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**LS: What does the future look like for the open internet vs. walled gardens?**

JG: From Day One, The Trade Desk’s mission has been to help fuel the broad diversity of media, voices and content on the Open Internet—including great journalism, web experiences and today’s golden era of television.

And advertisers are increasingly focused on the opportunities of the open internet, vs. walled gardens. As advertisers embrace data driven decisioning, they care about cross channel measurement, transparency, and objectivity. They can only really find these attributes on the open internet. Advertisers are tired of throwing their money into walled gardens that don’t provide that insight and whose content is more likely to have brand safety risks.

One area where this is coming very vividly to life for advertisers is television. While companies with a majority market share in one channel like search, social media or UGC video, may have gotten away with a walled garden approach for those markets, it is different in the fragmented world of TV, where no organization has a majority share. Consumers are using multiple devices, apps and programs to absorb content and advertisers need data to holistically manage campaigns and frequency cap. Because video accounts for almost half of all advertising, we predict that connected TV (CTV) will be a Trojan horse that pushes data driven decisioning across all advertising channels.

**LS: Can you share more about CTV growth and the advantages of CTV in today’s privacy-focused environment?**

JG: In 2019, The Trade Desk saw 137% growth in CTV, and it is one of the fastest growing segments of our industry. For many advertisers, TV is the largest component of their advertising budget. With CTV, for the first time, they can apply data to this massive spend in ways that are simply not possible with traditional linear TV.

As advertisers embrace CTV, they also look at the opportunity to improve the viewer experience. They get to show more relevant advertising to target audiences. They get to frequency cap across channels. Research tells us that viewers welcome this improved experience. At the same time, advertisers are highly cognizant of the need to protect and enable consumer privacy. CTV does not rely on archaic cookie technology, but more modern identity tools. Regardless of channel and identity environment, we are always committed to working with advertisers to drive relevance without compromising consumer privacy and without dealing in directly identifiable personal information.



**LS: How do you think changes to 3<sup>rd</sup> party cookies on Chrome will impact digital advertising?**

JG: First, let me say that relevant advertising isn't going away. The economics of the internet rely on relevant advertising. We get to experience premium content for free, in return for consuming advertising. The more relevant the advertising, the more valuable it is to the publisher. That essential value exchange is not going to change.

But let's be clear. While relevant advertising isn't going anywhere, cookies are an archaic technology. The majority of ad impressions that The Trade Desk processes today do not rely on cookies. That's because the fastest growing segments of the industry, such as the booming Connected TV market, rely on newer identity solutions. Advertisers on The Trade Desk platform can already operate effectively in a cookieless environment.

We are very encouraged based on our work with Google and the broader advertising technology community so far. We are all striving to develop alternative solutions that continue to support ecommerce and the efficient delivery of content to consumers on Chrome, while aiming to more directly implement the values we have always supported: Relevance, choice and control for consumers.

**LS: What do you expect the 2022 solution to privacy-responsible consumer data tracking will look like?**

JG: I'm optimistic about this one. I think the internet has done an amazing job to date of creating value exchange—people get access to

free content and information in exchange for seeing relevant ads. The collective internet has not done a good job of explaining that quid pro quo and giving consumers control. I think the consumer will have more protections, more control over their privacy and data, and still see relevant ads in the future.

On behalf of our advertisers and the open internet, we want to ensure that the next generation of identification technology puts the consumer first while preserving relevant advertising that drives value for advertisers, revenue for publishers, and a better, privacy-conscious and free experience for consumers. We want to ensure that any cookie replacement solution preserves sophisticated lookalike targeting that leverages a brand's valuable first-party data, finds the next 100,000 users most likely to be interested in a product, shows it to them with reasonable frequency, and pays a fair price to the publisher.

The reason retargeting and high-frequency bombardment have become so prevalent in a cookie environment is because of last-touch attribution models, which 'give credit' for conversions that were going to happen anyway and ignores brand advertising which led to that point. An optimal solution supports brand lift attribution or causal analysis, which also leads to improved customer experience.

All of the experiences and practices that consumers find annoying, and that regulators find troubling, only exist because there's currently no way to implement the optimal solution in Chrome. We propose that with a few upgrades, a DeviceID solution can do just that.

**LS: Speaking of identity and data, how are you and your customers thinking about privacy in digital advertising?**

JG: At the core of our value is the trust that advertisers have in us at The Trade Desk to put their first-party data to work. Through their first-party data, they can model who their most loyal customers are by product, understand their common characteristics, and use those data models to find where those patterns exist elsewhere in the market in order to reach their next million customers. That kind of data modeling can be done on our platform without ever having to know any directly identifiable information about the consumer. Advertisers know that we can help them do their modeling work with a limited amount of data or a vast amount of data in a privacy-safe way. Our whole system is built around making objective choices with limited data. We are committed, responsible stewards of consumers', agencies', partners' and advertisers' data. In this way, we are completely aligned with what advertisers are trying to accomplish.

**LS: You said in your Q4/FY2019 earnings call that you're more bullish about the year ahead than you have ever been. What is causing that excitement in an environment of consumer hesitation over digital advertising, increased privacy regulation, and ad blocking?**

JG: Our research suggests that yes, there are growing concerns regarding privacy. But at the same time, the majority of consumers are willing to consume relevant ads if they get to see fewer of them, and if they get free or reduced priced access to premium content.

And therein lies the challenge for our industry. As the largest independent DSP in the world, I believe we are uniquely positioned to outperform our competitors regardless of any changes to the regulatory or tech environment. But we need to do a great deal more, as an industry, to explain the value exchange of the internet, to build consumer trust, to provide more consumer controls, and to educate the market regarding exactly how data is used in advertising.

Having said all that, I want to acknowledge that we are all operating in a unique and challenging environment. As I wrote to our clients in March, our top priority is safety and we want to make sure our partners know that while it might be a while before we are physically together, we are here for them and more committed to our mission than ever. We're here to provide data and insights to help our partners navigate this changing environment. While it is too early for us to tell how the virus will impact advertising long term, we know that advertisers are looking to make every advertising dollar work as hard as possible, which means applying as much data precision as possible. Effective CTV advertising is more important than ever, with billions of people streaming from home and consumers embracing cheaper ad-supported CTV services. With live sports largely suspended, advertisers are looking to put those advertising dollars to work in new ways and our teams are dedicated to helping clients navigate through this period of uncertainty. We will continue to provide world class support and the access to reach, objectivity and transparency across the open internet that our clients have come to expect.