

DVA Review  
2019-09-03



**1:23-cv-00108**

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## Agenda

*Today's focus:* Results on Ad Manager Web inventory, sell-side and buy-side view covered separately

(App performance reviewed earlier -- changes deliver status-quo like outcomes at transition)

ASK: Approval to complete ~100% sellside transition to new auction model in 2 weeks

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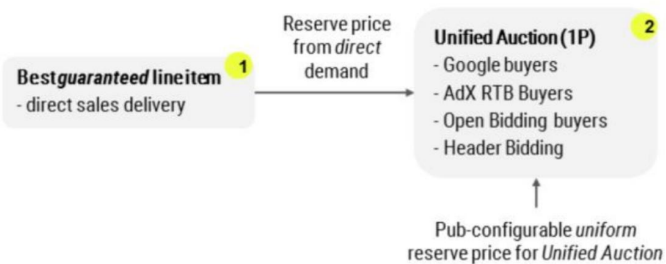
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- -1.5% Google gross revenue; neutral Google net revenue; -1.4% publisher payment from Google; neutral publisher payment overall

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*End-state:* Simple unified auction w/ equal access  
across indirect demand in end state

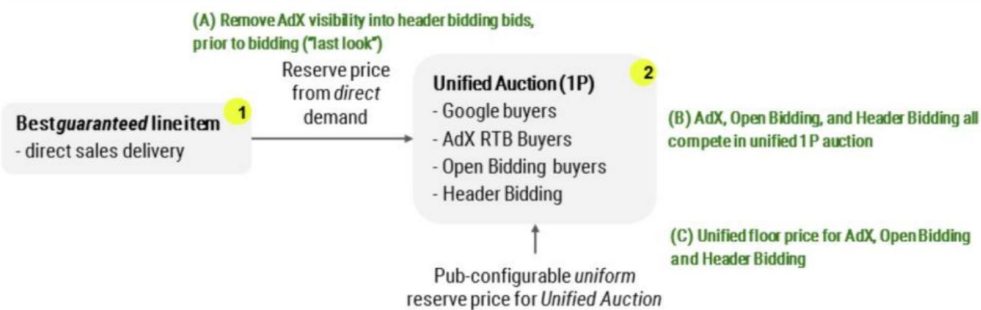
Ad Manager Unified Auction



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*End-state:* Simple unified auction w/ equal access  
across indirect demand in end state

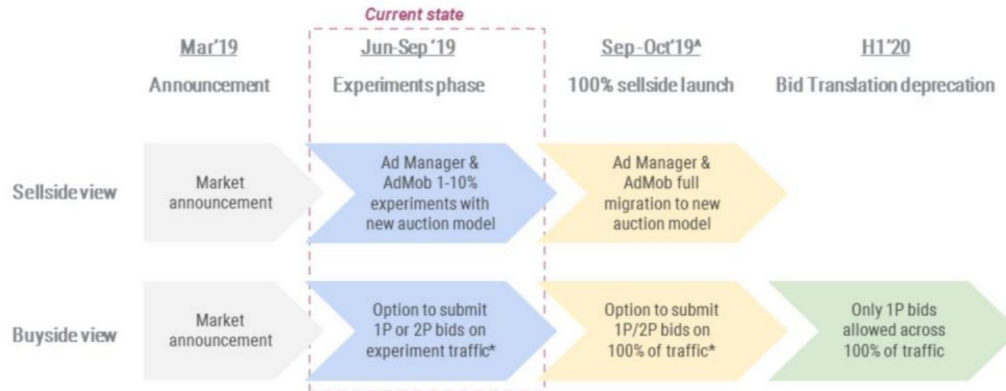
#### Ad Manager Unified Auction



Note: simplified for ease of explanation; (A), (B) and (C) apply to Ad Manager; (B) applies to Admob



## Ad Manager & AdMob migration to new auction model in Sep '19, with buyer option to continue submitting 2P bids



<sup>A</sup>Buyers can continue submitting 2P bids through the temporary & optional "bid translation" service, which will be "intelligently" converted to 1P bids by the exchange  
<sup>B</sup>This stage will include a ~5% holdback for a period of 1-2 months for monitoring and analysis purposes

## Buy-side view (web)

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## Sell-side view (web)

Impact of individual changes comprising this launch

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## Expected Impact

|                                  | Impact on Ad Manager Web inventory   | Impact on Ad Manager App inventory | Impact on Admob inventory |
|----------------------------------|--|------------------------------------|---------------------------|
| (A) Last Look removal            | Reduces incentive to inflate HB prices, ensuring fairer competition with AdX/EB ("boost")<br>Reduces AdX/EB visibility into HB prices prior to bidding |                                    |                           |
| (B) Migration to 1P auction      | GDA/ DV3/Auth. Buyers get direct access to the final 1P auction, improving competitiveness against external 1P demand (eg. Exchange/ Open Bidding)     |                                    |                           |
| (C) Unifying floor prices        | Levels playing field across AdX, EB, HB, reducing effective AdX floors   |                                    |                           |
| (D) Investments in optimizations | Adaptation of auction optimizations and fine-tuning of bidding logic will improve performance over time  |                                    |                           |

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## Removing Last Look\* has significant negative impact

|   | Impressions                                   | Value Clamped                            | Revenue                                   | Google Profit                          | GDN profit                                 | Post Revshare Payout                      |
|---|---|--|---|--|--|---|
| LastLookOverDfpRemnant:GlobalControl<br>246003051<br>TOTAL * Adx_Only * Web         | 548,549,820                                   | 1,786,486                                | 690,764                                   | 154,233                                | 56,196.1323                                | 511,824                                   |
| PriceFromSettingWinnerCostExperiment<br>246003052<br>TOTAL * Adx_Only * Web         | -496,914,005<br>-9.41%<br>[-9.56, -9.26] %    | -1,699,227<br>-4.88%<br>[-5.65, -4.12] % | -624,314<br>-9.62%<br>[-9.95, -9.29] %    | -144,356<br>-6.40%<br>[-7.95, -4.86] % | -54,296.8083<br>-3.38%<br>[-7.79, 1.03] %  | -457,340<br>-10.64%<br>[-10.79, -10.50] % |
| LastLookOverDfpRemnant:GlobalControl<br>246003051<br>Adwords_Buyer * Adx_Only * Web | 333,223,170                                   | 418,763                                  | 248,815                                   | 73,917                                 | 35,312.8161                                | 174,720                                   |
| PriceFromSettingWinnerCostExperiment<br>246003052<br>Adwords_Buyer * Adx_Only * Web | -298,497,803<br>-10.42%<br>[-10.58, -10.26] % | -375,698<br>-10.28%<br>[-11.15, -9.42] % | -220,983<br>-11.19%<br>[-12.16, -10.21] % | -69,427<br>-6.07%<br>[-9.41, -2.74] %  | -34,838.0716<br>-1.34%<br>[-8.48, 5.79] %  | -151,396<br>-13.35%<br>[-13.48, -13.22] % |
| LastLookOverDfpRemnant:GlobalControl<br>246003051<br>Dtm_Buyer * Adx_Only * Web     | 108,676,700                                   | 1,164,124                                | 287,571                                   | 62,827                                 | 20,883.3162                                | 200,201                                   |
| PriceFromSettingWinnerCostExperiment<br>246003052<br>Dtm_Buyer * Adx_Only * Web     | -102,152,821<br>-6.00%<br>[-6.18, -5.83] %    | -1,147,250<br>-1.45%<br>[-2.59, -0.31] % | -269,666<br>-6.23%<br>[-6.43, -6.02] %    | -59,667<br>-5.03%<br>[-5.32, -4.74] %  | -19,458.7367<br>-6.82%<br>[-7.04, -6.61] % | -187,530<br>-6.33%<br>[-6.52, -6.14] %    |

Aggregate:

- -9.6% revenue
- -4.9% value

But allows bundling of other valuable changes, that can be positioned as pro-competitive (fairer platform for \*all\* buyers); Pub outreach to reduce HB boosts planned

\* This impact is measured in a 2P auction state comparing performance with and without last look; [Rasta source](#);

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## Unified Pricing meaningfully improves inventory access by leveling the playing field

|   | Impressions                              | Value Clamped                       | Revenue                            | Google Profit                     | Post Revshare Payout               |
|---|--|-------------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| nt::DBM1xWithLegacyRulesAppliedPublic<br>51390104<br>Adx_Only * Second price Private exchange * T   | 233,006,841                              | 395,382                             | 323,221                            | 85,638                            | 221,945                            |
| irstPriceAuctionExperiment::DBM1xPublic<br>51390103<br>Adx_Only * Second price Private exchange * T | 248,115,966<br>6.48%<br>[6.31, 6.66] %   | 409,350<br>3.53%<br>[2.23, 4.84] %  | 336,966<br>4.25%<br>[3.85, 4.65] % | 88,778<br>3.67%<br>[2.58, 4.75] % | 230,618<br>3.91%<br>[3.61, 4.21] % |
| nt::DBM1xWithLegacyRulesAppliedPublic<br>51390104<br>Adx_Only * Second price Private exchange * D   | 60,424,780                               | 170,285                             | 195,109                            | 47,798                            | 131,708                            |
| irstPriceAuctionExperiment::DBM1xPublic<br>51390103<br>Adx_Only * Second price Private exchange * D | 83,970,264<br>38.97%<br>[38.70, 39.23] % | 186,442<br>9.49%<br>[8.31, 10.67] % | 210,711<br>8.00%<br>[7.64, 8.36] % | 51,519<br>7.78%<br>[7.41, 8.16] % | 141,660<br>7.56%<br>[7.19, 7.92] % |

### DBM impact:

- +8% revenue
- +9.5% value
- +39% impressions

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## Overall performance of 1P change positive for AdX Buyers

|  | Impressions                              | MatchedQueries                           | Google Profit                       | Value Clamped                           | Revenue                              |
|--|--|--|-------------------------------------|---|--------------------------------------|
| Experiment::ControlSecondPriceAuctions<br>51390102<br>TOTAL * Adx_Buyer * Web    | 210,260,985                              | 239,725,984                              | 40,037                              | 369,810                                 | 223,883                              |
| cGDNStaticNonVBBFloorGlobalAlchemist<br>51390159<br>TOTAL * Adx_Buyer * Web      | 30,252,572<br>23.33%<br>[22.98, 23.67] % | 35,004,690<br>25.16%<br>[24.79, 25.53] % | 5,736<br>22.80%<br>[22.27, 23.33] % | 37,525<br>-13.02%<br>[-13.36, -12.69] % | 30,950<br>18.49%<br>[18.02, 18.96] % |
| Experiment::ControlSecondPriceAuctions<br>51390102<br>Adx_Only * Adx_Buyer * Web | 119,647,911                              | 148,303,710                              | 30,959                              | 309,070                                 | 195,604                              |
| cGDNStaticNonVBBFloorGlobalAlchemist<br>51390159<br>Adx_Only * Adx_Buyer * Web   | 19,964,068<br>43.02%<br>[42.57, 43.47] % | 24,685,111<br>42.67%<br>[42.14, 43.21] % | 4,716<br>30.56%<br>[29.96, 31.16] % | 30,682<br>-14.91%<br>[-15.26, -14.55] % | 27,772<br>21.70%<br>[21.19, 22.20] % |

AdX RTB impact:

- +21.7% revenue
- +43% impressions

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## Buyers using Bid Translation service see improved competitiveness

|  | Impressions      | Value Clamped    | Revenue          | Google Profit    | GDN profit      | Post Revshare Payout |
|--|------------------|------------------|------------------|------------------|-----------------|----------------------|
| ment: RtbSurplusMaximizerOffExperiment |                  |                  |                  |                  |                 |                      |
| 263561114                              | 432,803,661      | 1,358,981        | 557,220          | 118,764          | 37,909,0700     | 414,406              |
| TOTAL * Adx_Only * Web                 |                  |                  |                  |                  |                 |                      |
| urplusMaximizerWithSmartBiddingControl | 433,513,316      | 1,374,839        | 558,182          | 118,029          | 36,720,4203     | 416,003              |
| 263561113                              | 0.16%            | 1.17%            | 0.17%            | -0.62%           | -3.14%          | 0.39%                |
| TOTAL * Adx_Only * Web                 | [0.04, 0.29] %   | [0.56, 1.77] %   | [-0.24, 0.58] %  | [-2.00, 0.77] %  | [-7.26, 0.99] % | [0.15, 0.62] %       |
| ment: RtbSurplusMaximizerOffExperiment |                  |                  |                  |                  |                 |                      |
| 263561114                              | 56,279,098       | 94,383           | 81,054           | 13,526           | 0.0000          | 67,528               |
| Adx_Buyer * Adx_Only * Web             |                  |                  |                  |                  |                 |                      |
| urplusMaximizerWithSmartBiddingControl | 57,950,269       | 98,275           | 83,777           | 14,068           |                 | 69,709               |
| 263561113                              | 2.97%            | 4.12%            | 3.36%            | 4.01%            | 0.0002          | 3.23%                |
| Adx_Buyer * Adx_Only * Web             | [2.62, 3.32] %   | [3.66, 4.59] %   | [2.89, 3.82] %   | [3.48, 4.53] %   |                 | [2.77, 3.69] %       |
| ment: RtbSurplusMaximizerOffExperiment |                  |                  |                  |                  |                 |                      |
| 263561114                              | 39,150,319       | 53,609           | 53,594           | 2,791            | 0.0000          | 50,815               |
| Demand_Syndication * Adx_Only * Web    |                  |                  |                  |                  |                 |                      |
| urplusMaximizerWithSmartBiddingControl | 38,951,665       | 53,378           | 53,363           | 2,777            |                 | 50,597               |
| 263561113                              | -0.51%           | -0.43%           | -0.43%           | -0.48%           | 0.0000          | -0.43%               |
| Demand_Syndication * Adx_Only * Web    | [-0.83, -0.18] % | [-0.80, -0.06] % | [-0.80, -0.06] % | [-0.87, -0.09] % |                 | [-0.80, -0.06] %     |

For AdX buyers, we maximize surplus in the BTS\*:

- +1.2% overall value
- +4.1% AdX buyer value
- +3.4% AdX buyer revenue

\* GDA/ DV3 are not using surplus maximizer; [Basta source](#)

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## Bundled changes that simplify the product have near neutral impact

- Changes include unified protections, removing anonymous inventory, etc
- Rationale for these changes:
  - Significant product simplification: Clean separation of pricing from protections
  - Cleans up 'branding type' / removes anonymous inventory (not ads.txt compliant)
- Impact is [< 1% AdX web revenue](#)\*

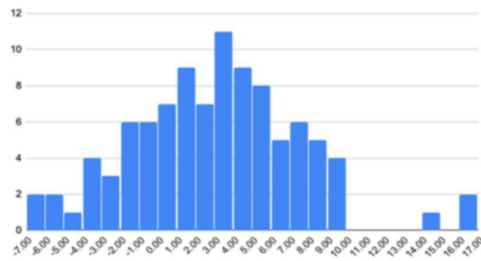
\* when simultaneously enforcing old + new protections

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## Indirect pub revenue impact

Histogram of overall indirect revenue\* impact for top 100 pubs



\*Includes revenue from AdX, Exchange Bidding and Header Bidding/ remnant line items

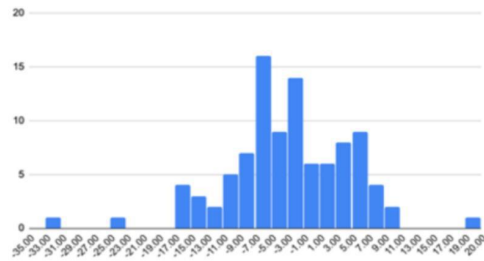
- Aggregate publisher indirect revenue\* impact of +1.4%
- 76 out of top 100 pubs have a positive impact on indirect revenue

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## Some pubs see decline in programmatic revenue; Planning outreach to top impacted pubs

Histogram of AdX + EB revenue\* impact for top 100  
pubs



\*Notable ones include Daily Mail, Meredith and NY Post, Axel Springer, EA, Autotrader, MLB

- Few **strategic** pubs with meaningful (>10% AdX + EB revenue) impact\*
- Most highly impacted pubs have neutral-positive overall revenue impact (AdX + EB + HB)
- Comms strategy: Outreach to pubs with >10% revenue impact, asking them to adjust floor prices and HB boosts

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## Summary

- *Current results:* Near neutral (~1.5%) impact on revenue
- *Short term expectations:* Improved Google performance as (1) AdX buyers stop overpaying, (2) Publishers remove inefficient header bidding 'boosts'
- *Long term expectations:* Continued investments in optimizations across sellside and external + Google buyers should further improve performance. Unified auction which buyers can directly bid into should result in better positioning to compete against external 1P demand (eg. open bidding)

ASK: Approval to complete ~100% sellside transition to new auction model in 2 weeks

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- -1.5% Google gross revenue; neutral Google net revenue; -1.4% publisher payment from Google; neutral publisher payment overall

## Appendix

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## Delaying 100% sell-side launch to Q1

### Advantages

- *Move short-term (~1%) AdX revenue loss from Q4 to Q1, and reduce loss as performance improves with bidding fine-tuning*

### Risks

- *Reputation risk: committed earlier to a 2019 launch; Could be interpreted in market as result of poor performance*
- *Tech complexity: Will be pressured to share granular data with individual pubs; increases risk of some pubs wanting opt out*
- *Potential need to scale back experiment traffic through Q4.*

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## Sell-side optimizations like Target CPM will benefit revenue and pub payout

|                                     | Impressions    | MatchedQueries | Value Clamped   | Revenue        | Google Profit   | GDN profit      | Post Revshare Payout |
|-------------------------------------|----------------|----------------|-----------------|----------------|-----------------|-----------------|----------------------|
| TargetCpmModel1pSmartBiddingControl | 2,843,139,557  | 3,232,910,780  | 9,345,931       | 3,483,150      | 696,453         | 175,400,8242    | 2,657,739            |
| 262565705                           |                |                |                 |                |                 |                 |                      |
| TOTAL * Web * Adx_Only              |                |                |                 |                |                 |                 |                      |
| getCpmModel1pSmartBiddingExperiment | 2,955,506,871  | 3,359,944,912  | 9,348,153       | 3,506,873      | 701,219         | 176,165,6062    | 2,675,474            |
| 262565706                           | 3.95%          | 3.93%          | 0.02%           | 0.68%          | 0.68%           | 0.44%           | 0.67%                |
| TOTAL * Web * Adx_Only              | [3.89, 4.02] % | [3.87, 3.99] % | [-0.39, 0.43] % | [0.54, 0.82] % | [-0.03, 1.40] % | [-2.49, 3.36] % | [0.60, 0.73] %       |
| TargetCpmModel1pSmartBiddingControl | 1,528,048,587  | 1,635,945,651  | 1,886,021       | 1,080,390      | 270,398         | 69,009,4457     | 809,302              |
| 262565705                           |                |                |                 |                |                 |                 |                      |
| Adwords_Buyer * Web * Adx_Only      |                |                |                 |                |                 |                 |                      |
| getCpmModel1pSmartBiddingExperiment | 1,586,035,764  | 1,697,797,698  | 1,897,460       | 1,090,980      | 272,480         | 68,935,5453     | 817,833              |
| 262565706                           | 3.79%          | 3.78%          | 0.61%           | 0.98%          | 0.76%           | -0.11%          | 1.05%                |
| Adwords_Buyer * Web * Adx_Only      | [3.71, 3.88] % | [3.70, 3.86] % | [0.10, 1.11] %  | [0.51, 1.45] % | [-1.13, 2.68] % | [-7.54, 7.33] % | [0.96, 1.15] %       |
| TargetCpmModel1pSmartBiddingControl | 639,453,533    | 779,332,870    | 6,483,542       | 1,497,290      | 311,179         | 106,391,3785    | 1,057,787            |
| 262565705                           |                |                |                 |                |                 |                 |                      |
| Dbm_Buyer * Web * Adx_Only          |                |                |                 |                |                 |                 |                      |
| getCpmModel1pSmartBiddingExperiment | 669,160,439    | 803,691,010    | 6,470,987       | 1,507,078      | 313,532         | 107,230,0609    | 1,064,000            |
| 262565706                           | 3.08%          | 3.13%          | -0.19%          | 0.65%          | 0.76%           | 0.79%           | 0.59%                |
| Dbm_Buyer * Web * Adx_Only          | [3.01, 3.15] % | [3.07, 3.18] % | [-0.74, 0.36] % | [0.57, 0.74] % | [0.66, 0.86] %  | [0.72, 0.86] %  | [0.50, 0.67] %       |

Target CPM helps pubs meet floors 'on average', rather than per-query

- +0.7% revenue
- +3.9% impr.
- +1% GDA revenue
- +0.6% GDA value

Continued investments in optimizations will further improve performance over time

\* Rasta source

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## Last look provides AdX/ EB buyers visibility into HB prices prior to bidding...

### Example where last look impacts AdX auction



- Pubs call Header bidders first (compete in a 1P auction)
- This price informs the floor sent to AdX and EB, prior to bidding
- In this eg. Adwords wins the impression (2P bid of \$4 is highest)
- i.e. Adwords wins as long as "2P bid" > "1P bid" of header bidders

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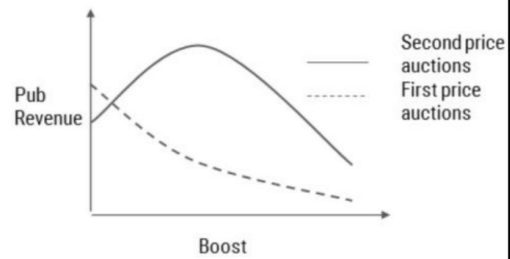


... but incentivizes pubs to inflate ("boost") the floor sent to AdX

#### Example where last look impacts AdX auction



#### Comparison of boost and short-term pub revenue in 1P and 2P auctions



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## Key launch benefits for sell-side partners

### Simplicity



*Improved auction understanding  
Operational efficiency  
Focus on long-term value creation*

### Fairness



*All indirect demand competes on  
equal footing*

### Transparency



*Ensure fair auctions  
Gain improved insights*

## App metrics

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## Updated App numbers

|                       | Revenue | Impr.  | Publisher payout | Google profit |
|-----------------------|---------|--------|------------------|---------------|
| All app inventory     | Neutral | +0.09% | -0.45%           | Neutral       |
| AdX                   | -0.5%   | +9.7%  | +0.2%            | -1.7%         |
| Admob                 | +1.0%   | -0.8%  | +1.1%            | +0.9%         |
| Gmob across app       | -2.7%   | -7.9%  | -2.9%            | -2.5%         |
| AdWords across app    | -5.4%   | -7.9%  | -6.9%            | -2.3%         |
| DV3 across app        | -3.5%   | -5%    | -2.5%            | -5.4%         |
| AdX buyers across app | +49%    | +42%   | +47.5%           | +54%          |

Source: [Basta](#)

Small increase in revenue, impressions, payout, Google profit

Overall results better on AdMob than AdX (deeper dive on next slide)

Spend shift from Google buy-side to AdX buyers

- Mitigating factors:
  - Increased AdX buyers spend may not sustain when traffic ramps up (if they are overpaying)
  - ~ 50% of revenue loss is budget-constrained on each of GMob, AdWords, and DV3.

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## App impact ~neutral; GDN/DV3 can continue submitting 2P bids; some spend shift to AdX buyers

|                       | Revenue | Impr.  | Publisher payout | Google profit |
|-----------------------|---------|--------|------------------|---------------|
| All app inventory     | +0.7%   | +2.0%  | +0.9%            | +0.5%         |
| AdX                   | -0.5%   | +9.7%  | +0.2%            | -1.7%         |
| Admob                 | +1.0%   | -0.8%  | +1.1%            | +0.9%         |
| Gmob across app       | -2.5%   | -7.1%  | -2.4%            | -2.8%         |
| AdWords across app    | -5.9%   | -8.7%  | -6.8%            | -4.0%         |
| DV3 across app        | -4.4%   | -5.8%  | -3.6%            | -5.6%         |
| AdX buyers across app | +61.6%  | +55.9% | +60.7%           | +64.1%        |

Source: [Basta](#)

Small increase in revenue, impressions, payout, Google profit

Overall results better on AdMob than AdX (deeper dive on next slide)

Spend shift from Google buy-side to AdX buyers

- Mitigating factors:
  - Increased AdX buyers spend may not sustain when traffic ramps up (if they are overpaying)
  - ~ 50% of revenue loss is budget-constrained on each of GMob, AdWords, and DV3.

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## Performance across different segments

|                                 | Revenue | Impr. | Publisher payout |
|---------------------------------|---------|-------|------------------|
| AdX                             | -0.5%   | +9.7% | +0.2%            |
| Admob                           | +1.0%   | -0.8% | +1.1%            |
| On-platform                     | +2.1%   | -0.3% | +1.7%            |
| Off-platform                    | -0.1%   | -0.9% | +0.8%            |
| Off-platform multi-calling*     | +0.2%   | -0.5% | +0.2%            |
| Off-platform not multi-calling* | -0.2%   | -1.0% | +0.9%            |

- Some impression shift from Admob to AdX (probably due to lower effective AdX floors & multi-calling across AdX and AdMob)
- AdX revenue impact worse (potentially due to last look removal)
- On-platform inventory performance better
- Multiple call inventory not performing meaningfully different than non-multi-call inventory

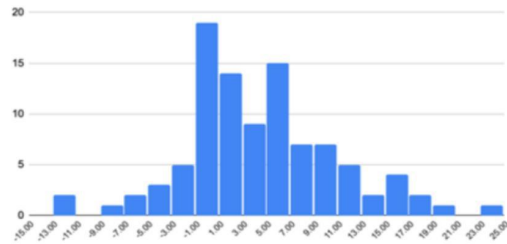
\*Multi-call is defined here as > 4 calls. [Source](#)

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## Most app pubs have low revenue impact

Histogram of overall indirect revenue\* impact for top 100 app pubs



\*For Ad Manager pubs, this includes revenue from AdX, EB and remnant line items

- Most pubs in -1% to +7% revenue\* impact range
- ~5 pubs (in top 100) have >5% revenue decline
  - Impact mostly on remnant revenue -- remnant CPMs not always accurate
- 9 out of top 10 pubs with highest prog. revenue impact are on Ad Manager
  - Likely due to "last look" -- may/may not impact overall pub revenue (*investigation ongoing*)

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## Top impacted pubs

| Publisher                                  | Estimated ARR revenue impact (\$ mm) | Estimated % revenue impact |
|--|--------------------------------------|----------------------------|
| Edmunds DFP                                | 22                                   | 12.99                      |
| VIMN - INTL Network                        | 11                                   | 12.14                      |
| Chinatimes DFP                             | 6                                    | 1.83                       |
| 9GAG                                       | 5                                    | 6.35                       |
| eBay IT - DFP                              | 5                                    | 4.42                       |
| Viki                                       | 5                                    | 13.78                      |
| Flipboard                                  | 4                                    | 8.15                       |
| MXPlayer                                   | 4                                    | 3.66                       |
| Times Internet Limited India - DFP - APAC  | 3                                    | 7.55                       |
| Univision - DFP                            | 3                                    | 9.68                       |
| DAZN Group                                 | 3                                    | 0.82                       |
| Major League Baseball                      | 2                                    | 5.80                       |
| TV2/Danmark A/S                            | 2                                    | 5.61                       |
| Teletel Communication Channels Ltd (Walla) | 2                                    | 15.08                      |
| eBay DE - DFP                              | 2                                    | 0.64                       |

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## Additional context slides

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## Market Perception

- *Mar '19*: Positive press following initial announcement to re. the migration of Ad Manager to a first price auction, around the improved simplicity this change would bring to the ecosystem
- *May '19*: Negative press upon subsequent announcement around our intent to unify pricing across all demand sources (including header bidding) and disallow the ability to set buyer-specific floors
- *May-June '19*: Extensive partner education through individual (>20 1:1 PM/eng/pub meetings) and group engagements (US/EMEA User groups) around benefits of changes, reaching >400 pubs
- *May-June '19*: Positive feedback received from a variety of publishers, including the Washington Post, Vice Media, NYT, MailOnline, etc
- *Jul '19*: A few unhappy publishers (including NewsCorp and the Guardian) who we continue to engage
- *Jun-Jul '19*: Regional sales teams conducted multiple hands-on workshops with clients around the operational aspects of setting unified floors in a first price auction

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## Unifying floors (AdManager app & web)

### **Material reduction in effective floors, which will improve Ad Manager inventory access for buyers**

- 56% queries have non-zero Unified Pricing floors vs. to ~80% queries with legacy floors
- When a UPR is set, it is ~72% (median) of the corresponding legacy Pricing rule floor.
- For AdWords, the avg. publisher floor reduces from \$3.31 under legacy floors to \$1.01 under UPR
- Estimated 6.4% increase in value of impressions won by AdX, that are currently blocked due to high legacy floors

### **Negative effect on 3P SSP spend, since HB/OB demand previously had no floors applied on Ad Manager**

- Prior analysis showed 16.8% of HB impressions had a higher AdX bid, which was blocked due to a higher floor for AdX

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## Last look removal (AdManager app & web)

### **Reduced visibility into competing HB prices results in a material revenue drop for Ad Manager**

- On second-price traffic, this results in a 8% decrease in AdX revenue and impressions
- There is an increase in spend on 3P SSPs (DV3 is a large buyer of header bidding)
- Neutral impact on AdMob, since HB traffic is less significant on app

### **Reduced incentive to inflate HB prices in Ad Manager is not easy to measure in the short-term**

- Pubs have no incentive to inflate prices in new HB setups
- Plan to educate pubs around strictly negative revenue consequences of HB price inflation, to correct for existing setups over time

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## Graveyard

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## Why make this change?

- Pro-competition
- Publishers 'compensate' for this through boosting Header Bidding (this also increases short-term revenue in the second-price world)
- Allows us to pair this up with other valuable changes to create a fair buying platform for all buyers.

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# Why make this change?

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| Id | Date                | Text  |
|----|---------------------|---|
|    |                     | <b>PRIVILEGED AND CONFIDENTIAL</b>  |
| 2  | 09/01/2019 18:25:27 | Also, product-wise, clean-up / simplification. (Unified Protections, removal of branding types, no per-buyer floors.)   |
| 1  | 09/03/2019 09:25:00 | +rahulsr@google.com<br><br>Could you add some content about the key benefits here?<br><br>(Level playing field, improved buying efficiency when a final 1p auction exists, Pro-competition) |
| 1  | 09/03/2019 09:25:00 | we're covering this in slides 6 and 7   |



'Last Look'

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| Id  | Date                | Text   |
|---|---------------------|--|
| 3   | 09/03/2019 09:29:32 | +rahulsr@google.com Could you please describe how last look works today? |
| 2   | 09/03/2019 09:29:32 | we've described this on slide 5  |
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## Agenda

- Recap of auction changes
- Google impact expectations
- Initial results
- Top impacted pubs
- Next steps

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## High level summary

Objective: Update on initial experiment performance (focus on app traffic)

- **Product launch:** simplification of display auction (incl. move to 1P) across Ad Manager and Admob
- **Timing:** Currently live on 10% of traffic; Aiming for a 100% launch in early September, with option for buyers to continue submitting second-price bids
- **Initial results:** Near-neutral overall revenue impact when Google demand uses Bid Translation service on app, with some spend shift from Google demand to AdX buyers
  - *Mitigants:* Increased AdX buyers spend may not be sustained as traffic ramps up; ~50% of Google demand revenue loss is budget constrained

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## GDA/DV3 using Bid Translation (AdManager app & Admob)

**Performance on apps (Ad Manager + AdMob) is neutral overall, with some spend shift to AdX buyers**

- Small increase in revenue (+0.7%), impressions (+2%), payout (+0.9%) and Google profit ([x]%)
- Overall results better on AdMob than AdX. Small decrease in impressions for AdMob (-0.8%), (likely due to impressions shifting to Ad Manager). ~+1% Google revenue, profit and payout to app pubs
- Spend shift from Google buy-side (GMob -2.8%, AdWords -5.8%, DV3 -4.5%) to AdX buyers (+ 68.9% revenue, +33.4% impressions)
- Mitigating factors:
  - Increased AdX buyers spend may not be sustained when traffic ramps up (if they are overpaying)
  - ~ 50% of revenue loss is budget-constrained on each of GMob, AdWords, and DV3.

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