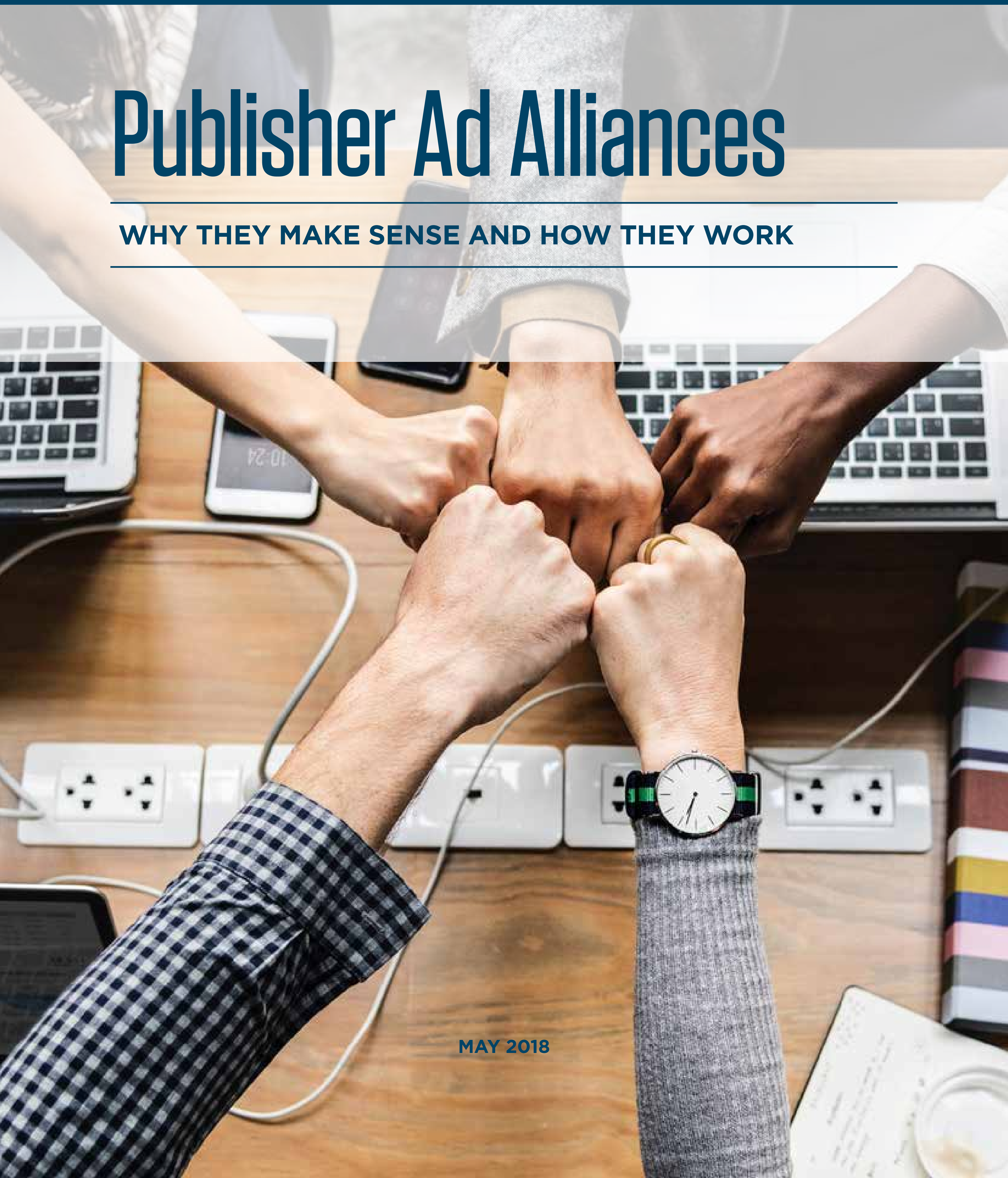
WAN-IFRA | REPORT

Publisher Ad Alliances

WHY THEY MAKE SENSE AND HOW THEY WORK



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PUBLISHER AD ALLIANCES –
WHY THEY MAKE SENSE AND HOW THEY WORK

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Why should you read this report?

This report is for publishers and associations considering starting or joining an advertising alliance – or perhaps refining an existing alliance. It offers case studies and best practice, and asks the essential questions you need to make it work.

As we write this, we feel the seismic impact of GDPR on the programmatic ad business. It's never been more important to share learnings and act together. The big tech players can leverage the economies of scale that come with a global footprint, and take a strong negotiating position with national publishers.

So do we foresee a global ad alliance? No. But there will be several cross-border alliances, especially with cross-industry ventures like Verimi in Germany that bring together global banking and telecoms players to offer a single sign-on.

We have chosen five alliances to focus on in this report because they highlight the variety of different types of partnerships. For example, 1XL is made up entirely of most of the UK's regional newspaper groups and operates nationally, whereas the Pangaea Alliance has only one traditional newspaper member, The Guardian, and operates internationally. Buymedia comprises all the media in Belgium and has now created a similar venture in the Netherlands. US-based TrustX, as mentioned earlier, is made up of members of the DCN trade association. KPEX is made up of four of the largest publishers in New Zealand and includes companies that variously own print, digital, TV and radio media.

We hope these profiles will encourage more discussion and investigation of publisher alliances. Above all, at WAN-IFRA we want to start a conversation – among publishers, associations and alliances. How can we make it as easy as possible to buy premium brand-safe news media inventory at scale?

If you're keen to join a roundtable on the topic, then get in touch!

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Executive Summary

United we stand

Advertising alliances like to talk in analogies: KPEX (Page 24) is "a lake, not an ocean," while both buymedia.be (Page 16) and TrustX (Page 20) are described as malls, as "one-stop shops" for ad buyers. If we can advance our own analogy on the current state of global advertising alliances, it's that **individual publishers who have been pedaling uphill for the last few years have found it is easier and mutually beneficial to ride as a team**, drafting with one another to reduce the strain.

Play to publisher strengths

The most prominent cause for the formation of alliances is that **publishers and media companies have realised that the undifferentiated nature of how digital ad space is valued and sold played against their biggest strengths**. While turning on the programmatic tap was a ready source of revenue, it was ultimately an insufficient source of cash on its own to be worth the problems associated with brand safety, and ultimately drove CPMs down.

One-stop shop

The second cause is that publishers recognise **the need to deal with advertisers on their terms**. The vast majority of the interviews we conducted mentioned that the purpose of the co-operative was 'ease of buying at scale'.

Changing buying behaviour

The third primary reason for the alliances is **the potential for reformation of the digital ad space**. TrustX's CEO David Kohl, for instance, said that particular alliance's goal is to create a new buying behaviour among advertisers – a premium behaviour that sits alongside the Facebook-buying and Google-buying behaviours.

Organic alliances emerging

Alex DeGroote, a media analyst at Cenkos, formerly at Peel Hunt, notes that many of those trends are occurring across the industry irrespective of the language publishers use to describe themselves. He points out that the need for some degree of scale is vital, as advertisers have become habituated to the dramatic size of audiences that can be reached on many digital marketplaces, so **"de facto alliances" are arising even if they don't necessarily describe themselves as such**: "[Advertisers] would want the newspaper world to present a coherent alliance to have for one buying partner. You're getting de facto alliances – Trinity's acquired the Express, so that's a de facto alliance: Trinity will now pool its advertising with Northern and Shell."

Managing challenges

Even with the security of an alliance, there are still significant headwinds in the digital advertising space. **Managing those macro challenges, in addition to the micro challenges like managing individual publisher expectations, are set to be the focus of most alliances' first few years**.

Similar origins, different goals

Although the alliances share similar impetuses for their existence, **each one see its ultimate goals differently**: While nation-specific alliances like KPEX are in service of growing the reach of the network within the territory, buymedia.be and Pangaea are looking to grow through expansion into new countries. TrustX, by contrast, ultimately sees its goal as improving the ad ecosystem, even if in achieving that, it ultimately undermines its own position. Constant, seismic shifts in the ad industry – like GDPR – are likely to cause further divergence as each alliance reappraises its own position.

Introduction

Scale, simplicity, revenue – what's not to like about ad alliances?

Publisher alliances, especially those formed around advertising, have become increasingly popular in the past couple of years. In fact, as we were entering the production stages of this report in May 2018 at least four new alliances launched – two in Asia, a third aimed at making it easier for magazine publishers to sell national ads in print and online, and most recently, three UK sports publishers said they were going to start pooling some of their video inventory.

Early this year, we started talking with the people behind some of the alliances that had been around for at least a year or two to get a better understanding of how these partnerships work, how they got started, what challenges they've faced, what kind of results they are getting and how they see themselves developing going forward.

In this report, **we focus on five main alliances from around the world that we felt have the most to offer other publishers who are considering following in their footsteps**. In addition, all of these alliances have largely been around at least a couple of years and appear to be doing well financially.

Why ally?

The big decline: A key reason for the creation of many, if not most, publisher alliances today is very straightforward: the ongoing steady decline of print advertising and disappearance of classified advertising are putting increased pressure on news publishing companies everywhere to actively seek out opportunities to boost their digital advertising revenues, even if that means collaborating with other publishers that they've traditionally regarded as competitors.

Yes, the duopoly, but also…: Joining forces to better compete with the duopoly (Google and Facebook) is another reason for publishers to come together, but it's also just good business sense to try to make it faster and easier for agencies or brands to buy advertising across a wide range of news titles to reach their desired target group(s) to the benefit of everyone involved.

Greater scale: As Daniel Spears, the programmatic director at Guardian News & Media, which is part of the Pangaea Alliance, told us: "The main advantage of being part of the alliance is that by working with partners we are able to offer a broader range of specialised audience segments at a greater scale than would have been possible on our own. This means we have opened up a new source of programmatic revenue."

New revenue: Likewise, Morgan Stevenson, Director of SME Solutions at Newsquest in the UK, which is part of the 1XL publisher cooperative, says: "I think you can

“I think you can find some fantastic new opportunities and real incremental revenues.”

Morgan Stevenson, Director of SME Solutions at Newsquest, UK

find some fantastic new opportunities and real incremental revenues. It isn’t robbing what you’re already doing, I can assure you that. It’s new revenues. It’s revenues that people are not spending with you because they don’t see you as something big enough.”

In addition to ease of scale buying, publisher alliances frequently point out several other core benefits they can offer advertisers. Chief among those are premium options and brand safety.

Putting premium first: Fiona McKinnon, General Manager of the Pangaea Alliance, whose members include CNN International, The Guardian and Reuters, stresses the need for premium options that are unique to the alliance, saying that a reason some other publishing partnerships have not succeeded “is that they don’t offer anything different to the market than what you can get from just going directly to the publisher.”

Adds Sean Ter of the recently launched MPPM alliance in Malaysia, which represents the nation’s top eight digital publishers, including the Star Media Group, Guang Ming Online and China Press: “Basically, if advertisers advertise with MPPM, they will get more premium ad inventories offered by MPPM which will not be made available on the open exchange, such as premium ad formats that can further reach a wide range of audiences and inventory assurance that the brand will not appear alongside inappropriate material.”

Brand safety

The issue of brand safety rose to critical importance during the spring of 2017 when a number of major global advertisers discovered their ads were appearing next to extremist or offensive content on YouTube. The fall-out was extraordinary as more than 250 major brands including McDonald’s, AT&T, Adidas and Johnson & Johnson suspended their advertising on the platform.

Likewise, the increase of “fake news” during the past couple of years has led to similar ad placement concerns on other platforms, such as Facebook, as well as many websites.

Newsquest’s Stevenson sees this issue as a crucial one for publisher alliances: “There’s a real opportunity to come together and create this fantastic safe environment for buyers to tap into audiences that are unique to premium publishers. That safe environment is a great opportunity for those buyers – make their life easier, make it more transparent, make it so they understand the value of what they're buying."

Adds Jason Kint, CEO of Digital Content Next (DCN), which runs the TrustX alliance (see page 20): "At its core there is an issue of trust in the marketplace that's intersecting with the advertisers, the publishers and the consumers, and it's certainly inspiring the discussion of alliances."

Challenges

A more defensive reason for banding together, as well as a major challenge for alliances, is indeed the Google-Facebook duopoly's dominance of digital advertising.

For example, the duopoly's share of online advertising worldwide jumped from a combined 47 percent in 2012 to 61 percent in 2017, according to a Business Insider article from late last year, which also noted that the two companies now account for 25 percent of all advertising sales – both online and off.

However, the duopoly is showing signs of waning, at least a little. An eMarketer article in March 2018 estimated that, "The two companies will capture a combined 56.8% of US digital ad investment in 2018, down from 58.5% last year. These figures have been adjusted downward, as smaller players such as Amazon and Snapchat are experiencing faster-than-expected growth. Importantly, Google and Facebook's share of new digital ad dollars is declining as well. This year, they will garner nearly 48% of new expenditures. By comparison, that figure was nearly 73% in 2016."

While Amazon and Snapchat seem to be benefiting the most at the moment, as the duopoly's market share is reduced, the far greater size and scale that publishers are able to achieve when they join forces should also improve the opportunities for alliances overall.

Patience: Publishers forming an alliance should also expect it to take some time. **We found it's common for an alliance to take a year or more to move from inception to launch**. The reasons for this are manifold, but a common factor was technology issues.

For example, discussing the Pangaea Alliance at our Digital Media Europe conference this April, McKinnon noted that it took them "quite a few years just to be able to incorporate technology across multiple partners. I often say that it's a little bit like moving house every time you want to rearrange the furniture: **If getting one publisher to do anything takes a long time to get through the technology and develop the process, try getting several of them to do it all at the same time**."

Says Newsquest's Stevenson: "The massive challenge is to get the ad stack optimised. That's massive – 30 publishers, potentially one or two will be for ad service. That becomes a challenge for the sales team: how to optimise one campaign across 30 different platforms. We've started huge amounts of plumbing work to try to unify our ad technology to make it easier for them."

Co-operative comes first: Another major challenge can be getting individual publishers to make concessions necessary for the good of all the partners.

"It's really difficult for a publisher to make internal sacrifices for the benefit of the co-operative," Stevenson says. "I'd say that's the biggest mental challenge for a publisher that goes into this. It's not impossible. It's just that many times you have to take your publisher hat off and think about the greater good – because if you want to drive those national revenues, you have to the ability to make those decisions that make it easier for a national sale to happen.

"And we have to share those insights," he adds. "We have to let those walls come down a bit because in my view, those 30 publishers are not my competition anymore: It's Google and Facebook. So the more I can collaborate with

> **“There is a really simple KPI that the entire business is focused on: revenue per thousand page views.”**
>
> Scott Gill, Managing Director, 1XL

them and share what’s working in the hope that they make their site perhaps as good as mine, or I can learn from their site, all I’m doing is making it easier for a buyer to think of our network as a better option than somewhere else.”

Measuring success

So what does success look like for an alliance, or for each publisher involved? Obviously the actual revenue they return to their publisher members is the top KPI.

For example, over the last financial year, **KPEX in New Zealand delivered around 40% year-on-year growth for its publisher partners**, according to Rogan Polkinghorne, KPEX sales manager.

However, there are also several metrics some alliances use to determine how well they’re doing. In the end, however, it all boils down to growth.

“We are completely, 100% focused on the number of transactions on the platform,” says Allan Segebarth, founder of Buymedia, an alliance that began in Belgium and has launched a second chapter in the Netherlands. “Success means we grow the number of transactions we can reach, and we’ll do anything to make that happen. That’s where our focus is. We have a screen showing us the number of transactions per hour, per day, and when we see it dip somewhere, we go after it and call them and ask how we can help.”

For 1XL’s Scott Gill, “**There is a really simple KPI that the entire business is focused on, which is revenue per thousand page views.**”

Creating an alliance

If creating or joining an alliance sounds like a good idea, where should a publisher start?

First, you need to determine who your potential allies are and approach them.

Says Luís Nazaré, Executive Director of Portugal’s Plataforma de Media Privados (PMP), a collaborative institutional platform made up of the country’s six largest publishing groups: “If you want to try a project like ours, I would tell you first to get all those who want to go ahead really, truly involved.”

He then recommends establishing a very clear vision of what the alliance is for and what the partners want to get out of it. (See more of his advice for creating an alliance on page 34.)

Case Study 1

1XL – UK regional ad alliance even considers going national

1XL, the alliance of the UK's regional press, is the oldest one we investigated. Originally formed as Mediaforce Digital (and 1XL remains part of the Mediaforce Group), its origins date to 2007. Since 2015, it has united nearly all of the UK's regional newspaper groups for all national and international advertising sales.

- Shared costs for member publishers are based on a percentage of the revenue generated by 1XL
- Revenue share is based on which publisher serves a given ad
- Success is measured by the KPI of revenue per thousand page views
- 1XL also represents its members' interests to Google, Facebook and the UK government
- Has had talks with the UK's national titles to join forces with them

At a glance

1XL

Private marketplace or shared buying platform?
Both and more

Launched: 2007

Members: 28 UK regional newspaper groups (all but Trinity Mirror)

Scale: Reaching 26.4 million readers across 1,000+ news titles

Headquarters: London, with offices in Manchester, Edinburgh and Dublin

Managing Director: Scott Gill

Full-time employees: 24

Interview

‘We are an all-in or nothing-in co-operative’

Scott Gill

Managing Director
1XL

How does 1XL actually work?

In essence, we look after the monetisation for all of the publishers that are part of 1XL, so everything from Premium Direct to IO (insertion order / purchase order) and sold business, which is obviously increasingly rare nowadays, through to the management of third-party intermediated revenue, the likes of Teads or Taboola.

We manage all of those negotiations and executions across site, as well as programmatic and Tier 3 revenues. This includes everything from setting up the header bidding, impression flow, through to setting the price floors for every single one of the demand partners we work with, through to setting up private marketplaces, communicating with publishers on how they should change the positioning of advertising on page in order to enhance the desirability of the formats that they host.

We do not monetise for them for local advertisers at all. They still do that entirely themselves. The local hairdresser or whatever, that's done in-market, at the local level, where it needs to be done. We look after everything that isn't local.

How much regular contact do you have with your publishers and how involved are they?

We have daily contact with publishers for various things. The main touch points are around technology, integration, revenue reporting, pipeline reporting and updates on issues like ad security, viewability, and anything that is affecting the monetisation picture. That applies more to the bigger publishers in the co-operative. There's 28 in total. Two of them are very big, a third is pretty big, and the remainder are medium-sized covering different areas of the country.

In terms of formalised contact, there's a quarterly board strategy meeting that I chair, which involves bringing key stakeholders together and reporting back on the strategic initiatives that we've had in play and the success or otherwise of those, and talking about the overall revenue picture for all the publishers.

Do you characterise 1XL as a private marketplace, shared buying platform or both?

I would say that we are both and much more because we're not just a piecemeal solution for publishers. We're not an experiment in collaboration. We are an all-in or nothing-in co-operative, and the way we're run, the accountability we have to publishers, reflects that.

There is no other way of finding yourself on a Johnston Press website other than through the team that works in 1XL if you are a national or global advertiser, or someone intermediating on behalf of that revenue to the publisher. You have to come through us.

I would say we're the most endemic publisher co-operative, certainly that I'm aware of, anywhere in the world.

What were some of the main challenges you had in setting up 1XL, and what are some of your ongoing challenges?

It happened really iteratively. Originally, I set up Mediaforce Digital in 2007 in collaboration with the senior team. Initally, it was representing the interests of Johnston Press. They were the founding element of that business, then more publishers joined.

There were probably 10 or 12 publishers subsequent to us, generating some quite impressive revenue increases, that joined as well. All of those were local and regional news publishers. There was then some consolidation with the acquisition of what was called Northcliffe, under Daily Mail Group, by Local World. And subsequent to that, we won the contract to digitally represent Local World as well.

But first, we lost Local World as a client for six months to do some due diligence around who was making the best revenue returns from their digital assets in the local news media space.

What that due diligence process found, which was undertaken via an independent consultant, was that **Johnston Press and its peers under Mediaforce were making twice as much money as everyone else.**

It was then put forward that we should orchestrate and organise the publishers, or at least try to, and that they were prepared and willing to be orchestrated and organised into a single coherent entity.

That process probably took 10 months and involved pitching to CEOs. There was a discussion about the management structures that should govern this new enterprise that was created. And then obviously there were some conversations about the ownership structure and also how Mediaforce, as a service provider to 1XL and a shareholder, should be remunerated.

At the moment, we're every single publisher in the British Isles, with the exception of one, Trinity Mirror. We did actually have Trinity Mirror sign on heads of terms [Editor's note: also known as "letter of intent"], but unfortunately they had a change of strategy at the 11th hour, and they didn't end up coming in. So, the process of setting up wasn't without casualties, but they were the only one.

It was a lot of hard work to draw people together despite some historic differences. We did it by reiterating the vision all the time, which was: Divided, the publishers were going to be steamrollered by the major global corporations that we all know – the duopoly – and collectively, **together in co-operation, the whole could be much greater than the sum of the parts**.

What is the share of cost for each publisher, and what are some of those costs (ad tech, etc.)?

It's simply a percentage of revenue generated – percentages would differ dependent on the channel through which the revenue arrived with the publisher, so it would be different for programmatic vs intermediated third-party revenue vs premium direct.

Is there anybody left for you to add?

Only Trinity Mirror. I live in hope that we'll have a productive conversation with them one day, when they realise that we are not trying to eat their lunch, we're trying to grow the pie.

What are some of the main developments of the past few years?

Revenue growth. Revenues have grown exponentially. **Johnston Press was performing very well to begin with, but they saw a 100% increase in the first year. This year, Newsquest will at least have doubled their revenues to around 135% growth.**

What we set out to do was to make sure that local and regional news media are taken more seriously than in the past. What we've tried to do to a degree is glamourise and make coherent the proposition that's taken to market, bring it into the 21st century.

1XL's data management platform collects:

Source: 1XL website

Up to **11** different data points per user per page

Across **153** million page views per month

Equating to **1.7 billion** data points – nearly a terabyte of data

Giving them access to a vast amount of third-party data, including:

18	Third-Party Suppliers
2,200	Segments
1.4 billion	Device IDs
1.6 billion	Matched IDs
4.6 billion	Unique Cookies

> **“What we set out to do was to make sure that local and regional news media are taken more seriously than in the past.”**
>
> Scott Gill, Managing Director, 1XL

We are at the table with all of the UK national news publishers who are naturally more glamorous as propositions – everyone knows who The Guardian and The Telegraph are. And we’re having some very meaningful conversations about further industry collaboration, how we might work together.

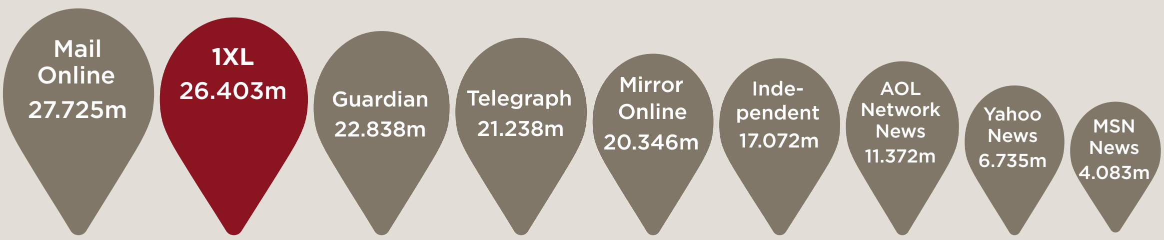
In terms of success, how do you define it? What’s a successful quarter or year for 1XL?

There is a really simple KPI that the entire business is focused on, **which is revenue per thousand page views**. If you try to just talk about outright revenue on a day-to-day or month-to-month basis with a publisher, you’re subjected, especially in the programmatic world, to the vagaries of the volume of engagement that they’ve seen from their users.

It’s been a bit of an education process around that with some publishers – that we need page views in order to give them bigger checks. The most succinct way to speak to a publisher that implicitly conveys the significance of them delivering audience is to talk about revenue per thousand page views.

We can’t control the engagement they generate – that’s entirely up to them as a publisher – but we can control the overall rate they get for each thousand pages they generate. What we encourage them to do is to put pressure on us each year to improve the revenue per thousand – the RPM – we generate from the sources we monetise to.

Scale in context: Competitive newsbrands



Source: 1XL website

How does revenue share work?

It's built upon who served the ad, usually, and who served the ad is usually ordained by who has the availability, so it's all quite straightforward really.

What can you say about how much publishers are reaping from this vs. from their own efforts?

We try to deliver the highest RPM for every publisher. There are obviously differences in the RPM that we generate for each publisher from month to month – January's good for some and not for others, and February is inversely the case – but it's not quite as straightforward as that.

Some publishers have challenges with their platforms, which means they can't be as agile about where they place their ads as we want them to be. So we tend to find the publishers who can respond most quickly to the advice we give them – whatever form it takes, and whatever it relates to. They tend to fare the best in quickly increasing their RPM, but every publisher gets the same RPM.

Is there anything else you'd like to add?

One of the most recent benefits that our publishers have been able to draw upon by being part of the 1XL cooperative is that we have been representing their interests to Google and Facebook and to government to a degree as well.

We've been putting pressure on Google and Facebook and government to regulate around the two of them – to help improve the dynamics of the display ecosystem, programmatic.

1XL's staffing and main jobs

"We have 24 full-time employees," Scott Gill told us, "and broadly speaking we're set up into four functions."

- **Direct Sales**, which incorporates creative solutions and the Native team.
- **Programmatic and Engagement**, which is in charge of achieving the highest possible yields from the auctions, which take place billions of times a day across our inventory
- **An intermediated third-party strategic partner revenue team**, which engages with the likes of Taboola and Teads.
- **Ad Operations and Technology**

In addition to those roles, Gill notes, there are admin, reporting and analysis duties that support those four functions.

For example, 60 percent of the revenue that the client tries to spend with us doesn't find its way to us because of all the different middlemen and fraud that takes place in between. One of our solutions to that is an inventory type marking system that we want Google to support, so in essence, not just local regional news publishers like 1XL but any established blue-chip.

Case Study 2

Buymedia.be in Belgium believes ad co-ops' future lies in licensing

Buymedia.be was founded in response to an RFP (request for proposal) from a consortium of Belgium's publishers for "a transaction platform automating or facilitating the transition of their most valuable digital advertising products."

- **Designed to allow all Belgian publishers to sell their quality inventory at scale through a single universal process**
- **Unlike most co-operatives, Buymedia.be operates on a licensing model rather than revenue sharing**
- **Founder and CEO Allan Segebarth believes a licensing model reduces friction for buyers and is the future of ad co-operatives**
- **Success is based on increasing the number of transactions on the platform**
- **Plans to release its first version of buymedia for print in October**

At a glance

Buymedia.be

Private marketplace or shared buying platform? Both

Launched: 2016

Members: All Belgian publications

Headquarters: Brussels

Founder and CEO: Allan Segebarth

Full-time employees: 16

Interview

'We just want to simplify the process and transaction'

Allan Segebarth
Founder and CEO
Buymedia.be

Take us through the journey of buymedia.be.

I founded the company AdLogix 10 years ago, which was an ad tech company, and we built a digital sales management solution, specifically for publishers to streamline and optimise their internal sales process. When we created the company, what we wanted to do was to create a marketplace, automating the transaction between buyers and sellers. It wasn't the right time to do it. Three years ago, I pivoted to the platform; I wanted to build that platform because in Belgium we've got a key opportunity to participate in an RFP by the publishers who wanted to have a transaction platform automating or facilitating the transition of their most valuable digital advertising products.

It was initially the media buyers who said to the publishers, 'If you want us to keep buying your most valuable advertising products, we don't want to buy with 10 different players, 10 different ways of buying, 10 different processes, no standardisation. It takes us too much time. Either you make it easy for us as a buyer to buy all your products, or it means putting everything into programmatic.' That was the initial question, and so the publishers proposed an RFP, presented it to a lot of international players, and also to us local players.

As it always goes when you have a lot of publishers or a lot of parties around, it was difficult to come to a decision. And so we said, 'OK, we have had this plan for 10 years. We know what we want to do. We'll build it with a few media buyers on board and with a few publishers to automate the process and validate the requirements. And once we're ready we'll show it to everyone, and if you want to join then you're more than welcome.' **In July 2016 we went live, then all of the Belgian publishers participated and all of the Belgian media buyers started using the platform**.

Would you characterise Buymedia as a shared buying platform or a private marketplace?

It is a bit of both. But it's really just a hub, a platform, whatever you want to call it. It's a gateway towards the digital advertising products of many different publishers. If you really want to, you could say it's a shopping mall and every publisher has a little shop in a shopping mall, and our job is to make sure the buyer finds his way to the shopping mall and has a very easy and efficient buying experience.

How many publishers are involved, and how involved are they?

We've launched in a second country [the Netherlands] a month ago, and in Belgium all of the publishers are participating. We have a quarterly meeting, a formal meeting where we discuss ongoing developments, where we discuss feedback, where we decide what direction

> **“We want to be the single gateway to local quality products, and that’s print, digital, maybe out of home, probably digital radio… it’s very clear positioning. We want to be in the licensing model.”**
>
> Allan Segebarth, Founder and CEO, Buymedia.be

we’re going to move forward, what does the market want, how can we complete the evolution of buymedia. **It’s a very collaborative model; it’s not a rev-share model, it’s a licensed model. It’s financed 100% by the publishers, so it’s completely free for the buyers**. They get access. They get training. They get whatever they need to use the platform for free. And it’s the publishers who finance the operation. We’re not interfering in the revenue or the commercial deals, we really want to position ourselves as being a gateway, almost the third screen you have with media buyers, where they have one gateway to all the local quality advertising inventory of the market.

That’s the way we entered the Dutch market, too. We said, ‘You have the same problem as a buyer. You have 12 different quality or large publishers or content creators. And if you want to buy something with them, it’s either programmatic – which you can do very easily and access everybody’s inventory – or a part of the inventory. But if you want a guaranteed product, a very high quality product, you need more of the direct deals. You need to call 12 different people.’ We have the same third-screen approach in the Netherlands, and we’re moving into other markets, too, with that positioning.

Do you think it’s fair to say that the problems that led to the formation of buymedia are the same for markets outside Belgium?

I think so, because we’re moving into those markets with exactly the same positioning and addressing the same problem. The interesting thing is that the Dutch market and Belgian market are by nature very different, although there are some of the same shareholders, but the digital advertising market is very different. It’s a lot more programmatic. One of the things we hear very often from the buy side is that they spend a disproportionate amount of money with the major international platforms – one of the reasons being that it’s so damn easy to buy with them.

That’s true, but another factor is that it’s been easy to buy with Facebook, with Google, with LinkedIn… Anyone can do that and you can spend a billion euros in five minutes. Do you want to spend a million euros in direct deals with publishers? Good luck! You’ll be working a full day.

What were the challenges in setting it up? And what are the ongoing challenges?

It’s a problem of the chicken and the egg. Conceptually, everybody agrees that it makes sense, and if you show the platform nobody says, ‘Well, it’s too difficult,’ or, ‘It makes no sense.’ **The major problem we have is to align different publishers to do this together.** It only makes sense if you do this with enough publishers on the platform, and that’s why it’s chicken and the egg.

The publishers say, 'Well but how sure are you that the buyers are going to use it?' and the buyers say, 'Well sure, but how sure are you that there's going to be enough inventory?"

Once you're rolling and in operation, then it needs to build up, and publishers have this classical resistance to change that you need to break through. On top of that, publishers need to present this solution to the buyers as being the preferred way of transacting these types of advertising products. Some publishers do 100% of their direct deals with some buyers, and in other cases it's a lot lower. But it just proves that it works, that it creates value for both sides.

There is still resistance to change, and we're working on that. On one side we're a development company and on the other side we're a training and development company. You need to discuss with a lot of people, you need to be on the right level to show that it is beneficial for both sides of the market by doing this. It's a long play, and it really took us a year and a half in Belgium, nine months in the Netherlands, and probably less but still a few months in the next country, to align those different concepts, those different ideas. Ultimately, with the case of Belgium a lot of the buyers are international players, so they can now fall back on a year and a half's worth of experience.

How do you measure success?

We are 100% focused on the number of transactions on the platform. **Success means we grow the number of transactions we can reach, and we'll do anything to make that happen.** That's where our focus is. We have a screen showing us the number of transactions per hour, per day, and when we see it dip somewhere we go after it and call them and ask how we can help. In two years time, we want 80% of direct deals to be transacted on the platform, and we'll reach that in Belgium for sure.

And, of course, since we've been doing this for a year and half in Belgium, in the digital world, we now get a lot of requests to also do that for other media types. So we're now in the process of doing the same thing for print products. In October we'll release the first version of buymedia for print, which will be inside the current product, but it will allow the media buyer to buy digital advertising products and print advertising products with exactly the same inputs.

The weird thing is that it's not rocket science what we do. We just want to simplify the process and simplify the transaction. What we do is not different in the Netherlands, but in a lot of ways the print knowledge from the buy side is disappearing and is being replaced by young people with digital-first experience. Our most valuable products are still our print products, and that's what we're doing now.

We want to be the single gateway to local quality products, and that's print, digital, maybe out of home, probably digital radio... it's very clear positioning. We want to be in the licensing model.

Why go with a license model?

We are lucky enough to be auto-funded. I believe in the long term the best way is the license model, because publishers are sick of revenue sharing. **Everyone is taking rev share, and you get these crazy numbers in the Netherlands where Vodafone spends $100 on digital advertising and $32 of that comes on the publisher side, with all the rest gone on the middle man, and that's not a viable option any more.** I know on your P&L in the short term, the best way to go is to go rev share. It's easier to start because you take all the risks – that's one of the reasons it took us more time, because obviously we're saying to these publishers, 'You need to pay a decent amount of money as a license, but in return we'll provide you full service,' whereas at that moment there hasn't been one transaction done. So that was a giant leap of faith that the Belgian publishers took.

Case Study 3

TrustX – trade body-backed, not-for-profit aims to raise industry standards

Owned by the Digital Content Next (DCN) trade association, TrustX was formed in a bid to bring more transparency to online advertising. its members are some of the best-known media brands in the USA. One of its stated goals is to change the industry to get buyers to think about premium as a category.

- **TrustX is purely an exchange, and member publishers are expected to commit a certain amount of inventory**
- **Costs are funded by DCN as well as by partial revenue share**
- **TrustX plans to do real experiments buyers and sellers want, such as examining the value of time-based measurement**
- **Its 35 members include such brands as The Washington Post, ESPN, Conde Nast, Hearst, Vox Media and more**

At a glance

TrustX

Private marketplace or shared buying platform? Marketplace

Launched: 2016

Members: 35 premium publishers (22 live and trading when this interview took place)

Scale: 250 million unique users

Headquarters: New York

President and CEO: David Kohl

Full-time employees: 3

Interview

‘The long term is that we actually create a new behaviour’

David Kohl

Founder and CEO
TrustX

What was the path to the launch of TrustX?

Initially, my thinking was that the business itself was going to be a data co-operative for trusted companies in the ecosystem. What we would be doing is sharing signals about what’s fraud and what’s not fraud, so that we could all eliminate fraud in particular from the ecosystem. That was a noble cause, but the thing that was lacking, or what was part of the problem, was that I was coming up with the idea just as companies like Moat and White Ops and IAS were beginning to deal with the same exact problem. So I couldn’t quite convince everyone that a co-operative was the right solution.

I took a step back and said, ‘Let’s assume that these great fraud companies actually do their job. Is there an alternative way of coming together that still cleans up the supply chain?’ and so within that second iteration **I realised that yes, it’s actually about creating a market and the second thing I realised is that when you create a market you need an instant critical mass.** What’s a better way [of doing that] than going through a trade association where all their members are complaining about the same thing?

It was a combination of the business model itself – a market – and going to a trade body that changed it from a struggle to get everyone to jump in the pool to an instant, ‘Yes, that’s the right answer.’

Other interviewees have mentioned a chicken-and-egg problem with launching. Was that the case here?

Same exact problem. I was of the belief that you need to stock the shelves before a buyer comes in, and I used the metaphor: I said, ‘Imagine you have a big, beautiful new store. It’s super clean, everyone wants to shop, and on opening day all the buyers come in and there’s no product.’ It took reiterating that metaphor of every store in the world, no matter how gorgeous, has to have the inventory, and it took months, but we finally... picked up speed very dramatically where the sellers realised they have to open up the kimono. It helps that headers exist, so header reduces the risk. When you have header technology we can place TrustX in the header and the only risk to the seller is some technology cost and some latency on the page.

Once we had the sellers, the buyers came on board.

One of the biggest ongoing challenges elsewhere is group-think among the partners. How is TrustX dealing with that?

One of the things that we chose to do was treat TrustX purely as an exchange, so we aren’t reselling our pubs; they only have to commit a certain amount of inventory, although we’d like

TrustX members

them to commit more. But at the end of the day, what keeps us out of the channel conflict is that publishers sell direct, they sell PMP, and then the full exchange is separate for them. They don't deal with it. We said, 'We're not going to conflict. We're not going to do anything in your private marketplace. We're not going to sell anything. We're just helping bring demand into this open exchange,' and it's working that way.

It's not been this problem of, 'I've got a big sports publisher,' or a big affinity publisher or big general news publisher, and they're all worried. They're all inventory... so everybody gets whatever buyer wants to buy audience in their environment. There's no feeling of who's on top or who's better; it's just an exchange.

Other than headers, what made publishers and buyers realise now was the time to get involved with TrustX?

At the same time we dropped inventory in the header, we also moved the exchange to first-price option. You probably remember last fall Guardian News & Media sued Rubicon, and the suit was Guardian was buying its own inventory second-price and clearing $2, but actually getting paid $1. I think we could have A/B tested it, but we said we're going to move to first-pay option at the same time we started getting publisher inventory up through the header.

Both things seemed to really have an effect; you got publisher volume, which gave buyers confidence in the scale and diversity of the marketplace, and we were addressing this dark mystery about second-price.

What does success, on a half-year, to a year, to five-year basis, look like?

In the short term, it's still tactics. I need to create more volume and buying in TrustX. Our purpose is really to change an industry. We didn't create a market for the market. We created a market because we wanted to have enough scale that premium buyers and sellers could look at what they're doing in TrustX and say, 'If it happens in TrustX that way and it's a good thing, I should be able to get that same experience over there.' We don't need to be huge; I'm not looking to put anybody out of business. **I just need to be big enough that when we do something right in TrustX, both buyers and sellers say that's projectable.** So we don't have quite that level of scale yet, so my short-term is just... continuing to build enough buyer and seller behaviour in TrustX so that we look similar to what the open market looks like in terms of volume. Those are the next few months.

Step two is we start to do real experiments that buyers and sellers want. As an example there's been a lot of talk about the value of time-based measurement. We should be able to do that in TrustX. We should be able to do experiments like that and others. That's my mid-term, is we're experimenting in this marketplace with things that are valuable to buyers and sellers.

> **“The simple analysis would be that what we’ve watched is scale with ease of buying win out over quality and context in environments over the last few years in favour of efficiency and cost reduction.”**
>
> Jason Kint, CEO, Digital Content Next (DCN)

The long term is that we actually create a new behaviour. In programmatic there’s a Facebook behaviour for buying, there’s a Google behaviour, and then there’s kind of like everything else. I’ve done my job when buyers think about premium as a category. So that there’s Google behaviour and Facebook behaviour, premium behaviour, and then everything else.

Who’s bearing the cost of those experiments?

That’s a good question. The core of the marketplace is fully sell-side core funded. The publishers are our funding partners. There’s no equity; we don’t have an equity play here, there isn’t someone who owns us. We’re owned by DCN, who fund us but we take a revenue share, and we have some publishers who have a higher revenue share in exchange for some long-term benefits. Our model is designed to give publishers who believe in us the opportunity to put some capital in and get some benefit later.

Short-term, our marketplace is funded by this trade. When we get into actual experiments, we are looking for skin in the game from both sides of the equation. So, for example, on that one thing I just described, we have an agency who’s motivated to work on that with us, and they have committed to a certain amount of media buying that they will put through the marketplace and do this experiment. We know there’s a certain amount of revenue. The second thing is, we’re going to co-fund the empirical data on response rates.

One of the primary reasons TrustX was created was to bring more transparency to the complicated online advertising ecosystem. Source: TrustX website

Case Study 4

KPEX – New Zealand co-op moving beyond proof-of-concept phase

The catalysts for New Zealand's KPEX partnership were the recognition that digital budgets were moving to programmatic and the desire to compete better with the duopoly in terms of reach. Its goal is to allow buyers easy access to an entire verified marketplace, circumventing issues of lack of accountability on the wider programmatic market and maintaining the quality of inventory on offer.

- KPEX is agnostic in terms of how buyers choose to access their inventory, operating as both an open exchange and PMP
- KPEX takes a percentage of gross revenue to fund the business
- Revenue is allocated to partners based on how much of a publisher's inventory sold and at what price
- Success for KPEX is based almost entirely on revenue, and reaching regular targets

At a glance

Kiwi Premium Advertising Exchange (KPEX)

Private marketplace or shared buying platform? Shared buying platform

Launched: 2015

Members: 4 shareholding partners (NZME/Stuff/Mediaworks/TVNZ) and 5 additional partners (Allied Press, Tangible Media, Sun Media, homes.co.nz, Allure Media)

Scale: 3 million unique users

Headquarters: Auckland

CEO: Simon Birkenhead

Full-time employees: 5

Interview

'We reach more New Zealanders than Facebook does'

Rogan Polkinghorne

Sales Manager
KPEX

What is the history of KPEX?

We're jointly owned by four of the largest publishers in New Zealand, so that's NZ.me, Stuff which was formerly Fairfax, TVNZ and Mediaworks. Between those four, there's a real mix of legacy platforms. NZ.me and Stuff are very much print-based organised, have historically been correspondingly one of the largest digital publishers for quite some time. Same goes for Stuff and Fairfax, they've had a more regional footprint for their print proposition and a more weekend focus, so a Sunday paper, weekend papers. They have, over a long period of time, been very strong in the digital space. The other interests that NZ.me also have – it owns approximately half of the commercial radio stations in the country – so we obviously work with those platforms as well.

When I say it's not just print, it's not just the news sites that our partners operate. TVNZ is obviously a TV broadcaster so they've got a different product mix there. Mediaworks is a TV broadcaster and they own the other 50% of the commercial radio stations in the country, so when I say it's not just print, that's a big part of what we do, especially around news, but it's not all of it.

Some of our smaller publisher partners are very news-focused, so for instance, we work with LA Press, which is a print product in the South Island. We've also got partners like homes.co.nz, which is a real estate listing and information site.

The strategy for us outside that main four, the ownership group, is not necessarily around working with more inventory partners, we don't need more inventory. It's moving rapidly towards data and unique audience; so **where can we find the remaining 5 or 10% of our audience that we don't currently see on a regular basis.**

Homes is a really good example; they don't have a lot of inventory for us to sell for them, but we are able to help them monetise their audience more effectively than they would be able to on their own.

When these organisations first came together, what were the reasons?

There was a pretty clear trend being established that digital budgets were moving and were going to continue moving into the programmatic space. Not all of the publishers, but some, had started their own programmatic channels, so I set up the programmatic channel at NZ.me when I was there, and it's really hard to do on your own. As big as your big publishers are, they are tiny compared to the scale that's out there otherwise.

> **“As big as your big publishers are, they are tiny compared to the scale that’s out there otherwise. Without having a scalable proposition, it’s very difficult to make an impact there.”**
>
> Rogan Polkinghorne, Sales Manager, KPEX

It’s not such a big problem for local buyers, because there are established sales relationships there and awareness, but it was also recognised it was an opportunity to capture more latent demand, to be perfectly honest, that a direct salesperson’s never going to be able to access. Without having a scaleable proposition, it’s very difficult to make an impact there.

Third, to help publishers succeed in this space, so rather than just the four main ones or the nine in total that we work with, doing all this stuff individually, **we’re able to have one conversation with a tech partner and roll it out across everybody rather than having nine individual conversations go on that take six months.**

How do you position yourself in opposition to the duopoly?

We actually reach more New Zealanders than Facebook does on a monthly and, we’d argue, daily basis. It depends who you ask around measurement of that, but it’s usually Google first, KPEX second, Facebook third. **So that’s one, we’ve got the reach in terms of covering NZ pretty comprehensively.**

We see between 80 and 85% of the NZ internet population a month, and we’d argue pretty strongly that the daily figure is close to that as well. The other one is the premium nature of the inventory that we offer, so that’s more directly related to the Google side of the equation, rather than Facebook, but we only work with premium content producing publishers that have editorial guidelines and all that jazz. We have a disclosed site list so the exchange only operates on sites that we disclose, there’s no long tail that we sneak in there, so buyers can have confidence in the inventory that they’re accessing.

The audience engagement that’s displayed on our publishers’ sites is different to Facebook specifically, so there’s a lot of time spent on Facebook but not necessarily the same level of engagement that’s becoming particularly apparent in the video space. They’ve spent a lot of time and effort and money pushing the video product, and as buyers get smarter it’s turning out that’s not perhaps the best place for them to be spending their marketing budgets, because while the scale of activity they can deliver is massive, the engagement and attention to that content is not.

We have an analogy where if the programmatic market or ecosystem is an ocean, we are a lake, and that it’s much more defined, very much more controllable and **we are very upfront about the fact we believe our inventory offering is significantly more premium than GDM or AdEx is able to offer**.

Sounds like a combination of private marketplace and one-stop buying platform.

We're agnostic in terms of how buyers choose to access our inventory. We prefer to operate on a PMP basis, and we have some sort of exchange level controls to move buyers in those directions, but we operate both open exchange and PMP deal. There's a reasonably established trend towards PMP and that's driven largely by local buyers rather than by latent international demand, and we've worked really hard to scale that proposition and make it as easy as possible for buyers to set up and access those PMP deals. Historically it's been an issue for buyers.

Was satisfying each partner's disparate needs a challenge when setting the organisation up?

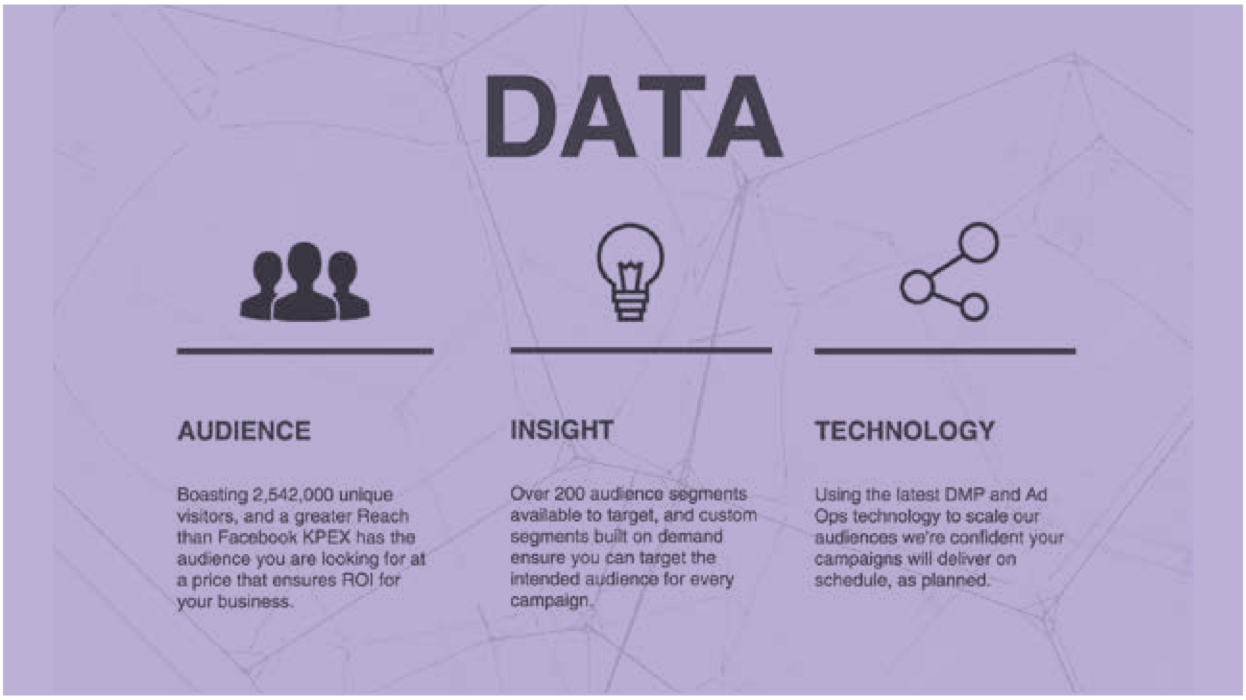
I wasn't present, so I can't say for sure. It undoubtedly was, but I think one of the remarkable achievements of KPEX has been that these four owners from day one were able to get around the table and decide that, 'Yes, we're stronger together and this makes sense for our businesses long-term.'

There are obviously challenges and yes, publisher A wants potentially something different from publisher B, but we're all pretty aligned in the overall strategy and those differences are sort of part of the fun and games and you manage them on a case by case basis. We'll make recommendations to publishers; if two of them jump on and two don't, then the two that jump on potentially receive the revenue benefits and the other two don't.

We try to make it as consistent as possible, but that's not always possible for a number of reasons.

Who shoulders the cost of ad tech, development, research, etc.?

By and large KPEX does. We're a completely separate business from those owners' businesses. **They all have equal shareholding in KPEX as a business and obviously made an initial investment, but it's not like we're constantly asking them to invest in new tech platforms or anything like that.**



KPEX alliance partners

How do you define success on a quarterly, yearly and longer basis?

We're pretty exclusively focused on revenue. We've got monthly and quarterly revenue targets that we're tasked with, so a good quarter is hitting the numbers, basically. We've got other intangible objectives around educating the market and introducing new talent to the market, introducing particularly marketers, more so than advertisers. Market profile, that sort of thing. We do a bit of work with industry bodies, IAB, Marketing Association, etc. around general programmatic education, so it's not KPEX-specific.

For a while, programmatic was a silver bullet, and it was going to solve everything and save the world. And that was certainly not the case from a leadership point of view. **The shift has largely been driven by the tech vendors and the agency side of the equation.** They've been historically pretty aggressive in moving budget and preaching the gospel.

From a publisher perspective, pre-KPEX it was kicking and screaming. **At one point in meetings there were comments from execs that we'd never trade programmatically, and it turned around in literally two months.**

In terms of revenue share, how does that break down?

KPEX takes a percentage of gross revenue that we generate to essentially fund the business. Then in terms of how revenue is allocated, it's based on how much of a publisher's inventory sold and what price that's attracted in the market.

There's also the data and audience side of it. It's reasonably complicated, but if we have an audience that two publishers contribute users to, we take the price that that audience attracts and carve it up so some of the price is for the inventory, and that's distributed to the publisher where the activity runs. That's the media cost. And each audience has essentially a price attached to it as well so that proportion of the clearing price is then carved up among the publishers that contributed to that audience.

We're just coming to the end of the financial year; we've delivered, I think, a touch over 40% YOY growth overall, so there's obviously some publishers have done better than others in the mix. We're at a point where we're material to our publisher businesses. The first two years of the business, which have just come to a close really, were proof of concept fundamentally, can we make this work.

KPEX as a business is not set up to make money for KPEX, so we sail pretty close to the wind on purpose. The revenue that we're returning the businesses is material now. The publisher commitment to the business is illustrated by the fact that we're increasing the team by a third, obviously off a low base. They're investing in the business to keep growing.

> **"We have an analogy where if the programmatic market or ecosystem is an ocean, we are a lake."**
>
> Rogan Polkinghorne, Sales Manager, KPEX

Case Study 5

Pangaea Alliance – the global platform for premium publishers

Unlike most other alliances, Pangaea is global and has been so from the start. Its audience is largely upscale, with approximately 40 percent earning more than 250,000 pounds Sterling a year (about 290,000 euros).

- All Pangaea's business is executed through programmatic platforms
- AppNexus is its tech partner to provide a managed and self-serve programmatic solution
- Revenue is distributed to publishers according to delivery
- A key success point is Pangaea's ability to "customise data in order to be able to speak to individual advertiser needs," says GM Fiona McKinnon.
- In 2018, Pangaea is also focused on increasing its product portfolio and has recently started to offer contextual and outstream video capabilities

At a glance

Pangaea Alliance

Private marketplace or shared buying platform? Neither

Launched: 2015

Members: The Guardian, ITPro, CNN, Reuters, The Week, Inc, Fast Company, Alphr.com

Scale: Reaching more than 220 million unique users, 140 countries and 3 billion ad impressions a month.

Headquarters: London

General Manager: Fiona McKinnon

Full-time employees: 4, with additional support from teams across alliance

Interview

Co-op defined not by its ad tech, but by its unique offer to brands

Fiona McKinnon

General Manager
Pangaea Alliance

Could you tell me a bit about how Pangaea works? How much regular contact do you have with your publishers and how involved are they?

Pangaea is a media collaboration between some of the world's leading publishers. We are integrated into header bidder and data solutions that combine the inventory and audiences of our partners to create a unique, brand safe and scalable audience for advertisers. We work closely with our publisher teams (Sales, Execs and Ops) to share revenue updates, industry feedback, tech updates and so on. Although Pangaea sells the majority of campaigns directly, when appropriate for the brief, publisher teams can also include Pangaea into their pitches.

Do you characterise Pangaea as a private marketplace or shared buying platform (or both)?

Neither. Pangaea is a media collaboration between some of the world's leading publishers that combined to create a unique audience for advertisers. Although our offering is bought programmatically, we do not define ourselves by the technology we use to serve those ads. We use AppNexus to deliver campaigns which are all managed by Pangaea, not the publishers directly.

What were some of the main challenges you had in setting up Pangaea, and what are some of your ongoing challenges?

The main challenge in the early days was building trust across the alliance members that Pangaea was not a threat to or replacement for their own programmatic sales strategy, but a complement to deliver new brand revenues. That is no longer the case today as we collaborate well to not only deliver revenue, but also to share industry-wide issues and, as demonstrated through our DNI Google Fund Award, to build tech and solutions that address shared challenges.

What is the share of cost for each publisher, and what are some of those costs (ad tech, etc.)?

We operate on a percentage fee basis. Our expenses are lean; ad tech and staff are the main costs. **We do not retain a profit as Pangaea, we pass revenue back to publishers.**

> **“Success for Pangaea comes in hitting revenue goals for our publishers through driving new, incremental business, creating a valued buying proposition for advertisers and the ease of operations.”**
>
> Fiona McKinnon, General Manager, Pangaea Alliance

Are you still adding publishers? How does that process (even from the outset) work?

Yes, we are actively speaking to premium publishers this year to add to the Alliance. Partners are selected according to their content and audience fit with the other members of the Alliance. We have a clear position in market (business, finance, high net worth, tech decision makers, luxury brands), and our continued offering needs to reflect that. We evaluate the opportunity, understand the objectives of the partner in joining the Alliance and as an executive team (made up of members from each publisher) we vote on membership.

How many staff do you have – and what are the main jobs?

Directly, there are four team members: two sales, one account management and myself. However, we are supported by teams across our publisher network, including ops at each publisher, and through our lead partner CNNi: PR, marketing, finance, tech, legal and HR.

In terms of success, how do you define it? What’s a successful quarter or year for Pangaea?

We are run the same as any other media business. Success for Pangaea comes in hitting revenue goals for our publishers through driving new, incremental business, creating a valued buying proposition for advertisers and the ease of operations.

How does revenue share work?

All our business is executed through programmatic platforms; revenue is therefore distributed according to delivery.

What can you say about how much publishers are reaping from this vs. from their own efforts?

Each publisher has a different level of success and membership objective depending on their own business size and structure. Our job is to appreciate their business and understand their goals, all whilst making the process as light-touch as possible for the publisher teams. **We do not replace their own efforts. We are a complementary and incremental source of demand.**

Alliances around the world

Belgium

Buymedia.be
Launched: 2016
Members: All publishers in Belgium
Website: http://buymedia.be

France

Gravity
Launched: 2017
Members: About 15, including publishers, broadcasters and telcos, such as SFR, Orange, Center France, Conde Nast, The New Republic, Lagardère Active, The Telegram, Les Echos-Le Parisien, Marie-Claire
Website: https://www.alliancegravity.com

La Place Media
Launched: 2012
Members: Merged with Audience Square alliance in 2018. Dozens of members, including Le Figaro.fr, L'Equipe.fr, 20 minutes.fr, La Parisienne, Centre Press
Website: https://laplacemedia.com

Puissance 3
Launched: 2018
Members: 20 Minutes, Ouest-France and Belgium's Rossel

Skyline
Launched: 2018
Members: Figaro Group, Le Monde Group
Website: http://skyline-directmarketplace.com

Germany

Emetriq
(owned by Deutsche Telekom)
Launched: 2008
Members: Eight of the 10 largest publishers in Germany, including Axel Springer, Bertelsmann Group, Gruner + Jahr, and Der Spiegel
Website: https://www.emetriq.com

European netID Foundation
Launched: 2018
Members include: United Internet (web.de, GMX), Mediengruppe RTL, ProSiebenSat1

iq digital media marketing
Launched: 2009
Members: FAZ Verlag, Süddeutsche Zeitung Verlag, ZEIT Verlag and Handelsblatt Media Group
Website: https://www.iqm.de

Online Marketing Service (OMS)
Launched: 1996
Members: 33 shareholders and 10 clients with more than 100 associated publishers
Website: http://www.oms.eu

Verimi
Launched: 2018
Members: 10, including Axel Springer, Lufthansa, Daimler, Deutsche Bank, Telecom
Website: https://www.verimi.de

India

OneIndia
Launched: 2014
Members: Six daily print newspapers. English-language: The Hindustan Times, The Hindu, The Telegraph, and their sister publications: The Hindustan and The Hindu Tamil; and Ananda Bazar Patrika

Japan

Delta Publisher Alliance
Launched: 2016
Members: Soccor King, J-CAST News and AUTO SPORT
Website: http://www.delta.deals

Japan Publisher Alliance on Digital
Launched: 2016
Members: AFPBB News, Forbes JAPAN, JBpress, Mediagene, Perform Group and Toyo Keizai

Malaysia

Malaysia Premium Publishers Marketplace (MPPM)
Launched: February 2018
Members: Eight publishers in Malaysia: Star Media Group, MCIL, Utusan Malaysia, Kosmo, China Press, Guang Ming Online, Nanyang, and The Edge
Website: http://www.innity.com/mppm

The Netherlands

Buy-media.nl
Launched: March 2018
Members: Include: FD Mediagroep, NDC Mediagroep, De Persgroep Nederland, Telegraaf Media Groep, and RTL Nederland
Website: http://buy-media.nl

New Zealand

KPEX
Launched: 2015
Members: Stuff (Fairfax Media), MediaWorks, NZME and TVNZ

Portugal

Plataforma de Media Privados (PMP)
Launched: 2014
Members: Impresa, Media Capital, Global Media, Cofina, Publico and Renascença

Singapore

Singapore Media Exchange (SMX)
Launched: May 2018
Members: Mediacorp and Singapore Press Holdings (SPH)
Website: http://www.smx.sg

Southern Europe & UAE

Project Agora
Launched: 2014
Members: Includes publishers from Greece, Romania, Hungary and UAE
Website: http://www.projectagora.com

South Africa

SouthernX

Launched: 2014
Members: Connected to The SpaceStation, Naspers' digital media sales house in Sub Saharan Africa, SouthernX is part of 24.com and the Media24 Group, and represents more than 60 web and mobile sites.
Website: https://www.southernadx.com

Switzerland

Admeira

Launched: 2016
Members: Ringier, SRG and Swisscom
Website: https://admeira.ch

Thailand

Online Premium Publisher Association

Launched: 2017
Members: 12 local online premium publishing organisations, including Post Today, Sanook, SiamSport, and Thairath
Website: http://www.oppathailand.com

USA

Concert C-Suite

Launched: May 2018
Members: Quartz, the business news website owned by Atlantic Media, and Concert, the digital ad marketplace founded by Vox Media & NBCUniversal
Website: http://concert.io

Nucleus

Launched: 2016
Members: 34, including Hearst, GateHouse and the AP
Website: http://nucleusmarketing.com

TrustX

Launched: 2016
Members: 35 premium US publishers that are members of the trade association Digital Content Next (DCN)
Website: http://www.trustx.org

UK

1XL

Launched: 2015
Members: 28 regional press groups in the UK
Website: http://www.1xl.co.uk

Pangaea Alliance

Launched: March 2016
Members: The Guardian, CNN, ITPro, Reuters, The Week, Inc., Fast Company, Alphr.com
Website: http://www.pangaeaalliance.com

These are the alliances that we have found in our research. If you are aware of others, please contact us.

Advice

Luís Nazaré

Executive Director
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Portugal

Advice on starting an alliance

In Portugal, the country's six main publishing groups came together in 2014 to create Plataforma de Media Privados (PMP), a collaborative institutional platform. Together, these six groups (Impresa, Media Capital, Global Media, Cofina, Publico and Renascença) account for about 85 percent of the country's news publishing production.

PMP's first major initiative is called Project Nonio, which launched in March 2018 and features a single sign-on mechanism and a single data management platform. The single sign-on provides first-party data that is shared among the 70 different sites of the six publishers. Meanwhile, the data management platform provides a better way for them to collect information; to combine first-party data with third-party data; to integrate data, first-party especially; and to build common segments and profiles, taking into account the preferences of the market and of the advertising value chain.

Here is some sage advice from Luis Nazaré, Executive Director of the alliance.

"If you want to try a project like ours, I would tell you first to get all those who want to go ahead really, truly involved," says Luís Nazaré, PMP's executive director. Once you've done that, he says, it is vital to get these elements in place:

A clear vision

"You must have a clear vision of what you want, of what this type of project will bring you," Nazaré says.

Unwavering commitment of all partners

"It's very important. Our top governance structure is the board, and the board is composed of chairpeople and CEOs exclusively," he says.

Make it evolutionary, not revolutionary

"This project was built step by step. And it's very different now than it was in the very beginning," Nazaré says. "Some of the resistance that I saw in the first six months was overcome. There is trust now. And for the commercial cooperation platform we have created a special document we call the 'Magna Carta,' with basic commercial rules to be applied by all members after the implementation period in operations. This is a crucial element. Rules have to be commercial rules, regarding the use of data, of combined data, and must be defined as soon as possible. But it should not be a closed document. On the contrary, it's an evolutionary document. And during these 20 months, I have observed that the six groups want to cooperate more than in the beginning."

An effective governance mechanism

"Governance really is a very important issue, together with the leadership, and that must be horizontal leadership, fully empowered so that he or she can instruct, direct all the committees and all the teams involved – in a democratic way, obviously, but direct and instruct and give orders wherever needed."

External support

"We cannot do this with our own exclusive resources and competencies. We need external support. It was extremely important regarding project management, technical management, but obviously we needed external suppliers to our solutions, for the single sign-on and for the data management platform. We have world-class suppliers for these two important features."

Financial means

"First we needed funding," he says. "Google DNI accounts for about 60 percent of the cost of the project. We need to have very thorough budget controlling, really. And to have the best rules and rational rules for cost allocation."

Be courageous, and never give up!

'This just in ...' The initial impact of GDPR

Just as we were about to go to press with this report, the EU's General Data Protection Regulation went into effect on 25 May. And with it came some interesting developments around the publishing and advertising worlds. We asked a few of the alliances we spoke with how they have been affected thus far.

David Kohl, TrustX:

"We are currently (and temporarily) blocking traffic outside North America. US user traffic accounts for about 95% of impressions and almost all of TrustX ad spend to our publishers. So the economics favor a crawl, walk, run approach. Further, TrustX is responding to widespread agreement among our pubs and many buyers that we must be 100% GDPR "safe" before we access and pass through EU-defined PII. Over the next month or two, we'll start to roll out safe zone products."

Allan Segebarth, Buymedia:

"GDPR has not affected how we operate. Buymedia is a transaction platform so we don't gather end-user data ourselves. The data segments available via Buymedia are based on first-party data, made available by the publishers with user consent."

Fiona McKinnon, Pangaea:

"Statistically, it is too early to give a definitive answer as we have only had a weekend and a bank holiday to review, and that can always be unpredictable.
However, on 'GDPR Friday' we saw our revenue dramatically decrease, by over half, driven mainly by a decrease in PMP/direct deals.
That said, spend returned to normal levels, almost immediately, over the weekend. Today, Monday we are actually pacing positive. We haven't seen any particular DSP or buyer drop-off, and open marketplace spend has remained consistent."

About the Authors

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Veseling works on WAN-IFRA's publications, including the World News Publishing Focus site, as well as our newsletters, research reports and social media platforms. Before joining WAN-IFRA in 2000, he was a copy editor for the European edition of Stars & Stripes, based in Germany, the daily newspaper for US military stationed abroad. He also spent several years working as a copy editor for daily newspapers in the United States.

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