

Proposal: Jedi No Last Look

go/jedi-nolastlook

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In current Jedi auction AdX gets "last look", i.e. if AdX wins it pays the second highest price across all bids whereas if an exchange wins, it pays what it bid. We see the same auction dynamics play out in header bidding where AdX get last look. However this has been a sticky point for Exchange Bidding with competitors citing concerns that it gives Google an unfair advantage where AdX can see bids from other exchanges in real time ([Business Insider](#)).

Consider the following proposal to give up last look on Jedi without giving up second-price auction on AdX:

- Jedi auction will be a unified first-price auction across AdX and Jedi Exchanges
- Jedi auction reserve price will be set by DFP (same as AdX auction)
- Adx will run a second price auction and submit its closing price into the Jedi auction
- Adx buyers will get a "jedi signal" in their callouts
- Adx buyers must submit their most competitive bids to win in Adx second-price auction and become eligible to participate in the Jedi auction. Buyers can choose to submit multiple bids into Adx second price auction as necessary.

We have considered multiple options for changing Jedi auction dynamics that result in giving up last look (go/jedi-auction-dynamics). This proposal is a variant of [option #2 - Separate Jedi Auction or Hybrid auction with optional first price submission](#). The original option #2 will allow AdX to run a second price auction and also allows buyers to submit an additional "Jedi" bid that is eligible to participate Jedi auction if they win the AdX auction. However it is complex and difficult to explain to AdX buyers ([doc](#)). This proposal helps overcome the complexity and gives the Adx buyers full control to help offset losses from lack of last look on AdX.

Benefits

Primary benefit of giving up last look is creating a level playing field for all exchanges including AdX in Jedi. Currently AdX has an advantage where its closing price can depend on bid from another exchange. By giving up last look, we make Adx closing price independent of exchange bids. This addresses a key concern other exchanges have with Jedi and prove to the market that we are running a fair and competitive auction.

Secondary benefit is being able to share Jedi bid landscape with auction changes as a result of giving up last look. More details @ go/jedi-bidlandscape

Considerations

Key consideration to giving up last look is loss of AdX revenue and profitability. Current estimates indicate 4% to 5% Adx revenue loss based on Nov 2016 Jedi data ([query](#), [trix](#))

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Design doc

Design details available @ go/jedi-auction-ga

Documentation

Track updates to help center content in b/35633486.

References

- Jedi auction dynamics - go/jedi-auction-dynamics
- Jedi auction options - [deck](#)

