
Who wins in the convergence of AdTech & MarTech?

Exclusive Interview

with **Scott Brinker**,
founder of chiefmartec.com

Part 2 of 2

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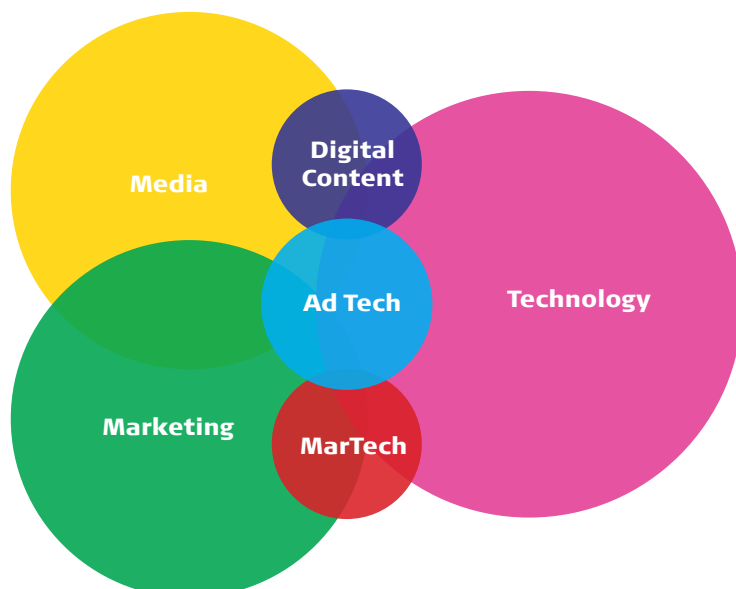
Scott Brinker
Founder of chiefmartec.com,
Chair of MarTech Conferences

WHY IS THIS INTERVIEW IMPORTANT TO YOU?

In our first interview with MarTech expert Scott Brinker, we learned about the increasing convergence of AdTech and MarTech and what his expectations for the future are. In our second part of the interview, Scott discusses the implications of the merger of AdTech and MarTech on publishers, agencies, and brands.

This interview was conducted in May 2016. We are publishing it as part of Cogniance's continuing effort to develop and share insights into the fields of AdTech, MarTech, and digital media with existing and prospective clients.

Larger Universe of AdTech and MarTech



Who wins in the convergence of AdTech & MarTech?

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Cogniance (C): Since things are changing so quickly, and no single vendor can provide a complete solution, do you think larger brands and agencies should start building their own platforms that unify AdTech and MarTech to fit their unique needs?

Scott Brinker (SB): That's a really interesting question. The very best companies I have seen in terms of digital marketing all bring proprietary capabilities to bear. In the world of eCommerce, for example, we're talking about Amazon. They drive a tremendous amount of what they're doing with digital marketing through things they've built internally. Netflix also has a whole team that's built these capabilities. And although they'll bring in outside vendor products as part of their overall architecture, Netflix is very insistent that they have open APIs (application program interfaces) and retain the ability to orchestrate how these pieces fit together. The challenge is that most companies aren't Amazon. Most companies don't have the software engineering talent at their disposal to build highly customized solutions. I think this is one of the challenges. How much do you buy? How much do you build? Most brands and agencies are going to have to buy this stuff commercially at this point. They might be able to afford a little light customization on top, but the talent just isn't available to create proprietary platforms by themselves.

C: If this convergence continues over the next few years, what will the consequences be for agencies?

SB: There's good news and bad news. The bad news is that the classic model of what agencies did, how they did it, and how they made money at it is in grave danger at this point. We can debate whether or not advertising's going to go away – I think it will continue to evolve – but the nature of digital advertising lends itself to being automated. Someone at a very high level can decide who they want to reach and how much they want to spend, and everything executes from there.

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Even from a creative standpoint, there's still a demand for great, creative ideas, but the effort involved in executing variations can be replaced with software using machine learning that does automated testing and optimization. The classic agency model is under tremendous threat.

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The flipside is every single marketer I speak with today has more things that need to get done than they have people on their staff to do. They have an unlimited list of challenges they're facing. I think the services market for marketers is incredibly promising. We're going to see more demand for marketing services than we've seen in the history of the field. But it may be different players. It remains to be seen whether or not the largest ad agencies are going to be able to successfully pivot to offer the kinds of services their customers are demanding.

C: Who could replace or compete with agencies?

SB: The system integrators — IBM, Accenture, PWC — are making strong plays. They're basically focused on systems, but they've all acquired creative talent and enough agency-like skills to compete.

There are a whole bunch of entrepreneurs who are creating new service businesses around MarTech. Most of the ones I think of are still very small, but there are a lot of them. You'll start to see some clusters aggregated, and I think we'll start to see some multi-billion dollar players in that market.

Even classic management consultancies like McKinsey are doing a whole bunch of engagements around helping companies implement marketing technology capabilities and going through the related change management process.

You could be a CMO, and if you're thinking about a digital transformation effort, you could have proposals from WPP, Accenture, IBM, and McKinsey. That's really weird! A lot of those companies are dramatically different providers, but they're now competing for the same market.

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C: What do think the consequences will be for publishers? A lot of them have created proprietary SSP (supply-side platform) solutions.

SB: I don't know the publishing market as well as I know the brand and agency side, so my opinion is from a little bit of a distance. Publishers have generally made the majority of their revenue from advertising. The price pressure on advertising and other factors like ad blocking and ad fraud probably puts the business models for publishers under tremendous strain. I don't think there are a lot of publishers who have come up with a solution to that yet. It's an open question.

C: What's your advice for AdTech companies in 2016? What do DSPs, ad networks, and other companies need to do to survive?

SB: To not narrowly define themselves as AdTech. They need to think of themselves as someone managing a set of channels that are a piece of the buyer's journey. They need to acknowledge that they're part of the larger marketing technology ecosystem, committed to continual innovation.

Take DMPs (data management platforms) for instance. In some ways, the value of DMP is not in serving up the right ad to the right person. It's about companies, through their advertising reach, getting to collect all these touchpoints that anonymous prospects have, even before the prospects are ready to raise their hand and identify themselves as buyers. The DMP is able to collect all that information and leverage it: when someone moves from being an anonymous prospect to someone who says "I'll come to your website and reveal myself because I'm really interested," the DMP can say "oh, and by the way, here are all the things we already know about this person who just identified himself and said they're interested." What's motivated them in the past? What content have they responded to? Companies can then use that knowledge to be more effective in the next stage in the relationship.

C: Scott, thank you so much for your time and all the valuable insights on this important and challenging topic. We know our readers appreciate your thoughts, and we hope this is not our last conversation.

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Cogniance co-creates technology products in partnership with startups through to Fortune 500 companies. Our engineers and designers work with innovators and entrepreneurs worldwide to define, build, launch and evolve market-winning products that forge lasting relationships with customers. Cogniance's design-led thinking, fortified by our Silicon Valley DNA, enables companies like NetPulse, Xerox and CloudMade to create and launch impactful products in the connected car, AdTech, and audio markets that engage users and deepen their relationships with brands.

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