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## **NAI Warns Brands & Publishers About the Risks of Taking a “Service Provider” Approach to CCPA Compliance**

*Classifying Ad-Tech Vendors as Service Providers Can Degrade Business Results, Create Anticompetitive Market Dynamics, and Increase Compliance Risks*

WASHINGTON, DC (October 13, 2020) – The Network Advertising Initiative (NAI) released guidance warning brands and publishers about the risks of adopting a strategy for complying with the California Consumer Privacy Act (CCPA) by designating ad-tech vendors as “service providers” to allow for data transfers that are not “sales” of personal information under the law and do not require posting a “do not sell” link.

“Brands and publishers should think twice before pursuing a ‘service provider’ approach to the CCPA,” said NAI President and CEO Leigh Freund. “The over-use of service provider contracts can lead to multiple bad effects, including the degradation of individual business results, creation of unhealthy and anticompetitive market dynamics, and increased compliance risks.”

The NAI guidance document, *Considerations for Digital Media Publishers and Advertisers Seeking to Engage Ad-tech Companies as CCPA ‘Service Providers.’* communicates key points about designating ad-tech vendors as service providers:

- The activities an ad-tech vendor may undertake when acting as a service provider (as opposed to, e.g., a third party) may be significantly curtailed, leading to diminished business results for all parties.
- Restrictive service provider agreements are leading to anti-competitive results by limiting the availability and use of third-party data, which benefits only larger companies with direct access to first-party data. That may lead to fewer choices and higher prices for publishers and advertisers for digital ad services.
- Complex, restrictive, and often inconsistent service provider contracts create greater compliance burdens and increased compliance risks for all parties.
- Alternatives to service provider arrangements, such as designating ad-tech vendors as CCPA “third parties,” are likely to lead to better business results and lower compliance burdens for all parties.

In addition to providing advice directly to publishers and advertisers, the guidance document will be useful for NAI members and other ad-tech vendors in communicating the drawbacks of service provider contracts to their business partners while encouraging them to consider alternatives.

The NAI recently published an in-depth blog on this topic, *“Publishers and Brands Beware: Service Provider Approach to CCPA is Risky.”*

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## **About the NAI**

The NAI is a non-profit organization and the leading self-regulatory association dedicated to responsible data collection and its use for third-party digital advertising. Since 2000, we have been working with the leaders in online advertising to craft industry standards and policies to promote consumer privacy and trust in across the digital advertising ecosystem. Almost every Internet ad served in the United States involves the technology of one or more of the NAI's over 100 member companies. Together, these companies form the backbone of the thriving and diverse market of ad-supported free content and services. Additional information can be found at [networkadvertising.org](http://networkadvertising.org).