collective szabo wisdom®
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MORE is better than less.

Dear Friends:

Happy spring! For so many of us, this has been a long winter so we hope this quarter's newsletter finds you enjoying sunny days and spring flowers.

The new era of digital advertising has brought with it pros and cons for media companies, and in this edition we dig into strategies that will help media companies protect themselves as campaign transactions move at ever higher velocities.

In the coming months, and while digital continues to accelerate, we know that linear advertising remains a foundational revenue stream for many in our industry. As media companies balance both traditional and emerging platforms, we remain focused on supporting you across the full spectrum of advertising transactions. Szabo Associates, as part of the ALTUS Receivables Management, is headed to the MFM Executive Summit in Hilton Head on Wednesday, March 11. In May, we are traveling to the fei+MFM 2026 Financial Leaders Forum in San Antonio, Texas, taking place May 17-20.

If you are attending either of these events, please come say hello!

Randy Neff's, President
Szabo Associates

Protecting Yourself in the Digital Age

Navigating Risk in Today's Fast-Moving Advertising Ecosystem

In simpler times, a media advertising buy could be secured by a strong relationship and a firm handshake. Today, that handshake has been replaced by a complex maze of programmatic exchanges, automated bidding, and sequential liability clauses that can expose legacy media creditors to risk.

According to the Online Ad Revenue Exchange (OAREX)'s H1 2025 digital media and advertising payments report, payment reliability has hit an all-time low. Nearly 60% of digital media payments arrived late in the first half of 2025, OAREX reported, due to tightening credit markets and liquidity strain. And that number is up nearly 10% from the prior period.

As the advertising industry as a whole barrels towards automation, programmatic orders are seeing a surge towards late payments, which jumped to 53% from 41% in the prior period, the OAREX report said. Not only were payments late, they were later than ever: 32% of payments were delayed by more than five days, while 18% of payments were more than 15 days in arrears. Both of those metrics mark record highs. As a result, the share of "good-paying" debtors dropped to 43% from 53%, while the number of always-on-time payors dropped to 13% from 21%, OAREX said.

What that means is that it is imperative for media creditors to take upfront measures to protect themselves. According to OAREX, "the acceleration in late payments and the shrinking pool of good-paying debtors suggest a growing divergence in credit health that businesses must monitor closely."

Milliseconds to Buy, Months to Pay.

A large part of the problem is something called "data discrepancy." While programmatic advertising allows for a media buy to be executed online in milliseconds, the subsequent financial reconciliation can take months. That lag time can deeply impact media providers' cash flows, thus impacting their ability to run healthy businesses.

For example, when a publisher's server reports that 10 million impressions were served, but the agency's platform only verifies 8.5 million, the agency may freeze the entire invoice and ask for make-goods. Creditors want to stay ahead of that, using tools to catch discrepancies before they have a chance to happen. That potential for discrepancies requires modern media creditors to implement real-time credit monitoring and automated tools that allow for daily reconciliation, snagging potential payment red flags well before such discrepancies get lost in the system. Having the ability to identify discrepancies while a campaign is still running allows for make-goods to happen in real time, rather than becoming an issue to argue about later.

In light of that, media companies need to set hard stops on when campaigns will conclude as well as hard limits on the credit windows they offer, whether those

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are net-30, net-60 or net-90. In this day and age of lightning-fast transactions, shorter invoicing windows are definitely recommended.

When the Currency Crumbles. Something that is making reconciliation extra tricky has been the broadcast industry's transition to Nielsen's Big Data + Panel (BD+P) measurement in September 2025. This new measurement system merges big data collected via smart TVs with Nielsen's traditional methodology of collecting data via set-top boxes and panels. It's a change that the industry both needed and demanded but the transition has introduced a new layer of instability that is fueling collection delays.

In late 2025, the Video Advertising Bureau (VAB) reported that it had conducted an analysis finding that the BD+P methodology had caused audience variances of more than 20% compared to legacy panel measurement in nearly half of all viewing hours. In the key adults 25–54 demographic, ratings have been "systemically crushed" by as much as 18% to 30%, VAB said.

"Nielsen's Big Data + Panel is unstable, unpredictable and decimating demographics," VAB said in a press release revealing its findings. VAB analyzed audience data spanning 33 networks across a mix of broadcast, Spanish-language, cable entertainment, cable sports and cable news networks.

"For the big-volume trading demos, currency has two jobs: stability and predictability. Our deep-dive shows that BD+P has not gotten either job done, across thousands of hours of premium programming," said VAB President Sean Cunningham.

For its part, Nielsen disputes that its measurement is inaccurate or volatile: "This report is seriously flawed and manipulated," a Nielsen spokesperson told AdExchanger. "From what we have seen, the VAB incorrectly pulled our data and the bureau does not know how to do a proper ratings analysis."

That said, throughout 2025, industry executives reported that they were seeing increased instability in Nielsen's ratings samples, particularly in local markets where it's difficult to achieve scale, reported industry website TVNewsCheck in August 2025. When ratings vary wildly, agencies have a good excuse to delay payment. Instead of settling an invoice, agencies can put off making payments while demanding inventory compensation for perceived under-delivery. This can freeze creditors' cash flows while eating up premium inventory, leaving media companies in a lose-lose position: no fresh space to sell and no check in the mail.

Agencies often use their own non-Nielsen measurement providers, such as Comscore, iSpot or VideoAmp, to track campaigns. This can also lead to the introduction of discrepancies and the creation of so-called "digital mirages" that make it difficult to evaluate how well the campaign truly performed. No measurement methodology exactly replicates another, so the results achieved by different providers almost always substantially differ, requiring both buyer and seller to agree on the use of one mutual currency, such as Nielsen, prior to executing the deal. Beyond that, other factors such as campaign time frame and target demographics must be agreed upon by both buyer and seller prior to the launch of any campaign. Sellers can also institute make-good thresholds that allow buyers to dispute only a certain percentage of their buys.

The Sequential Liability Trap. In the digital age, media creditors have allowed agencies to operate under only sequential liability. For decades, the industry standard between media creditors, agencies and advertisers has been joint and several liability (see *Collective Wisdom* September 30, 2025 issue), in which both the agency and the advertiser are held equally responsible when a campaign runs. That means if a fly-by-night digital agency suddenly goes out of business and disappears, the creditor isn't left holding the bag. Under joint and several liability, the advertiser is also held liable for payment, giving the creditor a means of recourse.

However, if only sequential liability is in place in advertising contracts, this is not the case. Agencies, especially less established ones, can find themselves in cash-flow crunches, causing them to revert to the proverbial strategy of "robbing Peter to pay Paul" to stay afloat. That methodology can rapidly catch up with them. In an environment where businesses come and go quickly, the risk of being "ghosted" by an undercapitalized middleman has never been higher.

A look at the 2023 collapse of ad-tech provider MediaMath serves as a cautionary tale. The demand-side advertising platform, which at its peak had a valuation of more than $1 billion and was expected to go public, filed for surprise Chapter 11 bankruptcy at the end of June 2023. At the time, MediaMath owed between $100 million and $500 million to more than 200 creditors, including supply-side platforms, and technology partners.

MediaMath's contracts were based solely on sequential liability, so when it exited the business, advertisers who had bought time on its platform were not liable to pay for those ads even if the media suppliers who had run those campaigns had not been paid. Media creditors realized too late that they had no legal recourse to collect from the brands whose ads they had already served. Thus, they were forced to write-off the losses, a situation all media providers should seek to avoid.

Collections as a Front-End Business Strategy. Avoiding being caught in a situation like this requires moving collections from a back-office chore to a front-end strategy. To do this, here are some suggestions:

- Audit Liability Clauses: Reject sequential liability in favor of joint and several liability in all contracts.
- Implement 30-Day "Credit Triggers": Set automated triggers

to pause ad-serving the moment an invoice hits the 31-day mark.

- Lock the Currency: Stipulate that payment is based on the ratings provided at the time of the invoice, regardless of subsequent re-weighting by measurement providers.
- Establish Make-Good Thresholds: Define a discrepancy ceiling (for example, 5%) in contracts. This means that the undisputed portion of the invoice must be paid on time regardless of the audit. This also serves as a pre-negotiated compromise between buyer and seller. Instead of a $500,000 invoice being held hostage over a 5% data discrepancy, 95% of the bill can be handled while the team tackles the 5% that is actually in dispute.
- Automated Reconciliation: Use AI-driven platforms to match transactions and resolve exceptions before they become stale debt.

Using Tech to Move From Reactive to Proactive.

To bridge the gap between the time a campaign is ordered and when it is paid in full, media companies need to move away from manual spreadsheets toward specialized media-fintech stacks. This is something that's been difficult for legacy local media companies, like radio and TV stations, to accomplish because these companies operate on legacy systems that are difficult and costly to switch out. But waiting to make the change is increasingly becoming more expensive than biting the bullet and swapping in new modern systems.

Here are some areas where media companies can upgrade to current technology to help them keep cash flow steady and payments on time.

First, media companies can use automated daily monitoring systems to spot liquidity crises before they lead to a default. If a company's financial failure has made the headlines, it's often too late for its creditors.

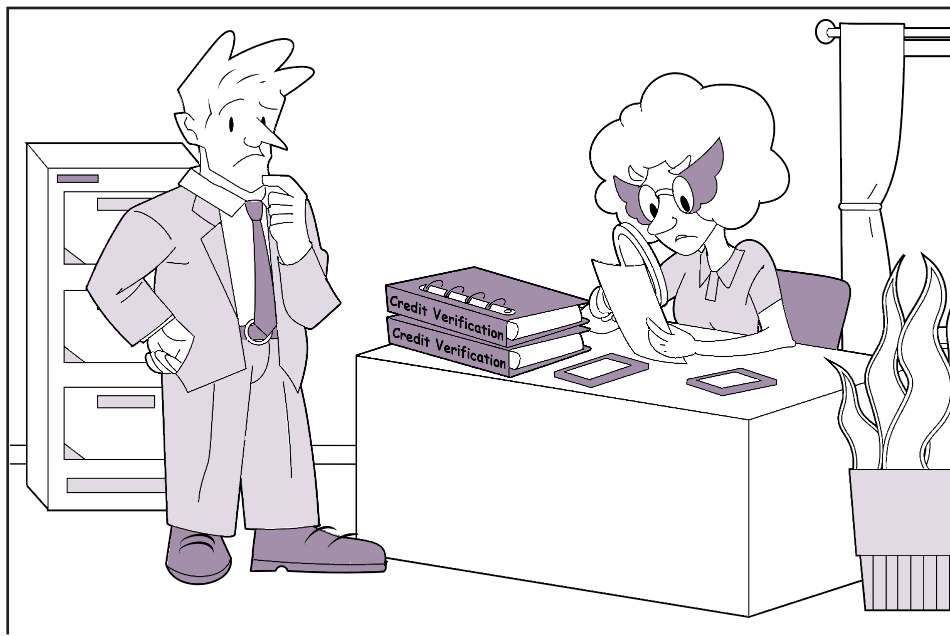
Examples of such systems include Moody's Trade Credit, which provides real-time risk monitoring and alerts; OAREX's "top payors" list, a curated database of the most reliable demand partners that can help creditors determine the credit-worthiness of new digital agencies; and Experian Business, which integrates Experian credit scores directly into customer relationship management (CMR) databases, and flags when customers fall behind in payment.

Next, media companies can integrate AI-powered tools that use AI agents to track and match programmatic transactions, lessening reconciliation disputes. While AI still makes some executives nervous, used correctly it can speed up and automate many processes, reduce human overhead, and help keep cash flows healthy.

Tasks that these tools can take on include learning media companies' specific contracts and automatically posting journal entries into creditors' enterprise resource planning (ERP) systems, creating automated audit trails. They can also integrate with common office communications systems like Slack and Microsoft Office to automate transaction matching on the fly, alerting the people who are monitoring those accounts, and ensuring that discrepancies are caught while campaigns are still live. Different tools do different things, however, so research is required to determine which tools and platforms can best solve an individual media business' automation needs.

Finally, many platforms automate accounts receivable (AR) workflows. These can create customized payment reminders and send them on an automated schedule. They can prioritize accounting tasks based on real-time credit risk data as well as make sure teams are tackling the biggest outstanding invoices first. And they can use predictive analytics to forecast when an agency is likely to pay based on historical behavior, allowing for more accurate cash-flow forecasting.

Adding AI and automation to accounts receivable is no longer something that's nice to have, it's become imperative if companies are going to keep up with the pace of digital advertising. Automated reconciliation can significantly reduce Days Sales Outstanding (DSO) and that results in more cash on hand and healthier balance sheets.



"Flo, why are you using a magnifying glass?". "To see if this advertiser is real… or just another digital mirage.

Embracing Present Tech to Ensure the Future.

The digital advertising ecosystem – with its lightning-fast programmatic exchanges – has created a minefield of risk for media creditors. The comfort of a simple

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handshake based on a solid business relationship has been replaced by the complex realities of sequential liability, alarming payment delinquency rates, and instability in the currency.

Ultimately, the survival and health of media businesses depend on treating collections as a proactive front-end strategy. By diligently auditing liability clauses, implementing 30-day credit triggers, locking the currency, establishing make-good thresholds, and adopting automated reconciliation, media creditors can fortify their position, ensure predictable cash flow, and navigate the fast-moving digital age with the necessary mechanisms to protect their bottom lines. ♦

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