

PRIVATE MARKETPLACES:
THE RATIONALE AND METHODOLOGY

### **ABOUT RUBICON PROJECT**



Rubicon Project is leading a revolution of the online advertising ecosystem to automate the buying and selling of display media through the innovation of a next-generation infrastructure and a powerful, open marketplace.





#### **World's Leading Real-Time Trading Platform**

- Trusted by 450 Premium Publishers
  - 100 of Comscore 500 (U.S.)
  - 32 of Comscore 150 (U.K.)
  - 33 of Comscore 60 (FR)
- REVV processes more than 150 billion ad transactions per month, 40 billion in Europe
- REVV processes 1+ TRILLION bids/month



#### **World's Largest Display Advertising Marketplace**

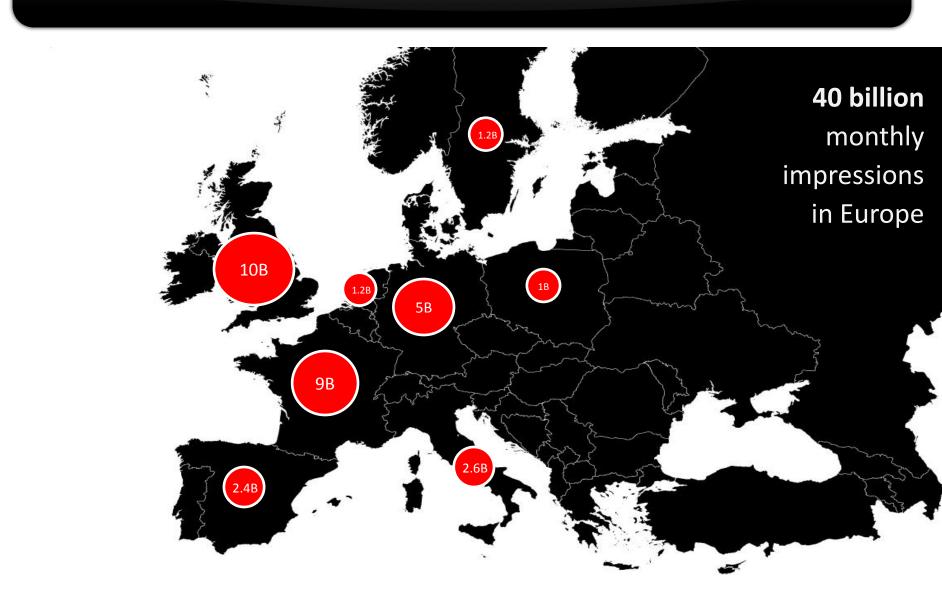
- 650M global uniques
- 600+ ad networks & exchanges
- 60+ Demand Side Platforms
- Non-Competitive (no advertiser access)
- Transparent (not "black box")

# Fastest growing advertising tech company:

- Founded by ad server pioneers in 2007
- 200+ employees in 5 countries
- \$60M funding
- o Key Acquisitions:
  - OthersOnline: audience affinity analytics
  - SiteScout: ad security
  - Fox Audience Network

# **IMPRESSIONS BY COUNTRY**





# REAL TIME TRADING INFRASTRUCTURE



		t .				
		ANO	RTT			
TO PAINT	Servers (CPU Cores)	90 (368)	1500 (5400)			
Ton 49,000 to 100,000	Storage	50 Terabytes	2 Petabytes (2000 TB)			
15-1000 15-1000 15-1000	Network	2 Gigabits	40+ Gigabits			
	Data		6 PBs from 45 BN logged events moved daily			



# LOOKING FOR PRECEDENT

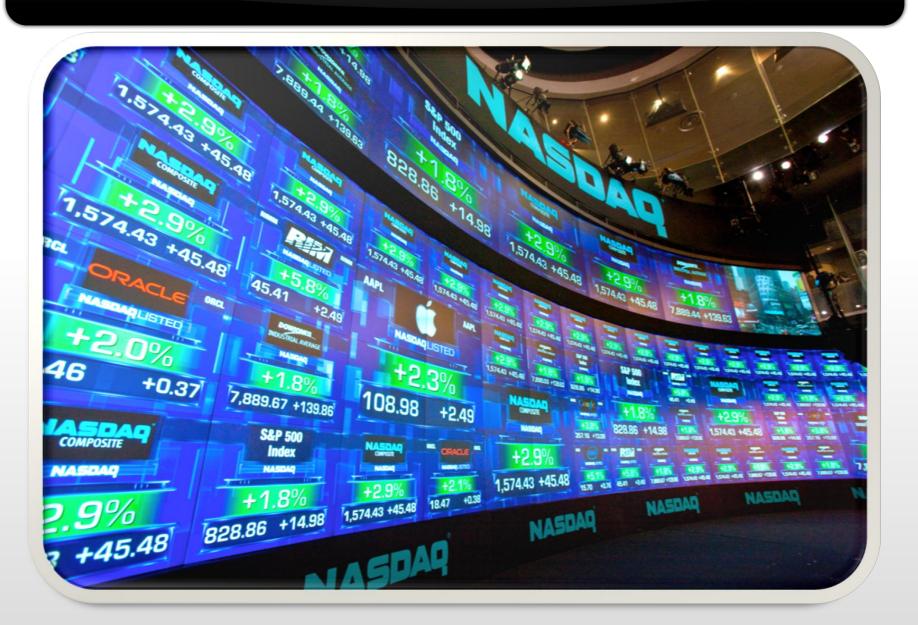
# **EVOLUTION OF AN INDUSTRY**





## NASDAQ AUTOMATES TRADING





### **BUYING IS DEMOCRATISED**





# ANOTHER HISTORICAL ANALOGY





VS.



### **CHANNEL MANAGEMENT**

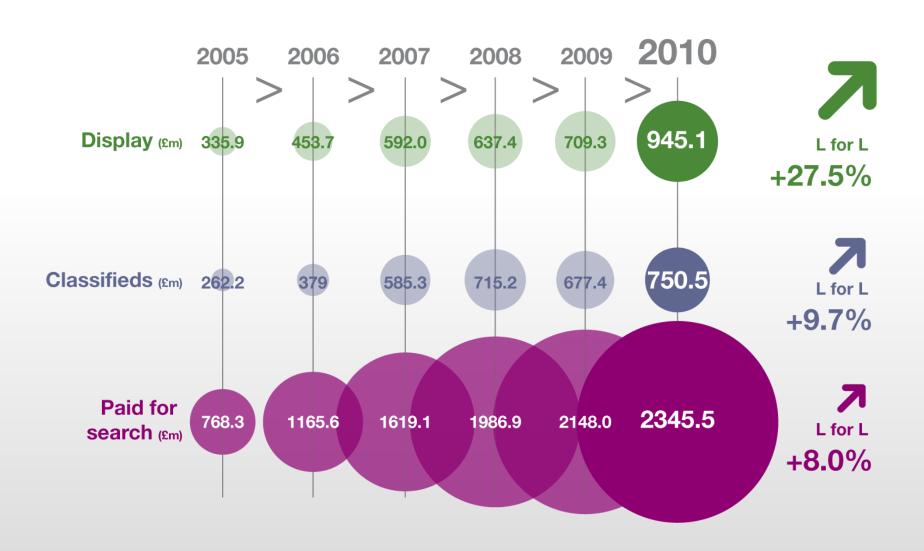






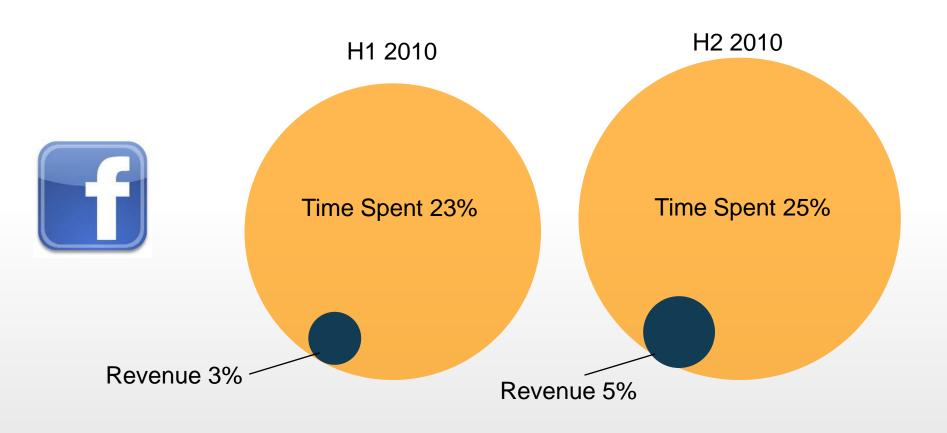
A RENAISSANCE OF DISPLAY?



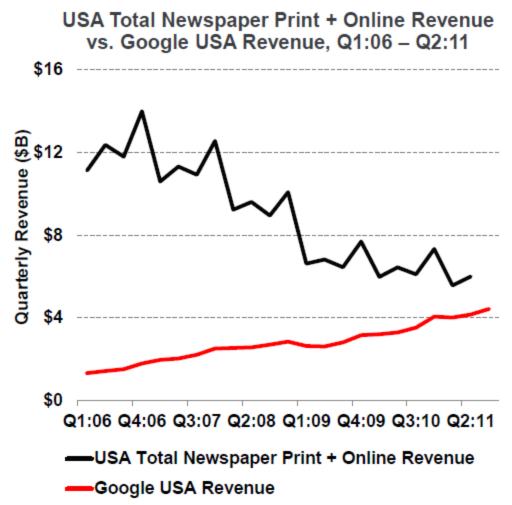


# SPEND FOLLOWS TIME SPENT









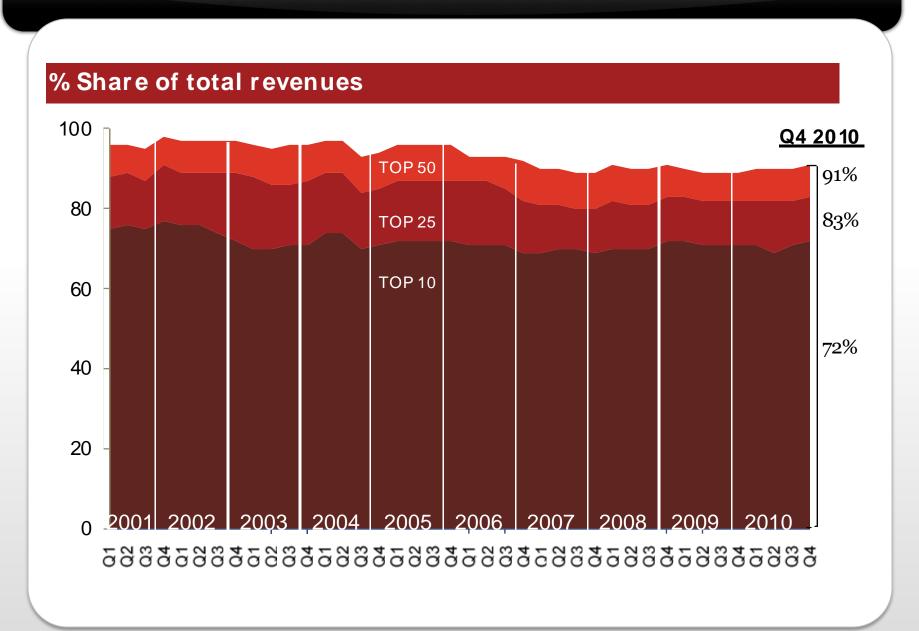
"year-over-year display spending from our largest 1,000 advertisers has doubled"

Brad Bender
Director of Product
Management, Display
AdExchanger September
14, 2011

Q2 run rate) in 2011 vs. <5% in 2001;

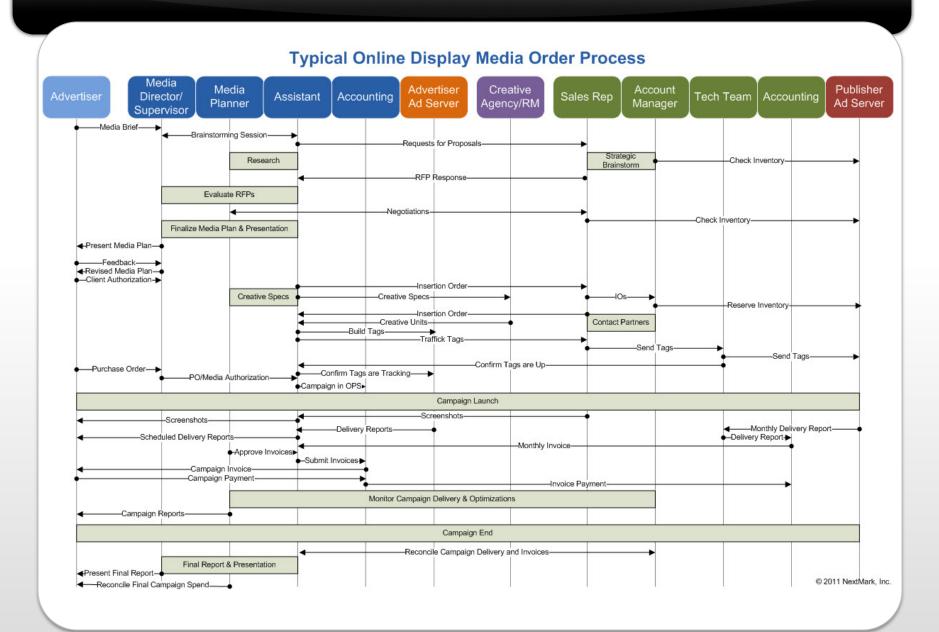
### TOP 10 PUBLISHERS CAPTURE 72% OF SPEND





### MANUAL DISPLAY ORDER PROCESS





# TYPICAL MEDIA PLAN



Media Partner	Flight	Placements	СРМ		Monthly Spend		Total Spend		Total Impressions
Publisher 1	Jan 1 - March 31	ROS	\$	10.00	\$	35,000.00	\$	105,000.00	10,500,000
Publisher 2	Jan 1 - March 31	ROS	\$	8.00	\$	25,000.00	\$	75,000.00	9,375,000
Publisher 3	Jan 1 - March 31	ROS	\$	12.00	\$	45,000.00	\$	135,000.00	11,250,000
Ad Network 1	Jan 1 - March 31	RON	\$	0.75	\$	50,000.00	\$	150,000.00	200,000,000
Ad Network 2	Jan 1 - March 31	RON	\$	1.00	\$	50,000.00	\$	150,000.00	150,000,000
Ad Network 3	Jan 1 - March 31	RON	\$	1.15	\$	50,000.00	\$	150,000.00	130,434,783
Ad Network 4	Jan 1 - March 31	RON	\$	0.85	\$	50,000.00	\$	150,000.00	176,470,588
Ad Network 5	Jan 1 - March 31	RON	\$	1.00	\$	50,000.00	\$	150,000.00	150,000,000
Ad Network 6	Jan 1 - March 31	RON	\$	1.25	\$	50,000.00	\$	150,000.00	120,000,000
Ad Network 7	Jan 1 - March 31	RON	\$	3.00	\$	50,000.00	\$	150,000.00	50,000,000
Ad Network 8	Jan 1 - March 31	RON	\$	2.25	\$	50,000.00	\$	150,000.00	66,666,667
Ad Network 9	Jan 1 - March 31	RON	\$	1.25	\$	50,000.00	\$	150,000.00	120,000,000
Ad Network 10	Jan 1 - March 31	RON	\$	1.00	\$	50,000.00	\$	150,000.00	150,000,000
DSP	Jan 1 - March 31	RON	\$	0.75	\$	50,000.00	\$	150,000.00	200,000,000
Total							\$	1,965,000.00	1,544,697,038





# 15 HOURS



28% vs. 2%

### A NEW STRATEGY FOR A NEW PARADIGM



### **Strategy**

#### Programmatic buyers

#### **Direct response**

- Platform-based
- Programmatic buying of impressions
- Buyers are quantitatively savvy and data driven
- Algorithmic optimization based on DR goals — conversions/ 1,000 imps, CPA, return on ad spend (ROAS)

#### Brand — broad-based

- Platform-based
- Programmatic buying of audience-targeted impressions
- Buyers are quantitatively savvy and data-driven
- Algorithmic optimization based on brand goals — reach and frequency; awareness, favorability, purchase intent

#### **Custom buyers**

#### Brand — custom

- Manual
- Negotiation, buying, optimization performed on a site-by-site basis, with a focus on deep relationships with a small handful of publishers
- Buyers are "brand experience" experts
- Focus on creating nonstandard, rich, immersive brand experiences

58354 Source: Forrester Research, Inc.

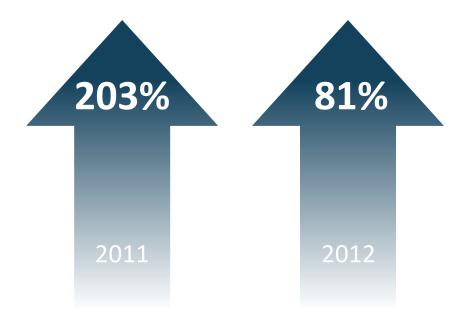
\*Publishers, are you listening?



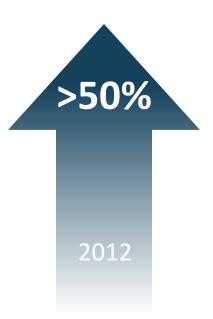
**REAL-TIME TRADING IS HAPPENING NOW!** 



### RTB IN THE MARKET



### **RTB ON REVV**



RTB Display Growth (US), IDC

### RTB: OPPORTUNITIES FOR PUBLISHERS



Protected RTB™ can be turned on and running within 1 day.

Adding an immediate revenue lift while keeping your inventory protected from channel conflict, pricing arbitrage, & data leakage.

publisher Abefore RTB

25%
LIFT ACROSS ALL
INVENTORY\*

2-5X

**CPMs from RTB** 

\*For publishers who optimize all premium non-guaranteed inventory, including RTB-enabled impressions, on REVV

publisher A

after RTB

### BENEFITS OF REAL TIME TRADING



## **Trading Desks**

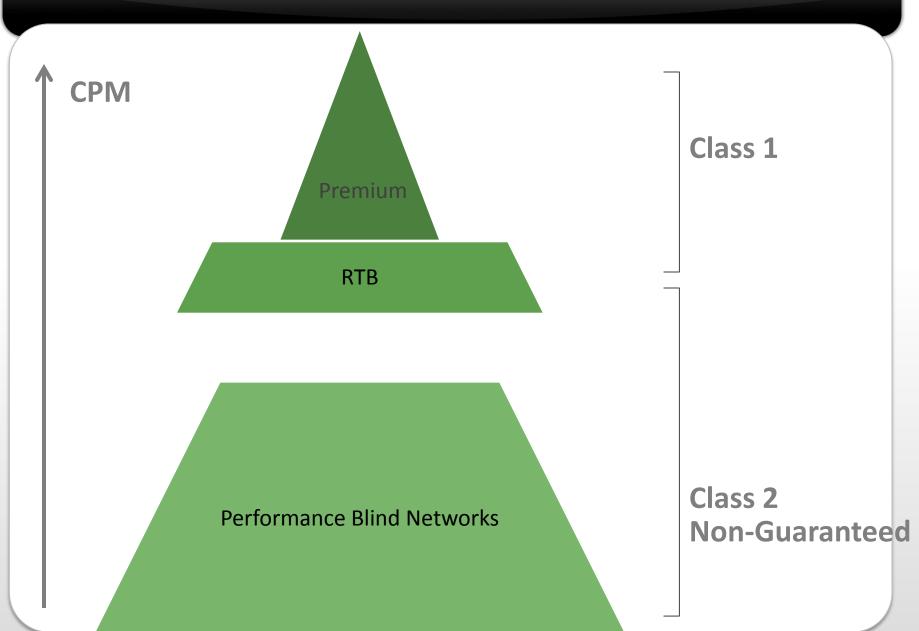
- Operational Efficiencies
- Connect with Premium
   Publishers and Inventory
- Leverage Existing Relationships
- Gain Preferential Access and Increase Reach
- More Targeting Flexibility,
   Transparency, Control, and
   Insight

### **Publisher**

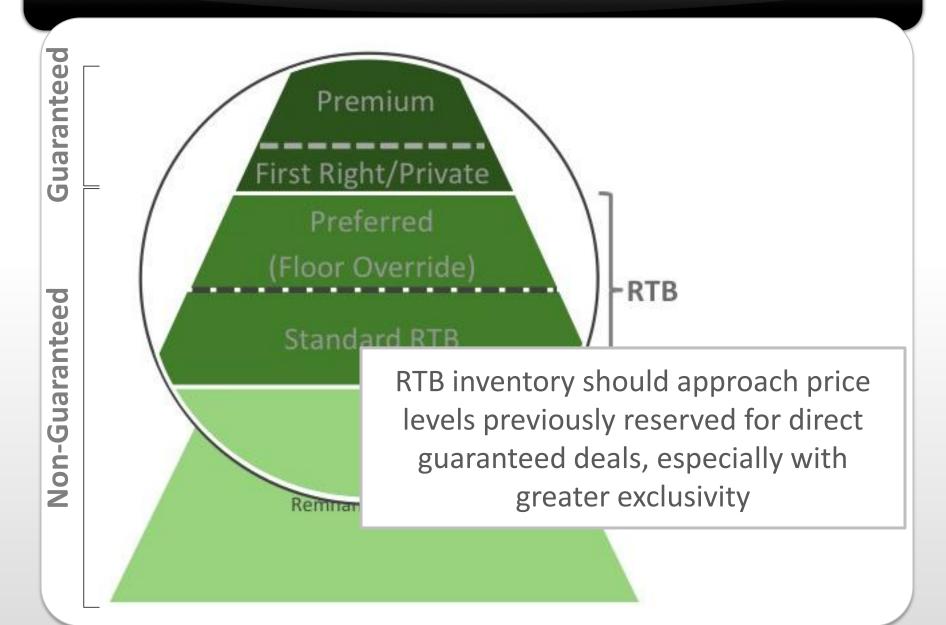
- Total Advertiser and Pricing Visibility
- Improved Ad Quality
- Higher CPMs
- Access to New Demand
- Increased Share of RTB Spend
- Increased Operational Efficiencies
- Complete Channel Management

# HOW IT STARTED – THE RTB "WEDGE"



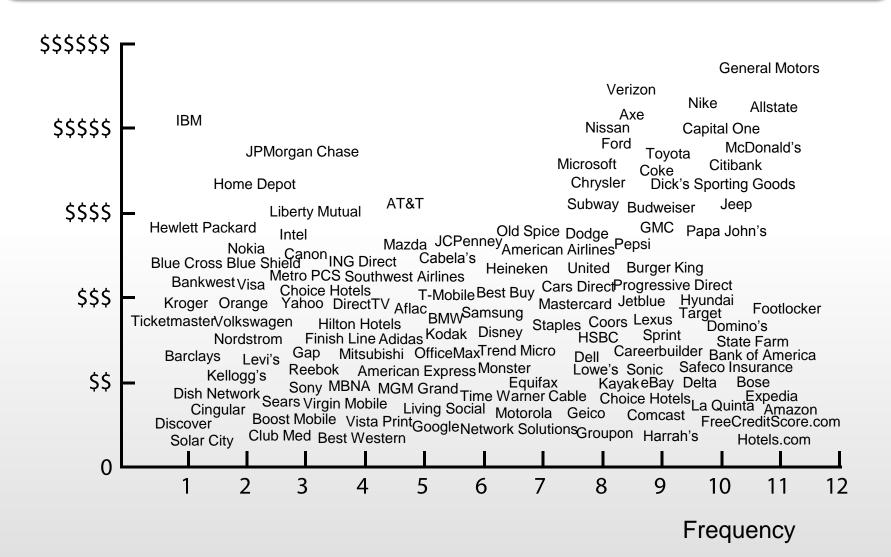






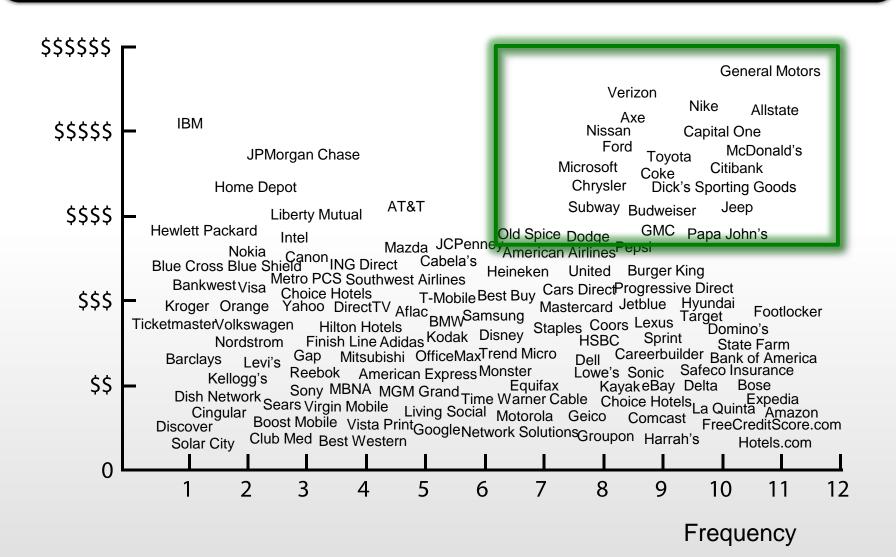
### PRIVATE MARKETPLACE STRATEGY





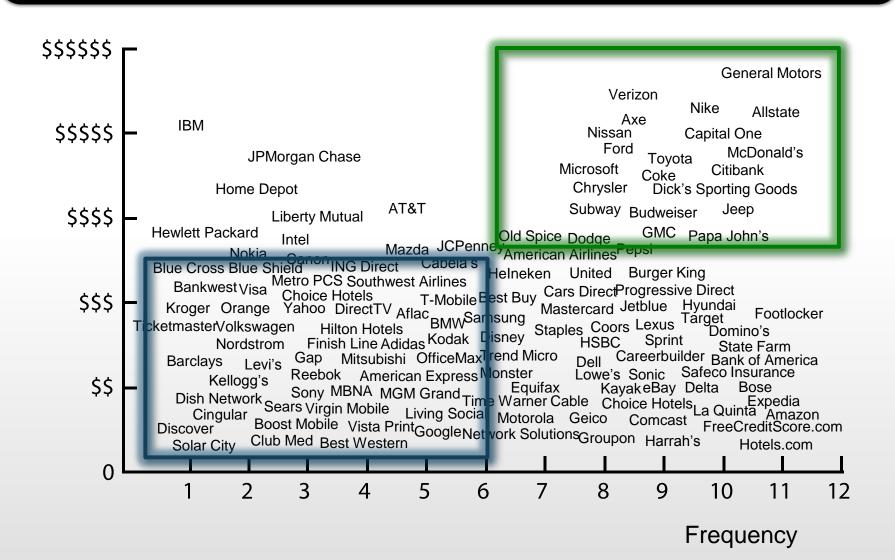
### PRIVATE MARKETPLACE STRATEGY





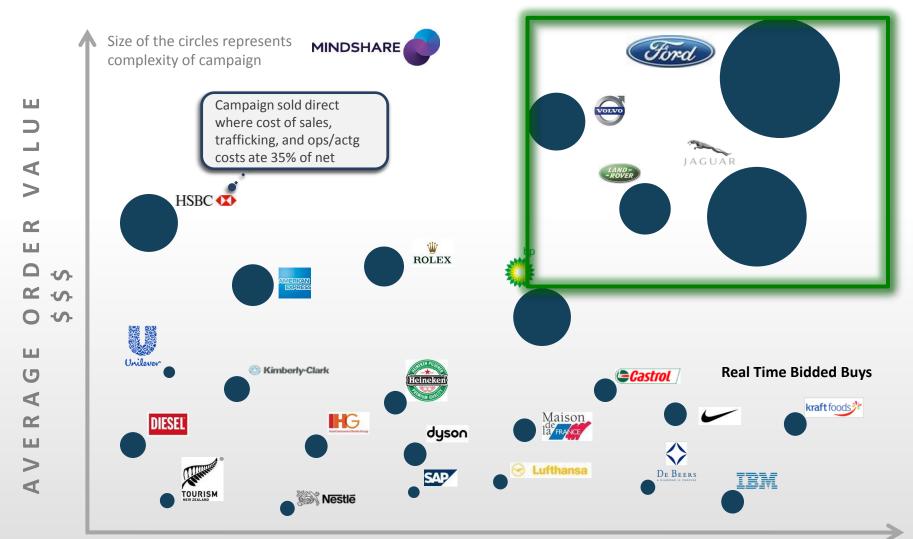
### PRIVATE MARKETPLACE STRATEGY





### **AGENCY PATCH EVALUATION**





FREQUENCY OF BUYS (x/year)



# HOW PREPARED ARE YOU?