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[REDACTED]

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.

[REDACTED]





[REDACTED]

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 LAYSER: 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 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 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.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

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5 RAHUL SRINIVASAN: [REDACTED]

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22 I would recognize that there's--some of these changes

23 may be--don't benefit publishers. Some of these changes don't



[REDACTED]

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 LAYSER: 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.

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

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.

[REDACTED]

[REDACTED]

[REDACTED]

GIULIO MINGUZZI: [REDACTED]

[REDACTED]





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

6 FEMALE AUDIENCE MEMBER: [REDACTED]

[REDACTED]

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.

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

█ [REDACTED]

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█ [REDACTED]



[REDACTED]

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". The signature is written in a cursive, flowing style with a large initial "B".

BRYAN ORTIZARMAN

TRANSCRIPTIONIST