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MediaBank Launches 'DSP' For Analog Media: Ushers In 'Audience-Buying' For Print, Out-of-Home, Etc.

by Joe Mandese, Friday, August 20, 2010, 9:16 AM

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MediaBank, the aggressive, VC-backed media-buying systems start-up that has made waves on Madison Avenue ever since going up against Donovan Data Systems, is now taking on the entire media-buying - and selling - world. Less than two months after the company tapped online industry vet Bill Wise as CEO, the company is going where Google recently, and a host of well-capitalized online-based media-buying exchanges failed in the period leading up to the first dot.com bust: It is launching a system that advertisers and agencies can use to buy traditional media, and ultimately digital media, online.

In the parlance of the times, MediaBank is calling the new system a "DSP," a popular acronym in the online advertising industry that stands for a demand-side platform, which basically is a system that enables the demand-side - advertisers and agencies - to buy unsold online display advertising inventory based on the audiences they want to reach. Significantly, DSPs grew out of a hyper-fragmented, disaggregated part of the online industry - the billions of impressions of display advertising inventory that go unsold by online publishers' own sales forces - but they have morphed into something that has significant implications for the entire media industry, and for Madison Avenue too: systems that shift model from buying media inventory that reaches consumers to one that buys reach among consumers that happen to be using media.

That may seem like a subtle difference, but it is a profound change, because it effectively decouples ad buys from media content, and puts the emphasis on their audience. The concept grew out of the online marketplace, where a wide array of third-party intermediaries, especially an array of broad-based and vertical advertising networks, enabled advertisers and agencies to skim off, and re-aggregate only the audiences they want to reach online.

Big ad agencies have also gotten into the game and have created their own in-house platforms such as Interpublic's Cadreon and Havas' Adnetik and say that by doing so, they have effectively flipped the model from buying media to "buying audiences."

But the online display advertising industry has grown so fragmented with third-party intermediaries - ad networks, ad network aggregators, data exchanges, agency buying exchanges, etc. - that many are now repositioning themselves as DSPs, which seem to be winning the day because they provide a more simplified solution that can be used to manage the whole mess.

Big agencies have talked about using the approach to buy traditional media - shifting the focus from media avails to audience-buying too - but have yet to fully make that leap. Some big online players have also tried, but so far have not been able to scale significantly, including Google, Microsoft, and Madison Avenue-backed Spot Runner. Most of those players have focused on creating systems to more effectively and efficiently buy television, including Google TV Ads, Microsoft's Navic's Admira, and Spot Runner's Malibu systems, but MediaBank is beginning with even more old-school media inventory - local newspapers, out-of-home, and other analog media - with plans to add TV, radio and digital media soon.

"What truly differentiates it for us is that we're going across media," Wise tells Media Daily News. "If

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you're a retailer, local advertiser or a national advertiser, the question is how do you handle things like the media mix?"

Wise, who helped build one of the first truly successful online media-buying exchanges, Right Media, which was eventually sold to Yahoo, where he managed it before joining MediaBank, says the real power of MediaBank's new trading system - dubbed Media/Buy DSP - is the software that will enable advertisers and agencies to optimize their audience reach across media, not just within a specific media channel.

MediaBank says it will work like a "console" listing all of the available local media inventory - TV, radio, print, out-of-home, etc. - along with their demographic data from both the U.S. census, and third-party data syndicated audience data sources, enabling advertisers and agencies to target local media buys based on the relevance of their audiences to an advertiser's mix. Over time, he said, the new DSP will add more sophisticated databases and software that will enable advertisers and agencies to "attribute" how those audiences "convert" to specific brand offers, much the way online DSPs work today, and the way direct response TV advertisers are utilizing Google TV Ads.

What makes MediaBank's entry into this market different from other players is the fact that it is extremely well capitalized (it's VC owners have lots of cash and have backed other industry-changing platforms including, most recently, GroupOn), and the fact that it already has its hooks into a significant portion of the media-buying industry via its enterprise management systems.

In fact, MediaBank is the second largest provider of Madison Avenue's "back-office" media-buying systems after rival Donovan, and claims to be processing billions of dollars in media buys for 163 individual customers. The biggest of those clients, of course, is Publicis Groupe, which essentially helped MediaBank jump start its business several years ago, when it broke away from Donovan over a series of contentious meetings that ultimately drove the agency holding company and Donovan into a confidential arbitration process, but not before charges of corporate espionage and intellectual property theft shook up the industry.

None of those companies have commented on the relationships since the arbitration gag became effective, but executive familiar with the situation say that Publicis' original three-year contract with MediaBank has lapsed and it appears as if they have renewed and extended their agreement, and have even added additional responsibilities to the company that had been handled by other enterprise software and systems companies.

But Publicis remains MediaBank's only major agency holding company customer, and Wise says it is imperative that it retain at least one more to make it successful in the long-run. MediaBank got close a year or so ago, when Interpublic held a review and got down to a short list of Donovan and MediaBank, and some say, even initially awarded it to the latter before pulling the plug and staying with Donovan for status quo reasons. And while Donovan has also been innovating and improving its enterprise systems - particularly to deal with digital media - some big agencies are believed to be thinking beyond the historic approach to legacy media management systems. Interpublic, in particular, is expected to shake things up again. It already has been leading an effort with partner - and client - Microsoft to substantially improve the way databases are exchanged between agencies and media, and recently turned that initiative over to the American Association of Advertising Agencies to lead a broader industry charge. Interpublic also is expected to initiate a new review of its enterprise systems over the next year or so, this time seeking genuine innovation from its vendors.

Given that backdrop, it is interesting that Wise is moving so fast and so aggressively to diversify MediaBank's core business from enterprise software and systems built for agencies to manage the processing of media buys, to a DSP orientation that will effectively create an open source trading system for buying and selling media.

Initially, MediaBank says the M/Buy DSP will focus on servicing big, enterprise clients, but over time it will become a "self-serve" system that anybody - even tiny, long-tail customers - can use to buy media directly. Importantly, Wise also believes the system will utilize a "real-time bidding" approach that is common on Wall Street, and with parts of the online advertising marketplace, but is one that worries many media owners who fear it could commoditize their inventory. Proponents of real-time bidding note that it also has the potential to create premiums by raising prices for media inventory as demand rises for it.

Wise says the whole debate surrounding the "premium" and "non-premium" markets in the online display advertising business is somewhat semantic, and that over time, buyers and sellers will find a common ground between real-time bidding and direct sales. In the meantime, he says the world of analog media is also growing hyper fragmented and in need of greater operating efficiencies that an online DSP like M/Buy can create.

"What we really want to do is take the science of buying audiences, instead of context, and apply that to all media. We can start by aggregating fragmented audience supply and overlay data to make it more relevant and valuable," he says, adding that M/Buy initially will begin with local newspapers and out-of-home media, but will quickly move into TV, radio and online media, and that its strong suit will be its ability to manage audience procurement across all media.

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