



WINR Corporation Pty Ltd (ABN 11 630 368 188)
Registered office 50 Miller St, North Sydney NSW 2060

Thursday 25th February 2021

*The Australian Competition & Consumer Commission
Level 20, 175 Pitt Street
Sydney NSW 2000*

FAO: Rod Sims, Chair of the ACCC

Re: Digital advertising services inquiry interim report

Dear Mr Sims,

As the CEO of Australian media technology start-up [WINR](#), a company that supports Australian digital publishers and advertisers, I was pleased to see the Government appointing the ACCC to conduct an enquiry into markets for the supply of digital advertising technology services and digital advertising agency services.

As the ACCC pointed out in its [interim report](#), ad tech services are critical to the Australian digital economy. Furthermore, effective and healthy competition within the ad tech industry is paramount to its very survival.

The challenges with the current model

We agree that the ad tech supply chain model, as it stands today, needs to change. Rather than profit a few Internet giants, we want to see Australia's ad tech supply chain foster equality amongst all players; strengthening the hand of regional and small publishers in obtaining appropriate remuneration for their work.

The events of the past week, with Facebook enforcing sudden limitation to its platform that prevented Australians from sharing or viewing news content, followed by its retraction a few days later, shows how fragile and unpredictable the current environment is for our publishers. The few days where publishers were deprived of the social media platform caused a lot of damage - indeed, we found our own clients took a 30% hit on their impressions within the first 24 hours of this move. This also gave us a glimpse of the dramatic repercussions similar moves from other big tech players could have on Australia's publishing and ad tech industry.

Never has there been such a clear example of the need to have mitigation strategies in place for Australia's publishing and ad tech industry. It is urgent for the ACCC and the industry to act and build a new ad tech reality with less reliance on the digital advertising model that has been initiated and sustained by such Internet giants.

The current model won't sustain itself if:

1. we keep almost exclusively relying on social media platforms, internet browser leaders and other digital giants
2. advertisers keep paying more to reach their audiences while publishers continue to receive too little revenue for their advertising inventory, and
3. consumers' privacy and access to quality content aren't protected



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Through our daily conversations with publishers and advertisers, we've been able to understand the deep inner workings of the complex ad tech industry, and the day-to-day struggles experienced by stakeholders involved in the digital advertising supply chain.

We understand the industry wants a model that is of equal benefits to all parties involved – including publishers, advertisers and consumers. A model that is clear, transparent, and gives more control to publishers while protecting consumers.

There is a bigger issue in play

We wish to bring to your attention a more pressing matter which has not yet been covered in the report: **the data collection and data selling model currently used by the ad tech and publishing industries**. It is our belief, without an enquiry into and changes made to the current ad tech data model, the suggestions currently proposed by the ACCC won't be achievable.

Data is at the core of the ad tech supply chain model, with most of publishers and advertisers relying on third-party consumer data – more specifically the third-party cookie model which is monopolised by only a handful of Internet giants (including Internet browsers, social media platforms, etc). We believe, there has been an over reliance on cookie-based identifiers for the delivery of targeted display and video advertising. At the same time, there has been an under investment by publishers in the collection of first-party data.

With many Internet and browser giants seeking to end their support for third-party cookies, Australian publishers and advertisers face further damage including a significant decline in market share and revenue.

We fundamentally believe that for any new ad tech supply chain model to work, and for healthier competition to arise while keeping consumers' privacy intact, revisiting the ad tech data collection model and giving more ownership to publishers is key.

Additional considerations for the ACCC's enquiry

Based on the conversations we've had with various industry stakeholders, we feel the ACCC enquiry wouldn't be complete or drive sustainable outcomes if the following were to be ignored:

- **Moving away from the third-party cookie model, and into a first-party data collection model, where data is owned by the publishers**
 - While the ACCC's suggestion to mandate the breaking up of datasets held by large incumbents to make it easier for rival ad tech providers to enter and compete in the supply of ad tech services is a necessary step, we believe the industry and the ACCC need to empower the publishers themselves to create addressable audiences.
 - This can be achieved by using first-party data at scale, instead of relying on age-old third-party cookies, which are the status quo despite their decline.
- **Consent-based first-party data and clear value exchanges have the power to drive revenue for publishers, and build trust with consumers**
 - It is important we, as an industry, build a consent-based data collection model that has a clear value exchange.



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- Consumers agreeing to sharing their data must understand how that data will be used and need to receive a value exchange for it that they redeem worthy enough (i.e. quality content from publishers). There is a responsibility for publishers and advertisers to be completely transparent and explicit around that value exchange in order to build trust (which the Internet giants covered in the ACCC's interim report have failed to do, which has impacted trust in the entire supply chain).
- **Transparency cannot be ignored**
 - We need to establish a model where ad tech and media technology companies – such as WINR – be only data processors and leave ownership of the data to publishers and brands with whom consumers engage.
 - The ACCC's suggestion to promote competition in the industry through boosting data portability and interoperability, and requiring firms with a significant data advantage to provide consumers with an easy way to port their data between rivals, would be of benefit to advertisers and publishers. However, it would encourage even less transparency for the consumer – we must take into account the responsibility we have to data transparency considering the wider context of data legislation happening at a global and national level.

Recommendations and suggestions for the ACCC's enquiry

We believe there are four key areas the ACCC needs to prioritise in addition to the suggestions it has already made. These will be instrumental in supporting the shift to a new data collection and monetisation model, which will likely be the core driver of the next ad tech revolution, and the door to less reliance on Internet giants and more independence for publishers.

- **Education of publishers so they can take more ownership of their audience and reduce their reliance on the Internet giants**
 - We believe in empowering publishers to create a new advertising and revenue stream model for themselves, one where they are in charge. The alternative is adding more regulations into the entire supply chain which would increase costs and inefficiencies.
 - Right now, most publishers we meet feel powerless – forced to accept deals that keep feeding the big tech dependency model. It would be of great, long-term interest for the whole industry if the ACCC was to encourage or incentivise publishers who are proactively taking steps towards becoming more independent from those Internet giants.
- **Support publishers' investments in a new data collection models in order to be less reliant on third party data**
 - Over the past 20 years, there has been an underinvestment by publishers in collecting their own data. Publishers need to understand that collection of data comes with responsibilities (per the above) and the ACCC is best placed to drive collaboration and investments into this area. It is vital the ACCC invests resources in helping publishers realise their own over-dependence on third party data, and shares information around how they can become independent by shifting to a consent-based first-party data model.
 - While it will be easier for the large publishers to make those investments – some of them have continuously invested in first-party data gathering and already have an



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edge – smaller publishers need to be supported and incentivised to make those investments now for their own survival, and to guarantee long-term revenues.

- **Privacy and transparency – the ACCC needs to continue educating consumers and provide guidelines for the industry to set clear and transparent data value exchanges**
 - We do not believe more restrictive regulations around privacy will achieve much. A more sustainable and positive privacy outcome will be driven by empowering consumers to make informed decisions regarding their data, and by ensuring publishers and advertisers are very clear about the value exchange for that data.
 - When it comes to transparency, we believe the ACCC has an important role to play in reducing the opacity around boundaryless data siphoning which has become common practice in the ad tech industry and raises serious questions about consumer data rights and privacy.

- **Foster healthier competition and less reliance on the Internet giants by supporting a more diverse ad tech ecosystem**
 - For WINR, receiving a Federal AC Grant was instrumental in supporting the creation of our disruptive AdGate™ platform built on the consent-based first-party model, and enabling publishers and advertisers to take more ownership and better control of their audience while improving ad revenue streams. We recommend for more of those financial initiatives to be put into place, to help disruptive players across the ad tech supply chain bring innovative ideas to life.
 - We also invite the ACCC to consider looking into supporting platforms and tools that help publishers gather first-party data and build qualified audiences at scale, while maintaining privacy and compliance to existing regulations.

The ACCC's efforts into investigating the ad tech supply chain, and the actions taken following the final report due in August 2021, have the potential to change the ad tech industry for ever.

Furthermore, they provide us with an opportunity to position Australia as a global leader in the fight against the big Internet giant's monopole. We have a unique opportunity to show the world that a new, healthier model is possible.

However, in order to build that model, it is imperative we change the current data collection and monetisation framework in parallel to addressing the issues raised by the ACCCs interim report.

I remain hopeful and available to further expand on the points raised in this letter, to help the ACCC best guide the measures and areas it will prioritise following its enquiry.

Yours sincerely,

Marcelo Ulvert, Co-Founder and CEO, WINR