# Teads Curbs Revenue Guarantees as Ad-Tech Industry Braces for Cuts



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Key insights:

- Publishers are squeezed as keyword blocking staunches revenue.

In a sign of the long-feared economic slowdown coming to pass, third-party revenue platforms for publishers are quietly revamping their payment processes.

Sources say that Altice-owned monetization platform Teads has spent the last week notifying publishers that its earlier revenue guarantees may not materialize, while fellow ad-tech company GumGum has proposed extended payment terms.

According to multiple publishers, Teads has started contacting clients citing force majeure—a legal term cited to relieve parties of contractual obligations—on earlier revenue guarantees as the economic impact of the coronavirus crisis

reverberates across the advertising industry.

“Though we cannot comment on the specifics of any contracts due to confidentiality provisions, Teads remains committed to supporting quality journalism and ensuring our publishing partners are weathering this storm,” said Eric Shih, global svp of business development at Teads, in an emailed statement.

Publishers are caught in a bind. They’re seeing higher than normal traffic as people seek out reliable information about the coronavirus, but aren’t able to monetize the eyeballs because ad verification companies are blocking keywords like “coronavirus” and “COVID-19.”

Meanwhile, GumGum has similarly been contacting publishers to propose changes to its payment terms, extending them from 60 to 90 days in return for enhanced eventual payment terms.

In an emailed statement to Adweek, GumGum CEO Phil Schraeder said, “At GumGum, we have always paid our obligations and we always will. Our decision to make measured changes to our publisher payment terms came after much thoughtful consideration. Looking ahead and seeing so much uncertainty due to COVID-19, we believe we can best serve both our publisher and demand-side partners by confronting potential challenges with direct communication and, when prudent, preemptive action.”

In such an uncertain economic climate, many companies in the media industry are searching for liquidity. Some are turning to outfits that will effectively underwrite earlier deals that have yet to be paid out, in exchange for more readily available funds.

Silverblade Partners, a financial solutions outfit co-founded by ex-WPP veteran David Moore and Bernard Urban, told Adweek there has been a surge in the number of media buyers, ad-tech companies and publishers reaching out in recent weeks.

“It’s been a busy week, which is not surprising. At a time when everyone is looking for liquidity, I’d encourage all CFOs to be as forward-thinking as possible,” Moore added.

Oarex is a similar operation and recently produced a report, finding that on-time payments shrank in Q4 of last year and 43% of debtors paid late half the time or less.

Hanna Kassis, Oarex CEO, told Adweek his company was also experiencing an increase in demand recently, but that he is perhaps more cautious in his approach to ad-tech firms.

“We’re starting to take a more conservative outlook both in terms of new purchases as well as the kind of companies we’ll underwrite,” he said. “In some cases, we’ve paused certain companies.”

Adweek recently reported how supply-side platforms—ad-tech companies that help publishers resell ad inventory they don’t monetize directly—were likewise taking a more stringent approach to which demand-side platforms they trade with after several high-profile bankruptcies in recent years left media owners out of pocket.

This is in addition to securing payment insurance when it comes to a large number of their trading partners, with some also offering payment protection services for an additional cost.

The industry-wide trepidation is the result of an expected contraction in economic activity in the second quarter of the year as vast swathes of the global population experience lockdown in a bid to curb the spread of coronavirus.

In response, many advertisers are reassessing their media spend. A recent survey by the Interactive Advertising Bureau found that 74% of media buyers, planners and brands expect the crisis to have a bigger impact on advertising than the 2008 financial crisis. Additionally, 70% of buyers have already

adjusted or paused their planned ad spend, while 16% of the 400 buy-side respondents said they were still determining what actions to take.

https://www.adweek.com/programmatic/teads-curbs-revenue-guarantees-as-ad-tech-industry-braces-for-cuts/