

# Late Payments in the Ad Tech Space Are Increasingly Common

**ARTICLE | SEPTEMBER 19, 2018**

**Ross Benes**

**L**ate payments are disruptive to all types of businesses. But how common are they within the ad industry?

Financial intermediary [OAREX Capital Markets](#) analyzed more than 10,000 invoices from its clients—publishers, ad tech vendors and agencies—and found that over the past year, 55% of payments came late. On average, late payments came in about a week late, and nearly 10% of late payments came in more than 15 days late.

About three in 10 invoices were paid early and only 14% were paid right on time. The vast majority of invoices (73%) were paid the correct amount. Of invoices without the right payment amount, more were overpaid than underpaid. Just 11% of invoices were underpaid compared with 17% that were overpaid.

The stipulations of contracts vary by company, but ad agencies and publishers often wait 60 days or longer to get paid by the firms they do business with. This can put companies in a tough position.

For instance, if a publisher gets a traffic surge one month, it will have to wait awhile to get redeemed for all the ads it served. And OAREX's data shows that due to late payments, the publisher will likely wait even longer to get paid than anticipated. Contracts, which are supposed to

pay out two months after ads run, get stretched out and suddenly the publisher may find itself going 12 weeks before making money off the user attention it delivered to its advertisers.

If a payment comes in a week late every 60 days, the companies receiving the payment will have to set aside 15% more capital to cover the shortfall, OAREX CEO Hanna Kassis estimates. The frustration that late payments creates can be seen in [reddit threads](#) where ad professionals take their vendors to task for stiffing them.

The byzantine ad supply chain makes it difficult to track late payments. With money getting passed between advertisers, demand-side vendors, publishers and supply-side vendors, it can easily become a boondoggle to figure out where the disappearing ad dollars are going.

**Allocation of Programmatic Ad Fees Worldwide,  
by Service Partner, 2017**

*billions and % of total*

	Programmatic ad fees	% of total
<b>Tech tax</b>	<b>\$34.9</b>	<b>55%</b>
—Data targeting & verification	\$15.9	25%
—Trading desk	\$9.5	15%
—Demand-side platform (DSP)	\$6.3	10%
—Exchange	\$3.2	5%
<b>Publisher revenues (assumes zero fraud)</b>	<b>\$25.4</b>	<b>40%</b>
<b>Agency of record</b>	<b>\$3.2</b>	<b>5%</b>
<b>Total programmatic ad spending</b>	<b>\$63.4</b>	<b>100%</b>

*Note: read as 55% of the amount spent on programmatic ads went to a "tech tax," while 5% went to the agency of record and 40% went to the publisher (with a 0% fraud assumption); excludes search and social; numbers may not add up to total due to rounding  
Source: Warc, "Global Ad Trends March 2018" based on Magna Global figures, March 29, 2018*

236764

www.eMarketer.com

In March 2018, [Warc](#) estimated that the total "tech tax" accounted for 55% of all programmatic ad spend worldwide last year.