



Dynamic Ad Insertion:

Taking It to the Next Generation

Introduction

According to a recent study by the nonpartisan OpenSecrets organization, nearly \$17 billion was spent nationally on the recent 2022 mid-term elections—and much of that money was allocated into advertising for local, regional, and state elections. According to the same report, as much as \$250M was spent in Georgia on the Senate seat alone.¹ A large portion of that money flowed into the video industry to create and distribute advertising content.

If you're a local video provider, the revenue generated in local and regional political campaigns can represent a relative windfall during peak election season. Even during the off season, the extra revenue and local exposure available to you across national cable networks can have a significant impact on you and your local economy.

This might be the moment to ask a key question: Is this money that you can afford to leave sitting on the table?

¹ Total cost of 2022 state and federal elections projected to exceed \$16.7 billion, <https://www.opensecrets.org/news/2022/11/total-cost-of-2022-state-and-federal-elections-projected-to-exceed-16-7-billion>

The Evolving World of Ad Insertion

Ad insertion, the ability for a traditional cable TV provider to insert local video advertising onto national cable channels, is something most cable TV providers are at least familiar with. Nearly all cable networks, such as ESPN, TNT, and MTV, allocate a portion of time every hour in their schedules to allow for local ad insertion—and it represents a revenue-generating opportunity for the local video provider, as they can go out into their local television area and sell advertising on these national networks.

However, having the opportunity to place ads on the networks and actually having the ability to create, sell, and insert the ads are entirely different things. Historically, the amount of time and effort needed to take advantage of open segments on national feeds has been prohibitive. Most local video provider simply don't have the sales force and resources necessary to make the pursuit of this opportunity feasible.

Tom Dimmer, Technology Director for ICAN Advertising states the problem this way, "As an example, in major league

baseball there are roughly 138 games during the course of the summer. As a sales person in a local market, trying to figure out how to sell each of those 138 games and then get it trafficked and put on your system simply takes too much time. Then, factor in all the other major sporting events—and political events. It's just too much. And that's before you even start worrying about the equipment required to insert the ads, monitor them, and provide the proof of performance that's required for billing the spots."

Additionally, the overhead costs involved in this entire process—purchasing and maintaining the necessary equipment—can be prohibitive for a local company, leaving them with a headache most would rather not deal with. Large companies, such as Comcast and Charter, can take most of these efforts and costs in stride—but smaller companies frequently just don't have the resources available.

Enabling ad insertion in an IPTV and Live Streaming environment

In July of 2022, streaming video outperformed both cable and broadcast TV for the first time ever.² While many had foreseen this eventuality, it still represents a sea change in the way that people consume video—and it provides even greater opportunity for ad insertion.

The ability to insert ads across IPTV and Live Streaming feeds is a recent development—one that makes such technology an enormous boon to small and mid-size providers seeking revenue advantages. As consumers continue to move to streaming in large numbers, the ability to insert ads into those streams is becoming increasingly critical. Fortunately, it's also becoming more accessible.

"Today, if you're targeting next-gen IPTVs that use adaptive bit rate—all of the key technology you'll need can now be housed within a single platform," says Curt Eldred, General Manager, USA Communications in Shellsburg, IA. "For instance, we use the InnoStream solution developed by Innovative Systems, which allows the advertising agency we're working with to have direct access to our InnoStream service—and they can handle all stages of

ad insertion for us. It's an elegant solution that doesn't require having additional hardware in our office."

This new ad insertion technology allows for the easy and efficient insertion of local ads into the IPTV and Live Stream feeds. To make this happen smoothly, USA Communications has partnered with ICAN Advertising, an agency with offices in Iowa and South Dakota. ICAN contacts the local businesses and sells the ads. They also have the ability to produce the commercials and the necessary equipment to insert them. This partnership, abetted by the InnoStream platform has created a very low-effort, low-cost threshold for USA Communications to take advantage of the time that's available on multiple national channels for their locally-produced and locally-focused content. "It essentially became a turnkey process for us," says Eldred. "All we needed to do was partner with ICAN—and now we collect a check every month."

² Streaming claims largest piece of TV viewing pie in July, <https://www.nielsen.com/insights/2022/streaming-claims-largest-piece-of-tv-viewing-pie-in-july/>

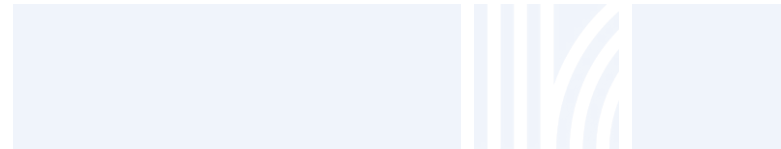
Forging strong local partnerships

Producing and inserting local advertising into the feeds for high-profile national channels improves local representation, while providing a great economic engine for local businesses by helping to keep money moving and changing hands within the community.

“By empowering these local businesses, new and stronger relationships are forged...”

Furthermore, it helps strengthen the ISP’s relationships with those businesses

who are also their customers—the same businesses that come to them for business internet and phone services. By empowering these local businesses, new and stronger relationships are forged between the businesses and the ISPs who are providing new opportunities.



Key benefits to pursuing next-gen ad insertion capability

Low-effort opportunities to increase your revenue stream and improve your position in the community don't come along very often. When they do, it's always a good idea to be ahead of the pack in pursuing them.

Taking advantage of the new enhanced ad insertion technology hits several key targets by:

1 **Creating extra revenue for your business**

In the normal course of day-to-day business, the added revenue generated by utilizing ad insertion technology can be modest. However, it can also offer strong seasonal spikes that shouldn't be ignored. If you're not pursuing the inclusion of ad insertion into your revenue stream, you're simply leaving available money on the table.

2 **Empowering local businesses to be seen on national channels**

By inserting advertising on national channels, local businesses are able

to promote themselves by going to "where the eyes are" to reach larger groups of viewers.

3 **Strengthening your relationships with local companies**

Creating new opportunities for local companies means that you're giving them another reason to want to do business with you and the services you provide.

4 **Reflecting the local community and providing public service**

Viewers in your local community can see the community being reflected back at them, providing information and encouraging them to participate locally, which also plays a significant role in keeping the local economy vital and thriving.

Conclusion

In business, as in life, timing is everything—and it's a rare occurrence when so many factors align to create low-effort/high-impact opportunities. This is one of those times. Viewers continue to flock to video streaming services at the same time new technology is making it easier than ever to support affordable access for local companies to advertise on major channels that were once, for the most part, out of their reach.

With the right technology, advertising, and local business partners, local video provider and video providers are in an excellent position to make an impact on local communities and increase revenue with a minimum amount of effort and cost. That's not an easy prospect to ignore.