
From: Neal Mohan [REDACTED] on behalf of Neal Mohan
Sent: Tuesday, February 09, 2010 12:28 AM
To: Henrique DE Castro
Cc: [REDACTED]
Subject: Re: Fwd: Fw: 2/1 - AdX Follow-up

+Scott since he understands this issue the best and is leading our agency demand-side platform (aka bidder) strategy...

Thanks for raising this issue, Henrique. I am glad that we are following up on the various action items that came out of our strategy deep dive with Vivaki back in December. Around this specific issue...

1) Fundamentally, we should have agency-level attribution through to AdX. Right now of course this happens at the aggregate level as you describe based on what bidders like Invite are contractually obliged to tell us. I will discuss how we will address this in the future further down in the note.

2) A couple things to note that I want to make sure we are all on the same page on however:

a) This is NOT the top priority from an AdX (or Google agency spend) standpoint. There are several other issues on sales and product that are actual gating factors to spend on AdX right now that we must address urgently and that the teams are working very hard on. This is not a gating factor to spend on AdX for Vivaki (or any of the other agencies for that matter right now).

As discussed today, we can go over the top 5-10 gating factor type issues in next week's GFM. There are several on the product, services and sales sides that are bigger than this one right now.

b) This is NOT the top priority from a Vivaki standpoint either. As we covered in the sessions with them back in December, there are several other product (and inventory) enhancements they would like to see on AdX that will actually increase spend. This is not one that will grow their spend. Curt Hecht reiterated all these points with me again last week when I saw him at an industry event. We are working on those other roadmap items to continue to increase their spend over time (which is already ahead of what they had committed to in our deal).

3) Yes, we should build a bidder and this has been part of our strategy for 2010. But this reporting issue is not the primary benefit of owning our own bidder of course but will be a nice side effect. The primary benefits on having a bidder are eliminating the disintermediation risk and substantially increasing display spend with Google from agencies (through the combined use of DFA - bidder - AdX). However we are in the early days here as you note - the teams are just getting staffed up. We are looking at options to accelerate this (potentially through M&A for example).

4) Until we have our own bidder, there are ways we will address this issue but each option has some strategic implications for us. We can ask Invite to append it to every response on the real-time bidder (however we are still dependent on them reporting on this accurately just like we are today and therefore may be the WRONG

way to implement a solution). I realize that you suggest this option for speed reasons perhaps but it may not be a good idea from a Google standpoint.

The better answer may be to have them respond to our real time bidder call with parallel responses for each of their clients but of course the bidders are reluctant to do this (extra work, they become a pass through, etc.). We can mandate this but it will take a while for them to negotiate with us how to do this and then implement. In any case, the prod / eng team is working on how we will address this in the short-term.

Let me know if you have any further questions.

- Neal

On Mon, Feb 8, 2010 at 10:14 AM, Henrique DE Castro [REDACTED] wrote:
Susan, Below the issue I mention on the GFM call today regarding Agencies. The teams are on the ball but there is a lot to fix....Henrique

Situation:

- 1- AdX is currently unable to track agency spend if the agency in question uses a 3rd party bidder. All networks are moving towards 3rd party bidders globally and we will lose all visibility of agency spend on AdX once this happens (because the bidder (not the agency) becomes the buyer in our reporting systems)
- 2 - Currently, an AdX-linked agency deal e.g. Publicis' Vivaki, requires a signed letter from any 3rd party bidders stating what the agency's AdX spend was for the previous quarter. This is not an acceptable or scaleable solution for further global deals being discussed with Omnicom, WPP, Aegis etc. due to the rebate sums involved
- 3 - This is also now a very real technical blocker to renegotiating and increasing the scope of the Vivaki AdX deal for 2H 2010 to include additional KPIs for accelerating investment and adoption: (1) additional outperform incentive, (2) incentive to activate strategic publishers, (3) EMEA accelerator. The inability to track spend blocks all of these more expansive dimensions.
- 4 - As GCN spend migrates to AdX, we may also see GCN display revenue drop with no corresponding increases visible elsewhere
- 5 - At the broadest level, without visibility on agency investment, we face being dis-intermediated/marginalised and our ability to address under-investment and other opportunities is challenged.

What's needed:

1. Media Platforms build a solution to allow the bidder to pass AdX variables naming the buyer (i.e. VivaKi, OMG Trading Desk, Havas..) plus deeper details on the trade (e.g. publisher, market, advertiser...) This would not only assist with revenue tracking but would also allow us to invoice the Trading Desk or the agency directly. This is probably the preferred solution for the bidders as it would potentially allow them to continue using their own AdX seats. However this is not currently on the AdX product roadmap.
2. - Or... Google builds its own bidder - which is on our roadmap but is unlikely to deliver before end 2010. However, this wouldn't solve the problem for agencies who decide not to use our bidder.
3. - Or... 3rd party bidders are forced to use the relevant agency's seat on the AdX for their bookings rather than their own. However this requires the bidders to make technical changes to their products & is therefore not likely to be in place before Q3.

We urgently need to make the decision regarding whether we press for the delivery of the technical solutions from either our product teams or those of the third parties. The longer we leave this, the harder it will become to implement - and our inability to track AdX will hinder the global display deals currently being negotiated.

From: Susan Wojcicki [REDACTED]
To: Nimesh Arora [REDACTED]; Neal Mohan [REDACTED]; Henrique DE Castro
Sent: Mon Feb 08 12:55:14 2010
Subject: Fwd: Fw: 2/1 - AdX Follow-up

this seems like a pretty detailed update on AdX. Thanks for sending. It looks like we have a clear list of what needs to be fixed from product/eng and the we need to keep the same people on it.

Susan

----- Forwarded message -----

From: **Henrique DE Castro** [REDACTED]
Date: Wed, Feb 3, 2010 at 10:09 PM
Subject: Fw: 2/1 - AdX Follow-up
To: [REDACTED]

Quick update following GFM questions raised on AdX and also some of the key AdX issues. I personally review AdX progress with Lexi/Laurent/Scott Spencer for an hour weekly. Henrique

From: Lexi Reese [REDACTED]
To: Henrique DE Castro <[REDACTED]>; Eileen Naughton [REDACTED]>; Barry Salzman [REDACTED]

[REDACTED]

Sent: Wed Feb 03 22:32:44 2010
Subject: Re: 2/1 - AdX Follow-up

Henrique, Eileen, Barry,

Follow-up to the meeting from earlier this week: attached is a summary of v2 versus v1 spend (many thanks to Kristin and David for their help with this).

- 37% of clients are spending 100 - 200% of v1 levels
- 14% of clients are spending 50 - 100% of v1 levels
- 49% are spending <50% of v1 levels

Reasons for low spend are mixed, and we are still investigating. but some contributing factors include:.

- **inventory matching problems** - V1 AdX Buyers are not easily able to find the same anonymous inventory in V2; we are diagnosing this, but it seems to be related to a) an issue discovered today regarding incorrect set-up for permissioning remarketing on sellers b) RTB adoption still limited
 - AdWords not able to supplement parity due to an ad server logic issue in which AdWords buyers aren't considered for ad units that are listed with different minimum CPMs for branded and anonymous inventory (spend inhibiting for some of our biggest sellers like NBC and About.com)
- **personnel changes** - a finance glitch stopped orders from AdX buyers this weekend. This was resolved quickly and didn't impact spend in a material way, but it did raise a flag to certain buy-side contracts (i.e., Vivaki, Ad.com, Cossette, MIG) that were not correctly uploaded into the system by AdX employees who recently left Google. We are correcting this in order to make sure these buyers can spend, which should raise the volume on AdX sellers.

Our focus actions are:

1. SELL - migrations, new accounts, specifically focused on high value (go/adxhighvalue)
2. ACCELERATE SPEND - undertake proactive programs on the buy side: a) stimulate buying from migrated buyers by actively helping v1 buyers find the inventory they were successful on; b) begin to form a RTB task force to better understand how this type of buying is happening, and what needs to be done to drive spend
3. DEEPEN OPTIMIZATION CAPACITY - design/execute significant optimization effort to ensure buyers and sellers are transacting to potential
4. HIRE - hire to ensure sufficient coverage for key accounts

5. RESOLVE BUGS - manage accounts carefully to uncover bugs/escalate/resolve with cross-functional teams as quickly as possible.

Pls. let us know if you have questions/thoughts.

Lexi

On Mon, Feb 1, 2010 at 10:36 PM, Lexi Reese [REDACTED] wrote:
Henrique -

As requested, attached is a summary of key punch list items (both open and closed).

In real time, this is how we track these things (with notations on when things have been resolved - and there's a lot of that!):

- punch list with key transaction-inhibiting issues, based on sales feedback: (go/adxpunchlist)
- bugs with exhaustive list of issues services team is working through based on sales team logging of bugs: (go/adxissues)

In addition to the cross-functional commercialization meeting where we discuss these things, we are adding a weekly NA management touchbase to make sure me, Scott, Eyal, Kate (sales, product, engineering, services) are communicating well about those issues that impact our biggest clients and we're working towards speedy resolution.

We are still working on an analysis of v1 to v2 spending by sellers so we can identify who is meeting, exceeding, lagging v1 spend. Should have that to you by EOD tomorrow.

We'll also put all relevant AdX material for our Monday management calls (which we'd like to move to every other week) in the go/adx-sales microsite so it's a little easier to access.

Pls let us know if you have questions,

Lexi

ps - you specifically mentioned the following issues; here is update on these with the # corresponding to the priority on our original punch list

- **BUY SIDE -**
 - # 2 - **BOOM** - Boomerang - targeting - available as of 1/29
 - #4 - **API** testing beginning this week on 4 buyer clients including **Criteo**
 - Based on these tests, we will come up with a list of "gating criteria" that we need to solve for before API is generally available to all clients
 - **ADSENSE INVENTORY** - We now have access to 80% of available AdSense inventory , which translates to approximately 60% of total AdSense
 - available = tiers 1 - 6, display-enabled, not opt'd out of AdX 3PAS
- **SELL-SIDE**
 - #1 **UI DELIVERY ERRORS** - Sell-side UI error message has been fixed (the # 1 issue on our sell-side punch list)
 - #3 **ARC** - Sales team is leading meetings with the PM in ARC to a) train the team on existing functionality so we can trouble shoot appropriately, b) answer questions on specific client feedback (prioritized on punch list)

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Lexi Reese | Google, Inc. | Director, Ad Exchange | [REDACTED]

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