times, Reuters, and The Economist that is designed to provide global advertisers with access to a combined 110 million consumers and a multi-site first-party data pool.² Using programmatic technology powered by Rubicon Project's proprietary platform, the initiative grants brands access to influential audiences at scale.

1: <http://bit.ly/1rKAZ5>
2: <http://on.wsj.com/1bePpvb>

"The alliance combines great scale with great content and audience insight that provides a very brand-safe platform to match huge scale," Robert Bradley, Director of Digital Ad Revenue and Data with CNN International, said in an interview with Rubicon Project Senior Vice President of Marketplace Development, Jay Sears.

"As media owners, we now have more competitors than ever before. Many of these companies target ads across borders for their clients and have huge scale. However, most don't create incredible premium content," Bradley said.

Programmatic's ability to produce hyper-relevant messaging led audiences to expect better ad experiences and drove advertisers to ask more questions of tech providers to be sure that they could deliver. Technology companies implemented controls that addressed

obstacles to success, and before we knew it, meticulously evaluating potential buys became priority number one.

An International Audience Opportunity

Shane Cunningham, the Global Commercial Director with Reuters, puts it like this: "Pangaea gives brands access to respected media companies, which bring innovative thinking and a deep understanding of the future of digital publishing. There is a similarly aligned respect amongst the members, and our global reach is incredibly strong. To be able to access this alliance in a private marketplace affords our clients the benefits of that heritage and trust at scale."

The involvement of respected publishing brands, along with a streamlined method of accessing their inventory, are the criteria that stand to shape the global programmatic space moving forward. Current collaborations are having an impact on buying behavior already. "What we have discovered is there is a thirst for the Alliance from the demand side, which is naturally key to the success," CNN International's Bradley said.



Jay Sears

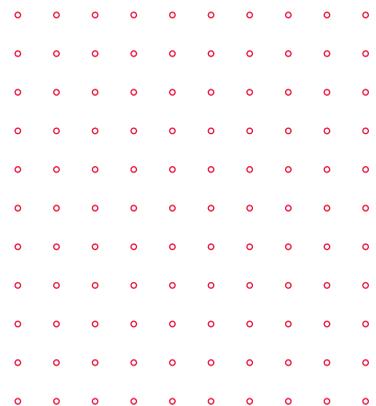


Robert Bradley



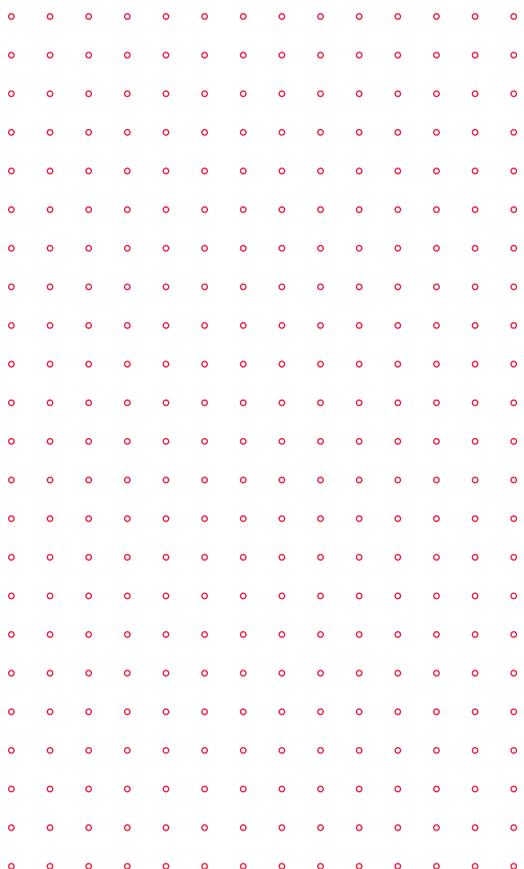
Shane Cunningham

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Programmatic TV

The TV landscape has changed dramatically over the last five years. With streaming services and multiple viewing devices, consumers can now watch their programs when they want, where they want and how they want. The only thing that seems to be constant in the TV world is constant change. This could mean a big opening for Programmatic TV to become the new infrastructure for a new TV ad buying system. This form of advertising automation is poised to change the way traditional media is bought and sold. Just as automation has reduced the inefficiencies associated with media buying online, programmatic TV is reducing the slow manual process to improve the television ad-buying system.



The Programmatic TV Promise

For a market worth \$70 billion a year to change the way it operates, it would have to find an alternative that would be too powerful to pass up. Good thing power is programmatic TV's promise. It empowers TV media buyers to create more effective audience-targeted campaigns, measure results across channels and screens, and optimize in realtime. Instead of basing buys on show ratings, marketers can capitalize on audience data to ensure their ads are seen by the right audience at the right time.

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Where We Stand

With all the advancements, programmatic TV is still an emerging market. In Jay Sears' interview series on "Automation, Programmatic and TV"—which took place during Rubicon Project's 3rd Annual Automated Advertising Panel at Cannes in June 2015—he asked top advertising executives to liken the current state of automated TV buying to a European football game.

"I'd say that we've just arrived at the stadium and are waiting for the opposing team to show up," Stephan Beringer, Global CEO of Publicis Groupe's VivaKi, said. "They have some skills, but are still perfecting their performance for this high energy, fast-paced sport. On top of that, the referees have locked up the balls—the set-top box data—so we are lacking the necessary equipment to play the game."

In other words, before automation can reach this segment of the ad industry en masse, agencies and media businesses must take part in what amounts to pre-season training.

In 2015, many firms were focused on establishing a programmatic workflow. "At the end of last year, we moved programmatic buying into the media agencies and shifted our approach to focus more on programmatic, data and tech strategies and solutions," VivaKi's Beringer said. "One of our big goals this year is to effectively bring together marketing tech, data, creativity and strategy so that we eliminate silos. This will help us optimize delivery and maximize our investments in ad budgets, talent and consumer engagement."

For DigitasLBI CIO Adam Shlachter, the year's biggest ad automation-related initiative was education. "Everyone needs to speak this language. It's not just a specialty skill, and it transcends every discipline and capability," he said.

What Will it Take to Go Mainstream in 2016?

Even as companies get up to speed on programmatic TV buying, certain challenges hold them back. What will it take to accelerate the automation of

television as we move into next year? Kumar points to two key events: TV stations must recognize the value of custom audience segments, and media agencies must acknowledge that TV planning has to change. "Every buy can be automated. The question is whether the players have the appetite to do so and whether everyone is clear on the objectives of doing so," he said.

Senior Vice President at Enterprise Media and Communications Executive with Bank of America, Lou Paskalis, stresses that TV automation can't move forward until issues like fraud and viewability are carefully addressed. DigitasLBI's Adam Shlachter stressed the importance of knowing exactly what you're getting when it comes to media costs, data, and inventory. "Advertisers should have transparency and control with regards to their investments," he said. "There are costs for different services, platforms and technology, but there should be clarity for each."



Jay Sears



Stephan Beringer



Adam Shlachter



Lou Paskalis



Mobile Programmatic's Big Moment

A look at the future of cross-channel programmatic wouldn't be complete without mobile. Recently, eMarketer predicted mobile programmatic advertising will surpass desktop programmatic in 2016¹. That's no surprise as mobile is the glue that holds cross-device, cross-channel marketing together. While we mentioned Programmatic TV previously, we're seeing the move toward Mobile programmatic has ballooned by 110 percent, and as we reported in June, managed revenue on our own mobile product grew by 1,300 percent in just two years.

By the end of next year, digital display ad spending for mobile devices is expected to be more than twice that of desktop.

US programmatic Digital Display Ad Spending by Device, Billions, % change and % of total programmatic digital display ad spending

	2014	2015	2016	2017
Mobile	\$4.44	\$9.33	\$14.89	\$20.45
% Change	234.3%	110.2%	59.6%	37.3%
% total programmatic digital display ad spending	43.0%	60.5%	69.1%	76.3%
Desktop/Laptop	\$5.89	\$6.10	\$6.66	\$6.34
% Change	73.3%	3.7%	9.2%	-4.9%
% total programmatic digital display ad spending	57.0%	39.5%	30.9%	23.7%

Note: Digital display ads transaction via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes native ads and ads on social networks like Facebook and Twitter; *ad spending on tablets is included. Source: eMarketer, Oct 2015

1 — <http://bit.ly/1K4rtDZ>

Audience Reach Meets Purchase Intent

As consumers modify their behavior to incorporate more mobile-based activities, mobile programmatic goes from being a consideration to a vital part of virtually every digital marketing campaign. In 2016, mobile will be the go-to channel for countless customer activities, from shopping to banking to social media and news. This provides an opportunity for marketers to craft a truly personalized campaign.

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We can now reach consumers wherever they are, regardless of activity, using intent targeting. By leveraging a wealth of data from browsing patterns to search queries, purchase history, and page context, brands can predict intent and react accordingly. It's a little like advertising alchemy: with anonymous data, we can customize a message that's perfectly suited to each consumer's needs.

This data is potent on its own, but when you combine it with mobile programmatic, its power grows. You get a view into the customer mindset, a critical touchpoint, and a pipeline to decision-making moments that brands can leverage with contextually and geographically relevant ads.

Consumer behavior and media consumption habits have changed dramatically due to an inundation of new channels and devices. If marketers hope to read and activate their audiences' intent signals to create meaningful connections with consumers during the ever-evolving customer journey, mobile programmatic will continue to be an invaluable tool.

Hyperlocal Targeting

With consumer time spent on mobile phones reaching staggering heights, and in-store mobile shopping also on the rise, the time is right for marketers to leverage automated advertising to connect with consumers when purchasing decisions are top of mind. But marketing with mobile in 2016 will require an approach that puts the consumer first.

Programmatic data can offer compelling insight into consumer intent by using hyperlocal historical data, assessing in-market actions, and measuring both online and offline activity to close the loop. By working a better user experience and more useful ads into their monetization strategy, advertisers can incite a more qualified response and build a lasting customer relationship.

Better Mobile Creative

Steve Jobs once famously declared that most in-app mobile advertising "sucks," and indeed mobile marketing is often associated with inadequate creative. Small display ads can do little to capture a user's attention, let alone inspire an action.

When Rubicon Project asked Mashable CMO, Stacy Martinet, what excites her about the future of digital marketing, she said, "The ability to utilize both data and creative to adjust campaigns in real time, and to make content more interactive."

Automated mobile advertising can fulfill this wish by tapping data to make marketing messages far more useful.

One way to entice mobile audiences is with video. Set to top \$8.6 billion globally in 2018, mobile video expands the reach of video assets and brand stories through high impact pre-roll ads and interstitials.¹ Expandable video formats can provide rich media at scale in the context of premium content, while in-app videos monetize apps with relevant opt-in creative.

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Native advertising, meanwhile, brings together real-time marketing intelligence with informative content that anticipates customers' needs. With tools like Rubicon Project's Mobile Native Ad Server, marketers can more easily navigate the in-app native ad space for improved engagement and performance.

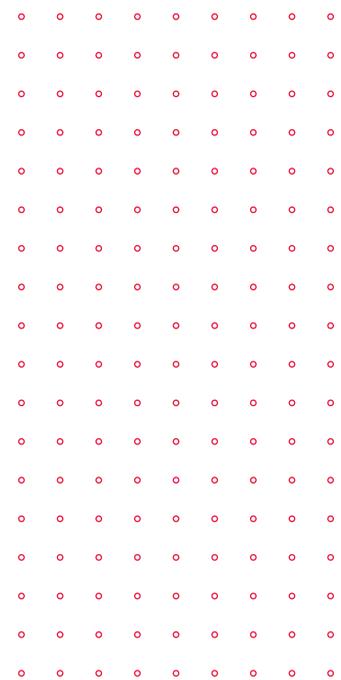
"One of the big things you're going to see with mobile is storytelling becoming

1: <http://bit.ly/1NMZbA9>

more and more important," Rubicon Project CMO Mari Kim Novak recently told Beet.TV. With dynamic video and native ad capabilities at hand, there's no doubt that mobile programmatic will be a primary focus in the year to come.



Mari Kim Novak



Conclusion

We live in a technological era that seems to outstrip our everyday understanding of what is possible. The technology that powers the simple actions of our everyday lives is driven by complex and futuristic intelligence. Cross-device programmatic is one of those technologies working behind our understanding behind the scenes to make marketers lives easier.

If you ever wondered what it might be like to live in the future, this is it.

Speak to Our Team

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