

Balancing Customer Experience and Revenue



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The Shift in Consumer Viewing Habits

- 1.6 billion people globally watch online video on connected devices¹
- In the US, nearly 7 in 8 Americans watch online video, with more than half doing so daily²
- 61% of consumers globally watch TV & video on their smartphones, an increase of 71% since 2012³

¹"The OTT Playbook" Parks Associates, June 2015

²"US Digital Future in Focus" by Comscore, March 2015

³Ericsson ConsumerLab TV & Media Report", Ericsson, September 2015



Video Presents Great Opportunity

- Video ad views on smartphones grew 107% from Q2 2014 to Q2 2015.
- Ad views on OTT devices are up 194% in the same time period.

Source: Q2 '15 Freewheel Video Monetization Report



But Also Some Challenges...

- Maximizing inventory across multi-platform video experiences
- Ensuring a quality playback experience
- **The rise of ad blockers**



Challenge #1: Ad Blocker Usage is Growing

“Ad blocker usage has grown to 198M monthly active users or a 41% growth YOY.”

–B&T Magazine
August 2015

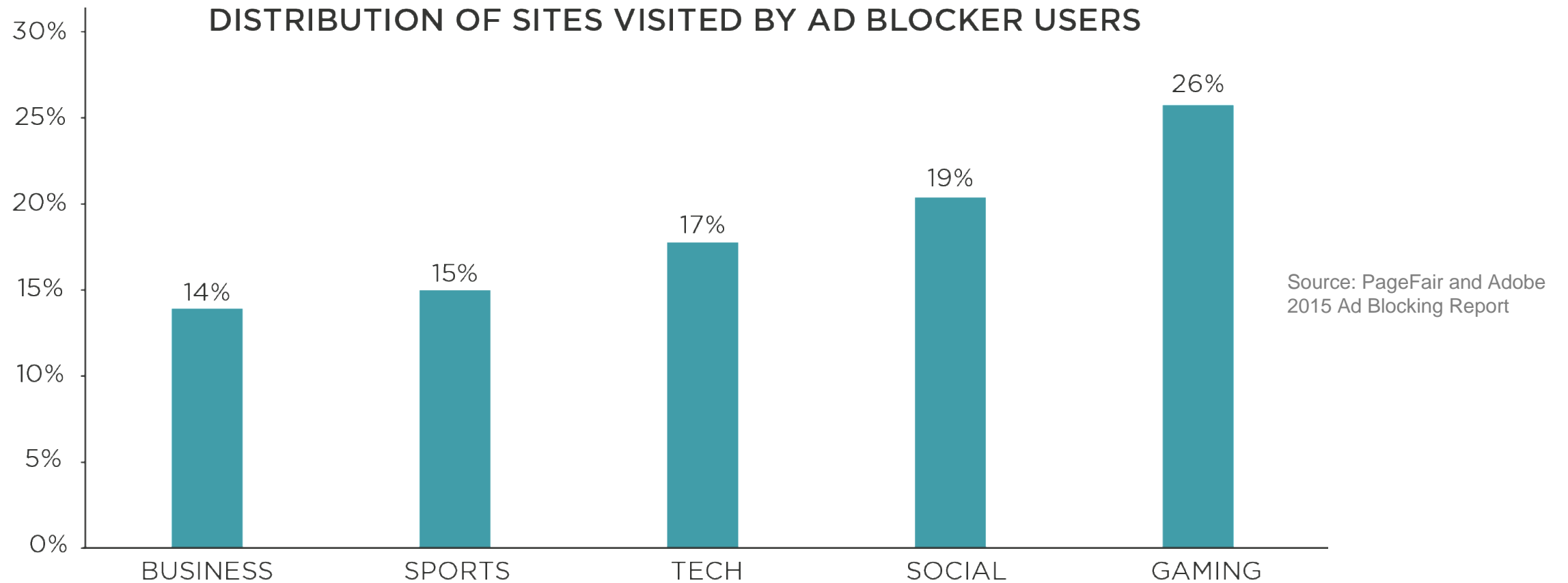
“That’s a real impact on our business. We don’t have a solution for [overcoming ad blockers] now.”

- Mike Dodge, COO, Evolve Media
October 2015

“The rise of ad-blocking could herald the end of the free internet.”

– John Naughton, The Guardian
September 2015

Where Does Ad Blocking Occur?



Protecting the Economics of Ad Supported Media

“If we block every ad there is, there will be no content. That is a very dramatic position to take, but there’s some truth to that.”

—Lisa Valentino, Chief Revenue Officer for Condé Nast Digital



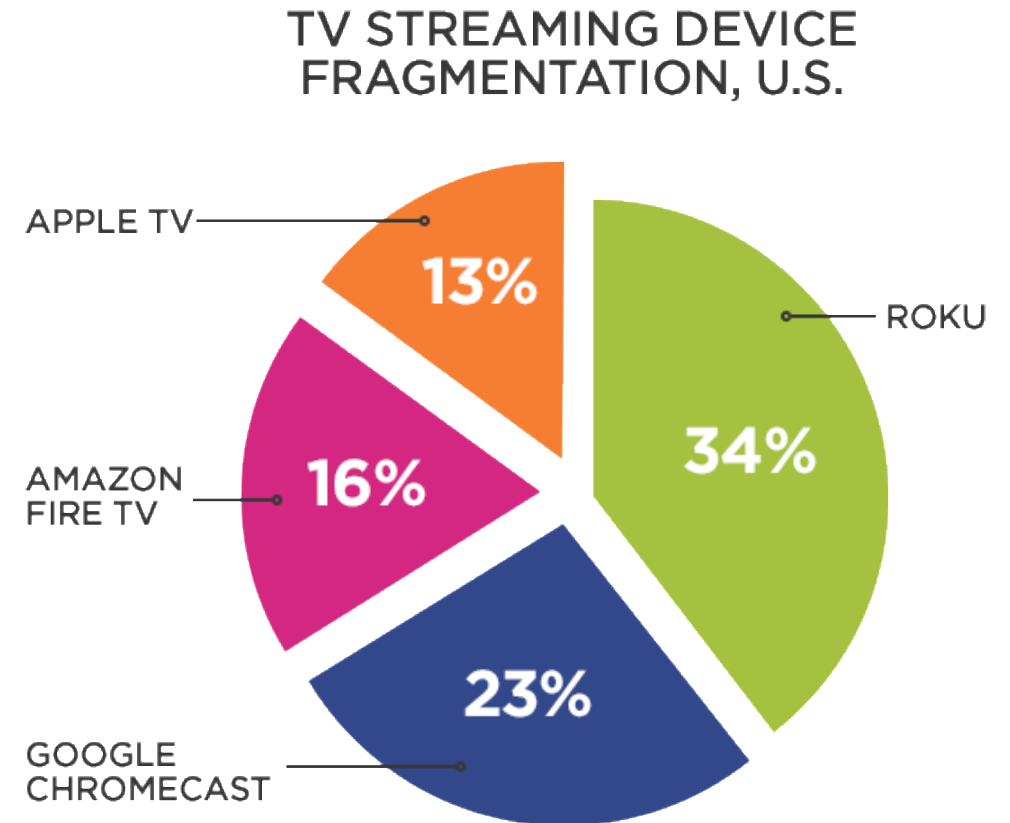
Challenge #2: Multi-Platform Viewing

- Consistent, ad-supported video experiences need to be delivered to a growing diversity of devices and operating systems
- Despite only major mobile operating systems - iOS and Android - both are updated frequently which creates development fragmentation within each platform
- Numbers of interest: 24,000 & 10%



Connected TV and TV Streaming Devices

- 138.8 million in US using a connected TV at least once a month in 2015.
- 191.4 million in 2018, representing 71.4% of Internet users.



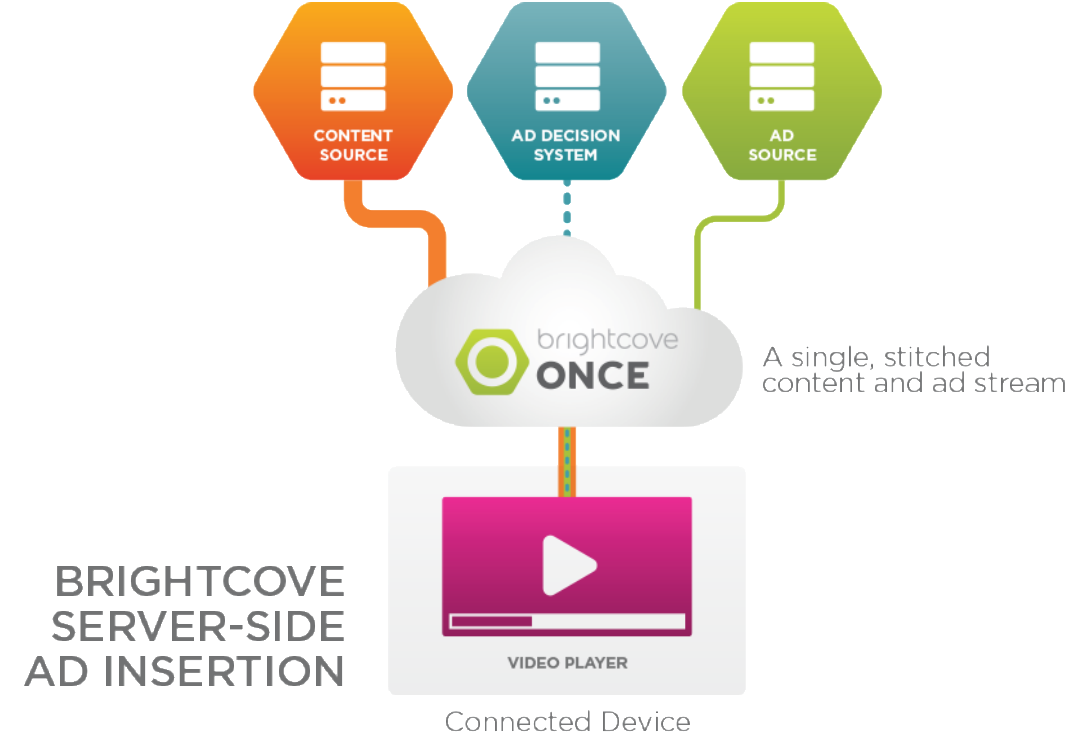
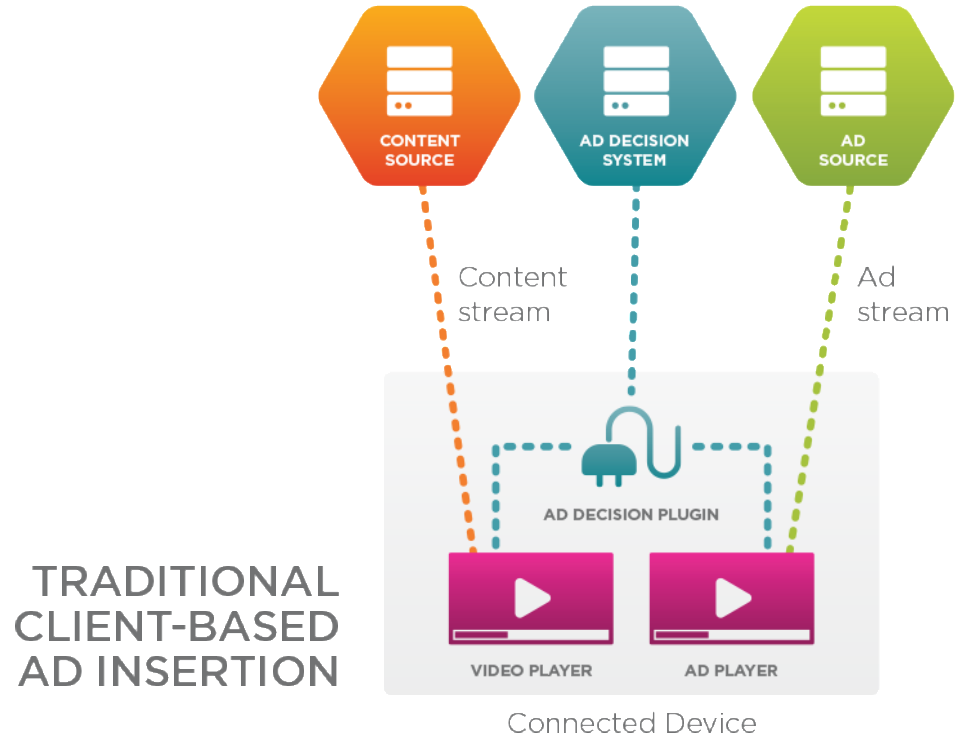
Source: Streaming Media Device Landscape, August 2015

Challenge #3: Multi-Platform Ad Delivery

- Mobile devices continue to plague publishers and consumers alike with poor ad experiences
- Standard client-side ad serving approach involves many steps and requests back and forth
- Net result for publishers:
 - Delays
 - Buffering between ads and content
 - Errors with different creative formats



Three Challenges... One Solution



The Time is Now for SSAI

- Defeats ad blockers
- Reduces or eliminate dependency on player plugins
- Provides a more “TV-like” experience across platforms
- Focus of new Vast 4.0 spec to align industry support



Case Study: VOX MEDIA

“With Brightcove Lift, we’ve seen significantly improved quality and consistency in the video playback experience across mobile devices which allowed us to re-enable ad delivery.”

—Brendan Murphy, Product Manager, Video, at Vox Media

