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Overview of webinar / panel discussion

Capitalising on Connected TV advertising

- Market context: the ad opportunity for service providers *(André Bento)*

- Maximising Connected TV revenues with advanced ad decisioning *(Frank Sinton)*

- Manifest manipulation: personalizing video streams *(André Bento)*
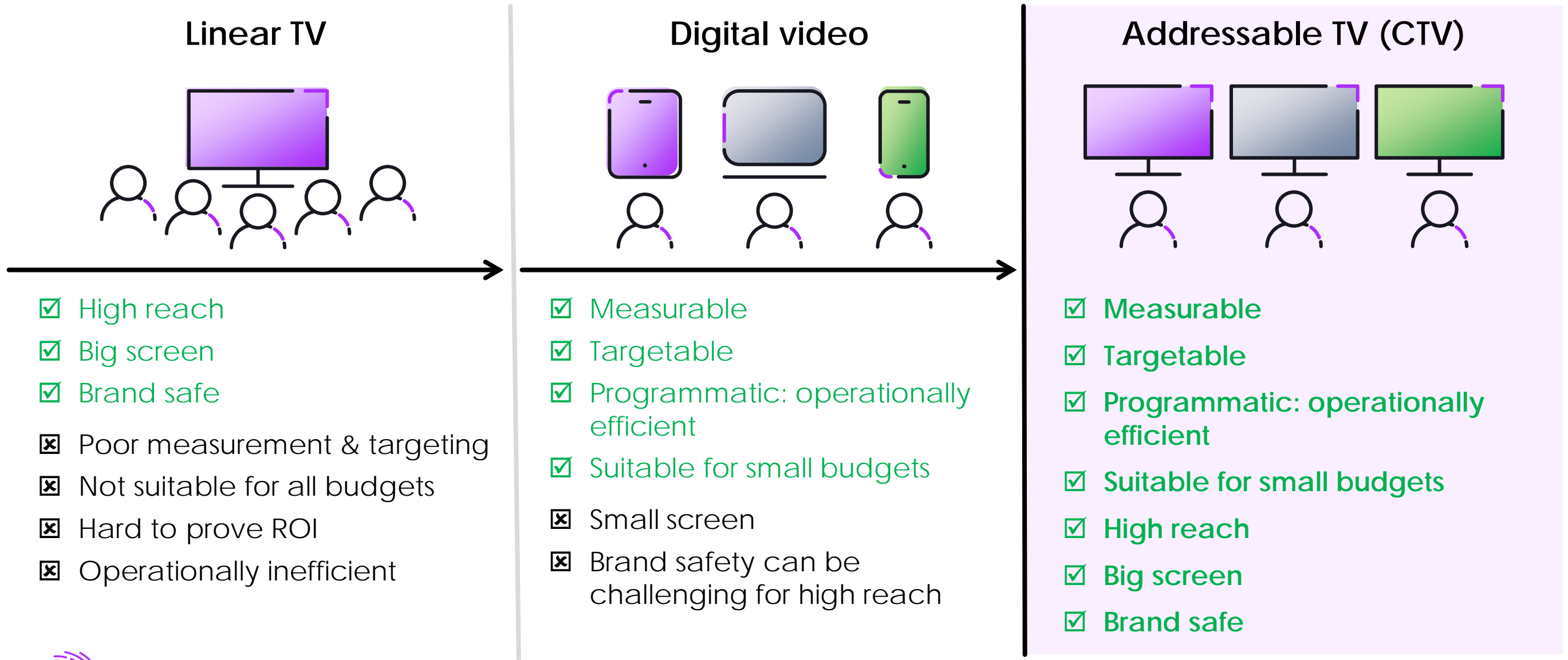
- Roundtable discussion

We are Velocix

The world's leading provider of content delivery solutions, origin servers, and stream personalization software.

Example customers:

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Video advertising trends

From linear to addressable

Linear TV

- ☑ High reach
- ☑ Big screen
- ☑ Brand safe
- ☒ Poor measurement & targeting
- ☒ Not suitable for all budgets
- ☒ Hard to prove ROI
- ☒ Operationally inefficient

Digital video

- ☑ Measurable
- ☑ Targetable
- ☑ Programmatic: operationally efficient
- ☑ Suitable for small budgets
- ☒ Small screen
- ☒ Brand safety can be challenging for high reach

Addressable TV (CTV)

- ☑ **Measurable**
- ☑ **Targetable**
- ☑ **Programmatic: operationally efficient**
- ☑ **Suitable for small budgets**
- ☑ **High reach**
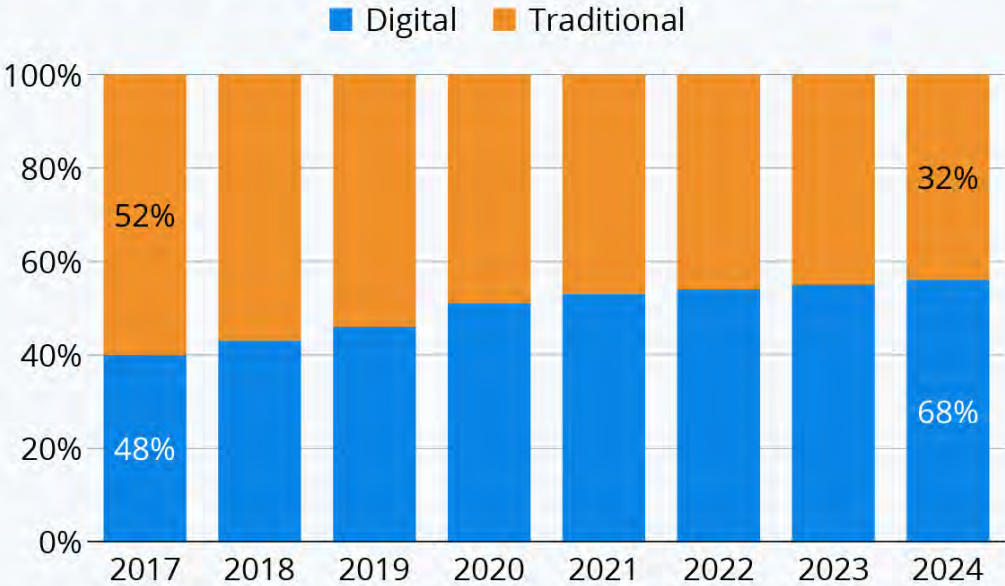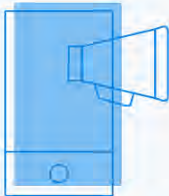- ☑ **Big screen**
- ☑ **Brand safe**

Video advertising trends

Ad spending

Almost two thirds of ad spending is digital

Digital and traditional formats as a share of ad spend in the U.S. (in %)

Legend: ■ Digital ■ Traditional

- 2017: 48% Digital / 52% Traditional
- 2024: 68% Digital / 32% Traditional

Source: Statista Advertising & Media Outlook

statista

Global addressable TV advertising revenues

By category

33% CAGR

2025: $85.5 Billion

Billions
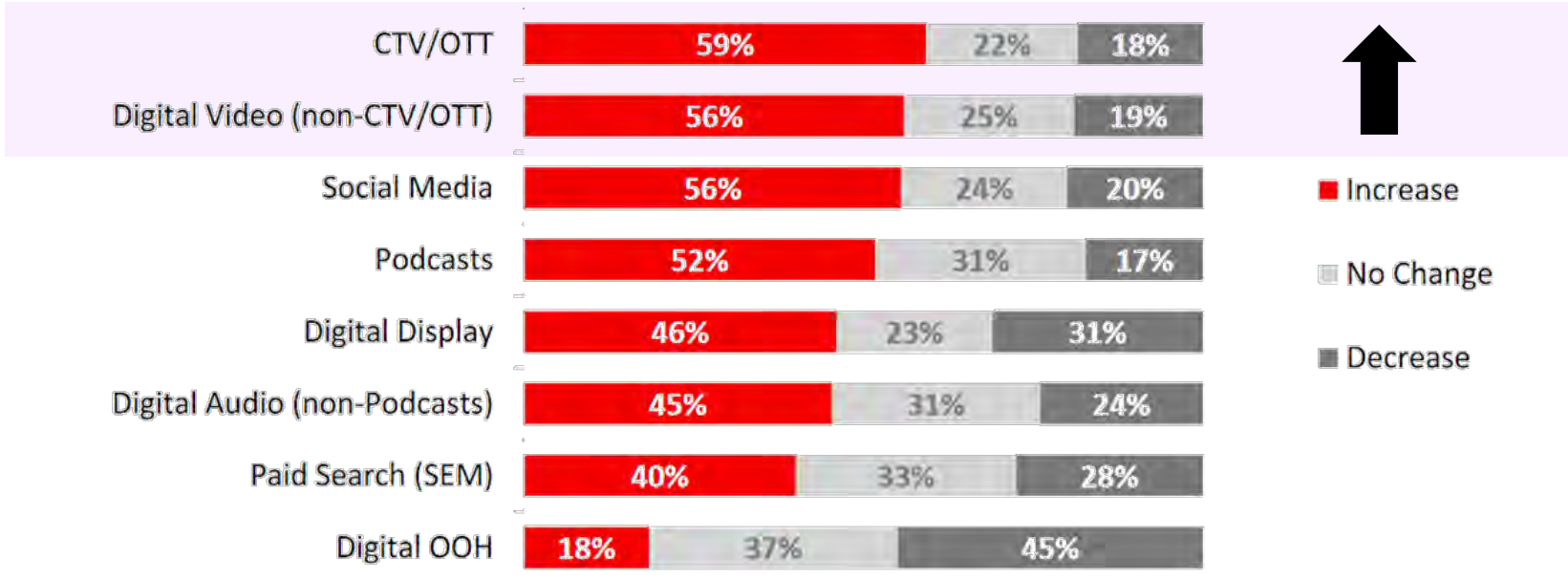
Legend: ■ CTV ■ Linear TV ■ VoD — Global Total
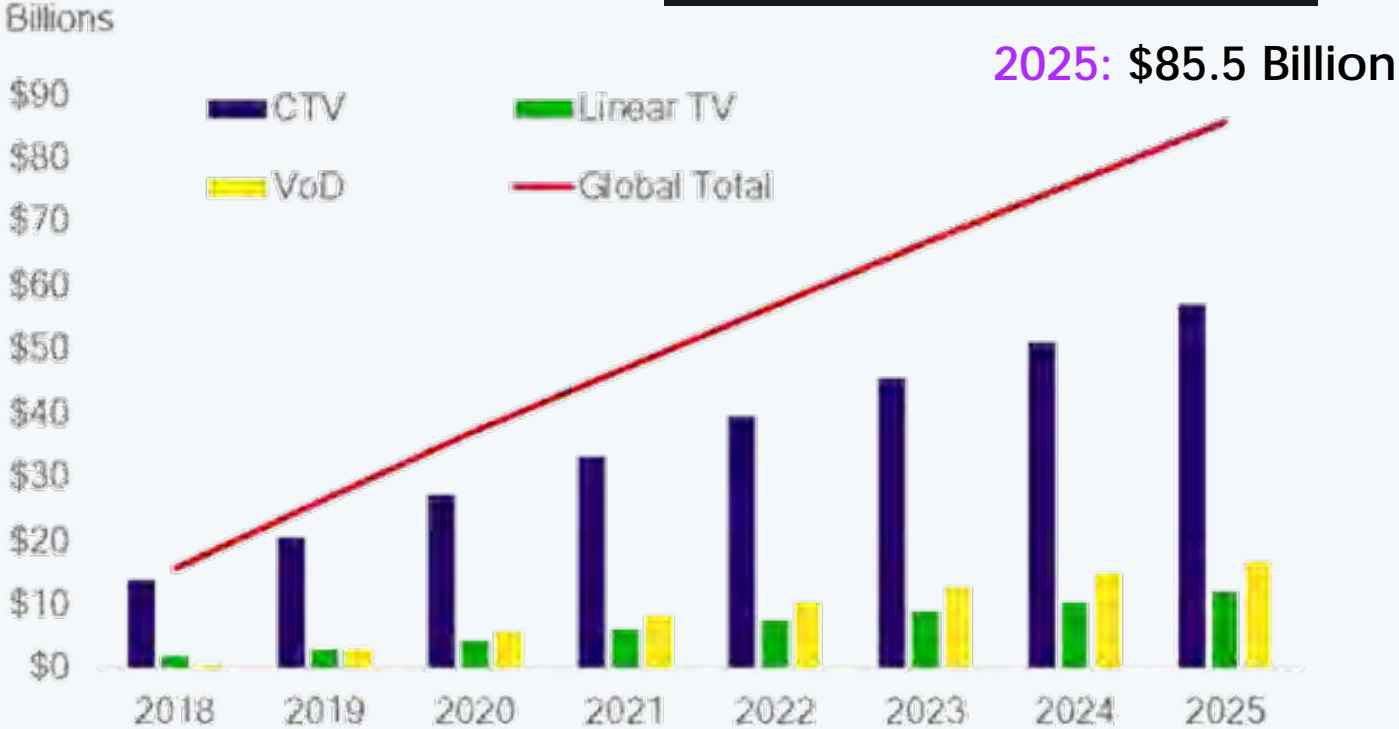
Source: Rethink TV

The impact of COVID

Digital video continues to rise, despite declines in the traditional ad market

Ad spend changes by digital channel

2020 2H (Jul-Dec) Y/Y

Channel	Increase	No Change	Decrease
CTV/OTT	59%	22%	18%
Digital Video (non-CTV/OTT)	56%	25%	19%
Social Media	56%	24%	20%
Podcasts	52%	31%	17%
Digital Display	46%	23%	31%
Digital Audio (non-Podcasts)	45%	31%	24%
Paid Search (SEM)	40%	33%	28%
Digital OOH	18%	37%	45%

■ Increase
▨ No Change
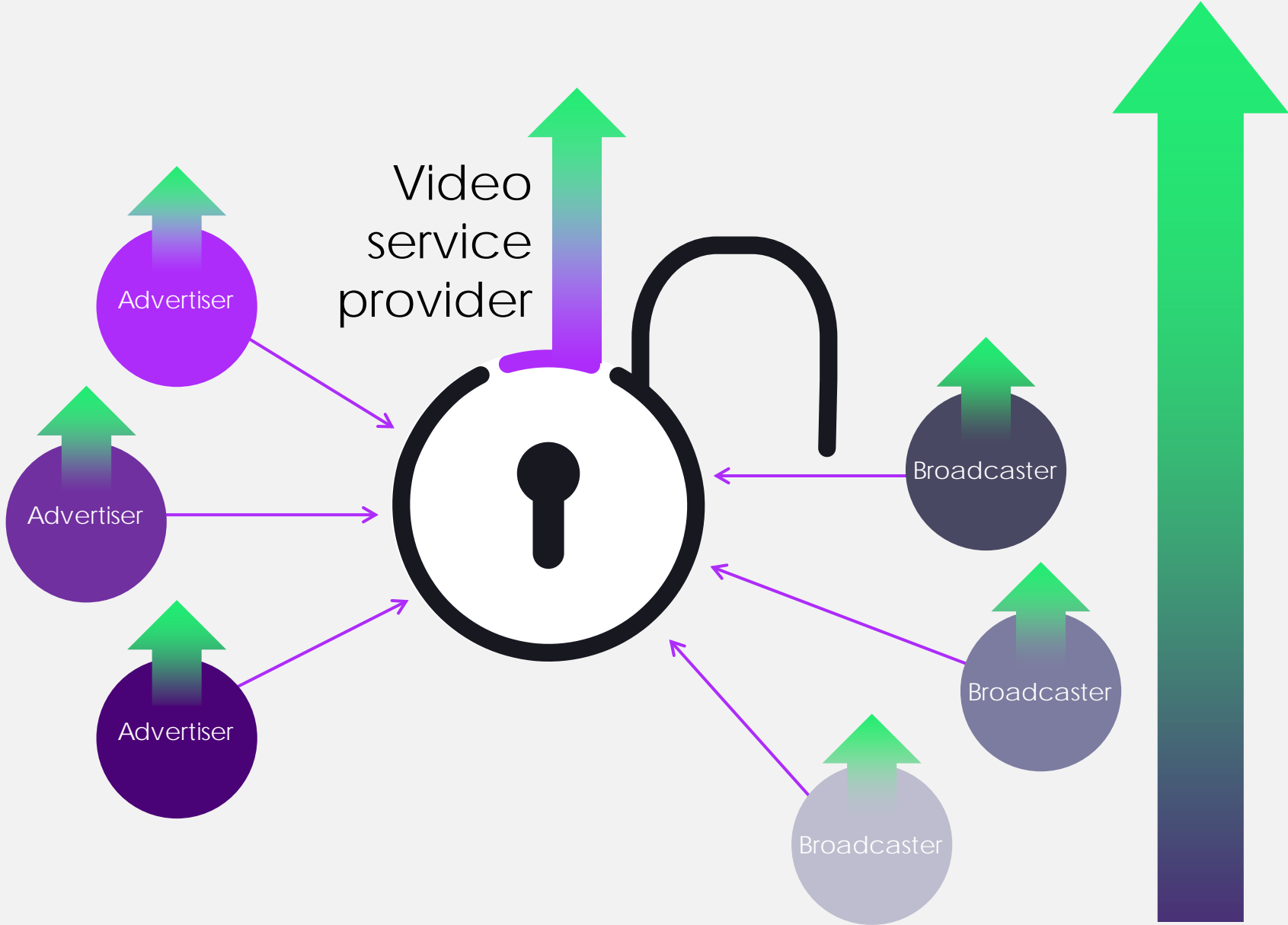■ Decrease

IAB Research

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Unlock the power of TV

Ad opportunity for service providers

- **Video service providers** gain visibility to ad inventory

- **Broadcasters** unlock new advertisers looking for performance & ROI

- **Advertisers** get direct access to addressable, measurable & performant TV inventory

Everybody wins!

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Video service providers' advantages
The (un)expected strengths

- Inventory aggregator

- E2E control by design

- Data rich by design

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Maximising CTV Revenues with Advanced Ad Decisioning

CTV is booming, but operators and programmers are leaving money on the table

164%
INCREASE IN CTV AD REQUESTS

361%
INCREASE IN WINNING BIDS

-64%
CHANGE IN USE RATE
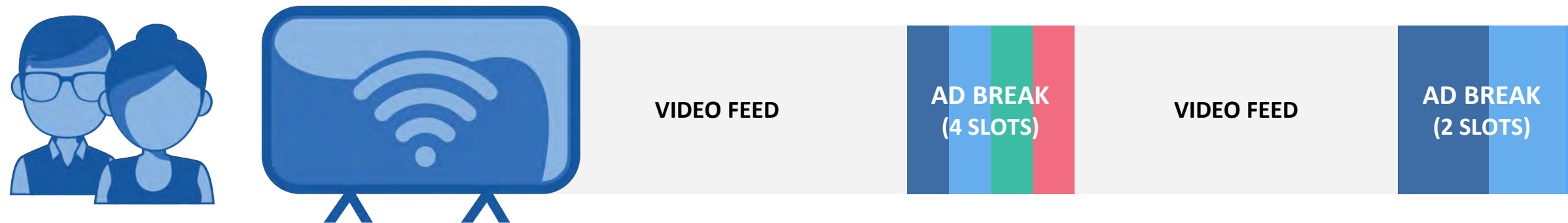
Use Rate = Total Impressions / Total Winning Bids

OR, the percentage of winning bids that translate into an actual impression

Source: Beachfront Internal Data | Data reflects YoY percent change from Nov 2019 to Nov 2020

Underlying ad tech uses slot-based decisioning originally built for web environments — not TV

DIGITAL VIDEO (WEB & APP)

| 1 PRE-ROLL CREATIVE | VIDEO |

CONNECTED TV

| VIDEO FEED | AD BREAK (4 SLOTS) | VIDEO FEED | AD BREAK (2 SLOTS) |

Pod-based decisioning is essential for maximising revenues and delivering a linear-like experience in CTV

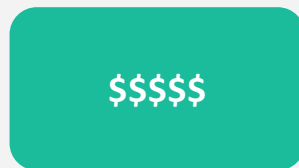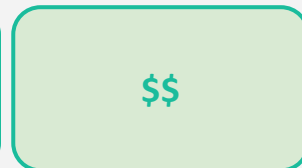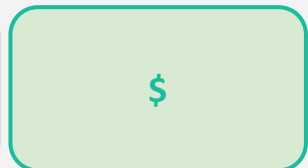**Competitive Separation Rules**

| Starbucks | Toyota | Samsung | Nike |

Slot-based Pricing

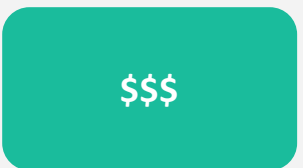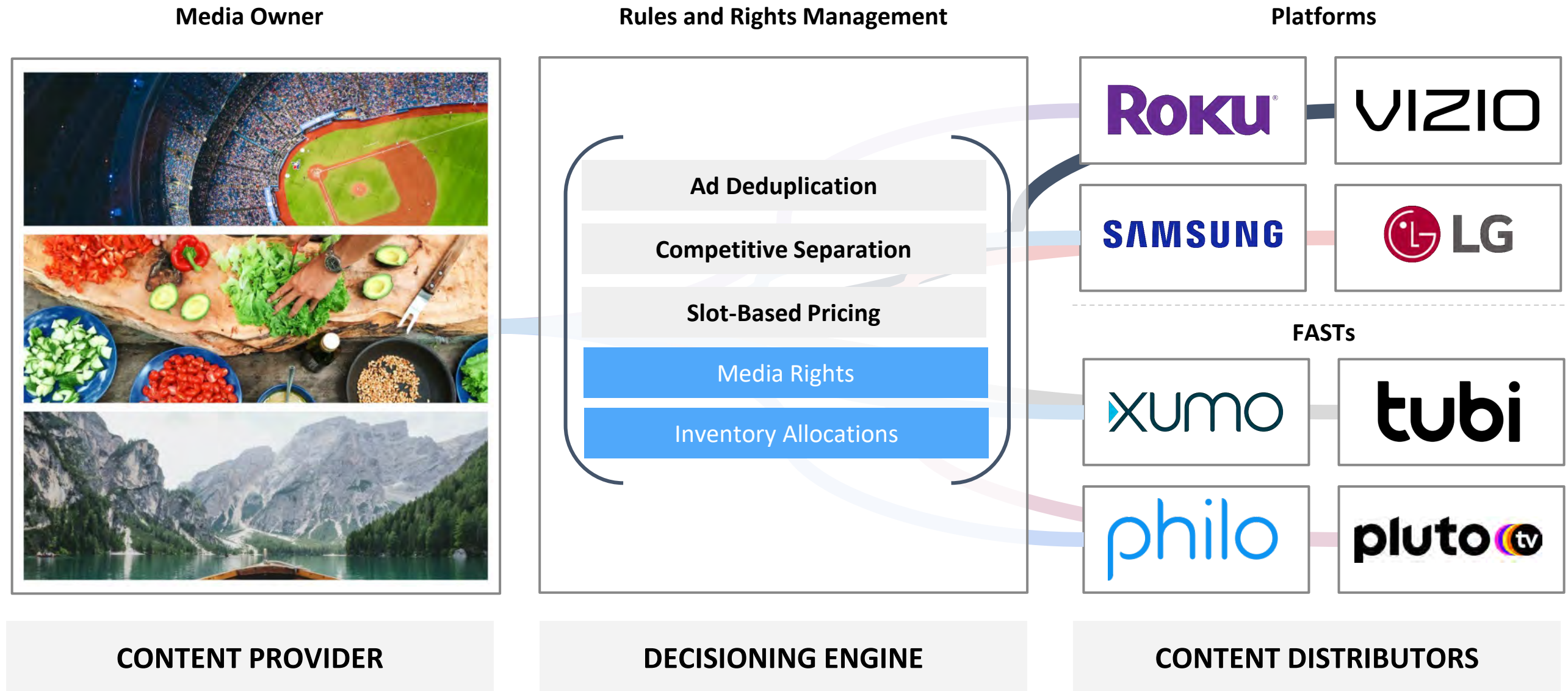| $$$$$	$$	$	$$$
Slot 1	Slot 2	Slot 3	Slot 4

KEY CONSIDERATIONS FOR CTV

- Ad Duplication
- Competitive Separation
- Slot-based Pricing
- Frequency Management
- Latency
- Media Rights

Managing allocations / ad sales rights requires a CTV rules engine that is tightly coupled with ad decisioning

Media Owner

Rules and Rights Management

Platforms

Ad Deduplication

Competitive Separation

Slot-Based Pricing

Media Rights

Inventory Allocations

FASTs

CONTENT PROVIDER

DECISIONING ENGINE

CONTENT DISTRIBUTORS

Pod-based decisioning maximises CTV use rate and revenue

Slot-Based Decisioning		Pod-Based Decisioning
8 - 20	NUMBER OF REQUESTS PER POD	1
1 / 4	DISCARDED ADS	1 / 20
	USE RATE	2X
	REVENUE LIFT	~37%

Source: Beachfront Internal Data

Best practices for maximising CTV revenues with advanced ad decisioning

1

REQUEST DEMAND AND APPLY DECISIONING AT THE POD-LEVEL (V.S. BY SLOT)

2

TIE MEDIA RIGHTS AND RULES MANAGEMENT TIGHTLY TO DECISIONING

3

KEEP A CLOSE EYE ON USE RATE AND THE VIEWER EXPERIENCE

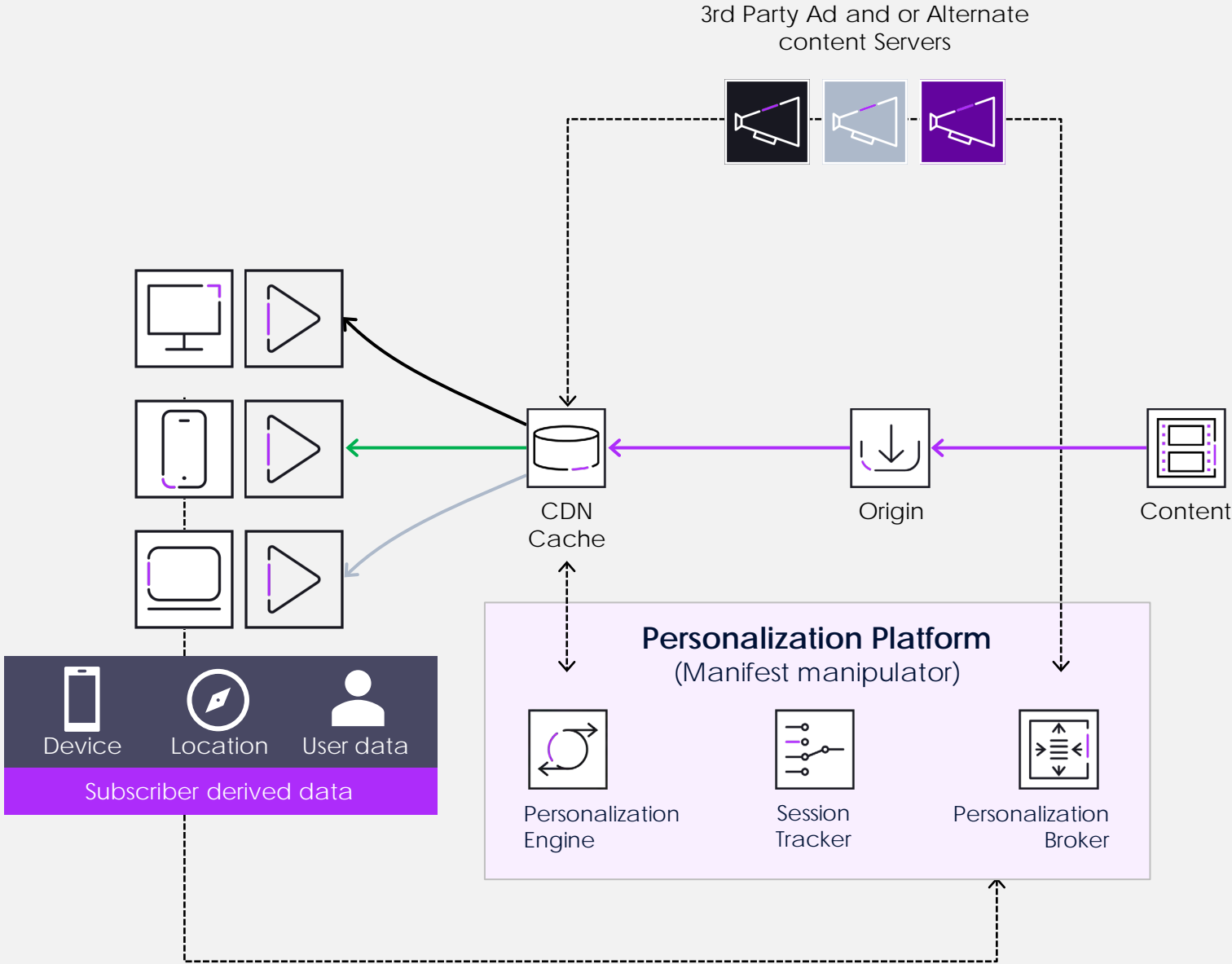# Manifest manipulation: personalizing video streams

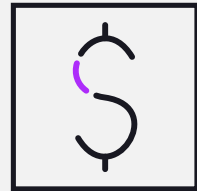VELOCIX™

Manifest manipulation

Personalizing video streams

- Provides the ability to dynamically substitute video segments on-the-fly

- Device type, location, and other user data can be used to decide what to play next

- Each user gets a unique manifest that maps the video content to be played

- Works with any CDN

3rd Party Ad and or Alternate content Servers

CDN Cache

Origin

Content

Device   Location   User data

Subscriber derived data

Personalization Platform
(Manifest manipulator)

Personalization Engine

Session Tracker

Personalization Broker

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Monetization opportunities and more
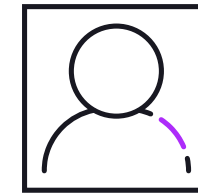
One platform, multiple use cases

Monetisation use cases

Ad replacement

Insert pod ad breaks to replace existing ads in **linear** or **catchup** content

Ad insertion

Insert pre, mid and post roll ads in VOD (or recorded) content

Other use cases

Alternate content insertion

Insert relevant alternative programming to keep consumers engaged during blackouts

Full content personalization

Take personalization to next level and generate your personalized TV channel

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Ensuring peak performance
Stream personalization at scale is challenging

- TV users expect high availability / exceptional QoE

- Low latency needs to be ensured
  - It becomes even more critical with ultra-low latency streaming

- High concurrency events could generate huge spikes in demand for ad personalization workflows

- It's important to pick the right tech partner for the journey
  - Knowledge of the video ecosystem
  - Proven ability to scale / carrier grade reliability
  - Flexibility to align with your architectural needs (ex. cloud or on-network deployments)

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An easier on-ramp to DAI

Moving to the cloud

- A cloud-based architecture provides easier ways to scale at a lower cost

- New hosted and managed SaaS solutions emerging for DAI

- Turn-key digital ad insertion and stream personalisation service provides a faster way to deploy and maintain

- SaaS approach means video service providers can perform manifest manipulation with a much lower and less risky initial investment

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Key takeaways

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... there's never been a better time for operators to make the move to Addressable TV

Key take-aways

Capitalising on Connected TV advertising

- Connected TV is set to raise the overall market value of TV advertising

- Operators are well positioned to explore new business models with content owners, that work for both

- Flexible Ad Decision services are key to implement the new business models

- Services that support pod based decisioning help driving higher revenue

- Manifest manipulation can be technically challenging; a scalable SaaS solution offsets some of the complexity

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PANEL DISCUSSION

Capitalising on Connected TV advertising

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Thank you

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