

# Complex Transactions

An Interview with Dennis Quinn,  
Executive Vice President, Chief Media and Digital Enterprise Officer, Active International

**EDITORS' NOTE** Dennis Quinn has more than two decades of experience running traditional media and digital businesses. Prior to joining Active in 2010, he was President, Sales and Marketing for Channel M and previously Executive Vice President, Business Development at Turner Broadcasting. Prior to joining Turner, Quinn served as a Captain in the United States Air Force.



Dennis Quinn

**Will you discuss the transformation taking place in Active's media and digital business?**

We're very close to our clients, so we often take part in their planning process to understand where they're going, what their needs are going to be for the next 12 to 18 months, and what they're launching.

We can either develop that expertise in-house or we can go out and identify companies with very smart people to purchase and bring their practices and platforms in-house and ramp up that way.

Atypical from our core business where we're trading with media vendors and are non-disclosed on the media costs to the clients to protect the transactions of our media vendors, we are fully transparent on our pricing on the programmatic and social side. There has been much written about the lack of transparency and many questions are being raised about how traditional agencies are making a lot of money outside of the purview of their clients' arrangements. We decided to flip that model on its head and are fully transparent.

In fact, we run much of our business through our clients directly, using their seats at the trading desks and their tools. We charge a fee that they pay partially with cash and partially with trade credits. This is so they can see every cost and every fee throughout that entire ecosystem.

As we looked at the marketplace, it appeared that data, identification and targeting were central in this digital environment, so we made a strategic investment in AlmondNet with offices in New York and Israel. They have two companies within their holding group – Intent IQ, which is a deterministic device graph built on real data. It enables targeting and retargeting of clients. It also drives efficiencies and results for all of our clients.

The other company we've taken an investment partnership position in is Datonics, which is a data marketplace. All of the branded research companies that are supplying data charge clients premium pricing and they continue to scale. Datonics

went to them to start a private-label business completely focused on cost. We don't promote the fact that it includes branded product in there – we just call it the Datonics marketplace.

We're now installing this in all the DSPs – it's a dropdown and we're moving our clients to this platform. It's another financial solution with the same performance and data, but at a lower price.

In the national television marketplace each year, whether it's broadcast or cable, ratings and delivery has reduced by an average of 11 percent and yet media

prices have increased 8 percent compounded.

One of our solutions was to create an unwired market platform that we call XACTV. Essentially, we buy local inventory in targeted programming across the nation on a local basis and we aggregate it up to a national delivery. Because local inventory has much more flexibility, there's more supply there and we have pricing elasticity that wouldn't have existed in the general marketplace.

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We can also offer efficiencies to clients no matter whether they are solely XACTV clients or when we bring an Active client to XACTV.

We started this program four years ago. The first year, we did it manually and ran \$3 million through the pipeline. It was labor intensive, but at that point, we decided that, if we were getting into the marketplace, we had to come up with automation that no one else had.

Our chief of staff had a relationship with IBM and they had an affiliate company called EssecTec,

which we on-boarded. They spent most of year one and the first two quarters of year two with a bunch of their programmers and data scientists sitting next to our XACTV buyers to see what they did, how they did it, and what kind of reporting they needed.

Then they started developing different elements of the platform.

In year three, we ran \$19 million through this platform on an automated basis, and this past year, we ran \$38 million through it and we expect to run \$50 million through it this year.

We looked at our media partners and realized their choke points were also in the local TV area, so we're starting to take some of the three pillars that we use on this platform to address buying local as opposed to buying local to aggregate to national. It isn't significantly different, but the ratings and tracking are significantly different. As we get those platforms up, we'll go to those media vendors.

On the optimization side, we have four different optimizers that we work with. We had one built off-shore and had EssecTec build another here. We have machine learning that runs independently of those two, and then we have a neural network that sits on top of those that reads and learns from those three and gives a recommendation.

When we upload the KPIs for a client and identify what shows they don't want to be in, it takes about 25 minutes to get those four plans down with recommendations and the buyer selects one. Then, once everything works well, it tells them, market by market, the lowest rate for each station and program, how much money we cleared there, what our mean rate was, and what percentage of trade we have left.

We instantly can see whether or not we need to add trade to that and then talk to the station. Once that is validated, with the click of a button, it drops into a spreadsheet and goes to the independent reps.

As soon as we update a trade, it gets updated in the financial model that we use to look at every single trade we have.

When we have the data we have built a deal on with all of the assumptions, that all gets dumped into this and we can track it.

We would like to turn over cash on an investment at least three times a year because that tells us that we're working efficiently and that we can produce the spread our clients require and the profit they're after.

Overall, we have moved way beyond barter to complex transactions where we have real skin in the game. ●