Google

Media Review

GDN / DBM Customer Segmentation + GDN Marketing Refresh
September 2015

Agenda

- Review GDN / DBM updated customer segmentation
  - In keeping with the DDM / AdWords Design Principles
  - Goal is to assist LCS and SMB sales teams guide customers to the right display solution
- Review GDN Marketing Reboot plans for Fall 2015
  - Goal is to position GDN as an accessible programmatic solution & complementary to DBM

GDN/DBM: Customer Segmentation Summary

***Messaging:** Google offers two programmatic buying options for display: GDN and DBM. Each are built to deliver performance at scale in display. The choice between whether to use one platform or the other (or both) is dependent on a customer's objectives, core competencies/assets & organizational structure.*

	Differentiation	Target Use Case	Customer Segmentation
GDN	Deeply integrated into AdWords with synergies for marketers and agencies using AdWords	Most effective starting point for display and as a **turnkey media solution**. - Broad reach - Sophisticated targeting - Automated bidding - Scaled creative	Typically smaller and mid-sized marketers who are able to satisfy their display needs with a simple, low-touch solution with minimal customization.
DBM	An integral part of DDM to more effectively create and manage holistic campaigns across multiple channels/inventory sources.	Marketers who need platform-driven features for **more customization across multiple inventory sources** - Broad access to all major exchanges - Integration/control of proprietary data - Demand aggregator features	Large display buyers interested in consolidating their display buying across channels and deploying a strategy with a single view of a customer.

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Project Simple: Customer Segmentation

DBM focus
GDN focus

Data-driven review of Display marketplace identified four key segments of buyers and characteristics of each

Customer Segments

	2017 Forecast	
	TAM[1]	Platforms
1	$51B	$14B
2	$31B	$6B
3	$33B	$4B
Total (2017):	$115B	$24B

① **Large Marketer-Led Customers (Head of LCS)**
- 1A. CRM-Focused: Large (top ~1000) marketers that have robust customer-level data and can utilize this for enhanced targeting and attribution.
- 1B. Super-Scaled Brand: Marketers who may not have deep CRM data, but whose digital advertising spend is so large that a small % of savings justifies significant investment in programmatic (e.g., big CPG). They typically aspire to have/build CRM-like data

② **Mid-Sized Agency-Led Customers (Torso/Tail LCS; Top Tier SMB)**
- Other marketers (i.e., lack deep 1P/CRM data) who lack the scale to to be in 1b...
- ...and thus are comfortable delegating key programmatic and buying decisions to their agencies

③ **Non-Agency Sub-scaled**
- Smaller digital advertisers, who can largely accomplish their marketing objectives via one-stop solution (typically via networks)

④ **Networks**
- Networks that leverage multiple platforms / tools to improve performance and broaden access to inventory

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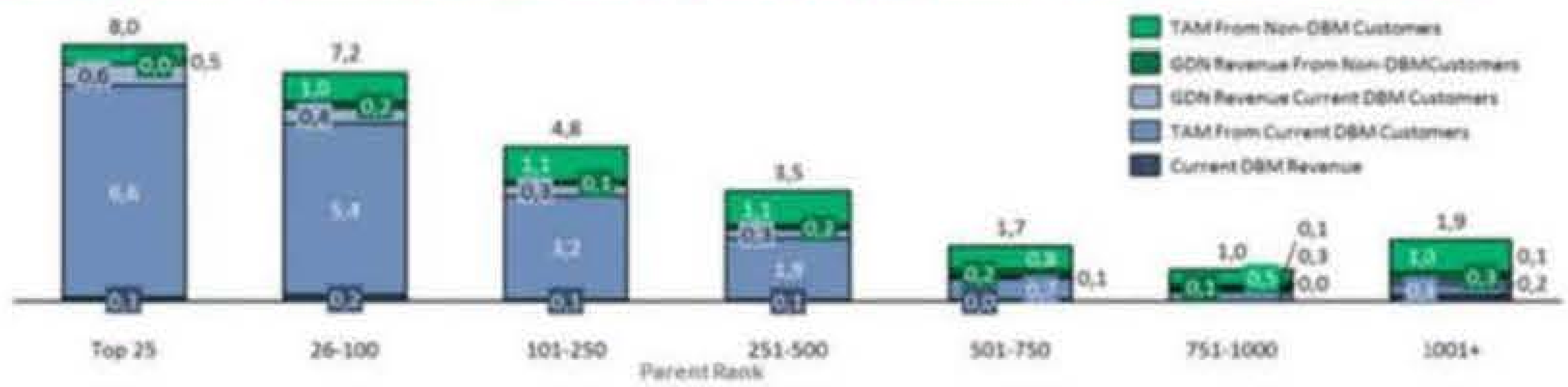
Detail: "Segment 1A" Marketer-led large Customers

57% are existing DBM customers, capturing just 2.3% of their TAM (2014 numbers)

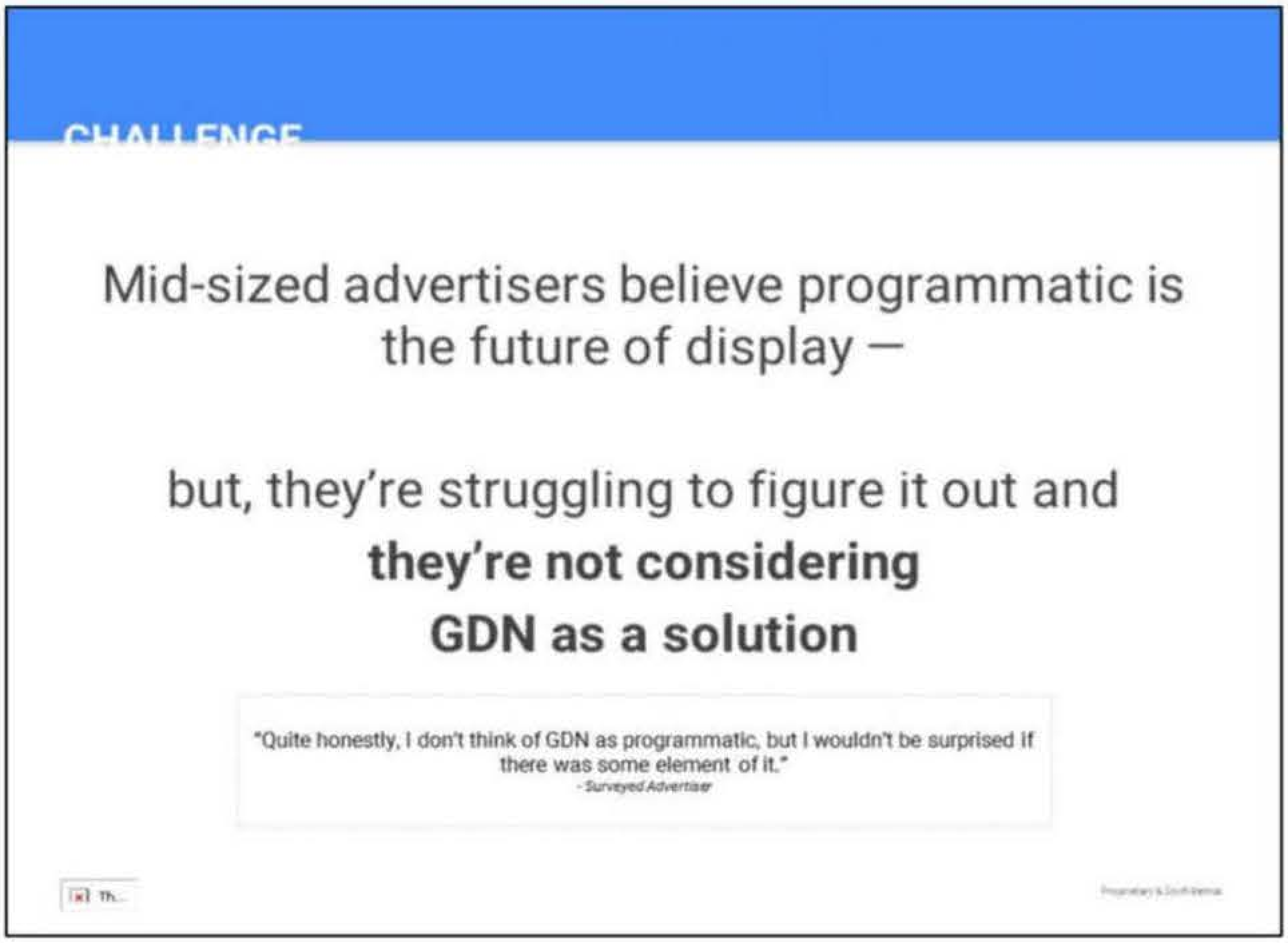


	Top 25	26-100	101-250	251-500	501-750	751-1000	1001+
DBM Revenue Penetration Rate[3]	1.8%	2.4%	1.8%	2.0%	2.7%	2.5%	8.6%
GDN Revenue Penetration Rate	6.0%	8.7%	9.7%	12.4%	15.9%	15.5%	19.0%
Current DBM Parents	22[2]	63	112	152	114	104	389
Current DBM Parents as a % of Total 1A Parents	88%	84%	75%	61%	46%	42%	20%

Notes:
1. Based on industry / vertical categorization. Source: Boh data
2. Suning Group, Naver Corporation, Capital One are Top 25 customers not on DBM
3. Penetration Rate = (Current DBM Revenue)/(TAM From Current DBM Customers)

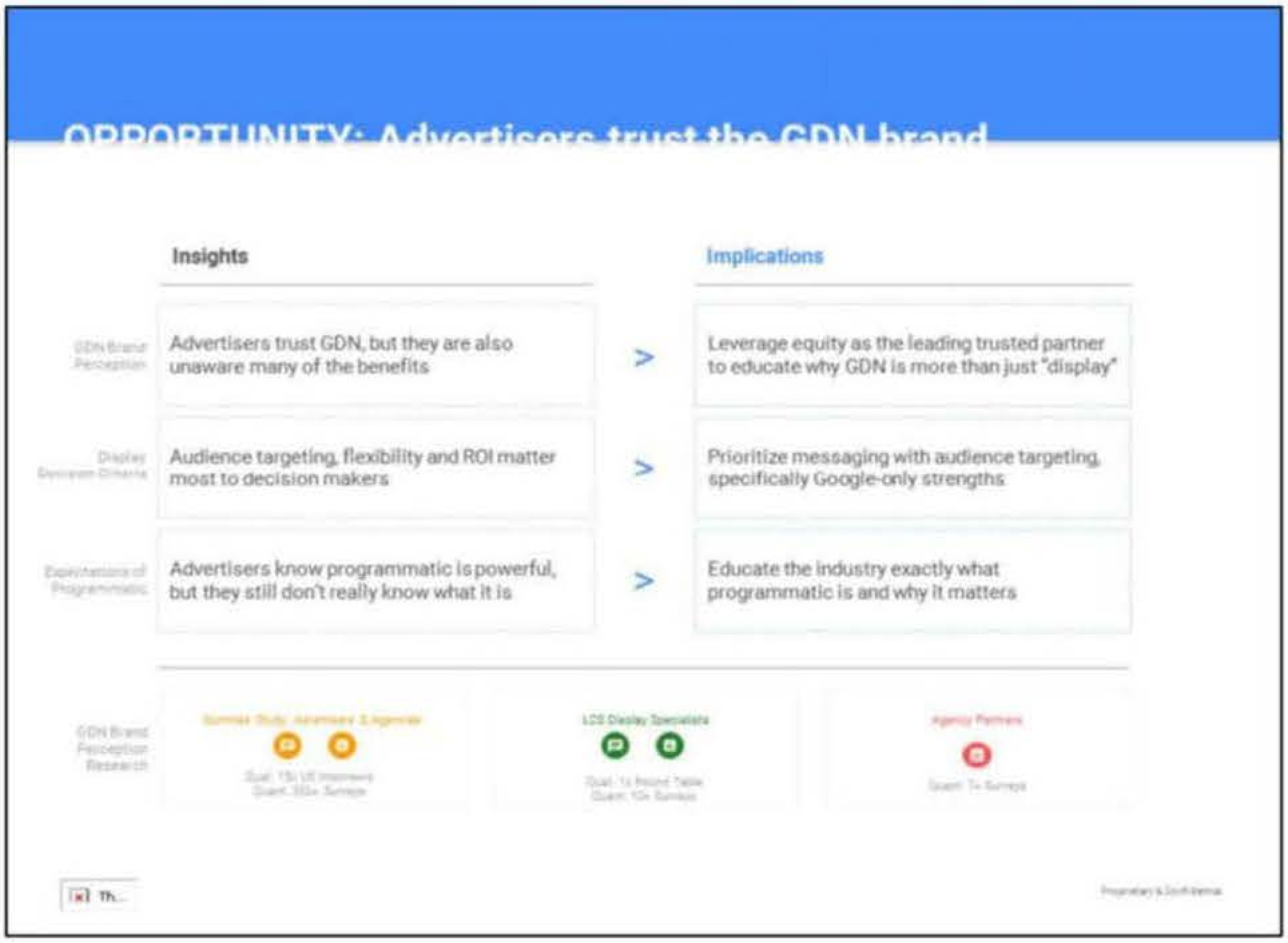
GDN Reboot

MARKETING PLAN



Quotes from Illuminas GDN Brand Perception Research

"Quite honestly, I don't think of GDN as programmatic, but I wouldn't be surprised if there was some element of it." - Advertiser
"I don't think there has been as much emphasis from Google's side to educate agencies on how GDN has evolved." - Agency
"I'm uncomfortable about even thinking about bringing that [programmatic] role in-house." - Advertiser



Display Decision Criteria
Top Factors
Audience Targeting - 38%
Flexibility - 38%
ROI - 32%
Cost Transparency - 32%

Quotes about Display Decision Criteria

[ROI] "Conversions are the best way to gauge success. Over site views, unique visitors, over all of these other fancy metrics, conversion are by far the number one." - Advertiser

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Programmatic Expectations
89% of survey respondents are or will spend programmatically within 2 years
Top Benefits
Better Targeting Effectiveness - 45%

Quotes about Programmatic Expectations

[Understanding] "There are barriers from an education standpoint. I have a basic understanding of the programmatic landscape, but even I would struggle to educate others." - Agency
[Use] "Ease of use. Yes, I think that's going to be important. I mean, I don't want it to be something that has a big learning curve for myself." - Advertiser

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GDN Brand Perceptions

Platform or Network I trust - 48% (Closest competitors is Facebook - 42%)
Is an expert in display advertising - 45% (Closes competitor is Facebook - 37%)
Most common words to describe GDN: global, scope, scale, breadth.

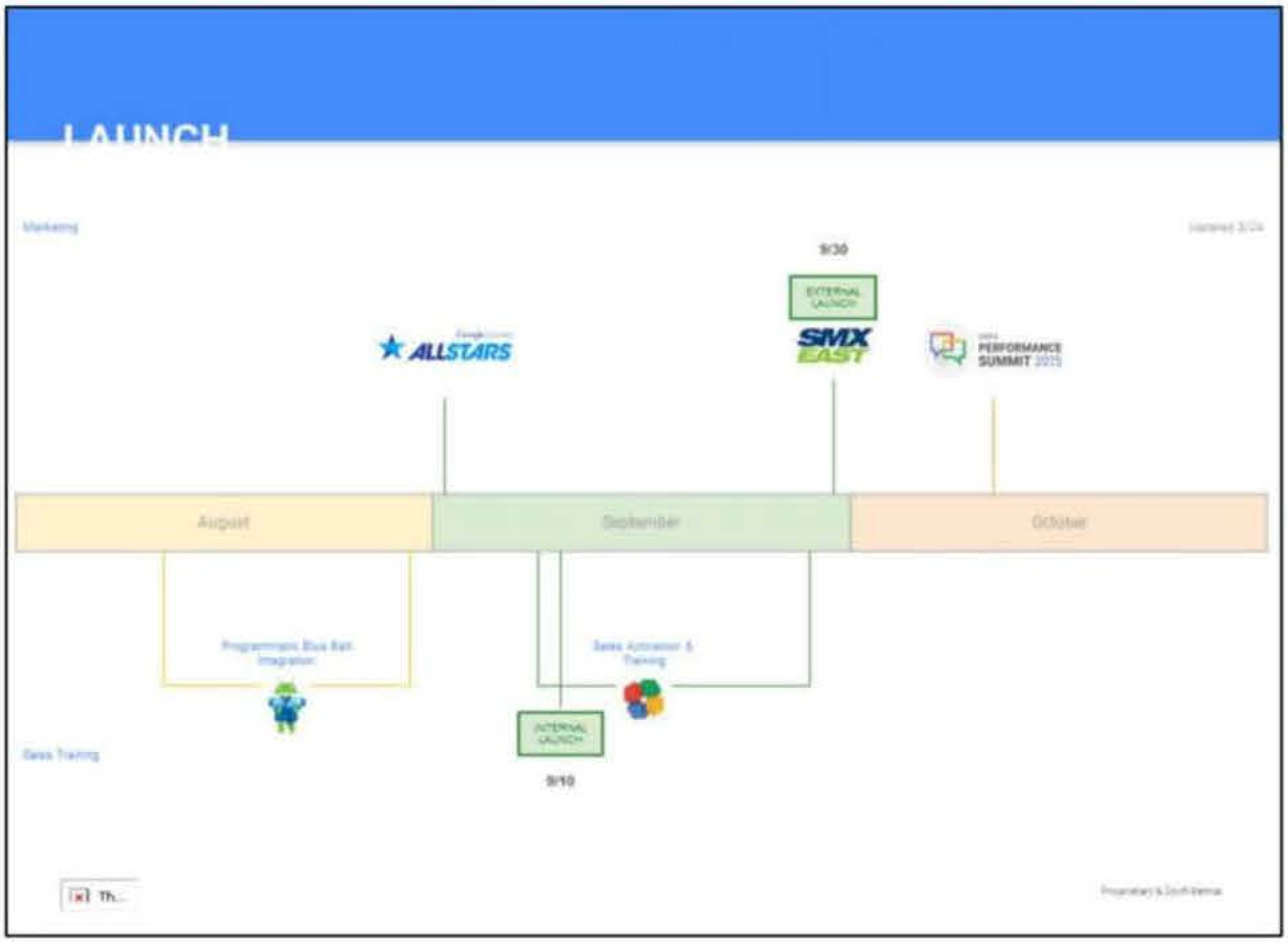
Quotes about GDN
"I don't think there has been as much emphasis from Google's side to educate agencies on how GDN has evolved." - Agency

POSITIONING: GDN democratizes programmatic

Enabling mid-sized AdWords advertisers to achieve programmatic impact on their current platform, because of immediate access to

Qualified Audiences	Multi-Screen Reach	Transparent Results
Intent-rich insights powered by Google-only data and algorithms let you easily reach your best audience when they want to engage.	Frictionless reach to your customers on any device. Automated tools to easily deliver a tailored message and experience on any device.	100% clarity of where and how each dollar performs. Brand safe reach across the largest source of mobile and desktop inventory.

Th...


LAUNCH
Marketing
9/30
EXTERNAL LAUNCH
ALLSTARS
SMX EAST
PERFORMANCE SUMMIT
August
September
October
Programmatic Blue Belt Integration
Sales Activation & Training
INTERNAL LAUNCH
9/10
Sales Training

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Appendix

Summary of Total Addressable Market (TAM) and Platforms Market

Segment	Total Customers: Parents 2014	Total Customers: Parents 2017	Total Customers: % LCS parents 2017	2014 revenue ($B / % of total LCS revenue): DBM	2014 revenue ($B / % of total LCS revenue): GDN	2014 revenue ($B / % of total LCS revenue): % of total revenue	Total adressable market (TAM) and Platforms market: 2014 TAM	Total adressable market (TAM) and Platforms market: 2014 Platforms	Total adressable market (TAM) and Platforms market: 2017 TAM	Total adressable market (TAM) and Platforms market: 2017 Platforms
1 Marketer-Led	1,025	1,050	12.1%	0.4	2.6	36%	28	3	50	13.6
1A CRM-Focused	1,000	1,000	11.5%	0.38	2.3	32%	23	2.7	40	11.2
1B Super-scaled	25	50	0.6%	0.03	0.3	4%	5	0.3	10	2.3
2 Agency-Led	Agencies representing 1,200+ marketers (parent-level)			0.4	2.6	36%	19	0.9	31	6.2
3 Sub-scaled	2M+		-	0.1	2.3	28%	19	0.7	33	3.9
Total				0.9	7.5	8.4	65	4.5	115	23.6

Notes
1. Customer defined at a company level (vs. parent level). Updated numbers at parent level in progress.

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Marketer-led customers (segment 1) get involved in stack decisions for two reasons: customer data (1A) and/or scale (1B)

Marketers Fall into Segment 1 For Two Reasons

1A – CRM Focused

- **Decisions driven by effectiveness**, efficiency is secondary benefit
- **Own valuable 1st party / CRM data** that can be leveraged to **improve targeting, attribution, and ROI**
- Strong desire to own and control this data as competitive advantage

1B – Super-scaled Brand

- **Decisions driven by efficiency;** effectiveness is secondary benefit
  - Efficiency in cost (agency fees)...
  - ...and media (reduce wasted reach)
- **Digital ad spend is so significant** that programmatic provides material incremental **efficiency gains and thus sizeable ROI improvements**
- Strong desire to leverage scale to drive down costs

Both are making ad tech decisions today[1]

		Programmatic Target[2]	DSP Status
1A CRM-Focused		100% (Timing TBD)	DBM RFI
1A CRM-Focused	vodafone	n/a	global decision early 2015
1A CRM-Focused	GEICO	n/a	Top DBM customer
1B Super-scaled	P&G	70% by end of 2014	DBM deal discussion
1B Super-scaled	Unilever	n/a	Pilot
1B Super-scaled	Mondelēz	50% by end of 2016	DBM RFI

Note 1: See add'l detail around choice of in-house vs. dedicated agency model 2: From Buy-Side Platforms Global Client Engagement Plan (Q3'14) (link)

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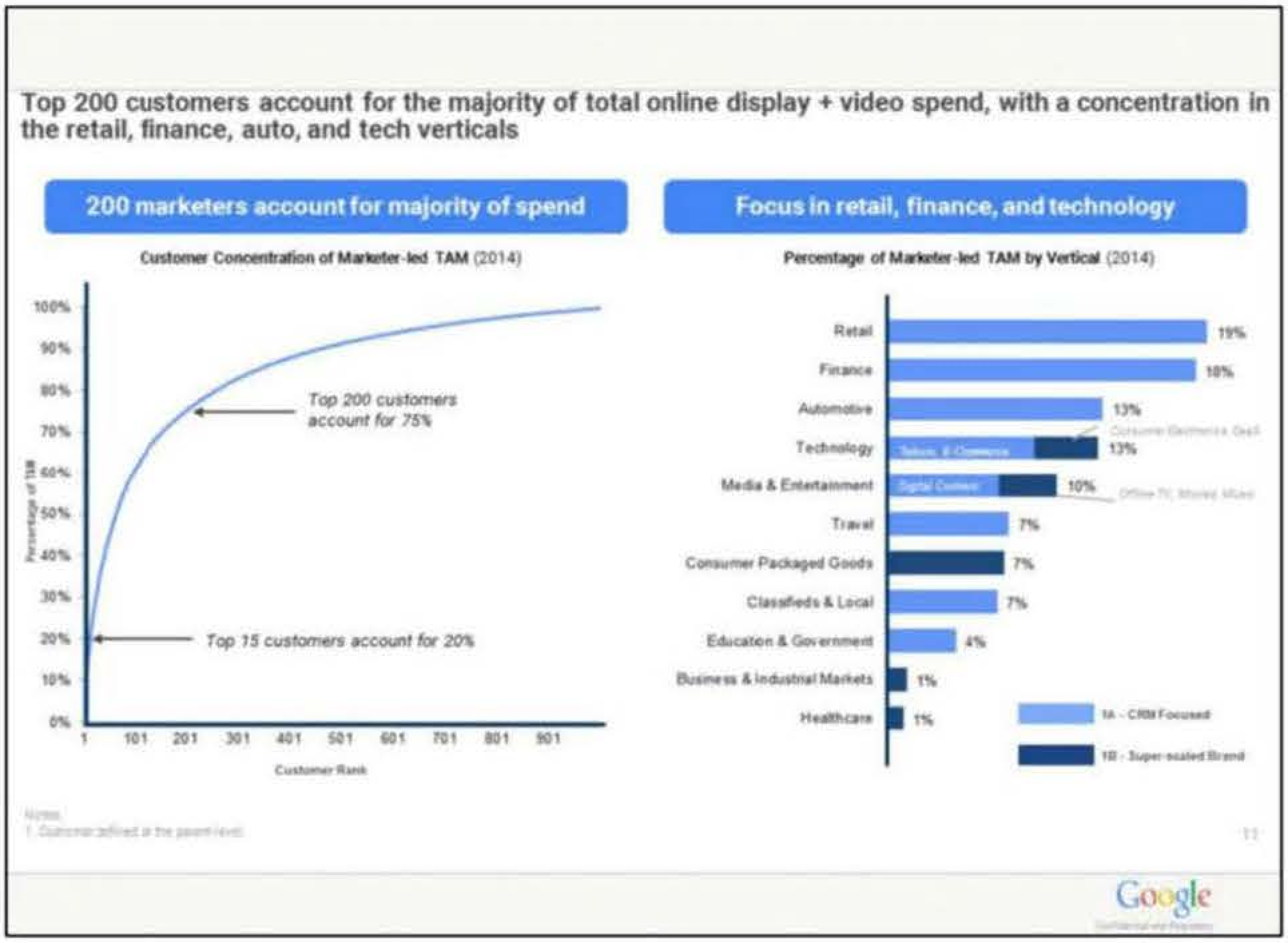
Top 200 customers account for the majority of total online display + video spend, with a concentration in the retail, finance, auto, and tech verticals
200 marketers account for majority of spend
Customer Concentration of Marketer-led TAM (2014)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1
101
201
301
401
501
601
701
801
901
Customer Rank
Top 200 customers account for 75%
Top 15 customers account for 20%
Focus in retail, finance, and technology
Percentage of Marketer-led TAM by Vertical (2014)
Retail
19%
Finance
18%
Automotive
13%
Technology
13%
Media & Entertainment
10%
Travel
7%
Consumer Packaged Goods
7%
Classifieds & Local
7%
Education & Government
4%
Business & Industrial Markets
1%
Healthcare
1%
1A - CRM Focused
1B - Super-scaled Brand
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Summary of Total Addressable Market (TAM) and Platforms Market

	Total Customers				Total Addressable Market (TAM)				Platforms Market				2014 Revenue	
	Parents		Growth		Size ($Bn)		Growth		Size ($Bn)		Growth		DBM	GDN
	2014	2017	CAGR	Count	2014	2017	CAGR	$	2014	2017	CAGR	$		
1 Marketer-Led	1,025	1,050	1%	25	28	50	22%	22	A 3.0	13.6	66%	10.6	0.4	2.6
1A (CRM-Focused)	1,000	1,000	0%	0	23	40	20%	17	2.7	11.2	60%	8.5	0.30	2.3
1B (Super-scaled Brand)	25	50	26%	25	5	10	31%	6	0.2	2.3	115%	2.1	0.03	0.3
2 Agency-Led	Agencies representing 1,200+ marketers (parent-level)			–	19	31	18%	12	B 0.9	6.2	90%	5.3	0.4	2.6
3 Sub-scaled	2M+		–	–	19	33	21%	15	0.7	3.9	78%	3.2	0.1	2.3
Total					**65**	**115**	**21%**	**49**	**4.5**	**23.6**	**73%**	**19.1**	**0.9**	**7.5**

A "Marketer-led" (Segment 1A and 1B) is expected to become the largest customer segment by 2017, growing at ~66% CAGR and accounting for 57% of 2017 spend

B Agency-led customers remain large and fast-growing, comprising 26% of 2017 Platforms spend and growing at 90% CAGR

Notes
1. Customer defined at a company level (vs. parent level). Updated numbers at parent level in progress.

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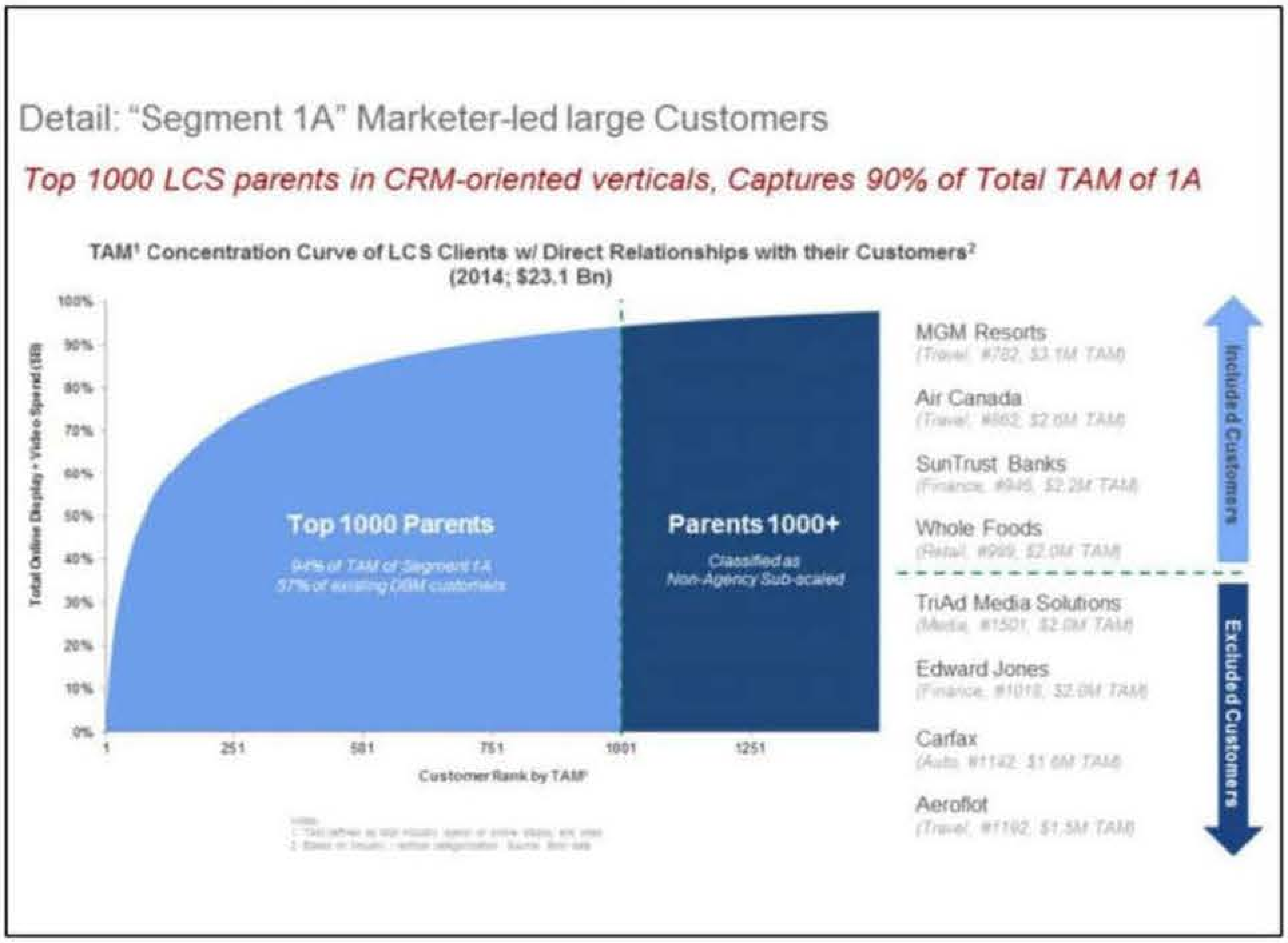
Id	Date	Text
1	07/08/2015 01:15:06	Victor, do you have what you need to look into this? Unfortunately, Chris F. is on a GoogleServe project in the Philippines for a few weeks.
1	07/08/2015 01:24:56	Yes, I am working on it. We should be fine.
1	07/08/2015 14:41:04	+vnovikov@google.com, +mderynck@google.com Hi Mattias, Victor: can we get the % of LCS by # of parents and % of LCS/Google display and video spend for these segments? I thought we had this in the project simple materials, but I don't see it now.
2	07/08/2015 14:41:04	thank you!



For current DBM adoption, can either portray in two ways
Two-toned concentration curve
Bar graph with two segments
Need these metrics (# of Non-DBM accounts, x% of total accounts, DBM $, % of total $)

POSITIONING STATEMENT

Who are we talking to	To **AdWords Advertisers** striving for **programmatic impact**
The product	the Google Display Network is the **one programmatic solution**
What is the unique value	that enables them to make the next big leap in their digital advertising **on their current platform**
How and why it will deliver that value	because of its **qualified audiences, multi-screen reach and transparent results.**

Th...