

Message

From: Ali Nasiri Amini [amini@google.com]
Sent: 5/11/2019 3:40:42 AM
To: Payam Shodjai [pshodjai@google.com]
Subject: Re: 1st Price Changes

yes, that is fair. Please see the email that I just fwd to you. I can add you to that thread if you like to chime in.

From: Payam Shodjai <pshodjai@google.com>
Date: Fri, May 10, 2019 at 8:09 AM
To: Ali Nasiri Amini

Is it fair to respond that you (i.e. buy-side) don't believe that the first bullet (removing controls) will help the buy-side much? It seems that the primary objective of these changes is to help the buy-side.

----- Forwarded message -----

From: **Rahul Srinivasan** <rahulsr@google.com>
Date: Friday, May 10, 2019
Subject: 1st Price Changes
To: Payam Shodjai <pshodjai@google.com>

Hi Payam,

Apologies for the delayed response -- we were at Bigler's offsite all week.

- The primary internal objective for the entire launch is to ensure that Google buy-side, Authorized buyers, Exchange Bidding and Header Bidding compete on an equal footing in the Ad Manager auction, from a price-based inventory access perspective.
- The secondary objective for this launch is that Google buy-side and Facebook (after FAN integrates through Open Bidding) get access to the same 1st Price auction dynamics
- We could achieve the secondary objective by just moving to a 1st Price auction, but we'd need to remove some floor control to achieve the primary objective -- if not, pubs could set different floors for AdX, EB, HB, etc, which we're looking to move away from.
- Having granular control also incentivizes pubs to call the same demand source multiple times through different channels with different floor prices (eg. DBM is called through AdX, EB and HB with different floor prices), to effectively fish for the highest price. AdX has typically been subject to higher floors set by pubs on other exchanges
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- Removing some of this functionality also helps reduce some of these complex monetization practices (like multi-calls, waterfall based monetization, etc), and improves the sustainability of the ecosystem -- basically we're moving programmatic to a simpler, transparent and more sustainable ecosystem, which makes the industry as a whole more attractive
- The reason we're bundling these 2 launches together, is that moving to a first price auction provides us additional justification to remove some these controls -- in a 1st price auction, you don't need to constantly fine-tune your floors to influence publisher revenue (the floor price does not directly impact the auction clearing price for 1st price bids). We're still offering other floor controls (like different floors for different advertisers).

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- The removal of control has caused some backlash among publisher, but we are defusing some of this tension through individual conversations with the top partners -- we believe we can get past this phase, once pubs get over their initial control loss aversion

Please let me know if you have any more questions.

On Mon, May 6, 2019 at 8:45 PM Payam Shodjai <pshodjai@google.com> wrote:

Hi Rahul,

As someone who hasn't been closely involved in the 1st price changes, I have a basic question which stems from some of the difficult PR we've received on this launch. What is motivation behind removing publisher controls (i.e. different floors per buyer)? Couldn't we just make the change to 1st price without removing the controls?

Thanks,
Payam