WPP webinar Hosted by Xaxis

Transcript

Friday, 25 June 2021

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Disclaimer

Introduction
John Rogers
CFO, WPP

Good afternoon, everyone, and welcome to the third in WPP's webinar series, which goes deeper into different parts of our business. I am delighted to introduce you today to Nicolas Bidon, who is the CEO of Xaxis, and also members of his leadership team. As you know, Xaxis continues to be a real growth story for WPP, and I certainly think it is a great example of how we have been able to stay ahead of the curve in terms of the industry changes through innovation and investment, and actually demonstrates how digital and programmatic are actually growth drivers for our business, rather than a threat. I think you all know the format by now. I think Nicolas and his team will present to you for about half an hour or so, maybe a little bit over the half hour, and then we will open up to Q&A. So I would like to say formally, welcome, Nicolas and his team, and, Nicolas, over to you. Thank you.
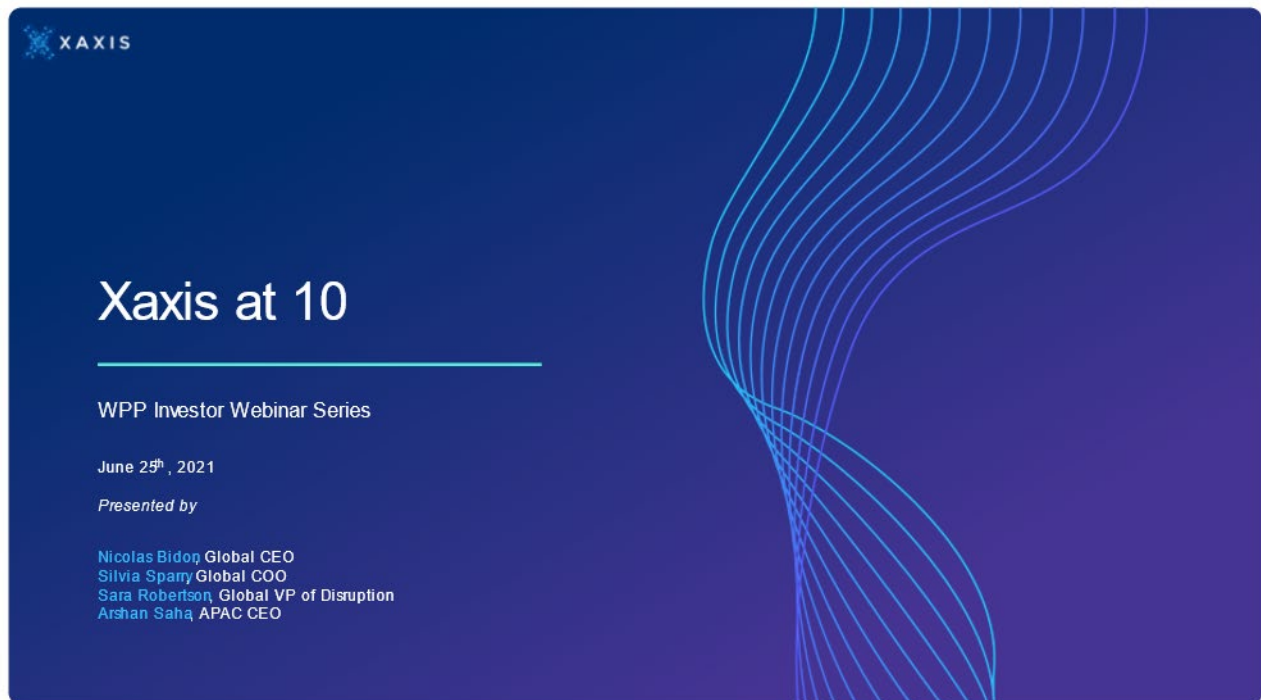
Nicolas Bidon: Thank you, John, and good morning or good afternoon, depending on where you are joining us from. So on the call today you will see three members of my global leadership team, and I will let them introduce themselves in a moment. I will start by introducing myself. So my name is Nicolas Bidon. I am French, as you can tell. I am based in London. I have actually been the global CEO of Xaxis for about four years and a half – at Xaxis for nine, so very much at the beginning of the adventure. Before that, I was in the leadership team of Yahoo for Europe. And prior to that, spent seven years in the US, including four in San Francisco, working for various enterprise software vendors. So ad tech, which is the intersection of media and software, was very much where I was, I guess, destined to go. And that is it for me, I will turn over to our global COO, Silvia, who will introduce herself now.

On the call today

Nicolas Bidon
Global CEO

Silvia Sparry
Global COO

Arshan Saha
CEO, APAC

Sara Robertson
Global VP, Disruption

XAXIS

Silvia Sparry: Thank you, Nicolas. So my name is Silvia Sparry. I have been with the company since 2013. I have been in various leadership roles in the UK and EMEA teams, and I am now global COO. So, as part of that, I lead things like platform, excellence, automation and partnerships from a global perspective. And prior to Xaxis I ran operations and data science for contextual ad tech businesses for seven years. So, Arshan, over to you.

Arshan Saha: Thank You, Silvia. Hi, everyone. I am Arshan Saha, CEO of Xaxis Asia Pacific. I am Malaysian; I was born in Malaysia. Spent a couple of couple of years in the UK, and now I am based in Singapore. I joined Xaxis as the second employee in Asia back in 2012, and back then I was tasked to launch the business in Southeast Asia. Prior to Xaxis I worked for ad networks spanning across both the UK and Southeast Asia as well. So over to you, Sara.

Sara Robertson: Thanks, Arshan. Hi, everyone. My name is Sara Robertson. I am the global VP of Disruption at Xaxis. And I guess I am kind of a newbie, because I have only been with the company for six years. But during those six years I have spent, I have had a ton of fun building AI products and leading a product and engineering team based in New York City. Prior to Xaxis I worked in the music industry. I was at Warner Music Group, and I worked with a lot of rock stars. Back to you, Nicolas.

Programmatic and Xaxis Evolution

Nicolas Bidon

Global CEO, Xaxis

Thank you, Sara. So in terms of agenda, we will spend the beginning of the hour speaking about programmatic and Xaxis evolution. Then we want to zoom in on a couple of capabilities we think are very differentiating for our clients and for the group, give you an overview of where we see the growth opportunities moving forward, and then wrap up to move on to the Q&A part.

So next week is a very special week for Xaxis. It is great timing, because it marks actually the 10-year anniversary from when the company was first founded, which was – June 27th 2011 was the initial press release from WPP announcing to the world the birth of Xaxis. And when you look at what the vision was back then was really trying to put together specialists from across the group and technology assets, including from a previous acquisition of 24/7 by WPP, to really create a centre of excellence around programmatic. And I think credit to Martin Sorrell at the time, and Brian Lesser, the original founder of Xaxis, I think they saw how important programmatic was going to be in terms of media and really wanted to lay the foundation to create that centre of excellence.

So, before we move forward, maybe it is worth recapping what programmatic advertising is. And there is no universally accepted definition, so this definition is very much our own, but I think it gives a good sense for what this is about. And at the core, programmatic advertising is a way of trading and buying digital media, making heavy use of data and technology to make use of different data signals to make real-time decisions, often on a per impression basis, to really figure out whether this is the proper setup for a brand, the proper audience to show their ad to, and also making decisions on things like what creative or offer should be shown to that audience and what price should be paid for the opportunity to show this advertising.

So it is a pretty broad, as you can see, scope and definition. I think the simplest way to think about it is programmatic enabled the use of data and tech to make digital media buying more efficient.

Digital Ad Spending Penetration Worldwide, by Country
2021, % of total media ad spending

Country	%
Australia	63.5%
Brazil	43.0%
Canada	64.3%
China	78.3%
Denmark	73.6%
France	50.1%
Germany	46.8%
India	27.9%
Indonesia	24.4%
Italy	38.2%
Mexico	54.1%
Netherlands	59.8%
Norway	82.3%
Spain	45.0%
UK	75.1%
US	66.9%

50%

Source: eMarketer, March 2021

eMarketer | InsiderIntelligence.com
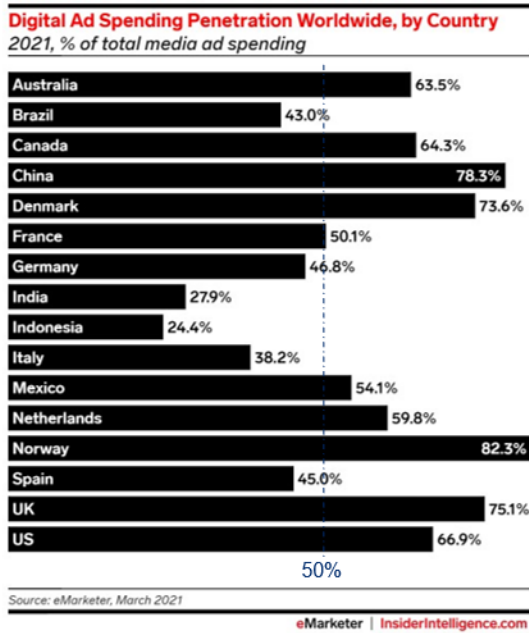
#1
Global digital advertising spend has been greater than TV since 2016 with share increasing in all markets.

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So it is about digital media. And why does that matter I think is because, as you will know, digital media is the biggest part of the total advertising market. In fact, since 2016, it is the dominant category in the overall media landscape. And if you look at the chart on the left, you can see that in some countries like Norway or China it is close to actually 80% of the share of wallet of advertisers. And worth noting is the fact that this share is increasing in all markets.

Programmatic Digital Display Ad Spending
US, 2011-2021

billions ● % of total digital display ad spending

Source: eMarketer, April 2021

eMarketer | InsiderIntelligence.com

89%

Over the last decade, programmatic skills have become essential to buy digital media effectively.
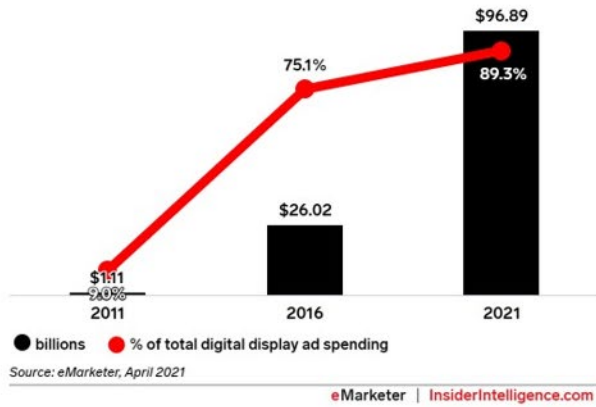
XAXIS

So within digital media, programmatic, which is what Xaxis really specialised into, has also become the predominant way of trading. If you look back to 2011, which is when we were founded, it was only about 9% of the transactions or the ways of buying digital media. And in the US, which is what this chart is about, it represented a market of about a billion dollars of media investment. You fast-forward ten years to where we are now; the estimation is that it will be close to 90% of the way digital media is traded and representing a marketplace of about a hundred billion dollars, if you round up to easy-to-remember numbers. So programmatic, I would argue, has become synonymous with digital media.

The outlook for programmatic is strong, fueled by increased digital share and new activation channels
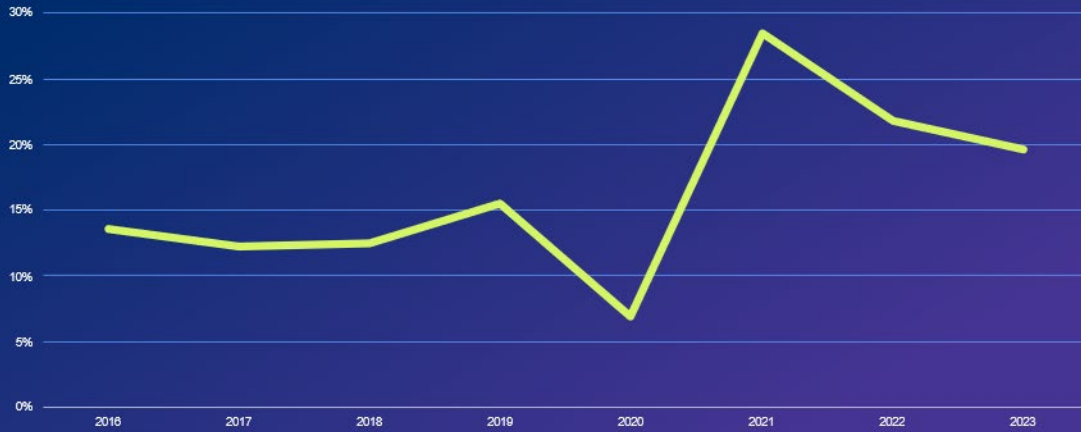
Source: GroupM revenue estimates and Wall Street consensus estimates for pro forma revenue growth for each of Criteo, Magnite, PubMat, DoubleVerify, Viant and The Trade Desk

And that explains why the outlook for programmatic is strong, despite already all the growth that has happened before. What you are looking at here is basically an index which is putting together the Wall Street consensus estimate for revenue growth for some of the publicly traded companies that I think are quite representative of ad tech and programmatic, so companies like The Trade Desk, Criteo, PubMatic et cetera. And you can see that while there was an impact, like most businesses, last year in terms of COVID, the double-digit growth of those companies and the forecasted growth is still extremely strong as more media goes into digital and more digital media gets traded programmatically.

Xaxis is a globally-scaled programmatic specialist

London
EMEA HQ &
Delivery Hub

New York
North America HQ
& Delivery Hub

Bogota
LATAM HQ &
Delivery Hub

Singapore
APAC HQ &
Delivery Hub

1,500 employees

47 markets

$1.5bn spend

Source: Q2RF, 2021 Data

XAXIS

Ten years
of innovation

XAXIS

So that was the initial vision for Xaxis: creating that scaled specialist with a core competency around programmatic. And in the last ten years we have really delivered, I think, on this initial vision, building a specialist within WPP and GroupM which employs more than 1,500 people across 47 markets, and basically stewarding $1.5 billion of spend for clients on all programmatic channels.
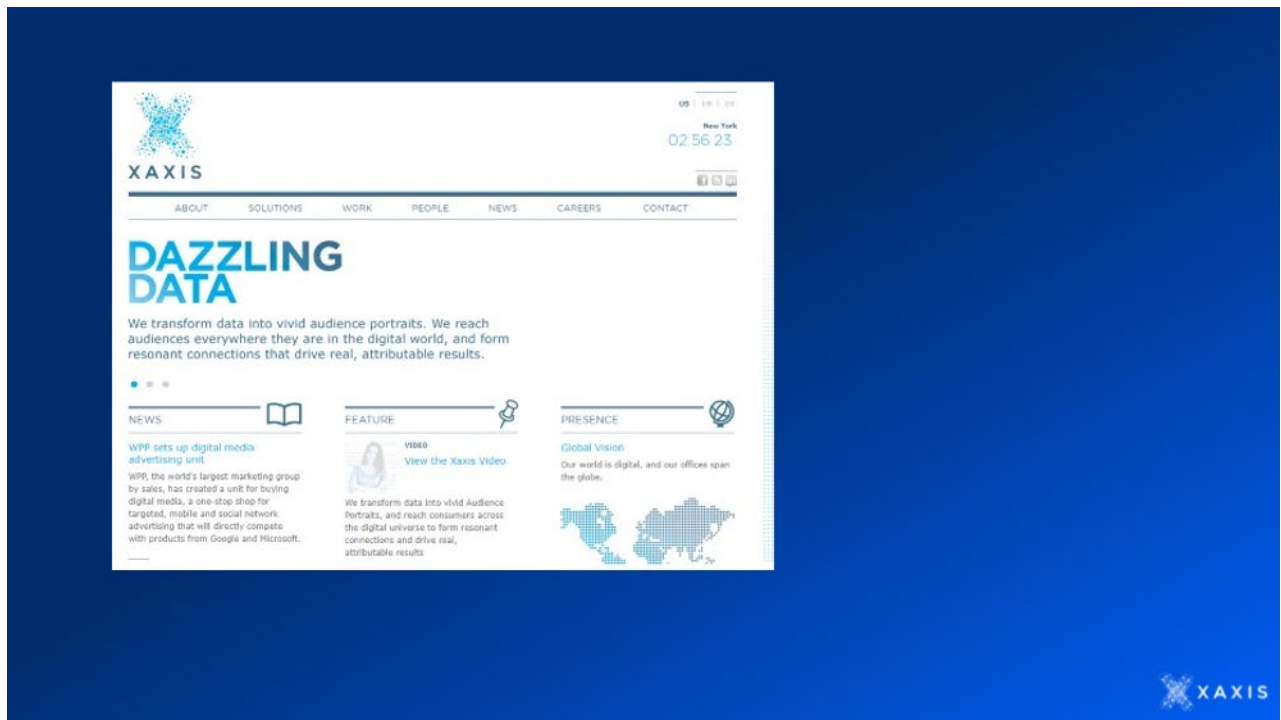
So ten years have been very successful, but it has been ten years of evolution and transformation as well. And if you look at this slide, this is actually a screenshot of our original website back in 2011. And you can see that the way we portrayed Xaxis was talking about what we called a programmatic audience company. So basically the goal was to help brands reach audiences at scale across all these different digital channels, leveraging the buying methods of programmatic. But what we saw as the years went by is that clients wanted us to go beyond just delivering audiences. They wanted us to focus on delivering actual business results for their brands.
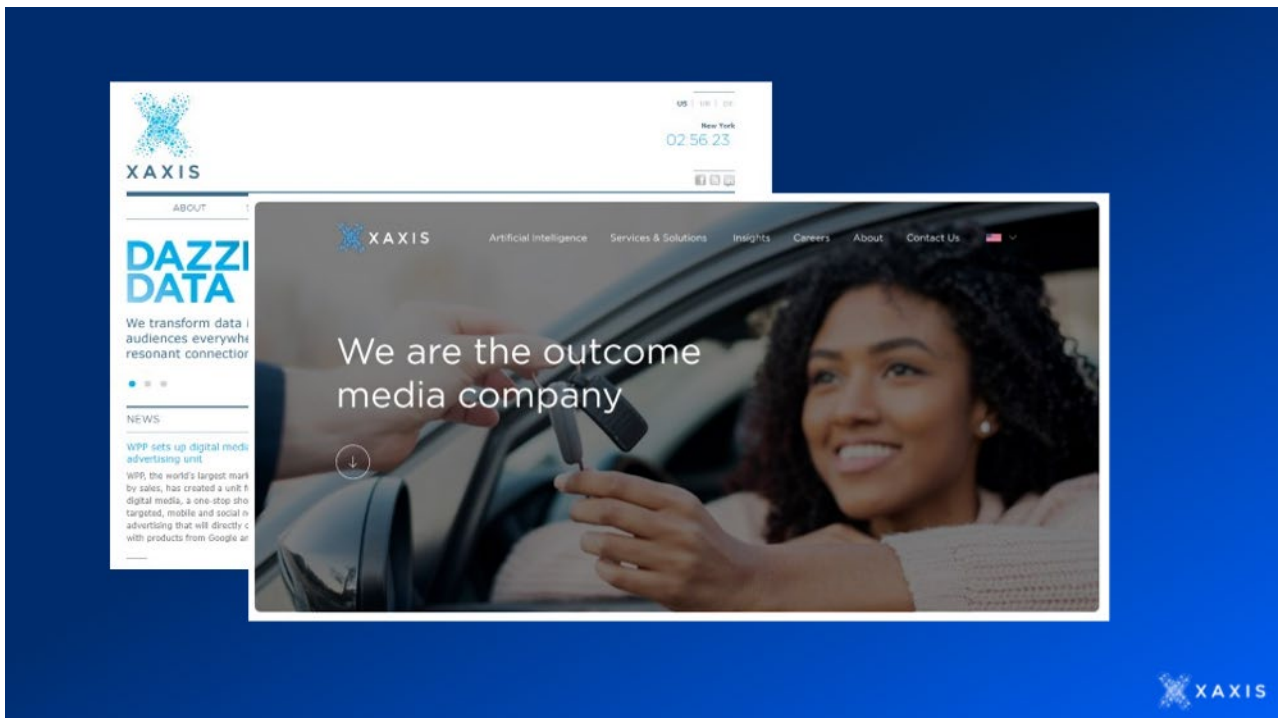
And that is why, about four years ago, when I became CEO, we rallied the company around a new vision, which was to basically become the leader in what we are calling outcome media. And I will explain to you in a little bit what that means to us.

So the best way to maybe illustrate this is to talk about the work we do for clients, and I will give you three examples of outcome-driven media in action. The first one is the work we have done for a large FMCG client where we worked with them on savings. So the outcome they wanted to deliver is basically to make their video investment go further. And what we did is we leverage our Copilot platform, which Sara will talk to you more about in a moment, to achieve amazing results in that case, reducing their cost per completed view (CPCV) on their video investment by more than 50%. So the outcome they wanted was savings, and that is what we delivered.

But it can be also – outcome media – a tool in the toolbox to deliver growth. And a great example of that is the work we have done with a large retailer in the US who wanted to really boost their e-commerce channel and worked with us to incorporate some of their first-party data into our technology stack, including Copilot, where we delivered basically an algorithm that resulted into $17 million of incremental revenue from those campaigns, while reducing the cost of investment and therefore delivering increased return on that spend.

And last but not least, for the clients who maybe have less of a digital sort of channel when it comes to tracking conversions, we are working with them to basically create what we call custom outcomes indicators (COIs), which are essentially bespoke metrics or composite index looking at the factors that are the most impactful when delivering the outcome they want for the business. So, in the case of a large auto manufacturer – I think I can actually say it is Ford, because we have presented that case before publicly – we were able to help them lower the cost of what they called PII or purchase intent index by 25% and increasing the number of test drive requests by 5x.

So these are all examples of what we can do when it comes to outcome-driven media, but best to maybe hear from a client in the Nordics who has worked with us for many years to explain in more detail what we have been able to do for them. So let us watch a short video to go over that.

[VIDEO – Landal GreenParks]

Speaker: Landal GreenParks manages a number of family parks focusing on green experiences for the visitors. The challenge was to create more interest for Landal in general and increase occupancy levels, especially on weekdays outside of the holiday seasons. Daily occupancy level data, combined with booking pattern insights and the appeal of houses to the segments, allowed us to optimise on both park and audience and ensure that we were relevant at the right time. Sales data was used to determine the geographical potential for each city. This data was then used to optimise our bidding to the right place. We used our market position to activate real-time price development insights across all clients and bids on each site. These insights made us able to adjust our bids instantly according to the lowest winning bids in GroupM. We cut costs dramatically and ensured exposure at the right price.

Finally, we started tailoring our messages to match each and every person who was exposed to the banners, no matter where they were in the buying cycle and what their interest was. We built algorithms that could embrace all these insights and allowed machine learning to adjust them based on the results. This way, the communication became relevant to what Landal wanted to sell, as well as the needs of the individual potential visitor. We raised the general occupancy by 16%, the off-season occupancy by 25% and the off-season weekday occupancy by 50%. Landal's sales model shows that the highly optimised programmatic setup drives 48% of the generated sales, despite only having allocated 28% of the budget. In total, 3,528 extra sales were created over the last 12 months. Kent Lodberg, Sales and Marketing Manager at Landal GreenParks, concludes.

Kent Lodberg: It has been an amazing journey. We have focused intensely on being relevant for consumers. It has been the right strategy for us to create the perhaps most complex setup in the country.
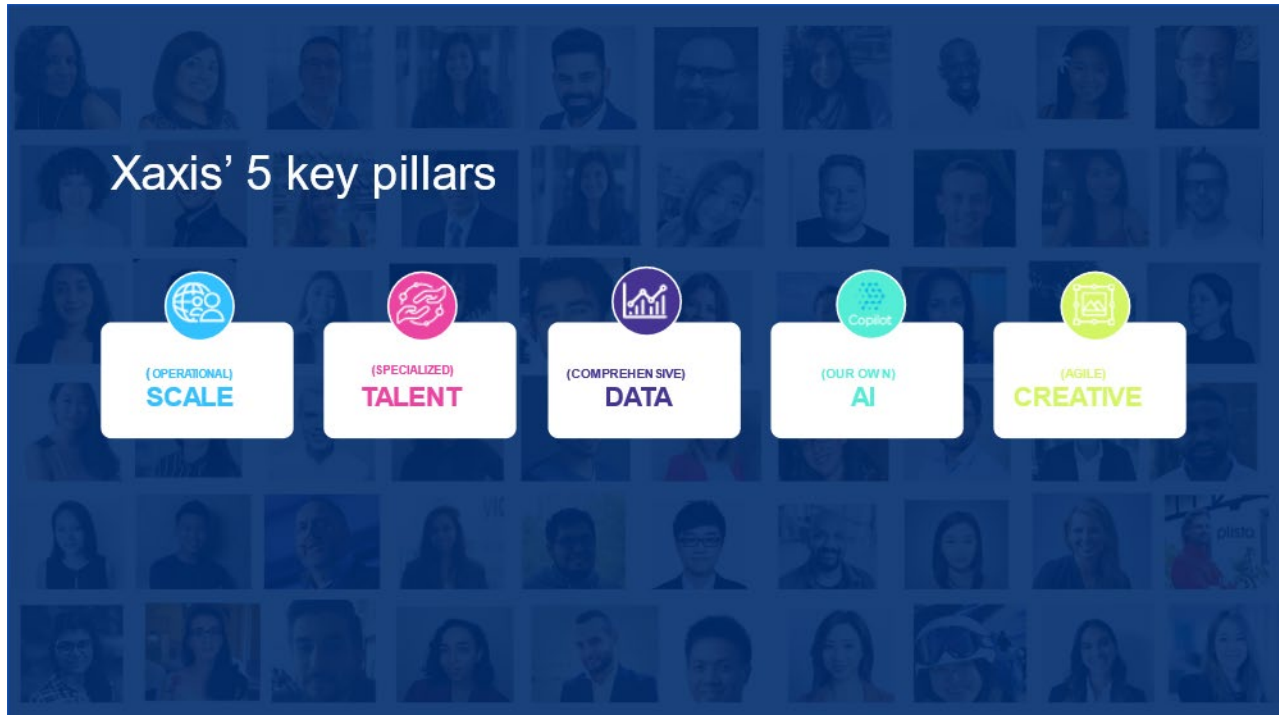
Nicolas Bidon: So I think that is a great example of what outcome media can do for clients. And the reason we are able to deliver this kind of performance on campaigns is because of those five pillars we believe are the bedrock of our success. So I will go quickly over them.

The first one is scale. We do think that scale matters as programmatic is now so predominant, and that means scale of access to the best-quality media, the best possible price – which of course is something where we benefit from being part of WPP and GroupM. It is also the scale of our international footprint and the fact that we operate for global clients at a global scale, and also the ability to create the centre of excellence and this culture that will be attractive to the special type of talent that you need to be successful in this space, which maybe is not the traditional talent that agencies would typically hire. So the people that work in Sara's team – data scientists, machine learning engineers – together with media experts and traders.

Data is of course key. I think this is what we call a comprehensive framework to leverage data in the best possible way. That includes our clients' data. And in the case we just saw with Landal, that is again maybe having direct access to their sales data, as well as to the list of their parks and the geocoordinates of those, but it is also third-party data where, again, our scale gives us the opportunity to create relationships with premium data vendors that we can then leverage on behalf of all of our clients.

And last but not least, the last two we will go deeper into examining them because we feel they will be key to the next ten years of our success. AI is at the core of what we do for the last five years, and Sara and her team continue to augment our capabilities on that front, which we think are very differentiated compared to other agency holding groups, as well as creative, which we feel is becoming more and more important. We think it is the last big leverage to deliver business outcomes for clients. And we have made some specific and significant investments in that space into something we call Xaxis Creative Studio, which Sara will talk to us again about.

We deliver full transparency

DOMAIN	SUPPLY SOURCE	IMPRESSIONS	PERFORMANCE	OUTCOMES	OUTCOME PRICING
FREQUENCY	UNIQUE REACH	VIEWABILITY	BRAND SAFETY	NON-HUMAN TRAFFIC	AD FRAUD
SEGMENT	OS	BROWSER	DEVICE	CREATIVE	GEO

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So this is the five things that have been constant throughout our history. But, as I said, it has been a story of evolution. And one of the sometimes feedback we got in the very beginning of Xaxis ten years ago was that it was too much of a black box. It was working for clients, but they wanted to see more details to be reassured about where their media was shown, whether it was the right environment, making sure there was no compromise on brand safety or viewability or all of these important factors of quality. And that is something we have taken into account, and we now deliver full transparency around all of these dimensions, as you can see on the slides.

Service models flex according to client needs

One thing we have done as well over the last ten years is making sure we flex our commercial models to reflect the desires of our clients. So if you look at initially how we launched, the focus was always to include what we call an all-inclusive outcome-based model, which, if you look at this slide, is a bit complex so I will walk you through it. But if you go from left to right, these are some of the components you need to be successful in your programmatic programmes. And Xaxis's initial model, which is still the predominant model for most of our clients, is again to bundle all of this cost into an offering which is centred around a very specific client outcome. But as we grew with some of our clients and talked to them, we realised that some of them wanted to have a slightly different way of working with us. For instance, they wanted to own their DSP contract with the Googles of the world, or Trade Desk or Xandr, and they also wanted to get more visibility into what component of the total cost was the media cost. And for those, we have offered and are offering basically different ways to work with us which is more based on a percentage-of-media model.

And last but not least, we continue to experiment to make sure we are client-centric. And for clients who maybe have internalised some of their services around what we provide but are interested in being at the cutting edge of innovation, we are looking into deploying Copilot into more of a consultancy model or software-as-a-service model. And again, that is something Sara will tell us more in a moment.
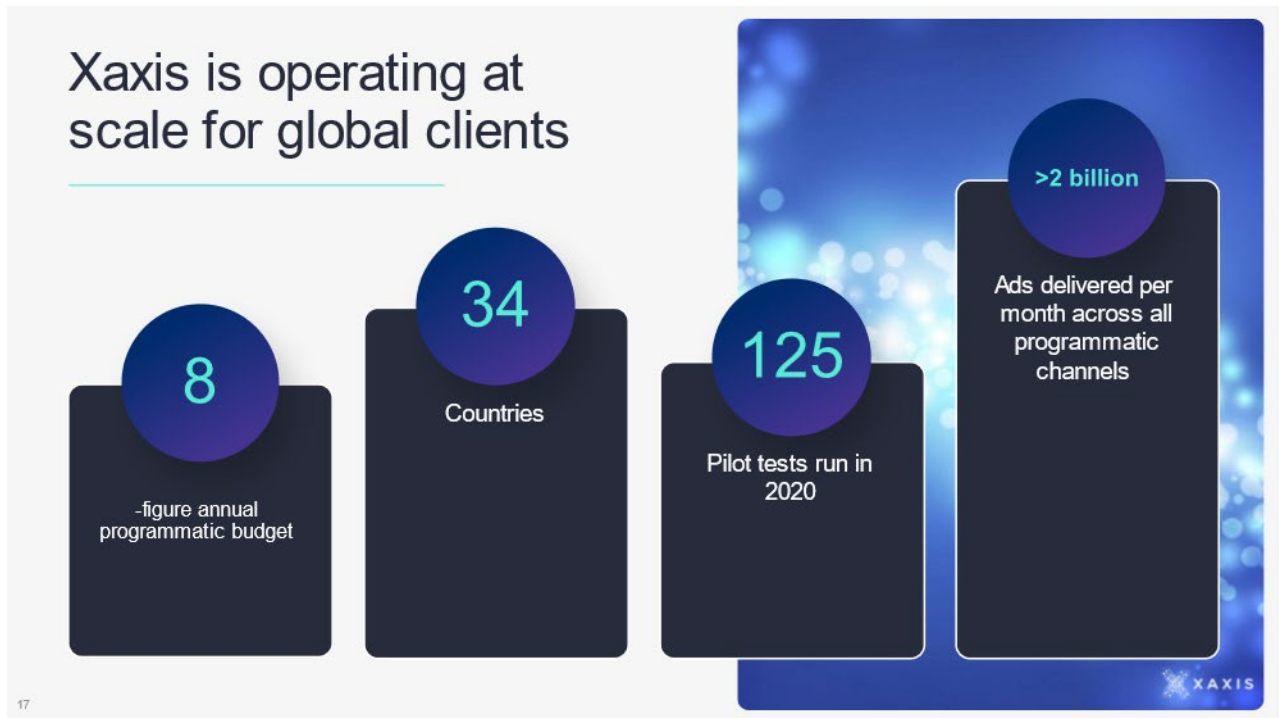
Another factor in our evolution has been scale, which I mentioned a few times already. And if you look at our largest client today, we manage an eight-figure annual programmatic budget for them and deliver basically campaigns in 34 countries, do 125 test-and-learn pilots over the last 12 months to continue to make sure we have a clear learning agenda as the market continued to evolve, as well as their goals. And to give you an idea of the scale of operation beyond those metrics, for them we deliver more than 2 billion ads per month across all programmatic channels. So that includes, of course, traditional display and video, but increasingly new channels as well, like out-of-home or connected TV.

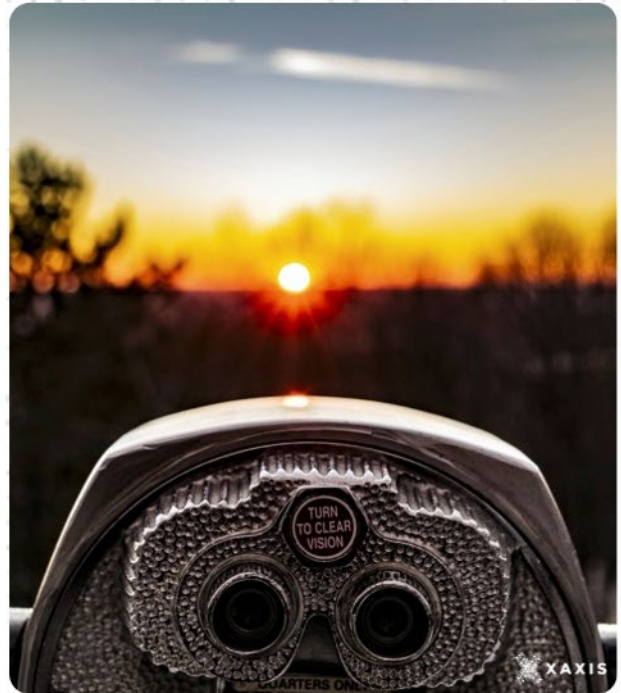So it has been very much a story of transformation for those first ten years. And I have seen it first-hand because, as I mentioned in the introduction, I have been here for nine years. I joined one year after the formation of the company. And we feel we have built on that initial vision of creating a specialist that can deliver value at scale for global clients, and we feel very strongly about the fact that transformation is core to who we are. In our space, things move too fast for us to think that transformation is a moment in time in our history. We believe that we will continue to transform and evolve over the next ten years, and in fact I am going to transition now to Silvia, who is going to take us through some of the trends that we think will be important when it comes to transformation of our clients' business and transformation of Xaxis. So over to you, Silvia.

Four Trends that will Shape our Future

Silvia Sparry

Global COO, Xaxis

Thank you very much, Nicolas. So, as Nicolas has demonstrated, transformation is a constant for our business, and I am going to spend a little bit of time to talk you through four key trends that I think will further shape the future of our industry.

So the first one is of course the end of third-party cookies. So, as all of you have probably heard already, Chrome, which has a 60% market share of browsers worldwide, will eventually stop supporting third-party cookies. And while Google announced yesterday that they would move the deprecation date to the end of 2023 to allow for some more time for alternative methodologies to cookies to be properly tested and implemented by the industry, the direction of travel towards more privacy and consumer-centric ad ecosystem is clear, and it is irreversible. And Apple's app tracking transparency initiative is further restricting what advertisers and brands can do with data, and all this will reshape how we plan and how we activate and how we measure results driven by online advertising.

Secondly, I want to talk to you about the golden age of video. Again, we see consumer behaviours are changing irreversibly here. With things like cord cutting and companies like Netflix investing billions in content production, we see enormous growth in this channel. Digital video channels have already got a higher market share than traditional linear TV, and that trend is only going to accelerate.

We also see other emerging programmatic channels coming of age. The digital out-of-home market is already estimated to be worth $8 billion globally, and programmatic audio is a $1 billion market in the US alone. And beyond this, we see channels like gaming and podcasts emerging, which open up even more growth opportunities.

Another channel that has seen enormous growth during the pandemic is of course e-commerce. We have all have had to adapt the way we shop, and this is reflected in the increasing adoption of e-commerce across the globe. So, as a percentage of retail sales, we have seen a jump from 13.6% in 2019 to 18% in 2020. And that represents a massive jump in just one year, which translates to transformation and opportunities for the brands that we work with.

But what all of these trends also illustrate is that there is increasing fragmentation and complexity and that this is going to accelerate further, and brands are looking for solutions and partners that can help them navigate this complexity.
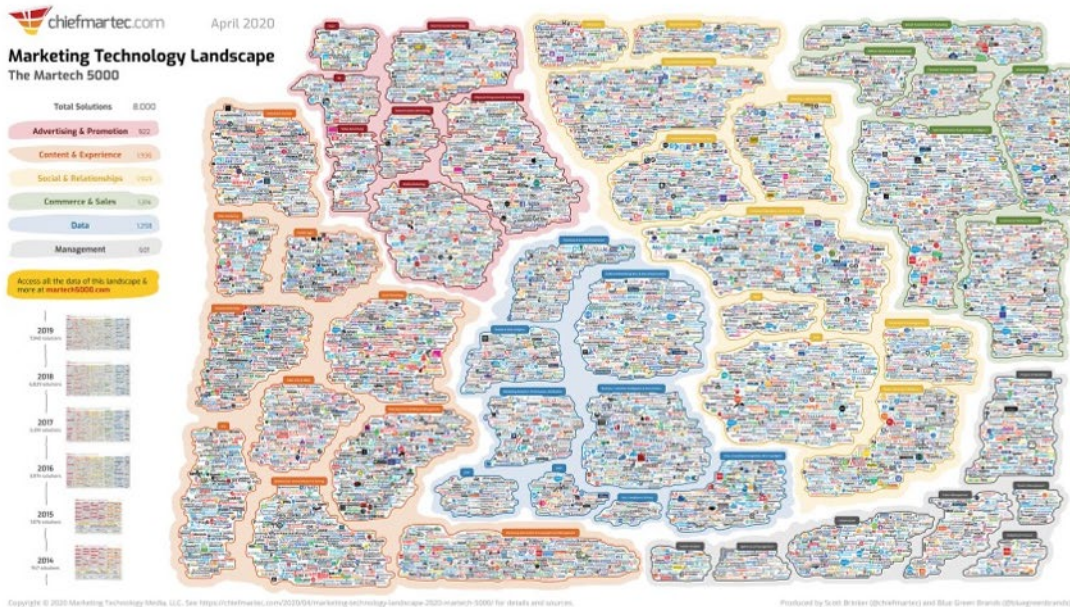
So, to illustrate the density of the fragmentation, what you see on this infographic here are all of the major players of companies that offer solutions in our space, and there are over 8,000 logos on this slide. And so it is essential that advertisers are provided with a path beyond the fragmentations of channels and technology silos to reach consumers.
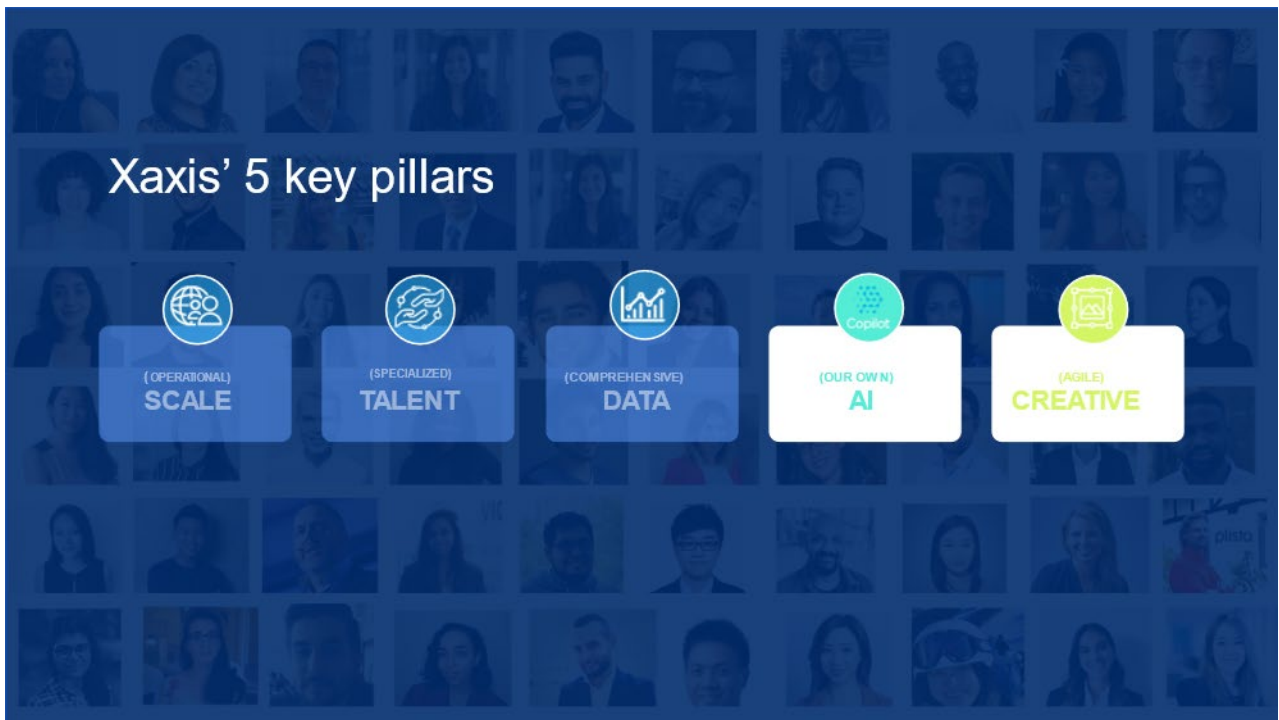
And as Nicolas has outlined earlier, our five core pillars help set Xaxis up for success in this otherwise complicated and fast-changing environment. And two of these pillars are our own AI and our approach to agile creatives, and Sara Robertson will talk you through these in more detail now. Over to you, Sara.

Our Differentiated Capabilities

Sara Robertson

Global VP of Disruption, Xaxis

Thank you, Silvia. So when we started building Copilot five years ago, we set out to build an artificial intelligence platform. What we quickly learned was that the words 'artificial intelligence' scare people. They hear that, and they immediately think that we are trying to replace their jobs and automate them away. And what we landed on through this process is the goal of Copilot is not to replace people, but really to give them amplified intelligence – to make you smarter and sit next to you and help you with your path of extremely difficult programmatic activities.

Copilot solves a lot of problems for our clients and our traders. I am going to walk you through a few of them right now so you can get an idea of what we are dealing with.

If you remember the slide that Silvia just showed with 8,000 logos on it, you can imagine the difficulty that people have in trying to find value in all the data that all of those 8,000 little systems are generating. Copilot's AI helps you leverage that data by searching through it for the strongest signals that map the closest to your business goals. Another challenge is that online KPIs do not really reflect real-world business goals. What does a click have to do with selling a car, or what does an impression have to do with getting more foot traffic into your restaurant? With Copilot, we can take multiple online metrics, as well as offline ones, and combine them together into what we call a COI, which is a composite index that more closely maps to business values.

Another thing brands are looking to do is increase efficiency, even as we can see our ecosystem is getting more and more complex. This is a great problem to apply AI automation to, to help you increase efficiencies where systems are too complex for humans to deal with.

And finally, everyone wants to improve performance and save time. What Copilot lets us do is dynamically predict where the performance is going to be so that we can get warm starts in our campaigns and get a head start on performance when we first start spending our budgets.
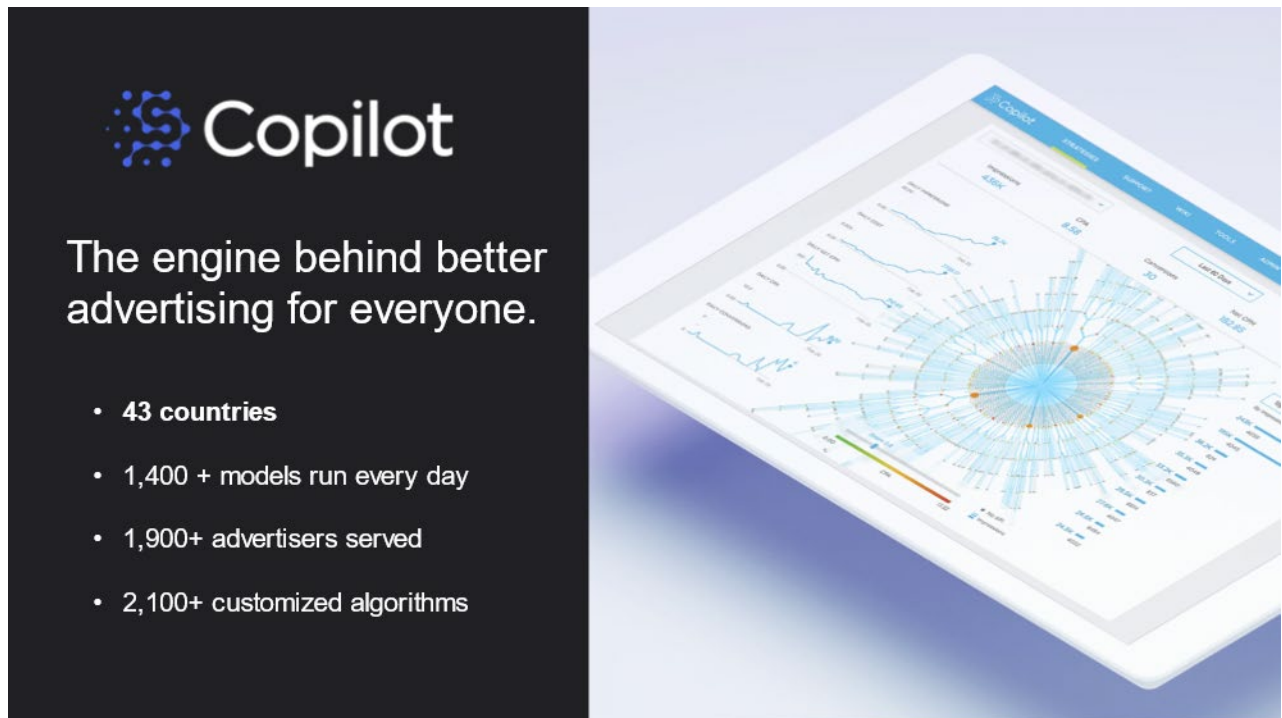
This slide kind of helps demonstrate the comparison between three different approaches that can be taken on programmatic. The first is just a straight-up manual human approach. Humans are really good at interpreting data and can come up with the best insights, but they are also kind of slow. So when we try to do test and learn with a manual strategy, we have to come up with the test, run it for amount of time, stop the test, evaluate the results. So there is a limited amount of test-and-learn cycles that we can do when we are doing everything manually. The DSPs have hyper-optimised this process, and they will very quickly zero in on a laser-focused amount of performance, but that tends to overlook changes in the ecosystem, changes in the campaign and eliminate some of the prospecting value that we try to deliver for our clients. What Copilot does is create a tree structure with a lot of branches, and at the bottom of every branch it optimises the bids for that particular pocket of performance, which can outperform both the manual and the DSP performance strategies.

This screenshot is an actual screenshot of our live Copilot product. I know that might be hard to believe because it is so beautiful and people are used to seeing vapourware in presentations, but I really want you guys to know that this product is mature. It is beautiful, it is useful. This is an example of a visualisation that we created to help our traders understand all of the little branches that we make when we are doing a bidding strategy. And you can see we make thousands and thousands of branches. The product is live in over 43 countries. We run more than 1,400 models every day. We have served over 2,000 advertisers by now, and we are constantly generating new customised algorithms for our clients.

Copilot milestones

One algorithm
on one DSP

Multiple algorithms
on one DSP

Multiple algorithms
on multiple DSPs

Beyond bidding,
asset allocation

**Algorithm
Marketplace**

2016   2017   2018   2019   2020   2021+

28

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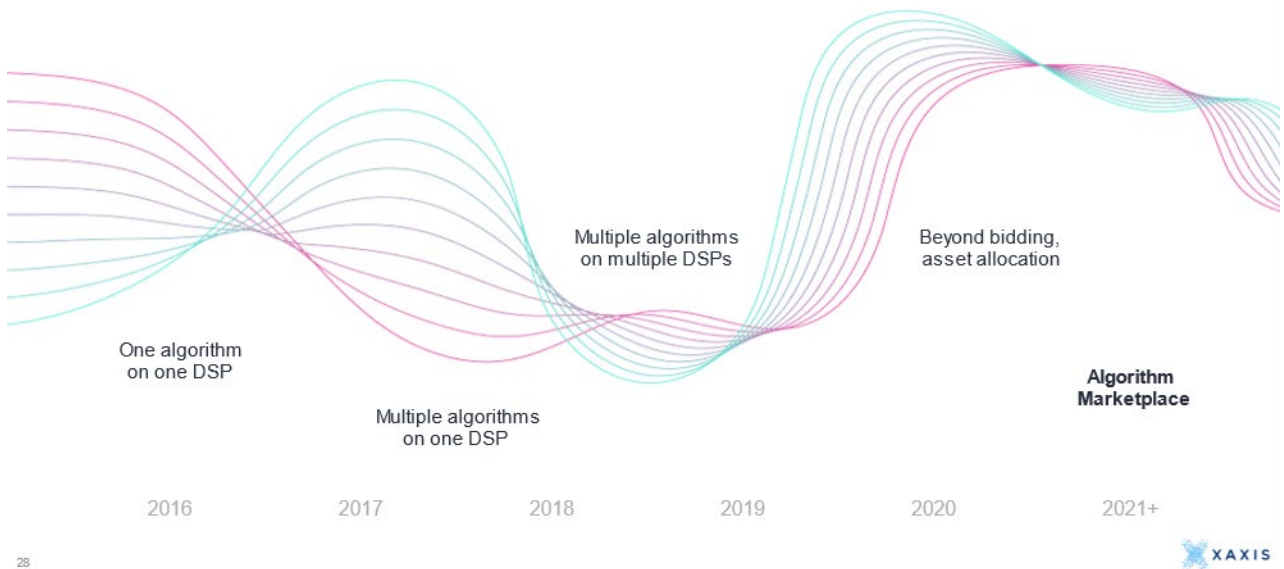
A little bit about Copilot history. As I said, we have been in development for over five years. When we first started, we had this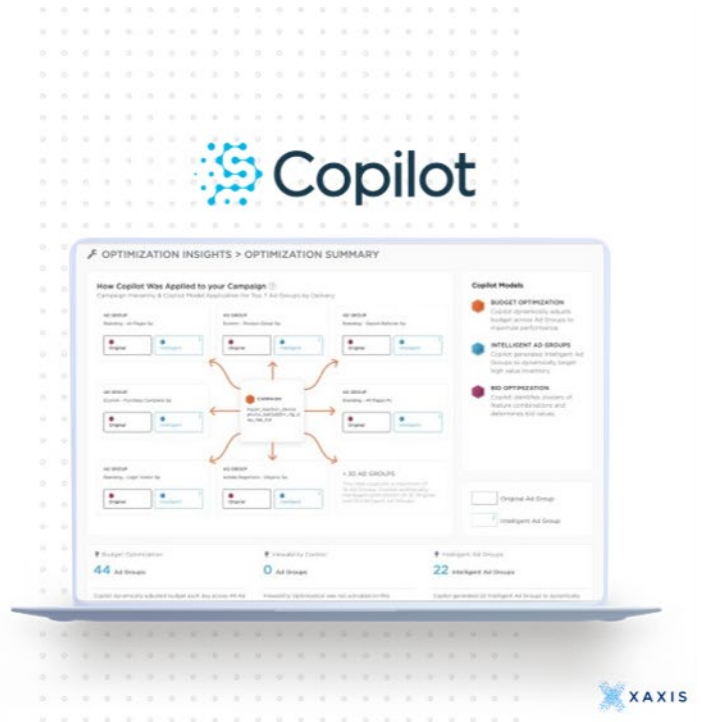 idea of creating an 'easy' button. We thought we would make one algorithm that would just do everybody's jobs and make life so easy. What we quickly discovered was that that is not how the world works. There are different use cases, different problems to be solved, and it is better for us to create different algorithms to solve different problems. So we expanded into multiple algorithms on a single DSP. By 2019, we had multiple algorithms across the top three major DSPs, which is where we are at right now. In 2020, we launched our first beyond bidding algorithm, which is a budget allocation strategy. Budget allocation sits above the bidding algorithms that we had created previously, so now we have this stacked approach to optimisation, which is really elegant. And finally, the place where we are going right now is we are starting to build an algorithm marketplace.

Our goal with the algorithm marketplace is to make activating these algorithms as easy and commonplace as activating audience segments. Everyone in the programmatic space knows how to activate audience segments; we want them to know how to activate our algorithms as well. To this end, we have secured a significant additional investment from the WPP product board, and we are under heavy development for this idea right now.
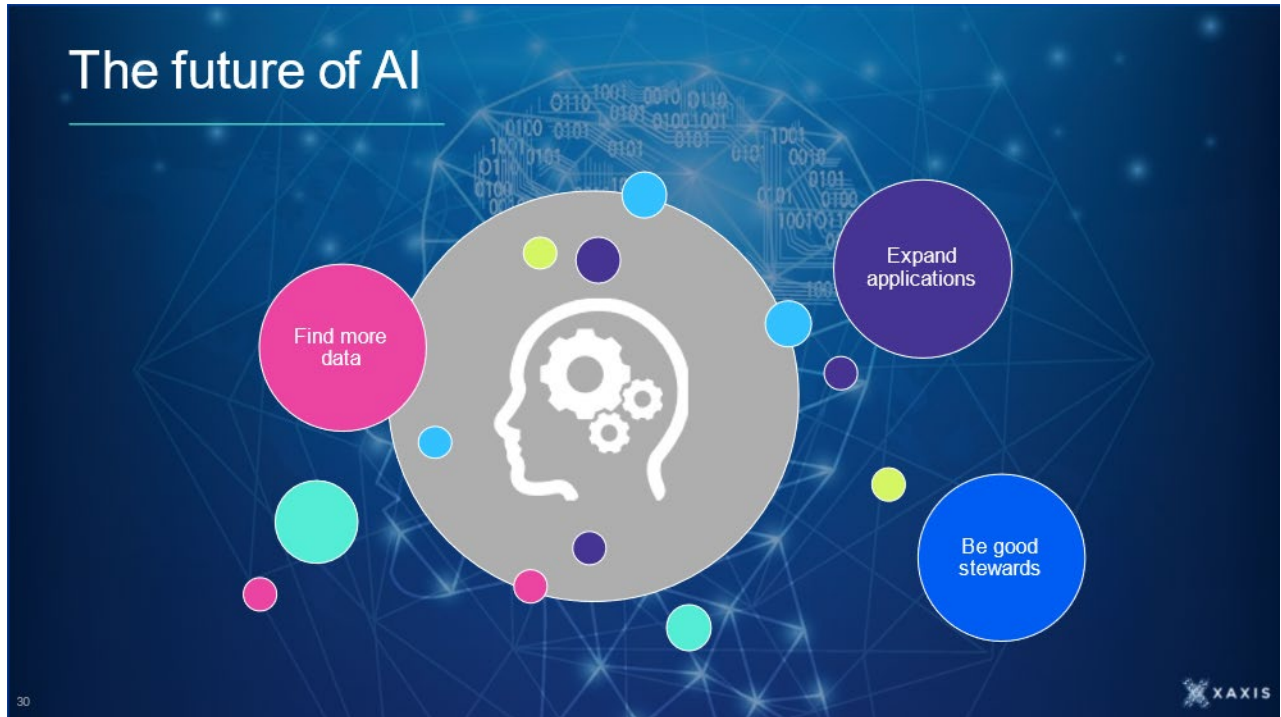
Copilot, at its core, is AI. Everyone wants AI, but AI is difficult to do. I am going to talk to you right now about three main areas we are focusing on here. The first is, to have good AI, you need good data. The machines just want to consume as much data as possible, so we spend a lot of time looking for new signals that we can feed to our algorithms that will help it perform better. That might be a customer's first-party data stores. It could be integrating with some of these clean rooms. It could be looking at offline data – basically anything that we can find that is a signal, we can feed to our algorithms and start using it for optimisation decisions. Secondly, we are looking at expanding the applications of our AI solution. Right now we are heavy on the programmatic space, but we are also looking at expanding our AI optimisation into search, social, other channels, e-commerce and things like that. It has already proven its value in programmatic. I think it will be easy to prove its value in other channels as well.

And finally, anyone that is building AI needs to be a good steward of the technology. That means paying attention to explainability, making sure that we know why the AI made decisions, being very careful with our data, providing consumers with dignity in our targeting approaches and basically being good partners to the industry as everyone is trying to figure out what ethical AI looks like.

We are focusing on the next, big frontier to deliver better outcomes for clients

REACH	TARGETING	RECENCY	CREATIVE	CONTEXT
22%	9%	5%	47%	2%
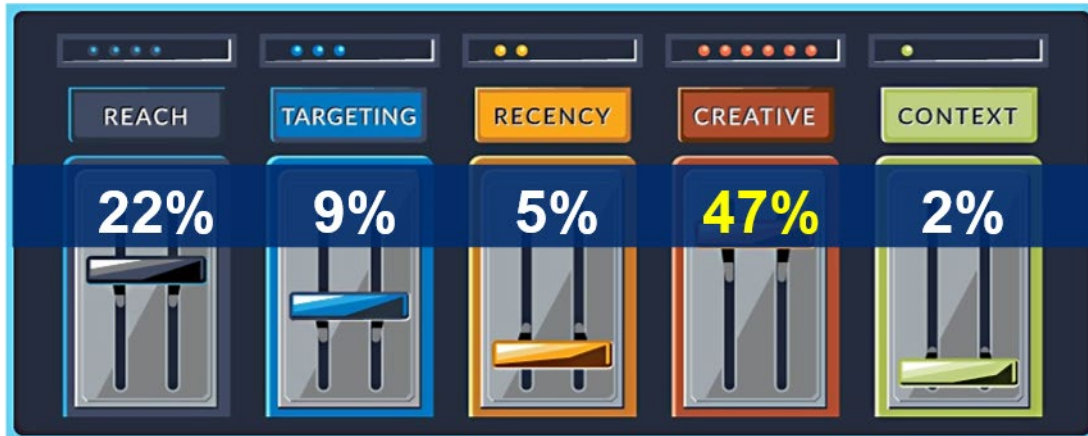
Source: NCS & Nielsen meta-analysis of 500 advertising effectiveness studies between 2016-2017

XAXIS

So Copilot's AI focuses heavily on optimising the media spend, but we all know that you can optimise media till the end of your days and, and if your creative is not doing what it needs to do, you are not going to get the performance you are looking for. Creative has a nearly 50% influence on a decision every time we serve an ad, and we tend to have very little impact into the optimisation levers available on creative.
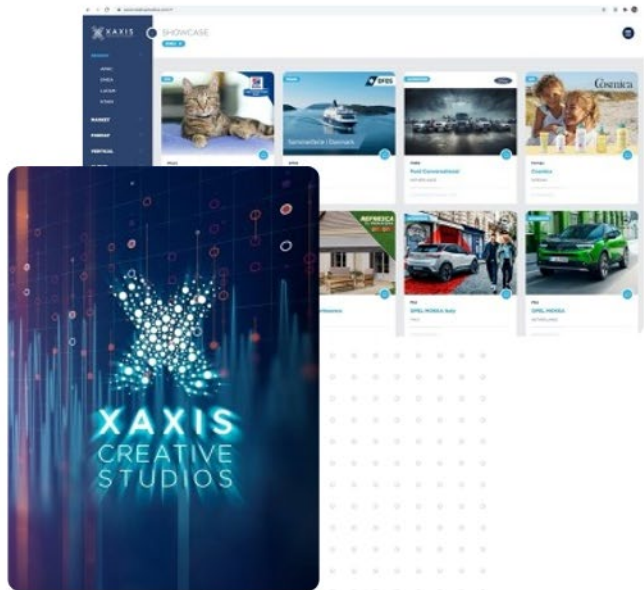
So what we did was launch Xaxis Creative Studios. The idea here is that we can take the creative assets that we get from our agency partners and we can start to reorganise them into formats that are more applicable and more optimisable in the programmatic space, whether that is dynamic creative, conversational ads, shoppable ads – all kinds of exciting, new, innovative formats. We are now able to deliver this as a service to our clients and in partnership with our creative agencies, which gives us the opportunity to apply our AI to that extra 50% of optimisation that we had previously been overlooking. To talk to you a bit more about how we apply these differentiations, here is Arshan.

Growth Opportunities
Arshan Saha
APAC CEO, Xaxis

Thank you, Sara. Let me now just walk you through where we see some of the biggest opportunities for growth and, again, how we have positioned ourselves to fulfil this.
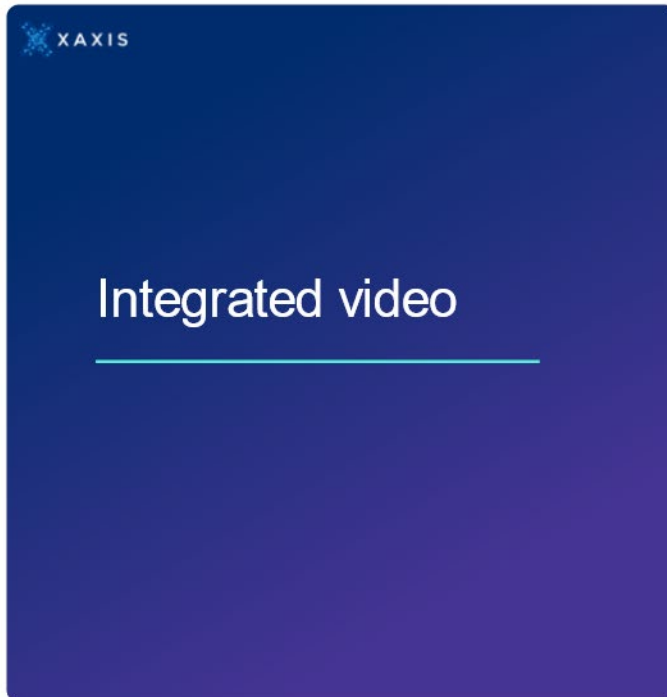
So, starting with integrated video, there are a variety of video advertising methods and formats out there today within a typical user's media consumption journey.

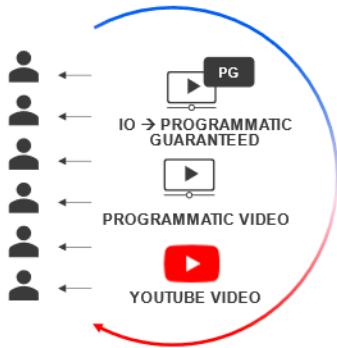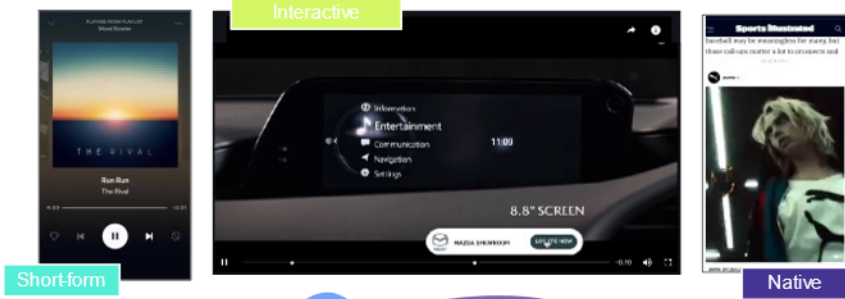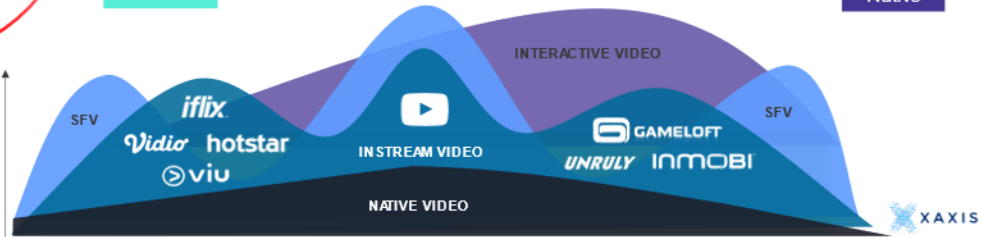And this is especially so in Asia as well with the proliferation of high-speed internet. If you think about the many screens you face in a day, more often than not, video investments end up fragmented. Fragmented video buying decreases the overall effectiveness of running a good video campaign and often leads to wasted media spend and suboptimal ROI. So therefore what we did was built a solution to bring three things, which is reach, performance and savings. Our cross-screen video solution drives business outcomes across all stages of the consumer funnel and across the plethora of content, from core broadcasts right down to user-generated. By leveraging the different types of video formats whether it be short form, native, interactive and in-stream video, advertisers can run an always-on video campaign in a conversational manner to build excitement, remain top of mind and also prompt user action. Integrated video very simply allows an advertiser to maximise their video investment with the right mix of data, technology and creative.
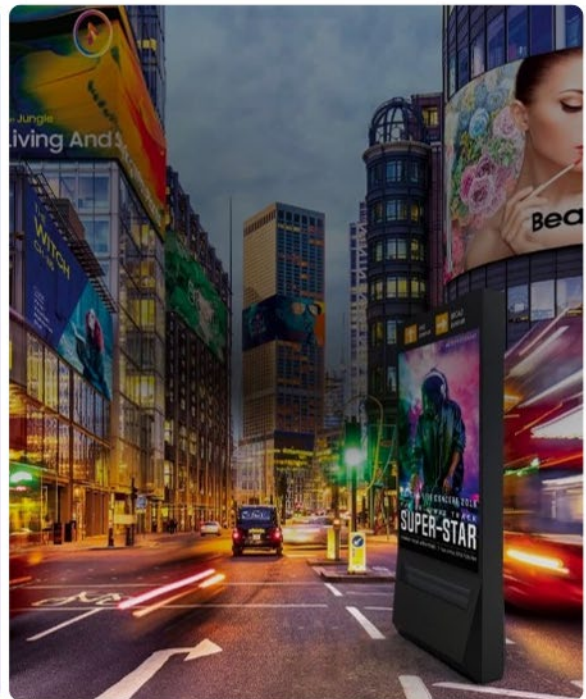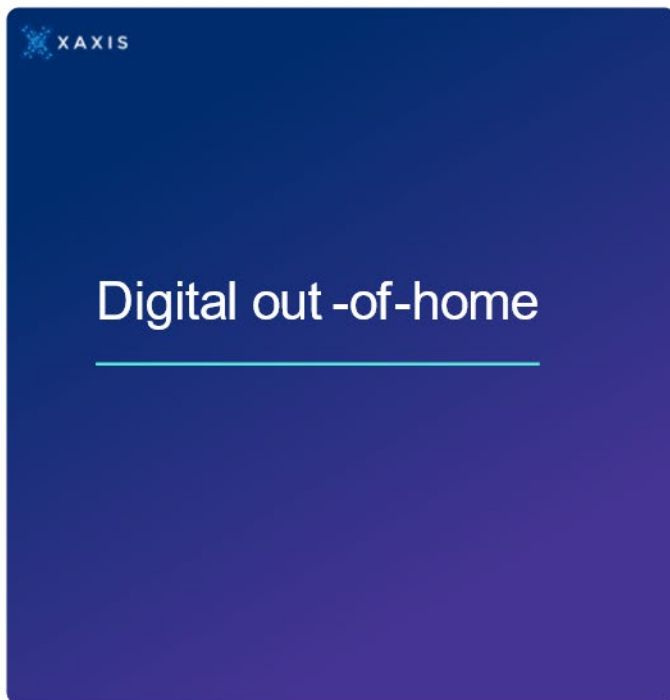
The second is digital out-of-home.

Firstly, I think the last 18 months have had a massive effect in terms of digital transformation, as we know, and out-of-home advertising has perhaps been one of the beneficiaries as we have seen the acceleration of the physical world getting digital and with digital then addressable. Out-of-home has simply today become digital out-of-home in terms of infrastructure, and that paves the way for scale and addressability. Out-of-home complements other digital channels like TV, audio as it engages with an audience on the move, outside of the noise of digital devices that they are already exposed to. So Sightline, as you can see, is our advanced programmatic digital out-of-home solution and technology suite. It helps plan, execute and measure digital out-of-home campaigns, as well as integrate them into a holistic omni-channel programmatic strategy. Sightline essentially does three things: precise media planning and buying on the basis of people, not panels, using real-time data; agility and flexibility in execution, utilising day part and specific day period booking; and thirdly, advanced measurement, allowing attribution to business impact such as footfall or brand lift.

This capability is showcased in this case study for Domino's Pizza in Malaysia, who were able to maximise reach and scale whilst also still having the flexibility of serving multiple creatives. Domino's was able to build connections in real time with their target audience and understand the impact of out-of-home advertising on their consumer journey. Digital out-of-home ads were tailored in this specific instance to audiences in real-time basis on variables such as vehicle type, weather and traffic condition. This led to a highly effective reach, and they were also able to measure an attribute that is creating a footfall uplift of circa 10%.
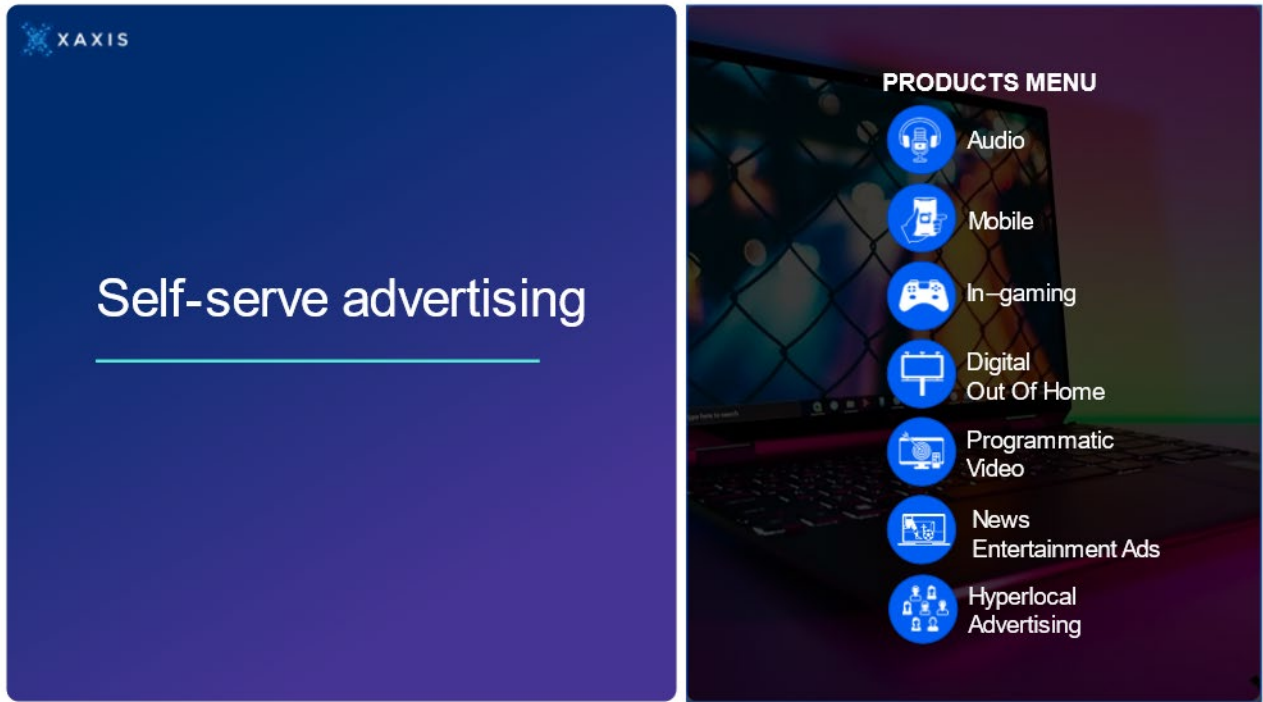
65% of all Facebook revenue and 55% of Google ad revenue are self-served, proving automation is the key for greater scale and efficiency. To fulfil this promise in this segment, we have created a self-serve marketplace. It is primarily a platform that provides an end-to-end solution for medium-sized enterprises to tap into the vast competitive media solutions and further amplify their campaigns.   Through the self-serve platform, medium-sized enterprises are able to do three things: gain control of the media plan, have access to the best curated media deals, and also understand which ad channel and creative works for them.

The focus here will be on our high ADEX markets in APAC, India and Indonesia. And if we zoom into just India itself, where I am looking at an example of in-target market opportunity within cities and sectors that proved to be global exporters. So, just for example, if you look at Hyderabad, it has got a lot of exporters in the space of software solutions, retail and real estate, while Chennai has got a lot of focus on medical tourism and textiles.
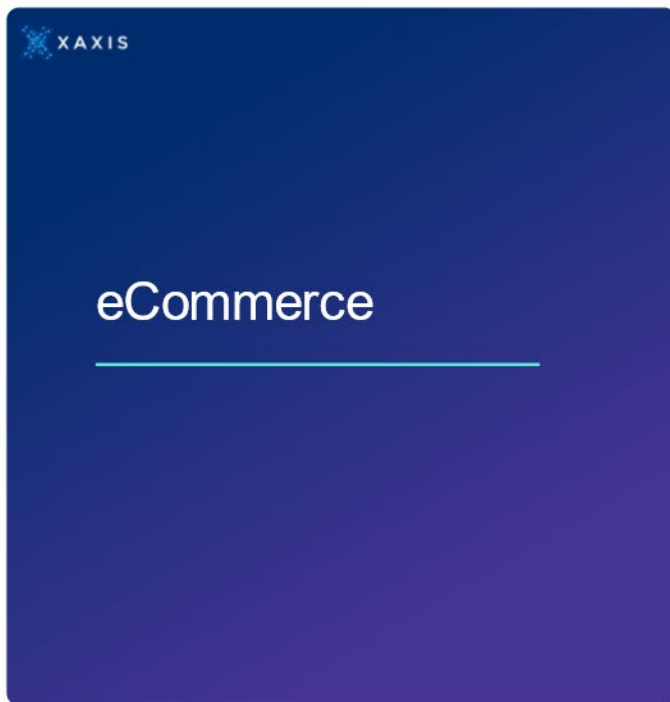
And lastly on commerce, Xaxis Commerce connects brands and shoppers across the retail media spectrum.

Retail media essentially provides a huge growth opportunity to help brands acquire new customers, win market share and drive repeat purchases. Our commerce excellence solution helps brands better understand consumer behaviours by connecting online and offline data points, create more accurate target audiences and, finally, drive consumers towards purchase across the retail media spectrum.

How we enable this solution is via our proprietary built capabilities in ShopBox firstly, which is a commerce intelligence engine that identifies local factors that influence shopping behaviour and helps brands activate those insights; Copilot, which Sara talked about, our amplified intelligence making thousands of data-driven decisions that optimise to the business outcomes that really matter; and lastly Xaxis Creative Studios that enables impactful programmatic creative execution across multiple digital environments. So, very much bringing the best in breed from our tech tools and capabilities to purposefully address client needs in commerce.

That is all from me. Over to you, Nicolas.

The Xaxis flywheel
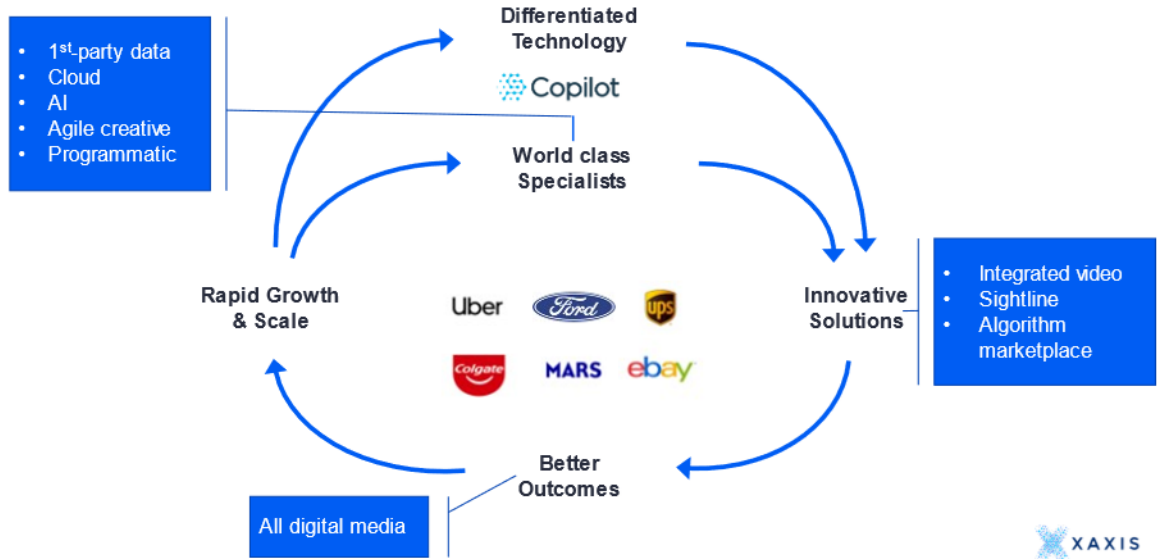
Wrap-up

Nicolas Bidon

Global CEO, Xaxis

Thank you, Arshan. Just to wrap up, I think if you look at the last ten years, while it has been a story of transformation, there is a blueprint which I think can be repeated and has been repeated throughout our history, and this is what I call the Xaxis flywheel. If you look at the reasons of our success, it is about creating an attractive place for attracting, developing and growing world-class specialists in the area of programmatic historically, but more and more in the area also of AI, machine learning and data science. This allows us to create differentiated technology, Copilot being the best example of this. And then, when we apply this talent and this differentiated technology to the problems that the wonderful brands that GroupM agencies work with, we are able to come up with very innovative solutions which can derive better outcome for clients, therefore fuelling their growth and scale and ours, which allows us to reinvest into the business and continuing that virtuous cycle.

So this is very much the model that has worked for us, and I think it will be the model that also works for us in the future, but the type of skills might be slightly different. So if you look, for instance, in the specialisms that we are developing, programmatic of course remains the core of who we are and what we do, but as we discussed, as the ecosystem continues to change, new skills like the ability to be comfortable about operating large data clouds, for instance, or applying machine learning algorithms to client-specific issues, will become more and more important to be successful in the future for our clients and for Xaxis. Likewise, this ability to deliver creative at scale in a very agile manner – to be that biggest lever of performance – will remain key. And so I think we will apply those skills and this type of talent

with our technology platform and initiatives to continue to innovate and deliver a better outcome for clients. As Sara alluded to in her part, our ambition is to go beyond traditional display and programmatic media and try to bring these competencies and skills to all digital media, which increasingly in most countries means all media.

So that is all we wanted to take you through today, and I think we will move on now to the Q&A section.

Q&A

Nicolas Bidon: So I am going look at what those questions are, and I will make sure that I share them with the team so that we have a chance to hear from everyone. So I think one of the questions is regarding **the implication of Chrome's decision to delay the Privacy Sandbox efforts. And I think, more broadly, Richard Kramer asked about how – I am reading – the inevitable signal loss from the demise of mobile IDs and third-party cookies affect, or will affect, the mapping files and bridge IDs that Xaxis uses for targeting and activation.**

So it is a very broad and complex topic, but probably one for you, Silvia, to give a few elements of response about.

Silvia Sparry: Okay, no problem. I will start with the question about the signal loss. So I think that there are several elements to this. Our demand-side platforms – the DSPs that we work with – are developing either alternative identifiers or alternative means of measuring and targeting. So, for example, instead of using an ID, I'm maybe using a user cohort that combines several IDs into an anonymised group of users. So my ability to target is still not diminished; I am just using a kind of different method in order to achieve this. And there are also other interesting signals that we can use as a targeting input. So, let's say a client's warehouse stock levels – that is something that I can utilise as a data input for Copilot and then activate against, because I can target the campaigns with more volume in the areas where those stock levels are high. So there are plenty of opportunities for me to still map other identifiers and translate that into an effective campaign.

Talking to the delay in the implementation of third-party cookie deprecation and that being moved to the end of 2023, I think that is a much-needed opportunity for the industry to properly test out these new targeting methodologies. They need to be properly implemented by publishers, by SSPs, by DSPs. They need to be tested by individuals like us from a performance delivery perspective. And it gives us the opportunity, as an industry, to move forward in a constructive manner that allows enough time for the bedding in of these methodologies. So it is, I would say, a much-welcomed and much-needed step that Google has taken yesterday.

Nicolas Bidon: Thank you, Silvia. I think there's one specifically to digital out-of-home from Julien, which basically says, '**You have been developing your own solution, Sightline, but most out-of-home providers (Decaux, Ströer) have their own ad tech stack, for instance, VIOOH for JC Decaux. How does Sightline interact with these tech stacks?**' Maybe, Arshan, that is one that you want to take, and if not, I am happy to take it as well. Just let me know.

Arshan Saha: Sure. I can do some of it, and you can probably chip in. So I think the way that we look at Sightline is in order to organise structure and simplify the entire value chain of digital out-of-home. And within that interaction itself is also then working with companies like JCD, for example. So what we would do with a company like JCD is, via a proprietary supply on-boarder, we would be able to take on all of that inventory that a partner like JCD would have, but also simplify and also on-board a lot of the inventory that currently might be fragmented on a local market level by numerous vendors. So we would aggregate all of that

supply into a proprietary on-boarder, from which where then the differentiator that we bring into the mix is a proprietary audience planner which can help to plan, based on people and not on panels. And that is where the secret ingredient or the differentiator or proprietary tech comes in. I hope that answers that.

Nicolas Bidon: Thanks, Arshan. I think that was quite clear, so I am not going to add to that question and move on to the next one. **Tim Nollen asks, 'Can you please talk about programmatic CTV? Is this still really done via direct deals, i.e. the ads delivered programmatically, but not bid through automation? How much is done through private marketplace? Will open exchange RTB ever really become a meaningful method in programmatic CTV?'** So maybe I will take that one to give you guys a rest.

I think connected TV is obviously a very growing part of the ecosystem when it comes to programmatic, and I think, in media, there is a saying that says money follows the eyeballs, right? And as the consumer behaviours continue to change, and of course the lockdowns in the world have been an accelerator of this trend, and people watch TV differently through connected devices and connected TVs, the audiences on those platforms tend to grow. I think that is the first bit. The second bit, which is fueling that growth is, I think advertisers have come to now expect the kind of ability to measure, to target and to reach their consumers in a more efficient way than maybe they have done in the past with linear TV. So they want to take very much that mindset that comes from digital and apply it to TV, which of course has extremely engaging content and is a great medium. So this fuels the growth of CTV. This being said, I think there is today a constraint supply when it comes to quality CTV environments. And, as a result of that, the primary methods of trading tend to be, as I think was highlighted in the questions, more focused around things like private marketplace, where again you can apply data and technology to, for instance, choose what creative message to show or even whether or not to show an ad at all. So, for instance, you can do very interesting things around geotargeting focusing on leveraging geodata on that kind of CTV inventory. So you still use a programmatic way of trading if you want, but it is not a real-time bidding method. And I think that speaks about the fact that today that quality supply is constrained. I think this may change as consumer behaviours continue to change and, I think, more players emerge in this space. And we have seen already a few emerge. If you look at, for instance, IMDb, which is the offering from Amazon, which now has a lot of interesting ad-supported content which is accessible in a programmatic fashion. And again, that may actually create enough scale for it to make sense at some point to be traded on a real-time bidding method.

So I think it is a fast-evolving space for us. We really see this as part of this integrated video approach or consolidated video approach that Arshan took us through. So we see connected TV as just one more channel where you can apply the same sort of programmatic methods as you would do on YouTube, on digital video or on short-form video, for instance. And so this is the way we look at it. I think Finecast, which, if some of you were part of last month's deep dive from GroupM, was mentioned a couple of times – their approach is very much to look at it as an extension of a linear TV buy, and they are 100% focused on delivering that for clients. So that is the various approach we have on that, but it is a fascinating space.

So I think we have about five minutes left, so I am going to go and look for more questions. I think that that one, maybe, I will leave to you, Sara. **It is about our relationship with**

DSPs and SSPs versus direct to publisher. And the question from Tim goes, 'Any sense of what proportion of your ad buys go through each, and relatedly, who is gaining in relative importance among agency media buyers/Xaxis between DSPs and SSPs?' For me, I can see them as two sides of the same coin because they basically are different parts of the ecosystem, but Sara, over to you to give us more on that.

Sara Robertson: I think I will give the same answer. The short answer is almost 100% of our spend goes through the DSPs, and that is because the SSPs are listing their supply within the DSPs, so there is no real reason for us to go direct to the SSPs for those buys. We do most of our work through the demand-side platform. In terms of gaining relative importance, again, I am not going to say that SSPs or the DSPs are gaining more relative importance. I think, for us, it is more which of the DSPs is gaining more relative importance, which of the demand platforms do we need to be on so that we can deliver that demand to our clients? Generally the supply is always available in those demand platforms. In instances where it is not, then we can go and try to get it in there, but generally we are just operating on the demand platforms as hard as we can.

Nicolas Bidon: And I think, if I can add one component to this, I think for us it is very important that we want to be agnostic when it comes to DSP choices. As I alluded to earlier in the presentation, we find that more and more of our clients want to own their DSP contracts directly with those tech vendors and often make some sort of standardisation decisions around which DSP they want to use on a global level. So it is important to recognise that all of the differentiators that we have created and continue to create, to innovate – things like Copilot – are applicable regardless of the DSPs that our client choose, so that again we can bring the value of machine learning and AI regardless of whether the clients want to consolidate maybe their DSP spend on Trade Desk versus Xandr versus Google, for instance. And the reality is that, for most clients, you still need to use multiple DSPs because they do not give you access to the same supply, as Sara alluded to. So I hope this answers the question.

So I think we have two minutes left, so I will take – this one is an interesting one. The question anonymous is, **'Why is Xaxis not an agency or being positioned as one? Is it a plan of WPP to keep it hidden behind the mainstream agencies?'** So I am not going to answer the WPP part, but I think, when you look at our business today, I think 90% of our clients are clients of GroupM media agencies. So they are clients of Mediacom, Mindshare, Wavemaker, Essence, m/SIX et cetera. And frankly that allows us to have, I think, a very symbiotic relationship where they can focus on the bigger picture and the macro decision of helping clients with overall media investment strategy between offline and online, also think about transformation and the evolution of that media strategy to become more and more a data strategy conversation. And I think, for us, we can focus on being cutting edge when it comes to activation across all programmatic channels, with the intention, as Sara I think alluded to as well, to increasingly go beyond pure programmatic channel on display to other types of channel, like search and social. So that I think has proven to work well for our clients and for Xaxis and for our agencies. I do feel that, as more and more brands will maybe look for a different type of agency services – so this could be direct-to-consumer brands, as an example, or just maybe this kind of a start up type of business that are maybe too little to do TV advertising at scale but are actually big enough to need help when it comes

to digital investment in general. I think that there may be an opportunity for Xaxis to grow our involvement with this type of client. So maybe something to look forward to for the next ten years.

And with that I think we are actually out of time. So I just want to thank WPP for giving us this opportunity and thank all the speakers, Silvia, Arshan and Sara, and I hope you enjoyed the conversation.

[END OF TRANSCRIPT]