Message

From: Jonathan Bellack [jbellack@google.com]
Sent: 8/4/2015 4:01:14 PM
To: Assaf Grabinsky [assafg@google.com]
CC: Nitish Korula [nitish@google.com]; Drew Bradstock [dbradstock@google.com]; Jim Giles [jimgiles@google.com]; Vahab Mirrokni [mirrokni@google.com]; Martin Blais [blais@google.com]; Michelle Sarlo Dauwalter [michellesarlo@google.com]; Yan Xiong [yanxiong@google.com]; Aparna Pappu [apappu@google.com]; Nunzio Thron [nthron@google.com]; drx-eng-mgrs [drx-eng-mgrs@google.com]; drx-insights [drx-insights@google.com]; drx-quality [drx-quality@google.com]; drx-indirect@google.com; drx-eng-leads [drx-eng-leads@google.com]; Bryan Rowley [browley@google.com]; David Goodman [davidgoodman@google.com]; Jerome Grateau [jgrateau@google.com]; Max Loubser [maxl@google.com]; Chris LaSala [chrisl@google.com]; Russ Freyman [rfreyman@google.com]; Roberto Ruju [robertoruju@google.com]; Charles Delattre [cdelattre@google.com]
Subject: Re: [xfp-optimization-tech] Re: Fwd: The Rise Of 'Header Bidding' And The End Of The Publisher Waterfall | AdExchanger

We had a pretty robust discussion about this at the DRX PRD+Strat meeting, and are going to move this to a smaller working group led by Drew and Jim Giles. Thanks folks.

-- Jonathan Bellack / jbellack@google.com
Director, Product Management
Publisher Ad Platforms

On Tue, Aug 4, 2015 at 11:52 AM, Assaf Grabinsky <assafg@google.com> wrote:
+1 this proposal is revolutionary and seems like a thorough solution that really answers publishers' need.

On Tue, Aug 4, 2015 at 4:10 PM, Nitish Korula <nitish@google.com> wrote:
Huge +1 to this proposal, Drew. I've lately been asking people why we don't allow third-party exchanges to bid on our auction, because this seemed to be the single fundamental problem that 'required' header bidding. Glad to hear you've been thinking about this so much.

Nitish

On Tue, Aug 4, 2015 at 9:54 AM, Drew Bradstock <dbradstock@google.com> wrote:
Hi Assaf,

We're reviewing the new yield mgmt proposals now and the PRD is out for review. Please add your comments. No ETA as this is a pretty huge decision and investment and will need DRX leadership and NSE approval.

Thanks
Drew

On 4 August 2015 at 07:24, Assaf Grabinsky <assafg@google.com> wrote:
Another article on this blames AdX's exclusive real time integration in the server as the motivation:

"Header bidding is the only way for other demand sources, like AppNexus, to get equal footing in the auction with Google AdX for DFP publishers."

As Vahab mentioned in his first point, the problem is that publishers think EDA covers them with price competition for any header bidding lineitem setup. This is not the case - e.g. if they book AppNexus header bidder lineitem as Standard in priority 4-8 it will not compete with AdX on price. The only way to ensure price

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competition is to traffic it as Price Priority, **and traffic the AdX lineitem to target the KV sent out by the header bidder.** Without these two settings AdX will not compete on price, and the publishers will not achieve what they intended to. This is why we need to communicate clearly about this with recommendations should a publisher already be sold into header bidding.

@Max, Drew - do you have anything to add to this? Can you please give ETA on an official response to header bidder from Product? This is becoming urgent as we are asked daily by the sales teams in all regions.

@Martin, Vahab - I agree that we need to think about this problem with a fresh perspective, answering the publishers needs. The publishers want to know they are not missing out on any demand and not compromising their yield management by having average pricing signals from other networks. The problem is made worse because we are not able to prove to they can make more money by working exclusively with AdX: we don't have stats to support this, and publishers are not able to easily conduct A/B testing in DFP to compare two alternative setups to take an informed decision. We talk about user experience, long run vs. short run, but I haven't seen empirical evidence one way or another.

On Sun, Aug 2, 2015 at 5:10 AM, Vahab Mirrokni <mirrokni@google.com> wrote:
I have been meaning to write a note in response to this thread, but did not manage to do so earlier. I realized it's better to say it late than not say it at all. I think this discussion is worth pursuing at different levels. So I am going to add my two cents to this great discussion. Recently I read two other articles (1, 2). Jonathan, Martin et al raised several interesting points for discussion and I'd categorize the main points in three parts:

1) ***Regarding EDA***: The way that EDA is presented in the article is a bit misleading. We should clarify that EDA is designed to strictly respect the priorities of reservation deals, and only gives an opportunity to the spot market to compete (subject to these constraints). *In particular, EDA also provides an opportunity to other exchanges to compete with reservation deals more effectively, although it does give an advantage to AdX* (b/c of the implementation inside the same ad server): other exchanges compete in EDA with their average bid, but AdX buyers get to compete with their real bid. In fact, EDA produces extra revenue from other exchanges as well (via the total revenue lift measure which is associated with the revenue from AdX + remnant ads some of which are other exchanges). I wonder if we can even report such lift numbers explicitly to publishers.

2) Regarding header bidding: My current understanding of header bidding is to call multiple networks in parallel first, run an auction amongst themselves on the browser, and if they all fail, sequentially call AdX.

2.1) ***Tier-based Rev-share***: One main motivation for publishers to apply this is to get rid of paying high revenue share for high margin impressions like this. To argue against this, we may need to define a tier-based revenue sharing scheme that would take less % on very high revenue impressions. Such revenue sharing scheme should be present

2.2) ***User experience***: One main potential drawback of header bidding could be "increasing delay for users". I am not aware of any study that measures this, and show such increased latency via live experiments of some sort. I think we should go after performing such a study.

2.3) *Providing guaranteed delivery or other value:* One thing that header bidding cannot easily provide is guaranteed delivery which is very important for some buyers. Providing a guaranteed delivery would increase the negotiation power of sellers against buyers significantly. This can be provided by a sophisticated ad serving engine only. Providing other values like better targeting, more clicks, or more conversions is another way of achieving this goal, but for now, AdX is defined as a pure CPM-based exchange and does not aim to provide this type of value in a native manner (this is now done via ad networks like DBM, but they do not have as much information as AdX has about the market, and thus cannot optimize as effectively - I understand the rationale behind this policy though, but it may be questionable from this perspective.).

3) ***Treating other exchanges in the DFP ad server or in a special way inside AdX:*** Whatever response we have as part of AdX may not be desirable for other exchanges as it incurs an extra layer of rev-share. As long as they don't participate, from publishers' point of view, part of the demand source is gone. One solution would be to add it as a native part of the DFP ad serving and separate it from AdX. This needs adding the ability for the ad server to do cookie matching, calling all exchanges from DFP ad server, and letting DFP choose the winner amongst the exchanges, and that exchange will only get the rev-share for that impression. Another idea to address this issue would be to treat other exchanges in a special way in terms of the rev-share...

My two cents, --Vahab

On Tue, Jun 23, 2015 at 2:13 PM, Martin Blais <blais@google.com> wrote:
On Mon, Jun 22, 2015 at 8:36 PM, Jonathan Bellack <jbellack@google.com> wrote:
Respectfully, I don't think offering open RTB to everyone would end the efforts to play games with ad selection. There are a few reasons, including at least:

It's probably unwise for me to reply to this thread (next to Jonathan I have basically zero experience in the business) so read this with a grain of salt, an innocent idea proposed by an engineer who knows very little about anything.

- Buyers that don't want to play with whatever rules we'd put in place for our RTB (security, legal, even something as little as response latency).

I'm imagining this would be a different product with much less rules. It would be branded entirely separately as an enabling "pure technology," not directly associated with the rest of our products (though _all_ of them should be able to work with it). A pure tech solution to entirely automate away all this silly rule-making upstream from us. DoubleClick rules would only apply to a pub if they're using a DoubleClick source of ads, and only for that source. Think of it as a "super DFP" without all the historical baggage. It's focused on helping pubs. It would be a refactoring of all the waterfall logic stuff into its own product.

Our interest in developing it would be so we can have deep insights into the nature of the market and their fast changing dynamics, even if that product ends up supporting competing offerings (Google's products would succeed on their own merits and not because of entanglement / lock-in between products).

It could possibly also simplify some of our own products by allowing them to have a single purpose and _isolating_ all the dispatching logic to this new thing.

- Cookie matching shrinkage -- call with your own tag and you get to see 100% of cookies.

I don't truly understand this.

- Arbitrage and revenue guarantees -- buyers would still be motivated to offer fixed rates to get a first look, and publishers will still be tempted by revenue guarantees instead of the market.

Oh, that product would totally allow that. Basically everything the pub could possibly ever want to do, that thing should support it, even things DoubleClick does not like. Arbitrage? Sure, just not with our products. It should probably be a different team developing it, though some aggregate data could be shared between teams. It would have to have a very distinct and careful branding.

- Soft floors -- publishers will still want to take multiple bites at demand in an effort to get closer to the first-price.

... and the product should support that.

- Saving money -- unless you're proposing we offer RTB to anyone for nothing more than the cost of ad serving...

Isn't that what we're already doing with XFP?

Besides, the product should provide value on its own:
- Being able to turn on a dice to make ad source changes to maximize the yield in one place.
- It should have fantastic, unified reporting, and perhaps smart suggestion capabilities to increase pub yield.
- It should support any possible source of ads imaginable - should be the most _complete_ solution to setup revenue generating sources for a pub.
Surely it would be a small revenue product, but the real value would be in providing us with a complete picture of the ad serving space.

Would that be a competitive advantage? (I don't know).

What would be the value of having better data about all ad traffic flow to all publishers in the world, including those feeding ads not our own?

-- Jonathan Bellack / jbellack@google.com
Director, Product Management
Publisher Ad Platforms

On Mon, Jun 22, 2015 at 7:01 PM, Michelle Sarlo Dauwalter <michellesarlo@google.com> wrote:
Consolidating readers responders from another thread.

+1000 to Martin.

If we are committed to competition, and we believe competition drives revenue, we should allow for all sources of demand to compete fairly, in real-time (or as close to real-time) as possible.

While I can help our Sales team build a story around latency and lost impressions when trying to build waterfalls/header bidding, the fact remains that if we allowed for real-time competition across all demand sources, we wouldn't even need to have that conversation!

Further, Eng wouldn't have to build as many different features for TYM/first-look/semi-half prioritized first look/different flavors of gaining increased access in DFP. If all demand sources competed fairly, we could start stripping away the waterfalls, would immediately gain more access to inventory, make more money for publishers, increase ad viewability and engagement, and ultimately make the internet a better place.

On Fri, Jun 19, 2015 at 12:01 PM, Martin Blais <blais@google.com> wrote:
So essentially they're saying that
- RTB bidders should be able to compete with deals
- they've figured out we do that with EDA and somehow that's unfair
- they want to do it too, and when they do, they sometimes get multiple bids on the same impression and they don't like that.
- so they're providing yet another level upstream to direct bids to do that.

Okay, so here's a bit of a wild idea:

Thinking in generic terms, all these articles I read about the spot market biz essentially boil down to the same two things:
- Providing access to the largest sources of demand to increase yield, and
- Having some sort of customizable mechanism to prioritize and order them against each other.

We [Google] have a substantial proportion of that traffic, and competition constantly strives to take that away from us by providing ways to install mechanisms upstream from ours. it use to be TYM. This time around it's header bidding. Whatever. We turn around and try to provide competing mechanisms. And this dance goes on.

So now imagine this instead: A new product that allows publishers to fetch demand from the LARGEST possible number of sources, including and not limited to our COMPETITORS and other exchanges. The point is to make sure we get ALL the queries passing through us at some point, even for those sections of traffic where the publisher chooses exclusively a competitor. I'm imagining a powerful ultra-programmable thing that looks like DFP but with more than the Google products.

In exchange we can provide
- Unified and easier configuration (we'd have to work on that...)
- Better and unified reporting
- Easy experiments to allow pubs to try things out with various sources on demand at the click of a button
- ... All our current products and sources of demand as we used to.

And what we get is... well, the data. So we know what's going on.
The point would be to make that dance stop altogether. The system should be open enough that there should be no reason whatsoever to ever install anything upstream from us; if there's ever a reason to do that, well that product should support it and embrace it immediately!

I realize I'm kind-of describing what DFP is, but without all the special cases between Google products, e.g. "backfill to Adx" becomes "backfill to whatever", or even something more configurable--let them program it. We could even provide a simple declarative language to let them implement their own ordering. Instead of speculating and doing deep data analyses to try to figure out what's going on behind the scenes with double calls to Adx, for example, we could just run simple queries on configuration database tables. Knowledge is power. (Of course we'd have to win everyone over to this, so maybe this is an innocent idea).

Not sure if this is making any sense. Decoupling the serving from our products.

On Fri, Jun 19, 2015 at 11:16 AM, Drew Bradstock <dbradstock@google.com> wrote:
The header bidders are basically remarketers, trading desks and other exchanges who want to break DFP and never have to compete with direct or with AdX. They also want to be able to pull whatever signals they want. The article specifically attacked EDA as competitors feel that it gives us an unfair advantage and they are using ever trick they can to make pubs think that EDA cant actually get them the best yield.

On 19 June 2015 at 10:41, Yan Xiong <yanxiong@google.com> wrote:
Replied on another thread, but I want to bring it here too.

Header bidding sounds like another yield management layer on top of reservation. TYM + EDA is designed to achieve that. If we integrate header bidders within TYM, would that solve the problem?

On Thu, Jun 18, 2015 at 2:21 PM, Aparna Pappu <apappu@google.com> wrote:

Agree - this is not about don't use the others guys - this is about here's how you can do it profitably and without losing the user (latency, lack of real freq cap if you do it in the tag etc so more annoying ads). We have a great opportunity to build a stronger indirect demand solution in DFP to do exactly that.

On Thu, Jun 18, 2015 at 1:59 PM, Nunzio Thron <nthron@google.com> wrote:
So maybe I'm reading this simplistically, but it sounds like header bidding is just a way of implementing ad serving logic in the <head> tag of the browser instead of an ad server, and publishers are doing it because their ad server doesn't do what they want (e.g. getting inventory to compete on both Rubicon and AdX). It's very rational for publishers to want to integrate all possible demand sources, and if our answer is "you don't need those demand sources" rather than "here's how to integrate those demand sources smoothly with high yield and low latency" I believe we'll lose publishers.

On Thu, Jun 18, 2015 at 9:44 AM, Drew Bradstock <dbradstock@google.com> wrote:

+ michelle

I strongly feel we have to come out much stronger publicly on the value of more competition and also the risk to direct from using header tags. I've spoken to a number of pubs on this including Turner this morning and they are trying it just to see what additional revenue they may get. Pubs are gambling and can't actually see the opportunity costs of doing this. They are only looking at the revenue numbers they get and never see how it's hurt direct or the upside other price priority items or adx could have achieved for them.

This has been allowed to thrive as we haven't pushed back enough. We should leverage the bcg report as a start and also have a white paper on competition beat practices and risks of other methods.

Drew

Sent from my Android Nexus so please excuse any typos.

On Jun 18, 2015 9:28 AM, "Aparna Pappu" <apappu@google.com> wrote:
The fight for the tag on the page continues and suboptimal set ups continue.
This is why providing great solutions in the product are critical (first look etc) so we can actually provide pubs with true revenue opportunity cost/fill rates suggestions etc

---------- Forwarded message ----------
From: **Jonathan Bellack** <jbellack@google.com>
Date: Thu, Jun 18, 2015 at 8:38 AM
Subject: The Rise Of 'Header Bidding' And The End Of The Publisher Waterfall | AdExchanger
To: Andrea Faville <afaville@google.com>, Jonathan Meltzer <meltzerj@google.com>, Sara Walsh <sarawalsh@google.com>, Theodore Lazarus <tlazarus@google.com>, Scott Spencer <scottspencer@google.com>, Max Loubser <maxl@google.com>, Aparna Pappu <apappu@google.com>, Drew Bradstock <dbradstock@google.com>

Interesting article, but with some unfavorable spin on DFP+AdX integration. Since we have first-look auction in the works, Jonathan & Andrea -- can we plan to be more vocal in the market about the publisher and user benefits of an integrated stack?

http://adexchanger.com/publishers/the-rise-of-header-bidding-and-the-end-of-the-publisher-waterfall/

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Assaf Grabinsky | Data & Insights Consultant | PBS EMEA

Our team is hiring!

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Drew Bradstock | Group Product Manager, DoubleClick for Publishers & Ad Exchange | dbradstock@google.com | 416-276-1795

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