

Programmatic & Ad Automation

Pivotal Research's Brian Wieser on Ad Technology and 2016 Trends

BY JAY SEARS

PROGRAMMATIC + AD AUTOMATION

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Jay Sears, Senior Vice President Marketplace Development of Rubicon

Project discusses ad technology and 2016 trends with Pivotal Research's Senior Analyst Brian Wieser.

(Editor's Note: This is the final installment in a three-part series. Be sure to read Jay's interviews with [Dan Salmon of BMO Capital Markets](#) and [Youssef Squali of Cantor Fitzgerald](#).)

YOUR NAME: Brian Wieser

YOUR COMPANY: Pivotal Research

YOUR TITLE: Senior Analyst

SEARS: What do you read to keep up with politics, art and culture?

WIESER: The Economist, Wall Street Journal, New York Times, Willamette Week

SEARS: What do you read to keep up with friends?

WIESER: Facebook and Twitter

SEARS: What do you read to keep up with the advertising technology industry?

WIESER: Wall Street Journal, Ad Age, AdExchanger, Digiday, ExchangeWire, Ad-Exchange.Fr

SEARS: What's your favorite commercial of all time?

WIESER: Metro Trains Melbourne – [“Dumb Ways to Die”](#)

SEARS: With regards to advertising automation, what are the three biggest trends you expect to impact companies in 2016?

WIESER:

1. More focus on premium inventory
2. More focus on viewable and 'bot-free inventory
3. Continuing rise in use of DMPs by advertisers, agencies and marketers alike

SEARS: With regards to advertising automation, what are the three most overblown topics that you wish would just go away?

WIESER: I think there are buzzwords that might be overused or mis-used or used to suit the speaker or writer's purpose (see: "native"), but there is still a lot of education to be done among the industry and investors alike, so I might suggest there aren't any overblown topics at this time (unlike something like "death of TV," which is simply an overblown topic).

SEARS: Tell us your coverage universe.

WIESER:

COMPANY NAME	COMPANY TICKER	RATING AND PRICE TARGET	YEAR INITIATED
Adobe	ADBE	BUY - \$105	2015
Alphabet	GOOGL	HOLD - \$800	2012
CBS	CBS	BUY - \$56	2012
Discovery	DISCA	BUY - \$33	2012
Facebook	FB	BUY - \$136	2012
Fox	FOXA	BUY - \$32	2015
Interpublic	IPG	BUY - \$24	2012
Nielsen	NLSN	HOLD - \$45	2012
Omnicom	OMC	HOLD - \$69	2012
Publicis	PUB.PA	BUY - €64	2013
Salesforce.com	CRM	BUY - \$102	2013
Time Warner	TWX	BUY - \$83	2015
Twitter	TWTR	BUY - \$34	2013
Viacom	VIAB	BUY - \$59	2012
Walt Disney	DIS	HOLD - \$103	2015
WPP	WPP.L	HOLD - 1460p	2012
Yahoo	YHOO	BUY - \$35	2012

* Accurate as of February 8, 2016

SEARS: The majority of ad technology companies has not performed well in the public markets. Of the poor performers, what are the commonalities between them that have contributed to this weakness?

WIESER: Small absolute size is the single most important issue. Small size means that companies are mostly not well positioned to compete against the industry's monoliths and also illustrate that these are early stage companies, which is to say that while some might succeed, most will not. Small size also means that investors struggle to justify investing the time required to understand a confusing sector, even for many experts. This results in more punting than investing, which in turn leads to momentum driven trading.

SEARS: A smaller handful of ad technology companies has performed better than the rest. What are the commonalities between them that have contributed to this relative strength?

WIESER: I think that outperformance can be explained by company specific circumstances. For example, customer segment focus and product quality vs. alternatives for those customer segments can support an awful lot of growth, at least for a while.

SEARS: Do we live in a “tale of two cities” where Google and Facebook win almost everything, advertisers are dictated to and other media companies fight for the scraps?

WIESER: Mostly, yes. Digital advertising is a scale game. Brands look to concentrate the bulk of their spending with a limited number of partners; size also facilitates the use of more data to drive performance for e-commerce-based marketers.

SEARS: Please answer the following statements yes or no.

WIESER:

STATEMENT	Yes or No	Optional
Google will remain a dominant company for the next 10 years	Yes	It's difficult to see Google's relative position changing much in the foreseeable future.
Google will remain a dominant company for the next 20 years	Yes	Over longer time frames, a wider range of outcomes are possible, so its status is less certain the further out we look.
Amazon is a data company	Yes	Among other things. I think all companies can be considered as data companies as more data is used to drive more choices.
Facebook will remain a		

dominant company for the next 10 years	Yes	See: Google
Facebook will remain a dominant company for the next 20 years	Yes	See: Google. If anything, Facebook's focus relative to Google provides me with more confidence that Facebook will retain dominance relative to confidence in Google doing the same.
Chinese Internet companies such as Alibaba will become active buyers and/or investors in US based Internet companies in the next two years	N/A	I think many different companies from many different countries will be buyers and / or investors in US based internet companies. But it is much harder to be certain about Chinese companies specifically.
Yahoo! is dead	No	Not necessarily. It is possible that the company runs itself into the ground, but its user base remains large and most may not go anywhere, providing a foundation for something that might yet emerge in years ahead.
Less than 20 companies on the "Lumascap" are of a material size and these companies will behave as the consolidators of the group.	Yes	Mostly, I agree with this notion. The biggest will get bigger and a small number of smaller players will survive and thrive.
Ad technology is not well understood by investors	Yes	Completely agree.
The impact of ad automation to date has largely been in digitally traded media, however impacts of automation will be felt across the entire \$600 billion worldwide media market over	Yes	I think all media will experience more automation, although we can argue this has been true for decades (arguably since Donovan Data Systems came on the scene in the 1960s. if not

the next five years including the out of home and television markets.		before?)
Ad automation will start to materially impact media trading in the \$70 billion US television market in the next two years.	No	This depends on what is "material" and what is "automation." A few percentage points might incorporate more robust forms of automation. That's a large amount in absolute terms, but small vs. the whole TV market.
Ad automation improves (or can improve) the direct trading relationship between a media company and an advertiser—by improving efficiency (workflow) and effectiveness (leveraging data).	Yes	The question speaks for itself.

SEARS: If you could go to the airport *right now* with friends or family and fly anywhere in the world for vacation, who would you take and where would you go?

WIESER: Anywhere between southwest France and northeast Spain with my wife and two children. Fantastic food, culture and history that we have barely begun to explore.

SEARS: If you could create an endowment to fund any existing non-profit you designated, what lucky non-profit organization would that be?

WIESER: Rather than focus on a specific organization I think there are causes and public policies that I would focus on, such as financial literacy and efforts to improve economic welfare for people around the world over longer time

horizons.

SEARS: What is your favorite restaurant in the world?

WIESER: Top of mind right now is Portland's Laurelhurst Market, which happens to be in my neighborhood in Portland, Oregon. It was ranked No. 5 on the Wall Street Journal's list of "20 Great Modern Meateries" in 2013 and still lives up to the bill today.

SEARS: Thanks, Brian!

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Jay Sears

Jay Sears is SVP Marketplace Development for Rubicon Project (NYSE: RUBI), working with management and business unit heads across the company to expand Rubicon Project's market. He works across the media owner and advertiser sides of ... [read more](#)

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