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The Rocky Path Agencies Are Forced To Traverse

An agency perspective on supply path optimization

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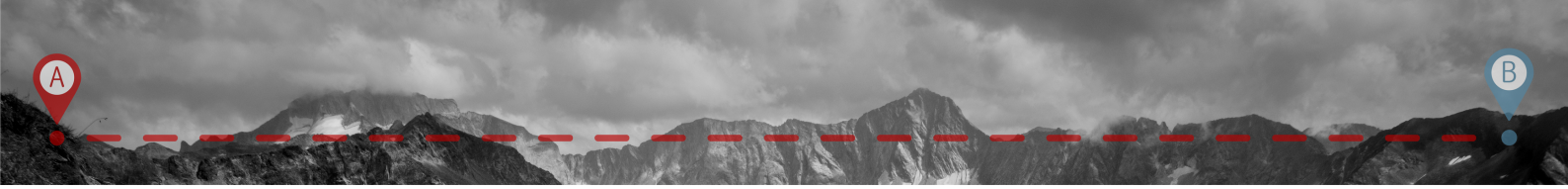


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The Rocky Path Agencies Are Forced to Traverse

An agency perspective on supply path optimization

The digital media market once managed by direct insertion orders (IOs) is now a complex and ever-evolving ecosystem driven by programmatic buying. At its core, programmatic buying aims to simplify and streamline the digital media buying process. In practice however, it is not as streamlined and simplistic as we would aspire. Agencies often have to deal with the inefficiency and complexity that still exists within the ever growing complex web of technology, media, data, and supply partners. They are forced to traverse a rocky path as they work towards delivering business outcomes, in an open and transparent manner, for their clients.

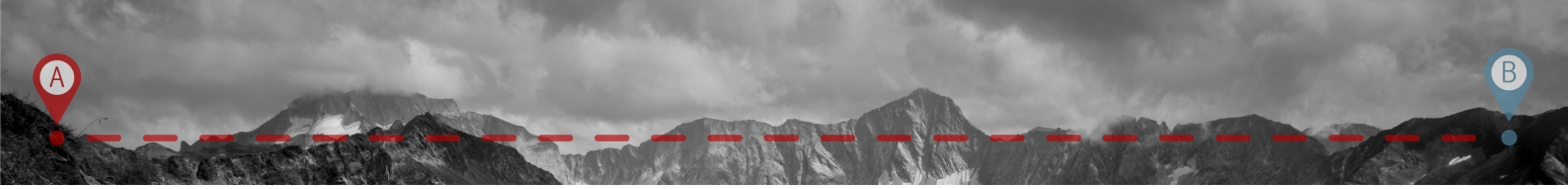
The Rocky Path

Programmatic advertising aimed to solve the problems of scale, efficiency, pricing and targeting in a developing, competitive digital media market. The ease and speed of programmatic also brought with it technological challenges. The most common concerns when programmatic buying began were around fraud, brand safety, brand suitability, and viewability but have expanded to include visibility into the inner workings of the supply chain.

Over the last decade, agencies have worked closely with media supply chain partners to eliminate the perceived “black box” created by programmatic technologies. Agencies have worked with their technology partners to develop better buying controls, additional flexibility for audience targeting, greater access and transparency to inventory paths, increased brand safety controls, and accurate ways to measure media investment.

Agencies don't always have visibility into all of the fees and contractual agreements between publishers and their supply-side partners (SSP), or between demand-side partners (DSPs) and SSPs. Yet agencies continue to be held responsible and sometimes accused of not being transparent with all partnership details. Agencies are dedicated to move towards a more transparent, efficient, and open marketplace but resistance from a few major partners continues to hinder progress. It has been clear for a while now that transparency does not benefit all and those unwilling to be transparent are doing so for competitive or financial reasons.

This paper specifically discusses the process that agencies are undertaking to overcome some of the challenges in the automated and programmatic supply chain. The paper categorically focuses on the operations of supply path optimization (SPO) only.



What is SPO?

The supply landscape is a vast marketplace consisting of publishers, Supply-Side Platforms (SSPs), and ad networks who all work to drive content from publisher page to audience. Supply Path Optimization (SPO) reflects optimization efforts made by buyers to navigate the supply landscape more effectively. At a high level, SPO describes the strategies implemented by advertisers, agencies and/or Demand-Side Platforms to create the most direct, trusted, verified and efficient paths to a publisher's inventory. Following are some of the most commonly cited challenges and corresponding solutions.



Managing Broken Transparency

The statement that the supply chain isn't transparent is most commonly used in reference to fees or "take-rates" between supply chain partners, but can also be used to refer to the transparency of where the ads are displayed.

Key Points to Consider:

- Supply chain fees have been heavily scrutinized for years. As such, disclosing fees has become commonplace, especially on the buy-side of the supply chain. There are 2 points in the supply chain that are either not visible or not easily visible. The first is between the DSPs and the SSPs where on many platforms they are completely hidden. The second, being between the SSPs, Networks, and Publishers. These fees are not always publicly available due to contractual agreements but increasingly they are being exposed.
- When the DSP and Exchange (SSP) are owned & operated by the same company, there is a possibility that their own supply is prioritized over other exchanges. This has created another area of opaqueness in the supply chain where proprietary algorithms are making decisions without a lot of input or controls available to buyers. Some supply partners have added additional controls to manipulate or even turn off some of these algorithms to regain control and allow for testing.

"Supply & demand owned by the same company creates opacity."

- In 2017, blockchain was the shiny object to help create an immutable ledger within the programmatic ecosystem. Significant challenges in the speed of blockchain still prevent 100% of real time impression analysis to be recorded; however, aggregated data can be used as a proxy. Depending on the programmatic platforms you're working with and the buying strategy, it is possible to expand transparency controls within the supply path to include SSP and publisher details. This approach however, may incur additional fees for data collection and analysis.

#1

Managing Broken Transparency

Each participant in the digital advertising marketplace plays a critical role in creating a fair, open, and transparent supply chain. To achieve a truly transparent supply path we need collaboration from all players.

AdTech Vendor Best Practices

- Prioritize IAB Tech Lab standards and enrich the bid request with the appropriate information so the buyer can make more informed decisions.
- Create levers for self-serve buying that support supply transparency efforts at the advertiser level.
- Surface additional data to allow for a more thorough audit of the supply path and remove the need for agencies to analyze log-level data across multiple platforms to answer basic questions.

Publisher Best Practices

- Offer curated supply through direct buyer relationships (Programmatic Guaranteed, Private Marketplace, etc.).
- Accurately input and update ads.txt and app.ads.txt files.

Buyer Best Practices

- Vet each vendor in the supply chain to understand technical capabilities and nuances.
- Be pragmatic about the vendor selection and activate on SSPs and Exchanges that have been thoroughly vetted and meet necessary levels of transparency.
- Address the inventory source, and if the inventory can be validated via ads.txt and sellers.json.
- Implement supply chain controls such as exclusion lists, ad verification vendors, and the ability to control the SSPs activated.
- Increase the standards for your activation platforms. Require your DSPs to innovate and provide levers and reporting to facilitate SPO needs. For example, the IAB has created a number of solutions that can be adopted to assist buyers, but many of those have not been deployed across the marketplace to make them accessible or available as standard fields in the bidstream. The solutions include levers such as Supply Chain Object and Demand Chain Object which are intended to bring transparency to the supply path.

#2

Overcoming Complexity

While the media supply chain is complex, to some extent this complexity is essential for agencies to have the degree of control and flexibility they desire for buying. There are ways to reduce some of the complexity, but the industry has additional work to do to make it easier for all.

Key Points to Consider:

- We don't have a perfectly linear supply chain. For example, the same publisher's inventory can be purchased through multiple exchanges. This can help publishers monetize their inventory but makes optimizations difficult and may lead agencies to take a broad sweeping blocking strategy, because precise control isn't available to them.

"Multiple ways to access the same inventory creates challenges in supply path optimization."

- Publishers want to make their inventory more accessible while agencies want better controls over their buying practices and advertisers need more options for understanding and targeting the correct audience. Add to all these wants the collective goal of doing this within a fraud-free, brand safe, and viewable way with all possible forms of measurement available and you get the complexity we have today.
- Technology partners such as SSPs and DSPs are incentivized through advertiser investment to improve the quality of the inventory that flows through their platforms. We have seen a lot of consolidation across the industry through acquisition and partnerships which can simplify the supply chain but can also create additional challenges with fee complexity and transparency.

#2

Overcoming Complexity

Agencies and advertisers can follow the guidance below to ensure complexity is reduced, where possible, along the media supply chain:

AdTech Vendor Best Practices

- Work with trusted partners with established integrations. This can simplify reporting, analysis of inventory and aid in optimization and monitoring.
- Use MRC (Media Rating Council) accredited platforms.
- Evaluate the measurement and targeting needs of your campaign. Based on campaign objectives, choose ad verification and measurement partners who will ensure you can measure the success of your campaign.

Buyer Best Practices

- Understand the limitations. Even log-level data analysis across all partners will not display a complete picture of the supply chain as some players will not disclose all data and in turn fees. This leaves gaps in the data that make comprehensive analysis inaccurate. Knowing this, work with platforms that allow for greater buyer controls.
- Work with partners who reimburse for fraud.
- Coordinate with investment teams to remove publishers from both IO based buys and programmatic buys if they are not meeting established goals.

#3

Curating Quality Inventory

There is a lot that can be done to curate supply. However, the amount of effort required to do so can hinder the efficiency of programmatic buys by increasing the time it takes to launch campaigns or by increasing inventory costs. At the most extreme end of the spectrum, inventory can be bought via programmatic guaranteed or private marketplaces, but a mixture of tactics can also help to add additional controls to supply.

Key Points to Consider:

- Advertisers, agencies, publishers, and tech partners all have methods of curating media supply. Coordinating with all sides will lead to the highest quality inventory.
- Advertisers and agencies should set up their own audits and filters to ensure that the supply they use meets defined success criteria.

"If done right, programmatic supply curation is one of the most powerful levers available to marketers."

- Advertisers and agencies can gain better control and visibility by carefully selecting the SSPs and publishers they work with.
- It is also important to add additional ad verification safeguards when buying on the open exchange.

#3

Curating Quality Inventory

AdTech Vendor Best Practices

- Include tools and processes to review, remove and monitor low-quality or harmful inventory from the supply chain.
- Provide additional features to allow for supply pathing management.

Buyer Best Practices

- Implement an agency-wide SPO model to evaluate multiple routes to sourcing inventory from a publisher and selecting the one which best aligns with program goals.
 - Choose your mix of buying methods: Direct, Private Marketplaces, Programmatic Guaranteed, and Open Exchange.
 - Align on Third-Party Ad Verification Partners.
 - Curate an agency-wide inclusion list.
 - Understand supply tools provided by your DSP platforms such as: Ads.txt decisioning, bid optimization tools, and SSP selection within DSP platforms.
- Include enforcing accountability of ad quality with supply partners through a well-thought-through MSA and commercial framework.
- Create an ongoing training curriculum for the media team and organization.

#4

Dealing with the Realities of Fraud

Fraud hurts the entire media industry and it isn't going to go away. As the more common forms of fraud are easily detected and eliminated, more sophisticated attempts emerge. It takes an ongoing concerted and collective effort to attack fraud from all players in the ecosystem.

Key Points to Consider:

- Extensive work has been done to reduce the amount of fraud in the ecosystem. However, a lot of the responsibility still falls on the agencies and advertisers to invest in ad verification solutions, monitor for fraud and optimize accordingly. Technology vendors should first and foremost be focused on not allowing fraud into the ecosystem so advertisers and agencies don't have the expense and resource drain of managing and policing it.

**"Take active control of your media.
Good intentions and even good partners don't
replace the need for diligence."**

- Fraud schemes are often detected after they have been running undiscovered for some time. Ensuring quality partners who are willing to reimburse for detected fraud is the last resort but should be a requirement.

#4 Dealing with the Realities of Fraud

AdTech Vendor Best Practices

- Deploy a combination of methods to combat fraud. DSPs often partner with companies like HUMAN, a leading anti-fraud vendor, to protect against invalid traffic. In addition they deploy their own fraud detection methods and create global IP exclusion lists.
- Use an Ad Verification partner that offers measurement and blocking capabilities.
- Work with MRC accredited partners.
- Partner with platforms that reimburse for fraud. Confirm that they reimburse using the advertiser's chosen ad verification solution.

Publisher Best Practices

- Find publishers that adhere to the [Global Alliance for Responsible Media \(GARM\) Brand Safety + Suitability Framework](#).
- Work with publishers that allow ad verification solutions and measurement tools to be used on their properties.

Buyer Best Practices

- Address fraud, brand safety and suitability in all the pre-bid qualifiers.
- Only buy ads.txt authorized supply and app-ads.txt for mobile.
- Avoid open exchange buying for CTV as fraud controls are not as mature.
- Engage with innovative solutions like third-party data scorers for location and demo to validate the accuracy of purchased data.
- Lay out a plan of action for measuring performance, safety and suitability and a process for how plans should be adjusted if certain benchmarks are not achieved or maintained. For example, if a publisher is not meeting the benchmark for brand safety, there should be a plan to reallocate the budget to other publishers exceeding the brand safety standard.

In Closing

It takes a high degree of cooperation and collaboration between industry parties to smooth out the supply path. Today and likely for the foreseeable future, competing interests and technologies will leave programmatic experts as the best solution for advertisers. The degree of control will continue to shift in favor of the advertiser but we don't foresee that progress coming in dramatic leaps. Programmatic teams that fully understand the ecosystem and the tactics that can be leveraged will continue to optimize towards the highest quality, fraud free and transparent inventory. By investing in supply partners who are willing to go the extra mile, the speed of change will accelerate for the benefit of the entire ecosystem.

The 4A's Media, Data, and Technology Team thanks the 4A's Programmatic & Automation Committee and our media, data, and technology partners for their contributions to this paper.

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