

PDUE MONDAY, JULY 1 @ 12:00PM ET

Buy-Side - Publisher Display Summit Pre-Work Document ([agenda](#))

The Publisher Display Strategy Summit will be held in NYC on Jul 10-11, 2013. The focus areas for the offsite include:

- 1) Sales and PM level-set on mid-year status, trends, competitive threats, by region
- 2) Review display product status and 2014 initiatives
- 3) Review and endorse 3-year Global Business Plan & P&L
- 4) Review gTech, Marketing, and buy-side 2014 plans
- 5) Identify 3-7 strategic initiatives to discuss at Neal's Display offsite

Due to the amount of information we will cover in a limited timeframe, we are asking all functional teams to prepare pre-read documents for attendees to read before the summit. Attendees will be required to read these documents in advance, so we can engage in productive discussions vs. explaining the background and current plans for a particular project.

Buy-side projects that will be important for the sell-side to understand prior to the summit are:

AWBID
Lincoln
Aristotle
Brand

Andrew Avrin, [Tobias Maurer, Bryan]
Payam
Ritu
Bryan

AWBID

AWBid Core Team

PM: Tobias Maurer

GDS: Charlie Vestner, Sharif El-Badawi, Andrew Avrin, Bryan Rowley

Problem statement, opportunity, and positioning

AWBid, or **AdWords Cross Exchange Bidder** integrates with third party sell-side platforms (SSP) and exchanges through real-time bidding interfaces (RTB).

The main goal of this project is to increase GDN remarketing buyers conversion volume by automatically extending campaigns across exchanges to source additional impressions. Bidding cross exchange will help *neutralize the inventory gap perception vs "GDN" competitors* - for our GDN business, there is a perception that our offering is not up to par with our competitors with regard to access to 3rd party exchanges.

GDN faces formidable competition, especially in retargeting, where a number of competitors can extend retargeting campaigns to exchanges beyond AdX such as Yahoo Right Media, Rubicon, and AppNexus, as well as to inventory sources such as Facebook Exchange that are closed to Google. The sum of inventory from all major exchanges is approximately 4x greater than the GDN.

By helping advertisers reach more users on their remarketing lists, early after leaving a site, cross-exchange remarketing is likely to boost conversion volume by 10-20% at the same CPA. We are conducting the alpha test to find out where we are likely to land on this range.

Advertisers and media agencies are increasingly looking to consolidate their RMKT spend with as few

vendors as possible. Being able to communicate cross exchange capabilities and deliver incremental results is likely to increase both the retention of Remarketing spend on GDN and the overall spend of clients on Display, Search, Video, Mobile and other Google products.

Positioning statement for this product

From the buy-side perspective, advertisers are given a choice to work with DBM or GDN via AdWords. At a high level, customers who have very specific needs and who look to manage their buying themselves are pushed towards DBM, and customers who want the best there is to offer but without the heavy lifting are pushed towards GDN and AdWords.

On the sell-side we are not proactively communicating this effort to publishers. If publishers ask questions or express concerns we should communicate that this pilot is designed to ensure the continued strength of AdX and AdSense.

- AWBid only impacts GDN remarketing demand which makes up 10% of total AdX impressions
- We are only selecting pilot advertisers who have unspent remarketing budget on GDN
- We are maintaining 32% percent rev-share + third party exchange/SSP rev-share, to provide better prices on Adx/AdSense.
- We also expect cross exchange buying for GDN Remarketing brings new budget to AdWords, most of which will be spent on AdX/AdSense.

Solution

The existence of AWBid helps illustrate the difficulties of maintaining two separate and sometimes competitive buying platforms, DBM and GDN. Project Lincoln is an effort to unify the backends of both GDN and DBM in an effort to simplify today's ecosystem of maintaining two separate buying platforms in the display space. Back-end unification is underway and front-end feature segmentation is finalized and being implemented. More details below.

Current Progress and Impact

Limited Alpha, currently only integrated with Casale and Admeld ad exchanges. There are plans to integrate with many other exchanges throughout the year but for now this is a highly confidential offering.

Top Needs/Asks for the Sell-Side

There is no operational support required by sell-side teams. Communications should be reactive only and requires no additional operational work if pub becomes aware of the pilot.

Timing

We are currently live with a very confidential alpha. In Q3 2013, the goal is to integrate with additional third party exchanges Rubicon, AppNexus, and Right Media. In addition, the offering will be moved from alpha to beta.

Goals for H2 2013

- Onboard additional exchanges Pubmatic, AppNexus, Right Media, and others
- Global beta launch of 100 advertisers

Goals for 2014

Initiatives to be set later this year, dependent upon success of alpha and beta launches

Lincoln

[Team: The core team spans PMs and Engineers across 8 teams, including the DBM, Brand, DCM, GDN, YouTube and Rich Media teams]

Problem statement & opportunity

We have two similar auction display buying products in the market today, DBM and GDN, that compete for Direct marketer budgets.

Positioning statement for this product

N/A

Solution

To resolve the market confusion and duplicative eng effort, we are segmenting the front-ends to serve distinct customer segments: DBM will be the product of choice for Trading Desks, Networks, Agencies and Top 175 Directs; GDN will be the product of choice for all other advertisers. The backends for DBM and GDN will start sharing more of the same components, so that we don't have to rebuild the same functionality from the ground up in two places. Project Aristotle is a sales-driven outcome of Project Lincoln, meant to abstract the complexity that exists today in the marketplace, by doing campaign management for large directs that are confused about which product to use.

Current Progress and Impact

Back-end unification is underway. Front-end feature segmentation is finalized and being implemented.

Top Needs/Asks for the Sell-Side

LCS should start becoming more well-versed in our display products, both DBM and GDN.

Timing

2014

Comment [1]: +pshodjai@google.com Any directional milestones? e.g. 2H '13, 1H '14, 2H '14

Aristotle

[Team: Bruce Falck & Ritu Kathpalia (Global leads)]

Problem statement & opportunity

Project overview @ go/whatisaristotle:

Project Aristotle is a hybrid pilot to test viability of RTB Buying Technology + Network Service Level offering. We initiated this effort because networks continue to adopt RTB and DSPs are adding managed services. Customers get better results from more nimble/focused competitors, like Criteo, and competition is becoming more fierce as RTB buying matures [Amazon active, FBX, Twitter]. Aristotle is testing the most effective way of selling GDN + DBM instead of GDN vs. DBM by leveraging platforms sales expertise into LCS. The goal is to enable more consolidated selling success stories like NetShoes, Zazzle, Chegg, Target.

Positioning statement for this full service offer

Aristotle sales teams across regions started by targeting potential top GDN dynamic remarketing customers within the retail vertical. Teams are continuing to expand the vertical targets and to customize the customer solution with additional Remarketing features (RLSA, Similar Audiences, KCT) and DBM. Customers need to meet minimum spend criteria as defined by account managers and use Google Merchant Center to speed up implementation.

Campaigns for Aristotle clients are optimized by Aristotle teams accounts and clients work closely with us to define goals and monitor progress.

Solution

This test pilot will help define if a full service sales model for programmatic buying is worth long-term investment for Google. Success for the pilot is reaching ~\$200M annual revenue run rate for dynamic remarketing.

Competitive assessment:

Competitive spectrum of hybrid networks ranges from companies like Criteo focused on remarketing to those like MediaMath who go-to-market as programmatic buying platforms. Competitors exist across this range. Here are a few highlights of these two main types:

1. Go-to-market as Retargeting Specialists

- Technology stack that includes user tracking, bidding creative personalization and ad serving (integrated or through technology partnerships)
- Established client relationships (typically at <10% churn rates)
- Sales-force well-versed in remarketing capability

2. Go-to-market as Programmatic Buying Platforms

- Consolidated campaign management capability, spanning across all ad-types, typically delivered via strong UI
- Tracking and transparency features that allow advertisers to optimize for specific metrics
- Automated impression acquisition capability with links to inventory providers (e.g., exchanges)

Current Progress and Impact

Q2 on track for \$20M in Dynamic Remarketing revenue. In the next 90 days, Aristotle aims to ramp up revenue now that we're fully operational and begin defining contract, pricing and service models that can be scaled.

Top Needs/Asks for the Sell-Side

- Increase access to first look premium inventory and communicate key sell-side differentiators in inventory vs. key competitors to Aristotle teams.
- Define which publishers convert for specific retailers.

Timing

- Q2: Hiring & planning phase
- Q3: Ramp revenue, prove concept
- Q4: Determine how best to scale initiative for 2014 & beyond

Proposed 2014 Initiatives

Scale operating model for "hybrid" offer at Google.

Brand

Product: James Beser, Glenn Wilson, Neena Batra, Dinkar Jain, Diya Jolly

Global Strategy: Laura Slabin, Felipe Calderon, Kevin Meyers, JR Futrell, Elaine Theos, Nithya Sowrirajan, Bryan Rowley

Problem statement & opportunity

Historically Google has been incredibly focused and successful in delivering direct response advertising solutions. The brand initiative is focused on making Google synonymous with brand in addition to direct response.

Our best performance driven advertisers (e.g. Priceline, eBay, Expedia) spend 60% of their total media budgets with Google. At the same time, the largest Brand Advertisers (P&G, GM, Wal Mart) spend 5% of their media budgets with Google. As online video, rich media, social, and mobile advertising become mainstream, we have an opportunity to deliver world class brand building solutions to the biggest brand advertisers in the world. If we could earn 25% of the media budgets from 36 high potential brand

advertisers, we would generate an incremental \$10B in revenue by 2015. Likewise, we have estimated a \$10-20B upside with Brand advertisers if we were to move our share from under 1% to 5-10% of TV spend.

If Google can deliver engaging ad formats at scale to receptive audiences coupled with measurable brand metrics and compelling insights across all screens, our publishers stand to benefit from increased dollars spent online at higher CPMs as well as an overall better advertising experience on the web.

Positioning statement for this product

Awareness ads allow advertisers to purchase brand-safe ads at a fixed impression volume and CPM with the efficiency of a network buy. This type of buying has only been possible through the GDN Reserve bidder.

Viewability will be a major theme going forward and can help transform CPM and therefore brand buying on the web. Viewable CPM (vCPM) will be rolled-out later this year across all of GDN. GDNr will still be used for fixed impression, reservable buys and will be a key component to the success of Custom Brand Exchanges (CuBE) which allow an advertiser to buy directly on multiple publishers that meet their brand buying criteria with the help of the mDev team.

Engagement ads are for brand advertisers who are looking to captivate audiences with a large-format rich media experience -- stream videos, play games, etc. -- which brings landing page experience directly to the ad unit.

Both awareness and engagement ad buys are coupled with affinity segments to better place their ads in front of users they believe their product is tailored for. Affinity segments are the result of the ICM team focusing specifically on the needs of brand advertisers. There are approximately 150 different segments brand advertisers want to target. They can be divided into two types of segments: those segments that directly indicate potential interest in an advertisers product (outdoor enthusiast); and those segments that indicate user interest based on type of media consumed (users interested in cooking and home decor content could narrow an advertisers focus when looking for soccer moms)

Publishers benefit from greater demand from high quality advertisers that carry CPMs significantly higher than today's average display campaigns. While brand formats are designed to more deeply engage users, the user-initiated experience is also meant to be self-contained which means a user can experience the advertisers message without leaving the publisher's page.

Attracting high caliber brand advertisers will ultimately bring a better overall user experience to the web.

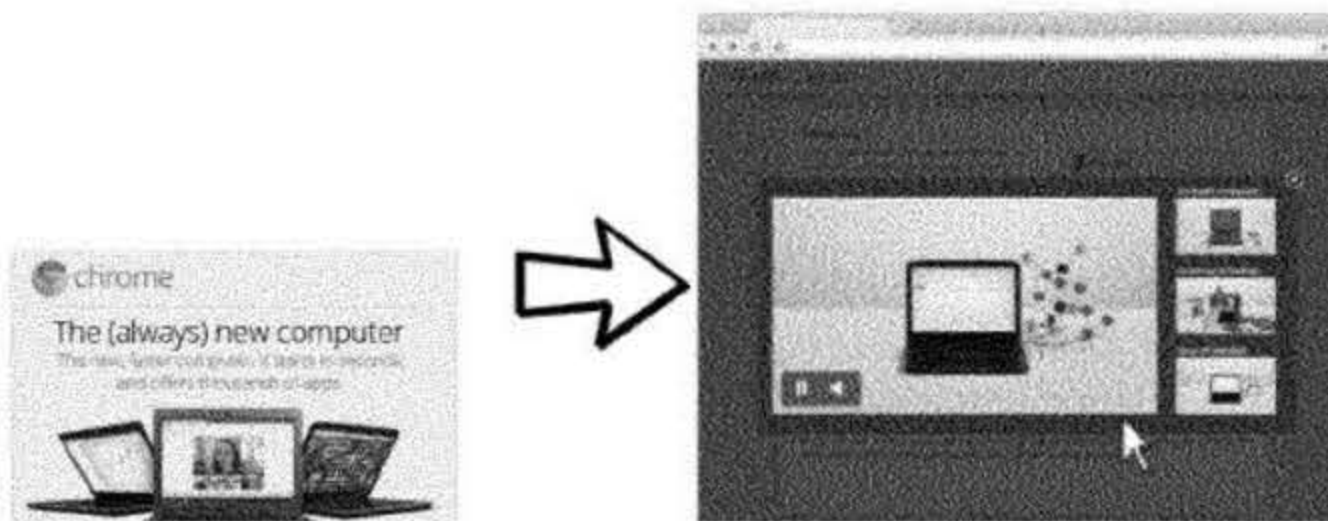
Solution

Awareness ads have been transacting since late-2011 through the GDN Reserve bidder. Quality GDN sites have been added to audience focused packs and are available to buyers. Awareness ads are currently sold on a fixed impression and CPM rate card basis. Awareness ads will be coming to the GDN auction during the second half of 2012.

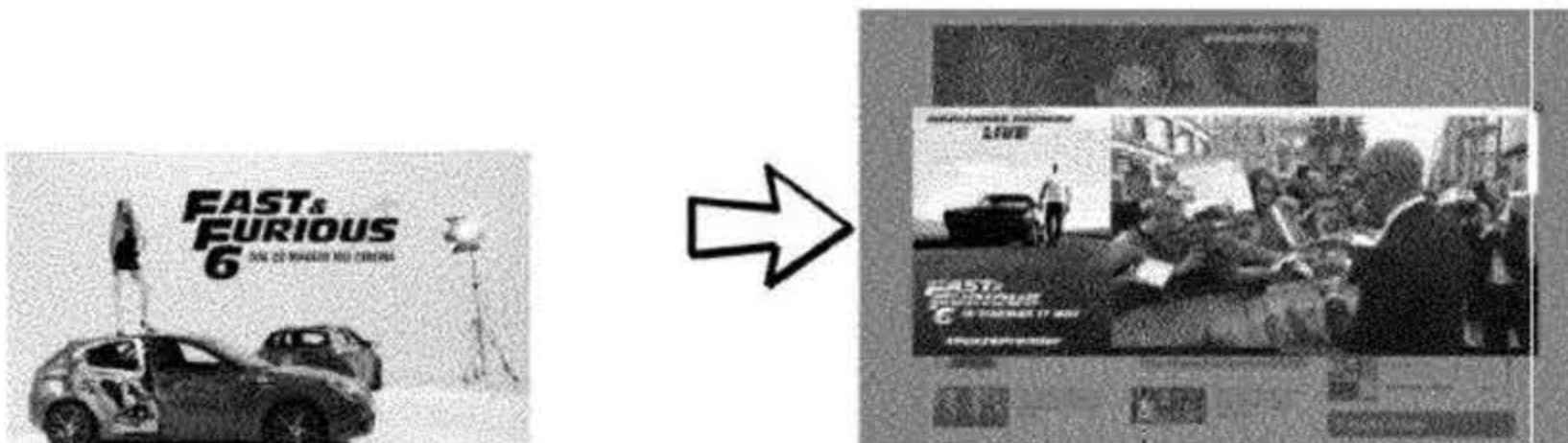
Engagement come in a variety of compelling formats. GDN uses a proprietary brand optimization algorithm to identify users likely to interact with the advertisers message. All Google expandable ads will only launch when a user initiates the action via a two second hover over the invitation state of the engagement ad which comes in IAB standard ad sizes such as 300x250, 728x90 and 160x600. Engagement ads are sold on a CPE basis bringing performance sensibilities to brand buys. To match publisher expectations as well as those of the buyers, expandable ads are translated from CPE to a CPM when served on publishers' sites which regional floors ensuring acceptable yields.

Featured expandable units include:

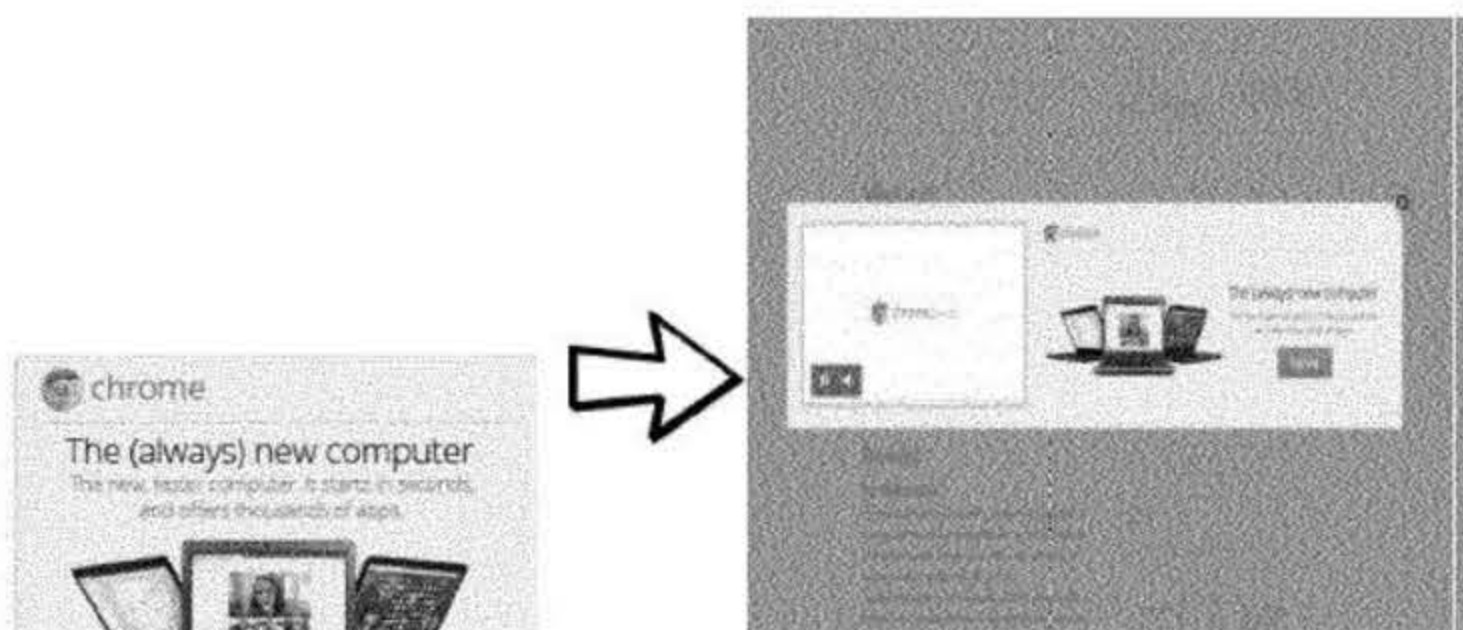
The standard **Lightbox** which launches a rich media or video experience upon expansion



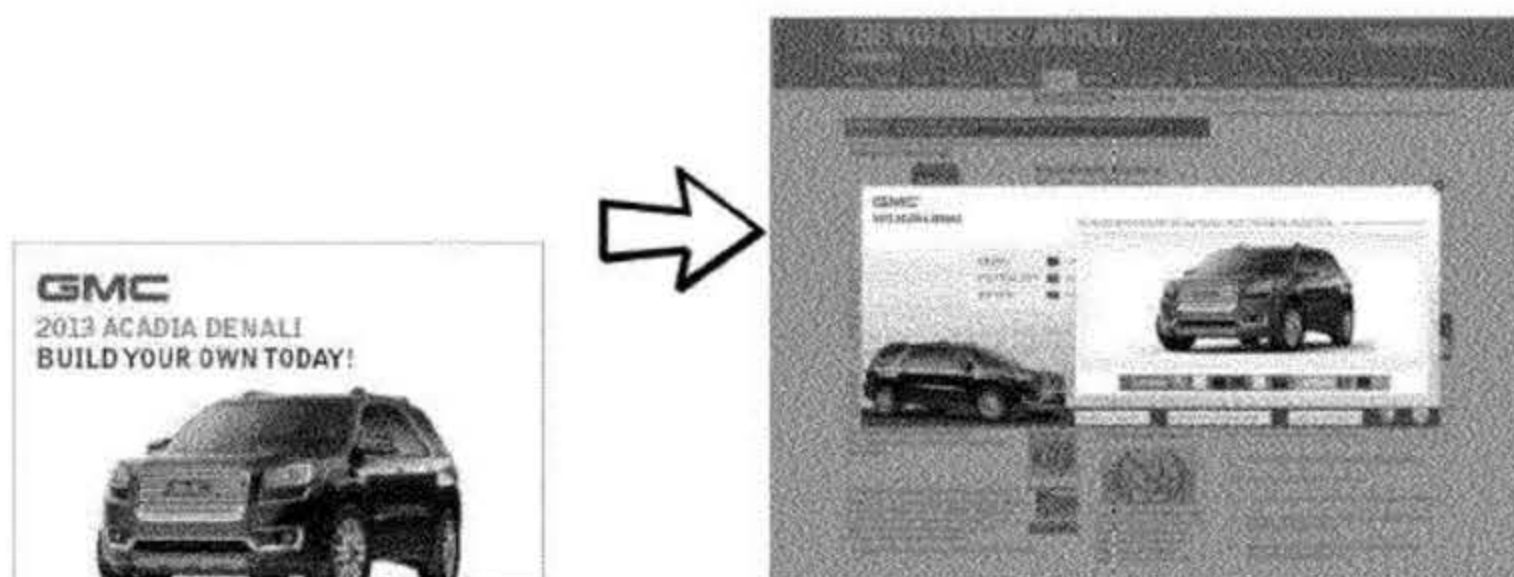
and iterations on the theme such as the **Livebox** to which incorporate a live streams in a lightbox,



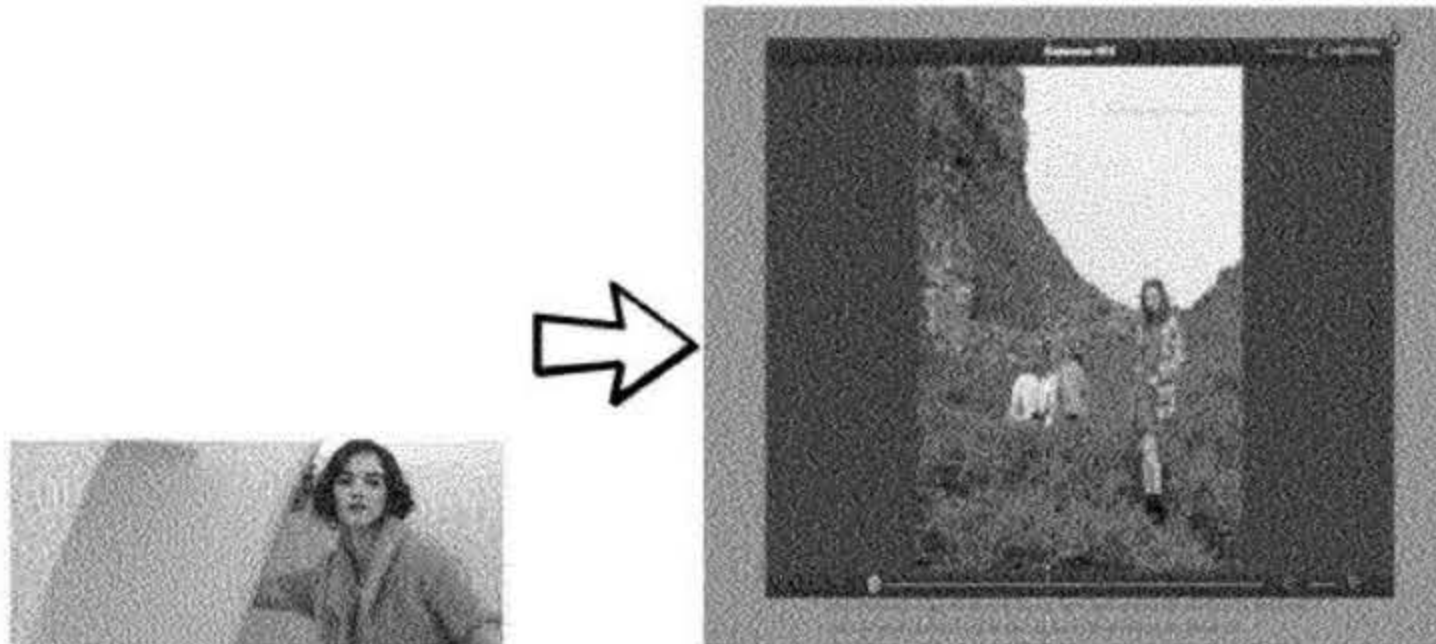
the **Mastbox** as a convenient YouTube campaign extension,



the **Drivebox** to showcase the details of a new car,



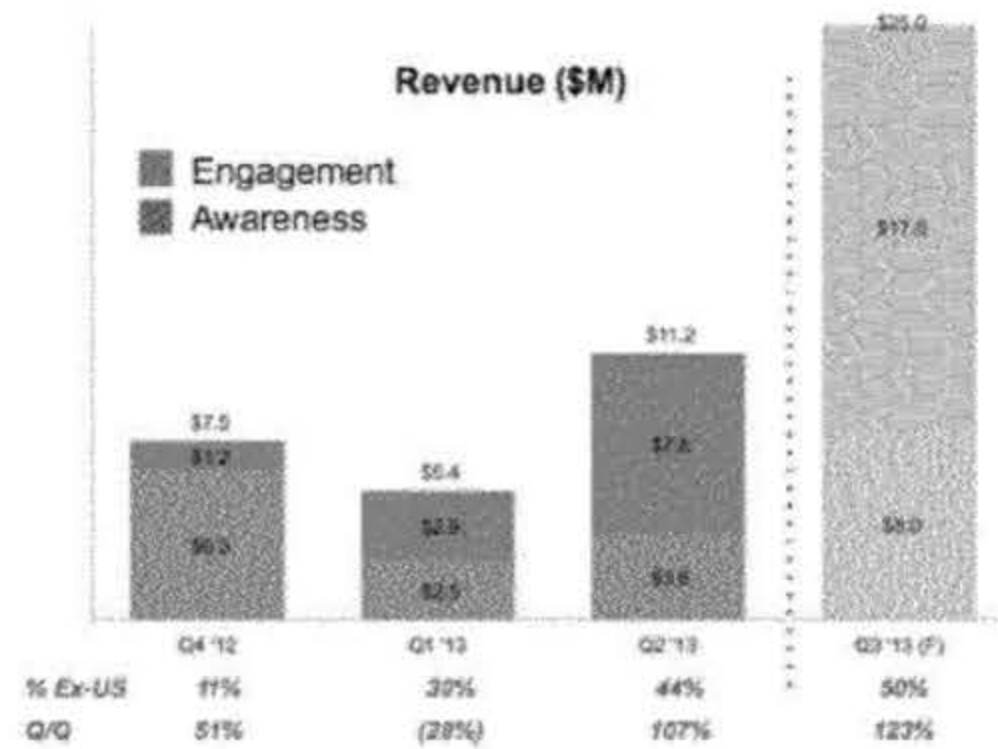
and the **Catalog Lightbox** for direct marketers with aspirations of abandoning the US Postal Service



Current Progress and Impact

Financial

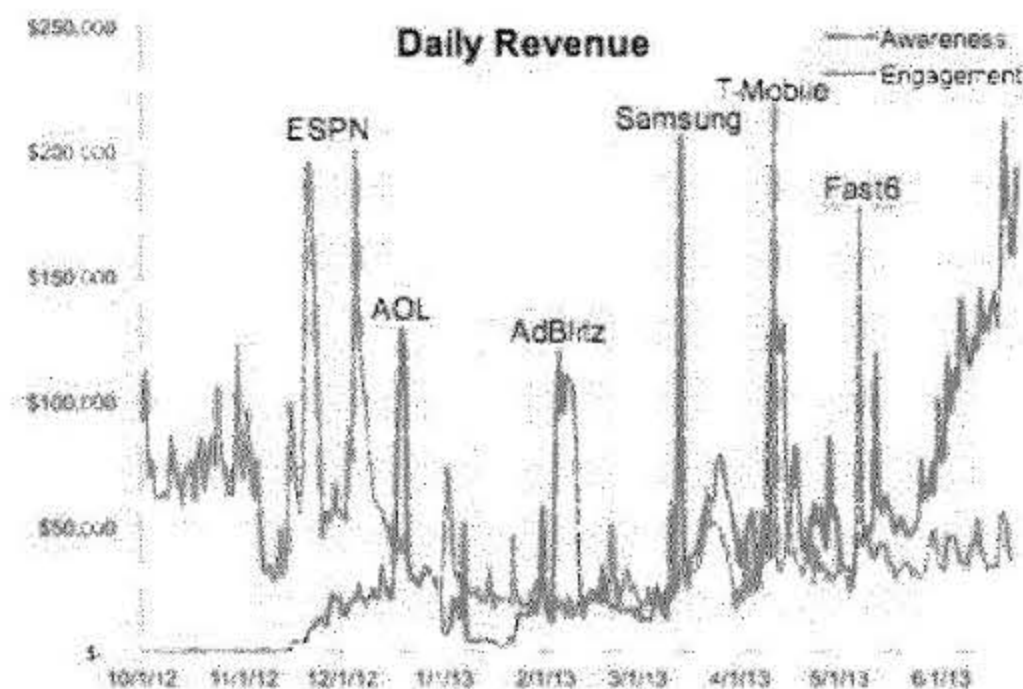
Brand display is poised for hockey stick growth. Q2 revenue topped \$11MM, up 107% from previous quarter. The OKRs for Q3 and Q4 are \$25MM and \$75MM respectively aiming for a annual run rate of \$300MM at the close of 2013. In addition to awareness and engagement, affinity segments accounted for \$2.4MM in Q2.



The Q3 revenue breakdown by regions is as follows:

Region	Q3 Goal
NA	\$14.3MM
LATAM	\$2.8MM
NACE	\$3.5MM
SEEMEA	\$1.9MM
APAC	\$2.5MM
TOTAL	\$25MM

Demand through most of 2013 has been punctuated by individual campaigns but in the final weeks of Q2 evidence of a steady upward trends for engagement ads has emerged. Exhausting budgets towards the end of a quarter may be a contributor but the pipeline of deals is strong and the strong upward trajectory is expected to continue into Q3 and beyond.



Strategic

The brand display teams are focused on five key drivers:

1. **Easy** - currently all campaigns require the support of our gTech and Eng teams to deploy. In order to effectively scale access to standard, engaging brand ad formats must open to all buyers regardless of budget.
2. **Packaging** - attracting brand display advertising dollars has been key to the success of YouTube. TruView was the first highly success engagement ad launched by Google. To drive adoption of GDN and DBM driven brand sales a goal is now in place to achieve a 25% attachment with traditional YouTube sales. In addition to the stated attachment goal, the plan is to build an internal creative agency to focus on custom format executions.
3. **Inventory** - desktop inventory is on track to grow brand ready impression by 100% by the end of 2013. Inventory on mobile phones and tablets is newer area of focus.
4. **Proof** - currently only one case study exists for public distribution. Evangelizing the benefits of brand advertising with Google is key to alter the perception of Google as solely a direct response solution. Driving industry-wide adoption of brand metrics will help place Google in a leadership role. Active View received MRC accreditation in April. We also stand to benefit by using our core search product as barometer of brand success. There is a plan in place to push for search lift to be applied to all brand campaigns (pilot launched in May). A pre-launch announcement has been made about survey lift also coming as a measurement resource for GDN and YouTube buyers.
5. **Policy** - internal efforts are underway which focus on brand-only policies which aim to unlock brand budgets without compromising standards.

Top Needs/Asks for the Sell-Side

Promote Google's brand effort to publishers selling the vision and potential of brand online as much as the features that currently exist.

On a tactical front, enabling inventory for engagement and awareness ads is a top ask. Specific technical and partner requirements must be met in order for brand demand to be served on publisher inventory. Understanding these requirements, incorporating brand inventory goals into quarterly OKRs and educating publishers on the benefits of brand display will all help maintain and accelerate emerging revenue trends.

From a scale or sheer volume standpoint inventory has not yet been a constraining factor and inventory targets are on track to increase 100% between Q4 2012 and Q4 2013. By enabling the delivery of engaging ad formats at scale and often in concentrated bursts (as depicted in the daily revenue graph above) the sell-side has equipped the buy-side with a key selling feature and differentiator in the marketplace. By way of example, the Fast and Furious lightbox campaign delivered \$130,000 worth of ads in one hour fifteen minutes nearly exhausting the brand display inventory in eight countries.

While scale is not an issue, the buy-side continues to hear a call for more quality inventory. On this front the ask is to help craft a compelling inventory story that makes it clear not only does Google have access to a massive pool of inventory but hidden within that vastness is the world's largest premium network. When advertisers have specific premium inventory requests that accompany a commitment for a large brand spend the ask is to work closely with the Marketplace Development team to execute higher touch deals through preferred deals, private auctions and the more nascent Custom Brand Exchanges (CuBE) efforts.

Timing

Second Half 2013:

- Bidding vCPM - active view on GDN auction to promote CPM buying for brand display
- Tablet lightbox launch - bring the engaging format to large screen mobile devices
- mWeb and Lightbox reserve in GDNr - allow fix impressions, reservable buys on more engaging formats and cross screen
- Sequential ad targeting (storyboarding) - another compelling ad format that allows an advertiser to tell a brand story to a user over several impressions
- GAM inventory enable for expandables - enable legacy DFP Small Business tags to accept expandable formats.

Proposed 2014 Initiatives

The big goal for 2014 is to hit a \$1 billion annual run rate by the end of the year.

1. Self-Service - Extending the capabilities of the display ad builder and bringing the power of automation to large canvas engagement ads will have a significant impact on adoption. The goal is to move 50% of impressions and revenue to self-service in 2014
2. Mobile - mobile impression will soon represent the majority of impressions on the web. We are making sure our ad formats work across all screens.
3. Expandable formats coming to DBM and DFA - the unification of capabilities across all buy-side platforms is underway on all fronts. Allowing agency and trading desk partners to buy these engaging formats will increase demand
4. Broad LCS Adoption - pushing for the 25% match rate with YouTube campaigns. Incentivizing LCS to sell brand is one of the keys to widespread adoption across our client base
5. Viewable CPM -ensuring a brand ad is seen will help foster adoption of CPM based brand buying across the network. Bringing vCPM to GDN will help CPM brand ads scale.
6. Ad Unit Development - always bringing new creative units to the attention of our clients will keep the conversations fresh.

7. GRP - unification on the measurement front is also important to adoption and the more seamless the transition from TV to online the more quickly the transition can occur.