From: Jerome Grateau <jgrateau@google.com>
To: Aparna Pappu <apappu@google.com>, Jonathan Bellack <jbellack@google.com>, Tobias Maurer <tmaurer@google.com>
Subject: Re: Rubicon
Cc: Gargi Sur <gargisur@google.com>, Payam Shodjai <pshodjai@google.com>, Zinnia Zheng <zinniaz@google.com>, Glenn Berntson <gberntson@google.com>, Ali Nasiri Amini <amini@google.com>, Chris LaSala <chrisl@google.com>, Deepti Bhatnagar <deeptib@google.com>, Jim Giles <jimgiles@google.com>, Max Loubser <maxl@google.com>, Nitish Korula <nitish@google.com>, Rahul Srinivasan <rahulsr@google.com>, Sam Cox <samcox@google.com>, "jedi-tiger-team@google.com" <jedi-tiger-team@google.com>, Roberto Ruju <robertoruju@google.com>

Hi,
I believe the most urgent step to take is make our buying approach even more intelligent for GDN, Awbid and DBM.

2 dimensions
- Only buy on AdX impressions that are exposed through AdX and multiple SSP (ie, dry out HB SSP)
- Drastically improve our spam/fraud capabilities on non AdX/Adsense inventory (ie, change our practice with Video NPM, investigate rapidly the potential issues uncovered by Sam)

I am not sure bringing more transparency on pricing will help us
- we would have to disclose DBM fees that are highly negotiated by Top Agencies
- it would make any price change on the Buy Side even more visible (ie, what if we decide to price DBM differently with the use of GAIA data)
- it will anchor even more the potential difference between GDN and DBM+AdX at a moment we would like to have the maximum flexibility

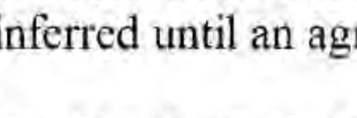
Thanks

Jerome Grateau
Director, Global Partnership, Publisher Solutions and Innovation

Cell: +1 650 695 7886
Fixed: +1 650 253 9458

On Tue, Nov 22, 2016 at 9:11 AM, Roberto Ruju <robertoruju@google.com> wrote:

> @Payam re. Rubicon's buy side fees. We are confident that Rubicon still charges hidden fees today to publishers (at least in most instances on OA) as their take rate (publicly disclosed) is ~8% higher than their stated sell-side fee of 15%. We also know that in July 2015 they were still charging one of our UK pubs these fees, and eventually admitted so (after denying it initially).
>
> @Tobias re. why is Rubicon doing this and therefore why should we not do it: Rubicon is in a very different situation than AdX. First of all, they don't own an Adserver, so their primary deal-making engine is to convince a publisher to put their SSP in a better/exclusive position within someone else's stack. The second aspect is catching up in Header Bidding (to Gargi's point), where dropping rev share might give them an advantage (or just parity) in the 1st price auction in the header vs. the other exchanges' net bids. Further context is that they have been losing market share (from public disclosure - their revenue is flat) and their stock has taken a hit, so they need to do something to catch up.



Roberto Ruju

Director, Programmatic Solutions EMEA

e: robertoruju@google.com | m: +44 7850 109 248 | d: +44 20 7346 2189
Google UK Limited | 1 St. Giles High St. | London WC2H 8AG | UK

On 22 November 2016 at 15:39, Gargi Sur <gargisur@google.com> wrote:

> Rubicon's move will make the HB market even more competitive. Rubicon had been slow in pushing its FastLane HB solutions for web/app and other SSPs have been gaining ground at their expense. Dropping sellside fees makes Rubicon more attractive in HB as there will be more yield for pubs.
>
> Assuming that they will get 13-15% overall fees, their margins will get closer to Index and other SSPs compared to AdX. What is DBM's share on Rubicon? If they don't have buyside fees with DBM then its possible that their margins might be lower.
>
> From Jedi perspective, I wonder whether billing publishers becomes a lower priority for them. Pub payments had been their top-ask for Jedi but with 5c ad serving fees, will it still be as important?
>
> On Tue, Nov 22, 2016 at 10:02 AM, Payam Shodjai <pshodjai@google.com> wrote:
>
> > In December 2014 we had a big debacle with Rubicon over their buy side fees. They dropped these fees in Q1 of 2015 after lengthy back and forth. Drew was involved at the time.
> >
> > On Tue, Nov 22, 2016 at 9:59 AM, Zinnia Zheng <zinniaz@google.com> wrote:
> >
> > > DBM contract does not specify buyside fees. If I recall we had an escalation on this in the past with them and specifically addressed this point.
> > >
> > > Thanks,
> > > Zinnia
> > >
> > > On Tue, Nov 22, 2016 at 10:43 PM Payam Shodjai <pshodjai@google.com> wrote:
> > >
> > > > + Zinnia
> > > >
> > > > On Tue, Nov 22, 2016 at 9:30 AM, Glenn Berntson <gberntson@google.com> wrote:
> > > >
> > > > > +Deepti -- Who has been working on DBM payment transparency.
> > > > >
> > > > > On Tue, Nov 22, 2016 at 9:28 AM, Jonathan Bellack <jbellack@google.com> wrote:
> > > > >
> > > > > > Tobias, do you know what our DBM/AwBid contract with Rubicon says about buy side fees?
> > > > > >
> > > > > > On Nov 22, 2016 8:39 AM, "Tobias Maurer" <tmaurer@google.com> wrote:
> > > > > >
> > > > > > > +Ali
> > > > > > >
> > > > > > > Why are they doing this? Do they think this will help them win more pubs or get pubs to shift inventory their way?
> > > > > > >
> > > > > > > I'm assuming they don't yet do any comms around this (other than the direct outreach mentioned on this thread) would be curious to see how they are announcing this.
> > > > > > >
> > > > > > > On Tue, Nov 22, 2016 at 6:16 AM Jonathan Bellack <jbellack@google.com> wrote:

Thanks for sharing, Roberto. I am sharing this with the group that was working on Jedi++ ideas which included an AdX price cut.

Folks, what do you all think of this?

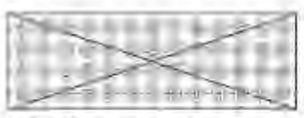
On Tue, Nov 22, 2016 at 7:08 AM Roberto Ruju <robertoruju@google.com> wrote:

FYI,
Rubicon seems to be moving to a flat 5c fee. See my thoughts below

---------- Forwarded message ----------
From: **Roberto Ruju** <robertoruju@google.com>
Date: 22 November 2016 at 12:06
Subject: Re: Rubicon
To: "Kelly Cassin (formerly Lerza)" <klerza@google.com>
Cc: Fabrizio Angelini <angelini@google.com>, John Picardo <johnpicardo@google.com>, opg-competition-core <opg-competition-core@google.com>

Let's not forget that Rubicon still charges buy-side fees. This seems like a rather desperate move to regain the market share they lost in the past 9 months and reverse their decline. On paper it sounds super attractive to a pub, but with the hidden buy-side fee, it may still result in 10%-15% effective rev share. In any case, a material drop, but not as low as they would like to make it appear.
Assuming their average CPM is $1.00-$1.50, 5c fee is equivalent to 3.3-5%. Add to that an estimated 10% buy-side fee and the total rev share is 13-15%. Obvisouly, this is much more favourable for PMP/High CPM demand, where the 5c fixed fee is a smaller %.

R.



Roberto Ruju

Director, Programmatic Solutions EMEA

e: robertoruju@google.com | m: +44 7850 109 248 | d: +44 20 7346 2189
Google UK Limited | 1 St. Giles High St. | London WC2H 8AG | UK

On 21 November 2016 at 20:02, Kelly Cassin (formerly Lerza) <klerza@google.com> wrote:

They said a flat $.05 CPM. SheKnows did the math and it will save them money. I'm sure this is a marketshare play.

On Mon, Nov 21, 2016 at 11:58 AM, Fabrizio Angelini <angelini@google.com> wrote:

Kelly,
Could you please trying to get confirmation of this and get an insights on the rates they will be getting?
This is a surprising major shift. Did they mention the Rubicon logic/strategy behind the change ?
What is your perception of their situation with SheKnows, are they loosing the share of wallet with them?

Thanks

Fabrizio

On Mon, Nov 21, 2016 at 2:42 PM, Kelly Cassin (formerly Lerza) <klerza@google.com> wrote:

SheKnows is who shared it with me. The change would come as soon as January.

On Mon, Nov 21, 2016 at 10:34 AM, Fabrizio Angelini <angelini@google.com> wrote:

+ Roberto

Thanks for sharing, this is a major change for Rubicon, with repercussion across the all market.
@Kelly, do you more specifically what pubs were approached? I would like to engage with those to know more

On Fri, Nov 18, 2016 at 6:42 PM, John Picardo <johnpicardo@google.com> wrote:

+OPG Competition Core
+Fabrizio

Thanks Kelly,

This is a great insight, and really, really surprising. It sounds like they are willing to drop their margins significantly in favor of a Platform play. I haven't heard this before, and didn't expect them to do something like this - smacks of desperation.

@Team, feel free to reach out to Kelly if helpful.

Thanks,

On 18 November 2016 at 15:29, Kelly Cassin (formerly Lerza) <klerza@google.com> wrote:

Hi John,

Happy Friday. Not sure who I should send this to.
I just got the phone with a partner who shared some information about Rubicon.
It sounds like they are reaching out to Publishers letting them know they'd like to move from a 15/85 rev share to a flat CPM (.05) for all inventory which gets sent to them.

Have you heard this before?

Cheers,
Kelly

--

Google

- **Kelly Cassin**
- Strategic Partnerships
- klerza@google.com
- O: 415.736.5340 M: 415.200.9466

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Thanks,

Fabrizio

--

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Thanks,

Fabrizio

--

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- Strategic Partnerships
- klerza@google.com
- O: 415.736.5340 M: 415.200.9466

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thanks,
gargi