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To: Chris LaSala <chrisl@google.com>
Sent: Fri, 21 Jan 2011 12:49:30 -0800
Subject: FYI - Ad mediators and yield management
[AdX Competitive Review 8.23.10 v3 FINAL.pptx](#)

Hi Chris,

This is just informational. This deck highlights some of the threats yield managers are posing on the desktop side of the business. We're probably not in the same place yet, but it's good to know. The biggest concern comes down to who owns the tag on the page. For apps, the equivalent is probably who owns the SDK in which all other SDK plugs into.

Let me know if you have questions. We have a resident expert on yield managers sitting on our Tier 1 team.

--

Kento Sugiura
Google, Inc.
AdSense Online

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Non-Premium Display Competitive Deep Dive

Lexi Reese, Vicki Lin, Victor Noguera, Chip Hall, Craig DiNatali,
Casey Saran, David Goodman, Scott Spencer

Agenda



Objective : Understand competitive landscape for non-premium display market, how Google fits in, and the plan to address gaps

1. Market Overview
2. Buy-Side Details
3. Sell-Side Details
4. The Wild Cards
5. Conclusions and Next Steps

Executive Summary (1/2)



- The \$6B non-premium display market is **undergoing a massive shift** towards new buying and selling technologies. For Google, this means there are huge opportunities, but also threats to our existing business
- Although we have seen anecdotal signs of this shift accelerating, an estimated **70% of the non-premium market is still being bought and sold through traditional ad networks**
- Thus the strategy in this **rapidly evolving** market for us is:
 1. **Be The Inventory Monetization Partner of Choice:** attract **the most brand-safe inventory** in the market through AdX and Adsense, and provide yield management solutions that meet the needs of all publishers
 2. **Be The Buying Partner of Choice:** Position AdX to **receive the lion's share of budgets** as marketing dollars shift to trading desks and DSPs, by signing Holding Company deals and implementing best-in-class technical integration with DSPs

Executive Summary (2/2)



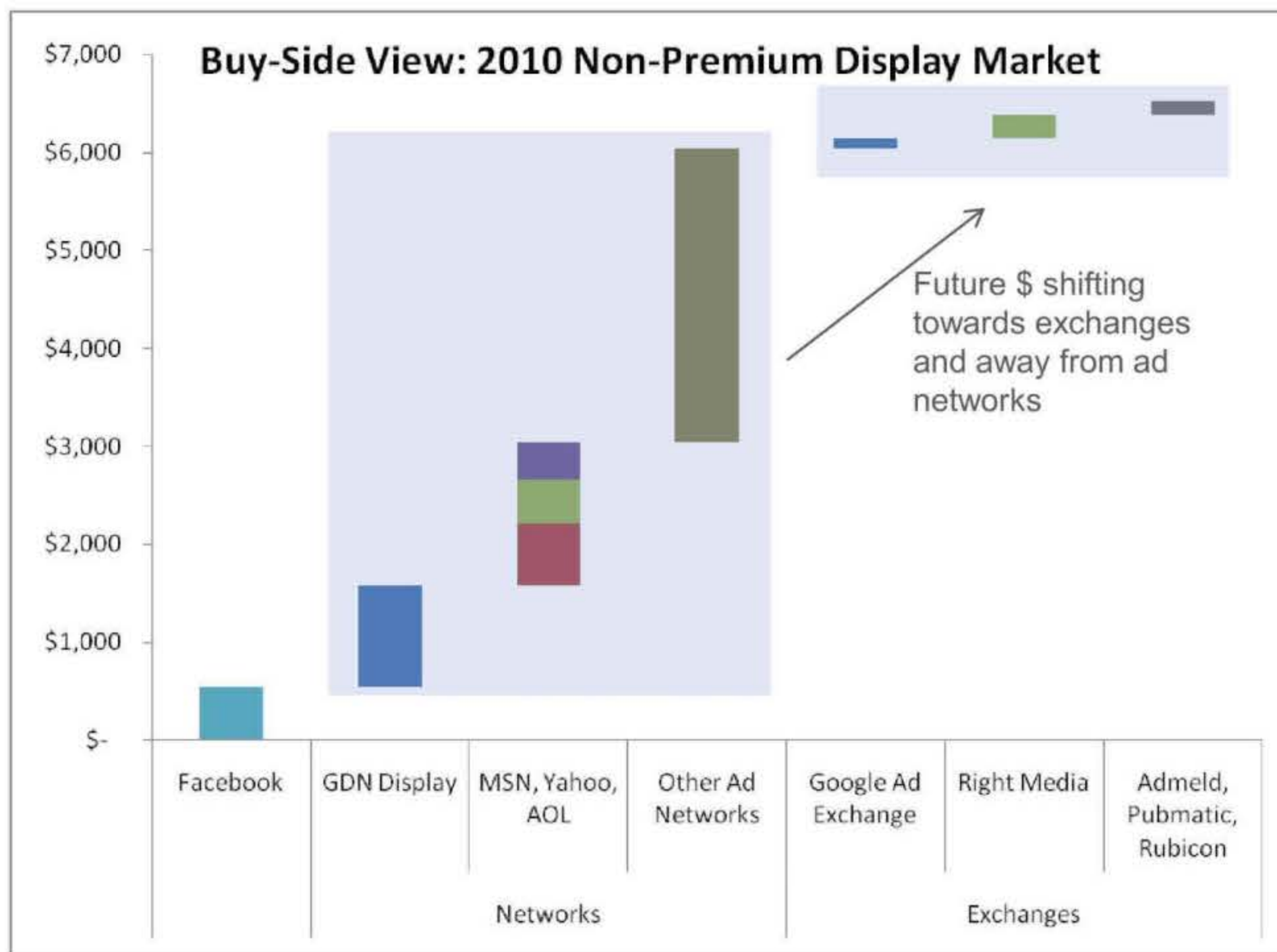
- Areas of concern exist today in the competitive landscape:
 1. **Disintermediation by Yield Managers**
 - Yield Managers through a scrappy service and tech offering have side-stepped our platform strategy and are “owning the remnant tag” for a growing number of premium publishers, putting at risk our current and future control over the inventory supply.
 2. **Inability to Access Large Portals and Social Sites:** Facebook and Twitter are still growing rapidly and are currently non-addressable inventory, increasingly diverting dollars and focus away from Google.
 3. **Lacking Industry Acceptable Response to Brand Safety Concerns**
 4. **Complexity of Data-Driven Space** slowing agency adoption of exchange buying
- Plans to address these areas should include:
 1. **Yield Managers:**
 - Short-term: aggressive marketing and sales outreach to dispel myths and proselytize benefits of dynamic allocation over YM
 - Medium-term: Product needs to incorporate missing Yield Manager functionality and publisher controls
 2. **Facebook and Twitter:** Develop short-term and long-term social media monetization strategy
 3. **Brand-Safe Buying:** Cross-functional effort to increase brand-safe buying on AdX/GDN
 4. **Best-In-Class Digital Marketing:** From brand to activation

Market Overview

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70% of the \$6B Non-Premium Display Market is Still Spent Through Networks/Portals. Right Media Leading Buy-Side Exchange Competitors, GDN the Largest Display Network In A Still Fragmented Market



- Non-premium market defined as:
 - Portals/Facebook: gross revenue monetized through non-guaranteed buys
 - All other publishers: gross revenue monetized through indirect channels
- From a buy-side perspective, **Right Media, Yield Managers and other technology exchanges** are considered direct competitors of AdX
- The bulk of the future buy-side opportunity lies in AdX capturing non-premium display spend as it shifts away from ad networks

Assumptions/Sources:

- Non-Premium Display Overall Market Size – ThinkEquity May 2009
- Facebook, eMarketer, Dec 2009, subtracted 10% for homepage reservations (only reservation product)
- GDN Display – Internal reporting
- MSN, Yahoo, AOL – Q2 Earnings Reports for overall Display Revenue extrapolated for full year 2010
 - MSN – Subtracted out revenue attributable to Bing – JP Morgan July 2009
 - MSN, Yahoo – Estimated 40% of Display revenue that is non-premium (ratio of Ad.com/AOL reported in earnings)
 - Right Media – % of Yahoo non-premium that is RMX based on Comscore pageviews
- Other Ad Networks – Comscore pageviews * estimated revenue per pageview. Estimated RPV from Valueclick, AOL, Yahoo (earnings reports)
- Yield Managers – Interviews with AdX and Invite Media sales, only includes monetization revenue spent directly with YMs

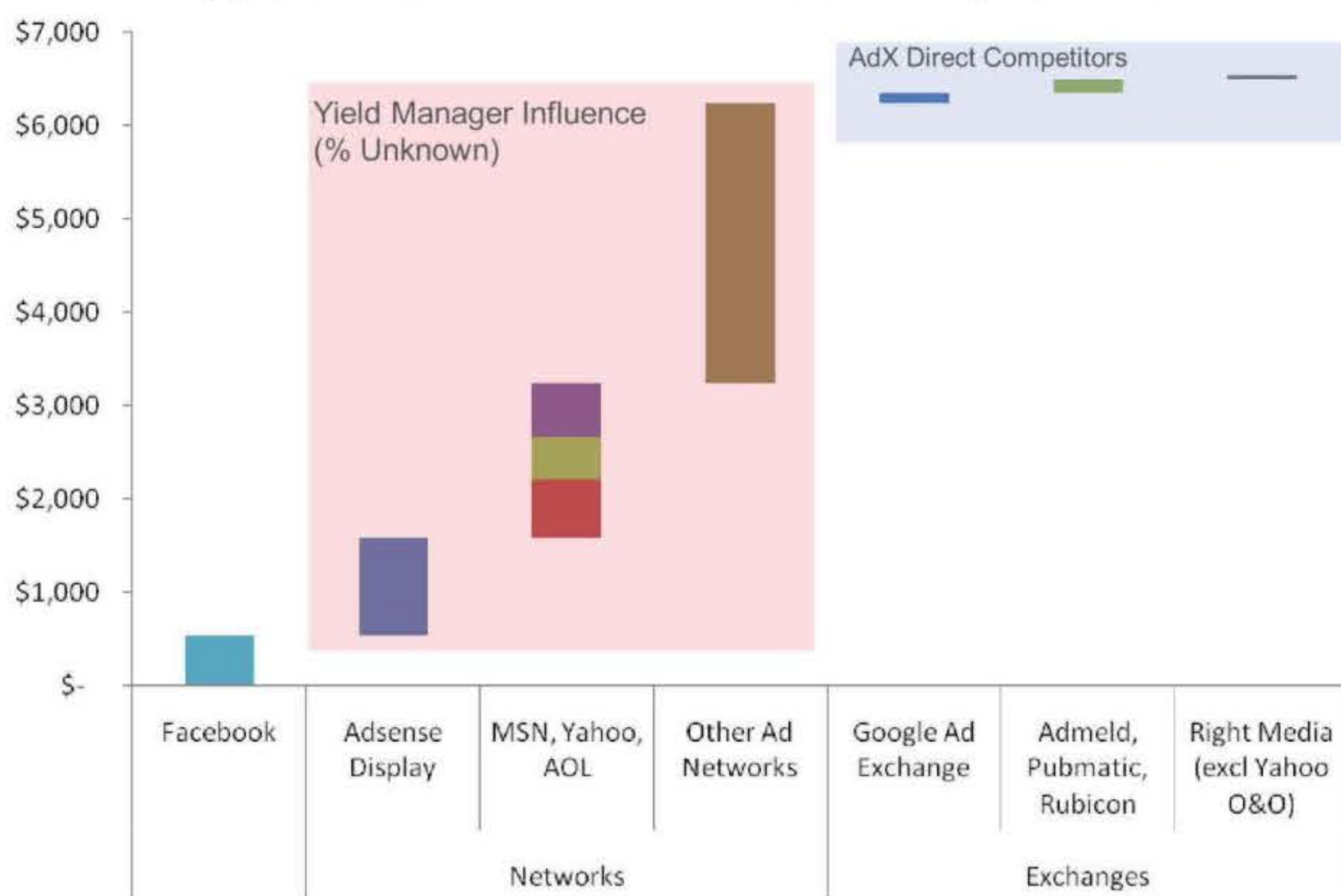
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Exchanges and Yield Managers Monetizing A Small Portion of Publisher Inventory Today, However Yield Managers Threaten to Impact Current AdSense Business and Future Supply-Side Prospects



Supply-Side View: 2010 Non-Premium Display Market



- Yield Managers are now “owning the remnant tag” for an unknown % of dollars flowing through ad networks and pose a significant threat to both AdSense and AdX growth
- We estimate that AdX is already the largest exchange in monetizing third party inventory.
 - Since the bulk of Right Media impressions are actually Yahoo O&O, Right Media is less significant of a competitor compared to the buy-side

Assumptions/Sources:

- Non-Premium Display Overall Market Size – ThinkEquity May 2009
- Facebook, eMarketer, Dec 2009, subtracted 10% for homepage reservations (only reservation product)
- AdSense Display – Internal reporting. Note that there is likely some influence of the YMs on AFC text earnings for premium pubs, but also minimal influence on torso/tail AFC display earnings so this analysis uses just total AdSense Display revenue as a proxy for all AFC Text and Display revenue that could be under YM influence
- MSN, Yahoo, AOL – Q2 Earnings Reports for overall Display Revenue extrapolated for full year 2010
 - MSN – Subtracted out revenue attributable to Bing – JP Morgan July 2009
 - MSN, Yahoo – Estimated 40% of Display revenue that is non-premium (ratio of Ad.com/AOL reported in earnings)
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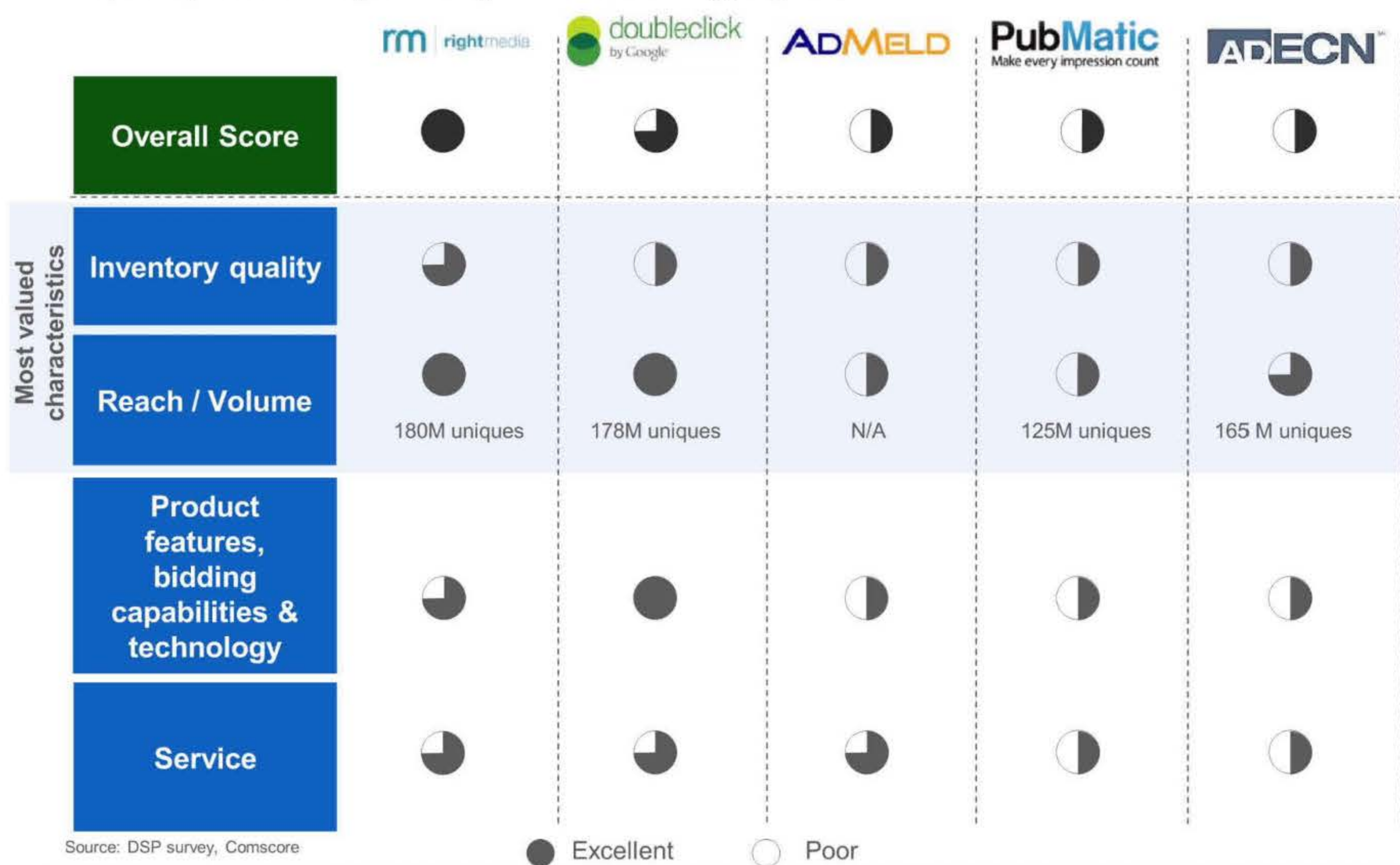
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Buy-Side View

Right Media is the leading buy-side exchange due to their large supply of Yahoo O&O Inventory



Top 5 Buy-Side Exchanges – Google Customer Survey, August 2010



To move to parity and beyond we need significant volume in brand-safe inventory



Quality and Performance of Inventory impacts 80-90% of the decision around how much budget get spent on Google versus competitors. All other factors are secondary concerns.

	What we need for parity	What we need to be leaders	MAIN FOCUS
Supply	<ul style="list-style-type: none"> • Increase volume of quality inventory • Lack brand-safe inventory comparable to RMX (~80% is Yahoo O&O which is all considered brand-safe) 	<ul style="list-style-type: none"> • Exclusive large pools of brand-safe inventory (i.e. a deal with a major portal or bringing on a major Google O&O property to AdX like Display-Enabled Finance and Gmail) 	
Product	<ul style="list-style-type: none"> • Better brand-safe packaging • Support for rich media (expandables/in-stream) + 300x600 • Behavioral targeting (readily available 3rd party data built into the AdX interface) • Internal tools - Bid guidance and Optimization 	<ul style="list-style-type: none"> • Search retargeting • Audience extension (packaged offering for pubs to act as buyers) • In-stream and mobile ads 	
Sales & Services	<ul style="list-style-type: none"> • Aligned incentives between GDN and AdX teams 	<ul style="list-style-type: none"> • Analytical insights and optimization tools (externally available) • Technical integration consultants 	
Marketing	<ul style="list-style-type: none"> • More marketing outreach to display – Industry conferences, press releases, research • Unified story around GDN/AdX 		

Source: Survey, call reports, internal insight on following competitors:



Sell-Side View

Sell-Side Situation



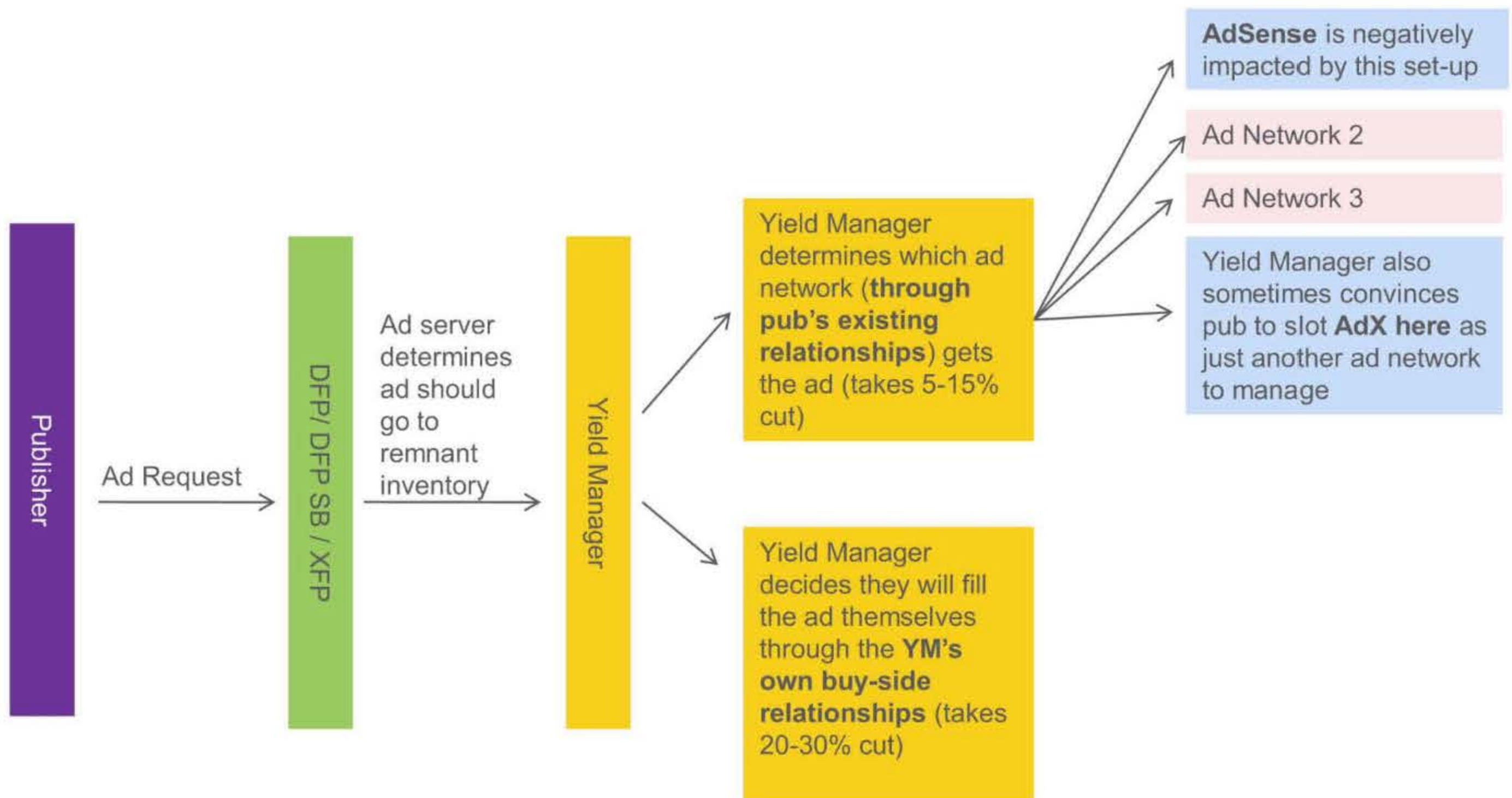
- Founded in 2007, the three yield managers (Rubicon, AdMeld, Pubmatic) took advantage of a **technical and service gap** in publisher ad platform offerings to **manage and optimize multiple ad networks** on behalf of the publisher
- The value proposition offered by **YMs has been compelling to premium publishers** as an estimated **60% of DFP publishers have integrated with YMs***
- The future need to manage multiple ad networks seems to be strong as **more than 75% of DFP pubs maintain direct network relationships*** and have indicated they will continue to do so
- For the majority of inventory handled by the YMs, a “platform fee” (5-15%) is charged for deciding which ad network should serve a particular ad **BUT**
- Since the YMs now manage the decision as to which ad network should monetize remnant inventory for a publisher, they **are increasingly in a position to generate their own buy-side demand and monetize inventory themselves**, thus taking a higher rev share (20-30%)
- As a result, Google’s platform strategy to “own the tag” in order to ensure optimal control over inventory for monetization (Adx and AdSense) is at risk

*Source: DFP Product Presentation August 2010

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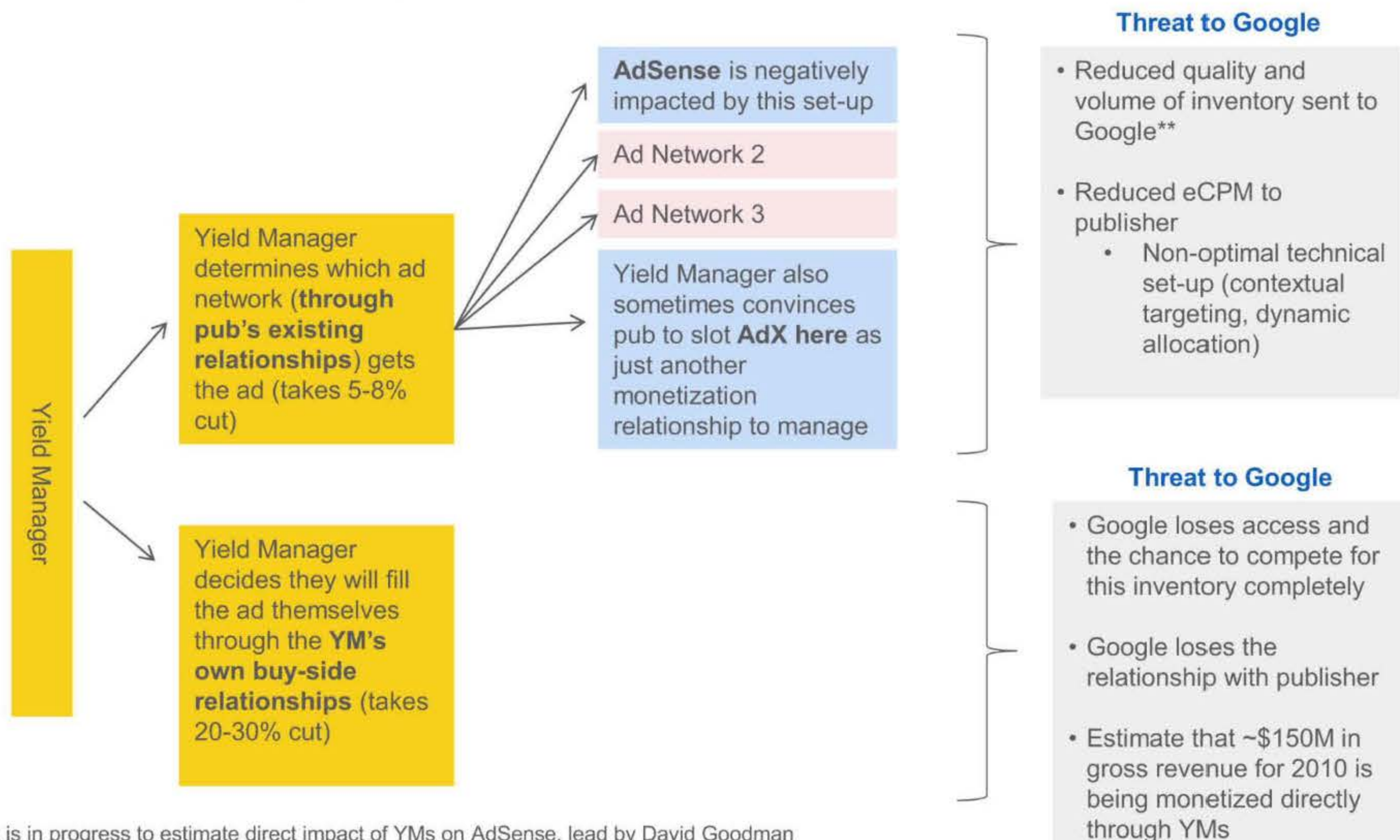
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Yield Managers Have Disintermediated Google's Monetization Solutions and "Own the Remnant Tag"



Note: Private Ad Exchanges are a third type of business that the Yield Managers and Google are entering into, and the YMs are gaining traction based on charging lower rates (5-10%)

Although the Direct Revenue Impact of Yield Managers is Small Today*, The Long-Term Implications Are Significant as YMs Have Increasing Control over Monetization Decisions



* Work is in progress to estimate direct impact of YMs on AdSense, lead by David Goodman

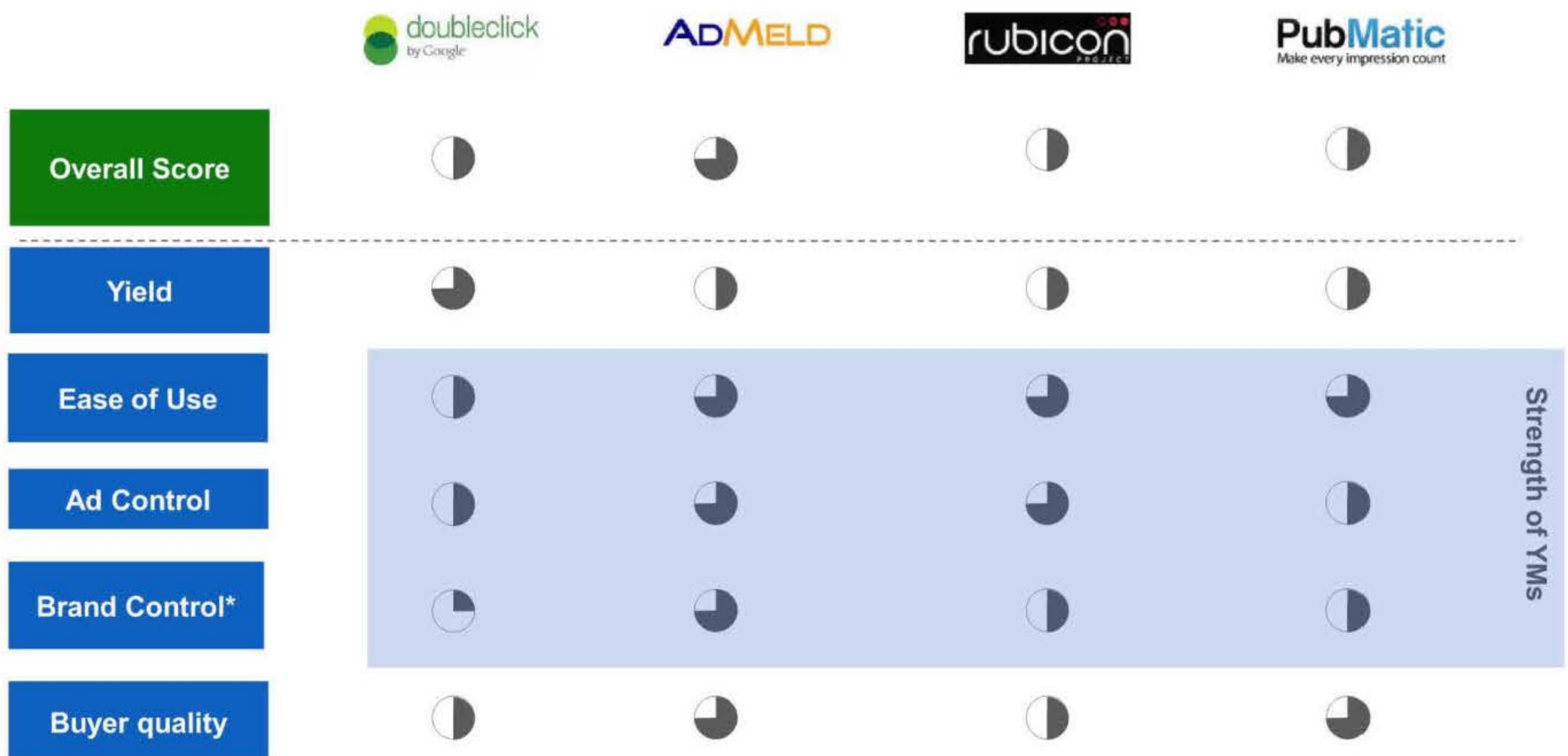
** Note that YMs often prioritize AdSense last in their decisioning logic (meaning Google gets the worst inventory that everyone else passes up) since YMs will prioritize high eCPMs but low fill rates first versus AdSense's low average eCPM but close to 100% fill rate.

** In one example AdSense customer, revenue and volume went down by 70% after integrating a Yield Manager

Although Google Leads in Providing Best Overall Yield, Other Factors Including Ease of Use and Publisher Controls Have Allowed YMs to Gain Management Control of Remnant Inventory



Top 4 Sell-Side Exchanges / Yield Managers – Google Customer Survey, August 2010



Source: Survey, call reports, internal insight
 Brand Control = Confidence publisher has in Exchange/YM's ability to prevent direct sales force conflicts

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YMs Simplify Remnant Inventory Management through Services and Technology, Google Needs To Counter with Proof That Our Monetization Offering Provides More Value



Publisher Problem	YM Solution	AdX/AdSense positioning
Maximize Yield from Indirect Monetization Relationships	<ul style="list-style-type: none"> Predictive algorithms to decide which Ad Network to serve 	<ul style="list-style-type: none"> Dynamic Allocation delivers clearly higher yield than YMs
Minimize Management Time on Ad Networks	<ul style="list-style-type: none"> Manage Ad Networks, (day-to-day ad ops tasks) on publisher behalf Reporting Tools and Dashboard to easily see performance 	<ul style="list-style-type: none"> AdX and/or AdSense with GCAN should give you access to the same buyer demand
Minimize All Direct Sales Channel Conflicts	<ul style="list-style-type: none"> Dedicated AM to manage block lists and deal with rogue ads 	<ul style="list-style-type: none"> Automated tools to provide best-in-class controls for publishers
Maintain High Ad Quality		

Yield Managers Have Invested More Heavily in Publisher Sales, Product & Eng, and Marketing than Google



				
Funding	N/A	\$15M	\$18 M	\$42M
Total employees	59	53	106	139
Sales Buy side	10	5	8	9
Sales Sell Side	8	9	18	24
Services	15	8	10	22
Product & Engineering	23	17	45	32
Marketing	1	2	10	6
Yield optimizers & consulting	2	2	3	16
G&A	N/A	10	12	14
International	7	N/A	N/A	16

Source: Competitor's websites, LinkedIn

Notes: AdMeld and PubMatic division between Buy-side and Sell-side has been estimated as 1/3 Buy-side and 2/3 Sell side for those sales positions that had no clear identification

Sell-Side Customers Need Aggressive Marketing on Google as THE Yield Management Solution While In Parallel Improving Publisher Controls

Increased marketing efforts and feature enhancements can bring Google to parity, but to lead the market, we need to deliver on a true integrated platform and monetization offering across all functions: product, sales, marketing and services

	What we need for parity	What we need to be leaders
Marketing	<ul style="list-style-type: none"> Aggressive marketing campaign to prove value prop of dynamic allocation and why YMs are unnecessary and reduce yield and margin for publishers Simple effective positioning of Google's Monetization solution 	<ul style="list-style-type: none"> Best-In class marketing to increase brand awareness and affinity in the publisher space
Product	<ul style="list-style-type: none"> Advertiser and category blocking controls Creative removal controls Missing YM functionality particularly ability to manage directly booked ad network inventory Regional eCPM reporting for AdX/AdSense 	<ul style="list-style-type: none"> Simplified and Unified End-to-End Product for Pre-emptible Inventory Management Integration with Data Exchange Automated analytical insights and optimization tools
Account Mgmt / Services	<ul style="list-style-type: none"> Scalable services/AM plan to ensure optimal set-up of dynamic allocation and YM functionality when available 	<ul style="list-style-type: none"> Services and AM team staffed, trained and executing to be the primary trusted strategic monetization advisors of publishers
Sales	<ul style="list-style-type: none"> Larger Direct Sales Team to aggressively call on all NPL AdSense and AdX pubs using YMs 	

Wild Cards

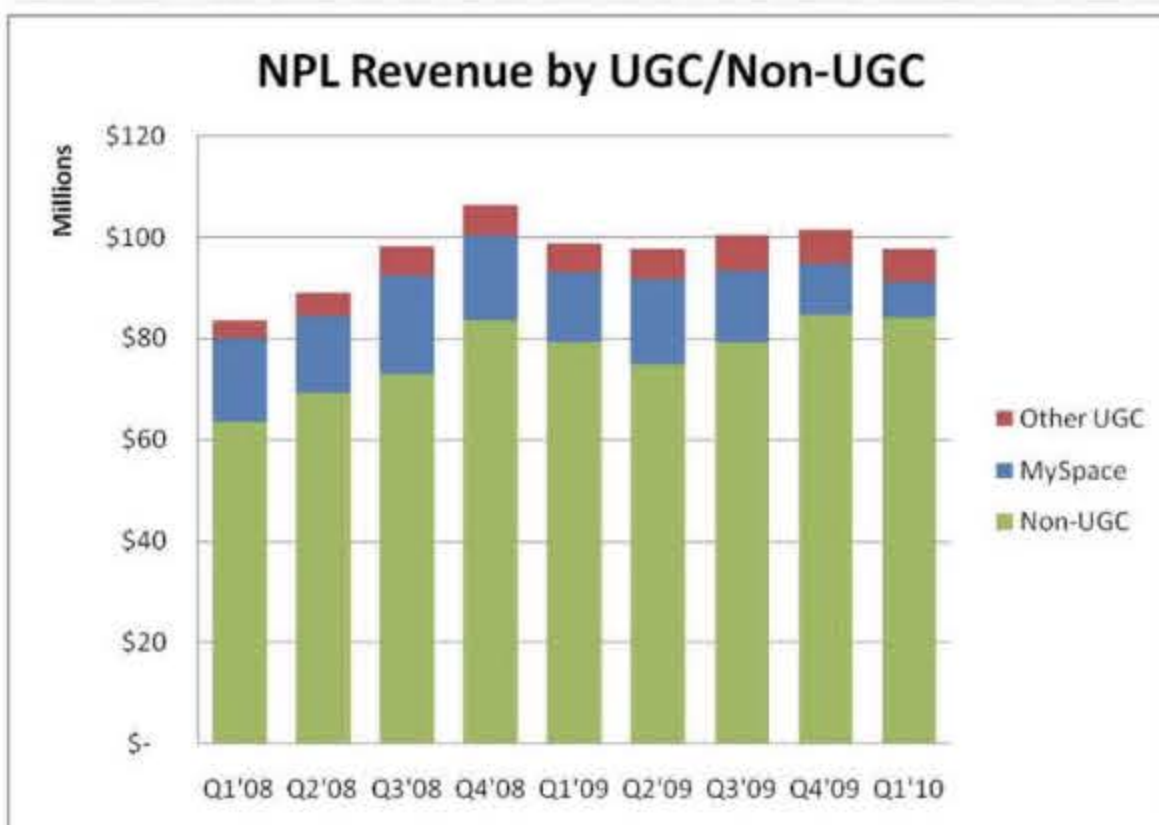
Facebook and Twitter Pose Unpredictable Threats On Multiple Fronts



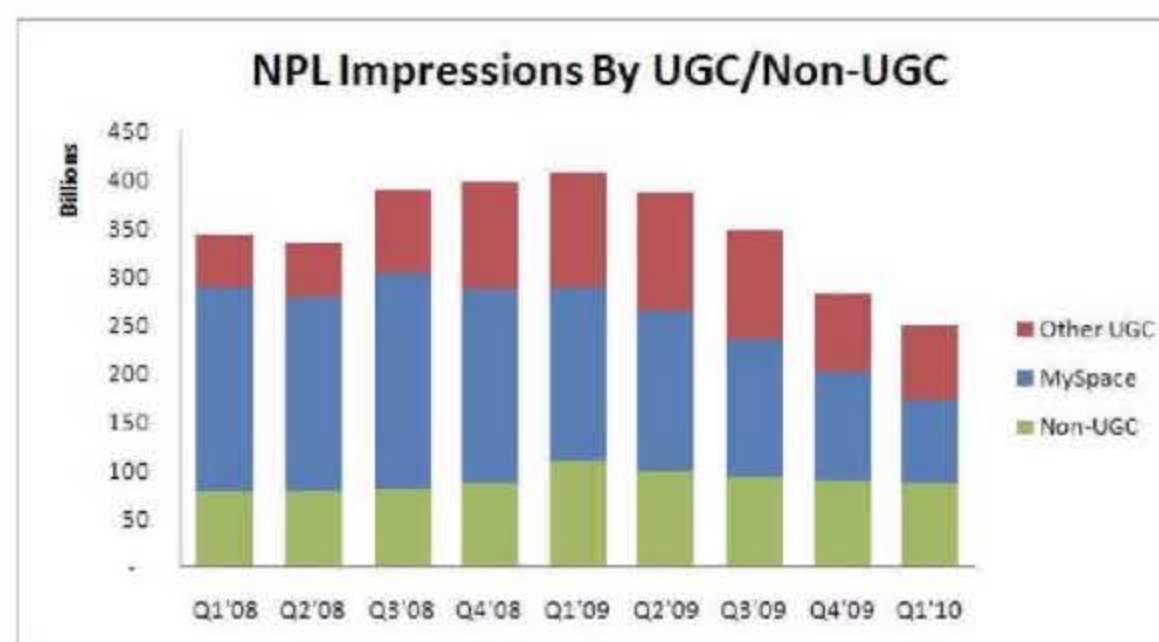
Wild Card (n): Something that is important to a plan or course of action but whose behavior cannot be predicted

Threat	Impact
Overall market supply moving to non-addressable sources	<ul style="list-style-type: none">UGC sites outside of Facebook and Twitter continue to decline in traffic.AdSense revenue associated with these sites once accounted for \$20M /quarter or 25% of NPL revenue and have declined to less than \$13M/q
Advertiser budgets and focus are moving to Facebook/Twitter	<ul style="list-style-type: none">eMarketer conservatively estimates Facebook 2010 revenue at \$605MTwitter is aggressively building out salesforce and targeting retail advertisers
Facebook builds out third party ad network based on strength of social graph and Facebook Connect publisher network	<ul style="list-style-type: none">None today but could be significant if Facebook executes

UGC Revenue Historically Accounted for 25% of NPL AFC Revenue, Continues to Shrink Going Forward



- UGC revenue has dropped from a high of \$20M and 25% of NPL revenue in Q1'08 to \$13M and 14% of NPL revenue in Q1'10
- The AFC impression decline in NPL UGC sites has accelerated in 2009 driven both by MySpace and other NPL UGC sites
- Conservative estimate puts the loss opportunity of UGC revenue at \$13M in Q1'10 and likely increasing in successive quarters



Q1'10 UGC Quarterly Impact Projection	
NPL Non-UGC Revenue Growth since Q1'08	32%
NPL UGC Revenue Q1'10	\$13,549,107
NPL UGC Revenue if grown at same rate as non-UGC	\$26,555,551
Q1'10 Quarterly Impact of UGC Decline	
	\$13,006,444

NPL AFC Impressions Q/Q Growth					
	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10
Other UGC	8%	5%	-10%	-29%	-4%
MySpace	-10%	-9%	-14%	-19%	-25%
Non-UGC	25%	-9%	-6%	-6%	-1%

Project Plan

To Address the Yield Manager Threats, Additional Marketing, Training and Product Resources are Needed



Objective: Make Google The Leader in Yield Management

	Q3	Q4	2011
MIG – David Goodman	Quantify and create ability to track ongoing impact of YMs access on all NPL and non-NPL publishers		
Leadership – Lexi/ Scott Sheffer	With policy team, make a decision around AdSense policy with Yield Managers		
Marketing – Jon Nemitt (new owner TBD)	Staff more mktg resources, plan and execute on Dynamic Allocation market blitz – industry whitepapers, detailed set-up guides, industry events, own competitive intelligence		
Product – Stephen Dove	Finalize and get cross-functional agreement and eng staffing on YM cross-channel product plan	Build and launch missing YM features	
Training – NOT STAFFED	Package competitive info and positioning into training for teams. Set up ongoing structure to ensure teams get updated info on a regular basis		
Services – Kate Herbert/David Jones	Continued execution on Project Saturate, to ensure optimal set-up of DFP and AdX Design and deliver on a plan to service all the YM needs for publishers		
AdSense Direct/Online – Crid, Casey Saran & Neel Mehta	Intense sales effort with marketing collateral to compete with Yms using DFP SB once dynamic allocation is launched		
AdX Sales – Craig DiNatali	Continued execution of acquisition focus on DFP clients		

Ongoing Project Lead and Manager – open for discussion

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Appendix

YM profiles



	Admeld	Pubmatic	Rubicon
Funding	\$15M	\$18 M	\$42M
Number of employees	55 employees	90 employees	150 Worldwide
Clients	Answers.com Accuweather Pandora Discovery Hearst Billboard	United Online IAC Huffington Post TV Guide eBAY	Gannett (USA Today), NBC Universal, Tribune, Freedom, Time Inc., Careerbuilder, NY Daily News, McClatchy, MediaNews Group, Washington Post
Business terms	Rev share basis between 7-15%	N/A	10-15% revshare of all managed revenue; most clients at 10%

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Competitive Intel: Rubicon



Key Stats

- Founded in 2007
- \$42M in funding led by Mayfield and NBCU's Peacock Fund
- Mission is to "to automate the \$65 billion global online advertising industry"
- 150+ employees world wide
- Headquarters in Los Angeles; offices in NYC, London, and Sydney
- Claims more than 550 ad network partners; reality is closer to 100 active partners
- Processes 1.5-1.6B daily impressions (45-50B monthly)
- Business terms – 10-15% revshare of all managed revenue; most clients at 10%
- Customers are primarily large media companies, particular newspapers
- Strong customer service, but weak product, particularly on the buy side
- Still no support for RTB (in limited beta testing now)

Key Strengths

- Strong service component for publishers – all major accounts have account director, account manager, and yield managed dedicated
- Critical mass – amongst the optimizers they have most inventory and the best names
- Marketing – they defined the optimizer space and have very good understanding of and marketing message around publisher problems and needs
- Pub UI is very well developed and user friendly

Key Customers

- Gannett (incl. USA Today and local papers)
- NBC Universal (all major properties plus local news)
- Tribune
- Freedom
- Time Inc. (incl. SI.com)
- Careerbuilder
- NY Daily News
- McClatchy
- MediaNews Group
- Washington Post

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Competitive Intel: Ad Meld



Key Stats

- Founded in 2007
- \$15 Million total to date funding led by Foundry Group, Spark Capital
- Mission is to help premium publishers “maximize revenue from their ad inventory, reduce operating costs and eliminate unwanted ads”
- Claims to have 200 partners world wide
- 40 employees
- Business terms: Rev share basis between 7-15%
- Relationship with buyers: Allow networks (100 plus) also manage publisher

Key Strengths

- Full service for large premium partners
- Clearing house for payments
- Real Time Bidding
- Creative controls
- Fire Meld plug in for ad removal

Key Customers

- Answers.com
- Accuweather
- Pandora
- Discovery
- Hearst
- Billboard

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Competitive Intel: Pubmatic



Key Stats

- Founded in 2006 in PaloAlto, Ca
- Funding is less than \$15M to date
- Have 2 service offerings: Premier : full service solution and a standard self service implementation.
- In premium service there is a rev share and full service capabilities. In addition, Pubmatic requires you to participate in their proprietary network AdFlex
- Premier solution requires more than 100M impressions per month
- Claim 5000-6000 publishers
- 50 Employees
- Technology continually monitors which eCPM is delivering on a partners inventory and dynamically shift which network is getting access.

Key Strengths

- Full service on premier model
- RTB Integration optional
- Flexible inventory set up options
- Reporting
- Creative controls

Key Customers

- United Online
- IAC
- Huffington Post
- TV Guide
- eBAY

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Customer Survey Methodology



The competitive analysis has been based on a different number of sources:

Quantitative information

Buy-Side Survey

- Collected 18 responses from the largest buy-side clients (mediamath, turn, invitemedia, appnexus etc.)
- Clients were asked to grade from 1 to 5 each competitor in each category: quality of inventory, usability of the UI, product features and technology and service level
- Clients had the option of marking N/A in case they didn't have enough information to grade
- Averages in each category were rounded to the closest integer
- Overall grade was made taking into consideration different weights for each category (i.e. double weight for inventory reach and quality in buyside)

Sell-Side Survey

- Collected 26 responses from different sellers [Nora: is there any selection?]
- Clients were asked to grade from 1 to 5 each competitor in each category: ad control, brand control, quality of buyers

Qualitative information

Interviews with clients

- Interviewed invitemedia and turn to get qualitative information
- It helped prioritize issues and helped select the most relevant strategies

Call reports and internal insights from the sales team

- The sales team are in constant contact with their clients who at the same time are in contact with our competitors
- Sales team is able to informally collect competitive intelligence through their interactions
- All this information is collected in Call reports and in a FAQ document

Right Media Leverages Size and Brand Safety of Yahoo O&O Inventory As Primary Differentiator



Main competitor's claims

AdX positioning



- First and largest exchange platform
- Combines multiple sources through one interface
- Good performance
- Brand Safety (AdSafe is allowed to verify)
- Easy integration

- A must-buy due to unique and incremental inventory only accessible through AdX
- Market-Leading Technology and commitment to continual innovation (Private Ad Slots, etc.)



- Best publishers and inventory
- Extensive targeting tools

- Larger reach with better technology



- Reach
- Efficiency – manage one relationship
- Great publisher names
- Claim to be the leader in real-time ad-revenue optimization for publishers

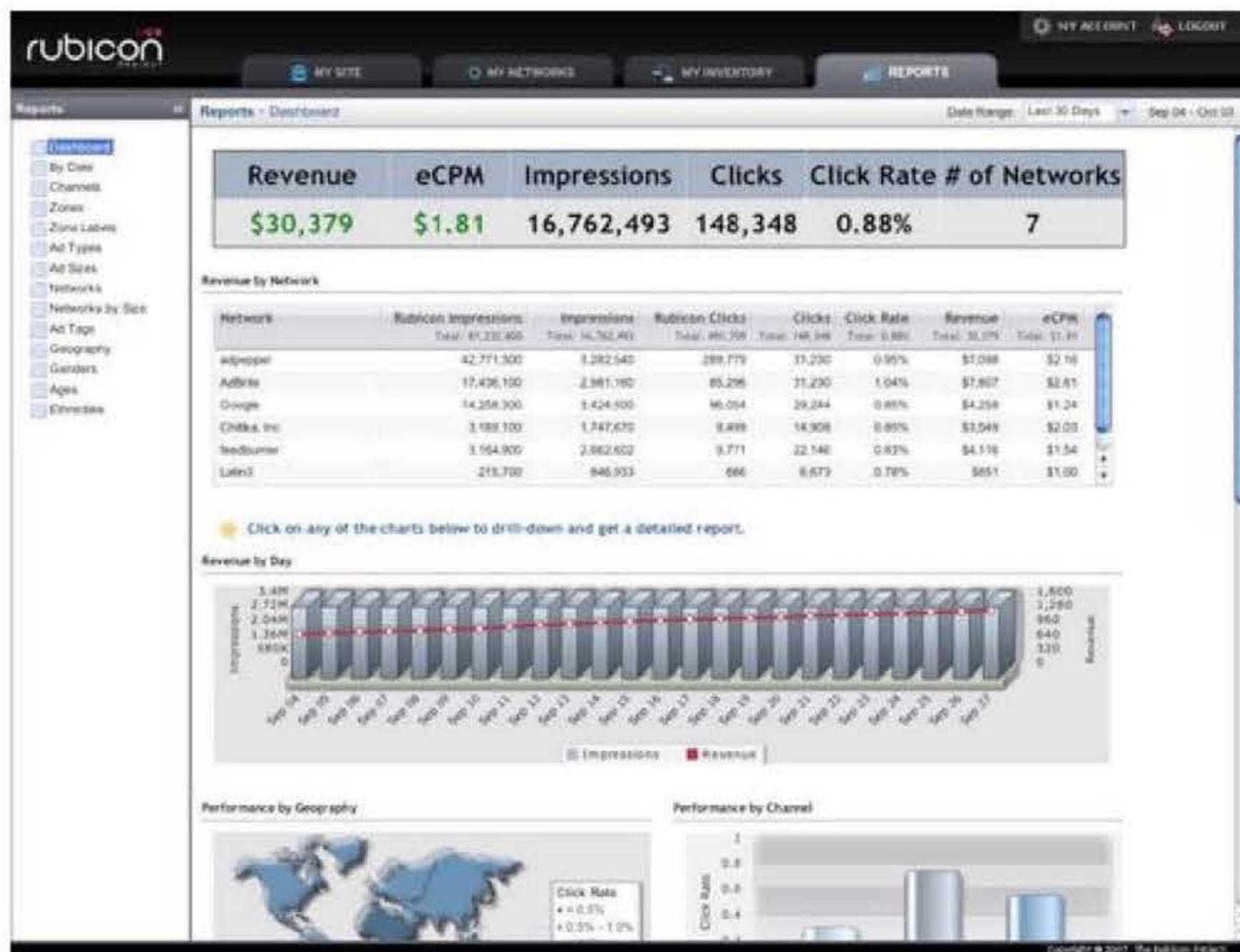


- Neutral
- Transparency
- Efficiency
- Single point of access
- Integration with clients systems

Optimization Platforms



Yield optimization platforms (Rubicon Project, Pubmatic, AdMeld) consolidate all networks into one UI for inventory allocation controls and reporting.



The publisher shares their login credentials with the company to:

1. Set up the daisy chain
2. Optimize settings
3. Get access to reporting (via screen scraping or automated reports).

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Optimization Platforms



Pros

- Maximizes inventory value
- Frees up time spent optimizing ad networks
- Can suggest other beneficial networks

Cons

- Costs can outweigh benefits
- Relies on predictive modeling in many cases
- May duplicate efforts

- **Best suited for direct sales focused publishers and those looking to free up resources.**

- **Not ideal for publishers already managing networks well.**

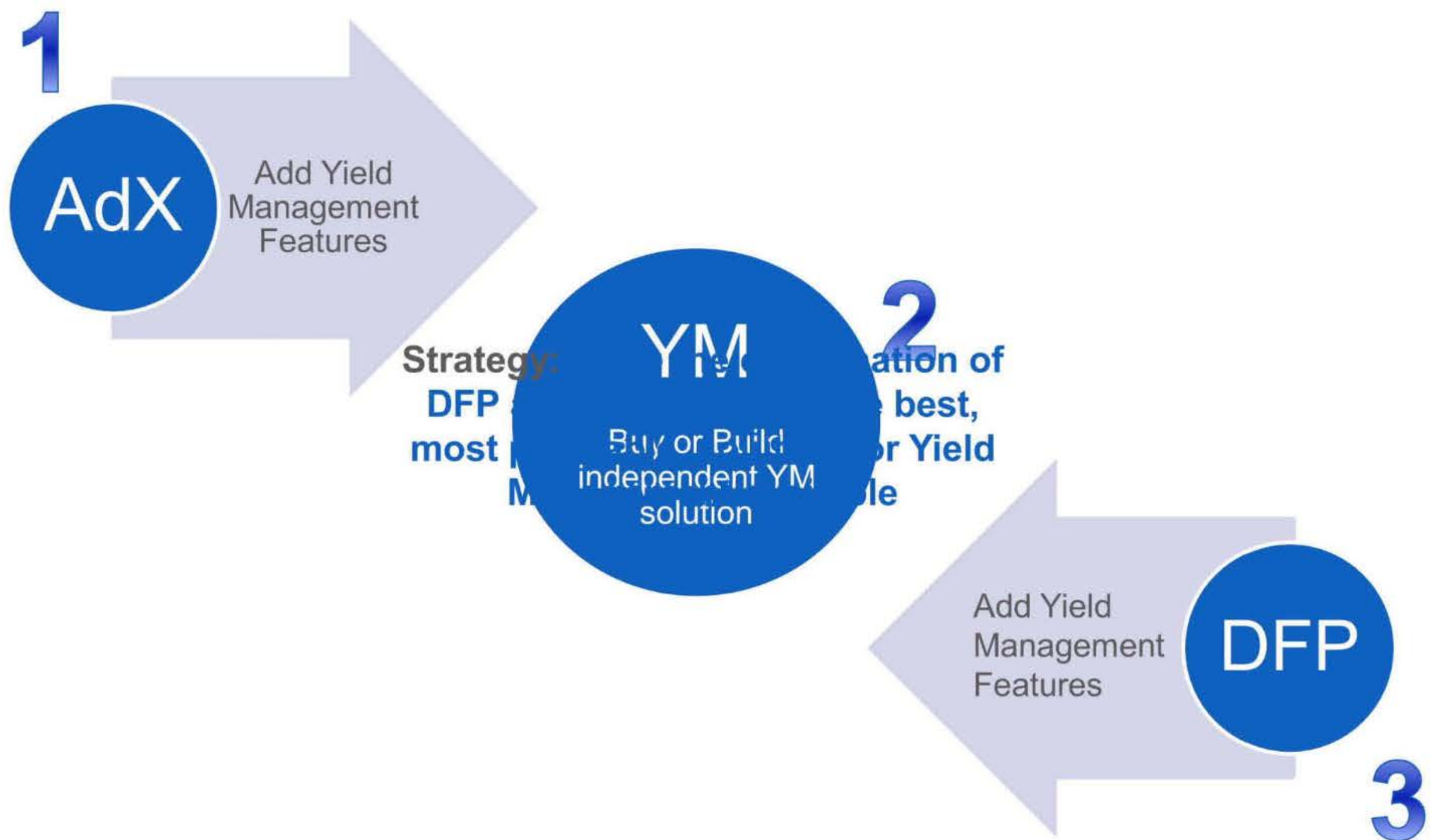
6 Things To Do



Build on our momentum

- Line Item Backfill
- Yield Management Dashboard
- Optimization & Recommendations
- Troubleshooting Tool
- Outsource billing/clearing
- Services

Our options



Feature	Provides	Advantage gained	Where	Who
Line item backfill (XFP / AdX integration)	<ul style="list-style-type: none">• Delivery and targeting control: percentage split, geo, placement targeting, daily caps, frequency caps• Reporting: revenue, total queries, win/loss	<ul style="list-style-type: none">• Greater flexibility and control than provided by AdX currently or competitors• Biggest complaint about existing DFP integration	XFP	Srupp team

Feature	Provides	Advantage gained	Where	Who
Yield Management Dashboard	<ul style="list-style-type: none"> • One view of remnant inventory and everything competing for it • Inline reporting on yield, volume, eCPM • Centralized controls for easy changes and consistency 	<ul style="list-style-type: none"> • Visibility is terrible now. This could provide the best view of remnant to date • Gives pubs clear picture of performance • Save time, eliminate mistakes 	<p>XFP</p> <p>DE& DFP optional</p>	Srupp team

3 & 4



Feature	Provides	Advantage gained	Where	Who
Optimization recommendations and automation	<ul style="list-style-type: none"> Guidance for publishers and improved monetization 	<ul style="list-style-type: none"> Clearly shows the real value of Ad Exchange Unique advantage: access to direct sales data to optimize auction listing strategy 	AdX (min bids) XFP (pricing, trafficking, eCPM, and dynamic allocation)	AdX team Srupp team Price Opt
Trouble-shooting / ad blocking tool	<ul style="list-style-type: none"> Fast easy way to block bad ads and maintain control and security 	<ul style="list-style-type: none"> Competitive gap closed and quickly exceeded 	AdX Toolbar XFP Pub Console	AdX team TBD

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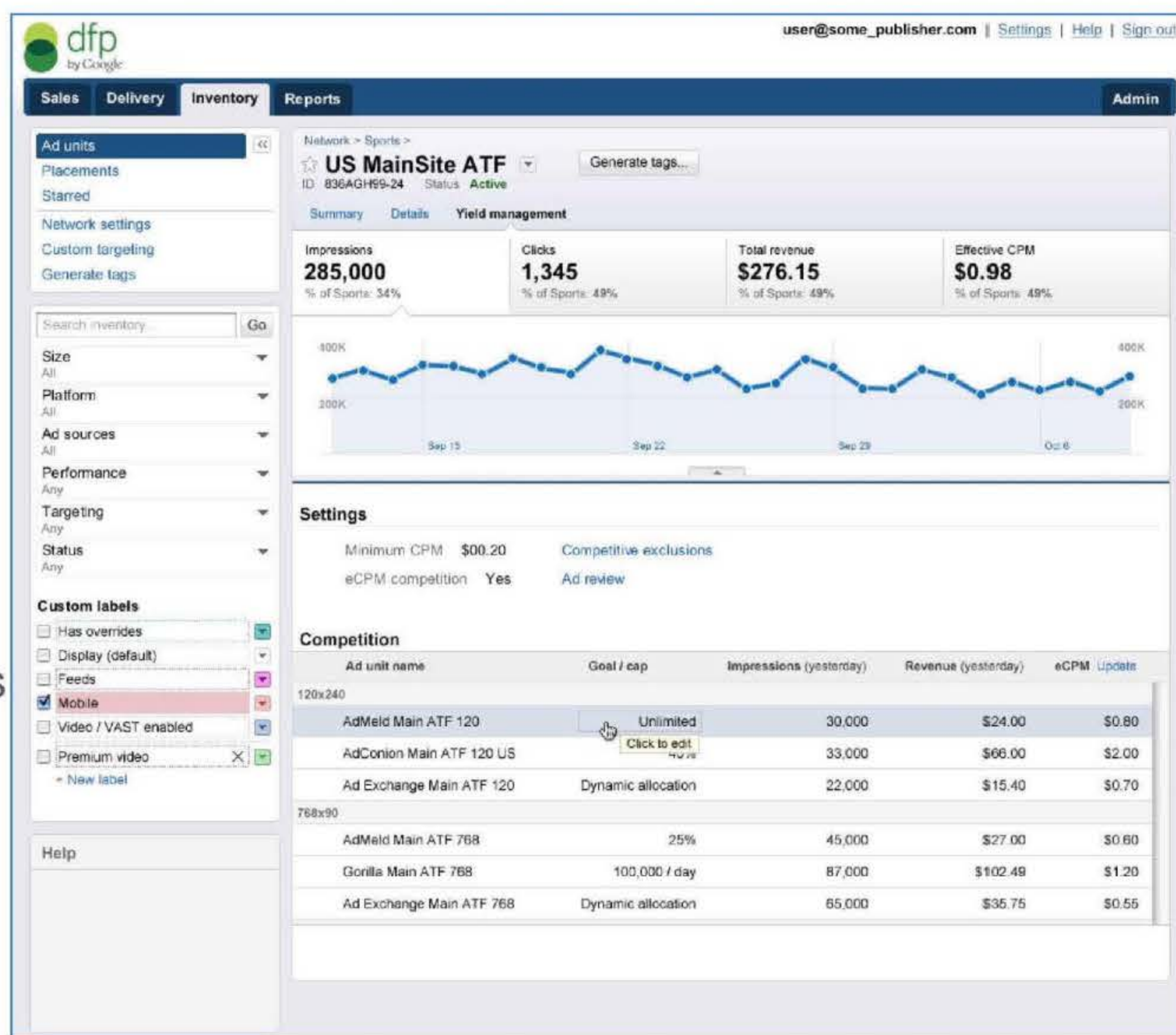
Feature	Provides	Advantage gained	Where	Who
Outsourced management of direct network deals	<ul style="list-style-type: none"> • Easy booking in XFP, captured and reported in YM Dashboard, pushed to AdX • Private auction in AdX with fixed bid handles reconciliation, and billing – for a share 	<ul style="list-style-type: none"> • Only outsourcing of this type available in a primary ad server • Competitive gap closed, along with removing a big risk for disintermediation. 	AdX XFP- trafficking DFP & DE optional	Investigation
Services	<ul style="list-style-type: none"> • Outsourcing of ad review • Consulting on monetization 	<ul style="list-style-type: none"> • Competitive gaps • Increase exposure and penetration for AdX 	MPS	AdX support and out-sourced

Yield Management Dashboard



Dashboard of pre-defined inventory segments in DFP:

- One view of remnant inventory and everything competing for it
- Inline reporting on yield, volume, eCPM
- Centralized controls for easy changes and consistency
- Optimization recommendations and automation



Rationale

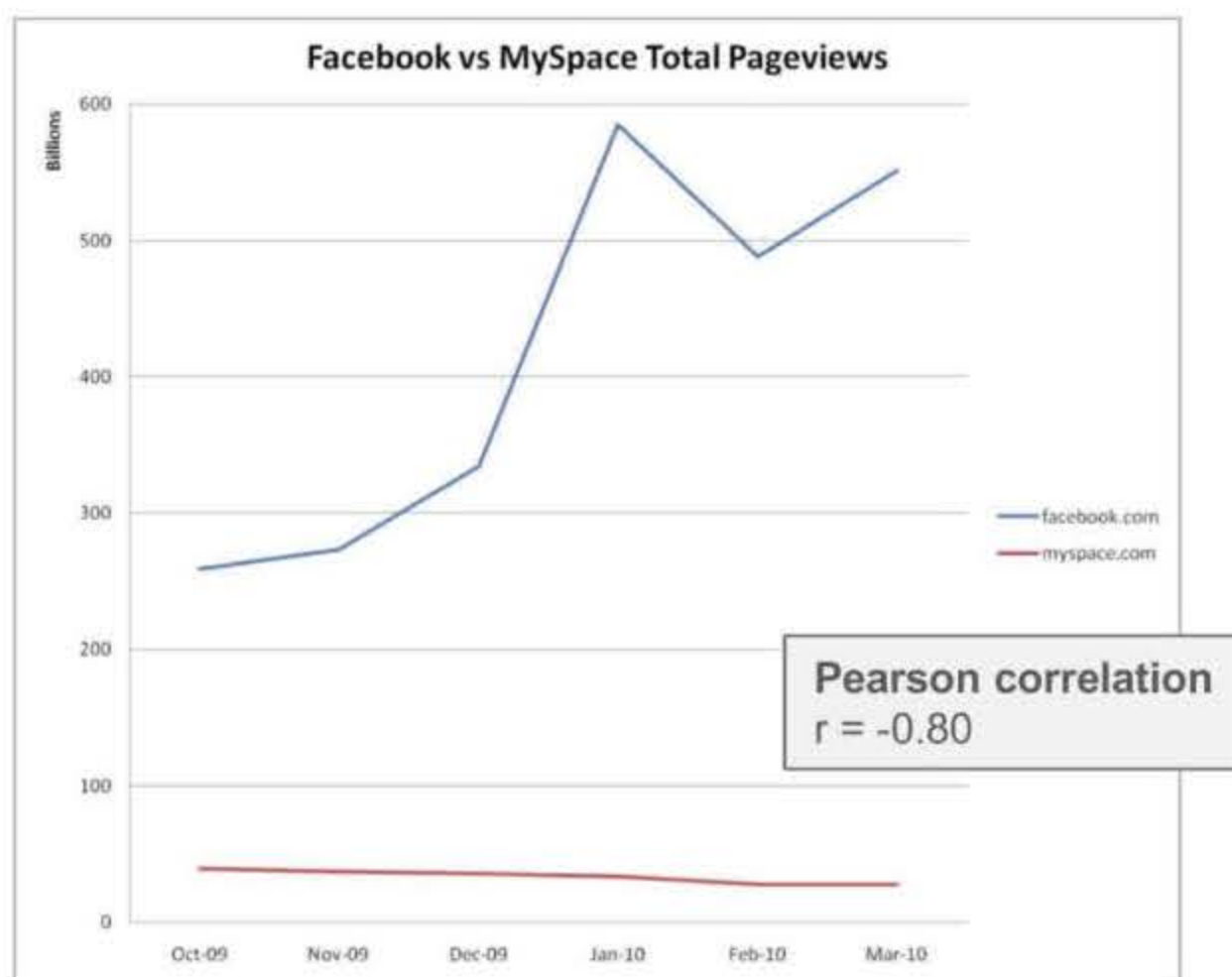


- Benefits AdX
 - AdX volume increases as a result of improved visibility and built-in intelligence
 - Work done in DFP directly benefits almost all existing AdX customers, *without the need to move any ads, inventory, or process.*
- Benefits DFP
 - Rubicon, AdMeld, and Pubmatic represent a very real competitive threat to DFP. Adding yield functionality to DFP directly counters that threat, and creates a gap between our offering ad servers without Yield Management
- Benefits DE
 - As the next big target for AdX sales, addressing the needs to DE customers is vital. The DE persistence layer makes the adoption of DFP UI features straightforward.
- Benefits AdSense
 - All work we do in DFP directly benefits AdSense as much as AdX. This is particularly important for our tail and torso pubs, who are 90% to 100% unsold, and who can't use AdX
- Benefits Publishers
 - By having yield tools built directly into the ad servers, publishers avoid the need to install and pay for a separate software solution.

Drop in total market pageviews from NPL UGC active publishers correlated with continued growth of Facebook

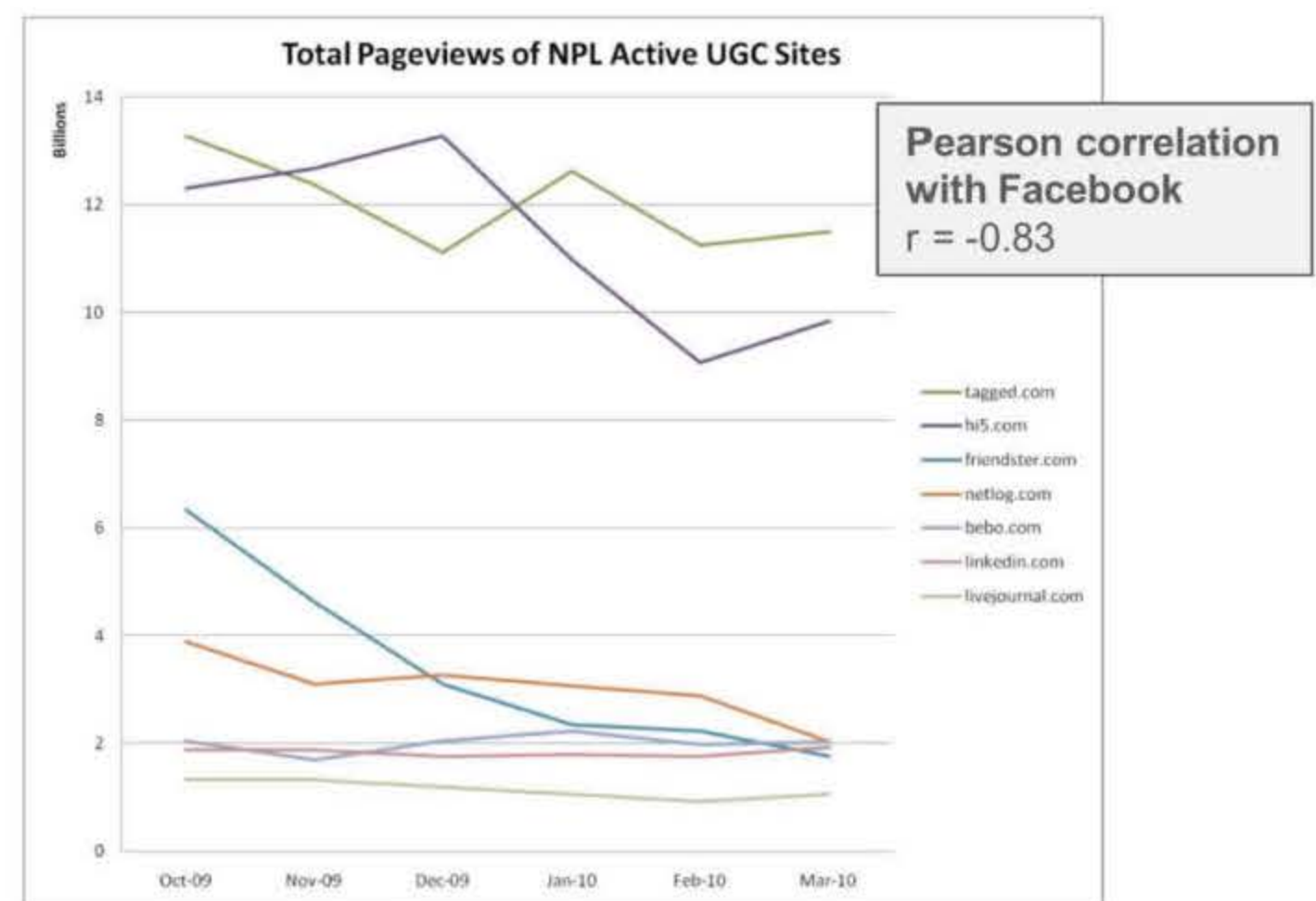


Facebook traffic growth is correlated with decline in MySpace traffic



Source: Inventory Planner / Ad Planner

Other UGC sites within NPL are also declining, correlated with growth in Facebook



In case you need a refresher on statistics 101...

What is a correlation? (Pearson correlation)

A correlation is a number between -1 and +1 that measures the degree of association between two variables (call them X and Y). A positive value for the correlation implies a positive association (large values of X tend to be associated with large values of Y and small values of X tend to be associated with small values of Y). A negative value for the correlation implies a negative or inverse association (large values of X tend to be associated with small values of Y and vice versa).

Notes Summary:

Slide 9: 'Rightmedia is the leader in inventory quality but all
Players still have room for improvement: advertisers still
Need to rely on different sources of inventory

No clear leader in UI. It is not a point of differentiation

Rightmedia and AdX are the clear leaders in technology

Rightmedia and Admeld are offering similar or better service'

Notes Summary:

Slide 10: 'Userfriendly descriptions huggington post - 7 different placements not targetable through AdX and the others you don't know the differences

Slide 6

"more professional content that is easily targeted" - is that an inventory outreach issue? If so, can you specify what specific inventory we need? If it's a targeting issue, can you specify what needs to be built?

Reach / volume - I'm not sure we are at parity here. Yahoo is 5-7x our volume.

Placement tool - what do you mean by accuracy and easier navigation? Is this a usability comment or functional?

Behavioral targeting - 3rd party data. We have 3rd party data in both AdX and Invite Media. What is missing?

Easier data integration - I assume this is in reference to the Havas request. If so, I think we should say, "User-list import and targeting via real-time bidding". (we have list import and targeting

Notes Summary:

via the UI, but they want it via RTB so their DSP can use it. A very specific request.) Also, how is this a parity issue?
Better brand safe packaging - what do we mean here? Create a brand-safe sub-set of inventory? (this exists in Invite). Arguably all of AdX is brand-safe at one level. Does Yahoo have a better option?
better cookie synching - what is wrong with the current offering? What does yahoo offer that's better?
Bid guidance - does yahoo offer this?
Simpler / better reporting - does yahoo offer this?
Auto optimization - we have this via invite.

"what we need to be leaders"

Better tools for ad blocking - what do you mean here? As a buyer, why do you want to block ads?

Frequency capping by hour site - I think you mean just "by site".'

Slide 13: 'YMs Evaluate all options as one auction even though visually is represented here as a separate decision'

Slide 18: '\'

Slide 26: ''

Slide 27: ''

Slide 28: ''

Slide 35: ''

Notes Summary:

Slide 36: ''

Slide 37: ''

Slide 38: ''