

AUDIT BUREAU SPEECH – LAUNCH OF DIGITAL AUDITING

Dr Stephen Hollings, Chairman

Sydney June 2

Melbourne June 3

Thank you Paul and good morning Ladies and Gentlemen

I am often asked by people who know my original background as a historian what possible relevance that can have to media in the twenty-first century. Generally I try not to even put up a case, but today I am going to enjoy my background. Because as a historian I feel totally comfortable here in a museum that celebrates our past while announcing an initiative which is right at the cutting edge of new media development.

The significance of what we are doing today is really quite profound. We are - through our tripartite membership of advertisers, media buyers and publishers - bringing the security of the audit process and the comparability of the audit process, which is so valued in print media, into the web world. And we are doing so through the industry's established audit bodies of the ABC and the CAB - firmly demonstrating that multiple channels of media can be measured with the same scrutiny. It also shows that, as media channels widen, the established not for profit industry audit bodies can extend what they deliver to their constituency – you the media industry, who are their stakeholders and effectively their shareholders.

More than that, we are introducing an industry wide set of standards at a cost structure that has been designed to allow the whole market to be able to afford the audit process. And it is the universality of the audit standard that has brought such benefits to the industry in Australia now over so many years.

In the same way that large and small print publishers can compete on a level playing field with directly comparable audited numbers, so too will large and small web or digital publishers now be able to compete on a similarly level virtual playing field - able to be clearly and unambiguously measured and therefore to be contrasted and assessed by advertisers and their media buying agencies.

Today's turnout is I think a testimony to the industry's desire to see these developments go forward and support them. Alternatively it could demonstrate the scarcity of functions offering free drinks in these difficult times. And I think the difficult times have relevance, for they focus the minds of all of us and our organisations on accountability, transparency and above all results - and that is what we are about today, and it is a very fitting time for such a launch.

In challenging times in business, people look for certainty and to reduce risk and therefore it is no accident that the ABC was formed in 1932 in the midst of the Great Depression and the CAB was formed in 1957, right at the beginning of the downturn in the late fifties. Now both organisations have worked solidly together to bring you this next stage in audit development, again in such challenging economic times. And here I must acknowledge the presence of Rob Yeomans the President of the CAB, who will be a member of the discussion panel later today.

Now it may surprise some that I wasn't there when the ABC was formed in 1932, although I can say quite accurately that I joined the Audit Bureau last century. When I joined, the raging debate within the ABC was all about the preservation of the gold standard – the audit of paid circulation and the need to ensure that it was appropriately differentiated from any other measures.

A body had been created in September 1996, called the Audit Bureau of Verification Services and it was created specifically to allow the ABC to enter the web and other digital arenas.

And the ABC did this, auditing web logs for customers as did the CAB and both organisations were closely involved in the investigation of audit methodologies around how web site traffic was best measured. The ABC went on to create the Online Advertising Expenditure Report in 2002 - where it audited spend in the, at first fledgling, now well-established digital publishing arena and created a valuable resource for the industry.

The CAB had continued to create a diversified set of audit tools to provide verification in a wide number of areas such as events and email newsletters as well as in their original area of focus around distribution of print products.

When we celebrated the 75th anniversary of the Audit Bureau, I announced that we were going to use that milestone to sharpen our focus in the digital area and really what we are announcing today has many of its origins in that conscious decision to drive the ABC in that direction and of course I must stress a direction similarly recognised by the CAB.

Much of the early work and discussions were facilitated by the International Federation of Audit Bureaux – the IFABC. The ABC was a founding member of the International Federation of Audit Bureaux in 1990 and Gloria Jarman was inaugural President of the Asia Pacific ABC, sat on the IFABC Executive Committee for seventeen years, and was Secretary General for a number of years, being recognised with life membership of that body for her service.

For many years the IFABC has investigated digital auditing covering the auditing of digital editions of products in various formats as well as web sites and given that digital publishing should by its very nature be able to be the most accountable media yet, it has been quite frustrating just how difficult it has been to settle on accepted processes and methodologies to deliver verification into this arena.

By the time the 75th anniversary of the ABC arrived, the Asia Pacific ABC, in particular, was involved in deep discussions over methodology and alternative suppliers of software solutions and it took us a considerable time to work our way through this. The thinking of our international colleagues was very important to us in determining the final direction that we have taken and unveil to you today, and in feeding into our audit procedures which will reflect world's best practice.

In digital there have been no easy answers and finding industry accepted tools that work has, as I have indicated, been a voyage of discovery for audit bureaux all around the world, particularly in the last two to three years. Again in Australia in the way that we have worked on major matters such as this has immeasurably helped us to reach a solution.

When the industry was gracious enough to allow me to take the role of Chairman of the ABC a number of years ago, I was determined to ensure that our General Committee was able to make a greater contribution to our forward direction than had been the case previously. And to that end we have been particularly energetic in forming sub-committees of the General Committee to investigate matters and drive forward policy.

This was no different, with our Digital Sub-Committee, which Gordon mentioned. By establishing it, we were able to bring together the thought leaders in the media buying, advertiser and publisher marketplaces to help determine and recommend the most fruitful direction, which has then been able to be pursued by our energetic secretariat and brought to fruition.

The General Committee in September also endorsed our direction of delivering the one digital auditing solution into the market – a joint initiative of the ABC and the CAB which was very appropriate for the digital world and allowed us to bring the expertise of both auditing bodies together to ensure the success of the project.

And this is not just about the Australian media marketplace needing to be ready for this initiative; it is also about the Audit Bureau being appropriately resourced to be able to deliver it. Over the last year we have made a very significant investment in our people and our infrastructure in order to quite radically overhaul the ABC and the CAB to be able to deliver what we are unveiling today. I can assure you that we have the expertise necessary to conduct complex auditing in the digital as well as the print space – something you should and must expect of us.

In July a new CEO joined us in Gordon Towell, and when we were undertaking the search for our new CEO we were quite specific about looking for somebody that understood not only the traditional publishing industry but also the new digital world. Gordon with his printing and his software and engineering background, together with well honed management skills fitted that requirement very expertly.

Paul Dovas rejoined the Bureau as Director of Audit Services last year. Paul had been the driving force behind much of the early web auditing and with Heather Craven the development of the Online Advertising Expenditure Report. He had been closely involved with the IFABC and the Asia Pacific ABC's assessment of particular systems and vendors before taking a break to pursue other interests. Since returning, his focus has been on improving and expanding the traditional print audit services and launching new web measurement audit products in the digital space for both the ABC and CAB.

Recently he was appointed to the IAB's Measurement Council. Paul has also served on the IFABC's World Wide Web Standards Committee and has been involved in many local and international digital measurement initiatives.

And more recently Alexx Cass has joined the team. Alexx is an experienced media and research professional with more than 10 years experience in the online industry. Before joining the ABA, he was in a senior role with Nielsen Online, assisting agencies and publishers with their online research and measurement strategies. In that time he has pioneered and championed research solutions for emerging areas such as long-tail ad networks, mobile platforms and social media. He embraces the challenge of working with the industry to develop a world-class digital audit service for the Australian market.

Together with assembling the best team possible, the ABC and CAB have invested in a very significant technological upgrade with an entirely new website based around a complex database allowing e-lodgement and the portraying and analysis of e-data and we have continued to invest and work in developing the electronic tools that we can use to the benefit of our members.

Together with the Audit Bureau's expertise will also be its vigilance. Many of you may remember that when the ABC undertook its complete rule review a few years ago we introduced random audit inspections, something we will be continuing with in print and something we will introduce into our digital auditing regime, once it becomes established. Audit inspection or irregular period auditing is a practice that a number of audit bureaux around the world are now taking up and I am proud of our history in this regard.

I look forward to digital publishers joining our ranks as ABC or CAB members and using these audit services, and to media buyers utilising these figures as a key part of their buying, planning and analytical processes.

It would be easy for me to talk of this being the culmination of our digital direction taken in our 75th anniversary year, but the reality is that today is only a beginning – a next stage in auditing and the production of verifiable numbers around which media can be purchased in Australia.

I give you a commitment that the Audit Bureau will continue to work to ensure that the audited figures that it produces provide the gold standard in reporting that the media industry needs and expects of us - and that we will continue, as we have demonstrated today, to ensure relevance in a changing media landscape.