



## **In-House Post Production Policy Statement**

### ***A Push for Greater Transparency, Ethics and Fairness***

The proliferation of in-house editorial and post services offered by ad agencies is an area of growing concern for the independent post production community. While these capabilities have been available for some time, the business practices surrounding their current implementation and their impact on agency clients and the independent post production community has motivated AICE to raise questions about transparency, ethics and fair competition for advertisers, agencies and the industry at large.

Despite being touted by agencies as efficient ways to edit and finish work faster and cheaper – a claim not always supported by facts – in-house facilities exist largely to create additional revenue streams for the agencies themselves.

The presence of these facilities has in many cases transformed agencies from being the *clients* of AICE members to being *competitors*, and competitors who have gatekeeper access to our bids and our creative strategies for handling client work as well. This unfair advantage alters the relationship that existed between companies that served as the *agents* for their clients and those that functioned as *vendors* to those agents. As such, our concerns can be summarized as follows:

■ **Transparency:** We believe some marketers are not fully aware of what they're getting when their work is completed at agency in-house facilities, or whether the use of them represents the best option to ensure the best final product and the best talent for their money.

Further, the bidding process is not always done in the open, with clients fully aware of the ownership status of the companies submitting the bids. (Some agencies use generic and unrelated names to brand their in-house facilities, which can mask the fact that they're wholly owned by and housed within the agency.) We believe in-house facilities should clearly identify themselves as such when bids are submitted to help ensure that the bidding process is done in a fair and upfront manner.

■ **Ethics:** This pertains to the rampant request for 'check bids,' in which agencies ask independent post houses for ostensibly competitive bids which they can submit to clients for comparison. Typically they have no plans to award the work to the independent company and are merely using the 'check bid' as a way to satisfy client requirements for multiple bids.

AICE contends that requests for these ‘check bids’ is a corrupt and potentially illegal practice its members often feel coerced into cooperating with for fear of alienating an agency and thereby risk being blacklisted for future jobs.

Beyond that, the in-house model allows the agency to analyze, assess and design their bid based on an unfair advantage. It would never be considered appropriate for a company to share external vendors’ bids with each other, so why should one ‘vendor’ (i.e., the in-house agency) be allowed to craft its bids knowing what its competitors are doing? Are agencies using this information to ensure their bids come in under those from independent companies?

■ **Neutrality:** For agencies to steer work to in-house facilities is perceived as an overt conflict of interest and raises questions about how potential problems will be addressed should they arise. For example, are clients and consultants satisfied that there are appropriate means of resolving overages on in-house jobs? And how will the in-house facility address creative or technical problems, or deal with risks or liabilities?

Further, is the agency incentivizing its senior staff to keep work in-house via awarding them bonuses based on jobs they ‘award’ to their in-house facility, which can corrupt the objectivity of the process and smacks of kickbacks? If the creative and production team had its choice, would they work with the in-house facility, or go to an independent editorial or post company?

■ **Competition:** Honest competition promises a better product at a lower price. Are clients getting the best possible solutions, the widest array of options and the full breadth of services from in-house facilities as compared to independent companies? Can in-house facilities compete for the level of talent many independent companies offer? Are they willing to properly invest in cutting-edge technology to ensure that they stay competitive? Does the limited diversity of work often seen at in-house facilities foster in-bred creative solutions?

AICE’s position is that transparency can be adversely impacted when it comes to dealing with in-house operations. As such, we believe clients should insist on seeing *unaltered, originally-submitted bids* for every project. When appropriate, they should demand to see treatments (particularly in the case of complex jobs requiring visual effects and design services) *as submitted*, insist on knowing *who will be the lead post production artist or artists on their project* and consistently review their work.

AICE is determined to educate the client community on the ramifications of using agency in-house post production facilities, the inherent conflicts they present and the impact they have on their ability to get the best possible product at the best price. Our goal is for clients to be able to make informed decisions about where their commercial content should be finished, and by whom.

10-09-14