

# Netflix plans new ad tech platform as it nearly doubles ad-supported users

Article

**The news:** Netflix announced it will end its partnership with Microsoft and develop its own in-house advertising platform at its second annual Upfront.

- The new platform will collaborate with **The Trade Desk, Google Display & Video 360, and Magnite** to deliver programmatic ad solutions, Netflix said at its second annual Upfront presentation to advertisers on Wednesday.
- Testing of the new ad tech platform will begin in Canada later this year. Netflix plans a US launch by the end of next year's second quarter and a global rollout by the end of 2025.

**But wait, there's more:** Netflix also announced its ad-supported tier has reached **40 million active monthly users, nearly doubling from the 23 million reported in January.**

**Why it matters:** Netflix is out to deepen its fortunes in the lucrative digital ad sector.

- Developing an in-house ad tech platform allows Netflix to gain full control over its advertising operations. This control can lead to more efficient ad placements, better user targeting, and improved performance analytics, which are crucial for maximizing ad revenues.
- By partnering with leading ad tech companies, Netflix aims to offer advertisers advanced capabilities and more precise targeting options. This collaboration will enhance Netflix's ability to attract top-tier advertisers.
- Breaking away from Microsoft and building its own platform underscores Netflix's commitment to lead the market in streaming technology. This strategic move can set a new industry standard and encourage other streaming services to innovate with their ad technologies.
- An in-house platform can provide advertisers with better data and insights, making Netflix a more attractive platform for brands in general. Enhanced ad measurement and validation capabilities can improve the effectiveness of ad campaigns, benefiting both Netflix and its advertising partners.

**Our take:** Netflix's decision to develop its own in-house ad tech platform is a significant and strategic move that highlights the company's innovative approach to the streaming business. By ending its partnership with Microsoft and taking control of its advertising technology, Netflix positions itself to offer a more integrated and efficient advertising solution. This move will likely lead to better targeting and measurement, increasing the platform's appeal.

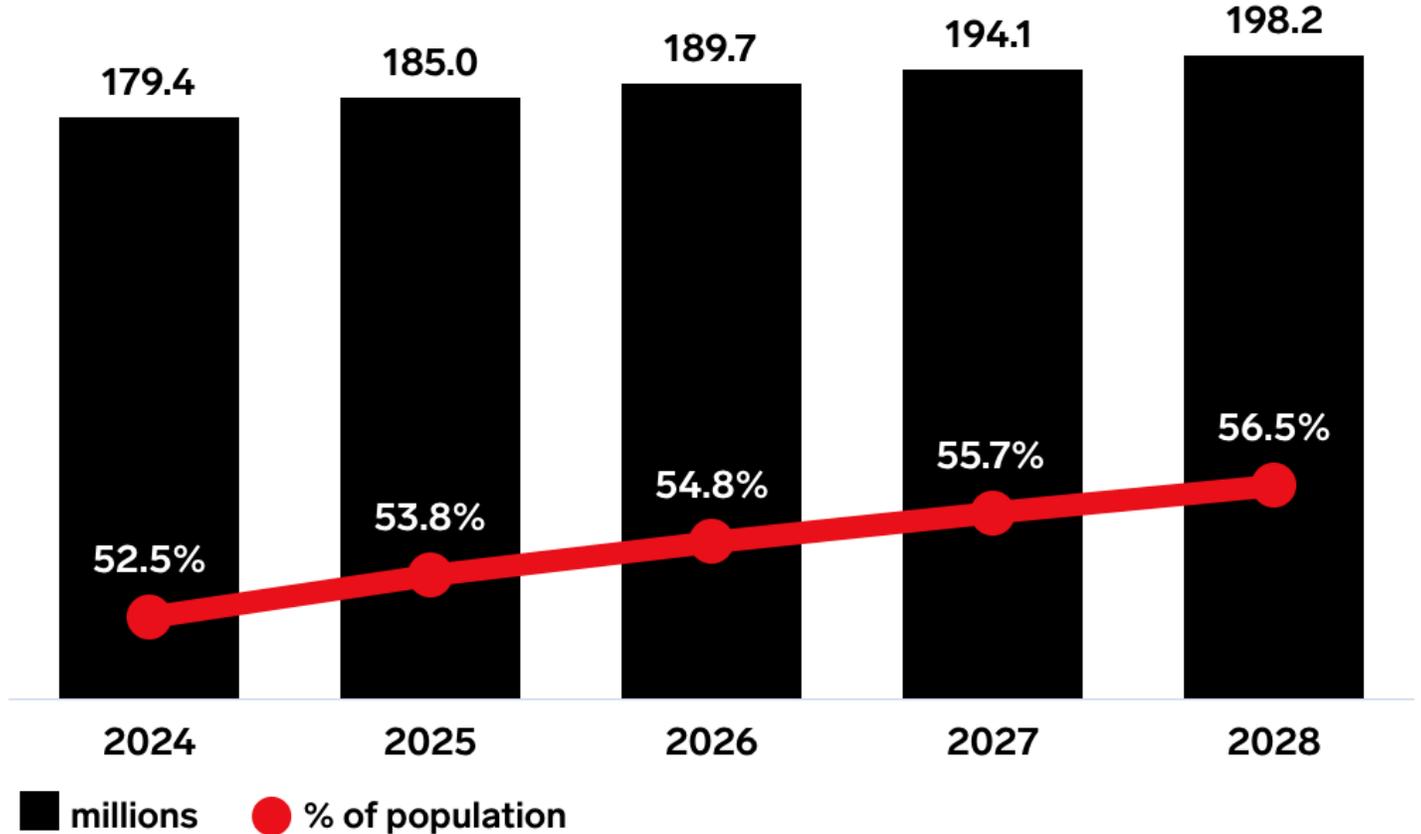
- As digital and streaming advertising continue to grow, having an advanced in-house ad tech platform will be a key differentiator for Netflix vis a vis competitors. This move not only

strengthens Netflix's market position but also sets a benchmark for other streaming services to follow.

- By taking control of its advertising operations and collaborating with leading ad tech companies, Netflix is well-positioned to drive substantial revenue growth and maintain its leadership in the market.

## Netflix Viewers

US, 2024-2028



Note: individuals of any age who watch Netflix via app or website at least once per month

Source: EMARKETER Forecast, February 2024