

Message

From: Chris LaSala [chrisl@google.com]
Sent: 12/20/2017 3:42:34 PM
To: Jim Giles [jimgiles@google.com]
CC: Thomas Schreiber [tschreiber@google.com]; Max Lin [whlin@google.com]; Nitish Korula [nitish@google.com]; Aparna Pappu [apappu@google.com]; Max Loubser [maxl@google.com]; Inna Sirota [isirota@google.com]; Nicolas Baquié [nbaquie@google.com]; Nancy Yoo [nyoo@google.com]
Subject: Re: AdX bidding strategy to win high valueimps

Thanks Jim. Appreciate you looking into this.

On Wed, Dec 20, 2017 at 10:30 AM, Jim Giles <jimgiles@google.com> wrote:

I don't think we will get enough benefit to make it worth the downsides. +whlin +nitish Max, can you share the relative impact of DRS V1 vs truthful where we can include the buy-side?

On Wed, Dec 20, 2017 at 6:48 AM, Thomas Schreiber <tschreiber@google.com> wrote:

Hi Jim,

My impression from yesterday's meeting is that Eisar would be willing to consider lower margins on high-value impressions (even if this were to reduce the overall margin).

At least in EMEA, the largest revenue contributions from impressions over \$10 (bid level) actually comes from the open auction, see [slide 10 of this deck](#). What would be the incremental net revenue contributions to Google if we were to, say, accept down to 5% margin on all impressions over \$5?

Thomas

On 19 December 2017 at 23:51, Jim Giles <jimgiles@google.com> wrote:

Yeah but at the cost of truthfulness and erosion of margin. If you only wanted the higher value oa, the overall margin hit would be less but also the incremental would be less.

On Tue, Dec 19, 2017, 6:49 PM Chris LaSala <chrisl@google.com> wrote:

Yes...is it worth itgreat question.

Jim..did the Drs v.1 analysis show much more incremental upside? I recall #s in the tens of millions

On Dec 19, 2017 6:45 PM, "Aparna Pappu" <apappu@google.com> wrote:

Ya so we can definitely take the hit and go lower - the real question is will it matter enough on the "scraps" of OA?

On Tue, Dec 19, 2017 at 6:42 PM, Chris LaSala <chrisl@google.com> wrote:

i think instead of taking 20%, we'd take 19%, 18%... (give pubs 81%, 82%)...so ignore the target 20% and be 'generous' if we can make more net \$\$\$. So we aren't changing rev share with the pub explicitly, but are in effect dropping rev share, but only when we want to.

@Thomas - I may be putting words in your mouth..so correct me if I'm wrong here.

But to your points Aparna...it is possible that Bernake and DRS are enough here

On Tue, Dec 19, 2017 at 6:38 PM, Aparna Pappu <apappu@google.com> wrote:

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i dont understand how we could do this without changing sellside rev share - unless you mean buyside rev share would be lowered for strategic queries which I assume they do already given bernanke.

DRS is opt in which allows us to drop rev share on a per query basis to do just that but not sure if I am missing some other point - we still target overall 20% tho

On Tue, Dec 19, 2017 at 6:35 PM, Chris LaSala <chrisl@google.com> wrote:

Eisar took Thomas' suggestion as 'dropping rev share', but that was not the intent...we clarified with him after you dropped off.

The idea is that we could increase dollar margin by unilaterally (without changing negotiated rev share) to win moreimps that would result in more net \$\$ that we otherwise would lose if we didn't drop rev share. I have no data or analysis to suggests this is an opportunity, but am wondering if it is being investigated as part of, or separately from, DRS.

On Tue, Dec 19, 2017 at 6:29 PM, Aparna Pappu <apappu@google.com> wrote:

We should have a longer discussion on this - there is rarely high value imp on OA and the high value ones are deals where we are in 10% land - is the suggestion to go lower because that would go counter to our philosophy?

We already DRS stuff on OA to increase win rates via opt in for pubs - but keep the 20% overall or try to hit it anyway.

The discussion eisar/jim had today was about the platform pricing strategy that you and he had and see if we can shift some there so the optics look better

On Tue, Dec 19, 2017 at 6:25 PM, Chris LaSala <chrisl@google.com> wrote:

Hi Max,

We had a review today with Eisar (re: EMEA platform penetration). One of the ideas discussed was to algorithmically reduce Google's rev share on high-value impressions when we don't think we'll win them, optimizing 'net revenue' vs 'net margin.'

Does DRS do this sufficiently today? If not, why? Is there work being discussed along those lines?

Thanks,
Chris

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