



Leigh Freund
Opening Remarks
NAI Summit 2015

Good morning everybody and welcome to the 2015 NAI Summit!

As Doug just mentioned, 2015 is an important year for NAI. This year marks our 15th anniversary as a leading self-regulatory organization standing at the critical intersection between consumer privacy needs and effective advertising delivery.

Fifteen years since our founding, NAI has grown from a small association of ad networks based in Maine to a large and diverse organization with two offices: one here in New York, the dynamic business capital of our country, and one in Washington, DC, in the heart of our nation's agenda setting and policy making.

Today, NAI is proud to count among our members nearly 100 companies from all across the globe who represent every facet of the third-party advertising ecosystem, both online and in mobile. Our members are industry leaders and innovators, and represent the best of the digital advertising industry.

Quite simply, NAI, together with our members, is changing the game.

At today's Summit you will hear how we're pushing ahead and going bigger. With an updated Code of Conduct and a new Guidance for a world "Beyond Cookies," we're keeping pace with constantly evolving technologies while maintaining the high standards and strong principles that define us as an organization.

So thank you all for being here. I'd like to recognize our special guests friends who have joined us today from DAA. Lee Peeler, who after more than thirty years at the FTC, has gone on to lead the advertising industry's self-regulatory efforts as President and CEO of the Advertising Self-Regulatory Council and Executive Vice President of the Council of Better Business Bureaus. Lee is here as a fellow DAA

Board member. And Mike Signorelli, a partner in Venable's Government and Regulatory Affairs practice group, who spends many hours tirelessly giving counsel to the DAA and its Board. Thank you, Mike and Lee, for taking the time to be with us today.

And I'd like to offer a special thank you to our Summit sponsors. Your generosity has helped to make this important event possible and we are very grateful.

Finally, today's events are the result of the hard work of the Summit Planning Working Group. Thank you in particular to Ari Levenfeld, Jason Bier, Shane Wiley and Matt Kaminer. And thank you to all of our speakers and panelists who bring with them their insights, wisdom and experience to share.

You've come here today because you believe in innovation. You believe in state-of-the-art digital advertising that shares relevant content and supports a free internet. And you also believe in ensuring consumer privacy through responsible data collection.

I hope that you'll leave here today with new information and a deeper understanding of the important issues that our industry is facing. Our panel sessions will address changing technologies and new business models as well as the efforts to connect our possessions through the Internet of Things and connect our world through global harmonization.

You'll also hear from our distinguished keynote speaker, Kelly Welsh, the General Counsel of the U.S. Department of Commerce. Few people are more directly involved with ongoing discussions about economic growth, innovation and commerce than Kelly, and we are grateful to have him with us today.

For those of you with your personal devices – mobile phones, tablets glued to your fingertips, you can follow today's events on Twitter. Our handle is @NAI. You can also share your own experiences using the hashtag "NAISummit." The social media information also appears in your event program.

As many of you know, I've spent some time at AOL, one of our member companies. This has been a tremendous asset to me as I get started in my new

role leading NAI; in fact, I view my past experience as something of a customized training program. Even before I arrived at NAI, I witnessed first-hand the tremendous contributions that all of you have made to our industry. Along with many of you, I have been in the trenches during some of the most important changes in our industry, from the early days of standard display ads all the way to the latest technology advances in programmatic advertising. Through the years, I have worked to educate lawmakers and regulators on our industry's key issues and I have fought hard for responsible and robust self-regulation. That's a fight that I continue every day through my work at NAI.

And speaking of a passion for self-regulation, I'd be remiss if I didn't take a few moments to talk about my predecessor, Marc Groman, whose commitment and tireless work on behalf of NAI helped propel the organization to where it is today.

Under Marc's extraordinary leadership, the NAI Code of Conduct has become nothing less than the "gold standard" for self-regulation of third-party advertising technology companies and related businesses.

And also much to his credit, Marc assembled an outstanding staff of privacy professionals, ad industry veterans, and computer and data scientists that truly set our organization apart from others. If you don't know our staff members well, take the opportunity today to introduce yourself. And check out the interviews we've posted with many of them on our blog on NAI's site, www.Networkadvertising.org. You'll get a good sense of who they are and what they do, and their truly unique skills and expertise. I am thrilled and honored to work with them.

Marc left a strong foundation to build on and I thank him for ensuring such a smooth transition.

Marc often said that without a robust compliance process, self-regulatory principles aren't worth the paper they're written on.

I could not agree more.

Self-regulation can foster innovation and encourage creative problem-solving. But it is only effective when it is measurable, disciplined, rigorous, and backed by a serious commitment to enforcement.

Self-regulation is successful at NAI because our Code is clear, comprehensive, and direct ... and our enforcement program works.

The 2014 Annual Compliance Report, released in March, showed that you, as members, continue to have a strong commitment to consumer privacy and industry best practices. As you all know, our staff monitors compliance with the Code throughout the year and works closely with all of our members to address any issues. Some of our monitoring is automated through testing of Opt-Out Mechanisms and flagging of changes to privacy disclosures. Other aspects are more dynamic, like interviews with executives, individual assessments of questionnaires, and manual reviews of items like public-facing statements, and non-public marketing materials. Our review process consistently shows how seriously you take your commitment to the NAI Code.

This extensive process does more than help us measure compliance. It gives our staff at NAI unparalleled insight into the state of our industry.

A few other points on the 2014 Compliance Report that I'd like to share:

First, during the review process, NAI staff processed nearly 9,000 consumer queries received by email, postal mail, or telephone. So thank you to our team for that outstanding effort.

Secondly, our members donated over 5.5 billion impressions to the NAI educational campaign – nearly triple last year's contributions. This additional exposure led to over 4.5 million page views of NAI's educational material – an increase of more than 1.5 million over last year. So thanks to all of you for your generosity.

And, finally, there were 5 million visits to the NAI opt-out page last year – over 1 million more than in 2013. This is a tremendous accomplishment for consumer choice and we should all be proud.

But, at NAI, we know that we cannot rest on our laurels.

One more reason that self-regulation is so effective is that it maintains high standards while enabling us to help businesses keep pace with rapid changes in technology. This is how we best allow the Internet economy to flourish.

That's why we've recently pushed forward two new big initiatives: First, an update to our Code and, second, in our Beyond Cookies Guidance.

NAI's release of the 2013 Code of Conduct was a major milestone in enhancing our self-regulatory framework. And this month, we released an updated Code.

While the update does not add new substantive requirements for members, it does clarify obligations in the 2013 Code and in the accompanying commentary. The update stems largely from questions received by staff from our members in a demonstration of our very real partnership and shared commitment to constant improvement of the online ecosystem.

As an example, the update to the Code clarifies and emphasizes that members' Interest-Based Advertising activities based on sensitive health conditions or treatments require "Opt-In Consent." This interpretation was discussed in the commentary to the 2013 Code, and is now directly in the text.

What this shows is that what we're doing is not just an exercise on paper. It isn't about optics ... and it isn't even about the law. It's about doing what's right – what's right for business and what's right for consumers.

The same is true for our newly released Beyond Cookies Guidance. This Guidance provides members with clarity on how you can comply with the Code when using non-cookie technologies. It reflects the advent of new, non-cookie technologies that are quickly emerging throughout the ecosystem.

It serves to clarify requirements around transparency and notice under the Code, and includes the obligation to disclose the use of non-cookie technologies publicly. Additionally, it requires NAI members to provide consumers control over their technologies. Consumers will be able to access a central mechanism on our

website to opt out of non-cookie technologies for interest-based advertising by NAI members.

This Guidance emerges from an extensive and focused membership-wide effort.

For over a year, our staff has worked closely with over 20 NAI members in our Beyond Cookies Working Group. Before it was released, it was repeatedly drafted and redrafted, evaluated and examined, debated and tested.

In the end, the Guidance reflects a significant component of NAI's self-regulatory program – members who are committed to evolving self-regulation in a responsible and meaningful way, and to unflinchingly modeling and adapting their business practices to ensure that they uphold the spirit and mission embodied in the NAI Code of Conduct.

The updated Code and Beyond Cookies Guidance demonstrate that self-regulation doesn't have to hold business back. Rather, they show that NAI is constantly striving to help our members continue to lead innovation in digital advertising.

As I have said, self-regulation at NAI is flexible, nimble and agile – making us able to quickly respond to changes in a constantly evolving technological landscape. NAI is a model for how an industry that best knows itself can best regulate itself.

And that's not just my perspective. Federal Trade Commission Director Jessica Rich recently spoke at a consumer event in Washington. During her presentation, she acknowledged that the current Congress isn't likely to move quickly on the FTC's suggestions for policies on data collection and use. So, she said it was important for the agency – and I'm quoting here - "to encourage self-regulation." She went on to say simply, "Government can't do it themselves."

On that note, I want you to take away two things from my remarks here this morning: First, NAI's strong self-regulatory work is driven by and supported by you, our members. And, secondly, the work of NAI is being noticed – by policymakers, regulators, opinion leaders in the media, and ultimately by the public.

We are an organization that tackles the complex privacy issues facing our members by working with you to accomplish several goals: first, understanding your evolving business models and technologies; second, considering what privacy concerns need to be addressed; and third, determining the best way to craft policies that are both meaningful and feasible to follow.

We want all of you, along with our fantastic Board members, to help shape the next steps for NAI.

So if you haven't already, please volunteer to join our working groups. We want to hear your voice.

And, finally, call us anytime. The NAI staff and I thrive on constant contact with our members. Reach out to us with questions, comments, plans, input of any sort. We all benefit when you reach out.

And now, in my own act of effective self-regulation, I will wrap it up here. I look forward to working with all of you to build on NAI's excellent reputation and ensure that the online ecosystem remains vibrant and strong.

Now, let's get on with the show!