



# 100% Neutrality: A Bold Promise Met by CROSSMEDIA

There's been much discussion about transparency during the past three years, as it's an issue that continues to be in the marketing news, most recently with the revelation that the Federal government is launching a criminal investigation into the business practices of media agencies in the U.S.

All this was brought on by the 2016 ANA/K2 Intelligence Transparency Report. Its findings uncovered the fact that, over the past decade, revenue derived from media inventory arbitrage, vendor rebates and kickbacks has been a growing part of most media agency business models. Whether this has been conducted knowingly, unknowingly, or within the framework of existing client contracts, common sense would tell you that the experts in our industry – the agencies – are hired with an expectation to act purely as an agent working in the best interest of their clients.

But whether or not conflicted agencies acted within or outside of the boundaries of their contracts, there has been a massive erosion of trust in this industry.

Most media agencies have been reluctantly dragged into this discussion and have selectively, and often times grudgingly, made changes to address specific shortcomings. Others have made public statements of their good intentions as an olive branch to marketers – whose eyes are now wide open. Others have returned cash owed to their clients in an effort to save face and keep their business.

We at Crossmedia have always taken a different approach. Since day one, we've rigidly adhered to a one-sided business model: our only source of operating revenue has come from advising our clients on how best to plan and buy media. Because we do not own and resell media inventory nothing gets in the way of acting always and only in our clients' best interests.

In 2007, long before the brouhaha in the U.S., our founding office in Germany established the strictest self-imposed media transparency standards in the industry. Since then, their annual "Transparency Report" is a testament to the core neutrality of the agency's offering: proof by a certified financial auditor that these strict media transparency standards are in fact being met day in and day out. Crossmedia has operated transparently in the U.S. since inception, but we can now prove the same standard.

We completed our first-ever Agreed Upon Procedures review of our Transparency Principles last year and shared those results with clients earlier this year. Now we are proud to announce that we've completed our second transparency audit -- which, like our first review, was conducted in accordance with AICPA standards and produced by a global independent accounting firm.

Our second-year review reached the same conclusions as our initial review conducted in 2017 and validates compliance with the following seven principles:

## The Crossmedia Seven Principles

1. Crossmedia's operating revenues result entirely from remuneration arrangements with clients.
2. Crossmedia transfers all discounts and value negotiated on behalf of its clients completely to those clients.
3. Crossmedia transfers all agency-related [i.e., not directly client-related] rebates, agency volume bonuses (AVBs), and any other value from media planning or buying activities to clients according to a client's fair share of budget that generates such values within Crossmedia.
4. Crossmedia discloses any Crossmedia clients that are also media suppliers [effective April 2017]
5. No Crossmedia employees have participation in or direct financial relationships to media suppliers, sales houses, purchasing companies, or other third parties that could in any way compromise the neutrality of its advisory service to its clients.
6. Crossmedia employees are prohibited from receiving any material personal benefit from media suppliers, purchasing companies, or other third parties that could in any way compromise the neutrality of its advisory service to its clients.
7. Compliance with the Transparency Principles is reviewed annually by an independent auditing firm. The results of that review are made available to all Crossmedia clients.

It's a proud time for us, as this demonstrates the leadership we're providing when it comes to the utmost level of accountability to



clients.

If you are a Crossmedia client, our updated report is now available to you. If you're curious but not a current client, we invite you to engage with us to learn more – no strings attached.

Kamran & Martin