



The Enterprise Identity Solution

Contents:

- **Situation analysis:** Why identity matters now.
- Identity priorities for brands: Control/ Ownership, Transparency, Interoperability, Omnichannel Persistency, Economics
- Identity market categorization: How to understand different solutions
- Identity market assessment: How different solutions map against Identity Priorities
- The Enterprise Identity Platform: Adstra's vision for the identity solution of the future.



SITUATION ANALYSIS:

The ability to effectively recognize and target a customer is becoming harder every day in spite of the continuing improvement of data and technology. New government regulations, shifting consumer expectations, and the specter of big tech control have all made things more complex and more difficult. These political and behavioral trends have offset raw technological innovation in such a permanent way that marketers must now find new approaches in how they manage customer identity and data to remain successful over time.

Marketers cannot afford to make do with a range of quick and easy alternatives. The resurgence of contextual data, probabilistic cohorts, and media mix modeling represent steps backwards from the current state of technology. They threaten dilution in value and data loss, they are less precise and accountable, but most importantly, these methods threaten to further separate the brand from its customer. With the continued diversification of media, from streaming TV, podcasts, gaming, and newer virtual reality environments, the challenge of a consistent customer relationship is becoming more complex every day. Brands must find a way to harness the power of identity in a manner that preserves privacy, transparency and control.

With this in mind, this paper sets out to help brands better understand the overall identity market, to better understand how identity impacts their business, and how they can build a long-term solution for identity management from among the solutions currently in the market. In Adstra's view, brands are in a better place to establish a long-term vision and investment strategy around what we call an Enterprise Identity Solution. A solution that will ensure the continued success of a brand's marketing and customer journey efforts.



LONG-TERM IDENTITY MANAGEMENT BRAND PRIORITIES:

As Brands think about developing any long-term solution to Identity Management to drive effective marketing, we think about 5 critical priorities that should be made in any evaluation:

- Control/ Ownership
- Transparency
- Interoperability
- Omni Channel Persistency
- Economics

Privacy compliance and the legal/ ethical use of data are a fundamental requirement applying to all of the above points, but these should be considered table stakes in any evaluation or capability design.

To help you understand why we see these as the critical priorities, let's dive a bit deeper into what these 5 priorities are all about.

Control / Ownership:

A Brand's relationship with their customer is its greatest asset in today's marketing ecosystem. It sets the stage for value creation for both sides, defines the expectations that each side has of each other, the methods by which they engage, and reduces the cost of having to go get a replacement customer to keep any business growing.

For any brand the first step in setting the tone of the relationship is recognition and consistency. Know who your customers are and remember how they have interacted with you in the past and how they want to be treated in the moment. If a brand does not have ownership or at least control of their identity management systems, they put the customer relationship at risk. Without control, 3rd Party providers may change approaches and weaken recognition over time without a brand's knowledge or input. Intermediaries hold the relationship hostage and charge a premium to execute, thus lowering the value to both the brand and the customer. They may not be willing to invest in new solutions required to execute in new media.

The list of risks can go on for quite a while if a brand is not in control. While certainly not required, the ideal solution for any brand would be to own and install their identity solution within their own technology, behind external firewalls. This allows a brand to bring their data and decisions closer to the point of customer engagement while eliminating the data risk associated with porting customer PII to and from external parties to drive identity resolution or data enhancements.



Transparency:

Most ID resolution systems operate as a black box, simply returning ID keys without assigning a level of match confidence. Brands should always know how a match is decided and control the ID key assignment process based on match confidence and their business needs. A credit card provided has a much different tolerance of identity error than an online magazine.

Most transactional players in the identity space are compensated on a run rate CPM (volume based) on the number of matches made and records passed on. This creates a misalignment in business priorities as match accuracy only diminishes profits for them. The incentive is to loosen match criteria to create as many matches as possible to generate higher revenue. The Black Box approach protects them from scrutiny. Brands should not accept this approach as it leads to increased marketing spend waste and greater inconsistency in the customer experience.

Interoperability:

When implementing an identity system, limiting the number of data hand-offs is essential. If 1st Party Data is a key asset, why share it unnecessarily? Onboarders have established a market niche solving the problem of connecting customer data across media and technology. Their approaches (namely 3rd Party cookies) are at long term risk, limit visibility into the accuracy of application, and create an unneeded cost to execute. All this can be bypassed if a brand chooses an interoperable ID system.

The barrier is simply establishing direct relationships with the various points of activation a Brand chooses. And while one might think that as significant, many of the leading points of activation are already positioning themselves to accommodate more direct relationships by creating standard interfaces – see the work the Trade Desk is doing with their Unified ID 2.0.

Marketing and Ad Technology are also ever changing both in capability and costs. Brands should be afforded the opportunity to work with the best technology that meets their needs at a given time. Switching costs are frequently driven by the need to develop solutions that translate data to work from one platform to another. Again, the greater the interoperability of a brand's identity solution, the lower the switching costs.

Omni Channel Persistency:

Omnichannel starts with a persistent individual ID that connects to every channel. In today's omnichannel landscape, there should no longer be a distinction between an online and offline identity or media channel... We are all individuals in each channel of interaction. An identity solution should be built from the individual person outwards and therefore can dynamically adjust to changes in identity signals like a new phone, email, or social handle without a loss in persistence.

Individuals rarely make buying decisions with a single interaction, but rather with a clear and consistent message from a brand over time and across the full diversity of media channels they



interact with. Each individual has different tastes and wants that require unique messaging. Without an identity solution that works across media in both a known and unknown state, the ability to be consistent and effective diminishes.

Economics:

Most players in the identity and data space price their solutions on a volume basis leading to misaligned business objectives. These players have also used their identity solution as a mechanism to create dependencies on other technologies and points of activation that are part of any brand's full marketing value chain. The end result is that these players are increasing the switching costs of all their components, enabling them to increase the expense brands must incur to execute their programs. As brands look to experiment with new approaches to marketing and their customer journey management, these forced expenses often limit brands' ability to test at all. Given that the expenses to execute are typically not volume driven on the part of the identity and data players, there is even a misalignment of business drivers within the vendors themselves.

These vendors are typically encumbered by high fixed operating costs based on legacy platforms built before cloud-based technology lowered the costs to support tech-based operations. It makes far more sense to align objectives across the marketing value chain and shift to a subscription-based model that is more aligned with value created.

For brands, a subscription-based model will allow them to increase their flexibility in testing, application and optimizing their entire marketing spend. It also ensures greater equity in the value chain for the brand, the customer, and all the players in between. Any vendor's success should be tied economically to a brand's success.



IDENTITY MARKET CATEGORIZATION:

Having taken stock of long-term identity management priorities, brands must next turn toward designing the solution that best meets their objectives. Like any critical business investment, needs must be matched with capabilities and investments to define an overall ROI for the strategy. The challenge now is that there are many players in the identity space, and few will adequately support a long-term identity strategy. First and foremost, it is important to understand what each player offers and how they fit into your long-term Identity Management Solution.

Identity Market Offerings:

1. Raw Identity Data Licensing

Provides direct data feeds on identity related data: Name, address, email hash, phone hash, IP address, mobile device ID, cookie, etc.. This data is provided in a "pairs" form where one data element is associated with another. Example: This email hash goes with this cookie or this IP address goes with this address.

2. Host ID Management Solutions

ID resolution software is used in a hosted database, where the ID key is regulated/ controlled by the ID provider. Typically these solutions are split between Offline solutions (CRM databases) and Digital solutions (CDPs or DMPs)

3. Activation Identity Providers

What we see as typically the "black box ID resolution" players. A brand sends over customer pii they have, and an individual ID is returned that the brand can use to link information across their platforms or to provider an "onboarder" who can translate the ID to other activation points.

4. Identity Platform Providers

Full systems that provide all the key steps of Identity Management: ID resolution, data hygiene, postal processing, data linking. Linking would support both internal data unification and ability to connect to external points of activation. Identity Platforms are not stand alone databases or data management platforms, but instead live within these platforms. Many CDPs fail because they do not include an effective identity solution, and instead focus on downstream data processing and distribution needs.



IDENTITY MARKET PLAYER ASSESSMENT:

The Identity Market today is composed of solutions born out of distinct media channels and ecosystems: whether from the programmatic solutions, OTT/CTV solutions, and the Owned media solutions (web sites, apps, physical locations). But with the secular push toward 1st Party Data, Cloud based technology, and the growing push toward omni channel and DTC marketing, these three ecosystems are increasingly converging. The identity players in each of the markets or channels are working to transform themselves into solutions that can function in an omnichannel reality. Looking across the Identity Market, brands will encounter numerous players providing different types of offerings or services. For each offering/ service noted previously, most only play in either the offline or online arenas. In spite of their efforts, few have achieved an effective omnichannel approach.

In assessing the market, we came to realize that most solutions had significant gaps in their offerings, with the largest being in the area of Control. Here is our assessment of the market players today and how we believe they compare to a full Enterprise Identity Platform.

Strategy Assessment Chart					
А	Gives Control of Data (Privacy/Compliance & Security/Risk)	Offline 1	Digital 1	Omni 1	EIP 4
В	Enables Brands to Organize/Unify 1P Data	4	3 3	1 2	3 3
С	Completes the Customer Profile (ID & Data)	4	1 2	O 1	3 3
D	Interoperatible w/ Platforms & Partners	4	3 3	O 1	3 3
E	Enables Data Activation	4	3 3	3 3	3 3
F	Futureproofed: Works in 5 years	4	_ 1	O 1	1 2
G	Enables measurement/ attribution	4	1	<u></u> 0	3 3
н	Transparency: Say on how it works & support to execute	3 3	0	O0	3 3
ı	Economics: Pay the right / fair amount	1 2	3 3	O 1	4
J	Minimizes the cost of change	_ 1	3 3	O 1	3 3
	Legend	Not at All		Completely	Y



THE ENTERPRISE IDENTITY PLATFORM:

In thinking about identity, it is quickly apparent that creating solutions for the different aspects of a brands marketing, analytics, and customer management processes is suboptimal. As noted early, owning, understanding, and honoring the relationship between a brand and their customer is foundational to any brand's long term success. Allowing for multiple answers driven by multiple 3rd parties engaged in the various aspects of business execution goes against this. But limiting the 3rd parties that a brand does engage with also limits the ability to bring the best solutions to a brand's customer. The answer is an identity solution that provides both control and flexibility. This is where the Enterprise Identity Platform steps in. A platform that is focused on delivering a consistent and persistent capability on identifying customers and is capable of interacting seamlessly with all marketing and ad technologies across media.

At Adstra, we have developed such an Enterprise Identity Platform - Conexa.

Conexa was built with the full perspective of challenges brands face around identity. Designed to put control of customer identity back in the hands of brands and enable the ability to meet the expectations of consumers, partners, and regulators alike. Designed to be fully portable, Conexa works behind a brand's own firewalls, reducing the risks of data security and enabling greater transparency into matching confidence and data scale. As a subscription-based solution, Conexa allows brands to test and grow without the historical economic chains that other solutions create.

CONCLUSION

If we look at the forces of change that exist today, it is easy to see that a people-based Enterprise Identity Platform is one that offers the best outcome. Control and ownership of 1st Party Data; the shift to a more DTC oriented marketing process; the need to reduce data handoffs and complexity; the need to eliminate low value add, volume driven vendor expenses; and the freedom from having to rely on any single 3rd Party to execute – These are all priorities driving change at successful marketing companies today that an Enterprise Identity Platform can address.