

Winning against HB

DRAFT FOR DISCUSSION

PTX0452

1:23-cv-00108

Goals of Exchange Bidding

Top priority:

- Keep Access by Slowing Header Bidding Growth

Secondary:

- Slow ADX cannibalization by HB and EB

Why that order?

- Access is the most important for Google.
- If we have to go anywhere, we would rather go from 20->5 than 20->0.

Confidential & Proprietary
Attorney-Client Privileged

Controversial issues

- Still deciding
 - Contractless
 - Matchmaking
 - Sharing floors
 - Bid landscapes
- Already decided for beta
 - Direct billing
 - Last Look

Confidential & Proprietary
Attorney-Client Privileged

Contractless

Issue: Do we need to require a publisher and exchange to have a contract with each other?

Considerations/risks:

- We could be at disadvantage if other exchanges don't have to follow blocks/rules.
- We could cannibalize ADX and help other exchanges grow.

Options:	No Contract Required	Publisher declares contract	Publisher and exchange declare contract	Require contract is shared
Friction	None	Low	Low-Medium	High
Risk: ADX loss to exchanges	Pubs may have different/no rules/blocks	Less likely rules/blocks missing	Even Less likely rules/blocks missing	Unlikely EB will be used much
Risk: ADX loss to HB	EB likely to be used/preferred	EB pretty likely to be used/preferred	EB pretty likely to be used/preferred	Unlikely EB used
Service cost	Creatives, troubleshooting	Medium when pub lies (creatives, etc)	Less likely both lie	Get/review contract

Confidential & Proprietary
Attorney-Client Privileged

Slide 4

1 Should we include that exchanges are required to run their own auction (rather than piping their demand through)? It ties to pubs specifying rules/blocks on other exchanges

Gargi Sur, 1/24/2017

1 Isn't the main issue our concern about adx loss to exchanges who don't have rules/blocks and how much we believe that will happen?

Jim Giles, 1/24/2017

Matchmaking

Issue: How much do we encourage publishers to join EB?

Considerations/Risks:

- We could unnecessarily cannibalize ADX
- AMZN & prebid will gain more traction if we're too slow

Options:	No matchmaking	If pub on HB w/ any EB SSP, only matchmake for that EB SSP	If pub on HB w/ any EB SSP, matchmake for all EB SSPs	If pub on HB w/ any EB SSP or prebid or AMZN, matchmake for all EB SSPs	If pub on HB w/ any provider, matchmake for all EB SSPs	Matchmake all pubs, even if not currently using or planning HB
Risk: ADX loss to exchanges	Minimize cannibalization	Minimize cannibalization	Some cannibalization	Some cannibalization	More cannibalization	Most cannibalization
Risk: EB loses to HB	AMZN & prebid grow faster	SSPs resist this strongly	Not enough to win against AMZN	Target our key competitors	Onboard almost everyone quickly	Onboard everyone quickly
Pub yield	No gain vs today	No gain vs today	Some gain	Some gain	Lots of gain	Lots of gain
Service cost	EB stays small	EB stays small	More pubs	More pubs	EB really big	EB really big

Slide 5

2 Looks good -- I'd argue we should propose the option one more to the right -- any HB, then we matchmake for all EB

Jim Giles, 1/23/2017

2 Matchmaking includes a wider range of options across buy & sell:

1. No matchmaking
2. Sellside matchmaking: a) selective, b) full
3. Buyside matchmaking: a) selective, b) full

On the sellside, currently its selective with full visibility into all live exchanges. This allows for matchmaking ..

- if pub is using HB with any provider
- if pub is using multiple SSPs via waterfall or mediation
- if pub is considering going non-exclusive w/ AdX

It does not allow matchmaking if pub is exclusive on AdX

On the buyside, currently its selective with limited visibility based on pubs initiated connections

Gargi Sur. 1/23/2017

Slide 5

2 Gargi, I think you're only describing what's shown in the UI - right? When we say "matchmaking" I think we mean having someone at Google on the sales team talk with the pub and say "you guys should consider doing EB with exchange X".

George Levitte, 1/23/2017

3 Not really, UI is a component of matchmaking in terms of visibility across exchanges & pubs. This pertains to including matchmaking in the sales activation plan to broaden the candidate list. Had a sync with the Jedi sellside PSI team last week and they have agreed to selectively matchmake across pubs either using HB or PP lineitems in DFP starting in Q2 2016

Gargi Sur, 1/24/2017

1 Is there any threshold for how much they're using HB, or does even a small testing deployment count?

Matthew Young-Lai, 1/25/2017

Slide 5

4 We have a pub waitlist for those that have shown interest in EB and that feeds into the EB Beta candidate list with Gtech & Sales vetting.

Gargi Sur, 1/25/2017

1 What is our stance for allowing publishers in to beta that ask for it? Presumably there will be some press around EB going to open beta, so independent of matchmaking we might get a lot of interest.

Glenn Berntson, 1/26/2017

4 once it is open beta though, anyone who wants to use it should be able to -- it is just that we won't go after pubs who are not using hb today.

Jim Giles, 1/26/2017

1 +jimgiles@google.com +samcox@google.com +gargisur@google.com +maxl@google.com - Added detail re: matchmaking. This decision might have the greatest impact on EB growth in 2017 so I included several different options.

George Levitte, 1/26/2017

Slide 5

3 the more the more vigorous we want to be, but I don't see a good reason to hold back on approaching someone with a test deployment (we don't want it to get beyond testing)

Jim Giles, 1/26/2017

Sharing floors

Issue: Should we share floors per query with exchanges?

Considerations/Risks:

- Exchange may learn about reservation volume and pacing.
- Exchange may learn about pricing.

Options:	No floor shared	Share publisher specified EB floor	Share only 3p reserve	Share same floor that is sent to AdX buyers
Risk: ADX loss to exchanges	No incremental loss vs today	AdX loses more if EB floor is lower	AdX loses more	AdX loses even more
Risk: EB loses to HB	No data benefit from EB	EB preferred over HB	EB preferred over HB	EB even more preferred over HB
Pub yield	Exchange less likely to bid above 3p reserve	Exchange more likely to bid above floor price	Exchange more likely to bid above 3p reserve	Exchange more likely to bid above AdX buyers
Service cost	Pub & exchange both more likely to ask about win rates	Pub gets control but exchange likely to still ask about win rates	Fewer escalations about win rates	Fewer escalations about win rates

Attorney-Client Privileged

Slide 6

2 The "share same floor that's sent to adx buyers" option doesn't make sense since that floor doesn't apply to EB buyers.

Matthew Young-Lai, 1/26/2017

5 Yeah, agree. It could still be sent anyway as guidance for what ADX has to do, but that would be counterproductive for us. Just listed as an option.

Jim Giles, 1/26/2017

Bid landscapes

Issue: What should we do about bid landscapes?

Considerations/Risks:

- Publishers want bid landscapes for yield management and to make direct deals.
- GDN and other buyers don't want to be gamed by yield management services.

Options → Risks ↓	No landscapes	Jedi auction landscapes only including overall ADX bid (current plan)	Jedi + Opted-in buyer AdX landscapes (event level, new plan)	Jedi + all buyer AdX landscapes (event level)
Friction for growing EB	Some very unhappy with this, Constant objections from pubs and exchanges on "transparency".	Not as good as full landscape - pubs conflate Jedi and AdX bid sharing as Google "transparency".	- Better sell side story - "if you can convince buyer, you'll see everything" - Little incentive for ADX buyers to agree	- Little incentive for ADX buyers to agree - Some buyers very against it (eg. GDN)
Lose pubs to other s2s EB	Amzn offering	Amzn offering	Amzn offering.	Parity with Amzn.
AdX loss to exchanges	Other exchanges preferred, bid data allows deal making etc.	Other exchanges preferred, bid data allows deal making etc.	Other exchanges preferred, but 3p tools like Adomik work	Parity with other exchanges in bid data.
AdX loss to HB	All HB offers unified auction bid transparency	Parity with HB, but seen as not fully transparent	Parity with HB, transparency story better.	Parity with other EB, HB and exchanges.
Yield	Neutral	Possible increase if exchanges bid more	Possible increase if exchanges bid more	GDN/others change bidding

Slide 7

1 filled this one in, let me know what you think.

+gargisur@google.com

+samcox@google.com

+glevitte@google.com

Max Loubser, 1/24/2017

3 question about "jedi auction landscapes only" - isn't our current plan to also include a single bid that represents all of AdX (e.g. "AdX bid \$4.50") even though the pub won't get AdX buyer level granularity?

George Levitte, 1/24/2017

2 that was supposed to be implied in giving bids from jedi auctions - one of the bids will be from AdX - suggestions to clarify?

Max Loubser, 1/24/2017

7 I relabeled as Jedi auction landscapes only including ADX bid

Jim Giles, 1/24/2017

Slide 7

4 ah, great... not sure if there's an intuitive way to describe this but just wanted to confirm it's included (maybe "exchange bids including AdX, but not AdX buyers"?)

George Levitte, 1/24/2017

8 That sounds good too. So do we want column 3 to be our current plan?

Jim Giles, 1/24/2017

5 Column 3 is the same think as column 2, but with the addition of bid data from a subset of AdX buyers... right? Although column 3 contains more data it might also be more confusing because the data it contains would be incomplete.

George Levitte, 1/24/2017

3 i think column 3 (jedI + opted in Adx) is the best we can do now - and i think our story is significantly better with event level data even if only for opted in buyers - shows we are investing in the transparency they want.

Slide 7

5 Makes sense to have 3 as current plan. We have two parallel efforts with Jedi and AdX bid landscapes and together they get us to option 3.

Gargi Sur, 1/24/2017

9 It also shifts this from a fight with us, to a fight with buyers to share. Do we think we need to allow buyers to pick and choose who they share with? Seems like we should?

Jim Giles, 1/25/2017

4 +rahulsr@google.com

I've got column 2 as current and column 3 as proposed new plan, with two parallel efforts as Gargi said.

Jim - yes the idea is to shift the fight to pub and buyer to get them to opt in. Rahul is working on changes to the opt out, but my take is that that process will take longer than we have to get this right for Jedi and that we should focus on good data for opted in buyers.

Max Loughser, 1/25/2017

Slide 7

6 Most adx buyers don't even know whether they're sharing bid data or not, so I'm not sure there would be much demand for the ability to pick and choose which pubs they share with.

George Levitte, 1/25/2017

6 +maxl@google.com Max, which columns did you have in mind for this? Would like to get the rest of this one filled in.

Jim Giles, 1/25/2017

1 For the AdX event-level bid data, buyers won't have the ability to pick which pubs they share the data with - it will have to be either all pubs or none (legal constraints). We plan to use the existing buyer UI control for 'bid data sharing' to record buyer consent to share event-level bid data as well (after giving buyers a heads-up). As Jim pointed out, this does shift some of the burden to the pubs to get buyers to opt-in.

Rahul Srinivasan, 1/25/2017

Direct Billing

Issue: Should we allow direct billing for other exchanges?

Considerations/Risks:

- Fraud (eg, we don't see or get paid for all transactions, and the price paid may not be the closing price)

Options:	Google Billing	Direct Billing
Friction	High for exchanges	Lower for exchanges
Risk: ADX loss to exchanges	Neutral	High because of fraud
Risk: ADX loss to HB	May make some exchanges not want EB	Fraud risks
Service cost	No audit cost	Audit costs

Confidential & Proprietary
Attorney-Client Privileged

Slide 8

3 Pubs like it. It effectively means the exchanges rather than the pubs need to eat any discrepancies.

Matthew Young-Lai, 1/25/2017

2 Have we received feedback from pubs about google v direct billing?

Glenn Berntson, 1/26/2017

10 Yeah, and for that reason exchanges will put pressure on the pub for direct and probably offer incentives for them to put pressure on us, but generally pubs should prefer google billing.

Jim Giles, 1/26/2017

Last look

Issue: Should we give up last look?

Considerations/Risks:

- Last look considered not fair by exchanges and publishers.
- Giving up last look can cause ADX to win less frequently.

Options:	Give up last look	Give up last look and allow Jedi bid	Keep last look
Friction	Big exchange/pub objection gone	More complex for ADX buyers	Big objection even if value isn't much
Risk: ADX loss to exchanges	Have to work harder with RPO	Buyers can help set price	ADX just needs a high bid
Risk: ADX loss to HB	Exchanges/pubs more likely to choose EB	Exchanges/pubs more likely to choose EB	Exchanges more likely to keep pushing HB
Service cost	More EB onboarding	Explaining to buyers	Fighting HB set-ups
Revenue	Hit of ~5% so far	Less of a hit b/c ADX wins more	ADX wins more, but EB used less

tary
ged

Notes Summary:

Slide 1: 'Jim'

Slide 2: '

Jim'

Slide 4: ''

Slide 5: ''

Slide 6: ''

Slide 7: ''

Slide 8: ''

Slide 9: ''