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Sent:	11/10/2015 1:03:48 AM
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CC:	Scott Silver [ssilver@google.com]; Neal Mohan [nmohan@google.com]
Subject:	AWBid discussion today

[I've added a sample from memory of the vocal members of today's discussion, feel free to add specific *relevant* people, not mailing lists]

This is clearly a lot more loaded topic than I imagined, I thought of the margin piece being more of a concern of a slipper slope around volume/margin decisions GDN is making but I really think the key discussion is around GDN .vs. DRX.

Just to be clear not "the people" but rather the strategic choices we make in terms of which side (buy .vs. sell) we optimize for.

I think it was a good discussion today but I have to confess that I wasn't aware of this being a "5 year debate" and the frustrations around that. We have to move past our history and focus on the future.
Moreover I don't want anyone to think we decided not to decide and the most concrete way to ensure that is that I personally expect to see a proposal to slice the set of publishers that account for the majority of row 2 in slide 12 into 2-4 buckets and move aggressively there

As Scott said we want to see a proposal next week, including a situation where there are N competing thoughts and we just need us to decide, schedule an ad hoc meeting or re-use an office hour slot.

The 2016 discussion about making GDN be more programatic/buying x-exchange is a very a real one, so it's not going to get any easier, we may as well plow ahead with AWBid and learn something in the process.

Ultimately I think most of us agree that

1) GDN is in an inferior place vis a vis the competition on impression that go to other exchanges or situations where a buyer has direct relationship with the publisher.

2) Majority of that inventory is coming from publishers that we have existing relationship with, hence access to some of their inventory.

I also think the following is also a fact

3) Many of those publishers wouldn't want to go exclusive with any SSP

Now to some conjectures

4) AWBid is low volume enough that I am having hard time believing that an increase of yield on those few impressions (even if they are high RPMs) will materially change how a competitive SSP is perceived.

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5) FLD implemented on top of AWBid will still yield more to the Pub. We need to make sure that payout to pubs on FLD are noticeable higher than AWBid after sale side margin.

6) FLD is symmetric, opposed to AWBid which only helps us and make the inventory more expensive for the competition. FLD make is more expensive for some our current "exclusive" buys and helps the competition by giving them inventory.

Given (3) I really think the only solution for the buy side problem (inventory) is FLD. Based on (4) & (5) I think the cost of sequencing AWBid before FLD is low, but I confess that I might be wrong, hence the "experiment" we want to design isn't really around whether we should do AWBid at all but rather a Hedge (expose a portion of the pubs) PLUS ability to understand the incremental value of FLD over AWBid.

Ultimately the only way to win this game is to make publishers happy, so FLD is my preferred approach as it maximizes yield but AWBid doesn't require publisher cooperation, and it keeps us honest in terms of seeing whether FLD is going far enough.

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Eisar