

Message

---

**From:** Jonathan Bellack [jbellack@google.com]  
**Sent:** 6/16/2011 4:07:30 PM  
**To:** Laurent Cordier [laurentc@google.com]  
**Subject:** YM plan docs  
**Attachments:** 100905c Yield Management v04.pptx

Attached is the AGPS deck presented to Susan & Neal & Henrique in September that got general endorsement.

Was then refined to [go/ym-mission](#) which focuses a bit more on the product/eng side.

— Jonathan

**PTX0085**

1:23-cv-00108



## Yield Management Product Plan

Jonathan Bellack, Stephen Dove, Alex Vogenthaler, Rahul Bafna,  
Robby Stein, Neal Mohan, Joerg Heilig, Scott Spencer

© 2004 Google Inc. All rights reserved.

## Executive summary



- Yield managers are disintermediating our access to inventory, inhibiting our overall display strategy
- We have product and service gaps against Yield Managers
- We have a plan to close those gaps and facilitate inventory flow to AdX (assuming it generates best yield)
- Some short-term actions will mitigate key risks
- Our ask: 1) approval to our plan, 2) help to mitigate the risks

# Our display strategy has two doors for publishers



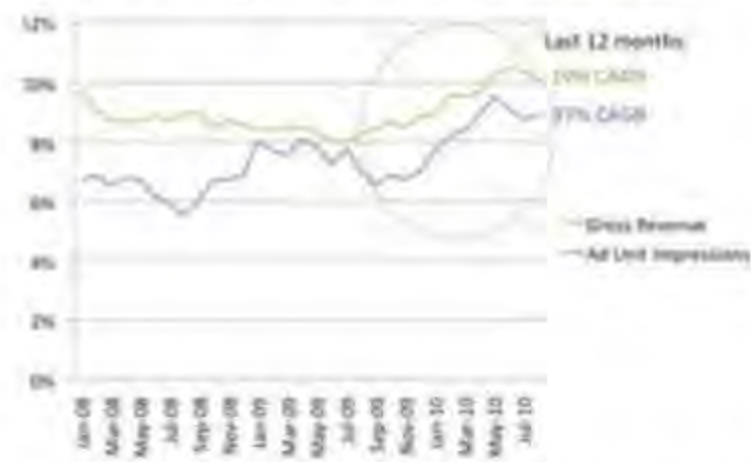
# Yield managers are disintermediating our access to inventory



Yield Managers are a growing part of the buys on Invite Media



A growing percentage of AFC+AdX publishers are working with Yield Managers, too



Yield Managers are persistent on DFP Small Business



Premium DFP publishers are working with Yield Managers and networks



60%+ of paying DFP publishers are using a third party yield manager or a competitive exchange



More than 75% of DFP pubs maintain direct network relationships  
"If a network offers me a \$3 CPM, I'm going to sign the deal"

Ease of Use and Publisher Controls Have Allowed YMs to Gain Management Control of Remnant Inventory



Top 4 Sell-Side Exchanges / Yield Managers – Google Customer Survey, August 2010



Source: Google Customer Survey, August 2010

Copyright © 2010 Google Inc. All rights reserved.

## The need: Publishers work with networks in 3 ways

	Direct network booking	Managed networks	Network bidding
What is it?	Publisher sets terms directly with network  Traffic tags like any other 3PAS advertiser	Publisher sets terms directly with network  Delegates ad operations, allow / block ads, and optimization to 3 <sup>rd</sup> party	Publisher submits ad inventory to an auction  Interested parties compete for each impression
Why is this valuable?	Complete flexibility  Publisher keeps 100% of revenue	Outsource a headache  Maybe optimize a little extra revenue	Maximize top-line revenue (yield)
Percent of all network relationships in DFP (est.)	80%	13%	7%

©2011 Google. All Rights Reserved. Confidential

## Only yield managers offer a complete solution



	Direct network booking	Managed networks	Network bidding
AdSense	N/A	N/A	Google Certified Ad Networks (GCAN)
XFP	All targeting and scheduling rules No special network integration	N/A	Dynamic allocation to AdX (line item booking in testing now)
AdX	N/A	Exclusive ad slots No services	75% of top 50 networks Flexible rules & tools No services
Yield Managers	Very basic support	Full-service offering includes trafficking, blocking bad ads, and optimization via manual network integration	Fewer networks and less technology <b>but</b> bundled into full-service offering

Google Confidential and Proprietary 7



Our response: a complete solution that facilitates inventory flow to highest yield / least hassle



	Direct network booking	Managed networks	Network bidding
XFP / XFP SB	OK here	One-click option to convert a direct network booking to a managed network (using AdX infrastructure)	One-click option to convert a managed network to real-time bidding  Expose full AdX controls through XFP (long-term goal)
Services: outsourced operations, optimization consulting Yield Management Dashboard			
AdSense	N/A (security / support risks)	Managed network tool (first price auction, pick network from list) at ad unit level?	Market GCAN as an easy yield management solution
Easier upgrade path from ASFE to XFP Small Business			

Copyright 2010 Google Inc. All rights reserved.

# Creating a Path to Network Bidding



In DFP / XFP:

Network Ad Type

CPM: 3.25

Creative: <advertising.com>

Manage this network for me

- Manual billing
- Creative review, ad blocking and logging into the network's system

Via the AdX infrastructure:

AdWords

Advertising.com

Fixed price over-ride

Advertising.com [remove](#)

- Automated billing
- Creative review, ad blocking available via AdX
- Lower revenue share

Via AdX:

Available Ad Networks

Advertising.com

- Automated billing
- Creative review, ad blocking available via AdX
- Full AdX value proposition and revenue share

## Deep dive: XFP Yield Management Dashboard



- One view of remnant inventory and everything competing for it
- Shows all three types of network relationships
- Easy options to enable managed networks or network bidding
- Inline reporting on volume and yield
- Centralized controls for easy changes and consistency
- Hook point for services – operations and optimizations



## Yield Management Services



	Outsourced Operations	Optimization Consulting
Goals	Ensure proper quality and ease of use to encourage pubs to opt more inventory into AdX	Give Google a competitive edge over YMs with total revenue management
Activities	<ol style="list-style-type: none"> <li>1. Human Ad Review</li> <li>2. Search and Destroy bad ads</li> <li>3. Policy monitoring: site reviews</li> <li>4. Standard reporting</li> <li>5. Bulk-changes</li> </ol>	<ol style="list-style-type: none"> <li>1. Remnant optimization</li> <li>2. Neutral across all demand sources</li> <li>3. Case studies, trainings, and product feedback</li> </ol>
Resource Plan	<ul style="list-style-type: none"> <li>• Cost effective, semi skilled work force, to address these tasks manually</li> <li>• Will investigate basing team in India, Dublin, or Wroclaw</li> <li>• Budget \$12,000 / month to cover 200 publishers</li> </ul>	<ul style="list-style-type: none"> <li>• 5 skilled FTEs (4 ics and 1 manager)</li> <li>• Organization structure TBD (MPS or OSO)</li> </ul>

## Marketing/sales plan: Total Revenue Management

- Put our resources behind two doorways – XFP and AdSense Front End – emphasizing integrated benefits
- KEY RISK: marketing does not have the staff to execute on this plan

	Marketing	Sales
XFP	<p>Blitz with Total Revenue Management story – direct sales and yield management in one platform</p> <p>PR to counter AdX myths, show strength of network bidding</p>	<p>Continued focus on acquisition and activation of DFP premium publishers</p> <p>Aggressively recruit DFP Small Business publishers to AdX</p>
AdSense	<p>Market GCAN as an integrated Yield Management solution powered by AdX</p> <p>Market DFP Small Business as a full YM solution</p>	<p>Training and plan to identify &amp; retain AdSense pubs at risk for YMs</p> <p>Aggressively offer DFP Small Business as a complete YM option</p>

## Short-term action plan to reduce risk



Today's Risk	Action	Risk mitigation
Incomplete solution	Launch AdX line item integration in XFP	Address torso publishers (Small Business, OSO Tier 1+2)
Long time to market	Pure-services version of managed networks, with internal tools in AdX UI	Eliminate dependency on XFP features and upgrades
Incomplete network coverage	Develop a way for AdX to import revenue data from any network  AdX buy-side sales to go after 95% coverage of networks	Close gap with Yield Managers
Hype around YMs, not AdX	Accelerated marketing & PR push	Get into the conversation

Google Confidential and Proprietary 10

## Should We Buy a YM?



Need to evaluate carefully based on these criteria:

1. Their technology is irrelevant to us
2. Their customer set is already a very large overlap, and very elastic, so we aren't buying customers
3. Are their human resources and service offerings worth what we would have to pay?
4. How does the competitive landscape change if we buy one?

Discussion

Google





## Managed Network services are hacky but useful



Yield optimization platforms (Rubicon Project, PubMatic, AdMeld) consolidate all networks into one UI for inventory allocation controls and reporting.



The publisher shares their login credentials with the company to:

1. Set up the daisy chain
2. Optimize settings
3. Get access to reporting (via screen scraping or automated reports).

# Overall publisher strategy: the virtuous flow of inventory through two entry points



HEAD AND TORSO

TORSO AND TAIL



**Grow overall volume of ads served**  
(be the preferred ads platform for all publishers)



**Grow impressions visible to the auction**  
(drive XFP backfill)



**Grow impressions where AdX wins**  
(move ad networks into the exchange)



**Grow impressions where GDN wins**  
(increase RPM and participation)



© 2014 Google. All rights reserved.

# Total Revenue Management



## Yield managers are small but work with a lot of publishers



	<b>AdMeld</b>	<b>PubMatic</b> <small>Make every impression count</small>	<b>rubicon</b>
<b>Funding</b>	\$15M	\$18 M	\$42M
<b>Number of employees</b>	55 employees	108 employees	139 employees
<b>Reach</b>	395m Uniques, Processes 1.3b daily impressions (40b monthly)	125m Uniques (?), Volume N/A	500m Uniques, Processes 1.5-1.6b daily impressions (45-50b monthly)
<b>Volume</b>			
<b>Customers</b>	Claim 300+ publishers	Claim 5,000+ publishers (includes self serve)	Claim 350+ pubs
<b>Business terms</b>	Rev share basis between 7-15%	N/A	10-15% rev-share of all managed revenue; most clients at 10%
<b>Key Strengths</b>	<ul style="list-style-type: none"> <li>• Full service for large premium partners</li> <li>• Clearing house for payments</li> <li>• Real Time Bidding</li> <li>• Creative controls</li> <li>• Fire Meld plug in for ad removal</li> </ul>	<ul style="list-style-type: none"> <li>• Full service on premier model</li> <li>• Optional RTB</li> <li>• Flexible inventory set up options</li> <li>• Reporting</li> <li>• Creative controls</li> </ul>	<ul style="list-style-type: none"> <li>• Strong service component for publishers</li> <li>• Most inventory and the best names</li> <li>• Strong Marketing</li> <li>• Easy UI</li> </ul>

©2014 Google. Confidential and Proprietary.

## Yield Mgmt Services: Outsourced Operations



<b>Goals</b>	Ensure proper quality and ease of use to encourage pubs to opt more inventory into AdX
<b>Activities</b>	<ol style="list-style-type: none"><li>1. Human Ad Review</li><li>2. Search and Destroy bad ads</li><li>3. Policy monitoring: site reviews</li><li>4. Standard reporting</li><li>5. Bulk-changes</li></ol>
<b>Resource Plan</b>	<ul style="list-style-type: none"><li>- Cost effective, semi skilled work force, to address these tasks manually</li><li>- Ramp at a rate of ¼ of a head per client</li><li>- Will investigate basing team in India, Dublin, or Wroclaw</li></ul>

Source: Competitor's website, LinkedIn

Copyright © 2013 Google

## Yield Mgmt Services: Optimization Consulting



<b>Goals</b>	Give Google a competitive edge over YM with total revenue management
<b>Activities</b>	<ol style="list-style-type: none"><li>1. Remnant optimizations including network setup analysis, recommendations, managing implementation, proving results and refining process.</li><li>2. Focus on AdX penetration</li><li>3. Case studies, trainings, and product feedback</li></ol>
<b>Resource Plan</b>	<ul style="list-style-type: none"><li>-5 FTEs (4 ics and 1 manager)</li><li>-Organization structure TBD (MPS or OSO)</li></ul>