



## Is Your Business Really Ready to In-House Programmatic?

November 2018

# Programmatic Is Here To Stay

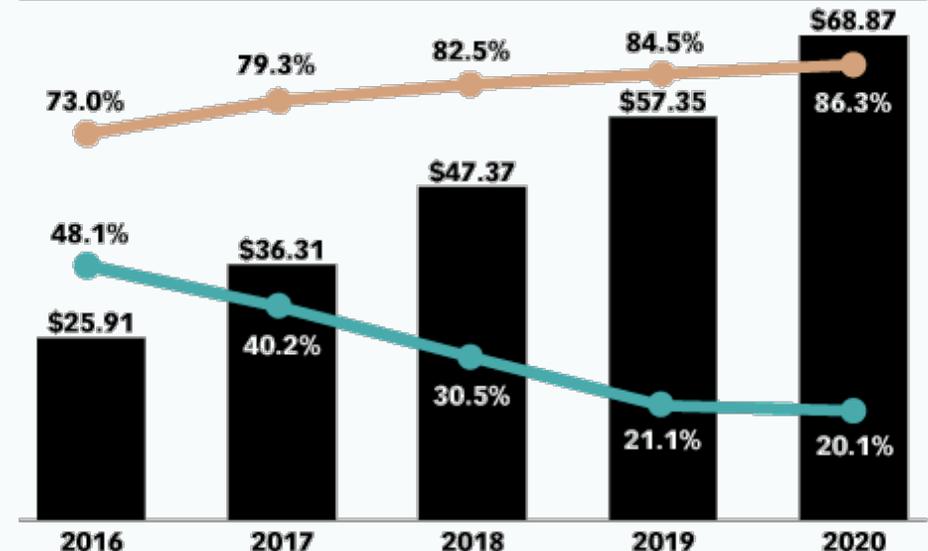
Programmatic is the predominant digital ad placement process. Spend will continue to rise through 2020 and beyond.

Because of these estimates, some advertisers think in-housing programmatic is a worthwhile investment.

In the following pages, we will take a look at current programmatic trends and what you need to think about before implementing a full in-house operation.

## US Programmatic Digital Display Ad Spending, 2016-2020

billions, % change and % of total digital display ad spending\*



■ Programmatic digital display ad spending

■ % change

■ % of total digital display ad spending\*

Note: digital display ads transacted via an API, including everything from publisher-erected APIs to more standardized RTB technology; includes native ads and ads on social networks like Facebook and Twitter; \*includes advertising that appears on desktop/laptop computers, mobile phones, tablets and other internet-connected devices

Source: eMarketer, Oct 2018

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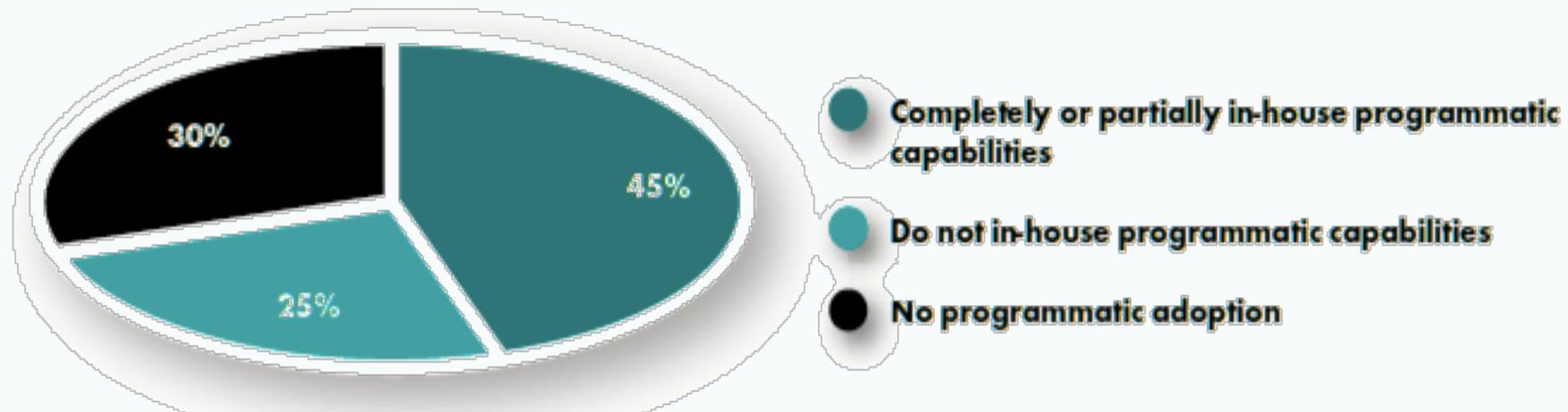
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# In-Housing On The Rise

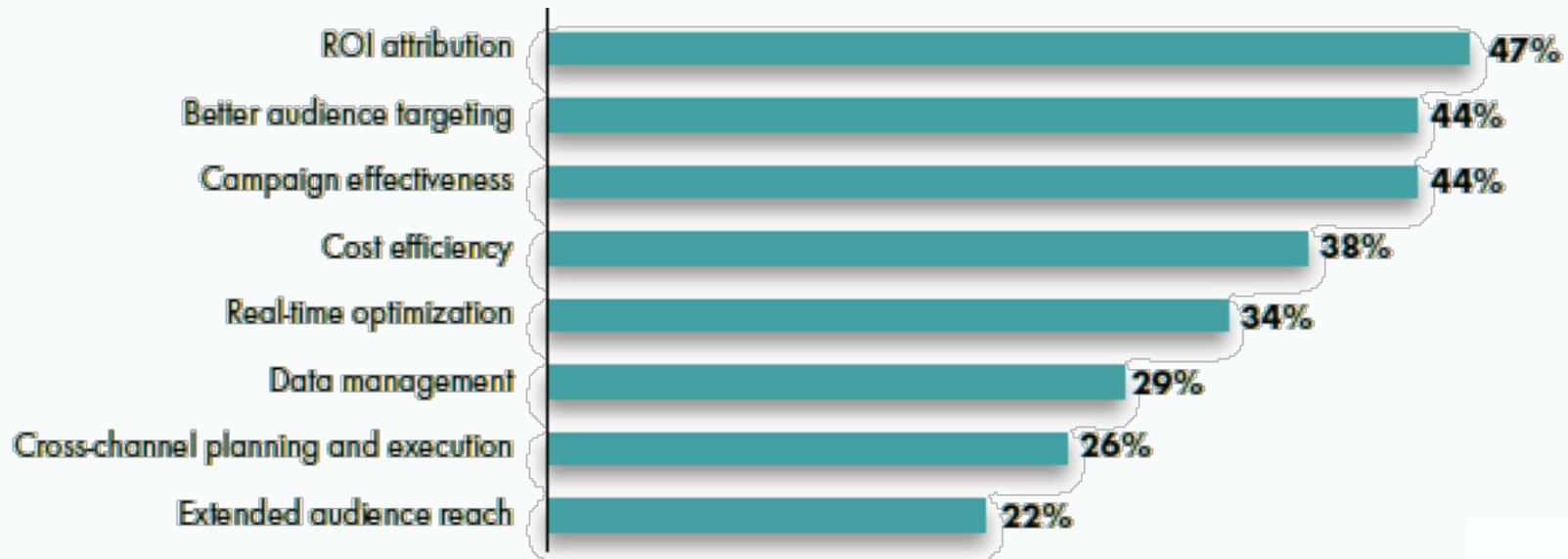
Many companies are moving toward full in-housing or a hybrid of in-housing and outsourcing.

Is your company currently buying digital advertising programmatically, either in-house or with an agency?



# In-housing Rationale

Increased ROI remains the top motivator for bringing programmatic in-house. Better audience targeting and campaign effectiveness closely follow.

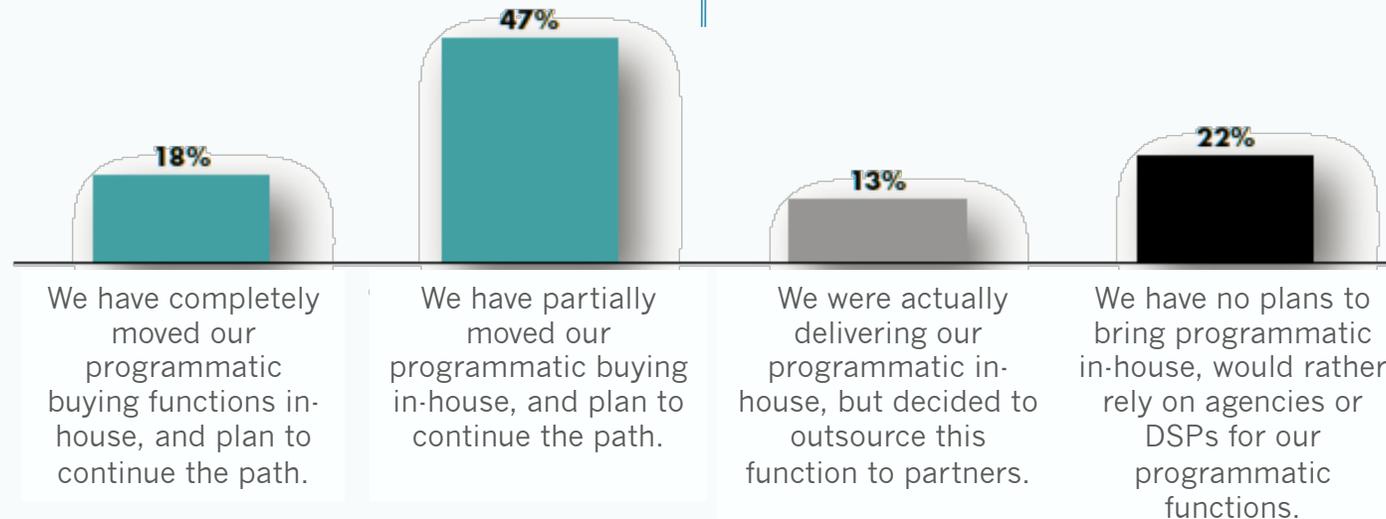


# Spectrum Among Programmatic Buyers

65%

of companies currently using programmatic are either completely in-house or partially in-house, with plans to continue.

Some companies have tried to in-house, but found it did not work in the best interest of their business.



# Different Models Of In-Housing

Full in-housing may not be the best fit for your company. Realize there can be different configurations and levels of involvement.



# Commonly Outsourced Services

Many companies still prefer to completely outsource programmatic, due to the inherent complexities.

However, nearly 60% have partial or full in-house programmatic.

## In-House vs. Outsourced Marketing Services According to CMOs Worldwide, Jan 2018

% of respondents

	In-house	Outsourced	Both
Marketing strategy	86%	1%	13%
Product marketing	76%	5%	20%
Customer experience	75%	7%	19%
Social media	52%	10%	38%
Data and analytics	45%	13%	43%
Ad operations	45%	28%	30%
Content marketing	44%	6%	49%
Branding	43%	14%	42%
Events marketing	43%	20%	37%
Digital marketing	42%	12%	46%
Communications and PR	36%	20%	45%
Advertising	33%	36%	32%
<b>Programmatic</b>	<b>32%</b>	<b>43%</b>	<b>27%</b>
Research and insight	28%	28%	44%
Creative and design	24%	28%	49%

*Note: among those with budget responsibility of top 15 marketing functions; numbers may not add up to 100% due to rounding  
Source: NewBase, "The Evolving Marketer 2018," March 28, 2018*

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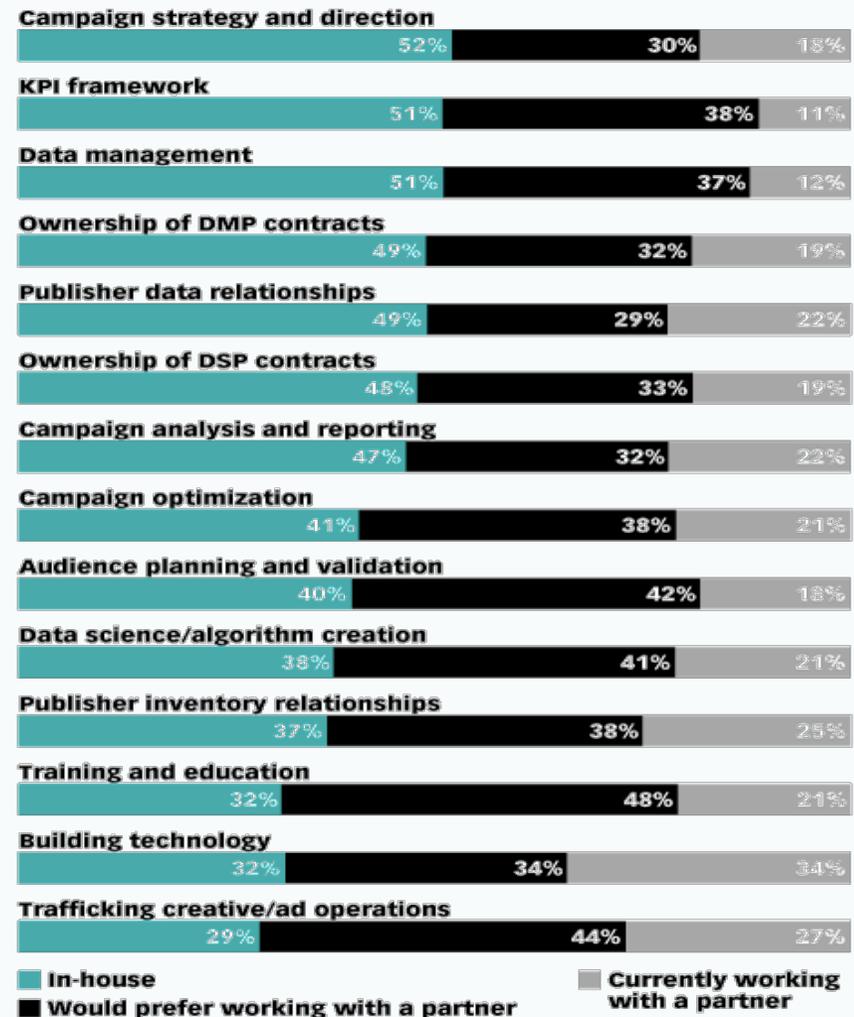
# Which Programmatic Functions Are Most Often Outsourced?

Advertisers would like to retain control over their campaign strategy, KPI framework and data management.

Yet, when it comes to ad ops and building technology, they are more content to leave it to outside partners.

## Programmatic Ad Functions for Which US Media Decision-Makers Would Consider Working with a Partner vs. In-House, April 2018

% of respondents



Note: n=65 brands involved in programmatic in-housing; numbers may not add up to 100% due to rounding  
 Source: Interactive Advertising Bureau (IAB), "Programmatic In-Housing: Benefits, Challenges and Key Steps to Building Internal Capabilities" conducted by Advertiser Perceptions, May 22, 2018



# Challenges And Questions To Consider Before Moving Forward

In-Housing is not an easy task

- What are your objectives and goals?
- Do you have the budget for such an undertaking?
- Are all departments in the organization on board?
- What is your ramp-up plan?
- Do you know how you will handle the technology needed?
- Are you in a position to recruit or train viable talent?
- Are you able to provide continued commitment and innovation?
- Should you hire outsourced expertise to help?



# Objectives and Goals

You first need to identify what you hope to gain by in-housing. What are your short-term and long-term goals, and do they align with the end-goals of the business in general?

- Do you seek greater control over your programmatic operations?
- Are you hoping for increased ROI?
- Do you have a large volume of complex campaigns that you don't feel comfortable handing over to a third-party?
- Do you have the knowledge/expertise to execute and support ongoing management?

Answering these questions, among others, can help determine the degree to which you in-house.



A light gray icon of a document with a circular arrow, representing a budget or financial plan.

# Budget

- Creating an in-house programmatic operation is not cheap. There are many costs involved in hiring, training, investing in and maintaining quality technology standards. There are also other overlooked aspects like licensing. This includes legal documentation, adherence to privacy regulations, etc.
- The Programmatic Advisory has cited “\$20 million as the minimum spend threshold for an advertiser to be spending in programmatically enabled channels before considering bringing programmatic in-house.” Therefore, it may not be prudent for smaller companies to try to in-house.
- Many companies who have successfully in-housed are huge corporations, like Netflix, L’Oreal, Unilever and P&G, who had ample monetary and manpower resources to invest.
- Many companies also invest in outsourced help in order to have talent readily available and project manage the transition.





# Cross-Department Collaboration

Is everyone in the organization on-board to assist and support the in-housing effort.

You need to make sure you have an environment where everyone is agreeable to changes.

Finance needs to be open to allocating funds, and marketing, sales and customer support teams all need to be willing to learn and adopt the new process.





# Ramp-Up Plan

A 2018 IAB study found that the in-housing process takes a full year to achieve operational readiness, “including months of planning, organizational consensus, talent acquisition and platform testing.”

- Consider dedicated resources assigned to project management and stick to the timeline.
- A well thought-out, structured plan needs to be created for everyone to adhere to time and resource parameters.
- Be open to on-board consulting services for implementation and guidance.



# Big Data & Technology



Before in-housing programmatic, you will have to figure out what kind of technology you need: DSP, DMP, ad server, viewability tracking, dashboard, fraud protection, etc.

It is also efficient to try to make sure that your new technology can integrate and synthesize with your existing technology.

**Running your own programmatic operation also means being responsible for all of your data, which will be a lot! Collecting, analyzing and interpreting all this information may require the creation of a separate data science team. It's another big expense, but data-backed programmatic is becoming more and more desirable.**





Programmatic has its complexities and there are few people who are sufficiently qualified. Some considerations when staffing up:

- **Current Personnel:** Do you already have people on staff who you think could be trained to transition to these new roles?
- **Talent Requirements:** You will need someone analytical? Someone who can understand and read simple code? Handle tagged and API integrations? Someone who has industry relationships and stellar customer service?
- **Salaries & Benefits:** Since people to fill these positions are in short supply, will you be able to offer a competitive and attractive package?
- **Location:** Are you in an area where you will be able to attract this hard to find talent?
- **Workload & Culture:** Will you be able to hire enough people to maintain a positive, dynamic workplace without overworking your staff?
- **Retention:** After all you've invested, what else can you do to keep your staff from leaving? Continually training and hiring new staff can be incredibly depleting.



# Continued Commitment



- Bringing programmatic in-house, whether it's 100% or less, requires business owners to constantly be evaluating, re-evaluating, testing and measuring performance.
- Establish clear KPIs and ongoing goals.
- Stay up-to-date with the latest and greatest trends and innovations, which becomes increasingly vital as you move further and further in-house. The ecosystem is constantly changing.
- Don't be afraid to try new things and different variations of hybrids, but be careful not to bounce back and forth too much.
- Still sounds like a lot? Don't worry, there are consultancies (like SMB Media Consulting) that can provide programmatic director for hire and/or help streamline and implement the transition.





**Contact us for a more in-depth conversation or to discuss our services.**

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