

theTradeDesk
PALOOZA '17

HEADER BIDDING

STARRING

AKHIL SAVANI

PTX1650

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What is header bidding?

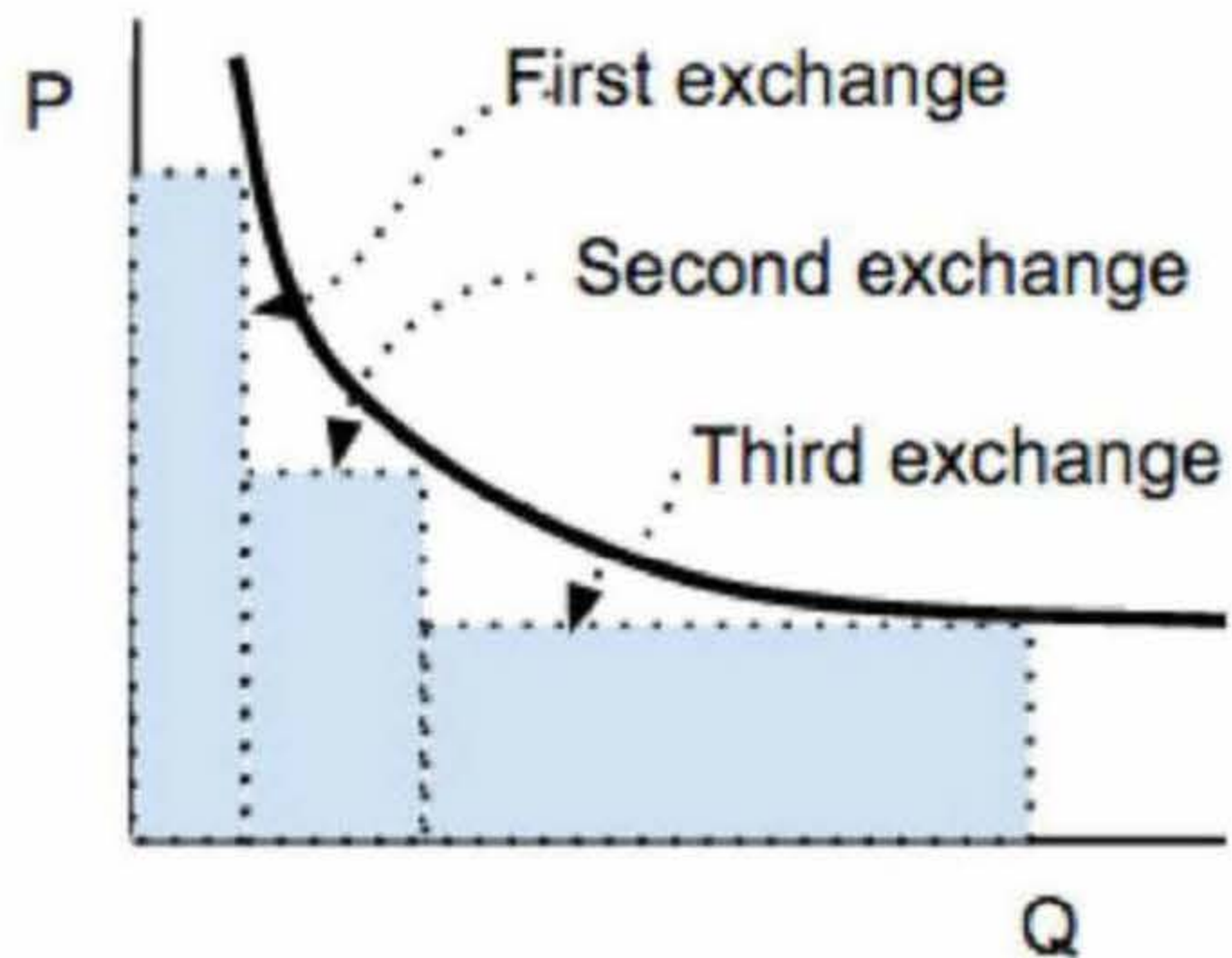
“Header bidding, also known as advance bidding or pre-bidding, is an advanced programmatic technique wherein publishers offer inventory to multiple ad exchanges simultaneously before making calls to their ad servers”

- Digiday

Source: “WTF is Header Bidding?”, Digiday, August 2015

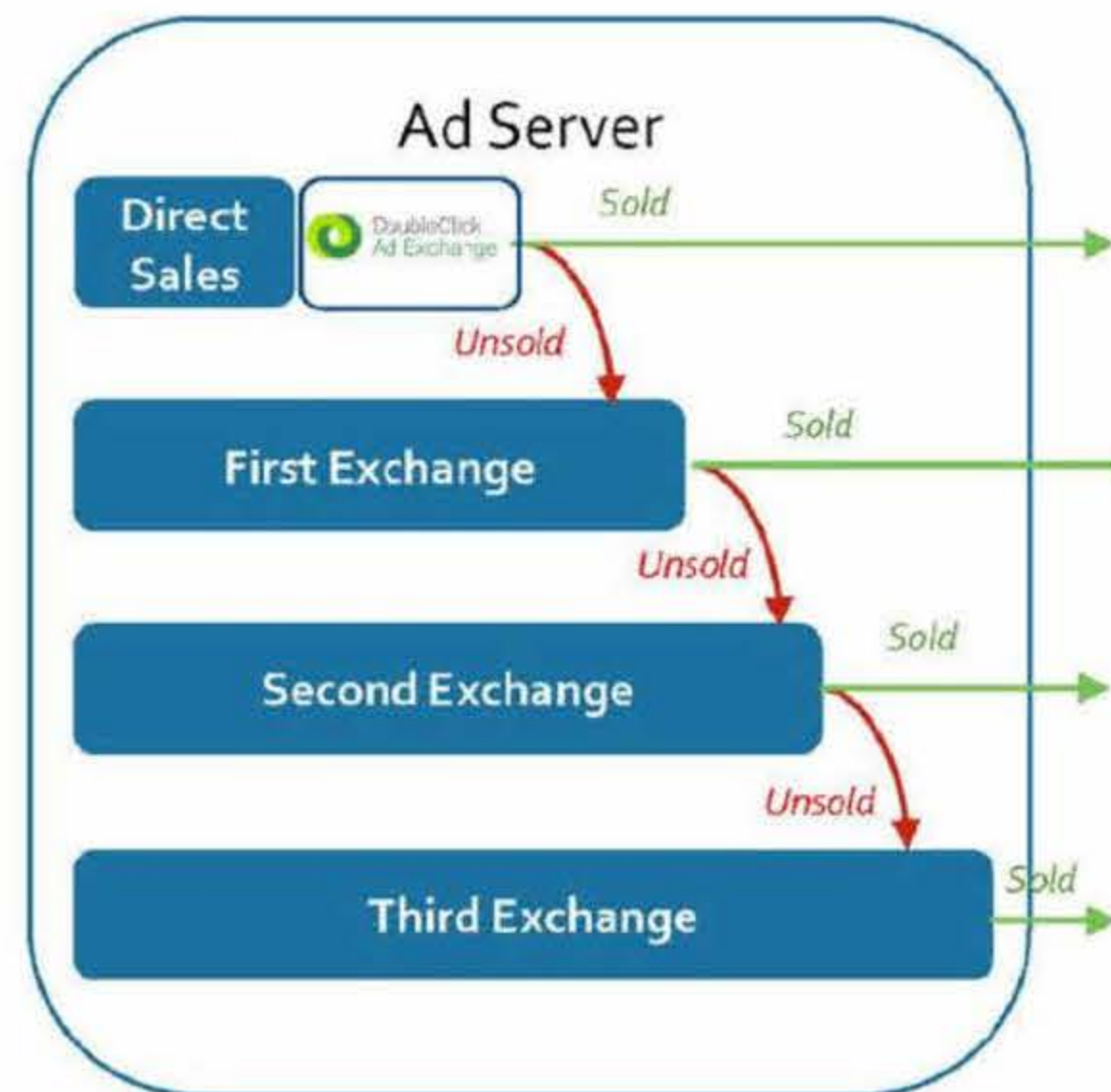
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Ad tech before header bidding



Source: AdExchanger, January 2015

The Publisher Waterfall



The Publisher Waterfall

Inefficient

Inflexible

Unfair advantage to Google

Google's position before header bidding

Google's ad server is used by almost all publishers (77% market share in 2015)



Google's SSP was tightly integrated with its ad server, allowing preferential access to ad inventory before other SSPs

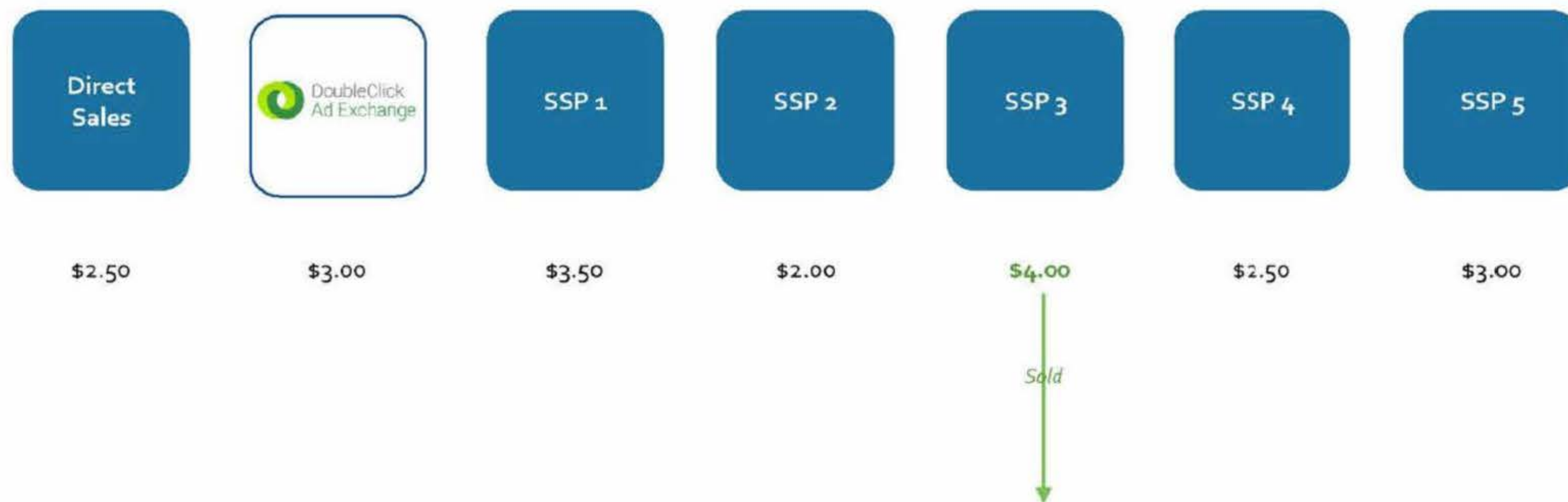


As a result, Google had a significant competitive advantage in the programmatic ad market

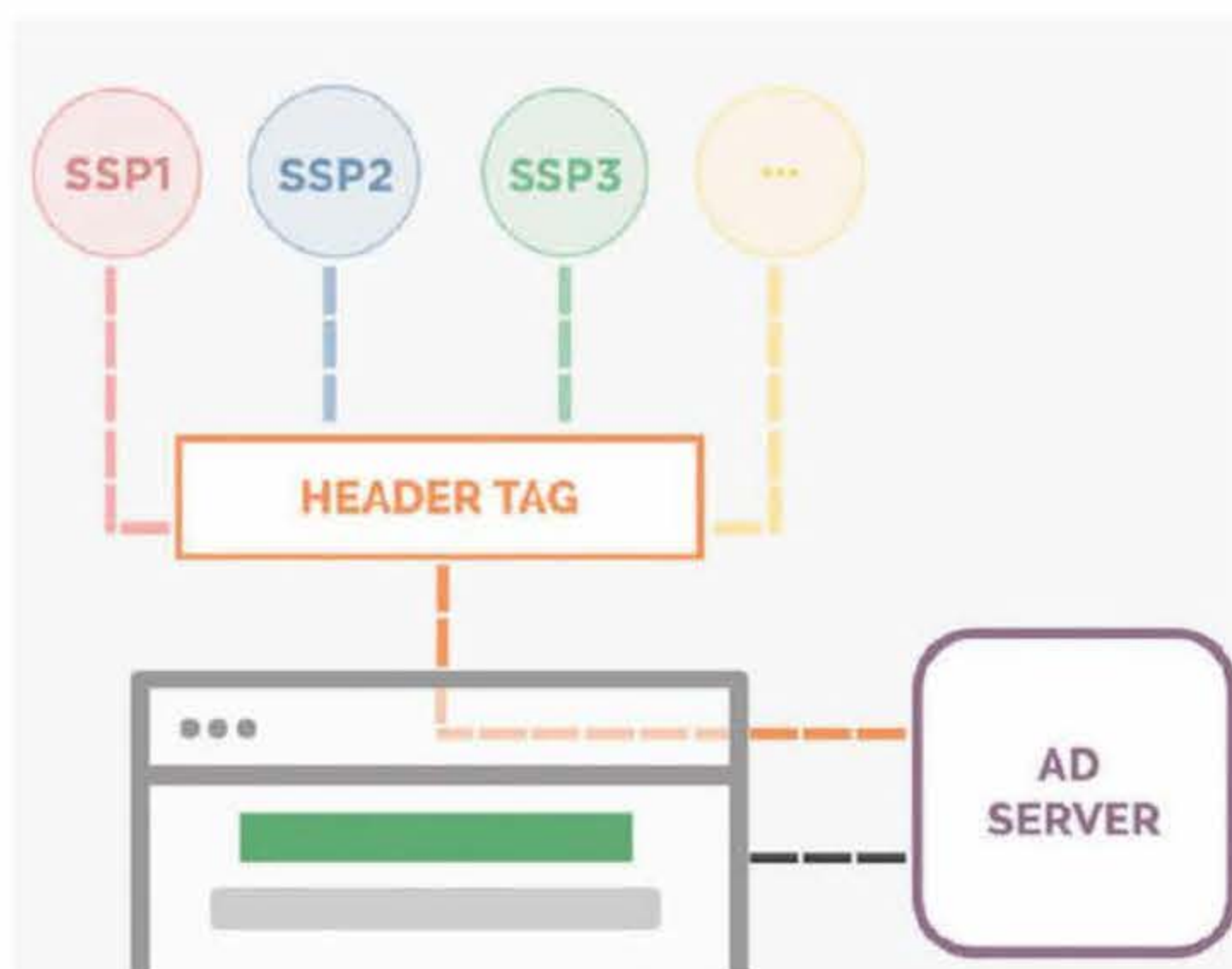


Source: Datanyze, ad server market share for top 1M Alexa-ranked websites, 2015

Header bidding levels the playing field



How it is implemented



- Publishers insert Javascript code into webpage header
- Circumvents waterfall auction, enabling simultaneous bidding by multiple SSPs
- Lower barriers to entry for smaller SSPs

Source: OpenX

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Wrappers accelerated header bidding adoption

ad
exchanger

Localized Ad Buys = Higher

TOPICS | COMMENTARY | RESOURCES | EVENTS | JOBS | SEARCH

The Year Header Bidding Went Mainstream

By Sarah Sava on Tuesday, December 27th, 2016 - 5:00 am

Show



2016 was the year that header bidding crossed over and became a disruptive force in the ad industry.

The wave of publisher adoption spurred tech companies to create header bidding solutions.

AdvertisingAge

Marketing Advertising Digital Media Agency Data B2B Video

Header Bidding Wrappers Are the Next Ad-Tech Craze (for Large Publishers)

Time Inc. First Large Publisher to Announce Adoption

By Tommaso Neri Published on August 2nd, 2016



BUSINESS INSIDER

BI INTELLIGENCE

Header bidding gains momentum, drives up publisher ad revenue

BI Intelligence

May 3, 2016, 3:30 AM

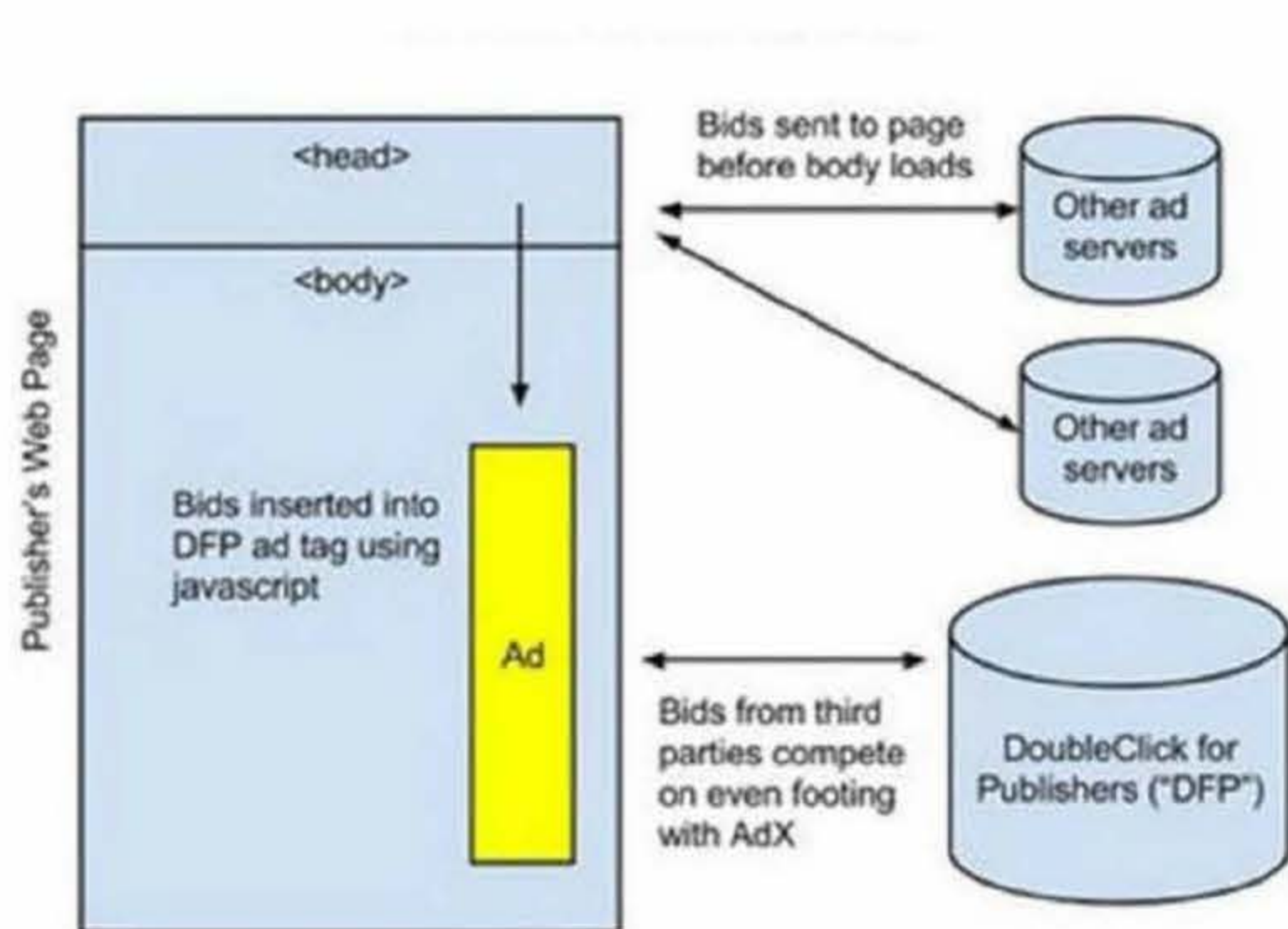
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Last week, programmatic ad exchange OpenX revealed that header bidding technology was largely responsible for an overall uptick in revenue.



How header bidding works



- User visits a webpage
- Header code calls SSPs for bids before calling ad server
- DSPs simultaneously pass bids to ad server
- Ad server selects highest bid and serves the ad

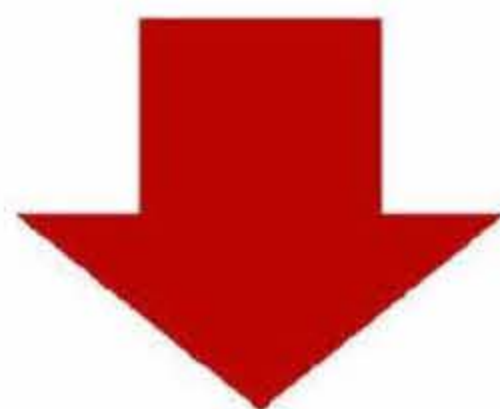
Source: Business Insider, 2016

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How header bidding impacts publishers



- Increases price
- Increases yield
- Higher revenue overall

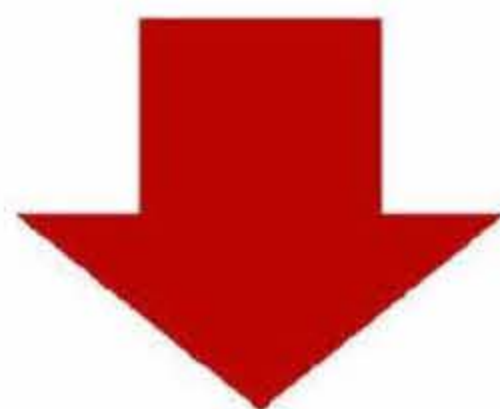


- Page latency
- Operational complexity of managing more SSPs

How header bidding impacts SSPs



- Lowers barriers to entry
- Access to more inventory

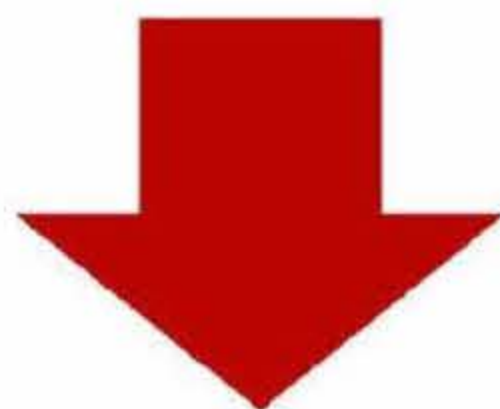


- Increases competition
- Publisher relationships are less sticky
- Higher infrastructure costs, lower margins

How header bidding impacts DSPs



- Access to more inventory
- Access to higher quality inventory previously reserved for direct buys

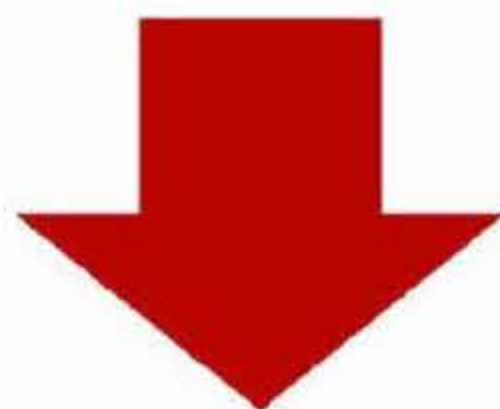


- Higher costs from submitting multiple bids for same impression

How header bidding impacts advertisers

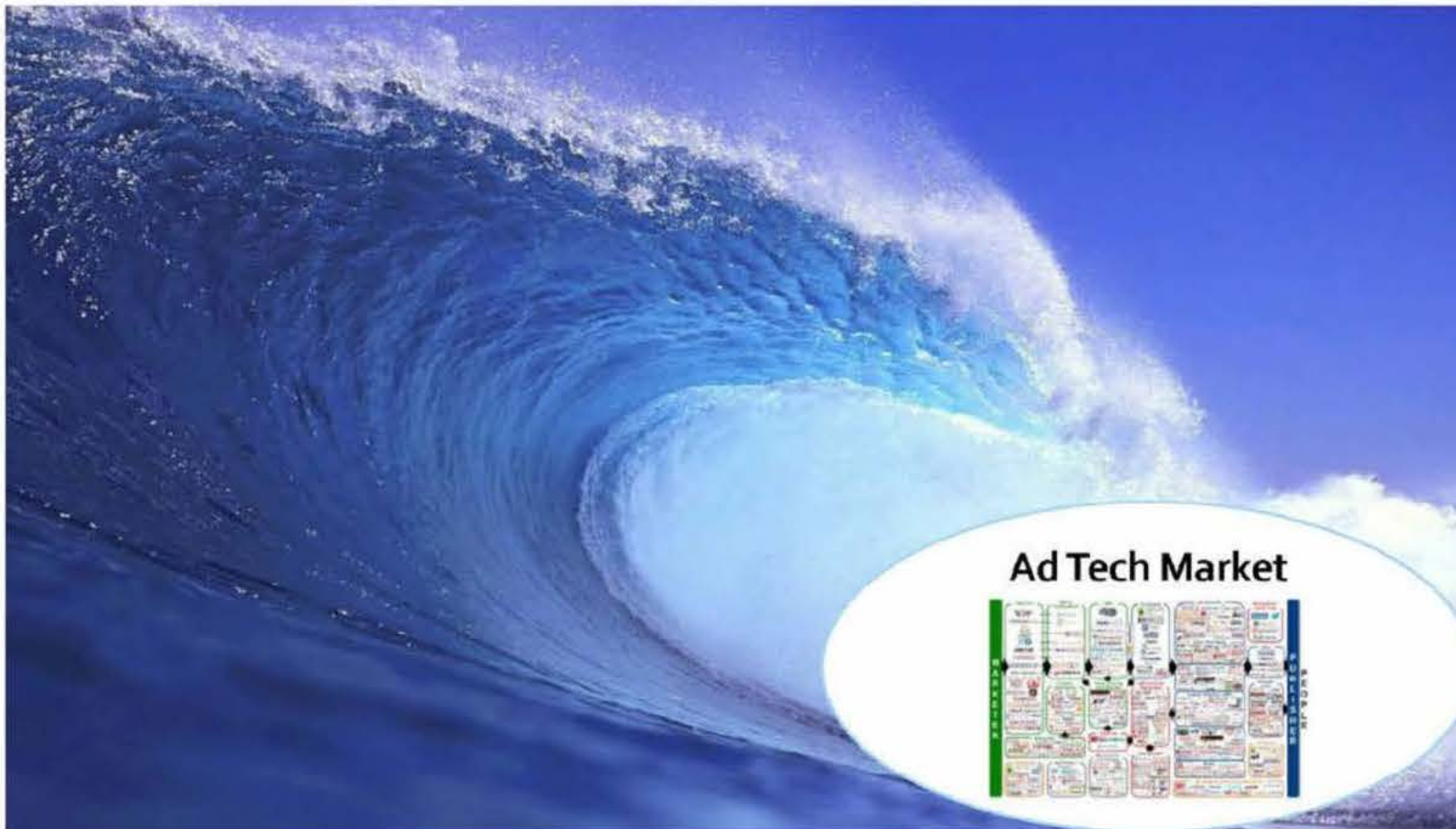


- Access higher quality programmatic inventory
 - Better forecasts of available inventory
 - Campaigns can have greater scale
-



- Higher CPMs

Why should we care about header bidding?



Commoditization of SSPs

BARRON'S

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U.S. EDITION

HOME
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INVESTING IDEAS
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August 3, 2016, 3:03 PM ET

Rubicon Plunges 33%, Criteo Drops 6% as 'Header Bidding' Dogs Online Ad Market

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By Tiernan Ray

Yesterday was a big day for **advertising technology**, with earnings reports from three of the top names, **Rubicon Project** ([RUBI](#)), **Criteo** ([CRTO](#)), and **Rocket Fuel** ([FUEL](#)).

And the stocks are taking quite different directions following those reports.

Rubicon is down \$4.39, or 32%, at \$9.28; Criteo is down \$2.77, or 6%, at \$40.39; and Rocket Fuel is up 11 cents, or 5%, at \$2.34.

Rocket Fuel solidly beat expectations, while Criteo and Rubicon Project both offered disappointing outlooks. Another member of the group, **TubeMogul** ([TUBE](#)), is set to report.

TheStreet

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Rubicon Project Stock Plummets, Downgraded After Weak Outlook

■ Rubicon Project's stock rating was cut by several firms after the company posted solid Q2 results, but provided disappointing guidance.

The Great Header Bidding Shake-Up Has Begun

by Sarah Sluis // Thursday, August 4th, 2016 - 1:04 pm

Share:

What's next?

- Header bidding was a client-side hack designed to loosen Google's control of programmatic inventory
- Not a long-term solution
- Google, Amazon, OpenX, Pubmatic, Rubicon Project known to be developing more efficient solutions for header bidding on the server-side



Server-side header bidding

- Server-side header bidding gets us closer to realizing true potential of RTB
- Pages will load faster, publishers will see more bids and better yield
- Requires SSPs to collaborate on implementations
- Creates some complexity in cookie matching

What does header bidding mean for TTD?

Short-Term:

- Duplicate bid requests will inflate QPS
- Transaction costs will rise
- SSPs will work with TTD to make the supply path more efficient

What does header bidding mean for TTD?

Long-Term:

- TTD gains market share
- Smaller set of SSP partners; SSPs become more differentiated
- Programmatic advertising becomes more transparent
- TTD emerges as a stronger company at end state

