

Message

From: Nelson Hsu [nelsonchsu@google.com]
Sent: 1/28/2016 12:42:48 AM
To: Colin Goulding [cgoulding@google.com]; John Picardo [johnpicardo@google.com]; Sandeep Bhardwaj [sabhardwaj@google.com]
CC: Scott Sheffer [ssheffer@google.com]
Subject: Re: Materials for AWBid & Header Bidding Update

+Picardo/Sandeep

Picardo and I discussed this a lot at the end of last year including the potential for an exchange of exchanges. A few thoughts:

- Header bidding is actually what we have thought we wanted in DFP which is accurate "real-time" value CPMs to compete against.
- **Inventory access is a commodity.** We are quickly approaching a situation where inventory access is a commodity (except for the Torso-Tail where only Google has shown the ability to scale out). I think we all knew this would happen eventually. In this world, ad targeting and format optimization (driving advertiser ROI and pub eCPM0 is where the differentiated value lies. Advertisers will be attracted to the best targeting tech (again, excluding the value of our scaled out Torso-Tail inventory).
- **Eligibility and pricing challenge.** The challenge with the Exchanges of Exchanges model has to do with enforcement and pricing. For example, if Criteo has RTB capabilities, they will technically be able to slot into our DRX RTB system. In doing so, they will bypass all exchange fees. If we charge for the RTB system, advertisers will be paying both the fees through Rubicon as well as the Google fee. Not sure how we'll address this.
- **3P Dynamic Allocation in other Ad Servers.** If Google chooses not to support header bidding and/or 3P DA in other ad servers, DFP will remain the only platform on the market that provides full dynamic yield management across major exchanges and demand sources. This may blunt the impact of the loss of "only way to get Google demand" value prop.
- **Win rate.** Basically, this will put more pressure on our ability to win in an RTB auction setting.

Thanks!

- Nelson

Nelson C. Hsu
Director, Online Partnerships Group
Global Product Sales Leads
NA Publisher Intelligence
Rapid Prototyping Team

On Wed, Jan 27, 2016 at 12:52 PM, Colin Goulding <cgoulding@google.com> wrote:

- Might be off the mark here as I not very deep into this so Nelson feel free to chime in. A few thoughts:
- does this reduce all tech and exchanges to a set of very similar things (all demand can be found anywhere thru awbid and real time exchange). Does this leave service as the main competitive lever on the sell side. If so we lose.
 - pubs report 20% uplifts on this. Can we verify - if this is true then what can we learn from this and how can we provide the service to partners. If there is some dynamic here that breaks our optimisation approach of everything in competition then we need to figure out exactly how this works before acting.

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- exchange of exchanges - do we hold the liability for other exchanges where we filter/claw back an impression due to spam/policy.

Overall it feels to me this is a massive leap into a world where we give away all our advantages and end up competing for pub relationships on pure service (also some questions on how this would work depending on how we deal with NPMs moving forward) or we become the platform or platforms and just take transaction costs on everything along with whatever we can buy. I would like to see a lot more thought here on scenarios vs a 2 slide deck.

Colin

On Tue, Jan 26, 2016 at 7:34 PM Scott Sheffer <ssheffer@google.com> wrote:
Thoughts on header bidding?

----- Forwarded message -----

From: **Jerome Grateau** <jgrateau@google.com>
Date: Tue, Jan 26, 2016 at 11:33 AM
Subject: Fwd: Materials for AWBid & Header Bidding Update
To: "PBS Management Team (PMG)" <pmg@google.com>
Cc: Bryan Rowley <browley@google.com>

Hi,

As we did not have time to discuss Header Bidding last week, this is back on the agenda this week.

Same pre-read

As discussed, we will have a session during the PMG off-site next week about our platform offer's long term competitiveness

Thanks

Jerome Grateau
Director, Global Publisher Solutions and Innovation

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From: **Chris LaSala** <chrisl@google.com>

Date: Wed, Jan 20, 2016 at 10:34 AM
Subject: Materials for AWBid & Header Bidding Update
To: "PBS Management Team (PMG)" <pmg@google.com>
Cc: Bryan Rowley <browley@google.com>

Hi Team,

Please find [here](#) the relevant information for today's discussion. If you have time to review the material in advance please do so. However, we will walk through the slides in the meeting.

We are looking for guidance from PMG on the following questions:

- Does PMG endorse the plan for GDN to expand cross-exchange buying, including positioning GDN as a x-exchange buyer in the market for certain targeting types.
- Does PMG support the plan for DRX PM to test a proof of concept for Demand Syndication (auction of auctions)

We are looking forward to a robust discussion later today.

Chris & Bryan

Chris LaSala / Director, Global Programmatic Sell-Side Solutions / [212-565-8801](tel:212-565-8801) (office)

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