

1                   **GOOG AT MDL B 007778984 HIGHLY CONFIDENTIAL**

2                   JERRY: ----[0:10:20] deeper on what it means for  
3       publishers, and how publishers might want to particularly think  
4       about these changes in the context of their business.

5                   Following that, we're going to have a broad Q-and-A,  
6       so please get your questions ready. We have plenty of time for  
7       Q-and-A.

8                   And then, also, the product experts in the room have  
9       agreed to stay on after to mingle and sort of do one-on-one or  
10      mingle-type Q-and-A, if there are questions that you all want to  
11      ask that you don't feel comfortable asking this large group  
12      setting. So, plenty of time to get your questions out.

13                  And so, just to be really clear about what our goals  
14      for the day are, our goal for the day is really that everybody  
15      in this room is able to walk away from this event with a clear  
16      understanding of what's changing, what it means for your  
17      business, and have the opportunity to ask questions directly of  
18      the product experts on these changes. So, that's really our  
19      goal.

20                  And with that, I will pass it over to Rahul, who will  
21      be giving an overview of the changes.

22                  Thank you so much.

23                  RAHUL SRINIVASAN: Thanks, Jerry.

1           SAM: I am also getting a notification that nobody  
2 [inaudible 0:11:23].

3           UNK: Uh?

4           Are we still live?

5 [Multiple, indiscernible comments. 0:11:29]

6           SAM: Okay. Just making sure. We are not on [inaudible  
7 0:11:37] because--okay.

8           Okay.

9           RAHUL SRINIVASAN: Great. Welcome everyone. I think we're  
10 going to dig into--I'm going to spend some time talking about  
11 what the problem we're trying to solve is, because I think it's  
12 very important to dig into sort of where--how we got to where we  
13 are in the industry today with all of the complexity and the  
14 cruft that we have had to deal with. And that sets the stage  
15 for why the changes that we're making are actually important,  
16 And then, we can dig into that with Giulio sessions.

17           So, before we dig into it, just wanted to set the  
18 stage for--with some terminology. We have different layers of  
19 aggregation in the industry today. And to a first level of  
20 approximation, the agencies and advertisers are sort of the  
21 unique holders of programmatic dollars or budgets. Right? And  
22 then, you have networks and DSPs that aggregate these budgets in

1 different ways, shape, or form, and add some value on top with  
2 some technology.

3 Networks are primarily performance-focused, whereas  
4 the DSPs are more brand-focused.

5 And then, you have the exchanges, which basically  
6 aggregate demand across different networks in DSPs. And more  
7 often than not, the exchanges don't bring unique incremental  
8 demand to the publisher.

9 And one other thing to note also is that there's a lot  
10 of overlap between different exchanges, between the source of  
11 demand across different exchanges. Right?

12 And how we initially thought all of this would fit  
13 together was publishers would work with a single SSP, a primary  
14 SSP, and a primary ad server. You would have a single  
15 auctioneer in this context. And in this example, when you're  
16 working with the Ad Manager ad server, we thought Ad Exchange  
17 would be the--that primary SSP.

18 When we initially designed the AdX auction, it was  
19 meant to be a second-price auction because, in a--in a world  
20 where you have a single auctioneer, a second-price auction makes  
21 a lot of sense. It's reasonably efficient. You have--it's  
22 simple for buyers to actually bid into the second-price auction;  
23 all they need to do is understand what the value of their

1 impression is. It's easier for publishers to understand how  
2 things are playing out, what the value of different buyers  
3 ascribe to these different impressions are, and it's--it's  
4 something that it requires a lot of trust in the ecosystem, and  
5 it's something that we thought we could pull off.

6 We also recognize that publishers do work with other  
7 sources of demand that's not available through Ad Exchange, and  
8 that's where the box at the bottom comes down. Right? So, you  
9 have guaranteed line items, and you have nonguaranteed line  
10 items. All of these were fixed-price line items when we  
11 initially designed this product.

12 And the way these demand sources interact is through  
13 something called "dynamic allocation." So, we look at the  
14 pacing of your different guaranteed line items. We look at the  
15 fixed price of your average nonguaranteed line items. And then,  
16 we make them compete in a way that maximizes yield for  
17 publishers. So, there are different ways in which you could  
18 tie-break between all of these sorts of demand.

19 And the principle that we were primarily focusing on  
20 is what maximizes publisher yield. Right? So, we made sure  
21 that we derived the reserve prices from these other sources of  
22 demand, these line items, and made that compete with the AdX in  
23 the second-price auction and maximize yield for publishers.

1               This is come to be known as--in the industry as "last  
2 look." When we initially designed it, we didn't have this  
3 concept of last look because it was just how dynamic allocation  
4 worked. And the principle, like I mentioned, we were focusing  
5 on is publisher yield.

6               One thing that we didn't account for, obviously, is  
7 that publishers want to work with a lot of SSPs, and they don't  
8 want to rely solely on Ad Exchange for all of their demand.  
9 Right? So, this complicated this simple vision quite a bit,  
10 which is when we introduced this notion of Exchange Bidding.  
11 So, we made it very easy for publishers to plug in other sources  
12 of demand. All of these compete on a real-time basis. It is a  
13 server-side integration. It's a simple product that has  
14 absolutely no discrepancies. You--the reporting is unified.  
15 And we thought that this would help improve publisher yield  
16 without increasing the complexity of the industry too much.

17               One other thing to note here also is that, like I  
18 mentioned, these sources of these--these exchanges have a lot of  
19 overlap in terms of the demand that they're actually plugging  
20 into. So, while it seems like a very simple picture, the  
21 reality is a lot more complicated. Right? And this creates a  
22 lot of cruft in the ecosystem. You have the likes of DSPs like  
23 --like DBM or Criteo, for that matter, getting multiple callouts

1 for the same impression. And it's very hard for them to  
2 actually duplicate--deduplicate which impression they're  
3 actually getting in real-time. Right?

4 And not just that. They also have to deal with  
5 different floor prices. Right? This is not easy for DSPs or  
6 networks to actually deal with, and this creates a lot of  
7 complexity. And this is--

8 One thing also to note here is that this box down  
9 here, I have intentionally not unpacked this box with the rise  
10 of header bidding and with the rise of all of these other  
11 technologies. It becomes even more complicated to actually  
12 explain the state of the industry in one slide. I would not be  
13 able to do it justice.

14 So, this is--actually, this level of complexity in the  
15 industry has led to a lot of issues and market inefficiencies.  
16 The way DSPs and networks deal with this is, you know, through a  
17 variety of strategies. They do a bunch of query throttling  
18 because they don't want exponential--exponential increase in  
19 their queries. And this sometimes leads to situations where a  
20 network like Criteo, for example, may not see a high-value  
21 impression that they actually want to bid on because they've  
22 throttled the callout. They also find it very hard to actually

1 evaluate the true value of an impression when they're getting  
2 exponential number of callouts.

3 And publishers have, in turn, needed to deal with this  
4 in very interesting ways through, you know, multiple calls,  
5 through different flooring strategies, and this has led to a lot  
6 of complexity in the ecosystem, which is not ideal and which is  
7 not sustainable.

8 So, just sort of playing into some of the specific  
9 examples--

10 Yes?

11 MALE AUDIENCE MEMBER: Slide back.

12 [The presenter did as directed.]

13 MALE AUDIENCE MEMBER: The auction--so, the sales price  
14 also goes to the Exchange Bidding, no?

15 RAHUL SRINIVASAN: That is correct. So, this is just a  
16 simplified version, but you are right that this reserve price is  
17 also something that plays a role in the Exchange Bidding  
18 auction.

19 And another thing to call out here, which I forgot to  
20 mention, is that this is a two-stage auction. Right? So, you  
21 first have the second-price auction, which is the AdX auction;  
22 and then, you have the clearing price. And that goes into the

1 unified first-price auction, where AdX competes with Exchange  
2 Bidding demand.

3 And you are accurate that this Ad Manager best price,  
4 which acts as a reserve price, acts as a reserve price for both  
5 AdX and for unified--and for the unified auction.

6 All right. Let me just walk through a few examples of  
7 how this complexity has led to situations which is not always  
8 optimal for the market. Right?

9 This is an example where you have two buyers bidding  
10 for a same--for the same impression, where traders transact  
11 through Exchange Bidding and has a bid of \$3. Criteo values  
12 that impression in reality at a \$6 price. But because they've  
13 had to adapt in very interesting ways, they decide to throttle  
14 that query.

15 And they do this before the fact. Right? So, they  
16 don't look at the query and decide not to bid; they decide just  
17 to drop the query because, you know, they need to manage the QPS  
18 load. And in this situation, you realize that the highest bid  
19 does not win.

20 Again, the point of the slide is to highlight that  
21 there are market inefficiencies with the current system of the  
22 world, and the publisher yield is compromised as a consequence

1 because you don't get that bid from Criteo, even though they  
2 value this impression in a very high manner.

3 A second, similar example is how the differential  
4 auction dynamics--I spoke about how the AdX is the second-price  
5 auction. And then, the unified auction is the first-price  
6 auction. Sometimes these differential auction dynamics also  
7 lead to market-inefficient outcomes. One such example is  
8 where--

9 In this--in this situation, let's assume Criteo does  
10 not throttle the callout. Right? So, they actually bid a \$6  
11 bid. And in that AdX auction, that bid clears at \$2 because  
12 Trade Desk had another \$2 bid.

13 Again, just wanted to remind you, Trade Desk may not  
14 have the smarts to actually dedupe the query in real-time and  
15 realize that these are the same query. Right? So, they may be  
16 bidding different bids for the same query. Right?

17 So, you see that the AdX auction clears at a \$2 price.  
18 And now, this \$2 price competes with the \$3 price from Trade  
19 Desk through Exchange Bidding. Right? Again, the highest bid  
20 here is Criteo, and you would have expected Criteo to clear this  
21 impression, but that does not happen because of the differential  
22 auction dynamics.

1                   A third example where, you know, the differential  
2 floor prices results in market inefficient outcomes. Again,  
3 let's assume that the floor for Criteo in this specific context  
4 is

5 \$10, and the floor for Trade Desk is \$2. The \$10 floor filters  
6 out the \$6 bid from Criteo. And you result in, again, another  
7 market-inefficient outcome, where the highest bidder, the person  
8 who values the impression the most, does not win the auction.

9                   And one other thing to note here is, it's not always  
10 the case that Criteo would share the \$6 bid with you if they see  
11 a \$10 floor. In a lot of situations, they may not respond to  
12 the callout, if they think that their value is below the floor.  
13 So, that--it results in situations where you may actually not  
14 have information on the opportunity cost of setting that high  
15 floor. Right? So, it's not always clear to you that setting  
16 that high floor is suboptimal for you, because you may not even  
17 see the bid from Criteo.

18                   So, where does this all lead us? We have resulted--we  
19 have come to a place where when we're in a mess--very messy  
20 context. Right? So, our vision right now is to clean up this  
21 context, clean up the ecosystem in a way that's more  
22 sustainable, that's simpler and more transparent. And the way  
23 we want to get there is that the--we want to get to an auction

1 that everyone understands. You don't have these multistage  
2 auctions with differential rules. We want consistent treatment  
3 of all demand. We want to get to a place where the highest bid  
4 actually wins every single time. And we want to get to a place  
5 where we give you more transparency.

6                   And what that transparency means is we give you  
7 visibility into every single bid, into every single auction.  
8 Right? And this is not something that we're able to do today  
9 just because of the complexity of the ecosystem, and we want to  
10 get to a better place.

11                  So, what is that vision for a better place? Like I  
12 mentioned, our vision is to get to a place where everyone  
13 competes with consistent rules on an equal footing, and the  
14 highest net-eligible bid wins. So, what that means is,  
15 exchange-bidding bids come into the unified auction. All of the  
16 AdX bids, again, come into the unified auction directly. You  
17 don't have a two-stage auction where you first have a second-  
18 price auction and then a first-price auction. So, what this  
19 means is all AdX bids will be treated as first-price bids going  
20 forward. And all of your nonguaranteed line items booked as  
21 header bidding or average-price line items also compete on the  
22 same footing in this unified auction.

1                   What this does is, we had this notion of last look,  
2 for example. Right? Just--just digging into the fact that  
3 there were inconsistent rules in the past, you had this notion  
4 of last look, where Exchange Bidding and authorized buyers had  
5 access to the Ad Manager nonguaranteed line item before they  
6 submitted their bids. This was characterized as an advantage,  
7 which we're getting rid of.

8                   There were situations where authorized buyers were not  
9 able to compete on an equal footing with Exchange Bidding demand  
10 because of the differential auction dynamics. Again, we're  
11 getting rid of that.

12                  There were situations where there were differential  
13 floors for different sources of demand, and we're introducing a  
14 new product called Unified Pricing Rules, which treats all  
15 sources of demand consistently going forward.

16                  So, just to reiterate, these are the three changes  
17 that we're planning to roll out as part of this change.

18                  One, just to reiterate, AdX will move to a first-place  
19 auction.

20                  The second change is, you have this new Unified  
21 Pricing Rules, which lets you centrally control pricing across  
22 all indirect sources of demand in a convenient manner.

1                   And the third is, we're getting rid of this notion of  
2 last look, where programmatic demand had access to the  
3 nonguaranteed line-item price to bid in advance of actually  
4 submitting its bids.

5                   How does this support our vision for a simple and  
6 sustainable and transparent ecosystem? Like I mentioned, we're  
7 moving to a single-stage auction, so it's much easier for you to  
8 actually understand the auction dynamics, actually understand  
9 who's adding true value, understand the value across different  
10 sets of buyers across different channels. You have a convenient  
11 pricing control in a single place in the Ad Manager UI, and you  
12 can make sure that you have consistent pricing strategies across  
13 all of your different channels of demand.

14                  There is no auction discount in this new world. So,  
15 in a second-price auction, the per-buyer floors were an  
16 interesting lever to add auction pressure when you had high-  
17 value bids, for example. Right? Because if a buyer submitted a  
18 high-value bid, there was no way for you to extract value from  
19 those bids, unless you actually added additional auction  
20 pressure.

21                  In a first-price auction, there's no notion of an  
22 auction discount. Right? What the buyer pays is what--what  
23 they bid is what they pay, and you don't need that additional

1 lever to actually extract more value from these buyers in the  
2 short term. Right? So, it becomes much easier for you to even  
3 think about inventory pricing in this new world.

4 How does--how is this more sustainable? Like I  
5 mentioned, it's consistent rules across all channels. Meaning,  
6 it's easier for buyers also to understand how to value an  
7 impression across different channels. They don't need to play  
8 games where they bid differently on header bidding, they bid  
9 differently on Exchange Bidding, they bid differently on AdX  
10 because they don't actually understand how this is going to play  
11 out. They have a more--clearer understanding of how to bid, and  
12 that makes the ecosystem more sustainable.

13 From a publisher perspective, the highest net-  
14 eligible-win bid always wins. So, again, it's very simple and  
15 very clear and promotes sustainability of the ecosystem.

16 And like I mentioned before, we're getting rid of all  
17 of the inconsistencies between different channels in terms of  
18 the auction rules.

19 Transparency, I mentioned this briefly in the past.  
20 We are committed to transparency, and we are going to provide  
21 the entire bid landscape to all publishers going forward. So,  
22 currently, the way it worked was buyers have the option of  
23 opting into something called bid data sharing, where they can--

1 if they opt-in, their bids will be shared with publishers  
2 through the bid landscape report and query tool and through the  
3 data transfer file. We are deprecating this notion of a bid  
4 data sharing coop, and we're forcing all buyers to share all of  
5 their bids with publishers, so that publishers have more  
6 visibility into their own setup and visibility into who's  
7 valuing which impression, at what value.

8 MALE AUDIENCE MEMBER: [inaudible 0:26:43]

9 RAHUL SRINIVASAN: So, this would be for Ad Exchange and  
10 for the Exchange Bidding demand.

11 MALE AUDIENCE MEMBER: [inaudible 0:26:50]

12 RAHUL SRINIVASAN: Yes. All--all programmatic, basically.  
13 Yes?

14 MALE AUDIENCE MEMBER: [inaudible 0:26:57]

15 RAHUL SRINIVASAN: Yes. You will also have brand  
16 advertiser reporting. Yes.

17 MALE AUDIENCE MEMBER: We would get that as below the  
18 floor?

19 RAHUL SRINIVASAN: It depends upon whether the buyer  
20 actually submits their bid. In some situations, when their bid  
21 is below the floor, they may not submit their bid. In which  
22 case, we will also not have visibility into that.

23 FEMALE AUDIENCE MEMBER: [inaudible 0:27:11]

1 RAHUL SRINIVASAN: You will get AdWords demand as well.

2 FEMALE AUDIENCE MEMBER: Can we get an idea [inaudible  
3 0:27:17]?

4 RAHUL SRINIVASAN: What do you mean? Could you say more?

5 FEMALE AUDIENCE MEMBER: So, I just want to be ensured  
6 [inaudible 0:27:27] that is possible.

7 RAHUL SRINIVASAN: So, what do you mean by "response time"  
8 in that context?

9 FEMALE AUDIENCE MEMBER: So, like [inaudible 0:27:41].

10 RAHUL SRINIVASAN: So, I don't think we have visibility  
11 into response time at this point. But that's definitely--we  
12 can--we can chat about this offline and see how we can give you  
13 that comfort. I don't know how we would solve that problem  
14 through the bit data transfer file because we don't report on  
15 response time today and we're not planning to, at least. But we  
16 can figure out a different way to give you that comfort, if  
17 needed.

18 FELIX ZENG: Can you at least confirm that the calculation  
19 of the AdWords bid is independent of whatever's happening  
20 outside of the AdWords, and submit it into a unified auction at  
21 around the same time?

22 RAHUL SRINIVASAN: Again, I haven't thought specifically  
23 about this problem, and I'm pretty sure we can come up with a

1 solution to address this concern. But at least the way it's  
2 designed right now, because we don't have response time, you may  
3 not be able to get that comfort immediately by just looking at  
4 the data transfer file. But you can actually just look at the  
5 first-price bid from AdWords and see how it's performing in the  
6 unified auction.

7                 But with respect to the response time, maybe we can  
8 just have a chat about this offline and figure out what the best  
9 way to address that is.

10                 SAM: Just to give everybody comfort [inaudible 0:28:45]  
11 and to state it officially, AdWords gets no special treatment in  
12 this option. Google Demand gets no special treatment. I would  
13 love to just sort of, like, follow up and figure out how we can  
14 give you comfort on that, but I just want to make that clear  
15 from a--you know, a Google perspective, we are not favoring--

16                 Can you write that in an email for us? We will figure  
17 out how to get everybody onboard, I'm saying. Putting it in  
18 writing doesn't [inaudible 0:29:08].

19                 RAHUL SRINIVASAN: Yeah. So, the question--just for the  
20 sake of livestream, the question was around how publishers can  
21 get comfort, whether AdWords bids--submits their bids at the  
22 same time as every other buyer in the unified auction, so that  
23 they don't have an unfair--unfair advantage.

1                   Again, like I said, it is like Brian mentioned, it is  
2 actually true, but we'll figure out a way to give you that  
3 comfort.

4                   FEMALE AUDIENCE MEMBER: Just--so you said that, if they  
5 submit a low bid [inaudible 0:29:35] we don't will still  
6 [inaudible 0:29:34] information. But if they don't submit a bid  
7 [inaudible 0:29:37].

8                   RAHUL SRINIVASAN: Yes. So, all bids that are submitted  
9 into the unified auction, you will have visibility into.

10                  FEMALE AUDIENCE MEMBER: Even if AdWords [inaudible  
11 0:29:44]?

12                  RAHUL SRINIVASAN: Yes. Yes.

13                  FEMALE AUDIENCE MEMBER: Okay. So, we only see it if  
14 [inaudible 0:29:52].

15                  RAHUL SRINIVASAN: No. So, even impressions that don't  
16 clear, you will have visibility into the entire bid landscape  
17 through data transfer files.

18                  Yes.

19                  MALE AUDIENCE MEMBER: So, along those lines, you did say  
20 they're bidding with a floor.

21                  So, then bidding partners are still passing a floor  
22 Exchange Bidding?

1           RAHUL SRINIVASAN: Yes. So, through--in the callout, there  
2 is--there is a price that's sent to each buyer. Currently, the  
3 reserve price is informed by a bunch of different things. It's  
4 informed by the pacing of your guaranteed campaigns. It's  
5 informed by the best line item, the nonguaranteed line item, or  
6 header bidding line item there is. And it's informed by a  
7 couple of other parameters internally, things like optimized  
8 pricing and a bunch of other things, and publisher-configured  
9 floors. Right?

10           So, all of this is used to figure out what the reserve  
11 price for each buyer should be. The reserve price will still be  
12 available in the callouts going forward. What we are just doing  
13 is not having the reserve price being informed by the  
14 nonguaranteed line items going forward.

15           MALE AUDIENCE MEMBER: [inaudible 0:30:51]

16           RAHUL SRINIVASAN: The rules and some other parameters like  
17 internal optimizations, for example, and the dynamic allocation  
18 price.

19           SAM: Can you repeat that?

20           RAHUL SRINIVASAN: Yeah.

21           So, the question was whether we would still be sending  
22 reserve price in the callouts for buyers.

1           SAM: And just for future questions, I'm going to try and  
2 walk this mic around so people on the livestream have the  
3 benefit of hearing the questions.

4           FEMALE AUDIENCE MEMBER: Will header bidders also receive  
5 the reserve price, or only EBN AdX?

6           RAHUL SRINIVASAN: So, because header bidding is outside of  
7 our system, we have no control over what visibility header  
8 bidding buyers get. Right? So, we will not be able to pass the  
9 reserve price in the callout to header bidding buyers in this  
10 context.

11           We have a deeper control over everything within the  
12 programmatic space, which is Exchange Bidding and AdX. And  
13 hence, we're sort of changing the rules there. We have no  
14 control over header bidding.

15           MALE AUDIENCE MEMBER: So, just a clarifying question with  
16 that.

17           The unified rules only apply to AdX and Exchange  
18 Bidding?

19           RAHUL SRINIVASAN: No. The unified rules will apply  
20 uniformly. And what that means is, if a bid is submitted  
21 through header bidding that's below the unified floor, that will  
22 not clear. Right? But we have no mechanism to transmit that

1 reserve price to header bidding buyers in the callout, because  
2 we don't send the callout to header bidding buyers.

3 But in the auction, as we're figuring out who wins the  
4 impression, that reserve price--price will apply uniformly  
5 across the board.

6 MALE AUDIENCE MEMBER: So----

7 SAM: Can you repeat that?

8 RAHUL SRINIVASAN: So, the question is what would serve in  
9 that context?

10 MALE AUDIENCE MEMBER: What--what it [inaudible 0:32:29]  
11 reserve price that we would be able to----

12 RAHUL SRINIVASAN: That is--that is correct. So, if you  
13 put a high reserve price, you have--you run the risk of a lot of  
14 unfilled impressions. So, which is why I think Giulio is going  
15 to speak a lot about how you set reserve prices in this new  
16 context.

17 And our guidance would be to set lower reserve prices  
18 rather than higher reserve prices.

19 MALE AUDIENCE MEMBER: Why are [inaudible 0:32:48]

20 RAHUL SRINIVASAN: So--so, we're getting into that in--in  
21 the next section. But, like I mentioned, our vision here is to  
22 have all different channels compete uniformly with the same  
23 consistent rules, because the inconsistency creates a lot of

1 issues for how buyers value different channels, and we want to  
2 move to a more sustainable ecosystem where all of the rules  
3 across different channels are consistent. And we'll get into  
4 that in a little bit more in the next section.

5 What's the backfill options, sorry?

6 MALE AUDIENCE MEMBER: Nothing qualifies?

7 RAHUL SRINIVASAN: Yes. So, you have the option of--so,  
8 the house line items will be exempt from these unified floors.  
9 House line items and \$0 value CPM line items.

10 So, if you--if you want a back-up source of demand,  
11 you can book them as house line items or \$0 value CPM line  
12 items. And those would still serve if no other impression  
13 serves through other sources of demand.

14 MALE AUDIENCE MEMBER: Okay.

15 RAHUL SRINIVASAN: Any other quick questions?

16 Okay.

17 MALE AUDIENCE MEMBER: [inaudible 0:33:48]

18 SAM: You can ask, and we will repeat it.

19 MALE AUDIENCE MEMBER: So, how--if I want to prioritize a  
20 buyer who would have previously been at price priority level and  
21 not necessarily--or ignore the rate. Right? I--this is a  
22 relationship that I want to sustain. And regardless of the  
23 rate, how in this new setup would I be able to do that, if it

1 was kind of--if it was a price-priority buyer and not  
2 necessarily reserved line item?

3 RAHUL SRINIVASAN: So, the notion of priority----

4 SAM: [inaudible 0:34:20]

5 RAHUL SRINIVASAN: So, the question is, how would you--how  
6 would you traffic a source of demand that you want to give  
7 preferential access to in the indirect world? Meaning, in the  
8 nonguaranteed line items world?

9 And my response to that would be, everything in the  
10 indirect world--we have--we don't have this notion of priority  
11 anymore in the indirect world. If you--if you are aware, every  
12 time AdX competes with nonguaranteed line items, we basically  
13 completely ignore this notion of priority. Everything competes  
14 on a price basis. Right?

15 And in this new world, we want to maximize--we want to  
16 ensure that that principle continues to be maintained, meaning,  
17 the highest net bid wins, and that maximizes yield for you.

18 If you want to prioritize specific relationships using  
19 the priority level within a nonguaranteed line item is not the  
20 most efficient way, and that was also a hacky way of doing it in  
21 the past. Right?

22 The only mechanisms, if you still want to continue  
23 maintaining some sort of prioritized relationship is you can

1 book them as house line items, in which case it'll serve if  
2 nothing else serves. So, you can have a--you can have a Remnant  
3 CPM, you can have a unified floor. And if nothing else  
4 competes--clears that floor, it could still pass back into house  
5 line items.

6                   And there's no other better way of actually giving  
7 priority in the indirect world, because we've completely gotten  
8 rid of this notion of priority.

9                   Fabrizio?

10                  MALE AUDIENCE MEMBER: We have more questions.

11                  FABRIZIO ANGELINI: No, it was just because--I was going to  
12 just add something. This one--

13                  You can also use value CPMs for those line items.

14 Right? If they are important for you because of strategic  
15 reasons, you can also sort of inflate them kind of  
16 intentionally. So, you--you can play with that if--consciously,  
17 obviously.

18 [Multiple, indiscernible comments. 0:36:12]

19                  RAHUL SRINIVASAN: Well----

20                  FEMALE AUDIENCE MEMBER: Yeah.

21                  FABRIZIO ANGELINI: I imagine the purpose is optimizing  
22 yields. This--so, if you have a different purpose, it doesn't  
23 necessarily fit--align exactly on that.

1 STEPHANIE LAYER: So--so, up--you know, optimizing yield  
2 is important to publishers, but control is also important to  
3 publishers. And so, the problem with this seems to be, like,  
4 the control sits on Google's plate rather than with controlled  
5 setting within publishers and the ways that--way that we want to  
6 manage our stack.

7 RAHUL SRINIVASAN: So, like I mentioned before, I think  
8 what we're driving towards here is not about taking control  
9 away. It's more about moving to a more sustainable ecosystem  
10 that works for everyone. Right?

11 [Multiple, indiscernible comments; laughter. 0:36:56]

12 RAHUL SRINIVASAN: So--so, to respond to that, it's--it's  
13 not about anyone specifically asking for it. We think that this  
14 is--publishers have actually asked us for sort of being able to  
15 control floor prices across all indirect sources of demand. And  
16 we think that the current system is not sustainable.

17 Like I mentioned, the complexity associated with where  
18 we've gotten so far is not something that does anyone good.  
19 We've got to a place where there's tactical warfare between the  
20 buy side and the sell side, over, like, you know, how you eke  
21 out that incremental yield.

22 And we want to get to a place where the programmatic  
23 ecosystem is a lot cleaner, so that we can attract more dollars

1 into the programmatic system. That actually benefits the entire  
2 ecosystem overall.

3                   And like it's called out here, I think there's  
4 increased market efficiency will ultimately come in--in  
5 meaningful manners. It'll actually improve yield for publishers  
6 also in the long run, because it improves the ecosystem surplus.  
7 And the current ecosystem is just not sustainable. I--I--I  
8 don't know if people disagree with that statement, but I don't  
9 think this ecosystem is sustainable in any meaningful way.

10                  The way I actually think about it, is I keep comparing  
11 it to the financial markets world. Right? The financial  
12 markets is actually very different from the digital ads  
13 ecosystem, but there are sufficient parallels where you actually  
14 see that that's a lot more sophisticated as a marketplace. And  
15 you need to get to a world where increased market efficiency is  
16 what leads to surplus across the board. And that's what will  
17 benefit publishers also in the long run.

18                  STEPHANIE LAYER: So, the major difference between the  
19 financial market and the programmatic market is that the people  
20 that own the financial markets are not also bidding on the same  
21 markets.

22                  RAHUL SRINIVASAN: That's a completely fair point.

1                   And like I mentioned, I think we will find ways to  
2 give you additional comfort that we, as Google buy side, has  
3 absolutely no advantage in this context. Right? We are  
4 incrementally moving to places--

5                   Like, for example, we wouldn't remove this notion of  
6 last look if we wanted to benefit our buy side. We operate as  
7 reasonably independent entities, and our obligation is primarily  
8 to publishers in the entire ecosystem overall. It's--it's not--  
9 we're not doing this to benefit our buy side.

10                  And we'll give you additional ways to provide comfort  
11 to--for you to be able to audit auctions, for example, to make  
12 sure that you don't run into these situations.

13                  But I can--I can tell you confidently that this is not  
14 meant to just benefit a buy side.

15                  FELIX ZENG: So, but in terms of [inaudible 0:39:13] CPMs,  
16 I've heard that there is a [inaudible 0:39:16] cap on 100 rules  
17 now that--that's been implemented. Can you confirm that that's  
18 true? And if it is, what if I have a need for more than 100?

19                  RAHUL SRINIVASAN: Thanks.

20                  So, the question, for the livestream, is we only have  
21 a hundred-rule limit for Unified Pricing Rules. Is that right?

22                  So, the current way we've thought about it is to  
23 actually only have a hundred-limit rules, but we would be

1 flexible in terms of actually expanding the number of rules if  
2 your setup actually needs it. I think we are trying to, again,  
3 promote simplicity in this new world and trying to urge  
4 publishers to rationalize their pricing rules because, you know,  
5 the old world in the second-price auction, you needed to have a  
6 lot more complexity to eke out yield in the short term, which  
7 led to really, really complex setups.

8 I've personally been in conversations with a lot of  
9 publishers where it's very hard for you to even understand  
10 what's happening with respect to thousands of pricing rules, at  
11 different priorities with different buyers, having different  
12 rules. And it gets to a place where it doesn't do a lot of  
13 publishers too much good. So, we're trying to rationalize the  
14 number of rules that you have.

15 But that said, we recognize that setups need to be  
16 complex in certain contexts, and we are open to sort of revising  
17 that, if your setup needs that.

18 JAY GLOGOVSKKY: So, I will also say the same thing for  
19 Felix. I think the hundred-rule limit is too low. I would  
20 assume the majority of us in here have more than a hundred. I  
21 know I do, and I would guess that Felix also has many more than  
22 that as well.

1           But I have a question. Just simply going down to  
2 line-item type.

3           The unified auction, what line-item types within the  
4 ad server are actually going to be within this unified auction  
5 that we have price priority, network, bulk, AdX, and EB,  
6 correct?

7           RAHUL SRINIVASAN: Yes.

8           JAY GLOGOVSKY: And you keep saying around the  
9 nonguaranteed that we're trying to figure out the nonguaranteed,  
10 making sure that we're competing on price.

11           Why isn't preferred deal also eligible in this? And  
12 that's a big challenge for me. The preferred-deal side is still  
13 nonguaranteed. And yet, it still gets this prioritization.  
14 Above everything else, more or less coming in through  
15 programmatic.

16           And to Scott's point, it's really frustrating,  
17 honestly, because it does win out against higher bids that  
18 should be winning, and preferred deal gets the prioritization,  
19 even though Google is more or less deprecating prioritization.

20           RAHUL SRINIVASAN: So, that's a good question, and I share  
21 your frustration, personally.

22           MALE AUDIENCE MEMBER: Fix it.

1           RAHUL SRINIVASAN: And I think we've had this conversation  
2 multiple times before, Jay. I think--I think the way at least  
3 the product is designed is, programmatic direct is considered  
4 one sort of set of demand sources, and indirect is considered  
5 the rest of the demand sources.

6           And within programmatic direct, you have programmatic  
7 guaranteed and preferred deals.

8           And the way it's set up today is that preferred deals  
9 have priority over everything in the indirect space. So, at  
10 least in that sense, the priority for preferred deals is still a  
11 meaningful priority, which is why we don't consider it as part  
12 of indirect demand, and we've given you additional tools to  
13 actually evaluate, you know, in situations where the preferred  
14 deal is not very yield-optimal, you can look at metrics like the  
15 opportunity cost to actually evaluate, you know, how to fix that  
16 deal or how to--whether you need to stop running that preferred  
17 deal.

18           And I'll also mention that, with the increased  
19 transparency and visibility into every single bid, you can  
20 recreate this opportunity cost metric yourself. Again, and not-  
21 -not in a very exact manner, because it doesn't take into  
22 account what would happen if the preferred deal was not  
23 available. The counterfactual is not perfect. But at least

1 this gives you more visibility into what's happening in the  
2 indirect world for you to have--take more informed decisions  
3 about whether a preferred deal is optimal or not. Right?

4 And I think we're--we'll--we'd urge you to have those  
5 conversations internally, because I do know a lot of publishers  
6 are set up such that the sales team operates slightly  
7 differently from the rest of the yield team. And I think we're  
8 arming you with sort of the right metrics and the right data  
9 points to actually have a more informed conversation around some  
10 of these topics.

11 JAY GLOGOVSKY: But the problem that I have here is, what  
12 you just described is a utopia of how everyone understands and  
13 makes data-informed decisions. Without even, like, blaming or,  
14 like, even mentioning agencies and how that's not even, like, an  
15 easy thing for us to do, it's also really hard to even have  
16 intelligent conversations with the buy side within DV360  
17 sometimes. And that's the challenge that we really have, is  
18 like, yes, preferred deal, it would--should we do it or should  
19 we not do it? Should it be this price or not?

20 And sometimes, if--if the publisher wants revenue, we  
21 have to just say, "yes" to the agency or to the buyer on the  
22 other side. And that's the big challenge that we have.

1                   And that's why, for me--and this is, again, going back  
2 to my big challenges, programmatic direct, I hate the fact that  
3 nonguaranteed and guaranteed are lumped into that conversation,  
4 because we have direct relationships through private auctions,  
5 through preferred deals. And then, we also have more of a PG  
6 type of conversation, which is more focused on the--like, the  
7 traditional direct side. So, that's always going to be just a  
8 challenge for me, getting preferred deals higher priority than  
9 other--other commerce--or, other deals in inventory.

10                  RAHUL SRINIVASAN: Yeah, that's--that's a good point. At  
11 least that's not how preferred deals has been designed today.  
12 Like I mentioned, it has been clubbed as part of programmatic  
13 direct.

14                  I do, like I mentioned, share your frustration. And  
15 let's, maybe after this session, have a conversation about it,  
16 because I do want to pick your brain also on how we should be  
17 evolving the PD product.

18                  FELIX ZENG: So, one idea is, if you guys are making one  
19 uniform price for everybody, direct sources, even outside  
20 Google, why don't we give all indirect sources the ability to  
21 also submit different preferred deals at the same priority?  
22 Otherwise, you are just giving Google the ability to do  
23 preferred deals a fixed price, not guaranteed deal, a higher

1 priority than anyone else should be getting. And that's--seems  
2 unfair.

3 RAHUL SRINIVASAN: So, again, that's a very good point.  
4 And at least our response to that is, we built out an--deals  
5 product within Exchange Bidding. Right? Where you do have the  
6 ability to provide priority to certain preferred relationships  
7 that you have on third-party exchanges. I think the limitations  
8 of this response is that not all exchanges are part of exchange-  
9 bidding deals, and you don't--we don't have all of the sources  
10 of demand. But we're working towards increasing access through  
11 exchange-bidding deals, also to other--like the likes of  
12 Rubicon, which has a lot of deals. Right? We want to get to a  
13 place where we do have that same ability to prioritize deals on  
14 third-party exchanges as well.

15 The traditional way of doing it through price-priority  
16 line items, like I mentioned, is just inherently hacky. You  
17 need it to inflate value CPMs, which we would not strongly  
18 advise, because it could result in situations where your yield  
19 is compromised when you inflate a \$3 value CPM to a \$5 value  
20 CPM, just to give it some priority. And it's very hard for you  
21 to actually evaluate what the opportunity costs of some of these  
22 decisions are. Right?

1                   So, we would not advise that, but you still have the  
2 option of doing that, if you so choose and our more--sort of  
3 more concrete version of how you can prioritize deals in third-  
4 party exchanges is through Exchange Bidding deals, because it's  
5 easier for us to actually control the auction dynamics in that  
6 context and verify that the bid that's coming in is actually  
7 what you get paid.

8                 STEPHANIE LAYER: Right. [inaudible 0:46:28] and there's  
9 an extra 5 percent growth [inaudible 0:46:35] that Google takes,  
10 [inaudible 0:46:37] we are getting from the other partner.

11                RAHUL SRINIVASAN: Right. So, again, we should--we should  
12 continue having this conversation. The way we think about  
13 Exchange Bidding deals is that we're actually adding value  
14 to----

15                JANA MERON: My girl.

16                RAHUL SRINIVASAN: ----through unified reporting, through  
17 the unified auction, and through actually guaranteeing payments.  
18 We're giving you a net 30. So, there's a lot of value that we  
19 believe that is being added through the ecosystem in this  
20 context, which is how we justify the 5 percent rev share.

21                But that said, this is, again, an ongoing  
22 conversation, and would love to get your thoughts on how we can  
23 better do this as well.

1           JANA MERON: So, on top of that, what you just said about  
2 the reporting, it is not easy to get deal reporting inside  
3 Exchange Bidding. It's next to impossible. You can't see the  
4 bid values with the revenue. There is an app--you have made it  
5 next to impossible for any of us to be able to figure out how  
6 we're going to increase yield with our other partners instead of  
7 Google.

8           I mean, I speak to buyers all day long and they say,  
9 "Well, if that's the way Google works, why wouldn't we just work  
10 with Google?" And isn't that a monopoly?

11           And so, that's sort of where, you know, we as sellers  
12 and people on the publisher side of things sort of throw up our  
13 hands and say, "Yeah, we don't know."

14           RAHUL SRINIVASAN: So, again, I acknowledge that Exchange  
15 Bidding reporting is not something that is perfect today. I  
16 would also call out the product is currently in beta, and we are  
17 looking for ways to improve the product. That's the reason why  
18 it's not in GA yet, in general availability yet. So, if you  
19 have specific recommendations for how we can fix reporting,  
20 please do let us know. But I will call out that we are  
21 improving reporting through incremented dimensions in Exchange  
22 Bidding deals as well.

1           It's just not been built out yet. It's something that  
2 we're hoping to launch soon. But we'll keep you posted on how  
3 we're improving reporting. And if you have specific suggestions  
4 on how to improve it, please do let us know.

5           STEPHANIE LAYSER: So, I have a question about not being  
6 able to do buyer-specific flooring.

7           Does that mean that we can't do--like, we can't do  
8 AdWords specific flooring?

9           RAHUL SRINIVASAN: Yes. So, it will not--you will not be  
10 able to set differential floors for different buyers anymore.

11          FEMALE AUDIENCE MEMBER: Okay.

12          RAHUL SRINIVASAN: And the way we think about it is--again,  
13 Giulio has a slide that gets into this in more detail in the  
14 next session. But in a second-price world. Having the ability  
15 to set different floors for different buyers was a particularly  
16 useful lever to incrementally extract short-term yield.

17          In a first-price world, because you don't have that  
18 notion of auction discount, right, if you get a high-value bid,  
19 you're actually going to get the price from that bid, because  
20 what they bid is what they pay. And hence, you don't need that

1 additional lever to actually add auction pressure in the short  
2 term. And also, like I mentioned in the previous slide, the  
3 differential floors through different channels, it's just  
4 something that significantly complicates how the buyer evaluates  
5 inventory and actually submits bids through different channels,  
6 leading to a bunch of markets of optimal outcomes.

7 So, we're trying to clean that up. Again, like I  
8 mentioned, moving to a more sustainable ecosystem is what we're  
9 trying to get to through these changes.

10 STEPHANIE LAYSER: Yeah. I--I guess--I'll be transparent  
11 with you. You know, buyers--or, us, sellers oftentimes floor  
12 AdWords differently. And the reason why we floor AdWords  
13 differently is because you run an auction prior to actually  
14 going into the AdX auction. And the visibility of pricing  
15 across the ecosystem means that you can drive the price down for  
16 AdWords. That--that means that, if we floor it differently,  
17 oftentimes it kind of eats away at the Google margin, but it  
18 also gives more money back to the publishers.

19 So, it's a little bit concerning to me that we won't  
20 be able to set specific--specific rules against AdWords.

21 RAHUL SRINIVASAN: Could you elaborate just a little bit  
22 more on the point about AdWords being a different buyer because  
23 they're on an auction differently? Because----

1 STEPHANIE LAYER: Right.

2 RAHUL SRINIVASAN: ----I think all buyers do run some sort  
3 of an auction. Like, even DBM, for that matter, runs its own  
4 internal auction before deciding what it submits into the AdX  
5 auction, and they do that when they submit bids into other  
6 exchanges as well.

7 Criteo does the same, for example. Right?

8 STEPHANIE LAYER: Right.

9 RAHUL SRINIVASAN: So, each buyer has, you know, bids from  
10 multiple, different advertisers, and it needs to do some  
11 tiebreaking conflict resolution to figure out what to submit  
12 into the AdX auction.

13 STEPHANIE LAYER: Correct. But the difference is that  
14 Google has the visible--visibility into all of the other  
15 competitors that exist within that ad stack. Correct?

16 RAHUL SRINIVASAN: So, that is--so, like I mentioned, I can  
17 assure you that our auction is clean. We'll need to figure out  
18 how to give you the additional comfort over and above just the  
19 bid landscape, because I think you've pointed out a limitation  
20 through--by just, like, verifying the bid landscape reporting,  
21 you may not get that additional comfort about whether AdWords  
22 actually has information into the auction prior to submitting  
23 its bids.

1           I can assure you that's not true. Right? They don't  
2 have that information. And they do run their auction  
3 independently amongst all of their advertisers. And then, they  
4 decide what the bid is. And then, they submit the bid into the  
5 AdX auction without visibility into the competitors in that  
6 specific auction. So, that's not how it works.

7           STEPHANIE LAYSER: But you would have--you would have had  
8 that data for the last, like, four years or so. Right?

9           RAHUL SRINIVASAN: So, AdWords doesn't have access----

10          STEPHANIE LAYSER: Because it would have run a second-price  
11 auction [inaudible 0:51:39].

12          RAHUL SRINIVASAN: ----to all of the data that AdManager  
13 has access to. We have a partition in terms of what data they  
14 can access and what data we can access.

15           We don't, for example, have access into all of the  
16 different advertiser bids within the AdWords auction as well.  
17 So, we do operate as reasonably independent entities, even  
18 though we're part of Google as a whole. Right?

19           It's the same thing with DBM as well. It's not like  
20 DBM has access into individual book bids from the likes of  
21 Criteo and DBM and everyone else. Right? They do figure out  
22 what their auction is internally and then decide what the bid  
23 that needs to be submitted into the AdX auction is.

1 STEPHANIE LAYER: Okay. I guess--I guess, when you  
2 actually look at the way that the two different auctions  
3 function first, like the CPC auction, which then gets converted  
4 into the CPM and then becomes a buyer, what actually happens is,  
5 over the last few years, since it was a second-price auction,  
6 that meant that AdWords, which typically bids significantly  
7 higher because of all of the user data that Google has, that's  
8 why, if you ever look at your reporting, you usually have, you  
9 know, somewhere between 40 and 60 percent of the inventory ends  
10 up going to AdWords.

11 So, the difference is over the last four years from a  
12 second-price auction, AdWords could floor itself basically off  
13 of all of the other bidders that existed with an AdX.

14 So, that means you would have all of the pricing data  
15 of exactly how little you would have to pay in order to secure  
16 the AdWords inventory. Like, that's just the two separate  
17 auction dynamics.

18 RAHUL SRINIVASAN: So, maybe I'll react slightly  
19 differently. Right?

20 So, the--the point that you're trying to get to, if  
21 I'm not mistaken----

22 STEPHANIE LAYER: Sure.

1           RAHUL SRINIVASAN: ----is, because AdWords wins more, they  
2 have visibility into how much they need to bid to continue  
3 winning more.

4           STEPHANIE LAYSER: Right.

5           RAHUL SRINIVASAN: Correct? And the way we--so, all  
6 buyers, at least going forward, will have information on  
7 something called the MinBid2Win. Okay? So, this is--firstly,  
8 this is not something that was unique to AdX--so, to AdWords.  
9 In the past, all--all of these buyers could opt into something  
10 called bid data sharing. And like I mentioned, if they opt into  
11 bid data sharing, their bids are shared with publishers.

12           But what buyers get in return for sharing bids with  
13 publishers is information that's called bid response feedback.  
14 And what the bid response feedback information basically is, is  
15 how much they needed to have bid to have won the auction, if  
16 they lost the auction. Right?

17           So, this was available for any buyer in the past.  
18 It's actually something that AdWords chose not to opt into.  
19 Right? But some other buyers did. And those are the buyers  
20 whose bids you had visibility into in the past.

21           Going forward, as we're deprecating this notion of a  
22 bid data sharing coop, we're also going to start sharing this  
23 information with all buyers. Meaning, every buyer going forward

1 will have something called the highest of the bid, or a  
2 MinBid2Win, which means they will have information into what the  
3 highest other bid into each auction was, to help inform their  
4 bidding going forward. And this, again, is something that  
5 supports the transparency pillar of this launch, where we want  
6 to get to a world where we're sharing bid data with all  
7 publishers, and we're sharing this MinBid2Win to all buyers to,  
8 again, improve the efficiency of the ecosystem overall.

9 STEPHANIE LAYSER: Will you share the MinBid2Win with the  
10 other SSPs via Exchange Bidding?

11 RAHUL SRINIVASAN: Yes.

12 STEPHANIE LAYSER: Is there a way that we could share that  
13 with our header bidding partners?

14 RAHUL SRINIVASAN: Currently, we don't have a mechanism to  
15 do that. I think the best way to do that, if you wanted to, is  
16 to do it offline. At this point, we don't have an online  
17 mechanism to do it because we don't control the header bidding  
18 callouts at this point. But you could always look at the data  
19 transfer file, look at what the MinBid2Win was, and share it  
20 with header bidding partners, if you so choose.

21 STEPHANIE LAYSER: Okay.

22 FEMALE AUDIENCE MEMBER: So, the buyer is getting  
23 [inaudible 0:55:16] through DV360, or all buyers----

1           RAHUL SRINIVASAN: All buyers. All buyers and all--  
2 including Exchange Bidding buyers.

3           MALE AUDIENCE MEMBER: But what happens with people calling  
4 AdX [inaudible 0:55:24]?

5           RAHUL SRINIVASAN: So, the question was basically about--  
6                         Sorry, the previous question--we already got that on  
7 mic.

8                         Your question is what happens through AdX tags?

9           MALE AUDIENCE MEMBER: Yes.

10          RAHUL SRINIVASAN: Giulio, have we announced?  
11          [No audible response.]

12          RAHUL SRINIVASAN: Okay. There is no change for AdX tags  
13 at this point. Sorry about that.

14          MALE AUDIENCE MEMBER: People having multiple AdX  
15 [inaudible 0:55:51]?

16          RAHUL SRINIVASAN: I'm sorry?

17          MALE AUDIENCE MEMBER: People having more than one AdX on  
18 their DFP.

19          RAHUL SRINIVASAN: Can we take that question offline?  
20 Because I think it requires a slightly nuanced answer, and maybe  
21 through the Q-and-A session, when we mingle, we can take that  
22 question.

1           EMRY DOWNINGHALL: I just think the biggest problem, I  
2 think some of us have, and speaking for myself, is that this  
3 product is already built. It's done. It's--you could probably  
4 turn it live tomorrow. And so, when people here are suggesting  
5 feedback, it's putting a lot of faith in Google that this  
6 feedback would be actionized and there's really no recourse for  
7 us whatsoever to actually enforce you to change a product that  
8 you've already built. You know? Google has been asking, you  
9 know, us to bring more and more of the auction within the Google  
10 pipes and to do more and kind of trust Google with, you know,  
11 our ad decisioning strategy. And now, all that control, which I  
12 think is the real keyword, is going to be kind of lifted from  
13 us, and we just kind of have to hope Google is acting in our  
14 best interest. And that's kind of a lot to swallow.

15           RAHUL SRINIVASAN: So, again, that's valid feedback. My  
16 response to that would be, I don't think we, as Google, would be  
17 successful if our publishers are not successful. Right? And  
18 we--we don't--we don't want to get to a place where we're sort  
19 of attracting consternation from publishers.

20           We believe this is the right thing for the ecosystem  
21 overall. Right? There are some changes that benefit  
22 publishers. Some changes that benefit buyers through all of

1 this. It's a package of changes that we believe is necessary  
2 for the ecosystem.

3 And we are open for feedback. We are open to making  
4 change, course corrections, if so needed. But we still want to  
5 make sure that the ecosystem is sustainable, because we think  
6 that's important for all publishers and buyers in the long run.

7 So, please, please, do continue sharing your feedback.  
8 It's not--we're not--we're not going to ignore the feedback. I  
9 don't think that's--that's how--that's not how we operate.

10 SCOTT MULQUEEN: Going back to Stephanie's point around  
11 having some kind of control for buyers, hers was specific to  
12 being able to price buyers or set a reserve price against them.  
13 But in the scenario of, like, AdWords, which is very outside of  
14 the remarketing, is very performance centric, and they're  
15 definitely instances where publishers know that portions of  
16 their supply are underperforming, you could potentially  
17 undervalue the CP--the--the bids that we do see from AdWords.

18 Is there--I would presume that there's some type of  
19 mechanism to allow for the publisher to eliminate the AdWords  
20 demand from this underperforming inventory.

21 RAHUL SRINIVASAN: Yes. So, we will still continue  
22 offering bio--or, beta blocks for that matter. Right? So, just  
23 like--

1           A couple of things. One is, even though you're  
2 Unified Pricing Rules, you will not be able to differentiate  
3 between different buyers or different exchanges, you still have  
4 the ability to set advertiser-specific roles or rules. Right?  
5 So, we do recognize that there is a lot of channel conflict that  
6 you need to manage. Right? And if you have a high value P&G  
7 deal, traffic is a guaranteed campaign, and you don't want the  
8 specific inventory to be available to P&G below \$20, you can  
9 still do that.

10           And the second thing that you will continue being able  
11 to do is buyer block. So, if you want to block certain buyers  
12 like AdWords or DPM on certain segments of the inventory, you  
13 can continue doing so, just like you can today.

14           The slight difference there is that we're moving to a  
15 notion of a bidder block as opposed to a buyer block, but that's  
16 not--that's--that's--that's not a meaningful nuance. It's just-  
17 -it's the current buyer seat--seed structure is reasonably  
18 arbitrary, and we want to give you more control to be able to  
19 block bidder rather than just the buyer seed.

20           FEMALE AUDIENCE MEMBER: Hi. So, I have a question. With  
21 this change to first-price, I immediately think about my EB  
22 partners from an SSP perspective, and the fact that it's kind of  
23 a black box and I'm unable to optimize. I asked them, how can I

1 have better performance and results with you? And often--  
2 sometimes there's things broken, or they don't know how to fix  
3 things, they don't know how to improve performance. And I don't  
4 know how to have conversations with them because, really, the  
5 relationship hold is with Google. And, often, there's resource  
6 challenges from your end in helping them resolve those things.

7 So, if we're moving forward, it sounds like--what I  
8 understand from you guys, you really want to push forward with  
9 your beta EB and making it a full-fledged product. How are you  
10 going to help us manage those relationships and performance  
11 better? Because right now, I see it as being a major challenge.

12 RAHUL SRINIVASAN: So, could you say more about what  
13 additional visibility--so, you mentioned the word "black box."  
14 Right? What additional visibility would you be looking for to  
15 give you more information on how EB operates and how to optimize  
16 EB?

17 FEMALE AUDIENCE MEMBER: So, if there's--if a partner isn't  
18 transacting, they're not buying the inventory, I can't figure  
19 out why. And it could be the back-end integration. It could be  
20 that they're not seeing the necessary information. When it's a  
21 header partner, you can at least look at the code and understand  
22 what's going on, and you can at least help lead that partner  
23 into figuring out what's wrong.

1                   But when it's EB, it's really difficult. And if it's  
2 not transacting, it's not transacting. And you talk to your  
3 partner, and they're, like, "We don't--it's just not  
4 transacting."

5                   RAHUL SRINIVASAN: Yeah. So, this is feedback that we've  
6 heard from some publishers before. This is not common feedback.  
7 But I think the way we're looking to address it is, we're  
8 building out, we're fleshing out something called the  
9 troubleshooting tools for Exchange Bidding as well. Right?

10                  So, in situations where Exchange Bidding bids don't  
11 transact, We're going to give you a detailed understanding of  
12 why they didn't transact for you to be able to also understand.

13                  Is it that they weren't bidding? Is it that the bid  
14 was below the floor? Was there any other prefiltering issues  
15 because of Exchange Bidding, how they chose to target different  
16 segments of inventory?

17                  So, we're going to give you a lot more visibility into  
18 all of that, specifically, through these troubleshooting tools.

19                  I--

20                  Unless Debbie is here, I don't have a specific timing  
21 for that launch, but it is definitely something we're actively  
22 working on, so it should be available soon.

23                  FEMALE AUDIENCE MEMBER: [inaudible 1:01:31]

1           RAHUL SRINIVASAN: Yes, it has been. And it's being  
2 actively worked on. Yes.

3           MALE AUDIENCE MEMBER: What impacts will this transition to  
4 unified auction have on standard and sponsorship? And how does  
5 it differ from perhaps something like first look and optimized  
6 competition?

7           RAHUL SRINIVASAN: So, the short answer is standard and  
8 sponsorship is not affected by any of these changes. Like I  
9 mentioned, all of these changes pertain specifically to the  
10 indirect world and not the direct world, and we consider  
11 standard and sponsorship as part of the direct world.

12           With respect to things like first look, first look  
13 will also be transitioned to a first-price auction. You will  
14 still have the same first look rules at this point. But, you  
15 know, you'll need to again rethink how you might want to set  
16 floors in a first-look world for first price bids.

17           Regarding optimized competition, again, optimized  
18 competition and dynamic allocation as features will not change  
19 meaningfully. The way optimized competition and dynamic  
20 allocation work is, we look at the distribution of bids in the  
21 programmatic world. Meaning, we look at the distribution of  
22 remnant line items, we look at the distribution of AdX and  
23 distribution of EB. And then, we optimally decide how you trade

1 off between a guaranteed impression versus a nonguaranteed  
2 impression. Right?

3                   And as everything in this indirect world moves to a  
4 first-price auction, the way we set that bar for what the floor  
5 should be for optimized competition or dynamic allocation will  
6 also adjust as the distribution of bids change. So, there will  
7 be no meaningful impact, because the algorithms will  
8 automatically adjust.

9                   JANA MERON: I if understand you correctly, the ability to  
10 set our rules by bidder still exist. So, I run, say, at  
11 AppNexus, not to be able to submit a bid under a certain value,  
12 that would still--that capability inside the DPF will still  
13 exist?

14                  RAHUL SRINIVASAN: So, the question is, will you still be  
15 able to say AppNexus cannot submit a bid below, say, \$3?

16                  I think the distinction here that I'm trying to draw  
17 is between being able to set different floor prices and being  
18 able to block buyers.

19                  FEMALE AUDIENCE MEMBER: I don't want to [inaudible  
20 1:03:40] bidding and under----

21                  RAHUL SRINIVASAN: Yeah. So, in this context, you will be  
22 able to set a uniform floor across all buyers, but you'll only

1 be able to block buyers--you'll still be able to block buyers,  
2 but the floor will be uniform across all sources of demand.

3 FEMALE AUDIENCE MEMBER: So, [inaudible 1:03:57] fabulous.

4 But----

5 FEMALE AUDIENCE MEMBER: Yeah. If you wanted to block in a  
6 higher rate, you can't just have an AppNexus-specific rule, is  
7 basically what----

8 RAHUL SRINIVASAN: Yes. You--for flooring, you can't.

9 And we'll get into--in the next session, we'll get  
10 into details about why--how you set floors in this new first-  
11 price world without compromising yield. Right? I think it is  
12 important to recognize that, in a first-price world--because  
13 buyer floors were interesting and useful in a second-price  
14 world, because you needed to add auction--auction pressure to  
15 reduce the auction discount.

16 So, if you had a \$10 remarketing bid and a \$1, you  
17 know, bid from DBM for that matter, right, there is no way for  
18 you to extract value from that \$10 bid because this auction will  
19 clear at \$1. So, you needed to add additional price pressure to  
20 actually extract that value from a high-value bid. Right?

21 In a first-price world, because buyers are going to  
22 submit bids that basically are what they pay, the floors are not  
23 useful in adding incremental auction pressure. So, this is not

1 something that will actually improve yield for you as a  
2 publisher. Right? Which is why we think we want to move to a  
3 simpler model where you focus on things like, you know, what is  
4 my business rules? What is the minimum price at which I'm  
5 actually willing to sell this inventory?

6 And the first-price auction will operate in such a way  
7 that, because of the competition in the first-price auction, and  
8 because of the lack of auction discount, yield is not  
9 compromised when--when buyers, different buyers, actually submit  
10 bids differently.

11 MALE AUDIENCE MEMBER: I feel like you're almost making the  
12 argument that soft floors should go away. But why are you also  
13 killing hard floors as a result? Because I think what we're  
14 saying is, sometimes, there are buyers that we want to charge  
15 differently for business reasons, and you're not going to allow  
16 us to do that.

17 RAHUL SRINIVASAN: So, could you--could you elaborate a  
18 little bit more in what----

19 MALE AUDIENCE MEMBER: So, soft floors were used, right,  
20 to, like, game the auction and try to get more out of the second  
21 price. But hard floors are literally a business rule that, "I  
22 do not want you to bid below this for whatever reason I may  
23 have."

1           RAHUL SRINIVASAN: Right. So, like I mentioned before, if  
2 you actually want to be able to set different floors for  
3 different advertisers, for channel conflict reasons, you will  
4 still be able to do that. Right?

5           So, the business reason is you have a P&G deal, right,  
6 which is a guaranteed campaign. And you don't want P&G to  
7 actually buy your inventory at a lower price in the open  
8 auction. Right?

9           So, those sorts of mechanisms you will still be able  
10 to employ--you will still be able to employ by specific blocks.  
11 Right? We just don't think buy-specific floors are something  
12 that is actually useful in a first-price world, and actually  
13 creates a lot of cruft, which leads to an inefficient  
14 marketplace.

15          MALE AUDIENCE MEMBER: So, we're not able to floor buyers  
16 on specific dollar amounts. We are only able to block them.

17          RAHUL SRINIVASAN: Yes. But could you--could you elaborate  
18 a little bit more on why you think it's useful in a first-price  
19 world? Because that's probably where I'm--I'm feeling----

20          JANA MERON: I'll help you with that.

21          FELIX ZENG: So, one thing that, you know, we do is that  
22 there are different revenue shares by buyers. Right? So, in

1 the case where it is useful, maybe I want to prioritize the  
2 buyers that has the lowest rev share.

3 So, one way to solve it is, if you want it uniform, is  
4 Google willing to match the lowest rev shares that we get from  
5 our buyers?

6 RAHUL SRINIVASAN: So, let me--let me just unpack that.

7 Right? You're basically saying that, if you have, say, a  
8 Rubicon bid of \$1 and a Google bid of \$1, because Google has a  
9 different rev share than Rubicon, you actually want to be able  
10 to give Rubicon a leg up in some sense. Right?

11 And I would just argue that, you know, everything in  
12 the unified auction at least competes on a net basis. So, it's  
13 all net-of-rev share. Right?

14 MALE AUDIENCE MEMBER: [Affirmative response.]

15 RAHUL SRINIVASAN: So, in spite of the fact that there are  
16 differential rev shares across different channels, all of them  
17 are accounted for when we actually look at the final  
18 competition. Right? So, we're operating in--because we operate  
19 in the net bid world, there is no--never a situation where, you  
20 know, you could have prioritized a certain buyer and actually  
21 improve yield, because that's already accounted for.

22 Does that--does that make sense?

1           FELIX ZENG: It does. But I think also, like, in terms of  
2 our relationships. Right? Like, in order to get a concession  
3 on rev shares, maybe we have to get something up, and priority  
4 is one of those concessions. Right? So, maybe we are willing  
5 to sacrifice yield on a small bit of impressions in order to get  
6 concessions in other things.

7           So, I think there is--taking that control from us is  
8 actually something that's very hard to give up. And I think you  
9 get the consensus here----

10          RAHUL SRINIVASAN: Right.

11          FELIX ZENG: ----that nobody wants to give up pricing by  
12 buyers. "Buyers," defined as SSPs, like AppNexus.

13          RAHUL SRINIVASAN: Right. So, again, I would just sort of-  
14 -the way I would react to that is to actually say that, the way  
15 you were giving priority in the current world is actually a very  
16 hacky mechanism of giving priority. And you will continue  
17 having some hacky ways of giving priority, if you so choose.

18          Right? Things like what Fabrizio mentioned, where you can  
19 inflate the value CPMs, if you so choose. Or you can also book  
20 certain campaigns as standard or sponsorship, if you so choose.  
21 Right? Where you have a guaranteed number of impressions that  
22 go to a specific source of demand. It's just that we would not  
23 recommend it because it could significantly compromise your

1 yield, but you still have certain hacky ways of doing it, if  
2 you--if it's absolutely necessary from a business perspective.

3                   And if you do do that, I would just caution you to  
4 also look at the opportunity costs of some of these decisions,  
5 because it could result, like I said, in situations where you  
6 have a very suboptimal yield set up.

7                 JANA MERON: It seems to me that this was all built for  
8 header bidding [inaudible 1:09:10]. Yeah. [Laughter.  
9 Clapping.]

10               RAHUL SRINIVASAN: So, could you--could you say more,  
11 please?

12               JANA MERON: So, we all have--right? I mean, everybody has  
13 a header bidder. And we are all working with you, clearly. And  
14 we are all--and we are all potentially using Exchange Bidding.

15               Not everybody is inside of Exchange Bidding. Not  
16 everybody's playing nice together. Right? It's a super-  
17 complicated world.

18               And you built this and say, "Oh, we're going to be a  
19 unified auction for us, but not for the rest of the way that we  
20 all do business."

21               RAHUL SRINIVASAN: So, again, my reaction to that would be  
22 that, you know, this is not something that necessarily only  
23 disadvantages header bidding. Right? It's not that we're

1 giving AdX or EB a leg up compared to ex--compared to header  
2 bidding in this context. We are also----

3 JANA MERON: [inaudible 1:09:59] Right? Like, forget about  
4 being [inaudible 1:10:03] and all that. But not being able to  
5 say--to create a rule that says, "This person cannot submit a  
6 bid under this level." Or, if we are--you know, whatever the  
7 priorities may be for each one of our businesses, then yeah, it  
8 hand-ties us.

9 RAHUL SRINIVASAN: So, again, the point that I was trying  
10 to make is we have this notion of AdX last look, for example.  
11 Right? Where AdX had the opportunity to look into the header  
12 bidding line-item price and submit a bid that was, you know--you  
13 know, had informed how their bidding should be. And this was  
14 available to both AdX and Exchange Bidding.

15 So, we're removing that ability. I think the focus  
16 here is on being able to have consistent rules across all of the  
17 channels, like I mentioned, because that's the right way to move  
18 to a more sustainable ecosystem. This is not about taking away  
19 control or actually getting rid of header bidding, because I  
20 don't think I personally--

21 I'm the Exchange Bidding product manager as well. I  
22 don't think header bidding is going away. I think we initially  
23 thought that that was our vision, for example, that we would

1 build a better product that all publishers that opt and use.  
2 But we recognize the fact that header bidding is not going away,  
3 and we have accepted that, which is why we're building tools  
4 that help you manage sources of demand across all different  
5 channels in a way that you actually want to.

6                 And this is not about--this is not about deprecating  
7 header bidding. This is more about just having consistent rules  
8 across the board for a more sustainable ecosystem.

9                 FEMALE AUDIENCE MEMBER: So, if we create Google's  
10 [inaudible 1:11:25] buyers in our headers.

11                 RAHUL SRINIVASAN: So, you can still--again, if you so  
12 choose, you can continue doing that. Right? We have no control  
13 over the header bidding auction. You--all we're saying is that,  
14 when it competes finally on a net basis within the unified  
15 auction, we would have consistent rules, right, across the  
16 board. This doesn't take away your ability to, if you want to  
17 make different setups within your header bidding partners, you  
18 can still continue doing so, because we have no control over  
19 that.

20                 JANA MERON: But DFP does, because I can't set a rule by a  
21 buyer.

22                 RAHUL SRINIVASAN: No. But if--for example, if you have  
23 Index trafficking through header bidding and you want to have

1 different setups within the Index wrapper, you can still do  
2 that.

3 FEMALE AUDIENCE MEMBER: Of course, I can do that. That's  
4 not what I--that's not----

5 FEMALE AUDIENCE MEMBER: Well, and it--and you can't--I  
6 mean, there--we have to then manually go in and settle, of  
7 course, with them, because they're not going to see the right  
8 pricing. Right? [inaudible 1:12:20]

9 RAHUL SRINIVASAN: That isn't going to pass over. But like  
10 I mentioned, we have limited control over header bidding, and we  
11 can't--we're not even looking to exert additional control over  
12 header bidding. Right? All we are trying to ensure is that  
13 there are consistent rules when everything competes within the  
14 unified auction.

15 And we're also trying to make it convenient for you,  
16 if you want those consistent rules, to manage it in a single UI  
17 with an Ad Manager. So, if you have--if you want to apply the  
18 same floor across for a certain segment of inventory in this  
19 unified first-price auction across all sources of demand, you  
20 can do that within the Ad Manager UI. If there are certain  
21 reasons why you want to specifically, additionally make  
22 customized setups within the Index UI, you can continue doing

1 so, if you so choose. Right? All we have control over is what  
2 competes within the ultimate Ad Manager unified auction.

3 Yes?

4 FEMALE AUDIENCE MEMBER: So, I think you were asking for  
5 some examples of why we would want to place a block to a  
6 specific buyer. One example would be someone--a partner that  
7 does rich media. And so, I wouldn't want them to buy rich media  
8 at 50 cents or a dollar. I'd want them to do it at \$2, which is  
9 why I would want to put that price floor.

10 RAHUL SRINIVASAN: So, and--and could you--could you say  
11 more about why you would want that?

12 FEMALE AUDIENCE MEMBER: Because rich media is a different  
13 kind of experience, and you would want a premium for that.

14 RAHUL SRINIVASAN: So--so, that's the thing that I'm--  
15 that's the point that I'm trying to make. In a first-price  
16 auction, you still have----

17 Nitish, did you want to add some?

18 [No audible response.]

19 RAHUL SRINIVASAN: Yeah. So, we will still have the  
20 ability for you to price difference--so, in the targeting picker  
21 for pricing rules, you will still be able to price formats  
22 differently. And that's something that we can sort of beef up,  
23 if you so choose.

1           FEMALE AUDIENCE MEMBER: But how are you going to do that  
2 with--from a programmatic perspective?

3                   So, let's use adhesion, sticky units, for example.

4           RAHUL SRINIVASAN: So, again----

5           FEMALE AUDIENCE MEMBER: That have rich media.

6           RAHUL SRINIVASAN: ----this is--this is something that we  
7 can build up. If you think that there is a lot of value in  
8 being able to try or price different----

9           FEMALE AUDIENCE MEMBER: I'm giving this example because  
10 you're not accepting what my other colleagues are saying about  
11 why they want this. So, I'm just trying to give you another  
12 example of why we would want this.

13           RAHUL SRINIVASAN: Right. And the distinction that I'm  
14 trying to draw here is the difference between a buyer-specific  
15 floor and a format-specific floor. Right?

16           FEMALE AUDIENCE MEMBER: Fine. But there are different  
17 times--types of sticky adhesion ads. Some are just very basic;  
18 it's a 320x50 static banner; and some of them are rich media and  
19 popping out from all over the place. I'm going to want to get  
20 different prices for different types of experiences and ads.

21           RAHUL SRINIVASAN: Right. And----

22           FEMALE AUDIENCE MEMBER: And I can only do that from the  
23 vendor, not from actually the type of ad, if that makes sense.

1           RAHUL SRINIVASAN: Yes. So, the--the alternate point that  
2 I would also make is that, in a first-price auction, the floors  
3 do not add price pressure directly to the--how the auction  
4 clears.

5           FEMALE AUDIENCE MEMBER: It's not about the pressure.

6           FEMALE AUDIENCE MEMBER: It doesn't [inaudible 1:15:04] we  
7 don't care about the price pressure, and now that it is a first-  
8 price option, it's fine.

9           JANA MERON: It's--it's not about that. It's about the  
10 relationships that we have with various vendors that we want to  
11 be able to control how they operate inside the auction.  
12 Everybody is not equal.

13           RAHUL SRINIVASAN: Did you have something to add?

14           MALE AUDIENCE MEMBER: Well, just, like, why were these  
15 announcements made at the same time? I think is--is the real  
16 question, is, like, first-price is one thing. Unified auction  
17 is something completely separate.

18           And it was kind of, like, first-price headline.

19           Whoop.

20           Unified option in the--in the words down at the  
21 bottom.

22           It's, like, why was--why were these done at the same  
23 time?

1 RAHUL SRINIVASAN: So---

2 FEMALE AUDIENCE MEMBER: So, was there a beta program,  
3 like, someone was testing this out? Or was this just released  
4 without any feedback?

5 RAHUL SRINIVASAN: So, Unified Pricing Rules has been in  
6 beta for a while now, and it's something that's been available  
7 for you to be able to floor Exchange Bidding demand.

8 So, we've been building up these floors and this  
9 product for a while because we want to eventually get to a place  
10 where this is a simple UI where you control floor prices across  
11 all sources of demand for the unified auction.

12 And to answer the gentleman's question about why this  
13 was clubbed together, like I mentioned, our vision is to get to  
14 a place which is more simple, transparent, and sustainable.  
15 Right? And we believe all of these changes bundled together is  
16 what gets us to that place. Right?

17 Moving to a first-price auction is something that  
18 increases simplicity to a certain extent, but we don't think it  
19 does enough to actually, you know, get rid of some of the  
20 complexity that we actually highlighted on the previous slide.  
21 Right? So, which is why we're--the--and, like--

22 I would recognize that there's--some of these changes  
23 may be--don't benefit publishers. Some of these changes don't

1 benefit byers. Like, getting visibility into every bid into the  
2 auction is not something that buyers particularly enjoy. Right?  
3 So, we're making some changes that we think are necessary to get  
4 to a more sustainable ecosystem, which is why we bundled all of  
5 these changes together.

6 MALE AUDIENCE MEMBER: Which program, coding exist today  
7 [inaudible 1:17:03] to that?

8 RAHUL SRINIVASAN: I will need to get back to you on that.  
9 This is something that we have been building out. I'm not  
10 completely sure whether it exists today, but it's something that  
11 we can--we can build up.

12 So, A.J.

13 FEMALE AUDIENCE MEMBER: So----

14 MALE AUDIENCE MEMBER: What was the question?

15 FEMALE AUDIENCE MEMBER: So----

16 RAHUL SRINIVASAN: So, the question is, do we have a  
17 differential format pricing today?

18 It's--it's definitely, for example, to be able to set  
19 a floor for outstream video differently from instream video is  
20 something that we have been debating, and it is something that  
21 we have prioritized. I don't know what the timing for this  
22 launch would be, though.

23 MALE AUDIENCE MEMBER: [inaudible 1:17:35]

1           RAHUL SRINIVASAN: We won't be able to enforce it on header  
2 bidding, unfortunately, because we don't have visibility into  
3 that, unfortunately.

4           ACHIR KALRA: [inaudible 1:17:38] I have seen Google  
5 [inaudible 1:17:42] based on format. Or it would just be AdX  
6 and Exchange Bidding.

7           RAHUL SRINIVASAN: We--we are going to be able to--we're  
8 going--our aim is to extend it as much as possible, to as many  
9 sources of demand as we can. There may be certain corner cases  
10 where we're not able to enforce those differential floors, in  
11 which case we will let you know and maybe try to work towards a  
12 different solution in those contexts.

13           STEPHANIE LAYSER: So, say--so, say I'm unhappy with this  
14 and I want to switch ad servers.

15           Is there anything on the plan? You know, I don't want  
16 to give up AdWords or AdX demand and I want it to compete kind  
17 of holistically with all the rest of my partners. Is there any  
18 plans for you to integrate with any of the server-to-server  
19 header bidding, or client-side header bidding partners?

20           RAHUL SRINIVASAN: So, DBM, for example, is available on  
21 other SSPs today.

22           STEPHANIE LAYSER: But AdWords is what we're talking about.

1           RAHUL SRINIVASAN: But AdWords has some demand available  
2 through other exchanges.

3           FEMALE AUDIENCE MEMBER: So----

4           RAHUL SRINIVASAN: It's just--it doesn't have all of the  
5 demand. Right? AdWords just finds it more--more ROI-positive  
6 to actually buy most of their inventory through AdX.

7           But that said, I think that is also something we can  
8 explore if, you know, there is a lot of reason for it.

9           STEPHANIE LAYER: Okay. Yeah. I mean, I think there is a  
10 lot of reason for it. I mean, 90 percent of all publishers are  
11 on DFP, and it sort of feels like, at this point in time, you  
12 can make determinations and changes to your product as you want  
13 so that Google is in control of it. And so, if we wanted to  
14 switch, it doesn't really feel like we would be able to access  
15 the whole AdX pool of demand the way we want to in any of your  
16 other competitors.

17           RAHUL SRINIVASAN: That's--that's fair feedback, and we can  
18 get back to you on that.

19           MALE AUDIENCE MEMBER: You said AdX tags still exist, no  
20 [inaudible 1:19:11].

21           RAHUL SRINIVASAN: Tags for?

22           MALE AUDIENCE MEMBER: AdX. AdX type.

1 RAHUL SRINIVASAN: Yeah. AdX type [inaudible 1:19:15].

2 Yes.

3 MALE AUDIENCE MEMBER: So----

4 STEPHANIE LAYSER: So, basically it would be--like, because  
5 it doesn't reverse, like, you can set everybody up in header  
6 bidding, and have everything else from everybody else pop in,  
7 insert a header in it, and goes by price. But we can't do the  
8 same thing in AdX within another SSP or within another ad  
9 server. And that has to do with the fact that, well, Google  
10 will give you tags, but it will not insert the price into  
11 another.

12 JAY GLOGOVSKY: So, I hope the Googlers in the back buy you  
13 a really stiff drink later because we've been pretty----

14 RAHUL SRINIVASAN: I think I need it right now.

15 JAY GLOGOVSKY: I--I like that idea. Let's get them drunk  
16 so you can ask more questions.

17 I'm not going to use the word "monopoly," switching ad  
18 servers. We want buyer rules. I'm going to change it slightly  
19 because we can give you a thousand reasons why we need them.

20 One of the biggest challenge that I have, and one of  
21 my biggest frustrations, I'm not going to say preferred deals  
22 were guaranteed--a programmatic guarantee, is when I look at the  
23 win rates within the ad server and from all of our partners,

1 what we've seen is, once you hit a certain price point, the win  
2 rate just plateaus. And if you have a \$100 bid that comes in,  
3 it only wins 30 percent of the time. And that's a really,  
4 really big challenge for me because it should be a 45-degree  
5 angle, whereas price goes up, win rate goes up.

6 And that's not happening today, and I'm curious about,  
7 one, I've asked this question to the team already many times,  
8 why? And they're investigating.

9 But for this unified auction, will that resolve that?  
10 And if I have a million-dollar CPM or bid come in, that should  
11 win a hundred percent of the time.

12 Is that what's going to happen moving forward?

13 RAHUL SRINIVASAN: Yeah. So, we've had this conversation,  
14 I think, a couple of months back. Right? So, we're still doing  
15 the investigation. We don't have clarity on that yet. But as  
16 soon as we find out why that was happening, because it may be  
17 unique to your setup, because I do know that you have a more  
18 aggressive--aggressive version of optimist--compromise  
19 competition, and there are some unique aspects to it that we  
20 just need to unpack before we figure out what the issue is. But  
21 our intent, obviously, is to get to a place where there is a 45-  
22 degree angle. I don't think there's any reason why this  
23 shouldn't be. Right?

1           SAM: Somebody else here has a 45-degree angle? Can I  
2 share the setup then with that person?

3               Okay, thanks.

4           RAHUL SRINIVASAN: Any more hard questions?

5 [Laughter.]

6           RAHUL SRINIVASAN: Yes?

7           MALE AUDIENCE MEMBER: So, we are talking a lot about  
8 market efficiency. And, you know, a couple of things that you  
9 brought up in your slide before, one is the kind of like a  
10 [inaudible 1:21:59] from first-price vice the AdX from the  
11 second-price is not submitting what the true value or its  
12 highest bid price would have been.

13               The second thing you brought up was QPS throttle.

14 Right?

15               I guess my question is, how does the first-price work,  
16 like, in pricing strategy, directly impact QPS throttling? And  
17 do you mind just elaborating how exactly--or, why exactly this  
18 is just marketed?

19           RAHUL SRINIVASAN: Right. So, that's a good question. I  
20 think--

21               So, the question was, we spoke about exponential  
22 increase in callouts to buyers and how they have resorted to

1 strategies like query throttling to adapt to this new world, and  
2 how these changes directly address or impact that concern.

3                   And my response to you was that example was just to  
4 highlight where we are today. I don't think any of these  
5 changes directly impact that concern. I think the way it does  
6 indirectly impact that concern is because you have more uniform  
7 floor prices across different channels, it becomes a lot easier  
8 for buyers to actually evaluate inventory and submit the right  
9 bid through different channels. Right?

10                  So, it doesn't directly impact the QPS concern. We do  
11 have other products that try to address that. We have something  
12 called Efficient Callouts, which actually, instead of the  
13 Criteo, for example, trying to figure out randomly how to  
14 throttle certain queries, we try and use machine learning to try  
15 and figure out, you know, what are the queries we should be  
16 sending to Criteo and what are the queries we shouldn't be  
17 sending to Criteo based on, you know, things, like, their bid  
18 rate and how likely they are to win on certain impressions.

19                  So, we have some machine learning optimizations that  
20 buyers can opt into, if they so choose, that actually helps them  
21 address this concern. But none of these changes directly  
22 address the concern; it just indirectly, at least, attempts to

1 clean up the ecosystem, so that that concern becomes less  
2 concerning.

3 Yes?

4 FEMALE AUDIENCE MEMBER: [inaudible 1:23:59] Google is  
5 deciding who gets the bid request.

6 [Laughter.]

7 [Multiple, indiscernible comments. 1:24:03]

8 FEMALE AUDIENCE MEMBER: No. I mean, that's totally true.  
9 Does it decide when it wins?

10 RAHUL SRINIVASAN: So, Sam, do you have anything to add  
11 about efficient callouts and how----

12 SAM: Yes. [inaudible 1:24:15]

13 RAHUL SRINIVASAN: So, Sam is our buy side PM, by the way.  
14 Product manager.

15 SAM: So, efficient callouts is something that we did in  
16 order to help buyers be able to get the QPS that they want. We  
17 found that there's--a lot that has changed, and a lot of the  
18 buyers have not necessarily kept up with some of the changes in  
19 the market. So, what we're looking at now is making efficient  
20 callouts far more sophisticated, so that we can put and present  
21 things to buyers in almost the language that they speak. We  
22 find that different buyers, their levels of sophistication, vary

1 so much that calling them all in one way is not necessarily the  
2 most effective.

3 So, we're starting to look at how can we modify  
4 efficient callouts, pre-targeting, and all of the information  
5 that we send over to buyers to meet them more where they are.  
6 As we've developed over the years, I think maybe we've almost  
7 gotten too sophisticated, and we're trying to make sure that we  
8 can level the playing field and are learning from that. So,  
9 it's going to be an interesting new project, and we're just  
10 starting off on it, but it's something that's high on our  
11 priority list for the second half of the year and into next  
12 year.

13 RAHUL SRINIVASAN: And specifically, the concern was about,  
14 you know, if--if Google determines when Criteo gets a callout,  
15 how do you--how do you ensure that that's not being done in a  
16 way that AdWords doesn't get a preference in terms of which  
17 callout we send to them while Criteo is disadvantaged?

18 SAM: So, the buyers can set their own pre-targeting and  
19 tell us what they want us to send. And then, we look at their  
20 bidding patterns. And so, we try to determine what they would  
21 like us to continue to send.

1                   And then, we constantly work with them saying, "Hey,  
2 are you getting what you want? Are you not getting what you  
3 want?"

4                   So, it really is the buyer's choice about what they  
5 want to get. We found that some buyers have neglected those  
6 pre-targeting settings, and we're now going through that with  
7 them to make sure that they are paying attention to those  
8 because the market has changed significantly. But it really is  
9 in the buyer's hands to determine what they want. And then, an  
10 efficient call out really says, "If you haven't bid on this at  
11 all, we're going to stop sending it to you." It's not something  
12 that we do to throttle a buyer, because that would take pressure  
13 out of the market.

14 [Multiple, indiscernible comments. 1:26:09]

15                  MALE AUDIENCE MEMBER: Is there visibility to us and see  
16 how this is affecting our supply?

17                  RAHUL SRINIVASAN: I don't think there's any. There's no  
18 visibility at this point, if I'm not mistaken.

19                  SAM: No. It's--it's the buyer's settings, and it's their  
20 confidential stuff. So, we'd have to go through and talk to the  
21 buyers to see if they wanted to share that.

1           RAHUL SRINIVASAN: But--but yes, we can maybe try and  
2 figure out a way to, again, give you additional comfort around  
3 that, if that is concerning, I guess.

4           SAM: And the ones, the ones who are not QPS-constrained,  
5 they get absolutely everything.

6           So, there are people who've said, "I have no problem  
7 taking the full load of the Ad Exchange," and we send them a  
8 hundred percent of the queries.

9           FEMALE AUDIENCE MEMBER: Do buyers see the queries that  
10 they throttled out later, so they can refer them, so they're not  
11 being throttled out on the exact ting that they [inaudible  
12 1:26:50] wanted?

13          SAM: No, they don't. But they do have pre-targeting,  
14 which goes through and they can say, "Here are the things that I  
15 want, don't want," and they can go through and check if they're  
16 not getting a certain size format, if they're not getting a  
17 certain geographic location, all the different settings that we  
18 have for them. So, really is all in their hands about what they  
19 get.

20           And there's--like I said--like we said, there's a ton  
21 of buyers who've said, "I can handle everything." So, we want--  
22 we send them everything. But a buyer is making that active  
23 decision about what they want us to limit.

1 STEPHANIE LAYER: So, do we have visibility into  
2 [inaudible 1:27:21], like, I think we can guess, like, Trade  
3 Desk, but is there visibility into who can take everything and  
4 then who can't?

5 RAHUL SRINIVASAN: No. At this point, I don't think--  
6 So, the question is, do publishers get visibility into  
7 Who has the ability to take on all the queries, and who is  
8 throttling or using efficient callouts?

9 And the answer is, today, you as publishers, don't  
10 have that visibility. But that's, again, something that we can  
11 work with buyers to see what the best way of communicating that  
12 to publishers also is. I don't think that--we can---

13 SAM: It's----

14 RAHUL SRINIVASAN: ----that's a solvable problem.

15 SAM: It's also the same mutuality as a buyer doesn't know  
16 what you've elected to send and not send and kept on the side or  
17 elected to auction at a different--you know, all sorts of  
18 different reasons. So, there's information that isn't under  
19 your control and there's information that's under the buyer's  
20 control.

21 We are happy to think through and maybe work with the  
22 buyers to see if this is something that should be shared  
23 through. But I would count these settings as very similar to

1 your decisions that you make within your settings about what you  
2 send to our exchange or not.

3 FEMALE AUDIENCE MEMBER: I just find it funny that we talk  
4 about transparency so much, and there's all these, like, secret,  
5 "We don't share this, and we don't share that." So, it's, like,  
6 why are we even bringing up the word, because it's really never  
7 that transparent.

8 RAHUL SRINIVASAN: So, at least the way we----

9 STEPHANIE LAYER: And it is, like, "Here, we are going to  
10 give you this little thing"----

11 FEMALE AUDIENCE MEMBER: Yeah.

12 FEMALE AUDIENCE MEMBER: ----"that we've been asking for  
13 four years," and then, all of the sudden it's, like, "But we  
14 have another layer [inaudible 1:28:32]."

15 [Multiple, indiscernible comments. 1:28:35]

16 FEMALE AUDIENCE MEMBER: But, like, it would be--it would  
17 behoove Google to favor its demand that, like--like to favor  
18 pulling away from spam valuable to AdWords, so you take a higher  
19 margin.

20 RAHUL SRINIVASAN: So--so, I do get the feedback from this  
21 room that we need to do more to insert--to do more to  
22 communicate to publishers how we are on your clean auction.  
23 Because I can stand up here on stage and say that we are running

1 a clean auction, but between my saying it and your ability to  
2 evaluate, there is a--there is a lot of gap. Okay?

3 And we will make sure that we go back and try and  
4 figure out what the right tools to give you that comfort is. I  
5 think the--the specific points about efficient callouts, at  
6 least, that's not something that we thought publishers would  
7 specifically be interested in because it was just a feature that  
8 we offered to buyers and it was their settings. If there is  
9 interest in getting additional visibility into that, that's  
10 something that we can definitely explore and get back to you on.

11 STEPHANIE LAYSER: Right. But if the buyer isn't  
12 performing, maybe it's because they're not getting the same  
13 callouts as somebody else, and we are not going to know that  
14 unless we are told that and we evaluate how much are they  
15 actually getting called for. Right? Because then, we can say,  
16 "We are not going to work with you anymore," but it could be a  
17 product of this.

18 RAHUL SRINIVASAN: Yes. And to be completely honest with  
19 you, just like we work with individual publishers to try and  
20 sort of improve your setup, we also work with individual buyers  
21 to improve their setups. We evaluate a lot of this. We look at  
22 the data.

1                   We see, you know, are they bidding on high-value  
2 impressions? Are they throttling high-value impressions? Are  
3 there situations where we can improve yield by getting buyers to  
4 change their setups? So, this is handholding that we do for all  
5 of our buyers. Right?

6                   So, it's not that all of this is just we're throwing  
7 this on you without giving you any visibility. But at the same  
8 time, I do hear loud and clear that, you know, we need to do  
9 more to at least communicate to publishers about how--what we're  
10 doing and how we provide more transparency and visibility into  
11 this, which is something that we will work on.

12                  MALE AUDIENCE MEMBER: Okay. [inaudible 1:30:27]

13                  RAHUL SRINIVASAN: I'm sorry?

14                  MALE AUDIENCE MEMBER: [inaudible 1:30:25]

15                  RAHUL SRINIVASAN: Does what impact deals? Query  
16 throttling?

17                  MALE AUDIENCE MEMBER: Yeah.

18                  RAHUL SRINIVASAN: Sam, do you know? I don't think it  
19 does. Right?

20 [No audible response.]

21                  RAHUL SRINIVASAN: So, the question, just to repeat for  
22 livestream, was does efficient callouts of query throttling  
23 impact deal callouts as well?

1                   And Sam's response was that there is a setting in the  
2 UI where buyers can actually say, "I don't want my deals to be  
3 affected," and this will not affect the deals.

4                   Yes?

5                   SCOTT MULQUEEN: Going back to pricing decisions in the ad  
6 server scenarios, could you talk a little bit about what happens  
7 when AdX has \$5 and Exchange Bidding partner has \$5 as a net  
8 bid, and also a header bidding partner has \$5? Because in that  
9 scenario, to Felix's point from 20 minutes ago, having control  
10 over the gross value of those bids, knowing that there's a  
11 different rev share against each one of those partners would be  
12 very valuable to us, because it would definitely, immediately  
13 impact the advertiser return on ad spend through each of those  
14 channels. And we would certainly want control in order to serve  
15 as kind of the final outcome, with the advertisers are looking  
16 for.

17                   So, what happens?

18                   RAHUL SRINIVASAN: So, the current way it works--and Nitish  
19 can correct me if I'm wrong. He's the--he's the auction expert  
20 here. The way it works, at least, is when--it's--firstly, it's  
21 very rare that we have situations where all net bids are at the  
22 same amount. And in those situations, we basically--there's a  
23 coin toss. Right? [Laughter.] We just basically decide based

1 on a probabilistic assumption about which buyer actually wins.

2 Right?

3 And I--I hear laughter in the room, but--but that--  
4 that is how we actually do the decisioning. Right? Because we  
5 don't always have visibility into what the gross bid at, say the  
6 DSP level, was or any--any other level was. Right?

7 So, as long as there isn't priority or anything else  
8 determining the decision-making or conflict resolution in these  
9 situations, it's basically we resort to a coin flip to figure  
10 out who wins.

11 SCOTT MULQUEEN: [inaudible 1:32:37], still a lot. But he  
12 can win at pennies, right, like a \$5.02 versus a \$5.04, and  
13 [inaudible 1:32:42] be impacted by their--by the----

14 RAHUL SRINIVASAN: Right. So, if it's \$5.02 versus \$5.04,  
15 the \$5.04 will win. I'm talking about a situation where it's  
16 completely the same.

17 MALE AUDIENCE MEMBER: Right. No, you [inaudible 1:32:53]  
18 offload our measures and [inaudible 1:32:58], but that is  
19 additional decisioning that can happen if we [inaudible 1:33:01]  
20 favorability at the publisher [inaudible 1:33:07].

21 RAHUL SRINIVASAN: Sure. That's definitely an interesting-  
22 -and we can chat about this and see what the right product to  
23 sort of do that is. Our current product does not allow you to

1 do that, but I'm sure--we'd be open to feedback about how to  
2 improve that.

3 MALE AUDIENCE MEMBER: Back to the mid bid--the minimum,  
4 like, Bid2Win that you said, so in the future, AdWords is going  
5 to be opted into this, and all the exchange-bidding people are  
6 going to get it. But you said it's not determined by the  
7 nonguaranteed line items.

8 What is that determined by?

9 RAHUL SRINIVASAN: I'm sorry. When you say it's not  
10 determined by nonguaranteed----

11 MALE AUDIENCE MEMBER: Didn't you say that? That it  
12 wasn't--

13 What determines what the minimum Bid2Win is?

14 RAHUL SRINIVASAN: Oh, yes. So, it's not--so, the floor is  
15 not determined by the nonguaranteed line items. What I meant  
16 is, the floor that we send in callouts to, say Criteo through  
17 AdX or through--to Index through Exchange Bidding, currently it  
18 is informed by what the header bidding line-item price could be.

19 So, if you had a \$3 header bidding line-item price in  
20 a \$2 floor, the \$3 prices--the reserve price that's communicated  
21 to these buyers in the callout. They use that \$3, and then  
22 determine what they need to bid. Right?

1                   That's additional visibility that Exchange Bidding and  
2 AdX had. Right. And like I mentioned before, it wasn't  
3 designed to be an advantage. It was just designed as how  
4 dynamic allocation works. But in a world where header bidding  
5 has risen so rapidly to let sort of real-time prices be  
6 reflected in price priority line items, this can be  
7 characterized as an advantage. Right?

8                   And we're removing that, basically. So, In the  
9 callout, when we send the reserve prices to buyers, we're no  
10 longer going to be informed by header bidding line-item prices  
11 or remnant line-item prices.

12                  But the MinBid2Win is basically what the minimum price  
13 that a buyer needs to have submitted after the fact. So, you  
14 lost an auction, and then you get feedback on how much you  
15 needed to have bid to win is. And in that feedback, after the  
16 fact, when you lost the auction, it will still be informed by  
17 remnant line-item prices.

18                  MALE AUDIENCE MEMBER: So, they no longer get any floor.

19                  RAHUL SRINIVASAN: I'm sorry?

20                  MALE AUDIENCE MEMBER: So, they no longer get any floor,  
21 or----

22                  RAHUL SRINIVASAN: No. They get--they get a floor. They  
23 get the publisher-configured floor, for example; or they get the

1 EDA floor, the dynamic allocation floor. We figure out which is  
2 the maximum appropriate floor, and then we send that up in the  
3 callout.

4 MALE AUDIENCE MEMBER: Okay. So, that other thing is after  
5 they lost.

6 RAHUL SRINIVASAN: Correct.

7 MALE AUDIENCE MEMBER: Okay. Makes sense.

8 MALE AUDIENCE MEMBER: So, kind of similar question there.  
9 We know in EB, let's just say Rubicon's a partner, Rubicon has a  
10 price floor. We know that Google passes the reserve floor, and  
11 that's calculated off of guaranteed line-item pacing. It's  
12 calculated off of nonguaranteed.

13 What else is in there?

14 RAHUL SRINIVASAN: So, currently, the way we determine what  
15 the reserve price is a function of a couple of different things.  
16 Right?

17 One is, what is the publisher-configured floor for  
18 that specific demand source?

19 The other one is dynamic allocation. So, based on the  
20 pacing of guaranteed campaigns, we determine what is the  
21 opportunity cost of serving a guaranteed impression versus a  
22 nonguaranteed impression. And that, that also informs the  
23 floor.

1               The third thing is basically what your remnant line-  
2 item price is. Right? So, if you have a \$3 header bidding bid,  
3 that also informs the reserve price in the callout today.

4               And then, we also have a bunch of optimizations,  
5 things like target CPM and optimized pricing, that also  
6 influence the floor price.

7               So, a combination of all of these things determines  
8 what the floor price in the callout is, and we're just removing  
9 one component of what that--what is--what determines the floor  
10 price, which is the remnant line-item price.

11          MALE AUDIENCE MEMBER: And is that data that you guys  
12 provide to us?

13          RAHUL SRINIVASAN: I'm not sure if we actually--I don't  
14 think--I think you have, obviously, visibility into what the  
15 publisher-configured floor prices today are. I don't think we  
16 share details about what the specific RPO floor prices for each  
17 auction is, because that's something that no one has control  
18 over, and that's something that changes all the time. But if--  
19 again, if that's something that you would like visibility into,  
20 we should have that conversation and see.

21          MALE AUDIENCE MEMBER: Yeah. I think it is more--more just  
22 to the overall aspect, it's assuaging any concerns that our

1 exchange partners might have around how that price is  
2 calculated, because it's not quite clear.

3 RAHUL SRINIVASAN: I would call out that today, for  
4 Exchange Bidding partners, the floor is only determined by sort  
5 of the dynamic allocation price and the remnant line-item price.

6 Going forward, it will also be informed by the unified  
7 pricing rule [inaudible 1:37:14] price.

8 MALE AUDIENCE MEMBER: All right. Thank you.

9 FELIX ZENG: So, in this new world, is AdWords still on a  
10 second price? And if it is, what determines that second price  
11 for it to basically come out with the first price that goes into  
12 a unifier auction?

13 RAHUL SRINIVASAN: So, this is--so, AdWords will still r  
14 un--maintain a second-price interface with its advertisers. So,  
15 advertisers will enter CPC bids in a second-price world, as they  
16 do today. Right?

17 And then, AdWords would run, say, a second-price CPC  
18 auction. And then, there is--they have some intelligence to  
19 figure out what--how to convert that CPC bid into a CPM bid.

20 In the old world, they would convert the CPC bid into  
21 a second-price CPM bid. Right?

22 In the new world, they will convert that CPC price  
23 into a first-price CPM bid. Okay?

1                  Does that make sense?

2                  MALE AUDIENCE MEMBER: It does. Thank you.

3                  SAM: Okay, guys. I think we should take a 10-minute  
4 break, bio break for people, if that's cool. If people want to  
5 still go with Q-and-A, we're happy to do that. Just--I could  
6 use a break. Give everybody a 10-minute break here.

7                  So, thank you everybody for your questions. Thank you  
8 for your feedback.

9                  Thank you, Rahul.

10                 And when we come back, we'll have Giulio and Fabrizio  
11 to go into a little bit more detail. Thanks folks.

12                 Oh, there's restrooms right outside the door. There's  
13 water, coffee, refreshments are outside the door.

14 [Multiple, indiscernible comments. 1:38:43]

15                 MALE AUDIENCE MEMBER: Yeah, so what is the concept for the  
16 [inaudible 1:38:43] second part of it?

17                 SAM: So, it's just more, basically, how our product teams  
18 think you should think about your business rules. So----

19 [Multiple, indiscernible comments. 1:39:46]

20                 SAM: Please, keep your questions coming, and we appreciate  
21 that this is new and there's a lot of questions that we need to  
22 think through. So, please keep those questions coming.

1           We also have this little--I'm going to start using  
2 this next for questions. This is actually a microphone, so I'm  
3 going to pass this around, and you guys can talk into it. So,  
4 when you have a question, we'll also have another handheld mic.

5           Test, test.

6           Well, we got to get this microphone on, but it is a  
7 microphone.

8           And so, for the next section, we're a little overtime.  
9 So, just to set expectations on time, the invite went out until  
10 1230. We're happy to go to 1230, if we do. We have the room  
11 till one. We're happy to go to one, if we do. So, we're going  
12 to keep this going as long as possible, as long as you guys want  
13 it to keep going.

14           And so, now for this section, we have Giulio Minguzzi  
15 and Fabrizio Angelini, who are--Giulio is the Global Strategy  
16 lead, and Fabrizio is the Go To Market commercialization lead  
17 for these product changes. And they're going to go a little bit  
18 deeper into some of the publisher-specific considerations of  
19 these changes. We got into a lot of the things that they're  
20 going to cover in the Q-and-A.

21           But, again, please ask questions, and I will pass to  
22 them. Thank you guys very much.

23           GIULIO MINGUZZI: Thank you.

1               Yeah. So, we're going to try and walk a little bit--  
2 and walk you a little bit more into the tactical and practical  
3 considerations as what you should expect in the next three  
4 months as we gradually roll this out, and also some best  
5 practices for after the full rollout.

6               And now, I'm going to be honest, you guys asked a  
7 tough question. So, some of the stuff that I had in there we  
8 already kind of covered. We can skip or can cover again, if you  
9 weren't satisfied with the answers.

10              So, let's take a look at the overall timeline first of  
11 the migration to unified first-price auction, which you can  
12 consider as two blocks. We are unifying the auction via Unified  
13 Pricing Rules, and we are moving into a first-price.

14              So, we announced in March via our blogpost, which I  
15 guess you--or you all read, next week, tentative date, April  
16 23rd, we are going to release Unified Pricing Rules to open  
17 beta. I think you should--all got an email, or most of you got  
18 an email, about that. So, the product is going to be available  
19 next week to you, and you can start setting unifying pricing  
20 rules ahead of the start of the experiment for--ahead of the  
21 start of the transition to our unified--to our first-price  
22 auction.

1                   So, we're going to start in late May to transition as  
2 more percentage of your traffic--traffic to first-price auction,  
3 it's going to initially be 1 percent. And then, we're going to  
4 ramp this up a little bit more to give buyers more data to train  
5 their bidding algorithm to about 5 percent. And then, when we  
6 are ready, late July, we're going to ramp this up to 100  
7 percent, and that's when the transition will be fully effective.

8                   So, yeah, we--we just announced Unified Pricing Rules  
9 today, so I'm going to spend a little bit more explaining you  
10 exactly what changes in Unified Pricing Rules, compared to open-  
11 auction pricing rules, which is what you have been used to  
12 manage your open-auction pricing today.

13                  So, this is how it will looks like. Unified pricing  
14 rules will live into a new tab called Pricing Rules, Unified  
15 Pricing. Some people in this room have been on the open beta  
16 for what was initially Exchange Bidding pricing rules. The  
17 product that you have tested is not 100 percent what we will  
18 roll out. There are new additional features that will be  
19 available once we roll this out next week, including advertiser  
20 level floors and other targeting criteria that were not in the  
21 initial beta.

22                  So, if you were wondering, "Are we going to add those  
23 controls?"

1           Yes, we're going to add some new stuff.  
2           It's important to note, I want to make clear that  
3 Unified Pricing Rules are meant to replace open-auction rules.  
4 So, you have been managing via open-auction rules. During the  
5 transition, there is going to be a period of time where both  
6 rules apply, and I will explain, exactly, later how this works  
7 and what you need to consider. But at the end of the  
8 transition, everything will be managed through Unified Pricing  
9 Rules.

10          MALE AUDIENCE MEMBER: So, when that happens, do we have to  
11 delete all the old AdX rules? Or will that just automatically  
12 roll in?

13          GIULIO MINGUZZI: They--they will no longer be effective,  
14 and we are removing the tab, so.

15          MALE AUDIENCE MEMBER: Yeah. So, the old rules won't  
16 migrate.

17          GIULIO MINGUZZI: The--yeah. So, the question is, if the  
18 old rules will be migrated?

19           And the answer is no, because, as I explained and I go  
20 into details, Unified Pricing Rules is a different product. And  
21 so, I want one map--mapping of your old rules into the new rules  
22 will not be possible.

1                   So, the key change that has been covered already is  
2 that Unified Pricing Rules will apply, not only to open auction,  
3 but also to Exchange Bidding and--and nonguaranteed line items.  
4 this has been covered already. By "nonguaranteed," to clarify,  
5 we mean price priority, [inaudible 2:02:47], and bulk. House  
6 line item and zero-dollar price priority or remnant line item  
7 will not be subject to the unified floors, and it will still be  
8 available to do kind of backfill--backfill ads, if you wish to  
9 do so.

10                  Yes? We have a question. Go ahead.

11                  MALE AUDIENCE MEMBER: [No audible response.]

12                  GIULIO MINGUZZI: I'm sorry?

13                  MALE AUDIENCE MEMBER: [inaudible 2:03:10]

14                  MALE AUDIENCE MEMBER: Oh, yeah. So, the question is, does  
15 this also apply to yield groups in DFP? Or do we still have the  
16 ability to manually manage all the different price points for  
17 all the networks in our yield groups?

18                  GIULIO MINGUZZI: So, by "yield groups," you mean yield  
19 groups for apps?

20                  MALE AUDIENCE MEMBER: Correct.

21                  GIULIO MINGUZZI: So, the unified floor doesn't apply to  
22 third-party ad network in the mediation, but they do apply to

1 how AdX is positioned in the--in the mediation chain. So, AdX  
2 will still have to respect that unified floor.

3               Okay. All right. So, what does it mean concretely,  
4 this, this change? Well, we think it's good because these  
5 enabled the highest eligible price to actually wins, which Rahul  
6 showed in the beginning of this session, is not always the case  
7 today. There are a lot of inefficiencies. And we think this  
8 change brings clarity and simplicity into that. But it also  
9 means--you need to be aware that this also means that every--  
10 moving forward, every nonguaranteed line items that have a CPM,  
11 a value CPM that is below the unified floors, will not serve  
12 anymore. So, we are building--we have built tools and we roll--  
13 we will roll those tools out next week to help you manage that  
14 change, because we recognize it's an important change. And so,  
15 we'll help you take care of that.

16               Now, there are other changes that you need to be aware  
17 as you go and start setting Unified Pricing Rules. We're going  
18 to cover the main one here, we're going to deep down a little  
19 bit better in some of them, and I'm happy to take questions if  
20 something is unclear.

21               So, the first one is that there is a change in how  
22 rules are structured. Today, you set your rules by priority,

1 which means you are able to--basically, the top rules is what  
2 take precedence, and then you go down the chain.

3 In the new Unified Pricing Rules, that priority  
4 mechanism is not present anymore because we saw that it created  
5 actually a lot of confusion.

6 And so, the way it's going to work is we will just  
7 look at the highest CPM, which concretely means, if you have  
8 multiple rules that have overlapping targeting, the highest CP--  
9 the rules with the highest CPM is the one that will apply. So,  
10 we have some suggestion on how you should structure your pricing  
11 floor based on this new concept, and we will go into that--we go  
12 deeper into that later.

13 Also, where--the simplified rules is also simplified  
14 product. And so, in the current open-auction rules, you also  
15 have blocks that are somehow embedded, but it's a weird system  
16 where blocks and protection lives in different world. They live  
17 both in pricing rules. They live in protection. We feel that  
18 it's very confusing. So, what we are going to do, we're going  
19 to have unified pricing, which are actually just for pricing.  
20 And we're going to move all the blocking functionality into a  
21 new--into the protection UI. The protection UI, you probably  
22 already use it today to do different--different--other blocks;  
23 bidder and advertiser blocks will then be moved there.

1                   Now this is--I'm going to go into the details later.  
2 Just want to caveat, this is not going to be available next  
3 week. So, there is a transition phase that will happen, and  
4 I'll explain exactly how it works.

5                   Per-buyer floors are no longer needed in a first-price  
6 auction. We've covered that. You don't like it. [Laughter.]

7                   All right. So, can take more question later. And an  
8 important change that I want you to be aware, and that is  
9 actually mostly driven, not by the unified price itself; it's  
10 mostly driven by market trends. But as we build this new  
11 product, we have to build it in a way that is forward-looking  
12 and takes into account how the market has evolved. And so, we  
13 are deprecating the ability to send anonymous callout. Meaning,  
14 every callout that you send out will be branded or  
15 semitransparent.

16                  We are also changing semitransparent; there is a  
17 slight change. Up until now, you could entirely rewrite the URL  
18 that you were sending. Now, it will only just--it will only be  
19 truncation of domains. I'm going to explain you exactly why we  
20 think that's good for the ecosystem in the next slide, unless  
21 there are questions here.

22 [No response.]

1           GIULIO MINGUZZI: Okay. So, I think we can quickly go over  
2 this. Unified pricing rules will not have per buyer floors. We  
3 think those are less relevant and are not needed in a first-  
4 price auction to extract yield from high bids in the auction.  
5 And so, that's why we're removing them. And we are aware that  
6 publisher still needs to manage channel conflict, and we think  
7 that the appropriate way to do so should be via advertiser  
8 blocks, which should be sufficient to enable you to manage  
9 channel conflict via pricing rules.

10           So, I guess the next important change is anonymous  
11 that I mentioned earlier. So, with anonymous, what happened is  
12 that with the--as you know, with the rollout of IAB standard,  
13 Ad360, and recently apps [inaudible 2:08:76], which is the  
14 equivalent of Ad360 for apps--for apps, Anonymous is de facto  
15 noncompliant with the standard.

16           The standard specifies that publisher need to send the  
17 app identifier ID or the URL. And so, inventory that is  
18 anonymous because we don't send the URL, is non-verifiable by  
19 buyers.

20           Now, we know that buyers don't like it, and it has be-  
21 -became--since the rollout of Ad360, docs.txt, anonymous has  
22 become actually a potential vector for fraud for circumventing

1 Ad360, which is why we have decided to remove this option. We  
2 think this brings a lot of transparency in the ecosystem.

3 Again, it's a change, so something that you will need  
4 to get used to. And I know that different publisher had  
5 different ways they use anonymous. But we think that this is  
6 great increase in transparency, and with more transparency, we  
7 really think this is going to benefit the ecosystem and revenue  
8 in the long term.

9 So, this is just a summary of everything I just told  
10 you. It's just good to cover it very quickly.

11 So, the floor will now extend to authorize to Exchange  
12 Bidding and nonguaranteed line items, excluding zero-dollar CPM  
13 and house line items.

14 There was a change in the structure of root  
15 priorities.

16 We are removing anonymous callout.

17 And also, you can no longer--the pricing, by branding  
18 type, is also uniform now.

19 Per-buyer floors are going away.

20 And block buyer--blocking functionality will still be  
21 present, but they will be moved to a different UI.

22 Okay. So, now, I kind of feel that that's a lot of  
23 information. So, how do you make sense of all of it? And the

1 next section, we want to come out--we would like to highlight  
2 some of the best practice and how we recommend that you can deal  
3 with all those--those changes and what we think is the best way  
4 to--to do so in the transition.

5 So, let's jump back a little bit on the why--what  
6 floors mean in a second-price versus a first-price auction. So,  
7 this chart is just a very simple example where you have an  
8 auction with a high bid of \$4, and a second bid of \$2. And the  
9 horizontal axis reflects the floor price that you set. And the  
10 chart is the payout that the publisher gets.

11 So, from this chart, you can clearly see that the blue  
12 zone is where you actually, in a second-price auction, you  
13 needed to increase the floor price because that was the only way  
14 to be able to extract value from the high bid in the auction.  
15 And then, you reach a point where the floor is just too high and  
16 it decreased yield. Whereas, if you set your floor price below  
17 the lowest dollar, that has no effect. Right?

18 And so, publisher have been spending a lot of time  
19 trying to optimize because there was an opportunity, and there  
20 was actually a need to do so. But when we move to our first-  
21 price auction, which is now in red, what we see is, no matter  
22 what floor you set, until you don't set it too high, you're

1 already going to benefit from the highest bid. And the payout  
2 you get is exactly what the buyer has bid.

3                   And so, in these new world floors are no longer a tool  
4 to capture this auction discount that you had. However, we  
5 recognize they are still useful to preserve the long-term value  
6 of your inventory, and because there still is the potential for  
7 floors to influence buyer behavior in the long term.

8                   So, having said that, how do we suggest that you think  
9 about your floors during the transition, and then beyond? We  
10 really recommend, during the transition, so the next 3 to 4  
11 months, you should really focus your pricing strategy on your  
12 own business rules and business constraints, which might take  
13 into account channel conflict with your guaranteed line items or  
14 other deals that you have in place. And there is an opportunity  
15 to do a thorough opportunity cost analysis of serving ads versus  
16 serving house ads or not serving ads at all, and prioritize  
17 other revenue-generating channels that are non-ads:  
18 subscription, inside purchases, or whatever you could think of.

19                   In the long term, in the longer term, so after we are  
20 to hundred percent, we're going to provide you with the tool to  
21 basically dig deeper into monitoring how bidders are adjusting  
22 to the first-price auction. And so, as Rahul mentioned  
23 earlier--

1                   Well, first of all, we--Google has always invested in  
2 tools that are meant to protect long-term value of your  
3 inventory and to name a few targets, CPM, optimized pricing.  
4 And we are now working to adapt those tools to the new dynamics  
5 of the first-price auction. So, when we roll this out, when you  
6 roll the first-price auction to 100 percent, those two will be  
7 available to help you protect--to help you manage this problem  
8 on, "How do I protect the long-term value of my inventory?"

9                   If you want to learn more, if you want to kind of  
10 understand more of how bidder are varying your inventory, we  
11 will also provide you the tool. So, now in a second-price  
12 auction, you didn't get--you--you could get visibility into the  
13 bid landscape, but the reality is that buyers in a second-price  
14 auction are not very keen on sharing their data because that  
15 reveals their true value. In a first-price auction, that's no  
16 longer the case, and we have decided to deprecate this data coop  
17 that we had, so you will now benefit from visibility into every  
18 single bids that makes into the unified auction, which gives you  
19 a much more robust framework to evaluate how you want to set  
20 your floors.

21                   Additionally, we are working to build some new  
22 insights in the UI, which I don't have a firm timeline on that,  
23 but they would be available shortly after we migrate to the

1 unified first-price auction; that's our goal. And the way it  
2 will work, we will give you visibility directly in the UI on the  
3 impact that the floor, unified floor, you set have on the yield  
4 that you get for specific floors, and you'd be able to play  
5 around with the floor and see how that impact--that impact  
6 changed. So that you can basically evaluate the opportunity  
7 cost of setting a unified floor and making informed decision  
8 based on that.

9           JANA MERON: Question. The bid landscape data transfer and  
10 insights, that is only within AdX and Exchange Bidding. Yes?

11           GIULIO MINGUZZI: Yes. Yes.

12           JANA MERON: So, it still will be next-to-impossible for us  
13 to put it all together if we have header bidding.

14           RAHUL SRINIVASAN: So, the way [inaudible 2:15:57] that  
15 bid--

16           We, like mentioned before, we don't have visibility  
17 into the header bidding bid landscape. Right? So, all we can  
18 do is provide transparency into the AdX auction, which wasn't  
19 available before. Right?

20           JANA MERON: Right. But if we are--if--right. The way it  
21 works is that each of the bidders--sorry, each of the bidders  
22 put in their winning bid.

23           RAHUL SRINIVASAN: Right.

1           JANA MERON: So, will those show up, at least?

2           RAHUL SRINIVASAN: Yes. So, the winning bids from Exchange  
3 Bidding will show up. Yes.

4           JANA MERON: No, from line items from header biddings.  
5 They're all items.

6           RAHUL SRINIVASAN: I know, but that won't show up in at  
7 least the data transfer file. But again, we can maybe find a  
8 way to improve that experience so that we can also show the best  
9 line-item price in every single auction. That's definitely  
10 something that we can explore. We had--we didn't think about  
11 it, but we can definitely add that to the roadmap.

12          GIULIO MINGUZZI: Yes.

13          RAHUL SRINIVASAN: Sounds good.

14          FEMALE AUDIENCE MEMBER: Okay. [inaudible 2:15:57]

15          GIULIO MINGUZZI: Okay. I would just--this is a pretty  
16 fundamental shift, right, on the way, you guys think about  
17 floors. I think this is probably the--in terms of operations  
18 changes, what do you need to do, this is--this is the essence.  
19 Right? You have to rethink about floors, and you have to shift  
20 from thinking about optimization in terms of yields, capturing  
21 spreads, into something different, which to begin with, we are  
22 suggesting should be your business rules. So, I just want to

1 reemphasize that--because it's, again, it's really pretty  
2 fundamental.

3 And start from that, you sort of building up knowledge  
4 and finetuning through--through--through data that we're going  
5 to share with you, and optimizing it all the way throughout,  
6 after the 100 percent launch of the first-price auction.

7 STEPHANIE LAYER: To be fair, the optimizations that we  
8 were doing for a lot of our SSPs, and you guys can correct me if  
9 I'm wrong, were not necessarily always based off of second-price  
10 auctions, because there was always some sort of back-end  
11 optimization that was happening within the SSPs. I think the--  
12 the big rub, or the thing that we're most frustrated about is  
13 the idea that we--we--maybe it--the flooring doesn't have to do  
14 with pure yield. Maybe it has to do with business rules that we  
15 need as an organization, or things that might not just optimize  
16 yield but might be what we need for our own business.

17 GIULIO MINGUZZI: I think that's what we're hearing from  
18 the room. Definitely. I mean, no, no. It's a--it's a good  
19 point, but it seems to be a pretty widespread feedback, so we--  
20 we're listening.

21 Yeah? We got another question.

22 FEMALE AUDIENCE MEMBER: Actually [inaudible 2:18:35] just  
23 for clarification. During the test phase where 1 to 5 percent

1 of the [inaudible 2:18:41] price, will we know whether you guys  
2 [inaudible 2:18:45] to get a sense of [inaudible 2:18:50]?

3 GIULIO MINGUZZI: So, the question is, during the  
4 transition, will publisher know which impression are first-price  
5 versus which are second-price?

6 Did I get it right?

7 FEMALE AUDIENCE MEMBER: Yes.

8 GIULIO MINGUZZI: Yeah. So, we are not planning to offer  
9 specific reporting on the bids on first-price/second-price. And  
10 the reason why we are not planning to do so is we expect a lot  
11 of volatility, and we expect buyers to play a lot around with  
12 the--the 1 to 5 percent traffic that they get. And we think  
13 that any conclusion that publisher could draw on it would be  
14 highly biased by volatility or experiments that the buyers are  
15 doing on the side.

16 So, we think it's more helpful for publishers to  
17 provide that level of transparency once we have completed the  
18 transition, but we don't think that would be helpful to give  
19 that during the transition phase.

20 FEMALE AUDIENCE MEMBER: I guess I would feel like we'd  
21 prefer to make that decision ourselves and decide whether or not  
22 to use it, as opposed to being told not to. So, if there's any  
23 way to make that available, I think we at least would appreciate

1 the chance to make biased decisions that we can revise later  
2 over no decisions.

3 RAHUL SRINIVASAN: So--so just--just to butt in. I'm sure  
4 we can figure out ways to actually address that concern. And  
5 the way we were thinking about it, like Giulio mentioned, one,  
6 is about the volatility in the short term, the fact that that  
7 experiment phase is very contracted; it's about a month and a  
8 half or two. Right? And hence, there is just going to be  
9 significant amounts of volatility.

10 And the second thing, we were prioritizing features  
11 that we wanted to build for the end-state. Things like the bid  
12 landscape reporting and bid data transfer. So, we prioritized  
13 those features above what would be necessary for the short two-  
14 month period. Right?

15 But that said, given that there are concerns around  
16 this, we will figure out ways to give you comfort around what's  
17 happening with this transition. We don't know the specifics  
18 just yet, but we should keep this conversation going.

19 GIULIO MINGUZZI: Yeah. I'd like to emphasize, is--it is a  
20 very small fraction of traffic. Right? We're talking about 1  
21 percent. So, we want to be non-disruptional on that. You know?  
22 We want to give--this is a learning phase for buyers, very much

1 so, in that phase, so a small fraction of traffic, hopefully  
2 having a minimal impact.

3 And yeah. I mean, we're not able to--we don't think  
4 there is yet meaningful learnings to be--for publisher to be--  
5 sort of to learn from and take decisions. That's--that's it.

6 FEMALE AUDIENCE MEMBER: Again, if there's anything that  
7 could be done, we would prefer to have it. That'd be great.

8 But my other question, I guess, is in a world where  
9 bid shading exists, and I think Google provides, as an SSP,  
10 provides a bid-shading product to buyers, it seems to me like  
11 pricing can still be used to optimize yield, maybe not on an  
12 individual-impression auction, but in the auctions following  
13 that.

14 So, if you have a buyer in your \$2 and \$4 example, if  
15 that second buyer learns that they can bid \$2.01 next time to  
16 win that same inventory, if we put a floor on that buyer at \$3,  
17 we'd be maximizing yield, we'd get 99 cents of yield there.

18 So, I--I don't 100 percent understand the assertion  
19 that yield is no longer--like, that floors no longer affect  
20 yield in a first-price auction.

21 GIULIO MINGUZZI: I think we recognize that. And I  
22 mentioned before that floors have the potential to still

1 influence buyer behaviors in a first-price auction. So, we're  
2 not saying that floors are meaningless for yield.

3                   And I think that the distinction is between short-  
4 term, like you said, on a per-impression basis, versus long-  
5 term. And the way we see it is more--floors are used to really  
6 protect the value of your inventory, long term. Meaning, if  
7 today the market is valuing your inventory, a specific chunk of  
8 your inventory, at \$10, you will like that this persists over  
9 time instead of going down gradually. And so, tools are still  
10 useful for that.

11                  And we are also building tool that will try to solve  
12 this problem for you. We're not saying that floors disappear--  
13 that floors disappear entirely--that floor are meaningless now  
14 entirely.

15                  FEMALE AUDIENCE MEMBER: [inaudible 2:22:56] also at the  
16 same time, providing [inaudible 2:23:01]?

17                  GIULIO MINGUZZI: What do you--can you elaborate on  
18 providing bid-shading tools for buyers?

19                  FEMALE AUDIENCE MEMBER: Maybe I'm misunderstanding, but  
20 are you not--does Google not offer [inaudible 2:23:14] bidding?

21                  RAHUL SRINIVASAN: So, I think the word "bid shading" is--  
22 so, bid shading is a little misleading as a term. I would just  
23 try to unpack it into two different notions.

1               One is the amount of translation that you need to do  
2 from a second-price auction to a first-price auction while still  
3 retaining the same outcomes for publishers. Right? That is one  
4 translation, because a \$3 second-price bid is not the same as a  
5 \$3 first-price bid, because you're paying more as a buyer.  
6 Right?

7               So, there's some amount of translation that needs to  
8 happen from the second-price context to the first-price context.  
9 Right? And that is the service that we're providing to buyers.

10              Basically, we're telling them, "As you adapt bidding  
11 strategies for an outcome-optimal world, we're still going to  
12 help you through the transition by letting you continue  
13 submitting second-price bids for a very, very brief period."

14 Right? Because we're not--we recognize the fact that you need  
15 to run experiments and then fine tune your bidding strategy for  
16 the same outcome.

17              And so, the bid shading is a little misleading here.  
18 We're providing a bid translation service. I know the word "bid  
19 shading" is now used in the industry very, very widely. But I  
20 think it conflates two things.

21              One is, what is the translation you need to do?

22              And second is, over and above that, can you sort of  
23 increase yield by reducing your bids. Right?

1                   And that second aspect is something that was common in  
2 the second-price world and in the first-price world. Right?  
3 But that said, because you're still paying what you're bidding,  
4 right, we expect the second aspect to be significantly lower in  
5 the first-price world. Right?

6                   And the way you think about it is, the winning price--  
7 so, one way to think about it is there's a distribution of bids  
8 that, if I was a remarketing buyer and I was willing to pay \$10  
9 for this particular impression in terms of my first-price bid,  
10 I'm very like--unlikely to actually reduce my bids because I  
11 have a very low-risk tolerance profile for actually losing that  
12 impression. Right?

13                  So, the second aspect is going to be significantly  
14 reduced in the first-price world. While the first aspect is  
15 still a useful service that you need to provide during the  
16 transition, it's something that we're applying to sunset  
17 eventually in the second half. Sorry, in H-1 of 2020.

18                  Any other questions?

19                  [No response.]

20                  GIULIO MINGUZZI: Okay. Then, I'll move on to the next  
21 session--next slide.

22                  So, these are other--beside pricing, which is a big--  
23 requires a big fundamental change, there are other things that

1 you need to be aware. And so, one is, we talked about it  
2 earlier, pricing structure.

3 So, the Unified Pricing Rules will be evaluated by  
4 price. The concept of priority is no longer applicable. And  
5 one thing that you also need to be aware is, if you have not  
6 specified a pricing rules for a specific part of your inventory,  
7 that--there is no longer a default rules. It means that the  
8 per-publisher floor for that inventory defaults to zero. It  
9 doesn't mean that the floors in the auction is zero because, as  
10 we mentioned, there are other factors that inform the floors  
11 that is sent to--to our buyers, but it could potentially be  
12 zero. Which is why we encourage you to start setting unified--  
13 unified-pricing floor as soon as the UI is available next week.

14 Yeah. Go ahead.

15 FEMALE AUDIENCE MEMBER: So, April 23rd is when this  
16 starts. Yet, we have that first set of unified deals that are  
17 not going to apply, even on----

18 GIULIO MINGUZZI: No. April 23rd--

19 So, the question is--is basically, what--what happens  
20 on April 23rd? April 23rd is when you have the ability to set  
21 those floors because the product will become available to you.

22 So, the way it's going to work is, when we start  
23 experimenting in late May--I'm going to explain a bit--a bit,

1 deeper, later. But it means that 1 percent of your traffic that  
2 we move--that will be moved to first-price auction, only Unified  
3 Pricing Rules will apply to that traffic.

4 FEMALE AUDIENCE MEMBER: Just that one.

5 GIULIO MINGUZZI: Yes. So, if you have not specified a  
6 Unified Pricing Rules for, let's say, your homepage, it means  
7 that, on 1 percent of your traffic for the homepage, the  
8 publisher floor will be zero. And then, it also means that the  
9 floor that we send into the auction might be zero, if there are  
10 no temporary CPM from guaranteed line items or any of the other  
11 factors that inform the floors.

12 So, if you are really sensitive about a potentially  
13 zero floors, even for a small part of the traffic, then that's a  
14 good reason to start setting those rules earlier.

15 Yeah. We have a question from----

16 MALE AUDIENCE MEMBER: [inaudible 2:27:34] would it not be  
17 zero? What's the [inaudible 2:27:35]

18 GIULIO MINGUZZI: So, the question is--

19 Can you repeat?

20 MALE AUDIENCE MEMBER: There's no default floors once you  
21 make this change?

22 GIULIO MINGUZZI: Yes.

23 MALE AUDIENCE MEMBER: And you say it might be zero.

1           GIULIO MINGUZZI: So, if you haven't----

2           MALE AUDIENCE MEMBER: So, on my----

3           GIULIO MINGUZZI: Yeah. If you haven't specified a floor,  
4 the publisher's side floor will be zero.

5                         What I want--what I was saying is that it doesn't  
6 necessarily mean that the floors that we send into the auction  
7 will be zero because the floor is also informed by the pacing of  
8 your direct-line items.

9           FABRIZIO ANGELINI: It's dynamic allocation, basically.  
10          That's the way dynamic allocation works. So, the--the temporary  
11         CPM is--is defined by different factors. One is the pricing  
12         rule, but there is also the competing line items.

13                  How can we easily explain that?

14           RAHUL SRINIVASAN: Yeah.

15                  So, I'm sure everyone--everyone here is familiar with  
16         how dynamic allocation works. Right? So, you have a guaranteed  
17         campaign. It's in the language of pacing.

18                  The language of CPM is not particularly relevant in  
19         the guaranteed world.

20                  So, you translate the language of pacing to say that  
21         you're pacing at a 55 percent, as per schedule, to a temporary  
22         CPM by looking at the opportunity cost of serving that  
23         impression. Right?

1                   And once you translate it from a pacing language to  
2 the CPM language, you use that CPM to--as a reserve price for  
3 the rest of the demand. Right? So, that is dynamic allocation.

4                   So, your floors could still be informed by dynamic  
5 allocation from guaranteed campaigns; could still be informed by  
6 other optimizations, like I mentioned before, like optimized  
7 pricing or target CPM. But for all of this, it's strongly  
8 advisable that you actually set a floor if you would like to  
9 influence the outcome of those contexts.

10                  FEMALE AUDIENCE MEMBER: So, not only [inaudible 2:29:15]  
11 because we calculated that anything under 10 cents we are  
12 actually losing money on, so we'd rather [inaudible 2:29:22]  
13 something else. So, how would we make sure that----

14                  GIULIO MINGUZZI: Yeah. So, so that that goes into the  
15 suggestion that we have here. We suggest that broad/narrow  
16 structuring, meaning, you have a run-of-network; rule that  
17 should be the--the lowest floor that you are willing to take, in  
18 your case, 10 cents. And then, you layer on top.

19                  This is a simple example where you have divided your  
20 inventory across three core market: core market, tier one  
21 market, and the rest of the world. And probably, you want to  
22 have a higher price for core market, and then, you can break  
23 down into sizes or platform.

1                   And so, we really suggest start with the lower floors.  
2 narrower targeting should be associated with higher floors. And  
3 that is a way to--to--basically, it's the best way, the simplest  
4 way, to manage this new pricing structure that we put--that  
5 unified pricing have in place.

6                   Does it answer your question?

7 [No audible response.]

8                   GIULIO MINGUZZI: Okay.

9                   MALE AUDIENCE MEMBER: You wouldn't stand up a [inaudible  
10 2:30:18] flag for something that hit our MPS servers that  
11 identifies what 1 percent [inaudible 2:30:25]?

12                  GIULIO MINGUZZI: So, the question is, if we are exposing  
13 the 1 percent traffic versus 5 percent.

14                  No. The--we don't--we will not build reporting  
15 capability to specifically report on--on the auction types  
16 because, as we mentioned, this is a very short transition. And  
17 so, we decided to prioritize building the final tools. So, you  
18 won't have that visibility.

19                  FEMALE AUDIENCE MEMBER: Will you section off the traffic  
20 that's coming?

21                  GIULIO MINGUZZI: It's run off-network. So, 1 percent  
22 across all your traffic.

23                  Yes?

1 STEPHANIE LAYER: [inaudible 2:31:02] I understand that  
2 [inaudible 2:31:05] like, this is part of the auction. Kind of  
3 need that to be able to measure----

4 FEMALE AUDIENCE MEMBER: Yeah. Because it is going to skew  
5 our data.

6 GIULIO MINGUZZI: So, the question is, if these data will  
7 be available in the logs.

8 We don't have the first-price bid available in the  
9 logs. And there is actually----

10 RAHUL SRINIVASAN: So, just--just adding to that. So, we  
11 don't--like--like I mentioned, we haven't built out those  
12 reporting tools for the transition period because----

13 FEMALE AUDIENCE MEMBER: I mean [inaudible 2:31:27]----

14 RAHUL SRINIVASAN: Yeah.

15 FEMALE AUDIENCE MEMBER: [inaudible 2:31:32]

16 RAHUL SRINIVASAN: Yeah. So, it's--currently, won't be  
17 again. So, to populate it in the logs, we might need a separate  
18 dimension that we need to build out and actually populate and  
19 make changes to the logs and the data transfer files. So, at  
20 this point, we have not prioritized that.

21 But yes, so we'll--we'll figure out ways to actually  
22 give you comfort and give you information around what's  
23 happening during this transition phase, but at least that's not

1 something that we prioritize at this point. And we can--we can  
2 continue this conversation and figure out what the best way to  
3 give you that transparency is.

4 FEMALE AUDIENCE MEMBER: [inaudible 2:31:59]

5 RAHUL SRINIVASAN: So, I'd also--just, again, as we work on  
6 sort of figuring out what the best way to address that concern  
7 is, I'd also caution against reading too much into that period,  
8 because I do want to emphasize that this is a transition phase,  
9 and this is some point where buyers are also trying to adapt  
10 their bidding. Right? So, they may be--there will be more  
11 noise than signal in that data.

12 So, even if we figure out a way to actually give you  
13 that data, I would just caution against overinterpreting that  
14 number.

15 GIULIO MINGUZZI: Okay. Then, dealing with anonymous  
16 change. So, as I mentioned, with the change, we are deprecating  
17 the ability to set anonymous floors, which concretely means that  
18 today, in the current auction, you can have different floors for  
19 branded and anonymous. And if there is a bid--this example has  
20 a floor of branded \$2, anonymous is at 50 cents. If a bid comes  
21 in anonymous at \$1.50, it will not clear the branded floor.  
22 Well, if a bids come in at \$1.50, it would not clear the branded  
23 floor. But if another bid comes in anonymous for different

1 buyers always at \$1.50, just for the sake of simplicity, that  
2 would clear your anonymous floor.

3 In the new world, there is just one unified floor and  
4 the callout will be branded. So, in this same example, the  
5 floor--if you just set it and translating your open-auction  
6 pricing rules into a Unified Pricing Rules and you just  
7 translate the price, that bid would not clear, because that same  
8 bid of \$1.50 would then not meet the branded floor, and there is  
9 no anonymous floor that is lower.

10 Which means, it really depends on what is your current  
11 use of anonymous. We know publishers sometimes have a very high  
12 floor for branded and a very low floor for anonymous. You might  
13 want to rethink how you distribute it. If you have rules that  
14 have a high percentage of revenue from anonymous, you might want  
15 to look into that and consider setting your new unified price  
16 somewhere in between the two, rather than just translating to  
17 your branded floors, because there is a chance that, if you  
18 don't do that, this might translate in losing revenues for that  
19 specific pricing rules.

20 So, that's something that you need to be mindful and  
21 you might want to have business reason why you only want to  
22 translate branded, or why you want to keep a high CPM--branded

1 floors very high. And in that case, you need to be mindful of  
2 this effect.

3 RAHUL SRINIVASAN: So, I just want to take this opportunity  
4 to--sorry--highlight that this is one of those changes that  
5 actually don't affect our buy side negatively. Right? So, it  
6 affects Google AdWords negatively, getting rid of anonymous  
7 because they're the ones who enjoy some of these transactions  
8 the most. Right? This is another example of where we're  
9 actually putting sort of the principle of ecosystem  
10 sustainability and transparency above our own buy side.

11 So, for what it's worth, I just wanted to call that  
12 out. [Laughter.]

13 GIULIO MINGUZZI: Okay. So, the other big change is, of  
14 course, that now price priority or nonguaranteed line item also  
15 needs to clear the unified floors.

16 So, the question that many of you probably have in  
17 your mind is, like, "Oh, how are we going to understand what's  
18 impacted?"

19 And so, we have built new tools to just to allow you  
20 to do that. So, one tool is, we added a new rejection reason in  
21 line-item troubleshooter, which means that, for every line item-  
22 -you can analyze every line item, and you can see, if that line

1 item is underdelivering, you can understand if that is due to a  
2 specific unified price rule that you set.

3 And when you zoom in and you click on this below-  
4 pricing rule floor in the UI, then you are able to see exactly  
5 which rules are causing the under-delivery, so you can take  
6 action.

7 And there is a second, actually, tool that we are  
8 building that it's--it's not in this slide. But basically,  
9 whenever you set a new unified pricing rule in the UI, you are  
10 also going to get a list of all the remnant line items that are  
11 below that floors and that could potentially be impacted. So,  
12 you understand exactly how your floor is--is playing across  
13 channels, and these helps you keep a consistent structure. So,  
14 which is our recommendation.

15 I hear from this room that there might be reason why  
16 you might not want to do so, but we really encourage--we think  
17 that this is what would be optimal in terms of yield and  
18 increased simplicity, and help you manage all the different  
19 channels effectively.

20 Okay. So, this is really a wrap-up of everything we  
21 said, of all the changes.

22 So, first-price auction, we recommend for focusing  
23 pricing strategy on business objectives and constraints, at

1 least in the short term. And then, you can optimize deeper  
2 later, once the transition is complete.

3 Unified--because of the extension or to run on an  
4 item, we encourage you to maintain consistent floors across  
5 channels and use--make use of the new tools and troubleshooter  
6 and pricing rule filtering that we built to understand exactly  
7 how unified floors are playing with your indirect demand that is  
8 non-trafficked via Ad Exchange or Exchange Bidding.

9 MALE AUDIENCE MEMBER: [inaudible 2:37:18]

10 GIULIO MINGUZZI: Sorry?

11 MALE AUDIENCE MEMBER: [inaudible 2:37:21]

12 GIULIO MINGUZZI: Sorry.

13 Rule priority change, we recommend a broad-to-narrow  
14 pricing structure, as we have seen.

15 So, buyers and advertiser blocks are moved into the  
16 protection UI. So, this is just something to be mindful of,  
17 that you will need to migrate those blocks. We are going to  
18 help you do that; the exact plan on how we are going to help  
19 you, will communicate more clearly in the coming month. And  
20 know that protection--

21 Something that I need to--that I want to clarify is,  
22 protection UI advertiser and bidder block will not be ready in  
23 the protection UI when we roll Unified Pricing Rule out next

1 weeks--next week. Which means that, for the transition period,  
2 you can still rely on the open-auction blocks. So, you should  
3 just rely on the blocks that you have set in the open auction.  
4 When we are closer to migration, we will then try to port over  
5 some of the blocks that you have, let you--give you the time to  
6 verify and confirm that those are the blocks that indeed you  
7 want to set. And then, we--those will become available, once we  
8 move to the 100 percent first-price auction.

9 So, a similar scenario plays out with anonymous. So,  
10 our recommendation from this example is set floors--well, if you  
11 care about not decreasing your revenue, if you have a lot of  
12 revenues from anonymous, you should consider reviewing your  
13 floors.

14 And that the branding type will also be changed.  
15 Will--the branding type will also move to protection UI, so you  
16 will be able to set semi-transparent inventory in the protection  
17 UI. That's just an operational detail and, again, it will  
18 become available in about three months, when we are fully over  
19 with the transition.

20 We have heard that publishers--some publisher have  
21 particular market where they want to actually sell inventory--  
22 inventory anonymous only. And that is mostly for channel  
23 management, channel conflict management issues.

1                   And so, during the ramp-up, and to give time to adapt  
2 to this transition of anonymous going away, we are also going to  
3 enforce branding setting from existing open-option pricing  
4 rules. So, this means that, if you have some of your inventory  
5 that is--today is selling anonymous only, these anonymous  
6 setting will be respected until we are moved to 100 percent  
7 first-price, and until open-auction pricing rules become--are  
8 deprecated.

9                   Yeah?

10                  SCOTT MULQUEEN: So, you guys haven't addressed first-look  
11 today.

12                  What--so, first look, how is that impacted by this new  
13 scenario?

14                  GIULIO MINGUZZI: So, first look, essentially it doesn't  
15 change the mechanics. First-look floors can still allow buyers  
16 to get preferential access ahead of reservations. The only  
17 change--

18                  Well, actually, first-look will also bid first-price.  
19 So, bid from first look will also become first-price. And,  
20 first look will also be subject to the unified floors which, in  
21 reality, for first-look plays a very little role because first-  
22 look is generally higher than the unified floors. So, we will  
23 take the higher of the two floors.

1           If you have a first-look floor that's specified at  
2 \$10, and a unified floor that's specified at \$1, which is often  
3 the case, then the first-look for will still be kept at \$10.

4           MALE AUDIENCE MEMBER: [inaudible 2:40:57]

5           GIULIO MINGUZZI: Yes. Unless you are--you end up in weird  
6 cases that shouldn't be present when your first look floor is  
7 below the below an open-auction floor.

8           PAUL BANNISTER: One more question? With anonymous  
9 inventory going away, is DV360 going to stop bidding on all  
10 anonymous inventory, too?

11          GIULIO MINGUZZI: Yes. Correct.

12          MALE AUDIENCE MEMBER: Okay.

13          GIULIO MINGUZZI: So, This table was too big, so I had to  
14 break it down.

15           I want to explain a bit more, because this is  
16 something that needs--needs to be clear, how--what is the  
17 interaction between open auction and Unified Pricing Rules  
18 during the transition?

19           So, first-price--on first-price traffic, which is  
20 going to be 1 to 5 percent of your traffic, so a small amount,  
21 only Unified Pricing Rules will apply. However, on the  
22 remaining part of your traffic, that stays second-price until we  
23 roll this out fully, we will still keep the overlap of open-

1 auction pricing rules and Unified Pricing Rules. Where there is  
2 an overlapping in targeting, the highest of the two floors will  
3 apply.

4 And so, these basically--this means that you can  
5 consider that, whenever you set a unified pricing floor, as long  
6 as this unified pricing floor is below the floor that you have  
7 in the open auction, you can be almost certain that it will have  
8 a very low impact--it will have a negligible impact on your  
9 second-price traffic, which is going to be the majority for AdX.  
10 It will still, however, impact your nonguaranteed line items and  
11 Exchange Bidding. So, there is the need to kind of go back and  
12 use the troubleshooting tool to understand if you need to adapt  
13 pricing. But during the transition, for the most part, open-  
14 auction pricing will still dictate the performance of your  
15 inventory, which also makes it--on the flip side, makes it hard  
16 to draw conclusion, because you have unified pricing floor, but  
17 you have both floors that can apply.

18 And so, when you want to act on a unified floors and  
19 change the floor to see how that impact performance, actually,  
20 you might not be able to see the effect because an open-auction  
21 pricing rules might actually be the rule that's enforced for  
22 that--for the vast majority of the inventory.

1                   So, this is just something to be mindful of, and  
2 something that I think adds to the point of this transition  
3 period being a learning phase for buyers. Whereas, for  
4 publishers, is--it's time to start setting a basic pricing  
5 structure that you will be able to optimize after the hundred  
6 percent.

7                   Oh. The last point is your favorite one, buyer floors  
8 are removed. [Laughter.] So, I don't think we--don't think we  
9 need to spend more time on that.

10                  FEMALE AUDIENCE MEMBER: [inaudible 2:43:46]

11                  RAHUL SRINIVASAN: Sorry. We have one question on the  
12 side, then we'll cover yours.

13                  MALE AUDIENCE MEMBER: Just on that last point about, like,  
14 training the buying community during this transition period. I  
15 mean, it seemed like, if the unified pricing floors could get  
16 superseded by the existing open-auction floors, that that's not  
17 really training the buying community, but, like----

18                  GIULIO MINGUZZI: Yeah. So, that would only be true for  
19 the second-price auction.

20                  MALE AUDIENCE MEMBER: Yeah.

21                  GIULIO MINGUZZI: So, buyers are--we are giving them 1  
22 percent of their traffic so they can start bidding. And so,  
23 that's--that's where they start trading.

1 MALE AUDIENCE MEMBER: Got it.

2 FEMALE AUDIENCE MEMBER: So, my question was, are our  
3 Google product teams, have they been fairly trained and can help  
4 us with this over and translate some of what we are doing in old  
5 rules and now unified rules?

6 GIULIO MINGUZZI: So, yes. They have been trained. But I  
7 want to emphasize that a one-to-one mapping is unlikely to be  
8 possible.

9 FEMALE AUDIENCE MEMBER: Just to help us----

10 GIULIO MINGUZZI: Yes, so----

11 FEMALE AUDIENCE MEMBER: [inaudible 2:44:58]

12 GIULIO MINGUZZI: Yes. So, we--we acknowledge that this is  
13 work that needs to be done on the publisher's side, and we are,  
14 of course, there to help, and we need to support you through the  
15 transition. Knowing that some of the things that you were doing  
16 before might not be replicable exactly the same way, and some  
17 might not be needed anymore.

18 Yeah?

19 FEMALE AUDIENCE MEMBER: Hi. I just had a question, real  
20 quick. You've mentioned, like, the 1-to-5 percent, and then the  
21 100 percent in the end of July.

1           Is there a ramp period? Or is it going to be 1-to-5  
2 percent until the day a switch is flipped and then it goes to  
3 100?

4           GIULIO MINGUZZI: So, that is our plan. And the reason is,  
5 we want to give traffic to buyers to adapt for the changes. But  
6 at the same time, we don't want to disrupt publisher  
7 performance, which is why we're keeping it to a single-digit  
8 experiment. And we are also trying to keep the time relatively  
9 compressed. It's going to be a three-month period, so we're not  
10 planning to do additional ramp-up phases in between.

11          FEMALE AUDIENCE MEMBER: Okay. So----

12          RAHUL SRINIVASAN: [inaudible 2:46:04] that is a bit of a  
13 ramp-up [inaudible 2:46:07] must be 1 percent, then [inaudible  
14 2:46:11]. So, there is a bit of a ramp-up, but it is not as  
15 [inaudible 2:46:14].

16          GIULIO MINGUZZI: We have a question from the back of the  
17 room.

18          FEMALE AUDIENCE MEMBER: Are we going to be able to create  
19 rules specific for our geos?

20          GIULIO MINGUZZI: Yeah. The targeting criteria are the  
21 same as open auction. Yes.

22          UNKNOWN SPEAKER: Go ahead, man.

23          MALE AUDIENCE MEMBER: Yeah.

1                   So, you said that there's a--for people who are in the  
2 beta right now, what's going to be the difference from unified  
3 rules after the [inaudible 2:46:41]?

4                  GIULIO MINGUZZI: Yeah. So, the unified rules will also  
5 extend to nonguaranteed line items, which I believe they don't  
6 today.

7                  MALE AUDIENCE MEMBER: [inaudible 2:46:41]

8                  GIULIO MINGUZZI: Okay. You know----

9                  MALE AUDIENCE MEMBER: But the beta version----

10                 GIULIO MINGUZZI: Right. Okay.

11                 RAHUL SRINIVASAN: [inaudible 2:46:54] there's not going to  
12 be too much of a change. But we're going to add some additional  
13 functionality [inaudible 2:46:59] of course, to the one that  
14 exists today.

15                 MALE AUDIENCE MEMBER: So, there are going to be [inaudible  
16 2:46:59].

17                 RAHUL SRINIVASAN: Yes.

18                 GIULIO MINGUZZI: Yes. Advertisement on buyers.

19                 MALE AUDIENCE MEMBER: Oh.

20                 RAHUL SRINIVASAN: So, we are improving the product. But  
21 at [inaudible 2:47:15] get at the auction, when most of the  
22 publishers in the beta, they--some of the publishers in the beta  
23 [inaudible 2:47:22].

1 MALE AUDIENCE MEMBER: Will all bugs be gone by the time--  
2 in, like, a week?

3 RAHUL SRINIVASAN: We will highly encourage you to keep  
4 surfacing the bugs, because we are trying to fix the product----

5 MALE AUDIENCE MEMBER: So, but you've already acknowledged  
6 in our beta testing, are they [inaudible 2:47:39] like, well,  
7 these [inaudible 2:47:40].

8 RAHUL SRINIVASAN: So, my [inaudible 2:47:40].

9 GIULIO MINGUZZI: Yeah.

10 RAHUL SRINIVASAN: Might not be available next week, but it  
11 will be available sometime.

12 GIULIO MINGUZZI: And the filters. When you go into  
13 unified pricing, there's also going to be a big difference.  
14 That is not available today, and it will.

15 MALE AUDIENCE MEMBER: Will you guys ever build an API to  
16 help us create rules more efficiently?

17 GIULIO MINGUZZI: I think Raul needs to take that.

18 RAHUL SRINIVASAN: Currently, the API is not on the  
19 roadmap. But we should again have that conversation. We did  
20 not prioritize that. And if you think it's particularly  
21 interesting or useful, we should have that conversation at the  
22 end.

1 MALE AUDIENCE MEMBER: Yeah. With what--we're--we're  
2 thresholded at 100 rules for now. Right?

3 RAHUL SRINIVASAN: Yeah.

4 MALE AUDIENCE MEMBER: But, in the future, if we have the  
5 ability to create many more rules, it's a pain to go in and  
6 accidentally make mistakes and set rules that are targeted too  
7 little or too much. Yeah. An API would be great.

8 GIULIO MINGUZZI: I think that's a conversation worth  
9 having.

10 MALE AUDIENCE MEMBER: Cool.

11 MALE AUDIENCE MEMBER: Or is [inaudible 2:48:36] just  
12 became relevant. But [inaudible 2:48:39] rules perspective,  
13 from my point of view, it's basically, like, rule setting A,  
14 rule setting B, like, maybe some rules that are always active on  
15 weekdays, some rules that are always active on weekends.

16 If there was a way to not have to make those just one  
17 at a time and really have, like, two or three different  
18 scenarios that we could just pop on, that would be a really  
19 amazing thing to be able to do.

20 FEMALE AUDIENCE MEMBER: Yeah. And seasonality to that as  
21 well. It's very, very manual to make, like----

22 MALE AUDIENCE MEMBER: It was as--you go on a Friday night,  
23 hit a button, and it is totally different rules.

1 MALE AUDIENCE MEMBER: Yeah. You can actually [inaudible  
2 2:49:11]

3 GIULIO MINGUZZI: So, you--you'd like to have different--  
4 different--yeah. Different configuration that you can play  
5 with.

6 FEMALE AUDIENCE MEMBER: Yeah.

7 MALE AUDIENCE MEMBER: That'd be great.

8 FEMALE AUDIENCE MEMBER: Yes.

9 MALE AUDIENCE MEMBER: API.

10 MALE AUDIENCE MEMBER: That would be awesome.

11 I don't know if this is, like, a rumor, but I've been  
12 told, if you have too many open-auction rules, it adds latency  
13 to the auction, that it can [inaudible 2:49:32].

14 RAHUL SRINIVASAN: So, it adds latency to the UI.

15 GIULIO MINGUZZI: Yeah. To the UI.

16 RAHUL SRINIVASAN: It is not latency to the account  
17 [inaudible 2:49:36].

18 GIULIO MINGUZZI: Other questions?

19 [No audible response.]

20 GIULIO MINGUZZI: Okay, so just----

21 MALE AUDIENCE MEMBER: [inaudible 2:49:46]

22 GIULIO MINGUZZI: Oh. Sorry, go ahead.

1           MALE AUDIENCE MEMBER: So, probably we could get some bid  
2 data [inaudible 2:49:51] popping in. Any data, right, what  
3 percentage of the buyers have opted in? When we are looking at  
4 this data, the bid data, how much reaction we have?

5           GIULIO MINGUZZI: So, I wouldn't know exactly, but you have  
6 to consider that Google Ads is opted out and it's a large  
7 buyers. So, when we move to the first-price auction, then you  
8 will have all the bids. So, it should significantly improve the  
9 transparent bid--the--the insight that you're going to be able  
10 to get from that data transfer.

11           Okay. Moving on to the--well, just recapping the  
12 timelines. So, Unified Pricing Rules should be available next  
13 week. Please, start playing with it and send feedback.

14           When we start the ramping up the experiment, remember  
15 that only Unified Pricing Rules will apply to 1 percent traffic,  
16 whereas we have this--both, you know, open-auction and unified  
17 pricing rule will apply to second-price traffic.

18           Late July, we are planning to go to 100 percent with  
19 first-price, which means then--then Unified Pricing Rules apply  
20 to all of your traffic. So, you need to--you need to have set  
21 your rules by then.

22           And open-auction becomes no more relevant and are  
23 deprecated and removed from the UI.

1                   Finally, I just want to close this presentation.  
2 Again, recalling why we're doing it, why we think it's  
3 important. So, we think that all this change help create a more  
4 simple programmatic marketplace, brings transparency for both  
5 buyers and publishers, which ultimately result in a more  
6 sustainable marketplace for everyone.

7                   We also acknowledge that these are a lot of changes  
8 that are coming in the next few months, so we are here to help.  
9 We are physically here for the next--I don't know how much time  
10 we have left to answer any other questions.

11                  And thank you very much for your engagement.  
12                  SAM: Thank you, guys.

13 **[END OF VIDEO FILE]**

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## CERTIFICATION

The attached substantially verbatim transcript was made by me, to the best of my ability, as a transcriptionist working for *Sharpe & Associates*, of a video recording not taken by me but provided for transcription services. This document consists of 132 pages, followed by this certification.

I may be contacted through *Sharpe & Associates* for any inquiries, questions, or issues with this document or its contents.

This certification is made on 15 August 2024, in the Commonwealth of Virginia, United States.

A handwritten signature in black ink, appearing to read "Bryan Ortizarman".

BRYAN ORTIZARMAN

TRANSCRIPTIONIST