
From: Islam Ismailov </O=THEFACEBOOK/OU=EXTERNAL (FYDIBOHF25SPDLT)/CN=RECIPIENTS/CN=31C3A1D0F5F1458592567066876B24DD>
To: Francesca Pignataro; Christopher Hahn; Louise Watson; Henry Erskine Crum
Sent: 12/7/2016 5:16:34 PM
Subject: Re: Bidding Strategy Deck v2

Hey, the deck is amazing and really deep. I have some nits:

1. There are some typos on the first slide with lots of into (Pre-read - What are we proposing & Why)
2. I don't necessarily agree that Waterfall is really used to "obfuscate" anything and let the Waterfall owner to have "last-look", +1c bids, and other unfair things. That's a pretty strong accusation and I don't think Google actually does that. AFAIK they bid true value no matter what. It's just how "true value" is defined in their auction is a little different from ours (due to discrete pacing). I think the main advantage that bidding gives pubs is **super-granular control over the price of each bid** and potential ad. This goes in contrast to the Waterfall model, where their ad ops person would look every day into the FB Reporting UI, determine the average bid and put then manually enter that in DFP / modify the priority of FB in the Waterfall. This obviously is inherently inefficient and leads to lower revenue for pubs. I would really stop using words like "unfair" and replace them with "suboptimal", both from user and revenue perspectives (users see "best" ads for themselves, and the pubs get more money).
3. Waterfall is not going anywhere. It's been there since the 90s, and is comparable to MS Excel. Google docs, services, quip, + 1M other startup could not replace Excel. What we want to do is not replace the Waterfall but make it used only for ad-serving and not for auction and not for targeting (FB can do a much better job at both of these, arguably).
4. Header Bidding does not increase speed / decrease latency, it actually increases it! In the most common case since calls are made not only to Waterfall/DFP (but only for ad serving, no auction/targeting), but also to a several bidding partners. Also it's not always "header" bidding, since some pubs move it to actually in the "footer" of the page to reduce the said latency's effect on the page load / user experience.
5. Again, I do not think HBidding killed waterfall. Waterfall is still used to make a decision between serving direct/bidding per given request for HOM pubs. It did kill Waterfall auction and targeting for smaller pubs but it is still used to actually serve the winning bid ad. Have a look at this post for more details:
<https://fb.facebook.com/groups/1941288822764052/permalink/2018798025013131/>

-Islam

From: Francesca Pignataro <fmp@fb.com>
Date: Wednesday, 7 December 2016 at 05:12
To: Christopher Hahn <chrishahn@fb.com>, Islam Ismailov <ismailov@fb.com>, Louise Watson <louisewatson@fb.com>, Henry Erskine Crum <henryec@fb.com>
Subject: Bidding Strategy Deck v2

Hello,

Hope you all are well. Attached is v2 of the deck I shared with you earlier: <https://www.dropbox.com/s/ghh7ht8mptts3rh/mediation%20and%20bidding%20plans%20and%20program%20preview%202016%20KVC%20%28David%27s%20changes%202016-12-06%29.pptx?dl=0>

Would love your continued feedback. The audience for this deck is for Sales leadership, and the expected outcomes are 1. Education on what we're doing 2. Support with publishers to get the Beta for mWeb cranking and Alpha for Video going.

Thanks!
Francesca