Consumer privacy and the changing media landscape

FUTURE WEBINAR

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Meet the team

Kevin Li Ying

CTO

Kevin joined Future in 2004 and was appointed Chief Technology Officer in April 2016. He was previously Chief Technical Architect, leading systems and software engineering as well as all infrastructure operations across the group. During that time, Kevin's key achievements included the delivery of the Hawk technology

Zack Sullivan

UK Chief Revenue Officer

Zack joined Future in 2014 and was appointed UK CRO in 2019. Previously, Zack held various positions within the Group but was most recently Commercial Operations Director, overseeing the future development of Hybrid, our ads platform.

Nick Flood

Global Commercial Operations Director

Nick joined Future in 2020. He has 15 years of experience working across a number of digital media organisations in various product, revenue operations and technology roles. Prior to joining Future, Nick was Managing Director of Digital at Dennis Publishing.

Jason MacLellan

SVP Engineering

Jason joined Future in March 2019 as SVP of Operations and IT and became SVP engineering in Feb 2021. Prior to joining Future, Jason was Chief Information Officer at Yeovil NHS Trust.

Tania Bruning

Finance Director Commercial Revenue

Tania joined Future in 2021 as Finance Director Commercial Revenue. Prior to joining Future, Tania was Digital Finance Director at Reach. Tania has over 20 years of experience in finance, mainly in the media industry.

A changing media / digital landscape

"Helping publishers thrive in today's privacy environment"
-Google Ad Manager

"Data Frugality in a Post-Cookie/IDFA world"
-AdExchanger

"Publishers who know a lot about their users will come up on top"
-Jessica Pok
Peel Hunt

"This isn't an easy topic to understand: Google's identifier forces ad tech to make some hard choices"
-Seb Joseph
Digiday

"A second chance for publishers': How Future PLC is using first-party data to sell against high-intent audiences"
-Kayleigh Barber
Digiday

"Apple's seismic change to the mobile ad industry is drawing near, and it's rocking the ecosystem"
-Megan Graham
CNBC

"We don't have visibility: Google's ad targeting limits expose publishers with reliance on open programmatic market and first-party data weakness"
-Kate Kaye
Digiday

"Google is building integrations for Publisher-Specific Identifiers"
-Sarah Sluis
AdExchanger

"Finally some clarity around Google ads' latest privacy announcements"
-IAB Tech Lab Team

Agenda

A changing media landscape & the ad ecosystem
- Nick Flood

The Future landscape
- Tania Bruning

Implications of consumer privacy on publishers
- Zack Sullivan

The importance of tech stack
- Kevin Li Ying

Executive Summary

Media is a constantly changing environment and we have a **strong track record of adapting**

We are **supportive** of the move to consumer privacy

Impact

- No material downside
- Upside through improved yield and market share

Future is well positioned because of:

- Proprietary tech
- Audience with intent
- Global reach
- Aperture Audience platform (1st party data)

Key definitions

1st party cookie

Text stored on the user's computer that is created by the website the user is visiting. By default, 1st party cookies are allowed across every browser. 1st party cookies are controlled by the company that sets them on a users device.

3rd party cookie

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Identity vendor & user ID

After Google released its plan to remove 3rd party cookies, over 80 vendors appeared offering alternative user targeting solutions primarily using hashed (encrypted) emails as a user ID.

Private marketplace

A private marketplace that is agreed between two parties but with added benefits such as fixed CPMs (cost per thousand) or audience overlays

Open auction

Realtime media buying based on a number of audience and targeting criteria.

Direct/Programmatic Guaranteed

Directly transacted deals with clients and agencies delivered either through direct or programmatic channels.

Advertising waterfall

The way publishers structure deals as part of their ad server to ensure the highest yielding adverts are delivered first before flowing down through the various partners.

Google's Privacy Sandbox

Google's alternative proposals for a more privacy compliant ads ecosystem.

FLoC

Federated Learning of Cohorts (FLoC) proposes a new way for businesses to reach people with relevant content and ads by clustering groups of people with similar interests.

CCPA

The California Consumer Privacy Act (CCPA) is a state-wide data privacy law that regulates how businesses all over the world are allowed to handle the personal information of California residents.

PPID

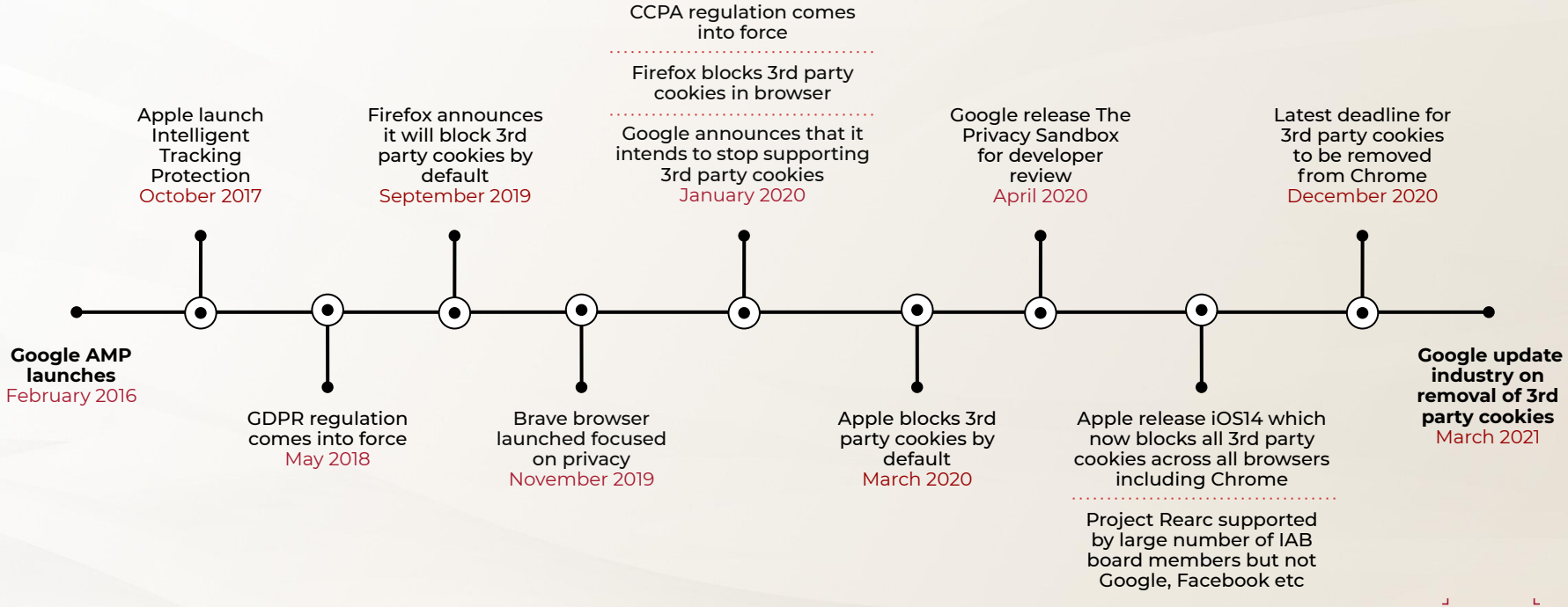
The Publisher provided identifier (PPID) allows publishers to send Google Ad Manager an identifier for use in frequency capping, audience segmentation and targeting, sequential ad rotation and other audience-based ad delivery controls across devices.

IDFA

The Identifier for Advertisers (IDFA) is a random device identifier assigned by Apple to a user's device. Advertisers use this to track data so they can deliver customized advertising.

Ad ecosystem timeline

There has been a long history of browser, platform, regulatory and technology changes that Future's technology stack has successfully adapted to over the years.



What's changing?

Change is commonplace within the Ads ecosystem fueled by technical innovation, privacy regulation and new business models. Some very recent examples include:

1

Apple removed IDFA from ios14 limiting data collection across applications putting user privacy front and centre of the change.

2

Agencies are integrating directly into publishers to cut out intermediary suppliers, this is part of our strategy and we have a number of live connections.

3

CCPA came into effect in the US giving users more control over their data and its use.

4

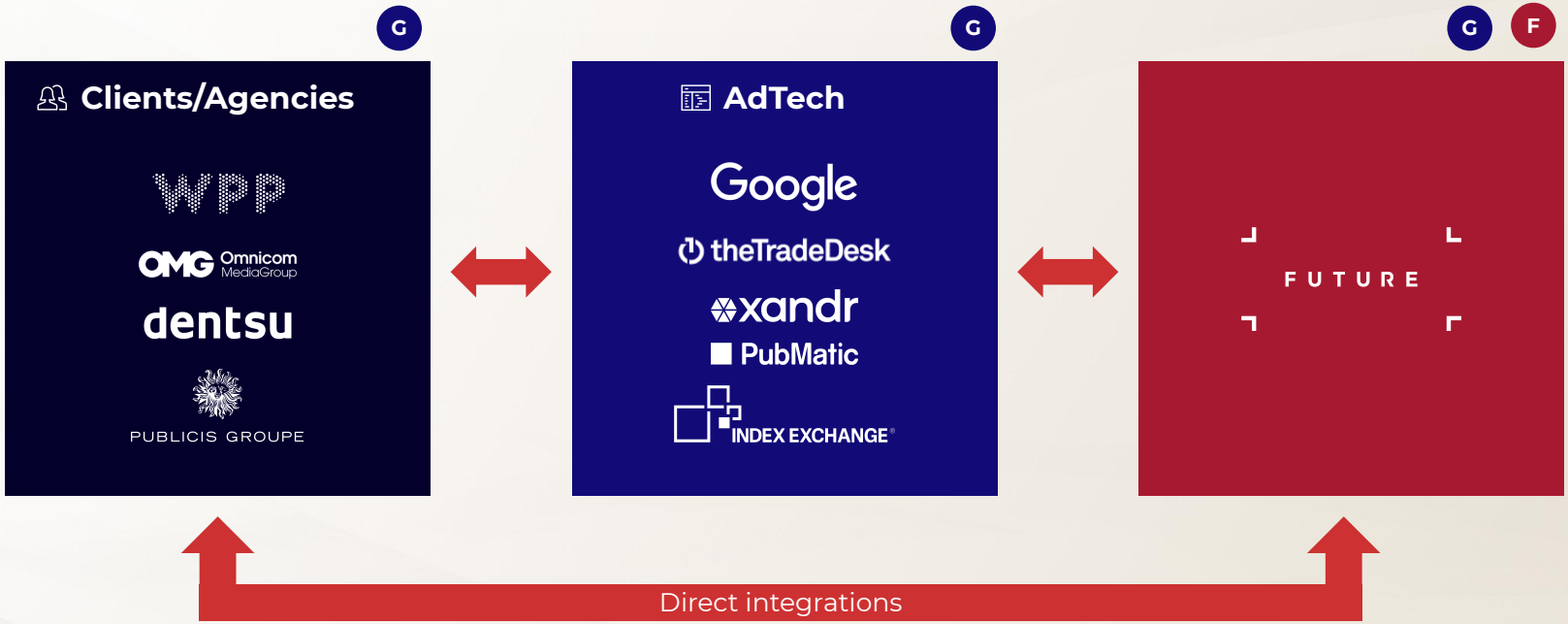
There has been lots of innovation around the use of user IDs to deliver improved activation for buyers. Future works with and will continue to explore these solutions to ensure we can provide a route to trade with depending on buyer requirements.

5

Google recently updated the industry on the progress of replacing the targeting capabilities that 3rd party cookies allows marketers. The new privacy compliant targeting solution uses cohorts as the basic principle to target adverts to users. Google have said this is 95% as good as 3rd party cookies.

Simplified ad ecosystem

Future's ad tech infrastructure connects to multiple demand sources in order to allow seamless transactions with buyers both directly and through a number of demand sources.



G Google F Future

What’s actually happening?

Providing clarity around the Google announcement (3 March 2021).

1

Targeting not going away - Google are just using a new, more privacy focused mechanism to allow marketers to target users across their ad tech stack.

2

Google have already stated that the replacement for open auction targeting delivers 95% of the same performance that 3rd party cookies provide.

3

Future is supportive of the changes that Google are making to improve the privacy of users. We were aware of them, and are uniquely positioned on both the buy and sell side with our recent GoCo acquisition, to benefit from the change.

4

Identity solutions are not going away and can still be used. Future can decide which ID partners they want to work with and how through our proprietary ad technology stack, Hybrid.

5

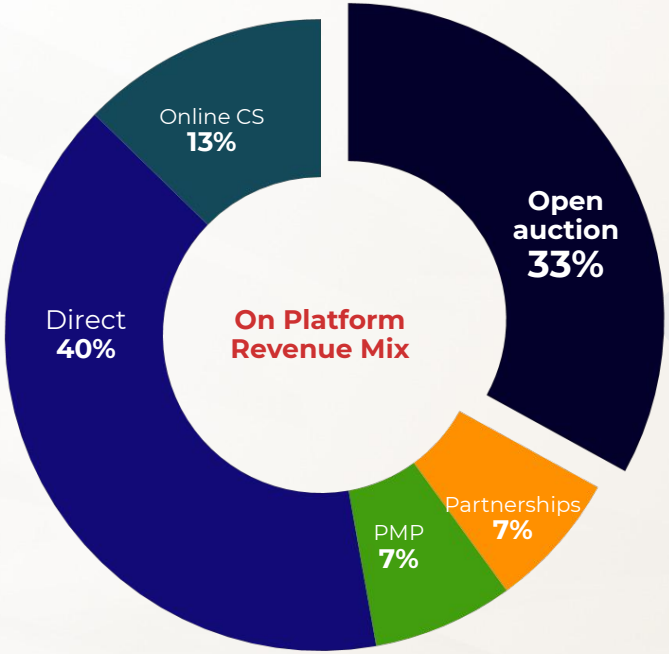
Publishers with large access to endemic audiences align to Google’s statement that 1st party relationships with users will be key moving forward.

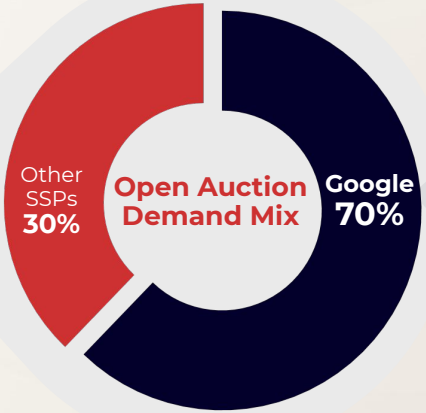
Advertising product mix

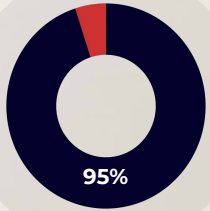
Direct deals	Private market place (PMP)	Online creative solutions (OCS)	Partnerships	Open auction
Directly sold campaigns at high yields which are sold by the Future sales team to agencies and clients on a contract basis. • Guaranteed revenues. • Very high yielding. • Future in complete control of targeting criteria.	Directly sold campaigns to agencies and clients at high yields but with the efficiency of being traded through programmatic channels. • Non guaranteed. • High yielding. • Future in complete control of targeting criteria.	Integrated content solutions sold directly to agencies and clients that commonly include content and digital advertising. • Guaranteed revenues. • High yielding. • Future in complete control of targeting criteria.	Directly integrated partnerships into the Future ad technology stack including the likes of Taboola and video partners. • Traditionally map revenues to audience growth. • Continue to work with premium partners only.	Open auction activity is at the bottom of Future's ad waterfall where inventory is auctioned in real time through a number of demand sources. • Google will change the targeting mechanism for users for ads purchased through their ecosystem from 3rd party cookies to a cohort approach.
$12-13 eCPM	**$6-7 eCPM**	**$2k - $1million campaign values**	**$2-3 eCPM**	**$1-2 eCPM**

Future achieving year-on-year yield growth across all revenue categories

On platform revenue mix and open auction demand mix







Expected Google Adx efficiency [1]

<1% of Future Group revenue expected to be subject to unresolved targeting solutions

1 "Our tests of FLoC to reach in-market and affinity Google audiences show that advertisers can expect to see at least 95% of the conversions per dollar spent when compared to cookie-based advertising." Google blog https://blog.google/products/ads-commerce/2021-01-privacy-sandbox

What are the implications for Future & others?

Advertisers still need to reach their target audience.

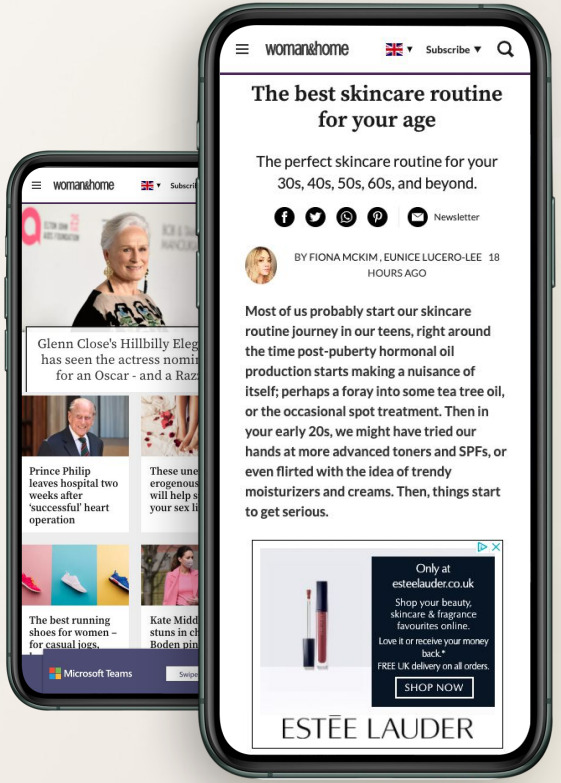
Future has always offered a variety of ways to reach audiences using different targeting techniques, these are always evolving and have become more important.

The Future data offering has increased over recent years consolidating our position as audience experts.

Publishers have adapted to 3rd party constraints on Safari and Firefox for several years already.

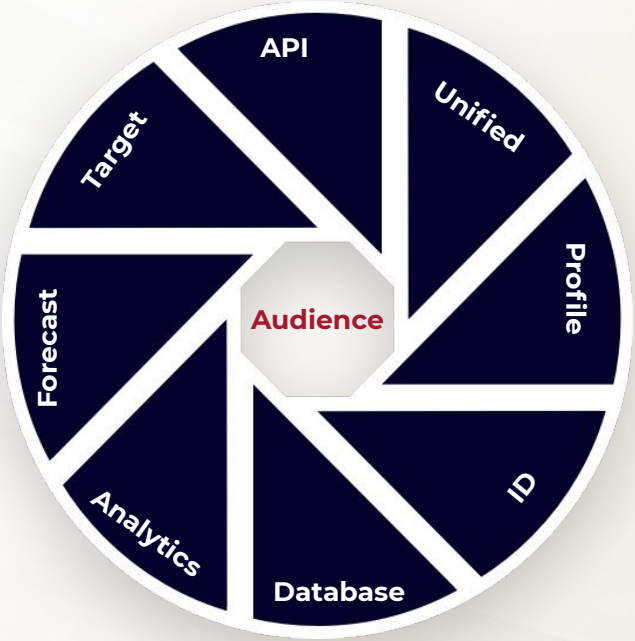
Future's user data will become more valuable and make publishers key partners for advertisers, intermediaries will be removed from supply chains.

Ad tech companies through the ad ecosystem will be challenged and publishers will reduce the number they work with.



How is Future well-positioned to take advantage of a changing ad environment?

Introducing Aperture Audience platform



Existing 1st party data available through Future customer data platform - Aperture.

In February 2021 **36 new advertisers** through the largest advertising agencies used Future's 1st party data to target audiences.

Adapted to GDPR/CCPA and changes by safari & firefox already. Enhanced offering that compliments 3rd party cookies today and will compliment new solutions going forward.

Integrated with Google ad stack to utilise their new targeting proposition (95% effective) when enabled. Alternative ID solutions already available to facilitates the technical requirements of our customers.

Developing new data solutions with enhanced customer support and services to make strong fundamental offering for advertisers.

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Future's media fundamentals

Users:

Future reaches 1/3 of the total online users UK/US, in our verticals our reach of addressable market is far higher as a result of our search ownership strategy and audience development capabilities.

Usage:

The users on Future sites have high intent and deep interests by the nature of the high quality content produced, the key terms owned and the enhanced functionality on site.

Advertiser tool:

Proprietary technology delivering high quality ad solutions, maintained by inhouse engineers and serviced by large global sales and customer support teams, enabling advertisers to reach the audience they want in the most effective way.

1st party data:

Capturing and activating large volumes of quality, relevant 1st party data through DMP, Smartbrief, Hawk, Hybrid, Falcon and now GoCo/Mozo.

Waterfall Auction

First priority is given to direct sold deals

Waterfall	Data
1 Direct deals	Aperture
2 Private marketplace (PMP)	Aperture/ PSB - FLoC
3 Ad network 1	PSB - FLoC
4 Ad network 2	PSB - FLoC Other ID solutions

Aperture = Future 1st party data
PSB = Privacy Sandbox
FLoC = Federated Learning of Cohorts

Constant evolution

1

Key clients are already aware of our data offering and in Q2, 36 new partners used our Aperture solutions.

2

All global sales teams are trained to drive the revenue stack at the top of the waterfall with skills in selling Aperture data solutions and online creative solutions.

3

We have already increased 1st party direct revenue yields.

4

We have a roadmap to integrate other ID solutions ensuring we are able to seamless transition all advertisers to a 3rd party cookie alternative.

Commercial winners and losers

▲ Winners

Users - Greater privacy by design in ad ecosystem but may need to pay more subscriptions for some content.

Google - Address regulatory concern, protects existing revenue model.

Large publishers with valuable audience data & scale (including Future) - 1st party data becomes more valuable & , not all data is equal or valuable, advertisers focus on strategic partners.

Ad agencies - Manage the complexity, slows the inhousing of ad buying.

Digital consultancies - Firms like MightyHive will work with publishers like Future and the advertisers to navigate new ways of working.

Headline writers - Topic will drive traffic for trade press (cookiepocolypse, Cookidentity Crisis, what the FLoC etc).

▼ Losers

Commoditised content providers - even with logged in data need data flags to understand users interests/passion such as the news publishers.

Small publishers - likely to see drop in spend as advertisers target strategic partners with service capabilities and infrastructure.

Ad tech as a sector:

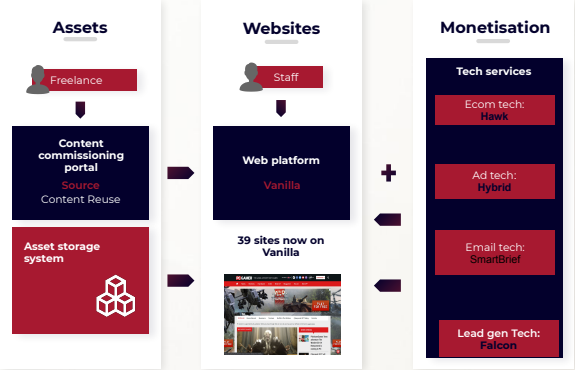
Ad tech - ID vendors - Google is limiting their options and intermediaries are no competition to publishers 1st party data.

Ad tech - non Google DSPs/SSPs - lacking ID to capture user data such as Criteo, advertisers will go direct to publishers and have preferred suppliers (GroupM X PubMatic).

Ad tech - audience aggregators and ad networks - will lose ability to target audiences across publisher networks, no USP v large publishers, counter to agencies value.

Any Ad Tech operating as an intermediary - Buyers and sellers will create direct pathways.

Adtech, Hybrid as part of our proprietary tech stack



Proprietary tech stack

Solid foundation, tech **enabler** giving control, flexibility to deliver on and build business strategy upon. Continued evolution by design to be resilient, robust, flexible and highly adaptable. Made up of services like web platform Vanilla and monetisation services like Hawk (ecomtech), Smartbrief (emailtech) and Hybrid (adtech). Supporting all core online activities.

Mission of Hybrid

A **unified** ad tech for our brands that is **sustainable**, future proof, portable, and **scalable** that delivers the best revenue and margin growth across all channels in the **ever changing digital advertising market.**

Strategy of Hybrid

Leveraging Hybrid on our core web platform and acquired/to be consolidated web platforms to deliver direct, premium programmatic and 3rd party advertising including display ads, video ads, Google AMP.

Continued effective investive in Hybrid tech and commercial ops capabilities . For example A/B of ads delivery and performance.

Hybrid (as a service) Overview Map	
Platform compatibility	Vanilla web platform + any
Production deployment	52 sites -Vanilla 39 sites+, -TI Media's Keystone 17 sites+
Advertising demand Direct, Premium Programmatic and open auction	Display Video AMP
Advertising auction	Client side + server site bidding
Compliance	GDPR compliant CCPA compliant TCF2 compliant
Key tech capabilities	A/B testing Contextual targeting Malware detection Bot detection Low level monitoring
Key commercial ad ops capabilities	Self service site setup configuration Ads slot placement configuration Open auction bidding configuration

Note: Exclude Goco Tech

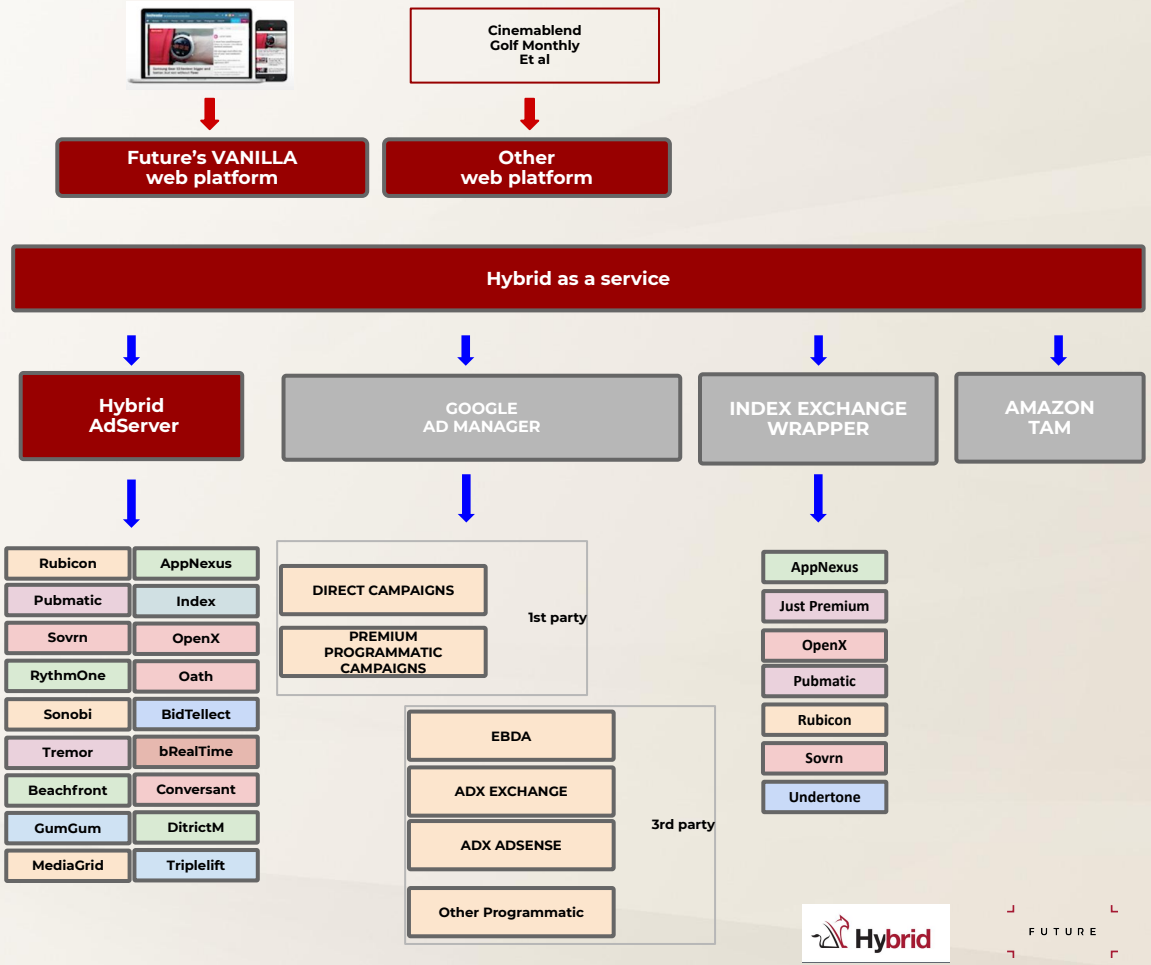
Hybrid evolving with the ever changing ad market landscape

Our **ad tech**, Hybrid, a software as a service, is a **robust tech** solution that **delivers both 1st party and 3rd party advertising** onto advertising slots that it manages **at scale**.

It handles both client and server side header bidding. It is **AdSafe**, **GDPR compliant**.

Hybrid is **flexible** and **adaptable by design**, adaptable to the ever changing landscape of the ads industry is closely:

- Part of the Google Alpha programme testing Google's PPID initiative.
- Integrated and testing new 3rd party universal ID solutions; ID5, PIH, LiveRamp and ZeoTap.
- Continuing to optimise user experience and developing new ad formats.
- Preparing for Google Privacy Sandbox, a priority.



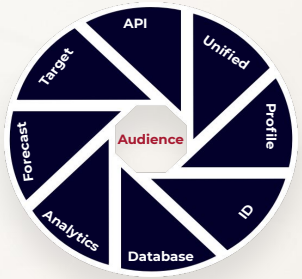
Our data strategy protect and grow advertising

Using our own automated content categorisation technology, which exploits semantic analysis to interpret and tag content in a consistent way, Future has over the past five years:

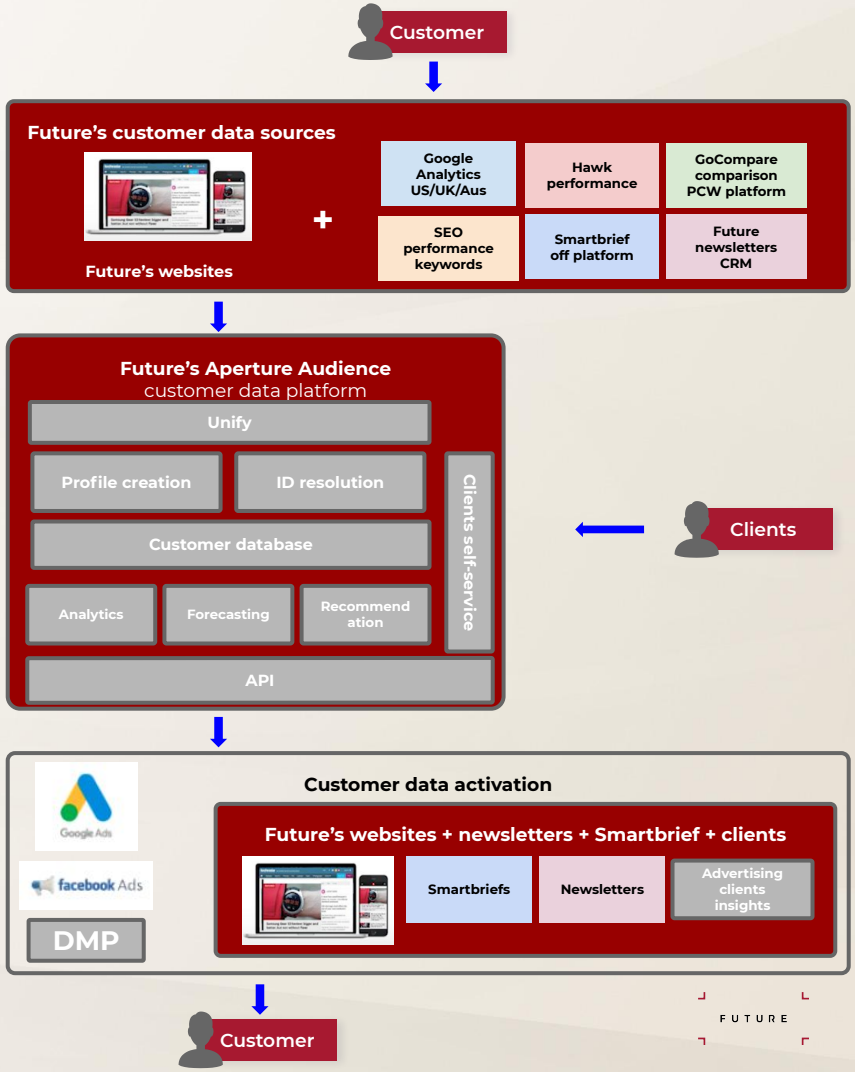
- Monetise our audience visiting our sites 1st party audience segments (sent to DMP) and developed a context advertising targeting tech capability

Our data strategy is to augment this tech capability through **unifying** our 1st party data, implementation of Future's **proprietary FutureID** and **developing a roadmap** leading to a **customer data platform** to protect and grow our advertising revenue stream over the next 3 years through

- Our contextual **targeting** at an audience segment level
- **Broadening** to **new** audience **segments** (E.g. home and finance)
- **Accelerating** the growth of **existing** audience **segments**
- Further deepen insights of our audience 1st party data to refine the the volume and depth of data passed to 3rd DMP to **increase yield**
- Profile creation made up on **qualitative** data signals/points. E.g. job title, address, household income
- Capability **of secure data portability**



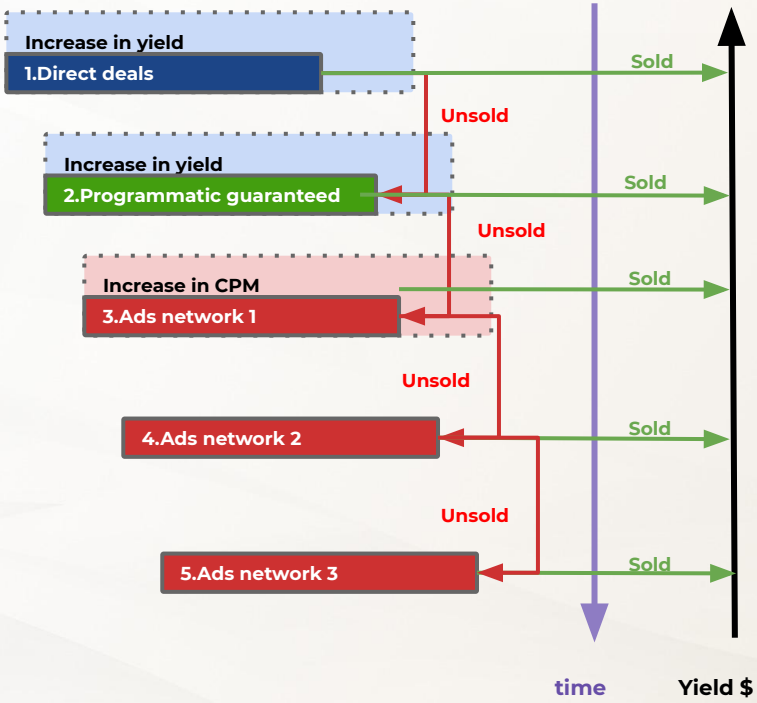
Aperture Audience platform
customer data platform

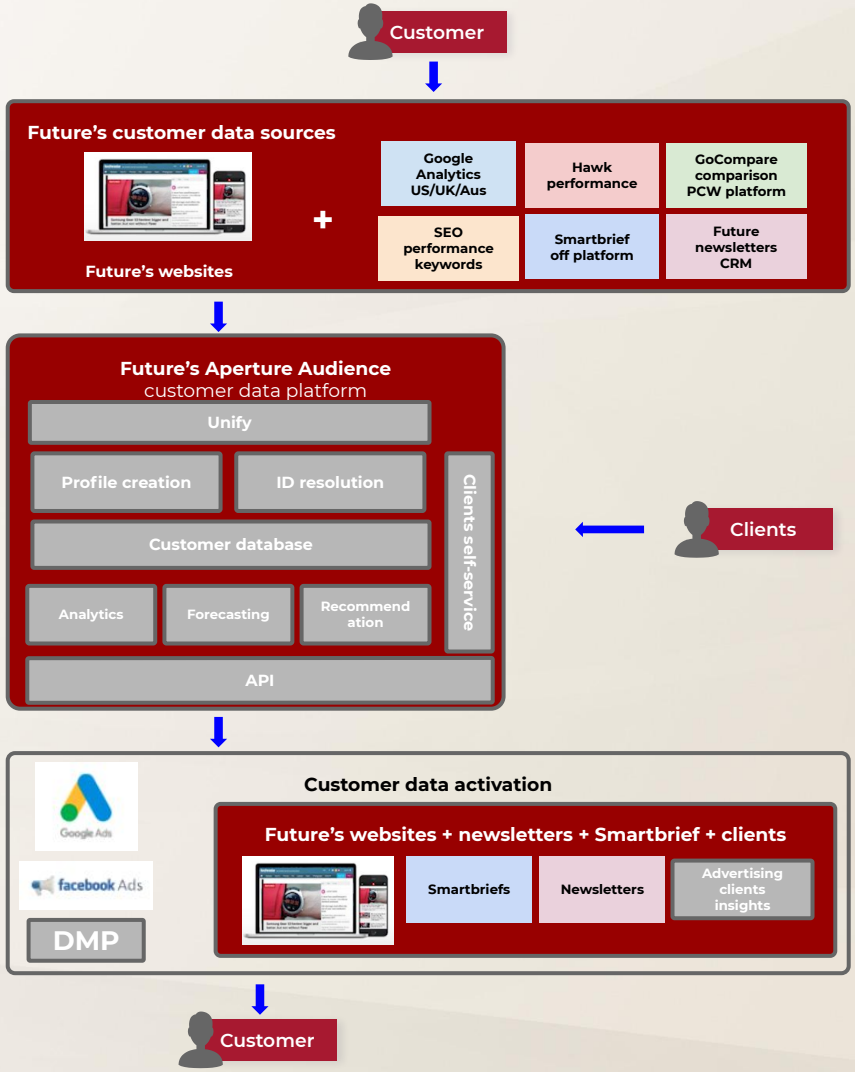


Our data strategy protect and grow advertising

Advertising waterfall auction

- **Increase in yield** for direct deals and PG
- **Increase in CPM** for open auction as a consequence of market pressure.





Why our ad tech, why our tech stack, why we see risks on the upside

Hybrid is fully featured with all advertising demands from 1st party direct, programmatic guaranteed, open auction, Google's AMP ecosystem and beyond Google.

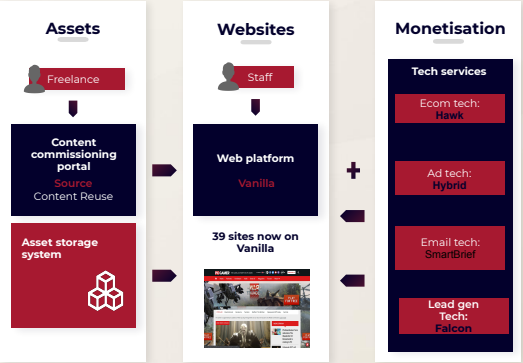
It is has a wide demand on the open auction market that will generate revenue with whichever demand survives post cookie world

It is allows us to be early adopters; Google new cookieless ad technologies and third party universal ID solutions

Our tech stack has a strong foundation to augment our audience segmentation capabilities

With Aperture Audience, we will create new revenue diversification streams and augment existing ones.

Future's tech stack



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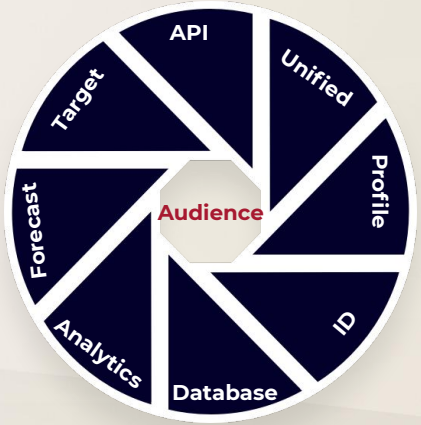

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Q&A

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Thank you

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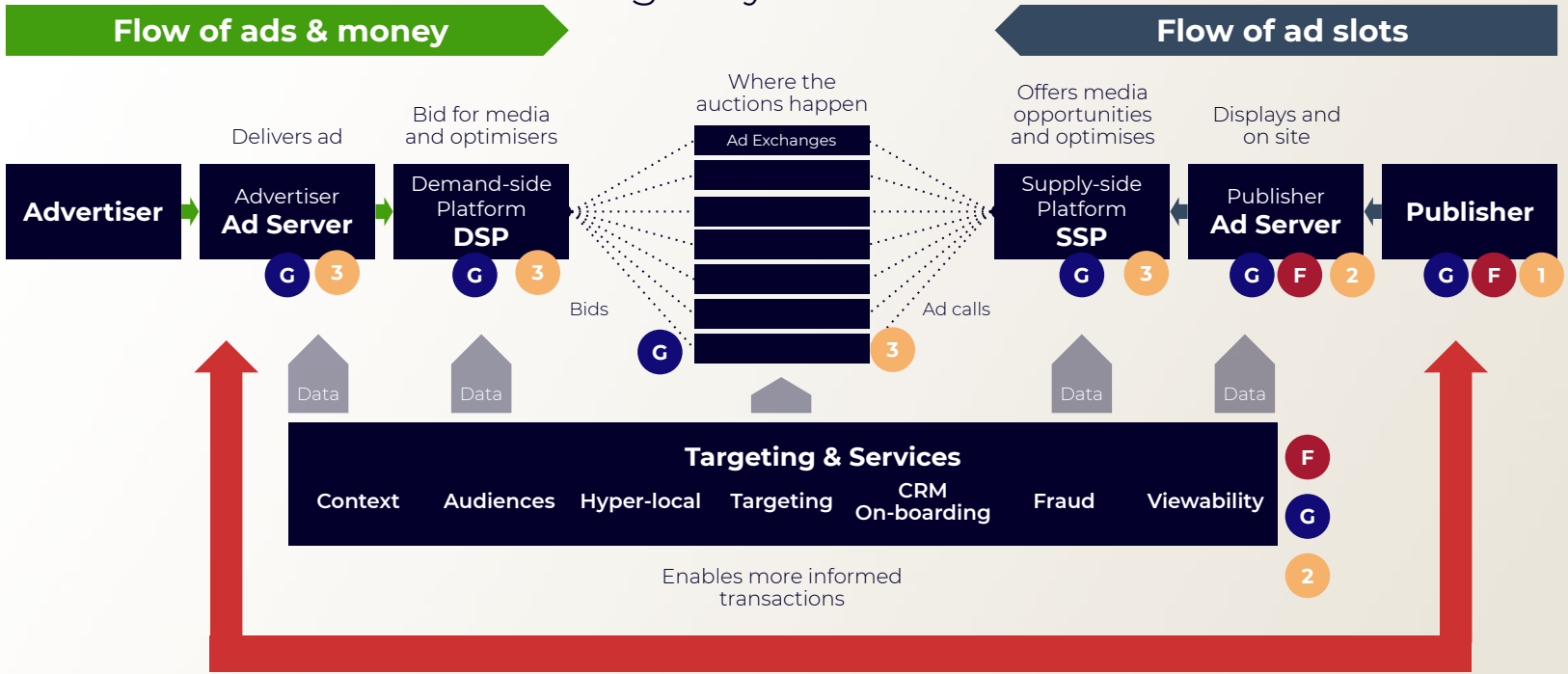
Detailed view of the Ads ecosystem

Direct integration between agency & Future



G Google F Future # Technology

1 = Hybrid + Vanilla
2 = Hybrid & Privacy Sandbox
3 = Privacy Sandbox

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