Australian Competition and Consumer Commission (ACCC)

GPO Box 3131 Canberra ACT 2601

Email submission via: adtechinquiry@accc.gov.au

Dear Sir/Madam

MightyHive's Interest in the Inquiry

MightyHive is a leading data and digital media consultancy that helps marketers take control. MightyHive delivers sustained results from the ground up through advisory for business transformation, privacy-first data strategy, and digital media services.

The company is headquartered in San Francisco with Australian offices in Sydney and Melbourne. Our team of consultants, platform experts, data scientists, and marketing engineers can be found across 19 countries and in 27 cities around the world. In 2018, MightyHive merged with S4Capital plc (SFOR.L), a tech-led new age/new era digital advertising and marketing services company established by Sir Martin Sorrell.

MightyHive's submission to the ACCC's questions regarding industry structure and competition

From MightyHive's assessment of the questions proposed by the inquiry into industry structure and competition, we submit the following response for your consideration in regard to the importance and ease of integration between ad tech services.

The ACCC asks, "How important is it for an ad tech provider to have an integration with another ad tech service? In particular, does an integration provide particular access to advertisers, publishers or ad inventory?"

The short answer is that it's essential; it goes back to the Latin aphorism, made popular by Thomas Jefferson, of "knowledge is power". Consistent market demand for ad tech solutions that integrate seamlessly, rather than relying on individual point solutions, is not due to the provision of particular access to advertisers, publishers or ad inventory (which is not a result of integration), rather it's an advertisers *need* to benefit from three key factors; efficiency, transparency and the ability to make data driven decisions.

Efficiency - removes barriers to achieve ease and campaign success

Where an advertiser uses a fragmented ad tech solution, it has an incomplete experience and understanding of its cross channel digital marketing campaigns due to each vendor providing a single view, almost tunnel vision, on a campaign. Not only does it diminish campaign insights,

advertisers are also subject to varied technical implementation requirements, for example differing creative asset specifications or tag set up. For many advertisers this leads to multiple onsite tags to permit each vendor to capture information about a specific campaign (which can potentially slow an advertiser's website, providing poor customer on site experience). In addition to this, it's common for advertisers with numerous vendors to suffer from product fatigue/frustration, time wasted and reliance on additional resources to troubleshoot or correct administrative matters; resulting in a poor user experience or incorrect implementation.

From an audience engagement perspective, a single view of all the advertiser's customers isn't possible. This significantly impacts an advertiser's ability to engage its current loyal customer base or satisfy requirements for scale and reach to find new customers, due to incomplete audience collection not permitting optimal frequency to be achieved.

Conversely, an ad tech stack that seamlessly integrates with other platforms (i.e on the buyside the adserver + DSP) alleviates a lot of these issues, allowing for the execution of an efficient digital marketing campaign. Whether its minimising the margin for human error, addressing user access concerns, reducing vendor technical requirements or, most importantly, allowing for an uninterrupted data flow and collection of audiences; an integrated ad tech stack allows for the provision of clear consistent insights, whilst lowering tech or data related hurdles to successful performance.

Not only is this our experience working with over 200 clients in the last 4 years in Australia, but confirmed by Boston Consulting Group's "Cutting Complexity, Adding Value" study into the efficiency of digital advertising campaigns. It found that marketers & agencies use on average 5 platforms to execute a single digital marketing campaign. With a fragmented approach tending to be the leading driver of workflow inefficiencies, inefficient media budget spent and low performance. The study also found where advertisers adopted best practices, including the use of a unified platform, there was an overall reduction in campaign process time that generated resource-productivity improvements on average of 12% and up to 33% across the campaign lifecycle.

Transparency - empowers the advertiser to make the right campaign decision

Whilst efficiency to workflow, campaigns and data collection is of huge value to advertisers, having transparency into how far, where and what a digital campaign spends its media budget on is equally important; especially in the programmatic space. An integrated ad tech stack, particularly a unified one, allows for media dollars to be spent more efficiently whilst not being diminished due to continual 'clips of the ticket' by different vendors, exchanges or publishers.

For an advertiser to have transparent access to and understand its cross channel campaign spending in line with where it spent most of its dollars, for how much and with what creative type within 24hours of a media buy occurring provides crucial campaign knowledge a fragmented ad tech stack can not achieve. It is not uncommon for an advertiser using multiple vendors to be subject to tech and services fees per vendor plus any third party costs for the use of additional features such as the inclusion of targeting to allow for a more pointed campaign. In most instances, transparency regarding how such tech fees are broken down or whether such third parties fees have an additional baked-in fee from the vendor is not provided. Alleviating this issue through an

integrated, and best case scenario unified, ad tech stack allows for more transparency across costs and, in our experience, sees a reduction in the overall CPM.

From here, an advertiser is informed to make effective optimizations to its campaigns, such as include or exclude specific inventory purchases or amend its creatives to align with those that achieve higher performance (i.e a size or format change); whilst also permitting attribution and measurement to be accurate. The flexibility of receiving this information mid or after campaign means an advertiser has options; either make immediate changes or use the insight for future planning. With a fragmented stack the nature of the insights derived from each vendor will vary (i.e some vendors are very transparent whilst others will provide basic performance results including only impressions and clicks) as will the reporting timelines - reducing an advertisers control over its own campaign data and diminishing its ability to have a transparent cross channel understanding of how its media dollars were spent and what was effective or not.

A further challenge faced when an advertiser uses non-integrated ad tech vendors to execute a cross channel campaign is the very likely instance of purchasing the same inventory across multiple sources for varying prices or worse, bidding against itself for this inventory; driving up its own CPM. Transparency from an integrated stack diminishes this unknown as accurate timely reporting provides advertisers with a transparent single view of its cross-channel campaign.

Data driven decision making - provides for a sustainable future proof business model.

For an advertiser to execute a truly successful, efficient and first party audience lead digital marketing campaign it is essential that a single source of truth based on complete insights from cross channel campaigns is established. Allowing transparent leak/manipulated free campaign data to drive decision making, forms the foundations for reinvestment of media dollars into a more optimised, educated and considered media plan that is driven by fact (i.e campaign data insights) not assumption.

A single source of truth for campaign data allows for cross company collaboration, clearer KPIs & business goals and frictionless sharing of insights. For the media or marketing team, clever and appropriate optimisations can be made and efficient marketing campaigns can be executed, allowing an advertiser's media dollars to go further. Campaign decision making can be more focused, for example around the best inventory to purchase, understand what a target CPM is, determine a true cost per acquisition based on actual media dollars spent or ensure effective creative is being utilised. Whilst for the c-suite, a clear understanding of how budgets are spent and what drives performance allows for macro business decision making. Procurement or sales teams will also see benefit in understanding audience growth numbers or true costs associated with conversions. Such data driven business insights are best achieved when integrations between ad tech vendors occur.

Performance of digital marketing campaigns aside, data driven digital marketing also requires accurate and current audience insight; as a true understanding of who an advertiser's audience is and how they interact with the brand is crucial for success. Where a single source of truth is achieved by an advertiser's exclusive use of one ad server that integrates with other ad tech vendors and measurement/attribution tools (such an analytics vendor), an advertiser is able to

achieve this clearer understanding of its digital media activity through the lens of its customers and collect its audiences in one location to create a single view of its customer. This deeper insight into not only the campaign but into the performance of an advertiser's audience propels the opportunity for a truly successful data driven marketing strategy.

In summary, ad tech vendors that integrate with other vendors provide advertisers with a sustainable future proofed digital marketing architecture whereby transparent data driven decision making is possible and drives informed campaign planning, efficiency and reduces opportunities for media dollars to be left on the table.

If you have any questions about anything we have covered in this submission, please don't hesitate to contact us.

Regards,

Kenny Griffiths
Managing Director, APAC, MightyHive