

# Growing AdX

## **Can Google double the inventory flowing to AdX?**

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### **Problem Statement:**

#### **TL;DR:**

Google should invest more in development that makes publishers more revenue and brings additional inventory into the Ad Exchange (and therefore GDN). Google should be more aggressive in DFP integrations that achieve this and more open to third party integrations that do the same.

#### **The press release we could issue if we do this:**

*"DoubleClick Ad Exchange doubles again. Through better integration with DFP and 3rd party ad servers, the DoubleClick Ad Exchange has become the de-facto standard for publishers to manage their indirect network relationships."*

#### **Details:**

There is no single silver bullet development effort that will double the inventory in the Ad Exchange. Rather, what is required is a series of smaller development efforts that are aimed at making publishers more money by making the ad exchange an even more attractive tool through which to manage all indirect / programmatic buying.

### **Proposed Solutions and Key Initiatives**

1. **Improved dynamic allocation** with DFP (specifically XFP) so that competition is more easily managed against non remnant priorities. More details [here](#) and [here](#)
2. Open **dynamic allocation to 3rd party** ad servers (focusing in Europe, Asia).
3. **Intelligent dynamic allocation** where the value (used for eCPM competition with AdX) of the DFP ad is adjusted based on delivery schedule.
4. **Advertiser exclusion categories** work across DFP and AdX.
5. **Single login** domain for both DFP and AdX with embedded links to each.
6. **Proactive EAI report** in DFP that shows publishers inventory that could be sent to AdX based on size eligibility (perhaps on the DFP dashboard).
7. More **Google O&O** offered onto the exchange including Gmail.

#### **Other Related efforts:**

1. Provide **forecasting on preferred deal buys** so that buyers get certainty of the spend and publishers get higher CPMs
2. Provide **1st party data and full DDP integration** with the AdX sell-side to enable data in preferred deals.

#### **Impact:**

If the above efforts are all funded and developed, AdX has the potential to be a \$3-4b business in 2014

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Proposed Solution	Overview	Effort required	Impact	Risks
<b>Improved dynamic allocation with DFP</b>	The implementation of XFP dynamic allocation is not as good as the original DFP implementation (hard to manage for clients). Improving the basic implementation would make it much easier for publishers to offer more premium inventory to AdX.	1-2 FTE across XFP and AdX for a quarter.	Aids XFP migrations (select pubs stuck on dynamic allocation).  10-20% increase in available inventory from DFP pubs.	Does not comply with XFP model for "standard" waterfalling to "remnant".
<b>Open dynamic allocation to 3rd party ad servers</b>	Dynamic allocation for 3rd parties is available today but in beta. Minimal effort is required to roll it out more broadly.	Commercialization.	Enables \$100 to \$200m in new inventory opportunities in Europe	Takes away a key differentiator for DFP
<b>Intelligent dynamic allocation</b>	the value (used for eCPM competition with AdX) of the DFP ad is adjusted based on delivery schedule	2-3 FTEs within XFP for a quarter.	Improves competition between AdX and DFP enabling publishers to offer AdX to higher priority inventory	Impacts DFP delivery logic. Always the potential for client impact.
<b>Advertiser exclusion categories</b>	Allow publishers to block an advertiser category in AdX from a given ad slot when booking an order in DFP. Note: dependent on a canonical list of advertiser categories.	3-5 FTEs for two quarters.	Opens inventory from high-end publishers with competitive exclusion control concerns.	Dependency on the canonical advertiser list.
<b>Single login</b>	Create a single login and links from DFP to AdX and vice versa.	1-2 FTEs for a quarter	Removes user headache and creates options for additional integrations	Dependency on mapping users / roles.
<b>Google O&amp;O</b>	Enable AdX on Google O&O.	1-2 non engineering FTEs	More revenue for Google and signals trust to the market.	Concerns over ad quality via AdX.
<b>Forecasting on preferred deal buys</b>	Allow buyers to book a guaranteed reservation buy into a preferred deal.	2-3 FTEs	Increases the CPMs (10x) and spend through AdX.	Creates channel conflict with GDNr.
<b>1st party data and full DDP integration</b>	Allow publishers to create a preferred deal for a given 1st party data segment. Allow inclusion of the segments in RTB	2 FTEs [1 FE / 1 BE]	Addresses major gap feature with Admeld and competitors.	Google may need to buy data rights.

**Additional Context on Yield Management business:**

Major Ongoing AdX efforts (as part of core yield management development):

- Plans to migrate Admeld clients to AdX in 1st half of 2013.
- Development of Admeld gap items
- Development of new inventory management model (rules' based)
- Development of yield management for display, mobile and video [additional resourcing required for Mobile]

- Integration of 1st party data segments into preferred deals

Options for acceleration:

- Private exchanges - rich area of development, resource constrained
- AdX / YM for Video
- AdX / YM for Mobile - need to double the team size

Business risks:

- Migration process will be disruptive to client base and is utilizing significant development / services / sales and PM resources
- Other products are embedding yield management into their mediation tools creating additional channel conflict. Examples: LiveCPM in DFP, yield management in AdMob.
- Programmatic Direct is a potentially disruptive technology as compared to RTB. Allows buyers to purchase user-lists or other targeting as a reserved buy.