



# Ad Monetization for OTT & Linear Addressable Video

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## EXECUTIVE SUMMARY

In the fast-evolving media ecosystem, the innovation in Ad technology is a quite rapid and effective way of buying/selling ads and smart way to reach the target audiences. As years passing by, the expenditure on ad technology is increasing significantly and by 2022 it is predicted to reach \$811.79 Billion with an average YOY increase of 6.68 %.

The Marketplace for Ad Tech is very large, and divided mainly between Linear and Digital advertising. Currently, the Linear broadcast ad spend is more, however, due usage of mobile device the digital will overcome Linear in next 2 years. Major priorities in the ad media domain are efficiency, audience measurement, attribution, and insights. To handle these priorities there are multiple options available in the market in terms of tools, services, automation and new technology such as Artificial Intelligence (AI) and Machine Language (ML). This brings us to the topic of Programmatic Advertising

Programmatic Advertising - Gaining a strong foothold in the Ad Industry

Why programmatic over traditional buying and selling of Ad Inventory is gaining acceptance?

- Programmatic requires lesser resources and time than the traditional way of buying/selling inventory
- Programmatic advertising is driven by the usage of software to buy digital advertising against the traditional conventional method of buying ads through Manual IO orders, RFPs, etc.
- Programmatic approach is data-driven and largely automated process E.g Campaigns alignment with Brand's desire, Maximizing Audiences Engagement and maximizing the revenue of Publisher
- Paperless Reconciliation: Invoicing, reporting largely go paperless
- Augmented Analytics: Since Automation allows Data Generation, Better Analytics is a by-product

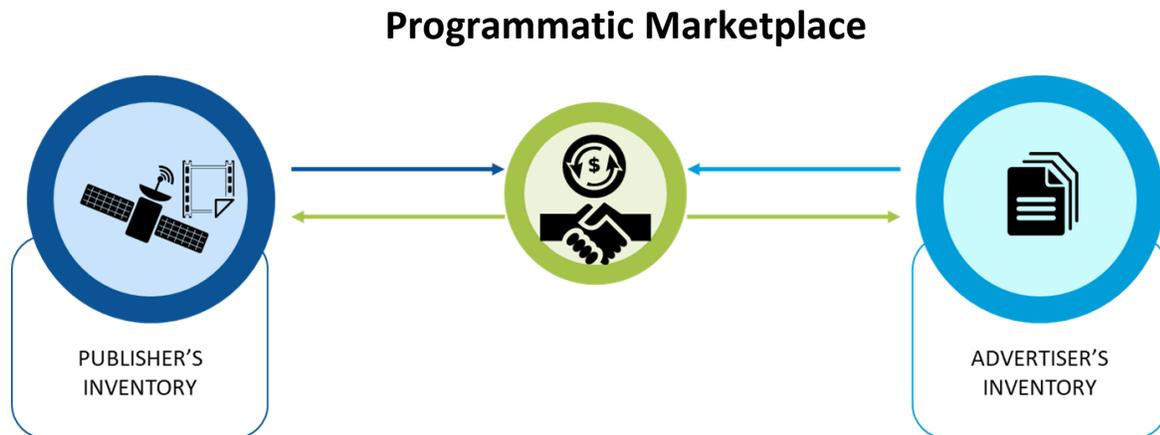


Figure 1: Programmatic Marketplace

## WHY WE NEED A PROGRAMMATIC SOLUTION AND WHAT IS THE IMPACT?

Traditional TV viewing disrupted by digital players resulted in the **disruption of the Demand and Supply-side of the Media Buying process**. The path before media entities are challenging for many foreseeable reasons

- The new technologies and its usage are not Media entities core expertise
- Workflows are designed and set up during the initial days and teams working may be reluctant to accept and adapt to any change
- Any amount of automation introduced for efficiency will affect the existence of the manual labor
- Existing workflows are not dynamic enough to adopt any new technology to improve efficiency
- Traditional workflows have too many external dependencies, hence the downtime for adopting new technology will be quite a significant task
- The focus was not on new technologies and hence no planned budget allocated for new technology adoption

The need for ad monetization arrives due to the external forces presented as below for any Publisher

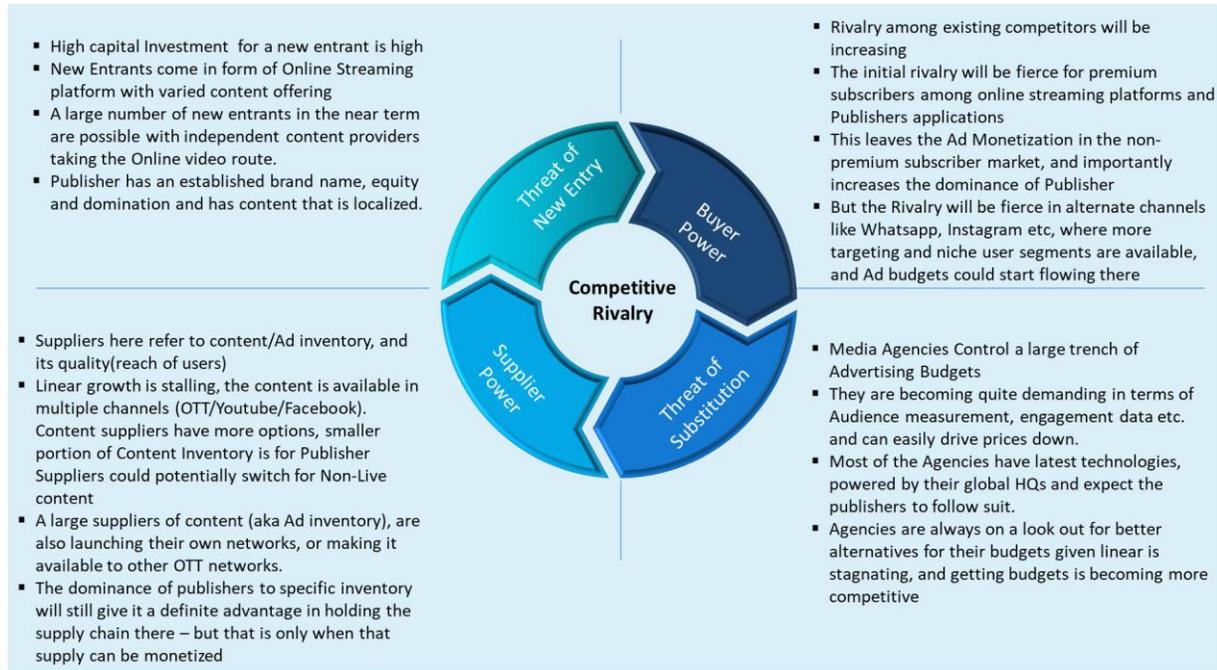


Figure 2: Competitive Environment Analysis

## STAYING RELEVANT IN THIS CHALLENGING AND DYNAMIC AD ENVIRONMENT

Ad revenue is a critical earning revenue component for publishers and Advertisers businesses alike. In the Ad ecosystem the digital technology is bringing in constant innovation rapidly, What worked earlier may not have the same impact in the current scenario. To maximize Ad revenues in Digital as well as Linear television there are effective methods and tools that can uplift the revenue growth. The potential and effective ways and means to increase ad revenues and connecting with relevant audiences are described in this white paper

### OTT Ad Monetization

The current trend suggests that audiences are consuming more content from OTT compared to traditional TV viewing. There is a growing TV audience that can no longer be reached through traditional TV advertising. In OTT, by using targeted advertisement and audience measurement, the reach can be enhanced to a greater level without impacting traditional TV experience.

OTT advertising typically outperforms traditional TV viewing in key ROI metrics like awareness, purchase intent, and sales lift. Content distributors and owners must find a way to monetize OTT delivery other than the traditional subscription-based monetization.

Here are the services and solutions to opt for- for increased efficiency in achieving business goals and enhancing the ad Monetization

- **Planning the roadmap**

An ideal way forward can be to engage with consulting partners specializing in Ad technology services to collaborate and expedite the project. The team can work in collaboration to

1. Evaluate the current operations, peers in the market, data strategy, and Industry trends
2. Assessment of the demand and supply side dependencies suitability, and classification.
3. Prepare Playbook, which will provide
  - a. Solutions for improvement in efficiency, automation, reconciliation, and data strategy
  - b. Define short, medium and long term strategy to match current industry trends and identify technologies and methodologies that suit the rollout Plan

- **AD Technology Stack Development**

Ad technology stack will have tools supporting Agency Trading Portal, Ticket Management, Ad Campaign Management, Ad server, Inventory Creation, Measurement & Analytics, SSP, DSP, DMP, an ad exchange, and ad networks.

- **Analysis and Integration**

Assess existing workflow, gap analysis, and tool identification to fulfill the gap. Planning and integration of identified tools in the existing system. Provide improvements for possible automation/optimization and ad stack maintenance for the future.

- **Data Management Platform (DMP)**

Central Data Management Platform to store audience data from various sources, create highly targeted and efficient campaigns while providing valuable insights on the user engagement behaviors.

DMP should provide features such as Data Collection, Data Classification, Data Analysis, Scalability, and Audience Segmentation, Audience Analytics, Campaign Analytics, and Governance.

- **Ad Operations Outsourcing**

Ad Operations, which is a critical part of business operation, though a very laborious task has less dependency on other components, can be managed from any part of the world by professional service providers. Outsourcing of Ad operations tasks will reduce overheads and allow the publisher to concentrate on their core business.

Some of the tasks that can be outsourced are Campaign Creation, Creative Management, Ad Tag Generation, Campaign Management, Campaign amendment, Campaign Optimization, Programmatic Sales, Ad Server ownership, Campaign Performance data Generation, Campaign testing and quality Check, Reporting, Reconciliation and Analysis, Audience measurement and Inventory Management.

### Linear Addressable TV

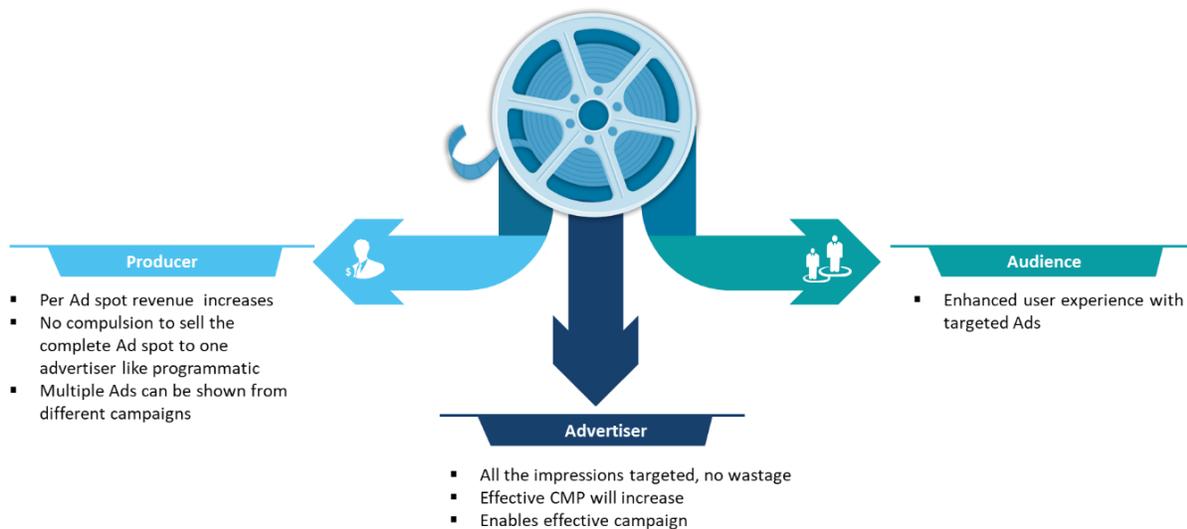
As we know for OTT it is possible to do detail targeting for ads based on audience data, market research, and technology support. Whereas in the case of television advertising, though it is possible with age and gender-based targeting for a long time now, it has never matched the level of other media targeting in spite of detailed audience data availability. However today with the new technologies and processes it is possible to send a specific TV commercial to an individual household in real-time. The technology gaining prominence is [programmatic and addressable advertising](#).

### Programmatic and Addressable advertising

In the context of TV advertising, Programmatic advertising uses the STB data for sale and purchase of Ads either by auction or sponsorship. While programmatic TV increases the odds of reaching target viewers by using advanced audience data to identify optimal TV spots, but still there will be a wasted reach. This is because the audience outside the target will still tune into these programs. With Addressable advertising, the system determines audience composition in real-time and then chooses the most appropriate ads. Each individual advertiser reaches only those households that qualify for. Segmentation can occur at geographic, demographic and behavioral levels.

Programmatic advertising ensures, targeted audience reach and frequency cap for each individual for smooth distribution of impression across the audience.

Addressable Advertising allows advertisers to set a minimum time between viewings (separation) regardless of the programs being watched. It resolves the advertiser's problems (wasted reach, viewer burn out) associated with spot buying. Unlike standard programmatic TV advertising, there is no need to preselect availabilities, and no need to predict who will be watching. Addressable Advertising is good for all the members of the ecosystem. Both Programmatic and Addressable Advertising can be applied to SVOD/TVOD and AVOD similar to live TV



Ad Insertion technology offers dynamism by delivering real-time targeted ads, allowing advertisers and publishers to maximize returns

**Ad Insertion solutions**

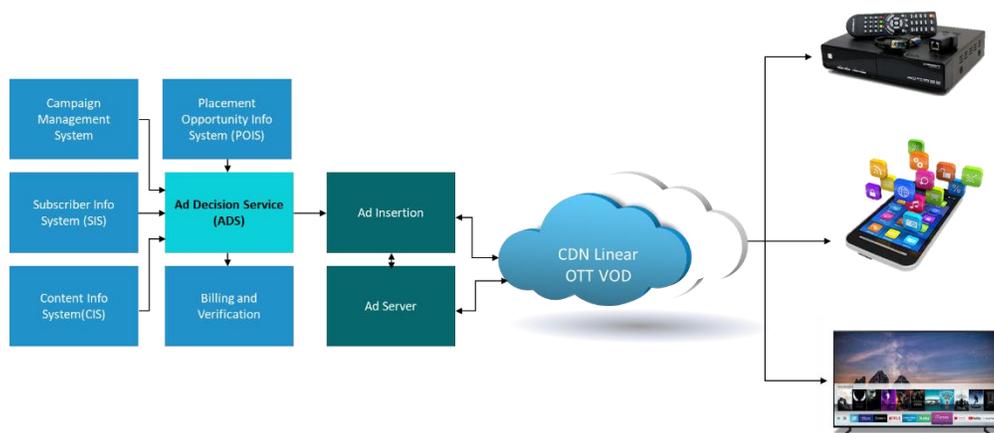
**Client-side Ad insertion:** In the Linear broadcast system, av streams, ads and targeting data in the form of a catalogue is broadcasted. Based on the targeting data the STB software takes the decision whether to insert Ad or not. The inserted Ad will be stored in HDD of STB and will be pulled at an appropriate time. The adverts can be downloaded through RF or IP. The Ad/live start/stop is controlled by specific events generated by the STB platform.

The Ad targeting info will be broadcasted from the headend and will be based on lots of parameters specific to the user.



Figure 3: Client-Side Ad Insertion

**Server-side Ad insertion:** To simulcast Linear and OTT streams, ADS (Ad decisions service) can be used at the server side for Ad monetization solution. ADS can be integrated with linear, VOD and online video Advertising systems. On receiving an Ad placement request, ADS uses information like region, content, time and client to make the Ad decision. Once the ads have been inserted and executed, tracking data is returned for billing and verification. It can be integrated using SCTWE 130 or VAST to campaign manager, subscriber information (SIS) system, Position information opportunity system (POIS), content information system (CIS), billing and verification system and third-party solutions to drive revenue and optimize targeted, saleable inventory.





## BENEFITS

1. Improve productivity by reducing laborious work and bring synchronization in workflows.
2. Reduced manpower due to better workflows and automation
3. Accuracy in ad delivery reduces wasted reach and viewer burn out
4. Helps Publisher to stay relevant with new technologies
5. Provides significant review growth, reduces Opex and improves the profitability
6. Engaging users and strengthened customer base

## CONCLUSION

In Ad media domain it is observed that most of the Publishers are facing challenges to meet the smooth workflows, ad reach, improved fill-rate, ongoing expenditure, and profit prospects. In today's scenario, the technology, available tools, and services can help publishers to achieve their business goals.

## ABOUT TATA ELXSI

Tata Elxsi is a global design and technology Services Company. Tata Elxsi works with leading MSOs, content providers and studios to develop innovative services and applications that create subscriber stickiness and drive revenue growth.

This is backed by over 25 years of design and engineering experience and deep specialization in video and OTT engineering and service delivery, a global delivery presence and offshore development centers in India.

Tata Elxsi is working on various aspects of the Ad-media domain, providing consultancy to engineering services for publishers and has proven solutions in the ad-media domain. Tata Elxsi can be your guide and strategy partner for a successful collaboration to stay ahead of the curve.

## REFERENCES

1. Global Digital Ad Spending – Mar, 2019 (<https://www.emarketer.com/content/global-digital-ad-spending-2019>)