

Message

From: Aparna Pappu [apappu@google.com]
Sent: 6/20/2018 5:59:14 PM
To: Noam Wolf [nwolf@google.com]
CC: Jonathan Bellack [jbellack@google.com]; Jim Giles [jimgiles@google.com]; Sissie Hsiao [sissie@google.com]; Tim Taylor [timtaylor@google.com]; Bellack Leads [bellack-leads@google.com]; aparna-directs [aparna-directs@google.com]; Chris LaSala [chrisl@google.com]; Payam Shodjai [pshodjai@google.com]
Subject: Re: Your Ad Tech Tax Is Amazon's Opportunity

I agree they wont go up once we determine a rate card - and agree data needed to back any of these things.

On Wed, Jun 20, 2018 at 1:53 PM Noam Wolf <nwolf@google.com> wrote:

Credit card companies charge 25%+ on interest so they can bear the lower per-charge cost, what's our upside? I agree that bringing demand to programmatic has been our biggest value to date but I think we should get some data to back up these numbers because we won't be able to go up from whatever we land on.

--noam

On Wed, Jun 20, 2018 at 1:50 PM Aparna Pappu <apappu@google.com> wrote:

Just using credit card companies as my baseline and thinking about the value we provide. Unless we bring the demand changing the pipes to be programmatic does not create enough value to be closer to 10 IMHO

On Wed, Jun 20, 2018 at 1:48 PM Noam Wolf <nwolf@google.com> wrote:

Curious why closer to 2% is your ideal. We started low on PG and have had a very hard (impossible) time getting more revshare there. If we drop AdX revshare from 20% to 2% how do we remain competitive?

--noam

On Wed, Jun 20, 2018 at 12:01 PM Aparna Pappu <apappu@google.com> wrote:

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Media Fees

I love the idea of media fees is a buy-side thing. On sell-side offer opt in Yield management features like managed reserve for a %age fee.

AdX

For all programmatic i.e transactions including AdX and EB - sell-side charges for taking on risk of being a clearing house so whatever 2% to 10% whatever we think the market can bear but ideally closer to 2%.

Platform

Make yield groups enticing - not sure about free but perhaps close?

Higher fees for all sophisticated features which mostly benefit reservations and deals - insights - not quite sure what sort of bundling pricing works here but this needs a lot more work to make sure there are no unintended side effects as JB said

On Wed, Jun 20, 2018 at 11:54 AM Jonathan Bellack <jbellack@google.com> wrote:

I spent some time with Sissie and then with ChrisL on this. How much actual value is there in auction yield management (get bids, compare bids, pick winner)? Mediation is completely free in the mApp world, and Sissie asked what would happen if we just made mApp mediation (yield groups) free in DRX too. And is there really that much more value in just comparing auction versus reservations? DFL proved that at a high enough price, publishers are perfectly happy to ignore reservations. It would be trivial for

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Amazon or showads.js to set a First Look price, above which publishers don't even bother calling Google, to save on DFP ad serving fees. That pays off if (lift from calling Google) < (ad serving cost of calling Google). At 2c, it's still worth calling Google. But is it still worth it at 6c? I don't know. And is that really the conversation we want to have with pubs -- why we're charging more for something they don't value? I still think a publisher's logical reaction would be to seek the cheapest possible auction yield manager, and then put pressure on Google to integrate our reservation system into it as another demand source. Think about what eBay and Spotify are already doing, but with motivated competitors pitching the customer base on adopting that model. We could refuse to integrate reservations into other systems, but I don't believe it is good business to force a publisher to pay more for auction yield management just in order to get our reservation system.

Chris and I talked about doing a bigger all-in change to multiple parts of the business at once. Imagine something like this:

- GDN & DBM auction move entirely to network model (no last look, first price, no disclosed revenue share)
- AdX buyer revshare drops significantly (10%?)
- Yield groups become free
- Higher price for reservation tags

-- Jonathan Bellack / jbellack@google.com
Director, Product Management / Publisher Ad Platforms

On Wed, Jun 20, 2018 at 8:19 AM, Jim Giles <jimgiles@google.com> wrote:
Privileged
+Tim Taylor

I was thinking more about the concern that if we raise prices on DFP, Amazon will start competing with us there as well or figure out a way to bypass us. This article underscores the fact that they are getting a free ride right now through header bidding. Raising prices on the platform could cause them to a) build reservation features and compete with us, or b) try to sell publishers on the idea that reservations don't matter and bypass calling us completely. The benefit of a) is at least that we cause them to work harder versus getting a free ride -- they will be strong competitors, but I also suspect they will be a more trustworthy platform to work with (eg fair-ish access) and Yavin integration with them would not be the worst thing. B is definitely a risk, but we know reservations still pay a lot more and we could take the opposite position and sell reservations and pg very hard to publishers. It would be a change of strategy, but that is the stickier part of our business.

On Wed, Jun 20, 2018 at 6:09 AM Jonathan Bellack <jbellack@google.com> wrote:

<https://adexchanger.com/the-sell-sider/your-ad-tech-tax-is-amazons-opportunity/>

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