

OAREX Study of Volatility in Recent Ad-Tech Payments

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OAREX studied the performance of a sample of ad-tech receivables over the past 6 months and found that 54% of the payments were late and 33% were underpaid. OAREX looked at payments from over 1,000 individual transactions from 29 of the largest and most common ad tech platforms and exchanges (“demand partners”) with an average of 54 days outstanding.

As many participants in the ad-tech industry will attest, it is difficult to predict when many receivables will be paid. A platform or an exchange may have a net 60-day payment policy, but that demand partner may rarely actually make the payment on the 60th day. Instead the payment may be received later or even earlier, with little predictability. Below is a summary of the invoices analyzed:

Invoices Paid Late /Early				
	% of Invoices	Avg Days Late (Early)	% of Obligors Paid Late or Early at Least Once	% Obligors Always Late/ Early/ Ontime
Early	32%	(5.6)	67%	17%
On Time	15%	-		3%
Late	54%	5.3	80%	17%
Total/Avg	100%	1.1	97%	37%

As you can see, while 54% of the invoices were paid late, 32% were actually paid early. For the invoices that were paid late, they were on average 5.3 days late. Unfortunately, this late performance seems to be endemic to the industry, 80% of demand partners examined paid late at least once and 17% were always late. Only 3% of them were always exactly on time.

It is also the case that the expected payment amounts are often not fully paid. This however may be explained by many platforms giving “estimated” revenues rather than exact numbers, but it still may be difficult for many to manage.

Invoices Over / Under Paid				
	% of Invoices	Avg Over/(Under) Payent	% Obligors Over/Under Payed at Least Once	% Obligors Always Over/ Exact/ Under
Over Paid	30%	3%	60%	0%
Fully Paid	37%	0%		17%
Under Paid	33%	-3%	67%	17%
Total/Avg	100%	0%	83%	33%

As shown above, 33% of the invoices reviewed were under paid and 30% were over paid. The average under paid receivable was 3% below the expected amount. Fully 67% of the demand partners underpaid at least once and only 17% of them always paid what they said they were going to pay.

For the industry payment volatility (timing and amount) creates not only headaches for but actually has an economic cost associated with it. In managing payables and receivables, if a significant portion of one's receivables are coming in late or underpaid, the company must hold extra capital to be able to cover its expenses. If receivables come in 5.6 days late every 60 days, the company must hold almost 10% more capital to cover the cash shortfall. With venture capital unavailable or extremely expensive, setting aside an extra 10% more capital just to handle payment fluctuations is not ideal.

OAREX provides fast flexible funding for digital media companies including viral publishers, app developers/publishers, Supply-Side Platforms, Demand-Side Platforms, and advertising networks and exchanges. We are backed by Arena Investors, LP, a \$1B NYC-based global investment firm. Learn more at www.oarex.com.

Historical Pay History, 9/1/17 - 4/30/18

Ad Network / Demand Partner	% Late	% On Time	% Early	Avg # Days Late/(Early)
Advertise.com, Inc.	88%	13%	0%	1.1
AppNexus, Inc.	100%	0%	0%	2.3
Connatix Native Exchange, Inc.	29%	71%	0%	0.6
Conversant, LLC	33%	0%	67%	(0.6)
District M, Inc.	50%	50%	0%	1.0
Google, Inc.	6%	22%	72%	(1.0)
Index Exchange USA, LLC	62%	0%	38%	1.0
Lijit Networks, Inc.	100%	0%	0%	5.4
Lockerdome, LLC	60%	10%	30%	1.2
Oath Inc. (Verizon / AOL)	80%	0%	20%	3.4
OpenX Technologies, Inc.	42%	11%	47%	(0.4)
Pulsepoint, Inc.	47%	7%	47%	(0.7)
Sublime Skinz, Inc.	100%	0%	0%	6.4
Taboola, Inc.	38%	31%	31%	0.1
Criteo, Inc.	33%	17%	50%	-
Rubicon Project, Inc.	17%	33%	50%	(0.5)
Likqid Media, Inc.	75%	0%	25%	5.0
Matomy Media Group, Ltd.	25%	13%	63%	(2.4)
Fyber GmbH	67%	33%	0%	1.0
Glispa Global GmbH	33%	0%	67%	(0.7)
	54%	15%	32%	1.1

Ad Network / Demand Partner	% Under Paid	% Exactly Paid	% Over Paid	Avg Over /(Under) Paid
Advertise.com, Inc.	0%	38%	63%	0%
AppNexus, Inc.	67%	6%	28%	0%
Connatix Native Exchange, Inc.	0%	43%	57%	0%
Conversant, LLC	44%	33%	22%	1%
District M, Inc.	63%	0%	38%	-1%
Google, Inc.	33%	22%	44%	2%
Index Exchange USA, LLC	23%	46%	31%	0%
Lijit Networks, Inc.	0%	38%	63%	3%
Lockerdome, LLC	10%	40%	50%	0%
Oath Inc. (Verizon / AOL)	0%	93%	7%	0%
OpenX Technologies, Inc.	68%	16%	16%	-1%
Pulsepoint, Inc.	13%	53%	33%	3%
Sublime Skinz, Inc.	21%	36%	43%	-2%
Taboola, Inc.	46%	31%	23%	0%
Criteo, Inc.	0%	67%	33%	1%
Rubicon Project, Inc.	0%	100%	0%	0%
Likqid Media, Inc.	0%	100%	0%	0%
Matomy Media Group, Ltd.	38%	25%	38%	0%
	33%	37%	30%	0%