

From: Chris LaSala <chrisl@google.com>
To: Gargi Sur <gargisur@google.com>
Sent: Wed, 4 Jan 2017 17:59:04 -0500
Subject: Re: Need financial target for EB in 2017
Cc: Max Loubser <maxl@google.com>, Chip Hall <chiph@google.com>, Jonathan Bellack <jbellack@google.com>, "Barbara (Bochner) Piermont" <bpiermont@google.com>, Gregory Zerbib <gzerbib@google.com>, Genevieve Kelly <genevievek@google.com>, Jerome Gateau <jgrateau@google.com>, George Levitte <glevitte@google.com>, Dan Taylor <dantaylor@google.com>, Aparna Pappu <apappu@google.com>, Dale Allsopp <dallsopp@google.com>, browley <browley@google.com>, Shayne Orbell <sorbell@google.com>, Sam Cox <samcox@google.com>, Firas Yaghi <fyaghi@google.com>, Jim Giles <jimgiles@google.com>, Julian Ho <julianho@google.com>, Jasper Seldin <jseldin@google.com>, Roberto Ruju <robertoruju@google.com>, Thomas Jacques <tjacques@google.com>

Thanks Gargi.

@Bryan - can you please work with the team to settle on goals, including revenue, that are agreed to across buy and sell side sales as well as PM.

On Wed, Jan 4, 2017 at 2:11 PM, Gargi Sur <gargisur@google.com> wrote:

We are also working on setting EB adoption goals for 2017. For Q1 our goal is 50 pubs and stretch to 100 pubs in Q2. Goals for 2H 2017 are being discussed with Roberto and his team.

On Wed, Jan 4, 2017 at 2:04 PM, Chris LaSala <chrisl@google.com> wrote:

I agree with Max strongly here. We shouldn't be comfortable with only a revenue goal. I'm ok with the \$100m..but what goal can we have that sits along side it and tracks our progress against the reason we are building this - namely to move pubs away from HB and into EB - can we track the decline in HB with other exchanges (excluding demand sources like Criteo, FAN or other large buyers that may still use HB)?

On Wed, Jan 4, 2017 at 1:58 PM, Max Loubser <maxl@google.com> wrote:

Regarding incentives to achieve our goals: I agree with the concerns expressed here about a pure revenue target. We still don't know much about the movement of buyers from OA to another exchange working with EB (the effect Jerome mentioned in the context of last look). At the moment we have only a simple, manual tracking mechanism (history of spend % per exchange, by buyer) on go/eb-sellside-dashboard.

On Wed, Jan 4, 2017 at 1:50 PM, Chip Hall <chiph@google.com> wrote:

+1 to the string and looking forward to our first full operational year. It will be a fun road to our (hopefully)next Billion.

On Jan 4, 2017 10:19 AM, "Jonathan Bellack" <jbellack@google.com> wrote:

Thanks folks! I have an OKR review with Paul & Eisar on Friday and will report back if this gets any attention (good or ill).

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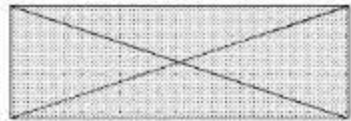
1:23-cv-00108

-- Jonathan Bellack / jbellack@google.com
Director, Product Management / Publisher Ad Platforms

On Wed, Jan 4, 2017 at 12:52 PM, Roberto Ruju <robertoruju@google.com> wrote:

Hi Jonathan,
I am comfortable with that number for December.

R.



Roberto Ruju

Director, Programmatic Solutions EMEA

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On 4 January 2017 at 17:29, Jonathan Bellack <jbellack@google.com> wrote:

Hi folks -- checking in on these numbers -- are the numbers George quoted up above usable with my VP leadership? Based on these numbers I would suggest we say the goal for the year is to hit a \$100mm ARR in December. The numbers here suggest \$90.8mm ARR for all of Q4, with stretch of \$131.6mm ARR, so assuming December will be higher thanks to holiday spike, aiming for \$100mm ARR in Dec seems pretty reasonable (and a compelling \$ in terms of a milestone). Thoughts?

- Q1 '17: \$8.7m (goal), \$10.1m (stretch)
- Q2 '17: \$12.5m (goal), \$19.5m (stretch)
- Q3 '17: \$18.7m (goal), \$28.6m (stretch)
- Q4 '17: \$22.7m (goal), \$32.9m (stretch)

-- Jonathan Bellack / jbellack@google.com
Director, Product Management / Publisher Ad Platforms

On Fri, Dec 16, 2016 at 1:13 PM, Chris LaSala <chrisl@google.com> wrote:

I'd suggest this move to a discussion in the EB commercialization meeting where goals should be set with all the x-functional constituents involved. As noted at the top of this thread, I am very much in support of an approach along the lines of what Roberto was suggesting.

Our goals should be a function of our strategy and that should trickle down accordingly.

Chris

On Fri, Dec 16, 2016 at 11:57 AM, Barbara B. Piermont <bpiermont@google.com> wrote:

+ Chip

FYI we revamped the model based on recent performance from our buyers. I just need to know what our goals are around the number of pubs to onboard and whether or not we facilitate new connections as that will drastically change the expected revenue.

Personally, I think there are legal implications with keeping the numbers tied together in the long term as I don't think folks working on AdX should know how much their competitors are spending (same issue as AdX and DBM). I also think it will eventually discourage EB sales people who will feel largely unable to affect their payout as the EB number is significantly smaller than AdX.

On Fri, Dec 16, 2016 at 11:01 AM, Roberto Rujju <robertorujju@google.com> wrote:

I agree with Thomas' concerns.

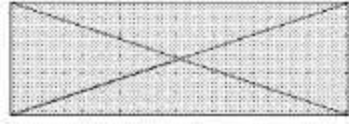
I believe that we need to keep the following in mind when thinking about goals and KPIs for this product:

1. It's ok to have revenue forecasts for EB, but revenue should not be the main KPI. Success of EB should be defined by metrics that include things such as:
 - Number of active publishers (that meet the right eligibility criteria)
 - Number of relevant exchanges participating (with a minimum spend threshold)
 - Ratio of EB:HB impressions on DFP and/or (Deceleration of) YoY HB impression growth in DFP

A revenue forecast can then be the calculated outcome of these strategic metrics, rather than the principal driver. In this sense, EB is very different than DFL, where we knew revenue was purely incremental to AdX and revenue maximization within operational constraints (and some demand dilution considerations) was the main goal.

2. Whatever revenue forecasts are agreed, these should not be used to incentivize salespeople - no one should have a pure EB revenue target, for the reasons Thomas eloquently outlined.. (To Thomas' suggestion of restricting revenue to a NAL of publishers, that would still not avoid the issue of direct revenue transfer from AdX to EB within the same publisher.)

The only logical way to introduce EB into a sales quota would be to use the net revenue sum of AdX + EB. This would create the right incentive to grow EB revenue, but would penalise doing so if it were to be at the expense of AdX, creating more balance.



Roberto Ruju

Director, Programmatic Solutions EMEA

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On 16 December 2016 at 08:46, Thomas Jacques <tjacques@google.com> wrote:

+Dale, Firas

I think we need to be very careful about setting revenue goals for EB, as this will directly drive the behaviour of the sales teams.

Just give me a revenue target on EB and no other goal or rule, and I will 1. Work with, say, Rubicon to help them activate new publishers, and then 2. Go to buyers in the market and explicitly recommend that they buy that inventory through Rubicon rather than AdX (selling points : looser creative policies, easier certification). On the buy-side, the easiest way to grow EB is at the expense of AdX, and that's what I will be after.

@Jerome / Chris : if EB is a move to win-back from pubs having adopted HB, could not we agree on a NAL of publishers and only account for those against revenue goals ?

On Fri, Dec 16, 2016 at 4:10 AM George Levitte <glevitte@google.com> wrote:

Adding folks from EMEA and APAC sales to merge threads. The numbers below from Barbara only include Americas.

TJ/Greg and Shayne/Julian/GK are in process of discussing potential EMEA and APAC revenue goals.

On Thu, Dec 15, 2016 at 6:24 PM, Chris LaSala <chrisl@google.com> wrote:

Jim/Gargi - I think it is worthwhile to explore this thinking a bit more. If you can join my 1:1 at 1:30EST with Jerome tomorrow we can explore this in more depth.

Let me know and I'll add you.

Chris

On Thu, Dec 15, 2016 at 5:32 PM, Jerome Grateau <jgrateau@google.com> wrote:

Jim,
Thanks for your answer that provide more insights on this question.

Just to clarify, I am not worry about giving up some money on EB without last look vs EB with last look. I am concern about making EB too attractive vs OA.

If we are giving away last look, what would be the incentive for a DSP/CRT/AMZ to buy through OA Adx vs another SSP+EB? Let say that this other SSP decides to start a price war and decreases its OA cut to 10%., what would we our levers to not to have to follow it?

The winds are already turning and the new hype is S/S HB. How long Rubicon/Openx/Index.. will be able to justify a C/S HB vs a our solution that eliminates latency and discrepancy issues? Our objective/GTM approach should be to focus on convincing the publishers that our proposal is the best one and have them force SSP to use it.

We may still not have all the data but it seems that the main value creation lever of HB is to create 'artificial' floor prices for Adx by exposing the same impressions to multiple SSP. We are not speaking of a real/fare 'auction of auctions' combining true additional demands sources but rather a hack to alter the mechanism of 2nd price auction. EB is just a cleaner way to introduce floor price in AdX. I am not convince we should go beyond that.

If we go this direction, what would we say when Amazon will ask us to integrate their S/S wrapper with no last look?

Now, there are several points mentioned in your email that I don't know / not aware of and this potentially alters my judgement

- mechanisms that allow buyers to provide a more aggressive price in Jedi auction
- tactics where they artificially run up ADX
- sharing Jedi bid data (vs not with last look)

I would be very interested by a live discussion on this subject.

Thanks

Jerome Grateau

Director, Global Partnership, Publisher Solutions and Innovation

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On Thu, Dec 15, 2016 at 2:02 PM, Jim Giles <jimgiles@google.com> wrote:

Jerome, re last look, there are several important reasons why we will be moving forward with testing in the open beta:

- 1) Because both publishers and exchanges have very strongly complained about the fairness of it. This was one of the biggest objections raised in the recent EB steering committee meeting with exchanges. If we want exchanges to give up HB and move to EB, we need to give some concessions.
- 2) Because we aren't actually losing much money by giving it up. Furthermore, reclaiming what money we lose is completely under our control through more aggressive RPO tactics. Beyond that, we will have a mechanism that allows buyers to provide a more aggressive price in the Jedi auction. Between what we do, what GDN does, and what our buyers do, we should be able to make ADX very competitive even by giving up this advantage.
- 3) It creates a clear differentiation between EB and HB -- exchanges that go through HB are subject to last look, and those that go through EB are not. This gives a pretty big incentive to switch.
- 4) If exchanges trust that there is truly fair competition, they have indicated that the tactics where they artificially run up ADX prices can be dropped.
- 5) By giving up last look, we can share Jedi bid data with publishers, exchanges, and buyers. As long as it is an integrated auction we cannot do that because of adx opt-outs.
- 6) Earn a little more trust in the industry

The next step is to test it in the open beta where we will learn more, but the advantages of going forward with it seem to far outweigh the small amount of money we will be giving up

On Thu, Dec 15, 2016 at 4:21 PM, Jerome Grateau <jgrateau@google.com> wrote:

Hi,
I totally agree with Chris.

I would be more interested by a EB revenue target for the main HB that our publishers are using: Rubicon, OpenX, Amazon (?) and in parallel a target for the HB revenues (ie, stabilization or decrease). Our objective is to transfer HB transaction into EB , not growing EB as such.

Concerning Last Look, I am still looking for a clearer rationale of why we should give away such benefit at this stage.

Thanks

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On Thu, Dec 15, 2016 at 8:00 AM, Chris LaSala <chrisl@google.com> wrote:

Per our brief chat Jonathan...the buy/sell PM and sales teams are working toward setting goals.

@Everyone - Important to reiterate here the risks of having ONLY a revenue target. For example...at what point does an EB revenue goal become too high?

At the extreme, if all DSPs stopped buying direct in AdX and moved spend to another SSP that bought through Jedi, that would be bad.

In the short term in 2017, I don't think this is much of a problem - so we should agree to a reasonable revenue goal. However, this isn't like DFL with a message of grow, grow, grow...so we need other goals like the # of exchanges participating, # of pubs participating, and, the holy grail.....the impact of EB on the reduction of HB.

Barbara, Bryan and I discussed this a couple of weeks ago, and I'd like to see goals in addition to revenue goals. I suspect more work is needed here.

Chris

On Thu, Dec 15, 2016 at 10:35 AM, Jonathan Bellack <jbellack@google.com> wrote:

Thanks Gargi. Buy & sell sales teams, can you come together asap on one plan, similar to what was done for PG over the past two years? Thanks.

On Dec 15, 2016 10:29 AM, "Gargi Sur" <gargisur@google.com> wrote:

Hi Jonathan,
These numbers reflect the revenue goals put forth by the buy-side sales team.

On the sell-side Bryan and I are working with the new PSI team on the 2017 sales activation plan to accelerate Jedi adoption. Will circle back once that's in place

On Dec 15, 2016 10:04 AM, "Jonathan Bellack" <jbellack@google.com> wrote:

Thanks, George. A few questions:
1 - Does this account for EMEA and APAC as well as Americas? (+Dan, Jasper)

2 - Are these numbers consensus between buy & sell side? (+Bryan, Chris, Jerome)

3 - My gut is that leadership will challenge us to expand EB faster than this pace. Could you & team come up with options around what would need to be true to, say, double this target? I know that is a heavy lift, but want to understand the rate limiting steps.

On Dec 15, 2016 9:41 AM, "George Levitte" <glevitte@google.com> wrote:

Hi Jonathan,
Quick follow up on this thread. At the beginning of Q4 we kicked off cross-functional discussions on EB revenue for 2017. Sales is still going through the process of finalizing 2017 targets and doesn't expect these to be locked until January.

As of now, Barbara and Chip have submitted an annual goal of \$62.8m and stretch of \$91.3m. Quarterly breakdowns won't be finalized until after the annual numbers are finalized, but current estimates are:

- Q1 '17: \$8.7m (goal), \$10.1m (stretch)
- Q2 '17: \$12.5m (goal), \$19.5m (stretch)
- Q3 '17: \$18.7m (goal), \$28.6m (stretch)
- Q4 '17: \$22.7m (goal), \$32.9m (stretch)

Note that Sales' numbers are primarily based on the existing product (beta features) and on rough estimates of 2017 exchange adoption, pub adoption and exchange spend per pub (extrapolated from beta trends in 2016). Once we've got final annual and quarterly numbers (early Q1) we'll estimate average daily spend to derive projected ARR's for the end of each quarter (ignoring seasonality).

+Barbara in case I've misstated any major assumptions

On Mon, Oct 31, 2016 at 9:58 AM, Jonathan Bellack <jbellack@google.com> wrote:

Hi Jedi folks. Have you started working with sales on a financial target for EB in 2017? If not could you kick this off now? Based on the product as it stands, it should be possible to calculate when you go to GA, what the publisher adoption will be over the course of the year, and derive what the revenues will be. I'd like to see both the total revenue for the year, and what you expect the ARR to be in Q4 2017.
Thanks.

-- Jonathan Bellack /

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thanks,
gargi

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