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Integrating Ad Manager into 3rd-Party Ad-Serving Stacks (aka "Hybrid" Setups)

July 2019

Objective / target audience
The objective of this doc is to provide a cross-functional opinion and background on the rising ask of our partners for hybrid setups; as well as a contemporary guidance on the matter. The target audience are sell-side leadership, deal review teams, GSL, PM, gPTO and GTM.

For other sell-side teams, we created this Sales-OneSheeter for a high-level thematic classification.

And, for the future, we recommend to further obtain an insight view on this trend and to have a cross-functional discussion on the strategy.

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Policy	pfb	by June 21	PFB - LGTM
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What are we talking about?

For background, please read: PoV: Axel Springer and AppNexus Partnership - Internal Only and Sales PoV: AT&T and AppNexus

3rd-party TAG-in-Tag integrations, such as "Hybrid" (e.g. with AppNexus) or "First Look" setups are enjoying increasing popularity among partners as they overlook the implicit risks (more latency, higher complexity, ...) but appreciate the various perceived advantages:

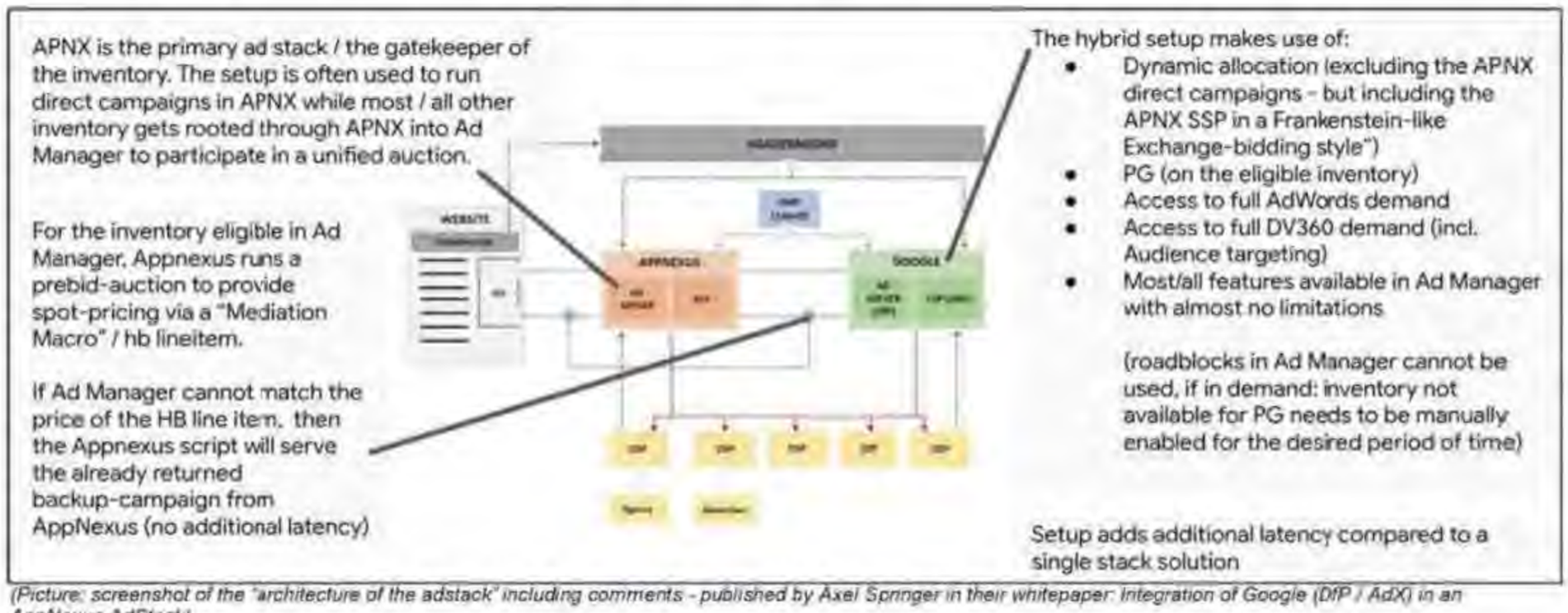
- Negotiating power against Google (rates, threat of churn)
- Real tech-stack advantages: see competitive intelligence site
- Enterprise policy-driven activism towards independence from Google
- Aggressively waived fees and incentives by Appnexus
- "Best of both worlds" - low fees on APNX campaigns but full access to Google demand and our USPs (DA / EB, ...)

We are not talking about Google's demand products for display or video. Both have specific use cases and value propositions in a controlled environment.

The hybrid setup in a nutshell

The example published by Axel Springer in their whitepaper (see here) shows the basic setup/functionality. The actual details might differ from setup to setup but the basics should be the same. In their example:

- APNX is the gatekeeper of the publisher's inventory
- A price macro will communicate the APNX spot price into Ad Manager by populating a key/value
- Inside Ad Manager, dynamic allocation will check AdX & HB to determine the price point
- If Ad Manager cannot fill to the given spot price, the request will pass back into APNX via the header bidding line-items. [Previous setups supported ADX direct Backup ad]



(Picture: screenshot of the "architecture of the adstack" including comments - published by Axel Springer in their whitepaper: Integration of Google (DfP / AdX) in an AppNexus AdStack)

Why would a publisher go for a hybrid setup instead of a 3rd Party Adserver-only approach?
Because in a hybrid setup, partners get access to both:

1. the full Google ads demand (incl. non-personalized demand such as contextual / keyword-targeting) and full DV360 demand accessible via Ad Manager only - and
2. the benefits negotiated with the 3rd party ad stack provider (partners often refer to 3rd-party providers aggressively waiving their fees e.g. for programmatic direct deals or on ad serving.

From a Google POV, this setup is suboptimal as the mediation/decision engine sits in a different ad stack, which makes support (e.g. troubleshooting) harder, adds unnecessary complexity & latency to the partner's ad stack and in the end strengthens 3rd-party ad stacks by relying on the Google backbone.

Also, there are few known technical limitations, such as certain formats cannot be run in Ad Manager when choosing this setup (e.g. roadblocks in Ad Manager)

Generally, we see 3 major demands when talking about hybrid setup.

1. Full-stack partner wants to go hybrid	2. Hybrid partner remain hybrid	3.Hybrid-partner wants to move over to Ad Manager but needs more time
Partner uses the 3rd-party ad stack as a "threat" to negotiate better programmatic rates and will eventually move over to a hybrid stack.	Partner moves from one ad server to e.g. Appnexus, keeping us in the backfill (=Axel Springer Case) (Note: 3rd-party ad serving partners who want to get access to Google demand via Demand Porduct or DVC are special cases not considered hybrid.)	Transformational case, where Ad Manager gets implemented in hybrid setup for a specific period.
Relatively new threat, increased incidences since Appnexus ramped up sales teams in EMEA (using our conversative GDPR strategy as a selling point)	Often seen, where political reasons come into play (e.g. publisher doesn't want Ad Manager to be the primary ad server)	Sensitive case, as transition phase could become new status quo when implementation seems convenient.

>We should NOT be pitching hybrid set-ups<

If you have a partner who has expressed interest in doing so or have raised questions, please reach out to your GTM PoC (AMS: nyoo@, EMEA: nbaquie@, APAC: mlyall@ genevievek@)

Click here for externally approved verbal talking points.

Deals and discounting recommendations specific to hybrid setups

DISCLAIMER: Any deal/approval needs to run through and adhere to the authorized pipes/guidelines (go/sellsidedealprocess). The following guidelines are additional information for deals concerning partners considering migrating to a hybrid setup / partners that are already operating on a hybrid setup.

We grant discounts independent of the setup chosen by the partner, hence if a discount is being applied, the level of discount needs to be aligned with our overall business goal for the given product. We don't treat hybrid setups and non-hybrid setups differently when it comes to discounts. This means discounts should be equally unbiased in two ways:

1. Discounts must not penalize partners for adopting a hybrid setup
2. Discounts must not over incentivize partners to move away from a hybrid setup (for example, this includes "using a competitor threat in negotiations")

Product	Rationale for discounts (applying to both hybrid and non-hybrid deals)	Comments
Programmatic	a) Ensure fair access to compete for valuable inventory	APNX being the gatekeeper for disclosure of [premium] inventory to Ad Manager is a risk specific to

Guaranteed	b) Assist the partner in reaching its goal to move its ads business towards programmatic tools NB: We cannot (in the JBP or the contract) require the partner to move its business to programmatic or make discounts conditional on this	hybrid setups.
PD/PA	We grant discounts independent of the setup chosen by the partner, hence if a discount is being applied, the level of discount needs to be aligned with our overall business goal for the given product.	Moving deals to other SSPs (e.g. to benefit from lower fees) is a risk not specific to hybrid setups. For deals running through Ad Manager, when considering discounts, we should keep in mind the many Unique Selling Propositions (USPs) that our high quality product delivers to the ecosystem (e.g. marketplace, quality, audience data, ...)
Ad serving	Competitive positioning	Mid-term incentive: Double-ad serving = avoidable costs for partners when moving to a single stack.

While the idea behind the discount cannot change, hybrid setups can mean serving a lower volume of impressions than for non-hybrid setups, in which case a lower discount will be applicable to that lower volume. This has to be taken into account during the risk assessment of any deal and deal renewal

Structure of the discount

Guidance on PG/PD/PA only as for ad serving (a) the contract set up options don't allow ad serving discounts to revert to standard pricing after an initial 12 or 24 month, and (b) all contracts must (as standard) either perpetually renew or continue indefinitely.

All discounts must adhere to the following conditions	No pledges (either pricing pledges like tiering or mutually agreed orally or in writing in contracts or in JBPs)	a) No exclusivity provisions a) No retroactive tiered pricing - must not allow for discounts to go back to "zero" (e.g. "if...then...") b) No commitments for minimum volume/spend that is all or most (>40%) of the partner's demand
	Equal opportunity	
Discount principle	Flat (i.e. price does not change based on volume) preferred option	E.g. "95/5" Best suited for partners who are actively promoting PG to their buyers.
	(lower) Flat + (additional) incremental incentive: preferred option	E.g. "92/8" + 2% incremental* sales bonus after reaching XM$ during contract period** * incremental means the discount % only applies to revenue in excess of the tier – not back to zero **must adhere to conditions
	Tiers	Stick to the standard tiers on the rate card, i.e. without individually tailoring tiers to the partner Non-standard tiered pricing only permitted

		if discounts / bonus payments are calculated incrementally (i.e. the discount % only applies to revenue in excess of the tier -- not back to zero)
	Volume commitments	If there is a strong business justification, volume commitments may be approved exceptionally in non-standard deals only and for PG never for more than 40% of the partner's total revenue opportunity on directly sold inventory on AdX and other exchanges
Contract length	12 months: preferred option	Concerning hybrid setups, access to inventory is considered liquid meaning that parts of inventory can be easily be diverted.
	24 months: not preferred, might be accepted based on business rationale	

In addition, it is critical for partners to think of the pros and cons of each solution, taking into consideration their business requirements in the short and longer term and the level of support (e.g. by gTech) they need to drive their business successfully.

How does First Price Auction and Unified Pricing impact hybrid setups?

First Price Auction - logic
Move to "First Price Auction in Ad Manager will have no impact on the logic of the hybrid setup; if the given spot price injected via APNX header bidding cannot be met in Ad Manager's First- or Second Price Auction, the request will be eligible for APNX to fill.

Unified Pricing - logic
Unified pricing rules will apply to all traffic across Ad Exchange, Exchange Bidding, and remnant line items (Network, Bulk, Price Priority). There are 2 scenarios possible:

1. APNX spot price via header-bidding >= unified price: no impact on the setup. The price will be determined by the highest bid in the unified auction.
2. APNX spot price via header-bidding < unified price: APNX spot price will be disregarded for clearing the remnant priority. This will have no impact on the auction for all auctions AM bid >= unified price; but will require to adjust the setup for all auctions where this is not the case. Recommendation: Unified Price should equal the price point for the lowest header bidding line item.

Hybrid-setups and gTech support

Setup: gTech does not support the implementation process of hybrid setups. The complexity of setting this up is 100% on the APNX-side, meaning that for gtech not much needs to be done or can be done. For gTech, the setup will appear and be handled as a **standard backfill integration**. That being said,

Existing deal: standard gTech Support level

- gGCC:
  - Gtech will support & troubleshoot just standard cases related to backfill within the GPT-framework

- gPS:
  - No (proactive) pitch support
  - No discussing the setup
  - No support beyond the point where our code ends
- When set up correctly, the setup should be capable of PG incl. proper forecasting
  - Limited PG troubleshooting capabilities: we can troubleshoot why available impressions didn't serve. That does not include if there is no traffic coming from the pub's properties - it's out of our control.
- Beta access:
  - Beta activation is always at Google's discretion and might be limited due to the technical setup
  - Beta activation: will be solely at Partner's own risk and may be subject to additional requirements as specified by Google. Google is not obligated to provide support for beta features. Google may cease providing beta features at any time. These are the standard beta terms, however may be interpreted in a stricter manner
- Limitations / Tickets / complexity*:
  - So far, we have very few partners on hybrid setups, hence we need to better understand over time the limitations that arise due to such double ad serving setups. This includes:
    - a closer look at understanding implications on our troubleshooting and on our tech support for such partners, given that the decision logic / mediation is handled in a 3rd-party ad server.
    - a closer look at understanding implications on beta approval processes

Redacted - Privilege

Hybrid-setups and Policy

It is up to the partner to ensure that the setup chosen is in accordance with Google Ad Manager's platform policies and program guidelines.

(a) The basic setup described above genuinely seems to be in accordance with our policies. This is due to the fact that the header bidding pre-auction is indeed separate but not ranked, and the actual auction runs in Ad Manager. Also, if Ad Manager fails to beat the header bidding price then the Appnexus script will return an ad that has already been pre-fetched as a backup-campaign in AppNexus. Hence, there is no extra ad serving request (auction) to AppNexus after DFP went unfilled.

(b) However, ultimately, we don't know which implementation the partner might chooses. Hence, before the implementation, the partner should be reminded to read the Google Ad Manager Partner Guidelines as well as the platforms program policies. *Especially relevant are the sections on ad call monetization and invalid activity.*

Verbal external talking-points

Also, here are some externally safe talking points to discuss the topic with partners who have expressed interest in this kind of setup:

Q: My partner is looking to explore a hybrid setup with AppNexus, what should I say?

A: We support partners that want to explore other ad serving and yield solutions. However, it is critical for partners to think of the pros and cons of each solution, taking into consideration their business requirements in the short and longer term.

Q: What is our experience in working with partners on hybrid setups?
A: If you are interested in talking to Sales Leads managing a partner under a hybrid setup, please reach out to your local GTM team.

Q: What has been the market feedback and do we know of any other partners moving to a hybrid setup?
A: We are aware that few partners are on hybrid setups but are not aware of any "market sentiment".
INTERNAL: If you have a partner who has expressed interest in doing so or have raised questions, please reach out to your dedicated GTM PoC.

Q: What level of gTech support can my hybrid partner expect?
A: The level of support is determined by the insights we have on the delivery / logic of delivery. In a hybrid setup this part sits in a 3rd party, hence troubleshooting support is limited to the backfill delivery within GPT-tags.

Q: My partner is experiencing ad latency or viewability issues with ads. Who can help with troubleshooting?
A: The technical support of the primary ad server.

Q: My partner is experiencing under delivery in their PG campaigns. Who can help with troubleshooting?
A: The technical support of the primary ad server.

Q: My partner is experiencing bad ads on their website.
A: We have lower abilities to detect bad ads in a hybrid setup. Hence, the partner needs to provide complete information that the ad was delivered by our ad server.

Q: My partner wants to test DAI and other advanced things in his hybrid setup
A: We have no experience, hence no recommendations.

Appendix

Backup ads [deprecated by deprecating ADX direct]

If no targeted ads are available for your page, Google will show a transparent space instead of ads. However, you can set up backup ads to display a color, image, HTML page, or ad server if Google isn't able to show targeted ads. This way, you can make sure that your advertising space is always being used effectively.

Partner Guideline: 2.3. Ad Call Requirements

Advertising Inventory Domain Information. Partner must provide accurate domain information in its calls for Google Monetization. Ad requests with inaccurate domain information may not be processed, and may result in a blank ad. Partner may only make calls for Google Monetization from domains that Partner has registered with Google through the Google Ad Manager user interface, or as specified in Partner's Google Ad Manager contract.
Restrictions on Passing and Redirecting Inventory. Once Partner has made an ad call for Google Monetization of a given impression, Partner is not permitted to pass that impression through any other system (including Partner's own system) that dynamically or programmatically allocates ad calls based on actual or estimated real-time pricing information.

Partner Guideline: 2.10. Invalid Activity

In addition to the Invalid activity provisions in the Platforms program policies, Partners must also comply with the following requirements:

Multiple Calls. For a given impression, Partners may not make repeated ad calls for Google ads in a manner that attempts to interfere with, abuse, or gain an unfair advantage in the ad auction.

Demand products

Video go/dvc-comms

With Direct Vast Calls (DVC) + Programmatic Access Library (PAL), premium video partners can access Google's programmatic demand in a secure and safe environment without requiring Interactive Media Ads SDK (IMA). This unlocks programmatic demand for partners using 3P servers (e.g. ad servers + DAI/SSAI partners)

There are three specific use cases that lead to Direct Vast Calls.

1. In some markets, many Pubs have adopted competitor ad servers (e.g. Freewheel in the US), SSPs (e.g. SpotX, Telaria).

2. Some major video distribution platforms use proprietary or 3rd party systems for ad decisioning (e.g. Canoe for STB VOD inventory in the US uses Freewheel under the hood which covers the leading Cable operator set top boxes including Comcast/Charter/Cox, Hulu uses a homegrown ad server)

3. Some partners have built mediation layers or proxies between their apps and Ad Manager (e.g. Roku).

In these scenarios we actually want Pubs to use DVC to open up inventory access to Premium Video content for DV360 and Authorized Buyers advertisers.