

When Building Ad Tech, It's All About the Costs

Replacing vendors isn't so easy

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Advertisers looking to take more control over their media buying have to make some tough choices. Do they pressure their vendors into making concessions? Or do they set out to build their own technology to replace the vendors altogether?

When determining whether it is worth it to build their own technology, cost is the most prominent criteria guiding ad buyers' decisions. In June, [Iponweb and ExchangeWire surveyed](#) 129 media agency professionals worldwide, and about 70% of them said that cost of set up and maintenance is an important factor to consider when evaluating whether or not to build their own ad tech. The results indicate that other variables—like ease of installation, reach and reporting capabilities—were secondary to price.

Important Factors When Evaluating Building Their Own Programmatic Buying Technology* According to Media Agencies Worldwide, by Programmatic Buying Technology Ownership, June 2018

% of respondents

	Programmatic buying tech owners	Non-owners
Cost of set up	72%	67%
Cost of maintenance	50%	71%
Ease of installation	50%	43%
Complexity of platform	39%	47%
Publisher reach of platform	35%	41%
Reporting capabilities	28%	45%
Troubleshooting capabilities	15%	43%
Other	0%	10%

Note: *vs. working with a third party

Source: ExchangeWire, "Agents of Change: The Rise of the Programmatic Media Agency" in association with Iponweb, July 12, 2018

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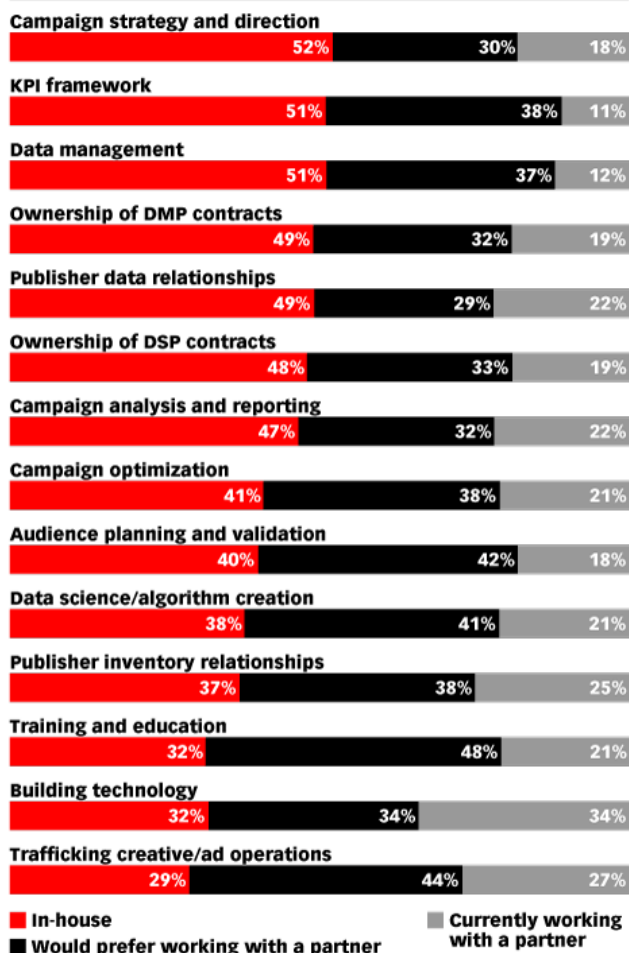
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The lack of trust within the digital ad industry has made tech building a hot subject. In March, Warc estimated that the "tech tax" accounted for 55% of all programmatic spend worldwide. In other words, many advertisers are seeing more of their ad dollars wind up in the hands of tech firms, rather than with the publishers they purchase inventory from.

Building tech sounds like a nice solution to these issues, but doing so is often expensive, time consuming and difficult to find adequate talent for. In an April survey of 119 US media decision-makers conducted by Advertiser Perceptions and the Interactive Advertising Bureau (IAB), about 30% of respondents preferred to build tech or do ad ops in-house. The other 70% or so said they either work with a partner or would prefer to work with a partner for these functions.

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

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Want to learn more? Look for our report on Supply Chain Transparency, which comes out August 2.