
From: Lubo Malo </O=THEFACEBOOK/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=LMALO701>
To: Tim Harris; Thomas O'Day; Lubo Malo
Sent: 5/7/2019 6:50:39 AM
Subject: Message summary [{"otherUserFbld":null,"threadFbld":2160055437420274}]
Attachments: Web_Review_Summary_TODv3.pptx

Thomas O'Day (5/07/2019 01:37:03 PDT):
>Morning folks!

Thomas O'Day (5/07/2019 01:37:56 PDT):

shared: Web_Review_Summary_TODv3.pptx

Thomas O'Day (5/07/2019 01:38:02 PDT):
>Please do not share the deck any further - some LRP data in there

Thomas O'Day (5/07/2019 01:38:15 PDT):
>Can you please send me some feedback

Lubomir Malo (5/07/2019 06:50:39 PDT):
>I will send over feedback tomorrow morning

lay

Web Analysis

H1 Marketplace Review



AGENDA

1. FINANCIAL UPDATE

Top down for Mobile Web and Desktop

4. COMPETITIVE LANDSCAPE

Density & competitor set

2. MARKET SIZING

Bottom up for Mobile Web and Desktop

5. SUMMARY

Prioritisation

3. FUTURE GROWTH OPPORTUNITIES

Organic growth vectors

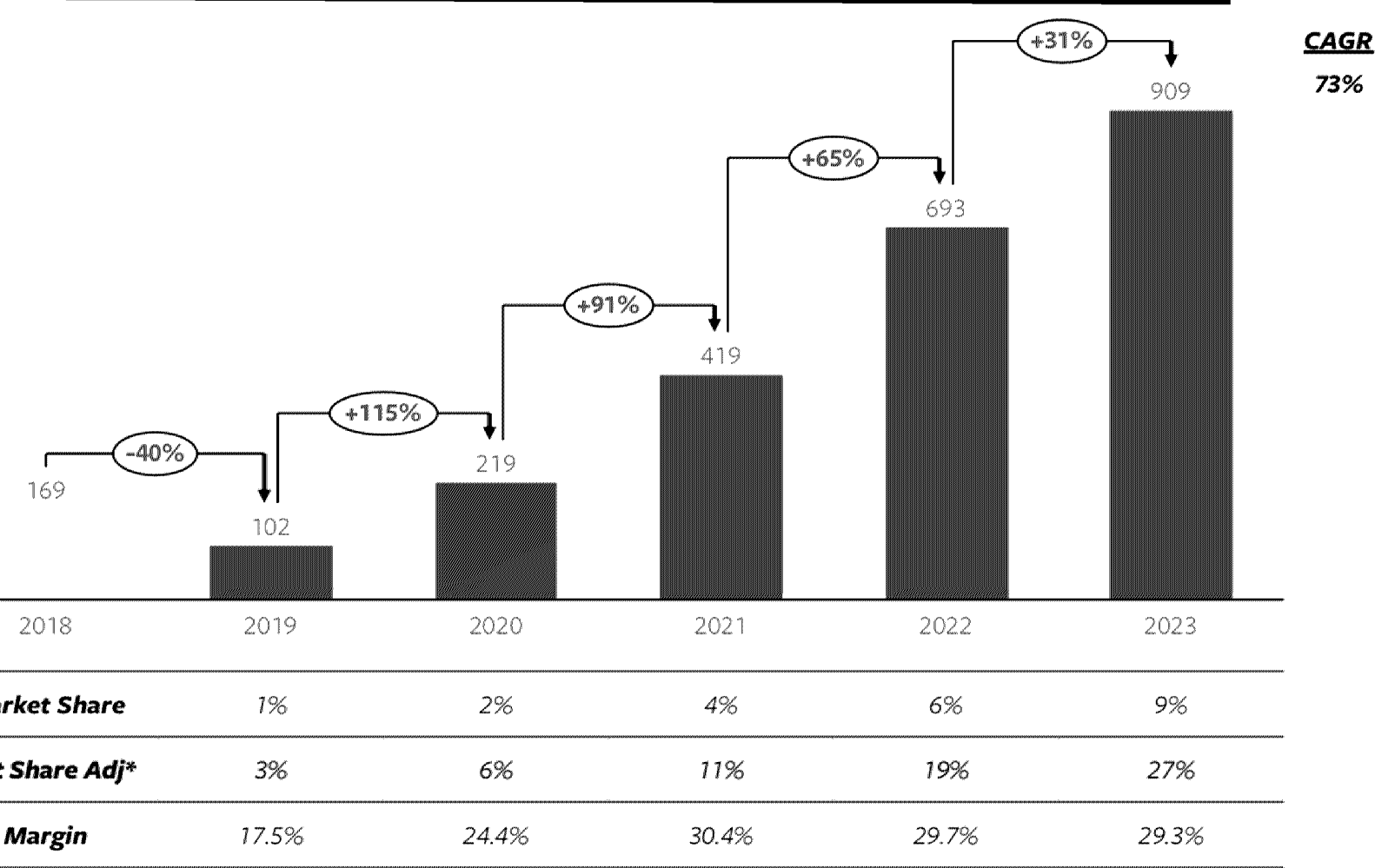
No.

1

Financial Summary

Web growth is expected through Bidding & CPM improvements

Q1 LRP Forecast 2023

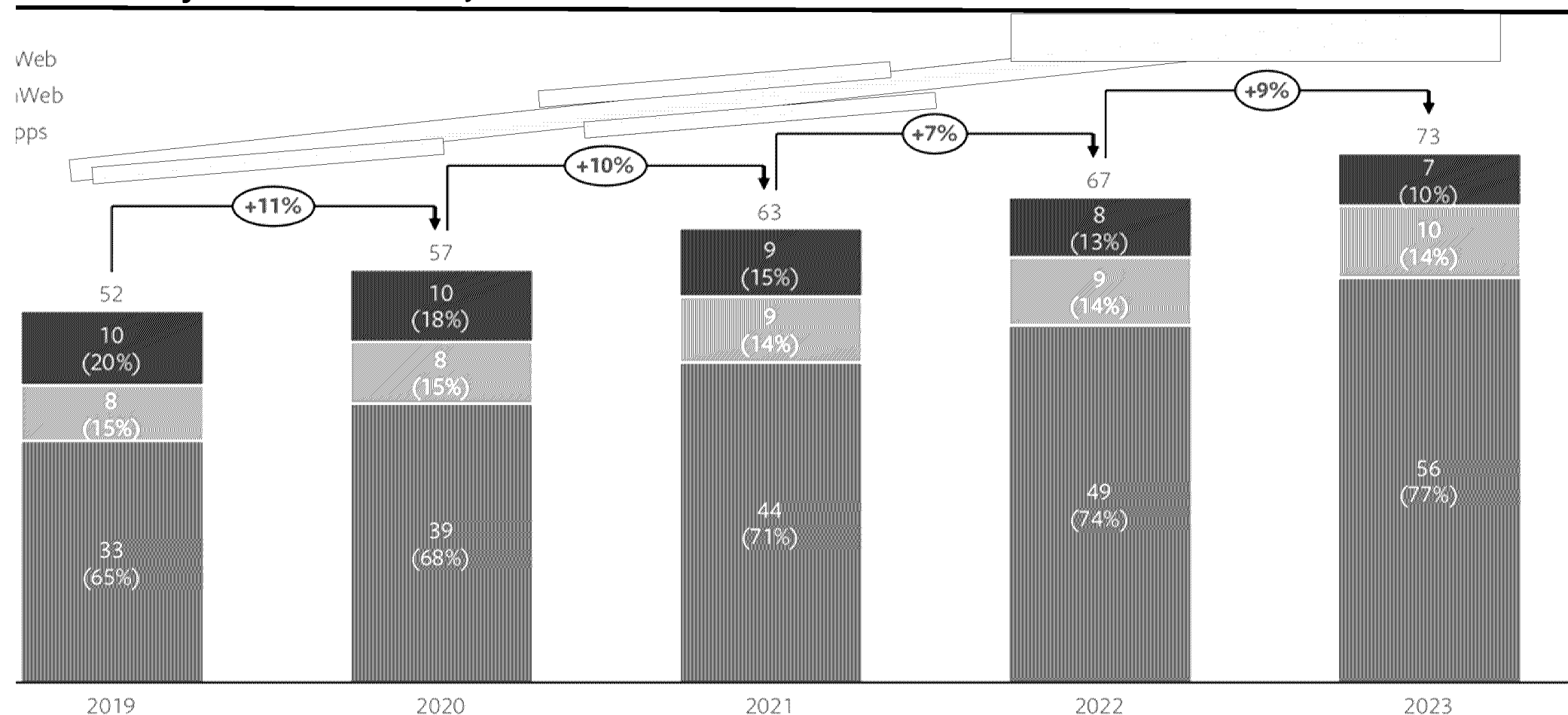


Outlook assumes we are able to fix the current competitive gaps and maintain/improve upon current win rates as we onboard new Web publishers in the short term.

Growth will largely be expected to come from Bidding partnerships that gain access to net new publishers similar to Non-Gaming and becoming a self-serve model. Model assumes no significant ramp in GTM

mobile increases its share from 80% to 90% with Mweek
 5% CAGR. Desktop expected to decline -8%

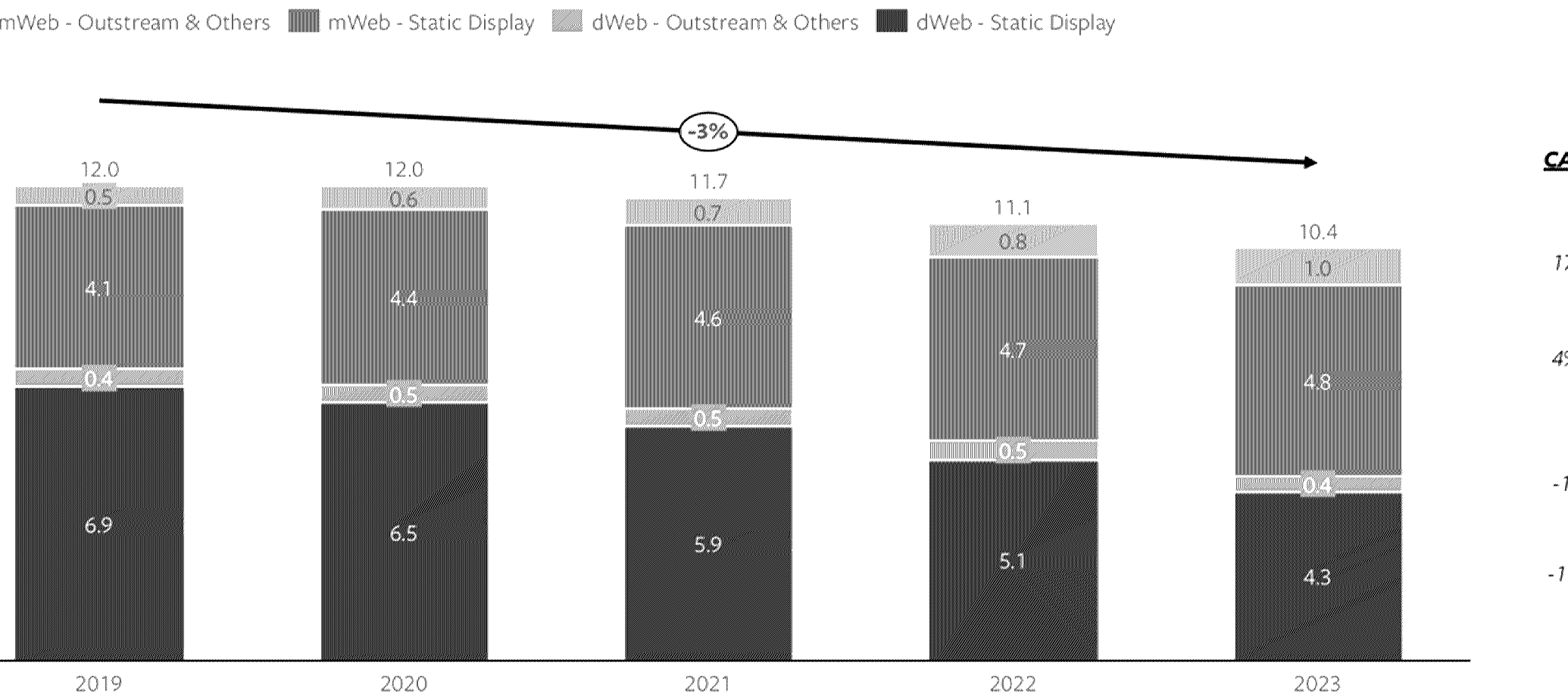
Publisher Ecosystems Ads Market by Surface



ce via IDC

Mobile Web will overtake Desktop in 2019

Addressable Market Excluding In-Stream



ce via IDC

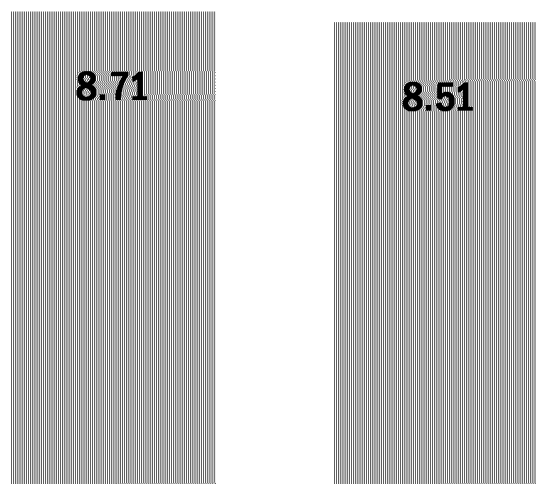
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Market Sizing

pressions-wise, market is ~50-50 divided between mobile web and desktop; desktop monetisation continues to outperform web

Impression (B) Annualized

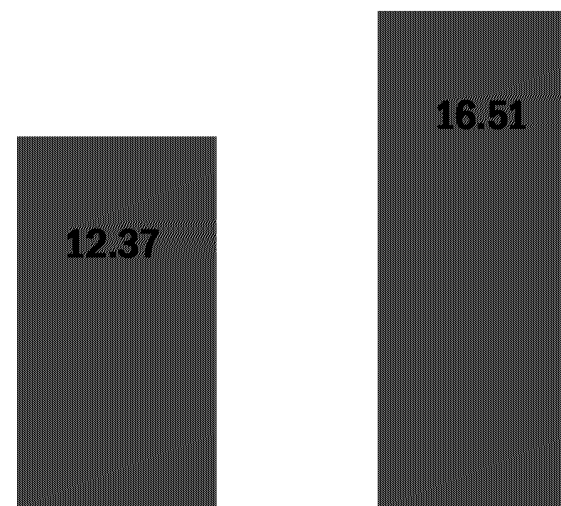


Mobile Web

Desktop

17.200B – unique imps

Revenue (\$B) Annualized



Mobile Web

Desktop

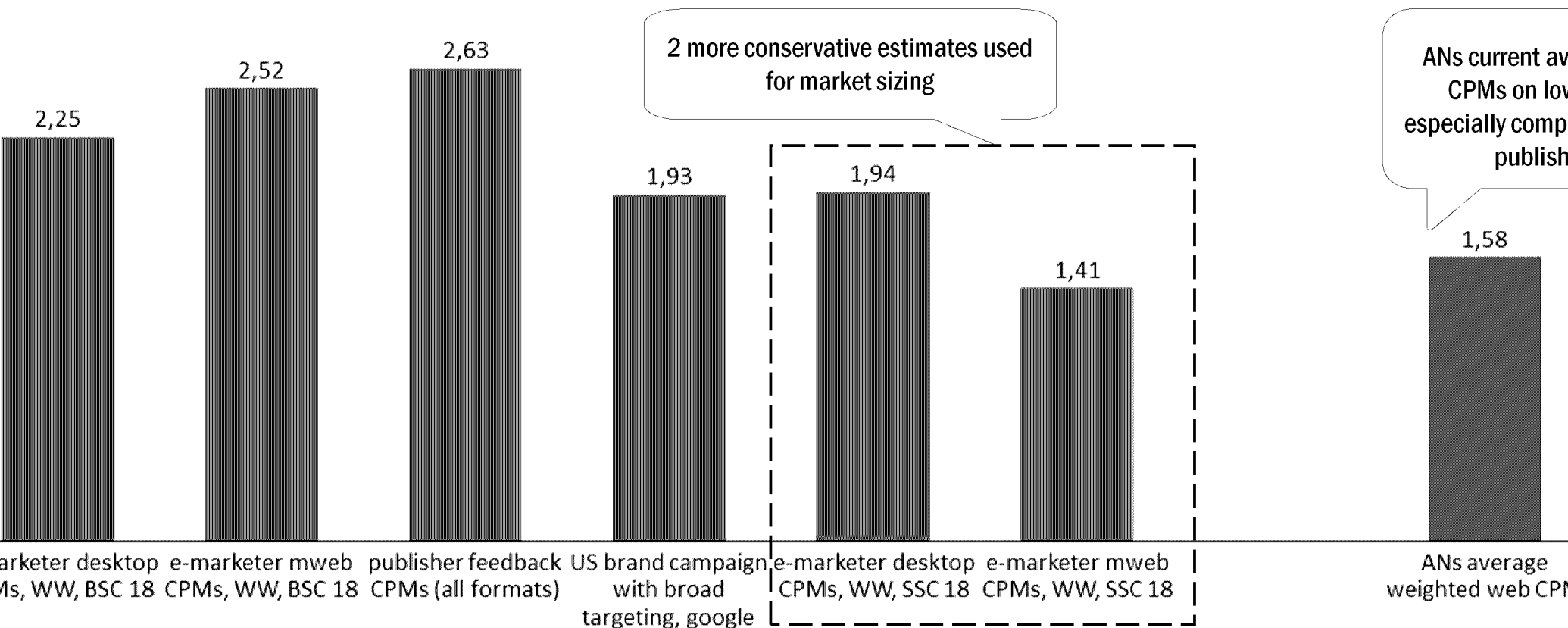
\$29B – total market

Add Slide
traje

- please see further slides, impressions – adjusted DV360 – please see further slides; to arrive at the unique impressions we are dividing the total number by the average weighted number of exchanges

2 more conservative CPMs assumed for web: 1.94\$ desktop and 1.42\$ for mweb

able CPM benchmarks, \$



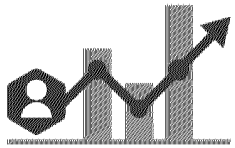
- buyer side, SCS - seller side

No.

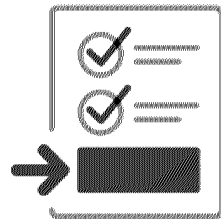
3

Future Growth Opportunities

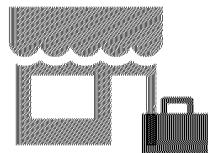
ways to view the Web opportunity for the Audience network



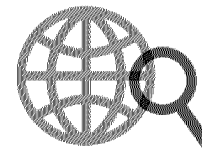
1. Customer
segmentation



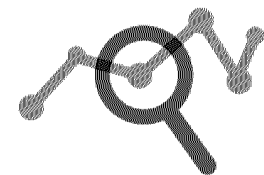
2. New Ad
Formats



3. Supply
Access



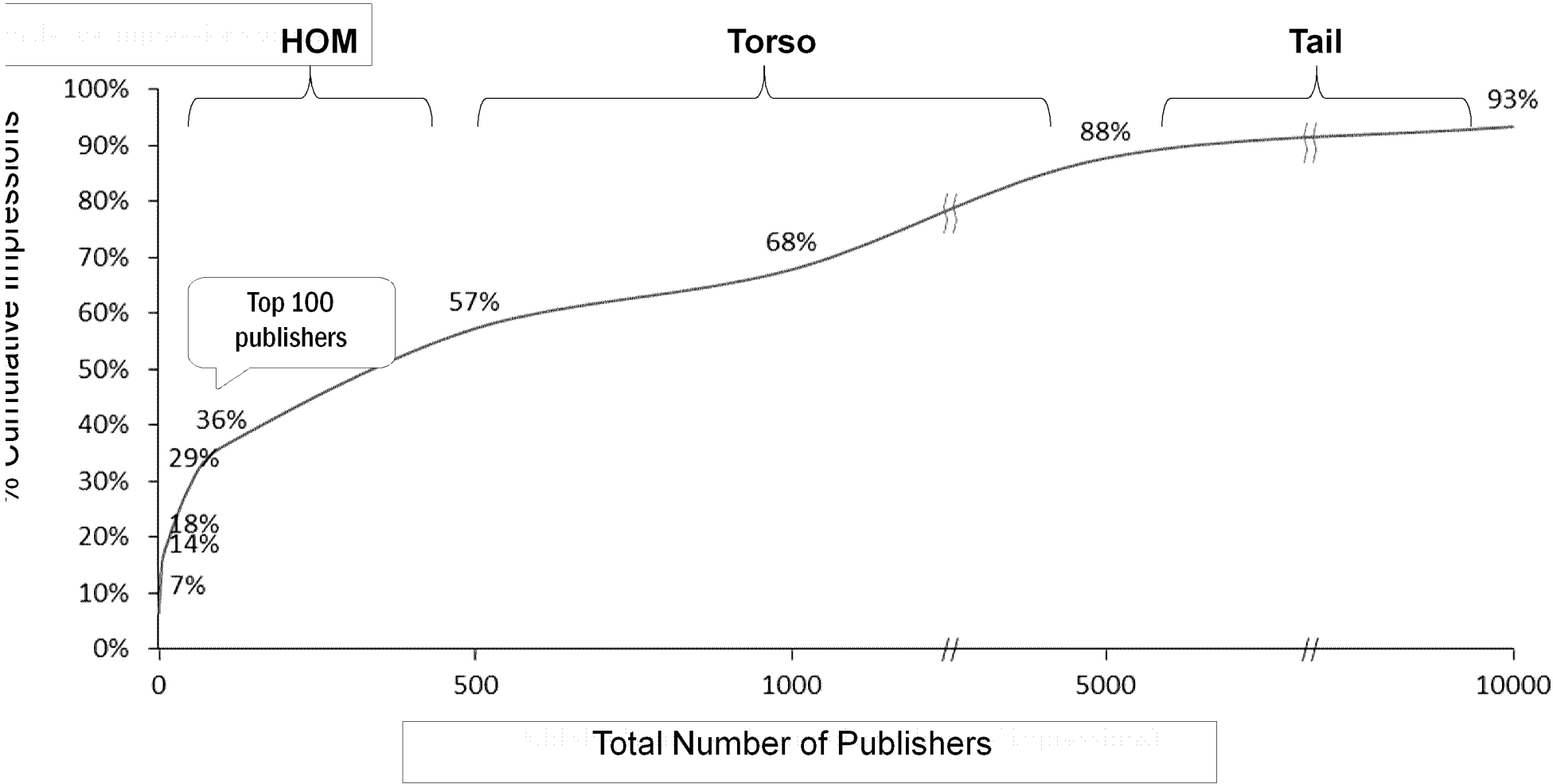
4. Geographic
Expansion



5. Monetisation
&
competitiveness

Web has a much larger Torso and Tail than App

100 domains drive only 36% of opportunity (~65% in App Non-Gaming), and 57% is Δ . Sizeable opportunity with torso equaling 1/3 of the addressable inventory



0, web impressions, April, unaddressable inventory filtered out

Top 3 publishers represent 16% of revenue opportunity

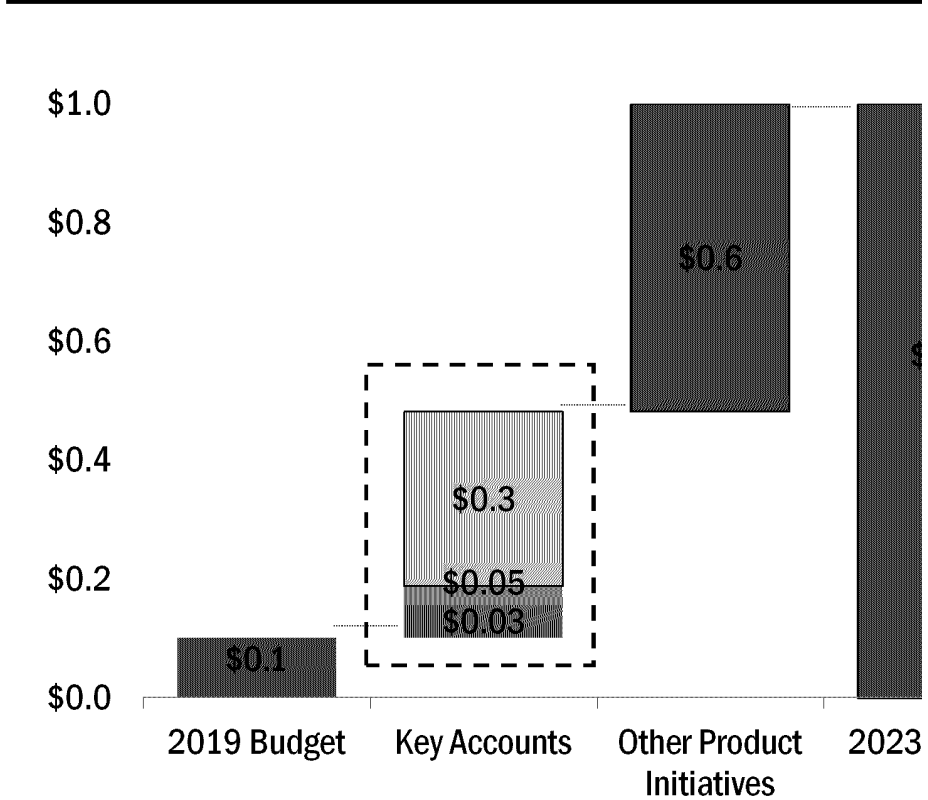
Verizon Media (formerly Oath), Microsoft and Ebay revenue potential \$380M for 2023

Publisher	Est Revenue (2018)	AN Rev Pot. (2019)
Verizon Media	\$ 219,421,175	\$ 54,855,294
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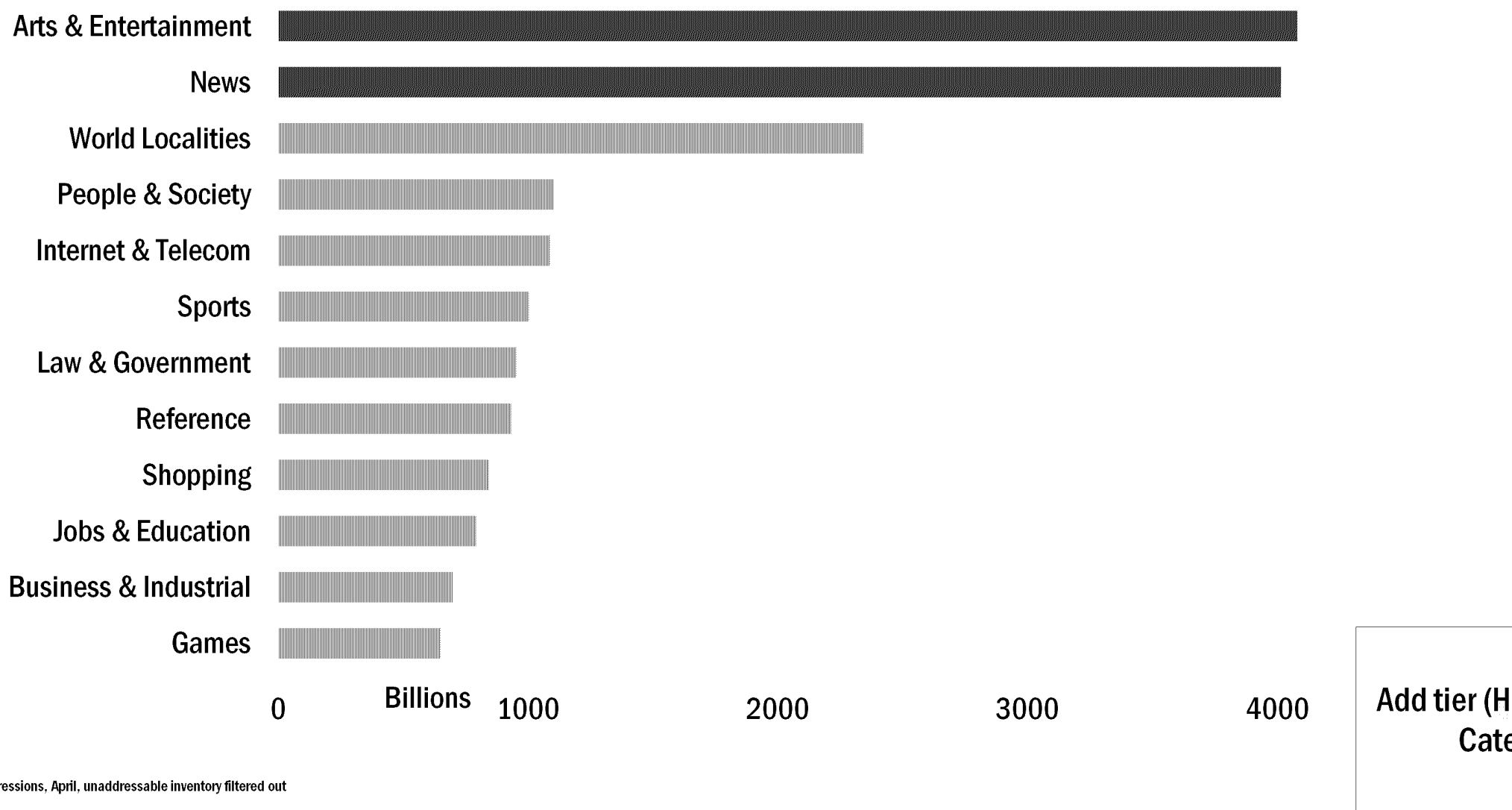
Notes: Each publisher currently uses a custom server-side integration to access supply. Not available through eBay – Sandwich (proprietary)
Microsoft – Prebid Server (hosted by AppNexus)
Verizon Media – Brightroll Ad Manager & Gemini
Model assumes native and standard display only with \$1CPM, match-rate. In-stream excluded.

Source: SimilarWeb impressions, April 2019

Contribution of Top 3 Pubs to 2023 Budget (\$B)



Entertainment & News ~11% of publishers impressions, but high concentration of supply on either Mobile Web and Desktop

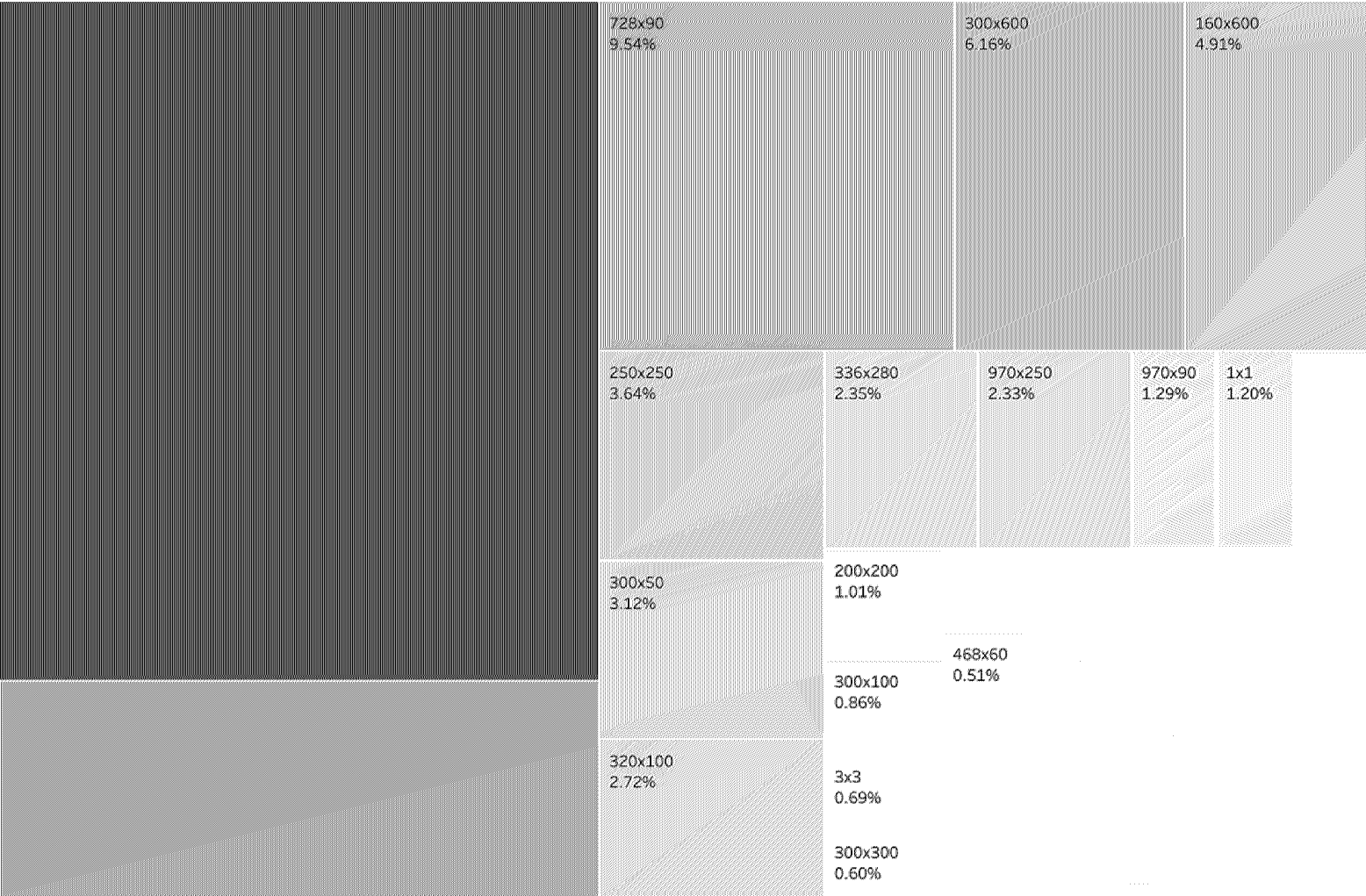


egration
erred container solutions

Need to ad
Matvey ,

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Top 10 creatives sizes take up more than 80% of the market
 K250 unit alone accounts for 1/3 of the impressions



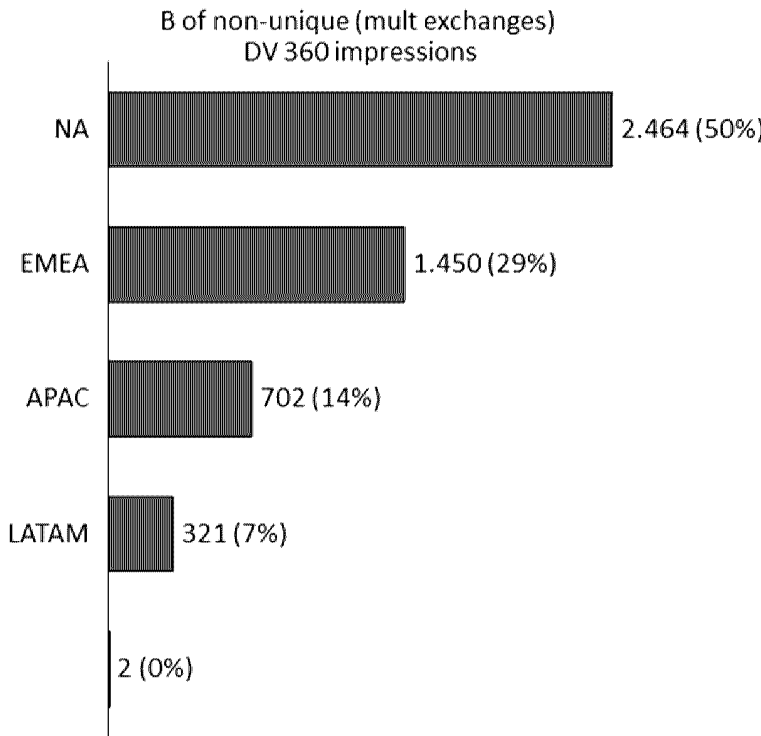
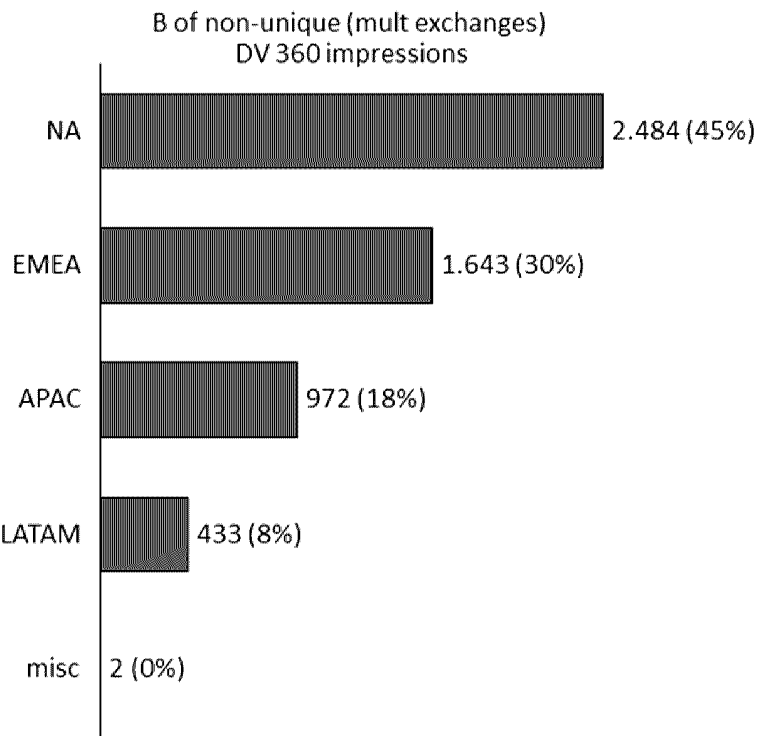
Creatives sizes: % overall impression

Standard IAB formats are the lions share of volume. Rich media & expandables (1x1) constitute 1.2% of supply

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le

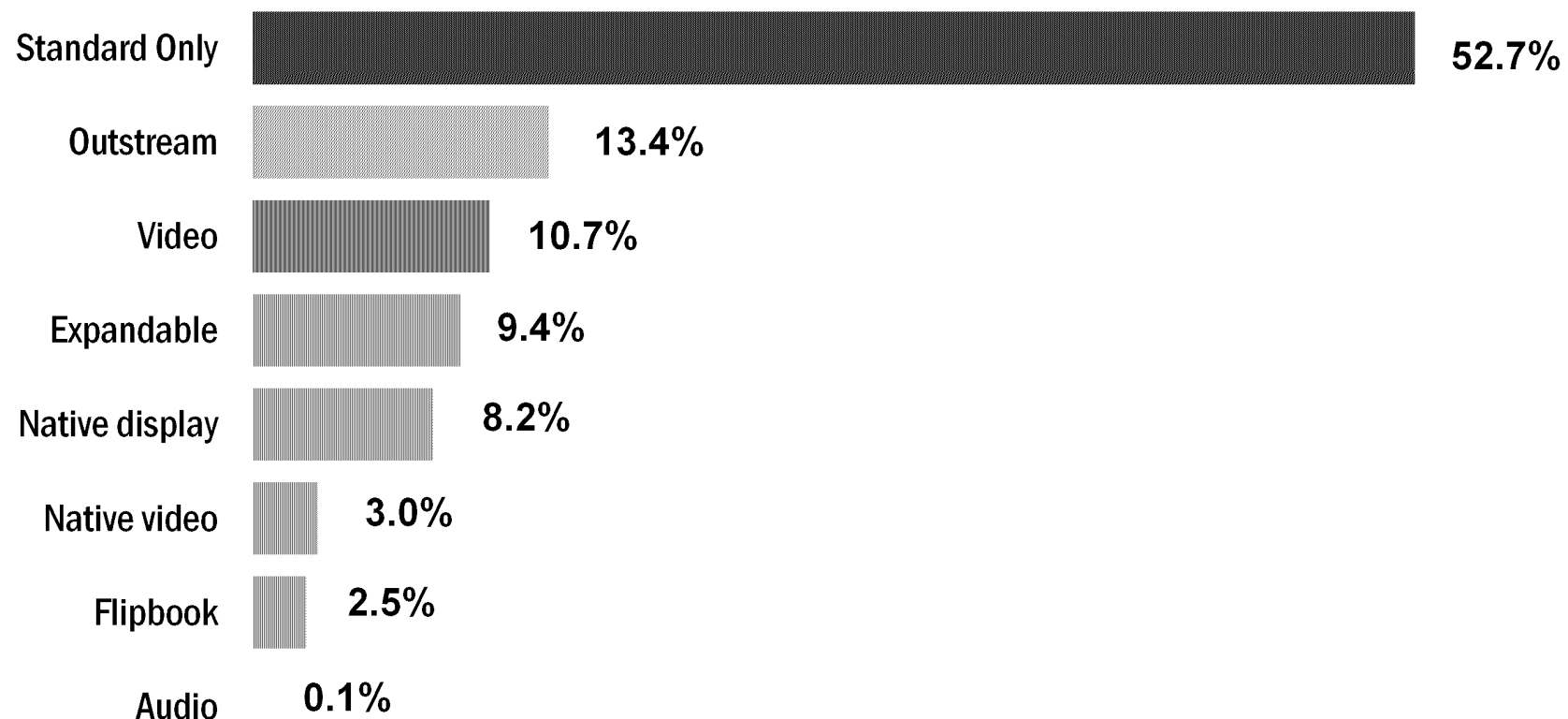
Desktop



Standard Display Formats & Outstream are the largest supply opportunity on Mobile Web

Outstream and Video (inc. In-Banner Video) grew +21% and 10% in 2018, respectively

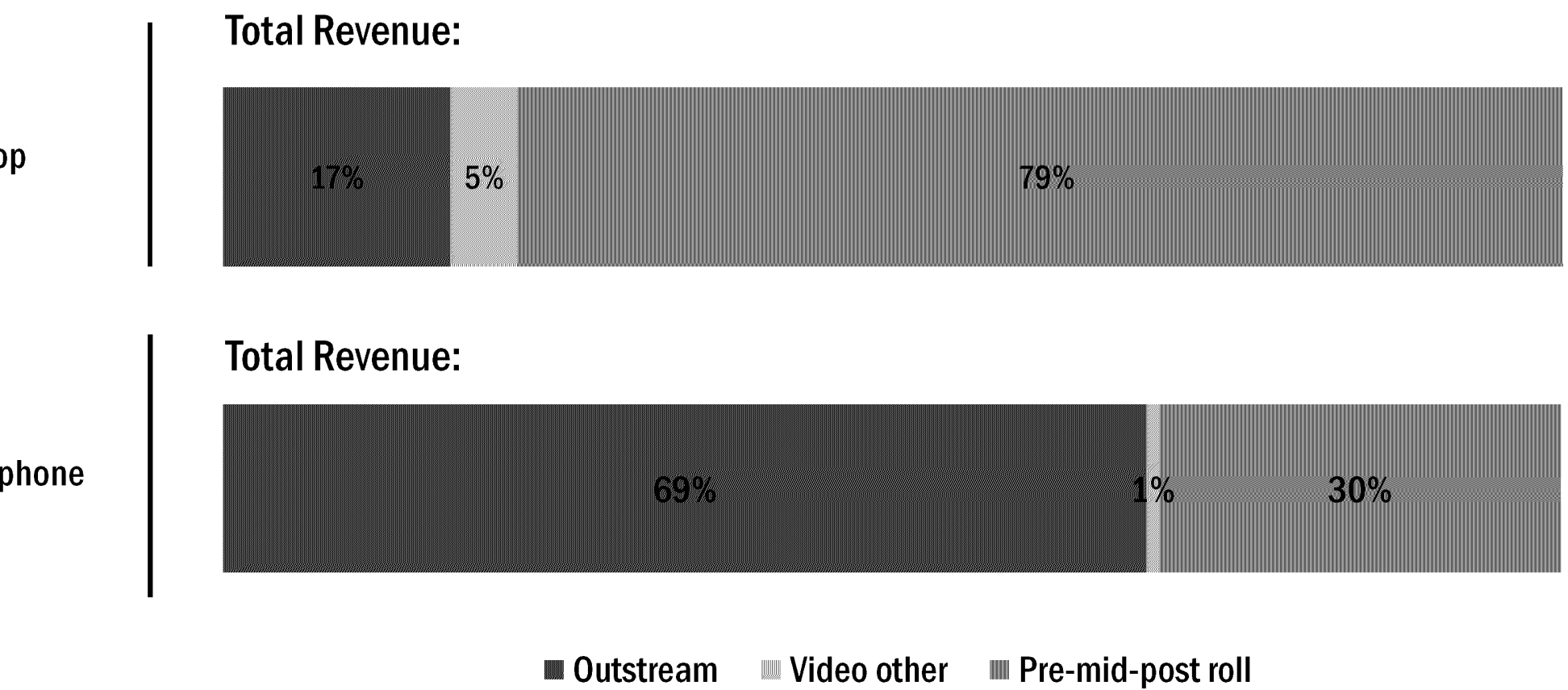
Mobile Web Impressions



Add re

Outstream Over-Indexes on Smartphones

Mobile Web is the largest outstream opportunity

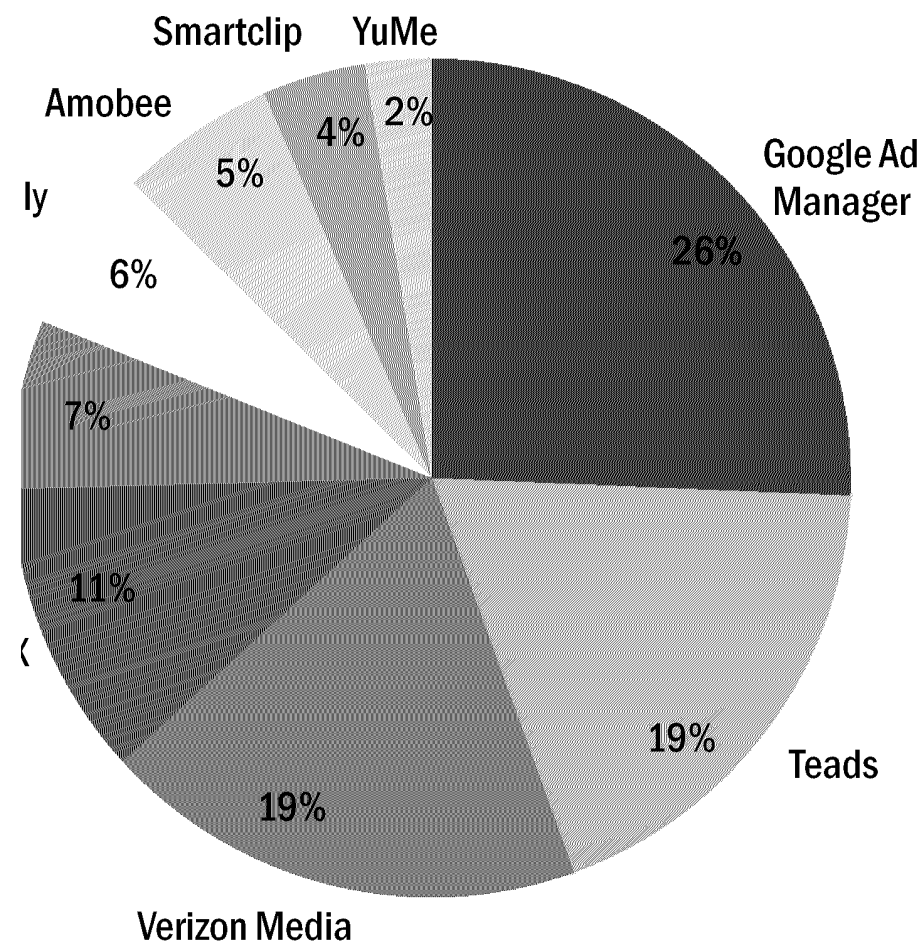


*Video other excluding IBV served from 300x250 or full width

Source: IAB/PWC Ad Spend Reporting - US outstream revenue from 2018 .

Outstream Market Remains Fragmented Despite

acquisition opportunity to access web supply through client & server-side bidding integrations



Trend: media owners buying Outstream ad tech vendors for greater inventory control & transparency

Key announcements

SpotX and Smart Clip (15%) – Acquired by RLT Group for combining the video ad serving & exchange from SpotX with rich media SSP from SmartClip

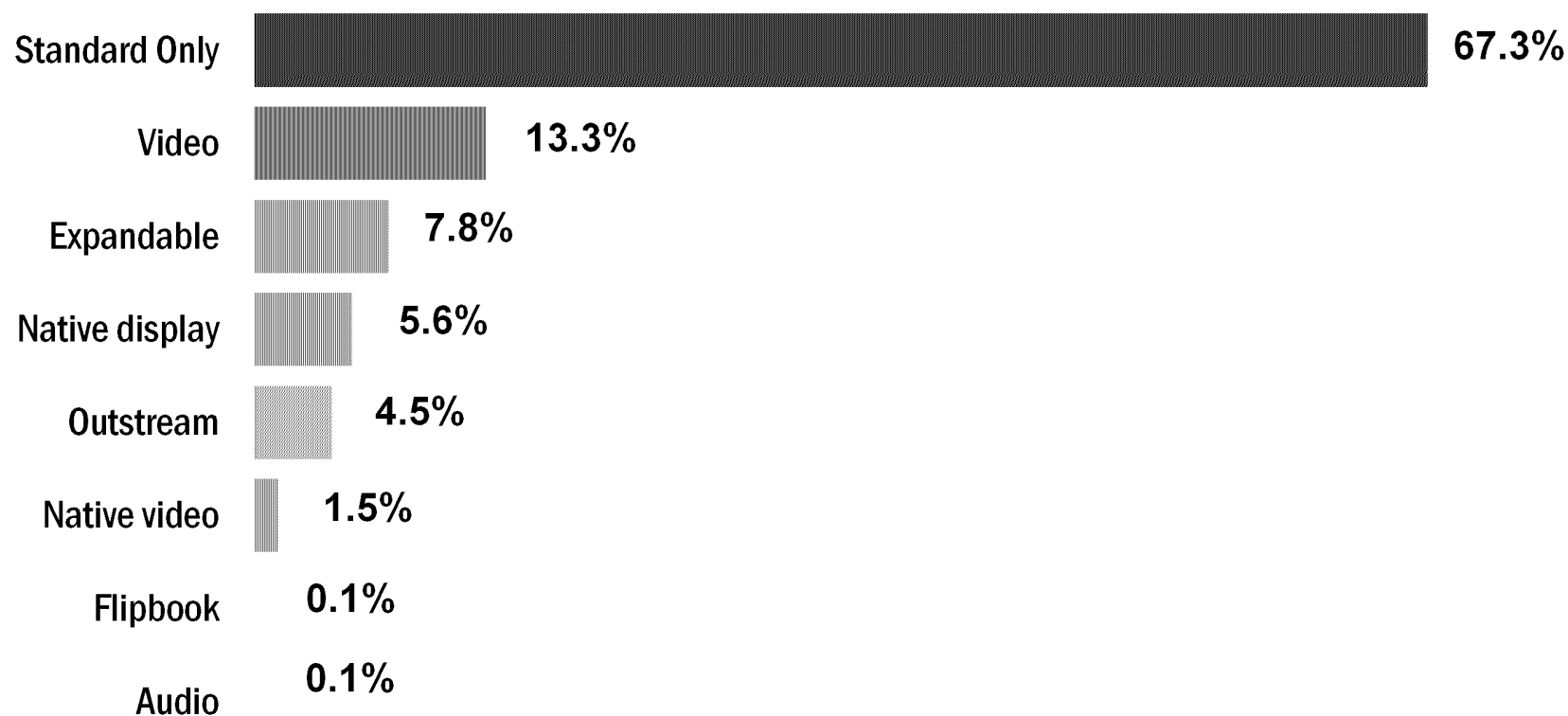
Unruly (6%) – Purchased by NewsCorp in 2015. Acquired server, SSP and exchange having recently launched UnrulyX for programmatic supply. Remains focused on premium media supply (Wall Street Journal, Guardian, NYPost etc.)

Verizon Media (19%) – Concentration of Adap.tv and BrightRoll tech acquired by AOL and Yahoo, respectively. Supply only accessible through BrightRoll SSP

emarketer Video & Display Metrics (2018) and Comscore AdMetrix Video (Mar 2018)

Standard Display Formats and Video, specifically In-stream and IBV, are the largest opportunity on Desktop

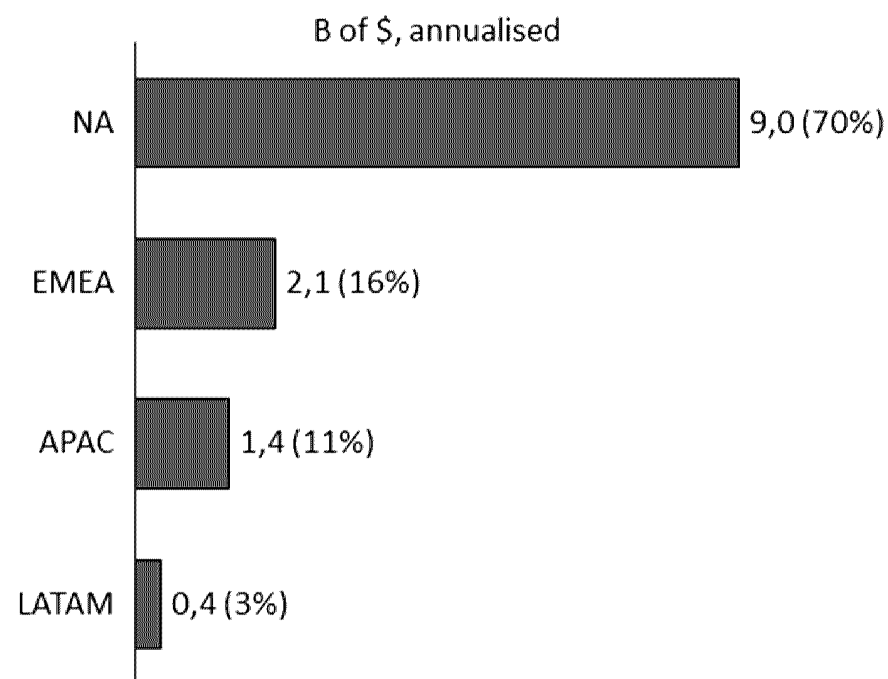
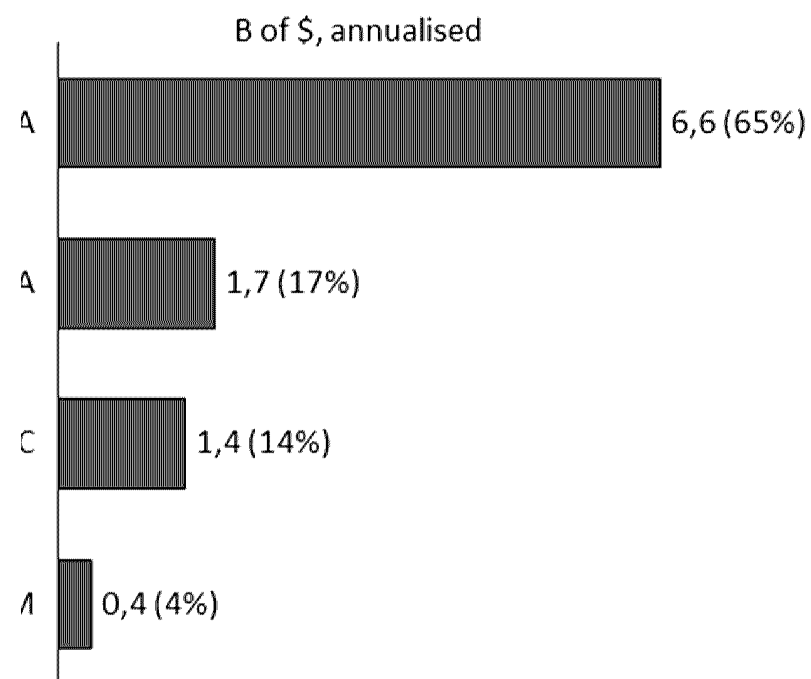
Desktop Impressions



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Desktop



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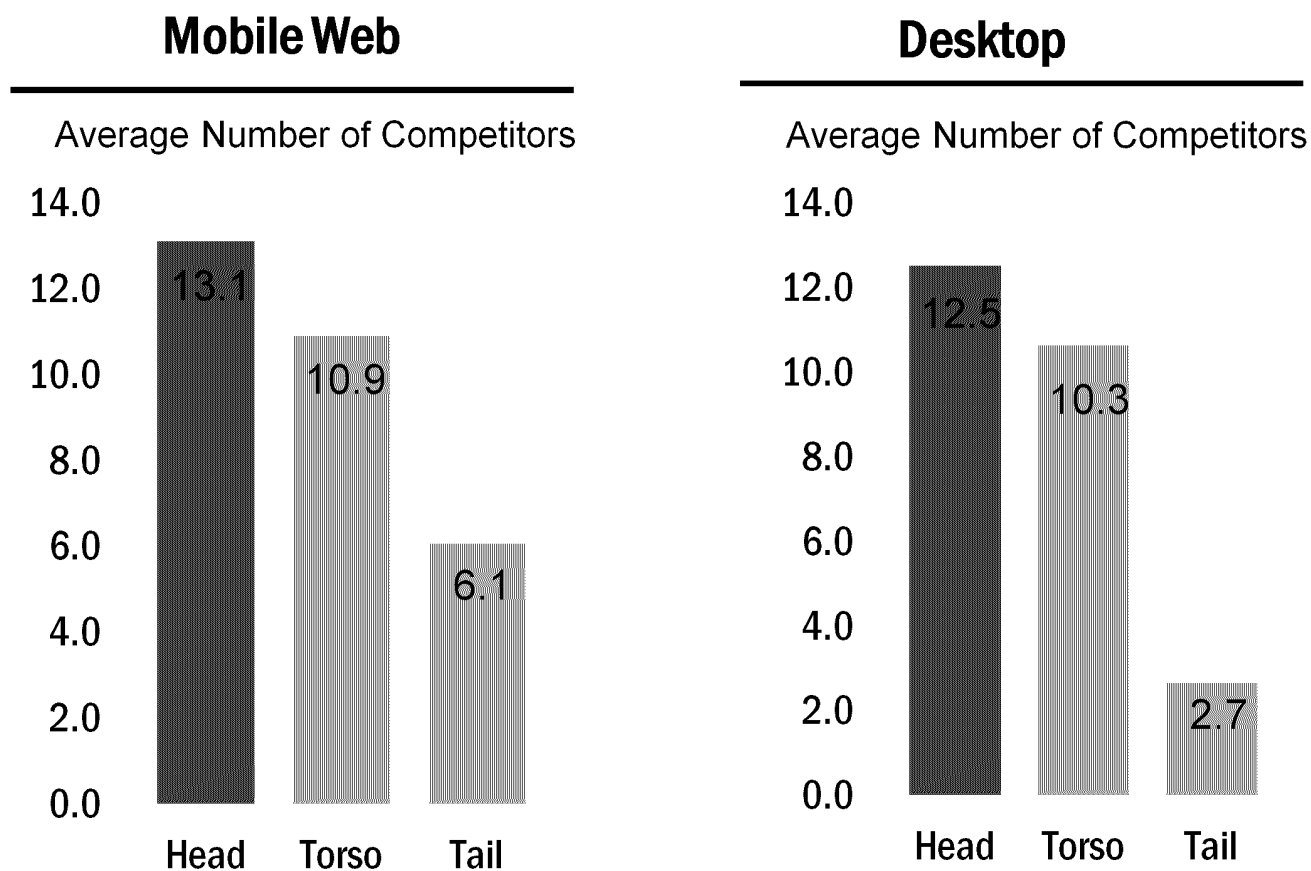
No.

4

Competitive Landscape

Intense Competition in Head & Torso with +10 exchange integrated

2x more demand sources competing for Mobile Web inventory than on App



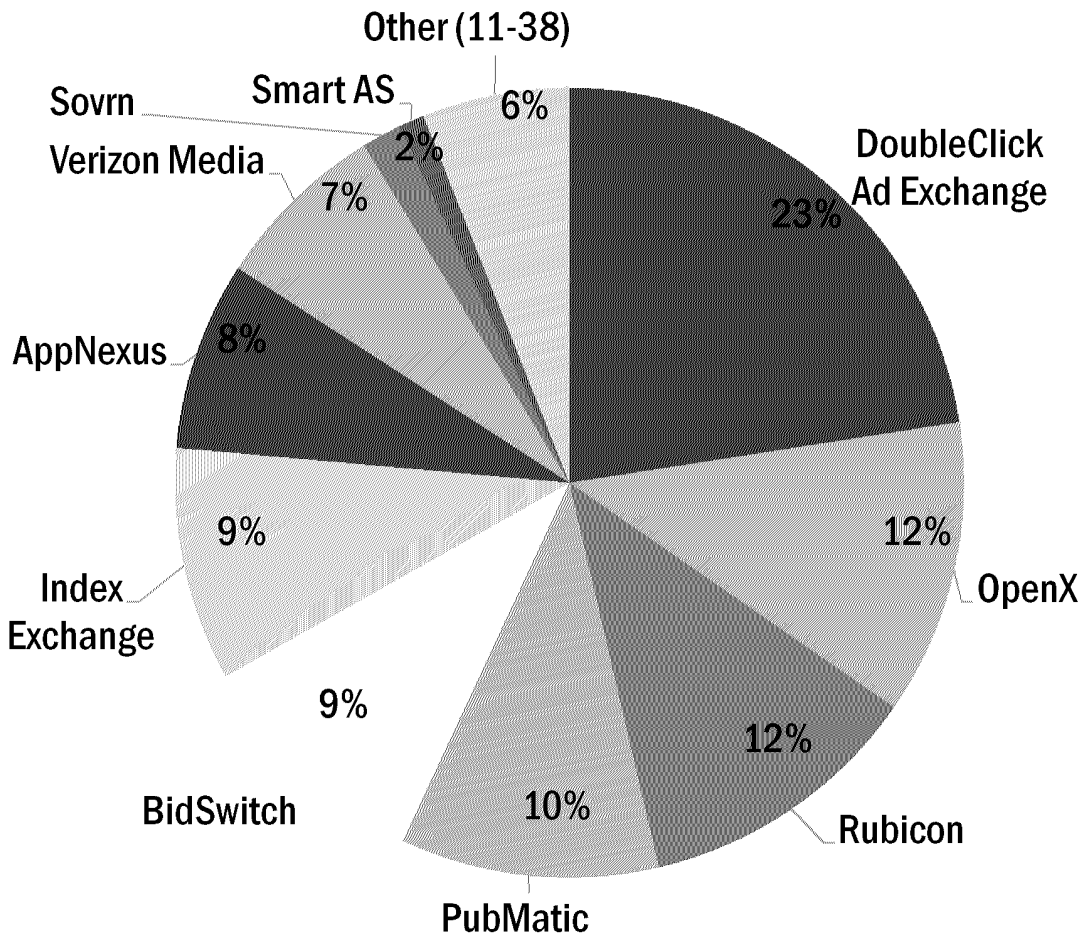
Note: Data is based on DV360. Average number of competitors is the volume of programmatic exchanges accessing a publishers supply in each publisher tier. This could be either via a tag or parallel mediation

Access to Supply Is Now Ubiquitous

Review of Top Web Competitors

Ad exchanges retain strong competitive position in saturated supply marketplace

- \$1.4B gross revenue
- Differentiation** - Launched OpenAudience; people and marketing solution partnering with LiveRamp, Rubicon and Lotame DMPs to compete with Wall-Gate
- \$1.5B gross revenue
- Differentiation** – (1) Strongest independent PMP in the market. (2) Auction mechanics, specifically Estimated Second Price Rate (EMR). Bid shading tool-kit designed to optimise supply path for buyer & maximise win-rate for publishers
- NA (estimated \$1.8B)
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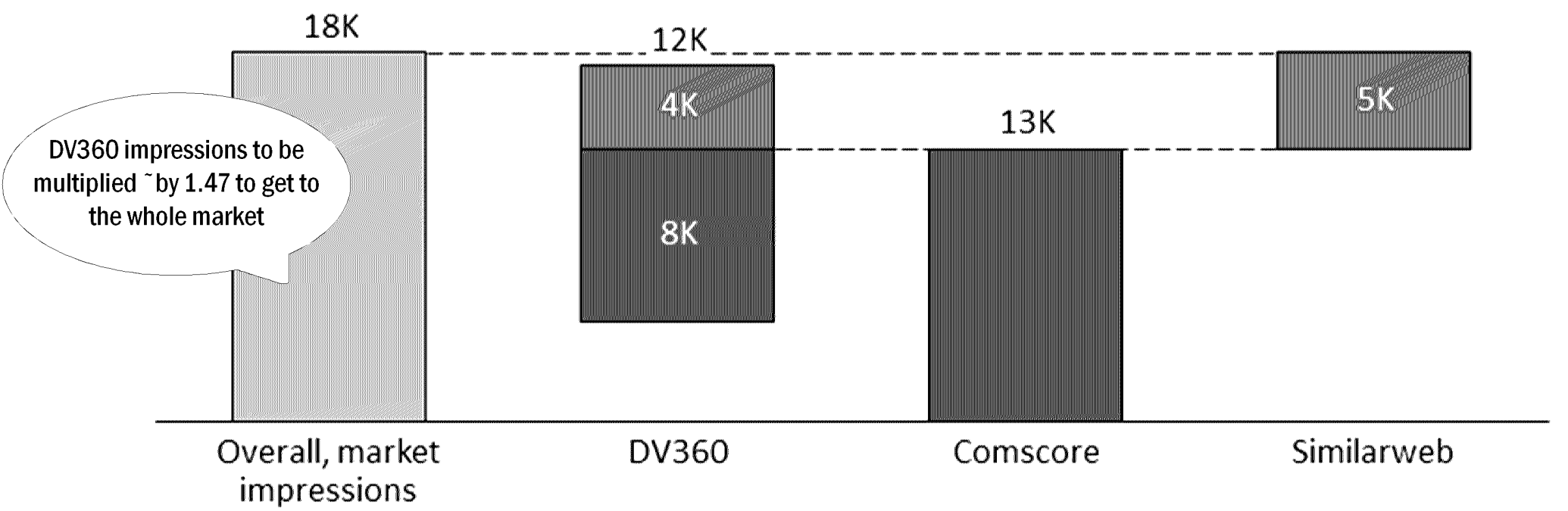
4

Appendixes

Tips and tricks

DV360 impressions account for ~2/3 of the market – and could be multiplied ~by 1.5 to arrive at the whole market. Diagram, doesn't show Comscore and Similarweb overlap – even though it's accounted

impressions, monthly



impressions, latest available month (April)
Methodology: Step 1: For comscore X DV360 overlap, IM1: Σimpressions/Σpage views; Step 2: For unique comscore pubs, I1: Σpage views * IM1; Step 3: M1 = I1/ ΣDV360 impressions; Step 4: Calculate same M2 for similar web
 Impressions figure based on DV360, F, amalgamated market figure would be F * (1+M1+M2)
 addressable sites

**Natively Produced PowerPoint of
FBDOJ012408351**

7 May

Web Analysis

H1 Marketplace Review

audience
network
by facebook



AGENDA

1. FINANCIAL UPDATE

Top down for Mobile Web and Desktop

2. MARKET SIZING

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Organic growth vectors

4. COMPETITIVE LANDSCAPE

Density & competitor set

5. SUMMARY

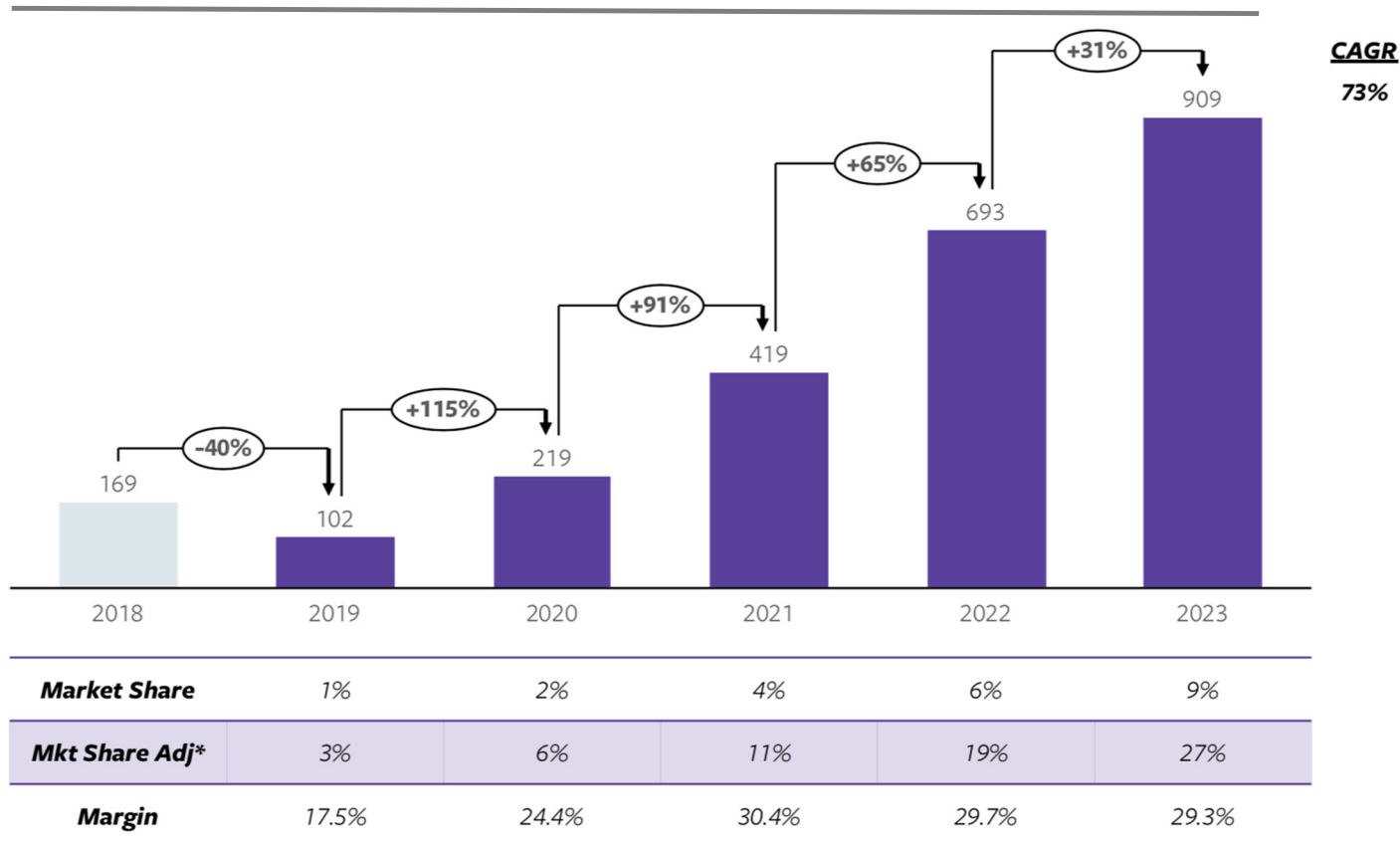
Prioritisation

No. 1

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Web LRP Forecast 2023

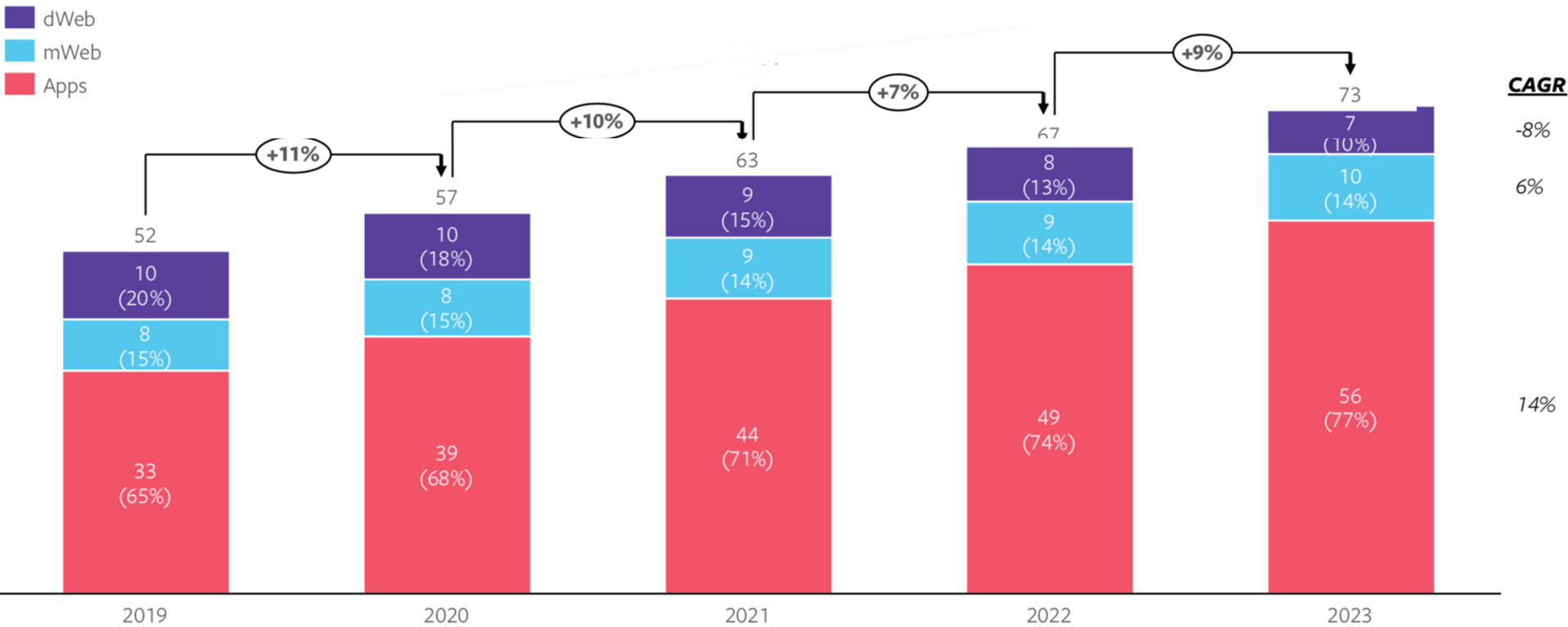


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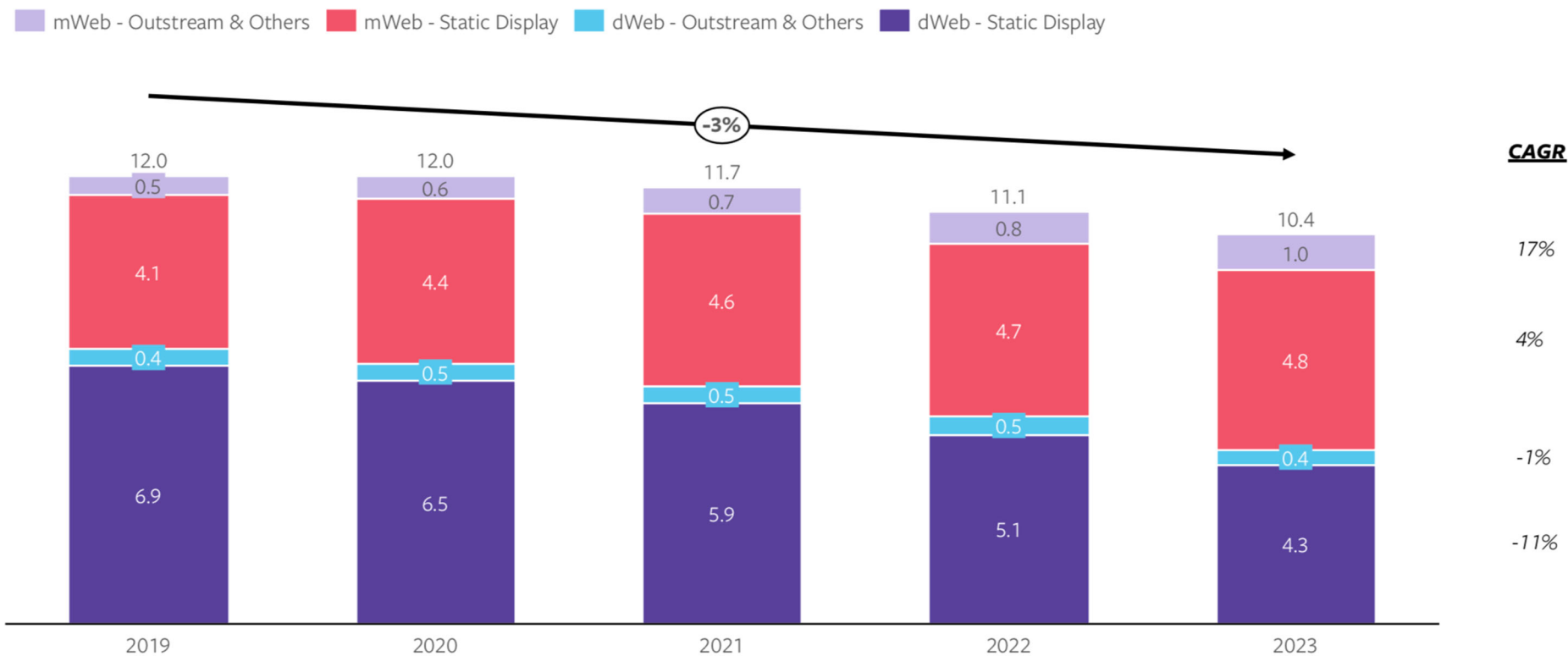
Publisher Ecosvstems Ads Market by Surface



Source: Finance via IDC

Mobile Web will overtake Desktop in 2019

Addressable Market Excluding In-Stream



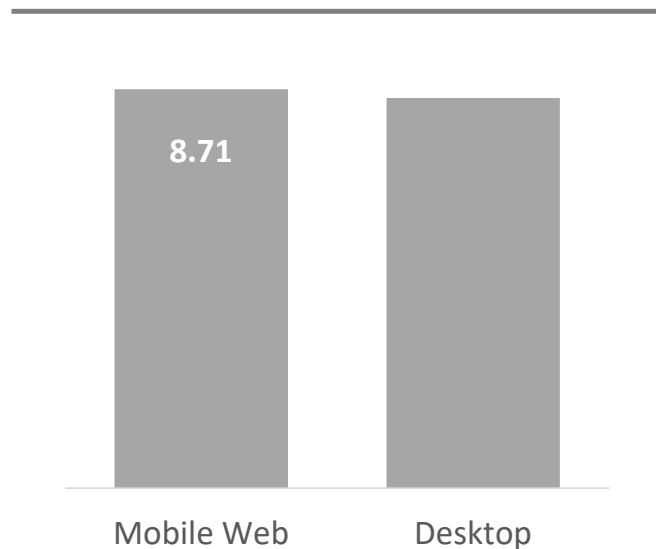
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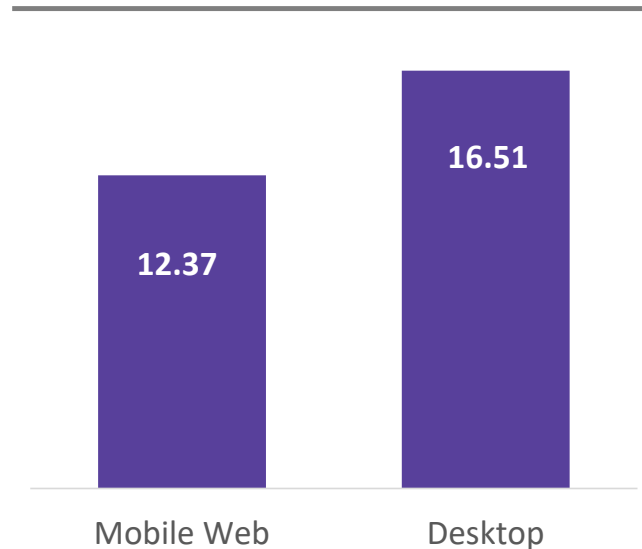
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Impression (B) Annualized



Revenue (\$B) Annualized

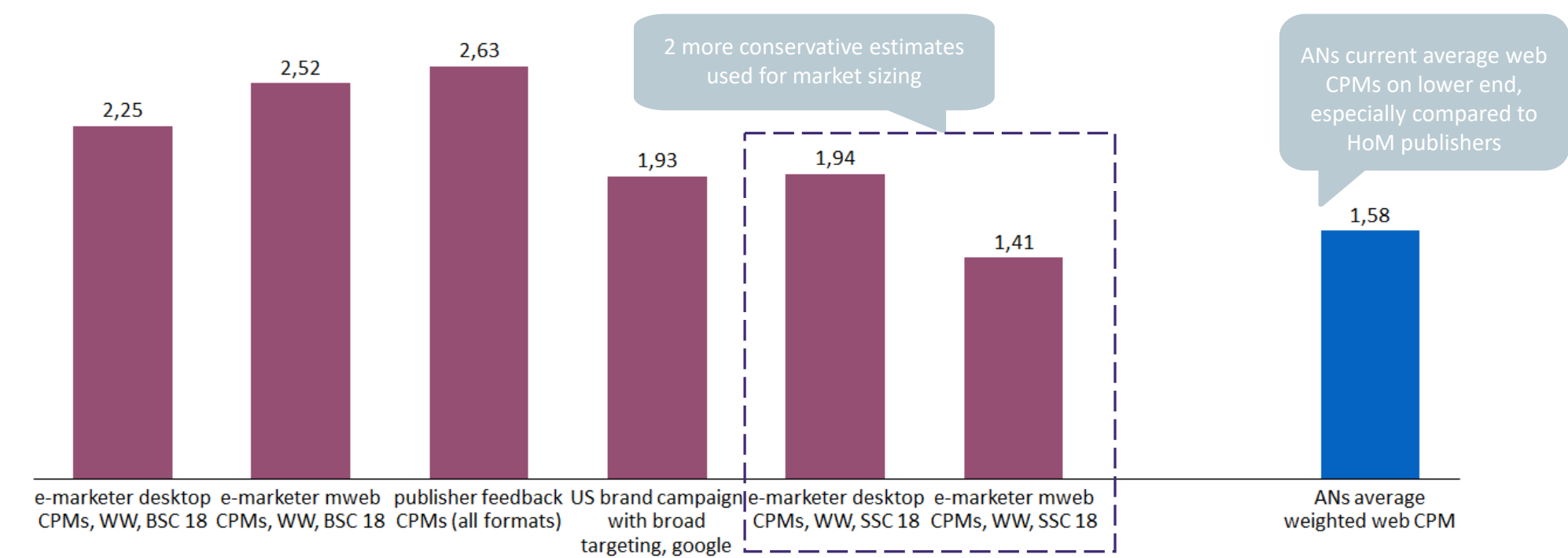


Add Slide with 3
year trajectory

Source: CPMs – please see further slides, impressions – adjusted DV360 – please see further slides; to arrive at the unique impressions we are dividing the total number by the average weighted number of exchanges

The more conservative CPMs assumed for web: 1.94\$ for desktop and 1.42\$ for mweb

Available CPM benchmarks, \$



Source: BSC – buyer side, SCS – seller side

No. 3

Future Growth Opportunities

5 ways to view the Web opportunity for the Audience Network



1. Customer Segmentation



2. New Ad Formats



3. Supply Access



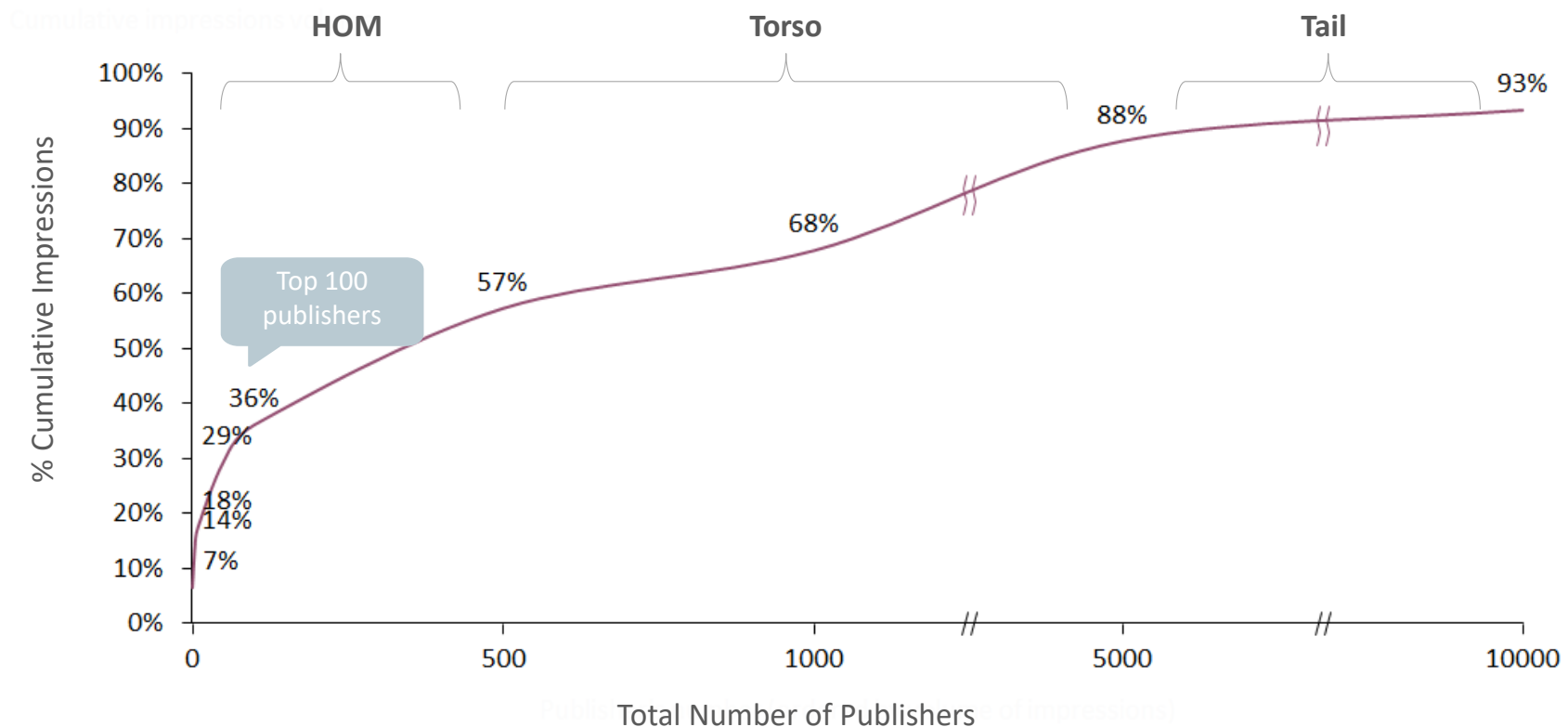
4. Geographic Expansion



5. Monetisation & competitiveness

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Top 100 domains drive only 36% of opportunity (~65% in App Non-Gaming), and 57% is HOM. Sizeable opportunity with torso equaling 1/3 of the addressable inventory



Source: DV360, web impressions, April, unaddressable inventory filtered out

12

Top 3 publishers represent 16% of revenue opportunity

Verizon Media (formerly Oath), Microsoft and Ebay revenue potential \$380M for 2023

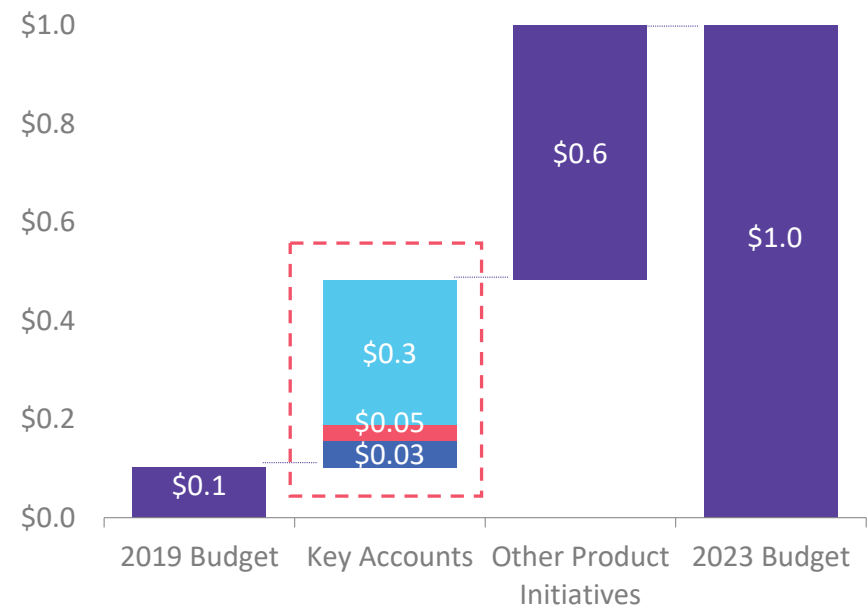
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Notes: Each publisher currently uses a custom server-side bidding integration to access supply. Not available through EB

- Ebay – Sandwich (proprietary)
- Microsoft – Prebid Server (hosted by AppNexus)
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Model assumes native and standard display only with \$1CPM, 65% match-rate. In-stream excluded.

Contribution of Top 3 Pubs to 2023 Budget (\$B)

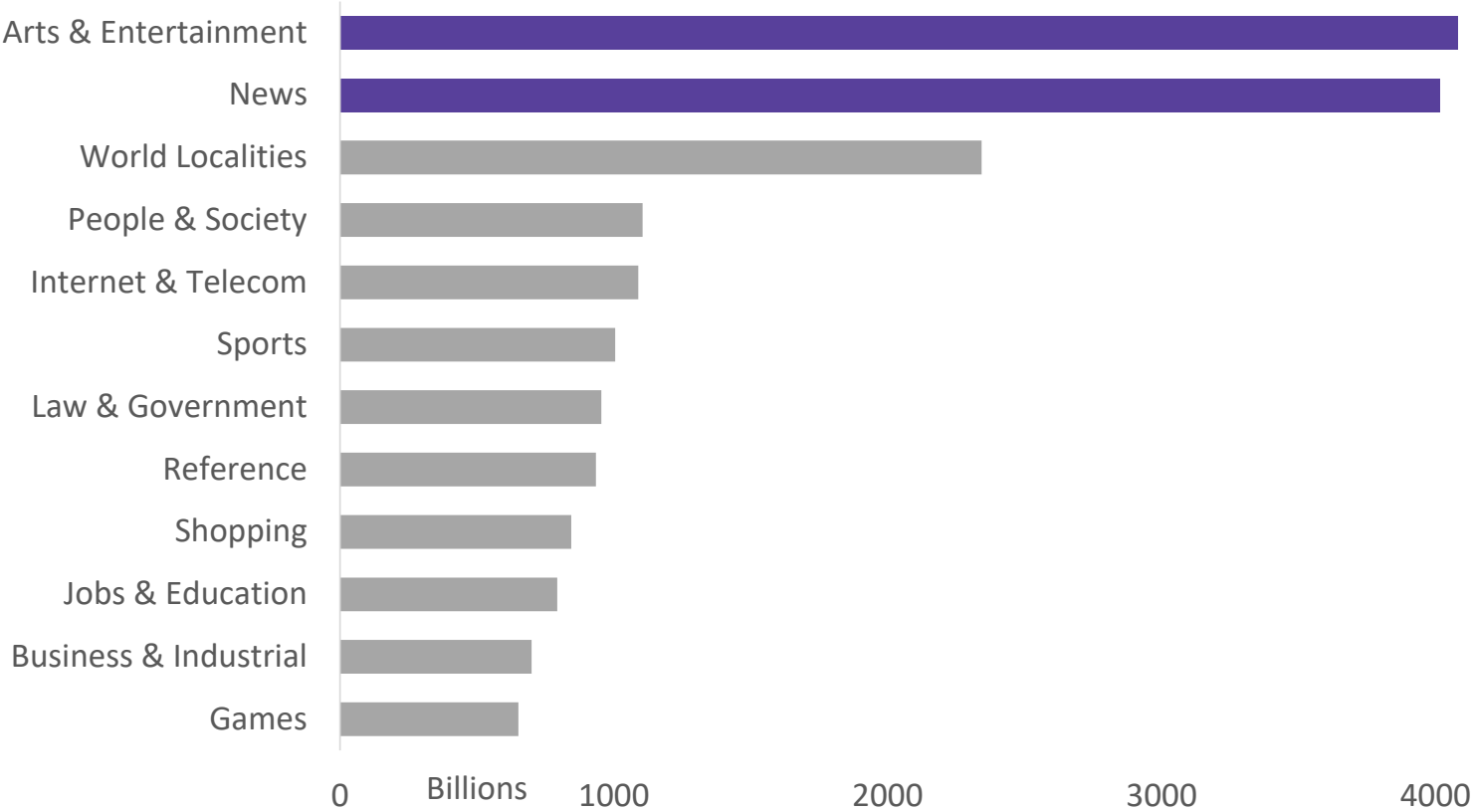


Source: DV360 & SimilarWeb impressions, April 2019

13

Entertainment & News ~11% of publishers impressions, only

Limited concentration of supply on either Mobile Web and Desktop



Add tier (HOM, etc)
by Category

Source: DV360, web impressions, April, unaddressable inventory filtered out

Integration

Preferred container solutions

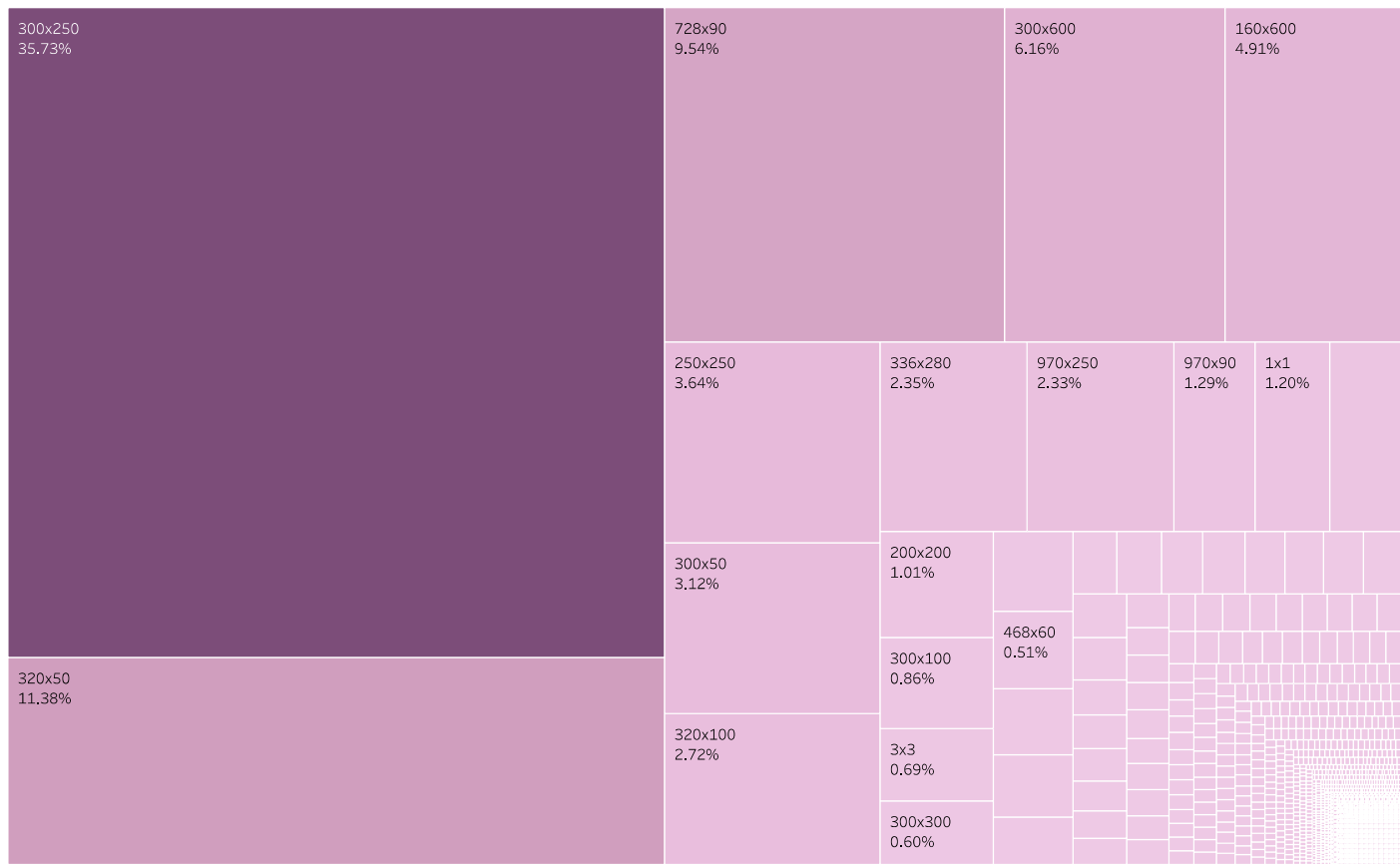
Source: DV360, web impressions, April, unaddressable inventory filtered out

Need to add data
from Matvey &
Darren

15

Top 10 creatives sizes take up more than 80% of the market

300X250 unit alone accounts for 1/3 of the impressions

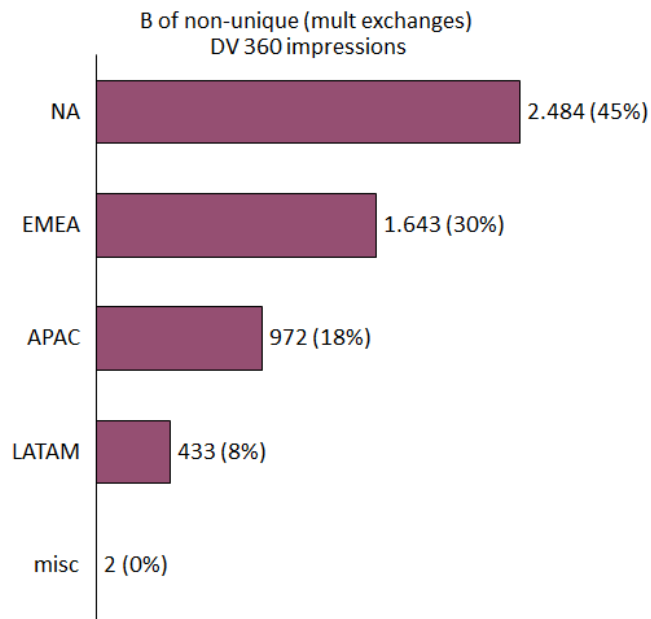


Creatives sizes: % of overall impressions

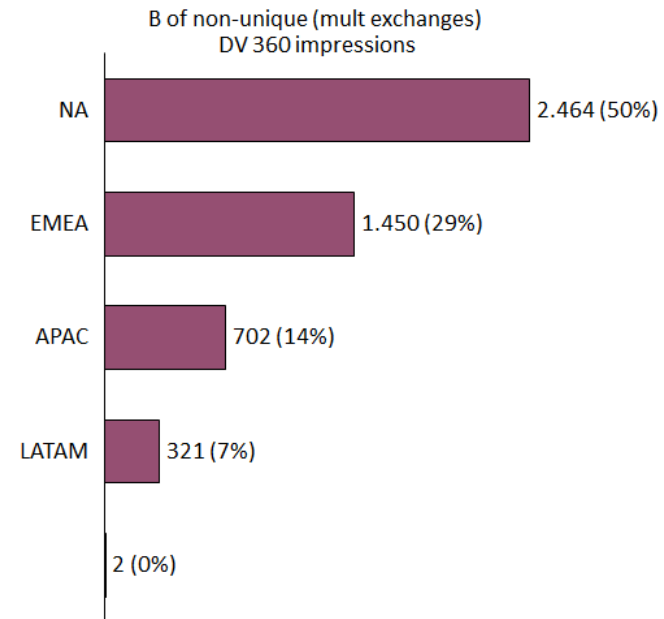
Standard IAB formats are the lions share of volume. Rich media & expandables (1x1) constitute 1.2% of supply

Both mobile and desktop are heavily driven by NA region with ~50% impressions there

Mobile

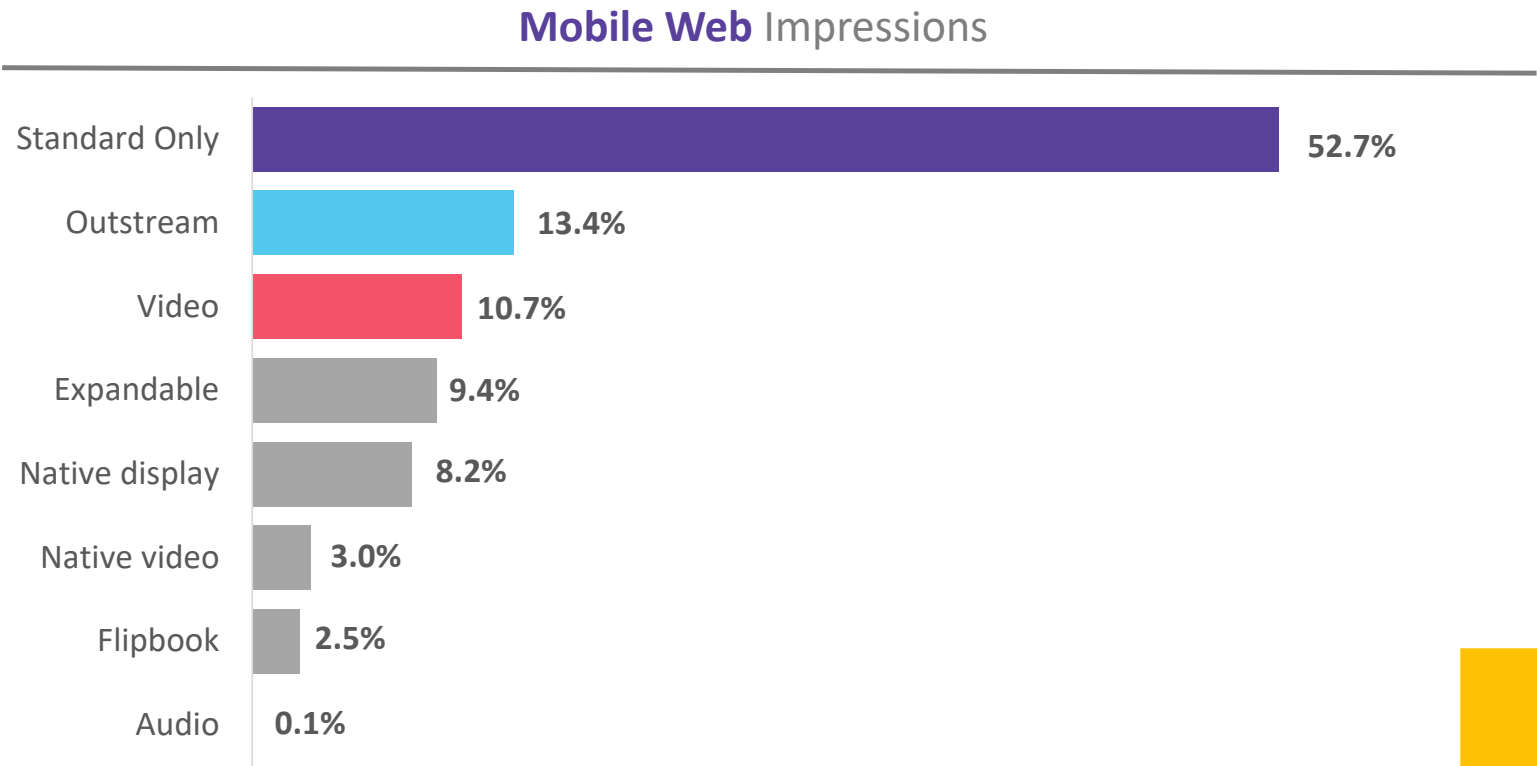


Desktop



Standard Display Formats & Outstream are the largest supply opportunity on Mobile Web

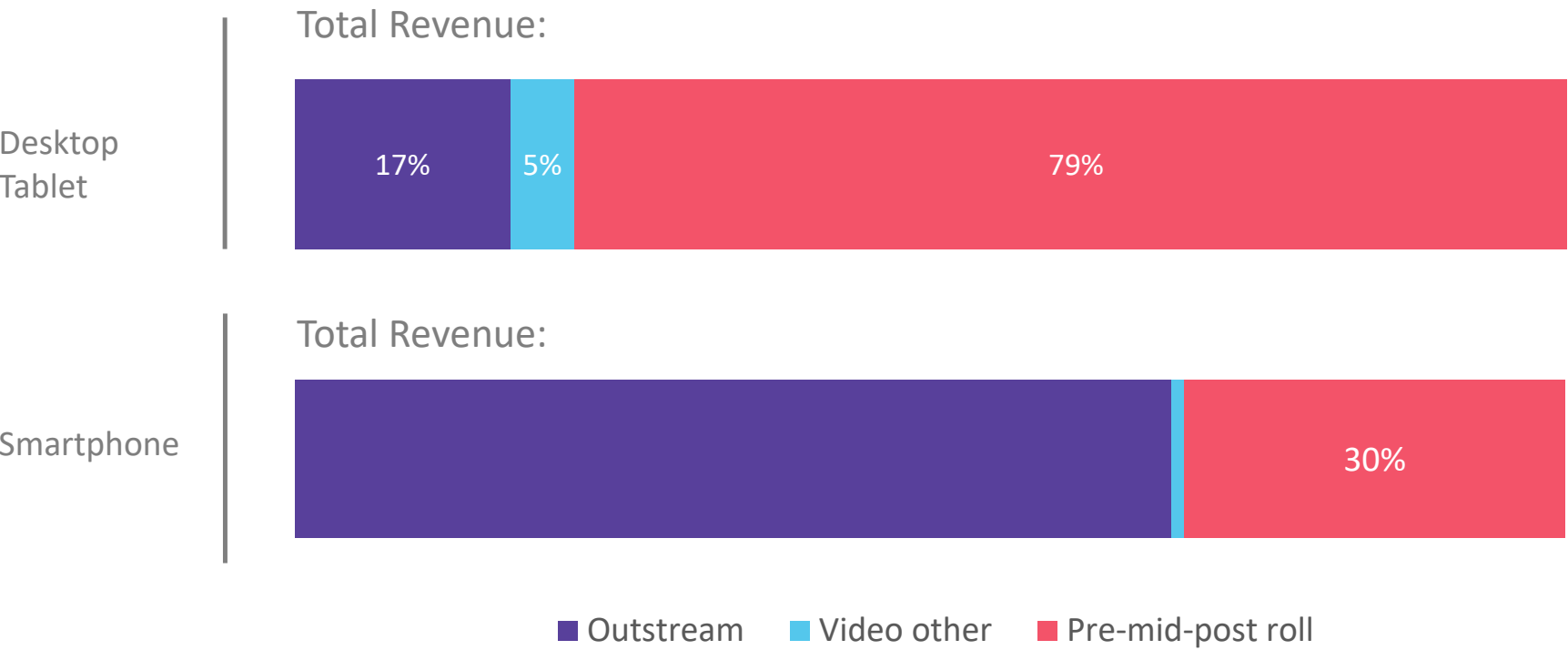
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Add revenue

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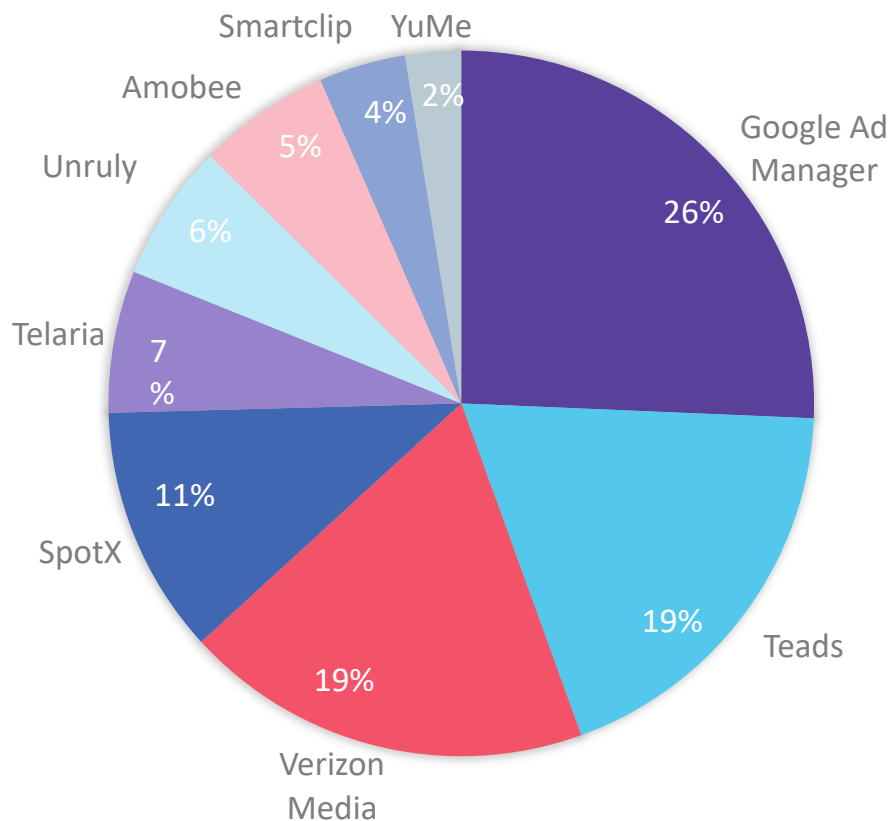


*Video other excluding IBV served from 300x250 or full width

Source: IAB/PWC Ad Spend Reporting - US routstream evenue from 2018 .

Outstream Market Remains Fragmented Despite Acquisitions

Largest opportunity to access web supply through client & server-side bidding integrations



Trend: media owners buying Outstream ad tech vendors for greater inventory control & transparency

Key announcements

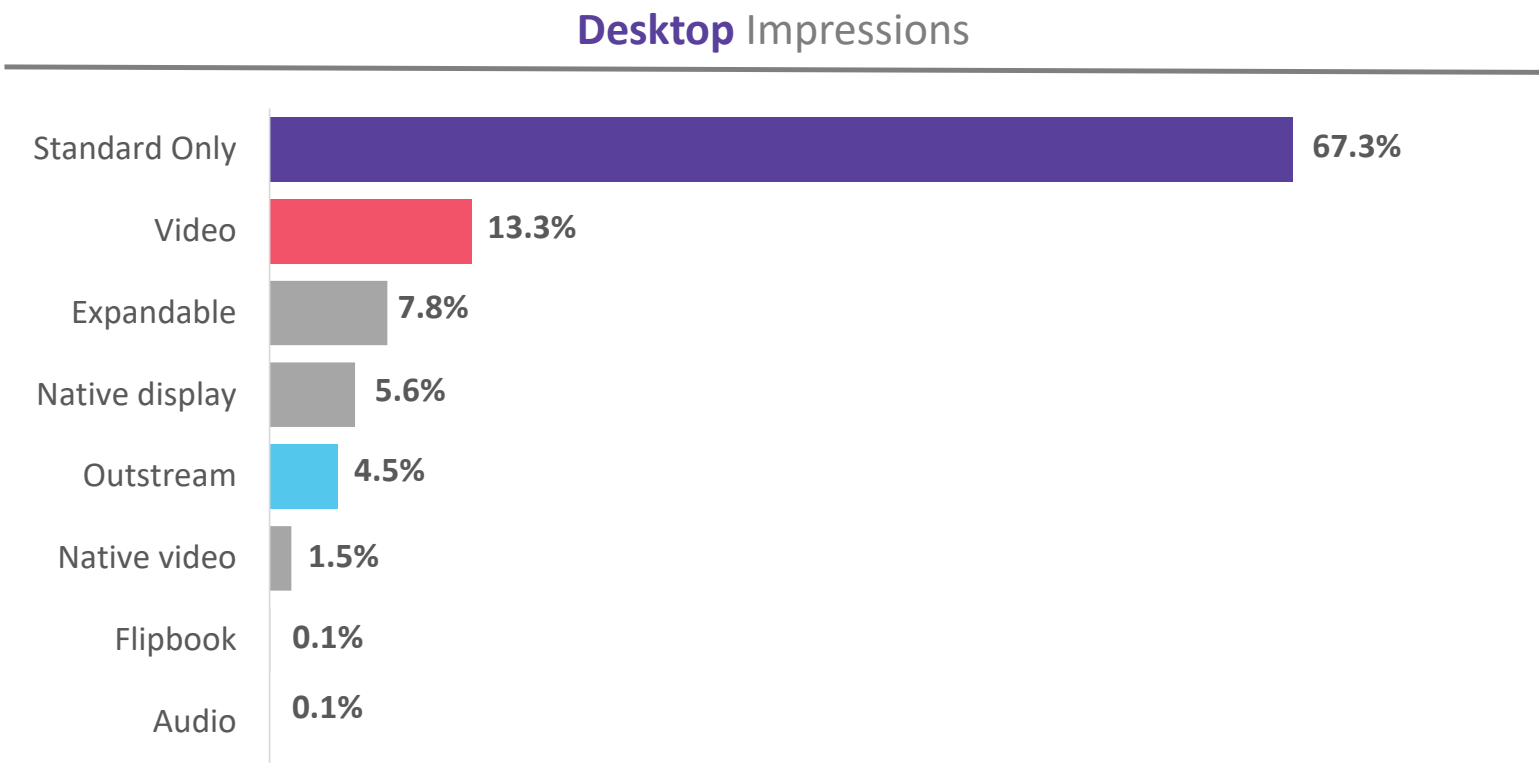
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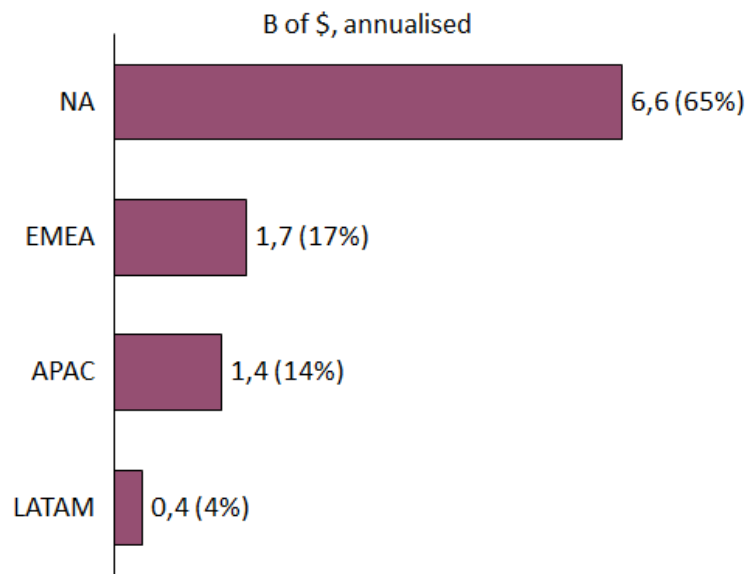
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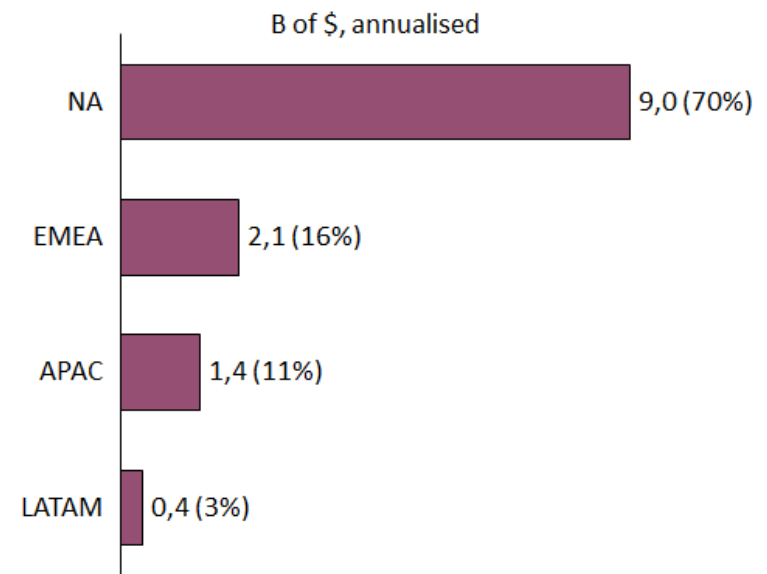


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Mobile



Desktop



Note: for different regions, scaled FAN CPMs were used

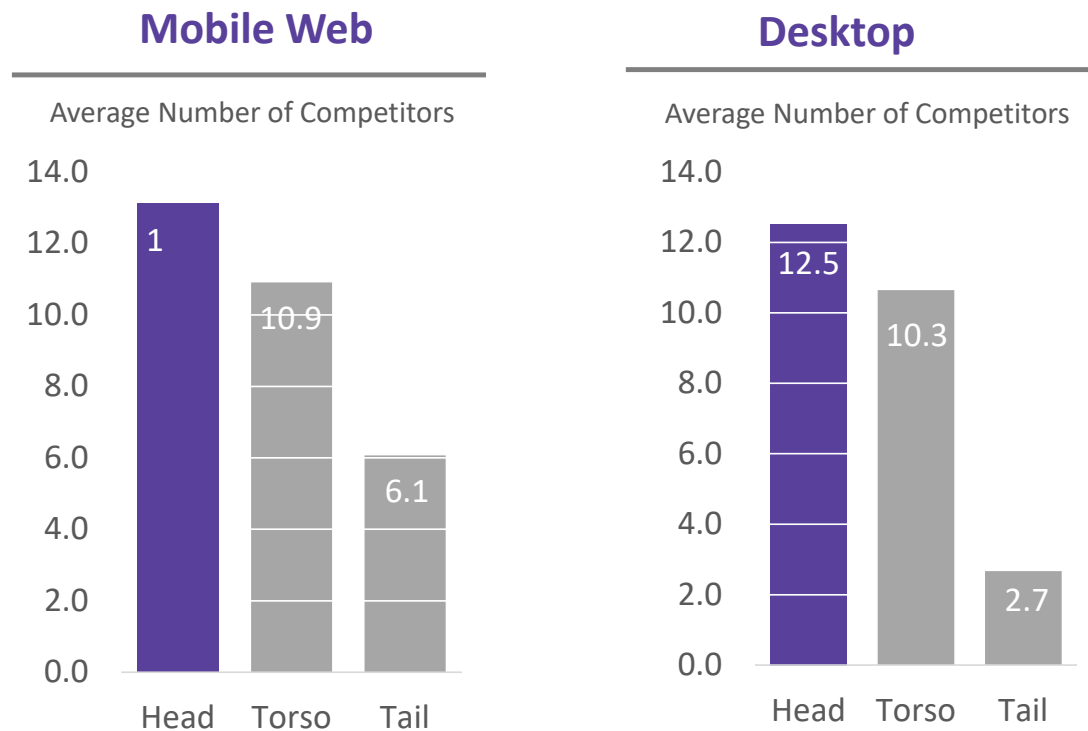


Competitive Landscape

Dense Competition in Head & Torso with +10 exchanges

+46% more demand sources competing for Mobile Web inventory than on App

Integrated



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Access to Supply Is Now Ubiquitous

Overview of Top Web Competitors

Legacy exchanges retain strong competitive position in saturated supply marketplace

OpenX - \$1.4B gross revenue

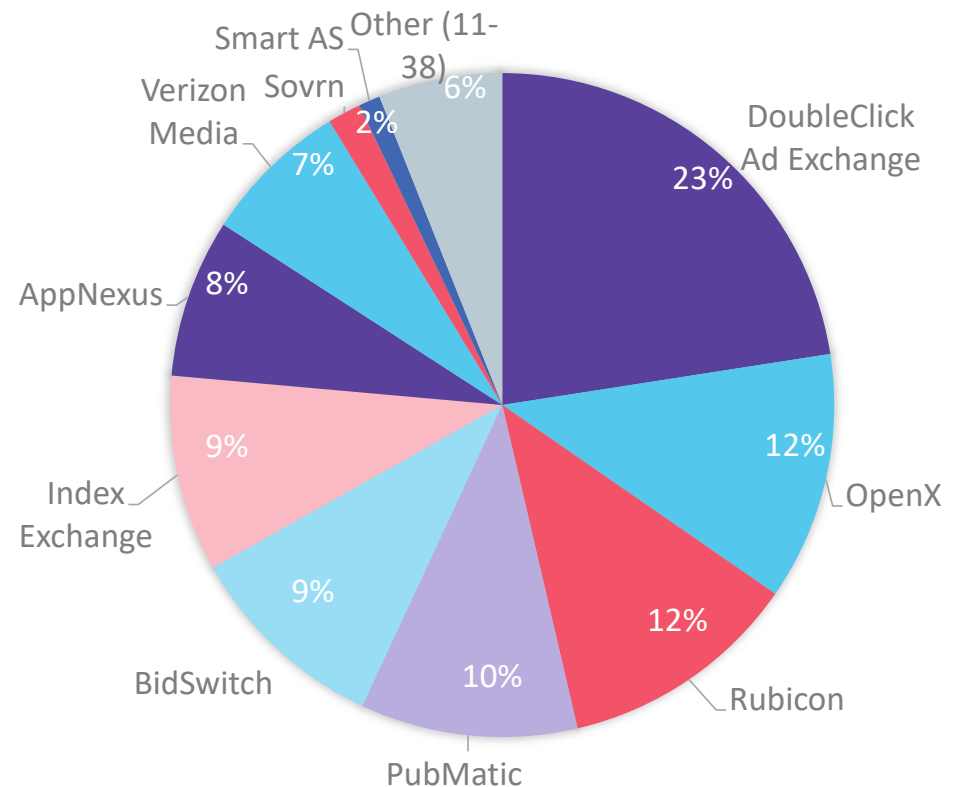
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Rubicon - \$1.5B gross revenue

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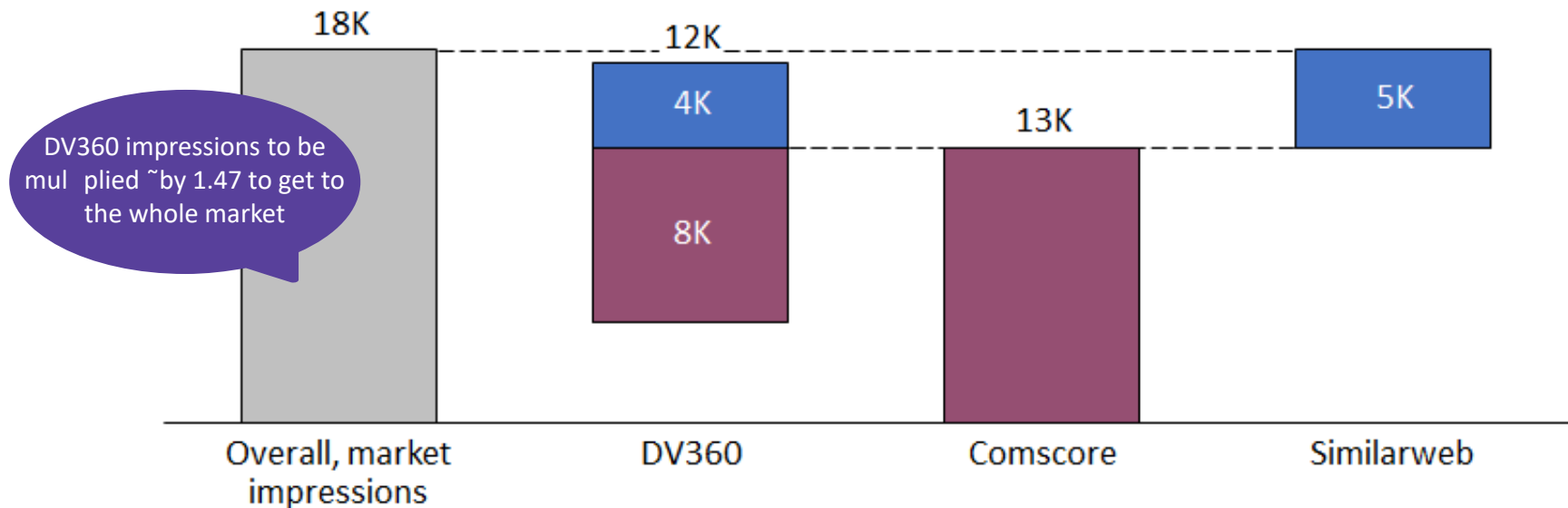


Appendixes

Tips and tricks

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B of impressions, monthly



Data: monthly impressions, latest available month (April)

Calculation methodology: Step 1: For comscore X DV360 overlap, $IM1 = \sum impressions / \sum page\ views$; Step 2: For unique comscore pubs, $I1 = \sum page\ views * IM1$; Step 3: $M1 = I1 / \sum DV360\ impressions$; Step 4: Calculate same $M2$ for similar web

For any impressions figure based on DV360, F, amalgamated market figure would be $F * (1 + M1 + M2)$

Note: less unaddressable sites