

From: Michelle Sarlo Dauwalter <michellesarlo@google.com>  
To: Bonita Stewart <bonita@google.com>  
Subject: Re: Seeking approval for 90/10 Private Auction rev-share for Vox Media

PS- In regards to a 90/10 rev share, I can't recommend this until we have some of their Rubicon data in-house. Lindsay said she will follow-up to confirm if the HB response they are sending back to us is in Gross or Net terms to determine if we are competing fairly or not.

On Wed, Feb 24, 2016 at 10:38 PM, Michelle Sarlo Dauwalter <michellesarlo@google.com> wrote:

Hi Bonita, thanks for looping me in.

**Rubicon Strategy:** Rubicon is pitching Header Bidding to several of our partners because DRX has historically made it difficult for SSPs to compete on a level playing field with AdX. (Publishers have historically had to book an average CPM rate which would not allow for Rubicon to compete effectively for higher-value impressions.)

**Analyses:** Our RSAMs, GSS and RevIntel have been actively working to gain more case studies to review how Header Bidding affects overall publisher revenue. Overall, we believe that HB does in fact yield higher revenue for publishers because it allows SSPs to compete with AdX more on an impression-by-impression basis instead of based on an average CPM. This tends to mean that AdX loses matched impression share on pubs that implement HB, **but** tends to transact at higher CPMs. Because of this, the publisher increases total yield and AdX revenue remains somewhat flat for pubs that implement HB. Through these case studies, we were able to convince PM and Eng to build Demand Syndication.

**Google Responses:**

**1) Demand Syndication:** This will ultimately allow SSPs to become real-time buyers on AdX. A real-time solution is actually a better solution than HB. This solution requires negotiations with SSPs to accept our protocols, policies, etc., and is actively being working on by the team. I believe the plan currently calls for a Q2 alpha.

**2) DoubleClick First Look:** Beyond Demand Syndication, we are also pitching DFL as a means for advertisers to access high-value publisher inventory above and beyond reservations. This beta has proven very successful and we have incorporated it into your team's OKRs for Q1.

**For Vox specifically:**

1. RevIntel is working with Lindsay & Vox to obtain *Rubicon data* to analyze their setup. We cannot provide accurate insights into how Rubicon is buying and at what rates unless they provide us this data. The analysis would eventually look similar to Heidi O'Brien's [Match.com analysis](#), which we reviewed with PSI, PM and Eng. and was central to building the case for Demand Syndication.
2. Vox launched DFL (11/23/15) within the same week as Rubicon HB (11/18/15), so the effect of DFL was somewhat mitigated. In January, we see the gap widen on impressions, and I think this may be related to the high floors set for Vox DFL in Q4. PSI recently reached out to Sales with a [leads list of accounts and recommendations to lower the DFL floors](#). On 2/18, we recommended Vox lower floors from \$12 to \$8. Vox settled on \$10. The effect is still TBD but likely we will have to go back again and ask them to reconsider \$8.
3. Vox is not currently on the Demand Syndication alpha list, but PSI will look into seeing if they would qualify.

Chris, Jerome, and I are joining your Monthly Leadership meeting on Friday, so we can discuss Demand Syndication as our response to HB there. I hope this helps; let me know if you have any additional questions in advance of our Friday discussion.

Thanks,  
Michelle

On Wed, Feb 24, 2016 at 10:21 AM, Bonita Stewart <bonita@google.com> wrote:

Hi Michelle,  
Do we have more insight on Rubicon's strategy and our response?

**PTX0308**

**1:23-cv-00108**

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From: **Lindsay Leykin** <lhug@google.com>

Date: Wed, Feb 24, 2016 at 9:55 AM

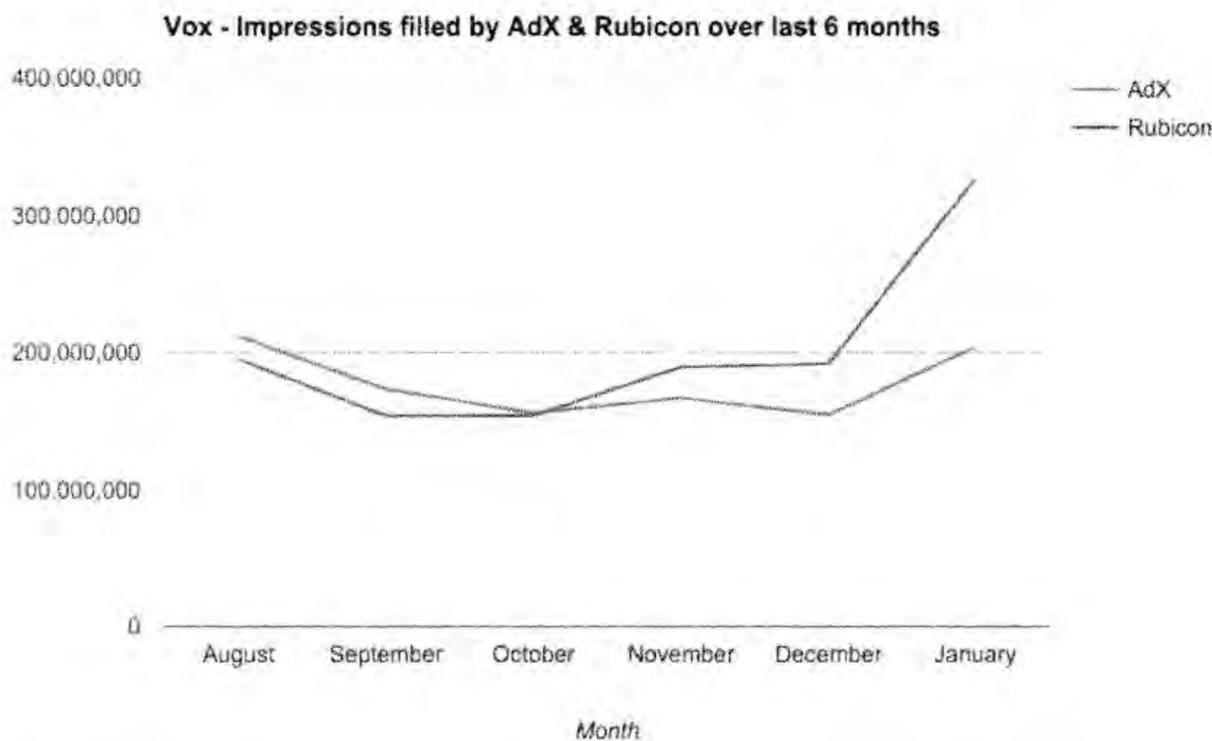
Subject: Seeking approval for 90/10 Private Auction rev-share for Vox Media

To: Bonita Stewart <bonita@google.com>

Cc: Kiran Paranjpe <kparanjpe@google.com>

Hi Bonita -

I would hope for AdX to receive additional volume that is currently being filled by Rubicon in the Private Auction CPM tier. As you can see from the below chart, beginning in November, Rubicon began filling more volume due to a header bidding set-up that is now passing real-time pricing information for their Private Auctions in Rubicon. It is a concerning trend for AdX. Vox's impressions continue to move up-funnel, adding additional competition in the Private Auction CPM range. I believe that we could capture at least 10% more of their non-reserved inventory currently being filled by Rubicon in the \$3-5 CPM range or ~\$1.5 million in additional annual gross revenue (\$300K net, \$150K incremental net to AdX).



In terms of Video, Vox is similar to many of our news publishers, with little inventory available outside of direct sales. They are, however, very focused on Programmatic Guaranteed for video. They are also heavily invested in YouTube and distributed platforms for their video content, which drives most of their monetization strategy currently.

I look forward to chatting further later this morning.

On Mon, Feb 22, 2016 at 5:04 PM, Bonita Stewart <bonita@google.com> wrote:

Vox has been an amazing partner. What do you expect to receive in exchange? Projected additional increase? Video?  
B

On Mon, Feb 22, 2016 at 3:47 PM, Lindsay Leykin <lhug@google.com> wrote:

Hi Bonita,

We are seeking your approval to grant a 90/10 private auction rev-share for Vox Media.

Over the last year, Vox has been a tremendous partner to Google as evidenced by their strong 125% YoY revenue growth rate in 2015 and their willingness to partner with us on many important initiatives:

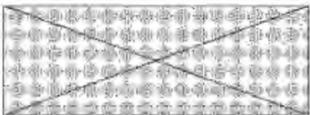
- Vox is a launch partner for AMP, as well as part of the ads working group. Their VP of Revenue Product and Operations, Joe Alicata, spoke at last week's AMP Ads Townhall to discuss Vox's approach.
- Last year, Joe also worked with our marketing team on a Programmatic Guaranteed case study and has approached us again to power the upcoming launch of their custom ad network, to be announced at Newfronts in May.
- Joe also spoke at our 'Think Publishing Mexico' event back in November to share their success in Programmatic with the LATAM audience.
- Lastly, Vox was also a participating publisher in last year's BCG study, The Programmatic Path to Profit for Publishers, where they provided valuable time and data for analysis.

Overall, Vox clearly demonstrates all of the aspects of a true partnership. That being said, we are seeing increasing competitive pressure from Rubicon, which has now surpassed AdX in share-of-impressions for the last several months due to a favorable 90/10 rev-share for the majority of their impressions. Vox prefers Google, but the difference in rev-share is hurting our ability to monetize additional inventory as their impressions continue to move up-funnel from the Open Auction.

I will schedule time via Abby to discuss this request with you in more detail, but please let me know if you have any questions in the meantime.

Thanks,  
Lindsay

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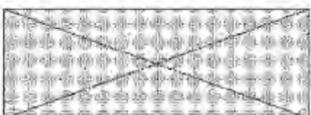
- Lindsay Leykin
- Strategic Partner Lead, News & Publishing
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We're sharing our 2016 New Year's resolutions for programmatic. What are yours? [Get your personalized resolutions.](#)

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*Revenue Intelligence is hiring in Beijing/Shanghai!*

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