

NOTES: Unified 1st Price Auction Event (NYC)

Date: April 18, 2019

Attendees: [LINK](#)

Materials: [LINK](#)

Recording: [LINK](#)

Add any particular notes, questions, comments, and themes that come up in the event

- Query throttling has reduced potential bidding opportunity, but queries are being duplicated as networks funnel same impression over multiple sources. Hard for buyers to de-dupe.
- What they bid is what they pay, they don't need the additional buyer-floor lever to increase suction pressure and price
- Concerns of AdWords getting last-look (timestamp); are there other "comfort concessions" we can provide to explain how it works to ensure fairness
- Even bids that don't clear will be in Data Transfer files
- Reserve price callouts will still be sent to AdX auctions but NOT for PP line items
- **Provide preferential access based on relationship I want to sustain**
- Optimizing yield is important but **CONTROL** is also important; we don't want to take control away ("laughs"..."who actually asked for this?"); Rahul's answer focusing on improving yield and cleaning up complexity
- Difference financial market is that the financial institution isn't also bidding (a reference to how Google has buy-side also bidding in and the concern about giving preferential treatment); Rahul's answer to try and give evidence that provides comfort that we are not preferring our systems over others.
- **100 rule limit is too low**
- Why isn't Preferred Deal part of the backfill competition; it wins out against higher bids. Answer: Rahul agrees that there is some inconsistencies, focused on tools available if deal is yield optimal.
- Ability to prioritize deals from other exchanges; Answer: our EBDA product doesn't have the ability today
- PG: the RevShare is justified because of the features like operational efficiencies and automated billing

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- Reporting, is NOT easy to get deal reporting in EBDA “made it next to impossible on how to increase yield with other partners except for Google” (laughs); Answer: it is in beta, reporting improving incrementally.
- Can't do buyer specific floors, including AdWords; for 1st price there is no auction discount so you don't need auction pressure to drive up price.
- Sellers floor different; you run auction differently...get's auction before the remaining buyers so this can drive price for AdWords down; Answer: buyer runs its own auction before it submits into the exchanges. We assure you that our auction is clean and we need to find a way to give you “comfort” to know this. This info is NOT TRUE about how Google gets visibility.
- Assumption: AdWords wins more because it has more bid information. Answer: bid callout info was ALWAYS available but AdWords never opted into it.
- Frustration: you've already built this so why ask for feedback...all for not. Answer: we focus on the benefit of the ecosystem, we won't win if our publishers don't (we don't want publisher consternation)
- Concerns about being able to restrict AdWords. Answer: we offer advertiser/bidder blocks
- EB black box, often response from EB to optimize is limited visibility; Answer: what additional visibility is needed? Why partner is not transacting, are they seeing necessary information, broken/technical, EB partner. Answer: also launching more visibility through troubleshooting tool in EB (below floor, pre-bidding targeting)
- Any difference in Standard/Sponsorship. Answer: nothing for Direct. First look rules are the same. OC and EDA works the same (look at distribution of various line items and trade-off between direct v. indirect)
- Can I set up a floor specific to Appnexus. Answer: you can block but floors are uniform across all buyers.
- “If you have a \$1 floor for everyone...this is ridiculous”
- Soft floors (game auction). Hard floors (business reasons). Answer: you can set floors at advertiser level; buyer specific floors aren't useful.
- **Why is buyer floor useful? (“laughs...I'll tell you”): RevShare by buyers. Answer: competes on NET and takes differential RevShares into account.**
- Concession for RevShares: different priorities are needed. Taking control from us is going to be. Answer: there are “hacky” ways of doing this but comes with sub-optimal yield setup.
- “This was built for Header Bidding NOT to exist” (a few claps), it's super-complicated world. “It's not the way we do business”. Answer: We're taking away “last-look”, not a matter of getting rid of header bidding but a better ecosystem. Building tools that help you manage rules. You can then set up buyer rules in the Header partner UI.

- **Why buyer floors? block rich media, put higher floor for Rich Media.** Answer: you can still price formats differently and might need additional; buyer v. format specific floors. (assumption is that you can only do that from the vendor)
- Why were these announcements made at the same time? Was there a beta program? Answer: all of these changes bundled together make it more simple/sustainable/transparent. Buyers giving bid info isn't something
- Say I'm unhappy with this and want to change ad servers, concerns about getting access to AdWords demand on other exchanges/platforms. Answer: AdWords finds it more advantageous to buy more on AdX.
- "We can give you 1,000 reasons why we want buyer rules"
- (Jay) Looking at win-rates, at certain CPM's the win-rate plateaus; it's not happening that when bid rate goes up why doesn't win-rate go up. Will unified auctions fix this problem. Answer: needs to unpack investigations.
- Ability to let pubs know what buyers take ALL queries v. throttled queries. But also depends on what is reciprocal to what other sharing isn't happening from pubs to buyers.
- We need to figure out tools to close the gap between PM saying auction is "fair" v. "reality"
- Pricing decisions in the ad serving scenarios: all buyers have \$5 bid (AdX, EB, PP); Answer: coin flip; make sure to put in your NET rates to line items
- What determines "min bid to win", Answer: first, the floor is based on EDA floor and then AFTER, min bid to win shows what was needed to win.
- How can we share more about per auction EDA floor
- Adwords as 2nd price; Answer: the UI still on 2nd price and the CPC is converted and more "magic" (which I didn't quite hear) helps convert it ultimately into a 1st price.
- Will the old rules be migrated (some seat shifting and murmurs); Answer: no
- Giulio: "Per-buyer floor...you don't like it" (laughs)
- Bid Landscape: Answer: only works for AdX/EBDA but Header Bidding line items you do NOT see losing line items, can we maybe show details for other line items losing to those auctions from product.
- **Maybe flooring doesn't have to do with "pure yield" but might be needed for "business reasons".** Answer: we understand that is the case
- **Are you offering 1P v. 2P distinctions in experiment phase.** Answer: no because too much volatility with inconclusive results, but publishers feel like they want to make the decision themselves. We wanted to instead invest in actual products for the long-term. 1% is minimal and should not impact pub business sufficient to get valuable learnings.

- Floors have potential to influence bidding behaviors from buyers, we're not saying it's meaningless as it could direct buyers on what CPM's to bid if the pre/post bid intel is passed.
- Bid shading v. Bid translation; understanding the value; "translated" bid is going to be much better in a 1P world.
- Will 1P be available in the logs and has NOT been prioritized; we can try to figure out what to give in order to provide comfort. There will be more "noise" than "signal" in the transition period.
- Rahul, calling out that Anonymous depreciation is adversely affecting AdWords (as a means to show that we are also making changes that will negatively impact us... some laughs from the crowd)
- When setting up a NEW rule you can see which line items are going to be impacted
- Keep timeline compressed to get buyers to adjust without publisher impact until 100% jump is made
- Same targeting criteria
- **API for rules** coming. Answer: discuss with AM's to provide feedback
- Would be helpful to get "scenario based rules", (ex: enable for weekday v. weekend)

High level themes we need to address

- How header bidding continues to fit into all of this
- 1P/UPR fit not just for yield
- Perceived control
- Why are we removing buyer specific floors? (control issue)

Notes from PM All Hands (4/19/19)

-Q: are we really going to consider building an API to update rules/floors? A: Not in the near term. We will look to find ways to help publishers migrate rules.

-Q: what are we communicating with buyers? A: this is documented in the comms (authorized buyers; DV360). Lack of floor sharing over to the buy side created mistrust. Our hope is this change allows buyers to understand the market more clearly which increase investment in the market. Bid price adjustment tools to help manage their transition. Bonita: Buyside comms need to be linked in our sellside comms.

-Q: philosophical approach to comms, has there been any contemplation on creating a playbook that talks through differences btwn 1 and 2P auctions and lays out reasons for change. This has been successful in the past (to the pt, pubs have commercialized for us). A: Rahul, we have an action item to come up w/ playbook on how you set floors. Sam has also thought about doing a blog post to go into more detail on the "why" behind this change. KH - may also need to

provide marketing with post mortem. Bonita: need a steady drumbeat on fluency and advocacy over the next few months.

-Nitish -- we approached this at a high level with a few LPS months ago. The feedback was neutral. (seems like details were not reviewed though). Q: was unified reviewed? A: No (Sam: ppl are upset with ambiguity, next step is to provide future predictability, etc. This is an early comms as opposed to normal lead times.)

-Bonita -- we should have brought in a small group of trusted advisor pubs to help us commercialize and go to market.

-Q: does the PM need to do a better job bringing partners along? A: Yes, need more hand holding before bringing pubs into large format events. Sam: tension we had was this was one of the biggest changes in a decade. Worried about leaks. Don't think we got the timing entirely right in terms of advance notice and avoiding leaks.

-Q: are there analyses that we can share that demonstrate the value of 1P vs. 2P? A: may be a bit of a challenge to come up w/ the right stats, bc we can only see the Goog ecosystem. So we would need to make sure any analysis looks like it doesn't serve Goog.

-Q: are you open to doing some pub advocacy to build trust around this? A: absolutely, we need to be scrupulously honest and deliver on what we say we are going to deliver on. Hopefully this will allow us to win trust. Sam: spoke to NYT and Internet Brands off the record. Thought the room was somewhat "herd mentality". Talked to multiple pubs and think there is trust and patience in the market (more than the article).

-Q: per buyer floors, are we thinking about actually changing this? A: No, it's a delicate balance. This would go against the sustainability and balance of future state. Sam: we need to do comms on why this is not needed in a 1P world.

-Q: what is our position on hard floors and how they can/cannot impact yield? A: