



David Kohl of Morgan Digital Ventures: The Ad Automation and Programmatic Confidantes

BY JAY SEARS

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In a series of conversations with the leading confidantes and consultants in the ad automation and programmatic area, Jay Sears, Senior Vice President of Rubicon Project, discusses trends and issues of the day impacting advertisers and media owners. In this interview, he talks with David Kohl, CEO of Morgan Digital Ventures. Prior to starting Morgan Digital, Kohl was formerly Ernst & Young's Advertising Sector Leader, and prior to that, was on the leadership team of PwC's Entertainment, Media and Communications Advisory Practice.

JAY SEARS: What do you read to keep up with politics, art and culture?

DAVID KOHL: The New York Times and various sources via Apple News.

SEARS: What do you read to keep up with friends?

KOHL: Facebook ... and believe it or not, the telephone. (I guess I read the keypad to dial.) My wife and I recently joined Snapchat to stay in touch with my daughter at college and were surprised how many 40-somethings are on the platform.

SEARS: What do you read to keep up with the advertising technology industry?

KOHL: AdExchanger, Digiday, Ad Age, Ad Week and several curated M&E industry e-newsletters.

SEARS: What's your favorite commercial of all time?

KOHL: I love to laugh. My all-time favorite is the [German Coast Guard ad](#) from Berlitz, which I find both super-clever and highly memorable.

SEARS: With regards to advertising automation, what are the three biggest trends you expect to impact companies in 2016?

KOHL:

1. Transparency. The ANA opened a can of worms on financial transparency in one narrow slice of the advertising ecosystem. However, the results were eye-opening, and for many marketers a call to action. I'll be surprised if we finish up the year without at least a few prominent marketers demanding new levels of transparency from the programmatic trading ecosystem.
2. Shift to quality. Brands are beginning to realize that penny CPM inventory simply doesn't deliver value. I think we'll see a few vocal brands make some statements about quality this year, and that in early 2017 the talk will turn to action with a more rapid and widespread shift to premium programmatic.
3. Untangling the jungle of tags, beacons and code. The weight of the desktop and mobile web experience is still not acceptable for many consumers. I blame the programmatic tag jungle; it's simply a mess of tags and back-end calls piled onto the media. We all know the problem. I think we'll look back at 2016 as the tipping point year when the industry woke up to the mess we've all allowed ourselves to create. And we'll see tangible efforts to untangle this jungle of tags before year-end and into 2017.

SEARS: With regards to advertising automation, what are the three most overblown topics that you wish would just go away?

KOHL: I have just one ... Header bidding. This technology started as a hack. It's an inelegant technology strategy that was created to bypass the favorable relationship Google has between DFP and AdX. The first-look goal is good, but the implementation isn't. Let's get a better technology solution to this problem, instead of perpetuating the header hack.

SEARS: Describe your firm and then tell us the three most common issues you help clients on with respect to advertising automation and programmatic trading.

KOHL: Morgan Digital Ventures is a strategy and operations consulting firm that grows digital businesses. We deliver top-line revenue growth and improved operational performance to media and entertainment companies of all sizes and maturity levels. We make strategy real.

Clients hire us when they want to activate a complex change quickly ... when they need to get from idea to action with confidence and speed.

SEARS: Tell us more about your firm.

KOHL:

QUESTION	ANSWER
How many employees does your firm have?	1
Where is your headquarters?	New York
Where are you located? [New York
When was your firm started?	January 2015
Approximately what percentage of client engagement dollars are spent to address ad automation and related issues?	Roughly half
Do any markets outside your home market account for more than 10% of overall billings?	No ... we're focused on the NY Metro market for the time-being.

SEARS: What are the most common issues you help clients on regarding automation?

KOHL:

1. Product strategy, development and launch.
2. Clarity and alignment across ecosystem partners to reduce friction between buyers, sellers and the tech stack in between.
3. Elevating the customer experience ... helping companies better align with their customers' needs.

SEARS: The majority of ad technology companies have struggled (relatively small, unprofitable or both). Of the poor performers, what are the commonalities between them that have contributed to this weakness?

KOHL: I see two common mistakes.

1. Creating solutions to problems that aren't really problems.
2. Creating products that are really just features.

SEARS: Do we live in a "tale of two cities" where Google and Facebook win almost everything, advertisers are dictated to and other media companies fight for the scraps?

KOHL: Maybe, but our industry is too fluid. Things don't stand still. I think this dynamic will change. We'll see natural change agents like the fickleness of the consumer, and we'll see a change to the duopoly dynamic because of the deliberate actions their competitors take. All good tales have twists. I'm enjoying this story and look forward to the thickening of the plot.

SEARS: Please answer the following statements yes or no.

KOHL:

STATEMENT	YES/NO	ONE SENTENCE EXPLANATION
Google will remain a dominant company for the next 10 years	Yes	
Google will remain a dominant company for the next 20 years	No	
Amazon is a data company	Yes	
Facebook will remain a dominant company for the next 10 years	No	More and more teens don't think Facebook is cool.
Facebook will remain a dominant company for the next 20 years	No	
Chinese Internet companies such as Alibaba will become active buyers and/or investors in US based Internet companies in the next two years	Probably	
Yahoo! is dead	Softball	
Less than 20 companies on the "Lumascape" are of a material size and these companies will behave as the consolidators of the group.	Not exactly	I think that's too extreme, but I do think the Lumascape will contract dramatically
Ad technology is not well understood by investors	Disagree	Investors are looking smartly at this mess and see the writing on the wall
The impact of ad automation to date has largely been in digitally traded media, however impacts of automation will be felt across the entire \$600 billion worldwide media market over the next five years including the out of home and television markets.	YES - 100%	Media planning and buying is a commodity. Machines can do it better. People need to step aside from the media trading business. We are too smart to be applying our skills to this set of mechanical tasks.
Ad automation will start to materially impact media trading in the \$70 billion US television market in the next two years.	Yes	
Ad automation improves (or can improve) the direct trading relationship between a media company and an advertiser—by improving efficiency (workflow) and effectiveness (leveraging data).	Yes	Let's focus on creativity and strategy, rather than the mechanics of trading.

SEARS: If you could go to the airport *right now* with friends or family and fly anywhere in the world for vacation, who would you take and where would you go?

KOHL: My family and I are adventure travelers that like a mix of the great outdoors and the experience of genuine culture. I'd take my wife and kids to Reykjavik and then connect to a few cities in Norway, Sweden and Finland. I've traveled to lots of super-interesting places, but never to this beautiful part of our world.

SEARS: If you could create an endowment to fund any existing non-profit you designated, what lucky non-profit organization would that be?

KOHL: I hope to one day have the wealth to do exactly this, but I've not yet found the organization whose combined mission and execution would compel me to commit that kind of money.

SEARS: What is your favorite restaurant in the world?

KOHL: Nowhere do I have better memories than my Grandma's house on Friday night with the family. I'm a foody and I love to eat out, but Grandma beats them all.

SEARS: Thanks, David!

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Jay Sears

Jay Sears was Senior Vice President Marketplace Development for Rubicon Project, where he worked with management and business unit heads across the company to expand Rubicon Project's market – and across the media owner and adver... [read more](#)

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