

Message

From: Jonathan Bellack [jbellack@google.com]
Sent: 6/16/2011 4:07:30 PM
To: Laurent Cordier [laurentc@google.com]
Subject: YM plan docs
Attachments: 100905c Yield Management v04.pptx

Attached is the AGPS deck presented to Susan & Neal & Henrique in September that got general endorsement.

Was then refined to [go/ym-mission](#) which focuses a bit more on the product/eng side.

-- Jonathan

PTX0085

1:23-cv-00108



Yield Management Product Plan

Jonathan Bellack, Stephen Dove, Alex Vogenthaler, Rahul Bafna,
Robby Stein, Neal Mohan, Joerg Heilig, Scott Spencer

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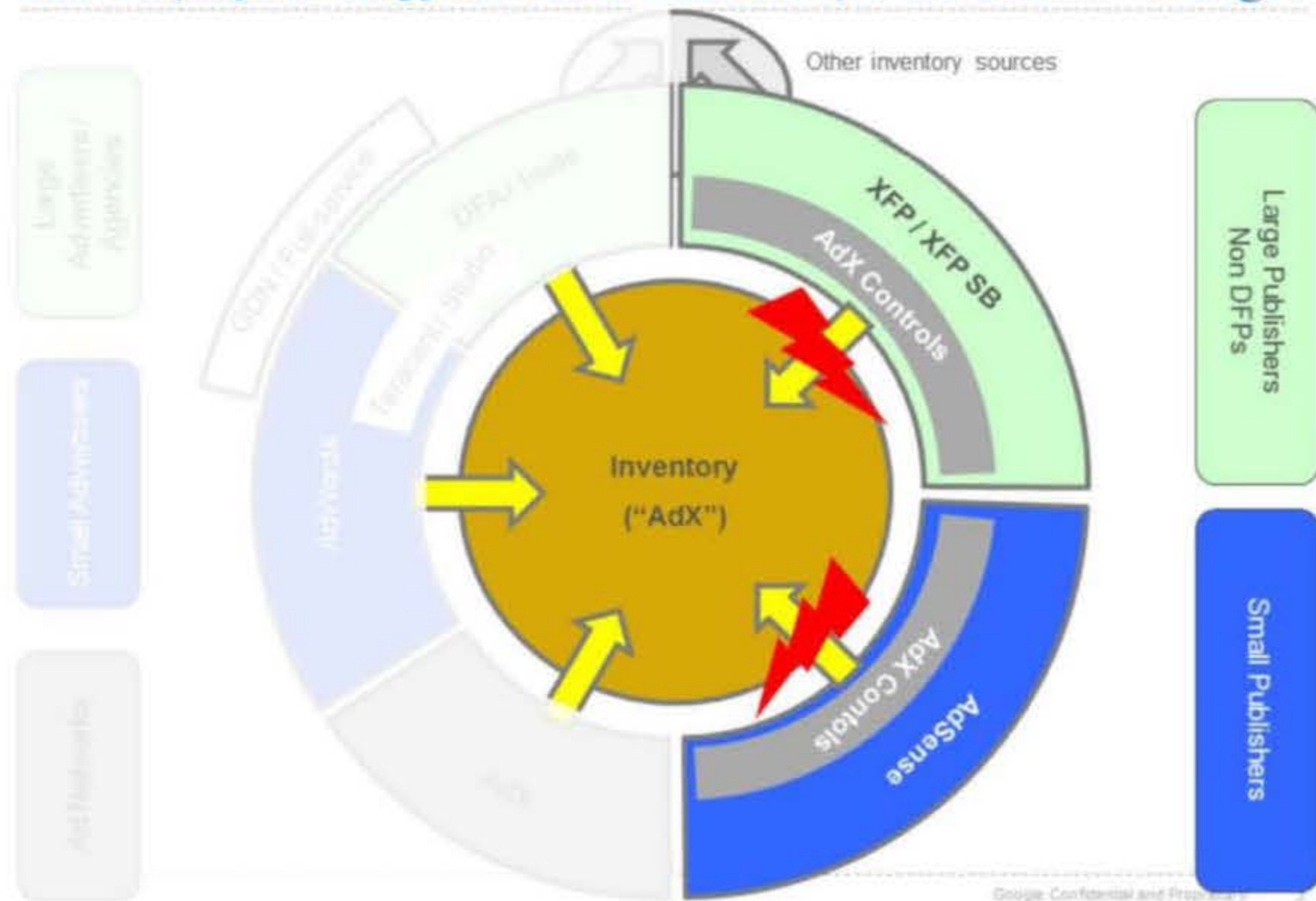
Executive summary



- Yield managers are disintermediating our access to inventory, inhibiting our overall display strategy
- We have product and service gaps against Yield Managers
- We have a plan to close those gaps and facilitate inventory flow to AdX (assuming it generates best yield)
- Some short-term actions will mitigate key risks
- Our ask: 1) approval to our plan, 2) help to mitigate the risks

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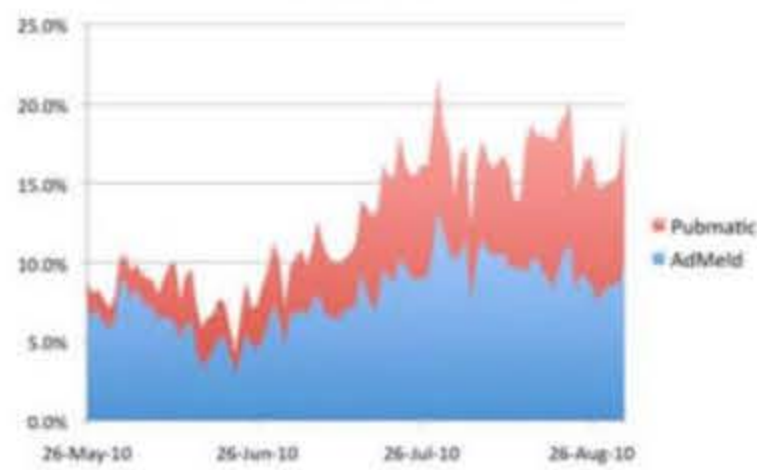
Our display strategy has two doors for publishers



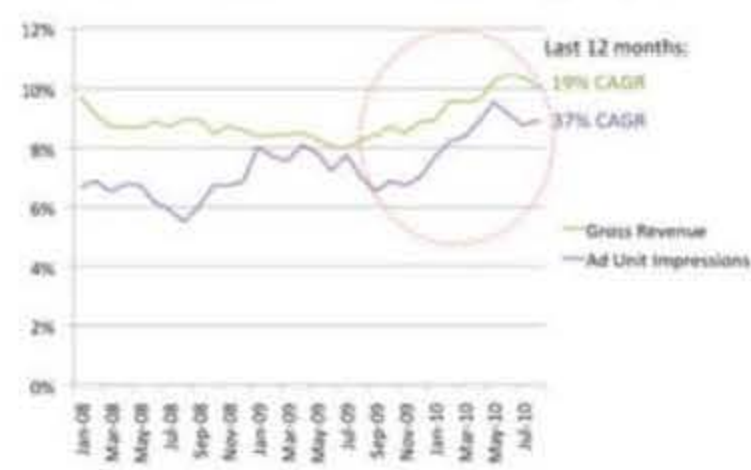
Yield managers are disintermediating our access to inventory



Yield Managers are a growing part of the buys on Invite Media



A growing percentage of AFC+AdX publishers are working with Yield Managers, too



Yield Managers are persistent on DFP Small Business



Premium DFP publishers are working with Yield Managers and networks



60%+ of paying DFP publishers are using a third party yield manager or a competitive exchange



More than 75% of DFP pubs maintain direct network relationships

"If a network offers me a \$3 CPM, I'm going to sign the deal"

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Ease of Use and Publisher Controls Have Allowed YMs to Gain Management Control of Remnant Inventory

Sell Side
Google

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



Source: Survey, call reports, internal insight

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5

The need: Publishers work with networks in 3 ways

	Direct network booking	Managed networks	Network bidding
What is it?	Publisher sets terms directly with network Traffic tags like any other 3PAS advertiser	Publisher sets terms directly with network Delegates ad operations, allow / block ads, and optimization to 3 rd party	Publisher submits ad inventory to an auction Interested parties compete for each impression
Why is this valuable?	Complete flexibility Publisher keeps 100% of revenue	Outsource a headache Maybe optimize a little extra revenue	Maximize top-line revenue (yield)
Percent of all network relationships in DFP (est.)	80%	13%	7%

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Only yield managers offer a complete solution



	Direct network booking	Managed networks	Network bidding
AdSense	N/A	N/A	Google Certified Ad Networks (GCAN)
XFP	All targeting and scheduling rules No special network integration	N/A	Dynamic allocation to AdX [line item booking in testing now]
AdX	N/A	Exclusive ad slots No services	75% of top 50 networks Flexible rules & tools No services
Yield Managers	Very basic support	Full-service offering includes trafficking, blocking bad ads, and optimization via manual network integration	Fewer networks and less technology but bundled into full-service offering

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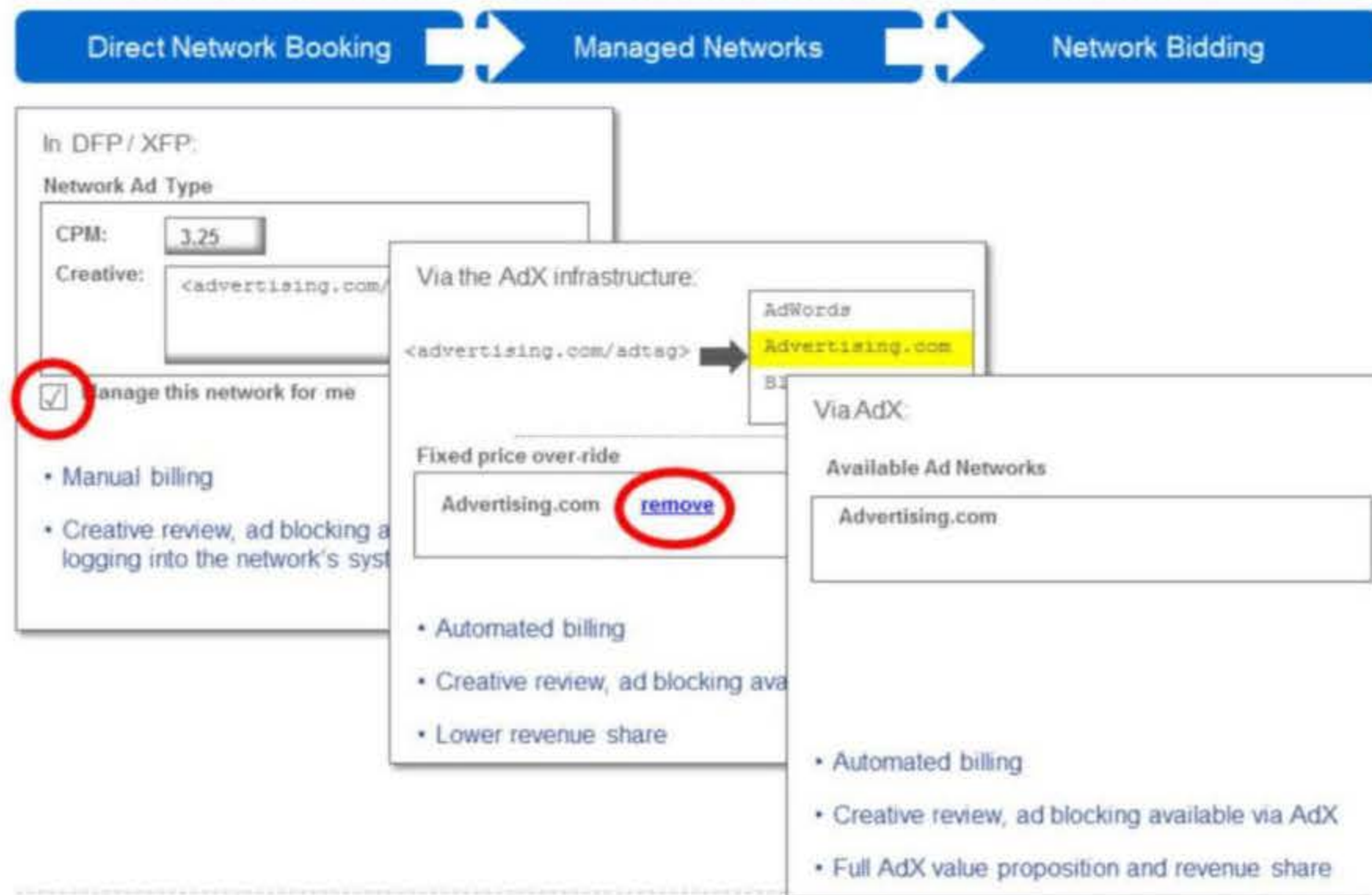
Our response: a complete solution that facilitates inventory flow to highest yield / least hassle



	Direct network booking	Managed networks	Network bidding
XFP / XFP SB	OK here	One-click option to convert a direct network booking to a managed network (using AdX infrastructure)	One-click option to convert a managed network to real-time bidding Expose full AdX controls through XFP (long-term goal)
Services: outsourced operations, optimization consulting Yield Management Dashboard			
AdSense	N/A (security / support risks)	Managed network tool (first price auction, pick network from list) at ad unit level?	Market GCAN as an easy yield management solution
Easier upgrade path from ASFE to XFP Small Business			

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Creating a Path to Network Bidding

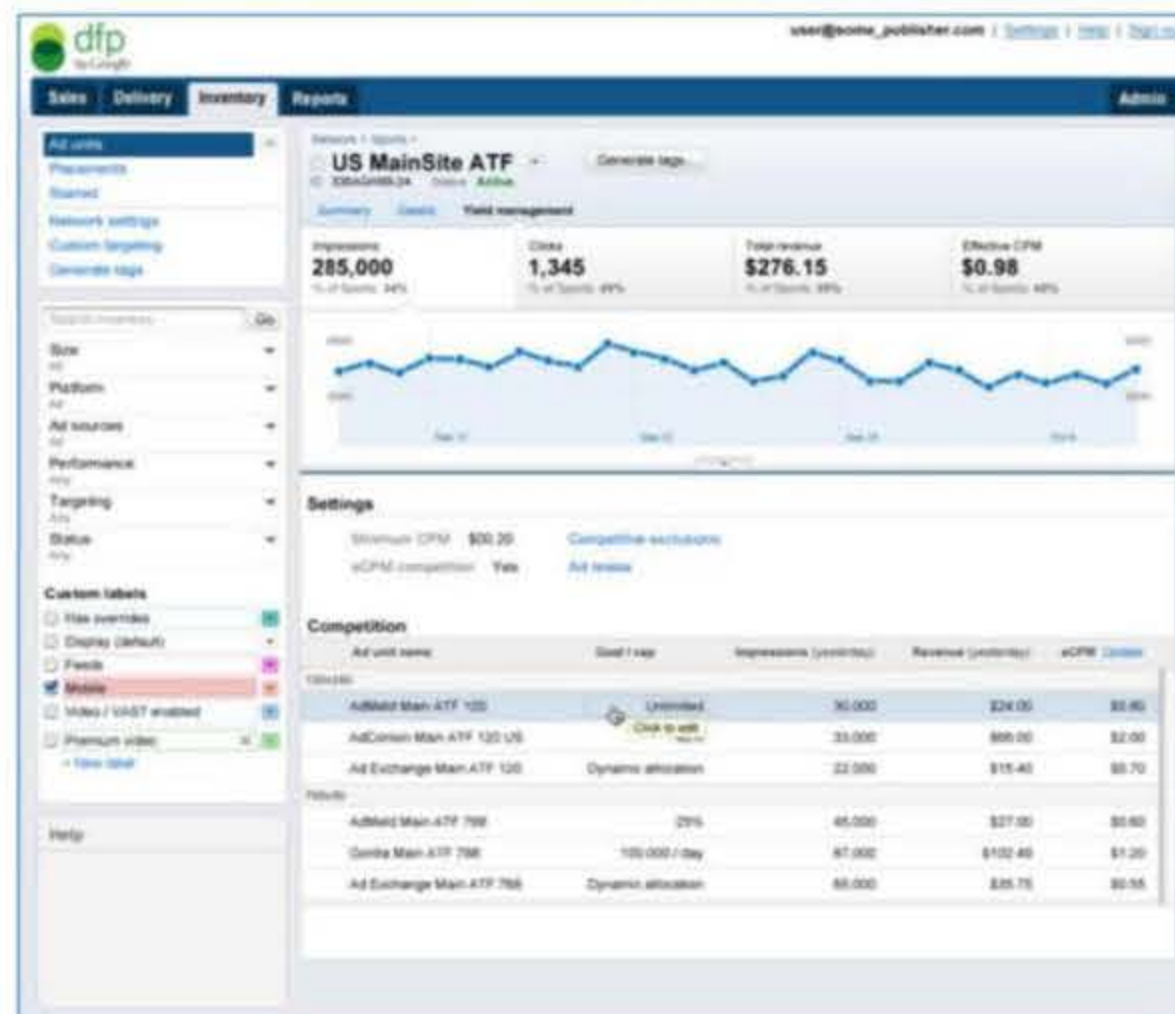


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Deep dive: XFP Yield Management Dashboard



- One view of remnant inventory and everything competing for it
- Shows all three types of network relationships
- Easy options to enable managed networks or network bidding
- Inline reporting on volume and yield
- Centralized controls for easy changes and consistency
- Hook point for services – operations and optimizations



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Yield Management Services



	Outsourced Operations	Optimization Consulting
Goals	Ensure proper quality and ease of use to encourage pubs to opt more inventory into AdX	Give Google a competitive edge over YMs with total revenue management
Activities	<ol style="list-style-type: none"> 1. Human Ad Review 2. Search and Destroy bad ads 3. Policy monitoring: site reviews 4. Standard reporting 5. Bulk-changes 	<ol style="list-style-type: none"> 1. Remnant optimization 2. Neutral across all demand sources 3. Case studies, trainings, and product feedback
Resource Plan	<ul style="list-style-type: none"> • Cost effective, semi skilled work force, to address these tasks manually • Will investigate basing team in India, Dublin, or Wroclaw • Budget \$12,000 / month to cover 200 publishers 	<ul style="list-style-type: none"> • 5 skilled FTEs (4 ics and 1 manager) • Organization structure TBD (MPS or OSO)

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Marketing/sales plan: Total Revenue Management

- Put our resources behind two doorways – XFP and AdSense Front End – emphasizing integrated benefits
- KEY RISK: marketing does not have the staff to execute on this plan

	Marketing	Sales
XFP	<p>Blitz with Total Revenue Management story – direct sales and yield management in one platform</p> <p>PR to counter AdX myths, show strength of network bidding</p>	<p>Continued focus on acquisition and activation of DFP premium publishers</p> <p>Aggressively recruit DFP Small Business publishers to AdX</p>
AdSense	<p>Market GCAN as an integrated Yield Management solution powered by AdX</p> <p>Market DFP Small Business as a full YM solution</p>	<p>Training and plan to identify & retain AdSense pubs at risk for YMs</p> <p>Aggressively offer DFP Small Business as a complete YM option</p>

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Short-term action plan to reduce risk



Today's Risk	Action	Risk mitigation
Incomplete solution	Launch AdX line item integration in XFP	Address torso publishers (Small Business, OSO Tier 1+2)
Long time to market	Pure-services version of managed networks, with internal tools in AdX UI	Eliminate dependency on XFP features and upgrades
Incomplete network coverage	Develop a way for AdX to import revenue data from any network AdX buy-side sales to go after 95% coverage of networks	Close gap with Yield Managers
Hype around YMs, not AdX	Accelerated marketing & PR push	Get into the conversation

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Should We Buy a YM?



Need to evaluate carefully based on these criteria:

1. Their technology is irrelevant to us
2. Their customer set is already a very large overlap, and very elastic, so we aren't buying customers
3. Are their human resources and service offerings worth what we would have to pay?
4. How does the competitive landscape change if we buy one?

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Discussion



Managed Network services are hacky but useful



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



The publisher shares their login credentials with the company to:

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

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Overall publisher strategy: the virtuous flow of inventory through two entry points



HEAD AND TORSO

TORSO AND TAIL



Grow overall volume of ads served
(be the preferred ads platform for all publishers)



Grow impressions visible to the auction
(drive XFP backfill)



Grow impressions where AdX wins
(move ad networks into the exchange)



Grow impressions where GDN wins
(increase RPM and participation)



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Total Revenue Management



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Yield managers are small but work with a lot of publishers



	AdMELD	PubMatic <small>Make every impression count</small>	rubicon
Funding	\$15M	\$18 M	\$42M
Number of employees	55 employees	106 employees	139 employees
Reach	395m Uniques, Processes 1.3b daily impressions (40b monthly)	125m Uniques (?), Volume N/A	500m Uniques, Processes 1.5-1.6b daily impressions (45-50b monthly)
Volume			
Customers	Claim 300+ publishers	Claim 5,000+ publishers (includes self serve)	Claim 350+ pubs
Business terms	Rev share basis between 7-15%	N/A	10-15% rev-share of all managed revenue; most clients at 10%
Key Strengths	<ul style="list-style-type: none"> • Full service for large premium partners • Clearing house for payments • Real Time Bidding • Creative controls • Fire Meld plug in for ad removal 	<ul style="list-style-type: none"> • Full service on premier model • Optional RTB • Flexible inventory set up options • Reporting • Creative controls 	<ul style="list-style-type: none"> • Strong service component for publishers • Most inventory and the best names • Strong Marketing • Easy UI

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Yield Mgmt Services: Outsourced Operations



Goals	Ensure proper quality and ease of use to encourage pubs to opt more inventory into AdX
Activities	<ol style="list-style-type: none">1. Human Ad Review2. Search and Destroy bad ads3. Policy monitoring: site reviews4. Standard reporting5. Bulk-changes
Resource Plan	<ul style="list-style-type: none">- Cost effective, semi skilled work force, to address these tasks manually- Ramp at a rate of 1/4 of a head per client- Will investigate basing team in India, Dublin, or Wroclaw

Source: Competitor's websites, LinkedIn

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Yield Mgmt Services: Optimization Consulting



Goals	Give Google a competitive edge over YM with total revenue management
Activities	<ol style="list-style-type: none">1. Remnant optimizations including network setup analysis, recommendations, managing implementation, proving results and refining process.2. Focus on AdX penetration3. Case studies, trainings, and product feedback
Resource Plan	<ul style="list-style-type: none">-5 FTEs (4 ics and 1 manager)-Organization structure TBD (MPS or OSO)

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