

How Ad Tech Is Recovering After a Rocky Summer

The worst seems to be over for the ad-tech industry, which is showing signs of cautious optimism following the initial havoc of the novel coronavirus pandemic that, for some, caused a 50% drop in revenue.

Similar to the rest of the media industry, many ad-tech companies underwent wide scale layoffs earlier in the year as marketers cut their ad budgets due to the pandemic. But by the end of July, programmatic ad spend had bounced back to relatively normal levels, compared to the downturn in March and April. Now, the current election cycle and coming holiday season portend a windfall in spend.

With money flowing again, ad-tech companies that cut staff are looking to rehire and refocus their product and engineering efforts around trends that emerged during the pandemic and business goals companies outlined in January, before the effects of the pandemic hit in the U.S.

“During Covid, the time cycle for everybody shortened. We were all focused on how do you navigate the sudden drop in ad spend throughout the ecosystem,” said John Gentry, CEO of OpenX. “But I think now we’re back to the problems we were trying to solve coming into 2020.”

In April, OpenX laid off or furloughed 15% of its staff. One day in May, the company hit its low point, down 50% in revenue compared to 12 months earlier, Gentry said. Now the supply-side platform is tracking slightly ahead of last year’s revenue numbers, and the company is looking to fill around 10 job openings, specifically around its identity resolution

product.

“You’re not going to see us trying to rush back to what we were a year ago in terms of headcount. I would describe us as cautiously optimistic,” Gentry said.

Ad-tech companies have had to juggle keeping the lights on with finding a new way to identify and track people across the internet following Google Chrome’s January announcement to rid the browser of third-party cookies by 2022. Since then, Apple announced it will make its IDFA tracker opt-in, extending the disappearance of key data signals for ad-tech companies.

Many companies also had products for connected TV on their 2020 roadmaps, and the rise in streaming as people stay home during the pandemic means a lot of firms are doubling down in those efforts.

Ari Lewine, co-founder and chief strategy officer of TripleLift, said the SSP is accelerating its hiring going into next year because of the “tremendous growth we’ve been seeing in the business,” especially in video.

Retroactive reimbursement

TripleLift had to cut 7% of its workforce in April. But Lewine said the company just wrapped its best Q3 in history and is actively looking to fill 50-60 roles to bring headcount over 400 people next year. TripleLift has also brought back some employees it furloughed, and it retroactively paid back employees following pay cuts, which have been reversed.

Don’t get so leveraged that you can’t navigate a downturn. “P

Kelly Herrick, founder, Searchlight

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But ad-tech firms are approaching growth with caution, especially since few ad buyers have a clear sense of what their 2021 budgets look like. Lewine said TripleLift has shifted from planning yearly to quarterly.

Kelly Herrick, founder of Searchlight, a recruitment firm that specializes in digital media, said companies are searching for talent in areas that have seen an uptick in usage during the pandemic, like CTV, mobile and ecommerce. Still, many

companies are in a “wait-and-see situation” as they plan for next year.

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